

COMBINED AUTHORITIES DISCUSSION

Warwick District Council

23rd February 2015

Overview

- Concept of Combined Authorities & Economic Prosperity Boards
- Functional economic geography of the area and economic linkages/relationships
- Overview of legislation and governance arrangements
- Outline of the potential options and opportunities

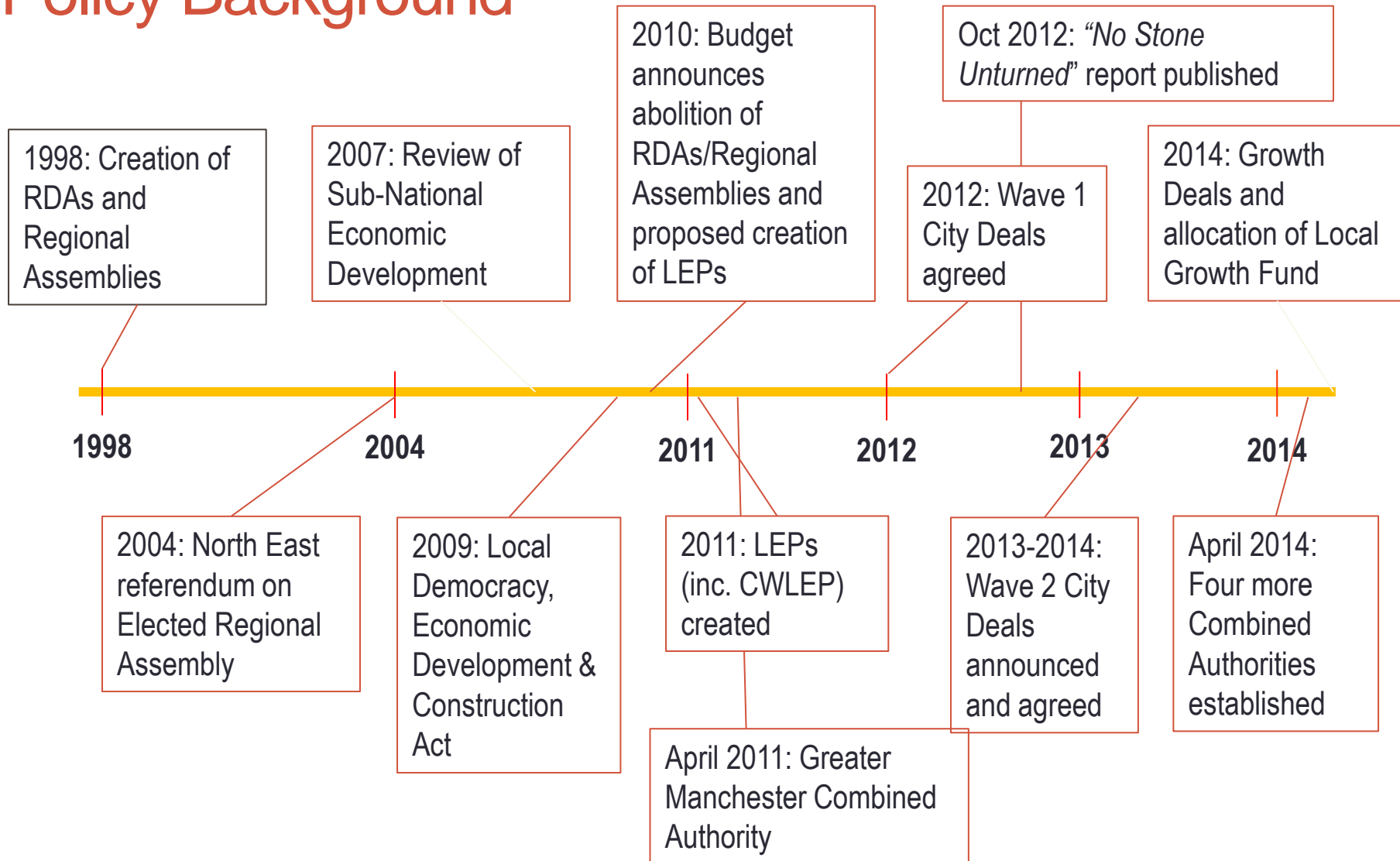
Combined Authorities & Economic Prosperity Boards

An Overview

What's the issue being addressed?

- Need to rebalance the economy and reduce the dominance of London in the UK economy
- So need strategy for sub-national growth
- What's the best geography to effectively & efficiently grow local economies?
- More flexible approach to economic development – not “one-size fits all”
- Desire to encourage more partnership working and coordination to enable this to happen
- Growth of cities – Core Cities and associated policy
- Devolution?

Policy Background



What have we got now?

- Coventry and Warwickshire Local Economic Partnership
- CW City Deal (inc. Hinckley & Bosworth)
- C&W Joint Committee (inc. Hinckley & Bosworth)
- CW Growth Deal
- Commitment to establish a Economic Prosperity Board, and consider move to Combined Authority
- Coventry CC in West Midlands Joint Committee & Integrated Transport Authority
- Other geographic relationships (police, fire, health, rail)

Why the interest in Combined Authorities now?

- The City Deal gave some new resources and powers to local areas (particularly Wave 1 Deals)...
- ...but only with new governance models
- Local Enterprise Partnerships not seen as sufficient for transfer of resources & powers – democratic deficit
- Scotland Referendum – let the “devolution genie” out of the bottle? So what about England?
- Northern Powerhouse (George Osbourne June 2014): *“putting on the table and starting the conversation about serious devolution of powers and budgets for any city that wants to move to a new model of city government - and have an elected Mayor”*
- Cross-party endorsement for this approach

What is a Combined Authority/Economic Prosperity Board?

- Group of local authorities working together for economic development
- Formal statutory legal entity, which can take on a range of functions & responsibilities for economic development – including skills, housing, infrastructure, business support, employment
- Combined Authorities must include transport, EPB's cannot
- Potential for wider responsibilities (i.e. Manchester)
- No area can be forced to join
- Formal statutory process required to set up, signed off by Secretary of State
- Expectation that powers and funding will be devolved to this new legal entity

What is being done elsewhere?

- Greater Manchester Combined Authority established in April 2011, made up of 10 Local Authority areas.
 - Devolution Agreement with Government (November 2014) gives real control over transport budgets, bus services, skills funding and national business support programmes; and new powers around statutory planning, housing, “earn-back” (worth £30m a year for 30 years) and integrated health & social care budgets.
 - Creation of new elected mayor who will be the 11th member of the Greater Manchester Combined Authority and will take on role of Police & Crime Commissioner
- Sheffield City Region (comprised of 9 local authority areas) – established in April 2014.
 - Devolution agreement (Dec 2014) enables co-commissioning and improved partnerships with DWP, Highways Agency, Network Rail, National Careers Service; control over adult skills funding, establishment of a single Integrated Transport Authority for the area
 - No commitment to create an elected mayor

What is happening elsewhere

- West Yorkshire Combined Authority – Deal delayed - hope to reach a deal on their devolution proposals by March Budget
- North East Combined Authority & Liverpool City Region Combined are still in the process of developing their devolution proposals
- First 5 Metropolitan but proposals coming from other areas:
 - Derby & Derbyshire and Nottingham & Nottinghamshire are both exploring independent Combined Authority proposals
 - “Creative Counties” – Buckinghamshire, Oxfordshire and Northamptonshire announced their intentions to form a CA
 - Others include: Devon & Cornwall; West of England; Tees Valley; Southampton & Portsmouth
- West Midlands Combined Authority proposed by Birmingham and Black Country – Governance Review expected in July 2015

What might happen post election?

- Continued interest from Conservative Party in devolution and transfer of powers to Combined Authorities but so far placed emphasis on elected mayors for significant transfer of powers; emphasis on North?
- Recent Labour Party announcements include:
 - A pledge on the devolution of £30bn to city & county regions for education, health, employment, business, transport and housing
 - Economic devolution would allow for local areas to retain “any extra business rates” generated by economic growth
 - No requirement for elected mayors
- Liberal Democrats support the concept of local authority economic partnerships that are below regional level, and favour decentralisation of resources
- Independent Commission on Local Government Finance

Where does that leave Coventry & Warwickshire?

- Real momentum around this agenda – and it's not going away
- West Midlands proposal will need to be responded to
- We need to consider our response to this emerging agenda, and ideally make a collective decision
- Leaders have commissioned economic analysis to help inform the debate but this can only be part of the answer
- Do we want to be in a Combined Authority or an EPB?
- What size is likely to be of greatest benefit to us?
- And what geography should it cover?
 - Must be a “Functional Economic Geography”
 - Need to consider issue of scale...
 - ...but also needs to be workable

What might be the gains of Combined Authority?

