



Telford & Wrekin
C O U N C I L

Addenbrooke House Ironmasters Way Telford TF3 4NT

CABINET

Date	Thursday 8th October 2015	Time 5.00pm
Venue	Meeting Room G3/G4, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT	

Enquiries Regarding this Agenda:

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Cabinet Members:

Cllr K Sahota	Leader
Cllr R Overton	Deputy Leader & Housing, Public Health & Protection
Cllr L Carter	Council Finance & Service Delivery
Cllr E Clare	Leisure Services & Culture
Cllr S Davies	Business, Neighbourhood & Customer Services
Cllr A England	Adult Social Care
Cllr A McClements	Communities, Regeneration & Transport
Cllr G Reynolds	Employment & Skills
Cllr P Watling	Children, Young People & Families

Invitees

Cllr A Eade	Leader – Conservative Group
Cllr W Tomlinson	Leader – Liberal Democrat/Independent Group

AGENDA

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K	Telford & Wrekin’s Devolution Deal and Non-Constituent Membership of the West Midlands Combined Authority (WMCA)	Cllr K Sahota	Appendix B

<u>Key</u>			
K	Key Decision	C	Item reserved for Council
NK	Non-Key Decision	Orange	Exempt Item

CABINET

Decision Notices and Minutes of a meeting of the Cabinet held on Thursday, 8th October, 2015 at 5.00 p.m. at Addenbrooke House, Ironmasters Way, Telford

PUBLISHED ON WEDNESDAY, 14th OCTOBER, 2015

PRESENT: Councillors K.S. Sahota (Leader and Chair), L.D. Carter, E.A. Clare, S. Davies, A.R.H. England, A.D. McClements, R.A. Overton, G.C.W. Reynolds and P.R. Watling

ALSO PRESENT: Councillor A.J. Eade (Conservative Group Leader) and W.L. Tomlinson (Liberal Democrat/Independent Group Leader)

CB-32 APOLOGIES FOR ABSENCE

None

CB-33 DECLARATIONS OF INTEREST

None

CB-34 MINUTES

RESOLVED – that the minutes of the meeting held on 17th September 2015 be confirmed and signed by the Chair.

CB-35 TELFORD & WREKIN'S DEVOLUTION DEAL AND NON-CONSTITUENT MEMBERSHIP OF THE WEST MIDLANDS COMBINED AUTHORITY (WMCA)

Key Decision identified as **Telford & Wrekin's Devolution Deal and Non-Constituent Membership of the West Midlands Combined Authority** in the Notice of Key Decisions published on 30 September 2015.

Not subject to Call-in due to the need for an urgent decision – as agreed by the Chair of the Customer, Community & Partnership Scrutiny Committee

The Leader, Councillor K.S. Sahota, presented the report of the Managing Director which asked the Cabinet to consider whether to seek Non-constituent membership of the emerging West Midlands Combined Authority (WMCA).

The Council had submitted its proposals for a 'devolution deal' – a range of freedoms, flexibilities and the transfer of a number of responsibilities and functions currently held and delivered by the Government and its agencies – for negotiation. This built on the Council's 'business winning, business

supporting' priority as well as other major initiatives. Telford & Wrekin was a major economic force in the West Midlands, but to develop the local economy further and attract and retain jobs it was necessary to look at all opportunities that would benefit the Borough and its residents.

The Chancellor of the Exchequer was promoting the concept of Combined Authorities in major conurbations as a new way for local authorities to work together on key strategic functions that crossed geographic council boundaries – eg transport, regeneration and skills. It was apparent that significant Government powers and resources would be devolved to these Combined Authorities. In the West Midlands, seven Metropolitan councils had agreed in principle to form a Combined Authority which could lead to the creation of an Elected Mayor to oversee certain functions. There was an opportunity for councils outside the geographical area of the 7 Metropolitan councils to become associate or non-constituent members of the WMCA. This would be an opportunity to be part of a shared strategic approach in the development of significant policy areas, to collaborate on key priorities where there was mutual benefit, to share communication and channels for opportunities as part of any future devolution of powers and, if agreed by the Combined Authority, vote on certain matters. It was important to stress that as a Non-constituent member of the WMCA, the Council would continue to be responsible for and deliver all the services it currently provided, and would not come under the remit of an elected mayor for the Combined Authority.

Telford & Wrekin was a member of the Marches Local Enterprise Partnership, and there were no plans to change this. However, it was felt that in addition there would be a number of potential advantages to becoming a Non-constituent member of the WMCA, and these were set out in the report. The deadline for seeking Non-constituent member status was 13 October 2015, and there would be a membership fee for the current year of £10,000. Appended to the report were the Governance Review undertaken by the seven West Midlands authorities and the draft scheme for the establishment of a combined authority for the West Midlands.

During the ensuing discussion, Members referred to the strong historic links that the Telford & Wrekin area and economy had with the West Midlands, the benefits of being connected to the 'Midlands Engine for Growth', and the support from local business leaders for becoming an associate member of the WMCA. It would enable the Borough to be part of the conversations around strategic decisions about infrastructure and skills, but did not bind the Council to any formal structure and left it free to talk, or work with, any other authorities/agencies. It would also be positive in terms of promoting the Council's own 'devolution' deal. The Leader referred to the Chancellor of the Exchequer's recent announcement that 100% of business rates would be retained by Councils by 2020. As part of its devolution proposals, the Council was seeking more retention of business rates income and, while the Chancellor's headline announcement was welcome, local authorities needed to see more details of how this would be implemented.

Councillor A.J. Eade (Conservative Group Leader) stated that his Group would like to have been consulted on this at an earlier stage, and wondered

what other alternatives had been looked at in terms of a combined authority. He referred to the Council's involvement a number of years ago with a West Midlands 'City Region', which he believed had not generated many benefits for Telford and Wrekin, and the potential dangers of the Borough becoming a suburb of Birmingham. In response, the Leader emphasised that the Non-constituent status would leave the Council free to work with others if it benefitted the Borough, and to continue to be a partner within the Marches LEP. The Borough would not come under any political control/leadership of the WMCA.

RESOLVED –

- (a) that the Council seek to take up Non-constituent membership of the proposed West Midlands Combined Authority, and to formally apply to the Chair of the Shadow Board for the Council to be included in the submission to the Secretary of State for Communities and Local Government;**
- (b) that the Leader and/or the Managing Director, or their nominated deputies, be authorised to represent the Council on the Shadow WMCA, as a Non-constituent member, and other forums which will discuss/progress aspects of its work and the devolution deal;**
- (c) that it be noted that the above decisions will be subject to the agreement of the Shadow Board of the WMCA and the Secretary of State for Communities and Local Government;**
- (d) that authority be delegated to the Managing Director, in consultation with the Leader, to negotiate and agree the terms of the Non-constituent membership, including, if he considers it appropriate, voting rights on the WMCA;**
- (e) that the membership fee of around £10k in the current year be funded from the approved 'Destination Telford' budget, and that the ongoing membership fee be built into the service and financial planning strategy for future years.**

The meeting ended at 5.31 pm.

Signed for the purposes of the Decision Notices

Jonathan Eatough

Assistant Director: Law, Democracy & People Services

Date: 14 October 2015

Signed:

Date:

CABINET

Decision Notices and Minutes of a meeting of the Cabinet held on Thursday, 17th September, 2015 at 5.00 p.m. at Addenbrooke House, Ironmasters Way, Telford

PUBLISHED ON WEDNESDAY, 23rd SEPTEMBER, 2015

(DEADLINE FOR CALL-IN: MONDAY, 28TH SEPTEMBER, 2015)

PRESENT: Councillors K.S. Sahota (Leader and Chair), L.D. Carter, E.A. Clare, A.R.H. England, A.D. McClements, R.A. Overton, G.C.W. Reynolds and P.R. Watling

ALSO PRESENT: Councillor A.J. Eade (Conservative Group Leader) and P.J. Scott (Liberal Democrat/Independent Deputy Group Leader – deputising for Councillor W.L. Tomlinson)

CB-26 APOLOGIES FOR ABSENCE

Cllr S. Davies, and Councillor W.L. Tomlinson (Liberal Democrat/Independent Group Leader)

CB-27 DECLARATIONS OF INTEREST

None

CB-28 MINUTES

RESOLVED – that the minutes of the meeting held on 23rd July 2015 be confirmed and signed by the Chair.

CB-29 A DEVOLUTION PROPOSAL FOR TELFORD & WREKIN

Non-Key Decision

The Leader, Councillor K.S. Sahota, presented the report of the Managing Director which informed Members of a proposal that had been submitted to HM Treasury on 4 September 2015 with suggestions for the devolution of a range of powers and responsibilities to the Council. A copy of the Proposal document was attached to the report.

As part of the Government's 2015 Spending Review, representative bodies, interest groups and individuals had been invited to submit written representations for devolving powers to local areas and for facilitating integration between public services. The date of the announcement and submission deadline had fallen over the summer 'recess' period, but work was undertaken with Cabinet members to complete the submission before the

deadline of 4th September. The Chair of the Telford Business Board had been closely involved in the process. The suggestions in the submission built on the existing and very positive relationship that the Council had with the Homes & Communities Agency (HCA), and the ‘Strengthening Families’ approach being taken with local partners, with the aim of accelerating the delivery of sustainable economic growth, increasing prosperity in the Borough and reducing demand and costs for the public purse. The main elements of the proposal were as follows:

- Enterprise Telford – to drive the competitiveness of Telford as a place to invest through local freedoms and flexibilities;
- Employment and Skills – joining together national and local programmes including DWP and the Council’s ‘Job Box’ initiative;
- Transport – to seek the transfer of powers to franchise all bus services which would ensure a more integrated public transport system to connect more deprived communities to employment opportunities.

The submission included a proposal for the retention by the Council of 100% of business rate growth, and building on the existing Land Deal with the HCA to bring forward more constrained and brownfield public sector sites for development. The submission also put forward the case for Telford to become the West Midlands HMRC Tech Hub, given that HMRC already had a significant base in the Borough with the Aspire ICT contract being delivered through Cap Gemini and Fujitsu.

