

Subject:	Our New Deal for Lancashire	Status:	For publication
Report to:	Council	Date:	31 January 2022
Report of:	Chief Executive	Portfolio Holder:	Leader of the Council
Key Decision:	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1. RECOMMENDATIONS

That Full Council:

- 1.1. **Support the outline "Our New Deal for a Greater Lancashire" at Appendix 1 as the initial draft basis for further discussion and development of a possible County Deal for the Lancashire area.**
- 1.2. **Agree the principles of governance as set out in Appendix 2 for any future deal.**
- 1.3. **Agree that the Leader of the Council continues to work with Lancashire Leaders in line with the principles agreed in recommendations 1.1 & 1.2 above, and note that any formal proposals will require approval by Full Council at the appropriate time.**

2. PURPOSE OF REPORT

To provide Full Council with an update on work undertaken towards development of strengthened joint working, a long term strategic plan and a County Deal for the Lancashire area and seek agreement to progress this work.

3. BACKGROUND

- 3.1. The attached report is being considered by the Full Council of each of the fifteen local authorities in Lancashire, that is, the county council, two unitary authorities and each of the 12 district councils.
- 3.2. The intention is that this report sets out the general principles and high level priorities of a long term strategic plan and County Deal. As progress is made, more details about specific asks will be developed, and there will be opportunities for all of the partner authorities to contribute to and influence that, including identifying specific schemes and activities.
- 3.3. Full Council is asked to consider the report and the recommendations set out above.

4. A NEW DEAL FOR LANCASHIRE

- 4.1. Lancashire has a rich heritage, it is a diverse county which has opportunities for all and is home to globally leading firms and nationally significant assets. Its thriving £34bn economy was growing rapidly prior to the pandemic with the 4th largest aerospace cluster in the world helping achieve significant productivity gains. With a population of 1.5m people, Lancashire's 54,000 businesses generate 749,000 jobs across a range of important and emerging sectors from manufacturing and hospitality to cyber, digital and low carbon. A place of amazing beauty, its natural assets support the economy and workforce as well as providing a thriving tourism destination for visitors and an opportunity to support net zero and

cleaner energy ambitions.

- 4.2. Local government arrangements in Lancashire are complex with a county council, two unitary authorities and 12 district councils. However, over the last two years, the context of a global emergency response has created a platform to empower Leaders of all the 15 local authorities in Lancashire to strengthen relationships and partnerships with wider stakeholders. Whilst the pandemic has generated significant, bespoke impacts in Lancashire that have exacerbated longer-term underlying structural issues and inequalities, Leaders are using this foundation as a basis for recovery and to drive forward economic growth.
- 4.3. With a robust evidence base and utilising the strong local knowledge of elected representatives, Leaders are developing a vision and ambition for the future of Lancashire looking ahead to 2050 to recover, grow and decarbonise the economy, improving the place and the life opportunities of its people. Their plans to achieve this will not only realise opportunities for Lancashire and UK plc but in doing so, help address many of the structural deficits and level up across the county.
- 4.4. With the Government's much-anticipated levelling up White Paper on the horizon, the time is right for Lancashire to move forward together with a collective voice to make the case for more powers and investment for all of Lancashire.

Leaders have identified that the work is now at a stage where it is important to secure the engagement and support of all members. This report is therefore being presented to all fifteen local authorities.

- 4.5. This report covers:
 1. **Lancashire 2050**, which sets out the headline themes which could be included in a long term strategic plan and ambition for Greater Lancashire.
 2. **Our New Deal for a Greater Lancashire**, which sets out an initial scope and is a first phase of work that could begin to frame a set of devolution asks as part of a County Deal.
 3. **Governance**, which sets out information about the governance options to oversee the long-term plan and deliver the deal, and the principles agreed by Leaders for any governance arrangements.
- 4.6. It is important to note that the Government's anticipated Levelling Up White Paper will influence to a large extent the shape and substance of a County Deal that Lancashire authorities will be able to pursue. The information, advice and proposals in this paper may therefore, need to change to reflect the white paper. This report and recommendations seek to position Lancashire so it is better placed to commence early County Deal discussions with Government.

