

**Council meeting: Wednesday, 7 October 2015**

Notice is hereby given that an ordinary meeting of Warwick District Council will be held at the Town Hall, Royal Leamington Spa on Wednesday, 7 October 2015 at 6.05pm.

**Emergency Procedure**

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

**Agenda**

1. **Apologies for Absence**
2. **Declarations of Interest**

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct. Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

3. **Devolution and Economic Growth – options for a combined authority**

To consider a report from the Chief Executive.

**(Pages 1 – 20 and appendices 1 - 9).**

4. **Common Seal**

To authorise the affixing of the Common Seal of the Council to such deeds and documents as may be required for implementing decisions of the Council arrived at this day.



Chief Executive

Published Tuesday 29 September 2015

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Details of all the Council's committees, councillors and agenda papers are available via our website [www.warwickdc.gov.uk/committees](http://www.warwickdc.gov.uk/committees)

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 353362 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

The agenda is also available in large print, on request, prior to the meeting by calling 01926 353362.

 <b>Council – 7<sup>th</sup> October 2015</b>		<b>Agenda Item No. 3</b>
<b>Title</b>	Devolution and Economic Growth – options for a combined authority	
<b>For further information about this report please contact</b>	Chris Elliott Tel 01926 456000 E-mail <a href="mailto:chris.elliott@warwickdc.gov.uk">chris.elliott@warwickdc.gov.uk</a>	
<b>Wards of the District directly affected</b>	All	
<b>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?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Executive 11 March 2015 Council 24 <sup>th</sup> June 2015	
<b>Background Papers</b>	Cities and Local Government Devolution Bill; July 2015 Budget; Productivity Plan; Rural Productivity Plan; WMCA Statement of Intent	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	No
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Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executives	28.09.15	Bill Hunt, Andy Jones
Heads of Service	28.09.15	Mike Snow, Tracy Darke, Andy Thompson, Rose Winship, Robert Hoof, Richard Hall
CMT	28.09.15	Chris Elliott, Andrew Jones, Bill Hunt
Section 151 Officer	28.09.15	Mike Snow
Monitoring Officer	28.09.15	Andy Jones
Finance	28.09.15	Mike Snow
Portfolio Holder(s)	28.09.15	Cllr. Mobbs
Consultation & Community Engagement		
N/A at this stage as if the Council decides to join a WMCA then the Government must undertake a consultation as part of the statutory process.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		
This depends on the decision(s) of the Council.		

## **1. SUMMARY**

- 1.1 This report brings members up to date with the current position regarding proposals for devolution, growth and combined authorities and current proposals for the Coventry and Warwickshire and for the West Midlands in the context of rapidly changing national policy. In June 2015, the Full Council agreed a report that proposed responding to this rapidly moving agenda by entering into discussions with other local authorities and the Government to establish how the Council's objectives might be achieved through membership of a West Midlands Combined Authority (WMCA). This required the Council Leader and Chief Executive to feedback on these discussions to Council. This report sets out that feedback on those discussions for the Council to make a decision on the way forward and in particular to make a decision to join or not join the proposed WMCA as it is now required.

## **2. RECOMMENDATIONS**

- 2.1 That Council considers whether to accept or decline the invitation to become a Non-Constituent Member (NCM) of the proposed West Midlands Combined Authority (WMCA).
- 2.2 That, should the decision be to accept the invitation, Council approves the Governance Review and Scheme at Appendices 3 and 4, and agrees to receive further information on governance arrangements and the devolution 'deal' for the proposed WMCA.
- 2.3 That, should the decision be to accept the invitation, Council approves an allocation of £10,000, from the existing budget of £50,000, as this Council's contribution to the WMCA set up costs in the 2015/16 financial year and agrees a provisional contribution of £25,000 for future years within future budgets in subsequent financial years.
- 2.4 That Council notes the current position in respect of its preferred option for a Coventry and Warwickshire Combined Authority and agrees to retain this option in case the proposed WMCA does not develop as currently envisaged.
- 2.5 That, regardless of the decision made in respect of 2.1, Council seeks a review enhancement of the current Joint Committee covering Coventry, Warwickshire and Hinckley and Bosworth to enhance and maintain the strong local economic, housing and planning linkages and the local authority input into the Coventry and Warwickshire Local Economic Partnership (LEP).
- 2.6 That the Council considers participating in proposals for public sector reform in the sub region or Warwickshire area should it receive such an invite to do so from Warwickshire County Council.
- 2.7 That should the decision be to accept the invitation to join the WMCA that the Council also considers whether or not it becomes member of the new West Midlands Business Rates Pool.
- 2.8 Subject to 2.7, the Council agrees that governance arrangements for the new West Midlands Pool are agreed and signed off by the Chief Executive and Head of Finance in consultation with the relevant portfolio holders (Leader and Finance).



### **3. REASONS FOR THE RECOMMENDATION**

3.1 In June 2015, the Council considered the matter of Combined Authorities, and devolution proposals. It decided that:

“2.1 That Council endorse the statement on combined authorities previously agreed under delegated authority by all 4 Group Leaders, including the Council’s agreed objectives for entering a combined authority and devolution discussions and its preferred option of a combined authority for the city deal area of Coventry and Warwickshire (with Hinckley and Bosworth), set out in Appendix 1.

2.2 That the Council continues to explore the opportunity to deliver its objectives set out in Appendix 1 through the potential membership of a combined authority and that its objectives are used as the basis for the evaluation of any option before it.

2.3 That as its preferred option the Council is willing to enter discussions on forming a Combined Authority and entering devolution discussions for Coventry and Warwickshire.

2.4 However, the Council should respond to the proposal to develop a combined authority for the three Local Enterprise Partnership (LEP) areas of Black Country, Greater Birmingham and Solihull, and Coventry and Warwickshire, by taking part in discussions and investigating with the other authorities included in that proposal and with the Government on the devolution proposals that could be associated with it.

2.5 That the Council should delegate authority to the Leader and Chief Executive to enter into discussions on behalf of the Council on a possible combined authority and devolution options so that proposals can be considered by the Council at the earliest opportunity.

2.6 That it be noted that the £50,000 previously agreed by the Executive to be allocated from the contingency budget to support this work will be retained for this purpose.”

3.2 For the sake of completeness, the Appendix 1 referred to in the decision above is also attached to this report as Appendix 1. This provides a starting point in terms of setting out what the Council had sought to achieve.

3.3 In terms of implementing the decision above the Chief Executive and Leader, and other officers have:

- Attended meetings with other Leaders/Chief Executives of Coventry and Warwickshire Councils (for the sake of completeness this includes Hinckley and Bosworth as it is part of the City Deal);
- Attended meetings with other Leaders/Chief Executives across the whole of the proposed West Midlands Combined Authority areas;
- Spoken with officers of other District and Borough Councils involved in Combined Authorities (existing and proposed) elsewhere in the country;
- Undertaken research on devolution proposals emerging elsewhere in the country;

- Met and discussed issues with civil servants from the Department of Communities and Local government (CLG);
- Briefed members in August 2015;
- Kept abreast of the emerging relevant policy of the new Government.

3.4 To enable members to make decisions, this section of the report sets out:

1. The developing policy context
2. Local Developments – The Proposal to establish a West Midlands Combined Authority
3. Local Developments - Coventry and Warwickshire Combined Authority
4. An assessment of those two options and of others that might be available

### **3.5 The Developing Policy Context**

3.5.1 Since the election in May there has been a rapid evolution of national policy and legislation which is still developing. The new Government has quickly announced that it intends to pursue its policy of economic growth through devolution and has published the Cities and Local Government Devolution Bill to assist with this process. The first speech given by the Chancellor of the Exchequer after the election focused on the Northern Powerhouse and devolution.

3.5.2 In this speech the Chancellor stressed on the importance of the cities and their adjoining areas in the north to improve productivity and to rebalance the UK economy. This policy initiative is based on the economic theory that significant increase in productivity requires areas to work together at scale i.e. 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.

3.5.3 In early June, following the publication of the Cities and Local Government Devolution Bill, George Osborne, Greg Clark and Michael Heseltine met some West Midlands leaders to talk about a West Midlands Combined Authority for which they received encouragement..

3.5.4 The July Budget 2015 gave even further support for the concept of devolution containing comments such as "...building strong city regions by devolving further powers....." and "... build a Northern Powerhouse and ensure the productive potential of all parts of the UK is realised...". It also stated that:

"The Government intends to support towns and counties to play their part in growing the economy offering them the opportunity to agree devolution deals and providing local people with the levers they need to boost growth. The Government is working with towns and counties to make these deals happen and is making good progress with Cornwall."

3.5.5 Later in July 2015 the Chancellor published the Productivity Plan which made more specific comments and indeed support for devolution. This sought proposals for devolution to be submitted by 4th September with an expectation that the results would be announced as part of the Comprehensive Spending Review (CSR) decisions on 25<sup>th</sup> November 2015. This has clearly spurred on many parts to the country and at the time of writing this report it is reported

that almost 40 proposals have been submitted. One from the proposed WMCA is amongst them. The Chancellor also stated in that document:

“The government also strongly supports the recent publication of a West Midlands Statement of Intent for devolution, which sets out ambitious proposals for a strong and coherent West Midlands Combined Authority. The Government is also pleased to have received two Combined Authority proposals from local authorities in the East Midlands.”

- 3.5.6 However, it is also clear that this policy announcement is tied closely to the continuing policy of austerity for public finances. Such a tie highlights that there are risks as well as potential advantages to accepting the devolution of funding from government and of delivering central government activities. However, the Chancellor’s policy seems to take the view that as more local decision equals better decisions it also allows more or the same to be achieved for less money spent. It also ties in with an overall strategy of enhancing the country’s productivity, part of which is about realising the potential of the country’s urban areas hence the accent on scale of proposals.

### The government’s approach to raising productivity

The government’s framework for raising productivity is built around two pillars:

- encouraging long-term investment in economic capital, including infrastructure, skills and knowledge
- promoting a dynamic economy that encourages innovation and helps resources flow to their most productive use

These high-level drivers of productivity are based on widely agreed and relatively well-understood academic analysis. The government is now rising to the challenge, and this document sets out a fifteen-point plan for productivity that takes on the hard choices needed for lasting change.



- 3.5.7 However, in August 2016 the Government also published a 10 point Rural Productivity Plan which, amongst other things, offered the prospect of devolution of powers and funding but envisaged that it sought enhanced governance including elected mayors even in shire county areas, as the price.

This followed the announcement of a devolution proposal having been agreed for Cornwall (a unitary county area) in late July.

### **3.6 Proposal to establish a West Midlands Combined Authority (WMCA)**

- 3.6.1 The seven metropolitan authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton have made a commitment in principle to establish a West Midlands Combined Authority by 1 April 2016. These seven authorities published a Statement of Intent on 5 July 2015 (see Appendix 2). The Statement identifies an ambition for the WMCA to encompass a much wider and important geography across the three Local Enterprise Partnership areas that the seven authorities are members of (Greater Birmingham and Solihull; Black Country; and Coventry & Warwickshire). The proposed WMCA would also incorporate the functions of the existing West Midlands Integrated Transport Authority.
- 3.6.2 The Statement of Intent identified five early delivery priorities for the WMCA:
- Developing an overarching Strategic Plan for the West Midlands
  - Access to a Finance and Collective Investment Vehicle
  - Getting the transport offer right for the long term
  - Creation of an economic policy and intelligence capacity
  - A joint programme on skills
- 3.6.3 The Statement also proposes to establish three major new independent commissions to help shape the future of the WMCA. It will be seeking support from government to deliver these commissions. They are:
- The West Midlands Productivity Commission
  - The West Midlands Land Commission
  - The West Midlands Commission on Mental Health and Public Services
- 3.6.4 The rationale for a 3 LEP economic geography covering some 20 local authorities is that it is a much more coherent functional economic market area. Evidence to support this includes a much higher self-containment ratio (the percentage of people who live and work in a given geography) across the 3 LEP area than for any individual LEP area. The self-containment ratio for the proposed 3 LEP area is 90% whereas the same measure for each LEP is as follows: Black Country LEP (71%), Coventry & Warwickshire LEP (77%) and Greater Birmingham & Solihull LEP (77%). 90% is at the higher end of most proposed or established combined authorities to date. What this means is that if the 3 LEP economic geography is used as the basis for the proposed WMCA, then this body could directly relate to 90% of the resident working population.
- 3.6.5 Delivering the 3 LEP area ambition means that 13 Shire Councils within the LEP areas have been invited to join as Non Constituent Members (NCMs) and all are considering their position. The 12 October 2015 is the deadline for any District / Borough council to be named in the Scheme which sets up the proposed WMCA.
- 3.6.6 The three key steps for the creation of any CA are:

- A review of existing governance arrangements for the delivery of economic development, regeneration and transport. The conclusion based on evidence must be that there is a case for change as it will bring about real improvement that could not otherwise be delivered.
- Drafting a Scheme which sets up the WMCA and contain issues such as membership, funding, functions and executive arrangements.
- The Secretary of State will consider the scheme and undertake formal consultation lasting 8 weeks. If he is satisfied with the outcome and persuaded that the improvements are likely to be delivered, a draft Order will be laid before both Houses of Parliament for adoption.

3.6.7 Any changes to the membership of a CA need to undergo the same process of consultation by the Secretary of State. If the Council decides to join the WMCA as a NCM, then it should also recommend approval of the Governance Review and draft Scheme which are attached as Appendices 3 and 4. .

#### Relationship with existing Local Economic Partnerships and Local Businesses

3.6.8 Local Enterprise Partnerships will continue to operate alongside any CA that is established. The Chairs of the Greater Birmingham & Solihull LEP, the Black Country LEP and the Coventry & Warwickshire LEP have written in support of the proposal to establish a WMCA and look forward to jointly creating “.. an economy that is the strongest outside London and contributes fully to the Government’s vision of a wider Midlands Engine for Growth”. The 3 Chairs of the Chambers of Commerce have similarly written in support. The written advice of the Chair of the Coventry and Warwickshire LEP which he gave to Warwickshire County Council was that it should join. The business feedback from the Coventry and Warwickshire Chamber of Commerce has also been set out. . The local branch of the Federation of Small Businesses (FSB) has also set out its views. Appendix 5 contains all of the views referred to above from the business community. There are a mixture of views with recognition of the benefits of a larger economic scale but concern at losing the more local and well-known brand of Coventry and Warwickshire. The Coventry and Warwickshire LEP Board will consider its position on 5<sup>th</sup> October 2015.

3.6.9 If the Council decides not to join the emerging WMCA, it would still be a full and proactive member of the Coventry and Warwickshire LEP. It is anticipated that the three LEP’s identified above intend to join the WMCA as non-constituent members. If that occurs, it does not mean that District / Borough Councils who are part of a LEP would be automatically committed to non-constituent membership through LEP membership of the CA. Similar to District / Borough Councils, LEPs can only be non-constituent members of a combined authority. The longer term role of the three LEPs may need to be reviewed in light of any approval given to establish a WMCA.

#### Devolution ‘Deal’ & Public Sector Reform

3.6.10 Establishing the legal entity of a combined authority does not guarantee any devolution of powers or responsibilities from Government. A set of devolution proposals have been submitted to Government from the emerging WMCA and these are currently subject to negotiation prior to final agreement. The combined authority needs to demonstrate the case for ‘added value’ – in other words, if the same level of activity or outcomes will be delivered as the relevant Government department then devolution is unlikely to be agreed for that specific function or area. The combined authority has to present a compelling

case for devolution and reach agreement with Government that it will deliver more.

- 3.6.11 Alongside the negotiation over devolution, the Government will also require clear accountability mechanisms to hold the combined authority to account. It has already become clear from various meetings and statements by senior national politicians that any substantial devolution of powers from central to local government will only occur if the combined authority accepts the need for an elected mayor. If it does not, it may still be able to agree some limited devolution of powers, responsibilities and / or resources but these will generally be at a lower level than a mayor led combined authority. A mayoral WMCA is likely to have substantially more powers than a WMCA that does not have an elected mayor if the Cities and Local Government Devolution Bill is passed as currently proposed. An elected mayor would be elected by and responsible for only the area of the constituent members of the combined authority i.e. as things stand, this would not include Warwick District. There is no agreement or decision at this time about whether the WMCA will have an elected mayor.
- 3.6.12 As part of any devolution agreement with Government, the combined authority will need to make a commitment to public service reform which would result in reducing and managing demand for services in a period when financial pressures on local government will be immense. This will require new ways of looking at old problems. Part of the challenge of public sector reform will be to re-engineer services within a substantially reduced financial envelope as local government funding reductions are applied during the course of this parliament to 2020.
- 3.6.13 Detailed proposals for a devolution package to be negotiated with Government have been developed by the emerging WMCA were submitted on 4 September 2015 to HM Treasury.

The general areas included are:

- a) Securing greater local control of funding
- b) Transforming growth through HS2 and enhanced connectivity
- c) Transforming land supply
- d) Revitalising the housing market
- e) Transforming the education, employment and skills system
- f) Transforming business support and inward investment
- g) A National Pathfinder for Innovation
- h) Creating a Midlands Magnet – investing in quality of life
- i) Transforming public services and closing the public funding gap

- 3.6.14 As the Deal is under active negotiation only a very high level summary of the proposal is available publically. In summary, the deal is worth an estimated £8 billion to the proposed WMCA area, though no doubt negotiations will change that sum and the issues that it covers. In terms of its coverage at present it does address many of the issues that this Council had previously agreed should be its aims, as set out at Appendix 1. The results of the negotiations are

unlikely to be known until the Comprehensive Spending Review (CSR) is announced in late November 2015.

3.6.15 In order to enable joint working across a 3 LEP geography, it is proposed that a Joint Committee is established between District / Borough Councils and the proposed WMCA using the Local Government Act 1972. The details of how the Joint Committee would work are not yet confirmed. A separate issue that needs to be resolved is that the legislation appears to suggest that there cannot be a greater number of non-constituent members (Districts / LEPs) than constituent (metropolitan councils) on the CA Board. Detailed discussions are ongoing with DCLG legal advisers to clarify this point. Some of these issues may well be addressed by the Bill currently being debated by Parliament but the situation has generated the need to test out the proposals with Government officials so it cannot be absolutely be said that it will be the final format.

3.6.16 Experience from the Sheffield City Region Combined Authority is relevant since it has only 4 Unitary Councils and 5 District Councils (from 2 Counties) and the voting issue does not arise as they never vote except where required by legislation on Transport matters. Decision making is by consensus. Although much more of a challenge with potentially more Councils involved, the 7 Mets have stated that this is their aim of working with District Council partners.

3.6.17 It is likely that the initial devolution 'deal' agreed with Whitehall will relate primarily to the functions exercised by Metropolitan authorities. However, there are specific proposals intended to cover the 3 LEP geography which have been included in the devolution submission to Whitehall. It should also be noted that lessons from other areas such as Manchester indicate that devolution is an ongoing process and the first 'deal' is a foundation for other devolution to be agreed over a period of time. It is also likely that when District / Borough Councils have made their decisions about membership of the 'first wave' WMCA that a greater focus on how non constituent members can benefit from devolution can be progressed over time.

3.6.20 There will be provisions to be able to exit the WMCA should any Council subsequently decide that it does not wish to continue to be a member. These are different for a Constituent Member (CMs) as opposed to a Non Constituent Member (NCM) but there is less clarity for NCMs and officers will give an update on this following discussion currently underway with CLG officials so that clarity can be given at the Full Council meeting.

3.6.21 It's also important for this Council to be aware that it could decide to join the WMCA as a NCM now and but withdraw support prior to the Statutory Order being laid before Parliament should further details emerge with which it is not happy about.

### **3.7 Local Developments - Coventry and Warwickshire Combined Authority**

3.7.1 A Combined Authority based on the economic geography of the Coventry and Warwickshire sub region is this Council's preferred option as agreed at the Full Council in June, although it was also seen as advantageous if Solihull were to be part of the same sub regional grouping. This view has been advocated by this Council strongly via a number of avenues and on various agendas.

3.7.2 However, Solihull Metropolitan Council has indicated that it will join a West Midlands Combined Authority, and indeed its Leader has recently been elected as the Leader of the Shadow WMCA Board. Coventry City Council's Cabinet, in June 2015, agreed 'in principle' to join a combined authority with a preferred

option of councils from Coventry and Warwickshire (with Hinckley and Bosworth), Greater Birmingham and Solihull and the Black Country.

- 3.7.3 Coventry City Council's Cabinet will consider the matter on 6<sup>th</sup> October and then it will go to its Full Council the subsequent week. Nuneaton and Bedworth Borough Council has met to consider the matter and has decided to join the proposed WMCA. North Warwickshire Borough Council will consider the matter on the evening of the 7<sup>th</sup> October and Rugby Borough Council on the 8<sup>th</sup>. Stratford upon Avon District Council will meet on the 12<sup>th</sup> October to consider the matter. None of these Councils are known to be considering a Coventry and Warwickshire Combined Authority.
- 3.7.4 Warwickshire County Council has decided not to join the proposed WMCA and has written to all Councils in the sub region asking them to consider a Coventry and Warwickshire Combined Authority. However, they have not set out any proposals for consideration. Warwickshire County Council has also decided to examine other options and it is understood that Councils in Warwickshire may receive an invitation to develop proposals for public sector reform. Very recently though Warwickshire County Council re-debated the matter and its decision, which is repeated below does appear to re-open the door to joining the proposed WMCA.

"That, in the light of the news that the Shadow Board representing a West Midlands Combined Authority (WMCA) comprising authorities from Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton (which expects to be established in April 2016) has submitted proposals for devolved powers to the government, this Council agrees that the new Member Working Group should explore all options, including any improved WMCA proposal put forward. Any options supported by the Member Working Group, and subsequently the Council, should be formally consulted on before any final decisions are taken."

- 3.7.5 It is almost certain that should the Warwickshire authorities decide not to participate in the WMCA that Coventry would proceed to join it in any event. Indeed the Leader of Coventry City Council has already written to the Leader of Warwickshire County Council in response to a request to join a Coventry and Warwickshire Combined Authority, to reject the request. Consequently, whilst the clear preference for this Council is for a Coventry and Warwickshire approach it is unlikely to be able to be practically achieved given at least one Council has already decided that they ought to be part of the WMCA instead and another (Coventry) has decided in principle to join.
- 3.7.6 This might only become a viable option if Central Government intervenes and decides that the WMCA cannot proceed in its present shape or form.

### **3.8 An assessment of those two options and others that might be available**

#### Coventry and Warwickshire Combined Authority

- 3.8.1 A Coventry and Warwickshire Combined Authority is simply not a practical option available to this Council given the views of Coventry City Council and the decision by Nuneaton and Bedworth Borough Council to join the WMCA. Even if it were an option no devolution proposal has been worked upon and if work then began and submitted, it would be at the back of a queue of almost 40 submissions from across the country. It would not be able to deliver very much very quickly.



- 3.8.2 However, the present Joint Committee relating to Coventry and Warwickshire would still have its uses in relation to local planning, economic development and housing matters and as an input into the Coventry and Warwickshire LEP. It is possible that this Joint Committee could be further enhanced to ensure that the necessary local joint work is not lost. This would mitigate many of the concerns of the local business community about the potential loss of a local focus.

West Midlands Combined Authority

- 3.8.3 A WMCA and devolution proposal is on the table and given that the deal is subject already to negotiations with the Government it must be seen as highly probable that it will be agreed in some shape of form, to operate from next April. The proposal could help to deliver some of this Council's ambitions and from Section 5 of this report it is clear there is a potential significant financial benefit for this Council. Given that the Council as a NCM would not be covered by a Mayor if the WMCA decided to have one, nor by a Council Tax precept and that there is no transfer of powers, there is little to be lost and a lot to be gained. There is also an exit strategy should matter not turn out as envisaged. The more local perspective can be addressed by continuing to support the existing Joint Committee and seeking its enhancement.

Wait before Deciding to Join

- 3.8.4 The Council could decide not to join at present but to wait and then consider joining at a later date. In practice this would be likely to be in 2 to 3 years time, after allowing for one or two years to assess its progress and then a year to follow the legal process to join. Consequently the Council would experience the adverse financial impact set out in Section 5. There can be no absolute assurance that the Council would be subsequently admitted, though that would seem unlikely. However, by not joining initially the opportunity to influence the WMCA at its early stage of development would be lost and joining subsequently would inevitably be on the terms set by others.

Not Joining the WMCA at all

- 3.8.5 The Council could decide not to join outright. However, not joining opens the prospect of a negative financial impact on the Council as set out in Section 5. Not joining would lessen the considerable influence that this Council does exercise on a range of county, sub regional and regional matters. Not joining, especially if this Council were the only one of the Districts in the County not joining or were one of a minor number would threaten the break-up of the County wide voice and might rupture the LEP. There seems little benefit for this approach as an option. Indeed there is much more at stake for the Council through not joining the proposed WMCA.

Warwickshire

- 3.8.6 A Warwickshire only approach could only work if it were not predicated on becoming a Combined Authority or an Economic Prosperity Board as Warwickshire alone is not able to demonstrate that it acts as a Functioning Economic Market Area, a basic requirement under the legislation, since it has a low level of self-containment and high levels of outward commuting.

Other County Areas

- 3.8.7 The economic data does not support a Combined Authority covering Warwickshire and other adjoining County areas. Worcestershire has been approached and has rebuffed a neighbouring District Council and aside from Hinckley and Bosworth Borough Council, the Leicestershire Authorities are focused on their own Combined Authority and Devolution proposals. There is no interest and little overall linkage by and with Gloucestershire,

Northamptonshire or Oxfordshire Councils and these Councils have in any case submitted their own devolution proposals without the need for a Combined Authority. Such areas do not have the complication of having a Unitary Council in their midst and of a favourable public sector geography where alignment of boundaries is high. As much as anything the emphasis is on the public sector reform as upon developing the local economy.

#### Public Sector Reform in Warwickshire

3.8.8 It is understood that Warwickshire County Council may be contacting the public bodies in Warwickshire to develop proposals around public sector reform. This approach could sit alongside also joining the proposed WMCA since each could have a different emphasis. This Council will need to consider if this is a route it also wishes to explore.

3.8.9 In considering such an approach Members may wish to be mindful that:

- the public sector geography in Warwickshire is less clear cut than in other counties, with some organisations also covering Coventry and/or Solihull;
- the Government has emphasised that devolution is contingent upon enhanced governance, even in shire areas. In Warwickshire, that could mean the creation of a unitary council(s) and/or an elected Mayor;
- Warwickshire County Council has a declared intention of wanting to establish a single County wide Unitary Council.

3.8.10 Previously this Council has said that since the Government is not interested in imposing Unitary Councils and that they would take too long to deliver the reforms and savings against what is needed; that anything involving local government reorganisation would be a distraction from the real efforts of making savings/raising income and maintaining/improving services and should not be pursued. If the Council is minded to participate in such an approach then it may wish to rule out local government re-organisation as a precondition.

## 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.

4.2 A WMCA 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.

4.3 In relation to the Council's Fit for the Future Programme (FFF), the WMCA and devolution package could assist 2 of the 3 strands:

**Services** – by improving or maintaining a range of the Council's services especially around economic development and housing – two of its policy priority area;

**Money** – by attracting additional financial resources to help address the forecast budget deficit and helping to bring in investment in necessary infrastructure. Not joining could lead to a negative impact on the Council's finances.

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

- 4.4 As there is no devolution proposal for a Coventry and Warwickshire Combined Authority it is impossible to make a judgement on what impact one may have on the Council policy wise, positively or negatively. Likewise, with a Warwickshire wide proposals for public service reform.

## 5. **BUDGETARY FRAMEWORK**

- 5.1 Although still subject to discussion and negotiation, joining the WMCA as a NCM might cost £10,000 in this current financial year 2015/16 and £25,000 for each subsequent year. This compares against the current cost to the Council of supporting the Coventry and Warwickshire Local Economic Partnership (LEP) and the Joint Committee of £20,000 per annum. It is not anticipated that this cost would diminish. The £20,000 for the LEP was funded as a one off item from the 2015/16 Contingency Budget. The Executive also agreed £50,000 from the 2015/16 Contingency for work to assist in the consideration of the Combined Authority options. Future annual contributions estimated at £25,000 are recommended to be incorporated into the Council's Medium Term Financial Strategy; this will increase the savings that the Council needs to make from 2016/17.
- 5.2 Under the Business Rates Retention Scheme that has been in operation since April 2013, 50% of all rates collected is due to be paid to the Government by way of the Central Share. As part of the WMCA Devolution proposal, there is the request that 100% growth in the Central share of Business Rates is retained by the Combined Authority. The use of this funding it is envisaged would be determined by the Combined Authority Board.
- 5.3 The remaining Local Share is retained or distributed to local authorities by way of Baseline Funding and tariffs and top-ups. Along with other District Councils, Warwick District is a "tariff" authority. The tariffs are used to contribute towards other authorities that are classed as "top up" authorities. The top up authorities are largely Unitary and County Councils.
- 5.4 The financial benefit of business rates pooling is derived from tariff and top-up authorities forming a pool and so reduce or eliminate the levy payable to the Government on the growth in the Local Share of business rates. For tariff authorities the levy rate is 50%, whereas for top-up no levy is applicable. The ideal pool would have a mix of authorities such that the Levy comes down to zero. Pooling does not impact upon the core growth in business rates for which the District retains 20% of the total. Pooling does reduce the amount of the Local Share paid to Central Government (50% of the total growth is classed as Local Share, of which 50% is paid to Central Government as Levy, representing 25% of the total growth in business rates).

- 5.5 Warwick District Council is currently part of the Coventry and Warwickshire Business Rates Pool. This comprises Coventry City Council, Warwickshire County Council and the five Warwickshire Districts. With a mix of top up and tariff authorities, the overall levy for the pool is 16% which enabled to pool to retain an additional £510,000 in 2014/15 that would otherwise have been subject to Government levy. The Council's share of this amounted to £45,000.
- 5.6 The current Greater Birmingham and Solihull Business Rates Pool is an overall top-up pool and therefore does not have to pay over any levy to the Government.
- 5.7 If the authorities in these two pools came together, it would remain a tariff pool. Authorities in the Black Country LEP (Dudley, Sandwell, Walsall and Wolverhampton) are all top-up authorities so there was no financial benefit in them forming a pool. However, if they were to join a wider pool, for example one comprising the current Greater Birmingham & Solihull and Coventry & Warwickshire pools, this would become an overall top-up pool. This would allow more resources to be retained by the pool as no levy would need to be paid over to the Government from the Local Share at all. This would bring a financial benefit even if the request to fully retain the Central Share was not agreed through the current negotiations.
- 5.8 Modelling has been carried out to consider different allocation methods using the 2015/16 Estimates (from the NNDR1). These show that overall a new pool would retain around an additional £2.5m per annum, compared to the no pooling position.
- 5.9 The Coventry and Warwickshire Pool and the Greater Birmingham and Solihull pools allocate additional resources differently. If the pooling arrangements are to change, and potentially more authorities join a new greater pool (for example the black country authorities that are not currently within a pool), it is intended that no authority will be any worse off under the new pool compared to the previous pooling arrangements.
- 5.10 The following principles have been agreed for the modelling of different pooling scenarios for the allocation of business rates retained by the pool:-
- That the pool only relates to the retained levy from the local share (growth on the central share, if agreed to by Government, would be retained by the Combined Authority).
  - That no authority in the current pools would be financially worse off by the designation of a new Pool.
  - To give the Black Country authorities financial benefit broadly commensurate with the benefit that they are bringing to the overall Pool.
  - The lead authority fee has been kept as the sum of the current fees for the GBS and Coventry and Warwickshire Pools, but will need further discussion.
  - Recognising the risk of being part of the pool, the extent of the pool's safety net provision would be kept under review.
- 5.11 The modelling carried out to date, using different allocation methods, and with assumed growth (from the 2015/16 NNDR1 estimates), suggests that Warwick District Council may benefit from an additional £119k-£171k. These figures need

to be treated with caution as recent history has shown that within the business rates system there are many drivers that may increase or decrease the net yield.

#### Timeline and Government Selection Process

5.12 Based on previous years, in order for a Pool to be designated by the Government for 2016/17, a proposal needs to be submitted by the 31st October 2015 at the latest. This proposal needs to include:

- § Membership of the Pool
- § Benefits to Pool members by pooling business rates
- § Identity of the Lead authority, through whom payments due to and from the Government can be made.
- § Governance Arrangements around the management of the Pool, distribution of Pool income and arrangements for meeting any liabilities. These need to be signed off by each authorities Section 151 officer.

5.13 No authority can be a member of more than one pool. Therefore, any authorities leaving an existing pool to join the Combined Authority pool will have to have their previous pool revoked or the remaining authorities would need to make an application for a new pool by the 31st October deadline. In approving the designation of a Pool, the Government will consider the following:

- the likely benefits of the proposals for local authorities and the Government
- the proposed governance arrangements
- the affordability of the proposals in terms of the rate retention scheme as a whole.

5.14 The Government will announce the designation of Pools in the Local Government Finance Settlement in December 2015.

5.15 In order for a proposal to be submitted the following will need to be undertaken in a very short timescale, if the Pool is to be established for 2016/17:

- Formulation of financial arrangements.
- Due consideration will need to be given to the governance arrangements of each of the existing Pools in relation to notice periods for dissolving existing pools.
- Authorities to determine whether or not they wish to be a member of the Pool.
- Production of governance arrangements and sign off by the Chief Executive and Section 151 officer of each authority.
- Each authority to produce a report to Cabinet/Council (or obtain delegated authority) to gain formal approval to be a member of the Pool.

However, it is more likely that any new pool would not come into operation until 2017/18 financial year. In any case should the Council decide to join the WMCA then it will also need to consider joining the rates pool for the WMCA area. If it does so then the detail of such an agreement should be delegated to the Chief Executive and Head of Finance in consultation with the Leader and Finance portfolio holder.

- 5.16 Under the Memorandum of Understanding for the Coventry and Warwickshire Pool, when a Pool member leaves or the Pool is dissolved each authority will refund the Pool or receive from the Pool the balance in their Memorandum Local Volatility Fund/Safety Net. Based on current projections to 31 March 2016, Warwick District Council would be due to pay £93,000. Consideration would need to be given to how any safety net repayment would be financed.
- 5.17 Should the Council decide not to join the WMCA but others in the existing rate pool do, such as Nuneaton and Coventry, it would inevitably break up meaning that this Council could lose £45,000 per annum (based on 2014/15 outturn) benefit from pooling as well as incurring a one off cost estimated at £93,000. Whereas joining the WMCA could cost £25,000 per annum but being part of the wider WMCA rate pool could mean that it has the potential to gain a further £119,000 to £171,000 per annum on top of the current benefit of £45,000.
- 5.18 If some members of the current pool join the WMCA, but some Warwickshire ones do not, it could still be possible to form a new pool with Warwickshire County Council which could provide some financial benefit. However, this would depend on how many authorities remain within the current pool and if this Council were the only one not joining the proposed WMCA or were one of a minority, then this is an implausible scenario.
- 5.19 With the information available to officers at the time of writing the report, not joining the WMCA is likely to lose the Council £45,000 per annum it currently receives, and incur a one off cost of £93,000. Joining the WMCA is likely to protect the current £45,000 received and give rise to the opportunity of a further £119,000 to £171,000 per annum but minus the cost of £25,000 per annum of joining giving a net gain of £94,000 to £146,000 per annum. The range of financial impacts is therefore almost £200,000 (i.e. -£45,000 or + £146,000) depending on the Council's decision about WMCA membership. Both scenarios assume that the Coventry and Warwickshire LEP continues and that this Council continues to contribute £20,000 per annum.
- 5.20 This financial impact of the pooling arrangements need to be considered in the context of the Council's need to find savings or additional income of over £1 million. Any potential growth from the pooling should need to be treated with caution and should not be factored into the Council's Medium Term Financial Strategy until it can be forecast with a higher level of certainty.
- 5.21 None of the above financial analysis takes account of the potential wider benefit that the Council, or the communities it serves, might accrue from the Devolution of Central Government funding that is currently being negotiated by the proposed WMCA.
- 5.22 None of the £50,000 allocated to be used to help undertake research has been used to date and it seems it is now unlikely to be used so can be returned to

the contingency budget for this year. But if the Council does decide to join the proposed WMCA as a NCM then there may be a cost of £10,000 for 2015/16 which could be funded from the current allocation of £50,000.

## **6. RISKS**

6.1 There are inevitably risks associated with either joining the proposed WMCA as a NCM or staying out of the proposed WMCA structures. In making the decision on recommendation 2.1 members will need to consider the differing risks associated with each option.

### **6.2 Joining the WMCA**

6.2.1 There are potentially some financial risks associated with this option if either the cost of the annual contribution we will be required to make is higher than the anticipated initial £10,000 and subsequent £25,000 per annum (see paragraph 5.1) or the benefits of joining a West Midlands Business Rates Pool are less than the anticipated £119, 000 -171,000 per annum arrangements (see paragraph 5.11). However, by becoming a NCM the Council would be involved in, and able to influence, any future debate on contribution levels.

6.2.2 In respect of the Business Rates pooling arrangements the current estimates of the level of potential additional income that this Council receives are as robust as possible at this stage but will be subject to further discussion by the relevant s151 officers. As with any rate pooling arrangement the actual level of benefit accruing to any individual authority could go up or down depending on a range of factors impacting on the economic performance of the pool area. As the WMCA is aimed at promoting improved economic performance the risk can be minimised and current information is that joining a wider WM Rates Pool is a much better financial option than any other pooling arrangement available to the Council.

6.2.3 The negotiations on the devolution deal are still on-going so there remains a risk that the outcome might not be as advantageous to the proposed WMCA as hoped. However, if the negotiated deal was so significantly different that it offered no benefits to this Council any decision to join as a NCM at this stage would not be irreversible and the Council would be able to extricate itself from the proposed WMCA provided that it decided to leave before the Order is laid before Parliament. Therefore, a decision to join presents minimal risk at this stage.

6.2.4 Another risk might be that we joined but found that we were unable to exert the influence we anticipate on, for example, governance issues, spending priorities, future direction of the WMCA. The risk can be mitigated by ensuring that any decision to join was allied to a commitment to ensure that an appropriate level of officer and member engagement was devoted to ensuring that influence was wielded and the risk minimised.

6.2.5 The same mitigation, of ensuring that we became an active and committed NCM would also minimise any risk of the proposed governance arrangements proving to be too unwieldy and incapable of making effective decisions.

6.2.6 There is a further risk that if the WMCA is established that the 3 LEPs that its constituent members are currently members of are merged and we consequently lost influence and potentially saw less infrastructure or project funding being delivered in, or to the benefit of, the district. In reality this risk

will exist whether or not we became a NCM but there is more chance of influencing any debate as to whether or not it might happen and/or exerting influence within any revised LEP structures if we are member than if we aren't.

### 6.3 Not joining the WMCA

- 6.3.1 There is an immediate financial risk if the current Coventry & Warwickshire Business Rates pool were to break up and a requirement for this Council to consequently make a one-off payment of £93,000 (see paragraph 5.16)
- 6.3.2 However, there is a further risk that if we don't join a wider West Midlands Business Rates pool we could not only fail to realise the potential additional income of between c£119,000 to £171,000 per annum but also actually lose current income of c£45,000 per annum, a net detrimental impact of £164,000-£216,000 per annum.
- 6.3.3 The loss of the current £45,000 per annum income could be mitigated by seeking another partner(s) to pool with, for example just Warwickshire County Council, but current estimates are that this would be less advantageous to this Council than the current pooling arrangements.
- 6.3.4 There is a significant risk that if some Warwickshire districts become NCMs but this Council does not that the existing arrangements in respect of the Coventry & Warwickshire LEP (CWLEP) would need to change. At worst the CWLEP could break up threatening the level of investment in, or to the benefit of, the district as Government funding is directed elsewhere. However, in any event the current arrangement of this Council being one of the two representing the district/borough councils on the CWLEP Board is unlikely to remain sustainable, particularly if the CWLEP itself becomes a NCM. This would significantly decrease the level of influence that we are able to exert on all issues affecting the CWLEP.
- 6.3.5 Whatever happens to the CWLEP there is a risk that funding is withdrawn from areas without a CA and redistributed to those areas where a CA has been established. The current 'direction of travel' of the Government, (set out in the Developing Policy Context sub-section within section 3 of the report) could be seen to indicate that this is a real prospect. The risk could only effectively be mitigated by becoming a NCM and exerting influence within the proposed WMCA to ensure appropriate levels of funding continue to be directed to the district.
- 6.3.6 The current focus on CAs from the Government also raises the risk that UK inward investment and/or foreign direct investment is directed to those areas with strong and effective CAs by, for example, United Kingdom Trade and Investment (UKTI) and/or the Department of Business, Innovation and Skills (BIS). There is a linked risk that even if there is no policy driver to this effect that businesses themselves decide that there is commercial advantage to locating to a CA area, for example, depending on the benefits that could accrue through a more effective focus of cross-boundary investment and economic development initiatives, potentially backed up by freedoms negotiated through a devolution deal.
- 6.3.7 These risks could directly impact on retained business rate income (regardless of any future pooling arrangements that we were able to negotiate if we weren't to join a wider WM pool) and consequently the Medium Term Financial Strategy, requiring additional revenue savings to be achieved.



