



**AGENDA ITEM: 16**

**CABINET: 13 January 2015**

**COUNCIL: 25 February 2015**

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**Report of: Managing Directors**

**Relevant Portfolio Holder: Councillor D Westley**

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**SUBJECT: TOWARDS A COMBINED AUTHORITY FOR LANCASHIRE**

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Wards affected: Borough wide

**1.0 PURPOSE OF THE REPORT**

1.1 To update Members on discussions on collaborative working, and seek authority to participate in ongoing discussions and negotiations in respect of a Combined Authority for Lancashire including a review of Governance Arrangements.

**2.0 RECOMMENDATIONS TO CABINET AND COUNCIL**

2.1 That the Options Paper at Appendix 1 and draft timetable at Appendix 2 be noted.

2.2 That authority be delegated to the Leader and Managing Directors (as appropriate) to represent the Council in discussions and negotiations, in relation to the possible establishment of a Combined Authority for Lancashire and to participate in a review of Governance Arrangements.

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**3.0 BACKGROUND AND CURRENT POSITION**

3.1 Members will recall that on 15 October 2014 Council received, and agreed, the recommendations of a report in relation to West Lancashire Borough Council joining the Liverpool City Region Combined Authority (LCRCA) as an Associate Member. The Council's membership on an associate basis has since been confirmed by the LCRCA, and the Leader and Managing Directors will attend relevant meetings in an observer capacity from January 2015.

- 3.2 As part of that report, Members will recall that the benefits of a Combined Authority arrangement were highlighted as:
- Enabling a shared strategic approach to transport, economic development and regeneration issues
  - The potential for shared communication and lobbying activities – for example on the issue of greater devolved powers.
- 3.3 It is clear that in terms of the future approach to devolution the preferred approach of all 3 main political parties nationally is to deal with Combined Authorities.
- 3.4 In this context the Leaders of the County Council, District Councils and the two Unitary Councils in Lancashire have recently been discussing the scope for developing a Combined Authority arrangement in Lancashire. At a meeting on 9th December 2014, they resolved to seek agreement from their respective Councils, as appropriate, to enter detailed discussions about the possibility of forming a Lancashire-wide Combined Authority. A paper which was presented to the Leaders, and which underpinned this agreement is attached at Appendix 1.

#### **4.0 ISSUES**

- 4.1 A key element for consideration in the developing of a Combined Authority for Lancashire will be the establishment of the principles that would guide the Combined Authority in its decision-making and approach to issues.

Key amongst the principles requiring early consensus would be:

- Areas of focus - the exercise of powers, including which powers would be transferred/held concurrently with the CA
  - Membership of the CA and the constituent and related bodies (LEP/TFL, other sub-groups)
  - Voting rights of Members in relation to the above e.g. one Member one vote, or another arrangement
  - Approach to decision making and the role of and process for appointing a Chair
  - The discharge of statutory functions e.g. Head of Paid Service, Monitoring Officer, Section 151 Officer
  - The discharge of any other requirements e.g. Overview and Scrutiny
  - Financing and contributions – a CA can levy its constituent Authorities and borrow with regards to its transport function only. Any other costs incurred must be met by its constituent Authorities, subject to their agreement.
- 4.2 The current draft timetable envisaged for the work in establishing a Combined Authority in Lancashire is set out in Appendix 2. This is subject to review as work progresses.

## **5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

- 5.1 It is anticipated the development of a Combined Authority for Lancashire would assist in delivering greater democratic oversight, and co-ordination, of economic development, regeneration and transport issues, with potential positive impacts for West Lancashire and Lancashire going forward.

## **6.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 6.1 Some officer and Member time will be required, but there are no direct financial implications involved at this stage in taking part in the discussions towards a Combined Authority.

## **7.0 RISK ASSESSMENT**

- 7.1 There is a risk that if Lancashire does not develop a Combined Authority, that it could lose out in comparison to other areas. Being involved in the discussions gives West Lancashire the opportunity to influence the outcome.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

A formal equality impact assessment is attached as an Appendix to this report, the results of which have been taken into account in the Recommendations contained within this report

### **Appendices**

1. Options for a Combined Authority and Collaborative Working in Lancashire
2. Draft timetable
3. EIA



# **Options for a Combined Authority and Collaborative Working in Lancashire**

## **1.0 INTRODUCTION**

Council Leaders in Lancashire have indicated their wish to develop closer collaborative working across Lancashire, on economic-related matters and to explore the options in this regard, with particular reference to the creation of combined authority arrangements including Lancashire's Unitary Authorities.

