

Sandwell Metropolitan Borough Council

20 October 2015

Scheme for the West Midlands Combined Authority

1. Summary Statement

- 1.1 The purpose of this report is to update the Council on the progress of the work to create a Combined Authority for the West Midlands. A strong Combined Authority would be able to bring together key decision making powers into a single body, exercising appropriate strategic transport and economic development and regeneration functions and provide a platform for engaging with Government on issues that cross local authority boundaries and ultimately influence the delivery of national programmes to address local need. It would provide a visible, stable and statutory body which could act as the accountable body to attract further funding to the West Midlands to support economic growth, alongside additional powers which may be devolved from Government.
- 1.2 Council at its meeting in July 2015 gave its approval to the continued pursuit of the Council's interest in the creation of a Combined Authority for the West Midlands and in order to progress those interests, Council approved the establishment of a Combined Authority Shadow Board and authorised the Leader of the Council and the Chief Executive to agree all matters appropriate to their respective position, that were required to progress the development of a Shadow Board and secure the delivery of a combined authority.
- 1.3 Good progress has been made by the Board towards the next stage of establishing a Combined Authority including undertaking the Governance Review agreed by Council at its last meeting and drawing up and consulting on a proposed scheme for the new body ahead of their submission to the Government in October.
- 1.4 The draft of the Governance Review was used as the basis of an engagement process which took place during August, involving writing to a representative sample of 465 stakeholders, comprising key private sector employers, public sector bodies and third sector organisations; the establishment of an on-line survey which was completed by over 300 respondents; and a number of briefings with the business and third sector communities.

A wider engagement process in which the public can express views, will take place when the Department of Communities and Local Government formally consults on the draft scheme for the Combined Authority later in the Autumn.

- 1.5 The feedback from the engagement exercise was broadly positive with 60% of respondents agreeing or strongly agreeing with the Combined Authority purpose and proposals. In conclusion, the recommendation of the Governance Review is that the functional economic area of the West Midlands will be best served by a Combined Authority model of governance, bringing together local authorities, LEPs and other partners to drive growth. The Governance Review is attached as Appendix 1.
- 1.6 A draft scheme for the Combined Authority is attached as Appendix 2 which sets out the basis on which the Combined Authority will work in practice.
- 1.7 Some matters are still to be fully resolved as potential members of the Combined Authority are yet to finally commit to joining. The final scheme and structure of the Combined Authority may also be influenced by new legislation that is still going through Parliament. All constituent councils are required to approve the scheme for submission to the Secretary of State for Communities and Local Government.
- 1.8 The Secretary of State will consider the scheme and undertake a formal consultation. If satisfied with the proposals, a draft order will be laid before both Houses of Parliament for adoption by affirmative resolution. The third and final consideration by full Council will be around April 2016 when final approval is required to become a constituent member of a Combined Authority.
- 1.9 Members should note that a Combined Authority is not a merger or a takeover of existing local authority functions nor would it be a 'Super-Council'. Instead it would seek to complement local authority functions in economic development regeneration and transport and enhance the effectiveness of the way they are discharged. In particular, it is the enhancement of decision making and information sharing at a strategic level that are most frequently cited as the advantages of such a body.
- 1.10 Sandwell Council will remain as a Metropolitan Borough Council under its own leadership and will not lose its individual identity. A Combined Authority will share many of the same powers as the Council holds and it will operate these at the regional level as an authority in its own right, but it does not automatically result in those powers being removed from the Council at the district level.