Cllr G.C.W. Reynolds, Cabinet Member: Employment & Skills, referred to the programmes already offered by the Council to support young people into employment, and that this offer would be further enhanced if responsibility for commissioning the DWP’s Work Programme and Youth Contract were devolved to the Council. Councillor A.D. McClements, Cabinet Member: Communities, Regeneration & Transport, referred to the franchising of bus services and how it was important to have more say in how bus routes and services were run.

Councillor A.J. Eade (Conservative Group Leader) welcomed the suggestion for 100% retention of business rates, and offered support to help achieve that. In relation to Enterprise Telford, it was felt that any package should also include support for the refurbishment and improvement of existing industrial estates. In relation to Education and Skills, it was important that the Council worked with other agencies/institutions in order to establish common goals as to what was needed in the Borough in terms of skills and employment. Councillor P.J. Scott (Liberal Democrat/Independent Deputy Group Leader) asked if there were any proposals to support Harper Adams College, Newport in their bid for being the location for an Agri-tech centre. The Acting Assistant Director: Development, Business & Employment advised that the Council would be trying to maximise the potential of all its industrial areas/estates, and would have some discretion on how any additional funding was spent if the bid was successful. In relation to Harper Adams College, the Council had supported the bid for an Agri-tech centre through the Marches LEP, and that Enterprise Telford would be able to help attract businesses from that sector. In response to concerns that had been expressed, it was clarified that the

designation of Telford as an 'Enterprise Area' was not the same as an 'Enterprise Zone'.

RESOLVED –

- (a) that the Devolution proposal submitted to HM Treasury on 4 September 2015 be noted and endorsed;
- (b) that authority be delegated to the Managing Director, in consultation with the Leader and the Cabinet Member: Business, Neighbourhood & Customer Service, to enter into discussions with HM Treasury and other Government departments and organisations as appropriate, with the aim of developing a detailed arrangement for devolution of powers as outlined in the Proposal for consideration by Cabinet and Council in due course.

CB-30 EXCLUSION OF PUBLIC AND PRESS

RESOLVED – that the public and press be excluded from the meeting for the following item of business on the grounds that it may involve the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A of the Local Government Act 1972.

CB-31 STREET LIGHTING SERVICE AND MAINTENANCE CONTRACT

Key Decision identified as **Street Lighting Contract** in the Notice of Key Decisions published on 14 August 2015

Councillor L.D. Carter, Cabinet Member: Council Finance & Service Delivery, presented the report of the Assistant Director: Neighbourhood & Customer Services on behalf of the Cabinet Member for Business, Neighbourhood & Customer Services.

The current contract for Street Lighting and Maintenance expired on 31 March 2016. Soft market testing had been undertaken, and there was a strong indication that the Council could achieve significant energy and maintenance savings by investing in LED lighting technology. This would involve developing a viable 'invest to save' proposal as part of the procurement process. In order to look at all the different options, and to ensure that the inventory of street lighting was up-to-date and accurate, it was proposed that the existing contract with the current supplier be extended for a maximum of nine months. This would then facilitate a robust procurement process which would ultimately deliver best value for the Authority and maximise savings opportunities. The report also set out detailed financial and legal considerations regarding the proposed procurement and tendering process.

Members referred to the community safety and environmental benefits of improved street lighting. In response to a question, the Assistant Director: Neighbourhood & Customer Services stated that Town and Parish Councils

who provided street lighting had been contacted about whether they wished to be included in the procurement process.

RESOLVED –

- (a) that an extension to the contract with the current street lighting supplier for the provision of essential street lighting maintenance services from 1 April 2016 up until 1 January 2017, for the reasons detailed in the report, be approved;**
- (b) that authority be delegated to the Assistant Director: Neighbourhood & Customer Services to negotiate and agree the terms of the contract extension referred to in (a) above;**
- (c) that authority be delegated to the Assistant Director: Law, Democracy & People Services to execute all necessary contractual documentation in accordance with the Constitution, including the affixing of the Common Seal of the Council.**

The meeting ended at 5.29 pm.

Signed for the purposes of the Decision Notices

**Jonathan Eatough
Assistant Director: Law, Democracy & People Services
Date: 23 September 2015**

Signed:

Date:

TELFORD & WREKIN COUNCIL

CABINET - 8TH OCTOBER 2015

TELFORD & WREKIN'S DEVOLUTION DEAL AND NON-CONSTITUENT MEMBERSHIP OF THE WEST MIDLANDS COMBINED AUTHORITY (WMCA)

REPORT OF THE MANAGING DIRECTOR

LEAD CABINET MEMBER – CLLR KULDIP SAHOTA

PART A) – SUMMARY REPORT

1. PURPOSE

- 1.1 To consider whether to seek Non-Constituent membership of the emerging West Midlands Combined Authority.

2. SUMMARY

- 2.1 On 4th September 2015, Telford & Wrekin Council submitted its proposals for a 'devolution deal' – a range of freedoms, flexibilities and the transfer of a number of responsibilities and functions currently held and delivered by the Government and its agencies – for negotiation. Within this, a key 'ask' was the retention of 100% of all additional business rates generated for reinvestment locally and exclusion of business rates uplift from the reset of the local government finance system. This devolution proposal sought to build on the land deal that we are already negotiating with the Homes & Communities Agency and Government that will see the Council take control of all public development land in the Borough so we can determine the pace and type of development and, for the first time, benefit directly from part of the capital receipts from the sale of this land to reinvest in infrastructure. The submission of this proposal was ratified by Cabinet on the 17th September 2015.
- 2.2 The 'devolution deal' that we are seeking builds on our 'business winning, business supporting' priority as well as major initiatives such as 'Strengthening Families' our Youth Unemployment programme, and our 'Work Ready, Life Ready' approach. It has been very much supported by the Chair of Telford Business Board.
- 2.3 It is important now to consider how best to progress our priorities and ambitions for the economy of Telford & Wrekin. One of these ways will clearly be through the Local Enterprise Partnership, of which we are a member. However, there is also an, effectively one-off, opportunity to be in a position to secure extra benefit to Telford and Wrekin by being a Non-Constituent member of the West Midlands Combined Authority, which is now in the process of forming and is currently in detailed negotiations with the Government about a major and wide-ranging devolution deal of its own; key aspects of which may be similar to 'asks' to those in our own 'devolution deal' proposals.
- 2.4 Non-Constituent or 'associate' membership is available for those bodies such as other councils that are outside the geographical area of the Metropolitan Borough Councils who themselves will form the formal Combined Authority. Non-Constituent membership would provide the opportunity for bodies to build on their relationship with the councils that comprise the Combined Authority and have the opportunity to take a shared strategic approach in the development of significant policy areas e.g. transport and skills, and utilise and contribute to joint working and collaborate on key priorities where there is mutual benefit.

2.5 We have been informed that the deadline for seeking Non-Constituent member status is 13th October 2015.

3. RECOMMENDATIONS

- 3.1 That the Council seek to take up Non-Constituent membership of the proposed West Midlands Combined Authority and this decision be communicated to the Chair of the Shadow Board as a formal application for Telford & Wrekin Council to be included in the submission to the Secretary of State for Communities & Local Government.
- 3.2 That the Leader and/or the Managing Director, or their nominated deputies, be authorised to represent the Council on the Shadow WMCA, as a Non-Constituent member, and other forums which will discuss/progress aspects of its work and the devolution deal.
- 3.3 That it be noted that these decisions of the Council will be subject to the agreement of the Shadow Board of the WMCA and the Secretary of State for Communities & Local Government.
- 3.4 That authority be delegated to the Managing Director, in consultation with the Leader to negotiate and agree the terms of the non-constituent membership, including, if he considers it appropriate voting rights on the WMCA.
- 3.5 That the membership fee of around £10k in the current year be funded from the approved 'Destination Telford' budget and the ongoing membership fee be built in to the service and financial planning strategy for future years.

4. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-operative Council priorities?	
	Yes	As a mechanism to support the progression of our priorities and ambitions for the economy of the Borough, this proposal will impact on all people.
	Will the proposals impact on specific groups of people?	
	Yes	As a mechanism to support the progression of our priorities and ambitions for the economy of the Borough, this proposal will impact on all people.
TARGET COMPLETION/ DELIVERY DATE	The deadline for applying for Non-Constituent membership is 13 th October 2015.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes/No	The recommendations in this report have limited direct financial implications. A membership fee of around £10k could be payable in the current year if the Council became a non-constituent member of the Combined Authority which could be funded from the Council's approved 'Destination Telford' budget. The membership subscription for future years is estimated to be around £25k and will be built in to the service and financial planning strategy. Any further significant implications

		would be the subject of future reports and appropriate financial support will be provided as and when required.
LEGAL ISSUES	Yes	<p>Powers to establish a combined authority are detailed in the Local Democracy, Economic Development and Construction Act 2009.</p> <p>The CA is made up of constituent members whose areas are covered by the CA; in this case they are all unitary authorities. It can also comprise of representative or non-constituent authorities.</p> <p>Subject to Parliamentary approval the Cities and Local Government Devolution Bill will remove the requirement for an area to be contiguous which would enable Telford & Wrekin Council to become a non-constituent member of the CA.</p> <p>Subject to the previous paragraph Telford & Wrekin Council could become a non-constituent authority. If the opportunity to become a non-constituent member is not taken at this stage, ie at the time that the initial order creating the CA is made it would require an amendment to that order, this is a Parliamentary process and it is unlikely that this would happen certainly in the short to medium term, if ever.</p> <p>The regeneration, economic development and transport functions of Telford & Wrekin Council cannot be undertaken by the CA but remain with the Council. The Council would be entitled to have a member on the CA but, unless otherwise determined by the members of the CA, that member would not be entitled to vote on any matters.</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes/No	<p>Stimulus to growth agenda through investment from retained business rates and collaboration around inward investment. Recognises and supports supply chain links between many local companies and West Midlands.</p> <p>Other risks and opportunities will be identified and managed as the development of the CA continues and negotiations around respective devolution deals with Government progresses.</p>
IMPACT ON SPECIFIC WARDS	Yes/No	Borough-wide impact.

