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Coventry City Council

Minutes of the Meeting of Cabinet held at 1.00 pm on Tuesday, 31 May 2016

Present:

Cabinet Members: Councillor G Duggins (Chair)
Councillor A Khan (Deputy Chair)
Councillor F Abbott
Councillor L Bigham
Councillor K Caan
Councillor K Maton
Councillor J O'Boyle
Councillor E Ruane

Deputy Cabinet Members: Councillor P Akhtar
Councillor R Ali
Councillor R Lakha
Councillor P Seaman
Councillor D Welsh

Non-voting Opposition Members: Councillor J Blundell
Councillor G Crookes

Other Members: Councillor S Bains
Councillor M Lapsa
Councillor P Male
Councillor T Mayer
Councillor D Skinner
Councillor S Walsh

Employees (by Directorate):

Chief Executive's: M Reeves (Chief Executive)

Place: N Clews

People: G Quinton (Executive Director)

Resources: C West (Executive Director), L Knight,
J Newman

Apologies: Councillors J Innes, R Lancaster, J Mutton,
M Mutton, C Thomas

Public Business

143. Declarations of Interest

There were no declarations of interest.

144. **Minutes**

The minutes of the meeting held on 19th April 2016 were agreed and signed as a true record.

There were no matters arising

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

The Cabinet considered a report of the Chief Executive, which set out the proposals for implementing the Devolution Agreement and provisions for Mayoral West Midlands Combined Authority.

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.

The Cabinet noted that 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.

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. On the 13th October 2015, the Council endorsed these proposals and agreed that Coventry City Council should formally become a constituent member. In addition, it resolved that the Devolution Deal should come back before Cabinet and Council for full consideration and debate. Following this agreement, the Scheme was submitted to Government and a Draft Order ("The Establishment Order") based on the Scheme was created by the Secretary of State.

On 23rd February 2016 the Council consented to a Draft Order being laid before Parliament to allow for the creation of the West Midlands Combined Authority (WMCA). The Cabinet noted that this "Establishment Order" was currently before parliament and was anticipated to come into force on 10th June 2016, on which date the WMCA would be established.

Negotiations with Government had continued to ensure that the WMCA created the right economic development incentives for the people of Coventry. 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 the basis of the agreement and underpinned the first stage of devolution. Assurance work around the Devolution Deal was also

undertaken by PricewaterhouseCoopers (PWC) and Grant Thornton and were appended to the report submitted.

The Cabinet were advised that the Devolution Deal stipulated that the Chair of the WMCA would be a newly, directly elected Mayor, holding specific powers and functions. A draft order, the “Mayoral Election Order” was also appended to the report for consideration. Subject to consent by all of the constituent authorities, it was anticipated that the Order would be laid before Parliament in June 2016 providing for the Election of a Mayor for the WMCA on 4th May 2017. The Cabinet noted however that the Order did not deal with the functions and powers of the Mayor and that this would be dealt with by a further Order.

In conjunction with the “Mayoral Election Order” a draft Scheme had been prepared, which dealt with the proposed functions and powers of the WMCA and the Mayor in line with the Devolution Deal. In particular the Scheme outlined those functions which would be a Mayoral Function, a Joint WMCA and Mayoral Function or a WMCA (non-Mayoral) Function. The scheme operated on the principle that devolution was not about taking powers away from Constituent Councils, but was about drawing down powers from central government or government agencies.

The Cabinet were advised that additional governance arrangements in the Mayoral WMCA ‘functions’ Scheme would include additional members, in pursuit of the WMCA’s ambition to collaborate across the West Midlands geography. A deadline of 10th June 2016 had been given for consideration by the WMCA Shadow/WMCA Board of additional membership.

Subject to the agreement of Council, the Scheme would be subject to public consultation and the report submitted set out the approach to this consultation. Following consultation, the Secretary of State must consider the proposed scheme and the consultation responses. The scheme would form the basis of a third order, the “Functions Order”. It was anticipated that this would be considered by Council in September 2016 before being laid before Parliament.

In line with the “Establishment Order” it was anticipated that the WMCA would come into being as a statutory body on the 10th June 2016. It was noted that Councillor and Officer support from all member authorities was key, both to ensure the collaborative model for the benefit of the West Midlands continued, and also that the citizens of Coventry continued to benefit from the opportunities arising from the Devolution Deal.

