



# Deeper Devolution Deal

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## Context to the devolution deal and how we got here

- Levelling Up White Paper published Feb 22 announcing 'Trailblazer Devolution Deal' for West Midlands and Greater Manchester
- WMCA oversaw negotiations with Mets and government, policy development and deal text
- BCC and other Mets involved through a complex process with multiple engagements and at various levels
- BCC Deputy Leader took on portfolio lead for devolution deal at the WMCA
- **Agreed principles that no powers should go up from local authorities to WMCA and need for double devolution through the deal**
- Devolution deals for East Midlands and North East announced during devolution deal negotiation process
- Changes in government during negotiations shifted priorities and processes
- West Midlands 'Deeper Devolution Deal' (DDD) text published 15 Mar at Budget 23





### Levelling up zones and EBNS:

- BCC wrote to Mayor June 2022 seeking a whole place approach in East Birmingham as a centrepiece of a deal
- Agreed to work with Solihull and WMCA on a 'levelling up zone/plan' for East Birmingham North Solihull (EBNS)
- Investment zones process announced under Truss premiership so recalibrated EBNS
- Sunak scrapped Truss process and BCC/SMBC/WMCA reverted to original EBNS approach
- Levelling up zones secured in DDD

## Overview of deeper devolution deal (DDD)

- DDD can help deliver BCC priorities e.g. corporate plan, transport plan, levelling up, affordable house building
- DDD brings **significant extra funding over next two years** for WMCA particularly affordable housing (£400m) - opportunities for BCC
- **Significant ability to advance EBNS** proposition - levelling up (growth zone) enables business rate growth retention
- Deal provides **WMCA with a greater remit and powers in many policy areas**
- **Significant implications from 2025 with single settlement to WMCA** - likely to shape how WMCA operates and settlement can help meet WMCA goals and those of local authorities
- Within the **deal are opportunities for further discussion with government on devolution and elements** that were not fully formed in deal - further negotiations will take place
- **Implementation** now key and will require further work to secure the benefits

# Principles for implementation

WMCA principles	BCC approach
Use every commitment and 'hook' to maximise value ahead of next general election and spending review	 Opportunity to advance BCC priority areas that were not secured in DDD but it provides discussion hooks
Empower colleagues to implement their own deal provisions and integrate changes into mainstream work programmes	 Mainstream into BCC and need for double devolution to local authorities
Maximise regional collaboration ensuring delivery at most effective level with regular reporting on progress and delivery	 Reflect Mets views on delivery and double devolution
Focus on inclusive growth to ensure provisions support CA's vision to be the fairest, greenest, best connected city region rather than growth for growth's sake	 Devo deal can help deliver many BCC goals and strategies

*Agreed further negotiations with government (e.g. single settlement) need an agreed shared position with WMCA/Mets*

# Implementation, coordination and next steps

- **WMCA developing implementation programme:**
  - WMCA tracker of implementation of 190 elements
  - 20+ works streams covering a set of elements covering co-creation mechanism with WMCA/Mets on each element; administration, delivery and decision making around the elements; double devolution; milestones and deliverables; and any outstanding issues
  - Senior local authority officers group (SLAOG) continues as coordination and reference body
  - Formal agreement of deal by Mets and WMCA to take place ahead including Bus Service Operators Grant
  - Public health duties for WMCA within deal not being taken forward
- **Timetable:**
  - WMCA engaging stakeholders and public on the deal over the summer
  - September - Ratification of deal by constituent authorities
  - Oct 13 - WMCA Board ratifies deal
  - Post 13 October - government lays orders
  - Autumn 2023 and Spring 2024 fiscal events likely to include announcements on deal e.g. funding arrangements
  - Negotiations with government and developing implementation plan 2023/2024

## BCC approach

- BCC maintaining a co-ordinating structure for the deal implementation to ensure that we:
  - Engage fully with the WMCA and engagement structures
  - Shape the implementation plan
  - Shape the negotiations positions with government and are involved where relevant
  - Secure the funding opportunities
  - Co-ordinate approach within BCC as multiple deal elements interconnected
  - Mainstream the deal delivery within BCC
- Significant role for PPS directorate - many new powers and funding within directorate
- Refreshed structure and delivery for EBNS levelling up zone. EBNS is additional complexity as:
  - It is a specific element of the deal *and* a place for application of the other deal measures
  - Work is jointly undertaken with Solihull whereas other levelling up zones are within a single council
  - Context of linking to existing East Birmingham programme

