

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
LEADER OF THE COUNCIL	COUNCIL	11 APRIL 2016	12
A COMBINED AUTHORITY FOR LANCASHIRE MEMBERSHIP			

PUBLIC ITEM

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

SUMMARY

The report provides an update for members of the progress and benefits of the Lancashire Combined Authority proposal including responses to the public consultation exercise and seeks agreement for Fylde Council to become a constituent member of a Combined Authority for Lancashire.

RECOMMENDATIONS

It is recommend that:

1. The contents of this report be noted
2. The response to the public consultation on the Combined Authority proposals included as Appendix 1 be noted
3. Fylde Council agrees 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, Fylde Council agrees to form a shadow Lancashire Combined Authority
5. Any proposals for a Devolution Deal with the Government be brought back to Full Council for agreement

SUMMARY OF PREVIOUS DECISIONS

At the Full Council meeting on December 14th 2015 it was resolved:

1. The contents of the report on a Combined Authority be noted
2. The contents of the Lancashire Governance Review and recommendation therein be noted
3. The contents of the draft Scheme for a Combined Authority be noted
4. Fylde Council agrees to take part in the public consultation in January/February which will seek views on the formation of a Combined Authority for Lancashire
5. Fylde Council agree to consider the feedback from the public consultation and notes that, following this, those authorities who wish to form a Lancashire Combined Authority will submit a proposal to the Secretary of State for consideration.
6. Fylde Council agrees in principle to becoming a constituent member of the Combined Authority for Lancashire
7. The council's meeting on April 11th 2016 gives final consideration to becoming a constituent member of a Lancashire Combined Authority.

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

Background

In October 2014 Lancashire Council Leaders identified the need to develop closer collaborative working across Lancashire on strategic regional economic and transport related matters as a result of the changing arrangements for engagement between central government and the regions, as well as the need for Lancashire authorities to work more effectively together.

In order to determine whether the existing arrangements are effective in relation to the new means of engagement with central government, or whether Lancashire would benefit from new arrangements Lancashire Leaders commissioned a Governance Review. Fylde Council considered the outcome from the Governance Review including a draft Scheme of Governance for the preferred option of a Lancashire Combined Authority at its meeting on December 14th 2015.

A Lancashire Combined Authority

As part of the Governance Review Leaders developed five priority ambitions applicable to the whole of Lancashire, these are:

- *Prosperous Lancashire*: a Lancashire that is recognised as a destination of choice, to invest in, do business in, live in or visit
- *Connected Lancashire*: digital and transport connectivity to promote inclusive growth
- *Skilled Lancashire*: a skilled workforce that can 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
- *Public services working together for Lancashire*: integrated public services at the heart of local communities giving everyone the opportunity for a healthier life

Leaders recognised that some of the ambitions set out above could be delivered through the existing excellent partnership arrangements in place across the county. However, in order to attract and maintain economic growth within the preferred arrangements for engagement with the regions and achieve a prosperous Lancashire for all, there is a requirement to demonstrate that Lancashire as a region means business, and to provide reassurance that there are strong, robust governance arrangements in place with a formal commitment to work together.

The proposed Lancashire Combined Authority will provide a formal, structured and transparent, legally constituted body operating across the whole of Lancashire responsible for taking strategic decisions on transport, economic development and regeneration, as well as improve and strengthen the relationship between the Local Economic Partnership (LEP) and local authorities.

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 will ensure Lancashire is able to reach full economic potential. The Government has been clear that the preferred model of engagement with the regions to address key economic, planning, housing and skills development is through a Combined Authority. For Fylde Council being a member of the Lancashire Combined Authority will provide:

- A single voice for Lancashire in the debate that will shape the future of the North. Neighbouring regions have powerful voices through a Combined Authority and are already shaping the 'Northern Powerhouse'. Fylde alone will not be heard. Lancashire needs a strong voice and a clear understanding of what it wants to achieve to influence the debate and ensure our communities are not 'left behind' the rest of the North when securing the freedoms, flexibilities and economies of scale that can only be realised on a regional footprint.
- A joint focus, with influence in numbers, for driving economic growth. When new funding arrangements for Local Government are fully implemented, councils will be reliant on business rates to fund services. A Combined Authority and the potential additional investment from working together with the upper tier authority and neighbouring councils, offers the most effective way to influence the business rates generated in Fylde.
- An opportunity for all district councils to influence, shape and have accountability for the work of the LEP and the major funding streams that Government distributes through the LEP. The Scheme of Governance sets out that the Lancashire Combined Authority will include the local authorities and the LEP within its governance structure. With this closer knowledge and working, Fylde has better prospects of aligning projects and attracting investment through the LEP.
- An opportunity to influence and contribute the Fylde coast requirements in a 'Lancashire Plan' focused on economy, skills and development, directly shaping and having a say in how Lancashire's priorities and investments are decided.
- The ability to share and access, capacity; expertise; resources; skills; and experience across Lancashire through formal arrangements in a co-ordinated and planned manner.
- The ability to work collectively on the common challenge of delivering sustainable public services in the future that faces every local authority in an era of ongoing austerity, grant reductions, budget cuts and service reviews. The proven benefits of economies of scale and the ability to achieve more together will be developed formally through the Lancashire Combined Authority rather than in isolation.
- As a member of the Lancashire Combined Authority, district councils will have the opportunity to be 'at the table' through formal and transparent engagement in transport decisions providing a strong voice for Lancashire in shaping the priorities in Transport for the North affecting:
 - Streamlined single Transport for Lancashire Plan as opposed to three plans, with engagement for Fylde on a wider footprint, at present Fylde only has a say in the LCC plan
 - Aligning strategic transport planning with district Local Plans more effectively
 - Highways and Transport masterplan revisions
 - Strategic Transport Prospectus revisions
 - Key Route Network definition
 - Prioritisation of improvements on the Key Route Network with a capital cost of >£500,000
 - Responses to consultation on long-term Strategic Road Network (SRN) planning
 - Identification of SRN improvements to support future strategic housing and employment locations
 - Responses to consultation on long-term rail planning and franchise specification

