

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

6 NOVEMBER 2015

The meeting commenced at 10.00 am in the Civic Centre, Hartlepool

Present:

Councillor Christopher Akers Belcher (In the Chair)

Councillors: Allan Barclay, Kevin Cranney, Marjorie James, Carl Richardson, Chris Simmons, George Springer and Paul Thompson.

Also Present: Councillor Jim Lindridge as substitute for Councillor Kaylee Sirs in accordance with Council Procedure Rule 5.2.

Councillors Jim Ainslie and Alan Clark.

Officers: Gill Alexander, Chief Executive
Andrew Atkin, Assistant Chief Executive
Peter Devlin, Chief Solicitor
Denise Ogden, Director of Regeneration and Neighbourhoods
Steve Hilton, Public Relations Officer
David Cosgrove, Democratic Services Team

110. Apologies for Absence

Councillors Brenda Loynes and Kayleigh Sirs.

111. Declarations of Interest

None.

112. Minutes of the meeting held on 16 October, 2015

Confirmed.

113. Tees Valley Devolution Deal *(Chief Executive)*

Type of decision

Key Decision, test (ii) (General Exception Provisions Apply).

Purpose of report

The purpose of the report was to seek the endorsement of Finance and Policy Committee prior to referral to Council to formally sign up to a Devolution Deal with HM Government, on which the five Tees Valley authorities have negotiated hard to arrive at a deal worth £450m over 30 years.

This Devolution Deal is a set of resources and powers, to be devolved down from Government to the Tees Valley Combined Authority, due to be established from 1st April 2016. This is in return for developing a new governance model in the form of the election of an Elected Mayor for the Tees Valley which will follow subject to legislation currently going through Parliament.

As part of a 'Fast Track' Deal with Government, the Leaders and Elected Mayor from the five authorities have signed an agreement 'in principle' with Government. Members are now asked to formally approve the Deal. This request is being made of all five Tees Valley Councils.

If agreed by each of the five councils, further detailed negotiations will take place with Government in the coming months to make the Deal happen.

Issue(s) for consideration

The Chief Executive reported on the background and discussions between the five Tees Valley Leaders and Mayors that had led to the formulation of a devolution deal for the five Tees Valley authorities. The Chief Executive outlined the main aspects of the deal including –

- The governance arrangements
- The Tees Valley Investment Fund
- European funding
- Planning and housing
- Transport
- Business support
- Education, Skills and Employment
- Energy and Climate Change
- Culture
- How the new combined authority would be evaluated and the next steps in the process.

The discussions on the devolution deal had reached the point where the Tees Valley Leaders / Mayor considered the best deal from government had been obtained and it was at a point where the deal should now be put to the five local authorities. While nothing in the deal could be 'set in stone' the deal would be subject to a Parliamentary Order and could only then be changed by further parliamentary agreement. The 'additional' funding secured of £15m each year for 30 years would be used to drive the combined authority's themed programmes.

In terms of the governance, the Chief Executive stressed this was the devolvement down from central government of powers and funding; there would be no transfer of any powers from this local authority up to the combined authority. The 'deal breaker', however, was that government required the combined authority to have an elected mayor so that accountability could be seen to lay with one individual democratically elected by the local electorate. The Leaders / Mayor have agreed that the powers of the elected mayor could not lay out-with the combined authority and that in decision making the elected mayor would be one of six members of the authority with the five leaders / mayor.

The next stage of the process would be to develop a constitution for the combined authority. That would be undertaken in two stages, the first would be the constitution for the combined authority with the five Tees Valley leaders / mayor, and the second a constitution incorporating the elected mayor. It was anticipated that the election for the Tees Valley elected Mayor would take place in 2017.

