



WMCA Board

Date: Friday 8 December 2017

Time: 11.00 am **Public meeting** Yes

Venue: Council Chamber, Council House, Birmingham City Council, Victoria Square, Birmingham, B1 1BB

Membership

Constituent Members

Andy Street (Chair)
Councillor Bob Sleigh (Vice-Chair)

Councillor Peter Bilson
Councillor Sean Coughlan
Councillor Ian Courts
Councillor George Duggins
Councillor Steve Eling
Councillor Patrick Harley
Councillor Lee Jeavons
Councillor Brigid Jones
Councillor Abdul Khan
Councillor Roger Lawrence
Councillor Pete Lowe
Councillor Paul Moore
Councillor Ian Ward

Appointing Authority

Mayor of the West Midlands Combined Authority
Solihull Metropolitan Borough Council

City of Wolverhampton Council
Walsall Metropolitan Borough Council
Solihull Metropolitan Borough Council
Coventry City Council
Sandwell Metropolitan Borough Council
Dudley Metropolitan Borough Council
Walsall Metropolitan Borough Council
Birmingham City Council
Coventry City Council
City of Wolverhampton Council
Dudley Metropolitan Borough Council
Sandwell Metropolitan Borough Council
Birmingham City Council

Non-Constituent Members

Councillor George Adamson
Jonathan Browning

Councillor Steven Claymore
Councillor Shaun Davies
Councillor Bill Hartnett
Councillor Dennis Harvey
Councillor David Humphreys
Councillor Peter Nutting
Tim Pile

Councillor Chris Saint
Councillor Izzi Seccombe
Councillor Michael Stokes
Stewart Towe

Cannock Chase District Council
Coventry & Warwickshire Local Enterprise Partnership
Tamworth Borough Council
Telford & Wrekin Council
Redditch Borough Council
Nuneaton & Bedworth Borough Council
North Warwickshire Borough Council
Shropshire Council
Greater Birmingham & Solihull Local Enterprise Partnership
Stratford-on-Avon District Council
Warwickshire County Council
Rugby Borough Council
Black Country Local Enterprise Partnership

Observers Awaiting Membership

Councillor Tony Johnson
Graham Wynn

Herefordshire Council
The Marches Local Enterprise Partnership

Co-Opted Member

Lee Barron

Midlands Trades Union Congress

Observer Members

Councillor John Edwards
David Jamieson

West Midlands Fire & Rescue Authority
West Midlands Police & Crime Commissioner

Quorum for this meeting shall be at least one member from five separate Constituent councils

If you have any queries about this meeting, please contact:

Contact	Dan Essex, Governance Services Manager
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AGENDA

No.	Item	Presenting	Pages
Items of Public Business			
1.	Apologies for Absence	Chair	None
2.	Declarations of Interest [Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).]	Chair	None
3.	Chair's Remarks (if any)	Chair	None
4.	Minutes - 10 November 2017	Chair	1 - 8
Governance			
5.	Devolution Deal Update	Deborah Cadman	Verbal Report
6.	Forward Plan	Chair	9 - 12
Cohesion & Integration and Public Sector Reform			
7.	Mayoral WMCA Governance of West Midlands Fire Service - Governance Review and Scheme [Comments on the governance review from the Overview & Scrutiny Committee's Governance Task & Finish Group will be circulated separately for this Board's information prior to the meeting.]	Councillor Steve Eling	13 - 76
Economic Growth			
8.	West Midlands Growth Company - Business Plan	Councillor Ian Ward	77 - 124
Finance & Investments			
9.	Delegation of Statement of Accounts Approval	Councillor Izzi Seccombe	125 - 128
10.	Financial Monitoring 2017/18	Councillor Izzi Seccombe	129 - 140
11.	Wolverhampton Interchange Project	Councillor Izzi Seccombe	To Follow

Skills & Productivity			
12.	Productivity & Skills Dashboard	Councillor George Duggins	141 - 148
Transport			
13.	Governance for Establishing Advanced Quality Bus Partnerships	Councillor Roger Lawrence	149 - 152
14.	Midland Metro Penalty Fare	Councillor Roger Lawrence	153 - 160
15.	Midland Metro Wednesbury to Brierley Hill Extension - Submission of Transport & Works Act Order	Councillor Roger Lawrence	161 - 196
16.	West Midlands Cycle Design Guidance	Councillor Roger Lawrence	197 - 206
Minutes			
17.	Minutes of the Investment Board - 30 October 2017	Councillor Izzi Seccombe	207 - 212
18.	Minutes of the Transport Delivery Committee - 6 November 2017	Councillor Richard Worrall	213 - 220
19.	Minutes of the Strategic Economic Plan Board - 16 November 2017	Jonathan Browning	221 - 226
20.	Minutes of the Audit, Risk & Assurance Committee - 17 November 2017	David Lane	227 - 236
21.	Minutes of the Overview & Scrutiny Committee - 21 November 2017	Councillor Peter Hughes	237 - 244
Date of Next Meeting			
22.	Friday 12 January 2018 at 11.00am	Chair	None



WEST MIDLANDS COMBINED AUTHORITY

WMCA Board

Friday 10 November 2017 at 11.00 am

Minutes

Constituent Members

Andy Street (Chair)

Councillor Bob Sleigh (Vice-Chair)

Councillor Peter Bilson

Councillor Sean Coughlan

Councillor George Duggins

Councillor Patrick Harley

Councillor Robert Hulland

Councillor Syeda Khatun

Councillor Ian Ward

Mayor of the West Midlands Combined Authority

Solihull Metropolitan Borough Council

City of Wolverhampton Council

Walsall Metropolitan Borough Council

Coventry City Council

Dudley Metropolitan Borough Council

Solihull Metropolitan Borough Council

Sandwell Metropolitan Borough Council

Birmingham City Council

Non-Constituent Members

Councillor George Adamson

Councillor Bill Hartnett

Councillor David Humphreys

Councillor Julie Jackson

Ninder Johal

Councillor Alex Phillips

Tim Pile

Councillor Chris Saint

Councillor Izzi Seccombe

Cannock Chase District Council

Redditch Borough Council

North Warwickshire Borough Council

Nuneaton & Bedworth Borough Council

Black Country Local Enterprise Partnership

Shropshire Council

Greater Birmingham & Solihull Local Enterprise Partnership

Stratford-on-Avon District Council

Warwickshire County Council

Co-Opted Member

Lee Barron

Midlands Trades Union Congress

Observer Members

Councillor John Edwards

David Jamieson

West Midlands Fire & Rescue Authority

West Midlands Police & Crime Commissioner

In Attendance

David Lane

Councillor Peter Hughes

Councillor Richard Worrall

Audit, Risk & Assurance Committee

Overview & Scrutiny Committee

Transport Delivery Committee

Item No.

95. Apologies for Absence

Apologies for absence were received from Jonathan Browning, Councillor Ian Courts, Councillor Shaun Davies, Councillor Steve Eling, Councillor Dennis Harvey, Councillor Lee Jeavons, Councillor Roger Lawrence, Councillor Abdul Khan, Councillor Peter Nutting and Stewart Towe.

96. Chair's Remarks (if any)

- (1) The Mayor welcomed Tim Pile, the new Chair of Greater Birmingham & Solihull Local Enterprise Partnership, to his first meeting, replacing Steve Hollis.
- (2) The Mayor reported that, at its meeting on 7 November, Birmingham City Council had appointed Councillor Brigid Jones as its representative on the WMCA Board to replace Councillor John Clancy.
- (3) The Mayor noted that this was the last meeting that Paul Sheehan, Chief Executive of Walsall Metropolitan Borough Council, would be attending before he retired. He thanked him for all that he had done to help establish the WMCA and supporting its work programme during the last 18 months.
- (4) The Mayor reported that the 'Social Value in Procurement' policy had been further improved and strengthened following the WMCA Board's consideration of it at its meeting on 8 September. The policy would be launched at the National Social Value in Procurement conference being held in Birmingham on 14 November.

97. Minutes - 13 October 2017

The minutes of the meeting held on 13 October 2017 were agreed as a correct record, subject to the addition of Councillor Peter Hughes and Councillor Sayed Khatun in the list of attendees.

98. The Mayor and WMCA Structures

The Mayor reported that, following a change in the members appointed to the WMCA Board by Birmingham City Council, he wished to amend the Lead Portfolio responsibilities. Councillor Ian Ward had taken over as Leader of Birmingham City Council, and he therefore proposed that he should take over lead responsibility for economic growth from Councillor John Clancy, who was now no longer a member of the WMCA Board.

Resolved:

The appointment of Councillor Ian Ward as the WMCA's Portfolio Lead for Economic Growth, replacing Councillor John Clancy, be agreed.

99. Devolution Deal Update

The board received an update from Julia Goldsworthy, WMCA Director of Strategy, on the discussions being held with the Government regarding a future devolution agreement for the West Midlands.

Discussions were on-going and making good progress, although it was likely that final agreement would not be reached until right before the expected announcement on 22 November. Although the negotiations were fast moving, regular briefing sessions were continuing to be held with members and officers from Constituent and Non-Constituent authorities to ensure everyone was aware of the latest developments.

Resolved:

The update on the latest developments regarding a future devolution agreement with the Government be noted.

100. Forward Plan

The plan of items to be reported to future meetings of the WMCA Board was noted.

101. Treasury Management Strategy Mid-Year Report 2017/18

Councillor Izzi Seccombe presented a report that provided a mid-year update on the WMCA's Treasury Management Strategy and was being considered as a requirement under the CIPFA Treasury Management Code.

The report provided information on treasury management activity in 2017/18, including the national economic backdrop, financial market activity, regulatory update, borrowing activity, investment activity and performance measurement. In addition, the report proposed an adjustment in the Minimum Revenue Position of the WMCA, recognising that an over-prudent sum had been provided for in previous years, and that this should now be adjusted to recognise that the benefits of assets generally increased in later years.

Resolved:

- (1) The adjustment to the Minimum Revenue Provision policy as detailed in Section 11 of the report be approved.
- (2) The results of the Treasury Management Strategy as at 30 September 2017 be noted.
- (3) It be noted that the Authority's borrowing was within the prudential indicators established at the beginning of the year, as outlined in appendix 1.
- (4) It be noted that the West Midlands Combined Authority was currently in dialogue with HM Treasury and the Department for Communities & Local Government regarding an amendment to WMCA's borrowing powers, and that further details would be shared with the WMCA Board at a later date.

102. Devolution of Adult Education Budget

Councillor George Duggins presented a report that set out the available options for the management of the Adult Education Budget during the academic year 2018/19.

The Department for Education had written to the WMCA in August confirming that delivering full devolution of the Adult Education Budget as originally intended could not take place due to time lost during the General Election period. It proposed two options instead: transition option and delegation option. The transition option would give the WMCA a real say in what Adult Education Budget provision would be available for residents in 2018/19, as well as acting as a stepping stone to successfully delivering full devolution in 2019/20.

Councillor Sean Coughlan stressed the importance of the region achieving full devolution of the Adult Education Budget in order to be able to address the skills gap that currently existed and to deliver the policy objectives of the WMCA. He had raised his concerns in this regard at a recent meeting with treasury officials. Lee Barron offered the Trades Union Council's support to achieving full devolution of the Adult Education Budget.

The Mayor indicated that he had met with the Secretary of State for Education during the previous week and he sensed her enthusiasm for devolving the Adult Education Budget, although he suspected that it would be a staged process and it was therefore important that engagement and lobbying from all stakeholders in the region continued.

Resolved:

- (1) It was agreed to proceed with the transition option during the transitional year 2018/19 prior to full devolution of the Adult Education Budget in 2019/20.

103. Global Thrive Network (I-Circle Event)

Councillor Bob Sleight presented a report on the key learning points from the International City & Urban Regional Collaborative, Supporting Mental Health and Wellbeing to Enable Citizens to Thrive conference, attended by Sarah Norman, Chief Executive of Dudley Metropolitan Borough Council.

The report presented the key learning implications from the conference in respect of employee wellbeing, criminal justice, public health, community awareness, equalities, children and approaches to transformation. All of the cities that had attended the conference had agreed to establish a framework for future collaboration, based on a set of principles and involving virtual ways of sharing evidence.

David Jamieson indicated he was hosting a summit on 15 December aimed at reaching practical and lasting solutions that reduced the harm of drugs in the West Midlands. It was estimated that the cost of substance misuse in the West Midlands was £1.4bn a year, and half of all burglary, theft, shoplifting and robbery was committed by people suffering from serious addiction to drugs including heroin and crack cocaine. It was hoped that the summit would provide an opportunity to discuss practical solutions to addressing these problems.

Councillor Izzi Seccombe welcomed the report, and recognised how difficult the issues were to resolve.

Resolved:

- (1) The West Midlands Combined Authority would continue international collaboration with other City Regions that were engaged in whole system transformation to improve the mental health and wellbeing of their citizens, and would support efforts to establish a thriving virtual network to share evidence, learning and ideas.
- (2) The West Midlands Combined Authority would send representation to the event in Stockholm in 2018.
- (3) The West Midlands Combined Authority would seek to host a joint event with London in 2018 or 2019.

104. The Midland Metro - Edgbaston Extension

The board considered a report seeking confirmation of the resolution of the WMCA Board on 17 March 2017 to promote a Transport & Works Act Order for the Midland Metro (Birmingham City Centre Extension etc) (Edgbaston Extension Land Acquisition) Order under the Transport & Works Act 1992.

Resolved:

The resolution passed on 17 March 2017 to authorise the West Midlands Combined Authority to submit an application for the Midland Metro (Birmingham City Centre Extension, etc.) (Edgbaston Extension Land Acquisition) Order to the Secretary of State for Transport be confirmed.

105. Minutes of the Investment Board - 6 October 2017

The board received the minutes of the Investment Board held on 6 October 2017.

Resolved:

The minutes of the meeting held on 6 October 2017 were noted.

106. Minutes of Wellbeing Board - 6 October 2017

The board received the minutes of the Wellbeing Board held on 6 October 2017.

Resolved:

The minutes of the meeting held on 6 October 2017 be noted.

107. Minutes of the Transport Delivery Committee - 9 October 2017

The board received the minutes of the Transport Delivery Committee held on 9 October 2017.

Resolved:

The minutes of the meeting held on 9 October 2017 be noted.

108. Minutes of the Strategic Economic Plan Board - 12 October 2017

The board received the minutes of the Strategic Economic Plan Board held on 12 October 2017.

Resolved:

The minutes of the meeting held on 12 October 2017 be noted.

109. Friday 8 December 2017 at 11.00am

The date of the next meeting was noted.

110. Exclusion of the Public and Press

Resolved:

That, in accordance with s100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business as it was likely to involve the disclosure of exempt information specified in paragraph 3 of the Act.

111. Coventry - UK City of Culture Update

The mayor presented a report on the potential future financial support for the Coventry bid to be UK City of Culture 2021.

The UK City of Culture title was awarded every four years to a city that could demonstrate a strong vision for social and economic step change through culture. Coventry had been working for three years on a bid, and as part of its final presentation to the awarding panel on 6 December would wish to demonstrate as much certainty as possible on sources of local and regional funding. Winning the bid was expected to deliver an estimated direct economic impact of £349m to Coventry and the West Midlands in increased tourism, capital investment and creative industries. In addition, it would add significant momentum to other commercial development projects, including those supported by the WMCA.

Councillor Ian Ward considered that a successful bid would be beneficial for the whole region, and particularly the cultural offer that would be provided alongside the Commonwealth Games 2022, should Birmingham be selected to host the games. Councillor George Duggins reported that the final decision was expected to be announced live on BBC One's 'The One Show' in early December. He thanked everyone who had supported Coventry's bid.

Resolved:

- (1) The West Midlands Combined Authority pledge its support to work with the Coventry City of Culture Trust and other partners to maximise the benefit of a winning bid to the promotion of the West Midlands.
- (2) The West Midlands Combined Authority work with Coventry 2021 to build on the momentum of the bid and its work in repositioning culture in Coventry and across the region.
- (3) Consideration of a potential allocation of £4m over four years to support a total of £37.9m investment if Coventry was successful in being named UK City of Culture 2021, to be done alongside all the other requests for capital and revenue investment into the WMCA and in line with the current and future analysis of aggregate funding availability, would be included in the WMCA's medium-term budgeting process.
- (4) Consideration of a potential allocation of £1m over four years to support the programme if the Bid was unsuccessful would be included in the WMCA's medium-term budgeting process, in order to help deliver the alternative legacy cultural programme.

The meeting ended at 11.55 am.

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WEST MIDLANDS COMBINED AUTHORITY FORWARD PLAN: JANUARY 2018 - JUNE 2018

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
Portfolio Performance Reporting	To provide oversight of the latest performance reporting and management.	12 January 2018	No	Mayor	Julia Goldsworthy	No	Delivery
The Cohesion and Integration Portfolio	To consider the proposed approach to the cohesion and integration workstream.	12 January 2018	No	Cllr Steve Eling	Henry Kippin	No	Delivery
Commonwealth Games 2022 Village	To report on land remediation/acquisition funding arrangements.	12 January 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance
Investment Programme Funding	To report on the risks inherent within the financial assumptions for WMCA income streams.	12 January 2018	No	Cllr Izzi Seccombe	Sean Pearce/Nigel French	No	Finance

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
WMCA Borrowing Powers and Amendments to Key Route Network	To approve of the introduction of regulations by the Government to extend borrowing powers to the WMCA subject to an agreed cap	12 January 2018	Yes	Cllr Izzi Seccombe	Sean Pearce/Carl Pearson	No	Finance
Consideration of Mayor's Budget & Statutory Capital Spending Plan	Approval of the Mayor's budget and capital spending plans.	12 January 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance
Culture, Creative & Tourism	To provide an update on the work undertaken by the Culture, Creative & Tourism Group.	12 January 2018	Yes	Economic Development	Dave Webb	No	Strategy
Local Cycling and Walking Infrastructure Plans	To consider the approach to the delivery of development of Local Cycling and Walking Infrastructure Plans	12 January 2018	Yes	Cllr Roger Lawrence	Laura Shoaf/Hannah Martin	No	Transport

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
Swift Update	To provide an update on the latest Swift-related developments.	12 January 2018	No	Cllr Roger Lawrence	Laura Shoaf/Matt Lewis	No	Transport
Portfolio Performance Reporting	To provide oversight of the latest performance reporting and management.	9 February 2018	No	Mayor	Julia Goldsworthy	No	Delivery
Draft Integrated Business Plan & Budget	Consideration of draft integrated plan and budget.	9 February 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance
Consideration of 2018/19 Levy Proposals	Approval of 2018/19 levy.	9 February 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance
Midland Metro Ltd - Approval of Final Business Plan and Commercial Settlement with National Express	To agree the business plan for Midland Metro Ltd and the commercial settlement with National Express.	9 February 2018	Yes	Cllr Roger Lawrence	Laura Shoaf	Yes	Transport

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
Mobility as a Service	To provide an update on latest developments.	9 February 2018	No	Cllr Roger Lawrence	Laura Shoaf/Chris Lane	No	Transport
Portfolio Performance Reporting	To provide oversight of the latest performance reporting and management.	9 March 2018	No	Mayor	Julia Goldsworthy	No	Delivery
Integrated Business Plan & Budget Approval	Final approval of integrated plan and budget.	9 March 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance
West Midlands Leadership Commission	To consider recommendations arising out of the work of the Commission.	13 April 2018	Yes	Cllr Steve Eling	Meera Sonecha	No	Commissions
Portfolio Performance Reporting	To provide oversight of the latest performance reporting and management.	13 April 2018	No	Mayor	Julia Goldsworthy	No	Delivery



WEST MIDLANDS
COMBINED AUTHORITY

WMCA Board

Date	8 December 2017
Report title	Mayoral WMCA Governance of West Midlands Fire Service - Governance Review and Scheme
Portfolio Lead	Councillor Steve Eling - Cohesion & Integration and Public Service Reform
Accountable Chief Executive	Phil Loach, Chief Fire Officer to West Midlands Fire & Rescue Authority email: phil.loach@wmfs.net tel: (0121) 380 6909
Accountable Employee	Karen Gowreesunker email: karen.gowreesunker@wmfs.net tel: (0121) 380 6678
Report has been considered by	Programme Board - 24 November 2017

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Approve the contents of the Governance Review and Scheme outlining the proposed governance model for Mayoral West Midlands Combined Authority (WMCA) governance of West Midlands Fire Service (the Service).
- (2) Note the amendments to the process timeline presented to the WMCA Board meeting on 8 September as set out in section 5.

- (3) Note and where relevant approve the points raised at constituent council meetings in consideration of the prepared Governance review and Scheme. (At the time of issuing this report three constituent council meeting are yet to take place prior to the WMCA Board meeting. A verbal update together with an appended item to this report will be provided on the 8 December 2017).
- (4) Approve amendments to the Governance review and Scheme based on the outcomes of recommendation 3 as cited in section 3.1.
- (5) Approve the proposed approach for the formal public consultation to commence in January 2018.

1.0 Purpose

- 1.1 The purpose of this report is to consult the Board on the contents of the governance review and scheme, which have been developed to enable the framework for the proposed Mayoral WMCA governance model, to be discussed and understood, prior to undertaking public consultation.
- 1.2 This report also seeks to update the Board on how the governance review and scheme have been received by constituent councils. At the time of preparing this report the approvals process has been completed by 4 of the 7 constituent councils. A further updated position will be provided at the WMCA Board on 8th December.
- 1.3 Finally, the board is asked to note and consider the proposed approach for the formal public consultation of the scheme in January 2018.

2.0 Background

- 2.1 On 8 September 2017, the WMCA Board approved a report which sought approval for the development of a governance review and scheme document as part of the proposed future Mayoral WMCA governance route for West Midlands Fire and Rescue Service (the Service). This is pursuant to Sections 111 and 112 (1d) of the Local Democracy, Economic Development and Construction Act 2009.
- 2.2 Having secured approval of the WMCA Board, a governance review and scheme was subsequently prepared in consultation with the WMCA, West Midlands Fire and Rescue Authority (the Authority) and constituent council legal departments. The current governance review and scheme are provided at Appendix 1a and 1b.
- 2.3 The Governance Review provides a review of existing governance arrangements and functions, and details the proposed model under the Mayoral WMCA. The governance review also considers the many benefits the proposed model offers. These highlight the potential for improved outcomes for the communities of the West Midlands and focus on: public safety, collaboration between public services, scrutiny and transparency, accountability, savings and value for money (as outlined in section 3).
- 2.4.1 This is in line with government legislation, where a transfer of governance functions to the WMCA must satisfy section 105B(1) of the Cities and Local Government Devolution Act 2016: ‘...the making of the order is likely to improve the exercise of statutory functions in the area or areas to which the order relates’.
- 2.4.2 The Scheme sets out the powers (legislation) to enable the transfer of functions and what is required to enable this change.

3.0 Benefits

- 3.1 The governance review (Appendix 1a) demonstrates how governance delivered through the Mayoral Combined Authority will improve the exercise of the statutory functions in the WMCA area. Some of the benefits which continue to be identified are as follows:

3.2 Public safety delivered through broad range of responses to emergency services

- 3.2.1 The range, breadth and complexities that the Service has to deal with, requires the capability to respond to incidents through a flexible and agile workforce, capable of delivering a range of services across the West Midlands, nationally and internationally. The Chief Fire Officer (CFO) has the capability to swiftly mobilise 300 people, 24 hours a day, in support of the Mayoral West Midlands Combined Authority in delivering interventions to the wide ranging needs of community. This includes the pre-planning, emergency and recovery phase in line with the Civil Contingencies Act 2004.
- 3.2.2 The Service also has the skills and capability to deliver specialist response activities locally, regionally and nationally such as response to extreme threat, severe weather and any incident that may have an impact on critical infrastructure. This will enable the Mayoral WMCA to protect the economy of the west midlands and enhance public safety.

3.3. A workforce to support joined up services and reduce vulnerability

- 3.3.1 The Service tackles the 'causes of the causes' and the over-arching risk in the West Midlands. An example of its prevention activities is the holistic 'Safe and Well' visits. The Service gains access to more than 27,000 targeted-homes each year as a direct result of its unique public standing in the community. These visits go deeper to identify and address the wider health and or lifestyle issues which may, further down the line, lead to an emergency incident or acute intervention from the wider public services.
- 3.3.2 Under a WMCA governance arrangement promoting greater collaboration, greater benefit will be leveraged through such interventions enabling the further reduction of vulnerability and providing added value on a wide range of issues. This includes the ability to work directly with all 7 of the constituent councils, the Police, and the non-constituents in enhancing public safety, effectiveness, efficiency and economy. The Future Governance Working Group, cited in Appendix 1, referenced the Telecare Service provided by the Service to 3 of the 7 constituent councils as good examples of collaboration.

3.4 Continued improvement and transformation

- 3.4.1 The Service's commitment to transformation and its ability to evidence reform whilst maintaining its commitment to the delivery of its integrated service delivery model, detailed in appendix 1, evidences the Service's ability to continue to lead and deliver reform as part of the wider WMCA. These reforms include changes to staffing, fleet and broadening of the services offered to the community to reduce risk.
- 3.4.2 The leadership the Service provides to the WMCA work streams such as Public Service Reform is an example of the value the Service can have when working within the WMCA structures.

3.5 Operational independence

- 3.5.1 The proposed model provides the CFO with the operational independence and the right level of accountability to make robust and effective evidence based decisions underpinned by professional skills, knowledge and experience in providing services to the local communities. This delivery will be aligned directly to the Mayor, which will enable transparent and effective governance in meeting the needs of the local communities. This will ensure professional judgement and evidence receives the appropriate weighting in decision making, without compromising community outcomes.
- 3.5.2 Additionally, the Mayor will provide a single accountable figure for the Service and decisions made to local communities, which will satisfy the Home Office's desire for 'single accountability' across public services.

4.0 Constituent Council Consultation

- 4.1 As part of the consultation process of these two documents (as outlined in section 113 (3) Local Democracy, Economic Development and Construction Act 2009), the governance review and scheme must be approved by constituent councils, followed by formal public consultation on behalf of the Home Secretary. The report presented at constituent council meetings, including recommendations for approval is provided in Appendix 2.
- 4.2 The table below details the dates and meetings at which the governance review and scheme report has been tabled at constituent council meetings.

LOCAL AUTHORITY	CABINET	FULL COUNCIL
Birmingham	14 November	n/a
Coventry	31 October	5 December
Dudley	26 October	4 December
Sandwell	18 October	17 October
Solihull	9 November	5 December
Walsall	25 October	13 November
Wolverhampton	18 October	n/a

- 4.3 At the time of writing this report, the governance review and scheme report had received full approvals from the following councils: Birmingham, Sandwell, Walsall and Wolverhampton. There has been discussion around key areas of the scheme, some of which have been cited as conditions on constituent council approvals. These matters have been summarised below in section 5 of this report.

5.0 Constituent Council Key Discussions Areas

- 5.1 Each of the constituent councils that have considered the report so far, have approved the recommendations in the report (see appendix 1). Some constituent councils have raised the following points to be included in the scheme and/or agreed with Government, in the development of the order:

Mayoral Fire Advisory Committee (MFAC).

- That the Mayor appoint the Chair in consultation with constituent authority Leaders.
- That the MFAC should be composed of a *minimum* of 15 members to ensure sufficient representation from all constituent authorities.

Fire Funding

- That fire funding and precept be ring-fenced to fire functions in the WMCA.
- That fire reserves be ring-fenced to fire functions in the WMCA.

- 5.2 Should the above proposed amendments to the scheme be approved by the Board, the scheme will be updated as per appendix 3, to reflect these changes for public consultation.

- 5.3 Additional areas of importance raised by constituent councils have focused on:

- The unanimous support for the MFAC, its role and composition which can be seen through the approvals received by all constituent councils.
- The importance of the role of the CFO as the person with the responsibility and accountability for leading and managing the Fire Service.
- The CFO will be responsible and held accountable by the Mayor for managing personnel, services, equipment and fleet within an agreed budget (the Fire Service), to enable the effective delivery of the Integrated Risk Management Plan and the Service's 3 year rolling Corporate Strategy.
- The role of scrutiny within the MFAC. The WMCA Overview and Scrutiny Committee and the Authority are currently considering an approach to enable both committees to work effectively together.

- 5.4 The timeline has been amended to reflect feedback of the heads of legal services, for the Home Secretary to ensure constituent councils are consulted on the draft order before seeking parliamentary approval.

- 5.5 It should be noted in relation to this last point, if amendments made to the proposals in the creation of the order by the Home Secretary are of a minor nature, individual constituent council approvals may not be required. Delegations will be requested for areas of minor amendment, to be agreed by the Chief Executive of a constituent council in discussion with the Leader.

6.0 Proposed WMCA Public Consultation

- 6.1 The public consultation will commence the week beginning 8th January 2018 and will run for a minimum period of 6 weeks.
- 6.2 In developing the consultation plan, advice and support is being provided through the consultation institute. The broad approach to consultation will include:
- A primarily web based consultation through an online questionnaire, the questionnaire will also be made available in various formats in line with equalities regulations.
 - An animation video explaining the proposed changes,
 - Local authority support and signposting via websites and social media,
 - More focused engagement with key partners, stakeholders, MPs and Ministers in Parliament.
- 6.3 The consultation strategy is still being developed in conjunction with the WMCA, the complete plan and approach will be shared with the WMCA Board on the 8th December. It is envisaged that the consultation will be shared through multiple platforms; organisational websites, social media, posters, radio and press releases.
- 6.4 Consultation material will cover the roles of the Mayoral WMCA, the Mayor, the MFAC and the Chief Fire Officer. The consultation will ensure that the requirements of Section 113(3) of The Local Democracy, Economic Development and Construction Act 2009, are met. This requires that:

'The Secretary of State must have regard to the need -

- (a) To reflect the identities and interests of local communities and
- (b) To secure effective and convenient local government'

7.0 Timeline change

- 7.1 The process and timeline for the proposed change in governance is set out in the table below. Amendments are highlighted.

Details	Date
WMCA approve a governance review and scheme to be developed	8 September 2017
Development of governance review and scheme, which will consider the business case for the change in governance.	September 2017
Constituent Authority approval of the content of the governance review and scheme.	October-November 2017
WMCA approval of the content of the governance review and scheme.	8 December 2017
Consultation of proposals set out in the scheme on behalf of the Secretary of State (6 weeks minimum)	January- February 2018
Analyse consultation responses locally	March 2018

<i>Constituent authority approval of governance review, scheme and analysis of consultation prior to submission to Secretary of State</i>	<i>April - May 2018</i>
Governance review, scheme and analysis of consultation reviewed by Secretary of State (4-12 weeks).	June 2018
Government development of order detailing changes required in legislation to abolish the Authority and amend legislation to enable future Mayoral WMCA governance.	July - September 2018 (nb. Parliamentary recess)
<i>Constituent authority and WMCA approval of detail of order (see paragraph 5.2)</i>	<i>October - November 2018</i>
<i>Order amended where needed locally and enters Parliamentary process</i>	<i>December 2018 - January 2019</i>
<i>Secretary of State approves order</i>	<i>February 2019</i>
<i>The Authority functions transfer to the WMCA</i>	<i>February/March 2019</i>

7.2 As set out in paragraph 3.4 an addition to the timeline for April – May 2018 has been made following discussions with the legal group. This amendment will enable constituent councils to consider the outcomes of the consultation and approve submission of the governance review and scheme to the Home Secretary.

7.3 This is in addition to constituent council approvals during October – November 2018 and may extend the overall timeline by approximately 2 months. As cited in paragraph 3.5, if amendments made to the order by the Home Secretary are of a minor nature, individual constituent council approvals will not be required. Delegations have been provided for areas of minor amendment to be agreed by the Chief Executive of a constituent council in discussion with the Leader.

8.0 Financial implications

8.1 The costs of preparing the Governance Review have been met primarily from the Services existing resources, supplemented by support provided by the WMCA legal team, again from within existing approved budgets.

8.2 Developing and delivering the required public consultation exercise scheduled to take place in early 2018 is anticipated to include the following activities:

- Developing an online questionnaire;
- Preparing an animation video that explains the proposed change;
- Local authority signposting via websites and social media; and
- Focused engagement with key partners and stakeholders.

8.3 As the detailed approaches to undertaking the consultation process in relation to the proposed governance arrangements are still being finalised at the time of writing this report, firm costs have not yet been established.

- 8.4 It is currently anticipated that further indicative costs to be incurred in planning and implementing the transition to the new governance arrangements will be established following the conclusion of the public consultation process in early 2018, when there will be more clarity around the detailed implementation plan. This will then allow the sources of funding for the transitional arrangements to be identified.
- 8.5 The proposed Mayoral WMCA governance model provides opportunities for the joint transformation of public services delivered to West Midlands communities and will also clearly deliver efficiency savings in respect of members' allowances payable, providing value for money in the delivery of public safety. The Service's existing funding is made up of central government core funding and council tax revenue raised locally. It is envisaged that once the proposed governance arrangements are in place, there will be a requirement for the Service's funding to be ring-fenced and for the costs of Mayoral WMCA governance arrangements to be shared appropriately.

9.0 Legal implications

- 9.1 The legal implications are largely set out in this report and the governance review and scheme.

10.0 Equalities implications

- 10.1 As cited in this report the public consultation will reflect the requirements of the Local Democracy, Economic Development and Construction Act 2009 section 113, which stipulates that the consultation must reflect the identities and interests of local communities.
- 10.2 The consultation document needs to be clearly communicated to the public in a number of ways (not just online) and should be made available in a number of formats. It should be emailed/communicated to Hard-to-reach and equality groups in the region and it needs to be made available in alternative formats (large print, cd, easy read) for people with disabilities. The equality impact of proposed changes should be assessed following the consultation process.

11.0 Schedule of background papers

WMFRA response to the Enabler Closer Working between the Emergency Services Consultation – the prelude to the Policing and Crime Bill (October 2015)
WMFRA Integrated Risk Management Plan Public Outcomes Report (20 February 2017)
WMFRA report: 'Route Map to Mayoral Governance' (20 February 2017)
WMFRA report – 'Route map to Mayoral West Midlands, Combined Authority Governance - a Reformed Fire Authority (RFA) and decision (10 April 2017)
WMCA Board 8 September 2017
24 August WMCA Programme Board

APPENDICES

APPENDIX 1 - Governance Review and current Scheme

1a. Governance Review.

Review of Governance and Functions of the WMCA (Annex A)

This review is a subsequent review to the WMCA governance review and scheme. The review deals with:

- The transfer of functions and governance arrangements in relation to the exercise of fire and rescue functions in the West Midlands, and
- Overview of the governance arrangements

1. EXISTING ARRANGEMENTS:

Existing Fire and Rescue Arrangements:

1.1 West Midlands Fire and Rescue Service (the Service) provides prevention, protection and response services to the 7 metropolitan councils in the West Midlands. These core services are prescribed under legislation, assurance for which is provided through the West Midlands Fire and Rescue Authority (the Authority). The Authority is accountable to the public for the services provided to local communities. The most pertinent service delivery legislative provisions are as follows:

- The Fire and Rescue Services Act 2004
- The Fire and Rescue Services (Emergencies) (England) Order 2007
- The Regulatory Reform (Fire Safety Order) 2005
- The Civil Contingencies Act 2004

Further detail of these legislative provisions is provided in Appendix 1.

The Fire and Rescue Service is a unique public body that plans for risk not demand. Appendix 2 delivers the understanding behind this and how it meets that risk through its prevention, protection and response services. This review will demonstrate the reliance and value these services add beyond local level delivery, with consideration given to regional, national and specialist international capabilities and interventions.

1.2 In addition to providing services to the West Midlands, given that the Service shares approximately 53 km of border with Hereford & Worcester FRS, 90km with Staffordshire FRS and 113km with Warwickshire FRS, it provides services to the region in the form of over-the-border mobilisations into neighbouring FRS's and vice versa where required. This is catered for under s13 of the Fire and Rescue Services Act 2004 and is termed Section 13 Mutual Assistance Agreements.

1.3 Further, the Service provides significant support to the national resilience arrangements. This is supplemented by supporting the United Kingdom in its International Search and Rescue (ISAR) capability, having supported numerous interventions to some of the world's largest and most devastating disasters, including earthquakes in Haiti, Japan and Nepal.

1.4 The Authority as it stands was legally established as a joint authority by the Local Government Act 1985. This Act stipulated the requirement to appoint 27 members to the Authority and the number of Members appointed from each of the 7 West Midlands Metropolitan councils.

1.5 Currently, members are drawn made up according to the following political ratio:

- 17 Labour
- 8 Conservative
- 1 Liberal Democrat
- 1 UKIP

1.6 The Authority undertakes the following strategic and statutory duties

- It is accountable to the community for the services provided through the Integrated Risk Management Plan (IRMP) and the service's rolling 3-year corporate strategy, 'The Plan'.
- It approves the budget for the delivery of these services and the setting of the precept for council tax.
- It employs all WMFS staff and owns all properties, rights and liabilities.
- It has ultimate accountability for decision making, however, the Authority delegates many decisions to its sub-committees such as Scrutiny and Audit and day to day operational control to the Chief Fire Officer (CFO) on matters *“concerned with maintaining operational effectiveness and the deployment of resources both physical and employees”*.

1.7 The CFO is the designated Head of Paid Service as required by the Local Government and Housing Act 1989 and is responsible for the management and development of all staff, land and resources to enable and ensure the delivery of services, including the exercise of all the powers of the Authority as an enforcement authority under relevant legislation. Accordingly, the CFO is accountable to the Authority. The operational independence of the CFO is secured by virtue of the skills, knowledge and experience required to deliver on the legislative prescriptions with clear lines of demarcation between Authority and the CFO detailed in the Authority's Constitution, agreed to by the Authority.

1.8 Whilst there is plenty of legislation that all public bodies are required to be compliant with, those detailed below are deemed to be most pertinent to informing the governance arrangements and the responsibilities placed upon the Authority:

- Local Government Act 1985
- Local Government and Housing Act 1989
- The Local Government Act 1972

Further detail with respect to the legislative responsibilities and a more detailed breakdown of current roles and responsibilities of the Authority is provided in Appendices 3 and 4.

1.9 The Authority has a number of sub-committees. These can be broadly divided into those that convene regularly and those that are convened upon requirement:

- Appeals Committee (convenes upon requirement)
The Appeals Committee operates as a quasi-judicial body in determining appeals relating to pensions and superannuation matters. This Committee convenes upon requirement and hears and decides upon: -
 - Appeals under the Firefighters Pensions Scheme, New Firefighters Pensions Scheme and the Firefighters Compensation Scheme.
 - Appeals under the Local Government Superannuation Regulations.
- Appointments Committee (convenes upon requirement)
The Appointments Committee convenes upon requirement to make appointments of the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer.
- Audit Committee
The Audit Committee is a key component of the Authority's corporate governance and includes an independent Member to provide independent assurance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. Its purpose is to provide independent assurance to the Members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- Executive Committee
The Executive Committee deals with all matters of an urgent nature which in the opinion of the Clerk/Monitoring Officer, cannot reasonably be delayed until the next ordinary meeting of the Authority or appropriate committee. It considers recommendations from the Scrutiny Committee in respect of completed reviews and to respond to the Scrutiny Committee on what action it proposes to take. It also approves transactions that exceed delegated authority.
- Policy Planning Forum - proportionality not applied
The Policy Planning Forum comprises all elected members and independent members of the Authority. The Forum is not a decision making body, but provides a forum for discussion of important issues affecting the Service prior to formal submission and discussion with members via the Committee framework as appropriate. It is a successful feature of the Authority's governance arrangements used as a particularly effective way of engaging Members and officers on key issues faced by the Authority. The Forum also acts as a vehicle to provide training to members.
- Scrutiny Committee
The Scrutiny Committee supports the Authority in achieving its strategic objectives and ensuring that its policy and budgetary framework is followed and developed to reflect the changing needs and demands in meeting its statutory obligations.

The main purpose of the scrutiny function is to:-

- i) Inform policy development
- ii) Hold officers and the Service to account
- ii) Hold the Authority to account
- iv) Conduct reviews into specific issues.

In carrying out its role the Committee may look at both operational and strategic issues.

- Joint Consultative Panel - proportionality not applied
The Panel comprises elected members of the Authority and recognised elected officials of the Trade Unions/Representative Bodies. The Panel establishes regular methods of consultation between the Authority, management and its employees as part of the employee relationship framework to consider and make recommendations to the Authority or the Chief Fire Officer as appropriate on:
 - any problems which may arise
 - any relevant matter referred to it by the Service or by the relevant employee organisation
 - the application of the terms and conditions of service for employees
 - matters referred to it by the Joint Consultative Committee, including failure to consult and failure to agree as defined in the constitution of the Joint Consultative Committee.

The Panel also discharges such other functions that are specifically assigned to it.

- Standards Committee (convenes upon requirement)
The Standards Committee convenes upon requirement and investigates allegations of breach of the member Code of Conduct and will make decisions on allegations made.

1.10 In addition to providing the accountability detailed above the Authority also represents the Service through strategic relationships and engagements in order to support the delivery of The Plan:

- s41 principles of local accountability – The lead s41 members represent the Authority at each of the 7 constituent councils providing the opportunity for two-way engagement.
- The Local Government Association (LGA) – the Chair is a member of the Fire Services Management Committee (FSMC) and the Fire Commission. The Chair is also supported by the Vice Chair at the latter. The Chair is also a member of the National Joint Council Employers panel and supports the engagement between the employers and the workforce at a national level through dialogue with the Employees panel, which consists of representative bodies.
- The Authority is an observer of the WMCA and through representation by the Chair the Authority is able to contribute to the regions key strategic priorities.

- Regional Chief Fire Officers and Chairs Fire Service Engagement – the Chair represents the Authority in discussions with regional Fire and Rescue Authorities and Warwickshire County Council to support the Service around key initiatives such as collaboration. This discussion incorporates Staffordshire FRA, Hereford and Worcester FRA, Shropshire FRA and Warwickshire County Council.
- The Staffordshire & West Midlands Joint Fire Control Governance Board – The Chair represents the Authority at the board as a Co-Chair. The Board oversees governance arrangements of the joint fire control.
- Local engagement with representative bodies and staff – The Chair undertakes regular engagement with the local Fire Brigade Union (FBU) and Unison representatives as part of promoting industrial relations. The Chair also represents the Authority as part of its engagement with staff by undertaking communication visits to every Community Fire Station and WMFS Headquarters. This engagement is informal and is not part of established processes.
- Local Councils – the Chair represents the Authority through focused engagement with Council Leaders as part of supporting the Service in efforts to build and develop collaborative and strategic relationships.
- Emergency Services – the Chair represents the Authority through engagement with the West Midlands Police and Crime Commissioner (PCC) and delegates at the Office of the West Midlands PCC, to support the Service in efforts to build and develop collaborative relationships.
- The Association of Metropolitan Fire and Rescue Authorities (AMFRA) – The Chair represents the Authority at AMFRA, which consists of the metropolitan fire and rescue authorities that provide services to the main conurbations in England. AMFRA discusses and progresses issues affecting the metropolitan fire authorities and engage at all political levels and work cross-party to support improved outcomes. Engaging through this group has supported a greater recognition and understanding of the challenges affecting the metropolitan Authorities, which in turn has impacted upon expectations for future efficiencies. The Chair of the Authority chairs AMFRA.

Existing WMCA Arrangements:

1.11 The WMCA governance arrangements consists of the WMCA Board and a number of other Boards / Committees:

- WMCA Board
 - Overall responsibility for developing and delivering the Strategic Economic Plan (SEP)
 - Overall responsibility for developing the strategy and delivering Public Service Reform (PSR)
 - Deliver the current devolution deal
 - To negotiate and deliver further devolution deals
 - Approval of future devolution deal development, to determine strategy on investment decisions
 - Allocating resources through the Combined Authority budget & income streams such as devolution deals
 - Determination of Transport strategy and spending priorities

- To operate a Cabinet model with Constituent Member Leaders 'sponsoring' a portfolio
 - To consider and determine applications for Constituent, Non-Constituent and observer status
 - To work with partners to develop the Midlands Engine
 - To work with Government to develop and influence national policy
 - To set up the fees for membership
- Audit, Risk & Assurance Committee

The Audit, Risk and Assurance Committee is a key component of the West Midlands Combined Authority's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The purpose of the Audit, Risk and Assurance Committee is to provide independent assurance to the Authority of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

- Overview & Scrutiny Committee

To ensure that decisions made by the Combined Authority, help make the West Midlands region a better place to live, work, study and do business. To undertake call-in arrangements for the Combined Authority. To make recommendations for appointment to the Combined Authority Board.

- Transport Delivery Committee

The Transport Delivery Committee will be a sub-committee of the Combined Authority Board.

The Transport Delivery Committee will be part of the Transport for West Midlands (TFWM) activities.

To provide oversight of operational delivery of transport across the West Midlands. As requested by the Combined Authority Board or Leader with Transport responsibilities, advise on transport policy matters.

Be responsible for the discharge of specified transport functions delegated by the Combined Authority Board.

The Board membership consists of each of the 7 constituent councils, which cover the West Midlands conurbation – Birmingham, Coventry, Walsall, Dudley, Wolverhampton, Solihull and Sandwell.

Ten non-constituent members also form part of the Board and have limited voting rights – Cannock Chase District, North Warwickshire Borough, Warwickshire County, Nuneaton and Bedworth Borough, Redditch Borough, Rugby Borough, Shropshire, Stratford on Avon District, Tamworth Borough and Telford and Wrekin Councils.

The PCC and the Authority also sit on the Board as Observers. Whilst they do not possess voting rights, they are able to contribute to the strategic discussion and add value.

1.12 The WMCA has a number of priorities which are vested in the Mayor and WMCA portfolio lead members:

- HS2 growth and Health and wellbeing – devolution deals and communications & engagement, mental health, mental health commission and health devolution
- Economic growth – delivery of Strategic Economic Plan (SEP), access to finance for business, Collective Investment Fund (CIF), WMCA growth company, international trade and exports, digital strategy and the arts and cultural activity
- Housing and land – land commission, Land Remediation Fund (LRF) housing delivery, one public estate
- Skills and productivity – skills and productivity commission (including employability), learning for the future and Further Education (FE) area reviews
- Cohesion & Integration and Public service reform – public service reform agenda, troubled families, criminal justice, welfare reform, shared services and social inclusion.
- Transport – delivery of Strategic Transport Plan, Midlands Connect, West Midlands Rail, HS2 delivery transport and Transport Delivery Committee
- Finance and investment – delivery of the WMCA investment agenda
- Environment

2 THE NEED TO REVIEW THE CURRENT FIRE ARRANGEMENTS

2.1 Public Services locally across the West Midlands are changing significantly and will continue to do so with the inception and progression of the WMCA. Central governments expectations around increased efficiencies and reform place an additional expectation on this continued change and transformation.

2.2 The fire and rescue services in England are not exempt from these expectations and will have made efficiencies in the region of £450m by 2019/20 since the introduction of comprehensive spending review (CSR) in 2010/11. Reductions have been experienced both in front line and support service staff. In many areas across England reductions have been seen in the number of fire stations and appliances available to attend emergency calls. As budgets and physical firefighting resources continue to be cut, it is becoming increasingly difficult to meet local needs and address risk in the communities.

2.3 In the West Midlands the Service has sought to implement a programme of transformation to ensure the risk based needs of local communities, targeting the vulnerable, continues to be met in order to deliver stringent service delivery performance standards. A review of the discharge of the Authority's responsibilities provides an opportunity to review the external influences on the Service's ability to sustain its service delivery arrangements. These influences range from changes in Government policy, expectations around reform and financial pressures to the wider benefit that can be leveraged from the services that WMFS are legislatively prescribed to deliver across the public sector in the West Midlands. They include the contribution the Service can make to the achievement of the Mayoral WMCA's strategic ambitions and priorities by supporting growth and reducing the total cost of delivering public services through a coordinated, integrated and collaborative delivery of services.

Background:

The Comprehensive Spending Review and the Service's Approach to Service Transformation

- 2.4 The Authority has fully supported service wide transformation and has embraced plans to meet the circa 50% (£38m) reduction in central government grant (core) over the course of the CSR, covering the period 2011/12 to 2019/20.
- 2.5 As cited earlier ongoing transformation over the past 6 years has impacted on both service support and service delivery functions. The Service has met the required reductions in funding through exploring and implementing more challenging and innovative approaches to the delivery of internal and external community facing services. Whilst the Service has had to make decisions that have increased risk in some areas of response, prevention and protection, these have been assessed through an evidence based approach, using integrated risk management analysis to minimise the impact on services to the community and importantly, to ensure service delivery standards and expectations continue to be met.
- 2.6 Service transformation in this way has reinforced the Services' priorities and outcomes as set out in The Plan. The Service Delivery Model (SDM) sits at the heart of The Plan and is underpinned by planning and analysis that determines the level of resources needed to be able to respond to high risk (life and property) incidents, within a risk based 5-minute attendance standard. This attendance standard evidentially enables the Service to act assertively, safely and effectively thus reducing the risk to firefighting and increasing the survivability of the victim, as well as reducing the impact of the fire on the local community and economy.
- 2.7 The SDM is pivotal to supporting an integrated approach to the delivery of the Service's prevention, protection and response services to the communities of the West Midlands. Amidst the challenges that the CSR presents to the Service, the SDM cannot be compromised particularly given the positive impact the SDM has at a time when the region has prioritised economic growth.

The Government's Fire Reform Programme

- 2.8 In addition to the significant financial challenges for the fire and rescue services there has also been significant policy challenges through reviews such as those conducted by Sir Ken Knight, (Facing the Future 2013), and Adrian Thomas (Independent review of conditions of service for fire and rescue staff in England February 2015). These reviews continue to set the backdrop for the reform of the fire and rescue sector and is reflected in the Home Office's policy development. However, they have been less challenging because the Service has and remains an agile public service committed to efficient and effective service delivery.
- 2.9 On the 11th September 2015 the Government released a consultation entitled 'Enabling Closer Working between the Emergency Services' which progressed the fire reform programme. This was soon followed by a move of government department for the fire and rescue service on the 5th January 2016, from the Department for Communities and Local Government to the Home Office. The fire reform programme has also encapsulated the reform of the professional voice of the England and Wales fire and rescue services, the Chief Fire Officers' Association (CFOA), with the Home Office contributing to its priorities. CFOA has undergone structural change mirroring the National Police Chiefs Council (NPCC), in addition to a name change resulting in the National Fire Chiefs Council (NFCC).
- 2.10 On the 24th May 2016 the then Home Secretary, the Rt Hon. Theresa May, issued a statement which outlined a clear desire from central Government to affect change and generate impetus for further reform wider than the delivery of services - reform of Fire and Rescue Authorities. The Government and the Home Office remain committed to implementing governance structures which provide increased scrutiny, transparency and accountability of decision making, building on the reform of Police Authorities.
- 2.11 The outcomes to the above consultation introduced the Policing and Crime Bill, which received Royal Assent in January 2017 (Policing and Crime Act 2017, PACA 2017). It introduced a new duty of collaboration on each of the emergency services. This Act also introduced new powers for elected Mayors to take on the governance of Fire and Rescue Services. It also delivered the same powers to the PCCs, where local agreement can be achieved.

Changing Governance and Future Opportunities

- 2.12 Government policy developments has also incorporated local councils with legislation enabling the inception of the West Midlands Combined Authority (WMCA) in June 2016 and a Mayor elected in May 2017. This change has provided a further opportunity to review the contribution that public services in the West Midlands can collectively make to the achievement of regional strategic priorities in a more efficient, effective and economical way.
- 2.13 The WMCA priorities are detailed in paragraph 1.12.

2.14 In view of the changing landscape and government expectations driven through policy and legislative reform, the Authority recognised that staying the same was not an option. The Authority identified four possible routes for the potential future governance structures for the Service:

- A Reformed Fire Authority (RFA),
- A Police and Crime Commissioner (PCC),
- A Mayor as part of the WMCA and
- A Combination of regional Fire and Rescue Services.

These possible governance structures were subsequently subject to an appraisal by an independently chaired Future Governance Working Group (the Group) in 2017. The work of the Group is discussed in paragraph 2.21. A more detailed description of each of these governance models is provided in Appendix 5.

2.15 These governance structures are enabled through a number of pieces of legislation. Governance through a PCC or a Mayor as part of a Combined Authority represents the newest structures and the policy of the current Government, enabled through the PACA 2017.

2.16 With the introduction of the WMCA came the first devolution agreement for the West Midlands in 2015, providing the region with additional £36.5 million a year of funding allocation over 30 years in addition to devolved responsibilities.

2.17 Amongst these priorities the 2015 devolution agreement for the WMCA encouraged the exploration of further opportunities for devolution on the basis of an appropriate relationship between the functions of a Mayor, the PCC's and the fire and rescue services. This intent is further outlined with respect to exploring such relationships in the mayoral manifesto.

2.18 These local and national changes have set the environment, pace and expectation of change to ensure the best outcomes for local communities.

WMFRA commitment to future governance

2.19 In view of Home Office expectations around the reform of the fire and rescue service developing apace, the Authority has embraced the developments and considered how it works with, responds to, and influences the changes to ensure the maintenance of risk-based services to local communities, delivered in a value for money way. The Authority acknowledged that a failure to address this could cause the Service to lose relevance, credibility and impact public confidence (an emerging corporate risk) from the uncertainty around the future governance of the Service, with the potential to impact on the priorities in The Plan.

The Evidence Base

- 2.20 The Authority committed itself to exploring an evidence based approach to understand how each of the future governance options, in light of the changing external influences highlighted in this review, may support the delivery of services to local communities, enable collaboration, whilst incorporating increased scrutiny, transparency and accountability of decisions; in a value for money way.

Future Governance Working Group

- 2.21 The Authority commissioned a Future Governance Working Group (the Group) to provide an options appraisal for the Authority to be able to make an evidence based decision on the best option for governance of the Service in the future and the best approach to achieving this. The group was independently chaired by professional services firm Price Waterhouse Coopers and consisted of a number of key stakeholders from across both the public and private sector:

- WMCA
- Office of the West Midlands Police and Crime Commissioner
- NHS England
- Home Office
- West Midlands Ambulance Service – Board of Governors
- West Midlands Fire and Rescue Authority
- Greater Birmingham Chamber of Commerce
- Coventry and Rugby Clinical Commissioning Group

The approach to assessment:

- 2.22 Initially and importantly the Group considered how collaboration currently existed as well as the potential for the provision of future collaborative services across blue light emergency services, local councils, WMCA and the NHS. A critical part to this was the impact the governance model would have on the community and the ability to deliver improved public service to the local community, with increased scrutiny, transparency and accountability of decisions in a value for money way.
- 2.23 Each of the governance models were assessed against the achievability of this through a set of high level community outcomes, recognising both strengths and opportunities for each of the governance options as well as the possible barriers and risks to progression. The analysis undertaken by the group suggested that:

‘a two-stage process (two changes in governance, i.e. from Authority to PCC, then to Mayor) increases costs, risk and reduces benefits and as such should be avoided.’

