

MEMBERSHIP OF WEST MIDLANDS COMBINED AUTHORITY

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1. Summary

- 1.1 This report outlines the rationale for Shropshire Council to become a 'non-constituent' member of the West Midlands Combined Authority (WMCA), and the potential long term economic growth benefits to the County in so doing.
- 1.2 The WMCA comprises the seven metropolitan boroughs of the West Midlands, the three Local Enterprise Partnerships (LEPs) covering the geographical area, and a current total of five non constituent members, including Telford and Wrekin Council. Stratford upon Avon District Council is to join as a non-constituent member later this year. The Police and Crime Commissioner and the Fire Service for the West Midlands hold Observer status.
- 1.3 There are ongoing financial implications in becoming a non-constituent member, of £25,000 per annum, which is also the amount being paid by the Observers. Constituent members are paying a fee of £500,000 per annum.
- 1.4 The timescales for the next steps for the WMCA are that it will go live on 1st June 2016, ahead of the progress of the necessary mayoral order through Parliament for the election of a 'metro mayor' for the West Midlands.
- 1.5 As a non-constituent member, the Council would remain independent, retaining all its current powers and would not come under the remit of any future West Midland Mayor. The Council would also remain in the Marches LEP, along with Herefordshire Council and Telford and Wrekin Council.
- 1.6 Cabinet agreement is sought to implement the membership proposal, as to delay a decision beyond June would be to delay any such membership until 2017.

2. Recommendations

- 2.1 Cabinet agrees that Shropshire Council becomes a non-constituent member of the West Midlands Combined Authority.

- 2.2 Cabinet agrees to give authority for the Chief Executive, in liaison with the Leader of the Council and the Deputy Leader and Portfolio Holder for Business and Economy, to carry out the necessary arrangements for becoming a non-constituent member and to represent Shropshire Council on the West Midlands Combined Authority in discussions and negotiations in the run up to mayoral elections in 2017.
- 2.3 Cabinet agrees to receive a progress report on devolution developments at regional and national level at a timely future date, at which point further recommendations may be tabled.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 *Risk Management*

- 3.1.1 The Council is looking to do business with others as well as with central Government in pursuit of policy intentions for transport, housing and broadband and mobile infrastructure that will lead to improved physical and digital connectivity; for support to business including expansion of high level manufacturing; for housebuilding growth and other efforts to optimise land assets including public sector land; and for skilling up of the workforce across all ages and a range of sectors.
- 3.1.2 Becoming a non-constituent member of the WMCA will allow the Council to further collaborate with stakeholders at a regional and sub-regional level, and with Government at a national level, in order to maximise the opportunities for the County to realise its policy intentions for the long term. This close working relationship will also enable long term policy planning to take place through the Review of the Local Plan and associated economic growth strategy.
- 3.1.3 One risk of not taking this opportunity for closer formal affiliation with the constituent bodies of the WMCA is that it could weaken the other efforts we are making to influence national policy, particularly around infrastructure, skills and economic growth, where we have been proactive in submitting evidence to the National Infrastructure Commission and to parliamentary select committee inquiries.
- 3.1.4 Another risk is that it could be seen as ignoring a local opportunity to be in at the beginning of efforts to direct investment where we feel it would be warranted. It is worth making the point highlighted in recent national reports about progress with devolution, and in recent commentaries by senior civil servants, that devolution is a process with a long lead in time. Deal making is seen by Tom Walker, the head of the CLG/BIS Cities and Local Growth Team in Whitehall, as being about a place based conversation, and therefore there will be more emphasis on what may be described as informal governance, where political leadership relies less on bureaucracy and more on networks and relationships.

3.2 *Equalities, Human Rights and Community*

- 3.2.1 It will be timely for the Council to carry out Equality and Social Inclusion Impact Assessments at appropriate stages in devolution activity in which the Council is engaged, potentially linked to other local and partnership activity such as the ongoing 'Big Conversation'; corporate and financial strategy development and implementation; and refresh of the Marches LEP Strategic Economic Plan.

4. Financial Implications

- 4.1 The financial contribution expected from Shropshire Council to the WMCA is an annual amount of £25,000. For 2016/2017 and 2017/2018, this will be met from within existing economic growth budgets.

5. Background

- 5.1 The Cities and Local Government Devolution Act 2016, which received Royal Assent on 28th January 2016, may be described as enabling legislation, as it provides a legislative framework which can be applied flexibly to different areas by secondary legislation. It provides for the creation of a directly-elected mayor of a combined authority to exercise specified functions; widens the range of functions that can be conferred on a combined authority beyond economic development, regeneration and transport; enables the changing of local government structures (such as mergers of councils and moves to unitary structures); and allows for public authority functions to be conferred on a combined or local authority. It enables Orders to be made for each local area to transfer powers in accordance with a devolution deal.
- 5.2 Part 6 of the Local Democracy, Economic Development and Construction Act 2009 contains powers which enable the Secretary of State to make an Order establishing a combined authority for an area which meets certain specified conditions. A combined authority is a corporate body which, under Part 6 of the Local Democracy, Economic Development and Construction Act 2009 as originally enacted, enables local authorities to work jointly to deliver improvements in economic development, regeneration and transport across a functional economic area. Before making an Order, the Secretary of State must be satisfied that its creation will improve the efficiency and effectiveness of transport and economic development in the area; and Parliament must approve the Order.
- 5.3 The new Cities and Local Government Devolution Act 2016 broadens the scope of the powers that it is possible to confer on a combined authority and on all other local authorities, including those in non-metropolitan areas.
- 5.4 The West Midlands Combined Authority (WMCA), whose statement of devolution intent was launched on 6th July 2015, comprises the seven metropolitan authorities of the West Midlands, the three Local Enterprise Partnerships (LEPs) covering the geographical area of the West Midlands, and a current total of five non constituent members, including Telford and

Wrekin Council. Stratford upon Avon District Council is also to join as a non-constituent member later this year. The Police and Crime Commissioner and the Fire Service for the West Midlands hold Observer status.

