



Council Extraordinary Meeting

Town Hall
Wallasey

4 November, 2016

Dear Councillor

You are hereby summoned to attend an extraordinary meeting of the Council to be held at **5.30 pm on Monday, 14 November 2016** in the Council Chamber, within the Town Hall, Wallasey, to take into consideration and determine upon the following subjects :

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AGENDA

1. DECLARATIONS OF INTEREST

Members of the Council are asked to consider whether they have any disclosable pecuniary interests and/or any other relevant interest, in connection with any matter to be debated or determined at this meeting and, if so, to declare it and state the nature of such interest.

2. CIVIC MAYOR'S ANNOUNCEMENTS

To receive the Civic Mayor's announcements and any apologies for absence.

3. LIVERPOOL CITY REGION COMBINED AUTHORITY (Pages 1 - 76)

Report of the Chief Executive

4. APPOINTMENT OF TRANSFORMATION DIRECTOR

Employment and Appointments Panel - Appointment of Transformation Director minute.

(The minutes of the Employment and Appointments Panel will be circulated around the Council Chamber as soon as possible after the conclusion of the Panel meeting on 14 November).

A handwritten signature in black ink, consisting of several loops and a horizontal line at the bottom.

Head of Legal and Member Services



COUNCIL

14TH NOVEMBER 2016

REPORT TITLE	Liverpool City Region Devolution – Order Terms
REPORT OF	Chief Executive

REPORT SUMMARY

This report outlines the final legal and governance requirements to establish the Liverpool City Region Combined Authority (LCRCA) Mayoral Model with the devolved powers and functions agreed as part of the Devolution Deal in November 2015.

RECOMMENDATION

That Council:

- (a) Notes the next steps required for the implementation of the LCR Devolution Agreement;
- (b) Notes that the Department for Communities and Local Government has confirmed that the decision to agree the detailed terms of the Orders is an Executive decision, and the Leader will seek to make that decision after the Council meeting;
- (c) Agrees that the Chief Executive be authorised to take all necessary steps required, to implement the LCR Devolution Agreement (attached within Appendix 1b);
- (d) In the event of any material changes being proposed in the Orders from what was agreed in the LCR Devolution Agreement (attached within Appendix 1b) these matters shall to referred back to Council for further consideration by Council before any final Orders are agreed;
- (e) Notes and reaffirms the governance principles, previously agreed by the Council and the Liverpool City Region Combined Authority in November 2015 (attached as appendix 5), that will form the basis of the revised LCRCA constitution;
- (f) Agrees the scrutiny principles (as attached in Appendix 4) and note that these will be incorporated into the revised LCRCA constitution.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1. At its meeting on the 19th November 2015 Council (attached as Appendices 1 and 1a) resolved as follows:-
 - A. Approves the Liverpool City Region Devolution Agreement as outlined in Appendix 1b and agrees to adopt a Directly Elected Mayor with effect from May 2017 based on the Governance Principles outlined in Appendix 2;
 - B. Notes that the Governance Principles will be incorporated into a formal constitution and will be the subject of a further report in due course;
 - C. Agrees to explore with Government further opportunities for devolution, noting that any proposals will be presented to future meetings of the Council for consideration and approval before being agreed and implemented; and
 - D. Reserves the right to withdraw from the Devolution Agreement if Government fail to deliver on the proposals as outlined in the Devolution Agreement attached in Appendix 1b.
- 1.2. This report outlines the final legal and governance requirements to establish the Liverpool City Region CA Mayoral Model with the devolved powers and functions agreed as part of the Devolution Deal in November 2015
- 1.3. These powers and functions were set out in the devolution agreement reached between Government and the LCR in November 2015 (as set out in within Appendix 1b attached) that gives the LCR greater control over transport, skills, business support and other areas. The Chancellor announced the devolution of further powers and responsibilities to the LCR in the March 2016 Budget.
- 1.4. Legislation requires that the LCR undertake a Governance Review and consult on a Draft Scheme in order for the Secretary of State to make the required legislative changes and confer additional functions and powers on the LCRCA and directly elected mayor that will be required to implement the devolution agreement. The Scheme is a companion to the Review and sets out the statutory powers that will be transferred.
- 1.5. The Scheme and Review were approved by the LCRCA in June 2016. The consultation took place between 24 June 2016 and 5 August 2016 and the CA considered the outcome at its meeting in August 2016. As required by the legislation a summary of the responses to the Consultation was submitted to the Secretary of State for consideration.

The Secretary of State must now make an Order(s) in respect of the governance of the LCRCA from May 2017 when the LCR Mayor is to be elected.
- 1.6. The LCRCA and the six constituent councils are required to consent to any Proposed Order(s) before it is laid before Parliament. This report sets out the final

legislative steps required for the implementation of the devolution deal and seeks delegated authority to the Chief Executive, in consultation with the Leader, to agree the detailed terms of the Orders, and take all necessary steps required, to implement the LCR Devolution Agreement.

2.0 OTHER OPTIONS CONSIDERED

2.1 Option 1: Not agree the devolution deal on offer from Government.

This would place the City Region at a real disadvantage compared to those areas that have secured a devolution agreement that includes greater funding and powers from Government. The City Region would be left to compete for funding from a much smaller pot that has had resources top sliced for those areas which have successfully negotiated devolution deals. The City Region would have no ability to agree its own spending priorities. It would be faced with the reality of continuing to do “more with less”; and having to weather further future spending cuts which face the public sector without any flexibility or additional resources which the devolution deal offers to the City Region. Government have also indicated that there is a small window of opportunity for devolution agreements in line with their Spending Review timetable. Therefore there would be no possibility for the City Region to negotiate a similar deal at a later date should it not reach agreement with Government at this time.

2.2. Option 2: To negotiate a significantly reduced devolution deal without a Directly Elected Mayor arrangement.

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

3.0 BACKGROUND INFORMATION

3.1. Following the agreement to the LCR Devolution Deal by all Councils in November 2015, an initial Order was passed through Parliament in July 2016 to establish the office of Mayor and make arrangements for the election of an LCR Mayor in May 2017.

3.2. The Cities and Local Government Act 2016 (the 2016 Act) is the enabling legislation providing the framework for devolution of powers and functions to take place. This legislation requires the conferring of specific CA and Mayoral Powers through a Parliamentary Order(s) that requires the consent of all LCR local authorities and the LCRCA itself.

3.3. Further steps are now required to progress the Parliamentary processes and put in place the Parliamentary Orders to ensure that the LCR Devolution Agreement can be implemented in full.

- 3.4. The LCR Order will need to be laid before Parliament in November in order for it to have sufficient time to be in place for May 2017 and the election of the LCR Mayor. All constituent authorities and the LCRCA need to consent to the order before it is laid in November 2016.

4.0 Powers to be conferred on LCRCA

- 4.1. The Legislation on combined authorities is detailed in sections 103-113 of the Local Democracy, Economic Development and Construction Act 2009 and was amended by the Cities and Local Government Devolution Act 2016 (2016 Act) so that an existing combined authority may be changed into a Mayoral Combined Authority through a further Order from the Secretary of State.
- 4.2. The 2009 Act originally provided that a combined authority could only undertake functions related to economic development, regeneration, or transport, or other functions that its member authorities agreed to transfer upwards to it. The 2016 Act removes these limitations, and will permit the Secretary of State to transfer statutory functions or the functions of public bodies to combined authorities. As detailed above, this is to be done via an Order for each individual combined authority.
- 4.3. Before the enactment of the Cities and Local Government Devolution Act, the functions that could be conferred on the Liverpool City Region Combined Authority by order were limited to transport functions mainly inherited from the former Integrated Transport Authority and functions of the constituent councils relating to economic development and regeneration. These could be exercised instead of, by or concurrently with the constituent councils.
- 4.4. The amendments by the 2016 Act now enable an order to confer on Liverpool City Region Combined Authority:
- Any function of a constituent council (not limited to transport, economic development or regeneration);
- Any function of a public authority (including that of a Minister of the crown or government department) which is exercisable in relation to Liverpool City Region;
- Any functions corresponding to a function that a public authority has in relation to another area (e.g. functions of the Mayor of London or GLA).
- 4.5. In order for the CA to acquire additional functions and functions to implement the devolution agreement, it must go through the statutory process as set out in legislation. These are a review of its governance, publication of a draft Scheme setting out the powers requested and a public consultation exercise.
- 4.6. These steps are all complete and have been considered by the LCR CA in June 2016 and August 2016.
- 4.7. The powers to be conferred on the LCRCA/Mayor were set out in the Governance Review and Draft Scheme on which the LCR CA consulted with stakeholders and the public. It should be noted that not all aspects of the LCRCA devolution agreement require legislative changes to implement.

4.8. The Table (attached at Appendix 3) reflects the proposed powers as set out in scheme and delegated authority is sought to the Chief Executive, in consultation with the Leader, to agree the Proposed Order(s) in a form that ensures it/they include(s) all of the powers and functions required to implement the November 2015 Devolution Agreement, and take all necessary steps required, to implement the LCR Devolution Agreement

5.0 Overview and Scrutiny of the LCRCA

5.1. The Cities and Local Government Devolution Act 2016 contains provisions specific to scrutiny. The general provisions in the Act are standard ones in relation to scrutiny activities and which are familiar to all Councils.

5.2. The two major differences are:

(i) the arrangements have to include provisions to hold the Elected Mayor to account for executive decisions they take; and

(ii) the act contains provision for further direction by the Secretary of State to be made by Order which, amongst other things, could provide directions about:

- the membership of an overview and scrutiny committee;
- the person who is to be the Chair of such a committee;
- how and by whom matters may be referred to an overview and scrutiny committee.

5.3. The principles by which the LCRCA will operate scrutiny are set out in Appendix 4 and these will be incorporated into the constitution of the LCRCA, consistent with the provisions set out in the LCRCA Order.

6.0 Next Steps

6.1. When approving the Devolution Deal in November 2015 the Local Authorities and LCRCA agreed a number of Governance Principles (see Appendix 5) These Principles were also contained at Appendix 2 of the report to Council on the 19 November 2015 and remain unaltered. These Principles will form the basis of the LCRCA Constitution that will apply post May 2017.

6.2. The CA has already amended its constituent to establish an appointments panel to enable it to recruit and employ staff directly and also to establish an investment committee to consider project investment decisions for the Single Investment Fund.

6.3. A review of the constitution will be undertaken and a revised constitution drafted in order to fully reflect the powers and functions contained within the LCR order and how they will be implemented.

7.0 FINANCIAL IMPLICATIONS

7.1 The Devolution arrangements propose the devolution of resources from central government to the City Region.

The Devolution Agreement includes the following headline financial implications:

- a) An additional £30m of investment for economic growth for 30 years, equating to £900m total additional investment. This is subject to 5 yearly gateway assessments.
- b) A devolved and consolidated transport budget (subject to the Government's Spending Review);
- c) A commitment, for Government to establish a single pot of government funding to invest in economic growth
- d) Greater influence and decision making over a range of national programmes including the Work Programme, Adult Skills budgets and potentially housing funds. Although such budgets will still sit formally with Government Departments in the immediate future, the City Region can direct and influence how these will be spent;
- e) On-going consultation on the Government's proposed business rates reforms.

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

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

The Agreement also commits the Combined Authority to:

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

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

8.0 LEGAL IMPLICATIONS

8.1. The implementation of the Devolution Agreement is subject to the provisions of the Cities and Devolution Act and to the parliamentary approval of subsequent secondary legislation. Government are working to a legislative timetable for elections for a directly elected City Region Mayor to take place in May 2017.

8.2. Each constituent council of an existing Combined Authority is required to consent to any orders establishing a directly elected Mayor.

8.3. All LCR Councils are considering the proposals in this report. They also require the consent of the Liverpool City Region Combined Authority.

8.4. The Constitution of the Combined Authority will require amendment to reflect the new governance arrangements. Amendments to the Combined Authority constitution need the unanimous agreement of the Combined Authority Constituent Members.

9.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

9.1. There are no such implications arising directly from this report.

10.0 RELEVANT RISKS

10.1 Without the legal authorities and powers being conferred upon the CA as proposed it will not be able to undertake and discharge its obligations and responsibilities.

11.0 ENGAGEMENT/CONSULTATION

11.1 The LCR is required to undertake a Governance Review and public consultation where additional functions are to be conferred upon the Combined Authority. The LCR consultation took place between 24th June and 5th August 2016, following the approach and methodology of the Cabinet Office Statement of Consultation Principles 2016.

12.0 EQUALITY IMPLICATIONS

12.1. There are no direct equality implications associated with this report as it deals with the issue of devolution at a strategic level. Equality analysis will be undertaken in future as appropriate and in relation to specific elements or activities.

12.2. Paragraph 67 of the proposed Devolution Agreement sets out that the LCR Combined Authority will continue to adhere to its public sector equality duties, for both existing and newly devolved responsibilities.

**REPORT AUTHOR: Eric Robinson
Chief Executive**

APPENDICES

Appendices 1 & 1a Wirral Council Report the Devolution Agreement – November 2015

Appendix 1b The Devolution Agreement

Appendix 2 Report the Governance Principles (for completeness these are replicated at Appendix 5 below)

Appendix 3 Powers to be conferred on the Liverpool City Region Combined Authority and Liverpool City Region Mayor

Appendix 4 Scrutiny Principles

Appendix 5 Governance Principles

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	12 July 2013
Cabinet	8 August 2013
Cabinet and Council	19 September 2013
Cabinet and Council	10 March 2014
Extraordinary Council	19 November 2015

WIRRAL COUNCIL

SPECIAL COUNCIL

19 NOVEMBER 2015

SUBJECT:	Proposed Devolution Agreement for Liverpool City Region
WARD/S AFFECTED:	All
REPORT OF:	Chief Executive

1.0 REPORT SUMMARY

1.1 This report seeks Council endorsement for the proposed Liverpool City Region Devolution Agreement (Appendix 1) and to adopt a directly elected Mayor for the City Region as required in the Government's Cities and Devolution Bill.

2.0 RECOMMENDATION/S

2.1 That Council:

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

3.0 REASON/S FOR RECOMMENDATION/S

3.1 To enable the devolution of powers and resources Liverpool City Region.

SUPPORTING INFORMATION

4.0 OTHER OPTIONS CONSIDERED

4.1 Option 1: Not agree the devolution deal on offer from Government.

This would place the City Region at a real disadvantage compared to those areas that have secured a devolution agreement which includes greater funding and powers from Government. The City Region would be left to compete for funding from a much smaller pot which has had resources top sliced for those areas which have successfully negotiated devolution deals. The City Region would have no ability to agree its own spending priorities. It would be faced with the reality of continuing to do “more with less”; and having to weather further future spending cuts which face the public sector without any flexibility or additional resources which the devolution deal offers to the City Region.

