

# Cabinet Meeting

## 15 September 2015

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

---

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

The Cabinet is recommended to:

1. Approve the current draft scheme (Appendix 1) which is being considered by the Councils that will form the proposed West Midlands Combined Authority.
2. Submit the current draft of the Scheme (Appendix 1) and Governance Review (Appendix 2) to full Council on 23 September 2015, with the recommendation to delegate final approval of the Governance Review and Scheme to the Leader of the Council, in consultation with the Managing Director, through an Individual Executive Decision Notice (to allow the timescales to be achieved).
3. That the Council on 23 September Receive a paper outlining the Devolution Deal progress to date

**Recommendations for noting:**

The Cabinet is asked to note:

1. The current draft Governance Review (Appendix 2)
2. The work conducted to date on the Combined Authority Programme.

## 1.0 Purpose

- 1.1 This report outlines progress on developing a Combined Authority (CA) and presents the current draft of the proposed “scheme” for the CA, following the governance review, public engagement and ahead of submission to Government. It also seeks approval for the Leader of the Council to agree the final scheme to be submitted to Government for its consideration in October.

## 2.0 Background

- 2.1 A governance review and scheme are required to be submitted to the Department of Communities and Local Government and Secretary of State to request the formation of a Combined Authority. The governance review assesses existing governance arrangements and seeks to establish whether a Functional Economic Market Area (FEMA) exists in the proposed geography. The scheme outlines the functions and membership of the proposed Combined Authority. Both of these documents have been created in conjunction with Leaders, Chief Executives and LEP Chairs across the region over a number of weeks.
- 2.2 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. 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.
- 2.3 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.
- 2.4 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.
March 2015 onwards	<p>Establishment of six principal workstreams, namely:</p> <ul style="list-style-type: none"><li>(i) Creation of the Combined Authority – identifying the necessary steps required to create a combined authority.</li><li>(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.</li><li>(iii) Infrastructure - identification of key regional and sub-regional infrastructure interventions and requirements.</li><li>(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.</li><li>(v) Public Sector Reform (PSR) – considering opportunities for building on successful preventative services (e.g. Troubled Families)</li><li>(vi) Communications – tasked with developing the communications protocols and strategy for the programme and co-ordinating media enquiries.</li></ul>
28 and 29 April 2015	<p>Leaders' Summit (including Chief Executives) – agreement reached on the founding principles.</p> <ul style="list-style-type: none"><li>(i) All leaders are committed to working together to deliver the vision behind the Combined Authority</li><li>(ii) All communities will benefit from the Combined Authority, but not all communities will benefit at the same time, or in the same way</li><li>(iii) The Combined Authority should facilitate smarter investment decisions with better outcomes</li><li>(iv) The Combined Authority should deliver economic growth for the benefit of its communities</li></ul>

	<p>(v) The Combined Authority should reform fragmented public services</p> <p>(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'</p>
May 2015	Coventry CC & Solihull MBC – '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.
July 2015	Government announce devolution submission window, to be submitted by 4 September 2015
August 2015	Engagement period conducted across the region with key stakeholders.
August 2015 – September 2015	<p>Devolution proposals are developed and negotiations begin with HMT.</p> <p>key focuses are:</p> <ul style="list-style-type: none"> <li>- Connectivity – particularly the job, apprenticeship and economic benefits of HS2 and a strategic approach to road and rail networks.</li> <li>- Skills and employment: an all age careers service; a single access point for businesses to skills support; a national centre for innovation.</li> <li>- More employment and housing development land: funds devolved from the HCA, an extension of the Black Country Enterprise Zone</li> <li>- Devolved criminal justice and policy shift to intervention.</li> </ul>

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:

<b>Enterprise Zones</b>	<p><b>Aim:</b> To develop a proposal to extend the Black Country and Birmingham Enterprise Zones geographic boundaries and timeframe.</p> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Skills</b>	<p><b>Aim:</b> 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><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>Creation of a single and coherent skills strategy</li> <li>Greater flexibility on skills budgets to deliver employer-led provision.</li> <li>Greater co-ordination of skills provision across all agencies.</li> </ul>
<b>Business support and International Inward Investment</b>	<p><b>Aims:</b> 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><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>'One front door' approach with enhanced services to Wolverhampton businesses</li> <li>Single Memorandum of Understanding with UK Trade and Investment and potentially other business support providers (Manufacturing Advisory Service)</li> </ul>
<b>Transport</b>	<p><b>Aims:</b> 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.</p>

	<p>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><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Secure greater resources for transportation improvements to link Wolverhampton with the regions transport networks</li> <li>• Improving access to key regeneration sites within the City, for example i54 and Bilston</li> </ul>
<p><b>Collective Investment Vehicle</b></p>	<p><b>Aim:</b> 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><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Develop a single strategy to inform future investment decisions</li> <li>• 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.</li> <li>• 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</li> </ul>

### 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 must 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 governance review has now been completed and an economic analysis assessing the region's functional economic market area (FEMA) has been carried out. There is a requirement for a FEMA to exist across the proposed geography of a combined authority. The governance review identified that there is a strong FEMA in the seven metropolitan authorities and across the wider three LEP 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 with key stakeholders before submission to Secretary of State.

(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 is 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 examines 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 Membership of non-constituent members**

4.1 A number of Councils have expressed an interest in becoming non-constituent members of the West Midlands Combined Authority and these discussions to confirm membership are on-going.

4.2 Therefore, there is a gap within the appended scheme awaiting non-constituent decisions. Any District or County Council that decides to be a non-constituent member of the Combined Authority will be added to the scheme before submission to DCLG. Further comments are included in the scheme regarding voting mechanisms, which will be decided in due course, before the submission to government.

4.3 Only non-constituent members will be added to the scheme, it is not proposed that there will be any additional constituent members. Therefore, any additional non-constituent



membership will not significantly impact the role that the City of Wolverhampton Council will play in the West Midlands Combined Authority.

4.4 The maximum number of non-constituent Councils that could join the Combined Authority is 17, these are:

- 3 LEP members, one from the Black Country LEP, one from Greater Birmingham and Solihull LEP, and one from Coventry and Warwickshire LEP
- 7 districts from the Greater Birmingham and Solihull LEP
- 5 districts from the Coventry and Warwickshire LEP
- Hinckley and Bosworth District Council (close ties to Coventry Council) and South Staffordshire Council (close ties to Wolverhampton)

## **5.0 Financial implications**

5.1 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. In 2014-15 £50,000 of the contribution due from 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 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/07092015/E]

## **6.0 Legal implications**

6.1 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. [Legal Code: TS/08092015/C]

## **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 at this stage.

## **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 and this approach will be confirmed by the ITA and PTE executive later this month.

## **10.0 Corporate landlord implications**

10.1 None anticipated.

## **11.0 Schedule of background papers**

11.1 Approval for a Combined Authority engagement process, Cabinet, 22 July 2015