

DRAFT**OUTLINE CONSULTATION DOCUMENT****'AN ECONOMIC PROSPERITY BOARD FOR COVENTRY AND WARWICKSHIRE'****An Economic Prosperity Board for the Coventry and Warwickshire**

Economic development and regeneration are key planks in Government plans to continue and accelerate recovery from the recession of the last five/six years. In relation to City Deal and regeneration more generally, The City Deal arrangement for Coventry, Warwickshire and Hinckley and Bosworth is the foundation for promoting the growth in this area. However, we recognise that this arrangement is only a beginning and we want to move to the next step to ensure that we have in place as soon as possible 'strong governance across the functional economic area, so that decisions necessary for the growth of the area as a whole can be taken quickly and effectively'. Central Government rightly expects 'political commitment and readiness to put resources into delivering the (city) deal' and this is the next important step in that direction.

We accept these expectations and argue that, for us to make them a reality for the area covered by the City Deal, we need the powers - and responsibilities - which the limitations of a Joint Committee will not allow. These powers and responsibilities can be exercised, for the benefit of the Coventry/Warwickshire economy - and beyond - by moving from a Joint Committee to an Economic Prosperity Board.

Indeed, in recognition of the need for this 'step up', we entered into a formal commitment in the City Deal agreement, which is set out below.

- Joint Statutory Committee to be formally established in January 2014 (achieved)
- Agree a detailed timetable to move towards forming an Economic Prosperity Board in Coventry and Warwickshire - including Hinckley and Bosworth Council in Leicestershire (contained in this paper)
- Undertake a formal governance review in 2014 to inform any final decision to seek the creation of an Economic Prosperity Board (this consultation forms a part of that review, allied to the initial conclusions set out in the evaluation above)
- Subject to Government agreement, establish the Coventry and Warwickshire Economic Prosperity Board by spring 2015.

The full City Deal agreement can be accessed at:

http://www.cwlep.com/userFiles/20131205_coventry_and_warwickshire_city_deal_document_and_implementation_plans.pdf

This has been taken a stage further by the agreed Strategic Economic Plan for the Coventry Warwickshire LEP, in which reference is made to the City Deal and the wider

partnership. This can be found at: <http://www.cwlep.com/intelligence/strategies-and-plans/strategic-economic-plan#>

This document sets out our proposals, acknowledging the timescales set for each stage of the process, aiming to establish the Coventry and Warwickshire Economic Prosperity Board by summer 2015, but recognising that procedural issues around the General Election in May 2015 may have the practical effect of delaying full implementation until later in the year.

The area covered by the City Deal recognises the real economic geography of the area and the inter-dependencies between local businesses. In addition, Nuneaton and Bedworth, North Warwickshire and Hinckley and Bosworth Councils had been engaged already in 'cross-border' work on economic and skills development with businesses along the A5 corridor, linking with external funders and providers.

The detailed rationale for the economic geography is attached at Appendix A; with a map provided at Appendix D. The authorities who are supporting the move to an Economic Prosperity Board (EPB), to provide an additional driver towards accelerated economic development and regeneration, are doing so because we are committed to building on the foundation provided by the City Deal and on the Joint Committee we have in place already.

Having stated the benefits/'value added' by the move to an Economic Prosperity Board, in what follows, we set out:

- the current arrangements and potential alternatives
- the proposed membership
- the area to be covered and the 'economic geography' rationale
- the functions of the proposed EPB and its terms of reference
- our proposals for full/voting membership, if an EPB is supported
- timescales and process

We invite comments from stakeholders on the proposal for an Economic Prosperity Board contained in this paper. Responses should be submitted to Sian Stroud at sianstroud@warwickshire.gov.uk by 31 December 2014. A list of consultees (not exhaustive) is attached at Appendix B.

The Leader/Chief Executive of your local District/Borough Council or their equivalents at Warwickshire County Council and Coventry City Council will initiate discussions with you during the consultation period, as we welcome engagement with you, prior to your submitting your responses.