## **7. ALTERNATIVE OPTION(S) CONSIDERED**

7.1 Alternative options considered have been explored throughout this report.

## **8. BACKGROUND**

- 8.1 Combined Authorities can be set up by one or more local authorities who wish to so 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 have increasingly become the body of choice for the devolution of powers and funding from Government during the last Parliament and now this one. The creation of a Combined Authority must follow a number of steps and these are explained in Appendix 6.
- 8.2 Combined Authorities are not intended to replace existing local authorities, nor do they involve the creation of Unitary Councils. 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. A Frequently asked Questions prepared by CLG officials may be of help to members. This is attached at Appendix 7.
- 8.3 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.
- 8.4 Warwick District Council, the other Warwickshire Districts, Warwickshire County Council, Hinckley and Bosworth Borough Council and Coventry City Council are members 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.
- 8.5 The City Deal area, along with Coventry and Warwickshire Local Enterprise Partnership, reflects the economic geography and functional market area of our sub-region. Slides showing the economic linkages are attached at Appendix 78 for the sake of completeness. That economic analysis shows Warwick District has particularly close economic links with Coventry, Stratford and Rugby. However, the combined commuting flows to and from Birmingham, Solihull and the Black Country with Warwick District are almost as big as that to and from Stratford District. Analysis of the Housing Market also confirms the same linkages.
- 8.6 Members will need to recognise though that other parts of Warwickshire do have stronger economic linkages with Birmingham/Solihull, for example North Warwickshire. Housing data also shows that Stratford and North Warwickshire overlap into the Greater Birmingham Housing Market Area. This economic geography may have a bearing upon the decision of those Councils to join the proposed WMCA.

- 8.7 The issues and relative merits of a Combined Authority were previously considered by the Executive at its meeting on 11 March 2015. To respond to discussions that were taking place at that time locally, it was agreed that feedback would be sought from the Council's political groups to enable the Leader and Chief Executive to discuss with other local authorities options for potential membership of a combined authority.
- 8.10 Following feedback from the Council's political groups a statement on combined authorities was drawn up which is set out at Appendix 1. The statement set out the objectives that Warwick District Council would want to achieve by working together with other local authorities through a combined authority; and preferred governance arrangements, with a first preference for a combined authority based on the city deal area to include all the councils of Coventry, Warwickshire and Hinckley and Bosworth. This was then endorsed by Full Council on 24<sup>th</sup> June 2015.
- 8.11 The background to emergence of a possible WMCA is that in November 2014 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 ten months.
- 8.12 Coventry City Council is currently a member of the West Midlands Joint Committee which has responsibilities for the oversight of the Police and Fire services for the West Midlands and is also a member of the West Midlands Independent Transport Authority (WMITA) which is responsible for the provision of public transport. This means for Coventry there is not a status quo option.
- 8.13 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 at 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 1<sup>st</sup> 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 the 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.
- 8.14 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. The Local Authorities that could be involved and their current political control are listed at Appendix 9.

## **Appendix 1 Warwick District Council's Statement on Combined Authorities**

Warwick District Council supports in principle the emerging proposal for a Combined Authority as the constitutional basis for securing the devolution of funding and powers from Central Government and its various departments and agencies.

This support is based on the recognition that many decisions over significant areas of public expenditure and policy would be better, and more timely, if made locally, and so would better serve our local communities.

A. Objectives - i.e. why would want to do this?

1. We note that on the 19th March 2015, the CW Shadow EPB is to be commission a group of officers to develop proposals for a Combined Authority, to help inform that work and to answer the question more broadly of why WDC would want to enter a Combined Authority, our priorities for our communities are as follows:

2. The initial priority areas that we would want to see devolved are based on the current areas of joint work in the CW LEP; CW City Deal and the Shadow EPB (Please note that for the sake of brevity references to CW will always include Hinckley and Bosworth), i.e. strategic economic development and regeneration; skills development; strategic transport; strategic land use planning; and, strategic housing matters. Whilst recognising that this process will require the need for the Local Authorities to pool their existing powers and resources, the emphasis of such work should be at the larger than local level. WDC recognises however, that alongside this work greater freedom financially also has to be granted.

3. More specifically, though this is not an exhaustive list by any means, WDC would hope to see as part of any devolutionary agreement, the following:

- \* The provision of a large capital investment which can be used on a revolving basis to forward fund infrastructure to support employment and housing growth but also to deliver social elements, such as, schools, leisure, open space and health, and transport solutions;
- \* An amendment to the New Towns Act to enable Councils to better capture any enhanced land values in order to be able to invest in long term infrastructure and promote development in appropriate locations;
- \* The removal of the borrowing cap on Council's Housing Revenue Accounts in order to allow them to be able to invest in more affordable housing;
- \* Devolved control over key HCA's capital investment programmes and its local assets;
- \* Devolved control over the Highways Agency and Network Rail capital investment programmes and their surplus local assets;
- \* A duty to co-operate requirement on all other Government departments and agencies to co-ordinate their capital investment and service delivery programmes locally with the Combined Authority;
- \* Local control over the Work Programme and similar programmes to enhance and better tailor apprenticeships and job opportunities for our local communities;
- \* Local control over any BIS programmes to support local businesses and to attract inward investment;
- \* A range of financial instruments, such as retention of all of business rate growth and Tax Increment Financing (TIF) to both enable Councils to become more self-supporting financially but also to be able to both fund and obtain a return on infrastructure and economic development;

\* The ability to set regulatory fees and charges at levels that allow for full cost recovery to ensure that Councils can maintain the services that will aid economic recovery;

\* Multi-year financial settlements to help provide stability for service provision.

WDC considers that a package along these lines would unleash the latent growth potential of the local economy leading to a better business environment; more and better jobs, more security for such jobs; more housing for families of all incomes; and, put a supportive economic and social infrastructure in place. It would also enable Councils, communities and families to be more financially self-supporting and therefore independent.

4. WDC considers that this approach could also translate into a reduced welfare bill by enabling more local, working age people to enter well paid jobs and so be less reliant on welfare payments. However, to maximise this latter potential WDC believes that a second priority area for the Combined Authority would be to seek from Government, the local management of Job Centres and national welfare payments systems to allow a local integration of all benefit systems but also to allow for the integration of job creation activities (economic development) with job filling activities (getting more local people into local and better jobs).

5. WDC believes that if the Combined Authority can demonstrate success in the areas above it would then be well placed to then seek further devolution in the fields of Health and Social Care; and in Policing and Community Safety leading ultimately to the brief for a complete Whole Place budgeting over all public policy areas that can be localised.

#### B. Governance - how do we want to manage it?

1. WDC realises that all of the above represents a tremendous "Ask" and will no doubt be accompanied by "Asks from Government". It understands that such trading is part of the discussions the Combined Authority will have to enter into with the Government. However, at this stage it does not consider that an "Ask from Government" for an elected Mayor is an acceptable "Ask". Another tier of authority and decision making in an already complicated field is not the approach our communities are seeking nor that they deserve.

2. In terms of Governance WDC seeks a Combined Authority in which all participating authorities are present at the decision making table with equal voting rights. Each authority should have equal standing, responsibility and contribute towards its cost.

3. The matter of what "geography" a Combined Authority relates to, is an important issue but a complicated one. It is clear from the economic analysis that Coventry and Warwickshire work as an economic entity and for them to be in separate Combined Authority areas would be not be in the interests of anyone, certainly not the local communities who do not live their lives according to local authority boundaries.

4. WDC's first preference is that a Combined Authority should be based on the CW City Deal area (including Hinckley and Bosworth) although WDC would also welcome Solihull Council's membership in this grouping. Further afield, WDC sees little benefit of a Combined Authority that also includes Worcestershire, Northamptonshire or Oxfordshire. Economic links with these areas are relatively weak and it is noted that Northamptonshire and Oxfordshire are in any case promoting their own Combined Authority with Buckinghamshire.

5. WDC recognises that overall, if not for the WDC area itself, that there may well be merits in a CW Combined Authority which also extends to Leicester and Leicestershire.

6. Involvement with a Combined Authority that involves the Greater Birmingham, Solihull and Black Country (GBSBC) presents an especially difficult problem. WDC understands the arguments about economic scale and in particular that a CW Combined Authority may from some vantage points be seen as too small to secure a significant deal or to have an appropriate voice but it does not necessarily agree that being part of a larger body is always better. There can be diseconomies of scale. The critical element is effectiveness and WDC believes that a CW Combined Authority can be more effective.

7. WDC understands that some other parts of the CW area do have stronger links with Birmingham and Solihull than WDC's area and may be attracted to a GBSBC/CW City Deal sized proposition. However, if a Combined Authority based on the real economic footprint of a GBSBC plus the CW City Deal area were to be put in place then the Combined Authority would have 24 Councils as members (this includes all of the District Councils in Worcestershire (3) and Staffordshire (4) that are presently part of the Greater Birmingham and Solihull LEP, Worcestershire and Staffordshire County Councils, plus South Staffordshire District Council which shares an Enterprise Zone with Wolverhampton City Council). Inclusion of Telford would take membership to 25 Councils. Even a Combined Authority for GBS only plus CW City Deal area would involve 14 Councils. By comparison, Greater Manchester, the oft quoted example of Combined Authorities, has only 10 participating Councils; the North East only has 7; West Yorkshire 9 (if one includes the 3 non-voting Districts); Sheffield 9 (if one includes the 5 non-voting Districts); and Merseyside 6. A GBSBC plus CW City Deal area may represent a significant economic scale but it is impossible to see how all participating Councils could be equally and positively involved in such a large scale venture. Equal participation is a key value for WDC and consequently there is no appetite to be part of a large body effectively the same size as AWM with all the bureaucracy that it engendered as it is unlikely to be very effective.

8. However, it may be the case that the benefits of scale and the necessity for equal participation could be reconciled over the whole Midlands area if instead of the creation of one large Combined Authority, that a different approach is considered, perhaps a coalition of Combined Authorities for particular matters as and when needed.



LAUNCH STATEMENT  
6 JULY 2015



**WEST MIDLANDS**  
COMBINED AUTHORITY

**GROWING THE UK ECONOMY THROUGH A MIDLANDS ENGINE**

**BIRMINGHAM • COVENTRY • DUDLEY • SANDWELL • SOLIHULL • WALSALL • WOLVERHAMPTON**



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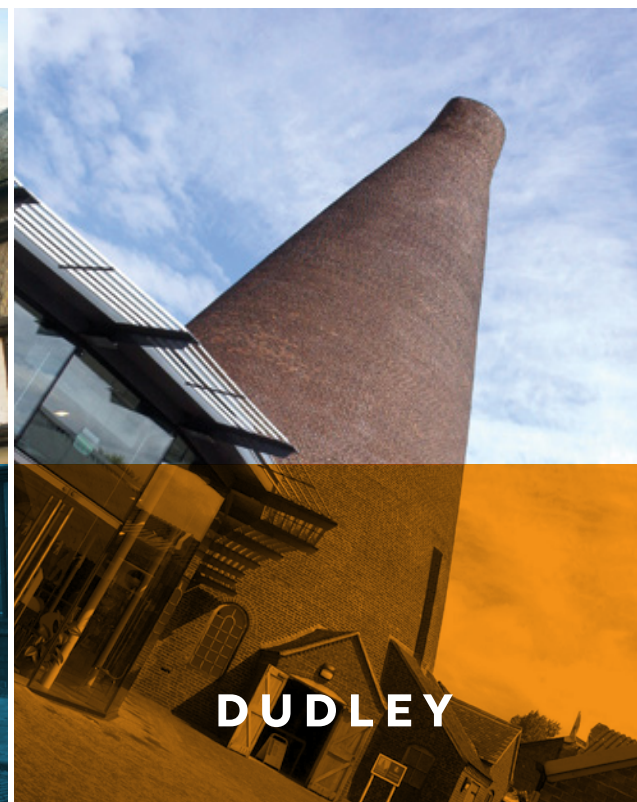
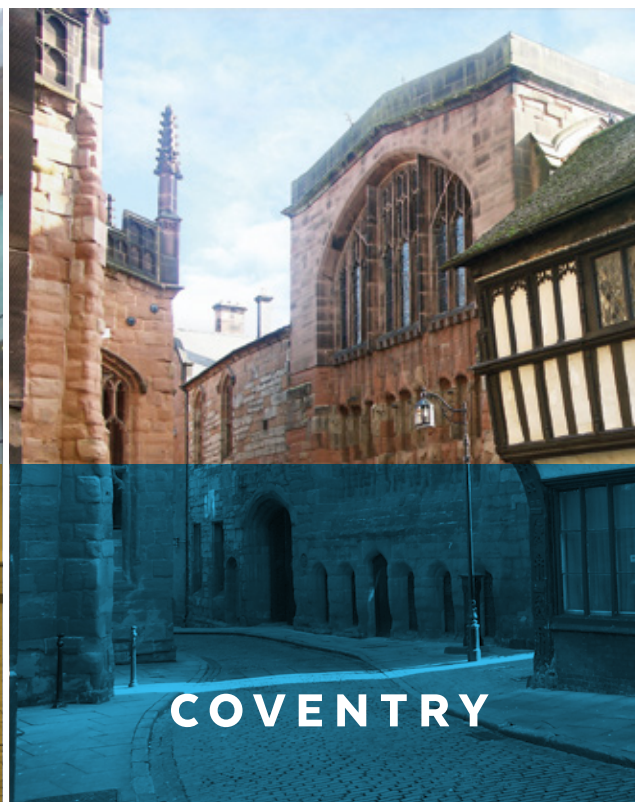
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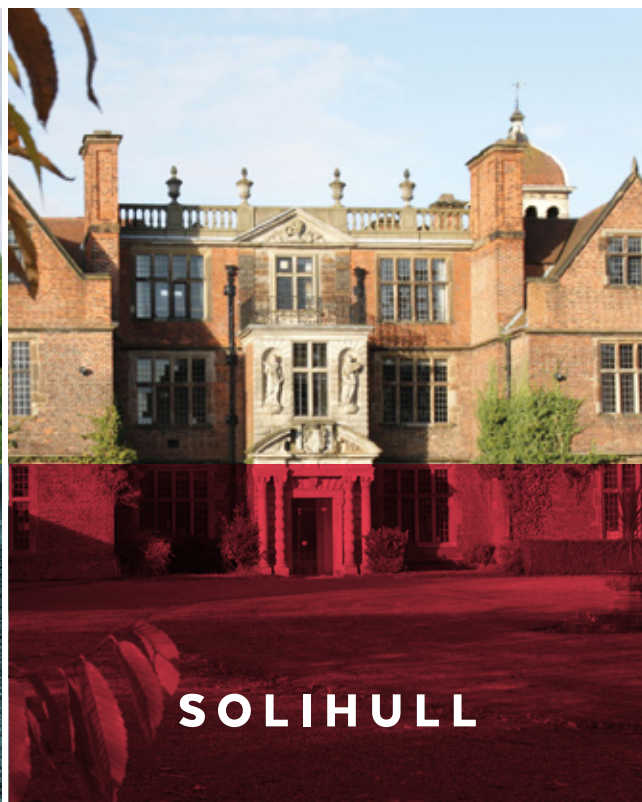
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Find out more at [www.westmidlandscombinedauthority.org.uk](http://www.westmidlandscombinedauthority.org.uk)







# Growing the UK Economy through a Midlands Engine: the role of the West Midlands Combined Authority

Throughout this document, terms have the following meanings:

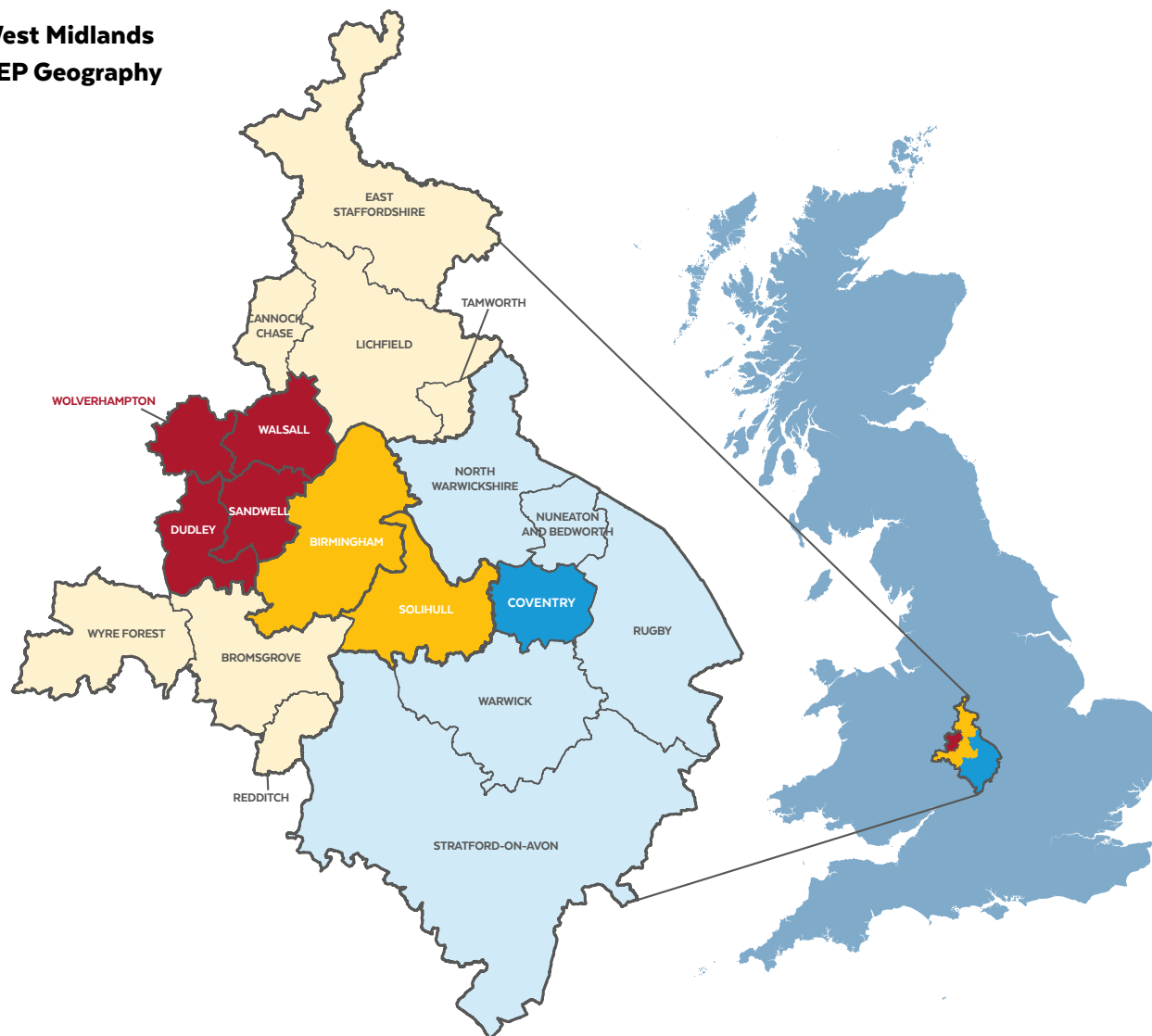
**The West Midlands Combined Authority refers to the new governance structure being initiated for the West Midlands by the seven Metropolitan Authorities. It will initially consist of the Metropolitan Authorities. Leaders of the Metropolitan Authorities have made an open invitation to other West Midlands Councils to join the West Midlands Combined Authority.**

The West Midlands refers to the area covered by the three Local Enterprise Partnerships: the Black Country LEP, the Coventry and Warwickshire LEP, and the Greater Birmingham and Solihull LEP.

The Midlands Engine refers to the growth and reform vision for the Midlands as articulated by the Chancellor in his speech on 1 June 2015.

Metropolitan Authorities (or Metropolitan Councils) refers to the seven Metropolitan Councils: Birmingham City Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, Walsall Metropolitan Borough Council, City of Wolverhampton Council.

## West Midlands LEP Geography



# Foreword

Historically, the West Midlands was the “workshop of the world”. Now the challenge is to become the engine of the British economy, driving jobs, prosperity and economic growth. In recent years we have made big strides towards this, with high growth, and record investment. But that’s against a background of lower growth in the 1990s and 2000s. Building on the strong foundations that have been laid, our ambition is for the West Midlands to help rebalance the UK economy, closing the £16bn output gap, and leading the Midlands Engine.

In stepping up to this challenge we need to work together across geographic boundaries and sectors, recognising the crucial role the private sector has to play in increasing competitiveness and productivity. This will deliver the conditions for business to flourish, creating more skilled and better paid jobs, bringing more investment into the area, improving health outcomes, reforming public services and reducing the region’s welfare bill. By doing this, the Midlands Engine will provide a better and fairer deal for people across the region.

The Leaders of the seven Metropolitan Councils of the West Midlands believe a Combined Authority – where every Council works in equal partnership alongside our Local Enterprise Partnerships – will establish a robust framework which will deliver the co-ordinated decision-making needed for modern economic governance.

A Combined Authority for the West Midlands is a critical building block in the delivery of our vision for a stronger Midlands engine.

Economic markets and the businesses serving them are no respecters of administrative boundaries. We believe the area being proposed for the West Midlands Combined Authority – covering the three Local Enterprise Partnership areas – represents a highly connected economic market area that can only benefit from close working on a number of key issues.

The proposals outlined in this statement aim to show how we can strengthen our relationships and focus on the issues that really matter to people and businesses in the West Midlands. The establishment of a Combined Authority provides us with a unique opportunity to drive forward a series of joint objectives in support of economic growth and progressive public sector reform. Our objectives must be to amplify the competitiveness, productivity and profitability of private sector enterprise which will be our engines of growth. By doing this we can create a strong and innovative partnership for economic governance second only to London.

Leaders of all seven Metropolitan Councils are committed to a Combined Authority for their area, but all agree that a Combined Authority covering the much wider and important geography across

the three Local Enterprise Partnership areas is crucial. This could involve 13 more councils joining the West Midlands Combined Authority. Currently District and County Councils are actively engaged in a dialogue around the creation of the West Midlands Combined Authority and are still working through the implications of joining. As we work to both develop the new economic strategic plan that will underpin the work of the West Midlands Combined Authority and the supporting governance structures, all Councils will work together over the coming months positively and constructively to deliver the very best outcome for the West Midlands.

We are ambitious for our region, its people and businesses. We value it for many things, not least for its diversity, its culture, its landscape and environment. But we will not over-promise. What is set out here is a deliverable set of initial propositions. We will build the trust and confidence of all those who choose to work with us. We are committed to partnership, innovation and enterprise. But above all, through the work programme the West Midlands Combined Authority will develop, we can lead our region to a better future and its rightful place as the engine of the UK economy.

Ministers visited the West Midlands recently to outline their challenge to us. This is our region’s response. It is our first statement, but by no means our final word. This is just the beginning of the journey.



**BIRMINGHAM**

**SIR ALBERT BORE**

Leader of Birmingham City Council



**COVENTRY**

**ANN LUCAS OBE**

Leader of Coventry City Council



**DUDLEY**

**PETER LOWE**

Leader of Dudley Metropolitan Borough Council



**SANDWELL**

**DARREN COOPER**

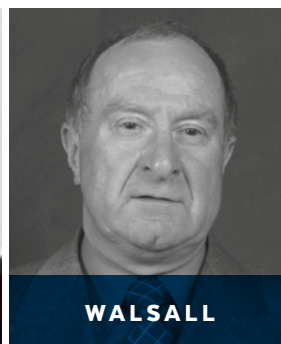
Leader of Sandwell Metropolitan Borough Council



**SOLIHULL**

**BOB SLEIGH**

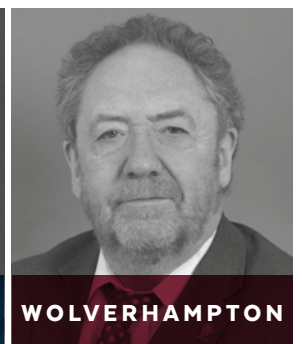
Leader of Solihull Metropolitan Borough Council



**WALSALL**

**MIKE BIRD**

Leader of Walsall Metropolitan Borough Council



**WOLVERHAMPTON**

**ROGER LAWRENCE**

Leader of the City of Wolverhampton Council



# Combined Authority – Statement of Intent

**We write as the Chairs of the Black Country, Coventry and Warwickshire and Greater Birmingham and Solihull Local Enterprise Partnerships (LEPs) to welcome your Statement of Intent to create a Combined Authority embracing our collective LEP areas. We recognise that this is an important step to enabling further economic growth at a faster pace for our areas whilst undertaking necessary public sector reform and, in due course, achieving further devolved powers from Government.**

We believe there is already a strong economic foundation on which to build the Combined Authority, based on recent private sector led growth in our respective LEP areas. The economic statistics show that we are beginning to address many of the issues that have previously held back this region. This recent success has been based on a very strong collaboration between the public and private sectors, which has included the joint setting of strategic objectives and the development of innovative and cost effective delivery models.

**STEWART TOWE, CBE**

Chair, Black Country LEP



We have developed enduring partnerships and the Combined Authority offers us a further and exciting opportunity to show the country how public and private sectors working together can deliver jobs and growth. Maintaining this collaborative approach as the Combined Authority develops is a key principle for our collective success. Furthermore, a private sector that is the focal point of our future economic development decisions will allow effective interventions to be created that address the barriers to business growth and competitiveness. Jointly, we must work together to ensure that we gain greater economic outcomes than we can achieve as individual LEPs working collectively. In doing so, we should look to tackle the stubborn issues that remain within our economy, such as improving the levels of productivity and worklessness.

We are committed to work with you to assess and deliver this “economy plus” model and would be pleased to lead in the creation of an overarching Strategic Economic Plan (SEP) for the Combined Authority, based on a refreshing of our current SEPs and reflecting the benefits that can be achieved through a greater combining of our efforts. This will be a key document for the Combined Authority, which will clearly establish the economic and investment priorities for the future. Our approach will be based on a detailed economic analysis, an honest appraisal as to where

**JONATHAN BROWNING**

Chair, Coventry & Warwicks LEP



further opportunities for improvement lie, and the development of innovative joined up solutions for further private sector growth and investment and public sector reform that will underpin our future dialogue with Government.

We are pleased that, as Metropolitan Authorities, you have begun to engage with the District and County Authorities that make up our full LEP areas. Gaining the full commitment of all our local authorities should now be a top priority. We believe that a Combined Authority, including all of these partners, is critical to achieving maximum economic growth. We will continue to work with you to facilitate this full and nationally unique economic partnership.

In conclusion, we are pleased that the Metropolitan Authorities have come together to create a Statement of Intent around the formation of a Combined Authority. We look forward to working with you to evolve this further such that, working across our full LEP geographies, we create jointly an economy that is the strongest outside London and contributes fully to the Government’s vision of a wider “Midlands Engine for Growth”.

**ANDY STREET**

Chair, Greater Birmingham & Solihull LEP



# The case for the West Midlands Combined Authority

**We intend to create the most effective Combined Authority in the country in order to propel our economy to further growth than can be achieved at present. Working together as three Local Enterprise Partnerships and up to 20 Councils, we will achieve far more than any of us could ever deliver separately.**

## We are building on a sound base

The three LEP areas which make up the West Midlands annually contribute more than £80bn of Gross Value Added (GVA) to the UK economy. In 2012/13, the region's output grew by more than 4%, one of the fastest growth rates in any region of the UK, demonstrating the impact of our growing public and private sector collaboration.

The West Midlands is home to a number of the UK's most strategically important businesses including Cadbury, Deutsche Bank, JCB, Jaguar Land Rover, SCC, MG Motors, ZF Lemforder, Hydrasforce, IMI plc, Tata, Aston Martin, BMW, Rolls Royce, Alstom, Ricardo, Lear, Meggitt, Unipart, Delphi, Bosch, Eon, GE Energy Power Conversion UK Limited, Tulip Limited, International Automotive Components Group Limited, Carillion PLC and Halfords Group PLC.

It is also home to some of the fastest growing SMEs in Britain according to the latest Inspire Britain 2015 report produced by the London Stock Exchange – these companies have on average doubled their revenue in the last four years, examples include In Touch Games Ltd, Select Health Care Ltd, Jerseytex Ltd, Fire Glass UK Ltd, G&P Group Holdings Ltd, Accura Group Ltd, Stoford Projects Ltd, Insurance Factory Ltd, E.sidwell, Norman Hay Plc,

Elmdene Group Ltd, Convergence (Group Networks) Ltd and Hardyman Group Ltd.

Renowned for its automotive and advanced engineering prowess, the West Midlands' economy has become more diversified in recent years with significant numbers of jobs created in the life science, financial and professional services, and digital and creative sectors.



## An international economy

Our strong internationally competitive economy, our productive companies, sophisticated supply chain networks, our global businesses, and our location at the heart of the national transport network mean that we are uniquely well placed to deliver additional jobs and GVA for the UK economy. We are responsible for just 6% of the UK population but 10.5% of exports.

Our markets are truly global. While 40% of our exports are to the EU, the top international markets for the West Midlands are China and the USA. International investment is increasing as well. The number of foreign investments has increased by 73% in the last year, generating 9,168 new jobs. We need to build on this base to build an internationally focussed, high productivity economy.

## An innovative economy

We are renowned for our innovation. Our businesses account for almost 10% of UK research and development (R&D) expenditure, much of which is delivered in partnership with local universities.

We have some of the best performing educational institutions in the country. Our universities have particular strengths in digital technology and computer science, healthcare, business administration, engineering and technology, and education.

Additionally, the region has a range of internationally recognised research institutions. These specialise in fields such as automotive design and development, polymer research, ceramics and science and technology.

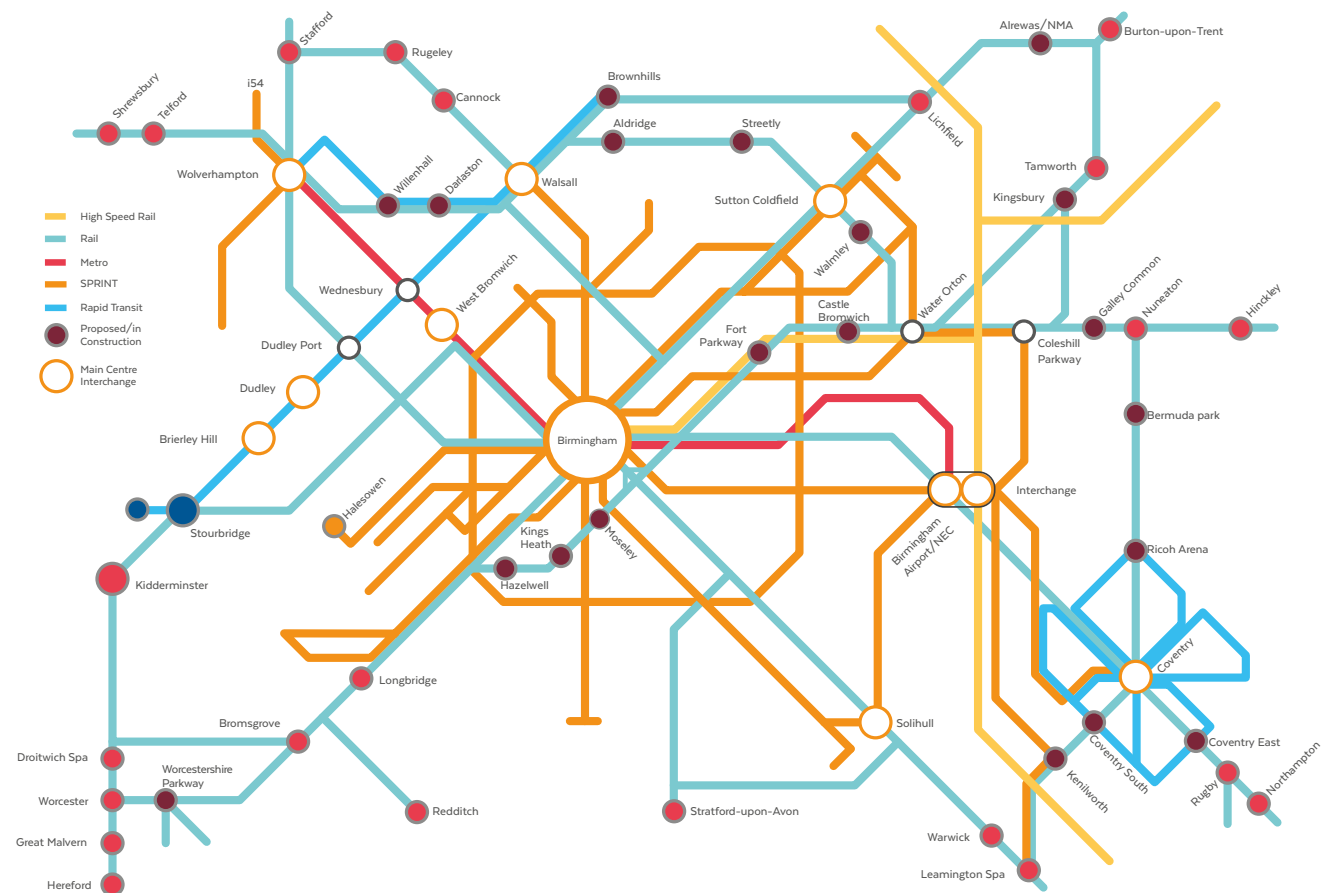


## An economy in transformation

We have ambitious plans to build on these strong foundations. As the largest infrastructure project in Europe, High Speed 2 (HS2) will be an economic catalyst for the West Midlands. Complemented by a local connectivity programme to ensure its benefits ripple out across the region, HS2 will attract and develop new skills, generate new jobs, re-shape the region's road and rail networks and stimulate significant growth in supply chains.

To complement the HS2 project, two world class stations for the high speed rail network at Curzon and UK Central will be delivered. In addition, we are investing £600 million in a major redevelopment of New Street Station, extending the Midland Metro tram network at a cost of £250m with the first phase set to complete in October 2015, and upgrading Birmingham Airport and the M42 nearby. We are committed to building a transport network that will match the best in Europe.

## Metropolitan rail and rapid transit network map - the vision



**1.7 MILLION**

**JOBS IN TOTAL**  
rising private sector employment

 **+43,000 JOBS**  
BETWEEN 2009-2013



**1.3 MILLION JOBS**  
in the  
**PRIVATE SECTOR**



**£7 BILLION  
EXPORTS**

OVER  
**130,000**  
BUSINESSES



**ONE OF THE TOP  
PERFORMING AREAS**

FOR FOREIGN AND DIRECT  
INVESTMENT (FDI) IN THE UK



172 INWARD INVESTMENT  
PROJECTS IN 2013/14 (74% RISE)

CREATING OVER  
**9,000 JOBS**

**THIRD LARGEST  
EXPORTING REGION**  
— IN THE UK —

**£6.5BN**  
OF GVA  
FROM  
MANUFACTURING



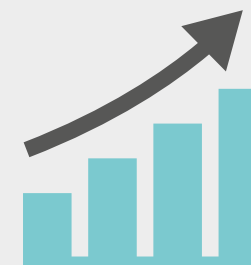
**BILLION OF GROSS  
VALUE ADDED (GVA)**

contributed to the UK economy

% OF EMPLOYEES IN  
MANUFACTURING

IS **50%**

**HIGHER THAN  
THE AVERAGE  
FOR ENGLAND**



**FASTEST  
GROWING**  
LEP AREAS AT  
**4% GVA GROWTH**

HOME TO  
**4 MILLION PEOPLE**  
LIVING IN 1.7 MILLION HOMES



**300,000 JOBS**  
IN HIGH VALUE  
MANUFACTURING







## Even with these strong building blocks we face three major challenges.

# 1

The **international challenge** facing all cities because of the global urbanisation trend.

# 2

A **national challenge** to rebalance the UK economy through the Midlands Engine.

# 3

A **regional challenge** reflecting structural issues within the Midlands economy.

## 1. The international challenge

The world is in the grip of rapid urbanisation accompanied by an important gravity shift in the global economy both eastwards and southwards. More than 1.5 billion people live in the world's top 600 cities today. By 2025, that number will have risen to over 2 billion. Cities are the principal drivers of the world's economic growth: those 2 billion people will produce \$64 trillion of economic growth, that is to say 60% of global GDP. As a direct result of urbanisation, we are going to witness a very significant increase in global income from a current base of some \$20,000 per capita to a projected average of \$32,000 per capita in 2025.

The growth in purchasing power which will accompany the growth in per capita incomes will potentially open new markets for British products, but may also close doors as manufacturing is shifted closer to the source of consumption and supply chains are consequently realigned.

Our aim is to ensure that the Midlands economy is appropriately positioned to capture more than its share of this global GDP growth. To achieve this, size will matter more than ever before. Larger cities attract skilled individuals, capital for investment, and economies of scale. Our businesses need access to a highly skilled workforce, investment to finance their development, and first rate infrastructure. So in order to provide the essentials for our economic growth, we have to begin to consider and promote the region as one market area governed in a more joined-up fashion than is currently the case.

This is what will enable us to offer those who live in the Midlands the greatest access to skilled jobs, reasonably priced homes in the right places, and education and healthcare to be proud of.

## 2. The national challenge

The UK economy is out of balance. It is dominated by London and the South East. If the West Midlands economy grows at the rate of the London economy until 2030, rather than its slower trend rate, then this will add a further £24.6 billion to the regional economy. The problem is not that London is too big but that the Northern and Midlands cities have not grown strongly enough. They are too small. Nor is this about a zero sum game. It is not about merely shifting jobs and economic growth from one part of the country to another. It is about promoting and establishing the right conditions for economic growth.

The Chancellor opened this debate last year when he spoke of the need to rebalance the UK economy. He introduced the Northern Powerhouse concept. We are now responding in our own terms, through the creation of the West Midlands Combined Authority at the heart of a Midlands Engine.





### 3. The regional challenge

Britain is in the grip of what has been termed a productivity paradox. Growth has improved over the last couple of years. But because the level of employment growth has exceeded the growth in output we have seen a decline in UK productivity. This has also been true in the West Midlands.

The reasons for this are complex and inter-related. They are summarised below.

#### i. A skills deficit

The West Midlands suffers from a significant shortage of skills both at the lower and higher ends of the skills spectrum. The region's share of people with no qualifications is higher than the national average. The percentage of the population with skills training at or above level 4 is only 21%, significantly worse than the average across England and Wales at 27%.

The skills deficit across the region is reflected in the high level of unemployment (9.3%) across the 7 Metropolitan Authorities. If unemployment across the West Midlands was to fall to match the England average there would be some 14,500 less claimants resulting in a saving in excess of £35 million per annum in benefit spending. If the skills profile of the West Midlands was to match just the England average, so that an additional 19,000 people were qualified to level 4, GVA would increase by an estimated 1.7%. Even better, raising our skills levels to be best in class would increase GVA by 9.9%.

#### ii. A legacy of worklessness

The scars from economic change can be seen in an economic activity rate of 74.1% compared to a national average of 77.2%, meaning that there are 77,700 people out of the labour market. There are encouraging signs of improvement with the unemployment claimant count across the West Midlands

falling to 67,078 in May 2015 from a high of 146,160 in 2010. And there are excellent examples of innovative employment initiatives in operation across the West Midlands, such as the recently announced Work Coaches programme. But we know we need to do much more.

