

# Public Document Pack

To: All Members of the Authority

J. Henshaw  
LLB (Hons)  
Clerk to the Authority

Tel: 0151 296 4000  
Extn: 4112 Helen Peek

Your ref:

Our ref HP/NP

Date: 23 August 2013

Dear Sir/Madam,

You are invited to attend a meeting of the **AUTHORITY** to be held at **1.00 pm** on **TUESDAY, 3RD SEPTEMBER, 2013** in the Wirral Suite at Merseyside Fire and Rescue Service Headquarters, Bridle Road, Bootle.

Yours faithfully,



Clerk to the Authority

Encl.

**MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**AUTHORITY**

**3 SEPTEMBER 2013**

**AGENDA**

**1. Preliminary Matters**

The Committee is requested to consider the identification of:

- a) declarations of interest by individual Members in relation to any item of business on the Agenda
- b) any additional items of business which the Chair has determined should be considered as matters of urgency; and
- c) items of business which may require the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

**2. Minutes of the Previous Meeting (Pages 1 - 6)**

The Minutes of the previous meeting of the Authority, held on 27<sup>th</sup> June 2013, are submitted for approval as a correct record and for signature by the Chair.

**3. Minutes of the Member Development Group 13 Aug 2013 (Pages 7 - 12)**

To note the Minutes of the last meeting of the Member Development Group held on 13th August 2013; and consider approval of the recommendations contained within.

**4. Appointment Of Co-Opted Member And Independent Person (Pages 13 - 22)**

**(CFO/099/13)**

To consider Report CFO/099/13 of the Clerk to the Authority, concerning the recommendations of the Interview Panel in relation to the proposed candidates for appointment to the roles of Co-Opted Member and Independent Person.

**5. Staff Travel Plan - Feedback from Task & Finish Group (Pages 23 - 48)**

**(CFO/086/13)**

To consider Report CFO/086/13 of the Clerk to the Authority on behalf of the Task & Finish Group concerning feedback from the Task & Finish Group established to scrutinise the Staff Travel Plans.

6. **MFRA Response To Liverpool City Region Governance Review**  
(Pages 49 - 96)  
**(CFO/106/13)**  
To consider Report CFO/105/13 of the Chief Fire Officer, concerning the proposed response to the Liverpool City Region governance review consultation exercise.
7. **Local Government Financial Settlement 2014/15 and 2015/16 - Technical Consultation** (Pages 97 - 128)  
**(CFO/105/13)**  
To consider Report CFO/105/13 of the Deputy Chief Executive concerning a technical consultation paper on the Local Government Finance Settlement for 2014/15 and 2015/16 which was released by the Government on July 25<sup>th</sup>.
8. **Impact Of The Government Finance Announcement** (Pages 129 - 136)  
**(CFO/103/13)**  
To consider Report CFO/103/13 of the Deputy Chief Executive, concerning the Government announcement regarding the level of grant it will provide to the Authority for the financial years of 2014/15 and 2015/16.
9. **A Strategic Overview Of Estates - Identification Of Key Priorities**  
(Pages 137 - 168)  
**(CFO/102/13)**  
To consider Report CFO/102/13 of the Deputy Chief Executive, concerning a review of the property portfolio of the Authority and recommendations for savings in light of the forecast significant reductions in funding.
10. **Outcomes Of The Resolution Advisory Panel** (To Follow)  
**(CFO/107/13)**  
To consider report CFO/107/13 of the Chief Fire Officer concerning the outcomes of the Resolution Advisory Panel.
11. **Verbal Update - Outcome Of National FBU Ballot Regarding Pensions**  
To consider a Verbal Update by the Chief Fire Officer, concerning the outcome of the national FBU ballot regarding pensions.
12. **MFRA Public And Private Partnership Venture** (Pages 169 - 172)  
**(CFO/104/13)**  
To consider Report CFO/104/13 of the Deputy Chief Executive, concerning a public/ private partnership.

***This Report contains EXEMPT information by virtue of Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.***

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If any Members have queries, comments or require additional information relating to any item on the agenda please contact Committee Services and we will endeavour to provide the information you require for the meeting. Of course this does not affect the right of any Member to raise questions in the meeting itself but it may assist Members in their consideration of an item if additional information is available.

Refreshments

Any Members attending on Authority business straight from work or for long periods of time, and require a sandwich, please contact Democratic Services, prior to your arrival, for arrangements to be made.

**MERSEYSIDE FIRE AND RESCUE AUTHORITY****27 JUNE 2013****MINUTES**

**Present:** Cllr Dave Hanratty (Chair) Councillors Les Byrom, Robbie Ayres, Vi Bebb, Roy Gladden, Ted Grannell, Pat Moloney, Barbara Murray, Steve Niblock, Lesley Rennie, Denise Roberts, Jean Stapleton and Sharon Sullivan

**Apologies of absence were received from:** Councillors Linda Maloney (Vice-Chair), Andrew Blackburn, John Kelly, Jimmy Mahon and Tony Newman

**17. Preliminary Matters**

The Authority considered the identification of any declarations of interest, matters of urgency or items that would require the exclusion of the press and public due to the disclosure of exempt information.

**Resolved that:**

- a) The following declarations of interest were made by individual Members:
  - Councillors Rennie and Hanratty declared an interest in relation to Agenda item 6 – Final Service Delivery Plan, as there was reference to the Fire Support Network (FSN). Cllr Rennie declared that she is a Trustee of FSN and Cllr Hanratty a Board Member of FSN.
- b) No additional items of business were determined by the Chair to be considered as matters of urgency; and
- c) No items of business required the exclusion of the press and public during consideration thereof because of the possibility of the disclosure of exempt information.

**Chairs Announcement**

The Chair offered congratulations, on behalf of the Authority, to Group Manager Glynis Lomax who recently received the Queens Fire Service Medal in recognition of her service.

**18. Minutes of the Previous Meeting**

The Minutes of the previous meeting of the Authority's Annual General Meeting, held on 11<sup>th</sup> June 2013, were approved as a correct record and signed accordingly by the Chair.

**19. Revenue And Capital Outturn 2012-13**

(CFO/080/13)

Members were provided with a powerpoint presentation by the Deputy Chief Executive, regarding the Chancellors Spending Review Announcement on 26<sup>th</sup> June 2013.

Following the presentation Members considered report CFO/080/13, including appendices A-E, of the Deputy Chief Executive regarding the Revenue and Capital Outturn the 2012/13, detailing the Authority's year end financial position.

Resolved that:

Members:

- (a) Note the actual financial performance against the approved budget and the achievement of a net revenue saving in 2012/13 of £2.310million; and
- (b) Approve the proposal to utilise the one-off saving of £2.310m to fund future investment in firefighter safety, business re-engineering; equality and disability access and create reserves accordingly.
- (c) Note their appreciation to officers for their budget management and savings achieved.

**20. JCC Update Report**

(CFO/081/13)

Members considered report CFO/081/13, including Appendix A, of the Deputy Chief Executive, regarding the Joint Control Centre Project Update, summarising the work streams associated the joint Merseyside Fire and Police Command Control Centre development at SHQ and forward look at key milestones up to the practical completion forecast for May 2014.

Resolved that:

Members :-

- a. Note the report and progress to date
- b. Approve the addition of training facilities at Headquarters to the scheme
- c. Approve, in principle, the works required around Stores/Museum and grant delegated authority to the Chief Fire Officer (in consultation with the Chair and Vice Chairs) to approve a final proposal, after consultation with Police and Ambulance, subject to it being contained within current overall budget and capital programme.

**21. Post -Consultation Report IRMP 2013-16**

(CFO/074/13 (Appendices A, B, C, D, E, F, G, H, I, J, K, L))

Members considered report CFO/074/13 including appendices A-L, of the Chief Fire officer, regarding the Post Consultation Report IRMP 2013 -16, which contained the outcomes of public consultation on the 2013-16 Integrated Risk Management Plan (IRMP) and sort approval for the publication of the final post-consultation version of the IRMP 2013/16.

The Chief Fire advised Members that, even though criticized by Sir Ken Knight for protecting Firefighters, he stood by his previous professional recommendation to the Authority, to keep all fire stations open at this time.

The Chair asked Union representatives present if they would like to make comment to this report.

Representatives from Fire Officers Association and Fire Brigades Union advised the Authority that they are aware of the issues faced and agreed that they had been fully engaged in consultation.

Resolved that:

Members;

- a) Agree that responses to consultation have been adequately considered and are reflected within the Integrated Risk Management Plan 2013/16, where appropriate.
- b) Approve the Integrated Risk Management Plan 2013/16 for publication on 27<sup>th</sup> June 2013 noting in particular, that it reflects its challenging budget position and that in order to balance the books (despite maximising the savings from back office and support services and having a council, tax increase) that £3m in cuts still had to be identified from front line services. Therefore the IRMP reflects a fundamental review of fire cover undertaken by the Chief Fire Officer that will deliver a cut of £3m the key points following consultation that members are approving are :-
  - A reduction of 90 fire-fighter posts
  - Keeping all our fire stations open at present
  - There will be a 33% cut in the number of fire appliances immediately available from 42 to 28.
  - We are introducing a standard response time standard across Merseyside of 10 minutes (on average the first response to an incident will be much faster)
- c) Reaffirm their commitment to ensuring that the impact of the changes on the communities of Merseyside should be minimised and firefighter safety maximised, noting that the IRMP makes reference to four specific issues that will have significant impact upon our staff. In line with all staffing matters these are the subject of additional staff

consultation/negotiation. Prior to any implementation (and in line with normal practice) the Authority expects the Chief Fire Officer to exercise his full delegated responsibility for completing those consultations/ negotiations and managing the implementation of the new fire cover model, in order to deliver the savings and efficiencies in a timely manner and in a way that minimises risk. The Authority further notes that many of the changes proposed may be challenging for staff, which may mean that it is difficult to reach agreement, therefore The Authority;

- i. Expects the CFO to consider the appropriateness of the resolution process, as set out in the grey book, and indeed the full range of processes available to the Authority, as employer, in order to achieve the required outcomes, and;
  - ii. Request the Chief Fire Officer to report back on the outcomes from the detailed consultations on all these matters as appropriate.
- d) The Chair expressed appreciation on behalf of the Authority to all Unions, for their dialogue and support, and advised that the Authority continues to do their best for all
- e) The Authority thank Dale Hall from Opinion Research for hosting their IRMP Consultation events

**22. Final Service Delivery Plan 2013/14**

(CFO/079/13)

Members considered report CFO/079/13 including appendix A, of the Deputy Chief Fire Officer seeking approval of the Final Service Delivery Plan for 2013-14, prior to publication on the Authority's website.

Resolved that:

Members approve the final Service Delivery Plan for 2013/14 and publication on the website.

**23. Feedback Of The Task & Finish Group Regarding Scrutiny Of Sickness Absence**

(CFO/082/13 Appendix A, B, C, D, E, F, G)

Members considered report CFO/082/13, including appendices A-G, of the Clerk to the Authority on behalf of the Task and Finish Group, regarding feedback from the Task and Finish Group established at the request of Performance Committee, to scrutinise sickness absence levels, and review of policies and procedures in relation to sickness absence.



Resolved that:

Members;

- a) Note the feedback from the Task & Finish Group regarding Scrutiny of the Authority's sickness absence levels and review of its policies and procedures in relation to sickness absence.
- b) Request Officers to complete a review of all policies and procedures relevant to sickness and discipline in the Organisation.
- c) Request the Committee to establish a further Task and Finish Group to scrutinise such documentation when it is available; and to expand its Terms of Reference to incorporate this.
- d) Agree that such a Task and Finish Group comprise of the same Members as currently (Cllrs Niblock; Newman and Gladden) plus the appointment of Cllr Rennie as an additional Member (taking Membership of the Group up to four Members), given the extended remit and workload of the Group, and appoint Cllrs Hanratty and Byrom as alternate members should any of the appointed members not be able to attend a future meeting of that group
- e) Request that all papers for any future Task and Finish Groups be sent to Members 5 working days before the date of the meeting so that Members may peruse these properly
- f) Request that a draft Programme of work is provided including forward planning of meeting dates whenever a Task and Finish Group is established.

Close

Date of next meeting Tuesday, 3 September 2013

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**MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**MEETING OF THE**

**MEMBER DEVELOPMENT GROUP**

**13 AUGUST 2013**

**MINUTES**

**Present:** Cllr Jimmy Mahon (Chair) Councillors Pat Moloney and Steve Niblock (delayed - arrived item 4)

**Apologies of absence were received from:** Councillor Lesley Rennie

**Also Present:** Democratic Services Manager – Helen Peek  
Organisation Development Manager – Lynn Hughes  
Democratic Services Deputy Manager – Kelly Johnson

**Invited:** Sharepoint Project & Implementation Manager – Darren Poole  
ICT Application Portfolio Manager – Mark Hulme (Apologies)

**1. Minutes Of The Last MDG Meeting - 5th April 2013**

The Group consider the Minutes of the previous meeting, held on 5<sup>th</sup> April 2013 and approved them as a true record.

**2. Actions Arising From Minutes**

The Group considered the actions arising from the Minutes of the previous meeting.

Media Training:

The Democratic Services Manager confirmed that the Corporate Communications Director has been advised of the Group's request for Members Media Training, and is looking to arrange this later in the year.

The Group were informed that the majority of actions arising were subject to separate items on the Agenda; and agreed to move on with the Agenda to pick those up.

**3. Portal Access For Members**

The Sharepoint Project Implementation Manager, provided the Group with an update regarding access to the Portal for Members.

The update outlined a number of options for providing this provision that have either been, or could be looked into; and approximate associated costs.

Discussion took place around the type of information Members may wish to access through the Portal and the anticipated usage of the provision by Members.

The Group resolved to recommend that:

- (a) A Learning Lunch be provided to Members demonstrating the Portal and highlighting what information can be accessed through it, and;
- (b) This be the topic for the Learning Lunch scheduled for 19<sup>th</sup> November 2013
- (c) During the Learning Lunch, Members be asked to consider the type of information they would like to access through the Portal; and indicate their potential use of the Portal, in order to guide future development.
- (d) Once the new Members Room has been completed as part of the JCC Project, "clinic days" be arranged for Members to drop in for a tutorial on how to use, access information, and navigate their way around the Portal. A member of staff from the Portal Team and ICT are to be available for these tutorials.

#### **4. Feedback From Members Following Attendance At Events**

The Group considered feedback provided by Members following their attendance at external events and conference, since the Feedback Form was approved for use at the Authority Meeting on 7<sup>th</sup> May 2013.

The Group discussed the benefit of including information regarding the cost of attendance at the event on the feedback form provided for Members completion, in order to better assess value for money.

The Organisational Development Manager advised the Group that the feedback forms provided to staff following their attendance at training events, included similar information, to enable staff to appreciate the investment made by the Authority, a copy of the form was provided, for their consideration.

The Group resolved to recommend that:

- a) The Authority encourage Members to complete feedback forms following their attendance at events.
- b) The feedback form used, be amended to include details concerning the cost of attendance at the event, including travelling and subsistence costs etc.
- c) The amended form and any feedback received from Members following attendance at events, be reported back to the next meeting of the Group.
- d) A report concerning feedback received throughout the year, be submitted annually to the last Authority Meeting prior to the AGM, to enable full

consideration as to the value of future attendance at such events, prior to the Authority approving conferences and events for the following Municipal year.

**5. Development Events And Feedback**

The Group considered the list of development events provided for Members since the last meeting of the Group; and the evaluation responses received by Members in relation to those events.

The Group noted the variety of training events provided and that most of the feedback by Members was positive.

The only slight criticism raised by Members was in relation to one of the District Update Presentations, which was deemed to be “a little rushed”, however it was noted that this was likely to be due to the necessity to have 2 Districts presenting within the same time slot.

The Group resolved to recommend that;

In future, wherever possible, only one topic be included in any “Learning Lunch” slot.

**6. Review Of Station Visit Arrangements**

The Group were provided with an update on Station Visits which have taken place so far; and considered the arrangements currently in place for Station Visits.

The Group were reminded that this year, 3 days for Station Visits were scheduled into the meeting dates approved by the Authority at the AGM, as recommended by this Group.

It was noted that to date, no stations within the St Helens or Knowsley Districts have been visited, however the Group were informed of the intention to visit those on the next scheduled day of visits on 28<sup>th</sup> November 2013.

The Group discussed the advantages and disadvantages of;

- (i) scheduling set days in advance for Station Visits; and
- (ii) having relatively small numbers of Members attending those visits.

The Group resolved to recommend that;

- a) The Authority continue with the schedule of set days for Members Station Visits; and
- b) Invites to Station visits should continue to be open to all Members, however note that due to the space available within many stations, it was beneficial to only have approximately 8 Members in attendance.

**7. Provision Of Employee Training**

The Group considered a brief report, concerning the provision of training for staff.

The report highlighted the significant shift over the last 5 years, towards providing the majority of training in-house; and the substantial savings made as a result.

However, the Group noted that there remain some exceptions, where providing training through external providers continues to be more beneficial.

The Group resolved to recommend that:

- a) A report be submitted to the meeting of the Policy & Resources Committee on 26<sup>th</sup> September 2013, regarding the provision of training for staff; and the associated savings in providing more training internally.
- b) The Organisation Development Manager look into the possibility of Members participating in any ICT Training run for staff.

**8. Accreditation Scheme For Members**

The Group considered possible options for Member Development and accredited schemes moving forward.

The Group were provided with a hand out briefly detailing some of the options for Members to consider. There were 2 broad areas for consideration:

- 1) Possible next level of the North West Employers Elected Member Development Charter.
- 2) Continuation of Personal Development Planning

Within the second area, there were a number of further options for consideration:

- Accreditation of Personal Development Planning using Chartered Management Institute (CMI) qualifications; facilitated in-house and externally scrutinised by CMI.
- 360 feedback for Members
- A combination of the two.

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- Develop links with other LA's to share learning and accreditation.

The group were informed that to date, there had not been any further progress or decisions made within North West Employers in relation to developments of the Elected Members Development Charter, and noted that careful consideration should be given to how it may be perceived publically, should the Authority put themselves forward for an award, in the current financial circumstances.

The Group discussed in detail the options proposed in terms of continuation of Personal Development Planning and noted that there was merit in each of the options and possibly a combination would be the best way forward.

The Group resolved to recommend that:

- a) Following Members one-to-one meetings and the development of training plans, the most appropriate accreditation methods be looked into.
- b) The Authority consider the possibility of the Members Development Group Members each undertaking a 360 degree appraisal, as a trial for the Authority to consider rolling out to all Members.
- c) The Organisation Development Officer liaise with the other local authorities, to establish how they are accrediting Members and whether there is any scope/ appetite for providing learning and accreditation jointly.

## **9. Review Of PDP's**

The Group considered the status of Members Personal Development Plans (PDP's) and when they last attended a one-to-one development meeting.

The Group were advised that several Members have one-to-one meetings scheduled with the Organisation Development Manager, as they are now due for review.

The Group were advised that the intention is to have a different approach to one-to-ones, than has previously been taken; and the Group agreed that it would be best to start afresh to ensure that all Members have been through the same process.

The Group resolved to recommend that:

- a) Arrangements be made for all Members to meet with the Organisation Development Manager for a one-to-one development meeting, before the end of February 2014.

- b) Following the completion of all one-to-one's, analysis be conducted to establish training needs, and those needs be met within a realistic timeframe.
- c) Following completion and analysis of all Members one-to-one's, accreditation options be looked into.

**10. Any Other Business**

The Group discussed the possibility of the Minutes from these meetings, being submitted to the Authority for consideration and ratification of the recommendations, and to enable all Members to see what they Group have considered.

The Group resolved that;

Commencing from this meeting, Minutes of the Members Development Group be submitted to full Authority Meetings for Members information and for recommendations to be approved.

Close

Date of next meeting Date Not Specified



**AGENDA ITEM:**

<b>REPORT TO:</b>	<b>MERSEYSIDE FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE:</b>	<b>TUESDAY 3<sup>RD</sup> SEPTEMBER 2013</b>
<b>REPORT NO.</b>	<b>CFO/099/13</b>
<b>REPORTING OFFICER:</b>	<b>JANET HENSHAW, CLERK TO THE AUTHORITY</b>
<b>CONTACT OFFICER:</b>	<b>HELEN PEEK, DEMOCRATIC SERVICES MANAGER</b>
<b>OFFICERS CONSULTED:</b>	<b>CHAIR OF THE AUTHORITY</b>
<b>SUBJECT:</b>	<b>APPOINTMENTS OF CO-OPTED MEMBER, AND INDEPENDENT PERSON</b>

**THERE ARE APPENDICES TO THIS REPORT**

<b>APPENDIX A</b>	<b>TITLE</b>	<b>CFO/067/13 APPENDIX E JOB DESCRIPTION – INDEPENDENT PERSON</b>
<b>B</b>		<b>CFO/067/13 APPENDIX F CO-OPTED MEMBER OF THE PERFORMANCE AND SCRUTINY COMMITTEE</b>

**ATTACHED – HARD COPY**Purpose of Report

1. To request that Members consider the recommendations of the Interview Panel in relation to the proposed candidates for appointment to the roles of Co-Opted Member, and Independent Person.

Recommendation

2. That Members;
  - a) Note the recommendation of the interview panel in relation to the appointment of an Independent Person, and
    - i. The Authority confirm the appointment of Mr Anthony Boyle as Independent Person, subject to satisfactory References.
  - b) Note the recommendation of the interview panel in relation to the appointment of Co-Opted Member; and
    - ii. The Authority confirm the appointment of Mr Ian Parkinson to the position of Co-Opted Member of the Authority.

### Introduction & Background

3. The Authority approved at the Annual meeting 11<sup>th</sup> June 2013, for the appointment of an Independent Person, to be advertised locally and interviewed, in order to provide a service as and when required by the Localism Act 2011, and the appointment of a co-opted Member to sit on the Performance and Scrutiny Committee in a non-voting capacity under the terms set out in the job role and responsibilities.
4. The positions of Independent Person and Co-Opted Member were advertised on the Authority's website on 25<sup>th</sup> June 2013 with the closing date for applications on 5<sup>th</sup> July 2013, following which successful candidates were invited to interview.
5. The interview panel consisted of the Chair of the Authority, the Clerk to the Authority and the Democratic Services Manager, and interviews conducted on 7<sup>th</sup> August and 22<sup>nd</sup> August 2013.
6. Following the close of the interviews the candidates who the interview panel feel most appropriate for the roles advertised, and recommend that the Authority appoint to those roles, have been invited to attend the meeting today to meet the Authority.

### Equality & Diversity Implications

7. There are no Equality and Diversity Implications arising from this report.

### Staff Implications

8. The Independent Person and Co-Opted Member will receive training, advise, and liaise with the Legal and Democratic Services Teams.

### Legal Implications

9. Following the abolition of the Standards Board for England the Authority have adopted the roles of Independent person and Co-Opted Member, within its structure, as per the requirements set out in the Localism Act 2011.
10. The Independent Person will work with the Clerk to consider any allegations received regarding an Authority Member, under the complaint's procedure, and consider if that Member has failed to adhered to the Authority's code of conduct.

### Financial Implications & Value for Money

11. The cost for the allowances associated with the role of Independent Person and Co-Opted Member are contained within the current budget set by the Authority for

2013/14, and allowances are set out within the Members Scheme of Allowances (CFO/067/13).

12. Co-Opted Member Allowance £297.00 Per Annum plus travel expenses
13. Independent Person will be able to claim payment of £25.00 per hour for work carried out in respect of complaint investigations under the Members Code of Conduct, plus travel time of £12.50 per hour (pro rata)

#### Risk Management, Health & Safety, and Environmental Implications

14. The appointed Co-Opted Member will sit on the Performance and Scrutiny Committee to bring an element of independent view to scrutiny, which will contribute to considering and reducing risk to the Authority and the community of Merseyside.

#### Contribution to Our Mission – To Achieve; Safer Stronger Communities – Safe Effective Firefighters”

15. Appointment of a Co-Opted Member and an Independent Person will ensure the Authority’s standards are maintained to a high level, contributing to an excellent professional Authority for the community of Merseyside, with a broadened ability to scrutinise decisions, risk and performance, to ensure our Mission is achieved.

#### **BACKGROUND PAPERS**

CFO/067/13 Members Scheme of Allowances.

#### **\*Glossary of Terms**

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### Job Description – Independent Person

#### Role

The Independent Person (I.P.) is appointed to work with the Monitoring Officer, as and when required, to provide an I.P. view in respect of any complaints/allegations made about Members of Merseyside Fire & Rescue Authority

#### Remuneration

The I.P. will be paid travelling expenses and an hourly rate for their work in respect of complaint investigations under the Members Code of Conduct, as follows:

##### Travel Expenses

Hourly rate for work including Interviewing, attending meetings, Reading and drafting reports (but excluding travel time)	£25 per hour
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Travel Time	£12.50 per hour (pro rata)
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#### Job Description

1. To provide an independent view as to any allegations/complaints brought under the Members Code of Conduct for Merseyside Fire and Rescue Authority (MFRA) before any decision is made by the Audit Sub Committee or the Appeals Committee under local MFRA procedure.
2. In doing the I.P. must:
  - i) Have discussions with the Authority's Monitoring Officer either by telephone/email or face to face, when an allegation is received.
  - ii) Read and carefully consider all correspondence in relation to any complaint/allegation.
  - iii) Provide a written view of the action recommended by the I.P. before any matter is decided by the Audit Sub Committee.
  - iv) Attend any meeting, upon request by the Monitoring Officer, of the Audit Sub Committee, to advise the sub committee in relation to a written view.

- v) To provide a further written view as to the recommended sanctions, upon request by the Monitoring Officer, if the Appeals Committee is concerned under local procedures.

**Person Specification – Independent Person**

1. Commitment to the maintenance of high standards of conduct in Local Government.
2. Understanding of the work of MFRA
3. Understanding and knowledge of the legislation surrounding Member Standards in Local Government.
4. Understanding of the appointment and role of elected Members of MFRA.
5. Excellent communication skills (written & oral)
6. Ability to deal sensitively with conduct issues.
7. Ability to communicate effectively with a wide range of people.
8. Ability to drive would be desirable.

