



Cabinet Special Meeting

Date:	Thursday, 8 August 2013
Time:	6.15 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members of the Cabinet are asked to consider whether they have any disclosable pecuniary or non pecuniary interests in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the interest.

2. MINUTES

The minutes of the last meeting have been printed and published. Any matters called in will be reported at the meeting.

RECOMMENDATION: That the minutes be approved and adopted.

FINANCE

3. COMBINED AUTHORITY - LIVERPOOL CITY REGION GOVERNANCE REVIEW (Pages 1 - 54)

4. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)

To consider any other business that the Chair accepts as being urgent.

5. EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC

The following items contain exempt information.

RECOMMENDATION: That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

6. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 2)

To consider any other business that the Chair accepts as being urgent.

WIRRAL COUNCIL

Cabinet
8 August 2013

SUBJECT	LIVERPOOL CITY REGION GOVERNANCE REVIEW
WARD/S AFFECTED	ALL
REPORT OF	CHIEF EXECUTIVE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report explains why the Liverpool City Region needs to review its strategic governance for economic development, regeneration and transport and outlines the process undertaken to conduct a governance review commissioned by the Liverpool City Region Cabinet. The report sets out the recommendation of the review, after evaluating the current available evidence, to create a Liverpool City Region Combined Authority to formalise existing informal arrangements, signal to businesses and Government that the City Region is serious about working together and potentially draw down additional powers and funding from Government.
- 1.2 The report identifies how a potential Liverpool City Region Combined Authority could operate and the functions it could discharge, along with considering a draft scheme for its establishment.
- 1.3 It finally outlines the proposed approach to consultation and seeks agreement to host specific Wirral events to further consult on the Review of Strategic Governance and the operation of a potential Liverpool City Region Combined Authority.

2.0 RECOMMENDATIONS

- 2.1 Cabinet is recommended to:
 - (a) Endorse the draft findings of the Liverpool City Region strategic governance review (as attached at Appendix One);
 - (b) Endorse the draft outline of the potential role for a Liverpool City Region Combined Authority (as attached at Appendix Two)
 - (c) Endorse the draft scheme for the establishment of a Combined Authority for the Liverpool City Region (as attached at Appendix Three);
 - (d) Agree to the holding of Wirral events as part of the consultation on the proposals described in the documents referred to in paragraphs (a) to (c) above;
 - (e) Request that the final versions of the documents referred to in paragraphs (a) to (c) above together with the results of the consultation exercise are submitted for consideration at future meetings of the Cabinet and Council.

3.0 BACKGROUND AND KEY ISSUES

- 3.1 Liverpool City Region has a population of 1.5 million covering the local authority areas of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral and over 36,000 active businesses. The City Region has one of the fastest growing economies in the UK, with growth being driven across four key sectors: the Low Carbon Economy, the Knowledge Economy, Visitor Economy and the SuperPort.
- 3.2 The Liverpool City Region vision is to create a thriving, international City Region; and to achieve this, the Liverpool City Region must accelerate the opportunities for economic growth and utilise all means necessary. There is strong evidence that the Liverpool City Region has latent potential for additional economic output: if the City Region performed at the national average an additional £8.2bn of output would be generated per annum for the national economy.
- 3.3 To do this would involve building on the existing commitments articulated in the Liverpool City Region Deal and by maximising opportunities to enhance the local delivery of national programmes that are critical to improving local growth. Ensuring that clear and effective arrangements are in place to enable long-term strategic decision making at the City Region level is an essential component to drive economic growth which is why this governance review has considered the appropriate options to achieve this and made draft recommendations.
- 3.4 Whilst the Liverpool City Region was more robust than many other City Regions at the outset of the recession it continues to face a number of economic challenges that are aggravated by the current global economic climate: productivity is 75% that of national rates, there is a gap of 18,500 businesses compared to national rates, a jobs deficit of 90,000, a skills deficit at all levels and one in ten residents are in receipt of either jobseekers' allowance or sickness benefit. In combination, these deficits contribute to the average household per-head being £1,700 less wealthy than the average nationally.
- 3.5 Economic analysis by the OECD demonstrates that strategy integration across key policy domains can deliver economic benefits at the local level in terms of sustainable economic growth and employment. It emphasises the importance of organisational capacity at the functional spatial level, a level which would be consistent with the City Region which is considered to be a 'functional economic area', with 84% of employed residents working within the Liverpool City Region (2012 Annual Population Survey).
- 3.6 The six Councils in the Liverpool City Region have a strong track record of working together on areas of mutual benefit, dating back before the Liverpool City Region Development Plan, which was agreed in 2007. Collaborative working has evolved over the years and a number of City Region Boards bring together democratic leadership and senior business leaders, including the Local Enterprise Partnership. The City Region has made further strides towards improving its governance arrangements in recent years, with the establishment of the Local Transport Body being an example of this.

3.8 There are options for the City Region to consider around its governance if it is to make the most of the economic opportunities over the medium term, which will create jobs and growth. Having taken this information into account, Liverpool City Region Cabinet agreed at their meeting of 21 June 2013 to formally review its strategic governance arrangements in relation to exploring the option of a Combined Authority model.

4.0 THE STATUTORY PROCESS

4.1 In accordance with Section 108 of the Local Democracy, Economic Development and Construction Act 2009 a governance review in relation to a potential combined authority must address the effectiveness and efficiency of: (a) transport within the area covered by the review and (b) arrangements for economic development and regeneration within the review area.

4.2 Therefore, the purpose of the City Region strategic governance review is to determine:

- Whether the area covered by the local authorities of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral can properly be seen as constituting a functional economic area for the purpose under consideration in the review; and
- Whether the existing governance arrangements for strategic economic development, regeneration and transport are effective or would benefit from changes.

4.3 The statutory tests for the governance review in relation to a potential Combined Authority are set out in the Local Transport Act 2008 and the Local Democracy, Economic Development and Construction Act 2009. The process of the review will be to examine the options available to the City Region in relation to each of the following and to evaluate the likely improvement going forward:

- 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.

4.4 There are three opportunities for individual Councils to confirm their approval for the proposals:

- the first when they consider the draft governance review and proposal for the operation of the preferred option
- the second in September 2013 following consultation on the draft governance review and the preferred option, ahead of any submission to Government
- the third and final opportunity in March 2014 when approval would need to be given to become a constituent Member of a potential Combined Authority

5. THE EXISTING GOVERNANCE ARRANGEMENTS

- 5.1 The six Local Authorities in the Liverpool City Region have a long history of collaboration at a scale that reflects the 'functional economic geography' of the area. This collaboration was formalised with the creation of the Liverpool City Region Cabinet in 2008 and, most recently, the establishment of the Liverpool City Region Local Enterprise Partnership in March 2012 and the establishment of the Local Transport Body to serve the City Region later in 2012.
- 5.2 There are currently a number of Boards across the City Region bringing together the democratic leadership and senior business leaders to support our vision to be a thriving, international City Region, with those particularly relevant to the governance review of economic development, regeneration and transport summarised below.
- 5.3 **Liverpool City Region Cabinet:** The six Councils in the City Region have a track record of working together on areas of mutual benefit, dating back before the Liverpool City Region Development Plan, which was agreed in 2007. Following this, the Liverpool City Region Cabinet was established in 2008 to take forward this and other work. The City Region Cabinet is made up of the Mayor of Liverpool and Leaders of the five Councils. The Cabinet demonstrates high level leadership and has been effective at setting the strategy for the City Region and working in partnership with business leaders to develop the conditions for economic growth.
- 5.4 In 2008 the Cabinet agreed that each Leader/nominated member would lead on one of the portfolios identified in the City Region governance structure, and each Portfolio Holder would be supported by a Chief Executive acting as Lead Advisor. This led to a series of thematic City Region Boards, across transport, economic development, employment and skills, housing, health, and child poverty and life chances. Many of these Boards bring together the democratic mandate and the contributions of the private sector and other partners.
- 5.5 **Liverpool City Region Local Enterprise Partnership (LEP)** was established in March 2012 and formally incorporated: as such, it has a unique structure with over 400 members contributing to the success of the Partnership. This provides the LEP Company with an income stream which adds value to public funding for economic development, including European monies and sees the private sector playing a direct role in setting the economic agenda for the City Region. The Mayor of Liverpool and the other five Leaders also sit on the LEP Board alongside the private sector.
- 5.6 The LEP has established sector committees and panels around the key sectors for economic growth: Low Carbon Economy, SuperPort, Visitor Economy, Advanced Manufacturing and Innovation. This provides the opportunity for businesses and public bodies to work together on identifying the key actions and opportunities that will support the delivery of jobs and growth. The LEP has also been given a set of strategic responsibilities by Government in terms of prioritising investment (such as with Growing Places Funds) as well as setting future economic strategy for the City Region through the requirement for a Growth Plan by Spring 2014 and the determination of European Funding priorities.

- 5.7 Merseyside Integrated Transport Authority (MITA) which covers Knowsley, Liverpool, Sefton, St Helens and Wirral, with Halton Borough Council acting as a transport authority in its own right. There has been extensive collaboration and joint working on transport issues between City Region Councils, Merseytravel and increasingly the LEP, with the establishment of the Local Transport Body to serve the City Region as a case in point. The aligned Local Transport Plans and implementation plans are a further example of the close work that is in place.
- 5.8 The Liverpool City Region has a track record of working together on Employment and Skills strategy across the functional economic area. The City Region's **Employment and Skills Board** leads work on jobs and skills on behalf of the City Region Cabinet and the LEP. It focuses on implementing the existing 10-year Employment and Skills Strategy and the City Region Deal for Jobs and Skills. It oversees the City Region's Labour Market Information Service, which communicates economic opportunities to the vast array of colleges, training providers and employment support providers. It also provides governance arrangements for a range of different devolved funding streams.
- 5.9 **Liverpool City Region Strategic Housing and Planning Board** - There is already considerable collaboration on strategic housing priorities and public sector assets aligned to the City Region's economic growth and regeneration ambitions. We have prepared a joint Local Investment Framework, for the delivery of our housing priorities, since 2009 and we have secured over £80 million pounds of investment as a result. The Board has recently been working on the Local Investment Framework for 2014 – 17, which will include a spatial framework, to support the Local Growth Plan. This Local Investment Framework will continue to identify and promote all housing opportunities which support economic growth and will identify all potential funding resources to support the delivery and to bridge funding gaps.
- 5.10 One of the drivers for reviewing the Liverpool City Region's governance arrangements is to secure greater influence over key levers affecting local growth, including freedoms, flexibilities and funding which would otherwise remain under the control of Whitehall. The Liverpool City Deal, Liverpool City Region Deal and LEP Business Plan and Action Plans seek to capitalise on the City Region's strengths, assets and key sectors to attract investment into and create additional jobs within the City Region. However, they do not go far enough in terms of maximising opportunities to enhance local delivery of national programmes that are also critical to improving local growth.
- 5.11 For a number of years the City Region has successfully aligned central Government funding, ERDF and private sector investment to support strategic priorities within the wider economy. Working with the LEP, a pipeline of projects spanning investment in infrastructure, business growth, housing, transport and regeneration is in place together with an agreed approach to the joint investment of ERDF, Regional Growth Fund and Growing Places funds. With the new Government funding opportunities and policies, including the Growth Deals/Single Local Growth Fund and EU Structural and Investment Funds 2014 - 2020 there is now an added impetus to ensure the City Region has the most appropriate strategic governance arrangements in place to deliver agreed priority investments and in doing so to maximise the use of these funds alongside existing resources.

5.12 Similarly, whilst the establishment of the Local Transport Body has been seen as a positive step; is a staging post on the journey, rather than a destination. The Local Transport Body model does not enjoy the legal transport powers or funding regimes that are currently vested with the Integrated Transport Authority, its constituent districts and with Halton Borough Council. The Department for Transport has consistently impressed upon the Liverpool City Region the importance of developing effective governance arrangements that facilitate, for example, links to other policy areas, strong leadership, streamlined structures and the ability to make difficult decisions, linked to clear priorities and a long-term investment programme.

6. METHODOLOGY FOR THE GOVERNANCE REVIEW

6.1 The process to establish a Combined Authority or Economic Prosperity Board has three main steps:

- First, a review of existing governance arrangements for the delivery of economic development, regeneration and transport. This must lead to the conclusion that there is a case for changing these arrangements based upon real improvements.
- Second, drawing up and consulting on a scheme for the new body upon which the authorities are required to engage to secure support amongst stakeholders. All constituent Councils are required to approve the scheme for submission to the Secretary of State for Communities and Local Government.
- Finally, the Secretary of State will consider the scheme and undertake a formal consultation. If satisfied with the proposals, a draft order will be laid before both Houses of Parliament for adoption by affirmative resolution.