Current (City Deal) Arrangements

Under the current arrangements, there is in place a Joint Committee. This comprises the Leaders of each of the constituent councils (including Hinckley and Bosworth), each of whom has a single vote, should voting ever prove necessary. After a number of 'shadow' meetings, the Joint Committee met formally in January 2014.

The Joint Committee has the overall responsibility for managing the delivery of the commitments given in the City Deal. It has been in operation for around year (in 'shadow'/formal form) and has been useful in brokering single 'local authority' views and actions. It has fostered constructive relations between the eight constituent

councils, seeking to reconcile different local views and has had some success in achieving this aim.

However, the Joint Committee has no corporate status and is not a separate legal entity. As such, it cannot hold property and cannot directly employ staff; in both cases one of the authorities must act on behalf of the other seven and may not necessarily be the same authority.

Within the area covered by the Joint Committee, we have established already:

- a coherent plan of activity
- based on agreed priorities
- demonstrating synergy in working between the public and private sectors locally

We can demonstrate also:

- high value for money
- good management of risk
- high levels of ambition
- identification of delivery routes

However, we need to establish a more coherent and effective relationship with the Coventry and Warwickshire LEP (CWLEP), supported by clear and accountable governance arrangements, if we are to create and take advantage the opportunities for funding necessary to deliver the economic growth the region demands

Evaluation of the Alternative Options Available

The options available for consideration are the following:

- Joint Committee – made up of a number of elected members from each authority with economic regeneration remit details and functions to be decided locally. This has been adopted as the current model for Coventry and Warwickshire (including Hinckley and Bosworth), with the Leaders of each Council forming the Committee. This would continue to provide the basis for economic growth at current rates, but would not address the fundamental issue of 'strong governance'/Government confidence or the need to accelerate the rate of growth.
- Economic Prosperity Board (EPB) – the purpose of an EPB is to promote economic development and regeneration of its area. It is down to the local authorities to decide which functions they want an EPB to exercise. EPBs are funded by pooling resources from their constituent local authorities and do not have tax raising powers or the power to borrow. As with the Joint Committee model, it will be the Leaders from each Council who will form the Board, with additional non-local authority members to be agreed locally. The advantage of this approach is that it will honour the commitment given in the City Deal agreement and address the confidence and accountability issues, as well as strengthening the focus of delivery management. It will not address the need for an integrated approach to transport; but this complex issue is not one for immediate resolution and is not a matter which should delay the more urgent requirement for acceleration and certainty of growth and regeneration.

- Combined Authority – as an EPB, but to include the significant additional responsibility for transport arrangements in the area covered by the Combined Authority, including the power to levy for transport functions and to borrow for transport purposes. Whilst transport integration is important, the complex and lengthy negotiations necessary to achieve a complete revision of current arrangements, involving, as they will, many authorities and agencies outside of the City Deal/EPB area, could seriously delay the advances which could be made by adopting an EPB at the earliest opportunity. Adoption of an EPB will not preclude a subsequent (and early) move towards a Combined Authority, across an area likely to be wider than the existing City Deal area. However, at this time we consider it vital to establish the solid foundation of an effective and robust EPB, before taking the further step, to which we are committed already in the City Deal agreement.

What is an Economic Prosperity Board

Building on the brief description earlier in this paper, an Economic Prosperity Board:

- is a corporate body, i.e. it has a separate legal identity from its constituent authorities, can undertake its own administrative processes and may have statutory powers and duties conferred on it which it can exercise in its own right.
- is a governance structure for sub-regional areas and can be established in England (excluding Greater London).
- can be given local authority functions (powers and duties) that relate to economic development and regeneration. Combined authorities can, in addition, be given transport functions that are available to integrated transport authorities.
- is financed by its constituent councils and does not have any tax raising, levying or borrowing powers.