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**Co-opted Member of the Performance and Scrutiny Committee (Standing Order 12.1.2)**

A. Role

The co-opted Member will be a non-voting Member of MFRA who will assist the committee in the role of scrutiny and review, by providing an independent view. This will contribute to maintaining the Authority's excellent reputation.

1. To provide an independent view to the Performance and Scrutiny Committee of Merseyside Fire & Rescue Authority (MFRA)
2. To attend all meetings of the Performance and Scrutiny Committee and provide an effective contribution to the same.
3. To attend and provide an independent view to any task and finish group established by the Authority from time to time, as requested.

B. Remuneration

Annual allowance of £297.00 and travel allowances as per the Members' allowance scheme.

C. Person Specification

1. Understanding of the role and functions of MFRA
2. Understanding of the role of scrutiny in the Fire and Rescue Authority.
3. Understanding of MFRA Performance and Scrutiny Committee Terms of Reference.
4. Ability to communicate effectively with a wide range of people.
5. Ability to work as part of a team
6. Understanding of the role and function of elected Members.
7. Knowledge of the needs/risks in local communities served by MFRA.
8. Ability to contribute to discussions and debates effectively.
9. Willingness to attend meeting
10. Willingness to comply with confidentiality where necessary.
11. Commitment to upholding high standards in local government.

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**AGENDA ITEM:**

<b>REPORT TO:</b> Meeting of the	<b>MERSEYSIDE FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE:</b>	<b>3<sup>RD</sup> SEPTEMBER 2013</b>
<b>REPORT NO.</b>	<b>CFO/086/13</b>
<b>REPORTING OFFICER:</b>	<b>CLERK TO THE AUTHORITY ON BEHALF OF TASK &amp; FINISH GROUP</b>
<b>CONTACT OFFICER:</b>	<b>CLERK TO THE AUTHORITY – JANET HENSHAW</b>
<b>OFFICERS CONSULTED:</b>	<b>COUNCILLORS NIBLOCK; BEBB AND BLACKBURN; RIA GROVES, TRAINEE SOLICITOR; SIMON MANSFIELD, ENERGY AND ENVIRONMENTAL MANAGER; TOM FOULKES; MERSEY TRAVEL</b>
<b>SUBJECT:</b>	<b>TRAVEL PLAN: FEEDBACK FROM A TASK AND FINISH GROUP</b>

**THERE ARE APPENDICES TO THIS REPORT**

<b>APPENDIX</b>	<b>A</b>	<b>TITLE</b>	<b>TERMS OF REFERENCE</b>
	<b>B1</b>		<b>MINUTES 5<sup>TH</sup> APRIL 2013</b>
	<b>B2</b>		<b>MINUTES 7<sup>TH</sup> MAY 2013</b>
	<b>B3</b>		<b>MINUTES 4<sup>TH</sup> JUNE 2013</b>
	<b>B4</b>		<b>MINUTES 27<sup>TH</sup> JUNE 2013</b>
	<b>C</b>		<b>ACTIONS FROM TASK AND FINISH TRAVEL PLAN GROUP 27<sup>TH</sup> JUNE 2013</b>

**ATTACHED – HARD COPY**Purpose of Report

1. To request that Members note the feedback from the Task & Finish Group concerning scrutiny of staff Travel Plans; and approve the recommendations as referred by the Performance & Scrutiny Committee.

Recommendation

2. That Members;
  - a) Note the feedback from the Task & Finish Group regarding the Travel plan and

- b) Endorse the site specific travel plans for the Joint Control Centre and the Toxteth FireFit Hub (including Toxteth Fire Station); and
- c) Approve the following actions:
  - i. That Officers consider environmental implications at the point of recruitment or transfer of staff or at the point of other employee related policy development.
  - ii. That officers consider a system whereby information about availability of pool vehicles can be provided to all staff.
  - iii. That officers develop such systems incorporating a travel hierarchy and the feasibility of other forms of transport and/or the possibility of using pool cars and pool bikes.
  - iv. That officers liaise with partner organisations in the area about sharing travel arrangements (e.g. a work bus) in order to put forward any viable business plan to Mersey Travel.
  - v. That officers consider when any review of the current lease car scheme takes place, the environmental implications of any future scheme.
  - vi. That the targets outlined in the Appendix C attached for staff modes of travel are adopted by the Authority and that any campaigns aimed at achievement of such targets are supported by the Authority.
  - vii. Regular surveys of staff travel be undertaken to monitor progress against these targets and review them where necessary.

### Introduction & Background

- 3. On 26<sup>th</sup> July 2012 the travel plan was presented to the Performance and Scrutiny Committee which requested that further scrutiny take place by a task and finish group, particularly in terms of setting targets for staff travel and consideration of any appropriate actions for recommendation to the Authority in terms of facilitation of alternative modes of transport that are more sustainable.
- 4. The Terms of Reference for the Task & Finish Group are attached as Appendix A.
- 5. The Group consisted of Councillor Steve Niblock (Chair of the Group); Councillor Vi Bebb and Councillor Andrew Blackburn. Officers assisting the Group were Ria Groves (Trainee Solicitor); Janet Henshaw (Clerk to the Authority); Nicholas Pitchers (Democratic Services Officer); Simon Mansfield (Environmental Officer) and Tom Foulkes (Mersey Travel).

6. The Group met on 4 occasions 5 April 2013; 7 May 2013; 4 June 2013 and 27 June 2013. The Minutes of the meetings are attached as Appendix B.
7. The Group has considered a wide range of information including comparative analysis of staff modes of transport and carbon emissions; car lease schemes from other organisations, travel plans and analysis of travel information provided by staff of their mode of travel
8. The group endorsed the work associated with the travel plans and thanked Mersey Travel for input into the Task and Finish programme of work.
9. In particular the Group considered the staff travel survey and issues arising from this. Although it was acknowledged that not all staff had completed the survey, as this had not been a “mandatory” requirement, the Group considered that this is very much the “nature” of surveys.
10. Arising from the survey the Group agreed that consideration of the environmental implications relating to staff mode of travel to work could be enhanced in a number of ways by such implications being considered at an early stage of policy development. The Group considered that such enhancements were important due to European and National targets enshrined in both local travel plans and Climate Change legislation.
11. The Group has therefore made relevant recommendations for consideration by the Performance and Scrutiny Committee to be referred onto the Authority.
12. The report and recommendations were considered by the Performance & Scrutiny Committee at its meeting on 30<sup>th</sup> July 2013, where it was agreed that the report and recommendations be referred to the full Authority for approval.

#### Equality & Diversity Implications

13. There are no direct Equality and/or Diversity implications arising from this report. People with disabilities are provided with reserved car parking spaces and should the recommendations from this report lead to any policy change individual impact assessments will be done in each case

#### Staff Implications

14. The staff travel survey showed that most staff travel alone to work by car. The recommendations of this report are aimed at providing and encouraging other means of transport where possible. However full consultation will take if this is necessary. Travel targets aimed at walking/cycling also help improve fitness whilst car sharing can encourage team work.

#### Legal Implications

15. Whilst travel planning and targets are driven by Climate Change legislation. the Recommendations of this report have no direct legal implications in themselves

although, if there is any policy change as a result the legal implications may need to be considered further.

#### Financial Implications & Value for Money

16. Merseytravel has indicated that a “work bus” would cost £40,000 to provide. However if partner organisations are consulted it may be possible to send a viable business plan to Mersey Travel. There may be some savings to employees by car sharing or changing to another mode of transport and if there is less car traffic then maintenance costs could reduce. There are no further financial implications and any costs that may be associated with the recommendations of this report will be met from existing budgets

#### Risk Management, Health & Safety, and Environmental Implications

17. All transport carries risk of accident and this all monitored by the Health and Safety Committee. Environmental implications form the substantial considerations of this Report.

#### Contribution to Our Mission – To Achieve; Safer Stronger Communities – Safe Effective Firefighters”

18. Consideration of safe and efficient modes of travel will ensure that all staff stay safe and perform their role for the benefit of the communities of Merseyside.

#### **BACKGROUND PAPERS**

**TASK AND FINISH GROUP: STAFF TRAVEL OPTIONS**

**TERMS OF REFERENCE**

1. To consider the responses to the Staff Travel Survey
2. To recommend appropriate targets for staff modes of travel whilst commuting to and from work
3. To recommend appropriate actions for the Authority to encourage and facilitate alternative modes of transport which are more sustainable
4. To recommend the endorsement of the site specific Travel Plans for both the Joint Control Centre and the Toxteth Hub (including the Toxteth Fire Station)
5. To provide a report for the Performance and Scrutiny Committee outlining the work of the Group and its Recommendations

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**TASK & FINISH GROUP**  
**OF THE**  
**MERSEYSIDE FIRE AND RESCUE AUTHORITY**  
**5<sup>TH</sup> APRIL 2013**  
**“REVIEW OF STAFF TRAVEL”**  
**MINUTES**

**PRESENT:** Councillors: Steve Niblock (Chair of Group), Vi Bebb and Andrew Blackburn

**ALSO PRESENT:** Janet Henshaw – Clerk To The Authority and Director of Legal, Procurement & Democratic Services  
Simon Mansfield – Energy & Environmental Manager  
Ria Groves – Trainee Solicitor  
Kelly Johnson – Minute Taker

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**1. Reason For Task & Finish Group**

The Group were reminded of the reason behind the establishment of this Task & Finish Group, which was requested by the Performance & Scrutiny Committee at its meeting on 26<sup>th</sup> July 2012.

**5. Merseyside Fire & Rescue Authority Travel Plan 2012**  
(CFO/106/12)

*Members considered Report CFO/106/12 of the Deputy Chief Executive concerning Merseyside Fire & Rescue Authority's Travel Plan for 2012.*

Members Resolved that:

- (a) *The definition and purpose of a Travel Plan, be noted.*
- (b) *The production of a Travel Plan for MFRA, be recommended for approval by the Authority.*
- (c) *All staff be requested to complete an online survey to gather the necessary data for a Travel Plan.*
- (d) **The outcomes of the survey be referred to a Task & Finish Group, with**

any proposals relating to the survey outcome, being brought back to this Committee.

## **2. Terms of Reference**

The Group considered and approved the proposed Terms of Reference for this Task & Finish Group.

## **3. Consideration of Presentation**

The Group considered the presentation provided by Simon Mansfield – Energy & Environmental Manager.

The Presentation provided Members with information regarding:

- the purpose of Travel Plans,
- the type of information contained within them
- what is taken into consideration when producing them.
- What measures can be taken to try to encourage use of alternative means of transport

The Group Resolved that:

Members be provided with the pie chart from the previous Travel Plan 2009 and the current Travel Plan side by side to aid comparison and information regarding possible reasons for any changes.

## **4. Determination Of Work Plan/ Actions**

The Group decided that they would meet on 3 additional occasions to discuss the following:

1. First meeting will be to discuss points 1 and 2 of the Terms of Reference of the Group:
2. Second meeting will be to discuss point 4 of the Terms of Reference
3. Third meeting will be to discuss points 3 and 5 of the Terms of Reference.

The Group also resolved that:

A report providing feedback from this Group and its recommendations, be prepared for submission to the meeting of the Performance & Scrutiny Committee on 30<sup>th</sup> July 2013 (date to be confirmed at the AGM).

Close

**Date of the Next Meeting:** T.B.A.

**MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**TASK AND FINISH GROUP**

**“REVIEW OF STAFF TRAVEL”**

**7<sup>TH</sup> MAY 2013**

**MINUTES**

**Present:**

Councillor Steve Niblock (Chair of Group)  
Councillors Vi Bebb and Andrew Blackburn

**Also Present:**

Ria Groves	<i>Trainee Solicitor</i>
Simon Mansfield	<i>Environmental Manager</i>
Nicholas Pitchers	<i>Minute Taker</i>

**1. Minutes of the Previous Meeting**

The minutes of the previous meeting of this Task and Finish Group for *Review of Staff Travel* were considered and agreed by Members to be a correct record of proceedings.

**2. The Work Plan for this Group**

The Group were reminded that it had been agreed at the previous meeting of this group that the work plan would follow the points of the Terms of Reference, such that:

- this meeting to consider Points 1 and 2;
- the next meeting to consider Points 3 and 4; and
- the final meeting to consider Point 5.

**3. To consider the response to the Staff Travel Survey**

(Point 1 of the Terms of Reference)

The Group considered in detail the response to the Staff Travel Survey.

It was brought to Members attention that the level of responses to the survey, being 44% of staff, surpassed previous response rates for Travel surveys in Merseyside Fire and Rescue Authority (MFRA). The implication of this significant response rate is that the results of the survey can be considered a good indicator of the Travel habits of the Authority's staff.

A number of issues arising from this survey were discussed:

- The implications relating to the distance that staff have to travel to work..
- The group noted an increase in the numbers of staff now cycling to work compared to previous years.

- Members noted the small number of staff that take the bus to work possibly due to the location of bus routes and nature of bus travel.
- Reasons that staff cite for driving to work and a potential need arising for education on the true cost of car travel.
- Alternative modes of travel already taken that are not their primary form of travel to work.
- Alternative modes that staff feel they could take.
- The engine size of cars that staff use; 65% of staff use a vehicle with an engine size of 1.5ltr or greater.
- The implications of charging a nominal fee for car parking involving; the impact on the local community, indirect discrimination, and the need to use cars for work purposes.
- Whether the current pool-car scheme is used to its full potential. Having more effective pool-car management may encourage those who need a car for work purposes to utilise Authority vehicles and travel to work by alternative means.
- The implications of having a lease-purchase scheme promoting smaller-engine or environmentally-friendly cars.
- The possibility of a work-bus (or a “factory-bus”) to and from Headquarters was considered.
- Encouraging walking to work.
- Encouraging cycling to work. The cycling infrastructure in Merseyside was discussed as an obstacle to taking up this form of travel. The cycle route maps available on MFRA locations were highlighted as a resource.
- Encouraging car sharing – there are planned events to put staff in touch with each other, in terms of Headquarters this may involve people from surrounding organisations.

Members resolved that:

- a) Members be provided with the reasons why Firefighters do not always work at the station nearest to their domicile.
- b) Members be provided with a carbon calculation in relation to car engine size to the next meeting of this group.
- c) Information on the usage of pool cars by year and the location of pool cars be brought to this group for the next meeting.
- d) Merseytravel be approached to gauge the possibility of a subsidised Work-bus (to involve other local businesses) for Bridle Road HQ and any models or examples where this sort of scheme is currently used.
- e) An example of a car lease scheme that the Authority could conceivably initiate be brought back to this Group.

**4. To recommend appropriate targets for staff modes of travel whilst commuting to and from work**

(Point 2 of the Terms of Reference)

The Group considered appropriate targets for the modes of transport judging that the targets need to be achievable but challenging. The figures for; people already using that form of transport, people who use that form of transport as an alternative means of getting to work (if, for example, their main mode of transport is unavailable), and people who feel that they could conceivably use that form of transport; were used in deciding the targets.

Members resolved that:

The following be recommended as appropriate targets for staff modes of travel whilst commuting to and from work:

Mode of Transport	Existing Share	Proposed Target
Car	58%	32%
Car Sharing	6%	20%
Motorbike or Moped	2%	2%
Bus	2%	5%
Train	3%	6%
Cycle	20%	28%
Walk	4%	7%

**5. Date of the Next Meeting**

The date of the next meeting is 4<sup>th</sup> June 2013.

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**MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**TASK AND FINISH GROUP**  
**“REVIEW OF STAFF TRAVEL”**  
**4<sup>TH</sup> JUNE 2013**

**MINUTES**

**Present:**

Councillor Steve Niblock (Chair)  
Councillors Vi Bebb and Andrew Blackburn

**Also present:**

Janet Henshaw	<i>Clerk to the Authority and Monitoring Officer</i>
Ria Groves	<i>Trainee Solicitor</i>
Tom Foulkes	<i>Merseytravel ‘Travelwise’ Representative</i>
Simon Mansfield	<i>Environmental Manager</i>
Nicholas Pitchers	<i>Minute Taker</i>

**1. Minutes of the Previous Meeting**

Following discussion of the minutes of the previous meeting, held on 7<sup>th</sup> May 2013, they were agreed to be a correct record of proceedings.

**2. Information requested at the previous meeting**

Members considered the information provided in relation to: where Firefighters work; carbon calculations; utilisation of pool cars; an example car-lease scheme; and a comparison of the pie charts from the 2009 and 2012 staff travel surveys.

During consideration of some of the information it arose that there may be an issue with the accuracy of the data relating to the sample of staff who completed the survey and the calculations from which conclusions have been derived.

The group heard from Merseytravel that they have completed market research on the Merseyside population, they know what to expect for the region in terms of targets for alternative transport use, and they would be happy to share this data with Merseyside Fire and Rescue Service.

**Resolved that:**

- a) the targets decided in the previous meeting (minute 4a) be not relied upon; and

- b) In setting revised targets for the staff modes of travel whilst commuting to and from work consideration be given to;
  - i. the approach to setting targets contained in report CFO/049/13 *Target Setting* which was considered by the Performance and Scrutiny Committee on 30<sup>th</sup> May 2013, and
  - ii. the targets for the Merseyside region which have been offered by Merseytravel, and
  - iii. the data from the 2012 Travel Survey on the alternative forms of transport staff said they could reasonably take.

**3. To Recommend Appropriate Actions for the Authority to Encourage and Facilitate Alternative Modes of Transport Which are More Sustainable**

Members considered their resolutions from the previous meeting and decided on a number of recommendations that could be reported to the Performance and Scrutiny Committee, in line with these resolutions.

Resolved that:

- a) Draft recommendations be written, to be decided at the next meeting, to the effect that;
  - i. the impact on the Environment to be a consideration in assigning staff to locations of work.
  - ii. when booking pool cars officers would be asked to look into a system displaying the availability of the cars and check that no alternative transport can be reasonably taken.
  - iii. due to the cost that a standalone bus-to-work service for MFRA would present it be recommended to liaise with other businesses in the surrounding area to present a united and attractive business case to Merseytravel.
  - iv. when the existing car lease scheme is reviewed, environmental considerations be taken into account.

**4. To Recommend the Endorsement of the Site-Specific Travel Plans for both the Joint Control Centre and the Toxteth Hub (including the Toxteth Fire Station)**

Members considered the site-specific travel plans for the Joint Control Centre, and the Toxteth Hub and Fire Station.

Resolved that:

- a) The endorsement of the site-specific Travel Plans be recommended; and



- b) The common actions arising from the Travel Plans be circulated to Members of this Task and Finish Group before the next meeting; and
- c) A general update on the uptake of the current Cycle2Work scheme be included in the report to the Performance and Scrutiny Committee.

Close

Date of the Next Meeting: 27<sup>th</sup> June 2013

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**MERSEYSIDE FIRE AND RESCUE AUTHORITY**

**TASK AND FINISH GROUP**

**“REVIEW OF STAFF TRAVEL”**

**27<sup>TH</sup> JUNE 2013**

**MINUTES**

**Present:**

Cllr Steve Niblock (Chair), and Vi Bebb

**Apologies:**

Cllr Andrew Blackburn

**Also Present:**

Janet Henshaw

*Clerk to the Authority and Monitoring Officer*

Ria Groves

*Trainee Solicitor*

Simon Mansfield

*Environmental Manager*

Nicholas Pitchers

*Minute Taker*

**1. Minutes of the Previous Meeting**

The minutes of the previous meeting of the Group held 4<sup>th</sup> June 2013 were approved as a correct record of proceedings and were signed accordingly by the Chair.

**2. To recommend appropriate targets for staff modes of travel whilst commuting to and from work**

Members considered the revised data presented to them and discussed suitable targets for staff modes of travel whilst commuting to and from work whilst referring to: the Local Sustainable Transport Fund targets for the region, and the figures from the Travel Survey Data 2012 relating to alternative modes of transport staff felt they could take.

**Resolved that:**

Appropriate targets for staff modes of travel whilst commuting to and from work be recommended as follows:

Usual Travel Mode	Present Modal Split	Proposed Whole MFRA travel targets
Car on own	57%	47%
Car share	12%	15%
Bicycle	20%	23%
Walk	4%	5%
Train	3%	5%
Motorbike or Moped	2%	2%
Bus	2%	3%

**3. To provide a report for the Performance and Scrutiny Committee outlining the work of the Group and its recommendations**

Members considered the Draft Report for the Performance and Scrutiny Committee and made suggestions and changes.

Resolved that:

- a) additional recommendations be added to the effect that:
  - i. the targets, recommended in 3. above, be adopted with the provision that effort be made to support any campaigns and actions that would help achieve these targets, and
  - ii. regular surveys of staff travel be undertaken to monitor progress against these targets and review them where necessary.
- b) the National targets and European targets for reducing Carbon Emissions be referenced in paragraph 6 of the Draft Report to provide extra background to the report.

**4. Further meetings**

Members considered the need for any further meetings of this Group.

Resolved that:

- a) No further meetings to take place, and
- b) the Final Report be circulated to Members of this Group for approval prior to being submitted onto the Agenda for the Performance and Scrutiny Committee to take place on 30<sup>th</sup> July 2013.

Close

## Actions from Task and Finish Travel Plan Group 27<sup>th</sup> June 2013

### 1. What is a Travel Plan?

#### 1.1 What is a Travel Plan?

A TP provides a strategy for managing travel demand and involves a dynamic process of implementation, monitoring and review to ensure that it is sustainable over the long-term. The underlying aim of any TP is to minimise the number of single occupancy private car trips generated by a development, by encouraging a shift to more sustainable modes of transport, as a result mitigating the impact of travel.

The key roles of this TP are as follows:

- to ensure that appropriate infrastructure is implemented at the proposed Headquarters/ Joint Control development to encourage sustainable travel;
- to survey existing staff travel habits;
- to develop and present site specific measures / initiatives to encourage modal share which favours sustainable travel modes; and
- To present a strategy for continuously monitoring and reviewing the sustainable travel initiatives to ensure that they continually address the needs of staff and visitors at the Headquarters/ Joint Control.

A TP is a way of managing how people travel to a particular area or organisation. This TP addresses:

- staff travelling to and from the workplace;
- visitor travel to and from the Headquarters/ Joint Control;
- staff travel modes for work; and
- Deliveries to and from the Headquarters/ Joint Control.

#### 1.2 The key objectives of this Travel Plan are as follows:

The key objectives of the TP will be taken forward by a TP co-ordinator and he/she will seek to:

- reduce the need to travel by car to and from the site;
- promote the health and cost benefits of cycling, walking and using public transport;
- promote the cost benefits of car sharing;
- provide clear information to staff on sustainable modes of travel to and from the Headquarters/ Joint Control;
- provide information to visitors on the alternative sustainable modes of travel; and
- Enhance safety and security for staff travelling to and from the site.

#### 1.3 Legal framework for developing an organisational Travel Plan and commuter targets

- **Planning Policy Guidance Note 13 – Transport (PPG – 13)** The revised Planning Policy Guidance Note, PPG13 was subsequently published in March 2001, emphasising the need to coordinate land use and transport policies more effectively; reinforcing the message that new developments must be located and designed in ways that reduce both the need to travel and the dependence on the private car.
- **DASTS Developing a Sustainable Transport System** The Government launched its new Transport Strategy White Paper document in November 2008; the document took into account the uncertain economic conditions that were occurring at the time and that were predicted for the next few years.

The report outlines the Government's five goals for transport, focusing on the challenge of delivering strong economic growth while at the same time reducing both domestic and international greenhouse emissions.

- **Local Transport Plan (LTP)** In April 2011, Sefton Council, along with Knowsley, Wirral, Liverpool, St. Helens Councils and Merseytravel jointly submitted the third Merseyside Local Transport Plan (LTP) to Central Government. The LTP covers the period 2011 to 2024 and builds upon the transport strategy introduced in the second LTP.  
The current LTP describes the approach being taken to improve the transport choices for everyone in the area, and aims to provide 'A city region committed to a low carbon future, which has a transport network and mobility culture that positively contributes to a thriving economy and the health and wellbeing of its citizens and where sustainable travel is the option of choice'.
- **Air Quality Action Plan** Liverpool City Council requires an Air Quality Action Plan because it is forecast that annual average concentrations of nitrogen dioxide (NO<sub>2</sub>) in two areas of the City will exceed the national target for 2005. In accordance with legislation, two Air Quality Management Areas (AQMAs) have been declared:
  - AQMA1 - Liverpool City centre
  - AQMA2 - Liverpool M62/ Rocket Junction area
- Part IV of the Environment Act 1995 provides the framework for Local Air Quality Management (LAQM) in the UK and local authorities' duties under this act.
- The transport theme gives a clear commitment to the development of a Travel Plan for Liverpool City Council, as well as adoption of travel plans by hospitals, universities and schools. This gives clear and unequivocal linkage of the Air Quality Action Plan to core strategies for the City and linking initiatives or supporting strategies.
- **Local Transport Plan 3** The Third Local Transport Plan for Merseyside became active from 1st April 2011.  
The plan sets out the implementation plans in the short term to 2015 and looks to the longer term strategy for 2024 on how to improve transport in Merseyside.  
The Third Local Transport Plan has the following vision;  
'A city region committed to a low carbon future, which has a transport network and mobility culture that positively contributes to a thriving economy and the health and wellbeing of its citizens and where sustainable travel is the option of choice'.
- **Climate Change Act 2008** Commits the UK to reducing Emissions of carbon dioxide (CO<sub>2</sub>) by:
  - 26% by 2020
  - 80% by 2050

## 2. Targets

### Approach taken in setting commuter mode targets

- Up to doubling the existing modal split, so as to be achievable
- Not exceeding 'alternatives thought easily taken' survey response
- Stretching ourselves with car sharing target as within our gift to promote & limit spaces

- Taking into consideration the Merseyside wide LSTF (Local Sustainable Transport Fund) target of a modal shift of between 4.3% - 10% (supplied by Tom Foulkes of Merseytravel)
- Taking into consideration the National Census derived commuter modal split.

