

**COUNCIL**

**Lancashire Combined Authority  
13 April 2016**

**Report of the Chief Executive**

**PURPOSE OF REPORT**

The purpose of this report is to update members on the progress on the Lancashire Combined Authority proposals, outline the response to the public consultation exercise and seek agreement for the Council to become a constituent member of a Combined Authority for Lancashire.

**This report is public**

**RECOMMENDATIONS**

**That:**

- 1) The contents of this report be noted**
- 2) The appended response to the public consultation on the Combined Authority proposals be noted**
- 3) The council agrees to become a constituent member of a Lancashire Combined Authority and submits proposals to do so to the Secretary of State**
- 4) In the interim period, the council agrees to form a shadow Lancashire Combined Authority**
- 5) Council notes that any future proposals for a devolution deal with the Government would be brought back to council for consideration**

**1.0 Background**

- 1.1 Members will be aware that in October 2014 Council Leaders indicated their wish to develop closer collaborative working across Lancashire on economic related matters and to explore the options in this regard.
- 1.2 In order to determine whether the existing arrangements are effective or would benefit from change the Leaders asked that a Governance Review be undertaken. The Council considered the Governance Review and draft Scheme of Governance at its meeting on 16 December 2015 and resolved:

**That:**

- (1) The contents of the report be noted.

- (2) The content of the Lancashire Governance Review (Appendix 1 of the report), and recommendation therein, be noted.
- (3) The content of the draft Scheme for a Combined Authority (Appendix 2 of the report), be noted.
- (4) Lancaster City Council agrees to take part in the public consultation in January/February which will seek views on the formation of a Combined Authority for Lancashire.
- (5) Lancaster City Council agrees to consider the feedback from the public consultation and note that following this, those authorities who wish to form a Lancashire Combined Authority will submit a proposal to the Secretary of State for consideration.
- (6) Lancaster City Council agrees in principle to becoming a constituent member of the combined authority for Lancashire, subject to positive consultation.
- (7) The Council's meeting in April gives final consideration to becoming a constituent member of a Lancashire Combined Authority.

## **2.0 Lancashire Combined Authority**

- 2.1 As part of the Governance Review Leaders developed ambitions for Lancashire. These are:
  - Prosperous Lancashire – a Lancashire that is recognised as a destination of choice, to invest in, do business in, live or visit;
  - Connected Lancashire – digital and transport connectivity to promote inclusive growth;
  - Skilled Lancashire – a skilled workforce to meet the demands of employers and future business growth;
  - Better Homes for Lancashire – better living standards for residents with good quality homes and a wide housing offer;
  - Public services working together for Lancashire – integrated public services at the heart of local communities giving everyone the opportunity for a healthier life.
- 2.2 Leaders have recognised that some of the ambitions set out above can be delivered through the existing excellent partnership arrangements in place across the County geography. However, in order to attract and maintain economic growth and achieve a prosperous Lancashire for all, we need to demonstrate that Lancashire means business and provide reassurance that we have strong, robust governance arrangements in place and a commitment to work together.
- 2.3 The Lancashire Combined Authority will provide a legally constituted body operating across Lancashire to take strategic decisions on transport, economic development and regeneration and strengthen the relationship with the LEP and local authorities. The key messages are set out in Appendix 1.
- 2.4 Lancashire has one of the largest local economies in the North of England generating over £25bn GVA, with over 45,000 businesses supporting 700,000

jobs. A Lancashire Combined Authority will ensure Lancashire is able to reach its full economic potential. The Government have been clear that it wants to deal with local government on economy, planning, housing and skills through a Combined Authority arrangement. For Lancaster City Council, a Lancashire Combined Authority will be:

- A single voice for Lancashire in the debate about the future of the North. Neighbouring areas already have powerful voices through their Combined Authorities and are shaping the 'Northern Powerhouse'. Lancashire needs a strong voice to influence the debate.
- A focus for driving economic growth. When new funding arrangements for Local Government are fully implemented, councils will be reliant on business rates to fund services. A Combined Authority and the potential additional investment, offers the strongest way to impact on our business rate.
- An opportunity for councils to influence and shape the work of the LEP and the funding streams which the Government distributes through the LEP. The Scheme of Governance sets out that the Combined Authority would include local authorities and the LEP within its governance structure.
- An opportunity to influence and contribute to a 'Lancashire Plan' on economy, skills, development and shape how Lancashire's priorities and investments are decided.
- An opportunity to influence what the strategic transport priorities are locally, across Lancashire and at a regional level and provide a strong voice for Lancashire in shaping the priorities for the Transport for the North.
- An opportunity to share capacity, expertise and experience in a co-ordinated way
- An opportunity to work collectively on the challenge of delivering sustainable public services in the future.
- An opportunity to work more closely across Lancashire and within Lancashire building on the City Deal partnership approach.

2.5 The Lancashire Combined Authority will operate within a Scheme of Governance. In summary these arrangements are:

Membership	Local authorities in Lancashire, represented by Leader.
Voting arrangements	One vote per each local authority (excl transport).
Decision making	Unanimous agreement on strategic plans, investment strategy, annual budget, borrowing limits, adoption of freedoms and flexibilities, any changes to CA arrangements. All other decision 2/3 majority. There is no provision for Executive arrangements.

Decision making – transport	Transport planning and investment would be subject to unanimous agreement by three transport authorities.
Overview and Scrutiny	Scrutiny Committee with representation from authorities would be established.
Finance	No member allowances payable Councils to meet core costs (kept to a minimum)

### **3. PUBLIC CONSULTATION**

- 3.1 The Lancashire councils along with the Lancashire LEP have recently undertaken a public consultation exercise. A summary of the response to the consultation is appended to this report for information (Appendix 2). To ensure an independent, robust and coordinated approach the councils in Lancashire commissioned Infusion Research to undertake the consultation.
- 3.2 The consultation was held from 11<sup>th</sup> January to 19<sup>th</sup> February 2016. Promotion of the consultation reached an estimated 444,000 people and over 15,000 people visited the consultation website over the six week period. Almost 2000 responses were received.
- 3.3 Of those respondents 70% strongly or tend to agree with the proposal to establish a Combined Authority for Lancashire. Of those who disagreed with the proposal, the main concern appears to be around where any resources would be focused and any adverse impact on local services.

### **4. DEVOLUTION**

- 4.1 In developing the Combined Authority, Lancashire Leaders have also been considering devolution options which could enable greater control, power and influence over a range of programmes and funding delivered in Lancashire. These include devolved funding for strategic transport and development; influence and/or control over employment and skills programmes and delivery; housing; growth funding and aligning investment activity.
- 4.2 Whilst there is a close link between Combined Authorities and devolution deals with the government, it is important to note that they are separate issues and subject to negotiation. A devolution deal could not proceed without the agreement of the constituent members of the Combined Authority and is not a matter for consideration in this report.

### **5. NEXT STEPS**

- 5.1 This report seeks the agreement of the council to become a constituent member of the Lancashire Combined Authority and signals to the Government that the authorities are committed to working together for a better Lancashire. A similar report is going to other councils throughout March and April. Subject to council decisions, a proposal to form a Lancashire Combined Authority will be submitted to the Government for consideration and negotiation.

- 5.2 In the interim period, it's recommended that the local authorities operate as a shadow Combined Authority using the guiding principles set out in the Scheme of Governance from July 2016.

#### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

There are no direct implications arising from this report.

#### **LEGAL IMPLICATIONS**

The powers to establish a Combined Authority are contained within the Local Democracy, Economic Development and Construction Act 2009 ("the Act") and The Cities and Local Government Devolution Act 2016.

