

Members are reminded that they must declare all relevant pecuniary and non-pecuniary interests relating to any items of business to be discussed at this meeting

BIRMINGHAM CITY COUNCIL

CITY COUNCIL

TUESDAY, 01 MARCH 2016 AT 14:00 HOURS
IN COUNCIL CHAMBER, COUNCIL HOUSE, VICTORIA SQUARE,
BIRMINGHAM, B1 1BB

A G E N D A

1 NOTICE OF RECORDING

Lord Mayor to advise that this meeting will be webcast for live or subsequent broadcast via the Council's Internet site (www.birminghamnewsroom.com) and that members of the press/public may record and take photographs.

The whole of the meeting will be filmed except where there are confidential or exempt items.

2 MINUTES

To confirm and authorise the signing of the Minutes of the meeting of the Council held on 2 February 2016.

3 LORD MAYOR'S ANNOUNCEMENTS

To receive the Lord Mayor's announcements and such communications as the Lord Mayor may wish to place before the Council.

4 PETITIONS

(15 minutes allocated)

To receive and deal with petitions in accordance with Standing Order 8.

As agreed by Council Business Management Committee a schedule of outstanding petitions is available electronically with the published papers for the meeting and can be viewed or downloaded.

5 - 16

5 **APPOINTMENTS BY THE COUNCIL**

(5 Minutes allocated)

To make appointments to, or removal from, committees, outside bodies or other offices which fall to be determined by the Council.

6 **EXEMPTION FROM STANDING ORDERS**

Councillor Sharon Thompson to move an exemption from Standing Orders.

17 - 20

7 **PROPOSED CHANGES TO THE CONSTITUTION AND STANDING ORDERS**

(5 minutes allocated)

To consider a report of Council Business Management Committee

The Leader to move the following Motion:

That Council approves the changes to the City Council's Constitution and Standing Orders as set out in paragraph 2 of the report and authorises the City Solicitor to implement the changes with immediate effect.

8 **REPORTS OF THE EXECUTIVE**

21 - 248

8A **CREATION OF THE WEST MIDLANDS COMBINED AUTHORITY**

(5 minutes allocated)

To consider a report of the Leader and the Chief Executive

The Leader to move the following Motion:

This City Council:

1. Notes the progress made in establishing the West Midlands Combined Authority and the remainder of the relevant process to be followed;
2. Notes the Draft Constitution of the Combined Authority (Appendix 5);
3. Gives consent to the presentation to Parliament of the statutory Order that will create the West Midlands Combined Authority (draft attached to this report at Appendix 4);
4. Delegates to the Chief Executive, in consultation with the Leader of the Council the power to agree with Government any further drafting amendments to the Order that may prove necessary.

249 - 276

8B **WEST MIDLANDS DEVOLUTION AGREEMENT**

(10 minutes allocated)

To consider a report of the Leader and the Chief Executive

The Leader to move the following Motion:

The Council notes:

- The historic West Midlands devolution agreement signed on 17 November 2015 and that this is the start of a process of devolution with the potential for significant further steps.
- That the subsequent work on a clarification process and due diligence has been satisfactorily completed.

This Council endorses the West Midlands Combined Authority Devolution Agreement, including the creation of an Elected Mayor.

This Council:

- Instructs the Leader of the Council and the Chief Executive to take any further decisions necessary to bring about the implementation of the Agreement, working with the other members of the Shadow Combined Authority Board, the Government and local partners.
- Authorises the Chief Executive, in consultation with the Leader of the Council to give consent to the presentation of a Mayoral Order to Parliament.

277 - 530

8C

COUNCIL BUSINESS PLAN AND BUDGET 2016+

(4 hours allocated)

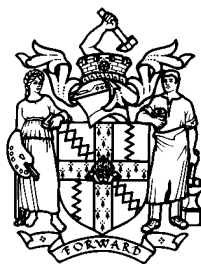
At this stage in the Council meeting, the following procedural Motion will be moved:-

"That, pursuant to a Council Business Management discussion, Standing Orders be waived to allocate up to 4 hours for the whole debate on the Council Business Plan and Budget 2016+ report, permit the Leader of the City Council to make a speech of up to 45 minutes, permit the other Group Leaders to make a speech of up to 30 minutes each, permit all other speakers in the debate to speak for up to 5 minutes, permit the Leader of the City Council to reply to the debate without time limit, and agree that amendments to the Motions should be taken in the order that the amendments were notified to the Lord Mayor"

(A 10 minute break will be taken during the debate.)

The Leader to move the Motions set out in the document at Pages 277-279.

Members must, in reaching their decision on the Budget Motions, have full regard to the results of the consultation, as set out in Part Four, and the analysis of equalities considerations, as set out in Part Three and Appendix 1 of the Business Plan and Budget 2016+.



**MEETING OF BIRMINGHAM
CITY COUNCIL
2 FEBRUARY 2016**

**MINUTES OF THE MEETING OF BIRMINGHAM CITY COUNCIL HELD
ON TUESDAY 2 FEBRUARY 2016 AT 1400 HOURS IN THE COUNCIL
CHAMBER, COUNCIL HOUSE, BIRMINGHAM**

PRESENT:- Lord Mayor (Councillor Ray Hassall) in the Chair.

Councillors

Uzma Ahmed	Neil Eustace	Karen McCarthy
Mohammed Aikhlaiq	Jerry Evans	James McKay
Deirdre Alden	Mohammed Fazal	Gareth Moore
John Alden	Mick Finnegan	Yvonne Mosquito
Robert Alden	Eddie Freeman	Brett O'Reilly
Nawaz Ali	Matthew Gregson	John O'Shea
Tahir Ali	Peter Griffiths	David Pears
Sue Anderson	Paulette Hamilton	Eva Phillips
Gurdial Singh Atwal	Andrew Hardie	Robert Pocock
Mohammed Azim	Roger Harmer	Victoria Quinn
Susan Barnett	Kath Hartley	Hendrina Quinnen
David Barrie	Barry Henley	Chauhdry Rashid
Vivienne Barton	Penny Holbrook	Habib Rehman
Bob Beauchamp	Des Hughes	Carl Rice
Matt Bennett	Jon Hunt	Fergus Robinson
Steve Booton	Mahmood Hussain	Gary Sambrook
Sir Albert Bore	Timothy Huxtable	Rob Sealey
Barry Bowles	Mohammed Idrees	Shafique Shah
Randal Brew	Zafar Iqbal	Mike Sharpe
Marje Bridle	Ziaul Islam	Sybil Spence
Alex Buchanan	Kerry Jenkins	Claire Spencer
Sam Burden	Meirion Jenkins	Stewart Stacey
Andy Cartwright	Brigid Jones	Ron Storer
Tristan Chatfield	Carol Jones	Martin Straker Welds
Zaker Choudhry	Nagina Kauser	Sharon Thompson
Debbie Clancy	Tony Kennedy	Paul Tilsley
John Clancy	Ansar Ali Khan	Lisa Trickett
Lynda Clinton	Mariam Khan	Margaret Waddington
Lyn Collin	Narinder Kaur Kooner	Ian Ward
Maureen Cornish	Chaman Lal	Mike Ward
John Cotton	Mike Leddy	Elaine Williams
Ian Cruise	John Lines	Fiona Williams

City Council – 2 February 2016

Basharat Dad	Keith Linnecor	Ken Wood
Phil Davis	Ewan Mackey	Alex Yip
Peter Douglas Osborn	Majid Mahmood	Waseem Zaffar
Barbara Dring		

NOTICE OF RECORDING

18615 The Lord Mayor advised that the meeting would be webcast for live and subsequent broadcasting via the Council's internet site and that members of the Press/Public may record and take photographs.

The whole of the meeting would be filmed except where they were confidential or exempt items.

MINUTES

It was moved by the Lord Mayor, seconded and –

18616 **RESOLVED:-**

That the Minutes of the Meeting of the City Council held on 12 January 2016, having been printed and a copy sent to each Member of the Council, be taken as read and confirmed and signed.

LORD MAYOR'S ANNOUNCEMENTS

A. Honorary Alderman James Hutchings

18617 The Lord Mayor reminded the Council that, at an Extraordinary Meeting held on 19 May 2015, it had agreed to confer upon James Hutchings the title of Honorary Alderman of Birmingham City Council in recognition of 23 years of service as a Councillor.

The Lord Mayor presented James Hutchings with an engrossment of the Council's resolution to admit him to the Roll of Honorary Aldermen of the City.

B. Honorary Alderman Barbara Jackson

18618 The Lord Mayor reminded the Council that, at an Extraordinary Meeting held on 19 May 2015, it had agreed to confer upon Barbara Jackson the title of Honorary Alderman of Birmingham City Council in recognition of 18 years and 6 Months of service as a Councillor.

The Lord Mayor presented Barbara Jackson with an engrossment of the Council's resolution to admit her to the Roll of Honorary Aldermen of the City.

C. Honorary Alderman Peter Kane

18619 The Lord Mayor reminded the Council that, at an Extraordinary Meeting held on 19 May 2015, it had agreed to confer upon Peter Kane the title of Honorary Alderman of Birmingham City Council in recognition of 12 years of service as a Councillor.

The Lord Mayor presented Peter Kane with an engrossment of the Council's resolution to admit him to the Roll of Honorary Aldermen of the City.

D. Honorary Alderman Reg Corns

18620 The Lord Mayor noted that Council had also agreed to confer the title of Honorary Alderman upon former Councillor Reg Corns who could not be present today as he was in hospital. The Lord Mayor asked those in the Chamber to join him in wishing him a speedy recovery and to look forward to welcoming Reg Corns to a future meeting to receive the formal resolution

E. Deaths

The Lord Mayor informed Members of the following 2 recent deaths:-

- Former Lady Mayoress Lady Christine Yapp, widow of the late Honorary Alderman Sir Stanley Yapp, who served as Lady Mayoress in 1962/3 alongside her father Alderman Ernest Horton;
- Former Councillor Leslie John Sprigg, who served as a Councillor for Yardley Ward from 1967 to 1971 and a County Councillor from 1977 to 1981.

A number of tributes to former Councillor Leslie John Sprigg were made by Members.

It was moved by the Lord Mayor, seconded and

18621 **RESOLVED:-**

That this Council places on record its sorrow at the deaths of former Lady Mayoress Lady Christine Yapp and former Councillor Leslie John Sprigg and its appreciation of their devoted service to the residents of Birmingham; it extends its deepest sympathy to members of their families in their sad bereavement.

PETITIONS

Petitions Relating to External Organisations Presented at the Meeting

The following petitions were presented:-

(See document No 1)

In accordance with the proposals by the Members presenting the petitions, it was moved by the Lord Mayor, seconded and -

18622 **RESOLVED:-**

That the petitions be received and referred to the relevant organisation.

Petitions Relating to City Council Functions Presented at the Meeting

The following petitions were presented:-

(See document No 2)

In accordance with the proposals by the Members presenting the petitions, it was moved by the Lord Mayor, seconded and -

18623 **RESOLVED:-**

That the petitions be received and referred to the relevant Chief Officers.

Petitions Update

The following Petitions Update was submitted:-

(See document No 3)

It was moved by the Lord Mayor, seconded and -

18624 **RESOLVED:-**

That the Petitions Update be noted and those petitions for which a satisfactory response has been received, be discharged.

QUESTION TIME

18625 The Council proceeded to consider Oral Questions in accordance with Standing Order 9 (B).

Details of the questions asked are available for public inspection via the webcast.

APPOINTMENTS BY THE COUNCIL

Following a nomination made by Councillor Mike Ward, it was –

18626 **RESOLVED:-**

That the following person be appointed until the Annual Meeting of the Council in 2016 as set below:-

<u>Body</u>	<u>Representative</u>
<u>Local Government Association – General Assembly</u>	Councillor Jon Hunt (Lib Dem) in place of Councillor Paul Tilsley (Con).

EXEMPTION FROM STANDING ORDERS

18627 The Lord Mayor advised that there are no exemptions from Standing Orders required.

REPORT OF THE OVERVIEW AND SCRUTINY COMMITTEES

Contacting the Council

The following report of the Corporate Resources Overview and Scrutiny Committee together with a commentary from the Executive was submitted:-

(See document No 4)

Councillor Waseem Zaffar moved the motion which was seconded by Councillor Marje Bridle.

A debate ensued.

Councillor Waseem Zaffar replied to the debate.

The motion having been moved and seconded was put to the vote and by a show of hands was declared to be carried.

It was therefore –

18628 **RESOLVED:-**

That the recommendations above be approved, and that the Executive be requested to pursue their implementation.

ADJOURNMENT

It was moved by the Lord Mayor, seconded and

18629

RESOLVED:-

That the Council be adjourned until 1705 hours on this day.

The Council then adjourned at 1647 hours.

At 1712 hours the Council resumed at the point where the meeting had been adjourned.

MOTIONS FOR DEBATE FROM INDIVIDUAL MEMBERS

The Council proceeded to consider the Motions of which notice had been given in accordance with Standing Order 4(A).

A. Councillors Deirdre Alden and Gareth Moore have given notice of the following Motion:-

(See document No 5)

Councillor Deirdre Alden moved the Motion which was seconded by Councillor Gareth Moore.

In accordance with Council Standing Orders, Councillors Mike Ward and Neil Eustace gave notice of the following amendment to the Motion:-

(See document No 6)

Councillor Mike Ward moved the amendment which was seconded by Councillor Neil Eustace.

In accordance with Council Standing Orders, Councillors Tahir Ali and Mike Sharpe gave notice of the following amendment to the Motion:-

(See document No 7)

Councillor Tahir Ali moved the amendment which was seconded by Councillor Mike Sharpe.

A debate ensued.

It was moved by Councillor Sharon Thompson and seconded –

“That the question be now put”.

The Motion was put to the vote and, by a show of hands, was declared to be carried.

It was accordingly –

18630 **RESOLVED:-**

That the question be now put.

Councillor Deirdre Alden replied to the debate.

The first amendment having been moved and seconded was put to the vote and by a show of hands was declared to be carried.

The second amendment having been moved and seconded was put to the vote and by a show of hands was declared to be carried.

The Motion as amended having been moved and seconded was put to the vote and by a show of hands was declared to be carried.

It was therefore -

18631 **RESOLVED:-**

This Council notes the following extract from a speech delivered by the then Secretary of State for Communities and Local Government in March 2015:

“This government is keen to ensure that there is adequate parking provision both in new residential developments and around our town centres and high streets. The imposition of maximum parking standards under the last administration [nationally] lead to blocked and congested streets and pavement parking. Arbitrarily restricting new off-street parking spaces does not reduce car use, it just leads to parking misery. It is for this reason that the government abolished national maximum parking standards in 2011.....”

However, many councils have embedded the last administration’s revoked policies. Following a consultation, we are now amending national planning policy to further support the provision of car parking spaces. Parking standards are covered in paragraph 39 of the National Planning Policy Framework. The following text now needs to be read alongside that paragraph: “Local planning authorities should only impose local parking standards for residential and non-residential development where there is clear and compelling justification that it is necessary to manage their local road network.²

In light of this revision to the Framework, the Council notes that, as part of the development of the city centre transport plan, a review of car parking supply in the city centre is already underway. Furthermore, this will be extended to include the rest of the city. The review will enable updates to the Supplementary Planning Document (SPD) to be identified and the implementation of proposals under the Future Council.

Council further calls for clear policies and actions to ensure developers take full account of access to public transport and provide investment as appropriate.

This Council notes it is better to offer residents a competitive public transport offer rather than seeking to force them on to inadequate facilities.

B. Councillors Sue Anderson and Jon Hunt have given notice of the following Motion:-

(See document No 8)

Councillor Sue Anderson moved the Motion which was seconded by Councillor Jon Hunt.

Prior to an amendment being moved the Lord Mayor indicated that the last sentence should read (additional words in italics):-

“The 2% social care precept being introduced to local authority budgets for 2016-17, even ring-fenced to social care *alone*, will not allow us to *fully* deliver the challenge.”

In accordance with Council Standing Orders, Councillors Paulette Hamilton and Majid Mahmood gave notice of the following amendment, as revised above, to the Motion:-

(See document No 9)

Councillor Paulette Hamilton moved the amendment which was seconded by Councillor Majid Mahmood.

EXTENSION OF TIME LIMIT

It was moved by Councillor Sharon Thompson and seconded –

“That the time limit for ‘Motions for Debate from Individual Members’ be extended by 15 minutes.”

The Motion was put to the vote and, by a show of hands, was declared to be carried.

It was accordingly –

18632 **RESOLVED:-**

That the time limit for ‘Motions for Debate from Individual Members’ be extended by 15 minutes.

Councillor Sue Anderson made comments in reply.

The revised amendment having been moved and seconded was put to the vote and by a show of hands was declared to be carried.

The Motion as amended having been moved and seconded was put to the vote and by a show of hands was declared to be carried.

It was therefore -

18633

RESOLVED:-

This council welcomes proposals for an independent commission on future arrangements for health and social care as proposed by an all-party group, led by former health minister Norman Lamb, and supported by a number of medical royal colleges and independent organisations.

Council notes the robustness of measures to tackle patient discharge introduced in Birmingham, but also notes with concern rising pressures on health and social care services and the need for sustainable solutions.

The Council is aware that the Government has set aside an additional £6bn nationally for Fund Care Act 2014 responsibilities and, whilst an extra £1.5bn is promised to local authorities through the Better Care Fund, this will not be available until 2017-18 onwards. This means that the health and social care systems, which are already subject to huge demographic and financial pressures, will have to undergo radical change. The Better Care Fund could be the basis for bringing about this transformation, but the scale and speed of transformation needs immediate support by funds being made available to local authorities in 2016-17, not from 2017-18 onwards.

The City Council and the NHS will need a single Sustainable Transformation Plan across a single Birmingham footprint if we are to deliver expected demand for health and social care across the city. The 2% social care precept being introduced to local authority budgets for 2016-17, even ring-fenced to social care alone, will not allow us to fully deliver the challenge.

C. Councillors Martin Straker Welds and Fiona Williams have given notice of the following Motion:-

(See document No 10)

Councillor Martin Straker Welds moved the Motion which was seconded by Councillor Fiona Williams.

In accordance with Council Standing Orders, Councillors Jon Hunt and Roger Harmer gave notice of the following amendment to the Motion:-

(See document No 11)

Councillor Jon Hunt moved the amendment

EXTENSION TO THE LENGTH OF MEETING

It was moved by Councillor John Clancy and seconded by Councillor Robert Alden –

“That Standing Order 13 be suspended and the meeting closes at 1920 hours.”

The Motion was put to the vote and, by a show of hands, was declared to be carried.

It was accordingly –

18634 **RESOLVED:-**

That Standing Order 13 be suspended and the meeting closes at 1920 hours.

Councillor Roger Harmer seconded the amendment.

In accordance with Council Standing Orders, Councillors Meirion Jenkins and Gary Sambrook gave notice of the following amendment to the Motion:-

(See document No 12)

Councillor Meirion Jenkins moved the amendment which was seconded by Councillor Gary Sambrook.

A debate ensued.

Councillor Martin Straker Welds replied to the debate.

The first amendment having been moved and seconded was put to the vote and by a show of hands was declared to be lost.

The second amendment having been moved and seconded was put to the vote and by a show of hands was declared to be lost.

Here upon a poll being demanded the voting, with names listed in seat number order, was as follows:-

(See document No 13)

The Motion as amended having been moved and seconded was put to the vote and by a show of hands was declared to be carried.

Here upon a poll being demanded the voting, with names listed in seat number order, was as follows:-

(See document No 14)

It was therefore -

18635

RESOLVED:-

This Council notes:

- That the EU and USA launched negotiations in July 2013 on a Transatlantic Trade and Investment Partnership (TTIP)
- That negotiations are underway to determine which goods and services TTIP will apply to and whether new rules can be agreed to protect investors, harmonise standards, reduce tariffs and open new markets throughout the EU and USA
- That there has been no impact assessment about the potential impact on Birmingham City Council or other local authorities
- That Birmingham's purchasing power is in the order of £1 billion

This Council believes that:

- TTIP could have a detrimental impact on local services, employment, suppliers and decision-making
- A thorough impact assessment of TTIP on Birmingham and other local authorities must be undertaken before the negotiations can be concluded
- Sourcing supplies and employment locally is important to strengthening local economies and meeting local needs. TTIP must not impact on local authorities' ability to act in the best interests its communities

This Council resolves:

- To write to the Secretary of State for Communities and Local Government, Birmingham MPs and MEPs, raising our serious concerns about the impact of TTIP on Birmingham and other local authorities and the secrecy of the negotiating process
- To write to the Local Government Association, raising our serious concerns about the impact of TTIP on Birmingham and other local authorities and asking them to raise these with the national government on our behalf
- To call for an impact assessment by the relevant scrutiny committees on the impact of TTIP on Birmingham City Council and its partners.
- To publicise the council's concerns about TTIP, to join with other local authorities concerned about the potential impact of TTIP across Europe and to work with campaigners in Birmingham districts to raise awareness about the problems of TTIP.

The meeting ended at 1932 hours.

REPORT OF THE COUNCIL BUSINESS MANAGEMENT COMMITTEE

PROPOSED CHANGES TO THE CONSTITUTION AND STANDING ORDERS

1. The Council Business Management Committee, at its meeting on 16 February 2016, considered a report of the City Solicitor in relation to proposed changes to the City Council's Constitution and Standing Orders regarding the procedure relating to meetings of the full Council.
2. The Committee is recommending that City Council's Constitution and Standing Orders be amended as follows:-

PROPOSALS

It is proposed that Article 12.4 and 14.3 of the city Council's Constitution be amended as follows:

- (a) The scheme of delegations in section (a) (iii) under which the Procurement Governance Arrangements may be operated by the Chief Executive and Chief Officers for the approval of tender strategies and contract awards is varied as follows:-
 - the minimum level is £164,176 (instead £172,514) following the new EU threshold which came into force on 1 January 2016; and
 - the maximum level is £10,000,000 (instead of £2,500,00).
- (b) A new provision is added as section (iv) and other sections renumbered so that the Chief Executive and Chief Officers may extend contracts (where no extension option exists in the contract) under the same terms and conditions in order to allow time for a new contract to be procured provided that the value of the extension does not exceed £500,000, there is no viable alternative solution and the Procurement Governance Arrangements are followed.
- (c) There are consequential changes to the designation of officers so that references to:-
 - the Chief Executive and the Director of Economy becomes the Chief Executive;

- the Director of Finance becomes the Strategic Director – Finance and Legal; and
 - the Director of Legal and Democratic Services becomes the City Solicitor;
- (d) The financial decisions in Article 12.4 (f) are to be delegated to the Strategic Director – Finance and Legal in addition to the Chief Executive.
- (e) The actions of the Chief Officers in making payments in its capacity of Accountable Body under Article 12.4 (g) have to be accordance with any requirements approved by the Council as Accountable Body.
- (f) Changes have also been made to Article 14.3 legal proceedings to allow for the early settlement if appropriate of any threatened or actual court proceedings.

It is also proposed that Section B2 of the Constitution (Standing Orders relating to contract and Procurement governance Arrangements) is amended as follows

- (a) The scheme of delegations under which the Procurement Governance Arrangements may be operated by the Chief Executive and Chief Officers for the approval of tender strategies and contract awards is varied as follows:-
- the minimum level is £164,176 (instead of £172,514) following the new EU thresholds which came into force on 1 January 2016; and
 - the maximum level is £10,000,000 (instead of £2,500,000).
- (b) If the estimated value of a contract is expected to exceed the proposed new upper limit of £10,000,000 then the strategy report for the procurement will require approval by Cabinet. However the general principle will be applied that there will be a delegation to the appropriate Chief Officer to award a contract following the completion of the procurement and the production of an evaluation report.
- (c) The Planned Procurement Activities Report to Cabinet will set out the proposed contract length and estimated contract value. There are a proposed set of tolerances set out in the Procurement Governance Arrangements on values and contract length which if exceeded will mean that the contract award decision will need to be taken by Cabinet. It has been made clear that this Planned Procurement Activities Report is the initial consultation with Cabinet alerting members to the fact that unless they request a full report to

be presented to Cabinet decision making on strategy and contract award will be undertaken in accordance with the Procurement Governance Arrangements.

- (d) There is a new mechanism to combine a contract strategy and award report where the proposal is to use a framework agreement which has been established by another contract authority. Also clarity is set out on the authority which is delegated to officers to issue orders under framework agreements provided that the financial tolerances and the rules for the allocation of orders are followed.
- (e) Provision is also made, where no other viable alternative solution exists, for a contract extension to be authorised by a Chief Officer where the contract did not provide for any or any further extension up to a value of £500,000 in order to allow for a contract to continue for the time required to complete the undertaking of a new procurement.
- (f) There are consequential changes to the designation of officers so that references to:-
 - the Director of Finance becomes the Strategic Director – Finance and Legal; and
 - the Director of Legal and Democratic Services becomes the City Solicitor.

MOTION

3. That the Council approves the changes to the City Council's Constitution and Standing Orders as set out in paragraph 2 of the report and authorises the City Solicitor to implement the changes with immediate effect.

REPORT OF THE LEADER AND THE CHIEF EXECUTIVE

CREATION OF THE WEST MIDLANDS COMBINED AUTHORITY

1. Introduction

- 1.1. This report presents the draft statutory order for the creation of the West Midlands Combined Authority to City Council for approval.

2. Background

- 2.1. The seven metropolitan councils of the West Midlands conducted a Review of Strategic Governance in 2015 to assess whether the arrangements for economic development, regeneration and transport would benefit from improvements. This review highlighted the positive joint working to date that has been in place through informal arrangements, and then considered the options for the future. It considered change against the key statutory tests under the Local Democracy, Economic Development and construction Act 2009 (LDEDCA):
- The exercise of statutory functions relating to economic development, regeneration and transport;
 - The effectiveness and efficiency of transport; and,
 - The economic conditions in the area.
- 2.2. The Review concluded that the establishment of a Combined Authority for the West Midlands would provide better support to business to further growth and to create jobs; and secure an improvement in the region's economic conditions. The Combined Authority would draw together strategic work across transport, economic development, employment and skills, improving outcomes and providing greater opportunity for the region. The Governance Review is appended to this report at Appendix 1.
- 2.3. The Scheme for the proposed Combined Authority, containing the membership, powers, functions and voting arrangements was then drafted. At its meeting in September 2015 Council endorsed these proposals and agreed that Birmingham City Council should formally become a Constituent member of the West Midlands Combined Authority.
- 2.4. The Scheme was submitted to Government on 26 October 2015 and is attached at Appendix 2.
- 2.5. Under the amendments to the LDEDCA in the Cities and Local Government Devolution Act 2016 (CLGDA), consultation must be carried out by each of the prospective members of the Combined Authority and a summary of the results

sent to the Secretary of State before a statutory Order based on the Scheme is drafted by government. This Order must then be approved by each of the local authorities before the Secretary of State presents it to Parliament for approval.

- 2.6. The seven prospective constituent councils carried out consultation on the Scheme which ended on 8 February 2016. The summary of feedback from the consultation sent to the Secretary of State is attached at Appendix 3.
- 2.7. The West Midlands is in the process of creating its Combined Authority at the same time as implementing the Devolution Agreement signed by the leaders of each council in November 2015. The Agreement will ultimately be reflected in the functions and powers of the Combined Authority, but in order to achieve both of these objectives it has been decided to break the process down into two stages: (a) the setting up of a basic Combined Authority (the subject of this report and resolution) and (b) the amendment of the Scheme and other legal steps required to adopt the provisions of the Devolution Agreement.
- 2.8. Therefore the proposals on which views were sought in the recent consultation and which are the subject of the Order presented to Council today are separate from what is in the devolution deal and based purely on the Scheme approved in September 2015.
- 2.9. Following the submission of the summary of consultation responses, the Secretary of State has now confirmed his intention to establish the West Midlands Combined Authority. The draft Order is attached at Appendix 4.
- 2.10. Council is now asked to formally consent to the Order being laid before Parliament and to delegate decisions on any final drafting amendments that may be necessary to the Chief Executive in consultation with the Leader. This will ensure that the Order can be laid before Parliament without delay. The Draft Order is attached at Appendix 4.
- 2.11. Once consent is given to the Order the Secretary of State will invite Parliament to approve the Order to establish the Combined Authority, and for the abolition of the West Midlands Integrated Transport Authority, which will be subsumed within the Combined Authority
- 2.12. Subject to the above approvals and the passage of the Orders through Parliament, the Combined Authority's inaugural meeting will be held on 1 June 2016, at which point it will agree its Constitution and ways of working. The draft constitution is attached for information at Appendix 5. This will enable the Combined Authority to assume democratic responsibility for the functions of the West Midlands Integrated Transport Authority, and PTE (Centro), as well as accepting transfer of its assets and liabilities.
- 2.13. The Combined Authority's first Annual General Meeting will also take place on 1 June 2016.

- 2.14. The Scheme describes the functions, membership and decision making of the proposed Combined Authority in more detail. The remit of the Combined Authority will be focused on the strategic economic development, regeneration, transport, employment and skills functions that can be better delivered collaboratively across the West Midlands. It will remain a focused strategic decision making body, with responsibility over those strategic issues where it is mutually beneficial for local authorities, Centro, and the Local Enterprise Partnerships to work together. It is not a 'super Council' and each Council will maintain its independence and sovereignty.
- 2.15. Each Constituent Council will be represented on the Combined Authority by two members of its Cabinet who will be the Leader and one additional member. This is to ensure that Constituent Members are the majority (there will initially be 7 Constituent councils and 8 Non-Constituent Members). The Constituent councils will form the core membership of the Combined Authority, with one representative from each Non-Constituent member. Council will be asked to approve nominated members at the Annual General Meeting of the Council meeting in May.
- 2.16. The Constitution of the Combined Authority provides for Constituent Councils to appoint two Members to the Combined Authority, along with a substitute Member. Council will be requested to nominate two members at its Annual General Meeting in May 2016.
- 2.17. The Combined Authority will establish a Scrutiny Panel. Scrutiny arrangements require one nomination from each Constituent Council. Council will also be requested to nominate one member of Council to the Combined Authority Scrutiny Panel at its Annual General Meeting Council in May 2016.

3. Background Documents

- Statement of Intent by the West Midlands councils and LEs, July 2015
- Report to Council on the Combined Authority Scheme, September 2015

4. Attachments

- Governance Review (Appendix 1)
- Scheme (Appendix 2)
- Summary of consultation responses (Appendix 3)
- Draft Statutory Order (Appendix 4 - to follow)
- Draft WMCA Constitution (Appendix 5)

Motion

This City Council:

1. Notes the progress made in establishing the West Midlands Combined Authority and the remainder of the relevant process to be followed
2. Notes the Draft Constitution of the Combined Authority (Appendix 5)
3. Gives consent to the presentation to Parliament of the statutory Order that will create the West Midlands Combined Authority (draft attached to this report at Appendix 4)
4. Delegates to the Chief Executive, in consultation with the Leader of the Council the power to agree with Government any further drafting amendments to the Order that may prove necessary

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 has been undertaken and views highlighted in the engagement section 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 £3,427 per head compared to the UK 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 from the three LEP area and economically linked authorities. 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 and economically linked authorities. 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. A Combined Authority Strategic Economic Plan will be developed by the Combined Authority, overseen by a steering group comprising of LEP and Local Authority Leadership. 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. Highlights 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

Under the LDEDCA 2009 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

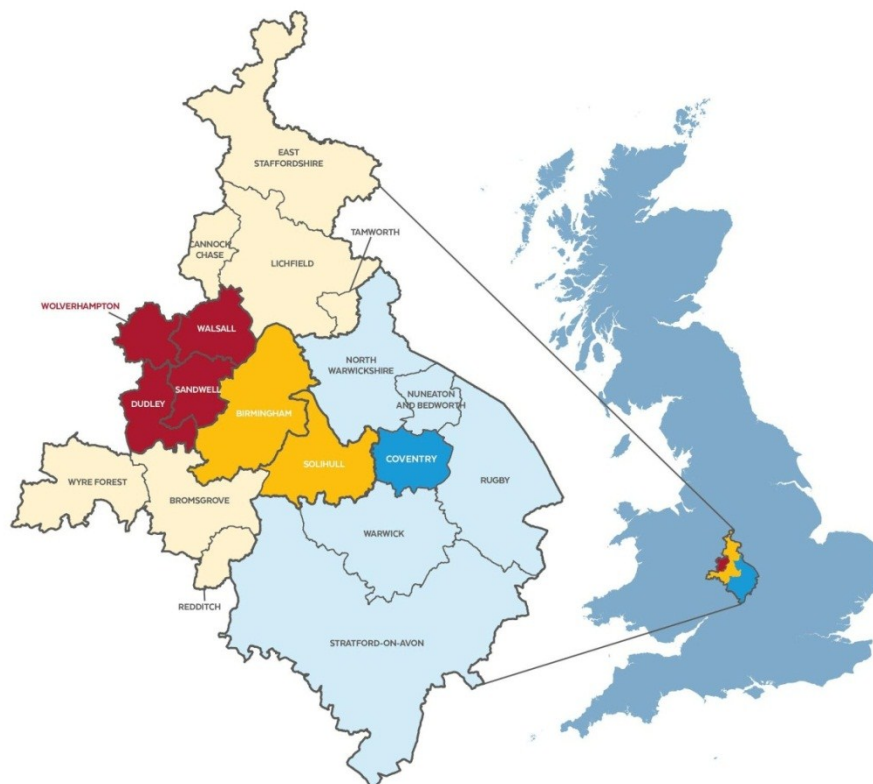
Geography

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 and economically linked authorities is crucial.

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 1.9 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://westmidlandsccombinedauthority.org.uk/media/1106/west-midlands-functional-economic-market-area-study.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 TWA 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. This area and the economically linked neighbouring authorities are crucial to collaborative working across the region.

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 is the stronger FEMA, there is an ambition to collaborate across this broader area and in some instances, economic markets extend beyond the three LEP boundaries, and in collaboration and formulating its economic strategy, these economic linkages and markets will be crucial.

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 LEAs. The ITA is currently chaired by the leader of the City of Wolverhampton Council, Councillor Roger Lawrence.

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

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

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

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

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

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

The option pursued in November 2013 (in respect of transport responsibilities) was to change the membership structure of the ITA. The seven councils appointed a single member to the ITA in accordance with the provisions of schedule 10 of the Local Government Act 1985 (as amended). This also included three non-voting members from the Greater Birmingham & Solihull, Black Country and the Coventry & Warwickshire LEAs. The Secretary of State for Transport made a Parliamentary Order in exercise of the powers conferred by section 29(2) of the Local Government Act 1985(a) with the West Midlands Integrated Transport Authority (Decrease in Number of Members) Order 2014 coming into force on 4 June 2014.

Current governance in relation to economic development and regeneration

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

The West Midlands Joint Committee

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

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

More recently, the focus of the joint committee has been closer collaboration on social policy activities/issues affecting the conurbation. For instance, the protection of vulnerable children and adults, preventing Child Sexual Exploitation as well as health and social welfare issues. The

joint committee provides a vehicle for communicating these joint actions and their needs to Government and other influential bodies.

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

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

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

The Local Enterprise Partnerships (LEPs)

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

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

The Greater Birmingham and Solihull Supervisory Board

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

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

The Black Country Joint Executive Committee

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

Joint Committee for Growth and Prosperity

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

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

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

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

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

Options analysis

Preservation of the status quo

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

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

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

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

Establishing an economic prosperity board

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

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

Establishing a Combined Authority

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

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

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

A Combined Authority would help maximise growth in output and jobs. A region-wide focus on productivity, competitiveness and raising skill levels would put the region in the best position to achieve its economic vision and economic goals. The three commissions proposed by the seven

metropolitan Leaders, (Productivity, Land, and Mental Health and Public Services) will seek to address the underlying causes of some of the most challenging societal and economic issues in the area, on a collaborative and regional basis. In addition, a strong and effective West Midlands Combined Authority would seek to address misperceptions about public sector collaboration in the West Midlands and help in engagement with national agencies. It would also create the opportunity for various types of collaborative effort. Creating a Combined Authority would enable the former ‘workshop of the world’ to be reinvigorated to become part of the wider Midlands Engine, driving economic growth in the region and developing the strongest economy outside London

Overview of the options

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

Option	Evaluation	Rationale
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 was additional to the one carried out by the seven metropolitan authorities and was 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 over 465 stakeholders comprising key private sector employers, public sector bodies and third sector organisations;
- The establishment of an online survey to collate the views of parties whose views were requested, and
- A number of briefings with the business and third sector communities.

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

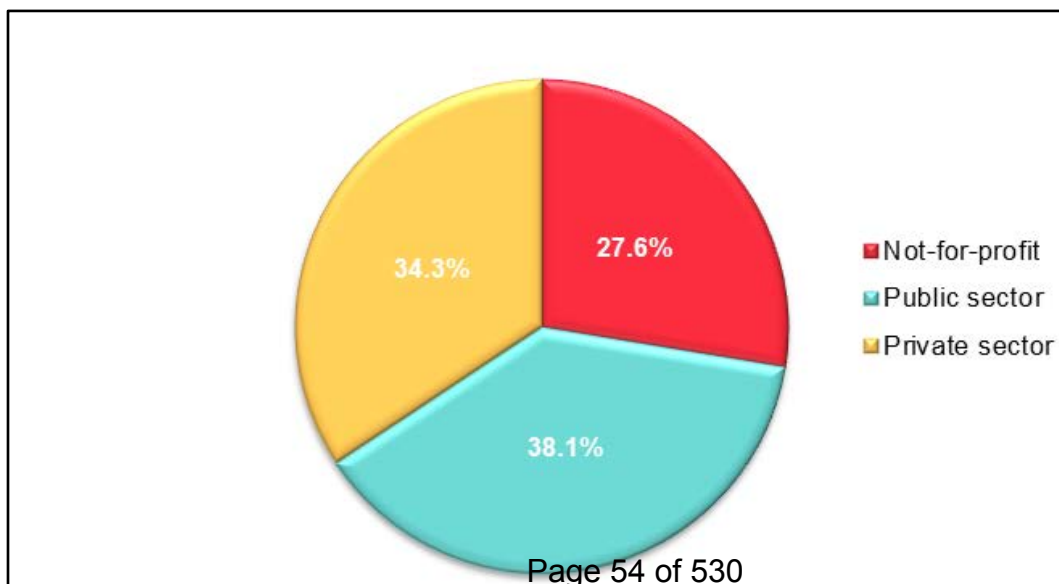
- the efficiency and effectiveness of transport and economic development/regeneration;
- the impact on local communities, and
- the prospective of more joined up working with Local Enterprise Partnerships.

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, illustrated below.

Image 1 – Engagement Responses to statements posed

West Midlands Combined Authority	Agree		Disagree		Don't know	
	Responses	%	Responses	%	Responses	%
It will improve transport in the region by making it more efficient	173	62%	64	23%	40	14%
It will improve transport in the region by making it more effective	169	62%	61	22%	43	16%
It will improve economic development and regeneration in the area	185	67%	62	23%	27	10%
It will provide greater opportunity for growth and prosperity	189	68%	63	23%	24	9%
It will make the way the region works more efficient	167	60%	74	27%	33	12%
It will not have an adverse effect upon the identity of the local community in our area	130	47%	112	40%	33	12%
It will not have an adverse effect on the interests of the local community in our area	129	47%	101	36%	46	17%
It provides a platform for better, joined-up working with Local Enterprise Partnerships	190	69%	61	22%	24	9%

Image 2 – Response by sector



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. A detailed analysis is appended to this Governance Review, entitled 'Combined Authority engagement analysis'.

Engagement in Coventry

In the run up to and following Coventry City Council's agreement in principle to form a Combined Authority 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 started 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 less 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.

Specific feedback from Ward forums:

- 18 held, 379 attendees, 168 comments.
- 66 of the total comments made at Ward Forums focused on the view that more effort to inform the public should be made and that more information regarding the benefits of joining a CA needs to be made available.

- 58 of the comments mentioned the fact that Coventry would lose out in terms of funding and local decision making.
 - A number of comments (18) related to the fact that Coventry should consider going into a CA only if Warwickshire joined or otherwise create a Combined Authority just with Warwickshire not Birmingham.
 - 15 residents voiced concern about the prospect of an Elected Mayor being imposed, with reference to a previous referendum on an Elected Mayor in Coventry.
 - 9 residents mentioned wanting a referendum to be held.
 - 2 residents expressed the view that the council has no other choice but to enter into negotiations on a WMCA.
- 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.

Detailed analyses of Coventry's consultation² and Citizens Panel³ are available on their website.

² <http://democraticservices.coventry.gov.uk/documents/s25785/Devolution%20and%20Economic%20Growth%20-%20Scheme%20for%20Setting%20Up%20a%20West%20Midlands%20Combined%20Authority%20-%20Appendix.pdf>

³ <http://democraticservices.coventry.gov.uk/documents/s25785/Devolution%20and%20Economic%20Growth%20-%20Scheme%20for%20Setting%20Up%20a%20West%20Midlands%20Combined%20Authority%20-%20Appendix.pdf>

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 the Combined Authority strategic economic plan, 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 and economically linked authorities described earlier in this review covers an additional fifteen local authorities. These local authorities have been invited to be members of the Combined Authority and will help to develop the Combined Authority Strategic Economic Plan for delivering growth in the three LEP area. 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 Combined Authority Strategic Economic Plan will be developed and agreed. This will build on the findings of the economic evidence commissioned to support the establishment of the Combined Authority which identified the 3 LEP geography as the functional economic area.

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 Combined Authority Strategic Economic Plan. The Strategic Economic Plan will be underpinned by the principle that all communities benefit, but not necessarily at the same time and in the same way. The Combined Authority would seek to achieve this by using evidence based 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 (“Constituent Authority” and “Constituent Authorities” will be construed accordingly).

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 15 members as set out below:-

- Seven members of the Combined Authority shall be elected members of the constituent authorities, referred to as “Constituent Members” namely

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

- 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
 - Cannock Chase District Council
 - Nuneaton and Bedworth Borough Council
 - Redditch Borough Council
 - Tamworth Borough Council
 - Telford and Wrekin Borough Council

The term “Members” will refer to both Constituent Members and Non-constituent members

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. Any Substitute Member will have the same decision-making authority and voting rights as the person whose place they are taking.

6. Each Member will act in the best interests of the Combined Authority as a whole, taking into account all relevant matters.

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.

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. It is intended that decisions will be made by consensus. When this is not possible, matters will be put to a vote and will require a 2/3 majority vote of Constituent Members of the Combined Authority present and voting, apart from the following matters which require unanimity of Constituent Members present and voting:

- Approval of land use plans
- Such other plans and strategies as determined by the Combined Authority
- Financial matters which may have significant implications on Constituent Authorities' 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 rights to all or any non-constituent member
- Approval of specific proposals for individual co-optees to the Combined Authority
- Use of general power of competence beyond the powers provided within the Local Democracy Economic Development and Construction Act 2009, including in relation to spatial strategy, housing numbers and compulsory purchase powers
- Establishment of arms-length companies
- Approval to seek such other powers as may be appropriate and any new powers granted by government.
- Amendments to the Constitution
- Changes to transport matters currently undertaken by the ITA

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 Authorities. Therefore, one additional representative will be appointed from each Constituent Authority.

Executive Arrangements

18. Executive arrangements (within the meaning of the Local Government Act 2000) shall apply to the Combined Authority. The discharge of the functions of the Combined Authority will be subject to scrutiny arrangements set out in paragraph 22 and 23 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 Authorities, replacing the existing West Midlands Integrated Transport Authority (WMITA). Individual Constituent Authorities 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 which reflect the political balance of the Combined Authority, 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 region's 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 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 evidence based 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).

29. It is proposed that the Combined Authority will be focused, through the Combined Authority Strategic Economic Plan, economic growth issues that could include, but are not restricted to, functions such as:

- Setting the Combined Authority Strategic Economic Plan and investment strategy, in consultation with the LEPs and non-constituent Members of the Combined Authority
- 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.

30. The General Power of Competence under Section 1 of the Localism Act 2011 will enable maximum flexibility in dealing with economic development and regeneration powers provided in the Local Democracy, Economic Development and Construction Act 2009. 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.

31. 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).
- 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.

32. 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 Authorities

Functions - Transport

33. 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) within the Combined Authority area are exercisable by the Combined Authority.

34. In the application of s101 of the Local Government Act 1972 and regulations under s9EA of the Local Government Act 2000 any transport functions delegated to the Combined Authority from time to time by the Constituent Authority (or any of them) shall be functions of the Combined Authority. The intention being that in application of these sections by the Constituent Authorities subsequently choosing to delegate as considered appropriate to enable the Combined Authority to have concurrent street, highways and transport powers with the Constituent Authorities.

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

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

37. 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

38. 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.

39. 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.

40. The costs of the Combined Authority that are reasonably attributable to the exercise of its functions will be met by its Constituent Authorities. Such costs shall be apportioned between the Constituent Authorities in proportion to the total resident population. The Combined Authority will agree an annual budget for the purpose of expenditure.

41. 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

42. 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 Combined Authority and the Constituent Authorities 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 Combined Authority 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.

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

Summary of consultation analysis on proposals for a West Midlands Combined Authority

February 2016



West Midlands Consultation

The Constituent Councils of the proposed West Midlands Combined Authority carried out a public consultation, in connection with the proposals in the Scheme, to inform the Secretary of State for Communities and Local Government's decision regarding the establishment of a Combined Authority in the West Midlands. This report provides the Secretary of State with a summary of consultation responses.

Development of proposals for a Combined Authority in the West Midlands

Engagement with and feedback from neighbouring authorities, key stakeholders and the public is key to shaping and defining the Combined Authority proposals. This has particularly been the case with shaping the Combined Authority through engagement with neighbouring authorities and the three Local Enterprise Partnerships that cover the area: The Black Country, Greater Birmingham and Solihull and Coventry and Warwickshire.

Early in the development of proposals for a Combined Authority, Leaders of the seven Metropolitan Authorities set out their ambition to collaborate across the three LEP area. This engagement and collaboration shaped the Combined Authority proposals and has culminated in five districts, at least one from each County comprising the three LEP area (Staffordshire, Worcestershire, Warwickshire), and the three LEPs, joining the West Midlands Combined Authority as Non-Constituent members.

Building on earlier engagement and in response to changing legislation, whereby if the Constituent Councils carry out a consultation that is deemed sufficient no further government consultation is required, the Constituent Councils carried out a consultation between 18th January – 8th February 2016. The consultation is to inform the Secretary of State's decision to establish a Combined Authority in the West Midlands. The Consultation sought views on the Combined Authority Scheme and proposals to establish the Combined Authority.

Consultation across the West Midlands

- Survey hosted on the front page of the West Midlands Combined Authority website, consisting of 6 key questions, an affiliation question and a free text option.
- Survey links provided on each Constituent Council website
- Supporting PR to signpost people to the website
- Usual Council channels to engage with elected members
- Liaison with key stakeholders.



Additional engagement across the West Midlands

Engagement across the West Midlands region from July 2015 involved:

- An on-going series of formal briefings and events with the business, private, educational and third sector communities across the region. These include: the three Chambers of Commerce from across the three Local Enterprise Partnership geography, Sustainability West Midlands, The National Careers Service, The Law Society, Improvement and Efficiency West Midlands (IEWM), CVS organisations, Future Networks West Midlands, University of Birmingham and The Skills Show, with more events planned over forthcoming months
- Opportunities for the public to provide feedback through contact details on the West Midlands Combined Authority website and through usual Council channels
- Held a West Midlands Combined Authority Parliamentary event at Westminster, hosted by Ian Austin MP with speakers from government and business, which explained the vision for the emerging WMCA and priorities moving forward. This attracted key stakeholders from across the private, public and voluntary sector plus partners including HS2 and higher education
- Attended and staged fringe events at both the Conservative and the Labour Party Conferences which attracted a total of around 200 conference delegates plus journalists, lobby groups and partners
- Proposed, supported and liaised with the LGA in staging a Devolution event in Birmingham which attracted delegates from across the country
- Chief Executives and Leaders have also been invited to speak at a series of events organised by third parties including Waites Housing Forum, The British Property Federation and Capital conferences
- Additionally there has been a series of briefings for members of the public through individual local authority communication and engagement channels; for instance community forums, area panel meetings, online questions and answers and direct mail. There has also been regular coverage in all local, regional and specialist media that includes print, broadcast and digital which is monitored and responded to on a daily basis.



Online consultation analysis

The online survey was completed by 1,907 respondents, consisting of 6 key questions, an affiliation question and a free text option, which had 833 responses (1 repeated). For the purpose of this summary the free text feedback has been grouped into common themes later in the report.

For survey questions 1 – 5, five response options were provided:

- Strongly Agree
- Agree
- Disagree
- Strongly Disagree
- Don't know

The survey was as follows:

1. By working together more closely, through a West Midlands Combined Authority (WMCA) Councils will be better placed to deliver improved outcomes in relation to economic development, regeneration and transport across the West Midlands region.

[Strongly Agree, Agree, Disagree, Strongly Disagree, Don't Know]

2. Our regional Local Enterprise Partnerships (voluntary partnerships between local authorities and businesses) will ensure there is a strong business voice within the Combined Authority and help it to deliver improved outcomes in relation to economic development, regeneration and transport across the West Midlands region.

[Strongly Agree, Agree, Disagree, Strongly Disagree, Don't Know]

3. In order to improve collaborative working across local authorities it is important that all local authorities in the West Midlands conurbation, as well as neighbouring and economically linked authorities, are invited to participate in the workings of the WMCA.

[Strongly Agree, Agree, Disagree, Strongly Disagree, Don't Know]

4. By better coordination of strategic issues on economic development, regeneration and transport across the region and by improving partnership working through the creation of a Combined Authority, councils will be better placed to secure more effective and convenient local government and better services in general.

[Strongly Agree, Agree, Disagree, Strongly Disagree, Don't Know]

5. The Combined Authority should not be a 'super council' and the democratic sovereignty of individual councils must be retained. This is important to ensure that a Combined Authority will not have an adverse effect upon the identity and interests of local communities.

[Strongly Agree, Agree, Disagree, Strongly Disagree, Don't Know]

6. Are you responding to this survey as:

A local resident

A business or organisation

An employee of a local authority within the West Midlands

A councillor within the West Midlands

Other

7. Which local authority are you or your organisation most closely associated with?

Birmingham

Coventry

Dudley

Sandwell

Solihull

Walsall

Wolverhampton

8. Please provide any further comment on the Scheme below:

Top line survey results

West Midlands Combined Authority	Strongly Agree/ Agree		Strongly Disagree / Disagree		Don't know	
	Responses	%	Responses	%	Responses	%
1. By working together more closely, through a West Midlands Combined Authority (WMCA) councils will be better placed to deliver improved outcomes in relation to economic development, regeneration and transport across the west midlands region.	1227	65	575	31	91	5
2. Our regional Local Enterprise Partnerships (voluntary partnerships between local authorities and businesses) will ensure there is a strong business voice within the Combined Authority and help it to deliver improved outcomes in relation to economic development, regeneration and transport across the West Midlands region.	1122	60	596	31	169	9
3. In order to improve collaborative working across local authorities it is important that all local authorities in the West Midlands conurbation, as well as neighbouring and economically linked authorities, are invited to participate in the workings of the WMCA.	1360	72	457	24	58	3
4. By better coordination of strategic issues on economic development, regeneration and transport across the region and by improving partnership working through the creation of a Combined Authority, councils will be better placed to secure more effective and convenient local government and better services in general.	1156	61	588	32	139	7
5. The Combined Authority should not be a 'super council' and the democratic sovereignty of individual councils must be retained. This is important to ensure that a Combined Authority will not have an adverse effect upon the identity and interests of local communities.	1598	84	213	11	74	4

Respondents may not have answered all questions and % are rounded and so may not add up to 100%.

Survey Statistics

Question 1

By working together more closely, through a West Midlands Combined Authority (WMCA) councils will be better placed to deliver improved outcomes in relation to economic development, regeneration and transport across the west midlands region.

[Strongly Agree, Agree, Disagree, Strongly Disagree, Don't Know]

Responses: Question 1 was the third highest ranked strongly agree / agree question overall, with 65% of respondents agreeing or strongly agreeing.

Question 1 was one of the most supported by business/organisations, 87% of businesses/organisations respondents agreed/strongly agreed with the statement in question 1. 47% of residents that answered this question agreed / strongly agreed.

Question 1 was most strongly agreed with by Wolverhampton affiliated respondents (87% agree / strongly agree) and Birmingham (80%), but only 32% in Coventry.

Question 2

Our regional Local Enterprise Partnerships (voluntary partnerships between local authorities and businesses) will ensure there is a strong business voice within the Combined Authority and help it to deliver improved outcomes in relation to economic development, regeneration and transport across the West Midlands region.

[Strongly Agree, Agree, Disagree, Strongly Disagree, Don't Know]

Responses: Question 2 was the lowest ranked agree / strongly agree overall (60%).

44% of residents agree / strongly agree with the statement, and 75% of businesses/organisations agreed/strongly agreed that the LEPs will ensure a strong business voice to help deliver improved outcomes.

Again Birmingham and Wolverhampton affiliated respondents agree most strongly, with Coventry the least supportive.

Question 3

In order to improve collaborative working across local authorities it is important that all local authorities in the West Midlands conurbation, as well as neighbouring and economically linked authorities, are invited to participate in the workings of the WMCA

[Strongly Agree, Agree, Disagree, Strongly Disagree, Don't Know]

Responses: This was the question with the second highest proportion of agree / strongly agree (72%). With 58% of residents and 88% of businesses agreeing / strongly agreeing that for improved collaborative working, all West Midlands local authorities should be invited to participate in the workings of the WMCA.

Wolverhampton, Birmingham and Walsall affiliated respondents support with over 80%. Coventry were the least supportive with 47%.

Question 4

By better coordination of strategic issues on economic development, regeneration and transport across the region and by improving partnership working through the creation of a Combined Authority, councils will be better placed to secure more effective and convenient local government and better services in general.

[Strongly Agree, Agree, Disagree, Strongly Disagree, Don't Know]

Responses: This was the fourth most supported question (61%), with 46% of residents and 82% of businesses agreeing / strongly agreeing with the statement.

The supportive response was as above, Wolverhampton and Birmingham most supportive with Coventry the least.

Question 5

The Combined Authority should not be a 'super council' and the democratic sovereignty of individual councils must be retained. This is important to ensure that a Combined Authority will not have an adverse effect upon the identity and interests of local communities.

[Strongly Agree, Agree, Disagree, Strongly Disagree, Don't Know]

Responses: This was the most strongly supported question (84% agree / strongly agree). Within the respondents, 81% of residents, and 81% businesses/ organisations agreed or strongly agreed with the statement.

By council, Wolverhampton (91%) and Coventry (88%) agreed or strongly agreed with this statement.

Questions 1 – 5: ‘Don’t know’ responses received

The highest area (9%) where respondents ‘didn’t know’ if they agreed or disagreed was in relation to whether ‘our regional Local Enterprise Partnerships (voluntary partnerships between local authorities and businesses) will ensure there is a strong business voice within the Combined Authority and help it to deliver improved outcomes in relation to economic development, regeneration and transport across the West Midlands region.’

This was followed closely (7%) by the statement in question 4, relating to whether ‘by better coordination of strategic issues on economic development, regeneration and transport across the region and by improving partnership working through the creation of a combined authority, councils will be better placed to secure more effective and convenient local government and better services in general.’

This is in the context of over 61% of respondents agreeing with the statement in question 4.

Coventry

Since Coventry’s decision to form part of the West Midlands Combined Authority, there has been widespread local media coverage on the issue and a lively debate locally on the implications of joining a Combined Authority.

Some residents fear 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 started calling for the issue to be put to a referendum. The most robust negative comments have been sent through the free text box, a summary of which is provided below.

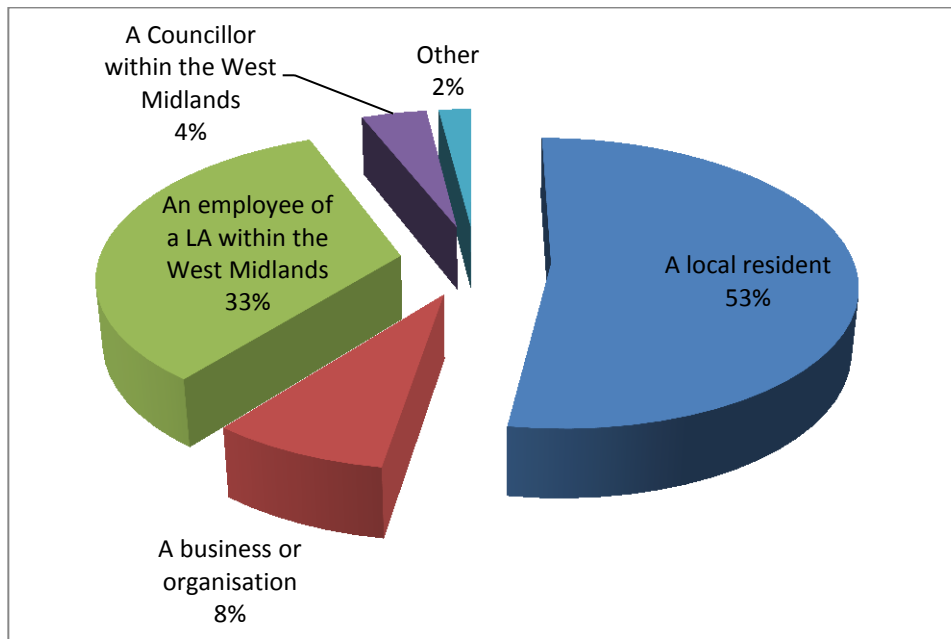
In response and recognition of the concerns raised in Coventry, there has been a widespread programme of engagement and consultation since July 2015. Engagement will continue in the area.

Question 6

Are you responding to this survey as...?

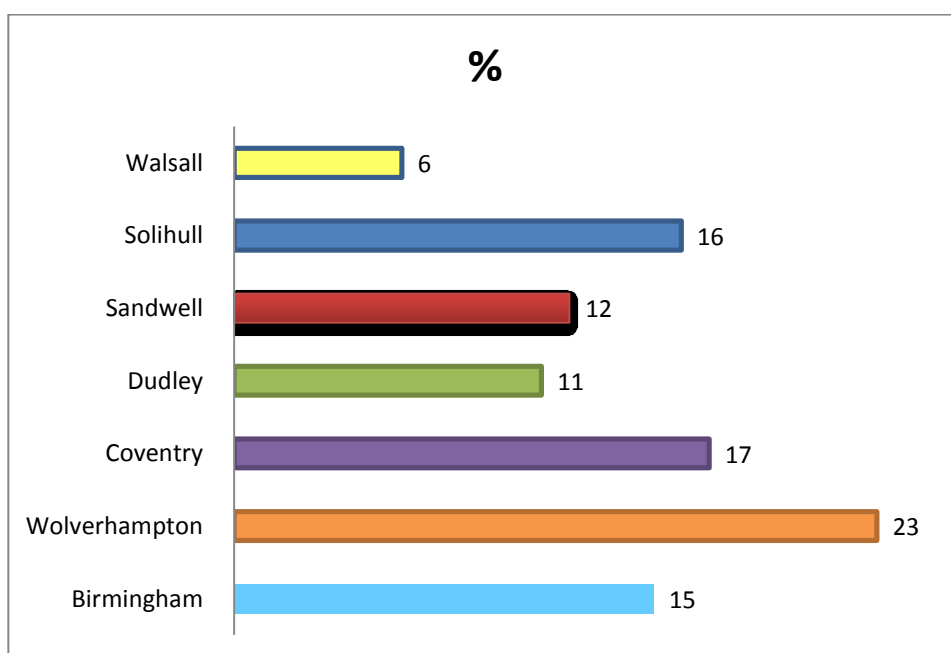
- A local resident
- A business or organisation
- An employee of a local authority within the West Midlands
- A councillor within the West Midlands
- Other

Responses:



Question 7

Which local authority are you and your organisation most closely associated with?



Question 8

Please provide any further comment on the Scheme below:

Of 1907 respondents to the survey, 832 comments were submitted under question 8. The comments varied in tone, theme and respondent profile.

Themes

Structure of the proposed WMCA

12 comments were specifically about the demonstration of unity and collaborative working across geographical as well as political boundaries.

13 responses that suggest they need more clarity on the WMCA's priorities and commissions – a few specifically on transport and 4 on housing.

27 comments that discuss the structure of the CA:

- what staffing/ Leadership arrangements will be in place – individuals stating they do not wish to see a replication of services, backroom staff
- concerned that the establishment of a CA will only add another layer of bureaucracy for individuals to get through.

8 comments about who the main figurehead should be and how the leadership team will be organised, and who will overview and scrutinise them.

44 comments of support, which were general in nature.

37 responses regarding the mayoral issue – mostly critically about why we need one, who will fill the position and what powers an elected mayor will have.

Business/ finance

18 responses expressed a desire for business to be more involved with the public and private sectors however stated that they do not want business and economic targets to supersede the other sectors.

A couple of individuals wanted to make it clear that small businesses and start-ups needed to be encouraged and helped (not just the big well-established companies).

Other individuals also suggested that the business voice should not just come from the LEPs, but through other private sector channels.

6 feedback comments referenced council tax, particularly concerned that it may increase.

19 comments that specifically state that they are pleased there has been a shift in the political/ business view of the West Midlands. Many compare the financial and

reputational advances of London and Greater Manchester and see that the West Midlands need to catch up, particularly by attracting large investments, and that the WMCA is a positive step in achieving this.

A Black Country business commented particularly that the name should be Greater Birmingham, that the Combined Authority should address the need for a world class airport as a matter of priority, whether trains can stop more regularly from Sandwell & Dudley to Euston and that the Mayor should be a non-political contest.

Consultation itself

28 comments were around wanting an actual vote on the establishment of a Combined Authority, the devolution proposal and the mayor – some of these comments suggested that the consultation process has been undemocratic.

The name

19 comments about the name of the proposed Combined Authority- the vast majority of these believe Birmingham should be in the name because this is already a recognisable international location and therefore better for the Combined Authority brand.

Identity

The theme of identity has been a substantial topic within the consultation, with 214 responses on this and with levelling degrees of tone. The theme of identity has been broken down further below, highlighting where the issue of identity is considered significant:

- 91 responses are in part or wholly to do with Coventry's decision to become a constituent member of the WMCA, the pattern throughout these comments being Coventry does not belong or need to be associated with Birmingham and the Midlands, in particular because of the already close associations/geographical proximity to Warwickshire.
- 55 comments that specifically state an aversion to being aligned with Birmingham, more specifically the City Council, due to its perceived poor finances, service delivery and governance structure.
- There were 28 comments specifically from Solihull affiliated respondents regarding identity, with some wider comments. A summary of these comments are: concern about being 'pulled down' by other areas as Solihull is a successful area, not wishing to be part of the larger authorities (in particular Birmingham), questioning how will it stand up against the larger authorities, loss of individuality, Solihull finances being spent by others, nonsensical to join the other six authorities, loss of different character from the other authorities, expensive damage to reputation, no vote on the matter, Solihull interests not being pushed.

- There were 12 comments from Dudley, Sandwell, Wolverhampton and Walsall collectively around issues such as the importance of retaining local identity.
- 33 commentators did not name a specific council area but did express a desire for individual places and their respective Local Authorities to remain separate or at least uniquely identifiable.

Responses outside of the Combined Authority area

Though the Consultation was carried out by the Constituent Councils, to inform the Secretary of State's decision to establish a Combined Authority, several respondents from other areas of the West Midlands have provided feedback and support for the establishment of the Combined Authority, including Stratford and Redditch.

Questions posed

In addition to comments, a number of questions were posed:

- It would be good for us to know if any existing Combined Authority – what have been the benefits as well as challenges. Secondly, will the elected mayor have the power to make decisions unilaterally?
- Is there a maximum yearly percentage levy rise per year that the Combined Authority can impose before consulting its residents?
- There is no direct representation of the Mental Health service users on the Commission. Why not?
- Transparency is key to enable the current workforce to make an informed decision in regard to their own future – will the WMCA result in more remote working?
- Will the expectation be a smaller workforce once the scheme is co-ordinated and shown to run more effectively?
- What powers will the Combined Authority have to raise local tax or increase council tax?
- Who will the newly formed Combined Authority be governed by? Who will they be held accountable to? If there are any complaints about them who will be responsible for dealing with issues?

Respondents were not required to submit an email address to proceed with the survey therefore responses will be addressed indirectly through the FAQ's on the WMCA



website. The opportunity remains to contact the Combined Authority through the website 'contact form' and through usual Council channels.

Stakeholder support

The questions most supported by businesses and organisations are detailed in the 'survey statistics' section above.

We also received support from some of the key stakeholders in the Midlands region through comments in question 8:

Aston University

"Aston University is very supportive of the collective approach to economic development and regeneration. This university, and the others in the area, are playing a strong role but this could become even more helpful if joint procurement of research and business support services is enabled through the combined authority. The assets of the universities, through its academic staff, their physical facilities and their student population can all be more strongly aligned if a consistent approach is developed by the WMCA. The economic impact of the spend associated with the universities is very significant but these calculations always underplay the ability of the universities to make a real difference to the innovation capability of businesses and to a region's ability to attract central government support that can create new facilities and centres that in turn attract private sector investment. The formation of a combined authority, the existence of the LEPs and the promotional concept of the Midlands Engine are all very positive to increase activity to stimulate economic development but at this moment in time there is some uncertainty about the practical governance of collaborative activity and a fear that even more groups will be spawned that then need senior support. Whilst ERDF and ESF funding are allocated at LEP area level and can in principle fund collaborative area activity, the mechanics are not straightforward and it may be helpful to review at an early stage with the LEPs and DCLG/DWP how the processes can be streamlined."

Birmingham & Black Country Wildlife Trust

"Birmingham & Black Country Wildlife Trust comments - The Organisation for Economic Co-operation & Development (OECD) says Green Growth "..... means fostering economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies. To do this, it must catalyse investment and innovation which will underpin sustained growth and give rise to new economic opportunities." The economic prosperity of the West Midlands relies on a rich and healthy environment. A high quality and resilient environment makes a vital contribution to the West Midlands economy, business competitiveness and attracting inward investment, people's health and well-being, and quality of life. A healthy environment provides a healthy population; with biodiverse green space for physical and social activities, and reduced

air pollution and heat stress; people are happier, healthier and proud of their region. Businesses that take a sustainable approach to growth contribute to the economic, social and environmental wellbeing of the region, and of their local communities. It will be essential for the WMCA to ensure that the important opportunity to consider the economic, environmental and social needs of the West Midlands is taken. To achieve this, we emphasise that the early engagement and on-going involvement of the social and environmental sectors (as well as other third sector partners) is crucial if the WMCA is going to achieve its aims and objectives. We would welcome the opportunity to discuss with you how such proactive involvement is best achieved.”

Birmingham & Black Country Local Nature Partnership (B&BC LNP)

“Birmingham & Black Country Local Nature Partnership (B&BC LNP) comments - Local Nature Partnerships (LNPs) are a government supported initiative which aim to advance the integration of nature into a wide range of sectors and activities at the local level across England. The LNP vision for Birmingham & the Black Country (and the wider region for that matter) is “to represent and champion the essential role of the natural environment in achieving a vibrant, healthy and prosperous Birmingham and Black Country to the benefit of economy and society.” The economic prosperity of the West Midlands relies on a rich and healthy environment. A high quality and resilient environment makes a vital contribution to the West Midlands economy, business competitiveness and the attraction of inward investment, people’s health and well-being, and quality of life. A healthy environment provides a healthy population; with wildlife-rich green space for physical and social activities, and reduced air pollution and heat stress; people are happier, healthier and proud of their region. Businesses that take a sustainable approach to economic prosperity contribute to the economic, social and environmental well-being of the region, and of their local communities. The Birmingham Green Commission Natural Capital Roundtable supports this evidence confirmed in the Roundtable Position Paper and by the three Actions for the People, Place and Economy priorities. It will be essential for the WMCA to ensure that this opportunity to significantly improve the economic, environmental and social needs of the West Midlands is taken. To achieve this, the LNP emphasises that the early engagement and on-going involvement of the social and environmental sectors (as well as other third sector partners) and key partnerships is crucial if the WMCA is going to achieve its aims and objectives. The B&BC LNP would welcome the opportunity to discuss with you how such proactive involvement is best achieved. Later this year, the LNP intends to hold a “Showcase Event” to bring together business, health, local government, environment and other sectors, to consider the key aim of integrating the environment with business, progressing collaboration between LNP and LEP activities and providing a platform for knowledge exchange. The event is scheduled to take place on Wednesday 15th June at a venue at Birmingham City University in Birmingham City Centre. Further details and invitations will be sent out in due course. The B&BC LNP hopes that the WMCA will be able to take up this positive opportunity for engagement.”

The Royal Wolverhampton NHS Trust

*"The Royal Wolverhampton NHS Trust (New Cross and other hospitals & services) has these basic views on the CA: * we are enthusiastic about regional collaboration and planning of services, this is exactly how the NHS functions at its best - we hope the CA is a big success * whilst we have great connectivity with the Black Country and other local cities, nonetheless our footprint of patient catchment extends (like Wolverhampton University does) out west into Staffordshire and Shropshire. This organic overspill needs to be understood and not disrupted by the CA borders * If there are opportunities to play into the CA project we would be happy to help."*

Sandwell Community Caring Trust

"Sandwell Community Caring Trust is a care organisation and a charity caring for over 650 vulnerable and disabled adults including older people and older people with dementia. we are one of the largest care providers in Sandwell. Our organisation strongly supports the development of the combined authority and recognise the opportunities it will be able to generate for long term sustainable growth. But more importantly help to minimise the impact of rapidly reducing local government budgets and the impact that that has on the most vulnerable people across the West Midlands. i'm told that across the West Midlands the care industry directly and indirectly employs 160,000 people so it makes a huge contribution to the fabric of the social areas more but more importantly the economic stability and sustainability of the area. Whilst the combined authority is currently envisaged to have a limited role thereby protecting local democracy and identity it should consider the care sector as an area for its future development. This is particularly important when considering commissioning services for very complex and often small numbers of vulnerable adults. Often these are not financially viable for each local authority to develop and would be better to be commissioned across the whole of the West Midlands. The opportunity for the local authorities within the combined authority to generate savings within their adult care budgets would be huge and these opportunities should not be missed at a time of ever increasing pressure on social care budgets. Good luck and lets hope for a very very positive outcome..."

West Midlands Regional Sustainability Forum

"Dear... I am responding to this survey on behalf of the West Midlands Regional Sustainability Forum which brings together a number of environmental nongovernmental organisations such as. We would like to record, again, our interest in the work of the Combined Authority. It represents an important opportunity for joined up consideration of the economic, environmental and social needs of the area but it will be essential to ensure that all those elements are considered in an appropriate way in the decision making process. To achieve that we would stress the importance of early engagement and the on-going involvement of the social and environmental sectors, as well as other third sector partners, if the WMCA is going to achieve its aims and objectives. We would welcome the opportunity to discuss with you how such proactive involvement is best achieved. We note in particular that there is to be a Land Commission. We would like reassurance about who is going to be involved with this

and how issues such as biodiversity loss, the growing of food, the potential threats from flooding and our wider relationship with nature will be addressed. We hope this is helpful, although without a clear context or process of engagement it is hard to answer the questions. Although Q4 clearly goes to the heart of the issue we would suggest that further proactive engagement with the sustainability sector as well as wider civil society by the emerging WMCA will be required to make genuine progress”

Walsall’s Economic Board

“I write on behalf of Walsall’s Economic Board to offer our support and endorsement of the West Midlands Combined Authority (WMCA) and the work that is being done by the Shadow Board in moving this important economic agenda forward.

As a forum for private to public sector engagement, Walsall Economic Board (WEB) wants to utilise our partnership to drive Walsall’s economic prosperity locally but also participate in activity that supports the sub- region and region in turn. Walsall businesses are contributing significantly to the performance of the locality and are able to demonstrate fantastic innovation and successful export stories, we therefore see the WMCA as bringing about even greater opportunities to promote our businesses at a national and international level. On behalf of the Walsall Economic Board can I wish you continued success in your endeavors.”

Coventry and Warwickshire Chamber of Commerce

“Coventry and Warwickshire Chamber of Commerce (and a Partner of the West Midlands Chambers of Commerce) welcome the opportunity for local Government reform and the proposed move to a Combined Authority, giving greater investment opportunity for a greater / larger geography. It is important that the ambitions (and opportunities) around local government reform at a time of reducing budgets are not lost amongst other big-agenda issues such as skills and infrastructure. Chambers of Commerce are a barometer of the economy with real time and future business intelligence, a credible track record of business engagement (large and small businesses, of all sectors) and a supporter of business would hope that the new Governance structures are streamlined, add value and do not seek to simply re-invent the wheel.” (Contact form – direct from website)

DCS Group UK, Enable Software – Stratford-upon-Avon

“...I am pleased to say that I have led a business campaign to get Stratford-upon-Avon District Council to change their minds and join the WMCA. Great news yesterday - the decision to join is confirmed...”

Redditch Borough Councillor

“I am a Redditch Borough Councillor. I am very keen to see Redditch very actively involved with the West Midlands Combined Authority as I feel Redditch has much in common with the West Midlands especially Birmingham. Redditch is close to

Birmingham through transport links and many residents work in towns within the West Midlands. I would like to see improvements to transportation, health provision, business development, skills development and combined working to provide a better future for our residents. I feel we will be better placed to see Redditch moving forward through being part of the WMCA.”

West Midlands Fire and Rescue Authority (WMFRA)

“WMFRA welcomes the opportunity to respond to the West Midlands Combined Authority (WMCA) consultation and has provided additional comment [appended to this report] ... In respect to Q7 we are closely aligned to all 7 Local Authorities.”

Greater Birmingham Chambers of Commerce

“The Greater Birmingham Chambers of Commerce see the WMCA as an important opportunity to create a strong, shared vision for the region and drive forwards economic prosperity, contributing to the wider vision of a Midlands Engine for growth. In addition, we support the strategic approach of the WMCA. Since businesses operate beyond local authority boundaries we welcome the WMCA addressing strategic priorities as a region. However, we do feel that a stronger mechanism for meaningful business engagement is needed when it comes to the implementation of a Supplementary Business Rate than the LEP mechanism specified above. According to the West Midlands Combined Authority Devolution Deal Agreement document published on the gov.uk website a WMCA Mayor would have; “The ability to place a supplement on business rates to fund infrastructure, with the agreement of the relevant local enterprise partnership boards, up to a cap”. While we support the use of innovative sources of local funding for infrastructure programmes that will be of clear benefit to the local business community, we believe that engagement needs to go further than LEP approval. We believe that businesses within the proposed SBR area should be formally consulted directly/in partnership intermediaries and membership organisations such as (where relevant) Business Improvement Districts, Chambers of Commerce and industry groups. As the Business Improvement District model shows, where businesses can see a tangible and direct benefit to an additional tax, they will support it. If a SBR is ‘done unto’ businesses rather than ‘with’ them and the rationale and eventual benefits not communicated compellingly and effectively, they will not support it. If businesses in a set geographical area feel (even incorrectly) that they are being taxed unfairly, it could have a detrimental impact on enterprises’ willingness to set up, stay and grow in that locality. For that reason, we are unable to agree with statement 2 and would urge the WMCA to strengthen their plans for engaging with businesses on this subject. As stated above, overall we are highly supportive of the concept of a West Midlands Combined Authority and pleased to see the pace with which it is progressing. We look forward to continuing to work positively with the WMCA, including supporting WMCA engagement with local businesses at the next WMCA-Greater Birmingham Chambers of Commerce event in the near future.”

West Midlands Civil Society Forum

“The purpose of the West Midlands Civil Society Forum is to engage communities and civil society with the work of the West Midlands Combined Authority so that all can benefit from a growing economy. We will do this wherever possible through existing networks. We wish to help shape appropriate WMCA programmes so they meet the needs of all communities and neighbourhoods leaving no voice unheard. In particular we wish to help design and review research and influence contract specifications to ensure that they benefit all neighbourhoods.

At a conservative estimate we comprise: 20k local groups with an annual turnover of about £1.4bn; 34kFTE of paid staff; 480k volunteers worth a further £1.3bn p.a to the region’s economy; and a spending power of £3.3bn. Between us we deliver about 31m interventions for local people in the WMCA area every year. It is our intention to continue to expand our membership, growing alongside the development of the WMCA...Taking this into account we will set up a series of online thematic working groups to identify third sector and civic issues as well as comment on the papers going to the WMCA board. These groups will mostly be based around the subject areas covered by the WMCA, with one or two people from our group to act as coordinators who send out papers, seek comments on them and more generally on the topic. It would also be their role to seek to widen out membership of the groups.”

Direct Contact Form via website

“I have seen first hand the huge improvements that have been made by the Greater Manchester Combined Authority which is made up of the ten Greater Manchester Councils working together with other local services to improve the authority. They have new Tramways linking strategic areas the Trafford Centre, Manchester Airport etc. I believe they have obtained greater funding of £380 m+ for the building of new transportation and infrastructure around the greater authority. This has been further improved by the announcement of £450 m transformation funding from NHS England to help towards creating a sustainable and successful health and social care system in Greater Manchester by 2021. We in the West Midlands would benefit greatly from this form of devolution.” (Contact form – direct from website)

“I feel very optimistic about the opportunities that the CA brings to the region. It will provide a really beneficial vehicle for the development and delivery of economic and social change for the West Midlands in the future.” (Contact form – direct from website)

Additional submissions of support

In addition to the survey, appended to this report are letters of support for the Combined Authority proposals from:

- The three LEPs covering the proposed Combined Authority
- West Midlands Police and Crime Commissioner
- The Chambers
- Regional MPs
- West Midlands Fire & Rescue Authority
- London Midland
- Universities West Midlands
- Birmingham Children's hospital
- University of Birmingham
- Business Professional Services Birmingham
- Birmingham Arts Partnership.

Responses

Proposals on which views are sought in the consultation were regarding the Scheme and the establishment of the Combined Authority, however within the many of the responses were wider than the Scheme and the establishment of the Combined Authority. These proposals are separate from what is in the proposed devolution deal and though a Combined Authority is a pre-requisite for delivering devolution, setting up a Combined Authority has no bearing on whether in future there is to be a Mayoral Combined Authority. Though recognised as important views, such responses will be considered as part of on-going and future engagement on devolution.



Draft Order laid before Parliament under section 85 of the Transport Act 1985, section 94 of the Local Transport Act 2008 and section 117(2) of the Local Democracy, Economic Development and Construction Act 2009, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2016 No.

LOCAL GOVERNMENT, ENGLAND

TRANSPORT, ENGLAND

The West Midlands Combined Authority Order 2016

Made - - - -

Coming into force - -

1st June 2016

This Order is made in exercise of the powers conferred by section 85 of the Transport Act 1985(a) (“the 1985 Act”), sections 84, 91 and 93 of the Local Transport Act 2008(b) (“the 2008 Act”) and sections 103 to 105 and 114 to 116 of, and paragraph 3 of Schedule 5A to, the Local Democracy, Economic Development and Construction Act 2009(c) (“the 2009 Act”).

The Secretary of State, having regard to a scheme prepared and published under section 109 of the 2009 Act, considers that the making of this Order is likely to improve the exercise of statutory functions in the area or areas to which this Order relates.

The Secretary of State is satisfied that the area to which this Order relates meets the conditions set out in section 103 of the 2009 Act.

The councils for the local government areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton, whose areas are within the area for which the combined authority is to be established consent to the making of this order.

The Secretary of State has consulted—

- (a) the councils for the area comprised in the West Midlands integrated transport area,
- (b) the West Midlands Integrated Transport Authority,

-
- (a) 1985 c 67. Section 85 was amended by the Local Transport Act 2008 (c. 26) Schedule 4, paragraphs 18 and 30 and by S.I. 2009/107.
- (b) 2008 c 26. [Section 91 was amended by the Local Democracy, Economic Development and Construction Act 2009 (c 20) Schedule 6, paragraphs 112 and 129.]
- (c) 2009 c.20. Section 103 was amended by sections 12 and 14 of the Cities and Local Government Devolution Act 2016 (c. 1). Section 104 was amended by sections 8 and 14 of, and Schedule 5 to, the Cities and Local Government Devolution Act 2016. Section 105 was amended by sections 6, 9 and 14 of the Cities and Local Government Devolution Act 2016. Section 114 was amended by Schedule 5 to the Cities and Local Government Devolution Act 2016. Section 116 was amended by Schedule 5 to the Cities and Local Government Devolution Act 2016. Section 117 was amended by section 13 of the Localism Act 2011 (c. 20) and Schedule 5 to the Cities and Local Government Devolution Act 2016.

- (c) the West Midlands Passenger Transport Executive,
- (d) such other persons as the Secretary of State considered appropriate.

The councils for the [metropolitan districts] whose areas are comprised in the West Midlands integrated transport area have consented to the making of this order.

The Secretary of State considers that consultation required by section 110(2) of the 2009 Act has been carried out.

In making this Order, the Secretary of State has had regard to the need to reflect the identities and interests of local communities, and to secure effective and convenient local government.

A draft of this instrument has been approved by a resolution of each House of Parliament pursuant to section 85 of the 1985 Act, section 94 of the 2008 Act and section 117(2) of the 2009 Act^(a).

Accordingly, the Secretary of State makes the following Order:

PART 1

General

Citation and commencement

1. This Order may be cited as the West Midlands Combined Authority Order 2016 and shall come into force on 1st June 2016.

Interpretation

2. In this Order—

“the 2009 Act” means the Local Democracy, Economic Development and Construction Act 2009;

“combined area” means the area consisting of the areas of the constituent councils;

“the Combined Authority” means the West Midlands Combined Authority as constituted by article 3;

“constituent councils” means the councils for the local government areas of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton;

“the Executive” has the meaning given by article 6(1);

“the ITA” means the West Midlands Integrated Transport Authority;

“Local Enterprise Partnership” means the board of—

- (a) the Black Country Local Enterprise Partnership;
- (b) Greater Birmingham and Solihull Local Enterprise Partnership; and
- (c) Coventry and Warwickshire Local Enterprise Partnership ;

“non-constituent council” means the councils for the local government areas of Cannock Chase, Nuneaton and Bedworth, Redditch, Tamworth and Telford and Wrekin.

^(a) Section 117 was amended by section 13 of the Localism Act 2011 (c. 20).

PART 2

Establishment of a combined authority for West Midlands

Establishment

- 3.**—(1) There is established a combined authority for the combined area.
- (2) The combined authority is to be a body corporate and is to be known as the West Midlands Combined Authority.
- (3) The functions of the Combined Authority are those functions conferred or imposed upon it by this Order or by any other enactment (whenever passed or made), or as may be delegated to it by or under this Order or any other enactment (whenever passed or made).

Constitution

- 4.** Schedule 1 (which makes provision about the constitution of the Combined Authority) has effect.

Funding

- 5.**—(1) The constituent councils must meet the costs of the Combined Authority reasonably attributable to the exercise of the functions mentioned in article 10 (economic development and regeneration).
- (2) The amount payable by each of the constituent councils is to be determined by apportioning the costs of the Combined Authority referred to in paragraph (1) between the constituent councils in such proportions as they may agree or, in default of such agreement, in proportion to the total resident population at the relevant date of the area of each council concerned as estimated by the Registrar General.
- (3) For the purposes of paragraph (2) the relevant date in relation to a payment for a financial year is 30th June in the financial year which commenced two years prior to the current financial year.

PART 3

Transport

Passenger Transport Executive

- 6.**—(1) In this order “the Executive” means the West Midlands Passenger Transport Executive established by the West Midlands Passenger Transport Area (Designation) Order 1969^(a)
- (2) The Executive shall be dissolved and all the functions, property, rights and liabilities of the Executive shall be transferred to the ITA.
- (3) Subject to article 8(4) and Schedule 2 and to the following provisions of this article, any reference in any enactment (whenever passed or made) to a passenger transport executive or to passenger transport executives is to be treated, in its application to the combined area, as if it were to the West Midlands Combined Authority.
- (4) Paragraph (3) does not apply to the following enactments—
- (a) In the Audit Commission Act 1998^(b)—
- (i) sections 11(2)(g);

(a) S.I. 1969/97.

(b) 1998 c. 18.

- (ii) section 30(1), (3) and
 - (iii) in Schedule 2, paragraph 4.
 - (b) paragraph 28 of Schedule 1 to the Freedom of Information Act 2000^(a)
 - (c) Schedule 2 to the Local Government Act 1988^(b)
 - (d) section 33 of the Railways Act 2005^(c)
 - (e) sections 95, 96, 97, 104(2) and (3) and 137(5) of the Transport Act 1985; and
 - (f) section 162(4) of the Transport Act 2000^(d).
- (5) The West Midlands Passenger Transport Area (Designation) Order 1969 is revoked

Abolition and transfer of functions

7.—(1) The West Midlands integrated transport area is dissolved and the ITA is abolished.

(2) On the abolition of the ITA—

- (a) its functions; and
- (b) its property, rights and liabilities

are transferred to the Combined Authority.

Adaption of enactments

8.—(1) This article has effect in consequence of article 7.

(2) In any enactment (whenever passed or made)—

- (a) any reference to an integrated transport area or
- (b) any reference which falls to be read as a reference to such an area,

is to be treated as including a reference to the combined area.

(3) In any enactment (whenever passed or made)—

- (a) any reference to an integrated transport authority or
- (b) any reference which falls to be read as a reference to such an authority,

is to be treated as including a reference to the Combined Authority.

(4) Paragraphs (2) and (3) do not apply to Part 2 of the Transport Act 1968 which is amended in accordance with Schedule 2.

Continuity

9.—(1) Nothing in article 6, 7 or 8 affects the validity of anything done by or in relation to the ITA or the Executive before 1st June 2016.

(2) There may be continued by or in relation to the West Midland Combined Authority anything (including legal proceedings) which—

- (a) relates to any of the functions, property, rights or liabilities transferred to the West Midlands Combined Authority; and
- (b) is in process of being done by or in relation to the ITA or the Executive immediately before 1st June 2016.

(3) Anything which—

(a) 2000 c. 36. . Paragraph 8 was substituted by the Local Transport Act 2008, Schedule 4, paragraph 64.
 (b) 2000 c. 36. . Paragraph 8 was substituted by the Local Transport Act 2008, Schedule 4, paragraph 64
 (c) 2005 c. 14.
 (d) 2000 c. 38. Section 162 was amended by sections 15(6), 26(9), 27(2), 40(2), 77(5) and 131 of, and Schedule 4, Part 3, paragraphs 41, 46(1), (2)(a) and (2)(c) and Schedule 7, Part 2 to, the Local Transport Act 2008.

- (a) was made or done by or in relation to the ITA or the Executive for the purposes of or otherwise in connection with any of the functions, property rights or liabilities transferred and
- (b) is in effect immediately before the transfer takes effect,

has effect as if made or done by or in relation to the West Midlands Combined Authority.

(4) The West Midlands Combined Authority shall be substituted for the ITA or, where appropriate, the Executive in any instruments, contracts or legal proceedings which—

- (a) relate to any of the functions, property, rights or liabilities transferred; and
- (b) are made or commenced before the transfer takes effect.

(5) A reference in this article to anything made or done by or in relation to the ITA or the Executive includes a reference to anything which by virtue of any enactment is to be treated as having been made or done by or in relation to the ITA or the Executive.

(6) Without prejudice to the generality of this article a levy issued by the ITA under section 74 of the Local Government Finance Act 1988 and in accordance with the Transport Levying Bodies Regulations 1992(a) to the constituent councils in respect of the financial year beginning 1st April 2016 is to have effect for that year as if it had been so issued by the Combined Authority.

PART 4

Additional functions

Economic development and regeneration functions

10.—(1) The functions of the constituent councils set out in Schedule 3 are exercisable by the Combined Authority in relation to its area.

(2) The functions are exercisable concurrently with the constituent councils.

(3) Any requirement in any enactment for a constituent council to exercise such a function may be fulfilled by the exercise of that function by the Combined Authority.

Incidental provisions

11. The following provisions shall have effect as if the Combined Authority were a local authority for the purposes of these provisions—

- (a) section 142(2) of the Local Government Act 1972(b) (power to arrange for publication of information etc. relating to the functions of the authority); and
- (b) section 222 of the Local Government Act 1972(c) (power to prosecute and defend legal proceedings).

12.—(1) The Combined Authority shall have the power to exercise any of the functions described in subsection (1)(a) and (b) of section 88 of the Local Government Act 1985(d) (research and collection of information) whether or not a scheme is made under that section.

(2) For the purposes of paragraph (1) of this article, paragraphs (a) and (b) of section 88(1) of the Local Government Act 1985 shall have effect as if a reference to “that area” were a reference to the combined area.

(a) S.I. 1992/2789, amended by S.I. 2012/213 and S.I. 2015/27.

(b) Section 142 was amended by the Local Government Act 1986 (c. 10), section 3(1)(a) ; there are other amendments which are not relevant to this instrument.

(c) To which there are amendments not relevant to this instrument.

(d) 1985 c. 51.

13. Section 13 of the Local Government and Housing Act 1989(a) (voting rights of members of certain committees) has effect as if—

(a) in subsection (4) after paragraph (h) there were inserted—

“(i) subject to subsection (4A), a committee appointed by the West Midlands Combined Authority;”;

(b) after subsection (4) there were inserted—

“(4A) A person who is a member of a committee falling within paragraph (i) of subsection (4) or a sub-committee appointed by such a committee shall for all purposes be treated as a non-voting member of that committee or sub-committee unless that person—

(a) is a member of one of the constituent councils as defined by article 2 of the West Midlands Combined Authority Order 2016; or

(b) is given voting rights by resolution of the Combined Authority in accordance with paragraph 4(4) of Schedule 1 to that Order.”.

14. Regulation 64 of the Local Government Pension Scheme Regulations 2013(b) (special circumstances where revised actuarial valuations and certificates must be obtained) shall have effect as if after paragraph (8) there were inserted—

“(8A) Paragraph (8B) applies where the existing employer is the West Midlands Integrated transport Authority (“the ITA”) and the liabilities of the fund in respect of benefits due to the ITA’s current and former employees (or those of any predecessor authority) have been or are to be transferred to the West Midlands Combined Authority as a result of the establishment of the combined authority by article 3(1) of the West Midlands Combined Authority Order 2016.

(8B) Where this paragraph applies, no exit payment is due under paragraph (1) and paragraph (2) does not apply.”

15.—(1) The Local Government Pension Scheme Regulations 2013 are amended as follows.

(2) In Part 2 of Schedule 3 (appropriate administering authority)—

(a) in column 1 of the table insert at the end—

“an employee of the West Midlands Combined Authority established by the West Midlands Combined Authority Order 2016.”;

(b) in column 2 of the table insert at the end—

“[Wolverhampton City Council.”.]

Signed by authority of the Secretary of State for Communities and Local Government

	<i>Name</i>
	Parliamentary Under Secretary of State
Date	Department for Communities and Local Government

(a) 1989 c. 42. Section 13 was amended by was amended by the Education Act 1993 (c. 35) Schedule 21(II) paragraph 1 and by Schedule 37(I) paragraph 96; by the Police and Magistrates' Courts Act 1994 (c. 29) Schedule 9(I) paragraph 1 and by Schedule 4(I) paragraph 36; by the Environment Act 1995 (c. 25) Schedule 24 paragraph 1; by the Education Act 1996 (c. 56) Schedule 37(I) paragraph 96 and by Schedule 38(I) paragraph 1; by the School Standards and Framework Act 1998 (c. 31) Schedule 30 paragraph 22; by the Children Act 2004 (c. 31) Schedule 5(4) paragraph 1; by the Local Democracy, Economic Development and Construction Act 2009 Schedule 6 paragraph 81; by the Marine and Coastal Access Act 2009 (c. 23) Schedule 14 paragraph 14 and by Schedule 22(4) paragraph 1; by the Public Service Pensions Act 2013 (c. 25) Schedule 8 paragraph 15; by S.I. 2001/1517; and by S.I. 2010/1158.

(b) S.I.2013/235, amended by S.I. 2014/1146 and S.I. 2014/1146.

SCHEDULE 1

Article 4

Constitution

Membership

1.—(1) The Combined Authority shall comprise of twenty two members as provided for in the following sub-paragraphs.

(2) Each constituent council must appoint two of its elected members to be members of the Combined Authority.

(3) Each non-constituent council shall appoint one of its elected members to be a member of the Combined Authority.

(4) Each constituent council must appoint another two of its elected members to act as members of the Combined Authority in the absence of the members appointed under sub-paragraph (2) (“the substitute member”).

(5) Each non-constituent council must appoint another one of its elected members to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (3) (“the substitute member”).

(6) Each Local Enterprise Partnership must nominate one of its members to be a member of the Combined Authority (“the Local Enterprise Partnership Members”).

(7) Each Local Enterprise Partnership must nominate one of its members to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (5) (“the substitute member”).

(8) The Combined Authority must appoint the members nominated by the Local Enterprise Partnerships as members of the Combined Authority (“Local Enterprise Partnership Members”).

(9) The Combined Authority must appoint the other member nominated by each Local Enterprise Partnership to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (6).

(10) A person ceases to be a member or substitute member of the Combined Authority if they cease to be a member of—

- (a) the constituent council or non-constituent council that appointed them; or
- (b) the Local Enterprise Partnership that nominated them.

