

 Executive – 11th March 2015		Agenda Item No. 14
Title	Discussions on Membership of a Potential Combined Authority	
For further information about this report please contact	Chris Elliott Tel 01926 456000 E-mail chris.elliott@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Not applicable	
Background Papers	-	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	No
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Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executives	23.03.15	Bill Hunt, Andy Jones
Heads of Service	23.02.15	Mike Snow, Tracy Darke, Andy Thompson, Rose Winship, Robert Hoof, Richard Hall
CMT	23.02.15	Chris Elliott, Andrew Jones, Bill Hunt
Section 151 Officer	23.02.15	Mike Snow
Monitoring Officer	23.02.15	Andy Jones
Finance	23.02.15	Mike Snow
Portfolio Holder(s)	23.02.15	Cllr. Mobbs
Consultation & Community Engagement		
N/A at this stage but if the matter were to be progressed, there are statutory consultation processes that would need to be undertaken.		
Final Decision?		No
Suggested next steps (if not final decision please set out below)		
That the Leader and the Chief Executive report back on the outcome of discussions to the Council.		

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 (or not). The Leader and Chief Executive are required to feedback on such forthcoming discussions.

2. RECOMMENDATIONS

- 2.1 That Executive receive feedback from the other political groups and the 2 scrutiny committees on possible parameters relevant to discussions on a way forward (or not) in respect of potential membership of a Combined Authority and agree what those parameters should be.
- 2.2 That the Executive delegates authority to the Leader and Chief Executive to discuss with other Local Authorities who are involved in the discussions about membership (or not) of a possible Combined Authority within the parameters agreed at 2.1 above.
- 2.3 That the Leader and Chief Executive report back on the progress of those discussions at the earliest opportunity and then subsequently on a regular basis, seeking further authority if necessary as discussions/proposals develop.
- 2.4 That authority be delegated to the Chief Executive and Head of Finance in consultation with the Leader and Finance Portfolio Holder to expend up to £50,000 towards any necessary research required to take this matter forward, to be funded from the Contingency budget.

3. REASONS FOR THE RECOMMENDATION

- 3.1 This Council is already a member of the Joint Committee for Coventry, Warwickshire and South West Leicestershire. This was formed early in 2014 as the first stage in the commitment that all of the local authorities in the sub region gave as part of the sign up to the Coventry and Warwickshire City Deal in 2013. This commitment also extended to the participating Local Authorities agreeing to set up an Economic Prosperity Board (EPB) and to consider moving onwards to setting up a Combined Authority (CA).
- 3.2 Both of these types of bodies (EPB and CA) enable Local Authorities to pool some of their powers together to better develop the local economy of their area. The essential difference between an EPB and a CA is that the latter must involve transport and the former cannot involve transport. 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 integration.
- 3.3 Following the earlier decisions to create an EPB, officers from across all of the participating authorities had prepared the work necessary for the primary steps required in legislation leading toward a public consultation. However, the impact of the Scottish Independence vote, and the subsequent wider talks about devolution in England; and, the subsequent announcement of a specific devolution deal with the Greater Manchester Combined Authority, has spurred a wide number of proposals to either use existing CA's (e.g. Leeds City Region; Sheffield City Region; Merseyside CA, North Eastern CA) or to create new ones in order to provide a local constitutional entity with whom Government can

negotiate to take funds and powers from Central Government primarily around economic development, transport, skills, and housing issues, though Greater Manchester's deal has extended to the Police and Crime Commissioner and to an extent Health.