A constitution for the Combined Authority will also be developed. The Council's own constitution will also be reviewed and any necessary amendments will be made.

A Parliamentary Order is needed to establish a Combined Authority.

#### **FINANCIAL IMPLICATIONS**

Officer resources have been made available by some authorities in supporting the Combined Authority development on an 'in kind' basis and it is envisaged that this would continue.

Given this and the nature of the Combined authority proposals, at this stage there are no new financial or additional budgetary implications therefore. There are no functional/budgetary proposals to consider, likewise there are no devolution proposals.

As per the Scheme of Governance for the Combined Authority presented to Council back in December, approval of its annual budget including decisions on any levies, precepts or any other demands for financial contributions from constituent authorities would be subject to unanimous agreements by the constituent members. Clearly its budget setting processes would need to reflect and align with future intended functions to be undertaken by the Combined Authority. The linkages with the Council's own budget setting will be an important aspect to consider, in reviewing the Council's own Constitution.

#### **OTHER RESOURCE IMPLICATIONS**

**Human Resources; Information Services; Property and Open Spaces:**

None.

#### **SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and has no further comments.

#### **MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

#### **BACKGROUND PAPERS**

None

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## **LANCASHIRE COMBINED AUTHORITY – KEY MESSAGES**

### **Why are we doing it?**

- A single voice for Lancashire in the debate about the future the North.
- We can achieve more by working together to drive and accelerate economic growth.
- Strong message to Government that we will work together to improve the area as a whole.
- Opportunity to influence regional and North transport and connectivity priorities.
- More bargaining power for Lancashire competing with neighbouring combined authority/city region areas.
- With a population of 1.5m we are comparable in size to other combined authority areas.

### **What does it mean for us locally and outcomes for citizens?**

- Opportunity for councils to influence and shape the work of the Lancashire LEP and the funding streams the Government distributes through the LEP.
- Influence and shape the 'Lancashire Plan' and shape how Lancashire's priorities and investments are decided.
- Immediate opportunity for greater involvement on transport in Lancashire.
- Opportunity to influence and shape our skills and education provision.
- We are considering the opportunities a devolution deal could offer for Lancashire including devolved skills funding; influence over the new Work and Health programme; a strategy to deal with housing growth and the mechanisms for delivery; multi-year strategic transport settlement; a Growth and Productivity Fund to accelerate growth and development in Lancashire. Further work is being done to explore what these might mean for Lancashire. Any devolution deal will need to be agreed by Leaders.
- If we can influence all of these and have a say on funding and delivery we can improve quality of life, skills, jobs, income levels, housing, wellbeing and choice for our citizens.

### **Risks of not joining**

- Government have been clear Combined Authorities are the preferred model for them to do business with
- We will get left behind as other areas are developing combined authority and devolution proposals – including Cumbria

- The public sector is shrinking and cuts to local government will continue. We need to be more self-financing which means increasing our tax and rates base.
- We can't individually or collectively join the Greater Manchester Combined Authority – it would need a new parliamentary order and they are already further advanced than any other area on devolution. **BUT** as part of a Lancashire Combined Authority they will engage with us to work on joint strategic priorities

### **Governance and finance**

- One vote per each Local Authority (excluding transport which will be for the Transport Authorities)
- Overview and Scrutiny arrangements will be in place
- Constitution for the Combined Authority is being developed
- No costs involved at this stage. Some Councils are providing officer support to develop the proposals.
- Any future costs will need unanimous agreement by all authorities.

### **Other messages**

- Six week public consultation exercise held – almost 2000 responses 70% agree a Combined Authority is right for Lancashire.
- The LEP have agreed to provide some financial support for case-making in developing devolution proposals

### **Next steps**

- All council Leaders (except Wyre) are taking a similar report to their councils for decision throughout March and April.
- Subject to these decisions, Leaders will operate within a shadow Combined Authority model from July and oversee the submission to the Government to form a Combined Authority for Lancashire.