(11) A person may resign as a member or substitute member of the Combined Authority by written notice served on the proper officer of the council that appointed them or, as the case may be, the chair or vice-chair of the Local Enterprise Partnership that nominated them, and the resignation takes effect on receipt of the notice by the proper officer of the council or chair or vice-chair of the Local Enterprise Partnership (as the case may be).

(12) Where a member or substitute member’s appointment ceases by virtue of sub-paragraph (10) or (11)—

- (a) the constituent council or the non-constituent council that made the appointment must, as soon as practicable, give written notice of that fact to the Combined Authority and appoint another of its elected members in that person’s place;
- (b) the Local Enterprise Partnership that made the nomination must, as soon as practicable, give written notice of that fact to the Combined Authority and nominate another of its members in that person’s place.

(13) The combined authority shall appoint a member nominated under sub-paragraph (12)(b) at the next ordinary meeting of the Combined Authority.

(14) A constituent council or non-constituent council may at any time terminate the appointment of a member or substitute member appointed by it to the Combined Authority and appoint another one of its elected members in that person’s place.

(15) Where a constituent council or non-constituent council exercises its power under sub-paragraph (14), it must give written notice of the new appointment and the termination of the previous appointment to the Combined Authority and the new appointment shall take effect and the previous appointment terminate at the end of one week from the date on which the notice is given or such longer period not exceeding one month as is specified in the notice.

(16) A Local Enterprise Partnership may at any time terminate the appointment of a member or substitute member nominated by it to the Combined Authority and nominate another of its members in that person's place.

(17) Where a Local Enterprise Partnership exercises its power under sub-paragraph (16), it must give written notice of the new nomination and the termination of the previous appointment to the Combined Authority.

(18) The Combined Authority must appoint a member nominated under sub-paragraph (17) and the new appointment shall take effect and the previous appointment terminate at the end of one week from the date on which the notice is given or such longer period not exceeding one month as is specified in the notice.

(19) For the purposes of this paragraph, an elected mayor of a constituent council or non-constituent council is to be treated as a member of the constituent council or non-constituent council.

Chairman and vice-chairmen

2.—(1) The Combined Authority must in each year appoint a chairman and one or more vice-chairmen from among its members and the appointments are to be the first business transacted after the appointment of members of the Combined Authority, at the first meeting of the Combined Authority, and in subsequent years at the annual meeting of the Combined Authority.

(2) A person ceases to be chairman or vice-chairman of the Combined Authority if they cease to be a member of the Combined Authority.

(3) If a vacancy arises in the office of chairman or vice-chairman, an appointment to fill the vacancy is to be made at the next ordinary meeting of the Combined Authority, or, if that meeting is to be held within 14 days of the vacancy arising, at the meeting following that meeting.

Proceedings

3.—(1) Subject to the following sub-paragraphs, any questions that are to be decided by the Combined Authority are to be decided by a two-thirds majority of the constituent members and substitute members, acting in place of constituent members, present and voting on that question at a meeting of the Combined Authority.

(2) No business is to be transacted at a meeting of the Combined Authority unless at least five members, or substitute members, appointed by at least five of the constituent councils are present at the meeting.

(3) Each member, or substitute member acting in that member's place, is to have one vote and no member or substitute member is to have a casting vote.

(4) If a vote is tied on any matter it is deemed not to have been carried.

(5) Members appointed by the non-constituent councils or appointed from the Local Enterprise Partnerships shall be non-voting members of the Combined Authority but may be given voting rights by resolution of the Combined Authority.

(6) Questions relating to the following matters require a unanimous vote in favour by all constituent council members, or substitute members, acting in place of those members, present and voting on that question to be carried—

- (a) approval of borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the Combined Authority;
- (b) the conferral of further functions on the Combined Authority;

- (c) voting rights for members of the Combined Authority appointed otherwise than from among the elected members of the constituent councils;
- (d) the exercise of its functions in accordance with section 113A of the 2009 Act;
- (e) amendments to the standing orders of the Combined Authority; and
- (f) such other plans and strategies as may be determined by the Combined Authority and set out in its standing orders.

(7) The proceedings of the Combined Authority are not invalidated by any vacancy among its members or substitute members or by any defect in the appointment or qualifications of any member or substitute member.

Committees

4.—(1) The Combined Authority must appoint at least one member of each of the constituent councils and the non-constituent councils to the overview and scrutiny committee appointed by the Combined Authority.

(2) No business is to be transacted at a meeting of the overview and scrutiny committee unless at least five constituent council members, or substitute members acting in place of those members, from at least five of the constituent councils are present at the meeting.

(3) Each member of the overview and scrutiny committee appointed from the constituent councils is to have one vote and no member is to have a casting vote.

(4) Members appointed from the non-constituent councils and the Local Enterprise Partnerships to the overview and scrutiny committee, or to any other committee or sub-committee of the Combined Authority, shall be non-voting members of that committee or sub-committee but may be given voting rights by resolution of the Combined Authority.

(5) The Combined Authority must appoint an appropriate person^(a) to be the chair of the overview and scrutiny committee appointed by the Combined Authority

(6) If a vote is tied on any matter it is deemed not to have been carried.

(7) Where an overview and scrutiny committee appointed by the Combined Authority makes a report or recommendation under paragraph (1)(2)(b) of Schedule 5A the committee may—

- (a) publish the report or recommendations;
- (b) by notice in writing require the Combined Authority to—
 - (i) consider the report or recommendations;
 - (ii) respond to the overview and scrutiny committee indicating what (if any) action the Combined Authority proposes to take; and
 - (iii) if the overview and scrutiny committee has published the report or recommendations under paragraph (a), publish the response.

(8) A notice served under sub-paragraph (7)(b) must require the Combined Authority to comply with it within two months beginning with the date on which the Combined Authority received the reports or recommendations or (if later) the notice.

(9) The Combined Authority must comply with a notice given under sub-paragraph (7)(b).

(10) Sub-paragraphs (7)(a) and (9) are subject to section 9FG of the Local Government Act 2000^(b) and to any provision made under section 9GA(8) and the Combined Authority is to be treated as a local authority for these purposes.

(a) See paragraph 3(5) of Schedule 5A to the 2009 Act.

(b) 2000 c. 22. Sections 9FG and 9GA were inserted by the Localism Act 2011 (c. 20), section 21 and Schedule 2.

Records

5.—(1) The Combined Authority must make arrangements for the names of members and substitute members present at any meeting to be recorded.

(2) Minutes of the proceedings of a meeting of the Combined Authority, or any committee or sub-committee of the Combined Authority, are to be kept in such form as the Combined Authority may determine.

(3) Any such minutes are to be signed at the same or next suitable meeting of the Combined Authority, committee or sub-committee as the case may be, by the person presiding at that meeting.

(4) Any minute purporting to be signed as mentioned in sub-paragraph (3) is to be received in evidence without further proof.

(5) Until the contrary is proved, a meeting of the Combined Authority, committee or sub-committee, a minute of whose proceedings has been signed in accordance with this paragraph, is deemed to have been duly convened and held, and all the members and substitute members present at the meeting are deemed to have been duly qualified.

(6) For the purposes of sub-paragraph (3) the next suitable meeting is the next following meeting or, where standing orders made by the Combined Authority provide for another meeting of the authority, committee or sub-committee, to be regarded as suitable, either the next following meeting or that other meeting.

Standing orders

6. The Combined Authority may make standing orders for the regulation of its proceedings and business and may vary or revoke any such orders.

Remuneration

7. No remuneration is payable by the Combined Authority to its members, other than allowances for travel and subsistence paid in accordance with a scheme drawn up by the Combined Authority.

SCHEDULE 2

Article 8(4)

Modification of Part 2 of the Transport Act 1968

1. The Transport Act 1968(a) is amended as follows.

2.—(1) Section 9 (areas, authorities and executives) is amended as follows.

(2) In subsection (1)(c)—

(a) in sub-paragraph (i), after “England and Wales” there is inserted “(except as mentioned in sub-paragraph (ia))”;

(b) after sub-paragraph (i) there is inserted—

“(ia) in relation to the area of the West Midlands Combined Authority, that Authority;”.

(3) After subsection (6) there is inserted—

“(6A) This section applies in relation to the West Midlands Combined Authority as if—

(a) subsections (2) to (4) were omitted; and

(a) 1968 c. 73; section 9 was amended by the Local Government (Scotland) Act 1973 (c. 65) Schedule 18, paragraph 1; by the Transport Act 1985 (c. 67) sections 57(1), 58(2), Schedule 3, paragraph 3, Schedule 8; by the Local Government (Scotland) Act 1994 (c. 39) Schedule 13, paragraph 80(2); and in relation to England and Wales only by the Local Transport Act 2008 (c. 26) section 98(4), Schedule 4, paragraph 2 and Schedule 7, Part 4 and by S.I. 2011/908.

- (b) in subsection (5), the words “the Executive and any subsidiary of the Executive” were omitted.”

3. In section 9A (general functions of Authorities and Executives), after subsection (11) there is inserted—

“(12) This section applies to the West Midlands Combined Authority as if—

- (a) the duty under subsection (3) were a duty for the Authority to secure the provision of such public passenger transport services as it considers appropriate for meeting any public transport requirements within its area which in view of the Authority would not be met apart from any action taken by it for that purpose;
- (b) subsection (3A) were omitted;
- (c) in subsection (5)—
 - (i) the words “for the Executive of that area” were omitted;
 - (ii) for the words “by the Executive for that area, and the Executive” there were substituted “and”;
- (d) in subsections (6) and (7), the references to “the Executive” were omitted.”

4. In section 10 (general powers of the Executive), after subsection (9) there is inserted—

“(10) This section applies to the West Midlands Combined Authority as if—

- (a) in subsection (1)—
 - (i) in paragraph (xxiii), the words “subject, in the case of a disposal of land, to the approval of the Authority” were omitted, and
 - (ii) an other reference to the approval of the Authority were omitted;
- (b) in subsection (7), the words “the approval of the Authority or” were omitted.”

5. In section 11 (financial duty of Executive), after subsection (3A) there is inserted—

“(3B) Subsection (3A) applies to the West Midlands Combined Authority as if the words from “and the Authority” to “the application thereof” were omitted.”

6. In section 12 (borrowing powers of Executive), after subsection (7) there is inserted—

“(8) This section does not apply to the West Midlands Combined Authority.”

7. In section 13 (power to make grants)—

- (a) The existing text is renumbered as subsection (1);
- (b) After that subsection there is inserted—

“(2) This section does not apply to the West Midlands Combined Authority.”

8. In section 14 (accounts of Executive), after subsection (3) there is inserted—

“(4) This section does not apply to the West Midlands Combined authority.”

9. In section 15 (further functions of Authority), after subsection (7) there is inserted—

“(8) This section does not apply to the West Midlands Combined Authority.”

10. In section 15A (additional provisions as to control of Executive by Authority), after subsection (3) there is inserted—

“(4) This section does not apply to the West Midlands Combined authority.”

11. In section 16 (publication of annual report by Authority and Executive and prevention of improper conduct of subsidiary activities), after subsection (2) there is inserted—

“(2A) In its application to the West Midlands Combined Authority, subsection (2) has effect as if—

- (a) the words “jointly by the Authority and the Executive” were omitted;
- (b) “and the Executive” (in the second place) were omitted; and

- (c) for “their respective” there were substituted “its”.

SCHEDULE 3

Article 10

Economic development and regeneration functions

1. Such functions of the constituent authorities as are exercisable for the purpose of economic development and regeneration in reliance on the general power of competence under section 1 of the Localism Act 2011(a).
2. The power under section 144 of the Local Government Act 1972(b) (the power to encourage visitors and provide conference and other facilities).
3. The duties under sections 15ZA, 15ZB, 15ZC, 17A and 18A(1)(b) of the Education Act 1996(c) 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).
4. The duty under section 69 of the 2009 Act (duty to prepare an assessment of economic conditions).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order establishes the West Midlands Combined Authority.

Part 6 of the Local Democracy, Economic Development and Construction Act 2009 (“the 2009 Act”) provides for the establishment of combined authorities for the areas of two or more local authorities in England. Combined authorities are bodies corporate which may be given power to exercise functions relating to transport and to economic development and regeneration in their area.

The Secretary of State may only establish a combined authority for an area where a scheme for such an authority has been published under section 109 of the 2009 Act. This Order has been made following the publication of such a scheme on 26 October 2015 by the constituent councils whose areas together make up the combined area of the new authority. The scheme is available at: <https://westmidlandscombinedauthority.org.uk/media/1047/26-october-2015-appendix-1-west-midlands-combined-authority-scheme.pdf>.

Part 2 of the Order establishes the new authority, to be known as the West Midlands Combined Authority, and makes provision for its constitution and funding.

Article 4 of and Schedule 1 to the Order make provision for the constitution of the West Midlands Combined Authority. This is supplemental to the provision that is made by Part 1A of Schedule 12 to the Local Government Act 1972 (see paragraph (6A) of that Schedule, as amended by the 2009 Act).

(a) 2011 c.20.

(b) Section 144 was amended by the Local Government (Miscellaneous Provisions) Act 1976 (c.57), section 81, Schedule 2; by the Local Government, Planning and Land Act 1980 (c.65), section 194, Schedule 34; and by the Local Government Act 1985 (c.51), sections 1 and 102 and Schedule 17. There are other amendments which are not relevant to this instrument.

(c) 1996 c.56. Sections 15ZA, 15ZB, 15ZC, 18A, 514A and 560A were inserted by the Apprenticeships, Skills, Children and Learning Act 2009 (c. 22), sections 41, 42, 45 to 48 and by S.I. 2010/1158. Section 15ZA was amended by the Children and Families Act 2014 (c. 6) Schedule 3(1) paragraph 5, by the Deregulation Act (c. 20) Schedule 14(2) paragraph 44 and by S.I. 2015/1852. Section 15ZC was amended by S.I. 2015/1852. Section 18A was also amended by the Education Act 2011 (c. 21), sections 30 and 82 and by the Children and Families Act 2014 Schedule 3(1) paragraph 8. Section 514A was amended by the Children and Families Act 2014 Schedule 3(1) paragraph 50. Section 560A was amended by the Children and Families Act 2014 Schedule 3(1) paragraph 54.

Article 5 makes provision for the funding, by the constituent councils, of the costs of the Combined Authority.

Part 4 confers additional functions on the West Midlands Combined Authority.

Article 10 confers functions of the constituent councils relating to economic development and regeneration. These are set out in Schedule 2 to the Order and are to be exercised concurrently with the constituent councils.

Articles 11 to 15 make some general, incidental provisions relating to the West Midlands Combined Authority to enable it to carry out its functions effectively.

A full regulatory impact assessment has not been prepared as this instrument will have no impact on the costs of business or the voluntary sector.

DRAFT

**CONSTITUTION
OF THE
WEST MIDLANDS COMBINED
AUTHORITY**

WORKING DRAFT



WEST MIDLANDS
COMBINED AUTHORITY

WORKING DRAFT

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PART 1

1. Definitions

1.1 Definitions used throughout the constitution are:

- *'The Combined Authority'* means the West Midlands Combined Authority (and any reference to Authority means the Combined Authority)
- *'Constituent Authority'* means any of the following (as the case may be) and Constituent Authorities shall be construed accordingly:

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

- “The Constitution” means this constitution as varied from time to time in accordance with the terms of the Constitution
- “Member” means a member of the Combined Authority appointed in accordance with this Constitution and shall also include Substitute Members where appropriate
- ‘*Non-Constituent Authority*’ means any of the following (as the case may be) and Non –Constituent Authorities shall be construed accordingly:

Greater Birmingham & Solihull Local Enterprise Partnership
Black Country Local Enterprise Partnership
Cannock Chase District Council
Coventry & Warwickshire Local Enterprise Partnership
Nuneaton & Bedworth Borough Council
Redditch Borough Council
Tamworth Borough Council
Telford & Wrekin Council

- ‘*West Midlands*’ and/or ‘*Area of the Combined Authority*’ means the area consisting of the combined areas of the Constituent Authorities.
- ‘*The Offices of the Combined Authority*’ means 16 Summer Lane, Birmingham, B19 3SD.
- “The Order” means []
- ‘*Standing Orders*’ means these Procedure Standing Orders, the Contractual Standing Orders, the Financial Regulations of the Authority

and any other procedures, protocols, rules, policies and governance arrangements from time to time adopted by the Authority and designated as Standing Orders of the Authority.

- The Constitution sets out how the Combined Authority operates and how decisions are made and the procedures that are to be followed to ensure that the Combined Authority operates lawfully efficiently, effectively and is both transparent and accountable.

2. Interpretation

2.1 The Constitution shall be interpreted in accordance with the provisions set out below:-

- (a) the masculine includes the feminine and vice versa;
- (b) the singular includes the plural and vice versa;
- (c) a reference to any clause, sub-clause, paragraph, schedule, appendix recital or annex is, except where expressly stated to the contrary, a reference to such clause, sub clause, paragraph, schedule, appendix, recital or annex of and to this Constitution;
- (d) save where otherwise provided in this Constitution any reference to this Constitution or to any other document shall include any permitted variation amendment or supplement;
- (e) any reference to any enactment, order, regulation or other similar instrument shall be construed as a reference to the enactment, order, regulation or instrument as amended, replaced, consolidated or re-enacted;
- (f) headings are for convenience of reference only; and
- (g) words preceding “include”, “includes”, “including” and “included” shall be construed without limitation by the words which follow those words.

3. Interpretation of Standing Orders

3.1 The person presiding at a meeting of the Combined Authority shall make any final decision about how Standing Orders should be interpreted and applied to any of the Combined Authority’s meetings, and on any question of procedure not otherwise provided for within these Standing Orders.

4. Membership of the Authority

4.1 Each Constituent Authority shall appoint two of its elected members to act as Members of the Combined Authority. Each Non-Constituent Authority shall appoint one elected member to be a Member of the Combined Authority in the case of Non Constituent Authorities which are local authorities and the Non

Constituent Authorities which are local enterprise partnerships will appoint one board member.

- 4.2 Each Member will act in the best interests of the Combined Authority as a whole, having considered all relevant matters and available information prior to making a decision on any matter. They will make decisions that are based in the best interests of the whole of the Combined Authority
- 4.3 A Member (or Substitute Member appointed under article 13.1) of the Combined Authority shall cease to be such a Member immediately upon it ceasing to be a member of the appointing Constituent or Non-Constituent Authority. The Constituent/Non-Constituent Authority will appoint a replacement Member as soon as practicable.
- 4.4 A Constituent/Non-Constituent Authority may at any time of its choosing terminate the appointment of a Member/Substitute Member and appoint another as a Member/Substitute Member. Such change in Member/Substitute becomes effective immediately upon the decision being taken by the appointing Constituent or Non- Constituent Authority. Each Constituent or Non- Constituent Authority has a duty to notify the Monitoring Officer in writing immediately upon any Member ceasing to be a Member of the Combined Authority.
- 4.5 The Combined Authority may co-opt additional non-voting representatives to attend its meetings as it considers necessary.
- 4.6 There shall be no Basic Allowance or Special Responsibility Allowance payable to any Member. The reimbursement of any travel or subsistence expenses will be the responsibility of each Member's appointing authority.

5. Suspension of Standing Orders

- 5.1 The Combined Authority may by resolution suspend Standing Order 17 (order of business) for the duration of a meeting if at least five Members appointed by separate Constituent Authorities of the Combined Authority are present and resolve to do so.
- 5.2 Any motion to permanently add to, vary or revoke any Standing Order will, when proposed and seconded, stand adjourned without discussion to the next meeting of the Combined Authority.

6. Annual Meeting

- 6.1 The Combined Authority will normally hold an annual meeting every year, between 1 March and 30 June, at a time fixed by the Combined Authority.
- 6.2 The annual meeting will:-
 - (i) elect the Chair and up to two Vice Chairs of the Combined Authority from among the Members appointed by Constituent Authorities;

- (ii) appoint such committees, their membership and Chair/Vice-Chair as the Combined Authority considers appropriate;
- (iii) appoint Members to outside bodies;
- (iv) agree the date and time for the ordinary meetings of the Combined Authority for the forthcoming year; and
- (v) consider any other business set out in the notice convening the meeting.

7. Ordinary Meetings

- 7.1 The Combined Authority may decide to hold any number of ordinary meetings in a municipal year, in addition to its annual meeting. Each ordinary meeting shall be held at such date and time as the Combined Authority decides.
- 7.2 At each ordinary meeting, the Combined Authority will:-
 - (i) approve the minutes of the last meeting;
 - (ii) receive any declarations of interest from Members;
 - (iii) consider minutes/reports from any committee of the Combined Authority;
 - (iv) consider motions submitted in the name of a Member of the Combined Authority; and
 - (v) consider any other business specified in the notice convening the meeting.

8. Extraordinary Meetings

- 8.1 An Extraordinary Meeting of the Combined Authority may be called in the following circumstances:-
 - (i) by the Combined Authority resolution; or
 - (ii) by the Chair of the Combined Authority at any time; or
 - (iii) by the Head of Paid Service of the Combined Authority at any time, ; or
 - (iv) any five Constituent Members of the Combined Authority who have signed a requisition which has been presented to the Chair of the Combined Authority (the meeting is called if, after seven days following the receipt of such a requisition, the Chair of the Combined Authority has refused to call a meeting).
- 8.2 Any requisition under clause 8.1 (iv) will be addressed to the Chair of the Combined Authority by being left for the Chair at a location designated by the Monitoring Officer. The requisition will indicate the business to be transacted at the meeting.

- 8.3 The date, time and location of any extraordinary meeting will be fixed by the Monitoring Officer after consultation with the Chair.

9. Place of Meetings

- 9.1 The Combined Authority shall hold its meetings at any place within the Area of the Combined Authority, normally 16 Summer Row, Birmingham B19 3SD

10. Notice of Meetings and the Notice to Attend

- 10.1 At least five clear working days before a meeting of the Combined Authority, the Head of Paid Service will sign a notice to attend the meeting, which sets out the business to be carried out at the meeting together with the date and time, which shall be sent by post (or in electronic format if so requested) to every Member.
- 10.2 The Chair shall have agreed the business to be considered at any ordinary meeting of the Combined Authority in consultation with the Head of Paid Service.
- 10.3 The notice of meetings will be carried out in accordance with the Access to Information Procedure Rules.

11. Public Access to Agenda and Reports

- 11.1 Subject to 11.3 below, at least five clear working days before a meeting of the Combined Authority, the Head of Paid Service will make available for inspection by the public at the offices of the Combined Authority a copy of the agenda and (subject to 11.4 below) reports for the meeting.
- 11.2 Where an additional item is added to an agenda, copies of which are open to inspection by the public, copies of the item (or of the revised agenda) and copies of any report for the meeting relating to the item (subject to 11.4 below), shall be open to inspection from the time the item is added to the agenda.
- 11.3 Nothing in 11.1 or 11.2 above requires copies of any agenda, item or report to be open to inspection by the public until copies are available to Members.
- 11.4 Where a report or any part of a report is not open to public inspection, the Head of Paid Service will mark the report (or the part) 'Not for publication'; and state on the description of the exempt information by virtue of which the Combined Authority is likely to exclude the public.
- 11.5 All information shall be dealt with by the Combined Authority in accordance with the Access to Information Procedure Rules

12. Public Access to Meetings

- 12.1 Every meeting of the Combined Authority shall be open to the public except to the extent that the public are excluded (during the whole or part of the

proceedings) to prevent the likely disclosure of confidential information, or, by resolution, to prevent the likely disclosure of exempt information.

- 12.2 A motion to exclude the public may be moved without notice at any meeting in relation to an item of business whenever it is likely that if members of the public were present for that item there would be disclosure of exempt information.

13. Substitute Members

- 13.1 Each Constituent Authority will appoint two further elected members or two board members (as the case may be) to act as substitute member, one of whom may attend for an ordinary member of the Constituent Authority when the ordinary member is unable to attend or act. ("Substitute Members").

- 13.2 Each Non-Constituent Authority will appoint one further elected member or board member as the case may be, who may attend for an ordinary member of that Non-Constituent Authority when the ordinary member is unable to attend or act ("Substitute Members").

- 13.3 Substitute Members may attend meetings in that capacity only:

- (a) to take the place of the Member for whom they are the substitute where the Member will be absent for the whole of the meeting;
- (b) after they, or the Member they are substituting for has provided the proper officer with notice of the substitution before the commencement of the meeting in question;
- (c) where an adjourned meeting is reconvened and it is essential for that Substitute Member to continue to attend to comply with the spirit of natural justice.

- 13.4 Substitute Members will have all the powers and duties of an ordinary Member of the Combined Authority for the duration of the meeting at which they act as substitute but will not be able to exercise any special powers or duties exercisable by the person for whom they are the substitute.

14. Chair and Vice-Chair

- 14.1 A person ceases to be Chair or Vice-Chair if they cease to be a Member of the Combined Authority. If a vacancy arises in the office of Chair or Vice-Chair, an appointment to fill the vacancy will be made at the next ordinary meeting of the Combined Authority.

- 14.2 At each meeting of the Combined Authority, the Chair shall preside. If the Chair is absent from a meeting, one of the Vice-Chairs, if present, shall preside. If both the Chair and Vice-Chairs are absent from a meeting, the Members present shall choose by a vote another Member to preside.

14.3 The person presiding at the meeting shall exercise any power or duty of the Chair.

15. Quorum

15.1 No business shall be transacted at a meeting of the Combined Authority unless at least one Member from five separate Constituent Authorities are present.

15.2 A meeting of the Combined Authority will not commence unless there is a quorum of Members present. If a meeting has commenced within 15 minutes of the time specified on the summons and agenda, the meeting shall be postponed.

15.3 If during any meeting of the Combine Authority, the person presiding the meeting declares a quorum of Members is not present, the meeting will be adjourned for 15 minutes. If at 15 minutes, there is still no quorum present, the meeting shall be adjourned.

15.4 All business which would have been considered at the meeting or which has not been completed when the meeting was adjourned, shall stand referred to the next ordinary meeting unless arrangements are made for an extraordinary meeting to consider that business or the business, or part of it, is dealt with as a matter of urgency.

15.5 For the purposes of this clause 15, a meeting will not be considered inquorate where, the number of Members present falls below that specified in clause 15.1 above for the sole reason of a Member being unable to act on and individual items because of the need to temporarily leave the meeting due to a conflict of interests.

16. Items of Business

16.1 No item of business may be considered at any meeting except:-

- the business set out in the notice;
- business required by law to be transacted at the annual meeting; or
- business brought before the meeting as a matter of urgency in accordance with 16.2 below.

16.2 Nor may an item be considered at any meeting unless:-

- a copy of the agenda including the item (or a copy of the item) has been open to public inspection for at least five clear days before the meeting; or

- by reason of special circumstances, which shall be specified in the minutes and the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency.

17. Order of Business

- 17.1 If the Chair and Vice Chair are absent from any meeting of the Combined Authority, the Members at the meeting shall select a person to preside in accordance with 14.2.
- 17.2 All other items of business will be dealt with in the order specified in the notice of the meeting, except that such order may be varied:-
- at the discretion of the Chair;

18. Rules of Debate

Speeches

- 18.1 The Chair will introduce each item to be considered at the meeting in order they appear on the agenda or such order as it considers best for the effective conduct of the meeting. The Chair may invite an officer or other Member to present the item. Each Member shall then be given an opportunity to speak on the item and the report. The Chair will determine the order in which Members may address the meeting
- 18.2 Unless the Chair decides otherwise, each Member shall speak only once on each item, other than to seek a point of order, a point of personal explanation or where a right of reply is reserved to the Member.
- 18.3 When speaking, a Member shall address the Chair. While a Member is speaking, the other Members shall not speak, unless raising a point of order or a point of personal explanation.
- 18.4 Whenever, during a debate, the Chair rises or issues a clear instruction of the intention, all other Members shall be silent.
- 18.5 Any Member while exercising the right to speak on the item may:-
- Move a motion; or
 - move an amendment to a motion; or
 - move that an item be withdrawn.
- 18.6 A Member who has already spoken on any motion shall not speak on that same motion again while it is the subject of debate, except:-
- (a) to speak once on an amendment moved by another Member;
 - (b) if the motion has been amended since he/she last spoke, to move a further amendment;

- (c) if his/her first speech was on an amendment moved by another Member (whether or not the amendment was carried) but he/she wishes to speak on the main issue;
- (d) in exercise of a right of reply
- (e) on a point of order or by way of personal explanation;
- (f) where the person presiding is of the opinion that it would be prudent to provide an opportunity for clarification to be given or to allow the debate to proceed to an effective conclusion.

18.7 Subject to the outcome of any such motion, once each Member who wishes to speak has done so, the Chair shall move the item, which shall be decided in accordance with article 19.

18.8 When a motion is under debate, no other motion shall be moved except the following procedural motions:-

- (a) to amend the motion;
- (b) to withdraw the motion;
- (c) a closure motion;
- (d) a motion under Standing Order 24 (prevention of disorderly conduct);
- (e) a motion to exclude the public and press;
- (f) to not hear further from a named Member or to exclude them from the meeting (see Standing Order 24).

Motions raised in debate

18.9 A motion shall not be discussed unless it has been moved and seconded.

18.10 When seconding a motion, a Member may reserve his speech until a later period of the debate by declaring his intention to do so.

18.11 The following motions may be moved at any meeting at which they would be in order:-

- (a) to elect a person to preside, in the absence of the Chair and Vice Chair, for the duration of the meeting;
- (b) relating to the accuracy of the minutes;
- (c) to change the order of business;
- (d) to refer a matter to an appropriate body or individual;
- (e) to establish a committee or appoint a Member arising from an item on the agenda for the meeting;
- (f) to receive reports or adopt recommendations of a committee or officer and any relevant resolutions;
- (h) closure motions (see standing order 18.15);
- (i) the suspension of Standing Orders in accordance with the Constitution;
- (j) to exclude the public and press from a meeting where there is likely to be disclosure of exempt or confidential information;
- (k) to give the consent of the Combined Authority where it is required by the Constitution;
- (l) to prevent disorderly conduct

- 18.12 When any motion, notice of which has not been given in writing, has been moved and seconded, the person presiding may require that it shall be put into writing and handed to him before it is further discussed.
- 18.13 With the consent of the meeting, signified without discussion, a Member may:-
(a) alter a motion of which he/she has given notice; or
(b) with the consent of the seconder, alter a motion which has been moved and seconded.
- 18.14 With the consent of the seconder and of the meeting, signified without discussion, the mover of a motion may withdraw it. No Member shall speak on a motion that is withdrawn.

Closure Motions

- 18.15 At the conclusion of a speech by a Member on a motion before the meeting, any other Member may move, without comment, a motion:-
(a) that the meeting proceed to the next business;
(b) that the matter be put to the vote;
(c) that the meeting is adjourned.
- 18.16 If the closure motion is seconded, then the person presiding shall proceed as follows:-
(a) on a motion that the meeting proceed to the next business or that the matter be put to the vote, the person presiding shall first put the closure motion to the vote, without discussion. If this is passed, the mover of the original motion may exercise his right of reply under paragraph 18.18 below, before the original motion is put to the vote;
(b) on a motion to adjourn the meeting, the person presiding shall put the adjournment motion to the vote without discussion and without giving the mover of the original motion his right of reply on that occasion.
If the meeting is not reconvened, the original motion or remaining business shall then stand over as uncompleted business until the next ordinary meeting, unless arrangements have been made for an extraordinary meeting to consider that business or the business is dealt with as a matter of urgency.
(c) Closure motions not seconded shall lapse.
- 18.17 If the person presiding is of the opinion that the matter before the meeting has been sufficiently discussed, he/she may move from the Chair, that the matter be put to the vote.

Right of Reply

- 18.18 The mover of any motion has a right of reply, immediately before the motion is put to the vote. The mover shall speak for no more than 5 minutes.

If an amendment is moved and seconded, the mover of the original motion shall, have a right of reply at the close of the debate on the amendment, of not more than 5 minutes, but he shall not otherwise speak on the amendment.

The mover of an amendment shall have no right of reply to the debate on his/her amendment.

(For the purposes of this paragraph a person who moves an amendment is not moving a motion).

Amendments to Motions

- 18.19 An amendment shall be relevant to the motion and shall either be:-
- (a) to refer the matter to the appropriate body or individual for consideration or reconsideration;
 - (b) to leave out words; or
 - (c) to insert or add other words, but such omission, insertion or addition of words shall not have the effect of simply negating the motion before the meeting.
- 18.20 An amendment shall not be discussed unless it has been moved and seconded.
- 18.21 When seconding an amendment, a Member may reserve his/her speech until a later period of the debate by declaring his/her intention to do so.
- 18.22 No amendment shall be moved to an amendment.
- 18.23 When any amendment has been moved and seconded, the person presiding may require that it shall be put into writing and handed to him before it is further discussed.
- 18.24 With the consent of the seconder and of the meeting, signified without discussion, the mover of an amendment may amend it or withdraw it. No Member shall speak on an amendment that has been withdrawn
- 18.25 Under normal circumstances, only one amendment may be moved and discussed at a time, and no further amendment shall be moved until the amendment under discussion has been disposed of.

However, the person presiding may permit two or more amendments to be discussed together (but not voted upon) if circumstances suggest that this course would facilitate the proper conduct of business, and may direct the order in which such amendments are to be put to the vote.

- 18.26 If an amendment is not carried, other amendments may be moved to the original motion. If an amendment is carried, the motion as amended shall take the place of the original motion and shall become the substantive motion upon which any further amendment may be moved

Previous Decisions and Motions

- 18.27 At a meeting of the Combined Authority, no motion or amendment shall be moved to rescind any resolution of the Combined Authority which was passed within the preceding six months or which has the same effect as one which has been rejected within that period unless:
- (a) it is a recommendation of a committee; or
 - (b) notice of such motion has been given by 5 Members of the Combined Authority under clause [40] (notices of motion).

Motions submitted in the name of a Member

- 18.28 With the exception of clause 18.29 below, any Member appointed by a Constituent or Non-Constituent may give notice of not more than one motion for consideration at any ordinary meeting of the Combined Authority. Such a motion may be considered at the request of that Member without prior reference to a committee.
- 18.29 Where a motion raised by a Member under this Standing Order was deferred from a previous meeting, that Member may still submit a further motion under standing order 18.28 above.
- 18.30 Where the motion seeks to remove the Chair of the Combined Authority from that office, the motion must be supported by at least one-third of the Non-Constituent Members of the Combined Authority and two-thirds of Constituent Members.
- 18.31 The Chair of the Combined Authority may give notice of more than one motion for consideration at any ordinary meeting of the Combined Authority.
- 18.32 Unless the person presiding at any meeting of the Combined Authority is of the opinion that a motion should be considered as a matter of urgency, notice of every motion to be moved at any meeting of the Combined Authority shall:-
- (a) be given in writing and signed by the Member or Members who propose to move the motion;
 - (b) state the date of the Combined Authority meeting at which it is proposed to be moved;
 - (c) be delivered to the Monitoring Officer not later than 12 noon on the eighth working day before the day of the Combined Authority meeting, but not including the day of the meeting itself.

- 18.33 Motions will be listed on the agenda in the order of which notice is received by the Monitoring Officer unless the Member giving notice states in writing that they propose to move it to a later meeting or withdraw it.
- 18.34 The Monitoring Officer shall only accept a notice of motion which relates to those matters for which the Combined Authority has powers and duties and responsibility or which affect the Area of the Combined Authority or part of it or its citizens or a number of them, and shall keep a record of the date and time at which every motion is delivered to him. That record shall be open to inspection by the public for a period of 12 months.
- 18.35 A motion shall only be moved at the relevant meeting by the person who has submitted it or by another member nominated by them where notice of this has been given to the Secretary prior to the commencement of the meeting.
- 18.36 Unless a Member requests otherwise under paragraph 18.1 above, a motion, notice of which has been received, shall stand referred to the appropriate committee to which the subject matter of the motion relates.
- 18.37 Where a Member has given notice of his intention to move a motion under this Standing Order, which relates to any matter which has already been determined by a committee or an officer acting under delegated powers, such a motion shall not seek to amend the decision.
- 18.38 At the close of the debate on the motion, and immediately before it is put to the vote, the mover has a right of reply for not more than 5 minutes.
- If an amendment to the motion is moved and seconded, the mover of the original motion shall have a right of reply on the amendment of not more than 5 minutes, but shall not otherwise speak on the amendment.
- 18.39 Where notice of a motion has been given and has been included on the agenda for a meeting of the Combined Authority, but the motion has not been moved and seconded (for whatever reason) nor deemed to have been referred to a committee that motion shall lapse.
- 18.40 Where a meeting of the Combined Authority is cancelled, postponed or adjourned to a later date any unconsidered motions will be considered at the next ordinary meeting of the Combined Authority or at a later meeting selected by the member proposing the motion.

19. Voting

- 19.1 Any matters that are to be decided by the Combined Authority are to be decided by consensus of the Members where possible.

- 19.2 Where consensus is not achieved the provisions of this section shall apply.
- 19.3 Each Member is to have one vote and no Member including the Chair is to have a casting vote.
- 19.4 Subject to paragraph 19.5 below any question put to a vote will be decided on a show of hands and a decision will require a two thirds majority of Constituent Members appointed by Constituent Authorities present and voting.
- 19.5 Any questions put to a vote concerning the matters set out below shall require a unanimous vote of all Members appointed by Constituent Authorities present and voting:-
- (i) approval of land use plans;
 - (ii) such other plans and strategies as determined by the Combined Authority;
 - (iii) financial matters which may have significant implications on Constituent Authorities' budgets;
 - (iv) approval of borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the Combined Authority;
 - (v) agreement of functions transferred by the Constituent Authorities to the Combined Authority;
 - (vi) any change of voting rights to all or any Member appointed by a Non-Constituent Authority;
 - (vii) approval of specific proposals for individual co-optees to the Combined Authority;
 - (viii) use of general power of competence within the Local Democracy Economic Development and Construction Act 2009, including in relation to spatial strategy, housing numbers and the exercise of any compulsory purchase powers;
 - (ix) establishment of arms-length companies;
 - (x) approval to seek such other powers as may be appropriate and any new powers granted by central government and imposed on the Combined Authority;
 - (xi) material amendments to the Constitution;

(xii) changes to transport matters undertaken by the Combined Authority.

For the avoidance of doubt unanimous will be construed to mean that all Members appointed by Constituent Authorities present and voting, vote in favour of the relevant decision

- 19.6 On the request of any Member of the Combined Authority, supported by two other Members appointed by separate Constituent Authorities before a vote is taken, the voting on any question shall be recorded so as to show whether each Member present gave their vote for, abstained or against that question or did not vote
- 19.7 A Member may demand that his/her vote is recorded in the minutes of the relevant meeting.
- 19.8 The proceedings of the Combined Authority are not invalidated by any vacancy among its Members or any defect in the appointment or qualifications of any Member.
- 19.9 Members appointed by Non-Constituent Authorities will be entitled to vote on the matters set out in standing order 19.10.
- 19.10 Subject to standing order 19.4, Members appointed by Non-Constituent Authorities may vote on the following matters:-
- (i) adoption of growth plan and investment strategy and allocation of funding by the Combined Authority;
 - (ii) the super Strategic Economic Plan strategy along with its implementation plans and associated investment activity being undertaken using funding provided to the Combined Authority;
 - (iii) the grant of further powers from central government and/or local public bodies that impacts on the area of a Non Constituent Authority;
 - (iv) land and/or spatial activity undertaken by the Combined Authority within the area of a Non-Constituent Authority;
 - (v) public Service reform which affects the areas of Non-Constituent Authorities
 - (vi) areas of LEP activity relevant to the Non Constituent Authorities through geographical location or as part of a joint committee;

- (vii) all Combined Authority matters concerned with education, employment and skills, enterprise and business support, access to finance, inward investment, business regulation, innovation, transport, environmental sustainability, housing, economic intelligence, digital connectivity and regeneration;
- (viii) future use of business rate retention funding generated beyond that retained within new and existing Enterprise Zones;
- (ix) specific decisions to bid for and allocate revenue and capital funding provided to the Combined Authority for use in economic development activities;
- (x) investment activity related to transport and connectivity, not funded by the transport levy and current Maintenance and Integrated Transport blocks;

19.11 Any vote including Members appointed by Non-Constituent Authorities will be carried on a simple majority subject to the requirement of standing order 19.4 that there is a majority of two-thirds of Constituent Members.

19.12 All decisions of the Combined Authority should be made in accordance with the following principles:-

- (i) proportionality (meaning the action must be proportionate to the results to be achieved);
- (ii) due consultation (including the taking of relevant professional advice);
- (iii) respect for human rights;
- (iv) presumption in favour of openness and complete transparency;
- (v) clarity of aims and desired outcomes;
- (vi) due consideration to be given to alternative options to guard against any form of predetermination in any decision making process;
- (vii) The public sector equality duty.

20. Point of Order

20.1 A Member may ask to speak on a point of order or in personal explanation. The Member must be allowed to put the point of order or personal explanation immediately and without interruption.

20.2 A point of order shall only relate to an alleged breach of a specified statutory provision, a specified Standing Order or procedural rule, and the way in which the Member raising it considers that it has been broken.

A personal explanation shall be confined to some material part of a former speech by the Member during the meeting which may appear to have been misunderstood or taken out of context.

- 20.3 The ruling of the person presiding, on a point of order or on the admissibility of a personal explanation, shall be final and not challenged at the meeting.

21. Record of Attendance

- 21.1 All Members will ensure that their names are recorded as being present during the whole or part of all meetings.

22. Attendance by Committee or Sub-Committee Chairs

- 22.1 The chair of any of the Combined Authority's committees or sub-committees may be invited to attend and speak at any meeting of the Combined Authority to:-

- present any reports or recommendations of that committee or subcommittee; or
- answer questions about any matter set out in the minutes of that committee or sub-committee; or
- contribute to discussion about any matter which is relevant to the functions discharged by the committee of which they are Chair.

23. Reporting Proceedings

- 23.1 Without prejudice to the Chair's powers in Standing Order 24, and subject to 23.2 and 23.3, any meeting of the Combined Authority is open to the public and any person attending may report on the meeting, and publish or disseminate the recording at the time of the meeting or after the meeting.

- 23.2 The Chair may decide not to permit oral reporting/commentary of the meeting as it takes place if the person reporting or providing the commentary is present at the meeting and such reporting/commentary is judged by the Chair to be disruptive to the meeting itself.

- 23.3 Where the public are excluded from a meeting to prevent the likely disclosure of confidential or exempt information, the Chair may also prevent any person from reporting on that meeting using methods:-

- which can be used without that person's presence, and
- which enable persons not at the meeting to see or hear the proceedings at the meeting as it takes place or later.

- 23.4 Reporting in this context of this Standing Order means:-

- filming, photographing and making an audio recording of proceedings;
- using any other means for enabling people not present to see or hear proceedings at a meeting as it takes place or later; or
- reporting or providing commentary on proceedings at a meeting, orally or in writing so that the report or commentary is available as the meeting takes place or later to persons not present.

24. General Disturbance

24.1 If a general disturbance makes orderly business impossible, the Chair may:-

- adjourn the meeting for as long as they think necessary; or
- call for any part of the meeting room open to the public, to be cleared, if the disturbance is in that part.

24.2 If a member of the public interrupts proceedings, the Chair shall warn the person concerned. If they continue to interrupt, the Chair may order them to be removed from the meeting room.

24.3 If the Chair considers at any meeting that a Member is behaving improperly or offensively, or is deliberately obstructing business, the Chair may move that the Member should not be heard further. If seconded, the motion will be voted on without discussion. If the Member continues to behave in the same way, the Chair may:-

- adjourn the meeting for a specified period; or
- move that the member leaves the meeting (such a motion will be voted on without seconding or discussion).

25. Minutes

25.1 A permanent record of the minutes of each meeting shall be retained by the Combined Authority.

25.2 The minutes of a meeting must be signed at the next meeting of the Combined Authority by the person presiding at that meeting. No discussion shall take place upon the minutes except about their accuracy.

26. Member Conduct

Members shall comply with the Members' Code of Conduct including those relating to registering and disclosing of disclosable pecuniary and other interests.

27. Compliance with the Constitution

- 27.1 All meetings of the Combined Authority will be conducted in accordance with the relevant Standing Orders set out in the Constitution when considering any matter.
- 27.2 All Members and Officers of the Combined Authority will observe the policies set out in the Appendices to this Constitution

28. Review and Revision of the Constitution

- 28.1 The Monitoring Officer will monitor and review the operation of the Constitution on a yearly basis and shall make recommendations for amendments as appropriate, to ensure that the aims and principles of the Constitution are given full effect.
- 28.2 For the avoidance of doubt the Monitoring Officer may carry out any technical/non material amendments to the Constitution

29. Publication of the Constitution

- 29.1 The Monitoring Officer will arrange for electronic copies of the Constitution to be made available to all Members and for public inspection. An electronic copy of the Constitution will also be made available on the Combined Authority's website.

PART 2 – SCRUTINY AND AUDIT

Combined Authority Joint Overview and Scrutiny Committee

1. Governance

- 1.1 The Joint Overview & Scrutiny Committee will act as a Joint Committee under sections 101 and 102 Local Government Act 1972 and s9F Local Government Act 2000 (as amended).

2. Access to Meetings

- 2.1 Normal rules apply as to public access i.e. as a Joint Committee the public has access except for exempt business.
- 2.2 Administration costs will be met by the Combined Authority Levy.

3. Objects of Combined Authority Scrutiny Committee

Appointment of committees

- 3.1 The Combined Authority shall appoint one or more overview and scrutiny committees.
- 3.2 An overview and scrutiny committee may appoint one or more sub-committee and arrange for the discharge of any of its functions by any such sub-committee.

4. Membership

- 4.1 The Combined Authority shall appoint at least one member of each of the Constituent Authorities and the Non-Constituent Authorities to any overview and scrutiny committee provided that provisions is made to ensure that the majority of members on any overview and scrutiny committee are members of the Constituent Councils.
- 4.2 An overview and scrutiny committee may not include any member of the Combined Authority.
- 4.3 The Combined Authority shall appoint at least one substitute member from each Constituent Authority and Non-Constituent Authority.

5. Co-opted Members

- 5.1 The appointment of co-opted members is a matter reserved to the Combined Authority. An overview and scrutiny committee can make recommendations to the Combined Authority on the appointment of co-opted members. Any co-opted member appointed by the Combined Authority can attend and speak at meetings but cannot vote. Co-opted members must comply with the same attendance requirements as the Members.

6. Voting

- 6.1 Each member of an overview and scrutiny committee has one vote.

6.2 All matters coming or arising before an overview and scrutiny committee shall be decided by a majority of the members of the committee present and voting on the question.

6.4 No member of an overview and scrutiny committee has a casting vote. If a vote is tied on any matter it shall be deemed not to have been carried.

All references to the Combined Authority in this standing order should be taken as including a committee of the Combined Authority with authority to consider and respond to reports and recommendations on behalf of the Combined Authority. The Monitoring Officer shall in consultation with the Chair of the overview and scrutiny committee determine whether a report or recommendation shall be considered by a relevant committee or the Combined Authority

7. Chair

7.1 The Combined Authority will appoint the Chair and Vice-Chair of any overview and scrutiny committee.

8. Conflicts of Interest

8.1 No member of an overview and scrutiny committee may scrutinise a decision (whether or not implemented) in which they were directly involved as a member of the decision making body which made that decision.

8.2 Such a member may only attend the overview and scrutiny committee to:-

- make representations;
- answer questions; or
- give evidence about the decision.

9. Quorum

9.1 The quorum for an overview and scrutiny committee meeting will be five (which must include one elected member from five separate Constituent Authorities).

10. Working Groups

10.1 An overview and scrutiny committee may appoint a working group to contribute to and inform the scrutiny process.

11. Work Programme

11.1 Each overview and scrutiny committee will set its own work programme.

12. Requests for Overview and Scrutiny

12.1 The Combined Authority or any of its committees may ask an overview and scrutiny committee to review any matter or assist in developing budget and policy proposals.

12.2 Any member of an overview and scrutiny committee may by notice in writing to the Monitoring Officer requiring an item to be included on the agenda for the next ordinary meeting of that overview and scrutiny committee, providing that the item is within the terms of reference of that overview and scrutiny committee

13. Meetings

13.1 An extraordinary meeting of an overview and scrutiny committee may be called by:-

- the Chair of the committee ; or
- any one member of the committee from at least five separate Constituent Authorities
- the Head of Paid Service .

14. Attendees

14.1 Any overview and scrutiny committee shall have the power to:-

- (i) require Members or officers of the Combined Authority to attend before it to answer questions, or provide information about any matter within its terms of reference;
- (ii) invite other people, including members of the public, to attend meetings of the committee to give evidence.

14.2 Where a committee requires a Member/officer/others to attend, the Monitoring Officer shall inform them in writing giving at least 5 clear working days' notice of the meeting. The notice will state:-

- the date of the meeting they are required to attend;
- the nature of the item; and
- whether they must produce any papers for the committee.

14.3 A Member or officer must comply with any notice they are given.

14.4 Where, in exceptional circumstances, the Member or officer is unable to attend on the required date, the overview and scrutiny committee shall consult with the member or officer to arrange an alternative date.

14.5 A person is not obliged to answer any question which the person would be entitled to refuse to answer in relation to court proceedings.

14.6 Subject to the consent of the Combined Authority to the proposals and arrangements, the overview and scrutiny must publish details of how it proposes to exercise its powers in relation to the review and scrutiny of decisions made but not yet implemented and its arrangements in connection with those powers.

15. Reports and Recommendations

15.1 An overview and scrutiny committee shall have the power to:-

- (i) review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the Combined Authority;
- (ii) make reports or recommendations to the Combined Authority on matters that affect the Combined Authority area or the inhabitants of the area;
- (iii) make reports or recommendations to the Combined Authority with respect to the discharge of any functions which are the responsibility of the Combined Authority.

16.0 Publishing Reports or Recommendations

16.1 The overview and scrutiny committee may publish any report or recommendations.

16.2 In publishing a report or recommendations, the overview and scrutiny committee:-

- must exclude any confidential information; and
- may exclude any relevant exempt information.

16.3 Where information is excluded, the overview and scrutiny committee:-

- may replace so much of the document as discloses the information with a summary which does not disclose that information; and
- must do so if, in consequence of excluding the information, the document published would be misleading or not reasonably comprehensible.

16.4 In the exercise of its functions under standing order 17 of part two of the Constitution the power of the overview and scrutiny committee shall include the doing of anything which is calculated to facilitate, or is conducive or incidental to the discharge of those functions.

17. Notice

17.1 An overview and scrutiny committee may by notice require the Combined Authority within two months of receiving any report or recommendations or (if later) the notice, to:-

- consider the report or recommendations;
- respond to the overview and scrutiny committee indicating what (if any) action the Combined Authority proposes to take;
- publish the response, if the overview or scrutiny committee has published the report or recommendations.

17.2 The Combined Authority shall comply with any notice given under standing order 16.1 of part 2 of the Constitution

18.0 Publishing a Response

18.1 In publishing the response, the Combined Authority:-

- must exclude any confidential information; and
- may exclude any relevant exempt information.

18.2 Where information is excluded, the Combined Authority:

- may replace so much of the document as discloses the information with a summary which does not disclose that information; and

if, in consequence of excluding the information, the document published would be misleading or not reasonably comprehensible.

19. Call-in of Authority and Committee Decisions

19.1 Publishing Decisions

19.1. The Monitoring Officer shall publish details of the decisions of the Combined Authority and its committees on its website and provide notice of those details to all Members appointed under standing order 5.1 of part two of the Constitution no later than the close of business on the third a clear working day following the day of the meeting at which the decision was made.

20. Scope

20.1 With the exception of any decision which the Combined Authority or a committee has formally resolved is urgent, any decision of the Combined Authority may be called-in for scrutiny.

21. Implementing Decisions

- 21.1 A decision on a matter dealt with under the urgency provisions contained in this Constitution or otherwise resolved by the Combined Authority or a committee to be urgent may be implemented immediately.
- 21.2 Any other decision of the Combined Authority or its committee of the Combined Authority may be implemented after 5.00pm of the fifth clear working day after the publication of the decision under standing order 19.1 of part two of the Constitution, unless it is called-in.

22. Process

- 22.1 Five members of the overview and scrutiny committee to include at least one member from five different Constituent Authorities may call-in a decision of the Combined Authority for scrutiny by notifying the Monitoring Officer.
- 22.2 On receipt of a call-in request, the Monitoring Officer shall:-
- notify the members of the Combined Authority or it's Committee of the call-in; and
 - call a meeting of the overview and scrutiny committee, to scrutinise the decision.

23. Scrutinising the Decision

- 23.1 An overview and scrutiny committee must scrutinise the decision within 10 clear working days of the Monitoring Officer receiving the request for call-in. If it does not meet within this time or does not conclude its scrutiny of the decision, the decision will automatically take effect at the end of the period.
- 23.2 Where an overview and scrutiny committee has scrutinised a decision, it may:-
- endorse the decision; or
 - refer the decision back to the Combined Authority or committee for reconsideration, setting out, in writing the nature of its concerns.
- 23.3 A decision which has been endorsed by an overview and scrutiny committee may be implemented immediately
- 23.4 Where a decision has been referred back under standing order 23.2 of part two of the Constitution above, the Combined Authority or the committee shall reconsider the decision at its next ordinary meeting or at such earlier meeting as may be called to deal with the referral or dealt with under the urgency provisions within the Conisation, where the matter becomes urgent.
- 23.5 A decision will be urgent if any delay likely to be caused by the call in process would seriously prejudice the Combined Authority's, Constituent Authorities' or the public's interests.

- 23.6 A decision which has been recommended for re-consideration may not be implemented, except in accordance with standing order 24 below.

24. Re-considering the Decision

- 24.1 The Chair of the overview and scrutiny committee or their nominee may attend the meeting which is re-considering the decision, to present the report or recommendations.
- 24.2 The Combined Authority or it's Committees may confirm, amend or rescind the decision.
- 24.3 A decision which has been confirmed or amended may be implemented immediately.

25. Linking Sub-regional Scrutiny with Local Scrutiny

- 25.1 The scrutiny officer of each Constituent Authority and Non-Constituent Authority will ensure that the work programme and minutes relating to the work carried out by any overview and scrutiny committee are circulated appropriately within their own Constituent Authorities and Non-Constituent Authorities scrutiny arrangements.

26 Audit Committee

- 26.1 The Combined Authority will establish an Audit Committee.

26.1 Composition

(a) Membership.

The Audit Committee will be composed of:

- Four members of separate Constituent Authorities and three members of Non-Constituent Authorities who are not members of the Combined Authority or any of its other committees or sub-committees; and
- One person appointed by the Combined Authority who is not a Member or officer of the Combined or an elected member or officer of any of the Constituent Authorities (Independent Member).

And "Internal Audit" shall be construed as those officers charged with carrying out its functions

(b) Independent Member.

The Independent Member will not be entitled to vote at meetings.

(c) Chairing the Committee.

The Combined Authority will appoint the Independent Member as Chair of the Committee. In the absence of the appointed Chair, the Committee will be chaired as determined by the Committee.

(d) **Quorum.**

The quorum for the Audit Committee shall be five (of whom at least one must be the Independent Member), provided that the Independent Member is not prevented or restricted from participating by virtue of the Combined Authority Code of Conduct.

(e) **Questions at Meetings of the Combined Authority.**

The Committee will appoint one of its elected Members for the purpose of answering questions at meetings of the Combined Authority on the discharge of the Committee's functions.

26.2 Functions

The Combined Authority has delegated to the Audit Committee the following powers to deal with matters concerning internal audit and the Combined Authority's Audit Committee has the following role and functions:

GENERAL

- a. Reviewing and scrutinising the combined authority's financial affairs.
- b. Reviewing and assessing combined authority's risk management, internal control and corporate governance arrangements.
- c. Reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the combined authority's functions and
- d. Making reports and recommendations to the combined authority in relation to reviews conducted under paragraphs (a),(b) and (c)

26.4 Delegation

The Audit Committee may appoint one or more sub-committees for the purpose of discharging any of the Committee's functions. Any such sub-committee shall be chaired as determined by the Committee and shall have a quorum of three.

PART 3 - COMBINED AUTHORITY PROCEDURES

1. Inspection of Land, Premises etc

- 1.1 A Member of the Combined Authority shall not issue any order respecting any works which are being carried out by or on behalf of the Combined Authority or claim by virtue of his/her membership of the Combined Authority any right to inspect or to enter upon any lands or premises which the Combined Authority has the power or duty to inspect or enter.

2. Canvassing of Members

- 2.1 Canvassing of Members directly or indirectly for any appointment under the control of the Combined Authority shall disqualify the candidate concerned for the appointment.
- 2.2 A Member shall not solicit for any person any appointment under the control of the Combined Authority but this shall not preclude a Member from giving a written testimonial of a candidate's ability, experience or character for submission with an application for employment.

3. Relatives of Members or Officers

- 3.1 A candidate for any appointment who knows that he/she is related to any Member or officer of the Combined Authority shall when making application, disclose that relationship to the officer to whom the application for appointment is required to be submitted. A candidate who fails to disclose such relationship will be disqualified from the appointment and if appointed, shall be liable to dismissal without notice. Every Member or officer shall disclose to the officer concerned any relationship known to him/her to exist between himself/herself and any person whom he/she knows is a candidate for appointment. The officer concerned shall report to the Combined Authority any such disclosures made to him/her.

4. Inspection of Minutes and Documents

- 4.1 Without prejudice to any rights which arise as an elector or member of the public, a Member may, for the purpose of his/her duty as such Member, but not otherwise, on application to the Monitoring Officer, inspect the minutes of the Combined Authority and any document which has been considered by the Combined Authority and shall on request be supplied for the like purposes with a copy of such a document, provided that a Member shall not knowingly call for a copy of any document relating to a matter in which he/she has a Personal Interest as defined in the Combined Authority's Code of Conduct for Members, and that this shall not preclude the Monitoring Officer from declining to allow inspection of any document which is, or in the event of legal proceedings would be, protected by privilege arising from the relationship of solicitor and client.

5. Petitions

- 5.1 Any petition received by the Combined Authority shall be referred to the appropriate meeting to determine or make recommendations in accordance with the scheme of delegation set out in this Constitution. The Combined Authority may also set a threshold for petition signatories, and such petitions containing less than this threshold number may automatically be an appropriate body, for determination without the matter being first considered by the Combined Authority

6. Variation and Revocation of Standing Orders

- 6.1 Any addition, variation or revocation to these Standing Orders shall when proposed and seconded stand adjourned without discussion to the next meeting of the Combined Authority. Provided that this Standing Order shall not apply to any review of Standing Orders at the annual meeting of the Combined Authority.

7. Suspension of Standing Orders

- 7.1 Any Standing Order may be suspended at a meeting of the Combined Authority where such suspension is moved as regards any business at the meeting and approved by a majority of the Members at the meeting.

8. Committees, Sub-Committees and Working Groups of the Combined Authority

- 8.1 The Combined Authority shall, at its Annual Meeting, appoint the Chairs of, and approve terms of reference for, such Committees, Sub-Committees and Working Groups as are deemed necessary to conduct the business of the Combined Authority in the forthcoming year.
- 8.2 Where a new Committee, Sub-Committee or Working Group is established during the year, or a casual vacancy occurs in the position of Chair of a Committee, Sub-Committee or Working Group, the meeting of the Combined Authority that establishes the new Committee, Sub-Committee or Working Group, or the meeting of the Combined Authority following the vacancy occurring (as the case may be), shall appoint the Chair of the Committee, Sub-Committee or Working Group.
- 8.3 The Chair and Vice-Chair of every Committee, Sub-Committee or working group shall be authorised to carry out any necessary duties (including attendance at meetings with officers) which are related to the discharge of powers or duties of such Committee, Sub-Committee or Working Group.
- 8.4 Standing Orders shall, with any necessary modifications, apply to meetings of Committees, Sub-Committees or Working Groups.
- 8.5 Subject to any statutory provision or to any resolution (including any such resolution as requires a decision of one Committee, Sub-Committee or Working

Group to be considered or approved by another committee) and to the provisions of this Standing Order, powers and duties allocated to any committee shall be delegated to and exercisable on behalf of the Combined Authority by that committee.

- 8.6 Every delegation to a Committee, Sub-Committee or Working Group of any power or duty shall be subject to any general or special instructions given by the Combined Authority to the Committee, Sub-Committee or Working Group as to how the power or duty shall be exercised or discharged.
- 8.7 The powers and duties allocated to a Committee, Sub-Committee or Working Group, in so far as they are not delegated powers and duties of that committee, shall be exercised by the committee subject to confirmation of their decisions by the Combined Authority.
- 8.8 Any decision of a committee with regard to a power or duty which is not delegated to that committee shall be taken as recommendation to the Combined Authority and shall be submitted to the Combined Authority for its consideration and decision.
- 8.9 The minutes of a meeting of a Sub-Committee shall be submitted to the next convenient meeting of the Committee by which it was appointed and no act of a Sub-Committee shall have effect until approved by that Committee.
- 8.10 Any member of a Committee, Sub-Committee or Working Group may appoint any other Member to attend and act on their behalf at a meeting which they are unable to attend and shall have notified the Monitoring Officer accordingly before the relevant meeting.

9. Common Seal

- 9.1 The Common Seal of the Combined Authority shall be kept in the custody of the Monitoring Officer and the affixing of the Common Seal shall be attested by the Monitoring Officer or a person nominated by him/her.
- 9.2 A decision of the Combined Authority shall be sufficient authority for the sealing of any document necessary to give effect to the decision.
- 9.3 A record of every sealing of a document of which the Common Seal shall have been affixed shall be made and shall be signed by the person who has attested the Common Seal.
- 9.4 Common Seal of the Combined Authority shall be affixed to those documents which in the opinion of the Monitoring Officer require to be sealed.

10. Signing of Agreements and Contracts etc

- 10.1 The Monitoring Officer is the agent of the Combined Authority to sign all formal written agreements and contracts entered into by the Combined Authority or by a Committee which has the power to act on behalf of the Combined Authority.

11. Adoption of Financial Regulations

- 11.1 The Combined Authority shall adopt Financial Regulations which shall be observed by all committees, Members and officers.

12. Interpretation

- 12.1 The decision of the Chair of the meeting on the question of the construction of the Standing Orders and on any question of order not provided for by the Standing Orders shall be final.
- 12.2 The inclusion or exclusion of any specific matters in any other regulation or resolution shall not be construed as limiting in any way the scope of these Standing Orders.
- 12.3 In these Standing Orders where the context so requires, reference to the Combined Authority shall mean the Combined Authority itself or acting through its committees or other committees exercising delegated powers.

13. Standing Orders to be Given Members

- 13.1 A copy of the Combined Authority's Standing Orders and Financial Regulations shall be given by the Monitoring Officer to every Member on his/her first being appointed to the Combined Authority.

PART 4 - CODES AND PROTOCOLS

Code of Conduct for Members

Code of Conduct for Officers

Protocol for Member/Officer Relations

Anti-Fraud and Corruption Policy and Procedures

Guidance for Members and Officers on Publicity in the Pre-Election Period

Access to Information Procedure Rules

Monitoring Officer Protocol

Protocol of Recording and Filming of Meetings and the Use of Social Media

CODE OF CONDUCT FOR MEMBERS

I being a member of the West Midlands Combined Authority hereby declare that I will undertake my duties as follows:

1. I will represent the community and work constructively with our staff and partner organisations to secure better social, economic and environmental outcomes for all.
2. As a holder of public office, and as required by law, I will behave in a manner that is consistent with the following principles to achieve best value for our residents and maintain public confidence in the Combined Authority:

SELFLESSNESS: I will act solely in terms of the public interest. I will not act in such a way as to gain financial or other material benefits for myself, my family, or my friends.

INTEGRITY: I will not place myself under any financial or other obligation to outside individuals or organisations that might seek to influence me in the performance of my official duties.

OBJECTIVITY: I will make choices on merit, in carrying out public business, including when making public appointments, awarding contracts, or recommending individuals for rewards and benefits.

ACCOUNTABILITY: I am accountable for my decisions and actions to the public and must submit myself to whatever scrutiny is appropriate to my office.

OPENNESS: I will be as open as possible about all the decisions and actions I take. I will give reasons for my decisions and restrict information only when the wider public interest or the law clearly demands.

HONESTY: I will declare any private interests relating to my public duties and take steps to resolve any conflicts arising in a way that protects the public interests.

LEADERSHIP: I will promote and support these principles by leadership and example.

3. As a member of the Combined Authority I will act in accordance with the principles in paragraph 2 and, in particular, I will:-
 - (i) champion the needs of residents - the whole community and all my constituents, including those who did not vote for me - and put the public interest first;

- (ii) deal with representations or enquiries from residents, members of our communities and visitors fairly, appropriately and impartially;
- (iii) not allow other pressures, including the financial interests of myself or others connected to me, to deter me from pursuing constituents' casework, the interests of the West Midlands region or the good governance of the Combined Authority in a proper manner;
- (iv) exercise independent judgement and not compromise my position by placing myself under obligations to outside individuals or organisations who might seek to influence the way I perform my duties as a Member;
- (v) listen to the interests of all parties, including relevant advice from statutory and other professional officers, take all relevant information into consideration, remain objective and make decisions on merit;
- (vi) be accountable for my decisions and cooperate when scrutinised internally and externally, including by local residents;
- (vii) contribute to making the Combined Authority's decision-making processes as open and transparent as possible to ensure residents understand the reasoning behind those decisions and are informed when holding me and other members to account, but restricting access to information when the wider public interest or the law requires it;
- (viii) behave in accordance with all my legal obligations, alongside any requirements contained within the Combined Authority's policies, protocols and procedures, including on the use of the Combined Authority's resources;
- (ix) value my colleagues and staff and engage with them in an appropriate manner and one that underpins the mutual respect between us that is essential to good local government;
- (x) always treat people with respect, including the organisations and public I engage with and those I work alongside;
- (xi) provide leadership through behaving in accordance with these principles when championing the interests of the community with other organisations as well as within this Combined Authority.

4. Gifts and Hospitality

I will, within 28 days of receipt, notify the Monitoring Officer in writing of any gift, benefit or hospitality with a value in excess of £100 which I have accepted as a member from any person or body other than the Authority.

I acknowledge that the Monitoring Officer will place my notification on a public register of gifts and hospitality.

I am aware that this duty to notify the Monitoring Officer does not apply where the gift, benefit or hospitality comes within any description approved by the Combined Authority for this purpose.

5. Register of Interests

I will:-

- (i) register and, where appropriate, disclose those disclosable pecuniary interests that I am obliged to declare under the Localism Act 2011 and associated regulations;
- (ii) register details of my membership of any organisation or body whose rules or requirements of membership could be regarded as suggesting a degree of loyalty to that organisation or body. I acknowledge that this could arise by reason of an organisation having an obligation of secrecy about its rules, its membership or conduct and/or a commitment of allegiance or support to that organisation or body. I understand that such organisations or bodies may or may not be charitable concerns and they may also have a local, regional, national or international aspect;
- (iii) register details of my membership of any trade union within the meaning of Section 1 of the Trade Union and Labour Relations (Consolidation) Act 1992.

I will do this by completing, signing and submitting the prescribed form to the Monitoring Officer. I will keep the register updated and acknowledge that its contents will be published on the Combined Authority's website and will be open to the public to inspect.

6. Disclosable Pecuniary Interests Entered on the Register

I understand that if I am present at a meeting of the Combined Authority and:-

- (i) I am aware that I have a disclosable pecuniary interest under paragraph 5 above in any matter to be considered or being considered at the meeting; and
- (ii) the interest is entered in the Combined Authority's register.

I may not participate in any discussion or further discussion of an item of business or in any vote or further vote taken on that item which affects or relates to the subject matter in which I have such an interest, and I will leave the room where the meeting is held while any discussion or voting takes place.

7. Disclosable Pecuniary Interests NOT Entered on the Register

I understand that if I am present at a meeting of the Combined Authority and:-

- (i) I am aware that I have a disclosable pecuniary interest under paragraph 5(a) above in any matter to be considered or being considered at the meeting; and
- (ii) the interest is not entered in the Combined Authority's register.

I must disclose the interest to the meeting. Furthermore, I may not participate or further participate in any discussion of the matter at the meeting or participate in any vote or further vote taken on the matter at the meeting and I will leave the room where the meeting is held while any discussion or voting takes place.

I also understand that if an interest referred to in 7 above is not entered on the Combined Authority's register and is not the subject of a pending registration, I must notify the Monitoring Officer of the interest within 28 days of the date of the disclosure.

8. Other Relevant Interests

I understand that if I have an Other Relevant Interest (which is not a disclosable pecuniary interest) in any matter to be considered or being considered at the meeting) where:-

- (i) a decision in relation to that matter might reasonably be regarded as affecting the well-being or financial standing of me or a member of my family or a person with whom I have a close association, or an organisation or body under standing order 5(ii) and 5(iii) of this Code of Conduct above, to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which I have been elected or otherwise of the Combined Authority's administrative area; and
- (ii) the interest is one that a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest.

I acknowledge that if I have an Other Relevant Interest as described above:-

- (i) I will make a verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent; and

- (ii) I will not participate in any discussion or further discussion of an item of business or in any vote or further vote taken on that item which affects or relates to the subject matter in which I have an Other Relevant Interest at any meeting at which I am present and I will leave the room where the meeting is held while any discussion or voting takes place.

Signed:

Full name:

Date:

CODE OF CONDUCT FOR OFFICERS

1. Introduction

- 1.1 The public is entitled to expect the highest standard of conduct from all officers who work for the Combined Authority. The aim of this code is to lay down guidelines for officers that will help maintain and improve standards and protect officers from misunderstanding and criticism. The Code of Conduct incorporates the principles defined by the Nolan Committee's first report on standards in public life.
- 1.2 This Code of Conduct sets out guidelines that maintain the highest standards of propriety. If officers are in any doubt over any issue, e.g. whether or not to accept a gift or offer of hospitality, they should consult their manager. However, ultimate responsibility rests with the individual officer, who must at all times be able to justify their actions and be able to refute any allegations of impropriety.

2. Standards

- 2.1 The Combined Authority's officers are expected to give the highest possible standard of service to the public and, where it is part of their duties, to provide appropriate advice to Members and fellow officers with impartiality and in an objective manner. Officers will be expected, through agreed procedures and without fear of recrimination, to bring to the attention of the appropriate level of management any deficiency in the provision of service.

3. Open Government and Disclosure of Information

- 3.1 Officers can help contribute towards the achievement of open government. They must not restrict anyone exercising a right to access information and should be aware of what Combined Authority information is open to the public.
- 3.2. Officers must not use any information obtained in the course of their employment for personal gain or benefit, nor should they pass it on to others who might use it in such a way.

- 3.3 The confidentiality of the Combined Authority's business shall be maintained and officers shall not convey information to external persons or bodies for personal gain, or to compromise the integrity of the Combined Authority.

4. Equal Opportunity Issues

- 4.1 Officers must ensure that the Combined Authority's policies relating to equality and equal opportunity are followed in addition to the requirements of the law. All members of the community, customers and colleagues have a right to be treated with fairness and equity.

5. Appointments

- 5.1 Where officers are involved in appointments they must do so on the basis of merit and comply with the Combined Authority's Recruitment and Selection Policy as amended from time to time. In particular, officers involved in appointments must ensure that these are made on the basis of merit.
- 5.2 Officers should not be involved in an appointment where they are related to an applicant, or have a close personal relationship outside work with them. Similarly, officers should not be involved in decisions relating to discipline promotion or pay adjustments for any other employee who is a relative, partner, etc.

6. Political Neutrality and Working with Members

- 6.1 Mutual respect between officers of the Combined Authority and Members is essential to good local government. Close personal familiarity can damage that relationship and prove embarrassing to both colleagues and Members.
- 6.2 Whether or not an officer's post is politically restricted, they must follow every lawfully expressed policy of the Combined Authority and not allow their personal or political opinions to interfere with their work. Where they are required to give advice to Members and colleagues, it should be done with impartiality and in a way that does not compromise their political neutrality.

7. Service Provision

- 7.1 Each officer should understand the law governing their service and inform their manager or the Monitoring Officer of any impropriety, breach of procedure, unlawfulness or maladministration.

8. Authority Property and Use of Facilities

- 8.1 The use of public funds is entrusted to officers in a responsible and lawful manner, ensuring value for money for the local community.

- 8.2 Officers must use Combined Authority facilities only for Combined Authority business and respect the intellectual property of the Combined Authority which must not be used for personal gain or benefit. Officers must follow any Combined Authority rules on the ownership of intellectual property or copyright created during their employment.

9. Information Technology and Data Security

- 9.1 Officers should ensure that they follow any requirements relating to security procedures when using computers and when storing and managing data.

10. Indemnification of Officers

- 10.1 Officers will be indemnified from personal legal action against them when acting in good faith in the discharge of their duties.

11. The Media

- 11.1 Unless required to do so in the course of their work an officer must not deal direct with the press or the media.

12. Contracts and Contractors

- 12.1 An officer must not seek or accept any gift or personal inducement in connection with the procurement of works, goods or services. Attempts to bribe or corrupt you in connection with the award of contracts must be reported to the appropriate officer.
- 12.2 Officers should inform their manager about relationships of a business or private nature with external contractors or potential contractors.
- 12.3 Officers must follow the rules relating to procurement and the award of contracts at all times. In particular, officers must exercise fairness and impartiality when dealing with suppliers and contractors.
- 12.4 Officers who are privy to confidential information on tenders or costs of external contractors must not in any circumstances disclose that information to any unauthorised party or organisation, in particular, to any other external contractors or tenderers.
- 12.5 Officers must ensure that no special favour is shown to current or former officers or their partners, close relatives or associates.

13. Sponsorship

- 13.1 Where the Combined Authority wishes to sponsor an event, officers must ensure that they, their partner, or relative, do not benefit in any way from such sponsorship without full disclosure to their manager or the Monitoring Officer.

14. Hospitality and Gifts

Hospitality

- 14.1 Officers must only accept offers of hospitality for a genuine business reason such as a need to impart information or represent the Combined Authority in the community. In all cases you should be able to justify the arrangements as being in the interests of the Combined Authority.
- 14.2 The criteria that should be considered in determining whether or not you should accept hospitality include the scale and the location of hospitality offered and whether it can be justified as in furthering the interests of the Combined Authority. An officer must always be able to justify his/her actions as being in the best interests of the Combined Authority.
- 14.3 Offers to attend sporting, cultural or arts events should only be accepted if the purpose of attendance is to assist the Combined Authority in building good relationships or networking with local organisations that will better enable it to carry out the policies of the Combined Authority and if there are good reasons for the Combined Authority to be seen to be represented at the event.
- 14.4 Acceptance by officers of hospitality through attendance at relevant conferences and courses is acceptable where it is clear the hospitality is corporate rather than personal. Where visits to inspect equipment, etc. are required as part of the procurement process, officers must ensure that the arrangements for such visits do not jeopardise the integrity of the subsequent purchasing decision.
- 14.5 When hospitality has to be declined those making the offer should be courteously but firmly informed of the procedures and high standards and integrity expected of the Combined Authority's officers.

Hospitality Provided by the Combined Authority

- 14.6 It is recognised that some of the operations of the Combined Authority are of a commercial character and that business is conducted in circumstances where the provision of hospitality is accepted practice.
- 14.7 When providing such hospitality officers must have particular regard to the principles of public accountability and to the public image of the Combined Authority. This means such hospitality must be provided on an appropriate scale that merits the occasion and within approved budget provision.

Gifts

- 14.8 Officers, or their families or partners with the officer's knowledge must not accept significant personal gifts in terms of value from contractors and outside suppliers. The Combined Authority will allow officers to keep insignificant items of token value such as pens, diaries, etc. provided that the officer notifies their line manager that they have received such a gift and its receipt is recorded. All significant gifts, loans of goods, money or assets, bottles of wine or spirits,

prizes and other benefits in kind should be declined. Gifts delivered must be returned to the sender with an appropriately worded letter.

- 14.9 All trips, free travel, holidays, accommodation including payment of hotel bills and use of company cars/executive jets at the expense of contractors must be regarded as unacceptable.

15. Personal Interests: Financial and Non-Financial

- 15.1 An officer must declare any financial interests which could conflict with the Combined Authority's interests to their manager or the Monitoring Officer.
- 15.2 Non-financial interests which could be considered to bring about conflict with the Combined Authority's interests should also be declared e.g. membership of outside bodies in a personal capacity.
- 15.3 Officers should be mindful not to place themselves in a situation where involvement in outside bodies could compromise their continuing professional duty to the interests of the Combined Authority.
- 15.4 When serving on outside bodies as a Combined Authority appointee, an officer will of course be expected to represent and promote the Combined Authority's interests and policies as the circumstance dictate.
- 15.5 Officers should also declare membership of any organisation which is not open to the public, has no formal membership and has commitment of allegiance and which has secrecy about its rules, membership or conduct.

16. Disciplinary Matters

- 16.1 Failure to follow this Code of Conduct may amount to misconduct or gross misconduct and may lead to disciplinary action being taken against the officer.

PROTOCOL FOR MEMBER AND OFFICER RELATIONS

1. Introduction

- 1.1 The purpose of this Protocol is to guide Members, its committees and joint committees and Officers of the Authority, and of Constituent Authorities providing services to the Combined Authority, its committees and joint committees in their relations with one another.
- 1.2 In this Protocol, references to Members include references, where appropriate, to members of its committees and joint committees and, references to officers of the Combined Authority include references where appropriate to officers of the Constituent Authorities who provide services to the Combined Authority, its committees and joint committees.
- 1.3 Given the variety and complexity of such relations, this protocol does not seek to be either prescriptive or comprehensive. It seeks to offer guidance on some of the issues which most commonly arise. It is hoped, however, that the approach which it adopts to these issues will serve as a guide to dealing with other issues.
- 1.4 This protocol is to a large extent a written statement of usual practice and convention. It seeks to promote greater clarity and certainty. If the Protocol is followed it should ensure that Members receive objective and impartial advice and that officers are protected from accusations of bias and any undue influence from Members.
- 1.5 It also seeks to reflect principles underlying the respective codes of conduct which apply to Members and officers. The shared object of these codes is to enhance and maintain the integrity (real and perceived) of local government and they therefore demand very high standards of personal conduct. This Protocol should be therefore be read in conjunction with the Members' and officers' Codes of Conduct that apply from time to time and any guidance issued by the the Monitoring Officer.
- 1.6 The following basic principles are seen to be fundamental to continuing good relations between Members and officers.

2. PRINCIPLES

Respective Roles

- 2.1 Both Members and officers are servants of the public but their responsibilities are distinct. Members are responsible to the electorate and their appointing Constituent Authorities or Non-Constituent Authorities and serve only so long as their term of office lasts. Officers are responsible to the Combined Authority, its committees and joint committees. Their job is to give advice to Members and the Combined Authority and to carry out work under the direction and control of the Combined Authority, its committees and joint committees and to support the Combined Authority in the exercise of its functions

Mutual Respect

- 2.2 Members and officers should recognise that they each have an essential role to play in the success of the Combined Authority and they should each seek to achieve the Combined Authority's stated objectives and aims.
- 2.3 Both Members and officers will develop a relationship based on mutual respect and support. This is essential to achieving effective working relationships. Therefore, it is important that any dealings between Members and officers should observe reasonable standards of courtesy and that neither party should seek to take unfair advantage of their position or seek to exert undue influence on the other party.
- 2.4 The Chair and Vice-Chair of the Combined Authority have important roles in representing the Combined Authority and are entitled to particular respect from officers and Members.

Personal Relationships

- 2.5 Members and officers need to understand the limitation of undue close personal familiarity and personal friendship. Both Members and officers should consider how any such relationship may be perceived by others.
- 2.6 There will however be situations where such relationships arise between officers and Members, for example through marriage, direct family connection or a close and long standing friendship. Such relations must always be disclosed, when relevant to the Combined Authority business.
- 2.7 Where such a personal relationship does exist, the officer should avoid professional contact with the Member concerned on any matter where a personal relationship may be perceived by others to affect the conduct or judgement of the officer or Member concerned. Furthermore, officers should avoid discussing within the context of a personal relationship any information of a private or personal and confidential nature which they become aware of in the course of their duties.

Concerns about Conduct or Capability

- 2.8 Members should avoid making personal attacks on officers and avoid undermining respect for officers in public meetings of whatever kind. Likewise a Member should not raise matters relating to the conduct or capability of an officer at meetings held in public or before the press. Complaints can be made about the performance or ability of officers to the Head of Paid Service or to the Monitoring Officer.
- 2.9 If either a Member or an officer has a complaint about the conduct of the other such complaint should be made to the Monitoring Officer and not to the complainant direct.

Standards

- 2.10 In carrying out their duties, Members and officers should have regard to their respective codes of conduct, internal policies/procedures, procedure rules and statutory provisions.
- 2.11 Members and officers will avoid any actions which could be perceived as being designed to achieve personal as opposed to the Combined Authority objectives.

3. Officer Support to the Combined Authority

Political Neutrality

- 3.1 Officers are responsible to the whole Combined Authority and are required to act accordingly. Officers will be expected to discharge their responsibilities without political bias or favour. Advice to political groups must be given in such a way as to avoid compromising an officer's political neutrality and advice must be confined to Combined Authority business.
- 3.2 Relationships with particular individuals or party political groups should not be such as to create public suspicion that an officer favours that Member or group above others. Officers must not be involved in advising in matters of party business.

Officer Support for Members

- 3.3 Officers must act in the best interests of the Combined Authority, its committees and joint committees as a whole and must not give politically partisan advice.
- 3.4 Close personal familiarity between individual Members and officers can damage professional relationships and can prove embarrassing to other Members and officers. Situations should be avoided therefore that could give rise to the appearance of improper conduct or behaviour.
- 3.5 The following key principles reflect the way in which officers generally relate to Members:-
- officers undertaking work for the Combined Authority are accountable to the Combined Authority through the Head of Paid Service;
 - support from officers is needed for all the Combined Authority's functions including full Combined Authority, its committees and joint committees, individual Members representing their communities etc;
 - day-to day managerial and operational decisions should remain the responsibility of the Head of Paid Service and other officers.

- 3.6 Officers undertaking work for the Combined Authority are accountable to the Head of Paid Service and whilst officers should always seek to assist a Member, they must not, in so doing go beyond the bounds of whatever authority they have been given by the Head of Paid Service.

Officer Advice to Party Groups

- 3.7 It must be recognised by all officers and Members that in discharging their duties and responsibilities, officers serve the Combined Authority as a whole and not any political group, combination of groups or any individual Member. The assistance provided by senior officers can take many forms ranging from a briefing meeting with a Member, Chair or other Members prior to a meeting, to a presentation, to a full political group meeting. It is an important principle that such assistance is available to all political groups and individual Members.

Attendance at Party Political Group Meetings

- 3.8 It is common practice for party groups to give preliminary consideration to matters of Combined Authority business in advance of such matters being considered by the relevant decision making body. Senior officers may properly be called upon to assist and contribute to such deliberations by party groups but must at all times maintain political neutrality. All officers must, in their dealings with political groups and individual Members, treat them in a fair and even-handed manner.
- 3.9 Attendance at meetings of party groups is voluntary for officers and must be authorised by the Head of Paid Service..
- 3.10 Certain points must, however, be clearly understood by all those participating in this type of process, Members and officers alike. In particular:-
- (i) officer assistance must not extend beyond providing information and advice in relation to matters of Combined Authority business. Officers must not be involved in advising on matters of party business. Internal party debates and decision making should take place in the absence of officers;
 - (ii) party group meetings, whilst they form part of the preliminaries to Combined Authority decision making, are not formal decision making bodies of the Combined Authority and are not empowered to make decisions on behalf of the Combined Authority. Conclusions reached at such meetings do not therefore rank as Combined Authority decisions and it is essential that they are not interpreted or acted upon as such; and
 - (iii) similarly, where officers provide information and advice to a party group meeting in relation to a matter of Combined Authority business, this cannot act as a substitute for providing all necessary information and advice to the relevant Combined Authority decision making body when the matter in question is considered.

- 3.11 Special care needs to be exercised whenever officers are involved in providing information and advice to a party group meeting which includes persons who are not Members. Such persons are not bound by the Combined Authority's Code of Conduct for Members (in particular, the provisions concerning the declaration of interests and confidentiality). Officers would not be able to provide the same level of information and advice as they would to a Member only meeting.
- 3.12 Officers must respect the confidentiality of any party group discussions at which they are present. When information is disclosed to an officer during discussions with a party group that information should not be passed on to other groups. However, Members should be aware that this would not prevent officers from disclosing such information to other officers of the Combined Authority so far as that is necessary to performing their duties.
- 3.13 Any particular cases of difficulty or uncertainty in this area of officer advice to party groups should be raised with the Head of Paid Service who will discuss them with the relevant group leader(s).

4. Other Matters

Media

- 4.1 Officers and Members will in making decisions on publicity, take account of the provisions of the Code of Recommended Practice on Local Authority Publicity and any further guidance issued by the Head of Paid Service. If in doubt officers and/or Members should seek advice from the Head of Paid Service or the Monitoring Officer.
- 4.2 All press releases are issued through the Head of Paid Service on behalf of the Combined Authority. Press releases are not issued by the Combined Authority on behalf of political groups. They can contain the comments of Members where they are speaking in connection with the roles given to them by the Combined Authority. Officer's comments can be included on professional and technical issues.

Recruitment

- 4.3 Members shall only be involved in appointments for certain specified senior posts. Members must not seek to influence the appointment of other officers. It is unlawful to make an appointment based on anything other than the ability to undertake the duties of the post.

Members' Access to Information and to Combined Authority Documents

- 4.4 Members have various statutory and common law rights to inspect Combined Authority documents.
- 4.5 A Member must not disclose information given to him in confidence by anyone or information acquired which they believe is of a confidential nature, without

the consent of a person authorised to give it, or unless they are required by law to do so. Also they must not prevent another person from gaining access to information to which that person is entitled by law. A breach of these requirements is a breach of the code of conduct.

5. Guidance and Monitoring

- 5.1 Further guidance to officers and Members on Combined Authority Member/Officer relations and particularly on the matters set out in this protocol is available from the Monitoring Officer.
- 5.2 Questions of interpretation of this Protocol will be determined by the Monitoring Officer.

ANTI-FRAUD & CORRUPTION POLICY AND PROCEDURES

A Policy Statement

- 1. The Combined Authority is committed to ensuring that the people of the West Midlands can have complete confidence that the affairs of the Combined Authority, its committees and joint committees are conducted in accordance with the highest standards of probity and accountability. The Combined Authority is, consequently, committed to combating fraud and corruption wherever it may arise in relation to any of the Combined Authority's activities or services and involving any Members, its committees or joint committees, or officers of the Combined Authority and the Constituent Authorities and Non-Constituent Authorities who provide services to the Combined Authority, its committees or sub committees or members of the public or other third parties.
- 2. In this policy, references to Members of the Combined Authority include references, where appropriate, to members of its committees and joint committees and, references to officers of the Combined Authority include references where appropriate to officers of the Constituent Authorities and Non-Constituent who provide services to the Combined Authority, its committees and joint committees.
- 3. The Combined Authority expects Members and officers to demonstrate the highest standards of honesty and integrity. This includes compliance with appropriate legislation, Member and officer codes of conduct, Standing Orders, Financial Regulations, conditions of service, standards of appropriate professional bodies, and any other standards, guidelines or instructions which are relevant to the particular service or activity.
- 4. The Combined Authority is committed to establishing and maintaining effective arrangements to prevent fraud and corruption. The Combined Authority recognises, however, that fraud and corruption cannot be prevented and so effective arrangements have been established to detect and investigate all incidents or situations where fraud and corruption is suspected.

5. The Combined Authority will not tolerate dishonesty on the part of any of the Members or officers of the Combined Authority or any persons or organisations involved in any way with the Combined Authority. Where fraud or corruption is detected, the Combined Authority will rigorously pursue appropriate action against the persons concerned including legal and / or disciplinary action.
6. The Combined Authority is committed to creating and maintaining an anti-fraud and corruption culture and this includes establishing arrangements which enable officers, or other persons, to express concerns and suspicions without fear or repercussions or intimidation and in the knowledge that the information will be treated confidentially and will be investigated fully and rigorously.
7. The Combined Authority is committed to working constructively with the police and other relevant agencies in relation to combating fraud or corruption within the Combined Authority or within the wider community.
8. The Combined Authority will seek to ensure that its stance on anti-fraud and corruption is widely publicised. All officers and Members of the Combined Authority will be made aware of this policy statement.
9. This policy statement is supported by guidance notes that set out the procedures for applying the policy.

1. Introduction

- 1.1 The Combined Authority is committed to the highest standards of probity and accountability to safeguard public funds. It will not tolerate dishonesty on the part of Members, officers or others involved with the Combined Authority. It expects that Members and officers at all levels will act in a manner that ensures adherence to statutory requirements and to the rules and procedures of the Combined Authority.
- 1.2 The Anti-Fraud and Corruption Policy applies to all Members and officers of the Authority. It also applies as far as it can to any persons, companies or organisations in relation to their dealings with the Combined Authority including partnership arrangements and developments involving 'arms length' companies or organisations, contractors, consultants, suppliers and claimants.
- 1.3 The Combined Authority's primary objective, through the Anti-Fraud and Corruption Policy, is to ensure that fraud and corruption does not occur within the Combined Authority and if it does occur that it is detected and dealt with appropriately and effectively.
- 1.4 These procedures are intended to advise all Members and officers of obligations and rights within this policy and to assist senior officers in dealing with any matters which arise in relation to the policy.

2. Definitions

Fraud

- 2.1 The legal definition of fraud contained within the Fraud Act 2006 includes; fraud by false representation; fraud by failing to disclose information and fraud by abuse of position. Fraud is typically associated with financial loss however this policy relates to acts of dishonesty whether or not financial loss is incurred. For the purposes of these procedures fraud may include but is not limited to:-
- the intentional distorting of statements or other records by persons internal or external to the Combined Authority which is carried out to conceal the misappropriation of assets, evasion of liabilities or otherwise for gain;
 - unauthorised use of the Combined Authority's property; or
 - theft of monies or other property of the Combined Authority by persons internal to the Combined Authority.
- 2.2 The theft of the Combined Authority's property carried out by persons external to the Combined Authority through for example break-ins, burglary and opportunist theft falls outside the scope of the Anti-Fraud and Corruption Policy. Thefts of this nature should continue to be reported by Chief Officers directly to Internal Audit and the police in the normal way.
- 2.3 Fraud is a deliberate act of commission or omission by an individual or group of individuals. Fraud can occur in a number of ways including:-
- fraud perpetrated against the Combined Authority by members of the public or other third parties;
 - fraud perpetrated against the Combined Authority by Members or officers of the Combined Authority;
 - fraud perpetrated jointly by members of the public or other third parties in collusion with officers or Members of the Combined Authority.
- 2.4 Areas which may be most at risk in respect of fraud include but are not exclusively related to the following:-
- (i) cash collection (any situation where cash or cheques are received or collected) – misappropriation, failure to account, borrowing by delaying paying monies in, falsifying of receipts, not issuing receipts;
 - (ii) credit income – suppression of invoices, issuing invoices for wrong amounts, unauthorised writing off of debts;
 - (iii) payroll – falsification of records (time sheets, overtime claims); creation of fictitious officers;
 - (iv) creditor payments – payments for work not completed or not in accordance with the specification, or for goods not supplied or not in accordance with the original order;

- (v) expenses claims – over claiming of expenses;
- (vi) false, fictitious or contrived claims. The unauthorised setting up or amendment of claims by officers (including payments to self, family, friends etc.). Officers aiding or abetting third parties in the completion or submission of false claims;
- (vii) bank accounts and imprest accounts – use of accounts for unauthorised purposes;
- (vii) equipment and vehicles – unauthorised personal use.

Corruption

- 2.5 Corruption is defined as the offering, giving soliciting or acceptance of an inducement or reward that may influence the action of any person.
- 2.6 The main law relating to corruption in public bodies is contained the Bribery Act 2010.
- 2.7 The Bribery Act 2010 creates four new criminal offences:-
 - (i) a general offence covering offering, promising or giving a bribe;
 - (ii) a general offence covering requesting, agreeing to receive or accepting a bribe;
 - (iii) a separate offence of bribing a foreign official to obtain or retain business;
 - (iv) a strict liability offence for commercial organisations where they fail to prevent bribery by those acting on their behalf.
- 2.8 The Act includes severe penalties for offences. Individuals can receive unlimited fines and up to a ten year custodial sentence; organisations can receive unlimited fines. Senior officers can also be convicted of an offence where they are deemed to have given their consent or connivance to giving or receiving a bribe or bribing a foreign public official. These offences could involve Members or officers of the Combined Authority, members of the public or other third parties.
- 2.9 Areas which may be most at risk in respect of corruption include but are not exclusively related to the following:-
 - tendering and award of contracts;
 - settlement of contractors' claims for loss and expense, compensation, additional payments, or work not done or substandard;
 - award of permissions, consents, licences;
 - lettings; and
 - disposals of assets.