#### iii. A public service challenge

The public services have had an unprecedented period of investment. New hospitals and schools are a feature of many communities. Education standards are improving and people are living longer. But financial pressures are mounting. Cash constrained budgets are becoming more stretched. At the same time the pressures on public services are becoming more complex. As a result, services are less able to meet the service needs of our population. Old ways of running services seem not to help people out of dependency whilst the increasing costs of technology and reducing budgets combine to create the need to look again at how costs can be reduced and outcomes improved. That means tackling the hard issues: complex dependency, mental health and the challenges of ageing well. We have established a Public Services Board, co-chaired with West Midlands Police, to drive reform and look at system changes that can reduce demand, such as targeting re-offending and criminality.

#### iv. A connectivity challenge

We need a fully integrated rail and rapid transit network that connects our main centres with quick frequent services, and that increases the number of people who can readily access HS2 stations and main centres. By delivering this, we will reduce transport's impact on our environment, improving air quality, reducing carbon emissions and improving road safety. The resulting network will enable the efficient movement of goods to enable businesses to connect to supply chains, key markets and strategic gateways.





## The economic geography of the West Midlands

The West Midlands Combined Authority is based on an extensive Functional Economic Market Area (FEMA) assessment, which tested whether the geographic area covered by the three LEPs was markedly more coherent in economic terms than each of the individual LEP areas separately. At the heart of this work was an analysis of Travel to Work Areas (TTWAs), migration data (to analyse where people move house to and from, which demonstrates whether housing markets are interconnected), and the interrelationship between these. Assessing these factors establishes what is called the “self-containment” ratio. This work was then extended with a detailed analysis of those industrial sectors in which all three Local Enterprise Partnerships have specialisations, and how the Midlands supply chain creates a coherent eco-system across the West Midlands area. This work further strengthens our case for the West Midlands to be considered as a Functional Economic Market Area.



**90%** OF THE POPULATION  
OF THE PROPOSED  
COMBINED AUTHORITY AREA  
**LIVE AND WORK HERE**

The table below shows that each of the three LEPs individually has a self-containment ratio of between 71% and 77% (depending on the methodology applied).

Area	Resident in-work population within area	Total resident in-work population	Self-containment percentage
Black Country LEP	298,000	419,000	71%
Coventry and Warwickshire LEP	263,000	341,000	77%
Greater Birmingham and Solihull LEP	514,000	677,000	77%
<b>WMCA (the three LEPs combined)</b>	<b>1.29 million</b>	<b>1.44 million</b>	<b>90%</b>

When the three LEP areas are considered as a combined area, the self-containment ratio rises to 90%. Clearly, self-containment percentages tend to rise as the geographical area under consideration is widened. However, the 90% statistic is important. It effectively means that if a Combined Authority covering the three LEP area is established, decisions subsequently taken by that body, for example affecting transport or skills, will be effective in covering 90% of the labour force.

The 90% self-containment ratio is at the higher end of ratios for the five other Combined Authorities already in operation as shown below:

Combined Authority area	Self-containment percentage
North East	93%
West Yorkshire	91%
<b>West Midlands</b>	<b>90%</b>
Greater Manchester	89%
Sheffield	85%
Liverpool	83%

This section has shown why we think it's so important we work together for the benefit of all in the West Midlands. This is our commitment. The next section sets out our agreed principles, one of which is to ensure that all communities benefit. To seek to achieve this, we will demonstrate an objective means with which to assess interventions, or the design of programmes, so that these are aligned to our balanced economic outcomes for the West Midlands Combined Authority.

# How the West Midlands Combined Authority will work

**The West Midlands Combined Authority vision will require a high degree of collaboration between its constituent Councils and the three LEPs. But the collaboration does not stop there. In the private sector, key business leaders and employer organisations, such as the Chambers of Commerce, have a vital role to play. In the public sector, the police and health commissioners and providers of every kind are going to be vital to the delivery of our vision. The university sector, further education colleges and the third sector will also play a significant role. We are committed to finding the most appropriate means of involving all our stakeholders and progress with our proposals as we begin the delivery of our vision for the West Midlands and the establishment of the Combined Authority in April 2016.**

## The role of the West Midlands Combined Authority

A Combined Authority is the administrative form by which Local Authorities can act together to deliver their economic and transport objectives and coordinate the functions that deliver them. By working in this way, members focus on shared strategic priorities that are best addressed at a scale above local boundaries. Examples are transport and skills. People cross Council boundaries every day as they travel to and from work, education and their homes. It makes sense for local authorities to collaborate in these areas in such a way that opportunities for people to work, to learn, to enjoy their leisure time and to access public services are maximised. That in turn helps places to be more efficient, more prosperous, and more effective in delivering what people need.

So a Combined Authority is an important mechanism which enables cities and regions in England to both achieve the scale needed to compete internationally and to remove the boundaries to joined-up government and policy making.

## Combined Authorities and the existing local councils

Combined Authorities do not take power away from local councillors or the individual communities they serve. On the contrary, the existing local authorities remain in place and collectively form the Combined Authority with their partners. They remain “sovereign” and the principle of subsidiarity, whereby decisions are made at the spatial level closest to the people ‘on the ground’, applies. The regions that have already established Combined Authorities have already shown themselves to be in a better position to negotiate with government the devolution of power and resources from the national to the local level.

The membership, the powers and the mode of operation of a Combined Authority are decisions for existing Councils to take.

## Our working principles

We will have an approach based on partnership and collaboration. Our principles are clear:

- We are committed to collaborative working on the creation of a Combined Authority at the heart of a Midlands Engine covering the geography of the three LEPs
- The prize is strong economic growth for the West Midlands as part of a Midlands Engine and a rebalancing of the UK economy
- Growth requires smart investment, investment will be focused where the biggest outcome for the Combined Authority can be achieved
- Our pursuit of growth will be accompanied by an agenda of innovation and public service reform that will reduce the overall level of public spending
- We are committed to collaborative working with the private sector as the primary driver of economic growth and will work with them in establishing the economic priorities of the West Midlands Combined Authority
- All communities will benefit from growth, but not necessarily at the same time or in the same way

The delivery of the West Midlands Combined Authority and its cornerstone projects can't be done by us alone. The achievement of our goals requires new ways of working between the local authority partners, the three LEPs and a range of private sector and national government partners too.



# Early priorities for the West Midlands Combined Authority

**The West Midlands Combined Authority will have five early delivery priorities, which we set out below. Our approach to these will be driven by four overarching themes:**

- collaborating to make the region act as one place
- creating the jobs of the future
- reforming public services to give people the help they need to succeed
- connecting the region more effectively internationally, internally and with neighbouring areas.

We will also establish three major independent Commissions to inform our future work which we expect to be co-commissioned with Central Government as they represent critical shared challenges.

## a. Development of a Strategic Economic Plan

As part of the process of bidding for local growth funds, each of the three Local Enterprise Partnerships produced a Strategic Economic Plan in 2013/4 setting out their area's strategic economic priorities and establishing the case for investment in a number of key projects.

The three LEPs have agreed to work with Metropolitan Authorities to produce an overarching Strategic Economic Plan for the West Midlands, which will clearly demonstrate how the co-ordinated governance approach will add value to the region. At the same time, each of the three LEPs will also update and refresh their own Strategic Economic Plans. This family of plans, which will become key documents for the region, will clearly establish the economic and investment priorities for the future. The plans will then inform other relevant strategies including the preparation of a high level Capital Investment Programme, which will both identify the future financing requirements of the region, and provide a framework for the securing of those funds. The intention will be to complete this work by early 2016.

## b. Access to finance and a Collective Investment Vehicle

Working closely with their Local Authority partners, the three LEPs have developed a strong history of delivering innovation funding vehicles, linked to growth deals with government and using mechanisms such as Enterprise Zones. They have also worked together to improve the availability of finance for local businesses.

Building on this, and other experience, the formation of the West Midlands Combined Authority will provide the opportunity for a fresh look at the way in which the constituent LEPs and local

authorities each source investment finance for the delivery of major regeneration and development proposals. It will focus on driving co-ordinated investment from both the public and private sectors.

The intention is to create a Regeneration and Development Growth Board to lead this work. This Board will oversee a portfolio of major development projects, considered critical for the Combined Authority to achieve its GVA growth target. Supported by a small team drawn from across the local authorities and the three LEPs, the Board will also build, and extend, existing relationships with investors, financiers and banks, and will be set a targeted figure for the external investment they will leverage into the West Midlands Combined Authority area.

A range of investment mechanisms will be devised including the Combined Authority's Collective Investment Vehicle. This will be a revolving fund, to either deliver schemes which might not otherwise attract sufficient third party investment or alternatively to accelerate the delivery of schemes which might otherwise come forward, but in a slower than desirable timeframe. Other investment mechanisms are also under consideration including one to bring economic benefit from re-using brownfield sites. Work is currently on-going to scope the development pipeline for these and the Collective Investment Vehicle.

## c. Getting the transport offer right for the long term

The strategic transport network plays an important role in supporting economic activity and growth. It enables access to markets nationally and internationally, improves labour market efficiency, unlocks employment and housing sites, reduces the cost of doing business, stimulates business investment and innovation and attracts global economic activity. Conversely,

constraints imposed by the transport network act as barriers to growth in the Midlands and challenges exist such as traffic congestion, delays, poor journey reliability and the need to see further investment in rail and rapid transit networks. This is impacting on the competitiveness of both the Midlands and the wider UK economy.

We have a strong track record of delivering transport investment into the area, but more is needed. Midlands Connect and the West Midlands Strategic Transport Plan are key initiatives which are creating options for investment in our network to radically improve connectivity, accessibility to HS2 and beyond, business efficiency and our built and natural environment.

We are committed to develop a programme of transport interventions required to ensure we deliver our vision and it will be supported by an investment package for their delivery.

#### d. Creation of an economic policy and intelligence capacity

We have a bold agenda for change across the West Midlands based on what we already know about our region. However, we are also conscious that future strategic decisions should only be taken on the basis of the empirical evidence supporting both the problem and the solution. Economic expertise across the region is currently dissipated across the three LEPs, local authorities, universities, the private sector and other stakeholders. We plan to establish an economic intelligence hub which will gather the evidential data required to support better decision making. This unit will ensure that the economic data required to support the Combined Authority's growth and public sector reform agendas, as laid out in the new SEP, is appropriately gathered, analysed and presented to politicians to facilitate more informed decision making.

#### e. A joint programme on skills

The education, employment and skills system is highly complex and consists of multiple markets operating within funding and regulatory mechanisms that too often compete with each other and can drive unintended behaviours and consequences. The system is too complex for people or businesses to navigate without support and the limited support that is available is patchy and can be biased towards certain provision that may or may not be in the best interests of the individual or business being supported. There is extensive duplication of effort across the system leading to waste on a colossal scale as well as wide spread confusion and diffusion of impact.

The Greater Birmingham and Solihull LEP has been investigating and identifying opportunities for a radical change to the way that the skills system operates through a model of devolution that enables the alignment and simplification of support to both individuals and businesses with an explicit connection between the two. Key to the success of this approach will be a single strategic framework for employment and skills with a single set of KPIs that are adopted by the Combined Authority. Our strategy focuses on the identification of current and future employment opportunities and supporting local people to access those opportunities whether they are in formal education (Ignite), in work (Accelerate) or unemployed (Re-Tune).

The three LEPs have come together to refine this approach. Drawing on the Greater Birmingham & Solihull LEP work and the Wolverhampton Skills Commission, they will deliver a proposition to Government at the end of July 2015 outlining a model for radical reform of the whole skills system that will reduce unemployment, raise skills levels and make a significant contribution to raising productivity.



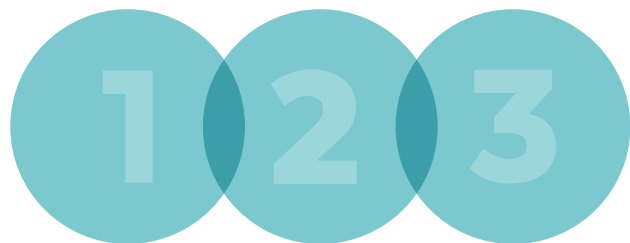




## Appointment of West Midlands Commissions

Increasing the rate of growth of the West Midlands and addressing the national competitiveness and productivity challenge is a high priority. We need to support its economy, its businesses, and the people of the region to improve their skills and health as well as to make the best of the physical and other assets we have.

We take it as our number one challenge that we must grow our economy beyond the current projections. We must make our already world-class business base stronger and better still. We also know that we will need to look hard at some of the bigger and underlying issues we face to achieve this: to improve our competitiveness and productivity; to attract greater business investment; to develop our people's skills; to bring more land and buildings back into productive use; and to look at how, through improving mental health, we can make progress in some of the most intractable problems of public service reform.



WE PROPOSE TO ESTABLISH  
**THREE MAJOR NEW  
INDEPENDENT COMMISSIONS**  
TO HELP US SHAPE THE AGENDA OF  
**THE WEST MIDLANDS ENGINE**

We therefore propose to establish three major new independent Commissions to help us shape the agenda of the West Midlands Combined Authority. Support from the Government will be sought to deliver these Commissions, both through the appointment of a Chair, and with a commitment that Government Departments and Agencies will work with each Commission to deliver its objectives.

Each of these three independent Commissions will begin work immediately and independently to bring forward initial ideas for consideration later this year to inform the further development of our proposals for the West Midlands Combined Authority.

## The West Midlands Productivity Commission

There is no one factor which explains the UK's productivity gap. The explanation lies in a blend of factors, including historically low levels of capital investment both in plant and machinery and public infrastructure, insufficient spending on research and development, and low skills levels across the workforce.

The West Midlands has not been immune from the productivity gap. The total output gap is some £16 billion which translates to output of £20,137 per head, some £4,000 lower than the national average. There is a big prize to go for in closing this gap, hence the setting up of this commission, whose remit will be to:

- Establish the true extent of the productivity challenge in the West Midlands
- Understand the component causes of the productivity challenge and the inter-relationships between them
- Make recommendations as to how these individual causes can be addressed
- Ensure appropriate plans are developed for the implementation of these recommendations and monitoring systems exist to review their effectiveness.





## The West Midlands Land Commission

Ensuring a constant supply of land for housing and employment use that is commercially developable is critical. Whilst recognising the important roles that the three LEPs and the West Midlands Councils have taken in driving investment and development across the West Midlands, there remains a need to do more. We need to ensure that the supply of development sites can meet demand, and we need to find a way to bring brownfield land back into use. We need to ensure that the opportunities afforded for development on public sector-owned land are fully exploited. We also need to ensure that transport investment is properly linked to priority employment and housing sites.

To address these issues, a Land Commission for the West Midlands will be launched with the aim of:

- Compiling a comprehensive register of the development sites and available and vacant property available in the West Midlands region
- Preparing a comprehensive assessment of the viability of existing sites focusing in particular on the specification of a range of early opportunities for international marketing purposes
- Working with international, national and regional organisations on the identification of mechanisms which will enable sites and premises on a phased basis to be brought back into the most appropriate productive use
- Developing appropriate tools and partnerships to enable individual sites and premises to be remediated and further developed.

## The West Midlands Commission on Mental Health and Public Services

Around one in four people in the UK experience mental health problems in any given year. One in ten young people experience mental health problems before they reach adulthood. We also know that mental health problems lie at the heart of a range of our most intractable public service challenges, including the present levels of worklessness. Despite this, mental health remains too low a priority for the National Health Service.

We do not believe it is possible to rise to the challenge of reforming our public services without looking properly at the role mental health plays in driving demand for those services. More than that, we believe that tackling mental health will enable us to reduce our spending in the long run. Poor mental health is the root cause of many of our social and employment problems as well as the size of the benefit budget. All our work with the police, courts and prisons, in families, domestic violence and with children in care tells us that tackling mental health problems as and when they occur is vital to the effective reform of public services and the fulfilment of our wider economic objectives.

The proposed Mental Health Commission will:

- Assess the scale of mental health problems in the West Midlands and their cost and impact across the whole system
- Examine best practice elsewhere nationally and internationally in both health and other services areas
- Establish the relative costs and benefits within the whole system of the application of this best practice to the West Midlands
- Pilot new ways of working to test effectiveness
- Make recommendations on how the findings of the Commission can best be taken forward to reform public services in the West Midlands.





# The consultation process on the creation of the West Midlands Combined Authority

**The Midlands needs to become an engine of growth within the UK economy. The West Midlands Combined Authority needs to make a full contribution to closing the output gap which exists between London and the rest of the country. This will not happen unless we all learn from past experiences and develop new and different ways to work together, both across the public sector and in partnership with the private sector.**

The decision to proceed with the creation of a West Midlands Combined Authority is rightly in the hands of the elected leaders of the local authorities of the West Midlands. It is an important decision in which a variety of stakeholders have views which need to be fully taken into consideration.

There will therefore be a process of consultation and engagement between now and the formal launch of the West Midlands Combined Authority in April 2016.









**WEST MIDLANDS**  
COMBINED AUTHORITY

[www.westmidlandscombinedauthority.org.uk](http://www.westmidlandscombinedauthority.org.uk)

BIRMINGHAM • COVENTRY • DUDLEY • SANDWELL • SOLIHULL • WALSALL • WOLVERHAMPTON

## West Midlands authorities' statutory governance review

*Undertaken in accordance with section 108 of the Local Democracy, Economic Development and Construction Act 2009 and section 82 of the Local Transport Act 2008*

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## Executive summary

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### **The region will benefit from improving governance.**

A Combined Authority would be the most appropriate governance model for the local authorities to act together to deliver their economic development, regeneration and transport functions. This stronger governance will deliver a more joined up strategic approach. It will bring together policy interventions in transport and in respect of the key economic drivers that will deliver enhanced growth. By working this way, members of a Combined Authority can deliver shared strategic priorities that are best addressed at a scale above local boundaries.

The area has a good track record of collaboration between local authorities and with the Local Enterprise Partnerships on issues that affect the area covered by the local authority areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton – referred to as the “West Midlands”. However, the governance needs to change if the West Midlands is to demonstrate stronger, more efficient and more effective delivery of economic development, regeneration and transport responsibilities.

To do this, a Combined Authority needs the means and flexibilities to tailor the delivery of national scale interventions to address local issues. To support this there needs to be clear and effective governance arrangements in place with a long term strategic focus.

### **There are a number of alternative models of governance that could be adopted.**

The following options have been considered:

Option 1 – status quo;

Option 2 – establish an Economic Prosperity Board; and

Option 3 – establish a Combined Authority.

This review examines the options above and concludes that the most appropriate option for the West Midlands is to establish a Combined Authority. Stakeholder engagement will be undertaken and views reflected in the final version of this Governance Review.

### **The West Midlands is a functional economic market area.**

There is compelling evidence that the area covered by the contiguous local authority areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton (for the

purposes of this review this area is defined as the “West Midlands”) forms a functional economic market area. This is one of the statutory requirements under proposals to change governance requirements under section 108 of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA). A review of the evidence detailing the economic structure of the region shows high levels of economic integration, in terms of the labour market, travel to work areas and a number of the area’s key sectors.

**Furthermore, the West Midlands sits within a broader and even better defined functional economic market area covered by three Local Enterprise Partnerships.**

The broader area covered by the three Local Enterprise Partnerships (LEPs), Black Country, Greater Birmingham and Solihull and Coventry and Warwickshire (“the three LEP area”), is in fact a stronger functional economic market area. The Leaders of the seven local Authorities of the West Midlands agree that a Combined Authority collaborating across the much wider and important geography across the three LEPs is crucial.

**The challenge for the West Midlands is to address the complex and inter-related issues which have held back its growth.**

The three LEP area annually contributes more than £80bn of Gross Value Added (GVA) to the UK economy. In 2012/13, the region’s output grew by more than 4%, one of the fastest growth rates in any region of the UK, demonstrating the impact of our growing public and private sector collaboration. However there are a numbers of challenges to be addressed that if successfully addressed could accelerate this growth further.

These include a skills deficit at the lower and higher ends of the skills spectrum which has led to high levels of unemployment in the region and low levels of productivity. If unemployment rates moved into line with the England average, there would be 14,500 fewer claimants resulting in a benefits saving in excess of £35 million per annum.

The pressure on public services is becoming more complex. Current ways of running services do not appear to help people out of dependency. There is a need to tackle the hard issues on a collective, collaborative and jointly funded basis, for example in areas such as complex dependency, mental health and the challenges of aging well.

The region does not yet have an effective fully integrated public transport network. It needs quick and frequent services that connect people to employment opportunities and effective freight transport and business travel options to connect businesses to supply chains, key markets and strategic gateways.

**Addressing the West Midlands contribution to the country's prosperity is a driver for enhancing the governance of the area.**

The West Midlands' aim is to lead the national effort to rebalance the British economy. This would see the region closing the gap between its current performance and national output. This currently stands at £4,000 per head less than the national average.

The West Midlands intends to create the most effective Combined Authority in the country, in order to propel the economy to further growth than can be achieved at present. The region's leaders are committed to delivering growth, prosperity and well-being for the benefit of all residents. Collaboration will enable the creation of a wider regional economy that aims to be the strongest outside of London and which contributes fully to the vision of a wider Midlands Engine for Growth.

**National and international evidence suggests that dealing with regional issues is best achieved at a regional level.**

In a recent speech the Chancellor of the Exchequer, George Osborne MP stated that "the old model of trying to run everything in our country from the centre of London is broken". Furthermore, economic analysis from the Organisation for Economic Co-operation and Development ("OECD") demonstrates that strategy integration across key policy areas can deliver economic benefits at the regional scale in terms of sustainable economic growth and employment. For example, dealing with regional skills shortages with locally developed policies.

The research emphasised the importance of having governance capacity at the level at which the local economy functions, this is a level which would be consistent with the proposed West Midlands Combined Authority area. A Combined Authority, with appropriate resources, offers the most beneficial option to enhance the region's ability to address its underlying economic challenges.

**The Combined Authority will have a strategic focus and will not be bureaucratic.**

The Combined Authority will not be another layer of politicians. It is a way of bringing together existing activities to create greater coherence. It will be a streamlined and strategically focussed body, appropriately resourced to ensure more effective and efficient delivery of economic growth, skills and transport functions across the West Midlands.

It will be underpinned by strong research, intelligence and advocacy functions. It will deliver area-wide functions around the co-ordination of funding streams, seeking investment and collective resourcing and other responsibilities devolved from central government and other agencies. This will lead to greater self-reliance as the West Midlands will have the means to unlock its economic potential.

Although the consultation draft statutory guidance states that Combined Authorities are not primarily aimed at producing efficiencies, it is recognised that such a body will need to operate in an environment of reducing public sector budgets. There is a potential for a Combined Authority to be cost neutral and it will not create more levels of bureaucracy.

**The Combined Authority will be democratic, accountable, transparent and effective.**

A Combined Authority that reflects the functional economic market area, would enable decisions to be made by the democratically elected Leaders from the seven local authorities, together with the Chairs of the LEPs and other non-constituent members. This joint accountability and leadership would increase collective responsibility. It would create a transparent and effective decision making process. The Combined Authority would provide a visible, stable and statutory body which could act as an Accountable Body to attract further funding to the West Midlands. It would be a vehicle capable of seeking additional powers which can be devolved from Government.

**Collaboration will continue and improve.**

The Combined Authority would build on and give legal form to successful public and private sector partnerships established through the working of the LEPs. It will enhance the close working relationships that already exist between the local authorities, LEPs and the West Midlands Integrated Transport Authority (“WMITA”) to make them more effective and efficient. A Combined Authority would bring together the strategic decision making powers relating to economic development, regeneration and transport. By creating a sub-regional body with legal personality and a governance mechanism that collaborates across the region, the prospects for improvements in the economic conditions of the area are most likely to be maximised. The need for issues to be considered at various bodies will be significantly streamlined through the strengthened governance process.



## **The partnerships between the private and public sectors will be central to the ambition of the West Midlands.**

The Combined Authority will bring together authorities from the three LEP areas. There is a shared recognition of the importance of enabling further economic growth at a faster pace whilst undertaking necessary public sector reform. The private sector Chairs of the LEPs will have a place on the Combined Authority board. This will ensure that the partnerships between the private and public sectors will be central to the considerations of the decisions that will affect the region. Existing enduring partnerships can be built upon through the Combined Authority and offering an opportunity to show how public and private sectors working together can deliver jobs and growth.

## **The creation of a Combined Authority is the best way forward.**

The Combined Authority will operate across a broad area and will be able to achieve a greater impact than the sum of its parts as a result of more effective and efficient governance.

The Combined Authority option brings together the governance of economic development, regeneration and transport. It therefore affords the area the best possible chance of addressing the issues that have held the region back. Working together across geographic boundaries and sectors and recognising the crucial role the private sector has to play will deliver conditions for growing businesses, more skilled and better paid jobs, increased investment, improving health outcomes and reducing the region's welfare bill.

## **Review Conclusions**

In order to deliver the identified improvements in the efficiency and effectiveness of governance of economic development, regeneration and transport in the West Midlands, a Combined Authority should be established pursuant to Section 103 of the Local Democracy, Economic Development and Construction Act 2009. The Leaders of the seven Metropolitan authorities of the West Midlands are all committed to a Combined Authority for their area. They agree that a Combined Authority collaborating across the much wider and important geography across the three LEPs is crucial and that LEP representation on the board will be key to the area's success and aligned priorities. Additionally, the West Midlands Integrated Transport Authority shall be dissolved pursuant to Section 91 of the Local Transport Act 2008 and its functions transferred to the Combined Authority.

## The statutory process of the governance review

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### Introduction

This report has been prepared by the seven West Midlands Chief Executives; Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton, on behalf of their Leaders. It sets out the findings of the governance review undertaken in accordance with section 108 of the Local Democracy, Economic Development and Construction Act 2009 (LDEDCA) and Section 82 of the Local Transport Act 2008.

### Purpose of the review

The purpose of the review is to determine:

- Whether the area covered by the local authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton can properly be seen as constituting a functional economic area for the purpose under consideration under the review;
- Whether the existing governance arrangements for economic development, regeneration and transport are effective or would benefit from changes;
- The options available and in relation to each option, to evaluate the likely improvement in:
  - The exercise of statutory functions relating to economic development, regeneration and transport in the area
  - The effectiveness and efficiency of transport in the area; and
  - The economic conditions in the area

Having examined these questions the report draws conclusions on what is considered to be the most effective form of governance.

### Legal context

Part 6 of the LDEDCA enables the creation of economic prosperity boards (EPBs) or combined authorities (CAs). These sub-national structures have a separate legal personality to the local authorities who come together to create them. The bodies are available to support the effective delivery of sustainable economic development and regeneration and in the case of CAs, transport.

### Delegation of additional powers from Central Government

The Localism Act 2011 contains powers for the Secretary of State to transfer certain powers between authorities (including Combined Authorities) and also to transfer ministerial functions to such authorities. Property, assets and liabilities relating to those functions can also be transferred. Notably, transfers and delegations of additional functions under this legislation can

be made at any time and independently from the procedure to create EPBs or Combined Authorities.

## Transport

A Combined Authority is differentiated from an EPB due to the inclusion of transport functions. There are intended similarities between Part 6 of the 2009 Act and part 5 of the Local Transport Act 2008 (the LTA) which provides for Integrated Transport Authorities (ITAs). When a Combined Authority is established in an area where an ITA already exists, the ITA is dissolved and the Combined Authority assumes all the functions of the ITA for the area.

Whilst there are differences, the process for review is broadly similar under both Acts. In preparing a scheme under the 2009 Act, regard must be had to the provisions of the LTA as well as any guidance published by the Government relating to both pieces of legislation.

## The Four Steps to Creation of a Combined Authority or Economic Prosperity Board

The process for creating an Economic Prosperity Board or Combined Authority involves four main steps:

1. A review of existing governance arrangements for the delivery of economic development, regeneration and transport. This must lead to a conclusion that there is a case for changing these arrangements based on improvements;
2. A period of engagement with stakeholders to ascertain their views. This is not a statutory requirement, but to ensure views are understood engagement will be undertaken;
3. Drafting a Scheme for the Combined Authority. The Scheme will be the basis for the creation of the new body and should contain information on the area it will cover; its membership, voting and any executive arrangements; its functions and the way in which it will be funded. All constituent councils are required to approve the Scheme and governance review for submission to the Secretary of State for Communities and Local Government.
4. Finally, the Secretary of State will consider the Scheme and undertake a formal consultation. If he is satisfied with the proposals a draft Order will be laid before both

Houses of Parliament for adoption by affirmative resolution. To approve a Scheme the Secretary of State must be satisfied that (in accordance with section 91(5) (for Economic Prosperity Boards) or 110(1) (for Combined Authorities) of the 2009 Act) that improvements are 'likely' if the Scheme proposed is adopted.

## **Flexibility and Control**

A Combined Authority or an Economic Prosperity Board is not a merger or a takeover of existing local authority functions. Instead they seek to complement local authority functions and enhance the effectiveness of the way they are discharged. In particular, it is the enhancement of collaboration, strength of decisions and accelerating growth across the region at a strategic level.

Once established both Combined Authorities and Economic Prosperity Boards have wide general powers. However, the mechanisms by which those powers can be exercised, the functions to be discharged and the resources available will be determined by the members through the drafting of the constitution.

## **Creating the right governance arrangements for growth**

The further purpose of this governance review is to consider ways to secure greater influence over key levers and resources affecting local growth that are currently in the control of central government.

The Growth Deals that have been agreed in the region have sought to capitalise on the region's strengths to attract investment into the area and create additional jobs. However, other areas have shown that in order to maximise opportunity to enhance local growth a strengthened governance model is required.

In the absence of improved governance, the West Midlands risks lagging behind areas which have taken this step and will not meet its ambition to support the re-balancing of the UK economy. The establishment of the region's ITA demonstrated the desire to work together on strategic issues. However, this does not provide a legal link between decisions made in relation to economic development/regeneration and transport. By joining up governance in a more transparent and effective decision making process, decisions will be made in a more effective and efficient way. Any new governance arrangements must eliminate time consuming bureaucracy in the making of strategic decisions for the benefit of the region.

## The West Midlands

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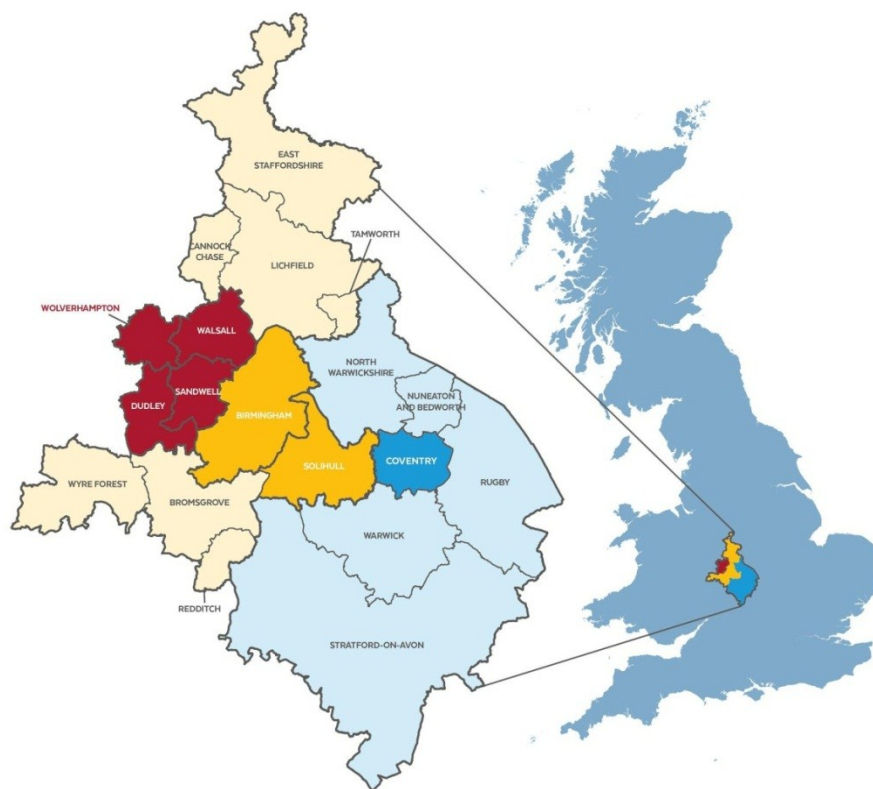
### Geography

This governance review covers the seven local authority areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton ('the West Midlands').

Leaders of all the seven Metropolitan Councils are committed to collaboration across the West Midlands. In addition, they agree that collaboration over a much wider and important geography across the three Local Enterprise Partnerships area is crucial. This could involve thirteen more local authorities.

The Local Enterprise Partnerships are partnerships between public and private sector. This collaboration has been responsible for the setting of strategic objectives and the development of innovative and cost effective delivery models, leading to growth and job creation in the area.

The three LEP area is shown on the map below:



## Local context

The three LEP area shown in the map above make up a major economy of national significance with an annual Gross Value Added (GVA) of £80bn. GVA measures a specific area's contribution to the national economy, and is a measure of the value of goods and services produced in that region. In 2012/13, the area's output grew by more than 4%; one of the fastest growth rates in any region of the UK, demonstrating the impact of our growing public and private sector collaboration. The area has 1.7 million jobs and over 130,000 businesses. The region houses just 6% of the UK population but provides 10.5% of its exports. While 40% of the area's exports are to the EU, the top international markets for the area are China and the USA. There were 172 inward investment projects in 2013/14 (74% rise), creating over 9,000 jobs.

There is a world class higher education and further education offer with eight Universities across the area. The Universities have particular strengths in digital technology and computer science, healthcare, business administration, engineering and technology, and education. Additionally, the area has a range of internationally recognised research institutions. These specialise in fields such as automotive design and development, polymer research, ceramics and science and technology.

The area is England's manufacturing heart, home to a critical cluster of the UK's most important and biggest manufacturing businesses and leading centres of advanced engineering research. There are 300,000 jobs in high value manufacturing in the area. It is also home to one of the largest professional and financial centres outside of London, burgeoning creative and cultural industries and is the location of choice for world leading companies such as Cadbury, Deutsche Bank, Jaguar Land Rover, JCB, Aston Martin, BMW, Eon, Rolls Royce and Carillion PLC.

The area lies at the heart of the nation's transport network. The location at the centre of the UK's motorway and rail network means that it is within four hours travel time of 90% of the UK's population and business.

There are ambitious plans to build on the strong foundations, as the largest infrastructure project in Europe, high speed 2 (HS2) will be an economic catalyst for the West Midlands. Complemented by a local connectivity programme to ensure its benefits ripple out across the region, HS2 will attract and develop new skills, generate new jobs, reshape the region's road and rail networks and stimulate significant growth in supply chains.

## Challenges to address in the West Midlands

Despite the many positive features highlighted above, the West Midlands is not maximizing its potential to grow output and productivity. There are a number of challenges that will need to be overcome. These are summarised below.

### **A Skills Deficit**

The West Midlands suffers from a significant shortage of skills both at the lower and higher ends of the skills spectrum. The region's share of people with no qualifications is higher than the national average. The percentage of the population with skills training at or above level 4 is only 21% of the population, significantly worse than the average across England and Wales at 27%. The skills deficit across the region is reflected in the high level of unemployment (9.3%) across the seven Metropolitan Authorities.

If unemployment across the West Midlands was to fall to match the England average there would be some 14,500 less claimants resulting in a saving in excess of £35 million per annum in benefit spending. If the skills profile of the West Midlands was to match just the England average, so that an additional 19,000 people were qualified to level 4, GVA would increase by an estimated 1.7%. Furthermore, raising the skills levels to be best in class would increase GVA by 9.9%.

Addressing the region's skills deficit is a priority. The proposed establishment of the West Midlands Productivity Commission indicates the dedication to tackling the relatively low levels of productivity in the area and the causes for them. Innovative work aimed at tackling low skills levels is already being conducted by the Greater Birmingham and Solihull LEP and there is an ambition to spread this best practice more widely across the region.

### **A Legacy of Worklessness**

The region has an economic activity rate of 74.1% compared to a national average of 77.2%, meaning that there are 77,700 people out of the labour market. There are encouraging signs of improvement with the unemployment claimant count across the West Midlands falling to 67,078 in May 2015 from a high of 146,160 in 2010.

There are excellent examples of innovative employment initiatives in operation across the West Midlands, such as the recently announced Work Coaches programme. However, the area has not recovered at the rate of comparable locations and more needs to be done to address the issue. There is a need to collaborate regionally on the underlying causes of worklessness, which



are often inter-related and wide ranging. Driving economic growth and increasing the understanding of these issues will move more West Midlands residents into work permanently.

### **A Public Service Challenge**

Financial pressures are mounting. Traditional ways of running services seem not to help people out of dependency and reducing budgets create the need to look again at how costs can be reduced and outcomes improved. That means tackling the hard issues: complex dependency, mental health and the challenges of ageing well.

The seven Metropolitan Leaders propose to deliver the West Midlands Commission on Mental Health. It will take an innovative approach to Public Services to tackle the issues which give rise to a number of social and employment challenges. Collaboratively, it will examine best practice and pilot new ways of working to test effectiveness of interventions, as well as advising on how to best use public sector reform to make real change.

### **A Connectivity Challenge**

The region does not have an effective fully integrated rail and rapid transport network that connects its main centres with quick frequent services, and that increases the number of people who can readily access HS2 stations and main centres. By delivering this, there will be a reduced impact on the environment, improved air quality, reduced carbon emissions and improved road safety. The resulting network will enable the efficient movement of goods to support businesses to connect to supply chains, key markets and strategic gateways.

## Review of the economic evidence

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### Overview

The initial step for the governance review was to underpin the case for change with the preparation of a detailed review of economic evidence. This section summarises this evidence which addresses the following key question:

- Can the geography be understood as a ‘functional economic market area’?

### Analysis of functional economic market areas (FEMAs)

#### Introduction

The Department for Communities and Local Government (DCLG) define FEMAs as, “the area over which the local economy and its key markets operate”. They vary in size and boundary, depending on the issue under consideration (e.g. labour market, housing markets) and the criteria used to define them.

FEMAs reflect the real world in which the economy operates; they do not respect the boundaries of administrative areas. Collaboration across these borders is therefore essential to deliver transport and economic development and regeneration in the most effective way.

The seven Metropolitan authorities commissioned a study<sup>1</sup> to consider whether the following geographies could be considered to be FEMAs:

- The seven authorities that make up the West Midlands (Coventry, Solihull, Birmingham, Wolverhampton, Sandwell, Dudley and Walsall);
- Each of the Black Country, Coventry & Warwickshire, and Greater Birmingham & Solihull LEPs individually and on a combined basis. On a combined basis, this comprised the seven unitary authorities noted above, and 13 other local authorities.

The study analysed three separate metrics:

- Travel to work areas (TTWA) as an effective definition of the local labour market;
- Migration data as a tool for analysing the local housing market, and;
- Industrial specialization.

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<sup>1</sup> Functional Economic Market Area (FEMA) study – initial findings can be found at [http://www.westmidlandscombinedauthority.org.uk/pages/wmca\\_docs.aspx](http://www.westmidlandscombinedauthority.org.uk/pages/wmca_docs.aspx)

Each of these is discussed in more detail below.

## Travel to Work Areas

A TTWA is a collection of areas for which "at least 75% of the resident economically active population work in the area, and also, that of everyone working in the area, at least 75% live in the area". The ratio of the population who live and work in the area is known as the self-containment ratio.

Our work considered whether (a) the areas of the seven Metropolitan authorities, (b) each of the individual LEP areas of the Black Country LEP, Coventry & Warwickshire LEP and Greater Birmingham & Solihull LEP, and (c) the three LEP areas combined are a TTWA. The results of this work is shown in the table below:

Area	Resident in-work population working with the area	Total resident in-work population	Self-containment ratio
Black Country LEP	298,000	419,000	71%
Greater Birmingham & Solihull LEP	514,000	677,000	77%
Coventry & Warwickshire LEP	263,000	341,000	77%
7 metropolitan authorities	837,000	976,000	85%
3 LEPs combined	1.29m	1.44m	90%

Each of the three LEPs broadly meets the definition of a TTWA, with self-containment ratios varying between 71-77%. However, the self-containment ratio rises considerably when the seven metropolitan areas are considered as a TTWA to 85%, and to 90% when the three LEP areas are combined.

