

Economic Growth Board

Date	6 March 2024
Report title	Single Settlement – Local Growth & Place Pillar
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Report has been considered by	State any previous Panels or Boards who have reviewed this Board Report

Recommendation(s) for action or decision:

Economic Growth Board is recommended to:

- (1) Provide direction on the ambition, outcomes and implications of the ongoing discussions with Government on the Local Growth & Place pillar of the Single Settlement.

1. Purpose

- 1.1 With a Spending Review process expected to take place during summer 2024, the WMCA expects to negotiate its first Single Settlement, committed to in the March 2023 Deeper Devolution Deal. This report seeks views from the Economic Growth Board on the functional pillar of 'Local Growth & Place' – particularly on issues of pillar scope, outcomes and funding implications.

2. Background

- 2.1 In January the Economic Growth Board received a report about the Single Settlement to be agreed between the WMCA and Government at the next Spending Review. The settlement will increase the region's autonomy, ability to prioritise decisions locally, and ability to reprioritise across its own budgets under a streamlined, overarching, single accountability framework coordinated by DLUHC, rather than multiple frameworks administered by different departments.

- 2.2 The benefits of this are that the WMCA and its partners can plan and prioritise activities more efficiently and strategically, addressing the barriers and opportunities that create sustainable, long-term inclusive growth. It overcomes the short-termism, high transaction costs and strategic misalignment that can come from national bidding and allocation processes.
- 2.3 The March 2023 Deeper Devolution Deal set out how the Single Settlement will be structured around five pillars - Local Growth & Place; Housing; Transport; Skills and Net Zero. The previous report focused on the role of locally-led place-based strategies to highlight priorities that will inform the functional strategy for each of the five pillars.
- 2.4 Each pillar will see agreement between the region and Government on:
- a) the outcomes and associated outcome indicators.
 - b) the funding approach, proportionate to the outcomes.
 - c) the decision-making and governance related to the funding and outcomes.
- 2.5 This report informs EGB about discussions with Government on the Local Growth & Place pillar – EGB’s principal area of responsibility. EGB is asked to provide initial steers on the pillars scope/ambition, outcomes, and implications of funding. These are framed within the immediate processes to prepare for the first Single Settlement (which is likely to relate to a one-year Spending Review in 2024). The aspiration is that over future multi-year Spending Reviews, there will be opportunity to build upon what works, as explained throughout the report.

3. Ambition of the Local Growth & Place pillar

- 3.1 The November 2023 Memorandum of Understanding between Government and the trailblazing Combined Authorities sets the broad scope of the Local Growth and Place pillar to cover:
- a. Activity that promotes place-based economic development, improves productivity, and aims to reduce inter-and-intraregional spatial economic disparities.
 - b. Coordination and delivery of local programmes to drive business productivity whilst ensuring integration between local and national business support activity, enabling businesses to access support.
 - c. Regeneration, place-making, and improvements to local infrastructure.
 - d. Activities that promote pride in place, including but not limited to measures to improve social cohesion, the improvement of public facilities and the public realm, for instance on high streets.
- 3.2 These activities relate to the WMCA’s statutory economic development and regeneration functions and cover a broad range of work. Therefore, while the devolutionary potential is significant, meaningful progress depends on this translating into funding. Discussions with Local Authority Directors of Economic Development have emphasised the importance to be ambitious in discussions with officials about how this might extend into aspects of sectoral growth funding, business growth capital, place-based cultural and tourism investment, translational R&D and the attraction of inward investment and capital.
- 3.3 Analysis by the WMCA and discussed with Directors of Economic Development indicates that, had a local growth & place pillar been in place across the current multi-year Spending Review period, potentially up to £1bn of locally/regionally-delivered activities [capital & revenue] would have been covered through the scope set in para 3.1 from

across at least four departments (DLUHC, DBT, DCMS, DESNZ). The pillar could draw together different types of historic funding:

- Funding bid for locally and allocated through national competitions (e.g. LUF).
- Funding allocated nationally for local delivery (e.g. Towns Fund, Innovation Accelerator).
- Funding allocated nationally for regional/local delivery (e.g. UKSPF, Made Smarter, Commonwealth Games Legacy Enhancement Fund).

3.4 In discussions with officials, Government's initial approach is to incorporate a relatively narrow range of funding streams. This would still bring about some benefits (e.g. certainty to plan; flexibility to meet priorities; fewer transaction costs from bidding), but the relatively limited scale risks limiting benefits. For instance, the WMCA and local authorities would be limited in the degree to which they might align with locally-retained revenues and deployed with a level of risk appetite that reflects the greater scale and diversification of activities. These constraints could, in part, be mitigated by the 2024 Spending Review being for a short period (perhaps one year), with opportunity to develop the scope over future multi-year Spending Reviews.

3.5 Therefore, the EGB is asked to give a steer on the issue of pillar ambition / scope, where the current stance is to continue engaging with officials to ensure that at a minimum the pillar ought to incorporate ongoing funds which are in the scope of the pillar.

