

## **Appendix 1**

### **UPDATE REPORT FROM THE ASSOCIATION OF SOUTH ESSEX LOCAL AUTHORITIES (ASELA)**

**Enclosures:** Enclosure No. 1 – ASELA Memorandum of Understanding  
Enclosure No. 2 – South Essex Growth and Recovery Prospectus 2020  
Enclosure No. 3 – Review of Governance in South Essex

#### **Executive Summary**

In early 2018, the following councils: Basildon Borough Council; Brentwood Borough Council; Castle Point Borough Council; Essex County Council; Rochford District Council; Southend-on-Sea Borough Council and Thurrock Council signed a Memorandum of Understanding (see **Enclosure No. 1**) to work together through a partnership collectively known as the Association of South Essex Local Authorities ("ASELA" or "Partner Authorities").

The aim of ASELA is for the Partner Authorities to collaborate to secure greater prosperity for all residents and communities within the South Essex sub-region. Despite limited funding and resource, the authorities are working closely together on a number of projects. It has become clear however, that South Essex needs long term investment and greater control over decisions that affect local people, if it going to realise its full potential.

This report therefore, sets out ASELA's intention to engage with Central Government regarding the agenda for the South Essex region, how it can deliver, new jobs and better jobs, new transport infrastructure and accelerate the delivery new homes that are essential to support a growing economy. A document that summaries the proposals, the 'Growth and Recovery Prospectus 2020' is attached at **Enclosure No. 2**.

ASELA have also recently initiated and commenced work to begin to consider and explore the most appropriate and effective future governance arrangements to deliver on this potential and shared ambitions. A preliminary review which considers the various governance options is attached at **Enclosure No. 3** for Members information.

#### **Recommendations**

##### **That Partner Authorities:**

- 1. Note ASELA's intention to immediately engage with Central Government ahead of the autumn Spending Review, regarding the economic agenda for the South Essex region, how it can deliver new jobs, new transport infrastructure, new homes, and the future governance arrangements to deliver better outcomes for its existing, and new, residents and businesses as set out in the 'Growth and Recovery Prospectus 2020' at Enclosure No. 2;**
- 2. Note the work commenced by ASELA to begin to consider and explore the most appropriate and effective future governance arrangements to realise South Essex's full economic and social potential and shared ambitions as set out in the independent Review of Governance in South Essex at Enclosure No. 3. This report does not seek approval or endorsement of any specific governance proposals; and**
- 3. Note that a further report will be presented later in the calendar year to provide an update on the outcome of the discussions with Central Government and any**

## **proposals for more formal interim governance arrangements for ASELA to ensure transparency and accountability.**

### **Background**

Since the Memorandum of Understanding (MOU) was signed by all councils in January 2018, officers across the South of Essex have been working on a number of work streams to deliver the objectives that underpinned the South Essex 2050 vision.

Progress over the last two years includes:

- Pushing ahead with a strategic and statutory spatial plan – the aim is to have this complete by 2022;
- Bringing forward a framework and plan to re-design local connectivity and public transport – so that residents and businesses can go easily about their daily lives;
- Implementing a new economic and productivity strategy for the region that will locally deliver a significant uplift in economic value over the next ten years – it will form part of the local industrial strategy for South East Local Enterprise Partnership;
- Enabling digital infrastructure and connectivity through the Full Fibre network programme with DCMS, and exploring with Strathclyde University and DCMS, the potential to be leaders in 5G technology for an urban and rural area;
- Focusing on re-energising the town centres – so that they become a blend of commercial, residential and retail space;
- Creating a housing delivery plan in conjunction with Homes England and in line with previously set local SHNA targets set by government – to transform housing delivery in the region; and
- Developing an “impact’ investment fund to attract private sector finance to commercial schemes – the focus of this report.

It has become clear however, that if the full potential of South Essex is to be realised for all communities then the region needs a bigger and stronger relationship with Government and the private sector. The huge impact that COVID 19 is having on our businesses has further served to illustrate that it is important to act now. This has led to the development of the proposals that ASELA propose to discuss with Government.

