



HM Treasury



**WEST MIDLANDS**  
COMBINED AUTHORITY

**WEST MIDLANDS COMBINED**  
**AUTHORITY**

**A SECOND DEVOLUTION DEAL**  
**TO PROMOTE GROWTH**

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## Introduction

1. The agreement made between the government and the Local Authority leaders and Local Enterprise Partnership (LEP) Chairs of the West Midlands Combined Authority (WMCA) area in November 2015 enabled significant devolution of powers, funding and responsibilities and marked a further step to deepen devolution in the area. Both government and the WMCA remain committed to the aim of bringing increased productivity and improved life chances to the West Midlands, as part of realising the potential of the Midlands Engine as a key growth centre for the UK.
2. The election of the Mayor means that strong and accountable governance arrangements for the West Midlands are now in place. Government and local leaders will build on the foundations laid over the last two years and ensure that the West Midlands is able to achieve its full potential and make its full contribution to the success of the UK.
3. This provides an appropriate moment at which to confirm and cement our joint commitment to the region. Accordingly, government is now further strengthening the West Midlands' devolution arrangements with this second devolution deal for the WMCA. These new proposals will support the ambitious plans of the WMCA for additional growth and improved wellbeing and demonstrates government's continued commitment to devolution and the future of the West Midlands.
4. Since the first agreement was signed the need for a successful industrial strategy delivered through strong local leadership has become even greater, as we seek to prepare the UK for a successful post-Brexit economy, improve skills, boost exports and invest in our infrastructure and the growth sectors that will provide for future prosperity. This new agreement reflects that changing context and recognises the need for the WMCA to develop a local industrial strategy to shape the long-term vision for growth in the area.
5. The Mayor and the WMCA will produce a local industrial strategy for the West Midlands, based upon the Strategic Economic Plan, which will set out a programme for accelerated delivery on the aims of the national strategy through maximising the advantages of the West Midlands, bringing together social and economic ambitions to achieve inclusive growth. The WMCA will continue to work closely with the non-constituent authorities to jointly deliver the Strategic Economic Plan.
6. This devolution agreement commits government and the WMCA to a number of steps which support the delivery of a local industrial strategy in areas including housing, skills and employment, transport, air quality, energy and digital and through investment in key growth sectors such as advanced manufacturing, digital and new technologies.
7. The West Midlands is a key manufacturing centre and vital to the future growth of exports and the UK economy. The arrival of HS2 provides an unparalleled opportunity to boost growth. The blend of strategically important large businesses

combined with an entrepreneurial culture is driving a high rate of business start-ups. The recent economic performance of the WMCA area exceeds national levels on GVA. The West Midlands performs well on exports and inward investment.

8. In recent years, the region has seen:
  - Stronger GVA per head growth of 2.8% from 2014 to 2015, closing the gap with national levels of growth (1.85%) and employment has grown by 55,700 over the past year to over 1.23 million;
  - 2,700 more business births than in 2015, with over 18,000 new start-ups in 2016,
  - Strong growth in goods exports, reaching almost £30bn across the region in 2016;
    - The value of goods exports was £29.7bn in 2016. The 12.6% rise in exports from 2015-2016 meant that the West Midlands was the fastest growing UK region for goods exports.
    - In the first two quarters of 2017, goods exports in the West Midlands have so far been worth £16.8bn.
  - 13,100 fewer working age people with no qualifications since 2015.
9. This agreement has been developed jointly by government and the WMCA. It represents the next big step in the West Midlands devolution process. Government and the WMCA commit to continuing a collaborative approach in future discussions.
10. This agreement is between the government, the Mayor, the leaders of the constituent authorities of the WMCA and the three LEP Chairs, and it recognises the role played by the leaders of the non-constituent authorities. It is subject to agreement from the WMCA Board and the constituent local authorities. This agreement is also subject to the statutory requirements, including public consultation and Parliamentary approval, of any necessary secondary legislation. Throughout this document, the term 'West Midlands' refers to Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton Metropolitan areas collectively, unless otherwise stated.