In debating the proposals in the report, Members raised the following questions and issues: -

- If the Combined Authority was to receive £15m funding each year would that result in £2.5m - £3m coming into Hartlepool each year? The Chief Executive stated that the funding was to drive improvements across the Tees Valley and the money wouldn't be apportioned to individual authorities. Hartlepool had received a 33% share of the Local Growth Fund monies allocated to the Tees Valley and in general has a track record of getting a good share of regionally allocated funds. It was also likely that Hartlepool would be leading a number of strategies due to our track record of success in tackling youth unemployment for example.
- Would funding streams such as the Local Enterprise Partnership also continue? The only thing that could receive anything close to a guarantee was the additional £15m funding which would form part of the Parliamentary Order which would require a further parliamentary decision to remove. In light of the government's spending review the guaranteed range of things may change.
- One of the key elements of the devolution deal was transport which included the potential of a bus franchise; what would that look like, would it compete with other operators, would it give some control over existing operators? The Director of Regeneration and Neighbourhoods reported that there was a bus franchise bill to go through parliament though the full details of that were not yet known. Having some control over bus services would be more important to other authorities, particularly Redcar and Cleveland with their issues of services to the rural areas of their borough. Any franchise had, however, the potential to be very costly. The current understanding of the Bill was that it would not be about controlling private sector bus companies.

- Just because investment was made in ‘job creation and training’ didn’t mean that jobs would necessarily flow from that. How would this deal ensure that happened. The Chief Executive commented that how you create jobs and sustain them was a complex process and some would say that the public sector shouldn’t interfere with that process. The Combined Authority would look to incentivising local growth through aligning training to meet local skills shortages. Many of the industries based around the Tees Valley were affected by global markets and while there would be work to bring in international investors that wouldn’t be the sole purpose of the authority. This current devolution deal wouldn’t solve the very recent SSI situation; it was negotiated before that happened. ‘We’ would therefore be looking for a further deal that would be reflective of the current situation with SSI and Caparo. ‘We’ believe that if we can intervene in the local market in terms of training and facilitating an investment culture, then ‘we’ could make a difference but ‘we’ couldn’t over-ride the effects of the global markets.
- Would the Combined Authority be adopting ‘the Scottish’ model for inward investment in saying that if you bring jobs here we will give you certain ‘benefits’; invest in us and we will invest in you. The Chief Executive commented that when any big investor was looking at a potential area for investment, then it looked at what incentives there were in place in any particular area. One of the biggest levers that the Combined Authority would allow the Tees Valley to pull was ensuring we had a trained and experienced workforce. Other issues such as the availability of land and matters around business rates could also be something the Combined Authority could have influence. The Chair added that the Combined Authority would allow the Tees Valley to have a new approach to business investment making this a good place to invest through a range of measures.
- A Member considered that the devolution deal reported wasn’t a good deal for the Tees Valley or Hartlepool. If the money was split evenly, it was only £3m for Hartlepool; if the powerbase south of the Tees had its way it would be less. If you looked at the amount of money that had been taken out of local authorities over the last five years it was very giving very little back; this Council had lost over £30m on its own. Then there was the imposition of an elected Mayor. The people of Hartlepool had made it clear they didn’t support such a governance model when asked through a referendum. A referendum was what was needed now on these proposals. Durham County Council had said it would have such vote. The Member indicated that while he supported the bringing of powers to the area from central government he could not support the proposals if ‘we’ were to be dictated to by an elected Mayor. The Chair commented that he also did not support the elected Mayor model but that was the condition government were imposing. Hartlepool’s sovereignty would not be affected in any way; this was power coming down to the Tees Valley from central government not power being

transferred up from the local authorities. What would be different was that Hartlepool would be part of a decision making body that would make decisions previously made at central government level. Not accepting the deal would mean losing that decision making and also, potentially, access to other funding streams. Having looked at the cost of a referendum, the Chair considered that money would be better spent on services to the public.

