Dear Clerk,

During my attendance at Finance Committee on 6 February to discuss the proposed Local Government and Elections Bill, I made a commitment to share the outcome of a review, commissioned by the Welsh Government, of the costs and benefits of establishing and operating regional collaboration bodies.

The purpose of the review was to inform discussions on the proposed joint working vehicles (Corporate Joint Committees) to be established as part of the Local Government and Elections (Wales) Bill. The report will also inform the development of the Regulatory Impact Assessment which would accompany any subsequent regulations establishing a Corporate Joint Committee.

The review undertaken by Richard Harbord is now concluded and the final report ‘Collaboration between local authorities in Wales a report for the Welsh Government’ is attached.

Yours sincerely

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AS/MS
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government
COLLABORATION BETWEEN LOCAL AUTHORITIES IN WALES
A REPORT FOR THE WELSH GOVERNMENT

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FINAL REPORT MAY 2020
COLLABORATION BY LOCAL AUTHORITIES IN WALES

1. Introduction

1.1 The work being carried out is based on a brief provided to me. It is concerned with providing within the Local Government and Elections (Wales) Bill a mechanism for ensuring the creation of democratically accountable regional working - these have currently been referred to as Corporate Joint Committees.

1.2 The intention is to produce a model to enable the structures and mechanisms for joint working to be set out without the time consuming process of inventing them on an individual basis.

1.3 The brief sets out the following purpose for the establishment of Corporate Joint Committees;

- Providing a more consistent mechanism and governance model for collaboration
- Providing a clear framework to underpin regional working approaches
- Providing a model which would help simplify regional arrangements, reducing duplication and complexity in regional working and collaboration arrangements
- Providing a more efficient and effective model for collaboration reducing the effort required in creating and recreating new collaborative working arrangements.

The new structure must maintain democratic accountability

1.4 These joint Committees will;

- be a body which has a legal personality and is therefore able to employ staff directly, and hold assets and funding
- have functions vested in it (via regulations). It could have responsibility for functions within a single service area or as many service areas as is relevant in the specific circumstance
- be able to establish subcommittees and task and finish groups (with the ability to co-opt non local authority members on to CJC, CJC subcommittees), with or without voting rights)
1.5 They would be set up at the request of Local Government or directly by the Welsh Government in a limited number of specified areas. The intention is that Corporate Joint Committees would:

- be designed through a shared endeavour between local government and the Welsh Government, including the governance, membership, voting and other constitutional arrangements
- be based on the principle of local democratic control and held to account through local and regional scrutiny.

1.6 The main areas of operation for such Committees, where established directly by the Welsh Government, would be strategic and in the areas of economic development, transport, strategic land use planning and education improvement.

1.7 The suggested approach for the final report was to start by drawing on evidence from similar collaborative arrangements within Wales and further afield.

1.8 Three examples were given of potential examples;

- Manchester Combined Authority
- The North London Waste Authority
- Cardiff Capital Regional City Deal Joint Committee

It was left to the author of this report to find and suggest other suitable examples.

1.9 Stage 1 is the gathering of evidence and the final report attempts to analyse the information gathered by way of face to face and telephone interviews and;

- Analyse the costs, benefits (direct and indirect) and risks associated with each approach, focusing on the additional costs and benefits incurred or generated from the collaborative model(s).
- Consider both transition costs – typically one-off costs which relate to the implementation of the collaboration model – and recurrent costs – those which are incurred on a frequent (typically annual) basis and usually relate to the ongoing costs of delivering the approach. For example, initial costs/savings of setting up a joint working vehicle may relate to workforce matters, elected members and remuneration, the budgets and spending profile of new bodies, necessary ICT and change management, the
opportunities in relation to service transformation, and benefits in terms of performance and capability. It will also be necessary to consider the longer term costs and benefits associated with operating joint working vehicles, as well as the scope and scale of potential administrative savings for principal councils/delivery partners.

- Provide an explanation of how the costs and benefits have been estimated/calculated (including reference to primary data used), and the assumptions, if any, upon which they are based. It may be appropriate to give a range of estimates, depending on any inherent uncertainties in the analysis. Any sensitivity analysis identified in the review of evidence should be included to illustrate the impact of changing key assumptions.

- Evidence on the costs and benefits for UK society overall, and not just to the public sector, will need to be reviewed. The distribution of costs and benefits between different groups and/or sectors may cover businesses, households, individuals and the not-for-profit sector, for example.

- Present the findings of the research in such a way so as to be used to inform estimates of the potential costs and benefits of a CJC model, identifying any necessary limitations or qualifications.

1.10 Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government. The findings and conclusions in this report are the authors’ own, based on their approach to data collection and analysis, and interpretation of the data collected. Case studies were selected based on consultation with the client about examples which would be of most relevance to inform the legislative development in Wales. However, caution should be used when applying the authors’ findings and views from the case study examples to the Welsh context.
2. THE APPROACH

2.1 The brief indicates that there should be an analysis of Collaborative arrangements in Wales and elsewhere and indicates that the Welsh Government has identified three such arrangements which may be suitable for the study.

These were;

- Greater Manchester Combined Authority
- The North London Waste Authority
- Cardiff Capital Regional City Deal Joint Committee,

The brief also stipulates that at least 5 such bodies should form the case studies for the study of comparative costs and benefits.

THE APPROACH TAKEN

2.2 In order to be sure that there are 5 worthy of detailed analysis it was necessary to look at a larger population.

COMBINED AUTHORITIES

2.3 A Combined Authority is a type of local authority introduced in England outside Greater London by the Local Democracy, Economic Development and Construction Act 2009. They are therefore statutory authorities normally each one created by Order.

2.4 The first Combined Authority was Greater Manchester which came into being on 1st April 2011.

2.5 There are currently 10 such Authorities in place. The legislation allows for a group of 2 or more authorities to collaborate and take collective decisions across Council boundaries. It is a more stable type of organisation than a partnership or a Joint Committee. Whilst established by Parliament they are locally owned and have to be initiated and supported by the Councils involved.

2.6 They are strategic and their business plans normally concentrate on 4 or 5 project areas (almost universally including transport and economic development). They are able to take advantage of powers and funding devolved to them by Central Government.

2.7 In England, Government replaced the Regional Development Agencies with Local Enterprise Partnerships. These were voluntary groups drawn largely from the private sector with some local authority input. These were not in any
way democratic bodies and local authorities felt excluded in many areas. They have not universally been a success but a number of Combined Authorities have virtually merged with LEPS although the LEP finances have to be ring fenced.

2.8 A desk-based exercise was undertaken to look at all these and identify which may assist this study.

WASTE AUTHORITIES

2.9 The formation of these Authorities has allowed large volumes of waste to be dealt with which has made for more cost-efficient disposal and better recycling contracts. Waste Authorities are statutory single purpose authorities to deal with Waste Disposal. In London, for instance there are 4 statutory sub regional partnerships. These were formed 25 years ago and are financed by the authorities in membership.

2.10 Waste Authorities are voluntary inasmuch as Authorities individually have the duty to deal with this service and many do on an individual basis.

CITY DEALS

2.11 City Deals give local areas specific powers and freedoms to help the region support economic growth, create jobs and invest in local projects. The first wave of City Deals was in 2012.

CHOICE OF VEHICLES FOR THE FINAL REPORT

COMBINED AUTHORITIES

2.12 I was initially very wary of using Manchester as a case study. Greater Manchester has had a long and successful history of working together. There are 10 Unitary Authorities in Greater Manchester and they are led by a high profile and active Mayor. On their website they show a 30 year time line of successful collaboration.

2.13 The area itself lends itself to collaboration. It is a seamless conurbation and for instance walking out of Manchester there is no discernible difference in entering Salford etc. They also have over 2200 directly employed staff but that is because the Greater Manchester Fire and Rescue Service is part of the Combined Authority and that counts for over 2000 employees. However, the fact that they are successful makes them an attractive authority for further study and I have left them in for further work.
2.14 The Council Meeting itself is made up of the 10 Leaders of the constituent Authorities Chaired by the Elected Mayor. Each of those Leaders is also a Portfolio Holder for one of the areas of responsibility of the Combined Authority. Although there are 2 Authorities with a different political representative from the others the Council Meetings are brief and largely consensual. The arguments around Business Plans and Policies being dealt with in the individual authorities. Council meets monthly and there are regular meetings of Leaders, Chief Executive and Elected Mayor.

2.15 The finances are complicated. The Fire and Rescue Service is financed by a Statutory levy on the 10 authorities and the Combined Authority expenditure is met on a pro rata population basis. The problem on finance for all Combined Authorities is that most of their finance is project based and obviously as such of the overhead of the Authority is charged to projects in line with audit guidelines. This means ascertaining the actual running costs is not straightforward.

2.16 I interviewed at some length and on several occasions a senior representative of the Authority and he was extremely helpful and supplied a great deal of information and documentation. It is however a very complicated Combined Authority with separate precepts or levies for Fire, Police, Transport the Mayor, and themselves. As I discuss later in this report I also spoke to the City Treasurer of Manchester to get an individual authorities view of the combined Authority and to try and unpick the finances.

2.17 However, I felt that the actual urban area of Greater Manchester did not fit with a Collaborative Authority in parts of Wales and so I have included two other Combined Authorities in my final list.

