

# Proposition for Local Government Reorganisation in Lancashire

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# Executive Summary





### Current context and the emerging proposal

Lancashire is a £30.8bn polycentric economy with 1.5m residents, 732,000 jobs and 53,000 businesses. The county has significant strengths in advanced manufacturing and engineering with innovation assets and major companies. But the county is falling behind other Northern economies with relatively lower economic growth and productivity. Deprivation is high in parts of the county and skills levels and wages are low.

To deliver on our ambitious recovery and levelling up plans, we need to transition to a unitary and Mayoral Combined Authority model. We are proposing to establish three unitary authorities: Northwest Lancashire, Central Lancashire and East ('Pennine') Lancashire, and a Mayoral Combined Authority for the whole of Lancashire.

### Case for change

Lancashire is ready for change. Despite the recognisable single identity of Lancashire, our current system of local government is a patchwork of different structures, with three upper tiers comprising one County Council, two small unitary authorities, and 12 lower tier districts. It doesn't work as well as it should, with potential to improve financial viability, service quality and economic development impact. Critically it does not enable Lancashire to benefit from the levelling up opportunity presented by devolution, so our residents and businesses are not benefitting from the collaborative leadership, ability to manage funds at a local level and access to new investment funds that Mayoral Combined Authorities bring. Because of this there is widespread acceptance of the need for reform. Plans were in place for taking this forward through the development of a comprehensive Greater Lancashire Plan that would have included an Independent Economic Review and work on public service reform and community engagement. These were overtaken by the need to respond to COVID-19. But our comprehensive Covid-19 recovery plan has further developed some of this thinking and the human and economic cost of the crisis increases the need for reform of our institutions.

Earlier this summer all 15 Council leaders agreed in principle to explore the option of a Mayoral Combined Authority for Lancashire. Meanwhile, the Leader of Blackburn with Darwen has written to Ministers proposing a new Pennine Lancashire Unitary Authority and the Leader of Preston has similarly proposed a Central Lancashire Unitary Authority. The Leader of Wyre has indicated his support in principle for a Northwest Lancashire Unitary Authority and has initiated discussions with the leaders of Blackpool, Lancaster, Fylde and Ribble Valley councils. What is now needed is a practical way forward that aligns with and builds on these developments in order to create a compelling offer to Government, ahead of the publication of its Devolution White Paper. That is what this three unitary, Mayoral Combined Authority model represents.

### A local government structure fit for leading recovery

These three unitaries will create the institutions fit for purpose to unleash stronger growth, deliver economic renewal and levelling up, and provide high-quality, integrated public services for healthier and better connected communities. Lancashire has developed ambitious plans for growth across the county, and we now have a significant pipeline of £8bn of strategic sites and infrastructure plans, ready to generate much needed new jobs and recovery, and drive connectivity and inclusive growth. Devolution and unitarisation will help us untap that opportunity. The new unitary authorities are at the right level of scale and geography to respond to economic opportunities and challenges, and to administer effective public services. This is vital for improving economic prosperity and bringing people closer to decision-making across Lancashire, raising aspirations, employment and health outcomes for residents.

A three unitary, plus Mayoral Combined Authority model, is a logical development for a local government system that already has three upper tier authorities. But whereas the current structure is asymmetrical, with a County Council that is much larger than the two unitary authorities, and then a significant functional distinction between these and the 12 districts, the proposed new structure would create three roughly equal unitary authorities, and a Mayoral Combined Authority. It will go with the grain of the current experience of three full purpose authorities, but will make this consistent across the whole county.

The proposed new structure will also be much more financially viable. As part of the full business case development, which we will undertake immediately, we will conduct detailed financial modelling to outline the expected financial savings that will arise from moving to a three unitary and combined authority model. But a guide to the potential scale of these is the cautious and indicative estimate that a large county like Lancashire could see savings of between £60-80m over a three year period, based on potential savings of £30-40m, plus £30-40m of transformation savings. Our ambition is to use unitarisation as a catalyst for much more substantial transformation, which would both improve services and deliver greater savings than this cautious benchmark. At a time when the overarching priority will be economic recovery, being able to generate savings that can be reinvested locally to support jobs and businesses is of critical importance.

The simplified structures we are proposing are vital to facilitating joint working and stronger partnerships, such as with the Lancashire Local Enterprise Partnership (LEP) and employment providers (e.g. Department for Work and Pensions). There is potential to better align with health structures and partners to address intergenerational poor health. Closer working will allow for a coherent and strategic focus on addressing challenges, maximising opportunities, and moving forward with delivery at scale and pace.

Handing back power to people and places across Lancashire will be a major priority as we work to level up prosperity and opportunity. Our more than 200 parish councils will play an active part in the new structure and we will create more links to our historic towns. We want to celebrate and build on the identity of our unique towns and cities as we create a new structure for local government across Lancashire that can enable our communities to thrive.

As we develop the plans, we will explore how we can best enable communities and neighbourhoods to have the strongest possible voice, both in the creation of new structure and ongoing delivery.

The three unitary authorities will be able to come together in a newly established Mayoral Combined Authority, using strategic policy levers, powers and funding to transform the Lancashire economy. This will build on our effective partnership working across Lancashire during Covid-19 via the Lancashire Resilience Forum. A Mayoral Combined Authority will support Lancashire to deliver our ambitious recovery and levelling up plans, strengthening and growing our distinctive sectors and businesses, and benefiting our diverse communities.

## Principles of working for the new model

For this initial outline proposal we want to highlight the principles that we are determined to see reflected in the future governance arrangements as they are developed:

- **Democratic engagement** – being an exemplar for best practice in ensuring the widest possible engagement in decision making across the county.
- **Preserving the identity of our historic towns and places** – and helping them to thrive in an environment which is creating new opportunities as well as dealing with current challenges; as the new normal takes shape in the wake of Covid-19.
- **Subsidiarity** – ensuring that decisions are taken at the most appropriate level, with the starting point being local communities.
- **Strategic collaboration** – developing a model of governance for a Mayoral Combined Authority based on collaboration between the three new unitary councils.
- **Place and community focused delivery** – taking full advantage of the opportunity to develop population level integrated approaches to services such as health and social care, whilst improving our focus on community and family based delivery.

## Next steps and how to take this forward

We would like to be placed in Tranche 1 for local government reorganisation and devolution with an agreement to work with the Ministry of Housing, Communities and Local Government (MHCLG) officials on this process with the early development of a devolution deal.

Within Lancashire, we will develop and publish a Full Business Case for these three unitaries with a detailed strategic, economic, commercial, financial and management case, and options appraisal, as well as carry out a comprehensive consultation with local authorities, partners, business and residents across the county to build consensus.



# 1 Case for change and our proposal



### Lancashire today

Lancashire is a £30.8bn economy with 1.5m residents, 732,000 jobs and 53,000 businesses. It is a polycentric county with a mix of urban and rural areas. The largest settlements with significant concentrations of employment and residents include Blackburn, Blackpool, Burnley, Lancaster and Preston.