‘The Mayor will happen and this will create opportunity in improving public services. WMFRA need to ensure they remain engaged in this to ensure the best opportunity for the delivery of outcomes for the future’.

It also added that:

- The benefits of the WMCA model included the ability to work directly with all 7 of the metropolitan councils, the potential for working with the Police, and the non-constituents in enhancing public safety and management the demand services. It referenced the Telecare Service provided by the Service to 3 of the 7 constituent councils as good examples of this. It also discussed the potential for a regional emergency planning function and the WMCA as an appropriate footprint to integrate wider services in order to spread cost and outcomes as widely as possible.
- It referenced health as a central issue for the WMCA through its Mental Health Commission: *“As public sector reform is pursued, effective working across the local authority/health boundary will be required, as is hoped for in the STP process. The Mayor will also have convening powers which will at least require health to be at the table. There is certainly further collaboration opportunity for the Service with Health, with several good examples from elsewhere.”*

The Group conclusions can be found in Appendix 6.

- 2.24 The Group’s conclusions provided an evidence base to inform the Authority’s considerations and an avenue to provoke discussion about the merits of each of the options.

The Integrated Risk Management Plan (IRMP) Public Consultation:

- 2.25 The Service also undertook a public consultation during December 2016 to January 2017 to engage with the community and partners as part of its Integrated Risk Management Plan (the Consultation) on the future strategy to deliver risk based services across the West Midlands. As part of efforts to enable the community to develop its understanding about the changing landscape affecting the Service and to provide transparency, the consultation extended to future funding and governance. From a governance perspective the consultation outcomes identified a Reformed Fire Authority and a Mayoral Combined Authority as ‘desirable’ models for future governance for best supporting the delivery of its prevention, protection and response services to the communities of the West Midlands.
- 2.26 The influences of external change and a developing evidence base have provided the Authority with the justification to move forward and pursue the engagement of the WMCA and Mayor in determining the next steps in a proposed change in governance for West Midlands Fire Service.

3 HOW THE REGION CAN BENEFIT FROM A CHANGE IN GOVERNANCE MODEL AND INTEGRATING WMFS AS PART OF THE WMCA:

- 3.1 A transfer of governance functions to the WMCA will need to satisfy the following statutory requirements:

Section 105B(1) of the Cities and Local Government Devolution Act 2016 requires that:

‘appropriate consent is given and the Secretary of State considers that the making of the order is likely to improve the exercise of statutory functions in the area or areas to which the order relates’.

Section 113(3) of The Local Democracy, Economic Development and Construction Act 2009 requires that:

‘The Secretary of State must have regard to the need -

(a) To reflect the identities and interests of local communities and

(b) To secure effective and convenient local government’

- 3.2 This review will demonstrate how governance delivered through the Mayoral Combined Authority will improve the exercise of the statutory functions in the WMCA area to which this review and associated scheme relates, whilst reflecting the identities and interests of local communities and securing effective and convenient local government.
- 3.3 This will be achieved by delivering a stronger focus on collaboration across the region providing a joined up strategic approach, which is key to the Service’s strategic direction and delivery of its SDM. The opportunities the WMCA presents to widen and strengthen the delivery of collaborative prevention and protection based services was recognised as part of the options appraisal undertaken by the Group (cited in section 2). This is based on the strong track record the Service currently has in collaborating with local councils and other agencies to deliver joined-up services which focus on reducing vulnerability and creating stronger communities. This can be seen in the leadership the Service is currently providing to the WMCA work streams through the CFO leading on Public Service Reform. This change will meet the statutory requirements in 3.1. At the same time these changes will deliver public safety, value for money, increased scrutiny, transparency and accountability to communities, through the singularly elected individual the Government desires, in addition to providing the best opportunity for improving collaboration. The proposed arrangements are set out in section 5.

A workforce to support joined up services and reduce vulnerability

- 3.4 The Service’s strategy is ‘Making the West Midlands Safer, Stronger and Heathier’. The integrated SDM and five-minute attendance standard relies on an essential mix of resources and skills, provided through a whole-time multi skilled workforce delivering prevention, protection and response services.
- 3.5 The Service tackles the ‘causes of the causes’ and the over-arching risk in the West Midlands in this way. An example of its prevention activities is the holistic ‘Safe and Well’ visits. The Service gains access to more than 27,000 targeted-homes each year across the West Midlands as a direct result of the Service’s unique public standing in the community. These visits do not just focus on the potential causes of fire and safety issues, but go deeper to identify and address the wider health and or lifestyle issues which may, further down the line, lead to an emergency incident or acute intervention from the wider public services.

- 3.6 Under a WMCA governance arrangement promoting greater collaboration, greater benefit will be leveraged through interventions such as the holistic Safe and Well visits enabling the further reduction of vulnerability and providing added value within existing funding streams on a wide range of issues as recognised by Professor Sir Michael Marmot (Institute of Health Inequality) and Shirley Cramer (Chief Executive of Royal Society of Public Health).
- 3.7 The more joined-up delivery of services in this way, along with other initiatives such as better data and business advice (see Appendix 2) will not only address vulnerability within the community, strengthen the business community and enhance public safety in its widest context, but it will also deliver the economic savings referred to by the Group, as referenced in paragraph 2.23. The Service's 21st century professional, flexible, integrated SDM has the potential to deliver significantly improved value based outcomes to the communities through a more joined up public workforce.
- 3.8 Having considered the potential to deliver significantly improved value based outcomes through the WMCA this review acknowledges the duty the PACA 2017 places on emergency services to consider collaboration where it would be in the interests of efficiency or effectiveness. The Service has long standing collaborative relationships with West Midlands Police (WMP) and the West Midlands Ambulance Service (WMAS). Some examples are listed in Appendix 7.

Continued improvement and transformation

- 3.9 It is clear that as funding for public services continues to reduce, there will be a need to further reform services to improve collaborative working. This reform has to deliver improved value to local communities and should also provide greater value to the public spend.
- 3.10 The Service's commitment to transformation and reform whilst maintaining its commitment to the delivery of its integrated SDM is detailed above and as such the Service is one of the leanest Fire and Rescue Services in the country. This scale of reform has been achieved through working with the Authority, staff, representative bodies, partners and communities, implementing innovative concepts to new ways of working, which have enabled efficiencies to be achieved whilst maintaining and improving services delivered to local communities.
- 3.11 This service transformation continues as the Service seeks to understand how future services can be delivered in a more efficient and effective way, whilst ensuring public safety is clearly met through the right ratio of resources to risk.
- 3.12 Being part of the WMCA will create further opportunities to progress transformation and create greater efficiencies enabled through a single structure. This is supported by the Group's appraisal of the WMCA as the model which provides the best opportunity to realise these benefits as detailed in paragraph 2.23.

Effective decision making

- 3.13 A model which enables accountability and leadership to be aligned effectively will enable transparent and effective decision making and reduce bureaucracy. The WMCA will provide a stable and statutory body for the Service and the Mayor will provide an accountable figure for the Service and decisions made to local communities.
- 3.14 The Mayor as an accountable figure will satisfy the Home Office's desire for 'single accountability' across public services, which together with the benefits from increased integration, greater collaboration across public services, increased public safety and value for money provide a sound rationale for the benefits of transferring the governance of the Service from the Authority to the proposed model. As discussed throughout this section this change could enable increased value to the communities through the delivery of joined-up services across the West Midlands.
- 3.15 The current governance arrangements for the Service through the Authority provides a model where accountability is spread across all 27 of its members. Representation is provided for across all seven constituent councils with a particular focus on 'lead members' for each local authority and political representation is proportional to the West Midlands area. Moving to a model of single accountability through the Mayor will provide an increased political focus on this role. The detail around the proposed model set out in section 5, below, aims to ensure that whilst accountability cannot be spread, the Mayor would be supported by a 'Mayoral Fire Advisory Committee' (the Committee) in the delivery of this role. The Committee will not be a decision making committee, this responsibility will remain with the Mayor and Chief Fire Officer, as appropriate. The Committee will advise the Mayor, represent the Mayor and review decisions made by the Mayor. Further details around the role of the committee is set out in section 5 and Appendix 8.
- 3.16 The Mayor will provide a more visible figure of accountability for the Service, which will support the expansion of collaborative opportunities in line with Government expectations set out in the 'duty to collaborate', whilst enabling, through the model proposed below, focused engagement with constituent councils in the delivery of local services.
- 3.17 Clear and transformational leadership across the West Midlands, will also ensure the continuation of the progressive process of devolution of funding and powers as set out in the WMCA first devolution agreement, to achieve the right outcomes for the communities of the West Midlands.

4 THE DIRECTION FOR THE FUTURE GOVERNANCE OF THE SERVICE

- 4.1 The options appraisal undertaken by the Group together with the outcome of the consultation, the current and future strategic directions of the Service, the WMCA and the overall direction set by the Government (both policy and legislation), supports the Authority as it seeks alignment to a governance model through the Mayor as part of the WMCA. The Authority believes this model would provide the best approach to the future delivery of services to the communities of the West Midlands as set out in paragraph 3. This is particularly so given the Authority maintains its belief that the Service is the largest and most complex Fire and Rescue Service outside of London, complexities recognised by Adrian Thomas as part of his review.

- 4.2 The route to a WMCA governance model has provided the opportunity to explore the relationship between the functions of a Mayor, the PCC and the Authority through local determination. This journey has triggered significant engagement with the Mayor, the WMCA, the PCC, the constituent council Chief Executives and the Leaders of the constituent councils. Support for the strategy to reform the Authority through joining the WMCA as proposed within this Review was unanimously provided at WMCA Board on the 3rd March 2017. This was preceded by approval of the overall direction and timeline for future governance of the Service by the Authority on the 20th February 2017. Subsequently the WMCA Board has approved the preparation of the Governance Review and Scheme on the 8th September 2017. These reports are referred to in the background papers, below.
- 4.3 It is proposed that the Service transfer into the WMCA at this stage to enable it to achieve the benefits identified by the Group and those listed above, whilst delivering on the duty to collaborate with the emergency services prescribed by the PACA 2017. This move will progress the intent in the first devolution agreement as set out in paragraph 2.17 whilst the Mayor and the WMCA explore the basis of an appropriate relationship between the functions of a Mayor and the PCC as further outlined in the mayoral manifesto.
- 4.4 A critical element to a change in governance to the WMCA will be the interim governance arrangements in continuing to provide the highest levels of public safety, supporting increased collaboration, without the associated costs an unnecessary change governance option would incur; as well as the risk of impact on engagement with staff, community and trust. In recognition of this the Authority believes that a Reformed Fire Authority (RFA) option can provide a more robust interim approach to governance, this was a key consideration of the Group. In its conclusions the Group determined that, 'the Authority should consider how its own governance should change, to enhance opportunities for further reform and collaboration'. As such, it is anticipated that the RFA will be implemented in June 2018 to support the progressive change to a WMCA governance model.
- 4.5 An important local dynamic within the reform of the Authority is the enabling power the PCC has to seek representation on the Authority by virtue of the PACA 2017. The PCC has followed up on the Authority's invitation to request a place on the Authority. This will be a key part of the RFA, subject to approval at full Authority. This evidences further progress around the intent to explore relationships within the West Midlands.
- 5.0 **PROPOSED GOVERNANCE MODEL:**
- 5.1 A Mayoral combined authority governance model for Fire and Rescue Services is very new. Changes implemented in Greater Manchester and those legislated for in London provide examples of how Mayoral models for governance for Fire and Rescue Services are developing. Further detail is set out in Appendix 9a – Mayoral Governance Models for Fire and Rescue Services and Appendix 9b – Comparison of London and Manchester models.

A WMCA Governance Model

- 5.2 As part of this model it is proposed the WMCA take on the Authority's functions and as such will be to the employer of the Service's staff and own all properties, rights and liabilities in this proposed governance model. The WMCA as a 'corporate body' will have the right structures in place to support the requirements of employer status, as well as any liabilities that result from this. These functions are set out by the following legislation and detailed further in Appendices 1 and 4.

Local Government Act 1985

Local Government and Housing Act 1989

The Local Government Act 1972

The Fire and Rescue Services Act 2004

The Fire and Rescue Services Order 2007

Civil Contingencies Act 2004

Regulatory Reform (Fire Safety) Order 2005

The National Framework for Fire and Rescue Services in England 2012

- 5.3 This model proposes that the Mayor (only) as a singularly accountable figure, will have the power to exercise these functions, delegating decision making and operational functions as appropriate. The essential roles, responsibilities and accountabilities of Mayoral governance, should incorporate functions transferred to the WMCA but exercised only by the Mayor as follows:

- Fire and rescue functions as required of the Fire and Rescue Service Act 2004 and other enabling legislation (detailed above and in Appendix 1).
- Decisions and functions relating to all properties, rights and liabilities in relation to the exercising of fire and rescue functions
- Accountability for the Integrated Risk Management Plan
- Accountability for the Corporate Strategy
- Approval of Budget and setting of precept
- Appointment and dismissal of the CFO

5.4 The Mayoral Fire Advisory Committee (the Committee)

1. *Enable leadership for the Service and Mayoral priorities across each of the 7 local constituent authorities of the WMCA.*

It is proposed that through the Committee arrangements the philosophy of collective representation across all seven constituent authorities remain and that the Committee reflects the membership and balance derived from the approved arrangements for the West Midlands Reformed Fire Authority. This will enable proportionality across each of the constituent councils, as well as enabling continuity and equitable spread in roles and responsibilities.

It is proposed that lead members will represent the priorities and strategy of the Mayor and WMFS in their respective councils and will report on performance in relation to fire functions.

Committee members will also support their local community fire stations in engaging with the community and through providing a link into respective constituent councils.

2. Composition

It is proposed the committee appointed should consist of 15 elected members from the WMCA constituent councils, the Police and Crime Commissioner (in accordance with the PACA 2017) and three further co-opted members from health, Ambulance and the WMCA to promote greater challenge, transparency and further collaboration.

Existing political balance will be applied to the Committee.

The Chair of the committee will be appointed by the Mayor.

It is recognised within this proposed model that the Mayor will gain greater accountabilities and this will need to be balanced effectively with both existing and future roles and responsibilities. It is proposed that the Committee members will support the Mayor in providing advice around fire related issues to ensure the right level of detail and understanding is provided to inform the Mayors role as the Authority.

The Committee will support the Mayor in providing advice around exercising fire functions to ensure the right level of detail and understanding is provided to inform the Mayors role as the Authority.

3. Keep under review decisions made by the Mayor

It is proposed that the role of reviewing decisions made by the Mayor is delegated to the Committee. Such reviews will be aligned to the National Framework for the Fire and Rescue Service and through prepared reports, will inform the WMCA about decisions made in relation to the exercising of fire and rescue functions. This will enable a continuation of knowledge and expertise in relation to fire at the outset of transferring the role of fire into the WMCA.

The Committee will review decisions made by the Mayor.

The proposed role of the Committee would be to report back to the WMCA on decisions made.

The Committee will not be a decision-making committee this responsibility will remain with the Mayor and Chief Fire Officer, as appropriate.

4. Act as the 'voice' of the fire service within the 7 Constituent councils, regionally with other Fire and Rescue Services, nationally through the National Joint Council and Local Government Association.

The Committee will support the Mayor by continuing with the strategic engagements cited in paragraph 1 thereby adding value to and influencing local, regional and national engagements through its sector expertise.

5. *Engage with and influence government policy on behalf of the Mayor in matters such as the impact of CSR on the ability to provide continuity of services to the West Midlands communities.*

Working regionally and nationally with the Fire Sector to engage with and influence issues such as flooding, funding, etc.

The Committee will continue to be a key resource in enabling a wider awareness of the challenges faced locally both from a fire-fighting and community perspective. It will continue to represent the Service through bodies such as AMFRA listed in paragraph 1.

6. *Enable the development of collaboration, partnerships and services to the community through engagement with local councils, emergency services and beyond, thereby fulfilling the requirements of the duty to collaborate.*

The Committee will provide the support required to fulfil the legislative obligations prescribed by the PACA 2017.

- 5.5 This proposed model seeks to create an efficient and effective decision making structure, which will support the Mayor in focusing on strategy and setting direction for the Service.
- 5.6 This proposed model compares favourably with the model recently implemented in Greater Manchester. The model for London which is yet to be implemented is different in that the London Commissioner role also acts as the governing body. It is understood that the scrutiny role of the Greater London Assembly can in the case of fire be delegated to its fire committee.
- 5.7 An overview of the proposed governance framework incorporating roles and responsibilities of the Mayor, committee and CFO/Officers is set out in Appendix 8.
- 5.8 **CFO/Officer roles**

This model will enable the Mayor to delegate functions to the CFO enabling the CFO to be directly accountable for:

- the management of the Service
- the delivery of WMFS Strategy (incl. matters relating to exercising functions of the Fire and Rescue Services Act 2004, etc.)
- the delivery of a staffing structure and model which supports current and future Strategy
- the deployment of resources to meet risk
- the transformation of services to meet WMFS and Mayoral/WMCA priorities.

5.9 The above areas of accountability would enable the CFO as head of paid service of West Midlands Fire Service to effectively manage staff, employee relations, workforce development, resources and assets to support the delivery of day to day functions, as well as the development of future delivery of services aligned to the strategy agreed with the Mayor. Such a proposal appears well placed when considered alongside Chief Officers for other emergency services.

5.10 In accordance with section 2(3) of The Police Reform and Social Responsibility Act 2011 a Chief Constable has direct control of the police force and civilian staff of a police force. This is therefore equivalent to the head of paid service conferred by s4 of the Local Government and Housing Act 1989. Furthermore, a Chief Constable is also a corporation sole by virtue of s2 of Schedule 2 of The Police Reform and Social Responsibility Act 2011.

6. The legislative route to enabling Mayoral governance

6.1 The main pieces of legislation enabling the change to be enacted in governance can be listed as follows:

- The Local Democracy, Economic Development and Construction Act 2009 and
- The Cities and Local Government Devolution Act 2016
- The Policing and Crime Act 2017 (PACA 2017)

6.2 The preferred route to achieve Mayoral governance of WMFS is through the Cities and Devolution Act 2016. This legislation enables the WMCA to take on additional functions, either local authority and/or other public authority functions. This route will enable, through a devolution deal, the powers and functions of WMFRA to be devolved to the WMCA and exercised only by the Mayor.

6.3 The justification and evidence base to support this route has been provided throughout this review and is listed in the scheme. The scheme will be consulted upon and approved locally prior to being submitted to government. The process is detailed below.

6.4 Process and timeline:

The following timeline demonstrates the next steps and stages required to effect the change in governance as outlined in this review. The timeline is indicative but it is envisaged that the governance could be implemented within a 15-18-month period. It should be noted that if the transfer of the Authority functions to the WMCA were to be achieved within this period, the RFA as an interim governance change may not be necessary move.

October - November 2017: Constituent Authority approval of content of governance review and scheme.

8 December 2017: WMCA approval of content of Governance Review and Scheme.

January – February 2018: Consultation of proposals set out in the scheme on behalf of the Secretary of State (a minimum of 6 weeks)

March 18: Analyse consultation responses locally

April 18: Governance Review, Scheme and analysis of consultation reviewed by Secretary of State (4-12 weeks)

May - June 18: Government development of Order detailing changes required in legislation to abolish WMFRA and amend legislation to enable future WMCA governance

July - September 18: Constituent Authority/ CA approval of detail of Order

September - October 18: Order amended where needed locally enters Parliamentary Process

November 18: Secretary of State approves Order

November/ December 18: Authority functions can transfer to the WMCA

7. Schedule of background papers

WMFRA report: 'Route Map to Mayoral Governance' (20 February 2017)

WMFRA Report - Future Governance Working Group (20 February 2017)

Future Governance Working Group Report February 2017

West Midlands Combined Authority (WMCA) report (3 March 2017)

WMFRA report – 'Route map to Mayoral West Midlands, Combined Authority Governance - a Reformed Fire Authority (RFA) and decision (10 April 2017)

West Midlands Combined Authority (WMCA) report (8 September 2017)

8. Appendices

Appendix 1 – The Most Pertinent Legislatively Prescribed Service Delivery Provisions:

The most pertinent legislatively prescribed service delivery provisions are as follows:

- **The Fire and Rescue Services Act 2004**

As a requirement of the Fire and Rescue Services Act 2004, the Government published the Fire and Rescue National Framework setting out the priorities and objectives for Fire and Rescue Authorities in England. FRA's must have regard to it in carrying out their duties. The Framework places responsibility on Fire and Rescue Services to prepare an Integrated Risk Management Plan (IRMP). The plan must include targets and objectives for reducing risks, balancing prevention and intervention, and determining response standards and resource allocation. In West Midlands this is called The Community Safety Strategy. The CFO will manage and advise the Mayoral on the IRMP, subject to the Mayor's approval.

- **The Fire and Rescue Services (Emergencies) (England) Order 2007**

Section 58 of the FRS Act 2004 specifies other emergencies for which fire and rescue authorities must make provision. These are set out in the above Order 2007 and specifies functions in connection with emergencies involving chemical, biological, or radio-active contaminants, structural collapse or a train, tram or aircraft (“transport emergencies”), but does not apply in relation to transport emergencies, unless the incident is likely to require a Fire and Rescue Authority to use resources beyond the scope of its normal day to day operations.

In addition, where a Fire and Rescue Authority has specialist resources, including specialist trained personnel, to enable it to deal with emergencies of a kind described in this Order, and such an emergency occurs or is likely to occur in the area of another Authority; this Order requires the Authority with the specialist resources, if asked to do so, to use those resources in that other Authority’s area so far as is reasonable for the purpose of dealing with the emergency. The CFO will manage the configuration of the resources as part of day to day business, however, the Mayor will retain oversight and be able to provide time critical resilience to emergencies on a regional and national scale.

- **The Regulatory Reform (Fire Safety Order) 2005**

This places emphasis on business continuity and containing and preventing the spread of small fires. It provides a minimum fire safety standard in all non-domestic premises. It designates a person (e.g. employer, manager or owner) as a responsible person who is then required to carry out certain fire safety duties, which include ensuring that general fire precautions are satisfactory and that fire risk assessments are conducted.

Fire Authorities are the primary enforcing agencies for all fire legislation in non-domestic use. The Authority has delegated the power to prosecute to the Chief Fire Officer. However, the Mayor will retain oversight.

- **The Civil Contingencies Act 2004**

The Civil Contingencies Act 2004 delivers a framework for civil protection. It establishes a statutory framework of roles and responsibilities for local responders; of which the Authority is one, and on emergency powers, establishing a framework for the use of special legislative measures that might be necessary to deal with the effects of the most serious emergencies. The Act also divides local responders into two categories. The Fire Authority is a Category 1 responder. This means that it is at the core of emergency response. Upon transfer of governance the CFO will continue to manage operational handling and the Mayor will retain oversight.

Appendix 2 – A Risk Based Service and Risk Based Service Delivery

The Service is a unique public body in that it is funded to provide adequate cover against risk, informed by demand, as opposed to restricted to demand.

Risk is analysed by employing sophisticated processes to manage performance in responding to emergency incidents, based upon the principle of proportionality, dependent on the risk involved. Local geography is analysed, based on factors such as deprivation and the history of dwelling fire incidents within locations to determine the weighting of the risk. In this way, a picture is painted of the future likelihood of high risk incidents occurring in particular areas allowing a reliable Risk Map for assessing foreseeable future risk to be developed. The Area Risk Maps (ARM's) are then used as the basis for planning prevention, protection and emergency response strategies. This data is key not only relevant to WMFS but also to partners in authorities such as constituent councils, health and social care.

It serves a population of more than 2.8 million people with some of the most diverse and multi-cultural communities in the country, in a relatively small geographical space. The population demographics, socio-economic and health and well-being challenges means that the Service has amongst the highest levels of social risk in England, which makes its communities particularly vulnerable to fire, road traffic and other emergency incidents. The West Midlands has a disproportionate percentage of the total number of incidents with more fires per head of population in the West Midlands compared to the rest of the country including London. There are also proportionately more serious life threatening incidents in the West Midlands as is shown by analysing the Primary Fires. There is a similar pattern when total incidents - not just fires but all manner of emergencies.¹ Serving a relatively small geographical space means that WMFS' fire stations serve more people compared to the rest of the country, serving the highest levels of population outside of London, typically double the population of other non-Metropolitan FRS's.² Serving larger number of high risk people means WMFS stations are amongst the busiest in the country, attending more than double the number of incidents per Fire Station.³

Prevention, Protection and Response Services:

Prevention – creating a healthier community through changing behaviours to improve outcomes

As well as responding to risks when they do happen WMFS is about preventing those incidents and protecting communities in the first instance – That is where its key successes and improvements have been. Nationally, the FRS has undergone a major cultural change to embrace prevention and develop a sophisticated understanding of community risk. This has brought about a dramatic reduction in fires (58%), deaths (38%) and injuries (35%) through services' engagement with communities.⁴ The Service plays a very practical and essential role in managing and responding to the risks that face society and they are also uniquely placed to reduce some of the risk in the community through their unrivalled standing and high levels of public trust, satisfaction and confidence by situating firefighters at the very heart of the West Midlands community. This allows the community to have comprehensive

¹ CIPFA Fire Statistics

² CIPFA Fire Statistics

³ CIPFA Fire Statistics

⁴ Fire Statistics Data Tables, Home Office

contact with firefighters who are then able to cross the front doors of residents in the high 80% of the time without any prior contact. This means WMFS firefighters are able to go further when conducting their comprehensive Safe and Well Checks in providing critical interventions, promoting health messages and making referrals to appropriate services to help keep people safe and reduce incidents of harm – *fire-fighting upstream*.

Protection Services – creating a stronger business community

Serving the heartlands of businesses and the UK economy the Service plays a major role in contributing to the national protection activity. The West Midlands has large numbers of industrial and relatively high risk premises within its community. Often this is a legacy of former industrial heritage and how the cities have developed. One example of the relative risk is that the West Midlands has a higher percentage of unsatisfactory business audits undertaken, meaning they comprise the greatest business risk, which therefore requires further resources to enforce compliance.

Accordingly, protection services are geared towards supporting the local economy. This means prioritising the business sector, focusing on giving a wide range of advice and, when necessary, enforcing the law through qualified inspectors. Officers also work with building control and approved inspectors to inspect plans for new buildings and ensure compliance with the following:

- Clear access routes for fire appliances in areas of new build
- Adequate water supplies and firefighting facilities
- Suitable escape routes and fire resisting construction
- Safety systems such as fire alarms and escape lighting

Safety audits are carried out using a risk based system of ranking sites in order of priority, to ensure visits take place where they will achieve the greatest impact on safety.

The business help-first approach helps to foster positive perceptions in the diverse business community of the West Midlands where there are more small to medium businesses with 18,337 new businesses registered in Birmingham in 2014⁵, the highest in any UK city outside London. 80% of small to medium businesses in the West Midlands do not recover from a fire. An important part of the work the Service does is to work with such businesses to increase their resilience and help to keep businesses in businesses.

These activities strategically align to the WMCA, which has prioritised economic development as part of its plans to use its extensive economic market area covered by the three Local Enterprise Partnerships (LEPs) to jointly create an economy which is the strongest outside London and contributes fully to the Government's vision of a wider "Midlands Engine for Growth".

⁵ Start-up Britain 2014

Response Services – creating safer communities:

Although the Service has been very successful in reducing fires, there remains an underlying level of risk which means that the Service needs to be resourced to enable it to continue to respond effectively to all the risk in their communities. There is a key public expectation that the Service will respond swiftly to help effectively whatever the emergency. Emergency response will always remain a core priority because, despite efforts to prevent fires and reduce their impact, they and other emergencies continue to occur, putting life, property and the local economy at risk. Emergency calls range from rubbish fires, road traffic incidents, special service calls or a life threatening house fire.

Incidents which threaten life or property require swift attendance times. A swift attendance time reduces the risk to the victim and the responding firefighter, and the financial impact of fire on the local and national economy. WMFS believe that achieving the fastest response time possible is evidentially important to survivability.

Alongside coping with local risks the Service is an integral part of the National Resilience plans for dealing with serious incidents and major catastrophes including natural disasters, terrorism, whereby it provides specialist support in the event of Marauding Terrorist Fire Arms incidents, and specialist capabilities to the UN approved UK International Search and Rescue Teams.

Appendix 3 – Current governance framework for WMFRA
CURRENT WMFRA MODEL
ROLES & RESPONSIBILITIES

HOW IS THIS ENABLED?

WHAT DOES THIS MEAN?

<p>West Midlands Fire and Rescue Authority (WMRA) 27 councillors proportionality representing 7 constituent councils. Model based on Section 41 – lead member principles</p>	<ul style="list-style-type: none"> • Governance (supervisory body) for WMFS • Accountable for ‘fire and rescue’ functions – FRS Act 2004: • Approve the Integrated Risk Management Plan (N.Framework), Corporate Strategy, budget * • Raise council tax precept • Owns all properties, rights and liabilities, including employment contracts • Appointment of Principal & Statutory officers • Lead members (section 41) enable Local Authority representation • Regional and national (LGA/NJC) rep • Lobbies government - AMFRA 	<p>WMFRA is responsible for employing staff, owns all assets and is liable for all civil/criminal action.</p> <p>WMFRA is accountable to the communities for services provided as set out in the Fire and Rescue Services Act and other enabling legislation</p> <p>WMFRA collects council tax contributions from constituent councils</p>	<p>Officers prepare and present the IRM and Corporate Strategy for Authority approval</p> <p>Officers prepare and present all financial, property and asset plans for Authority approval</p> <p>Officers manage all activity to ensure services are delivered as set out in enabling legislation</p> <p>Officers line manage all employees & employee/management relationships through employee relations framework</p>
<p>Committees Councillors undertake delegated responsibilities</p>	<p>Audit – governance, risk management and financial control Scrutiny – inform policy development and scrutinise performance Executive Committee – urgent matters, approve procurement over £250k Plus: Appeals, appointments, standards</p>	<p>Committees provide delegated roles on behalf of the WMFRA. Both Audit and Scrutiny are ‘statutory’ roles. Scrutiny is an important element of ‘good governance’ in ensuring robust frameworks are in place</p>	<p>Executive arrangements have reduced and now hear urgent matters & scrutiny outcomes.</p> <p>Scrutiny supported by officers to enable an effective approach to reviews.</p>
<p>Chief Fire Officer/s Delegated responsibilities Accountable to WMFRA</p>	<p>Head of Paid Service Control of all matters relating to administration of WMFRA functions under fire and rescue services act & other legislation - firefighting, fire safety, road traffic collisions, emergencies, civil contingencies, MTFA, National Resilience.</p>	<p>Decision making to enable operational effectiveness through the right:</p> <ul style="list-style-type: none"> • Allocation of resources • People • workforce development <p>To enable delivery of the SDM & WMFRA strategy</p>	<ul style="list-style-type: none"> • line management of staff • development of staff • Day to day varying deployment of resources to meet risk • Effective varying of staffing structure and SDM to match resources to risk • Advises WMFRA on exercise of fire and rescue functions

Appendix 4 – Legislative Responsibilities Currently Placed on WMFRA

The responsibilities as set out in the following pieces of legislation will need to be transferred on abolition of the Authority.

- **Local Government Act 1985**

The Authority as it stands was legally created under the LGA 1985, which created joint fire authorities and stipulated the number of Members appointed from constituent councils to the Fire Authority (27). Section 34 also sets out the annual appointment of the Chair, Vice Chair and Clerk. The responsibilities as set out in this Act including their transfer will depend on the governance model adopted for the future provision of community services.

- **Local Government and Housing Act 1989**

This Act requires the designation of one of WMFS's officers as Head of Paid Service (the Chief Fire Officer) and outlines the specific responsibilities of this role. It also stipulates the requirement to appoint a Monitoring Officer. It is proposed the CFO will continue to be the head of paid service and will be accountable to the Mayor in the operation of their duties, subject to the detail set in the Scheme and the WMCA's Constitution. The requirement to appoint a Monitoring Officer will depend on the governance model adopted.

- **The Local Government Act 1972**

This Act requires the appointment of a Chief Finance Officer (section 151 Officer) in addition to the appointment of such officers as the Authority thinks necessary for the proper discharge of its functions. Under this Act the Authority may also acquire, appropriate or dispose of land/and or premises. Further, the Authority is permitted to make standing orders in respect to the making of contracts by them or on their behalf (subject to relevant procurement legislation). The responsibilities set out in this Act will depend on the governance model adopted.

Appendix 5 – The Governance Models

A Fire and Rescue Authority

Currently all Fire and Rescue Services (excluding Scotland, London and those abolished upon incorporation in combined authorities) whether Metropolitan, Combined or County Council, are governed through an Authority and Committees. These provide democratic accountability and governance of Fire Services to the communities they serve.

A Fire Authority is a statutory body. The Local Government Act 1985 and Local Government and Housing Act 1989, provides the basis for these arrangements. More specifically, for West Midlands Fire Service as a Metropolitan Service schedule 10 of the 85' Act sets out the number of Members that should sit on the Authority, apportioning this amongst each of the 7 West Midlands Local Authorities.

The purpose of a Fire Authority is to provide policy and political direction to the Service and to carry out strategic and legislative duties such as the approval of the Authority budget.

A Police and Crime Commissioner (PCC):

The introduction of the Policing and Crime Act 2017 (PACA 2017) as an outcome of the 'Enabling Closer Working' consultation, introduced two key proposals:

It placed a duty on each of the emergency services to consider collaboration. PACA 2017 also enabled the governance of the Fire and Rescue Services to be provided for through a single elected accountable person, a Mayor or where this is locally determined, a PCC. PCC's now have the ability to submit a business case to the Secretary of State, to take over the governance of Fire and Rescue Services in their areas.

Any business case must be able to demonstrate the benefits of this change against the delivery of improved efficiency, effectiveness, economy and public safety.

The PACA 2017 provides two options for the future governance and management of both organisations (Police and Fire).

The first is where the PCC provides the governance for both the Police and Fire, with Chief Officers from both organisations reporting in through their separate management structures. This would lead to the disbanding of the Authority and the transference of the employer status for fire and rescue staff to the PCC.

The second also enables the PCC to provide governance for both Services but appoints a 'single employer', a Chief Officer, to oversee both organisations (Police and Fire). In this option the Chief Officer becomes the employer of fire and rescue staff.

The PACA 2017 also makes provision for differing arrangements in London where the London Fire and Emergency Planning Authority (LFEPA) will be abolished and the London Fire Service will be brought under the direction of the Mayor of London, who will set its budgets and strategic direction. The London Fire Commissioner will become a 'corporation sole', with the functions of the abolished LFEPA being transferred to the Commissioner. The Commissioner will have the functions of the Fire and Rescue Authority for Greater London. A Fire and Emergency committee will be formed with the purpose of scrutinising the Commissioner, Fire Service and Mayor.

West Midlands Combined Authority and the Mayor:

As part of public sector reform, handing down power and money from central government to local authorities through devolution deals, means that decisions and spend can be made locally for the benefit of the region. This can be achieved through the joining of services to deliver better outcomes for the community. Devolution is a critical agenda for central government and through the Cities and Devolution Act 2016, has been delivered through a Mayor as the single accountable leader of a Combined Authority.

Mayoral elections for WMCA took place on the 4th May 2017 and following amendments to the PACA 2017 at Bill stage, provisions are in place for the Mayor to have the direct power to "exercise the functions of Fire and Rescue Services". This has provided a route for the governance of the Service to become functions of the Mayor as part of the WMCA and be provided for through this structure.

Combination of Fire and Rescue Services:

The west midlands county footprint incorporates five fire and rescue services. Research undertaken during 2015 highlighted the possibility of the combination of Fire and Rescue Services with the potential to increased public safety and improved performance whilst delivering wider efficiencies. The commitment to joint working within the WMCA footprint is evident by the increase in the number of non-constituent members which brings into focus the wider fire and rescue services.

The Fire and Rescue Services Act 2004 and enables the PACA 2017 enables these changes to be made.

Appendix 6 – The Future Governance Working Groups Conclusions

1. The analysis suggests that a two-stage process, whilst there is no “stand out” option, increases costs, risk and reduces benefits and as such should be avoided. There is considerable potential change in the next year or so:

- PCC business cases
- The development of the Combined Authority model in Manchester and London
- The programme of the Mayor and the WMCA
- Additional devolution deals

The WMFRA needs to ensure it continues to engage with stakeholders to ensure it can fully consider its position and the options available to it.

2. The Working Group found that there was enthusiasm and commitment from other organisations for collaboration. The Service has made great progress over recent years, and the working group felt that the Authority would benefit from considering its constitution and structure and how it might change enable further collaboration.

3. The Mayoral and WMCA model is just emerging and the first Mayor is yet to be appointed, so there is as yet lack of clarity about its programme. However, change with a new Mayor will happen and this will create opportunity in improving public services. The WMFRA need to ensure that they remain engaged in this to ensure the best opportunity for delivery of outcomes for future.

4. If a mayoral option is not available in the medium term for police or fire, then the options would need re appraised to ensure the benefits of collaboration across the emergency services and wider public services are realised.

5. The Bill does not enable governance changes with the Ambulance Service which may prevent full collaboration to be realised as well as the benefits from this.

6. Ambulance sits outside of governance analysis however the opportunities for collaboration are significant

7 A Fire/Fire combination would realise significant benefits at lower risk than other options. This would require local consensus and a formal business case, approved by the Home Office. The associated Council tax consequences, and any boundary issues would need to be considered.

8 The PCC model is relatively new but is having an impact on Police effectiveness. Although there would be some risk associated with the Fire/Police combination, there could be significant cost benefits.

Appendix 7 – Collaborative Relationships

Multi-Agency Specialist Assessment Team (MASAT):

Combining the resources, expertise and specialist knowledge of the Service, West Midlands Ambulance Service (WMAS) and West Midlands Police (WMP) for the initial assessment of hazardous substance at potential/suspected Chemical Biological, Radiological and Nuclear (CBRNe) incidents achieves a flexible and a scalable approach, which delivers an effective and efficient response.

The relationships formed through this work has enabled greater communication particularly with WMP. Through these relationships, shared work locations have now been established, which further the ongoing support for daily activities and the ability to share information.

The Multi Agency Specialist Assessment Team (MASAT) seeks to develop a single, joint and co-ordinated emergency services response to a suspected/potential CBRN(e) event, implementing consistent working practices and maximising interoperability across equipment, resources and knowledge.

The MASAT is a combination of CBRN(e)/HAZMAT specialist resources from WMFS, WMAS and Police Officers from the four regional forces. By working as a single operational entity the MASAT will provide an initial assessment of suspected/potential CBRN incidents and rapidly detect, identify and monitor the presence of any hazardous substance, to secure an informed and proportionate multi-agency response. The team may also be deployed to other incidents which encounter hazardous materials, for example, chemical suicides and drugs or explosive laboratories where chemicals are found.

The principal contributions of each service are:-

➤ Ambulance Service

The WMAS Hazardous Area Response Team (HART) provide an initial health assessment of any incident and alert the wider health community on their potential scale and impact. The team support Fire and Police Service responders, ensuring a safe system of work and providing immediate medical care to MASAT staff.

➤ Fire Service

The Fire Service provide a Detection Identification and Monitoring (DIM) capability to rapidly identify and analyse suspected CBRN(e) substances. The team also ensure that items recovered are handled and retained with due care for forensic integrity. The team also ensure that safe systems of work exist for Breathing Apparatus equipment and rescue functions.

➤ Police Service

The Police Service will have primary responsibility to command the response to an actual or potential CBRN(e) event by managing any civil disorder, to ensure a permissive environment exists in which the other emergency services can operate. It will also conduct intelligence/scene assessments to inform operational risk assessments and any subsequent response.

Benefits:

A more dynamic, effective and efficient delivery of services when an incident occurs as all emergency services respond together using the same approach and together.

Collaborative Pensions Board:

WMFS and WMP chair each other's respective Pensions Board meetings. This arrangement was established in order to provide an independent Chair at each Pension Board meeting without incurring additional costs.

Benefits:

- This has been a quick win for both services and has removed the potential costs associated with recruiting an independent Chair into this role.
- Sharing of practice and development of working relationships between the WMP and WMFS.

Emergency Planning / LRF

For a number of years WMFS and WMP have shared the co-ordination and delivery of the Local Resilience Forum (LRF) in support of the Local Authorities and other Category 1 and 2 responders under the Civil Contingencies Act.

WMFS and WMP provide the Chair and Vice Chair of both the Strategic LRF and the General Working Group (GWG) that supports the LRF. The administrative resources for the LRF are employed by WMP but directly support the Chair from WMFS.

Local Police Units & Operations Commanders:

This collaboration is underway with WMFS Operations Commanders regularly attending WMP Local Police unit meeting and vice versa.

There are regular meetings between the Principal officers in WMFS and WMP to ensure that all opportunities are discussed such as:

- The possibility of sharing data and information about properties and estates
- Looking at closer alignment of LPU/Command plans to take account of each other's local priorities
- The chance of Police sharing data about RTCs to help WMFS measure the impact of prevention activity

Appendix 8 – Proposed Future Governance Framework for Mayoral model

ROLES & RESPONSIBILITIES

WHAT WILL THIS MEAN?

Mayor
Single elected
accountable figure

- Governance (supervisory body) for WMFS, guided by LGA and LGiH Acts
- Exercises all 'fire and rescue' functions – FRS Act 2004 and enabling:
- Accountable for the:
 - Integrated Risk Management Plan (N.Framework)*
 - the Corporate Strategy – The Plan*
 - Budgets (Capital and revenue)*
- Raises precept
- Responsible for Senior & Statutory Officer appointments

- The WMCA owns all properties rights and liabilities of the former WMFRA and all functions
- The WMCA employ all staff including the CFO
- The Mayor **only** can exercise all fire and rescue functions and can delegate these to a committee and/or officers other than* functions
- The Mayor is accountable figure to the communities for services provided, as set out in the Fire and Rescue Services Act and other enabling legislation
- The Mayor provides strategic policy direction
- The Mayor oversees the efficiency and effectiveness of WMFS

WMCA
(governing body)

- Owns all **functions**, properties, rights and liabilities, including employment contracts of WMFS staff

The MFAC has clear delegations around scrutiny of Mayoral decisions, providing reports to the WMCA
Supports the Mayor both locally and nationally as the political 'voice' for WMFS

Fire Advisory
Committee
(Specialist review
and advice to
Mayor)

- Leadership for WMFS priorities across seven local constituent authorities
- Enabling development of local authority and health care partnerships
- Review functions - i.e. reviewing decisions made against the local risk plan and the corporate strategy (statutory functions)
- Enabling regional fire and local government relationships
- Lobbying functions with other FRSs through AMFRA
- A voice and representation within LGA and NJC working with alongside NFCC
- Ceremonial support for Mayor for WMFS

Chief Fire
Officer/Officers
Accountable to
the Mayor

- Head of Paid Service for WMFS
Accountable to the Mayor for the delivery of services within a balanced budget:
- the delivery of WMFS Strategy (incl. matters relating to exercising functions of the fire and rescue services ac, etc)
 - the delivery of a staffing structure & models supporting current and future Strategy
 - the deployment of resources to meet risk
 - the transformation of services to meet WMFS and Mayoral/WMCA priorities.

Accountability for the delivery of Strategy and Integrated Risk Plan, enabled through robust decision making at the right level. Delivering operational effectiveness through the right:

- Allocation of resources
- Recruitment and management of staff
- workforce reform & development

Appendix 9a – Mayoral Governance Models for Fire and Rescue Services

London arrangements: The Mayor of London already provides a role for oversight of the current London Fire and Emergency Planning Authority (LFEPA). The new London Mayoral model which is created by the Policing and Crime Act 2017, places responsibility for the governance of the London Fire Brigade with the London Fire Commissioner (LFC), transferring the functions of the LFEPA to the LFC. This role will also be the Chief Fire Officer for the Fire Brigade.

The detail around this model is still emerging and a 'scheme of supervision' is currently being created to ensure the Mayor is able to hold the LFC to account for the exercise of functions.

A 'fire, resilience and emergency planning committee' was constituted on the 3rd May 2017 and is intended to provide a scrutiny function to the LFC on behalf of the Mayor.

Manchester arrangements: The Manchester Mayoral model created through the Cities and Devolution Act 2016, transfers the governance of the Fire and Rescue Service and the functions of the previous Fire Authority, to the Greater Manchester Combined Authority (GMCA). However, these functions are only exercisable by the Mayor. The transfer of these functions took place on the 8th May 2017.

The Mayor is able to delegate to both the CFO and a 'fire committee'.

A 'fire committee' is provided for within the order that created the fire function within GMCA, The Greater Manchester Combined Authority (Fire and Rescue Functions) Order 2017. The role of the fire committee is not set out in this order and but is in the early stages of being developed.

What are the differences?

The London model places accountability for governance, delivery of fire and rescue functions and services, the ownership of assets and employment of staff on the LFC role. This role will also be the CFO for the Fire Service.

The scrutiny role enabled through the 'fire, resilience and emergency planning committee' is essential for this model.

The Manchester model enables the responsibility for the delivery of services, the ownership of assets and employment of staff to be spread. Whilst the GMCA employs staff and owns assets, the Mayor is accountable for the exercising of 'fire and rescue' functions. The Mayor can delegate some functions to a deputy, committee and the CFO.

The advantages of the LFC model will be that there is clarity in roles and responsibilities around decision making concerning the management of fire service resources and in particular the development of the workforce. The accountability of the LFC will enable a progressive and agile approach to the transformation of workforce and services delivered to local communities.

The LFC holds a great deal of accountability and liability within a 'Corporation Sole' model which will present risks. It is assumed that whilst this model is now legislated for, there is still some detail being worked out as progress to implement has so far been deferred.

The Manchester model retains accountability for decision making with the Mayor. These decisions can be delegated to a committee or to the CFO. There will need to be clear delegations between the roles of the GMCA, Mayor, Committee and CFO, to ensure that the fire service is able to maintain operational effectiveness and transform services through effective decision making. The committee model offers additional political support to the Mayor, informed advice and guidance and maintains a clear connection through lead members with each of the constituent councils in the region.

There remains within each model, essential scrutiny functions.

Appendix 9b – Comparison of London and Manchester models

This comparison seeks to clarify the differences between the governance models of Manchester Fire and Rescue Service and London Fire Brigade. The Manchester model is now in place but in its infancy, the London model is not as yet and there are elements to both which are still emerging and developing.

	London Fire Brigade to London Fire Commissioner <ul style="list-style-type: none"> The Policing and Crime Act 2017 (PACA 2017) 	Manchester Fire and Rescue Service to Greater Manchester Combined Authority <ul style="list-style-type: none"> The Greater Manchester Combined Authority (Fire and Rescue Functions) Order 2017 (S.I.2017/469) The Greater Manchester Combined Authority Order 2011 (S.I.2011/908)
What are the Fire Authority functions and how has/will this change?	<p>The London Fire and Emergency Planning Authority (LFEPA) is the Fire Authority for London Fire Brigade.</p> <p>This is to be abolished by the above Act and its functions are to be transferred to the London Fire Commissioner (LFC). These are the ‘fire and rescue’ functions and passes responsibility for providing fire services to the Mayor from October 2017 (though date tbc by Parliament). The PACA 2017 requires the London Assembly to arrange for those functions granted to it by Schedule 2 of that Act to be discharged on its behalf by a particular committee, proposed to be known as the Fire, Resilience and Emergency Planning Committee.</p> <p>Source: https://www.london.gov.uk/moderngov/documents/g6205/Public%20reports%20pack%20Wednesday%2003-May-2017%2010.00%20London%20Assembly%20Plenary.pdf?T=10 (p.28)</p> <p>This change is due to take place in April 2018</p>	<p>The Greater Manchester Fire and Rescue Authority (GMFRA) have been abolished.</p> <p>The functions of the GMFRA are transferred to Greater Manchester Combined Authority (GMCA) under the above 2017 order. This took place on the 8th May 2017. GMCA will employ staff and own assets.</p> <p>The ‘fire and rescue’ functions of the GMCA may only be exercisable by the Mayor. These relate to the ability to vary staff and resources to enable the delivery of services.</p>

Body corporate	The LFC will be a 'corporation sole' and all proprieties, rights and liabilities of the LFEPA will transfer across to this role.	The GMCA is a 'body corporate' and all proprieties, rights and liabilities of the previously GMFRA, transfer across to the combined authority.
What are the Mayors responsibilities and what can be delegated?	<p>The Mayor:</p> <ul style="list-style-type: none"> • appoints the LFC • can dismiss the LFC • sets the terms of employment for the LFC • will hold the LFC to account for the exercise of the Commissioner's functions. • approves the local risk plan and the LFC's corporate strategy. • Can guide and/or direct the LFC in his/her functions <p>The Mayor is not responsible for the functions of the FRS Act 2004. This is the responsibility of the LFC and as such all decisions relating to the delivery of services and employment of staff rest with the LFC</p>	<p>The Mayor:</p> <ul style="list-style-type: none"> • Is responsible for exercising all fire functions under the Fire and Rescue Service Act 2004 • appoints and can dismiss the manager of the FRS (the CFO) • sets his / her terms of employment. • Will hold the CFO to account • approves the local risk plan, the corporate strategy and civil contingency arrangements. • Delegates roles and responsibilities to the CFO <p>the Mayor as the governing body is responsible for functions under the FRS Act 2004? If so this needs adding here as it provides an important distinction to London.</p>
What responsibilities can the Mayor delegate?	<p>The Mayor may delegate responsibilities to a Deputy Mayor for Fire.</p> <p>The Greater London Assembly must also receive the local risk plan and corporate strategy.</p> <p>The Assembly must arrange for its responsibility to be discharged by a "Fire and Emergency Committee" (the Committee).</p>	<p>Members and officers of the GMCA may assist the Mayor in the exercising of fire and rescue functions.</p> <p>The Mayor may delegate the exercising of fire and rescue functions to a 'Fire Committee', except for those set out above.</p>

<p>What does the committee do?</p>	<p>The Fire, Resilience and Emergency Planning Committee, will provide scrutiny of:</p> <ol style="list-style-type: none"> 1. the LFC's documents (including any revisions) i.e. the local risk plan and the corporate strategy and make recommendations to the Mayor. 2. Review the exercise of functions of the LFC, investigate and prepare reports about any actions or decisions of the London Fire Commissioner, Deputy Mayor for Fire, an officer of the London Fire Commissioner, functions of the London Fire Commissioner and any other matters considered of importance relating to fire and rescue services in Greater London; <p>The committee also has the power to submit proposals to the LFC.</p> <p>Wider powers of the Assembly include the power to call the proposed LFC or Deputy Mayoral candidate to a 'confirmation hearing' following which the committee call the proposed LFC or Deputy Mayoral candidate to a 'confirmation hearing' following which the committee can veto the appointments if unsatisfied.</p> <p>The power to require the Deputy Mayor for Fire, The London Fire Commissioner and any officer of the London Fire Commissioner to attend the Committee to answer questions.</p>	<p><i>The actual role of the fire committee of the GMCA fire function is not set out in legislation as it has been for the London model. However, the arrangements highlighted in the above section cannot be delegated. This could create the assumption that the committee would provide a scrutiny or advisory function to support the Mayor in decision making.</i></p> <p><i>Further information is being sought via Manchester Fire and GMCA.</i></p>
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	A 'scheme of supervision' for the Mayor of London is currently being drafted to enable oversight of the LFC and decision making processes.	
Committee appointments	<p>There are no statutory rules regarding the size of this committee or the number of meetings it must hold. The London Assembly proposed that the Fire Committee should comprise 7 Assembly Members and meet 6 times in a full municipal year.</p> <p>The members term of office is fixed by the Assembly. Membership may be wider than Members of the Assembly (with powers to vote on matters) - procedures for these members yet to be drawn up.</p>	<p>The GMCA Fire Committee will comprise of no more than 15 members.</p> <p>It will consist of 1 elected member from each of the 10 constituent councils.</p> <p>Each constituent council will nominate a member.</p> <p>The Mayor may then appoint 5 or fewer further members onto the Fire Committee, from the elected members of one or more of each of the constituent councils.</p>
Committee composition	<p>Current composition of the Greater London Authority is: Labour Group – 48%, GLA Conservatives Group - 32%, Green Party Group – 8%, UK Independence Party – 8%, Liberal Democrat Group – 4%.</p> <p>The London Assembly, at its annual meeting on 13 May 2016, unanimously agreed to dis apply the strict application of proportionality rules from the establishment of its committees and subcommittees.</p> <p>The Fire Committee may appoint a sub-committee(s) to discharge any of its functions, other than any of the special scrutiny functions. The number of members of any sub-committee and their terms of office are to be fixed by the Fire Committee. Persons who are not members of the Assembly may be members of a sub-committee.</p>	<p>The Fire Committee must reflect as far as reasonably practicable, the balance of the political parties among the constituent councils when appointed to the committee.</p>

Who will Chair the Committee	The Assembly may determine the Chair (and Deputy Chair (if any)), or otherwise determine that the Fire, Resilience and Emergency Planning Committee is to appoint the Chair (and Deputy Chair (if any)).	The Mayor will appoint a member of the Fire Committee to Chair.
What is the role of the Chief Fire Officer of the Fire Service?	<p><i>As highlighted above the LFC who will be the CFO will take on all functions of LFEPA, including 'fire and rescue' functions. The LFC will:</i></p> <ul style="list-style-type: none"> <i>• Employ all staff</i> <i>• Own all assets</i> <p><i>This provides the LFC with the role and power to decide how staff, equipment and assets will be used to deliver services aligned to the local risk plan.</i></p>	<p>As highlighted above the Mayor can delegate to the CFO. Whilst this model is now in place the delegations to the 'committee' and CFO are yet to be understood.</p> <p>At the very least it is likely that the CFO will be delegated the control of all operations as required under the Fire and Rescue Service Act 2004.</p>

1b. West Midlands Combined Authority SCHEME

This scheme is prepared and published following/pursuant to the decision of the West Midlands Combined Authority (WMCA) on 8 September 2017.

The proposals in this scheme will be subject to a further public consultation.

The scheme provides as follows:

1. It is proposed that the functions exercisable by the West Midlands Fire and Rescue Authority (WMFRA) across the area that the WMCA covers, should become functions of the WMCA pursuant to sections 105 A of the Local Democracy, Economic Development and Construction Act 2009.

These functions are those as set out in the following acts and where relevant identified sections:

- Local Government Act 1985 (including Part IV, schedule 10)
- Local Government in Housing Act 1989
- Fire and Rescue Service Act 2004
- Fire and Rescue Order 2007
- National Framework for Fire and Rescue Services in England 2012.
- Regulatory (Fire) Reform Order 2005
- Civil Contingencies Act 2014

The requirements for change are set in 1.13 to this scheme.

- 1.2 It is proposed that the properties, rights and liabilities of the WMFRA would become functions of the WMCA.
- 1.3 It is proposed that the functions relating to fire and rescue referred to in 1.1 should become WMCA functions.
- 1.4 It is proposed that the fire and rescue functions once they become functions of the WMCA are exercisable only by the Mayor (section 107D (1) Cities and Local Government Devolution Act 2009).
- 1.5 For the purposes of the exercise of the fire and rescue functions, the Mayor may do anything that the WMCA may do under section 113A of the LDEDC Act 2009 (general power of EPB or combined authority) (1).
- 1.6 It is proposed that the WMCA has the same borrowing powers in respect to its functions, relating to fire and rescue as are currently exercised by the WMFRA.
- 1.7 It is proposed that the WMCA retain the same core grant and precept funding arrangements in respect to its functions relating to fire and rescue, as currently exercised by the WMFRA.

