

LANCASHIRE COMBINED AUTHORITY

REPORT TO FULL COUNCIL



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PORTFOLIO	Leader
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PURPOSE

1. To consider whether the Council should work with other Lancashire Councils to explore a Lancashire Combined Authority with a directly elected Mayor

RECOMMENDATION

2. a) That Full Council approves that the Council should work with other Lancashire Councils to explore a Lancashire Combined Authority with a directly elected Mayor

b) If Full Council supports 2a), a report would be brought back to a future Full Council for further consideration on the results of the work and any associated options.

REASONS FOR RECOMMENDATION

3. This report explores the outline proposal for the establishment of a Combined Authority across Lancashire. This includes an overview of the role, function, governance and benefits of the combined authority model.
4. Any decision to establish a combined authority requires the consent of all the local authorities covered by the combined authority area (ie, in this case all local authorities in Lancashire. The Council is not seeking this consent at this stage.
5. Further detailed work will be undertaken to examine the nature, governance structure and operation of a combined authority that works most effectively in the Lancashire context. However, at this stage all the local authorities across the county are seeking an agreement in principle to demonstrate collective commitment to exploring the concept.
6. In light of the Government's strong desire to see more devolution and the fact that Combined Authorities are increasingly at the front of the queue for new Policy and Funding programme, it is essential for that the Council explores a Lancashire Combined

Authority to assess both the benefits (especially in light of any Covid 19 recovery package) and any other implications of any such future decision.

SUMMARY OF KEY POINTS

7. CONTEXT OF REPORT

7.1 At the April meeting of Lancashire Leaders, it was agreed that Lancashire Leaders:

- Re-confirm, in principle, agreement to explore a Combined Authority for Lancashire with an Elected Mayor, subject to ratification by each Council;
- Acknowledge that the delivery of Local Government functions may need to be simplified in the Combined Authority area;
- Explore possible models for devolution and improved governance arrangements with the Local Government Association;

7.2 This report is part of that process and asks Full Council to consider whether it supports the exploration of a Combined Authority for Lancashire with an Elected Mayor.

7.3 If Full Council approves that the Council should work with other Lancashire Councils to explore a Lancashire Combined Authority with a directly elected Mayor, the next stage would be to engage the Local Government Association or other independent organisation to navigate the next stages and develop the best options in the interest of our residents and businesses. A report would be brought back to a future Full Council for further consideration on the results of the work and any associated options.

8. BACKGROUND

8.1 The debate on a combined authority for Lancashire has been on-going for a number of years. The last report to Full Council on the matter was on 13 April 2016 when Council resolved to become a constituent member of a Lancashire Combined Authority, form a shadow Lancashire Combined Authority and that any future proposals for a devolution deal with the Government be brought back to council for agreement. There was not unanimous support from all constituent Council to the Combined Authority and as a result progress faltered

8.2 Over recent years the combined authority debate has progressed at significantly varying levels of pace across the country. There are now ten combined authorities across the country, ranging from the longest established – in Greater Manchester – to the emerging combined authority in West Yorkshire. Each have a different number of constituent local authorities and varying levels of devolved funding and powers from Government.

8.3 The majority of Combined Authorities exist in areas where there are unitary councils. However the Cambridgeshire and Peterborough Combined Authority is within the two tier local government structure.

8.4 Examples of the different devolution deals are shown in APPENDIX 1 of this report.

8.5 **Government position**

8.5.1 The Conservative Party Manifesto for the 2019 General Election stated: We remain committed to devolving power to people and places across the UK. Our ambition is for full devolution across England, building on the successful devolution of powers to city region mayors, Police and Crime Commissioners and others, so that every part of our country has the power to shape its own destiny. We will publish an English Devolution White Paper setting out our plans next year’.

8.5.2 Following the General Election, this position was further articulated in the Queen’s Speech which stated that:

8.5.2.1 English devolution “My government...will give communities more control over how investment is spent so that they can decide what is best for them.”

- We are committed to levelling up powers and investment in the regions across England and allowing each part of the country to decide its own destiny.
- This means proposals to transform this country with better infrastructure, better education, and better technology
- We will publish a White Paper setting out our strategy to unleash the potential of our regions, which will include plans for spending and local growth funding.
- It will provide further information on our plans for full devolution across England, levelling up powers between Mayoral Combined Authorities, increasing the number of mayors and doing more devolution deals.
- These increased powers and funding will mean more local democratic responsibility and accountability.

- We remain committed to the Northern Powerhouse, Midlands Engine, and Western Gateway strategies.

