

**To: Members of the Special Sub-Group**

**Councillors Farrell, Hayfield, Humphreys, Jenns, Singh and Sweet**

**For the information of the other Members of the Council**

## **SPECIAL SUB-GROUP**

**12 APRIL 2016**

The Special Sub-Group will meet in the Committee Room, The Council House, South Street, Atherstone on Tuesday 12 April 2016 at 6.30pm.

### **AGENDA**

#### **PART I - PUBLIC BUSINESS**

- 1 Evacuation Procedure.**
- 2 Apologies for Absence / Members away on official Council business.**
- 3 Disclosable Pecuniary and Non-Pecuniary Interests**
- 4 Public Participation**

Up to twenty minutes will be set aside for members of the public to ask questions or to put their views to elected Members. Participants are restricted to five minutes each. If you wish to speak at the meeting please contact David Harris on 01827 719222 or email [democraticservices@northwarks.gov.uk](mailto:democraticservices@northwarks.gov.uk).

**PART A – ITEMS FOR DISCUSSION AND DECISION  
(WHITE PAPERS)**

**5 Devolution – Report of the Chief Executive**

**Summary**

This report outlines the current position in relation to the setting up of the West Midlands Combined Authority and sets out the main headlines of the proposed Devolution Deal. It seeks Members' views on what action, if any, they want to take at this stage.

The Contact Officer for this report is Jerry Hutchinson (719200).

**6 Local Enterprise Partnership Funding – Report of the Chief Executive to follow**

**Summary**

To consider a request for funding for the Local Enterprise Partnership and Growth Hub for 2016/17

The Contact Officer for this report is Jerry Hutchinson (719200).

JERRY HUTCHINSON  
Chief Executive

**For general enquiries please contact David Harris, Democratic Services Manager, on 01827 719222 or via e-mail – [davidharris@northwarks.gov.uk](mailto:davidharris@northwarks.gov.uk).**

**For enquiries about specific reports please contact the officer named in the report.**

## Agenda Item No 5

### Special Sub-Group

12 April 2016

#### Report of the Chief Executive

#### Devolution

### 1 Summary

- 1.1 This report outlines the current position in relation to the setting up of the West Midlands Combined Authority and sets out the main headlines of the proposed Devolution Deal. It seeks Members' views on what action, if any, they want to take at this stage.

#### **Recommendation to the Sub-Group**

**That the Sub-Group determines what action, if any, that it wishes to take in the light of recent developments.**

### 2 Background

- 2.1 At its meeting on 8 March 2016, the Sub-Group considered my report on Devolution which comprises Appendix 1 to this report.
- 2.2 The main purpose for bringing a report at that stage was not only to update Members on the Devolution process, but to ascertain whether Members wanted to hold any special meetings in advance of the closure of the current window for Membership on 10 June 2016, given that it will not reopen until May 2017.
- 2.3 At the meeting, Members requested me to prepare this report on developments in relation to the West Midlands Combined Authority (WMCA) and the Devolution Agenda, particularly the West Midlands Devolution Deal.

### 3 The Current Position

- 3.1 This is largely set out in the report comprising Appendix 1.
- 3.2 There is a clear timetable and if any more authorities wish to join the WMCA, either as Constituent Members (which the Borough Council could not currently do) or as Non-Constituent Members (which we could), they need to have confirmed that wish by 10 June 2016. Two Warwickshire Districts, Nuneaton & Bedworth Borough Council and Stratford on Avon District Council, have made that commitment. At the time of writing this report, there is no indication as to whether either of the other two Districts, Rugby Borough Council and Warwick District Council, are intending to do so.

3.3 In addition, it is not known whether Warwickshire County Council will have prepared and considered its business case within this timescale.

3.4 In terms of specific concerns expressed by Members when this issue was considered at Full Council in October 2015, the position is as follows:-

(a) **Impact of making a decision to join the WMCA as a Non-Constituent Member**

Joining the Combined Authority as a Non-Constituent Member would give the Council access to all meetings, a seat at the table and voting rights on number of issues set out in full at Appendix 2, but including:-

- Adoption of a growth plan and investment strategy and allocation of funding by the WMCA.
- All matters relating to the Super Strategic Economic Plan.
- The grant of further powers from central Government/local public bodies.
- Land, spatial activity, public service reform and LEP Activity affecting our area.
- Voting on a long list of WMCA issues.
- Future use of business rate retention funding.
- Decisions on funding bids and allocations.
- Certain aspects of transport investment.

All of this needs to be read, however, together with (b) below. In terms of cost to the Council, the Non-Constituent Membership fee is set at £25,000 for 2016/17.

(b) **Role of Elected Mayor**

As things currently stand, it is a requirement that every area signing a Devolution Deal must have a directly-elected Mayor who would typically chair the Combined Authority. The Government sees this as an absolute requirement to ensure viable accountability and without it the Deal will attract no additional funding. With an Elected Mayor, the Government is offering new funding.

