



Full Council

10 October 2016

Subject: Greater Lincolnshire Devolution Proposal

Report by:

Chief Executive

Contact Officer:

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Purpose / Summary:

The report sets out the latest position in relation to the implementation of the devolution agreement for Greater Lincolnshire.

On 25 May 2016 Council received the results of a Governance Review under section 108 of the Local Democracy Economic Development and Construction Act 2009 and on the basis of that Review approved the preparation and publication of a Scheme for consultation under section 109 of the Act.

This report provides confirmation on the outcome of the consultation exercise undertaken by the ten local authorities in the Greater Lincolnshire area and invites the Council to determine whether to consent on behalf of West Lindsey District Council to the creation of a Combined Authority in Greater Lincolnshire and if so the basis on which to do so.

RECOMMENDATIONS

That the Council:-

1 Notes the contents of the consultation report at Appendix 1 ("the Consultation Report").

2 Supports in principle the giving of consents on behalf of West Lindsey District Council, as a constituent council of the proposed combined authority for the Greater Lincolnshire area, to the making by the Secretary of State of an order:-

(a) for the establishment of a combined authority for the Greater Lincolnshire area pursuant to section 110 of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA).

(b) for the making of constitutional provisions in relation to the combined authority in accordance with the draft Order at Appendix 2 pursuant to section 104 of LDEDCA.

(c) for the delegation to the combined authority of the transport functions of the Secretary of State and the other functions of public authorities set out in the draft Order at Appendix 2 pursuant to sections 104 and 105A of LDEDCA.

(d) for the functions of the Combined Authority specified in the draft Order to be exercisable only by the mayor subject to the conditions and limitations specified in the draft Order pursuant to S107D of LDEDCA.

(e) for Chapter 1 Part 1 of the Localism Act 2011 to have effect in relation to the combined authority as it has in effect to a local authority.

(f) for the combined authority to be treated as a levying body for the purposes of section 74 of the Local Government Finance Act 1988 in respect of expenses of the combined authority that are reasonably attributable to the exercise of any of its functions other than mayoral functions.

(g) for the combined authority to be given power to borrow under section 1 of the Local Government Act 2003 for a purpose relevant to any of its functions.

3 Delegates to the Chief Executive, in consultation with the Leader of the Council authority to approve the giving of consent to the matters referred to in paragraph 3 when the terms of the Order are known

4 Notes and has due regard to the contents of the Equalities Impact Analysis at Appendix 2.

IMPLICATIONS

Legal: As set out in the detail of the report.

Financial : FIN-73-17 All constituent authorities have been requested support an annual contribution of £50,000 towards the cost of the Combined Authority. Council are therefore requested to approve this ongoing contribution, which will require an increase to the Base Budget of £50,000 which will therefore be included in the 2017/18 Medium Term Financial Plan. However these costs will be made from reductions in budgets to the Central Lincolnshire Combined Authority costs for the JPU (Joint Planning Unit) as the combined Authority will discharge some functions of that unit such as infrastructure delivery once the Local Plan is in place.

This contribution will meet the costs associated with a Mayoral election and the establishment of statutory and other support to enable the work of the Combined Authority to be discharged.

Staffing: The establishment of the Combined Authority will involve the use of existing officer time and resources.

Equality and Diversity including Human Rights :

As set out in the Equality Impact Assessment at Appendix 2

Risk Assessment: There are both risks and opportunities associated with proceeding to the establishment of a Mayoral Combined Authority. The primary objective is to secure, as practicably and effectively as possible, the best possible deal for West Lindsey.

Council consent will enable the appropriate legislation to be passed which will unlock resources to the Greater Lincolnshire Combined Authority. It will also initiate the process for a Mayoral election on the 4th May 2017.

If the council decides not to proceed it will lose the opportunity to for a Combined Authority to be statutorily established, an annual budget of 15m linked to activity planned to be delivered by the Combined Authority and it may lose access to future government resources and the local determination of policy and spending priorities.

Title and Location of any Background Papers used in the preparation of this report:

1. Greater Lincolnshire 'A place to grow faster than anywhere'
2. Greater Lincolnshire Devolution Agreement
3. 'Greater Lincolnshire Devolution Proposal' Reports to Council 16th November 2015, and 25th May 2016.