## Delivering an Industrial Strategy for the West Midlands

### Housing

11. To help the West Midlands to deliver the supply of houses needed to meet the ambition of the West Midlands Strategic Economic Plan of 215,000 homes by 2031, the government will provide £6m over three years, beginning in 2017/18, to support a new Mayoral Housing Delivery Team in the WMCA and make an immediate impact on delivery and longer term supply.
12. Through an integrated programme, the WMCA and its partners will bring forward a pipeline of new homes across all tenures, aligned to transport and infrastructure priorities. This will include unlocking housing opportunities from transport investment.
13. The government, the WMCA and its local partners will jointly consider levers at their disposal to support housing delivery where this will result in accelerated delivery and genuinely additional housing above local housing need and existing plan targets.
14. The Mayor, local leaders and government are committed to an ambitious increase in the number of new homes in the West Midlands and are continuing work on a Housing Deal to increase the supply of land and increase housing delivery across the West Midlands. This would build on the work done by the Mayor and leaders to establish an independent Land Commission and agree an innovative land delivery plan. Key requirements that areas must deliver in order to agree a Housing Deal with government will be addressed as part of future Housing Deal discussions.

## Creating opportunity: improving skills and employment

15. Improving skills and ensuring that skilled labour is available in key growth sectors is essential to both economic growth and individual opportunities and life chances.
16. The government commits to the full implementation of the skills measures included in the Midlands Engine Strategy.
17. The government commits to work with the WMCA as we establish one of the first Skills Advisory Panels (SAP). The SAP will involve a new local partnership between the WMCA, local employers, post-16 skills providers and central government. SAPs will have a key role in bringing together strategic planning for post-16 skills provision based on data and intelligence on local labour market demand, and in influencing post-16 skills provision, including the implementation of T levels in the local area. In particular, the government, the WMCA and local colleges will take account of SAP analysis when allocating future capital funds to colleges to ensure they have plans which meet local labour market needs. The WMCA will work with government and local employers to encourage a strong West Midlands offer of work placements and apprenticeship placements.
18. The government will provide the WMCA with £5m over the next three years for a local construction training programme. This will be the first step in training up a new generation of construction workers and will help ensure that the West Midlands is well prepared for the technological changes that will affect our economy and society in the coming years. This will sit alongside employer-led interventions to boost construction with the government is taking forward as part of the early stages of the National Retraining Scheme.
19. The government and the WMCA will ensure that government and WMCA driven or commissioned skills and AEB activity relevant to the West Midlands takes account of local priorities as identified by the Skills Advisory Panel.
20. The WMCA has established a Productivity and Skills Commission. The outcomes of the Commission's work will play a key role in addressing the region's productivity challenges and taking forward the Industrial Strategy. This will need to be aligned with the Department for Education's Skills Advisory Panels, which are designed to support a national skills strategy and prevent a fragmented approach.
21. Working within the government's new strategy for careers services, the government will work with the WMCA to ensure that local priorities directly inform the provision of careers advice and that the WMCA fully engages employers in playing a full role as will be set out in the forthcoming careers strategy.
22. The WMCA will want to work with and support its local Further Education and Higher Education providers to develop ambitious bids for Institutes of Technology within the West Midlands region.
23. Government will work with the WMCA to test innovative new approaches to lifelong learning through a career learning pilot in the West Midlands, to help adults upskill and reskill throughout their working lives. These will comply fully with the evaluation

and reporting requirements from the Department for Education to ensure the pilots contribute to a valuable evidence base for what works in tackling barriers to people upskilling.

24. Government and the WMCA will explore ways to support those returning to the labour market after time out of paid employment to care for children or other family members.
25. Government and the WMCA will jointly develop and adopt an Employment Support Framework Agreement to drive the better coordination of employment, skills and health services across the West Midlands in order to increase the number of residents moving into work. This will specifically include:
  - How locally funded employment support programmes are designed, commissioned and performance managed;
  - How the Combined Authority and local partners can work together to align local public services to support people into work;
  - How the WMCA, DWP, JobCentre Plus and the LEPs will work together to offer apprenticeships and other work related training and work experience opportunities to young people to drive down youth unemployment;
  - How Jobcentre Plus, local authorities and their partners will work together to promote skills development and progression from low-paid employment to support growth.

