

Environment and Energy Board

Date	9 th March 2022
Report title	Levelling Up White Paper and Trailblazer Devolution Deal
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Recommendation(s) for action or decision:

Environment and Energy Board is recommended to:

- (1) Note the publication of the Levelling Up White Paper and reflect on its implications for the WMCA area.
- (2) Consider and provide feedback on the collaborative governance for developing the Trailblazer Devolution Deal.
- (3) Consider how to maximise the opportunities for environment and energy within the Trailblazer Devolution Deal.

1. Purpose

- 1.1 To inform the Environment and Energy Board of the elements of the Levelling Up White Paper (LUWP) which impact on its priorities.
- 1.2 To propose plans for coordinating the WMCA response to the invitation to negotiate a Trailblazer Devolution Deal (TDD).
- 1.3 To invite feedback and reflections on the implications, challenges and opportunities inherent in the above.
- 1.4 To consider whether it might want to schedule any extra informal meetings before June in order to discuss further developments relating to the TDD.

2. Context

2.1 The Levelling Up White Paper (LUWP) was published on 2nd February 2022. Within the paper, it defines 'levelling up' as:

- Increasing opportunity across the UK, and
- Reducing disparities between and within regions.

Importantly, it challenges some of the existing orthodoxy on regional growth and development, which could have positive implications for local ambitions for inclusive growth, devolution and the role of public services and social innovation in the WMCA area. However, at this stage there is relatively little new investment to realise these ambitions.

2.2 The LUWP sets out 12 levelling up 'missions' for 2030 to unlock enduring systems change, driven by spatial policy considerations and devolution to regions, localities and communities. These missions – established by Government – are as follows:

1. By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.
2. By 2030, domestic public investment in Research & Development outside the Greater South East will increase by at least 40% and at least one third over the Spending Review period, with that additional government funding seeking to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.
3. By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.
4. By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.
5. By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England, this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third.
6. By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.
7. By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by 5 years.

8. By 2030, wellbeing will have improved in every area of the UK, with the gap between top performing and other areas closing.

9. By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.

10. By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government's ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.

11. By 2030, homicide, serious violence, and neighbourhood crime will have fallen, focused on the worst-affected areas.

12. By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.

- 2.3 Framed by these missions and alongside the new analysis, the LUWP announced several policy initiatives for the WMCA area, including an Innovation Accelerator, an additional £28m from the Brownfield Housing Fund and further funding for Digital Bootcamps in the region. The full briefing note produced by WMCA (Appendix 1) covers the analysis and policy topics discussed in the paper in more detail.
- 2.4 A key enabler of the above is devolution. The WMCA and Greater Manchester Combined Authority have been invited to negotiate 'trailblazer devolution deals' (TDDs) with Government which go further than those they will consider for other areas. Crucially, the TDD will be the means through which the region draws down the powers and resources it needs to level up. The WMCA and its partners are committed to an ambitious set of devolution asks, spanning all identified policy areas, that meet this moment.

3. Principles, opportunities and workstreams

- 3.1 There have been a number of informal meetings of the mayor, local authority leaders and other regional stakeholders, as well as initial meetings with government officials and ministerial aides. Based on these, a number of principles have been articulated to help guide the TDD process. These can be framed as follows:
- It is essential that we are very clear about our priorities and focus our efforts on those matters that align with local and regional plans which align with the levelling up missions.
 - There needs to be extensive involvement of local authorities and wider stakeholders, including the private and voluntary sectors, throughout the policy development and negotiation process.

- It will be essential to secure private sector support for many of our devolution propositions and, where relevant, demonstrate their co-investment in key priorities.
- In order to address intra-regional inequalities and local pockets of deprivation, it is important that the devolution process makes provision for the ‘double-devolution’ of certain powers and resources.
- The opportunity provided by the TDD should be focused on drawing powers down from government and not ‘sucking powers up’ from local authorities.
- There will be a strong emphasis on data and accountability and the ability to demonstrate progress on achieving the levelling up missions for any devolution proposition.

