

REPORT TO: Executive Board
DATE: 27 February 2014
REPORTING OFFICER: Chief Executive
PORTFOLIO: Leader
SUBJECT: Establishment of a
Combined Authority for the Liverpool
City Region
WARDS: All – Borough-wide

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide an update on the establishment of a Combined Authority for the Liverpool City Region on 1 April 2014 and the related documents for approval and adoption.

2. RECOMMENDATIONS

2.1 Executive Board are invited to recommend to Council that Council:

- (a) Confirm its previous decision that the Council should formally become a constituent member of the Liverpool City Region Combined Authority**
- (b) Note the position on the making of the Orders as attached in Appendix 1 and the Parliamentary process currently in train;**
- (c) Endorse the Constitution for the Combined Authority as attached in Appendix 2;**
- (d) Approve the Operating Agreement for the Combined Authority as attached in Appendix 3;**
- (e) Approve the arrangements set out in the report to appoint members to the Combined Authority and its Committees**
- (f) Note that no allowances (other than travel and subsistence) will be paid to Members of the Combined Authority, the Scrutiny Pool and other Committees and Boards, with the exception of the Merseytravel Committee;**
- (g) Agree that the payment of allowances for co-opted members of the Transport Committee will be dealt with in accordance with the current Merseyside Integrated Transport Authority Scheme and the Council's own scheme be amended accordingly;**
- (h) Note that a review of the Combined Authority's arrangements will be undertaken during the first year and reported to the Combined Authority's Annual General Meeting in 2015;**
- (i) Agree that approval to make any technical amendments to the Constitution and Operating Agreement for the Combined Authority and any other associated requirements to achieve the creation of the Combined Authority is delegated to the Chief Executive in consultation with the Leader of the Council.**

3. BACKGROUND

- 3.1 Liverpool City Region conducted a Review of Strategic Governance in 2013 to assess whether the arrangements for economic development, regeneration and transport as they stood should continue. This review highlighted the positive joint working to date that has been in place through informal arrangements, and then considered the options for the future. It considered no change, the establishment of a Supervisory Board, the establishment of an Economic Prosperity Board and the creation of a Combined Authority and assessed these against the key statutory tests below:
- The exercise of statutory functions relating to economic development, regeneration and transport;
 - The effectiveness and efficiency of transport; and,
 - The economic conditions in the area.
- 3.2 This concluded that the establishment of a Combined Authority for the Liverpool City Region was best placed to support business to grow and create jobs, to secure an improvement in the City Region's economic conditions. The Combined Authority would draw together strategic work across economic development, transport, housing and employment and skills and provide the basis to potentially access additional funding from Government for the benefit of the City Region.
- 3.3 The initial review was subject to consultation and received 179 responses from a range of stakeholders, businesses and members of the public; the overwhelming majority being positive. These responses were then used to shape the final proposals.

Council resolved on the 19th September 2013 as follows :-

(1) The submission of the Liverpool City Region Strategic Governance Review and Scheme to the Department for Communities and Local Government for the establishment of a Liverpool City Region Combined Authority on the basis of the drafts attached at Appendix 1 and Appendix 2 to this report;

(2) That Halton Council should formally become a constituent member of the Liverpool City Region Combined Authority, thereby sharing appropriate economic development and transport powers with other Councils within the Liverpool City Region Combined Authority in accordance with the provisions of the Local Democracy, Economic Development and Construction Act 2009 and the Local Transport Act 2008; and,

(3) Agree that approval to make any technical amendments to the Liverpool City Region Strategic Governance Review and Scheme before it is submitted to the Secretary of State on 30 September 2013 be delegated to the Chief Executive in consultation with the Leader of the Council.

This final Review of Strategic Governance was then submitted to Government on 30 September 2013.

- 3.4 Government considered the submission and published a statutory consultation document on the establishment of the 'Greater Merseyside Combined Authority' on 29 November 2013. This was broadly consistent with the submitted Review of

Governance, except for the name of the organisation. The statutory consultation closed on 22 January 2014; in total over 100 responses were received by Government.

- 3.5 The Secretary of State for Communities and Local Government has now confirmed his intention to establish the Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral Combined Authority and has invited Parliament to approve a draft of the Order and Consequential Order (see Appendix One) for the establishment of the Combined Authority on 1 April 2014 and for the abolition of the Greater Merseyside Integrated Transport Authority. For public purposes the Combined Authority will be known as the Liverpool City Region Combined Authority.
- 3.6 Subject to the passage of the Order through Parliament and subsequent establishment of the Combined Authority, its inaugural meeting will be held on 1 April 2014 at which point it will agree its Constitution and ways of working.