## Transport

26. A modern and efficient transport network, particularly the enormous opportunity presented by HS2 that will be a crucial driver of regional regeneration, underpins the economic growth and the whole of the local industrial strategy of the West Midlands. Effective management of local transport networks is equally critical to reducing the economic and human costs of congestion and air pollution.
27. The overall aims for transport devolution to the West Midlands have been to enable the Mayor and the WMCA to:
- Take forward their own priorities for investment in transport infrastructure through local control of funds to enable genuine alignment of rail and highways investment priorities.
  - Manage the local transport networks in an integrated way to reduce congestion and enhance public safety.
28. The WMCA will receive £250m over four years from the Transforming Cities Fund to be spent on local transport priorities. This will enable the WMCA to fund the Wednesbury to Brierley Hill metro extension, should they choose to do so. We expect this funding to support projects which represent value for money and meet local need. Appropriate assurance processes to enable development of robust business cases and scheme appraisals will be put in place so that local decision-makers can make properly informed and evidenced decisions. Government will continue to work with the WMCA to help the Combined Authority refine its scheme and assess financing and delivery options.
29. DfT will facilitate a discussion between Network Rail and the WMCA to discuss the transfer of ownership of the non-operational section of the Round Oak to Walsall railway route to enable the timely delivery of the Wednesbury to Brierley Hill metro extension. TfWM and the WMCA will seek to establish the most appropriate contractual and regulatory framework including, but not limited to, the Track Access Agreements for shared use of the line and commits to running services along the corridor from 2026.
30. The West Midlands' transport infrastructure needs to be made more resilient if the increased capacity and connectivity envisaged is to be delivered efficiently and effectively. The government had agreed to support and participate in a formal collaboration to achieve this.
31. Government is committed to working in partnership with, and to support, Transport for West Midlands (on behalf of the WMCA) in leading a formal multi-agency collaboration which will keep the West Midlands open for business and supporting growth during the extended construction period. A Minister will endorse the top tier of the robust multi-agency 'Network Resilience' partnership and will aim to attend a meeting early in the process to encourage all organisations to commit to the aims of the partnership. This will include the Department for Transport, Highways England, Network Rail, HS2 Ltd and other key agencies. The way of working developed will be

an exemplar and model of best practice for future phases of HS2 delivery and other major investment programmes. Government will work with the partnership in applying the latest technology and best innovative solutions.

32. As part of this collaboration, government will work with TfWM to explore the scope for improved management of the highway, in particular to understand how the capacity for the West Midlands Key Route Network can be maximised.
33. Government will work with the Mayor and the WMCA to identify barriers to improving mobility in the region.
34. Following receipt of £250k government funding, Transport for West Midlands, on behalf of the WMCA, will develop a business case and options for a Regional Integrated Control Centre, including both 'virtual' and 'physical' solutions. If the business case demonstrates a clear case for a network resilience solution, the WMCA will explore funding options, including a local contribution.
35. Street Works Permit Schemes have a key role in meeting the Network Resilience challenge in the West Midlands. Therefore, the government will support the WMCA in bringing their non-permitting authorities together to implement a consistent area-wide scheme, in accordance with Highways Authorities and Utilities Committee (England) Guidance. This will provide a unified approach to co-ordinating the road and utility works taking place, minimising local disruption.
36. As the strategic road authority, Highways England will work collaboratively with local partners to ensure smooth operation of and investment in the Strategic Road Network.
37. Thousands of people and businesses depend on the Strategic Road Network in the West Midlands every day. It is therefore imperative, and a shared priority of government and the WMCA, that there are appropriate contingency plans in the event of a catastrophic infrastructure failure so that the region can remain open for business. In recognition of this, government will discuss with the WMCA contingency relief options in case of incidents on the Strategic Road Network and the role of the Mayor in considering those contingencies. The government, Highways England and TfWM are also in discussions about ensuring there is a workable, clear and transparent process for using Operation Freeway on the M6 Toll when it is most needed. This will include discussions between government, the Mayor and Midlands Expressway Ltd on how to ensure optimal and timely decisions are made in relation to the potential usage of Operation Freeway.
38. Government will continue to maintain a dialogue with the WMCA as part of its plans to develop Enhanced Quality Partnership Schemes.
39. The WMCA is developing a long-term West Midlands Transport Delivery Plan. A key component of this Plan will be a focus on sustainable transport schemes, in particular cycling. The West Midlands has an ambitious plan to raise levels of cycling across the Metropolitan area to 5% of all trips by 2023. The WMCA will work collaboratively with government to identify new local funding opportunities to deliver high quality cycle infrastructure. This will support both national and West