**Why MFRS is proposing to adopt a 10% modal shift target**

- 10% is the top end of the target range proposed by Merseytravel
- MFRS are historically ambitious with aspirational Environmental Targets (last CO<sub>2</sub> reduction target was 30%)
- Not achieving targets is still viewed positively if a good result still achieved (23% for last CO<sub>2</sub> reduction target)
- As a Public Sector body, MFRS is obliged to contribute to the UK Climate Change Act targets
- As a Public Sector body, MFRS should be seen as leading by example for members of the public and other public sector, private sector and 3<sup>rd</sup> sector organisations
- MFRS have a well-deserved reputation for sustainable transport work, including Business in the Community Big Tick award, Dept. for Transport case study, Merseytravel ‘Best Travel Plan’ awards

**National Census derived commuter modal splits**

Area name	ENGLAND AND WALES	ENGLAND	NORTH WEST	Merseyside (Met County)
<b>Work mainly at or from home</b>	6.9	6.9	5.9	<b>4.5</b>
<b>Train combined</b>	5.6	5.9	2.1	<b>3.5</b>
<b>Bus, minibus or coach</b>	4.6	4.7	5	<b>6.6</b>
<b>Taxi</b>	0.3	0.3	0.5	<b>0.7</b>
<b>Motorcycle, scooter or moped</b>	0.5	0.5	0.4	<b>0.3</b>
<b>Driving a car or van</b>	35	34.8	36.8	<b>32.2</b>
<b>Passenger in a car or van</b>	3.2	3.2	3.7	<b>3.6</b>
<b>Bicycle</b>	1.8	1.8	1.3	<b>1.1</b>
<b>On foot</b>	6.3	6.3	6.3	<b>5.7</b>
<b>Other method of travel</b>	0.3	0.3	0.3	<b>0.4</b>
<b>Not in employment</b>	35.5	35.3	37.7	<b>41.4</b>

**Proposal of ‘whole MFRS’ targets, for Authority approval:**

Usual travel mode	Present Modal split	Proposed Whole MFRS travel targets
<b>Car on own</b>	<b>57%</b>	<b>47%</b>
<b>Car share</b>	<b>12%</b>	<b>15%</b>
<b>Bicycle</b>	<b>20%</b>	<b>23%</b>
<b>Walk</b>	<b>4%</b>	<b>6%</b>
<b>Train</b>	<b>3%</b>	<b>4%</b>
<b>Motorbike or Moped</b>	<b>2%</b>	<b>2%</b>
<b>Bus</b>	<b>2%</b>	<b>3%</b>
<b>Home/ Remote working</b>		
<b>Car Modal Shift</b>		<b>10%</b>

### 3. Specific actions common to all MFRS Travel Plans - staff

**Key:**

Potential Initiative for consideration highlighted blue.

Already incorporated into the design of the development highlighted green.

To be established within 3 month occupation of the site highlighted orange.

In place within Merseyside Fire and Rescue Service already highlighted yellow

Initiative	Responsibility / Ownership	Timescale
<b><i>Public Transport provides a sustainable alternative to the private car. Access is available to and from Headquarters/ Joint Control predominantly by the numerous bus services available in the immediate vicinity</i></b>		
Ensure information on traveling by bus is kept up to date via a notice-board of information.	The TP Co-ordinator is responsible for producing and disseminating leaflets publicising bus travel information for staff ensuring that information on travelling by bus is kept up to date.	Green Travel Boards are already in place in MFRS, with bus & train timetables and route maps. Environmental Champion is in place and responsible for keeping board updated.
Produce and disseminate leaflets publicising bus travel information for staff.		
Personal journey plans for traveling by bus will be available on request for staff as not everyone will be familiar or comfortable in using the services.	The TP co-ordinator will be responsible for organising personal journey plans for staff.	This will be established within 3 month occupation of the Headquarters/ Joint Control.
Provision of discounted ticketing on bus season tickets for employees.	The TP co-ordinator will investigate the potential for interest free loans and discounted ticketing for bus season tickets.	Potential initiative for consideration.
Negotiation of improved bus services, i.e. altering bus routes.	The TP co-ordinator will be responsible for negotiating with third parties on the improvement of bus services.	Potential initiative for consideration.
Provision of bus and train 'taster ticket' campaigns	The TP Coordinator will arrange more taster ticket events with partners at Merseytravel.	It is proposed to hold this event annually at Service Headquarters/ Joint Control as site with highest number of staff.
Investigate and address concerns of 2 staff who perceived potential for hate crime on public transport	MFRS & Merseyside Police Diversity Managers & Merseytravel to investigate.	Working group to be set up within 3 months of occupation.
<b><i>Private Car usage, where there are no suitable alternatives, will be controlled to reduce congestion and ease pressures on parking.</i></b>		
Expand car share spaces on our two busiest sites (SHQ and TDA), with signage and road marking.	Already incorporated into the design of the development	Already incorporated into the design of the Headquarters/ Joint Control building.
Encourage as many staff as possible to share their journeys to the Headquarters/ Joint Control (where possible).	The TP co-ordinator will establish staff car sharing by using survey information to identify potential car share partners.	Staff car sharing links will be established within 3 months occupation of the Headquarters/ Joint Control.
Limit the number of car parking spaces at the Headquarters/ Joint Control.	Already incorporated into the design of the development	Already incorporated into the design of the Headquarters/ Joint Control building.
Provide an 'Emergency Lift Home' for those members of staff who car share.	The TP Coordinator will establish an emergency lift home for members of staff who are car sharing	This will be established within 3 months occupation of the Headquarters/ Joint Control development.
Encourage use of the Merseyside Car Share website:	The TP Coordinator will ensure that	This will be established within 3



Initiative	Responsibility / Ownership	Timescale
<a href="http://www.mersecarshare.org">www.mersecarshare.org</a> or develop Headquarters/ Joint Control as a special group within the car share website.	the Merseyside Car Share Website is utilised amongst staff members located at Headquarters/ Joint Control.	months occupation of the Headquarters/ Joint Control.
Provide a Giant car share map/ pin board in staff restaurant for staff to show approximate home location/ contact details, to facilitate car sharing	The TP Coordinator will ensure that the map and board are put in place and promoted through car share events	This will be established within 3 months occupation of the Headquarters/ Joint Control.
Repeat the car share 'postcode breakfast' event (staff invited in postcode clusters) and presentations to facilitate car share partnering – Fire & Police combined	The TP Coordinator will design and coordinate the events. Authorities to ensure mandatory attendance	This will be established within 3 months occupation of the Headquarters/ Joint Control.
Consider car share partnering events with large neighbouring businesses (e.g. Atlantic Park, Shop Direct and Santander).		
An MFRS portal on <a href="http://www.liftshare.org">www.liftshare.org</a> website could be bought for the Fire Service to establish a staff only car share database.	The TP Coordinator will establish the potential for this initiative	Potential initiative for consideration.
Introduce a charge for the use of the staff car park.	The TP Coordinator will establish the potential for this initiative.	Potential initiative for consideration.
<b><i>Walking (best suited to journeys under 2 miles)</i></b>		
Promote walking, for staff that live or work within 2 miles of the Headquarters/ Joint Control.	The TP co-ordinator will promote walking for staff that live or work within 2 miles of the Headquarters/ Joint Control.	The promotion of walking for staff within 2 miles of the Headquarters/ Joint Control will be undertaken within 3 months occupation of the site.
Provide well-maintained and lit internal pedestrian linkages across the site. Ensure that on-site pedestrian linkages are kept clear from obstructions such as parked cars.	The provision of well-maintained and lit internal pedestrian linkages will be incorporated into the design of the Headquarters/ Joint Control.	To be incorporated into the design of the Headquarters/ Joint Control.
Provide safe, secure, well-lit and prioritised pedestrian routes in the vicinity of the Headquarters/ Joint Control.	The design of pedestrian routes will be incorporated into the design of the Headquarters/ Joint Control.	To be incorporated in to the design of the Headquarters/ Joint Control.
Provide cloakroom, shower facilities, storage lockers and drying facilities at suitable locations for staff to use within the Headquarters/ Joint Control.	The TP co-ordinator facilities have been incorporated into the design of the Headquarters/ Joint Control.	Already incorporated into the design of the Headquarters/ Joint Control.
Safe walking routes will be identified through an accessibility audit and these will subsequently be presented on a specific walker's map.	The TP co-ordinator to undertake the accessibility audit and create a map of safe walking routes to and from the Headquarters/ Joint Control.	To be completed within 3 month occupation of the Headquarters/ Joint Control.
Development of a walk-share scheme, to establish walking partners and provide added security, particularly during darkness.	The TP co-ordinator will establish walking partners.	To be completed within 3 months occupation of the Headquarters/ Joint Control.
<b><i>Cycling and Motorcycling offer a more environmentally friendly alternative to travel by private car and are more space efficient with respect to parking and congestion.</i></b>		
Promote cycling, in particular for journeys of between 2 and 6 miles in length.	The TP co-ordinator will be responsible for promoting cycling for journeys between 2 and 6 miles in length.	This initiative will be in place within 3 months occupation of the site.
Provide secure, covered and accessible cycle parking within the grounds of the proposed Headquarters/	Secure and accessible cycle parking will be incorporated into the design of the Headquarters/ Joint	Already incorporated into the design of the Headquarters/ Joint Control.

Initiative	Responsibility / Ownership	Timescale
Joint Control.	Control.	
Provide lockers, changing and shower facilities within the building.	Lockers, changing and showering facilities will be incorporated into the design of the building.	Already incorporated into the design of the building.
Provide open cycle racks at main entrance to site and by relocated Conference Centre entrance	Construction Team	Already incorporated into the design of the building.
<i>Provide additional secure cycle sheds if capacity reached with planned capacity of 40 spaces</i>	The TP co-ordinator will be responsible for monitoring usage, Construction Team to supply shelters as needed.	Usage and new shelter supply will be established within 3 months occupation of the site.
Safe cycle route maps to and from the Headquarters/ Joint Control will be provided for staff.	The TP co-ordinator will be responsible for providing safe cycle route maps.	Green Travel Boards are already in place, with cycle route maps both on display and available. Environmental Champion is in place and responsible for keeping board updated.
Regular promotional events to encourage cycling.	The TP co-ordinator will establish regular promotional events to encourage cycling.	Regular cycling promotional events are already in place with Bike Doctor maintenance in each District, Goody bags for Cycle Commuters and regular Cycle to Work Schemes. Site being considered for large 'Cycling and Health' event during the summer.
Free cycle training.	The travel plan co-coordinator will establish the potential for free cycle training amongst staff.	In place already c/o TravelWise/ BikeRight! Funding for both Bikeability and Maintenance Training
The provision of cycle lanes, direct routes, appropriate tactile surfaces, well lit and signposted to other amenities, public transport nodes and adjoining offsite cycle routes.	The potential to lobby for provision of cycle lanes (well lit, signposted and direct routes and tactile surfaces) to other amenities, public transport nodes and off site cycle routes will be established by the TP co-coordinator.	Potential initiative for consideration.
Offering of financial incentives such as interest free loans, discounted purchase prices and/or preferential insurance rates for cyclists.	The TP co-ordinator will investigate the potential for introducing incentives such as interest free loans, discounted purchase prices and preferential insurance rates for cyclists.	Cycle to Work Scheme in place already and widely taken up by staff.
Free cycle checks	The TP co-ordinator will establish the potential for conducting free cycle checks	In place already via both Cycle to Work Scheme and periodic campaigns with Bike Doctor Scheme in each District.
<b><i>Other Initiatives. Informative measures and the provision of additional physical measures can assist in the reduction and the reliance for travel by private cars.</i></b>		
Establish a Working Group or Travel Plan Group. The Headquarters/ Joint Control staff will be encouraged to assist with implementing the Travel Plan. Tasks will include:  - Implementing and promoting measures outlined in this table - based on the results of the staff survey, - Setting targets based on the results of the staff survey, and - Re-setting targets.	A travel plan working group will be established by the TP co-coordinator.	In place already via Environmental Manager and network of Environmental Champions throughout MFRS.
Inform Staff of the health and fitness benefits of cycling and walking through posters and notice boards situated in prominent locations.	The TP co-ordinator will post notice boards and posters in prominent locations to inform staff of the health and fitness benefits of cycling and walking.	Cycle Promotion posters and guided cycle event posters are already in place on Green Travel Boards at all MFRS premises.
Provide space in prominent locations for notice boards and information points on travel by non-	The TP co-ordinator will provide space in prominent locations for notice	Green Travel Boards are already in place, with bus & train timetables and

Initiative	Responsibility / Ownership	Timescale
car modes of transport.	boards and information points on travel by non-car modes of transport.	route maps. Environmental Champion is in place and responsible for keeping board updated.
National events such as 'Green Travel Week' and 'In Town without My Car Day' will be held in order to raise the profile of the Travel Plan with staff.	The TP co-coordinator will establish these national events, at Headquarters/ Joint Control, in order to raise the profile of the travel plan with staff.	This will be established within 3 months occupation of the site.  Information emails to all MFRS are sent to mark key campaigns such as Car Free Day, Earth Hour and Fairtrade Fortnight.
Introduce BT MeetMe and Microsoft LiveMeeting (or similar) to reduce the need to travel to HQ for meetings	The TP co-coordinator to set up a BT MeetMe account and web-sharing facility.	This will be established within 3 months occupation of the site.
Consider introducing a flexible and remote working policy to encourage Fire Service staff to work from home or other MFRS sites	The TP Coordinator will prepare Authority Paper for consideration.	Potential initiative for consideration – based on model of Environment Agency and Winchester Council.
Consider introducing desk to desk VC facility across MFRS to reduce the need to travel to HQ for meetings	The TP Coordinator will prepare Authority Paper for consideration in partnership with ICT Function.	Potential initiative for consideration, with support from MFRS Carbon Management Board
Consider alternative shift patterns for operational staff to reduce commuting impacts (e.g. 24 hour shifts)	The TP Coordinator will prepare Authority Paper for consideration	Potential initiative for consideration, with support from MFRS Carbon Management Board
Change timings of 2:2:4 shifts to reduce rush hour congestion (e.g. change from 9a.m/ 6p.m to 10a.m/ 7pm or 7a.m/4p.m	The TP Coordinator will prepare Authority Paper for consideration	Potential initiative for consideration, with support from MFRS Carbon Management Board
Widen flexi time bands from 7.30a.m-6.30p.m to e.g. 6a.m – 9p.m to reduce rush hour congestion	The TP Coordinator will prepare Authority Paper for consideration	Potential initiative for consideration, with support from MFRS Carbon Management Board

#### 4. Specific actions common to all MFRS Travel Plans - visitors

##### Key:

Potential Initiative for consideration highlighted blue.

Already incorporated into the design of the development highlighted green.

To be established within 3 month occupation of the site highlighted orange.

In place within Merseyside Fire and Rescue Service already highlighted yellow

Visitor Initiatives		
Initiative	Responsibility / Ownership	Timescale
<b>Walking and Cycling</b>		
Provide cycle racks for visitors at reception and conference centre entrances	Construction Project Team	To be installed during construction phase.
Provide cycle route maps at reception and by conference centre entrance	The Travel Plan Co-ordinator/ Site Manager/ Station Environmental Champion	In place already
Inform visitors of the health benefits of walking and cycling to and from the Headquarters/ Joint Control. For example	The Travel Plan Co-ordinator/ Site Manager/ Station Environmental Champion	Within 3 months occupation of the new building.

via the use of posters and leaflets made available at each of the sites		
<b>Public Transport (Rail and Bus)</b>		
Liaise with Merseytravel to arrange for regular Merseytravel leaflets and updates of both bus and rail timetables to be made available from the Headquarters/ Joint Control.	The Travel Plan Co-ordinator.	Within 3 months occupation of the new building.
Ensure that a notice board is implemented at the stations with up to date transport information and information on developments with the travel plan.	The Travel Plan Co-ordinator/ Station Environmental Champion	In place across MFRS
<b>Other Initiatives</b>		
The production of a printed <i>How to get to Guide</i> to reach certain facilities from the site and this will include details of access by all modes.	The Travel Plan Co-ordinator/ Merseytravel's TravelWise Team	Within 3 months occupation of the new building.
Information on access to the site by all modes will be included on both the internet and within letters sent out to the public.	The Travel Plan Co-ordinator/ Site Manager	Within 3 months occupation of the new building.
Monitor the use of the car park by visitors and ensure those visitors driving to the Headquarters/ Joint Control have the appropriate information to make informed decisions about their travel choices.	The Travel Plan Co-ordinator/ Site Manager/ Station Environmental Champion	Within 3 months occupation of the new building.

## 5. Interim report on Cycle to Work Scheme uptake

The Halfords managed scheme is (of 20<sup>th</sup> June 2013) half way through the 2 month application window. Already, it is the most successful scheme yet, with the highest uptake and the highest average spend of any previous MFRS spend, and is commensurate with the high levels of cycling identified in all previous staff travel surveys:

Staff Take-up rate: 14% (20% of staff presently cycle to work according to last travel survey)

Average spend: £792

Year	Number of Cycles	Cycle spend
2007	108	£65,238
2008	44	£32,617
2009	168	£113,210
2011	178	£140,445
2013	182	£144,250

## AGENDA ITEM:

<b>REPORT TO:</b>	<b>MERSEYSIDE FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE:</b>	<b>TUESDAY 3<sup>RD</sup> SEPTEMBER 2013</b>
<b>REPORT NO.</b>	<b>CFO/106/13</b>
<b>REPORTING OFFICER:</b>	<b>CHIEF FIRE OFFICER</b>
<b>CONTACT OFFICER:</b>	<b>DEB APPLETON, DIRECTOR OF STRATEGY AND PERFORMANCE, EX 4402</b>
<b>OFFICERS CONSULTED:</b>	
<b>SUBJECT:</b>	<b>MFRA Response to Liverpool City Region Governance Review</b>

**THERE ARE APPENDICES TO THIS REPORT**

<b>APPENDIX (A)</b>	<b>TITLE</b>	<b>LCR Consultation documents</b>
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	<b>(B)</b>	<b>Completed feedback form</b>
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**ATTACHED – HARD COPY**

Purpose of Report

1. To request that Members consider and approve the proposed response to the Liverpool City Region (LCR) governance review consultation exercise. The consultation documents are attached at appendix A and the proposed response at Appendix B.

Recommendation

2. That Members approve the response to the Liverpool City Region governance review consultation for submission by the deadline of 6<sup>th</sup> September 2013.

Introduction & Background

3. The Liverpool City Region has undertaken a Governance Review to *“further strengthen the delivery of strategic economic development, regeneration and transport to increase economic growth and jobs, and provide greater transparency. The councils, (Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral), Merseytravel and the Local Enterprise Partnership believe that these arrangements can and should be improved.”*
4. It is the view of the City Region that *“based on the current available evidence, this has led to a preferred option being recommended by the City Region Cabinet which could see a “Combined Authority” being set up. This would strategically lead work on economic development, transport, housing and employment and skills in*

*the City Region. A Combined Authority would not mean the creation of a “Super-Council” and would not see powers being transferred away from Local Authorities. It is about being able to draw-down powers, and potentially, resources from Central Government for local use. It would provide clear leadership and quicker decision making processes, while creating a legal entity which would be in a position to attract such funding and devolved powers from Government nationally.”*

5. There are two documents which have been produced:
  - A Governance Review, which looks at how functions are organised at the moment, reviews the options for change and recommends that a Combined Authority is formed
  - A Draft Scheme, which sets out the functions of a Liverpool City Region Combined Authority
6. These documents have been considered by Strategic Management Group and other relevant officers and the proposed feedback is attached for Members’ consideration. It is not anticipated that there will be any issues for Merseyside Fire and Rescue Authority should a Combined Authority be created and there could be potential benefits from the creation of an Authority with a similar footprint to MFRA that sets strategic policy in matters such as housing.

#### Equality & Diversity Implications

7. There are no equality and diversity implications for MFRA arising from this report. The LCR consultation documents do not appear to contain an equality impact assessment.

#### Staff Implications

8. There are no staff implications arising from this report.

#### Legal Implications

9. A Combined Authority (CA) can be established under the Local Democracy, Economic Development & Construction Act 2009 s.103, as well as by virtue of the Localism Act 2011 “well-being powers”. Creation of a CA would mean the abolition of the Merseytravel Authority.

#### Financial Implications & Value for Money

10. There are no financial implications arising from this report.

#### Risk Management, Health & Safety, and Environmental Implications

11. There are no risk management, health and safety or environmental implications arising from this report.

Contribution to Our Mission – To Achieve; Safer Stronger Communities – Safe Effective Firefighters”

12. Although not anticipated to have a significant direct impact on MFRA, the LCR proposals could result in strategies relating to housing, employment, economic development and transport that could have a positive impact on MFRA’s Mission.

**BACKGROUND PAPERS**

**Glossary of Terms**

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**LIVERPOOL CITY REGION GOVERNANCE REVIEW****OUTLINE OF THE POTENTIAL ROLE FOR  
A LIVERPOOL CITY REGION COMBINED AUTHORITY****1. PURPOSE**

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

**2. BACKGROUND**

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

of how these bodies are established, how they will operate and what their functions will be, is left to be determined locally and then agreed by the Secretary of State for Communities and Local Government.

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

### **3. THE EXISTING GOVERNANCE ARRANGEMENTS**

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

Liverpool City Region Cabinet

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

Liverpool City Region Local Enterprise Partnership

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

### Transport powers and structures

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

### Liverpool City Region Employment and Skills Board

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

### Liverpool City Region Strategic Housing and Planning Board

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

Creating the right governance arrangements for growth

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

**4. POTENTIAL OPERATION OF THE COMBINED AUTHORITY**

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

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

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

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

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

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



## 5. ECONOMIC DEVELOPMENT AND REGENERATION

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

on economic development matters and a need to enhance strategic commissioning and local delivery of national programmes that are critical to improving local growth. These opportunities encompass the following:

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

## **6. STRATEGIC TRANSPORT**

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

the local transport authority and is responsible for developing a Local Transport Plan and managing associated funding streams. The Executive is responsible for delivering passenger transport services across Merseyside. The districts of Knowsley, Liverpool, Sefton, St Helens and Wirral are highway and traffic authorities in their own right with wide ranging powers over the highway network, which includes delivery and enforcement. Halton Borough Council is a local transport authority in its own right and has a separate Local Transport Plan. Despite this, long-standing collaboration and joint working have maximised funding, delivery and success across the city region. The establishment of the City Region's Local Transport Body in recent months has been seen as a positive step and is a staging post on the journey, rather than a destination.

- 6.4 There is a key role for transport to play within a wider integrated approach to economic development, housing and regeneration, and ensuring that these decisions are taken in full accordance with their transport implications, and equally, ensuring that transport fully supports wider policy objectives. A new model for transport will be established that takes in policy, co-ordination and funding functions, fully integrating transport strategy and operations across the 6 local authorities. This would encompass the following functions:
- Setting the long term strategic transport vision and outcomes for the Liverpool City Region
  - Agreeing the development and approval of a single, City Region Local Transport Plan (or its equivalent), which will include high level policy responsibility for major investments (e.g. freight, cycle, rail, highway maintenance (as per existing ITA responsibilities), new transport infrastructure, traffic management)
  - Agreeing a long term transport investment strategy as part of the Single Local Growth Plan to deliver the strategic economic vision and outcomes (which includes housing, employment and skills).
  - Aligning transport investment with inward investment activity across the Liverpool City Region.
  - Strategic decisions relating to the Integrated Transport Block and Highway Maintenance funds across all networks, (as per existing ITA responsibilities)
  - Ensuring strategic traffic and highway management (as per existing ITA responsibilities) co-ordination across the City Region
  - Assuming the role of the Local Transport Body in respect of major transport schemes
  - Acting as accountable body for Transport Schemes e.g. devolved major transport scheme funding
  - Setting the transport levy for the City Region
- 6.5 The Combined Authority would fulfil the role of a Transport Authority for each of the six local authorities, replacing the existing Merseyside Integrated Transport Authority and Halton Borough Council's role as a Local Transport Authority. Individual authorities would continue to exercise delivery functions, for example in respect of highways management, but would operate within an agreed framework and plan established through the Combined Authority.
- 6.6 The Combined Authority would also exercise any function of the Secretary of State delegated to the Combined Authority by the order of the Secretary of State pursuant



to section 86 of the Local Transport Act 2008 (LTA) and section 104(1)(b) LDEDCA. Such functions will be exercised subject to any condition imposed by the order.

- 6.7 The Passenger Transport Executive would become a Transport Executive of the Combined Authority. It is proposed that initially the following passenger transport delivery arrangements would remain unchanged with Halton Borough taking responsibility for delivery of these arrangements in Halton, for a transitional period and that the levy be adjusted accordingly to reflect this:
- Information Provision
  - Infrastructure Delivery
  - Commissioning/procurement of subsidised bus services
  - Concessionary Travel
- 6.8 The Combined Authority as a levying body under section 74 of the Local Government Finance Act 1988 would have the power to issue a levy to its constituent authorities in respect of the expenses and liabilities of the Combined Authority which are reasonably attributable to the exercise of its functions relating to transport.
- 6.9 During the transitional stage the complexities in addressing the transport responsibilities and the cost of transport services between Halton Borough Council and Merseyside are such that a single transport levy would not be appropriate. The Combined Authority would, during this transitional phase, issue a levy on a differential basis that would accommodate the differentials in the cost of delivering transport services in the formerly separate local transport areas of Merseyside and Halton.
- 6.10 The core principle throughout being in respect of the levy that the total contribution from each authority of funding transport services for the year does not exceed the equivalent cost for the year as it would have been calculated under previous arrangements.

## **7. STRATEGIC HOUSING AND LAND BASED ASSETS**

- 7.1 An overarching priority for the Liverpool city Region is the delivery of a housing offer which supports economic growth and meets our regeneration ambitions. We have prepared a joint Local Investment Framework, for the delivery of housing priorities, since 2009 and we have secured over £80m of investment as a result.
- 7.2 We have recently been working on the Local Investment Framework for 2014 – 17, which will include a spatial framework, to support the Local Growth Plan. This Local Investment Framework will continue to identify and promote all housing opportunities which support economic growth and will identify all potential funding resources to support the delivery and to bridge funding gaps. We are also undertaking work to identify the extent and nature of all public sector assets across the Liverpool City Region and to determine the economic impact that can be gained from these assets.

