

Lancashire Combined County Authority and Devolution Proposal

FULL COUNCIL



DATE	6 December 2023
PORTFOLIO	Leader
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PURPOSE

1. That Full Council consider the proposed combined authority and devolution deal for Lancashire.

RECOMMENDATION

2. That Full Council is recommended to either:
 - a. Ask the Chief Executive to submit a consultation response supporting the proposal (with or without amendments), or;
 - b. Ask the Chief Executive to submit a consultation response opposing the proposal (with or without amendments), or
 - c. Not respond to the consultation.

REASONS FOR RECOMMENDATION

3. As part of the Autumn Budget Statement on 22 November 2023, the Government announced the opportunity for a devolution deal for Lancashire and proposed the creation of a non-mayoral Combined County Authority for the administrative area covered by the three upper tier councils, Blackburn with Darwen Council, Blackpool Council and Lancashire County Council.
4. The Deal Document is available at Appendix 2 or from this link:
<http://www.gov.uk/government/publications/lancashire-devolution-deal>

Members will note that part of the deal includes UK Shared Prosperity Fund being handed from districts to the proposed Combined Authority from 2025/26, subject to certain considerations which are highlighted in the deal document.

5. To progress the potential devolution deal, under the Levelling-up and Regeneration Act 2023, a consultation is required on the draft Combined County Authority (CCA) Proposal ('the Proposal'). The Proposal is available at Appendix 3 or here:
<https://council.lancashire.gov.uk/documents/s224030/Appendix%20A%20-%20Proposal.pdf>

6. Following consultation, the three upper tier councils will need to submit their final Proposal to Government, which will take account of the outcome of the consultation, and which, if appropriate, will formally propose the creation of the CCA.
7. Full Council is asked to consider the draft Proposal and agree a consultation response. The consultation is open to the residents and other stakeholders of the wider CCA area for a period of 8 weeks starting 1st December 2023.
8. It is anticipated that a further meeting of each of the three upper tier councils in March 2024 will consider the results of the consultation and agree whether or not to formally submit the final Proposal to Government.
9. The table at Appendix 1 sets out the powers which could be devolved under three different models. The table was extracted from the Levelling Up White Paper from February 2022. The Government offers greater devolution under the Directly Elected Mayor model (level 3 in the table).
10. The background papers listed from paragraph 40 below link to past Full Council resolutions, made in July 2020 and January 2022 provide some background information in relation to the Council's previous resolutions in relation to the matter.

SUMMARY OF KEY POINTS

11. Members will note that on 15 July 2020, Full Council resolved the following (further details can be found via the link at paragraphs 40 and 41):

“1. The Full Council approves that the Council should work with other Lancashire Councils to explore a Lancashire Combined Authority with a directly elected Mayor;

2. (a) Council notes the previous decision of the Council in December 2015 on a Combined Authority without an elected Mayor and no requirement to acknowledge that local government functions may need to be simplified.

(b) That Council approves that, after the Governments English Devolution White Paper has been published, the Council should work, with all 14 other Lancashire Councils to explore a Lancashire Combined Authority with a directly elected Mayor, with limited powers as agreed by Lancashire Leaders at their meeting on June 10th, 2020.

(c) A report be brought to a future Full Council for further consideration on the results of the work and any associated options: and

(d) That Council rejects any form of local government reorganisation, or simplification, as a condition for the establishment of a Lancashire Combined Authority.”

12. The table at Appendix 1 sets out the powers which could be devolved under three different models. The table was extracted from the Levelling Up White Paper from February 2022. The Government offers greater devolution under the Directly Elected Mayor model (level 3 in the table). The three upper tier authorities have reported that they have been in discussions with the Secretary of State who have advised that there is insufficient time to explore a level 3 Mayoral model during this parliamentary election cycle. It has been suggested by the three upper tier authorities that upgrading to a level 3 deal in the future will remain an option.
13. The following detail is taken from the report considered by the Full Council of Lancashire County Council on 27th November 2023.

