



LIVERPOOL CITY REGION  
COMBINED AUTHORITY

**GOVERNANCE REVIEW  
AND  
SCHEME**

# REVIEW OF LIVERPOOL CITY REGION COMBINED AUTHORITY FUNCTIONS AND GOVERNANCE ARRANGEMENTS

## ABOUT THIS DOCUMENT

### 1. Introduction

- 1.1 The Secretary of State for Communities and Local Government and the Commercial Secretary to the Treasury visited Liverpool on 17 November 2015 to confirm the Liverpool City Region devolution agreement, which gives the Liverpool City Region greater control over transport, skills, business support and other areas. The Chancellor announced the devolution of further powers and responsibilities to the Liverpool City Region on 16 March 2016.
- 1.2 This document summarises the review of the functions and governance arrangements of the Liverpool City Region Combined Authority now that the Cities and Local Government Devolution Act has been passed, including how additional functions and arrangements would be likely to improve the exercise of statutory functions in the Liverpool City Region. It should be read alongside the 'Scheme' for the Liverpool City Region Combined Authority which is included as Part II.

### 2. Purpose of the Review

- 2.1 Section 113 of the Local Democracy, Economic Development and Construction Act 2009 ("the 2009 Act"), as amended by the Cities and Local Government Devolution Act 2016 ("the 2016 Act") enables the Secretary of State by order to make changes in relation to the functions of an existing combined authority. Such changes can be made where the authority has prepared and published a scheme which in turn can be done after the authority has carried a governance review and concluded that conferring on the Combined Authority the additional functions set out in the scheme would be likely to improve the exercise of statutory functions in the Combined Authority's area.
- 2.2 This report summarises the powers proposed to be conferred on the Liverpool City Region Combined Authority and Mayor now that the Cities and Local Government Devolution Act has been passed and sets out how those powers will improve the ability of the Liverpool City Region Combined Authority to exercise its statutory functions.

2.3 The review of the governance and functions of Liverpool City Region Combined Authority is detailed as Part I and a scheme containing all proposed functions is detailed at Part II.

### **3. Public consultation**

- 3.1 It is a legal requirement that a public consultation be undertaken in most cases where additional functions are to be conferred upon the Combined Authority. The consultation will relate to the proposals contained in the Scheme. It is proposed that, subject to agreement by the Liverpool City Region Combined Authority on 17 June 2016, the public consultation is launched on 24 June 2016, and that it runs for a six-week period to 5 August 2016. The proposed consultation timetable has been developed to ensure that it is aligned to the order-making process.
- 3.2 Once the consultation period has expired, the Liverpool City Region Combined Authority will review the responses before it submits the Governance Review and Scheme to the Secretary of State. The Combined Authority is required to provide the Secretary of State with a summary of the consultation responses. The law requires that the Secretary of State must then be satisfied that no further consultation is required. It should be noted that the Liverpool City Region Combined Authority and the six constituent councils will need to consent to any draft order before it is laid before Parliament.
- 3.3 The consultation is intended to seek views from the public and stakeholders on the additional functions proposed to be conferred on Liverpool City Region Combined Authority as set out in the Scheme. Residents, businesses and stakeholders in the Liverpool City Region will have the opportunity to respond if they wish to do so.
- 3.4 The consultation will be led by the Liverpool City Region Combined Authority in conjunction with Liverpool City Region local authorities, Liverpool City Region Local Enterprise Partnership and other partners.

3.5 The consultation will be conducted primarily through digital channels with consultation feedback gathered via the Liverpool City Region Combined Authority website, although respondents will be able to submit responses by letter or email should they wish to do so. Consultation documents and publicity materials will be made available in key local authority buildings.

3.6 Proposed channels include:

- pro-active media releases and pro-active engagement of regional and local media throughout the consultation;
- web content for the Combined Authority and LEP websites, including a feedback form;
- similar, but locally adapted, content for local authority and partner websites;
- social media;
- staff messaging.

3.7 A toolkit will be developed to ensure that all communications teams have draft content for websites, social media, printed publicity and staff messaging.

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### **PART II: SCHEME**

## **PART I:**

### **REVIEW OF LIVERPOOL CITY REGION COMBINED AUTHORITY FUNCTIONS AND GOVERNANCE ARRANGEMENTS**

#### **1. EXECUTIVE SUMMARY**

- 1.1 The Liverpool City Region is governed by the Liverpool City Region Combined Authority and its Constituent Councils. The Liverpool City Region Combined Authority was established on 1 April 2014. The membership of the Combined Authority includes the five local authority leaders of Halton, Knowsley, Sefton, St Helens and Wirral Councils, the Elected Mayor of Liverpool City Council and the Chair of the Local Enterprise Partnership.
- 1.2 The Combined Authority's purpose is to bring about closer partnership working to lead large-scale city-regional strategies on transport, housing, economic development and skills, build on strong links with businesses, and access and make statutory decisions over funding opportunities to support growth across the Liverpool City Region.
- 1.3 In establishing the Liverpool City Region Combined Authority, a governance review was undertaken and a draft scheme consulted upon. That governance review established:
  - i. that the six constituent authorities could be properly seen as constituting a functional economic area; and
  - ii. the existing governance arrangements for economic development, regeneration and transport would benefit from the establishment of a Combined Authority and in particular would:
    - Improve the exercise of statutory functions relating to transport, economic development and regeneration;
    - Improve the effectiveness and efficiency of transport in Liverpool City Region; and
    - Most likely to lead to an improvement in the economic conditions in Liverpool City Region.

- 1.4 The Liverpool City Region Combined Authority now has the opportunity to have a major transfer of resources, powers and responsibilities from Government conferred upon it, alongside governance changes to adopt a directly elected City Region Mayor. These powers and functions were set out in the devolution agreement reached between Government and the City Region in November 2015.
- 1.5 In accordance with the statutory framework and legal requirement placed upon the Liverpool City Region Combined Authority, a further Governance Review has been undertaken to establish that the additional powers and governance changes proposed for the Liverpool City Region Combined Authority and Liverpool City Region Mayor would be likely to improve the exercise of statutory functions in the area and lead to an improvement in the economic conditions in the City Region.
- 1.6 The powers to be conferred on the Liverpool City Region Combined Authority and Mayor are summarised in table 1 on page 11, along with a summary of how those powers will improve the ability of the Liverpool City Region Combined Authority to exercise its statutory functions and who will exercise those function.
- 1.7 Having additional powers and resources conferred on the Liverpool City Region Combined Authority and Liverpool City Region Mayor gives the City Region greater control and influence over approximately £3bn of national funding over five years alongside increased powers and responsibilities in the key areas of economic development, transport, employment and skills, housing and planning and finance. This will enable decisions to be taken locally by those best placed to do so and with the greatest understanding and experience of the challenges and opportunities facing the City Region and its individual communities.

- 1.8 The devolved powers available to the city region are complementary and interrelated. The ability to join up those decisions and functions locally, in a more strategic manner under the revised governance structure of a Combined Authority with a directly elected Mayor, will mean that such functions can be more effectively and efficiently discharged. For example, the additional spatial planning powers to be devolved are also beneficial in transport terms, by giving clarity and certainty and enabling investment on transport to be aligned with development.
- 1.9 The Liverpool City Region's economy is more resilient now compared to the past and is well positioned to capitalise on the strengthening UK economy. Economic growth rebounded strongly in 2013, comparable with its peers. The number of people in employment continued to grow, driven by the creation of over 23,000 private sector jobs since 2010. The stock of businesses in the Liverpool City Region increased, particularly through small business growth and higher rates of self-employment.
- 1.10 The Liverpool City Region has achieved a number of successes in recent years with growth rates well above the national average. It is a key contributor to pan-North growth and will be a significant component to the 'Northern Powerhouse'. The North, collectively, would be the 10th biggest economy in Europe and the Liverpool City Region is a critically important part of the North's overall potential.
- 1.11 Yet the local economy is not performing to its full potential, and there is a need to radically shift and accelerate the rate of economic growth to enable the Liverpool City Region to tackle the long-standing social and economic challenges facing the city region.
- 1.12 Under current Liverpool City Region governance arrangements, it would not be possible to achieve the significant increase in powers, resources and functions from Government which are fundamental to addressing these challenges and to exploit the significant economic opportunities which exist in Liverpool City Region.

1.13 The proposed governance model will give the direct accountability and streamlined decision making which Government wish to see in place for devolution of functions, powers and resources to the City Region. A governance structure of a directly elected Mayor and Combined Authority, provides strong leadership, whilst protecting the integrity and the existing role and functions of local authorities. The mayoral model is part of the Liverpool City Region Combined Authority, thus maintaining the integrated approach to governance which the City Region has worked consistently to develop.

1.14 The Governance Review has found that for the Combined Authority to have wide ranging devolved powers conferred upon it alongside governance changes for a directly elected City Region Mayor is most likely to deliver an improvement in the operation of statutory functions and deliver an improvement in economic conditions. This will be aided by the bringing together of different powers to deliver a more coherent and consistent approach to delivery.

1.15 The Review has concluded that such additional powers, alongside the changed governance arrangements, are most likely to deliver the ambition contained in the devolution agreement to:

- Accelerate economic growth - growing jobs and increasing productivity;
- Public service reform - local re-design and co-ordination of services to reduce costs and improve outcomes across the whole of the public sector; and
- Improved social outcomes and better health and wellbeing of local residents.

1.16 The key evidence which supports this conclusion is that:

- Wide ranging powers are required by the Liverpool City Region Combined Authority to tackle the significant challenges and opportunities in the Liverpool City Region;
- The Liverpool City Region Combined Authority and Liverpool City Region Mayor will provide the strong, clear and transparent leadership through a single entity for Government to devolve such powers;
- It will afford mayoral precepting powers and opens up further potential devolution funding opportunities;

- It draws complementary powers that are currently fragmented at different levels into a central body, to better align priorities and spend; and
- Supports the convention that city regions are engines of growth and greater than the sum of their parts.

1.17 A draft Scheme containing the specific powers required in order to give effect to the devolved powers for the Liverpool City Region Combined Authority and directly elected mayor is attached at Part II.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

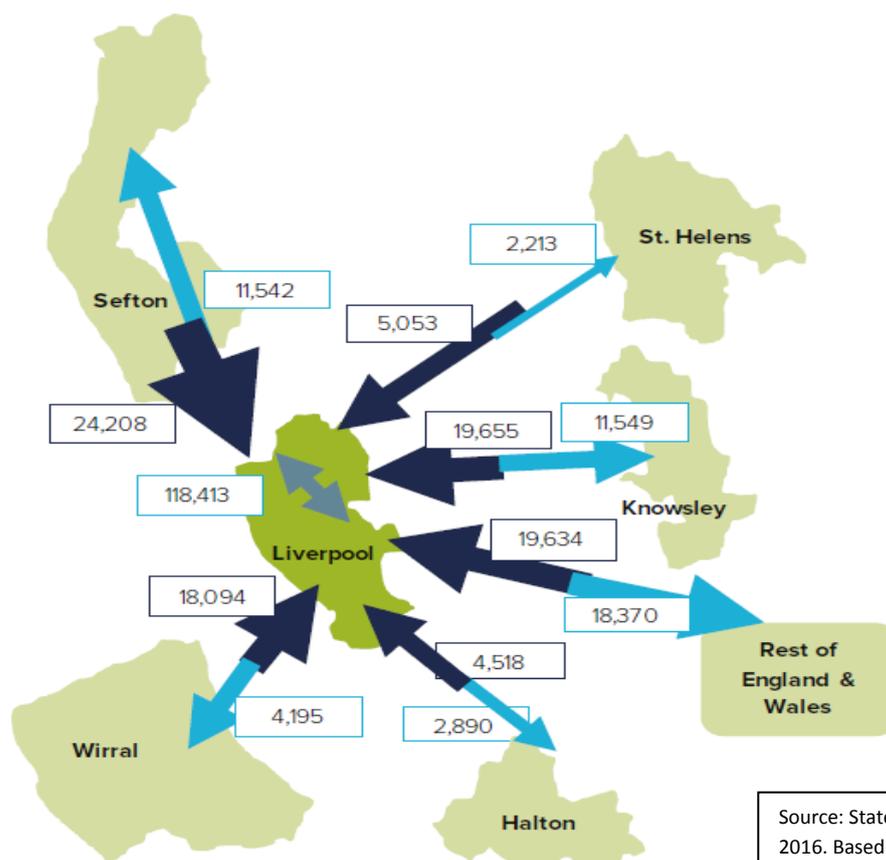
<b>Constitutional and Governance Issues</b>	
<p>How decisions will be taken.</p> <p><b><i>Specific powers/ scheme reference: Section 8</i></b></p>	<p>The governance model of a City Region Directly Elected Mayor will initially be a challenging process to implement for those charged with delivery. Liverpool City Region Combined Authority is committed to a process which provides a strong leadership model whilst maintaining appropriate provisions which enable accountability to be clearly demonstrated. Functions will be divided between Mayoral and Non Mayoral functions. The exercise of powers will be divided between those which are exercised by the Mayor, those which are exercised by Liverpool City Region Combined Authority on its own behalf and those which are exercised by Liverpool City Region Combined Authority on behalf of the Mayor. The basis upon which decisions are taken with regard to voting provisions will be set out in the Liverpool City Region Combined Authority Constitution and is summarised in the Scheme.</p>

## 2. POLICY CONTEXT – THE CHALLENGES AND OPPORTUNITIES FOR THE LIVERPOOL CITY REGION

2.1 The Liverpool City Region is a compact and functional city region with high population density. It has a population of 1.5 million, covering the local authority areas of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral. Liverpool, as the Core City, is an internationally recognised city and the region has major employment sites and significant global companies. The Liverpool City Region also has an outstanding physical environment and key assets, including the River Mersey and the rural hinterland. It has an extraordinary history, heritage, culture, and a reputation for having vibrant and energetic people and nightlife.

