

APPENDIX 1

Report to:	Council	Date of Meeting:	19 November 2015
Subject:	Potential Devolution of Powers and Resources Liverpool City Region	Wards Affected:	All
Report of:	Chief Executive		
Is this a Key Decision?	No	Is it included in the Forward Plan?	No
Exempt/Confidential	No		

Purpose/Summary

This report provides an update for members with regards to the proposed devolution of powers and resources from Government to Liverpool City Region.

At the time of writing this report, the proposed devolved powers and resources (the Devolution Agreement) is still being negotiated with Government. Should further details become available, then appropriate supplementary information and/or papers will be circulated to Members in advance of the meeting.

Recommendation(s)

It is recommended that Council notes:

- (1) the current position as set out in section 1 of the report with regard to Liverpool City Region's devolution proposals; and
- (2) that the devolution process is still in negotiation and that further information will be presented to Council for Members' consideration when it becomes available.

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		√	

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8	Improving the Quality of Council Services and Strengthening Local Democracy		√	
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Reasons for the Recommendation:

To update Members on the proposed devolution of powers and resources from Government to Liverpool City Region.

Alternative Options Considered and Rejected:

(i) Not negotiate a devolution deal with Government

This would place the City Region at a real disadvantage compared to those areas that have secured a devolution agreement which includes greater funding and powers from Government. The City Region would be left to compete for funding 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. It would be faced with the reality of continuing to do “more with less”; and having to weather further future spending cuts which face the public sector without any flexibility or additional resources which the devolution deal offers to the City Region.

Government have also indicated that there is a small window of opportunity for devolution agreements in line with their CSR timetable. Therefore there would be no possibility for the City Region to negotiate a similar deal at a later date should it not reach agreement with Government at this time.

(ii) To negotiate a significantly reduced devolution deal without a Directly Elected Mayor arrangement:

Government require strong governance proposals in place for those areas which are seeking the maximum level of. Without a directly elected Mayor, Government has been clear that the level of resources and powers on offer would be substantially less and as with (i) above would place the city region at a distinct disadvantage with other comparable areas. The Cornwall devolution deal is an example of how the Government has devolved comparatively fewer powers to areas who do not pursue a directly elected mayor.

What will it cost and how will it be financed?

(A) Revenue Costs

None at this stage – See Financial Implications below.

(B) Capital Costs

None at this stage – 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:

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Financial

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

Legal

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

Human Resources

None

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"/> |

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.

Impact of the Proposals on Service Delivery:

None at this stage.

What consultations have taken place on the proposals and when?

The Chief Finance Officer has been consulted and has no comments to add to the report (FD 3896/15)

The Head of Regulation and Compliance has been consulted and any comments have been incorporated into the report. (LD 3179/15)

Implementation Date for the Decision

Immediately following the Council meeting.

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Background Papers:

Appendix 1: LCR Devolution Submission of 4 September 2015

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1. Introduction/Background

- 1.1. Following the election in May 2015, the new 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.
- 1.2. In the budget statement of 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.
- 1.3. At the same time the Chancellor confirmed his commitment to taking forward the development of the "Northern Powerhouse" concept making the case that the lack of economic and physical connections between the cities and city regions of the North of England was holding back their growth, with significant implications for the national economy. It is clear that the Chancellor sees re-balancing the economy as a key policy commitment and a number of interventions have been announced to help turn the Northern Powerhouse into reality. This includes 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.
- 1.4. Liverpool City Region has the opportunity, through devolution, to become a significant component of the Northern Powerhouse. The River Mersey and the Liverpool Bay together with the Superport are unique economic assets that have the ability to transform the Northern economy. The City Region is also well positioned to be at the heart of an advanced manufacturing network across the North having science and innovation strengths at Daresbury and Liverpool Knowledge Quarter and world class firms like Jaguar Land Rover, Getrag, Unilever, Pilkington's Ineos Chlor and Cammell Laird.
- 1.5. Devolution offers the City Region the opportunity to gain much greater control over its own destiny. As public finances become increasingly challenging having local decision making powers over significant areas of national government spend is a much better position to be in than the current system whereby priorities for local services and funding are decided in London. It is the long term ambition for the City Region to develop a new "place based" relationship with Government which will ultimately provide for significant influence over all public expenditure within the City Region, estimated at c. £18.2bn per annum.
- 1.6. It is important to state 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. This is at the heart of the City Region's proposals which are being negotiated with Government.
- 1.7. The City Region's outline submission to Government set out in Appendix 1 was made on 4 September 2015 and was focused on a 'place-based' approach to:
 - Accelerate economic growth - growing jobs and increasing productivity;

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- 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.

1.8. The submission and subsequent negotiations has focused on four key areas which needed to be considered by Government alongside their Comprehensive Spending Review (CSR) 2015. They are:

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

1.9. The City Region has undertaken stakeholder engagement and consultation on these themes and broader proposals. This has been a positive exercise with the findings outlined in the consultation section of this report.

1.10. At the time of writing this report, negotiations are ongoing to determine the size and scope of a potential devolution agreement with Government and further details will be presented to members when they become available.

2. Timescale for Action

2.1. Further details on the proposed timetable for implementation will be presented to Members if the City Region considers the scale of the devolution package to be sufficient to enter into an agreement with Government.

3. Consultation

3.1. 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.

3.2. The consultation framework adopted incorporated three levels of engagement – corporate, area and political.

3.3. For each priority, a lead Chief Executive was identified to manage the consultation process with key stakeholders.

3.4. Targeted public engagement has taken place with thematic stakeholder groups including business representatives and key strategic Boards to inform the scope of the City Region's proposals. Feedback was extremely helpful and those who engaged in the process were supportive of the approach being taken.

3.5. A website - www.liverpoolcityregion-ca.gov.uk and intranet copy was set up to support consultation which was promoted by each local authority. The website provided an outline narrative of the proposals and approach. It also incorporated a feedback facility, news items on local authority and partner agency websites, updates in newsletters and social media channels. In addition, internal communication channels were utilised.

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- 3.6. Of the responses received to the feedback facility referred to above, 41 responses were received and over 75% 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
- 3.7. 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