


Strategic Risk 19 - Combined Authority

Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date
<p>Combined Authority</p> <p>If the council does not effectively engage with partners in the consideration of the formation of a Combined Authority, ensuring sufficient and appropriate resources are assigned to progress, manage and provide assurances to partners on the programme and any work streams, then the council's objectives in respect of growth in the regional economy, employment and skills, business investment and regeneration may not be fully realised.</p> <p>Risk owner: Keith Ireland Cabinet Member: Cllr Roger Lawrence</p>	12 Amber		8 Amber	4 Amber April 2016

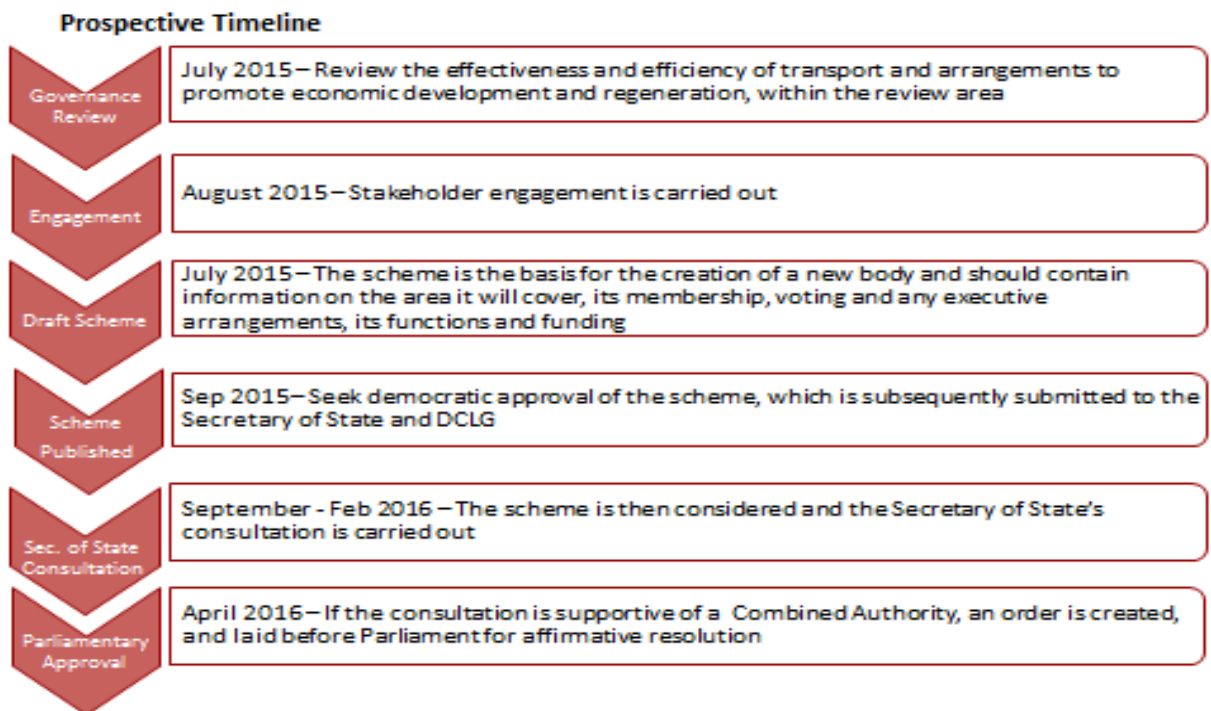
Background

- 1.1 At the July 2015 meeting of the Audit Committee, members requested further information in respect of strategic risk 19 - Combined Authority. This note updates the committee on the progress of the work programme to potentially create a Combined Authority (CA) through the stages of proposing, negotiating, securing and delivering a devolution deal for the West Midlands region.
- 1.2 Members of the committee will be aware from previous risk reports that the leaders of the seven West Midlands authorities (Wolverhampton, Sandwell, Dudley, Walsall, Birmingham, Solihull and Coventry) announced their intention to pursue the potential for the creation of a CA as a reflection of their ambition to accelerate economic growth and public sector reform across the region.
- 1.3 This intention follows on from the creation of Combined Authorities for Greater Manchester in 2011 and in Sheffield City Region, West Yorkshire, Liverpool City Region and the North East in 2014.

1.4 The process to establish a CA has three main steps:

- **The governance review** – which is a review of the existing governance arrangements for the delivery of economic development, regeneration and transport and assessing whether there is scope to improve outcomes by making changes to these existing arrangements. In order to pursue a proposed CA, the review will need to evidence and conclude that there is a case for changing the current arrangements.
- If the governance review concludes that establishing a CA would be beneficial, the second stage will involve drawing up and consulting on a **scheme** for the new body, setting out the detail of the proposed constitutional and operating arrangements. All constituent authorities are required to approve the scheme for submission to the Secretary of State for Communities and Local Government.
- Once the scheme has been completed and published, the Secretary of State will consider the scheme and undertake a formal consultation. If satisfied with the proposals, a draft order will be laid before both Houses of Parliament for approval by resolution.