This paper sets out the context, and options, for enhancing collaborative working, and is intended as a background document.

## **2.0 BACKGROUND**

### **2.1 The Lancashire, Regional and National Context**

Lancashire has achieved considerable success in the last three years when it has worked in partnership and spoken with a clear voice to government. The establishment of an effective Local Enterprise Partnership, Enterprise Zones, City and Growth Deals, the Strategic Economic Plan (SEP) and transport master plans have established Lancashire as a place that can deliver the government's growth agenda. This has resulted in a major flow of additional financial resources into Lancashire to help regenerate the economy.

There are a number of converging themes that provide an opportunity to build upon this success and create a stronger voice for Lancashire, both in dialogue with government and within the North West Region:

- At the recent Transport for Lancashire and LEP board meetings the challenges of creating a sustainable public transport system to support our communities and provide access to employment was identified as an area where the three transport authorities needed to work more collaboratively.
- Rail North has now developed a formal constitution and will become the vehicle through which government will devolve rail franchise arrangements. This covers the whole of the north of England and there is a need for a strong voice for Lancashire given the dominance of the Combined Authorities of Greater Manchester and West Yorkshire. (It can be seen that the Greater Manchester Combined Authority (25.7%) and West Yorkshire Combined Authority (23.7%) dominate the landscape).
- "One North" is a proposition for an interconnected north by the five major northern city regions; Leeds, Liverpool, Manchester, Sheffield and Newcastle. They are driving the agenda for greater connectivity and massive infrastructure investment across the north of England. The "One North" report was launched in August 2014 following George Osborne's "Northern Powerhouse" speech in June. A positive response to "One North" is widely anticipated to be a "centrepiece" of the Chancellor's December Autumn Statement. It is critically important that the vital infrastructure needs of the sub-regions like Lancashire, outside these five core city regions, are not forgotten and side-lined in the allocation of resources to the "One North" agenda.

- On the 3rd November proposals were announced for a staged approach to the evolution of Greater Manchester's governance arrangements, in return for the devolution of significant additional functional and fiscal responsibilities by Government. GMCA formally endorsed a Devolution Agreement that had been negotiated between the Government and the GMCA, which sets out the additional powers and responsibilities which will be transferred to GM in return for governance changes and involving an Appointed Mayor as the lead member of the GMCA, and a directly elected Mayor as part of a Cabinet of Leaders, through new legislation.
- Devolution of powers and resources to England, following the commitment of all parties to greater devolution of powers to Scotland, will open major opportunities to shape future policy agendas and resource allocations. A city-regions approach to devolution in England is seen as the most likely avenue to the rapidly evolving English devolution agenda. In response to the RSA's Growth Commission report "Unleashing Metro Growth" published on Wednesday 22 October, David Cameron described the report as "absolutely first class", and said that there was a "real opportunity" to rebalance the economy using high speed rail and other infrastructure to "link up our great northern cities" and create a "northern powerhouse". The devolution agenda is therefore being explicitly linked to the One North agenda.

Key recommendations of the Growth Commission's report outline a significant shift – from the centre to metros – in policy and finance, enabling metro leaders to:

- Coordinate resources across their city-region and make strategic policy and finance decisions via place-based budgeting and investment strategy.
- Make more informed and responsive decisions based on evaluation of local data and evidence.
- Develop effective ways of integrating public service reform and economic development.
- Have greater flexibility over their spending and borrowing arrangements, including:
  - Multi-year finance settlements of between five and 10 years,
  - Retention of a proportion of the tax proceeds of growth; and
  - Freedom for the most devolved metros to set and fully retain a suite of taxes.

Furthermore, metros should be represented in national decision making, bringing forward measures to enhance connectivity and growth, including:

- A comprehensive review of how our current and future needs for digital infrastructure can be met; and,
- Accelerated connectivity between metros in the North, Midlands and other 'super city-regions'.