6.2 An Officer-led working group was tasked with undertaking the governance review, comprising senior officers and relevant experts from each of the constituent local authorities, Merseytravel and the Local Enterprise Partnership (LEP). This included the following activities:

- **Review of economic evidence** to test the rationale for working across the Liverpool City Region geography as a functional economic area. This included a review of previous strategies and identification of key information to assess the economic conditions of the area. The work was aligned to the strategy development process being led by the LEP to prepare the evidence base for the City Region Growth Plan. It also considered the key findings from evidence base work and engagement activity to develop the City Region EU Investment Fund framework for 2014 – 2020.
- **Desk research** of the current governance arrangements and structures.
- **Workshops** to collect views and evidence from stakeholders in each constituent authority, Merseytravel and the LEP to consider the functions or activities that could benefit from strengthened collaborative governance arrangements.
- **One to one interviews** with external stakeholders, including LEP members, Chambers of Commerce and neighbouring local authorities, to collect views on the draft proposals.
- **Options assessment** based on this evidence.

7. OPTIONS ASSESSMENT

7.1 The governance review (attached at Appendix One) has considered the four main options available to the Liverpool City Region at the present time assessed against the statutory tests identified in section 4.3 of this report:

- Option 1 - Leaving existing governance unchanged (status quo);
- Option 2 - Establishing a Supervisory Board;
- Option 3 - Establishing an Economic Prosperity Board; and
- Option 4 - Creating a Combined Authority.

7.2 The review demonstrated that the six Councils in the Liverpool City Region have a strong track record of working together on areas of mutual benefit. Collaborative working has evolved over the years and a number of City Region Boards bring together democratic leadership and senior business leaders, including the LEP. The City Region made further strides towards improving its governance arrangements, with the establishment of the Local Transport Body in 2012. However, the overarching arrangements remain informal without any independent legal status and could be improved, particularly around providing democratic leadership, transparency and accountability. There is a general consensus that the City Region has outgrown these existing arrangements and the time is now right to take the strategic governance arrangements to the next level, moving from a process of informal collaboration to joint decision making.

7.3 The findings are summarised in the following table:

Option	Assessment
Status quo	Maintaining the status quo would provide the basis for economic growth (as it has done for some time) but may not make sufficient improvements in the economic conditions of the area in the timescales required.
Establishing a Supervisory Board	A Supervisory Board would address some of the governance and accountability issues around economic development and regeneration but would still leave the issues around transport.
Establishing an Economic Prosperity Board	An Economic Prosperity Board would address some of the governance and accountability issues around economic development and regeneration but would still leave the issues around transport outside the formal joint arrangements.
Creating a Combined Authority	Building on existing arrangements and supporting the LEP, the creation of a Liverpool City Region Combined Authority, with the alignment of accountability, governance and geographies for economic development, regeneration and transport would provide the City Region with the best possible chance of securing significant and lasting improvements in economic development, regeneration and transport.

Option	Assessment
	This model will further strengthen democratic and financial accountability.

- 7.4 After evaluating the current available evidence, the conclusion from the strategic governance review is to propose a Liverpool City Region Combined Authority model, and to include the transport functions currently separately exercised by MITA and Halton Borough Council, as the preferred governance option. This would give legal form to the close working relationships that already exist between the six local authorities, MITA and the Local Enterprise Partnership by creating a sub-regional body with legal personality and a governance mechanism that can act across the combined area.
- 7.5 A strong Combined Authority would be able to bring together key decision making powers into a single body, exercising appropriate strategic transport and economic development and regeneration functions. It would provide a visible, stable and statutory body which could act as the accountable body to attract further funding to the Liverpool City Region to support economic growth, alongside additional powers which may be devolved from Government.
- 7.6 A Combined Authority is not a merger or a takeover of existing local authority functions nor would it be a 'Super-Council'. Instead it would seek to complement local authority functions in economic development regeneration and transport and enhance the effectiveness of the way they are discharged. In particular, it is the enhancement of decisions and information to a strategic level that are most frequently cited as the advantages of such a body. On this basis, the proposal to establish a Liverpool City Region Combined Authority would not have any additional resource implications for constituent Councils and would be expected to be cost neutral.
- 7.7 Cabinet is asked to endorse the draft findings of the attached Liverpool City Region Review of Strategic Governance (Appendix One).

8. THE POTENTIAL ROLE OF A COMBINED AUTHORITY AND DRAFT SCHEME

- 8.1 The statutory process as laid out in the legislation requires that a Scheme is developed which outlines the role of a potential Combined Authority, which can then be laid before Parliament for approval. The Outline of the Potential Role of a Liverpool City Region Combined Authority report (Appendix Two) and draft Scheme (Appendix Three) have been completed alongside the conduct of the governance review to set out the functions and activities that the Combined Authority could perform to secure jobs and growth and improvements in the economic conditions of the Liverpool City Region.
- 8.2 The functions are proposed around economic development, regeneration and transport (and include strategic housing and employment and skills) and will build upon the existing joint working in these areas. The establishment of the Combined Authority would provide the basis for this next stage of development to take place, particularly focusing on the integration of these functions to

create mutually reinforcing systems which will lead to sustainable jobs and growth.

- 8.3 The proposed Scheme sets out the proposed membership and executive arrangements, the functions powers and duties of the proposed Combined Authority and its funding and financial arrangements. These proposed membership arrangements include the ability to co-opt other members (eg the Chair of the Local Enterprise Partnership) onto the Combined Authority in a voting or non-voting capacity. There will also be a scrutiny function as well, made up of Members from constituent Councils.
- 8.4 Cabinet is asked to endorse the attached draft Outline of the Potential Role of a Liverpool City Region Combined Authority (Appendix Two) and the attached draft Scheme for the establishment of a Liverpool City Region Combined Authority (Appendix Three).

9. NEXT STEPS

- 9.1 The strategic governance review findings, the outline of the potential role of a Liverpool City Region Combined Authority and draft Scheme for the establishment of a Liverpool City Region Combined Authority, are being considered by individual local authority Cabinets and the Integrated Transport Authority all Councils across the Liverpool City Region: these meetings are scheduled to take place between 8 and 16 August 2013 as part of the consultation exercise. In addition a period of stakeholder consultation will run from 2 August 2013 to 6 September 2013.
- 9.2 The consultation will focus on whether it is considered that the proposals emanating from the governance review will meet the statutory tests in that the proposed Combined Authority would be likely to improve:
- the exercise of statutory functions relating to economic development, regeneration and transport in the area;
 - the effectiveness and efficiency of transport in the area; and
 - the economic conditions in the area.
- 9.3 Workshops and seminars will be held in local areas to ensure that there are opportunities for partners and stakeholders to contribute to the overall review and submit comments. All feedback from the consultation will be collected centrally at Knowsley Council via the single email address: lcr.governance@knowsley.gov.uk. The consultation with strategic partners is being shared amongst City Region Councils.
- 9.4 At the end of the consultation period the responses will be analysed by the Officer-led working group. A final version of the governance review and Scheme for the establishment of a Liverpool City Region Combined Authority will then be prepared and reported back to individual Cabinets, Councils and the Integrated Transport Authority during September 2013. Individual organisations will be asked to adopt the Review and Scheme and agree for their submission to Government: in addition, they will be asked in principle to become constituent members of the Combined Authority. These meetings are scheduled to take place between 11 and 24 September 2013. In addition, full Council approval will also be required prior to submission to the Secretary of

State. This needs to happen before 30 September 2013 in order for the Liverpool City Region Combined Authority to be operational from 1 April 2014.

9.5 Schemes for a Combined Authority will be considered jointly by the Secretary of State for Communities and Local Government and the Secretary of State for Transport. They will also have regard to the following before making an order to establish a new body;

- The need to reflect the identities and interests of local communities; and
- The need to secure effective and convenient local government.

9.6 Government will then consider the submission and conduct a further consultation (eg the relevant Councils, the MITA, representatives of the business community, regulatory bodies, service providers and other delivery partners and regulatory bodies) to establish that the proposal has local support and backing. If this is found to be the case, an Order will be laid before Parliament for the Authority to be created.

9.7 Cabinet are recommended to endorse the approach to consulting on the strategic governance review and potential operation of the Liverpool City Region Combined Authority.

10.0 RELEVANT RISKS

10.1 There is a risk that the Liverpool City Region cannot close the gap in economic performance to England. This will be mitigated by proposing the establishment of a Liverpool City Region Combined Authority to draw together strategic work across economic development, housing, transport and employment and skills and to potentially access additional funding from Government.

11.2 There is a risk that the proposal to create a Liverpool City Region Combined Authority may not have local stakeholder support. This will be mitigated by consulting on the review of strategic governance and potential operation of a Liverpool City Region Combined Authority with stakeholders to collect their views.

11.3 There is a risk that the potential establishment of a Liverpool City Region Combined Authority is seen as a "Super-Council". This will be mitigated by establishing a clear approach to communication strategy between the Councils and MITA explaining precisely what the potential Combined Authority could and could not do.

11.0 OTHER OPTIONS CONSIDERED

11.1 The Liverpool City Region Review of Strategic Governance considered maintaining the status quo, establishing a Supervisory Board and establishing an Economic Prosperity Board, as set out in Appendix One. The review concluded that the establishment of a Combined Authority offered the City Region the greatest benefits.

12.0 CONSULTATION

12.1 Stakeholders will be consulted and invited to comment on the proposals in the Review of Strategic Governance as described in section 9 of this report.

13.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

13.1 There are no direct implications for voluntary, community and faith groups from the recommendations set out in this report. They will be invited to respond to the consultation on the review and preferred option.

14.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

14.1 The Review of Strategic Governance within the Liverpool City Region is being conducted within existing resources.

14.2 Should the proposal to create a Liverpool City Region Combined Authority be approved, it would not have any additional resource implications for constituent Councils and would be expected to be at least cost neutral.

15.0 LEGAL IMPLICATIONS

15.1 The conduct of the Review of Strategic Governance and the potential establishment of a Liverpool City Region Combined Authority is set out in the Local Democracy, Economic Development and Construction Act of 2009.

16.0 EQUALITIES IMPLICATIONS

16.1 Has the potential impact of your proposals been reviewed with regard to equality?

Yes and impact review has been sent to the Equality and Diversity Co-ordinator.

17.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

17.1 There are no carbon reduction and environmental implications directly arising from the recommendations in this report.

18.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

18.1 There are no planning and community safety implications directly arising from the recommendations in this report.

19.0 REASONS FOR RECOMMENDATIONS

19.1 Governance in the Liverpool City Region is in need of improvement in order to formalise existing informal arrangements, signal to businesses and Government that the City Region is serious about working together and potentially draw down additional powers and funding from Government.

19.2 The draft Review of Strategic Governance and outline of the potential role for a Liverpool City Region Combined Authority are recommended to be approved and to be subject to consultation before being any final approval and submitted to Government.

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APPENDICES

Appendix One – Draft Liverpool City Region Strategic Governance Review

Appendix Two – Draft Outline of the Potential Role for a Liverpool City Region Combined Authority

Appendix Three – Draft Scheme for the Establishment of Combined Authority for Liverpool City Region

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	11 July 2013

**LIVERPOOL CITY REGION STRATEGIC GOVERNANCE
REVIEW**

AUGUST 2013

DRAFT

1. INTRODUCTION

1.1 This report has been prepared on behalf of the Liverpool City Region Cabinet, which brings together the Mayor of Liverpool and Leaders of the other five Local Authorities of the Liverpool City Region: Halton, Knowsley, Sefton, St Helens and Wirral. The report sets out the findings from a review of strategic governance arrangements in the Liverpool City Region.

1.2 The strategic governance review has been carried out in accordance with Section 108 of the Local Democracy, Economic Development and Construction Act 2009. This requires that a governance review in relation to a potential Combined Authority must address the effectiveness and efficiency of:

- a) Transport within the area covered by the review; and
- b) Arrangements to promote economic development and regeneration within the review area.

The full legislative requirements are set out in Appendix One.

1.3 The purpose of this review was to determine the following:

- Whether the area covered by the local authorities of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral can properly be seen as constituting a functional economic area for the purpose under consideration in the review; and
- Whether the existing governance arrangements for economic development, regeneration and transport are effective or would benefit from changes, including establishing a Combined Authority.

1.4 The governance review has to date considered the options available and in relation to each option, evaluated the likely improvement in:

- The exercise of statutory functions relating to economic development, regeneration and transport in the area;
- The effectiveness and efficiency of transport in the area; and
- The economic conditions in the area.

This is because before a scheme for a Combined Authority can be prepared a review has to show that the creation of such a body would be likely to improve these matters and make them more effective and efficient.

1.5 Having examined these issues the report draws conclusions about the nature of the Scheme being recommended for the Liverpool City Region.