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

4.2 Option 2: To negotiate a significantly reduced devolution deal without a Directly Elected Mayor arrangement.

Government require strong governance proposals in place for those areas which are seeking the maximum level of devolution. Without a directly elected Mayor, Government has been clear that the level of resources and powers on offer would be substantially less and as with (9.1) above would place the City Region at a distinct disadvantage with other comparable areas. The Cornwall devolution deal is an example of how the Government has devolved comparatively fewer powers to areas that do not pursue a directly elected Mayor.

5 BACKGROUND INFORMATION

5.1 On 17 November 2015, the Chancellor announced that a proposed Devolution Agreement had been reached (subject to Council ratification) with Liverpool City Region (LCR), which was signed by the five local authority Leaders, Mayor of Liverpool, and the Chair of the Local Enterprise Partnership. The Agreement delivers a major transfer of resources, powers and responsibilities from Government to the City Region, alongside governance changes to adopt a directly elected City Region Mayor.

5.2 City Region Leaders and the Mayor of Liverpool have negotiated hard to secure the best possible package of devolved powers and resources for the City Region.

- 5.3 The proposed deal gives the City Region greater control and influence over approximately £3bn of national funding over 5 years alongside increased powers and responsibilities in the key areas of; economic development, transport, employment and skills and housing and planning. This will enable elected members, together with their communities and local businesses, to make more decisions locally which would otherwise have been made in Whitehall.
- 5.4 The chance to bring powers and resources down from Government directly to the City Region is important to all local authorities in the context of on-going austerity. Having local decision-making powers over significant areas of national government expenditure is a much better position to be in than having priorities for local services and funding determined by Whitehall officials and Government Ministers in London.
- 5.5 The key elements secured in the proposed Agreement include:
- Establishment of a Single Investment Fund that draws together City Region and national funding streams as a single pot to invest in economic growth. This will be made up of a range of budgets to be determined after the Comprehensive Spending Review, including any successors to Local Growth Fund, Regional Growth Fund and Growing Places Fund. Instead of bidding for such funding streams, the commitment is for such funding to be given to the City Region as a flexible multi-year settlement;
 - The Single Investment Fund will also benefit from an additional £30m annual allocation over the next 30 years, equating to £900m of total investment which the City Region can use to invest in projects to create jobs and drive forward economic growth;
 - Longer term certainty over the Special Rail Grant to the City Region which will allow the procurement of new trains for the Merseyrail network, replacing existing rolling stock with newer, faster trains with greater capacity;
 - A devolved and consolidated multi-year transport settlement;
 - The ability to franchise bus services in the City Region to achieve an improvement in the local bus offer to residents and businesses;
 - Devolution of the Government's business support services which will enable the City Region to provide a fully integrated and locally delivered business support service;
 - Greater control over the skills system, including full devolution of the Adult Skills Budget which will enable the City Region to address the mismatch between the supply of skills and the needs of employers;

- The ability to co-design future employment support programmes with Government to ensure that they address local needs and to develop a new household approach to supporting residents into work;
- Strategic planning powers to accelerate economic growth and housing development and give clarity and certainty to potential developers. This includes the establishment of a Mayoral Development Corporation with the power to establish Mayoral Development Zones to aid the development and delivery of the City Region's key strategic sites;
- Recognition of the unique asset and potential of the River Mersey including a commitment to consider a business case for a tidal power scheme for the River Mersey/Liverpool Bay area which could ultimately generate low carbon energy for business and consumers; and
- Support for a place based strategy for culture and creativity, a statement of support for the City Region's ambition for a National Migration Museum and the exploration of options for a sustainable and viable business model for National Museums Liverpool.

5.6 The deal is the first step in a long term devolution journey towards a genuine place based relationship with national government which will, over time, provide for significant influence or control over all public expenditure in our local areas. It also reinforces the role of the City Region at the heart of the "Northern Powerhouse" and recognises the unique and significant contribution the City Region can play in driving forward the economy of the North.

5.7 The proposed deal is subject to the agreement of individual local authorities. Endorsement is also being sought from the Combined Authority and Local Enterprise Partnership.

6 THE PROPOSED DEVOLUTION AGREEMENT

6.1 The six Liverpool City Region Local Authorities have a long and successful history of collaboration. This economic area is the scale at which most day to day economic interactions take place and where the benefits of joint working in areas such as transport, housing, key economic sectors and the provision of labour market support are realised.

6.2 Collaborative working has evolved over the years and culminated in the establishment of the Liverpool City Region Combined Authority in April 2014, which provided strong and effective governance for the City Region and has responsibilities covering; strategic transport, employment and skills, housing and economic development.

- 6.3 A highly effective partnership with business leaders has also been established through the LEP, ensuring our business community is able to play a full part in helping to shape the strategic direction of Liverpool City Region.
- 6.4 The City Region's achievements have been significant and include a highly successful Growth Deal agreement in July 2014 with on-going delivery of strategically important transport schemes and a programme of skills capital funding to improve skills infrastructure in the City Region. Through the Combined Authority, the City Region is making an effective input into the Northern Transport Strategy, which has the aim of radically improving connectivity across the five northern City Regions, to support agglomeration and to accelerate growth, as part of the Northern Powerhouse agenda.
- 6.5 Liverpool City Region has a critical contribution to make to the Northern Powerhouse. With the River Mersey and Superport we have unique economic assets that can help transform the northern economy. The Superport has the potential to provide lower cost and competitive trade links for businesses and consumers across the North, backed by multi-modal logistics that combine sea, rail, freight and air. The River Mersey has the potential to be a major producer of renewable energy for the north and unlock the green infrastructure needed to put the City Region at the leading edge of the green economy. The City Region is also well positioned to be at the heart of an advanced manufacturing network across the North with our science and innovation strengths at Daresbury and Liverpool Knowledge Quarter and world class firms like Jaguar Land Rover, Getrag, Unilever, Pilkingtons, Ineos Chlor and Cammell Laird.
- 6.6 Despite these strengths, the City Region's £23.1bn economy continues to struggle to reach its economic potential. GVA per head in the City Region is only 75% of the national average and this gap has remained largely unchanged over the last decade. As a result, the City Region suffers from an £8.2bn output gap compared to nationally.
- 6.7 With present Liverpool City Region governance arrangements, it would not be possible to achieve the significant increase in powers, functions and resources from Government which are fundamental to addressing these challenges and to exploit the significant economic opportunities which exist.
- 6.8 The proposed Devolution Agreement is the first step to achieving much greater resources and responsibilities from Government and this is set out in summary form below.
- 6.9 **Economic Development**

The draft Agreement sets out a range of additional resources and powers which the City Region can use to drive forward economic growth and make local decisions on those investments and issues which will best drive forward the local economy. These include:

- i. The Liverpool City Region Single Investment Fund which will draw together City Region and national funding streams to deliver an ambitious programme of investment across the City Region which will accelerate economic growth. It will be a flexible multi-year settlement including any successors to funding streams such as Local Growth Fund and Regional Growth Fund which the City Region would normally have to bid for. This will give the City Region the ability to allocate funding more effectively to locally determined priorities and in support of a planned and longer term investment programme;
- ii. In addition, the Single Investment Fund will benefit from an additional £30m a year funding allocation over 30 years, in order to unlock the economic potential of the River Mersey and Superport as well as maximise the opportunities from High Speed 2 (HS2);
- iii. The creation of a Mayoral Development Corporation with powers to designate our key sites as Mayoral Development Zones and accelerate economic growth and housing development;
- iv. Government will work to devolve control and responsibility for business support services to allow the City Region to provide a fully integrated, locally delivered and demand led service to businesses. In addition, the Agreement provides for greater control and influence over UKTI trade resources and also inward investment activities;
- v. Agreement to build on the success of the International Festival for Business (IFB) 2014 and 2016 and establish IFB as a vital feature of the international business calendar in 2018 and 2020;
- vi. Support for Liverpool's cultural and creative strengths including greater alignment of cultural and creative funding, support for the ambition to realise a National Migration Museum as well as plans to work to establish a sustainable business model for National Museums Liverpool;
- vii. Recognition of the unique asset and potential of the River Mersey including a commitment by the City Region to the cleanest River standard by 2030 and a discharge free Mersey by 2040. The deal also commits Government to consider a business case for a tidal power scheme for the River Mersey/Liverpool Bay area which could ultimately generate low carbon energy for businesses and consumers; and
- viii. The City Region will exercise greater control over €220m of European Funding for 2014-2020 through Intermediate Body Status.

6.10 **Transport**

The Agreement offers the City Region the opportunity for greater control over local transport decisions and over key elements of the transport network including:

- i. Responsibility for a devolved multi-year transport budget, details of which will be agreed as part of the Spending Review;
- ii. The ability to franchise bus services in the City Region, subject to the emerging Buses Bill;
- iii. Powers for the Combined Authority to manage a Key Route Network of local roads on behalf of the City Region's Mayor from May 2017;
- iv. A long term Special Rail Grant (SRG) settlement for the Merseyrail network, to support Merseytravel's on-going procurement of new trains on behalf of the Combined Authority;
- v. The ability to manage the local rail network in alternative ways (e.g. the transfer of Merseyrail station assets to the Combined Authority), subject to a satisfactory business case;
- vi. In addition, Government will continue to work with the Combined Authority in its review of the Mersey Tunnels tolls, which will consider options to reduce the cost of tolls and the role of the tunnels in supporting growth and investment; and
- vii. The Government also recognises and supports the City Region's crucial role in supporting the Northern Powerhouse, and notes that the Liverpool City Region will work with 'Transport for North' to bring forward proposals that could enhance the capacity of Liverpool Lime Street, together with options for strategic road and rail investment and the roll-out of smart ticketing across the North of England.

6.11 **Skills and Employment**

The Devolution Agreement gives the City Region more local decision making powers and responsibility over skills provision and employment support. This will ensure that the training and skills being developed are relevant to the needs of local employers and will enable our businesses and residents to have the skills to be able to compete for jobs and improve growth and productivity. The Agreement includes:

- i. Responsibility for chairing an area based review of 16+ provision to start in 2016;
- ii. Full devolution of the Adult Skills Budget from 2018/19;
- iii. The City Region will work collaboratively with Government to help local businesses to create more and better quality apprenticeships;
- iv. The creation of a Careers Hub for the City Region, which Government have committed to work with, to draw together the disparate initiatives on promoting careers and to act as a repository for high quality careers materials;

- v. Co-design and co-commissioning of employment support programmes by the City Region and Government to make sure that they meet our local needs; and
- vi. Commitment to work together on a business case for an innovative household based approach to support residents into work.

6.12 **Housing and Spatial Planning**

As part of the Devolution Agreement, the City Region will be able to utilise strategic planning powers to help speed up economic growth and housing development. Specifically the agreement includes:

- i. Development of a Single Statutory City Region Framework supporting the delivery of strategic housing and employment sites. This requires the unanimous agreement of constituent councils of the Combined Authority;
- ii. Creation of a Mayoral Development Corporation and ability to designate key strategic sites as Mayoral Development Zones;
- iii. Power to be consulted on and/or call in planning applications of strategic importance to the City Region, subject to the consent of the relevant Local Authority; and
- iv. Establishment of a Land Commission to support the better co-ordination and release of public assets with the aim of increasing sites for economic growth, housing and improved communities.

7 GOVERNANCE

- 7.1 The proposed Devolution Agreement sets out the additional powers, control and resource which the City Region will assume from central government. It does not assume powers from constituent local authorities.
- 7.2 While establishing a clear commitment to greater City Region working, the Agreement builds upon the economic opportunities and strengths across the whole City Region. It also recognises the importance of the unique identity and history of individual communities which make up the City Region.
- 7.3 The package of devolution agreed so far gives the City Region greater control and influence over approximately £3bn of national funding over 5 years. In order to secure the greatest levels of control and influence over such resources, Government has consistently demanded a mayoral model of governance. This requirement will not change and without it, Liverpool City Region will not pass the test of direct accountability to enable it to take on central government functions.

- 7.4 The proposed Agreement will therefore be implemented through a governance structure of a directly elected Mayor that provides strong leadership, whilst protecting the integrity and the existing role and functions of local authorities. The mayoral model is part of the LCR Combined Authority, thus maintaining the integrated approach to governance which the City Region has worked consistently to develop.
- 7.5 The Governance principles which the City Region will adopt are outlined in Appendix 2 of this report and demonstrate the safeguards that have been built into the arrangements. The Mayor will act as the Chair of the Combined Authority and Members of the LCR Combined Authority will provide a supporting and advisory function to the Mayor and the Combined Authority.
- 7.6 The Liverpool City Region Mayor will be required to consult the Combined Authority on his/her strategies, which it may reject or amend if two thirds of the constituent council members agree to do so. The Cabinet will also examine the Mayor's spending plans and will be able to reject or amend his/her plans, if two thirds of the members agree to do so.
- 7.7 The Mayor and the LCR CA will be scrutinised and held to account by the Combined Authority Scrutiny Panel.
- 7.8 Subject to the necessary legislation being in place, it is anticipated that Mayoral elections will take place in May 2017.

8 NEXT STEPS AND IMPLEMENTATION

- 8.1 All Liverpool City Region Councils are considering these proposals on 19 November 2015 at their respective Council Meetings. The Combined Authority is meeting subsequently, on 20 November 2015 and the LEP Strategic Board on 3 December 2015.
- 8.2 There will then be a period where the necessary legislative arrangements are made by Government, to allow for a directly elected Mayor for the City Region. The Cities and Devolution Bill will require Royal Assent and subsequently an LCR Order will be laid by the Secretary of State to give effect to the necessary legislation to enable Mayoral elections to take place in May 2017. A separate "Buses Bill" is planned for introduction later in the current parliamentary session.
- 8.3 The City Region will be required to co-operate with Government to ensure the necessary statutory requirements are met and to secure timely and accurate input for drafting the Statutory Instruments.
- 8.4 As outlined in paragraph 62 of the proposed Agreement, implementation plans will be required for individual elements of the Agreement and over the coming weeks and months and officers from the City Region will work with Government to prepare such plans. This will be managed by LCR Chief Executives.

- 8.5 The powers and resources to be devolved to Liverpool City Region are not exhaustive. Liverpool City Region will be able to add to them as discussions with Government are progressed. The focus of the proposed Agreement has been on what can be achieved quickly and those areas which have financial implications that need to be considered in advance of the Government's Spending Review 2015. The proposed Agreement includes reference to continuing discussions to consider further areas for devolution to the City Region and is the subject of recommendation 2.1 (C) in this report.