2.18 I visited the West of England combined Authority and met their Chief Executive. There are 3 authorities in this Combined Authority, Bath and North East Somerset, Bristol and South Gloucestershire. The Authority does therefore contain a fair amount of rural area. The Chief Executive is also Chief Executive of the Local Enterprise Partnership. The LEP has North Somerset as a member and they are not yet in the Combined Authority. The Authority is Chaired by the Elected Mayor.

2.19 The Combined Authority has project areas covering Adult Education, Infrastructure, Digital Skills, Transport and Supporting Business. The LEP and the CA meet separately although the Chair of the LEP is a non-voting member of the CA Council.
2.20 The constituent authorities do not pay a levy. The running expenses are met from Business rates Retention. The Council is made up of the Leaders of the 3 Authorities.

2.21 I have also visited Cambridgeshire and Peterborough Combined Authority and interviewed their Joint Chief Executives. The LEP was failing in this area and the Combined Authority has rescued it. One of the Chief executives is full time and is actually the LEP Chief Executive and the other is a part time secondment of a Chief Executive from one of the Constituent District councils.

2.22 The Combined Authority was set up in 2017. It is chaired by an elected Mayor. There are 75 directly employed staff. They use Service level agreements for various functions. To date they have not had to levy on constituent councils. They have £170m of project finance. There main areas are Affordable Housing, Economic Growth and 16+skills provision. Apart from Peterborough and Cambridge City the other authorities are District Councils and are fairly rural.

WASTE AUTHORITIES.

2.23 I have included two Waste Authorities in my final list. This is partly because they were very difficult to arrange to meet. In the end I managed to meet and interview both Authorities. One Waste Authorities was suggested in the brief but I have added a second because their method of working and governance structure was entirely different. One Authority operates largely with direct employees and the other has contracted out large elements of waste disposal to a stand alone but wholly owned Company converting waste into power.

CITY DEAL

2.24 I have obviously included Cardiff although they were very involved with a major meeting which meant they were the last Authority to be seen and the rest of the report was written by that time. However they supplied a great deal of information which I have incorporated.

2.25 I have also added in Belfast. This is mainly because a colleague has been working on this and I have a considerable amount of information and also Belfast are a major client and I have excellent relationships with senior officers. It is an unusual City Deal. There are 11 local authorities in Northern Ireland and 8 are included in the City Deal. The other 3 are now trying to set up their own!!
2.26 I have also included two Cremation Authorities. Mortlake which is a statutory Joint Board with 5 local authority members and South West Middlesex Crematorium Board which actually operates as a Joint Committee. Both are well known to me and there are interesting Democratic points to be made about them. They are single purpose but heavily revenue generating but with Precept powers.

SUMMARY

2.27 The organisations I have carried out the detailed work on are;

- Greater Manchester Combined Authority
- West of England Combined Authority
- Cambridgeshire and Peterborough Combined Authority
- West London Waste Authority
- North London Waste Authority
- Mortlake Crematorium Board
- South West Middlesex Crematorium Board
- Cardiff Capital Regional City Deal Joint Committee
- Belfast City Deal Regional Joint Committee

This should produce at least 5 good case studies with Costs and benefits of different models.
3. Case Studies

**Case study 1: WEST OF ENGLAND COMBINED AUTHORITY**

3.1 The West of England Combined Authority is made up of 3 of the Councils in the area. Bath and North East Somerset, Bristol and South Gloucestershire. The Combined Authority also supports the Local Enterprise Partnership which includes the three authorities named above but also North Somerset Council.

3.2 The Combined authority is Chaired by the West of England Mayor, Tim Bowles (Conservative) who was elected in May 2017. The Combined Authority and Mayor have had devolved to them Central Government powers in respect of the regions Transport, Housing, Adult Education and Skills.

3.3 The Combined Authority meets 5 times a year. It is Chaired by the Elected Mayor and attended by the Leaders of the 3 Authorities and as a non-voting participant the Chair of the Local Enterprise Partnership. There is also a Joint Committee which has the same participants but in addition North Somerset who would like to join the Combined Authority but are in the LEP.

3.4 Interestingly the Authorities are all of different political control.
   - Bath - Liberal Democrat
   - Bristol - Labour
   - South Gloucestershire - Conservative
   - North Somerset - Independent
   - The elected Mayor is Conservative.

3.5 Democratic accountability is achieved through;
   - Audit Committee
   - Scrutiny
   - The Programmes are accountable to three Boards;
   - Transport
   - Housing
   - Adult Education and Skills.

3.6 There is also the LEP Board which is a separate entity. The Chief Executive is a joint Chief executive for the LEP and the Combined Authority. Although LEP is treated as part of the Combined Authority all funds are ring fenced.

3.7 The programmes are governed by long term strategies. Thus Transport and the Mayoral Spatial Plan are 20 years and there is a long term Industrial Strategy. Some functions have been transferred from the local authorities, these include some highway functions and concessionary fares. Staff have
transferred with these functions.

3.8 The funding is via the various Government Funds for the Programme areas and all the overheads etc have so far been met from Business Rates Retention. There is therefore no levy on constituent authorities. This is possible at the moment because they were granted pilot status on Business Rate Retention. The Authorities retain 50% and the Combined Authority the 50% under the pilot. This is temporary and there is no guarantee how long this will continue.

3.9 This option for financing is not available in Wales because a policy decision was taken not to proceed with Business Rates Retention and to continue to pool Business Rates. (The same decision was taken in Scotland). Although I note that last year a press release was released to say that in the case of the Swansea City deal the Finance secretary agreed that the 4 local authorities in the deal could keep 50% of growth in business rates in their area. This is not quite the same as in the Combined Authority which would in any case keep 50% but in fact is being allowed to keep 100% split between the Authorities and the Combined authority.

3.10 The first full year of operation was 2017-2018. The Annual report for 2018-19 shows the following programme funding:

- Skills innovation Pilot Scheme £4.0m
- Workforce Development £8.0m (starting August 2019)
- Local Growth fund £45m
  (This is a major investment starting by providing a food and drink innovation centre in North Somerset at junction 21 on the M5. The fund has also helped 5,634 businesses since 2015 with free and impartial support.)
- Smart Tourism Initiative £8.2m
- High Street Regeneration £10m

Current plans are for capital expenditure of around £23m per annum.

Work has started on a Local Industrial Strategy

3.11 The Budget Report for February 2019 is an interesting document. It is unusual as there is no attempt to separate Capital and Revenue Expenditure.

3.12 The total expenditure of £47.219m is split as follows;
The Mayoral Budget Contribution is to cover the costs of feasibility Studies etc carried out. It is therefore in reality Project Finance.

The Transport Functions are largely concessionary fares previously run by constituent authorities and Real Time Bus information and Community Transport.

The Project Finance elements are wholly funded by Government Grants or the Investment Fund. The Investment Fund is previous unused Government Grants.

The total staffing budget is £3.332m including project staff. 15 employees earned more than £50,000 in the previous year. There were 84 staff in all.

**CONCLUSIONS**

3.13 This must seem a very successful operation for the Constituent Authorities. At present they pay nothing towards the staffing and other core costs and the Combined Authority is investing £28m in grants for various agreed projects.

3.14 Once the current Business Rates regime changes that source of funding will go and a direct levy will be needed on the 3 authorities. However based on this budget the expenditure of £1.8 m in total will secure investment of £28m per annum. They are unlikely to find that burdensome.

3.15 Because of the way Combined Authorities are set up they get Capacity Funding from the start and therefore set up costs are met by Central
Government. The original set up costs were shown as £1.65m

3.16 In this case they have a Mayor to drive progress and there are only 3 authorities involved. Decision making is consensual. There are reportedly good relationships between the partners. There are 5 “Council “meetings a year but most of the arguments would be in the constituent authorities and not at these meetings.

3.17 Interestingly the accounts for year to 31st March 2019 showed Grants from various sources paid in advance of over £80m. These were split roughly 50:50 to Revenue and Capital Grants.

Case study 2: CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

3.18 I chose to include this Combined Authority because it is very different in structure from either Manchester or West of England. The Combined Authority was formed fairly recently. It was established on 3rd March 2017. The Combined Authority is led by a Directly Elected Mayor and 7 Local authorities and a Business Board.

3.19 The local authorities within the Combined Authority are;
- Cambridge City Council
- Cambridgeshire County Council
- East Cambridgeshire District Council
- Fenland District Council
- Huntingdonshire District Council
- Peterborough City Council
- South Cambridgeshire District Council

It is therefore quite different as having more local authorities and the majority of them being District Councils with a fairly rural nature.

3.20 The Business Board is, in fact, the Local Enterprise Partnership which has been given new life by the Combined Authority, having been in some difficulty. Although the LEP is integrated into the Combined Authority, its funds are ring fenced as if it were a separate body. The Statutory basis was the Cambridgeshire and Peterborough Combined Authority Order 2017.

3.21 The Authority has statutory powers under a Devolution Deal for;
- Transport
- Affordable Housing
- Skills
- Economic Development
3.22 The Funds for these areas are devolved from Central Government although the Mayor does have tax raising powers which have not as yet been used.

3.23 The Board of the Combined Authority meets 6 times a year and is chaired by the Mayor. It consists of the Leaders of each of the constituent authorities and is attended in a non-voting capacity by the Chair of the Business Board, Police and Crime Commissioner, Chairman of the Fire Authority and a representative of the NHS.

3.24 The Authority is run on a joint basis by Joint Chief Executives. This is an interim arrangement until the Combined authority is established. One is full time and was the Chief Executive of the Local Enterprise Partnership and the other is a part time secondment of a serving Chief Executive from one of the District Councils. It is intended to replace this arrangement with a single Chief Executive in 2021. The Chief Executives meet on a weekly basis with the Mayor.

