



**WEST MIDLANDS**  
COMBINED AUTHORITY

## Board Meeting

<b>Date</b>	Wednesday 29 June 2016
<b>Report title</b>	Annual General Meeting (AGM) Approving the Shadow Board recommendations of 10 <sup>th</sup> June 2016
<b>Accountable Chief Executive</b>	Keith Ireland, Clerk to the Combined Authority Tel 01902 55 4500 Email <a href="mailto:Keith.Ireland@wolverhampton.gov.uk">Keith.Ireland@wolverhampton.gov.uk</a>
<b>Accountable Employee</b>	Keith Ireland, Clerk to the Combined Authority Tel 01902 55 4500 Email <a href="mailto:Keith.Ireland@wolverhampton.gov.uk">Keith.Ireland@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	None

### Recommendation(s) for action or decision

#### The Combined Authority Board is recommended to:

1. Consider and to ratify the recommendations of the Shadow Board meeting held on 10<sup>th</sup> June 2016, as summarised in appendix A.

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**Purpose**

- 1.1 To consider and to ratify the recommendations of the Shadow Board at its meeting held on 10<sup>th</sup> June 2016.

**2.0 Background**

- 2.1 The Combined Authority Shadow Board recommended a number of decisions for approval by the Combined Authority Board as summarised in Appendix A to this report. The Combined Authority Board are recommended to consider and to ratify the recommendations of the Shadow Board.

**4.0 Financial implications**

- 4.1 The financial implications relating to the individual matters are detailed in the reports to the Shadow Board. There aren't any additional implications as a result of this report.

**5.0 Legal implications**

- 5.1 The legal implications relating to the individual matters are set out in the reports that went to the meeting of Shadow Board on the 10<sup>th</sup> of June 2016. There are no further legal implications flowing from the contents of this report.

**6.0 Equalities implications**

- 6.1 No implications arising from this report.

**7.0 Schedule of background papers**

None

## Appendix A

For access to the below papers, which were taken at the 10 June 2016 meeting please see:

<https://westmidlandscombinedauthority.org.uk/committee-papers/west-midlands-combined-authority-board/>

Item No.	Title of Report	Recommendations	Page Numbers
1.1	Appointment of Members to the Combined Authority 2016-2017	<ol style="list-style-type: none"> <li>1. That the current Membership of the West Midlands Combined Authority as detailed in Appendix A of the report be noted.</li> <li>2. That the current Observers to the West Midlands Combined Authority Board as detailed in Appendix B of the report be noted.</li> </ol>	5 - 8
1.7	Membership of the Combined Authority – Current Membership	<ol style="list-style-type: none"> <li>1. That the approved Membership of the Combined Authority as at 10 June 2016, including Constituent Members, Non-Constituent Members and Observers be noted.</li> </ol>	9 - 10
1.8	Calendar of Key Meetings 2016-2017	<ol style="list-style-type: none"> <li>1. That the draft cycle of key meetings be approved, subject to an Annual General Meeting being inserted for this year once the Order had been approved and the first Scrutiny Committee meeting being moved to the 15 July 2016.</li> </ol>	11 - 12
1.9	Forward Plan	<ol style="list-style-type: none"> <li>1. That the forward plan be approved.</li> </ol>	13 - 16
2.1	Approval and adoption of the Constitution, including appointment of statutory officers and Member allowances	<ol style="list-style-type: none"> <li>1. That the Constitution of the Combined Authority be approved and adopted.</li> <li>2. That amendments to the Constitution be delegated to the Monitoring Officer, in consultation with the Chair.</li> <li>3. That the previous decisions of the Combined Authority Shadow Board regarding Statutory and other officer appointments, as set out in in section 4.0 of the report be confirmed.</li> <li>4. That the Transport Delivery Committee (a sub-committee of the Combined Authority Board) Allowance Scheme, proposals set out in Appendix A of the report be confirmed.</li> </ol>	1-6*

