
Cabinet	31 May 2016
Council	31 May 2016

Name of Cabinet Members:

Cabinet Member for Policy and Leadership

Director Approving Submission of the report:

Chief Executive

Ward(s) affected:

City-wide

Title:

Implementing the Devolution Agreement - Provision for Mayoral West Midlands Combined Authority

Is this a key decision?

Yes

Executive Summary:

On 23 February 2016 Coventry City Council consented to a Draft Order to be laid before Parliament to allow for the creation of the West Midlands Combined Authority (WMCA), this initial "Establishment Order" is currently before parliament and is anticipated to come into force on 10th June 2016 on which date the WMCA will be established.

Negotiations with Government have continued to ensure that the WMCA creates the right economic development incentives for the people of Coventry. The "Devolution Deal" is the basis of this agreement and underpins the first stage of devolution. Assurance work around the Devolution Deal has been undertaken by PWC and Grant Thornton and is attached to this report.

On the 13 October 2015 Council resolved:

"That any devolution deal would be subject to a separate and detailed decision by Cabinet and Full Council which would include an analysis of the benefits and risks and the value of the deal to the city of Coventry along with any proposed changes in governance including whether or not to have an elected metro mayor.

A further report and documentation in relation to the process and details for a Mayoral Combined Authority are to follow this report to be received in advance of the Council and Cabinet meetings on the 31st May.

Recommendations:

Cabinet is recommended to:

1. Consider the Devolution Deal and due diligence work surrounding it and make recommendations to the City Council.

Council is recommended to:

2. Consider the Devolution Deal and due diligence work surrounding it.

List of Appendices (web links to documents as indicated)

Appendix 1 WMCA Devolution Agreement

Appendix 2 Assurance Document by PWC

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: Implementing the Devolution Agreement - Provision for Mayoral 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.
- 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. This Scheme was submitted to Government on 26 October 2015. A draft Order ("The Establishment Order") based on the scheme was created by the Secretary of State and approved by Council on 23 February 2016. This "Establishment" Order is currently laid before parliament and, subject to Parliamentary approval, it is envisaged that the Secretary of State will make the Order on the 10th 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.
- 1.4 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. Matters for consideration

2.1 Devolution Deal

2.1.1 In November 2015 a proposed devolution deal was signed by the Leaders of the seven Constituent Councils and the three Local Enterprise Partnership Chairs. The Devolution Deal was negotiated for the benefit of the Citizens of Coventry and the West Midlands region; PwC and Grant Thornton have been engaged to undertake the assurance and due diligence work around the establishment of the WMCA and Devolution Deal. This assurance report is at appendix 2 for consideration by Cabinet and Council.

2.1.2 The assurance report states:

“It is clear from discussions with all constituent and non-constituent Members that engaged with us, that the establishment of the West Midlands CA and the negotiation of a Devolution Agreement with the Government provided Councils with the ability to go further and faster in exploiting the economic potential of the area. It also enables authorities to take more concerted action on productivity in the public and private sectors, including a programme of ambitious public service reform.

Our review of the economic market assessment information available to the constituent authorities supports this conclusion and would appear to be a sound basis on which to develop proposals. “

3. Options considered and recommended proposal

3.1 Cabinet and Council is asked to consider the Devolution Deal in accordance with the resolution of Council on the 13 October 2015 including analysis of the benefits and risks and the value of the deal to the city of Coventry.

4. Timetable for implementing this decision

Council and Cabinet are to consider the devolution deal on the 31st May 2016.
The anticipated vesting date of the West Midlands Combined Authority is 10th June 2016.

5. Comments from Executive Director of Resources

5.1 Financial implications

The agreed Combined Authority establishment budget for 2015/16 was £2.1 million, each of the participating local authorities contributing £300,000. The actual expenditure incurred totalled £1.5 million in 2015/16, with the remaining budget committed to be spent early in 2016/17. The City Council has now set aside a further budget of £500,000 to meet an anticipated levy from the Combined Authority in 2016/17.

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.

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 combined authority and the development of the 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.

Partnership working is key for successful delivery of the Devolution Deal.

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Martin Reeves	Chief Executive	Chief Executive		20/05/16
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