



Tyne and Wear Integrated Transport Authority

Meeting to be held on Thursday 19 December 2013 at 10.30 am in a Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

Membership: Curran, Errington, M Green, S Green, Hobson, Hodson, Lambert, Lott, Maughan, McCarty, McElroy, Miller, Smith, Stone, D Wood (Chairman) and P Wood

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REPORT FOR DECISION

DATE: 19 DECEMBER 2013

SUBJECT: PROPOSAL TO ESTABLISH A COMBINED AUTHORITY FOR THE AREA OF DURHAM, NORTHUMBERLAND AND TYNE AND WEAR

REPORT OF: CLERK TO THE ITA

PURPOSE OF REPORT

The seven north east councils (Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland) approved the submission of a governance review and proposal to establish a Combined Authority. The Secretary of State has now issued a consultation on the draft legislation to establish a Combined Authority. The Integrated Transport Authority has the opportunity to respond to the consultation as a statutory consultee. The same draft response is being considered by all 7 council cabinets, and by the Integrated Transport Authority.

RECOMMENDATIONS

The ITA are asked to:

- Endorse the response attached at Annex A of this report, to act as the response to the Secretary of State's consultation on the creation of a Combined Authority;
- Note that a summary of responses from across the Combined Authority area will also be submitted to government; and
- Consider any issues relating to transport that it would wish to draw to the attention of the Leaders of the seven councils as they consider matters that are to be determined locally about the operation of the Combined Authority

BACKGROUND DOCUMENTS

[The Local Democracy Economic Development and Construction Act 2009](#)

[Transport Act 1968](#)

[Local Transport Act 2008](#)

[Economic Prosperity Boards and Combined Authorities - Consultation on Draft Statutory Guidance \(Never Finalised\)](#)



[LA7 - Creating the Right Governance for Growth](#)

[North East Independent Economic Review Report](#)

[The Governance Review Document and Scheme Submitted to the Secretary of State](#)

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IMPACT ON OBJECTIVES

To support economic development and regeneration Positive

To address climate change Positive

To support safe and sustainable communities Positive

1 Executive Summary

- 1.1 This report seeks approval from the ITA, alongside the approval of the other seven council cabinets/executives, to respond to the Secretary of State's formal consultation on the creation of a Combined Authority for the North East. This follows the proposal from the seven north east councils to create a Combined Authority.

2 Introduction and Background

- 2.1 On the basis of evidence outlined in a governance review, the seven north east councils have concluded that a Combined Authority would improve decision-making on matters that cross local council boundaries, and provide a stronger basis for the devolution of funding, powers and responsibilities from national government. As such, and after a period of engagement with regional and local stakeholders, the councils submitted a proposal to create a Combined Authority in August 2013.
- 2.2 The Secretary of State has now issued the draft legislation that would create it and commenced the process of formal consultation on the draft legislation. It is important to note that the consultation asks for feedback on specific matters, other aspects of importance for the successful implementation of a Combined Authority (such as the options regarding governance of transport under a Combined Authority) are subject to local determination and are not part of the legislation being consulted on.
- 2.3 Officers from the seven authorities have been working with civil servants to ensure the draft legislation meets the requirements of the north east. However there are a few points that have not been agreed with central government, and which are proposed to be reinforced in aligned responses to the consultation. This is particularly important for the ITA, as it would be dissolved and its powers, assets and liabilities transferred into a new Combined Authority.
- 2.4 The consultation process ends on 2nd January 2014, and – depending on the response of the Secretary of State and the parliamentary timetable – the area remains on track for the Combined Authority to take effect from 1st April. The proposed Combined Authority Leadership Board (the North East Leadership Board) is now working in shadow form, under the chairmanship of Cllr Simon Henig.



3 Points requiring further agreement

- 3.1 Against the wishes of the local authorities and their partners, the Secretary of State has not proposed the name “North East” as the description of the Combined Authority and its Leadership Board. Instead the title of the legislation is “Combined Authority for the area of Durham, Northumberland and Tyne & Wear”.
- 3.2 There are also some clarifications required to reflect arrangements for the smooth financial transition from the Integrated Transport Authority into the Combined Authority, and to provide flexibility in apportioning the costs of economic development functions between the seven authorities.
- 3.3 Finally, the Secretary of State has referred explicitly to the 2004 Referendum which rejected a proposal for an elected regional assembly, and he has required the North East to demonstrate public support for the new arrangements. This is not a requirement placed on the other proposed Combined Authorities in Leeds and Sheffield city-regions, nor was it for Greater Manchester (already a Combined Authority). Public consultation has illustrated that there is support for these collaborative arrangements, and the public recognises that this is a very different proposition to that considered in 2004. Partner organisations and the business community have also expressed very strong support. The North East Local Enterprise Partnership has expressed strong support, and will be closely aligned to the work of the local authorities through the Combined Authority.

4 Transport implications

- 4.1 The Combined Authority will become the Local Transport Authority for the area. As such it will become the levying body with respect to transport. The significant differences in the transport responsibilities and the cost of transport services between Tyne and Wear, Durham and Northumberland mean that a single transport levy would not be appropriate. The solution proposed following discussion with DCLG and DfT, is that the Combined Authority would issue a levy on a differential basis that will accommodate the differentials in the cost of delivering transport services in County Durham, Northumberland and Tyne and Wear. This would not increase costs in Tyne and Wear.



- 4.2 The property, rights, assets and liabilities of the ITA will be transferred to the Combined Authority. These would be ring-fenced to the Tyne and Wear area and will not be the responsibility of Durham and Northumberland. It is essential that the wording in the order is strengthened to emphasis this and to make it clear that the pension liabilities of the ITA will transfer into the Combined Authority. It is also important that Government departments deliver on their commitment to give the Combined Authority an appropriate VAT status equivalent to the ITA at present, in order to avoid any irrecoverable VAT.
- 4.3 The governance of transport implemented to support the Combined Authority in the discharge of its functions is subject to local determination, and is not a focus of this formal consultation.

5 Resource implications

- 5.1 The Combined Authority is being established on a broadly cost neutral basis, and with the prospect of more efficient delivery arrangements to improve economic, transport, employment and skills outcomes. The Treasurer of the ITA, has been closely involved in the development of the regional response, and is satisfied that the proposed arrangements secure the interests of the ITA. Clarity on the funding of the Combined Authority is critical in ensuring it is established in a fair way, with a smooth transition, and with the costs balanced between the seven authorities. Clarity about the treatments of assets and liabilities transferring into the Combined Authority will avoid any unnecessary additional costs and help assure the cost neutral objective.

6 How success will be measured

- 6.1 The immediate impact of the approval of the ITA to this response will be demonstrated by the degree of influence the area is able to exert over the legislation to be agreed by parliament. Success of the Combined Authority itself will be determined by improvement in economic outcomes across the whole region, on a basis to be set out in the Strategic Economic Plan to be agreed through the Local Enterprise Partnership.

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North East Leadership Board – Joint response to consultation on the proposal to establish a combined authority for the area of Durham, Northumberland and Tyne and Wear

The seven local authorities of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland as the North East Leadership Board, welcome the opportunity to formally respond to the Secretary of State's consultation on the proposals to form a Combined Authority for the area. This response has been agreed by each Local Authority Cabinet/Executive and focuses on how the CA will improve the economic conditions in the North East through strengthened partnership arrangements and the evidence of local support from residents, businesses, partners and the voluntary sector.

Strong partnership that supports economic growth

The seven north east local authorities have a pivotal role in stimulating economic growth and are committed to achieving this together. There is a history of successful joint working in the North East and a shared strength of ambition and desire to bring about a step change in the prosperity of the area. The ambition articulated by the Leaders and Elected Mayor, and endorsed by the North East Independent Economic Review, is to create the best possible conditions for growth in jobs, investment and living standards, to make the North East an excellent location for business, to prioritise and deliver high quality infrastructure and to enable residents to raise their skill levels and to benefit from economic growth long into the future. In the North East, a combined authority offers an opportunity to achieve this vision through stronger local governance and infrastructure that will deliver economic growth and development.

Proposals for improving economic governance in the area have been developed from the bottom up by the local authorities themselves with the support of the area's stakeholders and business community and represent the commitment to a shared vision for economic growth. As recognised by the Heseltine Review, with a detailed understanding of local areas, their opportunities and challenges, the seven local authorities, acting collectively as a Leadership Board, are uniquely placed shape the strategic direction as well as support delivery of the key interventions that will deliver growth and prosperity.

