

9th July 2015**REPORT OF THE CHIEF EXECUTIVE****Devolution, Decentralisation & Collaboration
(Options For A Combined Authority)****EXEMPT INFORMATION**

Not Applicable

PURPOSE

1. To advise Members on the current position in relation to the new Government's developing policy on devolution, growth and combined authorities and in particular, the emerging proposals for the West Midlands.
2. To seek Members endorsement for the actions taken to date by the Chief Executive and for delegated authority for the Leader (or his nominated deputy) and the Chief Executive to engage in discussions on behalf of the Council on the Combined Authority, devolution and public sector reforms options so that any formal proposals can be considered by the Council at the earliest opportunity.

RECOMMENDATIONS

1. **That Members endorse the actions of the Chief Executive in engaging in the initial discussions with the West Midlands Metropolitan Boroughs and the Chairs of the Greater Birmingham, Black Country and Coventry Local Enterprise Partnerships.**
2. **That the Council continues to explore the opportunity to deliver its agreed objectives for growth and economic prosperity through its current membership of both the GBSLEP and the Staffordshire & Stoke on Trent LEP and potentially through a Devolution Deal with the West Midlands Combined Authority and Government.**
3. **That Cabinet authorise the Chief Executive Officer in conjunction with the Leader/Portfolio Holder to engage in discussions with partners on Combined Authorities & Devolution Deal options.**
4. **That the Council seek assurance that any new entity created to support devolution will not be to the detriment of existing relationships with LEPS.**
5. **That the Chief Executive report key stage progress to Cabinet in addition to the agreed cross party briefings.**

EXECUTIVE SUMMARY

1. There are two elements to this issue – one is the creation of a Combined Authority (a legal entity) and the other is the devolution deal or package that may be negotiated with Government on the back of creating a Combined Authority. The creation of a CA must follow a number of stages including wide ranging consultation. For the purpose of this exercise, Wolverhampton City Council's Legal Team supported by Price, Waterhouse Cooper (PWC) and the consultants who supported Greater Manchester (Metrodynamics) are developing the process of creating the entity.

2. The new Government has moved quickly to pursue its manifesto policy of **Economic Growth through Devolution** and has published the Cities and Local Government Devolution Bill to assist the process. The first speech by the Chancellor after the election focused upon the Northern Powerhouse and devolution.
3. In his speech the Chancellor stressed on the importance of the cities and their areas in the north to improve productivity and to rebalance the UK economy. This policy is based on the economic theory that significant increase in productivity requires areas to work together at scale ie. that there are real benefits to be had from economic agglomeration where places collaborate on key economic initiatives. The Chancellor promised greater powers and autonomy through devolution deals to cities with ambition elsewhere in the UK, particularly to those who choose to have an elected Metro mayor.
4. This offer from the Chancellor, along with the publication of the Cities and Local Government Devolution Bill, has added further impetus to the development locally of a combined authority for the West Midlands which is now the only metropolitan area in England that does not have a combined authority.

OPTIONS CONSIDERED

Given that the initial proposals for a Combined Authority in the West Midlands were based on the footprint of the Functioning Economic Market Assessment (FEMA) that covered the geography of three LEP areas including the GBSLEP, it was considered prudent to engage in the initial discussions as a means of gathering information.

Officers and Members are also involved in conversations with Staffordshire and Stoke on Trent and the districts across the County however; there are no formal proposals in place at this stage.

The option to do nothing, was not considered.

RESOURCE IMPLICATIONS

At this stage, considerable officer (CEO) and Member (Cabinet Member) time is the only implication on resources.

LEGAL/RISK IMPLICATIONS BACKGROUND

Legal: The power to create a Combined Authority is contained in Part 6 of the Local Democracy, Economic Development and Construction Act 2009.

The current Government's policy of **Economic Growth through Devolution** is set out in the recently published **Cities and Local Government Devolution Bill**.

Risks: Given that no decisions are being sought at this stage and simply the authority seeks to engage in discussions, there are no risks envisaged at this stage other than the potential for a missed opportunity should the Council not engage.

SUSTAINABILITY IMPLICATIONS

Subject to the nature of a Devolution Deal package, it could assist the outcomes of the Council's **Sustainability Strategy** by improving/maintaining key services and by attracting additional resources and investment.