3.25 The Governance Structure is that there is an Audit and Governance Committee and a Scrutiny Committee. These have as members Councillors from the Constituent Authorities but not the Leaders. The authorities are all Conservative except for 1 Liberal Democrat and 1 Labour member. Scrutiny Committee can be quite political and challenging. There is also a Public Service Board made up of the Chief Executives of the constituent authorities.

3.26 The key ambitions for the authority are;
- Doubling the size of the local economy
- Accelerating house building rates
- Delivering connectivity in terms of transport and digital links
- Providing the UKs most technically skilled workforce
- Transforming public service delivery to be much more seamless and responsive.

3.27 To date the devolved funding includes £170M for new homes over a 5 year period. This includes affordable housing, shared ownership and rented housing and £20m a year for 30 years to boost growth in the Region. This includes Chairing a review of all 16+skills provision.

**STAFFING**

3.28 There are 85 directly employed employees although some of these will be funded by LEP funds.
FINANCES

3.29 At the moment the Constituent Authorities have not been in receipt of a levy. Some financing is provided by Business rate retention and the rest has come from devolved funds.

3.30 The draft budget for 2020-21 and the Medium Term Business Plan were approved for Consultation at the end of November 2019. The Corporate Services Budget shows a total spend after some recharges to Grant Funded Projects of £6.882m.

3.31 The staffing budget is £4.919m, externally commissioned services such as legal, democratic services etc are £0.489m, corporate overheads such as accommodation £0.560m and governance costs of £0.164.

3.32 The budget merely states that these costs and those taken from them for the medium term plan until 2023-24 are affordable within current funding available. No levy on authorities is therefore necessary for this period.

CONCLUSIONS

3.33 This is obviously early days for this Combined Authority. They are still in planning and feasibility mode. The entire revenue budget shows for 2020-21 Income from all sources of £22.065m and expenditure of £24.061M. The deficit is met from reserves. At 31st March 2020 reserves are forecast to be £8.985m. The plan to 2022-23 shows a continued reliance on reserves so that by the end of that period only £1.469m remains. Clearly as their programmes develop they will be looking for further grants and subventions.

3.34 Governance and Democratic Accountability is strong and to be commended. The current dual Chief Executive roles seem very expensive at £0.274m next year and staffing costs moved from under £2.0m in 2018-19 to £4.702m in 2020-21. Including financing costs and revenue feasibility costs the Corporate Services Budget is 30% of the total expenditure. This is on a different scale to the West of England. This Combined Authority has huge ambition.

3.35 Combined authorities have immense benefits as they can directly tailor devolved Government Funding to meet the needs and wishes of their population and because they operate over a large area they have the ability to see the bigger picture. Clearly for Transport, Infrastructure and Housing this is a huge benefit.
Case study 3: WEST LONDON WASTE AUTHORITY

3.36 The Local Government Act 1985, provided for the abolition of the Greater London Council and the Metropolitan County Councils. In this Act the duty of collection and disposal of waste is transferred to the London Boroughs. In Section 10 of the Act it allows for the formation of Joint Waste Authorities.

3.37 In all, 6 Joint Waste Authorities have been formed although one has since been wound up. There are 4 Joint Waste Authorities in London and one in Greater Manchester. In London 12 Authorities are responsible for their own Waste Disposal and the other 21 are in one of the 4 Joint Waste Authorities. The 4 are East London Waste Authority, West London Waste Authority, North London Waste Authority and Western Riverside Waste Authority. Of the remaining 12 4 are in a voluntary arrangement for South London.

3.38 West London Waste Authority (WLWA) is a Statutory joint waste disposal authority. It was established on 21st January 1986 by the Waste Regulation and Disposal (Authorities) Order 1985 made under the 1985 Act. WLWA undertakes the disposal of waste function for 6 London Boroughs (Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-on-Thames). It has statutory responsibility for:

- facilities for the receipt, recycling and disposal of waste which is collected by the six constituent boroughs;
- transport and disposal of waste which the constituent boroughs receive at their household reuse and recycling centres;
- household reuse and recycling centres; and
- the storage and disposal of abandoned vehicles which are removed by the constituent boroughs.

3.39 The Authority is governed by six Councillors, one from each of the six constituent boroughs. The Chair is elected annually. The current political balance is 4 Labour, 1 Liberal Democrat and 1 Conservative member. The members of the Authority usually meet four times each year. All reports go to the full Authority meetings. The meetings of the Authority are generally consensual. There is little controversy and the Constituent Authorities seem very pleased with the service they receive.

3.40 The Authority is supported by an Audit Committee that meets regularly during the year to consider matters of risk, control and governance. Normally there are 2 meetings a year. Perhaps strangely from a Governance viewpoint the same members represent their Boroughs on the Audit Committee as on the Authority with the addition of one independent member. The Chair is however
one of the Councillors. The elected members are the Environmental Portfolio Holders for the Authorities.

3.41 Because there are only 6 members there has been problems at meetings of achieving a quorum, which is set at 3. Substitutes are not allowed under the Order. At the end of the year, 2019 WLWA employed 34 staff (previous year: 36). There are 16 operational staff, 12 back office staff and 6 in an education team. WLWA is headed by the Managing Director and three part-time chief officers – The Clerk, Treasurer and Chief Technical Adviser, who are also full-time chief officers employed in the constituent boroughs.

3.42 Having close working relationships with the boroughs has enabled the Authority to receive support in specialised areas from borough staff as follows:
   - London Borough of Hounslow – human resources and health and safety advice
   - London Borough of Ealing – treasury, payroll, ICT, finance systems
   - London Borough of Harrow – legal, insurance, procurement and committee services
   - London Borough of Hillingdon – internal audit

3.43 These arrangements have not only provided relevant expertise but have also helped deliver value for money in back office functions. These services are generally subject to Service Level Agreements although some are by specific contracts.

3.44 In recent years the focus has been on how waste is disposed of – increasing reuse, recycling, composting and recovery of energy and materials. The Authority has taken on the role of coordinating waste minimisation, that is, the prevention of waste arising. This work requires close WLWA co-operation with the constituent boroughs, achieved through an agreed Joint Waste Management Strategy.

3.45 A key objective of this strategy is to improve the recycling rate which is reflected in a target of 50% agreed by boroughs. In west London, working in partnership with constituent boroughs, the Authority has procured cost effective and long-term contracts that see most of the constituent boroughs’ waste that cannot be recycled or composted used to produce energy. A key part of this are long term arrangements providing for 390,000 tonnes of waste per year to be treated at energy from waste recovery centres.
3.46 These arrangements deliver one of the key objectives of the Joint Waste Management Strategy and means that only a very small percentage of waste goes to landfill. The statistics show a 0.7% rise in volume of borough collected waste being received by the Authority to 562,000 tonnes for the year. During the year, 98.9% of waste was recycled, reused, composted or converted to energy.

3.47 The Authority is run on a very commercial basis. The Authority operates by a Levy on Constituent Authorities and is treated as a Local Authority as far as is necessary under the Order. This means access to Capital Funding from the Public Works Loans Board etc. The original order provides a default basis for the Levy which base it on 1985 populations. However, the Authority uses a mixture of Tonnage (Pay as you throw) and Council Tax base. The objective is to keep the levy as near as possible the same each year.

**FINANCES**

**Income**

3.48 Apart from miscellaneous income (trade waste etc) of £2.401m the income comes solely from the Levy. In 2018-19 the levy totalled £59.166m an increase of £3.3m over the previous year. This was largely due to increased activity. Cost of disposal per tonne rose by only 1.5%.

**Gross expenditure**

3.49 The total for the year was £49.588m. Of this;
- Running costs were £2.138m for employees and £3.647m for premises. These are the operating facilities and a Head Office.
- Waste Disposal cost £34.496m
- In addition there were financing costs of £9.106m

3.50 Four of the constituent authorities have lent over £16m each for capital expenditure rather than the Authority borrow direct.

3.51 Overall the Authority made a surplus on provision of services of around £2.873m but there were below the line costs for pensions and valuations of assets leading to a call on reserves of £3.015m. At the year-end usable reserves were over £11m.

**CONCLUSIONS**

3.52 This sort of collaboration, as will be shown by other examples works extremely well. The volume of waste generated allows for competitive disposal costs and there is little controversy from constituent authorities. The Authority can afford an education team and publicity on a very cost effective
basis.

3.53 Although obviously individual authorities would debate and feed in issues it is a very cost effective type of collaboration. Time for the Portfolio Holders in Authorities is formally limited to 6 meetings a year. The running costs are approximately 10% of the gross costs and employees within that 3.64%. There is a Local Code of Corporate Governance which is based on the CIPFA/SOILACE April 2016 guidelines.

**Case study 4: NORTH LONDON WASTE AUTHORITY**

3.54 North London Waste is another of the 4 Waste Disposal Authorities in London. It was formed on the abolition of the Greater London Council and commenced operations on 1\textsuperscript{st} April 1986. It is a Statutory Authority established by the Waste Regulation and Disposal (Authorities) Order 1985 made under the Local Government Act 1985 which abolished the Greater London Council and Metropolitan County Councils.

3.55 North London Waste undertakes the disposal of waste function for 7 London Boroughs; Barnet, Enfield, Haringey, Waltham Forest, Camden, Hackney and Islington. The Authority deals with the disposal of waste collected by the 7 Boroughs. It also arranges for the recycling and composting of the waste collected by 6 of the 7 authorities and for the provision of reuse and recycling centres.

