

**Meeting of the Full Council
Meeting to be held on 24 March 2016**

Report submitted by: The Chief Executive

Part A

Electoral Division affected:
All

Lancashire Combined Authority
(Appendix A refers)

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Executive Summary

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.

Recommendation

It is recommended 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 agree to become a constituent member of a Lancashire Combined Authority and submit proposals to do so to the Secretary of State;
4. In the interim period, the Council agree to form a shadow Lancashire Combined Authority; and
5. Any future proposals for a devolution deal with the Government be brought back to Council for agreement.

Background

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.

The Council considered the Governance Review and draft Scheme of Governance at its meeting on 17 December 2015.

Lancashire Combined Authority

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.

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.

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 Lancashire Enterprise Partnership (LEP) and local authorities.

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 Lancashire County 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.

The Lancashire Combined Authority will operate within a Scheme of Governance which councils have already agreed. In summary the arrangements will be:

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)

Public Consultation

The Lancashire councils along with the LEP have recently undertaken a public consultation exercise. A summary of the response to the consultation is appended to this report for information. To ensure an independent, robust and coordinated

approach the councils in Lancashire commissioned Infusion Research to undertake the consultation.

The consultation was held from 11 January to 19 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.

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.

Devolution

In developing the Combined Authority, Lancashire Leaders have been considering devolution proposals 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.

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 would need the agreement of the constituent members of the Combined Authority.

Next Steps

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.

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.

Consultations

The report on the public consultation is attached to this report. Almost 2000 responses were received to the consultation during January and February of this year. There was overwhelming support for a Combined Authority in Lancashire with 74% respondents strongly or tending to agree that a partnership approach is important in Lancashire and 70% respondents strongly or tending to agree with the proposal to establish a Combined Authority in Lancashire.

Implications

This item has the following implications, as indicated:

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 will continue. At this stage there are no financial implications.

As per the agreed Scheme of Governance for the Combined Authority, approval of the annual budget including decisions on any levies, precepts or other demands for financial contribution from constituent authorities is subject to unanimous agreements by the constituent members.

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.

Risk management

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
N/A	N/A	N/A

Reason for inclusion in Part II, if appropriate

N/A