- 1.8 Any decisions/acts made before abolition of the WMFRA should have effect as if agreed by, or, in relation to the Mayoral WMCA. For example, the setting of the precept for, under section 40 Local Government Finance Act 1988 to the constituent councils in respect of the financial year beginning before transfer in governance, should have effect as if issued by the Mayoral WMCA.
- 1.9 It is proposed that Members of the WMCA may assist the Mayor in the exercise of the fire and rescue functions in line with delegations, provided that the functions may not include:
- Functions relating to the budget and setting of the precept
 - Functions relating to statutory plans such as the Integrated Risk Management Plan (IRMP) and strategies
 - Functions relating to all properties, rights and liabilities
 - The appointment of the Chief Fire Officer and Principal officers

Mayoral Fire Advisory Committee

- 1.10 It is proposed that the Order should contain provision for the Mayor to arrange for a committee of the WMCA (the Mayoral Fire Advisory Committee), consisting of members appointed by the constituent councils, to advise and support the Mayor in relation to West Midlands Fire Service (WMFS).
- 1.11 It is proposed the committee appointed should consist of 15 Elected members from across the constituent councils, proportionally balanced, the Police and Crime Commissioner (in accordance with the Policing and Crime Act 2017) and two further co-opted members from Health and Ambulance to promote greater challenge, transparency and further collaboration.
- 1.12 The following additional provisions are proposed to apply to the Mayoral Fire Advisory Committee (the Committee): (section 107D(6))

Governance:

- Appointment of elected members from each of the constituent councils will be made so that the members of the committee taken as a whole, reflect as far as reasonably practicable, the overall balance of political parties prevailing amongst the constituent councils.
- The majority of members of the committee must be members of the constituent councils, all of those members have one vote.
- Where a member is not from a constituent council they don't have a vote automatically, but can be given one by resolution of the WMCA.
- Two-thirds of members must be present for a meeting to be quorate.
- The Chair of the Committee will be appointed by the Mayor.

Functions:

- The Committee will not be a decision-making committee this responsibility will remain with the Mayor and Chief Fire Officer, as appropriate.
- The Committee will advise the Mayor, support the Mayor and review decisions made by the Mayor.

- Where decisions are reviewed, the Committee will submit a report to the WMCA Overview and Scrutiny Committee.
- The Committee will support the Mayor in providing advice around exercising fire functions, to ensure the right level of detail and understanding is provided to inform the Mayors role as the Authority.
- The Committee will represent the priorities and strategy of the Mayor and WMFS in their respective local authorities and will report on performance in relation to fire functions.
- The Committee will represent the priorities and strategy of the Mayor and WMFS within the 7 constituent councils, regionally with other Fire and Rescue Services, nationally through the National Joint Council and Local Government Association.
- The Committee will seek to influence the Government on behalf of the Mayor in matters related to the delivery of fire and rescue services locally, regionally and nationally.
- The Committee will enable the development of partnerships and services to the community through constituent council engagement.

A member's allowance scheme for the committee will be payable by the WMCA.

- 1.13 The Chief Fire Officer (CFO) as head of paid service will be accountable to the Mayor in the operation of their duties.
- 1.14 It is proposed that the CFO maintains full accountability for the operational functions of the Fire Service. This will include:
- The management of the Fire and Rescue Service
 - The appointment and development of staff
 - The delivery of WMFS Strategy (including matters relating to exercising functions of the Fire and Rescue Services Act 2004, etc.)
 - The delivery of staffing structures and models which support current and future Strategy
 - The deployment of resources to meet risk
 - The transformation of services and reform of the workforce to meet WMFS and Mayoral/WMCA priorities.
- 1.15 Modification requirements of enactments in their application to the WMCA as a Fire and Rescue Authority.

Primary Legislation

Local Government Act 1972

1. In section 138(5) of the Local Government Act 1972 (powers of principal councils with respect to emergencies or disasters) (a), the reference to “metropolitan county fire and rescue authority” is to apply as if it included “the WMCA as a fire and rescue authority”.

Greater Manchester Act 1981

2. (1) The Local Government and Housing Act 1989(c) is modified as follows.

(2) In section 67 (application of provisions about companies in which local authorities have interests), subsection (3)(k) applies as if the reference to “joint authority established by Part IV of that Act” included a reference to “the WMCA as a fire and rescue authority”.

(3) In section 155 (emergency financial assistance to local authorities) subsection (4)(g) applies as if the reference to a “joint authority established by Part IV of the Local Government Act 1985” included a reference to “the WMCA as a fire and rescue authority”.

Crime and Disorder Act 1998

3.— (1) The Crime and Disorder Act 1998(d) is modified as follows.

(2) In the definition of “fire and rescue authority” in section 5(5) (authorities responsible for strategies), the reference in paragraph (b) to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

(3) In the definition of “relevant authority” in section 115(2), the reference in paragraph (j) to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

Local Government Act 2003

4. Section 23(1) of the Local Government Act 2003 (meaning of “local authority” for purposes of Part 1 (a) the reference in paragraph (k) to “a joint authority established by Part IV of that Act” is to apply as if it included a reference to “the WMCA as a fire and rescue authority.”

Fire and Rescue Services Act 2004

5.— (1) The FRS Act 2004(b) is modified as follows.

(2) Section 4A (power to provide for police and crime commissioner to be fire and rescue authority) has effect as if at the end of subsection (3)(b) there were inserted—
“, and (c) outside the Area.”;

(3) Section 4B(1)(changes to existing fire and rescue authorities) has effect as if the reference to fire and rescue authorities in England outside Greater London did not include the WMCA.

6. In section 1 of the FRS 2004 Act(1), after subsection (4) insert—

“(5) This section is also subject to an order under Part 6 of the Local Democracy, Economic Development and Construction Act 2009 which transfers the functions of a fire and rescue authority to a combined authority established under section 103 of that Act.”.

Secondary legislation

7. In paragraph (a) of the definition of “local authority” in regulation 2(1) of the Pipelines Safety Regulations 1996 (interpretation)(c) the reference to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

8. In article 1(2) of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 (application of order to best value authorities) (d) the reference in paragraph (c) to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

9. In regulation 3 of the Community Right to Challenge (Fire and Rescue Authorities and Rejection of Expressions of Interest) (England) Regulations 2012 (relevant authorities) (e) the reference in paragraph (a) to a “metropolitan county fire and rescue authority established

under section 26 of the Local Government Act 1985” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

10.— (1) The Local Government Pension Scheme Regulations 2013(f) are modified as follows.

(2) After regulation 64(8), insert—

“(8A) Paragraph (8B) applies where the exiting employer is the WMFRA and the liabilities of the fund in respect of benefits due to the WMFRA’s current and former employees (or those of any predecessor authority) have been or are to be transferred to the WMCA by virtue of this Order.

(8B) Where this paragraph applies, no exit payment is due under paragraph (1) and paragraph (2) does not apply.”.

11. In regulation 2(1) of the Explosives Regulations 2014 (interpretation)(g) in the definition of “local authority”, the reference in paragraph (c) to “a metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

12. In regulation 2(1) of the Control of Major Accident Hazards Regulations 2015(a) in paragraph (b) of the definition of “local authority”, sub-paragraph (ii) is to apply as if there were substituted for that sub-paragraph—

“(ii) the Area, the WMCA as a fire and rescue authority;”.

APPENDIX 2 – Constituent Council Report (example)

Cabinet – XXXXX 2017

GOVERNANCE OF West Midlands Fire Service

Portfolio: Councillor xxxxx

Related portfolios: Councillor xxxxx

1.Summary

- 1.1 The purpose of this report is to consult constituent authorities on the now prepared Governance review (Appendix A) and scheme (Appendix B) for the proposed governance model of the West Midlands Fire Service (under the Mayoral West Midlands Combined Authority) prior to going out for formal public consultation.

2.Recommendations

The Cabinet is asked to recommend to full Council:

- 2.1 Agree that proposed arrangements for West Midlands Fire Service should include the WMCA Fire Service budget being ring fenced for Fire Service functions.
- 2.2 Approve the prepared governance review and scheme.
- 2.3 Agree to move forward to public consultation for the scheme and proposed governance model.
- 2.4 Approve to delegate authority as required to the Chief Executive in consultation with the Leader to make minor amendments to the Governance review and Scheme.
- 2.5 Support/lead on the public consultation in the local authority area on behalf of the WMCA.
- 2.6 Note the timeline of this governance route to the Mayoral Combined Authority.

3. Background

- 3.1 In response to the Policing and Crime Bill (2016) consultation, the West Midlands Fire and Rescue Authority (WMFRA) set out a direction seeking the future sustainability of services under a Mayoral WMCA model of governance.
- 3.2 In recognising the need for an independent review of the possible future governance options, WMFRA commissioned an appraisal panel in April 2016. The Groups outcomes and conclusions are detailed in the attached Governance Review (Appendix A).

- 3.3 The outcomes of the group were then built upon through a public consultation undertaken during December 2016 to January 2017, seeking public and partner opinion regarding the future strategy to deliver risk-based services across the West Midlands. A Reformed Fire Authority (RFA) and Mayoral Combined Authority were identified as the 'desirable' options for the future governance of West Midlands Fire Service (WMFS).
- 3.4 Accepting the findings of both the Group and the public consultation, considering these against the Strategy of WMFS, the priorities of the WMCA and the expectations of government, the route to future Mayoral WMCA governance was agreed by WMFRA on the 20 February 2017.
- 3.5 The WMCA supported the WMFRA's broad proposal for the transfer of its functions to the Mayoral Combined Authority on 3rd March 2017.
- 3.6. Alongside this, work is underway to implement a RFA as an interim measure until WMFRA functions are transferred to and assumed by the Mayoral Combined Authority.
- 3.7 On the 8 September 2017 the WMCA board noted the timeline for the mayoral governance route and approved the development of a governance review and scheme, for Mayoral Combined Authority governance of WMFS pursuant to Sections 111 and 112 (1d) of Local Democracy, Economic Development and Construction Act 2009. The Scheme is detailed in Appendix B. The timeline referred to here is provided in this report in paragraph 3.13.
- 3.8 The benefits of the Mayoral WMCA governance model provides huge opportunities for the joint transformation of public services to West Midlands communities, providing value for money in the delivery of public safety. These opportunities have been detailed in the Governance Review.
- 3.9 The Governance Review in Appendix A provides a review of existing governance arrangements and functions, this includes the proposed new model under the Mayoral combined authority.
- 3.10 The Scheme detailed in Appendix B details the roles, accountabilities, and powers required by each individual /body in the proposed governance model.
- 3.11 Following constituent authority consultation on the Governance Review and Scheme, the Scheme must enter a formal public consultation in adherence to section 113 (3) Local Democracy, Economic Development and Construction Act 2009.
- 3.12 The Government will use these documents and the results of the consultation to approve the model and create an order to amend existing legislation, in order to confer the necessary powers on the Mayoral WMCA to carry out the functions currently exercised by the WMFRA.
- 3.13 Timeline (indicative) for this journey:

Details	Date
WMCA approve the Governance Review and for a Scheme to be developed.	8 September 2017
Development of governance review and scheme, which will consider the business case for the change in governance.	September 2017
Constituent Authority approval of content of governance review and scheme.	October - November 2017
WMCA approval of content of Governance Review and Scheme.	8 December 2017
Consultation of proposals set out in the scheme on behalf of the Secretary of State (6 weeks minimum)	January – February 2018
Analyse consultation responses locally	March 2018
Governance Review, Scheme and analysis of consultation reviewed by Secretary of State (4-12 weeks)	April 2018
Government development of Order detailing changes required in legislation to abolish WMFRA and amend legislation to enable future Mayoral WMCA governance	May – June 2018
Constituent Authority/ CA approval of detail of Order	July - September 2018
Order amended where needed locally enters Parliamentary Process	September - October July 2018
Secretary of State approves Order	November 2018
WMFRA functions transfer to the WMCA	November/ December 2018

4. Financial implications

- 4.1 The cost of this governance route has and will continue to be met from within existing approved budgets which have largely been delivered through WMFS. Support has also been provided by the WMCA and local authority Legal Services.
- 4.2 Future reports will detail any additional costs that will need to be met.
- 4.3 The financial implications for local authorities would be those arising from any resources allocated to supporting the public consultation.

5. Legal implications

- 5.1 The legal implications and process for devolving powers to the WMCA are set out above in this report.
- 5.2 The proposals in this report will meet the government's expectations that all Fire and Rescue Services consider one of the alternative routes leading to reform.
- 5.3 WMFRA have been consulting with the legal heads of service from all seven constituent local authorities for advice and guidance.

- 5.4 All relevant legislation pertaining to this governance route has been detailed in the Governance Review and Scheme.

6. Equality implications

- 6.1 There are no direct equalities implication at this stage, however participants from all the equality strands will be invited to comment during the consultation process. Once consultation has been completed an equality impact assessment will be undertaken in line with the City's equalities procedures.
- 6.2 It is a requirement of the Secretary of State's consultation process that the consultation responses 'reflect the identities and interests of local communities' in the West Midlands (Local Democracy, Economic Development and Construction Act 2009 section 111 3a).

7. Consultation

The route to future Mayoral WMCA governance was agreed by WMFRA on the 20 February 2017 and full details of consultation and evidence gathering are listed within the Governance Review

Background papers

WMFRA report: 'Route Map to Mayoral Governance' (20 February 2017)
WMFRA Report - Future Governance Working Group (20 February 2017)
Future Governance Working Group Report (February 2017)
West Midlands Combined Authority (WMCA) report (3 March 2017)
WMFRA report – 'Route map to Mayoral West Midlands, Combined Authority Governance - a Reformed Fire Authority (RFA) and decision (10 April 2017)
WMCA Board Report - 8 September - Mayoral WMCA Governance of WMFS
<https://governance.wmca.org.uk/documents/s617/Report.pdf>

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Firstname LastnameCouncillor Lastname
Executive DirectorPortfolio holder

XX October 2017XX October 2017

**APPENDIX 3 – Draft Scheme with proposed amendments from constituent authorities
in bold and italic font.**

West Midlands Combined Authority SCHEME

This scheme is prepared and published following/pursuant to the decision of the West Midlands Combined Authority (WMCA) on 8 September 2017.

The proposals in this scheme will be subject to a further public consultation.

The scheme provides as follows:

1. It is proposed that the functions exercisable by the West Midlands Fire and Rescue Authority (WMFRA) across the area that the WMCA covers, should become functions of the WMCA pursuant to sections 105 A of the Local Democracy, Economic Development and Construction Act 2009.

These functions are those as set out in the following acts and where relevant identified sections:

- Local Government Act 1985 (including Part IV, schedule 10)
- Local Government in Housing Act 1989
- Fire and Rescue Service Act 2004
- Fire and Rescue Order 2007
- National Framework for Fire and Rescue Services in England 2012.
- Regulatory (Fire) Reform Order 2005
- Civil Contingencies Act 2014

The requirements for change are set in 1.13 to this scheme.

- 1.2 It is proposed that the properties, rights and liabilities of the WMFRA would become functions of the WMCA.
- 1.3 It is proposed that the functions relating to fire and rescue referred to in 1.1 should become WMCA functions.
- 1.4 It is proposed that the fire and rescue functions once they become functions of the WMCA are exercisable only by the Mayor (section 107D (1) Cities and Local Government Devolution Act 2009).
- 1.5 For the purposes of the exercise of the fire and rescue functions, the Mayor may do anything that the WMCA may do under section 113A of the LDEDC Act 2009 (general power of EPB or combined authority) (1).
- 1.6 It is proposed that the WMCA has the same borrowing powers in respect to its functions, relating to fire and rescue as are currently exercised by the WMFRA.
- 1.7 It is proposed that the WMCA retain the same core grant and precept funding arrangements in respect to its functions relating to fire and rescue, as currently exercised by the WMFRA.
- 1.8 *It is proposed that both the funding and reserves for fire are ring fenced within the Mayoral WMCA.***
- 1.9 Any decisions/acts made before abolition of the WMFRA should have effect as if agreed by, or, in relation to the Mayoral WMCA. For example, the setting of the precept for, under section 40 Local Government Finance Act 1988 to the constituent councils

in respect of the financial year beginning before transfer in governance, should have effect as if issued by the Mayoral WMCA.

1.10 It is proposed that Members of the WMCA may assist the Mayor in the exercise of the fire and rescue functions in line with delegations, provided that the functions may not include:

- Functions relating to the budget and setting of the precept
- Functions relating to statutory plans such as the Integrated Risk Management Plan (IRMP) and strategies
- Functions relating to all properties, rights and liabilities
- The appointment of the Chief Fire Officer and Principal officers

Mayoral Fire Advisory Committee

1.11 It is proposed that the Order should contain provision for the Mayor to arrange for a committee of the WMCA (the Mayoral Fire Advisory Committee), consisting of members appointed by the constituent councils, to advise and support the Mayor in relation to West Midlands Fire Service (WMFS).

1.12 It is proposed the committee appointed should consist of **a minimum of 15** Elected members from across the constituent councils, proportionally balanced, the Police and Crime Commissioner (in accordance with the Policing and Crime Act 2017) and two further co-opted members from Health and Ambulance to promote greater challenge, transparency and further collaboration.

1.13 The following additional provisions are proposed to apply to the Mayoral Fire Advisory Committee (the Committee): (section 107D(6))

Governance:

- Appointment of elected members from each of the constituent councils will be made so that the members of the committee taken as a whole, reflect as far as reasonably practicable, the overall balance of political parties prevailing amongst the constituent councils.
- The majority of members of the committee must be members of the constituent councils, all of those members have one vote.
- Where a member is not from a constituent council (a co-opted member) they don't have a vote.
- Two-thirds of members must be present for a meeting to be quorate.
- The Chair of the Committee will be appointed by the Mayor **in consultation with constituent council leaders**

Functions:

- The Committee will not be a decision-making committee this responsibility will remain with the Mayor and Chief Fire Officer, as appropriate.
- The Committee will advise the Mayor, support the Mayor and review decisions made by the Mayor.

- Where decisions are reviewed, the Committee will submit a report to the WMCA Overview and Scrutiny Committee.
- The Committee will support the Mayor in providing advice around exercising fire functions, to ensure the right level of detail and understanding is provided to inform the Mayor's role as the Authority.
- The Committee will represent the priorities and strategy of the Mayor and WMFS in their respective local authorities and will report on performance in relation to fire functions.
- The Committee will represent the priorities and strategy of the Mayor and WMFS within the 7 constituent councils, regionally with other Fire and Rescue Services, nationally through the National Joint Council and Local Government Association.
- The Committee will seek to influence the Government on behalf of the Mayor in matters related to the delivery of fire and rescue services locally, regionally and nationally.
- The Committee will enable the development of partnerships and services to the community through constituent council engagement.

A member's allowance scheme for the committee will be payable by the WMCA.

- 1.14 The Chief Fire Officer (CFO) as head of paid service will be accountable to the Mayor in the operation of their duties.
- 1.15 It is proposed that the CFO maintains full accountability for the operational functions of the Fire Service. This will include:
- The management of the Fire and Rescue Service
 - The appointment and development of staff
 - The delivery of WMFS Strategy (including matters relating to exercising functions of the Fire and Rescue Services Act 2004, etc.)
 - The delivery of staffing structures and models which support current and future Strategy
 - The deployment of resources to meet risk
 - The transformation of services and reform of the workforce to meet WMFS and Mayoral/WMCA priorities.
- 1.16 Modification requirements of enactments in their application to the WMCA as a Fire and Rescue Authority.

Primary Legislation

Local Government Act 1972

1. In section 138(5) of the Local Government Act 1972 (powers of principal councils with respect to emergencies or disasters) (a), the reference to "metropolitan county fire and rescue authority" is to apply as if it included "the WMCA as a fire and rescue authority".

Local Government in Housing Act 1989

2. (1) The Local Government and Housing Act 1989(c) is modified as follows.
- (2) In section 67 (application of provisions about companies in which local authorities have interests), subsection (3)(k) applies as if the reference to “joint authority established by Part IV of that Act” included a reference to “the WMCA as a fire and rescue authority”.
- (3) In section 155 (emergency financial assistance to local authorities) subsection (4)(g) applies as if the reference to a “joint authority established by Part IV of the Local Government Act 1985” included a reference to “the WMCA as a fire and rescue authority”.

Crime and Disorder Act 1998

- 3.— (1) The Crime and Disorder Act 1998(d) is modified as follows.
- (2) In the definition of “fire and rescue authority” in section 5(5) (authorities responsible for strategies), the reference in paragraph (b) to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.
- (3) In the definition of “relevant authority” in section 115(2), the reference in paragraph (j) to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

Local Government Act 2003

4. Section 23(1) of the Local Government Act 2003 (meaning of “local authority” for purposes of Part (1)(a) the reference in paragraph (k) to “a joint authority established by Part IV of that Act” is to apply as if it included a reference to “the WMCA as a fire and rescue authority.”

Fire and Rescue Services Act 2004

- 5.— (1) The FRS Act 2004(b) is modified as follows.
- (2) Section 4A (power to provide for police and crime commissioner to be fire and rescue authority) has effect as if at the end of subsection (3)(b) there were inserted—
“, and (c) outside the Area.”;
- (3) Section 4B (1)(changes to existing fire and rescue authorities) has effect as if the reference to fire and rescue authorities in England outside Greater London did not include the WMCA.
6. In section 1 of the FRS 2004 Act(1), after subsection (4) insert—
“(5) This section is also subject to an order under Part 6 of the Local Democracy, Economic Development and Construction Act 2009 which transfers the functions of a fire and rescue authority to a combined authority established under section 103 of that Act.”.

Secondary legislation

7. In paragraph (a) of the definition of “local authority” in regulation 2(1) of the Pipelines Safety Regulations 1996 (interpretation)(c) the reference to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.
8. In article 1(2) of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 (application of order to best value authorities) (d) the reference in paragraph (c) to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.
9. In regulation 3 of the Community Right to Challenge (Fire and Rescue Authorities and Rejection of Expressions of Interest) (England) Regulations 2012 (relevant authorities) (e) the reference in paragraph (a) to a “metropolitan county fire and rescue authority

established under section 26 of the Local Government Act 1985” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

10. The Local Government Pension Scheme Regulations 2013(f) are modified as follows.

(1) After regulation 64(8), insert—

“(8A) Paragraph (8B) applies where the exiting employer is the WMFRA and the liabilities of the fund in respect of benefits due to the WMFRA’s current and former employees (or those of any predecessor authority) have been or are to be transferred to the WMCA by virtue of this Order.

(8B) Where this paragraph applies, no exit payment is due under paragraph (1) and paragraph (2) does not apply.”.

11. In regulation 2(1) of the Explosives Regulations 2014 (interpretation)(g) in the definition of “local authority”, the reference in paragraph (c) to “a metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

12. In regulation 2(1) of the Control of Major Accident Hazards Regulations 2015(a) in paragraph (b) of the definition of “local authority”, sub-paragraph (ii) is to apply as if there were substituted for that sub-paragraph—

“(ii) the Area, the WMCA as a fire and rescue authority;”.



WEST MIDLANDS
COMBINED AUTHORITY

WMCA Board

Date	8 December 2017
Report title	West Midlands Growth Company - Business Plan
Portfolio Lead	Councillor Ian Ward - Economic Growth
Accountable Chief Executive	Neil Rami, Chief Executive, West Midlands Growth Company tel: (0121) 202 5115 email: neil.rami@marketingbirmingham.com
Accountable employee(s)	Sean Pearce, Director of Finance, West Midlands Combined Authority tel: (0121) 214 7936 email: sean.pearce@wmca.org.uk
Report to be/has been considered by	WMCA Programme Board - 24 November 2017

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Approve the West Midlands Growth Company's Business Plan 2017/18 - 2019/20.

Purpose

- 1.1 The purpose of this report is to seek the WMCA Board's approval of the West Midlands Growth Company's (the "Growth Company") Business Plan.

Background

- 2.1 The Growth Company was formally established on 26th April 2017, following approval by the WMCA Board on 3rd March 2017.
- 2.2 A draft business plan was prepared and, following consideration by the SEP Board, approved by the Growth Company's A Members (WMCA and seven constituent local authorities).
- 2.3 The full business plan for the period 2017/18 - 2019/20 was developed by the Growth Company and approved by its Board, which is appointed by the WMCA and seven constituent local authorities, and includes nominees from each, on 2nd October 2017. Further minor amendments have been made to the business plan following receipt of comments from the LEPs and the SEP Board, largely related to strengthening the explanation of the link between the Growth Company's activities and the WMCA SEP.
- 2.4 The Articles of the Growth Company dictate that its business plan must be approved by its A Members (WMCA and seven constituent local authorities) and B Members (six universities) at its AGM. This took place on 22nd November.

Financial Implications

- 3.1 The WMCA Board approved a three-year allocation of £700k per annum (*pro rata* in year 1) and a service level agreement with the Growth Company has been agreed and is in delivery. The Growth Company has contracts and SLAs with *circa* 17 other clients, including Birmingham City Council, City of Wolverhampton Council, the six universities (collectively) and the private sector.
- 3.2 The WMCA has recently approved additional transition funding of up to £230,400 covering legal, HR, IT and branding matters.

Legal Implications

- 4.1 None

Equalities implications

- 5.1 None

Other implications

- 6.1 None

Schedule of background papers

- 7.1 West Midlands Growth Company Business Plan 2017/18 – 2019/20

COMMERCIAL IN CONFIDENCE

West Midlands Growth Company

Business Plan

November 2017

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1. Executive Summary

The West Midlands Growth Company (WMGC) was created from what had previously been Marketing Birmingham, on 26 April 2017 by its new company members. The A members of the Company are the West Midlands Combined Authority (WMCA) and its seven constituent local authorities in the cities of Birmingham, Coventry and Wolverhampton, plus Solihull, Walsall, Sandwell and Dudley. The B members of the company are the six universities: Birmingham, Warwick, Aston, Wolverhampton, Coventry and Birmingham City.

The West Midlands, as a region, currently lacks significant region-wide coherent economic development delivery capacity to achieve the ambitious targets of the WMCA Strategic Economic Plan (SEP). With its primary purpose of attracting investment, jobs, visitors and business to the West Midlands, the WMGC will play an important role in facilitating delivery of the SEP in partnership with Local Enterprise Partnerships, Councils, Growth Hubs, Universities, Chambers of Commerce and the private sector. In particular, the Growth Company will support the WMCA with delivering increases to the region's GVA and more high quality jobs by bringing companies, investments and visitors to the region and by supporting indigenous companies to stay and grow. This will help the WMCA and the region create half a million more jobs and lift GVA to 5% above the national average by 2030, with a particular focus on SEP priority sectors: high value manufacturing, creative and digital, environmental technologies, and medical and life sciences.

Analysis to understand the relationship between the WMGC's work and the delivery of the SEP has commenced with the support of the Black Country Consortium (see section 2.4). Further guidance and advice on this is being sought via the SEP Board on an ongoing basis. Furthermore, it is recognised that strong partnership working and collaboration across the region will maximise the impact that the WMGC will have on SEP delivery.

The creation of the WMGC means that the West Midlands is now much better placed compared with London, Greater Manchester, Scotland and others in terms of being able to compete for investment on a UK basis. However, the WMGC will also seek to compete internationally in order to attract the broadest possible range and quality of investors. Whilst investment alignment to the SEP is key, we will be open to all opportunities for economic advancement for the three-LEP geography of the West Midlands.

In order to be successful, both at home and abroad, the WMCA needs the delivery capacity supplied by the WMGC. The Growth Company has a unique position in terms of its role, but we also recognise that working in partnership with our shareholders, stakeholders and others is the key to successful outcomes for the region.

Our operating model will be a co-ordinated agency style approach, working with both the public and private sectors. We already have the technical expertise to be successful and compete globally, as our track record demonstrates. We now need to build our regional expertise and we have a regional familiarisation programme in place to enable us to successfully deploy our expertise across the whole of the West Midlands. We will invest in a small number of new roles to supplement our existing strengths and ensure we have the capability and capacity to grow the business to circa £10m of income by 2020.

The WMGC has seven functional areas in which we work which cover the broadest spectrum of capabilities required to support the SEP. These were approved by the WMCA Board and are:

- Regional Marketing
- Attracting Inward Investment

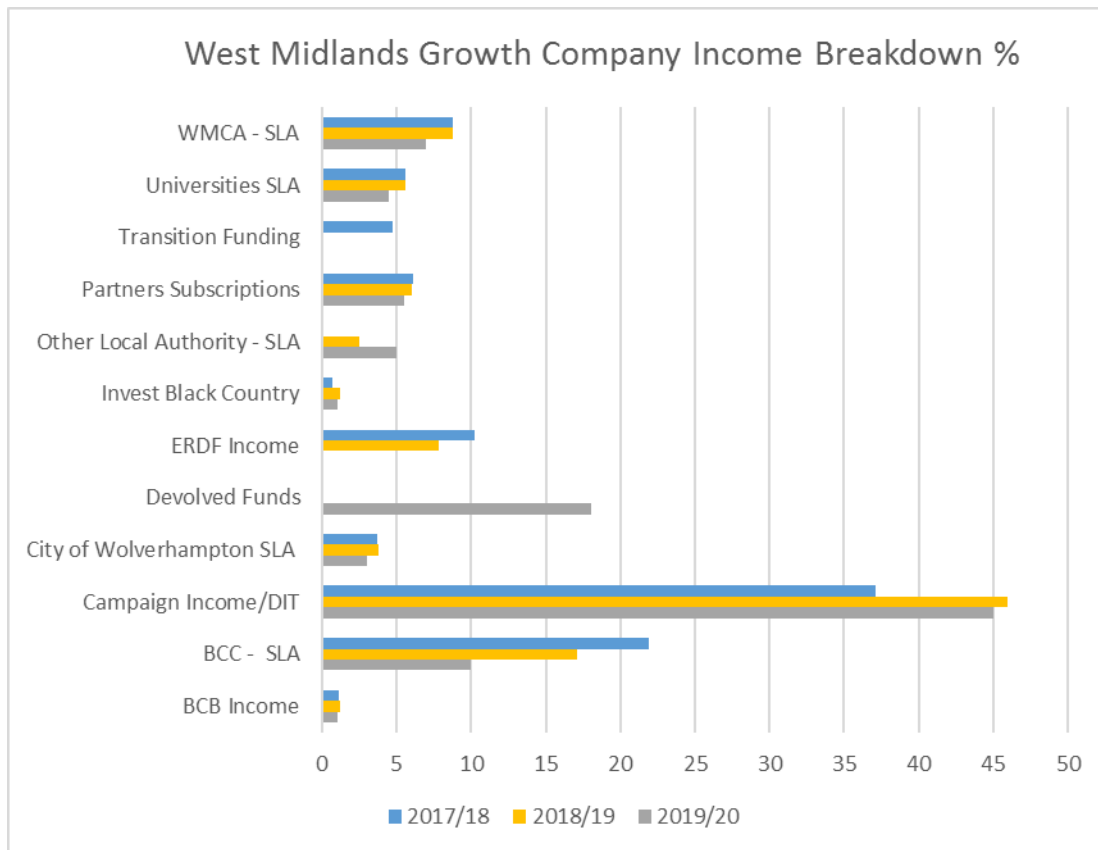
- Attracting Capital Investment
- Account Management
- Promotion of the Visitor Economy
- Business Support Coordination
- Market Intelligence

The WMGC not only leads and delivers in these areas, but also co-ordinates, facilitates and acts as a catalyst for investor decisions. There is more detail about these areas in section 10 of this document. All activity will be underpinned by the 5-10 year strategic branding work for the region called “make your mark”, which will shape the positioning of the region to internal and external audiences.

The WMGC’s track record in supporting the attraction of investment can be seen in recent regional bids and successes such as HSBC, Commonwealth Games 2022 and Channel 4. It is also assisting in creating a pipeline of other significant opportunities, the results of which will be apparent soon. However, it takes investment to create investment and the WMGC will look to maximise its income and activities from both the public and private sectors. We will aim to increase the investment from shareholders such as the WMCA in order to leverage the benefit that they receive and we will always seek to bring in private sector funds to align and match with public sector. We therefore need to optimise our attractiveness to the private sector.

The financial forecast shows that 40% of our income will come from Service Level Agreements (SLAs) with the public sector and 60% will be made up from a mixture of public/private sector match funding for campaigns, events and additional contracts. For every £1 received from public sector contracts at least a further £1 is generated in additional revenue from the private sector, demonstrating the significant value added to the public funding received.

The following diagram is a forecast of where WMGC expects income to be derived up to 2020. We will be seeking new income streams such as devolution funds, private and other public sector match funding, as well as looking for increased pooling of resources (a single pot) from SLAs such as the WMCA.



Whilst the UK post-Brexit presents some challenges, it also presents significant opportunities. Britain is the number one destination in Europe for foreign direct investment, according to figures that revealed a surge in inflows to levels not seen since before the financial crisis. 2016 represented the highest level of inflows since 2005. The WMCG will seek to take advantage of these possibilities, creating tangible opportunities for the region.

This business plan identifies what the WMGC will do and how it will do it. The WMGC is confident that it can grow and thereby add even greater value to the region. It has a clear mission and purpose, excellent capability, regional expertise, established and growing networks both nationally and internationally and a unique position from which to develop the West Midlands as a globally competitive region.

Investment in the region does not happen by chance. It requires a unique set of skills that the WMGC has spent a long time refining. Whilst the next year is one of transition to its new status, the WMGC recognises the huge opportunity which exists for the company to build and consolidate its position, and the even bigger opportunity for the economic development of the West Midlands region.

2. Introduction and Background

2.1 WMGC context

The West Midlands Growth Company is a new economic development and investment body formed at the request of the West Midlands Combined Authority to support delivery of Strategic Economic Plan targets, such as increased GVA and more jobs for the region, and facilitate the growth of the region's economy.

The business case demonstrated that the region lacks sufficient and significant region-wide and coherent economic development delivery capacity. For a region which is economically 85% the size of Scotland, and 43% larger than Greater Manchester, a significant gap in the regional delivery architecture required filling.

It was envisaged that the company needed to be at arms' length from the WMCA, working in partnership with the private sector, local councils, LEPs, Growth Hubs and the full range of relevant stakeholders in the region. Its focus should initially be on the three-LEP geography of the WMCA, but its work will not be limited by these boundaries. It has a significant role to play in working with the Midlands Engine.

Hence, the company was created by converting a pre-existing company, Marketing Birmingham, into the West Midlands Growth Company, at a General Meeting held on 26th April 2017. At this meeting the name, membership and articles of the existing business were amended. This followed WMCA Board approval of the business case and, ultimately, a draft business plan.

2.2 Global Landscape

Over the last few years the West Midlands has had one of the strongest performing economies in the country, underpinned by strong export performance, a resurgent tourism sector and the best record in attracting Foreign Direct Investment outside London and the South East.

2.2.1 Opportunities

A number of developments in the political arena, meanwhile, offer a fantastic opportunity to build on this momentum going forward – for example:

- Devolution of powers and resources from Whitehall. The West Midlands Combined Authority has plans in place to deliver a stronger regional economy with a focus on inward investment, innovation, skills and transport, which are likely to be strengthened by a second devolution deal by the end of 2017. The Midlands Engine, meanwhile, a collaboration of the public and private sector, is working to improve productivity, boost economic growth and promote the wider Midlands area to the world.
- The work of both the West Midlands Combined Authority and the Midlands Engine will be shaped by the UK government's Industrial Strategy, which aims to unlock innovative industries and markets of the future via investment in research, science and technology. Indeed, many of the technologies prioritised for support are already strengths within the region:

- The region's universities, working with key businesses, are at the forefront of developments, for example, in electric and hybrid vehicle research and alternative fuels including innovative battery technologies, clinical research, translational medicine, the application of photonics, cybersecurity and the digitisation of healthcare and advanced manufacturing;
- Via HS2 the West Midlands is about to see the biggest and most innovative investment in rail since Victorian times and this unique opportunity need to be maximised;
- The region has been the most successful in the country in attracting FDI in key sectors such as automotive (with the Tata Group making 16 investments across seven sites in the region since 2011). Furthermore, business, professional and financial services have seen Birmingham become a prime location for high value 'front and middle office' activity. Deutsche Bank and Lombard Risk have already moved to Birmingham and HSBC will soon be locating its UK ring-fenced bank HQ to the city.

Looking beyond the UK, meanwhile, there is also an opportunity to exploit strong projected growth in a number of overseas markets - notably India, where GDP growth of more than 7% is forecast for 2017-2018, China where growth of 6% is forecast and countries such as Australia, Canada and the US where solid rates of growth are also expected. These are already key source markets for the region for both FDI projects and the attraction of international tourists.

The attraction of new fast growth, value added industries will create tens of thousands of highly skilled, well paid jobs – and tens of thousands more in local supply chains. This will improve quality of life in the West Midlands by improving employment prospects for local people and in turn boosting their life chances and health and well-being.

2.2.2 Challenges

At the same time, however, the region faces a number of challenges as the UK prepares to leave the EU. While, in the longer term, leaving the Single Market is likely to make the UK a less attractive place for FDI, uncertainty about issues such as likely future trading arrangements and the scope to access skills and talent from the EU are already leading to delays in investment decisions. As a result, the development of a compelling inward investment strategy and value proposition, bringing together the USPs of every part of the West Midlands, is more crucial than ever before. Similarly, it will be crucial for the region, led by the WMCA and informed by relevant partners, including the Growth Company, to develop a clear strategy and action plan to address skills challenges.

While the regional economy continues to thrive, we may face a more challenging environment in the months and years ahead. Although the depreciation of Sterling is benefiting exporters, it is also leading to rising import costs, consumer prices and inflation. Prices are now rising faster than wages, squeezing living standards and denting consumer confidence. Similarly, therefore, a compelling strategy is required to develop and promote the region's diverse and vibrant visitor offer – exploiting its

position as the UK's premier conference and exhibition destination and its outstanding assets in areas such as arts, culture and heritage.

There are many more challenges the region is facing up to. They include the challenge of connectivity and physical infrastructure development and enhancement, both to encourage investors to come to the region, and to ensure they have the right conditions to thrive and grow once here. The Growth Company can play a supporting and informative role in these areas.

2.3 Company Positioning

The West Midlands Growth Company is uniquely placed to address these challenges and to grasp the opportunities to make the West Midlands one of the most successful regional economies in the UK.

By creating a pipeline of major inward investment propositions and investor development initiatives, developing more focused and seamless business support arrangements across the West Midlands and creating a regional visitor economy, destination management organisation the Company will play a pivotal role in:

- Positioning the West Midlands as a premier location to invest in, do business in and visit on a national and global stage
- Driving the growth of the regional economy
- Diversifying its business base, attracting innovative, high tech, fast growth industries
- Creating highly skilled, well paid jobs
- In turn helping to improve the employment prospects and quality of life in the region

2.4 SEP Delivery Requirement

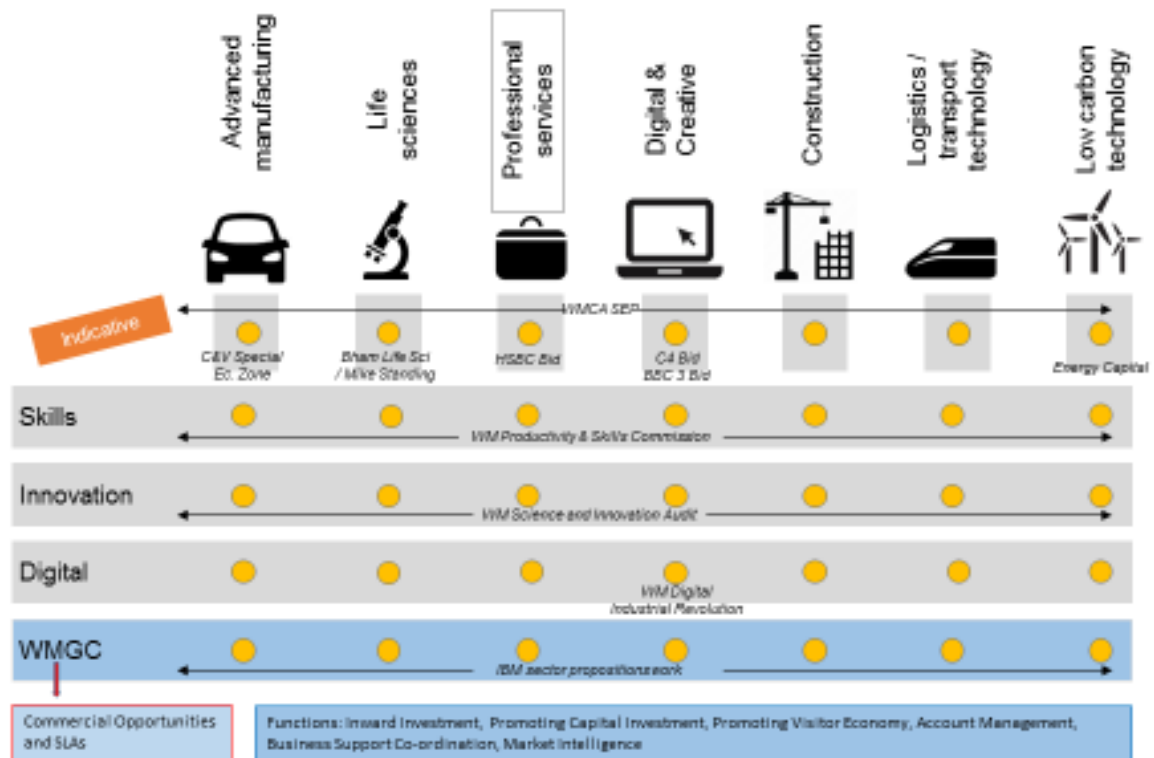
The company's Mission is aligned to supporting the delivery of the WMCA's Strategic Economic Plan (SEP). As such, the initial draft business plan was consulted on widely with LEPs, local authorities and the WMCA. It was presented to the SEP Board and ultimately approved by the WMCA Board.

There is regular dialogue between the company and the SEP Board. The Chair of the company has joined the SEP Board and the Chief Executive and Chief Operating Officer are regular attendees at its meetings.

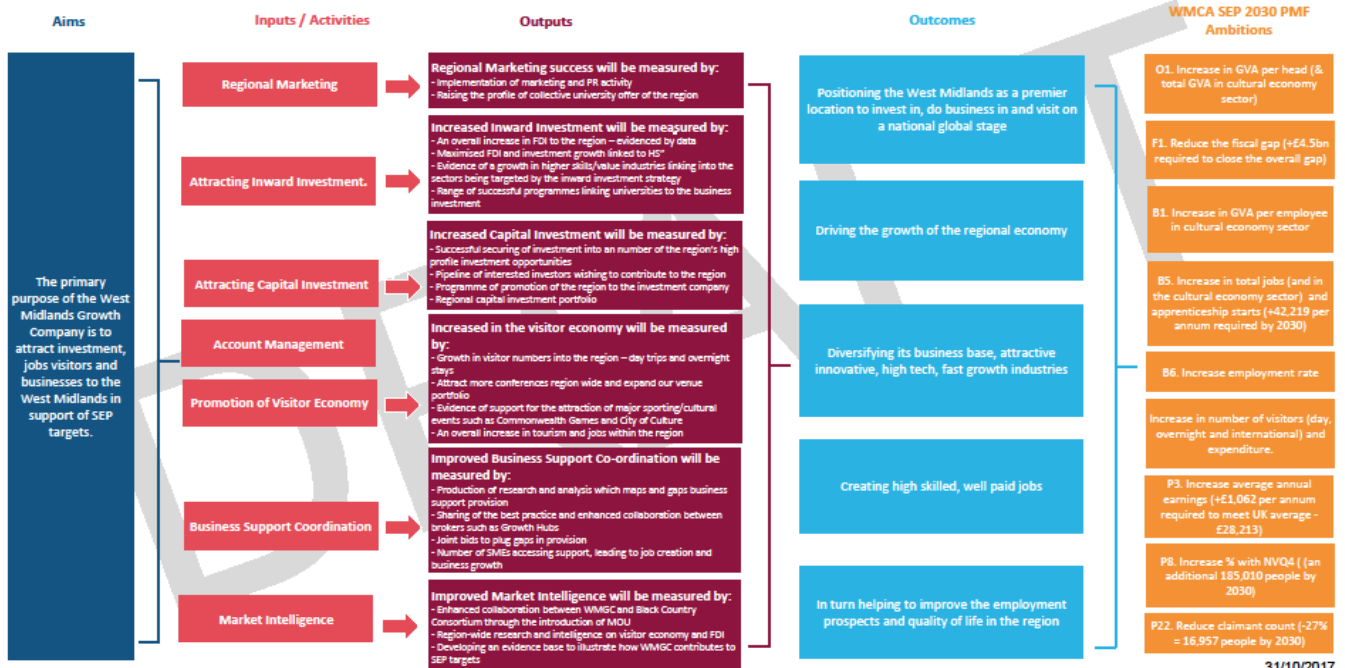
The company has entered into discussion with the Black Country Consortium, acting as the WMCA's economic intelligence unit, to help it determine the extent to which its business plan will help contribute to the delivery of SEP targets. This is an iterative approach, however the diagrams on the following page seek to demonstrate progress which has been made with understanding the alignment between this business plan and the SEP.

The company will be looking to grow its business over the next three years. However, the underlying tenet of the business will remain aligned to the delivery of the SEP and especially core SEP targets of GVA growth and jobs growth. All new and potential clients and contracts will be considered in this light. This will not rule out working with partners from outside the region so long as work is aligned and complementary to the mission of the business and ultimately the SEP.

West Midlands Growth Company and the WMCA SEP



West Midlands Growth Company Logic Chain



3. Company Mission and Strategy

The WMGC has an aspiration to grow the size of the business in order to have greater impact on the SEP targets and the added value it can bring to the West Midlands. Work has therefore been undertaken on devising key business documentation which gives clear direction for the company and underpins its purpose and aims.

3.1 Vision and Mission

Based on the agreed remit of the WMGC, which has been approved by the WMCA Board, the Company has devised new vision and mission statements which reflect the corporate aspirations and purpose of the organisation. Staff have been engaged to devise these statements and to ensure their buy-in and, subsequently, the statements have been agreed by the Board.

- Vision statement
The West Midlands Growth Company will be the leading regional investment promotion and economic development agency, unlocking potential for the West Midlands and the UK
- Mission statement
The West Midlands Growth Company supports the WMCA to build a region of choice which attracts investment and grows the economy through partnership across all sectors

The WMGC is now engaged in devising a new set of corporate values which will reflect the culture of the organisation and underpin the expected behaviours of all staff.

These declarations act as guiding principles to ensure the organisation proceeds towards its vision, achieves its objectives and sets a clear path for staff to understand the direction of travel for the future.

3.2 USP

Whilst there is national and international competition in attracting investment and regional prosperity, the WMGC is uniquely placed for the West Midlands in that there is no other regional entity which is responsible for attracting investment. This in itself gives the organisation an advantage in being without direct competition and able to focus clearly on its mission. However, there are other factors which give the company a distinctive advantage:

- The WMGC has the mandate and political endorsement from the Mayor, the WMCA Board, the constituent local authority leaders, Universities and the SEP Board to form this organisation and this adds credibility to its proposition
- The WMGC has the expertise and track record to attract investment as previous figures and the examples below will demonstrate

The WMGC has assisted a range of investors locating or expanding in Greater Birmingham, which has generated thousands of jobs and significantly boosted the local economy. The company played a critical role in securing HSBC's ring-fenced UK bank headquarters for Birmingham, which is bringing 1,000 roles to the city. An increasing number of tech firms are also now moving into the region, following a number of proactive campaigns by the WMGC's inward investment team. They include Lombard Risk Management plc, which recently opened a new Technology Centre in the region, creating 140 new jobs. US software provider Advanced launched its new Midlands headquarters in April 2016, generating 400 jobs in 18 months. Global e-tailer ASOS has chosen Birmingham as its first UK site outside London, creating a range of highly-skilled IT and digital roles in the process.

The manufacturing sector continues to attract more inward investment into the West Midlands than another sector (EY Attractiveness Report), with several companies coming from the Growth Company's target markets of India, the USA, China and Europe. Key successes include German automotive manufacturer Guhring, which generated 50 new jobs and safeguarded a further 75 following its move to Birmingham's Advanced Manufacturing Hub.

The WMGC has also developed a longstanding relationship with automotive giant Jaguar Land Rover, and continues to support the company as it invests in sites across the West Midlands. Another major employer in the region, German-owned business and home energy supplier ExtraEnergy, located to Birmingham with the support of the WMGC and has created 1,000 new jobs.

- The WMGC creates effective public/private partnerships to leverage investment within the region. Examples of this are given below.

Major events and campaigns are regularly used by the WMGC to secure investment into the region. In March 2017, the Company coordinated the Midlands Engine's presence at international property event MIPIM – involving more than 40 partners from the private sector, working with the public sector to promote the region. The highly successful event welcomed nearly 3,000 delegates, who saw 100 speakers taking part in more than 50 events. Key announcements included the launch of the £7 billion Midlands Engine Investment Portfolio.

Drive Midlands, which operates within the WMGC, has successfully utilised its private and public sector relationships to attract and support investors to the West Midlands. Its team has worked with a number of SMEs and global names – such as tech firm Haas Alert and US manufacturer Tenneco in Birmingham; and Detroit Electric in Leamington Spa.

Growing the visitor economy has also been a key feature of the WMGC's work in attracting investment into the West Midlands. By joining forces with a range of private and public sector partners, the WMGC helped to coordinate a successful campaign for Birmingham to become the UK's preferred city for hosting the Commonwealth Games 2022. The Company also oversaw the region's response to the Government's Channel 4 consultation, which engaged with creative and digital communities across the West Midlands.

3.3 Strategy

The WMGC aims to become a company unrivalled in its regional knowledge and diverse network of partners. Our strategy is to be recognised as subject matter experts and thought leaders using regional and global intelligence which translates into investment for the region. We will:

- Be best placed to identify global opportunities to effect economic change
- Work to identify and publicise regional strengths
- Target and attract investment
- Leverage the resources of the public and private sectors

We have been asked by the WMCA Board and constituent local authority members to operate in seven functional areas, as described in our original draft business plan. In each of these we will play a leading role, always working in partnership with others, as described below:

Function	Role	Key Partners
Regional marketing	Lead, co-ordinate, deliver	WMCA, TfWM, LEPs, Mayor
Attracting inward investment	Lead, co-ordinate, deliver	LEPs, local authorities, Growth Hubs, DIT, Midlands Engine, DCLG, WMCA
Attracting capital investment	Lead (in some areas), co-ordinate, support	Local authorities, DIT, Midlands Engine, FCO, Land Commission, WMCA
Account management	TBC	LEPS, local authorities, Growth Hubs
Promotion of the Visitor Economy	Lead, co-ordinate, deliver	WMCA, LEPs, local authorities, Visit Britain, Visit England, Universities
Business Support Co-ordination	Co-ordinate	LEPs, Growth Hubs, Universities, Local Authorities
Market Intelligence	Lead (in some areas)	Black Country Consortium, WMCA

3.3.1 Generating Income

We will generate increased income through leveraging our current clients and contracts and broadening our customer base. We will always aim to match public sector income with private sector income to optimise opportunities for the region. This includes:

- Attracting further project income from the WMCA
- Providing further marketing communications and project support services to Local Enterprise Partnerships
- Developing a range of additional bespoke services for Universities
- Attracting investment from central government departments such as BEIS, DCMS and DIT
- Providing opportunities for new resources through devolved accelerated development initiatives led by the WMCA

- Developing further income from the private sector through additional commercial partnerships, sponsorships and ancillary services such as relocation support

3.3.2 Future contracts

Ideally, in the future, the WMGC will seek to consolidate contracts where practicable thereby pooling resources and providing additional value and efficiencies. Whilst this may not be the current practice, consolidated budgets could be achieved, for example, through SLAs coming together and generating critical mass.

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70% of investment enquiries already come through the WMGC's own network. The WMGC has the advantage of being independent on the one hand, but having close ties with local government on the other. This allows it to flex its guise to appeal to the broadest range of customers.

3.3.3 Scope

Ultimately the WMGC will work towards being an economic development and investment agency. We are clear that there are areas which are already well served by other companies and organisations and where we will not seek to go into competition. For example, we will NOT seek to be a regeneration agency, a financing agency or a property agency. However, we will engage with investors, encouraging them to invest in the area and, through our intelligence led approach, will be able to assist them with their requirements and help inform their investment strategies.

4. Business Objectives

The primary purpose of the West Midlands Growth Company is to attract investment, jobs, visitors and businesses to the West Midlands in support of SEP targets. In order to achieve this, the WMGC will have both long and short-term objectives. Some of these will be internal objectives about business sustainability and efficiency; others will be external objectives about the development of the regional economy and our relationships with shareholders and clients. They are outlined as follows:

Long Term Objectives - External

4.1 Support delivery of SEP targets

This will be achieved through development of the core areas of activity within the WMGC as follows:

- 4.1.1 Regional Marketing success. This will be measured by:
 - Implementation of marketing and PR activity
 - Raising of the profile of the collective university offer of the region
- 4.1.2 Increased Inward Investment. This will be measured by:
 - An overall increase in FDI into the region - evidenced by data
 - Maximised FDI and investment growth linked to HS2
 - Evidence of a growth in higher skills/value industries linking into the sectors being targeted by the inward investment strategy
 - Range of successful programmes linking universities to the business investment community
- 4.1.3 Increased Capital Investment. This will be measured by:
 - Successful securing of investment into a number of the region's high profile investment opportunities
 - Pipeline of interested investors wishing to contribute to the region
 - Programme of promotion of the region to the investment community
 - Regional capital investment portfolio
- 4.1.4 Increase in the visitor economy. This will be measured by:
 - Growth in visitor numbers into the region - day trips and overnight stays
 - Attract more conferences region wide and expand our venue portfolio
 - Evidence of support for the attraction of major sporting/cultural events such as the Commonwealth Games and City of Culture
 - An overall increase in tourism jobs within the region
- 4.1.5 Improved Business Support Co-ordination. This will be measured by:
 - Production of research and analysis which maps and gaps business support provision
 - Sharing of best practice and enhanced collaboration between brokers such as Growth Hubs
 - Joint bids to plug gaps in provision
 - Number of SMEs accessing support, leading to job creation and business growth
- 4.1.6 Improved Market Intelligence. This will be measured by:

- Enhanced collaboration between WMGC and Black Country Consortium through the introduction of an MOU (see draft MOU in annex, appendix 4)
- Region-wide research and intelligence on visitor economy and FDI
- Developing an evidence base to illustrate how WMGC contributes to SEP targets

4.2 Support the devolution of powers and budgets in the region

This will be achieved by:

- Increasing FDI delivery into the region so there is greater autonomy in delivering growth
- Ensuring awareness of policy areas in order to successfully aid the West Midlands Combined Authority with lobbying of central government for resources and funding

Long Term Objectives – Internal

4.3 Grow revenue and capacity within the business to become a sustainable company with a broader remit, increasing turnover to circa £10m in the next 3 years.