- Difficult to say precisely – down to negotiation
- Greater share of government infrastructure funding
- Keep more that's raised locally eg. greater share of business rates; stamp duty; self determination of regulatory fees?
- Greater control of transport and transport investment eg. bus deregulation; more influence over rail
- Forward funding of infrastructure investment – “earn-back”
- Housing investment

Functional Economic Geographies & Economic Linkages

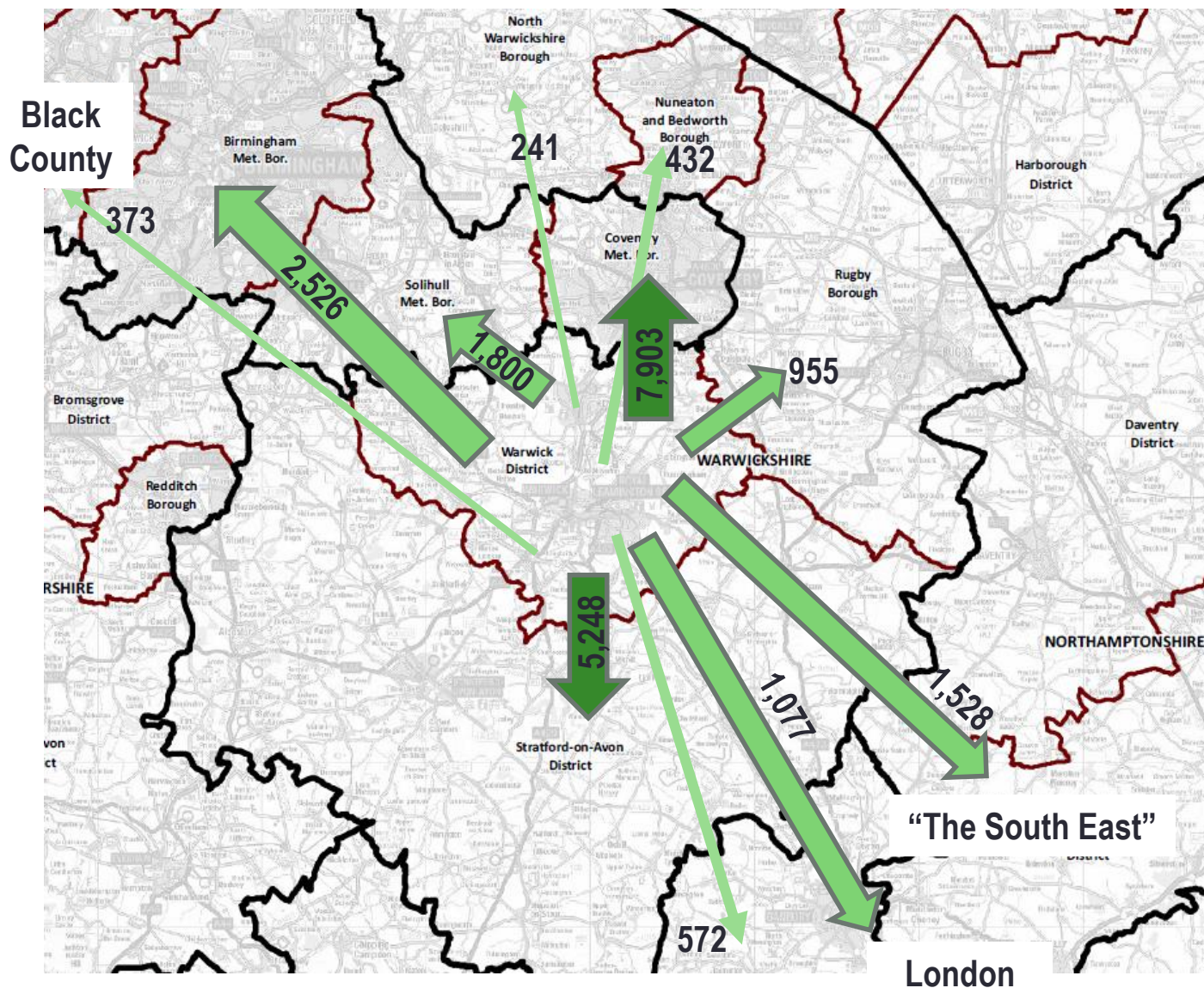
Warwick District

What is a functional economic geography?

- The term “functional economic geography” is often used as the rationale behind creating Combined Authorities/EPBs
- One of the first key tests of a CA/EPB proposal
- Aim is to identify and describe the real geography within which sub-national economies operate
- Many attempts to define in the past
- The aim is to define “real geographies” so that:
 - residents, workers, shoppers, etc. are the “same people”
 - key business sectors/clusters are considered coherently
- This should help design and deliver more effective policy/services and investment (i.e. capturing spill over effects and maximising impacts, while also being focussed)

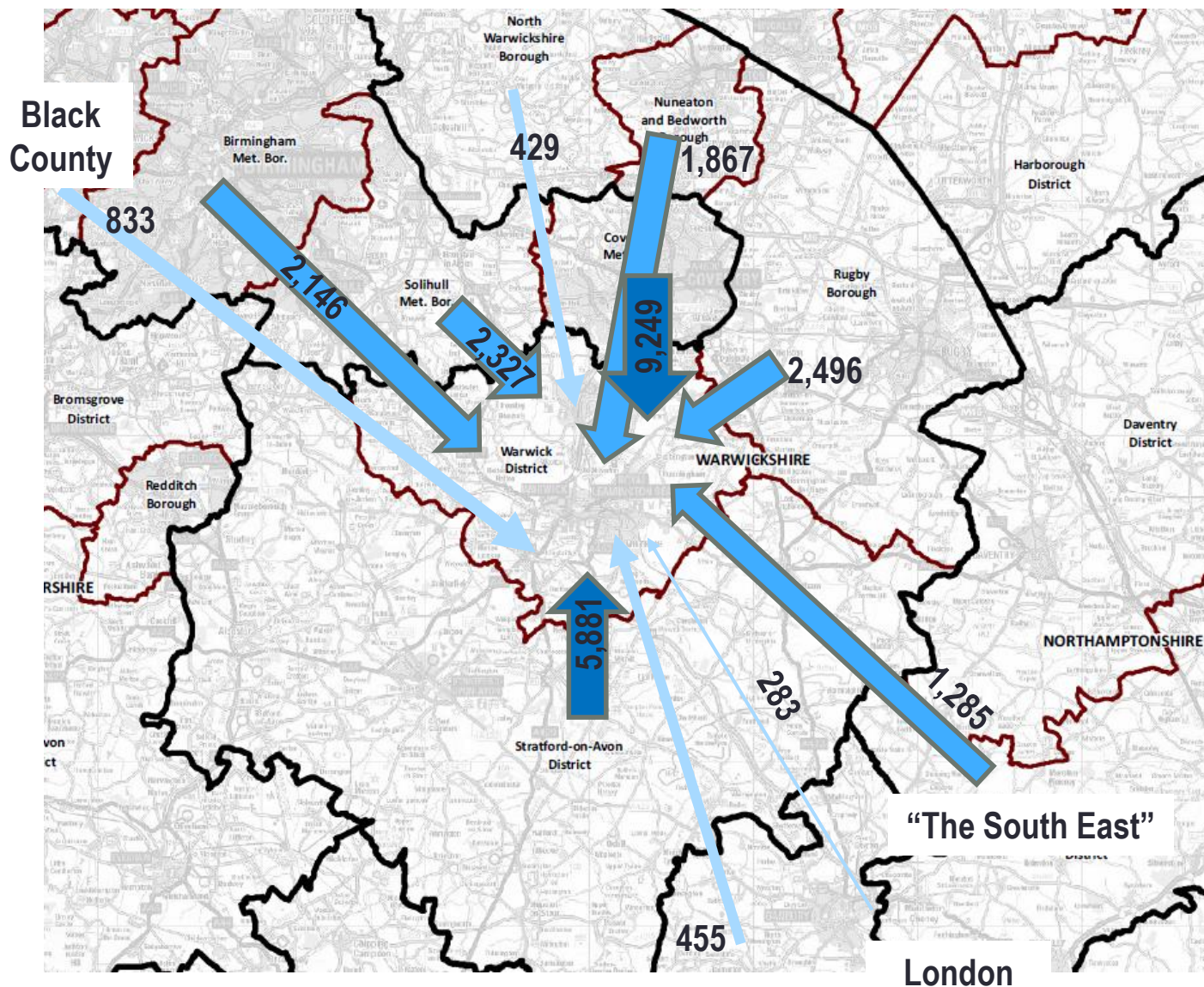
Commuting patterns

- 31,803 (55%) of Warwick District's employed residents (57,222) work in the district
- Highest self-containment in Warwickshire, but below Coventry (66%)
- Strongest out-commuting flows are with Coventry (13.8%), Stratford District (9.2%) and Birmingham (4.4%)