2. EXECUTIVE SUMMARY

- 2.1 The Liverpool City Region has been transformed over the last twenty years with the rejuvenation of Liverpool City Centre, greater utilisation of our indigenous assets and the growth of our key sectors. The City Region's economy is now one of the fastest growing in the UK and has closed the gap on national performance, but there remains a significant challenge to continue this. The economy is still not as large as it needs to be.
- 2.2 Working together with our businesses the potential of an additional GVA of £2bn and up to 100,000 jobs for our economy has been identified for future years, an opportunity unparalleled in the country. The role of Government and the public sector is to support and facilitate this growth where it is needed. This is not just for the benefit of the Liverpool City Region and our communities but also the UK as a whole.
- 2.3 Our vision is to create a thriving, international City Region; and to achieve this, the Liverpool City Region must accelerate the opportunities for economic growth and utilise all means necessary. There is strong evidence that the Liverpool City Region has latent potential for additional economic output: if the City region performed at the national average an additional £8.2bn of output would be generated per annum for the national economy.
- 2.4 To do this would involve building on the existing commitments articulated in both the Liverpool City Deal and Liverpool City Region Deal, and by maximising opportunities to enhance the local delivery of national programmes that are critical to improving local growth. Ensuring that clear and effective arrangements are in place to enable long-term strategic decision making at the City Region level is an essential component to drive economic growth which is why this governance review needs to consider the appropriate options to achieve this and make recommendations.
- 2.5 Whilst the Liverpool City Region was more robust than many other City Regions at the outset of the recession it continues to face a number of economic challenges that are aggravated by the current global economic climate: productivity is 75% that of national rates, there is a gap of 18,500 businesses compared to national rates, a jobs deficit of 90,000, a skills deficit at all levels and one in ten residents are in receipt of either jobseekers' allowance or sickness benefit. In combination, these deficits contribute to the average household per-head being £1,700 less wealthy each year than the average nationally.
- 2.6 Economic analysis by the OECD demonstrates that strategy integration across key policy domains can deliver economic benefits at the local level in terms of sustainable economic growth and employment. It emphasises the importance of organisational capacity at the functional spatial level, a level which would be consistent with the City Region which is considered to be a 'functional economic area', with 84% of employed residents working within the Liverpool City Region (2012 Annual Population Survey).
- 2.7 The six Councils in the Liverpool City Region have a strong track record of working together on areas of mutual benefit, dating back before the Liverpool City Region Development Plan, which was agreed in 2007. Collaborative working has evolved

over the years and a number of City Region Boards bring together democratic leadership and senior business leaders, including the Local Enterprise Partnership. In 2012 the City Region made further strides towards improving its governance arrangements, with the establishment of the Local Transport Body. However, these overarching arrangements remain informal without any independent legal status and could be improved, particularly around providing democratic leadership, transparency and accountability. There is a general consensus that the City Region has outgrown these existing arrangements and the time is now right to take the strategic governance arrangements to the next level, moving from a process of informal collaboration to joint strategic decision making.

- 2.8 It was agreed at the Liverpool City Region Cabinet meeting on 21 June 2013 that a review of strategic governance arrangements should be undertaken. One of the drivers for this review was to make sure that the City Region is well placed to secure greater influence over key levers affecting local growth, including freedoms, flexibilities and funding which would otherwise remain under the control of Whitehall. This approach builds on the commitments identified in the Liverpool City Region Deal which was agreed with Government in Summer 2012.
- 2.9 The approach taken to undertake this governance review was in accordance with Section 108 of the Local Democracy, Economic Development and Construction Act 2009. The methodology included a review of evidence, desktop research of current arrangements, a series of workshops and discussions with stakeholders, including constituent local authorities, Merseytravel, the Local Enterprise Partnership, strategic partners and neighbouring authorities and an options assessment based upon this evidence.
- 2.10 The review considered the following options:
- Option 1 – status quo
 - Option 2 – establishing a Supervisory Board
 - Option 3 – establishing an Economic Prosperity Board
 - Option 4 – establishing a Combined Authority
- 2.11 After evaluating the current available evidence and the options available to the City Region, the current view is to explore further the option of a Liverpool City Region Combined Authority model, and to include the functions currently exercised by the Merseyside Integrated Transport Authority and Halton's strategic transport functions, as the preferred governance option. This would give legal form to the close working relationships that already exist between the six local authorities, the Integrated Transport Authority and the Local Enterprise Partnership by creating a sub-regional body with legal personality and a governance mechanism that can act across the combined area.
- 2.12 A strong Combined Authority would be able to bring together key decision making powers into a single body, exercising appropriate strategic transport and strategic economic development and regeneration functions. It would provide a visible, stable and statutory body which could act as the accountable body to attract further funding to the Liverpool City Region to support economic growth, alongside any additional powers which may be devolved from Government. This would not have any additional resource implications for constituent Councils and is expected to be at least cost neutral.

2.13 The current view is that the benefits of operating as a Combined Authority for the Liverpool City Region would through its integrated governance arrangements:

- Improve the exercise of statutory functions by bringing together strategic decision making powers into a single Body to facilitate better alignment, co-ordination and delivery of economic development, regeneration and transport related initiatives;
- Increase the effectiveness and efficiency of the related functions by reducing potential duplication of interest between the roles and responsibilities of the constituent local authorities, ITA and the LEP;
- Ensure long-term effective engagement with business and other sectors, including employment and skills providers and registered housing providers; and
- Lead to an improvement in the economic conditions of the City Region.

3. RECOMMENDATIONS

3.1 The conclusion from the work currently undertaken on the strategic governance review recommends that:

- a) Liverpool City Region should establish a Combined Authority model of governance relating to economic development, regeneration and transport pursuant to Section 103 of the Local Democracy, Economic Development and Construction Act 2009. This will accelerate economic growth and improve the economic conditions in the City Region.
- b) Merseyside Integrated Transport Authority shall be dissolved pursuant to Section 91 of the Local Transport Act 2009 and its functions transferred to the new Combined Authority.
- c) Strategic transport powers should be transferred from Halton Borough Council to the Liverpool City Region Combined Authority.

4. THE LEGAL CONTEXT

4.1 Part 6 of the Local Democracy, Economic Development and Construction Act, 2009 (the 2009 Act) enables the creation of Economic Prosperity Boards or Combined Authorities. These are sub-national structures that have separate legal personality to the Local Authorities who come together to create them. These bodies are available to support the effective delivery of economic development and regeneration, and in the case of Combined Authorities, transport.

4.2 The 2009 Act sets out the process for the creation of Economic Prosperity Boards or Combined Authorities relating to their constitution and organisation. The legislation is not prescriptive and the detail of how these bodies are established, how they will operate and what their functions will be is left to be determined locally, subject to final approval by the Secretary of State.

4.3 The Localism Act 2011 contains powers for the Secretary of State to transfer the powers between authorities (including Combined Authorities) and also to transfer ministerial functions to such authorities. Property, assets and liabilities relating to those functions can also be transferred. Notably, transfers and delegations of

additional functions under this legislation can be made at any time and independent from the procedure to create Economic Prosperity Boards or Combined Authorities.

5. METHODOLOGY FOR THE GOVERNANCE REVIEW

- 5.1 At their meeting on 21 June 2013, Liverpool City Region Cabinet agreed to formally review the strategic governance arrangements across the area in the context of the March 2013 Budget and the Government's response to Lord Heseltine's review 'No Stone Unturned in Pursuit of Growth'. The intention was to consider potential options for strengthening governance arrangements to enable the City Region to optimise its economic growth potential.
- 5.2 The statutory process to establish a Combined Authority or Economic Prosperity Board has three main steps:
- First, a review of existing governance arrangements for the delivery of economic development, regeneration and transport. This must lead to the conclusion that there is a case for changing these arrangements based upon real improvements.
 - Second, drawing up and consulting on a scheme for the new body upon which the authorities are required to engage to secure support amongst stakeholders. All constituent Councils are required to approve the scheme for submission to the Secretary of State for Communities and Local Government.
 - Finally, the Secretary of State will consider the scheme and undertake a formal consultation. If satisfied with the proposals, a draft order will be laid before both Houses of Parliament for adoption by affirmative resolution.
- 5.3 An Officer-led working group was tasked with undertaking the review, comprising senior officers and relevant experts from each of the constituent local authorities, Merseytravel and the Local Enterprise Partnership (LEP). This included the following activities:
- **Review of economic evidence** to test the rationale for working across the Liverpool City Region geography as a functional economic area. This included a review of previous strategies and identification of key information to assess the economic conditions of the area.
 - **Desk research** of the current governance arrangements and structures.
 - **Workshops** to collect views and evidence from stakeholders in each constituent authority, Merseytravel and the LEP to consider the functions or activities that could benefit from strengthened collaborative governance arrangements.
 - **One to one interviews** with external stakeholders, including LEP members, Chambers of Commerce and neighbouring local authorities, to collect views on the draft proposals.
 - **Options assessment** based on this evidence.
- 5.4 Liverpool City Region has developed, over a period of time, a strong evidence base which supports both the need for economic growth and the opportunities to achieve this. The evidence base for the emerging 'Growth Plan' is being written in parallel with activity to develop the City Region EU Investment Funds framework for 2014 – 2020, which has informed the governance review. There has been extensive consultation to date on the EU Programme development, including considerable

engagement with representatives from business, the public sector and academic institutions across the City Region: some 150 people attended a stakeholder event on 23 April 2013 and a number of thematic engagement sessions were also undertaken to capture further evidence.

- 5.5 The findings from all this research has been analysed by the Officer-led working group and the information collected used to inform the production of this governance review report.

6. VISION FOR THE LIVERPOOL CITY REGION

6.1 The vision for the Liverpool City Region is to create a thriving, international City Region. We are committed to establishing the Liverpool City Region as a top international and national investment location, with global trade, knowledge, manufacturing and tourism relationships. We will enhance our status as a thriving international City Region by developing the long-term sustainability of the economy through:

- Accelerating the creation of new business.
- Supporting growth and improving productivity in local small and medium sized businesses.
- Making best use of public sector funds to induce private sector business investment and to maximise private sector leverage.
- Delivering a step change in our economic performance by prioritising our investment activity in transformational areas, such as the Visitor Economy; Knowledge Economy; Liverpool SuperPort and the Low Carbon Economy.
- Increasing the number of residents who are in work.
- Increasing the scale of economic activity and developing global markets.
- Working with business to produce a demand-led programme of investment in skills and learning.
- Promoting economic growth and meeting the demands of the low carbon agenda.
- Supporting all potential investors with planning, access and infrastructure, sites availability and finance.
- Supporting Atlantic Gateway development including Wirral and Liverpool Waters and the Daresbury Enterprise Zone, incorporating Sci-Tech Daresbury.
- Reducing dependency on benefit systems.
- Reducing the number of families bringing children up in poverty.

6.2 Four key sectors are already creating new jobs and new opportunities (the Low Carbon Economy, the Knowledge Economy, Visitor Economy and the SuperPort) and these are at the heart of the City Region's economic development strategy. In addition, the Atlantic Gateway, a strategic growth corridor stretching from SuperPort on the Mersey along the Manchester Ship Canal into the heart of Manchester, represents a unique investment opportunity of international importance.

6.3 The Local Enterprise Partnership (LEP) is playing an important role in developing the conditions for economic growth and is working with key partners in business, the local authorities and universities to produce a Liverpool City Region Growth Plan which will underpin the delivery of the City Region's shared vision and ambition.

- 6.4 The City Region has an established track record of working together on strategic employment and skills to support the current and future requirements of business. This is evidenced by the business-led Employment and Skills Board and an existing Employment and Skills Strategy (transform, compete, thrive). The strategic framework provided by the Employment and Skills Board and the clear priorities that underpin it is widely supported by business, public sector partners, colleges and training providers.
- 6.5 We already have an agreed plan of priorities for both housing and transport, which are based upon improving connectivity and ensuring a choice of quality and affordable homes. The provision of an efficient transport system is critical to helping the City Region achieve this and the wider economic vision.
- 6.6 Sustainable economic growth is vital to the City Region. Our Local Transport Plans support this, and carbon reduction. These are underpinned at a local level by a commitment to help improve the health and wellbeing of the community. It is critical that the Liverpool City Region continues to better link the location of new developments and facilities with the transport network in order to ensure ease of access for all and reduce unnecessary travel.

7. ECONOMIC CONTEXT

- 7.1 Liverpool City Region has a population of 1.5 million covering the local authority areas of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral and over 36,000 active businesses. The City Region has one of the fastest growing economies in the UK, with growth being driven across four key sectors: (the Low Carbon Economy, the Knowledge Economy, Visitor Economy and the SuperPort). The area is considered to be a functional economic area, with 84% of employed residents working within the City Region (Annual Population Survey 2012): 75% of residents living and working in an area is sufficient to justify a functional economic area.
- 7.2 The Liverpool City Region is a globally connected economic centre with real competitive advantage. Through its Port, airport accessibility, and its international companies and cultural assets it has reach far beyond the UK and will host an International Festival for Business in 2014. World leading companies including Unilever, Jaguar Land Rover, Maersk, NSG (Pilkington), Novartis, Iberdrola and Sony, are major investors in our business friendly and cost competitive environment.
- 7.3 The City Region has been transformed over the last twenty years with the rejuvenation of Liverpool City Centre, greater utilisation of indigenous assets and the ongoing growth of our key sectors. For example, the area now hosts some of the largest offshore wind farms in the UK, placing the Liverpool City Region at the forefront of the UK's offshore wind industry and a significant global location for offshore wind investment, with CORE (Centre for Offshore Renewable Energy) status. Collectively, these sectors represent outstanding opportunities for further growth - both in terms of output and jobs. Econometric forecasts^[1] have indicated that these sectors could generate up to 100,000 jobs for our economy in future

^[1] The City Region, via the LEP has commissioned a new set of forecasts to support the development of the Liverpool City Region Growth Plan due to be submitted in March, 2014.

years and the City Region already has established, private sector led Action Plans to achieve that economic potential.

