

Council

23 February 2016

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:

Approval of the Draft Order to establish a West Midlands Combined Authority

Is this a key decision?

Not applicable

Executive Summary:

A combined authority is a statutory body that facilitates the collaboration and joint working between local authorities to drive economic prosperity for the area. On 13 October 2015 Coventry City Council resolved that it should join the proposed West Midlands Combined Authority (WMCA) after considering the information available including the West Midlands statutory governance review and Statement of Intent for the Combined Authority and the results of the local engagement and consultation process. Council further resolved to approve the Scheme for a West Midlands Combined Authority which was submitted to the Secretary of State for Communities and Local Government.

The next step in the creation of a WMCA is for an Order to be laid before Parliament by the Secretary of State. The Order, if made, will be the statutory basis on which a WMCA is established.

Assurance work around the Devolution Deal continues and this will be subject of a future report to Council for full consideration and debate.

Recommendations:

Council is asked to note that the following recommendations are subject to the draft Order being provided by the Department for Communities and Local Government (DCLG) to the Constituent Councils on 22 February 2016 therefore available for the Council meeting of 23 February 2016.

Council is recommended to:

1. Formally approve the draft Order.
2. Delegate approval of any minor drafting amendments of the Order to the Chief Executive following consultation with the Leader of the Council
3. Endorse the Draft Constitution for the West Midlands Combined Authority for adoption.
4. Agree that approval to make any technical amendments to the Combined Authority Constitution on behalf of the City Council is delegated to the Chief Executive following consultation with the Leader of the Council.
5. Delegate to the Chief Executive, following consultation with the Leader of the Council, authority to consider and continue any further and future assurance and due diligence work around the Devolution Deal and WMCA.

List of Appendices (web links to documents as indicated)

Appendix 1 Draft Order from the Secretary of State (to follow)

Appendix 2 Proposed Combined Authority Constitution

<https://westmidlandscombinedauthority.org.uk/media/1112/item-2-1-working-draft-ca-constitution.pdf>

Appendix 3 Papers provided to The Secretary of State from the shadow WMCA:

Governance Review:

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

The Scheme:

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

Engagement and consultation summaries:

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

Other useful background papers:

Cities and Local Government Devolution Act 2016

<http://www.legislation.gov.uk/ukpga/2016/1/contents/enacted/data.htm>

Local Democracy, Economic Development and Construction Act 2009

<http://www.legislation.gov.uk/ukpga/2009/20/contents>

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: Approval of the Draft Order to establish a West Midlands Combined Authority

1. Context (or background)

- 1.1 The seven Metropolitan Councils of the West Midlands (Birmingham City Council, City of Wolverhampton Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council and Walsall Metropolitan Borough Council) conducted a Review of Strategic Governance in 2014 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 (LDEDCA):
- The exercise of statutory functions relating to economic development, regeneration and transport
 - The effectiveness and efficiency of transport
 - The economic conditions in the area
- 1.2 This concluded that the establishment of a combined authority for the West Midlands was best placed to support business to further growth and to create jobs, to secure 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. The Governance Review is appended to this report with the suite of documents submitted to the Secretary of State at appendix 3.
- 1.3 A Scheme was then drafted to form the legal basis for the creation of the new body containing the membership, powers, functions and voting arrangements. At its meeting on 13 October 2015 Council endorsed these proposals and agreed that Coventry City Council should formally become a Constituent member of the WMCA.
- 1.4 The Scheme was submitted to Government on 26 October 2015 (appendix 3)
- 1.5 As part of its consideration of joining a combined authority in the West Midlands the City Council undertook a period of engagement and consultation. Feedback from this engagement and consultation was considered by Council when making the decision to join the West Midlands Combined Authority. Prior to making the decision to make an order establishing a combined authority, the Secretary of State must be assured that no further consultation is necessary. In discussion with DCLG it was agreed that the shadow West Midlands Combined Authority would undertake a period of consultation running until 8 February 2016 to inform the Secretary of State's decision; this builds on the previous engagement undertaken by the seven constituent Councils.
- 1.6 The summary of the consultation has been sent to the Secretary of State and DCLG and is at appendix 3
- 1.7 The proposal for the Combined Authority is based on the published Scheme. In November 2015, following the publication of the Scheme document, a proposed devolution deal was signed by the Leaders of the seven Constituent Councils and the three Local Enterprise Partnership Chairs.

