

North East Combined Authority – Response by Newcastle City Council Liberal Democrat Group

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Summary

We support the creation of a Combined Authority for the North East Local Enterprise Partnership area. We consider that this could facilitate the improvement of:

- 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.

We consider that the proposed constitutional arrangements for a combined authority as set out in the Annex to the consultation paper are inadequate to ensure good governance of the combined authority, but that they are capable of improvement (and that this can be done without undue burden, cost or inefficiency).

We consider that the proposed authority and the local enterprise partnership can work together to ensure the private sector is 'hardwired' into the leadership and decision making for the functional economic area, but recommend that the arrangements in the consultation paper are adjusted to ensure a stronger voice for the business sector.

Introduction

Newcastle City Council Liberal Democrat Group

The group supports the intention of the seven local authorities within the Durham, Northumberland and Tyne and Wear area to form a Combined Authority. As outlined in the recent Governance Review, the area forms a functional economic geography and it is in the interests of partner authorities to work strategically in order to maximise the economic benefit to our communities from private and public investment.

The group notes that a Combined Authority was a key recommendation of the North East Independent Economic Review, supported by the Deputy Prime Minister and led by Lord Adonis. The group acknowledges the work of the North East Local Enterprise Partnership (NELEP) in completing this review and considers that a strategic body working closely alongside the executive function will accelerate local growth.

Furthermore, we note:

- Government guidance for 'Local Growth Deals', which stipulates that a strong Strategic Economic Plan is one which levers in public and private investment to support local economic development ambitions;
- The strength of the Greater Manchester City Deal, after collaborating local authorities committed to raise £1.2 billion for investment;
- The strong support from the business community in the NELEP area for the creation of a Combined Authority in order to strengthen local economic governance, from their own independent responses to the Governance Review and Independent Economic Review;
- The ability of local authorities in the Durham, Northumberland and Tyne and Wear area to work together at the appropriate geography for appropriate economic priorities. This includes joint working on planning and on housing by Newcastle and Gateshead, despite the ending of grant-funding for Housing Market Renewal, and central government's mishandling and subsequent lack of certainty over the 'New Homes Bonus';
- The strength of the 'North East' brand, and the opportunity presented for a Combined Authority to promote the area nationally and internationally for investment and tourism as well as working strategically to harness the potential of growing sectors, such as the cultural and creative industries. As a result, **we strongly support the creation of a Combined Authority covering the Durham, Northumberland and Tyne and Wear area, to be formally named 'The North East Combined Authority'.**

Detail

Liberal Democrats in the North East welcome, in principle, the establishment of a Combined Authority for the North East LEP area that can be an “accountable body” for transport, development and regeneration in Northumberland, Tyne & Wear and Durham. Working with the LEP, central government, local authorities and communities, a Combined Authority will be able to develop and enhance transport, skills training and economic regeneration in our area to a greater extent than is possible within current structures. We are hopeful that the Combined Authority will prove its effectiveness and over time secure more delegated powers from Whitehall.

We recognise that there are certain strategic decisions which can be more effectively taken across the LA7 area. An integrated transport plan for the area will necessarily cut across local authority boundaries, so it is appropriate that a Combined Authority take the lead in developing a sustainable integrated transport plan on behalf of local authorities. It is similarly proper that certain decisions regarding economic regeneration are taken at a regional level. The Adonis Report (2013) suggests that a Combined Authority would support business by managing investment in the region and giving universities and schools the help they need to boost the North East LEP area’s economy.

Furthermore, the Government’s consultation document makes it clear that the Combined Authority would take the lead role in collecting and analysing economic data and information for the North East as a basis for strategic planning. The seven local authorities would no longer need to undertake that process individually, and the work would no longer need to be replicated across the seven councils. This would assist the constituent local authorities to focus their resources and funding more efficiently.

It is on this basis that we consider the role of the Combined Authority as one of supporting its constituent local authorities in executing their policy objectives across the area. It will be able to further that aim and deliver efficiencies by pooling resources and staff, and by executing policy initiatives that enjoy unanimous support among the several local authorities. It will be made up from and serve the constituent elected local authorities. Therefore it is clear that the Combined Authority proposal does not impose a new tier of governance or bureaucracy against the wishes of the electorate who rejected a North East Regional Assembly in 2004.

In 2004 a key criticism of the proposed assembly was that it proposed creating a new additional tier of elected politicians with associated elections, allowances, expenses and running costs. The proposals for a combined authority are quite different, in that its (voting) membership is drawn from the constituent local authorities, membership is unremunerated, and the running costs of the Combined Authority are to be borne by the constituent local authorities.

Despite the obvious strengths associated with the introduction of a Combined Authority, the current proposals also have a number of weaknesses.

Firstly, there is a danger that the Combined Authority could lead to a diminution of the role and voice of businesses, by side-lining the LEP. The LEP has performed effectively to support businesses in the North East LEP area and bring business leaders into contact with local politicians. It is therefore vital that the Combined Authority retain a strong input from the private sector and work closely with the LEP and major businesses and business fora.