3.2 The LUWP is extensive and mentions in excess of 100 different policy topics on which we could take a stance or seek deeper devolution. WMCA has identified 20 workstreams that will comprise the region’s TDD asks:

Inclusive economic growth	Innovation
	WM Smart City Region
	LEP Integration
	Trade and Investment
	Business Support System
Building human capital	Skills
	Education
	UKSPF (Multiply)
Connecting communities	Housing, regen and planning
	Transport
	Net Zero (BEIS)
	Digital
Building social capital	Homelessness prevention
	Health
	Crime, community safety and resilience
	Social capital and social economy
	Culture
Cross-cutting	Funding
	Non-cons and geography expansion
	Data and transparency

Each workstream will be expected to deliver four products to inform the TDD negotiations:

- A stakeholder engagement plan;
- An engagement log;
- A bilateral plan with relevant Government departments; and
- A timetable that sets out key milestones.

Specific observations in relation to environment and energy

3.3 The Levelling Up White Paper refers to six key ‘capitals’ that are critical for thriving places. These are:

- Physical capital – infrastructure, machines and housing.
- Human capital – the skills, health and experience of the workforce.
- Intangible capital – innovation, ideas and patents.
- Financial capital – resources supporting the financing of companies.
- Social capital – the strength of communities, relationships and trust.
- Institutional capital – local leadership, capacity and capability.

There is no direct reference to environmental/ natural capital as a central part of levelling up in this context. Further, whilst the White Paper makes some reference to energy and environment (e.g. in the context of Local Nature Recovery Strategies, already announced in the Environment Act, 2021), the opportunities around net zero are not as central as we might expect. In terms of improving resilience of places and communities, there is also no inclusion of climate adaptation in the White Paper.

3.4 However, as indicated above, the WMCA is making net zero one of its priority areas and the Environment and Energy Board will play a key role in discussing and shaping the direction of the TDD in relation to this workstream. This builds on work that Energy Capital have already started in relation to devolution needed for an energy system that works better for local areas. Conversations with BEIS have been ongoing since March 2021 when 10 devolution asks were presented to BEIS as part of the [West Midlands' Net Zero Pathfinder Proposal](#). This has positioned Energy Capital well and they were referenced in the LUWP as a way that the West Midlands has shown local leadership in *founding Energy Capital to bring together business, utilities and academics to provide low cost, clean and efficient power.*

3.5 From our initial list, some of the asks have been addressed through other routes. Discussions with partners have also led to some new asks being considered and the remaining asks being prioritised following initial testing with BEIS and DLUC. The current list includes:

Problem	Solutions (Devolution Asks)	Key details	Outcomes
Stimulating the low carbon and smart energy sector The West Midlands has a burgeoning low carbon economy but this goes unrecognised as national attention seems devoted to energy generation rather than on energy reduction, distribution and storage.	WM FDI Subsidies & Incentives Fund with low carbon focus (cf WMGC proposal)	<ul style="list-style-type: none"> • TBC – WMGC 	Further stimulation of low carbon sector – especially future mobility, smart grid and storage.
	Network connections and flexibility fund	<ul style="list-style-type: none"> • Using Energy Capital to work with industry and network operators to implement innovative mechanisms to facilitate decarbonisation 	Expansion of clean manufacturing strengths and supply chain opportunities around 'zero carbon industrial hubs'
	Expansion of Repowering the Black Country Industrial Cluster	<ul style="list-style-type: none"> • Additional £6m to extend scope of RBC programme. • Co-commissioning of regional allocation of Net Zero Innovation Portfolio and Industrial Energy Transformation Fund (c.£100m total) 	Retention of skilled manufacturing jobs / job transition opportunities