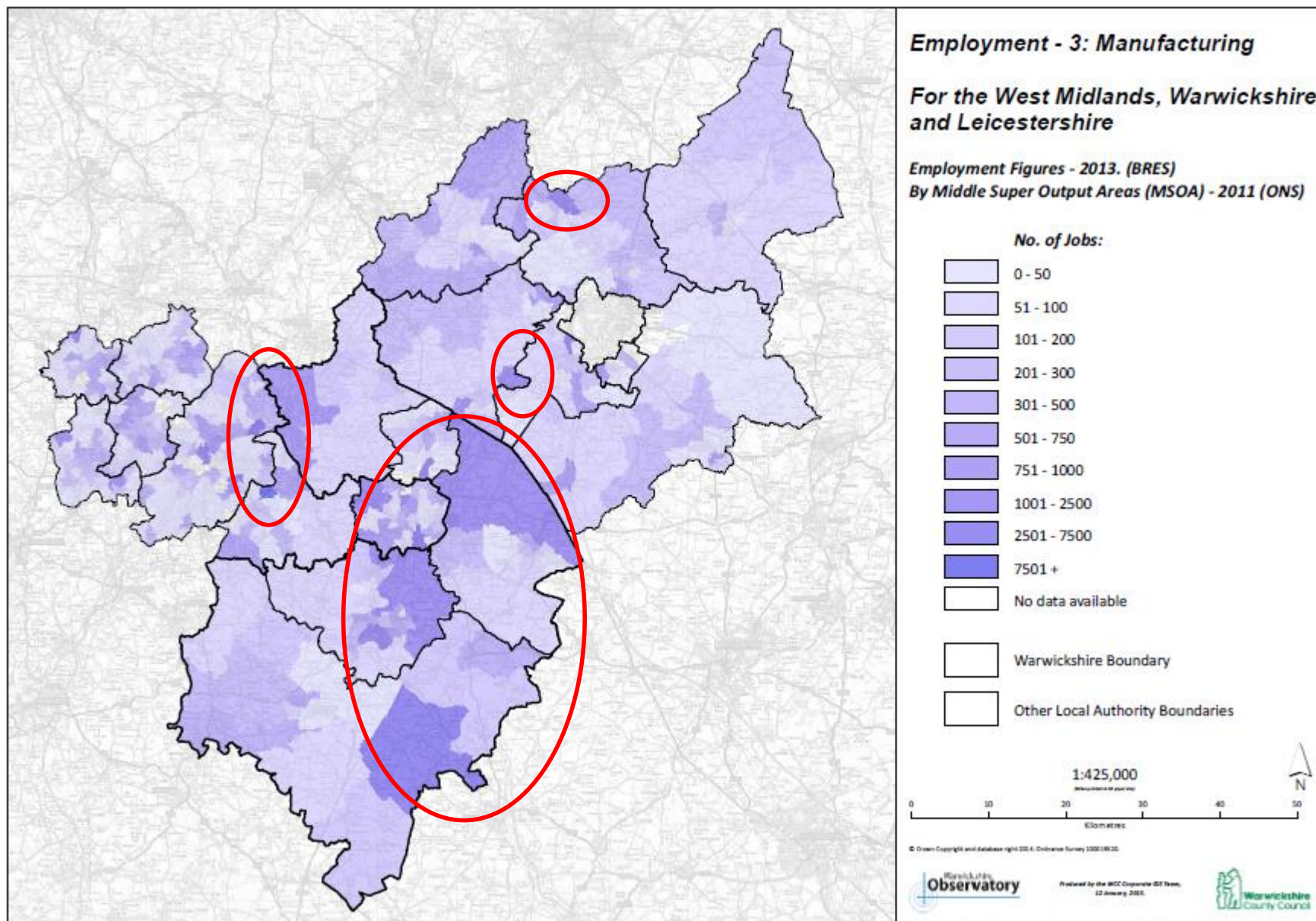


Commuting patterns

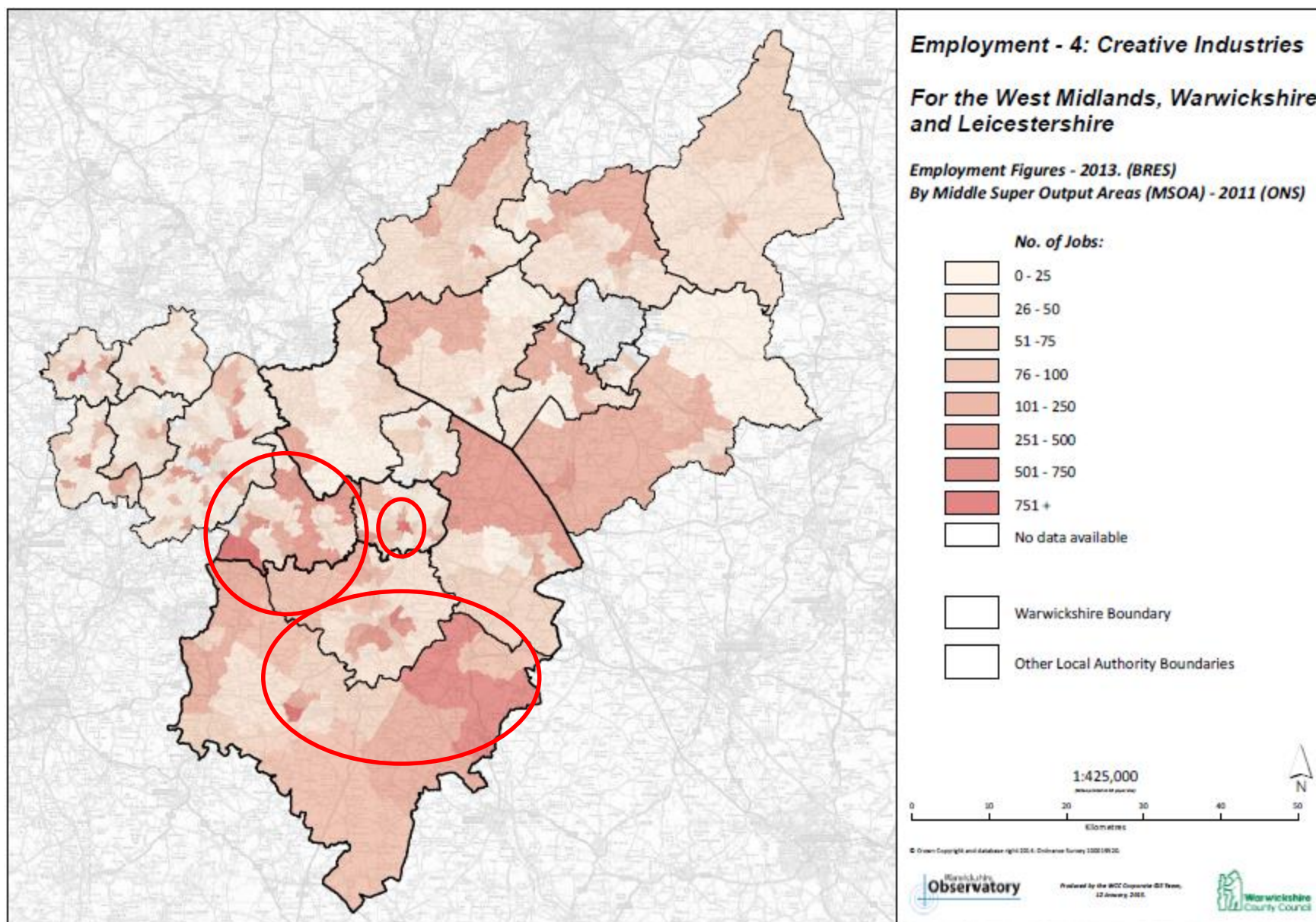
- Warwick District benefits from a net in-flow from commuting – from rest of Coventry & Warwickshire, 19,922 people commute in compared to 14,779 commuting out daily
- Biggest in-flows from Coventry, Stratford and Solihull
- Significant net changes from Nuneaton & Rugby, smaller increases from Black Country & North Warwickshire



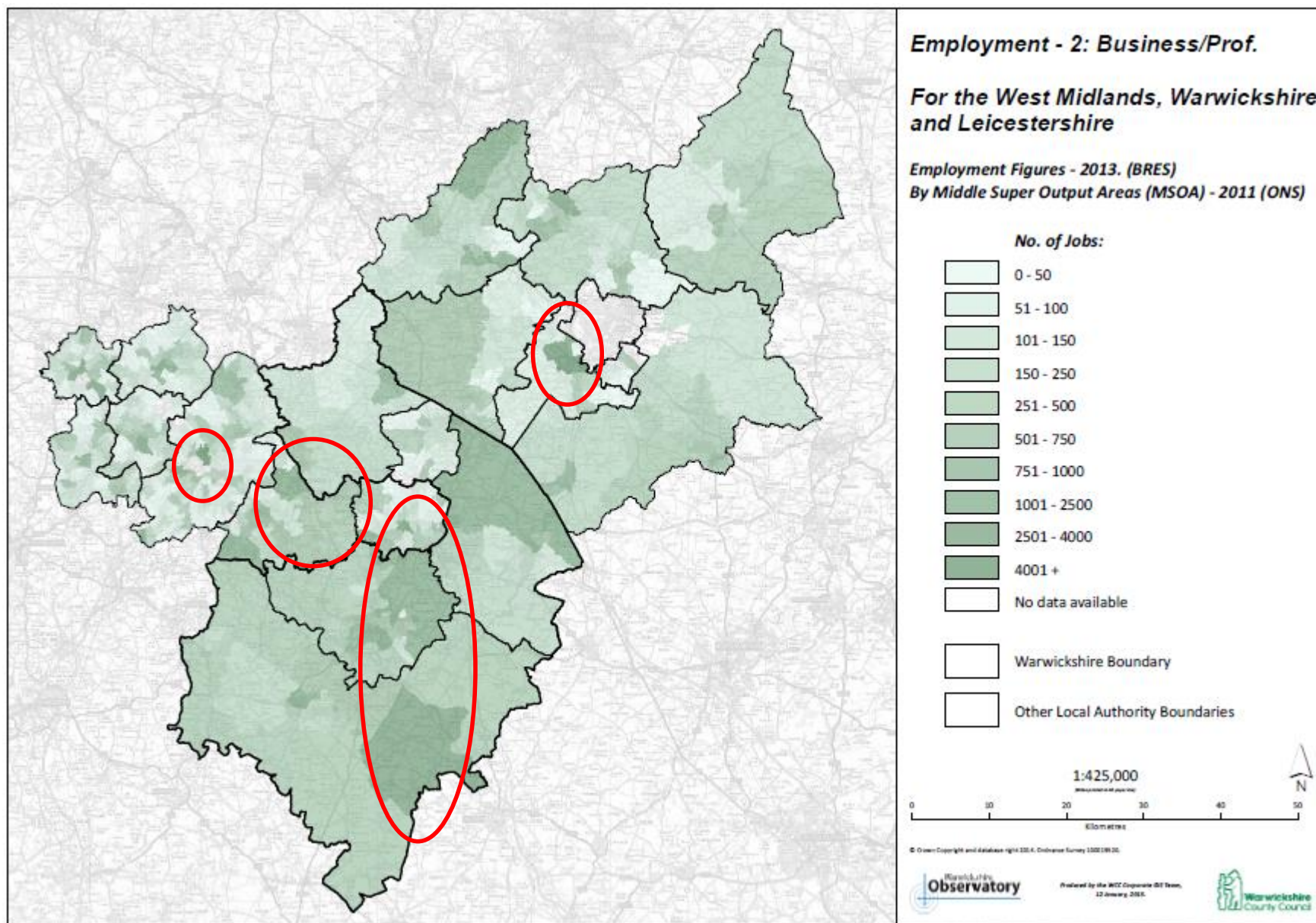
Detailed sector mapping – Advanced Manufacturing