8.5.3 This is the latest formal statement on this matter from the Government and as Councillors may be aware, to date the Government has not yet published the English Devolution White Paper as indicated although it is likely that it has been delayed given the outbreak of the Covid-19 Pandemic. The latest indication is that it may appear in September.

9. A COMBINED AUTHORITY FOR LANCASHIRE

- 9.1 The establishment of a combined authority for Lancashire is an opportunity to create a single, clear and influential voice for Lancashire. It is a mechanism to gain powers and funding from Government. A combined authority is a legally formed, locally owned body established by national legislation. Its aim is to carry out agreed joint functions (determined by the authorities in Lancashire) and to enable collaboration and collective strategic decisions across boundaries. Where they have been longer established the combined authority has secured significant powers and resources from Government for the area.
- 9.2 Agreeing a combined authority enables a Devolution Deal or other agreements to take place with Government across a variety of public service areas. Typically in other places this has included greater control through:
- integrated public services (health and social care, emergency services, housing providers, one public estate, schools)
 - spatial planning
 - apprenticeships and adult education
 - wider freedoms around concessionary travel for young people
 - homelessness
 - crime e.g. co-commissioning
- 9.3 To be clear, it is not a mechanism to draw power or resource 'up' from local councils. It is also not driven by a need to create unitary local authorities. It is not a takeover by any authority or a merger. However senior MHCLG officials have stated that as part of any devolution deal (with a Combined Authority and Directly Elected Mayor), the Government would expect to see proposals for simplifying the governance of an area (either with Unitary Councils or, in a two tier area, mergers between District Councils); It can therefore be seen that from the Government's perspective, the establishment of a Combined Authority is now arguably becoming intertwined with local government reorganisation although, in the absence of the White Paper on English Devolution, this is not a formally stated position of the Government.

9.4 In return for establishing a combined authority Lancashire could expect devolution of funding and powers common to most Combined Authorities, such as:

- a thirty-year Investment Fund (potentially £500m to £750m for Lancashire)
- powers to raise local levies
- powers over police and fire functions
- an integrated transport body and local transport planning
- bus franchising
- strategic housing planning
- powers over land assembly and infrastructure provision
- adult education

9.5 It would be for the new combined authority, in negotiation with the Government to determine the focus and detail of a Devolution Deal and the devolution 'ask' for Lancashire. This is a good opportunity to secure resources and powers from central Government for Lancashire, to enable a number of funding decisions to be taken closer to local people.

9.6. **Potential Benefits for Burnley**

9.6.1 The Government has been clear that it wants to deal with local government on the economy, planning, housing and skills through a Mayoral Combined Authority arrangement. For Burnley, a Lancashire Combined Authority with a Directly Elected Mayor would arguably be:

- an opportunity for Burnley to be part of a single voice for Lancashire in the debate about the future of the North. Neighbouring areas already have powerful voices through their Combined Authorities and are shaping the so called 'Northern Powerhouse'. Lancashire needs a strong voice to influence the debate;
- a focus for driving economic growth. With funding and powers being increasingly given to Mayoral Combined Authorities, it is a way of securing new investment in the strategic priorities for the area;
- an opportunity for the Council to influence and shape the work of the Lancashire Enterprise Partnership (LEP) and the funding streams which the Government distributes through the LEP. As with other Mayoral Combined Authorities, the relationship between Local Authorities on the Combined Authority and the

LEP would be improved with a greater chance to influence the LEP's work;

- an opportunity for the Council to influence and contribute to the 'Greater Lancashire Plan' on economy, skills, development which will shape how Lancashire's priorities and investments are decided;
- an opportunity for the Council to influence what the strategic transport priorities are locally, across Lancashire and at a regional level and be part of a strong voice for Lancashire in shaping the priorities for Transport for the North;
- an opportunity to share capacity, expertise and experience in a co-ordinated way; and
- an opportunity to work collectively on the challenge of delivering sustainable public services in the future.

10. GOVERNANCE

10.1 It is for the authorities who make up the combined authority to determine a governance structure that works most effectively in the Lancashire context. There is no uniform agreed governance structure for a combined authority. A combined authority requires the consent of all local authorities covered by the combined authority. This needs to be one whole contiguous geographical area but does not require all the local authorities within the county boundary to be part of the combined authority. The authorities in Lancashire are keen to aim for all the fifteen local authorities in the county being part of a Lancashire Combined Authority. Each local authority making up the combined authority would have a single vote.