Call in and Urgency: Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1 INTRODUCTION

1.1 Council received the Greater Lincolnshire Devolution Deal Interim Governance Proposal and the then latest version of the deal document at its meeting on 16 November, 2015. Council approved a range of recommendations including:

- the development of the Greater Lincolnshire devolution expression of interest, submitted to Government on 4 September 2015, into a fit for purpose devolution deal document via continued formal engagement with Government
- to undertake a governance review
- the principle of establishment of a Combined Authority for the Greater Lincolnshire geography if that was the most efficient and effective means of securing strategic economic (and related) growth.
- certain principles that should underpin and inform the establishment of any formal governance arrangements.
- The formation of a joint committee (The Greater Lincolnshire Board)

1.2 On 25 May 2016 the Council received a report on the outcome of the governance review and a draft scheme for a combined authority. The report:

- noted the contents of the Governance Review for Greater Lincolnshire.
- concluded, on the basis of the Governance Review, that the establishment of a Mayoral Combined Authority for the Greater Lincolnshire area would improve the exercise of statutory functions in that area.
- approved the preparation and publication of a Scheme for the establishment of a Mayoral Combined Authority for the Greater Lincolnshire area under section 109 of the Local Democracy, Economic Development and Construction Act 2009.
- approved in principle the publication of the draft Scheme for a Greater Lincolnshire Mayoral Combined Authority for consultation purposes,
- delegated to the Chief Executive, in consultation with the Leader of the Council authority to approve the making of changes to the draft Scheme prior to the commencement of the formal consultation exercise and to submit the outcome of the consultation exercise to the Secretary of State

1.3 There are clear statutory processes that need to be followed in accordance with the Local Democracy Economic Development and Construction Act 2009 as amended by the Cities and Local Government Devolution Act 2016 to establish a mayoral combined authority and devolve appropriate powers from central government. The Councils having undertaken a governance review and published a Scheme

conducted a public consultation on the establishment of a Combined Mayoral Authority for Greater Lincolnshire between the 27th June and 8th August. This report sets out the results of that consultation.

2. THE CONSULTATION

- 2.1 A report on the findings from the consultation is attached at Appendix 1 and full details of the feedback are available on the Council website. 4,432 surveys were received during the period. The results indicated support was split across Greater Lincolnshire on the setting up of a mayoral combined authority (46.7% for and 48.6% against). Results were more clearly against combining the roles of Directly Elected Mayor and Police and Crime Commissioner (38.1% for and 55.8% against). Strong support was expressed for more collaborative working around economic growth, infrastructure and housing (73.1% for and 24.7% against) and pursuing powers and funding (77.2% for and 19.5% against).
- 2.2 West Lindsey received 407 responses, 96% of which came from individual residents. Younger people and disabled groups were well represented and responses from ethnic groups were in proportion to our population profile.
- 49% favoured a mayoral combined authority
 - 40% agreed with combining the Mayoral and PCC roles
 - 63% agreed with pursuing devolution of powers and funding
 - 79% agreed to the 10 Councils working together and
 - 83% agreed with pursuing funding in excess of the proposed “deal”

3. THE DRAFT ORDER

- 3.1 The governance review, the Scheme and the consultation on the Scheme have been provided to the Secretary of State to enable the Secretary of State to decide whether to make an order establishing the Mayoral Combined Authority. The details of the draft Order, as prepared by the Secretary of State on the basis of the Scheme, are not yet known. This Report therefore discusses the proposals set out in the Scheme and seeks in principle support for the making of an order delegating the final decision to the Chief Executive in consultation with the Leader.

Making of the Order

- 3.2 There are two sets of conditions that must be met before making such an order. The first is that the Secretary of State must consider that the establishment of a combined authority for the area is likely to improve the exercise of statutory functions in the area or areas to which the Order relates. The second is that the consent of the constituent councils is necessary for the establishment of a combined authority and a number of the specific provisions of the Order. These consents are separately set out in paragraph 3 of the recommendations.

- 3.3 The decision whether to consent to the matters required by the draft Order depends on a number of factors that are addressed in this section.