### **The ASELA Growth and Recovery Prospectus**

South Essex is an important economy locally and nationally. There is however, a significant amount of levelling up that is required in order for it to realise its full potential. Substantial long-term investment and greater powers are needed, to tackle the challenges facing the area, including education and skills attainment, levels of productivity and average weekly wages for jobs in the local area. Productivity (measured as GVA per job) is lower in South Essex than nationally and any place on the periphery of London. While local earnings are boosted by some residents out-commuting to earn higher salaries elsewhere, particularly in London, workplace earnings in South Essex are notably lower than in comparable local areas. Furthermore transport and connectivity in the region needs to be transformed, providing a viable, deliverable and resilient transport system. The current main road artery system and the two major rail routes have historically operated at, or over, capacity. This has a significant impact on productivity and the way people are able to go about their everyday lives.

A range of new interventions are required to tackle these underlying systemic challenges.

The significant opportunity for South Essex to create greater prosperity and quality of life for all its residents and for the benefit of the UK. With an infrastructure led approach to inclusive and sustainable growth, it provides a rich culture, space and attractive places to live. Work is underway to develop a bold and ambitious economic plan to:

- by 2050 to grow its contribution to the UK economy by £15bn
- to create 100,000 new jobs by 2050.
- to help 50,000 businesses to grow and increase their productivity.
- to achieve combined benefits to the Exchequer of £0.5bn per annum from reduced unemployment and increased business rates by 2050.
- to ensure its businesses and residents recover from the impact of COVID 19 and as many of the 12,000 jobs at risk are replaced by 2022.
- to ensure that all new development is underpinned by infrastructure and especially social infrastructure including education and health services.
- to build an economy that is enabled by the strongest digital network for a mixed rural and urban area in the UK.
- to work with partners to establish a Freeport within South Essex.
- to create an integrated public transport system that puts active travel and decarbonised transport at its heart, enabled by a package of transport investment.
- to unlock £5bn of private sector investment.
- to develop places people want to live and enjoy life.
- to create over 5,000 work opportunities for young people aged 16-24 per annum, and 5,000 apprenticeships per annum in the next ten years.
- to deliver a total of 96,000 new homes, including 29,000 affordable homes for key workers, by 2038 – as determined for each local authority by the already agreed strategic assessment of housing need.
- to become carbon zero region by 2040, utilising a combination of innovative energy technology, minimising harm caused by travel and reshaping why and how we move, and designing in the highest levels of energy efficiency in our town planning and building design.

ASELA intends to engage with Central Government over the next few months regarding the agenda for the South Essex region, as set out in the 'Growth and Recovery Prospectus 2020' at **Enclosure No. 2**.

### **Leadership, decision making and accountability**

ASELA Leaders have recognised that in order to deliver the emerging strategic objectives and realise the opportunity that exists in South Essex, effective and appropriate governance arrangements are essential to underpin and enable delivery.

ASELA recently commissioned a review of the existing governance arrangements and the different governance options that exist. A copy of the preliminary review report is set out in **Enclosure No.3**, for Members information. The independent report identifies that the only viable option to deliver the scale of ambition and priorities and provide the area with significant new powers and funding to increase opportunities and living standards through inclusive

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growth and productivity improvements would be a Combined Authority with a Directly Elected Mayor. This report does not seek approval or endorsement of any specific proposals associated with establishment of a Combined Authority, at this time. Nor is there any intention that constituent council functions should be removed from the constituent councils, with the exception of creating a single strategic transport plan for the area. In particular, sovereignty of local councils over planning considerations and decisions will remain with the local authority. Where existing functions or resources currently held by the constituent authorities are to be shared with a Combined Authority, this must be agreed by the constituent councils.

The establishment of any new South Essex Combined Authority would be subject to the outcome of discussions with Government, ratification by each Council and proceeding through the steps necessary to establish a new Combined Authority as set out below.