This will enable the Combined Authority to assume democratic responsibility for the functions transferred from Halton (in relation solely to strategic transportation and economic development, as is set out in the Order) and of the Merseyside Integrated Transport Authority, as well as accepting transfer of its assets and liabilities.

Members will note that in respect of Halton there is a transition period until 1st April 2018. During this period some functions will be delegated back to Halton, together with the funding to deliver them. This will assist in a smooth transition for Halton into the Combined Authority.

The Order as drafted also ensures that it does not transfer to the Combined Authority any powers, duties, responsibilities and obligations, howsoever arising and contained in any legislation relating directly or indirectly to the financing, delivery, operation and maintenance of Mersey Gateway and Silver Jubilee Bridges and the associated highway network. All these are retained by Halton.

- 3.7 The Combined Authority's AGM will take place in mid June 2014.
- 3.8 Liverpool City Region Cabinet agreed at their meeting of 24 January 2014 that the arrangements proposed for the Boards and Committees of the Combined Authority will be transitional for the first year of the Combined Authority's operation. Once further details on the implementation of the Growth Plan and the Local Growth Fund are known later this year, a review of the Combined Authority's arrangements will be undertaken which would report to the Annual Meeting in June 2015.

4. THE REMIT OF THE COMBINED AUTHORITY

- 4.1 The remit of the Combined Authority for the Liverpool City Region is those strategic economic development, regeneration, transport, strategic housing and employment and skills functions that can be better delivered collaboratively across the Liverpool City Region. The Combined Authority will remain a lean, focused decision making body, with responsibility over those strategic issues where it is mutually beneficial for local authorities, Merseytravel and the Liverpool City Region Local Enterprise Partnership (LEP) to work together.

- 4.2 The City Region governance review concluded that the Combined Authority would discharge thematic functions through the following arrangements:

Function	Arrangements
Strategic Economic Development	Liverpool City Region Local Enterprise Partnership
Strategic Transport	Merseytravel Committee
Strategic Housing and Land Based Assets	Liverpool City Region Strategic Housing and Planning
Strategic Employment and Skills	Liverpool City Region Employment and Skills Board

- 4.3 On the Combined Authority each Constituent Authority would be represented by one member of its Cabinet who will be the Leader or Elected Mayor. These six members would form the core membership of the Combined Authority, with the Chair of the Local Enterprise Partnership being a co-opted member.

5. UNDERPINNING DOCUMENTS

- 5.1 As a statutory organisation, the Combined Authority requires a Constitution to be in place to describe how it will operate its functions. This has been developed by Legal and Democratic Services officers from all City Region Councils and Merseytravel.

Council is recommended to endorse the Constitution, for the Combined Authority, attached as Appendix Two.

- 5.2 Appendix Three contains the Operating Agreement between the Combined Authority and constituent Councils: this document sets out how the Combined Authority will work alongside the 6 constituent Councils, Merseytravel and the Local Enterprise Partnership to deliver its functions. This too has been developed by Legal and Democratic Services officers from all City Region Councils and Merseytravel.

Council is recommended to agree the Operating Agreement and Protocols , for the Combined Authority, attached as Appendix Three,

- 5.3 Each of the Constituent Councils will also need to endorse and adopt the Constitution of the Combined Authority and the Operating Agreement between Councils and the Combined Authority. This will need to be done before 1 April 2014.
- 5.4 A failure to complete this before 1 April 2014 will leave Merseytravel without democratic oversight with the abolition of the Merseyside Integrated Transport Authority occurring on 31 March 2014 as part of the new governance arrangements. Agreement of the Constitution would provide for that oversight to be provided.
- 5.5 There are no changes proposed for the operation of the existing Housing and Planning, Employment and Skills and Local Enterprise Partnership Boards, and these will be commissioned by the Combined Authority to perform certain functions

on its behalf. As part of this process, a series of detailed Operational Protocols are being developed for these key themes that the Combined Authority will be providing strategic leadership on.

