

Report title	West Midlands Combined Authority Trailblazer Deeper Devolution Deal	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Stephen Simkins Acting Leader of the Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable Director	Charlotte Johns, Director of Strategy	
Originating service	Strategy	
Accountable employee	Laura Collings Tel Email	Head of Policy and Strategy 01902550414 Laura.collings@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Leaders Meeting	22 August 2023 27 August 2023

Recommendations for decision:

The Cabinet is recommended to:

1. Endorse the West Midlands Combined Authority Trailblazer Deeper Devolution Deal (appendix 1) following the conclusion of negotiations between the West Midlands Combined Authority and government.
2. Consider the prepared Governance Review (appendix 2) and Scheme (appendix 3) outlining the proposed model for Mayoral West Midlands Combined Authority governance of the Bus Service Operators Grant subsidy, and feedback to West Midlands Combined Authority Board.
3. Approve the implementation plan (appendix 4) for the deal and agree to further discussions with Government.
4. Agree to receive further reports at the appropriate time resulting from the detailed requirements of the deal.

Recommendations for noting:

The Cabinet is asked to note:

1. The contents of the deal and recognise that it contains a number of commitments to further devolution with the potential for significant further steps.
2. That at a meeting of the West Midlands Combined Authority Board on the 9 June 2023 it was agreed not to pursue the statutory process to provide West Midlands Combined Authority with the 'health improvement duty' offered as part of the deal. The health improvement duty, therefore, will not form a part of the deal.
3. That this report will be considered by Scrutiny Board on 26 September.

1.0 Purpose

- 1.1 To inform Cabinet of the progress of the West Midlands Combined Authority Trailblazer Deeper Devolution Deal (DDD) and seek formal endorsement of the deal.
- 1.2 To outline the approach to the implementation of the DDD and identify those areas where further discussion will be undertaken with government.
- 1.3 To highlight provisions within the DDD which will require further statutory process to be undertaken before the function can be assumed by the WMCA. Notably the Bus Service Operators Grant.

2.0 Background

- 2.1 The West Midlands is at the forefront of devolution in England. In November 2015, the government and WMCA agreed an ambitious devolution deal, including a directly elected mayor and powers to improve transport, skills and housing to drive growth in the region. In 2017, devolution was deepened, and new funding agreed, including significant further investment in transport. The West Midlands has seized these opportunities, demonstrating what local leaders can achieve when empowered with the tools they need.
- 2.2 The Levelling Up White Paper published on the 2 February 2022 announced a 'Trailblazer Devolution Deal' for the West Midlands and Greater Manchester. Over the last 12 months WMCA and local authorities have worked alongside government to develop the best possible deal for the region. The West Midlands is now embarking on a new phase by bringing greater investment, control over investment and powers to the region.
- 2.3 The new deal will help to reboot the economy, provide vital housing, jobs and skills, bolster our existing strengths in transport and Smart City Region innovation, and drive our net zero ambitions. The deal looks to create a more prosperous and better-connected West Midlands which is fairer, greener and healthier.
- 2.4 The DDD was agreed in principle by the Mayor and Portfolio Leaders on 10 March 2023 and announced in the Chancellor's Budget on 15 March 2023. The WMCA will seek to formally ratify the DDD at WMCA Board on the 13 October. This report seeks formal endorsement of the deal from Cabinet ahead of this.