The table below shows how these self-containment figures compare with established Combined Authorities:

Area	Self-containment ratio
North East CA	93%
West Yorkshire CA	91%
West Midlands 3 LEPs	90%
Greater Manchester CA	89%

West Midlands 7 Metropolitan authorities	85%
Sheffield CA	85%
Liverpool CA	83%

The conclusions drawn from this work is that TTWAs exist at all three levels considered in this study – at LEP level, at seven Metropolitan authority level, and at the three LEP combined level. The three LEP geography has the highest rate of self-containment.

The travel to work relationships between Birmingham and the Black Country, and between Birmingham and Solihull, are particularly strong and so form the basis of any consideration of a functional economic market area. Whilst Coventry's travel to work relationship with the Greater Birmingham & Solihull and Black Country LEPs areas is less strong, there are important commuting routes into and out of both Birmingham and Solihull which are evidence of the shared labour markets between these areas. Almost 10,000 commuters travel daily between Birmingham and Coventry, and more than 7,000 people commute daily between Coventry and Solihull.

It is evident from the analysis of individual travel to work patterns that there is a high level of inter-connectivity across the seven metropolitan authorities and a higher level of connectivity across the three LEP area. It is precisely this level of interconnectivity that provides the evidence of employers in one area accessing labour pools in a connected area, and is the basis for the conclusion in respect of the existence of TTWAs across our area.

### Migration data

Migration data is derived from an analysis of where individuals were moving to and from in the year preceding the 2011 Census. It broadly replicated the pattern of the TTWA data, although with a considerably smaller number of transactions. Again, there was a very strong linkage evident between the Black Country and Greater Birmingham & Solihull. Coventry's principal relationship was with Warwick, but again there were important linkages between Birmingham and Solihull with Birmingham being the third most popular destination for Coventry residents to relocate to.

### Industrial specialisation data

In order to look at industrial specialisation a data set called "location quotients" is considered. These compare the number of people employed in a particular industry in an area to the national average. The industrial specialisation data demonstrated that the area has a particularly strong representation in the manufacturing, wholesaling and automotive sectors.

To put this into context, there are 60,000 more people employed in the manufacturing sector than would be expected from a comparison with the UK average. In addition, the three LEP area employs 25% of all Great Britain's automotive manufacturing workforce.

All three LEP areas are particularly closely linked in these three sectors, showing Location Quotients well in excess of 1, indicating there is a significantly above average employment level across the sector compared to the rest of the country. These Location Quotients are evidence of both the clustering effect evident in these industrial sectors and the impact of the supply chains for many of the end user manufacturers which extend across all three LEP areas.

## Conclusion

A FEMA exists at the level of the seven unitary authorities. This gives a positive rationale for collaborative working in a stronger governance arrangement in this area. The strongest self-containment figure in the region comprises of the three LEP area.

Under the current legislation relating to Combined Authorities and Economic Prosperity Boards, not all local authorities are able to join as constituent members. However, since the three LEP area can be seen as a stronger FEMA, if an alternative model of governance is chosen as the way forward, there is an ambition to collaborate across this boarder area.

In some instances, economic markets extend beyond the three LEP boundaries, and in formulating its economic strategy, these linkages and markets will need to be taken into account.

## The current governance arrangements and the case for change

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### Introduction

This chapter sets out the current arrangements in relation to the local government functions that are the subject of this review and seeks to establish if an alternative model of governance is likely to improve:

- (a) the exercise of the statutory functions relating to transport in the area;
- (b) the effectiveness and efficiency of transport in the area;
- (c) the exercise of statutory functions relating to economic development and regeneration in the area; and
- (d) the economic conditions in the area.

The alternative models of governance considered were as follows:

- Option 1 – status quo;
- Option 2 – establish an Economic Prosperity Board; and
- Option 3 – establish a Combined Authority.

### Current governance in relation to transport

Integrated Transport Authorities (previously Passenger Transport Authorities) are a type of joint authority established with responsibilities for transport strategy and passenger transport across metropolitan areas. It is worth noting that the original ITAs in Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear and West Yorkshire have been dissolved as part of the move to Combined Authority status in those areas, with the Combined Authorities taking on the role of the ITA. The West Midlands Integrated Transport Authority (“WMITA”) is the only remaining ITA.

The WMITA, (formerly the West Midlands Passenger Transport Authority), was established in 1986. The WMITA comprises the Leaders of the seven Metropolitan Authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton. It also includes a non-voting representative from each of the LEAs. The ITA is currently chaired by the leader of the City of Wolverhampton Council, Councillor Roger Lawrence.

The ITA is responsible for formulating the transport strategy and policy for the Metropolitan Area, incorporating strategic highways, freight, rail, bus and rapid transit networks. The ITA is directly supported by the Policy and Strategy Team, who are producing a new Strategic

Transport Plan which will align with LEPs Strategic Economic Plans, to connect people and places and support economic growth and jobs. The ITA has an important role as the Local Transport Authority for the West Midlands.

Following a review of the transport governance in November 2013, an improved set of governance arrangements were established for the ITA.

The changes were specifically designed to improve the co-ordination and delivery of transport in the West Midlands, and the integration of policy on economic development, planning and transport priorities. The ITA, with the Leaders as its members, has a:

- Stronger focus on the role of transport in supporting economic development and regeneration, through effective collaboration between the Leaders, supported by a Secretariat with resources to provide expert advice;
- Strong interfaces with the LEPs: the seven Leaders are active on the Boards of the three LEPs and, alongside the LEP private sector representatives, are central to ensuring that the LEPs' growth priorities are fully reflected in the planning, commissioning and delivery of transport in the West Midlands.
- Stronger focus by Leaders on the whole of the West Midlands transport network, including roads, to ensure effective connectivity to address the needs of our future economy, whilst connecting communities in greatest need with future opportunities;
- Proven expertise of the Leaders in taking strategic decisions to drive transport forward in the West Midlands;
- Streamlining of decision-making facilitating more rapid and efficient decision-making;
- Strong shared commitment from the Leaders in working together to deliver the best outcomes for the West Midlands.

As part of the November 2013 governance review the establishment of a Combined Authority, with a strong focus on transport functions, was considered. The Combined Authority option was not pursued at that point as it did not have the necessary stakeholder support to ensure that the option was deliverable. This position has now changed and the Combined Authority receives broad support, which in turn removes the barrier in terms of deliverability. The next logical step now is to formally cooperate on strategic transport, economic development and regeneration to support economic growth and job creation in the West Midlands.

The option pursued in November 2013 (in respect of transport responsibilities) was to change the membership structure of the ITA. The seven councils appointed a single member to the ITA



in accordance with the provisions of schedule 10 of the Local Government Act 1985 (as amended). This also included three non-voting members from the Greater Birmingham & Solihull, Black Country and the Coventry & Warwickshire LEAs. The Secretary of State for Transport made a Parliamentary Order in exercise of the powers conferred by section 29(2) of the Local Government Act 1985(a) with the West Midlands Integrated Transport Authority (Decrease in Number of Members) Order 2014 coming into force on 4 June 2014.

### **Current governance in relation to economic development and regeneration**

Currently, there is no overarching body which deals with economic development and regeneration across the region. However, there is already successful collaboration on this issue across the region, examples of which are detailed below.

#### **The West Midlands Joint Committee**

A joint committee for the West Midlands comprising the seven Metropolitan councils of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton was established in 1986 following the abolition of the West Midlands County Council. The Committee is a joint committee for the purposes of Part VI of the Local Government Act 1972. The Constitution was updated to reflect changes as set out in the Localism Act 2011 in relation to strategic planning and cross boundary infrastructure matters which must now be dealt with via the Duty to Cooperate.

The overall objective of the joint committee is to co-ordinate actions on important issues affecting the local authorities in the West Midlands. Key functions have focused on collaborative working with the West Midlands Joint Authorities for example the WMITA and Police and Fire & Rescue Authority. Following the creation of the Police & Crime Panel in 2012 (established under the Police Reform & Social Responsibility Act 2011) and the establishment of the new ITA in June 2014, the Council Leaders as the voting members of joint committee have maintained their close relationship through membership on both these bodies. The joint committee makes nominations or appointments to key partner bodies i.e. appointing to the five balancing places of both the West Midlands Police & Crime Panel and ITA Overview and Scrutiny Joint Committee.

More recently, the focus of the joint committee has been closer collaboration on social policy activities/issues affecting the conurbation. For instance, the protection of vulnerable children and adults, preventing Child Sexual Exploitation as well as health and social welfare issues. The joint committee provides a vehicle for communicating these joint actions and their needs to Government and other influential bodies.

Other functions of the joint committee relate to the exercise of the Metropolitan councils' powers and rights as shareholders of Birmingham Airport Company Ltd as well as making nominations/appointments to other bodies.

The current joint committee has been set up as a formally constituted body with some delegated powers and can agree its level of delegated responsibilities as it sees fit with the agreement of the seven metropolitan districts. However, it is not a 'body corporate', but is an arrangement for collaborative working. These arrangements have not been set up on a permanent nor binding basis and could, in theory, be wound up by the members. As such, the Joint Committee cannot hold funding in its own right, nor can it take on devolved powers from Government. It is not an accountable body within the definitions of the LDEDC and as a result, any decisions, outside of the functions in the joint committee constitution, still need to be taken through individual, constituent local authorities.

Accordingly, the Leaders of the authorities considering changing governance arrangements do not believe that the joint committee governance provides them with the opportunity to respond to the potential freedoms and flexibilities offered through devolution.

### **The Local Enterprise Partnerships (LEPs)**

The seven Metropolitan councils sit within three LEPs: the Black Country, Greater Birmingham and Solihull, and Coventry and Warwickshire LEP. Although three separate growth deals have been agreed, the LEPs have worked collaboratively across the region on issues such as transport, access to finance, supply chains, business growth hubs, housing, inward investment, skills, and enterprise zones.

The Chairs of the three LEPs meet with other regional LEP Chairs on a quarterly basis to drive forward shared agendas. These working relationships are key to effective collaboration across the region. The senior LEP Executives also meet on a bi-monthly basis to support cross-working. There are West Midlands' wide groups for Transport and Finance. These groups have respectively developed a joint Transport Statement, working with the East Midlands LEPs in support of the broader Midlands' transport strategy, "Midland Connect" and are taking forward Joint European Resources for Micro to Medium Enterprises proposals having already collaborated on an Advanced Manufacturing Supply Chain funding initiative.

### **The Greater Birmingham and Solihull Supervisory Board**

The nine Local Authority Leaders that form the Greater Birmingham and Solihull LEP have established a Supervisory Board to ensure there is effective decision-making and clear political accountability for the management of significant funding streams such as the Local Growth Fund and business rates retained through the Enterprise Zone.

The Supervisory Board is a Joint Committee and each local authority has delegated to it the economic development functions covered by the general power of competence contained in Section 1 of the Localism Act 2013. The GBSLEP Chair is a member of the Board (using the power to co-opt non-authority members on to a committee contained in Section 102(3) of the Local Government Act 1972) but is non-voting.

### **The Black Country Joint Executive Committee**

The Black Country Joint Executive Committee was established by Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Walsall Metropolitan Borough Council and City of Wolverhampton Council. It acts as a strategic body in relation to the City Deal and Growth Deal – with full delegated authority from each of the four applicable Local Authority Cabinets to make decisions on setting and reviewing objectives for strategic investment across the Black Country. It provides a coherent single position on the major strategic City Deal and Growth Deal issues, agreeing the allocation of spending and major priorities. The four local authorities and Black Country Consortium Limited have entered into a Collaboration Agreement that establishes a legal framework for joint working in relation to the functions of the Joint Committee. This agreement places equal responsibility on all four Black Country Local Authorities and the Black Country Consortium for the underwriting of the Joint Committee programme.

### **Joint Committee for Growth and Prosperity**

A formal Joint Committee for Growth and Prosperity was created in Coventry and Warwickshire as part of the City Deal process and now operates closely with the Coventry and Warwickshire Local Enterprise Partnership. This Joint Committee is made up of Coventry City Council; Warwickshire County Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-on-Avon District Council, Warwick District Council and Hinckley and Bosworth Borough Council. This reflects the geography of the Coventry and Warwickshire Local Enterprise Partnership and the Coventry and Warwickshire Growth Deal.

The Coventry and Warwickshire City Deal was signed with central government in January 2014 and covers the area of Coventry and Warwickshire and also the adjacent district of Hinckley and Bosworth (in Leicestershire) to reflect the close economic links and innovation assets across this area in advanced manufacturing and engineering, particularly in the automotive sector.

The City Deal also committed these councils to work together to form an Economic Prosperity Board with an ultimate aim of creating a Combined Authority for this geography – recognising that this was difficult because Coventry City Council was part of the West Midlands Integrated Transport Authority.

The functional economic market assessment has made the case that the wider area covered by the three LEP area would give greater economic self-containment and that working together at this scale would yield greater benefits from agglomeration.

Regardless of the final membership arrangements of the Combined Authority, a close working relationship will be maintained between the members of the Joint Committee for Growth and Prosperity.

## **Options analysis**

### **Preservation of the status quo**

The leaders of the seven Metropolitan authorities are committed to the pursuit of collaborative working. Under the status quo there is not strong enough governance arrangements in place for the more ambitious agenda for the region. This option would leave the region without a single strategic transport and economic development decision-making body at the West Midlands level. The region would miss out on the benefits of working collaboratively on economic regeneration/development and transport issues which are inherently closely linked.

Maintaining the status quo would leave the region behind a number of other parts of the country who have already, or are in the process of, strengthening and aligning their decision making process in relation to transport and economic development/regeneration.

The deficiencies of the current joint committee i.e. the fact that it is not a body corporate nor can it hold funding in its own right would remain. The lack of a formal link between development, regeneration and transport would also continue.

The current arrangements are insufficient to take advantage of the move towards greater devolution from central government to the regions.

### **Establishing an economic prosperity board**

An economic prosperity board would be a statutory body and would share many of the features of a Combined Authority. It would be a basis for taking on devolved powers and funding relating to economic development and regeneration. However the integrated transport authority would remain as a separate entity and the benefits of bringing economic development/regeneration and transport together would not be realised.

This does not align with the aspiration held across the region to fully exploit the potential to unite economic development/regeneration and transport and reap the benefits of a joined up approach to transport strategy.

### **Establishing a Combined Authority**

The existing governance arrangements in the West Midlands can be improved. The governance structures in the West Midlands have worked well to date through a series of ad-hoc and informal arrangements. However, the ambition set out in this document and those reflected in the 'launch statement' requires stronger governance to deliver the agenda. Specifically, there is not a single strategic transport and economic development decision making body at the West Midlands level. These benefits would be best realised through the creation of a Combined Authority.

A Combined Authority governance model would ensure long-term effective engagement with the business and other sectors. Engagement and integration with the three LEPs in a statutory body is likely to lead to more effective interventions and an improvement in the realisation of economic objectives. A Combined Authority would be an integral part of a 'Midlands Engine' which would build on the strong foundations which have been laid in the region over the past 20 years, and help to rebalance the UK economy.

A Combined Authority would bring together, in a single legally recognised body, the key decision making powers for strategic transport and economic development. The Combined Authority could act as the Accountable Body for funding to support economic development and regeneration. The relevant legislation allows the Combined Authority to take on devolved powers from Government. This would enable the Combined Authority to engage with Central Government to discuss the powers that will best serve the people of the West Midlands if they are held locally.

A Combined Authority would help maximise growth in output and jobs. A region-wide focus on productivity, competitiveness and raising skill levels would put the region in the best position to achieve its economic vision and economic goals. The three commissions proposed by the seven metropolitan Leaders, (Productivity, Land, and Mental Health and Public Services) will seek to address the underlying causes of some of the most challenging societal and economic issues in the area, on a collaborative and regional basis. In addition, a strong and effective West Midlands Combined Authority would seek to address misperceptions about public sector collaboration in the West Midlands and help in engagement with national agencies. It would also create the opportunity for various types of collaborative effort. Creating a Combined Authority would enable the former 'workshop of the world' to be reinvigorated to become part

of the wider Midlands Engine, driving economic growth in the region and developing the strongest economy outside London

### Overview of the options

The following table sets out the assessment of the potential options considered.

Option	Evaluation	Rationale
<b>Maintain status quo</b>	✗	The current structures leave space for ambiguity and overlap between the various roles and functions of the sub-regional bodies. The opportunity to address the deficiencies highlight in this review would be missed.
<b>Establish an economic prosperity board</b>	✗	The downside of this option is that it misses out on the opportunity to fully achieve coordinated transport and economic benefits.
<b>Form a Combined Authority</b>	✓	A Combined Authority affords the area the best opportunity to address its underlying economic needs. This is as a result of the creation of a legally independent and accountable body that combines powers in respect of economic development/regeneration and transport. In addition it provides for the potential for powers to be devolved from central government.

### Conclusions

In conclusion, the recommendation of this review is that the functional economic area of the West Midlands will be best served by a Combined Authority model of governance, bringing together local authorities, LEPs and other partners to drive growth.

Coordination of economic development and transport is a central rationale for the statutory basis for a Combined Authority, and therefore fundamental to its creation in the area. The CA will be ideally placed to provide leadership and area-wide voice on key strategic transport issues. A Strategic Transport Plan integrated within economic strategy, will allow strong representation from the area on topics such as High Speed Rail 2 ('HS2'), the West Coast Main Line, franchising of local rail services, aviation connectivity, the development of the rail and rapid transport network and the strategic road system, the heart of which is in the West Midlands.

Transport is recognised as key to affecting real improvements and changes at a strategic level and will be a core function of a Combined Authority in the West Midlands. The seven local authorities are in a unique position in bringing together the existing West Midlands ITA. As an aid to long term integration, key transport powers transferred to the Combined Authority could be exercised through a carefully designed integrated governance model by constituent authorities on certain key issues.

The skills of the workforce of the West Midlands will need to improve in order to benefit from the opportunities that arise. There is an opportunity to up-skill the region's workforce to take advantage of the existing job opportunities and those that will be created in the future. The West Midlands has some of the most deprived areas in the country. Nationally-led initiatives have found it difficult to allow certain areas to share in wealth creation. Unemployment rates across the region currently stand at 9.3% and only 21% of residents have qualifications level 4 and higher, significantly less than the national average. Therefore a key focus of the Combined Authority will be to address this issue at a more manageable local scale. Up-skilling the workforce in the West Midlands will be a priority in order that residents share in the growth that strengthened governance will lay the foundations for. The Combined Authority will ensure that the benefits of economic progress are distributed broadly across the West Midlands.

### **The Combined Authority Area**

The Combined Authority Area will be the area of the seven Local Authorities of the West Midlands (Birmingham, Coventry, Dudley, Sandwell, Solihull Walsall and Wolverhampton). The broader three LEP area described earlier in this review covers an additional thirteen local authorities. These local authorities can be non-constituent members of the Combined Authority and can be engaged in the strategy for delivering growth in the three LEP area.

Many of the local authorities outside of the metropolitan area are considering their position at this time. The aspiration is for collaboration across the three LEP area.

### **Governance model**

In order to maximise the use of available resources to the benefit of the whole of the West Midlands a new governance structure is required. The challenges of the region in respect of skills, job creation, and attractiveness of inward investment are not being tackled as effectively as they could be.



The Combined Authority option would afford the West Midlands the best prospect of improving the efficiency and effectiveness of economic development, economic regeneration and transport.

### **Summary of benefits**

The Combined Authority will:

- facilitate closer partnership working;
- increase the effectiveness and efficiency of the relevant functions and improve outcomes for local people through a co-ordinated approach to tackling the area's priorities;
- improve the exercise of statutory functions through stronger centralised evidence collection and analysis function;
- lead to an improvement in the economic conditions of the area;
- bring together the Integrated Transport Authority functions with Economic Development and Regeneration.

## **Scheme for the establishment of a Combined Authority for the West Midlands**

### **Introduction - Engagement with the three Local Enterprise Partnerships (“LEPs”) and the wider business community**

The establishment of a Combined Authority represents a major opportunity to have a strong, shared voice for the region and to make a step change in our collective efforts to drive the economic prosperity of the area. Effective engagement with the LEPs and the wider business community is critical to the delivery of this ambition.

The relationship between the LEPs and the Combined Authority will be seamless and will engage the wider business community, ensuring that all partners play to their strengths in contributing to a wider ambition for more and better jobs.

The Leaders of the seven constituent authorities are members of the LEPs and the Chair of the LEPs will have non-constituent status in respect of the Combined Authority.

A shared economic strategy will be developed and agreed. This will build on the findings of the economic evidence commissioned to support the establishment of the Combined Authority.

Investment decisions taken by the Combined Authority will reflect business views. These views, both in terms of shaping prioritisation and scheme design will ensure that public investment is targeted to maximise business benefit, which is key to economic growth.

The Combined Authority and the LEPs will ensure that executive and staff resources are used in the most effective way to deliver the shared economic strategy. Underpinned by the principle that all communities benefit, but not at the same time and not in the same way. The Combined Authority would seek to achieve this by using objective means by which to assess interventions, or the design of interventions, so that these are aligned to our balanced economic outcomes for the West Midlands Combined Authority area.

## Section 1 – Intention to establish a Combined Authority

### Establishment of the Combined Authority

1. A Combined Authority will be established pursuant to section 103 of the Local Democracy, Economic Development and Construction Act 2009 (“LDEDCA”). It shall come into existence on 1 April 2016.

### Area of the Combined Authority

2. The Combined Authority’s area shall be the whole of the following seven constituent authority areas:-

Birmingham City Council  
City of Wolverhampton Council  
Coventry City Council  
Dudley Metropolitan Borough Council  
Sandwell Metropolitan Borough Council  
Solihull Metropolitan Borough Council and  
Walsall Metropolitan Borough Council

Each of the above authorities will be the Combined Authority’s constituent members.

Within this scheme “West Midlands” refers to the area covered by the seven local authorities of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton.

### Name of the Authority

3. The name of the Combined Authority will be the West Midlands Combined Authority.

### Membership of the Authority

4. The Combined Authority shall consist of [ ] members as set out below:-

- Seven members of the Combined Authority shall be elected members of the constituent authorities, referred to as “constituent members”.
- Non-constituent members will be appointed, one each from the following Councils and LEPs:
  - Greater Birmingham and Solihull LEP
  - Black Country LEP,
  - Coventry and Warwickshire LEP
  - [ ]

**Comment [RR1]:** This will be the total of 7 constituent authorities, the three LEPs and the Councils that confirm they want to be a non-constituent member by

**Comment [RR2]:** All districts/counties that commit to non-constituent membership by the end of October will be listed here.

5. Each constituent authority, non-constituent authority and LEP will also appoint two other people ("substitute members") to act as members of the Combined Authority in the absence of the named member.

6. Each member will act in the best interests of the West Midlands as a whole, taking into account all relevant matters. Any substitute member will have the same decision-making authority and voting rights as the person whose place they are taking.

7. Where a member, or substitute member, of the Combined Authority ceases (for whatever reason) to be a member of the constituent or non-constituent authority/LEP which appointed them, the member will cease to be a member of the Combined Authority, and the constituent or non-constituent authority/LEP will appoint a replacement member as soon as possible.

8. Each constituent authority, non constituent authority and LEP may at any time terminate the appointment of a member or a substitute member appointed by it to the Combined Authority.

9. The Combined Authority may co-opt additional non-voting representatives to the Combined Authority by majority vote

10. The Chair and Vice Chair are appointed from its constituent members by majority and appointed annually.

11. No Basic or Special Responsibility Allowance will be payable by the Combined Authority to its members.

12. The reimbursement of travel and subsistence expenses will be the responsibility of the member's authority/body.

## Voting

13. All constituent members of the Combined Authority will have one vote. The Chair and Vice Chair will not have a second or casting vote.

14. Non-constituent members in accordance with section 85(4) LTA2008, shall be non-voting members of the Combined Authority. The constituent members may, in accordance with section 85(5) LTA2008, resolve to extend voting rights to all or any non-constituent members.

15. Subject to the provisions of any enactment the Combined Authority will aim to reach decisions by consensus. If, exceptionally, it is not possible to reach consensus on any matter on which it is necessary to reach a decision, the matter will be put to a vote which will be decided in accordance with paragraph 16 below.

16. Decisions will be made by simple majority of the constituent members present and voting apart from the following matters which will require a 2/3 majority vote of members of the Combined Authority, present and voting:

- Adoption of growth plan and investment strategy and allocation of funding
- Approval of land use plans
- Adoption of the local transport plan
- Such other plans and strategies as determined by the Combined Authority
- Use of the general power of competence beyond the powers provided within the Local Democracy Economic Development and Construction Act 2009
- Approval of the Combined Authority's annual budget
- Setting of the transport levy
- Allocation of local transport plan funding to the individual constituent authorities
- Financial matters which may have significant implications on constituent members budgets
- Approval of borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the Combined Authority
- Agreement of functions transferred to the Combined Authority
- Extension of voting right to all or any non-constituent member
- Approval of specific proposals for individual co-optees to the Combined Authority
- Establishment of arms-length companies
- Establishment of committees and sub committees

**Comment [RR3]:** This approach is to be agreed and is subject to change

Alternative options are:

- a simple majority
- A simple majority with identified matters 2/3 (as listed)
- A simple majority with identified matters unanimous
- A simple majority with identified matters 2/3 and a select few

17. It is a requirement of the Local Transport 2008 85(1)(a) that the majority of members of the Combined Authority are appointed by the Combined Authority's constituent Councils. Therefore, [ ] additional representatives will be appointed from each constituent member authorities.

**Comment [RR4]:**

This number will depend on how many non constituent members are named in the scheme: constituents must be the majority of members.\*

\*This may not be required in the scheme dependant on how many non-constituents join in October  
\*There are on-going discussions with DCLG to understand the scope for changing this

## **Executive Arrangements**

18. Executive arrangements (within the meaning of the Local Government Act 2000) shall not apply to the Combined Authority. However, the discharge of the functions of the Combined Authority will be subject to scrutiny arrangements set out in paragraph 21 and 22 below.

## **Dissolution of West Midlands Integrated Transport Authority**

19. The West Midlands Integrated Transport Authority (WMITA) will be dissolved pursuant to section 91 of the Local Transport Act 2008 (LTA). Upon the abolition of the WMITA the functions powers and duties, and the properties, rights and liabilities of the WMITA shall be transferred to the Combined Authority.

## **Passenger Transport Executive and ancillary functions**

20. The West Midlands Passenger Transport Executive (“Centro”) shall be dissolved and the functions, powers and duties and the properties, rights and liabilities of Centro shall be transferred to the Combined Authority.

21. The Combined Authority will fulfil the role of a Transport Authority for each of the seven constituent members, replacing the existing West Midlands Integrated Transport Authority (WMITA). Individual constituent members will also continue to exercise some delivery functions, for example in respect of highways management, but will operate within an agreed framework and plan established through the Combined Authority.

## **Scrutiny Arrangements**

22. The constituent authorities of the Combined Authority will establish joint overview and scrutiny arrangements to exercise scrutiny functions over the Combined Authority and any sub-boards and structures.

23. The Combined Authority may co-opt additional non-voting representatives to the joint overview and scrutiny arrangements as necessary.



## Section 2 - Functions, Powers and Duties of the CA

24. The Combined Authority's ambition will be to help to increase competitiveness and productivity, create more skilled and better paid jobs, bring more investment into the area, reform public services and reduce the regions welfare bill.

25. The Combined Authority will drive these ambitions through its primary focus to improve the effectiveness and efficiency of transport in the area, the exercise of statutory functions relating to economic development and regeneration in the area, and economic conditions in the area.

26. The Combined Authority will manage a significant programme of investment in transport and economic infrastructure, and influence and align with government investment, in order to boost economic development and regeneration.

27. The related interventions will have differential spatial impacts across the Combined Authority area - Underpinned by the principle that all communities benefit, but not at the same time and not in the same way. The Combined Authority would seek to achieve this by using objective means by which to assess interventions, or the design of interventions, so that these are aligned to our balanced economic outcomes for the West Midlands Combined Authority area.

### Functions – Economic Growth

28. By virtue of sections 99 and 102A of the Local Transport Act 2008 (LTA) the Combined Authority will have broad well-being powers to promote economic growth which can be exercised in conjunction with the general powers granted to it by section 113A of the LDEDCA (as amended by the Localism Act 2011).

It is proposed that the Combined Authority will be focused on strategic Combined Authority wide economic growth issues that could include, but are not restricted to, functions such as:

- Setting the Combined Authority wide strategic growth plan and investment strategy, in conjunction with the LEPs for the West Midlands.
- Ensuring effective alignment between decision making on transport and decisions on other areas of policy such as land use, economic development and wider regeneration.
- Using Combined Authority wide economic intelligence and analysis as a basis for strategic planning and coordination.
- Acting as an accountable body for a range of devolved funding.

- Strategic decision-making on the skills agenda across the West Midlands.
- Enabling the Combined Authority to act as the forum for local authorities to exercise the Duty to Cooperate, in respect of strategic planning matters.
- Coordinating inward investment activity through the development of a range of investment mechanisms.

29. The General Power of Competence under Section 1 of the Localism Act 2011 will enable maximum flexibility in dealing with economic development and regeneration issues. Accordingly the Combined Authority requests that the Secretary of State exercises his power and to provide that the Combined Authority has been delegated General Power of Competence under section 1 of the Localism Act 2011.

30. In addition to the above, the Combined Authority will have the following specific powers. These are viewed as complementary to the broader powers to address economic development and regeneration identified above:

- The duties under section 15ZA, 15ZB, 15ZC, 17A, 18A (1)(b), of the Education Act 1996 and the power under sections 514A and 560A of that Act (duties and powers related to the provision of education and training for persons over compulsory school age).
- It is considered appropriate that the Combined Authority is designated a local authority for purposes of section 84(2) of The Apprenticeships, Skills, Children and Learning Act 2009 (duty of the Chief Executive of Skills Funding to co-operate with local authorities in relation to apprenticeship training).
- The Power under section 144 of the Local Government Act 1972 (the power to encourage visitors and provide conference and other facilities).
- The duty under section 69 of the Local Democracy, Economic Development and Construction Act 2009 (duty to prepare an assessment of the economic conditions of the local authority's area).
- Such other powers as may be appropriate and any new powers granted by government.

31. Unless otherwise stated, these powers will be exercised by the Combined Authority on a concurrent basis i.e. no powers have been ceded to the Combined Authority from the constituent members.

## **Functions - Transport**

32. All functions powers and duties of the WMITA and the WMPTE (Centro) shall be transferred to the Combined Authority and shall be functions exercisable by the Combined Authority. Specific powers required for bus franchising or similar and the prioritisation, assessment, allocation of funding, and the monitoring and evaluation of major schemes (currently a LEP function) are exercisable by the Combined Authority.

33. In the application of s101 of the Local Government Act 1972 any other transport functions delegated to the Combined Authority from time to time by the constituent councils (or any of them) shall be functions of the Combined Authority. Any functions which the constituent authorities might subsequently choose to delegate to the Combined Authority eg management of the road network to improve the flow of freight across the area. The Combined Authority to have concurrent street, highways and transport powers with the constituent authorities.

34. The Power of Wellbeing under chapter 3 of the LTA 2008 will apply to the Combined Authority by virtue of that Act.

35. The Combined Authority will have ancillary general powers pursuant to section 113A of the LDEDC 2009.

36. The Combined Authority will exercise any function of the Secretary of State delegated to the Combined Authority by the order of the Secretary of State pursuant to section 86 of the Local Transport Act 2008 (LTA) and section 104(1)(b) LDEDC. Such functions will be exercised subject to any condition imposed by the order.

## **Incidental Provisions**

37. The Combined Authority shall exercise any function of the Secretary of State delegated to the Combined Authority by order of the Secretary of State pursuant to Section 86 of the LTA 2008 AND Section 104(1) (b) of the LDEDC 2009. Such functions shall be exercised subject to any condition imposed by the order.

## **Section 3 - Funding, Transfer of Property, rights and liabilities.**

38. The Combined Authority as a levying body under section 74 of the Local Government Finance Act 1988 shall have the power to issue a levy to its constituent authorities in respect of the expenses and liabilities of the Combined Authority which are reasonably attributable to the exercise of its functions relating to transport.

39. The costs of the Combined Authority that are reasonably attributable to the exercise of its functions will be met by its constituent members. Such costs shall be apportioned between the constituent members in proportion to the total resident

population. The Combined Authority will agree an annual budget for the purpose of expenditure.

40. On the abolition of the WMITA and the WMPTE (Centro) their property, rights, assets and liabilities will be transferred to the Combined Authority, including any rights and liabilities (if any) in relation to contracts of employment.

#### **Section 4 – Substructures and Internal Scheme of Delegation**

41. The Combined Authority will take over responsibility for the local transport authority and local transport executive for the Combined Authority area and act as the strategic decision making body. Therefore, in order to fulfil the significant range of operational duties, powers and functions transferred, which are currently delivered by the local transport authority and executive, the CA and the constituent councils will establish a committee under section 101(5) of the Local Government Act 1972 to be called the Transport Delivery Committee. The Transport Delivery Committee will be a sub-committee of the CA providing oversight of operational delivery and as requested advice on transport policy matters and will be responsible for the discharge of specified transport functions delegated by the Combined Authority.

42. The Combined Authority may establish further joint committees or sub-committees and delegate powers and functions as considered by it to be appropriate.

## **Combined Authority Debate WCC –September 3, 2015**

### **Objective:**

- My objectives this morning are twofold :
  - To be as clear as possible on the key points (complex topic easy to get lost in detail) that we must focus on to ensure the best for the people and businesses of C&W
  - And second to recommend a way forward –given current state of proposals (still very fluid)

### **Background**

- Before giving you my recommendation some background is necessary
- MOST IMP.....C&W together makes great Econ. & Bus. sense and is a real success story:
  - Impressed with how all LA leaders have worked together despite some of the historical tensions
  - All the data shows C&W is a strong economic entity (77% self containment) and we must not lose this
  - CWLEP with all its partners has seen some excellent results for the people and businesses of C&W
- 3 LEPs across proposed WMCA have recently been engaged by the political leaders to assess the econ opp that the CA potentially represents and to develop the 'Economy Plus' model that a SUPER SEP could achieve that no one area alone could deliver
- Intention is that each LEP will remain in place, we will not merge for the foreseeable future, collaborate on key economic issues but keep local C&W focus and responsiveness that has served us so well
- LEP as well as working with BC & GBS LEPs we are also with other 3 other WM LEPs and the EM LEPs

### Critical Points:

1. C&W is **best together** we must do everything possible to keep this strong econ unit that is working so well...cannot let outside influences break this up
2. CA/Devolution at a WM level gives us the opportunity for scale and leverage that alone we will not have, we should seek to find a way to **both** gain access to this **scale** and to **keep our speed and responsiveness as C&W**....there is the potential to do both
3. Although not yet finalized or agreed I would expect an **opp to grow GVA by 2030** by an extra 5-10%..above what would be possible alone.....this is a serious potential prize that no one in this room should walk away from without understanding it in detail
4. Contrary to the meeting papers circulated suggest you do have to have influence without transferring powers - the option to become a Non-Constituent Member and to have Voting rights (6.2 Option a N-C Member with Voting)

### Recommendation

- **1<sup>st</sup> priority is to protect the economic unity of C&W**
- **WCC should seek to benefit from the economic uplift that will follow from the CA and Devolution while ALSO maintaining it's local focus and responsiveness**
- **This can be achieved by entering into negotiations to become a Non-Constituent member (with voting rights) of the WMCA (or possibly joining the Joint Committee)**
- **Therefore, if I can be so bold, I would offer the following recommendation:**

***"That WCC will seek to become a Non-Constituent member of the WMCA subject to understanding the 'economy plus' opportunity and the acceptability of the voting rights it will receive.***

## **Devolution, Delegated Powers and Combined Local Authorities**

### **Summary of Views & Input from Private Sector**

This Chamber policy paper is based on intelligence and feedback from the business community, gathered through polls and surveys, business luncheons and a CW Chamber 'Big Business' debate hosted by Patrick Burns, BBC Journalist.

Consultation on the emerging issues of devolution, delegated powers, combined authorities and metro Mayors is ongoing.

#### Summary of Views & Input (no particular order of priority)

- ▽ The majority of businesses, across the wider geography of Coventry and Warwickshire, want to see the “partnership” between these two areas continue.
- ▽ There is value in a Coventry and Warwickshire “brand” which offers investors both the value of a great City with the dynamism and beautiful rural areas of Warwickshire.
- ▽ The majority of Business Leaders would recognise and understand the reasons for creating ‘critical mass’ in terms of driving efficiencies and effectiveness in public services alongside the opportunity that a larger economic area could present in bringing together (and attracting) wider infrastructure investment, creating stronger (and wider) business networks including strengthening existing supply chains. Consequently, most Business Leaders acknowledge the arguments and value for combining Local Authorities and creating an Economic Engine of the Midlands.
- ▽ Business Leaders would wish to see the ‘Business Case’ for combined authorities; and would wish to better understand the ‘prize’ for implementing new local Government and/or LEP governance structures. Any new governance structures should not bring with it layers of new bureaucracy.
- ▽ Business Leaders do not believe that a single choice has to be made and, indeed, believe that Coventry City could be supported in its efforts to belong to a Midlands Engine and much bigger critical mass (that could attract greater investment and could drive efficiencies in public services at a time when resources are being squeezed) whilst the “partnership” between Coventry and Warwickshire (neighbouring areas with much joined-up economic activity) should continue.
- ▽ Business would ask that Warwickshire Leaders acknowledge the heritage and advantages of continuing to work in partnership with Coventry particularly on matters such as transport investment & connectivity, housing, planning and the potential creation of, and commitment to, a Midlands Engine infrastructure investment fund.
- ▽ The private sector would wish to influence and input into the refresh of a united Coventry and Warwickshire Strategic Economic Plan and ensure that any Super-SEP views many of the Coventry & Warwickshire priorities as Midlands Engine priorities and opportunities.



- ▽ In any Devo-deal, there may be a number of “business asks”, not least delegated authority around planning (the stopping of calling-in, by national Govt, of local planning decisions); delegated authority around skills to ensure that local skills providers are delivering against the needs of business; and the appropriate governance structure for the creation of a Super-LEP wide investment fund. On issues of business taxation (such as business rates), businesses, via their representative bodies, would wish to see statutory consultee rights.
- ▽ Business Leaders would wish to see clarity around the role of Local Enterprise Partnerships alongside Combined Authorities.
- ▽ The private sector, across Coventry & Warwickshire, are yet to be convinced about the appointment of a Metro Mayor and, at the very least, would wish to see a private sector (and independent of Local Government) appointment.

### Moving Forward

- 1 Ongoing consultation with private sector, further big-business debates/events.
- 2 Letter, from the private sector, to Council Leaders - outlining the thoughts and asks of the ‘Coventry & Warwickshire’ private sector – an attempt to influence, particularly, the thinking of Warwickshire Leaders and request some show of leadership around this issue. **Actioned.**
- 3 CWLEP, FSB and Chamber meet with County and District Leaders. Also, meet with City Leader. **Ongoing.**
- 4 Chamber and FSB are providing ‘input’ into local consultations, e.g. Coventry City Citizens Panel on devolution; Stratford Upon Avon Launch of Consultation on Combined Authority status; Louise Bennett and Ian O’Donnell (FSB) attendance at Warwickshire CC Cabinet on devolution. **Ongoing.**
- 5 An opportunity to use a Chamber/FSB/LEP Business Forum which came together on 6<sup>th</sup> August (with good cross-section of businesses from all sectors, all sizes and across the geography of Coventry and Warwickshire) to further consult and gauge the interest and views of businesses.

Sept 2015



29<sup>th</sup> July 2015

Dear

As leaders of the three West Midlands' Chambers of Commerce, we are writing to offer our support and interest in the early work of a West Midlands Combined Authority.

The Launch Statement, of 6<sup>th</sup> July, from the seven metropolitan authorities and the three Local Enterprise Partnerships provides a powerful basis for a successful Combined Authority.

We would now like to add formally the weight of the three leading business support organisations in the area, representing the private sector that will be vital to the success of a Combined Authority.

We do believe that the Chambers of Commerce should be collectively built into the engagement and development process going forward. The recent growth in our respective LEP areas was private-sector led, with Chambers of Commerce bringing about the inception of many LEPs and continuing to sit at the heart of their progress and it is important that this continues.