2. Recommendations

- 2.1 The Council confirms its commitment to become a constituent member of the West Midlands Combined Authority and endorses the draft Scheme for the Combined Authority and the Governance Review as the basis for the submission to the Secretary of State for Communities and Local Government.
- 2.2 That the Leader of the Council and the Chief Executive be authorised to agree, on behalf of the Council, the version of the Scheme for the Combined Authority which will be submitted to Government for consideration.
- 2.3 In order to further progress the Council's interests in the creation of a Combined Authority, the Leader of the Council and the Chief Executive be authorised to determine all matters appropriate to their respective position, that are required to progress the development of a Combined Authority.
- 2.4 The authority vested in the Leader of the Council to determine and commit the Council to joint decisions required to be made by the Shadow Board as necessary to secure the delivery of a Combined Authority, be re-affirmed.
- 2.5 Should it prove necessary in order to meet required timescales, the Chief Executive, in consultation with the Mayor, be authorised to call an extraordinary meeting of the Council for the purpose of receiving the final proposals for and determining if the Council should become a constituent member of the Combined Authority.

Jan Britton
Chief Executive

Nick Bubalo
Director – Regeneration and Economy

Contact Officers:

David Haywood
Service Manager – Governance
0121 569 3186
david_haywood@sandwell.gov.uk

Pardip Sharma
Service Manager – Legal
0121 569 3180
pardip_sharma@sandwell.gov.uk

3. Strategic Resource Implications

- 3.1 The development of a combined authority naturally carries risks which members need to be aware of. The council's strategic risk register currently includes a risk around the council's engagement and involvement in the establishment of the Combined Authority. The recommendations above, if approved, will assist in the continued mitigation of this risk.
- 3.2 A joint programme risk register has been developed to capture these risks which are being considered and managed by the Shadow Board and include the following.
- a There is a risk that the West Midlands cannot close the gap in economic performance to England. This will be mitigated by proposing the establishment of a Combined Authority to draw together strategic work across economic development, transport, housing and employment and skills and to potentially access additional funding from Government.
 - b There is a risk that the potential establishment of a Combined Authority is seen as a 'Super-Council'. This will be mitigated by establishing a clear approach to the communication strategy between the councils and partners explaining precisely what the potential Combined Authority could and could not do.
 - c Not engaging in the release of powers and funding to a more local level may see the Council disadvantaged during the coming Comprehensive Spending Review and any resultant grant settlement figures.

4. Legal and Statutory Implications

- 4.1 A Combined Authority is created pursuant to an order by the Secretary of State once conditions under section 103 of the Local Democracy, Economic Development and Construction Act 2009 are satisfied.
- 4.2 A Governance Review pursuant section 108 of the 2009 Act has been conducted jointly with the authorities forming the Combined Authority.
- 4.3 The Scheme to be considered by the Secretary of State is being prepared in accordance with Section 109 of the Act and the current findings of the Review demonstrate the scheme will be compliant with Section 103 of the Act. The Scheme contains details of the functioning and purpose of the Combined Authority including:

- Membership of the Combined Authority
- Area of the Authority
- Appointment and termination of Leaders and Members
- Functions, powers and duties of the Combined Authority

- 4.4 The Secretary of State will carry out a further consultation exercise consulting the authorities that would be covered by the Combined Authority and must satisfy himself that the establishment of a Combined Authority will contribute to economic development and transport policy; this may result in further questions being asked. Once the consultation process has concluded and the results being in favour of the formation of a Combined Authority, then an Order will be laid before Parliament and this would have to go through its stages before coming into force
- 4.5 The Combined Authority will have a constitution which will govern how the authorities involved in the Combined Authority will work together to achieve the aims of the Authority. The constitution will include the practical arrangements involved in the decision making and will govern the relationships between member authorities. The constitution will include arrangements for dealing with discharging its functions as a legal entity including audit arrangements.

5. Implications for the Council's Scorecard Priorities

- 5.1 The Council's scorecard priorities have been established to guide the Council in the improvement of its services to its constituents. The commitment to the establishment of a combined authority further demonstrates the Council's ambition to accelerate growth and public sector reform across the West Midlands region which it is anticipated will have significant benefits for the Borough of Sandwell and the delivery of its priorities, particularly in the areas of jobs, skills, investment and transport.
- 5.2 Engaging in the Combined Authority programme provides greater potential for further and more rapid growth and reform.

6 Background Details

The National Picture:

- 6.1 The Queen's Speech set out the Government's intention to bring forward new legislation to provide for the devolution of powers to cities/combined authority areas.