9 TIMESCALE FOR ACTION

- 9.1 As indicated previously, the powers and resources set to be devolved to Liverpool City Region are not exhaustive or final. Liverpool City Region will be able to add to them as discussions with Government are progressed. The focus of the Agreement has been on what can be achieved quickly and has financial implications which need to be considered in advance of the Government's Spending Review.
- 9.2 Some elements of the Deal, as set out in Appendix 1 will be implemented from April 2016, where legislation is not required and devolution is to the LCR Combined Authority. These elements will require work to be started immediately and progress on this will be reported regularly to the Combined Authority.
- 9.3 Those elements of the deal which are conditional upon a directly elected Mayor will only be implemented from May 2017.
- 9.4 All elements of the deal will require an individual implementation plan to be developed with Government which will set out the timetable, responsibilities and accountabilities together with any required financial arrangements.

10 FINANCIAL IMPLICATIONS

- 10.1 All financial implications of the proposed Agreement relate to the devolution of resources from central government to the City Region. There are no resources being taken from individual local authorities as part of the proposed Agreement.
- 10.2 The Agreement includes the following headline financial implications:
- i. An additional £30m of investment for economic growth for 30 years, equating to £900m total additional investment. This is subject to 5 yearly gateway assessments as set out in paragraph 61 of the proposed Agreement;
 - ii. A devolved and consolidated transport budget (subject to the Government's Spending Review);
 - iii. A commitment for Government to establish a single pot of government funding to invest in economic growth. The details of which will be determined following the CSR. This is in addition to

those funds already committed to the City Region e.g. £207m of Local Growth Funds;

- iv. Greater influence and decision making over a range of national programmes including the Work Programme, 16+ skills funding, Adult Skills budgets and potentially housing funds . Although such budgets will still sit formally with Government Departments in the immediate future, the City Region can direct and influence how these will be spent;
- v. On-going consultation on the Government's proposed business rates reforms.

10.3 All additional and directly devolved funding streams will be managed by the Combined Authority and the newly elected Mayor for the City Region. The Combined Authority Treasurer and City Region Finance Directors will explore the detailed implications and conditions of all of these funding commitments with Government, in particular HM Treasury Officials over the coming weeks and months as further detail is provided by Government, post the Spending Review 2015.

10.4 It will be for the City Region itself to agree the arrangements for how these resources will be managed and allocated as part of the implementation plans referred to in Section 6 of this report and paragraph 62 of the draft Agreement.

10.5 The Agreement also commits the Combined Authority to:

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

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

11 LEGAL IMPLICATIONS

11.1 The implementation of the proposed Agreement is subject to the enactment of the necessary legislation; the Cities and Devolution Bill and to the parliamentary approval of subsequent secondary legislation. Government are working to a legislative timetable for elections for a directly elected City Region Mayor to take place in May 2017.

- 11.2 It is currently stated within the draft Cities and Devolution Bill that each constituent council of an existing Combined Authority is required to consent to any order establishing a directly elected Mayor and that if one constituent council does not consent then that council must be removed from the Combined Authority.
- 11.3 All LCR Councils are considering the proposed Agreement at their Council meetings on 19 November 2015 which also requires the consent of the Liverpool City Region Combined Authority and Local Enterprise Partnership. The Combined Authority will consider the Agreement at its meeting on 20 November 2015 and the LEP Board at its meeting on 3 December 2015.
- 11.4 The Constitution of the Combined Authority will require amendment to reflect the new governance arrangements which will be accepted as part of the Devolution Agreement. Amendments to the Combined Authority constitution need the unanimous agreement of the Combined Authority Constituent Members and as such all amendments will be put to the Council and LCR Combined Authority for agreement.

12 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 12.1 Details are set out in the report.

13 RELEVANT RISKS

- 13.1 The relevant risks are set out in the report.

14 ENGAGEMENT/CONSULTATION

- 14.1 The Liverpool City Region Combined Authority's consultation on the four prioritised areas for negotiation with Government (economic development, transport, employment and skills and housing and planning) took place between 21 September 2015 and 2 November 2015.
- 14.2 The consultation framework adopted incorporated three levels of engagement – corporate, area and political.
- 14.3 For each priority, a lead Chief Executive was identified to manage the consultation process with key stakeholders.
- 14.4 Targeted public engagement has taken place with thematic stakeholder groups including business representatives and key strategic Boards to inform the scope of the City Region's proposals. Feedback was extremely helpful and those who engaged in the process were supportive of the approach being taken.
- 14.5 A website - www.liverpoolcityregion-ca.gov.uk was set up to support consultation which was promoted by each local authority. This included website updates social media, newsletters and internal communication channels. The website provided an outline narrative of the proposals and approach. It also

incorporated a feedback facility. In addition, internal communication channels were utilised.

14.6 Of the responses received to the feedback facility referred to above, over 70% were supportive of devolution with recurring themes of:

- Improving transport infrastructure and public transport accessibility;
- Accelerating house building and physical regeneration;
- Ensuring residents can develop skills needed by employers;
- Reducing inequality across the City Region;
- Capitalising on the value of the City Region's cultural sector; and
- Increasing local sovereignty and autonomy over funding.

14.7 A small proportion of responses raised concerns about devolution with specific reference to the risk of:

- Increased shared services and reduction in public sector jobs;
- Loss of local accountability;
- Loss of identity of areas within the City Region.

15 EQUALITY IMPLICATIONS

15.1 There are no direct equality implications associated with this report as it deals with the issue of devolution at a strategic level. Equality analysis will be undertaken in future as appropriate and in relation to specific elements or activities.

15.2 Paragraph 67 of the proposed Devolution Agreement sets out that the LCR Combined Authority will continue to adhere to its public sector equality duties, for both existing and newly devolved responsibilities.

REPORT AUTHOR: Eric Robinson
Chief Executive

APPENDICES

Appendix 1: LCR Devolution Agreement
Appendix 2: Proposed Governance Principles

REFERENCE MATERIAL

N/a

LCR DEVOLUTION GOVERNANCE

Preamble

These Governance principles, to be developed and agreed, will be incorporated into a formal and legally binding Constitution.

This Constitution will incorporate the terms of the current Constitution of the LCR Combined Authority, which will be amended to reflect the revised Combined Authority with an elected mayor governance model.

The revised Constitution will replace the current LCR Combined Authority Constitution and will be the primary document in respect of the governance of the LCR Combined Authority with an elected mayor.

PRINCIPLES

The Liverpool City Region Combined Authority (LCRCA) will adopt a model of a directly elected City Region Mayor over the Combined Authority's area with the first elections in May 2017.

No existing powers will be taken from local authorities without their agreement. The Combined Authority will protect the sovereignty of local authorities in the Liverpool City Region.

The Liverpool City Region directly elected Mayor ("the directly elected Mayor") will be a member of the LCRCA.

The directly elected Mayor will chair the Liverpool City Region Combined Authority.

The remaining members who have been appointed by constituent councils will continue as members on the LCRCA. ("the constituent council members").

The LEP member ("the LEP member") of the LCRCA will continue to sit on the LCRCA.

The directly elected Mayor will appoint one of the members of the LCRCA to be the Deputy Mayor.

The directly elected Mayor will have power to act on behalf of the LCRCA on the following terms:

The directly elected Mayor will be required to seek the unanimous approval of the constituent council members to exercise those powers set out at Appendix 2 (a) attached;

The directly elected Mayor will be required to consult the Combined Authority on those matters set out in Appendix 2 (b) which can be rejected/amended provided

two-thirds of the constituent council members agree to do so; and

The directly elected Mayor will have full delegated authority pursuant to the provisions of any statutory order to exercise those powers set out in Appendix 2 (c) attached.

The directly elected Mayor and the LCRCA will be scrutinised and held to account by the LCRCA Overview and Scrutiny Committee(s).

Matters for decision by the LCRCA may be put forward by the directly elected Mayor, any of the members who have been appointed by constituent councils, or the LEP member.

The directly elected Mayor shall appoint individual LCR members to Portfolio roles to support the directly elected Mayor and assist in the delivery of the LCRCA's functions.

The directly elected Mayor will have one vote as will other voting members.

Any matters that are to be decided by the LCRCA are to be decided by a majority present and voting subject to that majority including the vote of the LCR Mayor, unless otherwise set out in legislation, or specifically delegated through the LCRCA's Constitution.

The directly elected Mayor and the members who have been appointed by constituent councils will work closely together. Specifically the:

- directly elected Mayor will provide overall leadership and chair Combined Authority meetings;
- the members who have been appointed by constituent councils shall have a clear portfolio of responsibilities, and will act as a supporting and advisory function to the directly elected Mayor and the LCRCA in respective policy areas.

The following appendices are subject to the development of the formal and legally binding constitution and to any requirements already prescribed within the agreement dated 17 November 2015.

Appendix 2a

The directly elected Mayor will be required to seek the unanimous approval of the constituent council members to exercise the following powers, as set out below:

- All matters relating (including any changes, amendments or alterations) to the LCRCA Constitution;
- The development of a single Statutory City Region Framework supporting the delivery of strategic employment and housing sites throughout the City Region;
- All matters relating to the management, maintenance and funding of the key route network;
- Any other matters which the LCRCA shall determine from time to time shall require the unanimous approval of the constituent council members for the directly elected Mayor to exercise save for those matters in relation to which the voting requirements are already prescribed within the Agreement.

Appendix 2b

The directly elected Mayor will be required to consult the LCR Combined Authority on the following:

- All matters relating to the setting of the LCRCA's annual budget, and all financial or budgetary matters, including any changes, amendments or alterations to agreed budgets or spending plans;
- All matters relating to the setting of any LCRCA strategy, strategic framework, strategic policy or plan, including any changes;
- All those powers of the LCRCA not specified in Appendix 1 and 3.

The strategies and/or spending plans may be rejected /amended if two thirds of the constituent Council Members agree to do so.

Appendix 2c

The directly elected Mayor shall have full delegated authority to take all steps to deliver on a day to day basis the strategies and/or spending plans agreed by the LCRCA in accordance with Appendix 2 and all other matters that may be specified from time to time by the LCRCA.

WIRRAL COUNCIL

SPECIAL COUNCIL

19 NOVEMBER 2015

SUBJECT:	Potential Devolution of Powers and Resources - Liverpool City Region
WARD/S AFFECTED:	All
REPORT OF:	Chief Executive

1.0 REPORT SUMMARY

- 1.1 This report provides an update for members with regards to the proposed devolution of powers and resources from Government to Liverpool City Region.
- 1.2 On 4 September 2015, the Liverpool City Region forwarded its devolution submission to Government (see Appendix 1).
- 1.3 At the time of writing this report, the proposed devolved powers and resources (the Devolution Agreement) is still being negotiated with Government. Should further details become available, then appropriate supplementary information and/or papers will be circulated to Members in advance of the Council meeting.

2.0 RECOMMENDATION/S

- 2.1 It is recommended that Council notes:
 - i. the current position as set out in section 3 of the report with regard to Liverpool City Region's devolution proposals; and
 - ii. that the devolution process is still in negotiation and that further information will be presented to Council for Members' consideration when it becomes available.

3.0 REASON/S FOR RECOMMENDATION/S

- 3.1 To provide an update to Council on the current position regarding negotiations on the potential devolution of powers and resources from Government to Liverpool City Region.

SUPPORTING INFORMATION

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Not negotiate a devolution deal with Government. This would place the City Region at a real disadvantage compared to those areas that have secured a devolution agreement which includes greater funding and powers from Government. The City Region would be left to compete for funding from a much smaller pot which has had resources top sliced for those areas which have successfully negotiated devolution deals. The City Region would have no ability to agree its own spending priorities. It would be faced with the reality of continuing to do “more with less”; and having to weather further future spending cuts which face the public sector without any flexibility or additional resources which the devolution deal offers to the City Region.
- 4.2 Government have also indicated that there is a small window of opportunity for devolution agreements in line with their CSR timetable. Therefore there would be no possibility for the City Region to negotiate a similar deal at a later date should it not reach agreement with Government at this time.
- 4.3 To negotiate a significantly reduced devolution deal without a directly Elected Mayor arrangement. Government require strong governance proposals in place for those areas which are seeking the maximum level of powers and resources. Without a directly Elected Mayor, Government has been clear that the level of resources and powers on offer would be substantially less and as with (4.1) above would place the city region at a distinct disadvantage with other comparable areas. The Cornwall devolution deal is an example of how the Government has devolved comparatively fewer powers to areas that do not pursue a directly Elected Mayor.

5 BACKGROUND INFORMATION

- 5.1 Following the Parliamentary election in May 2015, the new Government indicated their commitment to pursue the devolution agenda in England. The Cities and Local Government Devolution Bill is now progressing through Parliament; allowing for devolution of powers and resources to local areas alongside a preferred governance model of a directly Elected Mayor.
- 5.2 In the budget statement of 8 July 2015, the Chancellor of the Exchequer confirmed the Government’s commitment to negotiate a “devolution deal” with the Liverpool City Region, following discussions between the Combined Authority and Government Ministers.
- 5.3 At the same time the Chancellor confirmed his commitment to taking forward the development of the “Northern Powerhouse” concept making the case that the lack of economic and physical connections between the cities and city regions of the North of England was holding back their growth, with significant implications for the national economy. It is clear that the Chancellor sees re-balancing the economy as a key policy commitment and a number of interventions have been announced to help turn the Northern Powerhouse into

reality. This includes the Devolution Deals announced to date (Greater Manchester, Sheffield City Region, the North East and Tees Valley), Transport for the North and the Northern Transport Strategy.

