

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO EXTRAORDINARY COUNCIL

Agenda Item No. 4

meeting date: 28 JULY 2020
title: LANCASHIRE COMBINED AUTHORITY AND DEVOLUTION
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1 PURPOSE

- 1.1 To update the Council on the latest position on devolution.
- 1.2 To re-consider whether the Council supports the creation of a Combined Authority for Lancashire with a Directly Elected Mayor.

2 BACKGROUND

- 2.1 The possibility of creating a Combined Authority for Lancashire has been discussed at length over the last few years.
- 2.2 The Council agreed in principle to become a member of the Lancashire Combined Authority (without an Elected Mayor) at the Full Council meeting in April 2016.
- 2.3 Proposals to form the Combined Authority were subsequently sent to the Secretary of State for Communities and Local Government in June 2016.
- 2.4 In the interim it was agreed to form a Shadow Combined Authority for Lancashire with the Leaders of Blackpool and Chorley elected Chairman and Vice-Chairman respectively.
- 2.5 The Shadow Combined Authority met on several occasions but when the Government made clear any significant devolution deal would include agreement to having an Elected Mayor, the creation of the Combined Authority stalled.
- 2.6 This Council took the decision in July 2017 to formally withdraw from the Combined Authority but continue to attend meetings with a view to collaborative working.
- 2.7 The Shadow Combined Authority disbanded soon after and since that time discussions on Lancashire wide issues have taken place through monthly meetings of Lancashire Leaders chaired by the Leader of Lancashire County Council.

3 DEVOLUTION

- 3.1 For a number of years the Government has pursued a policy of devolution in England.
- 3.2 Their approach has been to devolve powers and funding to areas (which in the main have been the larger cities) that have established a Combined Authority.
- 3.3 A Combined Authority is a statutory body comprising representatives (normally the Council Leaders) from the constituent local authorities for the area.
- 3.4 Up to now Combined Authorities have been additional to and not in place of any tiers of government in an area.
- 3.5 In most cases a condition of each devolution deal agreed to date is the Combined Authority must have a Directly Elected Mayor. It is the Government's view that this improves accountability.

- 3.6 Devolution deals have tended to be focused on strategic economic development, transport and skills. Examples of what might be considered are Integrated Transport Systems, Business Support, Adult Education, Investment Funds and more specialized areas such as Housing and Health.
- 3.7 Each deal is negotiated with the Government directly in terms of powers devolved and funding transferred.
- 3.8 Since the General Election the devolution agenda has gathered pace as part of the Government's "levelling up" agenda. Recently the Government appear to be also linking post COVID-19 recovery to devolution.
- 3.9 In particular, the Minister of State for Regional Growth and Local Government has made it clear in recent weeks that the Government's preferred direction (which will be set out in a Devolution White Paper in Autumn) is for the creation of more Combined Authorities with Directly Elected Mayors and the creation of more Unitary Councils such as in Dorset, Buckinghamshire and Northamptonshire.
- 3.10 More recently it appears in North Yorkshire that a condition of any devolution deal may be that the seven existing district councils are abolished. Councils there have until September to come up with proposals with any new arrangements expected to come into force in April 2022.
- 3.11 The Ministers latest announcement (Wednesday 15 July 2020) is that the White Paper will redefine the way in which local government serves its communities by establishing the unitarisation of Councils as a vital first step for negotiating these Mayoral devolution deals in future.
- 3.12 It is clear that Combined Authorities, Devolution and Local Government reorganisation are now all inextricably linked together by the Government.

4 LANCASHIRE POSITION

- 4.1 As stated above, the original proposal to create a Combined Authority (without an Elected Mayor) stalled in 2017. Since that time Lancashire Leaders have found it beneficial to take a more collaborative approach working together on a range of issues to improve the well-being of Lancashire residents.
- 4.2 Clearly this is constrained by the lack of Government funding and it is fair to say that Lancashire looks at the devolution deals given to neighbours, particularly Liverpool and Manchester with envy and feels the County is being left behind.
- 4.3 The result of this was the development of proposals for a Greater Lancashire Plan which, although not explicitly stated, would provide the foundation for creating a Combined Authority and would be the basis of the development of a devolution deal which could be negotiated with the Government.
- 4.4 Blackburn with Darwen also submitted a letter to the Secretary of State for MHCLG in October 2019 requesting an invitation from the Government to develop a business case for a new Pennine Lancashire Unitary Authority with a view to then submitting formal proposals.
- 4.5 Following this letter, Lancashire Leaders requested a meeting with MHCLG to seek clarity on the Government's position on the Unitary proposal and also the general issue of devolution.
- 4.6 The meeting took place earlier this year with Senior Civil Servants and the key points were as follows: -
 - The Government would like to see more Directly Elected Mayors;
 - The Government remains committed to devolution;