3. Anti-Fraud Culture and Key Principles

- 3.1 The Combined Authority aims to ensure that Members and officers exercise proper stewardship of public money and that effective controls and procedures are embedded into all working practices which will prevent and detect fraud and corruption. Members and officers should be aware of their roles in preventing and detecting fraud and managers should ensure they lead by example in compliance with rules and regulations.
- 3.2 Legislation regulates local authorities and, amongst other things, sets out the framework that ensures that local authorities adopt effective control and governance arrangements. Within this framework, the Combined Authority has adopted a Constitution containing instructions, regulations and procedures which are designed to ensure high standards of probity in the conduct of the affairs of the Combined Authority of which this policy forms a part.
- 3.3 The primary defence against fraud and corruption is the establishment of sound practices, procedures and systems, incorporating effective controls, which are subject to effective monitoring, supervisory and managerial arrangements. It is the duty of every manager and supervisor to operate the systems and controls in their area of responsibility, necessary to prevent and detect fraud and corruption. Failure to do so, especially where such failure results in fraud, corruption or theft, may result in disciplinary action.
- 3.4 These control arrangements need to apply within an overall culture, within the Combined Authority, which positively promotes the highest standards of probity and which makes it absolutely clear that the Combined Authority will not tolerate dishonesty on the part of any of the officers or Members of the Combined Authority or any persons or organisations involved in any way with the Combined Authority.
- 3.5 Where the Members or officers are involved, or where any person acts on or as an agent of the Combined Authority, or where initiatives or schemes involve funding through the Combined Authority, the principles outlined in the Anti-Fraud and Corruption Policy and Procedures must be applied.

4. Roles and Responsibilities

Members

- 4.1 All Members have a duty to act to prevent fraud and corruption. Every Member has a role to play in maintaining the standards of probity and integrity that the public is entitled to expect, which obviously includes compliance with relevant rules and procedures. The Code of Conduct for Members sets addresses standards and expectations.

Audit Committee/Standards Committee

- 4.2 The Audit Committee and Standards Committee will regularly review Anti-Fraud and Corruption Policy and will ensure that any matters arising from the

implementation of the policy are properly investigated. Internal Audit will report to the Audit Committee on significant matters arising from investigations of fraud and corruption.

The Treasurer

- 4.3 The Treasurer is responsible for ensuring that suspected financial irregularity is reported and investigated. The Treasurer is responsible for deciding what investigation action is to be taken and ensuring it is completed.

Monitoring Officer

- 4.4 Any concerns related to Members' compliance with the Code of Conduct would be addressed to the Standards Committee which would request the Monitoring Officer to investigate. The Monitoring Officer may ask Internal Audit or others to carry out investigation work.

Internal Audit

- 4.5 Internal Audit acts on behalf of the Treasurer in relation to the investigation of reports of financial or other irregularity and can offer advice and support to managers during this process.
- 4.6 Internal Audit also provides advice on appropriate controls to help prevent and detect fraud and corruption and will work with Chief Officers to provide assurance that controls are working as intended and to improve internal control where necessary.

Management

- 4.7 Chief Officers have a specific responsibility to publicise the anti-fraud and corruption policy to all officers and to ensure that they are aware of their responsibilities as outlined in this policy and of sanctions that can be levied.
- 4.8 Managers are responsible for actively dealing with suspected cases of fraud in a reasonable timeframe.
- 4.9 Responsibility for maintaining effective systems, procedures and controls to prevent fraud and corruption rests with Chief Officers and their managers responsible for relevant systems or particular areas of service.

Officers

- 4.10 All officers have an obligation to be vigilant to the risk of fraud and corruption. They are expected and positively encouraged to raise concerns relating to potential fraud and corruption when they become aware of it. Officers should report matters of concern as soon as possible. Reports raised in good faith will be treated in a confidential manner and investigated.

- 4.11 The Officers' Code of Conduct addresses the Combined Authority's standards and expectations of personal conduct. Breaches of conduct will be addressed through disciplinary procedures. Officers must make sure that they read and understand the rules and regulations that apply to them, and act in accordance with them.

5. Reporting Irregularities

Members

- 5.1 Where Members wish to report alleged irregularities, the normal reporting route should be through the Head of Paid Service or the Treasurer.
- 5.2 The Head of Paid Service and Monitoring Officer must be informed where alleged irregularities involve Members. If allegations involve a breach of the Code of Conduct this will be referred to the Standards Committee where any appropriate action will be taken.

Officers

- 5.3 As indications of suspected irregularities could arise in many different ways it is possible that any of the Combined Authority's officers could be the first to become alerted to a potential situation involving fraud or corruption.
- 5.4 Any officer, becoming aware of a potential financial irregularity must, under normal circumstances, report the situation to his/her line manager as soon as possible. The manager in turn should also report through the management structure and to Internal Audit as soon as possible.
- 5.5 At the appropriate management level, which is normally Chief Officer, the situation must be reported to Internal Audit which will then inform the Treasurer and agree a course of action.
- 5.6 Internal Audit will advise on and instigate such action as considered necessary for investigating the alleged irregularity. This will take into account whether the alleged financial irregularity warrants investigation by Internal Audit, whether the Police should be referred to immediately or whether the Combined Authority should conduct its own investigation.
- 5.7 Where an allegation or suspicion of fraud concerns an officer of the Combined Authority and is considered sufficiently serious to be investigated, then an Investigating Officer will be appointed. As appropriate and agreed Internal Audit will investigate fraud involving accounting and other records, evaluate systems and internal control and collate evidence providing an opinion on allegations made. This will be reported to the Investigating Officer who will have overall responsibility in taking the investigation forward for disciplinary purposes and reported to the Treasurer where system weaknesses and control issues are involved. The Combined Authority will consider the full range of sanctions, disciplinary, regulatory, civil and criminal which will be applied as appropriate to

each case. Where allegations are identified to have been made maliciously appropriate action will be taken.

Reporting Directly to Internal Audit or the Statutory Officers of the Combined Authority

- 5.8 If an officer feels it would not be appropriate to report alleged or suspected irregularities through the normal line management structure, then the officer should report to a Statutory Officer of the Combined Authority. If the officer feels uncomfortable with this approach they can report directly to Internal Audit.
- 5.9 In certain circumstances it would be appropriate for an officer to report directly to Internal Audit anyway. For example, if there were reasons to believe that any subsequent investigation might be compromised if the situation were to be reported through managers. The most likely reasons for reporting direct to Internal Audit would include because line managers were implicated in the alleged irregularity and the officer was not sure who it was safe to report to within the team or there were reasons to believe that the situation might be suppressed or covered up by senior managers.

Alternative Contact Points

- 5.10 The Combined Authority provides the reporting lines above to ensure that Members and officers are satisfied that reports will be treated seriously and that action will be taken. If they consider this is not the case then matters could be taken outside the Combined Authority to other contact points. The process for this is described in more detail in the Whistleblowing policy and guidance.

6. Monitoring

- 6.1 The Treasurer is responsible for monitoring the effectiveness of the procedures for investigation of irregularities outlined in the guidance note and for amending the procedures as necessary. Internal Audit will review the effectiveness of the internal control environment and reports will be made to the Audit Committee where appropriate on the number, type and outcome of investigation matters as appropriate.

7. Sharing Information

- 7.1 The Authority is committed to working and co-operating with other organisations to prevent organised fraud and corruption. They support the National Fraud Initiative and, wherever possible, the Combined Authority will be prepared to help and exchange information with other authorities and organisations to counter fraud. This information will be shared in accordance with the principles of the Data Protection Act 1998.

GUIDANCE FOR MEMBERS AND OFFICERS ON PUBLICITY IN THE PRE-ELECTION PERIOD

Introduction

1. In most years during May, elections to the Constituent Authorities and Non Constituent Authorities (other than those which are local enterprise partnerships) take place. This note has been prepared to provide guidance to officers on the Combined Authority's duty to comply at all times with the statutory restrictions on publicity. The note focuses in particular on publicity in the pre-election period.

The Purpose of Publicity

2. The main purposes of the Combined Authority's publicity include increasing public awareness of the decisions that it takes, allowing the public to have an informed say about issues that affect them, explaining to the public the reasons for particular policies and priorities and, in general, improving local accountability.
3. 'Publicity' is defined as "any communication, in whatever form, addressed to the public at large or to a section of the public". Publicity is newspapers, newsletters, websites, posters, leaflets, booklets, banners, badges etc. Advertising is publicity. Campaigns, exhibitions, conferences and any other kind of public communication can be defined as publicity.

Prohibition of Political Publicity

4. At all times, and not just in the pre-election period, there is in law an absolute prohibition of political publicity. The Combined Authority is under a duty not to publish any material which, in whole or in part, appears designed to affect support for a political party. In determining whether material falls within the prohibition, regard must be had to:-
 - the content and style of the material;
 - the time and circumstances of its publication;
 - the likely effect on those to whom it is directed;
 - whether the material refers to a political party or to persons identified with a political party or promotes or opposes a point of view on a question of political controversy which is identifiable as the view of one political party and not of another; and
 - where the material is part of a campaign, the effect which the campaign appears to be designed to achieve.

Publicity in the Pre-election Period

5. The pre-election period, often referred to as the 'purdah' period, is the time from the date the notice of the election is published to polling day.
6. In almost all respects, it will be 'business as usual' for the Combined Authority during the pre-election period, and the publicity that this necessarily creates. The national code of practice recognises that publicity may include information about individual Member's proposals, decisions and recommendations where this is relevant to their position and responsibilities within the Combined Authority. The national code does not prohibit the publication of information on politically sensitive or controversial issues but it does provide guidance on publicity at sensitive times such as during the purdah period, in the following terms:

"The period between the notice of an election and the election itself should preclude proactive publicity in all its forms of candidates and other politicians involved directly in the election. Publicity should not deal with controversial issues or report views, proposals or recommendations in such a way that identifies them with individual members or groups of members."

7. It is however,
".....acceptable for the authority to respond in appropriate circumstances to events and legitimate service enquiries provided that their answers are factual and not party political."
8. The Code acknowledges that a degree of flexibility is necessary:
"Members holding key political and or civic positions should be able to comment in an emergency or where there is a genuine need for a level response to an important event outside the authority's control. Proactive events arranged in this period should not involve members likely to be standing for election."

Non Prohibited Publicity - for Individual Members

9. Publicity about individual Members may include the contact details, the positions they hold at the Combined Authority and their responsibilities.
10. Publicity may also include information about individual Members' proposals, decisions and recommendations only where this is relevant to their position and responsibilities within the Combined Authority.
11. All such publicity should be objective and explanatory and whilst it may acknowledge the part played by individual Members as holders of particular positions at the Combined Authority, personalisation of issues or personal image making should be avoided.
12. Publicity should not be, or liable to misrepresentation as being, party political.

13. Whilst it may be appropriate to describe policies put forward by an individual Member which are relevant to his or her position and responsibilities within the Combined Authority, and to put forward his or her justification in defence of them, this should not be done in party political terms, using political slogans, expressly advocating policies of those of a particular political party or directly attacking policies and opinions of other parties, groups or individuals.

Democratic Services and the Media

14. During the forthcoming election period, the Democratic Services and Media teams will continue to offer as full a service as possible. However, in some instances, there may be certain activities that could be seen to promote local election candidates that we may not be able to undertake. Whilst officers in these sections are able to support Members in their capacity as Members of the Combined Authority, by law they are not able to support them in their capacity as local politicians.

ACCESS TO INFORMATION PROCEDURE RULES

These rules are a summary of rights to attend meetings of the Combined Authority its Committees and Sub-Committees, and of access to documents. The Combined Authority will keep at its principal office a summary of various rights to attend meetings and to inspect documents in the Authority's possession, conferred by the Local Government Act 1972 and by some other legislation.

Access to Meetings

1. A meeting of the Combined Authority (including meetings of its committees and subcommittees) is open to the public, except as stated in Rules 2 and 3 below.
2. The public must be excluded from a meeting during any item of business whenever it is likely that, if they were present, confidential information would be disclosed in breach of the obligation of confidence. Confidential information means information provided on a confidential basis by a Government department, and information the disclosure of which is prohibited by statute or by Court order.
3. The public may be excluded by resolution during an item of business whenever it is likely that there would be disclosure to them of 'exempt information'. Exempt information is defined to cover such matters as personal information, financial and business affairs of people or companies with whom the Combined Authority has dealings, and of the Combined Authority itself, action likely to lead to criminal proceedings, matters relating to industrial relations consultations and negotiations and matters relating to legal proceedings. A description of 'exempt information' is set out in Schedule 12A to the Local Government Act 1972, as amended.

Access to Agendas and Connected Papers

4. Copies of the agenda and reports for a meeting of the Combined Authority or of any of its committees or sub-committees must be open for inspection by the public, except for any report on an item during the consideration of which the meeting is not likely to be open to the public. Documents must be available five clear days before the meeting, or as soon as the meeting is convened, or the item added to the agenda, if that is less than five clear days before the meeting. The papers will be made available for inspection at the principal offices of the Combined Authority, the Constituent Authorities and the Non-constituent Authorities between the hours of 10.00 am and 4.00 pm on working days. The agendas and reports will also be published on the Authority's website.
5. A reasonable number of copies of agendas and reports must be available for members of the public present at a meeting. The agendas and reports must also be made available to the media on request.

Inspection of Minutes

6. After a meeting and once the minutes have been signed, a copy of the minutes (or, if any of the meeting was held in private, a summary of what took place in private), together with the documents made available for public inspection under Rule 4 above, will be available for public inspection at the offices of the Combined Authority at 16 Summer Lane, Birmingham B19 3SD, between the hours of 10.00 am and 4.00 pm on working days. The minutes will also be published on the Combined Authority's website. This right of inspection exists for six years from the date of the meeting concerned.

Inspection of Background Papers

7. Members of the public may also inspect a list of background papers for any report (except those reports containing 'confidential' or 'exempt' information) and a copy of each of the documents included in that list. This right is available as soon as the report to which the list relates is published, and continues for four years from the date of the meeting. (In the case of the public right to inspect background papers, the right is subject to their production as soon as is reasonably practicable after the request is made). Background papers disclosing confidential or exempt information are not required to be listed, but, if they are listed, they will not be open to inspection.
8. Background papers are documents which relate to the subject matter of a report, disclose any fact or matter on which the report is based, and have been relied on to a material extent in preparing the report - but exclude any published work. Requests for inspection of such documents should be made to the Monitoring Officer who will arrange for the production of such documents as soon as reasonably practicable after the request. Where reasonably practicable, a link to the background papers will be published on the Combined Authority's website.

Additional Access for Members of the Combined Authority

9. Any document in the possession or under the control of the Combined Authority which contains material relating to any business to be transacted at a meeting is open to inspection by a Member (subject to Rule 10 below).
10. Where a document discloses certain specified categories of exempt information it need not be open to inspection by a Member. These categories relate mainly to personal information relating to crime or legal proceedings, or matters concerned with negotiations or industrial relations.

Publication of Additional Information

11. The Combined Authority must maintain a register stating the name of every Member and their appointing council or local enterprise partnership. The register is published on the website and is also open to inspection by the public at the offices of the Authority at 16 Summer Lane, Birmingham B19 3SD. between the hours of 10.00 am and 4.00 pm on working days.

12. The Combined Authority will maintain a list specifying the powers delegated to its officers, and stating the title of the officer by whom each of those powers is exercisable. The list is published on the website and also open to public inspection, but excludes delegations of less than six months' duration.

Financial Documents

13. A Member has a right to inspect its accounts.
14. Any local government elector for the district of a Constituent Authority or a Non-constituent Authority has the right to inspect an order for the payment of money made by the Combined Authority, and the right to inspect the statement of accounts prepared by the Combined Authority under the Accounts and Audit (England) Regulations 2011 (as amended).
15. At the audit of the Combined Authority's accounts by the external auditor, any persons interested may inspect the accounts to be audited and all books, deeds, contracts, bills, vouchers and receipts relating to them - except that no personal information about a member of the Combined Authority's staff is required to be disclosed.

Documents Deposited with the Combined Authority

16. Documents may be required to be deposited with a proper officer of the Combined Authority, either under an Act of Parliament or statutory instrument, or pursuant to the Standing Orders of either House of Parliament. A person interested in any such document may inspect it. Requests should be made to the Monitoring Officer.

Other Documents

17. Any report received from the Local Government Ombudsman under section 30 of the Local Government Act 1974 must normally be open to public inspection for a period of three weeks, but the Ombudsman may direct that a particular report shall not be publicly available.
18. Where a public inquiry is to be held into a compulsory purchase order made by the Combined Authority, a statement of the Combined Authority's case to the inquiry, together with copies of any documents it intends to submit to the inquiry, must be made available for inspection by any person on request.
19. The Local Government (Inspection of Documents)(Summary of Rights) Order 1986 lists many other statutory provisions under which documents are required to be available to the public. None of the listed provisions applies to the Combined Authority, except for the matters mentioned in Rules 14, 15, 16, 18 and 19 above.

Fees

20. No fee will be charged for providing the facility of inspecting background papers (Rule 7 above).
21. A person who is entitled to inspect a document may (unless copyright law forbids it) make copies of, or extracts from it, or require a photographic copy of, or extract from, the document. The Combined Authority reserves the right to make a charge for providing copies of documents.

WORKING DRAFT

PROTOCOL FOR THE MONITORING OFFICER

General Introduction to Statutory Responsibilities

1. The Monitoring Officer is a statutory appointment pursuant to section 5 of the Local Government and Housing Act 1989. This Protocol provides some general information on how those statutory requirements will be discharged within the Combined Authority
2. The Monitoring Officer undertakes to discharge their statutory responsibilities with a positive determination and in a manner that enhances the overall reputation of the Combined Authority. In doing so, they will also safeguard, so far as is possible, Members and officers, whilst acting in their official capacities, from legal difficulties and/or criminal sanctions.
3. In general terms, the Monitoring Officer's ability to discharge these duties and responsibilities will depend, to a large extent, on Members and officers:-
 - complying with the law of the land and any relevant codes of conduct;
 - complying with any general guidance issued, from time to time, by the Monitoring Officer;
 - making lawful and proportionate decisions; and
 - generally, not taking action that would bring the Combined Authority, their offices or professions into disrepute.

Working Arrangements

4. Having excellent working relations with Members and officers will assist in the discharge of the statutory responsibilities of the Monitoring Officer and keep the Combined Authority out of trouble. Equally, a speedy flow of relevant information and access to debate (particularly at the early stages of any decision-making by the Combined Authority) will assist in fulfilling those responsibilities. Members and officers must, therefore, work with the Monitoring Officer in discharging these responsibilities.

5. The Monitoring Officer issues guidance to officers to assist them in understanding the nature, breadth and requirements that the Monitoring Officer puts upon all officers. The guidance also explains how the Monitoring Officer will approach the role. The Monitoring Officer considers that the role is a positive and preventative one, related to legality, avoidance of maladministration and observance of codes of conduct /practice where there is actual / potential transgression by the Combined Authority.
6. The Monitoring Officer gives authoritative advice and guidance on these issues which will be conducive to a culture of propriety and integrity. This will provide comfort for officers and Members alike. However, although the Monitoring Officer will seek to be positive about the role, it must be recognised that the role imposes a personal duty to make a public, statutory report where it appears to be necessary. This might ultimately force the Combined Authority to consider issues it might not wish to.
7. The Monitoring Officer and the Combined Authority should co-operate in every way possible so as to reduce the chance of the need for the Monitoring Officer to issue a formal report. In support of this, the Monitoring Officer places significant reliance upon the advice and support given by colleagues in Legal Services, Human Resources and Democratic Services, but particularly those in the Legal Services team who will, in providing corporate legal advice do so in an enabling manner, but also identify areas of particular risk and concern, assisting officers / members to achieve their objectives, but ultimately in a lawful and proper manner.
8. The following arrangements and understandings between the Monitoring Officer, Members and Chief Officers are designed to ensure the effective discharge of the Combined Authority's business and functions.
9. The Monitoring Officer will:-
 - be alerted by Members and officers to any issue(s) that may become of concern to the Combined Authority, including, in particular issues around legal powers to do something or not, ethical standards, probity, propriety, procedural or other constitutional issues that are likely to arise;
 - have advance notice (including receiving agendas, minutes, reports and related papers) of all relevant meetings of the Combined Authority at which a binding decision of the Combined Authority may be made (including a failure to take a decision where one should have been taken) at or before the Combined Authority's meetings;
 - have the right to attend any meeting of the Combined Authority before any binding decision is taken by the Combined Authority (including a failure to take a decision where one should have been taken);
 - in carrying out any investigation have unqualified access to any information held by the Combined Authority and to any officer who can assist in the discharge of these functions;

- ensure the other statutory officers are kept up-to-date with relevant information regarding any legal, ethical standards, probity, propriety, procedural or other constitutional issues that are likely to arise;
 - report to the Combined Authority, from time to time, on the Constitution and any necessary or desirable changes;
 - as per the statutory requirements, make a report to the Authority, as necessary on the staff, accommodation and resources they require to discharge their statutory functions;
 - have a special relationship of respect and trust with the Chair, and chairs of the committees, sub-committees and working groups with a view to ensuring the effective and efficient discharge of Combined Authority business;
 - develop effective working liaison and relationship with the External Auditor and the Local Government Ombudsman (including having the authority, on behalf of the Combined Authority, to complain to the same, refer any breaches to the same or give and receive any relevant information, whether confidential or otherwise, through appropriate protocols, if necessary);
 - maintain and keep up-to-date relevant statutory registers for the declaration of Members' interests, gifts and hospitality;
 - give informal advice and undertake relevant enquiries into allegations of misconduct;
 - defer the making of a formal report under s5 Local Government and Housing Act 1989 where another investigative body is involved;
 - have sufficient resources to enable them to address any matters concerning their Monitoring Officer functions;
 - be responsible for preparing any training programme for Members on ethical standards and Code of Conduct issues;
 - ensure that Members and officers of the Combined Authority are fully aware of their obligations in relation to probity.
10. To ensure the effective and efficient discharge of these arrangements, Members and officers will report any breaches of statutory duty or Combined Authority policies or procedures and other vices or constitutional concerns to the Monitoring Officer, as soon as practicable.
11. The Monitoring Officer is also available for Members and officers to consult on any issues in respect of possible maladministration, impropriety and probity issues, or general advice on the constitutional arrangements.

Monitoring the Protocol

12. The Monitoring Officer will report to the Combined Authority as to whether the arrangements set out in this protocol have been complied with and will include any proposals for amendments in the light of issues which have arisen.

Conflicts and Interpretation

13. Where the Monitoring Officer has received a complaint or is aware of an event which may lead to them issuing a statutory report relating to a matter upon which they have previously advised the Combined Authority, they shall consult the Head of Paid Service who may then either:-
 - (i) refer the matter to another officer for investigation and report to the Head of Paid Service; or
 - (ii) ask another authority to make their Monitoring Officer available to investigate the matter and report to the Head of Paid Service and/or the Combined Authority as appropriate; or
 - (iii) instruct another qualified person to undertake the investigation and report to the Head of Paid Service and /;or the Combined Authority as appropriate.
14. Questions of interpretation of this guidance will be determined by the Monitoring Officer.

WHISTLEBLOWING POLICY

1. Preamble

- 1.1 Officers are often the first to realise that there may be something seriously wrong within the Combined Authority. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Combined Authority. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may be just a suspicion of malpractice.
- 1.2 The Combined Authority is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect officers, and others that we deal with, who have serious concerns about any aspect of the Combined Authority's work to come forward and voice those concerns. It is recognised that most cases will have to proceed on a confidential basis.
- 1.3 This policy is intended to encourage and enable officers to raise serious concerns within the Combined Authority rather than overlooking a problem or 'blowing the whistle' outside. This policy document makes it clear that you can do so without fear of victimisation, subsequent discrimination or disadvantage.

- 1.4 The policy applies to all members, officers and officers of the Combined Authority and its committees, and contractors working for the Combined Authority. It also covers suppliers with the Combined Authority.

2. Aims and Scope of this Policy

- 2.1 This policy aims to:-

- (i) encourage you to feel confident in raising serious concerns and to question and act upon concerns about practice;
- (ii) provide avenues for you to raise those concerns and receive feedback on any action taken;
- (iii) ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied; and
- (iv) reassure you that you will be protected from possible reprisals or victimisation if you have a reasonable belief in the substance of your disclosure and have acted in good faith.

- 2.2 There are existing procedures in place to enable you to lodge a grievance relating to your own employment. The Whistle-blowing Policy is intended to cover major concerns that fall outside the scope of other procedures. These include:-

- (i) conduct which is an offence or a breach of law;
- (ii) disclosures related to miscarriages of justice;
- (iii) health and safety risks, including risks to the public as well as other officers;
- (iv) damage to the environment;
- (v) a misuse of Combined Authority or other public money;
- (vi) possible fraud and corruption and other unethical conduct.

- 2.3 Thus, any serious concerns that you have about any aspect of service provision or the conduct of officers or Members of the Combined Authority or others acting on behalf of the Combined Authority can be reported under this Whistle-blowing Policy. This may be about something that:-

- (i) makes you feel uncomfortable in terms of known standards, your experience, or the standards to which you believe the Combined Authority subscribes; or
- (ii) is against the Combined Authority's Constitution or policies; or

- (iii) falls below established standards of practice; or
- (iv) amounts to improper conduct.

2.4 This policy does not replace the Combined Authority's Anti-Fraud and Corruption Policy, but rather complements it.

3. Safeguards Against Harassment or Victimisation

- 3.1 The Combined Authority is committed to good practice and high standards and wants to be supportive of officers.
- 3.2 The Combined Authority recognises that the decision to report a concern can be a difficult one to make. If what you are saying is true, or you in good faith believe it to be true, you should have nothing to fear because you will be doing your duty to your employer and those for whom you are providing a service.
- 3.3 The Combined Authority will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith.
- 3.4 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures that already affect you.

4. Confidentiality

- 4.1 All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. At the appropriate time, however, you may need to come forward as a witness.

5. Anonymous Allegations

- 5.1 This policy encourages you to put your name to your allegation whenever possible.
- 5.2 Concerns expressed anonymously are much less powerful, but will be considered at the discretion of the Combined Authority.
- 5.3 In exercising this discretion the factors to be taken into account would include the seriousness of the issue raised, the credibility of the concern, and the likelihood of confirming the allegation from attributable sources.

6. Untrue Allegations

- 6.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make an allegation frivolously, maliciously or for personal gain, you may be subject to disciplinary action.

7. How to Raise a Concern

- 7.1 As a first step, you should normally raise concerns with your immediate line manager or their manager. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that management is involved, you should approach the Monitoring Officer or Internal Audit.
- 7.2 Concerns may be raised orally or in writing. Officers who wish to make a written report about their concerns are requested to provide the following information:-
- (i) the background to and history of the concern (giving relevant dates); and
 - (ii) the reason why you are particularly concerned about the situation.
- 7.3 The earlier you express a concern, the easier it is to take action.
- 7.4 Although you are not expected to prove beyond doubt the truth of an allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern.
- 7.5 Advice/guidance on how to pursue matters of concern may be obtained from the Monitoring Officer.
- 7.6 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
- 7.7 You may invite your trade union, professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised.

8. How the Combined Authority will Respond

- 8.1 Within ten working days of a concern being raised, the Monitoring Officer or Head of Internal Audit will write to you acknowledging that the concern has been received indicating how we propose to deal with the matter, giving an estimate of how long it will take to provide a final response, telling you whether any initial enquiries have been made, supplying you with information on staff support mechanisms and telling you whether further investigations will take place, and if not, why not. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.
- 8.2 Where appropriate, the matters raised may be investigated by management, internal audit, or through the disciplinary process, be referred to the police, be referred to the external auditor or form the subject of an independent inquiry.
- 8.3 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is

appropriate and, if so, what form it should take. The overriding principle, which the Combined Authority has in mind, is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example, harassment or discrimination issues) will normally be referred for consideration under those procedures.

- 8.4 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 8.5 The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Combined Authority will seek further information from you.
- 8.6 Where any meeting is arranged, off-site if you so wish, you can be accompanied by a union or professional association representative, or a friend.
- 8.7 The Combined Authority will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Combined Authority will arrange for you to receive advice about the procedure.
- 8.8 The Combined Authority accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcome of any investigation.

9. The Responsible Officer

- 9.1 The Monitoring Officer has overall responsibility for the maintenance and operation of this policy. The Monitoring Officer will maintain a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Combined Authority.

10. How the Matter can be Taken Further

- 10.1 This policy is intended to provide you with an avenue within the Combined Authority to raise concerns. The Combined Authority hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the Combined Authority, the following are possible contact points:-
 - (i) the external auditor;
 - (ii) your trade union;
 - (iii) your local Citizens Advice Bureau;
 - (iv) relevant professional bodies or regulatory organisations;
 - (v) a relevant voluntary organisation;

(vi) the Police;

(vii) Public Concern at Work (telephone: 020 7404 6609 or email whistle@pcaw.org.uk).

10.2 If you do take the matter outside the Combined Authority, you should ensure that you do not disclose confidential information.

WORKING DRAFT

PROTOCOL FOR RECORDING AND FILMING OF MEETINGS AND THE USE OF SOCIAL MEDIA

RECORDING, FILMING AND SOCIAL MEDIA AT MEETINGS

The Combined Authority welcomes engagement by the public and through the media with the decision-making processes that determine the policies and strategies that shape provision of transport services in the West Midlands. Audio and video/visual recording, photography, blogging, tweeting or use of other social media at meetings open to the public (hereafter referred to as 'broadcasting activities') are allowed subject to the following restrictions:-

- (i) all broadcasting activities should take place from the public gallery or the designated press seating in the meeting room;
- (ii) anyone undertaking broadcasting activities must comply with any instructions given by the Chair of the meeting;
- (iii) the use of flash photography, additional lighting or professional microphones (i.e. by recognised media groups or for educational purposes) in connection with audio/visual recording at meetings will not be permitted without prior permission;
- (iv) the Combined Authority (or his/her representative) will ensure signs are prominently displayed at meetings to remind attendees that broadcasting activities may be undertaken and that the Combined Authority has no control over where material may appear (for example posted on the internet). Meeting agendas will also carry this message;
- (v) where the Chair of a meeting reasonably considers the broadcasting activity is disrupting the meeting, the operator of the equipment will be required to stop;
- (vi) anyone refusing to stop when requested to do so may be requested by the Chair to leave the meeting. If the person refuses to leave then the Chair may adjourn the meeting or make other appropriate arrangements for the meeting to continue without disruption. These will be in line with disorderly conduct procedures set out in the Constitution;
- (vii) anyone asked to leave a meeting because they have refused to comply with the Chair's requests may be refused permission to engage in broadcasting activities at future meetings;
- (viii) where a recording is made that features a minor (under the age of 18), it is the recorder's responsibility to gain the permission of the appropriate parent/guardian, both for the initial recording and for any subsequent dissemination of it (e.g. on social media), and to ensure compliance with any prevailing legislation in relation to such activity;

- (ix) any decision taken by the Chair on the interpretation of this protocol is final;
- (x) the media and public may only be excluded from a meeting in respect of business relating to confidential or exempt information if a resolution is passed under Section 100A of the Local Government Act 1972. The media and public will be told about the nature of the exclusion relating to the business to be discussed. No broadcasting activities will be permitted during this exclusion. All cameras, recording and sound equipment must then be removed from the meeting room;
- (xi) recognised media organisations and educational institutions may be given greater flexibility to record/film meetings for the purposes of news bulletins, programmes and education. These requests must be directed through the Clerk and approved by the Chair.

WORKING DRAFT

PART 5 FUNCTIONS OF THE COMBINED AUTHORITY

Functions and Responsibility

- 1.1 The Combined Authority has ultimate responsibility for public transport (amongst other things to be set out) within the Combined Authority Area, but may delegate responsibility for delivery as set out under the Local Government Act 1972.
- 1.2 Pursuant to the order the following provisions have effect as if the Combined Authority were a local authority for the purposes of these provisions:-
 - (i) Section 142(2) of the Local Government Act 1972 (the power to arrange for publication of information etc. relating to the functions of the authority);
 - (ii) Section 222 of the Local Government Act 1972 (the power to instigate and defend legal proceedings).
- 1.3 The Combined Authority shall have the power to exercise any of the functions described in subsection 1(a) and (b) of section 88 of the Local Government Act 1985 (research and collection of information) whether or not a scheme is made under that section.
- 1.4 The Apprenticeships Skills, Children and Learning Act 2009 shall have effect as if the Combined Authority were a local authority for the purposes of section 84(2).
- 1.5 The Combined Authority is a Local Authority for the purposes of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012.
- 2. Functions conferred on a Combined Authority by Local Government Legislation**
 - 2.1 The Combined Authority shall have such other powers and duties as are conferred on a Combined Authority by any enactment.
 - 2.2 Without prejudice to the generality of the above, such powers and duties include:-
 - (i) the duty to appoint a Head of Paid Service, a Monitoring Officer and an officer with responsibility for the administration of the Combined Authority's financial affairs. Such officers will be appointed in accordance with the Combined Authority Employment Rules;
 - (ii) the power to borrow money
 - (iii) the power to appoint staff and to enter into agreements with other local authorities for the secondment of staff. Staff will be appointed in

accordance with the combined Authority Employment Rules as set in this Constitution;

- (iv) the power to acquire land by agreement or compulsorily for the purpose of any of its functions and to dispose of such land;
- (v) the power to pay subscriptions to the funds of local authority associations;
- (vi) the duty (without prejudice to any other obligation) to exercise its functions with due regard to the need to prevent crime and disorder, the misuse of drugs and alcohol or re-offending in the Combined Authority Area;
- (vii) the power under Section 99 of the Local Transport Act 2008 to promote the economic, social and environmental well-being of its area;
- (viii) the power under section 113A of the Local Democracy, Economic Development and Construction Act 2009 to do anything it considers appropriate for the purpose of carrying out any of its functions.

2.3 The Combined Authority is a local authority for the purpose of Section 101 of the Local Government Act 1972 (arrangements for the discharge of functions by local authorities).

2.4 The Combined Authority is a best value authority for the purpose of Section 1 of the Local Government Act 1999.

2.5 The Combined Authority is a public body for the purpose of the Freedom of Information Act 2000 and shall be registered as both “data controller” and “data processor” as defined by the Data Protection Act 1998.

2.6 The Combined Authority is a local authority for the purpose of the power of a Minister of the Crown to pay grants.

2.7 The Combined Authority has a statutory responsibility as Local Transport Authority (for the West Midlands to set out and ensure the implementation of policies and strategy to co-ordinate and promote the use of public transport in the West Midlands).

2.8 Officers of the Combined Authority shall deliver the Combined Authority’s public transport policies.

3. The Combined Authority is responsible for:-

Transport

- (i) High Speed 2 Connectivity package including the maximising of benefits of HS2 across the West Midland region

- (ii) formulating a long-term strategic vision for the West Midlands public transport system that is based on the vision of an integrated public transport system that contributes to the economic development of the West Midlands through a network of high volume public transport corridors;
- (ii) developing and championing the business case for a rapid transit network, including Midland Metro;
- (iii) developing and championing the 'Vision for Rail' as part of the development of the rail network, in partnership with Network Rail and train operating companies;
- (iv) operating a concessionary fares scheme and implementing the government's National Concessionary Scheme and any local variations;
- (v) championing and developing Smartcard integrated ticketing technology within the region;
- (vi) developing bus travel, by championing the modernisation of the bus network in the region through a culture that focuses on bus passengers and their needs through the Transforming Bus Travel partnership;
- (vii) financially supporting subsidised bus services that are socially necessary, but not commercially viable;
- (viii) providing an annual grant to enable the West Midlands Special Needs Transport Ltd to operate a 'Ring & Ride' service for people who have difficulty in using other public transport facilities;
- (ix) developing sustainable policies for the promotion and encouragement of safe, efficient and economic transport facilities and services to, from and within its area, in partnership with public transport operators, the police and district councils;
- (x) providing sustainable integration between public transport modes, including through the provision of interchanges, in order that a seamless network is developed across the region;
- (xi) promoting and publicising the public transport network through the provision of travel information as part of the 'Network West Midlands' initiative;
- (xii) constructing and maintaining bus stations and public transport infrastructure.

4. Economic Growth

- 4.1 The Combined Authority will have such well being powers as are set out in sections 99 and 102A of the Local Transport Act 2008 in order to promote

economic growth and such powers can be exercised in conjunction with general powers granted to the Combined Authority by virtue of Section 113A of the Local Democracy Economic Development and Construction Act 2009 (as amended by the Localism Act 2011).

4.2 The Combined Authority will exercise functions relating to economic growth including but not limited to:

- Setting a Combined Authority strategic economic plan and investment strategy in consultation with the Non-Constituent Members
- 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.
- Providing a 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. The Combined Authority has the General Power of Competence under Section 1 of the Localism Act 2011 and this will enable the Combined Authority to exercise powers in dealing with economic development and regeneration provided by the Local Democracy Economic Development and Construction Act 2009.

4.3 In order to carry out effective decision making in respect of the Combined Authority areas of responsibility, the Combined Authority may have dedicated committee/sub-committees having responsibility to exercise all or some of its function.

4.4 The Combined Authority will have the ability to determine the composition and the scheme of allowances of any of its committees/sub-committees, or any other body established by the Combined Authority.

5. Matters Reserved for Determination by the Combined Authority

5.1 The following functions of the Combined Authority will remain *reserved matters* for determination by the Combined Authority only:-

- (i) setting its revenue budget for transport, including approving estimates of income and expenditure pursuant to s15 (1)(b) of the Transport Act 1968, determining the grants to be made to passenger transport companies under s13 of the Transport Act 1968, and the issue of a levy pursuant to the Transport Levying Bodies Regulations 1992;

- (ii) determining the borrowing limits of the Combined Authority in relation to transport matters, pursuant to s3 of the Local Government Act 2003;
- (iii) developing strategy policies for the promotion and encouragement of safe, sustainable, efficient and economic transport facilities and services and producing a Local Transport Plan/ Transport Strategy;
- (iv) considering and approving the creation and development of Bus Quality Contract Schemes;
- (v) formulating general policies with respect to the availability and convenience of public passenger services pursuant to s9A (5) - (7) of the Transport Act 1968;
- (vi) formulating policies in regards to a devolved rail franchise and West Midlands Rail Limited
- (vii) appointment of Chair and Vice Chair of the Transport Delivery sub-Committee;
- (viii) responsibility for management and oversight of the Integrated Transport Authority Pension Fund and the on-going maintenance and management of historic schemes;
- (ix) monitoring the Combined Authority's transport budget, pursuant to s15A (2) of the Transport Act 1968;
- (x) allocation and prioritisation of any central government grants and any other form of funding;
- (xi) transportation policy and strategy in respect of its functions detailed in Paragraph above;
- (xii) to determine a scheme of allowances for any committees/sub committees of the Combined Authority;

5.2 Any of the functions set out above may be referred to the Transport Delivery sub- Committee of the Combined Authority for it to make recommendations for consideration and determination by the Combined Authority.

6. Matters referred from the Combined Authority to the Transport Delivery sub-Committee of the Combined Authority to make recommendations to the Combined Authority

6.1 The following functions of the Combined Authority will be referred to the Transport Delivery sub- Committee of the Combined Authority in order for it to *make recommendations* to the Combined Authority for decision:-

- (i) Policies that promote and encourage safe, sustainable, efficient and economic transport facilities and services; and then securing appropriate level of rail services through rail devolution;
- (ii) policy issues as determined by the Combined Authority within the Work Programme;
- (iii) the relevant elements of the Combined Authority's revenue budget and levy;
- (iv) Bus Quality Partnership Schemes;
- (v) appointment of Combined Authority Transport Directors.

7. The following Matters will be delegated from the Combined Authority to the Transport Delivery sub-Committee of the Combined Authority to determine.

7.1 The following functions of the Combined Authority will be delegated to the Transport Delivery sub-Committee of the Combined Authority in order for it to *determine*, subject to the Transport Delivery sub-Committee of the Combined Authority exercising these functions in accordance with any transport policies of the Combined Authority, the Local Transport Plan/ Strategy and the Combined Authority's agreed transport budgets:-

- (i) monitoring and overseeing the delivery of transport activities (including the power pursuant to s15 (6) of the Transport Act 1968) to such directions to officers of the Combined Authority as appears to the Transport Delivery sub-Committee of the Combined Authority to be appropriate to secure the policy objectives of the Combined Authority;
- (ii) ensuring that the Combined Authority secures the provision of appropriate subsidised public passenger transport services under s9A (3) of the Transport Act 1968;
- (iii) considering and approving the creation and development of:-
 - ☐ Ticketing Schemes under s135 - 138 of the Transport Act 2000; and
 - ☐ Concessionary Travel Schemes under s93 - 104 of the Transport Act 1985;
- (iv) determining what local bus information should be made available, and the way in which it should be made available, under s139 - 143 of the Transport Act 2000;
- (v) ensuring that officers of the Combined Authority implement those actions delegated to it for promoting the economic, social and environmental well-being of the West Midlands in accordance with s99 of the Local Transport Act 2008;

- (vi) monitoring expenditure against its approved budget;
- (vii) approving Combined Authority minor works capital programme and the agreed budget for the scheme concerned;
- (viii) monitoring Combined Authority performance against the agreed Local Transport Plan/ Transport Strategy;
- (ix) formulating, developing and monitoring procedures for public consultation of, and lobbying for, the Combined Authority's transport policies;
- (x) considering issues arising from the implementation of schemes for the introduction of smart ticketing systems and state of the art technologies;
- (xi) authorising the disposal, acquisition and development of any land within any budget agreed by the Combined Authority;
- (xii) determining the operation, performance, contract management and development of tendered bus services, bus stations/stops, and passenger transport services, under s10 (1) of the Transport Act 1968 and within the agreed Combined Authority budget.

PART 6 DELEGATION TO OFFICERS

Scheme of Delegation of Functions to Chief Officers and Schedule of Officers

Introduction

- 1.1 The Combined Authority will produce and maintain a Scheme of Delegation to Chief Officers and Schedule of Proper Officers for various functions in accordance with section 101 of the Local Government Act 1972, which enables the Combined Authority to delegate any of its functions which are not reserved to the Combined Authority.
- 1.2 The Scheme referred to in 1 above, will be open to public inspection as required by section 100G of the Local Government Act 1972 and specifying those powers of the Combined Authority which are exercisable from time to time by officers of the Combined Authority, and stating the title of the officer in question by whom the powers are exercisable.
- 1.3 A Chief Officer in the context of this document means a Chief Officer as defined in the Combined Authority Employment Rules.
- 1.4 A Chief Officers to whom authority to act has been delegated may sub-delegate the authority to act to another officers where the officer is acting on behalf of a Chief Officer.

1.5 Any decisions or actions taken by a Chief Officer or other person on behalf of a Chief Officer, must be recorded and published in accordance with:-

- (i) the provisions of the Openness of Local Government Bodies Regulation 2014;
- (ii) statute or other legal requirements, including the principles of public law, the Human Rights Act 1998, statutory guidance and statutory codes of practice;
- (iii) the Constitution, the Combined Authorities Standing Orders and Financial Regulations;
- (iv) the revenue and capital budgets of the Combined Authority, subject to any variation thereof which is permitted by the Combined Authority's Financial Regulations; and
- (v) any policy or direction of the Combined Authority or any Committee acting in exercise of powers delegated to that Committee by the Combined Authority.

2. Officers may not exercise delegated powers where:-

- (i) the matter is reserved to the Combined Authority by law or by the Constitution;
- (ii) the matter is a function which cannot by law be discharged by an officer;
- (iii) the Combined Authority or a Committee, Sub-Committee or Joint Committee to which the Combined Authority is a party, has determined that the matter should be discharged otherwise than by an officer;
- (iv) the Head of Paid Service has directed that the officer concerned should not exercise a delegated function in special circumstances.

2.1 Before exercising delegated powers, particularly on matters involving the reputation of the Combined Authority, officers should consider the advisability of consulting the Head of Paid Service and/or the Chair of the Combined Authority.

2.2 Any reference in this Scheme of Delegation to any enactment shall include a reference to any amendment or re-enactment of the same. Where a change in the title of a Chief Officer has occurred and the timing of that change has not allowed for the amendment of this Constitution, where it is clear that the officer making the decision is clearly identifiable as the officer to whom the authority was originally delegated, any reference to the officer in the Scheme of Delegation will mean the duly authorised officer.

2.3 Where, in relation to an item before the Combined Authority, or a Committee, a Chief Officer is given specific authority to determine a particular matter, the

officer should ensure that there is an appropriate audit trail to evidence such determination.

3. General Delegations to all Chief Officers

- 3.1 The day to day routine management, supervision and control of services provided for the Combined Authority by staff under their control in accordance with the Rules of Procedure and Financial Regulations of the Combined Authority.

4. Contracts and Accounts

- 4.1 All contracts shall be in dealt in accordance with Contract Procedure Rules and Financial Regulations as may be agreed from time to time by the Combined Authority.

5. Delegations to the Head of Paid Service

- 5.1 To discharge the functions of the Head of Paid Service in relation to the Combined Authority as set out in Section 4 of the Local Government and Housing Act 1989. The duties of the Head of Paid Service are to report to the Combined Authority where necessary setting out proposals with respect to the coordination of the Combined Authority's functions, the number and grades of staff required and the organisation, appointment and proper management of the Combined Authority's staff and approval of Annual Governance Statement.

- 5.2 To discharge any function of the Combined Authority which has not been specifically delegated to another officer, Committee or reserved to the Combined Authority under this Constitution, and may direct any officer not to exercise a delegated function in special circumstances unless they are required to do so by law.
- 5.3 Take any action which is required as a matter of urgency in the interests of the Combined Authority, in consultation (where practicable) with the Chair of the Combined Authority.
- 5.4 Take preliminary steps to protect the rights and interests of the Combined Authority subject to consultation with the Chair of the Combined Authority in relation to any Bill or Statutory Instrument or Order in Parliament.
- 5.5 To conduct before either House of Parliament any proceedings (including the retention of Parliamentary Agents and Counsel) connected with the passage of any Private Bill which the Combined Authority has resolved to promote or oppose, including the negotiation and agreement of amendments to any such Bill, and the negotiation and approval of any terms, agreement or undertaking offered in consideration of the Combined Authority not opposing any Private Bill.
- 5.6 Nominate, appoint and remove, in consultation with the Chair and Vice-Chairs of the Combined Authority representatives on the board of companies, trusts and other bodies, and to agree constitutional arrangements for such companies, trusts and other bodies and give any necessary consent required within relevant constitutions.
- 5.7 To provide a comprehensive policy advice service to the Combined Authority and in particular to advise on the Combined Authority's plans and strategies, including the sustainable community strategy and the local transport plan.
- 5.8 Control and co-ordinate press and media relations, the organisation of press conferences, publicity and public relations within prescribed policy including approval of the issue of all official Combined Authority publicity and official publications.
- 5.9 The appointment of the Head of Paid Service will be on the basis of unanimous agreement of the Members appointed by Constituent Authorities present and voting

6. Delegations to the Treasurer

- 6.1 To effect the proper administration of the Combined Authority financial affairs particularly in relation to financial advice, procedures, records and accounting systems, internal audit and financial control generally and the Treasurer shall be the designated the proper officer under section 151 of the Local Government Act 1972.
- 6.2 The taking of all actions required on borrowing, investment and financing subject to the submission to the Combined Authority of an annual report of the

Treasurer on treasury management activities and at six-monthly intervals in accordance with CIPFA's Code of Practice for Treasury Management & Prudential Codes.

- 6.3 To effect all insurance cover required in connection with the business of the Combined Authority and to settle all claims under such insurances arranged for the Combined Authority's benefit.
- 6.4 The preparation of manuals of financial and accounting procedures to be followed by officers of the Combined Authority and officers of Constituent Authorities working on Combined Authority matters.
- 6.5 To accept grant offers on behalf of the Combined Authority, subject to all the terms and conditions set out by the grant awarding body.
- 6.6 The submission of all claims for grant to the UK Government or the European Community (EC).
- 6.7 To make all necessary banking arrangements on behalf of the Combined Authority, to sign all cheques drawn on behalf of the Combined Authority, or make arrangements for cheques to be signed by other officers or to arrange for such cheques to bear the facsimile signature of the Treasurer.
- 6.8 To monitor capital spending and submit a report to the Combined Authority at not more than quarterly intervals. This report will separately identify the capital expenditure relating to schemes promoted by the Combined Authority
- 6.9 In relation to revenue expenditure under the control of officers, to consider reports of officers on any likely overspending, and to approve transfers between expenditure heads up to a maximum of £100,000, provided that, where it is not possible to finance an overspending by such a transfer, the matter shall be referred to the Combined Authority for consideration of a supplemental estimate.
- 6.10 The collection of all money due to the Combined Authority, and the writing-off of bad debts.
- 6.11 To supervise procedures for the invitation, receipt and acceptance of tenders.
- 6.12 To administer the scheme of Members' allowances.
- 6.13 To discharge the functions of the 'responsible financial officer' under the Accounts and Audit (England) Regulations 2011 including the requirement under Regulation 8(2) to sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the Combined Authority at the end of the year to which it relates and of the Combined Authority income and expenditure for that year.
- 6.14 To discharge the functions of the Combined Authority under the Accounts and Audit Regulations 2015 (with the exception of regulations 4(3), 6(4) and 8(3)).

- 6.15 To sign certificates under the Local Government (Contracts) Act 1997.
- 6.16 To be the officer nominated, or to nominate in writing another officer, as the person to receive disclosures of suspicious transactions for the purposes of the Proceeds of Crime Act 2002 and any associated regulations.
- 6.17 To determine an amount (not exceeding the sterling equivalent of £9,000 or 15,000 euros) being the maximum sum which the Combined Authority will receive in cash without the express written consent of the Treasurer.
- 6.18 To exercise the responsibilities assigned to the Treasurer in the Financial Regulations and the Contract Procurement Rules.
- 6.19 The appointment of the Treasurer will be on the basis of a unanimous agreement of the Members appointed by Constituent Authorities present and voting.

7. Monitoring Officer

- 7.1 Under the provisions of the Local Government and Housing Act 1989, the Combined Authority shall appoint a Monitoring Officer. The functions of the Monitoring Officer shall be as follows:
- 7.2 Should at any time it appear to the Monitoring Officer that any proposal, decision or omission by the Combined Authority has given rise to, or is likely to give rise to unlawfulness or maladministration, he/she will prepare a report to the Combined Authority with respect to that proposal, decision or omission.
- 7.3 Contribute to the promotion and maintenance of high standards of conduct The Combined Authority has delegated to the Monitoring Officer the following powers to deal with matters of conduct and ethical standards in accordance with the requirements of the Localism Act 2011:-
- (i) to act as the Combined Authority Proper Officer to receive complaints that Members have failed to comply with the Combined Authority's Code of Conduct for Members;
 - (ii) to determine in accordance with the Combined Authority's Arrangements for dealing with Complaints that Members have failed to comply with the Combined Authority 's Code of Conduct for Members ("the Combined Authority 's Arrangements") whether to reject, informally resolve or investigate a complaint;
 - (iii) to seek informal resolution of complaints that Members have failed to comply with the Combined Authority's Code of Conduct for Members wherever practicable;
 - (iv) to arrange for the appointment of an Investigating Officer to investigate a complaint where the Monitoring Officer (in consultation with

an Independent Person) determines that a complaint merits formal investigation;

- (vi) to issue guidance to be followed by any Investigating Officer who may be appointed to investigate complaints;
- (vii) to confirm in accordance with the Combined Authority Arrangements, an Investigating Officer's finding of no failure to comply with the Combined Authority's Code of Conduct for Members;
- (viii) where an Investigating Officer's report finds that the Subject Member has failed to comply with the Combined Authority's Code of Conduct for Members, to determine, in accordance with the Combined Authority's Arrangements, either to seek a local resolution or to send a matter for local hearing;
- (ix) to maintain a whistleblowing policy in accordance with the terms of this Constitution and make the whistleblowing policy available to all Members and officers.

7.4 The appointment of the Monitoring Officer will be on the basis of unanimous agreement of the Members appointed by Constituent Authorities present and voting.

7.5 If Members appointed by Constituent Authorities[unanimously] decide that any statutory posts will be undertaken on a virtual, secondment or interim basis, the unanimous criterion is still required with respect to each statutory post.

7.6 The interview panel for the above posts will consist of one representative from each of the Constituent Authorities advised by the [clerk] to the Combined Authority.

7.7 The Monitoring Officer shall prepare and maintain a Register of Member's Interests to comply with the requirements of the Localism Act 2011 and the Combined Authority's Code of Conduct for Members, and ensure that it is available for inspection and published on the Combined Authority's website as required by the Act.

7.8 To grant dispensations from section 31(4) of the Localism Act 2011 in consultation with the Independent Person if, having had regard to all relevant circumstances, the Monitoring Officer:-

- (i) considers that without the dispensation the number of persons prohibited by section 31(4) of the Localism Act 2011 from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business; or
- (ii) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be

so upset as to alter the likely outcome of any vote relating to the business;
or

(iii) considers that granting the dispensation is in the interests of persons living in the Combined Authority's area; or

(iv) considers that it is otherwise appropriate to grant a dispensation.

7.9 Provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity, budget and policy framework issues to all Members and officers.

7.10 To institute, conduct, prosecute and defend any legal proceedings on behalf of the Combined Authority, as may be necessary to protect and promote the Combined Authority's interests in accordance with any general policy laid down by the Combined Authority's, subject to consultation with the Chair in any case where the matter is of significance to the Combined Authority's reputation or where the Combined Authority is to appeal to the Court of Appeal or the Supreme Court.

7.11 To settle, if appropriate, and in the interests of the Combined Authority, any actual or threatened legal proceedings.

7.12 To instruct Counsel and professional advisers, where appropriate.

7.13 To give undertakings on behalf of Combined Authority.

7.14 To supervise the preparation and sealing or signature of legal documents.

7.15 To authorise other officers to seal documents in accordance the Constitution, or to sign documents which are not required to be under seal.

7.16 To complete all property transactions and contractual arrangements where terms have been agreed by the Combined Authority or Committees or Chief Officers acting under the Scheme of Delegation.

7.18 To deal with and determine exemptions under Section 36 of the Freedom of Information Act 2000.

7.19 To accept on behalf of the Combined Authority the service of notices, orders and legal procedures

7.20 To accept on behalf of the Combined Authority the service of notices, orders and legal procedures.

7.21 Under Section 223 of the Local Government Act 1972 to authorise officers who are not admitted solicitors to appear in Magistrates' Court on behalf of the Combined Authority.

8. Schedules of Proper Officers

- 8.1 Section 112(1) of the Local Government Act 1972, provides that the Combined Authority shall appoint such officers as it thinks necessary for the appropriate discharge by the Combined Authority of such of its functions as fall to be discharged by them.
- 8.2 There are a number of specific references in the 1972 and 1985 Local Government Acts, which call for functions to be undertaken by what is termed the "Proper Officer". The following Schedules list such references and identify the Chief Officers responsible for their discharge:

9. Treasurer

- 9.1 The Treasurer to the Combined Authority is appointed the Proper Officer in relation to the following:

Local Government Act 1972
Section 115 Receipt of money due from Officers
(2) Local Government Act 1985
Section 73 Administration of the financial affairs of the Combined Authority

10. Monitoring Officer

- 10.1 The Monitoring Officer to the Combined Authority is appointed the Proper Officer in relation to the following:

Local Government Act 1972
Section 146 (1) (a) and (b) Declaration and Certificates with regard to securities
Section 225 (1) Deposit of Documents
Section 229 (5) Certifications of photographic copies of documents
Section 234 (1) and (2) Issuing and signing of formal notices
Section 236 (9) and (10) Serving copies of Byelaws
Section 238 Certification of Byelaws

11. Secretary

- 11.1 The Secretary to the Combined Authority is appointed the Proper Officer in relation to the following:-

Local Government Act 1972 Section 100B (2)	Determination of those reports which should be available for public inspection prior to a meeting of the Combined Authority any Committee of the Combined Authority and those which are likely to be heard in private and consequently which should not be released to the public
Section 100B (7)	Provision of documents to the press, additional to Committee reports
Section	Preparing written summaries of proceedings

100C (2)	
Section 100D (1)	Making arrangements for list of, and background papers to reports, to be made available for public inspection.
Section 100F (2)	Determination of documents disclosing exempt information which may not be inspected by Members
Schedule 12 para 4 (2) (b)	Signature of Summonses to the Combined Authority
Schedule 12 para 4 (3)	Receipt of notices regarding address to which Summons to meetings of the Combined Authority is to be sent

12. General

- 12.1 All Officers in whose name reports are submitted to the Combined Authority via the Secretary and the Treasurer are appointed the proper officers in relation to the following:-

Local Government Act 1972

Section 100 D (1) (a)	Compilation and retention of lists of background papers and copies of the relevant documents and reports; and
Section 100 D (5)	Identifying and determining what are background papers

PART 7-OFFICER EMPLOYMENT PROCEDURE RULES

Officer Employment Procedure Rules

1. Definition of a Chief Officer and Deputy Chief Officer

For the purposes of these Rules:-

- (a) a Chief Officer shall mean one of the following whether employed directly by the Combined Authority, seconded to the Combined Authority by one of its Constituent or Non-Constituent Authorities otherwise engaged by the Combined Authority under any

agreement for the purpose of the delivery of any of the functions of the Combined Authority:-

- (i) a Statutory Chief Officer appointed under a specified statute for the purposes of carrying out any functions of the Combined Authority;
- (ii) the Head of the Paid Service;
- (ii) the officer having responsibility for the purposes of Section 151 of the Local Government Act 1972, Section 73 of the Local Government Act 1985, Section 112 of the Local Government Finance Act 1988, for the administration of the Combined Authority's financial affairs;
- (iii) the officer designated as the Monitoring Officer under the provisions of the Local Government and Housing Act 1989;
- (iv) a Non-Statutory Chief Officer:-;
 - (a) a person for whom the Head of Paid Service is directly responsible;
 - (b) a person who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to the Head of Paid Service;
 - (c) a person who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to the local authority themselves or any committee or sub-committee of the authority;
- (b) a Deputy Chief Officer means a person who is, as respects all or most of the duties of his post, is required to report directly or is directly accountable to one or more of the chief officers listed in (a) above.

A person whose duties are solely secretarial or clerical or otherwise in the nature of support services shall not be regarded as any of the persons in (a) or (b) above

2. **Recruitment and Appointment**

- (a) Unless specified otherwise in these Rules or in the Constitution of the Combined Authority, the recruitment and appointment of the Head of Paid Service, chief officers, or deputy chief officers, officers below chief or deputy chief officer and assistants to political groups shall be in accordance with the procedures contained in any scheme of recruitment and selection which has been approved or amended by the Combined Authority and is in force at the time.
- (b) Copies of any scheme under (a) shall be made available to any person on request to the Head of Paid Service or his/her nominee.
- (c) For the purposes of these Rules, appointment shall mean employment directly by the Combined Authority, secondment to the Combined Authority by a Constituent or Non-Constituent Authority otherwise engaged by the Combined Authority under any agreement for the purpose of the delivery of any of the functions of the Combined Authority.
- (d) **Declarations**
 - (i) Any candidate for appointment as an officer will be required to state in writing whether they are the parent, grandparent, partner, child, stepchild, adopted child, grandchild, brother, sister, uncle, aunt, nephew or niece of an existing Member or officer of the Combined Authority, or the partner of such persons.
 - (ii) No candidate related to a Member or officer as described above will be appointed without the agreement of the Chair of the Combined Authority for the purposes of officers listed in (1) above or by the Head of Paid Service or an officer nominated by him for the purposes of all other chief officers and officers.
- (d) **Seeking Support for Appointment**
 - (i) The Combined Authority will disqualify any applicant who directly or indirectly seeks the support of any for any appointment with the Combined Authority.
 - (ii) No Member of the Combined Authority will seek support for any person for any appointment with the Combined Authority.

3. Recruitment of Chief Officer or Deputy Chief Officer

Subject to Rule 2(a) above, where the Combined Authority proposes to appoint a chief officer or deputy chief officer and it is not proposed that the appointment be made exclusively from among their existing officers, the Combined Authority:-

- (a) will draw up a statement specifying:
 - (i) the duties of the officer concerned: and
 - (ii) any qualifications or qualities to be sought in the person to be appointed;
- (b) will make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and
- (c) will make arrangements for a copy of the statement mentioned in paragraph (a) to be available to all applicants for any particular post and to any other person on request.

4. Appointment of Head of Paid Service, Section 151 Officer and Monitoring Officer

Subject to Rule 2(a) above, the Combined Authority will approve the appointment of the Head of Paid Service, the Section 151 officer and the Monitoring officer .

5. Appointment of Chief Officers, Deputy Chief Officers and Interim Chief/Deputy Officers

Subject to Rule 2(a) above the Combined Authority will:

- (1) approve the appointment of a person(s) to any of the positions listed in section 1(a) (i) and (iv) and 1(b) above following :-
 - (a) a report direct to the Combined Authority where the means of appointment is other than by competitive interview; or
 - (b) the recommendation of an appointment by a committee of the Combined Authority established for the purpose of conducting a competitive interview process; or
- (2) establish a committee of the Combined Authority for the purpose of conducting a competitive interview process and determining the appointment.
- (3) the temporary filling of a vacancy for a post of chief officer or deputy chief officer referred to in Section 5 above for a period of

no more than six months, shall be made by the Head of the Paid Service by the secondment of an officer from amongst the employee of a Constituent or Non-Constituent Authority. The Chair of the Combined Authority shall be informed of the process and invited to be a member of any interview Panel.

- (4) in the event of no suitable candidates for an interim appointment being identified under (3) above, the Head of Paid Service, in consultation with the Chair of the Combined Authority may authorise that an external appointment shall be made for a period of no more than six months. The appointment shall be made by the Head of Paid Service. The Chair of the Combined Authority shall be informed of the process and invited to be a member of any interview Panel.
- (5) an offer of employment as a chief officer, deputy chief officer under (3) and (4) above shall only be made where no well founded objection has been made by any Member appointed by a Constituent Authority.
- (6) in the event of a reasoned objection being received, the matter shall be referred to a specially convened meeting of a committee established in accordance with paragraph 5(2) above, whose decision shall be final

6. Other Appointments

(a) Officers below Chief/Deputy Chief Officer

Subject to Rule 2(a) above, the appointment of officers below chief/deputy chief officer (other than assistants to political groups) is the responsibility of the Head of Paid Service or his/her nominee and may not be made by Members of the Combined Authority.

(b) Assistants to Political Groups

Subject to Rule 2(a) above, the appointment of an assistant to a political group shall be made by a committee of the Combined Authority.

7. Disciplinary Action

- (a) Unless specified otherwise in these Rules or in the Constitution of the Combined Authority, any disciplinary action in respect of the Head of Paid Service, Monitoring officer or Section 151 Officer will be conducted in accordance with the Combined Authority's disciplinary procedures] and otherwise, along with action in respect of a chief officer, deputy chief officer, officer below chief/deputy chief officer and assistants to political groups, shall be in accordance with the procedures contained in any disciplinary, capability or related procedures which have been

approved or amended by the Combined Authority and are in force at the time.

- (b) Copies of any such procedures under (a) shall be made available to any person on request to the Head of Paid Service or his nominee.

- (c) **Suspension of Head of Paid Service, Monitoring Officer and Chief Finance Officer**

On consideration of a report by the Combined Authority, the Head of Paid Service, Monitoring Officer and Treasurer may be suspended from that role whilst an investigation takes place into alleged misconduct. Where the officer is a direct employee of the Combined Authority, suspension will be on full pay and will terminate no later than the expiry of two months beginning on the day on which the suspension takes effect.

- (d) **Suspension of other Chief Officers or Deputy Chief Officers**

The holders of all other chief officer or deputy chief officer posts (including interim) may be suspended whilst an investigation takes place into alleged misconduct. That suspension will be on full pay.

The decision to suspend shall be made by the Head of Paid Service in consultation with the Chair of the Combined Authority.

- (e) **Suspension/Discipline of officers below Chief Officer**

Members of the Combined Authority will not be involved in disciplinary action against any officer below chief officer or deputy chief officer level except where such involvement is necessary for any investigation or inquiry into alleged misconduct.

- (f) **Independent Person**

No other disciplinary action may be taken in respect of any of those officers in (c) and (d) above except in accordance with a recommendation in a report made by a designated independent person.

8. **Dismissal**

- (a) Unless specified otherwise in these Rules or in the Constitution of the Combined Authority, any action to dismiss the Head of Paid Service, the Monitoring Officer or the Section 151 Officer (Treasurer), will be conducted in accordance with the Combined Authority's published policies and otherwise, along with action against other chief officers or deputy chief officers, officers below

chief Officers and Assistants to political groups, in accordance with the procedures contained in any disciplinary, capability or related procedures which have been approved or amended by the Combined Authority and are in force at the time.

- (b) Copies of any such procedures under (a) shall be made available to any person on request to the Head of Paid Service or his nominee.

(c) **Dismissal of Head of Paid Service**

The Combined Authority will approve the dismissal of the Head of the Paid Service, the Monitoring Officer or the Treasurer following consideration of :-

- (a) a report direct to the Combined Authority; or
- (b) the recommendation of a committee of the Combined Authority established for the purpose of conducting a dismissal hearing.

No action may be taken in respect of any of those officers except in accordance with a recommendation in a report made by a designated independent person.

(d) **Dismissal of Chief Officers or Deputy Chief Officers**

Chief officers or deputy chief officers may be dismissed following:-

- (a) a report direct to the Combined Authority where the Combined Authority chooses; or
- (b) the recommendation of a committee of the Combined Authority established for the purpose of conducting a dismissal hearing; or

- (2) the establishment of a committee of the Combined Authority for the purpose of conducting a dismissal hearing and making a determination.

(f) **Dismissal of Assistants to Political Groups**

Dismissal of an assistant to a political group shall be made by a committee of the Combined Authority.

(g) **Dismissal of Officers below Chief Officer**

Dismissal of officers below chief officer (other than assistants to political groups) is the responsibility of the Head of Paid Service or his nominee and may not be made by Members of the Combined Authority except where such involvement is necessary for any investigation or inquiry into alleged misconduct.

ANNEX 1 CONTRACT PROCEDURE RULES

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A BRIEF GUIDE TO CONTRACT PROCUREMENT RULES

The Combined Authority as a body using public resources must set and follow the highest standards of financial control and stewardship. The Combined Authority's Contracts Procedure Rules provide Members and officers with procedures to follow which ensure that the Combined Authority's expected standards are met in terms of managing public money and assets. These rules must be read in conjunction with the Combined Authority's Financial Regulations in Annex 2.

The rules set out procedures designed to ensure that value for money is obtained, statutory requirements are met in terms of United Kingdom and European Union law, and to ensure that the Combined Authority's affairs are managed prudently and properly controlled.

Non-compliance with these rules could result in a legal challenge to the award of a contract by the Combined Authority and may also constitute a disciplinary offence.

Prior to commencing a procurement /sale/contracting process on behalf of the Combined Authority, officers should ensure that they have the required delegated authority to do so. Failure to do so may result in delay at the point of any required contract signing.

These rules apply to any contractual agreement covering the sale of any asset or the spending of public money.

Scope of Contract Procurement Rules

1. Basic Principles

All purchasing and disposal procedures must:

- Achieve Best Value for public money spent;
- Be consistent with the highest standards of integrity;
- Ensure fairness in allocating public contracts;
- Comply with all legal requirements;
- Ensure that Non-commercial considerations do not influence any Contracting Decision;
- Support the Combined Authority's corporate strategy and policy aims; and
- Comply with the Combined Authority's corporate procurement strategy and policy and other relevant policies.

2. Officer Responsibilities

2.1 Officers

2.1.1 Officers responsible for purchasing or disposal must comply with these Contract Procurement Rules; the Financial Regulations; the Code of Conduct for Members; and officers; and with all UK and European Union binding legal requirements. Officers must ensure that any agents, Consultants and contractual partners acting on their behalf of the Combined Authority are also compliant.

2.1.2 Officers must:

- Have regard to the Combined Authority Purchasing Guidance (as set out by the Treasurer);
- Check whether a suitable Combined Authority Contract exists before seeking to let another contract, where a suitable Combined Authority Contract exists, this must be used unless there is an auditable reason not to;
 - Keep the records required by Rule 6; and
 - Take all necessary legal, financial and professional advice.

2.1.3 When any Officer either of the Combined Authority or of a service provider may be affected by any transfer arrangement, Officers must ensure that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) issues are considered and obtain legal and personnel advice before proceeding with inviting Tenders or Quotations.

2.2 Chief Officers

2.2.1 Chief Officers must:

ensure that their staff comply with Rule 2.1;
keep registers of:

- contracts completed by signature and seal, and arrange for their safekeeping on the Combined Authority premises;
and
- all exercised exemptions are recorded under Rule 3.2.

2.3 The Officer must comply with the Code of Conduct and must not invite or accept any gift or reward in respect of the award or performance of any contract. It will be for the Officer to prove that anything received was not received corruptly. High standards of conduct are obligatory. Corrupt behaviour will lead to dismissal and is a criminal offence.

2.4 Officers shall comply with s117 of the Local Government Act 1972 in relation to the declaration of interest in any contracts.

3. EXEMPTIONS, COLLABORATIVE AND E-PROCUREMENT ARRANGEMENTS

- 3.1 The Combined Authority has power to waive any requirements within these Contract Procedure Rules for specific projects and an exemption report must be completed to record any departure from these rules.
- 3.2 A Chief Officer may (subject to the Head of Paid Service and Treasurer's written approval where the Total Value is likely to exceed £25,000.00) waive any requirements within these Contract Procedure Rules, where they are satisfied:
- Goods are to be bought at auction and the Head of Paid Service has approved in writing that the Combined Authority best interest will be served by purchase through auction and has agreed an upper limit for bids;
 - Only one contractor can provide the goods, services or works required and there is no reasonable alternative contractor;
 - The need for the goods, services or works is so urgent that the time needed to comply with these Contract Procedure Rules would be prejudicial to the Combined Authority's interests.
- 3.3 Where a proposed contract is likely to exceed the relevant OJEU Threshold, and the Chief Officer has no delegated powers and the matter must be determined by the Combined Authority. No exemption can be authorised where the EU Procedures apply.
- 3.4 An exemption cannot be granted in breach of any UK or EU Legislation. All exemptions, and the reasons for them, must be recorded by the Chief Officer. The Treasurer may monitor the use of all exemptions.
- 3.5 The relevant Chief Officer must consult the Treasurer and the Monitoring Officer where a purchase is to be made using collaborative procurement arrangements with another local authority/local authorities, government department, statutory undertaker or public service purchasing consortium.
- 3.6 Any contracts entered into through collaboration with other local authorities or other public bodies, where a competitive process has been followed that complies with the contract procedure rules of the lead organisation, will be deemed to comply with these Contract Procedure Rules and no exemption shall be required. However, prior advice must be sought from the Monitoring Officer and the Treasurer.
- 3.7 In order to secure Value for Money, the Combined Authority may enter into collaborative procurement arrangements. The Chief Officer must consult the Treasurer and the Monitoring Officer where the purchase is to be made using collaborative procurement arrangements with another local authority, government department, statutory undertaker or public service purchasing consortium.

- 3.8 All purchases made via a local authority purchasing and distribution consortium are deemed to comply with these Contract Procedure Rules and no exemption is required. However, purchases above the OJEU Threshold must be let under the OJEU Procedure, unless the consortium has let the contract in accordance with the EU Procedures for and on behalf of the Combined Authority and other consortium members.
- 3.9 The use of e-procurement technology does not negate the requirement to comply with all applicable elements of these Contract Procurement Rules, particularly those relating to competition and Value for Money.
- 3.10 All references to monetary limits included in these rules shall be deemed to exclude any Value Added Tax applicable to the contract, levied by the Government, for the time being in force.
- 3.11 The Treasurer shall review all monetary limits shown in these rules annually and any resulting amendment shall be reported to the Combined Authority.

4. Relevant Contracts

4.1 All Relevant Contracts must comply with these Contract Procurement Rules. A Relevant Contract is any arrangement made by the Combined Authority for the carrying out of works or for the supply of goods, materials or services. These include arrangements for:

- The carrying out of construction and engineering works;
- The supply or disposal of goods;
- The hire, rental or lease of goods or equipment; and
- The delivery of services.

4.2 Relevant Contracts do not include:

- Contracts of employment which make an individual a direct employee of the Combined Authority; or
- Agreements relating to the acquisition, disposal or transfer of land which do not form part of a wider transaction under which the Combined Authority procures works, goods or services.

5. COMMON REQUIRMENTS

5. Steps Prior to Purchase

5.1 The Chief Officer must appraise the purchase, in a manner commensurate with its complexity and value, and taking into account the Purchasing Guidance, by:

- Satisfying themselves that they have the necessary authority to deal with the purchase and that there is budget provision for the purchase;
- Taking into account the requirements from any relevant Best Value review appraising the need for the expenditure and its priority defining the objectives of the purchase;
- Assessing the risks associated with the purchase and how to manage them;
- Considering what procurement method is most likely to achieve the purchasing objectives, including internal or external sourcing, partnering, packaging strategy and collaborative procurement arrangements with another local authority, government department, statutory undertaker or public service purchasing consortium;
- Consulting users as appropriate about the proposed procurement method, contract standards and performance and user satisfaction monitoring drafting the terms and conditions that are to apply to the proposed contract;
- Where the purchase is to be funded from mainstream capital or regarded as capital by the Treasurer it is submitted to the Treasurer for comment as soon as practicable; Setting out these matters in writing if the Total Value of the purchase exceeds £25,000.00

and by confirming that:

There is Member or delegated approval for the expenditure and the purchase accords with the approved policy framework and Scheme of Delegation as set out in the Combined Authority Constitution.

6. Records

6.1 The following records of all contracts entered into must be kept:

- A unique reference number for the contract and the title of the contract;
- Invitations to quote or tender and Quotations or Tenders;
- A record of any exemptions exercised and the reasons for them;
- Of any Contracting Decision and the reasons for it including the evaluation of the Quotation or Tender;
- Written records of communications with the successful contractor or an electronic record if a written record of the transaction would not normally be produced.

- A unique reference number for the contract and the title of the contract;
- The method for obtaining bids;
- Any Contracting Decision and the reasons for it;
- Any exemption exercised under Rule 3 together with reasons for it;
- The Award Criteria in descending order of importance;
- Invitation to Tender documents sent to and Tender documents received from Candidates;
- Pre-tender market research;
- Clarification and post-tender negotiation (to include minutes of meetings);
- The contract documents;
- Post-contract evaluation and monitoring;
- Communications with Candidates and with the successful contractor throughout the period of the procurement.

6.3 Records are required to be kept for six years in relation to all contracts executed under hand and 12 years for all contracts executed as a deed.

7. Advertising and Framework Agreements

7.1 Identifying and Assessing Potential Candidates

7.1.1 Chief Officers shall ensure that, where proposed contracts, irrespective of their Total Value, might be of interest to potential Candidates located in other member states of the EU, a sufficiently accessible advertisement is published. Generally, the greater the interest of the contract to potential bidders from other member states, the wider the coverage of the advertisement should be. Examples of where such advertisements may be placed include:

- The Combined Authority website;
- Portal websites specifically created for contract advertisements (such as the UK Government Contracts Finder website);
- A local or national newspaper or specialist publication;
- National official journals, or the Official Journal of the European Union (OJEU)/Tenders Electronic Daily (TED) (even if there is no requirement within the EU Procedure).

7.2 Officers are responsible for ensuring that all Candidates for a Relevant Contract have appropriate:

- Economic and financial standing; and
- Technical ability and capacity;

to fulfil the requirements of the Combined Authority.

7.3 Framework Agreements

7.3.1 The term of a Framework Agreement which is subject to the EU Procedure must not exceed 4 years (other than any Framework Agreement relating to utilities contracts) and Framework Agreements may be entered into with one or several providers .

7.3.2 Where a Framework Agreement is concluded with more than one provider contracts based on that Framework Agreement shall be awarded as follows:

- (i) where all the terms of the contract are set out in the Framework Agreement and the objective conditions for determining which party shall perform the contract are identified in the Framework Agreement no mini competition shall be required, or
- (ii) where all of the terms of the contract are not set out in the Framework agreement, by holding a mini-competition with the providers that are party to the Framework Agreement

CONDUCTING PURCHASE AND DISPOSAL

8. Competition Requirements for Purchase, Disposal and Partnership Arrangements

The Officer must calculate the Total Value.

The following procedures apply where there are no other procedures which take precedence. Other procedures may include agency agreements with government. If in doubt, Officers must seek the advice of the Monitoring Officer.

8.1 Purchasing – Competition Requirements

8.1.1 Where the Total Value for a purchase is within the values in the first column below, the Award Procedure in the second column must be followed.

Total Value	Award Procedure
Up to £25,000	One oral Quotation (must be confirmed in writing where the Total Value exceeds £500)
£5,001 –	At least three written

£50,000	Quotations required
£50,001 – EU Threshold	Invitation to Tender by advertisement to at least three Candidates (the opportunity must also be advertised on the UK Government Contracts Finder website within 24 hours of the opportunity being advertised in any other way)
Above EU Threshold	EU Procedure (where advertisement required under EU Procedure the opportunity must also be advertised on UK Government Contracts Finder website)

8.1.2 Irrespective of Rule 8.1.1 Relevant Contracts and Framework Agreements that are subject to European Union grant funding requirements shall be advertised in accordance with published guidance, ERDF National Procurement Requirements (ERDF–GN-1- 004) as amended from time to time.

8.1.3 An Officer must not enter into separate contracts nor select a method of calculating the Total Value in order to minimise or circumvent the application of these contract procedure rules.

8.1.4 Where the Total Value exceeds £50,000 the Treasurer should be consulted prior to the commencement of the relevant procurement procedure.

8.2 Assets for Disposal

8.2.1 Assets for disposal must be sent to public auction except where the Treasurer is satisfied that better Value for Money is likely to be obtained by inviting Quotations or Tenders. (These may be invited by advertising on the Combined Authority's website.)

8.3 Providing Services to External Purchasers

8.3.1 The Treasurer must be consulted where contracts to work for organisations other than the Combined Authority are

contemplated and any bid, tender and contract for work shall be made in accordance with the Financial Regulations.

8.4 Collaborative and Partnership Arrangements

8.4.1 Collaborative and partnership arrangements where services/goods/works are supplied to the Combined Authority are subject to all UK and EU procurement legislation and must follow these contract procedure rules. If in doubt, Officers must seek the advice of the Monitoring Officer/head of legal services and the Treasurer.

8.5 The Appointment of Consultants to Provide Services

8.5.1 Consultant architects, engineers, surveyors and other professional Consultants shall be selected and commissions awarded in accordance with the procedures detailed within these contract procedure rules and as outlined below.

Total Value	Award Procedure
Up to £530,000	Quotation (must confirmed in writing) where the Total Value exceeds £5,000)
£530,001 – EU Threshold	At least three written Quotations
Above EU Threshold	EU Procedure (where advertisement required under EU Procedure the opportunity must also be advertised on UK Government Contracts Finder website)

8.5.2 Irrespective of Rule 8.5.1 Relevant Contracts and Framework Agreements that are subject to European Union grant funding requirements shall be advertised in accordance with published guidance, ERDF National Procurement Requirements (ERDF–GN-1-004) as amended from time to time.

8.5.3 The engagement of a Consultant shall follow the agreement of a brief that shall adequately specify and describe the scope of the services to be provided and shall be subject to completion of a formal contract of appointment.

8.5.4 Records of consultancy appointments shall be maintained in accordance with Rule 6.

8.5.5 Consultants shall be required to provide evidence of, and maintain professional indemnity insurance policies (to the required level) and to the satisfaction of the head of legal for the periods specified in the respective agreement.

8.5.6 The instruction of external legal advisers must only be carried out by the head of legal and the instruction of counsel shall not be subject to the requirements of Rules 8.5.1 – 8.5.4 (inclusive)

9. PRE-TENDER MARKET RESEARCH AND CONSULTATION

9.1 The Officer responsible for the purchase:

- may consult potential suppliers prior to the issue of the Invitation to Tender in general terms about the nature, level and standard of the supply, contract packaging and other relevant matters, provided this does not prejudice any potential Candidate, but
- must not seek or accept technical advice on the preparation of an Invitation to Tender or Quotation from anyone who may have a commercial interest in them, if this may prejudice the equal treatment of all potential Candidates or distort competition.

10. STANDARDS AND AWARD CRITERIA

10.1 The Officer must ascertain the standards necessary to properly describe the subject matter of the contract having regard to any relevant British, European or international standards. The Monitoring Officer must be consulted if it is proposed to use standards other than European standards.

10.2 The Officer must define Award Criteria that are appropriate to the purchase and designed to secure an outcome giving Value for Money for the Combined Authority. The basic criteria shall be one of the following:

- 'lowest price' where payment is to be made by the Combined Authority,
- 'highest price' if payment is to be received, or
- 'most economically advantageous', where considerations other than price also apply.

If the last criterion is adopted, it must be further defined by reference to sub-criteria which may refer only to relevant considerations. These may include price, service, quality of goods, running costs, technical merit, previous experience, delivery date, cost effectiveness, quality, relevant environmental considerations, aesthetic and functional characteristics (including security and control features), safety, aftersales services, technical assistance and any other relevant matters.

Supplier suitability assessment questions may also be asked by the Combined Authority provided such are relevant to the subject matter of the procurement, are proportionate and are used to assess whether bidders meet requirements or minimum standards of suitability, capability, legal status and financial standing. Officers shall have regard to the Purchasing Guidance when defining the Award Criteria.

10.3 Award Criteria must not include:

- Non-Commercial Considerations **that are prohibited under UK and European Union law**

11. INVITATIONS TO TENDER/QUOTATIONS

11.1 The Invitation to Tender shall state that the Combined Authority reserves the right to reject a Tender that is not received by the date and time stipulated in the Invitation to Tender. No Tender delivered in contravention of this requirement shall be considered without the Treasurer's prior approval and a late tender submission shall not be considered under any circumstances when it is received after the other Tenders have been opened.

11.2 All Invitations to Tender shall include the following:

- 11.2.1 A specification that describes the Combined Authority's requirements in sufficient detail to enable the submission of competitive offers.
- 11.2.2 A requirement for tenderers to declare that the Tender content, price or any other figure or particulars concerning the Tender have not been disclosed by the tenderer to any other party (except where such a disclosure is made in confidence for a necessary purpose).
- 11.2.3 A requirement for tenderers to complete fully and sign all Tender documents including a form of Tender and certificates relating to canvassing and non-collusion.
- 11.2.4 Notification that Tenders are submitted to the Combined Authority on the basis that they are compiled at the tenderer's expense.

11.2.5 A description of the Award Procedure and, unless defined in a prior advertisement, a definition of the Award Criteria in objective terms and if possible in descending order of importance.

11.2.6 Unless the Tender is sought in accordance with an electronic tendering process which is approved by the Treasurer and Monitoring Officer and/or which is permitted by the Invitation to Tender documents, a statement that any Tenders submitted by fax or other electronic means shall not be considered

11.3 All Invitations to Tender or Quotations must specify the goods, service or works that are required, together with the terms and conditions of contract that will apply (see Rule 18).

11.4 The Invitation to Tender or Quotation must state that the Combined Authority is not bound to accept any Quotation or Tender.

12. SHORTLISTING

12.1 Shortlisting for contracts or agreements which are not subject to the EU Procedure may only be undertaken where permitted by UK law. Special rules apply to Short listing for contracts or agreements which are subject to the EU Procedure and these are set out in the EU Procedure.

13. SUBMISSION, RECEIPT AND OPENING OF TENDERS / QUOTATIONS

13.1 Candidates must be given an adequate period in which to prepare and submit a proper Quotation or Tender, which shall be proportionate to the complexity of the contract requirement. Normally at least four weeks should be allowed for submission of Tenders. The EU Procedure lays down specific time periods (see the Purchasing Guidance).

13.2 All Tenders must be returned in accordance with the Invitation to Tender.

13.3 Tenders received by fax or other electronic means (e.g. email) must be rejected, unless they have been sought in accordance with an electronic tendering process approved by the Treasurer and Monitoring Officer and/or which is permitted by the Invitation to Tender.

13.4 Each Tender must be:

- recorded so as to verify the date and precise time it was received; and
- adequately protected on receipt to guard against amendment of its contents.

14. CLARIFICATION PROCEDURES

- 14.1 Providing clarification of an Invitation to Tender to potential or actual Candidates or seeking clarification of a Tender, whether in writing or by way of a meeting, is permitted. However, discussions with tenderers after submission of a Tender and before the award of a contract with a view to obtaining adjustments in price, delivery or content (i.e. post-tender negotiations) are the exception rather than the rule. In particular, they must not be conducted in an EU Procedure where this might distort competition, especially with regard to price.

15. EVALUATION

- 15.1 Apart from the debriefing required or permitted by these contract procedure rules, the confidentiality of Quotations, Tenders and the identity of Candidates must be preserved at all times and information about one Candidate's response must not be given to another Candidate.
- 15.2 Contracts must be evaluated and awarded in accordance with the Award Criteria. During this process, Officers shall ensure that submitted Tender prices are compared with any pre-tender estimates and that any discrepancies are examined and resolved satisfactorily.
- 15.3 The arithmetic in compliant Tenders must be checked. If arithmetical errors are found they should be notified to the tenderer, who should be requested to confirm or withdraw their Tender. Alternatively, if the rates in the Tender, rather than the overall price, were stated within the Invitation to Tender as being dominant, an amended Tender price may be requested to accord with the rates given by the tenderer.

16. POST TENDER NEGOTIATIONS

- 16.1 If post-tender negotiations are necessary after a single-stage Tender or after the second stage of a two-stage Tender, then such negotiations shall only be undertaken with the tenderer who is identified as having submitted the best Tender and after all unsuccessful Candidates have been informed. During negotiations tendered rates and prices shall only be adjusted in respect of a corresponding adjustment in the scope or quantity included in the Tender documents. Officers appointed by the Chief Officer to carry out post-tender negotiations should ensure that there are recorded minutes of all negotiation meetings and that both parties agree actions in writing.
- 16.2 Post-tender negotiation must only be conducted in accordance with the guidance issued by the head of legal who, together with the Treasurer, must be consulted wherever it is proposed to enter into post-tender negotiation. Negotiations must be conducted by a team of at least two

officers, one of whom must be from a division independent to that leading the negotiations.

- 16.3 Where post-tender negotiation results in a fundamental change to the specification (or contract terms) the contract must not be awarded but re-tendered.

17. AWARD OF CONTRACTS AND FRAMEWORK AGREEMENTS AND DEBRIEFING CANDIDATES

- 17.1 Chief Officers may accept Quotations and Tenders received in respect of proposed contracts and Framework Agreements, provided they have been sought and evaluated fully in accordance with these contract procedure rules and, in respect of proposed contracts and Framework Agreements where call off contracts are expected to exceed £250,000.00 (relating to either expenditure or income) with the approval of the Head of Paid Service and the Treasurer

- 17.2 For contracts and Framework Agreements subject to the EU Procedure, the Officer must notify all Candidates simultaneously and as soon as possible of the intention to award the contract or Framework Agreement to the successful Candidate and provide information required by the EU Procedure specifying the name(s) of the successful Candidate(s), the award criteria and the reasons for the decision including the score of the Candidate being debriefed and the successful Candidate(s) and the characteristics and relative advantages of the successful tender. The Officer must provide unsuccessful Candidates with a period of at least ten days in which to challenge the decision before the Officer awards the contract or Framework Agreement. If the decision is challenged by an unsuccessful Candidate then the Officer shall not award the contract or Framework Agreement and shall immediately seek the advice of the head of legal.

The requirement to notify candidates of the intention to award a contract or Framework Agreement in this Rule 17.2 does not apply to:

- contracts and Framework Agreements that are not subject to the EU Procedure (such as social and other specific services listed under the EU Procedure, or where the value is under the EU threshold) and
 - contracts subsequently awarded or called off based on a Framework Agreement that was let in accordance with the EU Procedure
- 17.3 If a Candidate requests in writing the reasons for a Contracting Decision, the Officer must give in writing the name(s) of the successful Candidate(s), the award criteria and the reasons for the decisions including the score of the candidate being debriefed and the successful

Candidate(s) and the characteristics and relative advantages of the successful tender within 15 days of the request. If requested, the Officer must also give the debriefing information referred to in Rule 17.2 above to Candidates who were unsuccessful in a permitted pre-qualification Shortlisting process.

CONTRACT AND OTHER FORMALITIES

18. CONTRACT DOCUMENTS

18.1 Relevant Contracts

18.1.1 All Contracts that shall be set out in writing.

18.1.2 All Contracts, irrespective of value, shall clearly specify:

- what is to be supplied (i.e. the works, materials, services, matters or things to be furnished, had or done)
- the provisions for payment (i.e. the price to be paid and when)
- the time, or times, within which the contract is to be performed
- the provisions for the Combined Authority to terminate the contract.

18.1.3 The Combined Authority's standard terms and conditions or standard contract forms issued by a relevant professional body must be used wherever possible.

18.1.4 In addition, every contract or agreement must also state clearly as a minimum:

- that the contractor may not assign or sub-contract without prior written consent
- any insurance requirements
- health and safety requirements
- data protection requirements, if relevant
- requirements of the Equality Act 2010
- Freedom of Information Act requirements
- a right of access to relevant documentation and records of the contractor for monitoring and audit purposes if relevant
- that the Combined Authority shall pay the contractor and the contractor shall pay its subcontractors within 30 days of an undisputed invoice

18.1.5 The formal advice of the Monitoring Officer must be sought for the following contracts:

- where the Total Value exceeds £75,000
- those involving leasing arrangements

- where it is proposed to use a supplier's own terms or
- those that are complex in any other way.

18.2 Contract Formalities

18.2.1 Agreements shall be completed as follows:

Total Value	Method of Completion	By
Up to £30,000	Signature	Authorised Signatory
£30,001 - £75,000	Two signatures or sealing	Two Authorised Signatories (see Rule 18.2.3) or see Rule 18.3
Above £75,000	Sealing	See Rule 18.3

18.2.2 All contracts must be concluded formally in writing before the supply, service or construction work begins and no payments should be made until the relevant contracts are formally concluded, except in exceptional circumstances, and then only with the written consent of the head of legal.

18.2.3 The officer responsible for securing signature of the contract must be reasonably satisfied that the person signing for the other contracting party has authority to bind it.

18.3 Documents executed as a Deed

18.3.1 Where documents are executed as a deed, such documents shall be executed by the fixing of the Combined Authority's seal, and must be witnessed by an Authorised Signatory.

18.3.2 Every Combined Authority sealing will be consecutively numbered, recorded and signed by the person witnessing the seal.

18.3.3 A contract must be sealed where:

- the Combined Authority may wish to enforce the contract more than six years after its end
- the price paid or received under the contract is a nominal price and does not reflect the value of the goods or services received

- signing for the other contracting party, or
- the Total Value exceeds £75,000.

19. BONDS AND PARENT COMPANY GUARANTEES

19.1 The relevant Chief Officer must consult the head of legal about whether a Parent Company Guarantee is necessary when a Candidate is a subsidiary of a parent company and:

- the Total Value exceeds £250,000, or
- award is based on evaluation of the parent company, or
- there is some concern about the stability of the Candidate.

19.2 The relevant Chief Officer must consult the head of legal about whether a Bond is needed:

- where the Total Value exceeds £1,000,000, or
- where it is proposed to make stage or other payments in advance of receiving the whole of the subject matter of the contract and there is concern about the stability of the Candidate.

CONTRACT MANAGEMENT

20. MANAGING CONTRACTS

20.1 Chief Officers are to name contract managers for all new contracts let. All contracts must have a named Combined Authority contract manager for the entirety of the contract.

20.2 Contract managers must follow the procedures set out in the Combined Authority's Purchasing Guidance.

21. RISK ASSESSMENT AND CONTINGENCY PLANNING

21.1 A business case in accordance with the Combined Authority's procurement strategy and gateway process must be prepared for all procurements with a potential value that exceeds the relevant EU Threshold. Provision of adequate resources to procure the effective management of the contract, for its duration (including any relevant extension), must be identified in the business case.

21.2 For all contracts with a value of over £75,000, contract managers must consider maintaining a risk register during the contract period, undertake appropriate risk assessments and for identified risks ensure contingency measures are in place.

22. CONTRACT MONITORING, EVALUATION AND REVIEW

22.1 The Treasurer may require that a Combined Authority -developed Gateway review process may be applied to all contracts deemed to be High Risk, High Value, or High Profile. This process must be applied at key stages of major procurements.

22.2 During the life of the contract, the Officer must monitor in respect of:

- Performance
- compliance with the specification and contract
- cost
- any Value for Money requirements
- user satisfaction and risk management.

Definitions

Approved List	A list drawn up in accordance with Rule 7.2.
Authorised Signatory	An officer authorised by the Monitoring Officer/head of legal in accordance with the Combined Authority's Constitution to execute agreements or witness the Combined Authority's seal.
Award Criteria	The criteria by which the successful Quotation or Tender is to be selected (see further Rules 10 and 11.2.5).
Award Procedure	The procedure for awarding a contract as specified in Rules 8; Rule 10; and Rule 15.
Best Value	The duty, which Part I of the Local Government Act 1999 places on local authorities, to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness as implemented by the Combined Authority.

