



## WMCA Board

**Date:** Friday 12 January 2018

**Time:** 11.00 am                      **Public meeting**                      Yes

**Venue:** Lord Knight Suite, West Midlands Police, Tally Ho Conference & Banqueting Centre,  
Pershore Road, Birmingham, B5 7RN

### 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:

<b>Contact</b>	Dan Essex, Governance Services Manager
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<b>Email</b>	<a href="mailto:dan.essex@wmca.org.uk">dan.essex@wmca.org.uk</a>

# AGENDA

No.	Item	Presenting	Pages
<b>Items of Public Business</b>			
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 - 8 December 2017	Chair	1 - 12
<b>Governance</b>			
5.	Forward Plan	Chair	13 - 16
<b>Cohesion &amp; Integration and Public Service Reform</b>			
6.	The Cohesion & Integration Portfolio	Councillor Steve Eling	17 - 32
<b>Finance &amp; Investments</b>			
7.	WMCA Draft Budget and Mayoral Council Tax Precept for 2018/19	Councillor Izzi Seccombe	33 - 62
8.	Progress Update on the West Midlands Combined Authority Investment Programme	Councillor Izzi Seccombe	63 - 80
9.	WMCA Borrowing Powers and Amendments to Key Route Network	Councillor Izzi Seccombe	81 - 90
<b>Strategy</b>			
10.	Report of the Commission on Gangs & Violence: 'Uniting to Improve Safety'	Police & Crime Commissioner David Jamieson	91 - 110
<b>Minutes</b>			
11.	Minutes of the Housing & Land Delivery Board - 15 November 2017	Councillor Sean Coughlan	111 - 116

12.	Minutes of the Investment Board - 27 November 2017	Councillor Izzi Seccombe	117 - 122
13.	Minutes of the Transport Delivery Committee - 4 December 2017	Councillor Richard Worrall	123 - 132
<b>Date of Next Meeting</b>			
14.	Friday 9 February 2018 at 11.00am	Chair	None



## WEST MIDLANDS COMBINED AUTHORITY

### WMCA Board

Friday 8 December 2017 at 11.00 am

### Minutes

#### Constituent Members

Andy Street (Chair)	Mayor of the West Midlands Combined Authority
Councillor Bob Sleigh (Vice-Chair)	Solihull Metropolitan Borough Council
Councillor Sean Coughlan	Walsall Metropolitan Borough Council
Councillor Ian Courts	Solihull Metropolitan Borough Council
Councillor Patrick Harley	Dudley Metropolitan Borough Council
Councillor Roger Lawrence	City of Wolverhampton Council

#### Non-Constituent Members

Jonathan Browning	Coventry & Warwickshire Local Enterprise Partnership
Councillor Bill Hartnett	Redditch Borough Council
Councillor Dennis Harvey	Nuneaton & Bedworth Borough Council
Councillor David Humphreys	North Warwickshire Borough Council
Councillor Chris Saint	Stratford-on-Avon District Council
Councillor Izzi Seccombe	Warwickshire County Council
Councillor Michael Stokes	Rugby Borough Council

#### Co-Opted Member

Rob Johnston	Trades Union Congress Midlands
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#### Observer Members

Councillor John Edwards	West Midlands Fire & Rescue Authority
David Jamieson	West Midlands Police & Crime Commissioner

#### In Attendance

Councillor Peter Hughes	Overview & Scrutiny Committee
David Lane	Audit, Risk & Assurance Committee
Councillor Richard Worrall	Transport Delivery Committee

#### Item No. Title

#### 112. Apologies for Absence

Apologies for absence were received from Councillor George Adamson, Lee Barron, Councillor Sean Davies, Councillor Steve Eling, Councillor Paul Moore, Councillor Peter Nutting, Tim Pile, Stewart Towe and Graham Wynn.

**113. Chair's Remarks (if any)**

- (i) The Mayor congratulated Coventry on having been awarded UK City of Culture 2021 and thanked all those that had been involved in the successful bid.
- (ii) The Mayor welcomed Gareth Bradford, the new Director of Housing & Regeneration who would formally take up his post on 18 December, to the meeting.

**114. Minutes - 10 November 2017**

The minutes of the meeting held on 10 November 2017 were agreed as a correct record.

**115. Devolution Deal Update**

The board received an update from Deborah Cadman, WMCA Chief Executive, on the devolution deal announced by the Government on 22 November 2017. This included the funding that had been announced for the delivery of the Wednesbury - Brierley Hill metro extension, along with funding for skills and housing workstreams. Deborah Cadman undertook to provide a breakdown of specific funding allocated to each work area to members of the WMCA Board.

David Jamieson, West Midlands Police & Crime Commissioner, noted that the announcement included an expectation that the Mayor of the West Midlands would become responsible for the powers currently exercised by the Police & Crime Commissioner from May 2020, and he committed to work with the Mayor to help implement an orderly transfer of powers and responsibility.

Councillor Bob Sleigh also welcomed the support given within the devolution agreement for the region's homeless strategy, including access to funds to help deliver the strategy.

Resolved:

The update on the devolution deal announced by the Government on 22 November 2017 be noted.

**116. Forward Plan**

The forward plan of items to be considered at future meetings of the WMCA Board was noted.

**117. Mayoral WMCA Governance of West Midlands Fire Service - Governance Review and Scheme**

Councillor Syeda Khatun presented a report on the contents of the governance review and scheme, which had been developed to enable the framework for the proposed Mayoral WMCA governance model to be discussed and understood prior to undertaking public consultation. The WMCA Board also considered a report of the Overview & Scrutiny Committee's Governance Working Group that informed it of its considerations relating to the review of governance arrangements, along with a wish to be involved in developing the final governance model. Councillor Peter Hughes, Chair of the Overview & Scrutiny Committee, provided further details of the work the committee had undertaken to look at the governance proposals that were to be subject to public consultation.

On 8 September, the WMCA Board approved a report for the development of a governance review and scheme document, as part of the proposed future Mayoral WMCA governance for the West Midlands Fire & Rescue Service. The governance review looked at existing governance arrangements and functions, as well as the benefits of the proposed new structure in respect of public safety, collaboration between public services, scrutiny and transparency, accountability, savings and value for money.

The Mayor confirmed that the governance review referenced within the report related to the West Midlands Fire & Rescue Authority only. Councillor John Edwards, Chair of the Fire & Rescue Authority, undertook to work closely with the Overview & Scrutiny Committee to see how best to implement a scrutiny function that provided appropriate oversight and challenge to the new governance arrangements.

Resolved:

- (1) The contents of the Governance Review and Scheme outlining the proposed governance model for Mayoral West Midlands Combined Authority governance of West Midlands Fire Service be approved.
- (2) The amendments to the process timeline presented to the WMCA Board meeting on 8 September 2017 be noted.
- (3) The points raised at constituent council meetings in consideration of the prepared Governance review and Scheme be noted.
- (4) The amendments to the Governance review and Scheme based on the outcomes of resolution (3) above be approved.
- (5) The proposed approach for the formal public consultation to commence in January 2018 be approved.
- (6) It be agreed that the governance review would be undertaken collaboratively with the Overview & Scrutiny Committee so as to ensure that the views of that committee were considered as part of the development of the final governance model for the West Midlands Fire Service.

**118. West Midlands Growth Company - Business Plan**

The board considered a report seeking approval of the West Midlands Growth Company's Business Plan. The West Midlands Growth Company was formally established in April 2017, and its business plan covered the period 2017/18 - 2019/20. It had previously been considered by the Strategic Economic Plan Board and approved at the Growth Company AGM on 2 October.

Jonathan Browning, Chair of the Strategic Economic Plan Board, confirmed that his board was continuing to work closely with the West Midlands Growth Company to help deliver the long term aspirations contained within the Strategic Economic Plan.

Resolved:

- (1) The West Midlands Growth Company's Business Plan 2017/18 - 2019/20 be approved.
- (2) The Chief Executive of the West Midlands Growth Company provide clarification to Councillor Chris Saint in respect of the local authority membership status of the Growth Company.

[NB. Councillor Michael Stokes declared an interest in this item in respect of his employment by a company that had a contractual arrangement with the West Midlands Growth Company.]

**119. Delegation of Statement of Accounts Approval**

Councillor Izzi Seccombe presented a report setting out the rationale for recommending an amendment to the WMCA's constitution that would allow for the delegation of the approval of the statutory accounts to the Audit, Risk & Assurance Committee.

The WMCA was required to prepare and approve its annual statement of accounts and an annual governance statement. The Audit and Accounts Regulations required that the final version of these audited documents were considered and approved either by members of the WMCA as a whole or by a delegated committee. It was considered that the approval of these documents fitted closely with the terms of reference of the Audit, Risk & Assurance Committee, whose members already had a good understanding of the regulatory approval process. Any issues of concern that the committee might have could then be raised with the WMCA Board as necessary.

Resolved:

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 be endorsed.

**120. Financial Monitoring 2017/18**

Councillor Izzi Seccombe presented a report that provided an update of the WMCA finances as at the end of October 2017. The report provided a summary of the revenue and capital financial positions against the approved budget, along with a summary of the Investment Programme and its current commitments and a summary of the balance sheet.

It was reported that the budget forecasts showed a favourable variance of £941,000 to date in the WMCA's operational budget due to a number of posts remaining vacant, and the Mayor's office spend was now in line with the budget due to an increased amount of work being undertaken in-house.

Resolved:

The financial position for October 2017 be noted.

**121. Wolverhampton Interchange Project**

Councillor Izzi Seccombe presented a report that confirmed that the Investment Board had considered the options for funding the Wolverhampton Interchange Project could be made available through the Investment Programme.

The Wolverhampton Interchange Project incorporated the Midland Metro Wolverhampton city centre extension, the provision of a new multi-storey car park and the reconstruction of Wolverhampton rail station. The Investment Board had considered the funding of this project at its meeting on 27 November and had confirmed that the WMCA's proposed additional capital contribution of £15m could be made available from within the existing Investment Programme.

