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Town Hall
Trinity Road
Bootle
L20 7AE

To: Members of the Council

Date: 28 February 2014
Our Ref:
Your Ref:

Please contact: Steve Pearce
Contact Number: 0151 934 2046
Fax No: 0151 934 2034
e-mail:
steve.pearce@sefton.gov.uk

Dear Councillor

COUNCIL - THURSDAY 6TH MARCH, 2014

I refer to the agenda for the above meeting and now enclose the following report which was unavailable when the agenda was printed.

Agenda No.	Item
8.	Establishment of a Combined Authority for the Liverpool City Region (Pages 145 - 152) Report of the Chief Executive

Yours sincerely,

M. CARNEY

Chief Executive

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Report to:	Council	Date of Meeting:	6 th March 2014
Subject:	Establishment of a Combined Authority for the Liverpool City Region	Wards Affected:	All Wards
Report of:	Chief Executive		
Is this a Key Decision?	No	Is it included in the Forward Plan?	Yes
Exempt/Confidential	No		

Purpose/Summary

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

Recommendation(s) Council is recommended to:

- (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 contained in Appendix One, and the Parliamentary process in train;
- (c) endorse the Constitution for the Combined Authority for adoption as contained in Appendix Two;
- (d) approve the Operating Agreement for the Combined Authority for adoption as contained in Appendix Three;
- (e) make nominations to the Combined Authority as set out in section 4.1 of this report;
- (f) nominate members to the Merseytravel Committee on the basis of continuing with the existing arrangements until the Annual General Meeting in June 2014, as set out in section 4.2 of this report;
- (g) note that no allowances (other than travel and subsistence) will be paid to Members of the Combined Authority, the Scrutiny Panel and other Committees and Boards, with the exception of the Merseytravel Committee (as part of the transitional arrangements);
- (h) agree that the payment of allowances for co-opted members of the Merseytravel Committee (using the current Merseyside Integrated Transport Authority scheme) will be dealt with by the Council's own scheme as part of the transitional arrangements, and funded by Merseytravel, as set out in the financial implications;
- (i) note that a review of the Combined Authority's arrangements will be undertaken during the first year and reported to the Combined Authority in 2015; and
- (j) agree that approval to make any technical amendments to the Constitution and Operating Agreement for the Combined Authority on behalf of the Council is delegated to the Chief Executive in consultation with the Leader of the Council.

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How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity	√		
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People	√		
6	Creating Safe Communities	√		
7	Creating Inclusive Communities	√		
8	Improving the Quality of Council Services and Strengthening Local Democracy	√		

Reasons for the Recommendation:

To formally approve the Council's membership of the Combined Authority and its arrangements.

Alternative Options Considered and Rejected:

The Council could decide not to be part of the Combined Authority.

What will it cost and how will it be financed?

(A) Revenue Costs

The proposal will not have any additional resource implications for constituent Councils. In this regard, 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.

(B) Capital Costs

There are no capital implications arising from the proposal to create a Combined Authority.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial

A full due diligence process was undertaken as part of the review of strategic governance and previously reported to Cabinet and Council ahead of the submission to

Government on 30 September 2013.

The Combined Authority will not have any additional resource implications for constituent Councils. In this regard, 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 Panel 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. Council is requested to agree that the payment of allowances for co-opted members of the Transport Committee (to be funded by Merseytravel) is dealt with by the Council's own scheme.

Legal

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

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 the Secretariat (Chief Executive of Knowsley Council), Monitoring Officer (from St Helens Council) and Treasurer (from Merseytravel). 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.

Equality

- | | | |
|----|--|-------------------------------------|
| 1. | No Equality Implication | <input type="checkbox"/> |
| 2. | Equality Implications identified and mitigated | <input checked="" type="checkbox"/> |
| 3. | Equality Implication identified and risk remains | <input type="checkbox"/> |

Impact of the Proposals on Service Delivery:

There are no implications on service delivery arising from the recommendations within this report.

What consultations have taken place on the proposals and when?

The Government 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

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organisation. The statutory consultation closed on 22 January 2014; in total over 100 responses were received by Government.