10.2 Eight of the ten existing combined authorities have a directly elected mayor. The elected mayor is the chair of their area's combined authority and are elected by the residents of this area. The mayor, in partnership with the combined authority, exercises the powers and functions devolved from Government. The Government believes the role ensures clear accountability over the powers, functions and funding that is devolved from national to local level. Lancashire have yet to resolve the issue of having a directly elected mayor and work on the overall governance structure will take place during the next few months as part of working up the detailed proposal for the combined authority. No decision has been taken yet on an elected Mayor for Lancashire.

11. DEVELOPING THE DETAILED PROPOSAL

11.1 The Leaders of the Lancashire local authorities are keen to gain agreement from Government formally and are seeking an agreement to explore a Combined Authority for Lancashire from all the councils in Lancashire to start this process.

- 11.2 The Secretary of State for Housing, Communities and Local Government would then commence the process and identify a Whitehall team Lancashire will work with. Work has already been agreed to develop an evidence base for a Greater Lancashire Plan throughout 2020 which will provide a good baseline of information on a number of themes. This may provide the basis for identifying priorities for a devolution deal but will also need to include the recovery from Covid 19. During 2020 the Lancashire authorities would seek to collectively develop the detailed proposal for consideration by each council. If this is successful a Shadow Combined Authority would be established, although the timeline for this would be determined in 2020/21 when the work around the governance structure is completed.
- 11.3 Once this work is completed the Council will consider a further report on the detailed Combined Authority proposal. It is anticipated this will be later in the 2020/21 municipal year. Attaining Burnley Borough Council's consent to the establishment of the Lancashire Combined Authority would require a further report to be considered and approved by Full Council.

13. RISK

- 13.1 The Government has established a clear direction of travel in wanting to deal with local government on economy, planning, housing and skills via combined authorities. Councils without them risk being given considerably lower priority. Since the original proposal to establish a combined authority in Lancashire was approved by the council in 2016 there has been a growth in the number of combined authorities and the resources devolved to them.
- 13.2 A combined authority will provide a single voice for Lancashire. Burnley alone will not be heard. Burnley may not be able to join the Lancashire Combined Authority at a later stage if it refuses to join at this point in time given the long and complex process needed to create the new combined authority. Any local authority not part of the combined authority will not receive any of the funding or power benefits of being a constituent member.

14. LEGAL

- 14.1 The powers to establish a Combined Authority are contained within the Local Democracy, Economic Development and Construction Act 2009 and The Cities and Local Government Devolution Act 2016. A constitution for the Combined Authority will also be developed. The council's own constitution will be reviewed and any necessary amendments will be made. A parliamentary order is needed to establish a Combined Authority.

15. CONCLUSIONS

- 15.1 There are significant benefits for Lancashire in establishing a combined authority. Additional resources and powers will become available for the benefit of local people and it will allow more decisions to be made within Lancashire which affect Lancashire. However this Council has previously been opposed to the creation of a Blackburn or Preston centric Unitary Council, and as a result any decision to establish a combined authority will need to consider any potential devolution deal along with any governance options. As stated

earlier in this report, the consent of all the local authorities is required to establish a Lancashire wide combined authority. The council is not seeking this consent at this stage. If Full Council approves that the Council should work with other Lancashire Councils to explore a Lancashire Combined Authority with a directly elected Mayor, the next stage would be to engage the Local Government Association or other independent organisation to navigate the next stages and develop the best options in the interest of our residents and businesses. A report would be brought back to a future Full Council for further consideration on the results of the work and any associated options.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

16. Approval of the annual budget for the combined authority including decisions on any levies, precepts or other demands for financial contribution from constituent authorities is subject to unanimous agreements by the constituent members. The scale of funding for Lancashire devolved from Government will be determined through the devolution deal but is likely to be significant.

POLICY IMPLICATIONS

17. None specifically at this time, although the establishment of a combined authority is likely to provide access to a wider range of policy options through greater devolved powers. The exact nature of these are to be determined through the development of a devolution deal

DETAILS OF CONSULTATION

None

BACKGROUND PAPERS

None

FURTHER INFORMATION

PLEASE CONTACT:

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ALSO:

APPENDIX 1: Examples of Combined Authorities and Deals

Cambridgeshire and Peterborough CA (Six councils)

CA Established June 2016 Governance: combined authority with directly elected mayor

The deal includes specific funding for housing, with the Mayor responsible for a £100m housing and infrastructure fund, and the combined authority having control over a ringfenced £70m to meet housing needs. The Combined Authority has control of an additional £20million a year funding allocation over 30 years, to be invested to the Cambridgeshire and Peterborough Single Investment Fund, to boost growth.