(PART B) – ADDITIONAL INFORMATION

5. INFORMATION

5.1 WHAT IS A COMBINED AUTHORITY

Combined authorities are legal bodies with powers of decision-making granted by Parliament providing a new way for local authorities to work together on key strategic functions that cross geographic council boundaries and that could be more effectively delivered together rather than separately. Examples include transport, regeneration and skills. It is an opportunity to:

- Secure greater resources from Government over the long term;
- Collectively engage with and influence Government on issues and functions that cross local authority boundaries;
- Be consulted on and ultimately change the delivery of national programmes to reform public services and better address local need;
- Benefit local communities through investment into skills, job creation and improving connectivity;
- Benefit our local business base through investment into infrastructure and strengthening supply chain/export links with major employers and markets.

5.2 PROGRESS IN THE WEST MIDLANDS

In the West Midlands, 7 metropolitan councils – Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton have an agreement in principle that they want to form a Combined Authority which may lead to the creation of an Elected Mayor to oversee certain functions in their areas.

- 5.3 Annex A sets out the outcomes 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. This is a statutory process and a pre-requisite to enabling the creation of either a Combined Authority or Economic Prosperity Board. The review recommends the establishment of a West Midlands Combined Authority.
- 5.4 Annex B sets out in broad terms the scheme for the establishment of a Combined Authority for the West Midlands. In essence, the Terms of Reference for the entity. N.B.: At this time this document is a 'work in progress'.
- 5.5 These councils have been working to develop a Combined Authority model but more widely, working with the 3 LEPs of Greater Birmingham & Solihull, Coventry & Warwickshire, and The Black Country and the other local councils within these to develop integrated economic and transport strategies as well as a wider 'devolution deal' to negotiate with Government similar to the Greater Manchester model. These councils are currently operating as a Shadow Board with Councillor Bob Sleight, Leader of Solihull Council, the Chair.
- 5.6 A combined authority covers an area that makes sense economically e.g. an area within which many people commute to work or where there are strong links between local firms, universities and other institutions. A combined authority needs to be big enough to be able to compete internationally and to pull together the resources needed to support more economic success.

5.7 In the Chancellor of the Exchequer's Budget statement in July, he stated his commitment to "devolve powers to the 'West Midlands'".

5.8 On 4th September, the Shadow Board for the West Midlands Combined Authority – similar to Telford & Wrekin Council – put forward a series of proposals to Government for negotiation. These proposals are broadly about:

- Significant devolution of funding and financial flexibilities to support a locally-controlled ten year investment fund totalling £8 billion to take forward a transport investment plan and explore means of increasing the supply of new development land;
- Implementation of the HS2 Growth strategy;
- An integrated new employment and skills system for the West Midlands, supporting school leavers, helping more people into work and providing skills to match the needs of local businesses;
- The transformation of public services for "troubled individuals", including support for people with mental health and reforms to the Criminal Justice system.

Negotiations about the formal creation of the WMCA and its devolution deal remain ongoing and are confidential.

5.9 It is important to be very clear that there are two distinct, but inter-twined, strands to the Combined Authority agenda. The first is the formal creation of a Combined Authority (and it is clear that this will only involve, subject to respective councils' approval processes, the 7 metropolitan councils listed above), and the second is the Devolution Deal that can be negotiated with Government, with certain aspects of it on a potentially wider geographic footprint.

5.10 In a recent joint visit to Birmingham, the Chancellor, Secretary of State for Communities & Local Government and Lord Heseltine made it clear that there was an opportunity for the West Midlands to respond to the Government's Devolution approach, but that this would require a speedy and ambitious response from the local authorities. They also urged engagement with the neighbouring areas, in particular, those other authorities within the 3 LEAs, however not exclusively so. For these other authorities who are not formally part of the Combined Authority, there is the opportunity to consider being a Non-Constituent member.

5.11 WHAT IS A NON-CONSTITUENT MEMBER OF THE COMBINED AUTHORITY

Only those councils that the Combined Authority geographically covers can be full members. They are called Constituent Members and form the core decision-making body of the Combined Authority. By law the constituent members of the combined authority have to form the majority of members of the Combined Authority. Clarification is still being sought from central government to see if that can be achieved by providing for weighting of votes of constituent members rather than simply number of individual members which would then limit the number of non-constituent members who might join.

5.12 Associate membership is available for those bodies such as other councils outside of the geographical area of the Metropolitan Borough Councils. This type of associate membership is formally called Non-Constituent Membership, and effectively means that they are not in the geographic area of the Combined Authority but are closely associated with it and their role is as defined by local agreement with the Constituent Members. Non-Constituent Membership will provide the opportunity for the bodies to build on their relationship with the

bodies that comprise the Combined Authority; attend Combined Authorities Meetings; have the opportunity to take a shared strategic approach in the development of significant policy areas; utilise and contribute to joint working and discussion/lobbying of Government; share communication and channels for opportunities as part of any future devolution of powers and, if agreed by the Combined Authority, vote on certain matters.

5.13 In setting this out, it is very important to be explicit that an authority which becomes a Non-Constituent member:

- Continues to be responsible for and deliver its own economic development, regeneration, skills, transport and any other functions and its governance arrangements do not change at all;
- Does not come under the remit of an elected mayor for the WMCA.

In short, a Non-Constituent member is not a full or formal member of the Combined Authority.

5.14 A DEVOLUTION DEAL FOR TELFORD & WREKIN

At the Cabinet meeting on 17th September, members endorsed the Telford & Wrekin “devolution deal” that was submitted on 4th September, and which had the support of the Chair of Telford Business Board. The Cabinet also authorised the Managing Director to undertake discussions with Government departments, agencies and other organisations to seek to progress the Council’s proposals.

5.15 Telford & Wrekin has a proven track record for enabling economic growth for the benefit of all our communities:

- We have secured the MOD national logistics hub – safeguarding and creating jobs;
- By cutting red tape we have secured investment by international companies including BAE, GKN, Heinz and Muller and new companies like Filtermist at T54;
- We have also invested in our Job Box scheme reducing youth unemployment below the national average in a little over a year and ensuring our young people benefit from new jobs.

To build on this success we have now designated the whole Borough as an ‘enterprise area’ – Enterprise Telford – which is open for business.

5.16 Government has recognised our delivery and we have built a close partnership with the HCA. We are negotiating a land deal with HCA and Government that will see the Council take control of all public development land in the Borough so we can determine the pace and type of development and for the first time benefit directly from a share in the uplift in value from the sale of this land after upfront investment and management by the Council.

5.17 In our devolution proposals, we have put forward asks that build on our success and will deliver more jobs, increase skills and employment and improve the lives of residents in our most deprived communities.

5.18 We are asking Government to allow us:

- To retain growth in business rates which we will reinvest into infrastructure like roads, education and skills, and services;

- to have greater responsibility for commissioning skills provision so we can ensure our young people are equipped for local jobs and our businesses can find the skills they need to grow;
- to manage delivery of national business support programmes so they are easy to access by local businesses;
- To improve connectivity by public transport between our borough towns, and particularly our most deprived neighbourhoods, and employment sites.

5.19 Government is currently reviewing the future of the HMRC ICT contracts. These are currently delivered by major local employers – Cap Gemini and Fujitsu. With our high concentration of tech workers and growing number of companies in the digital sector – we are asking Government to work with us and our universities to develop a ‘digital hub’ – safeguarding jobs and supporting development in technology and IT - across all our businesses.

5.20 Telford is on the up – we are leading growth in the Midlands – but we want to do more to sustain this and we are asking Government to work with us to improve the lives of our residents. Annex C sets out the ‘Devolution Deal’ that the Council has submitted to Government.

5.21 SHOULD TELFORD & WREKIN SEEK TO BE A NON-CONSTITUENT MEMBER OF THE WMCA

Telford & Wrekin Council is a member of the Marches LEP and has no plans to change this. However, the Council can, in addition, also seek to be a Non-Constituent member of the WMCA. There are a number of potential advantages to pursuing this:

- The West Midlands CA is negotiating a major package of funding and financial flexibilities.
- In its own proposed ‘Devolution Deal’, it is likely, though cannot be confirmed, that TWC has sought a number of the same or similar flexibilities as the CA. A formal relationship with the CA as a partner committed to collaborating to deliver economic and employment outputs, gives greater coherence and relevance to TWC’s proposals and should/could facilitate a faster, more productive and positive discussion with Government.
- The T&W area and economy in particular has very strong links to the West Midlands.
- TWC shares many of the CA’s key focuses around inward investment, economic growth (Telford & Wrekin has the most available ready-to-go employment land in the Midlands), increasing the supply of employment land, integrating employment and skills, helping more people into work, providing the skills locally to match the needs of business, integrating public transport provision, working better and in a more integrated way across public services to better support and prevent families with complex needs.
- The ‘Midlands Engine for Growth’ will be a key focus for Government policy development, economic growth and inward investment as directed and supported by UKTI. It will become a strong brand with high visibility nationally and internationally. It is likely to be beneficial to TWC’s ‘Destination Telford’/‘Enterprise Telford’ initiatives, significantly extending their reach, if we were able to brand these as part of the ‘Midlands Engine for Growth’.

- As a non-constituent area, this could potentially enable the CA to invest in things like infrastructure and skills development in Telford & Wrekin – providing they can attribute some of the benefits to the CA (i.e. the West Midlands and the economic and growth outputs that it is committing to). There can be no guarantees on this as the CA will need to prioritise its funding. However, if we have no formal relationship and collaborative conversations, we can be fairly clear there would be much less opportunity for this.

