



West Midlands  
Combined Authority

## Overview & Scrutiny Committee

<b>Date</b>	11 July 2022
<b>Report title</b>	Update on Trailblazer Devolution Deal
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**Recommendation(s) for action or decision:**

**The Overview & Scrutiny Committee is recommended to:**

- (1) Note the progress being made in relation to the Trailblazer Devolution Deal.

## **1. Process update: engaging local leaders**

- 1.1 The Trailblazer Devolution Deal process is continuing with devolution proposals being developed across a wide range of themes. Proposals are being developed in accordance with the principles and plans previously agreed by the WMCA Board. In particular, proposals have a clear focus on drawing down powers and finance from Government: the roles and responsibilities held by local authorities must not be drawn away from them through this process.
- 1.2 Following the Mayor and Portfolio Leaders' meeting in April, steps have been taken to ensure the more direct involvement of Leaders in this process. A first round of meetings has taken place between Leaders and the Chief Executive of the WMCA in order to discuss particular hopes and concerns. A second round of meetings will commence in July.
- 1.3 In the absence of a formal deadline or timetable with Government, we have been able to extend the process for the development of proposals and negotiations so that it runs to the autumn. This means that there is more opportunity for Leaders to discuss emerging proposals and for local areas to bring forward their own proposals.
- 1.4 The extended timetable ensures that all proposals can now follow a clear sequence of meetings. Devolution position papers are being discussed by relevant local authority officer groups, then by the Senior LA Officers Group and LA Finance Directors, then by the Devolution Strategy Group comprising LA Chief Executives, before finally coming to LA Leaders. Position papers are amended and adapted at each stage.
- 1.5 A meeting has been arranged for the Mayor and local Leaders to meet informally on 21 July to discuss the proposals. A further meeting of this kind can be organised later in the process if required before the proposals are considered formally by the Board.

## **2. Government engagement**

- 2.1 Government engagement has picked up in recent weeks, with an initial series of formal negotiation meetings with officers scheduled for mid-July. Officers are working in liaison with officials at the Cities and Local Growth Unit at DLUHC as well as specific departmental leads across Whitehall. We are involving local authority colleagues in these meetings. Ministerial meetings remain informal at this stage. While the first tranche of meetings deals with topics in areas where we have seen devolution previously, we have been clear that we expect similar negotiation meetings in all of the policy areas in which we are developing proposals, in order to truly deliver levelling up in the West Midlands.
- 2.2 Government officials remain clear that we should be working alongside Greater Manchester in bringing forward ambitious proposals that might represent a blueprint for future devolution across England. Officers are working closely with colleagues in Greater Manchester to ensure some

alignment of ambition while recognising that there are important differences between the two city-regions.

- 2.3 There remains an important imperative that proposals must be evidence-based and that any further devolution must be accompanied by clear proposals for enhanced accountability and transparency. For this reason, a West Midlands Outcomes Framework is being developed to provide a levelling up evidence base with explicit outcome measures for monitoring and evaluating progress. This is being based on existing frameworks and processes for measuring and monitoring progress in the region.
- 2.4 Government officials are also placing significant emphasis on the opportunities for 'funding simplification' – streamlining the various funding streams currently received by the WMCA and their bidding processes and monitoring mechanisms. More detailed proposals of this nature will be shared in due course.
- 2.5 Government has stepped back from the intention to produce some form of joint statement or framework agreement between government and the two trailblazer devolution deal areas before the summer recess. This is helpful as it means efforts can be dedicated to developing the deal itself.
- 2.6 However, we understand there is potential for a letter to be sent from the Secretary of State (SoS) to the Trailblazer Mayors of the West Midlands and Greater Manchester ahead of summer recess which will outline the SoS' ambitions for the deals and help to secure commitment from other Govt departments. We await further details from DLUHC as to what such a letter could contain.