- 5.4 The Liverpool City Region has the opportunity, through devolution, to become a significant component of the Northern Powerhouse. The River Mersey and the Liverpool Bay together with the Superport are unique economic assets that have the ability to transform the Northern economy. The City Region is also well positioned to be at the heart of an advanced manufacturing network across the North having science and innovation strengths at Daresbury and Liverpool Knowledge Quarter and world class firms like Jaguar Land Rover, Getrag, Unilever, Pilkington's Ineos Chlor and Cammell Laird.
- 5.5 Devolution offers the City Region the opportunity to gain much greater control over its own destiny. As public finances become increasingly challenging having local decision making powers over significant areas of national government spend is a much better position to be in than the current system whereby priorities for local services and funding are decided in London. It is the long term ambition for the City Region to develop a new "place based" relationship with Government which will ultimately provide for significant influence over all public expenditure within the City Region, estimated at c. £18.2bn per annum.
- 5.6 It is important to state that devolution is about assuming additional powers, control and resource from central government to enable the City Region and local members to be better able to discharge their existing functions. It is not about assuming powers up from constituent local authorities. This is at the heart of the City Region's proposals which are being negotiated with Government.
- 5.7 The City Region's outline submission to Government was made on 4 September 2015 and was focused on a 'place-based' approach to:
 - Accelerate economic growth - growing jobs and increasing productivity;
 - Public service reform – local re-design and co-ordination of services to reduce costs and improve outcomes across the whole of the public sector; and
 - Improved social outcomes and better health and wellbeing of local residents.
- 5.8 The submission and subsequent negotiations has focused on four key areas which needed to be considered by Government alongside their Comprehensive Spending Review (CSR) 2015. They are :
 - i. Economic Development including an investment fund, business support, European Funding, energy and culture
 - ii. Transport
 - iii. Housing and Planning
 - iv. Employment and Skills

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

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

5.11 TIMESCALE FOR ACTION

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

6 FINANCIAL IMPLICATIONS

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

7 LEGAL IMPLICATIONS

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

8 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

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

9 RELEVANT RISKS

9.1 The relevant risks are set out in the report.

10 ENGAGEMENT/CONSULTATION

10.1 The Liverpool City Region Combined Authority's consultation on the four prioritised areas for negotiation with Government commenced on 21 September 2015 until 2 November 2015.

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

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

10.4 Targeted public engagement has taken place with thematic stakeholder groups including business representatives and key strategic Boards to inform the

scope of the City Region's proposals. Feedback was extremely helpful and those who engaged in the process were supportive of the approach being taken.

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

10.6 Of the responses received to the feedback facility referred to above, 41 responses were received and over 75% of those responses were supportive of devolution with recurring themes of:

- Improving transport infrastructure and public transport accessibility
- Accelerating housebuilding and physical regeneration
- Ensuring residents can develop skills needed by employers
- Reducing inequality across the City Region
- Capitalising on the value of the City Region's cultural sector
- Increasing local sovereignty and autonomy over funding

10.7 A small proportion of responses raised concerns about devolution with specific reference to the risk of:

- Increased shared services and reduction in public sector jobs
- Loss of local accountability
- Loss of identity of areas within the City Region

11 EQUALITY IMPLICATIONS

11.1 There are no direct equality implications associated with this report as it deals with the issue of devolution at a strategic level. Equality analysis will be undertaken in future as appropriate.

REPORT AUTHOR: Eric Robinson
Chief Executive

APPENDICES

Appendix 1: LCR Devolution Submission of 4 September 2015

REFERENCE MATERIAL

N/a

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	12 July 2013
Cabinet	8 August 2013
Cabinet and Council	19 September 2013
Cabinet and Council	10 March 2014



HM Treasury



LIVERPOOL
CITY REGION

LIVERPOOL CITY REGION DEVOLUTION AGREEMENT



HM Treasury



.....
The Rt Hon George Osborne
Chancellor of the Exchequer

.....
Councillor Phil Davies
Chair of the Liverpool City Region Combined
Authority and Leader of Wirral Metropolitan
Borough Council

.....
Lord Jim O'Neill
Commercial Secretary to the Treasury

.....
The Rt Hon Greg Clark
Secretary of State for Communities and Local
Government

.....
Councillor Rob Polhill
Leader of Halton Borough Council

.....
Councillor Andy Moorhead
Leader of Knowsley Metropolitan
Borough Council

.....
Joe Anderson
Mayor of Liverpool

.....
Councillor Ian Maher
Leader of Sefton Metropolitan Borough
Council

.....
Councillor Barrie Grunewald
Leader of St Helens Metropolitan
Borough Council

.....
Robert Hough
Chair of Liverpool City Region LEP

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Liverpool City Region Combined Authority Devolution Agreement

This document sets out the terms of a proposed agreement between the government and the leaders of the Liverpool City Region to devolve a range of powers and responsibilities to the Liverpool City Region Combined Authority and a new directly elected mayor for the city region. This Devolution Agreement marks the next step in a progressive process of devolution of funding, responsibilities and powers from central government to the Liverpool City Region. The Liverpool City Region will continue to have further devolution dialogue with the government in the future, including on health and social care integration.

The devolution proposal and all levels of funding are subject to the Spending Review and ratification from the Liverpool City Region individual local authorities. This agreement is subject to the enactment of the necessary legislation (The Cities and Local Government Devolution Bill and the Buses Bill), and to parliamentary approval of the secondary legislation implementing the provisions of this agreement.

Liverpool City Region has the opportunity, through devolution, to ensure it is at the heart of the Northern Powerhouse. With the River Mersey and the integrated cluster of logistics and expertise through Superport, The Liverpool City Region has unique economic assets that can help transform the Northern economy. In its growth plan, the City Region has a network key strategic sites to drive forward business growth and commercial investments including 3MG in Halton, Knowsley Industrial Park, Atlantic Park in Sefton, Parkside in St Helens, Wirral Waters and Stonebridge Cross in Liverpool. The City Region is also well positioned to be at the heart of an advanced manufacturing network across the North with the science and innovation strengths at Daresbury and Liverpool Knowledge Quarter and world class firms like Jaguar Land Rover, Getrag, Unilever, Pilkington's Ineos Chlor and Cammell Laird.

This document we have negotiated together provides for the transfer of significant powers for economic development, transport, housing and planning and employment and skills which will positively impact on the lives of all of our residents and businesses. Devolution must deliver opportunities for all of those residents and businesses, through creating more jobs, improving the skills and employment prospects of our residents and allow them a greater say over the future of their communities.

Summary of the proposed devolution deal agreed by the government and the Liverpool City Region Combined Authority.

A new, directly elected Liverpool City Region Mayor will act as Chair to the Liverpool City Region Combined Authority and will exercise the following powers and functions devolved from central government:

- Responsibility for a devolved and consolidated local transport budget, with a multi-year settlement to be agreed at the Spending Review.
- Responsibility for franchised bus services, which will support the Combined Authority's delivery of smart and integrated ticketing across the Combined Authority.
- Powers over strategic planning, including the responsibility to create a Single Statutory City Region Framework, a Mayoral Development Corporation and to develop with government a Land Commission and a Joint Assets Board for economic assets.

The Liverpool City Region Mayor will be required to consult Combined Authority Members on his/her strategies and spending plans, which the Combined Authority may reject if two-thirds of the constituent council members agree to do so.

The Liverpool City Region Combined Authority, working with the Liverpool City Region Mayor, will receive the following powers:

- Control of a £30 million a year funding allocation over 30 years, to be invested in the Liverpool City Region Single Investment Fund, to unlock the economic potential of the River Mersey and Superport as well as maximise the opportunities from HS2.
- Responsibility for chairing an area-based review of 16+ skills provision, the outcomes of which will be taken forward in line with the principles of the devolved arrangements, and devolved 19+ adult skills funding from 2018/19.
- Joint responsibility with the government to co-design employment support for the harder-to-help claimants.
- More effective joint working with UKTI to boost trade and investment, and responsibility to work with the government to develop and implement a devolved approach to the delivery of national business support programmes from 2017.
- Building on the success of International Festival for Business (IFB) 2014 and the proposals for IFB 2016, Liverpool City Region and the government, and in particular UKTI and the GREAT Britain campaign, will continue engagement to establish IFB Liverpool as a vital feature of the international business calendar in 2018 and 2020.

In addition:

- To support the development of the Liverpool City Region, the government will offer Liverpool City Region expert advice and support to ensure they are able to put forward a City Region led proposal to undertake a Science and Innovation audit.
- The Liverpool City Region will engage with the government to explore options around a sustainable and viable business model for National Museums Liverpool.
- The government will work with the Liverpool City Region Combined Authority to agree specific funding flexibilities after the Spending Review.

Further powers may be agreed over time and included in future legislation.

GOVERNANCE

1. Liverpool City Region has made significant steps to enhance its governance with the creation of the Combined Authority, backed by a vibrant Local Enterprise Partnership. The Combined Authority enables decisions on economic growth and development to be taken in an open and transparent way on behalf of the entire city region. In recognition of the success of the Combined Authority, this deal will strengthen it with further powers. There is no intention to take existing powers from local authorities without agreement. The agreement will protect the integrity of local authorities in the Liverpool City Region.
2. As part of this agreement, Liverpool City Region Combined Authority will build on this governance model by adopting a model of a directly elected city region Mayor over the Combined Authority's area with the first elections in May 2017.
3. The directly elected Mayor for Liverpool City Region Combined Authority (LCR) will autonomously exercise new powers. The LCR Mayor will chair the Liverpool City Region Combined Authority. All Leaders within the Combined Authority will have a clear portfolio of responsibilities and will act as a supporting and advisory function on their respective policy areas on behalf of the LCR Mayor and the Combined Authority. The LCR Mayor and the Liverpool City Region Combined Authority will be scrutinised and held to account by the Liverpool City Region Combined Authority Overview and Scrutiny committee(s). The LCR Mayor will also be required to consult the Combined Authority members on his/her strategies, which it may reject if two-thirds of the constituent council members agree to do so. The Combined Authority will also examine the LCR Mayor's spending plans and will be able to amend his/her plans, if two-thirds of the constituent council members agree to do so.
4. Proposals for decision by the Combined Authority may be put forward by the LCR Mayor or any Combined Authority Member. The LCR Mayor will have one vote as will other voting members. Any questions that are to be decided by the Combined Authority are to be decided by a majority of the members present and voting, subject to that majority including the vote of the LCR Mayor, unless otherwise set out in legislation, or specifically delegated through the Authority's Constitution.
5. The Liverpool City Region Mayor will also be a member of the Local Enterprise Partnership, alongside the other members of the Combined Authority, recognising the importance of the private sector in delivering Liverpool City Region's growth strategies.
6. Economic growth is a shared endeavour and is vital in delivering the Northern Powerhouse ambitions. The Mayoral Combined Authority will continue to work very closely with the government for the benefit of the public.
7. The Liverpool City Region Combined Authority and Local Enterprise Partnership will commit to work with partners across the North of England to promote opportunities for pan-Northern collaboration, including Transport for the North, to drive northern productivity and build the Northern Powerhouse, which will support growth across the city region.

SKILLS AND EMPLOYMENT

Skills (19+)

8. The government will enable local commissioning of outcomes to be achieved from the 19+ adult skills budget starting in academic year 2016/17; and will fully devolve budgets to the Liverpool City Region (LCR) Combined Authority from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships.
9. Devolution will proceed in three stages, across the next three academic years:
 - a. Starting now, the LCR Combined Authority will begin to prepare for local commissioning. It will develop a series of outcome agreements with providers about what should be delivered in return for allocations in the 2016/17 academic year. This will replace the current system of funding by qualifications as providers will receive their total 19+ skills funding as a single block allocation. This new arrangement will allow the LCR Combined Authority to agree with providers the mix and balance of provision that will be delivered in return for the block funding, and to define how success will be assessed.
 - b. For the 2017/18 academic year, and following the area review, government will work with the LCR Combined Authority to vary the block grant allocations made to providers, within an agreed framework
 - c. From 2018/19, there will be full devolution of funding. The LCR Combined Authority will be responsible for allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. The government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices. A funding formula for calculating the size of the grant to local / combined authorities will need to take into account a range of demographic, educational and labour market factors.
10. The readiness conditions for full devolution are that:
 - a. Parliament has legislated to enable transfer to local authorities of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances
 - b. Completion of the Area Review process leading to a sustainable provider base
 - c. After the Area Reviews are complete, agreed arrangements are in place between central government and the LCR Combined Authority to ensure that devolved funding decisions take account of the need to maintain a sustainable and financially viable 16+ provider base
 - d. Clear principles and arrangements have been agreed between central government and the LCR Combined Authority for sharing financial risk and managing failure of 16+ providers, reflecting the balance of devolved and

national interest and protecting the taxpayer from unnecessary expenditure and liabilities

- e. Learner protection and minimum standards arrangements are agreed
- f. Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs and maximises consistency and transparency.

Skills (16-18)

11. The government commits to an Area Based Review of post-16 education and training, currently expected to start in April 2016. The outcomes of the Area Based Review will be taken forward in line with the principles of the devolved arrangements. The review will be chaired by the Combined Authority and will include all post-16 education and training provision in the initial analysis phase. Recommendations will be focused on General FE and Sixth Form Colleges, however the Regional Schools Commissioner and the relevant local authorities will consider any specific issues arising from the reviews for school sixth form provision.
12. To ensure continued local collaboration following the Area Based Review, the Liverpool City Region Combined Authority will work in partnership with local colleges and providers to publish a local skills strategy. This will aim to help ensure that post-16 providers are delivering the skills that local employers require. It is expected that the Combined Authority will then collaborate with colleges and providers, with appropriate support from EFA, to work towards that plan.
13. Following the Area Based Review, the government would expect the Regional Schools Commissioner to continue to engage with the Liverpool City Region Combined Authority to ensure local links and working are maintained.
14. The government will work with Liverpool City Region Combined Authority to ensure that local priorities are fed into the provision of careers advice, through direct involvement and collaboration with the government in the design of local careers and enterprise provision for all ages, including collaboration on the work of the Careers and Enterprise Company and the National Careers Service.
15. Liverpool City Region and the government will collaborate to maximise the opportunities presented by the introduction of the apprenticeship reforms (including the levy) and to work together on promoting the benefits of apprenticeships to employers.
16. Liverpool City Region will work with the government to explore ways of continuing to improve standards of education and skills and vocational training across the City Region. The Liverpool City Region Combined Authority will continue to create their own strategies on vocational education and training, to be shared in due course to the government for further discussion.