- 1.8 The development of the devolution deal, for the benefit of the Citizens of Coventry and the West Midlands region, is ongoing; working in partnership with PwC and Grant Thornton assurance and due diligence work around the establishment of WMCA and devolution deal is progressing. The proposed devolution deal is dependent on a separate approval by each constituent authority. This report is not dealing with that approval. Any decision by the Council in respect of a devolution deal or of an elected Mayor of the Combined Authority will be subject of a further report and debate.
- 1.9 The Secretary of State is now considering his intention to establish the West Midlands Combined Authority, subject to his consent the Constituent Councils will be provided with the draft Order on 22 February 2016 (to follow as appendix 1) and Council is now being asked to consider consenting formally to that draft Order, with any final drafting amendments delegated to the Chief Executive following consultation with the Leader. In the event the draft Order is not received from DCLG on the 22 February 2016 to meet the timescale for the Order being laid before Parliament consideration can be given to the meeting being adjourned, for this item only, to allow for its receipt.
- Once consent is given to the 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 West Midlands Combined Authority.
- 1.10 Subject to the above approvals and the passage of the Orders through Parliament, the Combined Authority's inaugural meeting will be held in June 2016 at which point it will agree its Constitution and ways of working. This will enable the Combined Authority to assume democratic responsibility for the functions of the West Midlands Integrated Transport Authority, and Passenger Transport Executive (PTE) (Centro), as well as accepting transfer of its assets and liabilities.

2.0 Remit and membership of the Combined Authority

- 2.1 The remit of the Combined Authority for the West Midlands Combined Authority will be strategic economic development, regeneration, transport, employment and skills functions that can be better delivered collaboratively across the West Midlands. The Combined Authority will remain a focused strategic decision making body, with responsibility over those strategic issues where it is mutually beneficial for local authorities, Centro, and the Local Enterprise Partnerships to work together. It is not a 'super Council' and each Council will maintain its independence and sovereignty.
- 2.2 As a statutory organisation, the Combined Authority requires a Constitution to be in place to describe how it will operate its functions. Council is asked to endorse the draft Constitution for the Combined Authority for adoption; the draft constitution is at appendix 2.
- 2.3 Each Constituent Council will be represented on the Combined Authority by two members. This is to ensure that Constituent Members are the majority (there are seven Constituent Members and currently eight Non-Constituent Members). The Non-Constituent members will appoint one representative. The draft Constitution of the Combined Authority provides for Constituent Councils to appoint two Members to the Combined Authority, along with two substitute Members. Subject to approval of the recommendations made today Council will be asked to approve nominated members at its Annual General Meeting on 19 May 2016.

- 2.4 Overview and Scrutiny and Audit Committees of the West Midlands Combined Authority will be established and appointments to those committees will be made to ensure arrangements are in place to review or scrutinise decisions made, or other action taken, in connection with the discharge of any of its functions.

3. Options considered and recommended proposal

- 3.1 Council is recommended to continue its journey towards becoming an instrumental member of the West Midlands Combined Authority by approving the draft Order that the Secretary of State intends to lay before Parliament to enable the statutory creation of the West Midlands Combined Authority. Consequential to that decision Council is asked to endorse the adoption of the proposed constitution for the West Midlands Combined Authority.

4. Timetable for implementing this decision

- 4.1 Subject to approval of the draft order, and its finalisation by DCLG, the Secretary of State will lay the order before parliament for consideration. Subject to Parliament approval it is envisaged that the Secretary of State will make the Order in June 2016 and on the day the Order is made the West Midlands Combined Authority will come into force; this will be its vesting day.

5. Comments from Executive Director of Resources

5.1 Financial implications

The Councils' Budget Setting report, which appears elsewhere on this agenda, contains a proposal for a contribution of £500,000 pa. towards the costs of establishing the WMCA on a footing to enable it to move swiftly into delivery and implementation. A similar contribution will be made by the other six Constituent members.

5.2 Legal implications

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.

The decision to create a combined authority 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

In making the Order the Secretary of State must have regard to the Scheme that has been prepared and published.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard)?

The aim of setting up the West Midlands Combined Authority is to promote economic growth and improve the provision of transport. This is in line with the Council's aim to be a top ten city and to deliver 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?

The Combined Authority will be a statutory organisation and its members would be required to manage the risks associated with its activities.

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

The setting up of a combined authority enables local authorities to work collaboratively to improve economic outcomes and transport in the area. No adverse impact on any group protected under the Equality Act is anticipated by this decision. Once set up a combined authority is expected to meet the requirements of the Equality Act as a public sector body.

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.

Report author(s):

Julie Newman

Name and job title:

Legal Services Manager (People)

Directorate:

Resources

Tel and email contact:

02476 833544

Enquiries should be directed to the above people.

Contributor/approver	Title	Directorate or	Date doc	Date response
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name		organisation	sent out	received or approved
Jaspal Mann	Equalities Officer	Chief Executive		11.2.16
Suzanne Bennett	Governance Services	Resources		11.2.16
Names of approvers for submission: (officers and members)				
Fran Collingham	Assistant Director - Communications	Chief Executive		11.2.16
Chris West	Executive Director	Resources		11.2.16
Martin Reeves	Chief Executive	Chief Executive		10.2.16
Councillor A. Lucas	Cabinet Member for Policy and Leadership			
Councillor K. Maton	Cabinet Member for Business			

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