Detailed sector mapping – Creative Industries

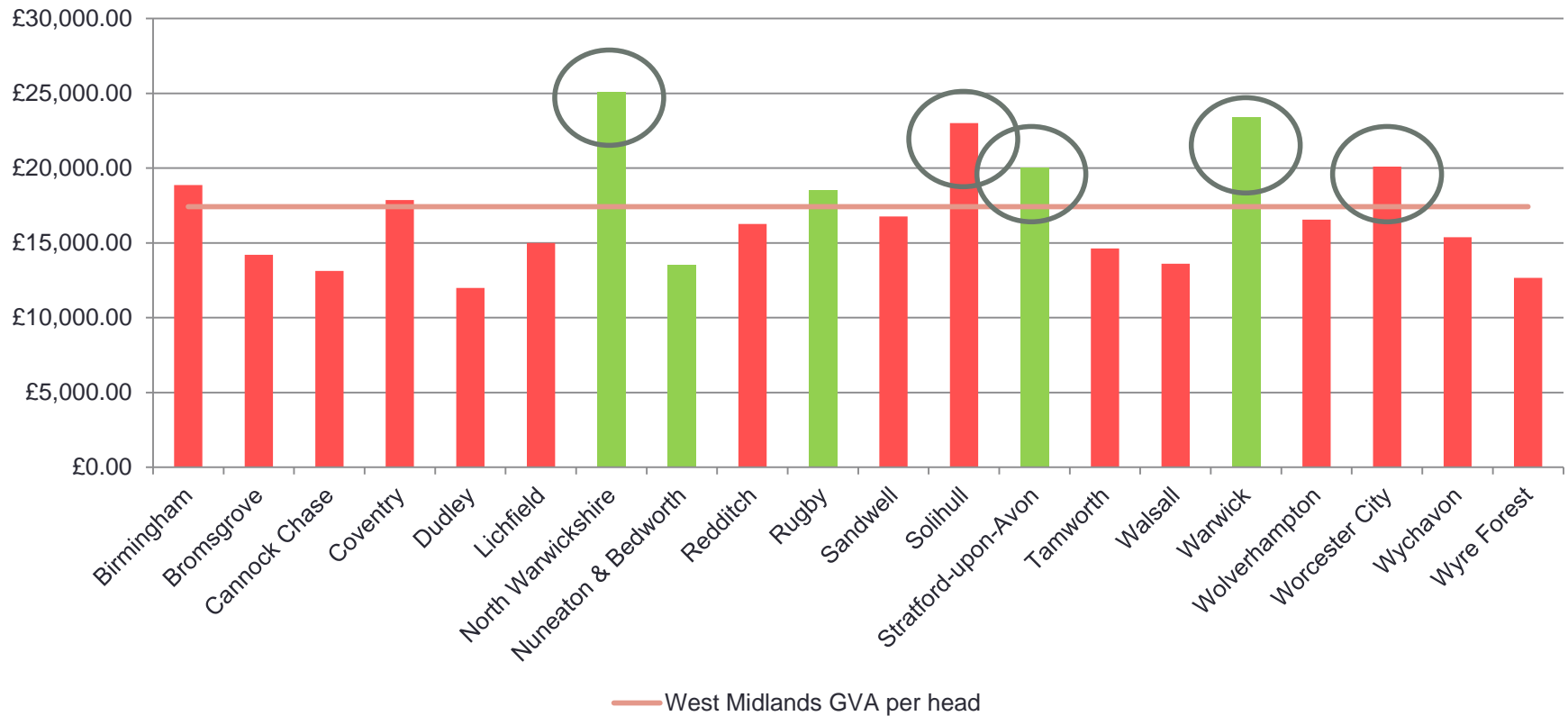


Detailed sector mapping – Business & Prof Services



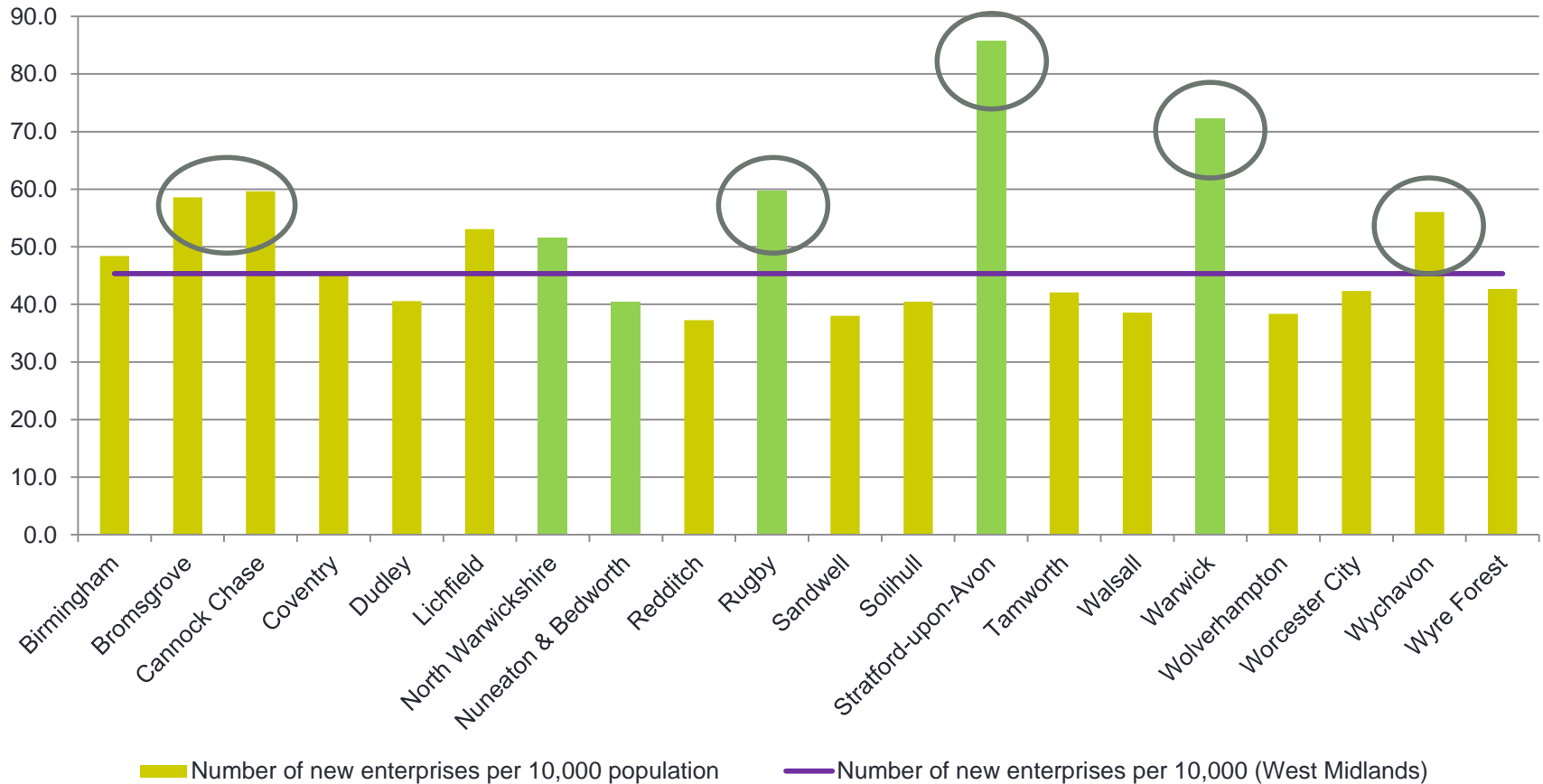
Comparative analysis – GVA per head

GVA per head at district level



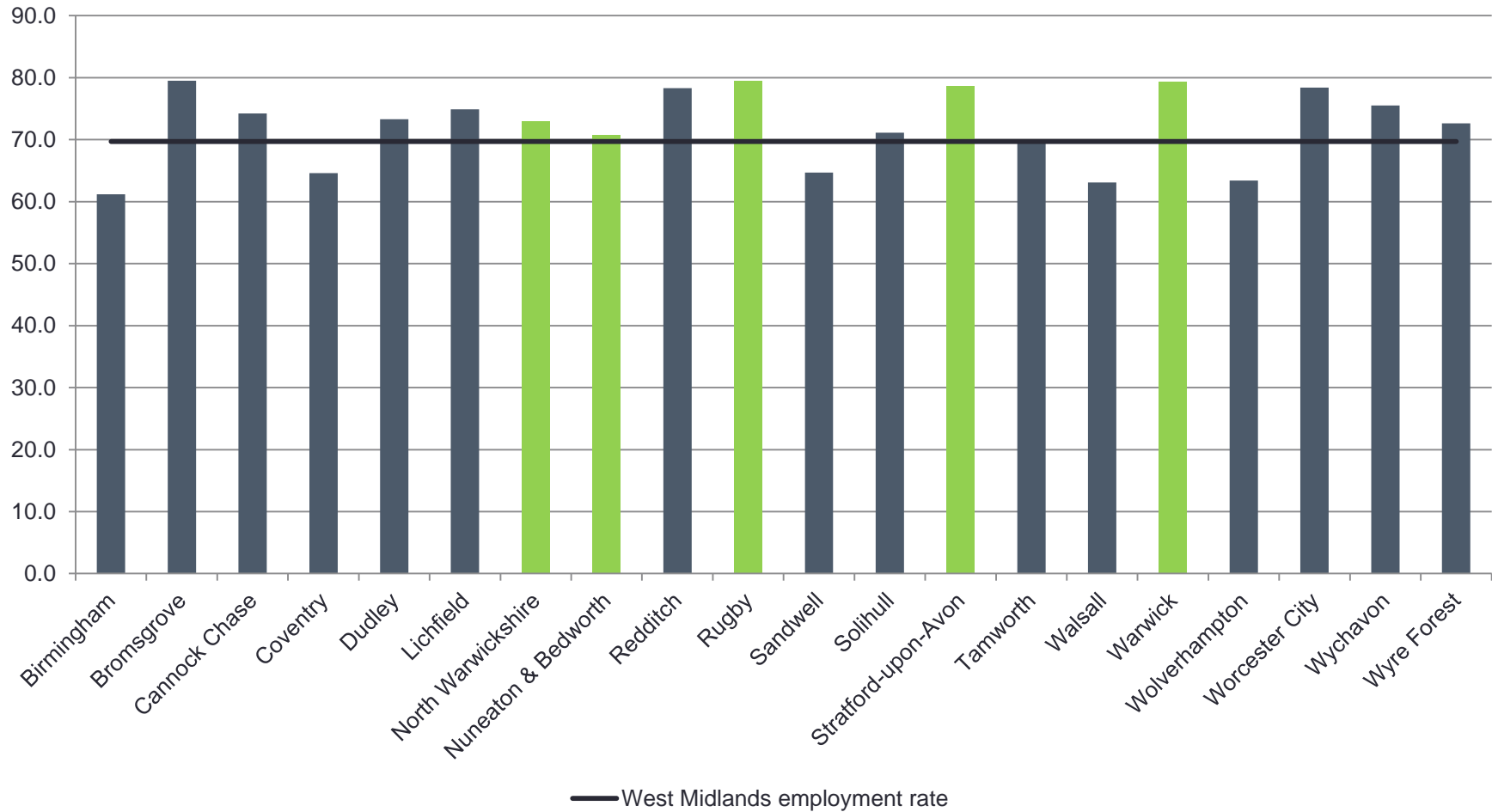
Comparative analysis – Enterprise

New enterprises per 10,000 population at district level



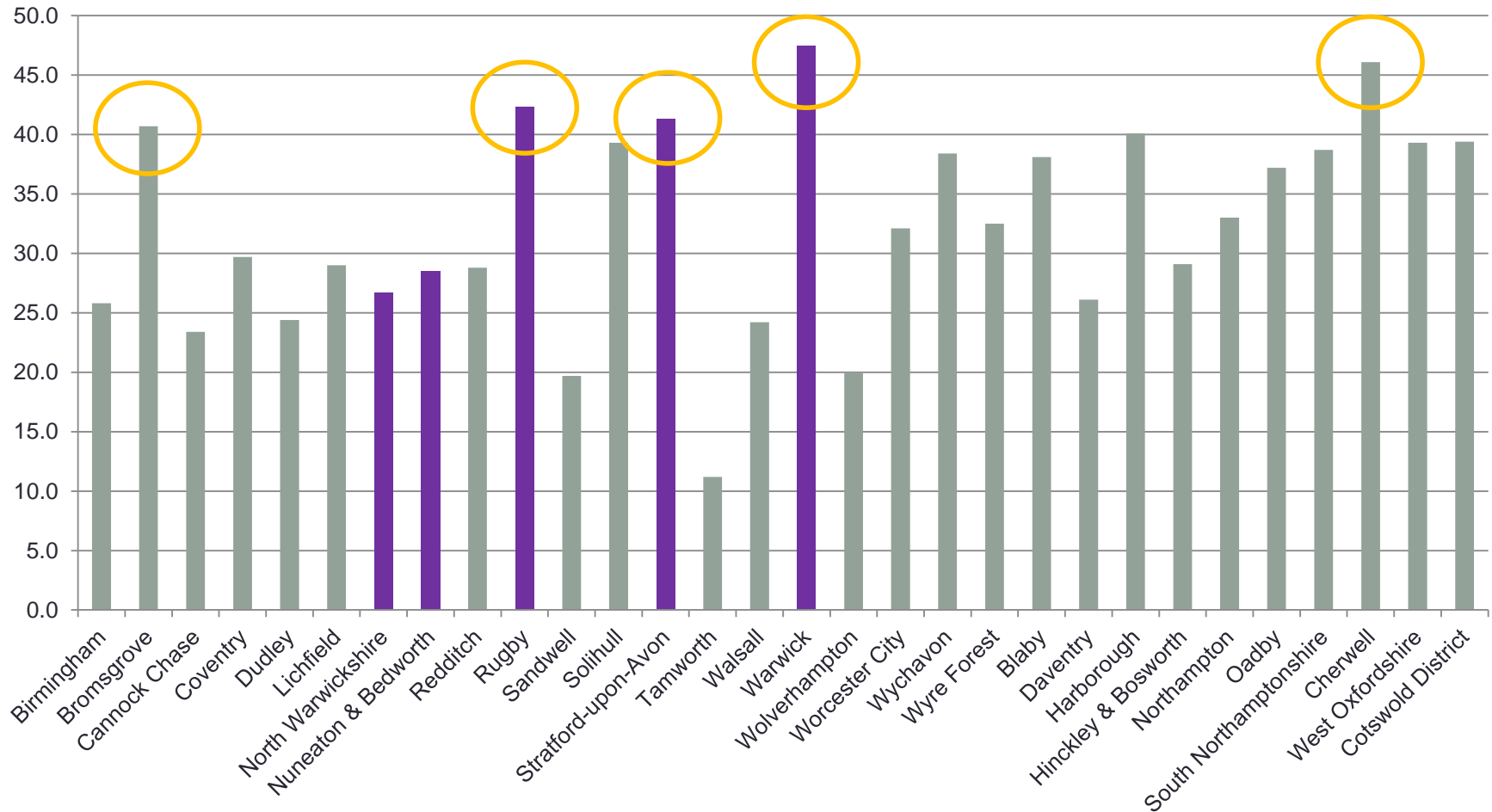
Comparative analysis – Employment

Employment Rate at district level



Comparative analysis – Higher level qualifications

% of working age population with an NVQ4+



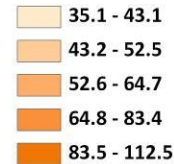
