



REPORT OF: STRATEGIC DIRECTOR

TO: COUNCIL

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LANCASHIRE COMBINED AUTHORITY

PURPOSE OF REPORT

To update members on the progress on the Lancashire Combined Authority proposals, outline the response to the public consultation exercise and seek agreement for the Council to become a constituent member of a Combined Authority for Lancashire.

RECOMMENDATIONS

It is recommended that:

- (1) The contents of this report be noted
- (2) The appended response to the public consultation on the Combined Authority proposals be noted
- (3) The Council agree to become a constituent member of a Lancashire Combined Authority and submit proposals to do so to the Secretary of State
- (4) In the interim period, the Council agree to form a shadow Lancashire Combined Authority
- (5) Any future proposals for a devolution deal with the Government be brought back to Council for agreement

REASON FOR RECOMMENDATIONS

- (1) To ensure that the Council have the opportunity to participate in the proposed Lancashire Combined Authority

ISSUE

Background

1. Members will be aware that in October 2014 Council Leaders indicated their wish to develop closer collaborative working across Lancashire on economic related matters and to explore the options in this regard.
2. In order to determine whether the existing arrangements are effective or would benefit from change the Leaders asked that a Governance Review be undertaken. The Council considered the Governance Review and draft Scheme of Governance for the proposed Combined Authority at its meeting on 17th December 2015 and resolved:
 - (1) *That the contents of the Lancashire Governance Review (as shown at Appendix A attached to the report) and recommendation therein be noted;*
 - (2) *That the contents of the draft Scheme for a Combined Authority (as shown at Appendix B attached to the report) be noted;*
 - (3) *That Council agrees to participate in a public consultation in January/February which would seek views on the formation of a Combined Authority for Lancashire.*
 - (4) *That Council agrees to consider the feedback from the public consultation and it be noted that following this, those authorities who wished to form a Lancashire Combined Authority would submit a proposal to the Secretary of State for consideration.*
 - (5) *That Council agrees in principle, to becoming a constituent member of the Combined Authority for Lancashire;*
 - (6) *That a further report be submitted to the Council meeting in March 2016 to give final consideration to the Council becoming a constituent member of a Lancashire Combined Authority.*

Lancashire Combined Authority

3. As part of the Governance Review Leaders developed ambitions for Lancashire. These are:
 - **Skilled Lancashire** – a skilled workforce to meet the demands of employers and future business growth;
 - **Better Homes for Lancashire** – better living standards for residents with good quality homes and a wide housing offer;
 - **Connected Lancashire** – digital and transport connectivity to promote inclusive growth;
 - **Prosperous Lancashire** – a Lancashire that is recognised as a destination of choice, to invest in, do business in, live or visit;
 - **Public services working together for Lancashire** – integrated public services at the heart of local communities giving everyone the opportunity for a healthier life.

4. Leaders have recognised that some of the ambitions set out above can be delivered through the existing partnership arrangements in place across the County geography. However, in order to attract and maintain economic growth and achieve a prosperous Lancashire for all, we need to demonstrate to the Government that Lancashire means business and provide reassurance that we have strong, robust governance arrangements in place and a commitment to work together.
5. The Lancashire Combined Authority will provide a legally constituted body operating across Lancashire to take strategic decisions on transport, economic development and regeneration and strengthen the relationship with the Lancashire Enterprise Partnership (LEP) and local authorities.
6. Lancashire has one of the largest local economies in the North of England generating over £25bn Gross Value Added (GVA), with over 45,000 businesses supporting 700,000 jobs. A Lancashire Combined Authority should provide the opportunity for Lancashire to reach its full economic potential.
7. The Government has been clear that it wants to deal with local government on economy, planning, housing and skills through a Combined Authority arrangement. For Pendle, a Lancashire Combined Authority will be:
 - an opportunity 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. When new funding arrangements for Local Government are fully implemented, councils will be reliant on business rates to fund services. As the Governance Review has demonstrated a Combined Authority and the potential for additional investment, offers the greatest opportunity to increase business rates;
 - an opportunity for the Council to influence and shape the work of the LEP and the funding streams which the Government distributes through the LEP. The Scheme of Governance sets out that the Combined Authority would include local authorities and the LEP within its governance structure;
 - an opportunity for the Council to influence and contribute to a '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 the Transport for the North;
 - an opportunity to share capacity, expertise and experience in a co-ordinated way;
 - an opportunity to work collectively on the challenge of delivering sustainable public services in the future.