The role of the Elected Mayor only relates to the area covered by Constituent Members, so would not apply to North Warwickshire if we did not join or joined only as a Non-Constituent Member (the option of being a Constituent Member does not currently apply to us). The situation would change if Warwickshire County Council decided to join

as a Constituent Member as that would have the effect as things currently stand of the Borough being covered by the Mayoral Combined Authority in the future.

Consequently, any decision made by Warwickshire County Council in relation to the Combined Authority is likely to be highly significant to North Warwickshire Borough Council.

(c) **Details of Devolution Deal**

Devolution Deals are a commitment by the Government to devolve control over funding, responsibilities and powers away from Whitehall to the Regions.

A Devolution Deal is currently being considered by Constituent Councils of the WMCA (ie, the Metropolitan Unitary Authorities) with a view to getting agreement to it and also to the Mayoral powers scheme with a view to that being laid in Parliament in June.

The key headlines for the Devolution Deal are set out in Appendix 3. It is likely that negotiations will take place for further Devolution Deals into the future.

. . .

(d) **Potential Risks & Benefits of Joining either in June 2016 or May 2017**

(i) Risks of not Joining

- We are affected by decisions made by the Combined Authority in which we have had no say, particularly around planning and economic development.
- We are unable to benefit from being part of the West Midlands Business Rate Pool.
- We are unable to input into decisions relating to the development of the West Midlands Economy on the back of HS2 whilst, at the same time, suffering the impacts of that project.
- We would probably be excluded from work streams on public sector reform as they develop under the current and any future Devolution Deals.
- If Growth money is largely channelled through the WMCA, it may be more problematic to get external resources for infrastructure improvement, eg, A5.

- North Warwickshire may become increasingly isolated if the County Council and/or further Warwickshire Districts join the WMCA, despite the Borough having close economic ties with the West Midlands.
- As a standalone Council, we may find it more difficult to resource engagement around the 'Midlands Engine' as it develops.

(ii) Risks of Joining

- Potential increasing commitment of finance and other resources (the £25,000 fee is only for 2015-16). There is likely to be significant Member and officer involvement in WMCA and developing Devolution arrangements.
- Peer pressure in relation to how North Warwickshire is developed (but bear in mind that the Duty to Co-operate applies whether or not the Council is in the WMCA).

(e) Potential Areas for Further Exploration with WMCA

If Members think that the possibility of joining or having closer links with the WMCA should be pursued, it may be useful to identify any priority areas for discussion with the Chairman/Chief Executive of the WMCA, to ascertain whether these could be clarified/taken forward, as appropriate.

These might include:-

- Commitment to improving the A5.
- Clarity over plans for the rating pool.
- Involvement in plans to use HS2 to improve connectivity in a way that benefits North Warwickshire.
- Clarify (if possible) over the risk of the Council being committed to decisions affecting its area, without having the ability to veto them.

There may be other elements which Members would wish to look at under the headings of the proposed Devolution Deal.

## 4 Conclusions

- 4.1 There is still a lack of clarity around many of the potential benefits and risks associated with the WMCA, so in deciding how it wishes to proceed, Members may wish to take account of the following:-

- A Combined Authority is about allowing local authorities to collaborate efforts to better deliver economic development, achieve more effective transport planning and more community regeneration.
- Through Devolution Deals, Combined Authorities are being given the opportunity to expand their remits and take on funding and some decision from Central Government.
- The key issue then is whether membership of the WMCA will benefit (or not) local businesses and communities and the objectives of the Borough Council as set out in the Corporate Plan and linked strategies, including the Council's Core Strategy.
- It is likely that the influence of WMCA will be particularly relevant in relation to economic development and planning (particularly housing) issues. This will include its impact on the Council's ability to deliver on capital investment issues, particularly around infrastructure.
- It is understood that the Devolution Deal will lead to an investment pool of around £8 billion over 30 years and further Devolution Deals may follow. Will it be possible to obtain benefits for North Warwickshire from this pool and what growth money will be available for those outside the tent?

There are no clear answers to this question, so Members will have to consider what is most likely.

- What are the alternatives?

There is currently no alternative on the table and no possibility of a Coventry and Warwickshire Combined Authority or likelihood of a stand-alone Warwickshire County Authority. This leaves NWBC with the alternative of working with any remaining Warwickshire Authorities within the Coventry and Warwickshire LEP. The LEP is, however, part of WMCA and will be increasingly drawn to it through the Super SEP (Strategic Economic Plan).

- Is the Council likely to increasingly lose influence if it stays outside the WMCA and without a seat at the table?
- Are there any risks associated with delaying making a decision at this stage?