Business Start-ups

Top Authorities	New Business Start-ups per 10,000 Population
South Bucks	112.5
Chiltern	83.4
Wycombe	79.7
Milton Keynes UA	76.0
Stratford-on-Avon	75.9

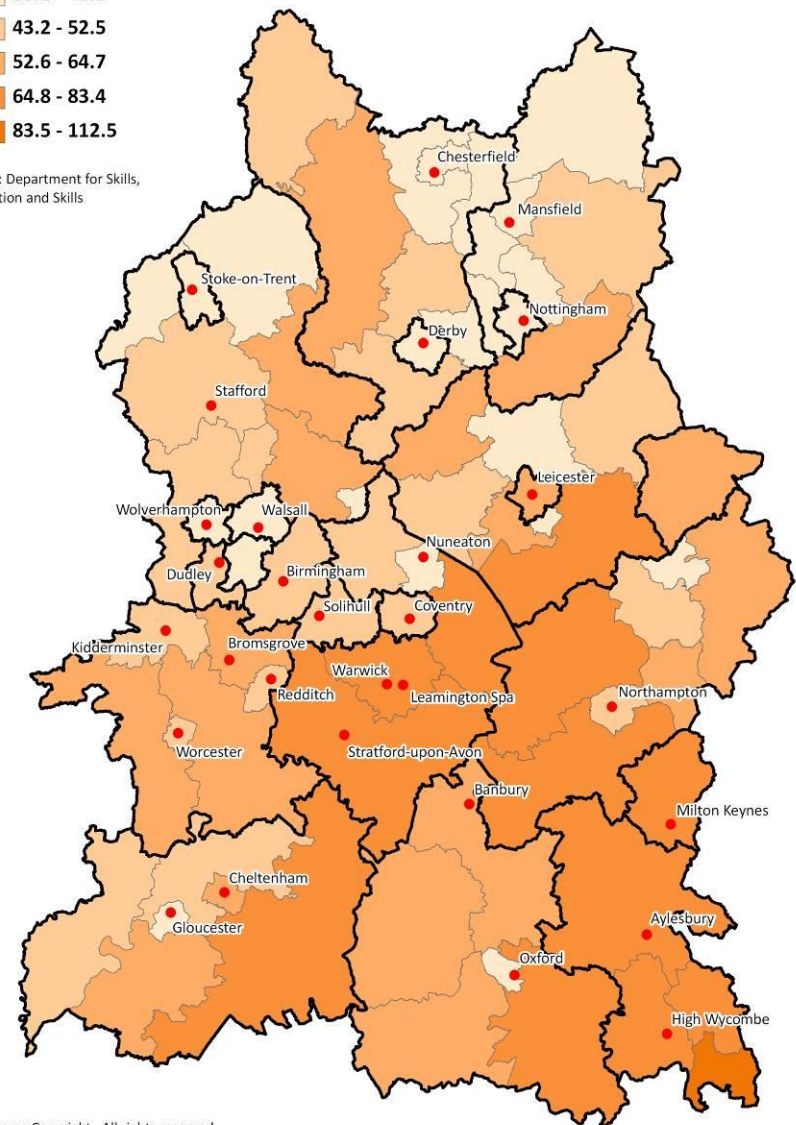
Bottom Authorities	New Business Start-ups per 10,000 Population
Broxtowe	35.1
Newcastle-under-Lyme	35.7
Mansfield and Bolsover	37.2
Stoke-on-Trent UA	37.3
Ashfield	37.5

- Stratford-on-Avon, Warwick and Rugby all feature within the 15 local authorities in the geography with over 65 business start-ups per 10,000 population.
- Nuneaton & Bedworth falls into the bottom 15 with only 40 business start-ups per 10,000 population.