4. Outcomes Framework

4.1 The approach being taken across the Single Settlement is to identify the key outcomes for each pillar. With the onus of the Levelling-Up White Paper on long-term transformative missions (to 2030), the region has similarly ambitious aims. The outcomes framework will also be the main accountability mechanism for the single settlement.

4.2 The WMCA is clear, therefore that the outcomes framework is directly relevant (i.e. there is a causal link between inputs and the outcome indicators) and proportionate to the contents and funding of the Single Settlement. While the region as a whole may have broader aims (e.g. about boosting economic growth/productivity; attaining net zero by 2041, etc.), the outcomes framework will be more specific.

4.3 For the Local Growth and Place pillar, some long-term outcomes that follow the scope of the pillar definition in para 3.1 include:

- Sustained increase in productivity by firms receiving intensive assistance (rolling 5yrs post intervention).
- % increase in people satisfied with the place they live in – aligned to Mission 9 of the Levelling-Up White Paper.
- % increase in cultural engagement.

4.4 Recognising the outcomes above have significant time-lags between activity and outcome, that means they are not well-suited to solely comprising a framework that holds WMCA and regional partners to account. Therefore, options for more granular 'outcome indicators' include:

- Number of intensive business assists leading to business / investment plans
- Degree of private sector leverage

- % increase in people satisfied in the place they live in
- Cultural floorspace created, refurbished or brought back into use
- % in cultural engagement data
- % increase in high-street footfall

4.5 These can all be further developed through the various engagement channels with Government, including the co-development of the West Midlands International Strategy and Strategic Productivity and Innovation Partnerships between the region and Government.

4.6 The EGB may wish to steer on the proposed nature and use of pillar-related outcome indicators.

5. Next steps and implications

5.1 WMCA officers, in conjunction with local authorities and partners, will continue to negotiate the terms of the Local Growth & Place pillar ahead of decisions by WMCA Board and Government in the summer through the Spending Review.

5.2 In addition to the ongoing discussions with Government, the WMCA and partners can begin to consider implications for within-region work based on the direction of travel on scope / funding. For example:

- For national funding streams ‘in scope’ of the pillar, it is assumed that already-announced funding will continue to flow directly to local authorities but future funding (post April 2025) will be allocated and prioritised through the WMCA. While local authorities remain a major instigator and delivery vehicle for place infrastructure along with private sector developer partners, the type of local preparatory work could evolve from bidding to more strategic place masterplanning. This coincides with the approach to place-based strategies shared in January’s EGB.
- As things currently stand, it appears unlikely that funding in the first round of the Local Growth & Place pillar will relate to large-scale R&D, inward investment/international and tourism activity. Therefore, officers from the WMCA and partners will continue to engage with officials on proposals and spending decisions which formally sit outside of the Single Settlement but still relate to funding and outcomes set in para 3.1.

5.3 The EGB may wish to consider what further work would be helpful ahead of April 2025 to ensure the WMCA, local authorities and partners across the West Midlands are set to make the most of the Local Growth & Place pillar of the Single Settlement.

6. Financial Implications

6.1 There are no direct funding implications from this paper, as it is requesting EGB to provide direction on the ambition, outcomes and implications for the Local Growth & Place pillar of the Single Settlement.

6.2 Through the discussions with EGB and the future negotiations with Government to shape the Single Settlement there will inevitably be financial implications arising, that will need

to be understood and reviewed by the WMCA governance routes and demonstrate value for money.

7. Legal Implications

- 7.1 While there are no direct legal implications arising from this report. The Economic Growth Board will consider the recommendations of this report within the context of the devolution deal with central government and its own statutory functions and responsibilities to its policy commitments as set out this report.

8. Equalities Implications

- 8.1 There are potential socio-economic benefits as a result of the Single Settlement, Local Growth Place Pillar initiative via place-based economic development and improved productivity, therefore reducing economic disparities and increasing improve social inclusion for citizens. Completion of a full health and equity impact assessment is recommended for deeper analysis and understanding of the equalities implications with respect to protected characteristics as defined by the Equality Act 2010.

9. Inclusive Growth Implications

- 9.1 The Deeper Devolution Deal, which includes the Single Settlement, seeks to 'level-up' the inter- and intra-region disparities in the UK and West Midlands. This report focuses on the Local Growth and Place pillar which relates closely to the Inclusive Economy and Connected Communities fundamentals of the Inclusive Growth framework. By seeking an ambitious scope for the pillar, the WMCA will maximise the influence of constituent authorities to improve living standards for everyone, leaving nobody behind.

10. Geographical Area of Report's Implications

- 10.1 This report refers to the Single Settlement which will cover the WMCA area of the seven metropolitan authorities. Funding included in the Single Settlement may be able to be used outside of that area (i.e. in non-constituent authorities) should there be a direct benefit for constituent authorities. All decisions will be taken through WMCA decision-making processes, including with reference to the Single Assurance Framework.

11. Other Implications

- 11.1 There are no other major implications.

12. Schedule of Background Papers

- 12.1 None