Councillor Izzi Seccombe noted that the cost of the project had increased from the original estimates, and that it was intended that the City of Wolverhampton Council and the WMCA would meet these increased costs equally. Councillor Peter Hughes, Chair of the Overview & Scrutiny Committee, noted that a 'lessons learnt' exercise was to be carried out that would identify the reasons for an increase in the forecast costs of the project, and suggested that both the Audit, Risk & Assurance Committee and Overview & Scrutiny Committee could play a role in this review.

Resolved:

- (1) The appended report by the Portfolio Lead for Transport with regard to the Wolverhampton Interchange Programme contained in Appendix 1 be noted.
- (2) The Investment Board's endorsement of this report at its meeting of 27 November 2017 and the following recommendations made in that report be noted:

- (a) For the funding package for the Wolverhampton Interchange Programme and for the project team to submit this report to the WMCA Board seeking authority to commit the funding of £49.3m, of which the £21.9m WMCA contribution is to be funded by the Department for Transport deed as approved by the ITA.
  - (b) For the WMCA Board to approve the delegation of powers from the WMCA to the Metro Programme Director and the Head of Governance to enter into the necessary legal agreements.
- (3) Based on the Funding Package agreed at Investment Board, the recommendations made by the Portfolio Lead for Transport be agreed as follows:
- (a) Approve the funding package for the Wolverhampton Interchange as detailed in Appendix 1, including the commitment of funding by the WMCA of £49.3m, of which £21.9m is to be funded by the Department for Transport deed as approved by the ITA and the remainder financed by borrowing.
  - (b) Approve the delegation of powers to the WMCA to the Metro Programme Director and the Head of Governance to enter into the necessary legal agreements.

[NB. Councillor Roger Lawrence declared an interest in this item in respect of his membership of the City of Wolverhampton Council.]

## **122. Productivity & Skills Dashboard**

The board considered a report on the emerging dashboard on Productivity & Skills measures for the WMCA, to be used as a tool to monitor and improve outcomes for local people.

The Productivity & Skills Commission was examining in depth the detailed indicators relating to productivity and skills and would be reporting its initial recommendations on what the WMCA and its partners could do to have maximum impact upon them early in the new year. Programme level indicators would be identified that captured the impact of WMCA activity to be included in future iterations of the dashboard.

Resolved:

The proposed approach to the dashboard performance reporting for the Productivity and Skills Portfolio be agreed.

## **123. Governance for Establishing Advanced Quality Bus Partnerships**

Councillor Roger Lawrence presented a report on proposals to streamline the approvals process within the WMCA for the creation of bus partnership schemes in line with the delivery objectives of the West Midlands Bus Alliance.

Within the current terms of reference for the Transport Delivery Committee, it could specifically make recommendations to the WMCA Board on quality bus partnership schemes. It was now proposed that the committee could also approve the consultation and implementation of such schemes. This would help speed up the process to getting the necessary approvals required to make an order, whilst still ensuring that the Strategic Transport Officers Group, WMCA Programme Board and WMCA Board had visibility of the decisions made on Advanced Quality Bus Partnership Schemes.

Resolved:

- (1) The delegation of responsibility for the making of Advanced Quality Bus Partnership Schemes, including the oversight of any required consultation (statutory or otherwise) to the Transport Delivery Committee, and with the Transport Delivery Committee to have an ongoing responsibility to report its activity to the WMCA Board, be approved.
- (2) The terms of reference of the Transport Delivery Committee be amended to reflect the approved delegation.

#### **124. Midland Metro Penalty Fare**

Councillor Roger Lawrence presented a report on a proposal to submit an application for a Transport & Works Act Order to amend the Midland Metro (Penalty Fares) Act 1991 so as to establish a two-tier system of penalty fares, and to confer powers on the WMCA to make changes to the penalty fares on Midland Metro.

The current penalty fare was £10, and this was no longer considered an effective deterrent to potential fare evaders, particularly given that the cost of a single end to end journey was currently £4.10. It was therefore proposed that the WMCA applied for a Transport & Works Act Order to confer on it the powers to establish a two-tier penalty fare system and to make changes to the level of penalty fares charged. It was expected that this process would take four months to conclude.

Resolved:

- (1) The background to the existing penalty fare regime be noted.
- (2) The proposed submission of an application for a Transport & Works Act Order to seek the necessary powers for the West Midlands Combined Authority 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 approved.

**125. Midland Metro Wednesbury to Brierley Hill Extension - Submission of Transport & Works Act Order**

Councillor Roger Lawrence presented a report seeking approval to allocate £207m Transforming Cities funding to the Wednesbury to Brierley Hill metro project, and to approve the Midland Metro (Wednesbury to Brierley Hill Land Acquisition) Order to the Secretary of State for Transport under the Transport & Works Act 1992.

The Wednesbury to Brierley Hill extension would connect with Metro Line 1 at Wednesbury and run via Dudley town centre and Waterfront/Merry Hill to Brierley Hill, covering a distance of 10.7km. The extension would also include 17 new metro stops and three Park & Ride sites. The report provided further details on the project, including the land to be acquired for the extension, the planned schedule of works, consultation with stakeholders, the impact and benefits of the scheme, procurements costs and funding sources.

Councillor Patrick Harley expressed his thanks to officers working at Transport for West Midlands for the progress made in delivering this metro extension.

Resolved:

- (1) 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 be welcomed, and the £250m of new Transforming Cities funding announced by Government on 20 November 2017 be noted.
- (2) The allocation of £207m of the above funding to secure the delivery of the Wednesbury to Brierley Hill project be approved.
- (3) 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, 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 be approved, subject to a confirmation by Government of funding for the scheme.
- (4) The delegation of powers from the WMCA to the Metro Programme Director and the Head of Governance be approved 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) 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 be approved.
- (6) It be noted that WMCA Investment Board had agreed to bring forward £1.6m of capital expenditure into 2017/18, to maintain and accelerate progress on development and implementation of this important project.
- (7) It be noted that the WMCA Funding for Growth Board would be asked to look at how to maximise private sector investment in the scheme across the entirety of the route.

#### **126. West Midlands Cycle Design Guidance**

Councillor Roger Lawrence presented a report proposing the adoption of a single West Midlands Cycle Design Guidance, developed by national cycle design experts Phil Jones Associates.

Within the West Midlands Cycling Charter Action Plan 2016/17 there was a priority to develop a West Midlands based cycling design guidance to ensure consistency of high quality cycling design routes across the region. Local authority engineers had confirmed that the existing design guidance documents did not address the specific challenges of the region. The proposed design guidance contained 13 chapters on the principles of design for cycle provision based on best practice. It was proposed that the guidance would be a 'living document' that would be reviewed annually to ensure that the best practice contained within it was up to date.

Resolved:

- (1) The adoption of the West Midlands Cycle Design Guidance be approved.
- (2) It be agreed to continue to support a common approach to cycling across the West Midlands.

**127. Minutes of the Investment Board - 30 October 2017**

The board received the minutes of the Investment Board held on 30 October 2017.

Resolved:

The minutes of the meeting held on 30 October 2017 be noted.

**128. Minutes of the Transport Delivery Committee - 6 November 2017**

The board received the minutes of the Transport Delivery Committee held on 6 November 2017.

In respect of minute no. 55 ('Safer Travel Update'), Councillor Richard Worrall, Chair of the Transport Delivery Committee, noted that Walsall Metropolitan Borough Council was now utilising the Transport for West Midlands CCTV Control Centre and he encouraged authorities who were not currently using this excellent facility to consider doing so.

Resolved:

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

**129. Minutes of the Strategic Economic Plan Board - 16 November 2017**

The board received the minutes of the Strategic Economic Plan Board held on 16 November 2017.

In respect of minute no. 86 ('Local Sector Strategies'), Jonathan Browning, Chair of the Strategic Economic Plan Board, reported that the board was working with the region's Local Enterprise Partnerships to make the most opportunities that would be offered by the Local Industrial Strategy.

The minutes of the Strategic Economic Plan Board were noted.

**130. Minutes of the Audit, Risk & Assurance Committee - 17 November 2017**

The board received the minutes of the Audit, Risk & Assurance Committee held on 17 November 2017.

In respect of minute no. 24 ('Combined Authority Leadership Team Priorities') David Lane, Chair of the Audit, Risk & Assurance Committee, reported that it would be considering a 'governance map' at its next meeting to help identify the relationships that existed amongst the WMCA's boards/committees.

In respect of minute no. 29 ('WMCA Arm's Length Companies Checklist'), David Lane reported that a checklist was being developed that would be used by the committee on an annual basis to seek confidence in the assurance arrangements for arm's length companies related to the WMCA.

Resolved:

The minutes of the meeting held on 17 November 2017 be noted.

**131. Minutes of the Overview & Scrutiny Committee - 21 November 2017**

The board received the minutes of the Overview & Scrutiny Committee held on 21 November 2017.

Councillor Peter Hughes, Chair of the Overview & Scrutiny Committee, reported that the committee was currently looking at the staff resources being allocated to the scrutiny function, and how this compared with other combined authorities across the country.

In respect of minute no. 5 ('The Role of the Combined Authority in Air Quality') Councillor Bob Sleigh suggested that a discussion be held with Councillor Patrick Harley as Portfolio Lead for the Environment on the remit of the committee in respect of air quality matters.

Resolved:

The minutes of the meeting held on 21 November 2017 be noted.

**132. Friday 12 January 2018 at 11.00am**

The date of the next meeting was noted.

The meeting ended at 12.40 pm.