- 7.3 We are required to ensure there is housing of sufficient quality and affordability to meet the current and future population and business needs for all income groups. It is evident that strong cross authority collaboration, based on up-to-date plans that are aligned or jointly prepared will set a positive framework for growth; the City Region is taking a 'Single Pot' approach to this.
- 7.4 There is a role for strategic housing to play within this integrated approach to economic development, regeneration, skills and transport and to make a genuine difference to achieving economic growth in the City Region. This role could encompass the following within a Combined Authority model:
- Considering the means to improve the socio-economic wellbeing of the City Region by producing an integrated City Region Housing strategy
  - Setting a strategic housing investment plan that delivers housing led economic development for the City region (e.g. LIP 1 & 2)
  - Informing land use and land based investment opportunities across the City Region to support economic growth
  - Co-ordinating and encouraging housing growth and delivery across the City Region to ensure both future and existing needs are met in a sustainable manner
  - Producing and managing a shared evidence base for the provision of housing across the Liverpool City Region (i.e. SHMAA)
  - Preparing an assessment of housing conditions across the Liverpool City region to encourage investment (e.g. Decent Homes and Private Sector Stock Condition)
  - Considering a City Region wide approach to infrastructure funding opportunities
  - Ensuring that economic outputs from funding opportunities such as in Green deal and ECO are maximised (e.g. Viridus)
  - Acting as accountable body in relation to cross boundary funding for Housing initiatives (eg HCA funding RESTORE)
  - Co-ordinating Registered Providers investment and maximise economic outputs in the City Region.

## 8. EMPLOYMENT AND SKILLS

- 8.1 The Liverpool City Region has an established track record of working together on employment and skills commissioning and delivery. This includes the City Region's Employment and Skills Strategy (transform, compete, thrive), the delivery of a £20m worklessness and apprenticeship programme which supported over 4,800 people into work and the agreement of a radical City Region Deal for Jobs and Skills with Government in 2012. The City Region's Employment and Skills Board is the LEP's lead body for employment and skills and brings together business, democratic and provider leadership for employment and skills from across the City Region.
- 8.2 There is a long standing gap in employment and skills levels in the City Region compared to national rates, although these have narrowed in recent years to fully close the gap we would need:
- 73,270 more people qualified to NVQ 4+;

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

8.3 The partnership adopts a mature and transparent approach to performance management, with a quarterly bulletin outlining the performance of different provision, although this is constrained by the availability of timely information in some service areas. The overall approach allows different organisations to identify their contribution towards different targets set by the City Region, such as 10,000 apprenticeships starts.

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

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

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

- Setting the long term Employment and Skills strategy and priorities for the labour market, including the implementation of Skills for Growth agreements
- Developing work focused approaches for vulnerable people and communities: this would build on and accelerate the current employment support for individuals and ensure that there are linkages with other activities, such as the Government's Troubled Families programme
- Greater influencing of employment and skills provision within the City Region: this would include all commissioned and delivered activity and ensure a better fit between the scale and scope of need and appropriate support
- Increasing the involvement of businesses in purchasing apprenticeships and skills programmes

- Strategic corralling of resources around our employment and skills priorities to deliver improved efficiencies and outcomes, matching flexible funding to bespoke packages of support
- Co-design with individuals tailored and personalised support to overcome barriers to employment (including transport and skills): this would give individuals more influence over the support they receive
- Continuing to be clear on the skills needs of businesses now and in the future for schools, colleges, learning providers and universities to inform curriculum design and careers education, and for providers of information, advice and guidance to inform discussions with individuals through the established Skills for Growth approach
- Including jobs outcomes within wider economic developments, as part of a more integrated approach to securing growth
- Ensuring that transparent performance information is available for all employment and skills provision in the City Region, to include the capture and dissemination of effective practice
- Acting as the accountable body for employment and skills devolved funding

## 9. CONCLUSION

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

### Appendices

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

**For further information**, please contact [lcr.governance@knowsley.gov.uk](mailto:lcr.governance@knowsley.gov.uk).

## Appendix One

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

#### Section One – Intention to Establish a Combined Authority

##### 1. Establishment of Authority

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

##### 2. Area

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

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

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

##### 3. Name of Authority

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

##### 4. Dissolution of the Merseyside Integrated Transport Authority

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

##### 5. Membership of the Authority

- 5.1 Each Constituent Authority will be represented by one member of its Cabinet who will be the Leader or Elected Mayor. These six members will form the core membership of the CA (“the core members”).
- 5.2 The Cabinet of each Constituent Authority will appoint another of its members (“substitute member”) to act as a member of the CA in the absence of the member referred to in paragraph 5.1. The substitute member will be drawn from the Cabinet of the Constituent Authority.

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

## **6. Voting**

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

## **7. Executive Arrangements**

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

## **8. Passenger Transport Executive**

The Merseyside Passenger Transport Executive (MPTE) shall be the executive body of the CA in relation to its transport functions and shall be known as Merseytravel. It shall have all the functions of the existing MPTE and such additional functions necessary for it to act as the CA's executive body in relation to transport functions delegated to the CA by the Secretary of State or its Constituent Authorities.



## **9. Scrutiny Arrangements**

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

## **Section Two – Functions, Powers and Duties of the CA**

### **10. Functions – General**

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

### **11. Functions – Economic Development and Regeneration**

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

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

## **12. Functions – Transport**

- 12.1 All the functions of MITA shall be transferred to the CA and the CA will fulfil directly or commission the role of Local Transport Authority for each of the six authorities, replacing the MITA and Halton BC roles as Local Transport Authorities.
- 12.2 The CA will exercise any function of the Secretary of State delegated to the CA by the order of the Secretary of State pursuant to Section 86 LTA and Section 104(1)(b) LDEDCA. Such functions will be exercised subject to any condition imposed by the order.
- 12.3 The CA's role in this will encompass:
- Setting the long-term strategic transport vision and outcomes for the Liverpool City Region
  - Agreeing the development and approval of a single, city region Local Transport Plan (or its equivalent), which will include high level policy responsibility for major investments (e.g. freight, cycle, rail, highway maintenance, new transport infrastructure, traffic management)
  - Agreeing a long-term transport investment strategy as part of the Single Local Growth Plan to deliver the strategic economic vision and outcomes (which includes housing, employment and skills)
  - Aligning transport investment with inward investment activity across the Liverpool City Region
  - Strategic decisions relating to the Integrated Transport Block and Highway Maintenance funds across all networks (as per existing ITA responsibilities)
  - Ensuring strategic traffic and highway management co-ordination across the City Region



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

### **13. Functions – Strategic Housing and Land Based Assets**

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

13.2 The CA’s role in this will encompass:

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

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

#### **14. Funding**

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

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

14.3 The core principle in determining the Levy or the Differential Levy shall be that the total contribution from each Constituent Authority for funding transport services for the year does not exceed the equivalent cost for the year as it would have been calculated under previous arrangements.

- 14.4 The Levy and any Differential Levy to be determined by the CA shall be decided by simple majority.
- 14.5 Subject to 14.3, the Levy and any Differential levy will be apportioned between the Constituent Authorities in accordance with population.
- 14.6 The costs of the CA that are reasonably attributable to the exercise of its functions relating to economic development and regeneration, including start-up costs, shall be met by the Constituent Authorities.
- 14.7 The CA will approve the annual budget for the purpose of expenditure.

**15. Transfer of Property, Rights and Liabilities**

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

**Section Four – Internal Scheme of Delegation**

**16. Delegations**

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

**LIVERPOOL CITY REGION STRATEGIC GOVERNANCE  
REVIEW**

**AUGUST 2013**

DRAFT

## 1. INTRODUCTION

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

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

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

The full legislative requirements are set out in Appendix One.

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

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

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

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

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

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

## 2. EXECUTIVE SUMMARY

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

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

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

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

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

### **3. RECOMMENDATIONS**

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

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

### **4. THE LEGAL CONTEXT**

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

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

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



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

## 5. METHODOLOGY FOR THE GOVERNANCE REVIEW

5.1 At their meeting on 21 June 2013, Liverpool City Region Cabinet agreed to formally review the strategic governance arrangements across the area in the context of the March 2013 Budget and the Government's response to Lord Heseltine's review 'No Stone Unturned in Pursuit of Growth'. The intention was to consider potential options for strengthening governance arrangements to enable the City Region to optimise its economic growth potential.

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

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

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

- **Review of economic evidence** to test the rationale for working across the Liverpool City Region geography as a functional economic area. This included a review of previous strategies and identification of key information to assess the economic conditions of the area.
- **Desk research** of the current governance arrangements and structures.
- **Workshops** to collect views and evidence from stakeholders in each constituent authority, Merseytravel and the LEP to consider the functions or activities that could benefit from strengthened collaborative governance arrangements.
- **One to one interviews** with external stakeholders, including LEP members, Chambers of Commerce and neighbouring local authorities, to collect views on the draft proposals.
- **Options assessment** based on this evidence.

5.4 Liverpool City Region has developed, over a period of time, a strong evidence base which supports both the need for economic growth and the opportunities to achieve this. The evidence base for the emerging 'Growth Plan' is being written in parallel with activity to develop the City Region EU Investment Funds framework for 2014 – 2020, which has informed the governance review. There has been extensive



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

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

## 6. VISION FOR THE LIVERPOOL CITY REGION

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

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

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

- 6.3 The Local Enterprise Partnership (LEP) is playing an important role in developing the conditions for economic growth and is working with key partners in business, the

local authorities and universities to produce a Liverpool City Region Growth Plan which will underpin the delivery of the City Region's shared vision and ambition.

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

## **7. ECONOMIC CONTEXT**

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

growth - both in terms of output and jobs. Econometric forecasts<sup>[1]</sup> have indicated that these sectors could generate up to 100,000 jobs for our economy in future years and the City Region already has established, private sector led Action Plans to achieve that economic potential.

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

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

communities and poor access to healthcare, education and food shopping have been highlighted as particular issues.

## 8. EXISTING GOVERNANCE ARRANGEMENTS

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

### Liverpool City Region Cabinet

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

Liverpool City Region Local Enterprise Partnership

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

Transport powers and structures

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

Liverpool City Region Employment and Skills Board

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



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

#### Liverpool City Region Strategic Housing and Planning Board

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

#### Creating the right governance arrangements for growth

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

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

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

## **9. OPTIONS FOR CHANGE**

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

- Option 3 - Establishing an Economic Prosperity Board; and
- Option 4 - Creating a Combined Authority.

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

#### Option 1 - Status quo

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



### Option 2- Establishing a Supervisory Board

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

### Option 3 - Establishing an Economic Prosperity Board

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

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

#### Option 4 - Creating a Combined Authority

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

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

## 10. EVALUATION OF OPTIONS

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

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

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

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

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

## 11. CONCLUSIONS

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

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

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

**Appendices**

- Appendix One: Legislative requirements of governance review  
Appendix Two: Evaluation of options against tests

For further information, please contact [lcr.governance@knowsley.gov.uk](mailto:lcr.governance@knowsley.gov.uk).

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**APPENDIX ONE****LEGISLATIVE REQUIREMENTS OF GOVERNANCE REVIEW****Local Democracy, Economic Development and Construction Act 2009****Schedule 108 Review by authorities: new combined authority**

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



## APPENDIX TWO

## EVALUATION OF OPTIONS

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

Evaluation of Options against Department for Transport Requirements for governance

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



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

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**LIVERPOOL CITY REGION GOVERNANCE REVIEW**  
**CONSULTATION FEEDBACK**

Liverpool City Region is conducting a review of its' strategic governance. Based on the current available evidence, this review has recommended that the City Region would be better served in terms of its prospects for economic growth if it established a Combined Authority. The Combined Authority would provide strong governance, democratic accountability and an opportunity for powers and funding to be devolved from national Government.

<b>Name</b>	Dan Stephens – Chief Fire Officer
<b>Organisation</b>	Merseyside Fire and Rescue Authority
<b>Date</b>	20/8/13
<p><b>1. Does the evidence presented enable you to arrive at the conclusion that a Combined Authority for Liverpool City Region would improve:</b></p> <p><b>(a) The exercise of statutory functions relating to economic development, regeneration and transport in the area?</b></p> <p><b>(b) The effectiveness and efficiency of transport?</b></p> <p><b>(c) The economic conditions in the area?</b></p> <p>The evidence presented suggests that that would be the case.</p>	
<p><b>2. Do you think the draft Scheme proposed supports the economic rationale for Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral to come together to drive jobs and growth in the Liverpool City Region?</b></p> <p>Yes</p>	
<p><b>3. Can you support the establishment of a Combined Authority which will provide strategic leadership on economic development, transport, housing and employment and skills?</b></p> <p>Yes</p>	

**4. Based on the proposed membership of the Combined Authority, will it be able to provide strong strategic leadership to drive jobs and growth in the City Region?**

Yes, when working in partnership with the LEP as proposed.

**5. Do you feel the proposed links between the Combined Authority and the Local Enterprise Partnership would be strong enough? If not, how do you think this relationship should be further strengthened?**

Co-opting the LEP Chair onto the Combined Authority as suggested, would be essential. But it is not clear from the documentation how much influence this would allow the LEP chair to have. Some clarity in this area would be useful.

**6. Do you have any other comments on this proposal?**

As a sub-regional organisation, Merseyside Fire and Rescue Authority (MFRA) sees benefits from the creation of a Combined Authority that would reach further than the strategic level. A single Combined Authority responsible for housing strategy for example, could enable a more cohesive approach to the support of vulnerable neighbourhoods, including the management of void housing, both of which present higher risks in relation to fire and antisocial behaviour.

The Combined Authority if approved, might wish to consider how it can effectively work with partner authorities like MFRA, and how MFRA can effectively contribute to supporting its agenda

Recording officer

\_\_\_\_\_

Date

\_\_\_\_\_

This form should be sent through to [lcr.governance@knowsley.gov.uk](mailto:lcr.governance@knowsley.gov.uk) by 12 noon on Friday 6 September 2013.

## AGENDA ITEM:

<b>REPORT TO:</b>	<b>MERSEYSIDE FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE:</b>	<b>3<sup>RD</sup> SEPTEMBER 2013</b>
<b>REPORT NO.</b>	<b>CFO/105/13</b>
<b>REPORTING OFFICER:</b>	<b>DEPUTY CHIEF EXECUTIVE</b>
<b>CONTACT OFFICER:</b>	<b>KIERAN TIMMINS, DEPUTY CHIEF EXECUTIVE, EXT. 4202</b>
<b>OFFICERS CONSULTED:</b>	
<b>SUBJECT:</b>	<b>LOCAL GOVERNMENT FINANCIAL SETTLEMENT 2014/15 AND 2015/16 – TECHNICAL CONSULTATION</b>

**THERE ARE APPENDICES TO THIS REPORT**

<b>APPENDIX</b>	<b>A</b>	<b>TITLE</b>	<b>Consultation Paper</b>
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	<b>B</b>		<b>Draft initial responses to consultation questions</b>
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**ATTACHED – A: HARD COPY, B: TO FOLLOW**

Purpose of Report

1. To inform Members that the Government released a technical consultation paper on the Local Government Finance Settlement for 2014/15 and 2015/16 on July 25<sup>th</sup>. The consultation period runs until October 2<sup>nd</sup>.

Recommendation

2. That Members
  - a) note the report and the initial draft response
  - b) request the DCE to finalise the response in consultation with the Chair taking account of any comments from AMFRA, CFOA, LGA and the Merseyside Districts

Introduction & Background

3. The Government released a technical consultation paper on the Local Government Finance Settlement for 2014/15 and 2015/16 on July 25<sup>th</sup>. The consultation period runs until October 2<sup>nd</sup>.

4. The new Business Rates Retention System was introduced on 1<sup>st</sup> April 2013, and the paper sets out how it will be applied in future years. The consultation paper gives indicative figures at a Local Authority level for 2014/15 and 2015/16 for grant funding.
5. The 2014/15 figures have been revised from those in the 2014/15 settlement to reflect the 2013 budget announcement of a 1% cut in the Local Government spending control total.
6. The consultation paper is attached as Appendix A. The key sections are :-

7. Chapter 3.

The paper sets out how the additional 1% cut will be applied to 2014/15. The 1% cut is being applied effectively to not only the original formula grant, but also the grant relating to Council Tax Benefit Localisation.

8. The overall impact is to reduce grant by £408K in 2014/15. Additional savings will need to be found to deal with this, and to balance the current two year financial plan.
9. The Government is also updating its assumption around the income of business rates upwards because of a higher than expected Retail Price Index (RPI). At this stage, it is unclear of the growth in Merseyside business rates will be in line with this assumption (MFRA receives a small (2%) share of those sums).

10. Chapter 4

Proposes increasing the amount of money held back to support the safety net. The safety net is available to support Authorities whose business rates income falls below a certain lower level. However, money set aside for this purpose is then not available for distribution as grant, which effectively reduces spending controls. To partially offset this, the Government is proposing reducing the amount of money set aside to support capitalisation. (The Treasury insists that CLG keep cash backing for any capitalisation they allow by Local Authorities).

11. Chapter 5 & 6

Sets out proposals for the 2015/16 Finance Settlement. Fire and Rescue funding is cut by 8.4% in cash terms (10% real terms). This cut is applied to the Start Up Funding Assessment, so includes Council Tax Localisation Grant. Overall, this means a cash grant cut in a single year of £3.4m from the revised 2014/15 figure.

12. There are no changes to distribution methodologies, so the percentage cut is the same for all FRA's. However, those FRA's with a higher proportion of Council Tax Benefit Grant per head of population would have a higher cash cut in that figure.

13. The national announcements indicated that Fire had been relatively protected, and the real terms cut was only 7.5% (not 10%). However, to get back the 2.5% FRA's would have to successfully bid into either :-

(a) A Resource Fund of £30m

(b) A Capital fund of £45m

The exact details of how to bid for these funds have not yet been released, but they are expected to support issues like :-

- Fire Service Merger/Sharing of Services
- Blue light/Blue light joint working
- Invest to save schemes

The two funds are only available on a bid basis, and **are for one year only** so cannot be relied upon for an underpinning financial plan.

14. The consultation asks a series of questions.

- Question 1: Do you agree with the Government's proposal on how to implement the 1% reduction to the Local Government Departmental Expenditure limit?
- Question 2: Do you agree with the proposal for reducing the funding available for capitalization for 2014/15 by £50 million and using this revenue to reduce the amount required to be held back from Revenue Support Grant to fund the safety net?
- Question 3: Do you agree with the way the Government proposes to hold back the funding that is necessary for New Homes Bonus and safety net support, and to return any surplus to authorities?
- Question 4: Do you agree with the proposed methodology for calculating control totals for each of the elements within the Settlement Funding Assessment?
- Question 5: Do you agree with the proposed methodology for transferring in the 2013/14 Council Tax Freeze Compensation?
- Question 6: Do you agree with the proposed methodology for adjusting the 2015/16 settlement to take account of the loss of tax revenue due to the Exchequer from the Local Authorities who are too small to participate in the Carbon Reduction Commitment Energy Efficiency Scheme?

15. An initial response (Appendix B) will be circulated at the meeting. Members are asked to consider any comments they might wish to add. It is proposed that, in light of those comments and in consultation with :-

- The Merseyside Districts
- AMFRA
- LGA

- CFOA

the response is modified appropriately for final sign-off by the Chair.

#### Equality & Diversity Implications

19. The grant cuts have been applied the same to all fire and rescue services. No account has been taken of relative reliance on grant funding.
20. The grant cuts have been applied to council tax benefit localisation grant as well. Therefore areas of the country with a higher proportion of council tax benefit recipients receive a higher proportion of cuts. MFRA is therefore disproportionately affected in this way.

#### Staff Implications

21. Further funding cuts will mean further staff reductions, resulting in the need for Station mergers and the crewing of stations on days only.

#### Legal Implications

22. None arising directly from this report.

#### Financial Implications & Value for Money

23. See separate report CFO/ /13 for a detailed assessment of the impact on mid term financial plans.

#### Risk Management, Health & Safety, and Environmental Implications

24. It is important that service changes are implemented in such a way as to minimise the impact of cuts on health and safety issues. This is the primary consideration for Officers when developing proposals to make the required savings.

#### Contribution to Our Mission – To Achieve; Safer Stronger Communities – Safe Effective Firefighters”

25. It is important that service changes are done in such a way as to minimise the impact of cuts on the communities we serve and on the health and safety of our fire fighters.



**BACKGROUND PAPERS**

Consultation Paper

**\*Glossary of Terms**

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Department for  
Communities and  
Local Government

# Local Government Finance Settlement 2014-15 and 2015-16

Technical Consultation

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## **Section 4 - Summary of questions**

## **Section 5 - Glossary of technical terms**

# Section 1: Introduction

## Chapter 1: Overview of the Proposals

1. The new business rates retention system was introduced on 1 April 2013. It provides a strong incentive for local authorities to change their behaviours and promote growth, whilst ensuring that all local authorities have adequate resources to provide services to local people. It gives local authorities every possible reason to use the influence they have over planning, investment in skills and infrastructure and their relationship with local businesses to create the right conditions for local economic growth.
2. This consultation seeks views on a range of detailed and technical issues concerning the 2014-15 and 2015-16 Local Government Finance Settlements. It will be of particular interest to local authority finance departments.
3. The Government published the illustrative 2014-15 Local Government Finance Settlement on 4 February 2013<sup>1</sup>. Since its publication, the Government announced in the 2013 Budget that a reduction of 1% would be made from the local government spending control total. Section 2 of this consultation covers changes to the illustrative 2014-15 Local Government Finance Settlement as a result of the announcement. It also proposes an increase in the amount needed to be held back to ensure sufficient funding for *safety net* payments to local authorities.
4. For 2015-16 the Spending Round announced a range of measures to support councils in delivering better outcomes with fewer resources. Taking into account sources of local government funding such as council tax and business rates, the Spending Round set out an overall local government spending reduction of 2.3%. In order to aid stability and certainty for authorities and to help them plan for the transformation of their services, the Government intends to publish illustrative 2015-16 allocations alongside the 2014-15 settlement later this year. Section 3 of this consultation covers the 2015-16 control total for *Revenue Support Grant*, together with the methodology the Government intends to use to calculate *Revenue Support Grant* in 2015-16.
5. All figures throughout the document are given in cash terms, unless stated otherwise.
6. There are consultation questions throughout the document, on which we would welcome your views. A summary of the consultation questions is contained in Section 4 and the procedure for responding to this technical consultation is set out below. You should note that we may wish to publish responses.

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<sup>1</sup> [www.local.communities.gov.uk/finance/1314/settle.htm](http://www.local.communities.gov.uk/finance/1314/settle.htm)

7. A glossary of the technical terms, which are italicised throughout the document, is provided at Section 5.

## Chapter 2: Consultation Procedure

### The consultation process and how to respond

<b>Topic of this consultation:</b>	This consultation is in five sections. The two principal sections are: <ul style="list-style-type: none"> <li>• Section 2 - Changes to the 2014-15 Local Government Finance Settlement.</li> <li>• Section 3 - The 2015-16 Local Government Finance Settlement.</li> </ul>
<b>Scope of this consultation:</b>	As above. Following decisions on this technical consultation, the provisional Local Government Finance settlement for 2014-15 will be consulted on in the usual way in the autumn of this year.
<b>Geographical scope:</b>	England.
<b>Impact Assessment:</b>	A draft Equalities Statement covering the possible impacts of the proposed policy changes in this consultation has been published and is available at: <a href="http://www.local.communities.gov.uk/finance/1415/sumcon/equalities_statement.pdf">www.local.communities.gov.uk/finance/1415/sumcon/equalities_statement.pdf</a>
<b>Body responsible for the consultation:</b>	This consultation is being run by the Local Government Finance Directorate within the Department for Communities and Local Government.
<b>Duration:</b>	This consultation will run for ten weeks from 25 July 2013 to 5pm on 2 October 2013. The consultation period has been set at ten weeks in order to provide local authorities with detailed information about their funding for 2014-15 at the earliest opportunity.
<b>Enquiries:</b>	For enquiries, please contact: andrew.lock@communities.gsi.gov.uk 0303 444 2137



<b>How to respond:</b>	<p>By email to:  <a href="mailto:LGFSummerConsultation@communities.gsi.gov.uk">LGFSummerConsultation@communities.gsi.gov.uk</a></p> <p>Or by post to:          Andrew Lock          Department for Communities and Local Government          Zone 5/D2, Eland House          Bressenden Place          London SW1E 5DU</p>
<b>Getting to this stage:</b>	<p>The Department published an illustrative 2014-15 Local Government Finance Settlement at the time of the 2013-14 Local Government Finance Settlement.</p> <p>The Government consulted last year on the outline of the 2015-16 scheme.</p>
<b>Previous engagement:</b>	<p>The Government previously consulted on the outline of the 2015-16 scheme in the Business Rates Retention: Technical Consultation from 17 July to 24 September 2012<sup>2</sup>.</p> <p>The Department continues to engage with local authorities and representative organisations through regular meetings, and attendance at local authority events.</p>

Representative groups are asked to give a summary of the people and organisations they represent and, where relevant, who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all

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<sup>2</sup> [www.gov.uk/government/consultations/business-rates-retention-technical-details](http://www.gov.uk/government/consultations/business-rates-retention-technical-details)

circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

The Department for Communities and Local Government will process your personal data in accordance with the Data Protection Act 1998 and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. Individual responses will not be acknowledged unless specifically requested.

## Section 2: Changes to the 2014-15 Local Government Finance Settlement

### Chapter 3: Effect of the 2013 Budget announcement

1. In order to provide greater stability and predictability in local government funding to support the introduction of local business rate retention, the Government published the illustrative 2014-15 Local Government Finance Settlement on 4 February 2013, alongside the 2013-14 Local Government Finance Settlement.
2. The illustrative 2014-15 Local Government Finance Settlement indicated that the *Settlement Funding Assessment*<sup>3</sup> would be £23,856.866 million. Since the publication of that illustrative settlement, in the 2013 Budget, the Government announced that a further reduction of 1% overall would be made from the total of Local Government Departmental Expenditure Limit (LG DEL) and the *local share* of the *Estimated Business Rates Aggregate*. This equates to a further £218.864 million reduction to the total for 2014-15.
3. Since the *local share* of business rates is fixed until 2020 to provide a strong incentive for local authorities to promote growth, the full reduction will need to be applied to the element of funding that is provided through *Revenue Support Grant*. On that basis, the 2014-15 *Revenue Support Grant*<sup>4</sup> will be reduced by 1.73%, from £12,624.041 million to £12,405.177 million.
4. In line with the commitments made to authorities prior to take up, the Government does not intend to reduce the Council Tax Freeze Compensation element of the *Revenue Support Grant*. The 1.73% reduction will therefore be applied to the remaining elements of the *Revenue Support Grant*. On that basis the reduction in the 2014-15 control totals for each of the remaining elements will be 1.78%. The new control totals for each of the elements is given in Table 1.

