

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Chair and Members of the Combined Authority

Meeting: 17 June 2016

Authority/Authorities Affected: ALL

EXEMPT/CONFIDENTIAL ITEM: No

REPORT OF THE LEAD OFFICER: GOVERNANCE

LIVERPOOL CITY REGION COMBINED AUTHORITY GOVERNANCE REVIEW AND SCHEME

1. PURPOSE OF REPORT

- 1.1 This report summarises the review of the functions and governance arrangements of the Liverpool City Region Combined Authority (LCRCA) now that the Cities and Local Government Devolution Act has been passed, including how additional functions and arrangements would be likely to improve the exercise of statutory functions in the Liverpool City Region (LCR).
- 1.2 The Review and Scheme, containing the proposed additional functions proposed to be conferred on the LCRCA and elected LCR Mayor, are attached at Appendix 1 for consideration and endorsement by the LCRCA.
- 1.3 It is a legal requirement that a public consultation be undertaken where additional functions are to be conferred on the LCRCA and this report also summarises proposed consultation arrangements for approval by the LCRCA.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Liverpool City Region Combined Authority:
 - (a) Consider the outcome of the Review and draft Scheme attached at Appendix 1;
 - (b) Endorse the conclusion of the Review that the making of an Order by the Secretary of State conferring additional powers and functions on LCRCA would be likely to improve the exercise of those functions in relation to the area of LCRCA;
 - (c) Approve and publish the Scheme pursuant to the provisions of Section 112 of the Local Democracy Economic Development and Construction Act 2009 (as amended) (the 2009 Act);

- (d) Approve the consultation process, as outlined in section 5 below; and
- (e) Note that the Combined Authority and individual local authorities will need to consent in October 2016 to the order drafted by the Secretary of State which will devolve the necessary functions and powers to the LCRCA and directly elected Mayor.

3. BACKGROUND

- 3.1 LCRCA has the opportunity to have a major transfer of resources, powers and responsibilities from Government, alongside governance changes to adopt a directly elected LCR Mayor. These powers and functions were set out in the devolution Agreement reached between Government and the LCR in November 2015 which gives the City Region greater control over transport, skills, housing and spatial planning, economic development and other areas. The Chancellor announced the devolution of further powers and responsibilities to the LCR in the March 2016 Budget.
- 3.2 Legislation requires that the LCR undertake a Governance Review to demonstrate that conferring on the Combined Authority and directly elected Mayor, the additional functions set out in the Scheme would likely improve the exercise of statutory functions in the Combined Authority's area. Such a Governance review and associated consultation is required in order for the Secretary of State to make the legislative changes and confer additional functions and powers on the LCRCA and directly elected mayor.
- 3.3 The LCRCA governance arrangements for the municipal year starting on 17 June 2016 to May 2017 will be unchanged and will continue to operate under the original Order that set up the LCRCA.
- 3.4 For the period from May 2017 onwards, new Parliamentary Orders will need to be put in place by Government before May 2017 to establish the LCRCA with a directly elected mayor model and the associated devolved powers and functions.
- 3.5 All LCR local authorities and the LCRCA have consented to the Mayoral Order being made (each local authority agreed this at their respective Council Meetings in November 2015).
- 3.6 Government are finalising the remaining Parliamentary Orders which will establish the specific powers devolved to the LCRCA and directly elected mayor. The Governance Review and Scheme are essential documents to inform the Government's legislation. The LCR Order is expected to be laid in autumn 2016.
- 3.7 The Review and Scheme will be subject to member/public/stakeholder consultation from 24 June for 6 weeks with the outcome of the consultation formally reported to the LCRCA on 19 August 2016 and submitted together with the Governance Review and Scheme to the Secretary of State by the required deadline of 28 August 2016.

3.8 If the Secretary of State is satisfied with the outcome of the Governance Review and consultation, then a LCR Order will be drafted which must be formally approved by individual local authorities and the LCRCA sometime in October 2016.

4. LIVERPOOL CITY REGION COMBINED AUTHORITY GOVERNANCE REVIEW AND SCHEME

4.1 The Governance Review and Scheme attached at appendix 1 mirror the functions and powers agreed through the Devolution Agreement in November 2015. They set the narrative and rationale for why such powers are best devolved to the LCRCA and a directly elected Mayor and illustrate how the devolved functions will improve the socio-economic conditions in the LCR and improve the exercise of statutory function.