- Where areas are looking for a significant devolution deal they will need a Combined Authority with a Directly Elected Mayor;
- As part of any devolution deal the Government would be unlikely to agree one for Lancashire with all 15 authorities represented so would like to see some simplification of the governance arrangements;
- Would not want to see the fragmentation of Children's Services. Currently the 3 upper tier authorities.
- Would be likely to support the 2 small Unitaries (Blackburn and Blackpool) being expanded as unlikely to be sustainable in the long term;
- Didn't rule out the status quo but said there would have to be a compelling case made for this to be agreed.

4.7 Finally this advice was expected to be laid out in a Devolution White Paper now due in the Autumn. Recent ministerial announcements confirm the Governments likely approach.

5 LATEST POSITION

5.1 The last 4 months has seen both National and Local Government dealing with the overwhelming impact of the Coronavirus Pandemic. The Government however, remains committed to Devolution and this is now being linked to the Post COVID-19 Economic Recovery as stated earlier.

5.2 In June 2020 the matter was discussed at a Lancashire Leaders meeting. There was general support for the creation of a Combined Authority with an Elected Mayor. It is fair to say there was also some, but not general support for local government reorganisation.

5.3 Leaders agreed the following resolution: -

- Reconfirm, in principle, our agreement to explore a Combined Authority for Lancashire with an Elected Mayor, with limited powers, subject to ratification by each Council;
- Acknowledge that the delivery of Local Government functions may need to be simplified in the Combined Authority area;
- Explore possible models for devolution and improved Governance arrangements via the Local Government Association and report back to Leaders;
- Write to Government, signed by all Leaders, confirming the position and seeking to pursue ongoing conversations to secure these outcomes in the interests of our own residents and businesses.

The letter has not been sent yet as we and at least one other Council needed to ensure that the proposed action had their own Council support.

6 WHAT DOES IT MEAN FOR RIBBLE VALLEY

6.1 The Government has made it clear any significant devolution deal would, as a minimum, require the creation of a Directly Elected Mayor for Lancashire and most likely some form of local government reorganisation.

6.2 The size of any devolution deal isn't known but based upon previous deals Lancashire might attract an investment fund of circa £500m over 30 years and £160m housing investment. There could also be direct funding for local colleges to provide skills that adults need to retrain and access jobs in a post pandemic economy, as well as responsibilities for devolved business support budgets, apprenticeship grants and the ability to shape Further Education.

- 6.3 However, all of this is supposition until detailed discussions start. How much extra funding would be devolved to the Combined Authority and how much would eventually be spent in the Ribble Valley area or for the benefits of Ribble Valley residents is unknown.
- 6.4 If the Combined Authority was created on the existing local government footprint then the Council would have the opportunity to: -
- influence where the funding is spent;
 - influence and shape Economic Growth and Strategy;
 - influence strategic transport priorities;
 - influence and shape the work of the Lancashire Enterprise Partnership; and
 - continue to deliver council services for local residents with priorities and service delivery determined locally
- 6.5 The Combined Authority would add an additional tier of governance, although it would almost certainly take over the role of Police and Crime Commissioner for Lancashire.
- 6.6 It wouldn't draw powers up from existing local authorities but would draw down powers from Central Government.
- 6.7 The Council may consider the benefits of the creation of a Combined Authority with an Elected Mayor outweigh any disadvantages.
- 6.8 Where the position gets more difficult is when local government reorganisation is brought into the discussion.
- 6.9 If the abolition of Ribble Valley Borough Council is a condition for a devolution deal for Lancashire, the Council would have to weigh the greater good of Lancashire against the loss of independence, democratic representation and control over local service delivery.
- 7 CONCLUSION
- 7.1 To get a significant devolution deal for Lancashire we will need to create a Combined Authority with an Elected Mayor.
- 7.2 The creation of a Combined Authority with an Elected Mayor currently would appear to require Unitary Councils being created in Lancashire as part of that agreement.
- The costs and benefits of the Combined Authority are unknown;
 - The financial incentive on offer is unknown;
 - The costs and savings arising from any local government reorganisation in Lancashire are unknown;
 - The benefits and impact for Ribble Valley residents are unknown;
 - Future service delivery, Council Tax levels, Planning decision making and support for parishes and the voluntary sector, all important issues for this Council and residents are unknown;
 - The impact on staff is not clear but will be of concern to the Council as will the impact on the local economy if the Council was abolished.
- 7.3 It is not clear now whether once the process starts it can be halted if the Government offer is not acceptable. Currently the creation of a Combined Authority but not reorganisation requires unanimous consent of all Councils involved.