#### **Question 1: Do you agree with the Government's proposal on how to implement the 1% reduction to the Local Government Departmental Expenditure Limit (LG DEL)?**

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<sup>3</sup> The illustrative 2014-15 Local Government Finance Settlement used the term 'Start-Up Funding Assessment' rather than 'Settlement Funding Assessment'. Whilst the term 'Start-Up Funding Assessment' is appropriate for 2013-14 (because it reflects the position at the start of the Business Rates Retention Scheme) from 2014-15 the term 'Settlement Funding Assessment' is more suitable.

<sup>4</sup> Revenue Support Grant (RSG) comprises elements for Upper-Tier Funding, Lower-Tier Funding, Fire and Rescue Funding, Council Tax Freeze Compensation, Early Intervention Funding, GLA General Funding, Homelessness Prevention Funding, Lead Local Flood Authority Funding and Learning Disability and Health Reform Funding.

Updating for the RPI forecast

5. The *local share* of the *Estimated Business Rates Aggregate* was set at £10,898.554 million in 2013-14 and is uprated each year based on the Retail Price Index (RPI) for the preceding September<sup>5</sup>. The business rates element of the 2014-15 *Settlement Funding Assessment* will therefore change with this September's RPI. As a result, the overall *Settlement Funding Assessment* for 2014-15 will be higher than in the illustrative settlement if this September's RPI is higher than forecast, and conversely will be lower if this September's RPI is lower than forecast. The RPI forecast as at the 2013 Budget (the latest available) is 0.19% higher than at the time of the illustrative settlement. The updated forecast is reflected in the table below.
6. Changes to the *local share* of the *Estimated Business Rates Aggregate* for the updating of RPI forecast do not impact on the overall quantum of *Revenue Support Grant* which is fixed at Spending Reviews.

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<sup>5</sup> Technically the uprate is by the change to the small business rates multiplier.

**Table 1 - Change in control totals as a result of the one percent reduction announced in the 2013 Budget and updating the RPI forecast**

Element	Original 2014-15 Revenue Support Grant Control Total (£ million)	Revised 2014-15 Revenue Support Grant Control Total (£ million)	Reduction in Revenue Support Grant (%)	Original 2014-15 local share of Estimated Business Rates Aggregate (£ million)	Revised 2014-15 local share of Estimated Business Rates Aggregate (£ million)	Increase in local share of Estimated Business Rates Aggregate (%)	Original 2014-15 Settlement Funding Assessment (£ million)	Revised 2014-15 Settlement Funding Assessment (£ million)	Change in Settlement Funding Assessment (%)
Upper-Tier Funding	7,847.288	7,707.382	-1.78%	6,558.993	6,571.309	0.19%	14,406.281	14,278.691	-0.89%
Lower-Tier Funding	1,929.580	1,895.171	-1.78%	1,744.678	1,747.954	0.19%	3,674.258	3,643.125	-0.85%
Fire & Rescue Funding	650.702	639.099	-1.78%	510.610	511.569	0.19%	1,161.312	1,150.667	-0.92%
2011-12 Council Tax	349.038	349.038	0.00%	244.313	244.771	0.19%	593.351	593.809	0.08%
Freeze Compensation									
Early Intervention Funding	896.378	880.394	-1.78%	703.648	704.970	0.19%	1,600.026	1,585.363	-0.92%
GLA General Funding	23.819	23.395	-1.78%	18.822	18.857	0.19%	42.641	42.252	-0.91%
GLA Transport Funding	n/a	n/a	n/a	781.712	783.180	0.19%	781.712	783.180	0.19%
London Bus Services	n/a	n/a	n/a	45.684	45.770	0.19%	45.684	45.770	0.19%
Operators Funding									
Homelessness Prevention Funding	47.060	46.221	-1.78%	32.940	33.002	0.19%	80.000	79.223	-0.97%
Lead Local Flood Authority Funding	12.353	12.133	-1.78%	8.647	8,663	0.19%	21.000	20.796	-0.97%
Learning Disability and Health Reform Funding	866.230	850.783	-1.78%	581.684	582.776	0.19%	1,447.914	1,433.559	-0.99%
<b>Total<sup>6</sup></b>	<b>12,624.041</b>	<b>12,405.177</b>	<b>-1.73%</b>	<b>11,232.825</b>	<b>11,253.917</b>	<b>0.19%</b>	<b>23,856.866</b>	<b>23,659.094</b>	<b>-0.83%</b>

<sup>6</sup> The total will not add up to the sum of the components due to the Isles of Scilly.

## Chapter 4: Increasing the safety net hold back

1. The rates retention system includes a *safety net* to protect local authorities from significant negative shocks to their income by guaranteeing that no authority will see its income from business rates fall below 7.5% of their individual *baseline funding level*. The *safety net* is funded by a *levy* on the disproportionate financial benefits that some authorities will experience as a result of business rates growth, caused by the uneven distribution of business rates bases and the different spending needs of local authorities.
2. The July 2012 'Business Rates Retention: Technical Consultation'<sup>7</sup> suggested that in the first few years of the new business rate retention scheme there was a risk that the amount required to be paid out via the *safety net* would be greater than the amount raised through the *levy*. At the 2013-14 Provisional Settlement, the Government decided that it would be prudent to hold back £25 million in both 2013-14 and 2014-15 to ensure that councils could be supported appropriately through unforeseen events.
3. Since then, local authorities have submitted their forecasts of the income they expect to receive from the rates retention scheme. These estimates indicate that the £25 million held back will not be sufficient to meet all the demands on the *safety net* in 2013-14.
4. As outturn figures from local authorities to confirm the final *levy* and *safety net* position for 2013-14 will not be available until August 2014, the Department will need to increase the amount of *Revenue Support Grant* held back in 2014-15 to repay the cost of the additional demand on the *safety net* for 2013-14, and to have sufficient funding to meet *safety net* payments in 2014-15.
5. Based on the estimates from the local authority returns, in addition to the £25 million it already intends to hold back in 2014-15, the Department considers that it will need to hold back an additional £95 million in 2014-15 (i.e. a total of £120 million). These resources will only be used as needed and any funding not used will be returned to authorities in year in proportion to their 2013-14 Start-Up Funding Assessment.

### Reducing the capitalisation hold back

6. The Government announced as part of the Local Government Finance Settlement for 2013-14 that £100 million would be made available for capitalisation in 2013-14 and 2014-15. It was announced that the amount held back for capitalisation would reduce funding within *Revenue Support Grant*, with any provision not allocated to be distributed in accordance with the authorities' share of the 2013-14 Start-Up Funding Assessment.
7. We could reduce the need for a further reduction in *Revenue Support Grant* for the *safety net* in 2014-15 by using a proportion of the funds

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<sup>7</sup> [www.local.communities.gov.uk/finance/brr/sumcon/index.htm](http://www.local.communities.gov.uk/finance/brr/sumcon/index.htm)

already held back from *Revenue Support Grant* for capitalisation in 2014-15. Using £50 million of the capitalisation funding for 2014-15 to fund the *safety net* reduces the size of the *safety net* hold back needed to £70 million. This would leave £50 million available in 2014-15 for capitalisation.

8. For billing authorities and county councils, it is proposed that in total £118 million will be held back from *Revenue Support Grant* to be paid to those authorities to meet the requirements for capitalisation and *safety net* support if necessary. For fire and rescue authorities it is proposed that in total £2 million is held back. The money will be taken from the Upper-Tier Funding, Lower-Tier Funding and Fire and Rescue Funding elements.

**Question 2: Do you agree with the proposal for reducing the funding available for capitalisation for 2014-15 by £50 million and using this revenue to reduce the amount required to be held back from *Revenue Support Grant* to fund the *safety net*?**

# Section 3: The 2015-16 Local Government Finance Settlement

## Chapter 5: Revenue Support Grant Control Total

1. The Government announced in the 2013 Budget speech that public spending needed to reduce by a further £11.5 billion to help reduce the public deficit. Since the local government sector accounts for nearly a quarter of all public spending, it is only right that they should play their part in deficit reduction.
2. The Spending Round<sup>8</sup> set out a reduction of 2.3 per cent for 2015-16 in overall local government spending, including LG DEL<sup>9</sup>, other government grants and council tax income,. Part of this is a reduction in LG DEL of 10% when compared to 2014-15. However, this reduction is balanced with a package of measures which create a real opportunity to transform services. The package includes:
  - A £3.8bn pool of funding for integrated health and social care. This will help to ensure that service levels in the care and support system can be protected and will enable authorities to invest in prevention and early intervention.
  - A new fund of £330m for Transforming Services. This will be comprised of a £200m extension of the Troubled Families programme to support another 400,000 families, £100m to enable efficiencies in service delivery, and a £30m revenue fund (as well as £45m capital fund) to drive transformational change in the Fire and Rescue Service.
  - A joint programme with the Department for Education on reviewing pressures in children’s services.
  - Support for two further council tax freezes in 2014-15 and 2015-16.
  - Flexibility to use capital receipts from asset sales to fund one-off revenue costs of reforming services.
3. Under the Business Rate Retention scheme, the *local share* of business rates is set at 50% until 2020, to provide a strong financial incentive for local authorities to promote growth. As such, the full reduction in LG DEL set out above will need to be applied to the LG DEL elements outside of the *local share*. Due to there being a number of other elements included within LG DEL, *Revenue Support Grant* for 2015-16 will be £10,100 million. This means that the amount of *Revenue Support Grant* will be 24.2% less in 2015-16 than in 2014-15. The calculations are set out in Table 2 below:

**Table 2 – differences between 2014-15 and 2015-16<sup>10</sup>**

(£ million)

<sup>8</sup> [www.gov.uk/government/publications/spending-round-2013-documents](http://www.gov.uk/government/publications/spending-round-2013-documents)

<sup>9</sup> LG DEL includes the *local share* of the *Estimated Business Rates Aggregate*

<sup>10</sup> The Settlement Funding Assessment and Revenue Support Grant figures include the funding held back for New Homes Bonus and safety net support discussed in chapter 4.



	2014-15 Settlement (taking into account the changes in Chapters 3 and 4 but prior to all holdbacks)	2015-16 Settlement
Settlement Funding Assessment	24,584.094	21,669.486
Local share of the Estimated Business Rates Aggregate	11,253.917	11,569.678
Revenue Support Grant	13,330.177	10,099.808

4. Not all of the elements within the *Settlement Funding Assessment* will be reduced at the same rate. Further details on this are given in Chapter 6: *Distribution of Revenue Support Grant* in 2015-16.
5. In line with the 2014-15 Settlement as set out in Chapter 4 the control totals will need to be adjusted for Upper-Tier Funding and Lower-Tier Funding in relation to both the New Homes Bonus and *safety net* support and for Fire and Rescue Funding in relation to the *safety net* support. Funding for capitalisation in 2015-16 is included in the amount set aside at the Spending Round for service transformation.
6. As with 2014-15, the *local share* of the *Estimated Business Rates Aggregate* for 2015-16 will be updated to take account of the September RPI figure in the final Settlement.

#### *New Homes Bonus*

7. The New Homes Bonus acts as a powerful incentive for local authorities to deliver housing and forms part of the Government's growth strategy. The New Homes Bonus is designed to recognise growth, and the impacts that growth can bring to communities in terms of pressure on local infrastructure and facilities. The more houses a local authority builds, the more New Homes Bonus funding it will receive.
8. As in 2013-14 and 2014-15, the Government has continued to set aside £250 million in 2015-16 to partially fund the New Homes Bonus. Again, as in previous years, the rest of the funding will be from *Revenue Support Grant*.
9. New Homes Bonus payments are awarded for six years. 2015-16 is the fifth year the New Homes Bonus will have been operating. This means that the amount of funding required for the New Homes Bonus will be greater in 2015-16 than it was in 2014-15.
10. In order to ensure that there will be sufficient funding available to fund the New Homes Bonus, the Government intends to take out £1.1 billion from *Revenue Support Grant* for the New Homes Bonus from both billing authorities and county councils. This represents the broad, ballpark estimate of the amount that might be required in 2015-16.

11. The Government's response to the Heseltine review outlined plans to empower Local Enterprise Partnerships to drive forward locally-led growth and enterprise. It also recommended the pooling of more financial resources to strengthen incentives for Local Enterprise Partnerships and their partners to generate growth. In the spirit of joint working and greater collaboration, the Government believes that there is scope for pooling of both resources from both central and local government.
12. As announced in Investing in Britain's future<sup>11</sup>, it is intended that £400 million from the New Homes Bonus will be pooled within Local Enterprise Partnership areas to support strategic, locally-led housing and economic development priorities.
13. Councils' Local Plans will remain as the focus for where development should and should not go. The pooling complements the duty to cooperate and the abolition of Regional Strategies introduced through the Localism Act. In particular, it is hoped it will encourage local authorities to work together on new developments which might cross council boundaries, and to help unlock the provision of cross-local authority infrastructure. It also gives local authorities an indirect financial stake in new housing build near but outside their council boundaries; whereas before, there was no mitigation for developments which placed strains or pressures on neighbouring councils.
14. A consultation will be published shortly on the mechanism to deliver the pooling arrangements.

*Returning the surplus funding to authorities*

15. Any surplus taken out to fund the New Homes Bonus will be returned to local authorities through Section 31 grant in proportion to their 2013-14 Start-Up Funding Assessments as in 2012-13.
16. The final allocations of the New Homes Bonus will be published alongside the final 2015-16 Local Government Finance Settlement. To enable local authorities to have as much certainty on their funding streams as possible when setting their budgets, provisional figures will be provided at the time of the provisional 2015-16 Local Government Finance Settlement. The residual payment of any New Homes Bonus surplus for 2015-16 will be paid as soon as possible in the 2015-16 financial year.

*Safety net support*

17. As in 2014-15, some money will need to be held back to help ensure that councils can be supported appropriately where their business rates income falls below 7.5% of their *baseline funding level*. The Department intends to hold back £50 million in 2015-16 to meet *safety net* payments in 2015-16. These resources will only be used as needed and any underspend will be returned to authorities in year in proportion to their 2013-14 start-up funding assessment.
18. For billing authorities and county councils, it is proposed that £49 million is held back from *Revenue Support Grant* to be paid to those authorities that

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<sup>11</sup> [www.gov.uk/government/news/35-billion-deal-to-build-homes-and-drive-local-growth](http://www.gov.uk/government/news/35-billion-deal-to-build-homes-and-drive-local-growth)

require *safety net* support. The other £1 million will be held back from fire authorities.

**Question 3: Do you agree with the way the Government proposes to hold back the funding that is necessary for New Homes Bonus and safety net support, and to return any surplus to authorities?**

## Chapter 6: Distribution of Revenue Support Grant in 2015-16

1. The July 2012 'Business Rates Retention: Technical Consultation' set out the Government's intention to continue to simply scale the 2014-15 authority-level allocations of *Revenue Support Grant* to the level of the 2015-16 control total for services funded through the rates retention system.
2. The consultation stated that the number of separate elements being scaled would be decided in the context of the Spending Round. The Government has decided to retain the same number of elements as for the 2014-15 Settlement.

### *Settlement Funding Assessment Control Totals*

3. The Spending Round announced a range of measures to support councils in delivering better outcomes with fewer resources and, taking in to account sources of local government funding such as council tax and business rates, set out an overall local government spending reduction of 2.3%. As set out in Chapter 5, the overall amount of *Settlement Funding Assessment* has been set at £21,669 million in 2015-16. As the *local share* of the *Estimated Business Rates Aggregate* is increased only by RPI, it cannot absorb the reduction in funding. The full reduction in *Settlement Funding Assessment* will therefore need to be applied to *Revenue Support Grant*. The Government proposes not to apply this reduction equally to all the elements of the *Revenue Support Grant*.
4. The Government proposes that for all of the grants rolled in from 2013-14, it will set the 2015-16 control total to be the continuation of the changes over the 2010 Spending Review period prior to holdbacks. This means that the 2011-12 Council Tax Freeze Compensation, Homelessness Prevention Funding, Lead Local Flood Authority Funding and Learning Disability and Health Reform Funding will remain unchanged in cash terms from their original amounts; Early Intervention Funding will be reduced by 8.5%; and the Greater London Authority General Funding will be reduced by 3.0%.
5. The Government also proposes to keep the total level of the localised council tax support funding unchanged in cash terms from its 2014-15 total level. As in the 2014-15 Settlement, there is no separately identifiable amount for localised council tax support at a local authority level since both this and formula funding were subsumed within the Upper-Tier Funding, Lower-Tier Funding and Fire & Rescue Funding elements.
6. As a consequence of these decisions, the **Upper-Tier Funding** will reduce by 14.3% year-on-year and the **Lower-Tier Funding** will reduce by 14.3% year-on-year, prior to funding being held back for the New Homes Bonus and the Safety-Net.

7. The **Fire and Rescue Funding** will reduce by 8.4%<sup>12</sup> year-on-year. A new £30m fund for fire and rescue authorities to encourage greater efficiencies and collaboration with other blue light services was announced in the Spending Round. This brings the overall reduction of Fire and Rescue Authorities budgets to 7.5%.

*Control Totals for elements within the Settlement Funding Assessment*

8. The *Settlement Funding Assessment* control total for each of the separate elements comprises a combination of funding provided through the *local share* of the *Estimated Business Rates Aggregate* and funding provided through *Revenue Support Grant*. As explained in Chapter 5, the *local share* of the *Estimated Business Rates Aggregate* will be increased by the September 2014 RPI. The full reduction in *Settlement Funding Assessment* will therefore need to be found from *Revenue Support Grant*.
9. Table 2 sets out the control totals after holdbacks, together with the year-on-year percentage changes.

**Question 4: Do you agree with the proposed methodology for calculating control totals for each of the elements within the *Settlement Funding Assessment*?**

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<sup>12</sup> This is a reduction of 10% in real terms.

**Table 2 - 2015-16 Control Totals compared to the 2014-15 Revised Control Totals**

Element	2014-15 Revenue Support Grant (after funding held back for New Homes Bonus and safety net) (£ million)	2015-16 Revenue Support Grant (after funding held back for New Homes Bonus and safety net) (£ million)	Year-on-year change in Revenue Support Grant (after funding held back) (%)	2014-15 local share of Estimated Business Rates Aggregate (£ million)	2015-16 local share of Estimated Business Rates Aggregate (£ million)	Year-on-year change in local share of Estimated Business Rates Aggregate (%)	2014-15 Settlement Funding Assessment (£ million)	2015-16 Settlement Funding Assessment (£ million)	Year-on-year change in Settlement Funding Assessment (%)
Upper-Tier Funding	7,672.326	5,194.057	-32.3%	6,571.309	6,755.687	2.8%	14,243.635	11,949.744	-16.1%
Lower-Tier Funding	1,886.227	1,246.073	-33.9%	1,747.954	1,796.998	2.8%	3,634.181	3,043.071	-16.3%
Fire & Rescue Funding	638.099	526.150	-17.5%	511.569	525.922	2.8%	1,149.667	1,052.072	-8.5%
2011-12 Council Tax	349.038	342.170	-2.0%	244.771	251.639	2.8%	593.809	593.809	0.0%
Freeze Compensation									
Early Intervention Funding	880.394	726.592	-17.5%	704.970	724.750	2.8%	1,585.363	1,451.341	-8.5%
GLA General Funding	23.395	21.581	-7.8%	18.857	19.386	2.8%	42.252	40.967	-3.0%
GLA Transport Funding	n/a	n/a	n/a	783.180	805.155	2.8%	783.180	805.155	2.8%
London Bus Services	n/a	n/a	n/a	45.770	47.054	2.8%	45.770	47.054	2.8%
Operators Funding									
Homelessness Prevention Funding	46.221	45.295	-2.0%	33.002	33.928	2.8%	79.223	79.223	0.0%
Lead Local Flood Authority Funding	12.133	11.890	-2.0%	8.663	8.906	2.8%	20.796	20.796	0.0%
Learning Disability and Health Reform Funding	850.783	834.431	-1.9%	582.776	599.128	2.8%	1,433.559	1,433.559	0.0%
<b>TOTAL<sup>13</sup></b>	<b>12,360.177</b>	<b>8,949.795</b>	<b>-27.6%</b>	<b>11,253.917</b>	<b>11,569.678</b>	<b>2.8%</b>	<b>23,614.094</b>	<b>20,519.473</b>	<b>-13.1%</b>

<sup>13</sup> The total will not add up to the sum of the components due to the Isles of Scilly where we are maintaining its allocation in 2015-16 to reflect its very small amounts of overall funding.

## Chapter 7: Transfers

### *2013-14 Council Tax Freeze Grant*

1. It was announced at the 2013 Spending Round that the 2013-14 Council Tax Freeze Grant was baselined into LG DEL. This means that the compensation will continue to be paid beyond the 2010 Spending Review period. From 2015-16 this will therefore be rolled into *Revenue Support Grant*. The amount will be protected in cash terms.
2. The 2014-15 *Revenue Support Grant* will be notionally adjusted to reflect this at an authority level by adding the 2013-14 Council Tax Freeze Grant to the existing Council Tax Freeze Compensation element. Similarly, in 2015-16, the 2013-14 Council Tax Freeze Grant will be combined with the 2011-12 Council Tax Freeze Compensation to form a single element.
3. Council Tax Freeze Compensation for 2013-14 will be distributed so that those authorities that accepted the freeze will receive the Compensation but those that did not accept the freeze will not.
4. **Question 5: Do you agree with the proposed methodology for transferring in the 2013-14 Council Tax Freeze Compensation?**

### *Carbon Reduction Scheme*

5. As part of Government's simplification of the Carbon Reduction Commitment Energy Efficiency Scheme all state funded English schools will be withdrawn from participating in Phase 2 of the scheme. The qualification period for Phase 2 was 1 April 2012 to 31 March 2013. English local authorities are not required to include electricity supplies to schools under their control or academies in their area in their assessment of qualification for Phase 2.
6. English local authority participants of the Carbon Reduction Commitment Energy Efficiency Scheme will benefit from reduced administrative costs as they will no longer be responsible for reporting and purchasing Carbon Reduction Commitment Energy Efficiency Scheme allowances for consumed supplies in state schools.
7. Removing state funded English schools from the Carbon Reduction Commitment Energy Efficiency Scheme will result in a number of local authorities becoming too small to meet the required threshold for participation in the Carbon Reduction Commitment Energy Efficiency Scheme. This will also result in a loss of tax revenue received by the Exchequer for which compensation will be expected under the New Burdens principle. Departments expenditure limits (DEL) will be adjusted to compensate for this loss as outlined in the Government's written budget statement.

8. To help determine the level of reduction in Departmental Expenditure Limit for the Department of Education and Department for Communities and Local Government, the Environment Agency will be writing to request that existing Phase 1 English local authority Carbon Reduction Commitment Energy Efficiency Scheme participants provide, by 30 November 2013, supplementary information for their 2012/13 annual report.
9. This will then allow the Department for Energy and Climate Change to provide by April 2014 the required Carbon Reduction Commitment Energy Efficiency Scheme emissions data so that the necessary adjustments can be made to the 2015-16 Local Government Finance Settlement to compensate the loss of tax revenue to the Exchequer, under the New Burdens Doctrine, from the local authorities who are too small to meet the required threshold for participation in the Carbon Reduction Commitment Energy Efficiency Scheme.
10. No notional adjustments will be made to the 2014-15 settlement to reflect this change. A separate negative element will be created in 2015-16 to reflect the adjustment to the relevant authorities.

**Question 6: Do you agree with the proposed methodology for adjusting the 2015-16 settlement to take account of the loss of tax revenue due to the Exchequer from the local authorities who are too small to participate in the Carbon Reduction Commitment Energy Efficiency Scheme?**



## Section 4: Summary of consultation questions

Question 1: Do you agree with the Government's proposal on how to implement the 1% reduction to the Local Government Expenditure Limit (LG DEL)?

Question 2: Do you agree with the proposal for reducing the funding available for capitalisation for 2014-15 by £50m and using this revenue to reduce the amount required to be held back from *Revenue Support Grant* to fund the safety net?

Question 3: Do you agree with the way the Government proposes to hold back the funding that is necessary for New Homes Bonus and safety net support, and to return any surplus to authorities?

Question 4: Do you agree with the proposed methodology for calculating control totals for each of the elements within the *Settlement Funding Assessment*?

Question 5: Do you agree with the proposed methodology for transferring in the 2013-14 Council Tax Freeze Compensation?

Question 6: Do you agree with the proposed methodology for adjusting the 2015-16 settlement to take account of the loss of tax revenue due to the Exchequer from the local authorities who are too small to participate in the Carbon Reduction Commitment Energy Efficiency Scheme?

## Section 5: Glossary of Technical Terms

### **Baseline funding level**

The amount of an individual local authority's *Start-Up Funding Assessment* for 2013-14 provided through the *local share* of the *Estimated Business Rates Aggregate* updated each year by the change to the small business multiplier (in line with RPI).

### **Billing authority**

A local authority which bills and collects council tax and business rates, for example a district council or unitary county council.

### **Business rates baseline**

Determined for individual authorities at the outset of the business rates retention scheme by dividing the *local share* of the *Estimated Business Rates Aggregate* (England) between billing authorities on the basis of their *proportionate shares*, before the payment of any *major precepting authority share*.

### **Central share**

The percentage share of locally collected business rates that is paid to central government by billing authorities. This is set at 50%. The *central share* is re-distributed to local government through grants including the *Revenue Support Grant*. This replaces the previous 'set-aside' policy.