2.2 The City Region is an integrated labour market and Figure 1 shows that around 86% of the Liverpool City Region’s workers live within the City Region itself and move around the six local authority areas for their jobs. 22% of the Liverpool City Region’s residents commute to work outside of the City Region, which reflects the proximity of economic opportunities in neighbouring areas such as Manchester, Cheshire and Lancashire.

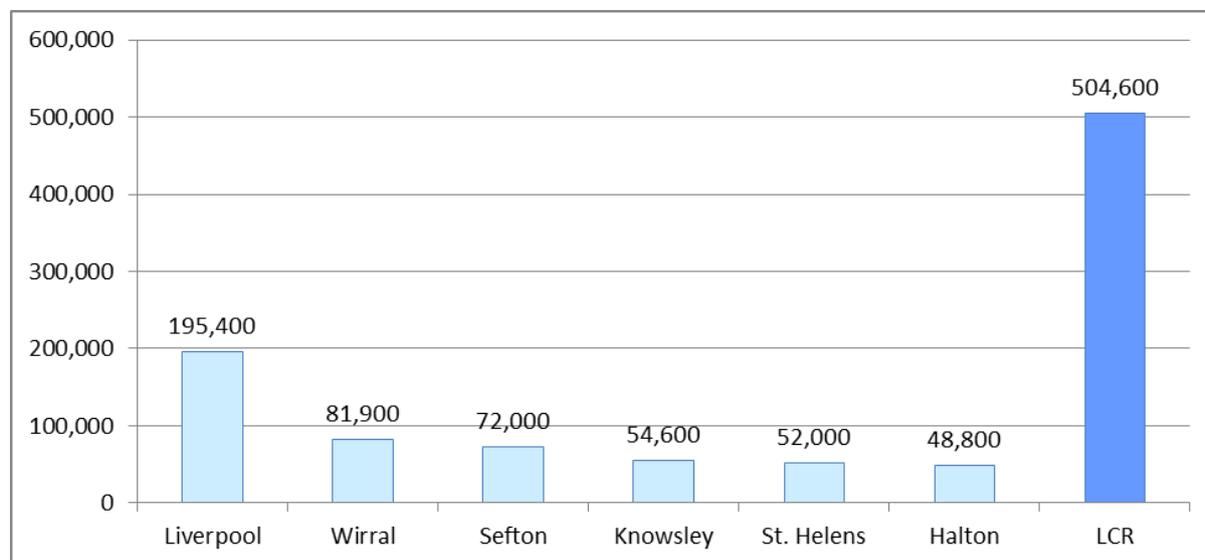
**Figure 1: Commuting flows to jobs within the Liverpool City Region**



Source: State of the Liverpool City Report, January 2016. Based on ONS Census 2011.

2.3 The Combined Authority provides a governance structure for the functional city region and economic area. Figure 2 shows that the six local authorities together have a labour market of over half a million full-time equivalent workers.

**Figure 2: Full Time Employment in Liverpool City Region, 2014**



Source: ONS, Business register and employment survey

2.4 “The State of Liverpool City Region Report: Making the most of Devolution”<sup>1</sup>, was published in January 2016 and provides an independent analysis of the challenges facing the City Region. It states “*Liverpool City Region leaders will have to address many policy sectors in an effort to increase productivity and to reduce poverty and inequality. To do this they will need to help create, attract and retain better jobs; raise skills levels and retain skilled people; increase connectivity; encourage more innovation; improve place quality and in particular address the problems of people and places excluded from the economic successes it has had*”. The report concludes that “*There is cause for optimism – if realism... During the last decade Liverpool City Region has become a good news story - one of genuine progress from difficult beginnings and of increased ambition and achievements...But the challenges should not be underestimated*”.

2.5 Figure 3 shows the scorecard summary of the Report’s analysis of the city region’s strengths and weaknesses. The commentary states that “*the baseline is higher and the trend is positive... (the city region) lags on many of the key drivers of economic competitiveness... the position is difficult but not impossible*”.

<sup>1</sup> Parkinson, Evans, Meegan & Karecha, 2016, *The State of Liverpool City Region Report: Making the most of Devolution*. University of Liverpool and Liverpool John Moores University.

Figure 3: Where does Liverpool City Region Stand?

City region	GVA pc 2013	GVA per hour worked (£) 2013	Job density	Net birth & death rate per 100 active enterprises 2013	High level skills NVQ4+	No qualifications	Employment rates 2014-15	Unemployment rates 2014-15	Youth unemployment rates 2015	% workless households 2014	Income GDHI pc £s 2013
London	35,476	37.1	0.90	6.4	45.7	7.4	73.1	6.2	17.9	13.4	22,000
Edinburgh	29,081	32	0.86	4.8	48.9	6.4	74.1	4.8	12.3	15.1	18,783
Bristol	26,820	30.4	0.87	4.3	41.2	5.6	66.2	5.9	13.6	12.7	17,664
Leeds	24,115	27.7	0.85	4.6	30.6	9.8	70.9	7.6	19.5	18.3	15,788
Glasgow	21,128	28.2	0.71	4.2	39.8	12.7	70.0	7.8	20.6	21.3	16,049
Manchester	20,724	27.5	0.77	5.1	31.9	10.6	69.2	7.4	17.5	19.3	14,515
Nottingham	19,831	26.8	0.76	4.2	32.2	11.2	69.1	7.4	17.5	17.4	14,985
Leicester	19,704	26.6	0.74	4.7	33.7	7.8	71.4	5.2	10.8	13.9	15,058
Birmingham	19,572	27.3	0.74	4.3	27.3	14.5	75.8	8.9	22.6	20.6	14,368
Newcastle upon Tyne	18,588	26.7	0.72	4.6	30.7	9.5	70.5	7.9	20.2	19.0	15,397
Cardiff	18,450	27.4	0.70	5.7	36.3	9.0	67	8.0	18.2	19.0	15,397
Liverpool	17,852	27.7	0.68	6.6	27.4	12.3	65.8	8.4	23.4	24.2	15,140
Sheffield	17,567	26.5	0.68	3.5	31.6	10.4	70.6	7.9	22.6	18.1	14,331
GB/UK	23,394	30.1	0.79	4.4	35.8	9.0	72.6	6.1	16.5	16.0	17,559

Source: State of the Liverpool City Region Report (Jan 2016)

Notes: City regions ranked by GVA per capita 2013. Traffic light colouring: green= better than national; the remainder of the distribution is split in two: amber=top half including median value and red=bottom half below median value.

2.6 The State of the Liverpool City Region Report assessed the City Region's performance against eleven other "second tier" UK city regions and London to identify the city region's key challenges, which include:

- **Not enough businesses**– LCR has a very low business density and relatively small stock of businesses, and low business start-up and survival rates.
- **Not enough jobs** – LCR has the joint lowest jobs density among 12 comparator "second tier" city regions (LCR =0.68, UK=0.79 jobs per working age adult). LCR also has the lowest employment rate among the 12 cities (LCR=65.8%, UK=72.6%).
- **Not enough private sector jobs** - The city region is also overly-dependent on public sector jobs. LCR has a relatively high share of employment in the public sector (21.6%) compared to the national rate (16.9%), but is becoming less reliant on this sector over time.

- **Low levels of self-employment** (LCR=11.0%, UK=13.9%)
- **Skills gap** – LCR has comparatively low educational attainment and skilled workers rates:
  - LCR has the second lowest proportion of residents with degree level skills (LCR =27.4%, UK= 35.8%), and
  - LCR has the third highest proportion of residents with no qualifications (LCR =12.3%, UK = 9.0%)
- **Wealth and Income gap**
  - High levels of economic inactivity contribute to a very low level of GVA per head (LCR=£17,852, UK =£23,394 GVA). LCR’s GVA per head is second lowest of the 12 comparator areas. The LCR’s 6% growth in GVA per head (2008-2013) lags behind the national rate of 8.1%.
  - Gross Domestic Household Income in LCR is £15,140, which is the eighth lowest of London and the second tier cities.
- **High levels of poverty and multiple deprivation** - LCR is the most deprived LEP area nationally and is home to some of the country’s most socioeconomically disadvantaged neighbourhoods (IMD 2015). Knowsley is England’s second most deprived local authority district and Liverpool is ranked fourth.
- **High rate of worklessness and poor health** –LCR has the highest proportion of workless households (24.2%) amongst the comparator areas. LCR also has a very high proportion of economically inactive residents that are suffering from a long-term illness and the rate is 1.4 times the UK average.
- **Housing** – There are significant challenges for the housing offer. The quality, age, range and choice of the housing offer is limited. 68% of properties across the City Region are currently in the low Council Tax bands A and B and only 16% in Band D or above. There are 16,400 long-term empty homes.

2.7 The report also identifies a number of competitive strengths and opportunities for the City Region, which includes *“Liverpool City Region has a productive workforce and a diverse economy and its sector strengths align well with the opportunities presented by the Northern Powerhouse.”*

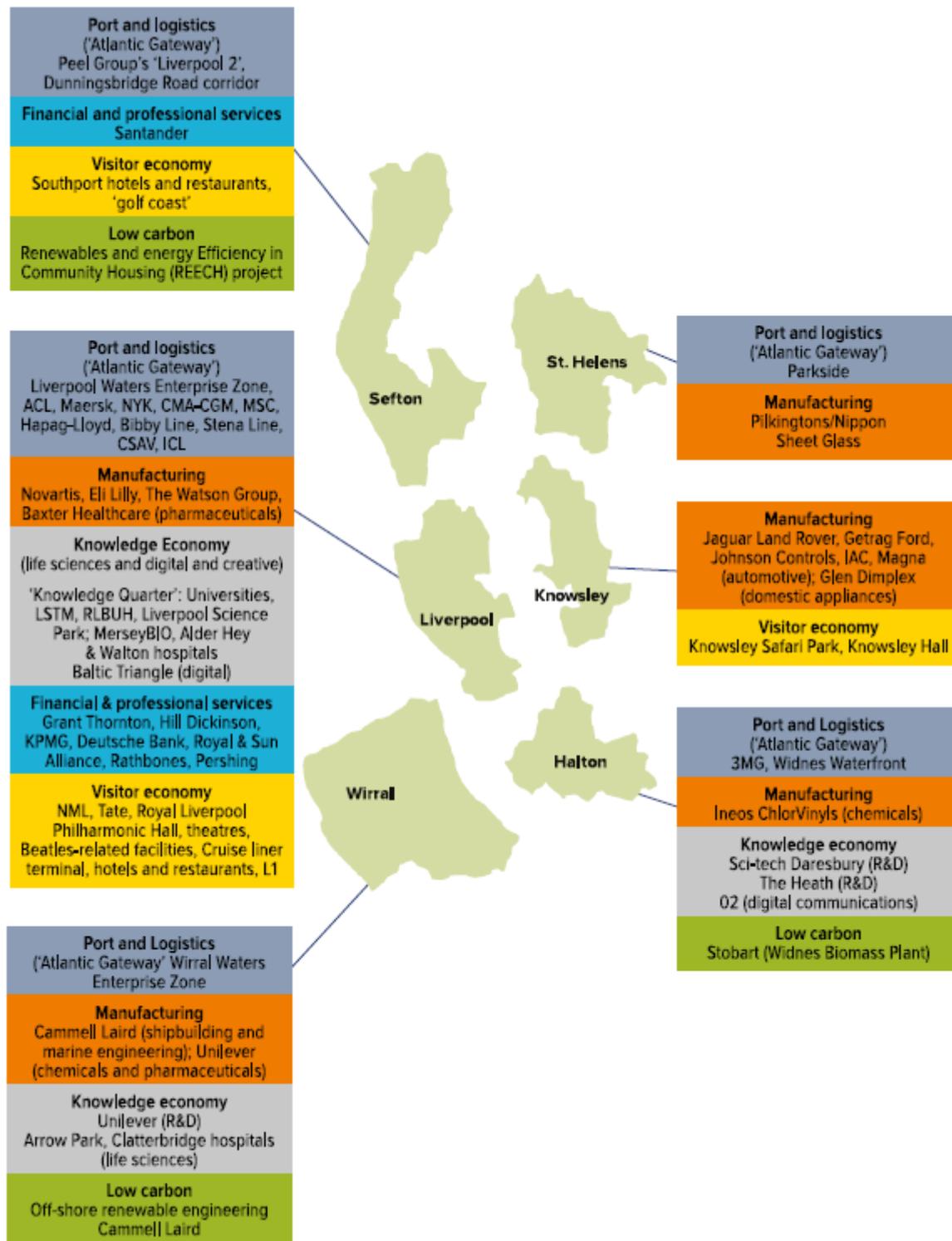
- Liverpool City Region has good productivity, in terms of GVA per hour worked, when compared with many other city regions, particularly in the North. Productivity, however, is still below the UK average and has declined slightly over the past decade. It states *“Liverpool’s workforce is productive. The trouble is that not enough people are working”*.