Secondly, we believe that the membership of the Combined Authority is too tightly drawn and the governance arrangements are inadequate for a local authority body – particularly in respect of the scope for pre-decision challenge, effective scrutiny, and access to information.

The proposed Combined Authority would consist of the six Council Leaders from the constituent local authorities, as well as the elected Mayor of North Tyneside, plus a single non-voting member from the LEP. **Good governance requires that the proposals of an executive are open to challenge and debate. Recent examples in Health and Banking, as well as examples from local government showcase the danger of a closed group**

making decisions with inadequate opportunity for challenge or scrutiny. Reports such as Cadbury (1992) and Widdicombe (1986) highlight the importance of non-executive voices in good governance. The scope for pre-decision making challenge and questioning in the proposed Combined Authority is severely limited, and particularly **at a time when all seven local authorities are controlled by members from the same political party.**

We believe it would be prudent to include additional business representatives from the LEP, and councillors from all of the principal party groups of the several councils on the decision-making board of the Combined Authority.

In a local authority, all members of a council are, in general, entitled to be present at all meetings of the authority and its committees. Members of a council have specific rights of access to information and documents. These rights extend to closed meetings where press and public are excluded and to confidential papers. These arrangements have worked well in ensuring that local authorities are accountable and their executives open to challenge. The proposed arrangements for the Combined Authority will mean that only its own executive members have access to the closed meetings and documents of the combined authority.

In addition, non-urgent decisions by a local authority executive are normally subject to a potential “call-in”, by non-executive councillors, for scrutiny by a politically balanced Scrutiny Committee prior to implementation. These powers are used sparingly but their existence helps contribute to good governance. There is no “call-in” provision in the current proposals for the Combined Authority, and indeed the proposed arrangements only permit but do not require the Combined Authority to create an overview and scrutiny committee, and the members of such a committee could all be appointed from the same political party as the members of the Combined Authority.

Our key tests for the constitution and governance arrangements of the Combined Authority are as follows:

- All meetings of the Combined Authority should comply with local government rules on openness to the press and public.
- There should be places for business representatives (e.g. the LEP business members) on the Combined Authority and all relevant committees.
- There should be legally enforceable rights for non-executive councillors to have access to papers and meetings, even when press and public are excluded.
- There should be an opportunity for all elected groups on the constituent councils to contribute to the Combined Authority’s deliberations.
- There should be a clear scrutiny process. This should include viable powers of call-in, with scrutiny panels drawn from all major elected groups on the constituent councils, with the ability to co-opt appropriate external experts where the scrutiny committee judge necessary.

Our recommendations for reform of the proposed Combined Authority:

While there are several ways in which proposals for a Combined Authority could be constructed to satisfy these tests, we believe that the current proposals fail to satisfy these criteria and should be amended.

A balanced proposal might conform to these suggestions:

1. The CA should be enlarged from just the 7 leaders to a more politically balanced body of 21 elected councillors, i.e. 3 per council. Political balance rules could be required to apply either to each council's three delegates, or to the overall membership of the Combined Authority after a negotiation process (similar to the method used to determine membership of multi-authority Police and Crime panels).
2. The 7 leaders should form the initial executive committee of the Combined Authority.
3. The initial executive committee should be required to appoint a number of representatives from the business community onto the executive committee.
4. The Combined Authority should be required to operate within the normal local government rules of access to meetings and papers for all members of the Combined Authority, in particular, all members of the Combined Authority should be allowed to be present at all decision-making meetings of the executive committee (subject to normal rules on exclusion when a member has a declarable interest).
5. The Combined Authority should be required to operate within current local government rules on access to meetings and papers for members of the press and public.
6. The Combined Authority's annual budget should be proposed by the executive committee (with all 7 leaders required to agree this unanimously), but it should also be ratified by a majority vote of the 21 elected members of the Combined Authority.
7. The executive committee should be required to propose and work within a business plan ratified by a majority vote of the 21 elected members of the Combined Authority.
8. The non-executive members of the Combined Authority should be required to form a scrutiny committee, with a chair and vice-chairs from the different political groups represented. The chair and the vice-chairs should collectively have the right to call-in a decision of the executive and the power to refer scrutiny issues to a joint scrutiny committee of the Combined Authority and the 7 constituent local authorities where they deem it appropriate.

These changes would make the Combined Authority more representatives of the area and its 7 councils' memberships. This would improve its democratic legitimacy and thereby improve its standing and authority within the region. This would strengthen the capacity of the Combined Authority and allow its actions to be undertaken having gone through an effective and thorough scrutiny process from all sides of the political spectrum.

These proposed changes are therefore consistent with the overall conclusions of the Heseltine and Adonis reviews, and the governance review carried out by the 7 local authorities.

We commend the above changes and their rationale to ministers in the hope that a Combined Authority will be agreed that is fit for purpose, enduring, and well respected by all parties and sectors across the areas of Durham, Tyne and Wear and Northumberland.