6. APPOINTMENTS TO COMBINED AUTHORITY AND STRUCTURE

- 6.1 The Constitution of the Combined Authority provides for constituent Councils to appoint a Member to the Combined Authority, along with a substitute Member. This will be done at the inaugural meeting on 1 April 2014.

It is proposed the Leader be nominated to the Combined Authority and the Deputy Leader be proposed as the substitute.

- 6.2 The Combined Authority will establish a Transport Sub Committee (to be known as the Merseytravel Committee) to provide operational input and leadership around transport issues. This Committee will be comprised of 20 Members of the constituent Councils who will be co-opted onto the Merseytravel Committee.

Halton will be entitled to 2 Members on the Merseytravel Committee. These appointments will be made as part of the Council's normal process to appoint to Outside Bodies.

- 6.3 There will also be a Scrutiny Pool established drawn from Constituent Councils, which will include opposition Members to achieve political balance and reflect the combined political make-up of the 6 local authorities. The Pool will have a role to carry out pre decision scrutiny, conduct themed reviews and the potential to request a reconsideration of the Combined Authority's decisions. Appointments to the Scrutiny Panel will be made following the Annual Meeting of constituent Councils in June 2014.

The final make-up of the Scrutiny Pool will be determined by the Combined Authority at its AGM in June 2014.

Halton's appointments to the Pool will be made as part of the Council's normal process to appoint to Outside Bodies.

Given the current Political Balance of Halton it is unlikely Halton will be asked to provide the opposition party Members on the Scrutiny Pool. This could of course change with the passage of time if the Political Balance of Halton changes

- 6.4 A Standards Committee will meet only when required. In addition, the Combined Authority will establish an Audit Committee as part of its functions. Advice from CIPFA (in their Position Statement of Audit Committees in Local Government) suggests that the Audit Committee should not be entirely composed of members of the Authority or Scrutiny, and that it should not be chaired by a member of the Authority. As such, membership of the Audit Committee will be drawn from the Combined Authority, Merseytravel Committee and Scrutiny Pool.

7. RESOURCE IMPLICATIONS

7.1 Financial

A full due diligence process was undertaken as part of the review of strategic governance and previously reported to Cabinet/Executive Board/Council ahead of the submission to Government on 30 September 2013.

It is envisaged the Combined Authority will not have any additional resource implications for constituent Councils. In this regard, it is anticipated any additional costs arising from the new arrangements would be offset by efficiencies and savings and the establishment of the Combined Authority, would therefore be expected to be, at least, cost neutral in overall terms.

No allowances (other than travel and subsistence) will be paid to Members of the Combined Authority, the Scrutiny Pool and other Committees and Boards, with the exception of the Merseytravel Committee. The existing Merseyside Integrated Transport Authority allowance scheme will be used for the Merseytravel Committee as a transitional arrangement. It is proposed individual Councils agree that the payment of allowances for co-opted members of the Transport Committee is dealt with by each Council's own scheme. The Council's current Scheme will therefore need to be amended to reflect this.

7.2 Human Resources

The Chief Executives of the Constituent Councils and Merseytravel will be appointed as Officers of the Combined Authority, along with the following Lead Officer roles: Head of Paid Service (Chief Executive of Merseytravel), Head of Secretariat (Chief Executive of Knowsley Council), Monitoring Officer (from St Helens Council) and Treasurer (from Merseytravel). Halton will lead on Scrutiny. These additional roles will be undertaken at no additional cost. This approach will increase the effectiveness and efficiency of the related functions by embedding integrated working, policy alignment and increasing opportunities for co-design and collaboration.

7.3 Information Technology

There are no significant information technology implications associated with the recommendations in this report.

7.4 Physical Assets

There are no physical assets implications associated with the recommendations in this report.

8. LEGAL IMPLICATIONS

8.1 The establishment of the Combined Authority is being progressed in line with the provisions in the Local Democracy, Economic Development and Construction Act 2009.

9. RISK ASSESSMENT

- 9.1 There is a risk that the Combined Authority will not be able to function effectively on 1 April 2014. This will be mitigated by submitting the Constitution and Operating Agreement to all Constituent Councils.
- 9.2 There is a risk that the Combined Authority may not have local stakeholder support. This has been mitigated by consulting on the initial review of strategic governance and potential operation of the Combined Authority during the summer of 2013 and the more recent statutory consultation undertaken by Government to collect stakeholder views. These were considered in the preparation by Government of the Order that was laid before Parliament on 12 February.
- 9.3 There is a risk that the Combined Authority is seen as a 'Super-Council'. This will be mitigated by establishing a clear approach to the communication strategy between the Councils, Merseytravel and the Local Enterprise Partnership to explain precisely what the Combined Authority will and will not do.

