



Meeting of the City Council

2 March 2016

Report title	Creating the Combined Authority	
Referring body		
Councillor to present report	Councillor Roger Lawrence	
Wards affected	All	
Cabinet Member with lead responsibility	Councillor Roger Lawrence Leader of the Council	
Accountable director	Keith Ireland	
Originating service	Managing Director	
Accountable employee(s)	Rachel Ratcliffe Tel Email	Policy Officer – Transformation 01902 551969 rachel.ratcliffe@wolverhampton.gov.uk
Report to be/has been considered by		

Recommendation(s) for action or decision:

The Council is recommended to:

1. Consent to the draft Statutory Order, to create the West Midlands Combined Authority, subject to minor and drafting amendments.
2. Delegate to the Leader of the Council, in consultation with the Managing Director, final consent to the Order and the ability to agree with government any further drafting amendments to the Order that may prove necessary.

Recommendations for noting:

The Council is asked to note:

1. The progress made in establishing the West Midlands Combined Authority and the remainder of the relevant process to be followed.
2. The draft Combined Authority Constitution.

1.0 Purpose

- 1.1 To present the draft statutory Order for the creation of the West Midlands Combined Authority to Council for consent, subject to minor and drafting amendments. To seek delegation to the Leader of the Council, in consultation with the Managing Director, final consent of the Order and the ability to agree with government any further drafting amendments to the Order that may prove necessary.

2.0 Background

- 2.1 The Seven Metropolitan Councils of the West Midlands conducted a Review of Strategic Governance in 2015 to assess whether the arrangements for economic development, regeneration and transport as they stood should continue or would benefit from improvements. This review highlighted the positive joint working to date that has been in place through informal arrangements, and then considered the options for the future. It considered change against the key statutory tests under the Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act):

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

- 2.2 The Review concluded that the establishment of a Combined Authority for the West Midlands was best placed to support business to generate further growth and to create jobs, thus securing an improvement in the region's economic conditions. The Combined Authority would draw together strategic work across transport, economic development, employment and skills, improving outcomes and providing opportunity for the region. The Governance Review is appended to this report at appendix 1.

- 2.3 The 2009 Act enables authorities to prepare and publish a Scheme (the Scheme). The Scheme was then drafted for the establishment of a Combined Authority for the area. This is the legal basis for the creation of the new body and contains the membership, powers, functions and voting arrangements. The Scheme was approved by Council on 23 September 2015 and agreed that the City of Wolverhampton should formally become a Constituent member of the West Midlands Combined Authority. The other six Metropolitan Authorities in the Scheme area also endorsed the proposals.

- 2.4 The Scheme was submitted to Government on 26 October 2015. (Appendix 2)

- 2.5 Under the 2009 Act, once the Scheme is submitted, the statutory Order is drafted by Government, based on the Scheme, and a consultation carried out. In response to changing legislation under the Cities and Local Government Devolution Act 2016 with regards to establishing Combined Authorities, whereby if the Constituent Councils carry out a consultation that the Secretary of State deems sufficient no further consultation is required, discussions were held with DCLG.

To ensure that a Combined Authority can be established as soon as possible, the seven prospective Constituent Councils carried out the consultation. This consultation is building on the engagement in the region from July 2015 and carried out to satisfy the requirement of consultation, to inform the Secretary of State's decision to establish a Combined Authority.

- 2.6 The consultation ran from 18 January – 8 February 2016. The summary sent to the Secretary of State and DCLG is attached in appendix 3.
- 2.7 As detailed above, the proposal for the Combined Authority is based on the Scheme. As Council is aware, following the publication of the Scheme document a proposed devolution deal was signed by the Leaders of the seven Constituent councils and the three Local Enterprise Partnership Chairs in November 2015. The proposed devolution deal is dependent on a separate approval by each Constituent authority. This report is not dealing with that approval.
- 2.8 Therefore the proposals on which views were sought in the recent consultation and which are the subject of the Order presented to Council today are separate from what is in the devolution deal and based purely on the Scheme approved in September 2015. Though a Combined Authority is a pre-requisite for delivering devolution, setting up a Combined Authority is a separate decision addressed in this report.
- 2.8 Following the submission of the consultation summary responses, the Secretary of State will consider the responses. The Constituent Councils will be provided with the draft Order on 22 February 2016 (appendix 4) to confirm their previous decisions that the Council should formally become a Constituent member of the West Midlands Combined Authority, consenting formally to the Order, with any final drafting amendments delegated to the Leader of the Council, in consultation with the Managing Director. This will ensure that the Order can be laid before Parliament without delay.
- 2.9 Once consent is given to the draft Order the Secretary of State will invite Parliament to approve the Order to establish the Combined Authority, and for the abolition of the West Midlands Integrated Transport Authority, which will be subsumed within the Combined Authority.
- 2.10 Subject to the above Council consent and the passage of the Orders through Parliament, the Combined Authority's inaugural meeting will be held on 1st June 2016, at which point it will agree its Constitution and ways of working. This will enable the Combined Authority to assume democratic responsibility for the functions of the West Midlands Integrated Transport Authority, and its executive Passenger Transport Executive (Centro), as well as accepting transfer of its assets and liabilities.
- 2.11 The Combined Authority's Annual General Meeting will take place on 1st June 2016.