3.56 A major priority for the Authority has been waste minimisation and the Authority works with its constituent authorities to change public behaviour. In 2018-19 a range of events were delivered which reached 17,000 residents promoting food waste prevention and also developed low plastic zones across North London.

3.57 In 2018-19 the Authority treated 582,779 tonnes of residual waste a small amount less than in 2017-18 (583,316 tonnes). However there was a 11.1% reduction in recycling and composting waste in 2018-19 (51,842 to 46,104 tonnes). The Authority is the sole shareholder in London Energy Ltd which owns an energy from waste plant which treated 768,201 tonnes of waste in 2018-19. The energy from waste plant is now 50 years old and the Authority is developing a new state of the art facility which will become operational in 2025.
GOVERNANCE

3.58 Each of the 7 constituent authorities has two elected members on the Authority itself. They are generally the Portfolio Holder for the Environment for their Authority and either a deputy or a Finance Portfolio Holder. There are 6 Labour Controlled Authorities and 1 Conservative. There are 7 meetings a year and the Authority is currently Chaired by the London Borough of Waltham Forest.

3.59 In addition there are Programme Committee meetings between Authority Meetings to progress the new Heat from Waste plant. There is also an Audit Committee. This meets 2 or 3 times a year and has one representative from each Authority all being main Authority members.

STAFFING

3.60 North London Waste Authority does not employ any staff directly. The Structure Chart shows 33 staff working for the Authority of which 8 are operational staff. The London Borough of Camden is the lead Borough and provides the Clerk, Financial Adviser and Legal Adviser and also employs the staff working for the Waste Authority. The London Borough of Enfield provides the Environmental Adviser.

STRATEGY

3.61 There is an agreed Joint Waste Strategy setting out targets from 2004 to 2020. All targets have been met except re-cycling where in line with most of London recycling rates remain in the 30s per cent. The target was 50% and will clearly be missed.

3.62 There is a great deal of engagement with members of the public particularly on Waste Prevention and minimisation. In 2018-19 a total of 114 outreach events were delivered, directly engaging with 13,510 residents. There were also 55 recycling events and stalls at summer fairs and fetes and presentations to Community Groups.

LONDONENERGY LTD

3.63 As stated, this is a wholly owned Company. The turnover in 2018-19 was £65.696m. This came from contracts with the North London Waste Authority for waste disposal, sales of electricity, some contracts external to North London Waste Authority for disposal of waste and operating recycling centres under contract to North London Waste Authority.
3.64 The new North London Heat and Power Project will replace the current facility which will reach the end of its operational life around 2025. The new facility will deal with 700,000 tonnes of waste each year and generate around 78 megawatts of energy which will either be sold to the National Grid or delivered as heat through pipes to a local heat network.

**FINANCES**

Year ended 31st March 2019

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>£m</th>
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</thead>
<tbody>
<tr>
<td>Waste Disposal and recycling including Landfill tax</td>
<td>46.053</td>
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<tr>
<td>Recycling Centres</td>
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<td>Corporate and Support Services</td>
<td>2.662</td>
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<tr>
<td>Community Engagement</td>
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<td>Financing Costs</td>
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<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
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<table>
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<tr>
<td>Sale of Recyclables etc</td>
<td>1.602</td>
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<tr>
<td><strong>NET EXPENDITURE</strong></td>
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3.65 This was the outturn for the year. The original budget had been set at £66.752m with a levy of £48.511m. Thus there was a revenue surplus as a result of the underspend and balances were £2.844m better than expected. The 2019-20 Budget was set at £69.504m. This was finance by;

<table>
<thead>
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<th>£m</th>
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<tr>
<td>Use of balances</td>
<td>5.377</td>
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<tr>
<td>Charges to Boroughs for Trade Waste etc</td>
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<tr>
<td>Levy</td>
<td>53.182</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>69.504</strong></td>
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</tbody>
</table>

3.66 The Apportionment of The Levy has to be agreed unanimously by the 7 Authorities or a default method set out in the Joint Waste Disposal Authorities (Levies) (England) Regulations 2006 is used. In the case of this Authority inter Authority Agreement has been reached and the Levy is based on menu pricing i.e. it varies depending on the type of waste. Borough Levies range from £5.986m to £10.371m.

BUDGET 2019-20

3.67 The budget for 2019-20 shows a Levy requirement of £53.182m an increase of £4.671 m. this is largely due to increased Disposal Contract costs and the
Financing of the new Plant. The Corporate costs are forecast to fall to £2.651m, a decrease of £0.185m.

CONCLUSIONS

3.68 The finances are broadly comparable with West London waste. The administration is slightly higher but there are 7 Authorities involved in North London Waste.

3.69 This is again a very efficient collaboration. The Corporate costs are kept to a minimum by being controlled directly by a Constituent Authority. Corporate costs are around 4% of total gross expenditure. Setting up individual arrangements for each Borough would be expensive and this allows for Community Engagement and education.

3.70 The Constituent Authorities are satisfied with the service and the costs. It is a voluntary arrangement and they could leave if they wished but the set up costs would be very large. North London Waste inherited the Waste to energy plant from the GLC by geographical accident but that makes this an even more cost efficient collaboration. The benefits to the Authorities clearly outweigh the costs.

Case study 5: MORTLAKE CREMATORIUM BOARD

3.71 Mortlake Crematorium Board is a Joint Board set up by the Mortlake Crematorium Board Act 1936. It was the first Crematorium set up in this way. The original Authorities in the Joint Board changed at London Reorganization and amending legislation was passed at the time. The Board has 4 local authorities in it. The London Boroughs of Ealing, Hammersmith and Fulham, Hounslow and Richmond-on-Thames.

3.72 Three of the authorities are also involved in other Crematoria. There are a number of privately run Crematoria in the wider area although a recent report by the Competition Markets Authority found none within 30 minute hearse driving time and therefore felt the Board had little competition.

3.73 The Board is constituted of 12 members. There are three from each Authority. This makes for a large Board but because the business is largely uncontroversial and costs constituent authorities nothing there is a difficulty in getting a quorum of 4 at the meetings. The Board has found that generally members volunteer to represent their authorities and that means those who come to meetings are committed and enthusiastic. The Crematorium is
situated in the Borough of Richmond and they are the one Authority which show little interest and rarely come to meetings.

**STAFFING**

3.74 There are 3 Chief Officers. A Part time Clerk and a part time Treasurer who between them receive an Honoraria of around £15000 per annum and a full time Superintendent and Registrar who is responsible for running the Crematorium on a day to day basis. There are currently 9 full time equivalents employed by the Board. These are administrative (3) and operational staff (3), and gardeners (3). There are staff who fulfil both operational and administrative duties.

3.75 The total staffing budget including Medical Referees etc is £467,000 in the current financial year.

**BACKGROUND**

3.76 The Crematorium is a listed Art Deco building and it stands in a very large expanse of grounds stretching down to the river Thames. The Superintendent lives on site in a tied house with gardens down to the Thames. The House itself is valued in excess of £1M.

3.77 A key element in the success of the Crematorium are the grounds. These had been left to fall into a state of untidiness but £180,000 has been spent over the last 2 years restoring these to be a real feature. The crematorium carries out around 2300 cremations per annum. Customer Service is key and at a cost services can be held Saturdays or Sundays and for any length of time.

**FINANCES**

3.78 Under the Act the Board has Precepting powers over its’ constituent authorities. These have not been used for over 20 years. The Board operates a 15 year financial plan. Surpluses are invested with the constituent authorities, but they do not get to share in the surplus. Instead the 15 year plan allows for complete cremator replacement from the Board’s own funds without borrowing or precepts. Major works such as restoration of the grounds and currently re-roofing the Gatehouse are also met from this fund.

3.79 The Cremation Fee is towards the lower end of fees (£620) in England and the Competition and Markets Authority singled out the Board for doing so much on such a modest fee. Dignity the Private Sector competitor charge £990 at present. The fees and charges bring in around £1.4m. The major expenses after employees are the upkeep of the premises, particularly rates
and insurance and gas. In 2019-20 the surplus generated is estimated at £404,000.

3.80 They are very proud of the contract they have with Chelsea and Westminster hospitals for the Cremation of Still born babies for which they make no charge.

CONCLUSION

3.81 Although this is obviously a single service model it is operated on behalf of 4 London Boroughs all of whom are proud to include it as a service they provide to the Community. It is a trading concern and over time pays for itself and costs the Borough’s nothing. There is no lead Borough but various services are tendered for and provided by the Boroughs themselves. Internal audit and the Accounting System are examples of this.

3.82 The overheads are relatively small, mainly staffing, administrative costs are around £520,000 and the benefits of the Board model are clearly considerable. Although democratically accountable to the constituent Authorities via Board Members the costs are minimal. There are 3 or 4 Board Meetings a year and they are held at the Crematorium premises.

3.83 The Board are also the Audit Committee and discuss the budget and Risk Register at each meeting as the organisation is too small to warrant a separate Committee. Decisions are usually consensual although there can be considerable differences of opinion on some issues. As a model of collaboration, it is extremely successful

Case study 6: SOUTH WEST MIDDLESEX CREMATORIUM BOARD

3.84 The South West Middlesex Crematorium Board (SWMCB) is a joint board set up by the South West Middlesex Crematorium Board Act of 1947. However it operates in a very different way to Mortlake Crematorium Board and is in many ways more in the style of a Joint Committee.