## **2.2 Lancashire Leaders Meetings 3rd and 27th November 2014**

At a meeting on 3rd November, following a presentation on political governance, Lancashire Leaders recognised that whilst we have made significant progress in presenting Lancashire's case to government through the LEP, Lancashire does not yet have the presence that can respond effectively to the challenges and opportunities of the context set out above. Importantly we do not have a political governance structure, vested in a statutory body, which can co-ordinate transport, economic and regenerative effort or represent Lancashire as a whole.

This was built on in the discussion at an informal meeting of Leaders on 27th November 2014, at which the Chairman of the LGA was invited to give his experience of CAs.

The landscape of Combined Authorities in England consists of:

- Sheffield City Region Combined Authority
- North East Combined Authority
- Greater Manchester Combined authority
- Liverpool City Region Combined authority
- West Yorkshire Combined Authority

## **2.3 The Legislative Context**

A Combined Authority (CA) 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. It supports increased democratic accountability and transparency (over and above that provided by LEPs) to a major area of local government policy making.

To establish a CA, a governance review is undertaken, and a scheme proposal developed for the Secretary of State's consideration, and subject to his invitation, parliamentary approval. A Statutory Order needs to be agreed for regulations to become law. Government agreement is also required to amend or dissolve the Combined Authority. If a local authority wished to leave the Combined Authority, a new review of governance arrangements would have to take place and a revised scheme would need to be published, before the Statutory Order could be amended.

Under statute the Secretary of State can only make the Order, if, having regard to the scheme, he considers that establishing a Combined Authority would be likely to improve the effectiveness and efficiency of transport in the area, the exercise of statutory functions relating to economic development, regeneration and transport in the area, and the economic conditions in the area. In making this judgement, the Secretary of State consults on the scheme in question.

Combined Authorities may be delegated functions of Local Authorities, (if they chose), and the Secretary of State, and may have powers and transport functions transferred to it, (if they chose), under the provisions of the Local Transport Act 2008.



It is up to the constituent authorities to design/ agree the scale and detailed nature of the Combined Authority – within the statutory provisions set out in the Local Democracy, Economic Development and Construction Act (LDEDC) 2009. There is no single model for a CA – although previous CAs for metropolitan areas have been very similar; in two tier areas the model is likely to look and feel different to some degree.

Whilst the legislation/guidance is not entirely clear on the position for an area such as ours, the legislation as currently drafted means that in a County area, all Districts require to be Members of a Combined Authority. The Government are very keen wherever possible that a CA proposal would keep the LEP geography together. In any event a Combined Authority must consist of the whole of 2 or more local government areas. Those involved must consent to involvement. It is not currently possible for a Local Authority to be a full member of two Combined Authorities or to be a member of a Combined Authority it does not share boundaries with (amongst other conditions).

Government has recently consulted on changes to the law, including in relation to allowing Councils with non-contiguous boundaries to join or form a CA, and those which would enable a County Council to become a member of a CA with respect to part of its area, where that area is the same as that of those District Councils that wish to join or form a CA.

If Lancashire wished to move forward with a proposal, there would be a need to set out the 'offer' of what was to be included across the range of economic development, regeneration and transport functions. There would be a need to be ambitious about this offer to demonstrate what is different from the existing arrangements and what strategic issues can be tackled as a result (e.g. NEETs, skills gaps, travel to work etc).

A clear advantage of Combined Authorities is that they attract certain, additional functions and powers in their own right, such as the general power of competence which allows them to do anything they believe will help achieve their stated objective (not possible with a Joint Committee – see 3.0 below). The Localism Act 2011 also allows ministers to transfer any other public function to Combined Authorities which could include, for example, responsibility for skills, support for jobseekers or the ability to set variable business rates.

Government could devolve these responsibilities to individual Councils, but ministers have made it clear they prefer to deal with Combined Authorities. Indeed this appears to be the preferred approach of all 3 parties.