For Coventry and Warwickshire, the overall functions of the EPB will be:

<u>Economic Development</u>	<ul style="list-style-type: none"> ▪ Local Growth Strategy (with Coventry & Warwickshire LEP) ▪ Town Centres ▪ An integrated approach to infrastructure
<u>Joint Investment Strategies</u>	<ul style="list-style-type: none"> ▪ Development of shared approaches
<u>Funding</u>	<ul style="list-style-type: none"> ▪ European Strategic Investment Funding and Growth Fund (with CWLEP)
<u>Planning</u>	<ul style="list-style-type: none"> ▪ Spatial Planning ▪ Housing Strategy ▪ Local employment land study
<u>Inward investment</u>	<ul style="list-style-type: none"> ▪ Co-ordination of activity (e.g. Tourism)

Most importantly, an EPB can make binding decisions in its own right, without the need for its members to formally consult/secure decisions within their 'home' authorities on the matters within its remit. It will retain membership from each of the constituent authorities, with a single vote mechanism, if required, and will be able to co-opt 'non-constituent' members.

Because of restrictions in current legislation (currently being reviewed to remove these anomalies), at the point of formation, an EPB for Coventry and Warwickshire could include Hinckley and Bosworth (and any other interested council) as a non-constituent/non-voting member only. However, the Joint Committee has already agreed unanimously that, immediately upon formation, a Coventry and Warwickshire EPB would invite Hinckley and Bosworth to be a 'voting' member; which it has the powers to do in current legislation. This clear commitment would recognise the value of full participation from Hinckley and Bosworth Council, as being part of the functional economic area of Coventry and Warwickshire.

The draft Constitution and Terms of Reference for the proposed EPB are attached at Appendix C.

The Functional Economic Area

Appendix D is the map of the functional economic area, used as the basis for the City Deal, approved by Government in the early part of 2014. It is clear from this that the Coventry and Warwickshire sub-region reflects the real economic geography of the local area and that Hinckley and Bosworth is very much a part of this functional area.

Relationship with the Local Enterprise Partnership (LEP)

The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) is responsible for developing the strategy for growth and proposed projects and interventions; drawing on private sector knowledge and expertise; project management, as appropriate; challenging and promoting local government through the Joint Committee/EPB, to be more effective and efficient in supporting and implementing economic growth activity.

It is essential for the proposed EPB to continue to build a mature and effective relationship with the CWLEP in order to ensure that the economy and local people secure maximum benefit from their separate, but complementary, work. In other words, people should not be able to 'see the join'; it should be seamless, with transparency about the local decision making process, but with clarity about which body is accountable for the different roles and responsibilities. A suggested set for each body is attached at Appendix E.

It is intended that the EPB will be the accountable body for the LEP (as the EPB will have democratic legitimacy), but must take decisions in a timely manner. We intend to fulfil both these requirements, to assist which, we would intend to co-opt the CWLEP Chairman onto the EPB, recognising the fact that the EPB is represented on the LEP Board by its local authority members.

The 'seamlessness' to which we refer earlier can be made real by the use of a single operational, Executive and Secretarial Group, serving both the CWLEP and the

CWEPB, to provide the necessary synergy and coordination to and between the work of the two bodies. A suggested structure, agreed in principle with CWLEP, is attached at Appendix F.

Finally, it is recognised that there need to be robust and independent means of Scrutiny for any new arrangements, which allows for transparency and political balance, which the formal EPB arrangements will not provide in themselves. The draft Terms of reference and Constitution, attached at Appendix C, sets out how we intend to secure this balanced approach, which is a prerequisite of implementing an EPB.

Process and Timescales

Set out below is the four stage process for approval of an EPB. Our aim is to secure approval and implementation by summer 2015, subject to support from our stakeholders locally and from consultees more widely. This document forms the second stage of this process:

- 1) Review - The authorities undertake and publish a review of governance across the area of the intended EPB, including an appraisal of different governance options, to consider which options would meet the legislative conditions, and which is the preferred option. This process has been completed in the main as part of City Deal consultation and Appendix C updates that position.
- 2) Scheme - Where the review concludes that a CA or EPB is the preferred option, the councils concerned need to publish a scheme setting out how it would work - for example, the area, the powers and functions, assets and liabilities, constitution and Scrutiny arrangements. This document sets out that scheme at Appendix C. This element is to be completed by 31 January 2015; at which point the Scheme, amended as appropriate in response to the consultation, will be submitted to the Secretary of State
- 3) Secretary of State - there are three essential elements to this stage, taking a total of four months:
 - i. DCLG reviews the submission, prepares a draft Order for Parliament, drafts a Government consultation on the Order and seeks Ministerial approval to publish (one month)
 - ii. Formal Consultation on the Order (8 weeks/two months)
 - iii. DCLG analyses the responses, makes necessary modifications to the Order (in consultation with the relevant Authorities), secures final agreement and lays the Orders before Parliament (one month)
- 4) Each House of Parliament - has to debate and approve the establishment of an EPB before the Order is 'made' and the EPB is established.