- The City Region's economy is diverse in terms of its sector spread, is not over-reliant on a particular sector and has complementary sector specialisms and strengths, which are shown in Figure 4.

2.8 The City Region has much to build upon in terms of assets, performance and strategic influence. It has a rich history of innovation in science, civic and culture and has pioneered a number of world firsts such as the commercial wet dock, the inter-city passenger railway and the longest underwater road tunnel. Building upon this legacy will be pivotal for future prosperity. Major strengths exist in some of the most innovative and knowledge-intensive industries and there is a strong network of knowledge assets. The region is home to global companies leading innovation across key sectors and who are investing heavily in the local economy. The distinctive brand and unique offer means the region is increasingly seen as a world-renowned destination for visitors, investors and businesses. Academic excellence within the region's universities, hospitals and research centres is also a major catalyst in attracting and retaining the talented young people that will be fundamental to adapting to future challenges and driving growth.

2.9 The vision set out in the City Region's Growth Strategy is that the 'Liverpool City Region will build on our strong track record of innovation and will once again be a first tier global city. We will do this through utilising our unique international connectivity, pioneering digitisation and green energy to attract talent and drive business growth to transform the City Region and the North of England economy.'

**Figure 4: Liverpool City Region’s Economic Diversity and Key Sectors**



Source: State of the Liverpool City Region Report, 2016.

2.10 The Liverpool City Region economy is now valued at £28.3 billion, with output increasing by 8.4% in the five years leading up to 2014. It accounts for around 10% of the North's population and GVA and is well placed to help deliver the Northern Powerhouse opportunity. The Liverpool City Region has identified seven growth sectors and these align closely with the sector capabilities of the Northern Powerhouse as detailed in the Independent Economic Review and shown in Figure 5 below. These sector capabilities are considered to be those that can help close the gap (between the North and UK) in economic output and productivity and have been selected based upon areas that are important across the North, where the North is genuinely distinctive, highly productive, and can compete at national and international scale. It is the City Region's inherent strengths in these sectors below and the unique mix of assets that, if fully exploited, will create jobs, improve productivity and stimulate growth.

**Figure 5: Liverpool City Region's seven growth sectors and alignment with the Northern Powerhouse capabilities**

Liverpool City Region Growth Sector	GVA (£m 2012)	Total Employment 2015	Alignment with Northern Powerhouse Capabilities	
			Prime	Enabling <sup>2</sup>
Health & Life Sciences	£4.1bn	134,000	Health Innovation	
Advanced Manufacturing	£3.3bn	47,000	Advanced Manufacturing	
Financial & Professional Services	£2.2bn	45,000		Financial & Professional Services
Low Carbon Energy	£1.9bn	35,000	Energy Generation	
Visitor Economy	£1.3bn	63,000		
Digital & Creative	£1.0bn	14,000	Digital	
Maritime & Logistics	£0.8bn	19,000		Logistics

Source: Liverpool City Region Forecasts, Oxford Economics 2016

<sup>2</sup>Also includes Higher Education.

- 2.11 The size of the Liverpool City Region means that the Liverpool City Region Combined Authority can bring to bear a robust and comprehensive analysis of what will drive growth and reform within the conurbation, whilst also having the scale to achieve value for money across services. The Liverpool City Region has a strong track record of delivery and a history of collaboration, with mature and robust governance arrangements in place to oversee the effective implementation of the additional freedoms and flexibilities awarded to the Liverpool City Region.
- 2.12 Maximising growth and reducing the total cost of delivering public services cannot be led at a national level: devolving national programmes and funding streams to Liverpool City Region will enable the Liverpool City Region Combined Authority to align those programmes and funding streams to local priorities, enabling a focus on game changing investment in growth and on taking demand out of the system through better joined up public services, encouraging Liverpool City Region residents to be more independent.
- 2.13 Governance arrangements in the City Region have continued to strengthen and mature and partners are committed to progressing strategic priorities through joint working. The powerful combination of private sector and industry experts working with and alongside public sector leaders, and third sector representatives, has proven to be a successful formula for delivering dynamic and innovative strategic solutions to secure sustainable growth. The Liverpool City Region devolution agreements mark the next step in this progressive process of devolving funding, responsibilities and powers from central government to local areas.

### **3. LIVERPOOL CITY REGION DEVOLUTION AGREEMENT**

- 3.1 The Government and the Liverpool City Region Combined Authority have reached agreement that in order to improve the ability of the Liverpool City Region Combined Authority to deliver growth and reform for the people and businesses of the Liverpool City Region, a range of powers need to be devolved to the new directly elected Mayor and to the Liverpool City Region Combined Authority.
- 3.2 The position of directly elected Mayor is not a legal requirement of a Combined Authority but the Government are clear that there must be direct accountability to residents for the new powers and funding to be passed down to the Mayoral Liverpool City Region Combined Authority through the devolution agreement.
- 3.3 The Commercial Secretary and the Secretary of State for Communities and Local Government visited Liverpool on 17 November 2015 to sign the Liverpool City Region devolution agreement with the Leaders of the five local authorities, the Mayor of Liverpool and the chair of the Local Enterprise Partnership. The agreement gives the Liverpool City Region greater control over transport, skills, business support and other areas.
- 3.4 The Mayoral Liverpool City Region's ambition through the devolution agreement is to deliver opportunities for residents and businesses, through creating more jobs, improving the skills and employment prospects of our residents and allow them a greater say over the future of their communities. It provides for the transfer of significant powers for economic development, transport, housing and planning and employment and skills which will positively impact on the lives of all of our residents and businesses.

## **Table 2: Summary of the devolution deal agreed by the government and the Liverpool City Region Combined Authority in November 2015**

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

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

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

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

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

In addition:

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

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

3.5 The Chancellor announced the devolution of further powers and responsibilities to the Liverpool City Region on 16 March 2016. This gives Liverpool additional new powers over transport, pilots the approach to 100% business rate retention across the city region, as well as agreeing further commitments for the city region and government to work together on children's services, health, housing and justice. It is the intention that the Liverpool City Region will continue to have further devolution dialogue with the government in the future.

#### **4. GOVERNANCE ARRANGEMENTS AND LEGAL CONTEXT**

- 4.1 The devolution agreement reached between Liverpool City Region and Government will mean that a range of powers need to be devolved to the newly elected Mayor and Liverpool City Region Combined Authority.

##### *Current arrangements*

- 4.2 The Liverpool City Region Combined Authority was established on the 1 April 2014 under the Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral Combined Authority Order 2014 pursuant to the provisions of the Local Democracy Economic Development and Construction Act 2009. The aim of the six councils in creating the Liverpool City Region Combined Authority was that the devolution of powers to the Liverpool City Region Combined Authority would enable the Liverpool City Region to realise its full economic potential and to ensure that economic development, regeneration, transport, housing and planning functions could be properly co-ordinated and integrated.
- 4.3 The six Liverpool City Region councils - Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral - are the "Constituent Councils" of the Liverpool City Region Combined Authority. Each appoints one of their elected members to the Liverpool City Region Combined Authority. In practice, this is the Leader of each Constituent Council and the Mayor of Liverpool. The Constituent Councils are each also entitled to appoint one of their elected members to act as a "substitute member".
- 4.4 The Government is clear there must be direct accountability to residents in respect of the new powers and funding which will be devolved. The current governance arrangements were developed in preparation for the establishment of the Combined Authority in April 2014. They are similar to the traditional committee style of governance and reflect what was needed at that particular time for the successor authority to the Integrated Transport Authority in respect of transport functions and for exercising other economic development and regeneration powers concurrently with the Constituent Councils.

- 4.5 With the evolution and development of the Combined Authority and the expansion of its powers, this approach to governance arrangements is no longer regarded as the most effective form of governance going forward. In the Constituent Councils, five operate a strong Leader and Cabinet model and one operates an Elected Mayor model. Strong leadership is, therefore, a thread which already runs through the City Region. A move to a form of governance with strong leadership in the form of a directly elected Mayor will provide the direct accountability which the Government has indicated is required if more powers are to be devolved.

#### *Legal Context*

- 4.6 Legislation on combined authorities is detailed in sections 103-113 of the Local Democracy, Economic Development and Construction Act 2009 and this was amended by the Cities and Local Government Devolution Act 2016 so that an existing combined authority may be changed into a Mayoral Combined Authority through a further Order from the Secretary of State.
- 4.7 The 2009 Act originally provided that a combined authority could only undertake functions related to economic development, regeneration, or transport, or other functions that its member authorities agreed to transfer upwards to it. The 2016 Act removes these limitations, and will permit the Secretary of State to transfer statutory functions or the functions of public bodies to combined authorities. This is to be done via an Order for each individual combined authority.
- 4.8 In accordance with the statutory framework and requirement placed upon the Liverpool City Region Combined Authority, a further Governance Review has been undertaken to establish that the additional powers proposed for the Liverpool City Region Combined Authority and Liverpool City Region Mayor would be likely to improve the exercise of statutory functions in the area and lead to an improvement in the economic conditions in the City Region.

- 4.9 Before the enactment of the Cities and Local Government Devolution Act (“the 2016 Act”), the functions which could be conferred on the Liverpool City Region Combined Authority by order were limited to transport functions mainly inherited from the former Integrated Transport Authority and functions of the constituent councils relating to economic development and regeneration. These could be exercised instead of, by or concurrently with the constituent councils.
- 4.10 The amendments by the 2016 Act now enable an order to confer on Liverpool City Region Combined Authority:
- a) Any function of a constituent council (not limited to transport, economic development or regeneration);
  - b) Any function of a public authority (including that of a Minister of the crown or government department) which is exercisable in relation to Liverpool City Region; and
  - c) Any functions corresponding to a function that a public authority has in relation to another area (e.g. functions of the Mayor of London or GLA).

#### *Proposed governance arrangements*

##### **Mayor and Cabinet**

- 4.11 While establishing a clear commitment to greater City Region working, the devolution agreement builds upon the economic opportunities and strengths across the whole City Region. It also recognises the importance of the unique identity and history of individual communities which make up the City Region.
- 4.12 The package of devolution gives the City Region greater control and influence over approximately £3bn of national funding over five years. In order to secure the greatest levels of control and influence over such resources, Government has consistently expressed the requirement for a governance model which delivers direct accountability.

4.13 The proposed governance model of a Liverpool City Region Combined Authority and directly elected Mayor will give the direct accountability and streamlined decision making which is a requirement of the devolution of functions, powers and resources from Government to the City Region. A governance structure of a directly elected Mayor and Combined Authority provides strong leadership, whilst protecting the integrity and the existing role and functions of local authorities. The mayoral model is part of the Liverpool City Region Combined Authority, thus maintaining the integrated approach to governance which the City Region has worked consistently to develop.

4.14 The Liverpool City Region Mayor will also be a member of the Local Enterprise Partnership, alongside the other members of the Combined Authority, recognising the importance of the private sector in delivering Liverpool City Region's growth strategies.

### **Voting**

4.15 The directly elected Mayor for Liverpool City Region Combined Authority will autonomously exercise new powers. The Mayor will chair the Liverpool City Region Combined Authority. All Leaders within the Combined Authority will have a clear portfolio of responsibilities and will act as a supporting and advisory function on their respective policy areas on behalf of the Mayor and the Combined Authority. A scrutiny body will be appointed to hold to account the Mayor and Combined Authority. The Mayor will also be required to consult the Combined Authority members on his/her strategies, which it may reject if two-thirds of the constituent council members agree to do so. The Combined Authority will also examine the Mayor's spending plans and will be able to amend his/her plans, if two-thirds of the constituent council members agree to do so.

