

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
CHIEF EXECUTIVE	COUNCIL	20 JULY 2020	13

A LANCASHIRE COMBINED AUTHORITY

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

This report outlines the proposal to consider a Combined Authority across Lancashire with the option of a directly elected Mayor with limited powers, in response to the forthcoming Devolution White Paper. Any decision to establish a Lancashire Combined Authority would require the consent of all the local authorities covered by the Combined Authority. The council is not seeking consent to be a member of a Combined Authority with a directly elected Mayor at this stage it is seeking in principle to consider this option as part of preparations for local Government reform to be included in the Devolution White Paper. Further work will be undertaken to examine the nature, governance structure and operation of a Combined Authority that works most effectively in Lancashire. However, at this stage all the local authorities across the county are seeking to agree in principle a collective commitment to explore the concept of a Lancashire Combined Authority with a directly elected Mayor.

It is accepted that the process may be delayed as a result of the Coronavirus however, the Government has made a commitment to publish a white paper on devolution and local Government reform to establish more effective working relationships with the regions.

RECOMMENDATIONS

1. Note the agreement of Lancashire Leaders on 10 June 2020 as set out at paragraph 36
2. Agree to explore a Combined Authority for Lancashire with an Elected Mayor, with limited powers
3. Acknowledge that local Government re-organisation will need to take place to enable simplified governance arrangements in the Combined Authority area
4. Appoint the Leadership Board and Budget Working Group to explore both devolution and re-organisation and make recommendations to full council

SUMMARY OF PREVIOUS DECISIONS

Full Council February 5th, 2018:

It was RESOLVED that

1. Fylde Council no longer agrees to be a constituent member of the Lancashire Combined Authority in its current form or be part of the Shadow Combined Authority
2. After over two years of planning the Combined Authority model has failed to gain the necessary unanimous support amongst all Lancashire Authorities and is unlikely to do so; and
3. Fylde Council continues to work with all Lancashire authorities to establish alternative options for working together on strategic regional initiatives.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	
Delivering the services that customers expect of an excellent council (Clean and Green)	
Working with all partners (Vibrant Economy)	√
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	√
Promoting Fylde as a great destination to visit (A Great Place to Visit)	

REPORT

1. The debate on a Combined Authority for Lancashire has been taking place for several years, on February 5th, 2018 Fylde resolved not to be a constituent member of a Lancashire Combined Authority in 'its current form' and to continue to work with all Lancashire authorities to establish alternative options for working together on strategic regional initiatives. To date no alternative arrangements have been developed with the Combined Authority emerging as the favoured option after success in other areas of the country and support from the Government as the preferred model for two tier shire regions which will be confirmed in the Devolution White Paper scheduled to be published later this year.
2. The Government set out in the Queen's Speech an ambition to spread opportunity to all communities across the UK with the forthcoming Devolution White Paper marking the first steps in moving towards ensuring the country is in the best possible position after leaving the European Union. There is a renewed energy in devolution to rethink services around the resident in towns, cities and communities, a Combined Authority with a directly elected Mayor is considered the preferred model for regional engagement based on the evidence from existing Combined Authorities. The issue has gained impetus with the Government's desire to push forward with devolution as a fundamental part of "levelling up" and recently the response to economic recovery post COVID 19; concerns about the future financial viability of some local authorities; and that Combined Authorities benefit through more central Government funding and greater control over expenditure.
3. A Combined Authority is a legal entity that enables a group of two or more councils to collaborate and, within the powers given to the combined authority, take collective decisions across council boundaries. They can only be created by parliament, although the development and administration of a Combined Authority must be locally driven by the authorities involved. The powers given to each combined authority are set out in the legislation creating it. The powers normally include powers presently exercised by the constituent authorities, but which can be more effectively deployed across a wider area, and powers devolved by national Government as part of a devolution deal. The desired package of powers for the combined authority is first agreed between the constituent authorities and then negotiated with Government.
4. Linked to Combined Authorities is the idea of an elected Mayor for the area covered. The Government has expressed a strong preference for Combined Authorities to have an elected Mayor¹ for the combined area. As with the Combined Authority, the precise powers exercised by the Mayor are a matter for the authorities involved and form the basis of the "deal" with Government, but a single, democratically elected representative for an area is seen by the Government as the best way to facilitate a constructive two way dialogue and demonstrate local accountability.
5. There are currently ten Combined Authorities across the country, ranging from the longest established – in Greater Manchester – to the more recently created Combined Authority in West Yorkshire. Each has a different number of constituent local authorities and varying levels of devolved funding and powers from Government, and a different level of power given to the elected Mayor, where there is one in place.
6. Although devolution deals, where Government passes powers and funding to local authorities, are not linked in law to Combined Authorities, the Government has made it clear that it expects local authorities to be able to work closely together on a larger footprint in order to make a deal viable, and that the Combined Authority model represents the best way to achieve this.

