

Delivering a Deeper Devolution Deal for the West Midlands



West Midlands
Combined Authority

Introduction

The West Midlands is embarking on a new phase of devolution – ending the ‘begging bowl’ culture by bringing greater investment, control over investment and powers to the region.

This landmark deal, estimated to be worth in the region of £1.5bn, will reboot the economy, provide vital housing, jobs and skills, bolster our existing strengths in transport and Smart City Region innovation, and drive our net zero ambitions – generating economic growth and levelling up outcomes for all our residents and communities.

Background

In February 2022, Government announced, in its Levelling Up White Paper, new devolution deals for the West Midlands, along with Greater Manchester. Since then, the region and its partners have been working closely with Government to secure the best deal for the region, its economy and its communities.

This offer of greater devolution is built on the region’s previous deals in 2015 and 2017, and the West Midlands’ track record in realising a tenfold increase in transport investment, delivering transformation of the region’s skills performance and pioneering new approaches to brownfield development and zero carbon homes. The Deal recognises the point that the WMCA has lacked the key levers and flexibility to ‘unleash the potential of devolution’, and goes on to address this through a range of new powers, responsibilities and resources.

The Deal is established on the key principles that new powers and funding should sit at the lowest feasible level of governance and that they should be drawn down from government and ‘double-devolved’ where appropriate and not drawn up from local authorities. When referring to WMCA as the decision-making body in this briefing note, it means those members appointed by the seven constituent councils and the Mayor.



Executive Summary

The Deeper Devolution Deal will maximise the WMCA's current role and responsibilities and revolutionise how Government funding is implemented – providing the tools to deliver more inclusive growth. Many of the offers are 'firsts' for regional devolution.

- A commitment towards a **Single Funding Settlement**, where for the first time, a region will be treated as if it were a government department, enabling the region to prioritise, target and decide how funding is spent in key areas from the next spending review onwards.
- A landmark housing deal worth **up to £500 million** – with flexibilities around deployment for regenerating brownfield land, a route to full devolution of Affordable Housing Programme funding, and the West Midlands leading a pioneering new approach to maximising Government land assets.
- Fiscal devolution, including committed **10-year retention of business rates** – worth an estimated £45 million a year to the WMCA and its partner authorities.
- The ability to designate **Levelling Up Zones** – priority areas identified jointly by the WMCA and its partner authorities that will attract 25-year business rates retention, to accelerate growth, development and regeneration.
- Commitment to devolving **retrofit funding** (from 2025) – providing certainty and consistency that will build confidence in the marketplace, enable the region to prioritise its allocations, and accelerate the delivery of warmer homes and net zero targets.
- Empowering the region's **transport** transformation through devolution of bus service operator grants and a new partnership with Great British Railways, and the world's first 'regulatory sandbox' to enable the region to test and develop cutting-edge transport solutions.
- Greater responsibility and oversight of post-16 and post-19 **education and skills**, and over careers advice, and the establishment of a unique partnership with Department for Work and Pensions to target employment support.
- A stronger role in supporting **business productivity, trade and investment and innovation**, through influence of some of the key national levers of funding and policy development.
- Measures to boost **digital inclusion** including high speed broadband connectivity across the region and a £4 million fund for devices and data.
- Recognition of, and resources to support, the region's **environmental, energy and net zero** ambitions.

The Details of the Deal

Governance and Accountability

With greater powers comes greater accountability, and Government has set out its expectations around the measures the region should put in place to receive this new, Deeper Devolution Deal.

Unless otherwise stated, functions will be devolved through the Local Democracy, Economic Development and Construction Act 2009, and need to be accepted by WMCA under its constitution and local governance processes.

It will be held accountable through the Local Government Accountability Framework, English Devolution Accountability Framework and enhanced scrutiny measures. In addition, the Mayor and WMCA will be expected to present to Parliamentary Select Committees as requested, in conjunction with Mayor's Question Time and quarterly engagement with West Midlands MPs.

Fiscal Devolution, Funding and the Single Settlement

The commitment to **10-year Business Rates Retention** across the region is estimated to be worth £450m over the period and will drive confidence in public sector borrowing, de-risk investment modelling and accelerate delivery. It will also remove the uncertainty of the current

pilot scheme, boosting public financial sustainability and local authority spending power.