3.85 The Crematorium is situated in the London Borough of Hounslow on the western edge of London. The constituent Authorities are The London Boroughs of Hounslow, Hillingdon, Ealing and Richmond -on -Thames and Spelthorne Borough Council, part of which is adjacent to the Crematorium.

3.86 Unusually the elected membership of the Board is based on population. 1 member for 30,000 population. In the case of Spelthorne this is limited to 1 member. The London Boroughs normally have 2 or a maximum of 3 elected members on the board. The quorum for Board meetings is 4 and that is
normally achieved. The Board has precepting powers but these have not been necessary for some years. Meetings are held 4 times a year at the Crematorium.

3.87 The Board does not involve its constituent authorities in its day to day running. There is no competitive tendering for corporate services but instead it operates with a Service Level Agreement with the London Borough of Richmond-on-Thames. This has been so for as long as anyone can remember. The Service Level Agreement is renegotiated every year at Budget time. Under this agreement all the accounts are completed, bills paid and a range of Corporate Services supplied.

3.88 The Clerk to the Board is an independent appointment and is paid an honorarium of £7200 per annum. There are 14 employees. The Manager, 3 administrative staff, 4 gardeners and 5 Cremator operatives. There are also 2 part time parking attendants.

3.89 The Crematorium is unusual because it has two chapels although one is quite small. This does increase the capacity. Although there has been no necessity for a precept for some time there have been occasions when the Authorities have received a “dividend” from the surplus made. When cremators are replaced, they are leased or money is borrowed to pay for them.

**BUDGET**

3.90 The total income forecast for 2020-21 is £1.448m. The total expenditure for 2020/21 is forecast as £0.952m. The staffing budget is £0.510m and the Service Level Agreement is £38,000.

**CONCLUSIONS**

3.91 The Board is financially successful. It runs a single service which local authorities are pleased to offer. It costs the constituent authorities nothing. The Board is too small to have an Audit Committee or any Scrutiny. There is no challenge to the management of the Crematorium. The service provided is straightforward and uncontroversial. The constituent authorities are kept together by it being a statutory body.

3.92 However it is interesting that in the case of Mortlake Crematorium Board elected member interest is very high and apologies for absence from meetings or events are rare, South West Middlesex crematorium Board is often inquorate and member involvement is relatively low. I conclude that this may have something to do with the different organisational styles. South West Middlesex uses one Authority under a Service level Agreement for all
back office services whereas at Mortlake the contracts for this support is spread amongst the constituent Authorities.

Case study 7: BELFAST CITY DEAL

3.93 A City deal for Belfast was first mooted in 2016 when Consultants were employed to put together a convincing case for a City deal. Progress has been difficult without a Northern Ireland Assembly to agree the strategy and detail with but in a document dated March 2019 a draft agreement was signed by the U K Government and 6 Local Authorities and 2 universities.

3.94 Local government is different in Northern Ireland to the rest of the United Kingdom. Following a recent re-organisation there are 11 local authorities in Northern Ireland but many of the functions found elsewhere in local authorities some are carried out by the Northern Ireland Assembly. Thus although local government is financed by General Rates all local Taxation is collected centrally. Similarly functions such as Housing and Social Care are dealt with centrally.

BELFAST REGION CITY DEAL

3.95 In the agreement dated March 2019 the signatories were;
- Belfast City Council
- Antrim and Newtownabbey Council
- Ards and North Down Council
- Lisburn and Castlereagh Council
- Mid and East Antrim Council
- Newry Mourne and Down Council
- Queens University Belfast
- Ulster University
- U.K Secretary of State
- A senior Official on behalf of Northern Ireland Departments.

3.96 The document agreed sets out the commitments of the UK Government and City Deal Partners to invest up to £500m in the City Deal. The projects would cut across the duties of local authorities, the UK Government and the Northern Ireland Government. To reach its full potential £350m is needed from the Northern Ireland Government. In the absence of an Assembly it has not been possible to secure this commitment.

3.97 The local government scene is dominated by Belfast City Council who are a very ambitious and relatively well-off Authority and they have taken the lead on the City deal. Over 57% of business in Northern Ireland is contained within
this region. There are 550,000 people aged under 40 in the Region and 45,000 students at the two Universities. Tourism is an important industry and most people come to or pass through Belfast. It has also developed as a cruise destination.

THE DEAL

3.98 An investment plan across four key investment areas.
- Infrastructure
- Tourism and Regeneration
- Innovation and Digital
- Employability and Skills

Infrastructure, tourism and Regeneration

3.99 This area requires a commitment of £350m from the Northern Ireland Government and £1.9bn from City Deal Partners. There are various infrastructure projects to ease accessibility to the City centre and provide a Southern relief road. In Tourism there are plans to develop a tourist route throughout the region. In outline these plans would create 2,800 permanent jobs.

Innovation and Digital

3.100 The deal envisages the creation of global centres of innovation. The proposal is that these will be;
- Global Innovation Institute based at Queens University, a cross-disciplinary digital innovation hub
- The Centre for Digital Healthcare Technology
- The Institute for Research Excellence in Advanced Clinical Healthcare
- The Advanced Manufacturing Innovation Centre
- The Screen and Media Innovation Lab.

3.101 An Infrastructure Enabling Fund will deliver the next generation of digital connectivity. As yet there has been no Business Cases to support these projects but the commitment is to provide £350m to assist in this area.

Employability and Skills

3.102 The City Deal will invest £30m to develop the skills needed to support growth in the Region.

GOVERNANCE

3.103 In Phase 1 there has been developed a Joint Council Forum and a Programme Board. These have been supported by Steering Groups as necessary. In
Phase 2 as the plans are supported by Business Cases there is a recognised need for governance structures providing clear lines of accountability for the expenditure of public money. Robust frameworks are being developed for the Business Cases. Each project must show value for money and how they will contribute to the City Deal vision.

**CURRENT POSITION**

3.104 Progress is reported to a Belfast City Deal Council Panel. All the local authority partners are represented on this Panel and currently to increase buy in and commitment politically and geographically it has been necessary to have 4 representatives from each authority. The Panel is serviced by the Chief Executive and Director of Finance of Belfast City Council.

3.105 It is a very large Group and going forward there is a need to ensure easier decision making groups. This will be difficult to achieve. In the meantime, this Panel continues to meet and to concentrate on the specific areas of investment. The Panel meets on a quarterly basis.

**CONCLUSIONS**

3.106 Although a great deal has been achieved the absence of a Northern Ireland Assembly has made it difficult to move forward as fast as would be liked. Consultants are engaged to produce specifics around the Business Cases and their approval. The current Governance Structures will not be suitable for phase 2.

3.107 A Programme Director has been appointed and his vision for Governance in phase 2 has been shared with partners. At the top would remain the Joint Council Forum and they would keep individual Council’s informed and secure agreement democratically from them. The Universities would also need to make their decisions. This would all feed into the UK and NI Governments.

3.108 Beneath that would be an Executive Board. This would be a decision making body. It would involve 6 Chief Executives, 2 Vice Chancellors and NI Government Officials and the Programme Director. They would be responsible for Decision Making, Strategic Direction, Issue Resolution, Political and Stakeholder negotiations. Financial Planning and Governance and Assurance Framework would feed in here. Beneath them would be 5 Boards responsible for the detail of each programme area.
3.109 Heads of Terms have been signed and £2.5m has been allocated to fund programme development. A Programme Manager and Directors have been appointed and Advisory Boards are being set up to provide challenge.

**Case study 8: MANCHESTER COMBINED AUTHORITY**

3.110 Manchester Combined Authority is not in the same position as the other two Combined authorities considered in this report. It is made up of 10 Local authorities, all of them Metropolitan Boroughs and all of them significant Authorities in their own right. They are:

- Bolton
- Bury
- Manchester City
- Oldham
- Rochdale
- Salford
- Stockport
- Tameside
- Trafford
- Wigan

3.111 The Greater Manchester Combined Authority is therefore a vast conurbation of like Authorities. It is led by an elected Mayor who is a well-known politician and has a great deal of drive and influence.

3.112 In 1986 the Greater Manchester Metropolitan County council was abolished but ever since that time there has been a substantial amount of collaboration between the Authorities in the Greater Manchester area. They are therefore very used to working together. The Greater Manchester Combined Authority has devolved powers for;

- Transport
- Economic Development, Regeneration and Housing
- Policing
- Fire and rescue
- Health
- Waste

This makes the Authority a very complicated one.

3.113 There are 2200 direct employees but 2000 of them are employed in the Fire and Rescue Service. The responsibility for Policing is the involvement of the Police and Crime Commissioner. The Police Force is an independent force. Thus there are separate statutory Precepts or Levies for Fire and Rescue,
Police and Waste. Greater Manchester is now the only Joint Waste Authority outside London.

3.114 The remaining 200 employees of the Combined Authority and their projects under the devolution from Central Government are also funded by a levy on constituent authorities.

3.115 There is a Health and Social Care Partnership which is aligned to the Combined Authority. They are funded by the NHS, CCG, and the Local Authorities.

GOVERNANCE

3.116 The elected Mayor Chairs the meetings of the Combined Authority. The Council of the Combined Authority meets on a monthly basis. The members are the Leaders of the 10 Authorities. Chief Executives also attend.