4.2 The powers to be conferred on the LCRCA and LCR Mayor are detailed in the Review and Scheme, along with a summary of how those powers will improve the ability of the LCRCA to exercise its statutory functions and who will exercise those functions. In summary these are as follows:

Mayoral Powers/Functions

4.3 Mayoral powers/functions will be devolved to the LCRCA by Government and exercised by the Mayor (subject to the provisions in the Scheme):

- i. Development of a Liverpool City Region Framework (Strategic Plan);
- ii. Consultation and call in powers in respect of applications of potential strategic importance (subject to the consent of the Combined Authority member of the relevant Constituent Council);
- iii. Creation of a Mayoral Development Corporation;
- iv. Compulsory Purchase Order powers in respect of Mayoral Development Corporation areas (subject to the consent of the relevant Constituent Council);
- v. Responsibility for the local transport budget including relevant highways funding Franchising of bus services;
- vi. Powers in respect of the management and maintenance of the Key Route Network (to be carried out by the Combined Authority on behalf of the Mayor);
- vii. Development of a Cultural Partnership Power to issue a precept to meet the cost of Mayoral functions;
- viii. Power to place a supplement on business rates to fund infrastructure (subject to the approval of the LEP and subject to an upper limit);
- ix. Functional power of competence pursuant to Section 113A of the 2009 Act; and
- x. Power to present strategies and a budget to the Combined Authority.

Combined Authority Powers/Functions

- 4.4 LCRCA powers/functions will be devolved to the LCRCA by Government and exercised by the LCRCA (subject to the provisions in the Scheme):
- i. Devolved powers in relation to skills and employment;
 - ii. Compulsory Purchase Order powers to help accelerate economic growth and new housing development across the City Region (subject to the consent of the relevant Constituent Council);
 - iii. Receipt of the Special Rail Grant;
 - iv. Proposals in respect of rail infrastructure assets;
 - v. Any matter in respect of reviewing the provisions of the Mersey Tunnels Act 2004;
 - vi. Any matter in relation to Clean Air Zones;
 - vii. Any matter relating to tidal power schemes;
 - viii. Powers in relation to encouraging visitors to the area and in relation to the provision of entertainment;
 - ix. Information sharing;
 - x. Power to issue a transport levy;
 - xi. Power to issue a levy for non mayoral and non transport functions;
 - xii. Power to issue a statutory recharge to one or more of the Constituent Councils in respect of non mayoral and non transport functions as an alternative to a levy;
 - xiii. Power to borrow in respect of transport functions;
 - xiv. Power to borrow in respect of non transport functions;
 - xv. Powers in respect of business rates;
 - xvi. Power to pay allowances to the Mayor and to members of the Combined Authority;
 - xvii. Power to approve the strategies and budget of the Mayor and to reject those strategies and budget and any part of them where there is a two thirds majority to do so; and
 - xviii. General power of competence pursuant to Section 113D of the 2009 Act.

Overview and Scrutiny of the Combined Authority

- 4.5 The LCRCA Scrutiny Panel provides overview and scrutiny of the Combined Authority. The Panel is currently supported by a Lead Scrutiny Officer and resources provided by the constituent local authorities.
- 4.6 The role and responsibilities of the Panel are being developed to provide for the effective scrutiny of the decisions and activities of the elected Mayor and LCRCA, in respect of:
- i. the policies and strategies of the elected Mayor and Combined Authority;
 - ii. to provide the opportunity to call in decisions; and
 - iii. review decisions post implementation.
- 4.7 Having additional powers and resources conferred on the LCRCA and LCR Mayor gives the LCR greater control and influence over approximately £3bn of national funding over five years, alongside increased powers and responsibilities in the key areas of economic development, transport, employment and skills, housing and planning and finance. This will enable decisions to be taken locally by those best

placed to do so and with the greatest understanding and experience of the challenges and opportunities facing the LCR and its individual communities.

