

Agenda Item No 9

Executive Board

16 June 2015

Report of the Chief Executive and the Assistant Chief Executive and Solicitor to the Council

Local Authority Devolution and Alternate Governance Models

1 Summary

- 1.1 This report provides some background to the issue of potential membership of a Combined Authority and seeks feedback from Members to help devise some parameters to assist the Leader and Chief Executive in discussions with other Councils in the Coventry and Warwickshire sub-region, and beyond, about a way forward.

Recommendation to the Board

- a. That the report is noted;**
- b. That this Council engages in discussions with Councils in the Midlands regarding the issue of Combined Authorities;**
- c. That the business case for the options for Combined Authorities continues to be developed; and**
- d. That Members indicate their preferred responses to the questions set out in section 6 of this report.**

2 Consultation

- 2.1 The report has implications for the whole Borough and no specific consultation has therefore taken place

3 Background (Pre-election)

- 3.1 Economic development and regeneration are key planks of Government plans to continue and accelerate recovery from the recession which began in 2007/08. Members will recall that this Council was a signatory to the Coventry and Warwickshire City Deal, agreed in December 2013, which had the intention of regenerating the City Deal area. This area is the sub region of Coventry and Warwickshire together with Hinckley and Bosworth and is regarded as a “functional economic area”, i.e. an area over which the economic market works rather than administrative boundaries. The Council is also been a member of the Coventry and Warwickshire Joint Committee for Economic Growth and Prosperity.

- 3.2 However, Government's view is that these loose arrangements are only a beginning and that further steps are needed as soon as possible to deliver strong governance across the functional economic area, so that decisions necessary for the growth of the area as a whole can be taken quickly and effectively.
- 3.3 In addition, the issue of devolving more power to the English regions has come to prominence, in the wake of the Scottish Independence vote and the 2015 General Election result. The debate has concentrated on which areas to devolve power to, including issues of size and economic relationships within those areas. One question emerging from this is whether Coventry and Warwickshire on its own is of sufficient size to get the best from whatever devolution deal might be achievable.
- 3.4 The options currently available for governance are:
- A Joint Committee - already in place, with equal voting rights.
 - An Economic Prosperity Board (EPB) – the Joint Committee agreed in January 2015 to become a shadow EPB.
 - A Combined Authority.
- 3.5 The current Joint Committee/'Shadow EPB' has no corporate or binding status and is not a separate legal entity. As such, it cannot hold property or directly employ staff. To adopt formally either an EPB or Combined Authority requires considerable consultation, which has yet to take place.
- 3.6 The main difference between an EPB and a Combined Authority is that the latter can include the significant additional responsibility for transport arrangements in its area, including the power to levy for transport functions and to borrow for transport purposes. To be clear, creating and participating in either of these types of bodies is not the same whatsoever as creating a unitary council. This is about collaboration not large scale reorganisation.
- 3.7 Whilst all partners have expressed a commitment (as part of the formal City Deal) to move towards an EPB, at minimum, there has been some external impetus to consider a move to a Combined Authority. This is a move being proposed or taken in a number of areas across the country, including Greater Manchester, Leeds City Region, Sheffield City Region, Merseyside, North Eastern region and most locally in Birmingham and the Black Country.
- 3.8 With regard to Birmingham and the Black Country, it has been indicated that other authorities would be welcome to join a West Midlands Combined Authority (although this Council has not been formally approached) and Members will be aware that Coventry City Council has agreed in principle to create a joint authority with the councils in the Greater Birmingham and Solihull and Black Country Local Enterprise Partnership (LEP) areas, and that their preference is that councils from the Coventry and Warwickshire LEP area also join.

4 North Warwickshire Borough Council's previously stated position

- 4.1 At previous meetings with other Councils in the sub-region it was agreed that all constituent member authorities give consideration to their view of the membership of a Combined Authority. Each Council has been asked to consider preferred options and any options that are unacceptable.
- 4.2 This Council has consistently stated that all options are open and greater detail is needed before any position is taken. In addition, all Councillors will need to be consulted and included within the debate and an all party seminar took place on 9th March.
- 4.3 At an informal meeting of Councils in January 2015, in the context of the options at Appendix 1 being considered, the Council's representatives put forward the following factual position:

In terms of the options, they look at the sub-region with or without Coventry and with Hinckley & Bosworth Borough Council separated from the rest of Leicestershire, but don't consider Warwickshire other than as a single unit.