3.117 The Council Meetings are quite formal and there is not normally much debate. The problems and differences will have been ironed out in the variety of meetings between the parties between Council Meetings. There is a good working relationship between the Authorities but that does not mean constant agreement.

3.118 Each Leader has a portfolio responsibility as if in a Cabinet in their own authority. Similarly, each Chief Executive has a Portfolio Responsibility but that need not be the same as their own Leader. The Minutes of the Combined Authority go to the Cabinet meetings of each Authority ensuring openness and transparency. The Leaders and Chief Executives of the Authorities meet separately every week.

3.119 The Budget is subject to Scrutiny. There are three separate Scrutiny panels each with 3 Leaders serving on them. They are for the budget generally, Fire and Rescue and Waste.

3.120 I interviewed a Director of Finance for one of the Constituent Authorities to get an independent view of the workings of the Combined Authority. They told me that it works very well mainly because of the long-term arrangements there have been. However there are tensions now appearing. The Mayor tried to get involved in homelessness and that caused considerable friction as Leaders saw that as being their responsibility.
FINANCES

3.121 The Greater Manchester Combined Authority budget is financed from contributions from Constituent Authorities and Business Rates Retention. There is a levy from the Combined Authority and from the Mayor. This adds around £90 to a Band D Council Tax each year. For 20-21 there is a £14 rise. The Authority is a pilot for Business Rate Retention and the extra 50% goes to the Combined Authority. The Combined Authority levy is basically for transport and apportioned between the 10. They also pay the statutory Precepts for Fire and Waste.

3.122 The total precept is for £69.3m although this includes some exclusively for the Mayor rather than the Combined Authority. This is a Band D equivalent of £91.02 in 20-21. A forecast for 2024-25 shows it will rise to £133.50 or £101.5m by then.

3.123 Support costs for 19-20 were £0.820m. These have increased in 20-21 to £1.230m. This is the result of pay increases of £16000 and increased recharges of £0.400m.

CONCLUSIONS

3.124 The figures are confusing as there are so many different levies. The Combined Authority has around 200-250 direct employees working on the Strategy and the Programme Areas. As the existence of the Combined Authority gives access to large amounts of devolved finance there seems to be general satisfaction about value for money.

3.125 The total Capital Expenditure for 2018-19 was £276m. Roughly half of this was funded by Capital Grants under Devolved Funds. The net revenue expenditure for 2018-19 was £1.2bn. The Authority compares with no other.

Case Study 9: CARDIFF CAPITAL REGION CITY DEAL

3.126 This is a fairly recent City Deal Partnership. The original agreement was signed in March 2016 and the deal was adopted in March 2017. It has 10 partner local authorities;
  • Blaenau Gwent
  • Bridgend
  • Caerphilly
  • Cardiff
  • Merthyr Tydfil
  • Monmouthshire
  • Newport
3.127 Together with the Welsh Government and the UK Government it also has the support and involvement of three Universities in the Region although these are not formally part of the partnership.

3.128 The City Deal Agreement speaks of additional investment of £1.2bn over 20 years. The actual Governance divides the 20 years into 4 x 5-year periods each one needing further approvals. The funding intention is £120m from the 10 Local Authorities, £375m from the UK Government and £734m from the Welsh Government to provide the Metro which will give great connectivity within the Region and on which much of the rest of the City Deal is based.

GOVERNANCE

3.129 The City Deal is a Joint Committee and not a Statutory Stand-alone Authority. This sets City Deals apart from for instance Combined Authorities. It means that there is an accountable body for the City deal. That role is undertaken by Cardiff Council. This means that all administrative and “overhead” functions are undertaken by Cardiff under a Service Level Agreement.

3.130 The works and projects under the City Deal Agreement are narrowly delegated to a Regional Cabinet. This is made up of the 10 Council Leaders. The Regional Cabinet meets around 10 times a year. Around half of these are informal Cabinets and half formal where the decisions are made. This mirrors the practice generally found in local authorities. The informal meetings allow officers to give confidential briefings and for differences of opinion to be aired which can then be worked on before formal approval. The Regional Cabinet elects its own Chair. The Governance has changed fairly recently with the appointment of a Programme Director. This post is the senior adviser to the Regional Cabinet.

3.131 There is a Programme Board which has in its membership the 10 Chief Executives. There are also regular meetings of the 10 Section 151 Officers and also of people at Chief Accountant level to ensure uniform technical accounting treatment. Alongside the Programme Board is an Investment Panel which has 5 Business Representatives and 5 Chief Executives and there are also Advisory Boards such as the one for Economic Growth which involves Leaders of Authorities, Business Leaders and Universities. Politically there is a
Labour majority, but other parties are represented.

3.132 There is a Regional Scrutiny Committee which is Chaired by an opposition Councillor. This Committee has membership nominated by the Authorities. This is a challenging Scrutiny Committee and meets 4 times a year.

3.133 After some thought it was decided that an Audit Committee was not necessary, this is left to individual Authorities as in their normal course of business their financial involvement would be subject to examination by their own audit committees. External audit is provided by the Welsh Audit Office.

3.134 Programme investment is not intended to benefit all Authorities equally. Inclusivity is a major objective. Thus, as an example in the Housing Programme the intention is that 50% of the investment will take place outside Cardiff, Vale of Glamorgan or Newport and in places where housebuilders might not normally consider investment. This is part of the whole because Housebuilding will depend on Metro connectivity and although the Metro itself is funded by the Welsh Government there is a Metro plus programme within City Deal which is looking at for instance Park and Ride facilities to enhance Metro availability to the Region.

STAFFING

3.135 There is a City Deal Office in Cardiff. It has an establishment of 15 full time equivalents although there has never been that number employed. The Programme Director leads this Office. As Cardiff are an accountable body anyone employed in the City Deal Office must be legally a Cardiff employee. Initially the staffing has been with secondments from the constituent authorities with the employment remaining in those Authorities but fully reimbursed by the City Deal. Cardiff has a Service Level Agreement with the other 9 authorities. The City Deal Office is entirely reliant on Cardiff systems.

3.136 The total revenue costs are around £1.5m (see Budget section of report) and this is reimbursed by the 10 authorities on a population basis. Of this currently £0.250m is actually the Service Level Agreement. To date the administrative budget has always been underspent but that will not be so as more and more projects come online. The continuation to the second 5 year period is currently being discussed and is expected to be approved.

3.137 The City Deal agreement has been fairly slow starting It is however important to get Governance properly resolved and that Authorities have all signed up to that. There is a current deal flow of around £40m but the programmes for Housing (£45m) and Metro Plus (£30m) are now being actioned. The
Investment Framework is now being developed and 14 activities considered. The decision has been taken that Grants should be a last resort and that deals normally would involve debt/equity investment.

CITY DEAL AGREEMENT

3.138 The signed agreement states that investment will provide 25,000 extra jobs and generate around £4bn of additional investment. The key priority is the development of the South East Wales Metro and the delivery of the Valley Lines Electrification programme. The other aims of the Agreement are broadly expressed at present. These are in;

- Innovation and the Digital Network
- Developing a skilled workforce and tackling unemployment.
- Supporting Enterprise and Business Growth
- Housing development and Regeneration.

3.139 The Agreement states that financing the Capital Investment Programme is the responsibility of the constituent Authorities and provided under current Prudential guidelines. This would cover any differences between investment needed and capital grants received.

3.140 Under the Agreement the local authorities are to seek some additional flexibilities. These are;

- Devolution of growth in Business Rates
- An ability to levy an infrastructure supplement
- Allowing Local Authorities access to alternative investment funds.
- Flexibility on conditions imposed with some Welsh Government Grants to allow Regional Pooling of Funds for instance.

BUDGET 2020/21

3.141 The budget report presented to Regional Cabinet in December 2019 shows a total Joint Committee budget of £1.690m, an increase of £3,249 over the 2019/20 budget. Partner contributions will provide £1.104m of this, an increase of £15,500 over the previous year. The remainder will be met from a top slice of the Investment Fund (£0.586m). This split reflects the split between administrative expenses and project work carried out by the City Deal Office.

3.142 In 2020/21 the Service Level Agreement for Accountable Body Costs is put at £0.294 and the costs of the City Deal Office at ££0.810m. Looking forward to 2024/25 shows a small increase from £1.690m to £1.830m and an increase in authority contributions of 2% per annum.
INVESTMENT PLAN 2020/21

3.143 The Investment Plan shows a total capital expectation of £15.490m from authorities in the year. Individual contributions range from £0.610m to Cardiff at £3.675m and the revenue implications from £49,000 to £294,000.

CONCLUSIONS

3.144 This City Deal is in the early stages but commitment from Partners and from Business is very high. Much depends on the key capital project of the South East Wales Metro providing connectivity through the Region and the City Deal partners will build on that by their various investment programmes.

3.145 Governance is very strong. The Appointment of Programme Director has brought focus and the plans are now being put in place for future years. It is a 20 year programme but split into 4 5 year agreement periods. This is both a plus and a minus but providing targets are met and benefits become visible all partners should see the sense in continuation.

3.146 The model of having an Accountable Body is a little old fashioned. It means that the constituent authorities have to use their own borrowing powers within the Prudential framework and may lead to conflicts between their own capital schemes and City Deal schemes and possibly a lack of borrowing power. The additional flexibilities sought by the Partnership seem to be vital in this context.

3.147 However, the benefits of the Accountable Body model is that the Service Level Agreement seems to be on a cost recharge basis and means that the actual administrative costs are very small and tightly defined. For instance, a major overhead for most Combined Authorities is accommodation. Accommodation for the City Deal Office is in Cardiff Council accommodation and is £20,000 per annum.