Midlands public policy objectives for transport and preventative health and well-being, with opportunities for sharing of best practice with other urban areas in the UK.

40. Government recognises the importance of HS2 to the West Midlands economy and will continue to work with the WMCA, the Urban Growth Company and HS2 Ltd to discuss local ambitions to maximise its potential.
41. Government will continue to work with the WMCA to explore how the planned HS2 Interchange and Curzon stations can be designed so as not to preclude opportunities for international connectivity if HS1 and HS2 are connected in the future. Any costs associated with these decisions must be met locally.

### **Transport and digital**

42. Mobility as a Service (MaaS) has the potential to revolutionise how we think about and use transport. For its users, MaaS should offer the best value proposition, by helping them meet their mobility needs and solve the inconvenient parts of individual journeys as well as the entire system of mobility services. A successful MaaS service also brings new business models and ways to organise and operate the various transport options, with advantages for transport operators including access to improved user and demand information and new opportunities to serve unmet demand. The aim of MaaS is to provide an alternative to the use of the private car that may be as convenient, more sustainable, help to reduce congestion and constraints in transport capacity, and can be even cheaper.
43. The WMCA and local partners have demonstrated clear ambition and innovative thinking on MaaS. Government is keen to support this ambition by:
  - Sharing best practice through a discussion on the development of innovative Mobility as a Service programmes, such as Whim, in order to advance our shared drive to explore future connected transport options;
  - Exploring the possibility of a regulatory framework to open up transport data access;
  - Convening future discussions on Mobility as a Service in the West Midlands, including exploring non-legislative opportunities to improve services for customers across the region.

### **Air quality**

44. Government will participate in a partnership with the WMCA and any local authorities required to develop local plans to achieve improvements in air quality and the consequent impact and opportunities on health, businesses, development, the economy and the environment. The aim of the partnership will be to enhance

current national and local policy on air quality through developing a more comprehensive regional approach.

45. Officials from Defra and DfT will support the WMCA in developing proposals for:

- A more detailed air quality monitoring and reporting system for the West Midlands linked to the management of the Key Route Network;
- The Mayor and the WMCA to develop and implement a comprehensive strategy for improving air quality across the West Midlands in collaboration with the local authorities.

## Supporting Key Regional Industrial Strategy Sectors

### Supporting business growth through the Industrial Strategy

46. The Mayor and the WMCA will develop a package of investments in key growth sectors as part of their overall investment programme. This will reflect sector deals developed as part of the Industrial Strategy.
47. The government wants to work closely with the West Midlands to deliver on key national priorities within the Industrial Strategy where the region provides a good opportunity to secure global leadership and enhanced growth.
48. Government will work with the WMCA to develop a local industrial strategy. This will be a long-term vision for growth, based on robust evidence and focused on raising productivity and pay in the area. It will be underpinned by strong cooperation between national government and the private sector, local leadership and key institutions.
49. The strategy will set out how the WMCA will work in partnership with government to support the key foundations of productivity. It will focus on raising skills levels across the area. It will identify and work to grow its leading sectors, develop new high value businesses, back the area's world-class science and innovation assets, and build on opportunities in all parts of the area. The strategy will reflect the main themes of the national Industrial Strategy, but also take a place-based approach which builds on the area's unique strengths and ensures all people in the West Midlands can contribute to, and benefit from, economic growth.
50. The West Midlands has significant potential for growth in the creative and digital sectors, building on the region's young population, excellent universities, entrepreneurial culture, connectivity and strong focus on digital technology. Both local partners and industry bodies have identified strong potential in these areas.
51. The WMCA will work with partners, including Government (BEIS), Local Enterprise Partnerships and Growth Hubs to develop a strategic approach to regulatory delivery, building on the Better Business for All national programme, overcoming regulatory barriers and supporting local priorities for growth and reform.
52. Government will work with the WMCA to understand the significant potential of professional and business services as a growth sector in the West Midlands.
53. Government will explore with the WMCA and partners how more intensive supply chain management and specialist business support can accelerate productivity growth, informing emerging sector deals and national thinking on clusters.