Significant changes to the economic development landscape and funding regimes in recent years have reduced institutional capacity in the North East to coordinate and align investment around wider economic priorities. At the same time areas such as London and Manchester and the devolved administrations in Scotland, Wales and Northern Ireland have strengthened governance arrangements offering the necessary stability and longevity to access more powers, flexibilities and resources. A combined authority for the North East would create such a stable and accountable platform for devolution of resources and powers from central government.

It would ensure that current institutions work better together and that these arrangements are strengthened for the long term future. Support among the business community and other stakeholders demonstrates that there is both the appetite and the need for local leadership and local determination of policy. The establishment of a combined authority will ensure more efficient and effective governance arrangements for the functional economic area underpinned by long-term stability. It will formalise an active and transparent role for the private sector in decision making, reinforced by greater democratic legitimacy secured through local government leadership within a coherent governance framework.

Working through an integrated governance model the North East Leadership Board and the North East LEP board will provide a unified and influential voice when interacting with government and national agencies in the development of local growth policy. In partnership they will ensure full, meaningful involvement of political and business leaders in the development of strategic interventions and will bring collective expertise and resources to

bear on advancing the interests of the area and its people. The seamless nature of the relationship is underlined by the integration at board level and the position of the combined authority as the accountable body for the LEP. The leaders and elected mayor of all seven local authorities are members of the NELEP Board, one of the few LEP boards with full local political representation, and the North East Local Enterprise Partnership will be a non-constituent member of the Combined Authority. The business board members of the North East LEP Board view the Combined Authority as an exciting step forward for the North East. The North East LEP supports the view that the formation of a contiguous Combined Authority should lead to improved outcomes in public service delivery and will be fundamental to the economic success of the area.

The integrated governance model is a significant step forward for the North East LEP and the Combined Authority in the integration of their complementary but distinct roles under a coherent approach in the determined pursuit of growth.

A clear scope for the North East Leadership Board

The current arrangements for collaboration across the seven local authority area are based on a strong but informal partnership between the local authorities. Establishing the North East Leadership Board was an important step in formalising these arrangements, however recent experience of establishing the Local Transport Body has illustrated their limitation. Economic data, the recent North East Independent Economic Review (NEIER) and the Government's response to the Heseltine Report provide a strong evidence base in support of the case for, and scope of, a single, co-ordinated strategic approach through a combined authority.

The NEIER report was published in April 2013 and offers an agenda for NELEP and its partners with a strong emphasis on the commitment of the seven Local Authorities to strengthen collaborative working arrangements and strategic decision making across the area. The NEIER, reflecting on the evidence that underpins the review, stresses that formal structures and arrangements are required to manage and direct the available resources to deliver economic growth. In particular the proposed Combined Authority was highlighted as a major step towards strengthening local capacity to drive economic growth and seen as an essential component to achieve the objective of 'more and better jobs'.

The Independent Economic Review Team strongly support the establishment of a Combined Authority, with responsibility for transport and economic development and working with the NELEP on skills and exporting and internationalisation. Specifically the review recommended that the Combined Authority, as a collective body set up by the seven local authorities, each represented with a democratic mandate by its Leader and supported by the LEP, should take on 4 critical area-wide functions which are poorly undertaken at the moment because of the absence of such an institution: namely transport, skills, economic development, and providing a strong voice and champion for the region at large. The Combined Authority will create a stronger institutional structure and a single voice to promote the NELEP area and, over time, secure a greater share of national resources. The devolution of funding would enable locally devised interventions that are planned and delivered in a coherent manner, maximising the benefit for the local area.

The Governance Review undertaken by the seven local authorities also concluded that establishing a combined authority for the area offers significant opportunities to accelerate the economic development and effectiveness of the North East and is the optimal arrangement to do so. There is a strong case, as set out in the Governance Review, that co-ordinated action to deliver the proposed functions of the combined authority in the context of agreed priorities across the area will bring improvements. This is particularly the case when the public and private sectors work together in design and implementation. The key findings of the Governance Review were that:

- The evidence review of the economy sets out a rationale to work collaboratively across the LA7 area, recognising strong and increasing integration across labour markets, housing markets and key sectors.
- There is scope for a joint approach to enable economic growth based on key sectors and place.
- Real opportunities exist for policy coordination and integration across different policy themes.
- There is a need for 'institutional capacity' across the area to:
 - take on devolved powers and responsibilities;
 - provide the governance framework for a single approach to investment across the area; and
 - raise the profile of the area.
- There is a clear impetus to ensure the North East is maximising the use of new funds alongside local resources.
- There is a need to simplify and strategically coordinate the skills system for employers, providers and learners.
- The seven local authorities have been successful at attracting inward investment and there is further untapped potential, but the current approach lacks coordination.
- There is a significant opportunity to take a joint and prioritised approach to transport investment within a coordinated strategic approach that is integrated with wider economic development objectives.

Both the North East Independent Economic Review and the Governance Review recognise the issues and challenges facing the areas but also draw attention to the significant assets and opportunities which can be built on. The Newcastle City Deal and the emerging Sunderland City Deal and Rural Deal are also highlighting the key areas of activity to support growth. In providing the right conditions for growth - skills and transport come through as clear priorities. In addition inward investment is of key importance to the North East Economy as a whole and the area has been successful in attracting both foreign and UK based inward investment over recent years. There is currently a lack of coordination and a variable quality of provision and level of service across the area, leading to potential confusion for the client and missing of opportunities. This is clearly something the Combined Authority can resolve and as well as projecting strong leadership and identity nationally and internationally. The creation of a Combined Authority will allow the area to demonstrate its capacity to take on more functions and responsibilities; establish a single approach to investment supporting economic growth; and provide the governance framework which enhances decisions and information at a strategic level.

The combined authority proposals detailing this clear scope for the new body have been endorsed by each local authority through their full council. This decision was based on the clear case that has been established that new statutory arrangements, will provide the opportunity to coordinate activity and resources on transport, skills and economic growth, complementing local authority functions and enhancing the effectiveness of the way they are discharged. Local authorities will continue to deliver local services and represent the interests of local communities within this context.

Local Support for the establishment of a Combined Authority for the North East

A process of local consultation and engagement was undertaken as part of the governance review and the proposal to establish a combined authority received overwhelming support from regional and local stakeholders.

The Governance Review and Draft scheme to establish a combined authority was submitted to the Secretary of State for Communities and Local Government at the end of July 2013

after each Local Authority endorsed the proposal through their executive arrangements and also full Council.

The seven local authorities have consulted locally with residents, businesses, partners and the voluntary sector on the proposals to inform both the Governance Review and their joint response to the Government's consultation. The outcome of both consultation exercises demonstrates the strength of local support for a proposal to strengthen co-ordination between the seven local authorities on transport, skills and economic growth through a combined authority.

Support across the business community and other stakeholders has been further confirmed in the consultation that the LEP team are leading around the European Structural and Investment Funds Strategy. An extensive programme involving on-line consultation, thematic and sectorally-based workshops, that has drawn together representatives from the public, private and voluntary and community sectors, has seen a strong, common narrative around the importance of structured partnership working at the LEP-CA geography to ensure that activities, initiatives and interventions are delivered to maximum effect and with maximum efficiency.

A report is attached as an appendix to this response detailing the process undertaken to consult on the proposals and the outcome. *[Consultation report to be circulated on Monday 16 December following completion of consultation activity]*

Comments on the Annex to the Consultation Document

The North East Leadership Board has reviewed the Annex to the consultation document and would make the following comments.

Paragraph 1

Name of the Combined Authority - There is a clear desire across the constituent authorities and its key stakeholders for the use of 'North East' to appear in the name of the Combined Authority. Government has already approved the use of the '**North East** Local Enterprise Partnership' (NELEP) as well as '**North East** Local Transport Body' (NELTB). It is essential to ensure clarity for external organisations on the geography of the Combined Authority, which is coterminous with both the NELEP and NELTB areas, that the Combined Authority is called the North East Leadership Board. It is noted that the Secretary of State has adopted a localist approach in exercising his powers under the statute and within this context it is requested that the name of the combined authority reflects the strong sense of shared identity and interests of the local communities within the combined area who identify with the term 'North East'.

Paragraph 2.

When it is stated that the Tyne and Wear Integrated Transport Authority will be dissolved and its functions, property rights and liabilities including those that relate to contracts of employment will be transferred to the Combined Authority, it is understood that the reference to rights and liabilities relating to contracts of employment includes continuity specifically in relation to the Local Government Pension Scheme but this requires confirmation.

