

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:

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

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

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

5. ECONOMIC DEVELOPMENT AND REGENERATION

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

on economic development matters and a need to enhance strategic commissioning 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.

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 1st April 2014.

2. Area

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

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

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

3. Name of Authority

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

4. Dissolution of the Merseyside Integrated Transport Authority

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

5. Membership of the Authority

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

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

6. Voting

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