Businesses in our regions regard a greater economic entity as a potential opportunity which could put the Black Country, Coventry, Greater Birmingham and Solihull at the heart of an economic revolution so it is important that strong collaboration between the private and public sectors is maintained and built upon and both, work together, to negotiate with Government the benefits of devolution.

By working together, we can deliver the jobs and growth that are vital to the economic development of the region.

As you have pointed out, the achievement of the goal of the Combined Authority will require new ways of working between the local authorities and the three LEPs and the private sector.

We look forward to helping to make that work by being at the heart of the Combined Authorities' development and its future.

Perhaps it would be fruitful to arrange talks between yourselves and representatives of the region's Chambers of Commerce to drive this process forward.

We greatly look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'MC' followed by a long horizontal stroke.

Margaret Corneby  
Chief Executive  
Black Country Chamber  
of Commerce

A handwritten signature in black ink, appearing to be 'Louise Bennett'.

Louise Bennett OBE, DL  
Chief Executive  
Coventry & Warwickshire  
Chamber of Commerce

A handwritten signature in black ink, appearing to be 'Paul Faulkner'.

Paul Faulkner  
Chief Executive  
Greater Birmingham  
Chambers  
of Commerce

## Statement from FSB

**Ian O'Donnell MBE, FSB Warwickshire & Coventry Chairman said:**

“The local authorities in Coventry, Warwickshire & Solihull have been considering whether to join forces as a WM Combined Authority and throughout this time the Federation of Small Businesses (FSB) have ensured that the small business view is heard and considered. With 98% of firms in Coventry, Warwickshire and Solihull having less than 50 employees it vital that any devolution deal that looks at economic development and tackles issues such as transport, infrastructure and skills, that the deal is beneficial to the 37,740 small firms in the sub-region.

Throughout the debates, the FSB have always championed the need for Coventry & Warwickshire to remain together as one economic geography. Whether that be for both councils committing to the WM combined authority or, for the councils to jointly consider an alternative solution. Businesses do not recognise borders and due to the proximity of the county and the city, the two economies and the jobs markets are naturally intertwined. Ideally, FSB would not want to see the authorities going in different directions.

It is very likely that the City, County and District Councils will look at different options for creating long-term economic growth. In this instance, the FSB will be committed to working closely with all authorities to ensure local firms do not see fractures in the services and trading environments upon which they rely on to trade successfully.

### **He added;**

“Many of the announcements in the Coventry Telegraph about the devolved powers that are being considered by the WMCA are what our members would expect to see from a combined authority. FSB members want to see practical benefits, over and above what is already being delivered, including better mobile and broadband connectivity and an improved planning process, alongside the large scale transport, infrastructure and skills improvements.

However, our members universally tell us that they would not want a combined authority to have the power **to increase tax on businesses in the region by adding a supplementary rates levy**. This is something the FSB would not support.

The FSB in Coventry and Warwickshire would be in support of looking at a larger geography that includes the East Midlands to create a Midlands Engine. Our members have voiced concerns about the dominance of Birmingham City and the need to elect a metro mayor. The FSB feel that a wider geography would bring a balance to the economic geography which, may benefit our sub-region.

We would hope that when the devolution deal is announced, and should a wider geography be considered in the future, that those not currently engaged with WMCA take a watching brief to allow them to evaluate what is the in the best interest of the small firms in their constituency.

Finally, the FSB is committed to lobbying for the combined authority not to become an extra layer of bureaucracy and to ask that quality, accountability and transparency is key to its governance and structure”

## Appendix 6 Combined Authorities

- 1 A combined authority is a type of local government institution introduced in England outside Greater London by Section 6 of the Local Democracy, Economic Development and Construction Act 2009. Combined authorities are created voluntarily and allow a group of local authorities to pool appropriate responsibility and receive certain delegated functions from central government in order to deliver transport and economic policy more effectively over a wider area.
- 2 The Act also introduced the power to set up Economic Prosperity Boards which are also legal entities and can have devolved powers and hold funding but with more limited scope than combined authorities e.g. there is no provision in the Act for EPBs to be given borrowing or tax raising powers, nor to have the power to issue a levy to constituent authorities, nor to retain business rates.
- 3 Any proposal to establish a Combined Authority or Economic Prosperity Board must meet the statutory tests set out in part 6 of the Local Democracy, Economic Development and Construction Act 2009. These tests are that a combined authority is likely to improve
  - the exercise of statutory functions relating to transport in the area;
  - the effectiveness and efficiency of transport in the area;
  - the exercise of statutory functions relating to economic development and regeneration in the area;
  - economic conditions in the area.The Secretary of State will also have regard to the need:
  - to reflect the identities and interests of local communities;
  - to secure effective and convenient local government
- 4 The Secretary of State should normally undertake formal public consultation lasting 8 weeks on any Scheme to establish a combined authority unless he considers that no further consultation is necessary. Subject to Ministerial agreement, a draft Order to establish the combined authority would then be laid before Parliament.
- 5 Once established, a combined authority is a legally recognised entity able to assume the role of an integrated transport authority and economic prosperity board. This gives the combined authority the power to exercise any function of its constituent councils that relates to economic development and regeneration, and any of the functions that are available to integrated transport authorities. For transport purposes, combined authorities are able to borrow money and can levy constituent authorities. The draft Cities and Local Government Devolution Bill proposes to confer additional powers on combined authorities (see below).
- 6 Combined authorities should consist of two or more contiguous English local government areas. The creation of a combined authority is voluntary and all local authorities within the area must give their consent before it can be created. The geographical footprint for a combined authority should be based on a coherent functional economic area.
- 7 The Cities and Local Government Devolution Bill was introduced in the House of Lords on 28 May 2015 and had its third Reading on 21 July before it passes to the House of Commons. It covers England and Wales and is proposing the following key changes:
  - Makes provision for elected mayor (and chair) of a Combined Authority and appointment by the elected mayor of a deputy mayor (drawn from one of the constituent council leaders).

- Power for elected mayor to exercise the powers of a Police and Crime Commissioner in the CA area.
- Makes provision for the CA to be responsible for any local authority function or functions of public bodies outside of local government
- Makes provision for the CA to exercise general power of competence (Localism Act 2011) with consent of constituent councils.
- Granting powers to a mayoral CA to levy a precept.
- Power for elected Mayor to approve any subsequent change to the combined authority boundary.
- Makes provision for CA's to have Overview and Scrutiny Committees and Audit Committees.
- Removal of geographical restrictions in relation to CA's;
- Enables the Secretary of State to devolve certain health service functions subject to meeting various conditions.

8. The Act is expected to be receive Royal Assent in December 2015.

### **Membership, Governance and Two Tier Arrangements**

9 The 2009 Act enables the Secretary of State to make an order establishing a combined authority for an area which meets specified geographic conditions that:

- the area is contiguous and forms a continuous area;
- consists of the whole of an authority. In the case of a County, this would require the agreement of the County Council and all the District / Borough Councils in the county area.

10. These Councils become the constituent members of the combined authority. There is also the possibility of non-constituent membership. This is relevant to District / Borough councils (if the County Council has decided not to join) and Local Enterprise Partnerships. At present, a district may only be a constituent member if the county within which it sits, and all of the districts in that county, are also constituent members. However, not all Districts are members of the Greater Birmingham & Solihull LEP and so have not been invited to join the WMCA – therefore, this District cannot become a constituent member via this option. There is a restriction at the current time about part of a County Council area joining a CA outside of its administrative boundaries.

11 The Government proposes to remove this geographical restriction and allow local authorities that are in the same FEA without contiguous boundaries to form or join a CA or EPB. Draft legislation was published in March 2015. This would also allow part of a County to join a combined authority if the County Council and District Council(s) for that area agreed. This issue is now included in the Cities and Local Government Devolution Bill.

12 The legislation at present also requires that there is no local government area that is surrounded by local government areas that are within the CA or EPBs, but the 'surrounded' local government area is not within the CA or EPB, preventing a 'doughnut shape' CA or EPB being formed. This restriction is removed by the Bill.

13 A local authority can be a member of multiple combined authorities but can only become a constituent member of one combined authority. Even if the draft legislation comes into force, Warwick District Council can only become a constituent member of the West Midlands CA if Warwickshire County Council agreed to join and transfer certain functions to the Combined Authority e.g. transport and as they have declined to join, the District



Council can only join the WMCA on a non- constituent basis as a result of its existing powers.

- 14 Although it would not be set out in the Order it is open to the combined authority to determine locally how the non-constituent members are involved in decision making via the CA constitution. It is also open to authorities to delegate functions to other authorities, which includes a combined authority or EPB, under s101 of the Local Government Act 1972. This could be in the form of a Joint Committee.

## **Appendix 7 - Combined Authority and Devolution Deal Q&A**

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### **If an authority joined a CA what would happen to planning and development control, housing numbers, and the services that our residents currently receive from County Council? Would we lose decision making powers?**

Members of a combined authority remain as local authorities with sovereignty over the services they deliver. Constituent members of a combined authority make an agreement that particular powers, which they have negotiated in advance, will be operated in partnership with one another in a combined authority. This is mainly around transport, economic growth, social care and health services.

Non-constituent members do not make the same agreement. They merely agree to engage and work with the combined authority where they feel it is appropriate. They do not formally sign over any powers. If a district became a non-constituent member, and a county did not, this should not affect any of the services delivered by the county in their area.

### **What is an Economic Prosperity Board and a Joint Committee? Do they have the distinction of Constituent and Non Constituent member?**

An Economic Prosperity Board is similar to a combined authority, but covers economic development and regeneration only. It does not include transport. The process for establishing an EPB is the same as for a combined authority.

A joint committee is not a statutory body. S102 of the Local Government Act 1972 allows an authority to decide to discharge a function jointly. The way of achieving this is through a joint committee. The local area decides how the joint committee operates. Members must be able to exercise the functions being discharged by the joint committee. It is possible to be a member of more than one joint committee.

### **Is it possible to be a constituent member or a non-constituent member of a Combined Authority and a member of an Economic Prosperity Board?**

An authority may only be a constituent member of either a combined authority or economic prosperity board, not both. There is no limit to the number of CAs or EPBs of which an area may be a non constituent member, although the governance review would need to make clear why the authority was to be named as a non constituent authority.

### **Is it possible for other authorities to join a business rates pool with the members of the combined authority if both parties agree?**

Yes. It would be possible for other authorities to create a business rates pool with the members of a combined authority if both parties agreed. There is nothing within the business rates retention framework or the combined authority framework that would stop this from happening.

### **If the combined authority were to negotiate increased retention of business rates, is the intention that the additional amounts retained remains with individual councils or is pooled to provide the 'fund of funds'? What would the impact on County Councils be (even though we are not in a pool with them)?**

**And what will the 'offset' be from government (if any) i.e. reduction at a faster rate (if that's possible!) in RSG?**

These are matters that will be dealt with in the negotiation process and may look different in different places.

**What is the advantage of being a non-Constituent Member of the Combined Authority?**

A non-constituent member would be a formal partner of the Combined Authority and would be guaranteed a voice within the planning and delivery of the combined authority's powers. In some circumstances the constituent members may decide to give non-constituent members voting rights on specified issues.

**From the legal paper, it is clear that Councils do not have to be non-Constituent Members to be on the Joint Committee, so what is the point of being a non-Constituent Member?**

It is for the local area to determine who is involved in a Joint Committee, so you could choose to seek agreement with others to be a part of one if you wish to, but it would need mutual agreement. Equally, you may negotiate with the constituent members of a combined authority, what your role would be as a non-constituent member would be. Therefore, the answer to this question really depends on what is agreed locally.

**What is the role of those who join in the Joint Committee?**

That is for the local area to decide in discussions with one another about what they want their role to be and how they may (or may not) work together. Joint committees are only set up where authorities agree that they wish to work together and discharge a function jointly. Authorities do not have to join joint committees, and can continue to discharge their functions separately.

**What would be the process is if we wanted to join a CA or Joint Committee at a later stage?**

Once the order is made then any revisions would require a further amended order to be approved by Parliament. The process is set out in the Local Democracy, Economic Development and Construction Act 2009.

Changes to the list of non constituent members could be made up to the Order being laid in Parliament, although this may cause a delay in the process.

**What is the consultation process is for non-constituent members – i.e. when government consults, who exactly do they contact and how?**

The Secretary of State will consult with constituent authorities, all neighbouring authorities including counties, the LEPs and any other body in the area identified as relevant.

**Is it possible for a Constituent Member (a unitary) of a CA to be a non constituent member of another one (mixture of County, Districts and a NCM unitary)?**

Yes.

**Could you have a CA where there is only one Council that has transport powers? i.e. Warwickshire County plus 5 districts and a NCM unitary - Coventry but which can't bring its Transport powers into play. Or is it that we'd need to go for an EPB?**

You could have a county based combined authority but all member authorities with upper tier powers would need to bring the same powers. If a member of one CA wanted to join as a non-constituent member of another CA, this choice would be available to them, but as a non-constituent member they would not be bringing their powers with them. If a West Midlands CA is established the West Midlands ITA would be dissolved. As we understand it the present proposal is for the 7 members of the ITA to form a combined authority.

# What is a functional economic geography?

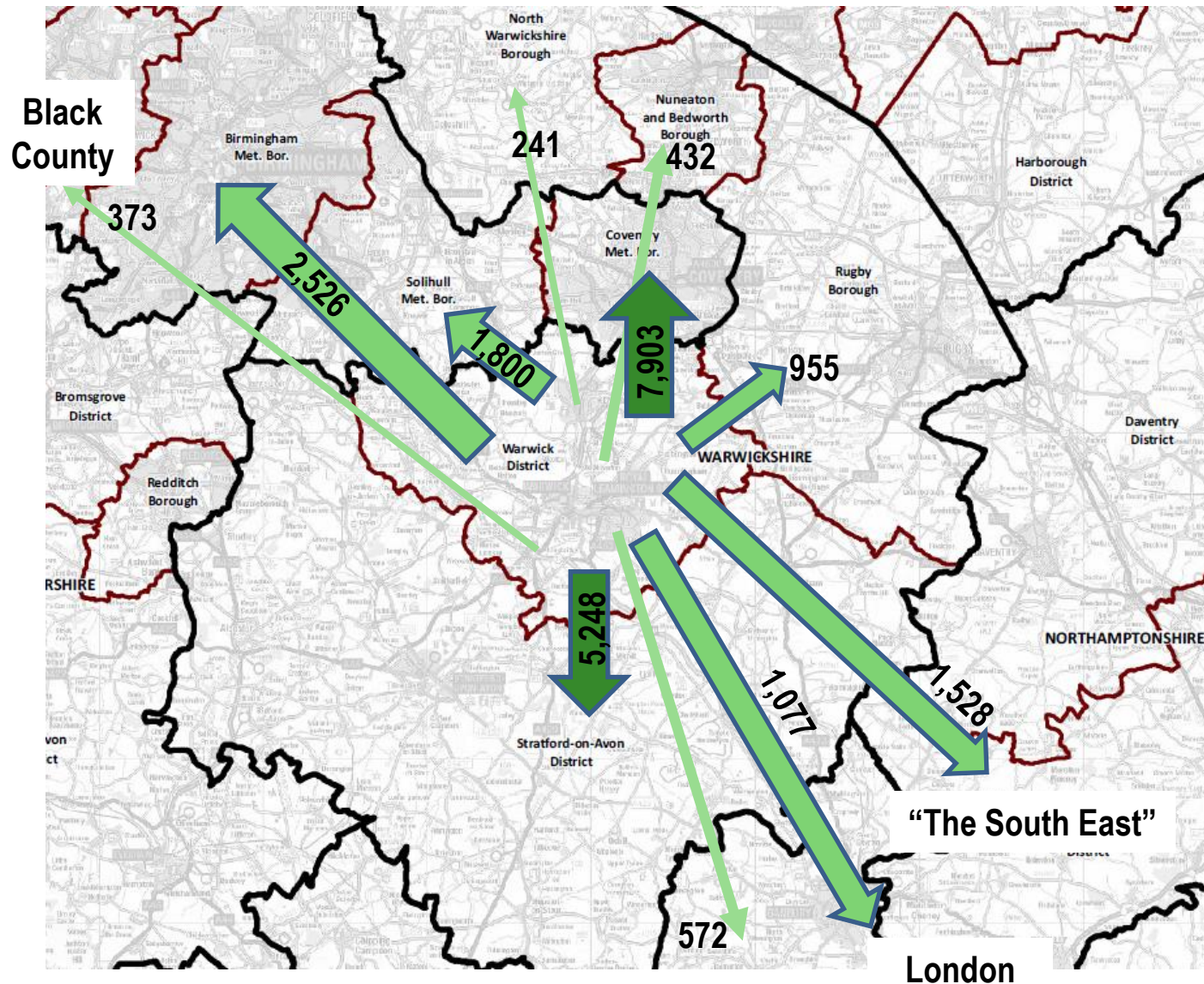
- The term “functional economic geography” is often used as the rationale behind creating Combined Authorities/EPBs
- One of the first key tests of a CA/EPB proposal
- Aim is to identify and describe the real geography within which sub-national economies operate
- Many attempts to define in the past
- 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)

Warwick District

# **Functional Economic Geographies & Economic Linkages**

# Commuting patterns

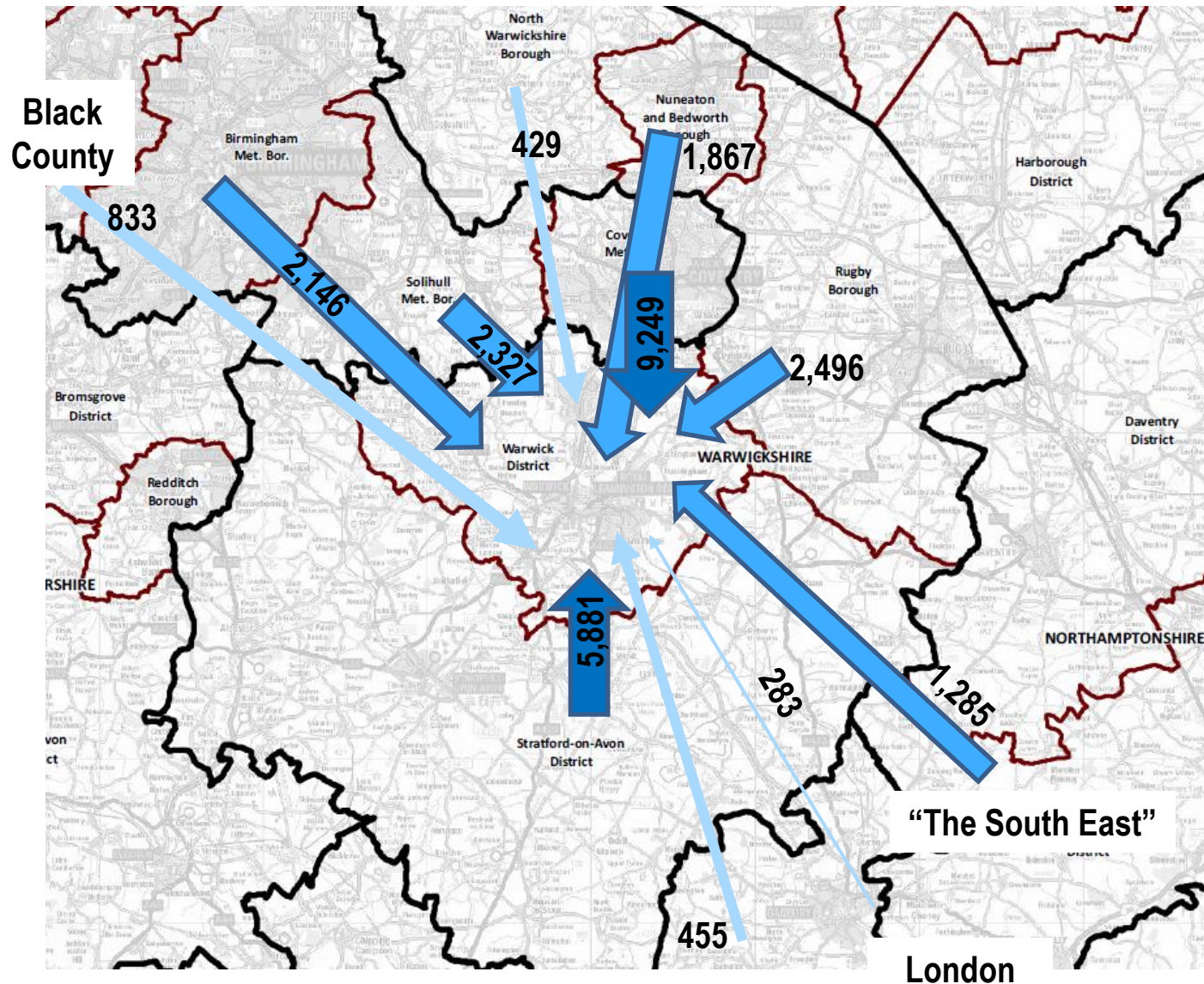
- 31,803 (55%) of Warwick District's employed residents (57,222) work in the district
- Highest self-containment in Warwickshire, but below Coventry (66%)
- Strongest out-commuting flows are with Coventry (13.8%), Stratford District (9.2%) and Birmingham (4.4%)