3.0 Overview of the West Midlands Trailblazer Deeper Devolution Deal

- 3.1 The DDD provides an opportunity to develop further joined up working across the west midlands on shared priorities and bespoke strategies for growth that will support delivery of Our City: Our Plan. It will bring new funding, powers and flexibilities into the region and is another step in the right direction towards rebalancing the national economy towards Wolverhampton and the West Midlands. Key funding, flexibilities and powers of the deal are noted below:

- Fiscal Devolution: Extending the business rates retention pilot for the WMCA's constituent authorities for a further 10 years.
- Levelling Up Zones (LUZ): Commitment from government to work with the WMCA and constituent authorities to designate of 'growth zones' which would benefit from 100% business rates retention for 25 years above an agreed baseline.
- Single Settlement: A single government department style settlement for the WMCA from 2025 to be set at the next spending covering a multi-year period. This will be set against thematic functions covering five pillars: local growth and place, local transport, housing and regeneration, adult skills and retrofit. Supported by new accountability arrangements and outcomes framework.
- Housing and Regeneration: A wide-ranging Strategic Place Partnership between Homes England and WMCA and local leadership of the Affordable Homes Programme for the first time outside of London worth at least £200 million to the West Midlands with a clear ambition for WMCA, local partners and Homes England to work together to invest up to £400 million and with greater powers and flexibilities over time. The deal also commits to devolution of £100 million brownfield land funding, joint working between the government and WMCA through the West Midlands Public Land Taskforce.
- Retrofit: Piloting the devolution of net zero funding, including for buildings' retrofit, through allocation rather than competition in the period from 2025 onwards, which will form part of WMCA's single department-style settlement, recognition of WMCA's roles and activity across the energy system and further work on standards, green finance and advice to increase household energy efficiency.
- Adult Skills and Employment: Devolution of non-apprenticeship adult skills functions and grant funding in the next Spending Review, local flexibilities, which will increase over time, over Free Courses for Jobs and Skills Bootcamps during this Spending Review, and establishment of a strong joint governance board to provide oversight of post-16 technical education and of WMCA as the central convenor of careers provision in the city region. A commitment to a co-design approach to all future contracted employment support programmes with the Department for Work and Pensions.
- Business Productivity: Boosting business productivity through a new Strategic Productivity Partnership, enabling WMCA to raise local priorities for future business support and advisory services and ensuring complementarity between national and local commissioning activities, alongside a new role for WMCA in the governance of the next generation of British Business Bank UK funds in the Midlands and stronger strategic and operational relationships with the UK Infrastructure Bank. Stronger partnership between the government and WMCA across a range of international trade activities.

- Innovation: Building on the Innovation Accelerator programme, a Strategic Innovation Partnership to give WMCA a new and influential role informing the national research and innovation ecosystem, a knowledge transfer programme focused on local strengths and a pilot to boost innovation adoption and diffusion by local businesses.
- Transport: The deal also includes the provision of essential infrastructure especially public transport connectivity to give communities access to essential services, facilities and opportunities.

3.2 The DDD sets out several commitments from government to continue to work with the WMCA and local authority partners to co-design the next steps of the deal. Providing the opportunity to continue to forge a new relationship between central and local government to find innovative solutions to some of our most pressing and complex policy challenges.

4.0 Bus Service Operators Grant Statutory Process

4.1 The majority of the deal is made up of provisions which relate to existing functions held by the WMCA. Only one provision, the devolution of the payment of the Bus Service Operators Grant (BSOG) to the WMCA requires further statutory process before the function can be assumed. The BSOG is considered a public authority function and assuming this power must follow the statutory process set out in the 2009 Local Democracy, Economic Development and Construction Act.

4.2 To support this process a Governance Review and Scheme have been developed which will be considered by WMCA Board on the 13 October. Should WMCA Board approve the scheme and governance review these will be submitted to the Secretary of State for Transport to start the formal statutory process to devolve the function to the WMCA. The Governance Review (appendix 2) and Scheme (appendix 3) are attached to this report and Cabinet are asked to consider the proposals and provide feedback on the contents.

