

REPORT OF: CHIEF EXECUTIVE

TO: COUNCIL

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COMBINED AUTHORITY AND DIRECTLY ELECTED MAYOR

PURPOSE OF REPORT

1. The purpose of this report is for the Council to decide whether it is in support of proposals to create a Combined Authority for Lancashire with a Directly Elected Mayor.

FOR DECISION

2. If the Council wishes to support proposals for the creation of a Combined Authority for Lancashire with a Directly Elected Mayor, it should resolve:-

That the Council agrees in principal to support proposals for the creation of a Combined Authority for Lancashire with a Directly Elected Mayor

3. If the Council does so decide then the following is recommended:-

RECOMMENDATIONS

- a) That subject to the outcome of the deliberation of this matter by other Councils in Lancashire, a further report be submitted to Council outlining the next steps.

REASONS FOR RECOMMENDATION

4. To inform the Council of the process and timetable for the creation of a Combined Authority for Lancashire with a Directly Elected Mayor.

ISSUE

Background

5. For a number of years, the Government has pursued a policy of devolution in England. **Devolution** is the transfer of powers and funding from national to local government. It means that decisions are made closer to the people, communities and businesses they affect. It is argued that the result is more effective public services, tailored to local needs, which provide residents with better value for money.
6. The Government's approach to devolution has been to devolve powers and funding in the form of a 'devolution deal' to areas (which in the main have been the larger cities in England) that have established a Combined Authority. A **Combined Authority** is a statutory body comprising representatives (normally the Leaders) from the constituent local authorities for the area. More details of what a Combined Authority is are provided at **Appendix A**. It is important to note that a Combined Authority is additional to, not in place of, the local authorities in an area.
7. In most cases, a condition of each 'devolution deal' agreed to date is that an area should have a **Directly Elected Mayor**. It is the Government's view that it is important to have a single point of accountability for an area that is responsible both locally and nationally for the delivery of the 'devolution deal'. The perceived benefit for Councils is that the Directly Elected Mayor works with the Councils that make up the Combined Authority to promote the area and ensure that the 'devolution deal' is delivered for their electorate.
8. Devolution deals have tended to be iterative agreements focusing on strategic economic development, transport and skills. Examples of items on the 'deals' menu include generic matters such as Integrated Transport Systems, Business Support, Adult Education, Investment Funds and more specialised areas such as housing and health. Each 'deal' is negotiated with Government direct both in terms of powers devolved and funding transferred.
9. After the first devolution deal was announced by the Government and the Greater Manchester Combined Authority (GMCA) in November 2014, a number of devolution deals were agreed with various Cities/City Region Areas in the period to 2017. Between 2017 and 2019, the pace of devolution slowed, presumably with the focus on BREXIT. However, following the election of Boris Johnson as Prime Minister, the tone has since changed and, indeed, 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'

10. Following the General Election, this position was further articulated in the Queen's Speech which stated that:-

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.*

11. 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.

The Position in Lancashire

12. Proposals to create a Combined Authority for Lancashire are not new. Councils in Lancashire have been considering this matter for a number of years. Indeed, the Council considered reports on this issue in December 2015 and January 2016. At that time, it was resolved, amongst other matters:-

(3) That it be agreed that the Council become a constituent member of a Lancashire Combined Authority and submit proposals to do so to the Secretary of State.

(4) That in the interim period, it be agreed that the Council form a shadow Lancashire Combined Authority.

(5) That any future proposals for a devolution deal with the Government be brought back to Council for agreement.

13. It should be noted that the proposal to become a constituent member of a Lancashire Combined Authority did not at that time include any proposal for a Directly Elected Mayor.

14. At the time, Pendle was one of 14 Councils in Lancashire that resolved to submit a proposal for a Combined Authority for Lancashire to the Secretary of State. That proposal was submitted in June 2016 but, for the reasons set out above, the Government did not act on it. As a consequence of the delay in response from the Government combined with changes in political leadership at some Councils, during 2017 a number of Councils withdrew their support for the proposal. No further progress has been made until recently.

15. Councillors may recall that in February 2018, the Council considered a Notice of Motion to establish support for a Unitary Authority. The Council resolved to:-

(1) Refer the matter to the Governance Working Group so that this Council can consider its preferred options for unitary status.

(2) Write to the Secretary of State requesting information on the processes and requirements for conversion to Unitary status.

(3) Contact other local councils in East Lancashire and to see what appetite there would be to work together for such a move.