It is also understood that on the dissolution of the Integrated Transport Authority that the Tyne and Wear Passenger Transport Executive will continue during the transitional phase so that it continues as the Executive body for the Combined Authority and fulfils the same responsibilities and functions as when it was the Executive body for the Tyne and Wear Integrated Transport Authority.

Paragraph 3

We assume that reference to one elected member from each constituent authority means one member of the Executive of each constituent authority and in particular the Leader of each Authority and for the Authority with a Mayoral system this means the Elected Mayor.

Paragraph 4

As with paragraph 3 above reference to an elected member being appointed as a substitute member we take to mean that a member of the Executive will be appointed as a substitute member.

Paragraph 5

By reference to 'expectation' that each Authority will appoint its Leader or Elected Mayor to the Combined Authority we assume that you mean there will be a requirement for each Authority to appoint its Leader or Elected Mayor to the Combined Authority.

Paragraph 13

To clarify, the costs of the Combined Authority in relation to economic development are to be determined by apportioning the costs of the Combined Authority between the Constituent Authorities in such proportions as they agree, or in default of such agreement, equally between the Constituent Authorities.

Paragraph 14

It should be made clear that the differing needs of Durham and Northumberland in relation to transport costs relate not only to historic debt, but also to current and any future debt that has, or will, be incurred by the delivery of the transport functions for the Tyne and Wear Authorities that previously operated within the Tyne and Wear Integrated Transport Authority area.

Paragraph 27

As highlighted above, there is an expectation that the Tyne and Wear Passenger Transport Executive will continue during the transitional phase so that the dissolution of the Integrated Transport Authority and the establishment of the Combined Authority will have no effect on the continuity of the Executive and the statutory functions undertaken by the Executive and it will discharge those functions on behalf of the combined authority in the same manner as it has up to this point undertaken on behalf of the Tyne and Wear Integrated Transport Authority.

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Department for
Communities and
Local Government

Proposal to establish a combined authority for the area of Durham, Northumberland and Tyne and Wear

Consultation

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Chapter 1 – The consultation

Why we are consulting

1. The seven councils of the “LA7 Leadership Board” with the support of the “North East Local Enterprise Partnership” have jointly prepared and published a scheme with proposals for delivering greater economic growth in their area. These councils – Durham County Council, Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council and Sunderland City Council – are proposing measures to improve transport, economic development and regeneration in the local area. These proposed measures centre on replacing the Tyne and Wear Integrated Transport Authority with a combined authority that will bring together responsibility for strategic transport, economic development and regeneration across the area of Durham, Northumberland and Tyne and Wear.
2. Where councils come forward with such locally led proposals, the statute¹ provides that the Secretary of State may, if certain statutory conditions are met and if Parliament approves, make an Order opening the way for the councils to adopt their new ways of working. Such an Order would establish the combined authority that the councils are proposing to facilitate their joint working. The combined authority would replace the existing Tyne and Wear Integrated Transport Authority. Whilst the Secretary of State will consider the circumstances of each particular case, he has adopted a localist policy in relation to how he will exercise these powers. This is to say that where councils come forward with such proposals that command wide local support, if the Secretary of State considers that the statutory conditions are met, he will invite Parliament to approve the Order establishing the proposed combined authority to enable the councils to give full effect to their ambitions for joint working.
3. The particular circumstances of the “North East Local Enterprise Partnership” area mean that questions about the extent of local support for the combined authority assume particular significance. In November 2004, local electors in the Government Office Region of the North East voted decisively against an elected assembly for the North East Region. On a turnout of almost 48 per cent, 78 per cent of those who voted rejected the previous Government’s proposal for an additional tier of government. Given this clear expression of widespread opposition among local residents for new governance institutions, the Government will give particular weight to evidence from the consultation about the level of local support this proposal for a combined authority commands. This Government has also abolished Government Office Region structures – including abolishing the Government Offices for the Regions, the Regional Development Agencies and the Regional Planning Bodies/Regional Spatial Strategies.
4. The Government recognises that there are substantive material differences between a regional assembly and a combined authority. The “North East Local Enterprise Partnership” area is smaller than the former Government Office Region. Statute requires the initiative for any combined authority to be driven locally originating from the

¹ Local Democracy, Economic Development and Construction Act 2009

councils concerned, and that a combined authority is more an enhancement of existing joint arrangements bringing key growth functions together in one place, rather than a wholly new tier of government. Nevertheless, given the events in the area over the last ten years, the Government believes it is right that before any decision on a combined authority for this “North East Local Enterprise Partnership” area is taken, there is clear and compelling evidence that the past opposition of electors within the local area to governance changes in that area does not continue to any new proposal for a combined authority. Accordingly, it will be important that this consultation yields the evidence necessary for Government to reach a conclusion on this issue.

5. There are also a number of statutory conditions that have to be considered, including that the area of the combined authority must consist of contiguous whole local government areas and not overlap with the area of another combined authority, an economic prosperity board, or an integrated transport authority and the Secretary of State must consider, having regard to the scheme published by the councils concerned, that establishing the combined authority would be likely to improve:
 - The exercise of statutory functions relating to transport in the area;
 - The effectiveness and efficiency of transport in the area;
 - The exercise of statutory functions relating to economic development and regeneration in the area; and
 - Economic conditions in the area.

Before making such an Order the Secretary of State must consult:

- Each appropriate authority; and
- Such other persons if any, as the Secretary of State considers appropriate.

The statute also requires that the Secretary of State in making the Order must have regard to the need:

- To reflect the identities and interests of local communities; and
- To secure effective and convenient local government.

6. Accordingly, given the proposal from the seven councils and having regard both to particular circumstances of the local area and to his localist policy, the Secretary of State is now consulting on a proposal to establish a combined authority for the area of Durham, Northumberland and Tyne and Wear, replacing the Tyne and Wear Integrated Transport Authority.

Who we are consulting

7. The appropriate authorities that the statute requires the Secretary of State to consult are:
 - A county council if the area of the county council, or part of that area, is within the area for which the combined authority is to be established;

- A district council if the area of the district council is within the area for which the combined authority is to be established;
 - An economic prosperity board, if its area or part of its area, is within the area for which the combined authority is to be established; and
 - An Integrated Transport Authority, if its integrated transport area, or part of that area, is within the area for which the combined authority is to be established.
8. In this case these statutory consultees are Durham County Council, Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council, Sunderland City Council and the Tyne and Wear Integrated Transport Authority.
9. In addition the Secretary of State considers in this case it is also appropriate to consult:
- The local enterprise partnership concerned – the “North East Local Enterprise Partnership”; and
 - Those councils and authorities that neighbour the combined authority area – Eden District Council, Carlisle City Council, Cumbria County Council, Darlington Borough Council, Hartlepool Borough Council, Northumberland National Park Authority, North Yorkshire County Council, Richmondshire District Council and Stockton-on-Tees Borough Council.

We also welcome comments from members of the public, local businesses and their representative bodies and representatives of the voluntary sector.

10. Given the circumstances of the area we would also ask the councils concerned to actively seek through such means as they consider appropriate the views of their residents, local businesses, and the voluntary sector with a view to providing the necessary evidence for Government to be satisfied about the degree of local support there is for a combined authority.

How to respond

11. Your response must be received by 2 January 2014. It can be sent by email to collaborate@communities.gsi.gov.uk or in writing to:

Ruth Miller
 Department for Communities and Local Government
 Zone 3/J1 Eland House
 Bressenden Place
 London, SW1E 5DU

Please title your response ‘Response to proposal to establish a combined authority for the area of Durham, Northumberland and Tyne and Wear.’

Confidentiality and data protection

12. Any responses to this consultation may be made public. If you do not want all or part of your response or name made public, please state this clearly in the response. Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in your fax cover sheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.
13. Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004). If you want other information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.
14. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. The Department will process your personal data in accordance with the Data Protection Act 1998 and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties

Chapter 2 – The Councils’ Scheme

The scheme

15. On 31 July 2013 the seven councils of the “LA7 Leadership Board” with the support of the “North East Local Enterprise Partnership” published in accordance with the statute a scheme with proposals for delivering greater local economic growth centred on the establishment of a combined authority. Before preparing this scheme, the councils had as required by the statute² undertaken a review of the governance arrangements across Durham, Northumberland and Tyne and Wear. A document (“the governance review”) describing this review and its conclusions may be viewed at www.gateshead.gov.uk/la7-governance, where the scheme is available as an Annex. The paragraphs below outline the findings of the councils’ governance review, and their conclusions which underpin the proposals in the scheme.

