

Cabinet Meeting

22 July 2015

Report title	Approval for a Combined Authority engagement process	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Roger Lawrence Leader of the Council	
Key decision	Yes	
In forward plan	No	
Wards affected	All	
Accountable director	Keith Ireland, Managing Director	
Originating service	Combined Authority Programme	
Accountable employee(s)	Rachel Ratcliffe Tel Email	Programme Officer – Combined Authority 01902 551969 Rachel.Ratcliffe@wolverhampton.gov.uk
Report to be/has been considered by	N/A	

Recommendation(s) for action or decision:

The Cabinet is recommended to:

1. Delegate approval to the Leader of the Council, in consultation with the Managing Director, through an Individual Executive Decision Notice, to approve, as and when they become available, the draft governance review findings and scheme.
2. Submit the final governance review and scheme to full Council on 23 September 2015 for approval.
3. Agree to the holding of engagement events on the proposals contained within the draft governance review.
4. Approve the transfer of £250,000 from the Regional Work Reserve to fund the Council's contribution to the next stage of the Combined Authority implementation.

Recommendation for noting:

The Cabinet is recommended to:

1. Note the work conducted to date on the Combined Authority Programme.

1.0 Purpose

1.1 This report outlines:

- The actions undertaken by the Leader of the Council and Council employees to progress the process for the creation of a Combined Authority in the West Midlands
- The process undertaken to conduct a governance review in respect of the combined authority which is being considered in the West Midlands
- The proposed approach to engagement and seeks agreement to host specific events on the review of strategic governance and the operation of a potential West Midlands Combined Authority

2.0 Background

2.1 A Combined Authority is not a 'super council / authority' or a merger of local authorities. Whilst a combined authority is a legal entity, each local authority retains its own local identity and powers. An approach of this nature enables local authorities to be in control of the governance arrangements for establishing a Combined Authority. Any 'asks' of Government will always be predicated on the needs of the locality each local authority represents and wishes to secure economic benefits for.

2.2 Following the Queen's Speech in May 2015, the Government has confirmed its commitment to provide the legislative framework, via the proposed Cities and Local Government Devolution Bill, to deliver future devolution deals for local government. This political commitment follows on from the creation of Combined Authorities for Greater Manchester, Sheffield City Region, West Yorkshire, Liverpool City Region and the North East. Furthermore, this legislation will provide the legislative framework to deliver the devolution agreement signed between government and the Greater Manchester Combined Authority in relation to devolved powers and budgets.

2.3 Broadly, a Combined Authority provides local authorities with the opportunity to collectively:

- secure greater resources from government over the long-term (ten years+)
- engage with government on issues and functions that cross local authority boundaries (such as transport, economic development, skills, business support, inward investment and employment)
- be consulted and ultimately influence the delivery of national programmes to address local need

The following actions, detailed below, have been undertaken to progress the feasibility of establishing a Combined Authority in the West Midlands area:

January 2015	Combined Authority Programme Office established, led by Wolverhampton City Council, to support local authorities in assessing the feasibility of creating a Combined Authority.
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<p>March 2015 onwards</p>	<p>Establishment of six principal workstreams, namely:</p> <ul style="list-style-type: none"> (i) Creation of the Combined Authority – identifying the necessary steps required to create a combined authority. (ii) Economic Analysis - undertaking economic analysis to understand the Functional Economic Market Area (FEMA) in the West Midlands; essentially, focusing on travel to work data, migration patterns and industrial specialisations. (iii) Infrastructure - identification of key regional and sub-regional infrastructure interventions and requirements. (iv) Balance – identifying how each partner can benefit from a Combined Authority, with the understanding that not every area will benefit at the same time in the same way. (v) Public Sector Reform (PSR) – considering opportunities for building on successful preventative services (e.g. Troubled Families) (vi) Communications – tasked with developing the communications protocols and strategy for the programme and co-ordinating media enquiries.
<p>28 and 29 April 2015</p>	<p>Leaders’ Summit (including Chief Executives) – agreement reached on the founding principles.</p> <ul style="list-style-type: none"> (i) All Leaders are committed to working together to deliver the vision behind the Combined Authority (ii) All communities will benefit from the Combined Authority, but not all communities will benefit at the same time, or in the same way (iii) The Combined Authority should facilitate smarter investment decisions with better outcomes (iv) The Combined Authority should deliver economic growth for the benefit of its communities (v) The Combined Authority should reform fragmented public services (vi) The Combined Authority should ‘walk before it can run’ and the initial focus should be on small, but high impact, number of ‘early wins’

May 2015	Coventry City Council and Solihull Metropolitan Borough Council – ‘in principle’ agreement to proceed with discussions.
1 June 2015	Meeting held with the Chancellor, George Osborne, former Deputy Prime Minister, Lord Heseltine, Local Government Secretary, Greg Clarke, and Local Government Minister, Marcus Jones with the Leaders of Birmingham, the Black Country, Coventry, Solihull Councils plus the Leader of Lichfield Council, alongside representatives from the three regional Local Enterprise Partnerships (LEPs) in Birmingham.
24 and 25 June 2015	Leaders’ Summit including districts and county that make up the three LEP areas.
6 July 2015	The seven Metropolitan Councils released a launch statement, with a supporting letter from the three LEP chairs, and engagement with the Districts and County. This document shows how the area can drive forward joint objectives in support of economic growth and progressive public sector reform.

