

REPORT TO COUNCIL

17 July 2018

Subject:	West Midlands Combined Authority
Presenting Cabinet Member:	The Leader
Director:	Darren Carter
Contribution towards Vision 2030:	
Contact Officer(s):	Sarah Sprung, Senior Service Improvement Lead, sarah_sprung@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Council:

1. Consider opportunities for the Borough arising from the West Midlands Combined Authority.

1 PURPOSE OF THE REPORT

- 1.1 To provide Council with an update in relation to West Midlands Combined Authority activity since the last update was provided to Council on 6 March 2018.
- 1.2 This report gives an overview of a number of issues, further detailed information about West Midlands Combined Authority, including key projects and initiatives, is available on the [WMCA website](#).
- 1.3 The report also sets out progression in relation to giving the CA the powers to levy a supplementary business rate (SBR) and the devolution of the Adult Skills Budget.

2 IMPLICATIONS FOR SANDWELL'S VISION

- 2.1 Participation in West Midlands Combined Authority (WMCA) activity has the potential to help Sandwell deliver all of the ambitions contained in the Vision.

3 BACKGROUND AND MAIN CONSIDERATIONS

WMCA Annual Meeting

3.1 The Annual meeting of the Combined Authority Board took place on 22 June 2018, with some changes to the portfolio responsibilities of Leaders:-

Portfolio Lead Member

Finance & Investments HS2 (& Deputy Mayor)
Transport
Skills & Productivity
Economic Growth
Environment
Cohesion & Integration and Public Service Reform
Housing & Land
Wellbeing

Member

Councillor Bob Sleight
Councillor Roger Lawrence
Councillor George Duggins
Councillor Ian Ward
Councillor Patrick Harley
Councillor Steve Eling

Councillor Mike Bird
Councillor Izzi Seccombe

3.2 In addition to appointing portfolio leads, the Chair of the Overview and Scrutiny Committee was also appointed, a position which Councillor Peter Hughes retains for a third municipal year.

Governance of West Midlands Fire Service Public Consultation Outcomes Report

3.3 An eight week public consultation was undertaken between 11 January and 8 March 2018, pursuant to section 113 (3) Local Democracy, Economic Development and Construction Act 2009. The consultation was a requirement for the making of an order, which stipulates that the Secretary of State must not only consult constituent councils within a combined authority's area but also must have 'due regard to the need - (a) To reflect the identities and interests of local communities and (b) To secure effective and convenient local government'.

3.4 The consultation sought views on the detail of the proposed Scheme, this included the roles of the Mayor and WMCA, the proposed Mayoral Fire Advisory Committee [MFAC] and the Chief Fire Officer. The consultation also sought the views of the communities of the WMCA's area on the benefits of the proposed governance change and the transfer of powers to the Combined Authority.

3.5 Items listed as notable discussion areas included comments from Sandwell:-

- Sandwell Cabinet noted that 'the function of reviewing decisions made by the Mayor of the WMCA in relation to the West Midlands Fire Service should sit with the WMCA Overview and Scrutiny Committee and that this should be included in the final submission.' Retaining the MFAC and its composition, as a component of the governance model to retain fire experience and maintain constituent authority engagement with the fire service has the support of all constituent councils. It is however recommended that the principal of the separation of these functions should be noted in the final submission and be

the subject of more detailed discussion with the Home Office during the development of the legislative orders.

- 3.6 The table below details the timeline for the progression of the transfer of WMFRS to WMCA:-

DETAILS	DATE
WMCA approved a governance review and scheme to be developed.	8 September 2017
Development of governance review and scheme, which considered the business case for the change in governance.	September 2017
Constituent Council approval of the content of the governance review and scheme.	October-November 2017
WMCA approval of the content of the governance review and scheme and approval to proceed to public consultation.	8 December 2017
Consultation of proposals set out in the scheme on behalf of the Secretary of State.	January - March 2018
Analysis of consultation responses locally	March 2018
Constituent councils and WMCA consider outcomes of the public consultation. Seek consent to submit proposal to Secretary of State.	March - May 2018
Governance review, scheme and analysis of consultation reviewed by Secretary of State (4-12 weeks).	June 2018
Government development of order required to give effect to the proposed changes.	July - September 2018
Constituent council and WMCA approval of detail of order.	October - November 2018
Order enters Parliamentary process December 2018.	January 2019
Home Secretary approves order.	February 2019
The West Midlands Fire and Rescue Authority functions transfer to the WMCA.	WMCA 1 April 2019

Supplementary Business Rates

- 3.7 On 6 March 2018 Council approved a recommendation to delegate to the West Midlands Combined Authority (WMCA) to undertake a process that will result in an amendment to statutory regulations to provide the WMCA with the necessary powers to raise a supplementary business rate.
- 3.8 That process has now concluded and on 14 May 2018 the Ministry of Housing and Local Government [MHCLG] wrote to each of the constituent authorities to request formal consent to the making of this order.