1.5 The planned programme timetable is summarised below.



Current position

- 1.6 The council is playing a pivotal role in shaping the proposed CA. The Leader is chairing regular Leaders' meetings to discuss and agree the vision and purpose of the CA, whilst the Managing Director is the programme director responsible for ensuring the work is delivered effectively, efficiently and to tight timescales. The programme team that's administering, driving forward and co-ordinating activity is also based at the council.

1.7 Actions that have been taken to date to progress the programme include:

- The establishment of the CA Programme Office led by Wolverhampton City Council, to support local authorities in assessing the feasibility of creating a CA
- The establishment of six initial programme workstreams including:
 - (i) Creation of the CA
 - (ii) Economic Analysis - undertaking economic analysis to understand the Functional Economic Market Area 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 CA, with the understanding that not every area will benefit at the same time in the same way.
 - (v) Public Sector Reform – 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.
- Regular Leaders’ Summits including Chief Executives, the three Local Enterprise Partnerships and districts.
- Agreement has been reached on the founding principles for the CA of:
 - (i) All Leaders are committed to working together to deliver the vision behind the CA.
 - (ii) All communities will benefit from the CA, but not all communities will benefit at the same time, or in the same way.
 - (iii) The CA should facilitate smarter investment decisions with better outcomes.
 - (iv) The CA should deliver economic growth for the benefit of its communities.
 - (v) The CA should reform fragmented public services.
 - (vi) The CAs initial focus should be on small, but high impact, number of ‘early wins
- Meeting with the Chancellor, George Osborne, former Deputy Prime Minister, Lord Heseltine, Local Government Secretary, Greg Clarke, and Local Government Minister, Marcus Jones.
- Meetings with officers involved in the already established CA’s across the country to understand the work involved, the key issues and opportunities to consider.
- The procurement of specialist consultants to assist with the technical aspects of the programme workstreams.
- The launch of a statement, showing how the West Midlands area can drive forward joint objectives in support of economic growth and progressive public sector reform.

- A report presented to Cabinet on 22 July 2015, detailing the programme work to date and obtaining the necessary approvals to progress the further actions required.

Further actions required

1.8 In order to manage the programme effectively the following actions will be undertaken over the coming months:

- Submission of the final governance review and scheme to full Council on 23 September 2015.
- Engagement events on the proposals contained within the draft governance review.
- The potential establishment of a Shadow Board to drive forward at pace in the most effective way the three stages outlined at paragraph 1.4 above.

Risk mitigation

1.9 The development of a CA naturally carries risks which members need to be aware of. These risks have been identified and recorded in the programme risk register and includes the following:

- The geographical coverage of the CA as it will potentially include three Local Enterprise Partnerships (the Black Country LEP, the Greater Birmingham and Solihull LEP and the Coventry and Warwickshire LEP), two of which represent councils (such as Lichfield District Council and Warwickshire County Council) which are currently not signed up to the CA.
- Discussions are taking place over the government's preference for CAs to have an elected mayor in order to gain increased devolved powers.
- There is a risk that the West Midlands cannot close the gap in economic performance. This is being mitigated by proposing the establishment of a CA to draw together strategic work across economic development, transport, housing and employment and skills and to potentially access additional funding from Government.
- The proposal to create a CA may not have local stakeholder support. This risk will be mitigated by consulting on the review of strategic governance and potential operation of a CA, with stakeholders to collect their views.
- The potential establishment of a CA may be seen as a 'Super-Council'. This risk will be mitigated by establishing a clear approach to the communication strategy between the councils and partners explaining precisely what the potential CA can and cannot do. The CA will have a constitution which will govern how the authorities involved will work together to achieve their aims. The constitution will include the practical arrangements involved in the decision making and will govern

the relationships between member authorities. The constitution will include arrangements for dealing with discharging its functions as a legal entity including audit arrangements.

- In terms of programme management, significant resources will be required to progress the work. Each of the seven West Midlands metropolitan councils have already contributed £50,000 each towards the joint appraisal work for a CA and have agreed to increase this by a further contribution of £250,000 each. For Wolverhampton, this is being funded from the Regional Work reserve.

The financial implications of the CA 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.

The Assurance Framework

1.10 Assurances on the effective management of this strategic risk include:

- Report to Cabinet on 22 July 2015 detailing the programme work to date.
- The submission of the final governance review and scheme to full Council on 23 September 2015.
- Regular update reports to the programme office from the various workstream leads.
- The regular reporting of the strategic risk register to the Audit Committee and Cabinet.