- 7.4 There is a latent potential within the City Region for additional economic activity. If performing at the national average an additional £8.2bn of output would be generated per annum for the national economy. To achieve this we would need to create an additional 18,500 businesses and see a further 90,000 jobs created. And from doing this, we can close the annual £1,700 per-head 'wealth-gap' between the average household in the City Region and the average household in the UK - giving our communities the resources they need to be sustainable in the long-term. This will mitigate the cost of child poverty to the City Region, which is current estimated to be £970m per year.
- 7.5 In the next twelve months alone the City Region will see £1.3bn of construction and development work begin as the Mersey Gateway Bridge in Halton (£600m), the post-Panamax, 'Liverpool 2' deep water berth at the Port (£340m), and the redevelopment of the Liverpool Royal Hospital (£330m) all get under-way. With ambitious, £10bn plans to develop our Enterprise Zones at Wirral Waters and Liverpool Waters, the ongoing development of Daresbury as a national science asset, and plans to bring forward logistics and development sites across the City Region there is a real opportunity that collectively, the City Region can take forward.
- 7.6 What sets the Liverpool City Region apart from other areas is our unique set of economic assets and the willingness of our partners, especially the private sector, to contribute to achieving an improved economic performance. With over 400 members, no other City Region or LEP area in the country has the same level of private sector buy-in and support as the Liverpool City Region LEP.
- 7.7 In achieving our economic vision and objectives, it is imperative that success reaches all parts of the Liverpool City Region. This includes addressing some of the long term structural issues that if not dealt with will hinder the City Region's economic growth, including low business density, significant skills gaps, relatively high levels of unemployment and relatively low productivity.
- 7.8 Whilst the growth secured between 1997 and 2007 has narrowed the gap with the UK on a number of economic indicators, the rebalancing from a public sector dominated economy to a private sector based economy is not happening as quickly as in other areas. An example is that nationally since 2010 the private sector has created 3 jobs for every public sector job lost, whereas in the City Region, 1¼ jobs have been created for every public sector job lost.
- 7.9 Good transport is essential for the quality of life and economy of the City Region. It provides for the efficient movement and access of people and goods across the area. In overall terms, the City Region has a very comprehensive transport network that allows these connections to be made. However, for some people and especially those living in our most disadvantaged communities, these opportunities are not always readily available to them. High levels of worklessness in some communities and poor access to healthcare, education and food shopping have been highlighted as particular issues.

8. EXISTING GOVERNANCE ARRANGEMENTS

- 8.1 Liverpool City Region has long advocated devolution and decentralisation to real economic geographies, the places that drive local economic growth. We are committed to working with Government to do this and to ensure we deliver economic prosperity and opportunity. Our existing governance arrangements and models of partnership working for economic development, regeneration and transport have evolved over a number of years, and the extent of this is evidenced throughout the document. There are currently a number of Boards across the City Region bringing together the democratic leadership and senior business leaders to support our ambition to be a thriving, international City Region, with those particularly relevant to this governance review summarised below.
- 8.2 The 2009 Act does not provide a definition of economic development as this can vary in different areas depending on local circumstances. For the purpose of this review, economic development and regeneration is taken to cover strategic activity related to business support, inward investment, trade and export, strategic housing, and employment and skills, in addition to the transport roles and functions. This review has only considered options that are available to the City Region now through existing legislation: as such the option for a City Region level Elected Mayor is excluded.

Liverpool City Region Cabinet

- 8.3 The six Councils in the City Region have a track record of working together on areas of mutual benefit, dating back before the Liverpool City Region Development Plan, which was agreed in 2007. Following this, the Liverpool City Region Cabinet was established in 2008 to take forward this and other work. The City Region Cabinet is made up of the Mayor of Liverpool and Leaders of the five Councils. The Cabinet demonstrates high level leadership and has been effective at setting the strategy for the City Region and working in partnership with business leaders to develop the conditions for economic growth.
- 8.4 In 2008 the Cabinet agreed that each Leader/nominated member would lead on one of the portfolios identified in the City Region governance structure, and each Portfolio Holder would be supported by a Chief Executive acting as Lead Advisor. This led to a series of thematic City Region Boards, across transport, economic development, employment and skills, housing, health, and child poverty and life chances. Many of these boards bring together the democratic mandate and the contributions of the private sector and other partners.
- 8.5 The City Region Cabinet has been effective as an informal mechanism to foster and develop joint working and responses to City Region level issues; a recent example being the development and agreement of the Liverpool City Region Deal with Government in 2012. It does, however, lack formal underpinning arrangements and as such is unable to take formal decisions.

Liverpool City Region Local Enterprise Partnership

- 8.6 Liverpool City Region Local Enterprise Partnership (LEP) was established in March 2012 and formally incorporated: as such, it has a unique structure with over 400 members contributing to the success of the Partnership. This provides the LEP Company with an income stream which adds value to public funding for economic development, including European monies and sees the private sector playing a direct role in setting the economic agenda for the City Region. The Mayor of Liverpool and the other five Leaders also sit on the LEP Board alongside the private sector.
- 8.7 The LEP has established sector committees and panels around the key sectors for economic growth: Low Carbon Economy, SuperPort, Visitor Economy, Advanced Manufacturing and Innovation. This provides the opportunity for businesses and public bodies to work together on identifying the key actions and opportunities that will support the delivery of jobs and growth. These structures have proved highly successful at setting joint public/private strategies and action plans to create jobs and growth.
- 8.8 The LEP has also been given a set of strategic responsibilities by Government in terms of prioritising investment (such as with Growing Places Funds) as well as setting future economic strategy for the City Region through the requirement for a Growth Plan by Spring 2014 and the determination of European Funding priorities. The unique model of the Liverpool City Region, which fully integrates the private sector role within City Region decision making is a real strength that cannot be matched by other City Region areas in England.

Transport powers and structures

- 8.9 The current transport arrangements in the Liverpool City Region are fundamentally complex. Merseyside Integrated Transport Authority, supported by its Passenger Transport Executive, is the local transport authority for Merseyside and is responsible for developing a Local Transport Plan and managing associated funding streams. The Executive is responsible for delivering passenger transport services across Merseyside. The districts of Knowsley, Liverpool, Sefton, St Helens and Wirral are highway and traffic authorities in their own right with wide ranging powers over the highway network, which includes delivery and enforcement. Halton Borough Council is a local transport authority in its own right and has a separate Local Transport Plan. As a result of this complex structure, there has been long standing and extensive collaboration and joint working on transport issues between City Region Councils, the Integrated Transport Authority and increasingly the LEP, with the establishment of the Local Transport Body to serve the City Region as a case in point. The aligned Local Transport Plans and implementation plans are a further example of this.

Liverpool City Region Employment and Skills Board

- 8.10 The Liverpool City Region has a track record of working together on Employment and Skills strategy across the functional economic area. The City Region's Employment and Skills Board leads work on jobs and skills on behalf of the City Region Cabinet and the LEP. It focuses on implementing the existing 10-year Employment and Skills Strategy and the City Region Deal for Jobs and Skills. It oversees the City Region's Labour Market Information Service, which communicates economic opportunities to the vast array of colleges, training

providers and employment support providers. It also provides governance arrangements for a range of different devolved funding streams.

Liverpool City Region Strategic Housing and Planning Board

- 8.11 There is already considerable collaboration on strategic housing priorities and public sector assets aligned to the City Region's economic growth and regeneration ambitions. We have prepared a joint Local Investment Framework, for the delivery of our housing priorities, since 2009 and we have secured over £80 million pounds of investment as a result. The Board has recently been working on the Local Investment Framework for 2014 – 17, which will include a spatial framework, to support the Local Growth Plan. This Local Investment Framework will continue to identify and promote all housing opportunities which support economic growth and will identify all potential funding resources to support the delivery and to bridge funding gaps.
- 8.12 Both the Liverpool City Region Cabinet and LEP Board regularly review the strategic management of the City Region's public sector assets held by the Homes and Communities Agency. This asset base is an important resource for the City Region particularly in providing match funding for the JESSICA regeneration fund.

Creating the right governance arrangements for growth

- 8.13 One of the drivers for reviewing the Liverpool City Region's governance arrangements is to secure greater influence over key levers affecting local growth, including freedoms, flexibilities and funding which would otherwise remain under the control of Whitehall. The Liverpool City Deal, Liverpool City Region Deal and LEP Business Plan and Action Plans seek to capitalise on the City Region's strengths, assets and key sectors to attract investment into and create additional jobs within the City Region. However, they do not go far enough in terms of maximising opportunities to enhance local delivery of national programmes (such as the Manufacturing Advisory Service) that are also critical to improving local growth.
- 8.14 For a number of years the City Region has successfully aligned central Government funding, ERDF and private sector investment to support strategic priorities within the wider economy. The development of the Liverpool Arena and Convention Centre generating in excess of £300m to the visitor economy is a prime example of this approach. Working with the LEP, a pipeline of projects spanning investment in infrastructure, business growth, housing, transport and regeneration is in place together with an agreed approach to the joint investment of ERDF, Regional Growth Fund and Growing Places funds.
- 8.15 One of the priorities in the City Region Deal was to produce a Liverpool City Region Investment Framework. Combining and consolidating resources with local and national investment in a single programme will create greater impact and ability to leverage funds. This joining up of partners, funding streams and timescales focuses resource on priority actions and outcomes, results in more effective delivery, improved results and reduced costs. Through the work undertaken in the City Region to develop the EU Investment Framework for 2014 – 2020 we are setting strong foundations to demonstrate how we link EU thematic priorities, through the Strategic Growth Plan to local investment and action.
- 8.16 With the new Government funding opportunities and policies, including the Growth Deals/Single Local Growth Fund and EU Structural and Investment Funds 2014 -

2020 there is now an added impetus to ensure the Liverpool City Region has the most appropriate strategic governance arrangements in place to deliver agreed priority investments and in doing so to maximise the use of these funds alongside existing resources.

- 8.17 Similarly, whilst the establishment of the Local Transport Body has been seen as a positive step; it is a staging post on the journey, rather than a destination. The Local Transport Body model does not enjoy the legal transport powers or funding regimes that are currently vested with the Integrated Transport Authority, its constituent districts and with Halton Borough Council. The Department for Transport has consistently impressed upon the Liverpool City Region the importance of developing effective governance arrangements that facilitate, for example; links to other policy areas, strong leadership, streamlined structures and the ability to make difficult decisions, linked to clear priorities and a long-term investment programme.
- 8.18 The Liverpool City Region also needs to demonstrate the credibility to deliver agreed priority investments, along the lines of other City Regions such as Birmingham, Leeds and Sheffield.

9. OPTIONS FOR CHANGE

- 9.1 To ensure compliance with the relevant legislation, the governance review has been undertaken to establish if a Combined Authority would likely bring about an improvement in the City Region in the following:
- The exercise of statutory functions relating to 'economic development, regeneration and transport' in the area;
 - The effectiveness and efficiency of transport; and
 - The economic conditions in the area.
- 9.2 Department for Transport have also confirmed they are looking for partners to address the following headline issues in formulating governance arrangements:
- Political Leadership for Transport at the most senior level;
 - Ability to take difficult decisions;
 - A long term (ten year) investment programme, focussing on the top priorities for the functional economic area as a whole;
 - A local investment budget combining local resource in addition to Departmental resource;
 - Evident links to strategies and decision making processes on economic growth, housing and planning; and
 - Efficient use of transport resource across the City Region (e.g. joint procurement, maintenance contracts, rationalisation of highway functions etc).
- 9.3 The review has considered the statutory tests outline in paragraph 9.1 and those in paragraph 9.2 against the following options:
- Option 1 - Leaving existing governance unchanged (status quo);
 - Option 2 - Establishing a Supervisory Board;
 - Option 3 - Establishing an Economic Prosperity Board; and

- Option 4 - Creating a Combined Authority.