Through its '**Single Settlement**', the Government commits to giving WMCA single capital and revenue funding certainty, equivalent to government departments – increasing regional autonomy and the ability to prioritise decisions locally in the areas of:

- local growth and place
- local transport
- housing and regeneration
- adult skills
- housing retrofit

These settlements will cover an entire spending review period.

In addition, Government has committed to a **£25m capital fund** to support business decarbonisation, culture, environmental programmes and the West Midlands' Smart City Region initiative.



Transport

Building on the West Midlands' strengths in transport innovation, as the country's first future transport zone, and its close partnership working with Government, the Deeper Devolution Deal provides:

- A pioneering Local Transport Plan approach which embeds 'quantifying carbon reductions' (QCR);
- Leading a collaborative research and learning programme through an 'influencing transport lab' (ITL);
- Establish a 'regulatory sandbox' to boost global investment and cluster growth, and test new innovations to inform national policy;
- Devolution of the Bus Service Operators Grant to improve services and incentivise net zero transition;
- Closer partnership with Great British Railways to deliver a rail service closer to the standards of London;
- Additional £60m to Wednesbury-Brierley Hill Metro extension
- Supporting development of the region's ambitious Very Light Railway scheme in Coventry.

Additionally, and separately to the Deal, there is a future funding commitment for round 2 of the City Region Sustainable Transport Settlements, from 2027, to support major transport infrastructure projects.

Housing, Land and Regeneration

A **£100m Single Regeneration Fund** will be deployed flexibly across the region, and for the first time, brownfield land funding will support commercial, employment land and mixed-use development, as well as delivering 4,000 homes.

The commitment of up to **£400m Affordable Housing Programme** ('AHP') funding to the region, and greater influence over affordable housing delivery and strategy acts a precursor to full devolution of the AHP, worth billions of pounds in funding, to the region from 2026 – the first time this has happened outside Greater London.

In another 'first', for any Combined Authority, WMCA will be involved in decisions on major UK **government land** disposals and reconfiguration – driving regeneration and unlocking private investment through repurposing and redeveloping publicly owned land.

The region will also be able to designate '**Levelling Up Zones**': priority areas that would benefit from enhanced and targeted fiscal measures. These 'growth zones' will attract 25 year Business Rates Retention (with no reset) with the six zones being considered for inclusion:

- East Birmingham North Solihull Corridor (including UK Central)
- Wolverhampton Corridor (incl. Green Innovation Corridor & University of

Wolverhampton's National Centre for Sustainable Construction)

- Walsall Growth Corridor
- Dudley Metro Corridor [x 2] (Sandwell Zone from Wednesbury to Birmingham Road, Tipton; Dudley Zone from Dudley to Brierley Hill)
- Coventry and Warwickshire Gigafactory Levelling Up Zone

Additionally, and separate to the Deal, the region has been invited to submit a proposal for one Investment Zone under the Government's new programme which seeks to maximise innovation and growth corridors.

Skills and Employment Support

Further areas of **post-19 education and skills** will be devolved to WMCA along with greater oversight of **post-16 technical education** and skills, and careers, including a crucial role to ensure the local skills system responds to the Local Skills Improvement Plan ('LSIP'). This will include, from the next Spending Review, greater devolution of non-apprenticeship adult skills functions and funding, and greater freedoms around Free Courses for Jobs and Bootcamps. WMCA will also become the 'central convenor' for **careers advice** in the region, working closely with Government to ensure provision meets the economic needs of the West Midlands.

Alongside establishing a Regional Labour Market Partnership Board, WMCA will be

able to co-design contracted **employment support programmes** with DWP to ensure they are the aspirations of the region, supported by enhanced data-sharing agreements.

Business Productivity and Innovation

WMCA will adopt a new role in integrating and promoting **business support services** across the region – powered by a new Strategic Productivity Partnership with departments across Government, greater involvement in the governance of the British Business Bank's UK funds, and collaboration with the UK Investment Bank on commercial arrangements for infrastructure finance.

