

REPORT TO CABINET

27 June 2018

Subject:	Action Taken on a Matter of Urgency – The West Midlands Combined Authority (Business Rate Supplements Functions and Amendment) Order
Presenting Cabinet Member:	Councillor Steve Eling – Leader of the Council
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Key Decision:	No
Forward Plan (28 day notice) Reference:	Not applicable
Cabinet Member Approval and Date:	Councillor Steve Eling – 6 June 2018
Director Approval:	5 June 2018
Reason for Urgency:	Deadline to respond to Ministry of Housing, Communities and Local Government.
Exempt Information Ref:	Exemption provisions do not apply
Ward Councillor (s) Consulted (if applicable):	Ward councillors have not been consulted
Scrutiny Consultation Considered?	The Chair of Budget and Corporate Scrutiny Management Board was consulted on the decision.
Contact Officer(s):	Amarjit Sahota – Governance Lead amarjit_sahota@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. Receives the details of the urgent action taken by the Executive Director – Director in relation to the Chief Executive being authorised to provide formal feedback to the Ministry of Housing, Communities and Local Government (MHCLG) in relation to the proposed West Midlands Combined Authority (Business Rate Supplements Functions and Amendments) Order.

1 PURPOSE OF THE REPORT

- 1.1 To inform Cabinet of a matter of urgency taken by the Leader of the Council in relation to the West Midlands Combined Authority (Business Rate Supplements Functions and Amendment) Order.

2 IMPLICATIONS FOR SANDWELL'S VISION

- 2.1 Ambition 3 – Our workforce and young people are skilled and talented, geared up to respond to changing business needs and to win rewarding jobs in a growing economy.
- 2.2 Ambition 9 – Sandwell has become a location of choice for industries of the future where the local economy and high performing companies continue to grow.
- 2.3 Ambition 10 – Sandwell now has a national reputation for getting things done, where all local partners are focused on what really matters in people's lives and communities.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 In order to deliver the £8 billion Investment Programme, the West Midlands Combined Authority is required to develop funding plans through new financial mechanisms to the value of £3 billion to support £2 billion of investment and associated debt finance costs agreed as part of the first Devolution Deal for the West Midlands.
- 3.2 The Local Government Finance Bill 2016/17 was drafted to provide Mayoral Combined Authorities with two potential routes to generate this funding, the first of which being Supplementary Business Rate (i.e. a scheme which is equivalent to existing powers which Local Authorities possess) and a Mayoral Infrastructure Supplement. The Mayoral Infrastructure Supplement was essentially similar to a Business Rate Supplement but with a small number of key differences. However this Bill was withdrawn.
- 3.3 As part of the second regional Devolution Deal, the West Midlands Combined Authority set out to Central Government the potential impact that the withdrawal of the Local Government Finance Bill would have on the West Midlands Combined Authority's ability to fund and deliver the Investment Programme. During these discussions, it was suggested that a possible solution would be to simply extend to the West Midlands Combined Authority the equivalent and current powers that Local Authorities, including the seven Constituent Authorities and the Greater London Authority, already have to raise a Supplementary Business Rate.

- 3.4 Towards the end of 2016, each of the WMCA Constituent Authorities provided consent towards the implementation of the first West Midlands Devolution Agreement which essentially uses the Combined Authority to facilitate the delivery of £8 billion Investment programme to:
- Secure the delivery of a comprehensive Metro and Sprint network;
 - Kick-start economic growth through Land Remediation programmes
 - Unlock development potential within the UK Central site, realising currently untapped opportunities to deliver a substantial number of new homes, jobs and facilities;
 - Investment in the Coventry UK Central Plus area which include important junction enhancements to improve resilience and reliability, a programme to unlock University and Friargate growth access in addition to initiatives to unlock the further expansion of housing, employment and higher education.
- 3.5 The consent provided for the Devolution Agreement carried the intention to support the programme outcomes through a number of locally generated income streams which are a component of the £8 billion Programme. Whilst the Devolution Deal grant is expected to provide a long-term funding stream into Combined Authority (£36.5 million over 30 years), the remaining sources need to be actively raised by the Combined Authority in partnership with Local Authorities and local businesses.
- 3.6 Therefore, there is a requirement for each Constituent Authority to approve the West Midlands Combined Authority having powers to raise Supplementary Business Rates.
- 3.7 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 for the power to raise funding through a business rate 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.
- 3.8 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 the Supplementary Business Rates will require approval by the West Midlands Combined Authority Board, along with intensive and detailed work with Constituent Authority Members and local businesses.

- 3.9 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.
- 3.10 Strategic oversight of the KRN is a function of the West Midlands Mayor through the WMCA, however the day-to-day responsibility remains with the Local Highway Authorities (LHAs), 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 LHAs such as Sandwell.
- 3.11 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.
- 3.12 The KRN was established by Parliamentary Order in 2017 following consultation with the seven metropolitan districts. The Order included a schedule of the routes shown on the KRN map. Since its adoption, a number of descriptive errors and omissions have been identified in this schedule. The new order includes amendments to the schedule to correct these. Among these amendments are revisions and additions to the description of the sections of the established KRN in the Smethwick and Bearwood areas of Sandwell. It should be noted that the amendments do not add new routes to the KRN except for a section of the A457 within Dudley MBC's boundary.

4 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 4.1 A formal consultation was undertaken when the original scheme for the creation of the West Midlands Combined Authority was being considered.

5 ALTERNATIVE OPTIONS

- 5.1 The alternative was that the Council did not provide formal feedback to the MHCLG and refer the matter back to WMCA for consideration.

6 EQUALITY IMPACT ASSESSMENT

6.1 There is no requirement to conduct an Equality Impact Assessment.

7 DATA PROTECTION IMPACT ASSESSMENT

7.1 There are no specific data protection implications arising from the contents of this report.

8 CRIME AND DISORDER AND RISK ASSESSMENT

8.1 There are no specific crime and disorder implications arising from the contents of this report.

9 SUSTAINABILITY OF PROPOSALS

9.1 There are no sustainability issues arising from the contents of this report.

10 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

10.1 There are no specific health and wellbeing implications arising from the contents of this report.

11 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

11.1 There are no specific impacts on any council managed land or property.

12 BACKGROUND PAPERS

12.1 Matter of Urgency Report to the Leader of the Council – 6 June 2018.

13 APPENDICES:

None

Darren Carter
Executive Director – Resources