

Report for Lancashire Leaders 13th July 2015

Proposal to develop a Combined Authority for Lancashire: Principles Report

Purpose of the report

The purpose of this report is to summarise the progress that has been made towards the development of the option of a combined authority for Lancashire and to set out the timetable for the next steps.

What is a Combined Authority?

Combined authorities are legal entities that can be set up to undertake joint functions as agreed by its members. A combined authority would not result in the creation of a 'super council' or be a merger of authorities, but would facilitate closer working between organisations, providing greater opportunities such as maximising investment, the creation of jobs and improving access to Government funding for the benefit of the area. The focus of combined authorities is around strategic decisions such as transport, economic development, housing and regeneration. Most importantly, combined authorities can use this joint influence to draw down powers and functions from central government for the benefit of the whole area.

A combined authority provides Government with the strong and accountable leadership required to devolve powers to enable policies to be implemented over a spatial scale which matches the economic footprint of that area. In the past, and in some instances Government has struggled to devolve powers where it has not been clear who to devolve to. Combined authorities help overcome this.

In order to become a combined authority and under the *2009 Local Democracy, Economic Development and Construction Act*, a 'governance review' needs to be undertaken. This needs to analyse the options for authorities to work together and also to set out the benefits that a combined authority would bring to an area. The governance review sets out the evidence for the case for change.

Work on the governance review for Lancashire has already started and will be completed by the end of August 2015. If a combined authority is agreed as the most appropriate vehicle, then a scheme of governance arrangements ('scheme') must be published, consulted upon and submitted to the Secretary of State, who will then undertake a further consultation. The precise powers, functions and voting arrangements of the combined authority will be set out in the scheme.

The case for Lancashire

Why would we want a combined authority in Lancashire?

We want a Lancashire where:

- Everywhere has a share in its rising prosperity
- We have a stronger voice with national government
- We become a key player in the 'Northern Powerhouse'
- There is a strong relationship between public and private sector to the benefit of our residents and businesses e.g. to support growth and secure more jobs
- We have greater influence over our existing devolved funding, the prospect of future devolved funding and greater influence over local spending
- We have longer term and more co-ordinated strategic planning which is better aligned with local growth and transport agendas
- We have joined up strategies which enable us to contribute effectively to international and global agendas

A combined authority approach could allow Lancashire to have additional capacity and more resilience. It would maximise the potential for devolution of powers and funding and provide greatest flexibility in identifying and investing in local priorities.

In simple terms a combined authority provides a formal mechanism through which the constituent councils in Lancashire will have greater flexibility and influence than each council working independently would have.

Areas currently under consideration for inclusion in a Lancashire combined authority include:

- Economic growth
- Employment and skills
- Transport
- Spatial planning
- Housing
- Transforming place
- Health and social care

As the vision develops these could be articulated as a:

- Prosperous Lancashire
- Connected Lancashire (road, rail, digital)
- Skilled Lancashire
- Better Homes for Lancashire
- Joined up Public Services for Lancashire

What may happen if we don't move forward on devolution?

The government has clearly set out its commitment to devolution and the Cities and Local Government Devolution Bill 2015-2016 is currently making its way through Parliament. The large metropolitan and city regions in the North have all created combined authorities. If Lancashire, which is of similar scale and size to existing combined authorities, chooses to maintain its status quo, there is a real risk of losing out on devolved funding and the opportunity to influence at a regional and national level.

Options appraisal

An options appraisal has been undertaken of the various ways in which authorities in Lancashire can work together. The full option appraisal will be included in the governance review. The conclusion of the options appraisal is that the combined authority model is the best way in which authorities in Lancashire can collectively and individually achieve the greatest benefits for our communities. It also provides the best vehicle from which to negotiate with government on devolution of powers and funding.

Benefits

A number of case studies have been developed which demonstrate how a combined authority can bring benefits both to individual authorities as district councils, unitary authorities or county council, as well as collectively. These case studies cover the themes of transport, housing, housing benefit, skills, and health and social care integration. The governance review will set out the potential benefits within each of these themes.

For example:

Transport

A combined authority would enable authorities in Lancashire to develop a single strategic transport strategy, which would be inclusive of economic, regeneration, health and spatial planning issues. It would support a more integrated approach to transport investment and provide greater influence to enable Lancashire to negotiate with government. A combined authority would also enable Lancashire to request devolved responsibility for transport functions e.g. bus franchising.

Housing

A combined authority could undertake joint work across Lancashire to agree and plan housing supply and the housing market, better linking with economic development and skills. It could develop a housing investment fund to support housing development based on a single approach to understanding housing need.

A combined authority could also seek devolved powers for responsibility for housing benefit locally so that it can be used as a more effective lever to incentivise private landlords to improve housing conditions.

Skills

A range of agencies are currently responsible for organising and delivering skills training and support. A combined authority could better link employment and skills together, under a strategic context, addressing the full breadth of skills issues from low/no skills to higher level skills and knowledge transfer. A combined authority could work with stakeholders to co-design an employment and skills commissioning framework to better align provision with the needs of the local economy and to support future growth.

Public sector reform – health and social care integration

Legislation currently going through Parliament provides for a combined authority to seek a health and social care devolution deal potentially bringing decisions and funding closer to Lancashire. Lancashire could have an integrated health and social care approach with early interventions and wrap around support irrespective of residents post code. This will bring a stronger voice and influence nationally with the NHS and locally with CCGs and a simplified relationship with hospitals and providers to have a positive impact on patient care.

A Lancashire Combined Authority would not preclude groups of local authorities within it working together on specific themes. Neither would a Lancashire Combined Authority preclude links with other combined authorities. Indeed, a combined authority in Lancashire would be of a sufficient scale and size to influence both national and regional agendas, strengthening the links that its component authorities can make with neighbouring combined authorities.

Governance and decision making arrangements

Lancashire leaders have agreed to support a one member, one vote governance structure in line with other combined authority arrangements. However, the detailed decision-making arrangements under a combined authority still need to be worked through. These will be set out in the scheme. The scheme will also describe the relationship between the combined authority and the Lancashire Enterprise Partnership (LEP).

Timetable and next steps

Most elements of the governance review have already been presented to leaders at their last meeting. These key documents will be brought together to form the full governance review by the end of August 2015.

A meeting will be arranged for early September for the Lancashire Leaders Group to agree the draft scheme of governance arrangements, including voting arrangements.

It is proposed that all councils sign up to the governance review and full scheme through their formal structures by the end of December 2015. This will allow public and stakeholder engagement to be undertaken in January 2016.

Recommendations

That:

- Leaders agree to progress the option of a Lancashire Combined Authority with their own authorities according to the timetable and themes set out above. The schedule of Council meetings already agreed should allow this, in exceptional cases it may be necessary for a council to arrange an additional meeting.
- Leaders agree to a further meeting in September to look in detail at the governance scheme, which will then be finalised by the end of September. This scheme will include voting arrangements and detail the relationship between the combined authority and the LEP.
- This report is adapted as a covering report that Leaders can take to their councils with the governance review and/or scheme depending on the timing of their own council meetings.