BACKGROUND INFORMATION

- Relevant Legislation (see Legal)
- Sustainability Strategy
- Strategic Economic Plan (GBSLEP)
- Working Papers (various)

REPORT AUTHOR

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Chief Executive

LIST OF BACKGROUND PAPERS

As per Background Information

APPENDICES

Appendix A – Devolution, Decentralisation & Collaboration (Options For A Combined Authority)

Devolution, Decentralisation & Collaboration (Options for a Combined Authority)

1. The Local Democracy, Economic Development and Construction Act (LDECD), 2009 sets the premise for combined authorities and allows considerable scope for local determination regarding detailed proposals.
2. In addition, the current Government's policy of growth through devolution is set out in the recently published "**Cities and Local Government Devolution Bill**".
3. Combined Authorities (CAs) are the preferred delivery model of Government as they represent the "strongest form of local governance" and are therefore most likely to present the best opportunity for accessing devolved powers and funding in exchange for "assured delivery".
4. Combined authorities can be set up by one or more local authorities who wish to come together to promote economic growth on a sub-regional basis for their area so that they can address issues including transport, skills and economic regeneration. A combined authority must reflect the area's economic geography and provide a collective voice and enable collective decision making by the local authorities that make up the combined authority. Combined authorities increasingly became the body of choice for the devolution of powers and funding from Government during the last Parliament.
5. Combined authorities are not intended to replace existing local authorities. Member councils continue to deliver local services and retain civic responsibility for their areas. Nor are combined authorities a replacement for Local Enterprise Partnerships which are made up of local businesses and local authority representatives and which would continue to operate alongside combined authorities. Greater Manchester, regarded as the most advanced combined authority, is to be given powers over health and social care – although this is being linked to the creation of a metro mayor for the area.
6. Initially seen as predominantly a vehicle for metropolitan areas for the city deals negotiated with the last Government, the last year has seen many areas looking to create a combined authority for a variety of city, county, district council or a mixture of these in areas across England.
7. Last November Birmingham City Council and the four metropolitan district local authorities that make up the Black Country announced that they intended to create a combined authority for their area and invited other neighbouring authorities to consider joining them in a combined authority for the West Midlands. This precipitated discussions in the Coventry and Warwickshire sub-region which have taken place during the last six months.
8. As the West Midlands is the only metropolitan area in England without a combined authority it is viewed as being behind other areas of the country. It is also perceived that the Midlands is at risk of missing out on the Government's devolution agenda – particularly as the Northern Powerhouse concept is developed and supported by Government including specific provision in the last budget and the creation of a minister responsible for the Northern Powerhouse in the new Government. In their recent visit to Birmingham on 1st June 2015, the Chancellor, along with Greg Clark, the Secretary of State for Communities and Local Government, and Lord Heseltine made it clear that there was an opportunity for the West Midlands to respond to other Government's devolution agenda but this required a speedy and ambitious

response from local councils. They urged engagement with the wider adjoining area including district councils.

9. Economic analysis undertaken by the metropolitan authorities has now led them to propose that a combined authority should be created for the West Midlands based on three local Enterprise Partnership areas of Coventry and Warwickshire, Greater Birmingham and Solihull and the Black Country. It is proposed these three functioning economic areas working together could provide fresh opportunities for businesses, job creation, transport improvements, skills programmes and housing investment.
10. The area proposed would be the biggest combined authority area in the country with a population of 4 million and would run from northern Worcestershire (Redditch and Bromsgrove) in the south to southern Staffordshire (including Tamworth, Burton on Trent) in the north. This would be a new West Midlands larger than the metropolitan area itself and considerably bigger than Greater Manchester.
11. As the discussions around the creation of a combined authority are continuing it is recommended that this statement is endorsed by Council.
12. The additional impetus provided by the election of a new Government keen to promote economic growth and devolution through devolution deals means that the Council will need to be able to respond quickly to a rapidly moving agenda and so it is recommended that the Council continues to explore whether joining a combined authority would enable it to achieve its objectives.
13. In particular, it is recommended that the Council responds to the proposal from the West Midlands Metropolitan Councils to consider creating a combined authority for the West Midlands covering three Local Enterprise Partnerships which includes Warwick District. It is important to establish what the benefits of such an authority and subsequent devolution deal might be for Tamworth's communities and whether or not it is a viable option for the Council to consider.
14. Devolution discussions with the Government about what is best for the West Midlands are now beginning and it is recommended that Tamworth Borough Council should look to take an active part in these to enable the Council to decide what the benefits to the businesses and residents of Tamworth might be from joining a combined authority and taking part in any devolution deal. For information, the initial detail received is that the Government is looking for the Combined Authority to start at the beginning of next financial year meaning that consultation may begin at the end of this summer.
15. Clearly then this agenda is moving at pace it is recommended that authority should be delegated to the Leader and Chief Executive to take part in discussions so that these can be reported back to the Council so that any proposals can be considered and determined at the earliest opportunity. Other Officer and Executive Council time may also be required as is appropriate.

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