

# Scrutiny Board

14 June 2016

<b>Report title</b>	Update on the West Midlands Combined Authority (WMCA)	
<b>Cabinet member with lead responsibility</b>	Councillor Roger Lawrence Leader of the Council	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Keith Ireland, Managing Director	
<b>Originating service</b>	Corporate Services	
<b>Accountable employee(s)</b>	James Howse Tel Email	CA Programme Manager 01902 555216 James.Howse@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	N/A	

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## Recommendation(s) for action or decision:

None

## Recommendations for noting:

The Scrutiny Board is asked to note:

1. the progress made on the establishment of the West Midlands Combined Authority (WMCA) and the Devolution Deal.

## **1.0 Purpose**

- 1.1 To provide an update on the progress made on the establishment of the West Midlands Combined Authority (WMCA) and the Devolution Deal (DD) to the Scrutiny Board.

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

- 2.2 The Review concluded that the establishment of a Combined Authority (CA) 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.

## **3.0 Governance and Creation of the WMCA**

- 3.1 The 2009 Act enables authorities to prepare and publish a Scheme. This is the legal basis for the creation of the new body and contains the membership, powers, functions and voting arrangements. The Scheme was drafted for the establishment of a Combined Authority for the seven metropolitan area in 2015. 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 WMCA. The other six Metropolitan Authorities in the Scheme area also endorsed the proposals. The Scheme was submitted to Government on 26 October 2015.

- 3.2 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, the seven prospective Constituent Councils carried out the consultation to ensure that a Combined Authority can be established as soon as possible. This consultation built on the engagement in the region from July 2015 and informed the Secretary of State's decision to establish a Combined Authority. The consultation ran from 18 Jan - 8 Feb 2016.

The summary was sent to the Secretary of State and the Department for Communities and Local Government (DCLG) who will consider the responses.

- 3.3 The Constituent Councils were provided with the draft Order on 22 February 2016 to confirm their previous decisions that the Council should formally become a Constituent member of the WMCA, consenting formally to the Order, with any final drafting amendments delegated to the Leader of the Council, in consultation with the Managing Director. This ensured that the Order was laid before Parliament without delay.
- 3.4 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.
- 3.5 The Combined Authority's vesting day will be held on 10 June 2016, at which point it will agree its Constitution governance arrangements. 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.

#### **4.0 Governance Review and Mayoral WMCA 'Powers' Scheme**

- 4.1 In November 2015, the seven Constituent Leaders and the three Local Enterprise Partnership (LEP) Chairs signed up to a proposed devolution deal agreement. This deal provided for a Metro Mayor and was subject to separate council approval. The powers proposed to be conferred on the Mayoral WMCA, now that the Cities and Local Government Devolution Act has been passed and the devolution agreement signed, will improve the ability of the WMCA to exercise its statutory functions. The proposed devolution deal is dependent on a separate approval by each Constituent authority. The current governance timeline is detailed below:

<b>May 2016</b>	The Constituent Councils are presented with: 1. Mayoral (elections) Order, to create the position of a Mayor and allow for the election of a Mayor <i>only</i> 2. The Mayoral Combined Authority 'functions' Scheme, for approval to consult on the proposals in the Scheme
<b>June 2016</b>	The Combined Authority is presented with: 1. Mayoral (elections) Order, to create the position of a Mayor and allow for election of a Mayor <i>only</i> 2. The Mayoral Combined Authority 'functions' Scheme, for approval to consult on the proposals in the Scheme The Mayoral (elections) Order is laid in Parliament in June 2016. The Mayoral Combined Authority, 'functions' Scheme will be published and consulted on. (The indicative date for the consultation is that it will begin following the EU referendum, on Monday 27 June 2016.)
<b>July - Aug 2016</b>	Consultation on the Scheme proposals (27 June - 22 Aug 2016)

<b>Sept 2016</b>	The consultation responses are collated and submitted to the Secretary of State and DCLG.
<b>Sept - Oct 2016</b>	<ol style="list-style-type: none"><li>1. Mayoral Combined Authority 'functions' Order is drafted based on the Mayoral Combined Authority 'functions' Scheme</li><li>2. The Mayoral Combined Authority 'functions' Order is presented to Constituent Councils for consent to lay the Mayoral Combined Authority 'functions' Order in Parliament.</li></ol>
<b>Nov 2016</b>	The Mayoral (elections) Order is in place at least six months before the election of an Mayor
<b>Nov 2016 - Feb 2017</b>	Any further Orders required (Buses Bill etc.) are required to be in place by February 2017 to allow sufficient time for Mayoral candidates to be fully aware of the powers of the elected Mayor and to prepare a Manifesto
<b>May 2017</b>	First Mayoral election

## 5.0 Devolution Implementation

5.1 A Devolution Agreement Implementation Plan was developed in December which provides details on several key devolution areas (super clarification, governance & creation, finance & funding, skills, employment, supporting & attracting business & innovation, public service reform, more & better homes, transport, HS2 Growth Strategy and delivery, monitoring & evaluation). Further work was undertaken between the CA and the Cities and Local Growth team in January and February to develop a Devolution Agreement Summary Implementation Plan (DASIP) which will be used to secure agreement and approval with HMT in implementing and monitoring the Deal. The DASIP requires agreement with the cross-Whitehall Decentralisation Implementation Group prior to any payment of money to the Combined Authority. Work is underway to develop proposals for a second devolution deal with government over summer 2016.