### Energy

54. The government agrees to support the work of the West Midlands Regional Energy Commission, subject to agreement with government on the terms of reference, with a £120,000 fund for a local energy strategy as part of the local energy programme set out in Clean Growth Strategy, with input from relevant BEIS and Ofgem officials.

55. The West Midlands Regional Energy Commission will:

- build on initial work already in progress in the region, specifically to explore and develop appropriate regional governance and policy mechanisms which complement national market regulation while maximising economic opportunities for the region;
- recommend how to accelerate significant local demand-led economic opportunities from energy systems innovation;
- create mechanisms which drive and support the commercialisation of energy systems innovation and provide a platform for the region's manufacturing companies and innovators to compete globally;
- unlock clean energy and low carbon investment opportunities;
- develop and test a replicable and robust model of regional energy market governance.

56. The government look forward to publication of the initial findings of the Commission in 2018.

57. Government is in discussions with Midlands Engine LEPs for funding of up to £1.12m to support delivery of energy and low carbon projects across the Midlands, under which WMCA projects can be considered for support. Decisions over the allocation of this support will be made based on local energy priorities across the Midlands. Government commits to a discussion with the WMCA about a scheme to enhance energy efficiency in homes and businesses, including the use of smart home technology and different business models for funding energy efficiency.

### Automotive

58. The government wants the West Midlands to be a national and international hub for developing new automotive technologies, enhancing the UK's global share of these key growth sectors and contributing to climate change and air quality objectives.

59. This government is committed to supporting the West Midlands as a centre of electric vehicle manufacturing, competing with China, Germany and the United States, creating tens of thousands of new jobs in the next ten years, while autonomous vehicles are already being tested in Coventry City Centre.

60. As these two technologies come together into electric, driverless vehicles, the government will work with the Mayor to ensure the West Midlands has the infrastructure it needs to secure its place as one of the leading places in the world for these industries.

61. In line with this ambition, government recently awarded £31m to the West Midlands to create testing infrastructure for connected and autonomous vehicle

(CAV) technology. This will help to ensure that the UK has the world's most effective CAV testing ecosystem, as part of the Industrial Strategy.

62. Government will also be investing £5m from the 5G Testbeds and Trials programme for an initial trial, starting in 2018, to test 5G applications and deployment on roads, including helping to test how we can maximise future productivity benefits from self-driving cars. This builds on the West Midlands existing expertise on future mobility technologies.
63. The West Midlands will be a key testing location for the best entries to a new innovation prize led by the National Infrastructure Commission to determine how roadbuilding should adapt to best support driverless cars.
64. Government is also currently considering £80m funding through the Industrial Strategy Challenge Fund's Faraday Challenge, supporting the area's industrial strengths and research excellence.
65. Government will continue to discuss the future of energy supply in the West Midlands to support the delivery of an action plan for power supply and infrastructure which enables industry and business to flourish.

## Culture

66. The Mayor and the WMCA will work with government to support and build the culture and sport sectors in the region, recognising the important role they play in driving economic revival.
67. Work is already underway to further enhance the cultural assets of the West Midlands, from the significant progress that has already been made in raising funds for the Black Country Living Museum's latest development, to the proposals from Birmingham Museums Trust and Birmingham Royal Ballet to create a new joint cultural facility that will be spearhead social and economic regeneration on its proposed brownfield site.
68. Getting more people from every background regularly and meaningfully taking part in sport and physical activity is of utmost importance to government. Building on the success of the London 2012 Olympic and Paralympic Games and subsequent major sporting events, Government supports Birmingham's bid to host the Commonwealth Games in 2022 and looks forward to hearing the decision.