The county has a diverse economy. There are over 85,000 specialists in advanced manufacturing and engineering with specialisms in aerospace, automotive, energy and marine. Lancashire is home to the single largest concentration of aerospace activity in the UK with the highest density of aerospace jobs and clusters in Burnley, Fylde, Pendle, Ribble Valley, Sarnesbury and Warton. The Lancashire coast forms part of the North West Coastal Arc with a power station at Heysham, as well as renewable and environmental assets. There is a large £4.4bn visitor economy, attracting almost 69m visits annually with 60,000 jobs.

Innovation assets linked to manufacturing and engineering specialisms are concentrated along the West to East corridor and around the Lancaster University and UCLAN Campuses. The four universities attract 55,000 students and Lancaster University is within the top 1% globally and ranked 8<sup>th</sup> in the UK.

But Lancashire is falling behind other parts of the North and in recent years, Lancashire has been overtaken by other economies in the North West, slipping back from having the second largest economy in the North West to fourth place, with Cheshire and Warrington, Liverpool City Region and Greater Manchester all ahead and more competitive. GVA growth since 1997 has been 39%, compared to 45% regionally and 49% nationally. GVA per employee, a proxy for productivity, is around 83% of the UK average, and the county produces £19,600 per person, which is £2,200 lower than the North West average and £9,400 less than the UK average.

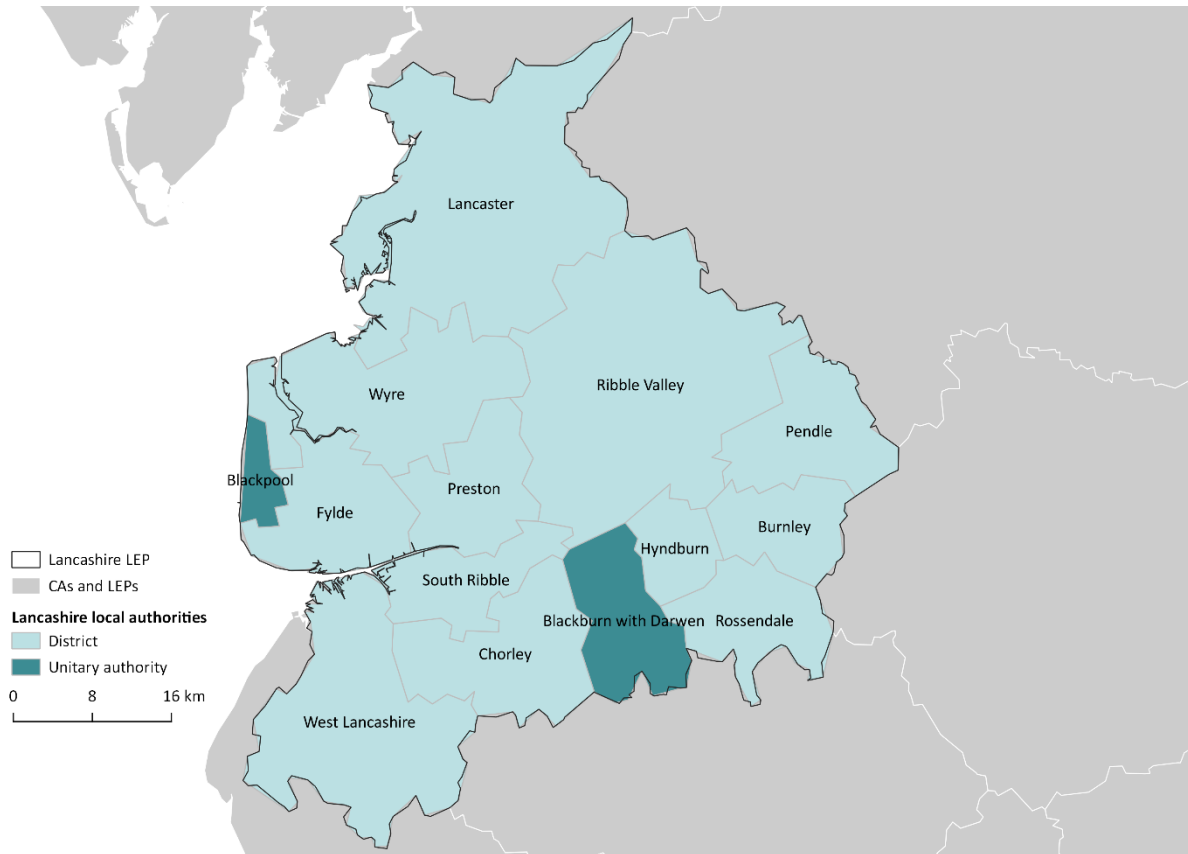
Certain areas of the county have significant inclusive growth challenges and there are significant disparities in terms of deprivation, income, housing conditions and skills. In parts of Lancashire, particularly rural areas, deprivation is low with output per head in Ribble Valley at similar levels to South East England. But many urban areas are within the top 10-20% most deprived in the country. Educational attainment is above the national average, but this masks low educational outcomes at the age of 16 in more deprived areas, such as Blackpool and Burnley. Fewer residents have university degree level qualifications or equivalent and above and many jobs are low skilled. Average weekly earnings of £480 are around £60 less than the UK average. These areas typically have poor health outcomes.



## 1 Case for change and our proposal

Lancashire has a complex blend of two-tier councils and unitary authorities. There is a large County Council, 12 district councils and two unitary authorities, Blackburn with Darwen and Blackpool. Together the 12 district councils and the two unitary authorities make up the geography of Lancashire LEP. The map in Figure 1 shows the local authorities in Lancashire.

**Figure 1. Map of Lancashire local authorities**



## Case for change – Local Government Reorganisation in Lancashire

We need institutions fit for purpose to unleash stronger growth, economic renewal and levelling up and provide high-quality, integrated public services for healthier and connected communities. Agile and effective unitary authorities, at the right level of scale and with the right capacity, funding and powers to deliver, are better able to respond to economic and social opportunities and challenges. This is vital for improving economic prosperity and bringing people closer to decision-making across Lancashire, raising aspirations, employment and health outcomes for residents.

Our economy and communities have been adversely affected by the impact of Covid-19. There have been over 18,800 redundancies and 82 liquidations across Lancashire, over 170,000 employees are on furlough with a 31% rise in Jobseeker's Allowance applicants, and a 58% decline in retail and recreation activities.