5.22 We have been informed that the deadline for seeking Non-Constituent member status is 13th October 2015.

5.23 Annex D illustrates the strength of economic and other links that exist between Telford & Wrekin and the wider West Midlands and the value that the Borough's non-constituent membership would bring to the CA, an important factor as any request for membership by TWC will need to be agreed by the CA and DCLG.

5.24 The Council is already in advanced discussions to formally become, along with all metropolitan councils, Shire and Unitary authorities in the region, a member of West Midlands Rail Ltd which will develop and oversee the new West Midlands Rail Franchise aiming to have greater influence and management over the local rail network.

6. **PREVIOUS MINUTES**

None.

7. **BACKGROUND PAPERS**

Statement of Intent by WMCA.

Report prepared by Richard Partington, Managing Director, Telephone: 01952 380130

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

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.

The draft governance review has received broad support from engagement across the seven metropolitan areas

A draft of this governance review was used as the basis of an engagement process which took place during August and September 2015.

Over 300 respondents completed an on-line survey which was established to collate the answers to a number of specific questions and provide an opportunity to comment on the governance review. The feedback was broadly positive with over 60% of respondents agreeing or strongly agreeing that a Combined Authority would improve the efficiency and effectiveness of transport and economic development and regeneration. Details of the engagement are included on pages [28-30].

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

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

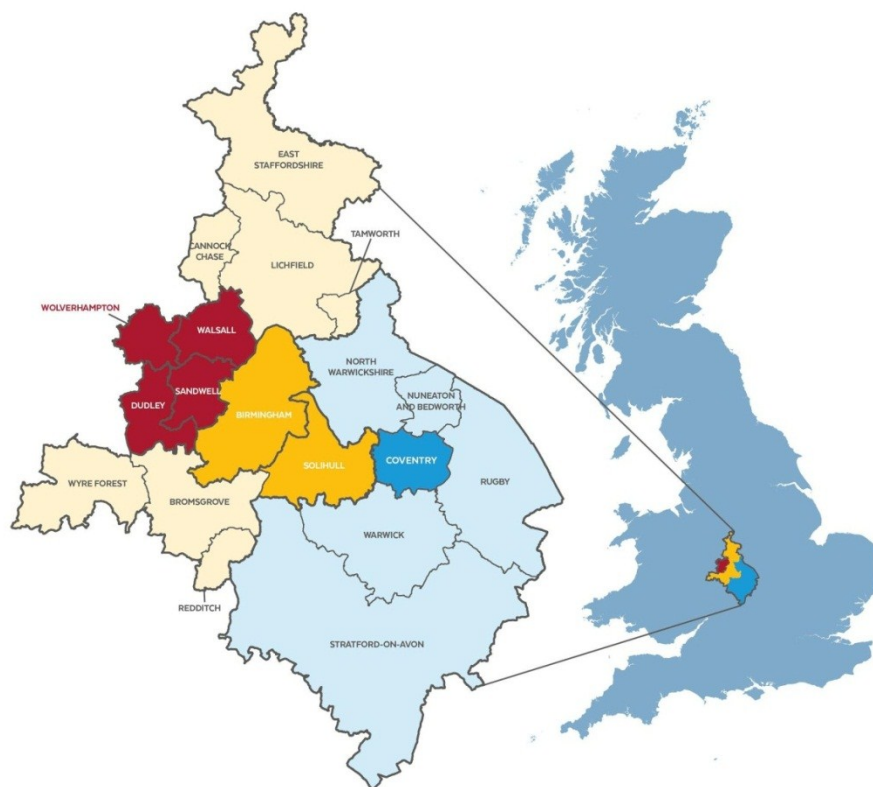
Geography

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

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 study¹ 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.

Each of these is discussed in more detail below.

¹ Functional Economic Market Area (FEMA) study – initial findings can be found at <http://www.westmidlandscombinedauthority.org.uk/assets/docs/WestMidlandsFEMAStudy26June2015.pdf>

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

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 LEPs. 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 LEPs. 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
Maintain status quo	✗	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.
Establish an economic prosperity board	✗	The downside of this option is that it misses out on the opportunity to fully achieve coordinated transport and economic benefits.
Form a Combined Authority	✓	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.

Engagement on the draft governance review

Introduction

A process of engagement was run by the seven metropolitan authorities during August and early September 2015. The approach taken was similar for six of the seven metropolitan areas. Coventry City Council's approach differed as a result of a greater degree of local concern over the potential establishment of the Combined Authority and calls for a referendum on the issue. The processes followed are set out below.

Metropolitan area (Excluding Coventry)

A period of engagement ran during August and early September 2015 and involved:

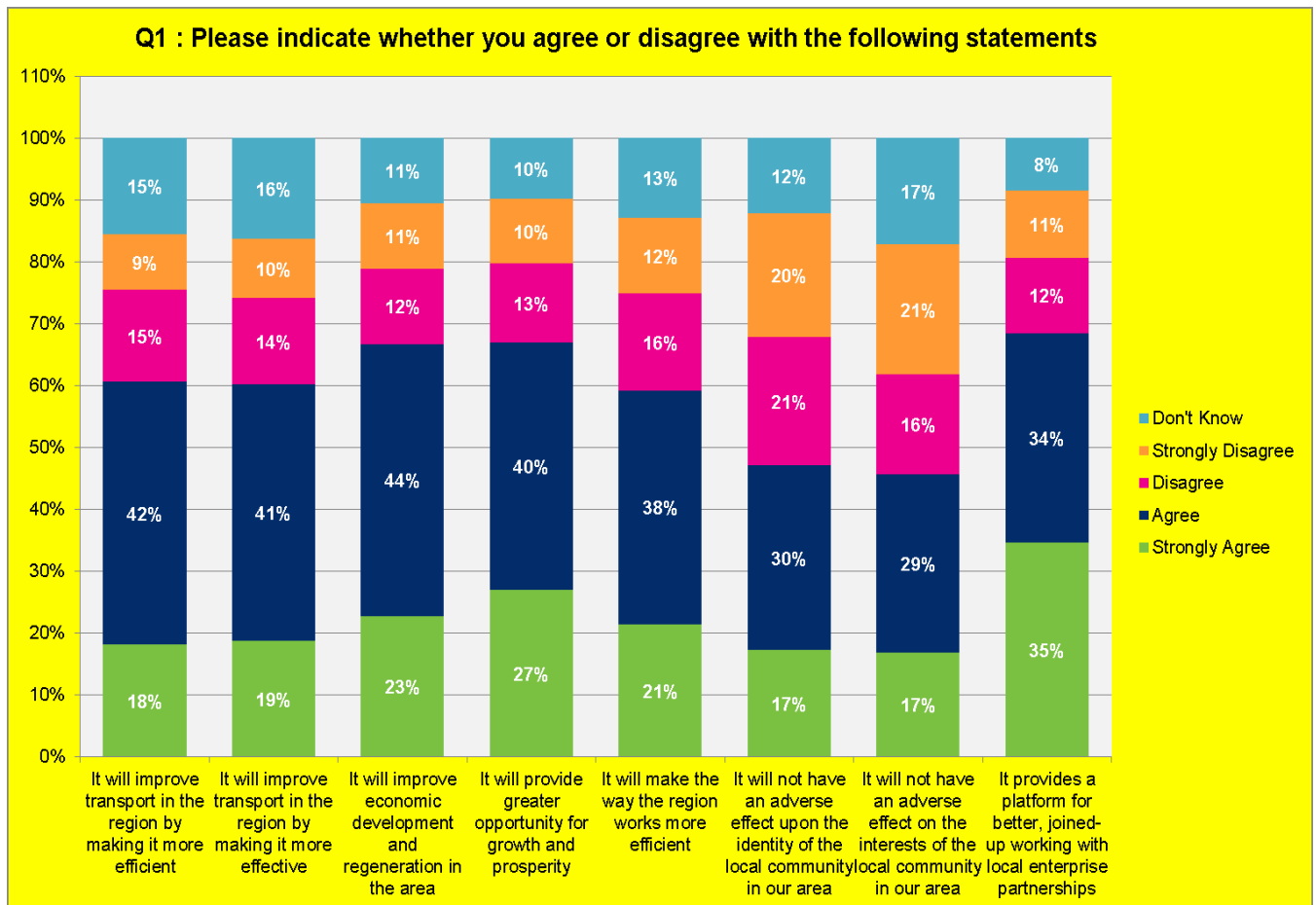
- Writing to a representative sample of [465] stakeholders comprising key private sector employers, public sector bodies and third sector organisations;
- The establishment of an on-line survey to collate the views of parties whose views were requested, and
- A number of briefings with the business and third sector communities.

The on-line survey was completed by over 300 respondents and had free text fields for general comments together with 8 questions in respect of:

- the efficiency and effectiveness of transport and economic development/regeneration;
- the impact on local communities, and
- the prospective of more joined up working with Local Enterprise Partnerships.

A selection of the questions asked are set out on the following page. The results indicate broad support with over 60% of respondents agreeing or strongly agreeing that the statutory purposes for the Combined Authority will be achieved. There was a fairly even split between public sector, private sector and not for profit organisations within the responses.

The survey (and the e-mail address set up for the Combined Authority) provided an opportunity for respondents to leave comments. As is expected from a large sample there were a range of comments from those who questioned the worth of the proposals and the choice of the Combined Authority's name to those who were very positive.



Engagement in Coventry

In the run up to and following Coventry City Council’s agreement in principle to form a Combined Authority covering the three LEP there was widespread media coverage of the issue and a lively debate locally on the implications.

Some residents feared that the move could see Coventry losing its identity and sovereignty as a major English city and become part of a larger council dominated by Birmingham, losing the city’s historic links with Warwickshire. Two petitions were stated calling for the issue to be put to a referendum.