It is important to note that the Government have clearly indicated their intention to publish a Devolution White Paper in the autumn which it is anticipated will reaffirm the Government's commitment to the establishment of Combined Authorities with a Directly Elected Mayor. It will of course be essential to consider and reflect on the contents of the Devolution White Paper and what the impacts might be on the future governance arrangements in South Essex and progression of the matters referred to in this report.

ASELA intends to report further to all Partner Authorities later in the year to provide an update on the outcome of discussions with Central Government and the impact of the White Paper.

The independent preliminary report sets out five options for exploration:

- Option 1: Strengthening the current arrangements
- Option 2: Establishing a Joint Committee
- Option 3: Establishing a Local Development Corporation
- Option 4: Establishing a Combined Authority
- Option 5: Establishing a Combined Authority with a directly elected Mayor

The detail of the independent review can be read in enclosure 3 but for ease of reference a summary is provided below.

#### Strengthening the current arrangements

The current arrangements in South Essex have historically made it challenging to have a single voice for South Essex. The coherence of South Essex in terms of economy, housing, transport and infrastructure means that it is essential that some form of collaborative governance arrangements for the area are put in place.

The current arrangements lead to an overall picture of fragmentation which is a barrier to:

- Delivering a long term strategy;
- Exercising the necessary powers and resources;
- Being trusted by government to receive devolved powers and resources.

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## Joint Committee

Section 102 of the Local Government Act 1972 enables two or more local authorities to set up a Joint Committee to discharge their functions jointly. In this case the joint committee could be established by the seven councils in South Essex or by a sub-set of them. Joint Committees, once established, may be decision-making or advisory and while an “accountable body” is generally appointed to manage the committee and its functions, it has no legal status.

A joint committee would go some way to enhance the transparency and accountability issues ASELA seeks to address in the autumn. The review summarised the weaknesses of a joint committee model as:

- It would not provide the governance and accountability necessary to manage the powers and resources that South Essex is seeking from government;
- It can only use powers devolved to it from the councils that create it, not powers devolved from government;
- It would be relatively easy for one or more councils to leave the committee, undermining its integrity;
- Links with business would be relatively weak: the LEP for example could attend meetings of the committee but would not be a member of it;
- It would be susceptible to the impact of frequent changes in control of the councils in the area all of which have annual elections (apart from the county council).

## Development Corporations

Development Corporations have traditionally been established and led by central government and in 2011, mayoral development corporations became possible in consultation with a Combined Authority. In 2018, government considered that local authorities could oversee locally-led new town development corporations. This allows a new town to be initiated locally and then “approved” by the Secretary of State who in turn would agree the instruments needed to establish as new town development corporation.

LDC’s are a well-recognised tool for their role in delivering major housing and regeneration projects as they have enhanced powers, an ability to attract investment and are “insulated” from local politics. They can also span multiple local authority boundaries so would be an appropriate delivery tool for key regeneration and housing sites in South Essex.

The value of local development corporations is questionable as while this body could address local priorities, it would not have any decision-making powers over wider investment in priorities outside its footprint. This option could be a tool a combined authority wants to set up, but not an alternative to it.

## A Combined Authority

A Combined Authority is a legal entity that enables a group of two or more councils to collaborate and take collective decisions across council boundaries. They can only be created

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by parliament, although the development and administration of a combined authority must be locally driven by the authorities involved. Combined Authorities utilise powers and resources devolved to them by national government as part of a devolution deal and can also have powers delegated to them by the partner authorities. Each group of local authorities can determine the powers it wishes to exercise through the combined authority, and negotiates with government on that basis.

Linked to Combined Authorities is the idea of an elected Mayor for the area covered. The government has constantly expressed a strong preference for combined authorities to have an elected mayor for the whole area. As with a Combined Authority, the precise powers exercised by a Mayor are a matter for the authorities involved and form the basis of the "deal" with government, but a single democratically elected representative for an area is seen by the government as the best way to facilitate a constructive two way dialogue and demonstrate local accountability.