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		<ol style="list-style-type: none"> <li>5. That the payment of Travel and Subsistence Allowances for the Overview and Scrutiny and Audit and Standards Committees, as set out in paragraph 5.3 of the report be approved.</li> <li>6. That the Clerk to the Combined Authority to arrange for an Independent Review of All be approved.</li> </ol>	
<p>2.2</p>	<p>Appointment of Members &amp; Chairs/Vice Chairs of Statutory Committees</p>	<ol style="list-style-type: none"> <li>1. That the members nominated by the Constituent Authorities to the Transport Delivery Committee as detailed in Appendix A be appointed.</li> <li>2. That Councillor Richard Worrall be appointed Chair of the Transport Delivery Committee.</li> <li>3. That the members nominated by the Constituent and Non-Constituent Authorities to the Overview and Scrutiny Committee be appointed subject to the amendment that Councillor Mutton for Coventry City Council, substitute member to be confirmed, Councillor Peter Miller instead of Councillor Steve Clark for Dudley Metropolitan Borough Council and Councillor Maureen Freeman instead of Councillor Darren Foley for Cannock Chase District Council. In addition, appoint a Local Enterprise Partnership (LEP) nomination as detailed in paragraph 3.6, and as detailed in Appendix B.</li> <li>4. That the Overview and Scrutiny Committee to make nominations for a Chair and Vice-Chair at their first meeting. Appointments for the Chair and Vice-Chair to be agreed at the next Board meeting.</li> <li>5. That the Membership of the Audit and Standards Committee, in accordance with paragraph 3.9, from the Constituent and Non-Constituent Authority nominations, as detailed in Appendix C be appointed subject to the amendment that Councillor Sucha Bains for Coventry City Council, substitute to be nominated. In addition, appoint a Local Enterprise Partnership (LEP) nomination, as detailed in paragraph 3.9, and as detailed in Appendix C. The Constitution to be amended to reflect these decisions.</li> <li>6. That an Independent Member to Chair the Audit and Standards Committee be agreed</li> </ol>	<p>23 - 30</p>

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		and appointed. To be advertised and approved at a later meeting.	
2.3	Appointments to Outside Bodies 2016-2017	<ol style="list-style-type: none"> <li>1. That the continued membership of the West Coast Rail 250 Campaign for the financial year 2016 – 2017 at a cost of £1100 be approved.</li> <li>2. That an elected Member be appointed to serve on the West Coast Rail 250 Campaign General Council and that a Councillor be appointed as substitute Member for the period ending with the Annual Meeting of this Committee in 2017 be delegated to the Chair, with nominations sent through to Keith Ireland.</li> <li>3. That Councillor Roger Lawrence be appointed to serve on the Midlands Connect Strategic Board for the period ending with the Annual Meeting of this Committee in 2017.</li> </ol>	31 - 34
2.4	<p>Governance Arrangements</p> <ol style="list-style-type: none"> <li>a. governance arrangements for Councillor, LEP representatives and others</li> <li>b. governance arrangements for officers</li> </ol>	<p>That the draft Councillor and LEP governance structure and arrangements, set out in appendix A be approved.</p> <p>That the Officer governance structure and arrangements, set out in appendix A be approved.</p>	<p>35 – 92</p> <p>93 - 114</p>
2.6	Implementing the Devolution Agreement – Provision for Mayoral West Midlands Combined Authority	<ol style="list-style-type: none"> <li>1. That the draft Mayoral (elections) Order (Appendix A), providing for the election of a directly elected Mayor for the West Midlands Combined Authority (WMCA) be consented to.</li> <li>2. That approval of any minor and drafting amendments of the Mayoral (elections) Order be delegated to the Chair of the Combined Authority, in consultation with the Clerk, for</li> </ol>	115 - 168