In recognition of the concerns raised, Coventry City Council carried out a comprehensive engagement process that was well beyond that which is required as part of the process. The process involved:

- Supply of factual information to ensure there were no misunderstandings about the role and power of a combined authority.
- Establishing a “Citizen’s Panel” – a representative group of residents from across the city provided with detailed reports and information and with the remit to call in external expert witnesses for questioning and discussions.
- Face to face engagement, including discussion and debate at July ward forums, throughout the city and open to all residents. Public debates/panel discussions to include politicians, business leaders, academics and residents and drop-in sessions for the public at a key city centre location to allow people to talk to council officers and councillors informally about Combined Authority.
- Digital and social media, including a dedicated web engagement portal that contains all public information and used council social media channels (Facebook, Twitter, YouTube etc). Social media engagement included active two way conversations and debates with the public.
- Print and broadcast media interviews with key Coventry politicians and live web forum debates.

[Coventry’s engagement closes on 7 September. The results will be included here in the next iteration.]

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

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 [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

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.

‘Devolution and Partnership: Driving Growth and Prosperity’

A Devolution Proposal for Telford & Wrekin

September 2015

FOREWORD

Telford & Wrekin is leading the drive for growth in the Midlands. This is happening because of effective partnership working between the private and public sector.

To reflect our success and continue to develop the competitiveness of our offer, we have designated the whole Borough an enterprise area – **Enterprise Telford**.

Enterprise Telford is well placed to continue this drive to growth and do more, particularly through the exploitation of Homes & Communities Agency land assets which will be driven through our **HCA Land Deal**.

This devolution proposal is about delivering a better, more efficient response from the public sector to:

- support people into employment – joining together national and local programmes built on our local understanding of communities and the labour market and improving **connectivity**;
- developing a **work ready, life ready** workforce, focussed on the skill needs of local businesses, through local commissioning;
- driving the competitiveness of Telford as a place to invest – through local freedoms and flexibilities granted by Government tailoring our offer to potential investors – ultimately supporting the sale of HCA land assets.

We are not pursuing growth for the sake of growth. We want to achieve sustained levels of economic growth because it is the right thing to do for our communities, our local economy and to meet the Chancellor's commitment to driving efficiency in the public sector.

We ask that the Chancellor backs this devolution proposal.

Whilst others talk about driving growth and prosperity, in Telford & Wrekin we are delivering it now.

Cllr Kuldip Sahota
Leader, Telford and Wrekin Council

Paul Hinkins
Chair Telford Business Board

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7. APPENDIX 1

'Enterprise Telford – the Birthplace and Home of Advanced Manufacturing and Engineering'

1. WHY TELFORD?

Enterprise Telford has a **strong** and **credible track record** of supporting and enabling economic growth which maximises the benefit to all of our communities.

- Growth in GVA (from 2010 to 2013) rose by 13.2% outstripping growth for the same period across the West Midlands (10%), United Kingdom (8.9%) and England (9.3%). Telford delivers 28% of the Marches LEP total GVA economy (25% of the total population of the LEP).
- 22.6% of the Borough's GVA came from production, making it the biggest contributor, closely followed by logistics (21.7%). Telford hosts the largest manufacturing sector as a proportion of the local economy in the region and a growing cluster of high tech manufacturing enterprises
- Unemployment has fallen to below the regional and national rate (T&W 5.9%, WM 6.8%, England 6.2%)
- Top 10 in the UK for delivering housing growth for the past 2 years

Building on this track record of growth, we have the **capacity for further growth**:

- 5 year land supply in place and permission for 13,000 new homes
- Capacity for growth with 400 acres of ready to go commercial land
- In principle agreement to a Land Deal with HCA which will drive growth through asset disposal/recycling of uplift into infrastructure
- Designated MOD national logistics hub
- £19m LEP funding for infrastructure improvement
- 2 leading universities in the Borough: University of Wolverhampton with a growing reputation for "knowledge transfer" in advanced manufacturing and Harper Adams University with an international reputation for food and agricultural technology.
- 98% superfast broadband coverage by 2017

Enterprise Telford is a core driver of growth in the West Midlands region; a key component in the **Midlands Engine for Growth**. We are the urban focus of growth in the Marches Local Enterprise Partnership and directly support the objectives of the Black Country Local Enterprise Partnership and proposed West Midlands Combined Authority. Our role is pivotal to the Midlands' aspirations; we have the potential to unlock growth by acting as a catalyst to overcome some of the limitations faced, in particular, by Birmingham and the Black Country:

- **Competitively priced 'ready to go' housing and commercial development land** – overcoming a key obstacle to growth in the Black Country and the wider West Midlands area. The Telford New Town was originally designed to provide capacity for growth to the wider region.
- **Skilled workforce** – core to driving growth in existing businesses and securing inward investment in key sectors including advanced manufacturing, engineering and agri-technology. Telford's labour force reflects the underlying high tech nature of the local economy.

- **Established automotive supply chain** – linked to growth in Jaguar Land Rover (JLR) and central to driving manufacturing growth and the wider objective of ensuring a balanced and dynamic Midlands economy.
- **Fast connectivity into the region and wider** - embedding our economic capacity and opportunities into the regional 'Engine for Growth' through the M54 to JLR I54 and the M6, M62 and A41 into the 'Northern Powerhouse'.

Telford & Wrekin Council has played a pivotal role in the success of Enterprise Telford – we have rapidly and successfully transformed the way we work to enable growth by removing barriers and obstacles. We have secured investment into the Borough including international companies BAE, Cap Gemini, GKN Sankey, Heinz and Muller.

We have achieved this whilst delivering savings in excess of £70m. We are clear that more can be done to drive growth by improving efficiency in the public sector. We want to do this because it is the right thing to do for our communities - supporting inward investment and business growth to increase opportunities and prosperity for all of our communities enabling independence and self reliance which will ultimately reduce demand on public services.

The Chancellor's determination to balance the public sector budget means that the status quo is not an option. The public sector must work better together, more effectively as a whole system – particularly local government with central government departments - to reduce duplication and policy constraints which impact on efficiency and to provide a more localised, coherent and unified focus on securing the right employment and life style outcomes that deliver more vibrant, successful and sustainable households and communities whilst reducing the demands and costs of public services.

Telford & Wrekin Council has a track record of doing this; working successfully with Government – for example our **HCA Land Deal** – to derive real benefit to the Treasury.

We are ambitious about what we will achieve through this proposed deal. Implementation of our devolution proposal will drive and sustain economic growth, improve the lives of residents in our most deprived communities and reduce demand on public services which together will reduce demand on the Treasury.

1. CHALLENGES AND OPPORTUNITIES

Despite our track record of economic growth, there remain nationally significant pockets of deprivation within Telford. These areas suffer from higher levels of unemployment, lower levels of educational achievement, poorer health and shorter life expectancy. These challenges result in significant demand on public services which we are determined with our partners to address through our **strengthening families** approach (local Troubled Families model). This focused on improving the opportunities and lives for these families and so reduce demand on public services and the Treasury. This is **the** key priority of our Local Strategic Partnership (LSP). We have a track record of success, turning around some 365 families in phase one of the DCLG Troubled Families Programme.

This devolution proposal is focussed on improving economic opportunities for our communities, through the two themes of **'Skills to Employment'** and **'Enterprise Telford'**. With creative thinking, investment and private sector collaboration, we are making significant progress against these themes, but greater partnership working with Government departments will enable us to do more.

Skills to Employment

Our focus is on supporting people into work and working to ensure that we have a workforce which meets the skills requirement of existing and future business in the Borough.

At the start of the recession, unemployment rose rapidly in the Borough from below the regional and national rate to significantly above both – particularly for young people. In response, the Council invested £1.8m into developing **Job Box**, a programme to support young people into positive destinations (work, training or volunteer work). This approach has been very successful – more successful than the DWP 'Work Programme' in terms of outcomes for participants and cost to the public purse - and contributed to reducing the youth unemployment in the Borough from 32.5% to 12.9% below both the national (17.1%) and regional rates (18.3%).

There is though still more to do to support young people into work. Our 'NEET' rate is still too high, with these young people often the 'furthest away' from employment with hotspots in our most deprived neighbourhoods.

As unemployment has fallen below national and regional levels, our local labour market has tightened. The need to ensure that local people have the right skills to meet the needs of local businesses has become ever-more critical to sustain the competitiveness of Telford. **We don't want to become victims of our own success.**

Our themes to address these challenges are:

- **Ensuring that our young people achieve their full potential** - as they enter the workforce and throughout their career, raising aspirations and breaking cycles of unemployment and under-employment. Feedback that we have received from employers about young people is that too often people taking the first steps into the world of work are not adequately prepared for the working environment in terms of appropriate behaviour and the necessary self discipline – for example time keeping. We want to support schools to create the capacity to support all

pupils with 'life ready, work ready' activity as part of the curriculum. Our new **Life Ready, Work Ready** programme will see us create an approach to skills that inspires pupils/learners with real world opportunities and ensures our young people have the best chance to meet their full potential while delivering the skills for our growing business base. We believe this offers a national model complimenting the National Enterprise Company approach.

- **Ensuring that the Borough has a workforce with the skills to meet the requirements of our local businesses now and in the future** – supporting businesses to upskill, retrain and respond to technological change developing a demand led skills system. We are creating a Skills for Growth **Business 2 Schools Brokerage Service** to increase and coordinate employer level input into career advice from primary age up effectively linking schools, colleges, employers, careers and enterprise organisations. Where young people and their parents and carers understand opportunities open to them, schools need the flexibility in the curriculum to enable them to take up these opportunities. Equally we want to ensure business makes a commitment to drive and support education success, taking a stake in their employees of tomorrow. We want to improve the employer offer (e.g. work experience, mentoring, hands on 'awareness raising' in the classroom) and ensure consistency and quality of this. We want to establish a compact with all our schools committing them to engage with our business sector champions to drive up the quality and effectiveness of career education providing them with a package of support to enable this to happen for example in terms of transport costs, teacher time.
- **Continuing to reduce unemployment** – developing our Job Box programme as a one stop portal for advice, information and support on employment, careers, apprenticeships and supporting business to recruit and upskill. We want to better link our **Job Box** programme to DWP initiatives.
- **Improving 'connectivity'** - Telford enjoys purpose built infrastructure including serviced employment parks designed to sustain industrial and business growth. However the **New Town** legacy separation of employment and residential development and reliance on car travel has created a significant barrier to communities in our more deprived estates where car ownership rates are lower. The nature of much of our manufacturing sector is shift work located in employment parks which are not well served by public transport particularly outside of regular working hours.