### **Estimated Business Rates Aggregate**

The total business rates forecast at the outset of the business rate retention scheme to be collected by all billing authorities in England in 2013-14. The *Estimated Business Rates Aggregate* is updated year on year in line with the change in the small business multiplier (based on the September RPI).

### **Levy**

Mechanism to limit disproportionate benefit. The *levy* is applied proportionally on a 1:1 basis (i.e. a 1% increase in business rates income produces a corresponding 1% increase in revenue from the rates retention scheme) but with a limit on the maximum *levy* rate that is imposed, at 50p in the pound. *Levy* payments are used to fund the safety net.

### **Local government spending control total**

The total amount of expenditure for Revenue Support Grant in the Department for Communities and Local Government's Local Government Departmental Expenditure Limit (LG DEL) plus the *local share* of the *Estimated Business Rates Aggregate* that is allocated to the local government sector by Government for each year of a Spending Review. It does not include the resources identified in the 2013 Spending Round for social care and Troubled Families.

### **Local share**

The percentage share of locally collected business rates that is retained by local government. This is set at 50%.

### **Major precepting authority**

An authority or body that does not collect council tax, but instead issues precepts to billing authorities. They are county councils in two tier areas, police and crime commissioners, single purpose fire and rescue authorities and the Greater London Authority. Police and Crime Commissioners are not part of the business rates retention system.

### **Major precepting authority shares**

Used to establish the proportion of the *local share* that is paid by a *billing authority* to its major precepting authorities.

### **Multiplier**

The business rates multiplier when multiplied by the rateable value of a property determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. The small business multiplier is updated annually by the September retail price index (RPI) (although exceptionally a lesser increase may be imposed) and the other multiplier adjusted accordingly.

### **Proportionate Share**

This is the percentage of the national business rates yield which a local authority has collected - on the basis of the average rates collected by authorities over the two years to 2011-12. This percentage was applied to the *local share* of the 2013-14 *Estimated Business Rates Aggregate* to determine the *billing authority business rates baseline*.

### **Revenue Support Grant**

Billing and most major precepting authorities receive *Revenue Support Grant* from central government in addition to their *local share* of business rates *Aggregate*. An authority's *Revenue Support Grant* amount plus the *local share* of the *Estimated Business Rates Aggregate* will together comprise its *Settlement Funding Assessment*.

### **Safety net**

Mechanism to protect any authority which sees its business rates income drop, in any year, by more than 7.5% below their *baseline funding level* (with baseline funding levels being updated by the small business rates *multiplier* for the purposes of assessing eligibility for support).

### **Service tiers**

There are four service tiers corresponding to the services supplied by the four types of authorities. These are upper-tier services – those services, other than fire, supplied by county councils in two-tier areas; police services; fire and rescue services; and lower-tier services – those services supplied by district councils in two-tier areas. Some authorities may provide more than one tier of service.

**Settlement Funding Assessment**

Previously referred to as Start-Up Funding Assessment. It comprises at a national level of total *Revenue Support Grant* and the *local share of Estimated Business Rates Aggregate* for the year in question. On an individual local authority level it comprises each authority's *Revenue Support Grant* for the year in question and its *baseline funding level* updated year on year in line with RPI.

**Tariffs and top-ups**

Calculated by comparing at the outset of the business rate retention scheme a individual authority's *business rates baseline* against its *baseline funding level*. *Tariffs* and *top-ups* are self-funding, fixed at the start of the scheme and index linked to RPI in future years.

**Tariff authority**

An authority with, at the outset of the scheme, a higher individual authority *business rates baseline* than its *baseline funding level*, and which therefore pays a *tariff*.

**Top-up authority**

An authority with, at the outset of the scheme, a lower individual authority *business rates baseline* than its *baseline funding level*, and which therefore receives a *top-up*.

**AGENDA ITEM:**

<b>REPORT TO:</b>	<b>MERSEYSIDE FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE:</b>	<b>TUESDAY 3<sup>RD</sup> SEPTEMBER, 2013</b>
<b>REPORT NO.</b>	<b>CFO/103/13</b>
<b>REPORTING OFFICER:</b>	<b>DEPUTY CHIEF EXECUTIVE</b>
<b>CONTACT OFFICER:</b>	<b>KIERAN TIMMINS, DEPUTY CHIEF EXECUTIVE EXT. 4202</b>
<b>OFFICERS CONSULTED:</b>	
<b>SUBJECT:</b>	<b>IMPACT OF THE GOVERNMENT FINANCE ANNOUNCEMENTS</b>

**THERE ARE NO APPENDICES TO THIS REPORT**Purpose of Report

1. To advise Members of the Government announcement regarding the level of grant it will provide to the Authority for the financial years of 2014/15 and 2015/16.

Recommendation

2. It is recommended that Members note the contents of this report, and the implications on Merseyside Fire & Rescue Authority and the services it provides.

Introduction & Background**Current Position – the Starting Point**

3. The starting point for considering the financial plan, is an assumption that the Authority has a balanced financial plan for the next two financial years to 2014/15.
4. The key points taken account of in that plan are set out below:-

a) **Grant**

The Government announced the level of grant it will provide to the Authority for the years of 2013/14 and 2014/15. The Authority's funding is being cut by 8.7% and 7.5% respectively in those years - a £6.3m cash reduction. The funding reduction is worse than the national average for fire and rescue services and means that over the next two years the Fire Authority already needed to make savings of £10m to balance the financial plan. (This is in addition to significant Government grant reductions in the first two years (2011/12, 2012/13) of the spending review period which required £9.2m of savings to balance its budget.)

b) **Council Tax**

The Authority recognised the financial pressures on the communities of Merseyside but kept to its financial plan and increased its council tax precept by the maximum allowable, 2% (or an extra £1.34 for a band D property). This was in order to minimise the long term impact of government cuts on the services to the Merseyside Community.

**Dealing with the Government Cuts and the £10m saving challenge:**

5. In order to balance the books the Authority first sought to identify savings from Back Office and Support Services and was able to identify £7m of the required £10m savings from those areas including:-

- Assuming a further two years of pay restraint for all staff.
- Technical savings of £2.5m were identified from inflation and capital expenditure budgets.
- Additional income of £0.5m including :-
  - a. Shared use of fire stations with the Ambulance Service
  - b. Increased efficiency through a Joint Command and Control Centre with Merseyside Police
  - c. Shared services at the vehicle workshops
  - d. Cost recovery of smoke alarms from low risk households.
- Efficiencies identified in support service areas of £2.307m. This placed a large number of non uniform staff at risk of redundancy. Many of the support service areas and posts affected in fact provide front line services to the community of Merseyside notably prevention and protection,

6. **Despite the efficiencies this still left £3m in cuts to be identified from front line services.**

7. A fundamental review of fire cover was undertaken to deliver a cut of £3m. The key points were:-
- A reduction of 90 fire-fighter posts
  - We are aiming to keep all our fire stations open at present (apart from Huyton and Whiston stations which are being considered for a merger)
  - There will be a 33% cut in the number of fire appliances immediately available from 42 to 28.
  - The introduction of a 10 minute response time standard across Merseyside (on average the first response to an incident will be much faster). It will take over three years to deliver these front line savings from natural turnover of firefighting staff through retirement. The Chief Fire Officer will manage the implementation of the new fire cover model in order to deliver the savings and efficiencies in such a way as to minimise risk.
  - The firefighter post reductions are being achieved by natural retirement rates but take until mid 2015/16 to deliver.

**So what's changed – Local Government Finance settlement 14/15 and 15/16 technical consultation**

8. On the 26 July the Government announced a technical consultation on the finance settlement for the next two years. The consultation paper, together with supporting documents can be found at <http://www.local.communities.gov.uk/finance/1415/sumcon/index.htm>
9. The announcement allows for robust financial planning as it gives specific figures at an Authority level for 14/15 and 15/16.

**2014/15**

10. Funding has been cut by a further 1% in 2014/15 in line with the chancellor's announcements and the safety net top slice increased. **This will require further savings of £408K to balance the 14/15 position over and above the £10m already planned.**
11. Worryingly, the Government has set aside more money in the safety net, based on Council returns to date. The safety net is to protect Authorities with more than a 7.5% loss in local business rates. The Government has assumed business rates total will rise by 2.8% in 2014/15. There is no guarantee this is the position in Merseyside.

2015/16

12. The cash cut in 2015/16 is 8.4% (10% “real terms”). The cut is not just being applied to old grant, but the new total including the Council Tax Benefit Localisation Grant . This will result in a further grant reduction of £3.412m in a single year from revised 2014/15 figure.
13. If the local business rates growth varies from Government forecast inflation growth we can be better/worse off.
14. There are no changes proposed to distribution methodologies for grant. This is potentially favourable as it will retain the banded floor protection which assists the Authority.
15. The resource fund (£30m) and capital fund (£45m) for fire, are available for one year only for “transformation” and could not be relied on for budgeting either in the short term or mid-term. There will be a bidding process for these grants, that may take place during 2014/15 according to conversations with CLG officials.

Other Factors that impact on the Financial Plan

16. Council Tax:-

The referendum level for 2015/16 (and 2014/15) is set at 2%. In the financial plan we had assumed 4% for 2015/16 originally. We are therefore worse off by £460K.

17. Pension Costs:-

It is still anticipated that changes to the opt-out arrangements for public sector pension schemes in 2016 will add 3.4% to employers National Insurance (NI) bill (forecast cost £1.0m). The Local Government Pension Scheme is anticipating increased employer contribution costs amounting to about £0.2m p.a.

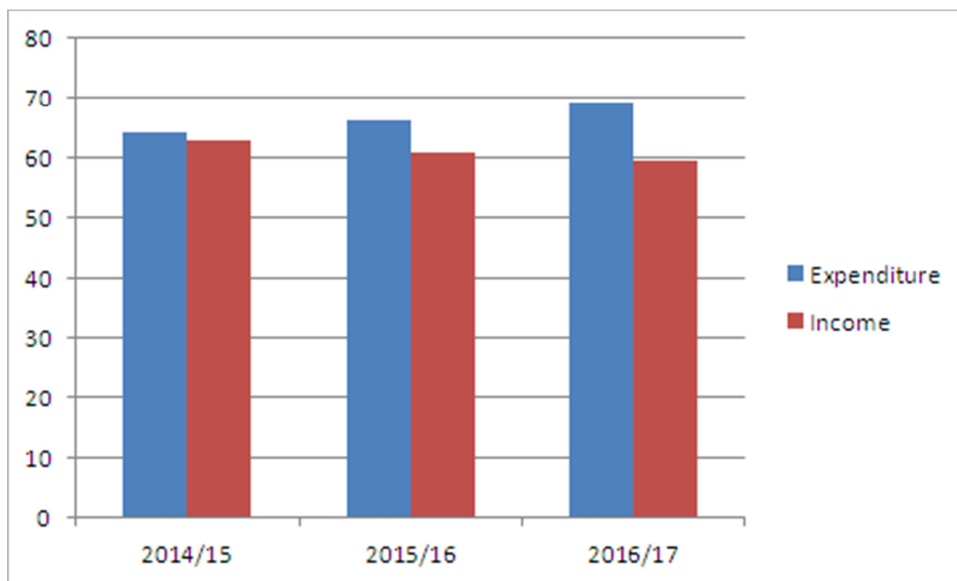
The key variations are set out in the table below:



Key Variations	2014/15 £'m	2015/16 £'m	2016/17 £'m
Inflation		1.8	3.6
LGPS Pensions		0.2	0.2
NI on Pensions Opt Out			1
<b>Income Variances</b>			
Grant Cuts	0.4	3.8	5.7
Council Tax Increase		-0.5	-1

### **Overall Impact**

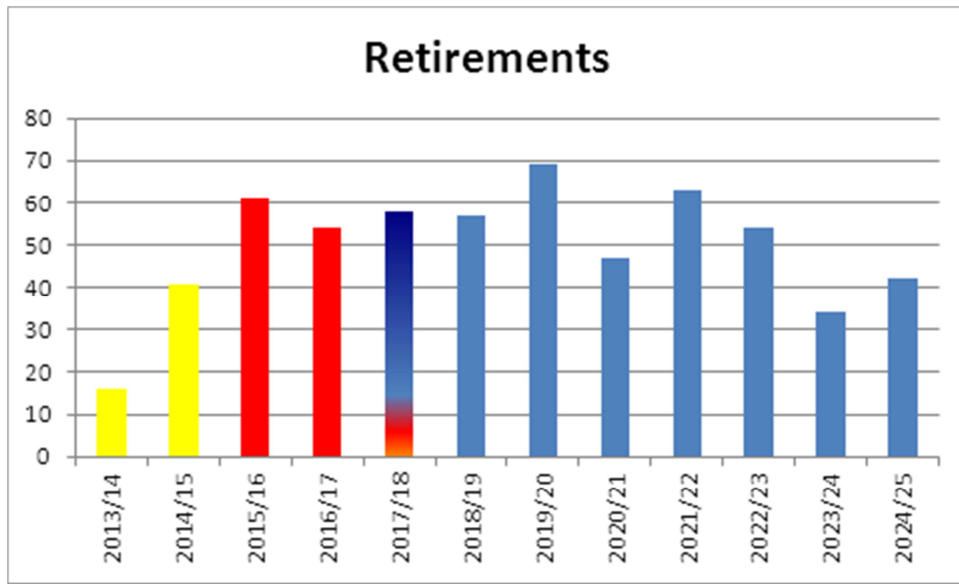
18. **Allowing for increases in pay and prices in 2015/16 and 2016/17 at 2% and assuming that there will be a further 5% reduction in grant funding in 2016/17 this means that the overall forecast budget deficit the Authority will have to bridge is now estimated at £9.1m (over and above the £10m savings already made to 2014/15)**



19. ***Given the significant efficiencies made to date and the limited further scope for back office and technical changes it is unlikely that the required reduction in front line costs is likely to be any less than £5.6m or the equivalent of about 150 firefighting posts. At the very least, this will require Station mergers and the crewing of a number of appliances on days only.***

20. Reserves are likely to be needed to support budgets in 2015/16 and 2016/17 to avoid compulsory firefighter redundancy.

21. Below is the current forecast of the firefighter retirement profile.



- In yellow are the firefighters required to require to meet the current financial plan to 2014/15 (That will not be fully achieved until just into 15/16).
- In red are the retirements required for an assumed further reduction of 150 posts (to meet the 15/16 and 16/17 financial challenge).
- Assuming this profile is correct we will therefore be 'over budget', by the following numbers in years. The number of retirements will be insufficient to keep pace with the required rate of cuts.

Year	Posts Over
2013/14	56
2014/15	28
2015/16	127
2016/17	69
2017/18	13
	292

17. **Based on this preliminary assessment, we will need an estimated £10m of reserves to cover the cost of 292 FF posts over budget across the five year period** to avoid compulsory redundancy. Further work is required to confirm this figure.

18. Based upon the profile above we will however need to recruit (to stay at 616 firefighters) ; around 340 firefighters by 2023 so we would probably want some reserves to assist with recruitment before 17/18 when we hit target number (assuming there are no further cuts announced for the following years).

Equality & Diversity Implications

19. There are no equality and diversity implications arising directly out of this report.

Staff Implications

20. There are no staffing implications arising directly out of this report.

Legal Implications

21. There are no legal implications arising directly out of this report.

Financial Implications & Value for Money

22. The financial implications of the Government announcement are detailed above.

Risk Management, Health & Safety, and Environmental Implications

23. No implications arising directly out of this report.

Contribution to Our Mission – To Achieve; Safer Stronger Communities – Safe Effective Firefighters”

24. The Authority needs to find ways to maintain delivering its mission with much reduced funding.

**BACKGROUND PAPERS**

**Glossary of Terms**

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## AGENDA ITEM:

<b>REPORT TO:</b> Meeting of the	<b>MERSEYSIDE FIRE &amp; RESCUE AUTHORITY</b>
<b>DATE:</b>	<b>3<sup>rd</sup> SEPTEMBER, 2013</b>
<b>REPORT NO.</b>	<b>CFO/102/13</b>
<b>REPORTING OFFICER:</b>	<b>DEPUTY CHIEF EXECUTIVE</b>
<b>CONTACT OFFICER:</b>	<b>DEPUTY CHIEF EXECUTIVE, KIERAN TIMMINS, EXT. 4202</b>
<b>OFFICERS CONSULTED:</b>	
<b>SUBJECT:</b>	<b>A STRATEGIC OVERVIEW OF ESTATES – IDENTIFICATION OF KEY PRIORITIES</b>

<b>APPENDIX</b>	<b>A</b>	<b>TITLE</b>	<b>A STRATEGIC REVIEW OF ESTATES</b>
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Purpose of Report

1. To review the property portfolio of the Authority and to make recommendations for savings in the light of the forecast significant reductions in funding. (These are discussed in more detail in report CFO/103/13, elsewhere on the Agenda.

Recommendation

2. It is recommended that Members note the report and :-
  - (i) Approve the recommendations as set out on page 21 and 22 of Appendix A, specifically;

**Recommendations**

- 1) The Authority must identify strategic mergers that allow operational response to be maintained whilst improving community and firefighter facilities and reducing costs.

Having assessed the location of the newer stations and the operational response needs of the service the Chief Fire Officer has identified that the two key geographic options where strategic mergers should be considered following consultation are:-

a) Wirral:

Merging West Kirby and Upton to create a much improved station with extensive community facilities at Greasby, which would allow response standards to be maintained whilst improving the capability for community partnerships.

In addition, consideration might be given to the opportunities for the future development of Heswall. This site is commercially attractive and working with private/public partners may create opportunities to improve facilities or relocate services.

b) St Helens and Knowsley:

Members have already approved in principle the working up of a feasibility study for the merger of Huyton and Whiston fire stations at Prescott . There are a number of merger options to be considered across St Helen's and Knowsley including Huyton./Whiston, St Helens/Eccleston or Whiston/Eccleston

The Chief Fire Officer will report back with detailed proposals on how to take these recommendations forward.

- 2) For all stations the aim should be to encourage partners to create community hubs and to share costs, reduce wasted space and provide better facilities. Reserves should be used for invest to save schemes which deliver longer revenue streams from partners.
- 3) The Authority should sensibly invest in small scale works that would improve fire-fighter and community facilities at older stations in the short term. £0.5m of the capital investment reserve should be set aside to support those works.
- 4) The CFO should review the facilities at the TDA and report in full on what improvements and investments are required to ensure firefighter safety.
- 5) The following key projects will also be progressed:-

Plans are in place to **improve LLAR accommodation facilities** at Newton and Formby where additional land has been acquired and accommodation blocks will be built on site.

The new Joint Command and Control Centre with the police (including the refurbishment of HQ and the development of a new secondary MACC) is a major multi million pound project. Much of the focus of estates (and other support teams) will be on the delivery of this by May 2014 target.

A number of other **mid-scale projects** are already planned:

- Replace diesel tanks
- 5 year electrical testing
- Upton Training Tower
- Kensington Training Tower
- Demolish Claires Building at Liverpool City Community station

(ii) Request the Chief Fire Officer to report back with detailed proposals on :-

- (a) Options for Station mergers in Wirral
- (b) Options for Station mergers in St Helens and Knowsley
- (c) The future investment in the Training and Development Academy (TDA)

### Introduction & Background

3. Merseyside faces an unprecedented financial challenge for the foreseeable future, that will inevitably see the Service contract further despite the reduction from 42 fire appliances to 28 as a result of the cuts due to CSR 10.
4. Work has been undertaken to review the Authority's built estate, and a full report is attached as Appendix A.
5. The review assesses the estate under the following key headings :-
  - (a) Locations and Community Risk
  - (b) Comparison with other Fire and Rescue Services
  - (c) Building condition
  - (d) Operational response
  - (e) Fire Stations as Community Hubs
  - (f) Financial Implicationsand makes recommendations for the focus of future work.
6. Further reports will be brought back for the Authority to consider with detailed proposals. Any changes to station disposition would be subject to full public consultation.
7. Any changes recommended would ensure that our stations and facilities:
  - become more accessible to the public
  - Overcome problems with the existing site/ building which would be beneficial to users with a disability.
  - Fulfil our statutory duty under the Single Equality Act by bringing our stations/ buildings up to modern build standards with regard to access and facilities.
  - Improve the arrangements for female firefighters.

Equality & Diversity Implications

8. Of Merseyside's building stock, about half are newer buildings, which are open and accessible to the community. The remainder are in poorer condition, and do not meet modern standards.
9. It is hoped that any building projects would deliver the same level of community regeneration that was delivered at the Toxteth Firefit Hub and is being delivered at the JCC (8 apprenticeships per site). A preferred sustainability partner will be procured to support all future projects.
10. Any relocation of stations would potentially have an impact on communities served.

Staff Implications

11. The aim of this report is to deliver excellent buildings for all staff, that are in the best possible locations to support operational response.

Legal Implications

12. None immediately arising out of this report. However, as work progresses there may need to be leases and/ or other property transactions drawn up.

Financial Implications & Value for Money

13. The current operating cost of the estate is approximately £3.3m per annum. Total debt servicing costs are about £6m pa. Inroads into these costs cannot be made without reducing the asset base.

Risk Management, Health & Safety, and Environmental Implications

14. Newer buildings provide a safer environment for Firefighters and "greener" buildings.

Contribution to Our Mission – To Achieve; Safer Stronger Communities – Safe Effective Firefighters

15. Fire stations are valued community assets. As buildings and training locations, they are vital for maintaining Firefighter safety and effectiveness.

**BACKGROUND PAPERS**



Strategic Overview of Estates (App A)

**\*Glossary of Terms**

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# MERSEYSIDE FIRE AND RESCUE AUTHORITY

## A STRATEGIC OVERVIEW OF ESTATES

### IDENTIFICATION OF KEY PRIORITIES



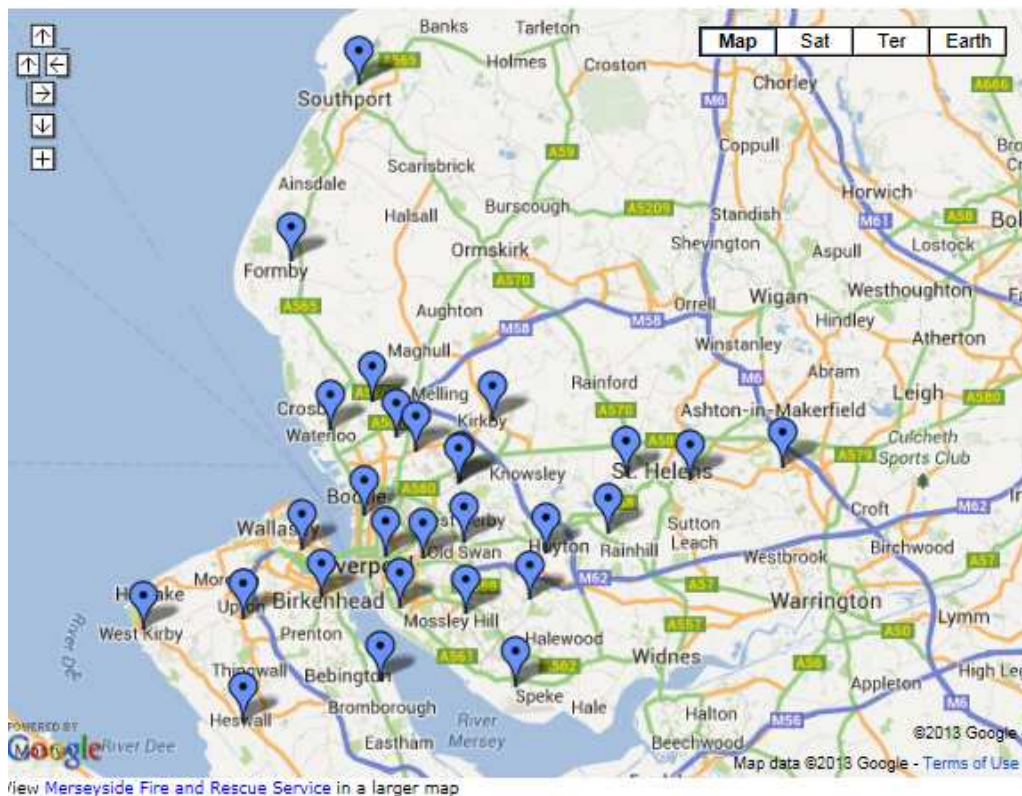
## **Review of Current Estates Assets**

This report will focus on the key strategic issues for policy makers.

The Authority currently has 32 main buildings

- 26 Fire Stations
- A marine rescue station
- Training & Development Academy at Croxteth
- Control Room
- HQ
- Workshops and associated building
- And also some LLAR properties

The location of the fire stations is shown in the map below:-



The review will assess those properties and in particular the fire stations under the following key headings:-

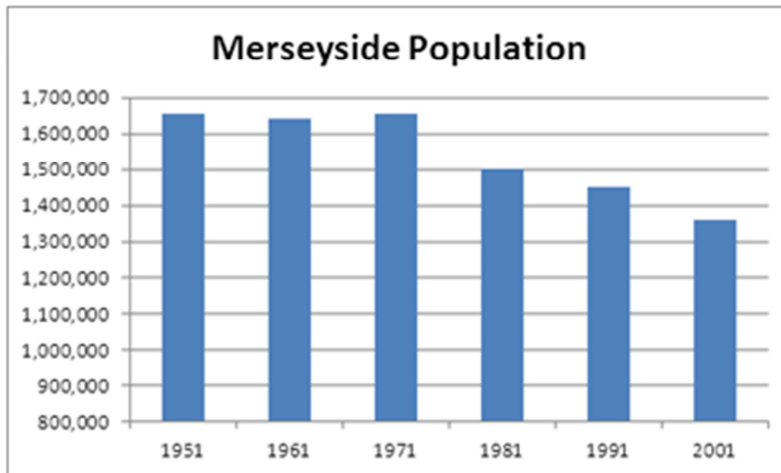
- a) Locations and Community Risk
- b) Comparison with Other Fire and Rescue Services
- c) Building Condition
- d) Operational Response
- e) Fire Stations as Community Hubs
- f) Financial Implications

At the end of each section there will be conclusions drawn. These will be amalgamated together at the end of the report and recommendations made in light of those conclusions.