	This terminology has now in many instances been superseded by Value for Money.
Candidate	Any person who asks or is invited to submit a Quotation or Tender.
Chief Officers	The Officers defined as such in the Combined Authority Constitution and where appropriate this term shall include reference to "Budget Holder."
Code of Conduct	The Code of Conduct for Officers as set out from time to time in the Combined Authority Constitution.
Committee	A committee which has power to make decisions for the Combined Authority.
Constitution	The constitutional document approved by the Combined Authority of which those Contract Procedure Rules form part.
Consultant	Specialist advisers engaged to provide services to the Combined Authority.
Contracting Decision	Any of the following decisions: <ul style="list-style-type: none"> • withdrawal of Invitation to Tender; • whom to invite to submit a Quotation or Tender; • shortlisting; • award of contract or Framework Agreement; and • any decision to terminate a contract.
EU Procedure	The procurement procedure required by the EU for goods, works and services where the Total Value exceeds the relevant EU Threshold.
EU Threshold	The value at which the EU public procurement directives apply.
Financial Regulations	The Combined Authority's financial regulations outlining Officer responsibilities for financial matters prepared by the Treasurer and forming part of the Combined Authority Constitution.
Framework Agreement	An agreement between one or more authorities and three or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quality envisaged.
Government Procurement	The successor agreement to the General Agreement on Trade and Tariffs. The main signatories other than those in

Agreement	the European Economic Area are the USA, Canada, Japan, Israel, South Korea, Switzerland, Norway, Aruba, Hong Kong, China, Liechtenstein and Singapore.
High Profile	A high-profile purchase is one that could have an impact on functions integral to Combined Authority service delivery should it fail or go wrong.
High Risk	A high-risk purchase that is in the opinion of the Treasurer one which presents the potential for substantial exposure on the Combined Authority's part should it fail or go wrong.
High Value	A high-value purchase is where the value exceeds the EU Threshold values.
Invitation to Tender	Invitation to tender documents in the form required by these Contract Procedure Rules.
Monitoring Officer/head of legal	As identified in the Combined Authority Constitution
Non-Commercial Considerations	<p>(a) The terms and conditions of employment by contractors of their workers or the composition of, the arrangements for the promotion, transfer or training of or the other opportunities afforded to, their workforces ('workforce matters').</p> <p>(b) Whether the terms on which contractors contract with their sub-contractors constitute, in the case of contracts with individuals, contracts for the provision by them as self-employed persons of their services only.</p> <p>(c) Any involvement of the business activities or interests of contractors with relevant fields of government policy.</p> <p>(d) The conduct of contractors or workers in industrial disputes between them or any involvement of the business activities of contractors in industrial disputes between other persons ('industrial disputes').</p> <p>(e) The country or territory of origin of supplies to, or the location in any country or territory of the business activities or interests of, contractors.</p> <p>(f) Any political, industrial or sectarian affiliations or interests of contractors or their directors, partners or employees.</p> <p>(g) Financial support or lack of financial support by contractors for any institution to or from which the Combined Authority gives or withholds support.</p>

	<p>(h) Use or non-use by contractors of technical or professional services provided by the authority under the Building Act 1984 or the Building (Scotland) Act 1959.</p> <p>Workforce matters and industrial disputes, as defined in paragraphs (a) and (d), cease to be non-commercial considerations to the extent necessary or expedient to comply with Best Value; or where there is a transfer of staff to which the Transfer of undertakings (Protection of Employment) Regulations 2006 (TUPE) may apply.</p>
Officer	The Officer designated by the Chief Officer to deal with the contract in question.
Parent Company Guarantee	A contract which binds the parent of a subsidiary company as follows: if the subsidiary company fails to do what it has promised under a contract with the Combined Authority, the Combined Authority can require the parent company to do so instead.
Procurement Strategy	The document setting out the Combined Authority's approach to procurement and key priorities for the next few years.
Purchasing Guidance	The guidance documents issued from time to time by the head of legal that support the implementation of these Contract Procurement Rules.
Quotation	A quotation of price and any other relevant matter (without the formal issue of an Invitation to Tender).
Relevant Contract	Contracts to which these contract procedure rules apply (see Rule 4).
Shortlisting	The process of selecting Candidates who are to be invited to quote or bid or to proceed to final evaluation.
Tender	A Candidate's offer submitted in response to a Combined Authority Invitation to Tender.
Total Value	<p>The whole of the value or estimated value (in money or equivalent value) for a single purchase or disposal calculated as follows:</p> <p>(a) where the contract is for a fixed period, by taking the total price to be paid or which might be paid during the whole of the period</p> <p>(b) where the purchase involves recurrent transactions for</p>

	<p>the same type of item, by aggregating the value of those transactions in the coming 12 months</p> <p>(c) where the contract is for an uncertain duration, by multiplying the monthly payment by 48</p> <p>(d) for feasibility studies, the value of the scheme or contracts which may be awarded as a result</p>
Treasurer	As identified in the Combined Authority Constitution
TUPE Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006 No.246)	Subject to certain conditions, these regulations apply where responsibility for the delivery of works or services for the Combined Authority is transferred from one organisation (e.g. private contractor, local authority in-house team) to another (e.g. following a contracting out or competitive tendering process) and where the individuals involved in carrying out the work are transferred to the new employer. These regulations seek to protect the rights of employees in such transfers, enabling them to enjoy the same terms and conditions, with continuity of employment, as existed with their former employer. Broadly, TUPE regulations ensure that the rights of employees are transferred along with the business.
Value for Money	Value for money is not the lowest possible price; it is the most economically advantageous proposal that combines goods or services that fully meet your needs, with the level of quality required, delivery at the time you need it, and at an appropriate price.

ANNEX 2-FINANCIAL REGULATIONS

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INTRODUCTION

1. Financial Regulations Background and Purpose

- 1.1 These Regulations shall be read in conjunction with the Rules of Procedure, Contract Procedure Rules and the Responsibility for Functions delegated to Chief Officers.
- 1.2 These Regulations lay down for the guidance of Members and officers, principles to be followed in securing the proper administration of the West Midlands Combined Authority's financial affairs and shall be reviewed at intervals of not more than three years.
- 1.3 The Treasurer, as the officer responsible for the proper administration of the West Midlands Combined Authority's financial affairs, shall report to the West Midlands Combined Authority any significant failure to comply with these Regulations which comes to his/her attention.
- 1.4 The Head of Paid Service and the Treasurer shall be responsible for the accountability and control of all resources managed by them on behalf of the West Midlands Combined Authority.
- 1.5 For the purposes of complying with these Regulations, the Treasurer shall be provided with any information he/she may require and shall have access to any documents and records as necessary.
- 1.6 Whenever any matter arises which may involve financial irregularity the Treasurer and the Monitoring Officer shall be notified immediately, and if an irregularity is disclosed the matter shall, at the discretion of the Treasurer and after consultation with the Head of Paid Service, be referred by them to the West Midlands Combined Authority. Further, in a case where the Head of Paid Service advises that there is prima facie evidence of a criminal offence having been committed, the matter shall be reported to the Police forthwith.
- 1.7 The Combined Authority's financial transactions are governed by the Local Government Act 2003 and the Accounts and Audit Regulations 2015 as amended.
- 1.8 Officers and members of the executive will maintain the confidentiality of the West Midlands Combined Authority's business and will not reveal confidential information about the West Midlands Combined Authority or its finances.

1.9 Treasurer's Duties:

The Treasurer's statutory duties are to:

- Provide financial advice to the Combined Authority on all aspects of its activity, including budgets, strategic planning and policymaking to ensure the effective and efficient use of resources.
- Advise on the security of assets
- Secure the Combined Authority's banking arrangements
- Provide a treasury management function, including loans and investments, in accordance with the Combined Authority's policy
- Ensure the Combined Authority follows guidelines contained within relevant manuals, instructions, policies, etc.
- Produce the Statements of Account in accordance with the latest statutory requirements and best practice

1.10 The responsibilities of the Treasurer include:

- Proper administration of financial affairs
- Ensuring, in consultation with the Monitoring Officer, lawfulness and financial prudence
- Ensuring a balanced budget
- Ensuring effective systems of internal control
- Advising on Anti-fraud and Anti-corruption strategies
- Acting as the Combined Authority's Money Laundering Reporting Officer in accordance with good practice
- Ensuring that statutory and other Accounts fairly present the financial position
- Maintaining a continuous review of the Financial Framework

1.11 All Officers must consult and seek approval of the Treasurer before introducing or amending any records, forms or procedures relating to income and expenditure. The Treasurer will see that uniform systems are adopted throughout the Combined Authority to ensure that opportunities for fraud and corruption are minimised.

1.12 Failure to comply with Financial Regulations may constitute misconduct.

FINANCIAL MANAGEMENT

2. General

2.1 Each Chief Officer is responsible for ensuring compliance with their procedures and should seek appropriate advice and guidance from the Treasurer.

- 2.2 The following general principles are observed in these accounting arrangements:-
- (i) Calculating, checking and recording sums due to or from the Combined Authority should be separated as completely as possible from the duty of collecting or disbursing them;
 - (ii) Officers charged with the duty of examining and checking cash transactions should not themselves be engaged in any of these transactions.
 - (iii) All accounting records must be maintained in the Combined Authority's corporate financial system.
- 2.3 Each Chief Officer must provide the Treasurer with necessary information for the purposes of accounting and budgetary control in accordance with issued timescales.
- 2.4 The Treasurer will be responsible for producing regular Financial Monitoring Reports to the Combined Authority and will submit as soon as possible after the year end, an annual Statement of Accounts which complies with the relevant statutory provisions.
- 2.5 The Treasurer is responsible for ensuring the production of the Combined Authority's Statement of Accounts, including Group Accounts, before 30 June and will submit the Accounts to the Combined Authority for approval in line with the current statutory regulations.
- 2.6 Each Chief Officer plays a key role in enabling the Statement of Accounts to be produced and is responsible for ensuring that guidance notes and the timetable provided by the Treasurer is adhered to.

3. Control of Projects and Programmes

- 3.1 Project and Programme Management arrangements are set out within the Combined Authority's Gateway process covering both revenue and capital programmes. The process sets out the documentation to be produced and the approvals to be sought at each Gateway stage.
- 3.2 Any proposal to increase an approved capital budget by a variance of more than 10% of the existing budget shall require a report to be submitted to the Combined Authority. Variances within these parameters are delegated to the appropriate Chief Officer within agreed delegated authority levels and will be reported to the Combined Authority in Financial Monitoring Reports.
- 3.3 A variation order may be issued to a contractor by the Chief Officer who is in charge of the project up to 10% of the original approved limit or such higher limit in respect of the project as may specifically be authorised.

- 3.4 Any variation order shall be in writing and in a format as prescribed by the Combined Authority.
- 3.5 All contract variations should be notified to the Treasurer and the Monitoring Officer.

Control of Service and works contracts

- 3.6 The work to be performed on behalf of the Combined Authority shall be the subject of a specific agreement setting out the respective roles and duties of the Combined Authority and the agent authority.
- 3.7 Payments on account of construction contracts shall be in accordance with the terms of the works agreements with the appropriate body, and shall not exceed the expenditure properly calculated to be due.
- 3.8 Contracts between the Authority and appropriate bodies will contain the following provisions as necessary:
- (i) The appropriate body to invite tenders for the work, including tenders from direct labour organisations where appropriate or by agreement with the Combined Authority to use contractors off the local authorities term contract lists at the prescribed prices contained on such lists.
 - (ii) The appropriate body shall, after examination of tenders received, report on the findings of such examination to the Combined Authority, and shall not enter into any contract regarding such tenders without appropriate prior approval of the Combined Authority, or the approval of a Combined Authority officer who is properly authorised to approve contracts to the value of the work involved.
 - (iii) Information accompanying applications for payment is to include a certificate signed by a duly authorised Officer of the Combined Authority, which shall show the total amount of the contract and value of the work executed to date, amounts paid to date, and the amounts now certified.
 - (iv) Every variation on the contract shall be authorised in writing by an appropriate Officer of the appropriate body after approval by or on behalf of the Combined Authority according to the value of the work involved. In an emergency the project controller shall be authorised to issue a variation instruction and then obtain by submission of a detailed report confirmation of the action, from the Combined Authority or the appropriate Chief Officer .

- (v) The appropriate body is to inform the Combined Authority if it becomes apparent at any time that either slippage or significant increases in cost will take place due to unforeseen circumstances.
- (vi) The final certificate on a contract or accepted estimate must not be submitted for payment until a detailed statement of account has been produced together with such vouchers and documents as the Treasurer may require. Invitations to tender or quote for such construction and maintenance contracts must contain provisions to require such statement of account to be produced with the necessary vouchers and documents.
- (vii) The appropriate body must at all times prior to, during, and after completion of the work carried out pursuant to the agreement, allow such facilities as may be required by Officers appointed by or on behalf of the Combined Authority to inspect the works and have sight of copies of all relevant documentation.
- (viii) The project controller of construction contracts with the relevant railway authority, the terms of which are in accordance with the standard works agreement with that body will be authorised to issue variation orders. Subsequent confirmation of the action must be obtained from the Officers responsible for the contracts by the submission of a detailed report.
- (ix) In respect of contracts performed under the standard works agreement the appropriate body will be authorised to accept a tender without prior approval of, provided that the tender is:
 - (a) less than £100,000;
 - (b) the lowest tender submitted; and
 - (c) not a single tender.

FINANCIAL PLANNING

4. Budgets

- 4.1 The annual Capital and Revenue budgets are prepared within the context of the process and timescales of planning, programming and review as agreed by the Combined Authority.
- 4.2 The Treasurer will prepare a long term financial plan each year for submission to the Combined Authority as part of its Budget approval.

- 4.3 The detailed form of Capital and Revenue budgets and the business planning process will be determined by the Treasurer to the Combined Authority subject to any instructions given by the Combined Authority.
- 4.4 Estimates of annual income and expenditure will be prepared by Chief Officers and the Treasurer in line with the approved business planning process.
- 4.5 The Treasurer will submit for Combined Authority approval a draft budget of all income and expenditure on Capital and Revenue accounts for the financial year beginning in April of each year in line with agreed approval processes and timescales.
- 4.6 Approval of the annual Budgets, by the Combined Authority does not give authority to incur revenue and capital expenditure. This authority shall be obtained in accordance with the Scheme of Delegation and subject to compliance with the Combined Authority's Procurement Regulations and Gateway procedure.

WORKING DRAFT

5. Control of Expenditure – Revenue and capital

- 5.1 A system of budgetary control will be maintained and as part of this control the Treasurer will submit statements to meetings of the Combined Authority showing:
- (i) the progress of income and expenditure to date against the approved revenue budgets for the year;
 - (ii) a forecast arising from the statements in (i) above of any material variation in income or expenditure anticipated for the financial year.
- 5.2 A Chief Officer must not order goods or services, which exceed the amount in their overall approved budget or which have not been approved through the Gateway process.
- 5.3 If it becomes apparent that the Combined Authority's expenditure cannot be contained within the overall approved budget figure, an appropriate report shall be submitted to the Combined Authority.
- 5.4 Unspent budgets at the year end will be carried forward or reallocated in accordance with arrangements in the business planning process approved by the Treasurer.
- 5.5 The Treasurer will ensure that the Combined Authority adheres to CIPFA's Prudential Code for Capital Finance in Local Authorities. The objective of the code is to provide a framework for capital finance that will ensure that:
- Capital expenditure plans are affordable in the short term.
 - External borrowing and other long-term liabilities are within prudent and sustainable levels for the long-term.
 - Treasury Management decisions are taken in accordance with professional good practice.
 - In taking its decisions the Combined Authority is accountable through a clear and transparent framework.
 - The framework should support local strategic planning, local asset management planning and option appraisal.
- 5.6 For the purposes of these Regulations, capital expenditure is that expenditure which is to be financed from the approved Combined Authority's capital budget. All Capital expenditure proposals should be the subject of the Combined Authority's Gateway project control process.

RISK MANAGEMENT AND CONTROL OF RESOURCES

6. Risk

- 6.1 Within the context of Corporate Risk arrangements, each Chief Officer should undertake risk assessments for their areas of responsibility and any proposals for major change. Adequate controls, procedures and resources should be in place to manage and mitigate identified key risks.

7. Insurance

- 7.1 The Treasurer in consultation with Chief Officers is responsible for determining the Combined Authority's policy in terms of insurable risks. Each Chief Officer is however responsible for minimising the risk for insurance claims and putting in place risk management processes for their areas of responsibility.

- 7.2 Any Officer having responsibility for establishments or activities must:

- (i) Promptly and where possible in advance notify the the Treasurer in writing of the extent and nature of any new risks or increased risks to be insured;
- (ii) Immediately notify the Treasurer in writing of any loss, liability or damage which is or may be covered by insurance;
- (iii) Obtain the approval of the Treasurer regarding the terms of any indemnity, which the Combined Authority is requested to give;
- (iv) Immediately inform the Treasurer of any occurrence which may lead to a claim against the Combined Authority.

- 7.3 All claims against the Combined Authority and all claims by the Combined Authority against other persons shall be approved within the delegated levels of expenditure.

- 7.4 The Treasurer may , settle ex-gratia claims for damage to personal effects of any Officer (so far as they are not otherwise insured) up to a limit of £1,000.

8. Internal Control Framework

- 8.1 The Treasurer is responsible for maintaining adequate and effective internal control arrangements. This includes a continuous appraisal of all accounting, financial and other controls throughout the Combined Authority, and by the Combined Authority's Agents in accordance with the relevant agency agreement. The objectives of the framework are:

- (i) To review, appraise and report upon the soundness, adequacy and application of financial and related management controls.

- (ii) To examine and report upon the extent to which the Combined Authority's assets and financial interests are accounted for and safeguarded from losses of all kinds arising from:
 - (a) Fraud, corruption and other offences.
 - (b) Waste, extravagance, poor value for money or any other cause.
- (iii) To contribute to the monitoring of the use of resources in the pursuit of the defined objectives of the Combined Authority.
- (iv) To receive and act upon information concerning allegations or suspicions of fraud and corruption as detailed in the Combined Authority's approved Fraud and Corruption Response Plan.

9. Internal Audit

9.1 The Treasurer shall arrange internal audit and reviews financial records and operations in accordance with the Accounts and Audit Regulations 2015 and relevant professional guidance. Those responsible for Internal Audit, on producing appropriate identification shall have authority to:

- (i) Enter at all reasonable times on any land, premises or other assets of the Combined Authority.
- (ii) Obtain access to all records, documents, cash, stores, equipment and correspondence relating to any financial or other transaction of the Combined Authority.
- (iii) Require and receive such explanations as are necessary concerning any matters under examination
- (iv) Require Officers or Members of the Combined Authority to produce cash, stores, or any other Combined Authority property, which is under their control.
- (v) Report direct to the Head of Paid Service if considered appropriate so to do.

10. External Audit

10.1 The key responsibilities of the Treasurer with regard to External Audit are to:

- i) Maintain accounting records and prepare Statements of Account
- ii) Liaise and work with External Audit on a regular basis

- iii) Receive and deal with all queries relating to the work of External Audit
- iv) Inform External Audit of all fraudulent cases that have been referred to the police

11. Assurance Responsibilities

11.1 Each Chief Officer has responsibility to ensure:

- i) Reviews that have taken place to evaluate, correct and report on controls and systems in place.
- ii) Compliance with the Combined Authority's Standing Orders, Financial Regulations Procurement Regulations and Risk Management requirements.

12. Fraud and Corruption

- 12.1 The responsibility for the prevention and detection of fraud rests with all employees. An Officer shall immediately inform the appropriate officers of any circumstances which may suggest that there has been irregularity affecting cash, or other Combined Authority property and also of any payment or reward which has been accepted (other than hospitality as in detailed in the Code of Conduct) from any outside person or firm in respect of the work which such other person performs, as well as any impropriety or significant error in accounting or financial records or in relation to any contract for goods or services entered into by the Combined Authority.
- 12.2 Information received will be treated confidentially, and Officers should be assured that anonymity will be respected and it will not affect their employment situation or future prospects with the Combined Authority.
- 12.3 Any allegations received from outside the organisation, including anonymous letters or telephone calls will be taken seriously and investigated.
- 12.4 All cases of theft or suspected theft of Combined Authority property (no matter where the property was kept) must be promptly reported to the Audit Manager.
- 12.5 The Treasurer or Internal auditor shall be responsible for ensuring that the Combined Authority and the External Auditors are advised of any material loss or financial irregularity.
- 12.6 Internal Audit shall report to the Head of Paid Service, Monitoring Officer and the Treasurer.

13. Treasury Management

- 13.1 The Combined Authority has adopted the CIPFA Code of Practice on Treasury Management in Local Authorities. All investments of money will be made in the name of the West Midlands Combined Authority.
- 13.2 A Treasury Management Strategy, prepared in accordance with the above code, will be adopted by the Combined Authority and thereafter its implementation and monitoring shall be delegated to the Treasurer.
- 13.3 The Treasurer will undertake any necessary borrowings in accordance with the Treasury Management Strategy.
- 13.4 All transfers from the Combined Authority's bank account shall be undertaken by authorised Combined Authority officers according to Treasury Management Procedures and authorisations.
- 13.5 The Treasurer will as a minimum report to the Combined Authority:
- i) before the start of the financial year - a report on the strategy for the forthcoming year.
 - ii) by the end of June - an outturn report on Treasury management activity.
 - iii) by the end December of each year a half year monitoring report on Treasury Management activities.
 - iv) by the end of December a monitoring report on external investments performance.
- 13.6 The Treasurer shall be responsible for ensuring that surplus funds are invested promptly, safely and effectively and in accordance with Treasury Management Procedures.

14. Security of Assets

- 14.1 Chief Officers shall be responsible for the proper security of all of the Combined Authority's assets within their control. The Chief Officer shall consult the Treasurer regarding changes in matters regarding security.
- 14.2 Maximum limits for cash holdings shall be approved by the Treasurer. The cash limits shall not be exceeded, except in emergencies, without the express permission of the Treasurer.
- 14.3. Arrangements for the security of keys to safes and similar receptacles shall be subject to the approval of the Treasurer. The loss of such keys must be reported to the appropriate Chief Officer and internal auditor.

- 14.4 Staff who are responsible for secure areas shall satisfy themselves about the proper identification and authority of other persons to enter before allowing them entry to those areas.
- 14.5 The appropriate Chief Officer shall establish written procedures for all secure areas within their control, and ensure that these procedures are complied with.
- 14.6. The Audit Manager shall be consulted on all matters affecting building security.
- 14.7 All information shall be disposed of with due regard to its sensitivity. Confidential output and out of date stocks of tickets and passes must be disposed of as confidential waste.
- 14.8 The Monitoring Officer will maintain records of all land and buildings owned by the Combined Authority and shall be responsible for the safe custody of title deeds and securities relating to them.
- 14.9 The Monitoring Officer, subject to approval procedures, will be responsible for the disposal of land and buildings and shall provide to the Treasurer details of the assets and the sale prices. The Treasurer will arrange for the removal of the asset from the Combined Authority's accounts.
- 14.10 Chief Officers, or their nominees, shall maintain and keep up-to-date inventories of furniture, plant and machinery, vehicles, stores and equipment under their control in accordance with agreed Asset Management procedures.
- 14.11 The Combined Authority's property shall not be removed from its premises except in accordance with normal business or upon the specific directions of the Officer responsible for the inventory.
- 14.12 Equipment and furniture found to be obsolete or surplus to requirement shall be disposed of by competitive tendering, except when the Chief Officer in conjunction with the Treasurer, considers that the Combined Authority's financial interests might be better served by disposal by other means, provided those individuals or their partners, close relatives or associates do not benefit from such disposal.

15. Computer and Related Systems

- 15.1 The Treasurer shall be responsible for the overall provision and operation of all computer and telephone equipment and facilities, including personal computers.

- 15.2 The Treasurer shall ensure that all computer facilities, including systems, are properly co-ordinated, efficient in operation and are subject to adequate security arrangements.
- 15.3 Each Chief Officer must ensure that the Combined Authority's financial system, is used appropriately by all employees within their area of responsibility.
- 15.4 Each Chief Officer must ensure that systems developed within their area of responsibility are developed in the context of the Combined Authority's IT Strategy and integrated with other relevant systems.
- 15.5 All equipment and related systems, wherever situated, shall be operated in such a manner and with such controls as the Treasurer shall determine.

16. Data Security

The Combined Authority's Information Management Framework can be summarised as follows:

Data Quality	Those activities that are designed to produce defect-free information
Data Protection	The implementation of administrative, technical and physical measures to guard against the unauthorised access to data.
Freedom of Information	The right to request information (data from a public body) Including Environmental Information Regulations
Model Publication Scheme	Setting out the information that the Combined Authority makes routinely available, making it accessible both internally and externally.
Information Security	Preservation of the confidentiality, integrity and availability of information.

Details can be found within Management/Data Quality procedures, links to Model Publishing Scheme, the Retention Document, Environmental Policy, Data Quality Policy and ICT Policy.

FINANCIAL SYSTEMS AND PROCEDURES

17. Effective Management

- 17.1 The systems and processes operated by the Combined Authority must be managed effectively to:
- Provide customers and stakeholders with the best quality of service.
 - Ensure that net expenditure in their area of expenditure does not exceed the annual budget

- Comply with all relevant professional, managerial, legal and ethical standards
- Comply with the Combined Authority's procedures, regulations, standing orders, scheme of delegation and other relevant guidance and instructions issued

17.2 Each Chief Officer must ensure that there are adequate appropriate and clear reporting lines in operation within their area of responsibility.

18. Control of expenditure - General

18.1 Incurring of all contractual liability must be in accordance with the approved Scheme of Delegation and individual accountabilities and in accordance with Procurement Regulations. The Treasurer will maintain a record of all delegated authorities.

18.2 Detailed procedures for the authorisation and control of expenditure will be issued, from time to time, by the Treasurer in accordance with delegated authority levels.

19. Income Collection and Banking Arrangements

19.1 The Treasurer is responsible for the banking arrangements and is authorised to operate such bank accounts as are considered appropriate. The banking arrangements must be reviewed on a regular basis and negotiations regarding banking terms and overdraft facilities undertaken.

19.2 Arrangements for the authorisation of payments to be made by electronic transfer of funds from bank accounts must be in accordance with laid down processes and procedures.

19.3 Each relevant Chief Officer must ensure that all systems and procedures relating to income and banking, comply with Accounts and Audit Regulations 2015 and the Combined Authority's authorised procedures.

19.4. All monies received on behalf of the Combined Authority should be paid without delay into bank or to the Treasurer. Such payments shall be made daily and intact except by agreement with the Treasurer.

19.5 All cash and cheques received by a cashier or other authorised Officer must be immediately acknowledged or recorded by issue of receipt, ticket or voucher and submitted to finance.

19.6 Every transfer of the Combined Authority's money, cheques, money orders, etc. from one member of staff to another must be evidenced in appropriate records by the signature of the receiving officer against the amounts involved

19.7 Particulars of charges to be made for work done, services rendered or goods supplied and of all other amounts must be promptly notified to the

Treasurer. Any proposed introduction of, or variation to, charges must be in accordance with the agreed Scheme of Delegation.

- 19.8 All accounts for income due to the Combined Authority must be sent out by the Treasurer, except where other arrangements have been authorised.
- 19.9 All Officers must supply information as the Treasurer may require to ensure that all sums receivable by the Combined Authority are promptly recorded, and recovery sought.

20. Debt Management

- 20.1 Before any debts due to or any other assets of the Combined Authority are written-off or other income is foregone the following authority shall be obtained as appropriate

- | | | |
|-------|------------------------------|--|
| (i) | Exceeding £125,000 | The Combined Authority |
| (ii) | Between £10,001 and £125,000 | The Head of Paid Service and the Treasurer |
| (iii) | £10,000 or less | Treasurer |

- 20.2 The Treasurer will have authority to recover debts, except in the case of legal action which should be undertaken in consultation with the Monitoring Officer.
- 20.3 Any individual who discovers any apparent loss or irregularity involving money due to or held on behalf of or property owned by the Authority shall immediately notify their line manager and Internal Audit. Internal Audit will then comply with the provisions of the Authority's approved Theft Procedure.
- 20.4 Each Chief Officer shall notify the Treasurer as soon as possible of the impending resignation or retirement of any person in their Department who has responsibilities for holding petty cash floats or other cash balances.
- 20.5 The Authority's banking arrangements shall be those approved by the Authority from time to time, and shall be supervised by the Treasurer.
- 20.6 Cheques on the Authority's main banking accounts shall bear the facsimile signature and for cheques in excess of £25,000 to be counter-signed by the Treasurer, or such other person as the Combined Authority authorises on the bank mandate.
- 20.7 No cheques are to be released until they have been signed in accordance with the bank mandate as approved by the Combined

Authority. Cheque listings are to be signed by the Treasurer or authorised officer. Electronic payments either BACs or telegraphic transfer are to be authorised by the Treasurer or authorised officers.

21 Purchase Orders

- 21.1 Each Chief Officer must ensure that all expenditure is lawful and is subject to all Procurement Regulations and approval processes.
- 21.2 Except as otherwise included on the approved exception list, instructions for the supply of all goods and services must be on an Order of the Combined Authority using the Combined Authority's financial system.
- 21.3 From time to time certain classes of goods, services and supplies may be exempt from the requirement to place an Order. The Treasurer shall maintain a list of order exemptions and review its continued appropriateness on an annual basis.
- 21.4 Requisitions and official orders shall not be issued for goods and services unless the expenditure is within approved budgetary levels and any other necessary approvals as set out in the Scheme of Delegation have been obtained.

22. Payment of Accounts

- 22.1 No payment shall be made unless supported by an invoice or pro-forma invoice, with VAT details, where appropriate.
- 22.2 Officers must ensure that all invoices, vouchers, etc. for payment by the Combined Authority are forwarded to the Finance Team immediately upon receipt and that the appropriate contract or order number is quoted on every invoice.
- 22.3 Once proper authorisations have been obtained, together with such additional explanations and information as may be required, the Treasurer will pay all accounts on behalf of the Combined Authority.
- 22.4 In order for an invoice to be paid, the responsible Budget Holder must receive goods in the Combined Authority's financial system ensuring that the work, goods or services are in accordance with the order.
- 22.5 The receipt of all goods and services should only be made where:
 - II. The works, goods or services have been received, carried out satisfactorily, examined as to quality and quantity
 - III. The Goods and services have been previously receipted
- 22.6 The certification of Goods Received acts as the authorisation to pay the invoices as long as the invoice matches the Goods Received entry.

- 22.7 Where an invoice is exempt from the ordering process, the invoice will be subject to electronic approval by following appropriate rules of delegation.

23. Petty Cash

- 23.1 The Treasurer shall be responsible for ensuring that appropriate procedures are in place for the approval of any Petty Cash Advance in accordance with Accounting instructions.
- 23.2 Payments will be limited to items of expenditure of no more than £150 in value and such other items as the Treasurer may approve, and must be supported by receipted vouchers or VAT invoices.
- 23.3 A person entitled to hold an imprest advance will, on leaving the employment of the Combined Authority or otherwise ceasing to be so entitled, account to the Treasurer for the amount of the imprest advance and all outstanding amounts will be deducted from final salaries.
- 23.4 Other cash imprests may be authorised as necessary by the Treasurer .

24. Credit Cards

- 24.1 Company credit cards should only be used for official Combined Authority business and
- i) In an emergency
 - ii) where not feasible to order goods and services through the Combined Authority's financial system.
- 24.2 It is the cardholder's responsibility to ensure that Accounting Instructions relating to Credit Card usage are followed. The credit card facility may be suspended or withdrawn permanently if the procedure is not followed.

25. Salaries and Wages

- 25.1 The payment of all salaries, wages, pensions, compensation and all other emoluments to Officers or former Officers of the Combined Authority will be made by the Treasurer or under arrangements approved by the Treasurer
- 25.2 Time sheets and other documents to authorise the payment of wages and salaries must be certified by the appropriate Budget Holder (or nominee) and forwarded to the Payroll Manager within such period before the respective pay days, as may be required. The Treasurer shall make such checks on pay documents as are considered necessary.

- 25.3 All standing information relating to payroll data, such as rates of pay, statutory and non-statutory deductions, allowances, starters and leavers from any of the Combined Authority's payrolls, shall be notified through approved processes by the nominee to the Payroll Manager.
- 25.4 The detailed procedures to be followed at Combined Authority establishments for the control of overtime working and payment of wages and salaries are set out in formal procedures.
- 25.5 All payroll documentation must be filed for the period in accordance with required deadlines and no documentation relating to Officers records or to wages and salaries' payrolls should be destroyed without prior consultation with the Treasurer.

26. Expenses

- 26.1 All claims for payments of Officers' car allowances, subsistence allowances, travelling and incidental expenses must be certified by the appropriate Budget Holder and be within delegation levels. Certification means that the certifying Officer is satisfied that the journeys were authorised, the mileage correct, the expenses properly and necessarily incurred and that the mileage and other allowances are properly payable in accordance with the specific conditions of employment of the Combined Authority.

27. Travel and Subsistence

- 27.1 Claims, by Members of the Combined Authority or Chief Officers , for reimbursement of expenses regarding hotel accommodation, refreshments, hospitality, gifts, car mileages are required to be countersigned by another Chief Officer.
- 27.2 All claims should be submitted monthly.

External Arrangements

28. Partnerships

- 28.1 The Combined Authority is responsible for approving partnership agreements where funding is to be provided by a third party.
- 28.2 The budget controller or holder must present to the Combined Authority sufficient information before a decision is reached about entering a partnership agreement. This should include:
- a) The aims and objectives of the partnership
 - b) A scheme appraisal for financial viability of the project
 - c) Risk appraisal
 - d) Resources required, both financial and staffing

e) Audit and control requirements

29. External Funding

- 29.1 Before any external funding bid is made the responsible budget holder shall consult with the Treasurer to ensure all aspects of funding have been properly considered before submission for approval.
- 29.2 The budget holder shall supply copies of all relevant paperwork to the Treasurer, including the bid submission, the offer letter and acceptance and any instructions for the completion of the grant.
- 29.3 The Treasurer is responsible for ensuring that all external funding notified by external bodies is received and properly recorded and monitored in the Combined Authority's Accounts.
- 29.4 It is the responsibility of the budget holder to ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded. They must also ensure that all claims are prepared by the due date, making allowances for audit requirements where applicable.

REPORT OF THE LEADER AND THE CHIEF EXECUTIVE

WEST MIDLANDS DEVOLUTION AGREEMENT

1. Introduction

- 1.1. This report seeks the City Council's approval to the proposed West Midlands Devolution Agreement signed by the Leader of the Council on 17 November 2015.

2. Background

- 2.1. The Leader of the Council, in common with the other members of the Shadow Board of the West Midlands Combined Authority (WMCA) and the chairs of the three Local Enterprise Partnerships signed a proposed Devolution Agreement with the Chancellor of the Exchequer on 17 November 2015.
- 2.2. All seven of the council leaders were satisfied that the proposed Agreement represented a good deal for the West Midlands and would open up a process of dialogue and further agreement with the Government that would be to the significant advantage of all the councils and the Combined Authority area as a whole. However, the Agreement was conditional on approval from each council and as such was entitled a "proposed agreement". The effect of City Council approval would be to complete the agreement process.
- 2.3. The Agreement is an historic moment for the West Midlands - the first step in securing the powers, resources and independence needed to drive economic growth and public service reform more effectively and to deliver better outcomes for local people in terms of jobs, homes, transport and public services. It will open up potential investment funds totalling £8bn and increase confidence in the local area so that further private sector investment can be leveraged. It sits alongside the Midlands Engine project, a partnership with government covering the whole West and East Midlands, including the Midlands Connect initiative to take forward east-west transport investment.
- 2.4. The Devolution Agreement covers the following headings:
- Governance, including the election of a Mayor for the metropolitan area in May 2017
 - Finance, including £36.5m per annum government revenue funding for 30 years to support a locally controlled investment fund
 - Skills
 - Employment
 - Supporting and attracting business and innovation
 - More and better homes
 - Transport
 - HS2 Growth Strategy

- Public service reform, including taking forward the recommendations of the Mental Health Commission, supporting troubled individuals, reforming youth justice and the One Public Estate initiative.

3. The process for taking forward the Agreement since November

- 3.1. Since the signing of the proposed Agreement, officers have been working with government officials and reporting to the WMCA Shadow Board to complete:
- A clarification process – to ensure a common understanding of all the details of the Agreement and the timescales for implementation
 - A due diligence process – covering the legal and financial aspects of the Agreement.
- 3.2. A high level Implementation Plan has also been developed in partnership with government to identify lead accountabilities and milestones for each element of the Agreement. A specific implementation plan has also been developed for the HS2 Growth Strategy, setting out the timescales and resources for the various parts of the strategy.
- 3.3. Council approval to the Agreement will enable funding to start at any time from the beginning of the 2016-17 financial year and work to be taken forward on the Implementation Plan during the year ahead. It will also enable the WMCA to begin developing proposals for the next stage of devolution and to explore further specific investment opportunities with the government.

4. Next steps

- 4.1. Subject to Council Approval to the Agreement, several further steps will be taken before it is fully implemented:
- 4.2. A Statutory Order creating the post of elected Mayor for the West Midlands and providing for the first election in May 2017 will be presented to Parliament by the Secretary of State in the early summer. Subject to Council approval to the Agreement before it today, formal consent to that Order can be granted by the Chief Executive acting on behalf of the City Council. This is a purely technical step which simply confirms that the City Council is satisfied that the Order reflects decisions it has made (i.e. approval to the Agreement which includes the creation of an elected mayor).
- 4.3. The powers and functions the Agreement devolves to the Combined Authority and the Mayor will be included in a revised Scheme for the Combined Authority and further Statutory Orders to be submitted to Parliament later in the year. That Scheme will be the subject of public consultation and the Order putting changes to the Scheme into effect will be brought to Council for approval at the end of that consultation.

Background documents

- West Midlands Combined Authority Devolution Agreement (attached)
- WMCA Devolution Agreement: key points (attached)
- Summary of due diligence review (to follow)

Motion

This Council notes:

- The historic West Midlands devolution agreement signed on 17 November 2015 and that this is the start of a process of devolution with the potential for significant further steps
- That the subsequent work on a clarification process and due diligence has been satisfactorily completed.

This Council endorses the West Midlands Combined Authority Devolution Agreement, including the creation of an Elected Mayor.

This Council:

- Instructs the Leader of the Council and the Chief Executive to take any further decisions necessary to bring about the implementation of the Agreement, working with the other members of the Shadow Combined Authority Board, the Government and local partners.
- Authorises the Chief Executive, in consultation with the Leader of the Council to give consent to the presentation of a Mayoral Order to Parliament.



HM Treasury



WEST MIDLANDS
COMBINED AUTHORITY

WEST MIDLANDS COMBINED AUTHORITY DEVOLUTION AGREEMENT



HM Treasury



WEST MIDLANDS
COMBINED AUTHORITY

.....
The Rt Hon George Osborne
Chancellor of the Exchequer

.....
Cllr Bob Sleigh
Chair, Shadow West Midlands
Combined Authority
Leader of Solihull Metropolitan
Borough Council

.....
Cllr Darren Cooper
Vice-Chair, Shadow West Midlands
Combined Authority
Leader of Sandwell Metropolitan
Borough Council

.....
Lord O'Neill
Commercial Secretary to
the Treasury

.....
The Rt Hon Sajid Javid
Secretary of State for
Business, Innovation and
Skills

.....
Sir Albert Bore
Leader of Birmingham City Council

.....
Cllr Ann Lucas OBE
Leader of Coventry City
Council

.....
Cllr Peter Lowe
Leader of Dudley Metropolitan
Borough Council

.....
Cllr Mike Bird
Leader of Walsall Metropolitan
Borough Council

.....
Cllr Roger Lawrence
Leader of the City of
Wolverhampton

.....
Stewart Towe CBE
Chairman of the Black
Country Local Enterprise
Partnership

.....
Jonathan Browning
Chairman of the Coventry &
Warwickshire Local
Enterprise Partnership

.....
Andy Street
Chairman of the Greater
Birmingham & Solihull
Local Enterprise Partnership

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DEVOLUTION AGREEMENT BETWEEN GOVERNMENT AND THE WEST MIDLANDS COMBINED AUTHORITY SHADOW BOARD

This document sets out the terms of a proposed agreement between the West Midlands Combined Authority Shadow Board and the government to move forward with a radical devolution of funding, powers and responsibilities. Final agreement is conditional on the legislative process, the Spending Review, further public engagement, agreement by the constituent councils, and formal endorsement by the Shadow Board and Ministers early in the New Year.

The local authorities and the Greater Birmingham and Solihull, Coventry and Warwickshire and the Black Country Local Enterprise Partnerships (LEPs) have made significant progress in a very short time, coming together, not only to publish proposals for the creation of a West Midlands Combined Authority, but to secure an ambitious devolution agreement at the same time. This agreement is recognition of that unique shared commitment to the future of the West Midlands.

The West Midlands stands at a moment of great economic potential, as it performs increasingly strongly on growth, inward investment and exports and looks forward to the game changing investment in HS2 over the next decade. The above three LEPs have indicated their intention to work together to form an ambitious single Strategic Economic Plan. The government welcomes and supports this cooperation. The government will work with the proposed Combined Authority to ensure that devolution supports the public and private sector of the West Midlands to grasp these opportunities, including taking forward the HS2 Growth Strategy.

On an even larger scale, there is the opportunity to deliver significant additional economic growth and job creation through the Midlands Engine. The government has set out its support for the Midlands Engine and applauds the West Midlands Combined Authority Shadow Board's continuing positive engagement with this agenda, including the Midlands Connect programme of cross-regional transport connections.

Devolution must enable the West Midlands to tackle the economic and social challenges that the region faces. The agreement includes powers to support adult skills provision and employment support, and the ability to create an integrated approach to local public transport, including a single smart ticketing system.

This agreement is the first step in a process of further devolution. The government will continue to work with the West Midlands on important areas of public service reform to enable people to reach their full potential, including policing, mental health, troubled individuals and youth justice.

The agreement is based on the establishment of a mayor for the West Midlands metropolitan area working as part of the combined authority with a cabinet of council leaders and subject to local democratic scrutiny. However, given the importance of existing collaboration across the three LEP geography, which is an important economic geography for the West Midlands area, as well as with neighbouring areas, the agreement

recognises that the wider partnership with business through the LEPs and with neighbouring councils will be critical to success.

The formal deal would enable the Combined Authority to create an investment fund of over £1 billion through a 30 year revenue stream and locally raised finance. An incoming Mayor would have the option, on the basis of support from business, to raise up a business rate supplement. Further details will be set out at and following the Spending Review through a place-based settlement.

We have a shared confidence in the economic potential of the West Midlands and a shared belief in the power of devolution to help fully realise that potential. Devolution will enable the proposed West Midlands Combined Authority to deliver outcomes that matter to local people: more jobs, better training and improved skills, faster, more convenient and more integrated transport links and more new homes. The government and local political and business leaders have worked together to reach this agreement, and will now work together to champion further meaningful and radical devolution and to secure strong public support for this devolution deal.

Summary of the proposed devolution deal agreed by the government and the West Midlands Combined Authority Shadow Board supported by the Greater Birmingham and Solihull, Black Country and Coventry and Warwickshire Local Enterprise Partnerships.

A new, directly elected Mayor for the West Midlands will act as Chair to the West Midlands Combined Authority (WMCA) and will exercise the following powers and functions devolved from central government:

- Responsibility for a consolidated, devolved transport budget, with a multi-year settlement to be agreed at the Spending Review.
- Responsibility for franchised bus services, which will support the WMCA's delivery of smart and integrated ticketing across the Combined Authority's constituent councils.
- Responsibility for a new Key Route Network of local authority roads that will be managed and maintained at the Metropolitan level by the WMCA on behalf of the Mayor.
- Planning powers will be conferred on the Mayor, to drive housing delivery and improvements in housing stock, and give the same competencies as the HCA. The government will also work with the WMCA Land Commission.

The WMCA will receive the following powers:

- Control of a new additional £36.5 million a year funding allocation over 30 years, to be invested to drive growth.
- Devolved 19+ adult skills funding from 2018/19, with the Shadow Board responsible for chairing Area Based reviews of 16+ skills provision.
- Joint responsibility with the government to co-design employment support for the hardest-to-help claimants.
- Responsibility to work with the government to develop and implement a devolved approach to the delivery of business support programmes from 2017 and deliver more integrated working together on investment and trade.

In addition the government:

- Supports the ambition of the HS2 Growth Strategy and the emerging West Midlands Strategic Transport Plan, and commits to funding the Curzon Street Enterprise Zone extension in order to help deliver this strategy.
- Commits to funding the Eastside Metro extension to Digbeth, subject to a business case, to support the first part of the HS2 Growth Strategy, and supports the work of the Shadow Board to develop a delivery plan, encompassing the Metro extensions from Curzon to Interchange and from Brierley Hill, in order to realise the full benefits of HS2.
- Will work with the Shadow Board through the development of the second Roads Investment Strategy to explore options for reducing congestion on the strategic road network in the West Midlands.
- Commits to support the programme of public service reform across the West Midlands, including working with the Shadow Board to consider the scope for further devolution of youth justice services.

Further powers may be agreed over time and included in future legislation.

Governance

1. The proposal for a Mayoral Combined Authority is subject to the final formal consent of the West Midlands Combined Authority Shadow Board, the constituent councils, agreement of ministers, and to the Parliamentary process for the necessary primary legislation (The Cities and Local Government Devolution Bill and the proposed Buses Bill) and subsequent orders.
2. The Mayor will be the Chair and a member of the proposed Combined Authority and subject to the Authority's Constitution and associated procedures (to be amended in the light of the introduction of a Mayor). The powers contained in this deal document will be devolved from the government to the Mayoral Combined Authority. The Mayor will exercise certain powers, with personal accountability to the electorate, devolved from central government and set out in legislation:
 - Responsibility for a consolidated, devolved transport budget to be agreed at the Spending Review.
 - Powers over the franchising of bus services in the Combined Authority area, subject to necessary legislation and local consultation.
 - Responsibility for an identified Key Route Network of local authority roads that will be collaboratively managed and maintained at the Metropolitan level by the Combined Authority on behalf of the Mayor.
 - The ability to place a supplement on business rates to fund infrastructure, with the agreement of the relevant local enterprise partnership boards, up to a cap.
- Planning powers will be conferred on the Mayor, to drive housing delivery and improvements in housing stock, and give the same competencies as the HCA. The government will also work with the WMCA Land Commission.
3. Other members of the proposed West Midlands Combined Authority (to be renamed as a Cabinet) will become portfolio leads for aspects of the combined authority's responsibilities, on the basis to be set out in its constitution, and agreed with the Mayor.
4. The Mayor for the West Midlands Combined Authority area will be elected by the local government electors for the area of the proposed West Midlands Combined Authority – the areas of the constituent councils of 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. Subject to parliamentary time allowing for the passage of legislation through parliament, the first election will be held in May 2017. Any powers devolved in the interim will, subject to its establishment, be exercised by the West Midlands Combined Authority.
5. Proposals for decision by the Combined Authority may be put forward by the Mayor or any Cabinet Member. Any questions that are to be decided by the Combined Authority are to be decided by way of two thirds majority of constituent members and overall majority of all members present and voting, subject to those majorities including the vote of the Mayor, unless otherwise specifically delegated through the Authority's Constitution or where it is agreed that specific issues will be reserved for unanimous or constituent member majority voting only.

6. The Cabinet will examine the Mayor's draft annual budget, plans and strategies and will be able to reject them if two-thirds of the constituent council members agree to do so, subject to the circumstances set out in the Mayoral Order.
7. The proposed Combined Authority would have Overview and Scrutiny arrangements and these will be retained, subject to any amendments required to reflect the introduction of the Mayor and any new statutory provisions.
8. Any transfer to the Combined Authority or Mayor of existing powers or resources currently held by the constituent authorities must be by agreement of all constituent members.
9. Further apportionments of funding streams that are already allocated to the Greater Birmingham and Solihull LEP on the basis of the existing overlap formula with Stoke and Staffordshire LEP and Worcestershire LEP will continue to be allocated in this way. This only applies to the Greater Birmingham and Solihull LEP as there are no overlaps with other LEPs for Black Country and Coventry and Warwickshire.
10. Additional funding or budgets that are devolved as a result of this agreement will go to the West Midlands Combined Authority, subject to its establishment. The West Midlands Combined Authority must exercise functions in relation to its area (i.e. it may invest outside the constituent members of the Combined Authority if that investment can be said to relate to its area – in other words not only in its area).
11. This deal relates to the devolution of funding and powers to a Combined Authority with constituent councils as currently proposed. However, following this deal, where appropriate and with local agreement, the government commits to exploring with the West Midlands how best to extend devolved budgets and powers across the three LEP geography and include neighbouring councils in devolution where possible.
12. It is essential that Birmingham continues to robustly pursue the implementation of the improvements recommended by the Kerslake Review. This will ensure that the benefits intended from the creation of the proposed West Midlands Combined Authority and through this devolution deal can be fully realised.

Finance and Funding

13. If established, the Combined Authority will create a fully devolved funding programme covering all domestic budgets for devolved functions ("The West Midlands Investment Fund"), accountable to the Combined Authority subject to the details set out in this document. The Fund will operate as a single programme, bringing together resources for economic growth, skills and employability, regeneration, transport and housing; including future allocations from the Local Growth Fund if agreed locally. The Combined Authority will demonstrate an objective means with which to assess interventions and programme design so that these are aligned to their balanced economic outcomes for the area.
14. The agreement of this deal shall not in any way limit or prevent the proposed West Midlands Combined Authority from bidding for future allocations of national funding nor will it change any previous funding agreements made with the West Midlands.

15. As an initial allocation to the Investment Fund, the government will make an allocation of £36.5 million a year for 30 years in revenue funding, allowing the West Midlands Combined Authority to create an investment fund of over £1 billion, subject to a jointly agreed 5-yearly gateway assessment process to confirm the investment has contributed to economic growth. The emerging West Midlands Combined Authority Performance Framework is being developed as a local monitoring tool and government will discuss with the Combined Authority whether this can be incorporated into the assessment process. In addition, the Mayor will be given the power to place a supplement on business rates to fund infrastructure, with the agreement of the relevant Local Enterprise Partnership boards, up to a cap.
16. The Cities and Local Government Devolution Bill currently in Parliament makes provision which will govern further prudential borrowing for Combined Authorities. Following Royal Assent, the government will work with the West Midlands Combined Authority Shadow Board to determine how these powers could apply within a framework of fiscal responsibility and accountability to the Combined Authority and local authorities.
17. The Combined Authority and government will pilot a scheme which will enable the Combined Authority to retain all business rate growth that would otherwise have been paid as central share to government, above an agreed baseline, for an initial period of five years. The government and the Combined Authority will also discuss wider localisation of business rates.
18. The West Midlands Combined Authority Shadow Board has supported bids for additional Enterprise Zones at Brierley Hill, Dudley, and extensions to the Black Country Enterprise Zones – i54 and Darlaston - as part of the current bidding round for further Enterprise Zones. The government is actively considering the business cases and will bring forward decisions as part of the Spending Review.
19. However, in order to support the Combined Authority Shadow Board's HS2 Growth Strategy, the government agrees to support the Curzon Street Enterprise Zone and approves the business case.
20. The government is committed to working with the Combined Authority to achieve Intermediate Body status for European Regional Development Funding and European Social Funding for the Greater Birmingham and Solihull LEP, to complement other aspects of this devolution deal. The government will work with the Combined Authority Shadow Board to test whether it will be possible to implement and if so, government and Greater Birmingham & Solihull LEP will work together to agree a timetable to put this in place

Skills

21. The government recognises the importance of the existing collaboration between the three Local Enterprise Partnerships on employment and skills. The government is committed to working with the Combined Authority Shadow Board to ensure that, subject to the readiness conditions being met, when skills devolution to the proposed Combined Authority occurs it supports the creation of an effective and coherent Employment and Skills Strategy, which addresses shared challenges over the geography of the three LEPs.

22. The government commits to working with the Combined Authority on Area Reviews of post-16 education and training across the West Midlands. The reviews will be chaired by the Combined Authority and will include all post-16 education and training provision in the initial analysis phase. Recommendations will be focused on general Further Education and Sixth Form Colleges, however the Regional Schools Commissioner and the relevant local authorities will consider any specific issues arising from the reviews for school sixth form provision.
23. The government commits to working with the Combined Authority to support the further development and implementation of the Employment and Skills strategy. This will draw on an evidence base informed by the Area Reviews and labour market intelligence to create the overarching strategic framework for delivering devolved responsibilities. The Employment and Skills Strategy will cover the Combined Authority area, but will also take into account the broader geography of the three LEPs.
24. The government will enable local commissioning of outcomes to be achieved from the 19+ adult skills budget starting in academic year 2016/17; and will fully devolve budgets to the Combined Authority from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships.
25. Devolution will proceed in three stages, across the next three academic years:
- Starting now, the Combined Authority Shadow Board will begin to prepare for local commissioning. It will develop a series of outcome agreements with providers, about what should be delivered in return for allocations in the 2016/17 academic year. This will replace the current system of funding by qualifications as providers will receive their total 19+ skills funding as a single block allocation. This new arrangement will allow the Combined Authority Shadow Board to agree with providers the mix and balance of provision that will be delivered in return for the block funding, and to define how success will be assessed.
 - For the 2017/18 academic year, and following the area review, the government will work with the Combined Authority to vary the block grant allocations made to providers, within an agreed framework
 - From 2018/19, there will be full devolution of funding. The Combined Authority will be responsible for allocations to providers and the outcomes to be achieved, consistently with statutory entitlements. The government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices. A funding formula for calculating the size of the grant to local / combined authorities will need to take into account a range of demographic, educational and labour market factors.
26. The readiness conditions for full devolution are that:
- a. Parliament has legislated to enable transfer to local authorities of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances
 - b. Completion of the Area Reviews process leading to a sustainable provider base

- c. After the Area Reviews are complete, agreed arrangements are in place between central government and the Combined Authority to ensure that devolved funding decisions take account of the need to maintain a sustainable and financially viable 16+ provider base
 - d. Clear principles and arrangements have been jointly agreed between central government and the Combined Authority for sharing financial risk and managing failure of 16+ providers, reflecting the balance of devolved and national interest and protecting the taxpayer from unnecessary expenditure and liabilities.
 - e. Learner protection and minimum standards arrangements are agreed.
 - f. Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs and maximises consistency and transparency.
27. To ensure continued local collaboration following the Area Reviews, the Combined Authority Shadow Board will work in partnership with local colleges and providers to develop the local Skills and Employment Strategy. This will aim to ensure that post-16 providers are delivering the skills that local employers require. It is expected that the Combined Authority Shadow Board will then collaborate with colleges and providers, with appropriate support from the Education Funding Agency, to work towards that plan.
28. The government will work with the Combined Authority Shadow Board to ensure that local priorities are fed into the provision of local careers advice in line with the Employment and Skills Strategy, such that it is employer-led, integrated and meets local needs. In particular, the Combined Authority Shadow Board will ensure that local priorities are fed into provision through direct involvement and collaboration with government in the design of local careers and enterprise provision for all ages, including collaboration on the work of the Careers and Enterprise Company and the National Careers Service.

Employment

29. The proposed West Midlands Combined Authority will work with the Department for Work and Pensions (DWP) to co-design the future employment support, from April 2017, for the hardest-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice. The Employment and Skills Strategy will influence the co-design.
30. The respective roles of DWP and the Combined Authority in the co-design will include:
- DWP sets the funding envelope, the Combined Authority can top up if they wish to, but are not required to.
 - The Combined Authority will set out how they will join up local public services in order to improve outcomes for this group, particularly how they will work with local Clinical Commissioning Groups/third sector organisations and NHS England/the Work and Health Unit nationally to enable timely health-based support.

- DWP set the high-level performance framework. The primary outcomes will be to reduce unemployment and move people into sustained employment. West Midlands Combined Authority will have some flexibility to determine specific local outcomes that reflect the priorities outlined within the Employment and Skills Strategy and are complementary to the ultimate employment outcome (for example in-work wage progression). In determining the local outcome(s) the Combined Authority should work with DWP to develop the Employment and Skills Strategy which will take account of the labour market evidence base and articulate how the additional outcome(s) will fit within the wider strategic and economic context and deliver value for money.
- Before delivery commences, DWP and the Combined Authority will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support, including a mechanism by which each party can raise and resolve any concern that arise.

31. In addition, in the event employment support for this group is delivered through a contracted-out programme, the respective roles of DWP and the Combined Authority will include:

- DWP sets the contracting arrangements, including contract package areas, but will consider proposals from the Combined Authority on contract package area geography.
- The Combined Authority will be involved in tender evaluation.
- Providers will be solely accountable to DWP, but DWP and the Combined Authority's above-mentioned agreement will include a mechanism by which the Combined Authority can escalate to DWP any concerns about provider performance/breaching local agreements and require DWP to take formal contract action where appropriate.

32. In the event that alternative delivery mechanisms are put in place, comparable arrangements will be put in place.

33. The Combined Authority will develop a business case for an innovative pilot to support those who are hardest to help. The business case should set out the evidence to support the proposed pilot, cost and benefits and robust evaluation plans, to enable the proposal to be considered for funding at a later date, subject to Ministerial approval.

Supporting and Attracting Business and Innovation

34. The government commits to working with the Combined Authority Shadow Board and the Greater Birmingham and Solihull, Black Country and Coventry and Warwickshire LEPs to support the further development and implementation of the three LEP Integrated Business Support Ecosystem. In particular, the government will:

- Review the Inward Investment resource location of regional (IST) staff across the three levels of: Partnership Managers; Business Development and Key Account Management teams, currently in 8 locations nationally. The aim will be to seek to

agree options for co-location, under UKTI/IST management, without harming the overall efficiency of the working of the investment model.

- Establish a joint governance structure with quarterly meetings attended by a Director level representative from both UKTI investment and the Combined Authority. These will provide a forum to discuss progress on co-location, and on account management activity by both parties. Wherever possible, this structure will be used to review key decisions and initiatives planned and/or implemented by both parties.
- Provide significant closer working with sector specialists in the transport related sectors (Auto, Rail and Aerospace). This will be within a shared governance structure with resources, under UKTI control.
- Ensure a portion of the GREAT campaign budget for overseas based activity is aligned to appropriate West Midlands sector strengths. This activity should be supported by sector based resource in overseas posts who have been specially briefed to have a strong understanding of Midlands Engine and posts who are Matchmaker partners for West Midlands sector strengths.
- Work together on an appropriate portfolio of investable urban regeneration projects which government would help promote to appropriate international investors (through the Regeneration Investment Organisation), potentially as part of a new Midlands Engine proposition.
- Continue devolved inward investment funding for the Drive West Midlands initiative with the Automotive Investment Organisation to be considered as part of the Spending Review, Export Strategy and future sector prioritisation work. This will determine whether funding should be continued until 2020.

On trade, the government will:

- Ring-fence trade services resource within the Combined Authority area based on an agreed export plan with a dual key approach to activities and reporting on outputs and outcomes to the Combined Authority. Ring fenced resource remains subject to departmental budget changes.
- Develop an export plan between the Combined Authority and UKTI HQ which will allow the Combined Authority flexibility, such as a specific local sectoral focus for Passport to Export and mid-sized business schemes or a different mix of products.

35. On other business services, the government will:

- For the Business Growth Service, seek to devolve responsibility through the Growth Hubs within existing contracts as far as possible, subject to agreed protocols for the interface with national schemes.
- Work with the Combined Authority Shadow Board to develop a devolved approach to delivery of business support from 2017 onwards, although what is ultimately devolved will reflect the decisions taken in the Spending Review on the shape of – and level of spending on – business support schemes.
- Work with the Combined Authority to design a joint approach to enterprise start-up activity

- Enter into discussion regarding the Combined Authority's access to finance needs and how these interact with national access to finance programmes, such as the British Business Bank.

36. On innovation:

- The government recognises the many innovation strengths of the West Midlands, across multiple sectors, and values the contribution they have made towards delivering growth, productivity and high value employment.
- The government will offer the Combined Authority Shadow Board expert advice and support to ensure they are able to put forward a strong proposal for science and innovation audit. An audit would allow the Combined Authority Shadow Board to work with universities, businesses and the Local Enterprise Partnerships to map its strengths, with support from government. Audits will provide a new and powerful way to build on regions' strengths and maximise the economic impact from the UK's research base nationally. They will, for example, provide the government with part of the evidence base on which to make decisions on any further catapults.

Public Service Reform

37. The government will engage with the Combined Authority Shadow Board to discuss the outcomes of their Mental Health Commission.
38. The government will support the Combined Authority Shadow Board to co-design and implement approaches to improving the life chances of troubled individuals (those with multiple problems of homelessness, substance misuse, offending and mental health) and in doing so reduce their cost to public services. The first phase of policy co design will take place within the next months, to be followed by a series of early adoption/ experimentation areas within the region in early 2016, which will be funded by the constituent councils of the proposed Combined Authority. Depending on the outcome of these, the Combined Authority Shadow Board will prepare a business case for further funding, in advance of moving to scale. Relevant early implementation projects and subsequent roll-outs will be agreed jointly with NHS England.
39. The government commits to support the programme of public service reform across the West Midlands. HMT and DCLG will continue to engage with the Ministry of Justice, Department of Health and Home Office to ensure that appropriate support is provided to facilitate the implementation of these reforms.
40. The government commits to a discussion with the Combined Authority Shadow Board about how the government can improve the Combined Authority's ability to use the following national administrative data sets in order to support the Combined Authority's ambition to develop an integrated data system to improve outcomes for individuals with multiple indicators of vulnerability (unemployment, offending, substance misuse, poor mental health and homelessness) while respecting legal and other privacy concerns. These discussions will be informed by the Cabinet Office led data sharing work and commence with the government in early 2016. Subject to further discussion this may include:

- The Prisons Database (held by the Ministry of Justice)
 - The Work and Pensions Longitudinal Study (held by the Department for Work and Pensions)
41. Discussions will also take place as to how the government can support the shadow Combined Authority in analysing and interrogating health data sources to improve care whilst respecting legal and other privacy concerns. These will include:
- Hospital Episodes Statistics, Mental Health Minimum Dataset (held by the Health and Social Care Information Centre)
 - National Drug Treatment Monitoring System (held by Public Health England)
42. The government recognises that the Birmingham City Council is a member of the One Public Estate Programme, and envisages that the proposed Combined Authority will become a member. The Government Property Unit (GPU) has discussed plans for a major public sector locational hub in Birmingham to allow local, regional and national government bodies to co-locate and take advantage of modern integrated working to reduce costs and increase productivity. This will be run as a joint programme between the Combined Authority and GPU and is envisaged to involve the development of a substantial shared office requirement. In addition, the government commits to support community hub proposals in the two other cities of Wolverhampton and Coventry and a series of neighbourhood service integration pilots across the area of the constituent authorities of the proposed Combined Authority.

More and Better Homes

43. The Combined Authority and its constituent authorities will support an ambitious target for the increase in new homes, and will report annually on progress against this target. To ensure delivery of this commitment, the Shadow Board of the Combined Authority and the government agree that:
- Existing Local Authority functions, which include compulsory purchase powers, will be conferred concurrently on the Combined Authority to be exercised by the Mayor. These powers, which provide the same competencies as the Home and Communities Agency, will enable the Combined Authority to deliver its housing and economic growth strategies. The government will bring forward further proposals for consultation in the New Year and will, as part of that consultation, discuss how they can be applied to support housing, regeneration and growth.
 - The Homes and Communities Agency and the Combined Authority will work together to develop a joint approach to strategic plans for housing and growth proposals for the area.
 - The government will work with the Combined Authority to support the West Midlands Land Commission. The West Midlands Land Commission will ensure there is a sufficient, balanced supply of readily available sites for commercial and residential development to meet the demands of a growing West Midlands economy. It will create a comprehensive database of available public and private sector land, identify barriers to its disposal/development, and

develop solutions to address those barriers to help the West Midlands meet its goal to deliver a significant number of additional new homes over the next 10 years, and to unlock more land for employment use. The Combined Authority will also be able to use their proposed Land Remediation Fund to support bringing brownfield sites back into use for employment and housing provision.

44. The Combined Authority Shadow Board and the government will continue to discuss the devolution of housing loan funds. The Combined Authority Shadow Board intends to develop further a proposition on a Housing Investment Fund, for discussion with government.

Transport

45. The government is committed to building the Midlands Engine for Growth and supports the emerging proposals for Midlands Connect. The balance of interests across the West and East Midlands is critical to success and the government supports the full engagement of West Midlands partners in the creation of a Midlands Connect Strategic Board and supporting officer structures to provide leadership and accountability. The government commits to ensuring the direct involvement of the Department for Transport, HS2 Ltd, Highways England and Network Rail in the arrangements and considers them critical to the successful delivery of the transport objectives of this deal.

46. The Mayor will:

- a. Receive a devolved and consolidated local transport budget for the area of the Combined Authority (i.e. the areas of the constituent councils), including all relevant local highways funding, with a multi-year settlement to be agreed at the Spending Review. Functions will be devolved to the West Midlands Combined Authority accordingly, to be exercised by the Mayor.
- b. Receive powers for the franchising of bus services in the Combined Authority area, subject to necessary legislation and local consultation. This will be enabled through a specific Buses Bill, to be introduced during the first Parliamentary session, which will provide for the necessary functions to be devolved. This will help the proposed Combined Authority, on behalf of the Mayor, to deliver integrated smart ticketing across all local modes of transport in the Combined Authority area. This will align with the work of Midlands Connect on smart and integrated ticketing across the Midlands.
- c. Take responsibility for a new Key Route Network of local authority roads; the management and maintenance of which will be undertaken at the Metropolitan level by the West Midlands Combined Authority on behalf of the Mayor. To support this all relevant local roads maintenance funding will be placed under the control of the Combined Authority, subject to its establishment, until the Mayor takes office, as part of the single local transport settlement to be agreed at the Spending Review, which will support the delivery of a single asset management plan, working towards shared procurement of highways maintenance services across the Combined Authority's constituent councils as practical reflecting existing contractual and PFI arrangements.

47. In addition, and as part of the deal:

- a. The government and the West Midlands Combined Authority will work together through the development of the second Roads Investment Strategy to examine options for the most effective way to facilitate the movement of goods and people, and manage congestion within the region on the strategic road network. This will include consideration of options for reducing congestion, such as a joined up approach to dynamic demand management and implementing an integrated intelligent transport system which will help improve journey time reliability and allow people and businesses to make informed decisions about their travel choices.
- b. The West Midlands Combined Authority will have the opportunity to bring forward alternative proposals for the management of current and new rail stations in the Combined Authority area (i.e. the areas of the constituent councils). If such proposals would lead to the transfer of any rail stations to the West Midlands Combined Authority, the Combined Authority, with West Midlands Rail, will be obliged to bring forward a business case for consideration by government.
- c. The government will work with the West Midlands Combined Authority to establish any appropriate local traffic and highway powers to be conferred on to the Mayor as part of the Key Route Network.
- d. To support better integration between local and national networks, the government and the West Midlands Combined Authority Shadow Board will enter into joint working with Highways England and Network Rail on operations, maintenance and local investment through a new Memorandum of Understanding, which will be established by 2016.
- e. On strategic transport issues and investment, the government, Network Rail and Highways England will continue to work with the West Midlands Combined Authority through the Midlands Connect Partnership.
- f. The West Midlands Combined Authority Shadow Board will bring forward proposals for potential inclusion in the West Midlands Mayoral Parliamentary Order that would enable the Mayor and Combined Authority to implement safer vehicle standards for freight vehicles entering the areas of the Combined Authority's constituent councils, such as safety measures to protect cyclists.
- g. The West Midlands Combined Authority Shadow Board will bring forward proposals for potential inclusion in the West Midlands Mayoral Parliamentary Order that would enable the West Midlands Mayor and West Midlands Combined Authority to implement Low Emission Zones and potentially Clean Air Zones in the West Midlands Combined Authority area. This will help achieve Air Quality Plan objectives at both the national and local level.

HS2 Growth Strategy

48. The government welcomes the significant progress made to date by the West Midlands in developing its HS2 Growth Strategy. Demonstrating government's

support for the Strategy, this deal provides the proposed Combined Authority with a range of new mechanisms that will help local partners to deliver their ambitions.

49. As stated previously in this agreement, the government will provide the Mayor of the West Midlands with the power to raise supplementary business rates to fund infrastructure, as well as other funding to support local growth. The government also approves the business case for a significant extension of the Enterprise Zone at Curzon Street in order that the funding raised through these mechanisms will support the delivery of the HS2 Growth Strategy, which includes proposals for the Curzon Masterplan, the UK Central Interchange triangle interchange plans, the UK Central infrastructure package, connectivity to Coventry and enhanced accessibility from the Black Country to Birmingham city centre, alongside further government support.
50. The Combined Authority Shadow Board will develop an implementation plan setting out how it intends to deliver the objectives of the HS2 Growth Strategy. The government remains committed to working with the Combined Authority Shadow Board as they develop their implementation plan to help manage risks and support delivery. This should include a prioritised programme of projects and their milestones; the input, output, outcome and benefit indicators that local partners will use to track delivery; the Combined Authority resources being committed to ensuring delivery; and the remit and governance of a Combined Authority-led Development Corporation to deliver the local growth. As part of establishing their prioritised investment programme, the Combined Authority Shadow Board will bring forward business cases for individual transport projects for the government to consider, where required in line with existing agreements and processes, including the interlinked Metro extensions to Brierley Hill and HS2 Interchange. As the most immediate priority in the HS2 Growth Strategy, government also commits to providing funding for the Eastside Metro extension to Digbeth subject to government approval of the business case.
51. The implementation plan will describe how the HS2 Growth Strategy is being delivered in the short-medium (up to 5 years) and longer (5 years plus) term. The Combined Authority Shadow Board, government and HS2 Ltd will work closely on the development of the plan and identification of the resources within it to ensure that local delivery and construction of the HS2 railway are integrated wherever appropriate with implementation plans for local schemes (such as those mentioned above) and any joint opportunities are maximised. The plan will be locally owned, but progress will be regularly reported to the HS2 Local Growth Programme Board. An outline of the implementation plan should be submitted by 31 Jan 2016, with the aim of completing it by spring 2016.

Other areas

52. This deal represents a first step in a progressive process of devolution of funding, powers and responsibilities to the West Midlands Combined Authority (subject to its establishment). As well as the areas set out in this deal, the West Midlands Combined Authority Shadow Board and government will consider further opportunities for devolution and will continue to discuss these. These will include but not be limited to:
 - Proposals for an appropriate relationship between the functions of a Mayor and future role of the Police and Crime Commissioners (PCCs), including in

relation to fire services, to be developed, subject to local consent and a business case developed jointly by the PCC and council leaders, and in consultation with the Fire and Rescue Authorities.

- The government's review of the youth justice system will work with the Combined Authority Shadow Board to consider scope for further devolution of youth justice services to the region, and will look for opportunities to work with the region to test the review's proposals.
- The government will engage with the Combined Authority Shadow Board to discuss the outcomes of their Mental Health Commission.
- The government and the West Midlands Combined Authority will work with the East Midlands to take forward the Midlands Engine project to secure wider transport investment and growth.

Delivery, Monitoring and Evaluation

53. The West Midlands Combined Authority, subject to its establishment, is accountable to local people for the successful implementation of the devolution deal; consequently, the government expects the Combined Authority to monitor and evaluate their deal in order to demonstrate and report on progress. The Cities and Local Growth Unit will work with the West Midlands Combined Authority to jointly agree a monitoring and evaluation framework that meets local needs and helps to support future learning.
54. The government will support the West Midlands Combined Authority by leveraging existing monitoring and evaluation frameworks and, where applicable, by providing assistance to ensure consistency and coordination of metrics and methodologies with other areas receiving a devolution deal. As part of this commitment, the government will work with the West Midlands Combined Authority to explore options for the coordinated application of high quality impact evaluation methods in relation to i) local commissioning of 19+ skills; and ii) employment support.
55. West Midlands Combined Authority Shadow Board will work with the government to develop a full implementation plan, covering each policy agreed in this deal, to be completed ahead of implementation. This plan will include the timing and proposed approach for monitoring and evaluation of each policy and should be approved by the DCLG Accounting Officer.
56. The West Midlands Combined Authority will continue to set out their proposals to the government for how local resources and funding will be pooled across the area.
57. The West Midlands Combined Authority will agree overall borrowing limits with the government and have formal agreement to engage on forecasting. The West Midlands Combined Authority will also provide information, explanation and assistance to the Office for Budget Responsibility where such information would assist in meeting their duty to produce economic and fiscal forecasts for the UK economy.
58. The West Midlands Combined Authority will agree a process to manage local financial risk relevant to these proposals and will develop written agreements jointly with the

government on every devolved power or fund to agree accountability between local and national bodies on the basis of the principles set out in this document.

59. The West Midlands Combined Authority will continue to progress programmes of transformation amongst authorities and with partner agencies.
60. The West Midlands Combined Authority will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.
61. The provisions of this deal will be monitored by a Steering Group of senior officials from the Combined Authority Shadow Board and government, and private sector LEP representatives, meeting at least quarterly, with any issues of concern escalated to Ministers and Leaders to resolve, in keeping with the letter and spirit of this deal.

WMCA Devolution Agreement: Key Points

The agreement takes forward the founding principles set out in the [WMCA launch document](#) published in July 2015:

- It confirms and endorses our commitment to work together across a three-LEP geography to secure our objectives
- It focuses on the issues that really matter to the people and businesses of the West Midlands: growth, jobs, skills, transport and homes
- It recognises that economic growth for the West Midlands is part of the wider Midlands Engine
- It gives us the ability to create a substantial investment programme and to make the investments that we decide will have the biggest benefit for the West Midlands
- It enables us to start work with government on our public service reform agenda
- It supports and strengthens our commitment to partnership with the private sector.

The agreement is the first step towards:

- Local control of investment plans and funds for West Midlands priorities (transport and land reclamation for housing and employment)
- Local control of adult skills provision
- A local employment service
- The development of new devolved approaches to mental health, troubled individuals and youth justice services
- Control over a more integrated local public transport system and influence over strategic road network planning
- A devolved business support and inward investment system
- An integrated locally led approach to public sector land and property – One Public Estate.

It will support an £8bn ten year investment plan to get the West Midlands moving and drive local growth.

The £8bn investment plan will be funded from a 30 year revenue stream from government, specific devolved funding streams such as local transport, private sector investment and locally generated funds, for example from business rate retention, our enterprise zones, borrowing and private sector investment. This is in addition to any future Local Growth Fund allocation to the three LEPs, which will not be affected by this agreement.

The agreement provides for a contribution our investment fund of £36.5m per year over a 30 year period from government and support for the £97m Adderley Street Metro extension (which is equivalent to an additional £4.3m per year over the period – making an overall contribution of over £40m per year). In addition the agreement includes other devolved funding streams. The financial package is broken down in detail in the attached financial briefing.

Benefits for every part of the area

Our local investment priorities - devolution means we will get the power to make our own decisions about investment in the West Midlands. This will ensure balance and region-wide benefits for communities and businesses alongside effective targeting of resources on strategic priorities. All areas will benefit, be they areas for new employment, those that will benefit from new jobs or skills training, areas for new homes or places that will be better connected.

- **The £4.4bn HS2 Growth Strategy to ensure maximum economic benefit from the HS2 investment.** This will include the Curzon Masterplan, expansion of the metro network east and west, including to Brierley Hill and HS2 Interchange station, the UK Central infrastructure package, including new transport links to Coventry and enhancing the HS2 supply chain. The 20 HS2 Connectivity schemes will ensure that nowhere in the WM is more than 40 mins from an HS2 station
- **The UK Central-Coventry scheme** will provide a road and public transport link from the HS2 Interchange station to Coventry as well as further specific investment of £150m in the regeneration of Coventry city centre
- **A £200m land remediation fund.** This will enable brownfield land to be brought back into use for housing and employment, and will particularly benefit the Black Country through the redevelopment of brownfield sites
- **A £500m housing investment fund** (mainly locally funded). This will support the development of new homes
- **A £1bn Collective Investment Vehicle** (locally funded) to help companies invest and grow
- **A £30m employment, education and skills programme**
- **Expansion of Enterprise Zones and creation of new zones-** this will provide further investment funding across the region. Government will announce decisions at the Spending Review.

Half a million new jobs

- The deal will enable the delivery of the Super SEP across all three LEPs, which has the potential to support the creation of over 500,000 new jobs.
- The power to make HS2 benefit the people of the West Midlands. The HS2 Growth Strategy alone will create an additional 100,000 new jobs.

Better training and improved skills – enabling local people to get the jobs on offer

- Better skills planning and a local strategy – identifying the skills that local people need for the jobs that local businesses need to fill
- Local control of public funding for adult skills training by 2018/19 – meaning local decisions about what training to invest in
- Better employment support – working with DWP to co-commission the Work Programme, building on the expertise of local councils. The deal is also the first stage in the development of a better, locally run system of support for people who find it the hardest to get back into work.

Better public services – helping people into the labour market and reducing the public finance gap

- Pioneering a new approach to mental health for the whole country – A new Mental Health Commission, chaired by Norman Lamb MP and supported by NHS England and Public Health England
- A new approach to troubled individuals – working with DWP to design a new system for people with complex dependencies and then piloting new ideas in 2016
- Reforming the youth justice system – building on the nationally recognised work of West Midlands Police, designating the West Midlands as an accelerator site for testing and developing youth justice reform.

Better business support services to accelerate innovation and growth

- Government will work with the 3 LEPs to develop an integrated business support system linked to the Growth Hubs that joins national and locally funded activity in a seamless manner, making it simpler for business to access and benefit from services
- A devolved approach to delivering national business support schemes will be in place by 2017, linked to support for start-ups, growth companies, and those needing access to finance
- Developing an integrated national and local support structure for businesses wanting to invest in the WMCA area, focused on sectors of national strength such as advanced engineering linked to auto, rail and aerospace. This will be supported by the joint planning and promotion of a portfolio of regeneration sites for future investment
- A jointly agreed West Midlands Export support plan. A devolved approach to business support from 2017, including start-ups and business finance.

More and better homes

- Devolved planning powers, such as compulsory purchase to drive housing delivery
- A Land Commission to develop ways to make more land available for employment and housing use
- A locally managed housing investment fund.

Faster, more convenient and affordable transport

- A bigger and more certain budget – over £5bn of investment over ten years, integrated and locally controlled
- Getting back control over buses - controlling fares and ensuring they run when and where people need them
- One smart ticket, allowing passengers to use any combination of bus and rail across the region and an integrated travel information service
- Better integration between local and national transport networks through joint working with Highways England and Network Rail. This includes working with the government to examine ways to reduce congestion on the strategic road network
- Powers to regulate freight vehicles to improve safety and to create Clean Air Zones to achieve Air Quality Plan objectives.

MOTIONS FOR COUNCIL

1. **Revenue Budget**

That the revenue budget for the financial year commencing on 1st April 2016 of £835.281m, including the budget allocations to the various Directorates of the Council, as set out in Appendix 7 to the Business Plan and Budget 2016+ and the Efficiency Strategy, as set out in Chapter 3 of Part Five and Appendix 3 of that document, be approved subject to any revision needed in the light of the ongoing and further planned consultations and equalities assessments on individual savings proposals.

2. **Council Tax Requirement**

That the following calculations be now made in accordance with Section 31A of the Local Government Finance Act 1992, for the financial year commencing on 1st April 2016:

	£
a. aggregate of estimated City Council expenditure, contingencies, and contributions to financial reserves	3,098,831,114
b. Parish Precepts	1,868,171
c. aggregate of estimated income (including Revenue Support Grant and Top-Up Grant), and use of financial reserves	(2,612,432,856)
d. net transfers to/(from) the Collection Fund in relation to Business Rates	(192,654,924)
e. Transfer to/(from) the Collection Fund in relation to Council Tax	(5,781,172)
f. Council Tax Requirement, being the aggregate of (a) to (e) above	289,830,333

3. **Council Tax - Basic Amount**

That the Basic Amount of Council Tax for the financial year commencing on 1st April 2016 be set at £1,212.47, pursuant to the formula in Section 31B of the Local Government Finance Act 1992, being the Council Tax Requirement of £289,830,333 divided by the Council Tax Base of 239,042 Band D properties.

4. **Council Tax – City Council and Parish Precept**

- (i) That the basic amount of Council Tax for City Council services for the financial year commencing on 1st April 2016 be set at £1,204.65 pursuant to the formula in Section 34(2) of the Local Government Finance Act 1992:

	£	£
a. Basic Amount calculated under Section 31B		1,212.47
LESS		
b. Parish precepts	1,868,171	
DIVIDED BY		
City Council Tax base	239,042	7.82
		<hr/> 1,204.65

- (ii) That, pursuant to Section 52ZB of the Local Government Finance Act 1992, the Basic Amount of Council Tax for City Council services is not excessive in relation to determining whether a referendum is required on the level of Council Tax.

- (iii) That the basic amount of Council Tax for New Frankley in Birmingham Parish for the financial year commencing on 1st April 2016 be set at £1,238.43 pursuant to the formula in Section 34(3) of the Local Government Finance Act 1992:

	£	£
a. Basic Amount calculated under Section 34(2)		1,204.65
PLUS		
b. The New Frankley in Birmingham Parish	44,321	
precept		
DIVIDED BY		
The tax base for New Frankley in Birmingham	1,312	33.78
Parish		<hr/> 1,238.43

- (iv) That the basic amount of Council Tax for Sutton Coldfield Parish Council for the financial year commencing on 1st April 2016 be set at £1,254.61 pursuant to the formula in Section 34(3) of the Local Government Finance Act 1992:

	£	£
a. Basic Amount calculated under Section 34(2)		1,204.65
PLUS		
b. The Sutton Coldfield Parish Council precept	1,823,850	
DIVIDED BY		
The tax base for Sutton Coldfield Parish	36,509	49.96
Council		<hr/> 1,254.61

5. **Council Tax - Total**

That, in accordance with Section 30 of the Local Government Finance Act 1992, the amounts of Council Tax set for the financial year commencing on 1st April 2016 for each category of dwelling listed within a particular valuation band, shall be calculated by adding:

- a. the amount given by multiplying the basic amount of Council Tax by the fraction whose numerator is the proportion applicable to dwellings listed in a particular valuation band, and whose denominator is the proportion applicable to dwellings listed in valuation Band D; to
- b. the amounts which are stated in the final precepts issued by the West Midlands Fire and Rescue Authority and the West Midlands Police and Crime Commissioner; to
- c. the amounts of the precept for New Frankley in Birmingham and Sutton Coldfield Parish Councils, and shall be:

Band	Council Tax Areas without a Parish Council	Council Tax New Frankley in Birmingham Parish	Council Tax Sutton Coldfield Parish
	£	£	£
A	914.82	937.34	948.13
B	1,067.29	1,093.56	1,106.15
C	1,219.76	1,249.79	1,264.17
D	1,372.23	1,406.01	1,422.19
E	1,677.17	1,718.46	1,738.23
F	1,982.11	2,030.90	2,054.27
G	2,287.05	2,343.35	2,370.32
H	2,744.45	2,812.01	2,844.37

6. **Capital Strategy and Budget and Treasury Management**

That the proposals for the Capital Programme, Prudential Indicators, Minimum Revenue Provision and Treasury Management, as set out in Chapters 5-7 of Part Five and Appendices 9-14 of the Business Plan and Budget 2016+, be approved.

7. **Pay Policy Statement**

That the Pay Policy Statement, as set out in Appendix 16 of the Business Plan and Budget 2016+, be approved.

8. **Council Business Plan and Budget 2016+**

That the Council Business Plan and Budget 2016+ be approved.

Members must, in reaching their decision on the Budget Motions, have full regard to the results of the consultation, as set out in Part Four, and the analysis of equalities considerations, as set out in Part Three and Appendix 1 of the Business Plan and Budget 2016+.

Business Plan and Budget 2016+

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FOREWORD

As in previous years, this document sets out the Business Plan and the Budget for the City Council. However, we have made two important changes this time:

- It has a longer term focus, setting out a more complete medium term financial strategy that will enable us to operate sustainably long-term.
- It incorporates our developing vision for the “Future Council” and shows how we will achieve budget reductions in line with that vision.

A key part of that vision is our commitment to working in partnership with others to achieve shared aims – our role, with other civic and civil leaders, is to agree the vision for Birmingham and, with them lead the city as a joint enterprise. It is not to run the city. The council’s budget is just one part of the resources available to the city to address shared priorities. We have already started a conversation about developing that vision further in the months ahead and we want as many people as possible to engage in that process: this is your city and your City Council.

We have made our priorities very clear and these are set out again in this document. The immediate priority is to see through the inter-connected improvement agendas whilst also ensuring that the City Council has a clear approach to its future role and operating model, supported by a sound financial plan.

Arising from our longer term thinking, we are focusing on a small number of big issues for the city including the provision of decent, affordable housing, investment in our transport infrastructure and a city for young people, learning and skills. Within the Future Council programme of change our priorities will be to create a culture of openness and participation, transform the council’s use of technologies and reform the way we commission services.

We will also show leadership in creating a united Birmingham, a city that has no place for intolerance and fanatical extremism and which values both diversity and unity as strengths. We will prioritise action to strengthen community cohesion by reinforcing our commitment to reduce the economic and social disadvantage and inequalities that can add to conflict and tension.

We are proud that we have made Birmingham a Living Wage Council. In this budget we have found money to extend our commitment to decent pay to people working for social care providers with City Council contracts. There will be money to pay £7.50 per hour to these vital staff – 30p per hour more than the government’s “National Living Wage”.

We are both grateful to everyone who has taken time to contribute to our budget consultation. We have responded to concerns expressed during the consultation about local welfare funding and will be putting money into that. We will also be evaluating options for new approaches to improving safety in general around schools, including a Trust, which

will maintain the level of service whilst reducing costs to the council. Councillors, schools, parents and communities will work together to develop their active School Travel Plans, including safety measures

We are developing these plans for the future at a uniquely challenging time. We have had to identify another £90m of cuts for 2016/17 and £160m more by 2020, on top of the £560m reductions already made. This is in addition to the many pressures on our services arising from demographic change and increasing needs.

Profound change across local government is also underway. New city-regional leadership will be put in place through the West Midlands Combined Authority, with new powers devolved from central government to allow us to drive economic growth, investment and the reform of public services. The council will become more strategic and much smaller. There will be new ways of delivering local services and new ways that people can engage in their local community, such as the new local council for Sutton Coldfield.

As this plan makes clear, this is a council on a journey of change and improvement. We are responding to the challenges of corporate governance, education and children's social care, while of course, we are the first to say there is still more to be done. We are absolutely determined to deliver this improvement at a time of unprecedented budget cuts.

We are committed to providing the leadership necessary to complete this journey. With your help, we will create the modern City Council this great city deserves. By working together in partnership we know that the city of Birmingham will rise to all the challenges we face and secure a great future for all its citizens.



A handwritten signature in dark ink, reading "J. Clancy".

Councillor John Clancy
Leader of the Council



A handwritten signature in dark ink, reading "Mark Rogers".

Mark Rogers
Chief Executive

PART ONE – BIRMINGHAM PROFILE AND NATIONAL POLICY ENVIRONMENT

Understanding Our Changing Population and Economy

It is important for us to understand the city's economy and the nature of the city, its population and its economy in order that we can best respond to the city's needs. Knowledge of what drives the demand for services must be the cornerstone of our approach to planning.

This section therefore provides a picture of Birmingham – its people and economy.

Key points

Birmingham has a large population which is growing faster than the UK average. And with the rise in population and household growth, the city will need an estimated 84,000 new homes between 2011 to 2031.

Birmingham is a very young city, with nearly half the population being 30 or under, but with a growing number of very elderly residents.

Birmingham is a super-diverse city, benefiting from many different nationalities, faiths, languages, ethnicities and cultures.

Birmingham is the sixth most deprived local authority in the country – just under 40% of Birmingham's localities are in the most deprived 10% in the country.

There are above average levels of child poverty in Birmingham, compared with other local authorities. 30% of the city's children live in a deprived household.

The local economy has emerged from recession, but comparatively high levels of unemployment; worklessness and low level of skills remain a challenge.

Population and Households

Birmingham is the largest local authority in Europe, with a resident population of 1,118,285 in 2016 (Office for National Statistics (ONS) Population Projections, 2012). Between 2001 and 2011 population increased by 9.8%, and in the last five years it has grown by a further 4.2%, to 1,118,285 people today. By 2021, this is projected to stand at 1,156,846, an increase of 3.4% in the next five years. This is due to both natural population growth and the net effect of migration, including international moves. Migration projections are important inputs to the planning process, particularly for housing, employment, education, and benefits.

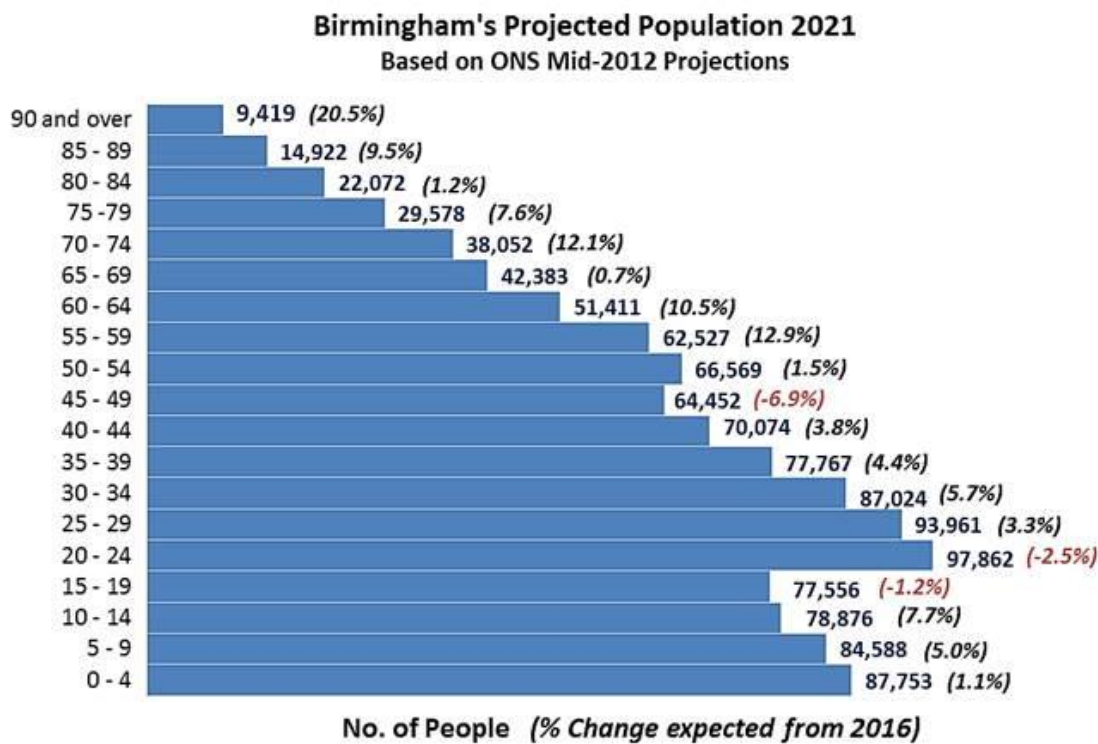
Ours is a very young city bringing demands for children's wellbeing, young people's skills and employment, but also brings vibrancy and innovation. Just under half (45.6%) of the city's population are under 30, Notable changes are:

- Between 2001 and 2011, the 0-4 year old population grew by 17% and now accounts for 7.8% of the population. This growth will slow to 1.1% between now and 2021.
- The largest growth will be the 10-14 age group – increasing by 7.7%, 5,658 more children.

Birmingham's older population, (65+ years) is lower than the UK average. This group is expected to grow by 6.6% by 2021. The rate of growth is however much higher for the more elderly groups:

- The 65-84 age group will increase by 5.4% over the next five years, to 132,084 people.
- The 85+ age group will increase by 13.5% over the next five years, to 24,341, having already grown by 12.7% during 2001-2011, and by 12.4% 2011-2016.
- The 90 and over group has the largest projected percentage increase – by 21%, or 1,602 people.

These changes and increases to the specific age groups will have implications for demand for various services, placing more pressure on early years and education, health services, social care, employment and housing for example.



Diversity – Ethnicity

We are a ‘super-diverse’ city which has far-reaching policy and service implications that will need to continue to adapt to.

The Census 2011 revealed that just over two in five people (42.1%) classified themselves within an ethnic group other than white British compared to 30% in 2001, a rise of 12%¹. The Pakistani ethnic group has grown faster than any other in Birmingham – by 39% between the last two censuses and is the second largest ethnic sub-group in Birmingham, behind the White British ethnic sub-group.

Diversity – Language

Some 7.5% of households in Birmingham had no persons in a household with English as their main language. Two-fifths (43%) of Birmingham’s school children have a first language that is known or believed to be other than English². This equates to 38,089 pupils, which is 1.3% more than in 2014.

This has implications for Education Services – to understand potential language and cultural barriers and ensure there is equal access to learning.

Households

There has been a rise in the last five years to 431,083 households currently, and this is projected to rise by a further 5% by 2021³.

Housing Demand and Supply

Birmingham requires 84,000 new homes during 2011–2031 and the city only has capacity for 51,100 – a shortfall of 39%⁴. To date, we have provided 5,966 net additional dwellings (minus demolished dwellings)⁵.

Homelessness⁶

Demand for homeless services remains high despite improved performance and outcomes. There has been a fall in rate of homelessness from 9.8 to 7.5 per thousand; however the scale of homeless need in Birmingham remains 3 times above the national average.