Whilst North Warwickshire has always been keen to be part of the Sub-Regional Family, we can't ignore the fact that we (along, of course, with the County Council) are the only part of the Sub-Region that has a common border with Birmingham and, in addition, we have a common border with Solihull, both of them significant.

In planning terms, looking into the future, Birmingham is going through a Local Plan process in which they have identified that they need 80,000 more dwelling units, but believe that they can only accommodate 45,000 of those and their Local Plan Inquiry has been stopped so that the Inspector can consider further evidence, suggesting that the figure should be 120,000 not 80,000, which could push the shortfall up to 75,000.

At the same time, Birmingham is looking to expand their employment land sites up to Junction 9 on the M42, whilst Solihull is looking to use HS2 as a catalyst for economic growth, right on North Warwickshire's border.

In business terms, we host two massive logistics sites for the West Midlands and many of our businesses, including National names, align themselves much more with Birmingham and the Black Country than with Coventry and Warwickshire.

It is very difficult to see how our part of the County cannot be pulled into this level of growth and how, realistically, we could be seen to be part of a separate economic unit, whether we like it or not.

If a decision is made to look further at options excluding Birmingham, we do need to do some further work about how practical this would be for parts of the County whose economic geography is pulled in a completely different direction.

- 4.4 Following the Council's seminar on 9th March, the Members present informally agreed a set of principles for the Leader of the Council to use in further discussions pending a formal consideration by the Council. A note of the meeting together with the principles is set out at Appendix 2.

5 Developments since the General Election

- 5.1 Devolution of powers to cities and regions was part of the Conservative Party manifesto and since the general election there have been a number of announcements to start to implement this policy.

- 5.2 On 14th May George Osborne MP, the Chancellor of the Exchequer gave a speech setting out the "deal" that was on offer:

"We will hand power from the centre to cities to give you greater control over your local transport, housing, skills and healthcare. And we'll give you the levers you need to grow your local economy and make sure local people keep the rewards.

But its right people have a single point of accountability; someone they elect, who takes the decisions and carries the can.

So with these new powers for cities must come new city-wide elected mayors who work with local councils.

I will not impose this model on anyone. But nor will I settle for less.....We will transfer major powers only to those cities who choose to have a directly elected metro-wide mayor."

- 5.3 The speech also mentioned the need to empower towns and counties and suggested Councils and LEPs bring forward plans for their areas. The Chancellor stated that the size of city authorities did matter and there were advantages to be had in clustering together. However it was important 'not to impose remote and artificial regional bureaucracies but build on real economies and cities and towns that people actually feel they belong to'.

- 5.4 On 28th May Coventry City Council agreed in principle to create a combined authority with councils from the Birmingham and Solihull and the Black Country LEP areas together with councils from the Coventry and Warwickshire area. Coventry City Council suggests that the West Midlands is now the largest metropolitan area without a proposed combined authority and that there is a risk of this area missing out on the opportunities being taken up elsewhere. They stress that this is about the devolution of power from Westminster to the West Midlands and not from Coventry to Birmingham. A

West Midlands combined authority would be closer in scale to London and would be the largest such authority in the country.

- 5.5 On 29th May the Cities and Local Government Devolution Bill was published which will provide the legislative basis for the provision of elected mayors for combined areas. It will also amend the existing legislation so that combined authorities can deal with “local authority functions generally” and not just economic development and regeneration. There is also the provision to allow elected mayors to carry out the roles of the Police and Crime Commissioners.
- 5.6 On the 1st June discussions were held in the region with George Osborne, Greg Clark, Marcus Jones and Lord Heseltine about the Government’s strong support for a “Midlands Combined Authority”. The discussions suggested that some specific next steps should be taken:
- a. Discussions must take place between all authorities within the 3 LEP areas to address the issues/opportunities that being part of the Combined Authority represents. All C&W authorities must engage fully in the process.
 - b. The economic uplift case showing the impact of the Combined Authority must be developed urgently and must also show how the new governance model will improve speed and simplicity of the public sector.