Background

14. In February 2022, the Government published its White Paper on Levelling Up, a significant set of proposals which sought to address geographical disparities in funding, productivity and growth across England. The resulting legislation, the Levelling-up and Regeneration Act 2023, allows for the creation of new Combined County Authorities (CCAs) that require the agreement of upper-tier Local Authorities in the area.
15. Securing a devolution deal has been a long-standing ambition for Leaders across Lancashire to address years of historically low investment in the area whilst providing a platform for accelerated growth. Following the publication of the White Paper, the three upper tier Councils agreed to cooperate at pace on the creation of a new devolution deal that would cover the Lancashire area by establishing a CCA. The Leaders of the three Councils have overseen extensive negotiations between officers and Government officials to agree the basis of a proposed devolution deal. The Deal document, sets out the basis for the deal, including the key powers to be devolved, main objectives of the proposed CCA and the governance principles. The Deal document has been further developed into a Proposal document, linked to at paragraph 5 above. This Proposal document will be subject to an extensive consultation process across the area in accordance with the statutory requirements. The full consultation arrangements, setting out how the Councils will seek the views of the public and stakeholders are set out in the Proposal document.

The Combined Authority

16. The main elements of the Proposal (if approved) are as follows:
- Lancashire County Council, Blackburn with Darwen Council and Blackpool Council will form a Combined County Authority, to provide overall vision and leadership, seek the best value for taxpayer's money, and be accountable to local residents.
 - The arrangements will include the integration of the relevant functions of the Lancashire Local Enterprise Partnership (LEP) into the CCA, ensuring that there continues to be a strong and independent local business voice in the form of a Lancashire Business Board which informs local decision making and strategic economic planning. In absorbing the role and functions of the Growth Lancashire Company, LEP Growth and Skills and Employment Hubs, LEP Investment Team, and destination management/visitor economy, the

Lancashire CCA will deliver a number of functions on behalf of the central government departments.

- The CCA will have new powers to better shape local skills provision to ensure these meet the needs of the local economy. This will include devolution of adult education functions and the core Adult Education Budget, and the opportunity to further refine the Local Skills Improvement Plan.
- There will also be new powers to improve and better integrate local transport, including the ability to develop the Bus Service Improvement Plan (BSIP) partnership and strengthen co-ordination of local transport functions.
- Subject to funding, policy and delivery considerations at the next Spending Review, Government's expectation is that delivery responsibility for the UK Shared Prosperity Fund (UKSPF), a flexible funding pot, will be aligned with devolution deal responsibilities. This would mean that the proposed CCA could have such responsibilities from 2025/26. In carrying out this role, the proposed CCA and the constituent councils will work closely with the Lancashire District Leaders Forum in an advisory capacity. Delivery of these functions will build on existing district-led delivery arrangements for UKSPF and align with the Lancashire 2050 strategy, as agreed by all Local Authorities in Lancashire, to ensure that the needs of residents can be effectively addressed.
- The CCA will have the ability to exercise compulsory purchase powers to help drive the regeneration of the area and to build more affordable homes, subject to the agreement of the Constituent Council and the Local Planning Authority where the relevant land is located.
- The area will receive up to £20 million capital funding in the current Spending Review period to support innovation led growth (including assets to maximise the benefits of National Cyber Force) and net zero ambitions across Lancashire. This investment is subject to agreement of the relevant business cases.
- The CCA will strengthen the local visitor economy, reinforcing Lancashire's attractive and vibrant cultural and creative sector through the formation of a Local Visitor Economy Partnership to help further develop the region's visitor economy. It will also deliver innovation-led growth, including working with Government to capitalise on Lancashire's economic potential in growing the Energy and Low Carbon sector.

Additional funding for Lancashire

17. The Deal includes up to £20 million capital funding in the current Spending Review period to support innovation led growth and net zero ambitions across Lancashire. This investment is subject to agreement of the relevant business cases. The portfolio of capital regeneration projects will drive growth and levelling up across Lancashire and includes:

- Assets to maximise the benefits of the National Cyber Force and a proposed Innovation Hub in Lancashire
- Blackburn Tech Innovation Quarter (TIQ)
- Silicon Sands, Low Carbon Data Centre Demonstrator, Blackpool Airport Enterprise Zone

- Cosy Homes in Lancashire (CHiL) - additional capital investment for extending an existing domestic retrofit scheme

18. The recent Network North announcement also suggests that:

- The proposed CCA will receive a proportion of the £2.5 billion announced as part of Network North to transform local transport in areas in the North outside of the big city regions.
- The proposed CCA will receive a proportion of the £770 million of funding for Bus Service Improvement Plans in the North.
- The proposed CCA will receive a proportion of the £3.3 billion funding to fix potholes in the North.