## 1 Case for change and our proposal

We set out our ambitious Covid-19 Recovery Plan in ‘Redefining Lancashire: Our Approach to Recovery’, which includes a series of projects and programmes to support our economy

### Our Recovery objectives:

- Support businesses to reopen
- Support the re-functioning of the economy in the short-term
- Support local supply chain development
- Respond to pipeline shocks in the economy resulting from current shutdown
- Set the trajectory for the Greater Lancashire Plan and commence a pipeline of investment in major strategic priorities
- Benefit Lancashire’s workforce in the short-term and prepare for significant unemployment growth post-furlough

over the next 12 months. This will respond to immediate risks in our sectors, protect jobs and help people at risk, and reinforce the delivery of longer-term transformational economic growth projects across the county. The plan sets out the need for immediate sectoral support for aerospace, including through the Aerospace Task Force, and manufacturing more widely, as well as the visitor economy.

A simplified local government structure will be more accountable. It will also allow for efficiency and financial savings in service provision to reinvest locally in the recovery process and local communities, as well as enhanced and increased capacity for delivery. This is of growing importance given acute pressures on local government budgets and financial

resilience, alongside higher demand on services. In a survey of Leaders in the UK’s largest cities and towns (which includes Blackburn, Blackpool, Burnley and Preston) on the biggest challenges to delivering effective public services, 95% selected revenue funding and 86% selected increasing demand for services<sup>1</sup>.

There have been substantial reductions in core government funding to local government<sup>2</sup> in recent years. This is further exacerbated by Covid-19, which has resulted in significant levels of spending by councils to deal with the crisis and mitigate the immediate public health, social and economic challenges, alongside a lower tax base from Council Tax and Business Rate relief. At the same time, there is a growing demand on public services, particularly health and social care, linked to an ageing population and local challenges around intergenerational, poor health outcomes.

As part of the full business case development, we will conduct detailed financial modelling to outline the expected financial savings that will arise from moving to a three unitary and combined authority model. But a guide to the potential scale of these is the cautious and indicative estimate that a large county like Lancashire could see savings of between £60-80m over a three year period, based on potential savings of £30-40m, plus £30-40m of transformation savings. Our ambition is to use unitarisation as a catalyst for much more

<sup>1</sup> <https://www.centreforcities.org/reader/urban-voices-the-uk-city-leaders-survey-2018/public-service-pressures/>

<sup>2</sup> EY (2016) Independent Analysis of Governance Scenarios and Public Service Reform in County Areas.



## 1 Case for change and our proposal

substantial transformation, which would both improve services and deliver greater savings than this cautious benchmark.

Unitarisation is critical to facilitating joint working and stronger partnerships across the county. This would allow for greater alignment with the existing single, county wide Lancashire LEP, and there would be greater co-terminosity with local health organisations with the opportunity to improve this further. It will also build on our effective partnership working across Lancashire during Covid-19 via the Lancashire Resilience Forum. Closer working will allow for a clearer strategic focus on addressing issues that are important to Lancashire, maximising opportunities, and moving forward with delivery at scale and pace.

Through unitarisation, we will be in a strong and sustainable position to come together in a newly established Mayoral Combined Authority for the county. This will enable Lancashire to speak with one single credible voice and set broader, joined up and coherent priorities. The devolution of strategic policy levers, powers and funding, as well as access to wider funding and investment opportunities, will transform the economy. This will drive economic growth, renewal and levelling up at scale across the county, strengthening and growing our distinctive sectors and businesses, and benefiting our diverse communities. It will also improve local democracy, bringing communities closer to decision making and increasing their influence, resulting in improvements to ambition, attainment, health and wellbeing.

### Emerging proposal for Local Government Reorganisation

Lancashire County Council is proposing to create three new unitary councils. As shown below in Figure 2, this includes:

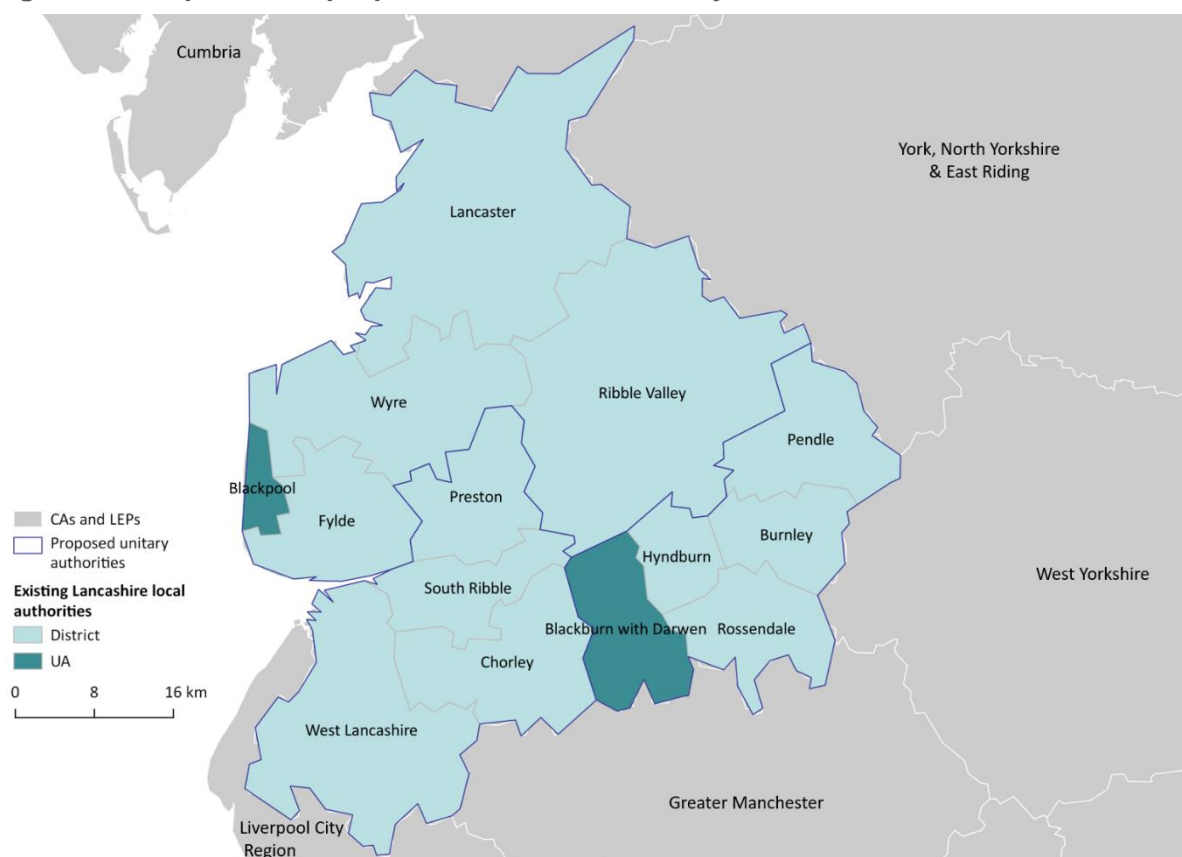


There is not yet consensus across the county over the geography of these three unitary councils, although letters of support have been submitted by the Leader of Blackburn with Darwen for a Pennine Lancashire Unitary Authority and the Leader of Preston for a Central Lancashire Unitary Authority. In a letter to the Secretary of State, the leader of Wyre Council has indicated his support in principle to a Northwest Lancashire Unitary Council and has initiated discussions with the leaders of Blackpool, Lancaster, Fylde and Ribble Valley councils.