5.0 Implementation of the West Midlands Trailblazer Deeper Devolution Deal

5.1 Attached at appendix 4 to this report is the DDD implementation plan. It sets out how the commitments in the deal will be implemented, how local authority (LA) partners will be engaged in decision-making, LAs' roles in delivery and implementation and indicative timescales for commitments to be delivered. Implementation of the DDD will be guided by a set of core principles:

- The most should be made of every commitment in the deal, to derive as much value from the deal commitments ahead of the next general election and spending review.
- Local and regional engagement and collaboration is maximised through the implementation process, ensuring that delivery is driven at the most effective level with reporting on progress.
- Activity in different workstreams is integrated within mainstream work programmes so that devolved powers become business-as-usual for regional partners.

- A clear focus is retained on the need for more inclusive growth in the region in all aspects of deal implementation.

5.2 Commitments in the deal are varied in scope and size. For some there are deliverables or activities with set deadlines, which means the implementation plan can be relatively definitive. For others, particularly those that commit to further development of policy, the outputs and deadlines are less tightly defined. There will be further opportunities to co-develop elements of the deal as we shape the Single Settlement approach which has the potential to be a significant tool to improvement outcomes for people across the region.

6.0 Evaluation of alternative options

6.1 Option one, and the recommended option is to approve the DDD and corresponding implementation plan to draw down the benefit of new funding, flexibilities and powers to Wolverhampton and the region.

6.2 Option two would be not to endorse the DDD and implementation plan. Should the necessary agreement not be obtained, there is a risk that all or some of the commitments in the deal, and their benefits to the region, may be withdrawn or modified.

7.0 Reasons for decision(s)

7.1 As noted in 3.1 of this report the DDD will bring new funding, powers and flexibilities into the region and is another step in the right direction towards rebalancing the national economy towards Wolverhampton and the West Midlands.

8.0 Financial implications

8.1 Work is still ongoing to understand the financial implications of DDD. Any financial implications flowing from elements of the DDD will be reported to and approved through the governance structures of the WMCA and where necessary the Cabinets of constituent authorities.

[AS/23082023/U]

9.0 Legal implications

9.1 There are some specific areas in the Deal where secondary legislation will be required which will need the consent of the Constituent Authorities. These will be brought forward on an individual basis in consultation with the relevant Government Departments.

9.2 The BSOG is considered to be public authority function, under section 105B of the Local Democracy, Economic and Construction Act 2009. The statutory process for the devolution of the BSOG function requires the preparation of a governance review and scheme as detailed at 3.2 of this report.

- 9.3 Following the submission of the Governance Review and Scheme to the Secretary of State, the WMCA Constituent Authorities will be requested to give formal consent to the making of the Order. A report will be brought to a future Cabinet detailing this.
[SZ24082023/P]

10.0 Equalities implications

- 10.1 The development of the DDD has been undertaken with reference to an equalities lens and reflects a range of WMCA goals and commitments including to inclusive growth. WMCA officers have reviewed provisions and recommended alternative approaches to, or reinforcement of key aspects, which were incorporated. Through the implementation of the deal, there will be an opportunity to further assess deal elements and their delivery in relation to equalities.

11.0 All other Implications

- 11.1 The provisions and commitments outlined in the DDD will make a significant contribution to Wolverhampton's and the regions ambitions to be net carbon zero by 2041. It includes funding for industrial decarbonisation to make our local business base more energy efficient and resilient to higher costs, co-design of between the WMCA and government on domestic retrofit policy, local area energy planning to ensure we have low carbon energy infrastructure across our region and funding to support the installation of air quality monitors.
- 11.2 Each thematic area of the DDD implementation plan is aligned to an inclusive growth priority. Improving the health and wellbeing of local people across the city and region through inclusive growth is a key priority for the WMCA.

12.0 Schedule of background papers

- 12.1 N/A

13.0 Appendices

- 13.1 Appendix 1: [West Midlands Combined Authority Deeper Devolution Deal](#)
- 13.2 Appendix 2: Bus Service Operators Grant Governance Review
- 13.3 Appendix 3: Bus Service Operators Grant Scheme
- 13.4 Appendix 4: West Midlands Trailblazer Deeper Devolution Deal Implementation Plan