16. Whilst the Council has since resolved to oppose the creation of a Pennine Lancashire Unitary Authority (in December 2019), various discussions took place between Councils in East Lancashire, Lancashire County Council and MHCLG. This ultimately led to Blackburn with Darwen Council submitting a letter to the Secretary of State for MHCLG in October 2019 requesting an invitation from the Government to develop a business case for a new Pennine Lancashire Unitary Authority with a view to then submitting formal proposals.
17. During this period, Lancashire Leaders had also agreed that it was beneficial for Councils to take a more collaborative approach on a place-based agenda, perceiving that the economic growth and investment in Lancashire as a whole is being constrained by the existing governance arrangements. This is in contrast to the significant funding and powers being given by the Government to the various Mayoral Combined Authorities in the form of devolution deals.
18. The result of this was the development of proposals for a Greater Lancashire Plan which, although not explicitly stated, would potentially provide the foundation for creating a Combined Authority for Lancashire and would be the basis of developing a devolution deal which could be negotiated with Government (albeit each of these matters would be subject to consideration by individual Councils).
19. Following the letter submitted by Blackburn with Darwen Council referred to above, Lancashire Leaders requested a meeting with MHCLG to seek clarity about the Government's position on the Unitary proposal and also the general issue of devolution, particularly in the context of the proposed White Paper on English Devolution and the emerging Greater Lancashire Plan. This meeting took place earlier this year and the key points from the discussion were:-
 - *both the Prime Minister and Minister would like to see more Directly Elected Mayors across the Northern Powerhouse area;*
 - *the Government remains committed to devolution and local government reform. Indeed, it is the Government's view that devolution is key to the 'levelling up' agenda;*
 - *where Areas are looking for a significant devolution deal (defined as something similar to the deals agreed with the GMCA), they will need to have in place a Combined Authority with a Directly Elected Mayor (having a Combined Authority alone without a Directly Elected Mayor will not secure a significant devolution deal);*
 - *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);*
 - *in considering the 'simplification of governance', the Government:-*
 - *does not wish to see the fragmentation of Children's Services. Currently, in Lancashire, there are 3 Children Services functions (Lancashire, Blackpool and Blackburn with Darwen);*
 - *would support in principle expansion of existing Unitary Councils;*
 - *would not agree a significant devolution deal until there was secondary legislation to create a Combined Authority with a Directly Elected Mayor.*

20. Councillors will note from the information above that the issue of devolution, which from the Government's perspective requires a Combined Authority with a Directly Elected Mayor, 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.

Current Position

21. As Councillors might expect, the response to Covid-19 has dominated the work of both national and local government for the last c3months and the issue of devolution for Lancashire has not progressed. However, as attention is gradually turning to recovery from the Pandemic, recent discussions with MHCLG indicate that, despite the impact of Covid-19, the Government remains committed to both devolution and local government reform not least as part of the recovery from the Pandemic.
22. In the light of this, at a meeting on 10th June 2020, the matter of devolution was again considered, with general support amongst Lancashire Leaders for the creation of a Combined Authority with a Directly Elected Mayor. However, it was acknowledged that in some Councils, including Pendle, any such decision would require the consent of the Council thus it was resolved that each Council be invited to consider its formal position on the proposal.

What does it mean for Pendle?

23. 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 Pendle, a Lancashire Combined Authority with a Directly Elected Mayor would arguably be:
- an opportunity for Pendle 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;

- an opportunity to work collectively on the challenge of delivering sustainable public services in the future.
24. In contrast, there are the following matters for Councillors to consider when determining whether a Mayoral Combined Authority is right for Pendle:-
- it will add an additional tier of governance, arguably moving some decision making away from local people. That said, it is not the case that Pendle's powers as a local authority will be devolved 'upwards' to the Combined Authority, unless it chose to do so;
 - there is the potential for significant decisions on strategic economic development matters to be taken by a relatively small number of people (either the Directly Elected Mayor and/or the Combined Authority) though these are decisions that would, otherwise, be taken by national government;
 - there is the potential for an additional tier of governance to add to the overall cost of local governance for an area.
25. As outlined above, the benefit of creating a Combined Authority with a Directly Elected Mayor is the scope to negotiate and agree a devolution deal with the Government. Ordinarily, such a deal is not possible under current governance arrangements. The deal would be between the Government and the Combined Authority. In the absence of any local government reorganisation, and with the Council's consent, Pendle would be a constituent member of the Combined Authority.
26. Devolution deals are intended to benefit an economy by drawing down funding, freedoms, flexibilities and powers from national government to the Combined Authority and the Directly Elected Mayor. The content of deals agreed has typically been focused in the areas such as Economic Development/Investment Funding, Transport etc. More details of this are provided at **Appendix B**.
27. It is not possible to be specific about the content of a devolution deal that might be available to Lancashire (and what benefit there might be for Pendle) but the expectation is that it would comprise propositions on most, if not, all of the matters referred to at Appendix B.
28. What is becoming clear is that significant investment for strategic economic development, housing and transport is now being channeled through Mayoral Combined Authorities in the form of devolution deals. Places like Lancashire that don't have that form of governance are finding it increasingly difficult to secure such funding and, in the context of the current policy direction of Government, it is anticipated that this will continue to be the case.