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		<p>final consent.</p> <ol style="list-style-type: none"> <li>3. That the conclusion of the Governance Review (Appendix B) that the making of an Order to confer on the WMCA the additional functions in the draft Mayoral WMCA ‘functions’ Scheme (Appendix C), and the associated revisions to the governance arrangements, would be likely to improve the exercise of statutory functions in the West Midlands be endorsed.</li> <li>4. That any further members of the Combined Authority, notified by the 10<sup>th</sup> June 2016, in addition to those identified in the Scheme be considered for approval.</li> <li>5. That drafting amendments of the draft Mayoral WMCA ‘functions’ Scheme be delegated to the Chair of the Combined Authority, in consultation with the Clerk. This is to include any additional members agreed at the Combined Authority Board on 10<sup>th</sup> June 2016.</li> <li>6. That the draft Mayoral WMCA ‘functions’ Scheme to be published and consulted on, pursuant to section 112 of the Local Democracy, Economic Development and Construction Act 2009, as amended be approved.</li> <li>7. That the arrangements for public consultation on the proposals in the Mayoral WMCA ‘functions’ Scheme, delegating final approval of the consultation details and questions to the Chair, in consultation with the Clerk be endorsed.</li> <li>8. That the West Midlands Combined Authority devolution agreement be noted.</li> </ol>	
2.7	<p>New Applications for Membership</p> <ol style="list-style-type: none"> <li>a) North Warwickshire Borough Council – Non-Constituent</li> </ol>	<ol style="list-style-type: none"> <li>1. That the application for Non-Constituent Membership by North Warwickshire District Council be approved.</li> </ol>	169 – 176

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	<p>b) Warwickshire County Council – Non-Constituent</p> <p>c) Rugby Borough Council – Non-Constituent</p>	<p>2. That the application for Non-Constituent Membership by Warwickshire County Council be approved.</p> <p>3. That the application for Non-Constituent Membership by Rugby Borough Council be approved.</p>	7 – 8*
3.1	Approval of the Strategic Economic Plan	1. That the inaugural West Midlands Combined Authority Strategic Economic Plan (SEP) be approved.	173 - 176
3.2	Approval of the Strategic Transport Plan	1. That the “Movement for Growth” Strategic Transport Plan documents (full and summary), to provide the framework for transport development in the West Midlands be adopted.	177- 194
3.3	Approval of the Assurance Framework	1. That the West Midlands Combined Authority Assurance Framework be approved delegating to the West Midlands Combined Authority Chief Executive any final amendments in response to finalised government feedback.	195 - 252
5.1	2016-2017 Combined Authority Budget	<p>1. That the balanced summary 2016/17 Consolidated Revenue Budget for West Midlands Combined Authority be approved.</p> <p>2. That the 2016/17 West Midlands Combined Authority Governance Budget be approved.</p> <p>3. That the 2016/17 Investment Programme be approved.</p> <p>4. That the 2016/17 Transport Delivery Revenue and Capital Budget be endorsed and noted.</p> <p>5. That the Financial Monitoring &amp; Reporting Arrangements be noted.</p> <p>6. That the current Tax and Audit Status be noted.</p>	253 - 264

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5.2	Treasury and Investment Programme Financing Report	<ol style="list-style-type: none"> <li>1. That the Minimum Revenue Provision (MRP) Statement set out in Section 10 be approved.</li> <li>2. That the West Midlands Combined Authority Section 151 Officer be delegated authority to undertake borrowing in accordance with this Strategy.</li> <li>3. That the West Midlands Combined Authority Treasury Management and Investment Strategy for 2016-2017 as previously approved by the ITA now updated for the actual outturn as at 31 March 16 and the planned West Midlands Combined Authority Investment Programme be endorsed and noted.</li> <li>4. That the prudential and treasury management indicators and limits described in section 12 and as detailed in Appendix 2 be endorsed and noted.</li> </ol>	265 - 290
5.3	Establishment of a West Midlands Combined Authority Investment Board	<ol style="list-style-type: none"> <li>1. That the establishment of a West Midlands Combined Authority Investment Board to oversee and approve investments made via the Collective Investment Fund (CIF) and the Land Remediation Fund (LRF), noting that this will be the Combined Authority's investment board, rather than Finance Birmingham's, which will recommend investment decisions for these funds and any other funds that the Combined Authority appoints Finance Birmingham to Fund Manage in the future</li> <li>2. That the membership of the Combined Authority Investment Board is comprised of three Combined Authority Constituent Members (Officers or Councillors, with one reserved for the accountable body/funding Council), three LEP Members, Finance Birmingham (non-voting) and an independent Chair, further details on the options regarding membership are provided at Appendix A.</li> <li>3. That the Combined Authority Board will consider the recommendations of the Investment Board at its next available meeting after the Investment Board has met.</li> </ol> <p><b>Collective Investment Fund</b></p> <ol style="list-style-type: none"> <li>4. That the CIF will be a fund of investments made by the Combined Authority itself, and</li> </ol>	291 - 304