4.16 Proposals for a decision of the Mayoral Liverpool City Region Combined Authority may be put forward by the Mayor or any Member of the Mayoral Liverpool City Region Combined Authority. Any questions that are to be decided by the Mayoral Liverpool City Region Combined Authority, unless otherwise specified in the Mayoral Liverpool City Region Combined Authority Scheme or the Mayoral Liverpool City Region Combined Authority Constitution, are to be decided by way of two-thirds majority of Constituent Members, and overall majority of all Members present and voting.

4.17 The voting mechanism and exercise of functions in the Mayoral Liverpool City Region Combined Authority is dependent on who is exercising the function, the Mayor or the Mayoral Liverpool City Region Combined Authority, the exercise of which are summarised below.

### **Mayoral Functions**

4.18 Mayoral functions will be devolved to the Mayoral Liverpool City Region Combined Authority by central Government, exercised by the Mayor and subject to the provisions in the Scheme:

- Development of a Liverpool City Region Framework (Strategic Plan)
- Consultation and call in powers in respect of applications of potential strategic importance (subject to the consent of the Combined Authority member of the relevant Constituent Council)
- The power to create of a Mayoral Development Corporation
- Compulsory Purchase Order powers in respect of Mayoral Development Corporation areas (subject to the consent of the relevant Constituent Council)
- Responsibility for the local transport budget including relevant highways funding Franchising of bus services
- Powers in respect of the management and maintenance of the Key Route Network (to be carried out the Combined Authority on behalf of the Mayor)
- Development of a Cultural Partnership Power to issue a precept to meet the cost of Mayoral functions
- Power to place a supplement on business rates to fund infrastructure (subject to the approval of the LEP and subject to an upper limit)
- Functional power of competence pursuant to Section 113A of the 2009 Act
- Power to present strategies and a budget to the Combined Authority

## **Mayoral Liverpool City Region Combined Authority Functions**

### 4.19 Functions exercised by the Mayoral Liverpool City Region Combined Authority:

- Devolved powers in relation to skills and employment
- Compulsory Purchase Order powers to help accelerate economic growth new housing development across the City Region (subject to the consent of the relevant Constituent Council)
- Receipt of the Special Rail Grant
- Proposals in respect of rail infrastructure assets
- Any matter in respect reviewing the provisions of the Mersey Tunnels Act 2004
- Any matter in relation to Clean Air Zones
- Any matter relating to tidal power schemes
- Powers in relation to encouraging visitors to the area and in relation to the provision of entertainment
- Information sharing
- Power to issue a transport levy
- Power to issue a levy for non mayoral and non transport functions
- Power to issue a statutory recharge to one or more of the Constituent Councils in respect of non mayoral and non transport functions as an alternative to a levy
- Power to borrow in respect of transport functions
- Power to borrow in respect of non transport functions
- Powers in respect of business rates
- Power to pay allowances to the Mayor and to members of the Combined Authority
- Power to approve the strategies and budget of the Mayor and to reject those strategies and budget and any part of them where there is a two thirds majority to do so
- General power of competence pursuant to Section 113D of the 2009 Act

## **Overview and Scrutiny of the Combined Authority**

- 4.20 The Liverpool City Region Combined Authority Scrutiny Panel provides overview and scrutiny of the Combined Authority. The Panel is currently supported by a Lead Scrutiny Officer and resources provided by the constituent local authorities.
- 4.21 The role and responsibilities of the Panel will be developed to provide for the effective scrutiny of the decisions and activities of the elected Mayor and Liverpool City Region Combined Authority.
- 4.22 Work is currently underway to develop the existing overview and scrutiny model to achieve the effective scrutiny
- of the policies and strategies of the elected Mayor and CA,
  - provide the opportunity to call in decisions; and
  - review decisions post implementation.
- 4.23 Resources to support the enhanced overview and scrutiny role will be drawn from the Liverpool City Region Combined Authority administration function, supplemented by resources from constituent local authorities as required and will be lead by a Scrutiny Lead Officer.

## **5. POWERS AND FUNCTIONS TO BE CONFERRED ON THE MAYORAL LIVERPOOL CITY REGION COMBINED AUTHORITY**

### **Employment and Skills**

- 5.1 A skilled workforce is a critical feature of a successful city region and whilst there have been improvements over recent years, the Liverpool City Region continues to face significant challenges. The long term ambition is to create a more flexible, responsive and “total household” approach that aligns skills and employment provision with local learner and employer demand.
- 5.2 The City Region has a long standing skills gap to national rates with fewer residents holding five GCSEs with English and Maths or a degree than elsewhere. Generic employability skills gaps are reported by employers, including team working and literacy, alongside specific skills gaps, including engineering, warehousing/storage, welding and digital application skills. Opportunities are being missed, with the consequent impact on growth.
- 5.3 The creation of the Combined Authority saw Councils and the Combined Authority share responsibility for post 16 education and tracking of young people. This involved discharging the duties under sections 15ZA, 15ZB, 15ZC, 17A, 18A(1)(b), of the Education Act 1996(c) and the power under sections 514A and 560A of that Act (duties and powers related to the provision of education and training for persons over compulsory school age).
- 5.4 The Liverpool City devolution agreement offers additional employment and skills powers and resources to the Combined Authority and a directly elected Mayor. These powers will help the City Region's young people, residents and workforce to get the relevant, high-quality skills and employment provision to help them and the City Region grow and support the ambitions of the Northern Powerhouse. The Combined Authority, with its thorough analysis of the City Region's specific training needs and co-ordination across the whole area, will be better able to determine the level and type of resource that is invested in the City Region's priorities, to enable greater specialisation where needed and to support a more highly skilled and appropriately qualified workforce.

5.5 Critical to this is full devolution of the Adult Education Budget from April 2018, subject to readiness conditions being met. The Combined Authority would have the ability to reshape and restructure skills provision across the City Region, aligning post 19 provision with locally determined priorities to ensure residents have the skills to help businesses to grow. These functions would enable the Combined Authority to inform the right balance and mix of provision, including greater specialisation where needed and support a more highly skilled and appropriately qualified workforce to meet employer demand. The Combined Authority would more effectively deliver both the generic and sector specific Skills for Growth priorities to meet future needs of the economy via a more targeted allocation of the post 19 Adult Education Budget. This would:

- deliver improvements to the curriculum offer of general and specialist provision in terms of availability, access and quality and improve the relevance of post-19 education and training to learners and employers;
- better target provision to what is being specified by employers and enable skills gaps to be addressed;
- help tackle specific challenges in literacy, numeracy and digital skills;
- increase the pace and responsiveness of the skills system to meet employer demand;
- support the narrowing of the City Region's historic attainment gaps for disadvantaged young people;
- address the fitness for purpose of the FE college estate; and
- allow for information sharing to take place and the Combined Authority be able to require governing bodies to publish certain information.

5.6 The Combined Authority will also initiate and chair an Area Review of post 16 education and training. This will consider options and make recommendations for infrastructure changes to post 16 provision in Further Education Colleges, Sixth Form Colleges and other providers. Following this, the Combined Authority will work in partnership with businesses, local colleges and providers to publish a local Skills Strategy that national and local partners will sign up to and have identified responsibilities for delivering. This will build on the Combined Authority's existing Skills for Growth work.

5.7 Support for all age careers provision is currently disjointed, ineffective and inefficient. The Combined Authority will set up a Careers Hub to co-ordinate the multiple initiatives on careers education and information advice and guidance would ensure that careers advice for all ages is employer-led, integrated and meets local needs. This will:

- Improve the quality and availability of careers education and advice within the City Region;
- Contribute to the narrowing of the skills gap by being clearer with young people as to the needs of employers and providing support for them to access opportunities;
- Improve the consistency of careers education and advice by having a focused Careers Hub which will hold all relevant materials
- Improve the efficiency of careers education and advice provision by taking a more strategic and integrated approach to planning support; and
- Engage more businesses in careers education and advice services and thus improve the relevance of the support on offer.

Once the Careers Hub is established, the Combined Authority will continue to evaluate and challenge its effectiveness.

5.8 The reforms to apprentices, with the introduction of the Apprenticeship Levy from April 2017, provide an opportunity for the Combined Authority to work with businesses locally to create more and higher level apprenticeships. The promotion of apprenticeship opportunities will increase the take up of apprenticeships by learners and secure more apprenticeship places with employers, particularly SMEs. It will maximise local usage of the apprenticeship levy by employers. Targeted promotion, where feedback from business is encouraged, will include a focus on apprenticeship frameworks and standards to support new growth opportunities, resulting in an increased breadth of opportunities. This would increase both the quality and level of apprenticeships on offer through a greater and consistent focus from employers and the Combined Authority. Employers would be better informed on the new apprenticeship standards and support mechanisms will be put in place (through the Apprenticeship Hub) to help them to engage with apprenticeship employer routed funding. This would lead to be a more responsive and resilient provider base, who are better able to provide the supporting that businesses require.

5.9 The Liverpool City Region continues to suffer from high levels of long term unemployment and large numbers of residents access sickness benefits. Locally designed programmes and support have had some positive impact and these have tended to be flexible, rooted in local communities and linked to job opportunities. The Combined Authority will work with Government to co-design and co-commission future employment support for harder to help residents to ensure support meets their needs and is connected back into local communities. The Combined Authority will act to join up local public services to improve outcomes, through greater integration with other public services (such as health and housing), and local involvement in design will improve performance.

5.10 The City Region recognises the importance of working with and better understanding household poverty and unemployment. Local insight shows that many residents are trapped in a low pay, no pay cycle and analysis shows there are at least 40,000 low income households with children. To address this, there is a need to work with whole households to improve the retention and progression of residents in work, reduce the number of Universal Credit claimants and support private sector economic growth and productivity. The City Region will work with DWP to develop a business case for an innovative pilot to take a household approach leading to:

- A reduction in out of work benefit claimants through the provision of more effective and locally integrated back to work services;
- Making the best use of public funding by aligning national and local responsibilities and priorities through joint working with contractors, councils, health, housing and other local partners;
- Greater leverage over those providers delivering back to work services through the Combined Authority's ongoing involvement in the performance management of this provision;
- A more efficient and simplified delivery landscape and clear responsibilities for delivery;
- Residents accessing employability services at the right time to support them back into work, reducing duplication and maximising value for money;
- Improved engagement of health, housing and other local partners leading to improved understanding of back to work services, shared outcomes and a greater opportunity to seek additional investments; and
- The business case would allow for information sharing to take place.

- 5.11 A directly elected Mayor further strengthens accountability, transparency and capacity for discharging these functions at a City Region level. Through an increased understanding of the character, design and structure of the indigenous business base, national employment and skills policies will be implemented in a way that better responds to local needs. Through ongoing engagement with local businesses and other stakeholders, the Mayor and the Combined Authority will have access to local employer insight regarding current and future skills needs and understand the make-up of local communities. This will enable resources to be better targeted to deliver growth, create jobs, increase productivity and raise living standards.
- 5.12 A City Region Mayor also brings an increased national and international profile, a clearer future economic narrative and a better relationship with the private sector. Additional powers delivered in this way demonstrates the City Region's commitment to its employers to help them grow, access and invest in the skills they need from their workforce and help them use their employees' skills to increase productivity. It also demonstrates a commitment to local residents to enabling them make the best employment and skills choices and make the most of opportunities to advance and increase their earnings.
- 5.13 Underpinning this, there must be enhanced data sharing, to allow for the first time a full picture to be developed of the services that are being accessed by residents. This will enable a better understanding to be gained of what works, leading to the commissioning of more efficient and effective services.

### **Housing and Planning**

- 5.14 An informed, integrated approach to spatial planning and housing across the City Region, based on a clear local understanding of the role of our places and the connections between them, will be key to the future aspirations of the City Region. Such an approach will ensure that Liverpool City Region is able to meet current and emerging demand to support a strategy for housing and employment growth in a way that it is currently unable to do through the Combined Authority as currently constituted or through measures such as the 'Duty to Cooperate' or additional non-statutory arrangements currently in place.