5. DEVELOPING A LANCASHIRE PLAN

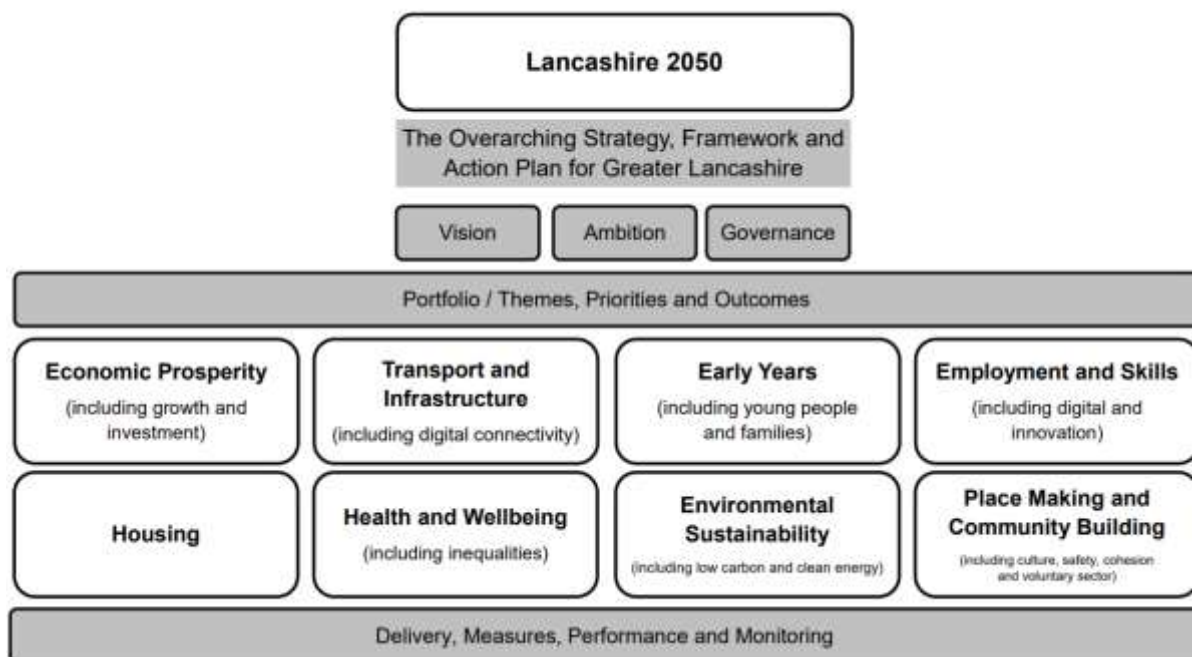
- 5.1. Significant work has taken place across Lancashire to gather evidence that will shape an overarching vision, strategy and plan for the whole of 'Greater Lancashire'. This work has helped inform the scale of ambition and the development of robust key priorities within the scope of what Our New Deal for a Greater Lancashire could look like, together with the governance principles described in this report.
- 5.2. Once fully developed and adopted, in tandem with a devolution deal, Lancashire's overarching strategic plan will be forward looking and take a long term view, setting the vision and ambition over a 20-30 year period. Approaching this strategic framework in this

way will ensure that the scope of Lancashire's devolution proposals addresses both the immediate priorities and longer term ambitions.

5.3. Hence, an overarching strategic plan that looks to Lancashire in 2050, would need to describe a broader ambition beyond the immediate priorities framed by the four themes set out within the scope for Our New Deal for a Greater Lancashire, attached as Appendix 1. Developing the strategy and priorities this way also ensures that policy areas overlap to tackle cross cutting opportunities such as skills, health and the environment, avoiding any unintentional policy silos. For example, tackling priorities that are currently included in the devolution scope around early years, housing quality, employment and skills, will also address some of the wider determinants of poor health as part of a longer term ambition for Lancashire, even though health priorities are yet to be agreed and fully set out working with our partners in the NHS through the Lancashire and South Cumbria integrated health and care system.

5.4. As a result, in addition to the four themes identified within Our New Deal for a Greater Lancashire, additional policy areas within the Lancashire 2050 strategic plan could include themes such as health (including inequalities, improvement and wellbeing) and community building (including crime and public safety), see Diagram 1 below. Work to shape and consult on Lancashire 2050 will continue in tandem with work on Our New Deal for a Greater Lancashire over the coming months and report through to Leaders and Councils and ultimately through any new governance arrangements adopted.