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

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Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
<b>Portfolio Performance Reporting</b>	To provide oversight of the latest performance reporting and management.	9 February 2018	No	Mayor	Julia Goldsworthy	No	Delivery
<b>Devolution Agreement</b>	To seek agreement to the recent devolution agreement reached with the Government.	9 February 2018	Yes	Mayor	Tony Smith	No	Devolution
<b>Draft Integrated Business Plan &amp; Budget</b>	Consideration of draft integrated plan and budget.	9 February 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>Consideration of 2018/19 Levy Proposals</b>	Approval of 2018/19 levy.	9 February 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>Culture, Creative &amp; Tourism</b>	To provide an update on the work undertaken by the Culture, Creative & Tourism Group.	9 February 2018	Yes	Cllr Ian Ward	Dave Webb	No	Strategy

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
<b>Industrial Strategy</b>	To provide an update on the Industrial Strategy.	9 February 2018	No	Cllr Ian Ward	Deborah Cadman	No	Strategy
<b>Midland Metro Ltd - Approval of Final Business Plan and Commercial Settlement with National Express</b>	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
<b>Mobility as a Service</b>	To provide an update on latest developments.	9 February 2018	No	Cllr Roger Lawrence	Laura Shoaf/Chris Lane	No	Transport
<b>Local Cycling and Walking Infrastructure Plans</b>	To consider the approach to the delivery of development of Local Cycling and Walking Infrastructure Plans	9 February 2018	Yes	Cllr Roger Lawrence	Laura Shoaf/Hannah Martin	No	Transport
<b>Swift Update</b>	To provide an update on the latest Swift-related developments.	9 February 2018	No	Cllr Roger Lawrence	Laura Shoaf/Matt Lewis	No	Transport

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
<b>Portfolio Performance Reporting</b>	To provide oversight of the latest performance reporting and management.	9 March 2018	No	Mayor	Julia Goldsworthy	No	Delivery
<b>Integrated Business Plan &amp; Budget Approval</b>	Final approval of integrated plan and budget.	9 March 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>West Midlands Leadership Commission</b>	To consider recommendations arising out of the work of the Commission.	13 April 2018	Yes	Cllr Steve Eling	Meera Sonecha	No	Commissions
<b>Portfolio Performance Reporting</b>	To provide oversight of the latest performance reporting and management.	13 April 2018	No	Mayor	Julia Goldsworthy	No	Delivery

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## WMCA Board

<b>Date</b>	12 January 2018
<b>Report title</b>	The Cohesion and Integration Portfolio
<b>Portfolio Lead</b>	Councillor Steve Eling - Cohesion & Integration and Public Service Reform
<b>Accountable Chief Executive</b>	Deborah Cadman, West Midlands Combined Authority tel: (0121) 214 7200 email: deborah.cadman@wmca.org.uk
<b>Accountable Employee</b>	Henry Kippin, Director of Public Service Reform tel: 07384 249161 email: henry.kippin@wmca.org.uk
<b>Report has been considered by</b>	WMCA Programme Board – 15 December 2017

**Recommendation(s) for action or decision:**

**The WMCA Board is recommended to:**

- (1) Note proposed approach to Cohesion and Integration portfolio.
- (2) Support the draft next steps set out in the paper.

## 1. Purpose

1.1 The Cohesion and Integration portfolio brings together three important strategic ambitions for the WMCA, and which are critical to realising the value of growth for all of our citizens.

*The priority at this stage is to bring some shape to this agenda and begin establishing momentum, led by the portfolio holder.*

1.2 The overall purpose of the portfolio is:

- To **celebrate the diversity** of the region and ensure it is a valued part of the region's strategic plans for economic growth and social change.
- To support and promote a **shared understanding of citizenship** across the West Midlands, built on a recognition of diversity and the importance of improving community cohesion.
- To help **close the aspiration gap** and help under-represented and/or marginalised communities within the WM achieve their economic and leadership potential.

1.3 We aim to do this through two distinct strands of work, which are:

1. *Sharing Economic Growth* – making sure that people across the region's communities have a chance to take part in, and benefit from, economic growth. This includes the development of a distinct blueprint to understand, support and measure inclusive growth across the region, and a broader range of activities designed to promote economic inclusion and participation.
2. *Bringing People Together* – ensuring that the WMCA uses its convening role to celebrate our diversity and support community cohesion. This is about doing things differently at a regional level – as a complement to local authority work on cohesion, and as a means of encouraging stronger bridging social capital across our communities and places.

1.4 The Cohesion and Integration portfolio sits with the broader Public Service Reform portfolio, which is focused on whole-place collaboration that builds on our strengths and which systematically builds readiness to work differently across the region. It is explicitly about areas in which the WMCA can add value – not overlaying or replicating the statutory role of local authorities within communities.

1.5 A key principle – reinforced through this paper – is that inclusion and cohesion are not separate, discrete agendas, but are fundamental to achieving the goals of a more productive economy and society set out in the SEP and the Mayor's manifesto. This portfolio is about giving them the prominence and investment they require to achieve this, and to signal an intent to explore this agenda more boldly within the next devolution 'round'.

## 2. Background

2.1 The hyper-diversity of the West Midlands is one of our most powerful assets. It can be the foundation of future growth, and the means through which our young people build a shared future and a vibrant civil society. Economic growth in the region since 2010 has been striking, with an increase of 2m jobs, an upward trend on GVA output, and wage growth faster than the UK average. But this growth has not been as inclusive as it needs to be. Evidence shows stark differences between the ability of different groups to benefit from the economic performance of the region.

2.2 Economic growth since 2010 has been marked:

- Business starts. 145,410 businesses and 22,430 business births
- Job creation. 2m jobs, increase of 95,000 since 2013
- Wage growth. Wages are increasing at a faster rate than the UK average
- Productivity. If the UK average is 100 widgets per hour, Solihull is 113
- Gross Value Added. GVA is currently 87.5bn +7bn since 2013

2.3 But there are a number of ways in which evidence suggests growth is not being shared equally:

- Gender
- Race and ethnicity
- Wealth inequality
- Geographical
- Age
- (Dis)ability

2.4 Published evidence shows stark differences between different groups in both opportunity and success. Taken together, they form a strong rationale for collaborative action:

- The WMA GVA per head is still lower than the UK average resulting in a £17.5 GVA output gap
- The Joseph Rowntree Foundation agenda for the Mayor reports that the ethnic minority employment rate in the region is just 54%.
- 13% of the population have no qualifications, compared to the 8% UK average
- On a workplace basis the gap between median pay in Coventry (£13.08) and Dudley (£10.50) is 25 per cent. On a resident basis the difference between Solihull (£14.11) and Wolverhampton (£10.23), stands at 38 per cent.
- Of the 227,600 Managers, Directors and Senior Official positions in the West Midlands in 2012, 91% were occupied by white workers, although only 79.2% of the population were from this group.
- Public Health England reports that 26.5% of Year 6 pupils in Wolverhampton are classified as obese, compared to 17% in Solihull.

- The WMCA has a Healthy Life Expectancy (HLE) of 59 years for men (63yrs for England) and 61 years for women (64 yrs for England). Men with the best HLE in the WMCA (Solihull -64yrs) have eight years less HLE than the best HLE (72yrs) in England.
- The earnings gap between male and female workers in the West Midlands is the highest amongst the UK's 12 regions, according to PwC's annual Women in Work Index.
- According to Stonewall, 51% of LGBT pupils in the West Midlands reported being bullied for being LGBT, the second highest region in the UK behind Wales.

2.5 The British Integration Survey (2016) explores the extent to which different ethnic groups mix socially with one another. It finds that:

- Black, White and Asian Britons take up only around half - 48% - of the opportunities open to them to mix socially with a different ethnicity to themselves given the demographics of where they live, even in our most diverse regions, such as London and the Midlands.
- Those in the Midlands were found to be only taking up 40% of the opportunities to mix with other ethnicities, the lowest level in Britain.

2.6 These challenges leave us with a number of unresolved issues in our society:

- **Hate crime.** A 29 percent rise in hate crimes was reported during 2016/17 according to West Midlands Police – a 29 percent rise on the previous year.
- **Extremism.** 768 people were referred to Channel (part of Prevent - the Government's counter-terrorism scheme) in 2015 from the West Midlands, according to the Home Office.
- **Isolation in old age.** Numbers living alone predicted to rise steadily each year (and 5.4% by 2020 for those aged 65-75, 5.8% by 2020 for those aged 75+). The largest group living alone in Birmingham are females, aged 75+ (25,315 in 2016).
- **A lack of community cohesion:** Regarding the 2011 riots in Birmingham, Experian analysis highlights that 71% of the riots occurred in the areas ranked in the worst 10% for social cohesion.

*Why focus on Inclusion and Cohesion?*

2.7 One key component of the portfolio is inclusive growth. The rise of inclusive growth as a policy platform reflects a recognised need (at a macroeconomic and local/place level) to bring together economic growth, public service reform and community development principles. For us this is a critical part of linking the 'cranes and communities' within the West Midlands. Strategies for inclusive growth have been developed by a range of organisations such as the RSA, the JRF, Brookings Institute, and cities such as Manchester and Leeds are investing in this approach. Broadly speaking, inclusive growth principles reflect:

1. *Purpose* - growth for what? Not as an end in itself, but as a means to improving social outcomes, which in turn should influence metrics for success and principles for investment in places.
  2. *Re-booting the labour market* – creating more jobs, better in-work progression, and in particular lowering the barriers for those individuals and communities furthest from the labour market.
  3. *Focus on inequality and poverty* – both as areas for proactive intervention, and as a focus for growth itself (and who really gains from it). This is particularly important in the light of a shrinking of public service entitlements over the last decade.
  4. *Connectivity and social networks* – both expanding the network of those already socialised into work and prosperity (cf the Leadership Commission), and emphasising the role other key WMCA agendas (e.g. transport, housing) can play in supporting a more inclusive economy.
- 2.8 Distinct but related is an ongoing set of debates about multiculturalism, diversity and cohesion within communities. The Casey Review (2016) is one recent attempt to demonstrate both the multi-dimensional nature of these debates, and the ‘vicious circle’ into which places can spiral if they are not addressed and unpacked. Meanwhile public discourse about immigration, inequality and issues around identity exacerbated by the Brexit vote undermine the ability of places to celebrate diversity as a force for economic and social progress.
- 2.9 None of these agendas are easy to address, nor in the gift of any one organisation to solve. We are quite clear that the WMCA approach is different and distinct from local authorities’ statutory duty to promote community cohesion. We are not proposing anything that overlaps with work on PREVENT strategies. The WMCA is not proposing to deliver services against this agenda, and we will be very careful to work with local authorities and ensure we are respectful of the existing roles and responsibilities of public and voluntary sector partners.