3.148 On the other hand, Statutory Authorities rather than Joint Committees have their own powers whereas Joint Committees are confined to the existing powers of the local authorities. However, if the benefits set out are achieved the Local authorities are receiving a large investment for a very small outlay. There is no doubt therefore that the perceived benefits will clearly outweigh costs and achievements should be way beyond the stand-alone achievements of constituent authorities.

3.149 Tensions may occur further down the line. I am told there is a very collegiate approach at present but that will become strained if benefits are greater in
one Authority than another. The Programme Office will have to ensure their programmes have some benefit to all constituent authorities to keep the unity of the partnership.
### 4. BUDGETS AND FINAL ACCOUNTS OF CASE STUDIES

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<tr>
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<tr>
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<tr>
<td>CONTRACTS</td>
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</tr>
<tr>
<td>TAX</td>
</tr>
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</tr>
<tr>
<td>ADMINISTRATIVE</td>
</tr>
<tr>
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</tr>
<tr>
<td>EDUCATION AND COMMS</td>
</tr>
<tr>
<td>REVENUE FUNDING OF</td>
</tr>
<tr>
<td>CAPITAL</td>
</tr>
<tr>
<td>CONTINGENCY</td>
</tr>
<tr>
<td>TO BALANCES</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

| LEVIES RANGE FROM /TO |
| 7 authorities |
| AVERAGE LEVY | 7.597m | 10.379 |
| CAPITAL SPEND |
| 18/20-21/22 | 107m | 2.1m |
| REVENUE FUNDING OF |
| CAPITAL RISES TO | 18.25% BY 2021/22 | 24.70% |

NOTE 1  
NOTE 2
<table>
<thead>
<tr>
<th>CREMATION AUTHORITIES</th>
<th>%</th>
<th>%</th>
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<td>MCB 2020/21</td>
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<tr>
<td>EDUCATION AND COMMS</td>
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<td></td>
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<tr>
<td>REVENUE FUNDING OF</td>
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<tr>
<td>CAPITAL</td>
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</tr>
<tr>
<td>CONTINGENCY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TO BALANCES</td>
<td>0.366</td>
<td>26.37</td>
</tr>
<tr>
<td></td>
<td>1.388</td>
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</tbody>
</table>

LEVIES RANGE FROM /TO
10 authorities
AVERAGE LEVY
NIL

CAPITAL SPEND
FOR EACH AUTHORITY 20/21
RANGE
AVERAGE by 2020/21
NOTE 3
NOTE 4
<table>
<thead>
<tr>
<th></th>
<th>£M</th>
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<td><strong>TOTAL EXPENDITURE</strong></td>
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<td><strong>TOTAL INCOME</strong></td>
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<td></td>
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<tr>
<td><strong>CHARGES AND SALES</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>GRANTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LEVIES</strong></td>
<td>1.105</td>
<td>65.350</td>
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<td><strong>USE OF BALANCES</strong></td>
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</tr>
<tr>
<td><strong>RENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INTEREST</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INVESTMENT FUND/START UP</strong></td>
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<td>34.650</td>
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<tr>
<td><strong>EDUCATION AND COMMS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUE FUNDING OF CAPITAL</strong></td>
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</tr>
<tr>
<td><strong>CONTINGENCY</strong></td>
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<td>4.967</td>
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<td><strong>TO BALANCES</strong></td>
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<td>1.691</td>
</tr>
<tr>
<td><strong>LEVIES RANGE FROM /TO</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 authorities</td>
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<td><strong>AVERAGE LEVY</strong></td>
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<td><strong>CAPITAL SPEND</strong></td>
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<td>FOR EACH AUTHORITY 20/21</td>
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<td><strong>RANGE</strong></td>
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<td><strong>AVERAGE</strong></td>
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**NOTE 5**
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<tr>
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<tr>
<td></td>
<td>£m</td>
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<tr>
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<td>TOTAL INCOME</td>
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</tr>
<tr>
<td>CHARGES AND SALES</td>
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</tr>
<tr>
<td>GRANTS</td>
<td>15.501</td>
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<tr>
<td>PROJECTS STAFF</td>
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<td>TRANSPORT</td>
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<td>TAX</td>
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<td>EDUCATION AND COMMS</td>
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<td>PROJECT SPEND</td>
<td>26.837</td>
</tr>
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<td>CONTINGENCY</td>
<td></td>
</tr>
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<td>TO BALANCES</td>
<td></td>
</tr>
<tr>
<td>LEVIES RANGE FROM /TO</td>
<td>2.566</td>
</tr>
<tr>
<td>3 authorities</td>
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<td>AVERAGE LEVY</td>
<td>4.912</td>
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NOTE 7
<table>
<thead>
<tr>
<th>COMBINED AUTHORITIES</th>
<th>CAMBRIDGESHIRE AND PETERBOROUGH</th>
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<tr>
<td>EXPENDITURE</td>
<td>2020/21</td>
</tr>
<tr>
<td></td>
<td>£m</td>
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<td>CORPORATE COSTS-DIRECT</td>
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<td>RECHARGED TO GRANT</td>
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<td>FUNDED PROJECTS</td>
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<td>SUPPORT SERVICES</td>
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<td>CONTRACTED OUT</td>
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<tr>
<td>ACCOMODATION</td>
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<tr>
<td>OTHER CORPORATE COSTS</td>
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<td>GOVERNANCE</td>
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<td>LEVY ON 7 AUTHORITIES</td>
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<td>DEFICIT MET FROM RESERVES</td>
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<td>INCOME INCLUDES BUSINESS</td>
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<td>RARE RETENTION.</td>
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<td>RESERVES CURRENTLY FORECAST</td>
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note 8
### COMBINED AUTHORITIES

**GREATER MANCHESTER COMBINED AUTHORITY**

<table>
<thead>
<tr>
<th>3020/21</th>
<th>£m</th>
<th>£m</th>
<th>%</th>
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<tr>
<td><strong>INCOME</strong></td>
<td></td>
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</tr>
<tr>
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<tr>
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<td>FROM RESERVES</td>
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<td><strong>LEVY</strong></td>
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<tr>
<td>AVERAGE</td>
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**OTHER THAN 1.950m THE LEVY IS ON A POPULATION BASIS**

**THIS BUDGET IS FOR THE COMBINED AUTHORITY SERVICES ONLY AND NOT THE MAYORAL SERVICES OF TRANSPORT, WASTE, FIRE AND POLICE.**

| RESERVES | AT 31ST MARCH 2020 | 87.818 |
| AT 31ST MARCH 2019 | 111.075 |

split;

**COMBINED AUTHORITY** 14.856

**APPLIED TO PROJECTS** 8.401

**NOTE 9**
NOTE 1 - NORTH LONDON WASTE
- Unusually they budget for a contingency. As they have balances this seems strange
- 73.99% of their expenditure is met by levy.
- Back Office Staff account for 5.69% of their gross expenditure.

Note 2 - WEST LONDON WASTE
- They have an entirely different approach. Nearly everything operationally is contracted out. The levy covers nearly all expenditure. Income from charges goes to the Contractor.
- Thus 96.29% of their expenditure is met by the levy.
- Back office staff account for 3.7% of their gross expenditure
- Their approach to Capital Expenditure is entirely different and no meaningful comparison can be made.

NOTE 3 - MORTLAKE CREMATORIUM BOARD
- This is a small single purpose Joint Committee. It is run commercially.
- The surplus in 2020/21 is forecast at £0.366m. There is no reverse levy. There is no borrowing for Capital Expenditure. Around £0.100 m is spent from revenue each year and the Cremators replaced every 12 years from the reserves. By 2028/29 £6.231m will be in reserves.
- Administrative Staff account for 18.08% of expenditure but this includes staff dealing with the public and funeral directors etc.

NOTE 4 - SOUTH WEST MIDDLESEX CREMATORIUM BOARD
- The Board carries out more cremations than Mortlake and has higher fees.
- The surplus before loan repayment in 2020/21 is forecast at £0.496m. A three-year loan was taken out in 2019/20 and the repayments are £0.280 per annum.
- The Board has in the past borrowed for Capital although the Cremators recently replaced have been leased.
- Until recently a reverse levy policy was in place but recently the decision has been made to retain surpluses to finance capital.
- Administrative staff account for 19.75% of gross expenditure broadly in line with Mortlake.

NOTE 5 - CARDIFF CITY DEAL
- It is difficult to draw conclusions as the City Deal is relatively new and the Programme Director has not been in post long.
- There is a Wider Investment fund which in 2020/21 will fund the growth in the City Deal Office. This is because that office is working on the projects for
which the Capital will be spent on. The Wider investment Fund is made up of £95m from H.M Treasury over 20 years and £120m from constituent authorities.

- Administrative expenses at 25% of the budget includes preparation for the 5-year Gateway Review and without those costs would be around 20%. This is probably high because the project work is in its infancy and as time goes on the administrative costs which are largely the service level agreement costs from Cardiff will remain much the same but become a lower proportion of total costs.

NOTE 6 - BELFAST CITY DEAL

- This was included only for Governance as no budgets have yet been set mainly due to the absence of a Northern Ireland Assembly

NOTE 7 - WEST OF ENGLAND COMBINED AUTHORITY.

- Combined authorities do not conform to the accounting norms of local authorities inasmuch as they tend to treat Capital and Revenue expenditure the same. Thus this budget contains both. This is because the project expenditure is largely met by grants.