## 1 Case for change and our proposal

These unitary authorities would be responsible for delivering key services at a functional and credible geography and scale, ensuring that community and local delivery is maintained where appropriate. Our existing structure of three upper tier authorities, whilst currently of disproportionate scale, each provide key services, including adult social care and children's services. This provides a strong foundation on which to transition to three unitary authorities, mitigating some perceived risks associated with disaggregation. Establishing a Mayoral Combined Authority for the whole of Lancashire, along with the LEP and other Lancashire level activity, would ensure that the 'whole-Lancashire' brand, place and identity is retained and enhanced.

**Figure 2. Map of three proposed Lancashire unitary authorities**



The rationale for these groupings is based on their credible geography, population size, economic coherence and commuting patterns. Unitarisation will better reflect the polycentric geography and economy of Lancashire, whereby businesses, supply chains and flows of products, services and people frequently cross administrative boundaries. Lancashire already has three upper tier authorities, which currently co-exist with 12 districts. The proposed new structure will create three roughly equal unitaries across the whole county. This will make the local government structure more consistent and easier to relate to for residents and businesses.

Each new unitary authority has a population of around 500,000<sup>3</sup>, presenting the optimum solution to improve local government and service delivery. Lancashire is relatively self-

<sup>3</sup> Northwest Lancashire: 539,243; Central Lancashire: 486,445; East ('Pennine') Lancashire: 483,253.



## 1 Case for change and our proposal

contained – most people who live in the county also work in the county with 14% leaving the county for work each day and 12% of the workforce commuting in. There are six Travel to Work Areas (TTWAs), which have a strong alignment with the three proposed unitaries:

- **Northwest Lancashire** – includes Blackpool, Fylde, and Wyre TTWA and Lancaster and Morecambe TTWA
- **Central Lancashire** – includes Preston, Chorley and South Ribble TTWA and West Lancashire TTWA
- **East ('Pennine') Lancashire** – includes Burnley and Pendle TTWA

The Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley TTWA is split between Northwest Lancashire and East ('Pennine') Lancashire.

### Northwest Lancashire

Northwest Lancashire will be the largest unitary authority with almost 540,000 residents, 253,000 jobs and 19,200 businesses. It is a largely coastal and rural area with a strong visitor economy offer based on a varied, year-round offer. This includes the famous seaside town of Blackpool, which is the UK's largest seaside resort, attracting 17m visitors per year. To the North lies Morecambe Bay and the medieval city of Lancaster. Inland, the Forest of Bowland Area of Outstanding Natural Beauty is a picturesque expanse of moorland with pretty villages, market towns and visitor destinations in the open countryside.

There are significant strengths in onshore, offshore and nuclear energy sectors, as well as a strong service base combining public administration and professional & business services with ASOS and Danbro based in Lytham. Three Enterprise Zones at Hillhouse, Blackpool Airport and Warton provide significant employment growth opportunities. Lancaster has strong research and innovation assets with Lancaster University ranked in the top 10 UK universities and the Lancaster Health Innovation Park, pioneering an integrated approach to healthcare for older people. Together the university and Ofsted 'outstanding' Blackpool and Fylde College support emerging strengths in digital in Lancaster and Blackpool, and energy, with the recently opened Energy HQ positioned on the Blackpool Enterprise Zone.

### Central Lancashire

There will be 485,450 residents in Central Lancashire with 259,000 jobs and 18,170 businesses. Running from Preston through South Ribble to Chorley and on to West Lancashire, this area has a strong economic base and good connectivity. The West Coast Main Line links the areas with other major cities in the North, Midlands and Scotland, and the area is serviced by the M6, M65 and M58. Preston will be home to a HS2 Hub and there are strategic economic links to Greater Manchester and Liverpool City Region.

The economy combines a strong service offer based in cities, towns and business parks, as well as a retained manufacturing base, including aerospace, automotive and consultancy services. The North West Aerospace Alliance is based in Preston and significant employment sites exist at Lancashire Central and Salmesbury Enterprise Zone, adjacent to BAE Headquarters. As a major commercial hub in the county, Preston has potential to grow its role as a financial and professional services sector location. The area has a range of sites being prepared for development and innovation assets hosted by UCLAN, Edge Hill University and the North West AMRC, as well as a number of Ofsted 'good' and 'outstanding' colleges.

### East ('Pennine') Lancashire

East Lancashire will be the most densely populated unitary authority, bordering West Yorkshire and Greater Manchester. There are 483,250 residents, 222,000 jobs and 15,700 businesses. Settled amongst the South Pennine Hills, the area combines moors and farmland with former mill towns, including Blackburn and Burnley.

The strong industrial legacy in the area continues with one in five employees working in manufacturing and high value advanced manufacturing activities in aerospace and automotive located along the M65 Growth Corridor. Major global manufacturers in the area include Rolls-Royce, Safran Nacelles, Unison Engine Components, Weston EU, Euravia and Kaman. There is also a high concentration of manufacturing SME and supply chain firms in the area with 90% of East Lancashire manufacturing plants employing less than 50 people. A key driver of economic growth is the performance of BAME owned businesses with the success of Blackburn headquartered Euro Garages. UCLAN has invested in Burnley, there are a number of 'good' and 'outstanding' colleges, and a strong legacy of investment in apprenticeships.



## 2 Driving economic recovery and levelling up





**The establishment of three unitary authorities, with a Mayoral Combined Authority will enable Lancashire to more effectively drive economic recovery and levelling up. This is about developing and delivering a coherent set of strategic priorities across multiple service areas including business growth and support, skills and employment, housing, planning and infrastructure, environment and natural capital, and tourism.**



### **Business growth and support**

Lancashire will be better able to effectively develop and implement economic strategy and drive its own agenda with a simplified system. Our economic strategy needs to build on but also go beyond the Local Industrial Strategy, as its focus needs to be broader and move beyond solely productivity. The Greater Lancashire Plan is an opportunity to develop a broad based independent economic review and build in strands of work on sustainability and public sector reform, through the use of pooled business rates.

This is an opportunity to develop and agree greater clarity around the responsibilities for economic analysis, strategy and delivery between local government and the LEP. There is a significant opportunity to streamline and pool resources to enable local government and the LEP to work together to effectively drive economic growth through a shared approach to analysis and the identification of priorities.

Lancashire has major opportunities in its distinctive place-based clusters and assets. A move to a three unitary and combined authority model is an opportunity to take a joined up approach to raising our profile with Government and the Northern Powerhouse. In advanced manufacturing and engineering, aerospace is a key asset for Lancashire and the Northern Powerhouse with strengths in military and civil sectors and supply chains. Springfield nuclear fuels site is a major asset to contribute to the UK's decarbonised energy mix, as well as to attract complementary uses in nuclear medicine, fuel development and testing facilities alongside the existing National Nuclear Laboratory. There are four designated Enterprise Zones with space for further development and ongoing site and infrastructure assembly.