The governance review

16. The governance review considered the effectiveness and efficiency of (a) transport within the area covered by the review and (b) arrangements to promote economic development and regeneration within the review area. In particular it was commissioned to determine the following:

- Whether the area covered by Durham County Council, Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council and Sunderland City Council can properly be seen as constituting a functional economic area for the purposes under consideration in the review;
- Whether the existing governance arrangements for economic development, regeneration and transport in the area are effective or would benefit from changes; and
- To examine the options available and in relation to each option, to evaluate the likely improvement in:
 - the exercise of statutory functions relating to economic development, regeneration and transport in the area,
 - the effectiveness and efficiency of transport in the area; and
 - the economic conditions in the area.

17. The governance review considered the following five options: do nothing; informal joint working arrangements; an economic prosperity board; a combined authority; and additional functions for an economic prosperity board or a combined authority over time.

² Local Democracy, Economic Development and Construction Act 2009

18. A review of economic evidence was undertaken to test the rationale for working across the “LA7 Leadership Board” geography as a functional economic market area and to assess the economic conditions across the area.

19. The report highlights the significant national and international evidence available demonstrating the potential of the sub-national scale to promote and support the search for economic growth and resilience. It concluded there are strong economic linkages in the labour market and across a range of key industries in the area. The labour market has four centres – Newcastle, Durham City, Washington and Sunderland – and there is also a case to be made for increasing integration as the economy changes with more service sector jobs and growing interaction across higher level and industrial jobs.³ In each of the key economic sectors there are complementary and differentiated patterns:

- Automotive – There is a network of tier one automotive suppliers across the area, with the positive experience of Nissan in Sunderland reportedly contributing to the location of Hitachi in County Durham. The strength of advanced manufacturing and engineering around the A19 corridor and a new National Advanced Manufacturing Park has been recognised in the developing City Deal;
- Pharmaceuticals – Estimates suggest that the area is responsible for a third of the country’s GDP in pharmaceutical manufacturing;
- Low carbon energy generation – There are significant opportunities for offshore wind energy generation;
- Tourism and culture – This sector includes over 10,000 businesses and employs over 60,000 people. There are significant assets considered by Visit England to be ‘day trip’ sites and events that bring substantial visitor spend in to the area; and
- Retail and leisure – The main centres are the City Centre of Newcastle and the Gateshead MetroCentre.

20. This section of the governance review concludes that whilst there is not a uniform pattern, there are strong interdependencies across local authority boundaries and there is a key role for public policy makers to create opportunities for networking and on-going interaction across sectoral and spatial boundaries. The governance review also draws support from the recommendations of the recent North East Independent Economic Review⁴ into the “North East Local Enterprise Partnership” area.

Existing governance arrangements

21. The governance review looked at the existing governance arrangements. The “LA7 Leadership Board” was established in December 2012 and formalises the existing close relationship between the seven local authorities. It is seeking to formalise an active and transparent role for private sector involvement through the “North East Local Enterprise Partnership”, alongside greater democratic legitimacy.

³ See Eksogen (2010), Tyne and Wear City Region Economic Review: Economic Geography, Linkages and the Low Carbon Economy Executive Report

⁴ <http://www.ekosgen.co.uk/index/news/2013-04-11/the-north-east-independent-economic-review/>

22. The “North East Local Enterprise Partnership“ covers the same area as the seven local authorities. The Board of the “North East Local Enterprise Partnership“ is chaired by a business leader and consists of 18 members – nine from the business sector, two from the education sector and the Leaders/Elected Mayor from the seven local authorities. Sunderland City Council acts as the accountable body and all “North East Local Enterprise Partnership“ employees are employed through Sunderland City Council, with other support coming from staff seconded from other local authorities.

Case for a combined authority

23. The governance review considers arrangements for delivering the strategic objectives for the area: economic growth – driven by strategic funding, skills and inward investment and trade; and transport.

24. The seven local authorities share the ambition to deliver growth across the area, but whilst the tradition of co-operation between the authorities has brought results, the review acknowledges that the informal structures have developed into a complex web of layered committees and groups, and that this reduces the capacity for effective decision-making, with a lack of clarity about roles and responsibilities. The review considers that a combined authority would ensure a joined-up approach, which in turn would improve efficiency and effectiveness in delivering economic growth and transport functions. The review draws attention to outcomes that would demonstrate these improvements, focussed on greater clarity and alignment of funding, greater prioritisation and better forward thinking.

25. An evidence review has been completed by Glasgow University to underpin the development of the “North East Skills Action Plan” in the “North East Local Enterprise Partnership” area. It considered the skills system to be a complex interconnected web of institutions involved in designing, supporting, resourcing and delivering the improvement of skills. The conclusion of the evidence review is that a combined authority would provide a coordinated approach for skills collaboration, underpinned by robust economic and labour market intelligence and employers would be at the centre of the design and delivery of the system. The governance review draws attention to outcomes that would demonstrate these improvements, focussed on one co-ordinated skills plan, improved efficiency in the system and improvements in the involvement of employers.

26. Local authorities in the area already play a significant role in inward investment through a range of bodies. The “North East Local Enterprise Partnership” has established protocols in relation to UK Trade and Investment enquiries from foreign investors. The combined authority would provide an ‘Investment Gateway’ with a website and would support strengthened information exchange. The review draws attention to outcomes that would demonstrate improvements, drawing on the skills of the “North East Local Enterprise Partnership” and facilitation of better promotion of the area whilst avoiding duplication of effort.

27. Strategic transport functions are currently delivered by:

- The Tyne and Wear Integrated Transport Authority, which is the strategic and policy-making body on transport for Gateshead Council, Newcastle City Council, North Tyneside Council, South Tyneside Council and Sunderland City Council;
- Nexus, the Tyne and Wear Passenger Transport Executive that delivers services on behalf of the Tyne and Wear Integrated Transport Authority; and
- Durham County Council and Northumberland County Council, unitary authorities with responsibility for transport strategy and policy and the delivery of transport services in their areas.

28. Since the establishment of the “North East Local Enterprise Partnership” covering the area of all seven local authorities, the authorities have increasingly worked together on strategic transport priorities. Earlier this year they established a “Local Transport Body” for the purpose of prioritising local transport funding. The governance review considers that establishing a combined authority, which would take on all the functions of the Integrated Transport Authority and the local transport functions of Durham and Northumberland, would ensure political leadership at the highest level on strategic transport planning, enabling difficult decisions to be taken within a long-term investment programme, and ensuring the most efficient use of combined transport resource across the area.

29. The governance review considers that a combined authority would have a stronger voice in discussions with the European Union, devolved administrations and national bodies such as the Highways Agency, the Homes and Communities Agency, the Skills Funding Agency and the Department for Transport. It also sees advantages for a combined authority in relation to procuring and sharing services and the relationship with the “North East Local Enterprise Partnership”. Any costs incurred in establishing new arrangements would be offset by efficiency gains and met from existing resources.

30. The governance review concludes that coordinated action against the agreed priorities will bring improvements and that whilst establishing the “LA7 Leadership Board” has been an important step in formalising these arrangements, it has limitations. The governance review concludes that only by establishing statutory arrangements for collaboration would the area be able to fully achieve its ambition for growth.

31. Accordingly, the review’s conclusions on the five options were as follows:

- Do nothing. This option was discounted on the basis that it would fail to create the institutional enhancement that is most likely to address the underlying economic needs of the area. The ambitions of the area would not be realised.
- Enhance informal joint working arrangements. This option was discounted on the basis that sophisticated arrangements are already in place, and establishing a Joint Committee would not be a significant improvement as in many cases key decisions would need to be referred back to the individual authorities. It would effectively add,

rather than remove, a layer of bureaucracy and again the ambitions of the area would not be realised.

- Economic prosperity board. This option was discounted on the basis that whilst it improves existing arrangements it misses the opportunity to maximise economic benefits as transport linkages are significant for the proper functioning of the economic area. Again, the ambitions of the area would not be realised.
- Combined authority. This option was deemed to create the institutional enhancement most likely to address the economic needs of the area, by providing a stable, legally independent and accountable body for devolved powers and funding. It will enable strategic decision making that aligns economic growth and transport and will be better informed through shared information and analysis. Through some shared services and operational co-ordination, efficiencies may also be achieved. It is considered that this model would improve access to economic, skills and employment opportunities and create improved links for leisure and tourism.
- Additional functions for either an economic prosperity board or a combined authority over time. The governance review recommends that if a combined authority is established it should seek devolution of responsibility for the allocation of the Single Local Growth Fund and consider the implications of the European Union Structural and Investment Funds Growth Programme from 1 April 2015.