The Mayor has number of powers under the deal, including responsibility of a multiyear, consolidated transport budget, an identified Key Route network of local authority roads and strategic planning powers. The Combined Authority, working with the Mayor, has powers including responsibility for chairing a review of 16+ skills provision, devolved adult skills funding from 2018-19 and joint responsibility with Government and other local partner organisations to co-design the new National Work and Health Programme focusing on those with a health condition or disability and the very long term unemployed.

Greater Manchester CA (10 Councils)

CA formally established 2016 (first deal 2014) Governance: combined authority with a directly elected mayor

The first deal included a devolved and consolidated transport budget, responsibility for franchised bus services and integrated smart ticketing across all local modes of transport, as well as exploring opportunities for devolving rail stations across the GMCA area. Powers powers over strategic planning, control of a new £300 million Housing Investment Fund, a reformed earn back deal and agreement for the mayor of GMCA to take on the role of Police and Crime Commissioner. Responsibility for devolved business support budgets, control of the Apprenticeship Grant for Employers and power to reshape Further Education (FE) provision are also included, as is control of an expanded Working Well pilot and joint commissioning arrangements with DWP for the Work Programme.

Subsequent expansions of deal: July 2015

Following the initial deal in 2014, Greater Manchester and NHS England signed up to arrangements to bring together £6 billion of NHS and social care budgets so that joint planning of these services deliver better care for patients. In addition, the March 2015 Budget announced a pilot scheme in Greater Manchester and Cheshire East to enable the retention of 100% of any additional business rate growth.

November 2015

Further devolution to GMCA includes a commitment from Government to consider how regulatory reform can support local housing and public service reform aspirations, the power to implement a Community Infrastructure Levy and the development of a business case for a Land Programme. It also sets out that the Infrastructure Commission will provide advice on investment priorities for the North, transparency commitments pertaining to the funding of franchised bus services and agreement to consider proposals for a joint investment platform to improve the area's highways network. Subject to legislation, the Mayor will have the power to introduce a Business Rates Supplement, and GMCA will agree a MOU with the British Business Bank setting out how they will work together to

support SMEs. The deal also outlines considerations for the establishment of a Public Service Reform Investment Fund and how Government will support GMCA to develop and implement an integrated approach to preventative services for children and young people. GMCA will carry out an analysis of all post-19 skills provision. The deal commits to discussion on further areas for co-operation and grants that GMCA will gain Intermediate Body status.

Subsequent expansions of deal: March 2016

The GMCA also intends to absorb the Manchester joint waste disposal authority To bring together funding from the Troubled Families Programme, Working Well pilot; Cabinet Office Life Chances Fund into a Life Chances Investment Fund Work with the Government and PCC on joint commissioning of offender management services, youth justice and services for youth offenders, the courts and prisons estates, 'sobriety tagging', and custody budgets; The Government to enable local commissioning of outcomes to be achieved from the adult education budget starting in academic year 2016/17; and will fully devolve budgets to the Combined Authority from academic year 2018/19. These arrangements do not cover apprenticeships. GMCA pilot 100% retention of business rates as of 1 April 2017

Liverpool City Region CA (6 Councils)

Governance: Combined Authority with a directly elected mayor

The deal includes devolved responsibility for a consolidated transport budget with a multi-year settlement, responsibility for franchised bus services and powers over strategic planning, including the creation of new Mayoral Development Corporation. LCR will also create a Single Investment Fund that draws together city region and agreed national funding streams, to which central government will allocate an additional £30 million a year funding over 30 years to unlock economic potential in the region. Further components of the deal include new responsibilities and devolved arrangements for skills provision, a commitment to work towards a devolved approach to business support and a stated partnership approach with Government on innovation, energy and National Museums Liverpool. Full deal details Subsequent expansion of deal: March 2016 This gives Liverpool additional new powers over transport, pilots the approach to 100% business rate retention across the city region, as well as agreeing further commitments for the City Region and Government to work together on children's services, health, housing and justice.

North of Tyne (3 councils – inc one county) November 2018

Governance: combined authority with a new directly elected mayor

In the 2017 Autumn Budget, the Government announced that it had agreed a 'minded to' devolution deal with the North of Tyne authorities, which will be subject to the consent of local partners. This would see £600million of investment in the region over 30 years and create a new mayor elected in 2019 with powers over key economic levers including planning and skills. Full deal details For further information on devolution deals and a register of the powers devolved [click here](#)