This will be achieved by:

- Bidding regionally for greater visitor funds from Visit England/Britain
- Developing a regional subscription scheme for private sector companies, a 'Partnership Scheme' that is profitable, valued by clients and creates a multitude of revenue opportunities to fund the business going forward
- Ongoing successful delivery of our shareholder SLAs and growth in the number of shareholders, both constituent and non-constituent members contracting directly with the organisation
- Expansion of the number of contracts with central government bodies such as the Midlands Engine, DIT, BEIS
- Growing our support for universities through an enhanced SLA and individual commissioned project activity

We believe a circa £10m target to be achievable and further details are outlined in the finance section.

Short Term Objectives – External

4.4 Build robust and transparent client relationships

This will be achieved by:

- Understanding more about our clients, their business operations and requirements
- Increasing our regional visibility so we are top of mind for existing and new clients
- Ensuring our clients understand who we are and what we do
- Developing strong regional and company identity

This will be measured by:

- Feedback from partners, shareholders and stakeholders

4.5 Promote the region collectively and by end of 17/18, evidence the value the WMGC has created as an organisation

This will be measured by:

- Successful delivery of a national launch for WMCA and WMGC region (Nov 17)

- In partnership with LEPs, Local Authorities and other local stakeholders deliver a Regional Visitor Economy Strategy (by Sept 2018)
- Regional Inward Investment Strategy (delivered by Dec 2017)
- Collective regional Capital Portfolio delivery by MIPIM Cannes
- The production of a “value report” to the Board which will be shared with shareholders

Short Term Objectives – Internal

4.6 Implement an effective transition from Marketing Birmingham to the West Midlands Growth Company over an eleven month period.

This will be achieved by:

- Effective communication both internally and externally about the company’s remit so that its purpose is clear and understood by shareholders, clients, stakeholders and staff
- Devising and implementing a new structure, following a matrix operating model
- Building in flexibility to scale up and down as required
- Supporting staff through the transition ensuring buy in to the new operating model and company culture
- Upskilling staff to take on a broader remit

This will be measured by:

- Feedback from staff and stakeholders
- Appropriate processes and IT in place to support new operational delivery
- New organisational structure in place
- Company and staff are more visible to clients across the region
- Staff understand the company vision, mission, values and objectives
- All SLAs are in place for 18/19 before the beginning of April

4.7 Successful delivery of year 1 Service Level Agreements

This will be measured by:

- Agreed metrics with client SLA managers

4.8 Generate a sustainable revenue pipeline for the business

This will be achieved by:

- Creating capacity within the organisation to bid for and win new clients/contracts
- Extending our reach throughout the region and beyond to identify relevant opportunities to deliver value

This will be measured by:

- The development of a business plan for WMGC Enterprises, the trading subsidiary of the company
- Implementing measures to cope with the known changing funding profile e.g. the cessation of ERDF

5. Transition to West Midlands Growth Company

The company became the West Midlands Growth Company on 26th April 2017. The first financial year of trading, until end-March 2018, is about making the transition from Marketing Birmingham to the new company whilst maintaining a high standard of delivery for pre-existing and new customers.

- 5.1 The WMCA has set aside a maximum sum of £500k to support one-off transition costs, including legal and HR costs, restructuring, training and development, IT, rebranding and communication.

Whilst the vast majority of pre-existing contracts are carried forward by the new company, new service level agreements to the value of £1.329m in year one, are being put in place with:

- WMCA
- Universities
- City of Wolverhampton Council

This constitutes new work for the company. It is expected that all new SLA's will be agreed and signed off by the end of September 2017.

- 5.2 The senior executive structure of the business has already been redesigned. There now follows a process to redesign and reshape the remainder of the business to align with the broader geographic remit, the increased workload and new functions such as business support co-ordination. Gaps in regional knowledge and key skills will be identified through this process. This work will take place in the autumn of 2017, with full implementation by end-March 2018.
- 5.3 The Board has considered and agreed new Vision and Mission statements for the company (see section 3). These were developed following consultation with Managers in the business and with the Board. Work is now underway to develop a set of Values and Behaviours for the business.

Partnership working is key to the success of the business. Relationships with important stakeholders are being developed and dialogue is underway, including with LEPs, constituent local authorities, the WMCA and the private sector. Key members of staff, including Directors, have been identified to develop relationships with individual stakeholders (e.g. account managing individual SLAs and contracts). Secondees are being brought on board from partners and skills and knowledge gaps are being filled with new appointments and interim support. New IT solutions are being scoped to facilitate region-wide collaboration with the private sector (e.g. new CRM).

This is a challenging time for the organisation and it is recognised that effective and frequent internal and external communications are a critical factor in ensuring that our staff, partners and customers are effectively taken on this journey. The aim is to reach something approaching steady state by the end of March 2018. The WMCA has committed up to £500k to support this transitioning period and it is anticipated that this will be used to help fund the following:

- HR, restructuring and upskilling
- Legal costs
- Upgrading IT infrastructure

- Rebranding, including taking on board the region’s “competitive positioning” work in partnership with WMCA, TfWM and the Mayor’s office
 - Internal and external communication, website and other collateral
- 5.4 Research has been commissioned to facilitate several key functions of the business and support delivery:
- Investment propositions – this will support the development of key sectoral investment propositions for the West Midlands; partners are being engaged in dialogue to shape the research and capture sub-regional and sectoral priorities (complete October 2017)
 - Business support – in partnership with LEPs, this will support the improved co-ordination and delivery of business support provision across the region by identifying gaps in provision, enhancing collaboration and rolling out best practice (complete in two phases – December 2017 and March 2018)
 - SEP Delivery – the Black Country Consortium will be commissioned to help the business identify how it is contributing to the delivery of WMCA SEP targets (autumn 2017 onwards)
- 5.5 A trading subsidiary of the company has been set up – WMGC Enterprises Ltd – to handle private sector and non-Member projects to enable the company to comply with its Teckal exemption and hence avoid procurement with its Member organisations (WMCA, local authorities and universities).
- 5.6 A transition plan has been developed, the key areas of which are highlighted below:

Key elements of internal transition	Start	Complete
Developing new Vision and Mission statements	06/17	08/17
Developing the Value and Behaviours of the company	08/17	09/17
Reorganisation of staff to align with new business and priorities	09/17	03/18
Skills and knowledge gaps to be filled (e.g. secondments)	08/17	03/18
Incorporate trading subsidiary WMGC Enterprises Ltd	08/17	Complete
Staff familiarisation of the regional geography, partnerships and priorities; internal communications	05/17	03/18
Review company processes and policies in light of new governance and remit	09/17	03/18
Key elements of external transition		
Establishing dialogue and relationships with key partners and stakeholders	05/17	Ongoing
Establishing Service Level Agreements and MOUs with new partners	05/17	09/17
Commissioning research to support delivery of key business priorities	08/17	Ongoing
Partner communications	05/17	Ongoing

A more comprehensive Action Plan for the period until March 2018 is described in section 15, together with a detailed plan in the appendix.

6 Governance

- 6.1 The West Midlands Growth Company is a company limited by guarantee, owned by the WMCA and its seven local authority Constituent Members (the 'A' Members) who have ultimate control and sign off a number of reserved matters. These include the Business Plan and all Board appointments.
- 6.2 Six West Midlands universities are 'B' Members of the company (Birmingham, Warwick, Aston, Birmingham City, Coventry and Wolverhampton). They are entitled to nominate two Directors to the Board. Local Enterprise Partnerships are invited to nominate Directors to the Board from the private sector. There is also scope within the company's Articles for other public bodies (e.g. local authorities) to request the company to do work on their behalf, and hence become 'B' members of the company. The non-constituent local authority members of the West Midlands Combined Authority are entitled to nominate one Director to the Board.
- 6.3 Company members (A&B) can only be public "contracting authorities" as this allows the company to comply with the Teckal exemptions as set out in Regulation 12 so it can be charged by the WMCA, Councils and Universities with delivering certain functions, therefore avoiding a formal procurement exercise. A separate trading subsidiary, wholly owned by the West Midlands Growth Company will handle any residual non-core and private sector contracts hence keeping the Growth Company within the requirement to ensure that no more than 20% of its turnover is provided to the private sector.
- 6.4 The Board composition reflects the nature of the business it undertakes as well as the geography, economy and diversity of the West Midlands region. The WMCA appoints a Chair from the private sector who can act as a champion for growth, with strong links to the region and who is credible on a national and international stage.

The Board has 25 directorships (including the Chief Executive and Chief Operating Officer) to reflect the diversity of stakeholders, but the 'A' Members may reduce the number of directorships in future years. Board meetings will take place six times per year.

- 6.5 The Chief Executive reports to the Chair of the Board and has been co-opted on to the WMCA Management Board. The Chair of the Growth Company has joined the SEP Board.
- 6.6 The Board has established a number of Standing Committees, Working Groups and Task and Finish Groups. The Standing Committees are a formal part of the governance structure, reporting into the Board. The Working Groups and Task and Finish Groups are established on a "needs must" basis, as follows:

Standing Committees:

- Audit
- Remuneration and Nominations
- Strategic Planning

Working / Task and Finish Groups:

- Marketing and Communications (T&F)
- Business Support Co-Ordination (WG)
- SLA Strategy (WG)

- 6.7 The company will also provide regular reports to the WMCA SEP Board on matters such as: its Business Plan; business support co-ordination; and contribution to delivering WMCA SEP targets.
- 6.8 New corporate governance has increased the demands on the company to ensure it effectively services its new Board, Board sub-groups, Task and Finish Groups and the reporting requirements of its company members. A new position of Governance Manager has now been filled to support these requirements.
- 6.9 The nature of the organisation's business and ownership structure has meant that performance, financial and process scrutiny has always been quite deep. The company will continue to ensure that it adopts and follows best practice in the areas of procurement, recruitment, financial and associated areas. Recent audits have demonstrated that the business is already in a very good place in relation to these issues.

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7. Operating Model

As an economic development and investment body, supporting the delivery of the region's SEP, the West Midlands Growth Company will need to play an active role in stimulating investment and growth in the region. As such, it will develop an operating model that is dynamic, pro-active and flexible and develop a culture that is entrepreneurial, professional and driven. We will be intelligence led, and provide thought leadership to the region with regards to our areas of specialism.

The aim of the operating model will be to provide high quality services to our shareholders via a range of core service level agreements (SLAs). We will seek to search out and maximise opportunities for added value at all times, whilst also looking to leverage revenue opportunities from other linked organisations, our clients and our private sector partners. The WMGC will work broadly to generate investment, grow the visitor economy and generally seek to aid the economic development of the region; aiding delivery of the wider goals of the SEP.

Longer term, we will extend our ambitions and seek to maximise the benefits of our unique public/private sector network; ensuring we are a sustainable business, able to generate contingency funds which can be deployed and invested back into the business.

It will be imperative for the company to generate a sustainable level of non-shareholder income to effectively support the operational development and management of the company including:

- a) Funding business development and new business activity, including staff and resources
- b) Delivering a high-quality working environment, flexible and agile IT systems, motivational company events and trained and knowledgeable staff
- c) Funding activity, outside of agreed contracts, which it believes will augment the company's ability to stimulate economic growth and investment e.g. events

7.1 Pricing Structure

The WMGC is a private company limited by Guarantee. It will operate on the principal that no one contract or account subsidises another and delivery of all work is fully funded. We will always seek to charge a fair price, providing value and quality. The company's services to its customers will be priced to deliver agreed outcomes and activities. Our pricing will adopt the following principles:

- a) With Shareholder service level agreements, our pricing will be based on full cost recovery, funding all staff time, overheads and activity costs from Shareholders
- b) We will establish a fixed, agreed rate-card with each Shareholder which will provide transparency regarding process and will be used as the basis for any additional work to the base SLA during the contract period
- c) For non-shareholder clients, we will establish a rate card for services/chargeable time which will recover all staff, overhead, pension and activity costs, aiming to achieve a small contingency of between 5 – 15%
- d) Staff will keep timesheets which will be used to produce estimates for new pieces of work. This will provide a mechanism to quote for both outcome based and time-based contracts
- e) Senior members of staff will be empowered to produce pricing for new projects or new clients. All quotations will need to be agreed by the relevant Director, with the

Commercial Director responsible for ensuring the financial forecast is kept up to date with new business opportunities

7.2 Operating Model considerations

The aim of the company operating model will be to promote the region cohesively, therefore achieving better outcomes for the region. Initially, this pan-regional approach will only apply to 10% of the company's contracts, as this reflects the value of the WMCA SLA (£700k). All other year 1 contracts necessitate delivery of individual, contract specific outcomes. However, the underlying ethos of the operating model for the company will be to co-ordinate or combine different contract outcomes wherever possible, therefore achieving higher outcomes or added value for both the commissioners of activity and the region as a whole. This ambition to co-ordinate contracts, fostering collaboration between different clients so that the company can achieve greater results by combining activity is one of the fundamental principles of the company's operating model.

Illustrative example: Foreign Lead Generation for potential FDI companies linked to the advanced manufacturing and automotive sectors.

Client requirement: GBS LEP, Birmingham City Council, City of Wolverhampton Council, Drive Midlands

Budgetary constraints: no one organisation was able to commission this activity in major international markets.

Solution provided by WMGC: By combining the four separate budgets, collective funding was sufficient to commission lead generation activity in North America, India and German Speaking countries. A competitive tender was held, and 3 companies have been commissioned to implement lead generation activity thereby growing the number of foreign companies investing in the region across these two sectors.

Potential outcomes:

- FDI projects and new jobs for GBS LEP, Birmingham City Council, City of Wolverhampton Council and Drive Midlands
- International promotion of a stronger regional proposition, to cover key sites in the above regions
- International profile raising for the West Midlands Region
- Additional jobs to contribute to the SEP targets.

In order to achieve an efficient working model we will adopt an agile operating model approach, creating a range of sector specialist delivery teams, all of whom will have multiple skills and be able to work across a range of different contracts and customers. This will ensure capability in depth and reduce single points of failure. The company will operate on a matrix, with staff deploying their sector skills (such as PR, marketing or sector specific business attraction skills) for a range of different clients, who could be both shareholders and commercial clients. The agreed outputs or activities of each contract will determine the

amount of time deployed against each contract. Time sheeting will be implemented to facilitate monitoring of staff activity. Regular staff meetings, usage of Sharepoint and MS 365 will foster collaborative working practices so that teams work together to provide an efficient, high quality service.

The company will use its accounting system, Exchequer 365, to produce regular budget reports, to ensure there is robust financial management of each contract. Contracts will be run on a profit and loss basis so that there is transparency with regards to contract profitability to ensure cross subsidisation does not occur. The Leadership team will review financial performance monthly and will use this information to determine the company's annual operational plan. Managers will be made accountable for the profitability of their contracts and we will seek operational efficiency wherever possible.

7.3 Functions

As outlined above in the operating model matrix, the WMGC will deliver seven functional areas:

- Regional marketing
- Attracting inward investment
- Attracting capital investment
- Account management
- Promotion of the Visitor Economy
- Business Support Coordination
- Market Intelligence

Within these areas, which are detailed further in section 10, we will offer a range of products and services which clients will be able to purchase to a greater or lesser degree depending on their requirements. These broad service areas are as follows:

- Strategic marketing
- Campaign planning and implementation
- Place marketing – both strategic and functional
- Communications support and planning
- Digital marketing
- End occupier attraction
- Capital investment attraction
- Consultancy linked to place marketing and strategic investment attraction
- Research and analysis
- Stakeholder engagement - facilitation and co-ordination
- Marketing Services – convention bureau, relocation services and events management
- Brand asset development

We will focus on the seven core functional areas, working in partnership with other local bodies or shareholders where appropriate if a specialised skill set is required that is not present in-house. This is particularly pertinent with regards to research and business support co-ordination, where the company will work with the Black Country Consortium whose skill set complements the in-house team of the WMGC.

In order to maximise investment opportunities, we will also work in partnership with government organisations such as the Department for International Trade (DIT) and the Midlands Engine. In this way, we will be able to provide a high-quality, full-service investment

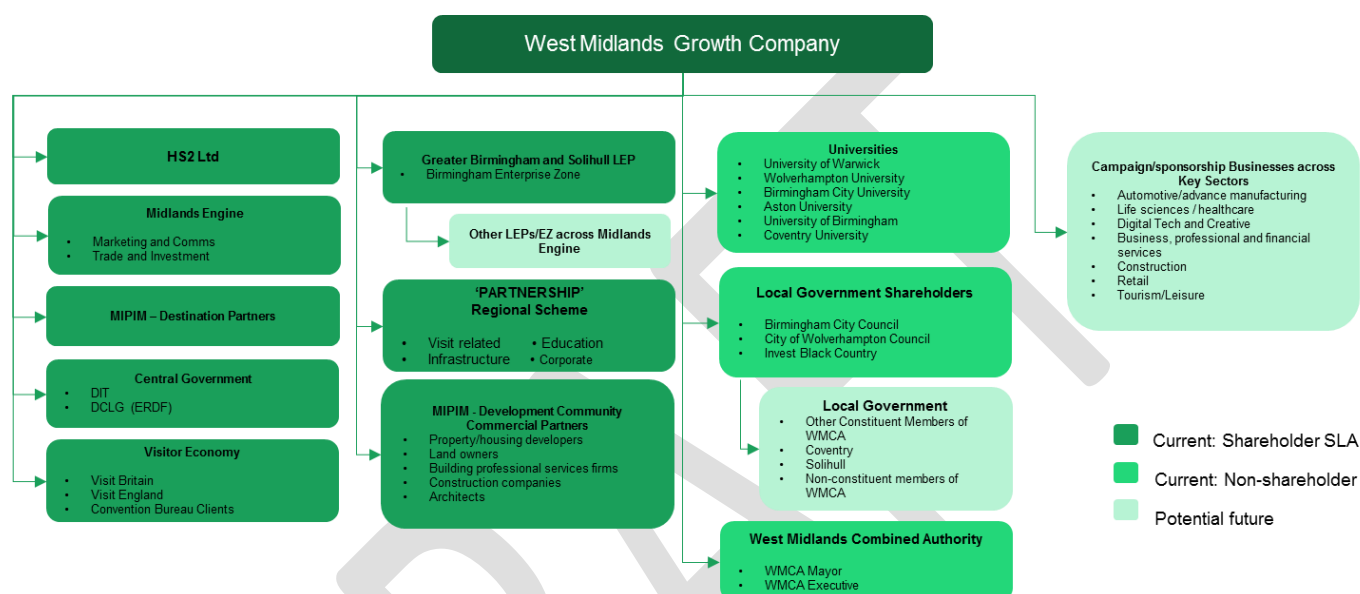
promotion and economic regeneration offer, delivered by dynamic, specialist teams. We will be able to flex our capacity as needed, working agilely for our shareholders and a range of different clients, enabling us to contribute effectively to the outcome of the SEP.

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8. Clients and Commercial Development

8.1 As outlined in Section 7, the aim of the WMGC's operating model is to provide high quality services to our shareholders, whilst also looking to maximise revenue opportunities from other linked organisations, our clients and our partners. In this way, the WMGC will work to generate investment, grow the visitor economy and generally seek to aid the economic development of the region thereby aiding delivery of the wider goals of the SEP. Diagram 1 below, outlines our current client segments. For the purposes of this diagram, a client is an organisation who pays us a fee for delivery of services.

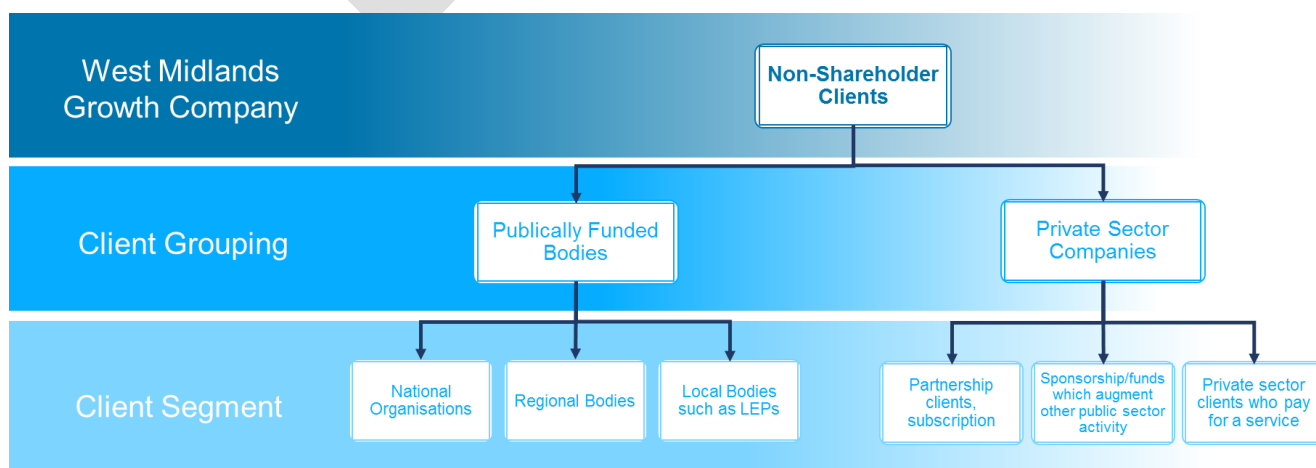
Diagram 1: West Midlands Growth Company Client Map



Our shareholder SLAs represent circa 43% of revenue for the company. The balance of the company income is generated by a range of further contracts. These can be segmented as outlined in Diagram 2 below, which shows that the balance of contracts can be divided into broad groups of clients:

- Non-shareholder publicly funded organisations
- Privately owned, commercial organisations.

Diagram 2: Non-Shareholder Client Segmentation



Our non-shareholder publicly funded organisations include the Greater Birmingham and Solihull LEP, the Midlands Engine, Visit Britain and Visit England, DIT and DCLG, which administers our European Regional Development Fund contract, Investing in Greater Birmingham. Our interaction with these clients is similar in that contracts are generally for larger sums of money (circa £100k or more), the contracts require larger service teams with a multitude of skills and there are many touchpoints with the client.

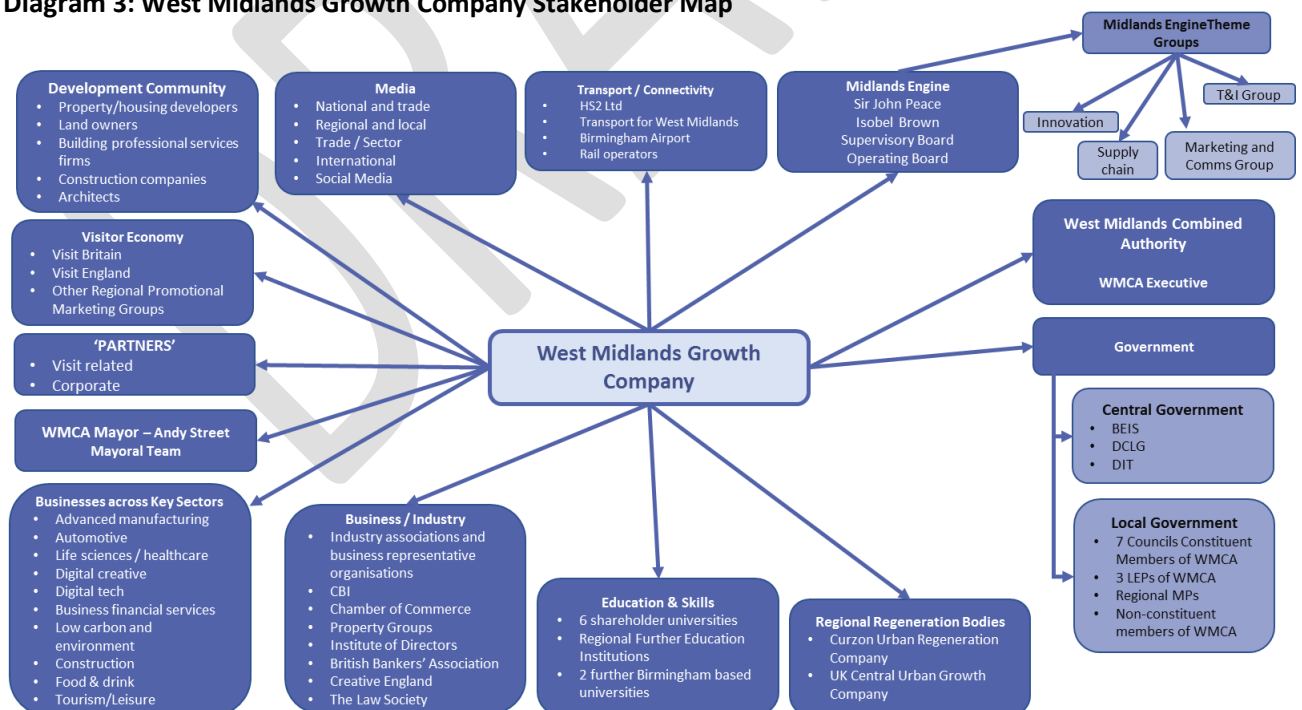
Our private sector clients are far more numerous and can be grouped into three distinctive segments:

- Private companies who subscribe to the company 'Partnership' scheme
- Private companies who sponsor/contribute to company campaign activity to augment public sector funding
- Private sector firms who pay us to deliver a service for them e.g. services linked to the Convention Bureau

For each of these clients, the levels of funding are far smaller and hence they receive proportionately lower levels of service. The company engages with these commercial clients via dedicated teams across the Convention Bureau and Business Growth teams.

One of the company's strengths is its ability to leverage its unique public/private sector network of organisations and companies. In order to deliver against our range of contracts and help deliver the outcomes of the SEP, we have to engage across the region with all sectors and therefore interact with a wide range of stakeholders. The breadth of stakeholders is far wider than the company's range of clients and is outlined in diagram 3 below:

Diagram 3: West Midlands Growth Company Stakeholder Map



This breadth of our public/private sector stakeholder network represents one of the key tools for gaining new clients and is integral to our commercial development and ability to generate sustainable sources of income.

8.2 Commercial Development

Over the next twelve months, in light of the completion of the Investing in Greater Birmingham ERDF contract and the known reduced contract with Birmingham City Council, the organisation will need to generate sustainable levels of income that are not wholly dependent on our shareholders. In this way we will be able to amplify publicly funded programmes, thereby attracting higher levels of investment and generating greater tourism numbers. However, in order to generate these new revenue streams, the company will need to free up capacity which can be focussed on new business activity. Freeing up this capacity is one of the key challenges for the company and will be heavily dependent on the effective implementation of the new, agile operating model.

Opportunities to generate new income streams include:

- 8.2.1 Bidding regionally for greater visitor funds from Visit England/Britain.
To help grow tourism numbers within the region, and augment local public funds, we will strengthen our relationships with Visit England and Visit Britain and seek out opportunities to bid for further regional funding opportunities. In each instance we will broker engagement across the public, educational and private sectors thereby maximising the benefits for all parties.
- 8.2.2 Developing a regional partnership scheme.
We will seek to review our current Birmingham scheme so that it can appeal to:
- Tourism linked businesses across the region, using a 'light touch' client account methodology to increase the numbers of companies involved, and leveraging digital exposure to ensure value and reach.
 - Corporate clients that may already have a regional presence and are willing to support the company and the region as it grows both capital and end-occupier investment.
- By working across a wider regional footprint, we will aim to grow our partner revenue streams from the current £450k to a sustainable £550k over the next three years.
- 8.2.3 Ongoing successful delivery of our shareholder SLAs.
We will aim to secure a further £2,000k from subsequent devolution agreements, thereby ensuring that in three years' time, 30% of a forecasted circa £10m turnover company is dedicated to regional activity, as opposed to the current levels of 10%. By demonstrating high quality delivery we would also hope to gain new service level agreements from both constituent shareholders, and other non-constituent member councils of the WMCA. One of the key strengths of the WMGC as a Teckal company, is that all shareholders will be able to purchase services without having to enter into a procurement process.
- 8.2.4 Growth in the value of contracts with central government bodies such as the Midlands Engine and DIT.
As the Midlands Engine becomes stronger and more established, we will seek to leverage our unique network and sector specialist experience to bid for additional contracts linked to marketing, communications and inward investment. For example,

the company currently manages a DIT funded Drive Midlands programme (current value £176k) to stimulate supply chain activity and inward investment in the automotive sector. Over the next three years we will work to improve this programme by incorporating a supply chain membership scheme into it, facilitating member's access to innovation, skills and finance. We will develop this initiative so that the Drive Midlands programme becomes self-financing over the next five years, targeting a revenue turnover of £300k within 3 years.

Enhanced support for our shareholders universities and potentially individual commissioned project activity:

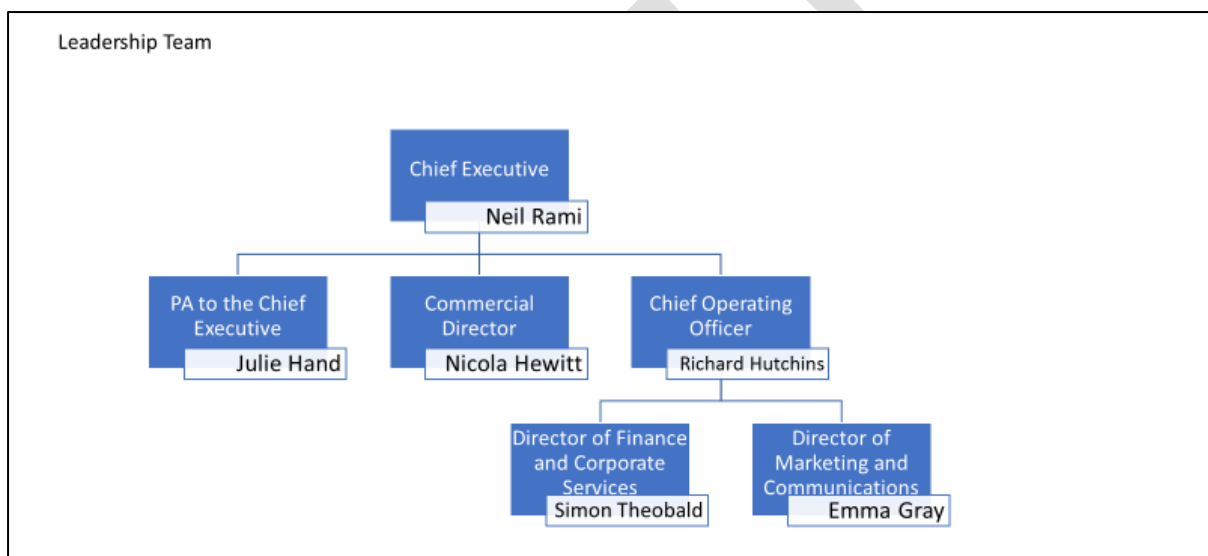
- 8.2.5 By working more closely with our university partners, we may be able to provide additional value to individual institutions on a project by project basis. Over the next 3 years we will develop our understanding of each institution so that we are able to maximise any opportunities or needs that arise.

9. People and culture

The change in focus of the organisation gives the West Midlands Growth Company an opportunity to reflect on how the company needs to be designed and developed so that it can fulfil its ambition to build a region of choice through working in partnership across the West Midlands to develop the region's global competitive position. From an employee perspective, the company needs to look and feel different to reflect the broader and deeper remit and customer base with different local cultures, attractions and challenges.

From an external perspective, the WMGC needs to be aware that it is operating in an increasingly competitive job market where recruiting and retaining is becoming increasingly challenging. We have developed a short-term action plan to address any immediate people risks we have and stabilise the organisation as we enter a period of change.

Work has already started on redefining the organisation and the Executive team has been restructured to reflect the new vision and mission of the organisation.



This Senior Leadership team has been working collaboratively to develop the Business plan and understand the associated skills and capabilities needed to deliver it.

The people and culture agenda will consist of 6 key areas of focus to enable the organisation to transition successfully over the next 11 months:

9.1 Organisation Design – Building an agile organisation

The design of the organisation needs to support the operating model which is focussed on creating the best possible outcomes for our customers by co-ordinating and combining different contract outcomes to leverage regional success. To achieve this, we need an agile organisation where we can deploy the skills and capabilities of our people flexibly across the range of clients we serve. Our aim is to build a design that works by sector with Stakeholder management expertise so we can develop a deep understanding of our clients' requirements. We will have 'service delivery teams' who will then deliver these requirements according to the SLAs we have in place. This gives us more opportunity to flex our resources and focus on efficiencies through effective planning and measurement. It will require some changes to our current structures as we will need to increase our expertise in matrix working, resource planning and identifying opportunities to continuously improve what we do. We will need to

apply a consistent set of principles to the design element of the organisation. These principles will provide us with a way of future proofing the design so we can deliver the business plan:

- Future design must have clear roles and responsibilities and be clear on decision making rights including financial and budget authorities
- Design needs to be based on future requirements - it's not about building around our existing skills and capabilities
- Focus needs to be on core activity and opportunities for continuous improvement – we should remove non-added value activity
- Average spans of control should be 1:4 depending on complexity of the work
- We should reduce single points of dependency wherever possible and aim to increase agility and flexibility in the way we deploy our people
- Future design should create agility in the way we deploy our people so we can flex to meet changes to our customer profile
- It must be able to meet the needs of the business plan over the 2 to 3 years and be scalable
- Effective matrix working must be a core capability of the future organisation

The organisational design element will be the key priority for the next six months and we will review the organisation 'end to end'.

We have completed a headcount forecast regarding our current and future requirements. There will be an overall net increase in our permanent headcount as we move to the new operating model. The split of headcount by area is shown below:

Function	Current headcount	Proposed headcount	Comments
CEO Office	2	2	No change
Operations	5	6	This reflects the increased governance required
Corporate Services and HR	11	12	An investment in permanent HR resource is required
Marketing and Communications	25	29	Increasing investment in our strategic marketing and communication capability so we can deliver across our regional client base
COO sub total	41	47	
Commercial	15	18	Headcount investment to support attracting increased capital investment and expanding the current partnership programme
Grand Total	56	67	
Headcount costs	£2.5m	£3.0m	

To ensure the new organisation design is successful several activities will need to be undertaken to embed the new structures and different ways of working.

9.2 Culture and Engagement

The change to WMGC will create uncertainty for some employees and managing the change successfully will be key to delivering our future business objectives. Creating opportunities for employees to feel listened to regarding their questions and concerns and input to what the future organisation will look like is important. We want employees to feel excited and motivated by the opportunities WMGC will bring and have an input regarding how we should communicate internally and work together.

Staff have been involved in designing the business plan including the vision and mission statements for the organisation. Further engagement is planned through setting up a “guiding team” of individuals across the organisation so that we can listen and act upon feedback regarding what employees want from the organisation and how they feel about the changes. This group will also be tasked with looking at our internal communications strategy and developing our company values. The Leadership team also host bi-weekly staff meetings to keep everyone up to date with company news and encourage teams to share their successes.

Agile working has already been introduced across the company and we are encouraging our employees to work at multiple locations so we build our presence and profile across the West Midlands and spend time with our stakeholders.

9.3 Recruitment and retention of key talent

Our recruitment and on boarding process is currently being refreshed so that we can provide a greater understanding of the purpose of WMGC and the opportunities we can offer. The organisation design work detailed above is creating a small number of new positions which gives us the opportunity to recruit new employees who will bring new skills to the organisation. We are committed to ensuring our recruitment processes encourage diversity and we regard ourselves as an inclusive organisation reflected by the current composition of our workforce. 49% of our workforce are less than 35 years old. Our gender split is 63% female and 37% male; we encourage a culture of agile and flexible working to support our staff to work in a way that meets both their lifestyle and our business requirements.

We are introducing a new two-stage hire process so that we can give new employees a chance to ‘meet the team’ and also giving new starters a ‘buddy’ to support them through their first few months in the business.

9.4 Developing performance and potential

Following finalisation of the business plan we will cascade the business plan objectives across the business via the Leadership team. A new performance management framework will be introduced to provide consistency regarding how employees are managed with objectives in place at individual level. This will create a common platform for performance to be managed and contributions recognised. Personal development plans will also be introduced to support the growth of skills and capabilities.

We also plan to introduce a talent management program so we can identify our key talent who have the capacity to grow into larger roles so we can invest in their development.

9.5 Reward and recognition

The West Midlands job market is becoming increasingly competitive so we are conducting external benchmarking for key roles where we believe we may have some risk of losing valued employees due to salary. Any changes or recommendations are subject to sign off by the Chief Executive and Chief Operating Officer so we have governance and controls in place around headcount budget management.

There is currently no annual salary review, grading structure or benchmarking process. In the short term, we are assessing salaries in the market to ensure we can compete in the job market for newly created roles. Longer term, we will introduce reward architecture so we have consistent review processes in place. Recognition is also being reviewed through the guiding team referred to in section 9.2. An action plan will subsequently be developed regarding how we should recognise achievements, this may be as simple as being recognised by the Leadership team for good work. The Board Remuneration and Nominations Committee will be used as a sounding board for any proposed changes and recommendations to the Board.

9.6 People skills and capabilities

At all levels of the organisation we will need to develop the skills and capabilities of our people so we can successfully transition to WMGC and the wider remit this brings. Our current average length of service is 4 years 4 months which is below industry average and one of the reasons identified is training and development so our intention is to increase investment in this area.

We will be investing in our leaders so they are able to support their teams through change successfully and engage our employees in our future vision and purpose. Managers will need to take more responsibility for decision making so the Senior Leadership team can focus on the strategic agenda and developing key relationships across the region.

We will invest in upskilling managers in how to manage change and introduce new processes to support managers with the right tools to manage their people; improved recruitment process, performance and talent management etc. This will be underpinned by support from the Senior Leadership team to provide the coaching and support required for their teams.

In addition, we will be looking at introducing some management development training modules around core first line management competencies. We will also be undertaking a training needs analysis across the organisation to identify the upskilling required for all staff.

10 Key Functions and Services

As outlined in the operating model (section 7), corporate delivery will be assigned against seven key functional areas:

- Regional marketing
- Attracting inward investment
- Attracting capital investment
- Account management
- Promotion of the Visitor Economy
- Business Support Coordination
- Marketing Intelligence

10.1 Regional marketing - *creating regional brand infrastructure to maximise profile*

Work will initially focus on establishing an umbrella brand strategy and activation plan. The outputs will support other vertical business functions, as a cross-cutting theme. Additionally, the segment will support overarching profile requirements, for example, quality of life, whilst also responding to standout markets and sectoral where there is opportunity or intervention is required. An example of work being undertaken is illustrated below:

The West Midlands competitive positioning project aims to provide strategic brand direction for the region over the next 5-10 years. The West Midlands Growth company will play a leading role in both the creation and deployment of an integrated brand solution, formulated around a proposition called "Make Your Mark" - which is rooted in the areas rich industrial heritage but clearly celebrates the modern achievements of the region as a place to live, work and visit.

The output will establish a distinctive brand framework for the West Midlands, which in turn will deliver consistency and create a joined up Combine Authority brand 'family' - (a) The Mayor's Office; (b) The West Midlands Combine Authority; (c) Transport for West Midlands and (d) The West Midlands Growth Company. This approach will support multiple customer journeys and interactions both within region and externally, domestically and internationally. The Growth Company will lead on out-of-region brand positioning working in collaboration with key public and private sector partners.

The creative articulation of the proposition is centred on key design principles (i.e. messaging, ident shape, colour, font), which will be used as a basis for forming the identity of the core "family." The corporate ident solutions are also accompanied by a device featuring the place proposition 'Make Your Mark'. The idea is that this asset can be applied to any communication and/or by any organisation that wishes to attach itself to a regional promotional effort. It also provides an opportunity for sub regional representation, although it should be stressed that it will be up to individual organisation to determine how best, if at all, to utilise the identity framework.

10.2 Attracting inward investment - *securing business relocation into the region*

A new region-wide inward investment strategy will be established, working in conjunction with key stakeholders in the private sector, Local Authorities, LEPs and DIT. Once achieved, a transparent partner framework will be developed to ensure the strategic co-ordination of investor enquiries. Then, working in collaboration, a prospect pipeline will be generated to attract businesses from priority sectors, which will be achieved by liaising with key nationally and internationally multipliers. The team will work to convert and secure businesses, and

support will be given to new companies moving to the region, to those relocating in strategic investment sites and Enterprise Zones.

Following a public tender, the WMGC has appointed IBM-Place Location International to carry out research and help lead a new inward investment strategy for the West Midlands Combined Authority region for the next five years. IBM were appointed due to their experience and expertise in location strategy and economic development, their global reach and deep knowledge of globalisation trends; the company has worked for governments, economic development agencies and most importantly, multiple corporate clients.

The project will consist of desk based research to understand global investment trends, sector and regional workshops to understand our local perspective, and international benchmarking of the WMCA region versus other national and international locations. By the end of November, the project will deliver value propositions for circa 8 sectors or sub sectors which, according to the research, offer the best opportunities of growing international inward investment across the region. The research will also recommend the most effective marketing methods for attracting this investment, to help the company deploy marketing funds efficiently.

From the inward investment strategy, we will be able to understand which sectors offer the highest potential for investment either internationally or nationally, which sectors offer the most potential for either high volume jobs or high value jobs or both and, also, those sectors that may not be appealing for attracting inward investment but may offer opportunities for either development or indigenous growth. The strategy will be shared widely and openly with our shareholders, partners and those stakeholders that took part in our workshops.

- 10.3 Attracting capital investment - *securing investment to key sites and projects*
Working with local partners, the Growth Company will aim to secure new capital investment into the region's infrastructure, business and institutions. The company's role will be two-fold (i) provide strategic quality assurance and market intelligence to planned investment proposals and (ii) deliver profile platforms, assets and opportunities to support with awareness and conversion. For example, representation in pan regional activity (e.g. Midlands Engine).
- 10.4 Account management - *maximising existing business support and delivering strategic advice*
This activity is two-fold – (i) to maximise relationships with existing businesses, by working with companies that have showed significant commitment to West Midlands by investing in multiple operations across the geography. The overarching aim is to create a deeper strategic relationship to support economic growth. This theme needs more development, in comparison to the other six areas, in terms of establishing the mechanisms and methodology to create a shared working environment with partners across the region and (ii) to provide public and private sector clients with consultancy and strategic project support – designing intelligent solutions to stimulate the economy. Further consultation will be required with the SEP Board.
- 10.5 The Visitor Economy - *developing and maximising the direct and indirect economic contribution of leisure and business tourism*
This strand will create a new umbrella approach to maximising the West Midlands regional tourism sector. Initial work will consider performance against provision to provide strategic direction and deliver economic growth. Working with local tourism partners the focus will be on growing numbers and revenues across both leisure and business segments.

- 10.6 Business Support Coordination
Establishing a regional Business Support Forum to develop a strategy and plan for enhancing, simplifying and marketing the regional business support offer, in partnership with LEPs, Growth Hubs, universities, other brokers, intermediaries and business support providers in the public and private sectors. Research will be commissioned in September 2017 and in partnership with LEPs from the Black Country Consortium, to develop a better understanding of the regional business support landscape
- 10.7 Marketing Intelligence - *monitoring and maximising economic performance*
This stream will ensure that the region has an intelligence-base for monitoring performance and supporting with establishing and/or reinforcing business cases for investment and profile purposes. A Memorandum of Understanding (see appendix 4) will be put in place with the Black Country Consortium's Economic Intelligence Unit to foster a more joined up and collaborative approach to commissioning and delivering market research. The Growth Company will focus on its core strengths in the inward investment and visitor economy areas
- 10.8 Within these functions, we will offer a range of services which clients will be able to purchase. The broad service areas are as follows:
- 10.8.1 Strategic marketing - ranging from data analysis and segmentation profiling, to proposition development and planning.
 - 10.8.2 Campaign planning and implementation - integrated B2C or B2B campaigns utilising relevant channels and tactics:
 - (a) Owned media - website, social, blog, email and database
 - (b) Earned media – affiliate marketing, social media, viral, coverage by bloggers, guest posts, consumer reviews
 - (c) Paid media - display advertising (online and offline), SEO, pay-per-click advertising, trade shows, advertorials, sponsorship, event-led activity (exhibitions, missions, familiarisation trips, B2C/B2B events) etc.
 - 10.8.3 Place marketing - both strategic – i.e. proposition-led, brand building - and functional, activation-led activity.
 - 10.8.4 Communications - strategy, planning and implementation support across the communications spectrum ranging from stakeholder mapping and engagement, to media relations and public affairs.
 - 10.8.5 Digital marketing - bespoke or integrated web platforms, social media campaigning and digital tools.
 - 10.8.6 End occupier attraction - lead generation and profile programmes to support the investor journey from initial inquiry, through the options stage to support with corporate landing in region.
 - 10.8.7 Capital investment attraction – working with local authorities and the WMCA Land Commission to develop and challenge propositions, leading to promotional activity to attract both national and international investors.
 - 10.8.8 Consultancy - linked to place marketing and strategic investment attraction.

- 10.8.9 Stakeholder engagement - with an extensive network of public and private business, the Growth Company is able to connect to sectors and sub-sectors to support bids, communication, concept testing.
- 10.8.10 Research and analysis - individual or collective commissions for qualitative and quantitative materials, coupled with business cases development support and campaign performance analysis.
- 10.8.11 Marketing Services - the following functions have scalability to deployed across the region and are considered to be key areas for additional contract development:
- (a) Convention Bureau services** – this area of the business is comprised of two elements (i) accommodation and venue finding services and (ii) business development activity such as bidding for events, conference, exhibitions and congresses
- (b) Relocations Services** – support packages related to individuals relocating to the area, ranging from digital support to bespoke familiarisation trips and help desk
- (c) Event management** – ranging B2B corporate events (stakeholder engagements AGM's) and B2C consumer experiential events. Service provision is at all stages pre-bid direction and/or support, during – implementation and delivery, post-event evaluation and RoI assessment
- 10.8.12 Brand assets - the WMGC owns a series of Birmingham related assets and brand platforms (a) Business Birmingham; (b) Visit Birmingham (c) Meet Birmingham and (d) Relocation Services. These will be used to support with commercial partner programme within the Birmingham region, and as relevant, because it is established attract brand and has the potential to enable wider regional awareness and drive investment and increase leisure and business tourism.

11. Performance measures

The company already has a variety of performance indicators embedded in its contracts and SLAs covering outputs, expenditure, activities and outcomes depending on the nature of each contract. These are reported to each client as agreed in the contract. However, in order to ensure that the WMGC is operating efficiently, we have introduced new high-level corporate measures and targets for the business to confirm we are meeting expected standards and best practice. These performance measures will be measured and reviewed on either a monthly, quarterly or annual basis as appropriate.

People

Measure	Frequency	Target	Owner
Staff retention and voluntary turnover	Quarterly	15 – 20%	Sarah Martin, HR
Sickness	Monthly	8 days	Sarah Martin, HR
Staff satisfaction (employee engagement index)	Annually	70%	Sarah Martin, HR
% of staff who have had an annual appraisal based on objectives (from April 2018)	Annually	90%	Sarah Martin, HR

Contracts and SLAs

Measure	Frequency	Target	Owner
Delivery of all KPIs and metrics in contracts	Annually	100%	Richard Hutchins, COO

Clients and stakeholders

Measure	Frequency	Target	Owner
Key client / shareholder satisfaction	Annually	90%	Neil Rami

Finance

Measure	Frequency	Target	Owner
Turnover	Annually	Circa £10m by 2020	Simon Theobald
Operating contingency at year end	Annually	£100k	Simon Theobald
Staff and overhead costs %	Annually	50% (or less)	Simon Theobald
Clean set of accounts	Annually	100% (with no qualification)	Simon Theobald
Adherence to Teckal exemption (20%)	Quarterly	100% compliance	Simon Theobald

Risks

Measure	Frequency	Target	Owner
Manage high level risks to amber or green status	Quarterly	100%	Simon Theobald

Transition

Measure	Frequency	Target	Owner
Delivery of all actions on transition plan	Monthly	100%	Richard Hutchins
Delivery of all actions in action plan	Monthly	100%	Richard Hutchins

IT and Systems

Measure	Frequency	Target	Owner
IT and telephony system availability	Quarterly	95%	Simon Theobald

Procurement

Measure	Frequency	Target	Owner
Ensure clean audits on procurement	Half yearly	No material issues	Simon Theobald

12. Infrastructure

In order to deliver the ambitious but realistic plans for the WMGC, significant planning and change has already been implemented and is to be developed further over the next 3 years with regard to office locations and the IT and communications delivery support structure. This is necessary to ensure that the ongoing delivery of anticipated contractual arrangements, providing multiple services with the associated targeted outcomes, continues across the wider geography of the WMGC.

- 12.1 The overarching cost base of the business has reduced significantly and our accommodation plan is designed to ensure that our footprint in Baskerville House is minimised, as this premium office accommodation location does provide an excellent entry point into the West Midlands region. Some of our support services can and will be provided from other locations to ensure that cost control remains in balance with the financial constraints of the business. As a result of these changes, many staff are already able to work in an agile way, right across the region enabling greater engagement with our partners and customers as we meet face to face in their locality and resulting in significant cost savings for the business.

To escalate the wider working geography of the business, the WMGC has, as its registered office at 16 Summer Lane, Birmingham, established a combined and effective working location alongside the WMCA. In addition, there are three further client facing area locations at Baskerville House together with hot desking facilities at The Clink in Warwick, Cheylesmore House in Coventry and Civic Centre, City of Wolverhampton.

The registered office at Summer Lane has 12 desks for the use of WMGC staff. These are managed by the Office Management team along with 97 desks at Baskerville House of which 46 are utilised by WMGC and the remainder by partner organisations, including for example DIT and Innovate UK.

- 12.2 Over the last 9 months the Company has made a significant investment and changed to a more agile way of working to make sure that staff are able to work remotely and across the region in multiple locations. There has also been a reduction in the number of “fixed” worker desks required, with most desks booked online as flexible desk accommodation. The Company will continue to promote agile working across multiple locations with some home working being available for those whose work plans suit this way of working.

The Company will also continue to lease the ground floor at Baskerville House until 2022, albeit with a reduced footprint when the lease will be reviewed. Having office space in this significant building in a prime location for UK and foreign visitors is essential for the WMGC to introduce new businesses and investors to the region. There are a number of businesses and partners with a licence to occupy co-located on the ground floor who make a financial contribution towards all the running costs for their desk spaces in the building, ensuring that cost recovery on all space and desk areas is kept to the optimum.

- 12.3 It is the company’s responsibility to check all hard facilities are serviced and checked on a regular basis in line with legislation by the building management and documentation is provided to demonstrate this has been done which needs to be available to view if requested by the governing bodies. WMGC are responsible for the Health and Safety (H & S) of its staff at all offices and ensuring that H & S training for all staff is kept up to date and all risk assessments are carried out. We use best practice and regularly update for the latest H & S guidance and encourage Equality and Diversity amongst the staff group. Full risk assessments are conducted for any staff members working away from the usual office locations and for home working.

12.4 Information Technology and Telephony

With the continued roll out of an agile way of working over 50% of users use laptops allowing them to work anywhere there is Wi-Fi. We are using hosted desktop systems and a hosted telephone system which links to an app on everyone's iPhone; this allows users to connect to our systems anywhere they have internet access. This infrastructure is essential to ensure that all business can be conducted in an effective and confident way from any location. There will be further development and investment into the agile technology and this will become the norm for most staff wherever they are located in the region.

There is a drive to continue further the efficiency savings and greater productivity which has resulted from the mobile IT and telephony changes. There has been a full integration into cloud based IT software systems which have reduced the reliance on physical hardware which has limited accessibility and has a high maintenance cost. We use Microsoft Office 365 E3 to provide all users with Email, Productivity software, Skype and SharePoint for collaboration. We also use MS Dynamics 365 (online) system to provide CRM services to all users. There will be continuous development into IT systems particularly with CRM being available and accessible across the region.

In order to ensure transparency across the region with regard to FDI leads, and to facilitate communication and knowledge share, we are proposing that our Customer Relationship Management (CRM) system is rolled out to all investment departments across the region. This will enable local teams to update enquiries as necessary, but also have visibility of enquiries that relate to their individual SLAs e.g. those that cover the whole of the SLA, or individual regions such the City of Wolverhampton. Work will need to be done to ensure full access from each Local Authority system and each team will need to be trained on its functionality.

13. Finance

The WMGC is ensuring that it develops a sustainable financial position. To this end, much work has been undertaken to attract further sources of revenue, particularly with additional campaigns and events in the region and with added SLA agreements from the West Midlands Combined Authority, City of Wolverhampton Council, a developing pipeline of other Local Authorities and a combined SLA with 6 of the leading West Midlands Universities. The Company has previously relied on significant funding from the European Union and a Service Level Agreement (SLA) with Birmingham City Council and we are aware that these sources of funding will reduce significantly over the next 3 years. We are therefore already mitigating these reductions in funding. Nevertheless, we are planning for growth, with turnover forecast to increase from £7.3m in the current year, to circa £10m in 2019-20.

- 13.1 Whilst the WMGC is dealing with a significant number of different contracts, the Company has been able to plan and identify its key requirement for financial resources to ensure that operating costs and overheads are kept to affordable and realistic levels with at least 50% of revenue being directly targeted to deliver the SLAs, campaigns and projects being undertaken over the next 3 years.

The Company has considered the need for sustainability and has taken measures over the past 12 months to reduce its overhead costs particularly with regards to office accommodation, utilities and appropriate staffing levels.

