

**Business Overview and Scrutiny Committee
Tuesday, 13 September 2016**

REPORT TITLE:	Update on Liverpool City Region developments
REPORT OF:	Rose Boylan

REPORT SUMMARY

This report sets out a brief overview of latest developments at the Liverpool City Region (LCR), including the outcome of the recent Governance review and public consultation, and activity underway to implement the City Region devolution deal.

This matter affects all Wards within the Borough.

This is not a key decision.

RECOMMENDATION/S

Committee is requested to note and comment on latest City Region developments.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

Committee have requested regular updates and consideration of Liverpool City Region developments.

2.0 OTHER OPTIONS CONSIDERED

N/a

3.0 BACKGROUND INFORMATION

3.1. Combined Authority Governance Review and Consultation

As a result of the devolution agreement agreed on 17th November 2015, the LCR Combined Authority has the opportunity for a major transfer of resources, powers & responsibilities from Government, alongside governance changes to adopt a directly elected LCR Mayor.

There are a range of powers being conferred under the functions of employment & skills; housing & planning; transport & highways; business growth; energy, environment; culture; finance & European funding; information sharing; constitutional and governance issues.

To secure these powers, a number of governance and legislative changes are needed. 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. Stakeholder responses to the consultation were generally positive, and provided constructive statements about the proposals and their implementation. Some of the general themes emerging from the consultation include:

- High level of support for devolution to the City Region;
- Recognition of the scale of the opportunity and challenges facing the City Region;
- Concern over levels of funding and the need to provide support and investment to key growth areas of the City Region;
- A concern that all parts of the City Region need to benefit from devolution and that devolution has to support and reflect the individual identity and needs of each of the localities;
- A concern to balance strong leadership with checks and balances in the system and the need for transparent decision making; and
- Support for continued and enhanced engagement with stakeholders and elected members across the City Region.

Next Steps

The outcome of the consultation will now be reported to the Secretary of State for consideration alongside the Governance Review and Scheme before draft orders are laid before Parliament. The timetable of key milestones in laying the LCR Order which will determine the functions and powers for the directly elected Mayor as follows:

- 19th August 2016 - Combined Authority reviews the responses to the Liverpool City Region Governance Review and Scheme before submission to Secretary of State
- 26th August 2016 - Formal submission to Secretary of State of the Governance Review, Scheme and summary of consultation responses
- All Councils will receive the draft Order and will be required to consent to the order before it is laid before Parliament. DCLG will lay the Order sometime before early November 2016 and LCR local authorities and Combined Authority will therefore need to provide consent for this before the end of October 2016
- May 2017 - Liverpool City Region Mayoral Election

3.2. Capacity and implementation

In addition to the Governance Review, there have been further discussions at the Combined Authority to advance a number of other key considerations including:

a) Staffing: In June 2016, the Combined Authority agreed the proposed scale and scope of executive capacity required to deliver the LCR agenda. It proposed the establishment of a 'task and finish' Implementation Team and associated workstreams, to facilitate the implementation arrangements from July 2016, and to prepare for the new governance arrangements from May 2017. In July 2016, the Combined Authority agreed to the principle of employing staff directly. Discussions are now underway to develop the legal and practical arrangements required for this.

b) Remuneration: Allowances for the Elected Mayor and other Members of the Combined Authority are under consideration, but DCLG have indicated that this is likely to be a prescribed by Government. The Combined Authority, in a practice consistent with all Constituent Authorities, expects to establish an Independent Panel to deal with allowances but the decision of Government will need to be awaited until any further steps are taken.

c) Scrutiny: There here have been discussions about changing scrutiny arrangements in the light of the additional powers to be devolved. Officers are currently working on that, but there is to be an Order laid down by Government which is likely to contain a number of elements which Government will require to see in any scrutiny process;

d) The current Scheme of Delegation will require a complete review once the workforce structure has been finalised and lines of reporting and responsibilities are known; and

e) Constitution: further changes will be necessary as the work with DCLG develops to physically devolve the powers from central Government by means of the bespoke City Region Order. Amendments to the Constitution will specify how and by whom those devolved powers are to be exercised within the City Region Mayoral model. Further detail on all of the above issues is currently being developed and updates will be brought back to future Business Overview and Scrutiny Committee meetings.

4.0 FINANCIAL IMPLICATIONS

Devolution gives the City Region greater control and influence over approximately £3bn of national funding over five years.

5.0 LEGAL IMPLICATIONS

The legal implications of employing staff and necessary Governance changes will be considered and further details brought to the Committee as and when appropriate

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

At this time, no additional cost is expected to be incurred by LCR local authorities as a result of the new arrangements to deliver the devolution deal. It is suggested that a significant amount of the financial support necessary is already in the system, which will be redirected to support the new proposals. Gain share revenue funding derived from the Devolution Agreement will be used to meet any net additional cost to the CA.

7.0 RELEVANT RISKS

The risk could be that the Combined Authority does not put in place the appropriate Governance and legal frameworks. The proposed Scheme aims to address that risk.

8.0 ENGAGEMENT/CONSULTATION

Wirral, along with City Region partners, has circulated information and raised awareness of the Governance Review and Consultation through a range of methods.

9.0 EQUALITY IMPLICATIONS

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 carried out as part of the detailed implementation as appropriate.

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REFERENCE MATERIAL

The Governance Review and Scheme, together with other relevant background material is available on the LCR Combined Authority website

<http://www.liverpoolcityregion-ca.gov.uk/>

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
Council	19 November 2016