



Overview & Scrutiny Committee

Date	6 November 2023
Report title	Levelling Up Zones, Investment Zone, and Place-based Strategies
Portfolio Lead	Levelling Up / Devolution - Councillor Sharon Thompson
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Report has been considered by	LUZ, IZ and Place Strategies considered by: Policy Development, Integration and Place Group; dedicated IZ & LUZ Working Groups.

Recommendation(s) for action or decision:

The Overview & Scrutiny Committee is recommended to:

- (1) Note the development of Levelling Up Zones and Investment Zone propositions and the opportunity available through the single settlement to develop 'place-based strategies' and make recommendations for their future development as the Committee considers appropriate.

1. Purpose

- 1.1 A considerable amount of work has been undertaken by local authority officers in conjunction with WMCA around Levelling Up Zones and the West Midlands Investment Zone. With the offers presented through the Devolution Deal, including the Single Settlement, there is an opportunity to build on this work to-date to develop integrated place-based strategies across the region. The OSC's insights into this work will be vital.

2. Background

Deeper devolution deal: Levelling Up Zones & Growth Zones

- 2.1 As part of the region's negotiations with Government over its Trailblazer Devolution Deal, WMCA developed the proposition of 'Levelling Up Zones': areas that would be identified by the relevant local authority as being a priority for levelling up, based on both need and opportunity. The proposal aims to focus the efforts of local, regional and central Government to align diverse policy, funding and fiscal measures to support outcomes bespoke for each area.
- 2.2 Within the Devolution Deal, Government recognised 6 'Levelling Up Zones'; acknowledging that these would be locally designated, with the opportunity to align extant funding and policy options as designed by the relevant LA and WMCA. In response to the region's original aspirations to attract extensive new fiscal powers within these areas, Government agreed to Growth Zones – areas that could be identified locally and which would attract 100% business rate growth retention for 25 years. These were explicitly articulated separately to Levelling Up Zones in the Devolution Deal and there was an implicit intention that there should be 3 such Growth Zones.
- 2.3 The Devolution Deal also contained a number of other new policy and funding opportunities for the region:
- Greater influence, and ultimately control, of Affordable Housing Programme funds;
 - Confirmed Business Rate Retention growth across the region for 10 years; and
 - New partnerships with government focusing on innovation, business productivity and digital infrastructure.

Investment Zone

- 2.4 At the same time as announcing the Trailblazer Devolution Deal, Government also launched its Investment Zone Policy Prospectus: a national programme to drive economic growth in 8 combined authority areas in England (2 were subsequently announced for Scotland). Each CA would be considered 'the Investment Zone' and would be able to access a fund of £80m to support either direct spend (capital and revenue), or a combination of tax incentives and spend. The Policy allows for designation of 3 tax sites up to a total of 600ha, and 2 business rate retention sites (retention of 100% business rate growth for 25 years) up to 600ha. Within this, retained business rate growth would be expected to firstly fund the development and implementation of the Investment Zone sites, and any surplus be allocated, by the CA, to support an identified primary economic sector.
- 2.5 The West Midlands has identified Advanced Manufacturing as its primary economic sector, in particular around electric vehicles and battery development, and its intersection with green industries and health-tech. Sites have been identified at the Coventry-Warwick Gigapark, Birmingham Knowledge Quarter and Wolverhampton Green Innovation Corridor.
- 2.6 Alongside these Investment Zone sites, WMCA is continuing to negotiate with Government over the designation of 'Growth Zone' business rate retention sites (see para 2.2 above) that could present one of the fiscal levers to support Levelling Up Zones.

Single settlement

- 2.7 The single settlement presents an opportunity to enhance our work to-date on Levelling Up Zones (Growth Zones and the Investment Zone). Through the settlement, the West Midlands will receive a consolidated grant across each Spending Review period for transport, skills, housing and regeneration, net zero and local growth projects. We will be set a range of outcomes to achieve with this funding. We expect to develop 'functional strategies' for each of these themes, which will represent our plan to achieve the outcomes agreed with government.
- 2.8 In addition, we will be able to articulate how the five policy functions of the single settlement (as above) will be joined up in places across the region, to drive multi-year, inclusive economic impact. This is not a stipulation from government, but our proposed approach to getting the most out of the single settlement for the benefit of places across the region. This approach will build on, complement and help to align our work to-date on: Levelling Up Zones, existing local authority and Combined Authority plans and strategies, the broader commitments within the deeper devolution deal and the investment plans of broader regional and national stakeholders. Though place-based strategies will not direct all of the funding available through the single settlement – we will, for example, continue to fund adult education across the region as a whole – we think this is an exciting opportunity to create critical masses of investment across the region.

Our emerging, integrated approach to place-based investment

- 2.9 As set out above, the region is in the fortunate position of having a range of investment tools at its disposal. Work is starting between the Combined Authority and local authorities to develop our approach to bringing these tools together, as part of a new approach to place-based investment. Over the coming months, we will work together to agree:
- a. The principles that will guide our work on place-based strategy;
 - b. The data and considerations we will employ to inform WMCA Board decision-making about place prioritisation;
 - c. The form, delivery and sequencing of place-based strategies, including their governance and implementation approach;
 - d. Initial work to understand best practice approaches to integrated place-based strategy development and delivery, and to develop design guides setting out what the strategies should look like and include.
- 2.10 The work undertaken by LAs and WMCA to Levelling Up Zones will be a key consideration guiding this work. These were always identified as opportunities to align and coalesce a wide range of funding and policy levers.