- 7.4 There is a risk if consensus cannot be reached that the Government may intervene and impose a Combined Authority and the Reorganisation of Lancashire. For now, at least, it appears that the Government won't do that and are intent on using financial incentives to encourage change. What is however, entirely possible is if the Government judge the majority of Councils in Lancashire are prepared to reorganise, they may take that as acceptance of what appears to be their preferred outcome.
- 7.5 This all may become clearer when the promised White Paper on devolution is published and the Government subsequently brings forward legislation.
- 7.6 The dilemma facing the Council is clearly whether to take part in the process and help shape what happens but by doing so accept that the abolition of Ribble Valley Borough Council is a distinct possibility.

8 OPTIONS AVAILABLE

1. **Do Nothing at the Present Time**

Await the White Paper and reconsider after this has been published when more factual information is available;

2. **Oppose the Creation of a Combined Authority and Directly Elected Mayor**

The Council could reconfirm its previous decision and resolve to continue to oppose the creation of a Combined Authority with a Directly Elected Mayor.

As the creation of a Combined Authority has to be unanimous this would effectively veto the Combined Authority and most certainly lead to some of the other Lancashire Council's joining Blackburn in requesting an invitation to submit proposals on local government reorganisation. However, they may also do this if the Council was to vote for Option 1.

3. **Resolve to agree in principle to support the creation of a Combined Authority only (without a Directly Elected Mayor)**

This was the submission in April 2016 which the Government failed to pursue with us. It would not see a significant devolution deal and would be unlikely to be supported by all other Lancashire Authorities.

4. **Resolve to agree in principle to support the creation of a Combined Authority with an Elected Mayor with Limited Powers**

This is the option the Government previously had as their preferred option.

5. **Resolve to agree in principle to support the creation of Unitary Authorities in Lancashire and a Combined Authority with a Directly Elected Mayor**

This is the option the Minister for Local Government is now saying is their preferred option.

9 RISK ASSESSMENT

9.1 Resources:

There are no direct financial implications arising from this report.

Technical Environmental and Legal:

The legislative framework relating to Combined Authorities and local government reorganisation is set out in Appendix 1.

Political:

The Government so far has indicated that Combined Authorities and Reorganisation will not be imposed on local authorities but will be based upon local consensus. Local consensus has not been defined.

Reputation:

The recent petition on change.org showed the strength of public opinion against Ribble Valley losing its independence.

Equality and Diversity:

None arising directly from this report.

10 **RECOMMENDED THAT COUNCIL**

11.1 Considers which, if any of the options set out above it supports.

CHIEF EXECUTIVE

Background papers:-

- Reports to and minutes of Full Council April 2016 and July 2017
 - 1 Report to Council 26 April 2016 – re Development of a Combined Authority for Lancashire
https://www.ribblevalley.gov.uk/download/meetings/id/5702/agenda_item_7_-_development_of_a_combined_authority

Council Minutes – 26 April 2016
https://www.ribblevalley.gov.uk/download/meetings/id/5509/full_council_-_26_april_2016
 - 2 Report 27 June 2017 – re Lancashire Combined Authority
https://www.ribblevalley.gov.uk/download/meetings/id/6074/agenda_item_7_-_lancashire_combined_authority

Minutes – Policy & Finance Committee 27 June 2017
https://www.ribblevalley.gov.uk/download/meetings/id/6090/policy_and_finance_-_27_june_2017
 - 3 Council minutes – 11 July 2017
https://www.ribblevalley.gov.uk/download/meetings/id/6271/full_council_-_11_july_2017
- Appendices 1 – re Combined Authorities

Appendix 1

1. Combined Authorities

What is a Combined Authority?

A Combined Authority is separate body set up by two or more local authorities wishing to coordinate responsibilities and powers over services. The functions and powers of a combined authority now extend beyond transport and economic development and the scope of functions and powers will depend on the specific powers granted to that authority under the establishing order (these are set out in more detail below).

