

Meeting of the Full Council
Meeting to be held on 17 December 2015

Report submitted by: The Chief Executive

Part A

Electoral Division affected:
All

Proposal to develop a Combined Authority for Lancashire: Update Report
(Appendices A & B refer)

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Executive Summary

In July of this year, Full Council received a report summarising the progress that had been made towards the development of the option of a combined authority for Lancashire.

At that meeting councillors noted that further work is underway to produce a Governance Review and a Scheme of Governance and agreed to receive a further report on progress.

Recommendation

It is recommended that:

1. The contents of this report be noted
2. The contents of the Lancashire Governance Review and recommendation therein be noted (Appendix A)
3. The contents of the draft Scheme for a Combined Authority be noted (Appendix B)
4. Lancashire County Council agree to take part in the public consultation in January/February which will seek views on the formation of a Combined Authority for Lancashire
5. Lancashire County Council agree 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. Lancashire County Council agree in principle to becoming a constituent member of the combined authority for Lancashire
7. A special meeting of Full Council be held in March 2016 to give final consideration to becoming a constituent member of a Lancashire Combined Authority.

Purpose of the report

The purpose of this report is to outline the findings of the Governance Review undertaken for Lancashire and set out the next steps and recommendations.

Background

A Combined Authority is a formal legal arrangement, which supports and enables collaboration and co-ordination between two or more local government areas on transport, regeneration and economic growth as well as skills, housing and employment. The Cities and Local Government Devolution Bill currently going through parliament provides legislation to broaden the scope of functions and powers that it is possible to confer on a Combined Authority. It supports increased democratic accountability and transparency complementary to that provided by the LEPs to a major area of local government policy making. Each of the councils who are members of a combined authority remain separate authorities; the combined authority is a mechanism to work more effectively and formally in partnership.

Five Combined Authorities across England have been established, all of which cover the five key cities across the Northern Powerhouse (Liverpool, Manchester, Leeds, Sheffield, Hull). A number of devolution proposals and deals are starting to emerge across the country. The Government have been clear that they will devolve powers and flexibilities to areas with robust governance structures in place.

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.

In order to determine whether the existing arrangements are effective or would benefit from change the Leaders asked that a Governance Review be undertaken.

Governance Review

The Governance Review attached is the culmination of considerable collective work by the Lancashire Councils to understand the best way forward for joint working. The review explores three questions: Where are we now? Where do we want to be? How will we get there?

As part of this review Leaders developed ambitions for Lancashire, as set out in the document. 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 given everyone the opportunity for a healthier life.

In addition with a population of 1.5 million, Lancashire should be a key contributor to the Northern Powerhouse and UK plc.

An options appraisal was undertaken and consideration was given to arrangements including – enhanced status quo, Joint Committee, Economic Prosperity Board, Integrated Transport Authority, Combined Authority.

Some of the ambitions set out above can be achieved through existing partnerships and better joint working. However, in order to attract and maintain economic growth and achieve a prosperous Lancashire we need to create the right conditions for growth and provide reassurance to investors, partners and government departments that we have strong, robust governance arrangements in place that are working for Lancashire.

A Combined Authority offers the strongest governance model to attract freedoms and flexibilities from the Government and will enable a cohesive approach across Lancashire to a range of issues including developing better and broader skills provision, including entry level skills; more co-ordinated infrastructure planning with improved use of resources; more co-ordinated approach to housing provision; more co-ordinated approach to business growth. Given Lancashire's diversity, it's recognised that a 'one size fits all' approach is unsuitable and it's recognised that some issues are best tackled on a sub-level footprint or themes relevant to a cluster of authorities across Lancashire.

Having considered the economic evidence, the ambitions for Lancashire and the current decision making arrangements, the Governance Review concludes that a Combined Authority provides the best opportunity for Lancashire to achieve its potential.

The Lancashire Leaders, at their meeting on 1st September 2015 accepted, in principle, the recommendations of the Governance Review to form a Combined Authority.

Draft Scheme

In order to establish a Combined Authority a scheme must be prepared which sets out the membership, decision-making arrangements, scrutiny arrangements etc. The draft scheme is appended to this report.

In summary the arrangements suggested are as follows:

Membership	Those Lancashire authorities who form a combined authority, represented by the Leader. Chair and vice-Chair to be appointed annually. LEP Chair will be invited but with no voting rights.
Voting arrangements	One vote per local authority (excluding transport)
Decision making	Unanimous agreement on strategic plans, investment strategy, annual budget, borrowing limits, adoption of freedoms and flexibilities, any change to combined authority arrangements.

	<p>All other decision by two-thirds majority.</p> <p>Transport planning and investment would be subject to unanimous agreement by the three existing Transport Authorities (Blackburn with Darwen, Blackpool, Lancashire County Council).</p>
Overview and Scrutiny	A Scrutiny Committee with representation from authorities would be established.
Finance	No member allowances will be payable. Council will meet the core costs (kept to a minimum).
Potential powers and functions	Include setting economic strategy and investment strategy for Lancashire, powers relating to transport, regeneration, economic development, General Power of Competence

Devolution Deal

Some of the existing Combined Authorities have also negotiated further devolution deals with government to gain additional and greater powers and devolved funding for their area. While there is a close link between combined authorities and greater transfer of powers, functions and funding, it is important to note that they are separate issues and subject to negotiation. The Government will not impose arrangements in any form.

A devolution deal, and any freedoms or associated responsibilities would need the agreement of the constituent members of the combined authority.

Next Steps

The Governance Review and this report seek to agree the establishment of a Combined Authority, which would bring benefits to Lancashire as outlined in the Review by strengthening the partnership working across the county. A similar report is going to other councils throughout November and December.

Lancashire Leaders will meet again in January to consider any adjustments, which may need to be made to the scheme.

A six-week public consultation will be undertaken in January/February 2016 with stakeholders, residents, businesses, community groups, neighbouring areas etc. invited to put forward their views on the proposals.

Having given consideration to the outcome of the public consultation, those authorities who wish to form a Combined Authority will submit a proposal to the Secretary of State for consideration which may include devolution proposals for freedoms, flexibilities and powers to help the Combined Authority drive forward Lancashire's ambitions alongside demonstrating the robust governance structures to be put in place outlined in the draft scheme.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Financial

There are no financial implications at this stage

Legal**Risk management**

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.

Local Government (Access to Information) Act 1985**List of Background Papers**

Paper	Date	Contact/Tel
insert details	insert date	insert details

Reason for inclusion in Part II, if appropriate

N/A