- 5.15 It is clear that planning, particularly for certain strategic issues such as housing and land for employment, is most appropriately carried out at the city region scale. This does not take place effectively at present due in large part to a lack of any statutory planning frameworks set above the scale of individual local authorities (i.e. the Local Plan). The requirements of the Government's Duty to Co-operate (for example with regard to identifying sufficient housing land supply) are an attempt to bring local authorities together to plan across functional economic areas. In reality this is not working as effectively as was perhaps anticipated, with local authorities still largely focussed on their own areas and having little regard to the bigger picture for the wider city region. The current inability of the public sector to unlock the potential of sites for development provides a threat that the supply of new employment land and housing may run below the levels that forecasts suggest Liverpool City Region needs to meet demand.
- 5.16 Additionally, the expense to individual local authorities of collating the required evidence base for Local Plan production is now very substantial. Most of the data and information required, for example Strategic Housing Land Availability Assessments, Strategic Housing Market Assessments and Employment Land Studies, necessarily has to be collated and analysed at a sub-regional (city region) scale. Significant streamlining of processes as well as savings could be made by a single city region body carrying out these activities on behalf of the constituent local authorities. This would also have the advantage of ensuring that the evidence gathered, and the conclusions drawn, are consistent across the city region.
- 5.17 In terms of housing, the State of the Liverpool City Report (January 2016) identified that there have been improvements in the scale of new-build housing, attempts to address housing decline in the inner core, investment in social housing with stock transfer and the creation of a market for city centre living. However, the quality, age, location and type of housing in the City Region is still limited. For example, 68% of properties across the city region are currently in the low Council Tax bands A and B and only 16% in Band D or above. There are 16,400 long-term empty homes. The City region's relatively low average incomes are reflected in relatively low house prices. There is the opportunity through devolution to enable the Combined Authority and Mayor to address the City Regions housing issues in a more efficient and effective way.

5.18 Through adopting the proposal for the Liverpool City Region Combined Authority and Mayor to have increased planning, housing and regeneration powers, the City Region will be able to create homes and better places to live and work, making the most of the region's strengths and assets: the vibrant city and town centres, a thriving international airport and outstanding surrounding countryside.

5.19 These powers will also enable city region strategic matters, such as transport, to be interlinked with planning and housing at a more appropriate spatial scale than is currently the case. There is significant potential for spatial planning powers to interrelate with and complement other powers elsewhere in the devolution agreement. One example of this is that spatial planning powers will be hugely beneficial in transport terms, by giving clarity and certainty, and allowing investment on transport to be aligned or by allowing the Combined Authority to, for example, focus development in the most accessible areas and minimise adverse transport impacts, which in turn can have wider sustainability benefits such as improved air quality and also improve people's choice in terms of how they travel.

5.20 In order to ensure that development, including employment and housing proposals, are in the right location for the Liverpool City Region to support its wider aspirations, a Liverpool City Region Statutory Spatial Framework will be adopted. This will provide a strategic overview for development and will be supported by the Local Plans of the six local authorities. This Framework will ensure that development maximises its contribution to creating economic growth in the City region, particularly by:

- ensuring that employment land need and demand is met in a sustainable way;
- ensuring that housing need and demand is met in a sustainable way by improving both supply and quality of housing;
- ensuring that all development contributes to the sustainability agenda; and
- supporting other elements of the devolution agenda, such as public sector reform, including reducing the financial burden on health and welfare budgets.

- 5.21 As part of the development of the Statutory Spatial Framework, the Liverpool City Region is developing and will adopt a City Region wide "Duty to Co-operate" Protocol. This document will set out how the six local authorities within the Liverpool City Region will work together as well as how they will work with other neighbouring authorities and partner organisations on planning issues. This will provide a strategic City Region wide approach ensuring that there is a Combined Authority consistency to our work.
- 5.22 To provide the City Region Mayor with powers to support appropriate development and ensure that there is a strategic overview of major development proposals that are City Region significant or are contrary to the adopted Liverpool City Region Statutory Plan, the Mayor will have the powers of referral and Call-in. This will ensure that the Mayor will have oversight of those development proposals (which go through the local planning system) and that they accord with the growth goals of the City Region and the Mayor's Statutory Spatial Framework. These Call-in powers will be exercised with the agreement of the respective local authorities.
- 5.23 The power create of a Mayoral Development Corporation to support the delivery of the City Region's key sites through Mayoral Development Zones will further strengthen accountability, transparency and capacity for maximising the potential of the range of additional powers and functions from government at a City Region level.
- 5.24 Compulsory Purchase Order powers, to acquire land by agreement to build the houses, commercial space and infrastructure that is needed in the Liverpool City Region to ensure its future growth and to allow its further development and regeneration, will need to be a function of the elected Mayor to make the most impact. If developments of City Region significance are to be taken forward at pace and with certainty and if Mayoral Development Zones are to be effective it is important that the Mayor has the power to make decisions and control processes around CPOs rather than decisions being taken and processes handled by individual local authorities. The Mayor, however, will not be able to exercise any of their compulsory purchase powers without the consent of the constituent local authorities.

5.25 To support the growth agenda within the City Region and to focus development on previously developed land, the Combined Authority will create, across the Liverpool City Region, a Register of Brownfield Sites to ensure that all previously developed land that is available for redevelopment is identified. A Register is essential in order to have sustainable development on previously developed sites, especially those within the existing built up areas which are accessible and sustainable and should be highlighted as prioritised for development. This will support the Liverpool City Region Spatial Framework and the National Planning Policy Framework.

5.26 The power of Liverpool City Region Combined Authority to jointly (with central government and other public sector partners) develop a Land Commission will support the coordinated use of public land. This power acknowledges the comparatively high percentage of public land /assets in the Liverpool City region. These land assets provide an opportunity to further stimulate economic growth and housing in line with the Statutory Spatial Framework. A Land Commission will increase the availability of sites for economic growth, housing and improved communities and give Liverpool City Region the tools and powers to be able to direct and allocate those resources more effectively against local objectives as well as meet government priorities for public sector land disposal and receipts.

### **Transport and Highways**

5.27 Transport is an essential component of the Liverpool City Region's objectives for economic growth, skills, health, housing and regeneration as part of the City Region's continuing transition to a dynamic and growing low carbon economy.

5.28 The creation of the Combined Authority involved the transfer of local transport authority powers from Halton BC and the Integrated Transport Authority to the Combined Authority, which became the body that sets the strategic transport agenda, allocates funding, and makes the links to other policy areas. Currently the Combined Authority has the following powers and functions:

- i. Statutory responsibility for developing a Local Transport Plan, under section 108 of the Transport Act 2000. It is responsible for transport policy and strategy and agreeing the City Region's transport agenda.
- ii. Enabling powers to allow the CA to be responsible for a defined strategic highway network on routes which are economically and environmentally important for the City Region. This power would enable the CA to act as a Highway, Traffic and Street Authority as and when the CA Members agree.

- iii. The levying body for transport revenue spend and from April 2015, the CA was responsible for managing formulaic transport funding allocations from the Department for Transport in the form of the Integrated Transport Block and Highways Maintenance allocation.
- iv. The City Region's Local Transport Body functions including taking decisions on major transport schemes in line with a revised Assurance Framework.
- v. Sections 237A to 237E of the Local Government Act 1972(b) (fixed penalty notices) shall apply in relation to the Combined Authority so far as those provisions relate to the Mersey Tunnel Byelaws 2003(c).
- vi. Power to enter into agreements as if it were a highway authority under section 8 of the Highways Act 1980(d) and also a traffic authority under the Road Traffic Regulation Act 1984(e) and a street authority under section 49 of the New Roads and Street Works Act 1991.

5.29 The Liverpool City Region devolution agreement offers additional powers and resources to the Combined Authority and a directly elected Mayor to support the enhancement of Liverpool City Region core transport networks and ensure the City Region has best possible connectivity to support the ambitions of the Northern Powerhouse. The devolution agreement contains provision for devolution of functions and powers which are substantially more substantial and significant than the Combined Authority currently is constituted to manage.

5.30 These include responsibility for a devolved multi-year transport budget; the ability to franchise bus services in the City Region; powers to manage a Key Route Network of local roads; a long term Special Rail Grant settlement for the Merseyrail network; and the ability to manage the local rail network in alternative ways.

5.31 In addition, Government will continue to work with the Combined Authority in its review of the Mersey Tunnels tolls, which will consider options to reduce the cost of tolls and the role of the tunnels in supporting growth and investment.

5.32 The Government also recognises and supports the City Region's crucial role in supporting the Northern Powerhouse, and notes that the Liverpool City Region will work with 'Transport for North' to bring forward proposals that could enhance the capacity of Liverpool Lime Street, together with options for strategic road and rail investment and the roll-out of smart ticketing across the North of England.

- 5.33 The rationale for drawing these powers down from Government is substantial. These powers will allow the Liverpool City Region Combined Authority and Liverpool City Region Mayor to have greater local control and influence over the transport network and resources.
- 5.34 The creation of a single budget for transport will bring greater co-ordination and ensure increased value for money from funds that have previously been delivered through numerous, small-scale initiatives. It will strengthen the Mayoral Combined Authority's ability to plan and deliver transport interventions over the next five years and ensure that transport spend is fully aligned with the City Region's wider economic development and investment requirements. It will provide greater long term certainty and allow the City Region to allocate funds in a more strategic way over successive financial years. The creation of the consolidated budget allows the City Region to match this with other funding sources, providing greater scope for leverage and enhanced delivery. Over time, the budget could be expanded to accommodate further devolved funding, giving the Mayoral Combined Authority greater flexibility and freedoms.
- 5.35 The Merseyrail rolling stock is the oldest in the UK and is becoming life expired. Capacity is a major problem on many services and new stock, with additional capacity, is needed to ensure that the network is able to cater for continued growth in the City Region. Securing long-term revenue funding through the devolution deal will allow Merseytravel to progress the locally funded procurement of new trains to allow this necessary investment to take place. This will support continued growth in the use of local rail, to provide access to key employment, retail, leisure, educational and housing sites, and to ensure that the success and attractiveness of the Liverpool City Region is not harmed by rising congestion, and worsening environmental conditions.
- 5.36 In contrast, the bus network has not experienced growth and usage has declined over many years. It has not been responsive to changes in employment or housing areas and is complex to use, with different operators, different standards, different tickets and different fare structures. The complex governance, and disconnect that currently exists between highway powers, land use planning powers and powers over bus policy and bus-related investment have not aided an integrated approach to the delivery of enhanced bus services. This issue is being addressed through the proposed governance reforms set out in this scheme.

- 5.37 More influence over the bus network is sought to emulate the strong growth and satisfaction that has been seen with the Merseyrail network. A draft three-year Voluntary Partnership Agreement through a new Liverpool City Region Bus Alliance has been developed with operators to work together to address these issues and improve the bus offer, in order to grow bus patronage by 10%.
- 5.38 The devolution agreement and associated legislation will make provision for further enhancing this partnership and provide the option for bus franchising should that prove the most appropriate approach by the Liverpool City Region Mayor in the future, and subject to the final provisions of the Buses Bill.
- 5.39 Responsibilities for strategic transport issues have long been fragmented across the Liverpool City Region. The creation of the Combined Authority in April 2014 brought the strategic transport powers of Merseyside and Halton into a City Region-wide body for the first time. However, local highway powers and responsibilities sit with the constituent local authorities, and are separated from wider transport policy and funding responsibilities that sit with the Authority.
- 5.40 The City Region's devolution agreement has addressed these complex arrangements by giving the new Mayoral Combined Authority model widened powers over a defined Key Route network of local roads. This network would be managed and maintained by the Combined Authority on behalf of the City Region Mayor from May 2017, and supported by a single asset management plan, working towards streamlined contractual and delivery arrangements across the City Region.
- 5.41 This is considered a logical next step in ensuring that the Mayoral Combined Authority has a truly multi-modal remit, building on the strong and highly effective ways of working enjoyed by Transport for London. This approach would benefit all road users, by strengthening the City Region's ability to govern, develop, manage and maintain a highway network that is safer, has more reliable journey times, smoother traffic flows, better ride comfort and lower levels of congestion.
- 5.42 This would lead to a more efficient and consistent approach to delivery across the City Region, which may include elements such as greater consistency of lighting standards, maintenance regimes, winter maintenance, cleansing, road works and other duties.

- 5.43 It would allow the City Region to fully align decisions around the highway network with the needs of all users of the highway and lead to more consistent approach to delivery across the city region. The model also provides a means to better integrate land use planning and transport decision-making at a strategic level, linked to the City Region's land use planning framework powers set out in the devolution deal. For example, by aligning investment on the highway network with areas of planned economic or housing growth.
- 5.44 The Liverpool City Region's two Mersey Road Tunnels (Queensway and Kingsway) were planned and constructed as locally-promoted schemes and are now the responsibility of the Combined Authority. They are tolled crossings as they do not form part of the national road network. The legislation that governs the tolling of the Mersey Tunnels is now considered out-dated and inflexible and through the Combined Authority and directly elected Mayor there is the opportunity to review the Mersey Tunnels Act 2004 to give the Liverpool City Region more influence over tolls and the management of the tunnels. For example, this could include offering discounts for new entrants into the job market, off peak discounts and variable tolls based on the environmental credentials of vehicles. The review will also consider options to reduce the cost of tunnel tolls, and review impacts on infrastructure and the ability to accelerate economic growth.
- 5.45 A rail network that can accommodate further growth with dual voltage or dual fuelled rolling stock that can operate across a wider geographic footprint, a more integrated bus model with a more attractive, effective and affordable bus network, flexible tunnel tolls to promote economic growth and well maintained network of local roads will mean that the City Region can accommodate significant growth and link people to jobs, training and services. It also plays a vital role in reducing the impact of car traffic and in reducing congestion and emissions, all of which are harmful to health, to wellbeing, to the resilience of the city region and to its economic attractiveness. The Liverpool City Region's devolution deal commits to further action to improve poor air quality that stems from traffic and transport, and which is reliant upon control over many different policy areas that the Mayoral Combined Authority model will provide. The exploration of Clean Air Zones, as a means of helping to reduce emissions, will help the City Region to achieve Air Quality Plan objectives at both the national and local level, which in turn impacts on public health and wellbeing and improves the economic attractiveness of the Liverpool City Region. It also reduces the financial risk of fines being levied locally in the event that targets are not met.