Rather, we believe that the WMCA can support the system as a whole do do better; and through the Office of the Mayor can mobilise collective action that can impact positively on the whole region.

*Our proposal is therefore for a twin-track approach – which promotes inclusive growth alongside connected communities.*

### **3. The Vision**

#### **3.1 Our vision for the portfolio is:**

- To develop a proactive approach to cohesion and integration – including a clear strategy for inclusive growth – that supports the WMCA’s commitment to growth that benefits the whole region and makes a difference to communities.

- To develop an approach that promotes and leverages the diversity of the region – clearly positioning it as an asset to be celebrated and a core part of the WMCA’s strategy to building a ‘West Midlands community’.
- To be clear about how the WMCA can support and add value to (and not undermine or duplicate) the work already being done by local authorities and public service agencies, so that the West Midlands becomes a national exemplar of collaborative working to achieve inclusive growth goals.
- To ensure that cohesion, integration and inclusion goals materially influence the development of our Industrial Strategy, the evolution of the Strategic Economic Plan and the metrics through which we develop economic and public service policy across the region.

#### 4. The Work Plan

4.1 *The priority at this stage is to bring some shape to this agenda and begin establishing momentum, led by the portfolio holder.* There are two guiding principles that need to underpin our approach:

- **First**, that we are outward focused and recognise that stakeholder groups should play a key role in the design and delivery of our work. A strategy for inclusion needs to be developed inclusively, and needs to influence across the WMCA’s policy agendas.
- **Second**, that we prioritise action – recognising the urgency of these issues, and the need for the WMCA to work in ways that support those already delivering change on the ground, and do so through inclusive principles.

4.2 We propose to develop the portfolio through two strands, with an early plan of action outlined as follows:

##### *STRAND 1 – BRINGING PEOPLE TOGETHER*

1. **Develop a pipeline of activities** under the ‘bringing people together’ workstream – a ‘regular drumbeat’ which build on successful initiatives such as the Mayor’s Community Weekend, the Mayor and Faith Conference, the Mayor’s Cohesion Prize and Diwali on the Square. [IMMEDIATE]
2. **Commission a short and rapid piece of engagement / research work** (which could be done internally or externally) which brings together (a) the state of the art on approaches to supporting cohesion at a city-region or combined authority level; (b) unpicks wider debates on addressing community cohesion issues with an emphasis on proactive responses; and (c) recommends a long-term approach for the WMCA. [IMMEDIATE]
3. **Identify a high-level cohesion champion** – subject to agreement - this could be an individual or something like a ‘mayors panel’ who would act as a sponsor for activities to promote cohesion, and who could support the Mayor in fronting up a dialogue with the public. [MEDIUM TERM]

4. **Develop a communications approach** which would ensure a consistent set of messages and a meaningful dialogue with the public, and which emphasises the links between this portfolio and other key agendas such as transport, housing, skills and the wider health and public service agenda. [ONGOING]

## STRAND 2 – SHARING ECONOMIC GROWTH

1. Push forward with **existing initiatives** such as delivery of the Leadership Commission and the Mayor’s Mentors initiatives, and develop a pipeline. [IMMEDIATE]
  2. **Establish an Inclusive Growth Unit** which would exist within the WMCA, and which would ideally be ‘sponsored’ (partly financed and through endorsement) by independent organisations such as Barrow Cadbury Trust and the Joseph Rowntree Foundation. We have already secured some in-principle support. The Unit would be the umbrella under which existing initiatives are communicated, and would provide a means through which the WMCA can develop a strategy and delivery plan for inclusive growth linked to the Industrial Strategy, and a route in for civil society to this dialogue. Suggest this could be directly accountable to the Mayor (potentially via the PSR and SEP board – *to discuss*) [IMMEDIATE & ONGOING]
  3. **Commission a blueprint for ‘sharing economic growth’** for the West Midlands. This would be a *rapid* piece of work that is inclusive in both genesis and positioning – e.g. it involves civil society in its development, and suggest this is delivered by someone within the civil society or social enterprise sector. It should give the portfolio holder an evidence base that will complement and add to the measures already set out in the SEP. [IMMEDIATE]
  4. **Ensure strong links between the inclusive growth and other WMCA agendas** – demonstrating how the agenda and its base principles can influence wider WMCA agendas around e.g. transport, housing and the SEP/growth agenda. [ONGOING]
- 4.3 The Leadership Commission will also play a crucial role helping to fill out the portfolio.

## 5. Recommendations for Next Steps

Our recommendation is that we prioritise flagship activity which represents a visible commitment to each strand of the portfolio, such as the establishment of an Inclusive Growth Unit and commissioning of a robust piece of external work from civil society that will help shape the agenda.

A DRAFT example of the 3-6-9-12 plan of activities for the portfolio could look as follows:

<b>Time Period</b>	<b>Examples of Potential Activities (NB- this is draft only)</b>
<b>Immediate</b>	Immediate scoping work to establish and fund an inclusive growth unit.
<b>By April 2018</b>	IG Unit established. Commissioned blueprints for both workstrands in train. Begin a series of activities post-Mayor's Faith conference. 'Get WM Working' job fairs planned and up & running. Clear evidence base & plan (based on collaborative working with colleges) for the targeting of resources for English learning.
<b>By June 2018</b>	Mayor's Community Weekend. Leadership Commission reporting & next steps planned. Potential 'cohesion champion' identified. Community sports initiatives up and running. Social value commissioning framework in place for WMCA.
<b>By Sept 2018</b>	Commissioned blueprints for both workstrands reporting back. Business plan for centre of excellence for women and childrens sports scoped.
<b>By Dec 2018</b>	Clear plan developed for promoting the teaching of our West Midlands history.

## **6. Resources & Portfolio support**

6.1 Councillor Steve Eling and Henry Kippin (Director of PSR) are responsible for this work. Resource to be approved at a future meeting.

## **7. Legal implications**

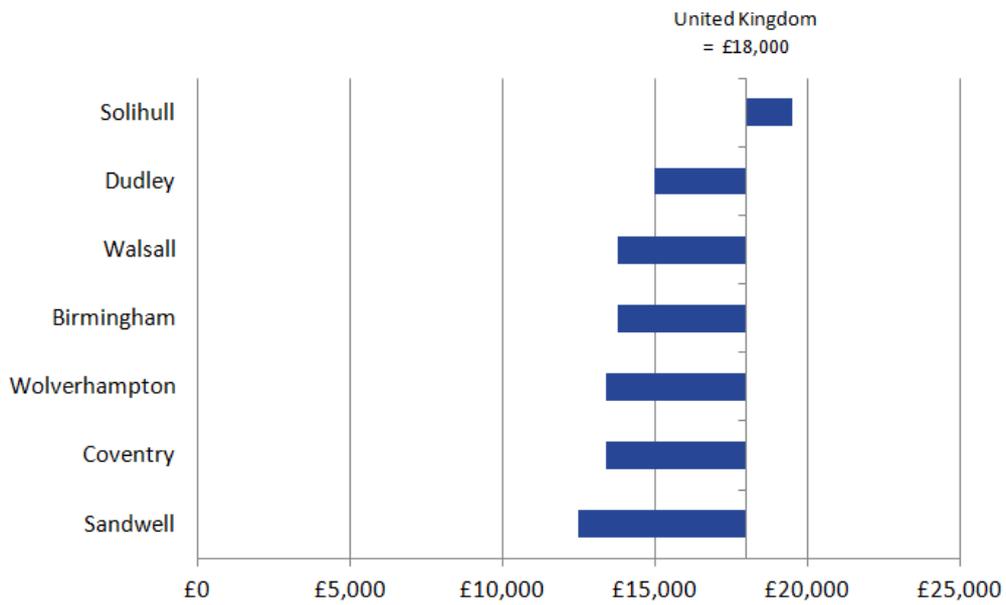
7.1 There are no immediate legal implications arising from this report.

## **8. Equalities implications**

- 8.1 The portfolio of Cohesion and Integration is to increase representation in leadership positions across the WMCA.
- 8.2 There are no other equalities implications arising from this report.