Diagram 1 Lancashire Plan Scope Illustration

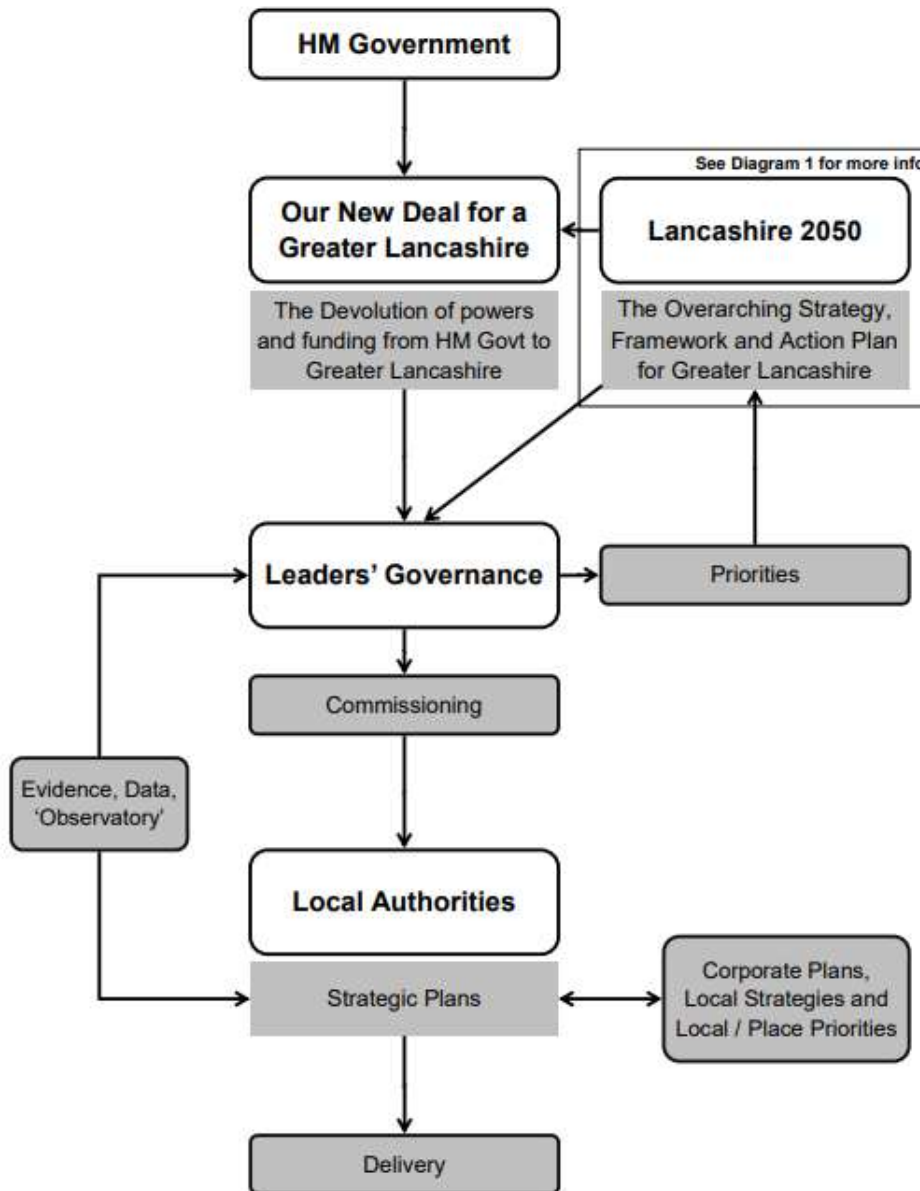


5.5. **Our New Deal for a Greater Lancashire (Appendix 1)**

With a long term strategic plan in place, our ask of Government through a county deal, would be for the devolved powers, flexibilities and funding to accelerate the delivery of the immediate priorities set out in the plan, see Diagram 2, overleaf. Based on the experience of other areas which have secured devolution deals, our ask could be in the order of £5bn investment into the wider Lancashire area to address local needs and priorities as determined by and in Lancashire over the next 5-10 years. This would be across four core themes of:

- Economic growth and investment
- Transport, connectivity and infrastructure
- Early years, education, adult skills and employment
- Environment, climate change and housing quality

Diagram 2 Our New Deal for a Greater Lancashire Illustration



6. RISK

6.1. Governance

As the detail of the governance body has not yet been resolved, the exact governance risks will need to be further clarified. One of the agreed principles is that Rossendale's current services, including statutory functions and discretionary services, would not be included in any county deal arrangement without the express agreement of this council. This mitigates a risk of loss of control of existing council functions to the new governance structure without agreement and this is important in the final deal. The outline Deal makes provision for individual councils to leave the Deal and the decision-making body

arrangements.