- 5.46 Furthermore, the City Region proposes to pursue local management of the Merseyrail rail stations, in the first instance, and subsequently, all stations in the Liverpool City Region. This could, potentially, extend to wider rail infrastructure assets. It will enable the Mayoral Combined Authority to make decisions in the long term interest of stations, users and the local community. This will improve the efficiency and effectiveness of rail station management, by simplifying the management of assets and responsibilities and creating an operating model for stations with the potential for enhanced scope in future. It seeks to create a better passenger experience, with an improved and more consistent passenger experience throughout the City Region rail network, and better integration between rail and other transport networks.
- 5.47 Localised control of planning and investment will also lead to local influence in the rail decision making process; and Integration and coordination of rail planning and city region spatial planning, including better utilisation of station land and surrounds. This is ultimately geared around the promotion of growth and economic development, leading to higher patronage throughout the City Region rail and wider public transport network, in order to stimulate local regeneration at and around rail stations, and to secure better value for money associated with the local portfolio of stations portfolio, as a result of long term investment with more certainty.
- 5.48 The Governance Review has established that conferring these functions on the Liverpool City Region Combined Authority and Liverpool City Region Mayor will lead to improvements in the Liverpool City Region and help address the challenges faced, improve the effectiveness and efficiency of transport and support the improved effectiveness of other Liverpool City Region Combined Authority and Mayoral functions.

## **Business Growth**

- 5.49 The City Region has significant challenges to address in terms of low levels of entrepreneurship and business density. A simplified and rationalised business support system which is locally delivered and demand led will help the city region improve business growth and performance and contribute to the government objectives to rebalancing the economy and improving productivity. The business support landscape must be simplified for businesses and rationalised to ensure that resources are focused on providing the support services which businesses need to establish and grow. National programmes need to reflect local business needs and be delivery at the local level to maximise take-up of those services.
- 5.50 The Governance Review has established that conferring these functions on the Liverpool City Region Combined Authority will enable much more effective and efficient decision making in relation to business support and growth. Having greater influence on existing government spending and aligning it with local programmes, for example the Growth Hub, will mean a better, more streamlined and enhanced offer of support to local businesses.

## **Energy and Environment**

- 5.51 The Liverpool City Region has significant untapped natural renewable resources. The River Mersey and Liverpool Bay combined with the City Region's strong manufacturing base make it uniquely positioned to support the government to achieve its low carbon energy, economic growth and job creation goals. A wide range of low carbon energy generation systems have already been developed in the City Region including large-scale offshore and onshore wind, biomass and energy from waste plants. The opportunity exists through the Combined Authority and City Region Mayor to build on these investments and strengthen the low carbon technology sector both locally and nationally.

5.52 A key element is that the Liverpool City Region estuary has one of the largest tidal ranges in the UK and the Liverpool City Region considers it to be one of the best locations in the UK for a tidal power scheme. The government has recognised that the River Mersey and Liverpool Bay area is a key asset that has the potential to drive growth within the Northern Powerhouse and the government has committed to supporting Liverpool City Region by providing guidance to support Liverpool City Region's development of a cost-effective tidal power scheme proposal for the River Mersey or Liverpool Bay that could generate low carbon energy for businesses and consumers.

5.53 The enhanced leadership and profile that a Mayoral Combined Authority brings to the City Region will enhance the City Region's attractiveness to international energy-system investors through clearly demonstrating the strong governance and the political will needed to deliver large scale energy projects. It will enable projects to happen faster and cheaper, decouple emissions from economic growth, improve productivity of businesses and deliver tangible benefits to communities. It will also place technical and commercial innovation in energy at the heart of the Northern Powerhouse and there will be potential for the direct application across the UK.

## **Culture**

5.54 Liverpool City Region's devolution agreement "places Culture and Creativity at the heart of its strategy to accelerate economic growth, improve skills and further develop its distinctive visitor offer". The culture sector (arts, heritage and sport) and the creative and digital industries already make a large contribution to the city region but the aim is to achieve more through strategic collaboration.

5.55 The Combined Authority will establish a Cultural Partnership in May 2016 to drive forward the vision for Culture to accelerate economic growth, improve skills, engage residents and further develop the distinctive visitor offer in Liverpool City Region. The Cultural Partnership will be a place-making partnership that brings together the interests of the Metro Mayor, the Combined Authority and the Cultural Sector with the regional, national and international funding and investment partners who share the vision of Liverpool City Region as a Cultural Powerhouse. The Cultural Partnership will be led by a Strategic Board and chaired by Mayoral appointment.

- 5.56 The Partnership will produce a cultural strategy and work alongside the Combined Authority to develop appropriate accountability arrangements and legal/financial structures for the partnership by 2018. The Cultural Partnership will not be a company or have its own funds but it will be the sole strategic entity for Culture in Liverpool City Region and all partners will direct their activities and resources to achieving the agreed strategic objectives. Work to develop the strategy will commence in July 2016 with the aim of producing a first draft for consultation by December 2016.
- 5.57 A decade on from Liverpool's hugely successful year as European Capital of Culture, 2018 will be a pivotal year for the city region in terms of profile, strategic focus and new delivery structures. To confirm Liverpool City Region as the most exciting cultural and creative city region in the world, Culture Liverpool is developing a hugely ambitious events programme.
- 5.58 The following powers would enable delivery:
- An amendment to the Management Agreement between DCMS/government and their sponsored Agencies and funders, which formalises the responsibility for agencies to work with the Cultural Partnership "to support a place based strategy" for the city region.
  - The Liverpool City Region Combined Authority to be given "visitor promotion" power under section 144 of the Local Government Act 1972 (the power to encourage visitors and provide conference and other facilities). It is proposed that that this would be exercised concurrently with the 6 Constituent Councils. The section 144 power would make it clear that the Liverpool City Region Combined Authority's functions include attracting visitors.
  - The Liverpool City Region Combined Authority to be given the power under section 145 of the Local Government Act 1972 to provide and support cultural activities and entertainments (to be exercised concurrently with the Constituent Councils). It is proposed that the Liverpool City Region Combined Authority should be given the power under section 145 of the Local Government Act 1972 to provide and support cultural activities and entertainments. It is proposed that that this would be exercised concurrently with the six Constituent Councils. The section 145 power would make it clear that the Liverpool City Region Combined Authority's functions include the promotion of cultural events and entertainment within Liverpool City Region and would enable the Liverpool City Region Combined Authority to provide a grants scheme.

## **Finance – Single Investment Fund, Precepts, Levies and Borrowing Powers**

- 5.59 Having greater control over national resources is a fundamental principle of the Liverpool City Region devolution agreement. The City Region has a longstanding commitment to aligning funding streams at the local level and prioritising their use in a consistent way against the strategic growth priorities of the City Region. This has been difficult as many funding streams come to the city region with individual timescales, appraisal, output and outcome requirements.
- 5.60 Liverpool City Region has a critical contribution to make to the Northern Powerhouse. With the River Mersey and Superport there are unique economic assets that can help transform the Northern economy. The Superport has the potential to provide lower cost, competitive trade links for businesses and consumers across the North backed by multi-modal logistics that combine sea, rail, freight and air. The River Mersey has the potential to be a major producer of renewable energy for the North and unlock the green infrastructure needed to put us at the leading edge of the green economy.
- 5.61 The City Region is also well positioned to be at the heart of an advanced manufacturing network across the North with science and innovation strengths at Daresbury and Liverpool Knowledge Quarter and world class firms like Jaguar Land Rover, Getrag, Unilever, Pilkingtons, Ineos Chlor and Cammell Laird.
- 5.62 Despite improvements in the performance of the City region's economy, there remain substantial economic challenges. Average GVA per head is only 75% of the national average and this gap has remained largely unchanged over the last decade. As a result, the City Region suffers from an £8.2bn output gap compared to nationally. Devolution offers the city region the opportunity to unlock our economic potential, play a full part in the Northern Powerhouse, and reverse the trend of the last decade.
- 5.63 To do this the City Region requires co-ordinated intervention and an ambitious investment programme and this will mean a step change in the way the city region invests in the critical infrastructure and economic assets needed to support our growth plan.

- 5.64 To support this, Liverpool City Region will create a Single Investment Fund (SIF) that draws together local and national funding streams to deliver a £1 billion plus investment programme. Government have committed to support this approach and provide an additional £30m p.a. for 30 years, forming part of and capitalising the SIF.
- 5.65 Local partners are committed to capitalising the SIF with appropriate city region funding streams. In order to maximise the potential impact and size of the SIF, prudential borrowing powers are sought. The Liverpool City Region Combined Authority already enjoys powers to borrow under the Prudential Code in respect of those transport powers inherited from the Merseyside Integrated Transport Authority. The Liverpool City Region Combined Authority should have the power to borrow under the Prudential Code in furtherance of its wider activities and objectives as part of the Single Investment Fund.
- 5.66 In addition, Government legislation also provides for the Mayor – subject to consultation – to establish a precept upon local business rates of up to 2% for the purposes of a Mayoral investment fund.
- 5.67 The City Region will also undertake a pilot with Government on 100% retention of business rates, considering all issues of implementation including the appeals system. Fiscal devolution and the ability to control resources locally, with control vested in those best placed to make decisions is a fundamental element of the Liverpool City Region devolution agreement. A business rates retention pilot offers the opportunity to consider how greater fiscal devolution through devolving business rates should operate in Liverpool City Region in support of the economic growth and public service reform agenda.
- 5.68 Such financial freedom and flexibilities will enable the City Region to invest in the priorities and economic opportunities which will drive forward growth in the city region.

### **European Funding**

- 5.69 The Combined Authority and LEP have endorsed a series of investment strategies around business support, capital investment, innovation and low carbon investment which are aimed at aligning available resources to achieve the best impact and outcomes. EU funding should be more closely aligned to these strategies and their implementation processes.

5.70 In order to achieve this and maximise outcomes of economic growth, job creation and productivity, the City Region is seeking maximum devolution of decision making powers for this funding, which will be achieved through Intermediate body Status. The Combined Authority will have enhanced powers to set the local strategic contents for calls for projects and also with regard to agreeing which projects best address local strategic fit.

### **Information Sharing Provisions**

5.71 For the purposes of exercising Mayoral Liverpool City Region Combined Authority functions concurrently/jointly with the Constituent Councils or a public authority, the Liverpool City Region Combined Authority needs to rely on the same information sharing gateways applicable to those authorities.

5.72 In most instances, the relevant statutory provisions contain a local authority definition that does not specifically recognise a Combined Authority. Whilst some of the relevant functions have yet to be sought, the data sharing is required to enable the further development work agreed in the devolution agreement and the subsequent development of further schemes to seek transfer of additional powers.

5.73 For this reason, it is proposed that the following enactments be amended to ensure the data provisions sought below apply to the Mayoral Liverpool City Region Combined Authority.

5.74 The Mayoral Liverpool City Region Combined Authority seeks application of the data sharing provisions outlined below. It should be noted that the current definition of a “local authority” does not include a Combined Authority.

- If requested to do so, educational institutions will be obliged under section 14 Education and Skills Act 2008 (the “ESA 2008”) to supply relevant information about a student or pupil to the Liverpool City Region Combined Authority.
- The Mayoral Liverpool City Region Combined Authority will have the power to seek the supply of information from other public bodies.

- The Mayoral Liverpool City Region Combined Authority will be able to rely on the information sharing provisions in section 17 ESA 2008 (primarily concerning the exchanges between local authorities and their service providers) and; in section 77 ESA 2008 to support local authorities to deliver their duties under section 68 ESA 2008, including such amendments, modifications and enactments of legislation governing information sharing.

5.75 The Mayoral Liverpool City Region Combined Authority to be able to share relevant information for education and training purposes between local authorities and their service providers and for similar exchanges between these bodies with the Secretary of State and/or their service provider .