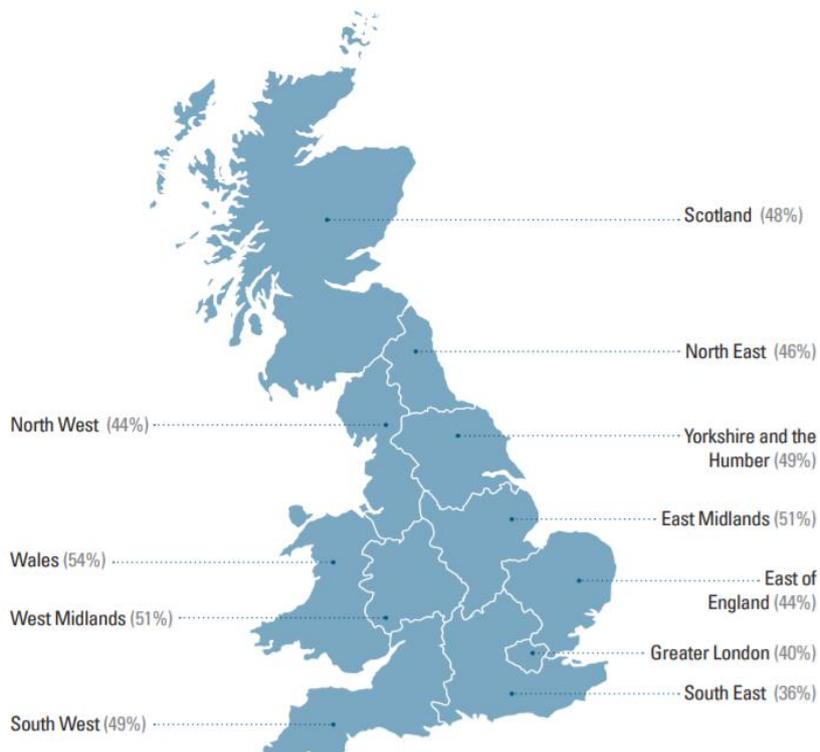
## Appendices

ONS, GVA per hour worked (Index UK = 100) 2015



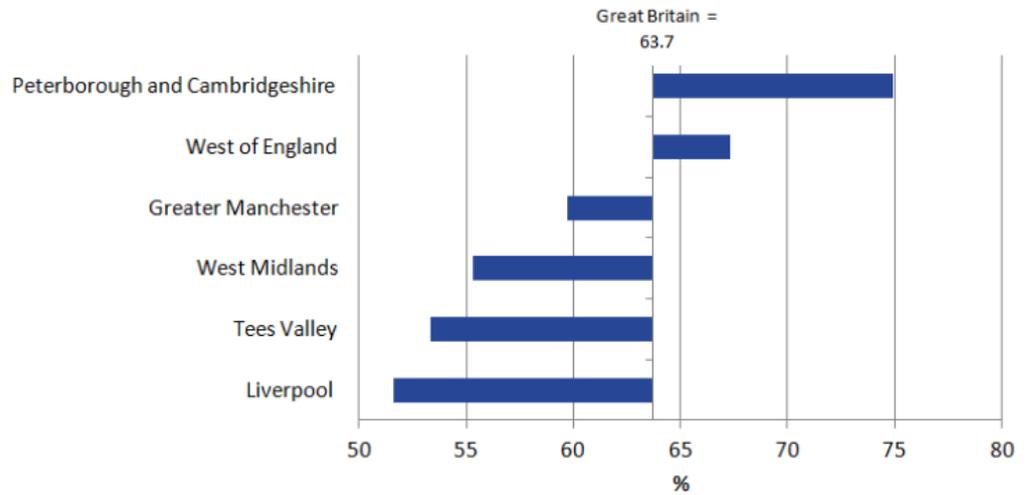
Stonewall, The School Report, 2017

### LGBT PUPILS WHO ARE BULLIED FOR BEING LGBT

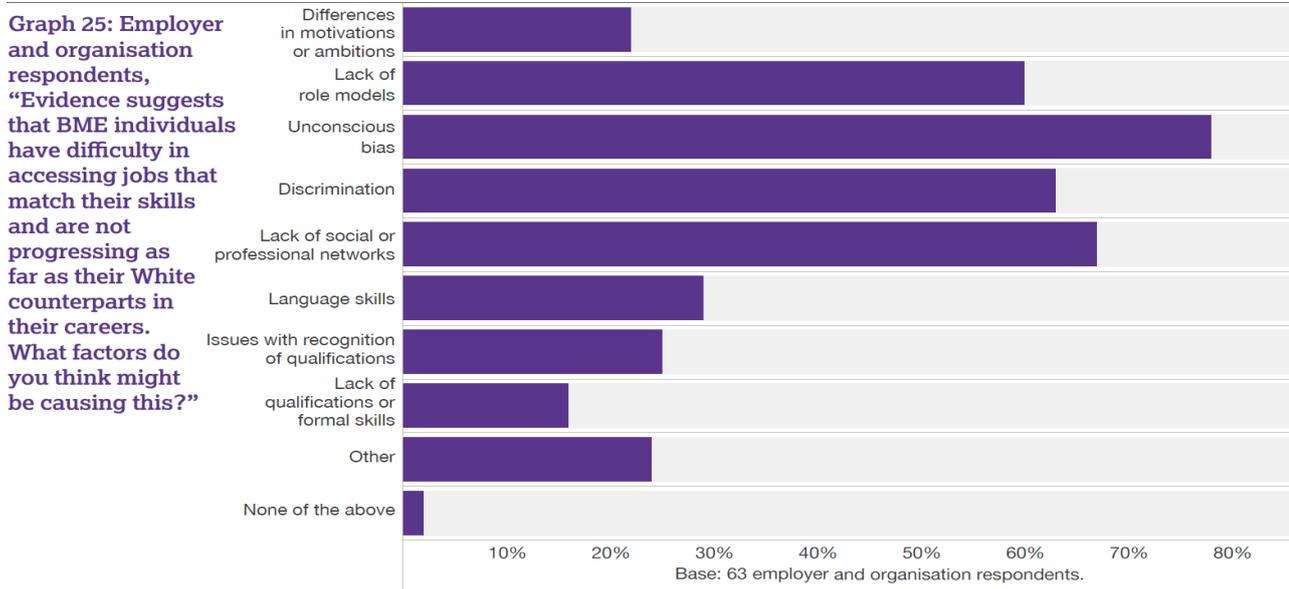


1. **Figure 7: Ethnic minority employment rate (age 16 to 64)**

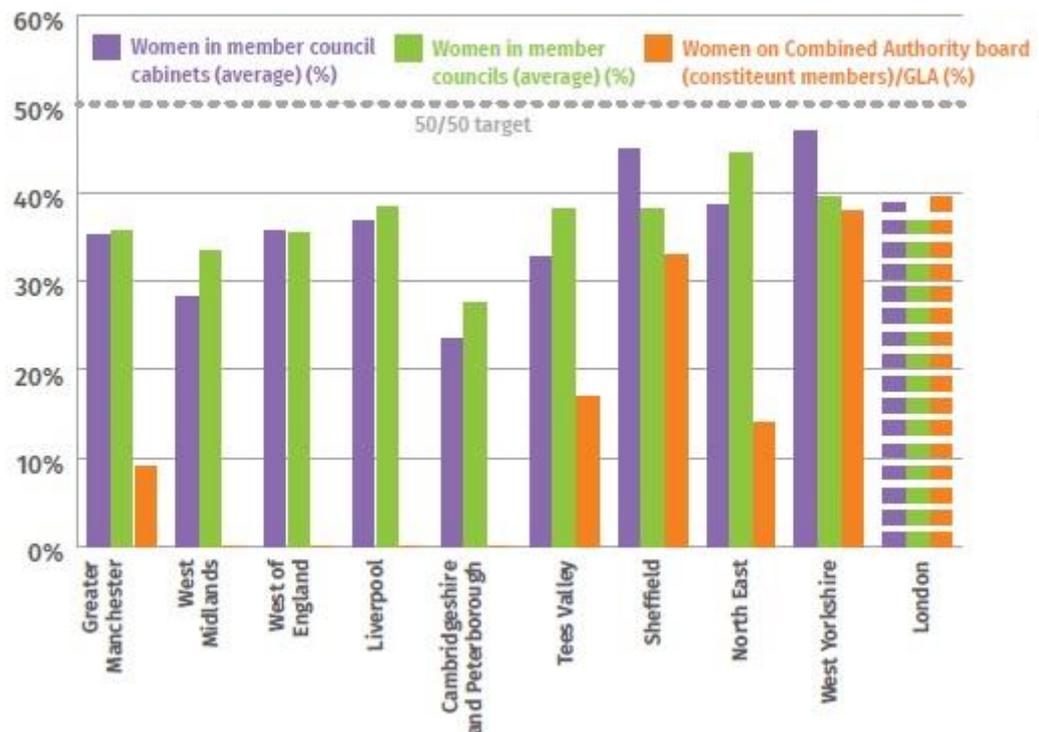
**Combined Authorities, October 2015 to September 2016**



The McGregor-Smith review into Race in the Workplace



## Female representation on our councils



## Pay variations in the WMCA region

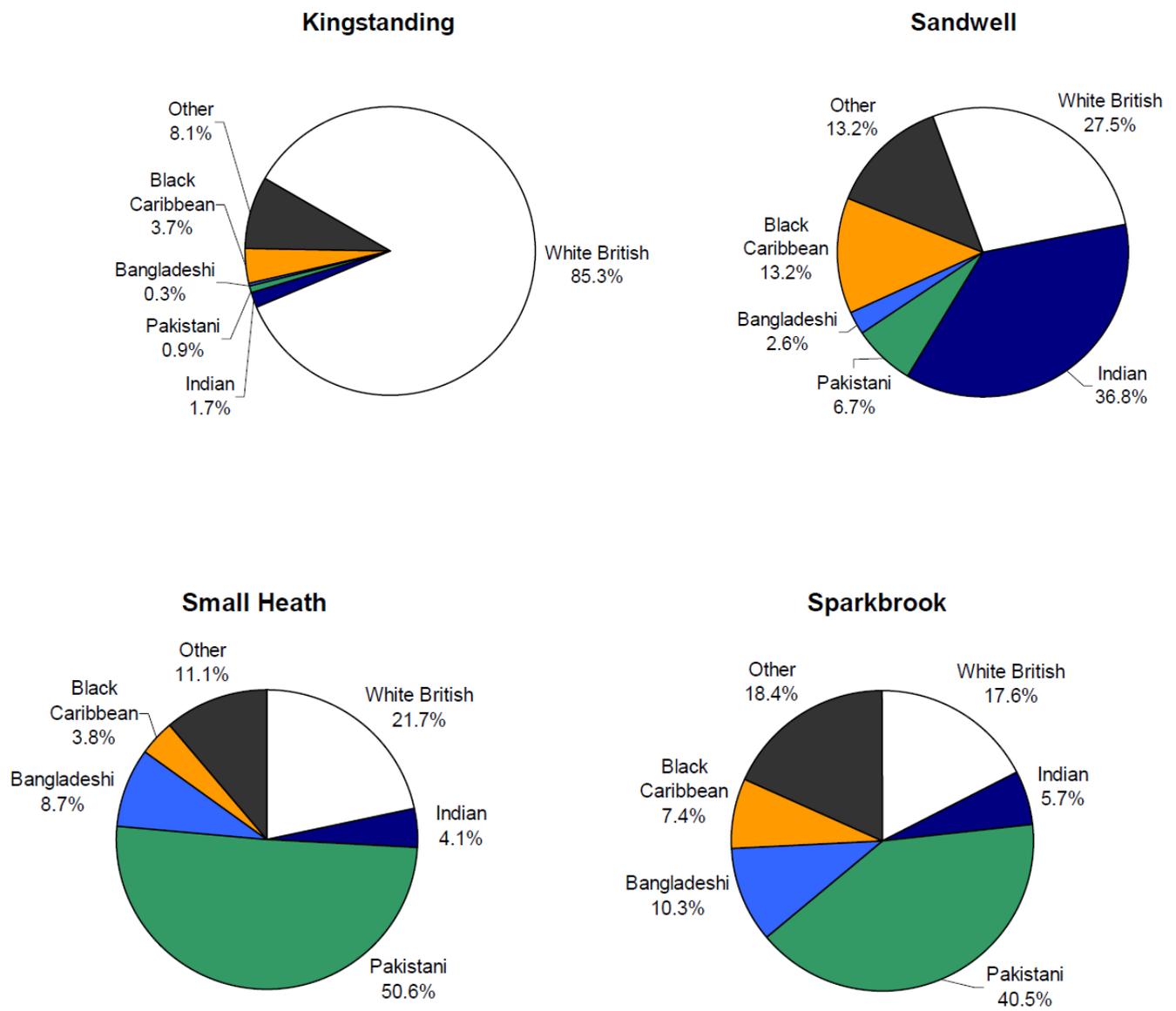
Figure 9: Differences between resident and workplace pay varies across the WMCA