6.2. Financial

There is currently no direct risk to the council's existing financial resources. However, the council will have to have close regard to any future financial demands for support to the future governance body or the projects it initiates.

6.3. Reputation

The Deal presents a good opportunity to secure significant new resources for Lancashire. Failure to agree to participate in the Deal is likely to have a negative impact on the reputation of all the councils in the county.

6.4. The Deal reflects Rossendale's priorities

The outline Deal reflects many of the council's agreed priorities and is likely to enable more resources to be secured to boost the economy, improve transport, housing and the environment. However, the council must continue lobbying to ensure key priorities relating to rail connectivity, early years support, support for the housing market and flood prevention are reflected in the final deal proposal.

7. **FINANCE**

As progress is made, consideration will need to be given by Leaders and councils to support and resource options to manage and deliver any agreed Deal. Local authorities will need to consider a fair way for each partner authority to contribute. It is also the intention to seek capacity funding from Government as part of the negotiation process for a new Deal. The scale of financial support being sought from Rossendale BC is still to be clarified but for 2022/23 indicatively this is likely to be in the region of £20k, which will be budgeted for in the councils' 2022/23 Medium Term Financial Strategy.

8. **LEGAL**

8.1. The full legal implications of signing up to a future governance body have yet to be determined. These issues will be worked through and will be clearly outlined in a final report which will be provided for the consideration of Full Council.

8.2. The new governance body will be founded on a set of principles outlined in full in Appendix 2. Rossendale's current services, including statutory functions and discretionary services, would not be included in any county deal arrangement without the express agreement of this council.

9. **POLICY AND EQUALITIES IMPLICATIONS**

A county deal would have significant positive implications in major policy areas like the economy, transport and the environment. The exact implications will be better known in the the finalised deal which will be considered by Full Council in the future.

10. **CONCLUSIONS AND NEXT STEPS**

In order for Lancashire to move forward with a strong collective voice, the engagement and support of all councils will be extremely important. This will give Leaders a mandate to collectively move forward on the issues set out in this report, and to engage with government to develop and deliver a great deal for Lancashire, for presentation back to each Full Council in Lancashire to consider and decide.

Background Papers	
None	



Purpose

This document sets out an initial scope and is a first phase of work that could begin to frame a set of devolution asks as part of Our New Deal for a Greater Lancashire – through which potential powers and responsibilities would be devolved to Lancashire from Government – in order to support delivery of Lancashire's overarching strategic plan (Lancashire 2050). The initial scope of the deal is focused on the key priorities agreed by Leaders, having considered the available evidence, on four key themes which require devolution from Government:

- economic growth and investment
- transport, connectivity, and infrastructure
- early years, education, adult skills, and employment; and
- environment, climate change and housing quality.

Within each theme, initial funding asks have been identified varying from single figures to suggested multi-year settlements over a range of time periods. **The total indicative value of the request of Government for these initial proposals is in the order of £5.6billion over a seven year period.**

Theme 1 - Economic Growth and Investment

Overview

The scale and importance of the Lancashire economy cannot be overstated, being the second largest in the North West behind only Greater Manchester. A thriving Lancashire remains one of the pre-requisites to a successful economy in the North of England. It is a location which can continue to build on existing clusters of excellence, whilst embracing the opportunity offered by new and emerging technologies and challenges such as cyber, low carbon and clean energy.

The focus of our work will be to ensure that proposals are aligned to supporting fast and sustainable economic recovery and onwards to long-term growth. It will focus on protecting existing employment and economic activity, whilst also driving up productivity, accelerating the commercialisation of low carbon technologies and seeking out new opportunities through stimulating innovation and developing collaborative partnerships. Climate action and mitigation will be key in relation to reducing energy emissions from housing and driving up technological skills. The future role of our towns will also be key and the part they play as places to live, work, study and innovate, consume, and visit. In doing so, this will help to reverse the major impacts of the pandemic on the Lancashire economy, its employers, its workforce and address the wider determinants of health across the communities in which they live.