The exercise of statutory functions

- 3.4 As discussed above, the Secretary of State, in order to make the Order, must consider that the establishment of a combined authority for the area is likely to improve the exercise of statutory functions in the area or areas to which the Order relates. The Constituent Councils, including this Council, were also obliged to put their minds this question before publishing the Scheme.
- 3.5 The considerations relating to this point were dealt with in the governance review which can be found on the Council's website at [<https://www.west-lindsey.gov.uk/my-council/council-news-archive/news-archive-2015/devolution-update/>]. That Review concluded that a combined authority would improve the exercise of statutory functions because it gave a focus for the exercise of delegated central government functions together with a single point of contact for the combined authorities in ensuring joined up exercise of their functions alongside and in collaboration with the local exercise of devolved central government functions.
- 3.6 The Governance Review further went on to conclude that a Mayoral Combined Authority was the most effective way of exercising those functions.

The Deal

- 3.7 The main purpose of the Order for the establishment of a combined authority is to give effect to the Greater Lincolnshire Devolution Deal. A copy of the Deal document can be found on the Council's website.
- 3.8 In order to achieve these benefits the government have been clear that a combined authority would be required. Furthermore they have been clear that that combined authority would have to be a mayoral combined authority – i.e. would be chaired by a directly elected mayor who would be given direct authority to exercise certain of the combined authority's powers
- 3.9 Before moving on to consider the way in which the combined authority would work, it is worth pointing out that one of the benefits of a combined authority is that it provides a vehicle for pursuing further devolution of functions and funding. To this end Greater Lincolnshire is already in detailed discussion of what further functions and funding could be devolved through a second devolution deal.
- 3.10 Although the deal has not been finalised potential areas being discussed include Housing; Public protection; Infrastructure Investment; Advanced food manufacturing and Environmental Management.

3.11 The benefits of a second devolution deal cannot be realised without the establishment of a combined authority.

Governance

3.12 The draft Order which the Secretary of State is considering making is not available. However the Secretary of State must have regard to the Constituent Councils' Scheme in making the Order so cannot deviate from the Scheme without good reason. The main features of the Scheme can be described as follows:

- the establishment of a Greater Lincolnshire Mayoral Combined Authority (GLMCA) with a directly elected mayor
- The GLMCA to have twelve members being the Mayor, 10 members appointed by the constituent councils and a member appointed by the GLLEP who is non-voting unless the GLMCA itself resolves to confer voting rights
- The functions of the GLMCA are split between functions exercisable only by the Mayor and those exercisable by the combined authority. Executive arrangements shall not apply to the combined authority.
- Mayoral functions include the development of a strategic transport plan and spatial framework together with responsibility for transport and highway funding
- The Mayor must appoint a Deputy Mayor from among the members of the GLMCA and the Mayor may exercise the Mayoral functions him or herself or through the Deputy Mayor or individual members of the GLMCA
- When the Mayor is adopting a strategy or making a funding decision a proposal may be defeated by a two thirds majority of the GLMCA members
- For the strategic transport plan and decisions on transport funding the two thirds majority must include the three highway authority members.
- In the exercise of the GLMCA functions voting will be by majority (to include the vote of the mayor) except for certain qualified voting rights
- Unanimous voting will be required for budgetary decisions and for other decisions including whether to seek further powers for the GLMCA
- Under Section 74 of the Local Government Finance Act 1988 the CA will be able to levy for the expense it incurs in exercising its non-Mayoral functions.
- The Combined Authority will have as a function the powers to borrow money pursuant to Part 1 of the Local Government Act 2003 for a purpose relevant to its function

3.13 Work has also been undertaken to ensure that the appropriate supporting framework documents are in place to support the Combined Authority, if it is established. These include a Constitution, a Financial Assurance Framework, and a Strategic Infrastructure Plan, all of which

have been approved by the Joint Committee.

