

REPORT FROM: CHIEF EXECUTIVE

TO: COUNCIL

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FOR INFORMATION
DEVOLUTION IN LANCASHIRE

1.0 BACKGROUND

- 1.1 Members will recall that a report was brought before Council on 27 January 2022, outlining the work which was underway on the development of strengthened joint working, a long-term strategic plan, and a County Deal for the Lancashire area. The intention behind this work is to ensure Lancashire is able to become the very best place possible to live, work, visit, study and invest.
- 1.2 The Council report outlined the New Deal for a Greater Lancashire and the immediate priorities framed by four themes but also highlighted the need for the 15 councils to work together on an overarching strategic plan which will be forward looking and take a long-term view, setting the vision and ambition over a 20–30-year period.
- 1.3 Shortly after this, the Levelling Up White Paper was published, establishing the principles and levels of devolution as well as firmly establishing it as a process which will be led by upper tier local authorities. Nonetheless, all 15 authorities have worked together subsequently on the development of the Lancashire 2050 Framework, with its eight themes, which was launched at the Houses of Parliament in November 2022.

2.0 RECENT DEVELOPMENTS

- 2.1 Last month, officers from the three upper tier local authorities, Lancashire County Council, Blackburn with Darwen Borough Council and Blackpool Council, were invited to meet Government officials to begin a conversation about the possibility of creating a combined county authority (CCA). District councils were not invited to take part in these discussions.
- 2.2 The three authorities have since received a letter from the Government's Levelling Up Minister Dehenna Davison signaling her *in principle* support for the county to pursue a Level 2 Combined County Authority (CCA) deal.

- 2.3 The deal, if given final approval, will transfer new money and powers from central government to a newly created CCA allowing them to tackle key local priorities such as better housing and public transport, as well as helping to boost economic prosperity and improve employment and skills.
- 2.4 Colleagues in the upper tier authorities have been advised that there is a window of opportunity to submit a deal by September 2023. Beyond this, it is not clear what opportunities there will be for a devolution deal. It should be noted that if Lancashire does not take this opportunity, it will be one of the last parts of the North of England not to have a deal in place.
- 2.5 The table below sets out the functions which would be devolved under each of the levels set out in the Levelling Up White Paper. With a CCA being proposed, government officials have indicated that an associated Level 2 deal would purely comprise the functions listed in the Level 2 column below and would not include any additional elements from a Level 3 deal.

Table 1: 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	Ability to establish Mayoral Development Corporations (with consent of host local planning authority)			✓

decisions	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				

Source: White Paper: Levelling Up the United Kingdom, Secretary of State for Levelling Up, Housing and Communities 2 February 2022

- 2.6 Once a CCA is in place, there are opportunities to use this as a vehicle for further devolution. Although a Level 2 CCA deal is being progressed, it will be possible to deepen this to a Level 3 deal at a later date.

3.0 GOVERNANCE

- 3.1 The deal would not require a change to the established democratic structures across the pan-Lancashire area (through reorganisation of local government, as was the case in North Yorkshire and Cumbria) or the need for an elected Mayor.
- 3.2 CCAs are a new form of local government institution being established in the Levelling Up and Regeneration Bill. The original Bill provisions on CCAs state they will be made up of constituent members of upper tier local authorities (i.e. two-tier county councils and unitary councils) only. District councils would not be constituent members of a CCA and consequently their consent to a CCA's establishment would not be required.
- 3.3 Clause 9 of the original Bill provides that CCA's can have non-constituent members, which could include district councils. If this is enacted, we could see an arrangement like that proposed in East Midlands where the district councils agree between them who will be the representative non-constituent members, with a joint committee of the districts being the nominating body.
- 3.4 Under the original provisions in the Bill, non-constituent members would not automatically have voting rights on matters on which the CCA votes. The CCA would be able to confer voting rights on the majority of matters on its non-constituent members, including giving votes on different matters to particular non-constituent members. Non-constituent members could also attend the CCA's cabinet meetings, be on sub-committees and could sit on overview and scrutiny committees and audit committees. This could facilitate district councils having a formal seat at the CCA table. There are certain matters non-constituent members would not be given a vote on, including voting on consent for Secretary of State to make Regulations about the CCA and whether to grant voting rights to an associate member.
- 3.5 The House of Lords, however, amended the Bill last week to set up a process so that district councils can become full constituent members of CCAs. If retained, this amendment would

end the discrepancy which means that in CCAs only county councils and any unitary authorities within the area get voting rights. The District Council's Network (DCN) is urging the Government to retain it when the Bill returns to the House of Commons after summer recess. District council leaders in Lancashire are also pressing for *one council - one vote*.

4.0 NEXT STEPS

- 4.1 The upper tier local authorities will now work together to prepare a Final Business Case to present to Government for approval. District councils have urged the upper tier authorities to engage them as much as possible in this process and it is hoped there will be a meeting with district leaders and chief executives in the coming weeks. Subject to further changes to the Bill, any final deal will require local consent with the full agreement of at least the three constituent councils as well as Parliamentary approval.