

Appendix 7a: LANCASHIRE DEVOLUTION

Summary

As part of the Autumn Budget Statement on 22 November 2023, the Government announced the opportunity for a devolution deal for Lancashire and proposed the creation of a Combined County Authority for the administrative area covered by the three upper tier councils, Blackburn with Darwen Council, Blackpool Council and Lancashire County Council. The Deal Document is available here <http://www.gov.uk/government/publications/lancashire-devolution-deal>

To progress the potential devolution deal, under the Levelling-up and Regeneration Act 2023, a consultation is required on the draft Combined County Authority (CCA) Proposal ('the Proposal'). The Proposal is attached at Appendix 7b.

Following consultation, the three Councils will need to submit their final Proposal to Government, which will take account of the outcome of the consultation, and which, if appropriate, will formally propose the creation of the CCA.

Council is asked to approve the draft Proposal and agree to consult formally upon it with the residents and other stakeholders of the wider CCA area for a period of 8 weeks commencing on 1 December 2023.

It is anticipated that a further meeting of each of the three Councils in March 2024 will consider the results of the consultation and agree whether or not to formally submit the final Proposal to Government.

All three Councils are considering the same report and recommendations at respective Full Council meetings at the end of November 2023.

Briefings from the Chief Executive and Director of Strategy / Assistant Chief Executive have been arranged separately with the two political groups in advance of the November Council meeting to provide members with an overview of the proposals and considerations for Blackpool.

Recommendations

That Council be asked to agree:

- i. to note the Deal Document as announced by the Government, linked here <http://www.gov.uk/government/publications/lancashire-devolution-deal>
- ii. the draft Proposal attached at Appendix 7b to this report to create a Lancashire Combined County Authority (CCA) for the administrative areas of Blackburn with Darwen, Blackpool and Lancashire
- iii. a formal consultation on the draft Proposal with the residents and other stakeholders of the wider CCA area, in a partnership between Blackburn with Darwen Council, Blackpool Council and Lancashire County Council
- iv. the approach to the consultation as set out in the Proposal document
- v. to delegate authority to the Chief Executive to approve any minor amendments to the draft Proposal or consultation arrangements. This delegation is to be exercised in consultation with the Leader of the Council and is conditional upon such amendments being agreed by all three upper tier Councils
- vi. the draft Equality Impact Assessment at Appendix 7c

- vii. to receive and consider the results of the consultation and whether to formally submit a final Proposal document to Government at a meeting of Full Council in March 2024 and
- viii. to agree to cancel the ordinary meeting of the Council scheduled for 27 March 2024 and instead hold a special meeting of the Council on 14 March 2024 at 6pm.

Background

In February 2022, the Government published its White Paper on Levelling Up, a significant set of proposals which sought to address geographical disparities in funding, productivity and growth across England.

The resulting legislation, the Levelling-up and Regeneration Act 2023, allows for the creation of new Combined County Authorities (CCAs) that require the agreement of upper-tier Local Authorities in the area.

Securing a devolution deal has been a long-standing ambition for Leaders across Lancashire to address years of historically low investment in the area whilst providing a platform for accelerated growth.

Following the publication of the White Paper, the three upper tier Councils agreed to cooperate at pace on the creation of a new devolution deal that would cover the Lancashire area by establishing a CCA. The Leaders of the three Councils have overseen extensive negotiations between officers and Government officials to agree the basis of a proposed devolution deal. The Deal document sets out the basis for the deal, including the key powers to be devolved, main objectives of the proposed CCA and the governance principles.

The Deal document has been further developed into a Proposal document, attached at Appendix 7b. This Proposal document will be subject to an extensive consultation process across the area in accordance with the statutory requirements. The full consultation arrangements, setting out how the Councils will seek the views of the public and stakeholders are set out in the Proposal document.