Strategic objective:

To strengthen, grow and diversify our economy to extend the existing pockets of UK leading productivity across Lancashire as a whole and maximise the value of our people, land, and business assets. We will deliver growth through investment and manufacturing/innovation accelerators in town centres and local economies, unlocking strategic sites and focusing on jobs, skills, low carbon, health innovations, clean energy, and renewables, maximising our assets and strengths in manufacturing, cyber, digital, and the visitor economy.

The total annual indicative value of the request of Government for the Economic Development and Investment theme is in the order of £200million per annum.

Theme 2 - Transport, Connectivity and Infrastructure

Overview

Lancashire's economic geography is complex and spatially polycentric. Connectivity - both physical and digital - is unequally distributed and under-provided. This is holding back Lancashire's full potential and that of the North as a whole. There are compelling reasons to want to improve both East-West and digital connectivity in Lancashire to tackle some of the worst climate, health and socioeconomic outcomes; provide employers with a larger pool of workers to draw from, enabling the development of more highly specialised sectors, increasing productivity through agglomeration; and integrating Lancashire's divided economy into one.

Strategically positioned between the rural areas of Cumbria and Pennines and the major cities of Leeds, Manchester, and Liverpool, Lancashire's best transport connectivity runs North-South, but most people live East-West in a central corridor stretching from Pendle and the Yorkshire borders to Blackpool and the coastal economies. Improving links East-West across the county allows residents to access the major North-South connections more easily maximising opportunities such as high speed rail (HS2). The focus for these links will include bus, renewables-powered electric heavy and light rail, and active travel (walking and cycling).

Lancashire is 80% rural and does not have one major settlement which everywhere looks towards. Rather it has groupings of small cities, large towns and freestanding medium-sized towns within urban areas. Those urban areas are better served by digital connectivity. Improved digital connectivity will support the people, businesses, rural and coastal economies and associated natural environment to achieve their significant economic potential, help level up health and wider inequalities and achieve demanding environmental ambitions.

Furthermore, aligning investment in transport and digital infrastructure and utilities with investment in major development and strategic priorities will unlock the economic potential of Lancashire. The high-speed digital cable into Blackpool; the Pennine Industrial District connected by the M65 Manufacturing Corridor; and strategic road and rail connections including cross borders to the major cities of Leeds, Manchester, and Liverpool, will maximise potential across Lancashire and the north as a whole.

Strategic objective:

To level up transport infrastructure along the east-west growth corridor and connect people, business, jobs, education, and investment through improved transport supported by active travel, bus, cycling and walking and full fibre broadband unlocking major development and employment investment

The total annual indicative value of the request of Government for the Transport, Connectivity and Infrastructure theme is in the order of £150million per annum.

Theme 3 - Early Years, Education, Adult Skills and Employment Workstream

Overview

Skills investment is arguably one of the most important priorities for the country (and county) to level up – creating places attractive to higher productivity businesses and increasing social mobility and improving life chances, health outcomes and opportunity for all Lancashire's 1.5million residents.

Through skilling up the population, Lancashire aims to build a talent pipeline aligned with the needs of the economy, enhancing productivity, tackling climate change and, by connecting the workforce to good quality jobs, open up opportunities for career progression, higher wages and improved standards of living. This theme will cover an increased focus on preparing children in the early years of life (0-5) for school readiness as well as focusing on upskilling and improving outcomes for young people and adults (post 16) and those in their working years. This will include working with businesses to improve skills utilisation, job quality, wages, and recruitment.

Most places in Lancashire have a very low skills base with 23% of residents with either no qualifications or NVQ1 qualifications and there is a major skills deficit at NVQ Level 4 when compared with the North West and UK averages.

Strategic objective:

To increase focus on preparing children in the early years of life (0-5) for school readiness and to 'level up' the skills of the working age population, by ensuring that Lancashire residents are able to effectively access high quality skills provision and compete for employment opportunities which enables them to secure a higher quality of life and maximise the existing and emerging strengths in Lancashire's economy including climate change, clean energy, cyber, digital and data.

The total annual indicative value of the request of Government for the Early Years, Education, Adult Skills and Employment theme is in the order of £260million per annum.