## 6.0 Senior Management and Governance Arrangements

6.1 When legally created, the WMCA needs three statutory potholders in place - Head of Paid Services (Chief Executive), S151 Officer and Monitoring Officer. They have specific roles to advise the WMCA on policy, legal and financial matters. The following appointments have been made:

- WMCA Head of Paid Services - Martin Reeves from Coventry City Council
- Chief Operating Officer - Jan Britton from Sandwell Metropolitan Borough Council
- WMCA S151 Officer - James Aspinall from Centro
- WMCA Monitoring Officer (and Clerk to the CA Board) - Keith Ireland from the City of Wolverhampton Council

## 7.0 Key WMCA Boards

7.1 The **Officer Management Board** is responsible for ensuring the day-to-day operational activities of the WMCA and the policy framework are delivered. It also ensures that performance and delivery are effective, monitored and reported to the relevant forums before consideration by the Combined Authority Board.

The Board will prepare an Investment Strategy, ensure instructions by the Combined Authority or Chair or Vice Chair are dealt with appropriately and undertake all necessary work to ensure the WMCA has delivery models appropriate to meet the policy objectives of the WMCA.

- 7.2 The CA **Programme Board** comprises of the Chief Executives of all members. It supports the WMCA Board do its business and manage agendas. It co-ordinates, oversees and monitors all WMCA Boards and programmes, oversees budgets, risk register and allocates resources.
- 7.3 The WMCA **Shadow Board** has overall responsibility for developing and delivering the Strategic Economic Plan (SEP) (inc. Public Sector Reform (PSR) and £8bn programme), for future devolution deal development; investment decisions and allocating resources. They have a role in formulating a long-term vision for the WM Public Transport System.
- 7.4 Formal governance for key work streams (including SEP, PSR, Finance, HS2 Growth, Transport 3 commissions etc) is in the process of being developed.

## 8.0 Assurance Framework

- 8.1 An Assurance Framework is a set of systems, processes and protocols designed to provide an evidence-based and independent assessment of the governance, risk management, and control processes of an organisation. The Assurance Framework enables organisations to monitor, measure and scrutinise how well objectives are being met and risks managed. An Assurance Framework was developed in May 2016 which will help WMCA to allocate public resources in accordance with the law and proper standards, and in an efficient and effective way that delivers both desired outcomes and value for money. The WMCA Assurance Framework applies to all WMCA funding (i.e. not just the funding agreed through the West Midlands Devolution Agreement). The WMCA Assurance Framework has been designed to align with the Single Pot Assurance Framework Guidance developed by the DCLG and the Cities and Local Growth Unit. It is also designed to align with existing Assurance Frameworks and additional guidance used by the West Midlands' LEPs, although there remains a clear distinction between the LEP Assurance Frameworks and the WMCA Assurance Framework.

## 9.0 Financial implications

- 9.1 The agreed Combined Authority establishment budget for 2015/16 was £2.1 million, each of the participating local authorities contributing £300,000. The actual expenditure incurred totalled £1.5 million in 2015/16, with the remaining budget committed to be spent early in 2016/17. Wolverhampton Council has now set aside a further budget of £500,000 to meet an anticipated levy from the Combined Authority in 2016/17. It is understood that the other participating local authorities have made corresponding arrangements.

[GE/24052016/P]

## **10.0 Legal implications**

- 10.1 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.
- 10.2 The decision to create a CA 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
- 10.3 In making the Order the Secretary of State must have regard to the Scheme that has been prepared and published.  
[Legal Code: TS/23052016/C]

## **11.0 Equalities implications**

- 11.1 An initial equality screen has been conducted. 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. The CA are working closely with the West Midlands Local Authority Equality Network to ensure equalities is embedded across the CA.

## **12.0 Environmental implications**

- 12.1 None.

## **13.0 Human resources implications**

- 13.1 The Integrated Transport Authority (ITA) and Passenger Transport Executive (PTE) will be dissolved and taken into the Combined Authority. This will involve the TUPE of ITA and PTE employees. Plans are in place to do this.

## **14.0 Corporate landlord implications**

- 14.1 None.

## **15.0 Schedule of background papers**

Governance Review and Establishment Scheme - October 2015  
Mayoral Scheme - May 2016  
Consultation summary - February 2016  
Draft Assurance Framework - May 2016  
Devolution Agreement - November 2015