The Head of Corporate Finance and ICT (FD2854/14) and Head of Corporate Legal Services (LD.2159/14) have been consulted and any comments have been incorporated into the report.

Implementation Date for the Decision

Immediately following the Council meeting.

Contact Officer: Andrea Watts

Tel: 0151 934 2030

Email: andrea.watts@sefton.gov.uk

Background Papers:

The following papers are available for inspection on the Council website via this link:
<http://modgov.sefton.gov.uk/moderngov/ecCatDisplay.aspx?sch=doc&cat=13539&path=13158,13520>

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: Draft Constitution for the Combined Authority

Appendix Three: Draft Operating Agreement for the Combined Authority

1. Introduction/Background

1.1 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:

- 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.

1.2 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.

1.3 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 Governance Review proposals submitted to Government on 30 September 2013.

- 1.4 At its meeting on 27 September 2013, members of the Council endorsed these proposals and agreed that Sefton 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.
- 1.5 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.
- 1.6 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 a consequential Order (see Appendix One) for the establishment of the Combined Authority on 1 April 2014 and for the abolition of the Merseyside Integrated Transport Authority. For public purposes the Combined Authority will be known as the Liverpool City Region Combined Authority.
- 1.7 Subject to the passage of the Orders 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 of the Merseyside Integrated Transport Authority, as well as accepting transfer of its assets and liabilities.
- 1.8 The Combined Authority's Annual General Meeting will take place in mid June 2014.
- 1.9 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 and reported to the Combined Authority in 2015.

2. THE REMIT OF THE COMBINED AUTHORITY

- 2.1 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 strategic decision making body, with responsibility over those strategic issues

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where it is mutually beneficial for local authorities, Merseytravel and the Local Enterprise Partnership to work together.

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

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

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

3. UNDERPINNING DOCUMENTS

- 3.1 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. The draft Constitution in Appendix Two and Council are asked to endorse the draft Constitution for the Combined Authority for adoption.
- 3.2 Appendix Three contains the draft Operating Agreement between the Combined Authority and Constituent Councils: this document sets out how the Combined Authority will work alongside the 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 are asked to approve the Operating Agreement for the Combined Authority for adoption.
- 3.3 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.
- 3.4 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.

- 3.5 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.

4. APPOINTMENTS TO COMBINED AUTHORITY AND STRUCTURE

- 4.1 The Constitution of the Combined Authority provides for Constituent Councils to appoint a Member to the Combined Authority, along with a substitute Member. The nominations will be requested in advance of the inaugural meeting on 1 April 2014.
- 4.2 The Combined Authority will establish a Transport Committee (to be known as the Merseytravel Committee) to provide operational input and democratic 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. It is recommended that the Council's nomination to this Committee is on the basis of a continuation of the existing arrangements until the Annual General Meeting in June 2014, namely Councillors Carr, Dodd, Friel and Kermodé. Thereafter Council's nominations to this Committee may be revised for the 2014/15 Municipal Year.
- 4.3 There will also be a Scrutiny Panel established drawn from Constituent Councils, which will be politically balanced 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. Halton is leading on the Scrutiny model for the Combined Authority. Appointments to the Scrutiny Panel will be made following the Annual Meeting of constituent Councils in June 2014.
- 4.4 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 Panel.

5. RISK ASSESSMENT

- 5.1 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.
- 5.2 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

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collect stakeholder views. These were considered in the preparation by Government of the Orders laid before Parliament on 12 February 2014.

- 5.3 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 Constituent Councils, Merseytravel and the Local Enterprise Partnership to explain precisely what the Combined Authority will and will not do.

6. COMMUNICATIONS ISSUES

- 6.1 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.

7. EQUALITIES AND ENVIRONMENTAL IMPACT

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

8. CONCLUSION

- 8.1 This report has provided an update on the preparations for the establishment of a Combined Authority for the Liverpool City Region and the underpinning constitutional documentation for the operation of the Combined Authority.

Appendices

The following appendices can be accessed on the Council website via this link:
<http://modgov.sefton.gov.uk/moderngov/ecCatDisplay.aspx?sch=doc&cat=13539&path=13158,13520>

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