32. The governance review concluded that there is a clear case for strengthening the governance arrangements and that establishing a combined authority will be the best way to address both the needs and strategic ambitions of the area. It would facilitate closer partnership working, allow a coordinated approach to tackling local priorities, increase effectiveness and efficiency, allow for improved strategic planning and decision making on the basis of stronger evidence collection and analysis, improve the delivery of statutory functions, and lead to the improvement of economic conditions in the area.

33. The governance review is clear that the Board of the “North East Local Enterprise Partnership” will join forces with the combined authority through an integrated governance model. Detailed governance arrangements will be contained in standing orders, which would only be changed with the consent of all members of the combined authority. The detail of the integrated governance model is being agreed, but is based on the following two principles:

- The public sector is the right place for public assets to be held and managed. Elected representatives must play a key role in scrutiny and decision making to reflect the ultimate beneficiary, the public; and
- The business sector needs to have the influence and opportunity to input knowledge and expertise in to designing the solutions and how they are implemented on the ground.

Chapter 3 – Issues for consultation

34. Having regard to the proposal from the seven councils, the support of the “North East Local Enterprise Partnership” and his localist policy, the Secretary of State is considering making an Order under the statute which, if Parliament approves, would replace the “Tyne and Wear Integrated Transport Authority” with a combined authority. This would bring together Durham County Council, Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council and Sunderland City Council for the delivery of transport, economic development and regeneration functions.
35. Under the statute the Secretary of State can make the Order only if, having regard to the councils’ scheme, he considers that establishing the combined authority would be likely to improve the effectiveness and efficiency of transport in the area, the exercise of statutory functions relating to transport, economic development and regeneration in the area and the economic conditions in the area. In making this judgement the Secretary of State would welcome views on this matter from consultees and others in response to this consultation. Chapter 2 of this consultation sets out the views and conclusions of the seven councils to which consultees and others may wish to have regard when responding to the consultation.
36. The Secretary of State also recognises in making the Order he must have regard to the need to reflect the identities and interests of local communities and to secure effective and convenient local government. Again the Secretary of State would welcome the views of consultees and others on these matters when responding to the consultation.
37. Finally, were the Secretary of State to make such an Order, he is minded that it should provide for a combined authority with a constitution and functions as described in the Annex to this consultation document. A draft of an Order to give effect to these proposals is at the appendix to the Annex. The Secretary of State would welcome the views of consultees and others on these matters when responding to the consultation.
38. In short, comments are invited on the proposal to establish a combined authority for the area of Durham, Northumberland and Tyne and Wear, and in particular:
- **On whether you support changing the governance institutions for the area of the “North East Local Enterprise Partnership” area by the creation of a combined authority;**
 - **On whether you consider that establishing the proposed combined authority would be likely to improve the provision of transport in the area and its effectiveness and efficiency, the provision of economic development and regeneration in the area, and the economic conditions in the area;**

- **On how establishing such an authority may impact on the identities and interests of local communities and on securing effective and convenient local government;**
- **On the proposed constitutional arrangements (including the formal name of the combined authority) and functions for a combined authority as set out in the Annex to this consultation paper; and**
- **On how such an authority and the local enterprise partnership can work in a seamless manner to ensure the private sector is 'hardwired' into the leadership and decision making for the functional economic area.**

Annex

The proposed constitution and functions for the combined authority

Establishment

1. It is proposed that the combined authority would come into existence on 1 April 2014. The authority could be known as the 'Durham, Northumberland and Tyne and Wear Combined Authority'. It would cover the councils for the local government areas of Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland – the constituent councils.
2. The Tyne and Wear Integrated Transport Authority would be dissolved on the same day and its functions, property, rights and liabilities including those that relate to contracts of employment transferred to the combined authority. The councils formerly in the Tyne and Wear Integrated Transport Authority area (Gateshead Council, Newcastle City Council, North Tyneside Council, South Tyneside Council and Sunderland City Council) would retain responsibility for the historic property, rights and liabilities relating to transport matters that had not transferred to the Tyne and Wear Integrated Transport Authority. Any property, rights and liabilities of a similar type held by the county councils of Durham and Northumberland would remain the responsibility of those councils.

Constitution

3. The combined authority would be made up of one elected member from each of the seven constituent councils. The members of the combined authority, by agreement and following a nomination from the "North East Local Enterprise Partnership", should appoint a member of the "North East Local Enterprise Partnership" to be a non-constituent member of the combined authority, making eight members in total.
4. Each constituent authority would appoint another of its elected members to act as a member of the combined authority in the absence of the appointed member – the substitute member. The "North East Local Enterprise Partnership" should also nominate a substitute member for agreement by the combined authority. Substitute members will have the same decision making authority and voting rights as the person whose place he/she is taking.
5. As the economic transformation of the area depends on strong governance, there is an expectation that each council would appoint its Leader or Elected Mayor to the combined authority. In the case of the "North East Local Enterprise Partnership" the

expectation is that the Chairman would be appointed. This provides for decision making at the highest level and sets the strategic direction of the authority.

6. At the first meeting of the combined authority a Chairman and Vice-chairman would be appointed from among its members. Members of the combined authority would not be paid for the work they undertake for the authority. However, they could receive allowances for travel and subsistence.
7. Where a member of the combined authority ceases to be a member of their local authority or of the “North East Local Enterprise Partnership”, they would also cease to be a member of the combined authority and a replacement member would be appointed as soon as practicable.
8. A constituent authority or the “North East Local Enterprise Partnership” may at any time terminate the appointment of a member or a substitute member appointed/nominated by it to the combined authority.

Voting

9. The constituent council members of the combined authority will have one vote each. The Chairman and Vice-Chairman would not have a second or casting vote.
10. Non-constituent members would be non-voting members but may be given voting rights on certain issues should the constituent council members of the combined authority resolve to grant these.
11. Subject to the provisions of any enactment the combined authority will aim to reach decisions by consensus. If, exceptionally, it is not possible to reach consensus on any matter on which it is necessary to reach a decision, the matter will be put to a vote that will be decided by a simple majority of the members of the combined authority present and voting.
12. The following matters will require the unanimous support of members of the combined authority for approval:
 - Adoption of growth plan and investment strategy;
 - Adoption of local transport plan;
 - Adoption of the combined authority’s annual budget;
 - Setting of the transport levy;
 - Allocation of local transport plan funding to constituent authorities;
 - Approval of key growth schemes including the local majors scheme devolved funding;
 - Approval of borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the combined authority; and
 - Such other plans and strategies as determined by the combined authority.

Funding

Economic development

13. The costs of the combined authority in relation to the exercise of its economic development and regeneration functions and all start-up costs would be met by the constituent authorities. These costs may be apportioned between the constituent authorities in equal shares.

Transport

14. Section 74 of the Local Government Act 1988 allows for a combined authority to be given power to issue a levy in respect of its expenses relating to its transport functions. The Tyne and Wear Integrated Transport Authority already has a levying power and the scheme proposes that the combined authority should be given a similar power. However, because of the differing needs of Durham and Northumberland and that it would not be appropriate for costs arising from historic debt of the Tyne and Wear Integrated Transport Authority to fall on the county councils, the current method of apportionment by population size would not be appropriate. Instead, the relevant regulations⁵ will be amended to enable the combined authority to decide how best to apportion the amount to be raised by the levy between the seven local authorities. These levies, as with all levies, will be subject to the provisions on council tax referendums in the Local Audit and Accountability Bill, if Parliament enacts this legislation.

15. For the financial year 2014-15, the current financial arrangements will continue, with the Tyne and Wear Integrated Transport Authority levy set in early 2014 covering the Tyne and Wear authorities only. The first full levy covering all seven local authorities would be for the financial year 2015-16.

Functions

16. The primary focus of the combined authority is to manage a significant programme of investment in transport and economic infrastructure, and to influence and align with Government investment, in order to drive economic growth.

Economic development

17. The authority would have powers that would allow it to drive strategic economic growth across the functional economic area. It will focus on strategic issues such as:

- Setting the growth plan for the area;
- Setting the investment strategy for the area;

⁵ The Transport Levying Bodies Regulations 1992

- Collecting economic intelligence and analysis as a basis for strategic planning and coordination;
- Acting as the accountable body for a range of devolved funding;
- Setting a strategy and making decisions on the skills agenda across the area; and
- A co-ordinated approach to inward investment.

18. In addition, the combined authority would have other duties and powers relating to the publication of information, legal proceedings, provision of further education, tourism, and assessment of economic conditions that would contribute to the economic improvement of the functional economic area.