- 5.5 The WMCA launch statement described ambitions for the West Midlands to help rebalance the UK economy and lead the 'Midlands Engine', a phrase coined by the Chancellor to describe the growth and reform vision for the Midlands that he articulated in a speech on 1st June 2015. The subsequent proposed agreement between the WMCA and Government will see it make a projected annual contribution worth £40 million for 30 years to support an overall investment package that will unlock £8 billion, alongside the creation of up to half a million jobs.
- 5.6 The WMCA will control decision making and investment into economic development, transport infrastructure and skills. To help progress its key priorities, three commissions have been established: a Land Commission, a Mental Health Commission and a Productivity Commission. Case studies will be used to highlight the barriers and the new tools and levers needed.
- 5.7 A key principle is that, whilst everyone will benefit, not everyone will benefit at the same time or in the same way. Coventry have £150m for city centre regeneration, whilst the Black Country is likely to benefit from a land remediation deal, and the Greater Birmingham and Solihull LEP are to receive £4.4bn in HS2 Growth Strategy. This links for Shropshire with the development of Midlands Connect's long-term transport strategy as well as the region's traditional strengths in manufacturing and engineering. Midlands Connect will be on a statutory footing by the end of 2018 to create a sub-national transport body for the Midlands. This will support Midlands Connect in developing and implementing a long term Midlands transport strategy. Priority road schemes have also been identified with a number of initiatives including the upgrading of the M42 and M5 around Birmingham.
- 5.8 The transport infrastructure developments are significant, given that Shropshire Council has recently become a member of the Northern Gateway Partnership with the Cheshire and Staffordshire local authorities and LEPs, as per 10th February 2016 Cabinet decision. The partners in this are committed to capitalising on the Cheshire/Staffordshire region's position as the bridging link between the Midlands Engine and the Northern Powerhouse. The Northern Gateway sets out to deliver significant economic growth and regeneration across the region on the back of HS2 investment at Crewe. It aims to unlock major new growth and investment opportunities to deliver over 100,000 new homes and 120,000 new jobs across the area by 2040.
- 5.9 By becoming a non-constituent member of the WMCA, the Council will similarly be well placed to capitalise on its own geographical position as a bridging authority between the North West and the West Midlands, with its proximity to Wales and the importance of its arterial transport routes through to Ireland via Holyhead. This will further strengthen the status of Shropshire as a Council with whom others wish to do business.

6. Additional Information

- 6.1 Constituent members have ultimate voting rights and can only be signed up to one combined authority. The constituent authorities for the West Midlands Combined Authority are:
- Birmingham City Council
 - City of Wolverhampton Council
 - Coventry City Council
 - Dudley Metropolitan Borough Council
 - Sandwell Metropolitan Borough Council
 - Solihull Metropolitan Borough Council
 - Walsall Council
- 6.2 Non-constituent members can sign up to more than one combined authority and have less voting rights than constituent members. The current non-constituent authorities for the West Midlands Combined Authority are:
- Cannock Chase District Council
 - Nuneaton and Bedworth Borough Council
 - Redditch Borough Council
 - Tamworth Borough Council
 - Telford and Wrekin Council
- 6.3 The West Midlands Combined Authority covers a three LEP geography. Each LEP has joined the WMCA as a non-constituent member. They are:
- Black Country LEP
 - Coventry and Warwickshire LEP
 - Greater Birmingham and Solihull LEP
- 6.4 At present there is a Shadow Board in place which meets every week, made up of the Leaders and Chief Executives. This is likely to move to monthly meetings but will require staff commitment from the Chief Executive to ensure Shropshire is at the table of these key discussions to realise the benefits.

7. Conclusions

- 7.1 The Council's experiences in its commissioning and delivery approaches, in its ongoing dealings with Government, and as an authority well-used to working across porous geographical boundaries and across the complexities of differing sectoral boundaries, make us a positive potential partner in the WMCA, hence the welcome extended to us.
- 7.2 The WMCA will be one of the most significant Combined Authorities in terms of its size and composition. Membership of the WMCA affords this Council the chance to federate more closely with local authorities and business leaders within the West Midlands; to continue to work closely with Herefordshire and Telford and Wrekin Councils and local businesses as a member of the Marches LEP; to strengthen other collaborative working arrangements such

as with the Cheshire and Staffordshire authorities; and to ensure that its own policy intentions for economic growth and effective public sector reform over a short and long term period may be realised.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cities and Local Government Devolution Act 2016

“Growing the UK economy through a Midlands Engine”; West Midlands Combined Authority, July 2015

“Making devolution deals work”; Institute for Government, 2015

“Unlocking county devolution deals”; Institute for Public Policy Research, 2015

Cabinet Member (Portfolio Holder)

Malcolm Pate, Leader

Steve Charmley, Deputy Leader and Portfolio Holder for Business and Economy

Local Member

Appendices