10. COMMUNICATIONS ISSUES

- 10.1 The meetings of the Combined Authority will be subject to Access to Information Regulations and will therefore take place in public, with meeting papers available 5 working days beforehand. Notice of meetings will appear on the website of Knowsley Council as the lead Council for the secretariat function.

11. EQUALITIES AND ENVIRONMENTAL IMPACT

- 11.1 A full equality impact assessment has been undertaken as part of the preparation for the implementation of the Combined Authority and mitigation actions implemented.
- 11.2 There are no environmental impacts associated with the implementation of the recommendations in this report.

12. POLICY IMPLICATIONS

- 12.1 The recommendations in this report are in line with Halton Council's policy to promote economic growth.

13.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

Children and Young People in Halton

The improvement of economic conditions in the Liverpool City Region will support the Borough's Children and Young people.

Employment, Learning and Skills in Halton

The improvement of economic conditions in the Liverpool City Region will support the development of Employment, Learning and Skills in Halton.

A Healthy Halton

The improvement of economic conditions in the Liverpool City Region will support the development of a Healthy Halton.

A Safer Halton

The improvement of economic conditions in the Liverpool City Region will support the development of a Safer Halton.

Halton's Urban Renewal

The improvement of economic conditions in the Liverpool City will support Halton's urban renewal.

14.0 REASON(S) FOR DECISION

- 14.1** One of the drivers for reviewing the Liverpool City Region's governance arrangements is to secure greater influence over key levers and resources affecting local growth, including freedoms, flexibilities and funding which would otherwise remain under the control of Government. The Liverpool City Deal, Liverpool City Region Deal and LEP Business Plan and Action Plans seek to capitalise on the City Region's strengths, assets and key sectors to attract investment into and create additional jobs within the City Region. However, they do not go far enough in terms of maximising opportunities to enhance local delivery of national programmes that are also critical to improving local growth, with a risk that other areas with Combined Authorities have a significant advantage over the City Region.
- 14.2** For a number of years the City Region has successfully aligned central Government funding, ERDF and private sector investment to support strategic priorities within the wider economy. Working with the LEP, a pipeline of projects spanning investment in infrastructure, business growth, housing, transport and regeneration is in place together with an agreed approach to the joint investment of ERDF, Regional Growth Fund and Growing Places funds. With the new Government funding opportunities and policies, including the Growth Deals/Single Local Growth Fund and EU Structural and Investment Funds 2014 - 2020 there is now an added impetus to ensure the City Region has the most appropriate strategic governance arrangements in place to deliver agreed priority investments and in doing so to maximise the use of these funds alongside existing resources.
- 14.3** Similarly, whilst the establishment of the Local Transport Body has been seen as a positive step; it is a staging post on the journey, rather than a destination. The Local Transport Body model does not enjoy the legal transport powers or funding regimes that are currently vested with the Integrated Transport Authority, its constituent districts and with Halton Borough Council. The Department for Transport has consistently impressed upon the Liverpool City Region the importance of developing effective governance arrangements that facilitate, for example, links to other policy areas, strong leadership, streamlined structures and the ability to make difficult decisions, linked to clear priorities and a long-term investment programme and is one of the main contributors to the Single Pot to be devolved to City Regions.
- 14.4** The benefits of the Combined Authority will be to:

- Bring together the strategic decision making powers and processes for statutory functions and investment priorities relating to economic development, regeneration, transport and related initiatives across the natural economic area; strengthening accountability for the delivery of targets and meeting established strategic priorities;
- Remove the need for issues to be considered or ratified by numerous bodies and authorities, which is time consuming and inefficient, requiring multiple reports;
- Increase the effectiveness and efficiency of the related functions by providing integrated decision-making, a clearer read across between the different policy strands of activity and increasing opportunities for co-design and collaboration. For example, vesting multi-modal transport policy functions with the Combined Authority would ensure that policies are integrated, funding is aligned to agreed priorities for economic development, employment and skills, housing; and delivery is efficient;
- Enable all constituent partners to accomplish and achieve a bigger impact for the City Region's residents, businesses and the economy as a whole through a more effective and efficient deployment of tightening public sector resources connecting the City Region's assets to our people and communities;
- Secure long-term effective engagement with business and other sectors, including employment and skills providers and registered housing providers by formalising the existing relationship with the LEP and providing a place for the private sector at the 'top table' of decision making; and
- Provide opportunities to align strategic capacity and support services to deliver economies of scale. For example, combining Accountable Body arrangements and expertise which is currently dispersed across all six local authorities, MITA and the LEP. In the future, this could include the arrangements for devolved major transport funding and the Single Pot for economic investment, including EU funds and assets as appropriate.