New Business Start-Ups Per 10,000 Population, 2008



Source: Department for Skills, Innovation and Skills



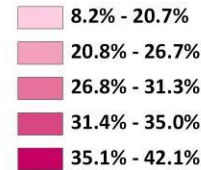
Occupation - Manual

Top 5 Authorities	Percentage of Employed Population in Manual and Low Skilled Occupations
Tamworth	42.1%
Corby	41.2%
Redditch	39.6%
Bolsover	37.6%
Oadby and Wigston	37.3%

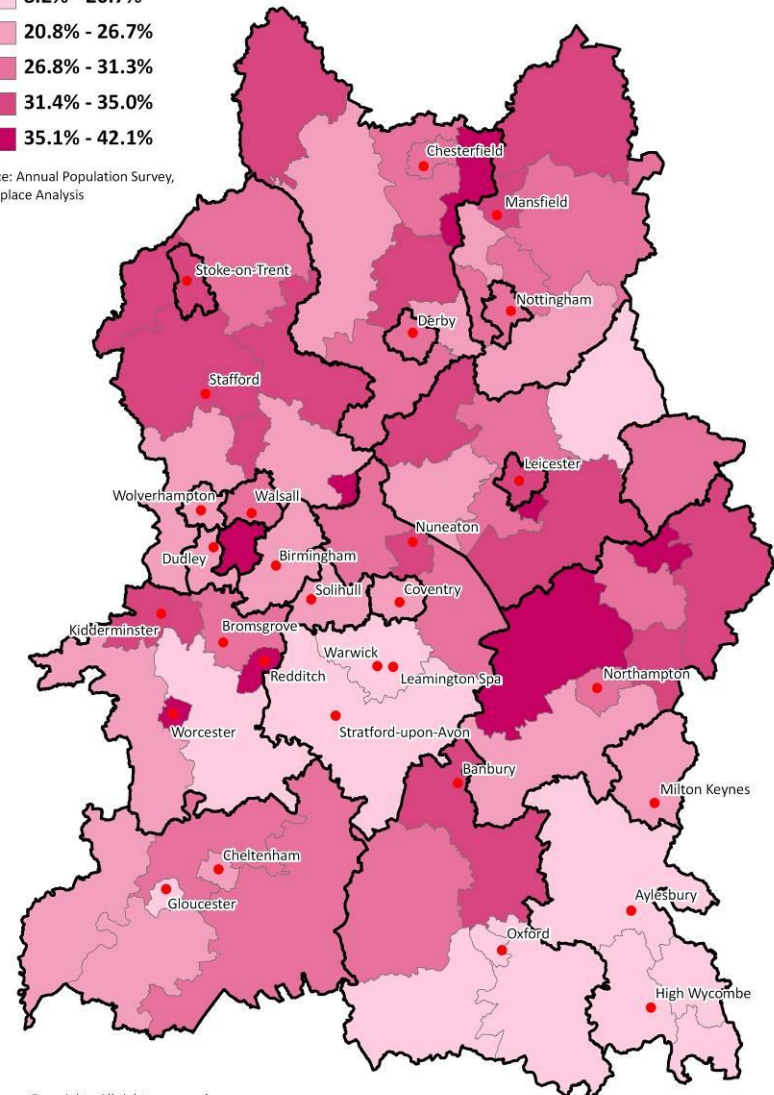
Bottom 5 Authorities	Percentage of Employed Population in Manual and Low Skilled Occupations
Chiltern	8.2%
South Bucks	17.1%
Warwick	18.1%
Vale of White Horse	18.3%
Gloucester	18.4%

- Nuneaton & Bedworth has a relatively high percentage of its employed population in manual and lower skilled occupations, 33.8%.
- Both Stratford-on-Avon and Warwick have low percentages of the employed population in manual and low skilled occupation, 19.1% and 18.1%, respectively.

Percentage of Employed Population in Manual and Low Skilled Occupations, 2008-2009



Source: Annual Population Survey,
Workplace Analysis



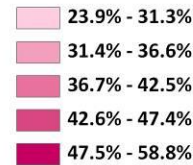
Occupation - Managerial

Top 5 Authorities	Percentage of Employed Population in Managerial and Professional Occupations
Oxford	58.8%
Melton	56.5%
Chiltern	54.3%
Vale of White Horse	54.1%
South Oxfordshire	52.5%

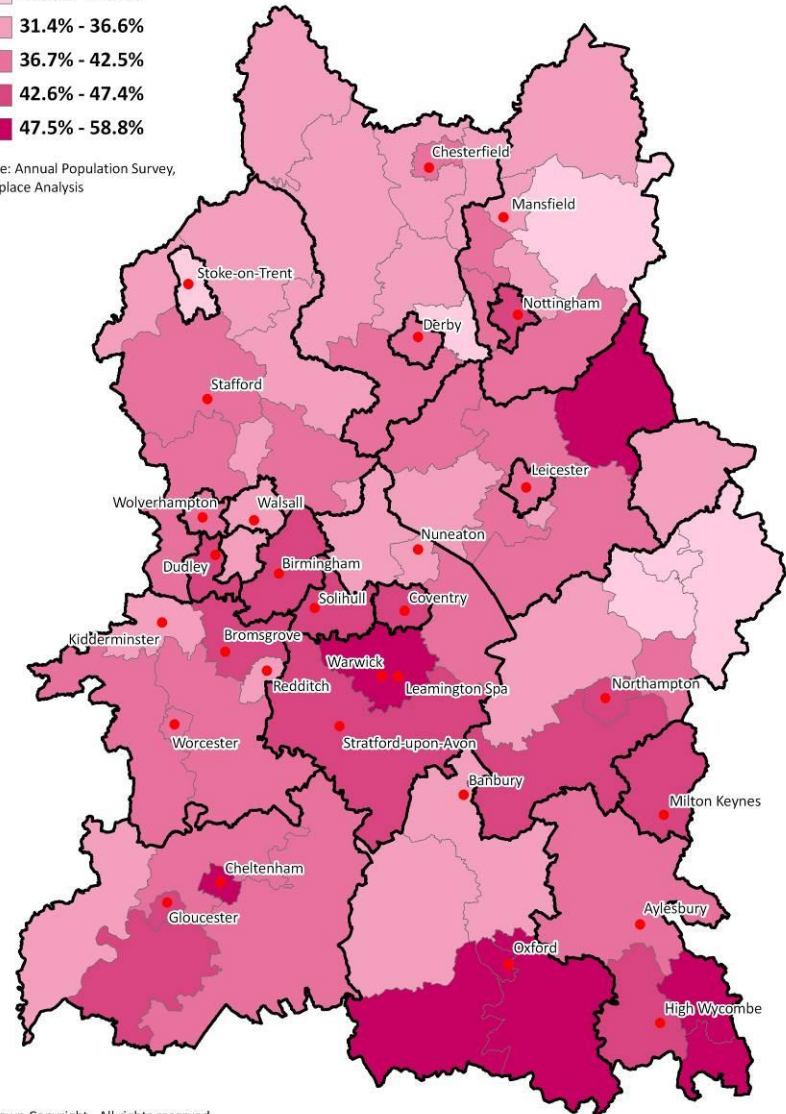
Bottom 5 Authorities	Percentage of Employed Population in Managerial and Professional Occupations
Erewash	23.9%
Newark and Sherwood	27.7%
Corby	29.0%
East Northamptonshire	30.6%
Kettering	30.7%

- Warwick, Stratford-on-Avon and Coventry feature within the top 15 with 51.1%, 46.1% and 45.1%, respectively.