Employment

17. Liverpool City Region Combined Authority will work with DWP to co-design the future employment support, from April 2017, for harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice.
18. The respective roles of DWP and Liverpool City Region Combined Authority in the co-design will include:
 - a. DWP sets the funding envelope, Liverpool City Region Combined Authority can top up if they wish to, but are not required to.
 - b. Liverpool City Region Combined Authority will set out how they will join up local public services in order to improve outcomes for this group, particularly how they will work with the Clinical Commissioning Groups/third sector and NHS England / the Work and Health Unit nationally to enable timely health-based support.
 - c. DWP set the high-level performance framework and will ensure the support appropriately reflects labour market issues. The primary outcomes will be to reduce unemployment and move people into sustained employment. Liverpool City Region Combined Authority will have some flexibility to determine specific local outcomes that reflect local labour market priorities, these outcomes should be complementary to the ultimate employment outcome (for example in-work wage progression). In determining the local outcome(s) Liverpool City Region Combined Authority should work with DWP to take account of the labour market evidence base and articulate how the additional outcome(s) will fit within the wider strategic and economic context and deliver value for money.
 - d. Before delivery commences, DWP and Liverpool City Region Combined Authority will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support, including a mechanism by which each party can raise and resolve any concern that arise.
19. In addition, in the event employment support for this group is delivered through a contracted-out programme, Liverpool City Region Combined Authority will co-commission the programme with DWP. The respective roles of DWP and Liverpool City Region Combined Authority will include:
 - a. DWP sets the contracting arrangements, including contract package areas, but should consider any proposals from Liverpool City Region Combined Authority on contract package area geography.
 - b. Liverpool City Region Combined Authority will be involved in tender evaluation.
 - c. Providers will be solely accountable to DWP, but DWP and Liverpool City Region Combined Authority's above-mentioned agreement will include a mechanism by which Liverpool City Region Combined Authority can escalate to DWP any concerns about provider performance/breaching local agreements and require DWP to take formal contract action where appropriate.

20. In the event that alternative delivery mechanisms are put in place, comparable arrangements will be put in place.
21. Liverpool City Region will work with DWP to develop a business case for an innovative pilot to support those who are hardest to help, taking a household approach. The business case should set out the evidence to support the proposed pilot, cost and benefits and robust evaluation plans, to enable the proposal to be considered for funding at a later date, subject to Ministerial approval.

HOUSING AND PLANNING

22. The Liverpool City Region Mayor will exercise strategic planning powers to help accelerate economic growth and new housing development throughout the City Region. This will include:
 - a. Development of a Single Statutory City Region Framework supporting the delivery of strategic employment and housing sites throughout the City Region. Such a Framework would require approval by a unanimous vote of members appointed to the Combined Authority by the constituent councils. This approach must not delay the development of local plans - Local Authorities within the City Region commit to delivering local plans by early 2017, pooling resources across the city region as necessary to do so. These will support development of the single City Region Framework.
 - b. The power to be consulted on and/or call-in planning applications of strategic importance to the City Region, subject to the consent of the relevant Combined Authority Member for the individual authority area.
 - c. As a step towards a Statutory Framework, the City Region will commit to the identification of key economic sites for Housing and for Employment, at the City Region level, by 2017 to support a Mayoral Development Corporation approach. The City Region will also create a brownfield register to support this work. This will support the delivery of new housing and employment growth ahead of any Statutory Plan being produced.
 - d. The creation of a Mayoral Development Corporation, which will support the delivery of key sites through Mayoral Development Zones in the Liverpool City Region. This will include the ability to undertake Compulsory Purchase Orders to aid scheme delivery. These powers will be exercised with the consent of the Authority in which the powers are being used.
 - e. The government and the City Region will develop a Land Commission (including a Joint Assets Board for economic assets formerly held by the Regional Development Agency, with the Joint Asset Board's terms of reference being jointly agreed, as far as consistent with government priorities on public sector land and receipts targets) to support the better coordination and release of public asset disposals. This will include representation from senior government officials from relevant Departments and Non-Departmental Public Bodies. The joint approach will aim to increase the availability of sites for economic growth, housing, and improved communities.

- f. Liverpool City Region and the government will continue to discuss the devolution of housing loan funds and the city regions future housing ambitions.

TRANSPORT

23. A new, directly elected Liverpool City Region Mayor will exercise the following powers and functions devolved from central government:

- a. Responsibility for a devolved and consolidated local transport budget, including all relevant devolved highways funding, with a multi-year settlement to be agreed at the Spending Review;
- b. The ability to franchise bus services in the city region, subject to necessary legislation and local consultation. This will be enabled through a specific Buses Bill, to be introduced during the first Parliamentary session, which will provide for the necessary functions to be devolved. This will support the Combined Authority's ambitions in delivering its Bus Strategy and in enhancing the local bus offer. This includes the delivery of smart and integrated ticketing, working as part of Transport for the North on their plans for smart ticketing across the North.
- c. A Key Route Network of local roads which will be managed and maintained by the Combined Authority on behalf of the LCR Mayor, from May 2017. This will be achieved through a single asset management plan, working towards streamlined contractual and delivery arrangements across the city region.

24. In addition and as part of the deal:

- a. Through the Spending Review, the government will establish a long term Special Rail Grant Settlement for the Merseyrail network. This increased funding certainty will allow Merseytravel to separately progress the locally-funded procurement of new trains for the Merseyrail network. This will replace the Merseyrail Electrics rolling stock with newer, faster trains and more capacity.
- b. The Liverpool City Region will bring forward alternative proposals for, in the first instance, the management of rail stations on the Merseyrail Electrics network and, subsequently, all stations in the Liverpool City Region. Potentially this may extend, in the longer-term, to wider rail infrastructure assets in the city region. If any of these proposals would lead to the transfer of any rail station or infrastructure assets to the Combined Authority, the Combined Authority with Rail North, will be obliged to bring forward a business case for consideration by the government.
- c. The Department for Transport will continue to work with the Liverpool City Region in the review of the tolls on the Mersey Tunnels being undertaken by the Combined Authority, which considers the options open to the Authority to reduce the cost of tunnel tolls and its impact on infrastructure and the ability to accelerate economic growth.

- d. The government recognises and supports the Liverpool City Region's crucial role in delivering the Northern Powerhouse and associated Transport for the North work-streams. Through this formal partnership, the city region will present to government details of transformational schemes, including significantly improving the capacity of Liverpool Lime Street and associated redevelopment of the station and its surroundings to serve as a major transport hub to support the TransNorth rail enhancement programme, as well as options for strategic road investment and plans for smart ticketing across the North of England.

INNOVATION

25. The government supports the vision for innovation set out in the Liverpool City Region Local Enterprise Partnerships' Innovation Plan and recognises the importance of the delivery of this vision for the City region's future economic growth.
26. To support this, the government will offer Liverpool City Region a dedicated Smart Specialisation Advisory Hub workshop in Liverpool, offering expert advice and support to ensure that they are actively engaged in the forthcoming Science and Innovation audit process.
27. The Liverpool City Region's ambition is to work with others in the North West, to be at the heart of a collaboration of sufficient scale and ambition to develop internationally significant excellence and capacity, able to compete globally.
28. Through this process, the Liverpool City Region will aim to establish a robust case that ensures its innovation assets are recognised in UK context and beyond.

BUSINESS GROWTH AND SUPPORT

29. The government will take steps to devolve control and responsibility for business support to Liverpool City Region to enable it to provide a fully integrated service to its local businesses.
30. Working within the scope of existing contracts, the government will work with Liverpool City Region to align the Business Growth Service with local business support through Liverpool City Region's Growth Hub. This will include co-location of services, joint referrals, marketing and evaluation.
31. The government will work with the Liverpool City Region to develop and implement a devolved approach to the delivery of business support from April 2017 onwards, subject to the outcomes of the Spending Review.
32. The Liverpool City Region may receive additional Enterprise Zones, subject to the current bidding round for further Enterprise Zones.
33. The government will ring-fence trade services resource within Liverpool City Region and explore options for potentially integrating it with the Liverpool City Region Growth Hub to form a single trade service for businesses. Liverpool City Region and UKTI will agree an export plan for the City Region with a dual key approach to activities and reporting on outputs and outcomes. Ring fenced resource remains subject to departmental budget changes.

34. Building on the success of International Festival for Business (IFB) 2014 and the proposals for IFB 2016, Liverpool City Region and the government, and in particular UKTI and the GREAT Britain campaign, will continue engagement to establish IFB Liverpool as a vital feature of the international business calendar in 2018 and 2020.
35. The government and the Combined Authority will work together on the delivery of inward investment into the region. UKTI will agree joint objectives for a strengthened locally-delivered service to attract inward investment and will participate in a quarterly board to track progress. The government will consider the case for creating a Northern Powerhouse hub for foreign investment in discussion with key partners in the region. This approach will be focused on maximising high-level jobs and long-term economic impact.
36. HMRC, as the UK customs authority, is committed to supporting economic growth through the provision of efficient, simple and transparent customs facilitations and procedures to existing and new customers. HMRC commits to extending its existing policy of custom warehousing and other reliefs to any goods that are imported and then manufactured and/or assembled in Liverpool City Region before export subject to the applicants meeting the necessary conditions outlined in the various customs notices. To deliver this, HMRC will agree to consider approving reliefs such as custom warehouses on this basis as and when businesses operating in the city region apply for this facility.

ENERGY AND ENVIRONMENT

37. The River Mersey has undergone the greatest clean-up of any river in Europe over the last thirty years. Through the commitment of local stakeholders, the transformation in environmental performance has been internationally recognised and this means the river is once again a great asset for tourism and trade. To further develop this key asset, Liverpool City Region will commit to the cleanest river standard by 2030 and commit to a discharge free Mersey by 2040.
38. A next step in the river's recent evolution could be to harness its huge tidal range to produce power for the City Region's businesses and citizens. Technology is in development that could deploy a large tidal energy system into the river that could have the potential to produce significant volumes of clean and predictable energy well into the next century.
39. The Liverpool City Region estuary has one of the largest tidal ranges in the UK and the Liverpool City Region considers it to be one of the best locations in the UK for a tidal power scheme. The government recognises that the River Mersey and Liverpool Bay area is a key asset that has the potential to drive growth within the Northern Powerhouse and the government commits to supporting Liverpool City Region by providing guidance to support Liverpool City Region's development of a cost-effective tidal power scheme proposal for the River Mersey or Liverpool Bay that could generate low carbon energy for businesses and consumers.
40. Once an economic and environmental case is made, the government will consider the Liverpool City Region scheme on its merits. Liverpool City Region will continue to explore options to make the development more cost effective and deliverable,

principally through expedited planning processes and direct local use of the power generated.

41. DECC and Ofgem commit to explore further Liverpool City Region's proposals on how innovation and collaboration can enable a more coordinated approach to network investment in order to meet growing network demands. To deliver this, Ofgem commit to considering proposals put forward by the Liverpool City Region and the DNO as part of the 'Quicker and More Efficient Connections' project.
42. DECC commits to work with Liverpool City Region on the design of future home energy efficiency programmes, including ways to make delivery mechanisms more efficient and effective.

CULTURE

43. Recognising Liverpool City Region's plans to place Culture and Creativity at the heart of its strategy to accelerate economic growth, improve skills and further develop its distinctive visitor offer, the government will work with Liverpool City Region to support a place-based strategy and the city region's plans for a Local Cultural Partnership (LCP).
44. The Liverpool City Region will engage with the government to explore options around a sustainable and viable business model for National Museums Liverpool by the end of this financial year. This will ensure that National Museums Liverpool continues to make a strong and sustainable contribution to the city region's cultural infrastructure and visitor economy offer. Any future National Museums Liverpool change of business model will remain subject to Ministerial approval.
45. The government notes that Liverpool city region will work to realise Liverpool's ambition to develop a *National Migration Museum* to reflect its international heritage and contemporary future.
46. Being a European Capital of Culture or a UK City of Culture is transformational. Recognising Liverpool's status as the UK's European Capital of Culture 2008 and the work undertaken to harness that legacy, the government welcomes Liverpool's move to develop this legacy further and share its learning.

FISCAL

47. Liverpool City Region will create a Single Investment Fund (SIF) that draws together city region and agreed national funding streams to deliver an ambitious investment programme across the city region to unlock the economic potential of the River Mersey and Superport as well as maximise the opportunities from HS2. Liverpool City Region commits to capitalising the SIF and prioritising investment based on economic impact. To support this investment approach, the government agrees to allocate an additional £30m per annum of funding for 30 years (75% capital and 25% revenue), which will form part of and capitalise the Liverpool City Region Combined Authority single pot. The fund will be subject to 5-yearly gateway assessments.

48. The government will work with the Liverpool City Region Combined Authority to agree specific funding flexibilities. The joint ambition will be to give Liverpool City Region Combined Authority a single pot to invest in its economic growth. This pot will comprise a flexible, multi-year settlement providing the freedom to deliver its growth priorities, including the ability to re-direct funding to reflect changing priorities, whilst upholding their statutory duties. This local freedom will be over a range of budgets to be determined by Liverpool City Region Combined Authority and the government after the Spending Review, including as requested the Regional Growth Fund or its equivalent successor. The Combined Authority will have the flexibility to secure substantial private and public sector leverage. The Combined Authority will also be able to use capital receipts from asset sales as revenue funding for public service transformational initiatives. The government expects to disburse this agreed settlement to the Liverpool City Region annually in advance.
49. The Cities and Local Government Devolution Bill currently in Parliament makes provision which will govern prudential borrowing for Combined Authorities. Following Royal Assent, the government will work with the Combined Authority to determine how these powers could apply within a framework of fiscal responsibility and accountability to the Combined Authority and local authorities.
50. Given the recently announced business rate reforms announced by the Chancellor, the government commits to discuss the business rates appeals system and general appeals process with the Liverpool City Region to help ensure the Liverpool City Region is prepared for ongoing developments within the Business Rates system. Liverpool City Region will continue to discuss with the government the proposed business rate reforms and how it will affect the city region.
51. The government will give the Liverpool City Region Mayor the power to place a supplement on business rates to fund infrastructure, with the agreement of the local business community through the local enterprise partnership, up to a cap.

EUROPEAN FUNDING

52. European Funds have played a significant role in the economic development and growth of Liverpool City Region over the last twenty years. Through devolution, the City Region is seeking greater influence and decision making in respect of the €220.9m 2014-2020 European Regional Development Funds (ERDF) and European Social Funds (ESF) in Liverpool City Region. This will allow the City Region to integrate and align investments with other aspects of the devolution deal and local economic priorities, to improve performance and maximise economic impact.
53. In order to deliver these objectives, Liverpool City Region is seeking Intermediate Body status for ERDF and ESF funding by April 2016 or as soon as possible thereafter. This would give the City Region powers to select ERDF and ESF projects on the basis of strategic fit with Operational Programmes and local conditions.
54. The Department for Communities and Local Government and the Department for Work and Pensions, the Managing Authorities for ERDF and ESF respectively, will retain the responsibility to make sure that proposals comply with European Union Regulations. Both Managing Authorities will therefore retain responsibility for

project selection in relation to eligibility checks as well as all other Managing Authority functions.

55. It is envisaged that the Liverpool City Region Combined Authority will act as the Intermediate Body. The agreement between each Managing Authority and the Intermediate Body will be set out in writing. Each written agreement will contain details of delegated responsibilities and accountabilities, performance arrangements, resources, their funding and payment arrangements and other relevant details.