Median gross hourly pay by WMCA local authority, 2016



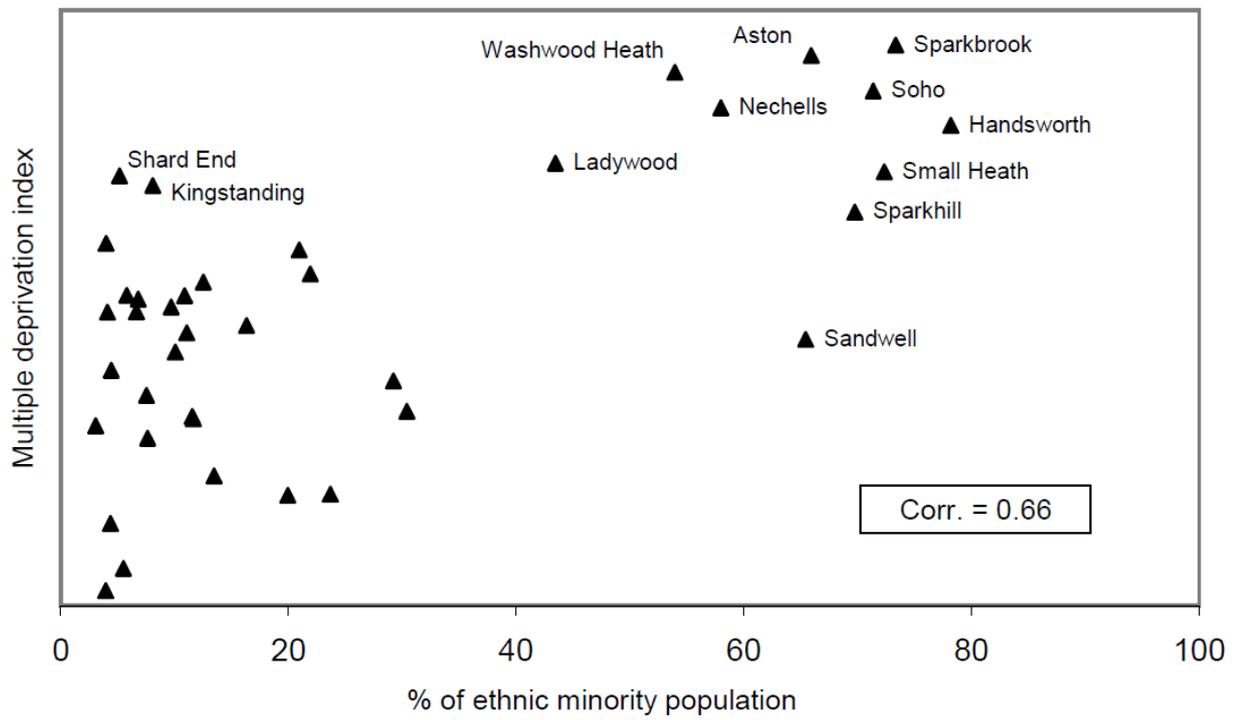
Source: RF analysis of ONS, ASHE

Population by ethnic group in selected Birmingham wards, 2001 (%)



Source: 2001 Census data

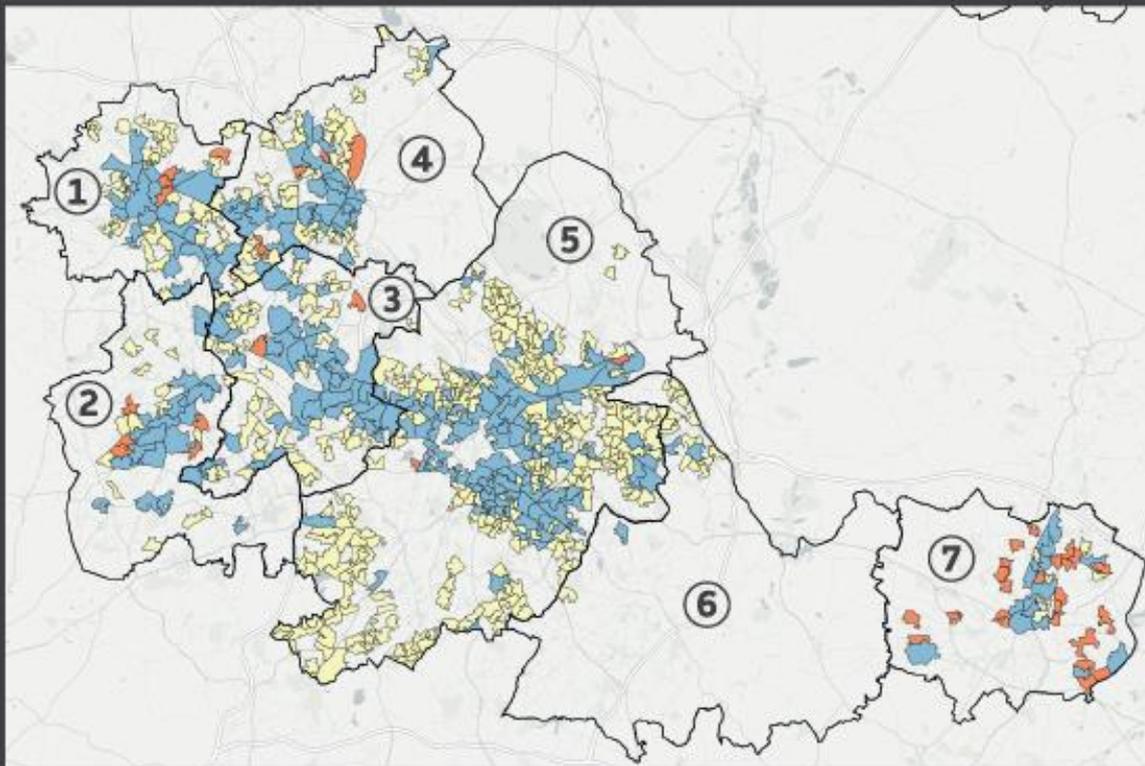
Relationship between multiple deprivation and proportion of ethnic minorities, Birmingham 2004



Source: Own elaborations on Department for Communities and Local Government and Census data

Labour Market Disconnection among Deprived Neighbourhoods in the West Midlands  
(source: Joseph Rowntree Foundation, 2017)

**Fig 1: Labour market disconnection among deprived neighbourhoods in the West Midlands**



**Key**

- Disconnected
- Connected
- Large number of jobs

**Local authority**

- ① Wolverhampton
- ② Dudley
- ③ Sandwell
- ④ Walsall
- ⑤ Birmingham
- ⑥ Solihull
- ⑦ Coventry

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**WEST MIDLANDS**  
COMBINED AUTHORITY

## WMCA Board

<b>Date</b>	12 January 2018
<b>Report title</b>	WMCA Draft Budget and Mayoral Council Tax Precept for 2018/19
<b>Portfolio Lead</b>	Councillor Izzi Seccombe - Finance & Investments
<b>Accountable Chief Executive</b>	Deborah Cadman, West Midlands Combined Authority email: <a href="mailto:deborah.cadman@wmca.org.uk">deborah.cadman@wmca.org.uk</a> tel: (0121) 214 7200
<b>Accountable Employee</b>	Sean Pearce, Director of Finance email: <a href="mailto:sean.pearce@wmca.org.uk">sean.pearce@wmca.org.uk</a> tel: (0121) 214 7936
<b>Report to be/has been considered by</b>	Leadership Team - 14/20 December 2017 Met. Chief Executives - 15 December 2017 Met. Leaders - 4 January 2018

### Recommendation(s) for action or decision:

#### The WMCA Board is recommended to:

- (1) Note the consolidated revenue budget monitoring position as at 30 November 2017 and endorse the transfer into earmarked reserves of £4.8 million as a result of the change in 2017/18 of the Minimum Revenue Provision policy;
- (2) Approves for consultation and scrutiny the draft West Midlands Combined Authority consolidated revenue budget summarised in Section 4. This includes:
  - (a) the budget requirement for transport delivery 2018/19 - 2020/21 comprising of three elements:
    - (i) £114.1 million a year to be funded from the existing transport levy mechanism;
    - (ii) a transfer from earmarked reserves of £1.0 million a year for 3 years; and