- 3.9 The Order also amends the list of Combined Authority roads (known locally as the West Midlands Key Route Network) so that the definition covers all roads that are part of the strategic network of key local roads. It was not previously anticipated that this order would include any changes to the KRN and a short delay has been experienced while officers have sought clarification on this change.
- 3.10 Officers in Highways have confirmed that this change is in line with expectations and presents no issues for Sandwell.
- 3.11 The deadline required to respond to the MHCLG did not allow sufficient time to bring a report back to Council so the decision was taken as a matter of urgency as an executive function.
- 3.12 The decision approved under the matter of urgency report was:-
- That the Chief Executive be authorised to provide formal consent to MHCLG in relation to the proposed Order.*
- 3.13 Following the receipt of the necessary consents, the Department for Local Government and Communities intend to seek Parliamentary approval to make an order under the Local Democracy, Economic Development and Construction Act 2009 as amended by the Cities and Local Government Devolution Act 2016. This order will provide the power to raise funding through a business rates supplement (currently exercised by the Greater London Authority) under the Business Rates Supplement Act 2009 to be conferred on the Combined Authority. The order will also provide that the power, when conferred, will be exercised by the Mayor only.
- 3.14 Following the necessary powers being acquired, the Combined Authority will need to decide how to best implement the Supplementary Business Rate scheme. This will be subject to a further paper to the West Midlands Combined Authority Board later in 2018, as any future decision to implement a SBR will require approval by the WMCA Board, along with intensive and detailed work with Constituent Authority Members and local Businesses.
- 3.15 The Key Route Network (KRN) includes those routes whose function is to convey the strategic flow of vehicles supporting accessibility for businesses, logistics and core bus travel across the West Midlands region. The network also includes the major commuter routes across the metropolitan area.
- 3.16 Strategic oversight of the KRN is a function of the West Midlands Mayor through the WMCA, however day-to-day responsibility remains with the Local Highway Authorities (LHA5). In terms of the hierarchy of routes, the KRN sits between the national Strategic Road Network (motorways and trunk roads) and the more local routes that remain wholly the responsibility of individual LHA such as Sandwell.

3.17 The establishment of the KRN enables the maintenance and improvement of these important routes to be co-ordinated across Local Authority boundaries which brings consistency of approach, economies of scale and leads to more efficient use of funding. In addition, it strengthens the case for funding of capacity and safety improvements at locations such as Birchley Island and M5 Junction 1.

Devolution Deal – Adult Skills Budget

3.18 The principal purpose of Adult Education Budget [AEB] is to engage adults in learning that supports wider economic and social priorities. Devolution of AEB to the WMCA will only be applied within constituent member areas, and the indicative budget will be approximately £112m for 2019/20 based on current spend on residents within this area.

3.19 The Order sets out the details of AEB functions that will be transferred to the WMCA with the agreement to devolve the budget. DfE have been clear that the Order does not cover apprenticeships, adult offender learning or provision for people aged 16 -18. Subject to these exceptions, it is proposed that the following functions contained in the Apprenticeships, Skills, Children and Learning Act (ASCAL) 2009 will transfer to the WMCA in relation to constituent member areas:-

- S86 – Duty to provide appropriate 19+ Further Education (not to include apprenticeships, prisoner education or traineeships);
- S87 – Duty to provide appropriate FE to 19+ learners who do not have certain specified qualifications;
- S88 – Duty to ensure that provision is free for relevant learners who do not have certain specified qualifications.

3.20 For the first twelve months, WMCA has committed to maintaining current levels of funding to colleges and local authorities, and to work collaboratively on improving the mix and balance of provision so that it better meets local needs. In the future WMCA expects to create additional flexibility in budgets through a more efficient use of funding, for example, minimising underspend, reducing sub-contracting, and potentially reducing spend with some out-of-area providers.

3.21 The work will include greater local and regional collaboration to map provision and identify gaps. The Regional Skills Plan will highlight the need for AEB to better reflect local priorities. This will also include a commitment to target more action at key areas of high youth unemployment and/or low skills. This approach will be developed with local authorities to enable greater focusing and alignment of skills provision in areas of greatest need.

3.22 Target communities and groups will be identified and agreed in collaboration between the Council and WMCA. Initial areas of focus for AEB will also include maximising the impact of employability programmes and ESOL provision across the region.

- 3.23 The DfE has provided WMCA with operating budgets to affect the transfer of AEB. From 2019/20, all running costs will be top-sliced from the AEB.
- 3.24 Mayoral Combined Authorities (MCAs) are required to provide the DfE with consent to the draft Order by 9th July 2018 to meet the necessary timescales to enable full devolution in 2019/20. The Order will be laid before Parliament by the end of July 2018 and made in November 2018 to meet the timescales to enable devolved arrangements to be in place for the 2019/20 academic year. If the Order is not laid, the WMCA will not receive AEB in 2019/20.