¹ Combined authority mayors are distinct from and complementary to ceremonial or elected mayors in their constituent authorities.

7. The consideration of a Combined Authority for Lancashire is aimed at creating a single, clear and influential voice for Lancashire to obtain devolved powers and additional regional funding from central Government. A Combined Authority is a legally formed, locally owned body established by national legislation to deliver a range of agreed joint functions (to be determined by the authorities) and enable collaboration and collective strategic decisions across the region. Existing Combined Authorities have secured devolved powers and additional funding with longer standing Combined Authorities like Manchester agreeing further deals to secure additional powers.
8. The creation of a Combined Authority is entirely optional and must be initially driven by the authorities involved. There are other options for closer working with other local authorities, such as through a formally appointed joint committee or simple information arrangements. Operational shared service agreements between authorities can exist in any governance set up.
9. **Joint Committees** - Any local authorities can establish a joint committee and delegate a wide range of powers and functions to be exercised by that committee. Governance arrangements can be locally determined within a statutory framework. This option sits comfortably with normal operational rules and practices for local authorities, and have been implemented successfully, albeit usually for specific individual service areas or where there are shared service arrangements (for example, waste collection and disposal). Authority would ultimately rest with each partner local authority's full council or executive, and arrangements can be started and ended as necessary. Whilst this offers familiarity and flexibility, arrangements can be fragile and lack a sense of permanence. Whilst Government has always advised that it would be willing to engage with groups of local authorities in any and all forms of joint working that might suit local circumstances, there are no significant devolution deals based on simple joint committee working.
10. **Informal Arrangements** - Lancashire Leaders currently meet on a monthly basis, and it is the forum through which pan-Lancashire issues and initiatives are steered, such as the development of the Greater Lancashire Plan. Informal arrangements have the benefit of flexibility, but the obvious disadvantage of potential impermanence, and a reliance on voluntary support and contributions from partners, making long term planning difficult. Whilst the Leaders meetings have "operating principles", there is nothing deeper tying individual authorities into the arrangements. Whilst the Lancashire Leaders have met with Government and civil servants, there is no sense that such arrangements could be the basis for a devolution deal or for accessing additional funding opportunities.
11. **Combined Authority** - Combined Authorities are created by act of parliament. Whilst there are substantial local freedoms involved in the setting up and running of the Combined Authority, there is a significant and serious commitment involved, and a robust process to follow in the creation of the Combined Authority design to test its likely impact and effectiveness. This includes a review of governance arrangements in the proposed area to evidence effective delivery of statutory functions. Combined Authorities are governed by a constitution developed by the constituent authorities, approved by Government and designed specifically for the purpose.
12. A Combined Authority can, subject to Government approval, take on any powers that its members wish it to have. Primarily though, in consultation with Government, it would seek to reach a devolution deal, where central powers and responsibilities are handed down from Government. Agreeing a Combined Authority is the gateway to a Devolution Deal or other agreements 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)
 - economic development (including employment and business support)
 - transport including wider freedoms around concessionary travel for young people and bus franchising
 - spatial planning, land use and housing
 - apprenticeships, skills development and adult education
 - homelessness
 - crime e.g. co-commissioning (in some areas the elected Mayor is also the PCC)

- regional housing delivery
 - regional infrastructure and economic centres
13. A Combined Authority is not primarily a mechanism to draw power or resource 'up' from local councils, neither is it a 'takeover' by any authority or a merger. However, the Devolution White Paper scheduled to be published later this year will include clear guidance on how a region will be able to access devolved powers and funding, a Combined Authority with a directly elected Mayor is expected to be the preferred model along with consideration of local Government re-organisation as part of implementing arrangements that work best within the Combined Authority. The option of local Government re-organisation is in response to growing pressure on adult and children's services and the need to have appropriate economies of scale to deliver the services as efficiently as possible.
14. In return for establishing a Combined Authority Lancashire could expect devolution of funding and powers common to most of the existing 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
15. It would be for the constituent authorities in negotiation with the Government to determine the focus and detail of a Devolution Deal and the devolution 'ask' for Lancashire. This is an opportunity to secure resources and powers from central Government for Lancashire, to enable several funding decisions to be taken closer to local people.
16. There are several steps that authorities must progress through to create a Combined Authority. This process helps demonstrate commitment on the part of the authorities involved and allows serious consideration of the structure and priorities of the new body. It also ensures full public engagement with the proposals. Lancashire has already undertaken a number of these steps as part of earlier efforts. Whilst these will need to be revisited and repeated, there is experience and knowledge to draw on.
17. The first stage is to conduct a governance review, involving a consideration of the different models of local Government available, to identify how a Combined Authority could improve delivery of public services. This process involves carrying out a public consultation in all areas where it is proposed the Combined Authority operates.
18. This is followed by the preparation and publication of a formal scheme, including details of the proposed powers and functions, as well as operating principles (including a constitution), which will form the basis of formal negotiations with central Government. Ultimately, once agreed, the Combined Authority is brought into effect by a statutory instrument.
19. The authorities who make up a Combined Authority would determine a governance structure that works most effectively in the Lancashire context. The governance structure requires the consent of all local authorities in the area covered by the Combined Authority. This should be one contiguous geographical area however, it does not require all the local authorities within the county boundary to be part of the Combined Authority. The authorities in Lancashire are seeking to include the fifteen local authorities in the county as part of a Lancashire Combined Authority, with each local authority making up the Combined Authority having a single vote.
20. Eight of the ten existing Combined Authorities were formed with a Mayor, and one of the two remaining Combined Authorities has now decided to move to a Mayoral model. The elected Mayor is the chair of the area's Combined Authority and is elected directly by the residents of the combined area. The Mayor, in