## Digital

69. Building on the area's unique specialist strengths, the Mayor and the WMCA have a compelling vision to become a global tech hub to rival Berlin, Austin and Tallinn. Harnessing the power of digital in the public sector and creating the right environment for tech start-ups to flourish are two key shared objectives of the government, the Mayor and WMCA.
70. Effective digital leadership and governance is key to implementing successful digital change. Working with GDS and DCLG, the WMCA will draw up a Digital Capability Framework which sets out the level of skills required to deliver effective digital programmes and which can be used to disseminate best practice across local government. The WMCA will be an informed, intelligent, efficient customer for digital innovation in the public sector. This will be supported by best practice digital governance.
71. The WMCA recognises the potential of data to improve public service delivery. Key to exploiting this successfully is that the WMCA continues to use data and analytics securely and effectively for integrated local decision-making, planning and delivery. GDS and DCLG will work with the WMCA to explore further opportunities for using open data and secure data to improve public service delivery.
72. The WMCA have already recognised that digital is the 'golden thread' in the modern economy with the recent launch of their Urban Challenge programme. To further support their ambitions to use technology to solve the complex problems faced by the public sector, government encourages the WMCA to put forward new challenges to the recently announced GovTech Catalyst, which is supported by the new £20m GovTech Fund. The GovTech Catalyst and Fund will support public bodies to work closely with our world-leading tech sector, taking on the most innovative ideas, to boost productivity in UK public services.
73. Government has announced new funding to create 'Tech Nation' which will see the organisation expand its successful hub model to more cities around the country, including establishing a new hub in Birmingham.
74. Coventry and Warwickshire is a pilot location for a new £2m voucher scheme which will help bring the UK's fastest and most reliable broadband to homes and businesses across the country. Local companies will be among those offered vouchers by broadband suppliers to pay for gold-standard full-fibre gigabit connections, to help revolutionise our digital infrastructure and make it fit for the future.
75. Working with their local One Public Estate partnership the WMCA will explore the option of converting unused public sector office space into co-working spaces for local tech entrepreneurs.

## Transforming public services

76. Devolution provides the opportunity for public service transformation to improve how services are aligned around individuals, to remove the barriers to collaborative working and to bring together social and economic ambitions to support inclusive growth.
77. The Mayor and the WMCA want to grasp this opportunity and are already working with local stakeholders to put their aims into action. Government supports these objectives and commends the WMCA on the progress made so far. The government also sees this agreement as an opportunity to create a step change in the public services agenda, by establishing the building blocks to further public service transformation in the West Midlands in the future and ensuring continued close collaboration between the WMCA and government.
78. To take this process forward, the government and the WMCA commit to working together over the coming months on how the Combined Authority can be given greater flexibility to invest in and develop innovative approaches to delivering public services in order to produce a plan for next steps.
79. The government will support initiatives designed to enable public transformation:
- In response to the innovative proposals it has received from the WMCA for an Office for Data Analytics, government will provide £0.8m over three years for this initiative. This will bring together the considerable existing investment in research, data and intelligence to support delivery of the Strategic Economic Plan's economic and social outcomes, and enable the evidence base for further public service transformation.
  - The Mayor's Homelessness Taskforce is working with partners to redesign the services and care offered to homeless people across the West Midlands, with a strong focus on prevention. Government has committed £28m for Housing First pilots in three areas across England, one of which will be in the West Midlands. This will pilot the Housing First approach to ending the homelessness of rough sleepers with the most complex needs. Under this approach individuals will be provided with accommodation alongside intensive key worker support to enable them to recover from issues such as mental health or substance abuse and sustain their tenancies.
  - Establishment of a Social Work Academy – 'FutureSocial'. This is a collaboration between 14 local authorities bringing together resources and capabilities to build workforce capacity at a regional level. The Academy will provide end-to-end support for career development, including post-qualification and recruitment and retention. Government has approved funding for the scheme and will work with the WMCA to develop this programme, including exploring the links to the LGA 'Return to Social Work' project and the government's 'Step up to Social Work' programme.