¹ Currently, the Census 2011 is the most recent official source of ethnicity statistics for total population.

² Schools, pupils and their characteristics, January 2015, DFE

³ Source: DCLG - 2012-based household projections (linked to ONS 2012-based sub-national population projections).

⁴ Based on the 2012 Strategic Housing Market Assessment, as used for the Birmingham Development Plan 2031 - <http://www.birmingham.gov.uk/plan2031>

⁵ Birmingham’s Local Development Framework Authority’s Monitoring Report 2014 – 15 (indicator H1, 2011-2015 figures).

⁶ Housing Strategy Policy & Commissioning - Birmingham Homelessness Trends 2012-2015 and Jan 2016 review.

We will seek to address the issues of housing supply and homelessness through our priority to provide more affordable new homes and support everyone in the city to secure a decent place to live.

Deprivation

According to the 2015 Index of Multiple Deprivation (IMD) Birmingham is ranked:

- 6th most deprived local authority district in relative rankings (worsening from 8th in 2010),
- 3rd most deprived English Core City behind Manchester and Liverpool, and most deprived of West Midlands region's local authorities.
- 39.6% (253) of Birmingham's localities⁷ are ranked in the most deprived decile (10%) in England – 450,364 people live in this decile, which is 41.2% of Birmingham's population⁸.

For the IDACI index (Income Deprivation Affecting Children⁹), Birmingham is ranked 15th, with 30.5% of our children living in a deprived household. There are above average levels of child poverty in Birmingham, compared with other local authorities. However, the proportions of children in low-income families have decreased since 2009, and the gap with other local authorities has narrowed.

Health and Wellbeing

Obesity in school children in Reception and Year 6 is worse in Birmingham compared to the England average.¹⁰

Life expectancy is worse in Birmingham than the England average:¹¹

- Male – 77.6 years (79.4 years England average).
- Female – 82.2 years (83.1 years England average).

Life expectancy is 7.6 years lower for men and 6.2 years lower for women, in the most deprived areas of Birmingham than in the least deprived areas.

⁷ These are neighbourhoods formally known as Lower-layer Super Output Areas (LSOAs) designed to be of a similar population size – an average of 1,679 residents and 643 households in Birmingham.

⁸ Based on ONS Mid-2014 population estimates.

⁹ The proportion of children living in income deprived households.

¹⁰ The percentage of children in Reception or Year 6 who are obese, based on National Child Measurement Programme (NCMP), for all state schools during the 2014-15 school year – published November 2015.

¹¹ Public Health England Profile of Birmingham June 2015 / Birmingham Public Health Outcomes Framework Nov 2015.

Education

Although there has been a slight decrease in achievement over time, Birmingham still has above average proportions passing their GCSEs: 53.8% in Birmingham versus 52.8% of pupils in England. Birmingham is below the national average for 16-17 year olds recorded as participating in education and training, at 86.8%¹². However, the proportion in Birmingham has increased by 6.7% percentage points on June 2014 (80.1%).

Economy¹³

Birmingham is a major centre for employment, with around half a million jobs located in the city. Despite this, the employment rate for its residents is low and has historically been below the national average – this manifests itself in the city having high economic inactivity and unemployment rates and higher than average levels of deprivation. The local economy has now emerged from the economic downturn, and economic output and workplace based employment have recovered to pre-recession levels. The city has also performed well recently in terms of generating employment. Resident unemployment rates which had stood at their highest level for over a decade during the recession have also recovered, and are now approaching the long run trend levels seen prior to the downturn. However, whilst the local economy has made significant progress in recent years, when we compare performance with the UK as a whole and other cities, significant challenges remain:

- For Gross Value Added (GVA) per head, Birmingham (£21,093) is well below the UK (£24,958) and has the third lowest figure amongst the core cities.
- Forecasts¹⁴ show that this is expected to grow by 27% to £26,788 in 2030, lower than the 34.6% growth expected for the UK.

The city also has a low resident employment rate and high unemployment rate when compared to the UK and other cities. The employment rate in the city (61.1%) is well below the UK average (72.1%) and the second lowest amongst the English core cities. Worklessness is broader than unemployment and includes people in receipt of 'inactive' benefits, such as Incapacity Benefits¹⁵. The city rate has been falling steadily since 2011, but remains higher than the Greater Birmingham Solihull Local Enterprise Partnership (GBSLEP), the region and England rate. On the supply side, comparatively high unemployment and low employment rates in the city are linked to the skills gap that exists locally, with residents having lower skill and qualification levels than the national average.

¹² National Client Caseload Information System, DFE, June 2015.

¹³ This section is based on intelligence and reports by Economic Research and Policy Team, BCC, as at January 2015.

¹⁴ This is a base forecast, based on trend growth and does not take into account local interventions e.g. planned developments etc. Source: WMCA Economic Forecasting Model Copyright @Oxford Economics, 2015-2030.

¹⁵ Department for Work and Pensions (DWP) 'out of work' benefit dataset.

In-commuting

The 2011 Census travel to work data shows that 166,000 people commute into Birmingham for work, accounting for over a third (36.4%) of all employment based in the city. Around 100,000 Birmingham residents commute outside the city for work but Birmingham is still a net importer of 66,000 workers. Higher skilled and better paid employment tends to attract and facilitate commuting from greater distances. This coupled with other factors, like improved connectivity and the increased use of technology to enable more flexible working, means that as the occupational structure of jobs in Birmingham moves to more highly skilled employment, residents will face increased competition from in commuters.

National Government Policy Context

In addition to demographic, social and economic changes and the financial pressures on the City Council, the policies of the national government and developments across the West Midlands will also have a profound impact on our plans for the years ahead. Some key changes that will influence the role and functions of the Future Council and our financial planning are:

- The Reform of Local Government Finance. The Government has confirmed in the Spending Review 2015 that it will phase out general grant funding to local authorities in 2020-21, but allow complete local retention of business rates. This means that councils will have to adjust to a very different financial environment and focus on measures to support economic growth to increase local income. It is also likely that there will be new responsibilities placed on councils. The details of how this system will work and how local public services will be funded will be developed during the year ahead.
- The integration of the NHS and local authority adult social care services. All areas are expected to produce a plan for this by 2017 and to implement it within three years. In addition, councils are now able to levy an additional 2% Council Tax “social care precept” from 2016/17 to provide additional extra money directly to adult social care services. There will also be an increase in the Better Care Fund by £1.5bn by 2019-20. This is money earmarked for local government to support the integration of health and social care.
- The development of Combined Authorities, Metro Mayors and devolution. It is intended that the West Midlands will shortly have a Combined Authority which will begin to bring together functions that support economic development and infrastructure investment. There will also be a process of government handing over control and funding for some centralised services to the new city region bodies and elected mayors. This has started with the recent devolution deals, including the proposed West Midlands deal which would see the Combined Authority have more control over employment and skills, transport, business support and inward investment and a locally controlled capital investment fund.

- Changes to the social security system. Changes have included a cap on overall income from benefits, reductions in housing benefit for young people and larger homes, reductions in funding for Council Tax benefits and new local responsibilities for discretionary payments. The major reform of the Universal Credit has also begun to be introduced in the city.
- The continued drive towards independence for schools. All secondary schools will be academies by 2020 and the Government has set a target of 500 more Free Schools over that period. Schools are funded directly from central government and there will be a new funding formula for schools (which determines how much money each gets) from 2017.
- A shift from social housing to private housing. Housing association tenants will have the Right to Buy (financed by the sale of higher value council houses), and other housing policies are focused on supporting owner occupation and the building of more private sector homes. A rent reduction is to be imposed on council homes, reducing the resources that can be used for investment.
- A reduction in the 'public estate' of land and buildings. This will include co-locating some services such as Job Centre Plus with local government services.

PART TWO - VISION, PRIORITIES AND APPROACH

1. Vision 2020

This vision is based on the fundamental ideals of prosperity, fairness and democracy set out in previous years. It is also informed by city-wide local public engagement debated at Cabinet in November 2015 and Council in December 2015. It is the framework for this corporate plan and our wider partnership working.

Due to the scale of funding reductions but also the changing times in which we operate, the City Council has recognised that there is a need for change in how it works if it is to deliver this vision.

So, to address these challenges, the City Council set up the Future Council programme during 2015 to deliver an integrated and strategic approach to managing the necessary changes. This has taken on board all the recommendations of the Kerslake review of corporate governance, published in December 2014 and the ongoing advice and support from the Improvement Panel set up at the beginning of this year.



2. How our high-level plans fit together

The council's planning framework is set importantly in the context of the wider city leadership and governance, such as: the City Plan and Vision (in development); the Combined Authority Plan (in development) and the Strategic Economic Plan (developed by the local enterprise partnerships in conjunction with the WMCA). This framework will be the vehicle by which we implement this vision 2020 in conjunction with our partners. It is set out in the diagram below.



The above diagram shows at a glance the high level sequence to achieve this vision by setting out: the strategic outcomes and priorities in this Business Plan; how we intend to achieve this vision, including: creating the future council through the future council programme; the implementation of the improvement plans; the directorate/service plans and the performance framework through which we will monitor and evaluate, (in part ten of this document).

3. Our six key strategic outcomes

The vision 2020 is based around **six key outcomes** and this Council Business Plan is geared towards delivering these outcomes. They are explained in more detail below.

Outcome one: A strong economy

Sub-outcomes

- An enterprising, innovative green city delivering sustainable growth, meeting the needs of the population and strengthening Birmingham's global standing.
- A living wage that generates value locally, prosperity shared and the distinct and different strengths of our communities harnessed. Employment is the route to independence and out of poverty.
- The potential for waste to be a resource, energy use optimised and sustainable housing, skills and employment pathways supported by infrastructure and transport links.
- An integrated skills system that reduces the skills gap, supports employers to take on people furthest from the labour market and drives down unemployment.

Outcome two: Safety and opportunity for all children

Sub-outcomes

- Every child having a fantastic childhood and the best preparation for adult life. Children will benefit from an integrated early years and health service, and be well prepared to start formal education.
- Every school rated good and working together in the Birmingham Education Partnership, and with the council, parents and other partners innovating and further improving them.
- Families and children receiving targeted help as early as possible to overcome whatever issues are in their way and, if needed, with a team of great social workers and specialists to help the child and their family further.
- Special educational needs and disability services focused on enablement and personalised to each family.

Outcome three: A great future for young people

Sub-outcomes

- No young person left behind, and education and employment used to address inequality and introduce fairness.
- Vocational and technical skills are as accessible and valued as academic ones.
- Young people are given the very best in careers advice and exposure to the world of work.

Outcome four: Thriving local communities

Sub-outcomes

- More and more citizens accessing the life, economy and benefits of living in Birmingham, from employment to leisure and culture; where citizens have an entitlement to specified services in their communities and can enjoy a vibrant cultural offer driven by arts and culture organisations, not the City Council
- Libraries, learning centres and community hubs that provide the essential community services and one front door for City Council services, all of which are focused on learning and increasing residents' independence
- Every citizen living within a strong and cohesive community which values and supports each of its members, and is empowered to influence the services and decisions affecting their neighbourhood. Everyone feels they belong and shares the benefits of living here

Outcome five: A healthy, happy city

Sub-outcomes

- Citizens having a high quality of health and same life expectancy irrespective of where they live in our city
- Every citizen accessing an affordable and decent home
- Vulnerable citizens feeling safe, living with dignity and independence and having engaged lives in their communities; citizens have access to fully integrated health and social care services that help maintain independence and provide care to those who need it
- A seamless health and social care provision so people can get the service they require or the correct information and advice in one place, with people who need services able to access the services they need irrespective of who the provider is
- Citizens having greater control and independence and making informed choices about who they want to provide the care and support they require and where they want it provided; with all citizens who have an assessed, eligible care need having access to either a direct payment or individual budget.

- Sports and physical activities that contribute to people's health and wellbeing and delivered in partnership with others, where parks and open spaces are maintained and enhanced to enable citizens to improve their health and quality of life.

Outcome six: A modern council

Sub-outcomes

- Citizens accessing council services through a one contact approach which aims to get it right first time. The council does what it says it will do when it says it will do it, puts people first, endeavours to achieve excellence and acts openly and honestly, and where there is accountability when things go wrong.
- A council that provides value for money and where duplication is eradicated. The City Council and the WMCA are strategic influencers, rather than always being direct providers of services.

Having approved the 2020 vision, the Leader has highlighted some priorities from within these outcomes.

Priorities for the city

- **Decent homes.** We will set out bold new plans to provide more affordable new homes and support everyone in the city to secure a decent place to live. We have launched a new initiative to provide fresh thinking across the whole range of housing activity, from housing management and advice, to private rental to homelessness and the provision of new housing. This will be taken forward at city and West Midlands level, through partnerships with government, housing associations, and the private sector and community organisations.
- **A focus on investment and assets.** In the future we will need to make better use of our own assets and secure resources from local economic growth. Growth comes from investment, so we need to shift our focus towards a more innovative and enterprising use of resources, seeing the city as a set of assets, not just a collection of needs. In particular this means working with the Combined Authority and at a more local level to develop new ways to invest in people and communities across the city. This will include exploring ideas such as "Brummie Bonds" and working with the West Midlands Pension Fund (WMPF) to use its assets to support the West Midlands Strategic Economic Plan.
- **A City for Young People, Learning and Skills.** We will continue to renew our focus on the "young city" and our offer to children and young people. We will start to develop a joined up approach to family support, learning, skills and employment, embedded in the community and the home. And we will begin a campaign to make Birmingham a Free School Meal city – through business sponsorship and forms of investment such as social enterprise and social impact bonds.
- **Transforming public transport and reducing congestion.** Transport is a vital part of our investment plans because it enables businesses to connect to markets and skills and people to connect to jobs. We will work with the WMCA and

Government on reducing congestion across the city region and the motorway network. The long term vision for Birmingham Connected will be integrated with plans for the whole metropolitan area and, through Midlands Connect the wider Midlands region. We will put in place detailed plans and funding for the High Speed Two Growth Strategy which will regenerate areas around the new stations and connect HS2 to the whole region.

4. Creating the Future Council

In order to deliver our vision of the Future Council, we have developed the Future Council Programme. This will review, and redesign where necessary, all aspects of the council including:

- How we will operate in order to deliver the vision and outcomes, including:
 - the services we will offer in the future;
 - the people, technology and information available to us;
 - and the best processes and structures to deliver these.
- The aptitudes and abilities that will be required of the staff we employ and the culture in which we work.
- How members operate in their local areas and become local leaders in their communities.
- Our approach to working with partner organisations and local communities.
- How the council develops the right support services in order to ensure those at the front line are able to deliver services successfully.

We will be working at different and multiple levels with a range of stakeholders depending on what is needed to achieve the best results for citizens. This will include:

- **Individual:** Being citizen focused is fundamental. We will work in a different way at an individual level, promoting independence, greater control and choice, for example encouraging and promoting the use of direct payments in social care.
- **Local:** Through engagement with communities and partners, we will develop a new approach to devolution within the city, with a focus on empowering people and giving them influence over local services, not on council structures and budgets. There is the potential for a diversity of forms of governance in local areas, such as parish or neighbourhood councils.
- **City:** We will see the continuing shift towards a more streamlined, strategic City Council, including a new approach to strategic partnership working and more rapid progress towards an integrated health and social care system.
- **City region:** The establishment of the Combined Authority, a start to the implementation of the devolution deal and the launch of the joint Strategic Economic Plan across the three Local Enterprise Partnerships. We also take forward the Midlands Engine initiative, launched with government in December to focus on connectivity across the regions and inward investment. There will be further

devolution deals ahead and exciting developments on public service reform arising from the devolution deal.

As set out above, we will achieve our shared objectives through partnership working. The City Council and its budget are only part of the resources we can bring to bear on tackling the problems we face as a city.

5. Design principles for the future organisation

As part of the future council 2020 programme, we have established a number of design principles for the future council, namely:

- We will take a Whole Place, Whole City view - the future approach will be based on partnerships and influence.
- We will target our resources on our key priorities and results.
- We will focus on reducing or preventing future need and better ways of addressing pressures on services.
- We will promote the independence and empowerment of citizens, families and communities.
- We will operate at three levels – metropolitan, city, and local – adopting “Triple Devolution”.
- We will have a variety of delivery models for services with no presumption that the council should be the direct deliverer.
- We will have a flexible and adaptable workforce - whether directly employed or with partners – and use resources such as IT to support our vision.
- We will govern in a way that aligns with our political and organisational values.

These have been important in the shaping of the plans described in this document. And in reflecting these design principles, it means that as an organisation we may change in the ways shown below.

The Big Shifts

- From an all-purpose council to a strategic council, working with others to deliver fewer, predominantly targeted, services.
- From a big to medium-size employer - fewer staff (and fewer councillors).
- From fixing problems later to delivering earlier targeted prevention.
- From running services to influencing service provision - from being mainly a service provider to being a gateway to services and support.
- From single tier to multi-level city government – the Triple Devolution Model.

- From just responding to demand for our services to understanding and appropriately influencing demand.
- From council-led to partnership-led.
- From mainly top down service management to more citizen-focused and responsive services.
- From small numbers of big providers to a diverse network of providers.
- From an emphasis in investment in internal capacity to investment in community capacity.
- From extensive asset ownership to using our assets to enhance others' capacity to deliver.
- From a large administrative support to a small core, sharing intelligence and supporting strategic and community leadership.
- From dedicated services to shared services – both back office and frontline – without presumption that Birmingham City Council is the direct deliverer.
- From departmentalised support services to a single support services function (which may be shared or externalised).
- From 2000 IT to 2020 IT – new, agile solutions and new providers.
- From a council where councillors are expected to play a mainly reactive role to one where they can find solutions and offer community leadership.

6. Planning based on managing and reducing demand

Given the scale of the reduction in money the council has and will have to spend on services, the challenges facing the city as described in the Birmingham Context on pages 1-6 and the national policy context on pages 7-8, the council can no longer deliver services as currently or before.

To pursue the vision and to better meet the changing needs of the city, we are improving our understanding of what drives the current and future demand for services, with a view to reducing that demand and reducing spend.

For example we need to:

- Intervene earlier to prevent the need for more expensive services later.
- Address instances of service failure which generate avoidable demand for other services.
- Consider whether others are better placed than the council to deliver more effective and/or more cost-effective services.
- Look at ways of working together, either in terms of Council departments or across a range of agencies, to improve services outcomes and reduce costs.

- Encourage self-service where this is appropriate, particularly where this enables appropriate action to be taken more promptly.
- Pass control of decision making to individual citizens, when they are better placed to make the assessment of what is needed.
- Have better information about future service demand
- Actively plan to avoid unnecessary service pressures and support people to be more independent
- Provide better access and reduce multiple contacts – getting it right first time

7. Thematic approach to planning and budgeting

We structured our business planning and budgeting around six themes (to reflect the strategic approach above), and by designing new approaches we believe we can reduce cost and deliver better outcomes.

(i). Preventing family breakdown

We seek to support disadvantaged families through a range of interventions so that their children can thrive. We want to target support to families so that where they are struggling we can help them to improve their parenting skills so that children are safer and can thrive. Working in this way will help reduce conflict within families and the need for children to come into care. We are developing edge of care services that will particularly help teenagers and their families. We want to work alongside these families to help them to be as independent and resilient as possible. We recognise that there will always be some children who are unable to live within their family. For these children we want to provide high quality long-term alternative family care through, adoption, special guardianship or foster care based on each child's individual needs.

By working in this way we will deliver savings by only having those children in care who need to be, and for those children we will support them in more local, family settings. We also think we can work more efficiently and make some saving by reducing the number of agency staff and managing staff turnover better.

We are consulting on an entirely new approach to services for young children and parents. We want to create Early Years services that draw together health services, services that support parents, childcare and early education services to support the 80,000 pre-school children living in Birmingham.

(ii). Maximising the independence of adults

We want Birmingham to be a city where getting older is a positive experience - a city where older people are as independent as possible, connected with their local communities, with the right support at the right time so they can stay at or close to home. So we know our current health and social care system has to change. More integrated services and support should be designed around the city's people to help Birmingham

citizens and their families to be able to look after themselves - not have to rely on formal care.

There needs to be a modern health and care system where no one spends more time in hospital than necessary. This includes for example: better community support; preventing falls in the home; hospitals and social services developing better alternatives for leaving hospital; and people having easy access to these services.

The council intends to pool its money for adult social care services, along with other relevant spend and assets, with hospitals and GP surgeries. The council is funding the first year of investment needed to deliver change. The savings planned, whilst reflecting the reality of the cuts to public funding, need to continue to develop an approach which is citizen focused.

People live longer lives if they can remain independent and in their local communities. Our primary focus for younger adults will be to provide support, advice and information to those people who need services to enable them to access these services independently. Where this is not possible the City Council will endeavour to help. We will encourage and promote the use of direct payments rather than offer admittance to residential care as the first and only option. Direct payments can be used to meet needs from a range of local providers in their communities.

(iii). Sustainable neighbourhoods

Creating a more sustainable environment reduces costs and is better for the health and wellbeing of residents. Changing citizen and business behaviours to reduce waste and increase recycling rates will have direct cost savings. But we must make sure our services get it right first time before we can expect citizens to change their behaviour. We must combine enforcement, education and community ownership of cleaner streets.

Our Open for Learning Strategy will remove reliance upon 'unfit for purpose' buildings so that we can focus on the service delivery, learning and skills - focusing money on service delivery not buildings. Libraries, adult education, youth services, early years and school services will be reviewed to consider alternate ways of accessing services, focused on learning and skills.

Working with other partners – housing associations, voluntary organisations and community groups will ensure that local services are properly joined up and coordinated, with a 'whole place' approach to neighbourhoods, where collaboration and shared resources deliver the best outcomes for local people.

(iv). Economic growth and jobs

Economic development and support to job creation, skills training and sustainable business growth can impact greatly on the prosperity and wellbeing of the city and lead to a reduction in demand across a whole swathe of public services. This will have an even

more direct impact on our income through the local retention of growing business rates. The future will be framed by collaborative working at a regional and sub-regional level.

Achieving good educational outcomes starts at an early stage and therefore we need to make our children “school ready” in the early years and at key transition points in their educational career, and “work ready” by the time they leave school.

(v). The changing workforce

Our direct workforce will be smaller reflecting that outcomes and services will be delivered through new models where staff will not necessarily be directly employed by the council. The core workforce will be working more flexibly with better technology support and revised skills and capabilities to meet new needs.

(vi) Council-wide

We will continue to work more efficiently, redesigning our services so that they are as lean as possible. Wherever possible we will deploy technology to ensure processes are joined up and that we ‘get it right first time’. We have also identified proposals around changes to the Council Tax support scheme, the Council Tax discretionary hardship fund and the local welfare assistance provision scheme to deliver further savings.

8. Key Immediate organisational priorities¹⁶

In pursuing our vision for 2020 and the outcomes above the Leader has set out a number of key organisational short and medium-term priorities.

- Keeping the Children’s and Education Improvement Plans on track. This remains our number one priority. We will also ensure that these plans are part of a longer term vision for these services within the overall Future Council agenda.¹⁷
- Successfully concluding the work of the Independent Improvement Panel. To achieve our vision we must restore independence and pride to our municipal governance, for example through our devolution deal. To do that, we must be free of government intervention and in charge of our own destiny.
- Creating strong strategic partnerships. There are many excellent examples of partnerships between the City Council and others that are delivering services and projects, but at a corporate level we need to do much more to put in place effective new partnership arrangements in line with the vision and strategic principles outlined above.
- Setting a realistic budget and planning framework for the next four years. This is essential to give us the security to move forward with confidence and the credibility to deliver on improvement. This Plan sets out the vision, strategic approach and financial plans that will give us this security.

¹⁶ Report to Overview and Scrutiny January 19 2016

¹⁷ Improving Children’s Services Assurance Statement is attached as appendix 14

- Establishing the combined authority and taking forward the devolution deal. Our partnership with neighbouring authorities and the devolution deal we signed with the Chancellor of the Exchequer in November 2015 are major steps forward for Birmingham and the West Midlands. We must continue to work closely together through the next vital stages as we establish the Combined Authority in the summer and begin to implement devolution – making sure that work leads to permanent benefits.

PART THREE - EQUALITY ANALYSIS SUMMARY

1.1 Introduction

Birmingham is the most youthful city in Europe with a wide range of cultural, faith and ethnic communities. Every neighbourhood in the city has seen the arrival of at least some newcomers from countries that previously were not represented in the city, and this has enriched the lives of the local people and made our neighbourhoods fascinating places to live in. Through this diversity, the city benefits from positive social cohesion which has been achieved through working with all our communities, as well as with our public and private sector partners to address inequalities. The City Council and its partners can only progress community cohesion by continually reducing systemic social and economic inequalities, which is essential for economic growth. That why the Child Poverty Commission, the Housing Investment Programme, and Birmingham Youth Promise has been established, as examples of initiatives to make our city more inclusive and cohesive.

As government funding is reduced year after year it becomes more and more difficult to find savings through efficiencies or 'back office' cuts and we are now at the point where difficult decisions about 'frontline services' can no longer be avoided. In order to address these challenges, the City Council set up the Future Council programme during 2015 to deliver an integrated and strategic approach to managing the necessary changes. Given the nature of our work, and the scale of the cuts, some negative socio-economic impact is also almost inevitable.

The question for us as a City Council is how we can minimise and mitigate that impact. This means we must: (a) put more emphasis on prevention, which is cheaper than cure; (b) reframe the way we do our work so that we join things up from a customer perspective, and reduce duplication; (c) work with others who can do things more effectively and cost effectively than we can ourselves.

The City Council takes account of the potential impacts of its policies and decisions on equalities, social cohesion and social inclusion, through a risk analysis process referred to as Equality Assessment (EA). This ensures that the potential implications of such proposals on those with the 'protected characteristics' covered under the Equality Act 2010 are considered. These protected characteristics include age, disability, sex (gender reassignment), pregnancy and maternity, marriage and civil partnerships, race, religion and belief, and sexual orientation.

1.2 Equality Act (2010)

The Equality Act (2010) requires relevant public bodies, when exercising their functions, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it
- Foster good relations between people who share a protected characteristic and people who do not share it

These are commonly known as the three aims of the Public Sector Equality Duty (PSED) imposed by the Act. The council must consciously consider these aims as part of the budget decision making process.

The PSED does not prevent the council from making difficult financial decisions. It does, however, require all decisions to be made in a fair, transparent and accountable way, with full consideration of the needs of different individuals and communities and the potential impact on groups defined by reference to 'protected characteristics'. To the extent that any disproportionate impact on such groups which results from particular proposals cannot be avoided by mitigating actions, these proposals cannot proceed without amendment unless the council decides that their aims are sufficiently important to justify the disproportionate impact, and that such aims cannot reasonably be achieved by means which are less damaging in their impact.

Similarly, to the extent that particular proposals are otherwise likely to interfere with the pursuit of equality and/or good relations between persons of different groups defined by reference to relevant characteristics, considerations will have to be given to whether these outcomes are justified by the aims pursued. The analysis which is required in order that these decisions can be made is found in the council's Equality Assessment documentation.

'Having due regard' involves (amongst other things) considering the need to remove or minimise disadvantages between those who share a particular characteristic and those who do not. It requires us to take steps to meet the needs of people from groups defined by reference to protected characteristics, where they are different to those from different groups. We need to encourage those in groups defined by reference to protected characteristics that are under-represented in public life to increase their rates of participation. The PSED also requires the council to tackle prejudice and promote understanding between and across all our communities. The council must consider the equality implications of proposals when making decisions, whilst also having regard to any countervailing factors, which it is reasonable to consider in the relevant circumstances.

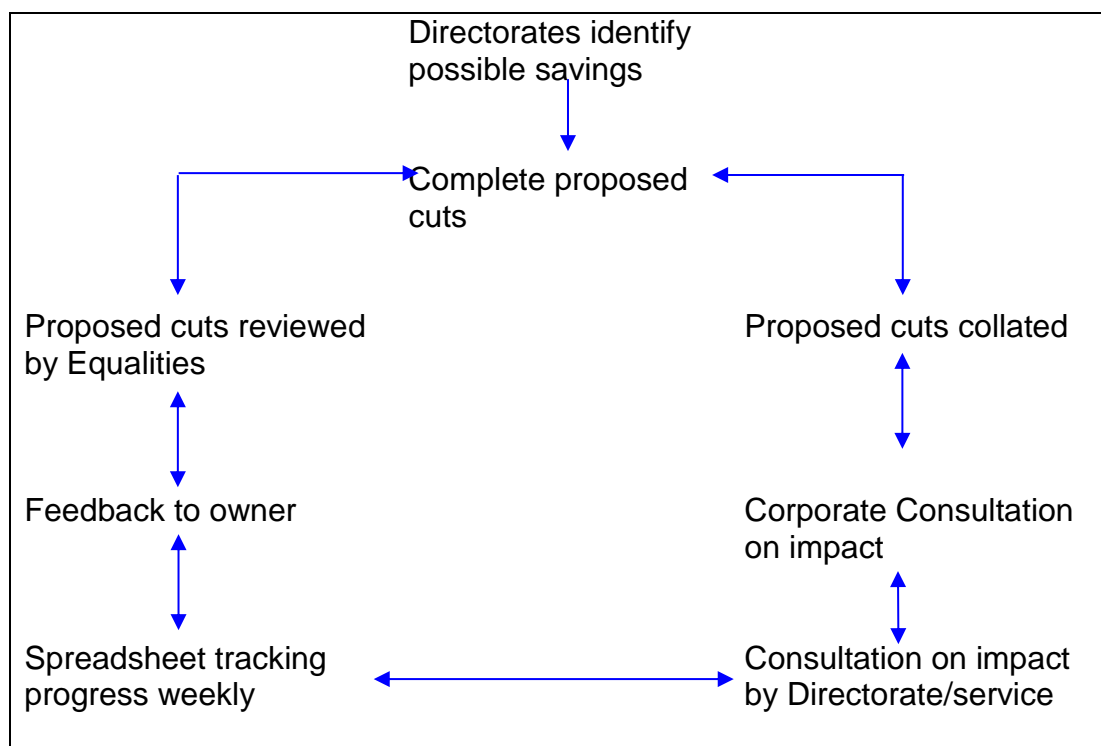
These factors may include, for example, budgetary pressures, economic and practical factors.

1.3 The council's approach to the proposed allocation of savings

In recent years, the council has had to make significant budgetary cuts and this remains an ongoing requirement. Over the last four years our plans, priorities and budget proposals have been the subject of equality analysis and consultation. The council's formal budget consultation document, alongside a series of factsheets contained information on the proposed allocation of savings and individual proposals for 2016/17.

1.4 The council's equality analysis methodology

This methodology supports the council in its approach to the individual proposed cuts, and the extent to which each one has gone through the approved two stage Equality Assessment process in terms of maintaining quality, consistency and ensuring that due consideration has been given to meet our legal responsibilities. From an Equalities point of view, the sequence is as follows:



The City Council's tool for ensuring fairness in decision making – the Equality Analysis Toolkit – has been used during this savings round.

1.4.1 The equality assessment process (Equality Framework for the Business Plan)

This section aims to provide an overview of what our analysis is currently telling us and to highlight emerging themes that may have a wider impact on groups defined by reference to protected characteristics. It also considers how we can use this data to inform the council's further work to promote fairness and reduce socio-economic inequalities.

Initial equality assessment screenings have been carried out, where appropriate, on 2016+ Budget proposals. These have helped the council to identify emerging impacts and have led to more detailed assessments where initial screenings have indicated potential disparate impacts on groups defined by reference to protected characteristics, or other equality concerns. The initial EA screenings look at how individual proposals might relate to one another and consider how a series of proposed changes to services could impact cumulatively on particular groups of people.

EAs are living documents that change and are updated as the equality implications of a decision and any alternative options or proposals are considered. EAs have therefore been developed alongside the budget proposals. They have been drafted by senior management in the appropriate service area of the council with support from the council's specialist equality advisors.

The quality assurance process has provided a central overview of all proposals and their potential impacts upon groups. EAs will continue to be reviewed as we consult with staff, service users and others on our detailed proposals. The feedback received through consultation will be incorporated into the documents, in particular, the assessment of potential impacts, to guide detailed decision making.

1.4.2 Consultation Framework for the Business Plan

Whilst the council regularly monitors the social impact of the cuts and social cohesion, an essential part of the council's EA process is the public consultation on the Business Plan and Budget. The corporate public consultation on the 2016+ budget proposals began on 9 December 2015 and closed on 8 January 2016. There are three types of consultation which the council undertakes as part of the planning process.

Corporate Consultation - The corporate consultation gives all local residents and staff the chance to have their say on the council's overall budget proposals. The results of this consultation inform the council's executive before finalising the council's business plan and budget at full council in March.

Directorate/Service-led - Directorate/Service-led consultations take place with service users who may be affected by any specific proposals and service changes. These are subject to a separate Cabinet decision following this consultation. These will inform separate policy decisions, subsequent to the setting of the 2016+ council budget.

Consultation with Trades Unions and Employees - The collective consultation is formal consultation and negotiation with the employees and trades unions about possible job losses and the proposed changes to terms and conditions of employment. This consultation starts at the same timer as the corporate budget consultation and continues for at least 45 days or longer if necessary to ensure that it is meaningful.

1.5 Conclusion

The council recognises it is essential that it undertakes an appropriate, comprehensive approach to the equality analysis and assessment of its proposed future developments to its policy and related spending plans.

This section has provided a description of the council's rigorous equalities process undertaken in line with the Equality Act 2010 and together with the initial equality assessments below provides an overview of the main equality considerations arising from the council Business Plan and Budget 2016+.

Detailed equalities assessment work continues to be undertaken by each Directorate and is part of an ongoing process. These assessments are available to Members through the Equalities Risk Analysis toolkit. In completing this work the council will also work with its partners to further explore the equality implications of the council's proposals, and the mechanisms for monitoring the equalities impacts of expenditure decisions.

The consultation and equalities assessment work to date has identified a range of mitigations that the council could put in place in order to progress the proposed cuts on which it is consulting. These are detailed below. However it is not possible at this stage to fully assess the impact on those with protected characteristics and further assessment will be carried out as part of the full impact assessments, where required.

With the approach taken by the council to consultation and equalities assessments, described above, and the mitigations and budget changes made and incorporated into this budget and detailed in appendix one, following such consultation and equality assessment, it is considered that the council Budget set out in this report is reasonable and appropriate.

While the ongoing consultative and equalities work still underway may necessitate some subsequent changes to the resource allocations within this Budget, in the context of the overall scale and shape of the corporate Budget as a whole, any such changes may reasonably be expected to be of a magnitude which could and would be addressed within the framework of this council Budget.

PART FOUR - FEEDBACK FROM CONSULTATION

The Process

Birmingham City Council's Budget Consultation 2016+ ran from 9th December 2015 to 8th January 2016, based upon a 'Council Business Plan and Budget 2016+: Consultation' booklet and detailed fact sheets for each of the 96 savings proposals. The proposals in this year's consultation document were organised under the following six themes:

- Preventing family breakdown.
- Maximising the independence of adults.
- Sustainable neighbourhoods.
- Economic growth and jobs.
- The changing workforce.
- Council-wide.¹⁸

The consultation involved:

- Three public meetings led by the council's Leader and Cabinet.
- An online 'Be Heard' survey.
- Submissions via emails, letters and social media.
- A Disability Budget Forum.
- A consultation meeting aimed at the business community.
- Four focus groups, two online and two face to face, with participants recruited from Birmingham's People's Panel.
- Two webcast question and answer sessions, each lasting two hours, with the Cabinet.
- Three smaller meetings have been held with young people on their vision for the city and the broad 'Future Council' approach; and
- Ideas for saving money or raising revenue with additional comments on the Budget 2016+ dialogue and ideas section of the council's website.

The budget consultation built on previous engagement including 11 district community workshops held in every Birmingham District (two in one District because of numbers wanting to attend) in November 2015 and on several 'Big Conversation' events with council employees.

¹⁸ These themes are explained in more detail in Part Two.

The corporate budget consultation asked for views on all of the proposed budget savings to services. The detail of the individual proposals and service changes are consulted on where appropriate with service users and employees and are subject to a separate cabinet decision following on from consultation.

Through the corporate consultation, we asked members of the public for their views on the following:

- The vision for the city.
- The role of the council and its partners in delivering the vision.
- Devolution.
- The level of Council Tax next year.
- Their views on the savings proposals.

Responses

Set out below is a summary of the feedback under these headings. The detailed report on the findings from the consultation can be found on www.birmingham.gov.uk/budgetviews

Vision

There was general support for the council's vision. Themes which people identified included:

- Pride in the city.
- Integrated green transport.
- A good place to grow old.
- Improved health and wellbeing.
- Social and affordable housing.

Council Role and Devolution

- High level of agreement through the survey that the council should provide strong but accountable leadership at city-wide and local level.
- The council has an essential role in monitoring contracts and safeguarding.
- Expectation that others – residents, organisations, businesses - will all need to play a bigger role in delivering the vision.
- Agreement that there should be more local control over spending and budgeting – local people having a say on local issues and services.
- A keenness to collaborate and work in partnership.

Council Tax

- Close to two thirds of all respondents to the online questionnaire agreed with the proposed 2% increase in Council Tax, more than twice the numbers that were opposed.
- The same number agreed with the proposed 2% increase in relation to the social care precept, more than twice the proportion that was opposed.
- A few suggestions were made that a referendum be called for a higher Council Tax rise.

Themes – Summary of Responses

- Preventing family breakdown – whilst supporting the preventative approach, the message was the “devil would be in the detail”.
- Maximising the independence of adults – there was support for promoting the independence of adults, but fears were expressed that this might sometimes be a cover for cutting budgets for care packages. Some people may not be able to live independently and their needs must be catered for. There was concern expressed at the proposed closure of day care centres and any cut backs in public health.
- Sustainable neighbourhoods – issues were raised around building houses on green spaces and parks; school crossing patrols; and community libraries. Developing a modern, integrated, accessible and green transport system for the city was generally supported as was reconfiguring waste collection services. Public discussion about the vision in the district workshops and through the People’s Panel wanted the council to strengthen its enforcement role.
- Economic growth and jobs – there was concern about further cuts to arts and cultural organisations; a great deal of interest in how the WMCA would work. Improving the transport network emerged as a theme. And proposals that involve raising income from the council’s assets or charging more for business services were strongly supported.
- The changing workforce – this theme received by far the biggest response to the consultation from council employees. There was strong opposition to the proposed changes in terms and conditions of council staff, but support for increased numbers of trainees and other improved workplace efficiencies.
- Council-wide – most proposals under this theme had a relatively small number of responses. However, a parallel council consultation on the proposal to end the £2.9m Local Welfare Assistance Provision had a much bigger response, disagreeing with this proposal. Through this specific consultation came a request for at the very least a delay in the cessation of the scheme, so that the partially mitigating collaborative arrangements could be given a chance to work.

In summary, the corporate consultation did not give rise to any big campaigns over a single issue or proposal. The council has however responded to concerns raised through the consultation on the following:

- **The proposed withdrawal of local welfare assistance provision.** We will continue to fund the local welfare assistance provision for 2016/17 at the current level of demand. We will then will seek alternative sources of funding for future years to supplement the additional funding which we now propose to provide from 2017/18 onwards.
- **The proposed changes to school crossing patrols.** We will be evaluating options for new approaches to improving safety in general around schools, including setting up a Trust, which will maintain the level of service whilst reducing costs to the council.

We have also noted the wealth of concern expressed by council employees under the theme of the changing workforce and will continue to work with trades unions and employees on the future package of employee proposals.

PART FIVE - FINANCIAL PLAN

Chapter 1: Budget Summary

Background

- 1.1 The City Council's Financial Plan continues to be set in the context of reducing resources available to fund the provision of services and investment in its assets. This is largely as a result of the continuing cutbacks in grant funding as part of the Government's policy of reducing public expenditure in order to address the deficit in the public finances.
- 1.2 Birmingham is more dependent on Government grants than many local authorities, both because of the higher level of need requiring it to fund a higher level of expenditure on services (as assessed under the Government's previous Formula Grant regime) and also because its relatively low tax base constrains its ability to raise funds locally through Council Tax. This has meant, until now, that the City Council has experienced disproportionate cuts in its revenue resources. To try to address this, Birmingham has been lobbying the Government over the last two years for a fairer grant settlement for Birmingham. Subsequently the Government has adopted a fairer funding methodology for the allocation of grant reductions from 2016/17 onwards. This has led to considerably lower cuts for Birmingham in future years than would have otherwise been the case, but has not addressed the unfairness of cuts that Birmingham received in 2014/15 and 2015/16.

Revenue

- 1.3 The council has further developed its medium- and long-term financial planning approach and this Business Plan contains a 2016/17 Budget, an Indicative 2017/18 Budget (as agreed with the DCLG as part of the council's Improvement Plan), financial forecasts for 2018/20 and a 10 year Long-Term Financial Plan and Efficiency Statement. These show balanced financial plans throughout this period, although the extent of savings delivery risk is clearly recognised, as are the potential impacts of pressures and grants and other changes, such as business rates localisation. The reserves strategy provides a level of potential mitigation against those.
- 1.4 Excluding those grants which are ringfenced to be spent on specific services and projects, the City Council will be subject to a cash reduction in corporate grant funding of £59.7m (13.4%) in 2016/17. After taking account of income from the local share of business rates and from Council Tax, total corporate funding will reduce by £46.5m (5.1%) in comparison with 2015/16 on a like for like basis (£39.7m in cash terms).
- 1.5 At the same time, there is the need to increase funding for some services by £23.7m. This includes providing further resources for child protection services (an extra £4.7m) and continuing to invest in adult social care (£10.5m), both to meet the

costs of the increasing number of older people requiring care and also to address the extra costs within the care sector arising from the implementation of the Living Wage.

- 1.6 In addition to this, inflationary costs are estimated to be £17.4m, a net movement in corporate reserves of £17.8m offset by a reduction in corporately managed budgets of £10.3m.
- 1.7 Therefore, it will be necessary for further savings of £88.2m to be made in order to balance the revenue budget in 2016/17
- 1.8 After taking account of medium term resource forecasts and additional future pressures, further savings of £163.0m are planned. This will enable the council to set out balanced financial plans for the years to 2019/20, including an indicative budget for 2017/18.
- 1.9 It is expected that total savings of £815m will have been made over the 9 year period from 2011/12 – 2019/20.

Council Tax

- 1.10 In order to maintain an appropriate level of income from Council Taxpayers, and to mitigate the need to make savings as much as possible, a base Council Tax increase of 1.99% is proposed for 2016/17. In recognition of the particular pressures on adult social care the Government, as announced in the Spending Review 2015, is enabling local authorities responsible for adult social care to raise up to an additional 2% of Council Tax income to recognise the particular pressures on adult social care. The council, like many, if not most, social care authorities considers that the best way of addressing the cost pressures on these services is to use this ability to generate specific additional resources. Taken together this would take the amount for a Band D property to £1,204.65 for City Council services, an increase of £46.22 per year, or 89p per week.

Housing Revenue Account (HRA)

- 1.11 Proposals have been developed for a budget in 2016/17, with a rent decrease of 1% in line with the new national rent policy.
- 1.12 In addition to revenue expenditure on day-to-day repairs and maintenance, the council will be investing in a Council Housing capital programme of £347m over the three years 2016/17 – 2018/19, including £166m investment in new homes and regeneration.

Capital

- 1.13 Capital investment is also constrained by reductions in Government grant funding. However, some grants continue to be made available, particularly those earmarked for specific projects/programmes. Taken together with a prudent level of new borrowing, a capital programme of £966m is proposed from 2016/17 onwards.
- 1.14 After taking account of the on-going annual provision for debt repayment, total outstanding debt is forecast to fall slightly over the next 3 year period. Of the projected gross loan debt (including Private Finance Initiative (PFI)) of £3.9bn at the end of this period, £1.1bn will relate to the HRA and £2.8bn to the General Fund.

Chapter 2: Revenue Resources

1. Financial Challenge

- 1.1 This chapter details the General Fund revenue resources expected for the period 2016/17 to 2019/20.
- 1.2 The City Council continues to face a significant challenge over the coming years. In the nine years, from 2011/12 to 2019/20, it is forecast that total corporate funding will have reduced by £366m per annum.
- 1.3 The City Council expects to receive total General Fund grant and external income resources of £2,763.7m in 2016/17. The resources can be analysed into the categories shown in Table 5.2.1.

Table 5.2.1 General Fund Grant & External Income Resources					
	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Core Grants (RSG) ¹	286.898	226.587	177.753	143.992	109.743
Core Grants (Top Up)	126.015	127.067	129.566	133.388	137.652
Corporate Grants	31.986	31.575	38.420	54.808	75.371
Sub Total Corporate Grant Funding	444.899	385.229	345.739	332.188	322.766
Business Rates*	196.305	187.884	206.516	218.448	226.525
Council Tax*	272.137	293.743	300.052	312.647	325.772
Sub Total Corporate Funding	913.341	866.856	852.307	863.283	875.063
Directorate Grants ²	252.903	275.621	296.255	296.255	296.255
Schools Funding ³	796.585	781.610	781.610	781.610	781.610
Grants to reimburse expenditure (esp.Benefits) ⁴	551.025	550.537	550.537	550.537	550.537
External Income ⁵	275.373	289.059	298.437	306.457	312.774
Total General Fund Grant & External Income	2,789.227	2,763.683	2,779.146	2,798.142	2,816.239
Annual % Change in Corporate Funding		-5.1%	-1.7%	1.3%	1.4%
Annual % Change Corporate Spending Power		-4.7%	-2.5%	0.9%	1.6%

Table above excludes Use of Reserves which are discussed in Chapter 3

1. This is the adjusted 2015/16 RSG figure for specific grants rolled into RSG from 2016/17 so that a like for like comparison can be made.

2. 2015/16 is an adjusted directorate grant figure for those grants rolled into RSG from 2016/17 onwards. For future years directorate grants are based on information available at the time.

3. Schools funding has been assumed to remain unchanged in future years. No adjustments for schools transferring to academies or changes in funding formula have been made as there is too much uncertainty at present. However, schools will be required to contain spend within the resources available.

4. Grants to reimburse expenditure particularly Benefits - we have not sought to forecast future demand in this area.

5. External Income has been forecast based on information in the Savings Programme and the OBR 's (November 2015) CPI forecast for future years.

* Business Rates and Council Tax figures are shown net of deficit/surplus.

- 1.4 The Government's definition of Core Spending Power (CSP) is similar to Corporate Funding (albeit with slight differences). The annual change in these statistics are shown in Table 5.2.1 above.

2. Core Government Grant Funding

- 2.1 Core Grants are made up of Top Up Grant and Revenue Support Grant.
- 2.2 The level of future forecast income from 2016/17 onwards of Core Grant funding has improved since the LTFP was agreed in March 2015.

Table 5.2.2 below shows the movement in Core Grant funding since the budget was set last year.

Table 5.2.2 Core Government Grant Funding Forecast Changes				
	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Core Grant Business Plan 2015+ (Mar15) (includes RSG and Top Up Grant)	323.0	265.9	230.9	202.4
Government Updates:				
Spending Review (Nov 15)	29.1	25.0	25.4	36.9
Local Government Finance Settlement inc adoption of Fairer Funding	1.6	16.5	21.1	8.0
Core Grants 2016+	353.7	307.3	277.4	247.4
Cumulative change from Adjusted 2015/16 (£m)	(59.3)	(105.6)	(135.5)	(165.5)
Cumulative % Change from 2015/16	-14.4%	-25.6%	-32.8%	-40.1%
Annual % Change	-14.4%	-13.1%	-9.7%	-10.8%
Memorandum				
Estimated improvement in resources from introduction of fairer funding methodology	18.8	33.4	40.7	47.4

- 2.3 The improvement in the forecast position has occurred for two reasons:
- More information has been published to allow us to revise our forecasts during the year. The Government's Spending Review in November 2015 announced the profile of local government spending over the next five years, and four year figures were published at the time of the Local Government Finance Settlement. This has given us more accurate information to base our forecasts on. This has resulted in an overall improvement in core grant funding by 2019/20 compared with our previous projections.
 - The second reason for the improved funding position is the Government's adoption of a fairer funding approach to its methodology for allocating grant reductions. This is following Birmingham lobbying the Government over the

last two years for a fairer grant settlement. This methodology provides a fairer basis than previously for the allocation of central funding as it takes into account the amount of income authorities currently receive from Council Tax as well as the settlement funding assessment. This means that reductions in funding have less disproportionate impact on those authorities that are heavily reliant on government funding. However, we continue to make representations to further improve the equity of the situation.

- 2.4 This has gone some way to correct the disparity in the allocation of grant reductions and recognise local authorities differing levels of Council Tax resilience from 2016/17 onwards. However, if the revised allocation methodology had been adopted from 2014/15, BCC estimates that we would have received additional funding of around £89m in 2016/17.

Revenue Support Grant

- 2.5 The Government has calculated that the City Council will receive £226.6m Revenue Support Grant (RSG) in 2016/17. This compares with £286.9m received in 2015/16, a reduction of £60.3m. The 2015/16 figure has been adjusted for the rolling in of the Care Act, Local Lead Flood Authority and Sustainable Drainage grants into the Settlement Funding Assessment (SFA), so that comparisons can be made on a like for like basis.
- 2.6 The City Council has based its forecast resource levels until 2019/20 on the announcement made in the Local Government Finance Settlement, as part of the four-year figures that have been made available to authorities. This offer has been made on the condition of a submission of an efficiency plan. Further clarity is awaited, however, on what this will entail.
- 2.7 Beyond 2019/20, in line with the Government's policy that a surplus national budget will be achieved by this point, a "steady state" of funding has been assumed. The forecast levels of RSG for 2016/17 to 2025/26 can be seen in the Long-Term Financial Plan and Efficiency Statement (Appendix 3).

Top Up Grant

- 2.8 As part of the Business Rates Retention Scheme (BRRS) the Government pays the City Council a Top Up Grant. This is to compensate for the fact that the 49% of business rates that the Government estimates the City Council will retain is less than the baseline level of funding that Government has estimated the City Council requires from the Business Rates Retention Scheme.
- 2.9 The City Council will receive £127.1m Top Up Grant in 2016/17. This is an increase of 0.8% on the 2015/16 allocation. The Top Up Grant increases annually in line with the business rates multiplier. This is based on Retail Price Index (RPI) as at September of the previous financial year. In previous years, where the multiplier has been capped at a 2% increase but the level of RPI has exceeded this, the

Government have provided a compensating grant for the lost income. This grant relating to previous years will continue (see paragraph 3.9).

- 2.10 In future years, the City Council assumes, based on information provided by the Office for Budget Responsibility (OBR), that the increase that will be applied to the Top Up grant will be 2% in 2017/18, 2.9% in 2018/19 and 3.2% in 2019/20. The forecast levels of Top Up Grant can be seen in the LTFP and Efficiency Statement for 2016/17 to 2025/26 (Appendix 3).

3. Corporate Grants

- 3.1 In addition to core funding, the City Council also receives a number of unringfenced grants that are not allocated for specific purposes and are used to support the overall budget. These grants are:

- New Homes Bonus
- Small Business Rates Relief grant
- Other Business Rates related grants

New Homes Bonus (General)

- 3.2 New Homes Bonus (NHB) is a general grant awarded by the Government for new houses built in Birmingham, or empty properties brought back into use. The grant is provided to help fund the additional services required for the new properties and families living within them. The grant is provided in two parts:

- General
- Affordable Homes Element

- 3.3 The City Council chooses to apply this grant in two ways. The general grant is used to support the overall budget, and the affordable homes element is treated as a Directorate grant, including use to reinvest in building additional affordable housing in Birmingham.

- 3.4 In 2016/17 the City Council will receive £19.8m of general NHB. This is an increase of £3.0m over 2015/16. The Government is currently out to consultation on the NHB with the proposal to reduce the length of grant payments from six to four years or possibly even less. However, the Government have supplied indicative figures for 2017/18 at a similar level to that of 2016/17, but with the grant reducing considerably to £13.8m in 2018/19 and £13.2m in 2019/20. The City Council's forecast of general NHB can be seen in Appendix 2.

- 3.5 In order to fund the NHB, the Government topslices funding from the national allocation of RSG. If this topslice exceeds the national amount of NHB distributed, the Government reallocates the remaining funding. In 2016/17, the City Council will receive a further £0.8m of returned NHB funding. This has been treated as a one-off

resource as it is assumed that the Government topslice will be accurate in future years.

Small Business Rates Relief Grant (SBRR)

- 3.6 In his Spending Review/Autumn Statement 2015, the Chancellor announced that he has again extended SBRR relief for a further year. This reduces the level of business rates income retained by the City Council and the Government provides grant funding to compensate for this.
- 3.7 The City Council will use this grant of £6.2m in 2016/17 as a corporate resource in the same way that it would have, had the income continued to be received via business rates. As the relief has been granted for four consecutive years, the City Council is now assuming that this will be a permanent reduction in business rates and hence a permanent grant stream. However, should this not be the case then it is assumed that the loss of SBRR grant would be offset by an increase in business rates income of an equal amount, leaving the overall resource position unaltered. The City Council's forecast of SBRR grant can be seen in Appendix 2.
- 3.8 These numbers exclude small business rates relief grant received in relation to the Enterprise Zone as this funding is passed directly to the Enterprise Zone.

Other Business Rates Related Grants

- 3.9 Other Government policies that impact on the amount of business rates income that the City Council will receive are compensated for by a separate government grant. The remaining grant of £4.8m in 2016/17 (other than that relating to Small Business Rates Relief described above) is to compensate for the Government capping the increase in the small business rates multiplier at 2% in previous years. This will not apply to this year's increase in multiplier, as RPI was at 0.8% in September 2015, but it will still be received in relation to the capping of the multiplier in previous years.
- 3.10 These grants have reduced from 2015/16 as the relief on retail properties has now ceased and therefore so has the Government grant, but there will be a corresponding increase in business rates income.
- 3.11 As grants will be paid to compensate the City Council for the loss of business rates income, they are used to support core activities. The City Council's estimate of other business rates related grants can be seen in Appendix 2.
- 3.12 These numbers exclude other business rates related grant received in relation to the Enterprise Zone as this funding is passed directly to the Enterprise Zone.

Improved Better Care Fund

- 3.13 The Government is providing £1.5bn nationally to local authorities to spend on adult social care by 2019/20. This funding is to be allocated as a separate grant to local government, benefitting those authorities who will generate less income through the Social Care Precept, such as Birmingham. However, this funding is not available until 2017/18, with a future consultation to be published in due course on the proposed distribution methodology. The proposed allocation for Birmingham in 2017/18 is £6.7m rising to £52.4m by 2019/20.
- 3.14 It will be noted that the Council's financial plans include a further significant level of savings to be achieved from 2017/18 onwards through the re-design and integration of services across the health and social care economy. Therefore, whilst this additional BCF resource is being treated as a corporate resource, it is expected that it will be made available to fund additional care services, to facilitate investment in order to deliver the savings in the plan or to mitigate budgetary pressures should there be any under-achievement of the required level of savings.

4. Business Rates Income

- 4.1 The City Council is able to retain 49% of all business rates generated locally excluding growth within the Enterprise Zone. A further 50% is paid directly to the Government and the final 1% is paid to the West Midlands Fire and Rescue Authority.
- 4.2 However, the City Council does not have any control over the business rates multiplier that will be used to calculate individual business rates bills. The Government continues to be responsible for setting the rate and national policies on discounts. Government announcements regarding business rates that will impact on the level of resources received by the City Council are compensated for through additional Government grants allocated to the authority (see paragraphs 3.6 – 3.12).
- 4.3 The City Council estimates that total income received from business rates, excluding growth within the Enterprise Zone, will be £419.7m in 2016/17 (see Table 5.2.4). This is an increase of 3.8% on that budgeted for in 2015/16. The business rates income to be used for setting the 2016/17 budget was agreed by the Cabinet at its meeting on the 26th January 2016. This income is now fixed for the purposes of 2016/17 budget setting. The forecast levels of Business Rate income for 2016/17 to 2025/26 can be seen in the LTFP and Efficiency Statement in Appendix 3.
- 4.4 In future years, the City Council has assumed that business rates income will have an underlying increase of:

Table 5.2.3								
17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
2.5%	3.4%	3.7%	3.7%	3.7%	3.0%	3.0%	3.0%	3.0%

- 4.5 This reflects an assumed increase of 0.5% real terms growth and an increase in the business rates multiplier, in line with the RPI forecast from the OBR for the previous financial year. It should be noted that the Government has taken into account an anticipated level of growth in Business Rates when determining RSG allocations. The LTFP and Efficiency Statement (Appendix 3) shows the future change in assumptions of the City Council's share of the business rates income within the city.

Enterprise Zone

- 4.6 In 2016/17, it is anticipated that the Enterprise Zone will retain £5.9m of business rates income and £0.4m for reliefs awarded. The overall deficit carried forward from 2015/16 is £1.5m. In addition, the Enterprise Zone will receive £0.3m of Section 31 grants. This overall resource of £5.1m will be used in accordance with the Enterprise Zone Investment Plan.
- 4.7 Business rates income above the previously determined baseline within the Enterprise Zone is 100% retained by the City Council to pass to GBSLEP. These business rates are not available to support the City Council's budget, but are used to support redevelopment within the Enterprise Zone.
- 4.8 Growth in business rates income within the Enterprise Zone will be fully retained for the period up to 2046. The intention is to provide a higher degree of certainty around future levels of income available towards investment and regeneration in this zone.

Business Rates Collection Fund

- 4.9 It is estimated that the City Council's share of the Business Rates Collection Fund deficit in 2015/16 will be £13.2m (excluding the planned impact of spreading backdated appeals based on the calculation undertaken in 2013/14). This deficit will be wholly taken into account in setting the 2016/17 budget. This deficit includes a deficit brought forward from 2014/15 of £3.9m that arose mainly due to the impact of providing for Business Rates appeals earlier than originally anticipated when setting the 2015/16 budget. The in-year deficit for 2015/16 of £9.3m largely relates to a substantial level of successful backdated appeals.
- 4.10 A significant risk to the level of future business rates income is the very recent application by NHS Trusts across the country for mandatory business rates relief on charitable grounds. If granted this would potentially have a major impact on the business rates income for the council. However, due to the lack of information and uncertainty that surrounds this it has not been factored into business rates income forecasts included in this business plan.
- 4.11 In 2013/14, the City Council spread the cost of its backdated appeals over five years. The impact of making provision for backdated appeals settlements will charge £9.8m (£4.8m City Council share) to the collection fund in 2016/17.

Business Rates Summary

- 4.12 The overall resources available from business rates income for 2016/17 is summarised in Table 5.2.4, with the City Council's net resources being £187.9m.

Table 5.2.4 - Net Resources from Business Rates 2016/17				
	Business Rates	Planned Spread of Backdated Appeals	15/16 (Surplus)/Deficit **	Net Resources
	£m	£m	£m	£m
BCC	(205.842)	4.752	13.206	(187.884)
Government*	(209.618)	4.849	13.475	(191.294)
WM Fire Authority	(4.201)	0.097	0.269	(3.834)
Sub Total	(419.661)	9.698	26.950	(383.012)
Enterprise Zone*	(6.294)	0.061	1.462	(4.772)
Gross Business Rates	(425.955)	9.759	28.412	(387.784)

*Government and Enterprise Zone figures are shown net of compensation in relation to Enterprise Zone reliefs.

** includes deficit carried forward from 2014/15

- 4.13 Projected business rates income to be retained by the City Council for 2017/18 onwards is set out in Appendix 3 and Table 5.2.1.

Future 100% Retention of Business Rates

- 4.14 The Chancellor announced in the Spending Review in November 2015 that, by the end of Parliament, local government will retain 100% of business rates income, to fund local services. The main local government grant, RSG, will be phased out and there will also be additional responsibilities, and therefore costs, associated with this transfer which local authorities will have to incur, in order for it to be fiscally neutral to the Government. There will be a consultation on the new proposals launched during 2016.
- 4.15 It is not yet known when the implementation of this new arrangement will commence or how it will be implemented. Due to this uncertainty, but the expected fiscal neutrality, for the time being our resource projections are based on the current funding methodology.

5. Council Tax

- 5.1 In order to maintain an appropriate level of income from Council Taxpayers, and to mitigate the need to make savings as much as possible, a base Council Tax increase of 1.99% is proposed for 2016/17. In recognition of the particular pressures on adult social care e.g. demographic changes and the implementation of the National Living Wage, the Government announced in the Spending Review 2015, that it is enabling local authorities responsible for adult social care to raise up to an additional 2% of Council Tax income to provide funding for those services. The council, like many, if not most, social care authorities considers that this is the best way of going some way towards addressing these cost pressures. However, the

adult social care pressures significantly exceed the income yielded from the Social Care Precept.

- 5.2 The Localism Act 2011 removed the Government's ability to cap Council Tax increases and instead requires local authorities to consult local residents via a referendum if an "excessive" level of Council Tax is proposed. The Government has announced that for local authorities like the City Council an "excessive" Council Tax would be one where the increase is 2.0% or more. An additional 2% flexibility has also been granted for the Social Care Precept. In effect therefore, the Council Tax increase would need to be 4.0% or more before a referendum would be required. The proposed increase of 3.99% will not, therefore, require a referendum.
- 5.3 The taxbase to be used for setting the 2016/17 Council Tax was agreed by the Cabinet at its meeting on 26 January 2016. The tax base consists of 239,042 "Band D equivalent" properties, after allowing for a collection rate of 97.1% (including the impact on collection of the Council Tax Support Scheme). This tax base is now fixed for setting the 2016/17 Council Tax.
- 5.4 The tax base has increased by 4,953 Band D equivalent properties compared with 2015/16. The tax base was calculated after taking account of the Council Tax Support Scheme.
- 5.5 The proposed City Council's element of Band D Council Tax will be £1,204.65 for 2016/17. This includes the additional 2% increase for the Social Care Precept.
- 5.6 This would mean that the Council Tax requirement for council services in 2016/17 will be £288.0m.
- 5.7 A 1.99% increase in the base Council Tax for future years has been assumed for planning purposes. In addition, a 2% increase for the Social Care Precept has been assumed until 2019/20. The forecast levels of Council Tax income for 2016/17 to 2025/26 can be seen in the LTFP and Efficiency Statement in Appendix 3.

Council Tax Support

- 5.8 At its meeting on 12 January 2016 the City Council confirmed its Council Tax Support Scheme for 2016/17. A discount of up to 80%, dependent on the income and circumstances of the claimant, will continue to be applied in general to those of working age with a low income. However, a discount of up to 100%, again dependent on income and circumstances, will continue to be applied to the following categories of people with low incomes:
- Pensioners (as prescribed by legislation).
 - Parents of dependent children aged 6 or under.
 - Those who qualify for a carer's premium.
 - Disabled people in receipt of a disability premium or a disabled child premium.

- War pensioners.
- Claimant or partner in receipt of Employment and Support Allowance with a qualifying disability benefit.

5.9 There will be a facility to backdate claims for up to a maximum of one month, and a hardship fund has been set aside for those experiencing financial difficulties.

5.10 Had the City Council allowed a greater level of discounts within the Council Tax Support Scheme then it would have received less Council Tax income. This would have resulted in the City Council needing to make greater service expenditure reductions in 2016/17. Alternatively the City Council could have implemented a Council Tax Support Scheme that awarded a lower level of discounts. This would have resulted in the City Council needing to make fewer service expenditure reductions in 2016/17. The City Council determined that, on balance, the approved Council Tax Support Scheme represented the most appropriate way forward.

Council Tax Collection Fund

5.11 It is estimated that the Council Tax Collection Fund will have a surplus at the end of 2015/16 of £6.6m. The City Council's share of this is £5.8m, which has been taken into account in setting the 2016/17 budget.

6. Parish Precepts

New Frankley in Birmingham Parish Council

6.1 The New Frankley in Birmingham Parish Council agreed its precept on 18th January 2016. The precept for the Parish in 2016/17 is £44,321 (2015/16: £43,287). The tax base for the New Frankley in Birmingham Parish is 1,312. The effect of the parish precept on the level of Council Tax for a Band D property is £33.78. This represents an increase of 1.44% in the Band D parish precept compared with 2015/16.

6.2 Following the introduction of the localisation of Council Tax support and the associated discounts, New Frankley in Birmingham's tax base reduced significantly. The City Council is continuing to pay New Frankley in Birmingham a grant of £40,899 to compensate for the reduction, in recognition of the Council receiving additional Government grant for this purpose.

Sutton Coldfield Parish Council

6.3 Following a Community Governance Review, the City Council on the 15th September 2015 approved the creation of Sutton Coldfield Parish Council. The Council Business Management Committee agreed the Reorganisation Order at its meeting on 4 January 2016. This included the budget requirement for the 2016/17 financial year of £1,823,850. The tax base for 2016/17 for the Sutton Coldfield Parish is 36,509. The effect of the parish precept on the level of Council Tax for a

Band D property is £49.96. 2016/17 will be the first year for Sutton Coldfield Parish Council.

- 6.4 The City Council has not received any Government grant funding in respect of Council Tax support discounts in relation to Sutton Coldfield Parish Council precept and therefore there is no compensation payment to Sutton Coldfield Parish Council to offset the impact of the discounts.

7. Formal Determination of Council Tax

- 7.1 Legislation specifies the way in which the Council Tax figures must be calculated. To the extent that other sources of income are insufficient, expenditure has to be funded through the Council Tax Requirement. The consequence of this calculation is that the City Council must set a “balanced budget”. Table 5.2.5 shows how the City Council gross expenditure translates into its Band D Council Tax and, as required by law, also shows this calculation when including Parish precepts and Enterprise Zone growth.

Table 5.2.5 Council Tax Requirement	City Council Services	Incl. Parish Precepts and Enterprise Zone Growth
Gross City Council Expenditure	3,093,771,775	3,098,831,114
Parish Precepts		1,868,171
Less: Estimate City Council Income (excluding business rates, core Government grants and Council Tax)	-2,258,491,047	-2,258,779,217
City Council Net Budget	835,280,728	841,920,068
Less:		
Business Rates	-205,841,596	-212,135,971
Business Rates (surplus)/deficit	17,957,841	19,481,047
Revenue Support Grant	-226,586,895	-226,586,895
Top Up Grant	-127,066,744	-127,066,744
Council Tax Collection Fund (surplus)/deficit	-5,781,172	-5,781,172
City Council Council Tax Requirement	287,962,162	289,830,333
Divided by taxbase	239,042	239,042
Band D Council Tax	1,204.65	1,212.47

- 7.2 The City Council's Band D Council Tax for City Council services will be £1,204.65. This figure is an increase of 3.99% over 2015/16 including the 2% additional Council Tax in relation to the Social Care Precept. The notional Band D Council Tax across the City, after including the Parish precepts is £1,212.47.

8. Fire and Rescue Authority and Police and Crime Commissioner Precepts

8.1 The Police and Crime Commissioner approved his budget and precept amounts on 12 February 2016, and the Fire and Rescue Authority met on 15 February 2016, to agree the precept on the City Council.

8.2 The information received in respect of these major precepts is as follows:

Table 5.2.6 – Major Precepts 2016/17

	Total Precept £m	Band D £
Police and Crime Commissioner	26.665	111.55
Fire and Rescue Authority	13.393	56.03
Total	40.058	167.58

8.3 The charges for each Council Tax Band can be seen in Appendix 4.

9. Directorate Grants

9.1 In addition to corporate grants, the City Council also receives a number of grants that are used for specific purposes by Directorates. These are grants where the Government has placed additional responsibilities on local authorities, and has provided increased funding accordingly, or where the grant is ringfenced in some other way. Details of all Directorate grants expected to be received in 2016/17 and 2017/18 can be seen in Appendix 2 along with further detail of the largest Directorate Grants over £5m.

10. Other Income

10.1 The City Council aims to maximise the income that it can generate in order to minimise both levels of Council Tax and the impact of the cuts required on services. The 2016/17 budget has been based upon the generation of £289.1m of income. This is a £13.7m increase from the level of income in 2015/16.

10.2 The Corporate Charging Policy adopted by the City Council details why, what, how and when the City Council should charge for its services and also when these should be reviewed. In summary:

- Services should raise income wherever there is a power or duty to do so. Net income maximisation to the City Council should be the ultimate aim of any charging policy, subject to any legal constraints, policy priorities and market considerations.
- A number of the City Council's charges are set by statute. Where they are not, where possible, charges should cover the full cost of providing the service (including overheads, returns on capital investment and the cost of administering the charges), taking account of competitors' charges for like for like services

both in the public and private sector. Charges may be set below this level if policy objectives suggest that charges should be subsidised (the budget for any subsidy must be identified).

- Methods of payment should be flexible and convenient, including taking into account the needs of those on low incomes.
- Charges are updated at least annually, with reports being considered over 37 charging areas. A number of charges are set by statute; where they are not, due consideration is given to how the charges will affect access and usage of services, comparison to competitor charges and market conditions.

Chapter 3: Financial Strategy (Revenue)

1. Future Council Vision and Service Priorities

- 1.1 The City Council's financial plans have been developed in the context of the Future Council Vision, including strategic objectives and design principles as set out in Part 2.
- 1.2 There has been a continued focus on the Council's financial position over the medium-term, and not just upon the budget for 2016/17, with the objective of setting out balanced financial plans over a four year period, including an indicative budget for 2017/18.
- 1.3 The Council has further developed its medium- and long-term financial planning approach and this Business Plan contains a 2016/17 Budget, and Indicative 2017/18 Budget (as agreed with the DCLG as part of the council's Improvement Plan), financial forecasts for 2018/20 and a 10 year Long-Term Financial Plan and Efficiency Statement. These show balanced financial plans throughout this period, although the extent of savings delivery risk is clearly recognised, as are the potential impacts of pressures and grants and other changes, such as business rates localisation. The reserves strategy provides a level of potential mitigation against those.

2. Financial Challenge

- 2.1 The City Council's financial plans have been developed to take account of the following:
 - The continuing reductions in Government grant funding.
 - Expectation of income from Council Tax and Business Rates.
 - Funding to meet budget pressures and the cost of investment in priority services, including changing needs in the City's population.
 - Inflation.
 - Provision for increased employer's pension costs.
 - Equal Pay liabilities.
 - Costs of redundancies.
 - Capital financing costs based on the capital budget, informed by interest rate expectations.
 - The strategic use of corporate reserves on a planned and sustainable basis.
- 2.2 After taking account of the above factors, savings have been planned in order to balance the budget in the medium-term. Further cumulative savings of £251m are planned over the next four years.

- 2.3 The outlook for corporate revenue resources (Government grant, Council Tax and Business Rates) is set out in Chapter 2, and this information is not repeated here.

3. Investing In Priorities and Addressing Pressures

- 3.1 The budget for 2016/17 includes increased budget allocations of £23.7m, both to fund investment in priority services and to address budget pressures. This figure rises to £109.7m by 2019/20.
- 3.2 Despite the challenging financial position, the Council is continuing to provide further resources each year for child protection services – an extra £4.7m in 2016/17, growing to £7.0m from 2017/18 onwards, in addition to the extra £24.5m per year already put in place in previous years. These resources will meet the expected increase in needs and allow for the recruitment of more social workers.
- 3.3 The Council will continue to invest in adult social care, both to meet the costs of the increasing number of older people requiring care (£6.6m in 2016/17, rising to £26.6m by 2019/20) and also to address the extra costs within the care sector arising from the implementation of the Living Wage. By providing additional funding of £3.9m in 2016/17, in addition to general inflationary increases, the City Council expects to be able to have funding which will allow social care providers to be able to afford an hourly rate of pay of at least £7.50 per hour. Budgetary provision is planned to increase further throughout the four years of the financial plan, allowing the Birmingham Living Wage to be affordable by 2018/19.
- 3.4 The City Council will utilise the Social Care Precept to contribute towards these extra costs of adult social care. This will provide additional funding of £5.5m in 2016/17, rising by similar amounts in each subsequent year to total £22.9m by 2019/20. Should the council not adopt the Social Care Precept it would impair/prevent the council's funding of these measures.
- 3.5 In addition to the above investment in social care services, the City Council has also made policy decisions to fund other priorities. Full details are set out in Appendix 5 with the largest items being:
- The costs of undertaking the Council's responsibilities under the Care Act now that specific grant funding is being discontinued (£5.0m).
 - Further staff costs, reflecting the revised approach to salary progression under the new "My Appraisal" process (£3.2m).
 - £2.0m in order to set up a Community Initiative Fund, which will provide resources for locally-determined spending priorities.
 - Additional waste disposal costs, reflecting expected increases in the number of households in Birmingham together with the impact of changes in taxes (£0.8m rising to £1.9m).

- 3.6 In addition, funding is also being provided to address unachievable income targets, and to meet a range of unavoidable budget pressures, including those that have been identified through the monitoring of the budget in 2015/16 and where business cases have already been approved.
- 3.7 At the same time, some corporate costs are expected to reduce, including meeting insurance liabilities, the ITA Levy (see paragraph 13.1), the ongoing costs associated with ICT investment in previous years and the phased support to cushion the impact of Education Services grant reductions. In addition, extra income is anticipated from the recovery of costs associated with pursuing Council Tax debts.

4. Inflation

- 4.1 In common with others, the City Council faces general inflationary increases in its costs, although it also expects services to review all charges regularly to at least maintain income levels in real terms. The OBR's Consumer Price Index (CPI) projections have been used to determine the inflation rate in the short-term, unless the terms of major contracts provide for a different rate. This budget is being held corporately in policy contingency. In addition, an allowance for national changes in national insurance rates has been made.
- 4.2 The Chancellor has announced the Government's expectation that there will continue to be wage restraint in the Public Sector. Accordingly, an increase of 1% per annum has been allowed within pay budgets for the next four years, with a long-term planning assumption of a 2.5% increase from 2020/21 onwards.

5. Pension Contributions

- 5.1 In common with other employers and pension funds, there is a deficit in the City Council's share of the WMPF in respect of benefits already accrued and expected to be accrued relating to employees' service up to 31 March 2014. This has arisen due to a number of factors, with lower investment returns than hitherto expected or experienced in the current economic climate being the major one. This deficit needs to be addressed through long-term additional lump sum contributions. The contribution rate for current service has been increasing over the three year period 2014 - 2017.
- 5.2 The Council has agreed a payment profile with the WMPF for the three years 2014 - 2017 based on progressive City Council contribution increases, the continuation of which was forecast to lead to full deficit recovery over a 22 year period. This also included a phased introduction of increases in the employer's "future service" contribution rate.
- 5.3 The next valuation at 31 March 2016 will entail a major reassessment by the WMPF and its actuary to determine and agree the required level of contributions commencing in 2017/18. In view of the continuing low investment yield environment,

there is the potential for a further increase in contributions from 2017/18 onwards, although a range of factors will need to be taken into account and no decisions have yet been made. This represents a significant financial risk for the Council.

- 5.4 The City Council is working with consultants in conjunction with the other West Midlands local authorities, and in liaison with the WMPF, in order to identify future options to be appraised in conjunction with WMPF to respond to the implications of the next valuation.
- 5.5 The City Council will continue to take advantage of a discount in the level of the payments to the WMPF as a result of agreeing to pay contributions up-front, at the start of the financial year.
- 5.6 The expected additional employer contributions arising from the introduction of pension auto-enrolment has been included from 2017/18 onwards.

6. Equal Pay

- 6.1 The City Council has received claims under the Equal Pay Act 1970 and has therefore made provision within its accounts. The 2014/15 Statement of Accounts recognised total estimated equal pay liabilities of £1.2bn for claims received as at 31 March 2015. Of the estimated total liability, £681.2m had been settled by 31 March 2015, comprising £37.7m for the HRA and £643.5m for the General Fund.
- 6.2 The revenue implications of Equal Pay settlements have been reflected in both the budget for 2016/17 and in the LTFP and Efficiency Statement in relation to later years. This includes capital financing costs arising from capital expenditure in previous financial years, loss of income or other costs arising from any asset sales, together with the repayment of funds borrowed from earmarked reserves on a temporary basis. There will also be contributions from the HRA and schools. Net General Fund revenue costs are expected to be around £104m in 2016/17, an increase of £20m on 2015/16. This is expected to rise to around £113m by 2019/20.

7. Financing Costs

- 7.1 The revenue effects of capital expenditure have been reviewed in the context of the Capital Programme set out in Chapter 6 of this report, and expectations of movements in interest rates. Further detail on this and Minimum Revenue Provision (MRP) can be seen in Chapter 7 and Appendix 14.

8. Redundancy Costs

- 8.1 The City Council continues to need to reduce the size of its workforce as a result of implementing the savings needed to balance the budget. As noted in Part 6, it is expected that there will be a reduction of around 1,200 jobs in 2016/17, on top of the reduction approaching 10,000 jobs over the last five years. This amounts to a reduction of over 40% in the Council's workforce over this period, and further reductions in the medium-term are likely.
- 8.2 Whilst there will always be some natural turnover in the number of staff, redundancy costs are unavoidable, together also with the costs of some additional "strain" on the pension fund as a result, if the necessary level of savings is to be delivered. The City Council is planning to take advantage of the relaxation in the application of capital receipts which has recently been announced by the Government. Having had regard to the Direction issued by the Secretary of State, and the associated statutory guidance, the Council's Efficiency Strategy for these purposes will entail meeting the costs of redundancy wholly from capital receipts in 2016/17, in order to enable the achievement of the necessary reduction in future revenue costs and/or facilitate the transformation of service delivery. The costs to be funded in this way are expected to amount to £17m in 2016/17 (and a further £14m in 2017/18 and £7m in 2018/19). These costs will be kept under review as part of the Council's on-going financial monitoring arrangements, including regular reporting to Cabinet. Any changes to the budgeted figures set out above will be approved by the Cabinet in accordance with the Council's normal financial governance arrangements. Clearly, it will be important to ensure that effective arrangements are in place for the generation of the necessary level of capital receipts – please see also Chapters 5 and 6.

9. Use of Reserves

- 9.1 The City Council has very limited reserves which are neither ringfenced (especially schools and the HRA) nor which have been earmarked for specific purposes, including the use of Government grants received in advance of the expenditure which they will be funding. The City Council's external auditor has commented that general reserves still only provide the Council with limited capacity to deal with overspends and delays in delivering savings. However, it must be borne in mind that reserves can only be used on a one-off basis, which means that their application does not offer a permanent solution to the requirement to deliver significant reductions in the future level of Council expenditure.

- 9.2 Nevertheless, the Council was able to create an Organisational Transition Reserve as a result of the review of its policy for making provision for debt repayments (MRP), spreading them more evenly over a fixed future period. Of the sum created in this way, £28.5m has been utilised in 2015/16, leaving a balance of £72.8m from 2016/17 onwards. This is available to mitigate future savings and ensure a stable and deliverable transformational transition to new ways of delivering services, and also as a risk contingency. It is proposed that £12.7m of the reserve will be utilised in balancing the indicative budget for 2017/18.
- 9.3 As a result, it is expected that there will be a substantial balance in this reserve (£60.1m) which will be available as a risk contingency, to provide a level of safeguard against the possibility that there might be delays in achieving some of the savings in the plan, especially in view of the major transformational change that are entailed in some of the proposals.
- 9.4 The Council has reviewed the level of all of its other corporate reserves, and this financial strategy utilises limited amount of resources in order to assist in budget setting, although the net budgeted use of the Council's corporate reserves will reduce compared to 2015/16.
- 9.5 The City Council will utilise a net £5.1m of corporate reserves in the 2016/17 budget in the following ways:
- A net contribution to the capital fund of £7.4m will be made in relation to funding of Equal Pay.
 - Other one off resources of (£10.0m) generated in previous years will be carried forward and used in 2016/17.
 - (£3.5m) use of the Treasury Management reserve to support the 2016/17 budget.
 - £1.2m contribution to reserves for future pension costs.
 - There is a net £1.7m of borrowing, relating largely to net borrowing of the Highways PFI reserve of £2.5m to support the 2016/17 budget offset by minor repayments of £0.8m.
- 9.6 As in previous years the Council's strategy is to continue to build its non-earmarked reserves by making planned contributions of £1.5m per annum. The strategy is, therefore, to increase general balances to £33.5m by 31 March 2020.
- 9.7 The profile of the Highways PFI grant is different to the payment profile of PFI costs, resulting in more grant being received in earlier years than is required to meet the costs of the Highways PFI payments. This additional grant has been earmarked as a reserve to meet the shortfall in grant in later years. The Highways PFI reserve has been used over the last few years to smooth Redundancy and Pension Fund payments. As in previous years the borrowing from Highways PFI Grant reserve is factored in to be repaid before the grant is required to meet PFI costs.

9.8 The movements, can, therefore, be summarised as follows:

Table 5.3.1 - Use of Corporate Reserves			Movement
	Contributions to / (from)		
	2015/16 £m	2016/17 £m	£m
Movements to general fund balance	1.500	1.500	0.000
Contribution to Capital Reserves	8.465	7.432	(1.033)
Use of one off resources from previous years	(12.177)	(10.016)	2.161
Treasury Management	(1.586)	(3.486)	(1.900)
Contribution to Reserve for Future Pension Costs	0.000	1.211	1.211
Use of Organisational Transition Reserve	(28.500)	0.000	28.500
Sub-total Use of Corporate Reserves	(32.298)	(3.359)	28.939
Repayments and Borrowing	9.421	(1.692)	(11.113)
Total Use of Corporate Reserves	(22.877)	(5.051)	17.826

9.9 After taking account of planned contributions to and from reserves and balances, the position is expected as shown in Table 5.3.2 below:

Table 5.3.2						
Directorate / Description		2015/16	2016/17	2017/18	2018/19	2019/20
Corporate		£m	£m	£m	£m	£m
Corporate	Corporate General Fund Balance	27.5	29.0	30.5	32.0	33.5
Directorate	Directorate Carry Forward Balances	6.6	6.6	6.6	6.6	6.6
Corporate	Organisational Transition Reserve	72.8	72.8	60.1	60.1	60.1
Total Un-earmarked Reserves		106.9	108.4	97.2	98.7	100.2
Directorate	Highways PFI Grant gross	85.1	82.9	82.0	80.7	78.6
Direct / Corp	Less Temporary borrowing	(33.2)	(35.7)	(27.2)	(28.3)	(24.6)
Direct / Corp	Highways PFI Grant net	51.9	47.2	54.8	52.4	54.0
Direct / Corp	Reserves for budgets delegated to schools ¹	66.5	67.0	67.5	68.0	68.0
Corporate	Treasury Management	5.4	1.9	1.9	1.9	2.0
Directorate	Insurance Fund	10.0	10.0	10.0	10.0	10.0
Corporate	Capital Fund ²	78.4	85.8	55.0	56.3	57.7
Corporate	One off Resources from previous year	10.0	0.0	0.0	0.0	0.0
Corporate	Other Corporate Reserves	1.0	2.7	3.6	7.3	10.9
Directorate	Directorate Reserves	79.6	66.6	52.7	51.0	48.8
Total Earmarked Reserves		302.8	281.2	245.5	246.9	251.4
Overall Total		409.7	389.6	342.7	345.7	351.6

1. The application of these reserves is directed by the schools themselves

2. The Capital Fund is an integral part of the Council's strategy for the future funding of equal pay, and has been built up through the Council's Capital Resources Strategy.

9.10 In addition, individual Directorates plan to make a net use £15.2m of Directorate reserves and the Highways Maintenance PFI reserve in 2016/17 in order to:

- Deliver savings proposals
- Meet one-off costs from reserves earmarked for these specific purposes and
- Set aside resources to meet future costs

9.11 Directorate reserves will continue to reduce over the period to 2019/20.

10. Savings and Service Changes

- 10.1 The Council has taken a strategic and long-term approach to the development of the savings proposals needed in order to balance the budget. This has been closely linked to the Future Council Vision and the design principles which have been developed. During the course of the last year, there has been a particular (but not exclusive) focus on ways of managing the demand for Council services, as set out in Part 2.
- 10.2 The City Council has also had to consider, in some instances, whether it can no longer afford to provide the level of service which has been customary.
- 10.3 The individual savings proposals were set out in a corporate budget consultation document which was published on 9 December 2015. There have also been public meetings, and engagement with some specific groups, in order to allow people to find out more, and to offer their views on the proposals. There has also been the opportunity for people to respond electronically, and in writing.
- 10.4 Individual proposals may have been, or still be, the subject of separate stakeholder engagement on a Directorate basis, and their implementation be subject to separate decision-making in accordance with the Council's governance arrangements.
- 10.5 A summary of the key issues which have been the focus of public comment regarding the proposals set out in the corporate budget consultation, together with the Council's response, is set out in Part 4. As a result, the proposal regarding the budget for Local Welfare Assistance Provision has been revised, and the approach in relation to School Crossing Patrols has been changed.
- 10.6 In addition to the savings consulted upon this year, others were consulted upon previously, and for which further consultation has not been required.

10.7 The amended aggregate value of the savings proposals is now as follows:

Table 5.3.3	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
New proposals subject to consultation	(73.5)	(141.3)	(181.3)	(215.5)
Less proposal included in tax base	0.2	0.2	0.2	0.2
Amendments	1.3	1.3	1.3	1.3
Revised total	(72.0)	(139.8)	(179.8)	(214.0)
Savings previously consulted on	(16.2)	(23.5)	(30.9)	(37.2)
Total Savings Plan	(88.2)	(163.3)	(210.7)	(251.2)

10.8 The implementation of the organisational change necessary to secure delivery of this significant level of savings will require effective management. Early action is being taken, subject to on-going consultation and final decision-making, to plan the necessary management actions needed. Progress will be closely monitored, with particular attention being given to areas that have been assessed as representing the highest risks. In order to mitigate the risk associated with this savings delivery programme, a central contingency of £10.8m will be held and, as has been noted above, one-off resources will remain in the Organisational Transition Reserve to provide some further contingency against delivery difficulties.

11. Revenue Budget 2016/17 – 2019/20

11.1 The legal requirement placed upon local authorities is to set a balanced budget for the forthcoming financial year, i.e. 2016/17. However, the City Council has been required by the Independent Improvement Panel to also set out an Indicative Budget for 2017/18 as part of its financial plans.

11.2 A summary of the expected financial position over the forthcoming four financial years, including that indicative budget for 2017/18, is set out below.

Table 5.3.4 - Long Term Financial Plan and Efficiency Statement					
	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Net Budget 2015/16	874.541	874.541	874.541	874.541	874.541
Policy Priorities & Pressures		23.656	45.558	79.939	109.711
Corporately Managed Budgets		(10.342)	43.906	17.250	18.242
Changes in Corporate Grants		0.411	(6.434)	(22.822)	(43.385)
Inflation		17.399	28.809	39.496	50.621
Net Movement in Reserves		17.826	(9.157)	28.778	33.556
Savings Programme		(88.210)	(163.336)	(210.652)	(251.244)
Total Net Spend	874.541	835.281	813.887	806.530	792.042
Core Grants (RSG)*	(280.083)	(226.587)	(177.753)	(143.992)	(109.743)
Core Grants (Top Up)	(126.016)	(127.067)	(129.566)	(133.388)	(137.652)
Council Tax	(272.137)	(293.743)	(300.052)	(312.647)	(325.772)
Business Rates	(196.305)	(187.884)	(206.516)	(218.448)	(226.525)
Total Resources	(874.541)	(835.281)	(813.887)	(808.475)	(799.692)
	0.000	0.000	0.000	(1.945)	(7.650)
Cumulative Changes in Spend before Savings		48.950	102.682	142.641	168.745
Net Cumulative Reduction in Resources		39.260	60.654	66.066	74.849
Cumulative Savings Programme		88.210	163.336	210.652	251.244
Annual Increase in Savings Programme		88.210	75.126	47.316	40.592

* 2015/16 figure is actual grant received in that year without adjustment for specific grants rolled into RSG from 2016/17 onwards.

- 11.3 A longer-term perspective is also summarised in Appendix 3. This shows a credit balance building over the 10 year period but there will be as yet unknown pressures including pension costs for example, and there is also uncertainty relating to the Government's plans for the localisation of business rates.

12. Specific Items contained within the 2016/17 Budget

12.1 Policy Contingency

The 2016/17 budget includes a Policy Contingency totalling £54.5m. The table below shows the items held here:

Table 5.3.5	£m
Loss of Income from Car Park Closures	0.350
Carbon Reduction Commitment	1.020
Inflation Contingency	15.641
Highways Maintenance	0.750
Provision for non-achievement of savings	10.750
Youth Strategy	1.000
Birmingham Jobs Fund	2.000
Business Charter for Social Responsibility	6.539
Improvement Expenditure ¹	11.395
Combined Authority Start Up Costs	0.500
General Contingency	4.524
Total	54.469

Note 1 - Improvement expenditure includes extra funding in 2016/17 of £9.4m (of which £2.0m will be funded from reserves) on top of £1.0m in the base budget. A further £1.0m of costs will be funded by borrowing from reserves, to be repaid in later years. Additionally, the proposals for certain specific directorate savings have been shown net of £3.0m of implementation costs.

- 12.2 The proposed WMCA is due to be established during 2016/17. It is expected that there will be initial costs of preparing for and operating the combined authority, which the seven Metropolitan district councils will need to meet as its Constituent Members. It is proposed that each authority will include £500,000 in their budgets to provide for such potential revenue costs. (This budget is included in the policy contingency budget, as shown above.) The actual initial budget for the WMCA will be agreed in due course. This support will be for one year only, as it is expected that the combined authority will be able to raise its own revenue resources from 2017/18 onwards.
- 12.3 The unallocated General Contingency of £4.5m provides risk cover in the overall delivery and management of the budget in 2016/17.

13. Levies

- 13.1 The budget for 2016/17 includes £49.0m (a 5% reduction on the £51.6m levy in 2015/16) in respect of the Integrated Transport Authority Levy (based on a £2.6m reduction in the City Council's share of the levy including an adjustment for the City Council's relative population share) and £0.3m (£0.3m in 2015/16) for the Environment Agency Levy.

14. Risk Management

- 14.1 The council has a well-established approach to managing risk. It has recognised that risk is an integral part of innovation in order to deliver the planned outcomes and priorities of the council. By managing risk proactively we can take full advantage of opportunities and use the resources available to us more efficiently and effectively, improving the service to our customers.
- 14.2 The council's Corporate Risk Register which is a public document, is updated and reported to the Audit Committee three times a year.
- 14.3 With particular regard to the 2016/17 budget, 2017/18 indicative budget, and the LTFP for future years, even though the forecast value of future savings is less than that of savings already achieved, it is considered that the level of risk associated with the savings plan delivery has increased. This is the consequence of a combination of factors, including the extent of service and system transformation, complex joint working with partners, and proposed changes affecting our workforce which will require extensive consultation.

15. Statements by the Chief Financial Officer

Assessment of Budget Estimates

- 15.1 Forecasts of available resources have been updated and revised where necessary. A range of financial issues, costs and projects/programmes have been identified and an appropriate level of budget has been provided. Proposals have been developed to deliver the required savings with due regard to consultation and equality assessment requirements, and management arrangements have been put in place to mitigate any residual risks as much as practically possible. Financial proposals have been developed in order to address the policy priorities of the Council. The budget is monitored closely, and there are contingencies and reserves/balances which could be made available, if necessary, to address unexpected events.
- 15.2 Therefore, taking the above into account together with the comprehensive business and financial planning process, the level of reserves and balances and the approach to risk management, the Strategic Director - Finance and Legal is satisfied that the 2016/17 budget proposals are based on robust estimates.

- 15.3 While it is not yet known how the Government will specify the requirements of the optional four year Efficiency Plan from councils, as part of the multi-year settlement offer, this Business Plan and incorporated Long-Term Financial Strategy and Plan will form the platform for this Council's submission.

Level of Reserves and Balances

- 15.4 The financial challenge the Council is facing involves making savings that are of an extremely difficult and complex nature.
- 15.5 It has not been required to use the Organisational Transition Reserve to balance the 2016/17 budget, although it is presently forecast that £12.7m will be required in 2017/18. It remains prudent and necessary to retain this reserve, (£60.1m) in order to address any unexpected future events, as discussed above and to smooth the transition to a future operating model for Council services at significantly reduced costs. In addition, the Council's strategy is to continue to build its non-earmarked reserves by making planned contributions of £1.5m per annum. This will give rise to general balances of £33.5m by 2019/20.
- 15.6 In addition, there are rigorous arrangements in place for the management of the City Council's finances and un-earmarked and also earmarked funds that could be made available in the short-term, even if they might be needed in the long-term.
- 15.7 Therefore, the formal view of the Strategic Director - Finance and Legal is that the level of reserves and balances for 2016/17, summarised in this Business Plan, is adequate. This needs to be kept under regular review, both in the short and medium term.

Social Care Precept

- 15.8 The Section 151 officer is satisfied that the Council Tax income yield from the Social Care Precept has been fully utilised to meet adult social care costs. As set out in paragraph 3.3 and 3.4 the Council has also identified additional resources in this area.

Chapter 4: Housing Revenue Account (HRA)

Summary

- 1.1 The HRA Self Financing Framework was introduced from April 2012 (as part of the Localism Act 2011) and this required local authorities to maintain a long term HRA Business Plan.
- 1.2 The HRA Business Plan 2016+ sets out the immediate and long term financial plans and is underpinned by a number of key operational assumptions (relating to property, arrears, debt, inflation and rent levels).
- 1.3 The HRA Business Plan 2016+ shows a balanced LTFP and incorporates the continuation of a debt reduction programme that commenced in 2014/15 (to match the expected life spans of existing properties).