4.2 The door to joining does not close permanently in June 2016 and there are likely to be further opportunities. These opportunities will, however, arise when a Mayor has been elected, the Combined Authority is much more

established than it is at this stage and the opportunity to negotiate terms may have reduced. Finally, there is no absolute guarantee that the Council's future will not become decided for it further down the line, although there has been no suggestion of this to date.

## 5 Report Implications

5.1 None at this stage.

The Contact Officer for this report is Jerry Hutchinson (719200).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date



**Agenda Item No 5**

**Special Sub-Group**

**8 March 2016**

**Report of the Chief Executive**

**Devolution**

**1 Summary**

- 1.1 This report gives an outline of recent developments in relation to the West Midlands Combined Authority and the Devolution Agenda and recommends that these issues are given more detailed consideration by the Sub-Group and, potentially, the Council.

**Recommendation to the Sub-Group**

**That the Chief Executive prepares a report for an early meeting of the Sub-Group to be arranged to consider developments in relation to the West Midlands Combined Authority and the Devolution Agenda and to determine whether Special Meetings of Executive Board and Full Council are required.**

**2 Background**

- 2.1 At its meeting on 15 July 2015, Council decided that it wished to continue to be involved in discussions to deliver its economic development objectives, both through ongoing involvement in existing Coventry and Warwickshire Sub-Regional arrangements, including the LEP, and also looking potentially at Devolution arrangements, both with the West Midlands Combined Authority or any other proposed alternatives and Governance.
- 2.2 The Leader and Chief Executive were authorised to engage with partners on these issues and for regular reports to go to Special Sub-Group on developments.
- 2.3 It was also resolved that a future report be brought to Executive Board on what the Council would seek from Devolution arrangements, including Governance.
- 2.4 Since then, there have been regular updates to the Special Sub-Group and Executive Board on what has been a rapidly moving Agenda, including legislative change.
- 2.5 The current position is that the Membership of the Combined Authority comprises the seven Metropolitan Councils in the West Midlands as

constituent members, together with a number of non-constituent members, ie, Cannock Chase, Nuneaton & Bedworth, Redditch, Tamworth, Telford & Wrekin Councils and the three LEPs (Greater Birmingham, Black Country and Coventry & Warwickshire). Stratford on Avon District Council has notified the Combined Authority of its formal decision to apply for membership.

2.6 The current timeline for establishing a combined authority and then the proposed Mayoral combined authority (which would be required for the Devolution Deal) is shown below:-

<b>Time Period</b>	<b>Activity</b>
October 2015	Combined Authority Scheme submitted to Secretary of State for Communities and Local Government and DCLG.
January – February 2016	Constituent Councils undertake consultation and send summary of responses to Secretary of State, to inform his decision to establish the Combined Authority.
February – March 2016	CA establishment draft Order is provided to Councils for consent.
March 2016	Draft Order to establish the Combined Authority is laid in Parliament.
March – May 2016	Approval of devolution deal sought in Constituent Councils.
1 June 2016	West Midlands Combined Authority is established.
May – 1 June 2016	Constituent Councils and CA approval sought for Mayoral Order (to be laid in Parliament) and Mayoral powers Scheme (for consultation).
10 June 2016	Final date (prior to May 2017) for new membership applications.
June/July 2016	Mayoral Order laid in Parliament (prior Council consent required – No changes in membership).
2 June – 23 June 2016	EU referendum purdah.
27 June – 22 August 2016	Consultation on Mayoral Combined Authority Powers Scheme.
5 September 2016	Consultation summary submitted to Secretary of State and DCLG.
Sept – October 2016	Mayoral powers Order drafted by DCLG.

<b>Time Period</b>	<b>Activity</b>
--------------------	-----------------

October – November 2016	Mayoral powers Order provided to Constituent Councils for approval and laid in Parliament.
December 2016	Mayoral powers incorporated into Combined Authority.
May 2017	Mayoral election, full Mayoral CA comes into force.

2.7 As can be seen from above, the combined authority will be established on 1 June 2016, based on the current scheme and subsequent order. To add any additional members requires an Order to be laid in Parliament and that would require an amendment to the Constitution of the combined authority. There will be an opportunity to lay such an Order, with the Order required to implement the Devolution Deal and create a Mayoral combined authority.

2.8 As members must be named in the scheme for the Mayoral combined authority, the last date for making a decision regarding membership of the combined authority must be provided by 10 June 2016. The Mayor's jurisdiction would only cover the constituent members. A non-constituent does not come under the Mayor's jurisdiction.