The three unitary council geographies set out in this proposal represent real functional economic geographies, communities of shared interest and areas with distinct economic opportunities and challenges. Unitarisation will create a more manageable number of stakeholders capable of developing a shared vision for Lancashire. Enhanced investment in a more concentrated set of economic development functions will create the critical mass and alignment of services to make local economic development work more impactful. This would allow us to take advantage of the following opportunities:

- **Northwest Lancashire** – enhance our visitor economy offer in our coastal and rural areas by expanding the range of experiences available for visitors. This includes preserving our Forest of Bowland Area of Outstanding Natural Beauty (AONB) and Ribble Valley, investing in Blackpool through the Towns Fund, and strengthening plans to create an Eden of the North. This will celebrate the biodiversity of Morecambe Bay and grow our low carbon energy assets to achieve the UK's goal of carbon neutrality by 2050, as well as improving employment and skills, and driving inclusive growth.



- **Central Lancashire** – maximise the potential as a significant connectivity hub, the offer of business space and quality of life, and the opportunity of complementary growth with the neighbouring areas of Greater Manchester and Liverpool City Region. Another priority is to deliver the ambitious town and city investment plans, £434m Preston, South Ribble and Lancashire City Deal, and achieve the full potential of the urban and rural economies.
- **East ('Pennine') Lancashire** – build on and formalise the collaborative economic development, housing and growth work that has already taken place across the area, such as through shared bodies like Regenerate Pennine Lancashire (now Growth Lancashire), to overcome challenges around skills levels, school attainment and transport connectivity east/west and south into Greater Manchester.



### Skills and employment

Lancashire is home to world-class universities and a network of Ofsted 'good' and 'outstanding' colleges. There is an established Skills and Employment Board in Lancashire, which has morphed into the Skills and Employment Advisory Panel, in line with the Skills Advisory Panel (SAP) guidance from the Department for Education (DfE). The SAP feeds into both the LEP and the Lancashire Leaders, with membership from industry, local authorities and the provider base. The SAP is supported by the co-funded Lancashire Skills Hub.

There is an extensive open source Labour Market Intelligence (LMI) Toolkit on the Hub website, which drives an evidence-based approach to identifying joint priorities whilst also supporting partners with curriculum planning, careers provision and Local Authority planning. The LMI Toolkit underpins the Lancashire Skills and Employment Strategic Framework which has four key themes: Future Workforce, Skilled & Productive Workforce, Inclusive Workforce and Informed Approach, playing to both the economic agenda of the LEP and the wider agenda of the local authorities.

The Skills Hub has achieved a number of successes, including an award winning Careers Hub pilot, which is now being rolled out from Blackpool, Burnley and Pendle to the whole of Lancashire. It launched the first Digital Skills Partnership in the country with the Department for Digital, Culture, Media and Sport to drive digital skills across the County at every level. The Lancashire Skills Escalator and Adult Skills Forum join the dots on ESF and mainstream provision to boost skills and sustainable employment for unemployed and disadvantaged residents.

There is more that could be achieved through an area based approach, encouraging collaboration, and through devolved approaches to skills and employment commissioning. A simplified local authority structure would enable greater coherence, coordination and impact. The devolution of funds, such as the Adult Education Budget, would enable funds to be prioritised more effectively to meet the needs identified through the evidence base.



### Housing, planning and infrastructure

Lancashire has strong key strategic sites and corridors which equate to a pipeline of approximately £8bn of investment. The movement to a three unitary model is an opportunity to better align, coordinate and deliver these projects across a more streamlined planning landscape. Lancashire authorities have started on a journey to capture robust information for each site or corridor and to categorise and sequence them. Establishing a Mayoral Combined Authority would be an opportunity to co-ordinate the development and delivery of these infrastructure projects, building on the existing work of Lancashire County Council to co-ordinate and liaise with the LEP.

Transport planning is undertaken jointly at county and unitary level through the statutory Local Transport Plan, there are currently three transport authorities and four transport masterplans for Central Lancashire, Fylde Coast, West Lancashire and Lancaster. These set out key transport priorities and identify infrastructure investment requirements, ranging from enabling strategic growth, strategic sites and corridors through to local public transport, sustainability, cycling and walking needs.

Our proposed structure will remove the disjoint between transport, planning and allocation of housing and other development, which is done at the district level, and the development of underpinning infrastructure undertaken by the county. This will ensure that site development takes full account of education, transport and infrastructure costs.

It will ensure housing allocation and delivery are aligned in the right places to secure the growth and investment required to improve Lancashire competitiveness, thereby delivering strategic growth across existing local government boundaries to create optimal and sustainable clusters and corridors of enterprise and prosperity.

A spatial framework works most effectively on a larger footprint. There are relatively limited levels of cross-border working and districts naturally limit the consideration of impacts to their local boundaries. Three of the 12 districts (Preston, South Ribble and Chorley) produce a joint plan, the Central Lancashire Local Plan, and there have been some examples of joint commissioning of evidence work according to housing market areas or perceived functional economic areas. There are some cross-boundary agreements on housing, for instance between Blackpool and Fylde, but this has not developed into a strategic planning framework.

The opportunity for Lancashire is to develop a more joined up approach towards planning and development. The three unitary councils in Lancashire will lead on planning, driving development forward, aligning priorities across other policy areas such as transport, health and education, and enabling more effective and certain decision-making and credible delivery. This closer working will secure big ticket investment and work better for communities by joining up opportunities, quality of place and support to live well with better life chances and prosperity. For each of the three unitary authorities this would mean:

- **Northwest Lancashire** – well established housing market and an economic area sharing housing, economic and transport priorities, as well as rural and agricultural



characteristics. Duty to cooperate relationships are in place. A unitary authority will ensure delivery of housing and supporting infrastructure in areas of greatest need.

- **Central Lancashire** – a well-established footprint in planning policy terms with a Central Lancashire Local Plan and Joint Committee covering Preston, South Ribble and Chorley having been in place for several years. The West Lancashire housing market adjoins Central Lancashire. Across this area, there is a similar agricultural profile and Green Belt considerations.
- **East ('Pennine') Lancashire** – reflects housing market areas for the purposes of strategic assessments of housing need and employment need. East Lancashire has nominally operated as a sub-region in terms of housing, economic and spatial plans and has close links through duty to cooperate activity. Initiatives such as Housing Zone status have been allocated across the boundaries of the East Lancashire districts. Its transport priorities are linked and established through a transport masterplan.