partnership with the Combined Authority, exercises the powers and functions devolved from Government. The Government believes the role of Mayor provides clear accountability over the powers, functions and funding that is devolved from national to local level. No position has been taken on an elected Mayor for Lancashire, the indication is that the directly elected Mayor will be the preferred model and will secure most benefit.

21. The specific powers of a Mayor and the Combined Authority collectively are a matter for local determination as part of the development of the Combined Authority. The Mayor may have powers invested in them as an individual, but it is more common that they are a recognised voice and convenor for the area. Decisions are in practice made more consensually by the members of the Combined Authority with the elected Mayor fulfilling a role of providing clear strategic direction and influence. Whilst an elected Mayor is not compulsory in a Combined Authority the Government has stated that Mayors introduce direction, clarity and accountability into the system, and would provide a clear, influential voice for Lancashire. The elected Mayor may also take on the role of the Police and Crime Commissioner for the area, although this is also a matter for local determination.
22. The Leaders of the Lancashire local authorities are keen to explore the option of a Combined Authority to secure devolved powers and funding like those experienced in Greater Manchester and Merseyside. The concern is that Lancashire is being left behind and missing opportunities because there is no recognised formal body to engage with Government and that the Devolution White Paper will include engagement arrangements with Government that require a Combined Authority structure. At a recent Lancashire Leaders meeting the advice from civil servants on behalf of the secretary of state was that Lancashire will require a Combined Authority to engage in the process and that local Government re-organisation is a possibility with or without a Combined Authority arrangement. Lancashire leaders are keen to explore the option of a Combined Authority in a bid to have control of the change process that will be included in the Devolution White Paper.
23. Lancashire authorities will carry out an assessment of the options and implications of a Combined Authority, including with a directly elected Mayor, within the context of the Devolution White Paper that is due to be published. Once the work is complete this council will consider a further report on the options for a Combined Authority and whether to be a member.
24. The Government has established a clear direction of travel in wanting to deal with local Government on economy, planning, housing and skills through Combined Authorities, that will be confirmed in the Devolution White Paper and it is appropriate that Lancashire starts to prepare now for the proposed changes based on the advice and guidance from the secretary of state. Councils without a Combined Authority structure risk being given considerably lower priority in terms of powers and funding.
25. Devolution Deals benefit the economy by drawing down funding, freedoms, flexibilities and powers from central Government to the Combined Authority and Mayor. This collaborative place-based leadership is aligned to the local priorities measured through typical economic metrics such as Gross Value Added (GVA - the measure of the value of goods and services produced in an area, industry or sector of an economy), business numbers, employment rates and wider community indices such as equality, inclusion, vibrancy, prosperity, innovation, sustainability, health, wellbeing and happiness.
26. Greater Manchester has the largest devolved powers outside of London in excess of £8.6bn including 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 Greater Manchester Combined Authority) with £450m Transformation Fund alongside other funding for homelessness, work and health, business rates, transforming cities and growth deal. Whilst all deals are subject to negotiation, if Lancashire was as successful as Greater Manchester, on a population pro-rata basis this could equate to between £1.2bn and £4.6bn (subject to health and social care) for Lancashire.
27. A Combined Authority will provide a single voice for Lancashire to bid for central government funding and devolution powers. Any local authority not part of the Combined Authority will not receive any of the funding or power benefits of being a constituent member. The scale of funding for Lancashire devolved from Government will be determined through the devolution deal but is likely to be significant.
28. 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 would be developed as part of the proposal. A parliamentary order is

needed to establish a Combined Authority. 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 would be determined through the development of a devolution deal.