UNDER THIS GEOGRAPHY:

56. The Mayor for the Liverpool City Region will be elected by the local government electors for the areas of the constituent councils of the Liverpool City Region Combined Authority. The LCR Mayor and Liverpool City Region Combined Authority will exercise the powers and responsibilities described in this document in relation to its area, i.e. the area of the constituent councils of the Liverpool City Region Combined Authority.
57. Additional funding or budgets that are devolved as a result of this agreement will go to the Liverpool City Region Combined Authority, to be exercised by the LCR Mayor or Combined Authority as set out in this document.
58. The Liverpool City Region Combined Authority must exercise functions in relation to its geographical area.
59. Under the LCR Mayor model, it is not expected that the role of the LEP or private sector be lessened.

LIVERPOOL CITY REGION COMBINED AUTHORITY COMMITMENTS

60. The Liverpool City Region Combined Authority is accountable to local people for the successful implementation of the devolution deal; consequently, the government expects Liverpool City Region to monitor and evaluate their deal in order to demonstrate and report on progress. The Cities and Local Growth Unit will work with the Liverpool City Region to agree a monitoring and evaluation framework that meets local needs and helps to support future learning.
61. The Liverpool City Region will be required to evaluate the additional £30m per annum of funding for 30 years, which will form part of and capitalise the Liverpool City Region Combined Authority single pot. The £30m per annum fund will be subject to:
- a. Gateway assessments for the £30m per annum scheme. Liverpool City Region and HM Treasury will jointly commission an independent assessment of the economic benefits and economic impact of the investments made under the scheme, including whether the projects have been delivered on time and to budget. This assessment will be funded by Liverpool City Region, but agreed at the outset with HM Treasury, and will take place every five years. The next five year tranche of funding will be unlocked if HM Treasury is satisfied that the independent assessment shows the investment to have met the objectives and contributed to national growth;

- b. The gateway assessment should be consistent with the HM Treasury Green Book, which sets out the framework for evaluation of all policies and programmes, and where relevant with the more detailed transport cost-benefit analysis guidance issued by the Department for Transport (DfT). The assessment should also take into account the latest developments in economic evaluation methodology; and
 - c. The government would expect the assessment to show the activity funded through the scheme represents better value for money than comparable projects, defined in terms of a Benefit to Cost ratio.
62. Liverpool City Region Combined Authority will work with the government to develop a full implementation plan, covering each policy agreed in this deal, to be completed ahead of implementation. This plan will include the timing and proposed approach for monitoring and evaluation of each policy and should be approved by the DCLG Accounting Officer.
63. The Liverpool City Region Combined Authority will continue to set out their proposals to the government for how local resources and funding will be pooled across the city region.
64. The Liverpool City Region Combined Authority will agree overall borrowing limits and capitalisation limits with the government and have formal agreement to engage on forecasting. Liverpool City Region Combined Authority will also provide information, explanation and assistance to the Office for Budget Responsibility where such information would assist in meeting their duty to produce economic and fiscal forecasts for the UK economy.
65. The Liverpool City Region Combined Authority will agree a process to manage local financial risk relevant to these proposals and will jointly develop written agreements with the government on every devolved power or fund to agree accountability between local and national bodies on the basis of the principles set out in this document.
66. The Liverpool City Region Combined Authority will continue to progress programmes of transformation amongst authorities to streamline back office functions and share more services and data, including on assets and property.
67. The Liverpool City Region Combined Authority will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.

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Table 1: Powers to be conferred on the Liverpool City Region Combined Authority and Liverpool City Region Mayor

FUNCTION	RATIONALE
Skills and Employment	
<p>Local commissioning of 19+ adult skills budget starting in academic year 2016/17 and fully devolve budgets to the Liverpool City Region Combined Authority from academic year 2018/19.</p> <p><i>Specific powers/ scheme reference: Sections 1.4 and 1.6</i></p>	<p>The Combined Authority would have the ability to reshape and restructure skills provision across the City Region, aligning post 19 provision with locally determined priorities to ensure residents have the skills to help businesses to grow. These functions would enable the Combined Authority to inform the right balance and mix of provision, including greater specialisation where needed and support a more highly skilled and appropriately qualified workforce to meet employer demand. The Combined Authority would more effectively deliver both the generic and sector specific Skills for Growth priorities to meet future needs of the economy via a more targeted allocation of the post 19 Adult Education Budget. This would:</p> <ul style="list-style-type: none"> • deliver improvements to the curriculum offer of general and specialist provision in terms of availability, access and quality and improve the relevance of post-19 education and training to learners and employers; • better target provision to what is being specified by employers and enable skills gaps to be addressed; • help tackle specific challenges in literacy, numeracy and digital skills; • increase the pace and responsiveness of the skills system to meet employer demand; • support the narrowing of the City Region’s historic attainment gaps for disadvantaged young people; • address the fitness for purpose of the FE college estate; and • allow for information sharing to take place and the Combined Authority be able to require governing bodies to publish certain information.
<p>Area Based Review of post-16 education and training.</p> <p>No specific powers required</p>	<p>The Combined Authority will chair an Area Based Review of post-16 education and training. This will consider options and make recommendations for infrastructure changes to post 16 provision in Further Education Colleges, Sixth Form Colleges and other providers agreed as in scope. Following this, the Combined Authority will work in partnership with businesses, local colleges and providers to publish a local Skills Strategy: this will build on the Combined Authority’s existing Skills for Growth work.</p>

<p>Local priorities fed into the provision of careers advice, through direct involvement and collaboration with the government in the design of local careers and enterprise provision for all ages.</p> <p><i>Specific powers/ scheme reference: Section 1.2</i></p>	<p>Support for all age careers provision is currently disjointed, ineffective and inefficient. The Combined Authority will set up a Careers Hub to co-ordinate the multiple initiatives on careers education and information advice and guidance would ensure that careers advice for all ages is employer-led, integrated and meets local needs. This will:</p> <ul style="list-style-type: none"> • Improve the quality and availability of careers education and advice within the City Region; • Contribute to the narrowing of the skills gap by being clearer with young people as to the needs of employers and providing support for them to access opportunities; • Improve the consistency of careers education and advice by having a focused Careers Hub which will hold all relevant materials; • Improve the efficiency of careers education and advice provision by taking a more strategic and integrated approach to planning support; and • Engage more businesses in careers education and advice services and thus improve the relevance of the support on offer.
<p>Maximise opportunities presented by the introduction of the apprenticeship reforms (including the levy) and promote the benefits of apprenticeships to employers.</p> <p><i>Specific powers/ scheme reference: Sections 1.3 - 1.5</i></p>	<p>The promotion of apprenticeship opportunities will increase the take up of apprenticeships by learners and secure more apprenticeship places with employers, particularly SMEs. It will maximise local usage of the apprenticeship levy by employers. Targeted promotion will include a focus on apprenticeship frameworks and standards to support new growth opportunities, resulting in an increased breadth of opportunities. This would increase both the quality and level of apprenticeships on offer through a greater and consistent focus from employers and the Combined Authority. Employers would be better informed on the new apprenticeship standards and support mechanisms will be put in place (through the Apprenticeship Hub) to help them to engage with apprenticeship employer routed funding. This would lead to be a more responsive and resilient provider base, who are better able to provide the supporting that businesses require.</p>

<p>Work with DWP to co-design the future employment support, from April 2017, for harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice.</p> <p>Specific powers/ scheme reference: Section 1.1</p>	<p>The Liverpool City Region continues to suffer from high levels of long term unemployment and large numbers of residents access sickness benefits. Locally designed programmes and support have had some positive impact and these have tended to be flexible, rooted in local communities and linked to job opportunities. The Combined Authority will work with Government to co-design and co-commission future employment support for harder to help residents to ensure support meets their needs and is connected back into local communities. Local public services will be joined up to improve outcomes, through greater integration with other public services (such as health and housing), and local involvement in design will improve performance.</p>
<p>Work with DWP to develop a business case for an innovative pilot to support those who are hardest to help, taking a household approach.</p> <p>Specific powers/ scheme reference: Section 1.1</p>	<p>The City Region recognises the importance of working with and better understanding household poverty and unemployment. Local insight shows that many residents are trapped in a low pay, no pay cycle and analysis shows there are at least 40,000 low income households with children. To address this, there is a need to work with whole households to improve the retention and progression of residents in work, reduce the number of Universal Credit claimants and support private sector economic growth and productivity. The City Region will work with DWP to develop a business case for an innovative pilot to take a household approach leading to:</p> <ul style="list-style-type: none"> • A reduction in out of work benefit claimants through the provision of more effective and locally integrated back to work services; • Making the best use of public funding by aligning national and local responsibilities and priorities through joint working with contractors, councils, health, housing and other local partners; • Greater leverage over those providers delivering back to work services through the Combined Authority's ongoing involvement in the performance management of this provision;

	<ul style="list-style-type: none"> • A more efficient and simplified delivery landscape and clear responsibilities for delivery; • Residents accessing employability services at the right time to support them back into work, reducing duplication and maximising value for money; • Improved engagement of health, housing and other local partners leading to improved understanding of back to work services, shared outcomes and a greater opportunity to seek additional investments; and • It would allow for information sharing to take place.
Housing and Planning	
<p>Development of a Single Statutory City Region Framework to support the delivery of strategic employment and housing sites.</p> <p><i>Specific powers/ scheme reference: Sections 2.1 - 2.3</i></p>	<p>In order to ensure that development, including employment and housing proposals, are in the right location for the Liverpool City Region to support its wider aspirations, a Liverpool City Region Statutory Spatial Framework will be adopted. This will provide a strategic overview for development and will be supported by the Local Plans of the six local authorities. This Framework will ensure that development maximises its contribution to creating economic growth in the City region, particularly by:</p> <ul style="list-style-type: none"> • ensuring that employment land need and demand is met in a sustainable way; • ensuring that housing need and demand is met in a sustainable way by improving both supply and quality of housing; • ensuring that all development contributes to the sustainability agenda; and • supporting other elements of the devolution agenda, such as public sector reform, including reducing the financial burden on health and welfare budgets. <p>As part of the development of the Statutory Spatial Framework, the Liverpool City Region is developing and will adopt a City Region wide "Duty to Co-operate" Protocol. This document will set out how the six local authorities within the Liverpool City Region will work together as well as how they will work with other neighbouring authorities and partner organisations on planning issues. This will provide a strategic City Region wide approach ensuring that there is a Combined Authority consistency to our work.</p>

<p>Power to be consulted on and/or call-in planning applications of strategic importance.</p> <p><i>Specific powers/ scheme reference: Section 2.4</i></p>	<p>To provide the City Region Mayor with powers to support appropriate development and ensure that there is a strategic overview of major development proposals that are City Region significant or are contrary to the adopted Liverpool City Region Statutory Plan, the Mayor will have the powers of referral and Call-in. This will ensure that the Mayor will have oversight of those development proposals (which go through the local planning system) and that they accord with the growth goals of the City Region and the Mayor's Statutory Spatial Framework. These Call-in powers will be exercised with the agreement of the respective local authorities.</p>
<p>Identification of key economic sites to support the Mayoral Development Corporation approach.</p> <p><i>Specific powers/ scheme reference: Section 2.5</i></p>	<p>The power to create a Mayoral Development Corporation to support the delivery of the City Region's key sites through Mayoral Development Zones will further strengthen accountability, transparency and capacity for maximising the potential of the range of additional powers and functions from government at a City Region level.</p>
<p>The ability to undertake Compulsory Purchase Orders.</p> <p><i>Specific powers/ scheme reference: Section 2.6 and 2.7</i></p>	<p>Compulsory Purchase Order powers, to acquire land by agreement to build the houses, commercial space and infrastructure that is needed in the Liverpool City Region to ensure its future growth and to allow its further development and regeneration, will need to be a function of the Liverpool City Region Combined Authority and elected Mayor to make the most impact. If developments of City Region significance are to be taken forward at pace and with certainty and if Mayoral Development Zones are to be effective, it is important that the Liverpool City Region Combined Authority and Mayor has the power to make decisions and control processes around CPOs rather than decisions being taken and processes handled by individual local authorities. The Liverpool City Region Combined Authority and Mayor, however, will not be able to exercise any of their compulsory purchase powers without the consent of the constituent local authorities.</p>

<p>Develop a Land Commission.</p> <p><i>Specific powers/ scheme reference: Section 2.8</i></p>	<p>The power of Liverpool City Region Combined Authority to jointly (with central government and other public sector partners) develop a Land Commission will support the coordinated use of public land. This power acknowledges the comparatively high percentage of public land /assets in the Liverpool City region. These land assets provide an opportunity to further stimulate economic growth and housing in line with the Statutory Spatial Framework. A Land Commission will increase the availability of sites for economic growth, housing and improved communities and give Liverpool City Region the tools and powers to be able to direct and allocate those resources more effectively against local objectives as well as meet government priorities for public sector land disposal and receipts.</p>
Transport and Highways	
<p>Devolved and consolidated local transport budget, including all relevant highways funding.</p> <p><i>Specific powers/ scheme reference: Section 3.1</i></p>	<p>The creation of a single budget for transport will bring greater co-ordination and ensure increased value for money from funds that have previously been delivered through numerous, small-scale initiatives. It will strengthen the Mayoral Combined Authority's ability to plan and deliver transport interventions over the next five years and ensure that transport spend is fully aligned with the City Region's wider economic development and investment requirements. It will provide greater long term certainty and allow the City Region to allocate funds in a more strategic way over successive financial years. The creation of the consolidated budget allows the City Region to match this with other funding sources, providing greater scope for leverage and enhanced delivery. Over time, the budget could be expanded to accommodate further devolved funding, giving the Mayoral Combined Authority greater flexibility and freedoms.</p>
<p>Ability to franchise bus services, subject to legislation and local consultation.</p> <p><i>Specific powers/ scheme reference: Section 3.2</i></p>	<p>The bus network has not experienced growth and usage has declined over many years. It has not been responsive to changes in employment or housing areas and is complex to use, with different operators, different standards, different tickets and different fare structures. The complex governance and disconnect that currently exists between highway powers, land use planning powers and powers over bus policy and bus-related investment have not aided an integrated approach to the delivery of enhanced bus services. Governance and decision-making locally will be strengthened as a result of the wider, multi-modal powers that the Mayoral Combined Authority model is seeking to assume.</p>

