

Council

14 July 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 – consultation on a Combined Authority for the West Midlands

Is this a key decision?

No

Executive Summary:

On 28 May 2015 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.

Following extensive discussions with local authority neighbours; local enterprise partnerships and other partners, Coventry City Council and the other six West Midlands Metropolitan District Councils have undertaken a joint governance review to establish if the creation of a combined authority would improve economic development, regeneration and transport in the area.

All seven councils agree that, whilst a combined authority for the metropolitan area would deliver considerable benefits, one that covers a geography that includes other councils from wider Local Enterprise Partnership areas of Coventry and Warwickshire and Greater Birmingham and Solihull would be preferable. Discussions are continuing with these neighbouring local authorities (including Hinckley and Bosworth) and will continue through this consultation process.

The statement of intent "*Growing the UK Economy through a Midlands Engine*" setting out the case and aspirations for a West Midlands combined authority on this wider geographical basis was issued by the seven West Midlands Metropolitan District Councils on 6 July 2015 and was welcomed by the three local enterprise partnerships. The seven West Midlands Metropolitan District Councils now intend to consult across the West Midlands area on the governance review and proposals to set up a West Midlands Combined Authority.

Recommendations:

Council is recommended to:

1. agree that joint consultation by the seven West Midlands Metropolitan District Councils on setting up a combined authority for the West Midlands should take place in Coventry,

2. delegate authority to the Leader of the Council with the Chief Executive to agree the documentation to be used in the joint consultation on the proposed combined authority for the West Midlands.

List of Appendices included:

Appendix 1 – “*Growing the UK Economy through a Midlands Engine*” – statement of intent for a West Midlands Combined Authority

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?

Yes

Report title: Devolution and Economic Growth – consultation on a Combined Authority for the West Midlands

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. The new Government has announced a Cities and Local Government Devolution Bill in the Queen’s Speech 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 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 the Black Country Local Enterprise Partnerships’ areas.

2. Options considered and recommended proposal

- 2.1 Following extensive discussions, the seven West Midlands Metropolitan District Councils of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton have undertaken a governance review to establish whether or not setting up a combined authority would improve economic development, transport and regeneration in the West Midlands metropolitan and the wider sub-regional area.
- 2.2 The governance review has included the commissioning of economic analysis, including a functional economic market assessment for the area covered by the seven metropolitan district councils along with the wider area covered by the three local enterprise partnership which include the seven metropolitan councils: the Black County; Coventry and Warwickshire; and Greater Birmingham and Solihull Local Enterprise Partnerships.
- 2.3 In addition to economic analysis and assessment of data, the review has also taken into account information and opinions from a range of other sources and discussions have taken place with the three local enterprise partnerships and the West Midlands Integrated Transport Authority. Discussions have also taken place with neighbouring county and district local authorities.
- 2.4 The analysis of the functional economic market area of the West Midlands has concluded that, whilst the areas covered by the three Local Enterprise Partnership areas do function as individual economic market areas, the combination of all three areas together has significant advantages. It gives greater benefits both in terms of increased market self-containment and scale and also in shared economic sector specialisation giving additional potential benefits for the development of supply chains.
- 2.5 So whilst economic analysis shows that the West Midlands metropolitan area taken together would provide additional economic development benefits and improve the existing transport arrangements across the metropolitan area, a wider area covering the three local enterprise partnerships of Coventry and Warwickshire, the Black Country and Greater Birmingham and Solihull offers potentially greater economic benefits for both the individual council areas and the West Midlands as a whole. For this reason the seven West Midlands Metropolitan District Councils are keen to include the wider area within a new combined authority for the West Midlands and the consultation that is proposed will give further

opportunity to continue discussions with other councils, businesses and residents about the geography that a combined authority should cover.