29. Local Government reorganisation has also been proposed as part of establishing a Combined Authority for Lancashire, this is the process by which the structure of local Government in an area is reviewed. This might be through the merger of councils at the same level (i.e. two or more districts become one); through the merger of districts and counties to become unitary authorities; or through the significant redrawing of boundaries. It could be some or all these options together.
30. The creation of a Combined Authority, elected Mayor and a devolution deal are separate from the issue of local Government reorganisation. However, as part of the Combined Authority negotiation process with central Government they would require a review of the local governance arrangements, and where appropriate a simplification, to ensure the efficient and effective delivery of statutory functions within the area.
31. The creation of a Combined Authority is not a mechanism to take power away from individual local authorities, nor is it the creation of a unitary by proxy. It represents an opportunity for all partner authorities to enhance their power and influence over a wider range of issues in a joined-up way, including the consideration of how these are best implemented on the ground.
32. Currently, all 15 local authorities in Lancashire are involved in the Lancashire Leaders meetings and have been invited to consider a formal position in relation to the Combined Authority and elected Mayor. A Combined Authority requires the consensus of all participating authorities and they must have shared boundaries. This has proved challenging for Lancashire and while it may be possible to move forward if one or two authorities were not engaged, undoubtedly a stronger case is made to Government if all 15 moves forward together. A timetable towards approval of any devolution deal would likely be a minimum of 2 years (to 2022).
33. Government has provided strong indications that they wish to "level up" the country in terms of prosperity, opportunity and income with devolution as the mechanism to do this. In order to effectively secure these benefits for the people of Lancashire a Combined Authority with elected Mayor is likely to be a requirement. As Lancashire emerges from the COVID-19 pandemic, more than ever we need a strong and influential voice with Government and Combined Authority status would give greater weight to the economic recovery planning that needs to take place including tailored opportunities to tackle the immediate impacts ahead of the Comprehensive Spending Review as well as the strategic infrastructure for a rebound and sustainable growth in Lancashire's economy. Evidence from recent Combined Authority activity and funding deals illustrates starkly how Lancashire could be missing out with the new West Yorkshire Combined Authority benefitting significantly from the recent Transforming Cities funding whilst Lancashire's award fell well short in the bidding.
34. Collaborative place-based leadership will ensure Lancashire is best placed to achieve its economic ambitions through a positive and confident growth-led recovery. Combined Authorities are empowered to take a medium to longer term view, working in partnership with Government to align budgets and devolve powers, freedoms and flexibilities to the shared priorities and outcomes they want to achieve together.
35. It is important that Fylde is 'round the table' at this stage to understand the impact and options of the Devolution White Paper and if necessary be prepared with an option that enables Fylde to influence the change ahead rather than have change imposed. There are 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, there are disadvantages as well as the discomfort of change including the possibility of a directly elected Mayor, a new level of governance and additional administration that can create confusion as to who is responsible for service delivery in the community.
36. At a meeting of all 15 Lancashire Leaders on 10 June the following agreement was reached:
 - a) Re-confirm in principle our agreement to explore a Combined Authority for Lancashire with an Elected Mayor, with limited powers, subject to ratification by each Council and
 - b) Acknowledge that the delivery of Local Government functions may need to be simplified in the Combined Authority area.

- c) Explore possible models for devolution and improved governance arrangements via the Local Government Association and report back to Leaders.
 - d) Subject to agreement of the above, write to Government, signed by all Leaders, confirming the position and seeking to pursue on going conversations to secure these outcomes in the interests of our own residents and businesses and those of Lancashire.
37. Any decision to establish a Combined Authority requires the consent of all the local authorities covered by the Combined Authority. This report is not seeking this consent at this stage. 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. Any financial implications for Fylde Council will be considered as proposals are developed. At this stage all the local authorities across the county are seeking an agreement in principle to demonstrate collective commitment to the concept and the recommendation is that Fylde is at the table to influence our future.

IMPLICATIONS	
Finance	None arising directly from the recommendations in the report at this stage. Any financial implications for Fylde Council will be considered as proposals are developed.
Legal	Any combined authority would be formally established by legislation, which would set out the functions and governance arrangements for the authority.
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None arising from this report
Health & Safety and Risk Management	None arising from this report

LEAD AUTHOR	CONTACT DETAILS	DATE
Allan Oldfield	Allan.oldfield@fylde.gov.uk	April 7 th 2020

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Guide to Devolution White Paper	Jan 2020	http://www.nlgn.org.uk/public/2020/undivided-attention-a-guide-to-devolution-and-why-it-matters/
LGA Queens Speech Response – Devolution White Paper	October 2019	https://www.local.gov.uk/queens-speech-lga-responds-devolution-white-paper