### **3. Draft devolution proposals**

- 3.1 There are many ways in which we can group our devolution proposals, including by Levelling Up Missions. However, in terms of the negotiation process, it would seem the sequencing might have them fall into four broad areas:
  1. Standard aspects of current devolution arrangements where we think we could go further and faster:
    - Transport
    - Skills and employment support
    - Housing, planning and regeneration (including the notion of Levelling Up Zones)
  2. Giving the Combined Authority the financial sustainability in order to deliver Levelling Up:
    - Funding simplification – including the notion of a block grants, a single outcomes framework and data issues
    - Wider fiscal devolution – including issues such as long-term Business Rates Retention, Gainshare, a fair funding settlement for local government etc
  3. Critical issues for addressing the economic challenges facing WM:

- Trade and Investment
- Net Zero – including industrial decarbonisation, retrofit and local area energy planning
- Innovation and business support
- Digital infrastructure

4. Wider issues to address public services and pride in place:

- Health
- Culture and the social economy
- Digital inclusion
- Homelessness prevention
- Crime, community safety and resilience

3.2 The Mayor and Portfolio Leaders meeting on 20 May considered proposals concerning:

- Transport
- Skills
- Housing and Regeneration
- Local Area Energy Planning
- The West Midlands Smart City Region

There was general support for these proposals with some concerns raised about the precise nature of proposed 'Town Centre Investment Zones' and the implementation of proposed enforcement powers.

3.3 We will share the next batch of proposals is soon to go to Mayor and Portfolio Leaders for feedback offline:

- Economy – business support, trade and investment, innovation
- Industrial Decarbonisation
- Retrofit
- Health
- Homelessness Prevention

Prior to coming to Leaders, all proposals are considered by relevant local authority officer groups, the Senior LA Officers Group and LA Finance Directors, and the Devolution Strategy Group comprising LA Chief Executives. Many of the proposals are also considered by the relevant thematic boards ahead of coming to Mayor and Portfolio Leaders meetings.

Amendments are made to the original proposals based on the feedback received from these meetings.

3.4 Proposals are presented as summary documents using a defined template. **More detailed position papers are available upon request.** The summaries explicitly highlight where we would expect to see local benefits or double devolution in each case.

3.5 Further batches of proposals will be brought to these meetings during the summer according to the proposed timetable. The summary template can be amended for future batches subject to feedback.

- 3.6 As we start to clarify the details around our main proposals, it is becoming easier to consider pulling the different strands back into a single articulation of our overall proposition. During the summer we intend to pull all of our work together into what is being described as a 'West Midlands Levelling Up Prospectus'. We will also begin work, with government, on the text of what we hope will be a formal agreement.

#### **4. Financial implications**

- 4.1 The varying devolution proposals have quite different financial implications. Each is being considered separately. The process is being guided by the principle that the WMCA should not take on any additional responsibilities that are not properly resourced.

#### **5. Legal implications**

- 5.1 The varying devolution proposals have quite different legal implications including, in some cases, the potential need for primary or secondary legislation. Officers are working systematically with workstream leads to identify such implications and open discussions with relevant officials in DLUHC.

#### **6. Equalities implications**

- 6.1 The primary purpose of the Trailblazer Devolution Deal is to address the pressing need for levelling up both between English regions and also within the West Midlands. The government has identified 12 levelling up missions to give direction to this purpose. All devolution proposals are being assessed against their potential to deliver one or more of the levelling up missions. The West Midlands Outcomes Framework will become the means by which progress in addressing regional inequalities will be measured.
- 6.2 The Race Equalities Taskforce and the Young Combined Authority are each carrying out special activities in order to engage with and shape the emerging devolution proposals.

#### **7. Inclusive Growth implications**

- 7.1 See section on Equalities above.

#### **8. Geographical area of report's implications**

- 8.1 The Trailblazer Devolution Deal will be agreed with the 7 constituent authorities of the WMCA. Non-constituent authorities are involved in the development of devolution proposals with a view to identifying where there might be wider benefits for the wider West Midlands area. This includes involvement on the Devolution Strategy Group.

8.2 The Levelling Up and Regeneration Bill has provisions to make it easier for additional local authorities to become constituent members and for non-constituent and 'associate' members to join or leave.

## **9. Other implications**

9.1 None.

## **10. Schedule of background papers**

10.1 None.