The Combined County Authority

The main elements of the Proposal (if approved) are as follows:

- Lancashire County Council, Blackburn with Darwen Council and Blackpool Council will form a Combined County Authority, to provide overall vision and leadership, seek the best value for taxpayer's money, and be accountable to local residents.
- The arrangements will include the integration of the relevant functions of the Lancashire Local Enterprise Partnership (LEP) into the CCA, ensuring that there continues to be a strong and independent local business voice in the form of a Lancashire Business Board which informs local decision making and strategic economic planning. In absorbing the role and functions of the Growth Lancashire Company, LEP Growth and Skills and Employment Hubs, LEP Investment Team, and destination management/visitor economy, the Lancashire CCA will deliver a number of functions on behalf of the central government departments.
- The CCA will have new powers to better shape local skills provision to ensure these meet the needs of the local economy. This will include devolution of adult education functions and the core Adult Education Budget, and the opportunity to further refine the Local Skills Improvement Plan.
- There will also be new powers to improve and better integrate local transport, including the ability to develop the Bus Service Improvement Plan (BSIP) partnership and strengthen co-ordination of local transport functions.

- Subject to funding, policy and delivery considerations at the next Spending Review, Government's expectation is that delivery responsibility for the UK Shared Prosperity Fund (UKSPF), a flexible funding pot, will be aligned with devolution deal responsibilities. This would mean that the proposed CCA could have such responsibilities from 2025/26. In carrying out this role, the proposed CCA and the constituent councils will work closely with the Lancashire District Leaders Forum in an advisory capacity. Delivery of these functions will build on existing district-led delivery arrangements for UKSPF and align with the Lancashire 2050 strategy, as agreed by all Local Authorities in Lancashire, to ensure that the needs of residents can be effectively addressed.
- The CCA will have the ability to exercise compulsory purchase powers to help drive the regeneration of the area and to build more affordable homes, subject to the agreement of the Constituent Council and the Local Planning Authority where the relevant land is located.
- The area will receive up to £20 million capital funding in the current Spending Review period to support innovation led growth (including assets to maximise the benefits of National Cyber Force) and net zero ambitions across Lancashire. This investment is subject to agreement of the relevant business cases.
- The CCA will strengthen the local visitor economy, reinforcing Lancashire's attractive and vibrant cultural and creative sector through the formation of a Local Visitor Economy Partnership to help further develop the region's visitor economy. It will also deliver innovation-led growth, including working with Government to capitalise on Lancashire's economic potential in growing the Energy and Low Carbon sector.

Additional funding for Lancashire

The Deal includes up to £20 million capital funding in the current Spending Review period to support innovation led growth and net zero ambitions across Lancashire. This investment is subject to agreement of the relevant business cases. The portfolio of capital regeneration projects will drive growth and levelling up across Lancashire and includes:

- Assets to maximise the benefits of the National Cyber Force and a proposed Innovation Hub in Lancashire
- Blackburn Tech Innovation Quarter (TIQ)
- Silicon Sands, Low Carbon Data Centre Demonstrator, Blackpool Airport Enterprise Zone
- Cosy Homes in Lancashire (CHiL) - additional capital investment for extending an existing domestic retrofit scheme

The recent Network North announcement also suggests that:

- The proposed CCA will receive a proportion of the £2.5 billion announced as part of Network North to transform local transport in areas in the North outside of the big city regions.
- The proposed CCA will receive a proportion of the £770 million of funding for Bus Service Improvement Plans in the North.
- The proposed CCA will receive a proportion of the £3.3 billion funding to fix potholes in the North.

How the CCA will work

A Combined County Authority is a way for the three upper tier Authorities in Lancashire to work more closely together, and to receive devolved powers from the Government. It is not an additional tier of

local government; it is a way for existing locally elected representatives to have more say over decisions that affect the area. In order to deliver this, the proposed arrangements are outlined below.

The CCA Board will be made up of up to 8 members:

- Four elected members, consisting of a lead/executive member for each constituent council and one further member appointed by Lancashire County Council.
- Two non-constituent members, who will be nominated by the district and borough councils to represent the interests of district and borough councils on the CCA
- Up to two further associate or non-constituent members, to be appointed by the CCA.

The voice of business will be a critical component in the future proposed CCA, given that a key area of focus would be economy, industry, and business. The proposed CCA will appoint an Associate Member who can represent the views of business on the proposed CCA.

The proposed CCA, in partnership with Government, will ensure that the Lancashire Police and Crime Commissioner (PCC) is invited to attend and participate in CCA meetings as an observer, or as a non-constituent member. This will ensure close collaboration and productive joint working between the CCA and PCC.