- 9.4 This review respects there are limits to comparisons between the options, in particular between potential options and the status quo. The existing governance arrangements are context specific and a known quantity, and the alternative potential options are considered at a high level in the abstract and would inevitably require further development in due course in order to quantify, for example, their potential impact on efficiency savings.
- 9.5 It is recognised that creating appropriate governance structures alone is unlikely to achieve in full the ambitious vision and growth potential for the Liverpool City Region. The importance of issues of policy design, culture and values is also considered significant. The optimal governance model needs also to confront the need for evidence and vision and ensure that the City Region fully implements its ambitious and challenging plans.

Option 1 - Status quo

- 9.6 The Government is clear that City Region structures will require greater collaboration, commitment and strengthened governance arrangements to seize any devolution opportunities that may become apparent in the future including a substantial 'Single Pot'. This is clearly evidenced in Government guidance for LEPs on Growth Deals (July 2013). Demonstrating commitment to the growth agenda and the clear expectation that Local Authorities will put economic development at the heart of all that they do and work collaboratively across the functional economic area is part of the Government's response to Lord Heseltine's review. Maintaining the status quo could set Liverpool City Region behind the other parts of the country that are in the process of strengthening their alignment between decision making on areas such as transport, economic development and regeneration in exchange for greater devolution.
- 9.7 As non-statutory, the Liverpool City Region's current arrangements leave the space for ambiguity and overlap between the roles and functions of various sub-regional bodies and are dependent on agreements by constituent authorities. There is no formal link between decision making in relation to economic development (including inward investment, skills and housing and regeneration), regeneration and transport. It is, therefore, more challenging for decisions to be aligned in a way that secures maximum economic and social benefit. Strengthening and clarifying these relationships would also increase transparency, accountability and the certainty of local decision making.
- 9.8 Whilst the current arrangements have served the City Region well in the past, changes in national policy coupled with the current economic conditions suggests strongly the City Region is outgrowing its existing governance structures. The voluntary partnership between local authorities is no longer sufficient to underpin the City Region's ambitions and does not meet the expectations of Government.
- 9.9 The City Region, therefore, requires a single democratic and financially accountable model, a legal entity in its own right, to provide the necessary certainty, stability and democratic accountability to allow for long-term strategic economic decisions to be made at the City Region level. In short, no change would mean the Liverpool City Region is disadvantaged both economically and politically.

Option 2- Establishing a Supervisory Board

- 9.10 Following Lord Heseltine's review of government policy, Greater Birmingham working with Lord Heseltine (The Greater Birmingham Project: The Path to Local Growth) have outlined a new form of democratic arrangement to specifically manage the 'Single Pot' of funding; a Supervisory Board model. The Supervisory Board operates under a more formal governance structure than the Joint Committee model but does not provide the legal status of a Combined Authority. This Board comprises all City Region elected authority leaders or mayors and provides the necessary political accountability for managing the distribution of financial resources.
- 9.11 The Supervisory Board does not replace the private sector led LEP, it only provides political and financial accountability for the holding of the 'Single Pot'. The Greater Birmingham LEP Board continues to be responsible for development and implementation of the Local Growth Strategy and strategic economic functions but with no accountability or legal responsibility.
- 9.12 This model provides Government with the necessary financial accountability for a 'Single Pot' approach, but there is no formal legal entity to accommodate the democratic accountability around the potential strategic economic development, regeneration and transport functions that could be executed at a City Region level. This could potentially limit the size of the 'Single Pot' and constrain the potential for further freedoms and flexibilities to be secured around economic development, regeneration and transport programmes, again placing the City Region at a disadvantage.
- 9.13 This model whilst an improvement on City Region existing arrangements simply provides Government with the means of placing more powers and decision making through the LEP whilst making the Supervisory Board the accountable body in financial terms only. In addition, this model would not address the issues around different geographies for transport and as such would not improve the effectiveness of strategic transport.

Option 3 - Establishing an Economic Prosperity Board

- 9.14 A third option is to put in place an Economic Prosperity Board for the City Region. As a statutory body it would share many of the features of a Combined Authority in that it would have legal personality and would provide a strong basis for taking on devolved powers and funding relating to economic development and regeneration, e.g. accountable body status for an economic development single pot or EU funding. The Integrated Transport Authority would however remain as a separate body responsible for transport across the Merseyside Councils, with Halton retaining its transport authority status. This would run counter to the recent good work being undertaken through the establishment of a Liverpool City Region Local Transport Body, which includes the Mayor of Liverpool, the five other Leaders and the Chair of the LEP.
- 9.15 The Economic Prosperity Board could not raise a levy, nor have borrowing powers to fund investment. Further, fragmented strategic transport and economic development governance at a City Region level would not provide a convincing proposition to Government for taking on with others, including Sheffield and Manchester, the devolved Northern Rail franchises.

- 9.16 An Economic Prosperity Board for the Liverpool City Region would address a number of questions and issues around the governance of economic development, but then would not address the issues around strategic transport governance at the City Region level.

Option 4 - Creating a Combined Authority

- 9.17 The Local Democracy, Economic Development and Construction Act 2009 allows the Secretary of State to create Combined Authorities. They are corporate bodies with their own legal identity which are able to take on the functions and responsibilities of sustainable economic development and regeneration and in addition transport functions available to Integrated Transport Authorities. They are controlled by their members, who are the elected politicians of the constituent local authorities.
- 9.18 A Combined Authority can be set up when two or more contiguous local authorities, covering an area's natural economic footprint, who want to collaborate more closely together, on a voluntary basis to improve economic outcomes. However, one local authority may only be part of one Combined Authority. The LEP's relationship with the Combined Authority is essential and must be designed to co-ordinate their efforts to work towards a common shared vision and Local Growth Plan.
- 9.19 Government policy confers certain responsibilities to LEPs and requires LEP representation on Local Transport Bodies while economic growth cannot be achieved without the full involvement of the private sector. The Combined Authority could act as an accountable body for the funds being invested by LEPs on behalf of local areas further integrating economic growth activity. The LEP can be a co-opted representative on the Combined Authority to enable this integration and co-ordination.
- 9.20 The Benefits of operating as a Combined Authority would ensure streamlined governance arrangements. The Combined Authority would be able to bring together strategic decision making powers into a single body and improve alignment, coordination and delivery of economic development and transport related initiatives. It would provide a visible, stable and streamlined body corporate which Government could be confident in devolving powers and funding to which would again be otherwise controlled by Whitehall. It would have a separate legal entity from its own constituent authorities, be able to undertake its own administrative processes including employing staff and entering into contracts and may have statutory powers and duties conferred on it which it can exercise in its own right.
- 9.21 The maximum benefit would be gained by integrating and bringing together at a strategic level functions across the City Region in relation to economic development, transport, housing and employment and skills. This means that the strategic transport functions that are currently within the Merseyside Integrated Transport Authority would be transferred to the newly created Combined Authority, along with the strategic transport functions from Halton Borough Council. This would ensure that the maximum improvements in efficiency and effectiveness are gained.
- 9.22 A Combined Authority is not a merger or a takeover of existing Local Authority functions. Instead it seeks to complement Local Authority functions and enhance the effectiveness of the way they are discharged. In particular, it is the

enhancement of decisions and information at a strategic level that are most frequently cited as the advantages of such a body. On this basis, the proposal to establish a Liverpool City Region Combined Authority would not have any additional resource implications for constituent Councils and would be expected to be at least cost neutral.

10. EVALUATION OF OPTIONS

10.1 The three tests which the options for change need to be assessed against are as follows:

- The exercise of statutory functions relating to economic development, regeneration and transport in the area;
- The effectiveness and efficiency of transport in the area; and
- The economic conditions in the area.

These are set out in the Local Democracy, Economic Development and Construction Act of 2009. A full evaluation against these tests is presented at Appendix Two and summarised in the following table.

Option	Commentary
Status quo	Maintaining the status quo would provide the basis for economic growth (as it has done for some time) but may not make sufficient improvements in the economic conditions of the area in the timescales required.
Establishing a Supervisory Board	A Supervisory Board would address some of the governance and accountability issues around economic development and regeneration but would still leave the issues around transport.
Establishing an Economic Prosperity Board	An Economic Prosperity Board would address some of the governance and accountability issues around economic development and regeneration but would still leave the issues around transport outside the formal joint arrangements.
Creating a Combined Authority	Building on existing arrangements and supporting the LEP, the creation of a Liverpool City Region Combined Authority, with the alignment of accountability, governance and geographies for economic development, regeneration and transport would provide the City Region with the best possible chance of securing significant and lasting improvements in economic development, regeneration and transport. This model will further strengthen democratic and financial accountability.

- 10.2 It is therefore recommended that the Liverpool City Region pursues the creation of a Liverpool City Region Combined Authority to draw together accountability and leadership for strategic economic development, regeneration and transport.

11. CONCLUSIONS

- 11.1 That the existing governance arrangements in the Liverpool City Region can be improved upon is self evident. There is a further need to signal to business and Government that the City Region has a clear, consistent and shared view, particularly with the challenges being faced around jobs and growth. Consequently there is a need to consider another approach.
- 11.2 The City Region has worked well to date through a series of adhoc and informal governance arrangements, but these current governance arrangements not being optimal may be one of the reasons why the Liverpool City Region economy is not achieving its full potential. As an example, there is no single strategic transport and economic development decision making body at the Liverpool City Region level.
- 11.3 The options that are currently available to the City Region have been considered, and the option that would most likely lead to improvements in economic conditions and in the efficiency and effectiveness of service delivery is the establishment of a Liverpool City Region Combined Authority.
- 11.4 Based on the current available evidence, a strong Combined Authority would be able to bring together key decision making powers into a single body, exercising appropriate strategic transport and economic development functions to maximise the impact of what we do. It would provide a visible, stable and statutory body, could act as the accountable body for the City Region funding to support economic growth and could attract devolved powers from Government to facilitate local economic growth. This model of governance would not have any additional resource implications for constituent Councils and its operation would be expected to be at least cost neutral.
- 11.5 A Combined Authority would facilitate closer partnership working to drive economic growth and job creation and ensure long-term effective engagement with business, through the LEP, and other sectors including employment and skills providers and registered housing providers.
- 11.6 Operating as a Combined Authority would ensure the work of everyone that impacts on the economy is integrated to add value and better achieve our vision and economic goals. Put simply, this model would help maximise growth in output and jobs, increase the City Region's productivity and competitiveness, raise skill levels, support a rebalancing of the economy away from relative public sector dependency and stimulate greater employment and growth in the private sector. These measures would make our economy more sustainable in the long-term.
- 11.7 In addition, a strong and effective Liverpool City Region Combined Authority would counter misperceptions about public sector collaboration in the City Region and help in engagement with national agencies. It would also create the opportunity for various types of collaborative effort with adjoining and other northern Combined

Authorities to put in place a much needed counter-balance to London and to Wales e.g. for devolving the power to let rail franchises for Northern Rail.

- 11.8 It can therefore be concluded that for the functional economic area of Liverpool City Region a Combined Authority model of governance if created and incorporating Integrated Transport Authority functions would be the best option for securing sustainable economic growth.

Appendices

Appendix One: Legislative requirements of governance review

Appendix Two: Evaluation of options against tests

For further information, please contact lcr.governance@knowsley.gov.uk.

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APPENDIX ONE

LEGISLATIVE REQUIREMENTS OF GOVERNANCE REVIEW

Local Democracy, Economic Development and Construction Act 2009

Schedule 108 Review by authorities: new combined authority

- (1) Any two or more of the authorities to whom this section applies may undertake a review of—
- (a) the effectiveness and efficiency of transport within the area covered by the review (“the review area”), and
 - (b) the effectiveness and efficiency of arrangements to promote economic development and regeneration within the review area.
- (2) This section applies to—
- (a) a county council in England;
 - (b) a district council in England;
 - (c) an EPB;
 - (d) an ITA.
- (3) Where the review is being undertaken by a county council, the review area must include—
- (a) the areas of one or more district councils that are within the area of the county council, or
 - (b) if there are no such areas, the area of the county council.
- (4) Where the review is being undertaken by a district council, the review area must include the area of the district council.
- (5) Where the review is being undertaken by an EPB, the review area must include one or more local government areas within the EPB’s area.
- (6) Where the review is being undertaken by an ITA, the review area must include one or more local government areas within the ITA’s integrated transport area.
- (7) The review area may also include the area of any county council or district council in England that does not constitute or fall within the area of an authority undertaking the review.