- 2.6 A statement of intent by the seven West Midlands metropolitan district councils "*Growing the UK Economy through a Midlands Engine*" was issued on 6 July 2015. This document sets out a case based on economic analysis for a combined authority for the West Midlands covering the three Local Enterprise Partnership areas: along with aspirations for further growth through increasing productivity: working principles and early priorities around investment, skills, transport and the establishment of commissions on productivity; the supply of land; and mental health.
- 2.7 Although it is not a statutory requirement, the seven West Midlands metropolitan district councils intend to undertake a short period of consultation to run from 1 August 2015 to the 7 September 2015 on the outcomes of the governance review and joint proposals for setting up a combined authority for the West Midlands. The consultation process currently being planned will include surveys, in-depth interviews and consultation events across the West Midlands area.
- 2.8 After the consultation is concluded, the seven councils will consider the responses received, and use them to inform their decision about whether or not to continue to pursue the setting up of a combined authority for the West Midlands. Each council will then need to approve the joint draft scheme for a West Midlands Combined Authority setting out the area that it will cover; what it will do and how it will work; and agree to submit this to the Secretary of State for Communities and Local Government for consideration.
- 2.9 As one of the local authorities that have undertaken the joint review, the Council is recommended to agree that the proposed consultation should take place as the next stage in the process of considering whether or not to set up a combined authority for the West Midlands.
- 2.10 The joint documentation to be used in the consultation across the West Midlands area is currently being finalised. It is therefore recommended that authority be delegated to the Leader of the Council with the Chief Executive to agree the joint consultation documentation.

3. Results of consultation undertaken

- 3.1 On-going discussions with key partners including neighbouring councils and Local Enterprise Partnerships 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.
- 3.2 The consultation process will be undertaken jointly by the West Midlands metropolitan district councils. The results will feed directly into the development of any scheme for a combined authority for the West Midlands.
- 2.11 On 17 June 2015, Cabinet agreed to undertake an engagement programme on the issue of a combined authority. This programme is in addition to the consultation process being undertaken jointly by West Midlands' authorities and has already begun and will continue across the summer.

4. Timetable for implementing this decision

- 4.1 The consultation period will run from 1 August until 7 September 2015. The results will be considered by Coventry City Council along with the other West Midlands Metropolitan District Councils and other key partners and will inform any subsequent development of a scheme for a West Midlands Combined Authority. Such a scheme would need to be approved by each Council individually and they each need to agree to submit the scheme to the Secretary of State. It is anticipated that this will take place in early October.
- 4.2 The next stage of the process lies with central Government but it is currently anticipated that if the proposal moves forward there would be a formal consultation by the Secretary of State in November/December 2015 and Parliamentary approval will take place early in 2016 so that a West Midlands combined authority would be set up from April 2016.

5. Comments from Executive Director of Resources

5.1 Financial implications

The costs of the consultation will be included within the budgets already allocated to the consultation activities.

5.2 Legal implications

Once the governance review is completed the local authorities consider whether the establishment of a combined authority for an area would be likely to improve—

- (a) the exercise of statutory functions relating to transport in the area,
- (b) the effectiveness and efficiency of transport in the area,
- (c) the exercise of statutory functions relating to economic development and regeneration in the area, and
- (d) economic conditions in the area.

The authorities may then prepare and publish a scheme for the establishment of a combined authority for the area (“the scheme area”).

- 5.3 If local authorities believe the case is made they then develop their proposal scheme for a combined authority for their area. There is no requirement to consult as part of this process but, having decided to do so, local authorities should give due consideration to the responses received.

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. The consultation process will be undertaken in a way that will ensure that different communities in the West Midlands are represented and given opportunities to understand the benefits and implications of establishing a combined authority for the West Midlands.

6.5 Implications for (or impact on) the environment

None identified at this stage.

6.6 Implications for partner organisations?

Partner organisations will be encouraged to take part in the consultation process outlined above.

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Appendix 1

“Growing the UK Economy through a Midlands Engine” – statement of intent for a West Midlands Combined Authority