Cohesion & Integration and Public Sector Reform Leadership Commission

- 3.25 Sandwell has a lead role in taking forward the agenda relating to Cohesion & Integration and Public Service Reform as the Leader, Councillor Eling, is the portfolio lead for this area. Headline activity in the portfolio includes the publication of the Leadership Commission Report [attached at [Appendix A](#)].
- 3.26 The Leadership Commission report is a summary of a nine-month research programme on promoting leadership diversity in the area covered by the WMCA. This work is a first amongst combined authorities and its central message – that there is now an economic and business imperative for greater leadership diversity and inclusivity, in addition to the clear social imperative - needs to be taken up across the whole country, not only through the WMCA area.
- 3.27 The diversity and young age profile of the WMCA area is a huge asset, and yet there is a significant leadership diversity gap. This matters as research suggests that greater leadership diversity leads to greater prosperity and reduced marginalisation and disaffection amongst excluded groups.
- 3.28 The research, undertaken by local universities and coordinated by the University of Birmingham, aimed to:-
- better understand current representation of key groups in leadership positions;
 - identify barriers and good practice in overcoming these barriers;
 - lay the basis for a strategy and action plan to promote inclusive leadership which would be monitored and evaluated.
- 3.29 The report makes a total of 24 recommendations to deliver the change required to realise diversity in the regions leadership profile, these recommendations sit within five theme areas:
- i. Inclusive leadership to drive inclusive growth;
 - ii. Working in partnership with business to develop inclusive leadership;
 - iii. A step change in recruitment and human resource development;
 - iv. Combatting the evaluation and learning deficit;
 - v. A route map for the next generation.

- 3.30 The findings of the Leadership Commission were shared at the LGA Conference held from 3 to 5 July. Cllr Eling Chaired a Panel discussing the work of the Commission, there was a great deal of interest in this innovative research and fantastic feedback from the audience. Furthermore Cllr Eling also attended the State of the West Midlands event held in Coventry in June 2018.
- 3.31 Within Sandwell we are already looking to see how we can implement these recommendations and lead by example, starting with our own workforce. A number of staff engagement sessions will be taking place to collect views on the perception of diversity and inclusion at the council. Feedback will then be used to develop action plans supported by the senior management team.
- 3.32 We are also working with the WMCA to explore opportunities for further collaborative working to deliver on the Leadership Commission recommendations.

Inclusive Growth

- 3.33 Promoting a model of economic growth that impacts positively on all the Combined Authorities residents and communities. The activities focus on building capacity to influence and promote inclusive growth priorities, driving social value, and developing specific actions to promote inclusive transport, housing, skills and public service outcomes. Key activities the WMCA will be focusing on in the coming months to deliver on the inclusive growth agenda are:-
- i. A West Midlands Inclusive Growth Audit - a regular publication which will give a picture of the region around the inclusivity of jobs, skills and growth outcome;
 - ii. A citizen engagement programme - ensuring the voice of local people is at the heart of the WMCA's vision for inclusive growth;
 - iii. The establishment of a Population Hub – led by Public Health England, this will provide a state-of-the-art data dashboard of population health plus social and economic analysis to underpin preventative investment;
 - iv. A commitment to ensure inclusive growth is at the heart of the Local Industrial Strategy that the West Midlands has been selected as a trailblazer to develop with Government;
 - v. The development of a West Midlands Inclusive Growth Toolkit - giving the ability to analyse and shape spending and investment decisions to generate inclusive growth;
 - vi. Supporting next steps of the West Midlands Leadership Commission, and the WMCA's drive to support an inclusive digital agenda.
- 3.34 On a local level in Sandwell we are also seeking to take forward the inclusive growth agenda, by developing the journey tracker for the Vision rooted in inclusive growth. This is an exciting and innovative approach to performance management which has already generated interest from the likes of the Joseph Rowntree Foundation. The journey tracker is still in developmental stages at the moment, lots of conversations are happening locally with Overview and Scrutiny and with our partners to ensure that what we develop is able to be utilised by all, that the

intelligence generated by the tracker paints a picture of life in Sandwell and allows us to see whether the services we are delivering are having the right impact.

- 3.35 In addition to leading the Cohesion & Integration and Public Sector Reform portfolio through the Leader, Sandwell also plays a key role in leading the overview and scrutiny function of the Combined Authority through Councillor Peter Hughes who chairs the Committee. Furthermore, Councillor Ann Shackleton, Cabinet Member for Social Care and Chair of Sandwell's Health and Wellbeing Board, sits on the Combined Authority's Wellbeing Board, along with the Chairs of other Health and Wellbeing Boards within the Combined Authority area and representatives from health.