- 3.4 More locally, in November last year the Black Country and Birmingham Local Authorities announced that they wished to consider setting up a CA and invited Solihull, Coventry and adjoining districts (including Warwick) to consider joining. This has of course spurred discussions within the sub region, especially as to join such an entity would conflict with the planned EPB. This discussion has led to two meetings of Leaders and Chief Executives from the sub region on this issue. The first in December 2014, allowed for an economic analysis by local academics to be shared; the second, in January 2015, led to an agreement that all Local Authorities should take soundings on views towards establishing a CA, what they may be prepared to accept and what not and to then share that with the other Council's in the sub region in order that a way forward could be planned. To that end another meeting of Local Authorities to further that discussion is planned for the 17th March 2015.
- 3.5 To enable this Council's Leader and Chief Executive to effectively participate in the discussions now planned for the 17th March 2015, the views of the Council are required and the Executive needs to agree parameters within which such discussions should be held. To aid that process, a presentation for all members was held on 23rd February 2015 (the slides are attached); Groups have been asked to consider that presentation at their Group Meetings the same night and to feedback directly to the Leader and Chief Executive; via this report the matter will also be an item for both Scrutiny Committees to consider and give their views to the Executive, who will then agree the parameters for the Leader and Chief Executive.
- 3.6 The presentation slides give most of the detailed background, economic analysis and general issues arising. However, members may wish to consider the following broad questions:
1. Do they consider that there could be a benefit to the citizens and businesses of the District by joining a CA?
 2. What kind of benefits would members wish a CA to deliver for the District's citizens and businesses? E.g. more business rates retention? Other financial benefits? More discretion of government spending and if so what ones?
 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?
 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?
- 3.7 Given the length of time (circa 2 years) it will take in any event to put a CA in place and given the uncertainties of Government policy which abound at present in the run-up to a General election as well as for the District Council itself; members may wish, at present, to keep as many options open as it is reasonably possible to achieve. Government policy will inevitably evolve after a General Election affecting the potential devolution prize on offer; the size of geography it is prepared to work with; and, the constitutional arrangements it wants in place.

- 3.8 Given the dynamic nature of discussions it will be vitally important for the Leader and Chief Executive to give an update arising from the meeting on the 17th March 2015 as soon as possible and on any follow up discussions as events dictate.
- 3.9 Other areas examining this matter are undertaking significant economic research to help examine and assess the options that they are considering. On a joint basis this may also be required by the Councils in this sub region. However, it is difficult to know with precision what sum is necessary (although one area has committed over £1 million to the task) and given the long period of time between the March Executive and the July one, it is suggested that a sum of up to £50,000 is allocated from the contingency budget to be used authorised by the Chief Executive and Head of Finance in consultation with the Leader and Finance portfolio holder. The Leader and Chief Executive will give updates on any expenditure if and when it occurs.

4. **POLICY FRAMEWORK**

- 4.1 The Council's Sustainable Community Strategy (SCS) seeks to help make Warwick District a great place to live, work and visit; and it has 5 priority policy areas – Prosperity, Housing, Sustainability, Health and Well Being and Community Safety. A Combined Authority and the devolution deal that goes with it could assist in furthering that vision by enabling the local economy to grow even stronger (Prosperity), aiding further affordable housing investment (Housing) and securing infrastructure funding (Prosperity, Housing, Sustainability, Health and Well Being). A package could also be supportive of the Local Plan and the accompanying Infrastructure Development Plan.
- 4.2 In relation to the Council's Fit for the Future Programme (FFF), the Combined Authority and Devolution package could assist 2 of the 3 strands:

Services – by improving or maintaining a range of the Council's services;

Money – by attracting additional financial resources to help address the forecast budget deficit and helping to bring in investment in necessary infrastructure.

The impact on the **People** strand is at this stage anticipated to be neutral but could change.

5. **BUDGETARY FRAMEWORK**

- 5.1 At this stage the cost of participating in the discussions is minimal. It has so far extended to jointly commissioning of some research. If the concept were to go further then there may well be costs associated with officer time, legal advice and undertaking consultation. It is very difficult to estimate with any precision at this stage the cost to the authority of such participation. However, if the matter were to proceed to a more detailed stage then a further report to the Executive would in any case be required. Equally, at this stage it is difficult to be precise about the potential gain to the Council of participating. In a very real sense, it is not possible to clarify costs or benefits unless the Council does participate further in discussions.
- 5.2 The agreed contingency budget for 2015/16 stands at £201,000 and would reduce to £151,000 if the £50,000 proposed is agreed.

6. RISKS

- 6.1 At this stage the most identifiable risk is about participation in what may be termed the “talking stage” of setting up a CA. Participating in discussion raises little risk other than the time wasted by officers and the money on research if the discussion leads nowhere. On the other side, the risk of not participating may be greater in that an agenda is set out without this Council’s input or agreement; funding may be awarded to those that did participate and not to those who did not. On balance the risks to the Council are greater in relation to non-participation.
- 6.2 Given that no absolute decisions are anticipated from the forthcoming meeting, it is again difficult to be precise about the risks of particular elements of a devolution deal. All of this requires more discussion in order to be clearer about the respective risk and rewards.

7. ALTERNATIVE OPTION(S) CONSIDERED

- 7.1 The option of not participating is not recommended for the reasons set out in Section 6. There are a variety of options in respect of the feedback that members may wish to give and it is the purpose of this paper to clarify those issues and options.