APPENDIX TWO

EVALUATION OF OPTIONS

Legislative tests: would there be an improvement in these areas?			
	Exercise of statutory functions relating to economic development, regeneration and transport	Effectiveness and efficiency of transport	Economic conditions in the area.
Status quo	Improving joint working may lead to marginal gains but these are expected to be insignificant.	Current joint working is partially effective and the current duplication would continue.	The economic conditions in the area may improve on an incremental basis, as they have done in recent years.
Establishing a Supervisory Board	Mixed – yes for economic development and regeneration as these would be given democratic oversight and leadership by the Supervisory Board. However, this does not address the current issues around transport governance, accountability and areas of delivery.	This model would not address the issues around different geographies for transport and as such would not improve the effectiveness and efficiency of transport.	Possibly
Establishing an Economic Prosperity Board	Mixed – yes for economic development and regeneration as these would be given democratic oversight and leadership by the Supervisory Board. However, this does not address the current issues around transport governance, accountability and areas of delivery.	This model would not address the issues around different geographies for transport and as such would not improve the effectiveness and efficiency of transport.	Possibly
Creating a Combined Authority	A Liverpool City Region Combined Authority would provide the basis for functions around economic development, regeneration and transport to be improved, with democratic oversight, leadership and financial accountability being provided.	The creation of a Combined Authority provides a single statutory organisation to discharge strategic functions around transport, which will lead to improvements in the effectiveness and efficiency of transport.	A Liverpool City Region Combined Authority provides the best option to facilitate an improvement in economic conditions in the area.

Evaluation of Options against Department for Transport Requirements for governance

	Status quo	Establishing a Supervisory Board	Establishing an Economic Prosperity Board	Creating a Combined Authority
Political Leadership for Transport at the most senior level	The current Local Transport Body would continue with risks around duplication of activity.	The current Local Transport Body would continue with risks around duplication of activity.	The current Local Transport Body would continue with risks around duplication of activity.	A Combined Authority would provide streamlined political leadership for transport across the functional economic area at the highest level.
Ability to take difficult decisions	The current Local Transport Body would continue with the risks around duplication of activity and governance.	A Supervisory Board would not offer any improvements on the current model.	An Economic Prosperity Board would not offer any improvements on the current model.	The requirement of a Combined Authority to make decisions for the best interests of the City Region as a whole means that it will be able to take difficult decisions.
A long term (ten year) investment programme, focussing on the top priorities for the functional economic area as a whole	The current Local Transport Body would continue with the risks around short sightedness.	A Supervisory Board would not offer any improvements on the current model.	An Economic Prosperity Board would not offer any improvements on the current model.	The requirement of a Combined Authority to make decisions for the best interests of the City Region as a whole means that it will be able to develop a long term investment programme and clear priorities.
A local investment budget combining local resource in addition to Departmental resource	The current Local Transport Body would continue with the potential for partial resources to be considered.	A Supervisory Board would not offer any improvements on the current model.	An Economic Prosperity Board would not offer any improvements on the current model.	A Combined Authority would be responsible for the governance of the Single Local Growth Pot which would mean that it would be able to maximise resources from national and other sources.

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	Status quo	Establishing a Supervisory Board	Establishing an Economic Prosperity Board	Creating a Combined Authority
Evident links to strategies and decision making processes on economic growth, housing and planning	The current Local Transport Body would continue with risks around gaps and duplication of activity.	The exclusion of transport from a Supervisory Board does not improve the links around relative contributions to securing growth.	The exclusion of transport from an Economic Prosperity Board does not improve the links around relative contributions to securing growth.	The inclusion of transport within a Combined Authority would allow an integrated discussion to take place on the relative contributions to growth of transport and other activities across the functional economic area.
Efficient use of transport resource across the City Region	The current arrangements would be maintained and incremental improvement in efficiencies captured.	The current arrangements would be maintained and incremental improvement in efficiencies captured.	The current arrangements would be maintained and incremental improvement in efficiencies captured.	The creation of a Combined Authority for the City Region provides the best opportunity for efficiencies to be secured in the use of transport resource across the functional economic area.

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LIVERPOOL CITY REGION GOVERNANCE REVIEW

**OUTLINE OF THE POTENTIAL ROLE FOR
A LIVERPOOL CITY REGION COMBINED AUTHORITY**

1. PURPOSE

- 1.1 The purpose of this document is to outline the potential role for a Liverpool City Region Combined Authority and should be read together with the report of the findings of the Liverpool City Region Strategic Governance Review.

2. BACKGROUND

- 2.1 The six Local Authorities in the Liverpool City Region have a long history of collaboration at a scale that reflects the 'functional economic geography' of the area covering Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral. This dates back before the publication of the Liverpool City Region Development Plan, which was agreed in 2007. This collaboration was formalised with the creation of the Liverpool City Region Cabinet in 2008 and, most recently, the establishment of the Liverpool City Region Local Enterprise Partnership in March 2011 and the establishment of the Local Transport Body to serve the City Region later in 2012.
- 2.2 The benefit of this collaboration was exemplified in the agreement of the Liverpool City Region Deal in 2012. Other examples include: prioritisation of investment activity to support the City Region's transformational growth areas of Low Carbon, SuperPort, the Knowledge Economy and Visitor Economy; and when in 2012–13 the City Region attracted £16m of Empty Homes funding from the Homes and Communities Agency by taking a joint approach, contrasting sharply with the £0.700m attracted the previous year when individual Local Authority level bids were submitted.
- 2.3 With the new Government funding opportunities and policies, including the Growth Deals/Single Local Growth Fund and EU Structural and Investment Funds 2014 - 2020 there is now an added impetus to ensure the Liverpool City Region has the most appropriate strategic governance arrangements in place to deliver agreed priority investments and in doing so to maximise the use of these funds alongside existing resources.
- 2.4 At their meeting on 21 June 2013, the Liverpool City Region Cabinet agreed to formally review strategic governance arrangements in relation to a potential Combined Authority model. The intention was to consider options to strengthen the existing governance arrangements to enable the Liverpool City Region to optimise its economic growth potential and to create a thriving, international City Region.
- 2.5 In accordance with Section 108 of the Local Democracy, Economic Development and Construction Act 2009 a governance review in relation to a potential Combined Authority must address the effectiveness and efficiency of: (a) transport within the area covered by the review and (b) arrangements for economic development and regeneration within the review area. The legislation is not prescriptive and the detail of how these bodies are established, how they will operate and what their functions will be, is left to be determined locally and then agreed by the Secretary of State for Communities and Local Government.

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- 2.6 The overall purpose of a Combined Authority is to promote economic development and regeneration, and to develop and implement transport policies in its area in accordance with statutory duties. This includes exercising the statutory functions relating to economic development, regeneration and transport, improving the effectiveness and efficiency of transport and improving overall economic circumstances. A Combined Authority offers opportunities for alignment between these goals.
- 2.7 For the purpose of the governance review, economic development and regeneration was taken to cover strategic activity related to business support, inward investment, trade and export, strategic housing and employment and skills functions that can be better delivered if this is done collaboratively across the Liverpool City Region. This is in addition to the transport functions also being considered. Further details on the methodology adopted for the governance review and the statutory processes involved are contained in the accompanying Liverpool City Region Governance Review report.
- 2.8 After evaluating the current available evidence and the potential governance options available, the current view is that the City Region should explore a Liverpool City Region Combined Authority model, and to include the functions currently exercised by the Merseyside Integrated Transport Authority and Halton Borough Council's strategic transport functions, as the preferred governance option.
- 2.9 The legislation requires that should the conclusion of a governance review be that a Combined Authority is the best solution for the local area, then a draft Scheme should be prepared for consideration by the City Region Cabinet and constituent Local Authorities and the Integrated Transport Authority. This document provides a description of that Scheme, with the specific legal Scheme attached as Appendix One.
- 2.10 Once a draft proposal is available a process of consultation with external stakeholders and partners is undertaken to provide an opportunity for stakeholders to feed in their comments and ideas before submission to Government. This document forms part of the evidence which will be published for consultation purposes.

3. THE EXISTING GOVERNANCE ARRANGEMENTS

- 3.1 The existing Liverpool City Region governance arrangements and models of partnership working for economic development, regeneration and transport have evolved over a number of years. There are currently a number of Boards across the City Region bringing together the democratic leadership and senior business leaders to support our ambition of a thriving, international City Region, with those particularly relevant to the strategic governance review summarised below.

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Liverpool City Region Cabinet

- 3.2 The six Councils in the City Region have a track record of working together on areas of mutual benefit, dating back before the Liverpool City Region Development Plan, which was agreed in 2007. Following this, the Liverpool City Region Cabinet was established in 2008 to take forward this and other work. The City Region Cabinet is made up of the Mayor of Liverpool and Leaders of the five Councils. The Cabinet demonstrates high level leadership and has been effective at setting the strategy for the City Region and working in partnership with business leaders to develop the conditions for economic growth.
- 3.3 In 2008 the Cabinet agreed that each Leader/nominated member would lead on one of the portfolios identified in the City Region governance structure, and each Portfolio Holder would be supported by a Chief Executive acting as Lead Advisor. This led to a series of thematic City Region Boards, across transport, economic development, employment and skills, housing, health, and child poverty and life chances. Many of these Boards bring together the democratic mandate and the contributions of the private sector and other partners.
- 3.4 The City Region Cabinet has been effective as an informal mechanism to foster and develop joint working and responses to City Region level issues; a recent example being the development and agreement of the Liverpool City Region Deal with Government in 2012. It does, however, lack formal underpinning arrangements and as such is unable to take formal decisions.

Liverpool City Region Local Enterprise Partnership

- 3.5 Liverpool City Region Local Enterprise Partnership (LEP) was established in March 2012 and formally incorporated: as such, it has a unique structure with over 400 members contributing to the success of the Partnership. This provides the LEP Company with a significant income stream which can be used to add value to public funding for economic development, including European monies. It also provides a powerful business voice.
- 3.6 The LEP has established sector committees and panels around the key sectors for economic growth: Low Carbon Economy, SuperPort, Visitor Economy, Advanced Manufacturing and Innovation. This provides the opportunity for businesses and public bodies to work together on identifying the key actions and opportunities that will support the delivery of jobs and growth. These structures have proved highly successful at setting joint public/private strategies and action plans to create jobs and growth.
- 3.7 The LEP has also been given a set of strategic responsibilities by Government in terms of prioritising investment (such as with Growing Places Funds) as well as setting future economic strategy for the City Region through the requirement for a Growth Plan by Spring 2014 and the determination of European Funding priorities. The unique model of the Liverpool City Region, which fully integrates the private sector role within City Region decision making is a real strength that cannot be matched by other City Region areas in England.

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Transport powers and structures

3.8 The current transport arrangements in the Liverpool City Region are fundamentally complex. Merseyside Integrated Transport Authority, supported by its Passenger Transport Executive, is the local transport authority for Merseyside and is responsible for developing a Local Transport Plan and managing associated funding streams. The Executive is responsible for delivering passenger transport services across Merseyside. The districts of Knowsley, Liverpool, Sefton, St Helens and Wirral are highway and traffic authorities in their own right with wide ranging powers over the highway network, which includes delivery and enforcement. Halton Borough Council is a local transport authority in its own right and has a separate Local Transport Plan. As a result of this complex structure, there has been long standing and extensive collaboration and joint working on transport issues between City Region Councils, the Integrated Transport Authority and increasingly the LEP, with the establishment of the Local Transport Body to serve the City Region as a case in point. The aligned Local Transport Plans and implementation plans are a further example of this.

Liverpool City Region Employment and Skills Board

3.9 The Liverpool City Region has a track record of working together on Employment and Skills strategy across the functional economic area. The City Region's Employment and Skills Board leads work on jobs and skills on behalf of the City Region Cabinet and the LEP. It focuses on implementing the existing 10-year Employment and Skills Strategy and the City Region Deal for Jobs and Skills. It oversees the City Region's Labour Market Information Service, which communicates economic opportunities to the vast array of colleges, training providers and employment support providers. It also provides governance arrangements for a range of different devolved funding streams.

Liverpool City Region Strategic Housing and Planning Board

3.10 There is already considerable collaboration on strategic housing priorities and public sector assets aligned to the City Region's economic growth and regeneration ambitions. We have prepared a joint Local Investment Framework, for the delivery of our housing priorities, since 2009 and we have secured over £80 million pounds of investment as a result. The Board has recently been working on the Local Investment Framework for 2014 – 17, which will include a spatial framework, to support the Local Growth Plan. This Local Investment Framework will continue to identify and promote all housing opportunities which support economic growth and will identify all potential funding resources to support the delivery and to bridge funding gaps.

3.11 Both the Liverpool City Region Cabinet and LEP Board regularly review the strategic management of the City Region's public sector assets held by the Homes and Communities Agency. This asset base is an important resource for the City Region particularly in providing match funding for the JESSICA regeneration fund.

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Creating the right governance arrangements for growth

3.12 The conclusion from the work currently undertaken as part of the Liverpool City Region Strategic governance review, based on the evidence presented, is that a Combined Authority model is the preferred option for the City Region. Adopting this governance arrangement would give legal form to the close working relationships that already exist between the six local authorities, the Integrated Transport Authority and the Local Enterprise Partnership by creating a sub-regional body with legal personality and a governance mechanism that can act across the combined area. The Governance Review report suggests that a Combined Authority model is likely to deliver most benefits in terms of more effective and efficient governance for the area, better delivery of Local Authority strategic interventions and therefore improved economic conditions and integrated transport services more broadly.