Transport

19. The transport functions of the Tyne and Wear Integrated Transport Authority would be transferred to the combined authority. In addition, all the Local Transport Authority functions of Durham County Council and Northumberland County Council would be transferred to the combined authority. This would mean that the combined authority would deal with such transport issues as:

- Prioritisation and programme management of local major transport schemes;
- Development of a Joint Local Transport Plan and associated strategies;
- Working on bus related issues;
- Developing cooperative arrangements across the area on traffic management; and
- Leading collaborative working on concessionary travel.

All functions conferred or imposed on the Tyne and Wear Integrated Transport Authority by any enactment relating to functions of the Tyne and Wear Passenger Transport Executive would be exercisable by the combined authority.

General power of combined authority

20. The combined authority would have a 'function related general power of competence' provided to them under Chapter 3 of Part 1 of the Localism Act 2011.

Scrutiny arrangements

21. The combined authority may establish at least one overview and scrutiny committee with members appointed from constituent councils and other bodies to exercise scrutiny functions over the combined authority and any sub-boards. The overview and scrutiny committee would have a range of powers appropriate to its functions, including the power to recommend that a decision be reconsidered by the combined authority.

Substructures and internal scheme of delegation

North East Local Enterprise Partnership

22. The close relationship between the “North East Local Enterprise Partnership” and the proposed combined authority will allow for a seamless operation bringing together the public and private sectors. The Leaders/Elected Mayor of the constituent authorities are members of the “North East Local Enterprise Partnership”. The addition of the Chairman of the “North East Local Enterprise Partnership” as a member of the combined authority will ensure that the local enterprise partnership is able to provide leadership where required and that decisions taken by the combined authority fully support the priorities of the local enterprise partnership and the views of business. The combined authority and the local enterprise partnership will engage the wider business community to ensure that all partners contribute to the wider ambition for more and better jobs.
23. A shared economic strategy will be developed and agreed, building on the findings of the “North East Independent Economic Review”. Investment decisions taken by the combined authority would fully reflect business views. This will ensure that public investment is targeted to maximise business benefit.
24. The combined authority and the “North East Local Enterprise Partnership” would ensure that executive and staff resources are used in the most effective way to deliver the shared economic strategy.
25. The combined authority would act as the accountable body for the “North East Local Enterprise Partnership”.

Joint Committee

26. The combined authority and the constituent councils would enter into joint arrangements covering specified transport functions. This would include the establishment of a joint committee to provide advice on transport policy matters to the combined authority, and to be responsible for the discharge of those transport functions.

Executive arrangements

27. The Tyne and Wear Passenger Transport Executive would continue during a transitional phase, as an executive body of the combined authority in relation to its transport functions in the areas of Gateshead Council, Newcastle City Council, North Tyneside Council, South Tyneside Council and Sunderland City Council. In addition, during this phase, operational transport functions would be devolved Durham County Council and Northumberland County Council to enable local delivery arrangements to continue in relation to:
 - Information provision;
 - Infrastructure delivery;

- Commissioning and procurement of subsidised bus services; and
- Concessionary travel.

Following the transitional phase, the combined authority would establish consistent delivery arrangements to operate across the geography of the combined authority as a whole.

Other Arrangements

28. The combined authority may establish further joint committees or sub-committees and delegate powers and functions as considered by it to be appropriate. This is provided for through existing legislation, rather than expressly through the Durham, Northumberland and Tyne and Wear Combined Authority Order.

Draft Order laid before Parliament under section 94 of the Local Transport Act 2008 and section 117 of the Local Democracy, Economic Development and Construction Act 2009, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2014 No.

LOCAL GOVERNMENT, ENGLAND

TRANSPORT, ENGLAND

**Durham, Northumberland and Tyne and Wear Combined
Authority Order 2014**

Made - - - - - *****

Coming into force - - - - - *****

This Order is made in exercise of the powers conferred by sections 84, 91 and 93 of the Local Transport Act 2008(a) and sections 103 to 105 and 114 to 116 of the Local Democracy, Economic Development and Construction Act 2009(b).

The Secretary of State, having regard to a scheme prepared and published under section 82 of the Local Transport Act 2008 and section 109 of the Local Democracy, Economic Development and Construction Act 2009, considers that the making of this Order is likely to improve –

- (a) the exercise of statutory functions relating to transport in the area to which this Order relates,
- (b) the effectiveness and efficiency of transport in that area,
- (c) the exercise of statutory functions relating to economic development and regeneration in that area, and
- (d) economic conditions in that area.

The Secretary of State is satisfied that the area to which this Order relates meets the conditions set out in section 103 of the Local Democracy, Economic Development and Construction Act 2009.

The Secretary of State has consulted–

- (a) the district councils for the area comprised in the Tyne and Wear integrated transport area,
- (b) the councils for the local government areas who are within the area for which the combined authority is to be established;
- (c) the Tyne and Wear Integrated Transport Authority,

(a) 2008 c.26.
(b) 2009 c.20.

(d) such other persons as the Secretary of State considered appropriate.

The councils whose areas are comprised in the Tyne and Wear integrated transport area have consented to the making of this Order.

In making this Order, the Secretary of State has had regard to the need to reflect the identities and interests of local communities, and to secure effective and convenient local government.

A draft of this instrument has been approved by a resolution of each House of Parliament pursuant to section 94 of the Local Transport Act 2008 and section 117 of the Local Democracy, Economic Development and Construction Act 2009.

Accordingly, the Secretary of State makes the following Order:

PART 1

General

Citation and commencement

1. This Order may be cited as the Durham, Northumberland and Tyne and Wear Combined Authority Order 2014 and shall come into force on 1 April 2014.

Interpretation

2. In this Order —

“the 2009 Act” means the Local Democracy, Economic Development and Construction Act 2009;

“combined area” means the area consisting of the areas of the constituent councils;

“the Combined Authority” has the meaning given by article 3(2);

“constituent councils” means the councils for the local government areas of Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland.

“the county councils” means the County Council of Durham and Northumberland County Council;

“the ITA” means the Tyne and Wear Integrated Transport Authority; and

“the Local Enterprise Partnership” means the North East Local Enterprise Partnership.

PART 2

Establishment of a combined authority for Durham, Northumberland and Tyne and Wear

Establishment

3.—(1) There is established a combined authority for the combined area.

(2) The Combined Authority is to be a body corporate and to be known as the Durham, Northumberland and Tyne and Wear Combined Authority.

(3) The functions of the Combined Authority are those functions conferred or imposed upon it by this Order or by any other enactment (whenever passed or made), or as may be delegated to it by or under this Order or any other enactment (whenever passed or made).

Constitution

4. Schedule 1 (which makes provision about the constitution of the Combined Authority) has effect.

Funding

5.—(1) The constituent councils must meet the costs of the Combined Authority reasonably attributable to the exercise of its functions relating to economic development and regeneration.

(2) The amount payable by each of the constituent councils is to be determined by apportioning the costs of the Combined Authority referred to in paragraph (1) equally between the constituent councils.

PART 3

Transport

Abolition and transfer of functions etc.

6.—(1) The Tyne and Wear integrated transport area is dissolved and the ITA is abolished.

(2) On the abolition of the ITA—

- (a) its functions; and
- (b) its property, rights and liabilities

are transferred to the Combined Authority.

Adaptation of enactments — integrated transport authority

7.—(1) This article has effect in consequence of article 6.

(2) In any enactment (whenever passed or made)—

- (a) any reference to an integrated transport area; or
- (b) any reference which falls to be read as a reference to such an area,

is to be treated as including a reference to the combined area.

(3) In any enactment (whenever passed or made)—

- (a) any reference to an integrated transport authority; or
- (b) any reference which falls to be read as a reference to such an authority,

is to be treated as including a reference to the Combined Authority.

(4) Schedule 2 (which amends section 9 of the Transport Act 1968 in consequence of article 6) has effect, but this does not affect the generality of paragraphs (2) and (3).

Transfer of functions — county councils

8. There are transferred to the Combined Authority—

- (a) the functions of the county councils under Parts IV and V of the Transport Act 1985^(a); and
- (b) the functions of the county councils as local transport authorities under Part II of the Transport Act 2000^(b).

Adaptation of enactments

9.—(1) This article has effect in consequence of article 8.

(2) In relation to any function transferred under article 8, any reference in any enactment (whenever passed or made) to a county, or to any class of area which includes a county, is to be treated as including a reference to the combined area.

(3) In any enactment (whenever passed or made) any reference in relation to any function transferred under article 8 to a county council, or to any class of body which includes a county council, is to be treated as including a reference to the Combined Authority.

Passenger Transport Executive

10.—(1) In this article “the Executive” means the Tyne and Wear Passenger Transport Executive.

