

Cabinet

17 June 2015

Name of Cabinet Members:

Cabinet Member for Policy and Leadership – Councillor A Lucas

Cabinet Member for Business Enterprise and Employment – Councillor K Maton

Director Approving Submission of the report:

Chief Executive

Ward(s) affected:

City-wide

Title:

Devolution and Economic Growth - A Combined Authority for the West Midlands Engagement Strategy

Is this a key decision?

Yes – the proposals in the report would impact on all wards in the City

Executive Summary:

On 28 May Coventry City Council's Cabinet agreed in principle to create a combined authority with a preferred option of councils from Coventry and Warwickshire (and Hinckley and Bosworth) with councils from the Greater Birmingham and Solihull and the Black Country Local Enterprise Partnership areas.

Cabinet also agreed to delegate authority to the Leader of the Council with the Chief Executive to enter negotiation and discussions on a potential devolution deal so that proposals can be considered by full Council in due course, to allocate a budget of up to £250,000 to facilitate engagement with residents, local businesses, the city's universities and other key partners and undertake and strengthen the economic analysis required to inform the work on a devolution deal.

Cabinet also instructed officers to produce a report outlining a range of options of engagement on the issue of a combined authority, including whether or not a referendum is feasible.

Recommendations:

The Cabinet is recommended to:

1. Agree the programme outlined in this report that will ensure widespread engagement takes place with residents, businesses, universities and other key partners on the issue of a combined authority – this is in addition to any subsequent consultation required for the establishment of a combined authority and in light of the call for full consultation and an extensive public discussion.
2. Agree that, because of the reasons outlined in this report, holding a referendum on the issue of a combined authority is unfeasible and should not be considered further.

List of Appendices included:

None

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Devolution and Economic Growth - A Combined Authority for the West Midlands Engagement Strategy

1. Context (or background)

- 1.1 Coventry City Council is committed to promoting growth and prosperity for Coventry residents and businesses and to making Coventry a top ten city. In the Queen's Speech the new Government announced and has subsequently published a Cities and Local Government Devolution Bill to continue their policy of promoting economic growth in England through the devolution of powers and funding to larger cities with appropriate sub-regional governance arrangements. The West Midlands is now the only large metropolitan area without a combined authority.
- 1.2 To ensure that Coventry is placed, like other areas of the country, to benefit from this policy Coventry City Council's Cabinet has agreed in principle to create a combined authority based on the preferred option of councils from the Coventry and Warwickshire sub-region (including Hinckley and Bosworth), reflecting the city's economic geography, along with councils from the Greater Birmingham and Solihull and Black Country Local Enterprise Partnerships' areas.
- 1.3 A combined authority for the West Midlands for this new wider area based on these three local enterprise partnerships would reflect economic geography and be the largest in the country. It would be closer in scale to London; providing new opportunities for economic growth and benefits for residents and local businesses and increased productivity and the re-balancing of the UK economy.
- 1.4 Although the establishment of a combined authority means powers would move from Whitehall to the West Midlands - not from Coventry to a combined authority - widespread media coverage of this issue has led to a lively debate locally on the implications of Coventry joining a combined authority.
- 1.5 Some residents fear that the move could see Coventry losing its identity and sovereignty as a major English city and become part of a larger council dominated by Birmingham, losing the city's historic links with Warwickshire. This would not be the case – Coventry councillors would continue to make all decisions about council services delivered in the city and an equal partnership proposed in the combined authority means all leaders would have an equal vote. There would be no boundary changes and no changes to the city and its civic sovereignty. Existing formal sub-regional working with other West Midlands Metropolitan Districts including Birmingham on services such as transport, police and fire will continue to be addressed at the most appropriate sub-regional level. The Council's preferred option for a combined authority is to include Warwickshire and other non-metropolitan areas within the three local enterprise partnerships. Discussions with local councils and other partners are on-going.
- 1.6 However the concerns have led to two petitions being established. The first, which the Council has been asked to host in accordance with its Petition Scheme, asks that a referendum be held on whether to join a combined authority with Greater Birmingham. This says the Council should "give the citizens of Coventry a referendum on whether to link with Birmingham or Warwickshire" As at Monday 8 June, 129 people had signed this petition. The petition remains open for signature until 30 June 2015.
- 1.7 In addition, a larger petition of nearly 4000 (at time of finalising this report) has also been raised in the city. <https://you.38degrees.org.uk/petitions/let-coventry-residents-decide-whether-they-should-be-part-of-greater-birmingham> calling for a referendum on the issue. The petition also expresses concern that the Council "is not intending to canvas the opinion of residents through a referendum." The petition also states "I do not believe

that such a decision about the City, which will have an impact for decades ahead, should be made without full consultation and an extensive and public discussion of all the pros and cons.”