- (iii) the investment of £0.6 million into the continuation of the Apprentice Concessionary Fare for the remainder of the 2018/19 Year and development funding to progress new stations work within the West Midlands Rail Franchise.
  - (b) the West Midlands Combined Authority Operational budget requirement for 2018/19 of £11.8 million to be funded by the continuation of the £25,000 Non Constituent Authority contribution and a Constituent Authority contribution that comprises of three elements:
    - (i) the continuation of the £0.25 million membership on an equal shares basis that totals £1.75 million;
    - (ii) a £0.17 million fee on an equal shares basis totalling £1.19 million with regard to the delivery of outcomes of the West Midlands Combined Authority Commissions that are consistent with the plans taken through the West Midlands Combined Authority Board prior to the 2018/19 financial year; and
    - (iii) a fee of £1.71 million representing costs already incurred and funded by the Constituent Authorities in 2017/18 within the Transport Levy and funded on the basis of population in relation to corporate services that support the West Midlands Combined Authority Operational Budget that are to be accounted for under the Operational Budget.
- (3) Agrees, as set out in Section 6, that it is minded to approve the Mayor's budget including a Council Tax Precept of £10.80 that comprises of:
  - (a) £2.00 in relation to the costs of the Mayoral Office and Network Resilience responsibilities;
  - (b) £8.80 in relation to the funding of the West Midlands Combined Authority Investment Programme to provide funding for cycling, park and ride facilities at key rail stations and Sprint bus priority schemes within the West Midlands Combined Authority's Investment Programme,

subject to the outcome of the scrutiny process and consultation and objection deadline of 8 February 2018 as set out in Section 6.3 below.
- (4) Endorses the West Midlands Combined Authority Medium Term Financial Plan as set out in Paragraph 7.2 and Table 8.
- (5) Approves for consultation and scrutiny the Transport Capital Programme as set out in Section 8 and Table 9.
- (6) Note the planned spend on the Investment Programme over the 3 year period as set out in Section 9.

## **1 Purpose**

- 1.1 This report is intended to provide a draft budget for approval at the West Midlands Combined Authority at its meeting on 12 January 2018 that will then be subject to scrutiny and consultation.
- 1.2 The West Midlands Combined Authority Overview and Scrutiny Committee's Budget Scrutiny Task Group will undertake this scrutiny work. The views of the Budget Scrutiny Task Group will be reported back to the West Midlands Combined Authority at its meeting on 9 February 2018 where consideration by the West Midlands Combined Authority Board will be given prior to its consideration of approving the Final Budget.

## **2 Introduction**

- 2.1 This report represents the first part of the formal process to determine the West Midlands Combined Authority's budget, levy and precept levels for 2018/19. If approved, this report will form the basis for proposals to the West Midlands Combined Authority Board on 9 February 2018.
- 2.2 The West Midlands Combined Authority was established to deliver sustainable economic growth and close the productivity gap in the West Midlands as well as add value to the work of existing West Midlands Public Sector bodies.
- 2.3 The combined gross revenue budget of the seven Constituent Members in 2017/18 was £4.7 billion and set against this is a proposal to establish a 2018/19 Gross Revenue Budget for the West Midlands Combined Authority of £177.8 million. This includes £11.8 million for the relatively new West Midlands Combined Authority Operational Budget and together this represents 0.2% of the Gross Revenue Expenditure of the seven Constituent Members.
- 2.4 The draft West Midlands Combined Authority revenue budget for 2018/19 is funded by £6.1 million of locally generated funds and £5.7 million of monies secured through the regions second devolution deal and therefore it can be seen that the region has been successful in leveraging in around £1 for every £1 raised locally to deliver the Operational Budget. In addition significant investment has been secured in addition to that contained in the operational budget through the NHS Executive and Public Health Executive in relation to the Health and Wellbeing portfolio.
- 2.5 This report presents a strategy for both 2018/19 and for the first time an indicative Medium Term Financial Plan across all Revenue and Capital Budgets. In addition, the Investment Programme covers an investment period of 30 years.
- 2.6 The draft budget brings together the impact of West Midlands Combined Authority decisions that have been taken in the 2017/18 financial year that will have an impact over the medium term that includes for example the revisions to the Minimum Revenue Provision Policy as well as the outcomes of work undertaken on West Midland Combined Authority Commissions in 2017/18. The delivery of the Commission outcomes have been modelled on a three year basis with investment proposed on a fixed term basis.
- 2.7 The development of the West Midlands Combined Authority is a result of the significant Political and operational Vision of the Constituent and Non-Constituent Authorities and the hard work undertaken in working with Central Government to develop an organisation from a concept in the early 2010s. This has resulted in substantial additional inward investment of public sector monies into the West Midlands Region that has benefited all seven Metropolitan areas and includes:

- A 30 Year 'Gain-Share' equivalent to £36.5 million per year where these monies would have normally been passed to Central Government;
- The ability to capture the total increase in business rates that result from economic growth across the Constituent Authority area against the 'Business Rates' Baseline that Central Government set when it introduced the Business Rates Retention System in 2013 worth tens of millions per year. This is in marked contrast to the majority of the Country who only received 50% of that growth;
- Funding to unlock landmark infrastructure investments as part of the Investment Programme, the largest of which relates to the HS2 Connectivity package and the latest confirmed funding being the recently announced Central Government Funding for the Wednesbury to Brierley Hill Metro Extension;
- Innovation in the creation of revolving investment funds that offer opportunities for the region to access funding to support a whole range of investment activities that range from Research and Development into Very Light Rail to unlocking Housing Developments that have proved hitherto uneconomical; and
- Leverage of further Central Government, 3<sup>rd</sup> sector and private sector funding alongside Constituent Authority and Non-Constituent Authority contributions in key areas such as Public Health, Mental Health and Public Sector reform.

2.8 The development of the West Midlands Combined Authority has ensured that all the region benefits from both better outcomes as well net new investment with the intention of all areas benefitting from the delivery of Inclusive Growth. The key headlines for the draft budget as follows:

- A revenue outturn forecast for 2017/18 within the budget set in February 2018;
- Cash leverage of on average £6 million a year from Central Government as part of the Devolution 2 deal that broadly matches the proposed contribution levels from the Constituent Authorities together with other significant locally generated funds;
- A reduction in the contributions proposed for the Constituent Members of the West Midlands Combined Authority of £4.5 million and maintenance of the Non-Constituent Authority contributions for 2017/18;
- A indicative plan for Transport for West Midlands over the medium term to deliver services within a flat cash target;
- Investment into the Apprentice Concession and new stations development; and
- A Capital plan for the West Midlands Combined Authority that provides £106,288 million of new investment in the transport infrastructure for the West Midlands.

2.9 This report provides recommendations that would enable the West Midlands Combined Authority to deliver its ambitious plans for driving inclusive economic growth in the West Midlands region and building a healthier, happier, better connected and more prosperous West Midlands. The approach to preparing the budget is in accordance with the medium term financial plan set out in section 7. The Medium Term Financial Plan sets out the anticipated budget position for 2018/19, 2019/20 and 2020/21 and reflects the West Midlands Combined Authority's Strategic Economic Plan and the Mayor's Renewal Plan.

2.10 Some elements of funding, particularly around the phasing of the Devolution Deal monies are still subject to confirmation at the time of writing this report and so a verbal update will be provided at the Board .

### 3 Revenue budget monitoring 2017/18

- 3.1 The West Midlands Combined Authority's forecast outturn for 2017/18 at Month 8 (November 2017) indicates a favourable position on both transport delivery and operational spending for the West Midlands Combined Authority. This forecast represents actual performance for eight months of the 2017/18 financial year together with a forecast for the remaining four months. Net spending for the Mayor's office is anticipated to be in line with the original budget. The following table illustrates the overall revenue position at the end of November 2017:

Table 1: West Midlands Combined Authority Revenue Budget 2017/18

£m	Original Budget	Budget to Date	Actual to Date	Variance to Date	Forecast Outturn	Forecast Variance
Transport Delivery	121.5	81.5	81.0	0.5	115.8	5.7
WMCA Operational Budget	4.3	2.8	2.4	0.4	4.1	0.2
Mayor's Office	0.4	0.3	0.2	0.1	0.4	-
Mayoral Election	5.0	5.0	4.8	0.2	4.9	0.1
Investment Programme	30.0	20.0	20.0	-	30.0	-
<b>Total</b>	<b>161.2</b>	<b>109.6</b>	<b>108.4</b>	<b>1.2</b>	<b>155.2</b>	<b>6.0</b>

- 3.2 The forecast indicates a favourable variance of £6.0 million for the year and primarily relates to:
- savings on payments to operators in respect of the English National Concessionary Travel Scheme (ENCTS), owing to lower patronage than was anticipated when the budget for 2017/18 was set; and
  - an amendment after the budget for 2017/18 was set to the Capital Financing Policy leading to savings of £4.8 million per annum for 7 years commencing in 2017/18.
- 3.3 The one-off costs on the Mayoral Election was funded from Gain Share resources as approved by the February 2017 West Midlands Combined Authority Board. The net saving will accrue into the West Midlands Combined Authority's General Reserve which is set out as follows:

Table 2: Net Savings accruing into the Authority's General Reserve

General Reserve	£m
Balance brought forward 1 April 2017	1.8
Contribution in year 2017/18	4.8
Carried forward 31 March 2018	6.6

- 3.4 Approval is sought for the transfer into earmarked reserves of £4.8 million with the intention is to utilise the carry forward reserve to support financial planning in the following ways:
- £3.0 million (£1.0 million a year for the 3 years 2018/19 – 2019/20) set aside to support the transport delivery revenue budget which has enabled a corresponding levy reduction in each of the 3 years.
  - £1.8 million earmarked for Transport for West Midlands rebranding and a contribution to emerging investment requirements.