The Options for the Council

29. At this stage, the decision for the Council to consider is whether it supports the creation of a Combined Authority for Lancashire along with a Directly Elected Mayor. In this context, there are the following options:-

Option 1 - Do nothing

30. The Council could resolve that no further action is taken on this matter at this time and await further developments. As part of the resolution by Lancashire Leaders, it was agreed to explore possible models for devolution and improved governance arrangements with the Local Government Association and Councillors may wish to wait for the outcome of this work before considering this matter further.

Option 2 - Oppose the creation of a Combined Authority and a Directly Elected Mayor

31. The Council could resolve that it opposes the creation of a Combined Authority and a Directly Elected Mayor.
32. In relation to Option 1 and 2 above, it should be noted that the creation of a Combined Authority does generally require the consensus of all Councils in an area before Government would consider a proposal; not agreeing to support the creation of a Combined Authority with/without a Directly Elected Mayor would potentially jeopardise any plans to do so.
33. Anecdotally, in the event no progress is made to create a Combined Authority with a Directly Elected Mayor, some Councils in Lancashire have indicated that they would follow Blackburn with Darwen's lead and write to the Secretary of State for MHCLG requesting an invitation for proposals on local government reorganisation.

Option 3 - Resolve to agree in principal to support the creation of a Combined Authority only (without a Directly Elected Mayor)

34. Broadly, this reflects the decision taken previously by the Council.
35. As set out above, a Combined Authority for Lancashire without a Directly Elected Mayor is unlikely to lead to a devolution deal of any significance, or at all, being agreed. Equally, this option is unlikely to gain a consensus amongst Councils in Lancashire.
36. At this stage, this would be an 'in principal' agreement pending further details of the governance and powers of the proposed Combined Authority and the details of a potential devolution deal for Lancashire, if indeed one is offered.

Option 4 - Resolve to agree in principal to support the creation of a Combined Authority with a Directly Elected Mayor

37. As indicated in the report, this option is the preferred model of governance for the Government and is the one most likely to secure a significant devolution deal from the Government. Although subject to ratification by individual Councils, it appears to be the option most likely to gain support from other Councils in Lancashire.
38. Again, this would be an 'in principal' agreement pending further details of the governance and powers of the proposed Combined Authority/Directly Elected Mayor and the details of a potential devolution deal for Lancashire.

Next Steps

39. As indicated above, all Councils have been invited to consider a formal position on the creation of a Combined Authority for Lancashire with a Directly Elected Mayor. The next steps on this matter depend on the outcome of each Council's deliberations on this matter.
40. In the event all Councils agree to support the creation of a Combined Authority for Lancashire with a Directly Elected Mayor, the next stage will be to undertake a formal Governance review including a public consultation. It is likely that this would take place later in the current year. Subject to the outcome of that, a formal scheme for the Combined Authority would be developed, including details of its proposed powers, functions and operating principles which, once agreed with Government, would form the basis of the regulations for creating the Combined Authority.
41. The timescales here are not definitive and would be subject to a range of matters. However, a Combined Authority could be created within the next 18 months to 2 years with any devolution deal agreed within a similar timeframe if it is dealt with concurrently. A Mayoral election could take place as early as May 2023.
42. A further report would be brought to Council outlining next steps in due course.

IMPLICATIONS

Policy

43. The Council's existing policy position is to support membership of a Lancashire Combined Authority though without a Directly Elected Mayor.

Financial

44. There are no financial implications arising directly from this report.

Legal

45. The powers to establish a Combined Authority are contained in the Local Democracy, Economic Development and Construction Act 2009 and The Cities and Local Government Devolution Act 2016. Under current legislation, it is generally accepted that to create a Combined Authority requires the consent of all Councils in an area. The process for establishing a Combined Authority is set out at **Appendix A**. A Directly Elected Mayor is normally a requirement of Government when negotiating a devolution deal. A Parliamentary Order is required to formally establish the Combined Authority.

Risk Management

46. There are no risk management implications arising from the contents of this report.

Health and Safety

47. There are no health and safety implications arising from this report.

Sustainability

48. As with health and safety implications, there are no sustainability implications arising directly from this report.

Community Safety

49. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity

50. There are no equality and diversity issues arising directly from the contents of this report.

APPENDICES

Appendix A – What is a Combined Authority?

Appendix B – What is a Devolution Deal?