		<p>will be funded from Combined Authority prudential borrowing capped at £70 million, as soon as the Combined Authority has the necessary powers.</p> <p>5. That until such time as the Combined Authority is formally established and the Combined Authority has the power to borrow:</p> <p>5.1 Birmingham City Council act as Accountable Body for the CIF.</p> <p>5.2 Birmingham City Council undertake any borrowing relating to the CIF.</p> <p>5.3 Each of the six Metropolitan Districts enter into a formal written agreement with Birmingham City Council to confirm that they will share the risks associated with the CIF and therefore any losses in equal proportions, i.e. one seventh each. Noting that this will only be triggered in the event that the Combined Authority is unable to fund any losses from its own financial resources.</p> <p>6. That when the Combined Authority is formally established and the Combined Authority has the power to borrow, any borrowing undertaken by Birmingham City Council relating to the CIF will be 'purchased' by the Combined Authority, with any related net balances, either surplus or deficit, e.g. surplus interest after any costs incurred by Birmingham, also transferring to the Combined Authority.</p> <p>7. That the CIF will be targeted at bringing forward commercial land and property investment opportunities, including housing where this is part of a mixed scheme, noting that the investment strategy and parameters will be set by the Combined Authority and not Finance Birmingham and that Finance Birmingham will work closely with member Councils and LEPS on the pipeline of investment opportunities.</p> <p>8. That consistent with the principles of balance and fairness the CIF to be focussed on securing a broader economic return across the West Midlands region, rather than purely maximising the financial return for the Combined Authority.</p> <p>9. That a set of target outcomes will be developed, that align to the Strategic Economic</p>	
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		<p>Plan, in order that the success and value for money of the CIF can be closely monitored.</p> <ol style="list-style-type: none"><li>10. That the CIF will be available to support projects within the geographical areas of those constituent and non-constituent members of the Combined Authority named in the current Parliamentary Order.</li><li>11. That the CIF will operate as a revolving fund, for an initial 10-year period, with the aim of the initial capital being repaid to the Combined Authority in full at the time the CIF is wound up.</li><li>12. That Finance Birmingham are appointed as the Fund Manager for the CIF, noting that ownership of the funds will remain with the Combined Authority, or Accountable Body, and that funds are only released when loans are fully approved and all necessary paperwork has been completed.</li><li>13. That Finance Birmingham's management fee for operating the CIF will be 0.5% of the committed fund (i.e. £70 million) per annum, noting that this is an extremely competitive rate and also that this cost will ultimately be funded from the interest received on loans, in addition arrangement and monitoring fees will be paid to Finance Birmingham by applicants.</li><li>14. That the Information Memorandum for the CIF, provided at Appendix B, is approved, with delegation to Jan Britton as lead Chief Executive and Chief Operating Officer for the Combined Authority to agree minor amendments if required to bring the scheme into operation.</li><li>15. That an Investment Management Agreement (IMA) for the operation of the CIF is entered into by Birmingham City Council and Finance Birmingham and that this will be novated to the Combined Authority following its establishment.</li><li>16. That final approval of CIF related documentation be delegated to Jan Britton as lead Chief Executive and Chief Operating Officer for the Combined Authority for this</li></ol>	