### **3.0 BENEFITS**

There is an 'unwritten hierarchy' in terms of the different governance models for managing co-ordination of economic development, regeneration and transport set out by Government:

1. Joint Committee – a collaborative working arrangement between Authorities; not a 'body corporate'; discussion is shared but formal decision making is undertaken by individual Local Authorities

2. Economic Prosperity Board – a stronger form of governance than an EPB which Government recognises has some considerable merit. It is a legally constituted body; can be the accountable body (i.e. capable of attracting and holding money), and is a single and formal arena for decision making.
3. Combined Authority - is the strongest form of governance and strongly supported by Government and the Opposition. It is able to do everything the EPB can do but also includes the transport function (unlike an EPB) and has financial powers i.e. is able to raise levies and borrow for transport purposes. This means its potential to drive strategic and comprehensive improvements to the local economy is greater, as it helps bring together the broader discussions on prosperity as well as economic growth. It can also help deliver the social inclusion agenda and tackle disadvantage more comprehensively. Other northern core city LEP areas have all progressed to a CA arrangement.

The CA (as with an EPB) is an accountable body in its own right. This means it is a single point of decision making on agreed functions (quicker and simpler decisions); has powers delegated to it from Government and the individual Local Authorities (subject to local discussion and determination); and can hold substantial amounts of Government and European funding. Over and above an EPB, a Combined Authority sends a strong signal to Government about the seriousness of an area as an economic region and it presents an opportunity to rationalise and simplify LEP governance. The CA option does respond to the current circumstances and provides some flexibility to respond to any future changes.

In relation to transport, greater co-operation would allow improvements to the region's public transport network, including the increased opportunity to address congestion on the local road network, and deliver step change in information and ticketing provision for the travelling public.

Establishing a Combined Authority could also present a significant opportunity to improve local services, as well as making them more efficient.

#### **4.0 WHAT POWERS/FUNCTIONS COULD A COMBINED AUTHORITY HAVE?**

There is no single/set model for a CA – it needs to have relevance to the local circumstances and be capable of tackling the pressing issues.

In setting up a Combined Authority, the constituent member Authorities can agree to hold functions concurrently with the CA or to transfer them in part/full (NB: most other existing CAs hold functions concurrently. In an area such as Lancashire consisting of unitary and two tier areas there is a complex pattern of powers and functions that would need careful consideration in relation to this choice).

To support clear decision making and avoid duplication, the final scheme would need to clarify what decisions the CA would take in relation to the 'concurrent' functions.

The key potential roles for the Combined Authority are focused on driving economic growth and prosperity – generally around the following activities: external funding, inward investment, skills and transport.

The functions included in a Combined Authority aren't prescribed in statute – what is included is for local determination. A full range of functions and powers will need to be finalised but the outline below provides a number of practical examples and proposals.

The CA could potentially hold these functions concurrently with the relevant Local Authorities, for example:

- Research, development and strategy development
- External funding
- Inward investment
- Business support and engagement
- Skills
- Transport

Other functions which could potentially be included in the CA are:

- Site development and land assembly
- Marketing
- Visitor economy
- Strategic Housing
- Subregional Spatial Planning

There is also a strong argument to include a strategic programme management function, providing oversight to individual projects and the availability of external funding etc. Individual Authorities would retain responsibility for project delivery.

Additional functions proposed not to be included as they are bespoke to each Local Authority area are typically linked to other functions such as property, street cleansing, car parking, etc.:

- Managed workspace – very specific to localities
- Town centre management – very specific to localities and range of functions varies considerably

## **5.0 WHAT A COMBINED AUTHORITY IS NOT**

- It is not part of a process to instigate local government reform and bring about unitary status.
- It is not a take-over by any Authority nor a merger of Authorities.
- It is not about ceding (transferring) powers to a single body – unless the constituent Local Authorities wish it to be.
- It is not a 'physical entity' with regeneration officers from the constituent Authorities sitting in one building – unless the constituent Local Authorities wish it to be.
- It does not relate to functions outside of those linked to economic development, regeneration and transport

## 6.0 INTERACTION WITH EXISTING ARRANGEMENTS AND OTHER ISSUES

Relationship with LEP - A Combined Authority would not replace the LEP – although recent policy documents are suggesting a changing role for LEPs over the coming years. The required governance review which precedes the development of a scheme proposal for a Combined Authority presents an opportunity to strengthen current arrangements, ensuring the voice of Local Authorities, enterprise and business is fully articulated within a collective approach to driving growth – but within a more democratically accountable arena.