- 4.8 The devolved powers available to the LCR are complementary and interrelated. The ability to join up those decisions and functions locally, in a more strategic manner under the revised governance structure of a Combined Authority with a directly elected Mayor, will mean that such functions can be more effectively and efficiently discharged. For example, the additional spatial planning powers to be devolved are also beneficial in transport terms, by giving clarity and certainty and enabling investment on transport to be aligned with development.
- 4.9 The proposed governance model will give the direct accountability and streamlined decision making which Government wish to see in place for devolution of functions, powers and resources to the LCR. A governance structure of a directly elected Mayor and Combined Authority provides strong leadership, whilst protecting the integrity and the existing role and functions of local authorities. The mayoral model is part of the LCRCA, thus maintaining the integrated approach to governance which the LCR has worked consistently to develop.
- 4.10 The conclusion of the Review, as set out in section 6 of appendix 1, is that for the LCRCA to have wide ranging devolved powers conferred upon it alongside governance changes for a directly elected LCR Mayor is most likely to deliver an improvement in the operation of statutory functions and deliver an improvement in economic conditions. This will be aided by the bringing together of different powers to deliver a more coherent and consistent approach to delivery.

5. PUBLIC CONSULTATION

- 5.1 The public consultation will relate to the proposals contained in the Scheme. It is proposed that the public consultation is launched on 24 June 2016, and that it runs for a six-week period to 5 August 2016. The proposed consultation timetable has been developed to ensure that it is aligned to the order-making process.
- 5.2 Once the consultation period has expired, the LCRCA will review the responses before it submits the Governance Review and Scheme to the Secretary of State. The Combined Authority is required to provide the Secretary of State with a summary of the consultation responses and the law, in this matter, requires that the Secretary of State must then be satisfied that no further consultation is required.
- 5.3 The consultation is intended to seek views from the public and stakeholders on the additional functions proposed to be conferred on LCRCA as set out in the Scheme. Residents, businesses and stakeholders in the LCR will have the opportunity to respond if they wish to do so.
- 5.4 The consultation will be led by the LCRCA in conjunction with LCR local authorities.
- 5.5 The consultation will be conducted primarily through digital channels with consultation feedback gathered via the LCRCA website, although respondents will be able to submit responses by letter or email should they wish to do so. Consultation documents and publicity materials will be made available in key local authority buildings.

5.6 Proposed channels include:

- pro-active media releases and pro-active engagement of regional and local media throughout the consultation;
- web content for the Combined Authority and Local Enterprise Partnership websites, including a feedback form;
- similar, but locally adapted, content for local authority and partner websites;
- social media;
- Members seminar; and
- staff messaging.

5.7 A toolkit will be developed to ensure that all communications teams have draft content for websites, social media, printed publicity and staff messaging.

6. TIMETABLE

6.1 The proposed timetable below highlights key milestones in the consultation process and the making of an Order.

24 June 2016	Public consultation commence
5 August 2016	Consultation closes
19 August 2016	LCRCA to review the responses to the LCR Governance Review and Scheme before submission to Secretary of State
26 August 2016	Submission to Secretary of State including summary of consultation responses
October 2016	Individual LCR local authorities and LCRCA to consent to the LCR Order which the Secretary of State will lay to establish the devolved functions for the directly elected Mayor and Combined Authority

7. RESOURCE IMPLICATIONS

7.1 There are no specific resource implications to this report.

7.2 However the Governance Review, Scheme and public consultation are legal requirements in order that the LCR can accept the devolved powers and resources on offer to it through the devolution agreement. This will give the LCR greater control and influence over approximately £3bn of national resources.

8. EQUALITY AND DIVERSITY IMPLICATIONS

- 8.1 There are no specific equality and diversity implications associated with the implementation of the recommendations in this report, however, equality analyses will be undertaken on the individual elements as they relate to the Scheme to assess the equality and diversity implications as projects and programmes are progressed.

9. COMMUNICATION ISSUES

- 9.1 The methods for communicating the Governance Review are outlined in Section 5 of the report.

10. CONCLUSION

- 10.1 This report has set out the LCR Governance Review and Scheme and the consultation arrangements which are required in order for the Government to establish the necessary legislation to devolve the powers and functions agreed through the Devolution Agreement, for the LCRCA and directly elected Mayor.

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Appendix 1: Liverpool City Region Governance Review (Part I) and Scheme (Part II)