- In this Authority there is a Transport Levy but that is because they have taken over some transport functions from the Constituent Authorities but have not yet taken over the staff. This is temporary levy which merely passes back the expenditure to the constituent authorities albeit not necessarily in the proportions of the local authorities spend.

- There is at present no other levy. The bulk of overheads being met by Retention of Business Rates as a pilot under the scheme. Presumably the rest of the overheads are charged to projects. The contribution to the Mayoral Budget is to cover money expended on feasibility studies for projects.

- Administrative costs amount to 3.515% of total expenditure. Many staff are shared with the Local Enterprise partnership and therefore would charge their time on an allocated basis.

- The Chief Executive is Chief Executive of the Local Enterprise Partnership as well and therefore given that normally a Combined Authority would have its own Chief Executive the administrative cost may not be representative. However even estimating for this would leave administrative costs under 4%.

- The Investment fund is part of the Devolution Deal and gives £30m to the Combined Authority per year for 30 years.

- Current Government Grant Streams are;
  
  o Housing Capacity Fund £1m
  o Mayoral Capacity Fund £1m
  o Adult Education £11.9m
Future Bright £1.6m

This is the £15.5m shown in the spreadsheet.

- Interest on balances was £0.3m more than forecast and this has been put in the project spend budget.
- Total Reserves are currently £0.568m

NOTE 8 - CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY

- There is no levy at present in this Authority. The budget deficits are met from Reserves although that is forecast to have to change in 2023/24 when reserves run out. As in West of England they have a Pilot Business Rates Retention scheme which helps with the budget.
- The Corporate Staffing costs for direct staff are 7.427% but adding together these with corporate contracts and other administrative expenses still only gives around 11%. Although higher than West of England this is more in line with expectations.

NOTE 9 - GREATER MANCHESTER COMBINED AUTHORITY

- As noted elsewhere this is a very large organisation and out of scale with the other case studies. The figures I have enclosed are for Combined Authority Services only and do not include the Mayors responsibilities for Transport, Waste, Fire and Rescue and Police.
- The levy on the 10 constituent authorities only accounts for 6.642% of the total expenditure. 6.09% comes from retained Business Rates.
- Corporate Costs account for 13%.
SPREADSHEET CONCLUSIONS

LIMITATIONS

4.1 Collaboration between local authorities is achieved in a variety of ways and the case studies in this report give a snapshot of a number of ways that collaboration can be achieved. In all the cases used it would seem that the model used has proved successful and has worked.

4.2 It is very difficult to draw conclusions from all that would indicate that one model was better than another but there are pointers to the factors that make some models of collaboration better than others. The further limitation is the maturity of the collaboration. No authority is keen to quote starting up costs mainly because they are not exceptional but equate merely to year one costs. That is to say there are few things needed at the start which do not continue.

In most cases of Combined Authorities, for instance, the start up costs are found by top slicing investment programme grants. There is no bar to doing this and authorities argue that the necessity to work on feasibility studies for example is a legitimate part of the investment objective. In the same way it is argued that the objectives cannot be met by proper governance.

In addition to meet certain administrative or transitional costs the mayoral precept could be used. This has not been used generally and where the mayoral precept has been used it has been to meet the feasibility costs of a mayoral scheme.

WASTE AUTHORITIES

4.3 These are single purpose authorities. They are created by statute, but authorities are free to join or do their own thing. Looking at the financial data it is clear that they are created for the single purpose of waste disposal. Their contact with the public is very limited. That mostly is to do with communications and education. The accounting is fairly simple and straightforward. It therefore follows that they have low overheads. Their backoffice staff and limited committee and other meetings mean that the running costs are kept to a minimum.

4.4 The democratic element is normally drawn from Environment Portfolio holders and that means a high level of member input. This increases the likelihood of low overheads. The decision making is more likely to be on technical aspects than on cost.
4.5 The low level of administrative cost found in Waste Authorities is unlikely to occur in other areas of collaboration.

CREMATION AUTHORITIES

4.6 Again, they are single purpose authorities. They are entirely commercially run and are in competition with one another. However, a recent Competition and Marks Report clearly indicates that competition is not on price. The simple fact is that the price of a funeral means that the portion due to the Cremation Fee is not a decision-making factor. Either people are recommended to a Crematorium by an undertaker or they have family connections.

4.7 However, the customer experience is a clear factor in repeat business and making things as easy as possible for undertakers increases the likelihood of business.

4.8 For these reasons the cost of administrative staff is relatively high. Also, unlike Waste Authorities the member input tends to be from members with a personal interest rather than a technical knowledge.

4.9 The two examples used were managed differently, one having a Lead Borough and a Service Level Agreement and the other contracting for all corporate services separately. The outcome however was broadly similar in cost terms.

COMBINED AUTHORITIES AND CITY DEALS.

4.10 This is the other end of collaboration. Created by statute and joined by choice these Authorities exist to spend capital sums devolved from Central Government. Large sums are involved and generally they can raise money from private sector partners as well as through Government Grants. High standards of probity and integrity are essential, and this means a higher level of democratic and officer input from partners.

4.11 It follows then that their administrative costs will be higher and levels of around 10% of budgets seem to be the norm. The West of England seems out of step but they have only just started and the job shares with the Local Enterprise Partnership will change as they get further advanced with their programmes and I would expect administrative costs to rise.

4.12 The higher proportion for overheads at Cardiff is because they have just created the programme office and are preparing for a Gateway Review but have been slow getting programmes started. As Programmes grow the
percentage will drop.

4.13 Manchester is the furthest advanced but is a very large organisation. The Combined Authority is just a part of the services run by the Mayor. The figure of 13% for overheads for the Combined Authorities will fit with Cambridgeshire.

4.14 Collaboration between neighbouring authorities for specific well-defined purposes is likely from these examples to be cost effective. The expertise will come from the Authorities themselves, staff can be seconded thus minimising risks, Elected members will be keenly watching costs as they will not want increased costs via levies without visible improvements for their residents. Those improvements need to be things that could not be achieved without a wider area (transport for instance) or a wider population (education and skills).

4.15 As I said in the main conclusions, a statutory framework is important but so is the fact of choice on whether to be involved or not as this increases commitment to the objectives.
5. FINAL CONCLUSIONS

5.1 The report has documented some very successful examples of collaboration between individual local Authorities. There are some common principles behind these which have made such collaboration either attractive or sensible. They have all got some form of statutory backing. This gives local authorities the confidence to move ahead and the ability to have some sort of framework to assist them. The Collaboration is something within their own control. It is not mandatory but it offers the opportunity, should local authorities wish to collaborate, to do so in a structured way. It also means that Authorities can build on guidance and not necessarily re-invent the wheel.

5.2 Collaboration allows an Authority to achieve something which is too ambitious to have been contemplated on their own. It allows a synergy of expertise that would be expensive or difficult to assemble otherwise. It enables spatial or comprehensive planning over a much wider area. It gives the ability to provide a service or services to their residents which they otherwise could not do. Collaboration works best for services with a high entry cost.

5.3 The research has shown that there is significant cost variation amongst the collaboration arrangements considered in this report, including for example the Combined Authorities - which have the same statutory basis. Much of this variation would appear to depend on; the scale, scope and ambition of the collaboration arrangement; the individual decisions made within each collaboration on governance, management and staffing structures; and the functions they deliver and how they chose to implement those functions.

5.4 There is also some correlation between the cost of administration as a proportion of the overall costs and the maturity of the collaboration, particularly where there is a focus on developing longer term capital projects. It is not possible therefore to provide a single cost estimate / basis for collaboration concluding that a range of costs based on some of the above variables is more likely. One of the important issues which directly affects this difficulty is that the Combined Authorities are set up based on a submitted business case which includes very different programmes of work. In cases of single purpose authorities and authorities formed with similar objectives I would expect there to be a far greater correlation.

5.5 In the cases where Central Government wishes local authorities to achieve something it offers the chance to use Central Government Funds on a local basis. That is to say ensuring local people are more involved in the decision making and that the outcome is tailored to their needs. In the case of some
services such as Transport there is a sense in looking at a wider area and connectivity.

5.6 If Collaboration is considered important by Central Government then some kind of capacity grant will be necessary to meet set up costs. It is my view that Capacity Grants should be bid for. I have said in paragraph 4.2 that the start-up costs have been met universally and quite legitimately from Investment Grant monies but in my view it would aid transparency and concentrate minds if a business case were to be made for a capacity grant covering start-up costs but excluding legitimate investment expenditure. I am thinking of such expenditure as back office staff, accounting, governance costs including the necessity for audit and audit committees and scrutiny. They should be sufficient to encourage participation and give a real chance of success but small enough to encourage thinking of new ways of doing things and to ensure cost effectiveness. My view is that staffing levels expand to meet the resources made available.

5.7 Collaboration has to bring the opportunity to achieve something not otherwise possible and using devolved funds works well. The statutory framework should insist on high standards of governance, openness and transparency. The basis of future funding should be set out clearly. The best examples allow collaborating authorities to agree themselves on apportionment of costs but set out a default basis if agreement cannot be reached.

5.8 Collaboration should allow bidding for grants and funds from the wider world and sponsorship from business if that is applicable. In the cases of simple collaboration secondment from existing authorities should be considered and using existing Chief Officer expertise. Collaboration must be based on involvement of Leaders and Chief Executives to show the commitment of the Authority.