How the CCA will work

19. A Combined County Authority is a way for the three upper tier Authorities in Lancashire to work more closely together, and to receive devolved powers from the Government. The report to LCC's Full Council states that "It is not an additional tier of local government; it is a way for existing locally elected representatives to have more say over decisions that affect the area." However, given the governance arrangements as set out below, it could be argued to the contrary.

20. In order to deliver this, the proposed arrangements are outlined below.

21. The CCA Board will be made up of up to 8 members:

- Four elected members, consisting of a lead/executive member for each constituent council and one further member appointed by Lancashire County Council.
- Two non-constituent members, who will be nominated by the district and borough councils to represent the interests of district and borough councils on the CCA
- Up to two further associate or non-constituent members, to be appointed by the CCA.

22. The voice of business will be a critical component in the future proposed CCA, given that a key area of focus would be economy, industry, and business. The proposed CCA will appoint an Associate Member who can represent the views of business on the proposed CCA.

23. The proposed CCA, in partnership with Government, will ensure that the Lancashire Police and Crime Commissioner (PCC) is invited to attend and participate in CCA meetings as an observer, or as a non-constituent member. This will ensure close collaboration and productive joint working between the CCA and PCC.

24. Proposals for decisions by the CCA may be put forward by any constituent member. All constituent members will have one vote. Constituent members will work towards the principle of unanimity of all key decisions. Other questions that are to be decided by the CCA are to be decided by a simple majority of the members present and voting, unless otherwise provided for in legislation. Decisions requiring unanimity amongst the constituent members will include:

- Approval of the CCA's budget, including significant financial decisions.
- Approval of the policy framework, which will include:
 - Corporate Strategy
 - Economic Growth Strategy
 - Skills and Employment Strategic Framework
 - The Local Transport Plan, Bus Service Improvement Plan (BSIP) and the Local Cycling and Walking Infrastructure Plan (LCWIP)
- Appointment of the Chief Executive
- Approval of and significant amends to the Constitution.

25. The following decisions will require the consent of the lead member of the relevant constituent council, or substitute members acting in their place, in whose area the decision will apply:

- Compulsory purchase of land or buildings by the CCA
- The exercise of compulsory purchase power will also require the consent of the relevant planning authority
- Any decision by the CCA that could lead to a financial liability falling directly upon that constituent council, or significant material impact on Blackpool Transport Services Ltd
- Such other matters as may be contained within the CCA constitution.

26. The constituent councils recognise the importance of local consensus in relation to matters that could impact companies wholly owned by those councils, and they have resolved to require Blackpool Council's consent for any decision which may have a significant, material and direct impact on Blackpool Transport Services Ltd.

27. In accordance with the Levelling Up and Regeneration Act (2023), the proposed CCA would have the power to grant voting rights to the non-constituent members. The responsibility for agreeing any such rights would rest with the constituent members of the CCA and would be set out in the CCA's constitution. The Levelling Up and Regeneration Act 2023 does not allow associate members to vote.

28. The CCA will be responsible for agreeing its own constitution, including chairing arrangements, meeting procedures and decision-making processes. Whilst the work to develop a constitution will not be finalised until the outcome of the consultation is known and the decision made on whether to formally proceed, some aspects have been agreed in principle, including that Lancashire County Council will Chair the CCA, and that this and the rest of the constitution will be subject to annual review.

29. The CCA will have a Scrutiny Committee, as well as an Audit Committee. In addition, the CCA may establish sub-committees or advisory boards as it deems necessary.

District Council involvement

30. The Combined County Authority model, as established by the Levelling-up and Regeneration Act 2023, says that only Upper Tier Local Authorities can be constituent members. However, it is recognised that it will be essential to ensure that the voice of the district councils in Lancashire is heard.

