

Birmingham City Council

Coordinating Overview and Scrutiny Committee

14 July 2023



Subject: West Midlands Deeper Devolution Deal

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1 Purpose

- 1.1 The West Midlands Trailblazer Deeper Devolution Deal (DDD) was published by the government on 15 March 2023 alongside the Budget. Prior to the publication on 10 March there had been an in-principle agreement by the West Midlands Combined Authority (WMCA) to the deal. There is now a need to formalise the agreement by each constituent authority and by the Combined Authority. Birmingham's Cabinet is due to consider this on 5 September 2023 with the WMCA expected to take the decision at its Board Meeting on 13 October 2023.
- 1.2 This report provides an overview of the background to deal, main elements, implementation and next steps.
- 1.3 The implementation of the DDD is a WMCA process, which will take place over the next 12-18 months. Various elements of the deal will pass through the various structures at the WMCA. There may be occasions ahead, after the overall agreement to the DDD, where constituent authorities may need to make decisions related to deal elements or draw up propositions on specific elements. Where this is the case, these would come through City Council decision-making in the normal way.

2 Recommendations

- 2.1 The recommendation for the Cabinet on 5 September will be for the Cabinet to agree the DDD and specifically to agree the devolution of the Bus Services Operators Grant (BSOG). This is in line with the city council leadership's expressed support for the DDD at the time of its publication in March 2023.
- 2.2 This report is an opportunity for the OSC to provide comments before the Cabinet meets in September.

3 Background to the devolution deal

- 3.1 The process to commence a 'Trailblazer Devolution Deal' for the West Midlands and for Greater Manchester was announced as part of the Levelling Up White Paper on 2 February 2022.
- 3.2 Following this, the WMCA, working with constituent authorities, instituted a complex programme with multiple workstreams to develop proposals for the deal, which were taken through various working groups and engagement with the constituent authorities and other partners such as the Office for the Police & Crime Commissioner. Alongside were ongoing negotiations with government. The constituent authorities were involved at various levels including Chief Executives, Finance Directors, the Senior Local Authority Officers Group, forums with subject leads (for example transport or public health), and the political leadership including the Met Leaders and Portfolios holders and WMCA Board.
- 3.3 The devolution deal process had some challenges as government priorities and positions shifted during the year of negotiations, and there were two changes of national government with different Ministers.
- 3.4 At the start of the process there was an agreement with the constituent authorities and Mayor that there should be double devolution with powers going to local authorities and powers should not go from local authorities to the WMCA.
- 3.5 Birmingham City Council's Deputy Leader took on the WMCA portfolio for devolution as the process got underway.
- 3.6 In June 2022, during the early stages of the development of the deal, Birmingham City Council wrote to the West Midlands Mayor seeking a whole place approach in East Birmingham as a centrepiece of the deal. This reflected the significant levels of deprivation and the scale of the challenges such as poor connectivity within the area, and which a deal should help to address. Following this, Birmingham agreed to come together with Solihull Metropolitan Borough Council and the WMCA to work up a programme for East Birmingham and North Solihull (EBNS). The two areas have a functional economic geography and similar challenges such as poor connectivity. Levelling Up Zones with business rate growth retention, was developed as a core part of the EBNS approach and was secured through the deal.
- 3.7 The devolution deal was agreed in principle by the Mayor and Portfolio Leaders on 10 March 2023 and announced in the Chancellor's Budget on 15 March (with the Trailblazer Devolution Deal rebadged as the Deeper Devolution Deal). The health duty provisions in the deal were not agreed in-principle at this time and it was determined that these would be subject to further assessment and discussion between the constituent authorities and WMCA and come back to a future meeting.

- 3.8 Following the publication of the deal the in-principle agreement (bar the health duty) was reaffirmed by the Mayor and Portfolio Leaders alongside the need for a more detailed implementation plan. The development of this is now underway.
- 3.9 The deal has around 190 paragraphs with different elements and activity mostly enhancing the existing functions of the WMCA, setting up new partnerships and unlocking around £1bn new funds for the region. Almost all elements require further work to determine how these will be implemented, including double devolution and local delivery arrangements. Some elements require further negotiation with government, with the deal setting a headline aim and the detailed policy requiring further in-depth discussion and agreement.
- 3.10 The implementation is guided by a set of principles:
- The most should be made of every commitment in the deal, to derive as much value from the deal commitments ahead of the next general election and spending review
 - Local and regional engagement and collaboration is maximised through the implementation process, ensuring that delivery is driven at the most effective level with reporting on progress
 - Activity in different workstreams is integrated within mainstream work programmes so that devolved powers become business-as-usual for regional partners
 - A clear focus is retained on the need for more inclusive growth in the region in all aspects of deal implementation
- 3.11 The deal elements are being monitored and progressed by the WMCA through a detailed 'tracker system'. In more general terms, the implementation plan is being structured around more than 20 different workstreams and looking at:
- How is implementation or further negotiations being conducted for the workstream i.e. which WMCA structure / group / local authority leads are determining this
 - How it is envisaged that the deal provisions will be administered, delivered and decided upon (where this is needed)
 - Key milestones and deliverables
 - Outstanding issues and questions
 - The implementation plan will also look at what the key outputs and outcomes that the deal elements should secure
- 3.12 Commitments in the deal are varied in scope and size. For some there are deliverables or activities with set deadlines, which means the implementation plan can be relatively definitive. For others, particularly those that commit to further development of policy, the outputs and deadlines are less tightly defined. Some aspects of the deal also require a more cross-cutting approach.
- 3.13 More significant areas of the deal include:

- Levelling Up Zones (aka Growth Zones) provision to establish up to six Levelling Up Zones with business rate growth retention for 25 years to fund infrastructure and other priorities
- Up to £400m affordable homes funding to 2026 and £100m brownfield regeneration funding
- Investment Zones - these were not technically part of the deal but were announced at the same time and are applicable to other Mayoral Combined Authority areas. The LUZ/IZ process is being developed in an interconnected way as they both cover growth and tax incentives for specific sites in the West Midlands
- Business rate retention for 10 years
- 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
- Greater local responsibility for developing and delivering careers advice and a partnership with the Department for Work and Pensions to target employment support
- Devolution of the bus service operators grant and a new partnership with Great British Railways to offer greater local oversight and control of public transport services
- The UK's first formally designated transport sandbox to deliver cleaner and safer vehicles and innovative transport services and supporting new jobs and investment
- Single departmental-style settlement for the WMCA from 2025 at the next spending providing multi-year period covering five pillars: local growth & place; local transport; housing and regeneration; adult skills; and retrofit. The single settlement corresponds with new accountability arrangements and a single outcomes framework. This is the most significant reform with wider implications including how the WMCA may operate ahead.
- Within the single settlement is a commitment to devolve retrofit funding from 2025, to allow the WMCA, and partners, to set priorities for investment in insulation and green energy for homes.

3.14 A streamlined, overarching single accountability framework coordinated by DLHUC rather than multiple frameworks administered by different government departments is being developed. This will include the data sets used to monitor and chart outcomes. The WMCA will be held to account for delivering outcomes using the settlement funding and areas associated with devolved functions set out in the DDD and previous devolution deals.

3.15 The deal made provision for enhanced accountability arrangements, including the development of a 'scrutiny protocol' and Mayoral scrutiny by MPs. The WMCA governance team is looking at these and engaging with the WMCA Overview & Scrutiny Committee members with any changes brought to the WMCA Board for approval.

3.16 Following the publication of the DDD, and as agreed by the Met Leaders and Portfolio leads and Mayor, further discussions took place on the potential adoption of the WMCA public health duties within the deal. The decision was that these duties were not to be pursued and these are now no longer part of the deal.

- 3.17 The devolution of the Bus Service Operators Grant to the WMCA is considered to be a public authority function, which can be dealt with under section 105B of the Local Democracy, Economic and Construction Act 2009 but require a scheme, governance review and the consent of the constituent authorities to the laying of the order by the government. This will form part of the agreement of the DDD taken to the Cabinet on 5 September.

4 Any Finance Implications

- 4.1 There are no direct financial implications that arise through this report. Any financial implications flowing from elements of the DDD will be reported to and approved through the governance structures of the WMCA and where necessary via the Cabinets of constituent authorities.

5 Any Legal Implications

- 5.1 Birmingham City Council is one of seven constituent metropolitan local authority members of the West Midlands Combined Authority. Each local authority member (including Birmingham) has two votes, and the Metro Mayor has one, for a total of 15 votes on the Board.
- 5.2 The WMCA advice is that the new powers in relation to the Bus Service Operators Grant are considered to be public authority functions, which can be dealt with under section 105B of the Local Democracy, Economic and Construction Act 2009 but require a scheme, governance review and the consent of the Constituent Authorities to the laying of the order by the government. This will form part of the agreement of the DDD taken to the Cabinet on 5 September.

6 Any Equalities Implications

- 6.1 The WMCA advice is that the development of the DDD has been undertaken with reference to an equalities lens and reflects a range of WMCA goals and commitments including to inclusive growth. WMCA officers have reviewed provisions and recommended alternative approaches to, or reinforcement of key aspects, which were incorporated. Ahead, through the implementation of the deal, there will an opportunity to further assess deal elements and their delivery in relation to equalities.

7 Background Papers

- 7.1 None

8 Appendices

- 8.1 Slides on the DDD – Appendix 1
- 8.2 DDD text published 15 March 2023 – Appendix 2