

# Scrutiny Board

17 January 2017

<b>Report title</b>	Update on the West Midlands Combined Authority (WMCA) and devolution agenda	
<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>	Rachel Ratcliffe Tel Email	Combined Authority Programme Team 01902 551969 rachel.ratcliffe@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 of the West Midlands Combined Authority (WMCA) and the devolution agenda in the West Midlands.

## **1.0 Purpose**

- 1.1 To provide an update on the progress of the West Midlands Combined Authority (WMCA) and the devolution agenda in the West Midlands.

## **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 of improving the exercise of statutory functions relating to transport, economic development and regeneration.
- 2.2 The Review concluded that the establishment of a Combined Authority 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](#), with the Council agreeing that the City of Wolverhampton should 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 was established as soon as possible.
- 3.3 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 considered the responses and subsequently instructed his officials to prepare the statutory Order to create the Combined Authority.

- 3.4 The Constituent Councils were provided with the draft statutory Order to create the Combined Authority, and the Council confirmed their previous decisions to become a Constituent member of the WMCA, consenting formally to the Order, on the [2 March 2016](#), 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.
- 3.5 The Combined Authority was vested on the 17 June 2016, formally adopting the Constitutional governance arrangements. This enabled 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 ‘functions’ Scheme**

- 4.1 The development of the government’s devolution agenda created the opportunity for the West Midlands Combined Authority to negotiate and subsequently agree a proposed [Devolution Agreement](#). A period of clarification was carried out on the agreement and then ratified by the seven constituent councils throughout February and March 2016, including the City of Wolverhampton on [2 March 2016](#).
- 4.2 The devolution agreement was the first step for the West Midlands in securing the powers, resources and independence needed to drive economic growth, public service reform and deliver real outcomes for local people in terms of jobs, homes, better transport links and better public services. It provided for a Government ‘Gainshare’ payment of £36.5 million per year and opens up potential investment funds totalling £8 billion pounds whilst increasing confidence in the local area so that further private sector investment can be leveraged. It sits alongside the Midlands Engine project, a partnership with government covering the whole West and East Midlands, including the Midlands Connect initiative to take forward east-west transport investment.
- 4.3 Following the ratification of the devolution agreement, the next stage established the position of the Mayor, a prerequisite to the devolution agreement. The Mayoral (elections) Order, to create the position of the Mayor, was approved by Council on [18 May 2016](#). The Mayoral (Elections) Order was subsequently made by Parliament on the 15 September 2016, following the creation of the Combined Authority.
- 4.4 The ‘Scheme’ detailing the proposed Mayoral WMCA functions was also approved for consultation at the 18 May 2016 Council meeting. The conferral of these functions does not affect the Council’s ability to deliver its services and will not result in the transfer of Council’s powers to the Mayor or Mayoral Combined Authority, the functions are transferred from government to the Mayoral Combined Authority.

#### **5.0 Consultation for functions to be conferred upon a Combined Authority**

- 5.1 It is a requirement that a public consultation be undertaken in most cases where additional functions are to be conferred upon a Combined Authority. The functions

required by the West Midlands Combined Authority to deliver the devolution agreement were identified in a Governance Review and subsequently detailed in the '[Scheme](#)' which was then consulted on.

- 5.2 The [consultation](#) was carried out from 4 July – 21 August 2016. The consultation sought views from the public and stakeholders on the additional functions proposed to be conferred on the West Midlands Combined Authority, in order to deliver the devolution agreement.
- 5.3 The summary report is available on the WMCA website via the following link: <https://westmidlandscombinedauthority.org.uk/media/1354/mayoral-wmca-consultation-report-for-upload.pdf> for your information.

## **6.0 Scheme to Order process**

- 6.1 Following the consultation, the Scheme and a summary of the responses were submitted to the Secretary of State for Communities and Local Government, as required. The Department for Communities and Local Government then prepared the draft statutory West Midlands Combined Authority (Functions and Amendment) Order 2016 based on the Scheme, in consultation with the West Midlands Combined Authority and the relevant government departments.
- 6.2 At the Council meeting of the 9 November 2016 Council approved the decision to the delegated to Cabinet on [30 November 2016](#) to approve the final draft Order, with drafting and minor amendments delegated to the Leader of the Council, in consultation with the Managing Director. The draft Order will be laid in Parliament once the drafting and minor amendments are complete, the functions required to deliver the devolution deal are then incorporated into the West Midlands Combined Authority.

## **7.0 Assurance Framework**

- 7.1 The 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 the Combined Authority. The Assurance Framework enables organisations to monitor, measure and scrutinise how well objectives are being met and risks managed. The CA 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.

## 8.0 The WMCA Mayor

- 8.1 The Mayoral elections will take place in 4 May 2017, taking up office on Monday 8 May 2017. The functions and powers of the Mayor are detailed in the draft Order, presented to Cabinet on [30 November 2016](#).
- 8.2 As the devolution agenda develops the role of the Mayor and the WMCA will develop, in agreement with the Constituent Councils, and in consultation with all members of the WMCA.

## 9.0 Senior Management and Governance Arrangements

- 9.1 The WMCA requires three statutory post-holders in place - Head of Paid Services (/Chief Executive), S151 Officer and Monitoring Officer. The statutory officers 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
  - WMCA S151 Officer - James Aspinall, previously from Centro
  - WMCA Monitoring Officer (and Clerk to the CA Board) - Keith Ireland from the City of Wolverhampton Council
- 9.2 The statutory appointments were made on a part-time interim basis, until May 2017. No additional remuneration will be paid to the post-holders.

