



Economic prosperity boards and combined authorities - consultation on draft statutory guidance

Views of CEDOS & ADEPT

April 2010

The Chief Economic Development Officers Society (CEDOS) provides a forum for Heads of Economic Development in upper tier local authorities throughout England. Membership includes county, city and unitary Councils in non-metropolitan areas. The Society carries out research, develops and disseminates best practice, and publishes reports on key issues for economic development policy and practice. Through its collective expertise, it seeks to play its full part in helping to inform and shape national and regional policies and initiatives.

The Association of Directors of Environment, Economy, Planning & Transport (ADEPT) represents local authority Strategic Directors who manage some of the most pressing issues facing the UK today. The expertise of ADEPT members and their vision is fundamental in the handling of issues that affect all our lives. Operating at the strategic tier of local government they are responsible for crucial transport, waste management, environment, planning, energy and economic development issues. ADEPT membership is drawn from all four corners of the United Kingdom.

ECONOMIC PROSPERITY BOARDS AND COMBINED AUTHORITIES - CONSULTATION ON DRAFT STATUTORY GUIDANCE

Joint views of the Chief Economic Development Officers Society (CEDOS) and the Association of Directors of Environment, Economy, Planning and Transport (ADEPT)

INTRODUCTION

1. Part 6 of the Local Democracy, Economic Development and Construction Act 2009 enables the creation of economic prosperity boards (EPBs) or combined authorities. They are intended to be new sub-regional structures that are designed to support the effective delivery of sustainable economic development and regeneration, and, in the case of combined authorities, transport. EPBs and combined authorities will operate within the wider framework of national policies, regional strategies and sustainable community strategies.

2. We note that EPBs and combined authorities, where established:

- will be corporate bodies;
- will be governance structures for sub-regional areas;
- will be voluntary for relevant authorities;
- can be established in England, excluding Greater London and can be given local authority functions (powers and duties) that relate to economic development and regeneration;

and that:

- combined authorities can, in addition, be given transport functions that are available to integrated transport authorities (ITAs).

3. Whilst we recognise the draft guidance is designed principally for groups of local authorities that are interested in exploring whether an EPB or combined authority would be appropriate for their area, our two societies have a direct interest in the delivery of economic development and regeneration at local, sub-regional and regional level. We are, therefore, pleased to provide the Department with our views. We are happy for our response to be made public.

OVERALL VIEWS

4. We understand from our discussions with the Department that Economic Prosperity Boards are seen as 'one of the tools available in the toolbox' for delivering economic development at the sub-regional level and that what the Government is seeking to do is to present a 'suite of options', with EPB's, where they are established, having concurrent functions with elected local authorities. Whilst it may be that for some

areas, the establishment of an Economic Prosperity Board is an appropriate way forward for sub-regional delivery, there is concern that, particularly with their statutory nature, they will add yet another layer to an already complex delivery landscape¹. There is a danger of being swamped by delivery tools, without a proper evaluation of relative costs and benefits being carried out. On the concurrent functions point, we feel strongly that EPBs should not take away functions from democratically elected local authorities, which must retain the ability to respond to local economic needs and circumstances in the interests of the communities they serve.

5. In saying this, we support the principle of sub-regional working in relation to 'functional economic areas'. Local authorities have a track record of successful collaborative working across boundaries for this purpose without the need for statutory backing. In this context, the formal EPB process seems to be a rather onerous one with no obvious concomitant benefits in terms of additional powers, finance or flexibilities. Notwithstanding this, we believe strongly in the voluntary principle embodied in the draft guidance and there should be no attempt at 'coercion' of partners by making access to funding or powers conditional on having particular governance arrangements in place.

VIEWS ON PARTICULAR ISSUES

Membership arrangements

6. The draft guidance states that "the activities of EPBs and combined authorities will be governed by their members, a majority of whom must be elected members of the constituent local authorities". We strongly support this in the interests of local democracy and accountability. However, we believe that the statement that "each representative authority must have at least one of its elected members appointed to the EPB or combined authority" must be amended to "each local authority within the area covered by an EPB or combined authority must have at least one of its elected members appointed to the EPB or combined authority" (paragraph 8 below refers).

7. We support the flexibility for other persons to be members of EPBs, although, whilst some examples are given, the guidance does not make reference to the importance of involving local business leaders/representatives.

EPBs and 2-Tier Areas

8. As currently drafted, there is confusion as to the role and position of county councils in circumstances where an EPB is to be established for an

¹ A point also made by a number of business representatives to the House of Commons Business & Enterprise Committee and echoed by the Committee itself in its 4th Report published during the Parliamentary consideration of the Local Democracy, Economic Development & Construction Bill.

area that covers only a part of a county area. Paragraphs 2.22 – 2.24 of the draft guidance appear to suggest that if an EPB is composed of districts and unitaries, containing part but not all of a county, then while the county council will be a constituent authority, it need not be a representative authority (i.e. it will not be entitled as of right to be a voting member of the EPB). Indeed, paragraph 2.23 states that each representative authority must have at least one of its elected members appointed to the EPB and that representative authorities will include:

- unitary district councils that are within the EPB or combined authority;
- county councils whose whole area falls within the EPB or combined authority;
- either the county council or all the relevant districts if only a part of a county's area falls within the EPB or combined authority.

9. However, the draft guidance also appears to make clear (paragraph 2.16) that all affected authorities must give their consent before all or part of their area can be included in a formal proposal for an EPB or combined authority. This would include the county council, which could therefore block the proposal if it required representation but was being excluded.

10. It is untenable that a county council, with its strategic responsibilities, transport powers and its local economic impact might not be a representative authority where part of its area was designated as an EPB. The final guidance should make clear that county council representation should be a requirement for any EPB or combined authority in 2-Tier areas.

Relationship with regional structures

11. Although the draft guidance states that EPBs and combined authorities will operate within the wider framework of national policies and regional strategies, it lacks clarity on how EPBs will relate to the regional decision-making process and the Local Authority Leaders Boards being established. Whilst the current regional architecture might be subject to change depending on the outcome of the General Election, the final guidance needs to provide the necessary clarity.

Consultation on a proposal to establish an EPB or Combined Authority

12. Whilst there is a stated need for evidence that the views of stakeholders have been sought and taken into account when preparing a scheme to establish an EPB or combined authority, we find it surprising that there is no requirement for a formal consultation. It seems to us axiomatic that a decision on the development of an additional layer of decision-making and delivery, with costs and a new way of working involved, must be made in an open and transparent

way, with full consultation of those who have an interest, including council tax payers.

Timing

13. There is no timeframe referred to within the draft guidance, except that the final guidance will be issued in early 2010. Given that the identification of 'functional economic market areas' is the main underpinning rationale for the formation of an EPB, in our view it should be made clear that the first round of local economic assessments should be completed before any schemes for EPBs or combined authorities are developed or considered. In this context, the draft statutory guidance for local economic assessments stated that local authorities should aim to complete their first assessments within six to twelve months of the duty coming into force on 1st April 2010.