Proposals for decisions by the CCA may be put forward by any constituent member. All constituent members will have one vote. Constituent members will work towards the principle of unanimity of all key decisions. Other questions that are to be decided by the CCA are to be decided by a simple majority of the members present and voting, unless otherwise provided for in legislation. Decisions requiring unanimity amongst the constituent members will include:

- Approval of the CCA's budget, including significant financial decisions.
- Approval of the policy framework, which will include:
 - Corporate Strategy
 - Economic Growth Strategy
 - Skills and Employment Strategic Framework
 - The Local Transport Plan, Bus Service Improvement Plan (BSIP) and the Local Cycling and Walking Infrastructure Plan (LCWIP)
- Appointment of the Chief Executive
- Approval of and significant amends to the Constitution.

The following decisions will require the consent of the lead member of the relevant constituent council, or substitute members acting in their place, in whose area the decision will apply:

- Compulsory purchase of land or buildings by the CCA
- The exercise of compulsory purchase power will also require the consent of the relevant planning authority
- Any decision by the CCA that could lead to a financial liability falling directly upon that constituent council, or significant material impact on Blackpool Transport Services Ltd
- Such other matters as may be contained within the CCA constitution.

The constituent councils recognise the importance of local consensus in relation to matters that could impact companies wholly owned by those councils, and they have resolved to require Blackpool Council's consent for any decision which may have a significant, material and direct impact on Blackpool Transport Services Ltd.

In accordance with the Levelling Up and Regeneration Act (2023), the proposed CCA would have the power to grant voting rights to the non-constituent members. The responsibility for agreeing any such rights would rest with the constituent members of the CCA and would be set out in the CCA's constitution. The Levelling Up and Regeneration Act 2023 does not allow associate members to vote.

The CCA will be responsible for agreeing its own constitution, including chairing arrangements, meeting procedures and decision-making processes. Whilst the work to develop a constitution will not be finalised until the outcome of the consultation is known and the decision made on whether to formally proceed, some aspects have been agreed in principle, including that Lancashire County Council will Chair the CCA, and that this and the rest of the constitution will be subject to annual review. The CCA will have a Scrutiny Committee, as well as an Audit Committee. In addition, the CCA may establish sub-committees or advisory boards as it deems necessary.

Blackpool Transport Services Ltd

Under the terms of this Proposal, ownership and operation of Blackpool Transport Services Limited (BTS) and all associated assets, including the Bus and Tram fleet, will remain with BTS. BTS will remain as an arm's length company owned by Blackpool Council.

Blackpool Transport Services (BTS) will continue to operate tram services in Blackpool and the surrounding area and Blackpool Council will retain the relevant powers to manage BTS. Maintenance of tram infrastructure and assets will continue to be the responsibility of Blackpool Council in partnership with Lancashire County Council.

Blackpool Transport Service also provides vital bus services to Blackpool and the surrounding area. BTS will continue to deliver bus services locally.

District Council involvement

The Combined County Authority model, as established by the Levelling-up and Regeneration Act 2023, says that only Upper Tier Local Authorities can be constituent members. However, it is recognised that it will be essential to ensure that the voice of the district councils in Lancashire is heard.

To achieve that, district councils will be invited to nominate two "non-constituent" members to serve as members of the CCA. The Act gives the CCA the right to grant voting rights to the non-constituent members. The responsibility for agreeing any such rights rests with the constituent members of the CCA and would be set out in the CCA's constitution.

In addition, Districts will also be invited to nominate representatives to the CCA Audit and Scrutiny Committees. It is proposed that these nominations are made by the District Leaders Forum, as a body which commands the consent of all 12 districts in Lancashire. The nominating body may change, in consultation with the districts, if an alternative nominating body which represents the interests of all districts in Lancashire, is preferred.

Business Voice

The involvement of business will be essential to delivering the CCA's aims and ambitions. To achieve this, a "Business Board" will be established. Whilst it will not be a formal part of the CCA's own governance structure, it will link closely to the CCA on matters connected to business, economic growth, skills and investment, and its views will be sought by the CCA on these and other issues.

A business representative will also have a seat at the CCA table as an associate member.