Building on the West Midlands' participation in the £100m Accelerator funding, through a Strategic Innovation Partnership WMCA will be able to present regional innovation opportunities to inform UKRI's future funding strategies – working collaboratively to bolster **regional R&D growth** and pilot new initiatives, such as the UK Further Education Innovation Fund, place-based knowledge transfer programmes, and public procurement flexibilities.



Trade and Investment

The Department for Business and Trade (‘DBT’) will recognise the West Midlands Growth Company as the lead agency for investment in the region and work with them to develop a **WM International Strategy**, enhance data sharing routes and undertake a review of key account management with the region’s major employers.

DBT will also support WMCA to boost West Midlands’ presence in **trade missions** and dedicate support from the UK Export Academy to increase trade opportunities.

Net Zero and Environment

From 2025, Government will pilot with the West Midlands the **devolution of housing retrofit funding**. This will remove uncertainty and inefficiencies in the existing funding system and inform future models for Government net zero funding.

There is recognition of the region’s involvement in wider **energy system management and planning**, and responsibility for heat zone designation, energy efficiency advice and attracting private sector finance. In addition, funding from the £25m capital pot is anticipated for **industrial decarbonisation** programmes for regional businesses, **natural environment finance** models and **air quality** monitors to support the region’s wider environment and net zero ambitions.

Digital and Data

The Department of Science and Technology (‘DSIT’) will work proactively with WMCA through a **Digital Infrastructure Leadership Group** to accelerate broadband roll-out and connectivity, and through a £4m fund, provide 20,000 devices to boost **digital inclusion**.

Government will agree a new Data Partnership with WMCA, which will streamline WMCA’s negotiations with individual government departments over access to specific datasets and support timely access to data particularly around: skills, careers and labour markets; business support, trade and investment; and energy and climate resilience.

Alongside this, Government will work with WMCA and its public body partners across the region to improve routes for data-sharing to enable WMCA to undertake regional analysis of data to better inform strategic decision-making locally.

Culture, Social Economy and Tourism

To maximise the Commonwealth Games Legacy Fund, a new **Regional Culture and Heritage Framework** will seek to align and maximise funding from arm’s length bodies, including opportunities for co-investment and greater collaboration. Local authorities will be closely involved in the development of the Framework and continue to engage directly with funding bodies.

Recognising WMCA's commitment to double the size of the social economy, Government will work with the Combined Authority to develop a pioneering **Social Economy Accelerator Programme** and Growth Fund.

DCMS and Visit England will work with WMCA and WMGC to create England's second **Destination Development Partnership pilot** and the associated merits of establishing WMGC as a Local Visitor Economy Partnership ('LVEP').

Public Service Reform

Government and WMCA will agree a new formal duty on WMCA to improve public **health** – concurrent with local authorities and neither superseding, or being subservient to, existing duties. Through this, both parties will explore how best to use their collective resources and expertise to develop and test innovative solutions to shared prevention and population health priorities. This would include the development of AI labs, predictive analytics and machine learning, and shared care records, building on the West Midlands' Smart City Region strengths, and supported by in principle funding through the identified £25m allocation mentioned above. This will need further development at the implementation stage before being finally approved.

In addition...

Government will also collaborate with the West Midlands on other key priorities:

- A newly formed Ministerial Housing Strategy Group will work with WMCA to pilot new schemes to address **Homelessness** – enabling better standards and outcomes for residents, and exploring new models such as locally designed rent simplification for young people.
- Working closely with WMCA and its local authority partners to pilot and test new initiatives in **Early Years** – building on existing work within the region and aligning with national priorities.
- A new West Midlands Fast Stream pilot will set a blueprint for establishing long-term career pathways by delivering a pipeline of civil service talent and skills in the region, complementing Government's **Places for Growth** commitment to relocate 2,100 roles to the West Midlands by 2025.

Please note that the Devolution Deal will be subject to ratification with each local authority, and we are working closely with officers and leaders in that process.

This briefing note is a summary of the Deal only and is not intended to be exhaustive.

The full Devolution Deal can be accessed through the gov.uk website.