- 1.8 As a result Cabinet instructed officers at its meeting on 28 May to investigate the feasibility of holding a referendum and the range of engagement and consultation options open to the Council.
- 1.9 The feasibility of a holding a referendum on the issues of a combined authority has been considered against the following criteria:
- Timeframe needed to organise and hold a referendum
 - Cost to the Council of holding a referendum
 - Complexity of ensuring accurate and effective wording of the question to be asked in a referendum
 - Legal locus
 - Effectiveness of getting information out to the widest possible audience to ensure a high response in a referendum

2. Options considered and recommended proposal

2.1 Feasibility of holding a referendum

Under Section 116 of the Local Government Act 2003 the City Council has a power to hold polls in order to ascertain the views on any matter relating to: their services, expenditure on those services, or their power to promote well-being in their areas. There is no obligation on the City Council to hold a poll, nor is it bound by the result. It is for the City Council to determine how the poll should be conducted and when it should be held.

If a decision was made to undertake to hold a Poll there would need to be a minimum of 35 working days to organise it.

There are two main options for conducting a poll.

- via an all postal ballot (which also enables response by internet and telephone). It is anticipated that this option would cost in the region of £150,000.
- Through a poll conducted in the same manner as local elections; using the existing polling places, poll cards options for postal votes. The City Council has held polls/referendums in this way previously; however such referendums were a statutory requirement. The cost of conducting a referendum within such a short time scale in this manner at a time when no elections are taking place is anticipated to be in the region of £500,000. Previous referenda have been supported financially by central Government; in this case the Council would have to fund all costs for holding a referendum. This is well in excess of the amount of £250,000 that has been approved by Cabinet to carry out engagement work with Coventry residents and key partners on this issue.

- 2.1.1 Referendums are used where there is a decision to be taken between two or more clear options. The development of a combined authority is more complicated than this, involving a range of factors, a mass of information, and the consideration of the views of a range of partners. At the current formative stage, evidence needs to be gathered, discussions held and issues worked through before firm proposals for the setting up of a combined authority can be considered properly. In essence it would be impossible to frame a question for a referendum that would cover all the issues, present a balanced view of the proposals and ensure a balanced response from residents. It is recommended that any wording of a question for a referendum should be “user tested” by the Electoral Reform Society. The timetable for organising a referendum would need to allow for such user testing.

- 2.1.2 The Local Democracy, Economic Development and Construction Act 2009 sets out the statutory process for the establishment of a combined authority: the early part of the process is iterative and involves a number of local authorities with the actual power to set up a combined authority resting with the Secretary of State.
- 2.1.3 The statutory process begins with two or more councils undertaking a review of their area specifically in relation to the effectiveness and efficiency of transport and arrangements to promote economic development and regeneration within the area covered by the review. As part of this review, there will be a consultation to seek the views of local residents, councils; business and other local organisations across the area subject to the review so that these can be considered by the councils before they decide to proceed. The local authorities then publish their “scheme” for a proposed combined authority which is submitted to the Secretary of State. The scheme is then considered by the Secretary of State who undertakes a further formal process of consultation before making an order for a combined authority to be approved before Parliament. There is no provision for a referendum to be held as part of this process which includes all the areas covered by the councils; a wider consultation exercise is seen as a more effective way of ensuring a balanced debate and proper engagement on the issue.
- 2.1.4 The West Midlands has been advised by Ministers that there is a need to respond to the Government’s offer on devolution to cities with speed as this is a key priority for them and would look to see the whole statutory process completed in time for a combined authority to be set up by April 2016. In addition the Chancellor of the Exchequer has made it clear that referendums are not required and not expected as part of this process as the policy was clearly set out in the Conservative manifesto upon which the new Government has been elected. The Government expects the proposal or scheme to form a combined authority for consideration by the Secretary of State should be made by local councils.
- 2.1.5 The need to respond to the Government speedily means that there would not be sufficient time to add a referendum to the statutory process even if this is permissible. If Coventry were to decide to lengthen the process it would require other councils to wait longer and potentially mean that the window of opportunity on devolution that has been offered to the West Midlands would be missed.
- 2.2 The need for speed for the West Midlands and the length of time that the formal statutory process required to set up a combined authority is likely to take means that the formal process needs to begin very quickly and would not provide the time required to undertake a referendum. The anticipated key dates for this process in the West Midlands including specific dates for Coventry are:
- **June to July** – local engagement with residents and key stakeholders.
 - **14 July** – Full Council debate and decision on the principle of joining a combined authority and proceeding to consultation on the review and any proposed scheme.
 - **1 August to 7 September** – consultation period on the review and draft scheme to include Coventry residents, businesses, universities and key partners and the wider West Midlands area.
 - **September 2015** – consultation responses considered and any proposed scheme finalised;
 - Full Council debate and decision on whether to proceed and submit scheme to the Secretary of State for consideration.