- 3.14 An Equality Impact Analysis on the creation of a mayoral combined authority has been prepared and is attached at Appendix 2. This EIA takes into account comments made during the consultation. Overall, however, as the proposals concern the governance arrangements for the exercise of devolved powers and not the exercise of those powers there is not considered to be any implications for the Council's Equality Act duty. The EIA makes clear that the proposed Combined Authority itself will be bound by the Equality Act duty as a body exercising public functions and will therefore be under an obligation to have regard to it when it exercises devolved functions.
- 3.15 The Governance Review concludes that the establishment of a Mayoral Combined Authority would lead to improved exercise of statutory functions in the Greater Lincolnshire area with specific reference to economic conditions in the area. The Greater Lincolnshire Devolution Agreement is based on the generation of economic growth and the local exercise of central government functions that are key determinants of growth including transport, planning, housing and skills. Local exercise of such functions has the potential to impact positively on economic poverty and, through the generation of growth and opportunity, poverty of access and aspiration.
- 3.16 The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS). Improvements in the way statutory functions are exercised and the local exercise of key central government functions in the interests of increased economic growth has the potential to impact positively on people's health and wellbeing by increasing access to skills, training, employment and housing.
- 3.17 Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.
- 3.18 The creation of a Mayoral Combined Authority opens up the possibility of further devolution deals in future including a greater degree of local involvement in decision-making around the justice system. Such future deals have the potential to increase co-ordination within the overall justice system so as to maximise the use of the available funding to prevent crime and disorder.

4. ANALYSIS OF OPTIONS

- 4.1 There are both risks and opportunities associated with proceeding to the establishment of a Mayoral Combined Authority. The primary objective is to secure, as practicably and effectively as possible, the best possible deal for North Lincolnshire.
- 4.2 Council consent will enable the appropriate legislation to be passed which will unlock resources to the Greater Lincolnshire Combined Authority. It will also initiate the process for a Mayoral election on the 4th May 2017.
- 4.3 If the council decides not to proceed it will lose the opportunity for a Combined Authority to be statutorily established, an annual budget of £15m linked to activity planned to be delivered by the Combined Authority and it may lose access to future government resources and the local determination of policy and spending priorities.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 The Mayoral Combined Authority will receive a £15m gain-share single pot payment each year, for 30 years, starting from when it is legally created, currently estimated to be in early 2017. This funding is understood to be new money to the Greater Lincolnshire area that would not be received without the devolution deal. This gain-share pot is allocated 25% revenue and 75% capital, the spending priorities against this pot will be considered and approved by the Combined Authority. In addition to the gain-share pot further resources in respect of skills and employment will also be devolved, with the potential for the further devolution of resources in subsequent devolution deals.
- 5.2 The indicative costs for the Mayoral Combined Authority budget for 2017/18 are currently estimated to be £2.194 million in respect of combined authority functions and £0.219m in respect of mayoral functions. These indicative costs include the cost of the Mayoral Election, seconded officer time, programme management, support services and specialist support. Each of the participating local authorities will contribute a maximum of £50,000 per annum towards the cost of the Mayoral functions and Combined Authority functions. The balance of funding will be resourced from the revenue element of the gain-share pot.
- 5.3 The Council's 2017/18 Budget to be considered by Council on 16th February 2017, will contain a proposal for provision of an anticipated contribution to the Mayoral Combined Authority of a maximum £50,000 per annum. It has been agreed that each

Constituent member of the combined authority will contribute the same.

- 5.4 The establishment of the Combined Authority will involve the use of seconded officer time and resources. This includes programme management, support services and specialist support. The financial or other resource requirements will be met from within the indicative budget. The Mayoral combined Authority will be required to appoint statutory officers i.e. a Head of Paid Service, a Monitoring Officer and a S151 Officer. A process for these appointments has been developed with appointments to be made on an interim part time basis from secondments from the constituent authorities. The proposed costs of the seconded officer time are included within the indicative costs of the Mayoral Combined Authority.

6. CONCLUSION

- 6.1 The Report presents the results of the work that has been done to date on a devolution deal for Greater Lincolnshire including the Governance Review, draft Scheme and consultation.
- 6.2 The Governance Review considered the exercise of statutory functions in the Greater Lincolnshire area. The Review concludes that the greatest degree of improvement in the exercise of statutory functions on the area could be achieved through the creation of a Mayoral Combined Authority for the area to exercise devolved central government functions.
- 6.3 On the basis of the Review a proposed Scheme was drafted and eventually published with a view to it forming the basis for an Order made by the Secretary of State creating a Mayoral Combined Authority
- 6.4 The draft scheme was the subject of a public consultation exercise between 27 June and 8 August 2016. The results of the consultation exercise are reported back at Appendix 1.

7. APPENDICES

Appendices:

1. Greater Lincolnshire Mayoral Combined Authority Consultation report. (please note appendices to the report can be viewed on the Council's website).
2. Equality Impact Assessment.