

Overview & Scrutiny Committee

Date	26 November 2018
Report title	Devolution 2 Update
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Recommendation(s) for action or decision:

The Overview & Scrutiny Committee is recommended to:

1. Note and comment upon the contents of this report and the appendices.

1. Purpose

To provide an update to the Committee on progress on the WMCA Devolution 2 deal and the Combined Authority's approach to the wider devolution agenda.

2. Background

The CA Board received a paper in March 2018 on the second devolution deal and the action plan for taking it forward (see Appendix 1). In agreeing the second deal, the strategy was to begin to develop a different and more collaborative relationship with government. Instead of a stop-start approach in which deals were announced at "fiscal events" (Budgets or Statements), the ambition was to develop a closer relationship in which we work together with government officials to develop policy, rather than negotiating one off transactional "deals".

The action plan from the second deal therefore contained a number of areas where government signalled areas of future policy development to taken forward as follows:

- Housing investment and delivery – securing a Housing Deal, including a pipeline for housing delivery and building capacity locally through partnership working with Homes England
- Securing national trailblazer status for the Local Industrial Strategy programme, working with government to develop a clear understanding of how they direct regional investment and priorities,
- Developing our skills and productivity agenda further, including a Regional Skills Plan and work on careers and employment
- Developing a longer term approach to transport investment, building on the Transforming Cities Fund secured in the second devolution deal.
- Taking forward our agenda for public service reform
- Engaging government in our Funding for Growth programme
- Taking forward the integration of the PCC and WMFRS functions with the Mayor.

3. Progress since March 2018

In summary the following achievements have followed from the plan set out in March:

- A Housing Deal was agreed in July 2018. This provided a £100m Land Fund, an agreed site pipeline, a joint delivery team and support for the proposed centre of excellence for land remediation (see Appendix 2). It also agreed to work on a further deal on social and affordable housing which is ongoing

- A skills deal was also agreed in July (see Appendix 3), covering apprenticeships, technical education, digital skills and careers. Devolution of the Adult Education Budget is now being implemented (delayed from the first devolution deal)
- We secured the 5G project, becoming the first area to lead on a new public sector led approach to mobile connectivity
- The Budget announced an expansion of the Transforming Cities Fund, confirming that government remains committed to further developing a longer term, more devolved approach to infrastructure funding
- The Combined Authority has developed an evidence base to inform consultation on a Local Industrial Strategy which closed on 15th November. This process has helped inform the development of the government's broader approach, and the CA intends to publish a finalised strategy at the turn of the year
- The transfer of WMFRS and PCC functions has progressed.

During the year the WMCA also secured borrowing powers and the power to raise a Supplementary Business Rate (agreed in the first devolution deal).

4. Next Steps

We have carried forward the principles of this strategic approach into the autumn Budget and the Spending Review 2019, as set out in our (attached) submission letter in September. Initial discussions with HM Treasury on the Spending Review suggest that there is scope for further progress in our priority areas. Potential areas for further development include:

- Financial innovations, giving us more flexibility to raise funds and invest locally
- Longer term, devolved infrastructure funding, including post-Brexit regional funding (Shared Prosperity Fund)
- Public service reform, focused on prevention in health and social care and linking to the future of local public services more widely
- A clear role for the Local Industrial strategy and the Regional Skills Strategy in channelling regional investment
- Establishing a clear future plan for the development of Mayoral Combined Authorities, including building sustainable capacity to deliver.

3. Financial Implications

Progress with devolution is bringing further investment funding into the CA. Details are referred to above and in the appendices.

4. Legal Implications

Legal implications of the devolution agreements have been taken forward with the constituent member local authorities as appropriate.

5. Equalities Implications

The work on devolution addresses key areas where opportunities can be enhanced and inequalities addressed, such as skills, housing and access to jobs. Specific benefits attach to the different areas of work summarised in this report.

6. Inclusive Growth Implications

Inclusive growth is at the heart of our strategic approach to devolution.

7. Geographical Area of Report's Implications

The devolution agenda is focused on the whole CA geography.

8. Other Implications

9. Schedule of Background Papers

Appendix 1: Devolution Action Plan

Appendix 2: Skills Agreement

Appendix 3: Outline of Housing Package for the West Midlands