Percentage of Employed Population in Managerial and Professional Occupations, 2008-2009



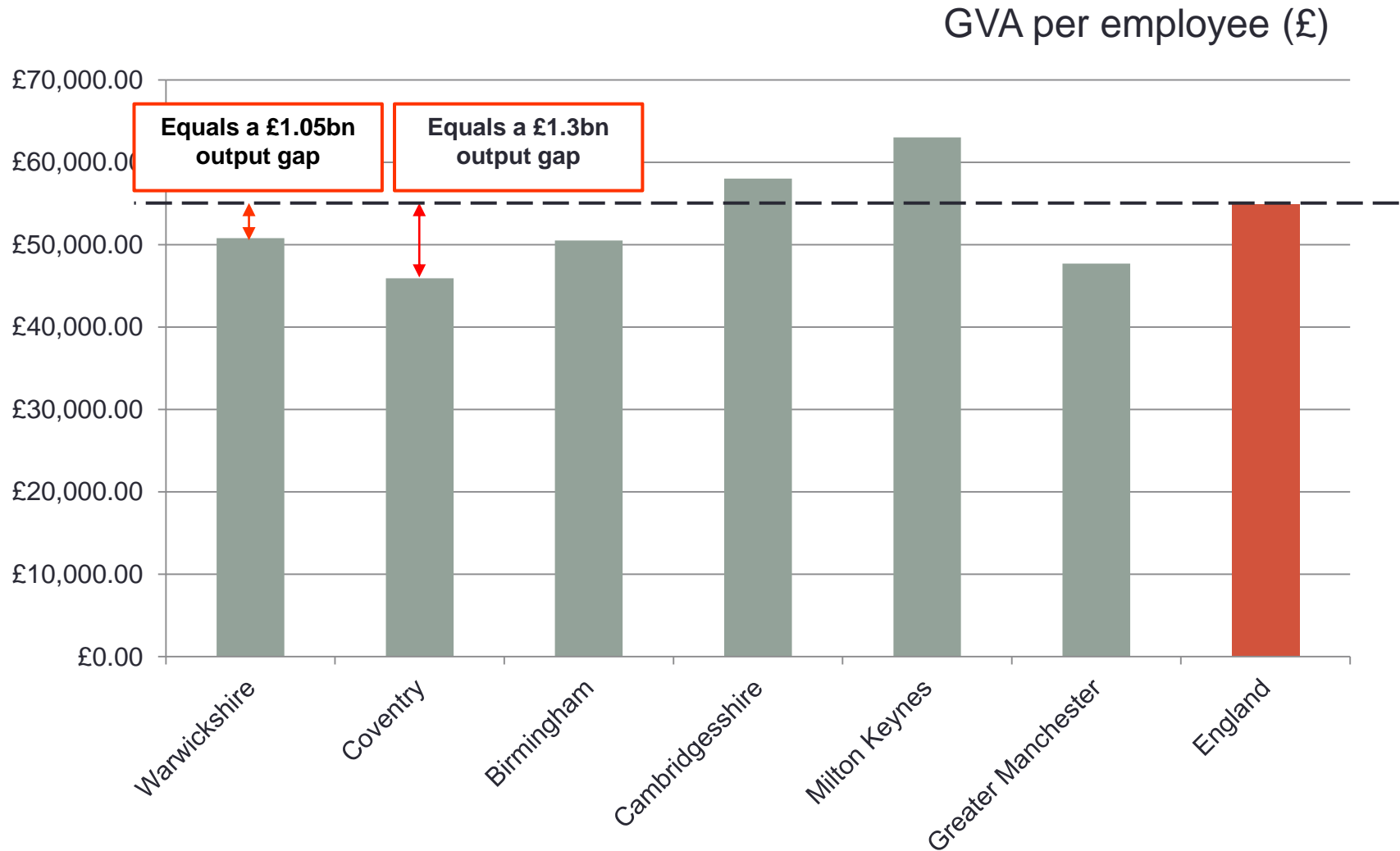
Source: Annual Population Survey,
Workplace Analysis



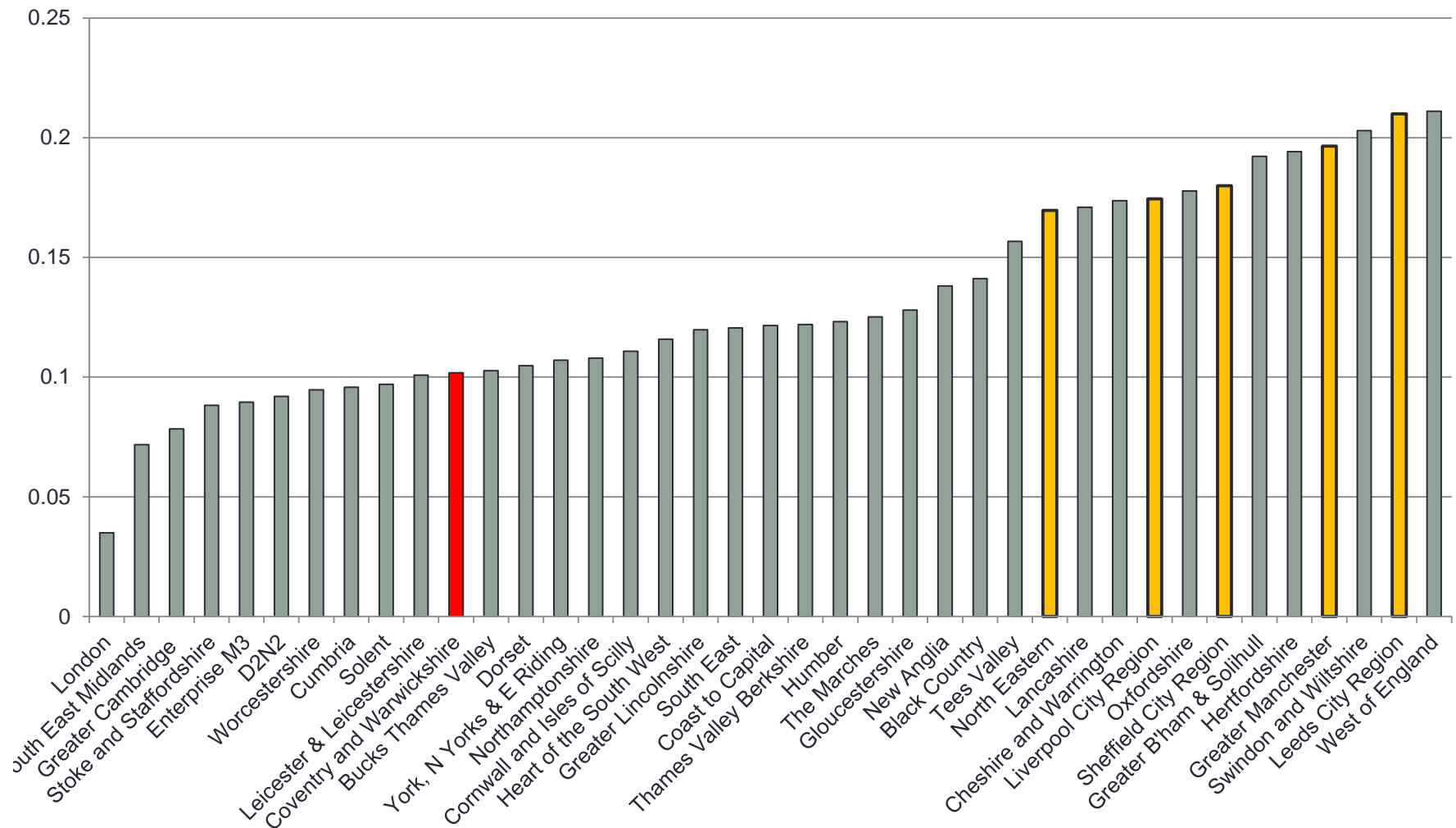
Summary of Warwick District's economy

- Prosperous area, with a strong economy, good business activity, attractive to investment and with a skilled economy
- Net in-commuting, with strong links to Coventry, Stratford and Rugby, and to an extent Solihull & Birmingham
- Economy has strengths in business & professional services, head offices, creative & cultural industries, and advanced manufacturing
- Economic similarities probably stronger with South East than with the West Midlands
- Still suffers from below average productivity