Theme 4 – Environment, Climate Change, and Housing Quality

Overview

Tackling climate change and reducing our greenhouse gas emissions is one of the biggest challenges facing our society and significant action is needed across Lancashire to achieve government targets set to reach net zero by 2050. Working together will improve the resilience of Lancashire to the impacts of climate change, such as flooding, on communities, businesses and the wider economy. There is a need for locally led, place-based approach to energy solutions such as decarbonising heating systems, improving energy efficiency and local renewable electricity generation to meet current and future growth needs. Much of Lancashire's housing stock falls severely below standards and is energy inefficient – domestic gas is the second biggest contributor to emissions in Lancashire, after transport. Beyond the environmental and health benefits of reducing emissions, there are significant economic opportunities locally and nationally in the transition to low carbon energy technologies with growth in new high-value industries and more productive, higher paid jobs.

Very poor housing quality is a prominent feature of many of Lancashire's urban centres with some areas having significant volumes of stock over 120 years old and others having very low volumes of houses built to more modern quality standards over the last 20 years. Poor quality and condition including cold, damp and energy inefficient housing, contributes to high CO2 emissions and fuel poverty. This poor-quality housing – typically older, private sector rented stock – plays a crucial role in driving some of the worst health outcomes in England and plays a key role in constraining efforts to regenerate the county's most deprived places. Existing powers are not effective in delivering strategic change and reversing cycles of decline. Intervention in these areas of chronic housing failure will create a platform for better social outcomes, supporting regeneration and economic growth. Benefits include the creation of new jobs, skills and training in construction as well as tackling climate change through installation of cooling and heating systems and mitigating future risks from increased flooding. Improving the quality of housing stock will help to provide residents with attractive, spacious, appropriately heated homes with affordable bills, which are better adapted for life long living. In turn, this will contribute to the strength of the workforce and health of the population as a whole. Devolution presents an

opportunity to bring forward new powers and resource that can tackle the challenges and create more balanced, better-quality housing that can stabilise and transform lives in the areas of greatest opportunity in Lancashire.

Strategic Objective:

To level up green action and investment in Lancashire to achieve our pathway to net zero carbon emissions, protecting our natural environment and neighbourhoods, investing in carbon reduction measures and transforming housing quality. This will include a specific focus on developing a skilled workforce and business supply chain, delivering large programmes to drive improvements in the energy efficiency and quality of homes.

The total annual indicative value of the request of Government for the Environment, Climate Change, and Housing theme is in the order of £200million per annum.

GOVERNANCE

The governance structures for delivering the strategic plan priorities and accelerating that delivery through a County Deal would need to be designed with two aims in mind:

- to create the best arrangements to deliver the priorities within the strategic plan and the Deal itself
- to ensure decisions are made democratically and with all partners having an equal voice.

To this end, Leaders have agreed a set of core principles which should be applied in the establishment of any governance arrangements for joint working and delivering a County Deal. The principles set out below will form the basis of a negotiation with Government including the implications of any white paper:

- Lancashire authorities do not collectively support a Mayoral Combined Authority or local government reform
- Each authority would be represented on the decision making body by their Leader
- Each authority's current services, including statutory functions and discretionary services would not be included in any county deal arrangement without the express agreement of that authority
- The voting principle is one council, one vote, with a two thirds majority required for any proposal
- Each council will have a veto if any proposal is in their area, if their money is required or if they can reasonably demonstrate that it is reasonably likely to have a material impact on their area unless there are special circumstances to proceed (e.g. policy, legal, public safety reasons).
- Individual councils will have the right to leave the Deal and the decision making body arrangements
- It would initially be chaired by Lancashire County Council which will also act as the accountable body (under some governance models an Accountable Body may not be necessary)

Initial discussions with Leaders have started to consider a range of possible options for more formal joint working and to govern the delivery of a devolution framework and a county deal. A number of options are being explored, including joint committees, statutory boards, non-statutory boards, a local authority owned company and other informal working arrangements. This may also be largely dependent on the contents of the White Paper and any specifications it makes for the governance of County Deals.

Whatever the arrangements identified as best suited to the Lancashire area, each individual Local Authority's Full Council would need to give approval to its participation

As the governance arrangements are developed further, a number of important issues will need to be addressed, such as managing possible conflicts of interest, providing indemnities to members against liabilities, borrowing and funding arrangements and the detail of meeting processes. Each governance model option may require different solutions to these kinds of issues. A representative working group of officers including several Monitoring Officers has already begun work on these issues.

Resources

As progress is made, consideration will need to be given by Leaders and councils to support and resource options to manage and deliver any agreed plan and Deal. Local Authorities will need consider a fair way for each partner authority to contribute. It is also the intention to seek capacity funding from Government as part of the negotiation process for a new Deal.