In line with the initial priorities agreed at the Leaders’ Summit in April 2015 the potential economic benefits for the City of Wolverhampton are detailed below:

Enterprise Zones	<p>Aim: To develop a proposal to extend the Black Country and Birmingham Enterprise Zones geographic boundaries and timeframe.</p> <p>Opportunities:</p> <ul style="list-style-type: none"> To balance the location of major employment provision to meet the growth demands of existing and future businesses; in particular, those in the high value manufacturing sector and associated supply chain.
Skills	<p>Aim: To develop a proposal to produce a coherent skills strategy and programme, co-ordinated across agencies (local authorities, Department for Work and Pension, Department for Business, Innovation and Skills and Department for Education) or combining the roles.</p> <p>Opportunities:</p> <ul style="list-style-type: none"> Creation of a single and coherent skills strategy Greater flexibility on skills budgets to deliver employer-led provision. Greater co-ordination of skills provision across all agencies.

<p>Business support and International Inward Investment</p>	<p>Aims: To develop a ‘one front door’ approach to providing business support and facilitating international investment, which is more efficient and effective across the Combined Authority area, building upon the programmes, services and interfaces that the local authorities and LEPs have in place. To determine the region’s approach and strategy to the offer and ask in relation to business support, inward investment and trade.</p> <p>Opportunities:</p> <ul style="list-style-type: none"> • ‘One front door’ approach with enhanced services to Wolverhampton businesses • Single Memorandum of Understanding with UK Trade and Investment and potentially other business support providers (Manufacturing Advisory Service)
<p>Transport</p>	<p>Aims: Develop a Single Economic Impact Assessment to assess the wider benefits and implications of transport programmes across the CA area and beyond, which can be used to prioritise investment. Develop a transport strategy for the CA region that articulates how transport will support the CA vision, interlinking with the skills and housing and employment spatial strategies.</p> <p>Opportunities:</p> <ul style="list-style-type: none"> • Secure greater resources for transportation improvements to link Wolverhampton with the regions transport networks • Improving access to key regeneration sites within the City, for example i54 and Bilston
<p>Collective Investment Vehicle</p>	<p>Aim: To develop an investment vehicle that is controlled by the Combined Authority and can be used for a wide array of investments across the Combined Authority.</p> <p>Opportunities:</p> <ul style="list-style-type: none"> • Develop a single strategy to inform future investment decisions • The vehicle will look to leverage private sector investment that can be used to deliver the priorities of the Combined Authority, deliver a range of Offers and Asks, and/or specific programmes of activity. • To secure investment, in partnership with the private sector and government, to bring forward and assemble unviable brownfield sites across in Wolverhampton in line with the review of the Core Strategy for the Black Country

3.0 Governance Review and Scheme – the statutory process

- 3.1 In accordance with Section 108 of the Local Democracy, Economic Development and Construction Act 2009 a governance review will be undertaken to assess how a potential Combined Authority could address the effectiveness and efficiency of:
- (a) transport within the area covered by the review
 - (b) arrangements for economic development and regeneration within the review area.
- 3.2 The statutory process for establishing a Combined Authority is a phased process consisting of three opportunities for individual local authorities to confirm their approval:
- (i) The approval to engage on the proposals which will include the following actions:
 - local workshops to collect views and evidence from stakeholders in each constituent authority, the Integrated Transport Authority (ITA) and the Local Enterprise Partnerships (LEPs) to consider the functions or activities that could benefit from strengthened collaborative governance arrangements
 - one-to-one interviews with external stakeholders, including LEP members, Chambers of Commerce and neighbouring local authorities, to collect views on the draft proposals
 - options assessment based on the above evidence.
 - (ii) The second opportunity will follow the engagement process on the governance review findings and Scheme when approval of both documents is sought by the constituent Councils and submitted to Government for consideration. The Secretary of State will consider the scheme and undertake a formal consultation exercise. Subject to any amendments, in light of consultation responses, the Secretary of State will approve a draft order to be laid before both Houses of Parliament for adoption
 - (iii) The third and final opportunity will be when approval is required to become a constituent Member of a potential Combined Authority.
- 3.3 The purpose of the strategic governance review will be to determine:
- (i) Whether the area covered by the local authorities can properly be seen as constituting a functional economic market area for the purpose under consideration in the review; and
 - (ii) Whether the existing governance arrangements for strategic economic development, regeneration and transport are effective or would benefit from changes.
- 3.4 The process of the review will examine the options available to local authorities evaluated against the likelihood of improving the following: -

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

4.0 Financial implications

- 4.1 The cost of the next stage of the Combined Authority implementation is estimated to be £2.1 million, with each of the participating local authorities contributing a total £300,000. An initial contribution of £50,000 has already been made by each. It is proposed that the £250,000 now due from Wolverhampton City Council is funded by transfer from the Regional Work Reserve.
- 4.2 The financial implications of the Combined Authority are currently being assessed by the Finance Directors of the seven local authorities. They are not quantifiable at this stage, but when known will be detailed in future reports to Councillors.
[GE/09072015/Z]

5.0 Legal implications

- 5.1 Combined Authorities are a type of authority which may be set up, by the Secretary of State, at the request of local authorities in a specified area. Their purpose is to undertake joint functions through a public body with its own legal personality. They were introduced in sections 103-113 of the Local Democracy, Economic Development and Construction Act 2009. Local authorities must trigger a governance review process in advance of setting a combined authority up, but the power actually to create a Combined Authority lies with the Secretary of State, via a statutory instrument under the affirmative procedure.
[TS/13072015/T]

6.0 Equalities implications

- 6.1 An initial Equality Impact Assessment has been undertaken for the period to establish the proposed Combined Authority. It seeks to ensure that different people protected by the equalities act can be measured effectively.

7.0 Environmental implications

- 7.1 There are no environmental implications associated with this report.

8.0 Human resources implications

- 8.1 There are no human resources implications associated with this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications associated with this report.

10.0 Schedule of background papers

10.1 N/A