- 13.2 Effective and tight financial controls are in place and to ensure appropriate financial management of the business, the following principles and procedures have been developed and implemented for managing and reporting of the Company's finances:

- An annual budget is set and approved by the Board in March each year.
- A 3 Year budget and supporting cashflow has been developed to 2020, which will be presented to the Board in October 2017
- Budgets are updated monthly to provide an accurate rolling forecast with end of year projected outturn based on actual year to date with updated projections
- Monthly Management Accounts are produced
- The Cashflow Forecast is updated monthly
- Actual to Budget variances with full commentary are produced and considered by the Leadership Team once a month
- The Audit Committee meet four times per year to consider the financial position of the business and report to the Board any necessary concerns
- The Board receives a full financial report at each of their meetings
- The annual financial statements are subject to a full statutory audit
- The internal financial controls are reviewed on a regular basis
- Financial risks are recorded on the Company's Risk Register

13.3 Budget Numbers

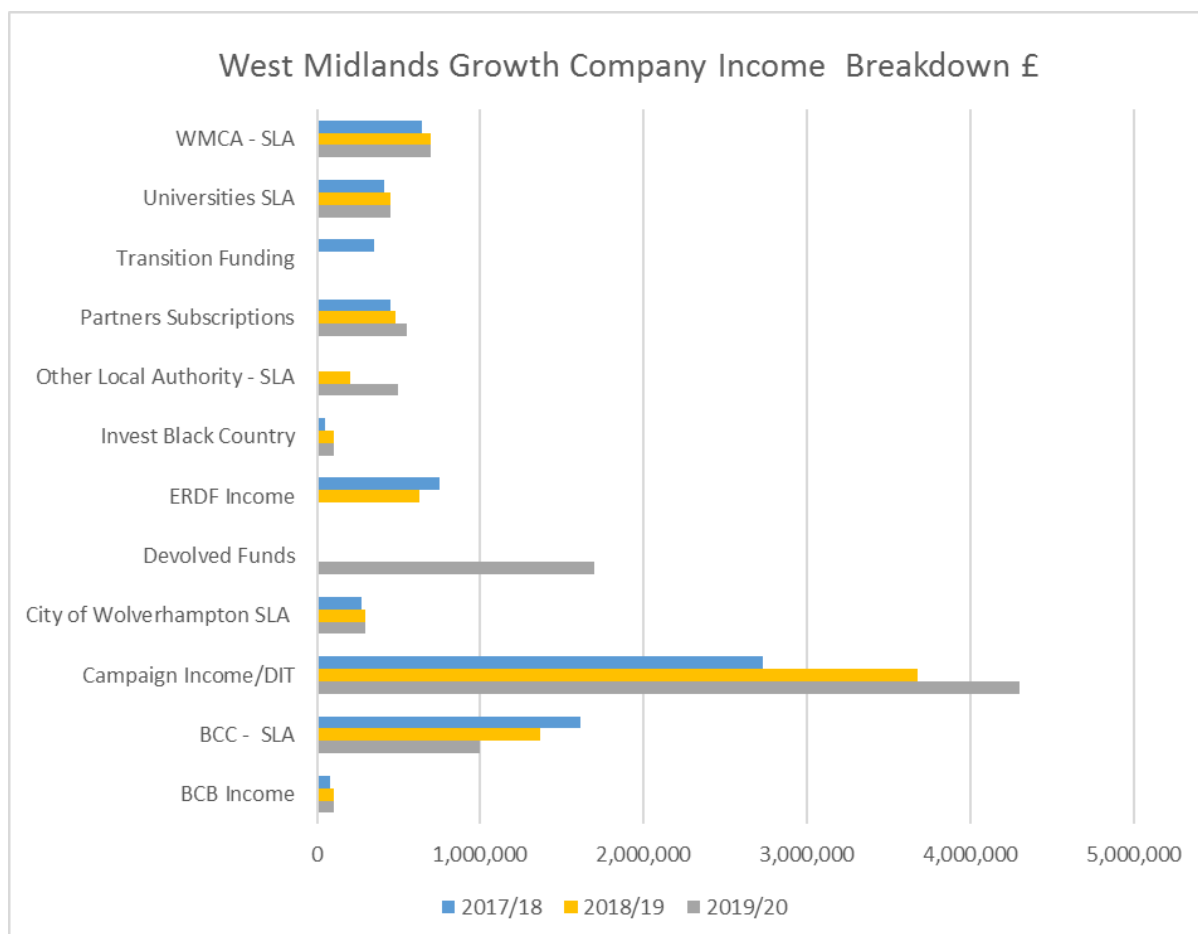
The budgets from 1st April 2017 until 31st March 2020 have been developed based on expected further growth with a number of clients, and some reductions in other areas where funding will be reduced over the next few years.

Campaigns and Events, which make up a very significant part of the business, include the annual MIPIM event, work with the Midlands Engine, Enterprise Zone contracts, GBSLEP contract, DIT funding and other private commercial work.

The budget forecast for the three years to 2020 is shown in the table below:

Budget 2017-2020			
	17/18	18/19	19/20
	Budget	Budget	Budget
Profit and Loss Account			
BCC - SLA	1,613,000	1,367,000	1,000,000
ERDF Income	753,262	627,327	0
WMCA - SLA	641,666	700,000	700,000
City of Wolverhampton SLA	275,000	300,000	300,000
Invest Black Country	50,000	100,000	100,000
Universities SLA	412,500	450,000	450,000
Other Local Authority - SLA	0	200,000	500,000
Devolved Funds	0	0	1,700,000
Campaign Income/UKTI	2,729,014	3,675,673	4,300,000
BCB Income	80,000	100,000	100,000
Partners Subscriptions	450,000	480,000	550,000
Total Income	7,004,442	8,000,000	9,700,000
ERDF MB Expenditure	(1,506,524)	(1,254,654)	0
Campaign Expenditure	(1,944,127)	(3,039,778)	(4,071,778)
BCB Expenditure	(139,769)	(153,746)	(153,746)
Commercial Expenditure	(201,668)	(221,835)	(222,085)
Corporate	(1,106,085)	(1,127,302)	(2,340,033)
Overheads	(1,970,000)	(2,067,000)	(2,673,700)
Hub	(30,000)	(33,000)	(36,300)
Total Overheads	(6,898,173)	(7,897,315)	(9,497,641)
Trading Profit/(Loss)	106,269	102,685	202,359
Contribution Analysis			
SLA	2,992,166	3,117,000	4,750,000
ERDF	(753,262)	(627,327)	0
Campaign	784,887	635,895	228,222
Commercial	248,332	258,165	327,915
BCB	(59,769)	(53,746)	(53,746)
Corporate Spend	(1,106,085)	(1,127,302)	(2,340,033)
Overheads	(1,970,000)	(2,067,000)	(2,673,700)
Hub	(30,000)	(33,000)	(36,300)
Profit/(Loss)	106,269	102,685	202,359

The following diagram shows the revenue values of contracts over the next 3 years. Total Income is expected to increase from £7.3m in 2017/18 to £8m in 2018/19 and then to £9.7m in 2019/20. There is growth in the Campaigns and Events from £2.7m in the current year to £4.3m in 2019/20 and income from SLAs increases modestly from £2.9m in the current year to £3.3m in 2019/20. This demonstrates an increase in the value and diversity of income streams as the Company increases activity across the wider geography of the West Midlands region.



13.4 Cashflow

A full three-year cashflow forecast shows a sustainable liquidity position sufficient to deliver on all the work the Company expects to undertake.

The Company has a £1.2m working capital facility from Birmingham City Council to manage the ERDF “Investing in Greater Birmingham” programme, the cash flow indicates the level of use of the facility and the headroom available at any time.

The cashflow forecast spreadsheet can be found in the appendices.

13.5 Some of the main assumptions are:

- The SLAs are paid in the month they fall due
- The ERDF claims are processed and paid in the month following the end of the relevant quarter
- The working capital facility of £1.2m will be available on request

- All other strands of revenue and expenditure are received and paid in the month they fall due

DRAFT

14. Risks to the Business

As with many business, areas that could impact adversely on the success of the business can come from multiple sources and could be either global, national or local.

Global risks could be financial, such as the previous banking crisis of 2008, they could be political with human unrest resulting in the threat of war between nations, or loss of trade such as the exit of Great Britain from the European Union, which represents many risks such as uncertainty with trade, movement and supply of EU labour until negotiations are finalised. Many of these risks we need to be mindful of, but cannot necessarily directly influence.

National risks could be for example be a failed devolution deal for the West Midlands region from central government, or further political unrest should the government not get an agreed Brexit plan with other EU member states.

Local risks, particularly reputational ones for the cities and districts, could represent a potential downturn in Inward Investment, movement of labour into the region, or lower visitor numbers. An example would be strikes by public sector staff across the councils and emergency services, leading to a lack of confidence in the management of essential services across the region.

14.1 Our business risks are numerous and some of the key risks in our high-level Risk Register are listed below:

- Funding does not come through or does not come through when expected
- Wrong skill set or loss of knowledge through staff leavers
- Clients feeling that there is not enough regional focus or individual client focus
- The period of transitioning could cause distraction resulting in a lack of delivered outcomes and dissatisfied clients
- The current ERDF programme is not fully delivered due to either low outputs or not to agreed timescales

14.2 We have a robust risk process which means that risks are identified quickly and mitigations sought, implemented and monitored. Any risk that is identified to the business is logged onto an electronic Risk Register.

Risks are categorised under the following headings:

1. **Financial:** these would impact on the viability of the business finances
2. **Operational:** these would affect the ability of the Company to operate effectively
3. **Reputational:** these potentially could lead to the business becoming untenable
4. **Health & Safety:** these would potentially lead to prosecution
5. **Compliance:** these would have further impact, particularly financial ones

14.3 The procedures for managing and reporting risk are as follows:

- Anyone who manages risk can add a risk at any time onto the Risk Register
- Each risk is assigned an owner who is responsible for updating mitigating actions and controls being taken to address the risk.
- The Leadership Team reviews the main risks at their fortnightly meetings
- The Audit Committee reviews the Risk Register at their quarterly meetings
- The Board reviews the Risk Register twice a year at their meetings

A copy of the key risks from the risk register are included as an appendix.

15. Action plan

A comprehensive action plan has been developed (see appendix 4) to enable the executive to ensure that transition to WMGC and key business plan actions are monitored and delivered in a timely fashion. The action plan is owned by the Chief Operating Officer on behalf of the Leadership Team and will be updated on a monthly basis. Each action has a senior owner who takes responsibility for delivery.

The actions encompass all key elements of the business and the business plan:

- Finance
- Legal
- HR
- SLAs and contracts
- Governance
- Business planning
- Marketing and communications
- Other aspects of the business, e.g. IT, CRM, office spaces

The action plan initially covers the period from the formation of WMGC until the end of the financial year. It will now be rolled forward on a quarterly basis to ensure it covers a 12-month forward look.

Progress with delivering actions will be linked to the Risk Register to ensure corporate risks are monitored, mitigated and updated accordingly.

The action plan can be found in the appendix at number 3.

Section 16: WMGC Business Plan Appendices

Appendix 1. Finance Cash Flow



Finance Cashflow -
BP 31.10.17.xlsx

Appendix 2: Risk Register



Business Plan Risk
Register XL.xlsx

Appendix 3: Corporate Action Plan



WMGC action plan
Sep 19 v. 2.xlsx

Appendix 4: Draft MOU for Market Intelligence



Market Intelligence
Draft MOU.docx



WMCA Board

Date	8 December 2017
Report title	Delegation of Statement of Accounts Approval
Portfolio Lead	Councillor Izzi Seccombe - Finance & Investments
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority tel: (0121) 214 7552 email: deborah.cadman@wmca.org.uk
Accountable Employee	Sean Pearce, Director of Finance, West Midlands Combined Authority tel: (0121) 214 7936 email sean.pearce@wmca.org.uk
Report to be/has been considered by	Audit, Risk & Assurance Committee - 17 November 2017 Programme Board - 24 Nov 2017

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Endorse an amendment to the WMCA Constitution, to enable consideration and approval of the WMCA's statutory Statement of Accounts to be delegated to the Audit, Risk & Assurance Committee.

1.0 Purpose

- 1.1 This report sets out the rationale for recommending an amendment the WMCA Constitution that will allow delegation of statutory accounts approval to the Audit, Risk & Assurance Committee.

2.0 Background

- 2.1 In accordance with the Accounts and Audit Regulations 2015, the WMCA is required to prepare and approve the following:
1. its annual statement of accounts; and
 2. an annual governance statement.
- 2.2 Following its preparation, the responsible financial officer (Director of Finance) must sign and date the Statement of Accounts and confirm that they are satisfied that it presents a true and fair view of –
- i) the financial position of the authority at the end of the financial year;
 - ii) the authority's income and expenditure for the year.
- 2.3 Once the statutory accounts preparation is completed, the authority is required to commence the period for the exercise of public rights and notify the local auditor of the date that the period commenced.
- 2.4 The local auditor, Grant Thornton, is also required to carry out an audit on the annual financial statements.
- 2.5 The Accounts and Audit Regulations require that the final version of these audited documents are considered and approved either by members of the authority meeting as a whole or alternatively by a committee of the authority.
- 2.6 The audited Statement of Accounts and the Annual Governance Statement together with the auditor's opinion must then be published on the authority's website by no later than 31st July of the financial year immediately following the end of the relevant financial year.
- 2.7 Owing to the condensed timetable that the authority is now required to follow, as well as a relatively short amount of time available following their completion for members to consider and approve the Statement of Accounts, it is suggested that the WMCA's Constitution is amended to assign responsibility for considering and approving the Statement of Accounts for the WMCA and the WMITA Pension Fund to the Audit, Risk & Assurance Committee.
- 2.8 Approval of the Statement of Accounts fits closely with the Audit, Risk and Assurance Committee's existing terms of reference and members already have an understanding of the regulatory background to the approval of the statutory Statement of Accounts having been actively involved in considering the external audit approach to the financial statements that has been adopted by the local audit team at Grant Thornton. Any issues of concern will be raised with the WMCA Board when necessary.

- 2.9 It is suggested that the WMCA Constitution is now updated to include the following additional NEW functions for Audit, Risk & Assurance Committee, to allow delegation of the Statement of Accounts approval process to the committee so that they can be approved in a timely manner in accordance with the requirements of the Accounts and Audit Regulations 2015:

- i. **To approve the WMCA's annual Statement of Accounts;**
- ii. **To approve the WMITA Pension Fund's annual Statement of Accounts.**

The timetable below sets out the indicative key dates for the 2017/18 Statement of Accounts approval:

Description	Responsible	Date
Finance training for members of ARAC	Finance team	March 2018
Draft Statement of Accounts 2017/18 completed & certificate signed by Finance Director (WMCA & ITA Pension Fund)	Finance team/Director of Finance	May 2018
Financial Statements Audit	Local audit team (Grant Thornton)	May 2018
Consideration and approval of Statement of Accounts	Members of ARAC	June 2018
Publication of Statement of Accounts	Finance team	31 July 2018

3.0 Legal implications

- 3.1 The WMCA has a statutory obligation to approve and publish its statutory accounts by the statutory deadline. The current route for approval of the accounts under the Constitution is through the Combined Authority Board. To enable the Audit Risk and Assurance Committee to undertake this task, the function needs to be delegated to that committee by the Board as recommended by this report.

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WMCA Board

Date	8 December 2017
Report title	Financial Monitoring 2017/18
Portfolio Lead	Councillor Izzi Seccombe - Finance & Investments
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7552
Accountable Employee	Sean Pearce, Director of Finance email: sean.pearce@wmca.org.uk tel: (0121) 214 7936
Report to be/has been considered by	WMCA Leadership Team - 20 November 2017 Programme Board - 24 November 2017

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

1. Note the financial position for October 2017.

1.0 Purpose

- 1.1 To provide an update of the WMCA finances as at the end of October 2017.

2.0 Financial Monitoring

- 2.1 A summary of the revenue and capital financial positions against the approved budget are attached at appendices 1-4. A summary of the Investment Programme along with current commitments is included in appendices 5 and 6 and a summary of the balance sheet is included in appendix 7.

3.0 Transport

- 3.1 Appendix 1 sets out the position on the transport budget. There is a favourable variance of £491,000 (£627,000 Sept) at the end of October representing an adverse movement of £136,000 in the month.
- 3.2 Following the second reforecasting exercise of the year the full year position during October shows a favourable variance against budget of £883,000, a movement of £62,000 from the previously reported forecast.
- 3.3 This represents an adverse movement of £166,000 within child concessions due to rolling out the child 16-18 scheme across rail and a favourable movement of £122,000 within ENCTS due to lower patronage numbers resulting in lower reimbursement costs.
- 3.4 The main variations to date are favourable variances within the concessions budget of £443,000 (£376,000 Sept) year to date and £1,011 million for the full year due to savings within the national bus concession scheme owing to lower patronage and savings within the local child concession scheme as a result of the release of a contingency sum set aside in the budget that is not now required. There is also a favourable variance within finance charges of £132,000 (£123,000 Sept) year to date and £295,000 for the full year. This is primarily as a result of interest savings on long term borrowing costs as a result of a delay in planned borrowing due to current market conditions.
- 3.5 This favourable position is partially offset by an adverse variance within Metro services of £466,000 (£400,000 Sept) year to date and £800,000 for the full year which is as a result of provision being set aside for the Midland Metro Ltd. mobilisation work.
- 3.6 On 10th November 2017 the board approved a revised MRP policy as part of the Treasury Management Report which, as reported, saves £5m per annum for the next 7 years. Discussions are currently underway with the Met Authorities regarding how to best utilise the saving over the term.

4.0 WMCA Operational Budget

- 4.1 Appendix 2 sets out the position on the WMCA operational budget at the end of October and shows a favourable variance of £941,000 (£884,000 Sept) year to date which is primarily due to a number of posts remaining vacant which has resulted in a delay in the start-up of planned activity. In addition there are savings against the Collective Investment Fund (CIF) of £204,000 (£175,000 Sep) year to date as the CIF is now expected to cover its fees and cost of capital in the year.

4.2 Following a re-forecasting exercise during October the full year forecast position shows an adverse variance of £77,000 forecast for the full year, representing a favourable movement of £118,000, from that previously reported. The main movements are within staff costs due to a number of the Director posts starting later than previously anticipated.

4.3 Work continues to confirm outturn forecast based on new Director portfolios and the anticipated position will be reported in due course, noting the commitment to fund £250,000 towards the Commonwealth games bid from Operational Budget headroom.

5.0 Mayor's Office

5.1 Appendix 3 details the Mayor's office spend and the cost of the recent mayoral election. Following the second forecasting exercise of the year, the forecast is now in line with the budget due to external advice costs being removed with the expectation of managing the work in house.

6.0 Transport Delivery Capital Programme

6.1 In Appendix 4 transport schemes are largely on track, evidenced by the £0.65m variance (£0.02m Sept 17) to the end of October. The directly delivered Investment Programme schemes shows expenditure being ahead of budget £2.3m, against the Edgbaston Metro Extension which is off-set by deferred activity on the Wolverhampton Metro Extension where the delivery profile has been reviewed.

6.2 The forecast for the year assumes spend in advance of budget £6.1m (unchanged from September) which includes a continuation of the acceleration against the Edgbaston Metro Extension scheme in addition to acceleration within the overall budget against the East Birmingham and Wednesbury Brierley Hill Metro schemes. Again, this is offset by a variance of £2.6m which is attributable to the deferral of activity against the original Wolverhampton Metro Interchange scheme.

6.3 There are only 2 minor new cost pressures relating to projects in the minor works programme, Dudley Bus Station automatic doors, £0.198M and knotweed at Walsall cutting, £0.140m. These are being funded by a prior call on the 2018/19 Integrated Transport Block funding.

7.0 Investment Programme

7.1 The Combined Authority is currently reviewing governance and performance reporting for the Investment Programme including prioritising, of both funding and costs. This will be reported to the Board in early 2018; ahead of this the current year's financial position is as follows.

7.2 Appendix 5 details the progression of the WMCA Investment Programme in full, which is broadly on track with the exception of wider Wolverhampton Metro / Station / Car Park scheme following a deferral of the programme to allow the project work-streams to be delivered simultaneously rather than consecutively. Appendix 5 currently notes costs slightly greater than funding on the Metro schemes to Birmingham Airport and Brierley Hill, however at this early stage of development it is assumed this will be value managed down as the project detail develops. In addition to a potential cost over-run of approximately £30m on the Wolverhampton scheme, which is expected to be shared equally between WMCA / Wolverhampton City Council subject to approval by WMCA Board.

- 7.3 The WMCA Investment Programme is reported as a consolidated picture, by collating both WMCA direct spend and local authority returns. As such, the reporting of Investment Programme financial is one month behind as this enables Districts two weeks post month end to supply their latest claim and forecast figures. The initial budget for the Investment Programme for 2017/18 is shown under Appendix 5.
- 7.4 Investment Programme projects with a WMCA funding value of £235m have received approval via the WMCA Assurance Framework to the end of August 2017, most notable of which is the £98.7m towards the Coventry City Centre Regeneration project. Further details are shown in Appendix 6.
- 7.5 A separate report on the Investment Programme overall and current financial commitments and funding is currently being prepared for consideration at a future WMCA Board meeting

8.0 Balance Sheets

- 8.1 Appendix 7 shows the WMCA Balance Sheet which shows a healthy financial position at the end of September.

9.0 Legal implications

- 9.1 There are no legal implications.

10.0 Equalities implications

- 10.1 There are no equalities implications.

11.0 Appendices

- Appendix 1 – WMCA Transport Revenue Summary – October 2017
- Appendix 2 – WMCA Operational Revenue Summary – October 2017
- Appendix 3 – WMCA Mayor Revenue Summary – October 2017
- Appendix 4 – WMCA Capital Transport Delivery Programme – October 2017
- Appendix 5 – WMCA Investment Programme Summary – September 2017
- Appendix 6 – WMCA Investment Programme Commitments – October 2017
- Appendix 7 – WMCA Balance Sheet – October 2017

Appendix 1

Transport Revenue Budget – October 2017

	October 2017 Year to Date			Full Year 2017/18			Comments
	Actual £'000	Budget £'000	Variance £'000	Forecast £'000	Budget £'000	Variance £'000	
INCOME							
Transport Levy	70,899	70,900		121,542	121,542		
Total Income	70,899	70,900		121,542	121,542		
EXPENDITURE							
Concessions							
National Bus Concession	30,678	30,893	215	51,829	52,519	690	The favourable FY variance of £1,011k and YTD variance of £443k is primarily as a result of savings on the national bus concession scheme owing to lower patronage and savings on the local child concession scheme due to the release of a contingency set aside in the budget which is no longer required.
Metro / Rail	2,518	2,572	54	4,365	4,409	44	
Child Concession	5,558	5,739	182	9,314	9,609	295	
Passes and Permits	(49)	(57)	(8)	15	(3)	(18)	
	38,703	39,147	443	65,523	66,534	1,011	
Bus Services							
Bus Stations / Infrastructure	2,784	2,575	(208)	4,436	4,213	(224)	The adverse YTD and FY variance within bus stations and infrastructure has largely occurred due to an overspend within the routine maintenance budget YTD (£56k) and FY (£58k) due to upward pressures as a result of greater maintenance requirements. Shelter cleaning, electricity, safety clothing have an adverse variance of (£73k) YTD and (£122k) FY. Advertising revenue also has an adverse variance of (£65k) YTD due to updated assumptions based on the performance of year one of the current contract. These variances are offset by a one off favourable variance of £118k YTD and £153k FY within the RTI maintenance budget due to new franchise arrangements.
Subsidised Network	4,466	4,497	30	7,772	7,772	()	
Tendering / Monitoring	425	459	34	799	816	17	
Accessible Transport	4,297	4,299	1	7,367	7,369	2	
	11,972	11,829	(143)	20,375	20,171	(205)	
Rail and Metro Services							
Metro	1,244	790	(454)	2,272	1,408	(864)	The adverse variance within metro operations is as a result of a prudent provision being set aside for MML mobilisation work of FY £800k and YTD £466k. The favourable FY £197k and YTD £123k variance within Bromsgrove Rail station has occurred due to receiving greater income from the DFT in relation to the long term change.
Rail Operations	146	111	(35)	231	191	(40)	
Car Park and Ride	709	796	88	1,475	1,426	(49)	
West Midlands Rail	214	261	46	301	316	15	
Bromsgrove Rail Station	67	190	123	129	326	197	
	2,381	2,149	(232)	4,409	3,668	(741)	
Integration							
Safety and Security	548	534	(13)	864	924	60	The FY favourable variance within Passenger Information is due to one-off additional E-purse commission from sales being received (£50k), and underspends against marketing campaigns & monitoring work.
Passenger Information	3,281	3,303	22	5,445	5,531	86	
Sustainable Travel	26	29	3	54	60	6	
	3,854	3,866	12	6,363	6,514	151	
Business Support Costs							
	2,096	2,364	268	3,792	4,052	260	The FY and YTD favourable variances within business support costs are primarily as a result of savings within staff costs due to vacant posts and higher than budgeted investment income due to more favourable cash balances.
Policy and Strategy and Elected Member Services							
	1,134	1,117	(17)	2,015	2,075	60	
Finance Charges							
Finance Costs	9,065	9,197	132	15,378	15,673	295	The FY and YTD variance within finance costs is as a result of interest savings on long term borrowing costs as a result of a delay in planned borrowing due to current market conditions.
Deregulation Pension Costs	764	791	27	1,305	1,356	51	
Transport Development	875	875		1,500	1,500		
	10,704	10,863	159	18,183	18,529	346	
Total Expenditure	70,844	71,334	490	120,659	121,542	883	
Net	56	(435)	490	883	()	883	

Appendix 2

West Midlands Combined Authority Operational Budget - October 2017

FINANCIAL SUMMARY AS AT OCTOBER 2017	OCTOBER 2017 YEAR TO DATE			FULL YEAR 2017/18			WMCA OPERATIONAL BUDGET STATUS
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Contribution - 7 Met Council's	868	868	0	1,487	1,488	(1)	<p>At the end of October there is a favourable variance of £941k within the WMCA Operational budget. Despite the significant YTD underspend there is an adverse variance of £78k for the FY.</p> <p>Forecast Movement:</p> <p>The forecast has moved by £118k. The main forecast movements are within staff costs across a number of areas where there are savings due to the PSR, Skills, Strategy and Housing and Land Director posts starting in post later than anticipated.</p> <p>YTD Variance:</p> <p>Key year to date variances include a favourable variance relating to the Collective Investment Fund £175k due to the current anticipated return on investment being ahead of plan. This is offset by an adverse variance within the Housing and Land budget due the timing of the WMCA Land Commission implementation project. Additionally there is an adverse variance within the Growth Company due to transitional costs which are partly offset by a saving due to membership commencing in May rather than April as planned.</p> <p>Other favourable variances have occurred due to the timing of activities and a number of posts which have not yet been recruited to.</p> <p>FY Variance:</p> <p>The FY adverse variance is primarily due to higher than anticipated recruitment and staffing costs relating to senior WMCA posts (£204k). There is also provision for the development of a Housing Infrastructure Fund bid of £70k. This is offset by a saving of £350k on the Collective Investment Fund which is expected to cover its fee and the cost of capital in year.</p>
Non-Constituent Members	186	186	0	319	319	0	
Associate Members / Official Observers	25	25	0	43	43	0	
Contribution to / from Gain Share	1,129	1,129	0	1,936	1,936	0	
Investment Income	288	288	0	494	494	0	
Total Income	2,496	2,496	0	4,279	4,280	(1)	
Black Country Economic Intelligence Unit	(119)	(140)	21	(240)	(240)	0	
Collective Investment Fund	0	(204)	204	0	(350)	350	
Communications	(121)	(219)	98	(370)	(375)	5	
Culture and Tourism	(47)	(144)	97	(246)	(246)	0	
Housing & Land Commission	(129)	(58)	(71)	(241)	(100)	(141)	
Growth Company	(434)	(408)	(26)	(724)	(700)	(24)	
Mental Health Commission	(69)	(134)	65	(230)	(230)	0	
Productivity & Skills Commission	(12)	(288)	276	(586)	(544)	(42)	
Program/Policy/Support	(412)	(561)	149	(1,160)	(934)	(226)	
Public Sector Reform	(152)	(280)	128	(480)	(480)	0	
Transport	(47)	(47)	0	(80)	(81)	1	
Total Expenditure	(1,542)	(2,483)	941	(4,357)	(4,280)	(77)	
TOTAL RETURN	954	13	941	(78)	0	(78)	

Appendix 3

West Midlands Combined Authority Mayoral Budget - October 2017

OCTOBER 2017 YEAR TO DATE

ACTUAL
£000

BUDGET
£000

VARIANCE
£000

FULL YEAR 2017/18

FORECAST
£000

BUDGET
£000

VARIANCE
£000

OVERALL REVENUE BUDGET STATUS

MAYORAL OFFICE

Staff Costs

IT

Promotions, Information and Initiatives

External Advice

Travel & Subsistence

Other

TOTAL EXPENDITURE

(189)

(3)

0

0

(5)

(3)

(200)

(125)

(5)

0

(41)

(23)

(11)

(205)

(64)

2

0

41

18

8

5

51%

40%

0%

100%

78%

73%

2%

(316)

(11)

0

0

(32)

(3)

(362)

(229)

(6)

0

(75)

(42)

(12)

(364)

(87)

(5)

0

75

10

9

2

38%

83%

0%

100%

24%

75%

1%

The costs of the Mayor's Office have been reviewed to ensure that actual expenditure is in line with the Mayor's budget.

MAYORAL ELECTIONS

Infrastructure (inc On Street)

Promotions, Information and Initiatives

Other

TOTAL EXPENDITURE

(3,360)

(836)

(686)

(4,882)

(3,360)

(1,000)

(640)

(5,000)

0

164

(46)

118

0%

16%

7%

2%

(3,360)

(836)

(686)

(4,882)

(3,360)

(1,000)

(640)

(5,000)

0

164

(46)

118

0%

16%

7%

2%

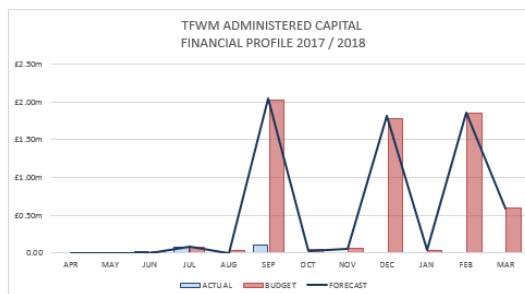
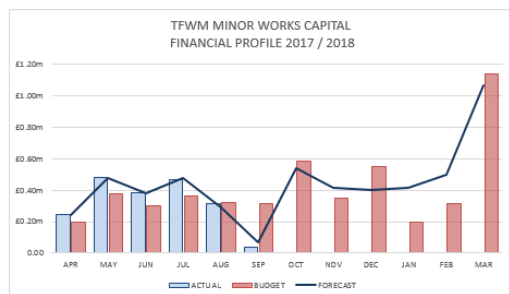
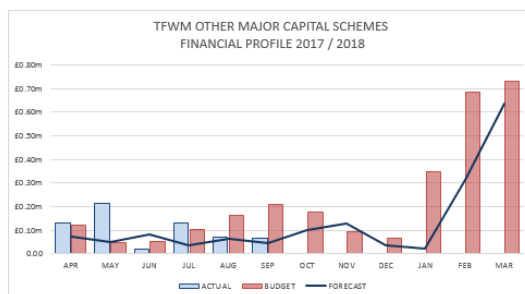
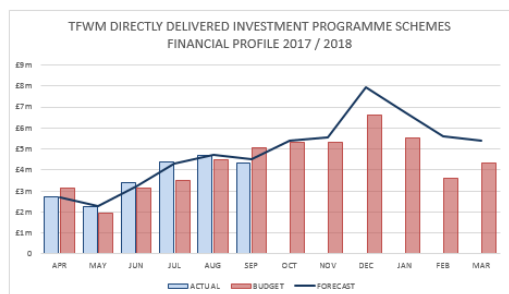
Claims for Election costs by Local Authorities are currently being processed and are expected to be finalised in the next few weeks.

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Appendix 4

West Midlands Combined Authority Transport Delivery Capital Programme - October 2017

Financial Summary Month Ending October 2017	OCTOBER YEAR TO DATE			FULL YEAR 2017/18			VARIANCE DETAILS
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
TFWM Directly Delivered Investment Programme Schemes							
HS2 Connectivity Programme:							<p>Programme spend to the end of October was marginally ahead of budget. Variances ahead of schedule include Metro Edgbaston Extension (£2.331m) due to accelerated utility works, which is budgeted for within the metro programme. In addition, the Metro Wednesbury to Brierley Hill Extension (£0.829m) is ahead of budget due to the acceleration of design works. Offsetting this, the Metro Wolverhampton City Centre Extension (£1.205m) is behind budget, due to the implementation of a revised construction strategy, which has delayed the commencement of construction to synchronise with the wider Wolverhampton Interchange Project (includes station and car park). In addition the Metro Centenary Square Extension (£0.840m) is behind schedule due to a phased start to construction, owing to pending design approvals with Birmingham City Council.</p> <p>The annual forecast is £6.667m ahead of the 2017/18 budget. The main variance relates to Metro Edgbaston Extension (£5.103m) reflecting the accelerated utility work on the basis of gaining funding from DfT October-December 2017. In a similar vein, the Metro East Birmingham to Solihull Extension Programme (£2.851) is being advanced, as is the Metro Wednesbury to Brierley Hill Extension (£1.847m). Offsetting this, the revised construction strategy for the Wolverhampton City Centre Extension (£2.611m), will see work being combined between the Rail station and Pipers Row in 2019. The Sprint Network is behind schedule due to a review of the delivery approach which will now encompass a Phase 2 scheme. This review will be concluded in the Autumn 2017.</p> <p>There is no movement in Annual Forecast in October 2017.</p>
Bilston Road Track Replacement Phase 2	(8,911)	(9,087)	176	(15,699)	(15,699)	0	
Rail Investment/Project Development	(199)	(233)	34	(518)	(518)	0	
Sprint Network	(330)	(716)	386	(1,873)	(2,894)	1,021	
Metro Centenary Square Extension	(5,191)	(6,031)	840	(10,793)	(11,423)	630	
Metro Wolverhampton City Centre Extension	(3,055)	(4,260)	1,205	(5,889)	(8,500)	2,611	
Metro Edgbaston Extension/Catenary Free	(5,161)	(2,830)	(2,331)	(12,746)	(7,643)	(5,103)	
Metro Birmingham Eastside Extension	(925)	(970)	45	(2,664)	(1,678)	(986)	
Metro East Birmingham to Solihull Extension	(1,023)	(1,504)	481	(4,875)	(2,024)	(2,851)	
Metro Wednesbury to Brierley Hill Extension	(2,077)	(1,186)	(891)	(4,122)	(2,133)	(1,989)	
Metro 2030 Study	0	0	0	0	0	0	
TOTAL TFWM INVESTMENT PROGRAMME	(26,812)	(26,817)	(55)	(59,179)	(52,512)	(6,667) £	
TFWM Other Major Schemes							
Birmingham City Centre Metro Extension	(652)	(617)	(35)	(977)	(800)	(177)	<p>The Programme spend to-date is marginally behind budget, with offsetting variances.</p> <p>The Annual Forecast is £0.639m behind Budget, primarily due to Longbridge Connectivity Package (£0.816m) owing to the Programme being revised backwards, with construction of the Decked Car Park now due to commence in February 2018.</p> <p>There is no change in Annual Forecast in October 2017.</p>
Longbridge Connectivity Package	(143)	(258)	115	(1,184)	(2,000)	816	
TOTAL TFWM INVESTMENT PROGRAMME	(795)	(875)	80	(2,161)	(2,800)	639 £	
TFWM Minor Works Programme							
TFWM Minor Works Programme	(2,377)	(2,496)	119	(5,168)	(5,059)	(109)	<p>The Programme spend to-date is marginally behind budget. The primary forecast overspends relate to Network Wide Bus Station refurbishments (£0.198m), being expenditure on automatic doors at Dudley Bus Station which is budgeted for in 2018/19, and North Walsall Cutting (£0.140m) owing to knotweed clearance.</p> <p>There is no change in Annual Forecast in October 2017.</p>
TOTAL TFWM INVESTMENT PROGRAMME	(2,377)	(2,496)	119	(5,168)	(5,059)	(109) £	
TFWM Administered Programme							
TFWM Administered Programme	(1,682)	(2,194)	512	(6,533)	(6,533)	0	<p>The Programme spend to-date is behind budget by £0.512m. The main reason for this relates to the National Productivity Investment Fund (£0.480m), due to minor slippage in progression of Local Authority Road and Transport schemes.</p>
TOTAL TFWM INVESTMENT PROGRAMME	(1,682)	(2,194)	512	(6,533)	(6,533)	0 £	
GRAND TOTAL TFWM CAPITAL PROG	(31,726)	(32,382)	656	(73,041)	(66,904)	(6,137) £m	



Appendix 5

HS2 Growth Strategy Financial Summary

Period Ending 30th September 2017

	PROJECT RAG	2017 / 2018 TO DATE			2017 / 2018 FULL YEAR			COST TO COMPLETION					
		ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR YEAR ACTUAL	2017/18 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN	TOTAL BUDGET	VARIANCE
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
UK CENTRAL : HS2 INTERCHANGE		303	738	(105)	2,016	2,031	(75)	302	2,031	1,017,333	1,020,326	1,013,937	(369)
UK CENTRAL : HS2 INFRASTRUCTURE		215	606	391	4,387	4,535	(148)	1,830	4,535	632,614	638,979	648,648	9,669
CURZON STREET STATION MASTERPLAN		0	0	0	1,000	935	65	0	935	555,065	556,000	556,000	0
METRO BIRMINGHAM EASTSIDE		868	810	(58)	1,678	2,664	(986)	4,457	2,664	130,079	137,200	137,200	0
METRO BIRMINGHAM INTERCHANGE		864	1,286	422	2,026	4,874	(2,848)	1,041	4,874	729,085	735,000	675,000	(60,000)
HS2 WIDER CONNECTIVITY PACKAGE *		20,691	23,392	8,701	70,372	60,351	9,421	56,443	60,351	381,180	1,098,574	1,070,624	(27,949)
BRIERLEY HILL METRO EXTENSION		1,493	964	(529)	2,133	3,944	(1,811)	2,021	3,944	337,635	343,600	310,000	(33,600)
NATIONAL COLLEGE FOR HIGH SPEED RAIL		6,551	6,551	0	8,687	3,211	(524)	16,022	3,211	0	25,233	25,233	0
HS2 GROWTH STRATEGY PROGRAMME MANAGEMENT		188	239	111	594	433	161	304	433	2,580	3,317	4,400	1,083
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT **		400	400	0	25,748	25,748	0	10,870	25,748	313,382	350,000	350,000	0
HS2 Growth Strategy Total		32,173	41,106	8,933	118,641	115,386	3,255	93,890	115,386	4,698,953	4,908,229	4,797,043	(111,186)
COVENTRY UK CENTRAL PLUS CONNECTIVITY*		874	1,061	187	3,217	5,623	(2,406)	454	5,623	466,363	472,440	472,350	(91)
COVENTRY CITY CENTRE REGENERATION		80	424	344	7,842	7,846	(4)	464	7,846	351,745	360,055	353,311	(744)
COLLECTIVE INVESTMENT VEHICLE		4,542	4,542	0	20,000	20,000	0	3,583	20,000	976,411	1,000,000	1,000,000	0
LAND RECLAMATION		0	0	0	20,000	20,000	0	0	20,000	180,000	200,000	200,000	0
DEVOLVED TRANSPORT INVESTMENT		0	0	0	0	0	0	0	0	1,293,000	1,293,000	1,293,000	0
E2 EXPANSION EXCLUDING CURZON		0	0	0	0	0	0	0	0	20,000	20,000	20,000	0
BUSINESS INNOVATION		0	0	0	25	25	0	0	25	4,375	5,000	5,000	0
OTHER INVESTMENT PROGRAMME SCHEMES		5,496	6,027	531	51,084	53,494	(2,410)	4,507	53,494	3,298,494	3,356,495	3,355,661	(835)
GRAND TOTAL		37,669	47,133	9,465	169,725	168,881	845	98,397	168,881	7,997,447	8,264,724	8,152,703	(112,021)

FUNDING SUMMARY (JUNE ACTUALS)	£000
WMCA	11,926
LGF	6,959
DFT	5,978
BCC Borrowing (CIF)	4,542
EZ	3,325
Local Authority	627
RGF	400
Central Govt Other	2,218
EU	50
Private	118
TFWM	1,525
TOTAL	37,669

Spend to the end of September 2017 is £9.5m behind budget, mostly due to slippage against the Wolverhampton Interchange Station / Car Park works within the HS2 Connectivity Package. The delay is due to issues in the procurement of the main contractor as prices are agreed with Galiford Try.

For the full year 2017/18 the latest forecast in total is in line with budget. The underspend on the Wolverhampton Interchange Station / Car Park works is offset in the forecast by accelerated spend on other Metro projects and the Coventry South programme.

In terms of project out-turn estimates, the UK Central Infrastructure scheme forecast is consistent with the SOC submitted w/c 26th June, representing a £10m reduction against the initial budget as activities and funding are aligned to programmes. The forecast out-turn for the remainder programme exceeds the original budget with variances against Birmingham Interchange and Brierley Hill Metro Extensions as a result of the inclusion of optimism bias into the initial business case estimates. No new funding has been identified to cover these variances as this is very early in the development and will be managed out as the project detail matures.

Within the HS2 Connectivity Package, the Wolverhampton Interchange Station / Car Park scheme is now forecasting an additional £30.0m of cost (increased from £17.5m reported for July) which has emerged as part of the procurement activity to be funded by WMCA (50%) and the City of Wolverhampton (50%).

* NOTE : An element of the HS2 Connectivity Package is included within the UK Central Hub Growth and Infrastructure Plan.

** NOTE : The High Speed Supply Chain work stream is not a WMCA funded programme and included for information only. The Investment Programme baseline of £350m includes substantial sums as leveraged investment from business.

APPENDIX 6

WMCA Investment Programme Commitments

Scheme	Total Expected WMCA Funding Into Programme £	WMCA Funding Approved to be Released £	ASSURANCE FRAMEWORK STAGES							Notes
			Technical Appraisal Panel	Investment Appraisal Group	WMCA Mgt Board	SEP Board	Investment Board	WMCA Full Board		
Approved Investment WMCA Management Board & Assurance Framework:										
Coventry City Centre South		98,753,985	98,753,985	✔	✔	✔	✔	✔	✔	FBC Approved. Legal Agreement being prepared for funding draw down.
Coventry Friargate		51,200,000	200,000	✔	✔	✔	✔	✔	N/A	FBC for remaining £51m endorsed at IAG (see below)
Innovation CDIS		40,000,000	25,000	✔	✔	✔	✔	✔	N/A	
Land Remediation Fund		200,000,000	53,040,000	✔	✔	✔	✔	✔	✔	SOC only at WMCA Full Board. Specific Projects will require individual approval.
Solihull MBC Growth & Infrastructure Plan : UKC Utilities Investigations		100,000	100,000	✔	✔	✔	N/A	N/A	N/A	
Sprint Birmingham to Sutton		27,100,000	300,000	✔	✔	✔	✔	✔	N/A	
Sprint - A34 Walsall to Birmingham		27,700,000	300,000	✔	✔	✔	✔	✔	N/A	
Sprint - Birmingham to Longbridge		38,400,000	300,000	✔	✔	✔	✔	✔	N/A	
Sprint - Hagley Road (Phase 1)		2,400,000	2,400,000	✔	✔	✔	✔	✔	N/A	
Solihull MBC Growth & Infrastructure Plan	UKC Land Valuations	685,900,000	50,000	✔	✔	✔	N/A	N/A	N/A	Approved under delegated authority (under £0.5m)
	UKC Cap Park Strategy		30,000	✔	✔	✔	N/A	N/A	N/A	Approved under delegated authority (under £0.5m)
	UK Central Infrastructure Programme		4,389,543	✔	✔	✔	N/A	✔	N/A	
Edgbaston Metro Extension (HS2 CP)		58,900,000	58,900,000	✔	✔	✔	✔	✔	✔	FBC Approved
Coventry UKC Plus	Country South - A46 Link Road	81,300,000	200,000	✔	✔	✔	✔	✔	N/A	N/A
	Country South Interchange	18,000,000	400,000	✔	✔	✔	✔	✔	N/A	N/A
	Country South - Tile Hill Station Improvements	7,200,000	200,000	✔	✔	✔	✔	✔	N/A	N/A
Wolverbury Brierley Hill Metro		103,000,000	5,600,000	✔	✔	✔	✔	✔	N/A	Includes change request submitted to Investment Board for futher £1.6m.
Metro East Birmingham *		12,000,000	10,200,000	✔	✔	✔	✔	✔	N/A	
Sub Total - Firm Funding Commitments		1,451,953,985	235,388,528							

Scheme	Total Expected WMCA Funding Into Programme £	WMCA Funding Requested (Pending Approval) £	ASSURANCE FRAMEWORK STAGES						Notes
			Technical Appraisal Panel	Investment Appraisal Group	WMCA Mgt Board	SEP Board	Investment Board	WMCA Full Board	

Projects Progressing through the Approval Process:

Coventry UKC Plus	Coventry City Centre First	51,000,000	-	✔	✔	✔	✔		N/A	FBC endorsed at IAG
	Very Light Rail	55,000,000	12,200,000	✔	✔				N/A	Next stage Investment Board 27/11/17
	Coventry South - Binley & Walsgrave Junction	50,000,000	-	✔	✔	✔	✔	N/A	N/A	No funding required at this stage
Innovation CDIS		Incl. above	250,000	✔						Next stage IAG 6/11/17 (OBC)
Sprint - Hagley Road Phase 2 & Halesowen		Incl. below	-	✔	✔	✔		✔		TAP scheduled for 1/11/17
Sprint - Hall Green to Interchange via Solihull		26,900,000	300,000	✔	✔			N/A	N/A	Next stage SEP Board 6/11/17 for noting
Sutton Coldfield Gateway (Rail)		20,900,000	367,000	✔	✔			N/A	N/A	Next stage SEP Board 6/11/17 for noting. Funding approved by Leadership Group
HS2 Connectivity (Rail)		90,440,000	3,620,000	✔	✔					Next stage IAG 6/11/17
Wolverhampton Interchange		27,400,000	27,400,000	✔	✔					Next stage IAG 6/11/17, IB 27/11/17, WMCA Board 8/12/17
Sub Total - Commitments Pending Approval		321,640,000	44,137,000							

Projects Yet to Enter Assurance Process:

HS2 Connectivity - Sprint Programme (Routes not Detailed above)	92,710,000	-								
HS2 Connectivity - Rail Programme	46,768,000	-								
Coventry UKC Plus	Remaining programme funding	21,550,000	-							
Employment Education & Skills	20,000,000	-								
HS2 Programme Governance	4,000,000	-								Not subject to Assurance Process - Included for completeness
	185,028,000	-								

Total Potential Commitment Against Devolution Grant	1,958,621,985	279,525,528
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APPENDIX 7

WMCA Balance Sheet as at 31 October 2017

	31 October 2017 £'000	30 September 2017 £'000	Movement £'000
Property, plant and equipment	277,062	273,782	3,281
Long-term assets	277,062	273,782	3,281
Debtors	42,119	33,631	8,488
Short-term deposits	65,500	74,000	(8,500)
Cash and bank	326	129	197
Current assets	107,945	107,760	185
Loans - interest due	(2,231)	(2,363)	132
Short-term creditors/accruals	(44,003)	(43,716)	(287)
Current liabilities	(46,234)	(46,079)	(155)
Net current assets	61,711	61,681	30
Provisions	(6,775)	(6,644)	(131)
Finance lease liabilities	(2,675)	(2,675)	-
PWLB	(147,552)	(147,569)	17
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(8,499)	(8,499)	-
Grants receipts in advance	(22,196)	(21,122)	(1,074)
Long-term liabilities	(197,697)	(196,509)	(1,188)
Net assets	141,076	138,954	2,123
General fund balance	2,821	2,949	(128)
Earmarked reserves	84,713	85,882	(1,169)
Capital grants unapplied reserve	247	247	-
Usable reserves	87,781	89,078	(1,297)
Revaluation reserve	7,153	7,155	(2)
Deferred capital grants account	269,897	266,617	3,281
Capital financing account	(223,755)	(223,896)	141
Unusable reserves	53,295	49,876	3,420
Total reserves	141,076	138,954	2,123

The WMCA Balance Sheet reflects a healthy financial position. Main changes since September reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £3.3m net of depreciation in property, plant and equipment and decrease in the grants receipts in advance of £1.1m.

The increase in debtors is mainly due to advance payment for the half-fare apprentice and trainee scheme of £1.7m and grant due from DfT of £5.1m for the Edgbaston Metro scheme.

The decrease in short-term deposits and cash is mainly due to payments for Metro capital works funded from available cash balances.

The main drivers for the decrease in earmarked reserves are the net movements for revenue grants of £537k and Gainshare contribution of £524k. The utilisation of revenue grants for Midlands Connect and LSTF amounting to £532k and utilisation of Gainshare in respect of HS2 and UK Central totalling £684k offset by £250k business rates growth accrued income for the month were the contributing factors for the net movements.

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WEST MIDLANDS
COMBINED AUTHORITY

WMCA Board

Date	8 December 2017
Report title	Productivity and Skills Dashboard
Portfolio Lead	Councillor George Duggins - Skills & Productivity
Accountable Chief Executive	Nick Page, Solihull Metropolitan Borough Council tel: (0121) 704 6018 email: npage@solihull.gov.uk
Accountable Employee	Rachel Egan, Programme Lead for Skills, Employment & Productivity tel: (0121) 214 7938 email: rachel.egan@wmca.org.uk Julia Goldsworthy, Director of Strategy tel: 07813 648227 email: julia.goldsworthy@wmca.org.uk
Report to be/has been considered by	WMCA Programme Board - 24 November 2017

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Agree the proposed approach to the dashboard performance reporting for the Productivity and Skills Portfolio.
- (2) Recommend areas for further development.

1.0 Purpose

- 1.1 To share the emerging dashboard on Productivity and Skills measures for the West Midlands Combined Authority (WMCA) and seek feedback on its development so that it can be used as a tool to monitor and improve outcomes for local people.

2.0 Background

- 2.1 On the 13 October 2017, the Combined Authority Board agreed its approach to performance reporting, to include both updates on the WMCA Performance Management Framework (PMF) indicators and a rotating programme of reporting on portfolio dashboards. It was agreed that this would incorporate the relevant PMF indicators and more detailed supplementary indicators and information on programme activity in that area.
- 2.1 Appendix 1 provides the first draft of the emerging dashboard for the Productivity and Skills portfolio. This includes the relevant PMF indicators based on current data that can be updated at least annually and enable us to benchmark West Midlands performance.
- 2.2 Indicators are grouped in terms of:
 - a. Productivity
 - b. Education and Skills
 - c. Employment
 - d. Reducing youth unemployment
 - e. Improving skills provision
- 2.3 The dashboard demonstrates the scale of the challenge faced by the region in improving overall levels of productivity and skills. It highlights specific issues with GCSE and level 3+ qualifications, apprenticeships and unemployment rates. It also highlights the significant differences between areas across the Combined Authority.
- 2.4 Significant movement in these indicators will not be achieved solely through the activities of WMCA. It requires the combined effort of the public, private and third sector, working together towards a common goal. WMCA has a leadership and influencing role to identify the challenges, promote the vision and drive action across a range of stakeholders.

3.0 Developing the Dashboard

- 3.1 The Productivity & Skills Commission is examining in depth the detailed indicators relating to productivity and skills and will be reporting its initial recommendations on what WMCA and its partners can do to have the maximum impact upon them in Spring 2018. This will inform the development of a WMCA Productivity & Skills Delivery Plan.
- 3.2 Through the development of the Delivery Plan and sector focussed skills plans, programme level indicators will be identified that capture the impact of WMCA activity to be included in future iterations of the dashboard. This will include activity relating to WMCA's devolution deals, for example the Employment Support Pilot and the Construction Skills Initiative, as well as wider activities that support the delivery of the Strategic Economic Plan.

4.0 Technical Issues

- 4.1 The majority of figures within the initial dashboard are annual measures with a time lag of up to two years. This limited frequency creates a challenge in terms of the interpretation of the data when assessing performance and determining actions to address the issues identified.
- 4.2 The availability and timing of data releases will determine the frequency of reporting and will be considered during the development of the dashboard.
- 4.3 Claimant Count data remains the main indicator of unemployment. However, the introduction of Universal Credit is impacting on the accuracy and credibility of this data and, as of June 2017, Claimant Count statistics have been designated by the Office of National Statistics as experimental. We will need to review carefully and ensure that our interpretation of statistics is cognisant of this change.

4.0 Financial implications

- 4.1 There are no immediate financial implications arising from this report.

5.0 Legal implications

- 5.1 There are no immediate legal implications arising from this report.

6.0 Equalities implications

- 6.1 More detailed data will be monitored, where available, by age, gender, ethnicity and disability, to assess specific issues or the need for targeted support.
- 6.2 The activities of the portfolio are reflected in the WMCA Equalities Scheme.

7.0 Other implications

- 7.1 None.

8.0 Schedule of background papers

- 8.1 None.

9.0 Appendices

Appendix 1 - Productivity and Skills Dashboard




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WMCA Productivity and Skills Dashboard - Draft (29/11/2017)

¹² Measure	Source	Latest data	RAG Trend	Previous Trend (since last year)	Range	Commentary on trends
Productivity						
WMCA GVA per head*	ONS (2017) Nominal Gross Value Added per Head by LEP, 1997-2015	GVA per head: £21,537		GVA per head: +£442	Range: North Warwickshire: £35,501 ↕ Dudley: £15,762	GVA per head has increased by £442 over the past year UK: £25,601
WMCA GVA per Employee*	ONS (2017) Nominal Gross Value Added per Employee by LEP, 1997-2015	GVA per employee: £43,706		GVA per employee: +£28	Range: Stratford-on-Avon: £70,696 ↕ Wolverhampton £41,667	GVA per employee grew by +£28. UK: £49,134
WMCA Average Annual Earnings*	ONS Annual Survey of Hours and Earnings - Resident Analysis (2017)	£27,461		+£310 (1.1%)	Range: Solihull: £32,000 ↕ Sandwell: £23,201	
WM Average earnings by qualification	ONS Annual Survey of Hours and Earnings - Resident Analysis (2017)	NVQ Level. 4: £41,150 NVQ Level. 3: £25,414 NVQ Level 2: £21,242 NVQ Level 1: £19,437		To be added		

¹ Note that measures marked with an * are currently in the WMCA PMF.

² The green shading illustrates indicators which have moved in a positive direction compared to the UK average or national (England) where UK averages are not available. The red shading indicates the reverse and orange indicates a growth rate in the right direction but less than the UK or national average.

¹² Measure	Source	Latest data	RAG Trend	Previous Trend (since last year)	Range	Commentary on trends
Graduate retention	HESA destination of leavers survey	71% of HE leavers who are from the WM region originally (their home region) go on to work in the WM.				
Education and Skills						
WMCA School GCSE attainment, 2016 (% schools above national average)*	DfE 2016, Compare School and College Performance	46%		48.5% -2.5pp WMCA		The % of performing above the n.a fell by 2.5pp. This measure represents 5 GCSE's A*C's (incl. Eng and Maths). UK 53.5%
WMCA % Working Age Population (WAP) No Quals (2016)*	Annual Population Survey (2016)	13% 329,400 people		- 1.5 pp - 36,200 people	Range: Wolverhampton: 19.5%  Stratford-on-Avon: 4.1%	The WMCA has seen a reduction in the number of residents with no qualifications by -36,200 (-1.5pp). However, the WMCA no qualifications rate is significantly above the UK average of 6.6%.
WMCA % WAP with NVQ1 as highest achievement (2016)*	Annual Population Survey (2016)	12% 302,600 people		+ 0.1 pp + 3,700 people	Range: Nuneaton and Bedworth: 16%  Stratford-on-Avon: 7%	The WMCA has increased its number of residents with NVQ1 by 3,700 (+0.1pp). This is a rate that is currently higher than the UK average of 11%.
WMCA % WAP with NVQ2 as highest achievement (2016)*	Annual Population Survey (2016)	16.8% 423,300 people		+ 0.2 pp + 5,200 people	Range: Cannock Chase: 27.9%  Warwick: 10%	The number of residents with NVQ2 has increased by 5,200 people since last year (+0.2pp). This rate is higher than the UK average of 15.9%.