5.76 Current legislation enables the Secretary of State to make regulations allowing certain persons, including the Department for Work and Pensions, to share social security and employment and training information with other Government Departments and their service providers, certain types of local authorities and their service providers. The Mayoral Liverpool City Region Combined Authority seeks to be included in the definition of a 'relevant authority' in order to facilitate the exchange of information and training purposes.

5.77 The Mayoral Liverpool City Region Combined Authority seeks designation as a relevant authority in order to facilitate the exchange of information for employment and training purposes in order to share the following information:

- Social Security Information
- To enhance a person's skills and qualifications with a view to improving their prospects of finding and retaining employment
- Social security information or information relating to employment or training for the purposes of research, monitoring or evaluation

5.78 The Mayoral Liverpool City Region Combined Authority seeks designation so as to enable the Secretary of State or a person supplying services to the Secretary of State, to supply relevant information to qualifying persons for certain purposes, including welfare services (which includes support, assistance including by means of a grant or loan or the provision of goods or services, advice or counselling to individuals with particular needs), and for these and for the use of that information.

5.79 The Mayoral Liverpool City Region Combined Authority seeks designation as a qualifying person in relation to:

- the provision of welfare services either as a local authority or as a person prescribed or of a description prescribed by the Secretary of State.
- the Secretary of State's ability to supply relevant information for the purposes of identifying households eligible for support under a Troubled Families Programme, providing advice support and assistance to members of such households and for monitoring and evaluating such programmes

#### **Powers and functions for future consideration**

5.80 Further commitments have been made for the city region and government to work together on children's services, health, housing and justice as detailed in the announcement by Government on 16 March 2016 and these will be progressed in due course. It is the intention that the Liverpool City Region will continue to have further devolution dialogue with the government in the future.

## 6. CONCLUSION

- 6.1 It is considered that the conferral of additional functions on the Liverpool City Region Combined Authority and the associated governance changes, as recommended by this Review and incorporated in the Scheme, would be likely to improve the exercise of statutory functions in relation to the area of the Liverpool City Region Combined Authority at the appropriate local level.
- 6.2 Each specific function and power has been detailed in the review and the rationale for the conferral of the required powers on the Liverpool City Region Combined Authority and elected Mayor has been appropriately made.
- 6.3 The functions and powers detailed in this Governance Review and Scheme would give effect to the devolution agreement and with this and future agreement of devolution deals, improve the ability of the Liverpool City Region Combined Authority to deliver growth and reform for the people and businesses of the Liverpool City Region.
- 6.4 The proposed governance model will give the direct accountability and streamlined decision making which Government wish to see in place for devolution of functions, powers and resources to the City Region. A governance structure of a directly elected Mayor and Combined Authority provides strong leadership, whilst protecting the integrity and the existing role and functions of local authorities. The mayoral model is part of the Liverpool City Region Combined Authority, thus maintaining the integrated approach to governance which the City Region has worked consistently to develop.
- 6.5 The Governance Review has found that for the Combined Authority to have wide ranging devolved powers conferred upon it alongside governance changes for a directly elected City Region Mayor is most likely to deliver an improvement in the operation of statutory functions and deliver an improvement in economic conditions. This will be aided by the bringing together of different powers to deliver a more coherent and consistent approach to delivery.
- 6.6 The Review has concluded that such additional powers, alongside the changed governance arrangements, are most likely to deliver the ambition contained in the devolution agreement to:
- Accelerate economic growth - growing jobs and increasing productivity;

- Public service reform - local re-design and co-ordination of services to reduce costs and improve outcomes across the whole of the public sector; and
- Improved social outcomes and better health and wellbeing of local residents.

6.7 The key evidence which supports this conclusion is that:

- Wide ranging powers are required by the Liverpool City Region Combined Authority to tackle the significant challenges and opportunities in the Liverpool City Region;
- The Liverpool City Region Combined Authority and Liverpool City Region Mayor will provide the strong, clear and transparent leadership through a single entity for Government to devolve such powers;
- It will afford mayoral precepting powers and opens up further potential devolution funding opportunities;
- It draws complementary powers that are currently fragmented at different levels into a central body, to better align priorities and spend; and
- Supports the convention that city regions are engines of growth and greater than the sum of their parts.

## **PART II:**

### **LIVERPOOL CITY REGION COMBINED AUTHORITY SCHEME**

This Scheme is prepared and published by the Halton Knowsley Liverpool St Helens Sefton and Wirral Combined Authority, known and operating as the Liverpool City Region Combined Authority and hereafter referred to as LCRCA. The scheme has been made pursuant to the provisions of Section 112 of the Local Democracy Economic Development and Construction Act 2009 (as amended) (the 2009 Act). The scheme is published following the undertaking of a review carried out pursuant to Section 111 of the 2009 Act (as amended) by LCRCA. The conclusion of the review was that the making of an Order by the Secretary of State conferring additional powers and functions on LCRCA would be likely to improve the exercise of those functions in relation to the area of LCRCA. The proposals in the scheme will be subject to consultation within the City Region prior to submission to the Secretary of State.

The LCR Devolution Agreement dated 17 November 2015 was negotiated between HM Government, LCRCA, its six Constituent Councils and the Liverpool City Region Local Enterprise Partnership. It provides for the transfer of significant powers for economic development, transport, housing and planning and employment to LCRCA and its directly-elected Mayor. The positive impact which such a transfer will bring is highlighted in the review previously referred to. This scheme is a companion to the review and is intended to set out the statutory powers which will be transferred in order to realise the conclusions of the review.

#### **1. Skills and Employment**

- 1.1 It is proposed that the Government will delegate the functions contained in Section 2 of the Employment and Training Act 1973 to LCRCA, where those functions relate to the area covered by LCRCA. This delegation is for the purpose of assisting persons to train for, obtain and retain suitable employment. Specifically, this power is needed to assist in improving the process of co-designing and co-commissioning back to work support. Powers under the following sections of the Welfare Reform Act 2007 will be made available in relation to information sharing between LCRCA and relevant Government departments and other public bodies:

Section 41 (as it amends the Social Security Administration Act 1992)  
Section 42

## Section 43

**This will be an LCRCA function which will be determined by simple majority of those members of LCRCA present and voting. This majority is not subject to the inclusion of the vote of the LCRCA Mayor.**

- 1.2 It is proposed that LCRCA shall be designated as a local authority for the purposes of Sections 8, 9 and 10A of the Employment and Training Act 1973, for the purpose of providing all age careers education and advice, and ancillary goods and services.

**This will be an LCRCA function which will be determined by simple majority of those members of LCRCA present and voting. This majority is not subject to the inclusion of the vote of the LCRCA Mayor.**

LCRCA shall operate these functions concurrently with Constituent Councils.

- 1.3 It is proposed that LCRCA shall have concurrent powers with the Chief Executive of Skills Funding pursuant to Section 83 of the Apprenticeship Skills Children and Learning Act 2009 in relation to apprenticeship training for persons aged 16 to 18 and certain young adults.

**This will be an LCRCA function which will be determined by simple majority of those members of LCRCA present and voting. This majority is not subject to the inclusion of the vote of the LCRCA Mayor.**

- 1.4 It is proposed that LCRCA shall have concurrent powers with the Chief Executive of Skills Funding pursuant to Sections 86(1)(a) and (c), 87, 88, 100, 101, 102, 103, 107, 115 and 122 of the Apprenticeship Skills Children and Learning Act 2009 and pursuant to Sections 49B, 50, 54 and 83 of the Further and Higher Education Act 1992. These powers are required to re-shape and restructure skills provision across the City Region.

**This will be an LCRCA function which will be determined by simple majority of those members of LCRCA present and voting. This majority is not subject to the inclusion of the vote of the LCRCA Mayor.**

- 1.5 It is proposed that LCRCA shall have concurrent powers with the Chief Executive of Skills Funding pursuant to Sections 104 and 105 of the Apprenticeships Skills and Learning Act 2009, for the purpose of providing assistance and support in relation to the promotion of apprenticeship opportunities.

**This will be an LCRCA function which will be determined by simple majority of those members of LCRCA present and voting. This majority is not subject to the inclusion of the vote of the LCRCA Mayor.**

- 1.6 LCRCA has existing duties and powers under Sections 152A, 152B, 152C, 17A, 18A(1)(b), 514A and 560A of the Education Act 1996 in relation to the provision of education and training for persons over compulsory school age. These powers and duties were conferred by the Halton Knowsley Liverpool St Helens Sefton and Wirral Combined Authority Order 2014 (“the 2014 Order”).

**These powers and duties will be retained and will be LCRCA functions to be exercised concurrently with Constituent Councils and determined by simple majority of those members of LCRCA present and voting. This majority is not subject to the inclusion of the vote of the LCRCA Mayor.**

## **2. Housing and Planning**

- 2.1 It is proposed that the LCRCA Mayor will develop an LCR Framework to support the delivery of strategic employment and housing sites throughout the LCR. The LCR Framework will set out the general policies in relation to the development and use of sites of potential strategic importance (PSI) in the LCR. It is proposed that sites of PSI will be defined by regulations. To be operative, the Framework must be approved unanimously by LCRCA members. Once approved, any amendments to the Framework must similarly be approved unanimously by LCRCA members.

**The operation of an approved LCR Framework will be the responsibility of the LCRCA Mayor.**

- 2.2 The development of the LCR Framework is the responsibility of the LCRCA Mayor, who will have regard to, and include, only those matters which are of strategic importance to the LCR in the LCR Framework. Constituent Councils will continue, as now, to have a local plan for their area but, in preparing to amend or review their development plans and supplementary development plans, Constituent Councils will have regard to an operative LCR Framework and local plans will be in general conformity with an agreed LCR Framework. Section 12 of the Town and Country Planning Act 1990 will be amended to require local plans in the LCR region to be in general conformity with the LCR Framework.
- 2.3 In order to develop and introduce an LCR Framework, the LCRCA Mayor will be provided with powers which correspond to powers contained in Part VIII of the Greater London Authority Act 1999, but with appropriate modifications relating to LCRCA and the LCRCA Mayor, and with the proviso that the LCRCA Mayor cannot introduce or amend (following introduction) the LCR Framework without the unanimous approval of LCRCA.
- 2.4 It is proposed that the LCRCA Mayor will have a right to be consulted on applications of potential strategic importance (PSI) to the LCR and may direct the local planning authority to refuse an application or indicate to the local planning authority that the LCRCA Mayor will act as local planning authority in determining the application. **These powers are subject to the consent of the LCRCA member for the relevant Constituent Council.** Until such time as the LCR Framework is in place and an application of PSI is defined, these powers will not be operative. In order to operate these powers, legislation will be introduced which provides authority to the LCRCA Mayor and which corresponds to the powers held by the Mayor of London pursuant to Sections 2A, 2B and 2C of the Town and Country Planning Act 1990 and Articles 4, 5, 6, 7, 8 and 9 (with appropriate amendments) of the Town and Country Planning (Mayor of London) Order 2008.

- 2.5 The LCRCA Mayor will have the power to create a Mayoral Development Corporation to support the delivery of key sites through Mayoral Development Zones. In order to achieve this, it is proposed that the LCRCA Mayor will have powers and functions which correspond (with appropriate amendments) to the powers and functions of the Mayor of London set out in Chapter 2 of Part 8 of the Localism Act 2011.

**These powers are Mayoral functions.**

- 2.6 LCRCA will be provided with powers to make Compulsory Purchase Orders. Legislation will be introduced which provides the LCRCA Mayor with concurrent CPO powers which correspond to those held by the Homes and Communities Agency and which are included in the Housing and Regeneration Act 2008. Such powers shall include an exemption from the provisions of Section 23 of the Land Compensation Act 1961 in relation to compensation for planning decisions following acquisition.

**Powers of compulsory acquisition will be exercised by the LCRCA Mayor only if the relevant Constituent Council consents.**

- 2.7 (i) LCRCA will be provided with powers of compulsory acquisition to help accelerate economic growth and new housing development throughout the Liverpool City Region, in accordance with the principles set out in the Devolution Agreement.
- (ii) These powers will include powers provided to LCRCA which correspond to the powers of the Greater London Authority under Sections 333ZA, 333ZB, 333ZC and 333ZD of the Greater London Authority Act 1999.
- (iii) These powers will also include powers under Section 227, 229, 230, 232, 233, 235, 236, 237, 238, 239, 240 and 241 of the Town and Country Planning Act 1990. Such powers will be exercised by LCRCA concurrently with Constituent Councils and only with the consent of the Constituent Council for the relevant area.

**These powers are LCRCA functions to be exercised only with the consent of the Constituent Council in whose area the relevant land is situated, but otherwise will be determined by simple majority of those members of LCRCA present and voting.**

- 2.8 LCRCA will work with the Secretary of State to develop a Land Commission to support the co-ordination and release of public asset disposals, including economic assets formerly held by the Regional Development Agency. The purpose of the Land Commission is to increase the availability of sites for economic growth, housing and improved communities.