<p>Decarbonisation of heat (retrofit) Current approaches to domestic retrofit are failing to stimulate market development and address fuel poverty and net zero ambitions.</p>	<p>Streamlining government retrofit funding through a Retrofit Commissioning Framework</p>	<ul style="list-style-type: none"> • C.£500m over next 5 years • Same model as that with DLUHC Single Commissioning Framework for housing funding • Already delivering piecemeal funds effectively • Working with local authorities, colleges & supply chain to build capacity and skills 	<p>More rapid deployment of government retrofit funding to tackle fuel poverty / energy bills</p> <p>Stimulation of regional supply chain and green skills opportunities</p> <p>Demonstrator model and centre of excellence for scaling-up retrofit delivering cost efficiencies and tech innovation</p>
	<p>Co-investing in WM Net Zero Neighbourhood Demonstrator Programme and WM Centre for Decarbonisation of Heat</p>	<ul style="list-style-type: none"> • First 3 neighbourhoods identified and £2.5m committed from WMCA • Revised NCDH proposal of £20m – targeting Levelling Up Fund • Private sector interest in both 	
<p>Local Area Energy Planning Energy infrastructure spending is not aligned with local economic priorities which is proving a significant barrier to business investment.</p>	<p>Giving WMCA a formal role in energy infrastructure investment as part of the Future Systems Operator model</p>	<ul style="list-style-type: none"> • Established shadow Net Zero Infrastructure Delivery Panel involving all key players including WPD, Cadent, National Grid and BEIS • Significant modelling carried out – Regional Energy Systems Operator Project (RESO) 	<p>Smart, resilient local energy systems reducing costs to business and consumers and encouraging business investment</p> <p>RESO modelling suggests this approach could generate a net present value of £720m over the next 30 years</p>
	<p>Giving WMCA responsibility and resource for driving forward Local Area Energy Planning</p>	<ul style="list-style-type: none"> • £5-7m to develop Local Area Energy Plans • Strong local authority buy-in and opportunities to link with statutory local planning processes • Significant experience with various SLES projects eg. Rugeley, Coventry, 	

3.6 In addition to this, the Environment Team is working across the different workstreams identified above to incorporate priorities around natural environment, adaptation, air quality and the circular economy where appropriate. This includes workstreams on:

- Housing, regen and planning
- Net zero
- Health
- Social capital and social economy

4. Proposed governance of the TDD

4.1 A proposed governance framework for the TDD will be considered by the Mayor and Portfolio Leads Group as part of its meeting on 25th February 2022. This will be presented to the PSR Board at its meeting if agreed.

4.2 The full extent of the timetable for TDD negotiations is not known at this stage, but WMCA plans to have a draft proposal by June 2022. However, as referenced in section three, there are several white papers and other pertinent documents that may have an impact on this.

5. Financial Implications

5.1 The process outlined above is intended to elucidate the resources required to level up the WMCA area. This will ensure that the WMCA and its partners do not face the risk of taking on new powers or responsibilities without the necessary resources.

6. Legal Implications

- 6.1 The process outlined above is intended to elucidate the legal implications of the TDD, but this paper does not create any new implications.

7. Equalities Implications

- 7.1 The spirit of the LUWP is one of inclusion and closing the gap, but the WMCA TDD proposal will have to be specific on how the benefits of new powers and investments will accrue to people with protected characteristics. Furthermore, this will need to be reflected in how the current 'state of play' for levelling up is baselined, monitored and evaluated.

8. Inclusive Growth Implications

- 8.1 The Inclusive Growth Framework – containing the eight fundamentals of inclusive growth - articulates the region's vision for what good looks like for levelling up. As such, this will have to be used to frame the baseline, monitoring and evaluation of any new activity, in a way which ensures local and regional leadership is recognised alongside national leadership.

9. Geographical Area of Report's Implications

- 9.1 The LUWP and TDD have the potential to accrue benefits to places across the WMCA area, and the governance outlined above is intended to shape the region's asks to this effect.

10. Other Implications

- 10.1 None.

12. Schedule of Background Papers

- 12.1 None.

13. Appendices

- 13.1 WMCA LUWP briefing note.

- 13.2 Levelling Up White Paper:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052706/Levelling_Up_WP_HRES.pdf