- **Autumn 2015** – Secretary of State carries out further consultation in the West Midlands including with neighbouring local authorities; Coventry residents, businesses, universities and key partners.
 - **April 2016** – establishment of new combined authority.
- 2.3 It is proposed that, in light of the public interest already shown in this issue that the Council carries out a comprehensive (well beyond that which is required as part of the process outlined in para 2.4) engagement process in addition to the consultation required as part of the statutory process for establishing a Combined Authority. This would also address the call in the external petition for “*full consultation and an extensive and public discussion of all the pros and cons*”.
- 2.4 Because of the timeframe involved, it is also proposed that widespread engagement begins as soon as possible, and ahead of the statutory consultation period, to ensure that as many residents can take part in the engagement process. This will include:
- **Supply of factual information.** The complexity of the issues involved in establishing a combined authority has led to misunderstandings about the role and power of a combined authority. In particular a widespread misconception that a combined authority could, in some way, mean Birmingham “takes over” Coventry has led to widespread concern. Factual information, including questions and answers, infographics will be produced to outline the key issues and inform debate and engagement.
 - **A Citizen’s Panel** – a representative group of residents from across the city provided with detailed reports and information and with the remit to call in external expert witnesses for questioning and discussions. This will be facilitated by an independent external team, culminating in a final report to be delivered to the Council in September.
 - **Face to face engagement**, including discussion and debate at July ward forums – taking place throughout the city and open to all residents. Public debates/panel discussions to include politicians, business leaders, academics and residents and drop-in sessions for the public at a key city centre location to allow people to talk to council officers and councillors informally about combined authority. Key partners will be consulted to ensure they have the opportunity to fully engage in the process, either formally (through specific events organised by the Council in a format, time and date suitable for the organisation concerned) or informally (through existing meetings held with organisations).
 - **Digital and social media**, including a **dedicated web engagement portal to include all public information** and using council social media channels (Facebook, Twitter, YouTube etc). Social media engagement will include encouraging active two way conversations and debates (including live webstreaming via Twitter and the Council’s webstreaming service used for Full Council meetings) with the public.
 - **Print and broadcast media** – Coventry’s key local media – Coventry Telegraph and BBC Coventry and Warwickshire, as well as regional TV – have already engaged fully in the issue. This has already included several interviews with key Coventry politicians and live web forum debates. It will continue to be a priority to provide information and spokespeople for the media and find ways of engaging listeners and readers in the issues concerning people.

3. Results of consultation undertaken

- 3.1 On-going discussions with key partners including neighbouring councils and Coventry Warwickshire Local Enterprise Partnership has already been undertaken to inform this work and will continue throughout this process. The business community, through the Chamber of Commerce and the Federation of Small Business have already undertaken detailed survey work with their membership on key issues affecting them around the establishment of a combined authority. The public engagement referred to in paragraph 2.4 outlines a wider consultation and engagement exercise than is necessary under statutory process. This would be followed by a further round of consultation carried out by the Secretary of State.

4. Timetable for implementing this decision

- 4.1 If the proposals are agreed, engagement will begin at the beginning of July, as outlined in paragraph 2.4 with a local consultation period in August. The formal process to set up a combined authority is partly dependent on Parliamentary timetables but the intention is that a combined authority will be set up by April 2016.

5. Comments from Executive Director of Resources

- 5.1 Financial implications
Engagement activity proposed in this report will be cost effective and under the maximum sum £250,000 of funding allocated by Cabinet on 28 May.
- 5.2 Legal implications
The process for establishing a Combined Authority within this report reflects the current statutory framework under the Local Democracy, Economic Developments and Construction Act 2009. Amendments are currently being considered as part of The Cities and Local Government Devolution Bill, the implementation date of which is not yet known.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The aim of setting up a combined authority is to promote economic growth and prosperity and social justice by ensuring that local people, including those who are most disadvantaged, are able to benefit from that growth.

6.2 How is risk being managed?

At this initial stage no additional risks to the Council have been identified.

6.3 What is the impact on the organisation?

The setting up of a combined authority and the negotiation of a devolution deal will use the time and resources of Councillors and senior officers. A combined authority will not replace the Council and its responsibilities and services will remain the same.

6.4 Equalities / EIA

At this initial stage no adverse impact on any group is anticipated.

6.5 Implications for (or impact on) the environment

None identified at this stage.

6.6 Implications for partner organisations?

Partner organisations will be fully engaged through the engagement programme outlined in paragraph 2.4.

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