¹² Measure	Source	Latest data	RAG Trend	Previous Trend (since last year)	Range	Commentary on trends
WMCA % WAP with NVQ3 as highest achievement (2016)*	Annual Population Survey (2016)	16.3% 410,400		-0.3pp -8,700 people	Range: Wyre Forest: 24.8%  Sandwell: 12.8%	This is below the national average of 17.1%
WMCA % WAP with NVQ4 + as highest achievement (2016)*	Annual Population Survey (2016)	30.4% 774,300 people		- 0.03pp - 7,700 people	Range: Warwick: 44.4%  Sandwell: 19.6%	The number of residents with NVQ4+ declined by 7,770 people or -0.03pp. The WMCA is below the national rate of 38%
WMCA Employer Skills Gaps Page 147	UKCES Skills Survey (2015)	Have any skills gap (17%) Have skills-shortage vacancy (7%) Either skills gap or shortage vacancy (21%) Both skills gap and skills shortage vacancy (3%)		Have any skills gap (+3pp) Have skills-shortage vacancy (+3pp) Either skills gap or shortage vacancy (+5pp) Both skills gap and skills shortage vacancy (+2pp)		The percentage of establishments reporting to have any skills gap has increased by +3pp since the previous survey (2013). Employers reporting skills-shortage vacancies has increased by +3pp. We require -2200 less business without skills gaps to meet the national average of 14%.
Employment						
WMCA Employment Rate*	Annual Population Survey (2016)	68.8%		+0.4pp	Range: Stratford-on-Avon: 79.9%  Sandwell: 61.3%	The WMCA employment rate has increased by +0.4pp since last year. England rate is 75.4%

¹² Measure	Source	Latest data	RAG Trend	Previous Trend (since last year)	Range	Commentary on trends
WMCA Claimant Count (18 - 64)*	ONS experimental statistics: Claimant Count by Sex and by age (2016)	67,705 claimants (Dec 16)		+5,085 (+8.1%) since previous year -1,305 since previous month (-1.9%)	Range by ward: Lozells (1,810). ↕ Weaver (0)	The number of claimants aged 18-64 has increased by +5,085 (+8.1%). UK has increased by 2.5% since previous year.
Reducing Youth Unemployment						
Reduction in WMCA NEETs*	DfE NEETs Data by Local Authority (2016)	4.4% 4,420 people		- 1,450 (-24.7%)	Data not available at district level.	The number of NEETs in the WMCA has declined by -1,450 since last year (-24.7%). This NEET rate is above the England average of 4.2%
Reduction in Youth Claimants*	ONS experimental statistics: Claimant Count by Sex and by age (2016)	14,805 youth claimants (Dec 16)		+1,515 (+11.4%) since previous year -855 (-5.5%) since previous month	Range by ward: Aston: 370 ↕ Hawks Green (0)	The number of youth claimants has increased by +1,515 since the previous year (+11.4%). The UK has increased by 1.6% since the previous year.
Improving Skills						
WMCA No. of Apprenticeship (2016)*	ESFA Data Cube (2016) ESFA and DfE FE Data library (2016)	42,040 total starts Priority area starts: 23,630 Intermediate: 24,700 (58.8%) Advanced: 14,720 (35%) Higher: 2,620 (6.2%)		-1190 (-2.8%)	Range: Dudley: +4.5% (annual growth rate) ↕ Lichfield: -23.2% annual growth rate	The number of apprenticeship starts declined by -1190 (- 2.8%) The steepest decline is in GBSLEP at 6.6%. The Black Country experienced apprenticeship starts growth of 5.2% The England growth rate is 1.9%



WMCA Board

Date	8 December 2017
Report title	Governance for Establishing Advanced Quality Bus Partnerships
Portfolio Lead	Councillor Roger Lawrence - Transport
Accountable Chief Executive	Keith Ireland, City of Wolverhampton Council email: keith.ireland@wolverhampton.gov.uk tel: (01902) 554500
Accountable Employee	Guy Craddock, Alliance & Statutory Delivery Specialist email Guy.Craddock@tfwm.org.uk tel: (0121) 214 7109
Report to be/has been considered by	Strategic Transport Officers Group - 13 November 2017 Programme Board - 24 November 2017

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Approve the delegation of responsibility for the making of Advanced Quality Bus Partnership Schemes (AQPS) including the oversight of any required consultation (statutory or otherwise), to the Transport Delivery Committee (TDC). The TDC shall have an ongoing responsibility to report its activity to the West Midlands Combined Authority Board.
- (2) Amend the terms of reference for the Transport Delivery Committee to reflect the approved delegation.

1.0 Purpose

- 1.1 To approve the proposed actions to streamline the approvals process within the West Midlands Combined Authority (WMCA) for the creation of Bus Partnership schemes in line with delivery objectives of the West Midlands Bus Alliance.

2.0 Background

- 2.1 As outlined in Appendix 1, the current internal approvals process for the creation of formal bus partnerships adds anything up to four months to the minimum legal requirements for making such schemes. This is against a background of member Authorities wanting to work with the WMCA to create Advanced Quality Bus Partnership Schemes (AQPS) in their strategic centres as quickly as possible.

3.0 Next Steps

- 3.1 With a streamlined process in place this will allow a report to be brought to a subsequent meeting of the committee to start formal consultation on a totally new Advanced Quality Bus Partnership for Wolverhampton City Centre and a revised scheme for Birmingham City Centre.

4.0 Financial implications

- 4.1 There are no direct financial implications as a result of this report with all on-going related TfWM activities and agreed enhancements funded within existing revenue and capital budgets. Any future proposed enhancements in relation to delivery of Advanced Quality Bus Partnerships where TfWM input/support is required will need to be formally considered and evaluated. Any one-off and on-going financial implications can be quantified before any decision is made.

5.0 Legal implications

- 5.1 There are no direct legal implications of this report.

6.0 Appendices

- Appendix 1 – Briefing paper on changing the Governance for Establishing AQPS dated 23rd October 2017

Appendix 1



Date: 23 October 2017

From: Guy Craddock

Subject: Governance for establishing AQPS

Purpose

1. To streamline the approval process for the creation of Advanced Quality Partnership Schemes (AQPS) whilst still maintaining both the visibility and accountability with the wider West Midlands Combined Authority (WMCA).

Recommendations

2. Endorse that a request is made to the West Midlands Combined Authority Board that they agree that the Transport Delivery Committee can approve both the consultation on and the making of Advanced Quality Partnership Schemes. In doing this the Senior Transport Offices Group (STOG), WMCA Programme Board and the WMCA Board would still be kept fully informed of the actions taken through existing processes.

Background

3. As part of the delivery of the West Midlands Bus Alliance the WMCA is committed to the introduction of further Advanced Quality Partnership Schemes (AQPS) in key centres across the West Midlands. The introduction of such schemes needs to be phased and done in conjunction with district partners to achieve affective outcomes.
4. Currently we have an AQPS in Birmingham City Centre with the Solihull town centre scheme due to be effective from 26th November. There is a need to start consultation on a similar scheme for Wolverhampton City Centre and to revise the Birmingham scheme to reflect the requirement for a Clean Air Zone (CAZ). Walsall Council are keen we create a similar scheme for their town centre where there has already been some informal consultation with both council officers and the bus operators. Coventry City Council are keen to look at a scheme for their city centre which may be linked to any interventions they are required to do to meet air quality issues in the city.

Current Implementation procedure

5. The introduction of any AQPS has to follow statutory guidance issued by the DfT to ensure the scheme is legal and that we are able to defend any subsequent challenges.

6. To introduce a scheme there needs to be a period of three months' formal consultation and, once the scheme is finalised, a further three months' notice of the start of the scheme. This means there is an unavoidable process that takes somewhere between six to seven months to create a scheme.
7. Under the current arrangements to commence this process and formally make the scheme requires full approval from the WMCA Board.
8. To reach the board at both stages (consultation and making of the scheme) requires approvals to be sought at the following which adds around four to five months to the process (because of the set meeting cycles).
 - Transport Delivery Committee (TDC)
 - Senior Transport Offices Group (STOG)
 - WMCA Programme Board
 - WMCA Board
9. This means for example if we took a report to start consultation for an AQBPS to the 4th October 2017 meeting of the Transport Delivery Committee the earliest that scheme could go live is the first week of September 2018.
10. In addition the local district authorities are required to follow their formal governance structures which can add further to the timescales.

Proposed revised process

11. The very nature of AQPSs means that WMCA needs the ability to react quickly to both meet ours and our district partner needs so we would like to propose a more streamlined approach to getting approvals.
12. Within the current terms of reference for the Transport Delivery Committee they can already specifically make recommendations to the West Midlands Combined Authority Board on quality bus partnership schemes. We are seeking for the committee to be able to approve the consultation and implementation of such schemes. There would still need to be a process in place so that the Senior Transport Offices Group, WMCA Programme Board and WMCA Board have visibility of decisions made on Advanced Quality Bus Partnership Schemes made by the Transport Delivery Committee and it is envisaged this will be through existing lines of reporting.



WMCA Board

Date	8 December 2017
Report title	Midland Metro Penalty Fare
Portfolio Lead	Councillor Roger Lawrence - Transport
Accountable Director	Laura Shoaf, Managing Director, Transport for West Midlands tel: (0121) 214 7444 email: laura.shoaf@tfwm.org.uk
Accountable Employee	Sophie Allison, Metro Operations Manager, Transport for West Midlands tel: (0121) 214 7347 email: sophie.allison@tfwm.org.uk
Report to be/has been considered by	WMCA Programme Board - 24 November 2017

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

1. Note the background to the existing penalty fare regime.
2. Approve the proposed submission of an application for a Transport and Works Act Order (TWAo), to seek the necessary powers for West Midlands Combined Authority (WMCA) to make changes to the penalty fares on Midland Metro (including increases and a two tier system), removing the requirement for Secretary of State approval

1.0 Purpose

To inform the WMCA Board of the proposal to submit an application for a TWAO to amend the Midland Metro (Penalty Fares) Act 1991 so as to (i) establish a two tier system of penalty fares; and (ii) confer powers on WMCA to make changes to the penalty fares on Midland Metro in the future without the requirement for an Order of the Secretary of State for Transport subject to negative resolution in Parliament (iii) To seek approval under the provisions of section 239 of the Local Government Act 1972 (which applies in this case by virtue of section 20 of the Transport and Works Act 1992) for WMCA to submit the TWAO to amend the Midland Metro (Penalty Fares) Act 1991.

2.0 Background

- 2.1 Midland Metro currently operates a penalty fare regime in accordance with section 4 of the Midland Metro (Penalty Fares) Act 1991. The Act states that: 'If a person travelling on a Metro vehicle, on being required to do so by an authorised person, fails to produce a fare ticket or a general travel authority, he shall be liable to pay a penalty fare if required to do so by an authorised person.' The current penalty fare is £10 (set by s.5 (1) of the Act).
- 2.2 Whilst the penalty fare of £10 may have been appropriate at the time of the original Act, the impact of inflation on ticket prices has meant that this no-longer serves as an effective deterrent to potential fare evaders, particularly given that the cost of single end to end journey on metro is currently £4.10.
- 2.3 In September 2014 Metro Programme Board granted permission to request the Secretary of State to make an order increasing the level of the penalty fare. The application was to be made in accordance with section 5(2) of the 1991 Act. The Board further approved the proposed amount at which the new penalty fare should be levied (£70) and that there should be an opportunity for this to be reduced by 50% if paid within 21 days.
- 2.4 The penalty fare amount and the procedure for administering the penalty fare regime was consulted with and approved by the operator of the tram system, Transport Focus and Midland Metro Passenger Panel. It was also presented to and supported by Transport Delivery Committee on the 14th March 2016.
- 2.5 The approved approach was deemed to be the simplest, quickest and most cost effective route to increase the penalty fare.
- 2.6 The proposal was consulted with the DfT. Following consideration, however, the DfT formed a view that WMCA has no legal power at present to implement a two-tier system. This is because the 1991 Act specifies the penalty amount, meaning that acceptance of a reduced penalty would in effect be at the discretion of WMCA rather than on a statutory basis. Legal advisers at the DfT pointed to the fact that it has previously thought it necessary to give other bodies' specific statutory powers to accept a reduced penalty for prompt payment.

- 2.7 Whilst WMCA can submit the application as proposed, the ambiguity surrounding this issue may lead to the application being rejected or if approved (without the specific inclusion of the two tier system) could mean that only the actual penalty amount defined in the Act (£70) could be collected. In addition, the timescales and procedures for such an application are not defined and therefore with Brexit and other priorities there is no obligation for this to be presented in Parliament within our desired timeframe.
- 2.8 Continuing in this manner therefore poses risks to the delivery of the desired penalty fare regime which is based on a 2 tier system that has been agreed with consultees, in addition to the time it may take to achieve a decision. Consequently the options for amending the penalty fare regime have been reconsidered.
- 2.9 Following legal advice from Winckworth Sherwood, Parliamentary Agents, it is proposed that WMCA applies for a TWAO to confer on WMCA the powers to establish a two tier system and also to make changes to the level of penalty fares charged. This would enable the WMCA to increase the penalty fare to £70 and make legislative provision to enable WMCA to accept a reduced fare within a specified period. The TWAO would remove the requirement for the Secretary of State to approve penalty fares, instead giving him a consultative role.
- 2.10 A TWAO application is secondary legislation made under the Transport and Works Act 1992. It has a defined process and timescales. It requires consultation ahead of the submission of the TWAO application (and submission of a report summarising those consultations), but many of the stakeholders have already been consulted (as detailed above) and are satisfied with the proposed changes. A notice has also been placed in the public notice section of the Birmingham Post and the Express and Star newspapers. Whilst it is not a statutory requirement, metro passengers have also been consulted via posters on tram stops, information on the WMCA and National Express Midland Metro websites and via social media.
- 2.11 The timescales for the TWAO application process are largely governed by the amount of time needed for consultation which is largely complete. It is likely that the process would therefore take –
- Consultation and preparation of application 3 months (Underway)
 - Objection period (immediately after submission) 6 weeks
 - Period for dealing with written objections if there are any (expected to be through written representations) 3 months
 - Decision 4 months
- 2.12 The advantages of this method would be the defined process and timescales as well as giving WMCA the powers to make future changes to Penalty Fares on Midland Metro as deemed appropriate without the requirement to seek approval through Ministerial order and negative resolution of Parliament. The provisions sought by WMCA have precedent in the Croydon Tramlink (Penalty Fares) Order 2003 (S.I. 2003/1614).

3.0 Impact on the Delivery of the Strategic Transport Plan

- 3.1 Changes to improve the protection of future revenues will support the continued success of Midland Metro which has an important expanded future role. This is a key part of the metropolitan rail and rapid transit network in the metropolitan tier of the Strategic Transport Plan.

4.0 Wider WMCA Implications

- 4.1 The Midland Metro Concession currently held by ALTRAM L.R.T. Ltd will expire on the 1 October 2018. At its meeting on 17 March 2017 the Board of the West Midlands Combined Authority approved the recommendation in principle to award a Public Services Contract to Midland Metro Limited ("MML") in accordance with the provisions of EU regulation 1370/2007.
- 4.2 It is anticipated that the Public Services Contract will come into effect no later than 2 October 2018 and that the functions currently discharged by Altram L.R.T. Ltd and its Operating sub-contractor Travel Midland Metro will be taken up by MML at that date. This will include ticket sales and revenue collection.
- 4.3 WMCA will at this point take revenue risk on Midland Metro and will need to ensure MML has robust revenue protection measures in place. An appropriate penalty fare regime is fundamental to this to act as a deterrent to potential fare evaders. By seeking the changes as proposed WMCA will be protecting future revenues which contributes to the continued and successful delivery of Midland Metro operation.

5.0 Financial implications

- 5.1 There are no financial implications from this report as the activity in relation to supporting the above can be resourced within current budgets.

6.0 Legal implications

- 6.1 The WMCA has power to apply for a TWA Order by virtue of section 20 of the Transport and Works Act 1992. Subsection (2) of section 20 provides that the power to make a TWA application is subject to the same conditions (if any) that apply to the applicant when promoting a Bill in Parliament.
- 6.2 The WMCA has powers to promote Bills in Parliament under section 10 of the Transport Act 1968 (as amended) and section 239 of the Local Government Act 1972 (as amended) (LGA 1972).
- 6.3 In order to comply with the conditions that apply to the exercise of the power in the LGA 1972, special notice of this meeting and its purpose has been given in accordance with section 239. If the WCMA approves the submission of the TWA application, it will also be required by the LGA 1972 to decide, at a subsequent meeting whether to confirm this.

7.0 Equalities implications

- 7.1 No equality impact is envisaged. A comprehensive communications plan for all customers is proposed for penalty fare changes.

8.0 Draft Order

- 8.1 A copy of the draft Transport and Works Act Order for submission is contained within appendix A.

201X No. XXXX

TRANSPORT AND WORKS, ENGLAND

TRANSPORT, ENGLAND

The Midland Metro (Penalty Fares) Order 201X

Made - - - -

Coming into force - -

CONTENTS

PART 1

PRELIMINARY

1. Citation and commencement
2. Interpretation

PART 2

PENALTY FARES

3. Application of 1991 Act

An application has been made to the Secretary of State in accordance with the Transport and Works (Applications and Objections Procedure) (England and Wales) Rules 2006^(a) for an Order under sections 1 and 5 of the Transport and Works Act 1992^(b) (“the 1992 Act”).

[Objections to that application have been withdrawn.]

[The Secretary of State caused an inquiry to be held for the purposes of the application under section 11 of the 1992 Act.]

[The Secretary of State, having considered [the objections made and not withdrawn] [and] [the report of the person who held the inquiry], has determined to make an Order giving effect to the [proposals comprised in the application [without modifications] [with modifications which in the opinion of the Secretary of State do not make any substantial change in the proposals]] [proposals

(a) S.I. 2006/1466, amended by S.I. 2010/439, S.I. 2011/556, S.I. 2011/2085, S.I. 2012/147, S.I. 2012/1658, S.I. 2012/2590, S.I. 2013/755 and S.I. 2017/16.
(b) 1992 c. 42; section 1 was amended by paragraphs 51 and 52 of Schedule 2 to the Planning Act 2008 (c.29), section 5 was amended by S.I. 2012/1659.

concerned with modifications which in the opinion of the Secretary of State make a substantial change in the proposals].

[The Secretary of State having considered representations duly made under section 13 of the 1992 Act, has determined to make the Order applied for with modifications.]

Notice of the Secretary of State's determination was published in the London Gazette on [X].

The Secretary of State, in exercise of the powers conferred by sections 1 and 5 of, and paragraph 12 of Schedule 1 to, the 1992 Act, makes the following Order:—

PART 1

PRELIMINARY

Citation and commencement

1. This Order may be cited as the Midland Metro (Penalty Fares) Order 201[X] and comes into force on [X].

Interpretation

2.—(1) In this Order—

“the 1991 Act” means the Midland Metro (Penalty Fares) Act 1991(a);

“the Executive” means West Midlands Combined Authority established under article 3 of the West Midlands Combined Authority Order 2016(b).

PART 2

PENALTY FARES

Application of 1991 Act

3.—(1) The 1991 Act, in so far as not modified by or inconsistent with the provisions of this Order, continues to apply.

(2) In section 5 of the 1991 Act (amount of penalty fare) for subsection (2) substitute:

“(2) The Executive may by order prescribe that the amount of the penalty fare shall be different (whether higher or lower), may alter the period within which the penalty fare is to be paid, and may provide for the penalty fare to be reduced if paid to the Executive within a shorter period.”

(3) In that section after subsection (2) insert—

“(3) No order may be made by the Executive under subsection (3) above unless the Executive has consulted the Secretary of State for Transport and—

- (a) such persons or bodies representative of local authorities,
- (b) such persons or bodies representative of those who travel on the Metro, and
- (c) such other persons or bodies,

(a) 1991.c.ii.
(b) S.I.2016/653.

as the Executive considers it appropriate to consult.”

(4) In subsection (1) of section 9 of the 1991 Act (exclusion of double liability) after “of this Act” insert “or any different period prescribed under section 5(2)”

Signed by authority of the Secretary of State

Date

Natasha Kopala
Head of the Transport and Works Act Orders Unit
Department for Transport

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends sections 5 and 9 of the Midland Metro (Penalty Fares) Act 1991 and confers power on the West Midlands Combined Authority (“the Executive”) to prescribe the level of penalty fare by order.



WMCA Board

Date	8 December 2017
Report title	Midland Metro Wednesbury to Brierley Hill Extension - Submission of Transport and Works Act Order
Portfolio Lead	Councillor Roger Lawrence - Transport
Accountable Chief Executive	Laura Shoaf, Managing Director, Transport for West Midlands email: laura.shoaf@tfwm.org.uk tel: (0121) 214 7444
Accountable Employee	Phil Hewitt, Metro Programme Director, Transport for West Midlands email: phil.hewitt@tfwm.org.uk tel: (0121) 214 7254
Report to be/has been considered by	<i>Previous Approvals</i> Wednesbury - Brierley Hill Project Board - 27 September 2017 Metro Board - 10 October 2017 WMCA Leadership Team - 25 October 2017 WMCA Investment Board - 30 October 2017 Strategic Transport Officers' Group - 13 November 2017 HS2 Local Delivery Team - 16 November 2017 WMCA Programme Board - 24 November 2017 HS2 Growth Delivery Board - 29 November 2017

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

1. Welcome the progress on business case and funding on the Wednesbury to Brierley Hill Metro Extension project since the report to WMCA Board on 21 April 2017. Note the £250 million of new Transforming Cities funding announced by Government on 20 November.
2. Approve the allocation of £207 million of the above funding to secure the delivery of the Wednesbury to Brierley Hill project.
3. Approve, subject to a confirmation by Government of funding for the scheme, the submission by the WMCA to the Secretary of State for Transport of an application under the Transport and Works Act 1992 for the Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order ("the Order"), in accordance with the approved project delivery schedule, to refresh powers of compulsory acquisition in respect of land and interests in land required to implement the scheme.
4. Approve the delegation of powers from the WMCA to the Metro Programme Director and the Head of Governance to:-
 - a. finalise the application documents for the Order;
 - b. negotiate with any affected parties or objectors to the Order with the aim of avoiding, or securing the withdrawal of, objections to the Order;
 - c. comply with the requirements of the relevant procedures for hearing and determining the application for the Order, including any public local inquiry;
 - d. progress negotiations with landowners and leaseholders and enter into any necessary arrangements to acquire the land within the proposed Order, conditional on funding being available; and
 - e. place orders to appoint the Midland Metro Alliance, consultants, legal advisors and others as necessary to undertake further design development work on the scheme and support the ongoing statutory process, in line with any existing agreements and in compliance with internal governance requirements and procurement best practice and in consultation with Head of Governance where appropriate.
5. Approve the delegation of powers from the WMCA to the Head of Governance or their nominated representative to negotiate, agree, enter into, execute, approve and serve (where appropriate) all relevant legal agreements, notices and other documentation necessary to facilitate and underpin the application for, and implementation of, the Order, and
6. Note that WMCA Investment Board has agreed to bring forward £1.6 million of capital expenditure into 2017/18, to maintain and accelerate progress on development and implementation of this important project.
7. Note that the WMCA Funding for Growth Board will be asked to look at how to maximise private sector investment in the scheme across the entirety of the route.

1.0 Purpose

- 1.1 To approve the allocation of £207 million of the £250 million Transforming Cities funding announced by Government on 20 November to the Wednesbury to Brierley Hill project,
- 1.2 To approve, under the provisions of section 239 of the Local Government Act 1972 (which applies in this case by virtue of section 20 of the Transport and Works Act 1992), the submission of an application for The Midland Metro Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order to the Secretary of State for Transport under the Transport and Works Act 1992, and
- 1.3 To authorise delegations from WMCA to the Metro Programme Director and the Head of Governance.

2.0 Background

- 2.1 The Wednesbury to Brierley Hill extension will connect with Midland Metro Line 1 at Wednesbury and run via Dudley town centre and Waterfront / Merry Hill to Brierley Hill. 6.7km of the route utilises the now abandoned South Staffordshire Railway corridor. A plan of the route is shown in Figure 1 (overleaf).
- 2.2 The Wednesbury to Brierley Hill extension comprises:
 - 10.7 km of new twin track (of which 6.7 km runs along the former South Staffordshire Railway corridor and 4.0 km runs on-street through Dudley, the Waterfront / Merry Hill and Brierley Hill).
 - 17 Metro stops (of which 4 are provisional).
 - 3 new Park and Ride sites
 - 11 road traffic junctions crossed at-grade.
 - 23 existing structures to be refurbished or rebuilt (road, railway and canal bridges, including the Parkhead Viaduct).
 - 4 new structures to be built (2 which connect with Metro Line 1 and 2 over Dudley Canal at Brierley Hill).
 - Connections with Metro Line 1, Dudley Port Railway Station, Dudley Bus Station, Waterfront and Merry Hill Shopping Centre.
- 2.3 In accordance with WMCA policies, the design of the scheme takes into account that Network Rail and the freight operating companies may require to run diesel hauled freight trains over the railway corridor in future, although this is not expected to occur before 2040 at the earliest. The scheme was originally based on a twin track alignment for Metro and a segregated single track alignment provision for Heavy Rail. At pinch points such as Parkhead Viaduct and Dudley Port the alignment reduced to a separate single track for each of the modes. The current design work is based on the optimisation of the scheme along the sections of the abandoned rail corridor on the basis of twin track Metro only, with passive provision for future conversion to tram and train (freight) shared running. The details of such track sharing arrangement and the exact nature of the passive provisions to be incorporated into the design are being discussed and developed with Network Rail and the Office of Rail and Road.

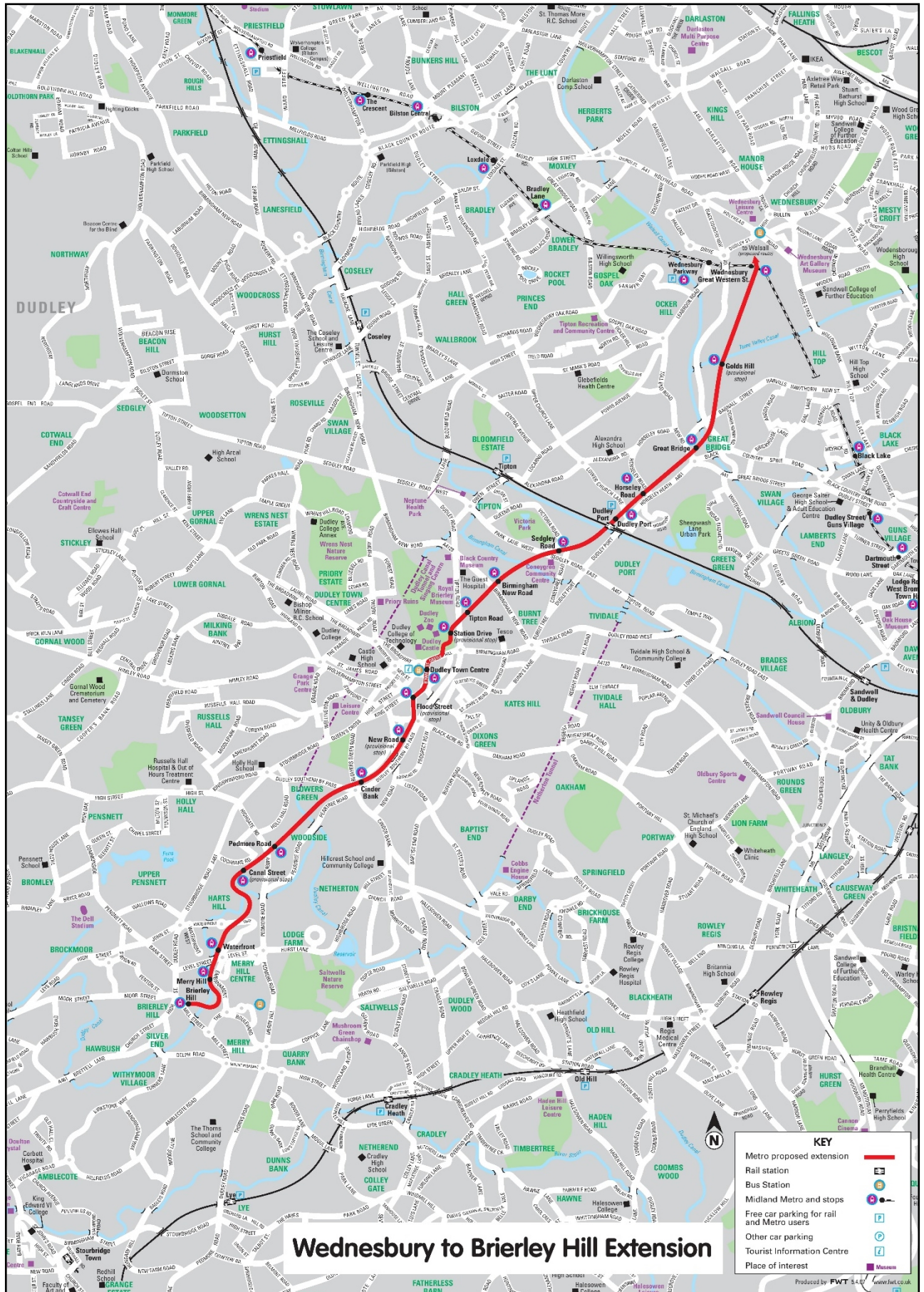


Figure 1: Wednesbury to Brierley Hill Route Plan

- 2.4 The following image is a photo montage of the Metro passing in front of Dudley Zoo and Castle.



- 2.5 The Wednesbury to Brierley Hill extension project was the subject of a report to WMCA Board on 21 April which approved the submission of a business case to Government with a Benefit to Cost Ratio (BCR) of 1.6:1.
- 2.6 Subsequent to that report, work continued to finalise and enhance the project business case and this work was completed in June, with an enhanced BCR of 2.5:1. The Outline Business Case was formally presented to the Secretary of State for Transport on 19 June by the Mayor for the West Midlands. A copy may be found on the Midland Metro Alliance website at <http://www.metroalliance.co.uk/wednesbury-brierley-hill/>. Further to the submission of the Outline Business Case, questions on it have been received from the Department of Transport and responded to. These have concerned clarifications and requests for additional information on the commercial and management cases, and (at the end of August) on the transport modelling, and further questions on both on 23 October. At the time of writing the clarifications have resulted in a slightly reduced BCR of 2.3:1
- 2.7 In addition to the above an Economic Impact Assessment report commissioned by Dudley and Sandwell Councils from Lichfield's has reported that the WBHE project will provide a potential increase in housing completions from the current 570 per annum to 2,000 per annum and a doubling in economic output from £14bn to £28bn.

- 2.8 The Midland Metro (Wednesbury to Brierley Hill and Miscellaneous Amendments) Order (SI 2005/927) ("the 2005 Order") came into force in 2005. However, a further Transport and Works Act Order (TWAo) is required to refresh compulsory purchase powers over the route within the limits of the original powers where, following negotiations with landowners, a commercial settlement for the acquisition of the necessary land cannot be achieved. In order to maintain the project schedule, this Order is being prepared for submission on 12 December 2017. The application includes about 600 separate land parcels in Sandwell and Dudley and includes some 58 Ha of land in total, including the rail corridor.
- 2.9 The 2005 Order outline planning permission and works powers for the scheme remain in place, due to the undertaking of works in Dudley Town centre in 2009, subject to the variations needed to reflect the change in alignment on the railway corridor, related to which a planning application, and environmental assessment, is being prepared for submission to Dudley and Sandwell Councils for a variation of the requirement in planning condition 2 for the running rails of the tramway not to encroach on the green-hatched land shown on the 2005 Order plans.
- 2.10 Government will need to approve the project funding contribution set out in the Devolution Deal within its firm future spending plans, to be drawn down subject to obtaining the necessary Order powers (or acquiring all land by agreement) and demonstrating value for money in a Final Business Case. Formal approval at this stage is desirable to enable WMCA to demonstrate a realistic prospect of funding the scheme to the Secretary of State for Transport in the Funding Statement required to accompany the Order application. Thus we are seeking £207 million of the Transforming Cities funding to be allocated to the Scheme.

3.0 Project Details/The Order

Description of the route

- 3.1 The route will extend the Midland Metro system from Midland Metro Line 1 adjacent to the Wednesbury Depot, running south west along the abandoned South Staffordshire rail corridor via Dudley Port, where there will be an interchange with National Rail services. At Tipton Road the route diverges from the rail corridor and runs on street through Dudley town centre, via Castle Hill, Birmingham Street, King Street and Flood Street, with an interchange stop at Dudley Bus Station. After running on the purpose-built over-widened section of Duncan Edwards Way, the route re-joins the disused rail corridor until reaching Round Oak Rail (in the vicinity of Pedmore Road), where it diverges again to serve The Waterfront and Merry Hill before terminating in Cottage Street Brierley Hill.

Aims of the project

- 3.2 The aims of the project support both national and local policies for growth and investment as described below:
- 3.2.1 Supports regeneration in areas of high deprivation through improved connectivity with areas of opportunity;
 - 3.2.2 Supports economic development by improving the accessibility of (major) employment and residential sites;
 - 3.2.3 Enhances the prosperity of Black Country residents and businesses through providing better access to employment and a wider workforce.

- 3.2.4 Improves the education and skill base of the residents of Sandwell and Dudley by providing wider access to universities and colleges throughout the West Midlands.
- 3.2.5 Encourages modal shift from private car by delivering a high quality and reliable public transport service;
- 3.2.6 Supports an integrated transport network through providing seamless interchange; and
- 3.2.7 Delivers a high quality public transport service in a manner that supports local environmental and safety benefits.

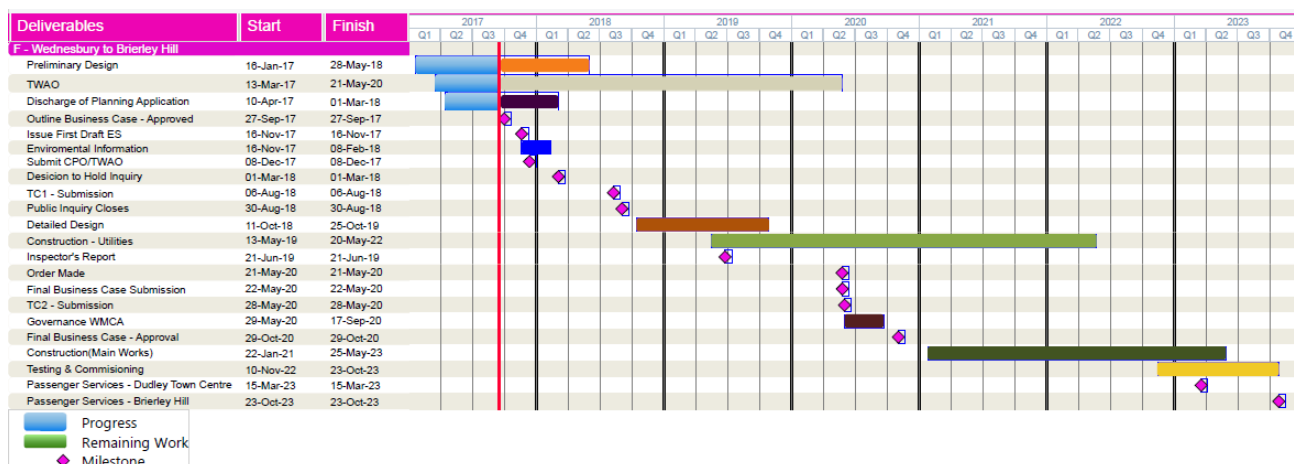
Land Acquisition

- 3.3 As shown on the draft plans for the Order, areas of land need to be acquired for the project within the limits of those from the 2005 Order for permanent or temporary use, or to afford permanent rights. Compulsory powers to acquire the necessary land were authorised by the 2005 Order but lapsed in 2010. Where land cannot be acquired through agreement, compulsory purchase powers will need to be refreshed. Although negotiations with relevant landowners have been commenced, there is a risk that they will not be successful or that they will not be completed in time to meet the planned delivery schedule. The application for the Order is therefore being prepared for submission in a “belt and braces” approach. The submission of the application for compulsory powers to DfT requires WMCA Board approval. The land requirements for the current scheme compared to those within the 2005 Order have been reviewed by the Midland Metro Alliance, with minor reductions from the land included in the 2005 Order.

Schedule

- 3.4 The schedule for delivery of the project will be subject to the timescales and outcome of the land acquisition process and to securing funding approval from the DfT, which will be conditional on the Order being made. The overall schedule included in the business case submitted to DfT is illustrated below.

Project Schedule



3.5 Midland Metro Alliance has developed an early works package seeking to bring forward the opening of the first phase of the route. This will bring forward £1.6 million of expenditure from 2018/19 into this financial year, and will include:-

- Creation of gated accesses onto the abandoned rail corridor,
- Management, treatment and eradication of invasive weed species (Japanese Knotweed),
- Plans and approvals to recycle and remove ballast and maximise reuse of site materials,
- Track ballast testing, soils lab testing and mining investigations,
- Commence structures detailed design at key locations to progress detailed approvals with Network Rail to facilitate an early construction start,
- Order Utility C4 estimates to commence detailed utility service designs in Dudley Town Centre and at all affected structures,
- Ground Penetrating Radar Survey of Dudley Town Centre approximately 1.2km in length to inform utility diversion/protection,
- Trial Holes of existing utility apparatus to facilitate structural investigations,
- Detailed design for OLE and tramway and highway alignment to inform and progress C4 utility estimates in Dudley Town Centre, and
- Very Light Rail Innovation Centre – retaining wall and sub-station negotiations and detailed design on 3rd party complementary project.

3.6 This work will bring forward the planned completion of the first section of the route to Dudley town centre by four months to November 2022. Further work will be undertaken to develop the schedule in the coming months to investigate opportunities to bring opening to Dudley earlier, and will be reported back to WMCA in March 2018.

Dialogue with Stakeholders

3.7 Due to the lengthy history of this project there has been considerable and continuing dialogue with stakeholders along the whole route, including both statutory consultees for the purposes of Schedules 5 and 6 of the Transport and Works (Applications and Objections Procedure)(England and Wales) Rules 2006 (the Applications Rules) and non-statutory groups.

3.8 In particular the consultation ahead of the application for the 2005 Order involved considerable public consultation, and the 2005 Order was the subject of a local public inquiry.

Consultation

3.9 In addition to the lengthy and detailed consultation exercises on the 2005 Order (over and above compliance with the Applications Rules) there has been more recent formal consultation with affected landowners and statutory consultees in anticipation of the submission of this Order.

Need for the Scheme, Impacts and Benefits

3.10 An assessment of the likely impacts and benefits of the scheme both during construction and operation was undertaken, and mitigation measures identified, as part of the Environmental Impact Assessment reported in the Environmental Statement which formed part of the 2005 Order application.

- 3.11 The 2005 Order scheme went through a local public inquiry. The independent inspector appointed by the Secretary of State concluded that the benefits of the scheme outweighed any impacts and that the 2005 Order should be made in the public interest. The Secretary of State agreed with this view in making the 2005 Order. The works powers of the 2005 Order remain extant. Therefore, there is no need to establish or further demonstrate the need for the scheme in the proposed TWAO application, which seeks to refresh only those compulsory purchase powers already deemed necessary and in the public interest.
- 3.12 However, clearly there is a greater need for the scheme now compared with in 2005 due to the linkages it provides with the enhanced opportunities for growth and regeneration associated with HS2.

Procurement

- 3.13 The design and construction of the project going forward will be undertaken by the Midland Metro Alliance. Advance utility diversions will be ordered via the relevant utility company but will be managed and co-ordinated by Midland Metro Alliance.
- 3.14 It will be necessary to procure a "third-generation" tram fleet to serve the Eastside, Wednesbury to Brierley Hill and East Birmingham projects. This procurement is planned as part of the schedule for the Metro programme, with tram supply options within an overall contract being timed to supply tested and commissioned trams in time to undertake testing and commissioning of this extension. The "second-generation" tram procurement documentation, incorporating lessons learned from that procurement, are being used to develop the contract, tender documents and specification for the new contract.

Costs

- 3.15 This project is well developed but detail design remains to be completed and at this stage a high-level cost estimate has been prepared to support the economic appraisal. This will continue to be refined, with a firm focus on driving the costs down. Unlike the East Birmingham "Devo Deal" project, however, the WBHE scheme has orders in place and the forthcoming design is supported by a wealth of previous information. In 2006 the DfT agreed a 20% level of "Optimism Bias" for use in appraisal and for definition of the maximum funding envelope; this level has therefore been assumed in this Outline Business Case, with 6% for the tram element in line with other scheme business cases. The current estimated costs used for the outline business case are:-

Estimated Outturn Cost £343.6m

Optimism Bias (20%/6%) £59.1m

Maximum Outturn Cost £402.7m

- 3.16 As reported to WMCA Board on 30 April 2017, costs have increased from the £310m point estimate undertaken in 2015 to support the devolution deal negotiations due to a number of factors:-

- Increasing construction price inflation
- The devaluation of the pound impacting on tram and materials prices
- An increase in the number of trams estimated as necessary to provide the timetables service
- Higher allowances for risk for structures and drainage refurbishment due to the increasing dilapidation of the rail corridor.

Funding

- 3.17 Funding of £250 million from the new Transforming Cities Fund was allocated to WMCA by Government on 20 November, including the Government funding requested in the Outline Business Case. The Programme Board is recommended to endorse the formal approval the allocation of £207 million of this funding to the WBHE project.
- 3.18 A firm funding profile still needs to be agreed with Government via the formal business case submission. Although WMCA will be seeking to draw down Government funding in advance of any borrowing, this cannot be guaranteed. In continuing to develop the scheme, it is expected that WMCA will be required to cash-flow the early stage works until the Government funding is formally awarded at Final Approval, allowing the scheme promoters to potentially recover these sunk costs following the award of grant, however this requires to be clarified once the detail of the Transforming Cities Fund is clear.
- 3.19 The Devolution Deal and HS2 Growth Strategy Implementation Plan identified this scheme as a high priority and subsequently included it as a named scheme costing £310m within the £8bn package of investment to provisionally be funded from two sources; £103m from WMCA contribution as part of the HS2 Connectivity Package and £207m from a separate ask to Government. The funding for the outturn cost of £343.6m is summarised in the table below.

	Total
Estimated Capital Cost (QCE)	343.6
Funded By:	
BCLGF	0.4
DfT Funding	207.0
WMCA Contribution	103.0
Other Contribution	33.2
Total	343.6

- 3.20 For WMCA to fully meet the maximum £343.6m current estimated cost, other funding contributions will be required to cover any expenditure above the £310m referred to in paragraph 3.16 and therefore cover any risk expenditure incurred above that allowed for in the current cost estimate. Whilst the maximum cost outlined above exceeds this figure, further work to refine the scheme and the efficiencies to be developed within the Midland Metro Alliance give a good level of confidence that the project can be delivered closer to the originally identified funding envelope. Funding discussions need to be held with the Brierley Hill Enterprise Zone and contributions will be sought from third parties. Such contributions and the Mayor's Finance Commission will be asked to consider opportunities to maximise private sector contributions along the route in its entirety.

- 3.21 Should the remaining funding gap need to be met from additional resources, options may include the re-prioritisation of existing project commitments or additional developer/Enterprise Zone contributions.
- 3.22 An option of last resort would be WMCA prudential borrowing which would require an additional increase in the Levy to fund the costs of the interest and principal on the loan if the scheme is not able to make a positive contribution through operating or other revenues.
- 3.23 Where the WMCA prudentially borrows it is important to set out the implications of that borrowing on the Authority. For example, were WMCA required to fund the full £33.2m, the impact of the borrowing on the Authority would result in an £1.7m annuity loan payment over 40 years at an interest rate of 4%.
- 3.24 The Metro cash flows are a primary revenue source against which WMCA can secure borrowing, thus reducing any potential burden or impact on the WMCA budget. The borrowing will be funded from a combination of devolution grant and local taxation uplifts and it is anticipated by bringing operations in house the cost of this debt can be funded through the increase in operating revenue accruing to the authority after financing required capital renewals.

The Proposed Transport and Works Act Order

- 3.25 The proposed Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order, if made, would confer on WMCA powers of compulsory acquisition both permanently and temporarily of the land and interests in land that are required to facilitate the construction, operation and maintenance of the scheme.
- 3.26 The Midland Metro Alliance has reviewed the land requirements to be included in the application for the Order and is content that they are adequate to construct, operate and maintain the scheme.
- 3.27 The WMCA Board is asked to approve the submission of the application to the Secretary of State for Transport under the Transport and Works Act 1992 for the Order. The powers sought within the Order will be based on the final Land Plans and the final Order, drafts of which are attached as Appendices to this report.

Delegations to Officers

- 3.28 In order to manage business effectively and efficiently WMCA is asked to delegate its powers in respect of this project to

3.28.1 the Metro Programme Director and the Head of Governance to:-

- 3.28.1.1 finalise the application documents for the Order;
- 3.28.1.2 negotiate with any affected parties or objectors to the Order with the aim of avoiding, or securing the withdrawal of, objections to the Order;
- 3.28.1.3 comply with the requirements of the relevant procedures for hearing and determining the application for the Order, including any public local Inquiry;

3.28.1.4 progress negotiations with any landowners and leaseholders and make necessary arrangements to acquire the land within the proposed Order, conditional on the Order being made; and

3.28.1.5 place orders to appoint the Midland Metro Alliance, consultants, legal advisors and others as necessary to undertake further design development work on the scheme and support the ongoing statutory process, in line with any existing agreements and in compliance with internal governance requirements and procurement best practice and in consultation with Head of Governance where appropriate; and

3.28.2 the Head of Governance or their nominated representative to negotiate, agree, enter into, execute and serve (where appropriate) all relevant legal agreements, notices and other documentation necessary to facilitate and underpin the application for, and implementation of, the Order.

3.29 Under Section 239 (b) of the Local Government Act 1972 a second resolution of WMCA Board to submit the TWAO is required no less than 14 days after the submission of the proposed Order to the Secretary of State. It is proposed that this is processed at the next meeting of the WMCA Board by a formal resolution when the minutes of this meeting are approved.

Further Development Funding

3.30 The expenditure profile submitted to DfT in the Business Case is set out in the table below.

	2016/17 & Prior	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Estimated Capital Cost (QCE)	2.0	4.0	13.6	12.2	39.0	126.1	117.1	29.6	343.6
Funded By:									
BCLGF	0.4								0.4
Government Funding					70.4	126.1	10.5		207.0
WMCA Contribution	1.6	4.0	13.6	12.2	-31.4	0.0	103.0		103.0
Other Contribution							3.6	29.6	33.2
Total	2.0	4.0	13.6	12.2	39.0	126.1	117.1	29.6	343.6

3.31 The WMCA Board authorised the £4 million expenditure in 2017/18 at its meeting of 30 April 2017. In order to maintain progress on the scheme and to enable the bringing forward of work to secure an earlier completion of the first phase of the route to Dudley town centre the Programme Board is asked to note that WMCA Investment Board has agreed to bring forward £1.6 million of expenditure into 2017/18 to accelerate development and design, to cover the works set out in paragraph 3.5 of this report; a revised expenditure profile is shown below.

	2016/17 & Prior	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Estimated Capital Cost (QCE)	2.0	5.6	12.0	12.2	39.0	126.1	117.1	29.6	343.6
Funded By:									
BCLGF	0.4								0.4
Government Funding					70.4	126.1	10.5		207.0
WMCA Contribution	1.6	5.6	12.0	12.2	-31.4	0.0	103.0		103.0
Other Contribution							3.6	29.6	33.2
Total	2.0	5.6	12.0	12.2	39.0	126.1	117.1	29.6	343.6

- 3.32 A report is planned to be brought to the WMCA Board in March 2018 providing further detail on options to deliver the first phase of the scheme earlier, and this will include a revised overall scheme expenditure profile for approval.

4.0 Impact on the Delivery of the Strategic Transport Plan

- 4.1 The Wednesbury to Brierley Hill Extension is an important element in the expansion of Midland Metro, and in the development of the Strategic Transport Plan's Metropolitan Rail and Rapid Transit Network.

5.0 Wider WMCA Implications

- 5.1 The WBHE is a key part of the Midland Metro extensions programme. This expansion of Midland Metro, as part of an integrated Rail and Rapid Transit Network, will enable better connectivity of key centres and corridors in the Black Country with the wider Combined Authority area through effective interchange with suburban and regional rail services.

6.0 Financial implications

- 6.1 These are largely unchanged from the 21 April report and are covered in the main body of this report, with the Government agreement to the grant funding of the £207 million allocated from the Transforming Cities Fund.

7.0 Legal implications

- 7.1 Any legal issues are covered within the main body of this report.

8.0 Equalities implications

- 8.1 The Midland Metro extensions will facilitate fully accessible journeys and access to employment, leisure and education, and link to other transport modes (buses and rail services).

9.0 Other implications

- 9.1 None.

10.0 Schedule of background papers

- 10.1 WMCA report 30 September 2016 Midland Metro Update.
10.2 WMCA report 21 April 2017 Midland Metro Wednesbury to Brierley Hill Extension

11.0 Appendices

- 11.1 Draft Order

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201X No. XXXX

TRANSPORT AND WORKS, ENGLAND

TRANSPORT, ENGLAND

**The Midland Metro (Wednesbury to Brierley Hill Land
Acquisition) Order 201X**

Made - - - -

Laid before Parliament

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An application has been made to the Secretary of State in accordance with the Transport and Works (Applications and Objections Procedure) (England and Wales) Rules 2006^(a) for an Order under sections 1 and 5 of the Transport and Works Act 1992^(b) (“the 1992 Act”).

[Objections to that application have been withdrawn.]

[The Secretary of State caused an inquiry to be held for the purposes of the application under section 11 of the 1992 Act.]

[The Secretary of State, having considered [the objections made and not withdrawn] [and] [the report of the person who held the inquiry], has determined to make an Order giving effect to the [proposals comprised in the application [without modifications] [with modifications which in the opinion of the Secretary of State do not make any substantial change in the proposals]] [proposals concerned with modifications which in the opinion of the Secretary of State make a substantial change in the proposals].

[The Secretary of State having considered representations duly made under section 13 of the 1992 Act, has determined to make the Order applied for with modifications.]

Notice of the Secretary of State’s determination was published in the London Gazette on [X].

(a) S.I. 2006/1466, amended by S.I. 2010/439, S.I. 2011/556, S.I. 2011/2085, S.I. 2012/147, S.I. 2012/1658, S.I. 2012/2590, S.I. 2013/755 and S.I. 2017/16.
(b) 1992 c. 42; section 1 was amended by paragraphs 51 and 52 of Schedule 2 to the Planning Act 2008 (c.29), section 5 was amended by S.I. 2012/1659.

The Secretary of State, in exercise of the powers conferred by sections 1 and 5 of, and paragraphs 3,4, 7, 11, 16 and 17 of Schedule 1 to, the 1992 Act, makes the following Order:—

PART 1

PRELIMINARY

Citation and commencement

1. This Order may be cited as the Midlands Metro (Wednesbury to Brierley Hill Land Acquisition) Order 201[X] and comes into force on [X].

Interpretation

2.—(1) In this Order—

“the 1961 Act” means the Land Compensation Act 1961(a);

“the 1965 Act” means the Compulsory Purchase Act 1965(b);

“the 1980 Act” means the Highways Act 1980(c);

“the 1981 Act” means the Compulsory Purchase (Vesting Declarations) Act 1981(d);

“the 1990 Act” means the Town and Country Planning Act 1990(e);

“the 2005 Order” means the Midland Metro (Wednesbury to Brierley Hill and Miscellaneous Amendments) Order 2005(f)

“address” includes any number or address used for the purposes of electronic transmission;

“the authorised works” means the works authorised by the 2005 Order;

“the book of reference” means the book of reference certified by the Secretary of State as the book of reference for the purposes of this Order;

“building” includes any structure or erection or any part of a building, structure or erection;

“electronic transmission” means a communication transmitted—

(a) by means of an electronic communications network; or

(b) by other means but while in electronic form;

“the Executive” means West Midlands Combined Authority established under article 3 of the West Midlands Combined Authority Order 2016;

“highway” and “highway authority” have the same meaning as in the 1980 Act;

“the land plans” means the plans certified by the Secretary of State as the land plans for the purposes of this Order;

“maintain” includes inspect, repair, adjust, alter, remove, reconstruct and replace and “maintenance” is to be construed accordingly;

“Network Rail” means Network Rail Infrastructure Limited and any associated company of Network Rail Infrastructure Limited which holds property for railway purposes, and for the purpose of this definition “associated company” means any company which is (within the meaning of section 736 of the Companies Act 1985((g) the holding company of Network Rail Infrastructure Limited, a subsidiary of Network Rail Infrastructure Limited or another subsidiary of the holding company of Network Rail Infrastructure Limited;

-
- (a) 1961 c. 33.
(b) 1965 c. 56.
(c) 1980 c. 66.
(d) 1981 c. 67.
(e) 1990 c. 8.
(f) S.I 2005/927.
(g) 2005 .c 6.

“the Order limits” mean the limits so described on the land plans;

“owner” in relation to land has the same meaning as in section 7 (interpretation) of the 1981 Act^(a);

“statutory undertaker” means—

(c) any person who is a statutory undertaker for any of the purposes of the 1990 Act; and

(d) any public communications provider within the meaning of section 151(1) of the Communications Act 2003^(b);

“the tribunal” means the Lands Chamber of the Upper Tribunal; and

(2) References in this Order to rights over land include references to rights to do, or to place and maintain, anything in, on or under land or in the air-space over its surface.

(3) All directions, distances, areas, lengths and points stated in any powers or lands are approximate.

PART 2

ACQUISITION AND POSSESSION OF LAND

Powers of acquisition

Power to acquire land

3. The Executive may acquire compulsorily so much of the land specified in column (1) of Part 1 of Schedule 1 (acquisition of land) (being land shown on the land plans and described in the book of reference) as may be required for any of the purposes specified in relation to that land in column (2) of that table and may use any land so acquired for those purposes or for any other purposes that are ancillary to its tramway undertaking.

Application of Part 1 of the 1965 Act

4.—(1) Part 1 of the 1965 Act, in so far as not modified by or inconsistent with the provisions of this Order, applies to the acquisition of land under this Order—

(a) as it applies to a compulsory purchase to which the Acquisition of Land Act 1981^(c) applies; and

(b) as if this Order were a compulsory purchase order under that Act.

(2) Part 1 of the 1965 Act, as so applied, has effect with the following modifications.

(3) Omit section 4 (which provides a time limit for compulsory purchase of land).

(4) In section 4A(1) (extension of time limit during challenge)—

(a) for “section 23 of the Acquisition of Land Act 1981 (application to the High Court in respect of compulsory purchase order)” substitute “section 22 of the Transport and Works Act 1992 (validity of orders under section 1 or 3)”; and

(b) for “the three year period mentioned in section 4” substitute “the five year period mentioned in article 11 (time limit for exercise of powers of acquisition) of the Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order 201[X]”.