6 **Conclusion**

- 6.1 There are clearly a lot of issues for Members to consider however some questions have been developed that might assist Members’ consideration:
1. Do they consider that there could be a benefit to the citizens and businesses of the Borough by joining a CA?
 2. What kind of benefits would members wish a CA to deliver for the Borough’s citizens and businesses? E.g. more business rates retention? Other financial benefits? More discretion over government spending and if so which elements?
 3. What might be the best economic geography upon which to plan a CA in order to deliver the envisaged benefits? Is any option currently unjustifiable? Are the principles informally agreed on the 9th March still relevant?
 4. What might be the best political shape upon which to plan a CA in order to deliver the envisaged benefits? Is any option currently unacceptable?
 5. What governance arrangements are members prepared to consider in order to achieve such negotiated benefits? E.g. an elected mayor? A seat at the decision making table being a must?

6. Is there more than one area that would be appropriate to consider if there is not one CA for the whole, or large parts, of the West Midlands?

7. Report Implications

7.1 Financial Implications

7.1.1 A number of authorities have earmarked significant sums to carry out an economic analysis of the benefits of a Combined Authority and to engage with residents, local businesses and other stakeholders.

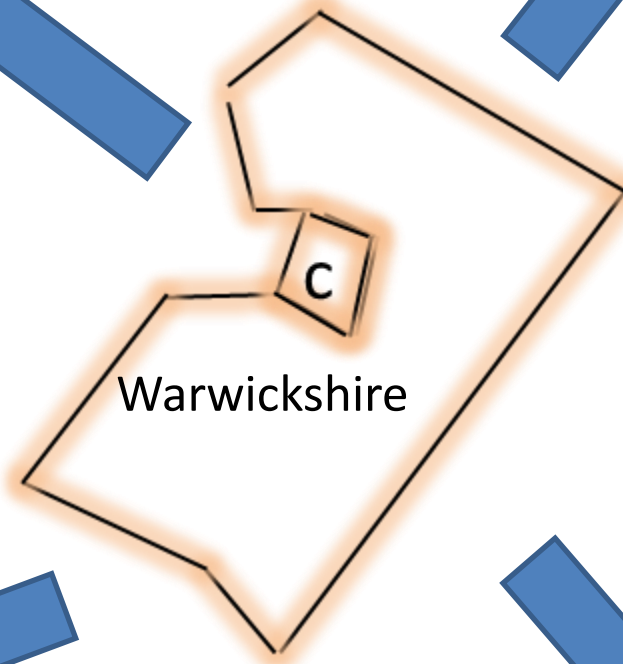
7.1.2 Should there be a need to contribute to the work going on in the sub-region or if there is a need to produce some analysis of our own then this will be the subject of a further report.

The Contact Officers for this report are Jerry Hutchinson (01827 719216) and Steve Maxey (01827 719438)

Many options.....

Option 1

Option 2



Populations

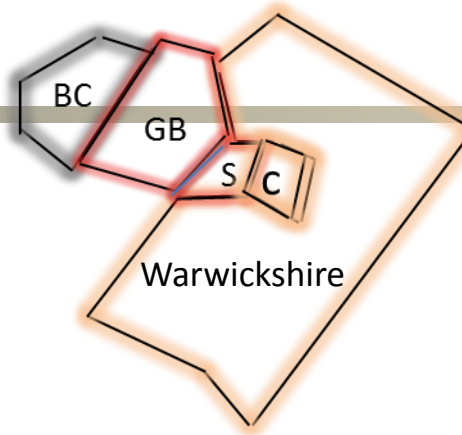
Warwickshire	548,800
Coventry	<u>329,800</u>
	878,600

