

Report to:	Cabinet	Date of Meeting:	14 November 2016
Subject:	Liverpool City Region Combined Authority Order	Wards Affected:	All
Report of:	Chief Executive		
Is this a Key Decision?	Yes	Is it included in the Forward Plan?	No – Rule 27 Process Followed
Exempt/Confidential	No		

Purpose/Summary

This report outlines the final legal and governance requirements to establish the Liverpool City Region Combined Authority Mayoral Model with devolved powers and functions agreed as part of the Devolution Deal by all of the constituent local authorities and the Liverpool City Region Combined Authority in November 2015

The Department for Communities and Local Government has confirmed that the acceptance of the draft Liverpool City Region Combined Authority Order is an executive decision and cannot therefore be taken by a full meeting of the Council.

Recommendation(s)

- (1) the next steps required for the implementation of the Liverpool City Region Devolution Agreement be noted;
- (2) the scrutiny principles (as attached as Appendix B to this report) be approved and it be noted that these will be incorporated into a revised Liverpool City Region Combined Authority Constitution.;
- (3) delegate authority to the Chief Executive, in consultation with the Leader, to agree the detailed terms of the Order, and take all necessary steps required to implement the LCR Devolution Agreement.
- (4) it be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) had given his/her consent under Rule 27 of the Access to Information Procedure Rules and Rule 46 of the Overview and Scrutiny Procedure Rules for this/these decision(s) to be treated as urgent and not subject to "call in" on the basis that it/they cannot be reasonably deferred because the Liverpool City Region Combined Authority Order will need to be laid before Parliament in November 2016 in order to have sufficient time for it to be in place for the election of the Liverpool City Region Mayor in May 2017. All of the constituent local authorities and the Liverpool City Region Combined Authority need to consent to the Order before it is laid in November 2016.

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:

The Liverpool City Region Combined Authority Order will need to be laid before Parliament in November 2016 in order to have sufficient time for it to be in place for the election of the Liverpool City Region Mayor in May 2017. All of the constituent local authorities and the Liverpool City Region Combined Authority need to consent to the Order before it is laid in November 2016.

Alternative Options Considered and Rejected:

None

What will it cost and how will it be financed?

(A) Revenue Costs

See Financial Implications below

(B) Capital Costs

See Financial Implications below

Implications:

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

Financial

The 2015 Devolution Agreement provides propose the devolution of resources from Central Government to the City Region, and includes the following headline financial implications:-

- An additional £30m of investment for economic growth for 30 years, equating to

£900m of total additional investment. This is subject to five-yearly gateway assessments;

- A devolved and consolidated transport budget (subject to the Government's Spending Review);
- A commitment, for Government to establish a single pot of funding to invest in economic growth;
- Greater influence and decision-making responsibilities over a range of national programmes including the Work Programme, adult education budget, and potentially housing funds. Although such budgets will continue to sit formally with Government Departments in the immediate future, the City Region can direct and influence how these will be spent; and,
- Ongoing consultation on the Government's proposed Business Rates reforms.

All additional and directly devolved funding streams will be managed by the Combined Authority and the newly elected City Region Mayor.

It will be for the City Region itself to agree the arrangements for how these resources will be managed and allocated as part of the implementation plans.

The Agreement also commits the Combined Authority to:-

- Continue to set out proposals for how local resources and funding will be pooled;
- Agree overall borrowing limits with HM Government;
- Agree a process to manage local financial risk relevant to the proposals in the draft Agreement; and,
- Continue to progress service transformation amongst local authorities, including streamlining back office functions and sharing data and services.

Officers will continue to engage with Government officials to set out how these commitments will be implemented on an individual basis. At that point, the detailed financial implications on any individual proposal will be set out for the Combined Authority to consider and agree.

Legal

Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral Combined Authority Order 2014

Local Democracy, Economic Development and Construction Act 2009

The Cities and Local Government Devolution Act 2016

Human Resources

There are no specific human resources implications associated with the implementation of the recommendations in this report.

Equality

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

Paragraph 67 of the Devolution Agreement sets out that the Liverpool City Region Combined Authority will continue to adhere to its public sector equality duties for existing and newly devolved responsibilities.

Impact of the Proposals on Service Delivery:

The establishment of the Mayoral Combined Authority will support economic growth within the Liverpool City Region through the discharging of additional powers and the deployment of additional funding.

What consultations have taken place on the proposals and when?

The Head of Corporate Resources (FD 4376/16) and Head of Regulation and Compliance (LD 3659/16) have been consulted and any comments have been incorporated into the report.

Implementation Date for the Decision

With immediate effect. The Chair of the Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) has given approval under Rule 46 of the Overview and Scrutiny Procedure Rules for the 'call-in' period to be waived in respect of an executive decision because the Liverpool City Region Combined Authority Order will need to be laid before Parliament in November 2016 in order to have sufficient time for it to be in place for the election of the Liverpool City Region Mayor in May 2017. All of the constituent local authorities and the Liverpool City Region Combined Authority need to consent to the Order before it is laid in November 2016.

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Background Papers:

There are no background papers available for inspection

Appendices:

Appendix A Powers to be conferred on the Liverpool City Region Combined Authority and Liverpool City Region Mayor

Appendix B Liverpool City Region Mayoral Combined Authority Scrutiny Principles

1. Introduction/Background

1.1 The Council at its meeting held on 19 November 2015 considered a report on the proposed devolution of powers and resources from the Government to the Liverpool City Region and resolved:

That this Council:

- (1) Notes the report and supplementary report of the Chief Executive;
- (2) Approves the Liverpool City Region Devolution Agreement as outlined in Appendix 1 and agrees to adopt a Directly Elected Mayor with effect from May 2017 based on the Governance Principles outlined in Appendix 2 of the supplementary report;
- (3) Notes that the Governance Principles will be incorporated into a formal constitution and will be the subject of a further report in due course;
- (4) Agrees to explore with Government further opportunities for devolution, noting that any proposals will be presented to future meetings of the Council for consideration and approval before being agreed and implemented; and
- (5) Reserves the right to withdraw from the Devolution Agreement if Government fail to deliver on the proposals as outlined in the Devolution Agreement attached in Appendix 1 of the supplementary report.