(5) In section 11(1B) (power to enter on and take possession of land the subject of a notice to treat after giving the specified notice)—

(a) The definition of “owner” was amended by paragraph 9 of Schedule 15 to the Planning and Compensation Act 1991 (c. 34). There are other amendments to section 7 which are not relevant to this Order.

(b) 2003 c. 21.

(c) 1981 c. 67

- (a) in a case where a notice to treat relates only to the acquisition of an easement or other right over land, for “3 months” substitute “1 month”, and
 - (b) after “11A(4)” insert “or (6) and (7).”
- (6) In Section 11A (powers of entry: further notices of entry)—
- (a) in sub-section 1(a), after “land” insert “under that provision”,
 - (b) in subsection (2), after “land” insert “under than provision, to the extent that the newly identified person is the owner, lessee or occupier of that land,”,
 - (c) in subsection 4(a), for “14 days” substitute “7 days”, and
 - (d) at the end insert—
- “(5) Subsections (6) and (7) apply for the purposes of determining the period to be specified in the notice of entry under section 11(1) served on the newly identified person in a case where subsection (4) does not apply.
- (6) The period specified in the notice must be—
- (a) in a case where the notice to treat relates only to the acquisition of an easement or other right over land, a period that ends no earlier than the end of the period of 7 days beginning with the day on which the notice of entry is served, and
 - (b) in any other case, a period that ends no earlier than the end of the period of 28 days beginning with the day on which the notice of entry is served.
- (7) The period specified in the notice must end no earlier than the end of the period specified in any previous notice of entry given by the acquiring authority in respect of the land.”
- (7) In section 22(2) (expiry of time limit for exercise of compulsory purchase power not to affect acquisition of interests omitted from purchase), for “section 4 of this Act” substitute “article 11 of the Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order 201[X]”.
- (8) In Schedule 2A (counter-notice requiring purchase of land not in notice to treat)—
- (a) omit paragraphs 1(2) and 14(2); and
 - (b) after paragraph 29 insert—

“PART 4

INTERPRETATION

30 In this Schedule, references to entering and taking possession of land do not include doing so under article 7 (temporary use of land for construction of works) and article 8 (temporary use of land for maintenance of works) of the Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order 201[X].”

Application of Compulsory Purchase (Vesting Declarations) Act 1981

- 5.**—(1) The 1981 Act applies as if this Order were a compulsory purchase order.
- (2) The 1981 Act as applied by paragraph (1), has effect with the following modifications.
- (3) Omit sections 5 (earliest date for execution of declaration) and 5A (time limit for general vesting declaration).
- (4) In section 5B (extension of time limit during challenge)—
- (a) for section 23 of the Acquisition of Land Act 1981 (application to High Court in respect of compulsory purchase order)” substitute “section 22 of the Transport and Works Act 1992 (validity of orders under section 1 or 3)”; and

- (b) for “the three year period mentioned in section 5A” substitute “the five year period mentioned in article 11 of the Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order 201[X].

(5) In section 6 (notices after execution of general vesting declaration), for the reference to the invitation to treat under section 15 of, or paragraph 6 of Schedule 1 to, the Acquisition of Land Act 1981 substitute a reference to the invitation under section 14A(3) of the Transport and Works Act 1992(a).

(6) In section 7 (constructive notice to treat), in subsection (1)(a), omit “(as modified by section 4 of the Acquisition of Land Act 1981)”;

(7) In Schedule A1 (counter-notice requiring purchase of land not in general vesting declaration), omit paragraph 1(2).

(8) References to the 1965 Act are construed as references to that Act as applied to the acquisition of land by article 4 (application of Part 1 of the 1965 Act).

Power to acquire new rights

6.—(1) The Executive may acquire compulsorily such easements or other rights over any land—

- (a) referred to in article 3 (power to acquire land) as may be required for any purpose for which that land may be acquired under that provision; or
- (b) within the Order limits specified in column (1) of Part 2 of Schedule 1 (acquisition of rights only) as may be required for the purposes specified in relation to that land in column (2) of that Part.

(2) In paragraph (1), the power compulsorily to acquire easements or other rights includes the power to do so by creating them as well as by acquiring easements or other rights already in existence.

(3) Subject to—

- (a) Schedule 2A to the 1965 Act (as substituted by paragraph 5 of Schedule 2 (modification of compensation and compulsory purchasing enactments for creation of new rights)); and
- (b) Schedule A1 to the 1981 Act (as modified by paragraph 10 of that Schedule),

where the Executive acquires a right over land under paragraph (1) the Executive is not required to acquire a greater interest in the land.

(4) In any case where the acquisition of new rights under paragraph (1) is required for the purpose of diverting, replacing or protecting apparatus of a statutory undertaker, the Executive may, with the consent of the Secretary of State, transfer the power to acquire such rights to the statutory undertaker in question.

(5) Schedule 2 has effect for the purpose of modifying the enactments relating to compensation and the provisions of the 1965 Act and the 1981 Act in their application in relation to the compulsory acquisition under this Order of a right over land by the creation of a new right.

Temporary possession of land

Temporary use of land for construction of works

7.—(1) The Executive may, in connection with the carrying out of the authorised works—

- (a) enter upon and take temporary possession of—
 - (i) any of the land specified in column (1) of Schedule 3 (land of which temporary possession may be taken) for the purpose specified in relation to that land in column (2) of that Schedule, and

(a) Section 14A of the Transport and Works Act 1992 was inserted by article 5 of the Housing and Planning (Compulsory Purchase) (Corresponding Amendments) Regulations 2017 (S.I. 2017/16).

- (ii) any of the relevant land in respect of which no notice of entry has been served under section 11(a) (powers of entry) of the 1965 Act (other than in connection with the acquisition of rights only) and no declaration has been made under section 4 (execution of declaration) of the Compulsory Purchase (Vesting Declarations) Act 1981;
 - (b) remove any buildings and vegetation from that land;
 - (c) construct temporary works (including the provision of means of access) and buildings on the land; and
 - (d) construct any permanent works specified in relation to that land in column (2) of Schedule 3 or any mitigation works on that land.
- (2) Not less than 28 days before entering upon and taking temporary possession of land under this article the Executive must serve notice of the intended entry on the owners and occupiers of the land.
- (3) The Executive may not, without the agreement of the owners of the land, remain in possession of any land under this article—
- (a) in the case of any land specified in column (1) of Schedule 3 (land of which temporary possession may be taken), after the end of the period of one year beginning with the date of completion of the works specified in relation to that land in column (3) of Schedule 3; or
 - (b) in the case of the relevant land, after the end of the period of one year beginning with the date of completion of the works for which temporary possession of the land was taken unless the Executive has, before the end of that period, served a notice of entry under section 11 of the 1965 Act or made a declaration under section 4 of the Compulsory Purchase (Vesting Declarations) Act 1981.
- (4) Before giving up possession of land of which temporary possession has been taken under this article, the Executive must remove all temporary works and restore the land to the reasonable satisfaction of the owners of the land; but the Executive is not required to replace a building removed under this article or restore the land on which any works have been constructed under paragraph (1)(d).
- (5) The Executive must pay compensation to the owners and occupiers of land of which temporary possession is taken under this article for any loss or damage arising from the exercise in relation to the land of the powers conferred by this article.
- (6) Any dispute as to a person's entitlement to compensation under paragraph (5), or as to the amount of the compensation, is to be determined under Part 1 of the 1961 Act.
- (7) Without affecting article 17 (no double recovery), nothing in this article affects any liability to pay compensation under section 10(2) (further provision as to compensation for injurious affection)(b) of the 1965 Act or under any other enactment in respect of loss or damage arising from the execution of any works, other than loss or damage for which compensation is payable under paragraph (5).
- (8) The powers of compulsory acquisition of land conferred by this Order do not apply in relation to the land referred to in paragraph (1)(a) except that the Executive is not to be precluded from acquiring new rights over any land specified in Part 2 of Schedule 1 (acquisition of rights) under article 6 (power to acquire new rights).
- (9) Where the Executive takes possession of land under this article, it is not required to acquire the land or any interest in it.

(a) Section 11 was amended by section 34(1) of, and Schedule 4 to, the Acquisition of Land Act 1981 (c. 67), section 3 of, and part 1 of Schedule 1 to, the Housing (Consequential Provisions) Act 1985 (c. 71), section 14 of, and paragraph 12(1) of Schedule 5 to, the Church of England (Miscellaneous Provisions) Measure 2006 (No. 1) and S.I. 2009/1307.

(b) Section 10 was amended by section 4 of, and paragraph 13(2) of Schedule 2 to, the Planning (Consequential Provisions) Act 1990 (c.11) and S.I. 2009/1307.

(10) Section 13(a) (refusal to give possession to acquiring authority) of the 1965 Act applies to the temporary use of land under this article to the same extent as it applies to the acquisition of land under this Order by virtue of article 4(1) (application of Part 1 of the 1965 Act).

(11) Paragraph (1)(a)(ii) does not authorise the Executive to take temporary possession of—

- (a) any dwelling house; or
- (b) any building (other than a dwelling house) if it is for the time being occupied.

(12) In this article “the relevant land” means any land within the Order limits other than the land specified in column (1) of Schedule 3 to this Order.

Temporary use of land for maintenance of works

8.—(1) Subject to paragraph (2), at any time during the maintenance period relating to the authorised works, the Executive may—

- (a) enter upon and take temporary possession of any land within the Order limits and lying within 20 metres from those works if such possession is reasonably required for the purpose of maintaining the works or any ancillary works connected with them; and
- (b) construct such temporary works (including the provision of means of access) and buildings on the land as may be reasonably necessary for that purpose.

(2) Paragraph (1) does not authorise the Executive to take temporary possession of—

- (a) any house or garden belonging to a house;
- (b) any building (other than a house) if it is for the time being occupied; or
- (c) any land specified in column (1) of Part 2 of Schedule 1 (acquisition of land) (but without affecting the power to acquire rights under article 6 (2) (power to acquire new rights) in relation to that land).

(3) Not less than 28 days before entering upon and taking temporary possession of land under this article the Executive must serve notice of the intended entry on the owners and occupiers of the land.

(4) The Executive may only remain in possession of land under this article for so long as may be reasonably necessary to carry out the maintenance works for which possession of the land was taken.

(5) Before giving up possession of land of which temporary possession has been taken under this article, the Executive must remove all temporary works and restore the land to the reasonable satisfaction of the owners of the land.

(6) The Executive must pay compensation to the owners and occupiers of land of which temporary possession is taken under this article for any loss or damage arising from the exercise in relation to the land of the powers conferred by this article.

(7) Any dispute as to a person’s entitlement to compensation under paragraph (6), or as to the amount of the compensation, is to be determined under Part 1 of the 1961 Act.

(8) Without affecting article 17 (no double recovery), nothing in this article affects any liability to pay compensation under section 10(2) (further provision as to compensation for injurious affection) of the 1965 Act or under any other enactment in respect of loss or damage arising from the execution of any works, other than loss or damage for which compensation is payable under paragraph (6).

(9) Where the Executive takes possession of land under this article, it is not required to acquire the land or any interest in it.

(10) Section 13 (refusal to give possession to acquiring authority)(a) of the 1965 Act applies to the temporary use of land under this article to the same extent as it applies to the acquisition of land under this Order by virtue of article 4(1) (application of Part 1 of the 1965 Act).

(a) Section 13 was amended by sections 62(3) and 139 of, and paragraph 27 and 28 of Schedule 13 and part 3 of Schedule 23 to, the Tribunals, Courts and Enforcement Act 2007 (c. 15).

(11) In this article—

- (a) “the maintenance period”, in relation to the authorised works, means the period of 5 years beginning with the date on which the work is opened for use; and
- (b) any reference to land within a specified distance of a work includes, in the case of work under the surface of the ground, a reference to land within the specified distance of the point on the surface below which the work is situated.]

Compensation

Disregard of certain interests and improvements

9.—(1)—In assessing the compensation payable to any person on the acquisition from that person of any land under this Order, the tribunal must not take into account—

- (a) any interest in land; or
- (b) any enhancement of the value of any interest in land by reason of any building erected, works executed or improvement or alteration made on relevant land;

if the tribunal is satisfied that the creation of the interest, the erection of the building, the execution of the works or the making of the improvement or alteration was not reasonably necessary and was undertaken with a view to obtaining compensation or increased compensation.

(2) In paragraph (1) “relevant land” means the land acquired from the person concerned or any other land with which that person is, or was at the time when the building was erected, the works executed or the improvement or alteration made, directly or indirectly concerned.

Supplementary

Extinction or suspension of rights of way

10.—(1) Subject to the provisions of this article, all private rights of way over land subject to compulsory acquisition under this Order are extinguished—

- (a) as from the date of acquisition of the land by the Executive, whether compulsorily or by agreement; or
- (b) on the date of entry on the land by the Executive under section 11(1) or (2) (powers of entry) of the 1965 Act,

whichever is sooner.

(2) Subject to the provisions of this article, all private rights of way over land of which the Executive takes temporary possession under this Order are suspended and unenforceable for as long as the Executive remains in lawful possession of the land.

(3) Any person who suffers loss by the extinguishment or suspension of any private right of way under this article is entitled to compensation to be determined, in case of dispute, under Part 1 of the 1961 Act.

(4) This article does not apply in relation to any right of way to which section 271 or 272 (extinguishment of rights of statutory undertakers etc.) (b) of the 1990 Act applies.

(5) Paragraphs (1) and (2) have effect subject to any agreement made (whether before or after this Order comes into force) between the Executive and the person entitled to the private right of way.

(a) As amended by sections 62(3) and 139(4)-(9) of, and paragraphs 27 and 28 of Schedule 13 and part 3 of Schedule 23 to, the Tribunals, Courts and Enforcement Act 2007 (c. 15).

(b) Section 272 was amended by paragraph 103(1) and (2) of Schedule 17 to the Communications Act 2003 (c. 21).

(6) Paragraph (1) has effect subject to any notice given by the Executive that that paragraph is not to apply to any right of way specified in the notice where the notice is given before whichever is the soonest of the events specified in sub-paragraphs (a) or (b) of that paragraph.

(7) Paragraph (2) has effect subject to any notice given by the Executive at any time before or after possession is taken that that paragraph is not to apply to any right of way specified in the notice or is only to apply to the right of way to the extent specified in the notice.

Time limit for exercise of powers of acquisition

11.—(1) After the end of the period of 5 years beginning with the day on which this Order comes into force—

- (a) no notice to treat is to be served under Part 1 of the 1965 Act, as applied to the acquisition of land by article 4 (application of Part 1 of the 1965 Act); and
- (b) no declaration is to be executed under section 4 (execution of declaration) of the Compulsory Purchase (Vesting Declarations) Act 1981^(a), as applied by article 5 application of Compulsory Purchase (Vesting Declarations) Act 1981).

(2) The powers conferred by article 7 (temporary use of land for construction of works) cease at the end of the period referred to in paragraph (1), except that nothing in this paragraph prevents the Executive remaining in possession of land after the end of that period, if the land was entered and possession of it was taken before the end of that period.

PART 3

MISCELLANEOUS AND GENERAL

Open Space

12.—(1) No easements or other rights over the special category land shall vest in the Executive until the Executive has acquired the exchange land and [name of local authority] has certified that a scheme for the provision of the exchange land has been implemented to its satisfaction.

(2) Upon the requirements of paragraph (1) being satisfied, the exchange land shall vest in the [Canal and River Trust] subject to the like rights, trusts and incidents as attached to the special category land; and the special category land shall thereupon be discharged from all rights, trusts and incidents to which it was previously subject.

(3) In this article—

(4) the “special category land” means the land described as open space on the “Open Space Plan” attached to the land plans, which may be acquired compulsorily under this Order and for which exchange land is to be provided; and

(5) “the exchange land” means the land described as exchange land on the plan entitled “Open Space Plan” attached to the land plans.

Statutory undertakers, etc.

13. Schedule 4 (provisions relating to statutory undertakers, etc.) has effect.

Minerals

14.—(1) Parts 2 and 3 of Schedule 2 to the 1981 Act (exception of minerals from compulsory purchase and regulation of the working of mines or minerals underlying an authorised undertaking) have effect in relation to land to which article 3 (power to acquire land) applies as if

(a) 1981 c.66.

it were comprised in a compulsory purchase order providing for the incorporation with that order of those Parts of that Schedule.

(2) In their application under paragraph (1), Parts 2 and 3 of Schedule 2 to the 1981 Act have effect with the following modifications—

- (a) references to the acquiring authority are to be construed as references to the Executive; and
- (b) references to the undertaking are to be construed as references to the undertaking which the Executive is authorised by this Order to carry on.

Certification of plans, etc.

15. The Executive must, as soon as practicable after the making of this Order, submit copies of the book of reference and the land plans to the Secretary of State for certification that they are, respectively, true copies of the book of reference and the land plans referred to in this Order; and a document so certified is admissible in any proceedings as evidence of the contents of the document of which it is a copy.

Service of notices

16.—(1) A notice or other document required or authorised to be served for the purposes of this Order may be served—

- (a) by post; or
- (b) with the consent of the recipient and subject to paragraphs (5) to (8) by electronic transmission.

(2) Where the person on whom a notice or other document to be served for the purposes of this Order is a body corporate, the notice or document is duly served if it is served on the secretary or clerk of that body.

(3) For the purposes of section 7 (references to service by post) of the Interpretation Act 1978^(a) as it applies for the purposes of this article, the proper address of any person in relation to the service on that person of a notice or document under paragraph (1) is, if that person has given an address for service, that address, and otherwise—

- (a) in the case of the secretary or clerk of a body corporate, the registered or principal office of that body; and
- (b) in any other case, the last known address of that person at the time of service.

(4) Where for the purposes of this Order a notice or other document is required or authorised to be served on a person as having any interest in, or as the occupier of, land and the name or address of that person cannot be ascertained after reasonable enquiry, the notice may be served by—

- (a) addressing it to that person by name or by the description of “owner”, or as the case may be “occupier”, of the land (describing it); and
- (b) either leaving it in the hands of a person who is or appears to be resident or employed on the land or leaving it conspicuously affixed to some building or object on or near the land.

(5) Where a notice or other document required to be served or sent for the purposes of this Order is served or sent by electronic transmission the requirement is taken to be fulfilled where the recipient of the notice or other document to be transmitted has given consent to the use of electronic transmission either in writing or by electronic transmission.

(6) Where the recipient of a notice or other document served or sent by electronic transmission notifies the sender within 7 days of receipt that the recipient requires a paper copy of all or any part of that notice or other document the sender must provide such a copy as soon as reasonably practicable.

(a) 1978 c. 30.

(7) Any consent to the use of electronic communication given by a person may be revoked by that person in accordance with paragraph (8).

(8) Where a person is no longer willing to accept the use of electronic transmission for any of the purposes of this Order—

- (a) that person must give notice in writing or by electronic transmission revoking any consent given by that person for that purpose; and
- (b) such revocation is final and takes effect on a date specified by the person in the notice but that date must not be less than 7 days after the date on which the notice is given.

(9) This article does not exclude the employment of any method of service not expressly provided for by it.

No double recovery

17. Compensation is not payable in respect of the same matter both under this Order and under any other enactment, any contract or any rule of law.

Crown Rights

18.—(1) Nothing in this Order affects prejudicially any estate, right, power, privilege or exemption of the Crown and, in particular, nothing in this Order authorises the Executive or any other person to take, use, enter upon or in any manner interfere with any land, hereditament or rights of whatsoever description belonging to a government department without the consent in writing of that government department.

(2) Consent under this article may be given unconditionally or subject to such terms or conditions as may be considered necessary or appropriate.

Protection for Network Rail

19.—(1) The Executive shall not exercise the powers conferred by section 11(3) (powers of entry) of the 1965 Act in respect of any railway property unless the exercise of such powers is with the consent of Network Rail.

(2) The Executive shall not under the powers of this Order acquire or use or acquire new rights over any railway property except with the consent of Network Rail.

(3) The Executive shall not exercise the powers conferred by sections 271 or 272 of the 1990 Act, as applied by Schedule 4 (provisions relating to statutory undertakers, etc.) to this Order, in relation to any right of access of Network Rail to railway property, but such right of access may be diverted with the consent of Network Rail.

(4) Where Network Rail is asked to give its consent pursuant to sub-paragraphs (1), (2) or (3), such consent shall not be unreasonably withheld but may be given subject to reasonable conditions.

(5) The Executive and Network Rail may, subject in the case of Network Rail to compliance with the terms of its network licence, enter into, and carry into effect, agreements for the transfer to the Executive of—

- (a) any railway property shown on the deposited plans and described in the book of reference;
- (b) any lands, works or other property held in connection with any such railway property; and
- (c) any rights and obligations (whether or not statutory) of Network Rail relating to any railway property.

(6) In this article, “railway property” means any railway belonging to Network Rail and any station, land, works, apparatus and equipment belonging to Network Rail connected therewith and includes any land easement or other property interest held or used by Network Rail for the purposes of such railway or works, apparatus or equipment.

Protection for Canal and River Trust

20.—(1) The Executive shall not exercise the powers conferred by section 11(3) (powers of entry) of the 1965 Act in respect of any waterway of the Canal or River Trust unless the exercise of such powers is with the consent of Network Rail.

(2) The Executive shall not acquire compulsorily any land of the Canal and River Trust or any easement or other right over such land, or use any such land, unless such acquisition or use is with the consent of the Canal and River Trust.

(3) The Executive shall not exercise the powers conferred by sections 271 or 272 of the 1990 Act, as applied by Schedule 4 (provisions relating to statutory undertakers, etc.) to this Order, so as to divert any right of access to a waterway, but such right of access may be diverted with the consent of the Canal and River Trust.

(4) Where the Canal and River Trust is asked to give its consent pursuant to sub-paragraphs (1), (2) or (3), such consent shall not be unreasonably withheld but may be given subject to reasonable conditions.

(5) In this article, “waterway” means any canal or inland navigation belonging to or under the management or control of the Canal and River Trust, and includes any works, land or premises belonging to the Canal and River Trust, or under its management or control, and held or used by the Canal and River Trust in connection with any such canal or inland navigation.

Existing agreements

21. The agreements listed in Schedule 5 (existing agreements) apply in relation to the exercise of the powers conferred by this Order as they apply to the exercise of the powers of the 2005 Order.

Signed by authority of the Secretary of State

Date

Natasha Kopala
Head of the Transport and Works Act Orders Unit
Department for Transport

SCHEDULES

SCHEDULE 1

Articles 3 and 6

ACQUISITION OF LAND AND RIGHTS

PART 1

ACQUISITION OF LAND

(1)	(2)
<i>Number of land show on the land plans</i>	<i>Purposes for which land may be acquired</i>
	Construction and operation of the authorised works
	Hard and soft landscaping
	Vehicular and pedestrian access to station
	Turning head, electricity substation and park and ride site
	Widening of highway

PART 2

ACQUISITION OF RIGHTS ONLY

(1)	(2)
<i>Number of land show on the land plans</i>	<i>Purposes for which right may be acquired</i>
	Access for construction and maintenance of the authorised works

SCHEDULE 2

Article 6

MODIFICATION OF COMPENSATION AND COMPULSORY PURCHASING ENACTMENTS FOR CREATION OF NEW RIGHTS

Compulsory Purchase Act 1965 and compensation enactments

1. The enactments for the time being in force with respect to compensation for the compulsory purchase of land apply, with the necessary modifications as respects compensation, in the case of a compulsory acquisition under this Order of a right by the creation of a new right, as they apply as respects compensation on the compulsory purchase of land and interests in land.

2. Application of the 1965 Act

3. Part 1 of the 1965 Act, as applied by article 5 to the acquisition of land under article 4, and the enactments relating to compensation for the compulsory purchase of land, apply to a compulsory acquisition of rights under article 6(1)—

- (a) with the modifications specified in paragraph 3, and
- (b) with such other modifications as may be necessary.

4.—(1) The modifications referred to in paragraph 1(a) are as follows.

(2) References in the 1965 Act to land are, in appropriate contexts, to be read (according to the requirements of the particular context) as referring to, or as including references to—

- (a) the right acquired or to be acquired, or
- (b) the land over which the right is, or is to be, exercisable.

(3) For section 7 of the 1965 Act substitute—

“7 Measure of compensation in purchase of new right

In assessing the compensation to be paid by the acquiring authority under this Act, regard shall be had, not only to the extent (if any) to which the value of the land over which the right is acquired is depreciated by the acquisition of the right, but also to the damage (if any) to be sustained by the owner of the land by reason of its severance from other land of the owner, or injuriously affecting that other land by the exercise of the powers conferred by this or the special Act.”

(4) The following provisions of the 1965 Act (which state the effect of a deed poll executed in various circumstances where there is no conveyance by persons with interests in the land)—

- section 9(4) (failure of owners to convey)
- paragraph 10(3) of Schedule 1 (owners under incapacity)
- paragraph 2(3) of Schedule 2 (absent and untraced owners), and
- paragraphs 2(3) and 7(2) of Schedule 4 (common land),

are modified so as to secure that, as against persons with interests in land which are expressed to be overridden by the deed, the right which is to be acquired compulsorily is vested absolutely in the acquiring authority.

(5) Section 11(a) (powers of entry) of the 1965 Act is modified so as to secure that, where the acquiring authority has served notice to treat in respect of any right as well as the notice required by subsection (1) of that section (as it applies to a compulsory acquisition under article 4), it has power, exercisable in the same circumstances and subject to the same conditions, to enter for the purpose of exercising that right; and sections 12(b) (penalty for unauthorised entry) and 13(c) (entry on enforcement officer’s or sheriff’s warrant in the event of obstruction) of that Act are modified accordingly.

(6) Section 20(d) (tenants at will) of the 1965 Act applies with the modifications necessary to secure that persons with such interests in land as are mentioned in that section are compensated in a manner corresponding to that in which they would be compensated on a compulsory acquisition of the land, but taking into account only the extent (if any) of such interference with such interests as is actually caused, or likely to be caused, by the exercise of the right in question.

(7) Section 22 (interests omitted from purchase) of the 1965 Act is so modified as to enable the acquiring authority, in circumstances corresponding to those referred to in that section, to continue to be entitled to exercise the right acquired, subject to compliance with that section as respects compensation.

(8) For Schedule 2A to the 1965 Act substitute—

-
- (a) Section 11 was amended by section 34(1) of, and Schedule 4 to, the Acquisition of Land Act 1981 (c. 67), section 3 of, and part 1 of Schedule 1 to, the Housing (Consequential Provisions) Act 1985 (c. 71), section 14 of, and paragraph 12(1) of Schedule 5 to, the Church of England (Miscellaneous Provisions) Measure 2006 (No. 1) and S.I. 2009/1307.
 - (b) Section 12 was amended by section 56(2) of, and part 1 of Schedule 9 to, the Courts Act 1971 (c. 23).
 - (c) Section 13 was amended by sections 62(3), 139(4) to (9) and 146 of, and paragraphs 27 and 28 of Schedule 13 and part 3 of Schedule 23 to, the Tribunals, Courts and Enforcement Act 2007 (c. 15).
 - (d) Section 20 was amended by paragraph 4 of Schedule 15 to the Planning and Compensation Act 1991 and S.I. 2009/1307.

“SCHEDULE 2A

COUNTER-NOTICE REQUIRING PURCHASE OF LAND

Introduction

1.—(1) This Schedule applies where an acquiring authority serve a notice to treat in respect of a right over the whole or part of a house, building or factory.

2. In this Schedule “house” includes any park or garden belonging to a house.

Counter-notice requiring purchase of land

3. A person who is able to sell the house, building or factory (“the owner”) may serve a counter-notice requiring the authority to purchase the owner’s interest in the house, building or factory.

4. A counter-notice under paragraph 3 must be served within the period of 28 days beginning with the day on which the notice to treat was served.

Response to counter-notice

5. On receiving the counter-notice the acquiring authority must decide whether to—

- (a) withdraw the notice to treat,
- (b) accept the counter-notice, or
- (c) refer the counter-notice to the Upper Tribunal.

6. The acquiring authority must serve notice of its decision on the owner within the period of 3 months beginning with the day on which the counter-notice is served (“the decision period”).

7. If the authority decides to refer the counter-notice to the Upper Tribunal it must do so within the decision period.

8. If the authority does not serve notice of a decision within the decision period it is to be treated as if it had served notice of a decision to withdraw the notice to treat at the end of that period.

9. If the acquiring authority serves notice of a decision to accept the counter-notice, the Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order 201[X] and the notice to treat are to have effect as if they included the owner’s interest in the house, building or factory.

Determination by Upper Tribunal

10. On a referral under paragraph 7, the Upper Tribunal must determine whether the acquisition of the right [or the imposition of the restrictive covenant] would—

- (a) in the case of a house, building or factory, cause material detriment to the house, building or factory, or
- (b) in the case of a park or garden, seriously affect the amenity or convenience of the house to which the park or garden belongs.

11. In making its determination, the Upper Tribunal must take into account—

- (a) the effect of the acquisition of the right [or the imposition of the covenant],
- (b) the use to be made of the right or covenant proposed to be acquired [or imposed] for works or other purposes extending to other land, the effect of the whole of the works and the use of the other land.

12. If the Upper Tribunal determines that the acquisition of the right [or the imposition of the covenant] would have either of the consequences described in paragraph 10, it must determine how much of the house, building or factory the acquiring authority ought to be required to take.

13. If the Upper Tribunal determines that the acquiring authority ought to be required to take some or all of the house, building or factory, the Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order 201[X] and the notice to treat are to have effect as if they included the owner's interest in that land.

14.—(1) If the Upper Tribunal determines that the authority ought to be required to take some or all of the house, building or factory, the authority may at any time within the period of 6 weeks beginning with the day on which the Upper Tribunal makes its determination withdraw the notice to treat in relation to that land.

(2) If the acquiring authority withdraws the notice to treat under this paragraph it must pay the person on whom the notice was served compensation for any loss or expense caused by the giving and withdrawal of the notice.

(3) Any dispute as to the compensation is to be determined by the Upper Tribunal."

(9) For section 5A(5A) (relevant valuation date) of the 1961 Act, after "If" substitute—

"(a) the acquiring authority enters on land for the purpose of exercising a right in pursuance with a notice of entry under section 11(1) of the 1965 Act,

(b) the acquiring authority is subsequently required by a determination under paragraph 13 of Schedule 2A to the 1965 Act (as substituted by paragraph (8) of Schedule 2 to the Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order 201[X]) to acquire an interest in the land, and

(c) the acquiring authority enters on and takes possession of that land,

the authority is deemed for the purposes of subsection 3(a) to have entered on that land when it entered on that land for the purpose of exercising that right."

(10) In section 5A(5B) (relevant valuation date) of the 1961 Act, for paragraphs (a) and (b) substitute—

"(a) a right over land is the subject of a general vesting declaration,

(b) by virtue of paragraph 11(2) or 16(2) of Schedule A1 to the 1981 Act, the declaration has effect as if it included an interest in the land, and

(c) the vesting date for the right is different from the vesting date for the interest in the land."

(11) In the Land Compensation Act 1973, for section 44 (compensation for injurious affection) substitute—

"44 Compensation for injurious affection

(1) Where a right over land is acquired from any person for the purpose of works which are to be situated partly on that land and partly elsewhere, compensation for injurious affection of land retained by that person shall be assessed by reference to the whole of the works and not only the part situated on the land over which the right is exercisable.

(2) In this section, "compensation for injurious affection" means compensation for injurious affection under section 7 or 20 of the Compulsory Purchase Act 1965 as applied by paragraph 2 of Schedule 2 to the Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order 201[X]."

Compulsory Purchase (Vesting Declarations) Act 1981 and compensation enactments

5.—(1) The 1981 Act, as applied by article 5 to the acquisition of land under article 3, applies to a compulsory acquisition of a right under article 6—

(a) with the modifications specified in paragraph 5; and

(b) with such other modifications as may be necessary.

(2) The enactments relating to compensation for the compulsory purchase of land also apply to a compulsory acquisition of a right under article 6.

6.—(1) The modifications referred to in paragraph 4(1)(a) are as follows.

(2) References in the 1981 Act to land are, in appropriate contexts, to be read (according to the requirements of the particular context) as referring to, or as including references to—

(a) the right acquired or to be acquired; or

(b) the land over which the right is, or is to be, exercisable.

(3) References to the 1981 Act to the 1965 Act are to be read as references to that Act as it applies to a compulsory acquisition of a right under article 6.

(4) Section 8(1) of the 1981 Act (vesting, and right to enter and take possession) is modified so as to secure—

(a) that a general vesting declaration in respect of any right vests the right in the acquiring authority on the vesting date; and

(b) that, as from the vesting date, the acquiring authority has power, exercisable in the same circumstances and subject to the same conditions, to enter land for the purpose of exercising that right as if the circumstances mentioned in section 8(1)(a) and (b) of the 1981 Act had arisen.

(5) Section 9(2) (right of entry under section 8(1) not exercisable in respect of land subject to certain tenancies, unless notice has been served on occupiers of the land) of the 1981 Act is modified so as to require a notice served by the appropriate authority under that provision to refer to the authority's intention to enter land specified in the notice in order to exercise the right.

(6) In section 10(1) (acquiring authority's liability on the vesting of land) of the 1981 Act, the reference to the acquiring authority's taking possession of the land under section 11(1) of the 1965 Act is to be read instead as a reference to the authority's exercising the power to enter the land under that provision as modified by paragraph 3(5) of this Schedule.

(7) Schedule A1 to the 1981 Act (counter-notice requiring purchase of land not in general vesting declaration) has effect as if—

(a) in paragraph (1), for “part only of” there were substituted “only the acquisition of a right over”,

(b) paragraph 1(2) were omitted,

(c) references to the land proposed to be acquired were (subject to paragraph (e) below) to the right proposed to be acquired,

(d) references to the additional land were to the house, building or factory over which the right is proposed to be exercisable.

(e) in paragraphs 14 and 15, references to the severance of the land proposed to be acquired were to the acquisition of the right, and

(f) in paragraph 15, after “in addition to” there were substituted “or in substitution for”.

SCHEDULE 3

Article 7

LAND OF WHICH TEMPORARY POSSESSION MAY BE TAKEN

(1) <i>Number of land shown on the land plans</i>	(2) <i>Purposes for which temporary possession may be taken</i>
	Construction of permanent works on that land to tie in to different levels Working site and access during construction Construction compound Installation of permanent signalling apparatus Construction of permanent works to re-align highway Construction of permanent retaining wall

SCHEDULE 4

PROVISIONS RELATING TO STATUTORY UNDERTAKERS, ETC.

Apparatus of statutory undertakers, etc., on land acquired

1.—(1) Subject to the following provisions of this paragraph, sections 271 to 274(a) (power to extinguish rights of statutory undertakers etc. and power of statutory undertakers etc. to remove or re-site apparatus) of the 1990 Act apply in relation to any land which has been acquired under this Order, or which is held by the Executive and is appropriated or used (or about to be used) by it for the purposes of the authorised works or for purposes connected with the authorised works; and all such other provisions of that Act as apply for the purposes of those provisions (including sections 275 to 278, which contain provisions consequential on the extinguishment of any rights under sections 271 and 272, and sections 279(2) to (4), 280 and 282(b) which provide for the payment of compensation) have effect accordingly.

(2) In the provisions of the 1990 Act, as applied by sub-paragraph (1)—

- (a) references to the appropriate Minister are references to the Secretary of State;
- (b) references to the purpose of carrying out any development with a view to which land was acquired or appropriated are references to the purpose of carrying out the f; and
- (c) references to land acquired or appropriated as mentioned in section 271(1) of the 1990 Act are references to land acquired, appropriated or used as mentioned in sub-paragraph (1).

(3) Where any apparatus of public utility undertakers or of an operator of an electronic communications code network is removed in pursuance of a notice or order given or made under section 271, 272 or 273 of the 1990 Act, as applied by sub-paragraph (1), any person who is the owner or occupier of premises to which a supply was given from that apparatus is entitled to recover from the Executive compensation in respect of expenditure reasonably incurred by that person, in consequence of the removal, for the purpose of effecting a connection between the premises and any other apparatus from which a supply is given.

(a) Sections 272 to 274 were amended by paragraph 103(1) and (2) of Schedule 17 to the Communications Act 2003 (c.21).

(b) Section 279(3) was amended by paragraph 103(1) and (2), and section 280 was amended by paragraph 104, of Schedule 17 to the Communications Act 2003. Sections 280 and 282 were amended by S.I. 2009/1307.

(4) Sub-paragraph (3) does not apply in the case of the removal of a public sewer but where such a sewer is removed in pursuance of such a notice or order as is mentioned in that paragraph, any person who is—

- (a) the owner or occupier of premises the drains of which communicated with that sewer; or
- (b) the owner of a private sewer which communicated with that sewer,

is entitled to recover from the Executive compensation in respect of expenditure reasonably incurred by that person, in consequence of the removal, for the purpose of making the drain or sewer communicate with any other public sewer or with a private sewage disposal plant.

(5) The provisions of the 1990 Act mentioned in sub-paragraph (1), as applied by that sub-paragraph, do not have effect in relation to apparatus as respects which Part 3 of the 1991 Act applies.

(6) In this paragraph—

“electronic communications code” means the code set out in Schedule 2 to the Telecommunications Act 1984(a);

“electronic communications code network” means an electronic communications network within the meaning of the Communications Act 2003(b) to which the electronic communications code applies; and

“public utility undertakers” has the same meaning as in the Highways Act 1980(c).

SCHEDULE 5

Article 21

EXISTING AGREEMENTS

<i>(1)</i> <i>Party to agreement</i>	<i>(2)</i> <i>Date of agreement</i>

(a) 1984 c. 12; Schedule 2 was amended by section 190 of, and paragraph 68 of Schedule 25 and part 1 of Schedule 27 to, the Water Act 1989 (c. 15), section 112(4) of, and Schedule 18 to, the Electricity Act (c. 29), paragraphs 113-115 of Schedule 8 and Schedule 9 to the 1991 Act, section 107(2) of, and Schedule 4 to, the Arbitration Act 1996 (c. 23), section 25(1) of, and paragraph 22 of Schedule 3 to, the Trusts of Land and Appointment of Trustees Act 1996 (c. 47), section 406(7) of, and Schedule 3, paragraph 75 of Schedule 17 and Schedule 19 to, the Communications Act 2003 (c. 21), section 80(3) of and part 2 of Schedule 22 to, the Marine and Coastal Access Act 2009 (c. 23), S.I. 1993/3160, S.I. 2006/1177 and S.I. 2009/1307.

(b) 2003 c. 21.

(c) 1980 c. 66.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order confers further powers of compulsory acquisition on the West Midlands Combined Authority (“the Executive”) for the purpose of the works authorised by The Midland Metro (Wednesbury to Brierley Hill and Miscellaneous Amendments) Order 2005 (“the 2005 Order”). Powers for compulsory acquisition under the 2005 Order expired in 2010.

A copy of the land plans and the book of reference referred to in this Order may be inspected at the offices of the Executive at 16 Summer Lane, Birmingham B19 3SD.

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WEST MIDLANDS
COMBINED AUTHORITY

WMCA Board

Date	8 December 2017
Report title	West Midlands Cycle Design Guidance
Portfolio Lead	Councillor Roger Lawrence - Transport
Accountable Chief Executive	Laura Shoaf, Managing Director, Transport for West Midlands email: laura.shoaf@tfwm.org.uk tel: (0121) 214 7444
Accountable Employee	Claire Williams, Sustainable Travel Manager, Transport for West Midlands email: claire.williams@tfwm.org.uk tel: (0121) 214 7984
Report has been considered by	Strategic Transport Officers Group - 2 October 2017 Programme Board - 24 November 2017

Recommendation(s) for action or decision:

WMCA Board is recommended to:

- (1) To approve the adoption of the West Midlands Cycle Design Guidance.
- (2) To continue to support a common approach to cycling across the West Midlands.

1.0 Purpose

- 1.1 The purpose of this report is to advise the WMCA board on the adoption of a single West Midlands Cycle Design Guidance, developed by national cycle planning experts Phil Jones Associates.
- 1.2 This report also updates WMCA Board on supporting work for delivery of the West Midlands Cycle Design Guidance.

2.0 Background

- 2.1 The West Midlands Cycling Charter was developed and approved in 2014.
- 2.2 The West Midlands Cycling Charter outlines the key principles that all partners have adopted to deliver the required step change in cycling across the West Midlands Metropolitan area. It represents a shared vision and approach that will increase cycling levels across the West Midlands.
- 2.3 A detailed Action Plan was outlined in September 2015 and is currently being delivered with the target of increasing levels of cycling to 5% of all trips by 2023.
- 2.4 The Cycling Charter is based on the following four principles:
 - Leadership and Profile
 - Cycling Network
 - Promoting and Encouraging Cycling
 - Funding

3.0 Impact on the Delivery of the Strategic Transport Plan

- 3.1 The Metropolitan Tier: Rail and Rapid Transit Network, Key Route Network, Strategic Cycle Network
- 3.2 The Local Tier

Approximately 41% of journeys under 2 miles in the West Midlands are made by car. There is therefore great scope for a substantially increased role for sustainable travel including cycling, which can be a viable choice for many people. Smarter choice initiatives have an important role to play in the approach, as do improvements to cycle-public transport integration to support longer journeys. The Cycling Charter aims to influence higher standards of cycling infrastructure provision, including segregated cycle routes and improved canal towpath provision.

- 3.3 The policies that are supported include:
 - Policy 1 – To accommodate increased travel demand by existing transport capacity and new sustainable transport capacity.
 - Policy 4 – To improve connections to new economic development locations to help them flourish, primarily through sustainable transport connections.
 - Policy 6 – To improve connections to areas of deprivation.
 - Policy 8 – To improve connections to new housing development locations to help them flourish, primarily through sustainable transport connections.

- Policy 10 – To help tackle climate change by ensuring a large decrease in greenhouse gases from the West Midlands Metropolitan Area's transport system.
- Policy 11 – To significantly increase the amount of active travel in the West Midlands Metropolitan Areas.
- Policy 12 – To significantly reduce road traffic casualty numbers and severity.
- Policy 14 – To increase the accessibility of shops, services and other desired destinations for socially excluded people.

- 3.4 'Movement for Growth: The West Midlands Strategic Transport Plan' makes reference to strategic cycling routes in the network and design guidance:

Paragraph 4.54 "A new Metropolitan Cycle Network will be developed to serve main flow corridors and to raise the profile of cycling in the West Midlands. This network will be comprised of high quality core cycle routes supplemented by quietways using a combination of green corridors, well maintained canal towpaths and low traffic flow and speed streets. The Metropolitan Cycle Network will be integrated with local cycle networks across the West Midlands".

Paragraph 4.55 "The strategic routes in this network will be designed in accordance with well-respected design guidelines such as the Welsh Government's Active Travel Design Guidance and will include a cycle route audit tool. The strategic routes will be designed to ensure cycle journey times on the routes are competitive to those on main roads and we will seek a peer review of our initial routes by internationally acclaimed Dutch or Danish colleagues"

- 3.5 Across the UK, there are on average 2 deaths and 60 injuries per week to cyclists, and 1 death and 14 injuries to pedestrians. In TfWM's commitment to developing the region's transport systems, there is a recognition in Movement for Growth that road safety needs to be addressed through development of a road safety strategy.

4.0 Wider WMCA Implications

- 4.1 Transport for West Midlands (TfWM) will work with the Constituent Local Authorities to manage cross border relationships and align cycling and walking schemes to ensure consistency in access and quality. Approximately 57% of total journeys in the West Midlands cross an administrative boundary. Several members of the West Midlands Cycling Charter Steering Group have remits that cover the wider WMCA 3 LEP geography.
- 4.2 The **WMCA Strategic Economic Plan (SEP)** has a vision to develop the West Midlands into the best region in the UK to do business. Eight Priority Actions are identified in the SEP including HS2 Growth, housing and exploiting the economic geography.
- 4.3 The SEP has a vision to increase the number of jobs from 1.9m to 2.4m by 2030. Healthy life expectancy will rise from 61.5 years to 62.3 for men and from 62.3 years to 63.9 years for women. The rate of housing construction will increase to 1.9m homes by 2030.

4.4 Cycling and walking schemes support the vision of the SEP by providing a low cost, accessible, and active form of transport that addresses the low levels of physical activity in the region. Social inclusion and access to employment objectives are also supported through development of spaces that connect people with movement and place. These schemes will also help mitigate local transport challenges including poor air quality and congestion.

4.5 **West Midlands' On the Move Strategic Framework** (Move WM) outlines a number of actions where physical activity can provide significant added value to the WMCA priority themes including transport and productivity and skills. The framework recognises the importance of walking and cycling to encourage more people to adopt an active lifestyle, reducing the West Midlands chronic levels of physical inactivity.

4.6 Move WM has the following actions in support of the adoption of a West Midlands Cycling Design Guidance:

Action 1.1 Aiming to create an extensive, safe and coherent network of well-designed off and on-road active travel links connecting key destinations irrespective of administration boundaries. We will work with transport planners to remove as many barriers as possible to active travel.

Action 1.3. Developing a combined authority approach to promoting the benefits of this enhanced network for physical activity.

4.7 **Thrive, An Action Plan to drive better mental health and wellbeing in the West Midlands**, identifies five themes which include supporting people whilst in work and developing safer and stable places to live. The aims of the Cycling Charter to improve provisions for cycling and walking play an important role in this plan as active travel increases physical activity and there is significant evidence that active travel also has a positive impact on mental wellbeing.

4.8 As part of Thrive West Midlands, WMCA are developing Thrive at Work, an accreditation scheme encouraging employers to meet criteria in four key areas of health – mental health, physical health, musculoskeletal health and health promotion. Active Travel is one component of the physical health strand and TfWM are currently working alongside colleagues to develop criteria.

4.9 The Mayor's Renewal Plan for the West Midlands includes commitment to supercharge cycling and walking. This includes increasing current levels of cycling to 5% (which is in line with the aim of the Cycling Charter) and upgrading cycle routes including their surfaces and lighting. The Mayor has also committed to seeking funding to increase local spend on cycling to £10 per head over ten years.

5.0 **Cycling Charter Action Plan - Cycling Network**

5.1 The Cycling Charter Action Plan objective is to ensure there are significant changes in the planning, design and maintenance of the West Midlands transport network if we are to increase cycling levels. This objective supports the aims set out in Movement Growth, SEP and the Mayor's Renewal Plan for the West Midlands.

- 5.2 From 2011 Census data, the West Midlands has a low uptake of cycling at only 1.7% of the population cycling to work or for education. Significant changes are needed if we are to achieve an increase to the 5% target. The quantity and quality of provisions requires significant improvement in terms of:
- Direct and joined up routes that improve access via these modes to trip generators and destinations
 - Adequate levels of road space
 - Safe crossing points
 - High standards of safety and visibility including signage/wayfinding and lighting
- 5.3 In the Cycling Charter Action Plan 2016/17, there is a priority to develop **West Midlands based Cycling Design Guidance** to ensure consistency of high quality cycling design routes across the region. Local authority engineers confirmed that the design guidance documents currently available didn't address the specific challenges of the West Midlands and it would be beneficial to have a document for the region. Working with Phil Jones Associates (PJA), BCC developed guidance that was released in March 2017.
- 5.4 TfWM contracted PJA to complete a draft of West Midlands Cycling Design Guidance, by expanding some of the scope of the Birmingham Design Guidance to include all of the 7 constituent Local Authorities of the WMCA. The guidance contains 13 chapters on the principles of design for cycle provisions based on best practice. Full copies of the guidance are available upon request or can be viewed online (included link in Appendix 1).
- 5.5 The West Midlands Cycling Design Guidance brings together the existing BCC guidance along with feedback from members of the Cycling Charter Steering Group, Metro Midland Alliance and Sprint. A supplemental section on light rail is also included in the document (link provided in Appendix 1).
- 5.6 The current version of the West Midlands Cycle Design Guidance will be a living document that will be reviewed annually to ensure that the best practice contained within is up to date. The aim is to have the guidance adopted and used by all engineers and designers in the West Midlands when designing cycling provisions within a movement corridor while integrating with other modes including motor vehicles, bus, and light rail.
- 5.7 No law or standard currently exists in the UK that defines the dimensions of cycling provisions. The West Midlands Cycle Design Guidance is a resource that contains best practice and recommendations for designing high quality cycling infrastructure. Highways engineers and designers should therefore continue to follow current law and requirements for highway and road design and to use the standards and guidance for roads and highways (e.g. Design Manual for Roads and Bridges) required by the local highway authority.
- 5.8 The Strategic Cycle Network included in Movement for Growth identifies key movement corridors for cycling across the region based on Propensity to Cycle data (Census 2011), destinations (education, employment, retail or recreation) and desired lines of travel. The Strategic Cycle Network overlaps with the Key Route Network as well as the HS2 Connectivity Package.

- 5.9 Future investment along corridors identified in the Strategic Cycle Network should be designed using best practice contained within the West Midlands Cycle Design Guidance to ensure consistency and cyclist safety across the region. Where provisions will be shared with pedestrians, appropriate route dimensions are included in the Guidance that will be needed to avoid conflict as well as to ensure spaces take into account accessibility for those with special needs (e.g. adapted cycles).
- 5.10 WMCA is responsible for the strategic oversight and management of the 23 routes of the KRN with the local authorities retaining the maintenance and day to day operations. The emerging strategy for improvements to the performance of the KRN will include improvements to traffic management, increasing safety and reducing the rate of those Killed or Seriously Injured (KSI). The West Midlands Cycle Design Guidance can be used to inform and develop future improvements.
- 5.11 Given that 57% of total journeys cross an administrative boundary, there is a need for a joint approach to ensure consistency and high quality provisions for cycling across the West Midlands. It is anticipated that designers and scheme promoters will give consideration to the West Midlands Cycle Design Guidance. WMCA, constituent local authorities, and other partners will need to cooperate on the approach to future designs of cycling provisions within a corridor.
- 5.12 In order to be in line with the priorities of Movement for Growth, and in areas or corridors where WMCA/TfWM have provided programme investment, **procurement specifications** should include the use of the best practice contained within the West Midlands Cycle Design Guidance. This also includes where WMCA/TfWM have contracted out designs as a stakeholder or partner in other schemes.
- 5.13 **Road space allocation** is a challenge for designers and engineers when integrating several modes of travel within a corridor. In the 2017 Birmingham BikeLife Report, 79% of residents supported building protected cycle lanes, even if it would result in less room for other road traffic.
- 5.14 While the Guidance describes the requirements for routes that are shared space between cycling and pedestrians, such as the canal towpaths and greenways, it does not cover specific issues within some public spaces and public realm. The Guidance can be used alongside planning and development best practice to help develop spaces that encourages physical activity and social inclusion but reduce conflict between pedestrians and cyclists. There are emerging WMCA strategies on transport and health, as well as housing and developments and health.
- 5.15 A delay in the delivery of the West Midlands Cycling Design Guidance will risk an impact on the design of future cycling provisions with the KRN and Strategic Cycle Network. The risks include a lack of consistency in design across the region, as well as construction of cycling routes based on designs that don't include best practice.
- 5.16 The implementation of the West Midlands Cycling Design Guidance will be achieved by engaging with local authority planning, highway engineers, and design staff through training on the use of the West Midlands Cycle Design Guidance.
- 5.17 The training outcomes for participants to include:
- An understanding and awareness of the needs of vulnerable road users

- An understanding of the design recommendations for routes, junctions and public spaces based on the basic principles (coherence, directness, safety, comfort, and attractiveness).
- Awareness of the way designing with high quality cycling and walking provisions contributes to meeting the targets of local strategies and priorities

5.18 It is proposed that a database of engineers and planners will be maintained to monitor the number of staff that have attended the training.

5.19 Local authority engineers have expressed an interest in an informal forum where issues with allocating road space to active travel or specific challenges can be discussed amongst colleagues. Given the challenges with allocating road space through a corridor, providing support to those working to integrate active travel and other modes can help ensure that there is a) uptake of the Guidance, and b) ongoing feedback on any limitations or omissions in the Guidance are identified which can be included in future versions.

6.0 Financial Implications

6.1 The existing 2016/17 Cycle Charter budget funded by Local Sustainable Transport Fund (LSTF) together with the levy budget for 2017/18 will cover completion of the delivery of the West Midlands Cycle Design Guidance.

6.2 Further training may be required depending on demand and there will also be a need for ongoing provision. In the event of WMCA budgets not being able to cover these further costs it will be necessary to charge out the training costs for each participant.

7.0 Legal implications

7.1 Any external services required to support the implementation of the scheme will be subject to procurement regulations and any terms and conditions of any appointment for any services supplied will need to be reviewed.

8.0 Equalities implications

8.1 The West Midlands Cycle Design Guidance does not result in any negative disproportionate impact for any of the protected characteristics. However, cycling nationally (and regionally) is unequal with cyclists more likely being male, young, non-disabled and white. To address such inequalities and improve wider participation and representation there needs to be a stronger focus on the creation of more inclusive cycling environments (both in terms of infrastructure and cycling route choices) that can cater for bikes of all sizes, including tricycles, trailers and tandems and for all different types of cyclists. Moreover, promotion of cycling activities and opportunities needs to be reflective of the diversity of the region, both in terms of the images used and the way information is disseminated and communicated to West Midlands residents.

8.2 People with special needs or physical disabilities are referred to programmes in the region that use adapted bicycles. Wheels for All is an initiative organised by Cycling UK in various locations across the UK including the West Midlands (Coventry, Birmingham and Solihull).

9.0 Other implications

- 9.1 Increasing cycling helps improve air quality, reduce carbon emissions and reduces overall noise pollution.

10.0 Schedule of background papers

- 10.1 West Midlands Cycling Charter
<https://www.tfwm.org.uk/media/2566/cycle-charter.pdf>
- 10.2 Movement for Growth- The West Midlands Strategic Transport Plan
<https://www.tfwm.org.uk/media/1099/movement-for-growth.pdf>
- 10.3 Interim Advice Note 195/16 (Cycle Traffic and the Strategic Road Network)
<http://www.standardsforhighways.co.uk/ha/standards/ians/pdfs/ian195.pdf>
- 10.4 Welsh Government Active Travel Design Guidance December 2014
<http://gov.wales/docs/det/publications/141209-active-travel-design-guidance-en.pdf>
- 10.5 Nottingham City Cycling Design Guide January 2016
<https://nottinghaminsight.org.uk/f/114351/Library/Enterprise/Major-Projects/Cycle-City-Ambition-Programme/>
- 10.6 Local Transport Note 1/12
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/9179/shared-use-routes-for-pedestrians-and-cyclists.pdf
- 10.7 On the Move Physical Activity Strategic Framework 2017-2030
<https://www.wmca.org.uk/media/1865/wm-on-the-move-strategy.pdf>
- 10.8 West Midlands Combined Authority Strategic Economic Plan
<https://www.wmca.org.uk/media/1382/full-sep-document.pdf>

Glossary

Word / Acronym	Explanation
BCC	Birmingham City Council
DfT	Department for Transport
KRN	Key Route Network
KSI	Killed or Seriously Injured
LCWIP	Local Cycling and Walking Infrastructure Plan
LEP	Local Enterprise Partnership
LSTF	Local Sustainable Transport Fund
On the Move	On the Move Physical Activity Framework 2017-2030
PJA	Phil Jones Associates – firm of consultants with expertise in transportation
SEP	West Midlands Combined Authority Strategic Economic Plan
STOG	Sustainable Transport Officers Group
TfGM	Transport for Greater Manchester
TfWM	Transport for West Midlands
WMCA	West Midlands Combined Authority

Appendix 1

The West Midlands Cycle Design Guidance

<https://governance.wmca.org.uk/ecCatDisplay.aspx?sch=doc&cat=13150>

To view the detailed design drawings please contact the WMCA's Governance Services office.