## Key areas of deal: LUZ - Levelling Up Zones (aka growth zones)

- **Benefit:** business rate retention for 25 years can unlock funding for transport infrastructure and development sites
- Negotiation with government ahead on LUZs such as sites with business rate growth retention
- WMCA process to develop following LUZs
  - EBNS
  - Metro extension corridor (Dudley and Sandwell)
  - Walsall central
  - Wolverhampton green innovation corridor
- Coventry Giga Park previously part of LUZ programme but now part of investment zone (IZ) programme
- Seeking linking of LUZ and IZ timetables (government moving fasting with IZs)
- Programme for EBNS LUZ being mobilised - structures, goals, sites, timeframes, delivery mechanisms, governance (and transitional) and decision-making

## Key areas of deal: Investment Zones

- **Benefit:** Business rates retention and cash and tax incentives can accelerate development sites, support advancement of key economic sectors for city and region and attract investment
- **Context:** Announced Mar 23 alongside DDD; not technically part of DDD but treated as such given link to LUZ and site incentives
- IZ principles set by government in IZ Policy Prospectus and propositions expected to be led by combined authorities, co-developed with local authorities and research institutions and DLUHC
- **Geography:** The West Midlands IZ covers the whole WMCA geography with specific tax sites
- **Sector:** Must focus on primary economic sector which aligns with a government defined priority sector, but opportunity to define broadly a genuine economic logic/intersection – WCMA proposed focus is on advanced manufacturing, broadly defined
- IZ must be innovation and R&D focussed with links to universities
- **Sites:** Large 3 x 200 ha, strategic, underdeveloped sites, avoiding displacement, demonstrating private sector investment, and meeting 'levelling up' to accommodate significant development/growth opportunities and where funding and tax incentives applied
- **Incentives:** £80m funding over five years flexibly applied between spending and five-year tax incentives - up to £80m spending split 40:60 RDEL:CDEL if no tax incentives or down to £35m if full tax incentives taken on max 3 x 200 ha sites (Stamp Duty Land Tax relief for land and buildings bought/developed for commercial use; business rates 100% relief on newly occupied business premises; Enhanced 100% first year Capital Allowance; Enhanced Structures & Buildings Allowance Accelerated relief; Employer NIC)
- 100% business rates retention for two sites for 25 years above baseline, free from resets, to be reinvested in primary sector
- IZ likely to benefit from other government support – trade and investment, planning, and skills
- **Timetable:** gateway process - submission on sector/sites; announcement Autumn Statement; funding likely in Spring Budget



# Key areas of deal: Single departmental-style settlement

- Benefit: consolidated funding for WMCA ceasing need to bid for funds and giving flexibility and certainty on spending envelope
- Consisting of five funding pillars from 2025 (a) local growth & place (b) transport (c) housing and regeneration (d) adult skills (e) retrofit
- MoU with government by Jan 2024 - calculation/inclusion of funds, accountability and spending controls
- Negotiations with government to include:
  - What settlement should include - such as all existing grants within any particular devolved function plus any relevant new programmes planned by the relevant department; number of pillars and transfer between them
  - What department-style controls on spending, contingency measures for HMG and long-term WMCA programmes (e.g. CRSTS) remaining intact
  - Allocation to WMCA - such as a funding formula and reflecting 'levelling-up', nil detriment to existing funds and reflecting government/WMCA priorities
  - Period - such as full spending review period and whether a transition period
  - Context- recognising wider need for a sustainable Local Government Financial Settlement; the challenges facing WMCA transport funding; and need for further fiscal devolution
  - Process for negotiation and role of departments, WMCA and HMT in agreeing and overseeing the settlement
  - Accountability, performance assessment, single outcomes framework, reporting and scrutiny
- How funding allocated at a WMCA level
- WMCA reserves right not to agree the MOU should it be deemed to be detrimental to WMCA

# Key areas of deal

- **Affordable homes funding (£400m) and brownfield funding (£100m)**
  - Significant funding with more flexibility to drive brownfield regeneration and affordable housing delivery at pace
  - Strategic partnership of WMCA-Homes England and WMCA taking on elements of Homes England's role
- **Fiscal devolution**
  - Including through new and longer-term funding agreements including 100% business rates retention for 10 years
- **Transport**
  - Devolution of the bus service operators grant and strengthened responsibilities for bus bye laws
  - New partnership with Great British Railways to offer greater local oversight and control of public transport services
  - UK's first formally designated transport sandbox to deliver faster cleaner and safer vehicles and innovative transport services
- **Digital**
  - Measures to tackle digital exclusion including greater influence over high-speed broadband investment across the region and a £4 million fund for devices and data to get more people online
- **Employment and skills**
  - More local responsibility for developing and delivering careers advice and a partnership with DWP to target employment support
- **Retrofit**
  - Commitment to devolve retrofit funding from 2025, to allow the WMCA and partners, to set priorities for this investment