### 3 Recent Developments

3.1 Recent development include:-

- (i) An approach from the Chair of West Midlands Combined Authority to the Leader of the Council giving an update on progress, confirming commitment to the three LEP geography, explaining that the door to membership remains open and explaining that, once the current window closes on 10 June, there will not be another opportunity to join until May 2017, when a Mayor will be in place.
- (ii) Warwickshire County Council decided on 23 February to explore fully the option of joining West Midlands Combined Authority as a constituent member. Officers have been tasked with developing a full business case, bringing it back to Council within not longer than six months, but with a target of three months.
- (iii) Stratford on Avon District Council has applied to join as a non-constituent member, as referred to above.
- (iv) There have also been a number of legislative issues and some more clarification on constitutional and devolution deal issues.

Concerns for Members when Council previously considered the issue were lack of certainty around:-

- (i) The role of non-constitutional members and, particularly, whether their areas will be covered by an Elected Mayor.
- (ii) The benefits and risks of joining the West Midlands Combined Authority.
- (iii) The risks of not joining.

3.2 In view of recent developments, it is recommended that officers be requested to prepare a report setting out in more detail:-

- (a) The current position.
- (b) The next stages.
- (c) What the West Midlands Combined Authority aims to deliver through the Devolution Deal.
- (d) What the potential risks (including opportunities the Council could potentially miss out on) and benefits of joining the West Midlands Combined Authority would be either by applying in June 2016 or after May 2017.
- (e) Potential areas that the Council might wish to explore with the Combined Authority, to determine whether there were advantages to the Council in joining.

#### 4 **Report Implications**

4.1 None at this stage.

The Contact Officer for this report is Jerry Hutchinson (719200).

#### **Background Papers**

Local Government Act 1972 Section 100D, as substituted by the Local Government Act,  
2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

## VOTING RIGHTS FOR NON-CONSTITUENT MEMBERS

Non-Constituents play full role in the business of CA Shadow Board. The following excerpt is taken from the working draft of the Combined Authority Constitution:-

Members appointed by Non-Constituent Authorities may vote on the following matters:-

- (i) Adoption of growth plan and investment strategy and allocation of funding by the Combined Authority;
- (ii) The super Strategic Economic Plan strategy along with its implementation plans and associated investment activity being undertaken using funding provided to the Combined Authority;
- (iii) The grant of further powers from central government and/or local public bodies that impacts on the area of a Non-Constituent Authority;
- (iv) Land and/or spatial activity undertaken by the Combined Authority within the area of a Non-Constituent Authority;
- (v) Public Service reform which affects the areas of Non-Constituent Authorities;
- (vi) Areas of LEP activity relevant to the Non-Constituent Authorities through geographical location or as part of a joint committee;
- (vii) All Combined Authority matters concerned with education, employment and skills, enterprise and business support, access to finance, inward investment, business regulations, innovation, transport, environmental sustainability, housing, economic intelligence, digital connectivity and regeneration;
- (viii) Future use of business rate retention funding generated beyond that retained within new and existing Enterprise Zones;
- (ix) Specific decisions to bid for and allocate revenue and capital funding provided to the Combined Authority for use in economic development activities;
- (x) Investment activity related to transport and connectivity, not funded by the transport levy and current Maintenance and Integrated Transport blocks;

Any vote including Members appointed by Non-Constituent Authorities will be carried on a simple majority, subject to there being a majority of two-thirds of Constituent Members.

## DEVOLUTION DEAL HEADLINE ISSUES

### a Key Principles of Devolution

•	Confirms and endorses the commitment to work together across a three-LEP geography.
•	Focuses on the issues that really matter to the people and businesses of the West Midlands: growth, jobs, skills, transport and homes.
•	Recognises that economic growth for the West Midlands is part of the wider Midlands Engine.
•	Gives the ability to create a substantial investment programme and to make the investments that the West Midlands decide will have the biggest benefit for the West Midlands.
•	Enables work with government on the public service reform agenda.
•	It supports and strengthens the commitment to partnership with the private sector.

### b An £8 billion 10 Year Investment Plan to get the West Midlands Moving and Drive Local Growth

Local Investment priorities – the power to make decisions about investment in the region. All areas will benefit, be they areas for new employment, those that will benefit from the new jobs or skills training, areas for new homes or places that will be better connected.

•	The £4.4 billion HS2 Growth Strategy to ensure maximum economic benefit from the HS2 investment.
•	A £200 million land remediation fund.
•	A £500 million housing investment fund.
•	A £1 billion Collective Investment Vehicle.
•	A £30 million employment, education and skills programme for the three LEP area.
•	Half a million new jobs.
•	Better training and improved skills – enabling local people to get the jobs on offer.

•	Better public services – helping people into the labour market and reducing the public finance gap.
•	More and better homes.
•	Faster, more convenient and affordable transport.

**c 3 Key Commissions**

•	Land Commission
•	Mental Health Commission
•	Productivity Commission

**d Key Combined Authority Workstreams**

•	Governance and Creation
•	Land and Infrastructure
•	Finance and Investments
•	WMCA SEP
•	Transport
•	Public Service Reform (including Mental Health work)
•	Communications
•	Culture and Tourism