(2) The Executive is to be an executive body of the Combined Authority for the purposes of Part 5 of the Local Transport Act 2008 and Part 6 of the 2009 Act.

(3) In the application of section 101 of the Local Government Act 1972 (arrangements for the discharge of functions) to the Combined Authority the Executive is to be treated as if it were an officer of the Combined Authority.

Continuity

11.—(1) Nothing in articles 6 to 9 affects the validity of anything done by or in relation to the ITA or either of the county councils in relation to the functions transferred under article 8 before 1st April 2014.

(2) There may be continued by or in relation to the Combined Authority anything (including legal proceedings) which—

- (a) relates to any of the functions, property, rights or liabilities transferred to the Combined Authority; and
- (b) is in process of being done by or in relation to the ITA, or to either of the county councils in relation to the functions transferred under article 8, immediately before 1st April 2014.

(3) Anything which—

- (a) was made or done by or in relation to the ITA or to either of the county councils for the purposes of or otherwise in connection with any of the functions, property, rights or liabilities transferred;
- (b) is in effect immediately before the transfer takes effect,

has effect if made or done by or in relation to the Combined Authority.

(4) The Combined Authority shall be substituted for the ITA in any instruments, contracts or legal proceedings which—

- (a) relate to any of the functions, property, rights or liabilities transferred; and
- (b) are made or commenced before the transfer takes effect.

(5) A reference in this article to anything made or done by or in relation to the ITA includes a reference to anything which by virtue of any enactment is to be treated as having been made or done by or in relation to the ITA.

(a) 1985 c..67
(b) 2000 c.38

(6) Without prejudice to the generality of this article a levy issued by the ITA under section 74 of the Local Government Finance Act 1988 and in accordance with the Transport Levying Bodies Regulations 1992 to the constituent councils in respect of the financial year beginning 1st April 2014 is to have effect for that year as if it had been so issued by the Combined Authority.

PART 4

Additional functions

Economic development and regeneration functions

12.—(1) The functions of the constituent councils set out in Schedule 3 to this Order are exercisable by the Combined Authority in relation to its area.

(2) The functions are exercisable concurrently with the constituent councils.

(3) Any requirement in any enactment for a constituent council to exercise such a function may be fulfilled by the exercise of that function by the Combined Authority.

Incidental provisions

13. The following provisions shall have effect as if the Combined Authority were a local authority for the purposes of these provisions—

- (a) section 142(2) of the Local Government Act 1972(a) (the power to arrange for publication of information etc relating to the functions of the authority); and
- (b) section 222 of the Local Government Act 1972 (the power to prosecute and defend legal proceedings).

14.—(1) The Combined Authority shall have the power to exercise any of the functions described in subsection (1)(a) and (b) of section 88 of the Local Government Act 1985(b) (research and collection of information) whether or not a scheme is made under that section.

(2) For the purposes of paragraph (1) of this article, paragraphs (a) and (b) of section 88(1) of the Local Government Act 1985 shall have effect as if a reference to “that area” were a reference to the combined area.

15. Section 13 of the Local Government and Housing Act 1989(c) shall have effect as if –

- (a) in subsection (4) after paragraph (x) there were inserted –
“(xx) subject to subsection (xx), a committee appointed by the Durham, Northumberland and Tyne and Wear Combined Authority;” and
- (b) after subsection (4) there were inserted –
“(xx) A person who is a member of a committee falling within paragraph (xx) of subsection (4) or a sub-committee appointed by such a committee shall for all purposes be treated as a non-voting member of that committee or sub-committee unless he is a member of one of the constituent councils as defined by article 2 of the Durham, Northumberland and Tyne and Wear Combined Authority Order 20xx.”

16. The Apprenticeship, Skills, Children and Learning Act 2009(d) shall have effect as if the Combined Authority were a local authority for the purpose of section 84(2).

(a) 1972 c.72.
(b) 1985 c.51.
(c) 1989 c.42.
(d) 2009 c.22

Signed on behalf of the Secretary of State for Communities and Local Government

Date *Name*
Parliamentary Under Secretary of State
Department for Communities and Local Government

SCHEDULE 1 Constitution

Article 4

Membership

1.—(1) Each constituent council shall appoint one of its elected members to be a member of the Combined Authority.

(2) Each constituent council shall appoint another of its elected members to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (1) (“the substitute member”).

(3) The Local Enterprise Partnership shall nominate one of its members to be a member of the Combined Authority (“Local Enterprise Partnership Member”).

(4) The Local Enterprise Partnership shall nominate another of its members to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (5) (“the substitute member”).

(5) The Combined Authority shall appoint a member nominated by the Local Enterprise Partnership as a member of the Combined Authority (“Local Enterprise Partnership Member”).

(6) The Combined Authority shall appoint another member nominated by the Local Enterprise Partnership to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (5) (“the substitute member”).

(7) For the purposes of this Schedule any reference to a member is to be treated as including a reference to the Local Enterprise Partnership Member.

(8) A person ceases to be a member or substitute member of the Combined Authority if they cease to be a member of –

- (a) the constituent council that appointed them; or
- (b) the Local Enterprise Partnership that nominated them.

(9) A person may resign as a member or substitute member of the Combined Authority by written notice served on the proper officer of the Council or the Chair or Vice Chair of the Local Enterprise Partnership (as the case may be) of–

- (a) the constituent council that appointed them; or
- (b) the Local Enterprise Partnership that nominated them

and the resignation shall take effect on receipt of the notice by the proper officer of the Council or Chair or Vice Chair of the Local Enterprise Partnership (as the case may be).

(10) Where a member or substitute member’s appointment ceases by virtue of sub-paragraph (8) or (9) –

- (a) the constituent council that made the appointment must, as soon as practicable, give written notice of that fact to the Combined Authority and appoint another of its elected members in that person’s place;
- (b) the Local Enterprise Partnership must, as soon as practicable, give written notice of that fact to the Combined Authority and nominate another of its elected members in that person’s place.

(11) The Combined Authority shall appoint a member nominated under sub-paragraph (10)(b) at the next meeting of the Combined Authority.

(12) A constituent council may at any time terminate the appointment of a member or substitute member appointed by it to the Combined Authority and appoint another member of it's executive in that person's place.

(13) Where a constituent council exercises its power under sub-paragraph (12), it must give written notice of the new appointment and the termination of the previous appointment to the Combined Authority and the new appointment shall take effect and the previous appointment terminate at the end of one week from the date on which the notice is given or such longer period not exceeding one month as is specified in the notice.

(14) The Local Enterprise Partnership may at any time terminate the appointment of a member or substitute member nominated by it to the Combined Authority and nominate another of its members in that person's place.

(15) Where the Local Enterprise Partnership exercises its power under sub-paragraph (14), it must give written notice of the new nomination and the termination of the previous appointment to the Combined Authority.

(16) The Combined Authority shall appoint a member nominated under sub-paragraph (15) and the new appointment shall take effect and the previous appointment terminate at the end of one week from the date on which the notice is given or such longer period not exceeding one month as is specified in the notice.

(17) For the purposes of this paragraph, an elected mayor of a constituent council is to be treated as a member of the constituent council.

Chairman and vice-chairman

2.—(1) The Combined Authority must in each year appoint a chairman and a vice-chairman from among its members and the appointments are to be the first business transacted at the first meeting of the Combined Authority after the appointment of members of the Combined Authority.

(2) A person ceases to be chairman or vice-chairman of the Combined Authority if they cease to be a member of the Combined Authority.

(3) If a vacancy arises in the office of chairman or vice-chairman, an appointment to fill the vacancy is to be made at the next ordinary meeting of the Combined Authority, or, if that meeting is to be held within 14 days of the vacancy arising, at the meeting following that meeting.

Proceedings

3.—(1) Any questions that are to be decided by the Combined Authority are to be decided by a majority of the members and substitute members, acting in place of members, present and voting on that question at a meeting of the Combined Authority.

(2) Each member, or substitute member acting in that member's place, is to have one vote and no member or substitute member is to have a casting vote.

(3) Members appointed from the Local Enterprise Partnership will be non-voting members of the Combined Authority.

(4) Questions relating to the following matters require a unanimous vote in favour by all seven constituent council members, or substitute members acting in place of those members, to be carried –

- (a) adoption of any growth plan and investment strategy;
- (b) adoption of any local transport plan;
- (c) approval of the Combined Authority's annual budget;
- (d) setting of the transport levy;
- (e) allocation of local transport plan funding to the individual constituent authorities;
- (f) approval of key growth schemes including the local major schemes devolved funding;

- (g) approval of borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the Combined Authority; and
- (h) such other plans and strategies as determined by the Combined Authority.