- The Chief Executive added that the potential powers that could be used for a referendum had been reviewed. The Council would also need to pay for a public information campaign to ensure the public understood the issue. This was not about electing a Mayor to rule over Hartlepool it was about the creation of a joint body that would bring central government decision making powers here to the Tees Valley. The Chief Solicitor stated that there were no powers to have a binding referendum. Durham was essentially planning to hold a local poll, not a referendum. In relation to the costs, the Chief Solicitor stated that a poll using polling stations would cost in the region of £70,000 to £80,000. A full postal election would likely cost £2 per elector with an overall cost in the region of £120,000 to £140,000. Either option would need to include the costs associated with a public information campaign. The Chief Executive stated that with a potential total in the region of £150,000 to £160,000 these costs were not insignificant.
- A Member commented that after removing the power from one individual; an elected Mayor, one Member, the Leader, had negotiated this deal for Hartlepool. The Leader stressed that this devolution deal was in no way changing the governance arrangements for Hartlepool.
- Members expressed some concerns with the conditions of the devolution deal but commented that this was the only deal 'on the table' and to turn it down could lead to the loss of future funding. Every council in the north east was supporting the devolution deals on offer. The deal wasn't perfect but it was the only one on offer and it gave Hartlepool a seat at the decision making table.
- There was concern that it appeared that the elected mayor would have final decision making powers. The Chief Executive stated that there would be some elements where there would need to be unanimous decision making and others where a two-thirds majority would be required.
- Members did feel that retaining Hartlepool's sovereignty was the critical issue and the devolution deal, even with the elected mayor, would not affect that. The combined authority was described by one member as a super local enterprise partnership with additional powers transferred from government.
- A Member considered that it was essential that Hartlepool Members were involved in the drafting of the constitution for the new Combined

Authority; this Council should not simply be presented with a document for approval. Any referral of the devolution deal to Council should be on the proviso that this happened.

- A Member also stated that the scrutiny arrangements of the new authority needed to be clearly set out to ensure that any such arrangements had teeth.
- It was commented that there were still a lot of unknowns with the devolution deal, principle of which was the fact that the public knew very little about the deal. It was indicated that there was a consultation process currently being undertaken by the DCLG; the Chief Solicitor undertook to circulate a copy of the consultation document to all Members.
- A member commented that the Council had undertaken a series of public meetings when consulting on the potential implementation of a gypsy and travellers site in the town. These meetings had been well attended and it was suggested that a similar consultation format should be undertaken on this issue. The Chief Solicitor stated that that was a unique situation created by the Inspector appointed to inspect the local plan.
- The costs associated with providing and supporting the new combined authority was questioned; were these to be met from the monies promised by government. The Leader commented that the costs burdens and how they were to be met had not yet been determined with government.

In concluding the debate, the Chair proposed that the Devolution Deal be referred to Council for approval with three additional recommendations from this Committee on the constitution of the new authority, the preservation of the excellent economic development work that had already been undertaken in Hartlepool and the need for a comprehensive communication strategy with the public to ensure that it was understood that the devolution deal did not affect the sovereignty of Hartlepool Borough Council's decision making.

Decision

That the Finance and Policy Committee endorse the Devolution Deal as reported and refer the issue to Council for approval with the following recommendations: -

1. That the Devolution Deal be supported, subject to this Council's approval to and detailed involvement in the formulation of the constitution of the new Combined Authority.
2. That there is preservation of Hartlepool's investment in economic development because of this Council's proven track record in securing

investment in Hartlepool.

3. That a robust communication strategy is developed prior to 1 April 2016 to articulate to Hartlepool residents that Hartlepool is not losing any decision making power but will be part of a new additional body involved in decision making currently undertaken within central government.

. Any Other Business

The Chair highlighted that the next meeting of the Committee would be held on Monday 23 November 2015 at 1.00 pm in the Civic centre. The Chair also highlighted that Policy Committee Chairs would be receiving feedback from the Youth Council on Monday 9 November, 2015 at 4.00 pm in relation to the Policy Committee budget proposals for 2016/17. This meeting would be open to all Members to attend.

The meeting concluded at 11.30 am

P J DEVLIN

CHIEF SOLICITOR

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