The Economic Geography Case for An Economic Prosperity Board

The City Deal, agreed earlier in 2014, set out a range of programmes and initiatives to support the entire area of the proposed EPB. This includes the areas covered by Coventry City Council, Warwickshire County Council and part of Leicestershire and comprises the following district local authorities: North Warwickshire; Nuneaton and Bedworth; Rugby; Warwick; Stratford-on-Avon; and Hinckley and Bosworth (in Leicestershire).

- * The area covered by the proposed EPB has a high concentration of economic activity within the advanced manufacturing and engineering sector, particularly the manufacture of motor vehicles (where levels of employment are five times greater than the average for the UK).
- * The area also has a high degree of social specialisation in the fields of IT, digital and creative media (particularly gaming and serious gaming); low carbon vehicles (particularly R&D activity); intelligent mobility; transport and logistics; education (a function of having two universities in our area); and head/large office locations.
- * The area is home to number of world class brands, multi-national companies and world class research establishments - including Jaguar Land Rover, Aston Martin, MBA, IBM, Aga Rangemaster, Codemasters, Unipart, Tata and MIRA - but many of our smaller companies do not export or compete internationally as much as they could or should.
- * Whilst overall innovation activity is very high for the area (average spend per firm is more than twice the national average), this is concentrated within a small number of our large companies. Innovation needs to become more diffused across the whole business base, particularly within our SMEs.
- * Business star-top rates are around average for the area, but the average business size and rates of growth of companies are below average. We need to better support the expansion and growth of our business base.
- * Overall, rates of productivity in the local economy (as measured by GVA per employee) are below average, and have been declining in relation to the national average over the past few years. This is a major structural issue for the local economy, and a key challenge and opportunity.
- * Employment rates and qualification levels of the resident population vary significantly across the area, and there is significant actual and potential (based on forecast growth) mismatch between labour supply and labour demand.
- * The real functional economic geography of this area must be reflected in the considerations and deliberations, and more importantly the actions of the EPB, arising from such discussions. The functional economic area, therefore, must engage and interact fully with Hinckley and Bosworth and any other area which directly impacts on or is affected by decisions of the proposed EPB.

Appendix B

Consultees

These include:

- All local authorities in Coventry and Warwickshire
- Neighbouring Authorities*
 - Derbyshire CC
 - South Derbyshire
 - Leicestershire CC
 - Hinckley and Bosworth
 - Blaby
 - Harborough
 - Oadby and Wigston
 - Melton
 - North West Leicestershire
 - Charnwood
 - Daventry
 - South Northamptonshire
 - Northamptonshire CC
 - Oxfordshire CC
 - Cherwell
 - West Oxfordshire
 - Gloucestershire CC
 - Cotswold
 - Worcestershire CC
 - Wychavon
 - Redditch
 - Bromsgrove
 - Solihull MBC
 - Birmingham City Council
 - Dudley MBC
 - Sandwell MBC
 - Walsall MBC
 - Wolverhampton City Council
 - Tamworth
 - Lichfield
 - Staffordshire CC

(* Districts/Boroughs, unless otherwise stated)

- Local Enterprise Partnerships
 - Coventry/Warwickshire
 - Leicester/Leicestershire
 - Staffordshire
 - Northamptonshire
- West Midlands ITA
- Local Businesses
 - Coventry
 - Warwickshire
 - Hinckley and Bosworth

- Academic Bodies - Colleges and Universities
- Local Public Bodies - Health
 - Police
 - Jobcentre Plus