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

Membership	Local authorities in Lancashire, represented by Leader.
Voting arrangements	One vote per each local authority (excl transport – see below).
Decision making	Unanimous agreement required on strategic plans, investment strategy, annual budget, borrowing limits, adoption of freedoms and flexibilities, any changes to CA arrangements. All other decision 2/3 majority. There is no provision for Executive arrangements.
Decision making – transport	Transport planning and investment would be subject to unanimous agreement by three transport authorities.
Overview and Scrutiny	Scrutiny Committee with representation from authorities would be established.
Finance	No member allowances payable Councils to meet core costs (see Financial Implications)

Public Consultation

9. The Lancashire councils along with the Lancashire LEP have recently undertaken a public consultation exercise. A report of the responses to the consultation is appended to this report for information. To ensure an independent, robust and coordinated approach the Councils in Lancashire commissioned Infusion Research to undertake the consultation.
10. The consultation was held from 11th January to 19th February 2016. Promotion of the consultation reached an estimated 444,000 people and over 15,000 people visited the consultation website over the six week period. Almost 2000 responses were received.
11. Of those respondents 70% strongly or tend to agree with the proposal to establish a Combined Authority for Lancashire. Of those who disagreed with the proposal, the main concern appears to be around where any resources would be focused and any adverse impact on local services.

Devolution

12. In developing the Combined Authority, Lancashire Leaders have been considering devolution proposals which could enable greater control, power and influence over a range of programmes and funding delivered in Lancashire. These include devolved funding for strategic transport and development; influence and/or control over employment and skills programmes and delivery; housing; growth funding and aligning investment activity.

13. Whilst there is a close link between Combined Authorities and devolution deals with the government, it is important to note that they are separate issues and subject to negotiation. A devolution deal would need the agreement of the constituent members of the Combined Authority.

Next Steps

14. This report seeks the agreement of the Council to become a constituent member of the Lancashire Combined Authority and signals to the Government that the authorities are committed to working together for a better Lancashire. A similar report is going to other councils throughout March and April. Subject to Council decisions, a proposal to form a Lancashire Combined Authority will be submitted to the Government for consideration and negotiation.
15. In the interim period, it's recommended that the local authorities operate as a shadow Combined Authority using the guiding principles set out in the Scheme of Governance from July 2016.

IMPLICATIONS

Policy: None directly arising from this report

Financial: As per the agreed Scheme of Governance for the Combined Authority, approval of the annual budget including decisions on any levies, precepts or other demands for financial contributions from constituent authorities is subject to unanimous agreements by the constituent members. Further reports will be submitted to Council at an appropriate time.

Legal: The powers to establish a Combined Authority are contained within the Local Democracy, Economic Development and Construction Act 2009 ("the Act") and The Cities and Local Government Devolution Act 2016. A constitution for the Combined Authority will also be developed. The Council's own constitution will also be reviewed and any necessary amendments will be made. A Parliamentary Order is needed to establish a Combined Authority.

Risk Management: None directly arising from this report

Health and Safety: None directly arising from this report

Sustainability: None directly arising from this report

Community Safety: None directly arising from this report

Equality and Diversity: None directly arising from this report

APPENDICES

Appendix - Consultation Report on Proposals for Lancashire Combined Authority

LIST OF BACKGROUND PAPERS

Report to Council 17th December 2015