WEST MIDLANDS COMBINED AUTHORITY

Investment Board

Monday 30 October 2017 at 10.00 am

Minutes

Present

Councillor Izzi Seccombe (Chair)
Councillor Jim O'Boyle
Councillor Robert Hulland
Councillor Peter Richards
Nick Abell

Paul Brown

Gary Taylor

Warwickshire County Council
Coventry City Council
Solihull Metropolitan Borough Council
Non-Constituent Authorities
Coventry & Warwickshire Local
Enterprise Partnership
Black Country Local Enterprise
Partnership
Greater Birmingham & Solihull Local
Enterprise Partnership

In Attendance

Phil Edwards
Gerald Gannaway
Phil Hewitt
Katherine Kynaston
Sarah Middleton

Nick Oakley
Michael Ogden
Sean Pearce
Carl Craney

Telford and Wrekin Council
Finance Birmingham
Transport for West Midlands
Telford and Wrekin Council
Black Country Local Enterprise
Partnership
Finance Birmingham
Transport for West Midlands
West Midlands Combined Authority
West Midlands Combined Authority

Item Title

No.

29. Chair's Announcement

The Chair, Cllr Mrs Izzi Seccombe, introduced Sean Pearce, WMCA Director of Finance to the Board. Sean Pearce outlined his career history and advised that he looked forward to working with Board Members.

30. Apologies for Absence (if any)

Apologies for absence had been received from Councillor Majid Mahmood (Birmingham City Council), David Cockroft (Coventry City Council) and Roger Mendonca (Greater Birmingham and Solihull Local Enterprise Partnership).

31. Notification of Substitutes (if any)

No notifications of substitutes had been received.

32. Declarations of Interests (if any)

No declarations of interest were made relative to items under consideration at the meeting.

33. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 6 October 2017 were confirmed as a correct record and signed by the Chair.

34. Matters Arising

There were no matters arising from the minutes of the meeting held on 6 October 2017.

35. Approval for Entering into a Development Agreement for Curzon Street Tram Stop Interface with HS2 for the Birmingham Eastside Extension and underwriting costs of up to £18.5 million

Michael Ogden presented a report which sought authorisation for the West Midlands Combined Authority (WMCA) to underwrite the £18.5 million estimated maximum cost of additional utility works, design and management which would be incurred by HS2 in order to integrate the metro and stop at the Curzon Street HS2 station and to note that the Head of Governance had been granted delegated authority on 30 September 2016 to enter into the Development Agreement with Birmingham City Council (BCC) and HS2 Ltd. he explained that this placed certain obligations upon the WMCA including underwriting costs and for the parties to work together to seek to reduce such costs.

He advised that the initial estimated costs were likely to include some elements of double counting inasmuch as the original design for the Curzon Street HS2 station would require some parts of the utility works addition of the metro and stop would not be responsible for all of the additional costs. Furthermore, it was anticipated that the costs could be reduced through value engineering works and some of the works being carried out by the Midland Metro alliance (MMA). He explained that the costs and scope of the works would be refined early in the New Year.

The Board sought assurances that the WMCA was not being required to underwrite costs which were attributable to the HS2 element of the scheme. Michael Ogden advised that the costs were being disaggregated by the Utilities Working Group comprised of Officers and consultants from WMCA / MMA / BCC / HS2. The Board required this to form part of its formal decision. Councillor Robert Hulland stressed that the WMCA / BCC should only be required to be responsible for any additional expenditure nor any duplicated costs. The Chair suggested that an Agreement be sought with the HS2 Board to this effect. Michael Ogden advised that these matters were included within the Heads of Terms. Sean Pearce suggested a form of words that could be included in the resolution of this Board were it minded to approve the proposals.

Nick Abell queried the identity of those representing the WMCA / BCC in the negotiations with HS2 Ltd. Michael Ogden responded accordingly. Nick Abell commented on the references in the report to exceeding the £18.5 million sum for underwriting the costs, subject to the approval of this Board at some point in the future and questioned whether this actually amounted to a capped limit on expenditure given that a commitment to the schemes would have been made by that point in time and the WMCA would have some responsibility for costs incurred. Sean Pearce explained the financial projections, the governance arrangements and that the total costs of the schemes were not known at this time. He suggested that the decision of the Board could take account of these issues. Phil Hewitt advised that it would be necessary for this Board to receive and consider a further report on this scheme in approximately 12 / 18 months' time in any event when final costs were known.

Councillor Robert Hulland referred to the comments now made and queried whether it was actually necessary for the decisions now under consideration to be taken at this stage in the scheme. Phil Hewitt explained that these considerations provided 'Risk Provision' and that it was necessary for the Development Agreement to proceed.

Resolved:

1. That the WMCA Board approval of 30 September 2016 be noted;
2. That the Assurances in place relating to the integration of the metro stop at Curzon Street be noted;
3. That the sift process undertaken in 2016 leading to the selection of Option 4 and the production by HS2 Ltd of an estimated £27.5 million (worst case scenario) of additional works required comprised of £18.5 million utility diversions and £9 million station and urban realm works be noted;
4. That HS2 is required to proceed through governance with relation to the interface costs and scope in order to reflect this in the procurement of the design of the station and that this necessitated the WMCA and BCC to commit to underwriting the costs identified in Option 4 at this stage;
5. That the underwriting of the maximum £18.5 million for additional utility diversions arising as a result of the tram stop integration and not included previously in the HS2 Business Case be authorised;
6. That subject to 5. above, the grant of delegated authority to the Head of Governance to enter into and execute the Development Agreement in accordance with the powers delegated by the WMCA Board on 30 September 2016 be noted.

36. Midland Metro - Wednesbury - Brierley Hill Extension - Change to capital profile

Phil Hewitt presented a report which outlined opportunities to accelerate the Wednesbury – Brierley Hill Metro Extension project into Dudley Town Centre by approximately four months. He advised that a further report would be submitted in due course with regard to further acceleration of the project. He drew to the attention of the Board that the purpose of the report was not to seek additional funds but to re-profile the current budget.

Councillor Robert Hulland referred to paragraph 2.15 of the report insofar as it referred to a contribution towards the costs of the scheme being sought from Intu, the owner of the Merry Hill Shopping Centre and enquired whether this was likely to be forthcoming. Phil Hewitt explained that this would be the subject of commercial negotiations between the two parties.

Resolved:

1. That progress on the business case and funding on the Wednesbury to Brierley Hill Metro Extension project since the report to the WMCA Board on 21 April 2017 be noted;
2. That the bringing forward of £1.6 million of capital expenditure into 2017/18, to maintain and accelerate progress on development and implementation of this important project, funding as detailed in the report, be approved.

37. Exclusion of the Public and Press

Resolved:

That in accordance with Section 100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any particular person (including the authority holding that information).

38. Telford and Wrekin Council - Unlocking Housing Sites

Gerald Gannaway presented a report which sought approval to the grant of £3,690,000 of Brownfield Land and Property Remediation Fund (BLPDF) monies to target the bringing forward of 540 housing units across a variety of sites within the Telford and Wrekin Council area at a maximum intervention of £7,000 per unit. The report detailed the mechanism for the management of this sub fund.

In response to a query from Councillor Robert Hulland, Katherine Kynaston advised on the current planning position with the respective sites and on the types of development and tenures which would exist.

Resolved:

That the grant of £3,690,000 of Brownfield Land and Property Remediation Fund (BLPDF) monies to target the bringing forward of 540 housing units across a variety of sites within the Telford and Wrekin Council area at a maximum intervention of £10,000 per unit together with the mechanism for the management of the sub fund, as detailed in the report, be approved.

39. WMCA CIF / BLPDF Dashboard

Nick Oakley presented the CIF / BLPDF Dashboard as at 18 October 2017 which detailed:

- WMCA CIF / BLPDF – Investments committed and completed funds;
- WMCA CIF / BLPDF – Dashboard of deal values and totals diagrams; and
- WMCA CIF “Loan Fund” / BLPDF – Pipeline – WIP.

He responded to a question from Councillor Jim O’Boyle in relation to a particular scheme.

Resolved:

That the Dashboard be received and noted.

40. Receipts of Gifts and Hospitality on WMCA Business

Gary Taylor referred to the circulation recently of the WMCA policy in relation to the acceptance of gifts and hospitality whilst undertaking WMCA business and enquired whether this applied to all matters carried out during his business activities. Carl Craney clarified that this policy applied only whilst members were carrying out duties related to WMCA membership i.e. as members of the Investment Board in this particular example. Nick Abell commented that the requirement to declare gifts and hospitality whilst on WMCA business was not dissimilar to the requirements under the Bribery Act which applied to private sector businesses.

The meeting ended at 11.30am.

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WEST MIDLANDS COMBINED AUTHORITY

Transport Delivery Committee

Monday 6 November 2017 at 1.00 pm

Minutes

Present

Councillor Richard Worrall (Chair)	Walsall Metropolitan Borough Council
Councillor Phil Davis (Majority Vice-Chair)	Birmingham City Council
Councillor Timothy Huxtable (Opposition Vice Chair)	Birmingham City Council
Councillor Robert Alden	Birmingham City Council
Councillor Mohammed Fazal	Birmingham City Council
Councillor Mohammed Hanif	Dudley Metropolitan Borough Council
Councillor Kath Hartley	Birmingham City Council
Councillor Diana Holl-Allen	Solihull Metropolitan Borough Council
Councillor Roger Horton	Sandwell Metropolitan Borough Council
Councillor Chaman Lal	Birmingham City Council
Councillor Keith Linnecor	Birmingham City Council
Councillor Ted Richards	Solihull Metropolitan Borough Council
Councillor Judith Rowley	City of Wolverhampton Council
Councillor David Stanley	Dudley Metropolitan Borough Council
Councillor Daniel Warren	City of Wolverhampton Council
Councillor David Welsh	Coventry City Council

In Attendance

Sophie Allison	Transport for the West Midlands
Mark Babington	Transport for the West Midlands
Andre Bromfield	West Midlands Combined Authority
Malcolm Holmes	Transport for the West Midlands
Linda Horne	West Midlands Combined Authority
Matt Lewis	Transport for the West Midlands
Steve McAleavy	Transport for the West Midlands
Sandeep Shingadia	Transport for the West Midlands
Anna Sirmoglou	West Midlands Combined Authority
Babs Spooner	Transport for the West Midlands

Item Title No.

48. Apologies for absence

Apologies for absence were received from Councillors Akhtar, Andrew and Sidhu.

49. Chair's Remarks

- (a) The Chair informed members that Abellio (part of West Midlands Trains Ltd) would be attending the pre-TDC session next month to provide a briefing on the new West Midlands Rail franchise.
- (b) The Chair reported that a celebration event would also be held with London Midland on 4 December following the committee meeting.

50. Minutes of the meeting held on 9 October 2017

The minutes of the meeting held on 9 October 2017 were agreed and signed by the Chair as a correct record subject to an amendment to minute no.41, that the word 'expanding' be deleted with reference to parking provision at Erdington.

51. Matters Arising

- (a) **Customer Engagement Update Report** (*minute no. 43 refers*)
Councillor Horton reported that he had been notified of Metro events by officers but had only received notification of the 'Meet the Manager' at New Street Station on the day the event was scheduled to take place and asked that he be given sufficient notice of rail events in the future.

52. Correspondence/ Petitions
None submitted.

53. Lead Member Reference Group – Update

The Chair tabled a report that advised members of the current position in relation to the Lead Member Reference Groups (LMRGs) with regards to membership, schedule of meetings, terms of reference and forward plans.

Councillor Horton reported that he was unhappy that he had been asked for future dates of his Lead Member Reference Group meeting when the dates had been agreed in the summer and also that he had not been informed that the terms of reference for the Lead Member Reference Groups would be reviewed.

In relation to the Air Quality LMRG that has recently been established, Councillor Alden considered that the group might want to consider looking at the environmental impacts of an initiative or policy over the course of its life. Councillor Davis reported that he would be interested to find out more on this issue and asked that Councillor Alden email him with further details.

The Chair reported that he proposed that two of the six Lead Member Reference Groups would submit a report to Transport Delivery Committee each month from January 2018 to March 2018 and would include further details in his next report to the committee.

Resolved:

- (1) That the report be noted ;
- (2) That the proposed revised terms of reference for the Lead Member Reference Groups be submitted to the December meeting of this committee and this include the timetable for LMRG reports to be submitted to future meetings and
- (3) That authority be delegated to the Chair, Vice-Chairs and respective Lead Members to make any revisions to the memberships of Lead Member Reference Groups to enable all interested TDC members to sit on at least one LMRG.

54. Response to Accessibility Action Plan Consultation

The committee considered a draft response to the Department for Transport's Draft Accessibility Action Plan that had been prepared by Helen Davies, Senior Policy Officer, Transport for the West Midlands and Anna Sirmoglou, Equalities Manager for WMCA.

Anna Sirmoglou was in attendance to present the response and to respond to comments and questions from members.

In relation to private hire vehicles and Hackney Carriages, Councillor Rowley reported of the need to for the DfT to undertake research with regards to babies and young children in transit as this mode of transport is not suited to their needs.

The committee also discussed the need for the response to the DfT to include details of the system operated by the City of Wolverhampton Council with regards to private hire/Hackney Carriages and assistance dogs which shows best practice and also the good practice with regards to disabled parking provided by Transport for the West Midlands

Resolved:

That the draft response to the Department of Transport on the Draft Transport Accessibility Action Plan be agreed subject to the inclusion of the additional comments from members.

55. Safer Travel Update

The committee considered a report of the Safety and Security Manager that provided an update on the performance and operations of the Safer Travel Partnership, an overview of the development of the TfWM Control Centre and an overview of some of the new powers available to the West Midlands Combined Authority.

The committee discussed the increase in crime on public transport, at park and ride sites and noted the work being undertaken by the Safer Travel Partnership to deal with problem and the role of CCTV.

The Chair reported that he was pleased that Walsall MBC was now part of the TfWM Control Centre which would provide better CCTV coverage and significant savings and he would encourage other local authorities to move their CCTV to the Control Centre so they too could benefit.

Resolved:

- (1) That the contents of the report be noted; and
- (2) That the overall current crime trends referred to in the report be noted.

56. Midland Metro Penalty Fare

The committee considered a report of the Metro Operations Manager that informed the committee of the proposal to submit a Transport and Works Act Order to amend the Midland Metro (Penalty Fares) Act 1991 so as to (i) establish a two tier system of penalty fares and (ii) confer powers on the West Midlands Combined Authority to make changes to the penalty fares on Midland Metro in the future without the requirement of an Order of the Secretary of State for Transport subject to negative resolution in Parliament.

The Metro Operations Manager, Sophie Allison outlined the background to the report and reminded the committee of the proposal they previously approved which included a two tier penalty system, with the opportunity for the penalty to be reduced by 50% if paid within 21 days.

Resolved:

- (1) That the contents of the report be noted;
- (2) That the proposed application of a Transport and Works Act Order (TWAo) to seek the necessary powers for West Midlands Combined Authority (WMCA) to make changes to the penalty fares on Midland Metro (including increases and a two tier system), removing the requirement for Secretary of State approval be supported; and
- (3) That the Transport Delivery recommend to the WMCA on 8 December 2017 the application of a TWAo referred to in (2) above be approved.

57. Rail Business Report

The committee considered a report of the Rail Partnerships Delivery Manager that provided an update on the performance, operation and delivery of rail services in the West Midlands including rail partnership agreements and West Midlands Rail activity.

The Rail Partnership Delivery Manager, Babs Spooner, was attendance to present the report along with the Director of Rail TfWM, Malcolm Holmes.

The Director of Rail reported on the recent rail re-organisation that brought together the two organisations of TfWM and West Midlands Rail (WMR) and undertook to circulate the new organisation chart for rail following the meeting.

In relation to an enquiry from Councillor Warren regarding the reasons for West Midlands Trains' decision to take new rolling stock that comprised of 12 two-car diesel trains and 14 four-car diesel trains, the Director of Rail explained that the two-car trains would provide flexibility so that West Midlands Trains could be provide an uplift where needed to make 6 car trains.

In relation the Leaf Fall Timetable, Councillor Alden reported that when trains have been taken out of service, the trains that have been removed are those that stop at all stations which creates long delays and overcrowding for passengers. He considered if trains need to be removed, it should be those trains that have limited stops.

The Rail Partnerships Delivery Manager undertook to feedback on this issue to London Midland.

In relation to an enquiry from Councillor Davis regarding the Rail Investment Strategy and the Stations Alliance, the Director of Rail reported that he would submit a report to a future meeting regarding rail investment and he would be presenting details of the Stations Alliance to the next meeting.

In relation to rolling stock, Councillor Huxtable noted there was no mention of hybrid trains in the report and considered that West Midlands Trains would need to take account of the Clean Air Zone for Birmingham City Centre in the future and asked if this could be fed back to West Midlands Trains.

The Director of Rail advised that the choice of rolling stock was a matter for bidders of the franchise to determine but he could see the potential for hybrid trains which might be specified in franchises in the future.

Resolved:

That the contents of the report be noted.

58. Presentation :Swift Delivery Update

The committee received a presentation from the Head of Swift, Matt Lewis that provided an update on recent developments with regards to Swift.

In relation to a comment from Councillor Huxtable regarding the slow read times of Swift cards and what is being done to speed this up, the Head of Swift reported that the new ticket machines procured by National Express will speed up to read times and reported that this can now be seen on the number 7 bus service where the new ticket machines have been introduced.

Councillor Horton reported that he had difficulty seeing the new ticket machines on bus but had no issues with the old machines as these were red in colour and enquired whether a sticker could be placed on the new machines so these could be easily identified. The Head of Swift undertook to look into the matter.

The Chair thanked Matt Lewis for his presentation.

Resolved:

That the presentation be noted.

59. Financial Monitoring Report

The committee considered a report of the Head of Finance and Business Planning that set out the financial position as at 30 September 2017 with regards to the Combined Authority's Transport Delivery Revenue and Capital Budget.

In relation to an enquiry from Councillor Huxtable as to whether taking Midland Metro operations in-house would enable the Authority to invest the surplus into future Metro routes or return funding to West Midlands local authorities, the Head of Finance and Business Planning, Linda Horne, reported that the commercial model was currently in the process of being refined but there were no indications that dividends would be returned to the Met authorities at this stage.

Resolved:

- (1) That the year to date net revenue expenditure for 2017/18 shows a favourable variance of £627,000 compared to budget and a full year favourable variance of £ 944,000;
- (2) That the total capital expenditure to the end of September 2017 within the overall transport programme was over budget by £0.775m (3 %) be noted; and
- (3) That the treasury indicators are within expected range and there are no issues to highlight be noted.

60. Capital Programme Delivery Monitoring Report

The committee considered a report of the Head of Programme Development that provided an update on progress with regards to the approved 2017/18 programmes and projects.

The Head of Programme Development, Sandeep Shingadia responded to questions from members on the contents of the report.

Resolved:

- (1) That the achievements since the September 2017 meeting of the Transport Delivery Committee be noted; and
- (2) That the progress of deliverables under 2017/18 Capital Programme be noted.

61. Question

The committee considered a question submitted by Councillor Worrall.

The following question was submitted by Councillor Worrall on 2 November.

"(a) In light of the letter of 31st July 2017 from Stephen Fidler at the Department for Transport to the issuers of Section 19 and Section 22 permits (see attachment), could TfWM give the TDC its assessment of any possible serious adverse consequences should the DfT uphold the position stated in Mr. Fidler's letter:

i. for the community transport sector generally?

ii. for the viability of Ring & Ride and of Community Transport services in the West Midlands?

(b) Further, would TfWM advise members whether it sees any merit to making representations to Government on any aspect of Mr. Fidler's letter?"

The Transport Services Director provided the following response.

Further to the question submitted by Councillor Worrall, Transport for the West Midlands has written to all community transport operators to seek their views on the matter and a response will be provided to Councillor Worrall in due course.

Councillor Worrall asked that he be provided with a written response.

Resolved:

That the question and response be noted.

62. Forward Plan

The committee considered a report of agenda items to be submitted to future meetings.

Resolved:

(1) That the report be noted.

63. Date of Next Meeting

Monday 4 December 2017 at 1:00pm

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WEST MIDLANDS COMBINED AUTHORITY

Strategic Economic Plan Board

Thursday 16 November 2017 at 10.00am

Minutes

Present

Jonathan Browning
Councillor George Duggins
Tim Pile
Councillor Ian Kettle
Stewart Towe

Coventry & Warwickshire LEP
Coventry City Council
Greater Birmingham & Solihull LEP
Dudley Metropolitan Borough Council
Black Country LEP

In Attendance

Deborah Cadman
Paula Deas
Delma Dwight
Paul Edwards
Julia Goldsworthy
Richard Hutchins
Sarah Middleton
Hywel Ruddick
Perry Wardle

West Midlands Combined Authority
Coventry & Warwickshire LEP
Black Country LEP
Greater Birmingham & Solihull LEP
West Midlands Combined Authority
West Midlands Growth Company
Black Country LEP
Black Country LEP
Solihull Metropolitan Borough Council

Apologies

Councillor Ian Courts, Stuart Croft, Councillor Dennis Harvey, Ninder Johal; Paul Kehoe; Councillor Bob Sleight, Councillor Ian Ward and Graham Wynn.

79/17 Welcome

Attendees were welcomed to the meeting.

80/17 Notes of the Meeting held on 12 October 2017 and Matters Arising

The notes of the meeting were received.

The Chairman advised that the Mayor now required the notes to be submitted to the WMCA Board meetings. He asked that officers ascertain when the notes were expected to be submitted, as his preference would be that they were received by the CA SEP Board for comment and approval prior to submission to the WMCA Board. If this was not possible, then an alternative mechanism for approval would be adopted prior to submission to the WMCA Board.

81/17 **SEP Board Tracker Log**

Agreed that the SEP Board Tracker be noted.

82/17 **Forward Plan**

The Chair noted that the Forward Plan continued to be developed.

Agreed that the contents of the Forward Plan be noted.

83/17 **Devo 2**

Julia Goldsworthy provided a brief on the Devo 2 and highlighted that given the Government was a minority Government and the Fiscal outlook, the scale of the ambition had been constrained.

She highlighted that in regard to the budget announcement around Devo 2, it was:

- the Housing Deal it was expected that a substantial package would be announced on the within the budget.
- the Skills agenda and apprenticeship levy, there had been limited progress.
- the Metro Mayors, it was noted that their respective concerns regarding the differing levels of co-operation and support of Government Departments, particularly the Department of Education had been conveyed through.
- the Industrial Strategy, it was noted that the Energy asks had been well received; Automotive had engendered interest in the CAD data centre and Ministers were engaged with Creative, Culture deal.
- the Precept powers of Mayor it was advised that there could be expected an announcement on borrowing powers.

Julia Goldsworthy advised that the Communications Plan would be shared with all, early in the following week and the Chairman requested that a common briefing be prepared for all LEPs.

The Chairman commented that there were increasing frustrations with certain Government Departments and suggested that the Metro Mayors and national business organisations should seek to apply pressure through their respective routes into Government. It was suggested that the WMCA Business Advisory Group could act on behalf of the WMCA in lobbying Government in respect of Departments that did not co-operate.

Deborah Cadman advised that Government had committed to the West Midlands Combined Authority (WMCA) to develop the Industrial Strategy outside of London and there would be a need to hold civil servants to account.

Richard Hutchins advised that in relation to the economic sustainability of the region there was a need to maintain a future relationship with Europe. He advised that currently Birmingham and the West Midlands had an office in Brussels and agreed to share the Greater Birmingham and WM Brussel's office details to Deborah Cadman and Mayor.

Deborah Cadman advised that the Mayor was having ongoing discussions with international partners in order to facilitate economic growth.

The Chairman advised that the public and private sector would continue to have a relationship with Brussels but he would want to wait until the landscape was clearer before committing.

In regard to a Black Country context it was noted that a Brexit Group had been established to consider on a sector by sector basis the business perspective.

Agreed:

- (1) That the SEP Board note the update; and
- (2) That the WMCA Business Advisory Group be asked to make representations to Government regarding Departments who were not co-operating.

84/17 **West Midlands Growth Company (WMGC) Three-year Business Plan**

Richard Hutchins provided a brief on Business Plan and advised that the business plan was approved by the WMGC Board at its meeting on 2nd October 2017. Since then further consultation had been undertaken with the LEPs and the Chairman of the SEP Board and amendments made to strengthen the explanation of the link between the business plan and the WMCA's Strategic Economic Plan, specifically, an additional paragraph in the executive summary:

"Analysis to understand the relationship between the WMGC's work and the delivery of the SEP has commenced with the support of the Black Country Consortium (see section 2.4). Further guidance and advice on this is being sought via the SEP Board on an ongoing basis. Furthermore, it is recognised that strong partnership working and collaboration across the region will maximise the impact that the WMGC will have on SEP delivery."

He also stated that two explanatory diagrams had been incorporated.

The Chairman highlighted the need for the Growth Company to change its ethos from a Service Provider to deliver ambitions, as currently the focus appeared to be delivering Service Level Agreements instead of the SEP regional growth ambition to deliver uplift in Gross Value Added (GVA).

The Chairman referenced £700,000 funding from partners, which the SEP Board's view was in order to deliver the growth agenda.

Richard Hutchins advised there were specific deliverables against the 7 headers for the WMGC – Regional marketing; Attracting inward investment; Attracting capital investment; Account management; Promotion of the Visitor Economy; Business Support Co-ordination; and Market Intelligence.

Deborah Cadman suggested that the WMGC should engage with Chairman given the concern at what the delivery of the WMGC was.

The Chairman advised that the 20 SLAs were detailed tasks that did not drive growth and there was a need to ensure there was a balance between tactical/general work. He asked that the alignment to the £700,000 be clarified, and it was noted that the Total income £25M over three years – could detail distribution of budget rather than be expressed per client. He emphasised that the WMGC represented the biggest lever to deliver the WMCA SEP ambitions. Richard Hutchins advised that the WMGC had inherited the former Marketing Birmingham contracts to deliver. It was commented that the WMGC was a new company.

Tim Pile acknowledged that an important role was to market the region however he stated that there was a need to provide a clarity of purpose and understand what the WMGC was doing as well as not doing. Richard Hutchins advised that there had been discussion of having a trading subsidiary but that at present the Business Plan was as written and presented.

Agreed:

- (1) That the WMGC engage with the Chairman to:
 - (a) Evidence of funding available and how it is aligned;
 - (b) Focus on how Business Objectives and Governance will work.
- (2) That the SEP Board's comments, to include the meeting with the Chairman, be reported through to the WMGC Board on 22 November 2017.

85/17 Culture, Creative Industries and Tourism

The Board noted the request for a “pause” and that SEP Board comments be submitted to WMCA Programme Board.

Paula Deas highlighted the report and its focus on Cultural economy, Creative Industries and Tourism.

The Chairman commented that the focus of the sector in many respects dealt with the quality of life and strength of communities. He advised that he would welcome the ability to evaluate development in this sector as other sectors.

It was noted that the three LEP geography covered media, sport, creative and digital and that whilst the GVA had been identified there was a need to refine what metrics were used and broaden out the sector for the Board.

It was suggested that smaller scale projects be undertaken to demonstrate the importance of the sector in economic activity.

Deborah Cadman advised that the cultural sector provided the “glue” for communities and advised that the WMCA had appointed a Director of Inclusive Growth (Henry Kipping) who would work with LEP Executives to commission projects.

The Chairman advised that the WMCA leadership team needed to connect with the work commenced and take through to the next level of engagement, through:

- (i) Scoping the focus in relation to creative and tourism, to include broader elements of media and sport, as part of package.
- (ii) Methodology undertaken – evaluate quantitatively and qualitative.
- (iii) Need to identify trail blazing pilot(s) to commence delivery imminently.

Agreed:

- (1) That the SEP Board welcome further work to be undertaken by LEP Executives and the Director of Inclusive Growth, outlined above; and
- (2) That the WMCA Programme Board be advised of the SEP Board’s comments.

86/17 Local Sector Strategies

The Local Sector Strategies slide (Advanced Manufacturing & Engineering) was submitted and the Chairman welcomed the adoption of a common framework.

Deborah Cadman advised that Greg Clarke MP’s view was that the WMCA to deliver the Local Industrial Strategy (LIS) outside of London, which would be reflected in Devo deal and reiterated the need to get Civil Servants on Board to deliver LIS.

Agreed:

That the SEP Board adopt the format and that each LEP use it to develop their respective approaches to the LIS and report back into the SEP Board.

87/17 Date of Future Meetings

It was noted that the meeting schedule for 2018 would follow the WMCA Municipal Year, with dates being set bi-monthly through to early June 2018.

Following the WMCA AGM a schedule would be produced for meetings in the 2018/2019 Municipal year.

The meeting ended at 11.25am

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WEST MIDLANDS COMBINED AUTHORITY

Audit, Risk & Assurance Committee

Friday 17 November 2017 at 10.00am

Minutes

Present

David Lane (Chair)

Councillor Craig Collingswood (Vice-Chair) City of Wolverhampton Council

Councillor Sucha Bains

Councillor Margaret Bassett

Councillor Kerrie Carmichael
Sean Farnell

Councillor John Fisher

Councillor Simon Peaple

Councillor Alexander Phillips

Councillor June Tandy

Coventry City Council

Solihull Metropolitan Borough Council

Sandwell Metropolitan Borough Council

Coventry & Warwickshire LEP

Redditch Borough Council

Tamworth Borough Council/Cannock

Chase District Council

Shropshire Council

Nuneaton & Bedworth Borough Council

In Attendance

Mark Babington

Nicola Coombes

Linda Downes

Peter Farrow

Julia Goldsworthy

Linda Horne

Councillor Peter Hughes

Sandra Kalyan

Tim Martin

Lorraine Quibell

Rita Rais

Joti Sharma

Jane Tattam

Councillor Jackie Taylor

West Midlands Combined Authority

Grant Thornton

Nuneaton & Bedworth Borough Council

City of Wolverhampton Council

West Midlands Combined Authority

West Midlands Combined Authority

Overview & Scrutiny Committee

City of Wolverhampton Council

West Midlands Combined Authority

West Midlands Combined Authority

West Midlands Combined Authority

West Midlands Combined Authority

Solihull Metropolitan Borough Council

Sandwell Metropolitan Borough Council

Item Title

No.

18. Apologies for Absence

Apologies for absence were received from Councillor Keith Chambers (Walsall Metropolitan Borough Council) and Councillor Steve Clark (Dudley Metropolitan Borough Council)

19. Declarations of Interest

No declarations of interest were made in relation to matters under consideration at the meeting.

20. Chair's Remarks

(a) Letter received from Jess Phillips MP, Birmingham Yardley Constituency

The Chair had received a letter from Jess Phillips MP concerning a complaint she had received from a constituent on the governance and procurement processes relating to the award of a contract. As part of his review, the Chair had been briefed by the Monitoring Officer and had asked to see the Authority's internal report and legal advice regarding this challenge. Following consideration of the evidence, he considered that although there were some lessons for the Authority to learn, the procurement process had been handled fairly.

(b) Monitoring Officer

The Chair had met with the recently appointed Monitoring Officer, Tim Martin and had discussed the Chair's expectations of officers for the next year in order to make the committee more effective.

21. Minutes of the meeting held on 15 September 2017

The minutes of the meeting held on 15 September 2017 were agreed and signed by the Chair as a correct record.

22. Matters Arising

(a) Health and Safety Issues and Whistleblowing

The Head of Governance reported that there were no health and safety or whistleblowing issues during this period.

The Chair identified that he did not believe that health & safety reporting should come through Audit, Risk & Assurance Committee in the long term (although the committee would have a role in being satisfied that the process was right and being handled appropriately) but the committee should await proposals from the Monitoring Officer on how this was being handled for the future relaxing the obligation to report to the committee at each meeting.

(b) Approval of the WMCA Accounts 2017/18 ARAC Membership

It was noted that the membership of the committee was as determined by the constituent/non-constituent authorities and the Head of Governance assured the committee that appropriate training would be provided to the current and new members joining the committee at the start of the municipal year to enable them to carry out their responsibilities effectively. It was also suggested that new members should be able to take confidence from their predecessors' work and opinions prior to any change in membership.

23. Forward Plans

The committee considered the plan of items to be reported to future meetings of the Audit, Risk & Assurance Committee and the forward plan for the WMCA Board.

At its meeting on 21 November, Overview & Scrutiny Committee would consider a report on the Authority's approach and plans to cope with the new General Data Protection Regulations before they became enforceable in May 2018. The Chair asked the Head of Governance to provide an update on this item of business at the next meeting.

Resolved:

- (1) That an update be provided on General Data Protection Regulations (GDPR) preparations by the WMCA at January's meeting.

24. Combined Authority Leadership Team Priorities

The committee received an update from the Director of Strategy on the internal challenges in terms of resources and capacity to meet demand and achieve its forward momentum ambitions, emerging priorities including SEP ambitions, the first devolution deal and the delivery of the outcomes as expected, and the devolution agreement, in which negotiations were continuing with the Government. It was expected that the finalised devolution deal would be announced on 22 November.

The West Midlands Combined Authority needed to undertake further work to understand the cumulative impact and risks associated to Brexit. It also recognised the importance of continuing to improve the relationships and engagement with its non-constituent members.

Resolved:

- (1) A governance map to enable members to identify the relationship and liaison with other Authority committees was to be submitted at the next meeting.
- (2) The Head of Governance to circulate an organisational chart and brief summary for each Leadership Team post holder to members of the committee for information.

25. Delegation of Statement of Accounts Approval

The committee considered a report of the Director of Finance which set out the rationale for recommending an amendment to the Authority's Constitution that would allow for the delegation of statutory accounts approval to the Audit, Risk & Assurance Committee.

The Head of Finance & Business Planning agreed to share a background briefing note on the Pension Fund with the Chair to review and assess whether it was appropriate for it to be circulated to all members of the committee in advance of any training on the accounts.

The committee emphasised the importance of training to enable them to carry out their responsibilities effectively. The Chair proposed that the January and March meetings be extended by 30 minutes to incorporate the appropriate training. All members of the committee agreed with this proposal.

Resolved:

- (1) The report be approved on condition that appropriate training be provided to members to enable them to carry out their responsibilities effectively, and that satisfactory hand-over planning was made for new Audit, Risk & Assurance Committee members joining at the end of the approval process.

26. Grant Thornton - The Annual Audit Letter for the West Midlands Combined Authority

The committee considered a report from Grant Thornton that summarised the key findings arising from the work carried out at the West Midlands Combined Authority, including the West Midlands Integrated Transport Authority Pension Fund for the year ending 31 March 2017.

Councillor Craig Collingswood referred to the action plan within the report and enquired about the implementation date for those issues that were highlighted as a medium priority. Nicola Coombes, Grant Thornton, noted that the issues in respect of ICT would be reviewed as part of this year's audit. The Chair added that as the committee was to receive a presentation on Cyber Security in January 2018, this should also include an update on the issues identified as part of the audit.

Resolved:

- (1) That the report be noted.

27. Grant Thornton - Progress Report and Update Year ended 31 March 2017

The committee considered a report from Grant Thornton on the progress in delivering its responsibilities as the Authority's external auditors.

Resolved:

- (1) That the report be noted.

28. Audit, Risk and Assurance Committee Self-Assessment Exercise

The Chartered Institute of Public Finance and Accountancy (CIPFA) in their 'Audit Committees - Practical Guidance for Local Authorities' recommend that an Audit Committee should carry out a regular review of its performance and effectiveness.

The Internal Auditor reported that members of Audit, Risk & Assurance Committee had been asked to complete a self-assessment of good practice along with a knowledge and skills framework checklist based on a model provided by CIPFA.

The Chair asked that all members of the committee review, complete and return the self-assessment documentation, and requested that a paper copy of the documentation was to be sent to Councillor Sucha Bains. The Chair asked all members to recognise that the lessons to learn from this self-assessment were all part of being a high performing Audit, Risk & Assurance Committee.

Resolved:

- (1) That the report be noted.

29. WMCA Arm's Length Companies Checklist - Nov 2017

The committee considered a report of the Director of Finance that provided a checklist, which would be used by the Corporate Assurance Manager to assess if assurance arrangements for arm's length companies related to WMCA were satisfactory.

The Corporate Assurance Manager added that there had been an amendment to the checklist in respect of governance, to seek confidence and clarification as to whether independent members were included on the board, with the Chair being an independent member.

Councillor Margaret Bassett agreed to circulate a proposed list of questions for consideration to be incorporated within the checklist. Sean Farnell added that he would wish to see the definition of 'adequate', and considered that the accounts should be subject to external audit regardless of the size of the company. With regard to procurement, there should be a commitment for local procurement and Key Performance Indicators also to be attached. Councillor John Fisher considered that an understanding of the legal requirements and responsibilities in advance would be useful.

Following the completion of the checklists by a company, Councillor Craig Collingswood requested that the Corporate Assurance Manager produce a summary of the results, which was to be presented to Audit, Risk & Assurance Committee for its information.

The Chair requested that the checklist should be submitted to the next meeting of the committee for approval.

Resolved:

- (1) The checklist that was to be used to seek confidence in assurance arrangements for arm's length companies related to the West Midlands Combined Authority be noted, and the other points that members of the committee had asked to be incorporated were to be considered.
- (2) The signed checklist was to accompany the Annual Governance Letter when it was presented to Audit, Risk & Assurance Committee on an annual basis.

30. Internal Audit Update

The committee considered a report of the Chief Audit Executive that provided an update on the work completed by internal audit so far this year.

Four pieces of audit work had been completed, where an audit opinion had been provided as follows:

- Programme Management Office Project Appraisal and Support Functions - Satisfactory
- Transport for West Midlands Capital Programme - Satisfactory
- Expenses, Gifts and Hospitality - Satisfactory
- Draft Report: Investment Programme - Governance Arrangements for Project Approval and Appraisal - Satisfactory. Internal Audit was currently awaiting a response from management in respect of its recommendations.

The Internal Auditor was currently in discussions with officers with regard to the Investment Programme and was confident that he would be able to provide an update on the number of recommendations accepted by management at the next meeting of the committee.

The Internal Auditor explained the process in which Internal Audit would determine whether a Red, Amber or Green rating would be provided. The Chair requested that more detailed reports should be shared with the committee when the ratio of Amber findings outweighed Green, as well as when there was a Red finding to enable the committee to question the findings and implications in more depth.

Resolved:

- (1) The contents of the latest Internal Audit Report was noted, and in future more detailed reports to be shared when the ratio of Amber findings outweighed Green, as well as when there was a Red finding.

31. Internal Audit Charter Review

The committee considered a report of the Chief Audit Executive on the Internal Audit Charter.

The Internal Audit Charter was a formal document that identified the internal audit activity's purpose, authority and responsibility. The Charter would be reviewed annually by the Head of Governance in conjunction with the Corporate Assurance Manager and the Head of Audit.

It was noted that the Audit, Risk & Assurance Committee would be asked to endorse any changes made to the Internal Audit Charter. Sean Farnell considered that it would be useful if these changes were highlighted within the report.

It was recognised that this Charter may be returned to Audit, Risk & Assurance Committee in the early part of 2018 having taken account of changes and recommendations from the new Senior Management Team, especially around the reporting line between the Chief Audit Executive and the Combined Authority.

Resolved:

- (1) The Internal Audit Charter be approved, and it be noted that they may be subject to change following the consideration of the new management's proposals due to be heard by Audit, Risk & Assurance Committee at the end of January.

32. Capability and Vacancy Risks and Organisational Development Dashboard

The committee received a verbal report from the Interim Head of Organisational Development on Capability and Vacancy Risks and the Organisational Development Dashboard.

Councillor Alexander Phillips questioned whether the WMCA had the resource and skills to effectively carry out its forward agenda. This was an area that was currently being reviewed by the WMCA's Leadership Team together with the budget to ensure that it had the right resource, skills and support from its partners to carry out its developing agenda effectively.

Councillor Simon Peaple added that whilst the WMCA would be calling on the resource of its partners, it also needed to be mindful that respective authorities were currently undergoing a review of its own resource and budgets. The Interim Head of Organisational Development agreed to work in conjunction with the Overview and Scrutiny Committee to undertake a benchmarking exercise in respect of resource.

Committee members continued to be concerned over the level of aspiration and planned activities and the resource levels and capability of the CA staffing. The Interim Head of Organisational Development agreed to engage with the Leadership Team and would submit a written report to the next meeting of the committee.

Resolved:

- (1) The report be noted, and that there remained a concern over capability versus aspiration going forward and whether this would mean reduced aspiration or a risk to quality and performance be noted also.
- (2) The committee to receive a written report from the Interim Head of Organisational Development on capability and vacancy risks in respect of aspiration versus capability at its meeting on 19 January 2018.

33. Exclusion of the Public and Press

Resolved:

- (1) That, in accordance with s100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business as they were likely to involve the disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).

34. Devolution Deals Update

The committee received a verbal update of the Head of Governance on the current devolution discussions with Government.

Resolved:

- (1) That the report be noted.

35. Commonwealth Games Update

The committee considered a verbal update from the Head of Governance on the Commonwealth Games.

Resolved:

- (1) That the report be noted; and
- (2) It be agreed that the continued presence of the Commonwealth Games updates on the Audit, Risk & Assurance Committee agenda could be discontinued once the Strategic Risk Register carried a clear reference and mitigation for high perception risk activities that might not be under the direct control of the Authority.

36. Transport for the West Midlands Network Emergency Planning

The committee considered a report of the Safety & Security Manager on the progress made in relation to Network Emergency Planning.

Councillor June Tandy enquired about the engagement with non-constituent partners and their involvement in network emergency planning. The Safety & Security Manager explained that in terms of Transport for West Midlands, it would be in respect of those areas that it had direct responsibility for. The Chair asked the Monitoring Officer to define the areas of responsibilities for the Combined Authority and therefore for members of the committee, to overcome the risk of confusion between the Combined Authority and local authority responsibilities.

Resolved:

- (1) That the report be noted.

- (2) The Monitoring Officer to define the boundaries of the Combined Authority's responsibilities for members of the committee to overcome the risk of confusion between the Combined Authority and local authority responsibilities.

37. Friday 19 January 2018

The next meeting would be held on Friday 19 January at 10:00am.

The meeting ended at 12:15pm

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WEST MIDLANDS COMBINED AUTHORITY

Overview & Scrutiny Committee

Tuesday 21 November 2017 at 10.00 am

Minutes

Present

Councillor Peter Hughes (Chair)
Paul Brown

Councillor Richard Brown
Councillor Rose Burley
Councillor Peter Douglas Osborn
Councillor John Glass
Councillor Rachel Harris
Councillor Diana Holl-Allen
Councillor Angus Lees

Councillor Yvonne Mosquito
Councillor John Mutton
Councillor Simon Peaple
Councillor Ian Shires (Vice-Chair)

Councillor Claire Spencer (Vice-Chair)
Sarah Windrum

Councillor Nina Wood-Ford

Sandwell Metropolitan Borough Council
Black Country Local Enterprise
Partnership
Joint Coventry / Solihull Representative
Walsall Metropolitan Borough Council
Birmingham City Council
Nuneaton & Bedworth Borough Council
Dudley Metropolitan Borough Council
Solihull Metropolitan Borough Council
Dudley, Sandwell, Walsall and
Wolverhampton Councils
Birmingham City Council
Coventry City Council
Staffordshire Non-Constituent Authorities
Dudley, Sandwell, Walsall and
Wolverhampton Councils
Birmingham City Council
Coventry & Warwickshire Local
Enterprise Partnership
Redditch Borough Council

In Attendance

Councillor Julie Baines
Julia Goldsworthy
Councillor John McNicholas
Sarah Middleton
Rita Rais
Anne Shaw
Sarah Sprung
Tim Martin
Councillor John O'Shea

Dudley Metropolitan Borough Council
West Midlands Combined Authority
Coventry City Council
Black Country Consortium
West Midlands Combined Authority
Transport for West Midlands
West Midlands Combined Authority
West Midlands Combined Authority
Birmingham City Council

Item Title No.

1. Apologies for Absence

Apologies for absence were received from Councillor Dean Carroll (Shropshire Council) and Councillor Stephen Simkins (City of Wolverhampton Council).

If members of the committee were unable to attend, the Chair reiterated the need for them to ensure that their substitute was sent to attend on their behalf.

2. Declarations of Interests

There were no declarations of interest made in relation to matters under consideration at the meeting.

3. Minutes of the meeting held on 12 September 2017

The minutes of the meeting held on 12 September 2017 were confirmed and signed as a correct record.

It was reported that a briefing note on the actions following the unauthorised encampment summit had been emailed to members of the committee for information.

With regard to the WMCA Leadership Commission, the Chair agreed to write a letter to Anita Bhalla and Councillor Steve Eling (WMCA Portfolio holder for Cohesion & Integration) to ascertain whether there was a potential role for the Overview & Scrutiny Committee in this area.

4. Performance Reporting

The committee considered a report of the Director of Strategy on the evolving approach being developed for performance reporting and management for the WMCA.

The Director of Strategy and the Chief Executive of the Black Country Consortium provided an update on the proposal to establish a data analytics officer, which was part of the devolution deal negotiations. The importance of this role was emphasised with regard to alignment to the Government Industrial Strategy; Public Sector Reform; accountability and transparency; Programme Management; measuring the delivery of a project; the digital board; and the importance of this agenda for the region.

In terms of the performance dashboards, it was felt that consideration should be given to a multimedia approach for display of the dashboards, to aid communication and presentation to members of the public in an easy to understand format.

Councillor John McNicholas pointed out that Ultra-Light Rail had been omitted from the transport dashboard. The Chair suggested that consideration should also be given as to how the Overview & Scrutiny Committee could assist the WMCA in deciding performance data sets.

Concerns were expressed regarding the transparency of the business being undertaken, and outputs achieved, by some of the Local Enterprise Partnerships. The Chair asked the two Local Enterprise Partnership representatives (Black Country and Coventry & Warwickshire) to provide a presentation regarding their work areas, achievements and outcomes at the January meeting. This was agreed, and it was also decided that the Greater Birmingham & Solihull and The Marshes LEPs should also be approached to do the same.

The Chief Executive of the Black Country Consortium added that meetings of the Local Enterprise Partnership Board were held in public and its minutes were in the public domain. She agreed to circulate a link to the Mary Ney report 'Review of Local Enterprise Partnership Governance and Transparency' which Local Enterprise Partnerships had been asked to respond to.

With regard to the Social Value and Inclusion aspect of performance, the committee agreed to establish a Task & Finish Group to define and review how success could be measured.

Resolved:

- (1) The contents of the report be noted;
- (2) The Director of Strategy engage with the three Local Enterprise Partnerships (LEPs) on the Performance Dashboards;
- (3) It was recognised that some of the LEPs were more transparent than others and therefore the committee's two LEP representatives (Black Country and Coventry & Warwickshire) are to provide a presentation at the January meeting in respect of their respective LEP's work areas, achievements and outcomes. In addition, the Greater Birmingham & Solihull and The Marshes LEPs are to be approached to do the same.
- (4) The Director of Strategy to provide a timetable for individual portfolio dashboards.
- (5) An Inclusive Growth and Social Value Task & Finish Group be established to define and review how success can be measured; and initial membership of this group be agreed as follows:
 - Councillor Claire Spencer (Lead Member)
 - Councillor Angus Lees and Councillor Simon Peaple

5. The Role of the Combined Authority in Air Quality

The committee considered a report of the Director of Network Resilience on the role of the Combined Authority in air quality issues.

The Director of Network Resilience explained that Public Health England was represented on the Authority's Wellbeing Board and some secondments had been made from the health teams into the WMCA to review the implications for public health. Respective authorities were also responsible for undertaking a detailed analysis of this area. From a Combined Authority perspective, it needed to review how it could add value in terms of areas within its control ie. via the West Midlands Bus Alliance and the introduction of Statutory Quality Partnerships.

Councillor Rachel Harris asked for assurances that the WMCA was also investigating other sources affecting air quality in addition to transport, such as housing and manufacturing emissions.

Resolved:

- (1) The information within the report regarding the role of the Combined Authority in air quality issues be noted;
- (2) In addition to road transport pollution, it be recommended that the Authority's Wellbeing Board undertake a wider cross-focussed review in respect of air quality issues to incorporate housing and manufacturing emissions, and that a report be presented to the committee on 20 March 2018; and
- (3) The Chair to write a letter to Councillor Bob Sleight (Chair of the Wellbeing Board) to discuss and identify the boundaries of the Overview & Scrutiny Committee and the WMCA Board in terms of air quality matters.

6. West Midlands Combined Authority Staff Resources

The committee received a verbal report from the Interim Head of Organisational Development on the Authority's staff resources and the work being undertaken to ensure that it had the right level of resource and skills to undertake its ambitions.

In terms of comparing against similar organisations, the Interim Head of Organisational Development agreed to use the Centre for Public Scrutiny event that would be held in Birmingham during January 2018, as an opportunity to undertake a benchmarking exercise.

The Chair sought views from the committee on the level of resource provided to support the scrutiny function at their respective authorities. It was agreed unanimously that the Authority's scrutiny function and Forward Plan needed to be appropriately resourced. The Head of Governance added that a dedicated Scrutiny Officer post for the Authority had been incorporated into the draft budget for 2018/19 and through devolution discussions, the Authority had highlighted the need for resource to enable it to deliver its agenda.

The Interim Head of Organisational Development undertook to provide a written report at the next meeting of the committee in respect of staff and capability resources. This report will include comparable information on the level of resource to carry out effective scrutiny; the capacity to resource the functions of the Combined Authority; and the cost to individual local authorities in terms of time allocated to the Combined Authority and its committees, at all levels.

Resolved:

- (1) The Interim Head of Organisational Development to use the Centre for Public Scrutiny event in January 2018 as an opportunity to undertake a benchmarking exercise with regard to the resource agenda; and

- (2) The Interim Head of Organisational Development, together with the Head of Governance, to submit a written report on the West Midlands Combined Authority's staff resources, to include comparable information on the resource to carry out effective scrutiny; the capacity to resource the functions of the Combined Authority; and the cost to individual local authorities in terms of time allocated to the Combined Authority and its committees, at all levels.

7. Update on General Data Protection Regulations Preparations by the WMCA

The committee considered a report from the Head of Governance on the preparations being undertaken by the WMCA in respect of the General Data Protection Regulations 2016 (GDPR).

The new General Data Protection Regulations 2016, would be coming into force in May 2018. The Head of Governance informed the committee of the importance of Information Governance and outlined the discussions and work being undertaken to ensure that the Authority was compliant with the new regulations before May 2018.

Councillor Yvonne Mosquito advised the committee on the rise in the level of young people being able to 'hack' into systems and asked that the WMCA consider engaging with young people to help with its frameworks.

The committee discussed the opportunities available to undertake 'ethical hacking' and the educational establishments that provided such a service. Sarah Windrum proposed that the WMCA consider holding a 'Hackathon' event, following the appointment of its GDPR officer.

Resolved:

- (1) The contents of the report be noted; and
- (2) Following the appointment of a GDPR officer, it be recommended that the West Midlands Combined Authority hold a 'Hackathon' event, to harness the knowledge and skills of young people, and to seek to utilise the expertise in educational establishments, such as De Montfort University or others within the WMCA area.

8. Activities of the Task & Finish Groups

(a) Land Task & Finish Group

The committee considered a report of Councillor Ian Shires on the first meeting of the Task & Finish Group and its terms of reference.

Councillor Ian Shires also advised the committee of the outcome of his recent meeting with the West Midlands Mayor and the areas of focus for the committee and the Task & Finish Group.

Resolved:

- (1) That the Land Task & Finish Group's terms of reference be approved; and
- (2) That Councillor Simon Peuple's appointment as a member of the Land Task & Finish Group be agreed.

(b) Mental Health Commission Task & Finish Group

The committee considered a report of Councillor Peter Hughes on the progress in developing this workstream.

Resolved:

- (1) The progress in developing the Mental Health Task & Finish Group's workstream, and comments on how work may be progressed be noted; and
- (2) That, from January 2018, Councillor Rachel Harris replace Councillor Peter Hughes as the Lead Member on the Mental Health Task & Finish Group.

(c) Skills and Productivity Task & Finish Group

The committee considered a report of Councillor Claire Spencer on the draft proposals for the work programme for the Task & Finish Group.

Resolved:

- (1) The draft proposal for the Skills and Productivity Task & Finish Group's work programme be noted; and
- (2) That Councillor Simon Peuple's appointment as a member of the Skills and Productivity Task & Finish Group be agreed.

(d) Budget Task & Finish Group

The committee received a report of Councillor Stephen Simkins on planned activity and terms of reference of the Budget Task & Finish Group. In addition to an overview of the activities of the group to date, the Committee was also advised that a briefing session had been arranged for members of the Task & Finish Group to be given details of the WMCA budget activity, and the process for scrutiny of the budget prior to submission to the WMCA Board for approval.

Resolved:

- (1) The Terms of Reference of the Budget Task & Finish Group be noted;
- (2) The progress to date and planned activity of the Budget Task & Finish Group be noted; and

- (3) A date for the 'Mayoral Budget Question Time' to be established as soon as possible.

(e) Governance Task & Finish Group

The committee considered a report of Councillor John McNicholas on the developments and the progress in relation to the work of the Governance Task & Finish Group.

He advised that the WMCA Board was due to meet on 8 December 2017 to ratify the arrangements on the West Midlands Fire Authority, following which a wider public consultation would commence. Responses to the consultation would be considered by the Secretary of State.

The Committee noted that the Task & Finish Group intended to review comments from each of the local authorities in respect of the proposed governance arrangements, with a view to putting forward any appropriate comments and recommendations to the WMCA Board on 8 December 2017. Due to the timescales involved, the Governance Task & Finish Group sought delegated authority, in consultation with the Chair of the committee, to put forward comments and recommendations to the WMCA Board in December 2017.

Resolved:

- (1) The progress in developing the workstream of the Governance Task & Finish Group, and the comments on how work may be progressed. be noted; and
- (2) The Governance Task & Finish Group be given delegated authority, in consultation with the Chair and Vice-Chairs of the committee, to put forward comments and recommendations relating to the West Midlands Fire Service Governance Review. to the meeting of the West Midlands Combined Authority Board on 8 December 2017,

9. Forward Plan

The items of business for consideration at future meetings of the Overview and Scrutiny Committee were noted.

The meeting ended at 1.00pm.

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