1.2 Following the agreement to the Liverpool City Region Devolution Agreement by all of the constituent local authorities in November 2015, an initial Order was passed through Parliament in July 2016 to establish the office of City Region Mayor and to make arrangements for the election of a Liverpool City Region Mayor in May 2017.

1.3 The Cities and Local Government Act 2016 is the enabling legislation which provides the framework for the devolution of powers and functions to take place. This legislation requires specific Combined Authority and Mayoral powers to be conferred through a Parliamentary Order, which must have the consent of the constituent local authorities and the Liverpool City Region Combined Authority itself.

1.4 Further steps are now required to progress the Parliamentary processes and put in place the Parliamentary Order to ensure that the Liverpool City Region Devolution Agreement can be implemented in full.

1.5 The Liverpool City Region Order will need to be laid before Parliament in November 2016 in order to have sufficient time for it to be in place for the election of the Liverpool City Region Mayor in May 2017. All of the constituent local authorities and the Liverpool City Region Combined Authority need to consent to the Order before it is laid in November 2016.

2. Powers to be conferred on the Liverpool City Region Combined Authority

- 2.1 The legislation covering combined authorities is detailed in Sections 103-113 of the Local Democracy, Economic Development and Construction Act 2009 and was amended by the Cities and Local Government Devolution Act 2016 so that an existing combined authority may be changed into a Mayoral Combined Authority through a further Order from the Secretary of State.
- 2.2 The Local Democracy, Economic Development and Construction Act 2009 originally provided that a combined authority could only undertake functions related to economic development, regeneration, or transport, or other functions which its member authorities agreed to transfer to it. The Cities and Local Government Devolution Act 2016 removed these limitations, and will permit the Secretary of State to transfer statutory functions or the functions of public bodies to combined authorities. This must be done via an Order for each individual combined authority.
- 2.3 Before the enactment of the Cities and Local Government Devolution Act 2016, the functions which could be conferred on the Liverpool City Region Combined Authority by order were limited to transport functions mainly inherited from the former Merseyside Integrated Transport Authority and functions of the constituent councils relating to economic development and regeneration. These could be exercised instead of, by or concurrently with the constituent councils.
- 2.4 The amendments by the 2016 Act now enable an Order to be made to confer on the Liverpool City Region Combined Authority:-
- Any function of a constituent council (no longer limited to transport, economic development or regeneration);
 - Any function of a public authority (including that of a Minister of the Crown or a Government Department) which is exercisable in relation to Liverpool City Region; and,
 - Any functions corresponding to a function which a public authority has in relation to another area.
- 2.5 In order for the Liverpool City Region Combined Authority to acquire additional functions and functions to implement the 2015 Devolution Agreement, it must go through a statutory process set out in legislation. The process comprises a review of the Combined Authority's governance, the publication of a draft Scheme setting out the powers requested, and a public consultation exercise.
- 2.6 These steps are now all complete and were considered by the Liverpool City Region Combined Authority in June 2016 and August 2016.
- 2.7 The powers to be conferred on the Liverpool City Region Combined Authority/Mayor were set out in the Governance Review and Draft Scheme on which the Combined Authority consulted with stakeholders and the public earlier in 2016. It should be noted that legislative changes are not required to implement all aspects of the 2015 Devolution Agreement.

2.8 The proposed powers as set out in the Scheme are set out in **Appendix A**. The acceptance of the draft Order is an executive decision and cannot therefore be taken by a full meeting of the Council. Members are therefore asked to note that a decision whether to accept the draft Order must be taken by the Cabinet.

3. Overview and Scrutiny of the Liverpool City Region Combined Authority

3.1 The Cities and Local Government Devolution Act 2016 contains specific provisions covering scrutiny. The general provisions in the Act are standard in relation to scrutiny activities and are familiar to local authorities. The two major differences are:-

- The arrangements must include provisions to hold the City Region Mayor to account for executive decisions he/she takes; and,
- There is provision for further direction by the Secretary of State to be made by Order which, amongst other things, could include directions about:-
 - the membership of an overview and scrutiny committee;
 - the person who is to be the Chair of such a committee; and,
 - how and by whom matters may be referred to an overview and scrutiny committee.

3.2 The principles by which the Liverpool City Region Combined Authority will operate scrutiny are set out at **Appendix B** and will be incorporated into the Combined Authority's Constitution of the LCRCA (consistent with the provisions set out in the Liverpool City Region Combined Authority Order).

4. Devolution Agreement – Governance Principles

4.1 When approving the Devolution Agreement in November 2015, the local authorities and the Liverpool City Region Combined Authority agreed a number of Governance Principles. These Principles will form the basis of the revised Liverpool City Region Combined Authority Constitution to apply from May 2017.

4.2 The Combined Authority has already amended its Constitution to establish an Appointments Panel to enable it to recruit and employ staff directly and also to establish an Investment Committee to consider project investment decisions for the Single Investment Fund.

4.3 A review will be undertaken in order to draft a revised Constitution in order to reflect the powers and functions contained within the Liverpool City Region Combined Authority Order and how they will be implemented.