3.0 Remit of the Combined Authority

- 3.1 The remit of the Combined Authority for the West Midlands Combined Authority will be strategic economic development, regeneration, transport, employment and skills functions that can be better delivered collaboratively across the West Midlands. The Combined Authority will remain a focused strategic decision making body, with responsibility over those strategic issues where it is mutually beneficial for local authorities, Centro, and the Local Enterprise Partnerships to work together. It is not a 'super Council' and each Council will maintain its independence and sovereignty.
- 3.2 Each Constituent Council will be represented on the Combined Authority by two elected members, this is to ensure that Constituent Members are the majority (there are 7 Constituent Members and 8 Non-Constituent Members). The Constituent members will form the core membership of the Combined Authority, with the one representative from each Non-Constituent member.

4.0 Underpinning Documents

- 4.1 As a statutory organisation, the Combined Authority requires a Constitution to be in place to describe how it will operate its functions. This has been developed by Legal and Democratic Services officers from all Member Councils in line with the approved Scheme and is provided to Council for noting.

5.0 Appointments to Combined Authority and Structure

- 5.1 The Constitution of the Combined Authority provides for Constituent Councils to appoint two Members to the Combined Authority, along with a substitute Member. Council will be requested to nominate two members at its Annual General Meeting in May 2016.
- 5.2 The Combined Authority will establish a Scrutiny Panel. Scrutiny arrangements require one nomination from each Constituent Council. Council will also be requested to nominate one member of Council to the Combined Authority Scrutiny Panel at its Annual General Meeting Council in May 2016.

6.0 Financial implications

- 6.1 The agreed Combined Authority establishment budget for 2015/16 is £2.1 million, with each of the participating local authorities contributing a total £300,000. In 2014/15 £50,000 of the contribution due from the City of Wolverhampton Council was set aside in a Combined Authority Reserve. Approval was given at the previous Cabinet on 22 July 2015 for the remaining £250,000 to be funded by transfer from the Regional Work Reserve.
- 6.2 The report entitled '2016/17 Budget and Medium Term Financial Strategy 2016/17 – 2019/20', to be considered at Cabinet on 24 February 2016 and Council on 2 March 2016, contains a proposal for provision for an anticipated levy from the Combined Authority totalling £500,000 for 2016/17. It is understood that all six Constituent members are doing the same.
[CN/19022016/V]

7.0 Legal implications

7.1 The Local Democracy, Economic Development and Construction Act 2009 (as amended) allows two or more local authorities to form a combined authority which is a separate public body and which may exercise certain functions of the member authorities.

The decision to create a combined authority rests with the Secretary of State. The Secretary of State may only make an order creating the new Combined Authority if he is satisfied that:

- to do so is likely to improve the exercise of statutory functions in the area or areas to which the order relates,
- the constituent councils consent,
- public consultation has been undertaken

In making the Order the Secretary of State must have regard to the Scheme that has been prepared and published.

[Legal Code: TS/19022016/C]

8.0 Equalities implications

8.1 An equality analysis has been conducted and there is no indication that the formation of a Combined Authority will have negative implications for protected groups. Going forward, work carried out by the proposed Combined Authority will be subject to Equality Analyses as required, to ensure they are complying with the Public Sector Equality Duty.

9.0 Environmental implications

9.1 None

10.0 Human resources implications

10.1 It is proposed that the ITA and PTE will be dissolved and taken into the Combined Authority, this will involve the TUPE of ITA and PTE employees.

11.0 Corporate landlord implications

11.1 None

12.0 Schedule of background papers

12.1 Governance Review
Scheme
Consultation summary
Draft Order
Assurance Report