4. POTENTIAL OPERATION OF THE COMBINED AUTHORITY

4.1 The Combined Authority would bring together key strategic decision making powers into a single body, exercising appropriate strategic transport and economic development functions to maximise the impact of what we do. It would provide a visible, stable and statutory body, could act as the accountable body for the City Region to support the functions it is discharging and could attract devolved powers and resources from Government to facilitate local economic growth. This model of governance would not have any additional resource implications for constituent Councils and its operation would be expected to be at least cost neutral.

4.2 Each Constituent Authority would be represented by one member of its Cabinet who will be the Leader or Elected Mayor. These six members would form the core membership of the Combined Authority. The Combined Authority could co-opt additional members onto the Combined Authority, including the Chair of the Local Enterprise Partnership.

4.3 It is proposed that the City Region Combined Authority would discharge thematic functions through the following arrangements:

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

Further detail of the potential role and functions for each thematic area is provided in the remainder of this report.

4.4 The Combined Authority would also need to establish a scrutiny function, which would be drawn from the scrutiny pools of constituent Councils.

5. ECONOMIC DEVELOPMENT AND REGENERATION

- 5.1 There is a latent potential within the Liverpool City Region for additional economic activity. If performing at the national average an additional £8.2bn of output would be generated per annum for the national economy. To achieve this we would need to create an additional 18,500 businesses and see a further 90,000 jobs created. And from doing this, we can close the £1,700 per-head 'wealth-gap' between the average household in the City Region and the average household in the UK - giving our communities the resources they need to be sustainable in the long-term. This will mitigate the cost of child poverty to the City Region, which is current estimated to be £970m per year.
- 5.2 Liverpool City Region established the LEP in shadow form in 2010, which was then formalised and incorporated in March 2012. The membership model offered by the Liverpool City Region LEP provides a unique opportunity to secure widespread private sector involvement in efforts to promote growth. The LEP has a series of Growth Committees and a Board in place to support growth where these focus on particular sector or themes e.g. Business Growth, Innovation, Low Carbon. This joining together of business and democratic leadership allows all relevant stakeholders to be involved and the development of joint actions. To cement this working arrangement, the intention is to co-opt the Chair of LEP Board onto the Combined Authority.
- 5.3 There has been extensive joined up working around economic development for many years: support being provided from all Councils in the City Region to the International Festival for Business in 2014 is a sound example. A Combined Authority would formalise into legislation that which we have been doing by consent for some time.
- 5.4 For a number of years the City Region has successfully aligned central Government funding, ERDF and private sector investment to support strategic priorities within the wider economy. The development of the Liverpool Arena and Convention Centre generating in excess of £300m to the visitor economy is a prime example of this approach. Working with the LEP, a pipeline of projects spanning investment in infrastructure, business growth, housing, transport and regeneration is in place together with an agreed approach to the joint investment of ERDF, Regional Growth Fund and Growing Places funds.
- 5.5 The Liverpool City Region Deal contained a commitment from the City Region to develop a single investment framework. This is designed to attract investment and businesses to the City Region, exploit infrastructure and major projects and take opportunities to deliver a step-change in the economy. The Investment Framework will prioritise activities across a range of funds, including the Single Local Growth Fund and Growing Places Fund, to ensure that the funded activities will make the biggest impact on the wider City Region economy. Through the work already undertaken in the City Region to develop the EU Investment Funds framework for 2014 – 2020 we are setting strong foundations to demonstrate how we link EU thematic priorities, through the Strategic Growth Plan to local investment and action.
- 5.6 The more challenging economic conditions and competition from other European cities both underline the need for enhanced and strategic City Region level working on economic development matters and a need to enhance strategic commissioning

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and local delivery of national programmes that are critical to improving local growth. These opportunities encompass the following:

- Setting the strategic economic vision, outcomes and aligning strategic priorities for the Liverpool City Region
- Ensuring there is a single evidence base in place to support and inform strategic decision making
- Agreeing an integrated growth plan and investment strategy to deliver the strategic economic vision and outcomes
- Co-ordinating the international economic strategy for the Liverpool City Region to cover inward investment, trade and export, to particularly capture the benefits of the International Festival for Business
- Co-ordinating inward investment activity across the Liverpool City Region as a whole
- Co-ordinating strategic place based marketing across the Liverpool City Region as a whole
- Developing a strategic pipeline of priorities to attract financial and wider support
- Making decisions with regard to the Liverpool City Region Investment Framework, to include the Single Local Growth Fund, European funding and Growing Places Fund
- Acting as the accountable body, e.g. for devolved major transport scheme funding and the single pot for economic investment, including EU funds and assets as appropriate.

6. STRATEGIC TRANSPORT

- 6.1 Clear and firm intervention across a range of sectors is recognised as necessary to address the key challenges in the Liverpool City Region and secure aspirations towards economic growth, housing, employment and skills, health and well being. Transport is firmly recognised as a critical enabler of the wider economic, social and environmental priorities and needs to be planned in an integrated, holistic manner. Significant investment has gone into the transport system over the past decade, for example with both the Merseyside and Halton Local Transport Plans being consistently recognised as high quality and driving a progressive improvement in transport infrastructure and services
- 6.2 Nevertheless, the City Region transport system faces a range of constraints which restrict accessibility and opportunity, exacerbate congestion and overcrowding or shift demand onto unsustainable modes. The need to decarbonise transport, improve health and wellbeing and ensure that transport barriers are addressed and removed for the most vulnerable or disadvantaged are also priorities. These constraints will increasingly curtail the prospects for economic recovery or for fostering sustainable growth within environmental limits.
- 6.3 Transport governance arrangements across the City Region are complex, overlapping and constantly evolving with multiple authorities, agencies and stakeholders involved cross-sector and at different spatial scales. The Merseyside Integrated Transport Authority, supported by its Passenger Transport Executive, is the local transport authority and is responsible for developing a Local Transport Plan and managing associated funding streams. The Executive is responsible for delivering passenger transport services across Merseyside. The districts of Knowsley, Liverpool, Sefton, St Helens and Wirral are highway and traffic

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authorities in their own right with wide ranging powers over the highway network, which includes delivery and enforcement. Halton Borough Council is a local transport authority in its own right and has a separate Local Transport Plan. Despite this, long-standing collaboration and joint working have maximised funding, delivery and success across the city region. The establishment of the City Region's Local Transport Body in recent months has been seen as a positive step and is a staging post on the journey, rather than a destination.

6.4 There is a key role for transport to play within a wider integrated approach to economic development, housing and regeneration, and ensuring that these decisions are taken in full accordance with their transport implications, and equally, ensuring that transport fully supports wider policy objectives. A new model for transport will be established that takes in policy, co-ordination and funding functions, fully integrating transport strategy and operations across the 6 local authorities. This would encompass the following functions:

- Setting the long term strategic transport vision and outcomes for the Liverpool City Region
- Agreeing the development and approval of a single, City Region Local Transport Plan (or its equivalent), which will include high level policy responsibility for major investments (e.g. freight, cycle, rail, highway maintenance (as per existing ITA responsibilities), new transport infrastructure, traffic management)
- Agreeing a long term transport investment strategy as part of the Single Local Growth Plan to deliver the strategic economic vision and outcomes (which includes housing, employment and skills).
- Aligning transport investment with inward investment activity across the Liverpool City Region.
- Strategic decisions relating to the Integrated Transport Block and Highway Maintenance funds across all networks, (as per existing ITA responsibilities)
- Ensuring strategic traffic and highway management (as per existing ITA responsibilities) co-ordination across the City Region
- Assuming the role of the Local Transport Body in respect of major transport schemes
- Acting as accountable body for Transport Schemes e.g. devolved major transport scheme funding
- Setting the transport levy for the City Region

6.5 The Combined Authority would fulfil the role of a Transport Authority for each of the six local authorities, replacing the existing Merseyside Integrated Transport Authority and Halton Borough Council's role as a Local Transport Authority. Individual authorities would continue to exercise delivery functions, for example in respect of highways management, but would operate within an agreed framework and plan established through the Combined Authority.

6.6 The Combined Authority would also exercise any function of the Secretary of State delegated to the Combined Authority by the order of the Secretary of State pursuant to section 86 of the Local Transport Act 2008 (LTA) and section 104(1)(b) LDEDCA. Such functions will be exercised subject to any condition imposed by the order.

6.7 The Passenger Transport Executive would become a Transport Executive of the Combined Authority. It is proposed that initially the following passenger transport delivery arrangements would remain unchanged with Halton Borough taking

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responsibility for delivery of these arrangements in Halton, for a transitional period and that the levy be adjusted accordingly to reflect this:

- Information Provision
- Infrastructure Delivery
- Commissioning/procurement of subsidised bus services
- Concessionary Travel

6.8 The Combined Authority as a levying body under section 74 of the Local Government Finance Act 1988 would have the power to issue a levy to its constituent authorities in respect of the expenses and liabilities of the Combined Authority which are reasonably attributable to the exercise of its functions relating to transport.

6.9 During the transitional stage the complexities in addressing the transport responsibilities and the cost of transport services between Halton Borough Council and Merseyside are such that a single transport levy would not be appropriate. The Combined Authority would, during this transitional phase, issue a levy on a differential basis that would accommodate the differentials in the cost of delivering transport services in the formerly separate local transport areas of Merseyside and Halton.

6.10 The core principle throughout being in respect of the levy that the total contribution from each authority of funding transport services for the year does not exceed the equivalent cost for the year as it would have been calculated under previous arrangements.

7. STRATEGIC HOUSING AND LAND BASED ASSETS

7.1 An overarching priority for the Liverpool city Region is the delivery of a housing offer which supports economic growth and meets our regeneration ambitions. We have prepared a joint Local Investment Framework, for the delivery of housing priorities, since 2009 and we have secured over £80m of investment as a result.

7.2 We have recently been working on the Local Investment Framework for 2014 – 17, which will include a spatial framework, to support the Local Growth Plan. This Local Investment Framework will continue to identify and promote all housing opportunities which support economic growth and will identify all potential funding resources to support the delivery and to bridge funding gaps. We are also undertaking work to identify the extent and nature of all public sector assets across the Liverpool City Region and to determine the economic impact that can be gained from these assets.

7.3 We are required to ensure there is housing of sufficient quality and affordability to meet the current and future population and business needs for all income groups. It is evident that strong cross authority collaboration, based on up-to-date plans that are aligned or jointly prepared will set a positive framework for growth; the City Region is taking a 'Single Pot' approach to this.

7.4 There is a role for strategic housing to play within this integrated approach to economic development, regeneration, skills and transport and to make a genuine

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difference to achieving economic growth in the City Region. This role could encompass the following within a Combined Authority model:

- Considering the means to improve the socio-economic wellbeing of the City Region by producing an integrated City Region Housing strategy
- Setting a strategic housing investment plan that delivers housing led economic development for the City region (e.g. LIP 1 & 2)
- Informing land use and land based investment opportunities across the City Region to support economic growth
- Co-ordinating and encouraging housing growth and delivery across the City Region to ensure both future and existing needs are met in a sustainable manner
- Producing and managing a shared evidence base for the provision of housing across the Liverpool City Region (i.e. SHMAA)
- Preparing an assessment of housing conditions across the Liverpool City region to encourage investment (e.g. Decent Homes and Private Sector Stock Condition)
- Considering a City Region wide approach to infrastructure funding opportunities
- Ensuring that economic outputs from funding opportunities such as in Green deal and ECO are maximised (e.g. Viridus)
- Acting as accountable body in relation to cross boundary funding for Housing initiatives (eg HCA funding RESTORE)
- Co-ordinating Registered Providers investment and maximise economic outputs in the City Region.

8. EMPLOYMENT AND SKILLS

8.1 The Liverpool City Region has an established track record of working together on employment and skills commissioning and delivery. This includes the City Region's Employment and Skills Strategy (transform, compete, thrive), the delivery of a £20m worklessness and apprenticeship programme which supported over 4,800 people into work and the agreement of a radical City Region Deal for Jobs and Skills with Government in 2012. The City Region's Employment and Skills Board is the LEP's lead body for employment and skills and brings together business, democratic and provider leadership for employment and skills from across the City Region.

8.2 There is a long standing gap in employment and skills levels in the City Region compared to national rates, although these have narrowed in recent years to fully close the gap we would need:

- 73,270 more people qualified to NVQ 4+;
- 57,271 more people qualified to NVQ 3+;
- 29,151 more people qualified to NVQ 2+; and
- 32,910 fewer people with no qualifications;
- Worklessness rates also remain stubbornly above national rates with 1 in 10 people in the City Region on either jobseekers' allowance or a sickness benefit.

8.3 The partnership adopts a mature and transparent approach to performance management, with a quarterly bulletin outlining the performance of different provision, although this is constrained by the availability of timely information in some service areas. The overall approach allows different organisations to identify

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their contribution towards different targets set by the City Region, such as 10,000 apprenticeships starts.