A Mayoral Combined Authority could lead the development of a spatial framework for the county. The introduction of strategic planning functions at a Lancashire level would allow strategic growth areas to align across employment, housing and infrastructure and build certainty into investment decisions and delivery. This would ensure that planning and economic aspirations and potential are aligned to develop corridors of enterprise across Lancashire and into the wider north to accelerate levelling up. A Mayoral Combined Authority accompanied by a three unitary arrangement will provide more effective footprints to deliver the Government's proposed planning reforms. It would also provide a single voice for the area to work with Government, creating greater funding and investment opportunities.



### Environment and natural capital

Lancashire has high quality, varied and distinctive environmental and natural capital assets, including two AONBs and a small part of the Yorkshire Dales National Park. There are over 1,000 local designated biological heritage sites in the county. These areas support natural ecosystems and diverse landscapes (moorland, ancient woodland, estuaries and grasslands), and have the potential to deliver natural flood management, biodiversity, woodland creation, carbon capture and other measures that can reduce the impacts of climate change. The county has strengths, capabilities and opportunities for clean energy technologies linked to economic priorities.

But there are significant challenges in aligning environmental priorities with other policy areas as these currently sit at different levels across the two-tier structure:

- Local Plans at the district and unitary level are not consistently informed by a strategic sub-regional assessment and understanding of evidence at that level.
- Spatial and transport planning is fragmented between the tiers. For example, Local Transport and Highway Authority functions, such as setting priorities for public transport, walking, cycling and highways are formed and delivered at county and unitary

levels of local government, whilst land use policies for most development are set and implemented at district and unitary level. Conversely, the decisions on major transport infrastructure are taken at county and unitary level, as is major minerals and waste development planning and control.

- The Lead Local Flood Authority is also county based, but most development is consented at district level.
- There is similar fragmentation in the management of local air quality, and Lancashire has 27 Air Quality Management Areas that are designated and managed by district councils, but which can only be resolved by the actions of the Local Transport and Highway Authorities that operate at county and unitary level.

The proposed boundaries of the three unitary authorities align with key environmental and natural assets, reflecting coasts, rural lowland and uplands agricultural typologies and rural settlements and communities. These coherent groupings will ensure that placemaking and place enhancement is considered in the environmental context. A significant opportunity at the strategic Mayoral Combined Authority level would be to undertake an assessment of Lancashire's carbon footprint and other key environmental and natural capital assets.



### Tourism

The visitor economy is a key part of the Lancashire economy with 68m visits and over 3,000 accommodation businesses, contributing £4.4bn to the local economy and supporting 60,000 jobs. There is a diverse offer with a range of destinations including resorts (e.g. Blackpool, Morecambe, Lytham and St. Annes), historic cities (e.g. Lancaster), market towns (e.g. Clitheroe, Ormskirk), post-industrial towns and cities (e.g. Preston, Blackburn, Burnley) and countryside (e.g. the Forest of Bowland, Pendle Hill, Silverdale and the Ribble Valley).

Marketing Lancashire and Visit Lancashire operate at the county scale and engage with national and regional partnerships, including Northern Powerhouse. Other pan-Lancashire initiatives include Connect Lancashire, which is the first step towards digital visitor management. The County is developing a Tourism Growth Strategy to guide future growth and investment in the tourism sector.

The geography of the three unitary authorities aligns with the existing brand footprints used by Visitor Lancashire to inform its strategy and delivery. These include coastal Lancashire, rural Lancashire and towns. There is an opportunity to develop products and experiences to increase the county's competitiveness and respond to motivations for visiting Lancashire, including family fun, party fun, events, discovery and enrich, rest and chill, active and conference tourism.

Lancashire has a number of significant, transformative projects. A streamlined system will ensure that these opportunities are maximised. The Eden Project Morecambe is proposed to open in 2023 potentially attracting an estimated 760,000 visitors per year and enabling the

## 2 Driving economic recovery and levelling up

wider development and positioning of a complementary natural offer. The 'Lancashire 2025' bid for city of culture has developed a creative concept that celebrates a new vision of the 21st century city. Blackpool Central is a proposed £300m development which, over the next decade, will create a "world-class visitor attraction" with new hotels, restaurants, food market, event square and residential apartments. It is estimated that the completed development will attract up to 600,000 additional visitors a year. Other projects include the redevelopment of Lancaster Castle and the Harris Museum, refurbishment of the Winter Gardens, and development of the Botany Bay Outlet Village.

The opportunity from a Mayoral Combined Authority is to maintain and build on this joined up, strategic approach, and ensure that delivery is aligned with other service areas, such as infrastructure, environment and natural capital.



# 3 Innovative delivery in health and social care





**A three unitary model in Lancashire will ensure better, more innovative service delivery with quality services delivered closer to our communities but with sufficient scale to maximise economies and minimise costs. This includes public health, adult's and children's services.**



## **Public health, adult social care and children's services**

Lancashire has a complex health and social care landscape:

- Responsibility for adult social care and children's services sits at the upper tier level of local government with the County Council and the two unitary authorities
- There are three public health departments at the County or unitary level
- The Children's Safeguarding Assurance Partnership covers the County Council and unitary footprints with three tactical groups (North, Central and East)
- There is an Integrated Care System, made up of five Integrated Care Partnerships
- Currently there are eight Clinical Commissioning Groups, but from April 2022, they will be combined into one
- Services related to the wider determinants of health sit across both the upper and lower tiers of local government, for example housing authorities exist at both levels
- There are many health and social care businesses, which are mostly SMEs

Health and economic prosperity are highly interconnected, as has been emphasised by the Covid-19 crisis. Work, income, education and housing impact the health and wellbeing of residents and communities, including both children and adults. Challenges in Lancashire around these wider health determinants have a significant impact on children, young people and adults. Many health conditions are preventable with the right interventions at the right time and scale.

Lancashire has diverse communities and places, some of which have some of the poorest health outcomes and highest levels of deprivation in the country. Almost one in three children live in poverty in Lancashire with higher levels in Blackpool (38%) and Blackburn with Darwen (47%). Life expectancy is lower than the English average and the gap between the least and most deprived wards is growing (eight years for women and ten years for men). Healthy life expectancy is a significant concern given the impact on working age people.

Demand on public health, adult social care and children's services is therefore already high and is set to grow. Forecasts show increased demand for support for adults of all ages, especially older adults as people continue to live longer with increasing health needs and complexities, including those with a learning and/or physical disability or mental health

condition. There are high rates of looked after children and more of these will still need support post 18.

Closer working and co-ordination is required between the health sector and a wider range of partners to address complex health and wellbeing issues and social and health inequalities affecting communities. Partners need to work at the system level with organisations and leaders committing to new models of working across the public sector to develop asset based approaches to integrated service delivery, enhancing the capacity and capability within our citizens and communities to achieve better outcomes from the available resources. An emphasis on prevention is critical for taking services forward. This also involves closer working with partners and providers to pool plans and resources, including the private sector, voluntary, community and faith sector, as well as schools, colleges and universities.