14.5 The practical opportunities to achieve this run both horizontally (across thematic strands) and vertically (within thematic strands). Taken together they illustrate a compelling economic case for a move to a Combined Authority structure of governance. Some of our key proposals are summarised below:

14.6 Strategic decision-making would be brought into one City Region-wide body, with responsibility for strategy setting, the long-term strategic vision, outcomes and the alignment of priorities for the City Region. This would be achieved through the development of a long-term City Region Strategy for delivering the City Region's economic priorities, programmes and projects, co-designed with the LEP to link the City Region's strategic physical assets and 'places' to a broader economic prosperity and 'people' focused agenda. Flowing from the development of the Economic Strategy, and in line with our City Region Deal, would be an integrated Growth Plan and Investment Strategy to deliver the strategic economic vision and outcomes.

14.7 The proposed areas of Combined Authority responsibility are all interdependent. For example, activity to promote employment requires demand-side action to support businesses to create jobs as well as effective transportation policy. As these policy strands are led in different ways by different bodies we have developed partnership and consultation arrangements which do work but often result in increased timescales for taking decisions and multiple reporting lines. This approach has also led to overlapping or competing strategy priorities and in some cases an inefficient service delivery landscape that is confusing to both business

and other stakeholders. The Combined Authority model provides the opportunity to bring all of this together into one approach to enable a clearer routine policy alignment, including:

- The co-ordination of the international economic strategy for the Liverpool City Region to cover inward investment, trade and export, to particularly capture benefits from the International Festival for Business and operate as a cohesive global entity;
- The co-ordination of inward investment activity across the Liverpool City Region as a whole;
- The co-ordination of strategic place based marketing across the Liverpool City Region as a whole; and
- The delivery of the employment and skills strategy across the Liverpool City Region, embedding the Skills for Growth Agreements within economic strategies.

14.8 The Combined Authority would ensure more effective targeting of strategic interventions to support the City Region's priorities. For example:

- It would also take responsibility for decision making with regard to the Liverpool City Region Investment Framework, to include the Single Local Growth Fund, EU Investment Framework and Growing Places Fund to boost local economic growth. Linked to this it will develop a pipeline of priorities to attract financial and wider support.
- Transport planning is currently vested in two separate Local Transport Plans for the City Region. These would be amalgamated to a single streamlined plan under the new arrangements, providing greater synergy, greater clarity and more effective prioritisation of strategic transport priorities across the City Region.
- The Combined Authority provides the opportunity to improve the consistency of design and implementation of Local Labour Agreements for regeneration and major employer recruitments to maximise the benefit to the City Region labour market as a whole. The clear expectation set from a Combined Authority level would better reflect the distribution of available employment and skills across the City Region as a whole, and allow businesses to better understand consistent expectations.

14.9 An important function is to ensure a single economic intelligence evidence base is in place to support and inform strategic decision making for economic development, employment and skills, transport and strategic housing is a priority. Given the significant interdependency between these policy themes this would have significant advantages and deliver potential savings – particularly in a reduced requirement to commission external consultants.

15.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

15.1 Alternative models of governance were considered as part of the Review of Strategic Governance and were judged not to be as effective as improving the economic conditions of the Liverpool City Region as the preferred option.

16.0 IMPLEMENTATION DATE

16.1 The Review of Strategic Governance and Scheme for the establishment of a Combined Authority was submitted to the Secretary of State for Communities and Local Government by 30 September 2013.

16.2 If the Orders are approved by Parliament, the Combined Authority will commence on 1st April 2014.

17.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Appendices

Appendix One: Orders laid before Parliament on 12 February 2014 to establish the Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral Combined Authority

Appendix Two: Constitution for the Combined Authority

Appendix Three: Operating Agreement and Protocols for the Combined Authority