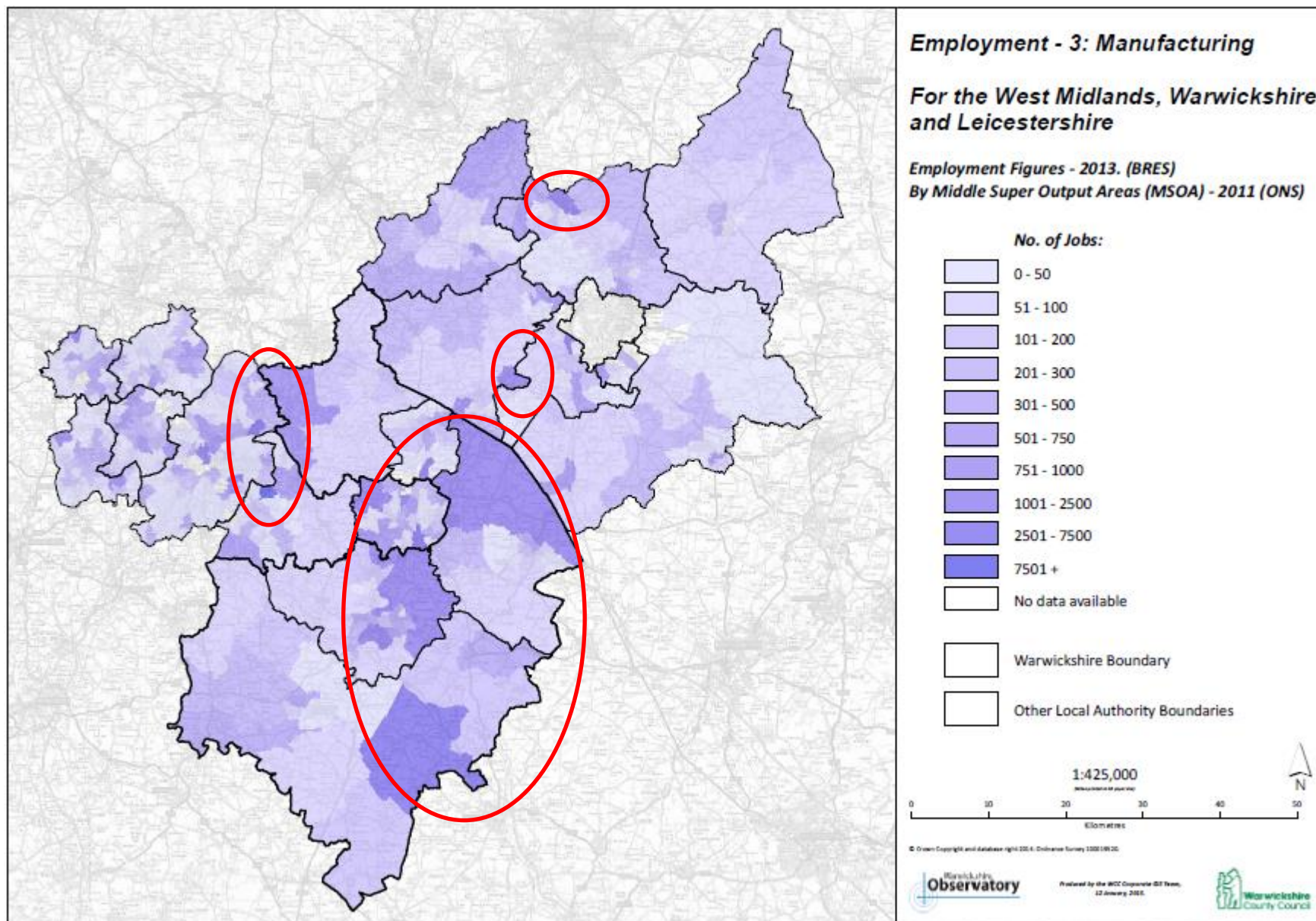


# Commuting patterns

- 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

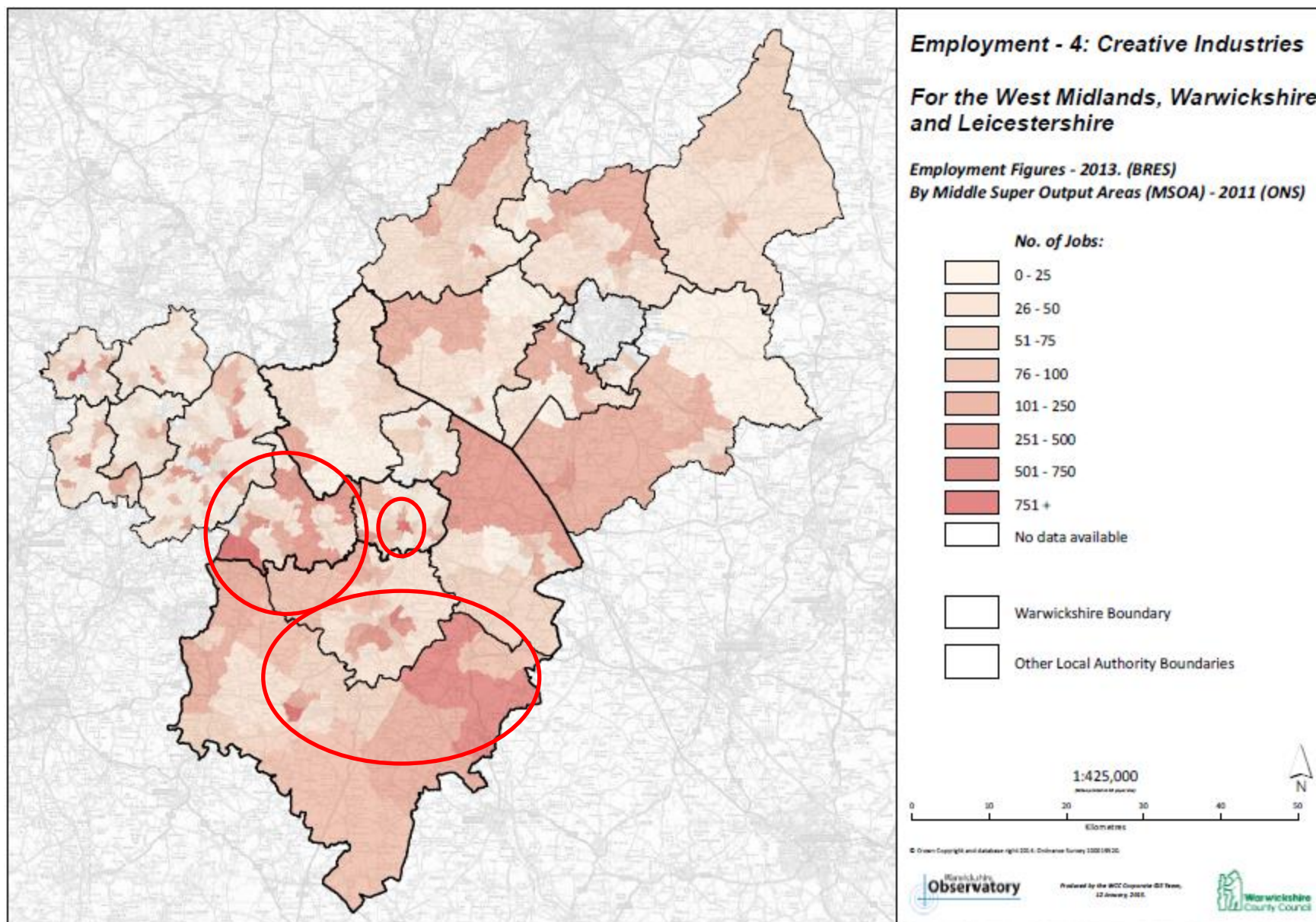


# Detailed sector mapping – Advanced Manufacturing

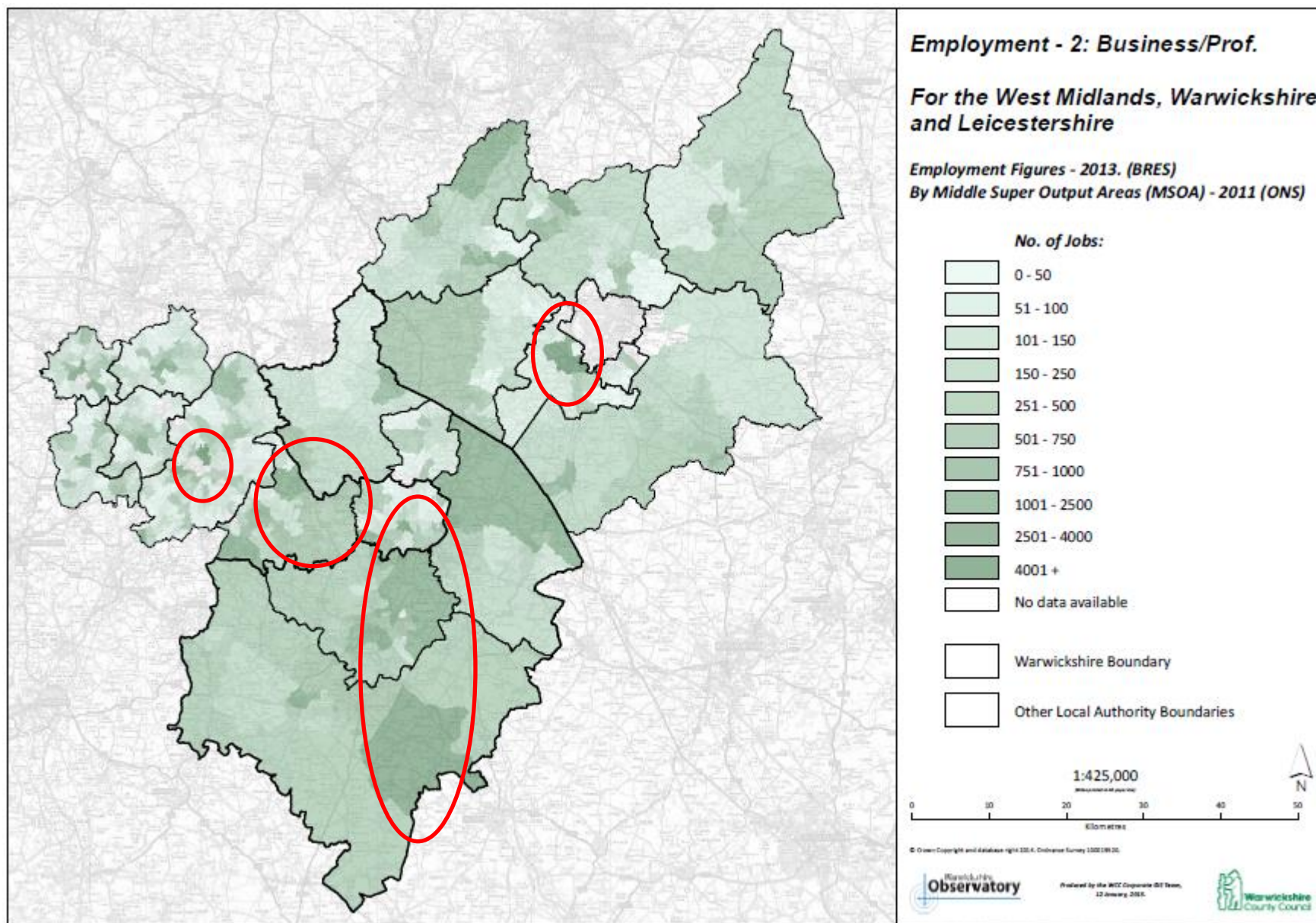




# Detailed sector mapping – Creative Industries

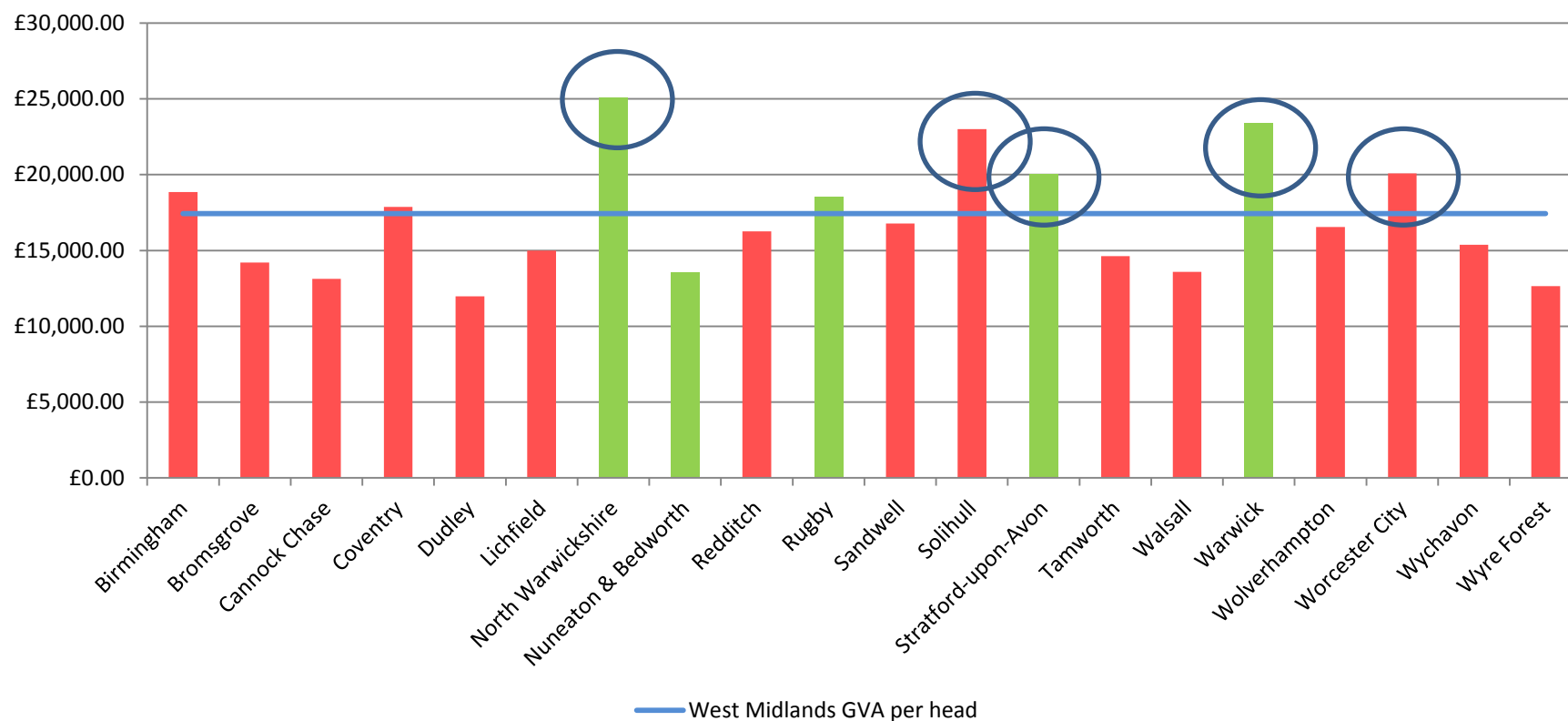


# Detailed sector mapping – Business & Prof Services



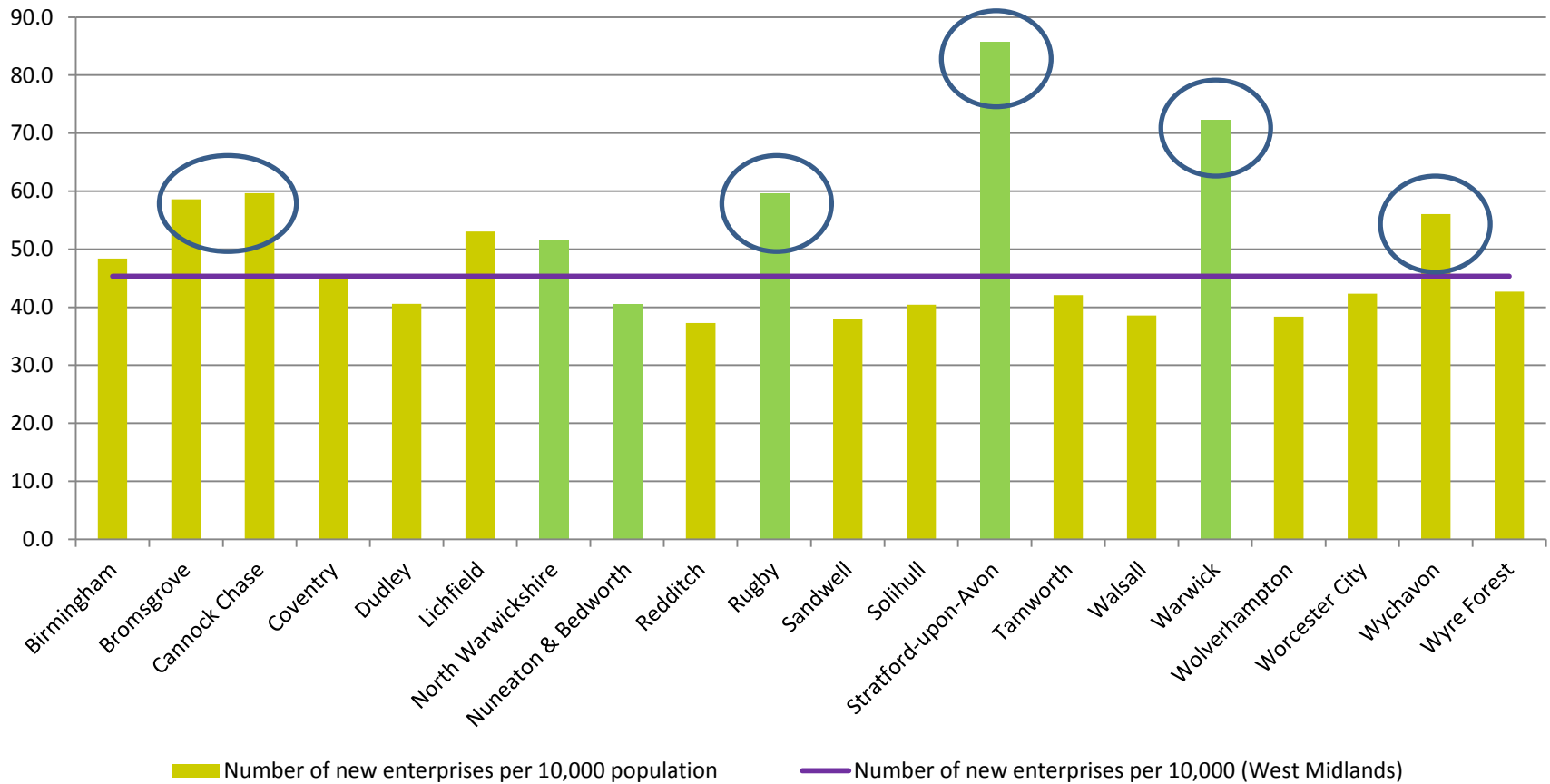
# Comparative analysis – GVA per head

GVA per head at district level



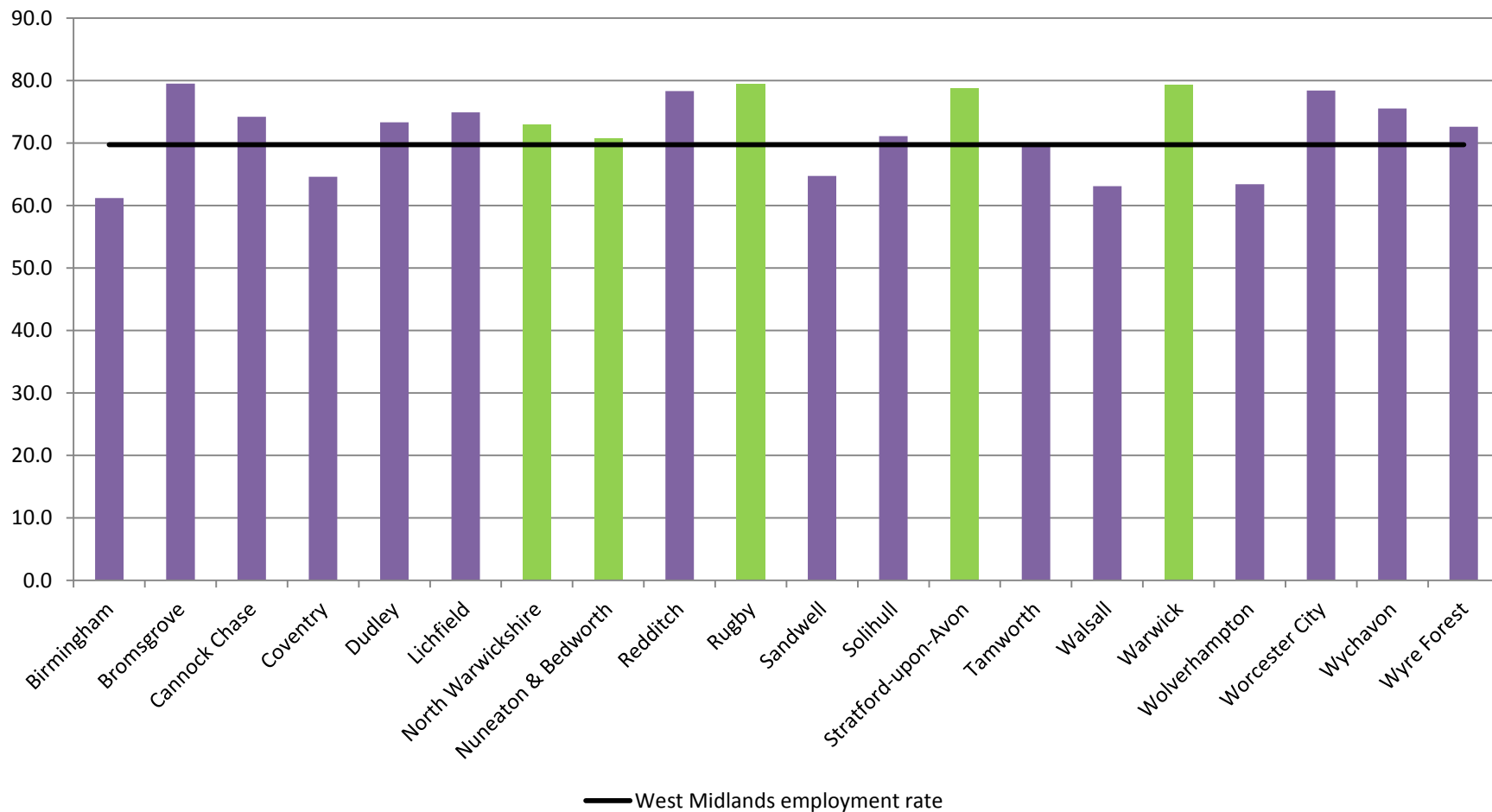
# Comparative analysis – Enterprise

New enterprises per 10,000 population at district level



# Comparative analysis – Employment

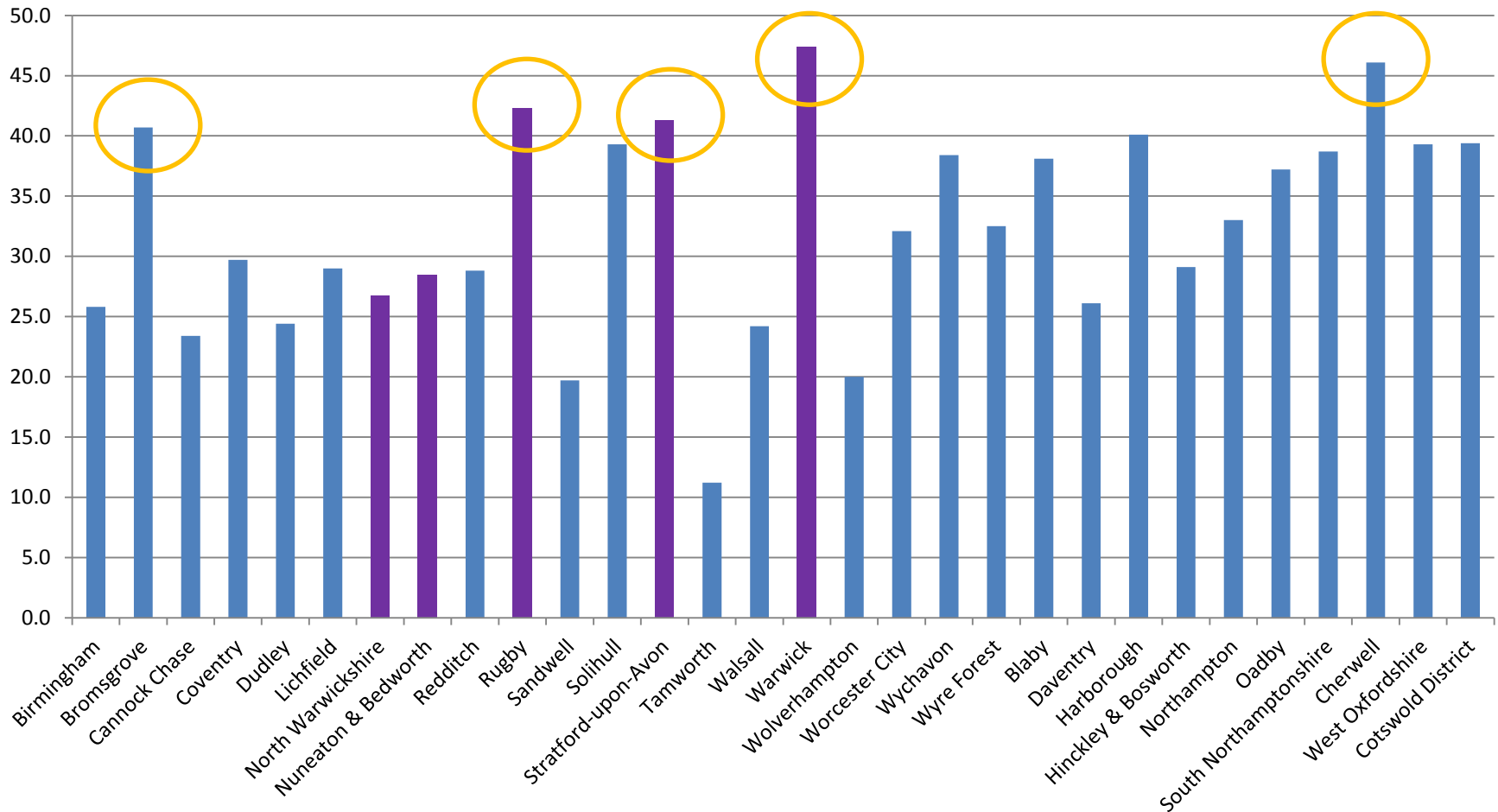
Employment Rate at district level





# Comparative analysis – Higher level qualifications

% of working age population with an NVQ4+



# Summary of Warwick'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

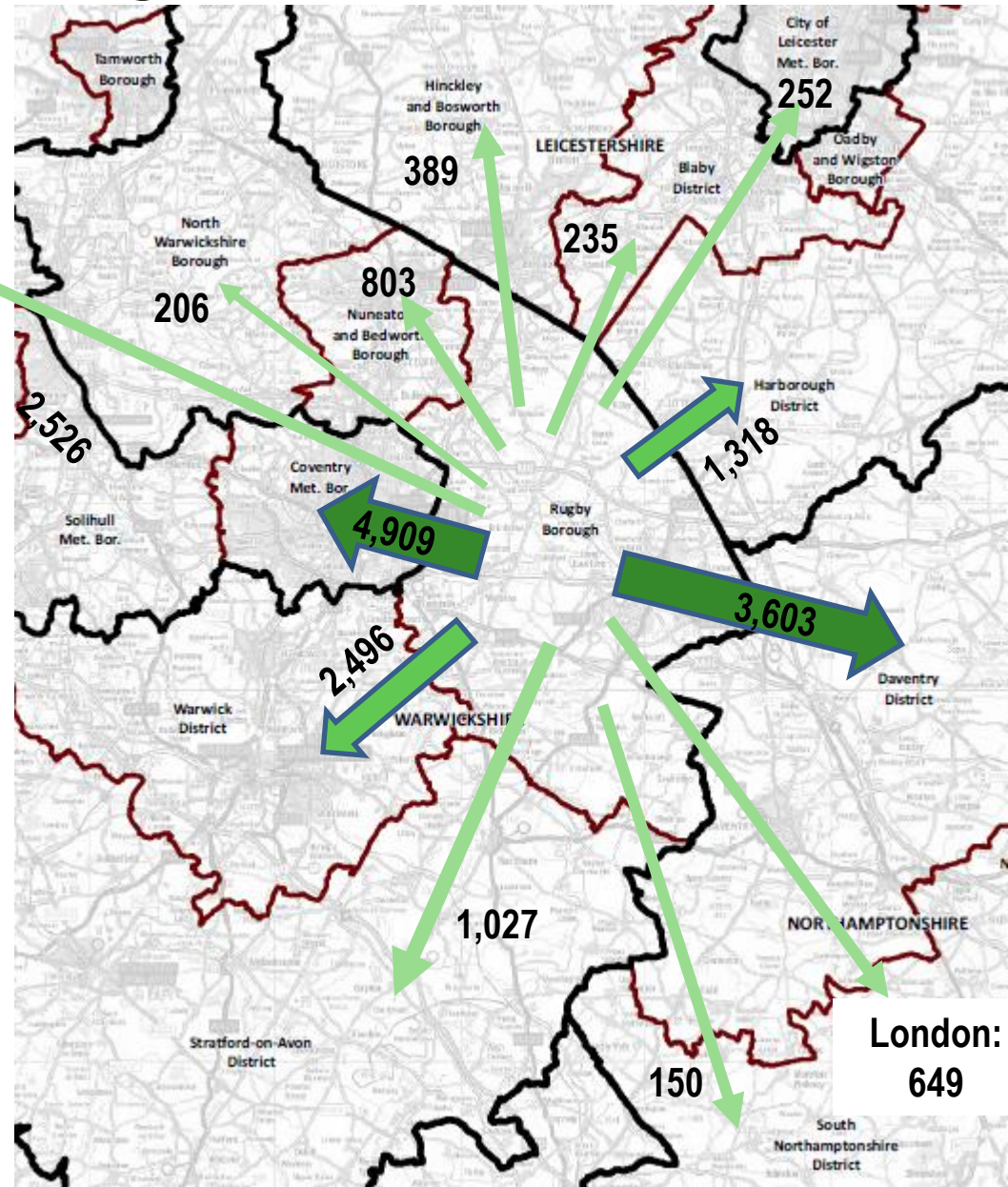
Rugby Borough

# **Functional Economic Geographies & Economic Linkages**

# Commuting patterns

- 21,443 (51%) of Rugby Borough's employed residents (41,913) work in the district
- 2<sup>nd</sup> highest self-containment in Warwickshire, below Warwick (55%) and Coventry (66%)
- Strongest out-commuting flows are with Coventry (11.7%), Daventry (8.6%) and Warwick (6%)

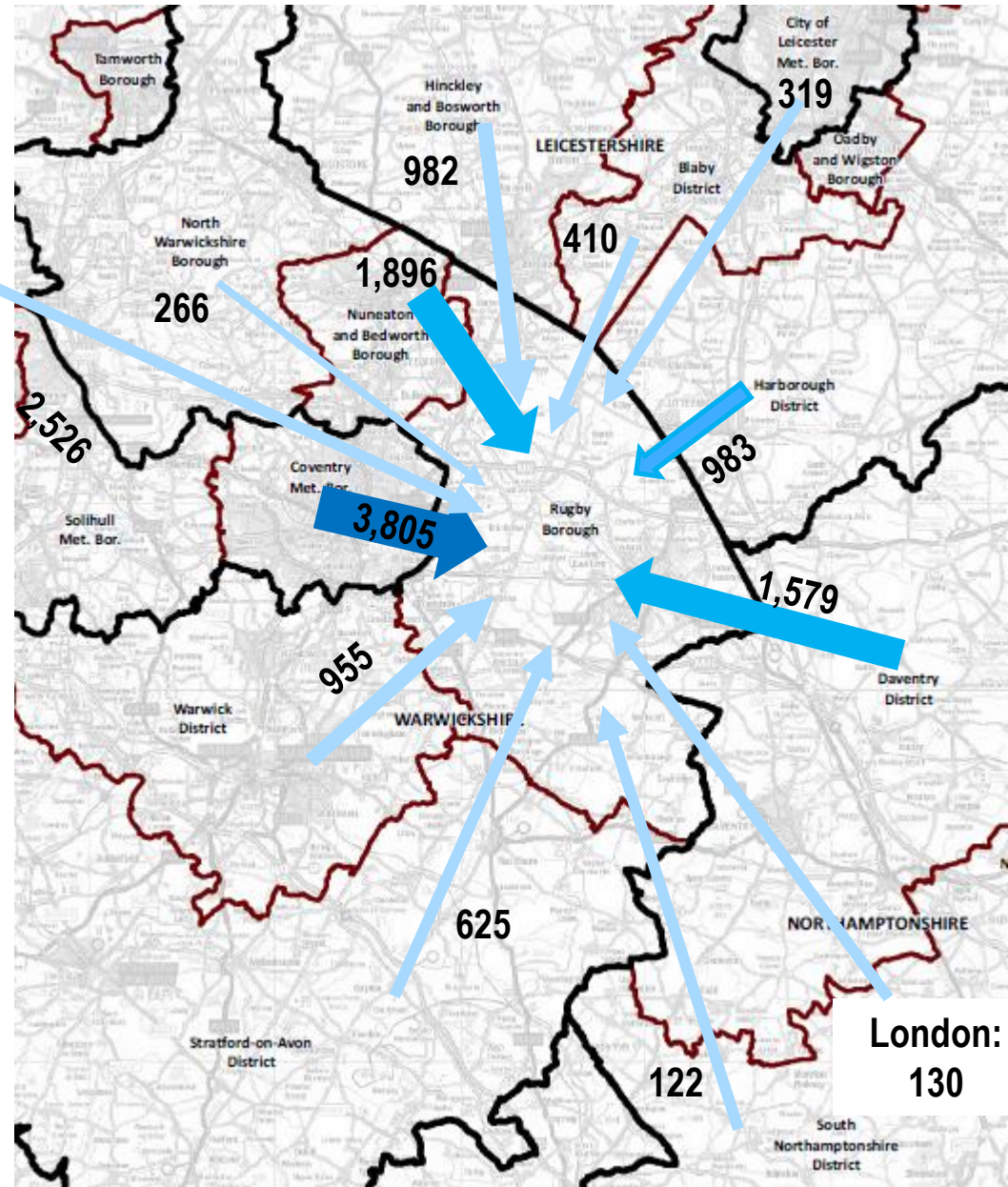
**Birmingham:**  
833



# Commuting patterns

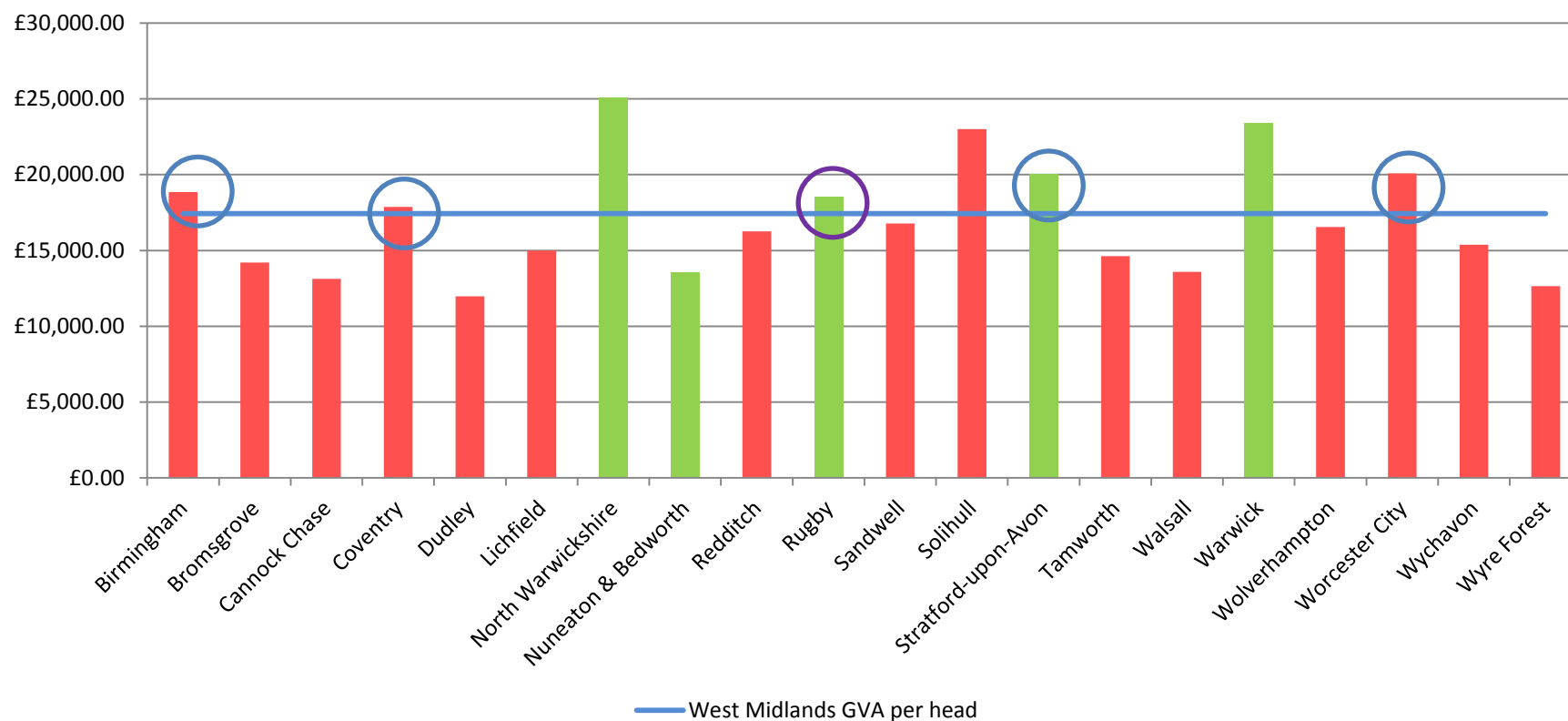
- Rugby Borough has more out-commuting (20,400) than in-commuting (c. 17,000)
- Biggest in-flows are from Coventry, Nuneaton & Bedworth and Daventry
- Biggest net changes in commuting flows are with Nuneaton & Bedworth (more in-commuting) and Daventry (more out-commuting)

**Birmingham:**  
477



# Comparative analysis – GVA per head

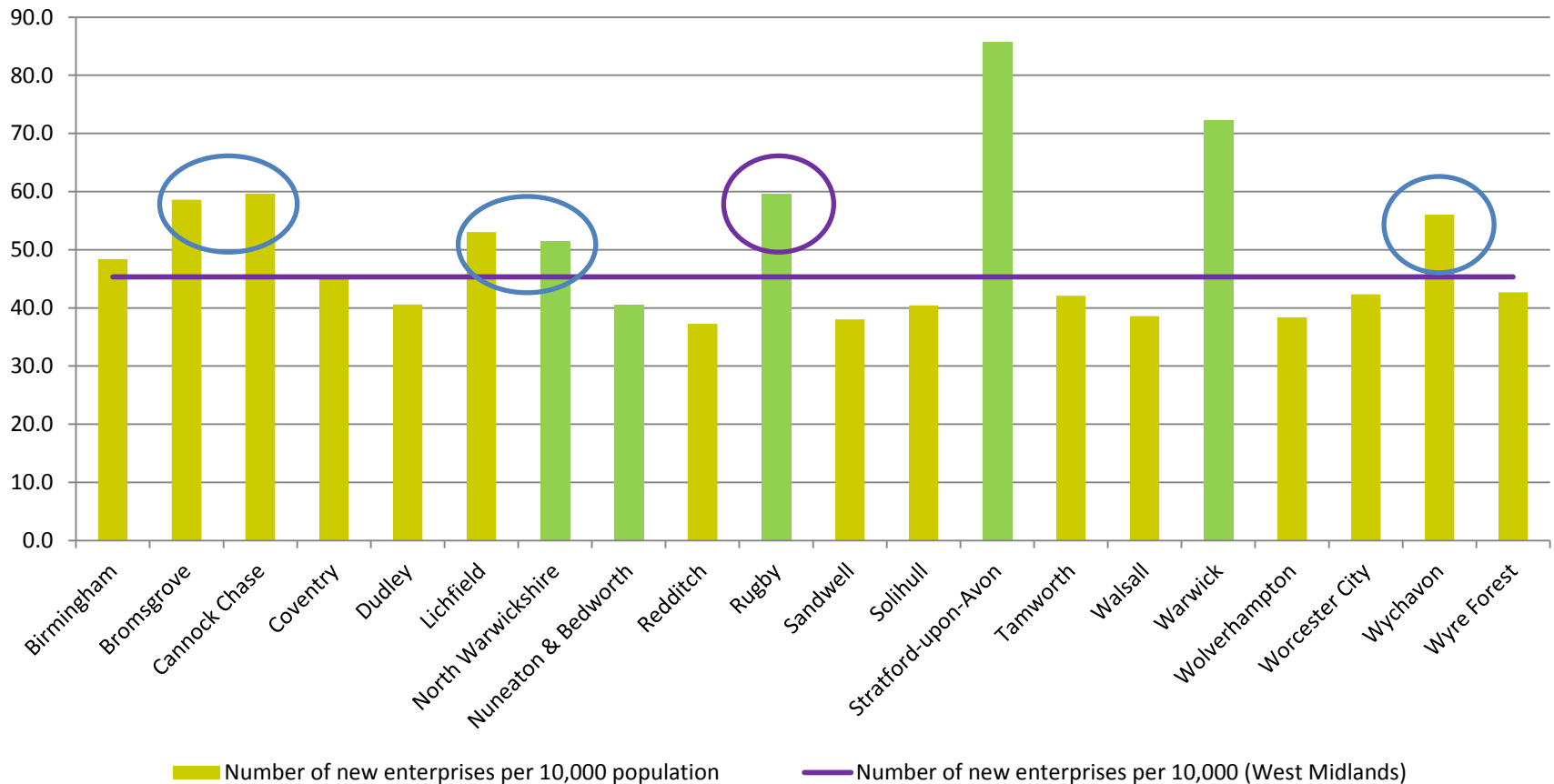
GVA per head at district level





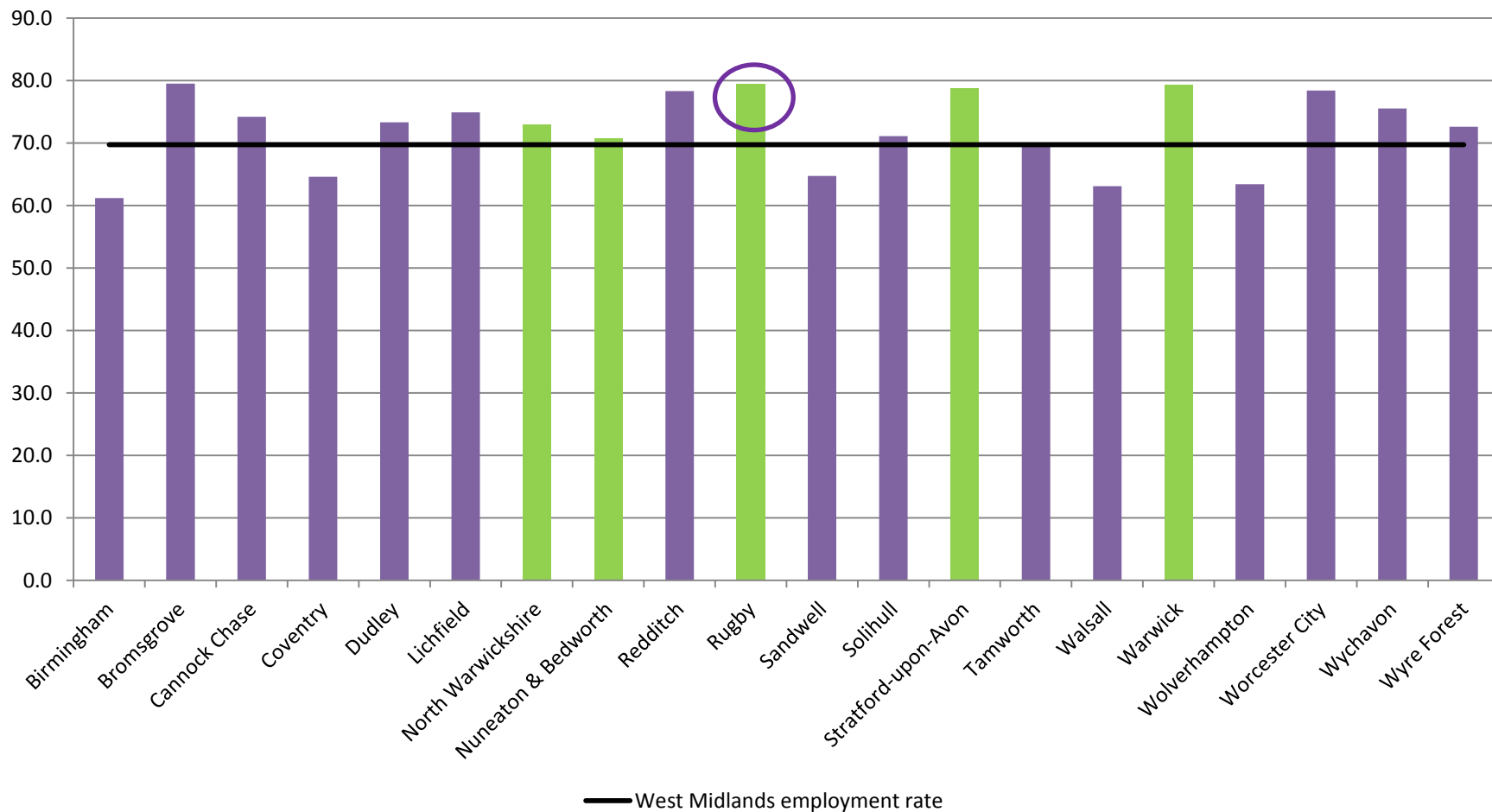
# Comparative analysis – Enterprise

New enterprises per 10,000 population at district level



# Comparative analysis – Employment

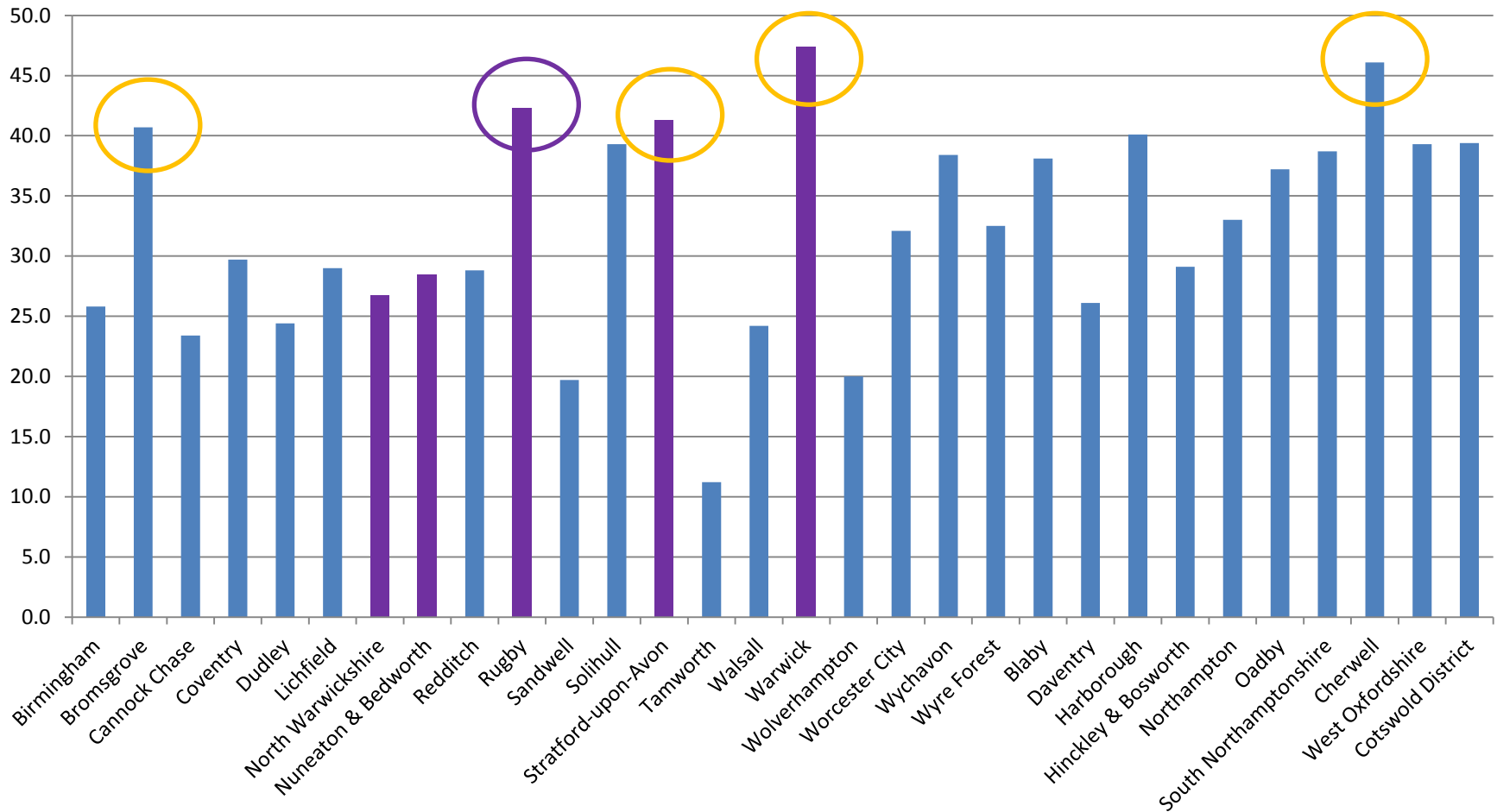
Employment Rate at district level





# Comparative analysis – Higher level qualifications

% of working age population with an NVQ4+



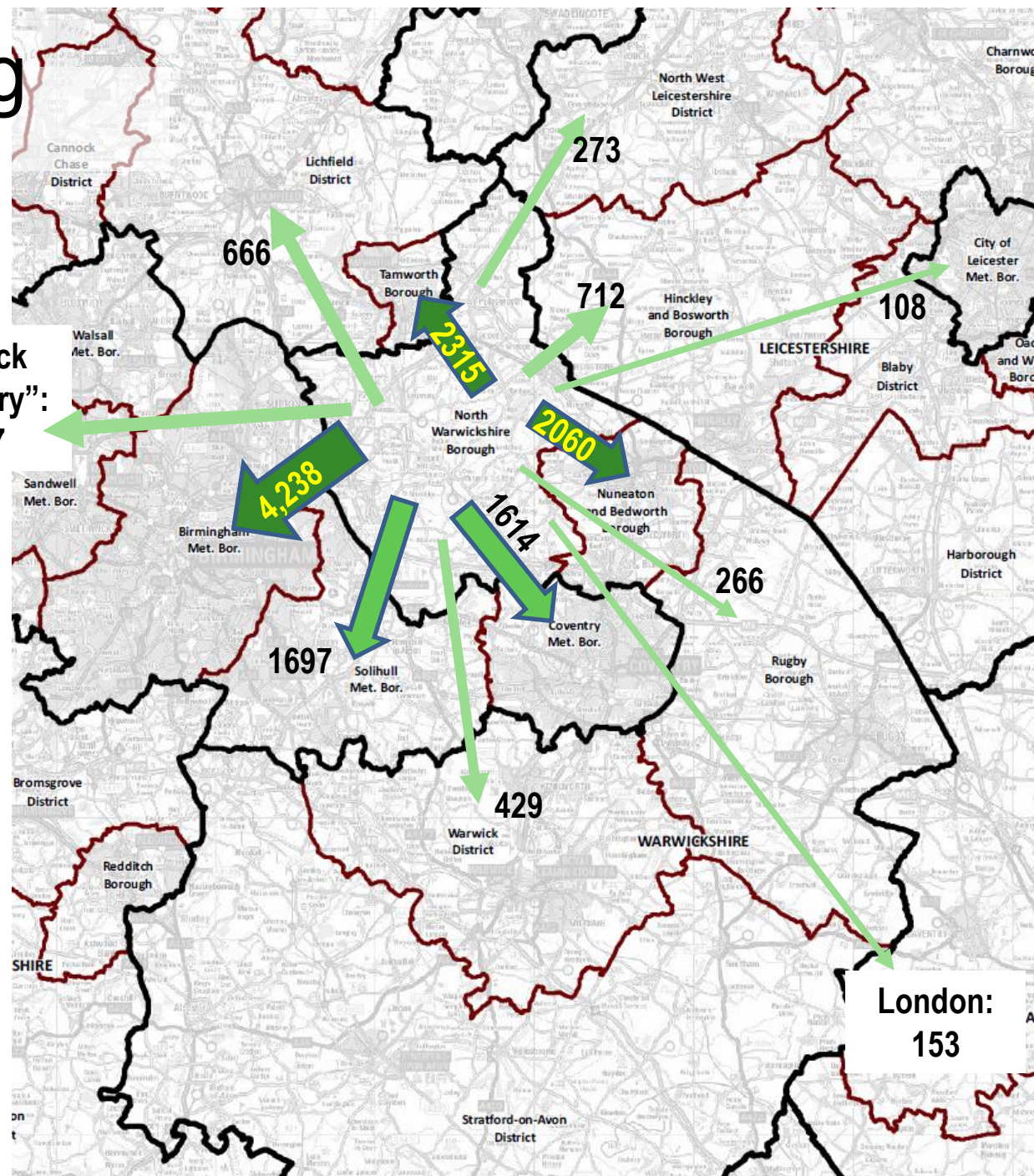
North Warwickshire

# **Functional Economic Geographies & Economic Linkages**

# Commuting patterns

- 8,567 (33%) of North Warwickshire's employed residents (25,472) work in the district
- The lowest levels of self containment in the county and wider Coventry & Warwickshire area
- Strongest out-commuting flows are with Birmingham (16.6%), Tamworth (9%) Nuneaton & Bedworth (8%)

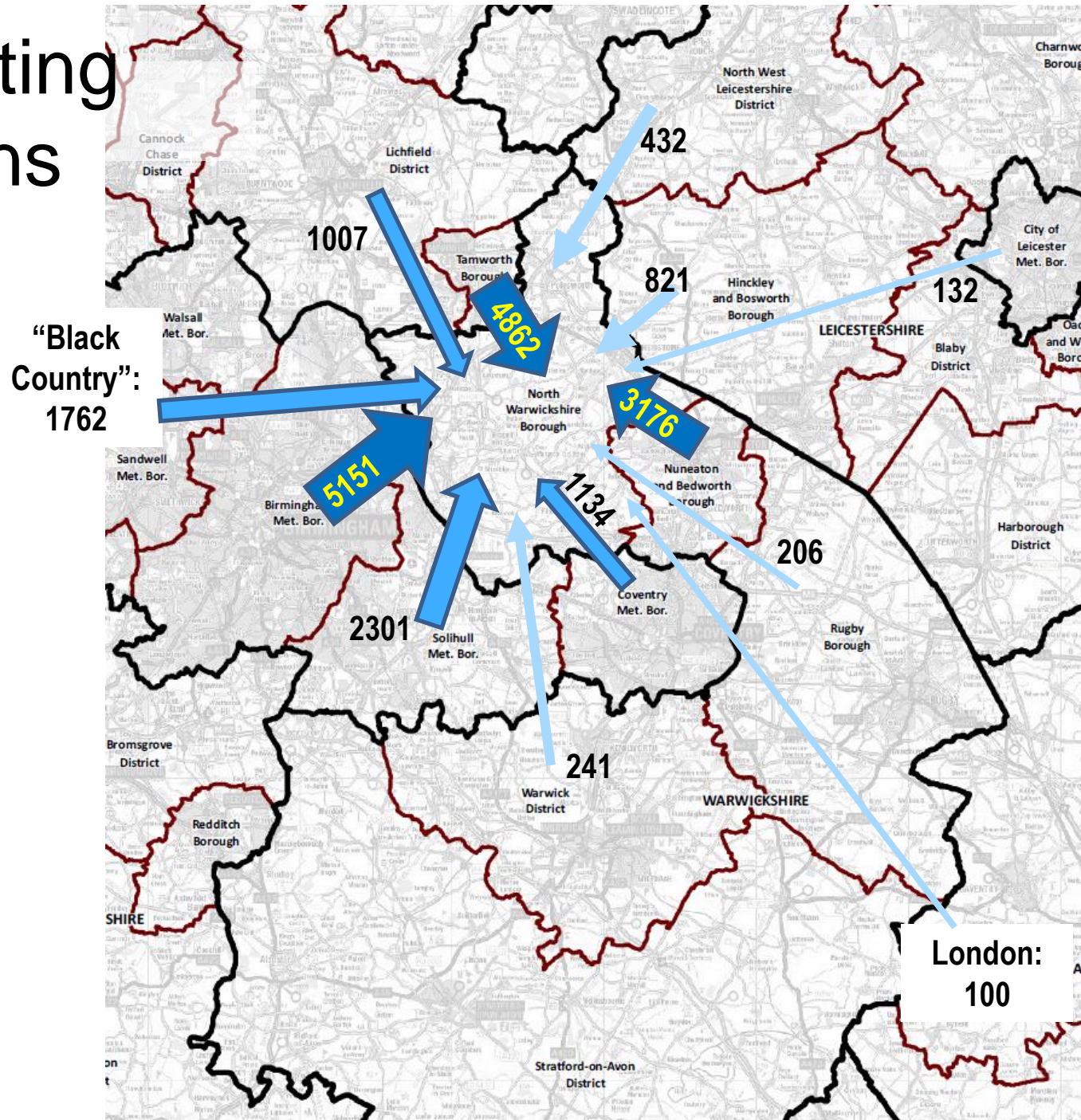
"Black Country":  
477





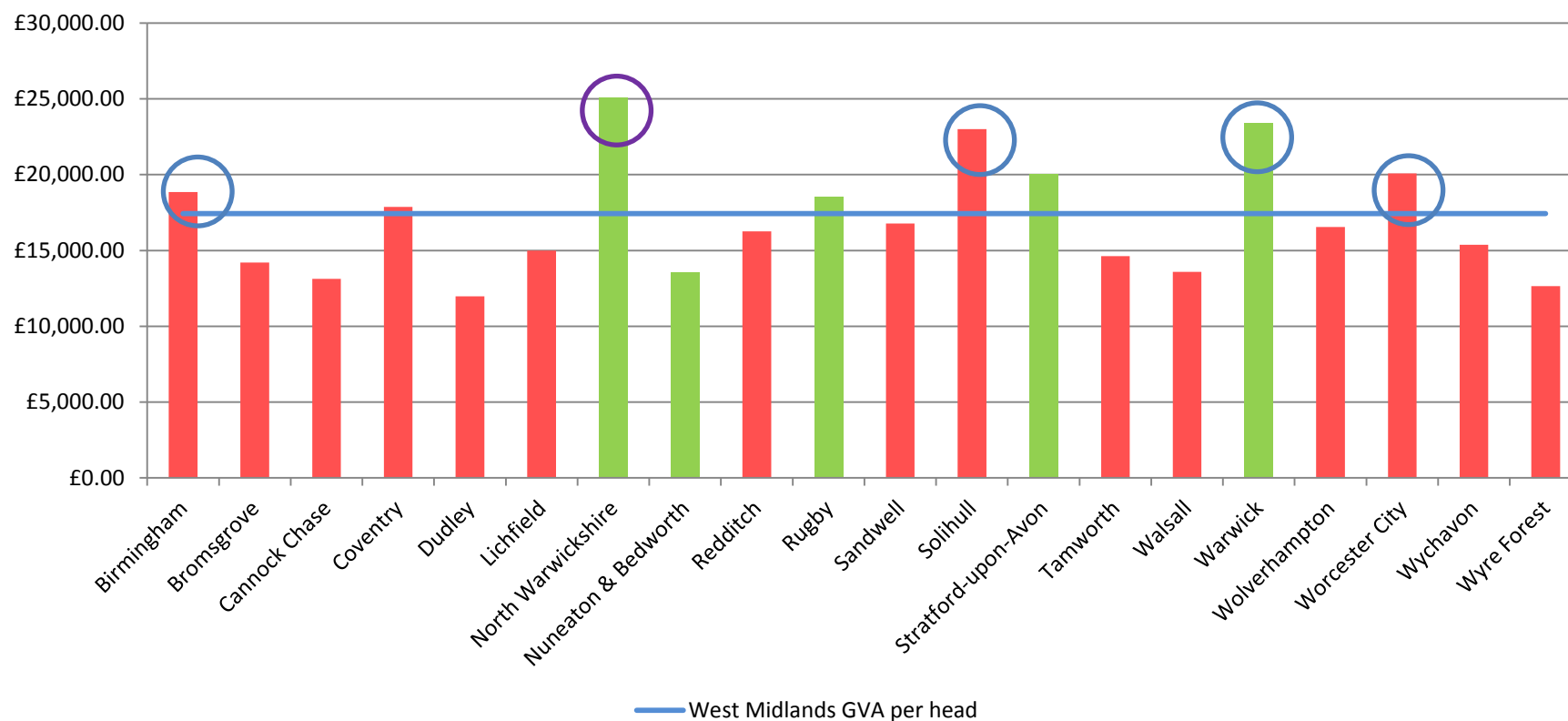
# Commuting patterns

- Significant net in-commuting – 8,000 more people come into the area than commute out on a daily basis
- Strongest in-commuting flows from Birmingham, Tamworth, Nuneaton and Solihull
- Biggest net changes are from Tamworth (+1,500); Nuneaton (+1,100); Birmingham (+900); and the Black Country (+1,200)