Consultation

In accordance with the Levelling-up and Regeneration Act 2023, the next step towards the potential creation of the CCA is a full consultation on the Proposal. During this consultation, the three authorities intend to actively seek the views of the public and key stakeholders in order to inform the Councils' decisions on the final proposals. The consultation will run for 8 weeks in December 2023 and January 2024.

The results of the consultation will be considered by further meetings of all three Councils in the new year.

The full details about the proposed consultation are included in the Proposal document.

Next Steps

If a consultation on the Proposal is agreed by all three upper-tier Councils, then the results of the consultation will be considered in March 2024 when the Councils are asked to agree the final Proposals for submission to government.

In light of the timescales outlined in this document, it is now clear that consideration of the next stage decision by the Council following the consultation period is required earlier than the ordinary meeting of the Council scheduled for 27 March 2024. It is also necessary that this meeting date is coordinated with the other Councils - Blackburn with Darwen Council and Lancashire County Council and the timescales set by Government. The Director of Governance and Partnerships recommends that a special meeting of the Council is called for 6pm on Thursday 14 March 2024 (to tie in with the other Councils and avoid other meeting clashes) to focus on this item. If this meeting is confirmed then consequently the ordinary meeting on 27 March 2024 would be cancelled (see recommendation viii).

The devolution agreement and creation of the Combined County Authority will then be subject to formal parliamentary approval in summer and autumn 2024.

Financial Advice

If the decision is taken by the Secretary of State to establish the proposed CCA then the Establishment Order will indicate that the proposed CCA will be funded by the three Constituent Councils. Funding of £1m has been secured as part of the deal from central Government to cover the financial years 2024/25 and 2025/26. In addition, the proposed CCA would consider whether to seek the power to borrow and explore the extent of these powers. In practice it is expected that the running costs of the proposed CCA will be met by either continued central Government support or with funding from the Constituent Councils.

The general powers the proposed CCA is intended to have around finance and funding are expected to be substantially the same as local authorities enjoy generally. However, it will not have the power to raise a precept. That means that the CCA will not be able to raise money through increasing Council Tax.

It is difficult to estimate whether any government funding will be sufficient for the running costs of the CCA and that will partly depend on the design of the operating model for the Combined County Authority which will not be completed until the outcome of the consultation is known. When there is greater clarity on any potential contribution required there will be a need to recognise this additional cost and individual Council approval will be sought, if necessary, at that time.

Legal Advice

The Levelling-up and Regeneration Act 2023 establishes a new type of combined county authority. The creation of a new combined county authority is subject to public consultation, the consent of the Constituent Councils affected to submit a formal Proposal to Government and approval of secondary legislation.

The Proposal document includes a Table of Powers setting out the formal legal powers that it is proposed that the CCA would have.

The "Gunning principles" set out the common law principles which must be met when conducting a consultation:

- Proposals are still at a formative stage - A final decision has not yet been made, or predetermined, by the decision makers.
- There is sufficient information to give 'intelligent consideration' - The information provided must relate to the consultation and must be available, accessible, and easily interpretable for consultees to provide an informed response.
- There is adequate time for consideration and response - There must be sufficient opportunity for consultees to participate in the consultation. In the absence of a prescribed statutory period, there is no set timeframe for consultation, though it is considered that an eight-week consultation period is sufficient in this case. The adequacy of the length of time given for consultees to respond can vary depending on the subject and extent of impact of the consultation.
- 'Conscientious consideration' must be given to the consultation responses before a decision is made. Decision-makers should be able to provide evidence that they took consultation responses into account.

In coming to a decision, the Councils must also have regard to the Public Sector Equality Duty (PSED) under the Equality Act 2010. The PSED requires public authorities to have "due regard" to:

- The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010 (section 149(1a)).
- The need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it (section 149(1b)). This involves having due regard to the need to:
 - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic (section 149(3)(a));
 - or take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it (section 149(3)(b)); and
 - or encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low (section 149(3)(c)).

A draft Equality Impact Assessment (EIA) has been prepared and is appended to this report at Appendix 7c. The Councils must have due regard to this report to ensure that they are satisfied that any adverse impact and the proposed mitigation allows them to meet the legal obligations set out above. The draft EIA will be reviewed as a result of the Consultation process and updated and finalised accordingly.