3. Strategic Aims and Objectives

Regional Objectives

3.1 WMCA's aims:

These proposals would align with all six of WMCA's Strategic Aims:

- i. *Promote inclusive economic growth in every corner of the region* – WMCA will work with LA colleagues to ensure that the Inclusive Growth Fundamentals are integral to the development of the interventions for the Place-based Strategies.
- ii. *Ensure everyone has the opportunity to benefit* – LA and WMCA colleagues will work closely with their respective community engagement teams to ensure proposals are appropriately influenced, as well as applying intelligence through shared data sources.
- iii. *Connect our communities by delivering transport and unlocking housing and regeneration schemes* – These are two key functional pillars of the Single Settlement with Government and therefore will be instrumental to the development of the Strategies and their successful implementation to meet requirement of the Outcomes Framework.
- iv. *Reduce carbon emissions to net zero and enhance the environment* – Ensuring appropriate net zero energy provision to support development and implementation, as well as delivering retrofit at scale and other complementary environment enhancements are likely to be central to LA-designed Place-based Strategies.
- v. *Secure new powers and resources from central Government* – The overall approach is founded on the powers secured through the recent Devolution Deal and their successful deployment will underpin further negotiations with Government.
- vi. *Develop WMCA as a good regional partner* – Engagement between the WMCA and LA partners has been exceptional throughout the LUZ-IZ discussions and Devolution Deal negotiations, and this is continuing through a range of formal groups and bilateral discussions.

3.2 Local Authority Aims:

It is expected that the Place Plans will be informed and driven by existing policies – as such these proposals should demonstrably align with their overall objectives and aims, and act as routes for delivery.

3.3 National Objectives:

The proposed approaches aligns with a wide range of national funding streams and policies and will be underpinned by the Outcomes Framework agreed with central Government. Given the comprehensive nature of the proposals and focus on 'levelling up' it is anticipated that proposals will support Government's delivery man of its Levelling Up Missions, particularly around productivity, increased investment into R&D, transport connectivity, skills and health outcomes, and enhanced 'pride in place'.

4. Financial Implications

- 4.1 The intention is that Place-based Strategies will be instrumental in the development, establishment and consideration of future investment plans. They will complement and comply with all relevant assurance framework considerations and accountabilities for funding to central Government.

They may also inform relevant financing mechanisms, such as borrowing and tax incentive finance (TIF) routes, where they are considered.

5. Legal Implications

- 5.1 Unless otherwise stated in the deal, functions will be conferred through regulations created under the Local Democracy, Economic Development and Construction Act 2009 and are subject to:
- a) The ratification of the deal by WMCA and the agreement of its constituent councils.
 - b) WMCA undertaking a governance review, the development of and consultation on a scheme, and the submission of the results of the consultation to the Secretary of State for Levelling Up, Housing and Communities, following agreement of WMCA and constituent councils.
 - c) The Secretary of State for Levelling Up, Housing and Communities being satisfied that the required statutory requirements have been met as set out in the Local Democracy, Economic Development and Construction 2009.
 - d) Consents from the necessary parties locally to and parliamentary approval of the required secondary legislation.

There are no direct legal implications arising from this report.

As these proposals develop, further and detailed involvement from the legal teams within the Combined Authority, local authorities and Government departments will be required.

Proposals will comply with legislation developed with Government through the implementation of the 2023 Trailblazer Deeper Devolution Deal and other legislative frameworks, including all accountability and governance issues.

6. Single Assurance Framework Implications

- 6.1 These proposals are at an early stage but it has been consistently clear that all proposals will need to comply with the WMCA's Single Assurance Framework where the WMCA and its respective funding routes are supporting delivery of outcomes. It should be noted that some interventions identified within the Place-based Strategies may lie outside the funding routes of the WMCA – for example, local authority borrowing or funding from other agencies. In those instances, the commissioning or responsible body, eg the local authority, will be responsible for ensuring compliance with their assurance frameworks.

7. Equalities Implications

- 7.1 All proposals will be expected to demonstrate that they support the WMCA's Equalities and Diversity objectives set out in the Equality Scheme - the proposal of this strategy directly support two of four of objectives in the ES. The Levelling Up, Growth and Investment zones in the strategic proposals are likely to have a direct positive impact on socio-economic outcomes e.g. reduction in unemployment, increase in training opportunities and an indirect positive impact on some protected characteristic groups such as disabled people and racialised (minority ethnic) communities who face disproportionate levels of unemployment and access to training opportunities when

compared to non-disabled and White ethnic groups. To explore this fully, it is recommended that a 'Health and Equity Impact Assessment' is carried out, and the findings of that assessment added to this strategy where appropriate.

8. Inclusive Growth Implications

8.1 The principles of the Inclusive Growth Framework will be integral to the development of the Place-based Strategies, with local authority colleagues being made aware of the opportunities for demonstrating truly inclusive growth through the application of the IG Fundamentals.

In particular, it is anticipated that proposed Place-based Strategies will:

- build-in climate resilience through the appropriately planned development of interventions;
- ensure inclusive economic benefits are enshrined during proposal scoping and development;
- bring forward affordable and safe places through the targeted application of Affordable Homes and Retrofit funding;
- align transport and digital connectivity opportunities presented through comprehensive place plans;
- generate new skills growth through aligned Skills funding and potentially new capital infrastructure;
- secure better health outcomes through aligning several funding streams, for example more effective deployment of retrofit investment.

9. Geographical Area of Report's Implications

9.1 This report relates to the whole of the WMCA area.

10. Other Implications

10.1 There are no other implications to consider.

11. Schedule of Background Papers

11.1 *Links to the following for information:*

- *Government's Investment Zone Policy Prospectus -*
www.gov.uk/government/publications/investment-zones
- *The Trailblazer Deeper Devolution Deal –*
www.gov.uk/government/publications/west-midlands-combined-authority-trailblazer-deeper-devolution-deal/west-midlands-combined-authority-trailblazer-deeper-devolution-deal