80. The Mayor and the WMCA are prioritising enhancing mental and physical health, wellbeing and resilience and making the maximum impact on productivity and the reduction of inequalities in the future. There are a number of approaches to this:

- Government will work with the WMCA to facilitate discussions with local authority public health, as well as other local commissioners about opportunities to fund innovative pilots through local budgets to promote health and wellbeing in the West Midlands with a view to increasing levels of physical activity in both adults and children and piloting early preventative programmes.
- The government supports the WMCA's aim of delivering the Thrive Mental Health Literacy programme across the WMCA, targeting 500,000 people. Government and the WMCA will work together to explore the right delivery models for the programme and how to build long-term sustainability into the programme.
- Government and the WMCA commit to continuing to work towards the ambitions of the Mental Health Commission. To date we have agreed that project management will be put in place for the following projects:
  - o Individual placement support
  - o A framework for improving wellbeing at work
  - o A wellbeing incentive to address mental health and muscular skeletal problems
- WMCA and the Black Country Sustainability and Transformation Plan (STP) will engage with health systems partners, on behalf of the other STPs in the area, to develop a proposal and business case for a prevention programme. The programme will initially focus on the development of professional and community capability to deliver effective social prescribing and asset-based interventions to improve health outcomes. This will be delivered through an emerging West Midlands Behavioural Change Network – a partnership including the WMCA and the region's universities.

81. The government will work with the Mayor and the WMCA as well as with the NHS agencies to identify other devolved powers and funds that will support the Mayor's priority of tackling health inequalities. This will include exploration of:

- Shared use of the public estate, so that proceeds from the disposal of locally owned NHS assets are retained in the West Midlands, in so far as statutory powers permit and subject to agreement with national and local partners;
- Regional use of transformation, research and development funds, including how STP transformation funding could take into account, where appropriate, the WMCA health and wellbeing objectives.

82. The government, the WMCA and the PCC will work together to agree a detailed governance model and a legislative timetable for incorporating the role and power

of the Police and Crime Commissioner into the mayoralty, with a view to electing the first Mayor with these powers in 2020.

83. The WMCA reaffirms its intention to integrate the West Midlands Fire and Rescue Service with the WMCA and Mayor and will engage with government and other stakeholders on the details of this governance change.
84. The government recognises the ambition of the Combined Authority to improve outcomes for offenders in the West Midlands area, and will work with the WMCA and local Police and Crime Commissioner to develop and strengthen the local role in commissioning joined up local criminal justice services.

## Finance and Funding

85. The election of the Mayor, the changing economic context described above and the establishment of a Strategic Economic Plan for the three-LEP area has expanded both the ambition of the outcomes and the pace of delivery that local partners seek to achieve.
86. The first devolution deal saw the government commit to making a major investment in the West Midlands, with over £1bn allocated to the area for local priorities.
87. The government will launch a one-off Mayoral Capacity Fund totalling £12m over two years which will be available to Mayoral Combined Authorities with elected mayors, including the WMCA. This fund will support the new mayors by boosting their capacity and resources to deliver for their local area.
88. To align the WMCA's financial powers with their new responsibilities, and to provide the flexibility they need to invest in economically productive infrastructure, the government and the WMCA will reach agreement on a debt cap which will enable the government to take steps to extend the WMCA's borrowing powers to align with the WMCA's functions.

### West Midlands Funding for Growth Programme

89. The Mayor and the WMCA have established a West Midlands Funding for Growth Programme to review public finance mechanisms and private sector funding opportunities. It will develop specific West Midlands solutions as well as pilots for potential national application.
90. The Programme will explore financial innovations with the aim of bringing greater autonomy and more effective use of public resources to the West Midlands and of spreading these innovations nationally. The Programme will include reforms for rapid implementation as well as longer-term work on bigger challenges, such as better use of existing local taxes. Government will work with the WMCA on selected themes as appropriate.

## Mayoral powers

91. The government will, subject to the agreement of Parliament, provide for the Mayor of the WMCA to have the power to introduce a business rate supplement, which would be subject to a ballot of affected businesses.
92. Government recognises the ambitions of the WMCA and the Mayor and their wish to support a significant investment programme to drive growth. The government will work with the WMCA to consider whether there are appropriate functions that could be exercised by the Mayor to support the investment programme.