In a number of arrangements for example, the Chair of the LEP attends the CA meetings, and this is an approach which could be adopted in Lancashire.

Relationship with TFL – Co-ordination of transport matters would be delivered by a Combined Authority. Again the Combined Authority presents an opportunity to strengthen current arrangements.

## 7.0 ISSUES AND IMPLICATIONS

The implications for Local Authorities including risk, resource and equality impacts, would depend on the nature of the CA scheme, which would be decided locally.

Key amongst the issues requiring early consensus would be:

- Membership of the CA and the constituent and related bodies (LEP/TFL, other sub-groups)
- The exercise of powers, including which powers would be transferred/held concurrently with the CA
- Voting rights of Members in relation to the above
- Decision making and the role of and process for appointing a Chair
- The discharge of statutory functions e.g. Head of Paid Service, Monitoring Officer, Section 151 Officer
- The discharge of any other requirements e.g. Overview and Scrutiny
- Costs – a CA can levy its constituent Authorities and borrow with regards to its transport function only. Any other costs incurred must be met by its constituent Authorities, subject to their agreement.

There would be value also, in clarifying, were the legislative position to change, the CA schemes' intentions in relation to Districts bordering on other CA/LEP areas, and with whom functional geography might suggest a more natural fit.

Given the emphasis within a CA of co-ordination and collaboration, it will be key to success to have a set of principles underpinning the way the member Authorities would work, and to settle this at an early stage of development (e.g. one member one vote vs. an element of proportional representation, and rights to vote or not on matters which are not within the powers/functions of an Authority.)

## 8.0 NEXT STEPS

In terms of the next steps, there is a need to identify whether a consensus could be reached to move forward on:

- A joint committee model
- An Economic Prosperity Board
- A combined authority for Lancashire

In relation to the above, one approach would be to see these as a series of steps towards ultimately creating a Combined Authority, however, given the stated intentions of government, movement directing towards a CA may be preferable.

## 9.0 CONCLUSION

Lancashire is well placed to move forward on collaborative arrangements, provided there was the political consensus to do so.

The success of the Lancashire LEP, its governance arrangements and Transport for Lancashire provide the essential building blocks on which to build, and the case for further enhancing collaboration on economic matters could be strongly made.

### Appendices

Attached for reference is the Annex from consultation that was undertaken to establish the Combined Authority for West Yorkshire. It sets out the powers and constitutional arrangements which are typical of a Combined Authority and the draft statutory Instrument. It is worth noting at page 15 the constitutional arrangements for how the non-metropolitan district of the City of York and the Local Enterprise Partnership are accommodated within the Combined Authority.



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consultation final - Ar

Attached also is a link to the constitution of the Liverpool City Region Combined Authority.

<http://councillors.knowsley.gov.uk/documents/s28005/Establishment%20of%20the>

and the draft Scheme for the Establishment of a Combined Authority for Derby and Derbyshire.



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by way of comparison.



## Appendix 2

WHEN	WHAT	WHO
Dec 9	Exploratory discussions	Lancashire Leaders
Dec end of Feb 2015	Leaders seek mandate to conduct a review of governance arrangements for the delivery of economic development, regeneration and transport establishing a case for change in Lancashire.	County Council 2 Unitaries 12 District Councils
March 2015	Work commences on the governance review including the rationale (i.e. the case that a CA would improve effectiveness/efficiency of transport, statutory functions relating to Economic Development, regeneration, transport and economic conditions).	Chief Executives/Officer working group
April 2015	Agree governance review to recommend to each Council/body.	Lancashire Leaders' Group
April to July 2015	Draft scheme for the Combined Authority to be developed.	Chief Executives/Officer working group
July – October 2015	Councils/bodies consider the Proposal Paper and possibility of establishing a joint committee as a transitional arrangement.	County Council 2 Unitaries 12 Districts (LEP as appropriate)
August /Nov 2015	Subject to agreement, proposals submitted to Secretary of State. NB. Following this there is a Secretary of State Consultation period and subject to Secretary of State Agreement, a Parliamentary Order prior to any Combined Authority becoming operational. During this period a transitional arrangement e.g. Joint Committees, if agreed, could operate.	Lancashire Authorities/bodies as appropriate