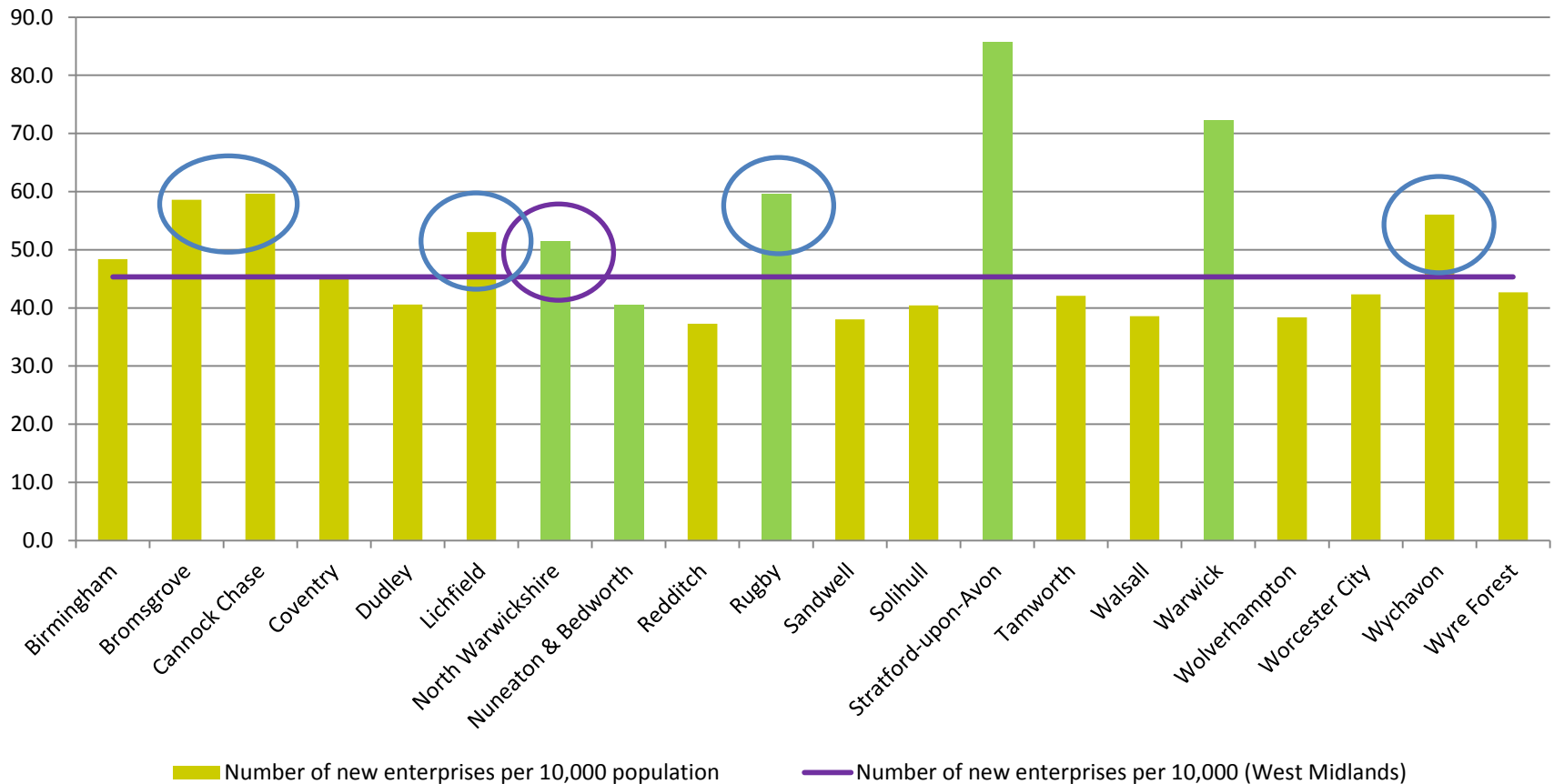
# Comparative analysis – GVA per head

GVA per head at district level



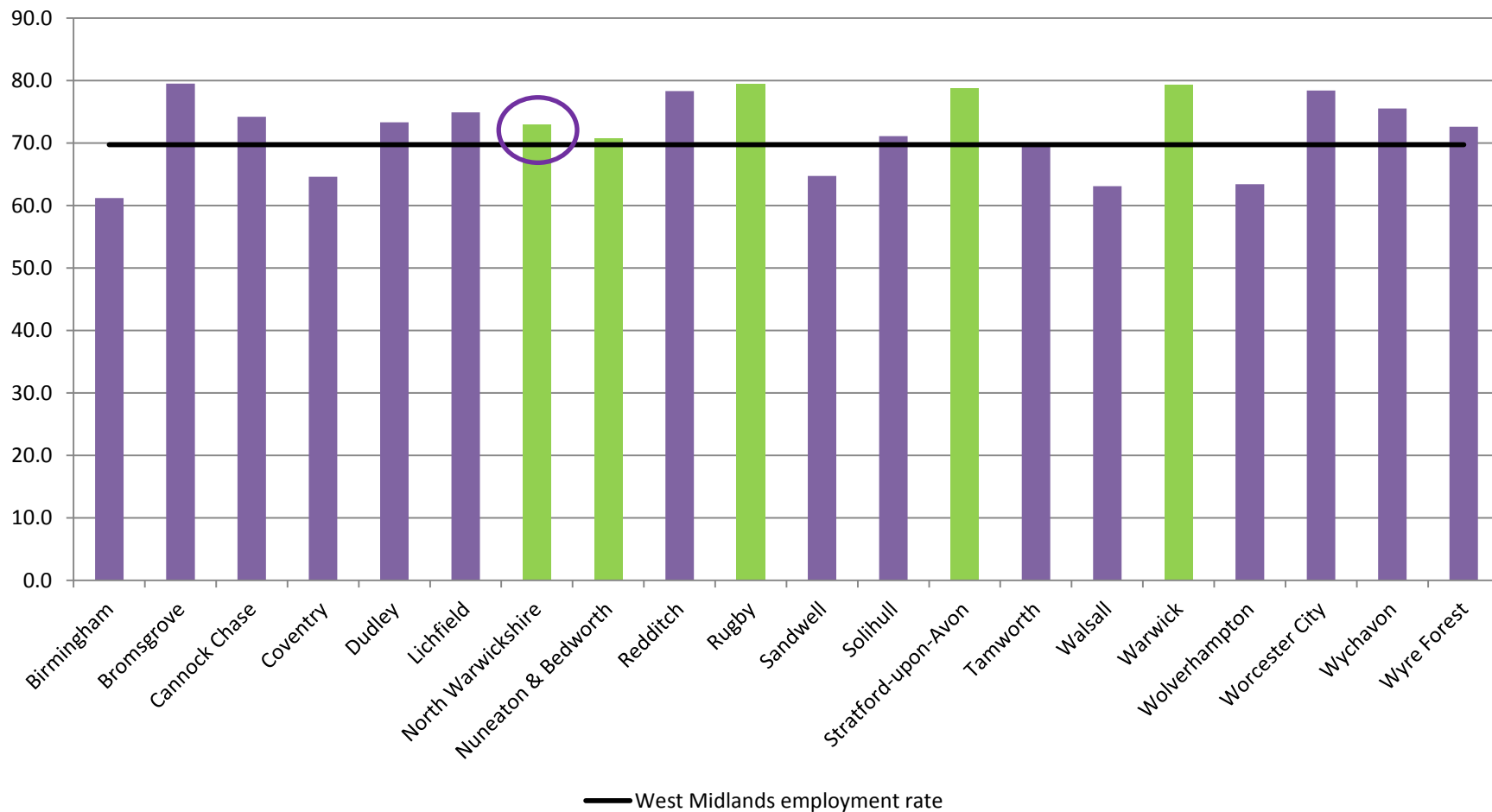
# Comparative analysis – Enterprise

New enterprises per 10,000 population at district level



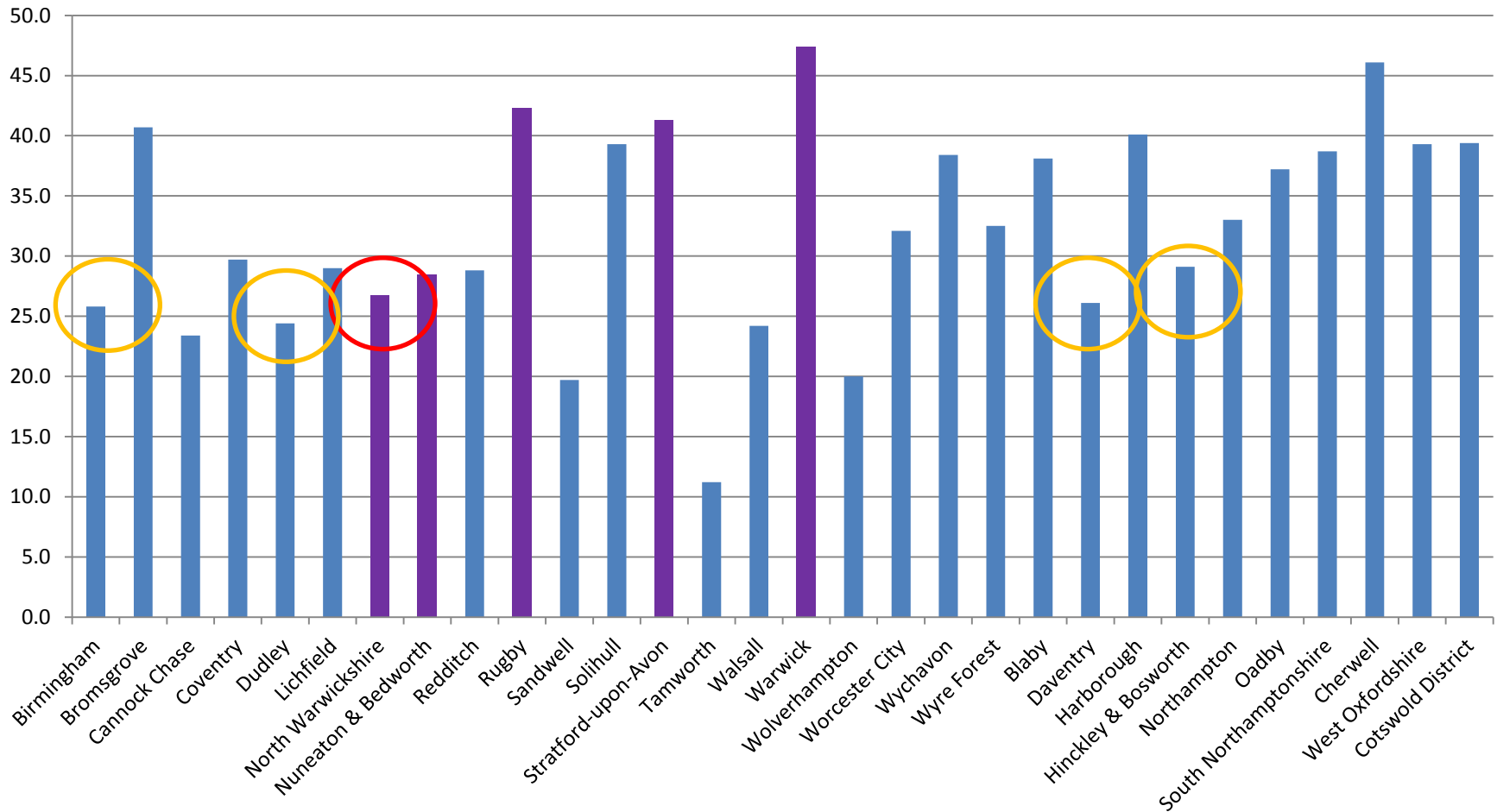
# Comparative analysis – Employment

Employment Rate at district level



# Comparative analysis – Higher level qualifications

% of working age population with an NVQ4+



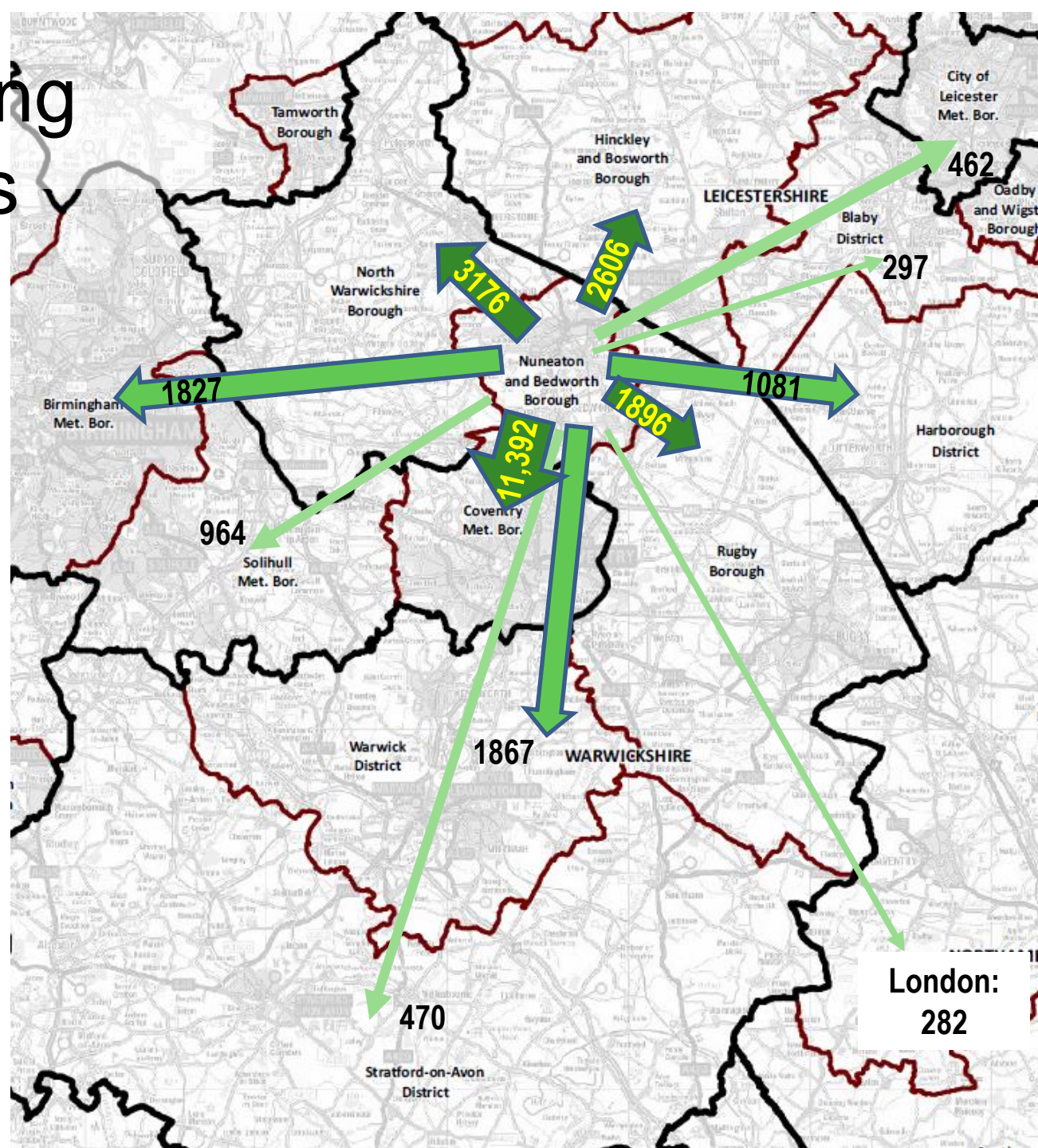


Nuneaton & Bedworth

# **Functional Economic Geographies & Economic Linkages**

# Commuting patterns

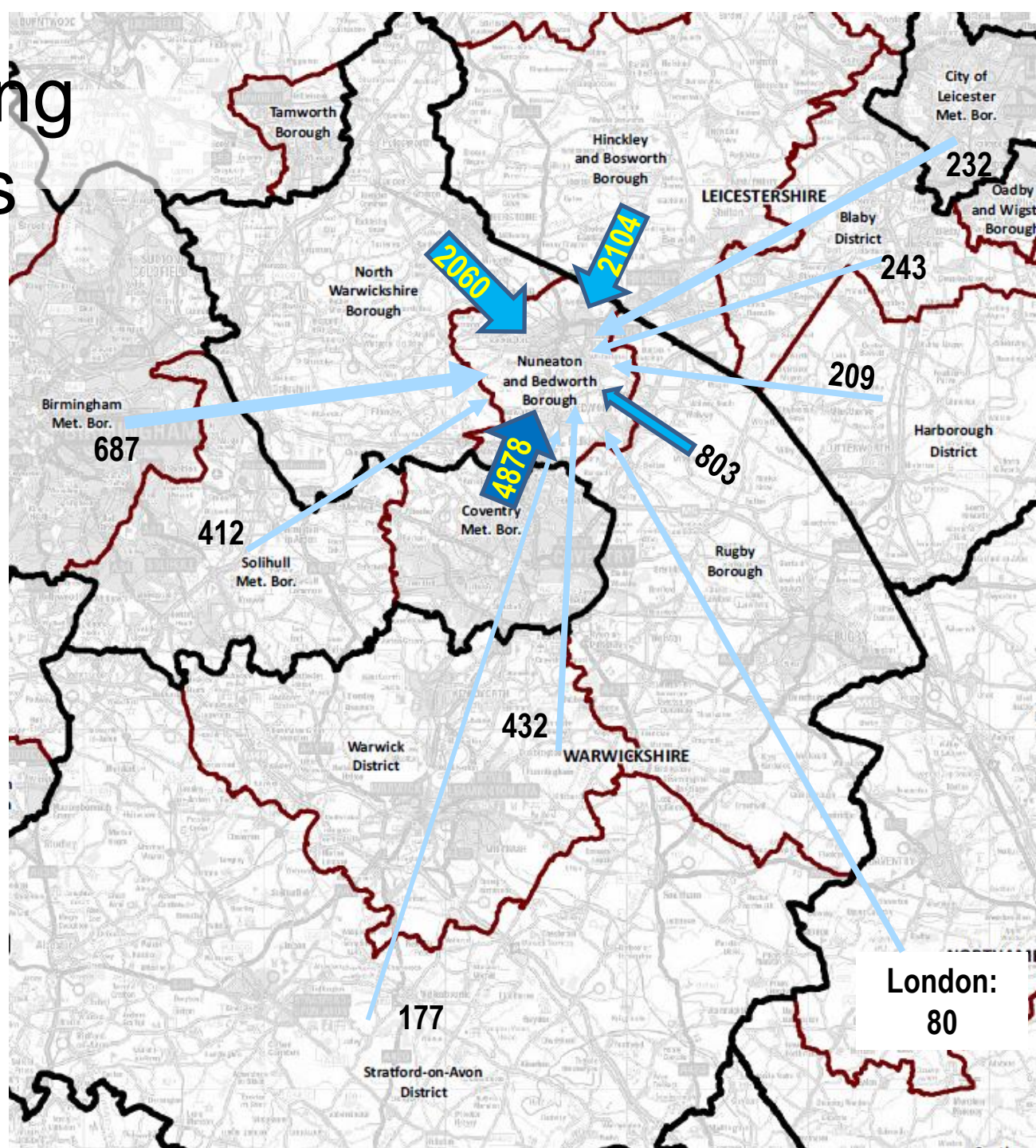
- 22,121 (42.5%) of Nuneaton & Bedworth's employed residents (51,979) work in the borough
- The 2<sup>nd</sup> lowest levels of self containment (after North Warwickshire) in the county and wider Coventry & Warwickshire area
- Very strong out-commuting flows to Coventry (21.9%).
- Other main links are with N Warks (6%), Hinckley & Bosworth (5%), and Rugby (3.6%)



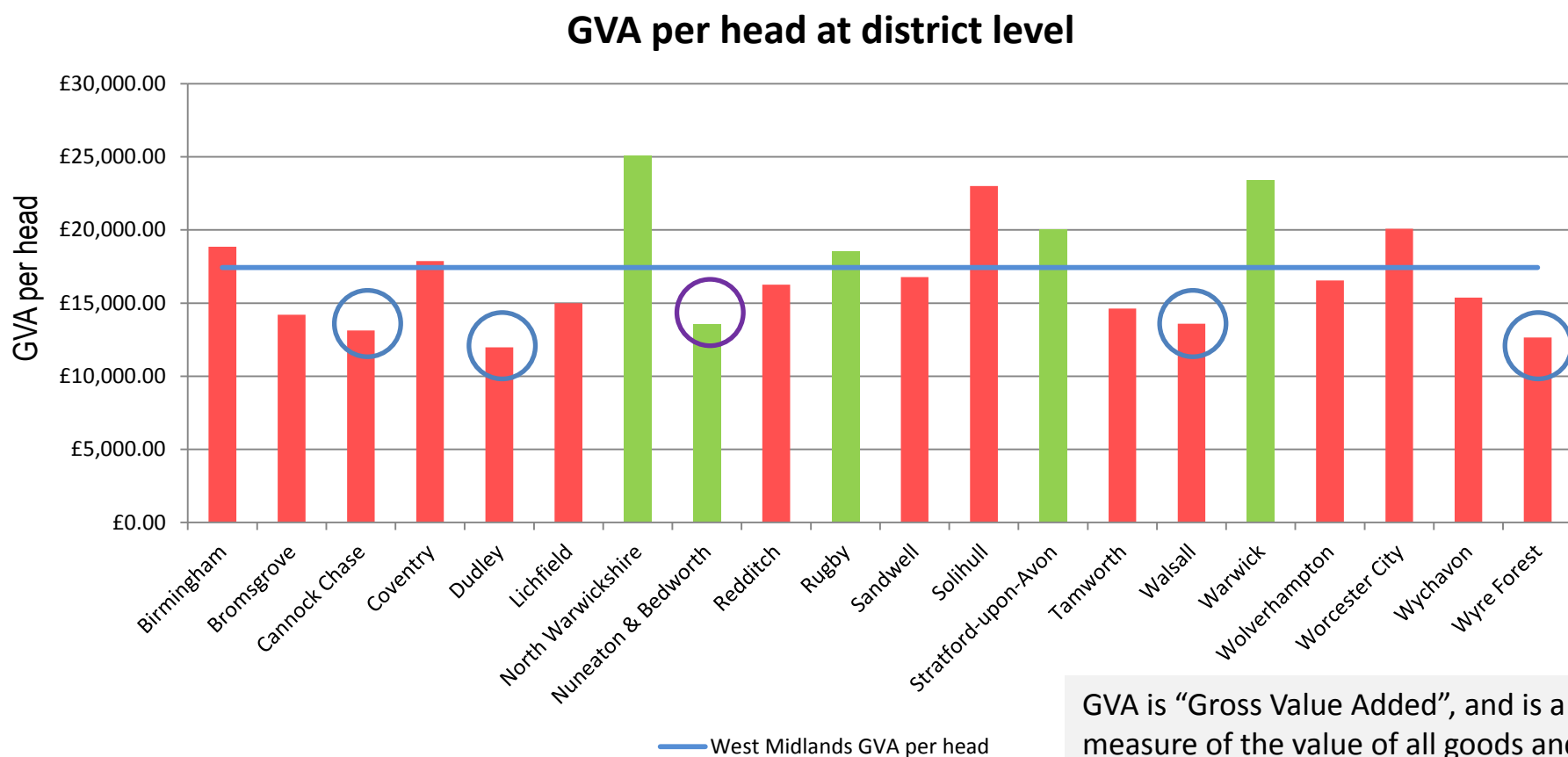


# Commuting patterns

- Significant net out-commuting – 15,000 more people leave the Borough than commute in on a daily basis
- Strongest in-commuting flows are from Coventry, Hinckley & Bosworth and North Warwickshire
- Biggest net changes are the smaller net in-commuting flows from Coventry (-6,514), North Warwickshire (-1,100), and Rugby (-1,000)



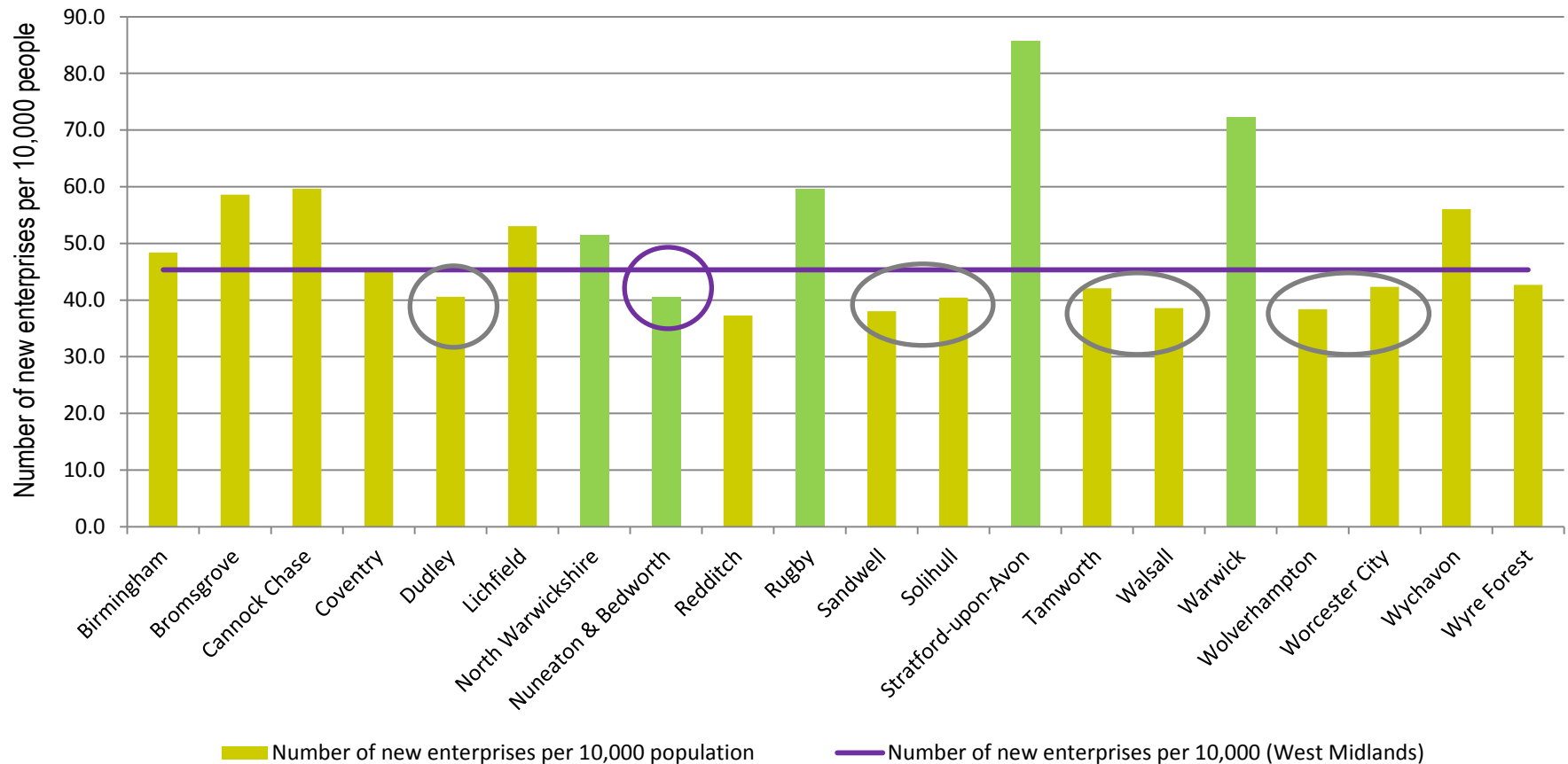
# Comparative analysis – GVA per head



GVA is “Gross Value Added”, and is a measure of the value of all goods and services produced in an area. We divide this by the population to give a per head figure to enable comparisons with other areas.

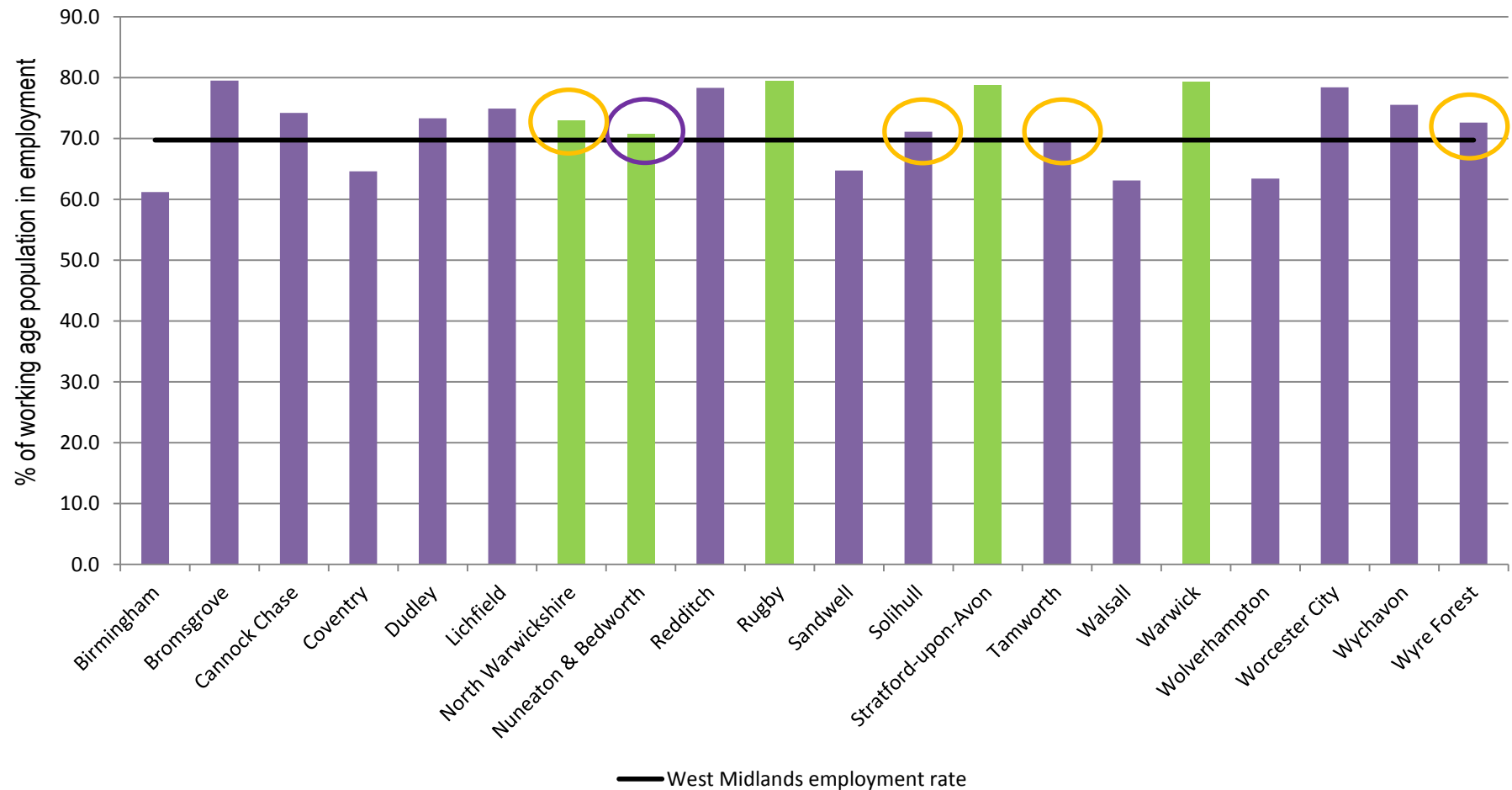
# Comparative analysis – Enterprise

New enterprises per 10,000 population at district level



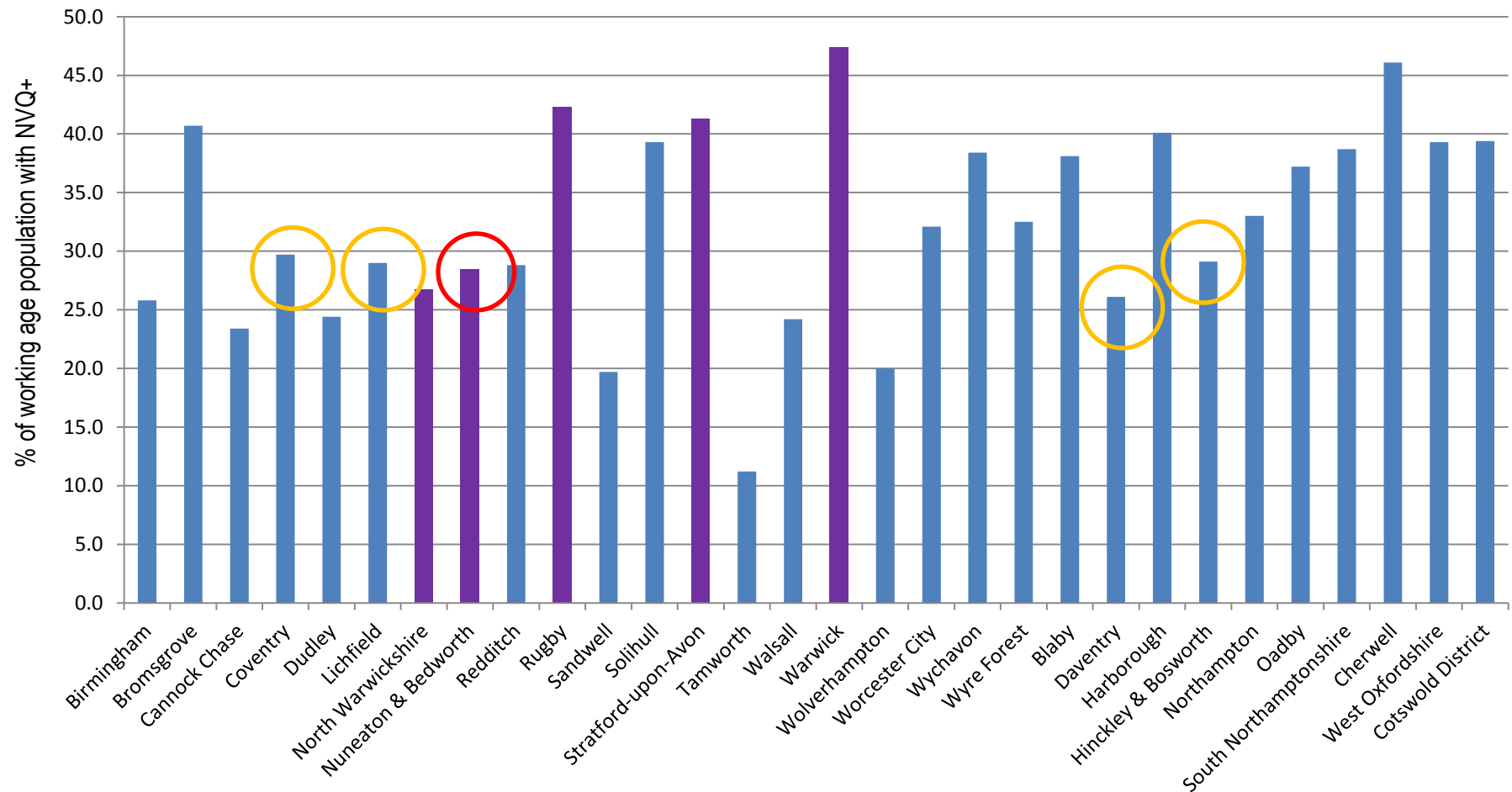
# Comparative analysis – Employment

## Employment Rate at district level



# Comparative analysis – Higher level qualifications

% of working age population with an NVQ4+



Source: Annual Population Survey (2013-2014)



Stratford-on-Avon

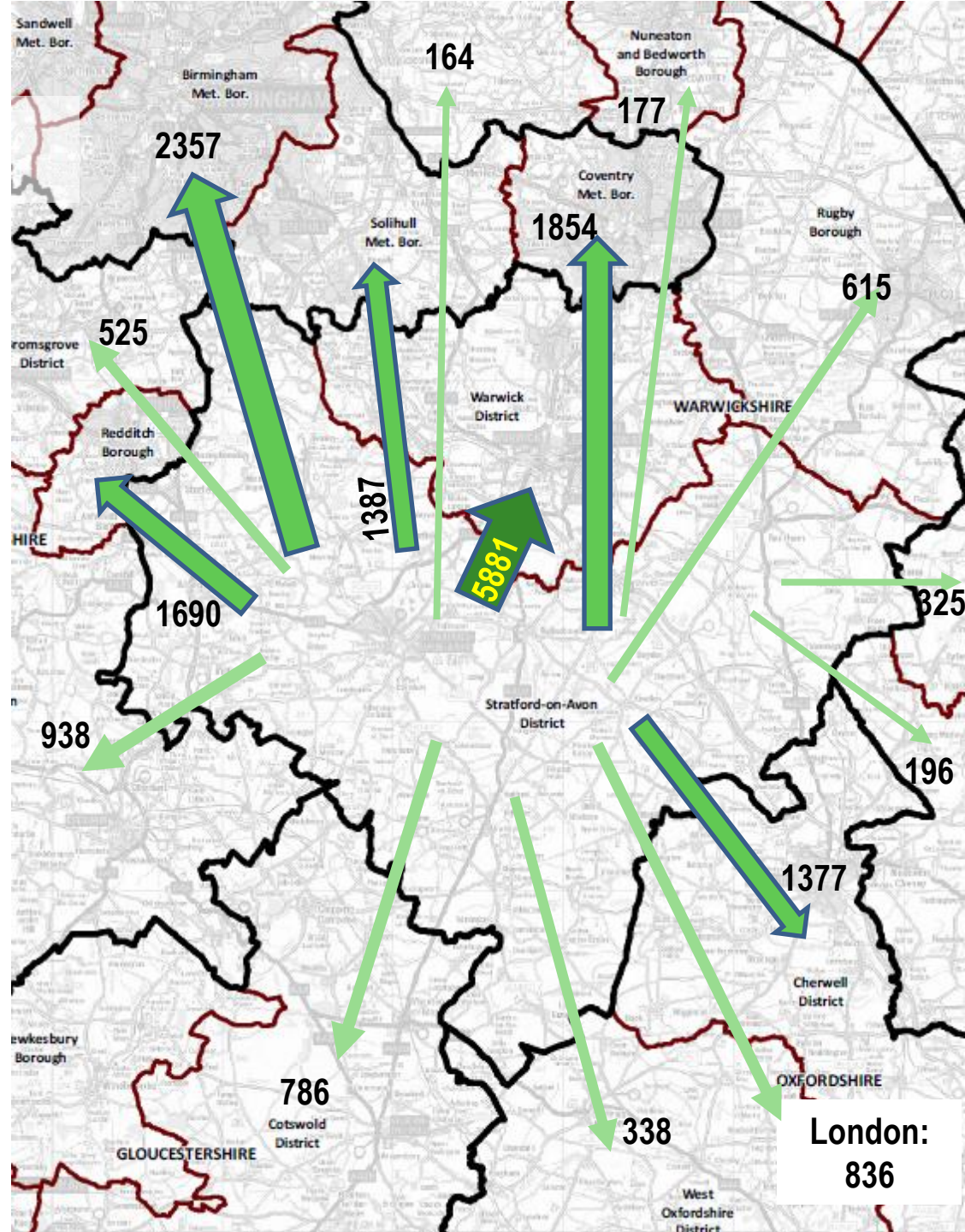
# **Functional Economic Geographies & Economic Linkages**