31. To achieve that, district councils will be invited to nominate two “non-constituent” members to serve as members of the CCA. The Act gives the CCA the right to grant voting rights to the non-constituent members. The responsibility for agreeing any such rights rests with the constituent members of the CCA and would be set out in the CCA’s constitution.
32. In addition, Districts will also be invited to nominate representatives to the CCA Audit and Scrutiny Committees. It is proposed that these nominations are made by the District Leaders Forum, as a body which commands the consent of all 12 districts in Lancashire. The nominating body may change, in consultation with the districts, if an alternative nominating body which represents the interests of all districts in Lancashire, is preferred.

Next Steps

33. If a consultation on the Proposal is agreed by all three upper-tier Councils, then the results of the consultation will be considered in March 2024 when the said Councils will be asked to agree the final Proposals for submission to government. The devolution agreement and creation of the Combined County Authority will then be subject to formal parliamentary approval in summer and autumn 2024.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

34. There are no new budget implications arising for Burnley Council from this report.
35. If the decision is taken by the Secretary of State to establish the proposed CCA then the Establishment Order will indicate that the proposed CCA will be funded by the three Constituent Councils. Funding of £1m has been secured as part of the deal from central Government to cover the financial years 2024/25 and 2025/26. In addition, the proposed CCA would consider whether to seek the power to borrow and explore the extent of these powers. In practice it is expected that the running costs of the proposed CCA will be met by either continued central Government support or with funding from the Constituent Councils.
36. The general powers the proposed CCA is intended to have around finance and funding are expected to be substantially the same as local authorities enjoy generally. However, it will not have the power to raise a precept. That means that the CCA will not be able to raise money through increasing Council Tax.

POLICY IMPLICATIONS

37. As set out in the report.
38. Additionally, an equality impact assessment by Lancashire County Council is available: <https://council.lancashire.gov.uk/documents/s224031/Appendix%20B%20-%20EIA.pdf>

DETAILS OF CONSULTATION

39. The Proposal is subject to a public consultation lasting 8 weeks from 1st December.

BACKGROUND PAPERS

40. [Burnley Council : Agenda for Full Council on Wednesday, 26th January, 2022, 6.30 pm \(modern.gov.co.uk\)](#)

41. [Burnley Council : Agenda for Full Council on Wednesday, 15th July, 2020, 6.30 pm \(modern.gov.co.uk\)](#)

FURTHER INFORMATION

PLEASE CONTACT:

The Chief Executive

ALSO:

Appendix 1- devolution framework

Table 2.3 Devolution Framework

Level 3 – A single institution or County Council with a directly elected mayor (DEM), across a FEA or whole county area

Level 2 – A single institution or County Council without a DEM, across a FEA or whole county area

Level 1 – Local authorities working together across a FEA or whole county area e.g. through a joint committee

Function	Detail	L1	L2	L3
Strategic role in delivering services	Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies	✓	✓	✓
	Opportunity to pool services at a strategic level	✓	✓	✓
	Opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets	✓	✓	✓
Supporting local businesses	LEP functions including hosting strategic business voice		✓	✓
Local control of sustainable transport	Control of appropriate local transport functions e.g. local transport plans*		✓	✓
	Defined key route network*			✓
	Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations			✓
	Ability to introduce bus franchising		✓	✓
	Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement			✓
Investment spending	UKSPF planning and delivery at a strategic level		✓	✓
	Long-term investment fund, with an agreed annual allocation			✓
Giving adults the skills for the labour market	Devolution of Adult Education functions and the core Adult Education Budget		✓	✓
	Providing input into Local Skills Improvement Plans		✓	✓
	Role in designing and delivering future contracted employment programmes			✓
Local control of infrastructure decisions	Ability to establish Mayoral Development Corporations (with consent of host local planning authority)			✓
	Devolution of locally-led brownfield funding			✓
	Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding			✓
	Homes England compulsory purchase powers (held concurrently)		✓	✓
Keeping the public safe and healthy	Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align [^]			✓
	Clear defined role in local resilience*		✓	✓
	Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)			✓
Financing local initiatives for residents and business	Ability to introduce mayoral precepting on council tax*			✓
	Ability to introduce supplement on business rates (increases subject to ballot)			✓

* refers to functions which are only applicable to combined authorities

[^] refers to functions which are currently only applicable to mayoral combined authorities