There are currently ten Combined Authorities across the country, ranging from the longest established – in Greater Manchester – to the more recently created combined authority in West Yorkshire. Each has a different number of constituent local authorities and varying levels of devolved funding and powers from Government, and a different level of power given to the elected mayor, where there is one in place.

The core legislation relating to Combined Authorities is the Local Democracy, Economic Development and Construction Act 2009 amended by the Cities and Local Government Devolution Act 2016 which sets out the criteria and process associated with establishment of a Combined Authority as summarised below.

To be clear for Members, a Combined Authority is not a merger of authorities or a super unitary, it is a model of governance that enables councils to work together across their administrative boundaries.

### Process for Creation of a Combined Authority

The specific key stages and tasks for a group of councils proposing to establish a Combined Authority are set out in further detail below:

#### Stage 1 - Review:

A group of councils proposing to establish a Combined Authority must carry out a governance review. The focus of this reviews is to consider the potential of different governance models to improve the delivery of the proposed functions of the Combined Authority.

The governance review has to conclude which of governance model would result in the necessary improvements which have been identified. The review will also need to show how the proposals meet the requirement on the Secretary of State, when creating a Combined Authority, to have regard to the identities and interests of local communities and secure effective and convenient local government.

#### Stage 2 - Scheme preparation:

Having decided to proceed, the councils must prepare and publish a scheme for the Combined Authority and undertake consultation. The legislation does not

specify the contents of a scheme, but it is clear from the other provisions in the legislation that it should:

- confirm the area to be covered and the consent of the relevant councils to the Proposal
- identify the statutory functions to be transferred, report the results of the review and explain why the transfer of those functions to the Combined Authority is likely to improve their delivery
- propose appropriate governance arrangements including membership, voting etc.
- report the results of public consultation on the proposal.

Stage 3 - Order making process:

The Secretary of State introduces in Parliament a statutory instrument establishing the Combined Authority.

Detailed below is an illustrative future timeline associated with the establishment of a Combined Authority with a Directly Elected Mayor at the earliest opportunity, should that be the agreed model. A similar timetable would be used if the agreed model is a Combined Authority without a Directly Elected Mayor. It should be noted that the below presents a highly ambitious and challenging timeline which will be subject to a number of factors, including the Devolution White Paper to be published by the Government in the autumn, and others which will be outside of ASELA's control.

<b>Governance Review &amp; Draft Scheme</b>	<p><b>October 2020</b></p> <p>Formal adoption of Governance Review recommending the establishment of a Combined Authority and draft scheme.</p> <p>The scheme will outline the area covered, the constitution and functions. This will include details of membership of authority, voting and how meetings will be chaired, recorded etc.</p>
<b>Consultation</b>	<p><b>November 2020</b></p> <p>The consultation lends weight to the case that the Secretary of State must consider.</p> <p>It is recommended to consult stakeholders such as Integrated Transport Authorities, neighbouring authorities, LEP's, Regional MPs, Regional public bodies and the public.</p>
<b>Scheme Published</b>	<b>December 2020</b>

	Each constituent council obtains approval of the Scheme and subsequently submits to MHCLG
<b>Parliamentary Approval</b>	<b>March 2021</b>  Prior to parliamentary approval, an Order would need to be drafted, debated in both houses and ratified by Parliament. As part of this, the Secretary of State may undertake further consultation.
<b>Potential Elections for a Directly Elected Mayor</b>	<b>May 2021</b>  An election would need to be held for the Directly Elected Mayor if this is the agreed model.

### **Interim Governance Arrangements**

As referred to above, the work of ASELA has been overseen by ongoing governance that has included monthly meetings of the authorities' Leaders and Chief Executives. The governance arrangements currently have no direct formal basis and arise from the MOU and the wider joint working.

ASELA recognises the importance of ensuring that its governance and operational arrangements are fit for purpose, particularly at this time. The Association is committed to keeping these under constant review and intends to enhance its operating arrangements to ensure transparency and accountability, and will bring forward any proposals for more formal interim governance arrangements for ASELA later in the year.