Legislative framework

The Local Democracy, Economic Development and Construction Act 2009 (as amended) ("**2009 Act**") sets out the legislative framework for creating a combined authority.

The conditions for creating a combined authority have been relaxed over recent years and it is now only necessary to demonstrate that:

- The area of the combined authority area consists of the whole of two or more local authority areas in England
- No part of the area forms part of the area of another combined authority, the area of an economic prosperity board or an integrated transport area.

How is a Combined Authority created?

Those authorities wishing to create a combined authority must undertake a review of the exercise of the statutory functions in relation to an area with a view to deciding whether to prepare and publish a scheme for the creation of a combined authority pursuant to section 108 of the 2009 Act ("**Governance Review**").

The purpose of the Governance Review is to explore whether a combined authority model would be **likely to improve the exercise of statutory functions** in relation to the review area.

In the event that the Governance Review concludes that a combined authority would be likely to improve the exercise of statutory functions in the review area, a scheme would be prepared and published for the establishment of a combined authority. The scheme must consist of the whole or part of the area in the Governance Review. The scheme **may not** include a local government area unless each authority for that area participates in the preparation of the scheme or consents to its inclusion in the scheme. The scheme should be consulted upon before it is submitted to the Secretary of State.

The Secretary of State has the power to establish a combined authority through publication of an order where he is satisfied that to grant an order would be likely to improve the exercise of statutory functions in the area(s) proposed. The Secretary of State would be required to carry out a public consultation.

Following consultation, if the Secretary of State is satisfied that granting an order would be likely to improve the exercise of statutory functions in the area(s) proposed, having regard to the need to reflect identities and interests of local communities and effective and convenient local government, he may make the order.

The Secretary of State's order will include a future date on which it will come into force. Once it has come into force, the new combined authority will exist as a body corporate, meaning it will have its own legal identity. The order will transfer certain functions to the combined authority and provide a frame work for transfer of property, rights and liabilities.

Mayor of a combined authority

The Secretary of State may by order provide for there to be an elected mayor of a combined authority area who will be a member of and chair the combined authority (section 107A of 2009 Act). An order can be made following receipt of a proposal by each county and district council within the area of a proposed combined authority.

The Mayor of a combined authority is a member and chair of the combined authority. They have a four-year term of office following election. A combined authority mayor cannot be a councillor within a constituent council of the combined authority. The Mayor will then appoint one of the members of the combined authority as deputy mayor.

Functions/power of a Combined Authority

The functions of a combined authority **may** include:

- Transport functions delegated by the Secretary of State;
- Transport functions of local authority in relation to an area comprised in the combined authority area;
- Local authority functions for the area (subject to consent of the of the constituent councils
- Public authority functions for the area
- Police and Crime Commissioner functions (where a Mayor is in place)
- For Mayoral combined authorities, issuing precepts under Chapter 4 of part 1 of the Local Government Finance Act 1992. The function may be exercised by the Mayor on behalf of the Combined authority.
- Health service functions save that it must not transfer the Secretary of State's core duties in relation to the health service; not transfer health service regulatory functions vested in national bodies and make provision about the standards and the national information and accountability obligations.

Timescale

The timescale is not prescribed but it is unlikely that the process could be completed within 2 years.

2. Local Government Reorganisation

Current Legislative Framework

There are currently two legislative routes by which local government reorganisation could take place.

- **Section 2 of the Local Government and Public Involvement in Health Act 2007** provides that the Secretary of State may invite a principal council to make one of the following proposals:

Type A - that there should be a single tier of local government for the area which is the county concerned

Type B - that there should be a single tier of local government for an area which–

- (a) is currently a district, or two or more districts, in the county concerned; and
- (b) is specified in the proposal.

Type C - that there should be a single tier of local government for an area specified in the proposal which currently consists of–

- (a) the county concerned or one or more districts in the county concerned; and
- (b) one or more relevant adjoining areas.

A combined proposal - that consists of–

- (a) two or more Type B proposals,
- (b) two or more Type C proposals, or
- (c) one or more Type B proposals and one or more Type C proposals, but a proposal is not a combined proposal if it includes any Type B or C proposals that are alternatives.

The Secretary of State therefore **has a discretion** over whether to invite proposals.

- **Section 15 of The Cities and Local Government Devolution Act 2016** – provides a fast track mechanism for delivering structural changes necessary to create unitary authorities. The Secretary of State may only exercise those powers **with the consent of the local authorities affected by the proposal.**