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		<p>workstream.</p> <p>17. That in the event that the CIF is not self-financing during 2016/17, the Combined Authority funds the net cost of the CIF in 2016/17 (i.e. management fee less surplus from loans) from the budget allocation that has already been agreed by the constituent and non-constituent councils to support the Combined Authority in its first year of operation.</p> <p>18. That in the event that the CIF is not established, Finance Birmingham are reimbursed for any costs that they have incurred on CIF related activity, this will be provided for within the IMA.</p> <p>19. That Finance Birmingham are authorised to formally and proactively promote the CIF as soon as the IMA is in place, noting that promotional activity will be undertaken in partnership with member Councils and LEPs where appropriate.</p> <p>20. That the outline plan set out within this report is approved in order to ensure that the CIF can be launched as soon as possible.</p> <p><b>Land Remediation Fund</b></p> <p>21. That the devolution deal provides for a LRF of £200 million. It is recommended that the following be agreed, subject to ratification of the devolution deal by the constituent councils and for implementation only after this ratification process is completed and the devolution deal agreed with Government:</p> <ul style="list-style-type: none"><li>a) That Finance Birmingham are appointed as Fund Manager.</li><li>b) That the LRF will be a fund of investments made by the Combined Authority itself, with a total value of £200 million.</li><li>c) Consistent with the principles of balance and fairness the LRF will be focussed on securing a broader economic return across the West Midlands region.</li></ul>	
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		<p>d) That the fund is operated in a flexible manner, primarily providing grant and gap funding, however, equity instruments may be used where developer super profit is anticipated, noting that the investment strategy and parameters will be set by the Combined Authority and not Finance Birmingham and that Finance Birmingham will work closely with member Councils and LEPs on the pipeline of investment opportunities.</p> <p>e) That the Combined Authority funds the net cost of operating the LRF.</p> <p>f) That a set of target outcomes will be developed, that align to the Strategic Economic Plan, in order that the success and value for money of the LRF can be closely monitored.</p> <p>g) That an Information Memorandum for the LRF is developed and presented to the Combined Authority Board for approval in the near future, an early draft is contained at Appendix C.</p> <p>h) That the LRF will be available to support projects within the geographical areas of those constituent and non-constituent members of the Combined Authority named in the current Parliamentary Order. Noting that the special circumstances of the Black Country, in relation to derelict and contaminated, will be recognised and prioritised within the Dynamic Economic Investment Model, along with the principles of balance and fairness.</p> <p><b>The Combined Authority Board is recommended to note:</b></p> <ol style="list-style-type: none"><li>1. That the progress that Finance Birmingham have already made in identifying a potential pipeline of projects for the CIF, where a number of developers have expressed a serious interest in borrowing £20 million to get four significant projects off the ground.</li><li>2. That further reports will be presented to the Combined Authority on the branding of the CIF.</li></ol>	
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		<p>3. That consideration is currently being given as to future contractual relationships and any necessary group structural changes in respect of Finance Birmingham and Marketing Birmingham and their Combined Authority roles.</p>																			
6.1	Joining Fees	<p>1. That the charging levels as set out below be approved.</p> <table border="1" data-bbox="663 647 1411 999"> <thead> <tr> <th></th> <th><b>Joining Fee 2016-2017</b></th> </tr> </thead> <tbody> <tr> <td>Constituent Metropolitan Council*</td> <td>£250,000</td> </tr> <tr> <td>Non-Constituent LEP</td> <td>£25,000</td> </tr> <tr> <td>Non-Constituent District Council</td> <td>£25,000</td> </tr> <tr> <td>Non-Constituent County Council</td> <td>£25,000</td> </tr> <tr> <td>Non-Constituent LEP</td> <td>£25,000</td> </tr> <tr> <td>Constituent County Council</td> <td>£250,000</td> </tr> <tr> <td>Constituent District Council</td> <td>£100,000</td> </tr> <tr> <td>Observer Status</td> <td>£25,000</td> </tr> </tbody> </table>		<b>Joining Fee 2016-2017</b>	Constituent Metropolitan Council*	£250,000	Non-Constituent LEP	£25,000	Non-Constituent District Council	£25,000	Non-Constituent County Council	£25,000	Non-Constituent LEP	£25,000	Constituent County Council	£250,000	Constituent District Council	£100,000	Observer Status	£25,000	9 – 10*
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\*supplementary paper pack