Background

- 2.1 The City Council is one of the largest providers of social housing in Europe, managing around 62,500 homes representing 15% of the total housing available within the City. There is a substantial level of unmet need for social and affordable housing in Birmingham, with a waiting list in excess of 20,000 households and the need for an estimated 26,000 additional social rented or affordable homes by 2031.
- 2.2 The HRA is a statutorily ring-fenced account that deals with income and expenditure arising as a result of the City Council's activities as a provider of social and affordable housing. The Local Government and Housing Act 1989 requires that income and expenditure relating to the City Council's provision of social and affordable housing must be accounted for within the HRA and that the proposed annual budget is balanced.

Strategic Overview and Context of Financial Pressures on the HRA

- 3.1 The HRA is under considerable service and financial pressure to reflect national and local policy changes and in particular the following issues are highlighted:
 - The national rent policy introduced from April 2015, intended to cover a 10 year period, was been substantially amended by the Chancellor following his announcement in the Summer Budget on 8 July 2015, for the 4 years from April 2016. The policy will now be based on rent reductions of 1% per annum for 4 years, followed by annual increases at Consumer Price Index (CPI)+1% with rent convergence only taking place for new tenancies (full details of the rent setting policy are set out in a separate Cabinet Report considered on 16 February 2016). This new policy will reduce the rent income by £41m or 14% by 2019/20 (or 25% if fixed capital financing expenditure and debt repayments are taken into account).

- Impact of the Welfare Reforms and the introduction of the Universal Credit – research conducted by the Association of Retained Local Authorities indicated that arrears increased in those areas where Universal Credit has been introduced by an average of 16%. As direct payment of housing benefit to recipients is introduced, this pressure and associated collection costs are likely to increase substantially. In excess of 70% of the Council's HRA tenants are currently in receipt of housing benefit, and therefore the impact of this transition in Birmingham is likely to be significant.
- The Draft Housing and Planning Bill will also introduce new potential service and financial pressures. In particular, the 'Pay to Stay' policy (a Motion and Resolution was passed by the City Council on the 1 December 2015 opposing this proposal) and disposal of high value vacant local authority properties. In both cases, the receipts will be repayable to central government.
- The significant remaining equal pay liabilities relating to current and former HRA employees estimated at £12m to be discharged during 2016/17 and 2017/18.

4. Key Outcomes and Strategic Housing Service Objectives

4.1 The HRA Business Plan 2016+ is intended to support the following key strategic and housing service objectives:

4.2 Building New Homes and Maintaining our Stock

- Provision of new affordable housing to replace obsolete properties and provide a significant contribution to the Housing Growth Strategy and the Leader's Policy Statement (1,880 new council homes over the next ten years with an associated investment of £325m).
- Maintaining properties in their current improved condition (to ensure that the properties are not impaired) with capital investment of £597m over the next ten years.
- Life-cycle replacement of property components (windows, heating, kitchens, bathrooms, roofs, electrical components).
- Discharge of statutory day to day repairs and maintenance obligations (including compliance with health and safety on annual gas inspections), with investment of £672m over the next ten years. Following the re-procurement of repairs contracts, with the new contracts scheduled to take effect from 1 April 2016, savings have been identified (and are included in this investment) of in excess of £50m over the ten year period.
- Adaptations to properties to continue to promote independent living (an investment of £36m over the next ten years).
- Identification of net savings or additional resources to fund required future investment between 2019/20 and 2025/26 of £138m, including securing

additional grant funding for the ongoing BMHT new build programme.

4.3 Local Housing and Estate Services

- Continuing to refocus local housing management services to take a more integrated approach to Place Based Management, including housing issues rather than the historic functional approach.
- Modernise the delivery of local housing management services (introduction of annual visits, review and more rigorous enforcement of tenancy conditions, in particular anti-social behaviour).
- An ongoing review of estate based services that are subject to service charges (including caretaking, cleaning and sheltered housing services), with any resulting service redesigns and revisions to service charges to be delivered during 2016/17 and 2017/18, to ensure that changes in service provision to tenants are phased in over a suitable time period, with appropriate consultation built into implementation plans. These service reviews are designed to ensure that the services are efficiently delivered and offer good value for money to the tenants in receipt of the services, whilst ensuring that they are not cross-subsidised from other tenants not receiving the services.
- Secure efficiencies in Business Support Services to ensure that scarce resources are not unnecessarily diverted away from front line service delivery and investment priorities.

4.4 Rent Policy

- To ensure that the rent policy is consistent with the new national rent policy (rents will reduce by 1% in 2016/17 with further 1% reductions for the next three years, followed by increases of CPI +1% for subsequent years).

5. HRA Business Plan 2016+ and Budget 2016/17

5.1 A summary of the HRA Self Financing Business Plan 2016+ is set out in Appendix 8.

5.2 In summary, the Business Plan will continue to ensure a sustainable and affordable long term financial plan for the housing service (sustained reduction in long-term debt and affordable rents) and this will be based on the following strategy:

- protecting the Birmingham Municipal Housing Trust programme (to recognise the need for social housing and the wider economic benefits including employment).
- to maintain investment in our existing stock and continuing our programmes for replacement of key property elements.

- to 'drive down' day to day repair and maintenance costs (as achieved through the recent award of the new repairs contract by Cabinet in November).
- to secure efficiency savings in management of the housing stock and other business services.
- to improve our performance on collection of arrears.
- to re-phase our debt repayment programme and to include some new prudential borrowing to support the building of new social housing and for market sale properties (all within our debt cap and without significantly comprising our debt reduction programme by 2025/26).

5.3 A balanced revenue budget over the next 10 years based on the objectives and table 5.4.1 below:

- Substantial reductions in future rental income as a result of the implementation of the revised national rent policy as set out above.
- A clear focus on improved collection of rents from tenants, linked to the review and enforcement of tenancy conditions and continuation of the annual visits programme.
- Increased prudential borrowing within the HRA debt cap to replace revenue contributions required to support planned capital expenditure, including the BMHT programme and investment in existing housing.
- Re-phasing and deferral of the planned debt repayment and reduction programme to ensure a balanced overall position year on year. This rephasing does however continue to deliver a reduction in total HRA debt, with the balance outstanding falling to below £500m by 2034/35 and the achieving of a debt:income ratio of below 2:1 by 2026/27, which is two years later than previously targeted.
- The debt repayment strategy still includes loan redemptions from 2016/17 (although the total forecast debt outstanding by 2025/26 will be £833m or £40m more than the HRA Business Plan 2015+. This is being used to fund new social housing and for market sale properties).
- Average debt outstanding per property of £18,000 in 2016/17, reducing to £14,000 over the next 10 years (effectively our average mortgage on each HRA property).
- Maintenance of adequate reserves and provisions for potential bad debts (estimated for 2016/17 at £29m including minimum balances of £4m and provisions for bad debts of £25m).

Table 5.4.1 Changes in HRA Revenue and Capital Budget between the Business Plan 2015+ and 2016+

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Business Plan 2015+	0.0	0.0	0.0	0.0	0.0
Chancellor's New – 1% Rent Policy	7.0	18.2	29.7	41.4	42.7
Repairs Procurement Saving	0.7	(3.4)	(5.0)	(5.6)	(4.2)
Funds Released by New Capital Resources	(1.6)	(5.1)	(17.4)	(12.0)	(0.2)
Review of Services Charged to HRA	0.0	(2.3)	(2.3)	(2.3)	(2.3)
Use of Contingencies	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)
Deletion of Vacancies	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Improve Performance on Arrears Collection	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Re-Phase Planned Repayment of Debt	0.0	(5.0)	(5.0)	(5.0)	(5.0)
New Borrowing	0.0	(5.0)	(5.0)	(5.0)	(5.0)
Additional Interest on New/Phased Debt	0.0	0.6	1.2	1.8	2.4
Sheltered Housing Review	0.0	0.0	(4.0)	(4.0)	(4.1)
Other Changes (Property Numbers/ Equal Pay)	(1.2)	6.9	(1.9)	(3.1)	(2.9)
Business Plan 2016+	0.0	0.0	(14.6)	1.3	16.5

- 5.4 The comparison of the HRA budget for 2015/16 and the proposed budget for 2016/17 is set out in table 5.4.2 below:

Table 5.4.2	2015/16 £m	2016/17 £m	Change £m	Change %
Repairs	67.984	65.571	(2.413)	(3.5%)
Local Housing Costs	58.531	60.405	1.874	3.2%
Estate Services Costs	20.690	18.752	(1.938)	(9.4%)
Equal Pay	19.111	8.300	(10.811)	(56.6%)
Arrears (including DHP)	4.867	4.169	(0.698)	(14.3%)
Debt Financing Costs	54.308	53.529	(0.779)	(1.4%)
Debt Repayment	10.890	1.166	(9.724)	(89.3%)
Contributions for Capital Investment	53.576	75.143	21.567	40.3%
Total Expenditure	289.957	287.035	(2.922)	(1.0%)
Rental Income (net of Voids)	(266.726)	(263.098)	3.628	(1.4%)
Other Income/Service Charges	(23.231)	(23.937)	(0.706)	3.0%
Total Income	(289.957)	(287.035)	2.922	(1.0%)

The cost changes on the Local Housing and Estate Services elements substantially cancel each other out and relate primarily to realignment of staffing resources previously delivering the Concierge Service from Estate Services to Local Housing teams in order to resource the delivery of the annual visits programme.

6. HRA Business Plan 2016+ – Short Term and Long Term Financial Evaluation

6.1 The revenue aspects of the HRA Business Plan 2016+ are summarised below:

Table 5.4.3 HRA Business Plan 2016+	2016/17 £m	2017/18 £m	2018/19 £m	10 Year £m
Repairs	65.571	62.967	62.805	671.511
Local Housing Costs	60.405	60.197	59.631	611.410
Estate Services Costs	18.752	19.147	15.476	171.122
Equal Pay	8.300	3.900	0.000	12.200
Arrears	4.169	3.666	3.657	39.797
Debt Financing Costs	53.529	53.629	53.706	498.967
Debt Repayment	1.166	17.381	16.466	325.035
Contributions for Capital Investment	75.143	63.642	69.510	609.154
Total Expenditure	287.035	284.529	281.251	2,939.196
Rental Income (net of Voids)	(263.098)	(260.091)	(256.520)	(2,682.486)
Other Income/Service Charges	(23.937)	(24.438)	(24.731)	(256.710)
Total Income	(287.035)	(284.529)	(281.251)	(2,939.196)

7. Capital Programme

7.1 The capital expenditure plans for the council housing stock are set out in Table 5.4.4 below (including the major programmes and the financing of the expenditure). The capital investment strategy is based on ensuring that the properties continue to be maintained in their improved condition in order to promote strong and stable neighbourhoods and the provision of new social and affordable rented housing to meet the continuing demand and need for new homes.

Table 5.4.4 Capital Expenditure	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Housing Improvement Programme	55.822	57.192	58.063	171.077
Adaptations	3.286	3.351	3.418	10.055
New Build and Regeneration	74.355	54.765	37.053	166.173
Total	133.463	115.308	98.534	347.305
Funded by:				
Revenue Contributions	(75.143)	(63.642)	(69.510)	(208.295)
New Borrowing	(26.983)	(12.434)	(5.139)	(44.556)
Other resources	(31.337)	(39.232)	(23.885)	(94.454)
Total	(133.463)	(115.308)	(98.534)	(347.305)

Chapter 5: Capital Resources

1. Summary

- 1.1 The Capital Programme is financed predominantly from prudential borrowing, Government grants and other contributions, and HRA resources. Capital receipts will generally be used to fund equal pay settlements and transformation projects under the Government's capital receipts flexibility scheme.

2. Capital resources

- 2.1 Resources of £965.9m have been identified to fund the City Council's multi-year Capital Programme. These are summarised in table 5.5.1 below, and can be divided into specific resources and corporate resources.

Table 5.5.1

<u>FINANCING THE CAPITAL PROGRAMME</u>				
	2016/17	2017/18	2018/19	Total
			Onwards	
	£m	£m	£m	£m
Specific Resources				
Government Grants & Contributions	165.3	84.8	22.3	272.4
HRA Revenue Resources & Reserves	81.2	63.6	69.5	214.3
Other Specific Revenue Resources	5.0	0.2	0.2	5.4
HRA Capital Receipts	11.2	11.6	11.9	34.7
Capital Receipts to fund Redundancy Costs	17.0	14.0	7.0	38.0
Total Specific Resources	279.7	174.2	110.9	564.8
Corporate Resources				
Prudential Borrowing	171.5	91.5	138.1	401.1
Capital Receipts	0.0	0.0	0.0	0.0
Total Corporate Resources	171.5	91.5	138.1	401.1
Total Resources	451.2	265.7	249.0	965.9

3. Specific resources

- 3.1 Specific capital resources total an estimated £564.8m over all years and represent funding which has been obtained for a particular purpose - e.g. specific government grants, developer contributions, HRA revenue resources and HRA Right to Buy capital receipts. These projects are added to the capital programme on a rolling basis as the resources are awarded to the City Council and as HRA revenue resources and capital receipts become available.

- 3.2 The largest component of specific resources is Government grants and other capital contributions, for which the City Council is budgeting to receive £272.4m over the multi-year capital programme. The Government continues to support a number of major investment programmes in local authority assets. For the City Council this includes grants for Education Basic Needs (school places). These programmes will form a significant part of the capital investment undertaken by the City Council in the next few years. The Government also supports capital investment in the Highways Maintenance and Management PFI through revenue grant but as the City Council does not directly incur capital expenditure, PFI is not part of the capital resources shown in table 5.5.1 above.
- 3.3 HRA revenue contributions of £214.3m and HRA capital receipts of £34.7m are planned to support capital investment in the HRA Business Plan, in accordance with the self-financing reform of housing introduced by the Government in 2012/13.
- 3.4 Capital receipts totalling £38.0m over 2016/17 to 2018/19 will also be used to help fund redundancy costs required to deliver the Council's savings proposals, in accordance with the capital receipts flexibility announced in the Chancellor's 2015 Spending Review.
- 3.5 Other specific revenue resources of £5.4m are programmed to support capital investment across a number of minor schemes.

4. Corporate resources

- 4.1 Corporate capital resources presently assumed for the programme total £401.1m over the three years. These represent resources which the City Council has more freedom to allocate to meet its own policy priorities and expenditure commitments.
- 4.2 The City Council's capital financing plans seek to use capital resources in the most efficient way to finance the City Council's needs. This is also expected to include using borrowing to provide general support to the Capital Programme, where this replaces capital receipts or identified revenue resources which will instead be made available to fund Equal Pay settlements. All of the £401.1m corporate resources assumed in this Programme therefore are from prudential borrowing. Final decisions as to how best to fund the capital programme are taken as part of the capital outturn process at the end of the year. The review of major capital budget considerations (Chapter 6 overleaf) sets out a prudent policy in relation to future borrowing.
- 4.3 Capital receipts are expected to be used to finance equal pay settlements together with funding redundancy costs under the Government's recently announced capital receipts flexibilities. Equal pay settlements are a revenue cost (and are therefore not included in the Capital Programme) which Government Regulations enable local authorities to fund from capital receipts. The City Council will continue to explore opportunities for generating further capital receipts from asset sales. The financial

implications of the funding of Equal Pay settlements have been included in the Budget, and in the LTFP and Efficiency Statement in relation to later years. This takes account of borrowing costs and loss of income or other costs arising from asset sales.

- 4.4 The City Council will seek to identify and dispose of surplus assets actively with a view to securing good value for money (see Part 7 – Property and Other Physical Assets Strategy). The service review and savings proposals throughout this Business Plan include major reviews of property needs in programmes such as Open for Learning, which may result in further property sales or co-location with other service providers. As asset sale opportunities are developed they are approved through the City Council’s normal governance procedures.

Chapter 6: Capital Strategy and Programme

1. Summary

- 1.1 This chapter outlines the general principles, strategy, policies and considerations which guide the Council's capital planning, in terms of both expenditure and how it is resourced. It then sets out the proposed Capital Programme 2016+.
- 1.2 The City Council continues to have an extensive multi-year Capital Programme which totals £965.9m, of which £451.2m is budgeted for in 2016/17. Given the continuing constraints on corporate capital resources, the emphasis again is on seeking external funding where possible for new initiatives.
- 1.3 The Council will be placing an increased emphasis on working with community, business and public sector partners across Birmingham and the region to deliver improved investment outcomes for its residents.
- 1.4 Previous chapters have set out the forecast capital resources available over the next three years and the major financial considerations for capital resources and investment. This chapter sets out the proposed Capital Programme in this context.

2. Strategic capital planning

2.1 General principles for capital planning

- 2.1.1 There are some general strategic principles underlying capital planning for all services. These are to:
 - Integrate capital planning into the City Council's overall strategic planning, both in general and as part of the Council Business Plan and Budget 2016+ and the LTFP and Efficiency Statement;
 - Maximise external funding and to supplement this with the City Council's own resources where appropriate, especially where external funding supports the City Council's priorities;
 - Base the City Council's vision on the priorities of the people of Birmingham, recognising that the Council will increasingly be a strategic influencer rather than a direct provider of services from its own property portfolio;
 - Procure the use of capital assets where this is affordable and delivers best value for money to the City Council, including a robust process for the appraisal and approval of capital projects and programmes (the 'Gateway' process);
 - Welcome the use of partnership working (for example with businesses and with the community) whilst retaining clear lines of accountability and responsibility;
 - Relate capital resources and expenditure planning to asset planning;

- Ensure that resources are identified to meet the costs of equal pay settlements and use of the Government's capital receipts flexibility scheme.

2.2. Capital strategy

2.2.1 The Property and Other Physical Assets Strategy in Part 7 of this Business Plan sets the overall strategic approach to the City Council's asset planning.

2.2.2 The asset and capital strategies for individual services (Appendix 9) seek to identify the main plans at service level for strategically aligned and affordable asset use and capital investment. These relate as appropriate to the service plans and savings proposals contained throughout this Business Plan and Budget. The City Council's key priorities for capital expenditure therefore include:

- responding in particular to the overall need for service change and delivery in future years in the context of reducing revenue resources;
- using the capital resources at the City Council's discretion to address its key priorities;
- working with our community, business and public sector partners in Birmingham and across the region, and in particular with our partners in the GBSLEP and the prospective WMCA to develop the major strategic investment proposals envisaged by the WMCA Agreement; and
- seeking to maintain core assets at a level consistent with ongoing operational needs.

2.3. Prudential Borrowing and Debt

2.3.1 CIPFA's Prudential Code sets a framework to ensure that capital expenditure plans are affordable; that any City Council borrowing and other long term liabilities are within prudent and sustainable levels; and that treasury management decisions are taken in accordance with professional good practice. The City Council has adopted the Prudential Code, and will use borrowing in accordance with the 'Prudential' system as a tool for delivering policy and managing its finances. Local authorities may borrow to finance capital expenditure, and the affordability of debt is the key constraint. Borrowing is also influenced by Government policy (for example the £336m additional Housing debt resulting from the reform of housing finance in 2012). The City Council sets and monitors prudential indicators (including local indicators) to manage its debt exposures.

2.3.2 Chapter 6 considers the Prudential Borrowing limit, and Appendix 12 sets out the full Prudential Indicators.

2.4. Debt Repayment Policy: the Annual MRP Statement

- 2.4.1 Local Authorities are required by law to make prudent provision in relation to capital debt repayment (known as “Minimum Revenue Provision” or MRP). Government Guidance requires the full Council to approve a statement of its policy on MRP. The City Council’s proposed policy is attached at Appendix 13a. This reflects the revised policy approved by the City Council on 16 September 2014, with updates in relation to HRA MRP in accordance with the revised HRA Business Plan. A change is also incorporated in paragraph 8 and 8.1 of the MRP policy, which is to align the asset life used to calculate the MRP period more closely with the asset life used for depreciation accounting purposes. This is estimated to save £1.8m in 2016/17 and £1.4m from 2017/18 onwards, and enables a simpler MRP treatment which has the advantage of consistency with other asset life assumptions in the Council’s accounts.
- 2.4.2 The City Council’s MRP Policy is key to managing debt liabilities and generating the potential for headroom for new borrowing if affordable and required. The loan debt revenue repayment provision in this Business Plan amounts to £120.7m in 2016/17 rising to £146.0m in 2018/19. Half of the City Council’s loan debt outstanding at 31 March 2018 will be repaid in fourteen years by 2032, based on the current capital programme and MRP repayment provision, excluding any further prudential borrowing which may subsequently be approved. The HRA revenue repayment provision has been revised in accordance with the HRA Business Plan set out in Chapter 4 above.

2.5 The Approved Capital Budget and Business Case Appraisal

- 2.5.1 Projects included in the Capital Programme will not proceed to spend until they have been approved through the City Council’s ‘Gateway’ business case appraisal process. This managed approval process appraises options to deliver desired outputs, sets out the rationale to support the recommended solution and ensures that all capital and revenue implications are identified and funded. Account is also taken of the outcome of consultations, equality and risk assessments, and contribution to the City Council’s strategic objectives.

2.6 Asset Sales and Capital Receipts

- 2.6.1 The City Council’s general policy is that assets will be disposed of for cash at the best market value. Exceptions to this policy may be approved by Cabinet.
- 2.6.2 Apart from making use of the Government’s capital receipts flexibility as set out in the Revenue Financial Strategy Chapter above, the general presumption is that any new receipts will be used to meet Equal Pay costs. However, it is recognised that services’ existing approved capital plans may rely on the use of previously approved capital receipts in some instances, where the use of earmarked/incentive receipts is already included in the approved Capital Budget. In these instances, the earmarking or incentive remains in place (subject to approval of the Full Business Case in the

usual way). The Deputy Leader (through the Capital Receipts Board) oversees arrangements to allow services to obtain the revenue benefit of appropriate property sales, in order to incentivise the rationalisation of property holdings. The revenue benefit is currently estimated at 7.5% of the capital receipt, per annum. The revenue benefit might for example offset any loss of income arising to the service from selling an income-generating property. Statutory requirements or existing legal agreements relating to the use of capital receipts will be unaffected.

- 2.6.3 Capital receipts totalling £38m over 2016/17 to 2018/19 will also be used to help fund redundancy costs required to deliver the Council's savings proposals, in accordance with the capital receipts flexibility announced in the Chancellor's 2015 Spending Review.
- 2.6.4 Proposals by a service to appropriate land for a different purpose to its existing use will also be reviewed by the Capital Receipts Board before proceeding for formal decision, because the land could otherwise have been sold for a capital receipt. As a general principle, land no longer required for its existing use should be declared surplus so that options about its future use or sale can be considered.
- 2.6.5 The City Council is also encouraging community engagement in the delivery of some local public services using Council property assets. In support of this the City Council may be prepared to sell City Council assets at less than best value to third sector organisations which have the capabilities to use the assets to provide agreed services, in accordance with arrangements for Community Asset Transfers of property (CATs). It is recognised however that sales at less than best price may reduce the capital receipts available to fund other City Council needs and policies. Accordingly, proposed land sale discounts including CATs are reviewed by the Capital Receipts Board before proceeding for formal decision. CAT proposals will be assessed through a 'triage' process at an early stage in order to identify those proposals which have a reasonable prospect of success. Other properties, and CAT proposals which have been unsuccessful, will proceed for sale on the open market.

3. Development of the Capital Programme

- 3.1 Capital expenditure funded from specific grants and contributions amounts to £272.4m in this Budget. Capital expenditure which is financed from specific grants and contributions has been included in the Capital Programme based on available information at the time of preparation. Additional projects are likely to be added to the budget during the year as and when resources become available. Given that the potential for further corporate funding will be limited, the focus will be on obtaining external funding.
- 3.2 The proposed Capital Programme includes £401.1m financed from borrowing over the Capital Programme period, of which £325.7m is self-financed from additional revenue income or savings. This includes major commitments from earlier decisions including funding for the ten year Enterprise Zone Investment Plan (£172.5m from

2016/17 onwards), the Sport and Physical Activity Strategy (£26.2m), and the Wholesale Markets relocation project (£29.7m).

- 3.3 The Capital Programme is revised by Cabinet on a quarterly basis taking account of new projects and new resources available. The additions to the Capital Programme, since last reported to Cabinet at Quarter 2 2015/16, are set out at the end of Appendix 10. New projects include £38.0m for use of the Government's capital receipts flexibilities, £24.0m for the National College for HS2, £7.6m for the Metro Centenary Square, £122.8m for year 3 of the HRA capital programme (funded from HRA specific resources) and £6.0m for year 3 of the Housing Private Sector capital programme.

4. Total Capital Programme

- 4.1 The proposed Capital Programme has been prepared having regard to the City Council's plans and priorities set out in the Business Plan and Budget 2016+, the Property Strategy in Part 7 and in this Financial Plan in Part 5. The programme by Directorate is therefore as follows:

Table 5.6.1 – Capital Programme by Directorate

Capital Expenditure	2016/17	2017/18	2018/19 Onwards	Total
	£m	£m	£m	£m
People				
Adults & Communities	7.2	2.5	0.3	10.0
Children, Young People & Families	82.8	41.9	0.0	124.7
Place				
Parks, Sport, Districts & Other	73.4	9.1	0.7	83.2
Housing HRA	133.5	115.3	98.5	347.3
Housing Private Sector	13.1	8.9	5.0	27.0
Resilience	1.1	0.0	0.0	1.1
Corporate Resources				
Birmingham Property Services	1.1	0.0	0.0	1.1
Corporate Resources - Other	38.7	48.5	7.1	94.3
Economy				
Regeneration (incl Enterprise Zone)	65.7	17.4	131.0	214.1
Transportation	29.2	20.5	5.3	55.0
Highways	5.4	1.6	1.1	8.1
Total Programme	451.2	265.7	249.0	965.9

- 4.2 Appendix 10 provides a summary of the projects in the above Programme, and Appendix 9 summarises the asset and capital strategies and projects for major services.
- 4.3 The City Council increasingly works with partners to deliver capital investment in Birmingham in ways which are not necessarily reflected in the City Council's own budget. The City Council also acts as Accountable Body to manage resources and projects on behalf of others, in particular for the and GBSLEP and for Government Departments, and this funding is also in addition to the Council's own capital programme. Where this has been supported by Council borrowing, this has been allowed for in the Prudential Limit as required by the Prudential Code.
- 4.4 In the coming year the Council expects to work closely with its partners in the proposed WMCA to start delivering the Devolution Deal agreed with the Government. This is estimated to bring additional capital investment in excess of £8 billion over ten years across the West Midlands and associated LEP areas. This will require new ways of delivering capital investment involving a variety of delivery mechanisms appropriate to each investment programme.

5. Prudential Code and Indicators

- 5.1 In determining the capital budget, the CIPFA Prudential Code expects local authorities to take account of various matters and to consider and approve a number of 'prudential indicators'. These relate to the Capital Programme generally as well as borrowing. The Prudential Indicators at Appendix 12 take account of the above capital budget.
- 5.2 The City Council's proposed Prudential Limit retains some limited scope for new prudential borrowing over and above what is included in the proposed capital programme, for example where subsequent business cases demonstrate that revenue costs can be met from additional income or savings, and to ensure the City Council has some resources for essential capital works and key priorities.
- 5.3 The Prudential Limit for Debt represents the Authorised statutory limit for the City Council, which must not be exceeded. Authorities should therefore allow for risks, uncertainties, and potential changes during the year which will need to be accommodated within this overall limit. In particular, the proposed limit for 2016/17 allows for:
- Borrowing to finance capital expenditure;
 - Other forecast cashflow movements during the year and potential day-to-day fluctuations in debt levels;
 - Revenue provisions to repay debt; and
 - Changes in other long term debt liabilities, primarily capital expenditure under the Highways Maintenance PFI.

The limit does not include any potential prudential borrowing implications for the City Council as a result of Curzon Street Enterprise Zone extension. This will depend on future City Council decisions.

- 5.4 Taking these factors into account, the Prudential Limit for Debt has been set at £4,300m for each of the three years 2016/17 to 2018/19. The limit is calculated as follows:

Table 5.6.2 - Forecast debt and Authorised Prudential Limit, based on the current capital programme

	2016/17 £m	2017/18 £m	2018/19¹ £m
Forecast opening gross debt (incl. PFI etc)	3,684	3,983	4,020
Capital expenditure financed from borrowing (Appx 6B):			
- Self funded	141	49	15
- Requiring budget support	31	43	1
Other cash flows (including Equal Pay settlements)	270	110	60
Less Loan debt revenue repayment provision	(121)	(143)	(146)
Change in PFI and similar liabilities	(21)	(22)	(22)
Forecast closing gross debt (incl. PFI etc)	3,984	4,020	3,928
Allowance for planned cashflows, day to day fluctuations and other potential borrowing	316	280	372
Authorised Prudential Limit for Debt	4,300	4,300	4,300

¹ figures for 2018/19 show that year only and exclude later years

Analysis of forecast closing gross debt (incl. PFI etc):			
General Fund debt	2,855	2,896	2,815
HRA debt	1,129	1,124	1,113

- 5.5 Appendix 11 analyses planned prudential borrowing between projects which are self-financed through additional income or savings, borrowing to support the financing of equal pay, and projects whose borrowing requires additional budget support. The Prudential Indicators do not make this distinction between debt which is self-financed and debt which requires net revenue support from Council

resources. The Council's revenue budget includes provision to meet the net cost of all the above borrowing.

- 5.6 Use of prudential borrowing in the next few years will be constrained by the City Council's reducing revenue resources and the need to maintain the sustainability and affordability of its debt position, and close control will be exercised over all prudential borrowing for new projects. Services generally meet the costs of prudential borrowing they propose from within their current and forecast net revenue budget.
- 5.7 HRA borrowing will also continue to be constrained during 2016/17 by the statutory HRA debt cap. Although the Government has agreed a limited relaxation to the Council's HRA debt cap, this represents only a small increase.

Chapter 7: Treasury Management Strategy

1. Summary

- 1.1 This chapter sets out the proposed Treasury Management Strategy for 2016/17 given the interest rate outlook and the City Council's treasury needs for the year, and in accordance with the Treasury Management Policy at Appendix 14.
- 1.2 A balanced strategy is proposed which maintains a significant short term and variable rate loan debt in order to benefit from current low rates, whilst taking some fixed rate borrowing to maintain an appropriate balance between the risks of fixed rate and short term / variable rate borrowing. The balance between short and long term funding will be kept under review by the Strategic Director - Finance and Legal, and will be maintained within the prudential limit for variable rate exposures.
- 1.3 Separate loans portfolios are maintained for the General Fund and the HRA. Separate treasury strategies are therefore set out below where relevant.¹⁹

2. Treasury Management Policy and Objectives

- 2.1 The Treasury Management Policy (Appendix 14) sets the City Council's objectives and provides a management and control framework for its Treasury Management activities, in accordance with CIPFA's Code of Practice for Treasury Management in the Public Services.
- 2.2 For the City Council, the achievement of high returns from treasury activities is of secondary importance compared with the need to limit the exposure of public funds to the risk of loss.
- 2.3 These objectives must be implemented flexibly in the light of changing market circumstances.

3. City Council Borrowing Requirement

- 3.1 The table below shows the amount of new borrowing required to be obtained in each of the next three years, taking account of the proposals in this Business Plan and the amount of existing loans which are repaid and need replacement:

¹⁹ This Strategy relates to loan debt only. Other debt liabilities relating to PFI and finance leases are not considered in this Strategy, and are managed separately. Throughout this Business Plan, debt and investments are expressed at nominal value, which may be different from the amortised cost value used in the statutory accounts.

Table 5.7.1 - Forecast Borrowing Requirement

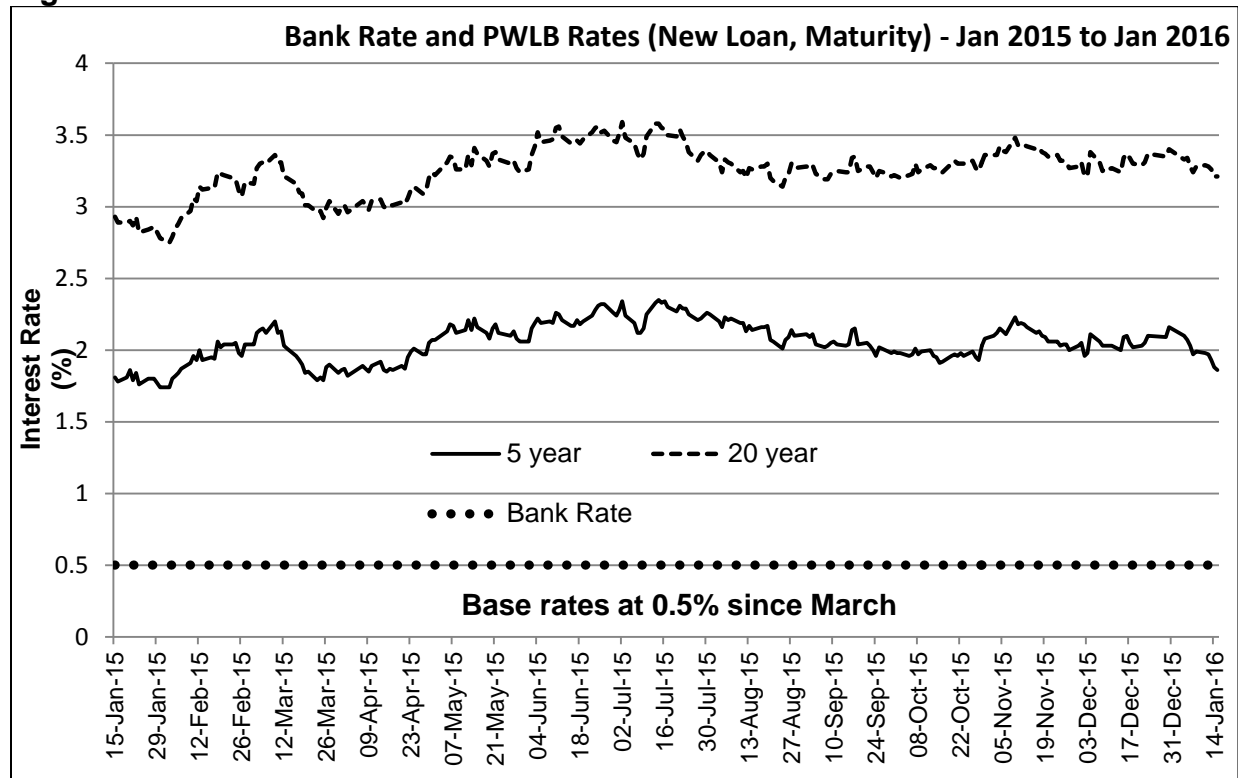
	2016/17 £m	2017/18 £m	2018/19 £m
Forecast gross loan debt	3,490.5	3,549.9	3,480.4
Forecast treasury investments	(40.0)	(40.0)	(40.0)
Forecast net loan debt	<u>3,450.5</u>	<u>3,509.9</u>	<u>3,440.4</u>
of which:			
existing long term loans outstanding	2,670.6	2,621.5	2,576.5
Short term investments working balance	(40.0)	(40.0)	(40.0)
Required new/ replacement loan balance	<u>819.9</u>	<u>928.4</u>	<u>903.9</u>
	<u>3,450.5</u>	<u>3,509.9</u>	<u>3,440.4</u>

This strategy sets out how the City Council plans to obtain the required new borrowing shown above.

- 3.2 The City Council has borrowed £206.3m of Lender's Option Borrower's Option (LOBO) loans in which the lender has the right to call for repayment at certain dates during the loan term. Around £186.3m of these options have the potential to be exercised during the coming three financial years (£46.3m in 2016/17, £40.0m in 2017/18 and £100.0m in 2018/19). This would increase the City Council's required loan refinancing needs, but is considered unlikely to happen in the current market environment.

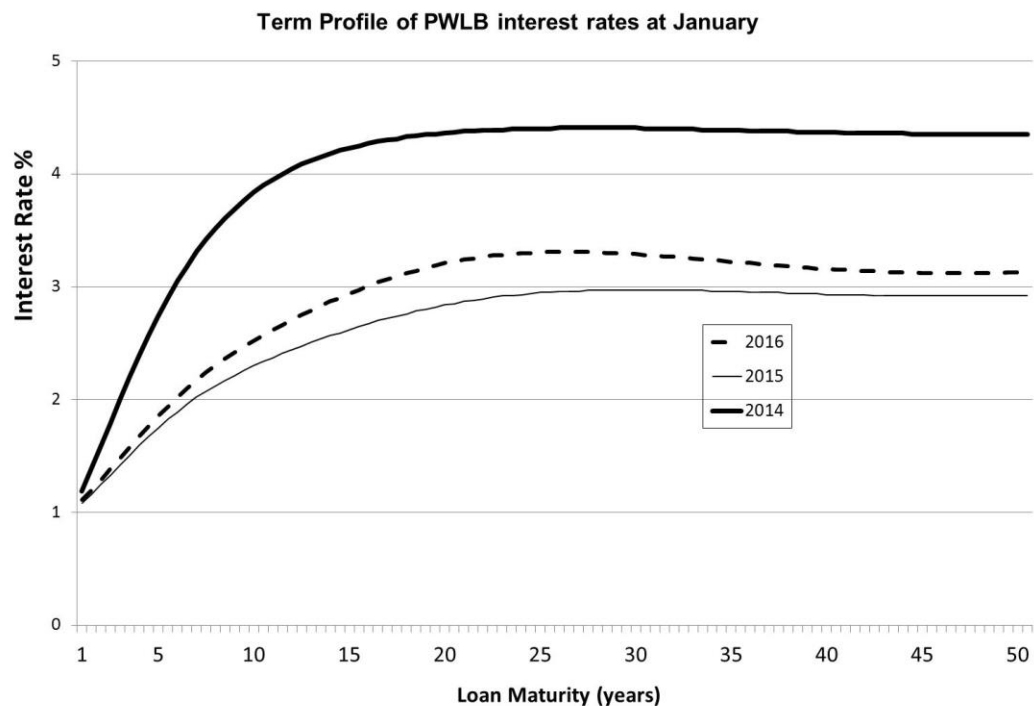
4. Interest Rate Outlook

- 4.1 After a period of stronger GDP growth, the balance of risks to economic recovery is currently on the downside. Downbeat economic news from Europe and China and the effect of the UK Government's austerity programme suggest that the pace of recovery in the UK in the next few years will be slow. This would exert a downward influence on UK inflation, as would further weakening of commodity prices (especially oil). In this context it will be difficult for the Monetary Policy Committee to start increasing base rates. The Governor of the Bank of England has also stated that base rate rises will be slow and gradual. This budget assumes an increase of 0.6% in short term market rates by the end of March 2017.
- 4.2 Long term interest rates look likely to remain low during 2016/17 given the economic conditions noted in the previous paragraph, although an upwards trend may be expected at some point when global growth prospects improve or inflation expectations rise. It is likely to be in the City Council's long term interests to take some long term fixed rate borrowing in the coming year or so in order to limit the proportion of short term and variable rate borrowing.
- 4.3 The figure below shows how base rates and long term rates from the Public Works Loans Board (PWLb) have moved since January 2015 – although past performance is, of course, not necessarily a guide to the future.

Figure 5.7.2

- 4.4 Figure 5.7.3 below shows PWLB loan rates in early January 2014, 2015 and 2016. The cost of fixed rate borrowing is below rates in 2014, but has increased a little since January 2015, and continues to increase steeply from 1 year rates to ten year rates:

Figure 5.7.3



4.5 Upside risks to UK interest rates in 2016/17 include the following:

- Marked indications of significant US, UK or Eurozone economic recovery
- Re-emergence of inflation concerns

Downward pressures on UK interest rates include:

- Further weakness in UK and international economies
- Lower than expected inflation, or deflation
- Eurozone sovereign debt crisis or banking crisis re-emerge
- International political instability

5. Sources of borrowing

5.1 The City Council is able to borrow from the PWLB at its 'certainty rate' at approximately 0.8% above gilt yields.

5.2 The City Council will consider using other sources of long term borrowing if the terms are suitable. This may include private placements, bilateral loans from banks, local authorities or others, loans from the European Investment Bank, or loans from

the Municipal Bonds Agency which is proposing to borrow from the capital markets and on-lend to local authorities.

- 5.3 Short term borrowing is available largely from other local authorities. It may be possible to supplement this with borrowing from other sources such as banks.

6. 2016/17 Strategy: HRA and General Fund

- 6.1 The HRA inherited a largely long term fixed rate debt portfolio at the start of the current HRA finance system in 2012, and its debt is capped in accordance with statutory HRA debt limits. For the next three years from 2016/17, its debt is not changing significantly as a result of the current HRA Business Plan. No new long term borrowing for the HRA is therefore currently planned.
- 6.2 For the General Fund, a balanced strategy is proposed which maintains a significant short term and variable rate loan debt in order to benefit from current low short term rates, whilst taking some long term fixed rate borrowing to limit the Council's exposure to increases in short term and variable interest rates. The budget assumes new long term fixed rate borrowing of around £180m in 2016/17. This takes advantage of the low long term fixed rates currently available, and reduces the impact of future interest cost increases. It also ensures that variable rate exposures remain within the 30% prudential limit (set out in Appendix 12d). However, this will be more expensive for the next year or two than variable rate funding, so it would mean higher costs in the short term in return for potentially lower costs in the long term. This has been factored into the treasury management budget.
- 6.3 Based on this strategy, the following table summarises, for the Council as a whole, the new long term and short term borrowing proposed to fund the required new or replacement borrowing each year:

Table 5.7.4 – Proposed Borrowing Strategy

	2016/17	2017/18	2018/19
	£m	£m	£m
cumulative new borrowing:			
new long term loans	180.4	280.4	280.4
new short term loans	639.5	648.0	623.5
Required new/ replacement loan balance	819.9	928.4	903.9

- 6.4 The General Fund and HRA exposures to short-term and variable interest rates in accordance with the strategy above is as follows:

Table 5.7.5 - Forecast Variable Rate Exposure based on the proposed borrowing strategy

<i>(taking account of debt maturities and proposed long term borrowing)</i>	2016/17 £'m	2017/18 £'m	2018/19 £'m
Housing Revenue Account			
Year end net exposure to variable rates	127.9	139.0	140.2
Closing HRA net loan debt	1,129.3	1,124.4	1,113.0
Variable exposure % of debt	11.3%	12.4%	12.6%
General Fund			
Year end net exposure to variable rates	520.6	513.9	478.3
Closing General Fund net loan debt	2,321.2	2,385.5	2,327.4
Variable exposure % of debt	22.4%	21.5%	20.6%
Year end variable interest rate	1.3%	1.9%	2.1%

- 6.5 The variable rate exposure means that a 1% rise in variable rates at the end of 2016/17 would cost an estimated £5.2m per annum for the General Fund, and £1.3m per annum for the HRA. However, the budget provides for an increase in variable rates (as indicated above), which is considered to be prudent in this context.
- 6.6 The Policy Statement sets limits for exposure to variable rates of -30% (maximum net investments) to +30% (maximum net borrowing). These figures show that variable rate exposure is forecast to remain well within these limits for the next three years, even if no further long-term fixed rate borrowing is taken.
- 6.7 This strategy therefore acknowledges the risk that maintaining a significant short term and variable rate loan debt may result in increasing borrowing costs in the longer term, but balances this against the savings arising from cheaper variable interest rates. The Strategic Director - Finance and Legal will keep the strategy under close review during the year, in the light of the City Council's financial position and the outlook for interest rates.
- 6.8 The Treasury Management Prudential limits and indicators consistent with the above strategy are set out in Appendix 12, including a summary loan debt maturity profile.
- 6.9 The Treasury Management Strategy must be flexible to adapt to changing risks and circumstances. The strategy will be kept under review by the Strategic Director - Finance and Legal in accordance with treasury management delegations.

7. Treasury Management revenue budget

7.1 Based on this strategy the proposed budget figures are as follows:

Table 5.7.6 - Treasury Management Budget

	2016/17 £'m	2017/18 £'m	2018/19 £'m
Net interest costs	148.2	156.5	153.2
Revenue charge for loan debt repayment	120.7	143.4	146.0
Other charges	2.3	2.0	2.2
Total	271.2	301.9	301.4
met by the HRA	54.7	71.0	70.2
met by other service budgets	83.8	90.0	90.2
met by corporate treasury budget	132.7	140.9	141.0
Total	271.2	301.9	301.4

7.2 The increase in budgeted costs reflects the projected increase in short term interest rates, long term interest rates, and the cost of the additional borrowing in this Business Plan. Actual interest costs will be affected not only by future interest rates, but also by the City Council's cash flows, the level of its revenue reserves and provisions, and any debt restructuring.

8. Investments

8.1 Since the banking crisis in 2008, the City Council's approach has been to reduce direct lending to banks and to increase use of the AAA rated Sterling money market funds which are approved in the Investment Policy. These pooled funds are able to reduce credit risks in a way the City Council cannot do independently, by accessing top quality financial institutions and spreading the risk more widely.

8.2 Within the overall Investment Policy, the City Council has generally used a more restricted list of banks since the financial market turmoil of 2008. This has enabled the City Council to adjust investment strategy to take account of the rapid developments in market conditions, including greater use of Sterling-denominated Money Market Funds rather than direct investments in single institutions. As the banking crisis has abated, more use has been made of direct lending to financial

institutions. As market conditions continue to change during 2016/17, investment strategy will be kept under review and adjusted accordingly.

- 8.3 Significant changes in banking regulation are continuing to take place in order to address some of the issues arising from the banking crisis. The Council will consider secured forms of lending such as covered bonds and repo agreements, but these instruments are not generally available for short term and smaller size deposits. In this context, the Council's Investment Policy set out in the Treasury Management Policy at Appendix 14 continues to require a minimum credit rating which remains within 'investment grade' ratings.

9. Other Treasury Management exposures and activities

- 9.1 The City Council has supported proposals to develop supply chain finance for the Council's suppliers. This enables the Council's suppliers to raise short term finance based on invoices due from the Council, and the benefit of this can be passed down the 'supply chain' to subcontractors. Through this mechanism, the Council has the opportunity to provide finance to suppliers when invoices are approved for payment. Repayment of the investments is assured by the Council's own payment on the invoice due date, so there is no credit risk to the Council. The Council will also be prepared to provide supply chain finance through these arrangements in relation to invoices payable by other public bodies meeting the credit criteria in the Treasury Management Policy. Subject to final evaluation, this activity is planned to begin in 2016/17, and the additional income arising has been built into the savings in this Business Plan.

10. Advisers

- 10.1 Capita Asset Services provides treasury management advice to the City Council, including the provision of credit rating information. Advisers are a useful support in view of the size of the transactions involved and the pressures on staff time.

11. Prudential Indicators for Treasury Management

- 11.1 The City Council is required under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities to set various Prudential Indicators for treasury management. These are presented in Appendix 12d.

PART SIX - OUR PEOPLE

“Our People will be dynamic, agile and capable to adapt to our ever changing environment, meeting our citizens needs with a can do, will do mind-set reflecting our values at all times”.

Our people are at the heart of how we work with and for our citizens. We have a workforce of just over 15,000 (headcount) excluding schools who reflect the typical local government profile; being predominantly female and mature with nearly 60% over 40. We work within a diverse city and we are not yet fully reflective of all the communities that we serve; addressing this will be embedded in our workforce plans.

Our employees have faced significant challenges over recent years. We have already reduced our headcount by a third since 2010, whilst requiring our people to be more flexible, adaptive and agile to address changing customer needs, reduced budgets and new ways of providing services. They have risen to meet these demands keeping citizens at the heart of all they do, in a very challenging landscape.

Our people include 120 Councillors who work with our citizens, undertaking ward visits and surgeries listening to issues and suggestions for improvement and enabling and supporting access to our services.

The Leader and our Chief Executive are clear that our culture must always be one of openness, honesty and engagement on every occasion with citizens. This will ensure that we aspire to create a citizen focused culture working collaboratively to make a positive difference every day to people lives.

Our Councillors and Officers already work together on a number of partnerships. Partnership working relationships will continue to be critical going forward as we move away from directly delivering services. There are up to 200 partnerships in operation.

Our people tell us what they think of our vision and direction through various channels including; engagement events, employee surveys, team meetings and dialogue with our trades unions. We are working hard to make sure our people have a voice and action is taken in response. Last year we radically changed our performance appraisal scheme to respond to feedback from our people, we have also built our core values and behaviours in this way.

Our values-led organisation



Our values are at the heart of all that we do. Our values are being embedded in all of our People policies, procedures and performance and development frameworks. They will be our reference point for checking whether we have the right people in place doing the right things in the right way.

Our Workforce Challenges

As a council we will have a different role in the city – one that still involves delivering quality services, but one that is also increasingly commissioning services from others to enable citizens to meet their needs, with a focus on services and not buildings. This means that we need to fundamentally alter how our organisation operates and is structured. The vision for the Future Council in 2020 is:

A modern council – a one contact approach which aims to get it right first time, puts people first, endeavours to achieve excellence and acts openly and honestly. It provides value for money and duplication is eradicated. It is a strategic influencer, rather than always being a direct provider of services.

As an organisation it means we will change:

- To a strategic council, working collaboratively with partners to achieve outcomes and potentially delivering fewer direct services.
- From a big to medium sized employer – fewer Councillors and Officers influencing others to ensure we are a Living Wage City that creates employment and development opportunities for our citizens.
- Working at different multiple levels to achieve the best results for citizen – adopting an individual, local, city-wide or regional approach depending on which is most appropriate.
- To a more agile way of working to reduce the need for extensive assets, i.e. buildings, maximising role flexibility whilst benefiting from cutting edge IT.
- Our administrative support to a small core, sharing intelligence and supporting strategic and community leadership.
- To promoting and encouraging the independence of citizens.

Our People Plan

We are operating in a rapidly changing environment and facing the challenges of becoming smaller and reducing our people numbers. Nevertheless, we have high expectations and great ambition for our city and our people.

We are developing a set of core plans that include the following to support our people to achieve:

Capacity

Over the coming years as a Council we will have a different role in the city – one that still involves delivering quality services, but one that is also increasingly commissioning services from others to enable citizens to meet their needs, with a focus on services and not buildings.

This means that we need to fundamentally alter how our organisation operates and is structured. This will mean reductions in headcount of around, 1,200 for 2016-17, and changes to job roles and ways of working.

We will review our recruitment and retention policies to ensure we have the right people with the right skills and behaviour's doing the right things in our teams.

Our teams will receive support in regularly reviewing their workforce planning requirements in accordance with demand and how the service is provided.

Culture

Our underlying culture principles are ones of openness, honesty and engagement in which a good Councillor and a good Officer is one who understands the aspirations and ideas of our citizens and provides support to enabling them to receive the services they require.

We will support our culture change by enabling our people to work agilely, enabled by a good IT infrastructure. Our Senior Management Team will visibly role model this way of working to ensure our people are clear on what they need to do. This approach will ensure that we aspire to create a citizen focused culture working collaboratively to make a positive difference every day to people's lives.

Capability

We are developing capability plans to equip all of our colleagues with the knowledge and skills required to work agilely, across boundaries internally and with partners and the community.

All our people will have a clear development plan that will support and grow their skills, knowledge and experience. This will be underpinned by using regular performance discussions with line managers to shape careers and feed into the talent management and succession planning framework.

Our Workforce Savings Programme

It is a delicate balance to ensure that we have an organisation ready for the future in an environment where significant savings are required. We recognise that these challenges will have a fundamental impact on our people just when we need to be ready for a complete step change in delivery.

We will work with our people and their representatives to identify different options and approaches to address this challenging agenda.

Our people will be affected by our savings programme in the following ways as we need to:

Improve the effectiveness of our people planning to reduce costs and improve efficiency - to be implemented in 2016/17

Proposed changes include the following:

- a recruitment freeze on all posts unless the role is classed as critical.
- an increase in the number of apprenticeships as a way of broadening the diversity of the workforce and creating a supply of skilled workers for the city.
- reduce expenditure on agency workers over the next 12 months.

Our People

- develop a comprehensive internship programme to develop local talent.
- review and, where appropriate, remove layers of management to ensure decision making happens closest to the citizens.
- unpaid leave sabbaticals for staff.

Savings target of £10.5 - £16m.

Change to terms and conditions of employment – to be implemented in 2017/18

We need to develop a package of measures which will enable us to reduce the wage bill by circa £18m a year. The ideas so far are:

- increase the standard working week from 36.5 hours a week to 37 - in line with the majority of other local authorities.
- review JNC pay and reward.
- amend the provision of the sickness pay scheme.
- freeze the payment of performance related increments for three years .
- remove subsistence allowance for those away on business.
- revise the hours for night pay from 8pm - 6 am to 10pm - 6 am.
- apply a single standardised standby payment scheme.

Savings target of £15-£18m.

Provide a new employee benefits package

We will create a new core offer for our people that will enable agile working, a career portfolio and is supported by the Birmingham Reward & Benefits. The purpose of these proposed changes is to ensure that we continue to attract and retain great talent by providing employees with:

- Greater autonomy and agility in working practices, locations and hours of work - wherever practicable.
- Opportunities to develop careers and experience within the council and with our partners.
- A reward package that offers choice and options.
- Core contractual offer for those moving to other providers.
- These proposals could deliver a number of benefits – financial and non-financial:
- enable employees to buy and sell annual leave.
- reduced property costs through an increased use of 'hot desking'.

- create a new framework to facilitate greater opportunities for agile & flexible working that works for the business & our employees.
- reduction in recruitment costs because of more effective succession planning and talent management.

Achieve a reduction in headcount and change ways of working

We have launched consultation on a range of proposals to change or reduce services and ways of working that could lead to a reduction of around 1,200 jobs in 2016-17.

On-Going Consultation

We will engage and consult with our people about how we can achieve the savings, efficiencies and workforce reductions in a number of ways and consider all options with the aim of reaching agreement:



Our approach to Potential Reductions

We will explore ways to mitigate redundancies and provide support for all our people ensuring everyone is treated with dignity and respect whether they remain in the organisation or for those that leave and become our advocates.

We provide a programme of support for our people where they are identified as at risk of potential redundancy in our annual Section188. This support includes career transition skills and opportunities to secure employment with other local employees.

Our approach to funding our redundancies is set out in the Financial Plan (Part 5)

PART SEVEN - PROPERTY AND OTHER PHYSICAL ASSETS STRATEGY

1 Introduction

- 1.1 Property plays a significant part in the successful delivery of the City Council's Business Plan. The right type of property, in the right place is essential to deliver the council's services, along with the necessary staff and technology. It is an expensive resource, being the biggest cost after staffing. As such it must be managed corporately alongside the other key resources, people, IT facilities and infrastructure and finance within an integrated strategic planning framework.
- 1.2 The following sections outline the City Council's overall strategy for property and other assets.
- 1.3 Appendix 9 summarises the asset and capital strategies of major service areas.

2 General Strategic Aims

- 2.1 The Council is continuing the process of progressive change to align future property assets with developing changes in the organisation. In recent years a significant proportion of the council's property assets have been progressively changed to support the council's Business Plan. This has enabled the delivery of substantial change in the way the Council operates, its staff work and the delivery of services. Along with the delivery of changes, the sale of surplus property has contributed capital receipts, lowered ongoing property costs and reduced the environmental impact, in the context of legislative requirements for local authorities as property landlords.
- 2.2 Looking forward, the Council will continue to take a strategic approach to planning future property requirements. The City Council's strategic objectives in relation to its property and other long term physical assets include:
 - To ensure that assets are fit for purpose in terms of suitability, sufficiency, condition, cost, environmental impact and affordability.
 - To keep the City Council's portfolio of capital assets under review and managed according to best practice through the Asset Management Planning process, including the rationalisation of property holdings where appropriate.
 - To take an integrated approach to all aspects of property planning and management, taking account of whole lifecycle implications.
 - To deliver value for money from any investment in the retained estate.
 - To utilise the optimum property in accordance with the City Council's strategic objectives and service delivery plans.

2.3 The need to respond to changing service delivery needs and the Council's changing financial position will require further substantial change in the future asset portfolio. The development of new models of service delivery brings challenge to previous arrangements. Much of this strategy formulation and analysis of financial and other practicalities is significantly informed through the corporate property function. General themes include:

- Potential for co-location/integration of Council and partners' front line services into multi-service buildings, providing one point of access for customers. This will allow limited financial resources to be directed to a smaller number of better maintained and improved buildings.
- Increased joint working with other public sector partners and third sector organisations to share buildings and provide a wide range of services to people from one building.
- Consideration of third sector organisations ability to take on the delivery of City Council services (and potentially their delivery point), is subject to an assessment process where options are evaluated, taking into account business management capacity, capital receipt opportunities, revenue cost reductions, output/ outcome delivery value and priority, etc.
- Flexible accommodation, the potential to fully utilise space – ensuring space in buildings is fully utilised at all times and capable of alternative utilisation at minimal cost.
- Increased sale or other strategic release of assets to achieve Council objectives and provide funding for its expenditure commitments.
- New service models which are less capital, revenue and asset intensive.

2.4 The overall strategic aims for the non-operational assets (commercial investment property portfolio) are:

- To review the estate and maintain income generation whilst rationalising and disposing of non performing and surplus property assets.
- To invest as far as possible to maintain or enhance income levels.

3 Current Asset Portfolio and Context

3.1 The properties and other physical assets held by the City Council include:

Property Type
Adult Education Centres
Allotments (leisure gardens and small holdings)
Car Parks including Multi-storey
Cemeteries
Cemetery & Crematorium
Central Administration Buildings (CABs)
Children & Family Residential homes
Church Yards
Community Centres / Halls
Community Day Nurseries
Council dwellings
Depots
Education Establishments (schools)
Day Centres – children, elderly and learning disability
Environmental Residential Centres
Golf Courses
Leisure Centres including sports halls and pools
Libraries
Markets
Museums & Arts (held in trust)
Offices
Parks (including public open space, play areas and recreation grounds)
Roads (in km) (managed via PFI)
'Sure Start' Properties
Youth Centres
Youth Offending Team Properties
Commercial Portfolio (Let to third parties)
Land and buildings held for charitable purposes

3.2 The council's property portfolio is fairly representative of most councils' portfolios, comprising a mix of service delivery properties and properties let to third parties. The majority of ownership is within the city boundaries but there is notable ownership beyond the boundaries into neighbouring authorities including Solihull, Bromsgrove and Warwickshire. The full extent of BCC ownership represents c.40% of the city by land area.

3.3 Resources are constrained, and services have to make hard choices on expenditure. Future service delivery models will have implications for the assets needed to support those services, and this is reflected in the current draft review of the City Council's asset management plans, e.g. linkages with, ICT Strategy,

changes in conditions of service for staff and major service initiatives, such as “open for learning”.

- 3.4 Facilities management costs, backlog condition and energy efficiency in conjunction with other service related factors are all expected to guide investment and disinvestment decisions. Capital resources for asset maintenance are limited, but the council has introduced policies around whole life costing to protect the investment in new build by ensuring resources are provided for cyclical maintenance of new assets. Efficiencies are being delivered from the ongoing management improvements in facilities management, in terms of both costs and service delivery, which will help services to manage constrained revenue budgets in terms of the property that they chose to use in the future.

4 Supporting Council strategic outcomes

- 4.1 Property and other physical assets form part of the City Council’s corporate resources. As such the Council will review and manage them on a corporate basis in accordance with its overall Business Plan strategic outcomes and principles.

5 Supporting Service Plans

- 5.1 Asset management plans are now being more closely aligned with Service Plans. These not only take account of service based delivery changes, but look for innovation in the way services are delivered, coupled with synergy across council service areas and partners taking into account the financial pressures which the council faces. This links with the Future Council Programme and brings to corporate programmes such things as “open for learning” and other initiatives, with future property change requirements.
- 5.2 In general asset management challenges are increasing and significant effort is being applied across the council, looking at innovative ways of delivering services, across all directorates and with public sector partners. The future years’ financial pressures are, inevitably, leading to harsher challenges relating to the affordability of the existing property estate.

6 Service Rationalisation and Asset Management Planning

- 6.1 Most services have undergone substantial service reviews during recent years and their service asset management plans have been updated as a result. These are now beginning to suggest the need for more extensive property rationalisation, purely because there are no budgets to pay for this in the future. This includes operational office accommodation and takes account of drives to create smaller teams, greater agile working, etc.
- 6.2 These plans are directly attributable back to the service delivery plans driven by the service’s future operating models (FOMs). The outcomes of those plans are highlighted in the service capital strategies, but in the main continue to demonstrate

the investment required by their property portfolio to meet the needs of the service, e.g. in simply tackling issues of condition, modernisation to meet corporate and national initiatives.

- 6.3 However, with the projections of further reductions in central government funding these plans are subject to further ongoing review and redesign. The ability of services to disinvest is hampered by the current state of the market, both in terms of values and demand. However, the disposal strategy reinforces the linkages between service planning and asset rationalisation, with an imperative to also reduce the revenue running costs of the property base (of which closure / disposal is one vital tool).
- 6.4 The Council's financial policies in Part 5 Chapter 6 of this Business Plan support service asset review by allocating an annual 7.5% of the asset sales proceeds to appropriate service revenue budgets, equivalent to the borrowing costs savings relating to the capital receipt.
- 6.5 The use of shared service buildings is a developing and innovative approach that is becoming an increasingly important area of work for the future. Pilot examples now in place include Sparkbrook Community and Health Centre (joint project with NHS delivered through LIFT Co providing a range of City Council and Health services as well as third sector services), and The Shard (providing new Council services as well as space for third sector agencies and public sector partners). A number of service areas are looking further such proposals on a variety of scales. The flexibility of the space to enable alternative use and capability of the space to achieve shared occupation across services and including third party occupation is seen as the standard to achieve.

7 Strategic Use of Assets

- 7.1 The Council will use its assets strategically to support service realignment as appropriate. For example, a range of property has been transferred to different services to support Birmingham Municipal Housing Trust. The council will use its assets appropriately in support of major regeneration projects, for example HS2, Paradise Circus and Icknield Port Loop.

8 Supporting Community Involvement

- 8.1 The council has in place a Community Asset Transfer protocol and process, which satisfies the requirements in the Localism Act and deals with all proposals from external community organisations seeking a community transfer of council or other owned property. Associated with the Localism Act there is now a "community right to bid" for property, which whilst it does not compel the Council to sell or sell at lower than market value, it does mean that once registered, properties will be subject to the legislative minimum disposal timetable. The legislation now clarifies how the council can proceed regarding the opportunity to dispose of assets of community value and support Third Sector Organisations through the granting of

leases that take into account the value of the worth that the organisation brings to the city.

- 8.2 The Council's policies for Community Asset Transfers are approved by Cabinet and in the financial policies in Part 5 Chapter 6 of this Business Plan.

9 Green Issues

- 9.1 The council is developing its carbon strategies and energy management strategies. In the development of its Corporate Administrative Buildings estate (CAB) the council targeted an "excellent" BREEAM standard for new buildings (achieved at 10, Woodcock Street Offices), and "very good" for the major refurbished estate (achieved at both Lifford House and 1 Lancaster Circus). Further standards for the corporate estate are anticipated to be developed with the emerging energy conservation and carbon reduction plans.
- 9.2 Energy conservation is having and will continue to have an impact on services and property going forward. The council has drafted its Carbon Management Plan and is signed up to its carbon reduction commitment.
- 9.3 Energy bills have risen substantially over the past few years driven by external world factors, and further volatility is expected. The risk in the long term is for further rises in energy costs.
- 9.4 This places a greater emphasis on needing to put in place appropriate measures to contain such budgetary pressures. Such measures can include Combined Heat and Power (CHP) plants, photo-voltaic panels, voltage optimisation, automatic half hour meter readings, biomass boilers, automated lighting, occupier behavioural change, disinvestment from inefficient property and energy performance measurement and comparison. The City Council's procurement practice seeks to develop an integrated approach to energy management, energy supply, energy consumption, contract compliance and property data. Where such measures will not be cost effective the service will be encouraged to disinvest and dispose of properties.

10 Health and Safety

- 10.1 The council has responsibility for the health and safety requirements in its estate, including fire risk, asbestos management, legionella, and statutory testing and maintenance compliance. The council has required that every property will have a nominated duty-holder to fulfil the function of managing that health and safety responsibility. This requirement has necessitated the alignment of property data with the duty-holders and to coordinate this information with Corporate Health and Safety to ensure that appropriate duty-holder training is provided to meet the council's health and safety requirements.

- 10.2 The corporate database system identifies the duty-holders, and their training is undertaken via an electronic training package through People Solutions. The same database is being populated with data to ensure audit compliance across the various issues of asbestos, legionella, fire risk assessments, safety management etc. Further work has been undertaken to ensure that each City Council property has a programme of statutory testing/maintenance that is appropriate for the building's purpose / components.

11 Equalities Issues

- 11.1 Equality issues around property mainly focus on access to services. The responsibility rests with the service to ensure that it has considered such equality issues and sought to put in place reasonable adjustments to ensure that they do not discriminate in the delivery of their services. A corporate fund (The Corporate Access Budget) exists to support services in funding their costs under the Equalities Act 2010. In the event of a property being withdrawn from service delivery, it is the service's responsibility to ensure the future service provision has addressed equalities issues.

12 Asset Management Plan

- 12.1 The City Council maintains an Asset Management Plan (AMP) which is currently under review for the 2015-18 period and which describes in more detail the current position for the management of property assets, examines influences for change across the council whether driven by government or the council, and makes recommendations for action. Beneath this sits a number of Service Asset Management Plans that feed into the Corporate Asset Management Plan but reflect the assets, their futures and investment requirements in more detail at a local level.

13 Facilities Management

- 13.1 The Corporate Landlord model has been adopted for the transformed Corporate Administrative Buildings (CAB) portfolio. This provides a centrally focused team to manage the CAB estate.
- 13.2 Following the establishment of Acivico (a City Council wholly-owned company) associated changes are progressing the standardisation of facilities management services for the corporate estate. The corporate estate (i.e. excluding, housing, education and highways) now manages its facilities management through a centralised computer system (CAFM) using proprietary off the shelf software, coordinated with Acivico, to enable both tactical and strategic facilities management oversight, including costs, service and performance. This move is expected to deliver improvements in the quality of information within the property information systems together with rigorous standards and performance KPIs being set to ensure corporate compliance with health and safety issues.

PART EIGHT - INFORMATION, COMMUNICATION TECHNOLOGY AND DIGITAL SERVICES

Overview

Information, Communication and Digital technologies (ICT&D) are key enablers and innovators to provide the Council with an effective, efficient and reliable set of services that supports the achievements of the business plan.

Change in ICT&D technologies are rapid and growth in the uptake of the latest, emerging technologies such as mobile devices, social media, and high-speed broadband together with the use of Open Data present huge opportunities for the Council, our communities, citizens and suppliers.

To keep up with advances in technology and to meet the increasing expectation of citizens it is important that the Council has a clear approach to the improvement and delivery of ICT&D.

The Council will take a planned approach to managing its existing 'As-Is' ICT&D landscape and is capturing its future 'To-Be' requirements, based on our future service needs. This will be governed by the creation and alignment of the Future Council Operating Model and ICT&D Strategy; this will ensure any spending on ICT&D is driven by the Council's approved business objectives.

ICT&D Strategy Development

The development of the ICT&D Strategy and the supporting analysis will provide stakeholders across the council with greater transparency over the provision and delivery of ICT&D. In seeking to define how best to develop a new approach to ICT&D it has been identified that the focus should not just be on technology, but on business and citizen requirements.

As part of the development process a Strategy team will be drawn from the Council and its business partners. We will introduce a governance arrangements and a framework to ensure the alignment of the Future Council Operating Model, the ICT&D Strategy and directorate strategic priorities. The ICT&D Strategy will be approved in c. September 2016, and then annually at cabinet on a rolling three year basis.

In addition to Citizen's needs our ICT&D approach is being developed to align, support and enable the realisation of Central Government and Council specific drivers.

Central Government Drivers

The main political and economic drivers are:

- The desire to reduce costs and improve efficiency by taking full advantage of the opportunities offered by advances in technology.

- The Government's 'transparency agenda' - a recognition that politicians and public bodies need to rethink how they communicate with and engage citizens, communities and businesses.
- A desire to continue to modernise the UK economy, making it more competitive, making greater use of new technologies and developing improved digital skills in a higher proportion of the population.
- Recognition that 'government bodies' in general need to improve the implementation of 'technology' related projects.

Council Specific Drivers

- The Council's commitments to its communities and citizens.
- ICT&D being a key enabler in delivering the Council's strategic objectives (Future Council Operating Model).
- The requirements of an approved ICT&D Investment and Improvement Plan (relating to the investment budget).
- Council Digital Agenda, to include the integration of 'Digital Birmingham' initiatives.
- External Investment - leveraging the desire of local and national companies to invest in the City.

The key objectives of the ICT&D strategy include:

- To make informed decisions on the procurement of new systems and services taking into account how ICT&D will benefit citizens, reduce the administrative burden for front line staff and provide more effective management and staff self-service.
- To have an agile and pragmatic governance process that ensures consistency, coherence and Value For Money, whilst ensuring accessibility and longevity.
- To have increased transparency of spend and performance information.
- To develop and plan resources and skills for the retendering of the ICT&D contract (dependant on the selection of the Alternative Service Delivery Vehicles (ASDV's)).
- To provide a rolling three year investment plan for ICT&D infrastructure and corporate and directorate applications which are included within the Council's Long-term Financial Plan.
- To maintain a set of applications which provide flexible, reusable, integrated application services.
- To provide system integration and information exchange with new ASDV's.
- To have a consistent, comprehensive and secure approach to creating, storing and using knowledge and information.

- To have an innovative approach to ICT&D services, including exploitation of mobile technologies as a delivery channel and as an enabler for internal agility and flexibility.

A 'Digital Agenda'

There is still much to do to ensure that the take up of Digital Services is widespread and the potential benefits are delivered. The greater uses of digital technology and information are enormously beneficial to the Council, communities and citizens and have the potential to:

- Reduce costs and deliver better 'Value For Money'.
- Increase efficiencies.
- Deliver better outcomes.
- Stimulate and enable innovation and new ways of working.
- Re-shape the relationship between the Council, communities and citizens.
- Utilise 'Social Media' to improve communications and partnership working.
- Access and exploit a wealth of available 'Open Data'.

In order to leverage these benefits the ICT&D Strategy will describe our 'Digital Agenda' which will detail how the Council will maximise the opportunities of Digital Services, reflecting the needs of Citizens, allowing for choice and balancing efficiency with service quality.

ICT&D Governance

All ICT&D spending will be subject to increased scrutiny to ensure they are aligned to the overall Business Plan and the ICT&D Strategy. This will improve economies of scale and show clear financial and/or service benefits. The established ICT&D Programme Board will govern the ICT&D Strategy, associated initiatives, innovations and savings.

All directorates will be supported to develop individual ICT&D Strategies focusing on ensuring that service needs are met and future Business Plan objectives are delivered through directorate ICT&D Strategy Groups, which will provide greater planning and oversight. The directorate strategies will inform and be informed by the ICT&D Strategy.

Directorate ICT&D Operational groups will drive increased ICT&D performance and compliance to processes. Greater ownership and visibility of the ICT&D landscape and applications will be supported and developed. The Council's dispersed ICT&D initiatives and resources will begin to work collaboratively to deliver against our approved ICT&D strategy.

Information and Intelligence

Information is an asset, like people, buildings, money or infrastructure, which has an intrinsic value that must be exploited. We will start to design our future ICT&D architecture to be the enabler of our information assets. The ICT&D Strategy will define how the future 'Intelligent' use of information will meet the needs of the Future Council, both operationally and strategically.

As part of the Future Council Programme we will deliver an information management strategy (aligned to corresponding strategies and created utilising the governance framework) that recognises a one council- single version of the truth for identity and address. The Information Management Strategy we will describe how 'Open Data' will be used to support our digital and creative businesses and how in the future we will work with community based social media to open up decision making and policy debate.

Data Transparency

The initiatives of 'Open Data', Intelligence and data transparency and in line with Central Government policy, more public data is being made available online, which includes publishing information about service costs, contracts and plans.

We will continue to enable citizens to understand the reasons for decisions we take, by making the evidence that supports them more readily available. As well as improving trust in public services, over time this should also reduce the administrative burden of dealing with specific information requests and allow us to become more transparent.

Citizen transactions are increasingly designed to be undertaken online. Wherever possible we strive to be fully automated, and with simple, intuitive interfaces from the perspective of the citizen to include placing an order or making a purchase, making a payment, registering a complaint, and reporting a problem.

ICT&D Investment and Improvement Plan

The design of our future ICT&D architecture will be an integral part of the Future Council Programme and will be critical in enabling an agile Council that is truly flexible by delivering efficient, real-time services for Citizens. Investing in and exploiting the latest technology will transform how our Council works, by giving our staff, consistent access to Information and Systems anywhere. As part of a wider agile working strategy the use of 'Bring Your Own Device' (BYOD) will be further investigated, balancing emerging technologies and Total Costs of Ownership (TCO) with security and compliance requirements.

The future 'To-Be' ICT&D delivery will be funded and delivered as part of an ICT&D Investment and Improvement Plan, and governed by the Council's Investment budget. This is set out in Appendix 9+: Major Service Asset & Capital Strategies.

Partnerships and Suppliers

The Council's partnership with Capita ends in 2021. The remaining years of the contract will take into account the council's need to find savings and the outcomes of the Scrutiny Review, looking at partnership working and the council's ICT&D investment Strategy.

As the Council transforms into a more agile and leaner organisation, the services we deliver to our citizens need to be enabled and delivered by the latest technologies. Any alternative service model would need to deliver a 'fit for purpose' ICT&D provision, enabled by the Council's Intelligent Client Function (ICF), driven by the ICT&D Strategy and aligned to Future Council Operating Model. The Future Operating Model of the ICF will be redesigned and we will start to increase our capabilities iteratively to meet our current and future contract and supplier requirements.

In evaluating different Alternative Service models the Council will consider;

- Industry exemplars.
- Lessons learnt from the current Strategic Partnership.
- The need to have flexible contracts that are capable of changing to deliver the council's objectives (without penalty) and include regular Value For Money market testing.
- How best we can engage with local ICT&D suppliers to benefit from their knowledge and expertise.
- The need to retain and augment internal expertise; to manage, govern and monitor the contract whether internally or externally provided.

PART NINE - COMMISSIONING, PROCUREMENT AND CONTRACT MANAGEMENT

Our starting point is the individual, families and communities and how we achieve a shared vision for Birmingham, those who live, work and visit here. In line with the council's approach to planning for the future by understanding and managing demand, the aim is to maximise independence and foster resilience, responsibility and participation, thus reducing demand for services where possible, with the council not necessarily being the direct provider of services.

Commissioning means delivering the right outcomes for citizens. It challenges us to consider more widely how outcomes can be achieved with less resource, by delivering services in a different way.

To maintain delivery of effective front line services and recognising the financial challenges, we're increasing the focus on defining the commissioning outcomes and on reviewing appropriate service delivery options.

The key objectives to support this approach are:

- Ensuring all future change initiatives are delivered with Corporate Commissioning Board & Commissioning & Contract Management Centres of Excellence
- Supporting new ways of delivering services through a commissioning approach that ensures support functions enable new delivery models to emerge, and that options appraisals consider the impact on the residual Council.
- Recognising the need to commission services that enable citizens to maximise their independence and thus reduce the demand on Council-provided services

Governance, Systems, Processes & Compliance

Governance exists to ensure value is delivered in a manner that is compliant to Standing Orders and legislative requirements and is open, transparent and as efficient as possible. The drive for greater efficiency and effectiveness in the procurement processes will continue through:

- Delivering Council wide training on Commissioning, Procurement, Contract Management, Compliance, Social Value and commercialism including launching the updated procedure for evaluating tenders and procurement Governance Arrangements.
- Ensuring policies & procedures don't disadvantage 3rd sector & SMEs
- Promoting the enablement agenda through contracted arrangements that support the use of Direct Payments and Personal Budgets (e.g. new homecare frameworks and home-to-school transport);
- Developing procurement talent to drive further innovation, benefits and organisational resilience.

Effective Contract Management

Enables parties to a contract to meet their obligations and achieve the objectives set out in the contract, maximising operational and financial performance and minimising risk. The Council aims to derive benefit and continuous improvement through contract management by:

- Improving relationships and partner working with the Council's supply chain through common understanding and shared objectives and development and implementation of Supplier Relationship Management for key contractual relationships
- Embedding contract management best practice in Directorates
- Improving the monitoring of contractors' performance and effectiveness through delivery of contract management assurance reviews

Delivering Social Value

The Birmingham Business Charter for Social Responsibility (BBC4SR) was approved by Cabinet on 22 April 2013. Cabinet also approved the Living Wage Policy and Social Value Policy which set out how the City Council would meet the requirements of the Public Services (Social Value) Act 2012.

These 3 policies are now being reviewed in order that they enable social value outcomes to be achieved locally.

The key objectives are:

- Finalising the review of the Social Value Policy, Living Wage Policy and Birmingham Business Charter for Social Responsibility to reflect experience and learning gained from others and the implementation to date
- Increasing the number of employees servicing Council contracts that have been uplifted to the Birmingham Living Wage and the proportion of council spend covered by the BBC4SR

Co-ordination of the above will be through the Corporate Commissioning Board to agree the approach, monitor implementation & receive performance feedback. Directorates will be supported through the Commissioning and Contract Management Centres of Excellence to ensure continued awareness and understanding of the developing policies, systems and procedures.

PART TEN - CORPORATE PERFORMANCE MANAGEMENT FRAMEWORK

Birmingham's Performance Management Framework drives the achievement of our key outcomes for Birmingham people. It outlines:

- What the Council intends to achieve (alone, and, with partners and other stakeholders),
- How we'll measure progress in achieving these, and,
- The performance management arrangements to make sure we deliver what we said we would do.

During the coming year we will be reviewing the performance management framework to align it with our new operating model for the Future Council (and particularly our Internal Support Services) and the WMCA, and, to make it a more streamlined and simplified planning framework.

The current strategic performance framework consists of several elements:

1. City Measures: measuring the achievement of the key strategic medium and longer-term measures of the outcomes we will deliver/help deliver in partnership with our strategic partners. These measures will be monitored by the appropriate strategic partnership boards, as results become available.
2. Council Business Plan Measures: measuring achievement of the key service outcomes the council has set itself to deliver over the next year – measuring this year's progress in the delivery of our Future Council vision. Results are reported quarterly to Cabinet meetings on an exception basis (i.e. where performance is missing the set target), but, are monitored monthly internally by the Deputy Leader and senior management.
3. The Future Council Evaluation Framework: setting out timelines and how we'll measure this year's progress in the delivery our Demand Theme objectives. Updates are reported to the Birmingham Independent Improvement Panel quarterly and annually to Cabinet.
4. The Birmingham Promise – measuring achievement of agreed minimum service standards for our citizens where they have also done things in the right way to enable us to deliver our promises. How successful we are in upholding these promises will be reported annually to Corporate Resources Overview and Scrutiny Committee.
5. Organisational Performance – measuring how well the council itself is functioning internally (e.g. against workforce, customer service, financial and service operations measures and metrics). The result for these measures is reported monthly to the Deputy Leader and senior managers, in a balanced "scorecard" type report covering

performance in the areas of customer service, service delivery, finance and, workforce management.

6. Financial Management Arrangements - the City Council has well-established arrangements for the management and monitoring of its budgets. This includes a monthly review of the projected revenue budget position, including the identification of mitigating actions where necessary. This is linked to the monitoring of delivery of each element in the savings programme and, following consideration at the Star Chamber convened by the Deputy Leader, leads to a monitoring report to the Cabinet six times per year.

This process will be further improved in the coming year through the introduction of enhanced functionality in the Council's financial management system (Voyager) which will facilitate improved management reporting and a greater level of manager self-service.

The capital programme and treasury management actions are also monitored on a regular basis, with quarterly reporting to the Cabinet.

7. There will be a clear focus on the management actions needed for the delivery of the savings programme, and monitoring of progress will commence before the start of the coming financial year. This will be supported on a multi-disciplinary basis to ensure that all relevant perspectives can be brought to bear, and the necessary actions identified to maximise the capacity for delivery.

Progress will be reported on a regular basis to the Corporate Leadership Team, which will strengthen its monitoring of the corporate position.

Our processes and standards for deciding performance measures aim to ensure that they:

- Are robust and quality assured;
- Have received Cabinet Member approval;
- Have challenging, but realistic, targets as per corporate guidance;
- Are available on the Strategic Performance Management System, and,
- Are available for regular monitoring (e.g. monthly or as frequently as is practicably possible).

APPENDIX 1: EQUALITIES IMPACT ANALYSIS OF SAVINGS PROPOSALS

Ref	Proposal	Description	Further detail
Theme - Preventing Family Breakdown			
PFB1	Resilient families	By improving our early help and social work service we propose to support more children to live safely and thrive at home. We propose doing this by providing support to our staff to work creatively with disadvantaged families to bring about positive change. Where children do have to come into care, we will provide more local foster placements and we will speed up the process of children in care finding permanent families.	We will work with families openly and collaboratively, but where children need to be protected from significant harm, we will always intervene to make sure that they are protected.
PFB2	Improved processes and productivity	By supporting staff better through supervision, staff development, manageable caseloads and a learning culture we propose to reduce reliance on agency staff and manage a staff vacancy factor (turnover rate) of 4% for specific groups of staff.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
P22	Step up of previous Early Years savings	On 30th November 2015 a consultation including plans for a new model for delivering a more joined up Early Years offer to support parents and young children was launched. The new services are planned to be in place by 1st September 2017. The savings shown here are the increases in savings which have been built into previous consultations. These savings will be achieved through a review of services pending the wider review.	Once we have got your views on the principles of how the changes set out in the Early Years Health and Wellbeing Consultation should work we may then develop more detailed proposals for services. We will hold a second period of consultation once we have these proposals to check we have heard you correctly and have the detail right. In addition to

Ref	Proposal	Description	Further detail
			the formal consultations there will be opportunities for people to become more involved in working with us to develop the proposals.
Maximising the Independence of Adults			
MIA2	Design and Implement a new approach to Special Educational Needs and Disabilities and move away from a high dependency model	The Council is proposing a long-term, wide ranging development of the services to children with special educational needs. This would involve working with the children, families, and partner organisations to design and implement the optimum approach to these services shaped by the use of shared data and intelligence, learning and best practice. This may include commissioning of new services, changes to the way services are delivered, and potentially de-commissioning of services. The intention would be to give children with special educational needs services which help them to prepare for adulthood so that they will have the best possible level of independence into later life	Working closely with partners including social care and housing, NHS colleagues, relevant community groups, charities, schools, Department for Work and Pensions, skills organisations and businesses. Engagement and consultation with families and children with special education needs
MIA3	Promote independent travel and reduce reliance on council funded transport, underpinned by clear policy	We propose to work with families and young people to develop travel solutions that enable the child or young person to access education in the same way that members of their peer group who do not have special educational need or disability would access their education. This includes travelling independently for young people and family based travel solutions for younger children. We want to actively encourage children and young people's	Working to understand the motivations and attitudes of families, showing them where a difference is being made and supporting them through change. Collaborating closely with all our key partners, such as schools, to present a consistent, structured message and keep

Ref	Proposal	Description	Further detail
		independence which can result in them developing a skill for life and will help to develop their confidence and social skills as well as increase their future options for continuing education/training and employment.	them up to date about our developments.
MIA5	Internal Care Services – Younger Adults Day Care	Birmingham City Council intends to reorganise its internally provided services so that people may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.	Offering people a reassessment of their needs and working with them to plan their future support. Securing specialist support planning services to help people to develop their own support plans. Extensive consultation with staff, service users and other stakeholders.
MIA6	Homelessness : licensing and enforcement in the private rented sector	We propose to make more information and advice available online for tenants and landlords. Access to direct phone support will therefore be restricted to high priority cases in an attempt to reduce the demand for telephone and face to face support. This will help us to refer tenants seeking help to appropriate agencies or to use online material to request landlords to carry out repairs, and enable us to focus on high priority cases.	The Council will still provide email and phone service but this will be for high priority cases and not for initial advice and information. The Council will ensure that information is available in key service centres such as libraries and Customer Service Centres to help tenants and landlords understand their

Ref	Proposal	Description	Further detail
			rights and responsibilities. The Council will work with local partners such as Homestamp, to ensure there is a range of advice points available to tenants and landlords, such as the recently launched Check Before You Rent mobile application (app) from Homestamp. The Council will refresh its webpages for the Private Rented Sector and provide more material for tenants to use to take initial action on their own behalf.
MIA7	Health & Prevention	This proposal is about reducing the need and therefore the demand for long term care services. The Council will encourage the development of a number of health and prevention schemes which aim to support people to live independently for as long as possible and help reduce the long term reliance upon support from Council services.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
MIA8	Older Adults Offer	In line with the Care Act and new ways of thinking we need to consider our policy 'A Fair Deal in Times of Austerity' and its implications over the forthcoming years – for example we need to be explicit about what this means for citizens and their responsibilities.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.

Ref	Proposal	Description	Further detail
MIA10	Redesign and integrate services at scale across the health and social care economy	Last year, the Government launched the Better Care Fund and the City Council and the 3 Clinical Commissioning Groups agreed a plan to improve health and social care for older people in the City. The Better Care Fund proposals last year included savings through the efficiency of joint working in 2015/16 and 2016/17. The first part of this proposal takes into account that further savings are likely to be made in 2017/18 and future years if these arrangements continue. The City Council needs to meet its statutory responsibilities in relation to adult social care as embodied in the Care Act 2014, but with a much reduced budget. The second stage of this proposal is essentially about trying to achieve this by jointly pooling/combining the entire Council spend on older adults, not just on adult social care, with all relevant NHS spend.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
MIA12	Improving the Customer Journey	Support social work staff in Assessment and Support Planning to be as efficient as possible in making sure every citizen has their adult social care needs met in the best way.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
MIA14	Introduce charges for Telecare and reducing spend on joint equipment contracts	Equipment may only be provided based on assessed need. This proposal may also mean the removal of the free telecare service to the majority of citizens.	More detailed consultation and engagement will take place before any changes are carried out, to get feedback from citizens including current users of the service.

Ref	Proposal	Description	Further detail
			Work will be undertaken with the market of suppliers to increase the range of options available. This will ensure that any potential gaps in service that may be created are addressed before any permanent changes are made. Care will be taken to address affordability issues and ensure that support remains in place to enable us to meet our statutory duties and help the most vulnerable
MIA16	Internal Care Review – Occupational Therapy	The Council is proposing to bring together both the Adult's and Children's Occupational Therapy teams into one service.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
MIA17	Internal Care Review - Home Care Enablement	Exploring opportunities to work closer with our NHS partners in the development of future enablement services and to explore opportunities to deliver 'enablement' in different ways through different providers.	Ensuring future providers have the skills and abilities to deliver better outcomes for people. Ensuring that the way in which enablement services are provided deliver better outcomes for people. Continuously monitor providers to provide assurance of quality.
MIA18	Internal Care Review - Care	The Council feels that it cannot provide residential care for older	Offering people a reassessment of their

Ref	Proposal	Description	Further detail
	Centres	adults in the Care Centres in a way which represents value for money when compared to providers of similar services within the care market. In order to ensure that it achieves better use of the public purse it must now explore alternative options for their future operation.	needs and working with them to plan their future support. Commissioning alternative services from other care and support providers to meet people's identified needs and outcomes.
MIA20	Internal Care Review - Older Adult Day Care	Birmingham City Council intends to reorganise its internally provided services so that people may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.	Offering people a reassessment of their needs and working with them to plan their future support. Securing specialist support planning services to help people to develop their own support plans.
MIA21	Internal Care Review – Learning Disability Short Breaks	Birmingham City Council intends to reorganise its internally provided services so that adults may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of	Offering people a reassessment of their needs and working with them to plan their future support. Securing specialist support planning services to help people to develop their own support plans.

Ref	Proposal	Description	Further detail
		the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.	
MIA30	Homelessness	We are proposing to make further changes to the service to improve the Council's services for homeless households in Birmingham. This will include two changes: a review of existing staffing structures, including a small reduction in the number of posts; an increase in the income secured through the letting of Temporary accommodation; and closer joint working with other Council services, particularly Landlord Services.	Continuing to ensure we only provide temporary accommodation that is affordable for a homeless household by maximising housing benefit income.
P10	Reduction in Adults Running Costs	For a number of years the Council has been seeking to ensure that the administration and management of all services is as efficient as possible. This means continually reviewing spend on supplies and services, transport and premises costs and indirect employee costs.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
P17	Step-up of savings re: Third Sector Commissioning and Supporting People	We propose to re-commission services provided through the third sector, reduce funding for housing support services to people with physical or sensory disabilities by 50%, and commission a redesigned Supporting People 'Disability housing support service'.	Previous experience of the contract mobilisation period demonstrates that this can be a complex process and may be unsettling for service users; learning from previous experience will be called on to minimise disruption and to ensure contracts are

Ref	Proposal	Description	Further detail
			mobilised on time.
MIA31	Public Health	The Government has announced significant reductions in the underlying level of the Public Health grant. We estimate that the impact of these changes will be a reduction of £7.7m in 2016/17 rising to £10.1m in 2017/18 with the prospect of further reductions as a result of changes to the formula which is used to allocate grant to local authorities. This will severely limit the number of areas of health prevention activity which can be funded by the Council. Detailed proposals will depend on further Government announcements which are expected over the next month. However, we anticipate that it will be necessary to reduce expenditure particularly in Lifestyle services such as weight management, smoking cessation, and promotion of healthy living, including the Wellbeing Service. We may also have to cease funding a range of services provided largely by the voluntary sector to support the 'Early Help Offer' to families.	Working closely with partners including NHS and social care colleagues, relevant community groups and charities, provider organisations and businesses.
Sustainable Neighbourhoods - Clean and Green			
SN1	Sharing of highways maintenance database with statutory undertakers	We are introducing a permit system for organisations wanting to carry out street works, to improve the quality of information we have about current and planned work. This will improve the information available to us which will help us to plan works and manage potential traffic disruption. We will charge organisations in order to recover the cost of managing the permits, and this includes the cost of any	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.

Ref	Proposal	Description	Further detail
		staff which are required as a result of implementing and running the scheme.	
SN2	The City Council will design and develop a modern transport network for the city in order to help develop attractive shopping areas, promote greener forms of transport and improve the environment.	We propose to reduce the reliance on car trips and improve air quality. These will be underpinned by a 'nudge' communications campaign to change travel behaviour and switch trips to other modes of transport.	The impact will be reduced by the "nudge" programme which will promote and communicate transport options to enable individuals and businesses to have choice. Road users and businesses would be consulted on the proposals, including the scope of the proposed zones, the vehicles to be covered by a charge and where appropriate the hours they would be in effect.
SN6	Reduce Reuse Recycle - Reconfiguration of waste collection services including review management arrangements for waste collection service once current waste disposal contract expires in 2019.	We will review our options ready for contract end in 2019, including considering potential market testing as part of the new contract after 2019 for the Street Cleaning and Waste/Refuse Collection services. We will also make some savings related to the mortgage on the incinerator. We will also reduce the amount of waste being disposed of.	We will ensure that the residents are properly informed of and consulted with on any proposed changes before implementation of the proposals.