Enterprise Telford

At the heart of **strengthening families** is **economic independence** which is good for the family, the wider community and local economy. Stimulating private sector investment is then a priority to create jobs and opportunities. Many leading national and international businesses are located in Telford including BAE, Cap Gemini, GKN Sankey, Epson and Heinz providing a platform and potential for solid growth in a number of key sectors.

To continue to develop the competitiveness of Telford as a place for inward investment and accelerate outcomes from our Land Deal, we have designated the Borough an enterprise area **Enterprise Telford**. Through this approach we will negotiate individually with prospective

investors to agree a competitive, bespoke deal to secure investment including, for example, business rate 'discounts'.

Through collaboration with our Universities, LEP and Telford Business Board we are about to launch the **Telford Growth Hub** – a vehicle to deliver joined up business support and stimulate the knowledge transfer to drive innovation. This will enable us to maximise on the dramatic expansion in automotive component suppliers and the creative industries developing as aero, defence and automotive sectors strive for further product efficiency. We will also focus on supporting businesses across all sectors that have yet to realise their full potential as well as improving targeting activity to increase the competitiveness of our Borough town high streets – a key part of sustaining our vibrant local communities.

This is good for Telford, for the Region and ultimately good for the Government.

We have shown what we can achieve with our own resources and through collaboration with the private sector led by the Telford Business Board, with our LEP partners and the HCA. Through greater partnership working with the Government we can fulfil the potential of our economy and local workforce - a real opportunity to benefit both Telford and the Government.

Built on both our track record of delivery and our understanding of our **challenges and opportunities** our devolution proposal is focussed on improving the efficiency and effectiveness of public services in Telford & Wrekin by enabling local decision makers to determine 'what works best'. This will be achieved through the transfer of responsibility for functions and budgets to local authority control combined with specific policy 'freedom and flexibilities'.

2. OUR DEVOLUTION PROPOSALS

Skills to Employment

Devolution commissioning of skills provision – to establish joint accountability with the Skills Funding Agency for the Adult Skills Budget to improve the impact of FE colleges and training providers. This would focus on the needs of our key sectors to better ensure that employer needs are met. We have already started this approach working with business sector leads from our Business Board to determine sector skills gaps and commissioning specific training for the manufacturing sector to be provided by those bidding for skills capital funding.

Responsibility for local delivery of the Apprenticeship Grant for Employers (AGE) - enabling expansion of our Council run apprentice training programme to support SME's take up of apprenticeships, particularly higher apprentices, including enabling apprentice sharing. We have established the programme in response to feedback from SME's that whilst businesses are prepared to take on apprentices, the 'red tape' involved acts as a barrier. Devolution will allow funding to be targeted at key sectors, deprived neighbourhoods and groups.

Responsibility for commissioning the Work Programme (or replacement) and the Youth Contract or as a minimum 'payment by results' for supporting people into 'positive destinations' - we have built a very successful track record through £1.8m investment into our Job Box programme which has a higher success rate than the DWP programmes. In its first year, our Job Box has supported 549 people into a positive destination at a cost of £1093 per person. In comparison with the ESF that pays £2390 per young person moved into a positive destination and the Youth Contract that provides £1275 per young person. The work programme pays out £3800 per young person moved into and sustained into employment. Our model offers greater impact and efficiency as it is informed by our local knowledge of both the labour market and skills requirement of local businesses underpinned by the geographic focus of our work, specifically in our most deprived communities.

Local accountability for DWP functions – to ensure that provision aiming to support people into employment is driven by local need and integrated with wider services, thereby reducing duplication and maximising value for money. Building **Universal Credit** into our local model of **Strengthening Families**. This will reduce duplication, costs and improve outcomes.

Transfer of powers to franchise all bus services - to ensure that an integrated public transport system is delivered with a specific objective of connecting our more deprived communities to local employment opportunities.

Enterprise Telford

Retention of 100% of business rate growth - to recycle into investment to drive further economic growth. Addressing the infrastructure needed to 'connect our communities' to the opportunities delivered through the HCA Land Deal, investing in bringing forward more constrained and brownfield, public sector sites delivering land values and uplift from HCA sites back to Treasury and enabling our **Skills to Employment** programme. We ask to be included as a further business rate retention pathfinder linked with the Telford Land Deal.

To provide certainty and longevity to investors we also ask that additional business rate growth generated by the Council since the introduction of the new local government finance system in April 2013 is exempted from any reset of the system. This combined with the HCA Land Deal will ensure that the local economic benefits generated from this funding can be sustained on a long-term basis.

Local accountability for the national Business Growth Service - to maximise the growth potential of local businesses, our Growth Hub should manage all business support delivery built on local evidence, knowledge and engagement. National programmes provide much needed generic support, but they are not currently co-ordinated with local partners and programmes to deliver a joined-up, locally tailored approach. We need control over the design and commissioning of business provision with the ability to integrate the resources and capabilities of programmes and for partners to match this with local commissioning and account management capacity. Programmes funded through the European Structural and Investment Funds should align with local priorities and providers commit to delivery through the Growth Hub.

Creating a Telford HMRC Tech Hub - to improve efficiency in the public sector estate. HMRC is currently initiating a process to rationalise its West Midlands office base in Birmingham. In terms of efficiency, Telford is a strong alternative location for this West Midlands hub both in terms of ready capacity, skills and the competitive price structure of office accommodation as well as ready availability in comparison to Birmingham. Equally HMRC already have a significant base in the Borough through the HMRC Aspire ICT contract being delivered by Cap Gemini and Fujitsu. With our high concentration of tech workers and growing creative and digital sector, collaboration with our resident Universities and ability to draw in the support of other internationally ranked Universities across the Midlands, we offer a ready to deliver tech hub location.

Enhanced Capital Allowances (ECAs) on capital expenditure - we ask that companies investing in plant and machinery in **Enterprise Telford** can qualify for 100% first year Enhanced Capital Allowances (ECAs) on capital expenditure on qualifying assets, complimenting assisted area status which the Borough attracts. This will provide a further incentive alongside our own 'deal for business' to drive take up of and uplift of HCA development land in the Borough.

Local setting of charges - as part of our package to drive the competitiveness of **Enterprise Telford** set planning and licensing fees locally to respond competitively to inward investment enquiries/proposals.

3. WHAT WE WILL DELIVER

Core to our proposal is increasing **economic growth** - we want to fulfil our economic potential and this proposal will support us in achieving this.

It will drive increased productivity and the efficiency of our local economy to within the best quartile in the UK as measured by GVA. By:

- Increased productivity through a step change in matching skills to economic need-focused skills, increase the take up of apprenticeships and increase progression rates and skills level.
- Reduce unemployment and reduce levels of in particular, NEETs through a co-ordinated and locally driven support programmes for people who are out of work or leaving education.
- The roll-out of an integrated model that aligns business support and skills development through the Telford Growth Hub and delivers higher levels of R&D, entrepreneurship and innovation – adding value to the knowledge economy.
- Maximise the availability of high quality, readily available brown field development sites for housing.
- Accelerated delivery of new homes and the infrastructure to support this, creating more prosperous and sustainable communities.

This deal will provide additional flexibility in our local decision making – informed by both the needs of business and community - which will sustain and improve Telford’s competitive position as a location for inward investment and expansion by existing businesses. A key beneficiary of a growing Telford economy will be the Treasury in terms of capital receipts through HCA asset disposal – both in terms of value and pace and as a catalyst for driving the Midland Engine.

A growing economy is good for Telford and good for the Treasury.

This proposal will also see significant impact on reducing Government operational budgets:

- the proposed ‘**Telford HMRC Hub**’ will deliver reduced office accommodation costs for HMRC in the West Midlands region.
- by maximising effective support to people seeking work, improving skills and connectivity we will reduce unemployment with associated reduction on unemployment and benefit costs.
- Through our Strengthening Families model, we know that addressing worklessness and low aspirations leads to key improvements in an individual’s lives including improving wellbeing and making better choices around health and housing. Factors which typically require an intervention from public services.

Through devolution and partnership, we will deliver greater efficiency in the public sector by better targeting resources where they are most needed – whether to businesses, communities or individuals creating opportunities and improving lives with significant impact on health and wellbeing. This will only lead to reduced demand on public services with additional benefit to the Treasury.

4. GOVERNANCE

As part of the negotiation process of the development of our **HCA Land Deal** we are establishing transparent and accountable governance arrangements. We propose to take a similar approach to developing governance arrangements for this devolution proposal. Core to these arrangements will be the Telford Business Board and the Local Enterprise Partnership.

5. FUTURE DEVOLUTION

Through this proposal, Government and Telford & Wrekin Council will embark on a new relationship. The first phase of this is focussed on the skills, business support and transport initiatives set out in this document.

We believe that this is just a start of our devolution conversation and as we move forward we will want to continue to explore what further power and funding could be devolved to Telford & Wrekin together with options for improving local governance and accountability.