Coventry’s elected member representatives to the WMCA were considered and resolved at the Council’s Annual Meeting on 19th May 2016. Alongside the democratically elected Leaders of each local authority, the Chief Executives from the constituent authorities made up the senior leadership team of the WMCA. The constituent CEO’s would, aside from their day-to-day council responsibilities, also have strategic roles within the WMCA.

Strong public feedback during the engagement programme about the creation of the WMCA was that it should not mean extra layers of bureaucracy or new jobs created at an extra cost to the taxpayer and political leaders had been very clear to officers working on the development of the WMCA that wherever possible,

resources should be absorbed by member Councils at no extra cost to the tax payer. As a result, it was proposed that the Senior Management Team of the Combined Authority be made up by Senior Officers from the constituent Councils. This arrangement would include the Head of Paid Service of Coventry City Council (Martin Reeves) taking on the additional responsibility of Head of Paid Service for WMCA on a temporary and part-time basis. This provided a unique opportunity for Coventry to maintain a key strategic position in the new authority. Arrangements had therefore been put in place to delegate responsibility to the Executive Director of Place and members of the Senior Management Board for those areas of responsibility held by the City Council's Chief Executive to exercise on his behalf on the rare occasions that he was not available.

The report indicated that a 'Collective Investment Fund' (CIF) had been an identified priority for the WMCA, with the aim of providing investment for commercial land and property developments, where these were viable but unable to secure all of the required investment to progress. The CIF's focus would be to secure economic return across the region at nil net cost to the WMCA at worst, operating as a revolving fund, for at least a 10-year period with the initial capital being repaid in full at the time the CIF was wound up.

The CIF would be a fund of investments made by the WMCA itself, funded from WMCA prudential borrowing capped at £70 million, as soon as the WMCA had the necessary borrowing powers. Until such time as the WMCA had the power to borrow, Birmingham City Council had agreed to act as Accountable Body for the CIF, and would therefore undertake any borrowing relating to the CIF in the short to medium term.

It was anticipated that the WMCA Board would approve that Finance Birmingham be appointed as the Fund Manager for the CIF. Ownership of the CIF funds would however remain with the WMCA, or Accountable Body, and would only be released when loans are fully approved and all necessary paperwork had been completed. The investment strategy and parameters for the CIF would be set by the WMCA. Finance Birmingham will work closely with WMCA member Councils and Local Enterprise Partnerships on the pipeline of investment opportunities.

It was therefore proposed that the Council enter into a legal agreement with Birmingham City Council to confirm that they would share the risks associated with the CIF and therefore any losses, in equal proportions with the other West Midlands councils. The Cabinet noted that this would only be triggered in the event that the WMCA was unable to fund any losses from its own financial resources.

RESOLVED that the Cabinet:-

- 1. Having considered the Devolution Deal and the due diligence work surrounding it, recommend that the City Council agree the Devolution Deal.**
- 2. Consent to the Draft Order ("The Mayoral Election Order") providing for the election of a directly elected Mayoral for the West Midlands Combined Authority and request the confirmation of the City Council.**

- 3. Delegate approval of any minor drafting amendments of the Order (“The Mayoral Election Order”) to the Chief Executive, following consultation with the Leader of the Council, this delegation is to include approval of the term of the elected Mayor as this is still under ministerial discussion; and request the confirmation of the City Council.**
 - 4. Approve the draft Mayoral West Midlands Combined Authority “functions” Scheme for public consultation and request the confirmation of the City Council.**
 - 5. Delegate approval of any minor drafting amendments to the draft Mayoral WMCA “functions” Scheme to the Chief Executive, following consultation with the Leader of the Council, this delegation is to include the approval of additional members of the Combined Authority, as per paragraph 2.3.9 of the report submitted, and request the confirmation of the City Council.**
 - 6. Having considered the arrangements for the Head of Paid Service of the Council taking on additional responsibility as Head of Paid Service for the West Midlands Combined Authority, the City Council be recommended to approve these arrangements.**
 - 7. Approve that the Council enter into a legal agreement with Birmingham City Council to share the risks associated with the West Midlands Combined Authority Collective Investment fund and therefore any losses in equal proportion with the other West Midlands Metropolitan District Councils, i.e. one seventh each.**
 - 8. Delegate authority to the Executive Director of Resources (Section 151 officer), following consultation with the Leader of the Council, to finalise the West Midlands Combined Authority Collective Investment Fund risk sharing legal agreement with Birmingham City Council.**
- 146. Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of public business

(Meeting closed at 1.10 pm)

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