### **3. Transport and Highways**

- 3.1 It is proposed that the responsibility for the local transport budget in the Liverpool City Region, including all relevant highways funding, be devolved to LCRCA (pursuant to funding allocations and formulae issued by the Department for Transport).

**This will be exercised as a Mayoral function.**

- 3.2 It is proposed that the forthcoming Bus Services Bill will include provision for consideration by Parliament enabling the LCRCA Mayor to franchise bus services in the City Region, subject to complying with legislative and consultation requirements.

**This will be exercised as a Mayoral function.**

- 3.3 (i) It is proposed that LCRCA, on behalf of the LCRCA Mayor, will, at a date determined by LCRCA, be responsible for the management and maintenance of a Key Route Network of local roads as identified through a single asset management plan approved by LCRCA and Constituent Councils. All matters relating to the management, maintenance and funding of the Key Route Network will require the unanimous approval of Constituent Council members of LCRCA before LCRCA, on behalf of the LCRCA Mayor, may exercise any powers in respect of it.
- (ii) When the Key Route Network has been approved, it is also important to establish a mechanism by which it may be amended, if amendments are necessary for whatever reason. It is proposed that, once established, the Key Route Network may only be amended if amendments are approved unanimously by LCRCA and every Constituent Council of LCRCA.

- (iii) Whilst there are existing enabling powers in relation to highways, streets and traffic contained in the 2014 Order, these are subject to agreement of the relevant Constituent Council. LCRCA will be provided with enabling powers to act in partnership with other highway authorities in relation to the management and maintenance of the Key Route Network.
- (iv) Once the powers are operative, LCRCA will be the highway authority for highways included in the Key Route Network, with the exception of those highways which are motorways and trunk roads, which will continue to be managed and maintained by Highways England.
- (v) For the purposes of managing and maintaining the Key Route Network, LCRCA, on behalf of the LCRCA Mayor, will be empowered to act under the relevant provisions of the following legislation:

Highways Act 1980

Road Traffic Regulation Act 1984

New Roads and Street Works Act 1991

Traffic Management Act 2004

and any regulations made under the legislation referred to.

These powers will enable LCRCA, on behalf of the LCRCA Mayor, to act in relation to the Key Route Network as a highway authority, traffic authority and street authority, as required. These powers will also enable LCRCA, on behalf of the LCRCA Mayor, to enter into agreements pursuant to Sections 6 and 8 of the Highways Act 1980 with other highway authorities.

- (vi) In respect of the Key Route Network, LCRCA, on behalf of the LCRCA Mayor, will also be provided with powers equivalent to those contained in Sections 6, 7, 8 and Schedule 1 of the Road Traffic Regulation Act 1984. For these purposes, any reference to Greater London or London shall be replaced by a reference to the area comprised in LCRCA; any reference to a Metropolitan Traffic Area shall be replaced by the North West Traffic Area; any reference to a London local service licence shall be replaced by a local service licence; and any reference to the Commissioner of Police shall be replaced by the Chief Constable for the area in which the highways are situate.

- (vii) It is proposed that LCRCA shall have concurrent powers to its Constituent Councils in the exercise of responsibilities pursuant to Section 39 of the Road Traffic Act 1988, in relation to the promotion of road safety on the Key Route Network.

**All of the powers in relation to the Key Route Network will be LCRCA mayoral functions which LCRCA will exercise on behalf of the LCRCA Mayor following unanimous approval to the single asset management plan, and unanimous approval to the management, maintenance and funding provisions in relation to the Key Route Network.**

- 3.4 It is proposed that LCRCA will be responsible for receipt of a Special Rail Grant Settlement which will be managed by its executive body, Merseytravel, enabling greater progress in procurement on the Merseyrail network.

**This will be an LCRCA function.**

- 3.5 It is intended that LCRCA will bring forward proposals developed by Merseytravel relating to the management of rail infrastructure assets in the region. Such proposals may include, for consideration by Government, the transfer of such assets to LCRCA.

**Decisions in relation to which proposals to put forward, will be an LCRCA function. In the event that any assets are transferred, it will be an LCRCA function to determine how these assets will be utilised.**

- 3.6 It is proposed that LCRCA will bring forward options in relation to the feasibility of reviewing the provisions of the Mersey Tunnels Act 2004 in relation to tolls and that the Department for Transport will work together with LCRCA to promote any amendments which can be made which can accelerate economic growth.

**Decisions in respect of which options to put forward and any amendments proposed, will be a matter for LCRCA.**

- 3.7 It is proposed that the Government will work with LCRCA to examine the feasibility of LCRCA exercising concurrent powers with its Constituent Councils in relation to Clean Air Zones within the LCR area.

#### **4. Energy**

- 4.1 It is proposed that the Government will work proactively with LCRCA in the development of a cost-effective tidal power scheme proposal for the River Mersey and Liverpool Bay and will work, in particular, in neutralising any obstacles which may prevent this development, which could generate low carbon energy or businesses and consumers in the area of LCRCA.

**Working with the Government will be an LCRCA function.**

#### **5. Culture**

- 5.1 Culture and creativity is at the heart of the strategy to accelerate economic growth, improve skills and further develop the distinctive visitor offer.

The Cultural Partnership referred to in the review is intended to build on that strategy. It is proposed that relevant Government departments and, in particular, the Department for Culture, Media and Sport and their sponsored agencies and funders which enter into Management Agreements which impinge on the City Region area with other bodies, formalise through those Management Agreements the requirement and responsibility of those other bodies to work with the Cultural Partnership to support a place based strategy.

**Development of the Cultural Partnership will be a Mayoral function.**

- 5.2 LCRCA will continue to have the power to encourage visitors and provide conference and other facilities pursuant to Section 144 Local Government Act 1972.

**This power was provided to LCRCA in the 2014 order and will continue to be an LCRCA function exercised concurrently with its Constituent Councils.**

- 5.3 LCRCA will be provided with powers in relation to the provision of entertainments pursuant to Section 145 Local Government Act 1972.

**This power will be an LCRCA function to be exercised concurrently with its Constituent Councils.**

## **6. Information Sharing**

- 6.1 In order to carry out its current, proposed and future functions, it is essential that LCRCA has at least the same powers as a local authority in relation to data sharing. It is proposed that LCRCA be provided with a general power to require such data sharing by other bodies as is reasonably required by LCRCA in the exercise of its functions.
- 6.2 More specifically, LCRCA will be provided with powers which will assist in meeting responsibilities under the following provisions:

Section 14 Education and Skills Act 2008

Section 17 Education and Skills Act 2008

Section 77 Education and Skills Act (as it relates to Section 68 Education and Skills Act 2008)

LCRCA will also be designated as a “relevant authority” and a “qualifying person” in relation to legislation where this relates to social security, employment, training and skills and the provision of welfare services.

**These powers will be exercised as LCRCA functions which will be determined by simple majority of those members of LCRCA present and voting. This majority is not subject to the inclusion of the vote of the LCRCA Mayor.**

## **7. Fiscal**

- 7.1 LCRCA will continue to have the power to issue a levy to its Constituent Councils in respect of its transport functions. This power will continue the differential levy provisions set out in the 2014 Order in recognition of the distinction between Halton’s transport arrangements and the arrangement of the five other Constituent Councils which formed the Integrated Transport Authority prior to April 2014.

**The power to issue a transport levy is an LCRCA function.**

- 7.2 It is proposed that LCRCA will be provided with powers to issue a levy to all of its Constituent Councils under regulations made pursuant to the provisions of the Local Government Finance Act 1988 to meet its expenditure in the exercise of non-mayoral and non-transport functions.

**The power to issue a levy for non-mayoral and non-transport functions is an LCRCA function and LCRCA shall have the power to determine the appropriate basis for apportioning the levy.**

As an alternative to a levy issued to the six Constituent Councils, LCRCA shall be provided with the power to issue a statutory recharge to one or more Constituent Councils in respect of non-transport, non-mayoral functions.

**This power is an LCRCA function.**

- 7.3 It is proposed that, pursuant to an Order made by the Secretary of State under Section 107G of the 2009 Act, powers will be provided to the LCRCA Mayor to issue a Mayoral precept. Such order shall include provisions for the budget in respect of the LCRCA Mayor's functions to be amended or vetoed by a two-thirds majority of the members of LCRCA who are members of the Constituent Councils.

The Mayoral precept will cover expenditure specifically to be incurred in carrying out the Mayoral functions, including the preparation of the draft budget referred to above.

**The power to issue a precept will be a Mayoral function.**

- 7.4 It is proposed that the LCRCA Mayor will have the power to place a supplement on business rates to fund infrastructure. This power will be subject to the approval of the LCR LEP and will be subject to an upper limit of supplement. For this purpose, LCRCA will be included in the definition of levying authorised in Section 2 of the Business Rates Supplements Act 2009.

**The power will be a Mayoral function.**

- 7.5 LCRCA has existing power to borrow under the Prudential Code in respect of its transport powers.

**This power is, and will continue to be, an LCRCA function.**

- 7.6 In respect of non-transport matters, it is proposed that LCRCA will be provided with borrowing powers in the exercise of any functions, whether Mayoral or LCRCA functions, and regulations will be made pursuant to the provisions of the Local Government Act 2003 to enable the furtherance of LCRCA activities and objectives as part of the Single Investment Fund.

**This power will be an LCRCA function.**

- 7.7 It is proposed that, subject to the outcome of the ongoing Business Rates Pilot, LCRCA and the Government will work together to consider reforms to the business rate structure and appeals system on an LCR basis. Legislation will be introduced to provide powers for this.

**This power will be an LCRCA function.**

- 7.8 LCRCA will be provided with a power to pay a Mayoral allowance to the directly-elected Mayor of LCRCA. The provisions of the Local Authorities (Members' Allowances)(England) Regulations 2003 (as amended) will be amended to reflect that they apply to LCRCA.

**This power will be an LCRCA function operated taking into account the views of an Independent Remuneration Panel.**

- 7.9 LCRCA will be provided with a power to pay allowances to members and co-opted members of LCRCA. The provisions of the Local Authorities (Members' Allowances)(England) Regulations 2003 (as amended) will be further amended to reflect that they apply to LCRCA.

**This power will be an LCRCA function operated taking into account the views of an Independent Remuneration Panel.**

**8. Constitutional Issues**

- 8.1 It is proposed that the LCRCA Mayor will be obliged to present their strategies to LCRCA. The LCRCA may reject the strategies of the LCRCA Mayor, or any part of them, by a two-thirds majority (excluding the Mayor).
- 8.2 It is proposed that the LCRCA Mayor will have a functional power of competence similar to the powers contained in Section 113A of the 2009 Act in relation to Mayoral functions.
- 8.3 It is proposed that LCRCA will have the general power of competence pursuant to Section 113D of the 2009 Act and the Secretary of State will make an Order to provide for this if the Constituent Councils consent to the making of such an Order.

8.4 It is proposed that Article 4 and Schedule 1 of the 2014 Order be reviewed and, where appropriate, amended.

Specifically,

- whilst the current provisions on Membership will remain, additional provisions will be included regarding the position of the Directly Elected Mayor
- the provisions in relation to the Chairman and Vice Chairman will be deleted and replaced with provisions relevant to the LCRCA Mayor chairing the LCRCA and appointing a Deputy LCRCA Mayor
- additional provisions in relation to Proceedings will be included to clarify the matters which require the unanimous approval of Constituent Council members and matters which require the LCRCA Mayor to consult the LCRCA prior to determining any matter.

#### Unanimous

- All matters relating to the LCRCA Constitution, including amendments thereof
- The development of an LCR Framework supporting the delivery of strategic employment and housing sites throughout the City Region (see 2.1-2.4 above)
- All matters relating to the management, maintenance and funding of the Key Route Network (see 3.3 above)
- Any other matters which LCRCA shall determine requires the unanimous approval of Constituent Council members save for those matters in relation to which the voting requirements are prescribed by legislative provision

#### Consultation

- All matters relating to the setting of the annual budget and all financial or budgetary matters, including any changes, amendments or alterations to agreed budgets or spending plans
- All matters relating to the setting of any other LCRCA strategy, strategic framework, policy or plan, including any changes thereto
- All matters other than those which require unanimous approval or which the LCRCA Mayor has been given authority to determine

- the provisions in relation to Committees will be replaced by legislative provision
- the provisions in relation to Records and Standing Orders will remain
- the provisions in relation to Remuneration will be amended to enable allowances to be paid to the Directly Elected Mayor and Constituent Council members (see 7.8 and 7.9 above)

8.5 Article 3(2) of the 2014 Order shall be amended by the deletion of the words “Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral” and the addition in their place of “Liverpool City Region”. This is the term by which LCRCA is commonly referred to by Government and both within and outside the City Region area.