# Equality Impact Assessment Form



<b>Directorate: Transformation</b>	<b>Service:</b>
<b>Completed by: Managing Directors</b>	<b>Date: 16.12.14</b>
<b>Subject Title: TOWARDS A COMBINED AUTHORITY FOR LANCASHIRE</b>	
<b>1. DESCRIPTION</b>	
Is a policy or strategy being produced or revised:	<i>*delete as appropriate</i>
	No
Is a service being designed, redesigned or cutback:	No
Is a commissioning plan or contract specification being developed:	No
Is a budget being set or funding allocated:	No
Is a programme or project being planned:	Yes
Are recommendations being presented to senior managers and/or Councillors:	Yes
Does the activity contribute to meeting our duties under the Equality Act 2010 and Public Sector Equality Duty ( <b>Eliminating unlawful discrimination/harassment, advancing equality of opportunity, fostering good relations</b> ):	Yes
Details of the matter under consideration:	The report seeks authority for the Leader and MDs to represent the Council in discussions about forming a Combined Authority for Lancashire.
<p><i>If you answered <b>Yes</b> to any of the above go straight to Section 3</i></p> <p><i>If you answered <b>No</b> to all the above please complete Section 2</i></p>	
<b>2. RELEVANCE</b>	
Does the work being carried out impact on service users, staff or Councillors (stakeholders):	<i>*delete as appropriate</i>
	Yes/No*
If <b>Yes</b> , provide details of how this impacts on service users, staff or Councillors (stakeholders): <i>If you answered <b>Yes</b> go to Section 3</i>	
If you answered <b>No</b> to both Sections 1 and 2 provide details of why there is no impact on these three groups: <i>You do not need to complete the rest of this form.</i>	
<b>3. EVIDENCE COLLECTION</b>	
Who does the work being carried out impact on, i.e. who is/are the stakeholder(s)?	Councils in Lancashire, the LEP, residents and businesses in Lancashire.
If the work being carried out relates to a universal service, who needs or uses it most? (Is there any particular group affected more than others)?	N/A

Which of the protected characteristics are most relevant to the work being carried out? Age Gender Disability Race and Culture Sexual Orientation Religion or Belief Gender Reassignment Marriage and Civil Partnership Pregnancy and Maternity	Yes Yes Yes Yes Yes No No No No	<i>*delete as appropriate</i>
<b>4. DATA ANALYSIS</b>		
In relation to the work being carried out, and the service/function in question, who is actually or currently using the service and why?	The proposals would lead to the enhancement of economic development, regeneration and transport in Lancashire, benefitting businesses and residents throughout.	
What will the impact of the work being carried out be on usage/the stakeholders?	Improved economic prosperity and transport availability in Lancashire.	
What are people's views about the services? Are some customers more satisfied than others, and if so what are the reasons? Can these be affected by the proposals?	As above. No specific views available on Combined Authorities.	
What sources of data including consultation results have you used to analyse the impact of the work being carried out on users/stakeholders with protected characteristics?	Consultation would be undertaken, as part of any transition to a Combined Authority, with key stakeholders.	
If any further data/consultation is needed and is to be gathered, please specify:	As above.	
<b>5. IMPACT OF DECISIONS</b>		
In what way will the changes impact on people with particular protected characteristics (either positively or negatively or in terms of disproportionate impact)?	Potentially, positive, due to further enhanced economic prospects for businesses/residents.	
<b>6. CONSIDERING THE IMPACT</b>		
If there is a negative impact what action can be taken to mitigate it? (If it is not possible or desirable to take actions to reduce the impact, explain why this is the case (e.g. legislative or financial drivers etc.).	N/A	
What actions do you plan to take to address any other issues above?	N/A	
<b>7. MONITORING AND REVIEWING</b>		
When will this assessment be reviewed and who will review it?	As part of any further reporting on this matter, by report authors.	