(5) The proceedings of the Combined Authority are not invalidated by any vacancy among its members or substitute members or by any defect in the appointment or qualifications of any member or substitute member.

Committees

4.—(1) The Combined Authority may appoint one or more committees as an overview and scrutiny committee, or as the case may be committees, of the Combined Authority.

(2) The Combined Authority shall appoint members of each of the constituent councils to any overview and scrutiny committee appointed by the Combined Authority.

(3) Any overview and scrutiny committee appointed by the Combined Authority may not include any member of the Combined Authority.

(4) Any overview and scrutiny committee appointed by the Combined Authority will have the power to—

- (a) invite members to attend before it to answer questions;
- (b) invite other persons, including members of the public, to attend meetings of the committee;
- (c) review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the Combined Authority;
- (d) make reports or recommendations to the Combined Authority with respect to the discharge of any functions which are the responsibility of the Combined Authority;

(5) The power to review or scrutinise a decision made but not implemented under sub-paragraph (4)(c) includes the power to recommend that the decision be reconsidered by the Combined Authority.

(6) Where any overview and scrutiny committee appointed by the Combined Authority makes a report or recommendation under sub-paragraph (4)(d) the committee may –

- (a) publish the report or recommendations;
- (b) by notice in writing require the Combined Authority to –
 - (i) consider the report or recommendations;
 - (ii) respond to the overview and scrutiny committee indicating what (if any) action the Combined Authority proposes to take;
 - (iii) if the overview and scrutiny committee has published the report or recommendations under sub-paragraph (6)(a), publish the response.

(7) A notice served under sub-paragraph (6)(b) must require the Combined Authority to comply with it within two months beginning with the date on which the Combined Authority received the reports or recommendations or (if later) the notice.

(8) The Combined Authority shall comply with a notice given under sub-paragraph (6)(b).

(9) Sub-paragraphs (6)(a) and (8) are subject to section 9FG of the Local Government Act 2000 and to any provision made under section 9GA(8).

Records

5.—(1) The Combined Authority must make arrangements for the names of members and substitute members present at any meeting to be recorded.

(2) Minutes of the proceedings of a meeting of the Combined Authority, or any committee or sub-committee of the Combined Authority are to be kept in such form as the Combined Authority may determine.

(3) Any such minutes are to be signed at the same or next suitable meeting of the Combined Authority by the person presiding at that meeting.

(4) Any minute purporting to be signed as mentioned in sub-paragraph (3) shall be received in evidence without further proof.

(5) Until the contrary is provided, a meeting of the Combined Authority a minute of whose proceedings has been signed in accordance with this paragraph is deemed to have been duly convened and held, and all the members and substitute members present at the meeting are deemed to have been duly qualified.

(6) For the purposes of sub-paragraph (3) the next suitable meeting is the next following meeting or, where standing orders made by the Combined Authority provide for another meeting of the authority to be regarded as suitable, either the next following meeting or that other meeting.

Standing orders

6. The Combined Authority may make standing orders for the regulation of its proceedings and business and may vary or revoke any such orders.

Remuneration

7. No remuneration is to be payable by the Combined Authority to its members, other than allowances for travel and subsistence paid in accordance with a scheme drawn up by the Combined Authority.

SCHEDULE 2

Article 7(4)

Amendment of Section 9 of the Transport Act 1968

1. Section 9 of the Transport Act 1968(a) is amended as follows.

2. In subsection (1)(a)—

- (a) in sub-paragraph (i) after “except Greater Manchester” there is inserted and “the Durham, Northumberland and Tyne and Wear”;
- (b) the word “and” after sub-paragraph (ia) is omitted; and
- (c) after sub-paragraph (ia) there is inserted—
 - “(ib) the counties of Durham and Northumberland and the metropolitan county of Tyne and Wear shall be the area of a combined authority; and”.

3. In subsection (1)(b)—

- (a) the word “and” after sub-paragraph (ia) is omitted; and
- (b) after sub-paragraph (ia) there is inserted—
 - “(ib) in relation to counties of Durham and Northumberland and the metropolitan county of Tyne and Wear, the Durham, Northumberland and Tyne and Wear Combined Authority; and”.

4. In subsections (2) and (3) after “the area of the Greater Manchester Combined Authority” in each case occurring there is inserted “, the area of the Durham, Northumberland and Tyne and Wear Combined Authority”.

(a) 1968 c. 73; section 9 was amended by the Local Government (Scotland) Act 1973 (c. 65) Schedule 18, paragraph 1; by the Transport Act 1985 (c. 67) sections 57(1), 58(2), Schedule 3, paragraph 3, Schedule 8; by the Local Government (Scotland) Act 1994 (c. 39) Schedule 13, paragraph 80(2); and in relation to England and Wales only by the Local Transport Act 2008 (c. 26) section 98(4), Schedule 4, paragraph 2 and Schedule 7, Part 4 and by S.I. 2011/908.

5. In subsection (5) after “or the area of the Greater Manchester Combined Authority” there is inserted “or of the Durham, Northumberland and Tyne and Wear Combined Authority”.

6. In subsection (5A) after “2011” there is inserted “and the Durham, Northumberland and Tyne and Wear Combined Authority means the authority of that name constituted by the Durham, Northumberland and Tyne and Wear Combined Authority Order 2014”.

SCHEDULE 3

Article 12(1)

Economic development and regeneration functions

1. Such functions of the constituent authorities as are exercisable for the purpose of economic development and regeneration in reliance on the general power of competence under section 1 of the Localism Act 2011(a).

2. The power under section 144 of the Local Government Act 1972(b) (the power to encourage visitors and provide conference and other facilities).

3. The duties under sections 15ZA, 15ZB, 15ZC, 17A, 18A(1)(b), of the Education Act 1996(c) and the power under sections 514A and 560A of that Act (duties and powers related to the provision of education and training for persons over compulsory school age).

4. The duty under section 69 of the 2009 Act (duty to prepare an assessment of economic conditions).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order establishes the Durham, Northumberland and Tyne and Wear Combined Authority.

Part 6 of the Local Democracy, Economic Development and Construction Act 2009 (“the 2009 Act”) provides for the establishment of combined authorities for the areas of two or more local authorities in England. Combined authorities are bodies corporate which may be given power to exercise functions relating to transport and to economic development and regeneration in their area.

The Secretary of State may only establish a combined authority for an area where a scheme for such an authority has been published under section 109 of the 2009 Act. This Order has been made following the publication of such a scheme on 31 July 2013 by the constituent councils whose areas together make up the combined area of the new authority. The scheme is available at: www.gateshead.gov.uk/la7-governance.

Part 2 of the Order establishes the new authority, to be known as the Durham, Northumberland and Tyne and Wear Combined Authority on 1 April 2014, and makes provision for its constitution and funding.

Article 4 of and Schedule 1 to the Order make provision for the constitution of the Durham, Northumberland and Tyne and Wear Combined Authority. This is supplemental to the provision that is made by Part 1A of Schedule 12 to the Local Government Act 1972 (see paragraph (6A) of that Schedule, as amended by the 2009 Act).

Article 5 makes provision for the funding, by the constituent councils, of those costs of the Durham, Northumberland and Tyne and Wear Combined Authority that relate to the exercise of its economic development and regeneration functions.

(a) 2011 c.20
(b) 1976 c.76
(c) 1996 c.56.

Part 3 concerns the transport functions of the combined authority. *Article 6* abolishes the Tyne and Wear integrated transport area and its integrated transport authority and transfers the authority's functions, property, rights and liabilities to the combined authority. *Article 7* makes adaptations to enactments consequential upon *article 6*. *Article 8* transfers specified transport functions of the Durham and Northumberland county councils to the Combined Authority. *Article 9* makes adaptations to enactments consequential upon *article 8*. *Article 10* makes the Tyne and Wear Passenger Transport Executive an executive body of the Combined Authority and *article 11* contains general continuity provisions.

Part 4 confers additional functions on the Durham, Northumberland and Tyne and Wear Combined Authority. *Article 12* confers functions of the constituent councils relating to economic development and regeneration. These are set out in Schedule 3 to the Order and are to be exercised concurrently with the constituent councils. *Articles 13 to 16* make some general, incidental provisions relating to the Durham, Northumberland and Tyne and Wear Combined Authority to enable it to carry out its functions more effectively.

A full regulatory impact assessment has not been prepared as this instrument will have no impact on the costs of business and the voluntary sector.

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