8.4 The Employment and Skills Board has identified collective priorities for targeted support, linked to local business needs, developing independent advice and guidance, and preparing people to get into work, stay there and ultimately progress. There is an existing focus on ensuring that mainstream services deliver what they should, and then using additional funding to add value and further reduce the gaps present. This funding will be targeted on excluded and underrepresented groups, including young people, NEETs, those furthest away from work, those in a cycle of low pay/no pay and/or facing redundancy and those with health conditions affecting their ability to enter the labour market.

8.5 The Skills for Growth work underway through the Labour Market Information Service is clearly articulating the current and future skills needs of businesses in a format that schools, colleges, providers and universities can use to inform their curriculum planning. The specific Skills for Growth Agreements allow businesses and providers to collaborate on a much deeper, richer and more meaningful basis than before: examples include SuperPort and the Visitor Economy. These are complemented by the Annual Skills for Growth Report which sets out the priorities for the labour market as a whole. These priorities and the feedback from businesses is then converted into materials to support careers education and information, advice and guidance.

8.6 The Liverpool City Region is well placed on employment and skills but there are specific areas where the establishment of a Combined Authority would present further opportunities for additional progress, building on the existing approach of the Employment and Skills Board:

- Setting the long term Employment and Skills strategy and priorities for the labour market, including the implementation of Skills for Growth agreements
- Developing work focused approaches for vulnerable people and communities: this would build on and accelerate the current employment support for individuals and ensure that there are linkages with other activities, such as the Government's Troubled Families programme
- Greater influencing of employment and skills provision within the City Region: this would include all commissioned and delivered activity and ensure a better fit between the scale and scope of need and appropriate support
- Increasing the involvement of businesses in purchasing apprenticeships and skills programmes
- Strategic corralling of resources around our employment and skills priorities to deliver improved efficiencies and outcomes, matching flexible funding to bespoke packages of support
- Co-design with individuals tailored and personalised support to overcome barriers to employment (including transport and skills): this would give individuals more influence over the support they receive
- Continuing to be clear on the skills needs of businesses now and in the future for schools, colleges, learning providers and universities to inform curriculum design and careers education, and for providers of information, advice and guidance to inform discussions with individuals through the established Skills for Growth approach

Draft for consultation

- Including jobs outcomes within wider economic developments, as part of a more integrated approach to securing growth
- Ensuring that transparent performance information is available for all employment and skills provision in the City Region, to include the capture and dissemination of effective practice
- Acting as the accountable body for employment and skills devolved funding

9. CONCLUSION

9.1 This report has described the potential role that a Liverpool City Region Combined Authority could play in delivering a sub-regional approach to functions that would be within its remit.

Appendices

Appendix One – Draft of a Scheme for the Establishment of a Combined Authority for Liverpool City Region

For further information, please contact lcr.governance@knowsley.gov.uk.

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Draft of a Scheme for the Establishment of a Combined Authority for Liverpool City Region

Section One – Intention to Establish a Combined Authority

1. Establishment of Authority

A Combined Authority (CA) will be established pursuant to Section 103 of the Local Democracy, Economic Development and Construction Act 2009 (“LDEDCA”). It shall come into existence on 1st April 2014.

2. Area

The area of the CA shall be the whole of the following Local Government areas:

- Halton
- Knowsley
- Liverpool
- Sefton
- St Helens
- Wirral

Each of the above Authorities will be the CA’s “Constituent Authorities”. The CA will act in the best interests of the Liverpool City Region as a whole, taking into account all relevant matters.

3. Name of Authority

The name of the CA will be Liverpool City Region Combined Authority.

4. Dissolution of the Merseyside Integrated Transport Authority

The Merseyside Integrated Transport Authority (MITA) shall be dissolved pursuant to Section 91 of the Local Transport Act 2008 (LTA).

5. Membership of the Authority

- 5.1** Each Constituent Authority 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 CA (“the core members”).
- 5.2** The Cabinet of each Constituent Authority will appoint another of its members (“substitute member”) to act as a member of the CA in the absence of the member referred to in paragraph 5.1. The substitute member will be drawn from the Cabinet of the Constituent Authority.

- 5.3** A Constituent Authority may at any time terminate the appointment of a member appointed by it to the CA, save it may not terminate the appointment of an Elected Mayor.
- 5.4** If a member or substitute member of the CA ceases to be a member of the Constituent Authority which appointed them, the member will cease to be a member of the CA and the Constituent Authority will appoint a replacement as soon as possible.
- 5.5** The CA will appoint a Chair and Vice Chair from amongst its Members. The appointments will be the first business transacted at the Annual Meeting of the CA and the appointments will be for the forthcoming municipal year.
- 5.6** Subject to 5.7, no remuneration shall be payable by the CA to its members other than allowances for travel and subsistence.
- 5.7** The CA recognises the benefits which additional members may bring to the CA in carrying out its functions. If there is a unanimous decision to do so, the CA may co-opt additional members onto the CA on such terms as determined by the CA, including in relation to voting rights and allowances.

6. Voting

- 6.1** All voting members of the CA will have one vote. The Chair of the CA will not have a second or casting vote.
- 6.2** Subject to the provisions of any enactment, the CA will aim to reach decisions by consensus, but subject to 6.3, all matters which come before the CA will be decided by a simple majority of the members of the CA present and voting. In the case of a tied vote on any matter (whether a motion or an amendment), it shall be deemed not to have been carried.
- 6.3** The following matters will require the unanimous support of all core members of the CA for approval:
- The co-option of additional voting or non-voting members onto the CA
 - Amendments to this Scheme

7. Executive Arrangements

Executive arrangements (within the meaning of the Local Government Act 2000) shall not apply to the CA. However, the discharge of the functions of the CA will be subject to scrutiny arrangements set out in paragraph 9.

8. Passenger Transport Executive

The Merseyside Passenger Transport Executive (MPTE) shall be the executive body of the CA in relation to its transport functions and shall be known as Merseytravel. It shall have all the functions of the existing MPTE and such additional functions

necessary for it to act as the CA's executive body in relation to transport functions delegated to the CA by the Secretary of State or its Constituent Authorities.

9. Scrutiny Arrangements

- 9.1** The Constituent Authorities of the CA will establish a joint Overview and Scrutiny Committee to exercise scrutiny functions over the CA (including, where appropriate, over its boards, sub-boards and the MPTE).
- 9.2** Each Constituent Authority will appoint 2 of its elected members to the joint Overview and Scrutiny Committee.
- 9.3** Subject to the approval of the CA, the joint Overview and Scrutiny Committee may appoint sub-committees to deal with matters within its remit and will have the power to co-opt additional representatives for specific scrutiny tasks.

Section Two – Functions, Powers and Duties of the CA

10. Functions – General

- 10.1** By virtue of Sections 99 and 102A of the LTA, the CA will have broad wellbeing powers, which can be exercised in conjunction with the general powers granted to it by Section 113A of the LDEDCA.
- 10.2** There may be further advantages in also securing the use of the General Power of Competence under Section 1 of the Localism Act 2011, which will enable maximum flexibility in dealing with its functions. The CA requests the Secretary of State to explore the possibility of delegating to the CA the General Power of Competence under Section 1 of the Localism Act 2011.

11. Functions – Economic Development and Regeneration

- 11.1** The primary purpose of the CA and the Local Enterprise Partnership (LEP) is to boost economic growth and performance within the Liverpool City Region. The CA will have responsibility for a significant programme of investment in transport and economic infrastructure and will influence and align with government investment in order to boost economic growth. The related interventions will have differential spatial impacts across the CA area, but should aid delivery of key growth projects in the emerging and future local plans of Constituent Authorities. Having regard to the duty to co-operate, effective alignment between decision-making on transport and decisions on other areas of policy, such as land use, economic development and wider regeneration, will be a key aim.
- 11.2** Unless otherwise stated, powers will be exercised by the CA on a concurrent basis. It is proposed that the CA will be focused on strategic economic growth issues that could include, but are not restricted to, functions such as:

- Setting the strategic economic vision, outcomes and aligning strategic priorities for the Liverpool City Region
- Ensuring there is a single evidence base in place to support and inform strategic decision-making
- Agreeing an integrated growth plan and investment strategy to deliver the strategic economic vision and outcomes
- Setting the economic strategy for the Liverpool City Region
- Co-ordinating the international economic strategy for the Liverpool City Region to cover inward investment trade and export to capture particularly the benefits of the International Festival for Business
- Co-ordinating inward investment strategy and activity across the Liverpool City Region as a whole
- Co-ordinating the strategy and activity for place based marketing across the Liverpool City Region as a whole
- Developing a strategic pipeline of priorities to attract financial and wider support
- Securing funding from a range of sources to support growth within the City Region
- Acting as the accountable body, for example, for devolved major transport scheme funding and the single pot for economic investment, including EU funds and assets as appropriate
- Making decisions with regard to the Liverpool City Region Investment Framework to include the Single Local Growth Fund European funding and Growing Places Fund
- Setting the long-term Employment and Skills Strategy and priorities for the labour market, including the implementation of Skills for Growth agreements

12. Functions – Transport

12.1 All the functions of MITA shall be transferred to the CA and the CA will fulfil directly or commission the role of Local Transport Authority for each of the six authorities, replacing the MITA and Halton BC roles as Local Transport Authorities.

12.2 The CA will exercise any function of the Secretary of State delegated to the CA by the order of the Secretary of State pursuant to Section 86 LTA and Section 104(1)(b) LDEDCA. Such functions will be exercised subject to any condition imposed by the order.

12.3 The CA's role in this will encompass:

- Setting the long-term strategic transport vision and outcomes for the Liverpool City Region
- Agreeing the development and approval of a single, city region Local Transport Plan (or its equivalent), which will include high level policy responsibility for major investments (e.g. freight, cycle, rail, highway maintenance, new transport infrastructure, traffic management)
- Agreeing a long-term transport investment strategy as part of the Single Local Growth Plan to deliver the strategic economic vision and outcomes (which includes housing, employment and skills)
- Aligning transport investment with inward investment activity across the Liverpool City Region
- Strategic decisions relating to the Integrated Transport Block and Highway Maintenance funds across all networks (as per existing ITA responsibilities)

- Ensuring strategic traffic and highway management co-ordination across the City Region
- Assuming the role of the Local Transport Body in respect of major transport schemes
- Acting as accountable body for Transport Schemes, e.g. devolved major transport scheme funding
- Setting the transport levy for the City Region
- Setting a differential transport levy (“the Differential Levy”) in respect of a Constituent Authority

13. Functions – Strategic Housing and Land Based Assets

13.1 There is a role for strategic housing within the integrated approach to economic development, regeneration, skills and transport in order to make a genuine difference to achieving growth.

13.2 The CA’s role in this will encompass:

- Setting the long-term strategic vision for housing and regeneration investment to support economic growth
- Working with the private sector to prepare a prospectus for housing investment in the City Region, based around shared risk
- Agreeing a housing spatial plan and long-term investment strategy as part of the Single Local Growth Plan
- Identifying relevant housing interventions that will facilitate and support potential economic growth and which will support vulnerable neighbourhoods
- Increasing affordable housing supply across the City Region
- Prioritising opportunities for supported accommodation to support the most vulnerable people in the City Region
- Identifying public assets that can be used to increase access to a supply of development land to support housing growth

Section Three – Funding, Transfer of Property, Rights and Liabilities

14. Funding

14.1 The CA as a levying body under Section 74 of the Local Government Finance Act 1988, shall have the power to issue a levy to its Constituent Authorities in respect of the expenses and liabilities of the CA which are reasonably attributable to the exercise of its functions relating to transport.

14.2 The CA shall have the power to issue a differential levy (“the Differential Levy”) to any of its Constituent Authorities, who are not contributing to the Levy, in respect of the expenses and liabilities of the CA which are reasonably attributable to the exercise, on behalf of such Constituent Authorities, of its functions relating to transport.

- 14.3** The core principle in determining the Levy or the Differential Levy shall be that the total contribution from each Constituent Authority for funding transport services for the year does not exceed the equivalent cost for the year as it would have been calculated under previous arrangements.
- 14.4** The Levy and any Differential Levy to be determined by the CA shall be decided by simple majority.
- 14.5** Subject to 14.3, the Levy and any Differential levy will be apportioned between the Constituent Authorities in accordance with population.
- 14.6** The costs of the CA that are reasonably attributable to the exercise of its functions relating to economic development and regeneration, including start-up costs, shall be met by the Constituent Authorities.
- 14.7** The CA will approve the annual budget for the purpose of expenditure.

15. Transfer of Property, Rights and Liabilities

All property, rights and liabilities of MITA existing at the transfer date shall transfer to the CA, including rights and liabilities in relation to contracts of employment, but these will be ring-fenced under the terms of a CA agreement to the five Constituent Authorities of Merseyside and will not be the responsibility of Halton.

Section Four – Internal Scheme of Delegation

16. Delegations

The CA may establish such committees or sub-committees as it considers appropriate and may delegate powers and functions accordingly.