The movement to the three unitary model and Mayoral Combined Authority model is a potential opportunity to realign the Integrated Care Partnership footprints so that there are greater levels of co-terminosity. This will enable more joined up, proactive and preventative health and social care organised around neighbourhoods with new models of community engagement to better serve residents. The creation of integrated care teams that wrap around groups of proposed primary networks in the new unitary areas will reduce care costs and improve resident health outcomes. Early intervention and prevention can be better prioritised, including social prescribing, link workers to health, social care, community services and voluntary sector services, avoiding admissions to hospitals.

Simplification of services will increase accessibility and accountability, as well as presenting an opportunity to discuss with partners the reconfiguration of the existing three tactical groups for children's services. For adult social care, three adult safeguarding boards could blend with the three proposed unitaries. In both respects, the three existing authority set up will help shift to the three unitary model, even though the boundaries differ.

There are opportunities to streamline and align engagement, joint intelligence, markets service models, assessments of need and placement finding. Health and social care spending is in excess of £3bn annually, so unitarisation is an opportunity to plan, invest and market shape at the local level. A three unitary and combined authority model is also a key opportunity to agree clearer pathways for funding, saving time and enabling better outcomes. It will improve recruitment, retention, skills levels career development and facilitate joint working between the NHS and education institutions to better plan for local workforce capacity needs, including frontline staffing and professional roles. It will also improve strategic commissioning, which will be welcome to the many health and social care businesses in Lancashire.



## 4 Better community services





**Three unitary authorities will enable Lancashire to develop better community services. This includes consolidating public assets to provide high-quality services tailored to local community needs, and designing a cost effective and sustainable waste collection and disposal system.**



### Community assets

Local government in Lancashire has significant property assets. Lancashire County Council alone has a property portfolio of almost 2,000 assets with a value of £2bn on the asset register (including freehold, leasehold and management interests). This includes a range of operational premises such as libraries, family centres, day and residential care, depots, office accommodation, cultural and heritage assets, and schools, as well as land held for future educational use, highway schemes and countryside sites.

The running cost of the operational portfolio is in excess of £13.9m per annum. Maintenance is carried out on a risk-based prioritisation basis where items under £10,000 are addressed through the reactive maintenance budget and larger condition and suitability works through the capital programme<sup>4</sup>. In addition, Lancashire's transport infrastructure assets are the most valuable publicly owned resources managed by the County Council, with a combined estimated value of £9bn.

Within the property portfolio there is a vast range of different types of building and land holdings, of varying quality and with different levels of need, including:

- Well-designed and purpose-built premises
- Buildings that have recently been invested in to ensure they are fit for purpose including County Hall, White Cross Neighbourhood Centre and a number of re-opened libraries
- Schools built under Private Finance Initiative (PFI) arrangements to rebuild, renew and refurbish the school estate to provide educational and ICT facilities fit for future learning
- Premises reflecting the historic service delivery models of the time when they were acquired or when they last benefitted from significant investment
- Buildings that are constrained by their site and location with limited opportunity for re-development or have characteristics which mean it may not be possible to dispose or re-purpose them (e.g. heritage assets, restrictive covenants)

Efforts to address the wider portfolio, including piecemeal activity linked to the One Public Estate programme, have struggled to produce consensus or identify significant opportunities.

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<sup>4</sup> This excludes school premises where the running costs are managed through individual school budgets and maintained through a combination of condition grant from the Department for Education managed by the council and devolved capital funding to schools.

There is very little activity where genuine shared service delivery takes place or where public facing services operate from the same premises.

The movement to a three unitary model is an opportunity to consolidate the range of properties and assets (e.g. technology) owned by the County Council, two unitary councils and 12 districts into a smaller, more manageable portfolio. This will allow for rethinking and reshaping of services, making better use of collective local government assets, better aligning associated service delivery bases and adopting new ways of working. The establishment of a Mayoral Combined Authority would support a strategic approach across Lancashire to one public estate, aligning spare land for instance in the health estate with pan-Lancashire priorities, such as housing targets. This can also link to a single strategic planning framework.

There will be a range of options to manage and utilise properties in order to tailor service delivery to better meet community needs and reduce confusion for service users, ensuring that the location and design of assets fully supports service delivery aspirations. Operational savings and the release of assets can be used to generate capital receipts that can be reinvested. There are potential opportunities for community asset transfer to build local capacity and community resilience.



### Waste

Under the current structure, district councils operate as the waste collection services and the County Council is the disposal authority, responsible for the cost of disposal. Disposal costs are driven by the outcomes of collection with high costs for services that regularly collect one large bin for landfill, and lower costs for infrequent landfill collections with more emphasis on recycling.

Each district operates waste collection services in different ways, but with the majority opting for regular collections that incur high disposal costs and have significant environmental impacts. As the cost of disposal sits at the County Council level, there is a lack of financial incentive for districts to encourage greater recycling and divert waste from landfill. The lack of incentivisation and existing cost model, coupled with local government's finance position, provides a fundamental barrier to maintaining or improving environmental performance. For example, introducing charging for garden waste collections has seen relatively small financial savings for each collection authority but a significant reduction in environmental performance across all of Lancashire.

There is a willingness from the waste authorities to collaborate. The Lancashire Waste Partnership (LWP), a partnership of all of waste authorities in Lancashire, has its own strategy with the aim of benefiting Lancashire residents. The LWP would be better able to influence waste issues pan-Lancashire had it been given executive powers and decision-making abilities. During the Covid-19 crisis, there has been collaboration between waste authorities in their response and in co-ordinating the reopening of facilities.

Moving to a three unitary model would mean collecting waste on a larger geographical footprint with more consistency in the approach. This would create cost savings from better



aligning waste collection and disposal, as well as Waste Collection Vehicles, fuel and staff. There would be significant environmental benefits as well. This model is likely to enable Lancashire to better deliver new statutory targets linked to the new Environmental Bill and the Governments Resources and Waste Strategy, as well as to access funding to deliver these targets.

Developing a waste disposal model at the Mayoral Combined Authority level would make the greatest efficiency and cost savings through economies of scale with the greatest environmental benefits. This model would co-ordinate with the three unitaries to reduce landfill and encourage recycling. The disposal element would be joint with the cost apportioned across the three authorities, such that they all receive the benefit of improved collections and disposal savings.



# 5 Principles of working





**Our overall approach is driven by the need to establish a system of local governance that is fit for purpose for Lancashire. So that we can build sustainable economic recovery and level up economic opportunities and outcomes for our communities. We believe that a three unitary and combined authority model can best achieve this for Lancashire.**

The full business case for this model will set out in detail the proposed transition, programme management and future governance arrangements. In this initial outline proposal we highlight the principles that we will want to see reflected in the future governance arrangements that we will develop.