Our Economy

- GVA over the past three years, from 2010 to 2013, has risen by 13.2% in Telford and Wrekin, outstripping growth for the same period across the West Midlands (10%), United Kingdom (8.9%) and England (9.3%)
- 22.6% of the borough's GVA came from production and logistics 21.7%.
- A strong manufacturing base, forming an important part of the supply chain for the West Midlands' economy.
- Concentration of creative, information and communications technology enterprises showing strong integration with manufacturing and a growing reputation as a centre for 3D printing
- The proportion employed in manufacturing more than double England rate (17.6%, England 8.4%)
- An international reputation for advanced manufacturing, engineering and agri-technology
- Many companies of national importance such as BAE, Cap Gemini, GKN Sankey, Epson, Lyreco, Heinz and Muller
- Proven capacity to attract inward investment with 128 foreign-owned enterprises employing over 16,000 people

Business and Jobs Growth

- 78,000 jobs in over 5,500 businesses
- Unemployment now below the regional and national rate (T&W 5.9%, WM 6.8%, England 6.2%)
- Workforce earnings slightly higher than West Midlands (gross weekly pay £482.60, WM £479.10)
- More Business 'births' than business 'deaths' for a third consecutive year (640 new enterprises in 2013)

Capacity for Further Growth

- Telford New Town designed for population of 200,000+
- Planning in place for 13,000 new homes and a new Local Plan due for adoption within 18 months
- Over 400 acres of ready to go commercial land 23 million ft² commercial property
- 'Growth Deal' with HCA to drive growth through asset disposal/recycling of uplift into infrastructure
- £19m LEP funding for infrastructure improvement
- Transforming town centre, including a £250m Southwater development
- Top conferencing destination competing on an international market
- MOD National Logistics hub
- 12 miles from i54 and Jaguar Landrover

Skilled Population and Workforce

- A workforce of 350,000 people living within 30 minutes
- Over two-thirds of the workforce live and work in the borough (68%)
- Around 20,600 people commute into the borough, including 11,100 from Shropshire, 5,100 from the West Midlands and 3,600 from Staffordshire
- 2 Universities within the borough – University of Wolverhampton (including University Centre Telford) and Harper Adams University
- Only 8% of the population with no qualifications, with investment in bespoke skills academies to ensure a developing and more highly skilled workforce for the future

Connectivity

- Borough well connected nation-wide through the motorway network, with 4 M54 junctions and 15 minutes to the M6, with the M54/M6 North link in development
- Direct connections to international destinations via Birmingham Airport, Manchester and the East Midlands air freight hub
- Three railway stations offering easy connections to the national rail network, as well as easy access to the proposed HS2 Birmingham station
- Congestion-free travel
- International Railfreight Terminal
- 98% coverage of Superfast Broadband, due to be completed in the next 2 years

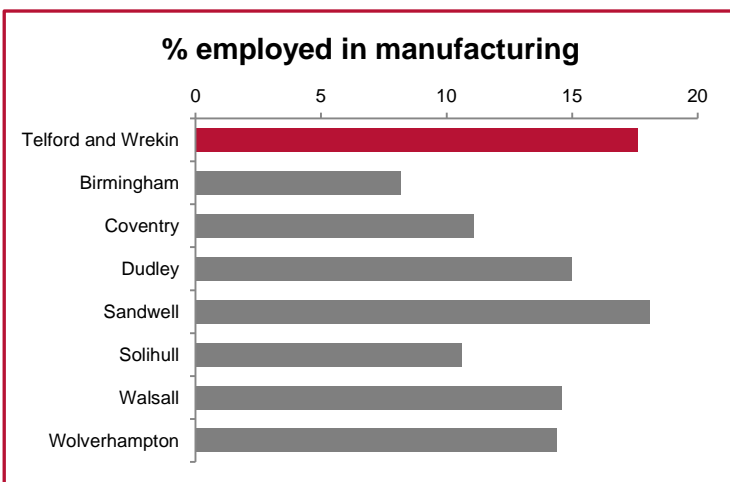
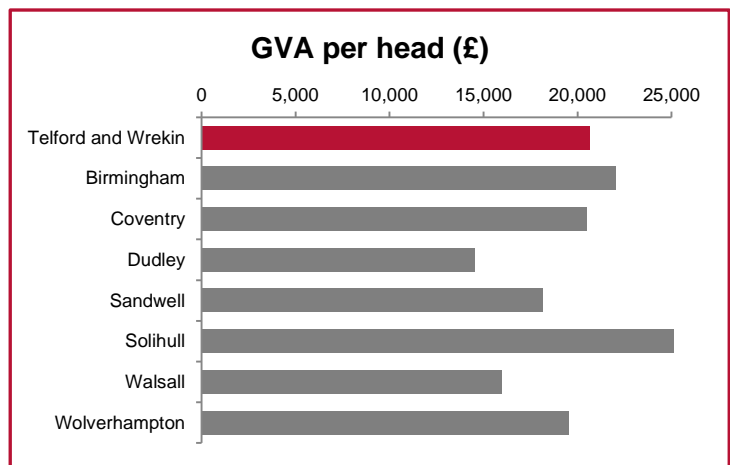
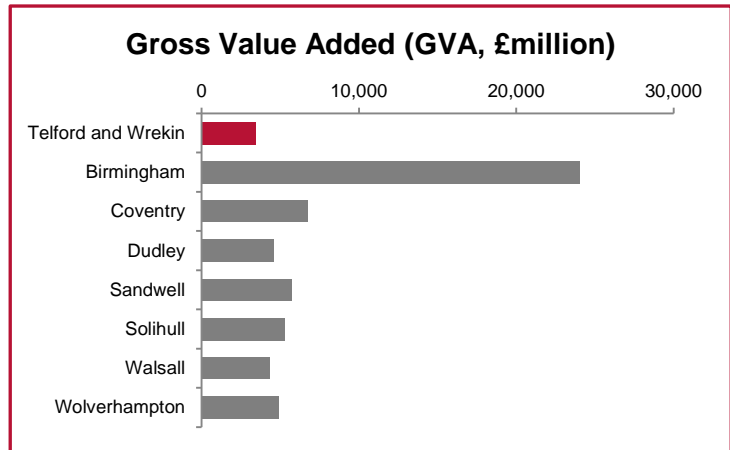
Housing Growth

- Top 10 in the UK for delivering housing growth for the past 2 years– bucking the national trend
- 5 year land supply in place and permission for 13,000 homes
- Top 5 housing developers represented in the Borough alongside major infrastructure companies

Recognised as the birth place of the industrial revolution, Telford is home to the Ironbridge Gorge UNESCO World Heritage Site. With its 18th century roots, Telford's reputation as a leader of industry has been recognised worldwide and has attracted many foreign direct investors throughout the years.

Economic Growth

- Telford and Wrekin are adding £3.48bn of value to the UK economy (Gross Value Added (GVA), see chart)
- GVA over the past three years, from 2010 to 2013, has risen by 13.2% in Telford and Wrekin, outstripping growth for the same period across the West Midlands (10%), United Kingdom (8.9%) and England (9.3%)
- GVA per head of £20,629 compared to West Midlands value of £19,428 (see chart)
- An international reputation for advance manufacturing, engineering and agri-technology
- 23% of the borough's GVA came from production, making it the biggest contributor, closely followed by distribution (22%)
- A strong base automotive and aerospace manufacturers, as well as the UK's largest concentration of plastics and polymers companies, which are integral to the automotive and aerospace supply chains across the Midlands
- The proportion employed in manufacturing more than double England rate (17.6%, England 8.4%, see chart)
- Many companies of national importance such as BAE, Cap Gemini, GKN Sankey, Epson, Lyreco, Heinz and Muller

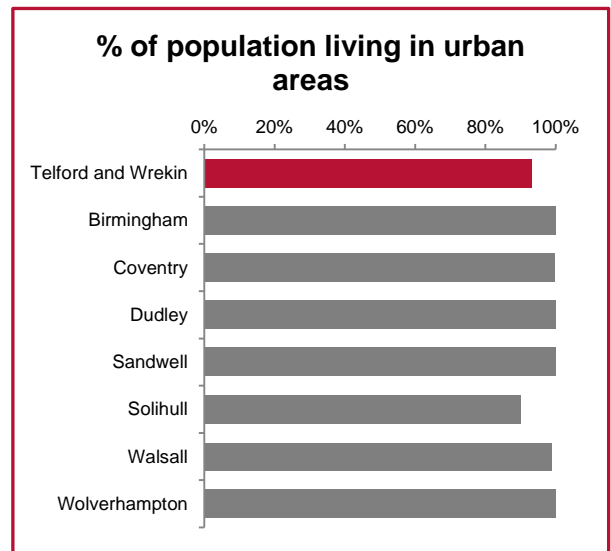


Business and Job Growth

- 78,000 jobs in over 5,500 businesses
- Unemployment now below the regional and national rate (T&W 5.6%, WM 6.4%, England 5.9%)
- Workforce earnings slightly higher than West Midlands (gross weekly pay £482.60, WM £479.10)
- More business 'births' than business 'deaths' for a third consecutive year (640 new enterprises in 2013)
- Over 1,500 companies relocated to Telford over the last 20 years, including 150+ from countries like US, Germany, Japan and Taiwan.
- Southwater: £250m development to transform central Telford delivering town centre living, new leisure facilities and a convention quarter

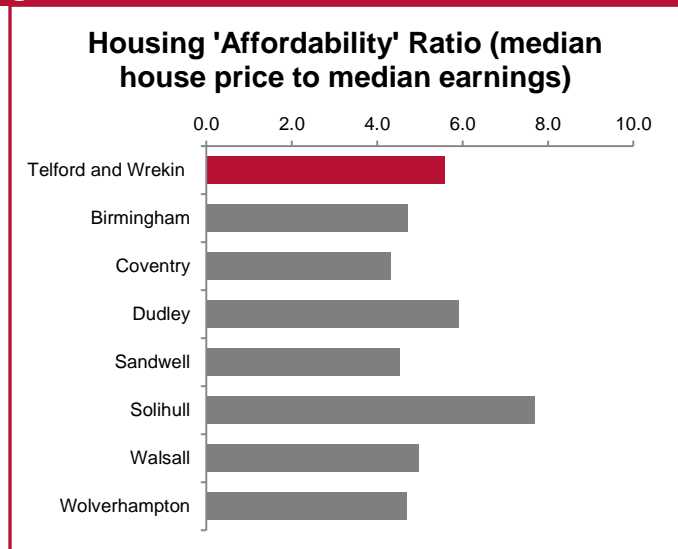
Capacity for Further Growth

- Telford New Town designed for population of 200,000+
- 93% of the population living in urban areas (see chart)
- New Town infrastructure designed to sustain industry and growth
- Over 400 acres of ready to go commercial land, with more sites than any of the major employment centres in the West Midlands
- Highly competitive commercial land and property costs
- Commercial land values some of the lowest in the region and one of the lowest nationally: £160,000 to £175,000
- Ready-to-occupy, cost effective office space
- 'Growth Deal' with HCA to drive growth through asset disposal/recycling of funding
- New Local Plan to provide certainty to investors/developers to 2031
- £19m LEP funding for infrastructure improvement
- Telford International Centre - Top conferencing destination competing on an international market
- MOD National Logistics Hub– operational 2016
- 12 miles from i54 and Jaguar Landrover, with T54 attracting tier 1 and 2 automotive suppliers

