

WMCA Board

Date	15 March 2024
Report title	Devolution Update
Portfolio Lead	Levelling Up / Devolution - Councillor Sharon Thompson
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Report has been considered by	Mayor & Portfolio Leads Liaison - 1 March 2024

The WMCA Board is recommended to

- (1) Ratify the Memorandum of Understanding (MoU) for the single settlement;
- (2) Note the announcement at Budget on 6 March of additional details of the single settlement; and
- (3) Note the letter received from the DLUHC Secretary of State in response to the WMCA's application for additional devolution commitments through 'Level 4' of the English devolution framework.

1. Purpose

- 1.1 Following previous discussions at Mayor and Portfolio Leads meetings, Board is invited to consider ratifying the MoU for the single settlement announced at the Spending Review (November 2023); and to note subsequent related developments.

2. Background

- 2.1 The Mayor and Portfolio Leads meeting on 1 November 2023 considered and agreed in-principle to the single settlement MoU. Board is now being asked to ratify the MoU. The MoU has been published by HM Treasury on the government's website (see 'Schedule of Background Papers').

- 2.2 The purpose of the MoU is to set out the principles by which a single settlement will be agreed between Government and the WMCA at the next Spending Review. The single settlement will replace many of the different funding streams through which government devolves funds to the WMCA. The single settlement will encompass funding corresponding to the 'functional responsibilities' of Local Growth and Place, Local Transport, Adult Skills, Housing and Regeneration and Retrofit (Net Zero). The single settlement will provide greater flexibility over how these funds can be spent locally aligned to our priorities. The funding formulae we agree with government for the single settlement will seek to deliver the principle that we will be no worse off in terms of quantum of funding received than had the single settlement not been in place.
- 2.3 In procedural terms, if there is a need for a vote on the MoU, a 2/3rds majority of the Mayor and the Members representing the Constituent Authorities present and voting and a simple majority of all Members including the representatives of the non-constituent authorities will be required.
- 2.4 Board is also invited to note two related developments since Mayor and Portfolio Leads met on 1 March:
- a. The response from the DLUHC Secretary of State to the letter from the Mayor requesting additional devolution commitments for the WMCA through 'Level 4' of the English devolution framework. This has been published online (see 'Schedule of Background Papers' below). No action is needed at this stage.
 - b. The publication at Budget of additional details of the single settlement (see 'Schedule of Background Papers' below). No action is needed at this stage.

3. Financial Implications

- 3.1 With regards to the single settlement, there are no immediate budgetary or financial implications as a result of the recommendations within this report being approved. There clearly will be impacts of these negotiations on WMCA's MTFP and budget presentation for 2025/26 which will be built into financial planning as they become known and reported to Leaders through in year engagement on MTFP and 2025/26 budget.
- 3.2 Whilst the Single Settlement is not expected to deliver a significant increase in the quantum of funding West Midlands currently receives, we have made it clear to Government that, as a minimum, the settlement cannot result in a detrimental financial outcome versus the existing arrangements.
- 3.3 The WMCA negotiating team will continue to lobby Government for a suitable outcome to the outstanding matters detailed within this paper. Should we not be able to secure a satisfactory outcome, WMCA will still reserve the right not to enter into the Single Settlement up to the point where the settlement values are made know to WMCA.
- 3.4 With regards to devolution, officers will now undertake an assessment of the implications of the removal of the requirement to undertake a gainshare review of our investment fund.

4. Legal Implications

- 4.1 The single settlement MoU is not a legally binding agreement and there are no immediate legal implications as a result of this report.

4.2 The legal implications of any future expenditure decisions will be considered at that time.

5. Single Assurance Framework Implications

5.1 There are no immediate or direct implications for the Single Assurance Framework arising from the single settlement details above. Over the coming year and thereafter, we will be undertaking a piece of work to ensure our SAF and its auxiliary processes reflect the requirements and opportunities presented by the single settlement. There is a 'Assurance' workstream in the Single Settlement wider programme. The next iteration of the WMCA Single Assurance workstream will incorporate the requirements of English Devolution Accountability Framework (EDAF).

6. Equalities Implications

6.1 There are no immediate equalities implications arising from the ratification of the MoU. This is because the MoU is a high-level agreement; funding priorities – and their equalities implications – will be agreed through the process of developing functional and place-based strategies, which will be come to Board for a decision later this year.

7. Inclusive Growth Implications

7.1 With regards to the single settlement, consideration is being given to how the Inclusive Growth Framework will be integrated into the design and implementation of the single settlement. This includes integrating the Framework into the design of the functional strategies that will steer how single settlement monies are deployed; into the outcomes framework, which all single settlement monies will deliver against; and into the WMCA's Single Assurance Framework, such that Inclusive Growth is considered as and when business cases for individual projects are considered.

8. Other Implications

8.1 No other implications have been identified.

9. Schedule of Background Papers

[West Midlands Combined Authority Trailblazer Deeper Devolution Deal](#)

[Memorandum of Understanding for the Single Settlements with Greater Manchester and West Midlands Combined Authorities](#)

[Update on Level 4 devolution: Confirmation of eligibility for West Yorkshire, South Yorkshire, Liverpool City Region and the West Midlands](#)

[Annex to the Memorandum of Understanding for the "Trailblazer" Single Settlements with Greater Manchester and West Midlands Combined Authorities](#)