



WEST MIDLANDS
COMBINED AUTHORITY

WMCA Board

Report title	Driving Policy Development for Devolution	
Accountable Chief Executive	Mark Rogers, Birmingham City Council	
Originating Council	Birmingham City Council	
Accountable employee(s)	Tony Smith	Policy Executive
	Tel	0121 303 4550
	Email	tony.smith@birmingham.gov.uk
Report to be/has been considered by	Devolution Strategy Group	
Date	20 January 2017	

The WMCA Board is recommended approve:

- (1) The creation of a new Fiscal Devolution Working Group and to extend the remit of the Health sub group.
- (2) Looking at how developing devolution policies in each area are fed back to lead officers and portfolio lead members, to ensure that members are up to speed with the direction of policy, opportunities being explored with government and lobbying issues.

1. Purpose

- 1.1. This report presents proposals about how to bring more focus to the policy development work of the Devolution Strategy Group.

2. Background and the challenge

- 2.1. The Devolution Strategy Group (DSG) was approved by the Shadow Board in March 2016. The Group, chaired by Mark Rogers is responsible for taking forward a strategic approach to devolution and for overseeing devolution discussions and negotiations with government. It also prepared the WMCA submission to the Autumn Statement. It reports to the CA Board and its membership includes the three LEP directors, most of the metropolitan council CEOs and representatives from the NCMs.
- 2.2. The group has made good progress on defining our devolution priorities in line with the SEP and provides a good mechanism for addressing some key issues for the devolution negotiations. It has also presented a more strategic approach to devolution, for example in the devo 2 discussions and in our submission to the Autumn Statement.
- 2.3. However, we need to dedicate more capacity to a number of policy issues prioritised in the SEP or where little progress has been made with government, such as housing, skills, employment and fiscal devolution, if we are to develop genuinely radical proposals for further devolution. To address this, DSG (and the CA as a whole) needs to be able to draw on a greater resource input (principally in terms of time and expertise).
- 2.4. Whilst devolution is only a part of the whole CA agenda, it does provide a focus and a driving force for the rest of our work. By properly supporting devolution policy development we will therefore be creating more momentum for the wider CA agenda.
- 2.5. However, we need to ensure that devolution work links fully into the wider officer group and member portfolio activity. We also need to be clear about the boundaries between policy development and programmes for implementation and change. Similarly the work to implement existing deals will be distinct from this work on new propositions, but there must be interplay between the two. DSG must have a clear co-ordination role in bringing together all of this work into a coherent and integrated devolution agenda. Present arrangements are not strong enough to ensure that all these requirements are being met.

3. Proposed way forward

- 3.1. The Health Sub-Group of DSG has provided the space to allow this thinking to be done in that policy area, for example in detailing a proposition around the proposed “best start in life” theme. This might prove a useful approach to the development of policy in other key areas, supporting the work of the existing lead officers through “policy working groups” or “think tanks”.

- 3.2. Importantly the Health Sub-Group includes representatives from partner agencies and expert input from external sources. This inclusive approach could be replicated across other policy areas, including government appointments to the groups where closer working has been agreed in devolution deals and other national and international expertise and good practice.
- 3.3. In some areas we already have good mechanisms in place to generate new policy (e.g. the commissions and the proposed Housing Delivery Board). In others we may wish to set up further sub groups.
- 3.4. The group has identified the following themes where further policy work is needed and the existing resources in place. More detail on the policy work required is in the Appendix.
- Fiscal devolution – new working group proposed. This area is critical to the future devolution agenda. We need to consider how to link better with the Finance Directors Group and how to tap into a wider set of external expertise.
 - Employment and Skills – via the existing Productivity and Skills Commission
 - Health and Social Care (extending the remit of the existing Health sub-group)
 - Public Service Reform – Arrangements for PSR are currently being reviews. PSR Board in place as well as identified leads on specific issues. Do we need a specific devolution focus linking that to the DSG?
 - Housing and Land – new Housing and Land Board being established and Land Commission up and running
 - Transport – Are existing resources and external links providing an adequate focus on devolution policy?
 - Culture and creative industries – Culture and Tourism working group already in place.
- 3.5. The group therefore proposes to set up a new Fiscal Devolution Working Group and to extend the remit of the Health sub group.
- 3.6. The group further proposes to review how it picks up on the work of the other groups already in place. It also proposes to look at how developing devolution policies in each area are fed back to lead officers and portfolio lead members, to ensure that members are up to speed with the direction of policy, opportunities being explored with government and lobbying issues.
- 3.7. The views of WMCA Board are sought on whether further action is needed to address the other areas of policy development.

4.0 Financial implications

- 4.1 There are no direct financial implications as a result of the recommendations within this report.

5.0 Legal implications

5.1 There are no legal implications flowing from the contents of this report.

Appendix: Possible areas of work within the themes

Fiscal Devolution

- The business rates retention pilot process and plans for 2020+, including new functions and freedoms (removed ring fences, housing, public health etc.)
- Future of gain share including potential PSR gain share
- A future approach to enterprise zones
- Developing solid propositions for wider fiscal devolution, e.g. TIF, borrowing and investment powers, new taxes and voluntary levies, freedoms and flexibilities, linked to government backed outcomes
- Developing our vision for the “West Midlands Exchequer”
- Linking

A group could link the Finance Directors Group more closely to the devolution work and also receive input from finance officers and external expertise from commercial or other national organisations.

Employment and skills

- Developing a new local employment model
- Co-design of employment support for the hardest-to-help claimants from April 2017 – taking forward devo 1 agreement
- Proposition for commissioning of the Employment and Health Programme
- Alternative models for employment support such as the IPPR proposition
- Links to health agenda
- Developing a new local skills model, including how it will operate across the 3 LEP geography – picking up commitments in devo 1 and building on them
- Partnerships with universities and FE colleges
- Relationship with the business community and promoting the skills agenda
- Learning from the devolved nations on the skills infrastructure they have put in place

The Productivity and Skills Commission is taking forward thinking in this area.

Health and Social Care

- Health and wellbeing for children and young people
- Devolution implications of the Mental Health Commission
- CA level Health/Care integration agenda

This group already exists and includes local partners and external expert input.

PSR

- Wider strategic framework for devolution and integration, including shaping the role of the CA
- Health and wellbeing for children and young people theme

- Troubled individuals – including work with government from devo 1
- Strategic approach to transformation, including funding
- Data sharing and evidence base
- Digital

The work needs to link into the Public Service Board and other resources being put in place in this area. Any additional group could include local partners as well as government support as set out in devo 1 including data sharing and departmental support. These relationships are already being developed across Cabinet Office and HMT and with other service-specific government departments.

Housing and Land

- The role of the CA and councils – developing a CA approach to land and new housing supply – what can scale add?
- Learning from One Public Estate and work with the Government Property Unit on public sector hub and neighbourhood hubs
- Developing a regional and sub-regional non-statutory approach to growth and land use
- Unlocking private development, land remediation and supply, encouraging smaller developers and self-build
- How to position social housing? Potential for new forms of ownership and management in housing – responding to RTB and other government policies
- Regeneration of priority social housing estates – a WM model/vehicle
- Homelessness and links to health and wider PSR agenda

Note: the Housing Delivery Board is also intended to pick up devolution work. Initial paper has been circulated and reflected in our Autumn Statement submission.

Transport

- Developing policy on key transport issues such as bus and rail franchising and how to generate more resources and accelerate investment programmes

Culture and creative industries

- Clarifying the devolved WMCA role in supporting arts and culture as an investment and a key part of our economic strategy
- Developing strategic approaches to key development areas such as film, digital and creative industries and identifying devolution components of these.