# 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

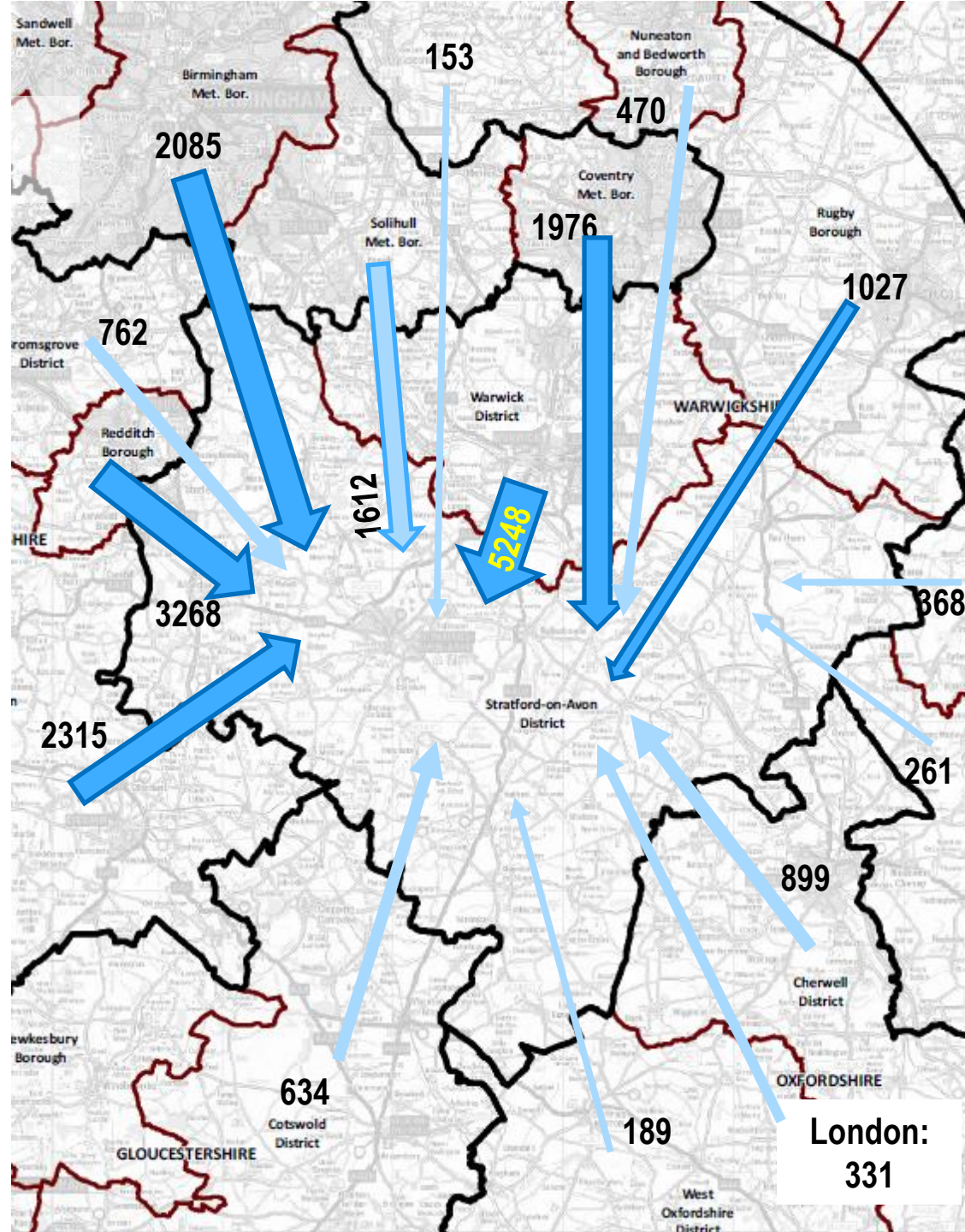
- 23,226 (50.7%) of Stratford Districts employed residents (45,892) work in the borough
- The 3rd lowest levels of self containment (after North Warwickshire & N&B) in the county and wider Coventry & Warwickshire area
- Strongest out-commuting flows to Coventry – but only 12.8% of employed residents.
- Other strongest links are with Birmingham (5.1%), Coventry (4%), Redditch (3.7%) & Cherwell (3%)



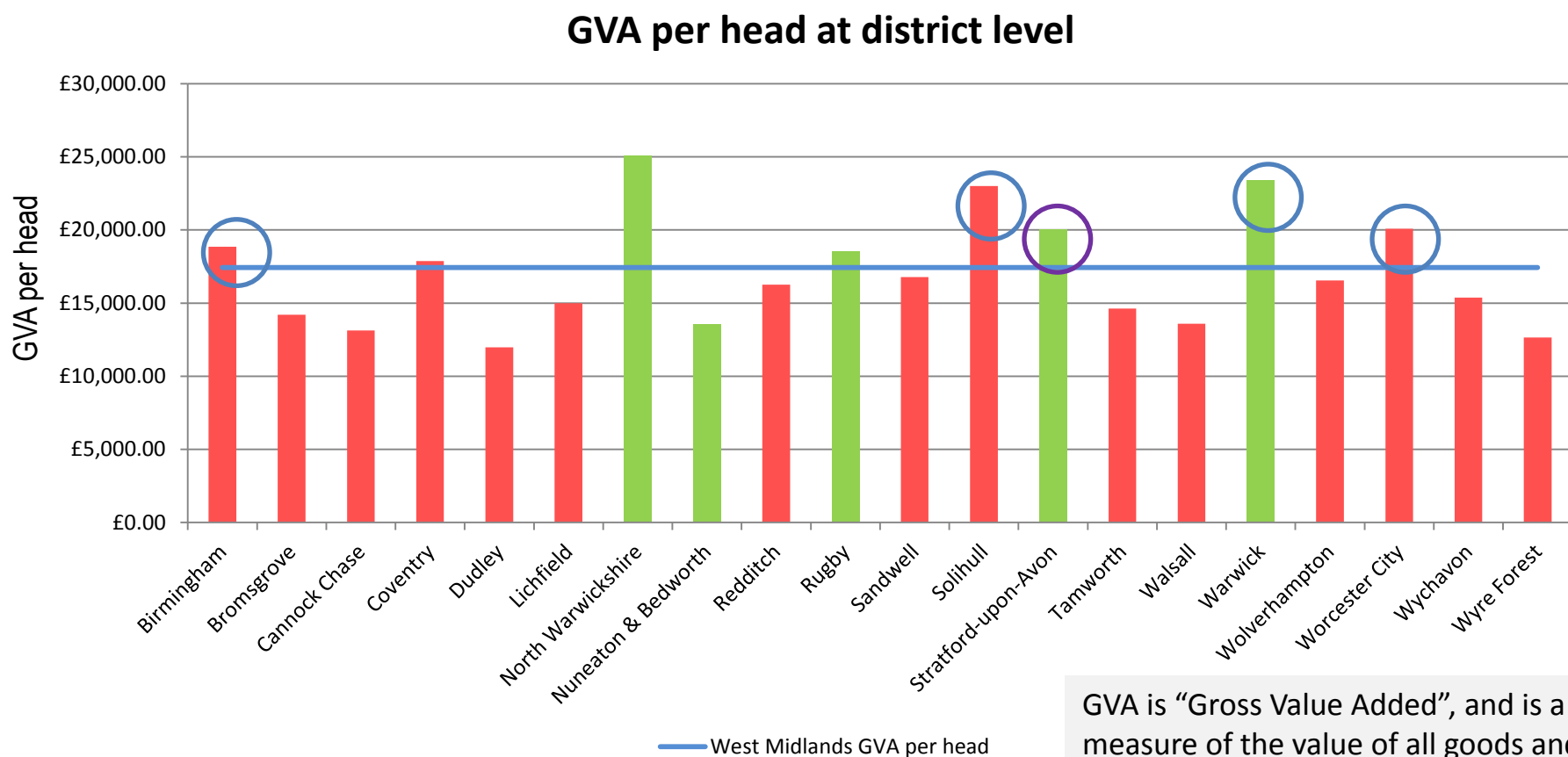


# Commuting patterns

- Very slight net in-commuting of 23,701 (+475)
- Strongest in-commuting from Warwick, then Redditch, Wychavon and Birmingham
- Biggest net changers from out-commuting flows are Wychavon (+1,377 in-commuting); Redditch (+1,578); Rugby (+412); and Cherwell (-478 – i.e. more out-commuting than in-commuting)

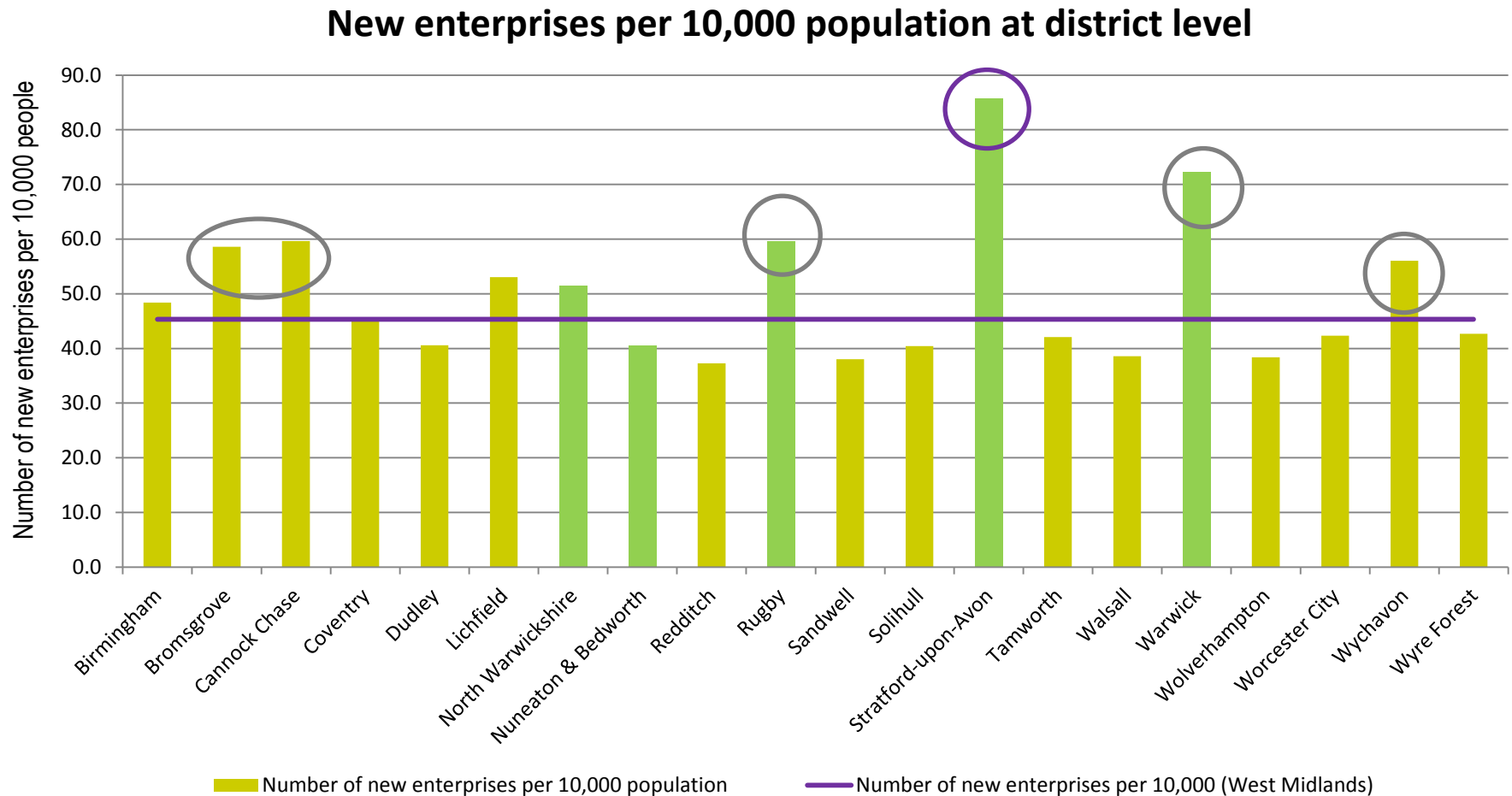


# Comparative analysis – GVA per head



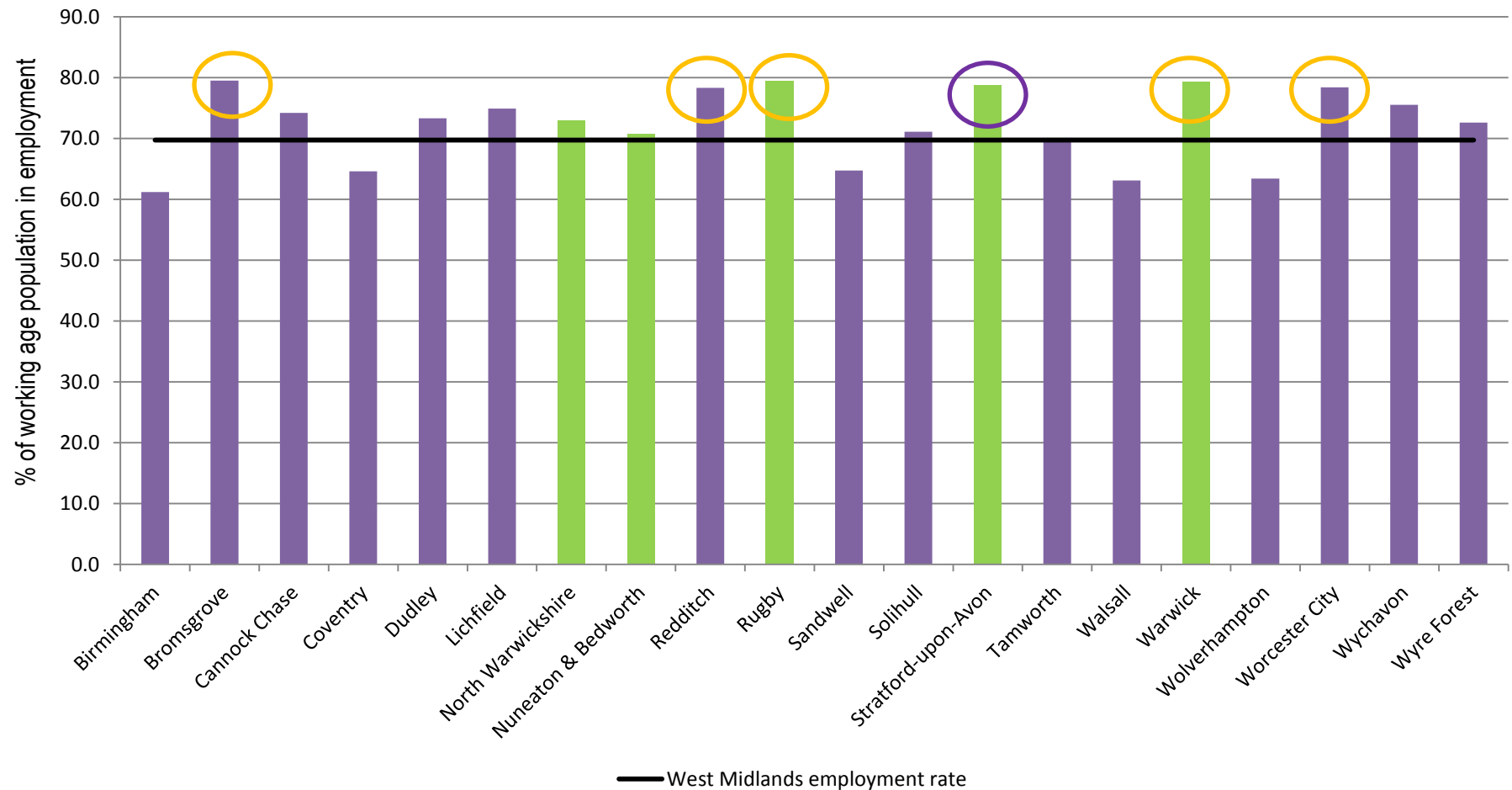
GVA is “Gross Value Added”, and is a measure of the value of all goods and services produced in an area. We divide this by the population to give a per head figure to enable comparisons with other areas.

# Comparative analysis – Enterprise



# Comparative analysis – Employment

Employment Rate at district level

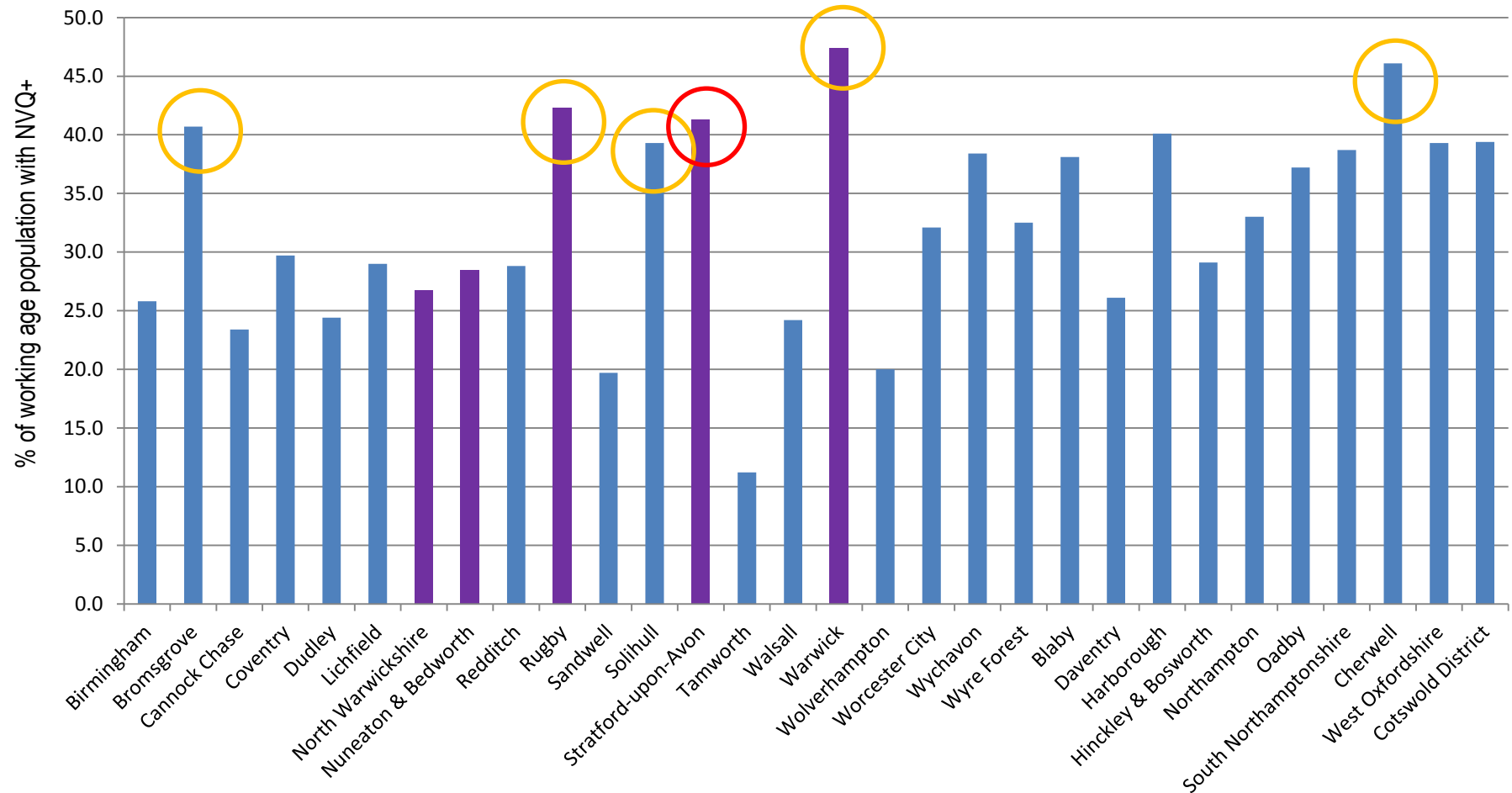


Source: NOMIS (2013-2014)



# Comparative analysis – Higher level qualifications

% of working age population with an NVQ4+



Source: Annual Population Survey (2013-2014)

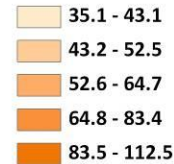
# Business Start-ups

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

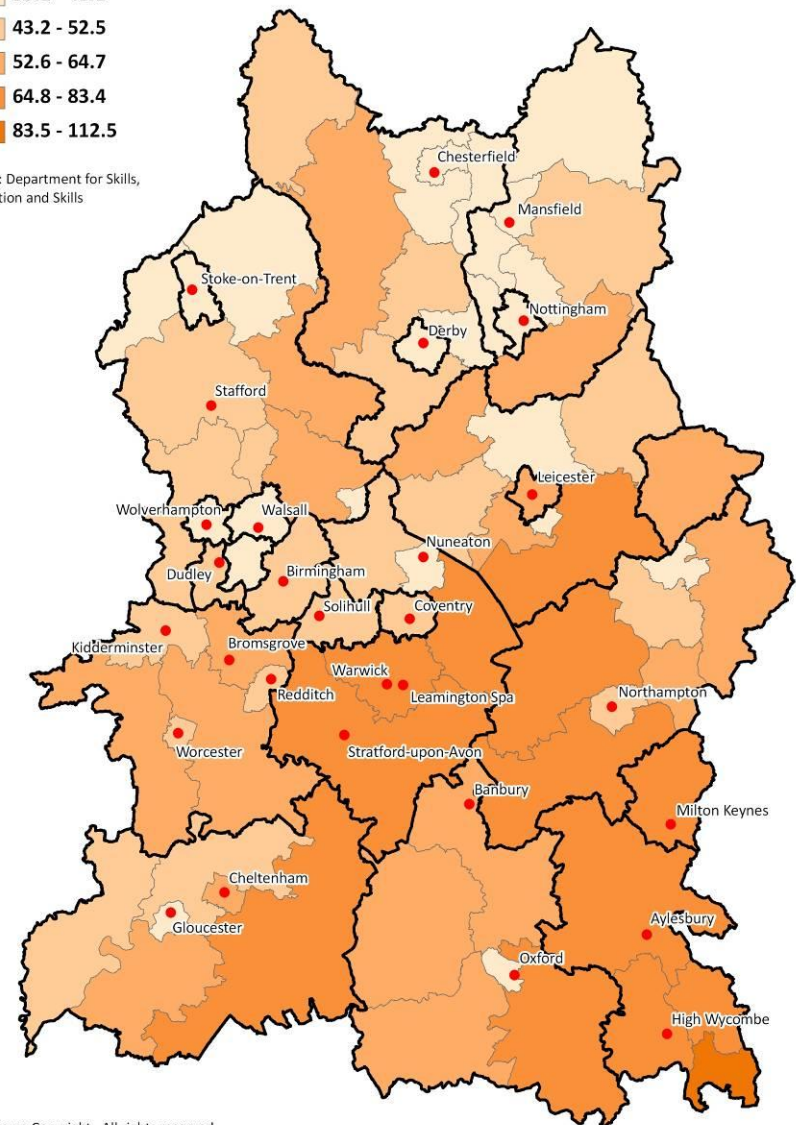
Bottom Authorities	New Business Start-ups per 10,000 Population
Broxtowe	35.1
Newcastle-under-Lyme	35.7
Mansfield and Bolsover	37.2
Stoke-on-Trent UA	37.3
Ashfield	37.5

- 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



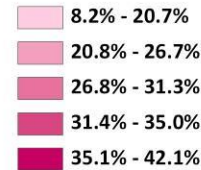
# Occupation - Manual

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%

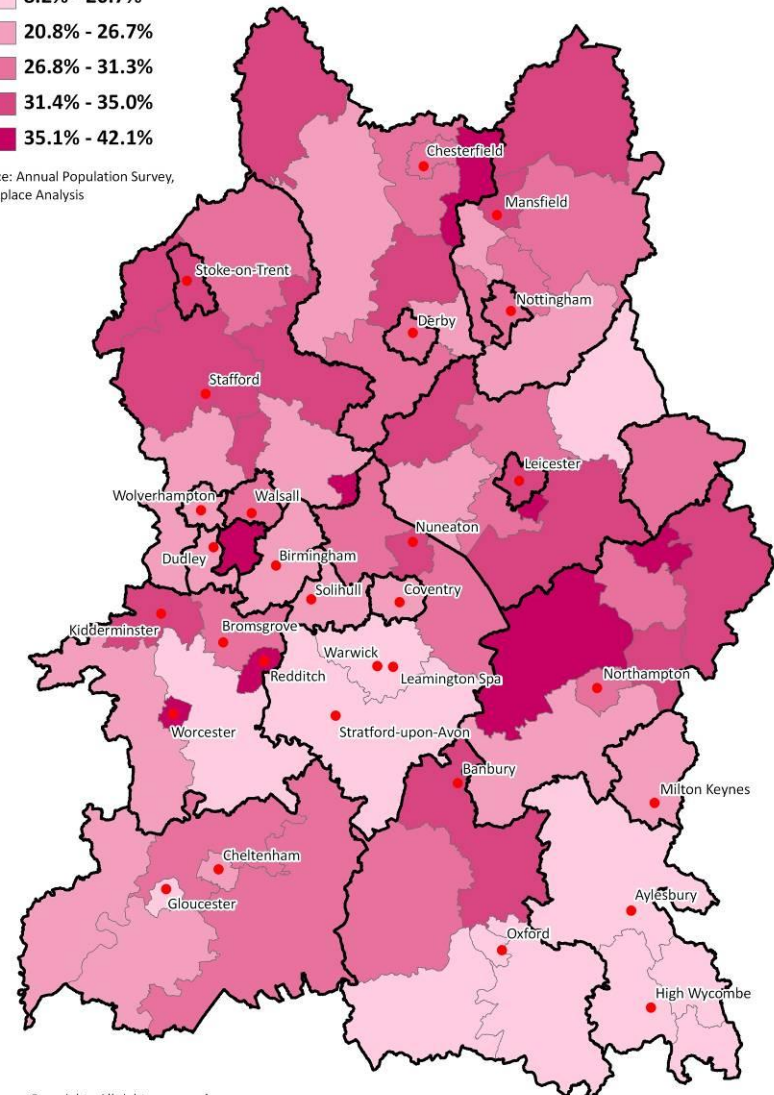
Bottom 5 Authorities	Percentage of Employed Population in Manual and Low Skilled Occupations
Chiltern	8.2%
South Bucks	17.1%
Warwick	18.1%
Vale of White Horse	18.3%
Gloucester	18.4%

- 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



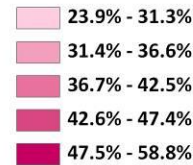
# Occupation - Managerial

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%

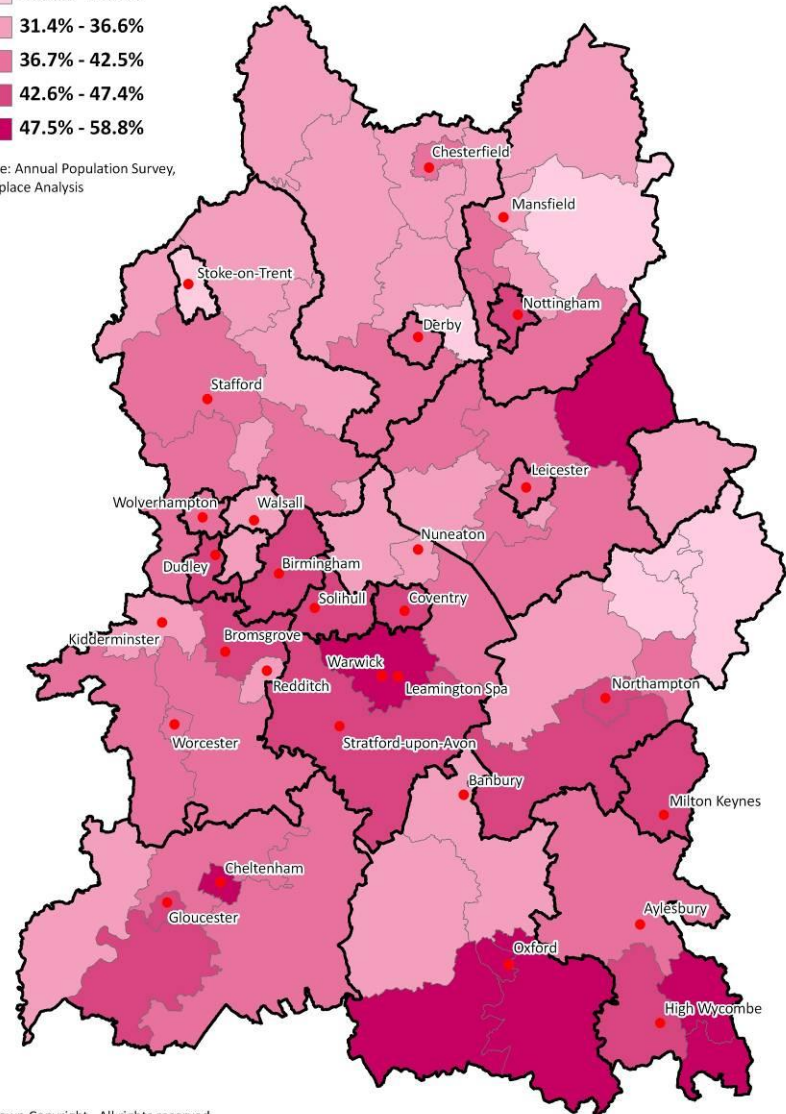
Bottom 5 Authorities	Percentage of Employed Population in Managerial and Professional Occupations
Erewash	23.9%
Newark and Sherwood	27.7%
Corby	29.0%
East Northamptonshire	30.6%
Kettering	30.7%

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

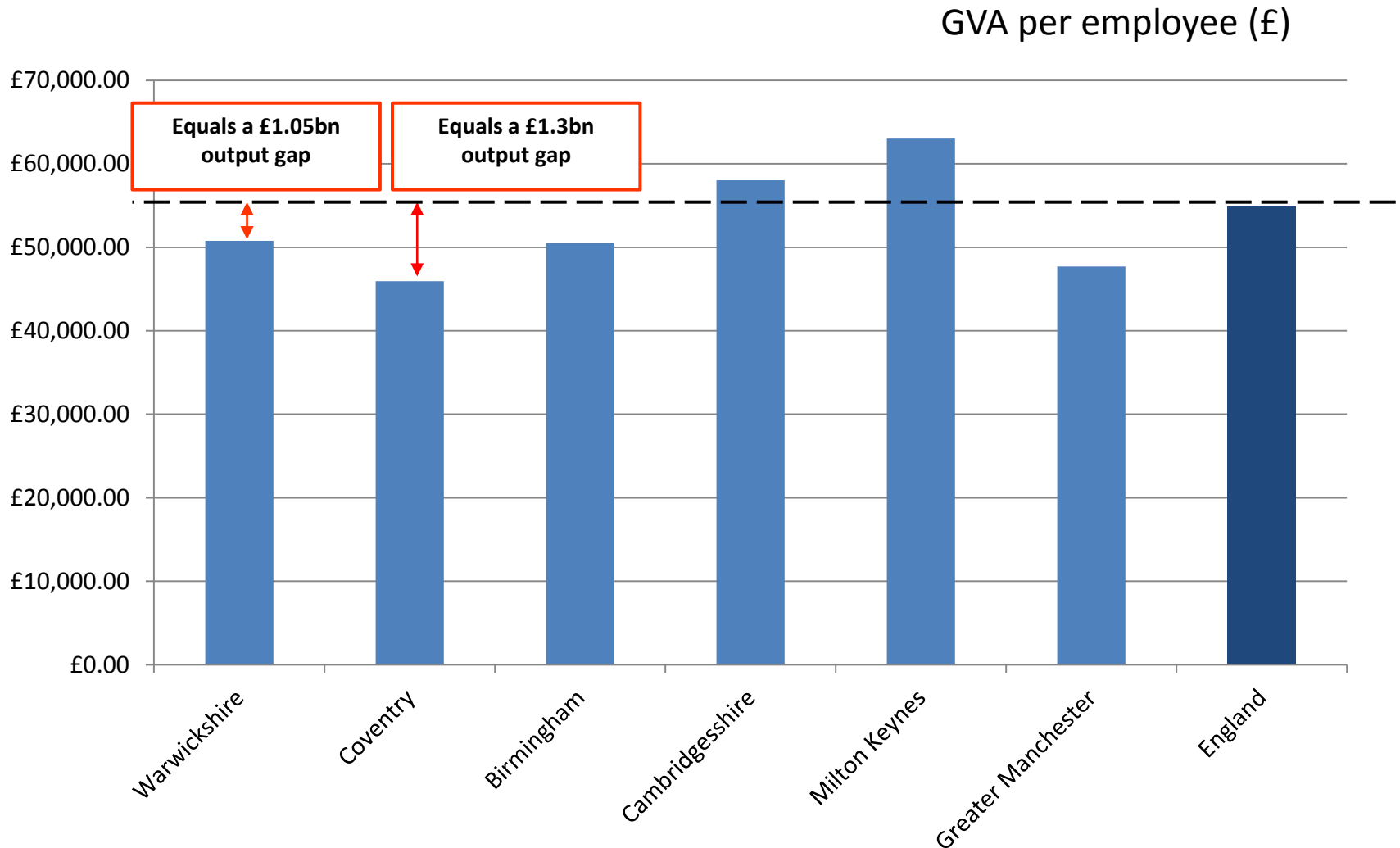
Percentage of Employed Population in Managerial and Professional Occupations, 2008-2009



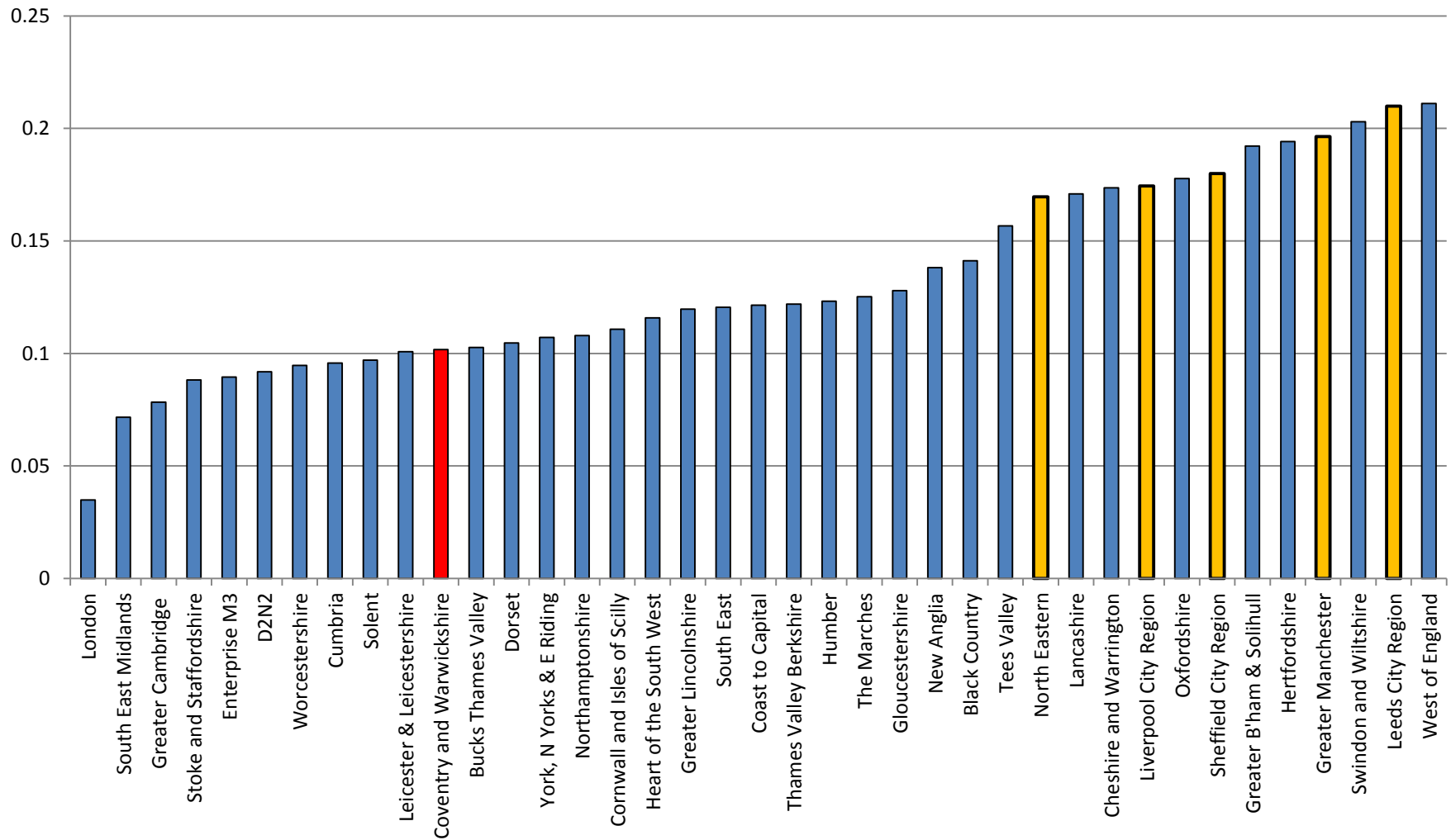
Source: Annual Population Survey, Workplace Analysis



# Lower than average productivity



# Growth Deal allocation per person by LEP area



## **Appendix 9 - Potential Local Authority members of a West Midlands Combined Authority**

### Coventry and Warwickshire (including Hinckley and Bosworth) LEP area

Warwick District Council	Conservative
Stratford District Council	Conservative
Rugby Borough Council	Conservative
Nuneaton and Bosworth Borough Council	Labour
North Warwickshire Borough Council	Conservative
Hinckley and Bosworth Borough Council	Conservative
Coventry City Council	Labour
Warwickshire County Council	Conservative led

### Greater Birmingham and Solihull LEP area

Redditch Borough Council	Labour
Bromsgrove District Council	Conservative
Wyre Forest District Council	Conservative
Worcestershire County Council	Conservative
Birmingham City Council	Labour
Solihull Borough Council	Conservative
Lichfield District Council	Conservative
Tamworth Borough Council	Conservative
East Staffordshire Borough Council	Conservative
Cannock Chase Borough Council	Labour
Staffordshire County Council	Conservative

### Black Country LEP area

Dudley Borough Council	Labour
Walsall Borough Council	Conservative led coalition
Wolverhampton City Council	Labour
Sandwell Borough Council	Labour

15 Conservative or Conservative led  
7 Labour

7 Unitary Councils  
3 County Councils  
13 Borough/District Councils