Lower than average productivity

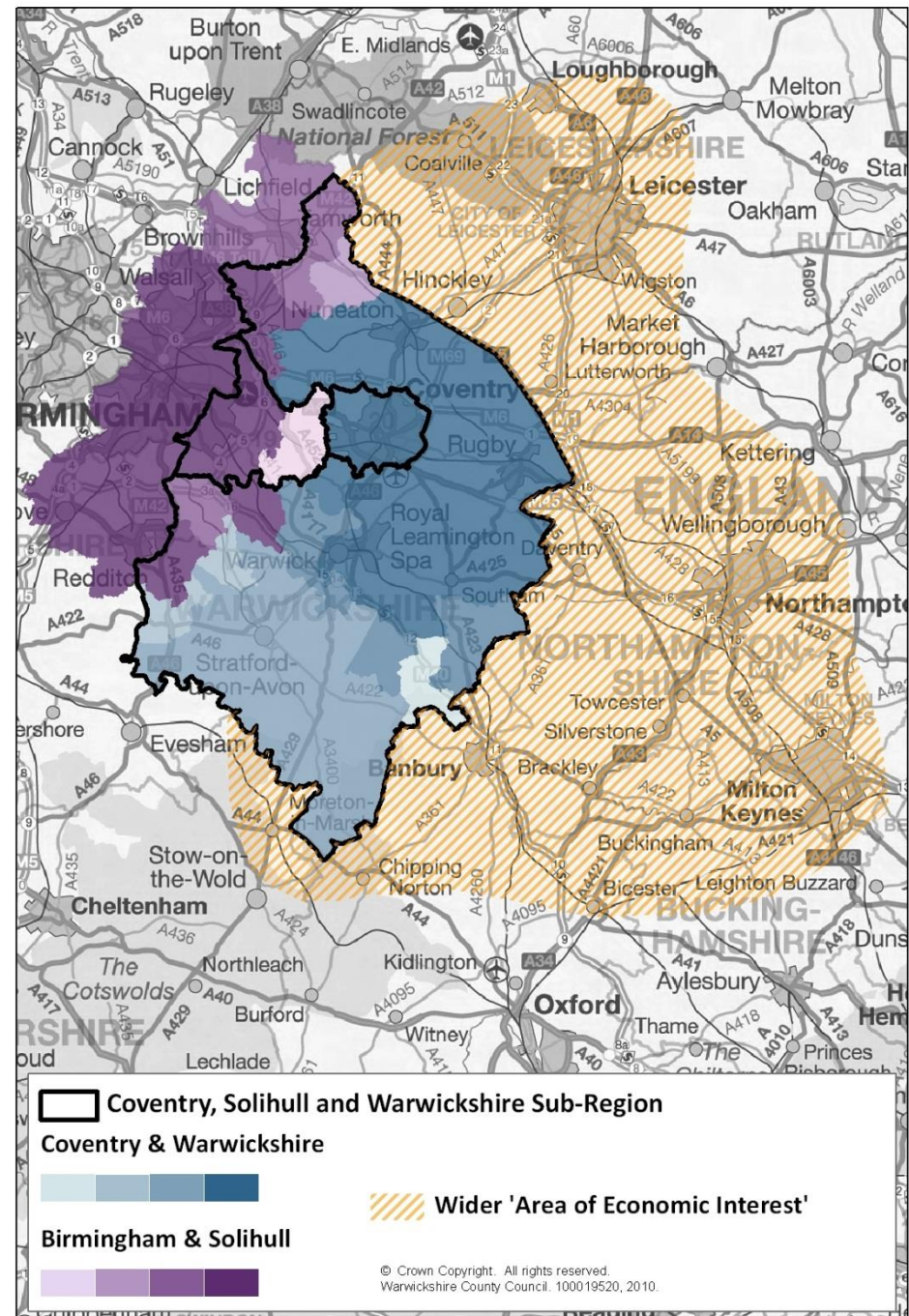


Growth Deal allocation per person by LEP area



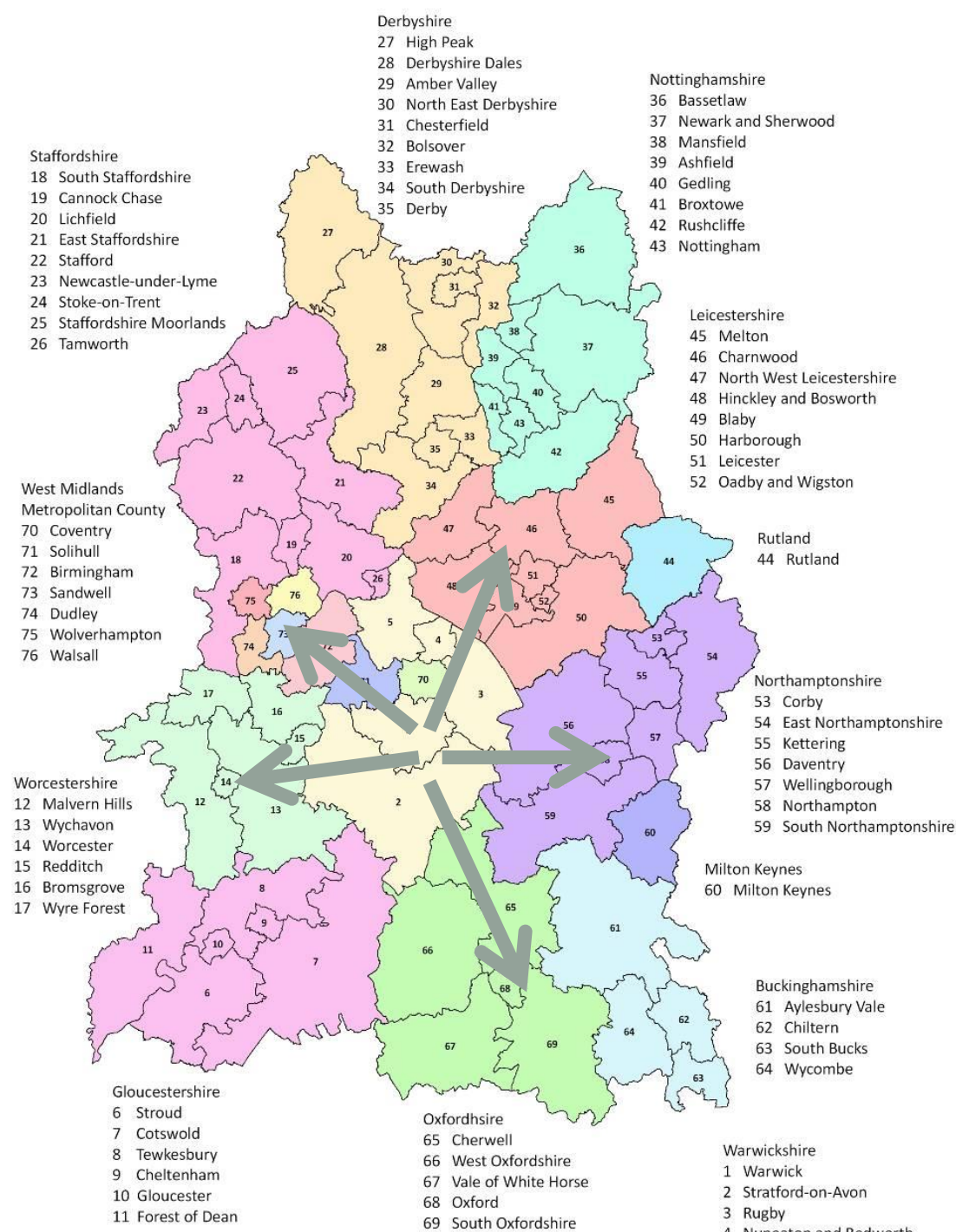
Previous research

- Research undertaken on Functional Economic Geographies in 2011 identified a core and wider functional economic area
- Formed the basis of the CWLEP original submission
- Still remains valid, although commuting flows have widened between 2001 and 2011 census



Many options...

- West ... to the metropolitan areas of Birmingham, Solihull, Black Country?
- North to Leicester & Leicestershire?
- East to Northamptonshire?
- Towards the South East?
- West to Worcestershire?



How do Combined
Authorities and EPBs work?

Setting one up - 4 key steps:

- Governance review undertaken by every council proposing to be a member;
- Preparation of a Scheme that satisfies conditions and tests of the Act;
- Government consultation on whether conditions and tests are met;
- Approval by Parliament.
- Process can take 12-18 months – resource intensive
- Proposed geography could have implications for the LEP

The governance review

- Is the proposed area a “functional economic area”?
- What are the existing governance arrangements and how could they be improved by a CA/EPB?
- What other options have been considered?
- Evaluate “effectiveness and efficiency” of arrangements to promote economic development and regeneration (and transport, if a CA)
- Demonstrate how the geographical conditions and statutory tests can be met

Geographical conditions to be satisfied

- The area is made up of 2 or more local government areas (ie county or district); and
- No part of the area is already part of another CA, EPB or integrated transport authority; and
- Each local government area was included in the draft Scheme

And either:

- The area includes all the local councils that fall within the area

Or

- In the opinion of councils and Secretary of State the proposed area would be an appropriate functional economic area, taking account of the effect on surrounding areas

Governance

Mandatory:

- Each constituent authority can appoint one elected member as its representative
- Other councils or organisations can participate as non-voting members and can be given a vote by agreement of the CA/EPB
- Scrutiny committee drawn from constituent authority membership
- Political balance rules do not apply to the CA/EPB

Governance

- Legislation will set out the basic framework- a locally agreed constitution will fill in the detail

For local decision:

- Rights to appoint additional representatives, or super majority voting required for some decisions
- Whether the CA/EPB exercises its powers *instead* of the constituent local authorities, or *concurrently* with them
- Establishment of any joint committees which sit below or link in with the CA/EPB (these may have political balance) eg audit committee, transport committee

Governance- some implications

- A county council could join one or more CA/EPBs for parts of its area (and not share its functions over part of a local authority area which was not participating in the CA/EPB)
- Different functions or services can be delivered by the CA/EPB in different parts of the CA/EPB area
- Any local authority belonging to an integrated transport authority would need to withdraw in order to join a combined authority – could trigger a transfer of assets and liabilities
- The geography and role of the LEP and its relationship to the CA/EPB may need re-defining
- Future exit from a CA/EPB requires Secretary of State consent but minor changes to TOR can be agreed locally

Issues to consider

- Expectation that powers would be devolved from central government, but all subject to negotiation (elected mayor?)
- Combining powers and funding could help deliver larger ambitions
- Do we want to be big so our collective voice is louder nationally and more total funding and/or powers?
- Or... do you want to retain more focus, control, etc. – bigger fish in a smaller pond
- There is no additional funding attached to actually running a CA/EPB- expectation that local authorities will fund it

Summary & Options

Summary

- Devolution gathering pace, and Combined Authorities are the flavour of the month (no EPBs have been established)
- We already have a Coventry & Warwickshire City Deal & Growth Deal – which commits to enhanced governance
- No set model – up to local areas to make attractive proposals to Government
- Provides a new legal vehicle for delivery- but its impact depends on local implementation
- Limited evidence on impact so far...but is an opportunity to secure more powers, responsibilities and funding for economic growth
- Can we afford to be left behind..?

Some key issues to consider...

- Is Coventry & Warwickshire sub-region big enough?
- Does Warwickshire or Warwick District make sense without Coventry and vice versa? Do we all have same ambitions?
- Are you prepared to consider an elected mayor – and where is most likely to require one?
- Are you prepared to sit around the table and not get a vote? Or be one voice amongst many?
- When do the benefits of scale get outweighed by the dilution of size and focus?
- Are there any implications for existing local government structures?

And if you do want to be in a Combined Authority...

- Which other local authorities would you most prefer to be with?
- Which local authorities would you be prepared to consider?
- What geographic areas - if any - would not be acceptable?