

# Meeting of the City Council

## 2 March 2016

<b>Report title</b>	Approval of the Devolution Deal	
<b>Referring body</b>		
<b>Councillor to present report</b>	Cllr Roger Lawrence	
<b>Wards affected</b>	All	
<b>Cabinet Member with lead responsibility</b>	Councillor Roger Lawrence Leader of the Council	
<b>Accountable director</b>	Keith Ireland	
<b>Originating service</b>	Managing Director	
<b>Accountable employee(s)</b>	Rachel Ratcliffe Tel Email	Policy Officer – Transformation 01902 551969 <a href="mailto:rachel.ratcliffe@wolverhampton.gov.uk">rachel.ratcliffe@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>		

### Recommendation(s) for action or decision:

The Council is recommended to:

1. Endorse the West Midlands Combined Authority Devolution Agreement, including the creation of an elected Mayor, subject to agreement with Government of the scope and discharge of Mayoral functions.
2. Agree to receive a further report at the appropriate time on amendments to the Combined Authority resulting from the requirements of the devolution deal. Council instructs the Leader of the Council, in consultation with the Managing Director, to take any further decisions necessary to bring about the implementation of the Agreement, working with the other members of the Shadow Combined Authority Board and the government.

### Recommendations for noting:

The Council is asked to note:

1. The historic West Midlands devolution agreement signed on 17 November 2015 and recognises that this is the start of a process of devolution with the potential for significant further steps. Council further notes that the subsequent work on a clarification process and an assurance process has been satisfactorily completed.

[PROTECT]

2. That the subsequent work on a clarification process and assurance work has been satisfactorily completed.

## **1.0 Purpose**

- 1.1 To inform Council of the progress with the devolution deal and seek approval of the deal.

## **2.0 Background**

- 2.1 The Leader of the Council, in common with the other members of the Shadow Board of the West Midlands Combined Authority (WMCA) and the chairs of the three Local Enterprise Partnerships signed a proposed Devolution Agreement with the Chancellor of the Exchequer on 17 November 2015.
- 2.2 All seven of the council leaders were satisfied that the proposed Agreement represented a good deal for the West Midlands and would open up a process of dialogue and further agreement with the Government that would be to the significant advantage of all the councils. However, the Agreement was conditional on approval from each council and as such was a “proposed agreement” or statement of intent. The effect of Council approval would be to complete the agreement process.
- 2.3 The Agreement is an historic moment for the West Midlands and the first step in securing the powers, resources and independence needed to drive economic growth and public service reform and deliver real outcomes for local people in terms of jobs, homes, better transport and better public services. It will open up potential investment funds totalling £8bn and increase confidence in the local area so that further private sector investment can be leveraged. It sits alongside the Midlands Engine project, a partnership with government covering the whole West and East Midlands, including the Midlands Connect initiative to take forward east-west transport investment.
- 2.4 The Devolution Agreement covers the following headings:
- Finance, including £36.5m per annum government revenue funding for 30 years to support a locally controlled investment fund
  - Governance, including the election of a Mayor for the metropolitan area in May 2017
  - Skills
  - Employment
  - Supporting and attracting business and innovation
  - More and better homes
  - Transport
  - HS2 Growth Strategy
  - Public service reform, including taking forward the recommendations of the Mental Health Commission, supporting troubled individuals, reforming youth justice and the One Public Estate initiative.

## **3.0 The process for taking forward the Agreement since November**

- 3.1 Since the signing of the proposed Agreement, officers have been working with government officials and reporting to the WMCA Shadow Board to complete:

- A clarification process – to ensure a common understanding of all the details of the Agreement and the timescales for implementation
- An assurance process – covering the legal and financial aspects of the Agreement.

3.2 A high level Implementation Plan has also been developed in partnership with government to identify lead accountabilities and milestones for each element of the Agreement. A specific implementation plan has also been developed for the HS2 Growth Strategy, setting out the timescales and resources for the various parts of the strategy.

3.4 Council approval to the Agreement will enable funding to start at the beginning of the 2016-17 financial year and work to be taken forward on the Implementation Plan during the year ahead. It will also enable the WMCA to begin developing proposals for the next stage of devolution and to explore further specific investment opportunities with the government.

#### **4.0 Next Steps**

4.1 Subject to Councils approval to the Agreement, a Mayoral Order will be drafted and presented to Council in May for approval. The Order to provide for Mayoral elections will be laid before Parliament in July, the powers and functions it devolves to the Combined Authority and the Mayor will be included in a revised Scheme for the Combined Authority, to be submitted to Parliament towards October 2016. That Scheme will be the subject of public consultation and the Order to be submitted to Parliament will be brought to Council for approval at the end of that consultation.

#### **5.0 Financial implications**

5.1 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.

5.2 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]

#### **6.0 Legal implications**

6.1 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/D]

## **7.0 Equalities implications**

- 7.1 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.

## **8.0 Environmental implications**

- 8.1 None

## **9.0 Human resources implications**

- 9.1 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.

## **10.0 Corporate landlord implications**

- 10.1 None

## **11.0 Schedule of background papers**

- 11.1 Proposed devolution deal  
Devolution deal summary  
Devolution assurance report