Warwickshire

Option 4

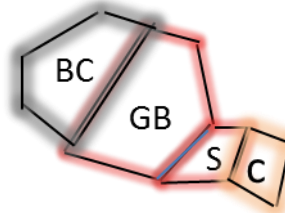
Option 3

Option 1a



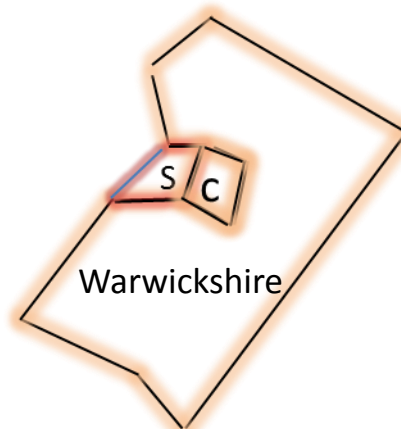
Population	
Birmingham	1,092,300
Solihull	208,900
Black Country	1,152,500
Warwickshire	548,800
Coventry	<u>329,800</u>
	3,332,300

Option 1b



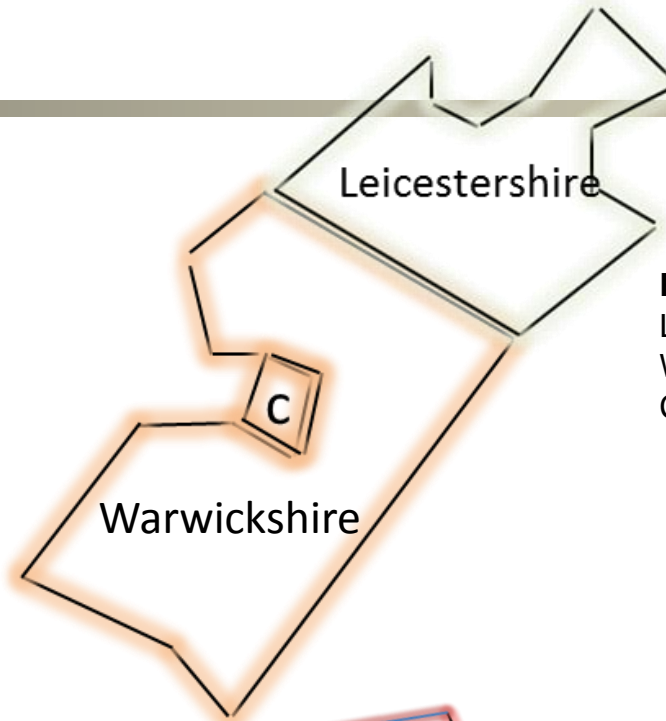
Population	
Birmingham	1,092,300
Solihull	208,900
Black Country	1,152,500
Coventry	<u>329,800</u>
	2,783,500

Option 1c



Population	
Solihull	208,900
Warwickshire	548,800
Coventry	<u>329,800</u>
	1,087,500

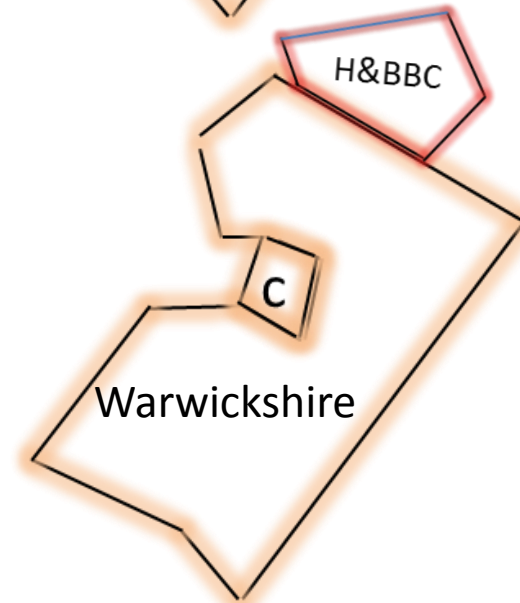
Option 2a



Population

Leicester & Leicestershire	995,400
Warwickshire	548,800
Coventry	<u>329,800</u>
	1,874,000