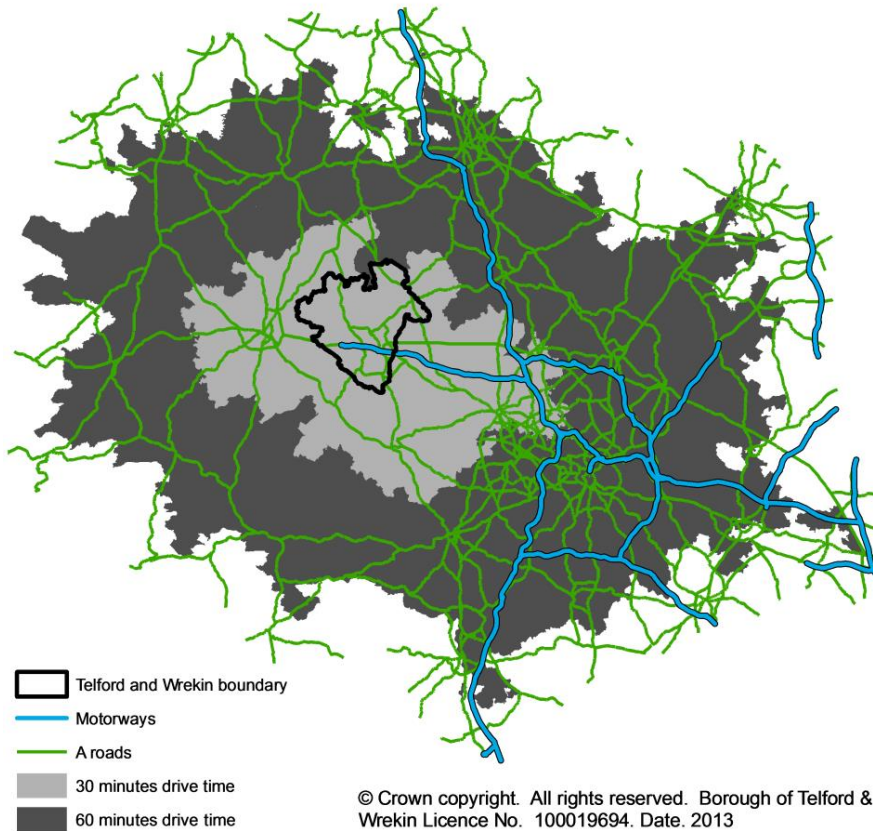


Housing and Growth

- Top 10 in the UK for delivering housing growth for the past 2 years, bucking the national trend
- 5 year land supply in place and permission for 13,000 homes
- Major housing and infrastructure companies represented in the borough
- House prices similar to West Midlands (mean house price £156,000, West Midlands £155,701) and the housing affordability ratio remains comparable (see chart)



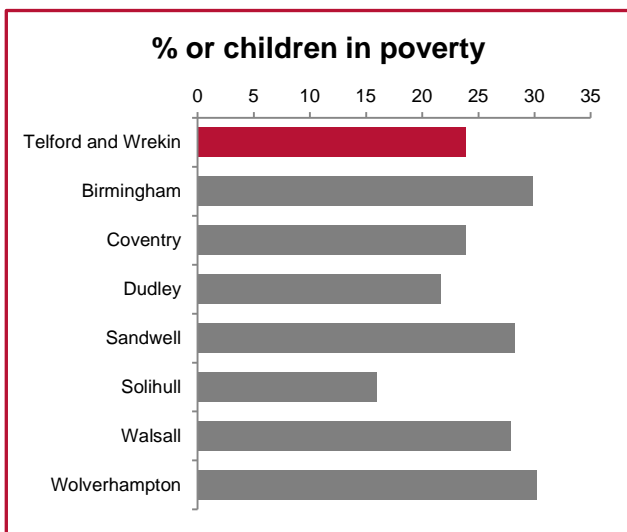
Drive time from Telford Town Centre



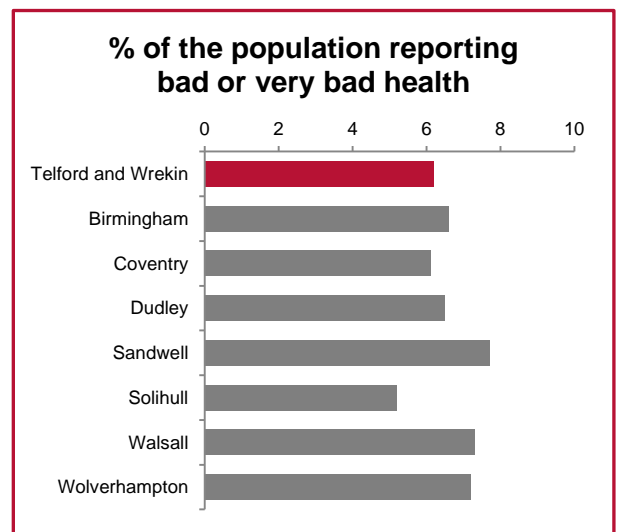
- Borough well connected nationwide through the motorway network, with 4 M54 junctions and 15 minutes to the M6 (with the M54/M6 North link in development) as well as major arterial roads such as the A41 and A5
- Easy access to airports, including East Midlands Airport, the UK's number one airport for pure freight, and Manchester, developing a World Logistics Hub
- International Railfreight Terminal with direct links to the West Midlands and national rail network, major sea ports, Channel Tunnel and key locations across Europe
- Three railway stations offering easy connections to the national rail network including direct links to London, as well as easy access to the proposed HS2 Birmingham station
- Proposed partner authority in West Midlands Rail Franchise - seeking greater influence and management over the West Midlands local rail network
- Congestion-free travel due to the purpose built New Town infrastructure
98% coverage of Superfast Broadband by 2017

Population Needs

- 23.9% of children in living in poverty (West Midlands 21.9%, England 19.2%)

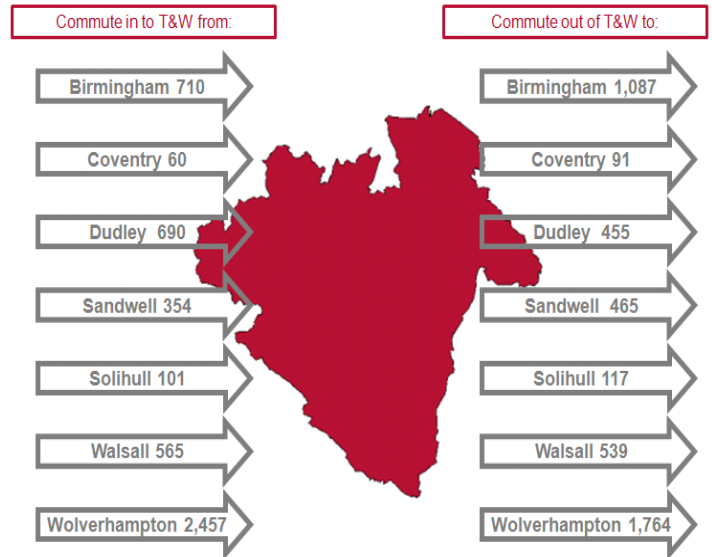
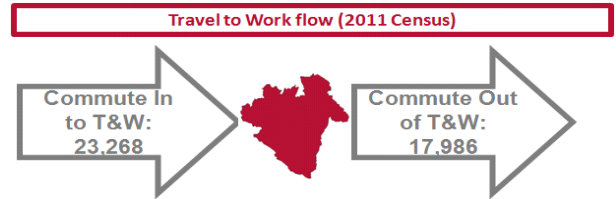


- 6.2% of people report poor health (West Midlands 6.1%, England 5.4%)

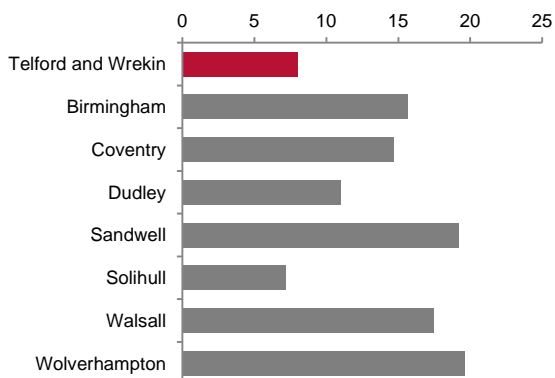


Skilled Population and Workforce

- A workforce of over 350,000 people living within 30 minutes
- Over two-thirds of the workforce live and work in the borough (68%)
- Over 72,000 people work in the borough (at the 2011 Census), of which over 23,000 commute in (see charts)
- 2 universities within the borough with high rates of graduation into industry:
 - University of Wolverhampton - with a growing reputation for 'knowledge transfer' in advanced manufacturing, with 4 campuses in Telford, Wolverhampton and Walsall
 - Harper Adams University – with an international reputation for food and agriculture technology, an existing Regional Food Academy and proposals to establish National Agri Tech Centre of Excellence
- A skilled workforce, core to driving growth in existing businesses and securing inward investment in key sectors
- Over £200m invested into education facilities, including all secondary schools
- 8% of the population with no qualifications (see chart), with investment in skills academies to ensure a developing and more highly skilled workforce for the future



% of people aged 16-64 with no qualifications (NVQ)



% of people aged 16-64 with NVQ4+ qualifications