	<p>A strong partnership approach is proposed to deliver the Liverpool City Region’s Bus Strategy to enhance the local bus offer and achieve 10% growth in bus patronage by March 2017. This includes the delivery of smart and integrated ticketing, working as part of Transport for the North on their plans for smart ticketing across the North. The City Region’s devolution agreement provides powers to introduce bus franchising, should a local assessment result in a recommendation to do so. This will be enabled through the emerging Buses Bill and an assessment of franchising, alongside other models of delivery of bus services (e.g. enhanced partnership powers), will be required. The existence of ‘enabling’ powers to potentially introduce franchising provides a core component of the Mayoral Combined Authority’s multi modal transport remit.</p>
<p>A Key Route Network of roads.</p> <p><i>Specific powers/ scheme reference: Section 3.3</i></p>	<p>Responsibilities for strategic transport issues have long been fragmented across the Liverpool City Region. The creation of the Combined Authority in April 2014 brought the strategic transport powers of Merseyside and Halton into a City Region-wide body for the first time. However, local highway powers and responsibilities sit with the constituent local authorities, and are separated from wider transport policy and funding responsibilities that sit with the Authority. The City Region’s devolution agreement has addressed these complex arrangements by giving the new Mayoral Combined Authority model widened powers over a defined Key Route Network of local roads. This network would be managed and maintained by the Combined Authority on behalf the City Region Mayor from May 2017, and supported by a single asset management plan, working towards streamlined contractual and delivery arrangements across the City Region.</p> <p>The City Region will work with government to establish appropriate local traffic and highway powers which would be conferred on to the Mayor as part of the Key Route Network. This approach would benefit all road users by strengthening the City Region’s ability to govern, develop, manage and maintain a highway network that is safer, has more reliable journey times, smoother traffic flows, better ride comfort and lower levels of congestion. This would lead to a more efficient and consistent approach to delivery across the City Region, which may include elements such as greater consistency of lighting standards, maintenance regimes, winter maintenance, cleansing, road works and other duties.</p>

	<p>It would allow the City Region to fully align decisions around the highway network with the needs of all users of the highway and lead to more consistent approach to delivery across the city region. The model also provides a means to better integrate land use planning and transport decision-making at a strategic level and linked to the City Region's land use planning framework powers set out in the devolution deal, for example, by aligning investment on the highway network with areas of planned economic or housing growth. This will also aid the Mayoral Combined Authority's multi-modal remit, building on the strong and highly effective ways of working enjoyed by Transport for London.</p>
<p>A long term Special Rail Grant Settlement for the Merseyrail network.</p> <p><i>Specific powers/ scheme reference: Section 3.4</i></p>	<p>The Merseyrail rolling stock is the oldest in the UK and is becoming life expired. Capacity is a major problem on many services and new stock, with additional capacity, is needed to ensure that the network is able to cater for continued growth in the City Region. Securing long-term revenue funding through the devolution deal will allow Merseytravel to progress the locally funded procurement of new trains to allow this necessary investment to take place. This will support continued growth in the use of local rail, to provide access to key employment, retail, leisure, educational and housing sites, and to ensure that the success and attractiveness of the Liverpool City Region is not harmed by rising congestion, and worsening environmental conditions.</p>
<p>Proposals for the local management of rail stations.</p> <p><i>Specific powers/ scheme reference: Section 3.5</i></p>	<p>In the first instance, the devolved control of rail stations would focus on the Merseyrail Electrics network. Subsequently, this would be expanded to all stations in the Liverpool City Region and could, potentially, be extended to wider rail infrastructure assets. It will enable the Mayoral Combined Authority to make decisions in the long term interest of stations, users and the local community. This will improve the efficiency and effectiveness of rail station management, by simplifying the management of assets and responsibilities and creating an operating model for stations with the potential for enhanced scope in future. It seeks to create a better passenger experience, with an improved and more consistent passenger experience throughout the City Region rail network, and better integration between rail and other transport networks.</p> <p>Localised control of planning and investment will also increase local influence in the rail decision making process. It will improve the integration and coordination of rail planning and city region spatial planning, including better utilisation of station land and surrounds. This will promote growth and economic development, lead to higher</p>

	<p>patronage throughout the City Region rail and wider public transport network, and stimulate local regeneration at and around rail stations. It will secure better value for money for the local portfolio of City Region stations, and longer term investment and more certainty.</p>
<p>Review the tolls on the Mersey Tunnels.</p> <p><i>Specific powers/ scheme reference: Section 3.6</i></p>	<p>The City Region's two Mersey Tunnels (Queensway and Kingsway) were planned and constructed as locally-promoted schemes and are now the responsibility of the Combined Authority. They are tolled crossings as they do not form part of the national road network. The tolling mechanism is governed by the Mersey Tunnels Act 2004, parts of which are considered out-dated and inflexible, and through the Combined Authority and directly elected Mayor there is the opportunity to review the legislation to give the Liverpool City Region direct influence over tolls and the management of the tunnels. For example, this could include offering discounts for new entrants into the job market, off peak discounts and variable tolls based on the environmental credentials of vehicles. The review will also consider options to reduce the cost of tunnel tolls and review impacts on infrastructure and the ability to accelerate economic growth.</p>
<p>Explore ways to implement Clean Air Zones to help achieve Air Quality Plan objectives at both the national and local level.</p> <p><i>Specific powers/ scheme reference: Section 3.5</i></p>	<p>Poor air quality across the Liverpool City Region is predominantly caused by transport emissions and several Air Quality Management Areas have been declared as a result. The exploration of Clean Air Zones, as a means of helping to reduce emissions, will help the City Region to achieve Air Quality Plan objectives at both the national and local level, which in turn will impact on public health and wellbeing and improve the economic attractiveness of the Liverpool City Region. This also reduces the financial risk of fines being levied locally in the event that targets are not met.</p>

Business support	
<p>Develop and implement a devolved approach to business support and deliver more integrated working in investment and trade</p> <p>No specific powers required</p>	<p>The City Region has significant challenges to address in terms of low levels of entrepreneurship and business density. A simplified and rationalised business support system which is locally delivered and demand led will help the city region improve business growth and performance and contribute to the government objectives to rebalancing the economy and improving productivity. The business support landscape must be simplified for businesses and rationalised to ensure that resources are focused on providing the support services which businesses need to establish and grow. National programmes need to reflect local business needs and be delivery at the local level to maximise take-up of those services.</p>
Energy	
<p>Development of a tidal power scheme proposal for the River Mersey.</p> <p>Specific powers/ scheme reference: Section 4.1</p>	<p>The Liverpool City Region estuary has one of the largest tidal ranges in the UK and is considered as one of the best locations in the UK for a tidal power scheme. The River Mersey and Liverpool Bay area is a key asset that has the potential to drive growth within the Northern Powerhouse and the government has committed to supporting Liverpool City Region by providing guidance to support Liverpool City Region’s development of a cost-effective tidal power scheme proposal for the River Mersey or Liverpool Bay that could generate low carbon energy for businesses and consumers.</p>

Culture	
<p>The government will work with Liverpool City Region to support a place-based strategy and the city region's plans for a Local Cultural Partnership (LCP).</p> <p><i>Specific powers/ scheme reference: Section 5.1-5.3</i></p>	<p>Culture and creativity are key to the Liverpool City Region drive to accelerate economic growth, improve skills and further develop its distinctive visitor offer. The culture sector (arts, heritage and sport) and the creative and digital industries already make a large contribution to the city region but the aim is to achieve more through strategic collaboration. A Cultural Partnership will be established in May 2016 to drive forward the vision for Culture to accelerate economic growth, improve skills, engage residents and further develop the distinctive visitor offer in Liverpool City Region. The Cultural Partnership will be a place-making partnership that brings together the interests of the Metro Mayor, the Combined Authority and the Cultural Sector with the regional, national and international funding and investment partners who share the vision of Liverpool City Region as a Cultural Powerhouse.</p>

Finance	
<p>A Single Investment Fund that draws together city region and agreed national funding streams.</p> <p><i>Specific powers/ scheme reference: Section 7.6</i></p> <p>Supplement on Business Rates.</p> <p><i>Specific powers/ scheme reference: Section 7.4</i></p> <p>Prudential borrowing powers.</p> <p><i>Specific powers/ scheme reference: Section 7.5</i></p>	<p>Despite improvements in the performance of the City region’s economy, there remain substantial economic challenges. Average GVA per head is only 75% of the national average and this gap has remained largely unchanged over the last decade. As a result, the City Region suffers from an £8.2bn output gap compared to nationally. To unlock our economic potential and play a full part in the Northern Powerhouse, the City Region requires co-ordinated intervention and an ambitious investment programme. This will mean a step change in the way the City Region invests in the critical infrastructure and economic assets needed to support our growth plan. To support this, Liverpool City Region will create a Single Investment Fund (SIF) that draws together local and national funding streams to deliver a £1 billion plus investment programme. Government have committed to support this approach and provide an additional £30m p.a. for 30 years, forming part of and capitalising the SIF.</p> <p>Local partners are committed to capitalising the SIF with appropriate city region funding streams. In order to maximise the potential impact and size of the SIF, prudential borrowing powers are sought. In addition, Government legislation also provides for the Mayor – subject to consultation – to establish a precept upon local business rates of up to 2% for the purposes of a Mayoral investment fund.</p>

<p>Business rate pilot.</p> <p><i>Specific powers/ scheme reference: Section 7.7</i></p>	<p>The City Region will undertake a pilot with Government on 100% retention of business rates, considering all issues of implementation including the appeals system. Fiscal devolution and the ability to control resources locally, with control vested in those best placed to make decisions is a fundamental element of the Liverpool City Region devolution agreement. A business rates retention pilot offers the opportunity to consider how greater fiscal devolution through devolving business rates should operate in Liverpool City Region in support of the economic growth and public service reform agenda.</p>
<p>Intermediate Body Status for ESF and ERDF.</p> <p><i>No specific powers required</i></p>	<p>The Liverpool City Region Combined Authority will become an Intermediate Body for EU funds, with greater powers and influence over decision making for determining project selection. The Combined Authority and LEP have endorsed a series of investment strategies around business support, capital investment, innovation and low carbon investment which are aimed at aligning available resources to achieve the best impact and outcomes. EU funding should be more closely aligned to these strategies and their implementation processes.</p> <p>In order to achieve this and maximise outcomes of economic growth, job creation and productivity, the City Region is seeking maximum devolution of decision making powers for this funding, which will be achieved through Intermediate body Status. The Combined Authority will have enhanced powers to set the local strategic contents for calls for projects and also with regard to agreeing which projects best address local strategic fit.</p>
Information Sharing	
<p>Data sharing provisions.</p> <p><i>Specific powers/ scheme reference: Section 6.1-6.2</i></p>	<p>Information sharing is key to carrying out the widening range of functions which Liverpool City Region Combined Authority will be charged with exercising. At the current time, Liverpool City Region Combined Authority is at a disadvantage in not being designated as a relevant authority in several pieces of relevant legislation. The Scheme proposes that this is provided for and, in so far as it is possible to do so, that Liverpool City Region Combined Authority be provided with a general power enabling the requiring of data sharing in the exercise of its functions.</p>

Constitutional and Governance Issues

How decisions will be taken.

***Specific powers/
scheme reference:
Section 8***

The governance model of a City Region Directly Elected Mayor will initially be a challenging process to implement for those charged with delivery. Liverpool City Region Combined Authority is committed to a process which provides a strong leadership model whilst maintaining appropriate provisions which enable accountability to be clearly demonstrated. Functions will be divided between Mayoral and Non Mayoral functions. The exercise of powers will be divided between those which are exercised by the Mayor, those which are exercised by Liverpool City Region Combined Authority on its own behalf and those which are exercised by Liverpool City Region Combined Authority on behalf of the Mayor. The basis upon which decisions are taken with regard to voting provisions will be set out in the Liverpool City Region Combined Authority Constitution and is summarised in the Scheme.

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Scrutiny Principles - Liverpool City Region Mayoral Combined Authority

Introduction

1.1 The scrutiny arrangements will ensure decisions made by the City Region Mayor and Combined Authority are effectively scrutinised.

Function of Scrutiny at a City Region Level

2.1 Scrutiny exists to achieve greater public accountability over decisions made and services delivered to the whole Liverpool City Region in respect of those functions under the remit of the Elected Mayor and Combined Authority.

2.2 The principal ways in which the Elected Mayor Combined Authority will be 'held to account' via Scrutiny are:-

- (i) In the role of 'Critical Friend' ; and
- (ii) Via pre-decision scrutiny (call-in) ; and
- (iii) Through monitoring the delivery of the CA and Mayor's Strategic Plan and Policies.

2.3 Scrutiny will support the Elected Mayor and Combined Authority to:-

- Develop policies to deal with new issues
- Review existing policies which are felt to be in need of review
- Contribute to the formulation and review of the annual budget
- Review policies or actions of agencies external to the local authorities which may be impacting adversely on the quality of life of local people
- To undertake scrutiny reviews into areas of strategic importance for the City Region

2.4 The Authority's Scrutiny Panel will consider matters of strategic significance for the Liverpool City Region area with a view to focusing on sub-regional issues that are directly linked to the work of the Elected Mayor and Combined Authority.

2.5 The Panel will take a similar approach to a Parliamentary Select Committee. Panel members will collect evidence through a variety of sources, including –

- Questioning expert 'witnesses'
- Receiving reports and other literature
- Undertaking consultation; and
- Communication with stakeholders

The Panel will work with this information to make suggestions for improvement, acknowledge good practice and make recommendations.

The Panel will not deal with individual issues or queries that are more suitably dealt with by a constituent local authority or specific organisation.

2.6 The findings of each review will be submitted to the Elected Mayor and/or Combined Authority for consideration.

2.7 There are a number of potential sources for identifying in-depth studies to be carried out by the Panel;

- the Scrutiny Panel itself,
- the Elected Mayor,
- the Combined Authority and its members.

2.8 The Elected Mayor and/or the Combined Authority may request scrutiny of a particular policy or matter before agreeing a policy or taking a decision.

2.9 The Scrutiny Panel may review the outcomes of the Combined Authority or Elected Mayor's Strategic Plans. Any involvement of scrutiny in this activity needs to demonstrate that it adds value to what the Elected Mayor and the Combined Authority, its Boards or Committees are trying to achieve.

2.10 Scrutiny will also act when it is concerned about evidence of poor performance and it is not satisfied by the Elected Mayor's or Combined Authority's response to it.

2.11 Scrutiny shall have the power of "call-in"

Call-in shall apply when **10 members** of the Scrutiny Panel agree, in writing, on the requisite form, which shall be submitted to the Head of Paid Service, to call-in a specific decision made by the Elected Mayor or the Combined Authority

Any matter decided by the Elected Mayor or Combined Authority may be called-in not later than 5 working days after the publication of the decision/minutes of the Elected Mayor or Combined Authority.

