

REPORT TO: Council

DATE: 19 November 2015

REPORTING OFFICER: Chief Executive

SUBJECT: Potential Devolution of Powers and Resources to the Liverpool City Region

WARDS: All

1.0 PURPOSE OF THE REPORT

- 1.1. This report provides context for members to consider the proposed devolution of powers and resources from Government to the Liverpool City Region.
- 1.2. The Liverpool City Region proposal to Government is based on the submission to Government on 4 September 2015. (This is attached as Appendix 1).
- 1.3. At the time of writing this report, the devolved powers and resources the Liverpool City Region are seeking are still being negotiated with Government. The latest position will be shared with members in a supplementary report and/or papers that will be circulated to Members in advance of the meeting for discussion and agreement.

2.0 RECOMMENDATION: That Council notes the current position with regard to Liverpool City Region's devolution proposals.

3.0 SUPPORTING INFORMATION

- 3.1 Following the election in May 2015, the new Conservative Government indicated their commitment to pursue the devolution agenda in England. The Cities and Local Government Devolution Bill is now progressing through Parliament; allowing for devolution of powers and resources to local areas alongside a preferred governance model of a directly elected mayor.
- 3.2 In his budget statement on 8 July 2015, the Chancellor of the Exchequer confirmed the Government's commitment to negotiate a "devolution deal" with the Liverpool City Region, following discussions between the Combined Authority and Government Ministers.
- 3.3 At the same time the Chancellor confirmed his commitment to taking forward the development of his "Northern Powerhouse" concept which recognises that the lack of economic and physical connections between the cities and city regions of the North of England is holding back growth in the North, with significant implications for the national economy. It is

clear that the Chancellor sees this as one of his key policy commitments and a number of interventions have been announced to help turn the Northern Powerhouse into reality including the Devolution Deals announced to date (Greater Manchester, Sheffield City region, the North East and Tees Valley), Transport for the North and the Northern Transport Strategy.

- 3.4 Liverpool City Region has the opportunity, through devolution, to ensure it is at the heart of the Northern Powerhouse. With the River Mersey and Superport (including 3 MG) Halton and the LCR have unique economic assets that can help transform the Northern economy. Halton and the City Region is also well positioned to be at the heart of an advanced manufacturing network across the North with our science and innovation strengths at Daresbury, Manor Park (Runcorn) and Liverpool Knowledge Quarter and world class firms like Jaguar Land Rover, Getrag, Unilever, Pilkington's Ineos Chlor and Cammell Laird.
- 3.5 Devolution offers Halton and the City Region the opportunity to gain much greater control over our own destiny. Public finances will become increasingly challenging and the City Region will be better placed to deal with this if we have greater control over a larger share of total public spending in our area. It is the long term ambition for the City Region to develop a new "placed based" relationship with Government which will ultimately lead to the City Region being able to exercise significant influence over all public expenditure which takes place in the City Region, estimated at £18.2bn per annum.
- 3.6 It is important to reinforce that devolution is about assuming additional powers, control and resource from central government to enable the City Region and local Members to be better able to discharge their existing functions. It is not about assuming powers up from constituent local authorities, such as Halton. This is at the heart of the City Region's proposals which are being negotiated with Government.
- 3.7 The City Region's outline submission to Government was made on 4 September 2015 (Appendix 1) and was focused on a 'place-based' approach to:
 - Accelerate economic growth - growing jobs and increasing productivity;
 - Public service reform – local re-design and co-ordination of services to reduce costs and improve outcomes across the whole of the public sector; and
 - Improved social outcomes and better health and wellbeing of local residents.
- 3.8 The submission put forward contained 14 themes for devolution containing 50 asks from the City Region. These were prioritised to focus on those with financial implications that needed to be considered by Government alongside their CSR 2015. These areas were:

- i. Economic Development including an investment fund, business support, European Funding, energy and culture
- ii. Transport
- iii. Housing and Planning
- iv. Employment and Skills

The City Region has undertaken stakeholder engagement and consultation on these theses and the broader proposals.

- 3.9 At the time of writing this report, negotiations are on going to determine the size and scope of a devolution deal with Government and further details will be presented to Members in a supplementary report before the Council meeting, to ensure Members have the very latest information at Council.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications to this report. Once a potential deal is reached with Government, Council will be given full details of all financial implications.

5.0 LEGAL IMPLICATIONS

- 5.1 There are no legal implications to this report. Once a potential deal is reached with Government, Council will be given full details of all legal implications, including any proposed governance implications.

6.0 ALTERNATIVE OPTIONS CONSIDERED

6.1 Not agree the devolution deal on offer from Government

This will mean that Halton and the City Region will be placed at a real disadvantage to those areas which have received greater funding and powers from Government. The reality of this is that Halton and the City Region would be competing for resources from a much smaller pot which has had resources top sliced for those areas which have successfully negotiated devolution deals. The City Region would have no ability to agree its own spending priorities and would be faced with the reality of continuing to do more with less resources and to weather the future spending cuts which the public sector face without any flexibilities or additional resources which the devolution deal offers to Halton and the City Region.

6.2 Delay concluding a deal

Government have also indicated that there is a single window of opportunity for devolution agreements in line with the CSR timetable. Therefore there will be no possibility for the City Region to negotiate a deal at a later date should it not agree the proposals which Government has placed on the table at this time.

6.3 To negotiate a significantly reduced devolution deal without a Directly Elected Mayor arrangement.

Government require strong governance proposals in place for those areas that are seeking the maximum level of devolution. Without a Directly Elected Mayor, the level of resources and powers on offer would be substantially less and as with 6.1 above would place the City Region at a distinct disadvantage with other comparable areas.

7.0 TIMESCALE FOR ACTION

- 7.1 Further details on the proposed timetable for implementation will be presented to Members once the City Region reaches an agreement with Government on the devolution of powers and resources from Government to the City Region.

8.0 CONSULTATION

- 8.1 The Liverpool City Region Combined Authority's consultation on the four prioritised areas for negotiation with Government commenced on 21 September 2015 until 2 November 2015 (for phase one priorities only).
- 8.2 The consultation framework adopted incorporated three levels of engagement – corporate, area and political.
- 8.3 For each priority, a lead Chief Executive was identified who managed the consultation process with key stakeholders.
- 8.4 Targeted public engagement has taken place with thematic stakeholder groups including business representatives and key strategic Boards on the scope of the City Region's proposals and was extremely helpful and supportive of the approach being taken.
- 8.5 Area-level consultation including the promotion of a devolution deal website – www.liverpoolcityregion-ca.gov.uk – which incorporated a feedback facility, news items on local authority and partner agency websites, updates in newsletters and social media channels, has been undertaken.
- 8.6 Materials produced to support the consultation included a narrative, website and intranet copy and frequently asked questions.
- 8.7 Of the responses received to date over 70% of those responses were supportive of devolution with recurring themes of:
- Improving transport infrastructure and public transport accessibility
 - Accelerating housebuilding and physical regeneration
 - Ensuring residents can develop skills needed by employers
 - Reducing inequality across the City Region

- Capitalising on the value of the City Region's cultural sector
- Increasing local sovereignty and autonomy over funding

8.8 A small proportion of responses raised concerns about devolution with specific reference to the risk of:

- Increased shared services and reduction in public sector jobs
- Loss of local accountability
- Loss of identity of areas within the City Region

9.0 EQUALITY IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

9.1 There are no direct equality implications associated with this report as it deals with the issue of devolution at a strategic level. Equality analysis will be undertaken in future as appropriate.

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

10.1 Appendix 1: LCR Devolution Submission of 4 September 2015.