- Identification of rail network improvements to support future strategic housing and employment locations
- Lancashire Strategic Cycle Network
- Transport scheme funding approvals (if not devolved to Transport for Lancashire)
- Opportunity for involvement in an integrated bus network across Lancashire currently restricted by administrative boundaries
- Direct engagement through a formal committee with Transport for the North Partnership Board responsible for the delivery of transport infrastructure across the whole North of England e.g. HS2
- A structured and transparent governance framework for Lancashire Leaders to meet with voting rights, minutes and agendas that provide increased accountability.

There are no financial, operational or constitutional risks to the council from joining a Lancashire Combined Authority under the proposals included in this report. The council is not required to contribute any additional resource, including finance, and could only do so through a unanimous formal vote. There are no proposals at this stage for the devolution of powers from central government to the combined authority, if any proposals are made they will include a full analysis of the benefits and disadvantages, and the councils existing role in the Lancashire Leaders is not diminished in anyway, it is actually increased with formal governance arrangements.

The governance review concluded that a Combined Authority is the most appropriate arrangement for Lancashire to achieve maximum benefit from devolved powers and funding by central government. The Combined Authority has proven to be the most popular and preferred form of governance arrangement in most regions for securing devolved powers and functions, and to engage effectively with central government on a regional footprint. The Government has a clear direction of travel to deal with local government on economy, planning, housing and skills through Combined Authorities with significant benefits realised through a Devolution Deal, making it almost the 'only game in town' without which regions will be left behind or 'second class'.

For Fylde the only other alternative would be to attempt to negotiate with government in isolation with the majority of other local authorities operating in the Lancashire Combined Authority. There is no sub regional option. Fylde does not have the capacity, experience, expertise or resource to engage in isolation with government on devolved powers nor does it have the remit to do so in respect of cross boundary transport, economic and regeneration initiatives. Equally, government does not have the capacity and resource to engage with local authorities in isolation, preference and priority is given to Combined Authorities. The fact that being a member of the Lancashire Combined Authority is the 'only game in town', if Fylde wants to secure the benefits and opportunities listed above, is not a reason to become a member, but it must be a consideration in the decision making process.

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 local authority (excluding transport planning).
Decision Making	Unanimous agreement on strategic plans, investment strategy, annual budget, borrowing limits, adoption of freedoms and flexibilities, any changes to CA arrangements. All other decisions require a 2/3 majority. There is no provision for Executive arrangements.
Decision Making – Transport	Transport planning and investment would be subject to unanimous agreement by the three transport authorities.

Overview & Scrutiny	Scrutiny Committee with representation from authorities would be established.
Finance	No member allowances will be payable and resources for the Combined Authority will be found from within existing arrangements between member authorities which has worked successfully since October 2014.

Public Consultation

The Lancashire councils along with the Lancashire LEP have recently undertaken a public consultation exercise. A summary of the response to the consultation is included in Appendix 1 to this report for information. To ensure an independent, robust and coordinated approach, the councils in Lancashire commissioned Infusion Research to undertake the consultation.

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 with almost 2000 responses received.

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 concerns included where resources would be focused and any adverse impact on local services.

Devolution

In developing the Combined Authority, Lancashire Leaders have been considering devolution proposals which would 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.

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 require the agreement of the constituent members of the Combined Authority which would then act as the vehicle for delivering the Devolution Deal.

Next Steps

This report seeks the agreement of Fylde Council to become a constituent member of the Lancashire Combined Authority and signals to the Government that authorities in Lancashire are committed to working together for a better Lancashire. A similar report is going to 14 of the 15 other Lancashire local authorities throughout March and April 2016 seeking the same commitment.

Subject to the various council decisions, a proposal to form a Lancashire Combined Authority will be submitted to the Government for consideration and negotiation.

In the interim period it is recommended that the local authorities operate a shadow Combined Authority using the guiding principles set out in the Scheme of Governance included in Appendix 2 this report and which came before this Council on December 14th 2015.

IMPLICATIONS	
Finance	<p>Officer resources have been made available by authorities in supporting the Combined Authority development on an 'in kind' basis. At this stage these arrangements will continue and there are no direct financial implications.</p> <p>As per the Scheme of Governance for the Combined Authority, approval of the annual budget including decisions on any levies, precepts or other demands for financial contribution from constituent authorities is subject to unanimous agreements by the constituent members.</p>
Legal	<p>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.</p> <p>The Council's own constitution will be reviewed and any necessary amendments will be made. A parliamentary order is needed to establish a Combined Authority.</p>
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	TEL	DATE	DOC ID
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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Combined Authority Parliament Briefing Paper	February 12 th 2016	http://researchbriefings.files.parliament.uk/documents/SN06649/SN06649.pdf
Combined Authorities: LGA Guidance	September 2015	http://www.local.gov.uk/devolution/combined-authorities

Attached documents

Appendix 1 – The Consultation Report

Appendix 2 – The Proposed Scheme of Governance for a Lancashire Combined Authority

Appendix 3 – The Overview & Scrutiny Arrangements for a Lancashire Combined Authority