

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.