**Democratic engagement**



**Preserving identity of our historic towns and places**



**Subsidiarity**



**Strategic collaboration**



**Place and community focused delivery**

- **Democratic engagement** – we will want to develop the best practice available for encouraging democratic engagement in the new governance structures. Kirklees established a Democracy Commission, to make recommendations about how to strengthen the health of their local democracy system. A similar idea was proposed by Buckinghamshire as part of their recent move to unitary governance for the county. As we move towards a three unitary model for Lancashire, we will look to build on this experience, including exploring the potential of establishing an independent democracy commission to guide us.
- **Preserving identity of our historic towns and places** – at the heart of our approach will be the commitment to preserve and enhance the identity and role of our historic county towns and places. Many of our towns are already subsumed within districts that do not reflect the historic names of these places. Our approach will be to celebrate and help develop the role and identity of these towns, through for example giving an active role to parish councils, intensifying support for re-imagining the role of town centres and further developing the potential that has already been identified through emerging Town Deals.



- **Subsidiarity** – our overall approach to decision making will be based on the principle of subsidiarity, in which decisions will be taken at the most local level possible. Through consultation and the work of the Democracy Commission we will establish a clear set of principles to determine the level at which different categories of decision are best taken, from local communities, to parishes, through unitary authorities, to a new Mayoral Combined Authority.
- **Strategic collaboration** – the new Mayoral Combined Authority will provide strategic leadership and governance on major cross-cutting themes such as economic recovery and levelling up, skills and employment, transport and infrastructure and major capital investment programmes. And its approach to decision making will be collaborative. Drawing from the model of the newest fully fledged Mayoral Combined Authority (North of Tyne) it will establish a Cabinet made up of two members from each of the three unitary authorities, with each member being a portfolio holder, and with an embedded Mayoral model for decision making. This model would work particularly well for Lancashire, enabling it to develop a culture of collaboration at officer and member level across the new unitary councils.
- **Place and community focussed delivery** – the new three unitary and Mayoral Combined Authority model will be underpinned both by an ability to integrate public services at population level, and a focus on community and place delivery of public services. This will be a particular feature of the approach to health, prevention and early intervention based services.

# 6 Next steps and how to take this forward



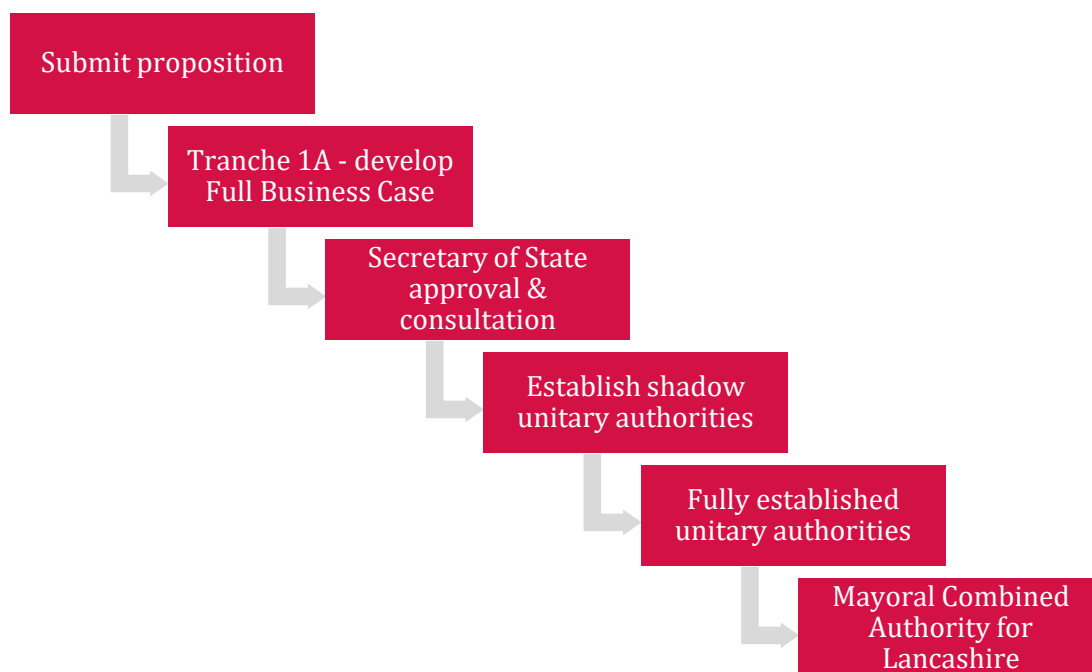
## 6 Next steps and how to take this forward

This proposition has made the strategic case for change in local government in Lancashire across three main elements: economic renewal and future growth, health and social care, and community engagement and services. It underlines our commitment to move rapidly on local government re-organisation and devolution, and is an early indication of the resources we are prepared to deploy to achieve this.

**Our proposition positions us to be in Tranche 1 for local government reorganisation and devolution. We would like an agreement to work with MHCLG officials on this process with the early development of a devolution deal.**

Lancashire County Council are ready to move forward with plans for unitarisation and the establishment of a Mayoral Combined Authority. To deliver our plans, we will bring together a dedicated project team with the right skills and expertise. We will follow agreed timescales set by Government including moving to shadow authority arrangements as required:

- Immediately develop a Full Business Case for the establishment of three unitary authorities – including the detailed strategic, economic, commercial, financial and management case, based on in depth analysis and modelling, and an options appraisal.
- Seek consensus with local authorities, partners, businesses and residents across the county through a comprehensive consultation process.
- Begin the process of establishing a Mayoral Combined Authority and agreeing a devolution deal for Lancashire.





# Appendix 1 – Economic snapshot

Category	Indicator	Lancashire	Northwest Lancashire	Central Lancashire	East ('Pennine') Lancashire
<b>Economy</b>	GVA	£34.1bn	£10.9bn	£12.8bn	£10.4bn
	GVA per head	£22,765	£20,481	£26,455	£21,597
	Jobs	732,000	253,000	259,000	220,000
	Share of manufacturing employees	13.6%	12.6%	9.5%	20.3%
	Businesses	53,090	19,205	18,170	15,715
	Share of SME businesses	99.6%	99.7%	99.6%	99.7%
<b>People</b>	Population	1,508,941	539,243	486,445	483,253
	Share of population over 65 years	20.1%	23.3%	19.3%	17.4%
	Population projection to 2043	1,606,321	582,260	520,418	503,643
	Population density (people per km <sup>2</sup> )	491	328	604	770
	Claimant count (share of 16-64 population)	6.9%	7.3%	5.5%	8.0%
	Universal Credit claimants (share of 16-64 population)	14.9%	15.4%	12.2%	17.1%
	Gross Disposable Household Income (GDHI) per head	£17,620	£18,588	£18,716	£15,442
	Households	643,633	238,689	203,922	201,022
	Share of households in fuel poverty	12.6%	12.7%	11.2%	13.8%
<b>Place</b>	Area (km <sup>2</sup> )	3,076	1,643	805	628
	% Rural population (including hub towns (rural & rural related))	20.5%	32.3%	18.3%	9.6%