## 10.0 Key WMCA Boards

- 10.1 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, supporting the members of the WMCA.
- 10.2 The WMCA **Programme Board** comprises of the Chief Executives and lead officers of all members. It supports the WMCA Board to deliver its business and aims. It co-ordinates, oversees and monitors all WMCA Boards and programmes, oversees budgets, risk registers and allocation of resources.
- 10.3 The WMCA **Board** has overall responsibility for developing and delivering the Strategic Economic Plan (SEP) (inc. Public Sector Reform (PSR) and £8bn devolution programme) an overall strategic vision and development of the WMCA, they are responsible for future devolution development; investment decisions and allocating resources.

- 10.4 The portfolio arrangements (operating collective responsibility) are held by the Leaders, in partnership with non-constituent and observer members and provision updates to the WMCA Board. The portfolio arrangements are:

Chair of the West Midlands Combined Authority – Councillor Bob Sleigh, Solihull MBC

Transport – Councillor Roger Lawrence, City of Wolverhampton

Health and Wellbeing – Councillor Pete Lowe, Dudley MBC

Economic Growth – Councillor John Clancy, Birmingham City Council

Public Service Reform – Councillor Steve Eling, Sandwell MBC

Skills and Productivity – Councillor George Duggins, Coventry City Council

Finance and Investments – Councillor Izzi Seccombe, Warwickshire County Council

Housing and Land – Councillor Sean Coughlan, Walsall MBC

- 10.5 Further information on the work of the West Midlands Combined Authority can be found on the WMCA website: <https://westmidlandscombinedauthority.org.uk/>

## **11.0 Financial implications**

- 11.1 Wolverhampton Council has now paid the agreed contribution of £500,000 to the Combined Authority in 2016/17 and set aside a budget to meet this levy in future years. It is understood that the other participating local authorities have made corresponding arrangements. [GE/26102016/D]

## **12.0 Legal implications**

- 12.1 In making the Orders the Secretary of State must have regard to the Scheme that has been prepared and published.
- 12.2 The approval of all seven of the Constituent Councils of the West Midlands Combined Authority is required before draft Orders can be laid in Parliament. A draft Order then goes through the parliamentary process necessary for the draft Order to be formally approved and to become law. The consent of City of Wolverhampton Council is therefore required before this can be progressed. The consent of the Council is an executive function and is therefore a decision which can be taken by Cabinet.
- 12.3 The ‘functions’ Order provides details of the functions and powers that both the WMCA and the Mayor will have, by consenting to the draft Order Cabinet approved the conferral of the functions on the Mayoral WMCA required to deliver the devolution deal. [TS/03112016/W]

### **13.0 Equalities implications**

13.1 An initial equalities analysis was carried out on the Mayoral West Midlands Combined Authority Scheme, having due regard to the equalities implications of the Scheme, on which the draft Order is based, and it was concluded that further detailed analysis was not required. However, any project/programmes to result from the incorporation of the Scheme detail are subject to an individual equalities analysis.

### **14.0 Environmental implications**

14.1 None.

### **15.0 Human resources implications**

15.1 The Integrated Transport Authority (ITA) and Passenger Transport Executive (PTE) were dissolved on the creation of the Combined Authority and taken into the Combined Authority. This involved the TUPE of ITA and PTE employees.

### **16.0 Corporate landlord implications**

16.1 None.

### **17.0 Schedule of background papers/links used:**

23 September 2015 City of Wolverhampton report:

<http://wolverhampton.moderngov.co.uk/ieListDocuments.aspx?CId=129&MId=4967&Ver=4>

WMCA establishment Governance Review - October 2015:

<https://westmidlandscombinedauthority.org.uk/media/1107/west-midlands-governance-review-without-appendices.pdf>

WMCA establishment Scheme – October 2015:

<https://westmidlandscombinedauthority.org.uk/media/1047/26-october-2015-appendix-1-west-midlands-combined-authority-scheme.pdf>

Establishment consultation summary - February 2016:

<https://westmidlandscombinedauthority.org.uk/media/1110/combined-authority-consultation-analysis-summary-150216.pdf>

2 March 2016 City of Wolverhampton report:

<http://wolverhampton.moderngov.co.uk/documents/s21634/Agenda%20item%206%20Crating%20the%20Combined%20Authority.pdf>

The West Midlands Devolution Agreement:

<https://westmidlandscombinedauthority.org.uk/media/1024/westmidlandsdealdocument.pdf>

18 May 2016 City of Wolverhampton report:

<http://wolverhampton.moderngov.co.uk/documents/s25079/18052016%20-%20Wolverhampton%20Council%20Report%20-%20Provision%20for%20a%20Mayoral%20WMCA.pdf>

Mayoral West Midlands Combined Authority Governance Review and Scheme:

<https://westmidlandscombinedauthority.org.uk/media/1237/mayoralwmca-governance-review.pdf> / <https://westmidlandscombinedauthority.org.uk/media/1236/mayoral-wmca-scheme.pdf>

Initial Equality Analysis on the Mayoral West Midlands Combined Authority Scheme:

<https://westmidlandscombinedauthority.org.uk/media/1235/initial-equality-analysis-mayoral-scheme.pdf>

Consultation document:

<https://westmidlandscombinedauthority.org.uk/media/1355/summary-of-consultation-responses-appendix-a-consultation-documents.pdf>

Summary of consultation responses report:

<https://westmidlandscombinedauthority.org.uk/media/1354/mayoral-wmca-consultation-report-for-upload.pdf>

30 November 2016 City of Wolverhampton Report

<http://wolverhampton.moderngov.co.uk/ieListDocuments.aspx?CId=130&MIId=5992&Ver=4>