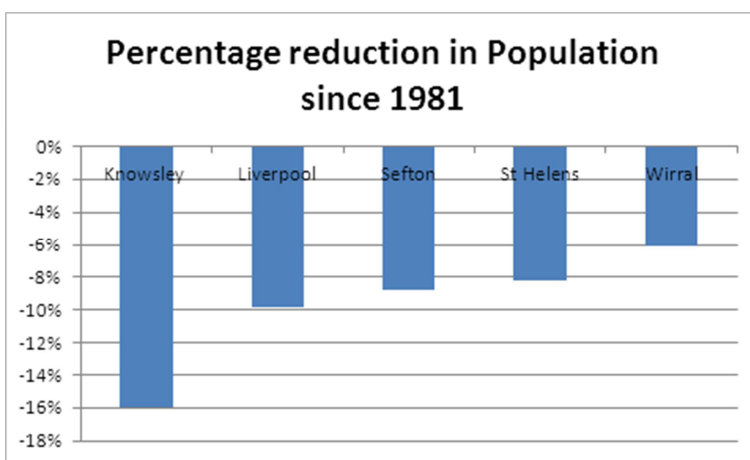
The recommendations are summarised in an action plan for building priorities across the next two years.

**A) Location and Community Risk**

The current location of stations remains broadly the same as that which was in place under historic standards of fire cover (the Riversdale standards) in the 1950's. However, since that time much has changed in Merseyside in particular the population has reduced significantly from about 1.65million in 1951 to current levels of about 1.35 million around a 20% reduction:-

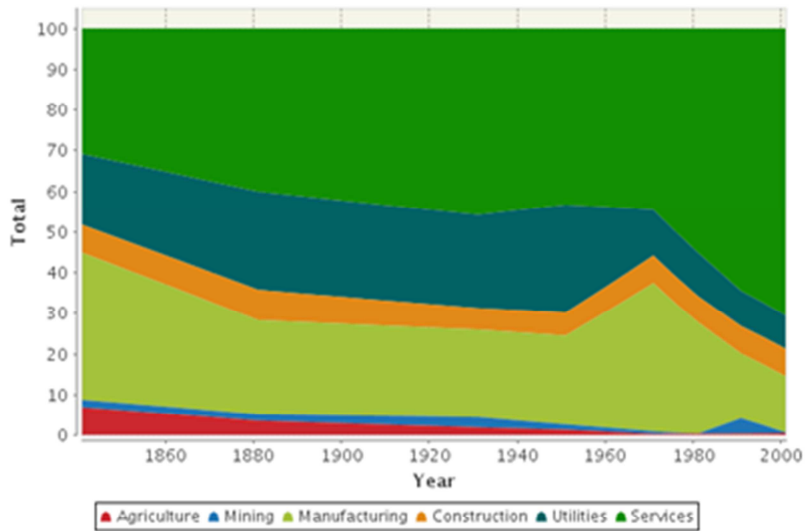


Despite a recent upturn in population, this is at odds with the pattern in most of the country and even recent increases remain below national growth levels. Because fire service funding is primarily founded on population numbers (since this is where risk is perceived to lie) this in significant part explains the funding pressures for the authority across the last decade. This pattern is common across all areas of Merseyside:-



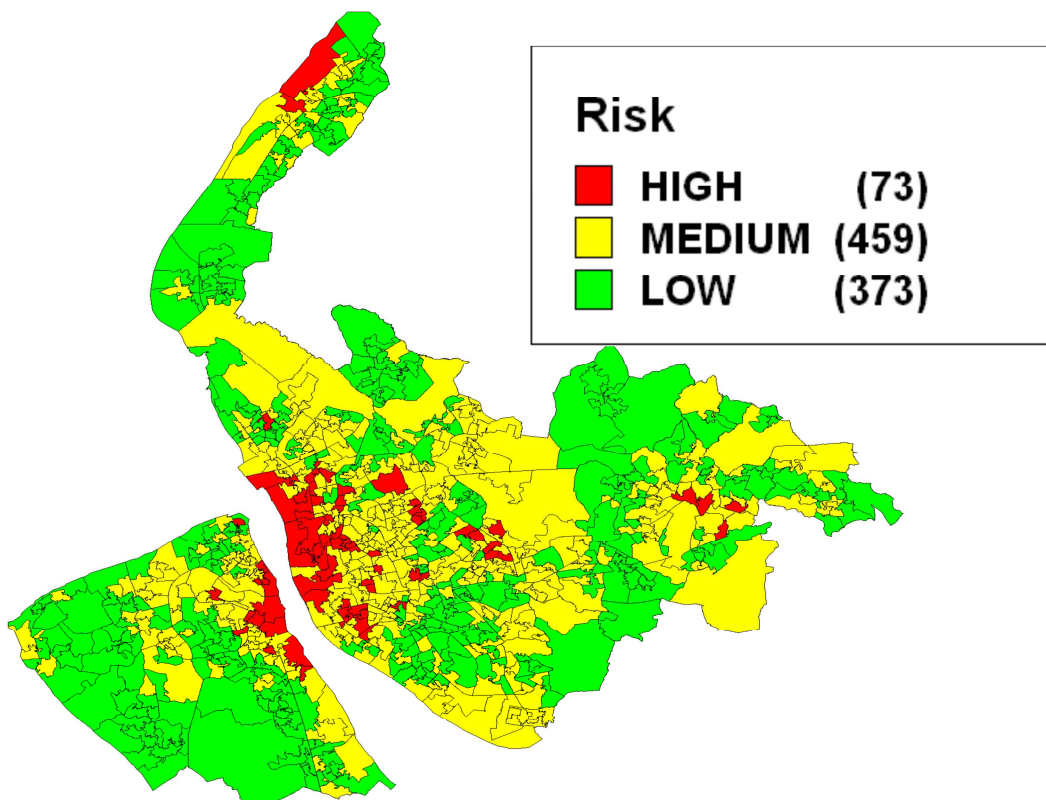
At the same time patterns in industry have seen a shift within Merseyside away from manufacturing towards a more service based economy.

## Merseyside Industry

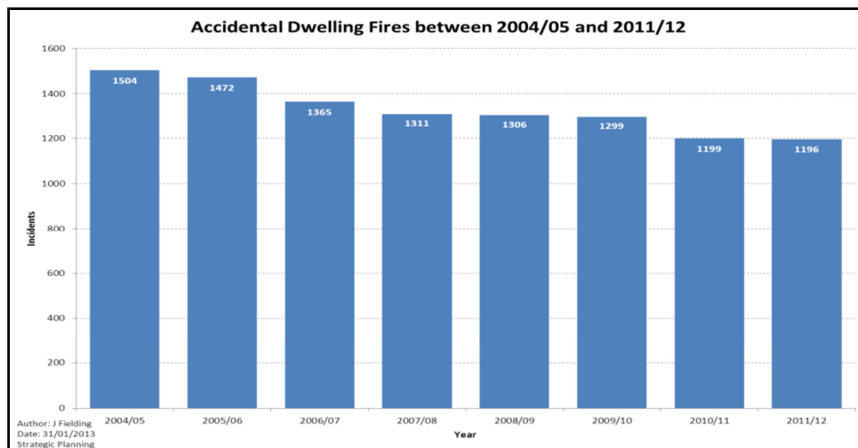
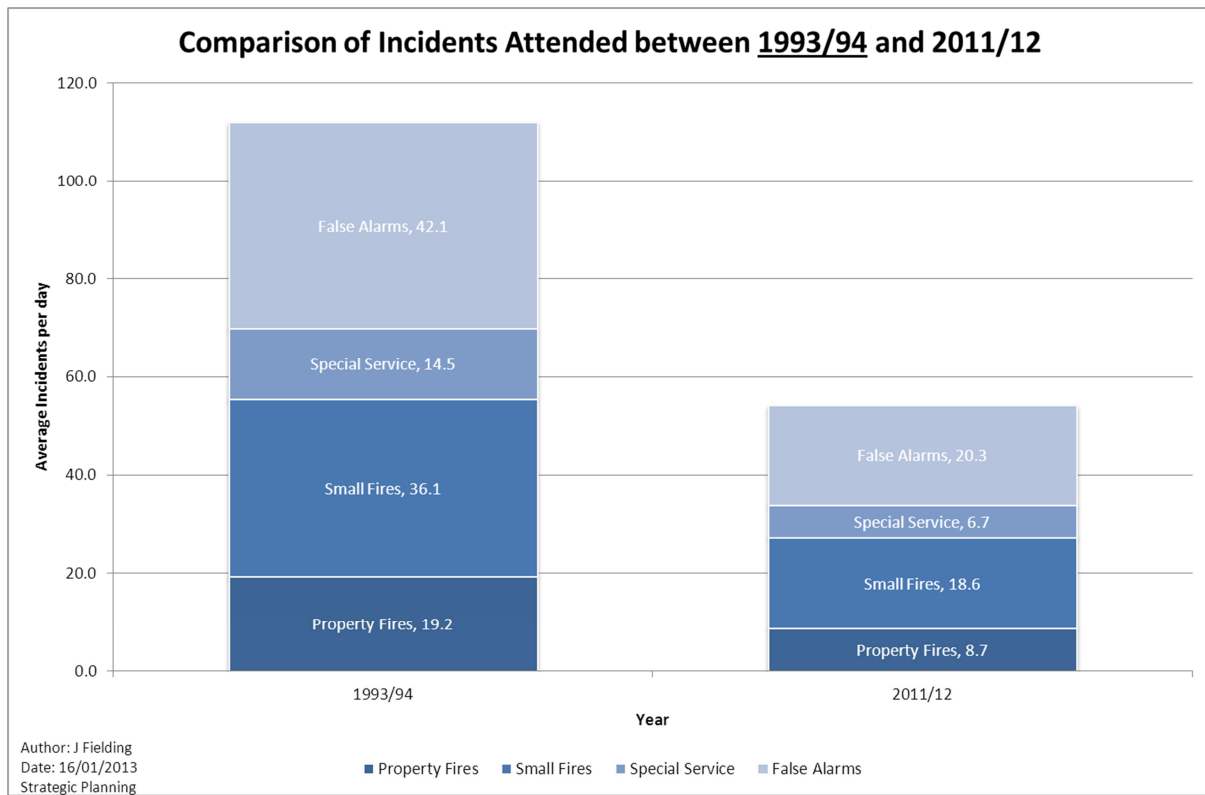


Across time those changes, in conjunction with a shift in focus by the Authority to preventative work, has seen an overall huge reduction in the number of incidents and in the risk pattern across Merseyside.

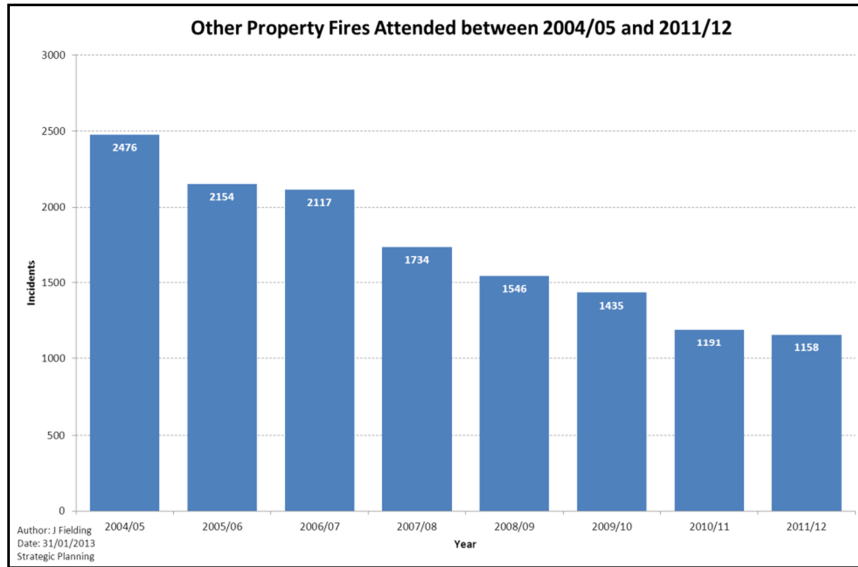
The current risk pattern across Merseyside is shown in the map below:-



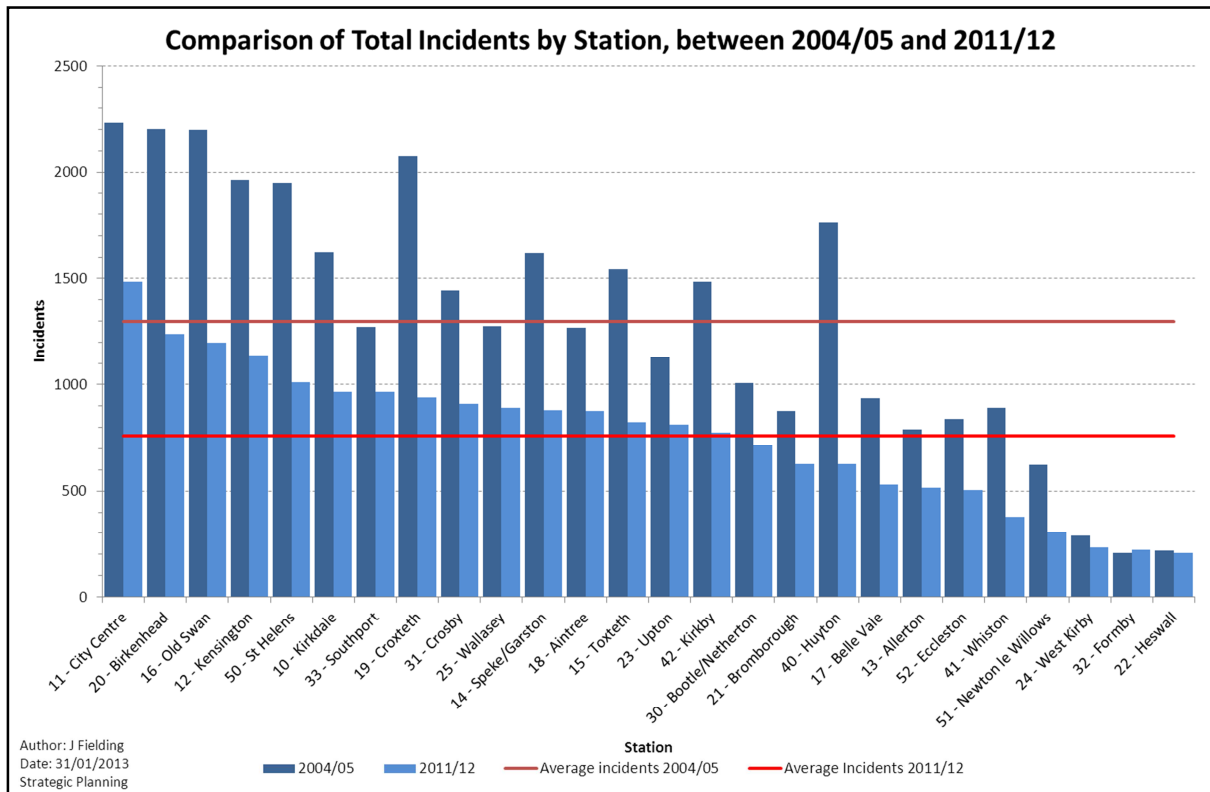
There has been a dramatic reduction in the number of deaths and injuries from fire. The graph below shows the reduction in overall incidents.







There is significant variation between stations in the number of incidents



**CONCLUSIONS - Location and Community Risk**

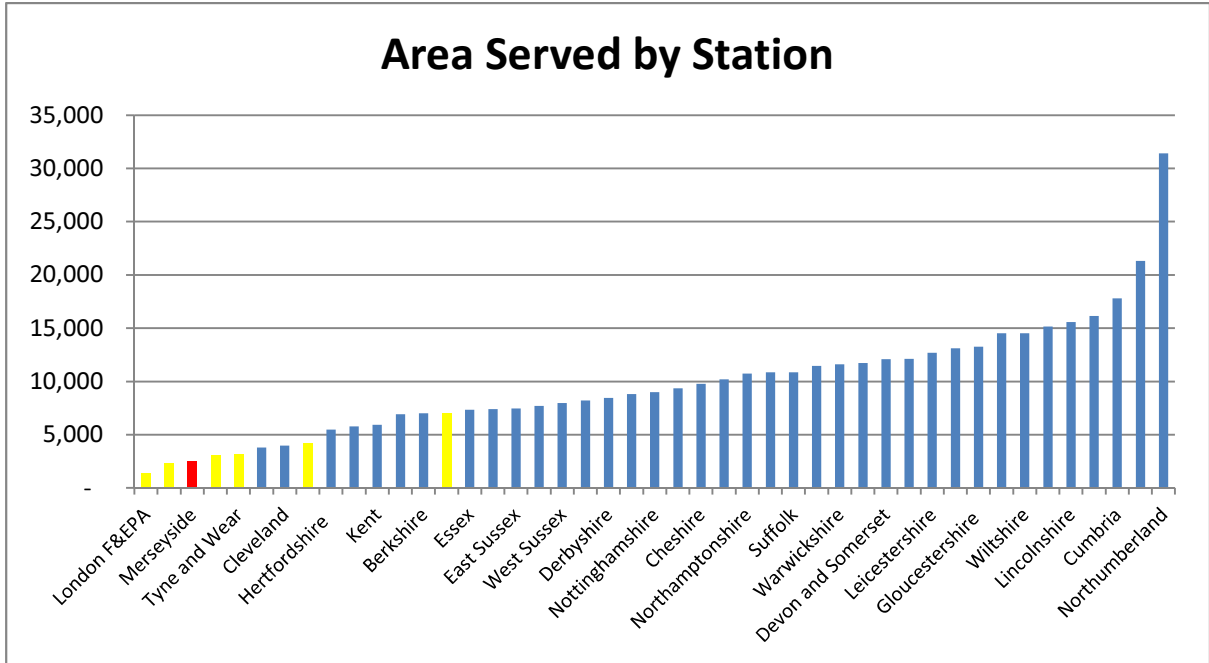
Merseyside's distribution of fire stations remains largely unchanged since the 1950's

Since the original distribution pattern of stations was established, the population of Merseyside has reduced dramatically and the risk pattern has changed significantly

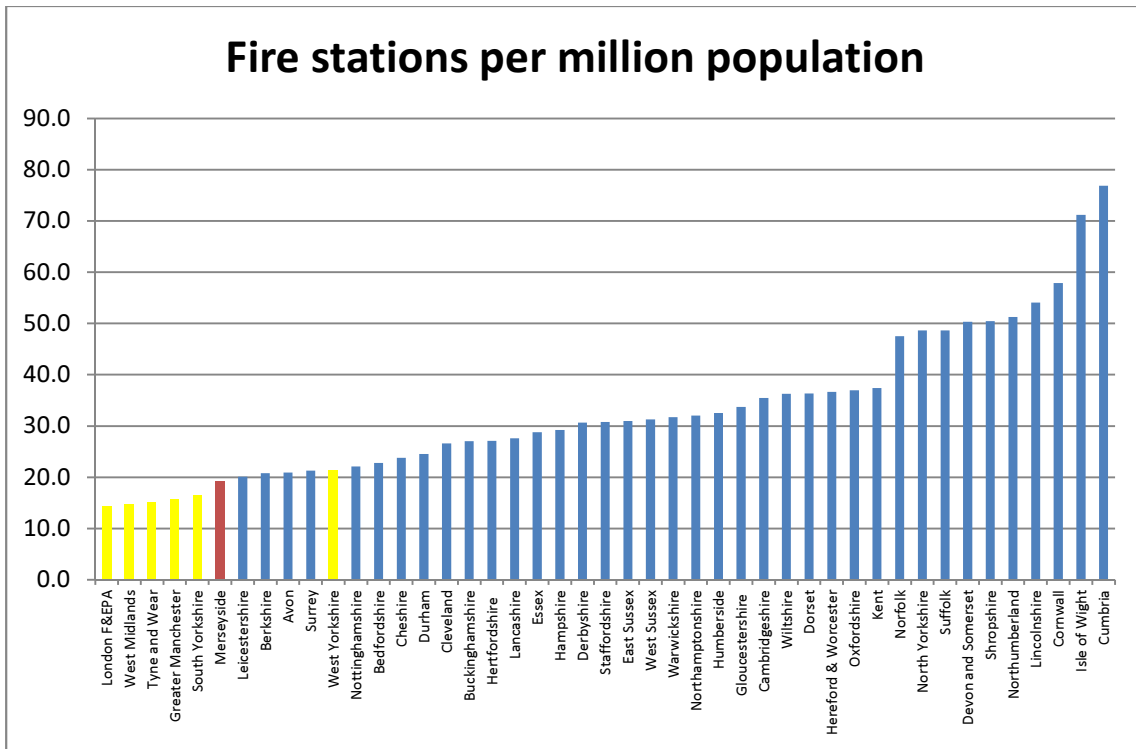
The number of incidents attended has reduced by over 50%

**b) Comparison with Other Fire and Rescue Services**

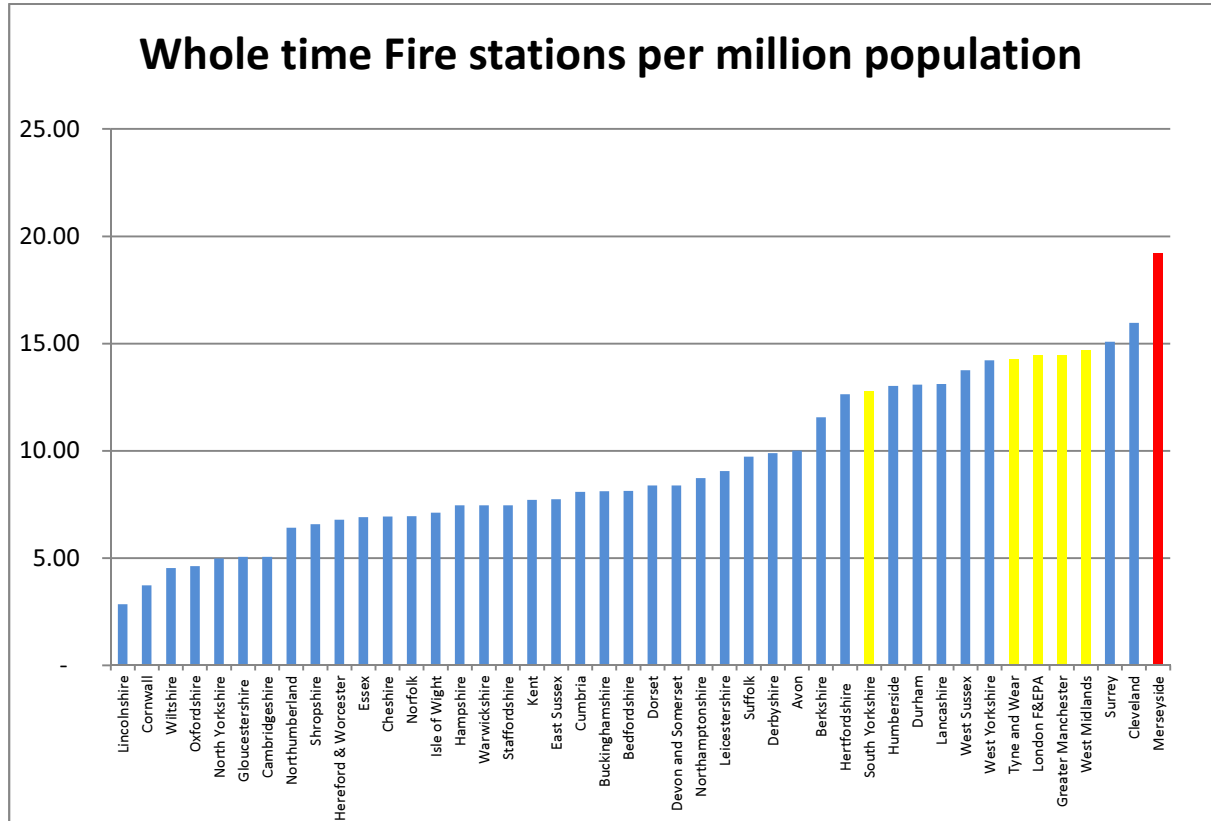
At present Merseyside has, because of historical decisions, a relatively high density of fire stations meaning each station serves a relatively small area. (The graph below is based on all stations)



Since Merseyside is mostly urban the stations do serve relatively high populations, however it can be seen that those population numbers are relatively lower than most other similar Metropolitan Areas (shown in Yellow/Merseyside in red).



It should be noted that this initial analysis is based upon **all** stations. Merseyside is one of few Authorities with fully whole time crews. When the analysis is repeated based on just whole time stations it can be seen that Merseyside has significantly higher numbers of fire stations than most other similar Authorities.



<b>CONCLUSIONS – Comparison with other Fire and Rescue Services</b>	
Merseyside's	has more fire stations than most comparable Authorities
Merseyside's	has no retained fire stations - across the country most Authorities use the retained service
Merseyside	has <b>many</b> more whole time fire stations than most other fire Authorities

### **c) Building Condition**

For many years the Authority did not adequately maintain or modernise its building assets. It maintained facilities on a “need to address” basis. This meant it was left with a legacy of poor quality stations which were energy inefficient, lacked space utilisation, with poor access and amenity for both staff and community users. Most assets were built in the 1960’s or earlier and major investment was needed. The Authority recognised this and, since 2009, there has been a major programme for the Authority’s properties. The following new buildings have been delivered:-

- Seven stations under the PFI programme
  - Birkenhead
  - Belle Vale
  - Bootle/Netherton
  - Formby
  - Kirkdale
  - Newton-le-Willows
  - Southport
- Toxteth Firefit Hub
- Kensington
- Marine Rescue
- Workshops/Vesty 5A & B

In addition, there are three stations which are relatively newer:-

- City Centre
- Speke
- Old Swan

And, of course, work continues in delivering the new Joint Command and Control Centre at HQ which will also allow the refurbishment of the HQ building.

As a result, these newer buildings do not need major investment but they also limit the room for strategic asset decisions to some degree since the Authority would not want to compromise investments already made.

The improvements in the building stock have driven Authority and staff aspirations for the remaining buildings in the stock to be improved. The remaining properties, however, are older and mostly are in poor condition, lacking modern amenities and in many cases are short of appropriate facilities and training arrangements for firefighters.