Option 2b

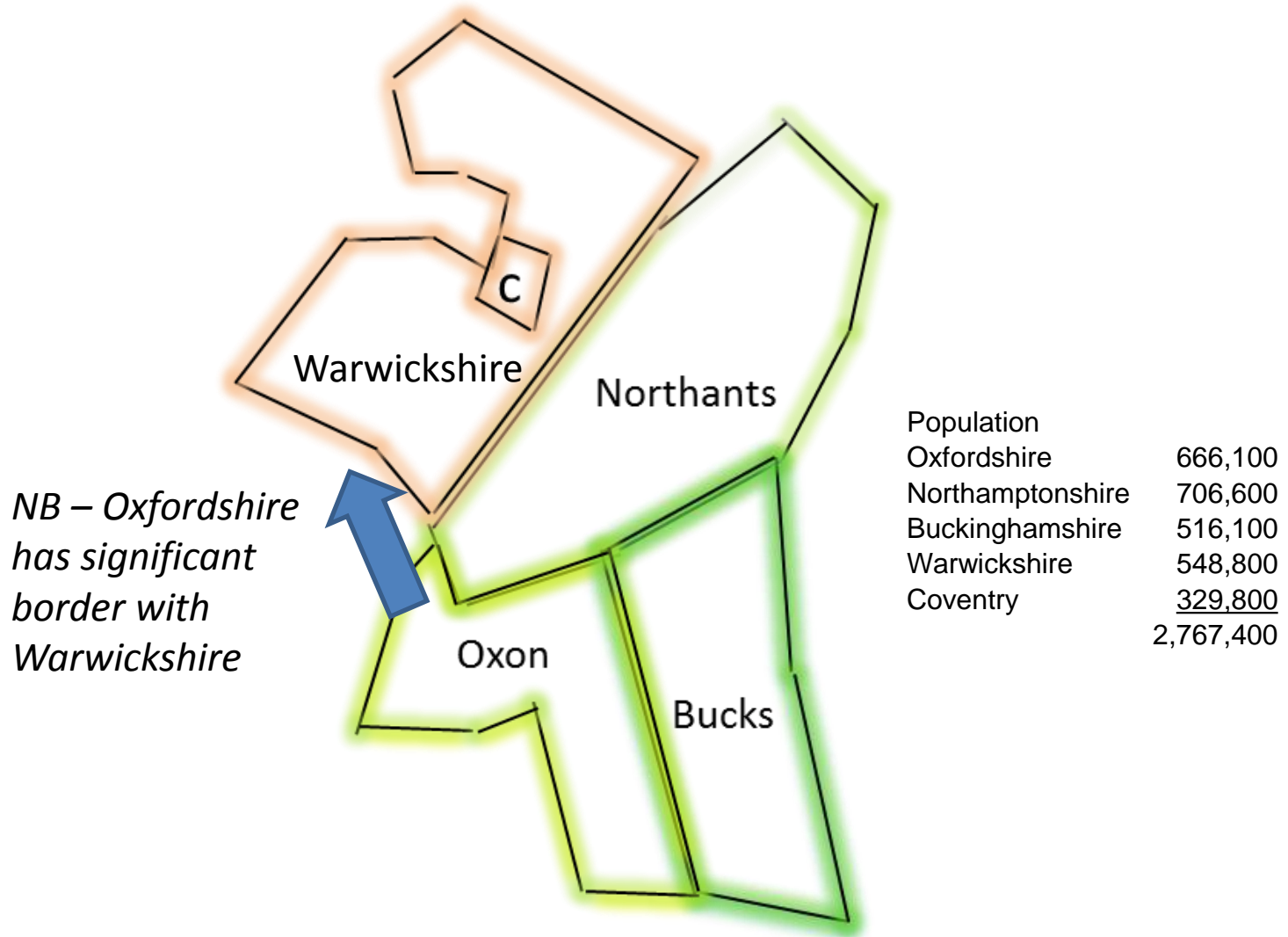


Population

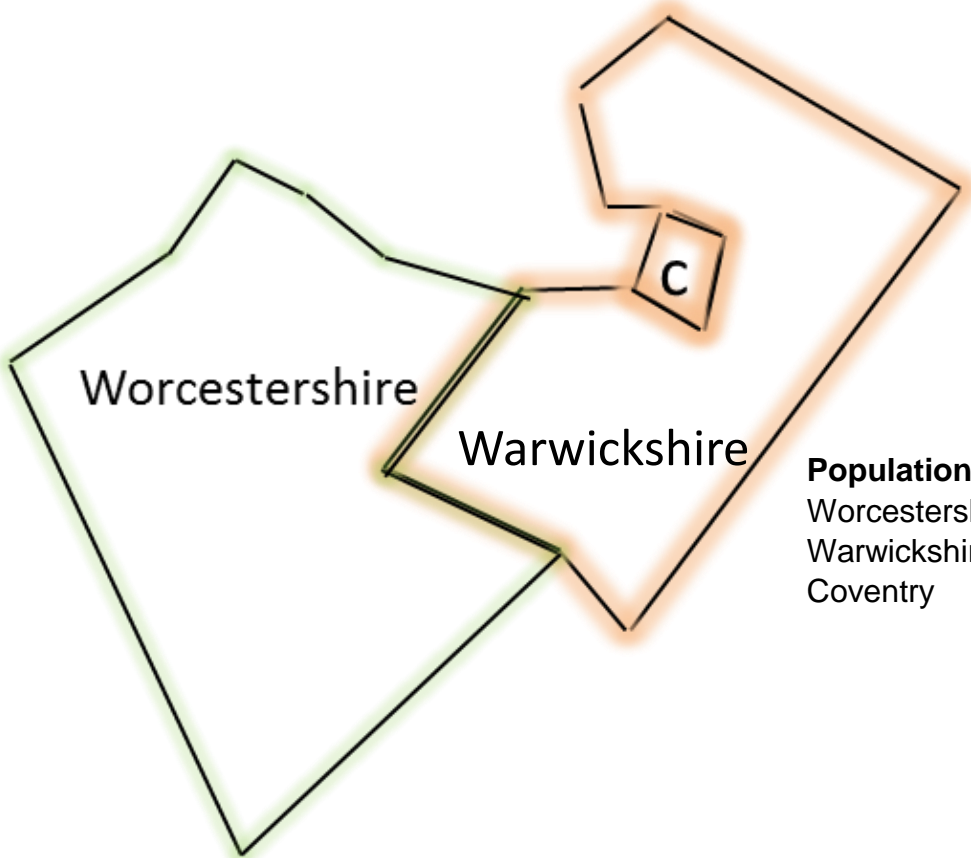
Hinckley & Bosworth	106,000
Warwickshire	548,800
Coventry	<u>329,800</u>
	984,600

Option 3

The 'Creative Counties'



Option 4



Population	
Worcestershire	572,200
Warwickshire	548,800
Coventry	<u>329,800</u>
	1,450,800

**Informal Meeting to Consider Alternative Governance Models
9 March 2015**

**North Warwickshire Borough Council's
Initial Views**

At the meeting held on 16 January 2015, North Warwickshire Borough Council's representatives expressed some concerns about the way forward on Combined Authority thinking.

Following the meeting, a presentation was arranged for Members. This was along the lines of ones put on for other authorities and the content was largely put together by Jenni Venn and Dave Hill. It did contain some very helpful information relevant to the North Warwickshire area and particularly its strong links with economies outside the sub-region including, in particular, a number of authority areas in the Greater Birmingham LEP area, particularly Birmingham, Solihull and Tamworth, together with Hinckley & Bosworth. There were also strong links with Nuneaton and some, but less so, with Coventry.

Following a discussion, Members present at the event expressed the following views:-

- (a) That, of the options looked at by the informal meeting on 16 January, options 1b, 3 and 4 be ruled out at this stage;
- (b) That options 1a, 2a and 2b be not ruled out at this stage;
- (c) That, key to any solution was that it needed to be right for North Warwickshire and that any decision for a Combined Authority should be based on economic geography and that does not necessarily need to fit with existing County boundaries;
- (d) That, if needs be, North Warwickshire should give consideration to having membership of more than one Combined Authority in whatever way that can be achieved within legislation; and
- (e) That consideration be given to mirroring the Greater Manchester concurrent arrangements, particularly regarding autonomy relating to Planning.

It was agreed that the above principles should be used by the Leader in any discussions, pending formal consideration by the Council.

Jerry Hutchinson
13 March 2015