This was quickly followed by the publication of the Cities and Local Government Devolution Bill on 28 May 2015 which is currently progressing through the various Parliamentary stages.

- 6.2 Broadly, the Bill is an enabling rather than prescriptive one and it sets out provisions conferring additional powers on combined authorities. The Bill also contains provisions for local authorities' governance arrangements, their constitution and membership and structural boundary arrangements.
- 6.3 The intention behind the Government's introduction of the Bill is to reverse the trend toward centralisation by putting powers and budgets back in the hands of local civic and business leaders through enabling devolution of far reaching powers over economic development, local transport, housing, skills and, potentially, other public services such as health and social care.
- 6.4 The Bill provides for a combined authority to be given powers of any public body other than powers to make regulations and other legislative instruments. This includes powers of Ministers and Government departments. It will allow the Government to give a combined authority the same power of general competence as is available to councils.
- 6.5 Across the Country, a number of metropolitan areas have already created combined authorities. Greater Manchester, Sheffield and West Yorkshire have agreed devolution deals with Government and the benefits for these areas are being widely promoted by the Government. The allocation of resources in the recent budget announcements to the benefit of these areas was significantly noticeable.

The West Midlands:

- 6.6 The seven West Midlands Councils are now jointly pursuing the creation of a combined authority as a reflection of their ambition to accelerate growth and public sector reform in the West Midlands. A number of district and county councils within the geographical footplate of the three Local Enterprise Partnerships (LEPs) that cover the potential regional area of a combined authority have also joined the discussions, with a number already having given a clear commitment to become a non-constituent member of the West Midlands Combined Authority.

6.7 Essential to the success of a combined authority is the engagement of the LEPs themselves and all three LEPs are engaged in the discussions with the local authority leaders.

Strategic Governance Review:

6.8 In accordance with Section 108 of the Local Democracy, Economic Development and Construction Act 2009 a governance review has been undertaken in relation to a potential Combined Authority. It addresses the effectiveness and efficiency of:

- (a) transport within the area covered by the review; and
- (b) arrangements for economic development and regeneration within the review area.

6.9 The strategic governance review has to determine:

- whether the area covered by the local authorities it is proposed will form the combined authority area does constitute a functional economic market area for the purpose under consideration in the review; and
- whether the existing governance arrangements for strategic economic development, regeneration and transport would benefit from changes arising from the establishment of a combined authority.

6.10 The statutory tests for the governance review in relation to a potential Combined Authority are set out in the Local Transport Act 2008 and the Local Democracy, Economic Development and Construction Act 2009. The process of the review examines the options available to the West Midlands in relation to each of the following and evaluates the likely improvement going forward:

- The exercise of statutory functions relating to economic development, regeneration and transport;
- The effectiveness and efficiency of transport; and
- The economic conditions in the area.

Assessment of the Review Findings

6.11 Each of the seven West Midlands Councils must consider the assessment and determine if it wishes to continue to support the establishment of a combined authority. The feedback from the engagement exercise was broadly positive with 60% of respondents agreeing or strongly agreeing with the Combined Authority purpose and proposals. In conclusion, the recommendation of the Governance Review is that the functional economic area of the West Midlands will be best served by a Combined Authority model of governance, bringing together local authorities, LEPs and other partners to drive growth. The Governance Review is attached as Appendix 1.

Next Steps

6.12 Under the third main step, proposals for a Combined Authority will be considered jointly by the Secretary of State for Communities and Local Government and the Secretary of State for Transport. They will also have regard to the following before making an order to establish a new body;

- The need to reflect the identities and interests of local communities; and
- The need to secure effective and convenient local government.

6.13 Government will then consider the submission and conduct a statutory Consultation that mirrors the consultation carried out by the Councils, to establish that the proposal has local support and backing. If this is found to be the case, an Order will be laid before Parliament for the Authority to be created.

Source Documents

There are no source documents required for this report that are not already in the public domain.