Combined Authority Overview and Scrutiny (Councillor Peter Hughes)

- 3.36 The Scrutiny Committee has recently focused its attention on scrutiny of the Local Enterprise Partnerships, this follows the outcomes from the Nay Review which set out that accountability and transparency within LEP's needed to be improved. In addition, the Parliamentary Select Committee Inquiry on Overview and Scrutiny also highlighted the need for scrutiny of LEP's.
- 3.37 The Combined Authority is based upon a three LEP geography, the Black Country, Greater Birmingham and Solihull and Coventry and Warwickshire LEP's.
- 3.38 The Scrutiny Committee has representation from each of the three LEP's as part of its membership, this aided discussion and debate on this item. One of the outcomes from this work is that we plan to develop stronger links with each LEP scrutiny function to ensure the best use of intelligence and of resource.
- 3.39 The Committee has also focused on pre-decision scrutiny of the WMCA Annual Plan. A number of recommendations were put forward on ways in which the plan could be strengthened and ways in which scrutiny could use the content of the plan to improve the WMCA's accountability and transparency.
- 3.40 Work has started on preparation for the 2018/19 municipal year and whilst detailed work programming has yet to take place (this will be on 16 July 2018) there are a number of known focuses for the Committees work ahead including: -
- The transition of West Midlands Fire Service to the WMCA;
 - Policy Question Time with the Mayor;
 - Budget Question Time with the Mayor;
 - Infrastructure and investment;
 - Devolution.

Combined Authority Wellbeing Board (Councillor Ann Shackleton)

- 3.41 Work has been undertaken to ensure that the WMCA Health and Wellbeing agenda is clearly aligned with the WMCA Public Service Reform and Inclusive Growth agenda, and that there is a clear narrative on how the Health and Wellbeing portfolio contributes to the overall WMCA objective of delivering economic growth that benefits all the people of the West Midlands.
- 3.42 The Wellbeing Board has produced an updated work programme to demonstrate how it will contribute to the WMCA's strategic priorities, this is attached at [Appendix B](#)

4 STRATEGIC RESOURCE IMPLICATIONS

- 4.1 The contribution to the Combined Authority from Sandwell Council for 2018/19 will be £0.612 million.
- 4.2 Section 21 of the West Midlands Combined Authority (Functions and Amendments) Order 2017 has the effect that where costs are incurred by the Combined Authority and are not met from other sources of income, then they fall to be met by the seven constituent councils, including Sandwell.

5 LEGAL AND GOVERNANCE CONSIDERATIONS

- 5.1 Part 6 of the Local Democracy, Economic Development and Construction Act 2009 ("the 2009 Act") provides for the establishment of combined authorities for the areas of two or more local authorities in England. Combined authorities are bodies corporate which may be given power to exercise specified functions of a local authority under sections 104 and 105 of the 2009 Act, and power to exercise specified functions of any other public authority under section 105A of the 2009 Act.

6 EQUALITY IMPACT ASSESSMENT

- 6.1 The priorities of the West Midlands Combined Authority reflect the equality and diversity of the West Midlands, including striving to create prosperity through a strong and collective economic strategy and the policy aspiration to champion all that makes the West Midlands a Great Place to Live. The equality impact of any specific proposals will need to be addressed in reports to the WMCA Board or the appropriate decision making body.

7 DATA PROTECTION IMPACT ASSESSMENT

- 7.1 The recommendations in this report do not result in the collection or retention of personal data.

8 CRIME AND DISORDER AND RISK ASSESSMENT

- 8.1 There are no Crime and Disorder issues arising from the recommendations set out in this report.

9 SUSTAINABILITY OF PROPOSALS

- 9.1 The information in this report does not directly have any sustainability implications, however as schemes are delivered by the WMCA there is a need to ensure that the evidence that underlies decision making is robust, up-to-date and is in line with current planning and environmental legislation.

10 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 10.1 All constituent members of the WMCA are be better placed to contribute and influence the Health and Social Care offer for local residents and create:
- A more sustainable local health and care economy;
 - Improved quality and experience of care;
 - Improved population health.

11 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

- 11.1 There are no direct implications contained in this report.

12 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 12.1 Participation as a constituent member of the WMCA enables Sandwell to deliver improvements to the locality that would otherwise be more difficult to achieve. In addition, through WMCA activity, we can ensure that Sandwell residents have the skills to access new employment opportunities both here in Sandwell and across the region, with excellent public transport available connecting the whole of the west midlands.

13 BACKGROUND PAPERS

- 13.1 WMCA Board Papers:-

- i) [Minutes – 25 May 2018](#)
- ii) [Record of Decisions - 22 June 2018](#)