Any matter called-in must be considered at the next meeting of the Combined Authority, which will have power to affirm or reject the decision.

If rejected, the Combined Authority may refer the decision back for further consideration.

The call-in procedure can only be used once in relation to any particular decision. Once the procedure has been used and a decision confirmed or rejected by the Combined Authority the decision cannot be reconsidered.

Decisions requiring immediate action and so specified in the decision/minutes are excluded from call-in.

3. Scrutiny Panel Membership

3.1 Membership of the Scrutiny Panel will be agreed at the Annual General Meeting of the Mayoral Combined Authority.

Nominations to the Scrutiny Panel must not be members of the Combined Authority (including substitute members) or the Merseytravel Committee.

3.2 The Panel is to be made up of:

3 nominees from each constituent council	= 18	
1 nominee from the largest opposition party as calculated across the LCR geography - as directed collectively by the largest opposition party	= 1	
1 nominee from the second largest opposition party as calculated across the LCR geography - as directed collectively by the second largest opposition party	= 1	

Total:	=	20

The Leaders of the respective Opposition Groups will collectively agree their party nominations to the LCRCA Scrutiny Panel.

The CA will draw up a protocol to ensure political balance on the Panel taking into account appropriate parliamentary orders.

The protocol will require annual review based on the election results in any given year.

3.3 Any elected member appointed to the Scrutiny Panel by the Authority under these scrutiny arrangements who is also appointed to any Committee of the Combined Authority, cannot participate in the operation of the scrutiny arrangements on any issues which were taken at any meeting of the Combined Authority or any Committee of the Combined Authority at which they were present.

3.4 The term of office for members of the Scrutiny Panel will be one year from the date of the annual council meeting of the Constituent Council that nominates them to the Scrutiny Panel, unless:-

- a) they cease to be an elected member of the Constituent Council that appointed them;
- b) they wish to no longer participate in these arrangements; or
- c) the Head of the Secretariat is advised by any of the Constituent Councils that it wishes to change one or more of its nominees to the Scrutiny Panel.

3.5 Non-voting members may be co-opted to participate in these arrangements from other organisations as the Scrutiny Panel members may decide.

4. Meetings of Scrutiny Panel

4.1 The members appointed by the Authority to the Scrutiny Panel will hold at least one annual meeting and may convene additional meetings in accordance with these arrangements.

4.2 The Scrutiny Panel members will:

- a) elect a Chair and Vice Chair and in so doing shall comply with any legislative requirement in respect of any such appointments;

b) determine the areas of review and scrutiny that they wish to pursue during the ensuing 12 months, having consulted the Mayor and Authority in developing that plan; and

c) agree to establish Scrutiny Working Groups from amongst their number in order to carry out agreed areas of review and scrutiny.

4.3 The quorum for the annual meeting and any other meetings is 6, and must include representatives of at least 4 of the Constituent Councils.

4.4 The principle of decision-making at any such meeting shall be that, wherever possible, decisions will be made by agreement, without the need for a vote. If a vote is necessary it will be a simple majority of those present and the Chair will not have a casting vote.

4.5 The venue for each annual meeting and the usual venue for any other meetings will be the offices of Merseytravel, save that the Scrutiny Panel may choose to hold meetings other than the annual meeting in other venues if this is deemed to assist the scrutiny process.

4.6 Notice of the annual meeting and any other meetings will be sent to each Scrutiny Panel member in accordance with the requirements of the Local Government Act 1972.

4.7 The Chair will approve the agenda for each annual meeting and any other meetings; however, any member of the Scrutiny Panel will be entitled to require an item to be placed on the agenda for the meeting.

4.8 Subject to paragraphs 4.1 to 4.7, meetings will proceed in accordance with the Rules of Procedure of the Mayoral Combined Authority.

5. Key Principles for the Operation of the Scrutiny Arrangements

5.1 The Constituent Councils will work together to maximise the exchange of information and views, to minimise bureaucracy and make best use of the time of members and officers of other bodies or agencies

5.2 Members of the Scrutiny Panel will, when considering reviews, determine whether the issue is more appropriately dealt with by one of the Constituent Councils or elsewhere and will not duplicate the work of existing bodies or agencies.

5.3 Subject to prior notice being given to them, the Constituent Councils will respond positively to requests for information, or for the attendance of a member or officer at any meetings set up under these arrangements.

5.4 While it is ultimately for each Constituent Council to decide who it considers the most appropriate person(s) to speak on its behalf at any meetings set up under these arrangements, consideration will be given to meeting specific requests.

5.5 Dates and times for officer and member attendance at any meetings set up under these arrangements should be by agreement.

5.6 Members appointed under these arrangements may request the attendance of officers employed by the Constituent Councils to answer questions and give evidence at any meetings set up under these arrangements. All such requests must be made via the Chief Executive of the relevant Constituent Council. If any request is declined by the Chief Executive, he/she must state

the reasons for so doing.

5.7 The Scrutiny Panel may -

- a) invite the Elected Mayor and any member of the Combined Authority to attend before it to answer questions;
- b) invite other persons to attend meetings of the Panel;
- c) review or scrutinise decisions made or other action taken in connection with the discharge of any functions of the Elected Mayor and/or Combined Authority;
- d) make reports or recommendations to the Elected Mayor and/or Combined Authority with respect to the discharge of any functions which are the responsibility of the Elected Mayor and /or Combined Authority.

5.8 The power to review or scrutinise a decision made, but not implemented under sub-paragraph 5.7(c), includes the power to recommend that the decision be re-considered, but is subject to the following provisions:

(a) this shall not apply where, in the view of the decision-making body stated when the decision is made, any delay in implementing the decision would prejudice the interests of the Authority or the interests of the public;

(b) (i) in relation to decisions which may be subject to reconsideration, each decision shall be available where possible by electronic means within two working days of being made. Members of the Scrutiny Panel will be provided with a copy of the decision which will bear the date published and indicate it will come into effect on the expiry of three working days after publication;

(ii) if two-thirds of the membership of the Scrutiny Panel notify the Head of the Secretariat that they wish the Scrutiny Panel to consider the decision, then the Head of the Secretariat will arrange for a meeting of the Scrutiny Panel to be convened at the first available opportunity and in any event within seven working days of the request being notified to him. No action will be taken in the meantime to implement the decision which is subject to the request;

(iii) the Scrutiny Panel will consider the matter and if it chooses to, may resolve to request that the decision-maker reconsiders the decision. The Scrutiny Panel must set out the basis upon which reconsideration is requested;

(iv) the decision-making body will reconsider the decision and that reconsideration shall take place within seven working days of the Scrutiny Panel's request;

(v) no further requests for reconsideration may be made in cases where decisions have been reconsidered and the decision has been affirmed;

(c) decisions which have been subject to pre-decision scrutiny cannot be recommended for reconsideration unless the decision taken is, in the view of the Head of the Secretariat, significantly different from the proposal under contemplation at the pre- decision scrutiny stage;

5.9 Where the Scrutiny Panel makes a report or recommendation under 5.7(d), it may:

(a) publish the report or recommendations;

(b) by notice in writing, require the Authority to

- (i) consider the report or recommendation;
- (ii) provide a response to the Scrutiny Panel indicating what action (if any) it proposes to take;
- (iii) where the Scrutiny Panel has published the report or recommendations, publish the response;

5.10 A notice under 5.9(b) will require the Mayor and/or Authority to comply with it within two months, beginning with the date on which the Mayor and/or Authority receives the report or recommendations or (if later) the notice.

5.11 The Mayor and/or Authority will comply with a notice given under 5.9(b).

5.12 The requirements or power to publish contained in 5.9(a) and 5.11, shall not apply where the reports contain exempt or confidential information.

6. Scrutiny Working Groups

6.1 The annual meeting of members of the Scrutiny Panel may establish Scrutiny Working Groups to undertake agreed scrutiny reviews.

6.2 Scrutiny Working Groups shall include representatives from at least 4 of the Constituent Councils.

6.3 Scrutiny Working Groups established under this Protocol must be appointed to carry out specific scrutiny tasks and be time limited. Their continuation will be subject to confirmation at each annual meeting of the Scrutiny Panel members.

6.4 The Mayor and/or the Authority may also, if they choose, request that a Scrutiny Working Group be appointed to examine a specific issue in more detail and report back its findings to the Authority as appropriate.

6.5 Scrutiny Working Groups will have no delegated powers and will refer the outcome of their investigations to the Scrutiny Panel for consideration and decision to then, if deemed appropriate, be recommended to the Mayor and/or Authority.

7. Transparency

7.1 The process of scrutiny will be an open and transparent process designed to engage the Constituent Councils, their residents and other stakeholders.

7.2 Meetings will be held in public unless the meeting decides to convene in private in order to discuss confidential or exempt information, in accordance with the relevant provisions of the LGA 1972 or LGA 2000.

7.3 The terms of reference, timescale and outline of any review will be agreed by Scrutiny Panel

members appointed at their annual meeting.

7.4 Different approaches to scrutiny reviews may be taken in each case, but members will seek to act in an inclusive manner and will take evidence from a wide range of opinion.

8. Scrutiny Support

8.1 The scrutiny leads from each Constituent Council will provide guidance to the Scrutiny Panel on its work programme, advice on the scoping of reviews (at different levels) and ensuring the appropriate information and advice is made available during the reviews, where appropriate, through the use of expert witnesses.

8.2 The decisions and recommendations of the Scrutiny Panel will be communicated to the Authority and/or Merseytravel as appropriate, as soon as practicable.

9. Advice to Scrutiny

9.1 The Scrutiny Panel may ask individuals or groups to assist it on a review by review basis and may ask independent professionals for advice during the course of reviews. Such individuals or groups will not be able to vote.

9.2 The Scrutiny Officer of each Constituent Council will ensure that the work programmes and minutes relating to the work carried out by the Scrutiny Panel in scrutinising the Authority and the Merseytravel Committee, are circulated appropriately within their own Constituent Council's scrutiny arrangements.

9.3 Each Constituent Council will nominate one of the 2 members of that Constituent Council who have been appointed to the Scrutiny Panel to act as that Constituent Council's "Authority Scrutiny Link". The Authority Scrutiny Link will be responsible for reporting back to their own Constituent Council on the scrutiny work carried out by the Scrutiny Panel and will also be responsible for reporting to the Scrutiny Panel any issues identified locally by their own Constituent Council which may warrant scrutiny at a sub-regional level. The nomination of an Authority Scrutiny Link and the way in which this role will be performed will be determined by each Constituent Council.

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LIVERPOOL CITY REGION DEVOLUTION GOVERNANCE

Preamble

These Governance principles, to be developed and agreed, will be incorporated into a formal and legally binding Constitution. This Constitution will incorporate the terms of the current Constitution of the LCR Combined Authority, which will be amended to reflect the revised Combined Authority with an elected mayor governance model.

The revised Constitution will replace the current LCR Combined Authority Constitution and will be the primary document in respect of the governance of the LCR Combined Authority with an elected mayor.

PRINCIPLES

The Liverpool City Region Combined Authority (LCRCA) will adopt a model of a directly elected City Region Mayor over the Combined Authority's area with the first elections in May 2017.

No existing powers will be taken from local authorities without their agreement. The Combined Authority will protect the sovereignty of local authorities in the Liverpool City Region.

The Liverpool City Region directly elected Mayor ("the directly elected Mayor") will be a member of the LCRCA.

The directly elected Mayor will chair the Liverpool City Region Combined Authority.

The remaining members who have been appointed by constituent councils will continue as members on the LCRCA. ("the constituent council members").

The LEP member ("the LEP member") of the LCRCA will continue to sit on the LCRCA.

The directly elected Mayor will appoint one of the members of the LCRCA to be the Deputy Mayor.

The directly elected Mayor will have power to act on behalf of the LCRCA on the following terms:

The directly elected Mayor will be required to seek the unanimous approval of the constituent council members to exercise those powers set out at Appendix 2 (a) attached;

The directly elected Mayor will be required to consult the Combined Authority on those matters set out in Appendix 2 (b) which can be rejected/amended provided two-thirds of the constituent council members agree to do so; and

The directly elected Mayor will have full delegated authority pursuant to the provisions of any statutory order to exercise those powers set out in Appendix 2 (c) attached.

The directly elected Mayor and the LCRCA will be scrutinised and held to account by the LCRCA Overview and Scrutiny Committee(s).

Matters for decision by the LCRCA may be put forward by the directly elected Mayor, any of the members who have been appointed by constituent councils, or the LEP member.

The directly elected Mayor shall appoint individual LCR members to Portfolio roles to support the directly elected Mayor and assist in the delivery of the LCRCA's functions.

The directly elected Mayor will have one vote as will other voting members.

Any matters that are to be decided by the LCRCA are to be decided by a majority present and voting subject to that majority including the vote of the LCR Mayor, unless otherwise set out in legislation, or specifically delegated through the LCRCA's Constitution.

The directly elected Mayor and the members who have been appointed by constituent councils will work closely together.

Specifically the:

directly elected Mayor will provide overall leadership and chair Combined Authority meetings;

the members who have been appointed by constituent councils shall have a clear portfolio of responsibilities, and will act as a supporting and advisory function to the directly elected Mayor and the LCRCA in respective policy areas.

The following appendices are subject to the development of the formal and legally binding constitution and to any requirements already prescribed within the agreement dated 17 November 2015.

Appendix 2a

The directly elected Mayor will be required to seek the unanimous approval of the constituent council members to exercise the following powers, as set out below:

All matters relating (including any changes, amendments or alterations) to the LCRCA Constitution;

The development of a single Statutory City Region Framework supporting the delivery of strategic employment and housing sites throughout the City Region;

All matters relating to the management, maintenance and funding of the key route network;

Any other matters which the LCRCA shall determine from time to time shall require the unanimous approval of the constituent council members for the directly elected Mayor to exercise save for those matters in relation to which the voting requirements are already prescribed within the Agreement. Appendix 2b The directly elected Mayor will be required to consult the LCR Combined Authority on the following:

All matters relating to the setting of the LCRCA's annual budget, and all financial or budgetary matters, including any changes, amendments or alterations to agreed budgets or spending plans;

All matters relating to the setting of any LCRCA strategy, strategic framework, strategic policy or plan, including any changes;

All those powers of the LCRCA not specified in Appendix 1 and 3. The strategies and/or spending plans may be rejected /amended if two thirds of the constituent Council Members agree to do so. Appendix 2c The directly elected Mayor shall have full delegated authority to take all steps to deliver on a day to day basis the strategies and/or

spending plans agreed by the LCRCA in accordance with Appendix 2 and all other matters that may be specified from time to time by the LCRCA.

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