Ref	Proposal	Description	Further detail
SN7	Reduce Reuse Recycle – Reduce failures/failed waste collections	We are proposing two changes to ensure that we collect the bins that are put out and that our waste and recycling collections are planned in the most efficient way: 1. The introduction of new technology will allow us to better track and monitor how our bins are collected and to ensure that the routes around the city that our crews take are being planned and monitored efficiently. This will enable us to maximise the productivity of crews and vehicles with appropriate round sizing taking into account terrain, property type, presentation points and assisted collections. 2. The use of technology and data systems to verify that collections have been correctly completed and that any claims of missed collections are justified.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN11	Reduce Reuse Recycle – Garden waste - opportunity to improve productivity and increase revenue	We propose to improve the efficiency of the service by improving green waste collection rounds and increasing the number of households that purchase the service. There are no proposals to increase the price of the service in 2016/17, however a price increase of £5 to £40 is proposed for 2017/18.	We will work with residents to minimise disruption and changes to the collection cycle. This will include a communications and marketing campaign, particularly around day changes.
SN15	Reduce Reuse Recycle - Align Clinical Waste collections with NHS policy	We propose that either the NHS takes responsibility for collection of hazardous clinical waste, or that it pays us to collect it. Both proposals will be discussed with the NHS.	We will consult with service users and the NHS about the proposal before any changes are implemented.
SN16	Reduce Reuse Recycle – Discourage traders from illegal use of the council's household	To reduce the amount of illegal trade waste at household recycling centres and the costs of this, we propose to provide separate commercial waste facilities for businesses to pay to bring in trade waste. These will	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or

Ref	Proposal	Description	Further detail
	recycling centres (HRCs)	be provided at existing HRC sites. Enforcement of these arrangements will be carried out by the Council's contractor.	if it needs to consult with them further.
SN17	Reduce Reuse Recycle – Reduce imported waste costs	We are proposing to charge non-Birmingham residents for using the Council's household recycling facilities and introduce better identification processes, such as Automatic Number Plate Recognition, to identify non-Birmingham residents and prevent them from using the City Council's household recycling centres without paying. These will reduce costs by reducing the amount of waste that Birmingham City Council has to process and dispose of	As the proposal develops the Council will need to let residents know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN18	Reduce Reuse Recycle - Passing initial cost of bins, waste collection and recycling onto the developers of new estates/ house builders	We are proposing to change Local Planning Policy to require that where a new estate /road is being built, the Developer has to provide individual or possibly street-based communal facilities for the storage of waste and recycling.	As the proposal develops the Council will need to let residents/developers know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN20	Redesign street cleansing and a combination of enforcement education and community marketing to encourage residents and businesses to keep streets/ footpaths tidy	Currently, the city's streets are cleaned the day after refuse and recycling collections. We are proposing to revise the street cleaning plans according to when it is required.	Proposed Mitigation: The changes will be monitored and reviewed on a regular basis with a view to adjusting where necessary As the proposal develops the Council will need to let residents and businesses know if there is any more

Ref	Proposal	Description	Further detail
			detail or information to provide to them or if it needs to consult with them further.
SN35	Expansion of City Centre on-street parking, concessions and restrictions	Digbeth is one of the largest areas of the city centre without controlled parking measures. The proposal is to develop and implement a controlled parking zone in this area.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN36	Biodiversity Supplementary Planning Document	We plan to free up some capacity within the Ecologist team to provide ecological services to Council departments that currently commission external consultants to deliver their requirements.	Not applicable.
SN37	Transport joint data team	In retendering the contract in 2018/19 we expect to generate efficiencies which will result in a saving.	Not applicable.
SN51	Vehicle Fleet and Depots Improvement	A rationalisation of the operational facilities and optimising the use of our vehicle fleet (minimising the downtime of vehicles and optimising the routes to reduce fuel and repair costs).	As the proposal develops the Council will need to let residents or businesses know if there is any more detail or information to provide to them or if it needs to consult with them further.
E1	Private development delivery of Highway Change	We work with private developers on new roads and improvements to existing roads required as a result of new developments. We are proposing to improve the final sign off process.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs

Ref	Proposal	Description	Further detail
			to consult with them further.
E2	Reduce the Council's energy bill	We propose the creation of a Corporate Utilities Management function to analyse information about our energy use.	Not Applicable
E19	Establish an Energy Services Company	The council would look to an existing utilities provider to establish a local Community Energy Company providing cheaper, greener energy to people in Birmingham. The greatest cost-cutting would be delivered to those on prepayment meters. The partner company would operate the company itself and the Council would assist with customer acquisition. The cost of this to the Council would be covered by a negotiable rebate from the chosen partner energy company.	If this proposal were to go ahead we would need to monitor the take up of this service to determine if any protected groups were being excluded from access to it in any way - and to take remedial action.
Sustainable Neighbourhoods - Community Services			
SN24	Provide above ground mausoleums and vaults in cemeteries that are closed for new burials	We propose 4 changes to the service: 1. The installation of above ground Mausoleums; 2. Installation of Vaults; 3. Digitisation of records; 4. Booking system made available online	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN26	Discontinue Non Framework Contract at Health and Wellbeing Centres	The council intends to withdraw from or no longer fund the following sites in April 2016: • Colmers Community Leisure Centre; • Bartley Green Community Leisure Centre; • Great Barr Community Leisure Centre; • Hamstead Pavilion. In addition, we propose that: • When the new Sparkhill Pool opens in	Colmers, Bartley Green and Great Barr Community Leisure Centres are all on school sites, and therefore to reduce the impact, we will be discussing with the schools if they could continue to open

Ref	Proposal	Description	Further detail
		17/18, Moseley Pool and Court Road Fitness Centre will close: • When the new Northfield Pool opens in 18/19, Tiverton Road Pool will close, and • When Icknield Port Loop Pool opens in 19/ 20, Aston Newtown Pool will close.	these sites to the community outside school times. Alternatively, we could look at reducing expenditure at these sites so the service can run without funding from the council, e.g. moving to a club-based approach and looking at reducing opening times during traditional times of low usage. These alternatives will reduce the impact of changes.
SN28	Reduction in costs (Parks)	We are proposing to restructure the management of the Parks Service and the associated trading activities, and continue to manage and maintain the Council's green estate.	We will discuss the proposal with relevant partners and stakeholders, including Friends of groups/Birmingham Open Spaces Forum. As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN31	Offer the Trekking Centre to the market as a franchise opportunity	We are proposing to offer the Trekking Centre to the market as a franchise opportunity.	We will work with the successful provider and with Riding for the Disabled Association to ensure that no protected groups are adversely

Ref	Proposal	Description	Further detail
			<p>affected. We will write into the contract prices for the services must be agreed with the council.</p> <p>In negotiating the new contract the interests of any protected groups will be taken into consideration.</p>
SN32	Income Generation from Cofton Nursery	The Cofton Nursery re-development is scheduled to start early in 2016/17 and the site will be closed for operations during a significant part of the year. During this time savings will be achieved through reduced costs and redirecting resources into other activities. When the re-developed nursery becomes operational savings will be achieved through additional income and a more efficient operation.	Not applicable
MIA13	To integrate independent living services with enablement services to enable the co-ordination and provision of major adaptations with other care and support assessments	To move the Independent Living Service (currently in Place Directorate) into Enablement Services (People Directorate). This will improve the coordination of assessment and provision of major adaptations (to residents' homes) and provide alternative care and support services.	Not applicable
SN38	Cease all investigations into dog cruelty matters	The proposal is that the Council will no longer investigate or accept complaints relating to the ill treatment of dogs from the 1st April 2016. It is not our legal duty to provide this service. In most	Not applicable

Ref	Proposal	Description	Further detail
		other areas of the country, this is done by dog charities, in particular the RSPCA. We will refer people who have a complaint to animal welfare charities.	
SN40	Evaluate options for extending the range of the Council's rented property offer	The proposal is to extend the current role of the internal housing company, to build or acquire further new homes. It will look at the different options for how the Council increases its range of rented properties.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
MIA22	Transfer out of hours calls from the Contact Centre to housing repairs contractors/third party service providers	We propose that all calls between 8 am and 8 pm Monday to Friday would be handled within the Birmingham City Council Contact Centre but between 8 pm and 8 am and all weekends and bank holidays, calls would be transferred to contractors.	Citizens would be directed to the website for further information and the online forms in order to make a service request for non-emergency issues. Citizens will be given notice of the proposed changes via contact centre advisors, the website, automated messaging, emails and social media so customers used to calling between 8am and 9am and 5pm and 8pm can change their calling habits.
MIA23	Change opening hours of Contact Centre to 9-5 and press for increased use of web	We propose to stop taking non-emergency phone calls outside of 9am-5pm and direct customers to online self-service forms and website information	Citizens would be directed to the website for further information and the online forms in order to make a service request for non-emergency issue.

Ref	Proposal	Description	Further detail
			Citizens will be given notice of the proposed changes via contact centre advisors, the website, automated messaging, emails and social media so that customers used to calling between 8am and 9am and 5pm and 8pm can change their calling habits.
SN42	Increase income generation from golf contract	Increased income will be generated from the golf contract.	Not applicable
SN43	Community Leisure Centres	We propose to renegotiate the contract to generate savings.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN44	Reduction in costs (Sport)	We have identified additional savings following outsourcing.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN45	Disposal of unwanted/ under-utilised parks land (8 acres per year)	It is proposed that the Parks Service disposes of unwanted or underused land. It is proposed that 8 acres per annum, for the next four years, will be	As the proposal develops the Council will need to let impacted groups know if there is any

Ref	Proposal	Description	Further detail
		transferred to our Housing service for them to build more new homes.	more detail or information to provide to them or if it needs to consult with them further.
SN50	Community Safety	It is proposed to secure funding from the community safety fund to partially fund the public realm CCTV and the Safer Places Team that works locally with partners to deliver the community safety programme.	We will work closely with our partners on the Local Crime Panel to agree the key priorities for 2016/17 and to protect as far as possible the key programmes that support and improve local community safety.
PL31	Emergency Planning and CCTV	We are proposing to reduce the number of staff that monitor CCTV.	We propose to invest in new equipment which will allow the staff providing the control room function to also monitor CCTV so that it will be easier for a reduced number of staff to deliver the service.
CC30	Affordable Homes element of New Homes Bonus grant	A reduction in the support that is provided for the development of new affordable and social housing schemes (the empty property team will be protected and will be unaffected).	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.

Ref	Proposal	Description	Further detail
Sustainable Neighbourhoods - Learning and Asset Use			
SN4	Extend parking charges at parks	We propose extending the current car parking scheme at Sutton Park; charging all year round instead of only during the summer months. We also plan to introduce charges at other sites including Cannon Hill Park, Lickey Hills Country Park, Rectory Park, Victoria Common, Perry Park and Edgbaston Reservoir. This will generate income for the council. The parking schemes will be managed by an external contractor.	A survey will be undertaken in the surrounding roads to assess the impact of drivers parking there rather than in the park to avoid the charge. Designated parking bays will be allocated to disabled users and highways services protocol (2 hours free parking) will be followed in relation to charges for Blue Badge Holders.
SN9	Introduce a GIS mapping system to enable more efficient reporting of street scene issues	We propose to introduce a GIS mapping system to combine our data with geographic information and make it quicker and easier to report and identify faults and issues.	Not applicable
SN12	Young Active Travel	We will maintain the current level of the school crossing patrol service, but will evaluate a range of options, including setting up a Trust, to reduce the costs to the Council. We will seek opportunities for identifying external sources of funding. Councillors, schools, parents and communities will work together to develop their active School Travel Plans, including the development of other safety measures and travel plans.	The council will explore opportunities for maintaining services at a reduced cost to the council including through the development of a trust and or identifying external sources of funding. We will continue to integrate safety around schools in Transport Policies and the developing Road Safety Strategy, continue to develop strategies that encourage

Ref	Proposal	Description	Further detail
			sustainable, alternative means of travel such as walking and cycling, encourage more schools to work with parents to set up walking buses, continue to install alternative road safety measures where capital funding allows and criteria for investment can be met, encourage schools to offer road safety education, with support from specialist road safety organisations such as BRAKE and RoSPA.
SN13	Reduce number of play areas.	We are proposing to amend the play policy by increasing the distance to provide a play area to within 800 metres of every dwelling.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN14	Disposal of local Council Car Parks or cover their costs through charges	We propose 3 changes: (1) An increase in the current tariff of charges for existing local Pay & Display car parks (2) The introduction of Pay & Display charges at currently free car parks (3) A small number of local car park disposals may be considered where the parking demand is low	We will try to ensure that the council's local car parks remain competitively priced compared to city centre, on-street and private commercial operators charges. Disabled motorist displaying a blue badge will still be entitled to park without charge on the council's local car parks.

Ref	Proposal	Description	Further detail
SN19	Transfer Queslett landfill site to alternative ownership	We are proposing to transfer Queslett landfill site to alternative ownership. This would reduce the responsibility of the Council to staff and maintain the site.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN21	Removal of Universal Superloos	We are proposing to stop providing 'Universal Superloos' from 2016/17.	We would need to consult with groups who are more disadvantaged from this proposal, such as those with a disability and parents with young children. Any closures will be carried out in accordance with the appropriate BCC contractual procurement and legal processes.
CC27	Open for Learning, which includes a major programme to redesign and rationalise local assets to deliver a service focused not asset focused approach	We propose to bring together our services and those services delivered by our partners to reduce the amount we spend on buildings. This will mean we will probably dispose of some of our council-owned buildings so we can minimise the impact on front-line delivery. We will also explore how far we can reduce the amount of space it takes to deliver the services by working in partnership and by using technology differently. This approach means that libraries, adult education and early years services in the future will need fewer separate buildings.	We will target resources to provide early help and to reach those at risk in order to ensure we support the most vulnerable. We will work with local communities through existing partnerships to ensure the local communities play an integral part in the Open for Learning offer. We will also work with the private sector to consider how best to support our Open for Learning approach, in

Ref	Proposal	Description	Further detail
			particular through their corporate social responsibilities
Economic Growth and Jobs			
EGJ1	Improve investment returns from properties owned for investments	We propose to sell our properties that are not generating enough income and buy new investments that will generate more income.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
EGJ2	Charging more costs to capital projects	As we deliver more capital projects some of our costs can be charged to their delivery.	Not Applicable
EGJ6	Creating a more balanced financial strategy for arts and culture shaped and funded by a wider range of partners and stakeholders	We propose to reduce the funding from the council to arts and culture from 2017/18.	If entrance fees are introduced then the pricing policies will include concessionary schemes for people on low incomes, people with disabilities etc.
EGJ7	Create a commercial model for business support	We do not have a legal duty to offer advice to businesses, but it has traditionally formed part of our role and has been offered free of charge. We propose the creation of a small unit to offer paid-for advice and support to businesses and other local authorities, across the range of services delivered by Trading Standards, Licensing and Environmental Health. Support could include training courses or one to one advice.	Not Applicable
EGJ8	Create a West Midlands-wide trading standards	Our proposal is to approach the six other district councils in the West Midlands with a view to creating a West Midlands-wide	By working as a combined service trading standards can target consumer

Ref	Proposal	Description	Further detail
	service	trading standards service, with effect from 1st April 2018. A saving has been identified in terms of management overheads.	fraud and unfair trading practices
EGJ9	Broadening the income base for Marketing Birmingham	It is proposed to reduce the cost to the City Council of the contract with Marketing Birmingham through broadening the income base to include contributions from other organisations.	Not Applicable
SN39	To improve income from planning applications and pre application support as the economy improves and lobby the government for more freedoms regarding the setting of planning fees	The service expects to receive more planning applications as the economy improves, this will increase income. The Council is in discussions with Government to allow local authorities to set planning fees to fully cover its costs. If this is agreed, at least a 20% increase in fees may be needed. We think that agreeing a change in the law and implementing it would take 2 years.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
EGJ10	Self-financing of the Employment and Skills Service (ESS)	We propose to reduce activities and consolidate the budget of the ESS and Economic Research & Policy teams and increase income from external funding sources.	Working closely with our strategic and operational partners such as the GBSLEP to plug gaps in locally commissioned or delivered services. Giving priority to accessing funding and human resources that support BCC / GBSLEP priorities. Implementing identified opportunities for joining up and co-locating services Making the transition to the new service over a period of time.

Ref	Proposal	Description	Further detail
E3	More closely aligned functions with partners in the public and private sectors from across the city region	We propose to align a number of service areas so that the region benefits from a more coordinated delivery of economic services, whilst the individual local authorities are about to reduce the cost of service by a reduction in overheads.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
E21	Birmingham Property Services	Last year we proposed to reduce: <ul style="list-style-type: none"> • the number of staff in the Birmingham Property Services team; • the number of vacant properties in our commercial property portfolio; and • office security costs. In addition, we proposed to increase rental income from our investment property portfolio. We are planning to bring forward some of these savings from 2017/18 into 2016/17.	BPS will attempt to mitigate the impact by improved work allocation and close management of internal and external resources.
The Changing Workforce			
WOC1	Workforce proposals requiring changes to terms and conditions	We will review the terms & conditions of our employees to reduce the costs of employment whilst ensuring that there remains a core offer that is fair, legally compliant and aligned to our Living Wage City commitment. We propose to consult with staff and Trades Unions around a package of changes that could include: a new deal on holidays, more flexible working, increasing the number of hours in the working week, reducing sick pay and other changes that may impact pay.	We will support our employees to develop and expand their skills & experience, offering wherever practical a more flexible & agile way of working. We will continue to be a Living Wage employer and will encourage other employers in the City to join us
WOC2	Improving efficiencies	We want to make sure that all services have clear plans regarding how they spend money on workforce costs. This is so the Council can better manage	We will support our employees to develop and expand their skills & experience, offering wherever

Ref	Proposal	Description	Further detail
		<p>spending on the use of resources such as: agency workers, consultants and casual workers. We also want to create more opportunities for local people through the expansion of our apprenticeship and intern schemes. Whilst we need to reduce our costs of employment we also need to ensure that we remain competitive and comparable with modern working practices and that we can continue to recruit and retain the best employees, so that we can provide excellent services to our citizens. We will do this by enabling more employees to be able to work agilely, and support them to develop their skills, experience and careers.</p>	<p>practical a more flexible & agile way of working. We will continue to be a Living Wage employer and will encourage other employers in the City to join us</p>
Council Wide			
CC1	Restructure the Corporate Communications team	The LGA will provide independent advice on how Birmingham City Council can structure its Corporate Communications function with a specific focus on creating a modern, efficient and integrated communications service.	Supporting the organisation's key corporate priorities.
CC2	Stop production of the BCC residents' newspaper 'Forward' in printed format and go online	Forward will no longer be produced in printed format but will be published online. This will mean that budget savings will be delivered from reduced design, print and distribution costs. The Corporate Communications team will focus on improving digital communications channels with residents and key stakeholders.	We will improve the council's digital communications with residents and key stakeholders.
CC3	Reduce marketing budget	It is proposed to reduce the corporate marketing budget.	Not Applicable
CC4	Stop colour printing	Stop colour printing	Not Applicable

Ref	Proposal	Description	Further detail
CC8	Outsource all procurement below £100k	To create an external process to manage buying low value goods and services.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
CC13	Targeted net improvement in the housing benefit subsidy	The proposal is to reclaim Housing Benefit Grant overpayments.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
CC14	Redesign Council Tax Support Scheme to simplify the process and streamline administration	The Council is proposing to develop a simplified scheme that will continue to provide financial assistance for groups on low income and protect the vulnerable. The simplified scheme should make it easier for claimants to complete the application process and develop a clearer understanding of what they may be entitled to receive. At the same time the opportunity will arise to achieve savings by minimising back office administration resulting in less resource requirement and reduced IT support costs.	Detailed financial analysis/modelling will be conducted into the effects of the different proposal to claimant profile groups to gauge the impact and minimise the numbers that may be affected.
CC15	Reduce Council Tax Discretionary Hardship Fund	We propose to reduce the current Council Tax Discretionary Hardship Fund, based on expected demand from past experience.	As the proposal develops the Council will need to let impacted groups know if there is any

Ref	Proposal	Description	Further detail
		This saving has been taken into account when setting the tax base.	more detail or information to provide to them or if it needs to consult with them further.
CC16	Reduce Local Welfare Assistance Provision Scheme	The Government has ended Local Welfare Assistance funding but the Council has earmarked reserves to continue this for 2016/17. The Council now proposes a much smaller reduction down to the level of current demand, allied to administrative efficiencies. From 2017/18 onwards the council has identified additional funding of £1.3m and will also work with partners to seek extra funding to supplement this,	The 2016/17 budget is being maintained at the current level of demand and additional funding will be sought for later years. In addition, we will try to reduce the impact by signposting to other potential sources of assistance.
CC17	Reduction in expenditure and subsidy loss for exempt accommodation cases by assisting these providers to become registered social landlords	The change to this service will be to encourage some of the private sector landlords to become regulated providers. This change will then allow the City Council to claim more subsidy from central government which will achieve the savings.	Not Applicable
CC19	Revenue Services Transformation Programme to reduce Revenues Contract price further with Service Birmingham.	The Council is working with Service Birmingham to identify ways to reduce the contract price from 2016/17 until the end of the contract in 2021.	Not Applicable
CC21	Universal Credit Changes	With the introduction of Universal Credit, we are expecting to receive less calls relating to	There is an overall Universal Credit project which will

Ref	Proposal	Description	Further detail
	permitting staff reduction in the Contact Centre	Housing Benefit, because people on Universal Credit will not be receiving this benefit from the Council, they will be receiving it from the Department for Work and Pensions.	identify and manage the impacts.
CC22	Pay suppliers faster in exchange for discounts	The Council currently pay suppliers' bills after 30 days. The Council now proposes to pay suppliers earlier in exchange for receiving a discount.	Not Applicable
CC23	To reduce the amount the Council spends on Information and Communication Technology (ICT) over the next few years	After a detailed review of its ICT strategy and service requirements, the Council is proposing to reduce the amount it spends on ICT over the next 4 years. The Council would normally borrow money to pay for these ICT improvements, but by borrowing less the Council will have less debt and will pay less interest on what it had planned to borrow.	Not Applicable
CC24	Reducing the affordability gap to the Council resulting from existing BSF schools contracts	The Building Schools for the Future (BSF) Programme provided Capital Grant Funding. We were required to ensure that each Design and Build project was supported by a Facility Management (FM) arrangement where a 3rd party organisation runs the building on the School/ Academies behalf. The cost of the FM contracts are met by the Council and each School/ Academy contributes its former premises related budget to support the arrangement. However, these budgets do not meet the full cost of the contract. As a consequence there is a cost to the Council. It is proposed to re-scope services within each of the contracts.	Not Applicable

Ref	Proposal	Description	Further detail
CC25	Maximising opportunities for accounting for capital costs	Capital accounting regulation allows certain costs to be charged to Capital projects. The costs identified in this proposal are currently charged to the revenue budget and they will now be charged to the capital budget ensuring consistent treatment with other similar projects elsewhere within the Council.	Not Applicable
CC26	Council administrative buildings reduction	The future demand for office space for the Council is expected to drop as the Council redesigns its services.	Not Applicable
E25	Support Services	<p>We are proposing to:</p> <ul style="list-style-type: none"> - Make substantial staffing reductions; - Increase efficiency; - Maximise opportunities to charge for services; - Place more responsibility with line managers 	<p>Consultation with staff and other stakeholders.</p> <p>Clearly defining managers' roles and the role of support services.</p> <p>Taking steps to bring about the change in culture and develop the new management skills that will be needed; including improvements to technology, processes and online advice to support managers.</p>

APPENDIX 2: BIRMINGHAM CITY COUNCIL REVENUE GRANTS

Grant	Adjusted 2015/16 Budget £m	2016/17 Budget £m	Variation £m	2017/18 Budget £m
Revenue Support Grant ¹	286.898	226.587	(60.311)	177.753
Top Up Grant	126.015	127.067	1.052	129.566
Subtotal Core Grants	412.913	353.654	(59.259)	307.319
Small Business Rate Relief ²	5.606	6.221	0.615	6.221
Other Section 31 Grant Relating to Business Rates ²	8.531	4.785	(3.746)	4.785
New Homes Bonus Topslice: Returned Funding	1.048	0.750	(0.298)	0.000
New Homes Bonus	16.801	19.819	3.018	20.686
Improved Better Care Fund	0.000	0.000	0.000	6.728
Subtotal Corporate Grants	31.986	31.575	(0.411)	38.420
Directorate Grants				
Public Health Grant	92.062	95.571	3.509	93.215
Better Care Fund	32.163	54.502	22.339	75.963
The Private Finance Initiative (PFI) - Highways	50.311	50.311	0.000	50.311
The Private Finance Initiative (PFI) - Education	18.232	18.232	0.000	18.232
Education Services Grant	13.500	12.092	(1.408)	12.092
Birmingham Adult Education Services from Skills and Education Funding Agencies	11.144	10.758	(0.386)	10.758
Housing Benefit and Council Tax Subsidy Admin Grant	8.199	7.678	(0.521)	7.678
Independent Living Fund	0.935	4.499	3.564	4.349
Troubled Families grants	5.180	4.234	(0.946)	6.946
Illegal Money Lending Team	3.605	3.605	0.000	3.605
MAST/PE Teacher Release Funding	2.265	2.207	(0.058)	2.207
Youth Justice Board Grant	2.217	1.982	(0.235)	1.982
Community Safety Fund	2.498	1.873	(0.625)	1.873
New Homes Bonus Affordable Homes element	0.975	1.243	0.268	1.243
SEND Implementation	0.795	0.898	0.103	0.898
Local Reform and Community Voices	0.754	0.754	0.000	0.754
Asylum Seekers	0.225	0.662	0.437	0.622
Remand Framework Allocation	0.622	0.627	0.005	0.627
European Capital of Running	0.000	0.529	0.529	0.404
New Burdens DWP Welfare Reform Grant	0.350	0.342	(0.008)	0.342
Staying Put Grant	0.150	0.300	0.150	0.300
Police and Crime Commissioner Grant	0.273	0.273	0.000	0.273
Scam Busters	0.260	0.261	0.001	0.261
Opticities	0.000	0.200	0.200	0.000

Grant	Adjusted 2015/16 Budget £m	2016/17 Budget £m	Variation £m	2017/18 Budget £m
Direct Salaries Grant	0.186	0.186	0.000	0.186
Core Cities	0.000	0.179	0.179	0.000
Home Office Prevent Programme	0.193	0.151	(0.042)	0.151
Climate Change KIC	0.132	0.150	0.018	0.000
City 4 Age	0.000	0.130	0.130	0.032
Local Sustainable Transport Fund Contingency	0.000	0.128	0.128	0.025
Extended Rights to Free Travel	0.105	0.105	0.000	0.105
Home Office Prevent Grant - Community Outreach	0.000	0.096	0.096	0.096
Natural England Grant for Higher Level Stewardship in Sutton Park	0.095	0.095	0.000	0.095
Magistrates Grant	0.085	0.078	(0.007)	0.074
Police and Crime Panel	0.066	0.066	0.000	0.000
Home Office Prevent Grant HEFE Coordinator	0.036	0.065	0.029	0.065
Home Office Prevent Grant - Pathwayz	0.000	0.064	0.064	0.064
Optimum	0.000	0.063	0.063	0.040
Open Transport Network	0.034	0.060	0.026	0.000
Home Office Prevent Grant Programme Analyst	0.038	0.055	0.017	0.055
Home Office Prevent Grant - Upstanding Neighbourhoods	0.035	0.048	0.013	0.048
Home Office Prevent Grant - Young Leaders	0.000	0.048	0.048	0.048
Youth Justice Board Grant - Unpaid Work Order	0.035	0.046	0.011	0.046
Home Office Prevent Grant - Supporting Families	0.000	0.042	0.042	0.042
Home Office Prevent Grant - Tapestry	0.000	0.032	0.032	0.032
Natural England Grant for Higher Level Stewardship Grasslands	0.025	0.025	0.000	0.025
Home Office Prevent Grant - Raising Voices	0.000	0.020	0.020	0.020
Opticities European FP7	0.122	0.020	(0.102)	0.000
Climate Change ELIPTIC	0.000	0.011	0.011	0.009
Natural England Grant for Higher Level Stewardship Lickey Hills	0.009	0.009	0.000	0.009
Arts Council England - Wardrobe Funding	0.000	0.008	0.008	0.000
Home Office Prevent Grant - Internet Safety	0.000	0.008	0.008	0.008
Climate Change CEPPI	0.000	0.000	0.000	0.045
Bikeability Grant	0.229	0.000	(0.229)	0.000
Birmingham Connectivity Voucher & Business Support ERDF Grant	0.036	0.000	(0.036)	0.000
Business Development Programme GBSLEP	0.559	0.000	(0.559)	0.000
Business Innovation	0.314	0.000	(0.314)	0.000

Grant	Adjusted 2015/16 Budget £m	2016/17 Budget £m	Variation £m	2017/18 Budget £m
Climate Change SPEA	0.181	0.000	(0.181)	0.000
Council Tax Support New Burdens Funding	0.307	0.000	(0.307)	0.000
Counter Fraud Fund	0.076	0.000	(0.076)	0.000
Enterprising Catalyst 2 Project ERDF	0.964	0.000	(0.964)	0.000
Green Bridge	1.503	0.000	(1.503)	0.000
Home Office Prevent Grant - Prevent Evaluation	0.008	0.000	(0.008)	0.000
Investing in Enterprise Space A34/A47 and A41 Corridors	0.022	0.000	(0.022)	0.000
Investing in Enterprise Space Digbeth and Jewellery Quarter	0.024	0.000	(0.024)	0.000
Single Homeless Fund	0.156	0.000	(0.156)	0.000
Site Delivery Fund	0.035	0.000	(0.035)	0.000
Social Care in Prisons Grant	0.205	0.000	(0.205)	0.000
Technical Assistance ERDF Future Funding	0.188	0.000	(0.188)	0.000
Tyseley Property Assistance Package	0.012	0.000	(0.012)	0.000
Womens Enterprise Centre Grant	0.127	0.000	(0.127)	0.000
Youth Music Programme	0.046	0.000	(0.046)	0.000
Subtotal Directorate Grants	252.903	275.621	22.718	296.255
Expenditure Reimbursement Grants				
Mandatory Rent Allowances: subsidy	345.529	345.749	0.220	345.749
Rent Rebates Granted to HRA Tenants: subsidy	201.658	201.000	(0.658)	201.000
Discretionary Housing Payments (DHPs)	3.052	3.052	0.000	3.052
Higher Education Funding Council (HEFC)	0.786	0.736	(0.050)	0.736
Subtotal Expenditure Reimbursement Grants	551.025	550.537	(0.488)	550.537
Direct Schools Funding Grants				
Dedicated Schools Grant (DSG)	709.141	696.408	(12.733)	696.408
Pupil Premium Grant	60.010	57.887	(2.123)	57.887
Sixth Form Funding from Education Funding Agency	17.550	17.227	(0.323)	17.227
Universal Infant Free School Meals	9.884	10.088	0.204	10.088
Subtotal Direct Schools Funding Grants	796.585	781.610	(14.975)	781.610
Total Grants	2,045.412	1,992.997	(52.415)	1,974.141

1. 2015/16 budget has been adjusted for those specific grants rolled into RSG from 2016/17 in order to be able to make a like for like comparison between the years
2. Excludes grants payable to the Enterprise Zone

Further Information on Grants over £5m

Public Health Grant - £95.6m

Since 1 April 2013 the City Council has been responsible for providing a range of public health services including sexual health, smoking cessation, drugs and alcohol abuse and promoting healthy lifestyles. Funding is received by the Council as a ring fenced grant and is overseen by the Health and Wellbeing Board. Most of the funding is spent on services commissioned from NHS Trusts, Primary Care contractors, the Third Sector and the City Council.

The grant is ring-fenced and can only be used on public health related activities set out in a range of legislation and included in the grant conditions. The activities also need to be in line with the Health and Wellbeing strategy and, most importantly, Public Health Outcomes will have to improve to reduce the risk of a loss of funding in the future.

The Department of Health confirmed the Public Health Grant allocations for 2016/17 on 11 February 2016. The amounts provided to Birmingham for the provision of Public Health services will be £95.6m in 2016/17, an overall increase of £3.5m to the amount expected to be received when the budget was set for 2015/16. This increase is due to a combination of factors as described below:

- On 4 June 2015 public expenditure reductions announced by the Chancellor included £200 million to be saved from the Public Health Grant. The reduction in the City Council's Public Health Grant was £5.7m.
- As part of delivering its vision of improving the health outcomes of children and young people the Government transferred the responsibility for commissioning 0-5 year old children's public health services from NHS England to Local Government on 1 October 2015. The full year effect of this change has resulted in the City Council receiving additional Public Health Grant of £11.2m for 2016/17.
- As part of the Government's Spending Review in November 2015, further reductions were announced. This has resulted in a loss of £2.0m for the City Council.

The announcement in February 2016 advised that Birmingham should expect an indicative allocation of £93.2m for 2017/18.

Better Care Fund - £54.5m

The Better Care Fund (BCF) was announced in June 2013 to drive the locally-led transformation of services to ensure that people receive better and more integrated care and support. The fund has been made available to assist in the improved integration of health and social care services, including through pooled budget arrangements between local authorities and Clinical Commissioning Groups (CCGs).

For Birmingham, the Council's Cabinet in March 2014 endorsed the principle of a BCF joint pooled budget for Older Adult Social Care and health integrated provision between BCC and local NHS CCG's.

Funding will continue into 2016/17, and it is estimated that £54.5m will be available to the City Council in that year. This includes the impact of the first year of plans for savings to be achieved through the re-design and integration of services across the health and social care economy, as set out elsewhere in this document.

In the Spending Review 2015 the Government announced that it will be making additional funding available to local authorities; this will be available from 2017/18, rising to £1.5bn nationally by 2019/20. For Birmingham, £6.7m is expected to be available in 2017/18, rising to £52.4m in 2019/20. It will be noted that the Council's financial plans include a further significant level of savings to be achieved from 2017/18 onwards through the re-design and integration of services across the health and social care economy. Therefore, whilst this additional BCF resource is being treated as a corporate resource, it is expected that it will be made available to fund additional care services, to facilitate investment in order to deliver the savings in the plan or to mitigate budgetary pressures should there be any under-achievement of the required level of savings.

Birmingham Adult Education Services from the Skills and Education Funding Agencies – £10.8m

The City Council will receive a grant of £10.8m in 2016/17 to continue to provide Adult Life Long Learning Services (this includes the provision of an Adult Skills Programme and a Community Learning Programme for a diverse range of local people from the age of 18 years).

Housing Benefit and Council Tax Benefit Subsidy Administration Grant - £7.7m

The City Council has estimated that it will receive a base allocation from the Government of £7.7m in 2016/17. This is a reduction of £0.5m from the grant given in 2015/16. The cost of the service will be managed within this reduced resource envelope.

Private Finance Initiative Grants - £68.5m

The City Council will continue to receive funding for Private Finance Initiative (PFI) projects of £68.5m being £50.3m for Highways and £18.2m for schools. Whilst this funding is unringfenced, it is needed to meet contractually committed payments and is not available to meet City Council expenditure generally, other than on a temporary basis and requiring repayment.

Education Services Grant - £12.1m

Education Services Grant (ESG) (an unringfenced grant), estimated at £12.1m, is provided to reimburse the City Council for costs and commitments it continues to incur from its General Fund on behalf of maintained schools. Part of the Authority's allocation is paid to Academies directly by the Education Funding Agency to allow them to make their own provisions, the balance is then paid to local authorities on a per pupil basis as ESG.

The estimated figure represents a reduction of £1.4m compared with 2015/16. This is due to schools converting (known and estimated) to Academies which means funding is transferred as Academies take on the responsibility for securing these services. 2016/17 has also seen a further reduction in the funded pupil rate at which part of the grant (excluding the retained duties element) is paid, from £87 to £77 per pupil.

The Government announced in the Spending Review 2015 that it plans to phase out the additional funding received through ESG although it also announced that it would reduce the local authority role in running schools and remove a number of statutory duties. The Government plans to consult on policy and funding proposals in 2016 and so details are not yet available on the financial implications of this change. Financial plans (both income and expenditure) will need to be adjusted once further information becomes available.

Other Directorate Revenue Grants

In addition to the main grant funding streams, smaller specific grants continue to be received from Government. Services will need to manage within the level of grant that they receive. A full breakdown of all grants the City Council expects to receive in 2016/17 can be seen in the table at the start of this Appendix.

Schools Funding

Schools receive funding via a variety of different grant streams, the main ones being:

- Dedicated Schools Grant
- Pupil Premium
- Universal Infant Free School Meals
- Education Funding Agency

A summary of how schools' funding is applied can be seen in the Table below:-

Schools' Funding Summary 2016/17

	DSG	Pupil Premium	Universal Infant FSM	EFA - Post 16	Total
	£m	£m	£m	£m	£m
Schools Delegated	505.6	54.5	10.1	17.2	587.4
Early Years	79.9	0.0	0.0	0.0	79.9
High Needs Top-Up	74.0	0.0	0.0	0.0	74.0
Central	36.9	3.4	0.0	0.0	40.3
Sub-Total – City Council	696.4	57.9	10.1	17.2	781.6
Academies & other Recoupment	403.7	35.2	3.2	0.0	442.1
Total	1,100.1	93.1	13.3	17.2	1,223.7

Dedicated Schools Grant (DSG) - £696.4m

DSG is allocated to Local Authorities in three blocks and local authorities are allowed to vire between the three blocks to address any specific needs or pressures. Birmingham has currently set its blocks at the following amounts – final allocations will not be confirmed until late February/early March after consultation with the Schools Forum.

Allocation of Dedicated Schools Grant 2016/17

	Schools Block	Early Years Block	High Needs Block	Total
	£m	£m	£m	£m
Schools Delegated	473.1	0.0	32.5	505.6
Early Years	0.0	79.9	0.0	79.9
High Needs Top-Up	0.0	0.0	74.0	74.0
Central	19.1	2.2	15.6	36.9
Sub-Total City Council DSG	492.2	82.1	122.1	696.4
Academies & other recoupment	382.5	0.0	21.2	403.7
Gross DSG	874.7	82.1	143.3	1,100.1

- Schools block (covering provision in mainstream schools from Reception to Year 11): Funding from the DfE is based on a funding rate per pupil, which for 2016/17 is £5,218.42, and pupil numbers primarily derived from the October 2015 pupil census data. Birmingham has therefore set the schools block at £874.7m. Current estimates indicate that of this total, £382.5m will be recouped by the DfE for Academies, and the balance of £492.2m will be available for maintained schools and remaining items of centrally managed commitments.
- Early Years block (covering nursery schools, nursery classes and private, voluntary and independent sector providers of early years provision (PVI's)). The 2016/17 allocation of £82.1m is for 3 and 4 year olds and is based on a rate per pupil (£5,215.79) and forecast January 2016 census data. It also covers funding for centrally managed commitments but decisions on the exact amount will be subject to School Forum approval in February. The allocation also includes funding for targeted 2 year olds.
- High Needs block (covering pupils with high needs – defined by the DfE as those requiring provision costing in excess of a given threshold – in special schools, resource bases, pupil referral units and mainstream schools): The 2016/17 allocation is £143.3m. The block covers post 16 high needs provision up to the age of 24. It is to be noted that for Academies and Further Education providers, the first £10,000 of a pupil's funding will be paid directly to the relevant establishment by the Education Funding Agency (EFA). High Needs requirements in excess of that amount (the Top Up) will be met from the City Council's High Needs block. Current estimates indicate that £21.2m will be recouped by the DfE for special Academies,

resource bases in Academies and post 16 places, with the balance of £122.1m remaining for the maintained special schools, funding for the Top Up and other centrally managed commitments.

Further schools converting to Academies will also reduce the level of DSG available to the City Council.

The current assumption in the Long Term Financial Strategy and Plan (LTFS and LTFP) is that services funded by DSG will manage within their grant allocations at whatever level this may be.

Pupil Premium Grant - £57.9m

Pupil Premium is allocated to provide additional funding for pupils in receipt of free school meals. The 2016/17 grant is estimated at £93.1m of which £35.2m is for Academies with £57.9m retained by the City Council. It will apply to all pupils aged from 4 to 15 (year groups Reception to 11) who are:

1. Known to be eligible for free school meals (£1,320 per pupil in primary and £935 per pupil in secondary)
2. Looked After Children (£1,900 per pupil)
3. Children who have ceased to be looked after by a local authority in England and Wales because of adoption, a special guardianship order, a child arrangements order or a residence order (£1,900 per pupil)
4. Pupils whose parents are serving members of the armed forces (Service Children) (£300 per pupil)

For groups 1, 3 & 4 allocations will be calculated on the basis of the January 2016 pupil census. Group 2 allocations will be calculated on the basis of the Children in Need census carried out on 31 March 2016. The City Council's internal estimate of the level of funding that will be received for children eligible for free school meals (group 1), children ceased to be looked after (group 3) and service children (group 4) is £54.5m that is attributable to maintained schools and £3.4m for Looked after Children will be held centrally.

Education Funding Agency - £17.2m

It is estimated that the City Council will receive £17.2m in 2016/17 from the Education Funding Agency (EFA) to fund education and training of 16-19 year olds in sixth forms within schools. This is a reduction of £0.3m on 2015/16.

Universal Free School Meal Grant - £10.1m

The grant was introduced for the 2014/15 Academic Year and is paid to schools to enable them to provide free school meals for pupils in Reception to Year 2. The City Council is currently assuming that the grant will continue into the 2016/17 Academic year. The £13.3m breaks down between £3.2m to Academies and £10.1m to the local authority.

Grants to Reimburse Expenditure - £550.5m

The City Council receives a number of grants to reimburse costs incurred, mainly in paying benefit claimants. Whilst these form part of the gross budget of the City Council, the level of expenditure is determined by claimant demand and eligibility. Payments made to claimants are closely matched by any grant received. The grants to fund benefit expenditure expected to be received by the City Council in 2016/17 can be seen in the Table at the start of this Appendix.

APPENDIX 3: LONG-TERM FINANCIAL PLAN AND EFFICIENCY STATEMENT 2016/17 - 2025/26

Long-Term Financial Plan and Efficiency Statement 2016/17 - 2025/26										
	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Base Budget 2015/16	874.541	874.541	874.541	874.541	874.541	874.541	874.541	874.541	874.541	874.541
Pay & Price Inflation	17.399	28.809	39.496	50.621	63.554	78.473	93.130	108.166	123.412	134.386
Meeting Budget Issues and Policy Choices	23.656	45.558	79.939	109.711	117.374	122.398	128.585	131.013	135.288	137.698
Savings Plans	(88.210)	(163.336)	(210.652)	(251.244)	(253.339)	(253.339)	(253.339)	(253.339)	(253.339)	(253.339)
Corporate Adjustments:										
Net Repayment to Corporate Reserves	17.826	(9.157)	28.778	33.556	26.555	27.510	26.798	31.321	34.853	35.016
Corporately Managed Budgets	(10.342)	43.906	17.250	18.242	18.438	13.404	26.532	28.888	27.174	30.428
Changes in Corporate Government Grants	0.411	(6.434)	(22.822)	(43.385)	(43.385)	(43.385)	(43.385)	(43.385)	(43.385)	(43.385)
Total Net Expenditure	835.281	813.887	806.530	792.042	803.738	819.602	852.862	877.205	898.544	915.345
Business Rates ¹	(205.842)	(206.516)	(218.448)	(226.525)	(234.901)	(243.588)	(250.892)	(258.416)	(266.165)	(274.146)
Top Up Grant	(127.067)	(129.566)	(133.388)	(137.652)	(142.057)	(146.603)	(150.268)	(154.024)	(157.865)	(161.822)
Revenue Support Grant	(226.587)	(177.753)	(143.992)	(109.743)	(113.255)	(116.879)	(119.801)	(122.796)	(125.866)	(129.012)
Council Tax	(287.962)	(300.052)	(312.647)	(325.772)	(332.920)	(340.223)	(347.687)	(355.315)	(363.111)	(371.078)
Collection Fund (Surplus)/Deficit Business Rates	17.958	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Collection Fund (Surplus)/Deficit Council Tax	(5.781)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Resources	(835.281)	(813.887)	(808.475)	(799.692)	(823.133)	(847.293)	(868.648)	(890.551)	(913.007)	(936.058)
Gap	0.000	0.000	(1.945)	(7.650)	(19.395)	(27.691)	(15.786)	(13.346)	(14.463)	(20.713)

Note 1 - Business Rates figures for 2017/18 onwards are shown net of any anticipated (surplus)/deficit.

APPENDIX 4: COUNCIL TAX 2016/17

The information received in respect of precepts can be seen in the table below.

	City Council £m	Fire and Rescue Authority £m	Police & Crime Commissioner £m	New Frankley in Birmingham Parish Precept £m	Sutton Coldfield Parish Precept £m
City Council Net Budget	835.281				
Less: Redistributed Non-domestic rates, Top-Up Grant and Revenue Support Grant	541.538				
Equals: amount required from Collection Fund	293.743				
Less: estimated surplus in Collection Fund	5.781				
Equals: amount required from council tax payers	287.962	13.393	26.665	0.044	1.824
Divided by taxbase (Band D equivalent properties)	239,042	239,042	239,042	1,312	36,509
Equals: Band D Council Tax	£1,204.65 *	£56.03	£111.55	£33.78	£49.96
Percentage Change in each element of Council Tax	3.99%	1.99%	4.69%	1.44%	N/A
Total Band D Council Tax			£1,372.23	£1,406.01	£1,422.19

*The council tax attributable to the City Council includes a precept of 2% to fund adult social care.

The detailed Council Tax levels for each property band in Birmingham are:

Band	City Council	Fire and Rescue Authority	West Midlands Police & Crime Commissioner	Total excl. Parish Precept	New Frankley in Birmingham		Sutton Coldfield	
	£	£	£	£	Parish Precept	Parish Total	Parish Precept	Parish Total
	£	£	£	£	£	£	£	£
A	803.10	37.35	74.37	914.82	22.52	937.34	33.31	948.13
B	936.95	43.58	86.76	1,067.29	26.27	1,093.56	38.86	1,106.15
C	1,070.80	49.80	99.16	1,219.76	30.03	1,249.79	44.41	1,264.17
D	1,204.65	56.03	111.55	1,372.23	33.78	1,406.01	49.96	1,422.19
E	1,472.35	68.48	136.34	1,677.17	41.29	1,718.46	61.06	1,738.23
F	1,740.05	80.93	161.13	1,982.11	48.79	2,030.90	72.16	2,054.27
G	2,007.75	93.38	185.92	2,287.05	56.30	2,343.35	83.27	2,370.32
H	2,409.30	112.05	223.10	2,744.45	67.56	2,812.01	99.92	2,844.37

APPENDIX 5: INVESTMENT IN POLICY PRIORITIES AND PRESSURES SCHEDULE

Directorate	Existing or New	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Corporate Resources Directorate					
Information and Communication Technology - Fall out of Prudential Borrowing Costs	Existing & New	(5.801)	(3.645)	(3.704)	(3.715)
Business Transformation Costs and Repayments	Existing & New	(1.092)	(1.294)	(1.330)	(0.468)
Corporate Support for Unachievable Income Targets	New	0.388	0.388	0.388	0.388
Insurance Fund Contribution reduced	New	(2.170)	(2.170)	(2.170)	(2.170)
Council Tax Court Cost Recovery	New	(1.000)	(1.000)	(1.000)	(1.000)
Cabinet Office - Additional costs	New	0.374	0.374	0.374	0.374
Sub-total Corporate Resources Directorate		(9.301)	(7.347)	(7.442)	(6.591)
Economy Directorate					
Highways Maintenance Contract Pension Cost	Existing	0.016	0.033	0.050	0.068
ITA Levy	Existing & New	(2.609)	(3.307)	(3.865)	(3.865)
Northfield Relief Road Prudential Borrowing Costs	New	0.270	0.270	0.270	0.270
Employment & Skills	New	0.521	0.521	0.521	0.521
Strategic Transport -Additional costs	New	0.320	0.320	0.320	0.320
Corporate Support for Unachievable Income Targets	New	0.250	0.250	0.250	0.250
Planning & Regeneration - Additional costs	New	0.100	0.100	0.100	0.100
Sub-total Economy Directorate		(1.132)	(1.813)	(2.354)	(2.336)
People Directorate					
Adult Social Care					
Demographic Increase	Existing	6.596	13.265	19.934	26.603
Business Charter for Social Responsibility	Existing & New	3.949	6.370	10.470	13.255
Improved Better Care Fund Costs	New	0.000	6.728	31.268	52.389
Deprivation of Liberty Safeguards - additional cost of new duty over and above that covered by grant income	New	0.625	0.625	0.625	0.625
Independent Living Fund - additional cost of duty compared with 5% annual attrition rate of grant	New	0.190	0.190	0.190	0.190
Care Act Commitments	New	5.000	5.000	5.000	5.000
Children's Social Care Investment	Existing	4.741	6.995	6.995	6.995
Education and Schools Strategy Improvement Plan - Fall out of temporary corporate support	Existing	(0.396)	(0.396)	(0.396)	(0.396)
Education Services Grant Reduction - Fall out of temporary corporate support	Existing & New	(0.578)	(1.178)	(1.178)	(1.178)
Sub-total People Directorate		20.127	37.599	72.908	103.483

Directorate	Existing or New	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Place Directorate					
Sports & Leisure Service - Fall out of temporary corporate support	Existing	(0.384)	(0.307)	(1.045)	(1.805)
Community Initiative Fund	Existing	2.000	2.000	2.000	2.000
CCTV Camera Maintenance - Fall out of temporary corporate support	Existing	(0.100)	(0.100)	(0.100)	(0.100)
Highways Horticulture Maintenance	Existing	0.060	0.060	0.060	0.060
Waste Disposal Costs	Existing & New	0.816	1.572	1.851	1.851
Wholesale Markets Business Case	Existing & New	0.351	1.458	1.256	0.886
Alexander Stadium	New	0.500	0.500	0.500	0.500
Coroners - one off corporate support	New	0.180	0.000	0.000	0.000
Pest Control - unachievable income target	New	1.200	1.200	1.200	1.200
Markets - unachievable income target	New	0.700	0.700	0.700	0.700
Climate Change Levy - change in legislation	New	0.500	0.500	0.500	0.500
Expenditure Previously Funded by Specific Grant now Rolled into Corporate Funding	New	0.128	0.128	0.128	0.128
LoCAL/Asset Rationalisation - Temporary staffing	New	0.078	0.000	0.000	0.000
Sub-total Place Directorate		6.029	7.711	7.050	5.920
Corporate					
Highways Infrastructure Maintenance	Existing	0.250	0.500	0.750	1.000
National Living Wage	Existing	0.000	0.000	0.101	0.365
Reduction in Policy Contingency	Existing & New	0.000	(1.000)	(1.500)	(1.500)
Reduction in Revenue Cost of Redundancy	Existing & New	(10.304)	(10.305)	(4.202)	(6.202)
Pension Fund Deficit Recovery	Existing & New	3.488	4.385	3.217	4.235
Autoenrolment Pension Scheme	Existing & New	0.000	5.250	5.250	5.250
Carbon Reduction Commitment	Existing & New	0.029	0.002	0.060	0.675
Apprenticeship Levy	New	0.000	2.056	2.056	2.056
Staff Increments	New	3.175	3.175	3.175	3.175
Youth Offer	New	0.000	(1.000)	(1.000)	(1.000)
Combined Authority Start Up Costs	New	0.500	0.000	0.000	0.000
Improvement Expenditure and Savings Delivery Contingency	New	10.795	6.345	1.870	1.181
Sub-total Corporate		7.933	9.408	9.777	9.235
Total Policy Priorities and Pressures		23.656	45.558	79.939	109.711

APPENDIX 6: SAVINGS PROPOSALS

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
CORPORATE RESOURCES DIRECTORATE				
Existing Plans				
E8-Service efficiencies – communications The step up in this saving is the full year effect of that identified in 2015/16 which proposed a review of the service and reduction in staff.	(0.019)	(0.019)	(0.019)	(0.019)
E9-Birmingham Property Services – Central Administration Building (CAB) Phase 1 and redesign of Corporate Landlord Service Reduced Building Operating Costs from the CAB Portfolio and Savings within Corporate Landlord function - Ongoing delivery of original business case.	(0.344)	(0.344)	(0.344)	(0.344)
E21-Birmingham Property Services We are proposing to reduce: <ul style="list-style-type: none"> • the number of staff in the Birmingham Property Services team • the number of vacant properties in our commercial property portfolio • office security costs In addition, to increase rental income from our investment property portfolio.	(0.740)	(1.490)	(1.490)	(1.490)
E22-Revenues To redesign the way the client team works, ensuring effective focus on contract monitoring work. <ul style="list-style-type: none"> • To reduce printing, scanning and indexing costs. • To increase the cost of Council Tax and Business Rates Summons' to reflect the increased costs of this function. This is a fee Birmingham residents and businesses are charged if they are summonsed to court for not paying their Council Tax or Business Rates. The fee is currently lower than that charged by many other Local Authorities. 	(0.150)	(0.300)	(0.300)	(0.300)
E23-Service Birmingham We are proposing to reduce our ICT costs.	(2.800)	(5.940)	(5.880)	(7.200)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
E20-Support Services and E24 - Fall out of acceleration of savings We are undertaking a comprehensive ISS (Integrated Support Services) review that support the delivery of these savings as well as additional savings identified in 2016/17 onwards. A number of initiatives will be implemented and will include: <ul style="list-style-type: none"> • make substantial staffing reductions • increase efficiency • maximise opportunities to charge for services • place more responsibility with line managers • charge credit card transaction fees back to the customer • reduce Forward (the Council newspaper for Residents) to two times a year • review arrangements for tracking resident satisfaction and views • substantially reduce the third sector support contract and identify sustainable support arrangements • increase income from external advertising 	(1.100)	(3.920)	(3.920)	(3.920)
Subtotal Existing Plans	(5.153)	(12.013)	(11.953)	(13.273)
New Plans				
CC1 Restructure the Corporate Communications team The Local Government Association (LGA) will provide independent advice on how Birmingham City Council can structure its Corporate Communications function with a specific focus on creating a modern, efficient and integrated communications service.	(0.075)	(0.150)	(0.150)	(0.150)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
CC2 Stop production of the BCC residents' newspaper 'Forward' in printed format and go online Forward will no longer be produced in printed format but will be published online. This will mean that budget savings will be delivered from reduced design, print and distribution costs. The Corporate Communications team will focus on improving digital communications channels with residents and key stakeholders.	(0.058)	(0.058)	(0.058)	(0.058)
CC3 Reduce marketing budget It is proposed to reduce the corporate marketing budget.	(0.100)	(0.100)	(0.100)	(0.100)
CC8 Outsource all procurement below £100k To create an external process to manage buying low value goods and services .	0.000	(0.100)	(0.100)	(0.100)
CC13 Targeted net improvement in the housing benefit subsidy The proposal is to reclaim Housing Benefit Grant overpayments.	(2.000)	(1.500)	(1.000)	0.000
CC14 Redesign Council Tax Support Scheme to simplify process and streamline administration The Council is proposing to develop a simplified scheme that will continue to provide financial assistance for groups on low income and protect the vulnerable. The simplified scheme should make it easier for claimants to complete the application process and develop a clearer understanding of what they may be entitled to receive. At the same time the opportunity will arise to achieve savings by minimising back office administration resulting in less resource requirement and reduced IT support costs.	0.000	(1.080)	(1.010)	(0.942)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
CC16 Reduce Local Welfare Assistance Provision Scheme The Government has ended Local Welfare Assistance funding but the Council has earmarked reserves to continue this for 2016/17. The Council now proposes a much smaller reduction down to the level of current demand, allied to administrative efficiencies. From 2017/18 onwards the council has identified additional funding of £1.3m and will also work with partners to seek extra funding to supplement this.	(1.600)	1.300	1.300	1.300
CC17 Reduction in expenditure and subsidy loss for exempt accommodation cases by assisting these providers to become registered social landlords The change to this service will be to encourage some of the private sector landlords to become regulated providers. This change will then allow the City Council to claim more subsidy from central government which will achieve the savings.	(0.200)	(0.550)	(0.950)	(0.950)
CC19 Revenue Services Transformation Programme to reduce Revenues Contract price further with Service Birmingham The Council is working with Service Birmingham to identify ways to reduce the contract price from 2016/17 until the end of the contract in 2021.	(0.300)	(0.600)	(1.000)	(1.000)
CC21 Universal Credit Changes permitting staff reduction in contact centre With the introduction of Universal Credit, we are expecting to receive less calls relating to Housing Benefit, because people on Universal Credit will not be receiving this benefit from the Council, they will be receiving it from the Department for Work and Pensions.	(0.092)	(0.184)	(0.184)	(0.184)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
CC22 Pay suppliers faster in exchange for discounts The Council currently pay suppliers' bills after 30 days. The Council now proposes to pay suppliers earlier in exchange for receiving a discount.	(0.300)	(0.300)	(0.300)	(0.300)
CC23 To reduce the amount the Council spends on Information and Communication Technology (ICT) over the next few years After a detailed review of its ICT strategy and service requirements, the Council is proposing to reduce the amount it spends on ICT over the next 4 years. The Council would normally borrow money to pay for these ICT improvements, but by borrowing less the Council will have less debt and will pay less interest on what it had planned to borrow.	(2.500)	(2.900)	(2.700)	(2.400)
CC26 Council administrative buildings reduction The future demand for office space for the Council is expected to drop as the Council redesigns its services.	0.000	0.000	(2.400)	(2.400)
E21 Birmingham Property Services Last year we proposed to reduce: <ul style="list-style-type: none"> • the number of staff in the Birmingham Property Services team; • the number of vacant properties in our commercial property portfolio; and • office security costs. In addition, we proposed to increase rental income from our investment property portfolio. We are planning to bring forward some of these savings from 2017/18 into 2016/17.	(0.260)	0.000	0.000	0.000
E25 Support Services We are proposing to <ul style="list-style-type: none"> - Make substantial staffing reductions; - Increase efficiency; - Maximise opportunities to charge for services; - Place more responsibility with line managers. 	(3.200)	(4.800)	(4.800)	(4.800)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
EGJ1 Improve investment returns from properties owned for investments We propose to sell our properties that are not generating enough income and buy new investments that will generate more income.	(0.300)	(0.400)	(0.400)	(0.400)
EGJ2 Charging more costs to capital projects As we deliver more capital projects some of our costs can be charged to their delivery.	(0.200)	(0.300)	(0.400)	(0.400)
MIA22 Transfer out of hours calls from the Contact Centre to housing repairs contractors and third party service providers We propose that all calls between 8 am and 8 pm Monday to Friday would be handled within the Birmingham City Council Contact Centre but between 8 pm and 8 am and all weekends and bank holidays, calls would be transferred to contractors.	(0.262)	(0.450)	(0.450)	(0.450)
MIA23 Change opening hours of Contact Centre to 9-5 and press for increased use of web We propose to stop taking non-emergency phone calls outside of 9am-5pm and direct customers to online self-service forms and website information	(0.160)	(0.160)	(0.160)	(0.160)
Subtotal New Plans	(11.607)	(12.332)	(14.862)	(13.494)
Total Corporate Resources Plans	(16.760)	(24.345)	(26.815)	(26.767)
ECONOMY DIRECTORATE				
Existing Plans				
E4-Make the Smarter Choices function self-funding. This is the final year of step up of a prior year saving which proposed the following: In the future the team will increasingly provide 'contracted' services drawing on their expertise in safe and sustainable travel promotion, to contribute to the delivery of grant funded projects and the sustainable travel obligations of schools and businesses. This will generate an income for the team.	(0.100)	(0.100)	(0.100)	(0.100)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
E5-Make Digital Birmingham self-funding. Digital Birmingham is 65% self-financed through undertaking national and European projects and aims to move to be fully self-funded in 2017/18. Within these timescales the most likely source of income will initially be grant funding from national and European sources and in order to achieve this we will need to establish a programme of bid writing and consortium building activities. A second source of income is commercial ventures emerging from existing projects (Digital Logbook, DISCOVER eLearning for carers). These will be evaluated for suitability and pursued where appropriate. Failing to generate the required income will lead to redundancies. As the service is currently operating at full capacity, this would directly lead to some activities being stopped altogether.	(0.050)	(0.100)	(0.100)	(0.100)
E31-Development and Regeneration This relates to the fall-out of one-off savings made in 2015/16.	0.145	0.145	0.145	0.145
PL32-Highways Maintenance We are proposing to: <ul style="list-style-type: none"> • Re-finance the PFI contract • Review capital expenditure • Review routine and reactive maintenance. This would all need to be negotiated with the service provider, Amey and the Department for Transport.	(1.500)	(2.600)	(2.600)	(2.600)
PL33a-Off Street Parking We are continuing our 3 year fee strategy approved in March 2015 to increase off-street car parking charges (estimated at 2% per annum until 2017/18)	(0.100)	(0.200)	(0.200)	(0.200)
PL33b-On Street Parking We are continuing our 3 year fee strategy approved in March 2015 to increase on-street car parking charges (estimated at 2% per annum until 2017/18)	(0.100)	(0.200)	(0.200)	(0.200)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
PL35-Traffic Regulation We are introducing a map based system to manage traffic regulation order requests and increase the efficiency of the service.	(0.005)	(0.010)	(0.010)	(0.010)
Subtotal Existing Plans	(1.710)	(3.065)	(3.065)	(3.065)
New Plans				
CC25 Maximising opportunities for accounting for capital costs Capital accounting regulation allows for certain costs to be charged to Capital projects. The costs identified in this proposal are currently charged to the revenue budget and they will now be charged to the capital budget ensuring consistent treatment with other similar projects elsewhere within the Council.	(0.200)	(0.200)	(0.200)	(0.200)
E1 Private development delivery of Highway Change We work with private developers on new roads and improvements to existing roads required as a result of new developments. We are proposing to improve the final sign off process.	(0.020)	(0.020)	(0.020)	(0.020)
E2 Reduce the Council's energy bill We propose the creation of a Corporate Utilities Management function to analyse information about our energy use.	(0.400)	(0.400)	(0.400)	(0.400)
E3 More closely aligned functions with partners in the public and private sectors from across the city region We propose to align a number of service areas so that the region benefits from a more coordinated delivery of economic services, whilst the individual local authorities are able to reduce the cost of service by a reduction in overheads.	(0.150)	(0.150)	(0.150)	(0.150)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
E19 Establish an Energy Services Company The council would look to an existing utilities provider to establish a local Community Energy Company providing cheaper, greener energy to people in Birmingham. The greatest cost-cutting would be delivered to those on pre-payment meters. The partner company would operate the company itself and the Council would assist with customer acquisition. The cost of this to the Council would be covered by a negotiable rebate from the chosen partner energy company.	(0.650)	(0.650)	(0.650)	(0.650)
EGJ10 Self financing of the Employment and Skills Service (ESS) We propose to reduce activities and consolidate the budget of the ESS and Economic Research & Policy teams and increase income from external funding sources.	(0.200)	(0.300)	(0.400)	(0.400)
SN1 Sharing of highways maintenance database with statutory undertakers We are introducing a permit system for organisations wanting to carry out street works, to improve the quality of information we have about current and planned work. This will improve the information available to us which will help us to plan works and manage potential traffic disruption. We will charge organisations in order to recover the cost of managing the permits, and this includes the cost of any staff which are required as a result of implementing and running the scheme.	0.000	0.000	0.000	(0.050)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
SN2 The City Council will design and develop a modern transport network for the city in order to help develop attractive shopping areas, promote greener forms of transport and improve the environment. We propose to reduce the reliance on car trips and improve air quality. These will be underpinned by a 'nudge' communications campaign to change travel behaviour and switch trips to other modes of transport.	0.194	1.022	(5.000)	(5.000)
SN9 Introduce a GIS mapping system to enable more efficient reporting of street scene issues We propose to introduce a GIS mapping system to combine our data with geographic information and make it quicker and easier to report and identify faults and issues.	(0.055)	(0.055)	(0.055)	(0.055)
SN35 Expansion of City Centre on-street parking, concessions and restrictions Digbeth is one of the largest areas of the city centre without controlled parking measures. The proposal is to develop and implement a controlled parking zone in this area.	0.000	(0.463)	(0.463)	(0.463)
SN36 Biodiversity Supplementary Planning Document We plan to free up some capacity within the Ecologist team to provide ecological services to Council departments that currently commission external consultants to deliver their requirements.	(0.022)	(0.022)	(0.022)	(0.022)
SN37 Transport joint data team In retendering the contract in 2018/19 we expect to generate efficiencies which will result in a saving.	0.000	0.000	(0.055)	(0.055)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
SN39 To improve income from planning applications and pre application support as the economy improves and lobby the government for more freedoms regarding the setting of planning fees The service expects to receive more planning applications as the economy improves, this will increase income. The Council is in discussions with Government to allow local authorities to set planning fees to fully cover its costs. If this is agreed, at least a 20% increase in fees may be needed. We think that agreeing a change in the law and implementing it would take 2 years.	(0.500)	(0.500)	(1.000)	(1.000)
Subtotal New Plans	(2.003)	(1.738)	(8.415)	(8.465)
Total Economy Plans	(3.713)	(4.803)	(11.480)	(11.530)
PEOPLE DIRECTORATE				
Existing Plans				
P2-Adults – Business Transformation This step-up represents the continued anticipated increases in benefits from the Adults and Communities Transformation programme. These increases are partly off-set by additional resources which are included in budget pressures to reflect the increased number and costs of care packages arising from demographic change.	(5.725)	(5.725)	(5.725)	(5.725)
P4-Changes in internal services – Older Adult Day Care & Elder Group Additional savings projected from improved utilisation of internal day care facilities at the Council's 4 Care Centres and existing Day Centres.	(0.024)	(0.024)	(0.024)	(0.024)
P5-Changes to internal services – Learning Disability Day Care Additional savings projected from improving the utilisation of Council-run day care facilities for people with Learning Disabilities.	(0.099)	(0.099)	(0.099)	(0.099)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
P6-Expansion of internal services – Shared Lives Additional savings projected from expanding the number of Shared Lives Placements on offer.	(1.785)	(1.785)	(1.785)	(1.785)
P7-Changes in internal services – Home Care Enablement The proposal is to extend Enablement to existing service users receiving external home care provision so that their packages of care can be reduced by increasing their independence.	(1.480)	(1.480)	(1.480)	(1.480)
P8-Further reduction in Younger Adults Care Packages Additional savings projected through re-assessment of younger adult care packages and encouragement to take either a Shared Lives Placement or a Direct Payment at a lower unit cost.	(8.706)	(8.706)	(8.706)	(8.706)
P9-Joint Adults and Children's approach to transitions The proposal is to establish a joint approach to transitions between Adults & Communities and Children, Young People & Families so that children's social care and adult social care work in a far more integrated way. The Council will also re-assess young people aged 18-25 years who have already moved into adult services.	(1.000)	(1.000)	(1.000)	(1.000)
Abatement of Younger Adults Savings (P2-P9 above) Abatement of Younger Adults Savings (P2-P9 above)	15.000	10.000	5.000	0.000
P11-Previous Proposals assume the fallout of time limited resources Fall out of a time-limited savings proposal	2.167	2.167	2.167	2.167
P14-Step 1: Public Health – Commissioning Full year effect of fallout of non-recurring contract costs and liabilities and costs of recommissioning.	(1.250)	(1.250)	(1.250)	(1.250)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
P15-Step 2: Public Health – Decommissioning Full year effect of savings from recommissioning of Substance Misuse and Sexual Health services.	(3.315)	(3.315)	(3.315)	(3.315)
P16-Joint working with the NHS (Better Care Fund) Funding from the Government's Better Care Fund Programme has been built into existing plans up to 2016/17 (the figures represent movements from the 2015/16 budgeted level). Further Health and Social Care integration is planned for the future and is detailed in a new saving which is described in MIA10.	(2.339)	6.061	6.061	6.061
P21-Education Capital Financing This is the reduction in the 2015/16 saving, involving the treatment of schools maintenance expenditure. From 2017/18 onwards the Council will be investigating a range of options for delivering this saving on an on-going basis, including contributions from reduced PFI contract costs.	4.700	4.700	4.700	4.700
P26-Public Health-mainly lifestyles recommissioning This saving is the full year effect of the saving identified in 2015/16 which proposed that we re-commission some of the contracts we have and change the specification of others. The key changes considered were: <ul style="list-style-type: none"> • Targeting 'lifestyle services' (such as stop smoking, weight management and physical activity services) at those who will benefit most from them, rather than offer the same service to everyone • Changes to the school nursing service • Focussing any new investments on early years, promoting independence in the elderly, especially after a fall, and getting people with enduring mental health problems back to work 	(1.215)	(1.215)	(1.215)	(1.215)
Subtotal Existing Plans	(5.071)	(1.671)	(6.671)	(11.671)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
New Plans				
CC24 Reducing the affordability gap to the Council resulting from existing BSF schools contracts The Building Schools for the Future (BSF) Programme provided Capital Grant Funding. We were required to ensure that each Design and Build project was supported by a Facility Management (FM) arrangement where a 3rd party organisation runs the building on the School/Academies behalf. The cost of the FM contracts are met by the Council and each School/Academy contributes its former premises related budget to support the arrangement. However, these budgets do not meet the full cost of the contract. As a consequence there is a cost to the Council. It is proposed to re-scope services within each of the contracts.	(0.700)	(0.700)	(0.700)	(0.700)
MIA10 Redesign and integrate services at scale across the health and social care economy Last year, the Government launched the Better Care Fund and the City Council and the 3 Clinical Commissioning Groups agreed a plan to improve health and social care for older people in the City. The Better Care Fund proposals last year included savings through the efficiency of joint working in 2015/16 and 2016/17. The first part of this proposal takes into account that further savings are likely to be made in 2017/18 and future years if these arrangements continue. The City Council needs to meet its statutory responsibilities in relation to adult social care as embodied in the Care Act 2014, but with a much reduced budget. The second stage of this proposal is essentially about trying to achieve this by jointly pooling/combining the entire Council spend on older adults, not just on adult social care, with all relevant NHS spend.	(20.000)	(50.000)	(60.000)	(60.000)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
MIA12 Improving the Customer Journey Support social work staff in Assessment and Support Planning to be as efficient as possible in making sure every citizen has their adult social care needs met in the best way.	(0.500)	(0.900)	(1.954)	(1.969)
MIA14 Introduce charges for Telecare and reducing spend on joint equipment contracts Equipment may only be provided based on assessed need. This proposal may also mean the removal of the free telecare service to the majority of citizens.	(1.600)	(1.600)	(1.600)	(1.600)
MIA16 Internal Care Review - Occupational Therapy The Council is proposing to bring together both the Adult's and Children's Occupational Therapy teams into one service.	(0.020)	(0.020)	(0.020)	(0.020)
MIA17 Internal Care Review - Home Care Enablement Exploring opportunities to work closer with our NHS partners in the development of future enablement services and to explore opportunities to deliver 'enablement' in different ways through different providers.	(1.500)	(1.500)	(3.700)	(3.700)
MIA18 Internal Care Review - Care Centres The Council feels that it cannot provide residential care for older adults in the Care Centres in a way which represents value for money when compared to providers of similar services within the care market. In order to ensure that it achieves better use of the public purse it must now explore alternative options for their future operation.	(0.300)	(0.700)	(1.500)	(1.500)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
MIA2 Design and Implement a new approach to Special Educational Needs and Disabilities and move away from a high dependency model The Council is proposing a long-term, wide-ranging development of the services to children with special educational needs. This would involve working with the children, families, and partner organisations to design and implement the optimum approach to these services shaped by the use of shared data and intelligence, learning and best practice. This may include commissioning of new services, changes to the way services are delivered, and potentially de-commissioning of services. The intention would be to give children with special educational needs services which help them to prepare for adulthood so that they will have the best possible level of independence into later life.	0.000	0.000	0.000	(10.000)
MIA20 Internal Care Review - Older Adult Day Care Birmingham City Council intends to reorganise its internally provided services so that people may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.	(0.218)	(0.345)	(0.510)	(0.510)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
MIA21 Internal Care Review - Learning Disability Short Breaks Birmingham City Council intends to reorganise its internally provided services so that adults may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.	(0.192)	(0.364)	(0.364)	(0.364)
MIA3 Promote independent travel and reduce reliance on council funded transport, underpinned by clear policy We propose to work with families and young people to develop travel solutions that enable the child or young person to access education in the same way that members of their peer group who do not have special educational need or disability would access their education. This includes travelling independently for young people and family based travel solutions for younger children. We want to actively encourage children and young people's independence which can result in them developing a skill for life and will help to develop their confidence and social skills as well as increase their future options for continuing education/training and employment.	(2.463)	(2.634)	(2.634)	(2.854)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
MIA30 Homelessness We are proposing to make further changes to the service to improve the Council's services for homeless households in Birmingham. This will include two changes: a review of existing staffing structures, including a small reduction in the number of posts; an increase in the income secured through the letting of Temporary accommodation; and closer joint working with other Council services, particularly Landlord Services.	(0.550)	(0.550)	(0.550)	(0.550)
MIA31 Public Health The Government has announced significant reductions in the underlying level of the Public Health Grant. We estimate that the impact of these changes will be a reduction of £7.7m in 2016/17 rising to £10.1m in 2017/18 with the prospect of further reductions as a result of changes to the formula which is used to allocate grant to local authorities. This will severely limit the number of areas of health prevention activity which can be funded by the Council. Detailed proposals will depend on further Government announcements which are expected over the next month. However, we anticipate that it will be necessary to reduce expenditure particularly in Lifestyle services such as weight management, smoking cessation, and promotion of healthy living, including the Wellbeing Service. We may also have to cease funding a range of services provided largely by the voluntary sector to support the 'Early Help Offer' to families.	0.000	0.000	0.000	0.000

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
MIA5 Internal Care Services - Younger Adults Day Care Birmingham City Council intends to reorganise its internally provided services so that people may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.	(0.702)	(1.113)	(1.288)	(1.288)
MIA7 Health & Prevention This proposal is about reducing the need and therefore the demand for long term care services. The Council will encourage the development of a number of health and prevention schemes which aim to support people to live independently for as long as possible and help reduce the long term reliance upon support from Council services.	0.000	(0.238)	(0.484)	(0.489)
MIA8 Older Adults Offer In line with the Care Act and new ways of thinking we need to consider our policy 'A Fair Deal in Times of Austerity' and its implications over the forthcoming years – for example we need to be explicit about what this means for citizens and their responsibilities.	0.000	0.000	(0.957)	(2.098)
P10 Reduction in Adults Running Costs For a number of years the Council has been seeking to ensure that the administration and management of all services is as efficient as possible. This means continually reviewing spend on supplies and services, transport and premises costs and indirect employee costs.	(1.111)	(1.111)	(1.111)	(1.111)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
P17 Step-up of savings re: Third Sector Commissioning and Supporting People We propose to re-commission services provided through the third sector, reduce funding for housing support services to people with physical or sensory disabilities by 50%, and commission a redesigned Supporting People 'disability housing support service'.	(3.400)	(4.500)	(4.500)	(4.500)
P22 Step up of previous Early Years savings On 30th November 2015 a consultation including plans for a new model for delivering a more joined up Early Years offer to support parents and young children was launched. The new services are planned to be in place by 1st September 2017. The savings shown here are the increases in savings which have been built into previous consultations. These savings will be achieved through a review of services pending the wider review.	(1.000)	(5.100)	(5.100)	(5.100)
PFB1 Resilient Families By improving our early help and social work service we propose to support more children to live safely and thrive at home. We propose doing this by providing support to our staff to work creatively with disadvantaged families to bring about positive change. Where children do have to come into care, we will provide more local foster placements and we will speed up the process of children in care finding permanent families.	(0.705)	(3.667)	(5.247)	(8.636)
PFB2 Improved processes and productivity By supporting staff better through supervision, staff development, manageable caseloads and a learning culture we propose to reduce reliance on agency staff and manage a staff vacancy factor (turnover rate) of 4% for specific groups of staff.	0.000	(1.964)	(1.964)	(1.964)
Subtotal New Plans	(34.961)	(77.006)	(94.183)	(108.953)
Total People Plans	(40.032)	(78.677)	(100.854)	(120.624)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
PLACE DIRECTORATE				
Existing Plans				
E10-Old Rep This is the full year effect of a new operator taking over the theatre.	(0.126)	(0.126)	(0.126)	(0.126)
E13-City Centre Management City Centre Management will become one of self-financing purely strategic support e.g. Business Improvement District support and cease the City Council's net funding contribution	(0.145)	(0.145)	(0.145)	(0.145)
E17-Marketing Birmingham We are proposing to refocus the Service Level Agreement the Council holds with Marketing Birmingham. This will prioritise inward investment services at the expense of services to support the visitor economy.	(0.170)	(0.346)	(0.346)	(0.346)
E27-Library of Birmingham/ Strategic Library Services This is the full year effect of a saving identified in 2015/16 where we proposed to reduce: <ul style="list-style-type: none"> - the number of staff and services at the Library of Birmingham, yet maintain collection management for the photographic and archival/literature collections, and support for children's reading initiatives. - the opening hours from 73 to 40 - the support we give to community libraries. - introduce a dual fee (reduced rate inside the City) for the loan of choral and orchestral sets. We are also looking at the amount we spend on new books. We are proposing to spend less on renewing our stock and will consider a range of options for renewing stock and mobile library service provision in future years. We will continue to keep the library at home list closed to new applications.	(1.800)	(1.800)	(1.800)	(1.800)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
E28-Support to Museums and Heritage This is the fallout of transition costs to reduce staffing at museums, increase fundraising and introduce new arrangements for management of Heritage sites.	(0.250)	(0.250)	(0.250)	(0.250)
E29-Support to the Arts E38 - Borrowing from Reserves - Arts In 2016-17, it is proposed to work with the arts organisations to achieve phased reductions in the City Council's contribution to the "culture pound". The majority of this step-up is being made in 2016-17 through reduced allocations to organisations and programmes, leaving the balance of around £250k to be made from staffing reductions. The first two years of this saving are shown net of a repayment of borrowing from reserves.	(0.827)	(2.500)	(3.500)	(3.500)
E30-Major Events For major events, it is proposed to reduce the budget and to fund the eight major events which are contractual, or near-contractual commitments.	(0.352)	(0.331)	(1.802)	(1.802)
PL9-FWM – Street Cleansing Awareness Programme This step-up is the full year effect of the saving identified during the 2015/16 process which proposed to promote and develop awareness initiatives to reduce the level of refuse generated, improve recycling and to reduce landfill.	(0.100)	(0.100)	(0.100)	(0.100)
PL10-Highways – Floral Decorations This saving is the full year effect of the saving proposed during the 2015/16 budget setting process where we proposed a reduction in shrub beds with no amenity value and hanging baskets in the City Centre.	(0.055)	(0.055)	(0.055)	(0.055)
PL11-Residual Savings on Operating Costs across the Directorate Savings to be made across the Directorate as a result of previous years' Business Transformation Efficiency Programmes.	(0.169)	(0.169)	(0.169)	(0.169)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
PL12-Parks & Nature – Allotments Service The proposals will ensure that the service is delivered on a self- financing basis following consultation with Birmingham and Districts Allotments Confederation (BDAC).	(0.005)	(0.005)	(0.005)	(0.005)
PL16a,b&c-Bereavement Services We are continuing our 3 year fees strategy approved in March 2015. The increase in charges will be 2% and 9% for burials/cremations. We are also rephasing the development of Sutton New Hall Cemetery to 2016/17	0.060	(0.320)	(0.320)	(0.320)
PL17-Coroner and Mortuary We are proposing to continue the process of controlling costs and renegotiate contracts for such services as toxicology and transport of deceased.	(0.095)	(0.095)	(0.095)	(0.095)
PL19-Licensing This step-up is the full year effect of the saving identified during the 2015/16 process which proposed to ensure that all eligible costs are recovered through proposed fees & charges for services relating to hackney carriage, private hire and entertainment/general licensing (note that some of the fees and charges are set by Central Government). The local authority is required to ensure that only costs that are associated with the licensing scheme are covered by the licensing charges.	(0.185)	(0.185)	(0.185)	(0.185)
PL20-Birmingham Careers Service (Connexions) We are proposing to focus the service on young people not in employment, education or training (NEET), signposting others to alternative services. We are further developing our approach to helping all young people into employment and training through the Birmingham Youth Promise.	(0.131)	(0.265)	(0.265)	(0.265)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
PL22-Flood Risk Services We are revising our flood risk management strategy to ensure that this will deliver and comply with statutory obligations. The savings are consistent with the strategy approved in March 2015 as part of the City Council's Business Plan.	(0.106)	(0.106)	(0.106)	(0.106)
PL24-Private Sector Housing We are using part of the Affordable Homes element of New Homes Bonus to support staff costs incurred delivering the empty homes strategy.	(0.047)	(0.047)	(0.047)	(0.047)
PL25-New Homes Bonus We are reducing the "affordable housing" element of New Homes Bonus allocated for housing investment (substantially support to Birmingham Municipal Housing Trust programme).	(0.052)	(0.105)	(0.105)	(0.105)
PL27-Community Events This is a continuation of the existing strategy to withdraw subsidies from all community events, except the Lord Mayor's show, and to reduce the number of employees, and this represents a step up from 2015/16. Events will continue to be supported in kind but from reduced officer resources.	(0.167)	(0.167)	(0.167)	(0.167)
PL29-Sport We are proposing to <ul style="list-style-type: none"> • Focus on delivering health outcomes, which will enable the service to continue receiving support from the Public Health Service • Reduce back office support once new technology is in place from 2016 onwards. 	(0.088)	(0.088)	(0.088)	(0.088)
PL30-Community Safety and Equalities We are continuing our strategy to deliver the saving by reducing external commissioning, operational costs and staff savings in mainstream Equalities and the Safer Places Teams. This will include vacancy management.	(0.322)	(0.322)	(0.322)	(0.322)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
PL36-Highways Customer Support Unit We are reducing the overheads from the Security Service supporting the Highways and Resilience Service	(0.021)	(0.042)	(0.042)	(0.042)
PL37-Voluntary Sector Advice This fall out of one-off savings will contribute towards the provision of service as per the new future operating model	0.020	0.020	0.020	0.020
PL38-Use of Reserves Fall out of the use of Reserves on a one-off basis in 2015/16	2.000	2.000	2.000	2.000
PL39-Staffing Reductions across the Directorate The fall out of one-off savings in 2015/16	0.150	0.150	0.150	0.150
PL40c-Community Development These savings will be delivered through the cessation of the provision of existing community play services and attempts will be made to secure delivery of alternative arrangements in the private and voluntary sector	(0.248)	(0.248)	(0.248)	(0.248)
PL40e-Neighbourhood Advice These savings will be delivered through the development of a new operating model that focuses on 4 homelessness hubs to ensure that our statutory obligations are delivered	(0.216)	(0.216)	(0.216)	(0.216)
PL40f-Youth Services These savings will be delivered through a combination of rationalisation of buildings and staffing restructure as part of a new operating model	(0.600)	(0.600)	(0.600)	(0.600)
PL40ga-Car Parks These savings will be delivered through a combination of a review of fees and charges at existing car parks and a review of the existing car parks, retaining those that are viable and selling those that are deemed to be non viable.	(0.019)	(0.039)	(0.039)	(0.039)
PL40gb-Your City Your Birmingham These savings will be delivered through the cessation of the provision of existing Your City Your Birmingham services	(0.002)	(0.003)	(0.003)	(0.003)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
PL40gc-CityWide These savings will be delivered from a review of existing staffing structures within the Senior Management and Business Support functions of the former District Services	(0.014)	(0.028)	(0.028)	(0.028)
PL40gd-Community Arts These savings will be delivered through the cessation of the provision of existing community arts service	0.000	(0.001)	(0.001)	(0.001)
PL40ge-Business Support These savings will be delivered from a review of existing staffing structures and non-employee budgets within the Senior Management and Business Support functions of the former District Services	(0.172)	(0.172)	(0.172)	(0.172)
PL40gf-District Support The reduction in savings from 2015-16 will be used to mitigate the savings delivered by Citywide Services (Senior Management) and Business Support functions of the former District Services	0.012	0.025	0.025	0.025
PL40gg-Engineers The savings will be delivered by generating additional income	(0.016)	(0.032)	(0.032)	(0.032)
PL40gh-Ward Support These savings will be delivered from a review of existing staffing structures	(0.019)	(0.038)	(0.038)	(0.038)
Subtotal Existing Plans	(4.277)	(6.751)	(9.222)	(9.222)
New Plans				

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
CC27 Open for Learning, which includes a major programme to redesign and rationalise local assets to deliver a service focused not asset focused approach We propose to bring together our services and those services delivered by our partners to reduce the amount we spend on buildings. This will mean we will probably dispose of some of our council-owned buildings so we can minimise the impact on front-line delivery. We will also explore how far we can reduce the amount of space it takes to deliver the services by working in partnership and by using technology differently. This approach means that libraries, adult education and early years services in the future will need fewer separate buildings.	(0.300)	(2.688)	(5.688)	(10.688)
CC30 Affordable Homes element of New Homes Bonus Grant A reduction in the support that is provided for the development of new affordable and social housing schemes (the empty property team will be protected and will be unaffected).	(0.500)	(0.500)	(0.500)	(0.500)
EGJ6 Creating a more balanced financial strategy for arts and culture shaped and funded by a wider range of partners and stakeholders We propose to reduce the funding from the council to arts and culture from 2017/18.	0.000	(0.250)	(0.500)	(0.500)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
EGJ7 Create a commercial model for business support We do not have a legal duty to offer advice to businesses, but it has traditionally formed part of our role and has been offered free of charge. We propose the creation of a small unit to offer paid-for advice and support to businesses and other local authorities, across the range of services delivered by Trading Standards, Licensing and Environmental Health. Support could include training courses or one to one advice.	(0.028)	(0.060)	(0.080)	(0.100)
EGJ8 Create a West Midlands-wide trading standards service Our proposal is to approach the six other district councils in the West Midlands with a view to creating a West Midlands-wide trading standards service, with effect from 1st April 2018. A saving has been identified in terms of management overheads.	0.000	0.000	(0.050)	(0.050)
EGJ9 Broadening the income base for Marketing Birmingham It is proposed to reduce the cost to the City Council of the contract with Marketing Birmingham through broadening the income base to include contributions from other organisations.	0.000	(0.250)	(0.500)	(0.500)
MIA13 To integrate Independent Living Services with Enablement Services to enable the co-ordination and provision of major adaptations with other care and support assessments To move the Independent Living Service (currently in Place Directorate) into Enablement Services (People Directorate). This will improve the coordination of assessment and provision of major adaptations (to residents' homes) and provide alternative care and support services.	(0.020)	(0.020)	(0.020)	(0.020)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
MIA6 Homelessness: licensing and enforcement in the private rented sector We propose to make more information and advice available online for tenants and landlords. Access to direct phone support will therefore be restricted to high priority cases in an attempt to reduce the demand for telephone and face to face support. This will help us to refer tenants seeking help to appropriate agencies or to use online material to request landlords to carry out repairs, and enable us to focus on high priority cases.	(0.031)	(0.031)	(0.031)	(0.031)
PL31 Emergency Planning and CCTV We are proposing to reduce the number of staff that monitor CCTV.	(0.379)	(0.379)	(0.379)	(0.379)
SN11 Reduce Reuse Recycle - Garden waste - opportunity to improve productivity and increase revenue We propose to improve the efficiency of the service by improving green waste collection rounds and increasing the number of households that purchase the service. There are no proposals to increase the price of the service in 2016/17, however a price increase of £5 to £40 is proposed for 2017/18.	(0.160)	(0.470)	(0.470)	(0.470)
SN12 Young Active Travel We will maintain the current level of the school crossing patrol service, but will evaluate a range of options, including setting up a Trust, to reduce the costs to the Council. We will seek opportunities for identifying external sources of funding. Councillors, schools, parents and communities will work together to develop their active School Travel Plans, including the development of other safety measures and travel plans.	(0.500)	(0.881)	(0.881)	(0.881)
SN13 Reduce number of play areas We are proposing to amend the play policy by increasing the distance to provide a play area to within 800 metres of every dwelling.	0.020	(0.040)	(0.040)	(0.040)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
SN14 Disposal of local Council Car Parks or cover their costs through charges We propose 3 changes: (1) An increase in the current tariff of charges for existing local Pay & Display car parks (2) The introduction of Pay & Display charges at currently free car parks (3) A small number of local car park disposals may be considered where the parking demand is low	(0.050)	(0.050)	(0.050)	(0.050)
SN15 Reduce Reuse Recycle - Align Clinical Waste collections with NHS policy We propose that either the NHS takes responsibility for collection of hazardous clinical waste, or that it pays us to collect it. Both proposals will be discussed with the NHS.	0.000	(0.140)	(0.140)	(0.140)
SN16 Reduce Reuse Recycle - Discourage traders from illegal use of the council's household recycling centres (HRCs) To reduce the amount of illegal trade waste at household recycling centres and the costs of this, we propose to provide separate commercial waste facilities for businesses to pay to bring in trade waste. These will be provided at existing HRC sites. Enforcement of these arrangements will be carried out by the Council's contractor.	(0.094)	(0.094)	(0.094)	(0.094)
SN17 Reduce Reuse Recycle - Reduce imported waste costs We are proposing to charge non-Birmingham residents for using the Council's household recycling facilities and introduce better identification processes, such as Automatic Number Plate Recognition, to identify non-Birmingham residents and prevent them from using the City Council's household recycling centres without paying. These will reduce costs by reducing the amount of waste that Birmingham City Council has to process and dispose of.	(0.391)	(0.391)	(0.391)	(0.391)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
SN18 Reduce Reuse Recycle - Passing initial cost of bins, waste collection and recycling onto the developers of new estates/house builders We are proposing to change Local Planning Policy to require that where a new estate / road is being built, the Developer has to provide individual or possibly street-based communal facilities for the storage of waste and recycling.	(0.180)	(0.180)	(0.180)	(0.180)
SN19 Transfer Queslett landfill site to alternative ownership We are proposing to transfer Queslett landfill site to alternative ownership. This would reduce the responsibility of the Council to staff and maintain the site.	(0.269)	(0.269)	(0.269)	(0.269)
SN20 Redesign street cleansing and a combination of enforcement, education and community marketing to encourage residents and businesses to keep streets/footpaths tidy Currently, the city's streets are cleaned the day after refuse and recycling collections. We are proposing to revise the street cleaning plans according to when it is required.	(1.500)	(1.500)	(1.500)	(1.500)
SN21 Removal of Universal Superloos We are proposing to stop providing 'universal superloos' from 2016/17.	0.000	(0.276)	(0.276)	(0.276)
SN24 Provide above ground mausoleums and vaults in cemeteries that are closed for new burials We propose 4 changes to the service: <ol style="list-style-type: none"> 1. The installation of above ground Mausoleums 2. Installation of Vaults 3. Digitisation of records 4. Booking system made available online 	0.064	0.041	(0.168)	(0.168)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
SN26 Discontinue Non Framework Contract at Health and Wellbeing Centres The council intends to withdraw from or no longer fund the following sites in April 2016: <ul style="list-style-type: none"> • Colmers Community Leisure Centre • Bartley Green Community Leisure Centre • Great Barr Community Leisure Centre • Hamstead Pavilion. In addition, we propose that: <ul style="list-style-type: none"> • When the new Sparkhill Pool opens in 17/18, Moseley Pool and Court Road Fitness Centre will close, • When the new Northfield Pool opens in 18/19, Tiverton Road Pool will close, and • When Icknield Port Loop Pool opens in 19/20, Aston Newtown Pool will close. 	(1.410)	(1.750)	(2.310)	(2.500)
SN28 Reduction in costs (Parks) We are proposing to restructure the management of the Parks Service and the associated trading activities, and continue to manage and maintain the Council's green estate.	(0.300)	(0.300)	(0.300)	(0.300)
SN31 Offer the Trekking Centre to the market as a franchise opportunity We are proposing to offer the Trekking Centre to the market as a franchise opportunity.	(0.018)	(0.036)	(0.036)	(0.036)
SN32 Income Generation from Cofton Nursery The Cofton Nursery re-development is scheduled to start early in 2016/17 and the site will be closed for operations during a significant part of the year. During this time savings will be achieved through reduced costs and redirecting resources into other activities. When the re-developed nursery becomes operational savings will be achieved through additional income and a more efficient operation.	(0.306)	(0.306)	(0.306)	(0.306)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
SN38 Cease all investigations into dog cruelty matters The proposal is that the Council will no longer investigate or accept complaints relating to the ill treatment of dogs from the 1st April 2016. It is not our legal duty to provide this service. In most other areas of the country, this is done by dog charities, in particular the RSPCA. We will refer people who have a complaint to animal welfare charities.	(0.024)	(0.024)	(0.024)	(0.024)
SN4 Extend parking charges at parks We propose extending the current car parking scheme at Sutton Park; charging all year round instead of only during the summer months, We also plan to introduce charges at other sites including Cannon Hill Park, Lickey Hills Country Park, Rectory Park, Victoria Common, Perry Park, and Edgbaston Reservoir. This will generate income for the council. The parking schemes will be managed by an external contractor.	(0.020)	(0.020)	(0.020)	(0.020)
SN40 Evaluate options for extending the range of the Council's rented property offer The proposal is to extend the current role of the internal housing company, to build or acquire further new homes. It will look at the different options for how the Council increases its range of rented properties.	(0.300)	(1.600)	(2.900)	(3.000)
SN42 Increase income generation from golf contract Increased income will be generated from the golf contract.	(0.136)	(0.250)	(0.250)	(0.250)
SN43 Community leisure centres We propose to renegotiate the contract to generate savings.	(0.238)	(0.208)	(0.338)	(0.693)
SN44 Reduction in costs (Sport) We have identified additional savings following outsourcing.	(0.320)	(0.320)	(0.320)	(0.320)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
SN45 Disposal of unwanted/under utilised parks land (8 acres per year) It is proposed that the Parks Service disposes of unwanted or underused land. It is proposed that 8 acres per annum, for the next four years, will be transferred to our Housing service for them to build more new homes.	(0.200)	(0.400)	(0.600)	(0.800)
SN50 Community Safety It is proposed to secure funding from the community safety fund to partially fund the public realm CCTV and the safer places team that works locally with partners to deliver the community safety programme.	(0.800)	(0.800)	(0.800)	(0.800)
SN51 Vehicle Fleet and Depots Improvement A rationalisation of the operational facilities and optimising the use of our vehicle fleet (minimising the downtime of vehicles and optimising the routes to reduce fuel and repair costs).	(0.500)	(1.000)	(1.500)	(1.500)
SN6 Reduce Reuse Recycle - Reconfiguration of waste collection services including review management arrangements for waste collection service once current waste disposal contract expires in 2019 We will review our options ready for contract end in 2019, including considering potential market testing as part of the new contract after 2019 for the Street Cleaning and Waste/Refuse Collection services. We will also make some savings related to the mortgage on the incinerator. We will also reduce the amount of waste being disposed of.	(0.500)	(0.800)	(3.025)	(17.600)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
SN7 Reduce Reuse Recycle - Reduce failures/failed waste collections We are proposing two changes to ensure that we collect the bins that are put out and that our waste and recycling collections are planned in the most efficient way: 1. The introduction of new technology will allow us to better track and monitor how our bins are collected and to ensure that the routes around the city that our crews take are being planned and monitored efficiently. This will enable us to maximise the productivity of crews and vehicles with appropriate round sizing taking into account terrain, property type, presentation points and assisted collections. 2. The use of technology and data systems to verify that collections have been correctly completed and that any claims of missed collections are justified.	(3.082)	(3.164)	(3.164)	(3.164)
Subtotal New Plans	(12.472)	(19.406)	(28.100)	(48.540)
Total Place Plans	(16.749)	(26.157)	(37.322)	(57.762)
CORPORATE				
New Plans				
CC4 Stop colour printing Stop colour printing	(0.250)	(0.250)	(0.250)	(0.250)
CC19 Revenue Services Transformation Programme to reduce Revenues Contract price further with Service Birmingham The Council is working with Service Birmingham to identify ways to reduce the contract price relating to the collection cost of BIDs income from 2016/17 until the end of the contract in 2021.	(0.146)	(0.110)	(0.050)	(0.030)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
WOC1 Workforce proposals requiring changes to terms and conditions We will review the terms & conditions of our employees to reduce the costs of employment whilst ensuring that there remains a core offer that is fair, legally compliant and aligned to our Living Wage City commitment. We propose to consult with staff and Trades Unions around a package of changes that could include: a new deal on holidays, more flexible working, increasing the number of hours in the working week, reducing sick pay and other changes that may impact pay.	0.000	(15.000)	(18.000)	(18.000)
WOC2 Improving efficiencies We want to make sure that all services have clear plans regarding how they spend money on workforce costs. This is so the Council can better manage spending on the use of resources such as: agency workers, consultants and casual workers. We also want to create more opportunities for local people through the expansion of our apprenticeship and intern schemes. Whilst we need to reduce our costs of employment we also need to ensure that we remain competitive and comparable with modern working practices and that we can continue to recruit and retain the best employees, so that we can provide excellent services to our citizens. We will do this by enabling more employees to be able to work agilely, and support them to develop their skills, experience and careers.	(10.560)	(13.994)	(15.881)	(16.281)
Subtotal New Plans	(10.956)	(29.354)	(34.181)	(34.561)
Total Corporate Plans	(10.956)	(29.354)	(34.181)	(34.561)
Total Savings	(88.210)	(163.336)	(210.652)	(251.244)

APPENDIX 7: REVENUE BUDGET

Revenue Budget for City Council Services - Gross Expenditure

	Adjusted 2015/16 Budget £m	2016/17 Budget £m
Directorate		
Corporate Resources	666.221	660.222
Economy	154.289	147.145
People	1,623.841	1,587.138
Place (excluding Housing Revenue Account)	230.521	205.527
Total Directorate Expenditure	2,674.872	2,600.032
Corporately Managed Budgets	137.689	139.520
Contingencies	39.657	54.469
Total Expenditure on Services	2,852.218	2,794.021
Corporate Contribution to Reserves	8.465	8.681
Corporate Repayment of Borrowing from Reserves	11.078	2.535
Contribution to General Balances	1.500	1.500
Total General Fund Expenditure	2,873.261	2,806.737
Housing Revenue Account	289.957	287.035
Total Gross Expenditure	3,163.218	3,093.772

Revenue Budget for City Council Services - Gross Income

	Adjusted 2015/16 Budget £m	2016/17 Budget £m
Directorate		
Corporate Resources	(619.109)	(626.953)
Economy	(87.324)	(87.911)
People	(1,127.386)	(1,116.483)
Place (excluding Housing Revenue Account)	(85.145)	(74.101)
Total Directorate Income	(1,918.964)	(1,905.448)
Corporately Managed Budgets	(3.850)	(16.666)
Corporate Grants	(31.986)	(31.575)
Total Income from Services	(1,954.800)	(1,953.689)
Corporate Use of Reserves	(42.263)	(13.540)
Corporate Borrowing from Reserves	(1.657)	(4.227)
Total General Fund Income	(1,998.720)	(1,971.456)
Housing Revenue Account	(289.957)	(287.035)
Total Gross Income	(2,288.677)	(2,258.491)

Revenue Budget for City Council Services - Net Expenditure

	Adjusted 2015/16 Budget £m	2016/17 Budget £m
Directorate		
Corporate Resources	47.112	33.269
Economy	66.965	59.234
People	496.455	470.655
Place (excluding Housing Revenue Account)	145.376	131.426
Total Directorate Net Expenditure	755.908	694.584
Corporately Managed Budgets	133.839	122.854
Contingencies	39.657	54.469
Corporate Grants	(31.986)	(31.575)
Total Net Expenditure on Services	897.418	840.332
Corporate Use of Reserves	(33.798)	(4.859)
Corporate Net Borrowing from Reserves	9.421	(1.692)
Contribution to General Balances	1.500	1.500
Total General Fund Budget	874.541	835.281
Housing Revenue Account	0	0
City Council Budget	874.541	835.281

Revenue budget for City Council Services - Subjective Analysis

	Adjusted 2015/16 Budget £m	2016/17 Budget £m
Employees	1,039.621	1,007.910
Premises	195.408	197.550
Transport	32.383	27.787
Supplies & Services	592.279	566.348
Grants to Voluntary Organisations	43.016	31.655
Third Party Payments	501.503	498.725
Transfer Payments	555.207	552.651
Capital Financing	288.683	279.350
Recharge Expenditure	234.089	264.349
Appropriations to Reserves	23.030	22.818
Recharge Income	(342.001)	(355.371)
Gross Expenditure after Recharges	3,163.218	3,093.772
Grants	(1,632.499)	(1,639.343)
Fees and Charges	(198.068)	(210.578)
Rents	(330.907)	(333.861)
Other Income	(41.426)	(31.655)
Appropriations from Reserves	(85.777)	(43.054)
Gross Income after Recharges	(2,288.677)	(2,258.491)
Net Expenditure	874.541	835.281

APPENDIX 8: HOUSING REVENUE ACCOUNT

	Year 1 2016/17 £m	Year 2 2017/18 £m	Year 3 2018/19 £m	Year 4 2019/20 £m	Year 5 2020/21 £m	Year 6 2021/22 £m	Year 7 2022/23 £m	Year 8 2023/24 £m	Year 9 2024/25 £m	Year 10 2025/26 £m	Year 1 to 10 Total £m Year 30 2044/45 £m	Year 1 to 30 Total £m
HOUSING REVENUE ACCOUNT													
Income													
Rental Income	(266.709)	(263.680)	(260.080)	(255.936)	(262.190)	(268.661)	(275.275)	(282.096)	(288.988)	(296.101)	(2,719.716)	(478.113)	(10,416.402)
Voids	3.611	3.589	3.560	3.525	3.607	3.691	3.777	3.866	3.956	4.048	37.230	6.308	140.899
Net Rental Income	(263.098)	(260.091)	(256.520)	(252.411)	(258.583)	(264.970)	(271.498)	(278.230)	(285.032)	(292.053)	(2,682.486)	(471.805)	(10,275.503)
Service Charges / Other Income	(23.937)	(24.438)	(24.731)	(25.148)	(25.584)	(26.035)	(26.316)	(26.577)	(26.821)	(27.123)	(256.710)	(31.600)	(848.770)
Total Revenue Income	(287.035)	(284.529)	(281.251)	(277.559)	(284.167)	(291.005)	(297.814)	(304.807)	(311.853)	(319.176)	(2,939.196)	(503.405)	(11,124.273)
Expenditure													
Repairs	65.571	62.967	62.805	63.469	66.239	67.492	68.768	70.067	71.392	72.741	671.511	105.713	2,452.211
Management	60.405	60.197	59.631	58.922	59.284	59.853	61.205	62.587	63.976	65.351	611.411	99.525	2,254.528
Bad Debt Provision	4.169	3.666	3.657	3.650	4.053	4.077	4.098	4.122	4.140	4.165	39.797	4.727	128.603
Equal Pay	8.300	3.900	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	12.200	0.000	12.200
Estate Costs	18.752	19.147	15.476	15.738	16.107	16.452	16.813	17.182	17.549	17.906	171.122	26.753	616.328
Capital Financing - Loan Redemption	1.166	17.381	16.466	10.270	27.916	41.182	45.918	49.752	54.910	60.073	325.034	5.610	720.007
Capital Financing - Interest and Other Costs	53.529	53.629	53.706	52.894	52.348	50.896	48.722	46.696	44.372	42.176	498.968	21.728	1,013.644
Contribution to Capital	75.143	63.642	69.510	72.616	58.220	51.053	52.290	54.401	55.514	56.764	609.153	239.349	3,926.752
Total Revenue Expenditure	287.035	284.529	281.251	277.559	284.167	291.005	297.814	304.807	311.853	319.176	2,939.196	503.405	11,124.273
Net (Surplus) / Deficit	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CAPITAL INVESTMENT													
Total Investment	133.463	115.308	98.534	94.298	72.802	61.114	61.978	64.339	65.708	67.221	834.765	258.513	4,443.573
Financing													
Contribution from Revenue	(75.143)	(63.642)	(69.510)	(72.616)	(58.220)	(51.053)	(52.290)	(54.401)	(55.514)	(56.764)	(609.153)	(239.349)	(3,926.754)
Other Resources	(58.320)	(51.666)	(29.024)	(21.682)	(14.582)	(10.061)	(9.688)	(9.938)	(10.194)	(10.457)	(225.612)	(19.164)	(516.819)
Total Expenditure	(133.463)	(115.308)	(98.534)	(94.298)	(72.802)	(61.114)	(61.978)	(64.339)	(65.708)	(67.221)	(834.765)	(258.513)	(4,443.573)
Net (Surplus) / Deficit	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Borrowing Cap	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420		1,150.420	
Note: Efficiencies included above	(7.285)	(8.433)	(10.214)	(10.953)	(9.614)	(9.820)	(10.031)	(10.247)	(10.469)	(10.697)	(97.763)	(16.692)	(369.651)

APPENDIX 9: MAJOR SERVICE ASSET AND CAPITAL STRATEGIES

1. People

Adults and Communities

- 1.1 The Directorate's Capital Strategy supports delivery of care to the most vulnerable adults in the city and the Council's Vision for a happy, healthy population. In particular it will support citizens to have access to fully integrated health and social care services that help maintain independence and provide care to those who need it.
- 1.2 The Council must work with its partners and citizens to make sure the changes being proposed in this strategy and the wider Business Plan are the right ones and the transition to new ways of working is carried out properly. More integrated services and support should be designed around the City's people to help Birmingham citizens and their families look after themselves - not have to rely on formal care.
- 1.3 The Government's Better Care Fund (BCF) which started on 1 April 2015 is delivering a plan developed with health partners for closer joint working around the care of Older People. Capital resources are included in the overall BCF funding and the Council and partners will continue to identify investment opportunities through the joint governance arrangements.
- 1.4 The Council will also work with partners, providers, and citizens to invest in opportunities to provide alternatives to residential care such as Shared Lives, supported living, and use of assistive technology.
- 1.5 The Council continues to review directly provided services to ensure that they are the most appropriate way of meeting citizens' needs and are as effective as possible. Current schemes to review Learning Disability Day Centres and invest in ensuring that facilities comply with care and health and safety regulations will continue.
- 1.6 The Council will make a major investment of £2.7m in its main Social Care ICT system (currently known as Carefirst). This re-commissioning and replacement will improve and simplify workflow processes, remove duplication, integrate a number of standalone systems and provide additional facilities. The Care Act 2014 introduced fundamental changes to the working of Adult Social Care and the new system will support the Council's continuing implementation of these changes and improve joint working with citizens and partners. This will be supported by other ICT schemes and where possible, all developments and changes to the ICT systems will be funded through capital resources.

