

<b>Decision Maker:</b>	<b>Cabinet member corporate strategy and budget</b>
<b>Decision date:</b>	<b>Monday 10 August 2020</b>
<b>Title of report:</b>	<b>West Midlands Combined Authority</b>
<b>Report by:</b>	<b>Senior Policy and Funding Officer</b>

## **Classification**

Open

## **Decision type**

Non Key

## **Wards affected**

(All Wards);

## **Purpose and Summary**

To seek approval to withdraw as an observer from the West Midlands Combined Authority (WMCA) and to stop paying the £25k membership fee starting this financial year 2020/21.

## **Recommendation(s)**

**That:**

- (a) Herefordshire Council withdraws as an observer from the WMCA and ceases to pay the annual fee with effect from 1 April 2020; and**
- (b) Herefordshire Council works with other local and national rural authorities, and other organisations which represent such areas, to explore the implications of the Government's forthcoming English Devolution paper.**

## **Alternative options**

1. The council could remain as an observer in the WMCA. However, to date there has been no ascertainable benefit to the council and its administrative area in this option. WMCA's strategic investment decisions on transport, housing, planning, policing and economic development do not include Herefordshire. As an observer, the council are unable to

influence WMCA's decision-making and there are no indications that future investment decisions and funding will include Herefordshire. Whilst the council could continue to remain an observer in order to influence the anticipated devolution white paper, it is anticipated that WMCA's primary interest will continue to focus on their constituent member interests in a primarily urban area.

2. The council could apply to become a constituent member, however this would require WMCA to approve this application and to submit a new establishment order to government. Herefordshire Council would also need to pay an annual membership fee of £500,000. WMCA is not expected to submit a parliamentary order in the near future therefore this is not a viable option

## Key considerations

3. The powers to establish a combined authority are detailed in the Local Government Economic Development and Construction Act 2009. The Cities and Local Government Act 2016 which received royal assent on 28 January 2016, provides for the creation of a directly elected mayor of a combined authority to exercise specified functions e.g. economic development, regeneration and transport, etc. It allows public authority functions to be conferred on a combined authority and enables the changing of local government structures, e.g. mergers of councils and moves to unitary structures. The government has made clear its policy direction that devolved councils should be contingent on a minimum population size in excess of 1 million and on the establishment of a combined authority arrangements with directly elected mayors.
4. There are currently 10 combined authorities in England primarily with a focus on urban areas, of which eight are mayoral combined authorities led by metro mayors who are directly elected. All mayoral combined authorities have agreed devolution deals with central government, in which additional powers and budgets have been transferred to the authorities from central government. Metro mayors were introduced as a requirement of these deals to ensure that the process of devolution remained accountable.
5. WMCA was established in June 2016, with Andy Street, as the elected mayor. WMCA devolution agreements cover transport, housing, regeneration, air quality, anti-social behaviour, along with Mayoral functions. For 2018/19, the mayor's office cost £800k.
6. WMCA has seven primarily urban constituent members, 10 non-constituent members and 4 observers, one of which is Herefordshire Council (HC). Constituent members pay £500,000 annual membership fees whilst non-constituent members and observers pay an annual fee of £25k. Constituent members' meetings are held monthly, with separate meetings for non-constituent members and observers. These meetings are often cancelled.
7. The Council applied to become a non-constituent member of the WMCA in 2017 with an annual cost of £25k. WMCA approved its membership, but only as an observer. To add any additional members requires an Order to be laid in Parliament and that would have required an amendment to the WMCA constitution. The Secretary of State (MHCLG) needs to prepare the Order. In 2017, the Government did not set out a timescale for when a submission could be made. To date, the council remains an observer and has no voting rights. As HC's membership is voluntary, there is no legal agreement between Herefordshire Council and WMCA. If HC decides to leave WMCA, the HC Chief Executive needs to write to Deborah Cadman, WMCA's Chief Executive informing her that it is leaving WMCA. There are no terms of withdrawal from WMCA.
8. To date, the council has not accessed any funding for economic development, regeneration or transport through WMCA. Likewise, it has not been involved in major WMCA projects

and programmes which would benefit the people of Herefordshire, nor are there any plans for engagement in any economic development, regeneration and transport plans. Additionally, it is evident that engagement with WMCA is not essential to enable access to growth funding.

9. However, devolution remains a Government policy and it is expected that they will publish the English Devolution paper which sets out how it intends to meet its ambitions for full devolution across England. When the white paper is published we will need to ensure that Herefordshire along with other similar rural areas counties across England are fully considered, both in terms of the significant collective contribution we already make to the UK economy, but also in enabling rural areas to realise their full potential in levelling up economic opportunities for all.
10. In continuing to work together with the other rural local authorities and networks we will ensure that we continue to clearly make the case for rural areas relating to areas such as food production and sustainability; environmental protection including flood prevention and decarbonisation; participation in the industrial strategy; and capital spending to support infrastructure and economic development.

## **Community impact**

11. It is anticipated that a withdrawal from WCMA will not have a negative impact on economic priorities and people of Herefordshire.

## **Equality duty**

12. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities and other bodies is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

13. There are no direct impacts arising from the recommendations

## **Resource implications**

14. By withdrawing from WMCA, it will save the council £25k.

## **Legal implications**

15. When the council became an observer member of the WMCA it was not required to enter into any form of legal agreement as this type of membership is considered to be voluntary. Observer members are not covered by The West Midlands Combined Authority Order 2016.
16. To confirm the council's wish to withdraw as an observer member of WMCA it is required to notify the Chief Executive of WMCA in writing. This should be done as soon as reasonably practical.

## **Risk management**

17. Devolution remains a Government policy, and adversely affects Herefordshire. When the anticipated white paper is published, Herefordshire Council in continuing to work with other similar local authorities and networks will need to ensure the needs of rural areas are fully considered.
18. The Chancellor has confirmed in the Budget 2020 that the Government will allocate at the minimum, the same level of EU funding to the UK Shared Prosperity Fund. The UK Shared Prosperity Fund will replace the overly bureaucratic EU structural funds, levelling up opportunities in each of the nations of the country. Funding will be realigned to match domestic priorities. The Government has still to announce the governance arrangement for delivering the UK Shared Prosperity Fund. If it chooses the combined authorities to deliver the funds, then local authorities which are not part of combined authorities may lose out. To mitigate this risk, the council need to work with LGA and other network in lobbying MHCLG to consider the LEPs as delivery bodies.

## **Consultees**

19. Chief Executive and Cabinet members

## **Appendices**

None.

## **Background papers**

None