LIST OF BACKGROUND PAPERS

Guide to Setting up a Combined Authority

<https://www.local.gov.uk/sites/default/files/documents/combined-authorities-plai-fb6.pdf>

Devolution Explained

<https://www.local.gov.uk/topics/devolution/devolution-online-hub/devolution-explained>

Devolution and Mayors

<https://www.local.gov.uk/sites/default/files/documents/dont-be-left-dark-devolut-886.pdf>

Devolution Deals agreed to date

<https://www.local.gov.uk/topics/devolution/devolution-online-hub/devolution-explained/devolution-deals>

What is a Combined Authority?

1. What is a Combined Authority?

A Combined Authority is a statutory body created to lead collaboration between Councils on transport, regeneration and economic development. Effectively, a Combined Authority is a new statutory authority. ***It requires the unanimous agreement of the constituent authorities and an order by the Secretary of State to establish the Combined Authority.***

2. When can one be created?

A Combined Authority can be created when two or more neighbouring Councils, covering a natural economic footprint want to collaborate more closely to improve economic outcomes for that area.

3. How is a Combined Authority created?

Councils wishing to participate in a Combined Authority must complete a statutory governance review of current governance arrangements and options following which a scheme outlining their proposals is produced. This is submitted to Government.

The Secretary of State must then consult, including with the Councils that would be covered by the Combined Authority, and must be satisfied that the establishment of a Combined Authority would bring about the following results:-

- Improve the effectiveness and efficiency of transport in the area
- Improve the exercise of statutory functions relating to economic development, regeneration and transport in the area;
- Improve the economic conditions in the area.

4. What are its responsibilities?

The Combined Authority can take on the economic development and regeneration role of its constituent Councils, either in full or concurrently. A Combined Authority can also take on the roles of a Local Transport Authority.

5. What are the legislative requirements to set up a Combined Authority?

Under existing legislation, a Council can only be part of one Combined Authority (although it is possible for a Council to have Associate (non-voting) membership of another Combined Authority). Councils in a Combined Authority must be contiguous (although the Government has recently consulted on proposals to allow non-contiguous Councils to be included in a Combined Authority where it is practical to do so).

6. What are the powers of a Combined Authority?

This depends on the powers attributed to it by the constituent Councils and those which are agreed by the Secretary of State. A Combined Authority is a legal body separate from its constituent Councils and can become responsible for delivering an integrated transport network and the economic development of the area it covers. A Combined Authority can borrow for transport purposes only and can levy its constituent Councils.

7. How long might it take to create a Combined Authority?

Greater Manchester was the first Combined Authority under the new powers with a further four Combined Authorities created on 1 April 2014. From formal Council decisions to create the Combined Authority, Liverpool took 11 months whereas Sheffield took 24 months. That said, all of the Combined Authorities has pre-existing arrangements such as City Regions and Integrated Transport Authorities to build upon.

What is a Devolution Deal?

Devolution Deals

Devolution deals are intended to benefit an economy by drawing down funding, freedoms, flexibilities and powers from central government to a Combined Authority and in some cases to a Directly Elected Mayor. Typically, devolution deals have covered the following matters:-

- ***Economic Development/Investment Funding***

The provision of investment funds (the norm being between £15m to £30m for 30 years) for strategic economic development, working in partnership with the Local Enterprise Partnership on interventions to deliver economic growth including more industrial space and more jobs; responsibility for devolved business support budgets providing business support through a Growth Hub to so that businesses realise their growth plans, turning their research and development and innovations into commercial products and services.

- ***Employability, Further Education and Skills***

This could include control over the Work and Health Programme and other related employability programmes along with devolved funding to support; devolved responsibility for the Adult Education Budget and an ability to work with the Further Education and Other Providers to co-design and influence programmes of delivery that more closely reflect the skills needs of the local area.

- ***Transport***

Devolved responsibility for transport planning, key route networks and improved/joint working with Network Rail, Highways England and Transport for the North. Devolved consolidated transport (capital and revenue) budgets, responsibility for franchised bus services and integrated smart ticketing across all modes of transport and improved arrangements for dealing with infrastructure and congestion issues that align to local priorities on, for example, the environment, air quality and low carbon.

- ***Housing, Planning and Land***

Strategic spatial planning for housing, employment and infrastructure and a focus on housing delivery and affordability; the creation of a Mayoral Development Corporation to lead development of key strategic sites and strategic land commissions; devolved funding for housing and related infrastructure; creation of Housing Investment Funds and Housing Delivery Taskforces.

Greater Manchester has the largest devolved powers outside of London with associated funding of c£8.6bn. This includes a £900m Investment Fund Grant (£30m per year for 30 years); £300m Housing Investment Fund (recycled loan); £92m devolved Adult Education Budget; £6bn Health and Social Care Budget (although not under the direct control of the GMCA) and £450m Transformation Fund alongside other funding for Homelessness, Work and Health Programme, Transforming Cities and Growth Deal.