#### Wirral

- West Kirby
- Upton
- Wallasey
- Heswall

- Bromborough

Liverpool

- Aintree
- Allerton
- Croxteth and the training facilities at the TDA

Sefton

- Crosby

Knowsley

- Kirkby
- Huyton
- Whiston

St Helen's

- Eccleston
- St. Helens

**There are a number of other projects underway to improve the building stock already which draw significantly on organisational resources and capacity**

Plans are in place to **improve LLAR accommodation facilities** at Newton and Formby where additional land has been acquired and accommodation blocks will be built on site.

The new **Joint Command and Control Centre** with the police (including the refurbishment of HQ and the development of a new secondary MACC) is a major multi million pound project. Much of the focus by estates (and other support teams) will be on the delivery of this by May 2014 target.

A number of other **mid-scale projects** are already planned

- Replace diesel tanks
- 5 year electrical testing
- Upton Tower
- Kensington Tower
- Demolish Claires Building at Liverpool City Community Fire Station

**Other Issues**

In relation to the immediate requirements of the older stations identified above, analysis has identified a list of potential **“quick win” works** for these stations that might be achieved ahead of major refurbishment and make significant improvements for staff at a local level. It is thought that an investment of £0.5m from the capital investment reserve would allow many of these basic works to be completed.

The **TDA requires significant investment** in the core training equipment in order to maintain standards, keep training effective and ensure firefighter safety.

**CONCLUSIONS – Condition**

Merseyside's has 15 Buildings that have been relatively newly built and/or refurbished and meet our vision for quality facility provision .

This means there are 14 sites which are old and in poor condition. Many of these sites realistically require a rebuild to achieve satisfactory facilities for public and staff.

In the poorer buildings some quick wins have been identified that would improve firefighter and community conditions with little investment.

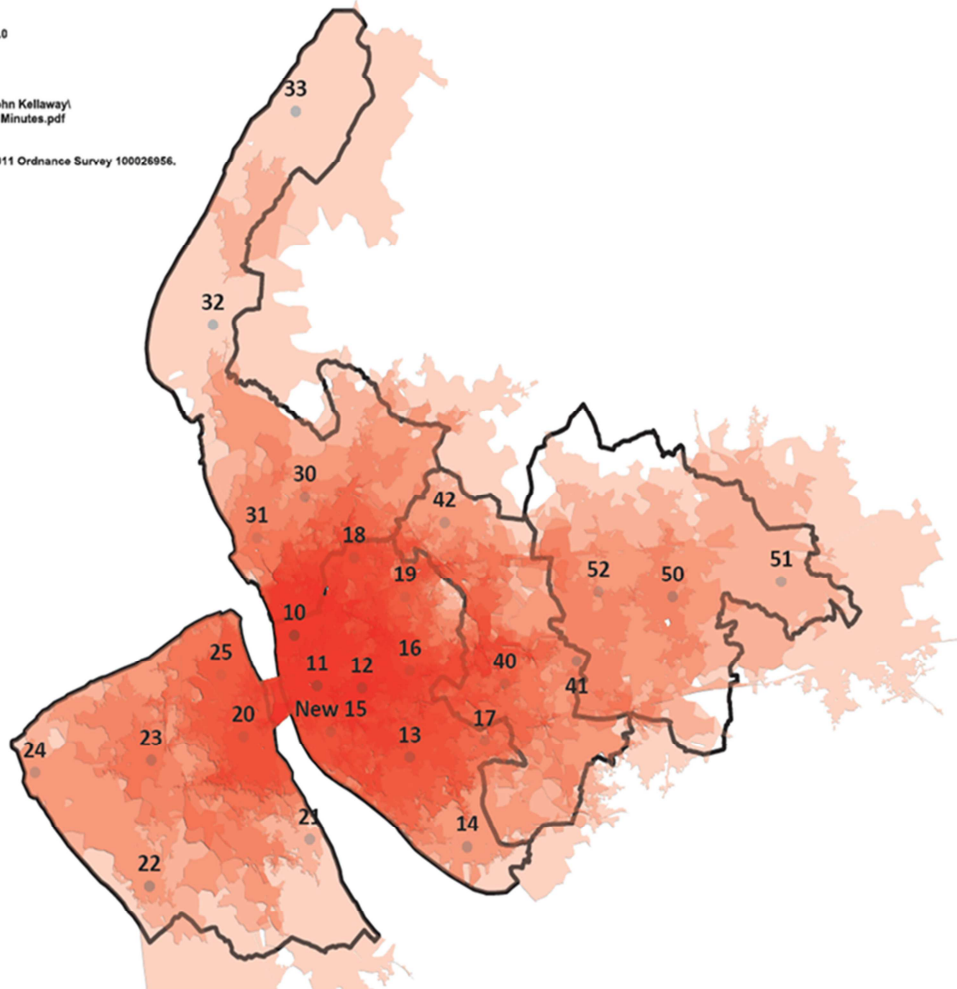
Corporate capacity to deliver major building works is already committed especially with the Joint Command and Control Centre (JCC).

**d) Operational response**

The Chief Fire Officer has undertaken a full review of emergency response as part of the Authority's IRMP. As part of that review the Authority moved to a 10 minute response standard against which to measure itself. However the current actual response time is much faster and is nearer five minutes.

Mapping has been undertaken to map the 10 minute response standard from current station sites and is shown below:-

Author: Gary Crosbie  
Date: 04.01.2012  
Produced Using: MapInfo Professional v11.0  
Knowledge and Information Management  
  
File Reference:  
KIM:\Work Requests\Data and Systems\John Kellaway\  
Travel Isochrone\_PDF Work\_19122011\10 Minutes.pdf  
  
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The areas in deeper red show where there is significant overlap between fire stations response.

Further work has shown that it might be possible to provide full operational response to Merseyside to a ten minute standard from a theoretical minimum of ten stations— see overleaf

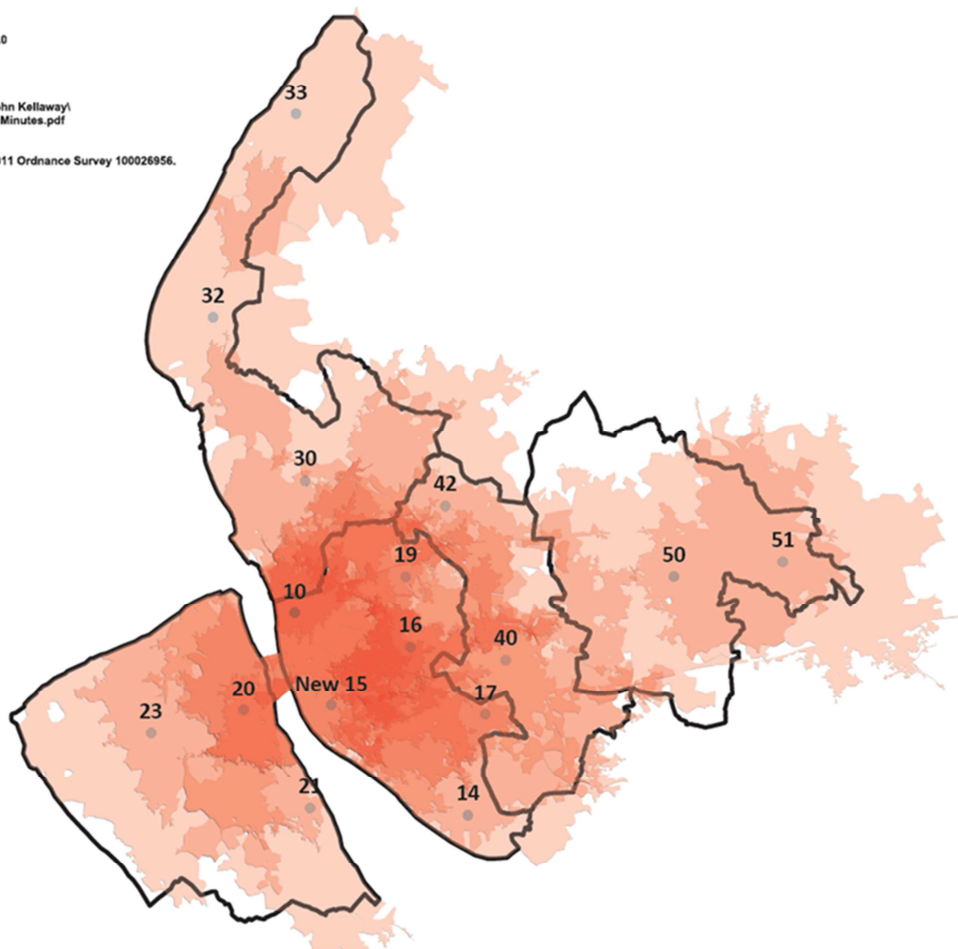


Author: Gary Crosbie  
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Knowledge and Information Management

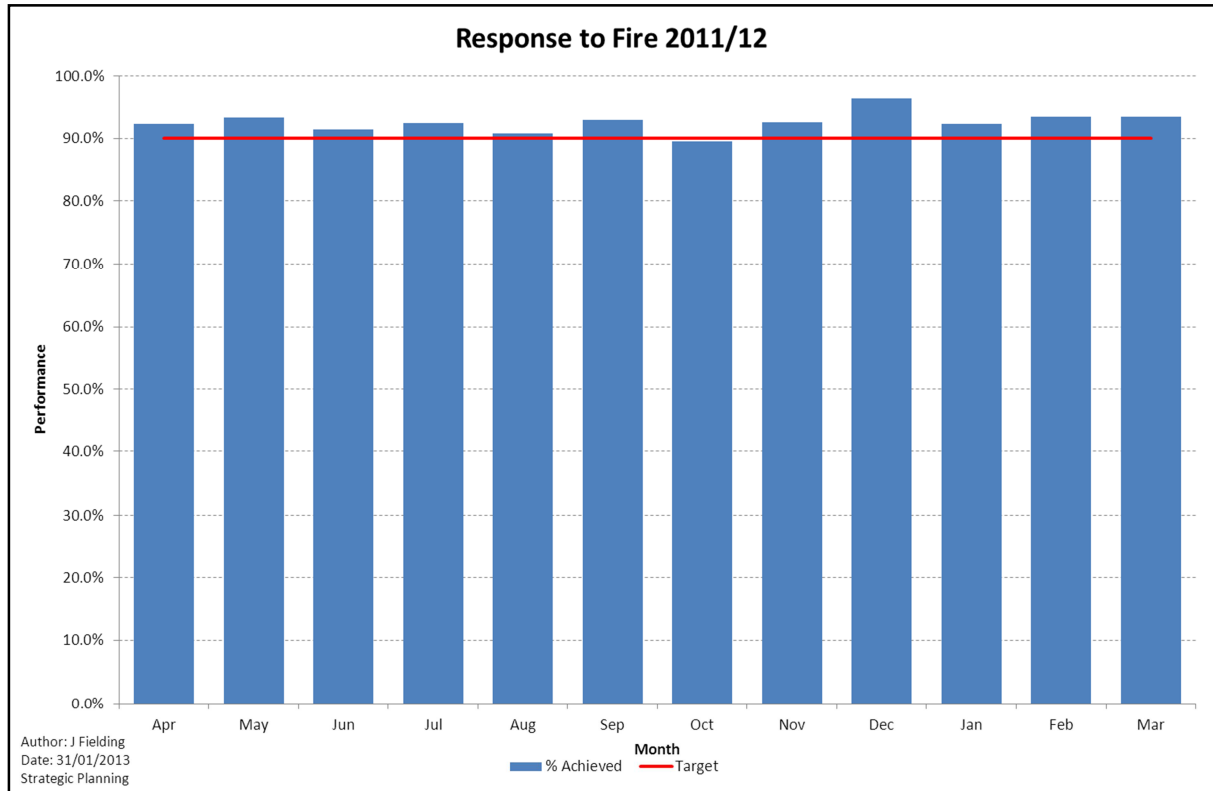
File Reference:

KIM:Work Requests\Data and Systems\John Kellaway\  
Travel Isochrone\_PDF Work\_19122011\10 Minutes.pdf

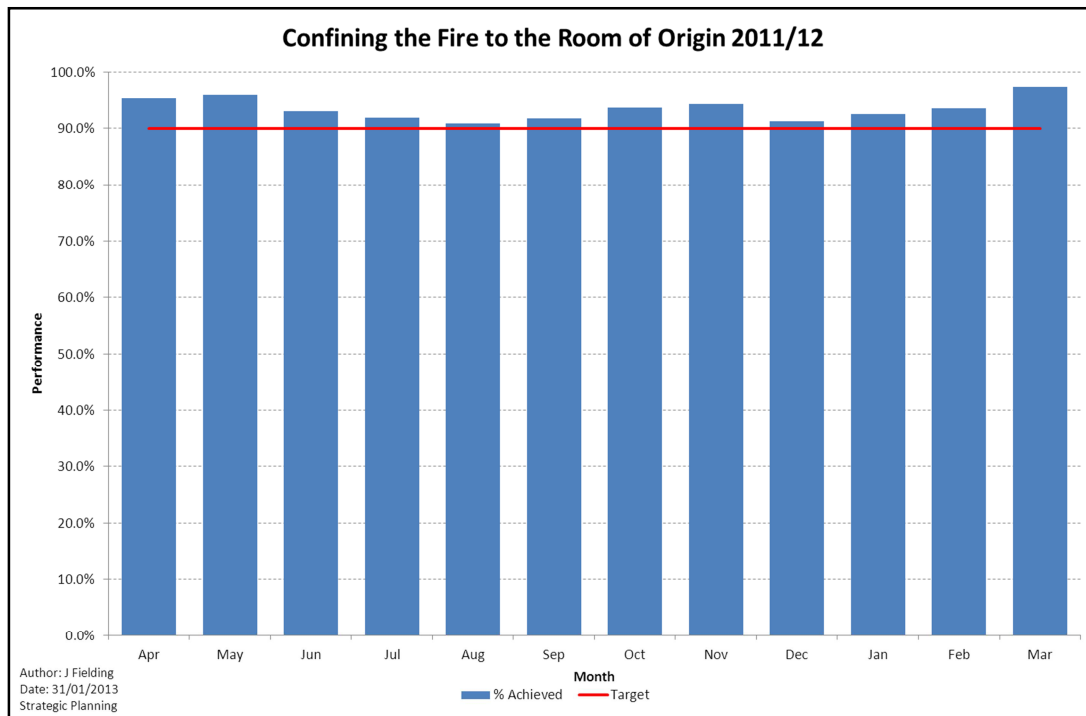
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Performance against standards is already very high. Response times are faster than in most areas of the country.



Fast response ensures that damage from fires is limited. The graph below shows fires contained to room of origin.



**CONCLUSIONS – Operational response**

Operational response times are amongst the very highest in the country.

The revised performance standards could be met in theory from significantly fewer response sites. However this would impact on the community and prevention work.

### **e) Fire Stations as Community Hubs**

MFRA recognises that fire stations do not just exist for incident response but have a vital role in prevention and protection. Historically, few people would say that fire stations were inviting places with fire appliances barely visible behind closed doors. MFRA vision is of true community hubs that provide a range of services and staff working together to make Merseyside communities safer and stronger and firefighters safe and effective, stronger and healthier.

The stations very much belong to local communities - it is THEIR community fire station and it is fully accessible to meet the needs of the community. Community stations offer:

- Inviting & welcoming community rooms and break out spaces.
- Flexible facilities for our diverse community groups.
- The community an increased sense of ownership.

Community fire stations are ideally situated in the centre of our communities. This positioning enables the Service to positively contribute to the revitalisation of our neighbourhoods.

**The fire and rescue service and its local stations have a unique ‘brand’ that is loved and trusted by the community in equal measure – the fire and rescue service draws people together in a way no other agency can. This allows work on:-**

### **Health , Fitness & Wellbeing**

We tackle health inequalities and improve the health and well-being of our communities through the provision of:

- Well-equipped community gyms that provide programmes like the heartbeat programme for patients recovering from heart problems
- Health advice and facilities for ‘drop in’ checks
- Specific targeted fitness programmes for groups and individuals
- Cooking programmes and advice on healthy eating
- Growing vegetables in allotments in the garden area

### **Working efficiently with Other Partners**

Merseyside actively seeks to share its buildings with its local partners:-

- Ambulance services share a significant number of sites including Newton, Formby, Croxteth, Birkenhead, Southport and with a number of other sites under consideration
- Joint work with the Merseyside Police has resulted in the development of a Joint Command and Control Centre
- Local Authority partners share the community facilities and use the fire service brand to draw in its own customers
- A range of preventative programmes with RSL’s
- The Toxteth Firefit Hub is a unique collaboration with Liverpool City Council to deliver a youth zone and fire station

### **Helping the Young & Elderly**

The enhanced facilities provided on our new community fire stations will enable the Service to interact more closely with the young and elderly in our communities through the provision of:

- Prince's Trust programmes for young adults aged 16 to 25
- BEACON courses 12 week programme (one day a week) for school children to learn about team building
- Young firefighter schemes for 8 to 12 year olds
- Diversionary courses run for young people in partnership with the local authorities
- Street cage soccer – trained football coaches running skill camps.
- Road traffic collision reduction courses.
- Specific safety campaigns and specialist safety equipment provided to vulnerable elderly persons in the area.
- A fully accessible building for those with disabilities.

### **Digital Inclusion**

Over 40% of Merseysiders do not have access to the internet.

MFRA has invested in a network which allows us to provide safe, high quality internet access in a 'café' environment in all our stations.

### **Contribution to the Surroundings and Streetscape**

The new community fire stations have been designed as welcoming buildings that will enhance neighbourhoods and have a civic presence. It is hoped that the community will have a sense of pride in their local fire station and the building will become a landmark for generations to come. To achieve this, buildings have been designed to provide:

- The best use of the site by prominently positioning the station
- A bold and inviting community entrance
- A distinctive angled frontage and glass façade for the community hub on the first floor
- A media wall – the ability to display community safety messages on the glass of the community hub and enable the Service to enhance community awareness
- A sustainable, 'environmentally friendly' building
- Clear appliance bay doors to provide impressive views of the fire appliances and give a sense of reassurance that the Service is ready to help

### **Volunteering and Local Involvement**

Merseyside's own charitable arm the Fire Support Network as well as other charitable partners provide a range of services alongside the fire service including:-

- After Fire Support (Helping home owners recover from a fire)
- Youth engagement through Princes Trust and Street Cage Soccer programmes
- A range of preventative work including work with older communities

### **Community Urban Gardens**

Our fire stations provide

- community garden areas
- allotments and growing areas for young people in urban areas
- managed green space for leisure, education and relaxation
- managed barbecue pits for reading groups and community parties

<b>CONCLUSIONS – <u>Fire stations as Community Hubs</u></b>
MFRA recognises that our fire stations are important to and valued by the community we serve – they provide very much more than just an operational response
Public buildings work to their optimum when agencies work together to improve community outcomes.
MFRA has successfully shared accommodation on a large number of sites across the county. The joint service hub concept works well for the public.

## **F) Financial Implications**

Merseyside has already faced a significant financial challenge in recent years and more pertinently in the last spending review cycle. In response to unprecedented budget cuts :-

- The number of firefighters has reduced from 1500 to 760 in the last decade
- The number of appliances has reduced from 42 to 28
- However, to date, the number of fire stations has remained static at 26.

The Government has announced further funding cuts for 2015/16 and intends to continue cutting beyond this. The current forecast is that the Authority will face a significant deficit - current forecast at £9.1m by 2016/17. More major savings will have to be made.

Whilst efforts are always made to maximise the savings from the back office and technical areas it is reasonably expected that there will need to be multi million pound savings from front line services over the next three years.

The current revenue budget for the Authority on estates is £3.3m as set out below

	£'m	
	Budget	
Estates Staff	0.3	9%
Repairs & Maintenance	0.6	18%
Energy	0.7	21%
Rates	0.9	27%
Water	0.3	9%
Cleaning	0.3	9%
Fixtures and Fittings	0.1	3%
Supplies and Services	0.1	3%
	<b>3.3</b>	

The table above excludes the PFI Annual payments which are £2.6 m p.a offset by grant of £2.1 m. (Net £0.5m ).

The income from ambulance occupancy at PFI fire stations is currently at least £0.138m not including Bootle/Netherton. In addition they pay for their proportion of energy and rates costs

It is recognised that most of the cost of a fire station is in the firefighting staff within the building. Typically a 1 pump station costs about £1.1m per annum to run directly of which about £1m is staff costs and £0.1m relates to the building.

In relation to the assets of the Authority, capital investment is achieved for the most part by borrowing. In the longer term the borrowing costs of the Authority will reflect the asset base of the organisation. In recent years, as the overall budget has reduced, the repayment of debt has formed a bigger proportion of the total expenditure and (whilst exact comparison is difficult) is a higher proportion of the budget than for most FRA's. Unless the number of assets is reduced this will remain the case.

As the size of the organisation continues to reduce in line with budget pressures it has been identified that:

- Inroads cannot be made into corporate overheads unless the number of stations reduce
- Since most fire stations are now one pump, major savings can only be delivered by:-
  - Strategic mergers that reduce the number of appliances
  - Reducing the number of hours that stations are open or closing stations altogether

Encouraging partners to share buildings helps generate some income to offset the cost of stations.

<b>CONCLUSIONS – <u>Financial Implications</u></b>
Given the financial pressures on the Authority large-scale savings will be required in the front line by 2016/17.
Encouraging partners to share buildings helps generate some income to offset the cost of stations.
Borrowing payment costs will form an increasing proportion of the Authority's expenditure unless the number of assets is reduced.
As the size of the organisation continues to reduce in line with budget pressures it has been identified that : <ul style="list-style-type: none"> <li>• Inroads cannot be made into corporate overheads unless the number of stations reduce</li> <li>• That since most fire stations are now one pump, major savings can only be delivered by:-                     <ul style="list-style-type: none"> <li>○ Strategic merger that reduce the number of appliances</li> <li>○ Reducing the number of hours that stations are open or closing stations altogether</li> </ul> </li> </ul>



## CONCLUSIONS

**CONCLUSIONS - Location and Community Risk**

Merseyside's distribution of fire stations remains largely unchanged since the 1950's.

Since the original distribution pattern of stations was established the population of Merseyside has reduced dramatically and the risk pattern has changed significantly.

The number of incidents attended has reduced by over 50%.

**CONCLUSIONS – Comparison with other Fire and Rescue Services**

Merseyside's has more fire stations than most comparable fire authorities.

Merseyside's has no retained fire stations - across the country most authorities use the retained service.

Merseyside has **many** more whole time fire stations than most other authorities.

**CONCLUSIONS – Condition**

Merseyside's has 15 buildings that have been relatively newly built and meet our vision for quality facility provision.

This means there are 14 sites which are aged and in poor condition. Many of these sites realistically require a rebuild to achieve satisfactory facilities for public and staff.

In the poorer buildings, some quick wins have been identified that would improve firefighter and community conditions with little investment.

Corporate capacity to deliver major building works is already committed especially with the JCC.

**CONCLUSIONS – Operational response**

Operational response times are amongst the very highest in the country.

The revised performance standards could be met in theory from significantly fewer response sites. However this would impact on the community and prevention work.

**CONCLUSIONS – Fire stations as Community Hubs**

MFRA recognises that our fire stations are important to and valued by the community we serve – they provide very much more than just an operational response.

Public buildings work to their optimum when agencies work together to improve community outcomes.

MFRA has successfully shared accommodation on a large number of sites across the county. The joint service hub concept works well for the public.

**CONCLUSIONS – Financial Implications**

Given the financial pressures on the Authority large-scale savings will be required in the front line by 2016/17.

Encouraging partners to share buildings helps generate some income to offset the cost of stations.

Borrowing payment costs will form an increasing proportion of the Authority's expenditure unless the number of assets is reduced.

As the size of the organisation continues to reduce in line with budget pressures it has been identified that

- Inroads cannot be made into corporate overheads unless the number of stations reduce
- That since most fire stations are now one pump, major savings can only be delivered by:-
  - Strategic merger that reduce the number of appliances
  - Reducing the number of hours that stations are open or closing stations altogether

## **Recommendations**

- 1) The Authority must identify strategic mergers that allow operational response to be maintained whilst improving community and firefighter facilities and reducing costs.

Having assessed the location of the newer stations and the operational response needs of the service the Chief Fire Officer has identified that the two key geographic options where strategic mergers should be considered following consultation are:-

- a) Wirral:

Merging West Kirby and Upton to create a much improved station with extensive community facilities at Greasby, which would allow response standards to be maintained whilst improving the capability for community partnerships.

In addition, consideration might be given to the opportunities for the future development of Heswall. This site is commercially attractive and working with private/public partners may create opportunities to improve facilities or relocate services.

- b) St Helens and Knowsley:

Members have already approved in principle the working up of a feasibility study for the merger of Huyton and Whiston fire stations at Prescott . There are a number of merger options to be considered across St Helen's and Knowsley including Huyton./Whiston, St Helens/Eccleston or Whiston/Eccleston

The Chief Fire Officer will report back with detailed proposals on how to take these recommendations forward.

- 2) For all stations the aim should be to encourage partners to create community hubs and to share costs, reduce wasted space and provide better facilities. Reserves should be used for invest to save schemes which deliver longer revenue streams from partners.
- 3) The Authority should sensibly invest in small scale works that would improve fire-fighter and community facilities at older stations in the short term. £0.5m of the capital investment reserve should be set aside to support those works.

- 4) The CFO should review the facilities at the TDA and report in full on what improvements and investments are required to ensure firefighter safety.
- 5) The following key projects will also be progressed:-

Plans are in place to **improve LLAR accommodation facilities** at Newton and Formby where additional land has been acquired and accommodation blocks will be built on site.

The new Joint Command and Control Centre with the police (including the refurbishment of HQ and the development of a new secondary MACC) is a major multi million pound project. Much of the focus of estates (and other support teams) will be on the delivery of this by May 2014 target.

A number of other **mid-scale projects** are already planned:

- Replace diesel tanks
- 5 year electrical testing
- Upton Training Tower
- Kensington Training Tower
- Demolish Claires Building at Liverpool City Community station

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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