- 1.7 The Directorate is also responsible for Homelessness services. A scheme for the refurbishment, modernisation and upgrade of three homeless centres is well progressed and will be completed in 2016/17. This will benefit households in crisis to be accommodated with support in appropriate accommodation that meets all statutory requirements and health and safety legislation. It also reduces the dependence of the Council on bed and breakfast accommodation at which no support is provided.
- 1.8 In addition to these specific proposals, the Directorate will also identify opportunities to deliver improved services through the application for and use of specific funding, usually provided through Government Departments or Agencies.

Children, Young People and Families

The CYPF Asset and Capital plan aims to address the following key priorities:

Basic Need Capital programme

- 1.9 Birmingham is a growing City and the population is getting younger. The City Council has a statutory duty to ensure there are sufficient school places for all Birmingham children and young people. In order to meet this duty, it is essential that the City Council has a robust understanding of the supply of and demand for school places through school place planning, accompanied by a Basic Need Strategy that ensures sufficient school places are provided to meet local need. At its very essence, the Basic Need programme is part of the wider school improvement strategy to deliver our ambition for every Birmingham child to benefit from a great education offer.

Birmingham City Council's proposed investment of £83m for the Basic Need programme covers all school places across mainstream and special schools from the statutory school ages of 4 – 16 and has 4 key strands:

1. Make optimum use of existing space, buildings and sites to provide sufficient, suitable, high quality additional places where needed;
2. Work with Maintained Schools, Free Schools and Academies to meet Basic Need through co-ordinated expansion plans;
3. Allocate annual Basic Need Capital investment effectively and efficiently to areas where basic need requirements can only be met through either re-modelling, refurbishment or new-build projects, ensuring that the needs of our most vulnerable young people are prioritised and capital projects make best use of existing resources;
4. Identify alternative funding sources and models to deliver requirements including Section 106, school contributions, bidding opportunities, Local Co-ordinated Voluntary Aided Programme (LCVAP), Community Infrastructure Levy and future Basic Need allocations.

Education Sufficiency Requirements continue to be published annually setting out the number and location of new places we expect to require and the changes made in the supply of school places. An annual schools capital programme will bring forward proposals for school expansions requiring capital investment. The majority of funding for the programme is from Department for Education (DFE) Basic Need grant, with additional funding streams from school balances, Section 106 contributions and earmarked capital receipts.

Co-ordination of place planning and the schools expansion programme has specific complexities in a landscape where more schools have autonomy to increase the number of places they offer and where central government is delivering the Free Schools and Academies programmes. This means that at times the Council will expand schools temporarily to take additional children at relatively short notice. In the event of local oversupply of places we may also need to halt/limit planned expansions as well as decommission existing school places. In the event of the need to de-commission school places, a policy and process will be developed for consultation to be reviewed annually.

1.10 Capital Maintenance

As owner of the majority of Birmingham schools, the City Council works closely with schools to ensure that Governing Bodies fulfil their obligations in relation to statutory compliance and planned preventative maintenance to improve the condition of school buildings.

Birmingham City Council's proposed investment in schools capital maintenance is £32.2m and the key priorities for the programme are:

- Responding swiftly to emergency repairs and maintenance issues identified in the Asset Surveys.
- Delivery of planned maintenance to address major backlog maintenance issues to reduce emergency repairs and prevent asset failure that will lead to school closure.
- Levering investment from school into condition need through dual funding of priority maintenance projects.
- Working in partnership with schools to fund essential repairs and ensure there is minimal incidence of school closure due to asset failure.
- Levering maximum increased investment into the estate to address condition need and suitability in particular through a) bidding opportunities as they arise b) development opportunities that will lever investment into the education estate. Examples include a bid to the DfE as part of the Priority Schools Building Programme 2 to rebuild 6 schools in the worst condition.

1.11 Education Portfolio Management

Key priorities for the management of the education portfolio are:

1. Reduction in revenue maintenance costs associated with surplus and non-schools assets, in particular unattached school playing fields.
2. Implementing solutions to manage the revenue affordability gap on the maintenance contracts for the PFI and Building Schools for the Future (BSF) schools estate while delivering effective operational contracts management to drive efficiencies.
3. Maximising opportunities for revenue savings from energy efficiency measures.
4. Regularising all lease arrangements on schools and non-schools assets.
5. Advice and guidance to schools on effective asset management (traded service).

1.12 Children's Social Care

Children's Social Care has recently received approval for a third party to operate five mainstream Children's Homes for 2016. However the Council wishes to maintain management of its five Disabled Children's Homes and these may require investment in forthcoming years. The division is currently reviewing its arrangements for public access to case conferences and contact sessions and these may necessitate building solutions needing capital funding. Finally the Youth Offending Service is reviewing its property arrangements and further moves / consolidation of the estate may need capital investment.

1.13 Children, Young People & Families ICT

The Council has worked with the Children's Commissioner, to produce a Children's Social Care Improvement Plan 2014-17 (published 7 July 2014), in order to take forward the key and fundamental changes that are urgently required to improve safeguarding and protection of children.

Part of the improvement plan includes having fit for purpose IT systems to support social work practice. To this end an assessment has been made of the key IT improvements that are required to stabilise and enable the existing services. The cost of implementation will be funded from earmarked capital receipts. This has since been supplemented by an overall strategic review of the whole service including Education which has generated an additional resource requirement. However, funding of any additional priorities will depend on exploiting other funding streams such as Think Family grant.

2. Economy

Strategic Context

- 2.1 The strategy for the Directorate underpins key corporate outcomes, highlighting the investment required to support the delivery of the City Council's significant economic agenda. Objectives include:
- Delivering sustainable growth to meet the needs of the population through transformational change in the city centre and key areas of growth, and developing the city as a series of neighbourhoods that are safe, diverse and inclusive with locally distinctive character.
 - Creating the conditions for a strong and prosperous economy built around a diverse base of economic activities with benefits felt by all.
 - Increasing the city's economic output and productivity through the expansion of key growth sectors, greater enterprise and innovation in high value added activity.
 - Providing high quality infrastructure to support improved local and regional connectivity and accessibility, enhance global competitiveness and underpin future economic and population growth.
 - Increasing employment and reducing poverty across all communities to support people from welfare to work.
 - Creating a vibrant low carbon, low waste economy through the best use of environmental technologies, and ensure that Birmingham is prepared for the impact of climate change.
 - Ensure that the City Council is able to deliver and support all of its objectives through the most efficient use of technology.
- 2.2 The Directorate works with other parts of the City Council along with public and private sector partners to develop an integrated approach to investment to deliver the required growth. This includes working at a local level with the District structures and regionally with other West Midlands authorities and the GBSLEP.
- 2.3 In the coming year the Council expects to work closely with its partners in the proposed WMCA to start delivering the Devolution Deal agreed with the Government. This is estimated to bring additional capital investment in excess of £8 billion over ten years across the West Midlands and associated LEP areas. This will require new ways of delivering capital investment involving a variety of delivery mechanisms appropriate to each investment programme.

Planning & Regeneration

2.4 The Enterprise Zone (EZ) has a 10 year Investment Plan totalling £275m capital and revenue that was approved in 2014. Under government rules on Enterprise Zones, any uplift in the business rates collected within the EZ boundaries is ringfenced for a period of 25 years for the use and direction of the Local Enterprise Partnership. Within Birmingham this is the GBSLEP. The Investment Plan sets out how this uplift will be used to deliver the first phase of investment in infrastructure to unlock development and growth in the City Centre Enterprise Zone (EZ). A series of projects commenced in previous years, continue to be progressed within the Economy Directorate with the EZ funding including:

- The ongoing re-development of Paradise Circus - £87.9m (remaining budget of £44.4m).
- Operation of a site development and access fund - £14.0m (remaining budget of £9m).
- £35.5m of budget for the Southern Gateway site.
- £30m for the development of the HS2 Curzon Street site.
- £20m for the LEP Investment Fund and
- £20.0m for the HS2 Interchange site.

2.5 In addition to the City Centre Enterprise Zone, the Economic Zones marry the city's target growth sectors with strategic development opportunities supported by a bespoke offer to encourage private sector investment. The capital programme includes funding for the following projects:

- Advanced Manufacturing Hub at the Aston Regional Investment Site – for 2016/17 £4.2m expenditure which utilises a mix of public sector funding sources is forecast. This will support acquisitions, demolitions and site remediation to bring forward further developable plots for the automobile and advanced manufacturing sector.
- National College for HS2 – Plans for the National College for High Speed Rail were unveiled by HM Government in January 2014. Split across two sites, one in Birmingham and the other in Doncaster, it is an integral component of the emerging regional HS2 Growth Strategy and will provide a strong foundation to support the acquisition of skills in rail technology and management. Due to open by September 2017, the college to be built in Birmingham at a cost of £26.0m (£23.6m profiled over 2016/17 and 17/18) is funded by government grant and Local Growth Fund. It will add value to and strengthen the existing local skills infrastructure addressing the demands of the existing rail industry and directly contribute to future needs of HS2 and other advanced engineering sectors.

- Longbridge Regeneration – the Longbridge Regeneration budget reflects the planning and regeneration elements of the Longbridge Connectivity project approved by Cabinet on 8th December 2015; which includes a £1.92m Park and Ride scheme being delivered by Centro and funded by Local Growth Fund grant and £1.45m for Longbridge Station Improvements being delivered by network Rail funded by S106 monies.
- 2.6 Following approval by full Council in September 2015 of the Community Infrastructure Levy (CIL) Charging Schedule, charging was introduced for applicable planning applications from January 4th 2016. The CIL is a funding stream generated by certain types of development once they commence on site, and ensures those CIL - liable developments contribute to the infrastructure needed to support that development (e.g. highways improvements, improvements to education capacity, enhancements to parks and open spaces). At the current time, it is anticipated that the process to distribute CIL funds will be operated at a City Council wide level, and those potential projects must demonstrate how that project will support the growth aspirations for Birmingham, as outlined in the Birmingham Development Plan. Funding decisions will be subject to Cabinet approval. In the short term, it is anticipated that the CIL receipts will be low but will increase over time.
- 2.7 The service continues to work in partnership with other public bodies and the private sector to deliver on investment priorities as well as seek external resources. The GBSLEP City Deal as detailed in the Cabinet Report of October 2013 has ringfenced the receipts from disposal of the former Advantage West Midlands assets held by the Homes and Communities Agency for investment to unlock a number of complex City Council owned assets that will generate new housing and employment. To date capital expenditure has been approved for the Meadway and the Advanced Manufacturing Hub.
- 2.8 As mentioned in 2.3 above the Council also expects to work closely with its partners in the proposed WMCA to start delivering the Devolution Deal agreed with the Government. This is estimated to bring additional capital investment in excess of £8 billion over ten years across the West Midlands and associated LEP areas.
- 2.9 GBSLEP Local Growth Fund was recently approved for delivery of a £9m LEP wide programme for grant, loan and equity to unlock housing sites. There are early discussion with the GBSLEP on the potential for a similar programme for brownfield land given the shortage of sites for both business growth and the retention of businesses affected by the HS2 Safeguarding. Feasibility work is also being undertaken on the need for a JESSICA (EU non grant financial instrument) across the region's LEPs to support urban development.
- 2.10 The continued revitalisation and modernisation of the city's economy will be central to the growth agenda ensuring that jobs and prosperity are generated for

current and future residents. It is anticipated that a new three year capital Property Investment Programme will be operational early in 2016/17 consisting of £3m ERDF and £3m private sector investment. This new LEP wide £21m Business Growth Programme (consisting of £21m ERDF drawing in a further £21m private sector investment over 3 years) will provide predominantly support plus capital equipment. These grant programmes along with funds managed by Finance Birmingham provide a range of investments for SMEs to support growth.

Transportation

- 2.11 The City's transport network enables the movement of people, goods and materials around Birmingham and affects all those who live, work and visit the city. The aim, as recently set out in Birmingham Connected, the Council's transport strategy and complemented by the new West Midlands Strategic Transport Plan, is to support, influence and nurture the growth of the city through a holistic and co-ordinated view of transport, land use planning, regeneration and environmental issues. The city also aims to improve transport infrastructure and networks and tackle congestion, working with partners to improve road and transport safety, encourage the use of sustainable modes and increase the range of low carbon transport options available to all citizens and road users.
- 2.12 The strategy seeks continuing support towards the delivery of major capital projects including a High Speed (HS2) rail link between Birmingham and London with two significant stations in Birmingham and Solihull, a HS2 Connectivity Package (new metro and SPRINT routes linked to the West Midlands Devolution Deal and Combined Authority) and supporting major developments including the Enterprise Zone and Economic Growth Zones at Aston, Witton, Tyseley, Selly Oak and Longbridge. During 2016/17 the strategy will begin to encompass the Midlands Connect strategy (for which £5m development funding has been provided to the West Midlands ITA) and the West Midlands Strategic Transport Plan.
- 2.13 In addition to Local Transport Plan Integrated Transport Block resources (confirmed £5.16m allocation for 2016/17 and 2017/18) the City Council continues to explore opportunities to secure additional Government funding to support this strategy. The following significant projects and bids are illustrative to this approach:
 - A further £22.1m of Cycle City Ambition Grant to support the delivery of the Birmingham Cycle Revolution up to 2017/18.
 - A likely bid to the Department for Transport's new 'Access Fund' in 2016/17 to continue sustainable transport measures, with £580m available nationally.
- 2.14 The strategy also reflects the provision of smaller improvements and enhancements to the highway and transport networks that promote economic

growth, carbon reduction and sustainability, road safety, local accessibility and social inclusion. Such improvements are mainly funded from Local Transport Plan Integrated Transport Block resources.

- 2.15 From 2015/16 funding for major transport schemes has been provided from the Local Growth Fund (LGF), with resources sought on a largely competitive basis through the submission of a Strategic Economic Plan (SEP) to Government in March 2014 by the GBSLEP. A further £94.5m of LGF has been provisionally secured to deliver improvements to the A457 Dudley Road and strengthening works to the A38 (M) Tame Valley Viaduct. This funding is subject to central Department for Transport approval and individual scheme Project Definition Documents will be prepared in 2016/17 and 2017/18.
- 2.16 Devolved local major transport scheme funding previously provided to the Greater Birmingham and Solihull Local Transport Board (LTB) also now form part of LGF resources controlled by the LEP. The projects below formed part of the LGF bid and funding award and are currently being progressed through the LEP and LTB governance process:
 - One Station link between New St & Moor St Stations
 - Midland Metro Extension to Centenary Square (Complementary Highway Works);
 - Making the Connections (Urban Realm) and
 - Hagley Road SPRINT (bus rapid transit).
- 2.17 The successful completion of Birmingham New Street has transformed the experience for the millions of passengers who use the station every year and allow it to handle the ever increasing number of people who choose to travel by train. The parallel completion of Grand Central provides a unique shopping and travel experience and a gateway to the rest of the city centre.
- 2.18 Other resources available for transportation purposes include funding for low carbon uses and sustainable transport and is available from the European Structural Investment Fund, with resources managed at a LEP level. Other bespoke bids will be made on a case by case basis in accordance with the City Council's Gateway and Related Financial Approval Framework.
- 2.19 Birmingham Connected, the Council's transport strategy was launched in November 2014 and sets a 20 year + transport vision for the city. Birmingham Connected provides initial thoughts in terms of future funding and financing mechanisms that will be developed with partners and stakeholders during 2016/17 including opportunities available through the WMCA. In addition, funding models looking at S106 resources, Community Infrastructure Levy,

Capital Receipts and Prudential Borrowing will be reviewed.

Highways

- 2.20 A significant level of capital investment in the Highway Network has been completed as a part of the Highways Maintenance PFI contract with Amey. This provides for highway, street lighting and other street furniture investment at an overall cost of £2.7bn over the 25 year period of the contract to 2033/34.
- 2.21 The Directorate will support the strategic development of the transport infrastructure through the implementation of £8.1m of programmes of smaller improvements and enhancements at a local level to promote economic growth, carbon reduction and sustainability, road safety, local accessibility and social inclusion.

3. Corporate Resources

Information & Communications Technology

- 3.1 The City Council's ICT Strategy provides the plan for delivering the information technology and information services which are required to effectively support the work of the City Council. To achieve this, it needs to balance both current and future needs in the context of available resources. The strategy proposes the most effective way of maintaining current infrastructure and services while providing the maximum flexibility in responding to future City Council initiatives.
- 3.2 The basic principles underlying the ICT strategy are:
- The maintenance of highly reliable infrastructure and basic corporate systems for both current and future requirements.
 - The traditional model of dedicated infrastructure needs to change to accommodate the need to work collaboratively with a range of partners over shared infrastructure, including web-based and cloud services.
 - All key systems need to be built or developed to work with mobile technology in general and with consumer devices in particular.
- 3.3 Provision has been made for major infrastructure replacements and SAP upgrades from 2016/17 onwards totalling £47.2m and include:
- Windows Desktop and server operating system upgrades, including new licencing agreements £21.0m.
 - £5.5m has been provided for SAP system technical and software updates between 2016/17 and 2018/19 to remain current and aligned to the strategic direction of the council and the downsizing of support services. The upgrades

will enable more mobile technology and manager and employee self-service as well as improving system performance.

- P Series server replacements £4.6m.
- Storage Replacement £1.5m.
- Wide Area Network core switches and load balancers replacement £3.3m.
- Contact Centre Software platform £1.0m.
- Backup infrastructure replacement £1.2m.
- Data Centre improvements of £1.0m.
- Other minor schemes less than £1m each totalling £4.7m.

4. Place

Strategic Context

- 4.1 The Place capital strategy covers a diverse range of assets and services, each with their own characteristics and strategic drivers for investment. The different elements are each set within the context of a number of Strategic Plans, including the Waste Management Strategy, Sport Facilities Strategy, HRA Business Plan 2016+, Housing Plan, Private Sector Housing Strategy and Planning for Housing in Later Life, taking account of the limited resources available.
- 4.2 Whilst the overall strategy is focussed around the delivery of service outcomes for residents, some elements are delivered locally on a District or neighbourhood basis whereas other elements form part of a Citywide approach. The key service areas are considered below.

Fleet and Waste Management (FWM)

- 4.3 The key focus of the service's strategy is to minimise waste, meet challenging recycling targets and minimise landfill within the context of a drive towards more sustainable disposal methods with a modernised service delivery model.
- 4.4 The focus of asset planning for FWM is the investment which forms the major part of the Full Business Case for the wheelie bin service, approved by Cabinet in September 2013. The key assets are vehicles, wheeled bins and depot improvements to enable roll-out and ongoing provision of the new service. The capital strategy identifies the funding for this investment which best utilises Government and City Council resources.
- 4.5 The roll-out of the wheelie bin service was undertaken in 2014/15 and 2015/16. The next phase of capital expenditure will focus on depot refurbishment at a cost of £8.6m over the next two years.

Local service assets

- 4.6 The effective use of local service assets is essential to the delivery of efficient services across the City Council, which is currently co-ordinated through the LoCal Project Board, chaired by the Deputy Leader.
- 4.7 The City Council provides a number of community libraries, adult education, advice and youth centres which support the localisation agenda. This asset base continues to be under review along with other Service assets in order to maximise opportunities for providing core services through co-location and partnership with other agencies, whilst generating significant savings (in excess of £10m over the next 4 years) for the Open for Learning Project which includes the former District services. Assets will be rationalised and limited investment undertaken, directed to priority sites for retention.

Parks and Nature Conservation

- 4.8 The investment will continue to be focussed on essential improvements to ensure health and safety standards, including pools and reservoirs. The service will seek to maximise external funding and generate income where possible in order to reinvest in the service where appropriate.
- 4.9 Expenditure planned in 2016/17 amounts to £3.2m across a range of projects.

Sport and Leisure

- 4.10 The City Council provides a range of sporting and leisure facilities. This includes Alexander Stadium and the strategy focuses on improving the national profile of the city as well as providing accessible facilities to help residents maintain a healthy lifestyle.
- 4.11 The City Council embarked on a major programme to transform the Sport and Physical Activity service, approved by Cabinet on 16th December 2013. The strategic outcome includes a mixed economy for delivery, including asset transfer, new wet (pool) and dry facilities, management through external contractors and the establishment of a Wellbeing Service that includes retaining facilities in deprived areas as well as outreach provision in parks, open spaces and community settings.
- 4.12 The framework contract for the construction, management and operation of Sparkhill Pool is in place, with the project now under way. A further two framework contracts are in place to enable the construction, management and operation of four leisure centres and transfer of five existing facilities to a private operator. As part of the transformation programme approved by Cabinet, options

for future development, management and operation of Alexander Stadium will be considered.

Markets

- 4.13 Food Hub - Following approval of the original full business case for the relocation of the Wholesale Markets to new purpose-built accommodation at the Hub in Witton in January 2014, an enhanced budget of £45.8m was subsequently approved for the scheme. After purchasing the new site and commencing work in 2015/16, £29.7m of this sum is budgeted to be spent in 2016/17 and 2017/18 on completing the building, on statutory compensation to traders at the existing wholesale market and on some 'mitigation' works at the existing Open Market. Final construction and tenant fit out are all scheduled to be completed in time to enable the commencement of trading at the new market in February 2017.

Private Sector Housing

- 4.14 Interventions are limited due to funding constraints since the cessation of government funding for private sector decent homes delivery in 2011. The remaining areas of activity are focussed on Independent Living, Affordable Housing and the support to the provision of high quality Private Rented Sector Housing through the Council's wholly owned company, InReach Limited.
- 4.15 Independent Living needs will be met solely through Disabled Facilities Grants (forming a part of the Better Care Fund) which is anticipated to continue in the region of £4.4m per annum and will be made available to fund mandatory adaptations cases only. Whilst there continues to be substantial demand for assistance, programme delivery will be increasingly focussed on a statutory service including signposting to third sector and lower cost solutions, with adaptations prioritised for higher need cases.
- 4.16 Affordable Housing support will continue through the use of Commuted Sums and Land Receipts for specific interventions, and in particular bringing long term empty homes back into use through the Empty Property Strategy on a self-funding basis, totalling £1.1m between 2016/17 and 2018/19.
- 4.17 InReach Limited is continuing with its plans to construct 92 apartments for market rent on St Vincent Street, Ladywood. This development is currently anticipated to be completed during 2017/18, with funding provided through loans from the Council totalling £12m.

Council Housing

- 4.18 The capital strategy for council housing forms an integral part of the HRA Business Plan, which sets out, over a 30 year period, plans for revenue and capital income and expenditure relating to HRA properties to ensure that council

housing is maintained over the long term. The HRA Business Plan is explained in more detail in Chapter 4.

- 4.19 The HRA Capital Strategy has a dual focus, both on maintaining existing properties (including any structural works needed to the fabric of the buildings) and on a programme of new house building to replace obsolete and non-viable stock including the regeneration of Kings Norton, Newtown, Meadway, Abbey Fields and Perry Common.
- 4.20 The asset management strategy to support this overall Capital Strategy includes investment of £347.3m between 2016/17 and 2018/19, directed towards:
- Continued capital investment to maintain properties in their current improved condition (renewal of key property elements based on life cycles);
 - Provision of New Affordable Housing as a part of an investment of £272m for 1,880 new homes for rent over the coming 10 year HRA Business Plan period;
 - Continued investment in the provision of adaptations in properties for the benefit of council tenants (delivered in parallel to the Private Sector Housing Independent Living programme);
 - Clearance of obsolete housing - over 1,700 properties to be demolished over the coming 10 year period;
 - Energy efficiency and green energy measures to combat fuel poverty, including installation of communal heating systems in up to 20 tower blocks.

APPENDIX 10: PROPOSED CAPITAL EXPENDITURE PROGRAMME 2016/17-2018/19

Appendix 10				
PROPOSED CAPITAL EXPENDITURE PROGRAMME 2016/17 - 2018/19				
	2016/17	2017/18	2018/19	TOTAL
	onwards*			
	£'000's	£'000's	£'000's	£'000's
* The figures for 2018/19 onwards include planned spend in later years				
PEOPLE DIRECTORATE				
<u>Adults & Communities</u>				
Transformation of Adult Social Care	300	1,309	50	1,659
Programme of Minor Works	514	200	100	814
Adults Information Technology Schemes	1,692	950	100	2,742
Homeless Services	1,117	-	-	1,117
Learning Disability Homes & Day Centres	500	-	-	500
Better Care Fund	3,118	-	-	3,118
Total Adults & Communities	7,241	2,459	250	9,950
<u>Children, Young People and Families</u>				
Aiming Higher for Disabled Children	-	450	-	450
Devolved Capital Allocation for Schools	-	2,832	-	2,832
Schools Capital Maintenance Works	18,521	13,713	-	32,234
Additional Primary Places - Basic Needs	63,277	19,765	-	83,042
Early Years	-	2,000	-	2,000
Business Transformation - Children's Services	1,000	3,183	-	4,183
Total Children, Young People & Families	82,798	41,943	-	124,741
Total People Directorate	90,039	44,402	250	134,691

	2016/17	2017/18	2018/19	TOTAL
	onwards*			
	£'000's	£'000's	£'000's	£'000's
<u>PLACE DIRECTORATE</u>				
<u>General Fund</u>				
Swimming Pool Facilities	5,975	-	-	5,975
Sport & Physical Activity	24,051	7,879	508	32,438
Fleet & Waste Management	8,292	155	160	8,607
Parks	3,157	53	-	3,210
New Wholesale Market	28,691	985	-	29,676
Community Initiatives	457	-	-	457
Regulation & Enforcement	372	-	-	372
Adult Education - Brasshouse Relocation	1,902	-	-	1,902
Community Sport	23	-	-	23
Community Libraries	497	-	-	497
Community Development & Play	18	-	-	18
Total Non-Housing	73,435	9,072	668	83,175
<u>Housing</u>				
<u>Council Housing HRA</u>				
Housing Improvements Programme	35,475	38,188	53,175	126,838
Other Essential Works	14,430	12,672	12,672	39,774
Redevelopment	74,355	54,765	22,527	151,647
Other Programmes	9,203	9,683	10,160	29,046
Total Council Housing HRA	133,463	115,308	98,534	347,305
<u>Private Sector Housing</u>				
Affordable Housing	350	350	350	1,050
Independent Living	4,408	4,403	4,400	13,211
St Vincent Street	8,000	3,950	-	11,950
Other Programmes	352	197	200	749
Total Private Sector Housing	13,110	8,900	4,950	26,960
<u>Resilience</u>				
Land Drainage & Flood Defences	1,115	-	-	1,115
Total Resilience	1,115	-	-	1,115
Total Place Directorate	221,123	133,280	104,152	458,555

		2016/17	2017/18	2018/19	TOTAL
		onwards*			
<u>CORPORATE RESOURCES DIRECTORATE</u>		£'000's	£'000's	£'000's	£'000's
<u>Birmingham Property Services</u>					
Access to Buildings		438	-	-	438
Attwood Green Park		29	-	-	29
Attwood Green - Holloway Head		620	40	-	660
Total Birmingham Property Services		1,087	40	-	1,127
<u>Corporate Resources - Other</u>					
Capitalised Redundancy Costs		17,000	14,000	7,000	38,000
IT Projects - Centralised Desktop		200	-	-	200
Capital Loans & Equity Funds		9,067	-	-	9,067
ICT Infrastructure		8,231	33,318	-	41,549
SAP Investments		4,195	1,185	115	5,495
Total Corporate Resources - Other		38,693	48,503	7,115	94,311
Total Corporate Resources Directorate		39,780	48,543	7,115	95,438

ECONOMY DIRECTORATE	2016/17	2017/18	2018/19	TOTAL
	onwards*			
	£'000's	£'000's	£'000's	£'000's
Planning & Regeneration				
Regeneration - Enterprise Zone				
Enterprise Zone - Paradise Circus	20,851	10,079	13,496	44,426
Enterprise Zone - Site Development & Access	9,000	-	-	9,000
Enterprise Zone - Connect Economic Opportunities	-	-	13,301	13,301
Enterprise Zone - Southern Gateway Site	1,000	1,000	33,470	35,470
Enterprise Zone - LEP Investment Fund	-	-	20,000	20,000
Enterprise Zone - HS2 Curzon St Site	-	-	30,000	30,000
Enterprise Zone - HS2 Interchange Site	-	-	20,000	20,000
Enterprise Zone - Snow Hill Public Realm	275	-	-	275
Enterprise Zone - Metro Centenary Square	3,297	3,720	600	7,617
Enterprise Zone - City Centre Links	-	-	-	-
Enterprise Zone - One Station	194	421	112	727
Total Enterprise Zone	34,617	15,220	130,979	180,816
Regeneration - Other				
East Aston Regional Investment Site	4,236	-	-	4,236
National College for HS2	21,453	2,136	-	23,589
Womens Enterprise Centre	100	-	-	100
Longbridge Regeneration	3,763	-	-	3,763
Local Centres	933	-	-	933
Conservation	276	-	-	276
Local Improvement Budget	44	-	-	44
Other City Centre Projects	161	-	-	161
Planning Other	50	51	51	152
Total Regeneration	31,016	2,187	51	33,254
Total Planning & Regeneration	65,633	17,407	131,030	214,070
Transportation				
New Street Station (Gateway)	5,147	-	-	5,147
Coventry Road A45	1,539	-	-	1,539
Local Growth Fund	12,870	7,197	1,300	21,367
Metro Extension	3,940	7,996	-	11,936
Infrastructure Development	1,178	-	-	1,178
Walking, Cycling & Accessibility	1,585	-	-	1,585
Economic Growth & Congestion	2,757	1,651	-	4,408
Minor Schemes (including balance of ITB)	216	3,591	4,004	7,811
Total Transportation	29,232	20,435	5,304	54,971
Highways				
Structures - Tame Valley Viaduct	224	-	-	224
Safer Routes to Schools	449	300	300	1,049
Network Integrity	378	55	55	488
Minworth A38 Improvements	3,084	163	-	3,247
Ward Minor Transport Measures	500	500	500	1,500
Road Safety	621	300	300	1,221
Other Minor Schemes	149	250	-	399
Total Highways	5,405	1,568	1,155	8,128
Total Economy Directorate	100,270	39,410	137,489	277,169
Total Capital Programme	451,212	265,635	249,006	965,853

New Schemes/Funding					
The following projects included in the above programme have been added since Quarter 2 2015/16					
	#	2016/17	2017/18	2018/19	TOTAL
		onwards*			
		£'000's	£'000's	£'000's	£'000's
People Directorate:					
Transformation of Adult Social Care	A	300	(669)	50	(319)
Replacement Vehicles	A	(1,469)	0	0	(1,469)
Programme of Minor Works	N	0	200	100	300
Improving Information Management	N	0	750	0	750
IT Technical Refresh	N	0	200	100	300
Total People Directorate		(1,169)	481	250	(438)
Place Directorate:					
Swimming Pool Facilities	N	594	0	0	594
Strategic Parks	N	96	3	0	99
Private Sector Housing	N	518	518	4,950	5,986
Adult Education - Brasshouse Relocation	N	1,902	0	0	1,902
HRA Housing	N	15,316	8,858	98,594	122,768
Total Place Directorate		18,426	9,379	103,544	131,349
Corporate Resources Directorate:					
Capitalised Redundancy Costs	N	17,000	14,000	7,000	38,000
Corporately Held - Property Fund	A	(5,736)	0	0	(5,736)
ICT Infrastructure & SAP	A	(4,895)	135	115	(4,645)
Total Corporate Resources Directorate		6,369	14,135	7,115	27,619
Economy Directorate:					
East Aston Regional Investment Site	N	525	0	0	525
Enterprise Zone - minor adjustment	A	0	(84)	0	(84)
Metro Centenary Square	N	3,297	3,720	600	7,617
Metro Extension	N	230	220	0	450
Planning - Other	A	0	(51)	51	0
Longbridge Regeneration (Station)	N	3,160	0	0	3,160
National College for HS2	N	21,875	2,136	0	24,011
Transportation Schemes	N	(172)	3,591	4,004	7,423
Local Growth Fund	N	6,672	1,132	0	7,804
A38 Minworth Improvements	N	3,084	163	0	3,247
Highways	N	14	1,405	1,155	2,574
Total Economy Directorate		38,685	12,232	5,810	56,727
Total New Schemes / Resources		62,311	36,227	116,719	215,257
Note: this includes some re-phasing between years where additional resources have been identified for existing programmes and the removal of budgets where savings have been identified.					
# A - Amendment					
N - New					

APPENDIX 11: ANALYSIS OF PRUDENTIAL BORROWING

			Appendix 11	
Analysis of Prudential Borrowing				
	2016/17	2017/18	2018/19	
			onwards*	Total
	£m	£m	£m	£m
Major Self Financed Prudential Borrowing				
Capital Loans & Equity	8.7	0.0	0.0	8.7
Enterprise Zone	31.1	11.1	130.3	172.5
One Station	0.2	0.4	0.1	0.7
Metro Centenary Square	3.3	3.7	0.6	7.6
Metro Extension	3.9	8.0	0.0	11.9
Housing Private Sector - St Vincent Street	8.0	4.0	0.0	12.0
HRA	26.9	12.4	5.1	44.5
Wholesale Markets	28.7	1.0	0.0	29.7
Sport & Physical Activity	17.8	7.9	0.5	26.2
Fleet & Waste Management Transformation	8.1	0.0	0.0	8.1
Cotton Park Nurseries	1.8	0.0	0.0	1.8
Adult Education - Brasshouse Relocation	1.9	0.0	0.0	1.9
Total Self Financed	140.6	48.5	136.6	325.7
Major Prudential Borrowing with net impact on Council revenue resources				
Swimming Pool Facilities	6.0	0.0	0.0	6.0
IT Infrastructure & Upgrades	12.6	34.4	0.1	47.1
Other	12.3	8.6	1.4	22.3
Total Capital projects requiring revenue resources	30.9	43.0	1.5	75.4
Total Prudential Borrowing	171.5	91.5	138.1	401.1
* the 2018/19 onwards column includes prudential borrowing plans in later years				

APPENDIX 12: DEBT AND PRUDENTIAL INDICATORS

DEBT AND PRUDENTIAL INDICATORS		Appendix 12a		
WHOLE COUNCIL		16/17	17/18	18/19
		Indicators	Indicators	Indicators
		£m	£m	£m
Capital Finance				
1	Capital Expenditure - Capital Programme	451.2	265.7	249.0
2	Capital Expenditure - other long term liabilities	27.4	28.3	30.9
3	Capital expenditure	478.6	294.0	279.9
4	Capital Financing Requirement (CFR)	4,682.6	4,604.0	4,519.1
Planned Debt				
5	Peak loan debt in year	3,490.5	3,566.1	3,621.2
6	+ Other long term liabilities (peak in year)	492.9	470.5	448.5
7	= Peak debt in year	3,983.4	4,036.6	4,069.7
8	does peak debt exceed year 3 CFR?	no	no	no
Prudential limit for debt				
9	Gross loan debt	3,780.0	3,780.0	3,780.0
10	+ other long term liabilities	520.0	520.0	520.0
11	= Total debt	4,300.0	4,300.0	4,300.0
Notes				
4	The Capital Financing Requirement represents the underlying level of borrowing needed to finance historic capital expenditure (after deducting debt repayment charges). This includes all elements of CFR including Transferred Debt.			
5-7	These figures represent the forecast peak debt (which may not occur at the year end). The Prudential Code calls these indicators the Operational Boundary.			
8	It would be a cause for concern if the Council's loan debt exceeded the CFR, but this is not the case due to positive cashflows, reserves and balances. The Prudential Code calls this Borrowing and the capital financing requirement.			
11	The Authorised limit for debt is the statutory debt limit. The City Council may not breach the limit it has set, so it includes allowance for uncertain cashflow movements and potential borrowing in advance for future needs.			

Appendix 12b

**DEBT AND PRUDENTIAL INDICATORS:
HOUSING REVENUE ACCOUNT**

	16/17	17/18	18/19
	Indicators	Indicators	Indicators
	£m	£m	£m
Capital Finance			
1 Capital expenditure	133.5	115.3	98.5
HRA Debt			
2 Capital Financing Requirement (CFR)	1,129.3	1,124.4	1,113.0
3 Statutory cap on HRA debt	1,150.4	1,150.4	1,150.4
Affordability			
4 HRA financing costs	97.5	97.9	98.2
5 HRA revenues	287.0	284.5	281.3
6 HRA financing costs as % of revenues	34.0%	34.4%	34.9%
7 HRA debt : revenues	3.9	4.0	4.0
8 Forecast Housing debt per dwelling	£18,056	£18,026	£17,926
9 Estimate of the incremental impact of new capital investment decisions on housing rents.	£0.00	£0.00	£0.00
(expressed in terms of ave. weekly housing rent)			

Notes

- 2-3 The HRA Capital Financing Requirement (CFR) is being used by the Government as the measure of HRA debt for the purposes of establishing a cap on HRA borrowing for each English Housing
- 4 Financing costs include interest and depreciation (in the HRA)
- 7 This indicator is not in the Prudential Code but is a key measure of long term sustainability. This measure is forecast to fall below 2.0 by 2026/27, which is two years later than previously forecast.
- 8 This indicator is not in the Prudential Code but is a key measure of affordability: the HRA debt per dwelling should not rise significantly over time
- 9 The cost of borrowing for the Capital Programme represents the interest and repayment costs arising from any new prudential borrowing introduced in the capital programme since the last revision at Quarter 2, expressed in terms of an average weekly rent. The calculation excludes the cost of borrowing which is funded from additional income or savings. As all planned HRA borrowing is funded from additional income in this way, the impact is zero. The Prudential Code calls this the Estimate of the incremental impact of capital investment decisions on housing rents.

Appendix 12c

DEBT AND PRUDENTIAL INDICATORS:**GENERAL FUND**

	16/17	17/18	18/19
	Indicators	Indicators	Indicators
	£m	£m	£m
Capital Finance			
1 Capital expenditure (including other long term liabilities)	345.1	178.7	181.4
2 Capital Financing Requirement (CFR)	3,553.3	3,479.7	3,406.1
General Fund debt			
3 Peak loan debt in year	2,361.2	2,441.7	2,508.2
4 + Other long term liabilities (peak in year)	492.9	470.5	448.5
5 = Peak General Fund debt in year	2,854.1	2,912.2	2,956.7
General Fund Affordability			
6 Total General Fund financing costs	261.9	272.4	274.6
7 General Fund net revenues	835.3	813.9	808.5
8 General Fund financing costs (% of net revenues)	31.4%	33.5%	34.0%
9 Estimate of the incremental impact of new capital investment decisions on Council Tax.	£0.01	£0.31	£2.09

Expressed in terms of Council Tax (Band D equiv)

(impact already included in Council Tax increases assumed in LTFP)

Note

- 1 General fund capital expenditure includes expenditure capitalized under the Government capital receipts flexibility scheme (£17.0m, £14.0m, £7.0m in the three years respectively)
- 4 Other long term liabilities include PFI, finance lease liabilities, and transferred debt liabilities
- 6 Financing costs include interest and MRP (in the General Fund), for loan debt, transferred debt, PFI and finance leases
- 8 This indicator includes the gross revenue cost of borrowing and other finance, including borrowing for the Enterprise Zone and other self-supported borrowing.
- 9 The cost of borrowing for the Capital Programme represents the interest and repayment implications arising from any changes in forecast prudential borrowing in the capital programme since Quarter 2, expressed in terms of Council Tax at Band D. The implications are cumulative in later years as successive years' borrowing is added. This impact has been funded within the Long Term Financial Plan and assumed Council Tax charges up to 2017/18. The calculation excludes the cost of borrowing which is funded from additional income or savings.

Appendix 12d

**PRUDENTIAL INDICATORS:
TREASURY MANAGEMENT**

	Indicators	16/17 Forecast	17/18 Forecast	18/19 Forecast
CIPFA Treasury Management Code				
1	Has the authority adopted the TM Code?	Yes	Yes	Yes
Interest rate exposures				
	Limit	Forecast Maximum	Forecast Maximum	Forecast Maximum
2	upper limit on fixed rate exposures	130%	88%	84%
3	upper limit on variable rate exposures	30%	20%	21%
Maturity structure of borrowing				
	Limit	Forecast Year End	Forecast Year End	Forecast Year End
(lower limit and upper limit)				
4	under 12 months	0% to 30%	20%	21%
5	12 months to within 24 months	0% to 30%	2%	4%
6	24 months to within 5 years	0% to 30%	6%	4%
7	5 years to within 10 years	0% to 30%	13%	15%
8	10 years to within 20 years	5% to 40%	18%	16%
9	20 years to within 40 years	10% to 60%	29%	31%
10	40 years and above	0% to 40%	11%	9%
Investments longer than 364 days				
	Limit	Forecast	Forecast	Forecast
upper limit on amounts maturing in:				
11	1-2 years	200	0	0
12	2-3 years	100	0	0
13	3-5 years	100	0	0
14	later	0	0	0

Note

2-10 These indicators assume that LOBO loan options are exercised at the earliest possibility, and are calculated as a % of net loan debt.

Appendix 12e

Matters taken into account in setting Prudential Indicators

The Prudential Code requires local authorities to have regard to a number of factors when setting prudential indicators. These are set out below with a description of how they have been taken into account in the City Council's planning process, including the preparation of this Business Plan.

Affordability, e.g. Implications for Council Tax

The running costs of new schemes, including borrowing costs, are provided within the City Council's financial planning process, often from within services' own budgets. Revenue budgets have been identified to meet all planned borrowing costs.

Prudence and Sustainability, e.g. Implications for External Borrowing

This asks the question whether borrowing is sustainable in the long-term. Revenue budgets have been provided to repay the proposed borrowing over time in accordance with Government MRP Guidance. The City Council continues to manage its long-term financial planning through the LTFP and Efficiency Statement to assess longer-term sustainability.

Value for Money, e.g. Option Appraisal

The City Council's executive decision-making process and "Gateway" appraisal process provide a robust framework for the appraisal and approval of capital projects and programmes, taking account of value for money and options appraisal.

Stewardship of Assets, e.g. Asset Management Planning

The Property and other Physical Assets Strategy is reported in Part 7 of this budget report.

Service Objectives, e.g. Strategic Planning for the Authority

The capital programme has been prepared in the context of the City Council's policy priorities and major planning processes. Long-term service planning for capital investment takes place through the City Council's business planning process and capital programme development.

Practicality, e.g. Achievement of the Forward Plan

Quarterly monitoring of progress in achieving the capital budget is reported to Cabinet.

APPENDIX 13: DEBT REPAYMENT POLICY

Minimum Revenue Provision Statement 2016/17

Introduction

1. The Government's Capital Finance and Accounting Regulations require local authorities to make 'prudent annual provision' in relation to capital expenditure financed from borrowing or credit arrangements. This is known as Minimum Revenue Provision or MRP, but it is often referred to as a provision for "debt repayment" as a shorthand expression. The Government has also issued statutory Guidance on MRP, to which the Council is required to have regard.
2. This policy applies to the financial years 2015/16 and 2016/17. Any interpretation of the Statutory Guidance or this policy will be determined by the Strategic Director - Finance and Legal.

Principles of debt repayment provision

3. The term 'prudent annual provision' is not defined by the Regulations. However, the statutory Guidance says:

"the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant".

The Guidance does not prescribe the annual repayment profile to achieve this aim, but suggests four methods for making MRP which it considers prudent, and notes that other methods are not ruled out. The City Council regards the broad aim of MRP as set out above as the primary indicator of prudent provision, whilst recognising the flexibilities which exist in determining an appropriate annual repayment profile.

4. The City Council considers that 'prudent' in this context does not mean the quickest possible repayment period, but has regard to the prudent financial planning of the authority overall, the flow of benefits from the capital expenditure, and other relevant factors.
5. This MRP Policy therefore takes account of the financial forecast in the Council's ten year LTFP and Efficiency Statement in determining what is prudent MRP in the circumstances. In particular, this takes account of the funding needs of equal pay settlements (paragraph 14 below) and the need for an orderly financial transition as the Council adjusts to further substantial funding reductions.

6. Consistent with the Statutory Guidance, the City Council will not review the individual asset lives used for MRP as a result of any changes in the expected life of the asset or its actual write off. Some assets will last longer than their initially estimated life, and others will not; the important thing is the reasonableness of the estimate.

General Fund MRP policy: borrowing before 2007/08

7. The Council's policy since 2013/14 is to charge MRP on the pre-2007/08 borrowing at 2% of the balance at 31 March 2013, fixed at the same cash value so that the whole debt is repaid after 50 years.

This method includes repayment of the adjustment in the basis of MRP on moving from the 1989 Act system in 2004 ("Adjustment A").

General Fund MRP policy: prudential borrowing from 2007/08

8. The general repayment policy for new prudential borrowing is to repay borrowing within the expected life of the asset being financed. This is in accordance with the "Asset Life" method in the Guidance.

The repayment profile will follow an annuity repayment method, (like many domestic mortgages) which is one of the options set out in the Guidance.

This is subject to the following details:

- 8.1 An average asset life for each project will normally be used. This will be based on the asset life normally used for depreciation accounting purposes (recognising that MRP is estimated at the start of the project, whereas depreciation is not determined until the project has finished, so there may be estimation differences). There will not be separate MRP schedules for the components of a building (e.g. plant, roof etc.). Asset life will be determined by the Strategic Director - Finance and Legal. A standard schedule of asset lives will generally be used, but where borrowing on a project exceeds £10m, advice from Acivico or other appropriate advisers may also be taken into account.
- 8.2 MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for single assets where over £1m financed from borrowing is planned, where MRP will be deferred until the year after the asset becomes operational.
- 8.3 Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case, at the discretion of Strategic Director - Finance and Legal.

- 8.4 If appropriate, shorter repayment periods (i.e. less than the asset life) may be used for some or all new borrowing.

Housing Revenue Account MRP policy

9. The statutory MRP Guidance states that the duty to make MRP does not extend to cover borrowing or credit arrangements used to finance capital expenditure on HRA assets. This is because of the different financial structure of the HRA, in which depreciation charges have a similar effect to MRP. The Government's HRA self-financing settlement, introduced a cap on HRA borrowing, which was equal to the City Council's opening HRA debt at April 2012. The City Council's policy is therefore that net HRA debt will reduce over the medium term, in order to deliver a debt to revenues ratio of below 2:1 by 2026/27. This will support the maintenance of a balanced and sustainable HRA Business Plan with the capacity to meet investment needs in later years. The City Council will also seek to deliver a reduction in HRA debt per dwelling.

The annual HRA net debt reduction to achieve the above policy is projected as follows in the HRA Business Plan:

£m	
2016/17 - £1.2	
2017/18 - £17.4	
2018/19 - £16.5	
2019/20 - £10.3	
2020/21 - £27.9	
2021/22 - £41.2	
2022/23 - £45.9	
2023/24 - £49.8	
2024/25 - £54.9	
2026/27 - £60.1	(2:1 debt to revenues ratio achieved).

Additional voluntary HRA debt repayment provision may be made from revenue or capital resources.

Concession Agreements and Finance Leases

10. MRP in relation to concession agreements (e.g. PFI contracts) and finance leases will be calculated on an asset life method using an annuity repayment profile, consistent with the method for prudential borrowing in paragraph 8 above. The Strategic Director - Finance and Legal may approve that such debt repayment provision may be made from capital receipts rather than from revenue provision.

Transferred Debt

11. Transferred Debt is debt held by another local authority whose costs are recharged to the City Council (usually as a result of earlier reorganisations, such as the abolition of the former County Council). MRP in relation to Transferred Debt will be charged in line with the cash debt repayments due to the holding authority.

Specific situations:

Statutory capitalisations

12. Expenditure which does not create a fixed asset, but is statutorily capitalised, will follow the MRP treatment in the Government guidance, apart from any exceptions provided for below.

Cashflows

13. Where a significant difference exists between capital expenditure accrued and the actual cashflows, MRP may be charged based on the cash expended at the previous year end, as agreed by the Strategic Director - Finance and Legal.

The reason for this is that, if expenditure has been accrued but cash payments have not yet been made, this may result in MRP being charged in the accounts to repay borrowing which has not yet been incurred.

Equal Pay settlements

14. The City Council has plans in place to fully fund equal pay settlement liabilities, primarily from capital receipts. However, there are risks to the timing and quantum of future capital receipts. As a risk management mechanism, MRP may be reduced if there are insufficient capital receipts to fund equal pay settlement costs in that year. The revenue saving will then be used to meet the settlement costs.
15. Any such reduction will be made good by setting aside equivalent future capital receipts to provide for debt repayment, when there is a surplus of capital receipts available after funding equal pay settlements. As a minimum, any such reduction in MRP will be repaid over 20 years as a charge to revenue account on an annuity profile.

Capitalised loans to others

16. MRP on capitalised loan advances to other organisations or individuals will not be required. Instead, the capital receipts arising from the capitalised loan repayments will be used as provision to repay debt. However, revenue MRP

contributions would still be required equal to the amount of any impairment of the loan advanced.

Enterprise Zone

17. Borrowing by the City Council related to the GBSLEP, and which is supported by additional business rates from the Enterprise Zone or from other GBSLEP income, will be repaid within the lifetime of the Enterprise Zone or other associated income stream (subject to the estimated life of the assets being funded). This means that the repayment period for EZ - supported borrowing will reduce each year so that all EZ debt can be repaid by 2038.

Voluntary repayment of debt

18. The Council may make additional voluntary debt repayment provision from revenue or capital resources. In this case, the Strategic Director – Finance and Legal may make an appropriate reduction in later years' levels of MRP.
19. Where it is proposed to make a voluntary debt repayment provision in relation to prudential borrowing from 2007/08 under the asset life method, it may be necessary to decide which assets the debt repayment relates to, in order to determine the reduction in subsequent MRP. The following principles will be applied by the Strategic Director - Finance and Legal in reaching a prudent decision:
 - where the rationale for debt repayment is based on specific assets or programmes, any debt associated with those assets or programmes will be repaid;
 - where the rationale for debt repayment is not based on specific assets, debt representative of the service will be repaid, with a maturity reflecting the range of associated debt outstanding;

Subject to the above two bullet points, debt with the shortest period before repayment will not be favoured above longer MRP maturities, in the interests of prudence, to ensure that capital resources are not applied for purely short term benefits.

MRP summary	General Fund £m	HRA £m	Total £m
2016/17	135.6	1.2	136.8
2017/18	138.0	17.4	155.4
2018/19	142.2	16.5	158.7
2019/20	141.1	10.3	151.4
2020/21	131.9	27.9	159.8
years 6-10	649.6	251.8	901.4
years 11-20	1,138.7	338.9	1,477.6
year 21-50	1,938.2	168.3	2,106.5

The summary above shows revenue MRP (Minimum Revenue Provision) based both on historic capital financing and on the effect of the current capital programme.

The figures include MRP on loan debt, PFI, finance leases and transferred debt.

Based on historic capital financing and the current capital programme, the General Fund CFR is fully repaid by 2063 (excluding PFI). PFI finance will be fully repaid 40 years after the final capital expenditure under the Council's PFI contracts.

APPENDIX 14: TREASURY MANAGEMENT POLICY

1. Overview

This appendix sets out the City Council's proposed Treasury Management Policy. This sets the overall framework and risk management controls which are used in carrying out the City Council's borrowing, lending and other treasury activities.

This Policy remains largely unchanged from the Policy set out in the Business Plan and Summary Budget 2015+.

2. Statutory Guidance

2.1 In setting out the City Council's policy framework for the conduct of its treasury management, this document takes account of:

- CIPFA's Code of Practice for Treasury Management in the Public Services;
- CIPFA's Prudential Code for Local Authority Capital Finance; and
- The Government's Guidance on Local Authority Investments.

This Policy adopts the above Codes and has regard to the Government Guidance.

3. The City Council's Treasury Management Objectives

3.1 The City Council's treasury management objectives and activities are defined as:

The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

3.2 Effective treasury management will provide support towards the achievement of the City Council's business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.²⁰

²⁰ Paragraphs 3.1, 3.2, 3.6 and the final sentence of 4.3 are required by the CIPFA Treasury Management Code

Attitude to Treasury Management risks

- 3.3 The City Council attaches a high priority to a stable and predictable charge to revenue from treasury management activities. The City Council's objectives in relation to debt and investment can accordingly be stated more specifically as follows:

To assist the achievement of the City Council's service objectives by obtaining funding and managing the City Council's debt and treasury investments at a net cost which is as low as possible, consistent with a high degree of interest cost stability and a very low risk to sums invested.

- 3.4 This does not mean that it is possible to avoid all treasury risks, and a balance has to be struck. The main treasury risks which the City Council is exposed to include:

- Interest rate risk - the risk that future borrowing costs rise;
- Credit risk - the risk of default in a City Council investment;
- Liquidity and refinancing risks - the risk that the City Council cannot obtain funds when needed.

- 3.5 The Treasury Management Team has capability to actively manage treasury risks within this Policy framework, and the following activities may for example be appropriate based on an assessment at the time, to the extent that skills and resources are available:

- the refinancing of existing debt;
- borrowing in advance of need;
- use of more complex sources of funding such as listed bond issues and commercial paper;
- investing surplus cash in institutions or funds with a high level of creditworthiness, rather than placing all deposits with the Government.

- 3.6 The successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of the City Council's treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 3.7 The City Council's approach to the management of treasury risks is set out in the rest of this Treasury Management Policy. The Strategic Director - Finance and

Legal holds regular meetings with senior staff to monitor market conditions and review planned activities and performance.

4. **Setting limits to manage treasury management risks²¹**

Interest rate exposures

- 4.1 The stability of the City Council's interest costs is affected by the amount of borrowing exposed to short term or variable interest rates. However, short term interest rates are often lower, so there can be a trade-off between achieving the lowest rates in the short term and in the long term, and between short term savings and long term budget stability. The City Council will therefore have regard to short and long term implications, and will manage the long-term debt maturity profile so that not too much fixed rate debt will mature in any year. The following limits are proposed (in the format required by the CIPFA Prudential Code):

Table 14.1

Prudential limits - interest rate exposure

	% of loan debt (net of investments):		
	2016/17	2017/18	2018/19
upper limit on net fixed rate exposures	130%	130%	130%
upper limit on net variable rate exposures	30%	30%	30%

The currently planned variable rate exposure is set out in the Treasury Management Strategy.

Maturity profile

- 4.2 The City Council will have regard to forecast Net Loan Debt in managing the maturity profile. The effect of forecast cashflows especially MRP (minimum revenue provision for debt repayment) will be taken into account. Taking these factors into account the proposed limits are as follows:

²¹ Throughout this Business Plan, debt and investments are expressed at nominal value, which may be different from the amortised cost value required in the statutory accounts.

Table 14.2
Prudential limits - maturity structure of fixed rate borrowing

	lower and upper limits:
under 12 months	0% to 30% of gross loan debt
12 to 24 months	0% to 30%
24 months to 5 years	0% to 30%
5 to 10 years	0% to 30%
10 to 20 years	5% to 40%
20 to 40 years	10% to 60%
40 years and above	0% to 40%

Policy for borrowing in advance of need

- 4.3 Government investment guidance expects local authorities to have a policy for borrowing in advance of need, in part because of the credit risk of investing the surplus cash. The City Council's policy is to borrow to meet its forecast Net Loan Debt. The City Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme, to replace maturing loans, or to meet other expected cashflows.
- 4.4 The City Council is a substantial net borrower, and only has cash to invest for relatively short periods as a result of positive cashflow or borrowing in advance of expenditure. The City Council considers all its treasury risks together, taking account of the investment risks which arise from decisions to borrow in advance. Such decisions need to weigh the financial implications and risks of deferring borrowing until it is needed (by which time fixed interest rates may have risen), against the cost of carry and financial implications of reinvesting the cash proceeds until required. This will be a matter of treasury judgement at the time, within the constraints of this Policy and treasury management delegations.

Investment Policy for temporarily surplus cash

- 4.5 The City Council's cashflows and treasury management activity will generally result in temporarily surplus cash to be invested. The following paragraphs set out a policy for these 'treasury investments'. This policy does not cover investments arising from service provision, such as the Loans and Equity Funds created for regeneration purposes.
- 4.6 The investment of temporarily surplus cash results in credit risk. In accordance with Government investment guidance, the City Council distinguishes between:

- 'Specified Investments' which mature within 12 months and have a 'high credit quality' in the opinion of the authority.
- 'Non-specified Investments' which are long term investments (i.e. maturing in 12 months or more), or which do not have such high credit quality. The Government views these as riskier. Such investments require more care, and are limited to the areas set out in the policy for Non-specified Investments below.

4.7 Low investment risk is a key treasury objective, and in accordance with Government and CIPFA guidance the City Council will seek a balance between investment risk and return that prioritises security and liquidity over achieving a high return. Significant changes in banking regulation are continuing to be implemented to address some of the issues arising from the banking crisis, and unsecured lenders will be more exposed to losses from bank failure under EU and UK 'bail in' rules. The Council will consider secured forms of lending such as covered bonds and repo agreements, but these instruments are not generally available for short term and smaller size deposits. The Council's credit rating criteria have been reviewed in this context, and the Council will continue to make deposits only with institutions having 'investment grade' ratings as set out in the table below. The main criteria and processes which deliver this are set out in the following paragraphs.

Specified Investments

- 4.8 The City Council will limit risks by applying lending limits and criteria for 'high credit quality' as follows:

Table 14.3 Lending Criteria

'Specified' short term investments (all in Sterling)	Short term rating*	Long term rating*	CITY COUNCIL Individual lending limit
Banks (including overseas banks) and Building Societies	F1+ /A1+ /P1	AA- /AA- /Aa3	£25m
	F1+ /A1+ /P1	A- / A- /A3	£20m
	F1 /A1 /P1	A- / A- /A3	£15m
	F2 /A2 /P2	BBB+ /BBB+ /Baa1	£10m
Sterling commercial paper and corporate bonds	F1+ /A1+ /P1	A- / A- /A3	£15m
Sterling Money Market Funds (short term and Enhanced)	AAA (with volatility rating V1 /S1 /MR1 where applicable)		£40m
Local authorities	n/a	n/a	£25m
UK Government and supranational bonds	n/a	n/a	none
UK Nationalised Banks and Government controlled agencies	n/a	n/a	£25m
Secured investments including repo and covered bonds	Lending limits determined as for banks (above) using the rating of the collateral or individual investment		

* Fitch / S&P / and Moody's rating Agencies respectively. Institutions must be rated by at least two of the Agencies, and the lowest rating will be taken into account.

- 4.9 Money may be lent to the City Council's own banker, in accordance with the above lending limits. However, if the City Council's banker does not meet the above criteria, money may only be lent overnight (or over the weekend), and these balances will be minimised. Lending to local authorities may include the proposed WMCA, following its incorporation.

The Council may also provide short term supply chain finance (as described in Part 5 Chapter 7 paragraph 10) where the credit risk is based on the Council's own payment on the invoice due date, and in relation to invoices payable by other bodies meeting the above credit criteria.

- 4.10 Credit ratings are monitored on a real-time basis on information from the City Council's Treasury Management advisers, and the City Council's lending list is updated accordingly, when a rating changes. Other information is taken into

account when deciding whether to lend. This may include the ratings of other rating agencies; commentary in the financial press; analysis of country, sector and group exposures; and the portfolio make up of Money Market Funds. The use of particular permitted counterparties may be restricted if this is considered appropriate.

Credit rating methodologies change from time to time, and in this event the Strategic Director - Finance and Legal may determine revised and practicable criteria seeking similarly high credit quality, pending the next annual review of this treasury management policy.

Non-specified investments and limit

- 4.11 The City Council will limit non-specified investments to £400m (there are presently none), and will use only the following categories of non-specified investments:
1. Government stocks (or “Gilts”) and other supranational bonds, with a maturity of less than five years. These may comprise up to 100% of non-specified investments.
 2. Corporate bonds, Certificates of Deposit (CD) or Commercial Paper (CP) with a maturity of less than three years, subject to the lending criteria in 4.8 above. These shall not exceed 25% of non-specified investments. This may include secured investments such as covered bonds and repo agreements.
- 4.12 Other categories of non-specified investments will not be used (such as ‘over the counter’ deposits of a year or more to financial institutions).

Investment Maturity

- 4.13 Temporarily surplus cash will be invested having regard to the period of time for which the cash is expected to be surplus. The CIPFA Prudential Code envisages that authorities will not borrow more than three years in advance, so it is unlikely that the City Council will plan to have surplus cash for longer than three years. However, where surplus cash for over 12 months is envisaged, it may be appropriate to include some longer term (non-specified) investments within a balanced risk portfolio. The following limits will be applied:

Table 14.4

Prudential limits on investing principal sums for over 364 days:

1-2 years	£200m
2-3 years	£100m
3-5 years	£100m

- 4.14 In making investments in accordance with the criteria set out in 4.5 to 4.13 above, the Strategic Director - Finance and Legal will seek to spread risk (for example, across different types of investment and to avoid concentration on lower credit quality). This may result in lower interest earnings, as safer investments will earn less than riskier ones.
- 4.15 The City Council does not currently use investment managers. However, if appointed, their lending of City Council funds would not be subject to the above restrictions, provided that their arrangements for assessing credit quality and exposure limits have been agreed by the Strategic Director - Finance and Legal.

5. Policy for HRA loans accounting

In accordance with the Government's 2012 reform of housing finance, local authorities need to determine their method for attributing debt and debt revenue consequences to the HRA. The City Council uses the 'two pool' method set out in the CIPFA Treasury Management Code. This method attributes a share of all pre-April 2012 long term loans to the HRA. Any new long term loans for HRA purposes from April 2012 are separately identified (starting from the £336.1m settlement payment). The detailed accounting policy arising from the 'two pool' method is maintained by the Strategic Director - Finance and Legal.

6. The Council acting as agent

- 6.1 The Council acts as intermediary in its role as agent for a number of external bodies. This includes roles as accountable body, trustee, and custodian, and these may require the Council to carry out treasury management operations as agent. The Council will apply any specific treasury policies and requirements of the external body and will follow relevant legislation, having regard to this Treasury Management Policy where appropriate. In relation to the short term cash funds invested as accountable body, the Council expects to apply the investment policy set out above.

7. Reporting and Delegation

- 7.1 A Treasury Management Strategy report is presented as part of the annual business plan to the City Council before the start of each financial year. Monitoring reports are presented quarterly to Cabinet, including an Annual Report after the year end.
- 7.2 The management of borrowings, loans, debts, investments and other assets has been delegated to the Strategic Director - Finance and Legal acting in accordance with this Treasury Policy Statement. This encompasses the investment of trust funds where the City Council is sole trustee, and other investments for which the City Council is responsible such as accountable body

funds. The Strategic Director reports during the year to Cabinet on the decisions taken under delegated treasury management powers.

7.3 In exercising this delegation, the Strategic Director - Finance and Legal may procure, appoint and dismiss brokers, arranging and dealer banks, investment managers, issuing and paying agents, treasury consultants and other providers in relation to the City Council's borrowing, treasury investments, or other treasury instruments.

7.4 The Strategic Director - Finance and Legal maintains statements of Treasury Management Practices in accordance with the Code:

TMP1	Treasury risk management
TMP2	Performance measurement
TMP3	Decision-making and analysis
TMP4	Approved instruments, methods and techniques
TMP5	Treasury management organisation, clarity and segregation of responsibilities, and dealing arrangements
TMP6	Reporting requirements and management information arrangements
TMP7	Budgeting, accounting and audit arrangements
TMP8	Cash and cash flow management
TMP9	Money laundering
TMP10	Training and qualifications
TMP11	Use of external service providers
TMP12	Corporate governance

8. Training

8.1 Planned and regular training for appropriate treasury management staff is essential to ensure that they have the skills and up to date knowledge to manage treasury activities and risks and achieve good value for the City Council. Staff training will be planned primarily through the City Council's performance and development review process, and in accordance with Treasury Management Practice 10. Briefings for councillors are also held as appropriate.

APPENDIX 15: IMPROVING CHILDREN'S SERVICES ASSURANCE STATEMENT

As part of its commitment to improving children's services the Chief Executive, on behalf of the Council, has undertaken a 'test' of the effectiveness of the arrangements for the discharge of the duties of the Director of Children's Services (DCS) and the Lead Member for those services.

This test of assurance is to ensure that the focus on outcomes for children and young people will not be weakened or diluted as a result of adding other responsibilities.

The test concluded that:

- the 'Directorate for People' arrangement is the right configuration, with synergy seen as a clear benefit.
- the current Children Act 2004 arrangements are working – facilitating essential joined up approaches across safeguarding and education. Direct engagement of the DCS with schools is more difficult but the Interim Director of Education has prioritised that engagement and the Lead Member regularly visits schools.
- the DCS is able to play a corporate role and this is both necessary and effective.
- ensuring the right level of resource in the broadest sense is being driven effectively through the Future Council programme and respective Commissioners.
- current political arrangements are fit for purpose with evidence of improvement across children's services and recognition that children and young people need to be central to city and Council ambitions, with this to be articulated at political and other levels. But there is a need to strengthen political connections with respect to community cohesion.

In addition, the Strategic Director (as Director of Children's Services) has assured the Chief Executive and Members of the executive that there are sufficient financial, human, and other resources available to discharge the Council's statutory functions in respect of children's safeguarding.

Both these actions provide reassurance that the City Council is truly putting children's safeguarding centre stage for the long term in respect of whole Council ownership and prioritisation and resourcing.

APPENDIX 16: PAY POLICY STATEMENT 2016/17

1. Introduction and Purpose

This Pay Policy Statement sets out the Councils approach to pay policy in accordance with the requirements of Section 38 to 43 of the Localism Act 2011 and takes account of the final guidance for 'Openness and Accountability in Local Pay' as issued by the Department for Communities and Local Government. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding those working in local authority schools) by identifying;

- The methods by which salaries of all employees are determined.
- The detail and level of remuneration of its most senior employee's i.e. 'chief officers', as defined by the relevant legislation.
- The detail and level of remuneration of the lowest paid employees
- The relationship between the remuneration for highest and lowest paid employees
- The Committee(s)/Panel responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

Once approved by the full Council, this policy statement will come into immediate effect for the 2016/17 financial year and will be subject to review again for 2017/18 in accordance with the relevant legislation prevailing at that time. Where by the pay policy needs to be amended during the current financial year, any amendments will be subject to approval.

2. Legislative Framework

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.

With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of an equality proofed job evaluation scheme that directly relates an employee's salary to the requirements, demands and responsibilities of the role.

3. Senior Management Remuneration Policy

For the purposes of this statement, senior officer means 'chief officers' as defined within S43 of the Localism Act 2011. The 'Chief Executive is employed under the terms and conditions of the Joint National Council for Chief Executives and all other senior officers are under the terms and conditions for Joint National Council for Chief Officers.

The Council currently determines pay levels through a job evaluation process and grading structure that has been specifically designed for senior positions that determines the pay range for senior officers as defined by the Localism Act 2011. Progression within the pay range is performance based on assessment through the 'My Appraisal' process and approval by JNC panel. There was a cost of living increase applied on 1st January 2015 for senior officers (excluding those paid over £100,000 per annum) and there is no current increase from April 2016 at present. See Annex 1 for the current senior officer pay structure.

The Council has recently undertaken a job evaluation exercise with the intention of reviewing the current pay structure for senior officers. The review is not yet complete and is subject to consultation at the time of publishing this statement. Where it is completed within the period that this statement is covered relevant updates will be made to reflect any change to senior officer remuneration.

Those employees working in senior positions do not receive overtime payments and all other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

In particular, it is Council's policy that no Chief Officer or Senior Officer (paid under JNC conditions of service for Senior Officers) is paid a supplement for Returning Officer duties, whether in respect of local elections or national elections (e.g. General Elections, elections for European Parliament, national referenda etc). Fees paid in respect of these elections by Government are used to supplement the pay of non-senior officer employees who have worked on the relevant election.

3.1 Senior Management Positions

Chief Officers

The posts falling within the statutory definition for Chief Officers of the Local Government and Housing Act 1989, which covers the statutory officers and those others who report to the Chief Executive, are set out below:

- a) Chief Executive - The head of paid service defined under section 4(1) of that Act

The salary for the above post falls within a range of 10 incremental points from £182,500 rising to a maximum of £220,000. There is no additional supplement paid for returning officer duties incorporated into this role.

- b) City Solicitor - Monitoring Officer defined under section 5(1) of that Act.

The salary for the above post falls within a range of 7 incremental points between £99,144, rising to a maximum of £108,000. The role of Monitoring Officer is currently being undertaken on an acting basis whilst an appointment is made to the permanent role.

- c) Strategic Director (People) - A statutory chief officer designated under section 2(6) of that Act. This position has responsibility for both Children and Adult services.

The salary for the above post falls within a range of 7 incremental points between £138,135, rising to a maximum of £153,483.

- d) Executive Director Children's Services - A statutory chief officer defined under section 2(6) of that Act.

The salary for the above post falls within a range of 7 incremental points between £130,000 rising to a maximum of £137,500

- e) Strategic Director (Finance and Legal) – Section 151 Officer - A statutory chief officer defined under section 2(6) of that Act.

The salary for the above post falls within a range of 7 incremental points between £138,135, rising to a maximum of £153,483.

- f) Strategic Director (Major Projects) - A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range of 7 incremental points between £138,135, rising to a maximum of £153,483.

- g) Strategic Director (Place) - A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range of 7 incremental points between £138,135, rising to a maximum of £153,483.

- h) Strategic Director (Change and Support Services) – A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range of 8 incremental points between £138,135, rising to a maximum of £153,483.

- i) Strategic Director (Economy) - A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range of 8 incremental points between £138,135, rising to a maximum of £153,483.

- j) Assistant Chief Executive – A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range of 8 incremental points between £82,620, rising to a maximum of £91,800.

- k) Director of Public Health – A statutory post under section 73A (7) of the NHS Act 2006

The salary of the above post falls within a range of 8 incremental points between £75,249, rising to a maximum of £101,451.

Deputy Chief Officers

The positions in the table below are deputy chief officers as mentioned in section 2(8) of that Act, ie. those who report directly to any of the chief officers above:

Position Title	Directorate	Salary Range
Director of Human Resources	Corporate Resources	£99,144 - £108,000
Assistant Director - Revenues and Benefits	Corporate Resources	£90,882 - £100,980
Assistant Director - Corporate Strategy *	Corporate Resources	£82,620 - £91,800
Assistant Director - Procurement	Corporate Resources	£82,620 - £91,800
Assistant Director - Financial Strategy	Corporate Resources	£78,489 - £87,210
Assistant Director - Shared Services	Corporate Resources	£78,489 - £87,210
Assistant Director - Finance Economy	Corporate Resources	£78,489 - £87,210
Assistant Director - Financial Services	Corporate Resources	£78,489 - £87,210
Assistant Director - Audit and Risk Management	Corporate Resources	£70,227 - £78,030
Head of Service - Legal**	Corporate Resources	£52,911 - £68,672
Director - Property Services	Economy	£82,620 - £91,800
Assistant Director - Transportation and Connectivity	Economy	£74,358 - £82,620
Assistant Director - Employment	Economy	£70,227 - £78,030
Director - Health and Wellbeing	People	£99,144 - £108,000
Service Director - Commissioning Centre of Excellence	People	£99,144 - £108,000
Assistant Director - Finance People	People	£82,620 - £91,800
Assistant Director - Integrated Services North	People	£82,620 - £91,800
Assistant Director - Integrated Services East	People	£82,620 - £91,800
Assistant Director - Integrated Services South	People	£82,620 - £91,800
Assistant Director - Looked After Children Service	People	£82,620 - £91,800
Assistant Director - Early Help	People	£82,620 - £91,800
Chief Social Worker Officer	People	£78,489 - £87,210
Consultant - Children, Young People and Families - Public Health	People	£75,249 - £101,451 ***
Consultant - Public Health	People	£65,922 - £81,618 ***
Service Director - Homes and Neighbourhood	Place	£90,882 - £100,980
Service Director - Housing Transformation	Place	£90,882 - £100,980
Director - Fleet and Waste Management	Place	£90,882 - £100,980
Service Director - Regulation and Enforcement	Place	£90,882 - £100,980
Assistant Director - Equality, Community, Safety and Cohesion	Place	£82,620 - £91,800
Assistant Director - Finance Place	Place	£78,489 - £87,210
Assistant Director - Sports and Events	Place	£78,489 - £87,210
Assistant Director - Culture and Visitor Economy	Place	£74,358 - £82,620

* Currently seconded outside BCC

** There are nine posts that carry out this role

*** Currently on NHS pay scale due to TUPE

Although not required by statute for the policy statement the following are other senior officer positions within Birmingham City Council.

Position Title	Directorate	Salary Range
Assistant Director - Human Resources *	Corporate Resources	£82,620 - £91,800
Assistant Director - Human Resources Operations	Corporate Resources	£74,358 - £82,620
Assistant Director - Human Resources Strategy	Corporate Resources	£74,358 - £82,620
Assistant Director - Customer Services	Corporate Resources	£74,358 - £82,620
Assistant Director - Investment, Enterprise and Employment *	Economy	£78,489 - £87,210
Assistant Director - Regeneration	Economy	£70,227 - £78,030
Assistant Director - Education and Skills	People	£82,620 - £91,800
Assistant Director - Children with Complex Needs	People	£82,620 - £91,800
Assistant Director - Commissioning Centre of Excellence **	People	£82,620 - £91,800
Assistant Director - Workforce	People	£78,489 - £87,210
Assistant Director - Delivery	People	£78,489 - £87,210
Assistant Director - Education and Infrastructure	People	£78,489 - £87,210
Assistant Director - Specialist Care Services	People	£74,358 - £82,620
Area Coroner Birmingham and Solihull	Place	£78,489 - £87,210
Assistant Director - Fleet Waste Management	Place	£78,489 - £87,210
Assistant Director - Service Integration	Place	£74,358 - £82,620
Assistant Director - Adult Education Services	Place	£74,358 - £82,620

* Currently seconded outside BCC

** There are three posts that carry out this role

The senior officer positions will continue to be reviewed on a regular basis as part of the overall savings that have to be made by the Council due to the savings targets faced by local authorities in general over the next few years.

3.2 Recruitment to Senior Management Positions

When recruiting to all posts the Council will take full and proper account of its own Equal Opportunities, Recruitment and Redeployment policies. Appointments made at this level will occasionally include Council member representation as part of the recruitment process.

The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the local JNC pay structure (further details can be found in Annex 1) and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.

Where the Council remains unable to recruit under an employment contract, or there is a need for interim support to provide cover for a vacant substantive senior management position, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through the relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

3.3 Additions to Salary of Senior Officers

The Council does not apply any bonus to the salary of senior officers, however progression within the salary scales is performance related as mentioned under 3.0. There is no element of earn back for senior managers salaries and any incremental progression is currently consolidated into basic pay.

In addition to basic salary, set out below are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties;

The following are applicable to all senior manager positions:

- A mileage allowance is paid to all employees using their own vehicle for work purposes and the payments are in linked to the approved HMRC rates (For current HMRC mileage rates please see <http://www.hmrc.gov.uk/payee/exb/a-z/m/mileage-expenses.htm>).
- There are currently no salary supplements or additional payments for undertaking additional responsibilities such as shared service provision with another local authority or in respect of joint bodies.
- Market forces supplements are paid where it is justified in order to fulfil a position.

3.4 Payments on Termination

The Council's approach to statutory and discretionary payments on termination of employment of senior managers, prior to reaching normal retirement age, is set out in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, committee or panel of elected members or officer with delegated authority to approve such payments.

3.5 Comparators Influencing Pay Levels

For the purpose of context in the local government sector, Birmingham City Council is not only the largest local authority in the UK, but also the largest unitary authority in Europe serving over one million residents and has a revenue budget of c £3.1bn. The Council needs to maintain competitive pay levels in order to attract suitable candidates for more senior positions that can demonstrate sufficient skills, experience and capacity required at this level as would be evidenced for example by fulfilling a comparable role

in a large complex local authority. There is a very small pool from which to recruit with other authorities offering very competitive salaries considering their size. As a comparison the Core Cities group of councils that represents those of the largest eight economies outside London in England, chief executive remuneration ranges from £160,000 to over £200,000. For Liverpool and Manchester that serve a population of less than half of that of Birmingham, both the top salaries are over £200,000.

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the council will use available benchmark information as appropriate.

4. Non-Senior Officer Employees

Based on the application of an analytical job evaluation process, the Council uses the nationally negotiated pay spine as the basis for its local grading structure with additional spine point (see Annex 2 for the BCC pay spine). Progression within the grading structure is based on contribution and linked to the outcome of the 'My Appraisal' process that assesses an employee's achievement against behaviours/values and meeting goals. This determines the salary of the large majority of the non-school based workforce, together with the use of other nationally defined rates where relevant such as Soulbury and JNC/YC. The Council presently adheres to national pay bargaining in respect of the national pay spine with the most recent increase effective 1 January 2015. There is a more recent national pay offer that is currently under consideration and the statement will be updated to reflect this change if it is approved and implemented from 1 April 2016.

4.1 Recruitment

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

4.2 Lowest Paid Employees

The lowest paid employee's under a contract of employment with the Council are employed on full time equivalent (FTE) salary in accordance with the minimum spinal column point (SCP) currently in use within the Council's grading structure. As at 1 April 2016, this is £13,635 per annum (SCP6).

The Council has chosen to pay a supplement to ensure the minimum FTE salary is £14,940 based on the 'UK Living Wage' equivalent of £7.85 per hour. Following the recent review of the UK living wage this has risen to £8.25 per hour which is an

equivalent of £15,701 FTE salary and will be implemented with effect from 01 April 2016 in line with the Council's policy to apply the revised rate on the April following its announcement. For the purpose of this pay policy statement the lowest paid employee's will be defined as those on a FTE salary of £15,701 based on the UK living wage hourly rate of £8.25 per hour. This supplement paid for the 'UK Living Wage' should not be confused with the lower rate of £7.20 per hour for 'National Living Wage' as announced by the Government that comes in to effect for employees aged 25 and over from 01 April 2016.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce. Whilst the ratio between the highest and lowest paid employees within the Council does not exceed 20 times, the Council does not set a ratio ceiling within its pay policy for senior officers.

The current pay levels within the Council define the multiple between the lowest paid (FTE) employee (£15,701 based on the UK living wage) and the Chief Executive (£182,500) as 11.6:1 and between the lowest paid employee and average chief officer earnings (excluding Chief Executive £99,760) as 6.4:1. The multiple between the median full time equivalent earnings (£21,530) and the Chief Executive salary is 8.5:1 and; between the median full time equivalent earnings and the average chief officer earnings is 4.6:1.

4.3 Accountability and Decision Making

In accordance with the Constitution of the Council, the JNC Committee are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

5. Publication

Upon approval by the full Council, this statement will be published on the Council's Website www.birmingham.gov.uk/cosd and will also be available in additional formats by request. In addition, for employees where the full time equivalent salary is £50,000 or more, excluding employer superannuation contributions, the Council's Annual Statement of Accounts will include the number of employees in bands of £5,000.

Annex 1

Birmingham City Council – Senior Officer Pay Spine

This is the locally negotiated pay spine for senior officers covered by JNC terms and conditions of employment. These rates are effective from 01 January 2015, however SCP44 and above were not covered by the 2015 cost of living rise and have remained at the 2009 values.²²

²² Note that SCP43 is no longer in use following the 1 January 2015 pay award

BCC Grade	Spinal Column Point	FTE Salary
L01	1	70,227
	2	71,528
	3	72,828
	4	74,129
	5	75,429
	6	76,730
	7	78,030
L02	9	74,358
	10	75,735
	11	77,112
	12	78,489
	13	79,866
	14	81,243
	15	82,620
L03	17	78,489
	18	79,943
	19	81,396
	20	82,850
	21	84,303
	22	85,757
	23	87,210
L04	25	82,620
	26	84,150
	27	85,680
	28	87,210
	29	88,740
	30	90,270
	31	91,800
L05	33	90,882
	34	92,565
	35	94,248
	36	95,931
	37	97,614
	38	99,297
	39	100,980

BCC Grade	Spinal Column Point	FTE Salary
L06	41	99,144
	42	100,980
	43	100,800
	44	102,600
	45	104,400
	46	106,200
L07	47	108,000
	49	105,300
	50	107,250
	51	109,200
	52	111,150
	53	113,100
L08A	54	115,050
	55	117,000
	75	130,000
	76	131,250
	77	132,500
	78	133,750
L08	79	135,000
	80	136,250
	81	137,500
	57	138,135
	58	140,693
	59	143,251
L10	60	145,814
	61	148,376
	62	150,930
	63	153,483
	65	182,500
	66	190,000
L10	67	193,750
	68	197,500
	69	201,250
	70	205,000
	71	208,750
	72	212,500
	73	216,250
	74	220,000

Annex 2

Birmingham City Council – NJC Pay Spine

The Birmingham City Council pay spine is based on nationally negotiated rates through the National Joint Council. These rates are effective from January 2015 and there have been no increases since that date.

BCC Grade	Spinal Column Point	FTE Salary
GR1	006*	13635
	007*	13736
	008*	13892
	009*	14096
	10*	14359
GR2	11*	14940
	12*	15544
	13	15962
	14	16231
	15	16572
	16	16969
	17	17372
	18	17714
GR3	19	18376
	20	19048
	21	19742
	22	20253
	23	20849
	24	21530
	25	22212
	26	22937
	27	23698
GR4	28	24472
	29	25440
	30	26293
	31	27123
	32	27924
	33	28746
	34	29558
	35	30178
	36	30978
	37	31846

BCC Grade	Column Point	FTE Salary
GR5	38	32,778
	39	33,857
	40	34,746
	41	35,662
	42	36,571
	43	37,483
	44	38,405
	45	39,267
GR6	46	40,217
	47	41,140
	48	42,053
	49	42,957
	50	44,343
	51	45,739
	52	47,132
	53	48,538
	54	49,926
GR7	55	51,422
	56	52,911
	57	54,419
	58	56,181
	59	58,012
	60	59,907
	61	61,866
	62	63,901
	63	66,001
	64	68,672

* Indicates the payment of a living wage enhancement that would equate to an FTE salary of £15,701 with effect from 01 April 2016, although the size of any pay award could affect whether this enhancement is still required for Spinal Column Point 12.