#### 4 The draft 2018/19 Consolidated Revenue Budget

4.1 The draft consolidated revenue budget position for 2018/19 is set out in the following table:

Table 3: Consolidated Draft Revenue Budget

£m	Total	Operational	Transport	Mayoral Precept	Investment Programme
<b>Income</b>					
Transport Levy	114.1	-	114.1	-	-
Devolution Deal Grants	42.2	5.7	-	-	36.5
Business Rates Growth	4.5	-	-	-	4.5
<u>Constituent Members</u>					
Membership	4.6	1.8	-	-	-
Commissions	-	1.1	-	-	-
Corporate Services	-	1.7	-	-	-
Non Constituent Members	0.4	0.4	-	-	-
Investment Income	0.5	0.5	-	-	-
Mayoral Precept	7.5	-	-	7.5	-
3rd Party Income	0.2	0.2	-	-	-
Use of Reserves	1.4	0.4	1.0	-	-
Sub Total	175.4	11.8	115.1	7.5	41.0
<b>Expenditure</b>					
Transport Delivery	115.1	-	115.1	-	-
Operational Budget	11.8	11.8	-	-	-
Interest Payable	3.6	-	-	-	3.6
Investment Programme Governance	1.0	-	-	-	1.0
Mayoral Office	0.9	-	-	0.9	-
Network Resilience	0.6	-	-	0.6	-
Capital Expenditure Financing	45.4	-	-	6.0	36.4
Sub Total	175.4	11.8	115.1	7.5	41.0
<b>Net</b>	-	-	-	-	-

4.2 Further detail is provided in the following sections on how this budget has been built up. The proposed contributions from Constituent Authorities based on this draft budget will reduce by £4.5 million from 2017/18 and the split is set out in the table that follows.

Table 4: West Midlands Combined Authority Contributions from Constituent Members

Allocations	2017/18	2018/19	Change
Birmingham	47.9	45.9	(2.0)
Coventry	15.1	14.7	(0.4)
Dudley	13.8	13.3	(0.6)
Sandwell	14.0	13.5	(0.5)
Solihull	9.3	9.0	(0.3)
Walsall	12.1	11.7	(0.4)
Wolverhampton	11.2	10.8	(0.4)
<b>Total</b>	<b>123.3</b>	<b>118.8</b>	<b>(4.5)</b>

- 4.3 Proposed contributions have been worked up with thanks to and through consultation with Constituent Member Finance Directors and a pragmatic solution reached in terms of allocation mechanisms to the different West Midlands Combined Authority functions in the spirit of consensus. Funding for the WMCA is by agreement of all constituent members as set out in Paragraph 5.3. If agreement cannot be reached then the default position is to allocate funds in proportion to population.
- 4.4 The current assumption is that the contribution for Non-Constituent Authorities remains flat at £25,000 per annum for 2018/19 and will be subject to annual review over the medium term. For clarity this schedule is presented below.

Table 5: Non Constituent Authority Contributions

Allocations	2018/19
Redditch Borough Council	25,000
Cannock Chase District Council	25,000
Herefordshire Council	25,000
North Warwickshire Borough Council	25,000
Nuneaton and Bedworth Borough Council	25,000
Rugby Borough Council	25,000
Stratford-on-Avon District Council	25,000
Shropshire Council	25,000
Tamworth Borough Council	25,000
Telford and Wrekin Council	25,000
Warwickshire County Council	25,000
Black Country LEP	25,000
Coventry & Warwickshire LEP	25,000
Greater Birmingham and Solihull LEP	25,000
The Marches LEP	25,000
West Midlands Fire & Rescue Authority	25,000
West Midlands Police	25,000
<b>Total</b>	<b>425,000</b>

### Transport for West Midlands

- 4.5 The current medium term budget for Transport for West Midlands was set out in the February 2017 Budget report approved by the West Midlands Combined Authority Board.
- 4.6 The planning approach to setting the 2018/19 Transport for West Midlands budget has been to consider any changes that may be required to financial planning within the current policy framework and maintain investment into services in accordance with the current medium term financial plan.
- 4.7 An additional financial year, 2020/21 has been added to the planning horizon for Transport for West Midlands in order to provide an indicative Medium Term Financial Plan alongside a statutorily set budget proposal for 2018/19.
- 4.8 The proposed budget confirms the delivery of all existing policies, protects sustainability and continues to transition technology as well as deliver key transport initiatives. The proposed budget for Transport for West Midlands and associated levy for 2018/19 – 2020/21 is summarised in the following table and supported by a detailed analysis in Appendix 1.

**Table 6: Summary Transport Revenue Budget 2017/18 to 2020/21**

£m	2017/18		2018/19		2019/20		2020/21	
English National Concessions Travel Scheme	52.5	43.2%	51.4	44.6%	51.8	45.0%	51.4	44.7%
Finance Related	18.9	15.5%	12.7	11.0%	11.1	9.6%	10.8	9.4%
TFWM Policies	45.5	37.4%	47.2	41.0%	48.2	41.9%	48.7	42.3%
Business Services, Elected Members and WMR	4.7	3.8%	3.9	3.4%	4.1	3.6%	4.2	3.6%
<b>Total</b>	<b>121.5</b>		<b>115.1</b>		<b>115.1</b>		<b>115.1</b>	
Use of Reserves	0.0		(1.0)		(1.0)		(1.0)	
Proposed Levy	121.5		114.1		114.1		114.1	

- 4.9 The summary above illustrates a proposed levy in 2018/19 of £114.1 million. This represents a reduction from the 2017/18 levy of £121.5 million. The most material movements can be summarised as follows:

- £4.8 million 6 Year change to the MRP policy

This relates to the annual financial impact of the revised Minimum Revenue Provision Policy approved by the West Midlands Combined Authority Board in November 2017. The reduction in the MRP charge is for a 6 year period (2018/19 to 2023/24 inclusive) whereupon the MRP charge will revert to its current levels.

- £1.0 million Reserves support to reduce the levy

This relates to the 2017/18 reduction in the MRP charge to the Transport for West Midlands Budget of £4.8 million that is being transferred to Reserves. As set out in Section 3 of this report. £3 million is planned to be released into the Transport for West Midlands budget in equal measure over each year within the Medium Term Financial Plan. £1.8 million is planned to be set aside to fund rebranding and capital expenditure requirements in 2018/19.

- £1.7 million Transfer of corporate services costs

This relates to the transfer of corporate services costs across the other two areas of the West Midlands Combined Authority to recognise that these corporate services are consumed by other areas of the organisation following the first year's operations of the Mayoral Combined Authority. The transfer of costs has been accompanied by an equivalent transfer of funding.

4.10 In addition, the preceding table above sets out a reduced forecast requirement for Concessions reimbursement to bus operators. The Portfolio Lead for Transport recommends that the following two investments are therefore made into the service to deliver improved outcomes for residents and service users.

- a. £0.25 million Continuation of the Apprentice and Trainee concession

The West Midlands Combined Authority currently operates a successful concessionary half fare travel to all children aged five to 15 and 16-18 scholars (in full time education) residing in the West Midlands. Specifically, the half fare offer has been widened to apprentices and trainees aged 16-18.

It is proposed to set aside funding to extend the scheme fully for the remainder of the 2018/19 financial year from the initial pilot. A full report will be provided to the West Midlands Combined Authority Board to confirm the design and operation of this scheme prior to the end of the 2017/18 Academic Year for approval and the extent to which this scheme is incorporated into TfWM policy.

- b. £0.35 million Development funding for the new rail franchise Stations

The new West Midlands Rail Franchise commenced on 12 December 2017. The West Midlands Combined Authority now hold the commissioning responsibility for this franchise and will need to develop investment plans for new stations within this franchise.

Delegated Authority to the Portfolio Lead for Transport is requested to develop a programme of work with regard to the new franchise station development within the recurrent revenue allocation of £0.35 million.

4.11 The budget reflects the final year of the 3 year Ring & Ride funding strategy with a further reduction of £0.2 million in funding for the service acknowledging the policy & delivery review of ring & ride service will continue to be progressed during 2018. In terms of Policy review in 2018/19, Transport for West Midlands will be considering the ways in which service outcomes can be delivered within a forecast budget envelope. This is consistent with the intentions articulated for the service in the previous financial and business planning round.

## **5 WMCA Operational Budget**

5.1 The proposed West Midlands Combined Authority Operational Budget is summarised in the following table. Appendix 2 sets out in more detail each Portfolio areas.

Table 7: Summary WMCA Operational Budget 2017/18 to 2020/21

£m	2017/18	2018/19					2019/20	2020/21
		Membership	Commissions	Support	Devolution	Total		
<b>Income</b>								
Constituent Members	1.8	1.8	1.1	1.7	-	4.6	4.6	4.6
Non Constituent Members	0.4	0.4	-	-	-	0.4	0.4	0.4
Investment Income	0.5	0.5	-	-	-	0.5	0.5	0.5
Gainshare & Discount	1.6	-	-	-	-	-	-	-
Devolution Funding	1.2	-	-	-	5.5	5.5	6.7	4.9
3 <sup>rd</sup> Party	0.1	-	-	-	0.2	0.2	0.1	0.6
Reserves	-	-	0.4	-	0.2	0.6	0.2	-
<b>Sub Total</b>	<b>5.6</b>	<b>2.7</b>	<b>1.5</b>	<b>1.7</b>	<b>5.9</b>	<b>11.8</b>	<b>12.5</b>	<b>11.0</b>
<b>Expenditure by Portfolio</b>								
Economic Growth	1.2	1.1	0.1	-	0.6	1.8	1.7	1.6
Housing and Land	0.1	0.1	-	-	1.0	1.1	2.5	2.6
Health and Wellbeing	0.2	0.2	0.5	-	-	0.7	0.7	0.7
Public Service Reform	0.5	0.4	0.2	-	0.2	0.8	0.6	0.6
Skills and Productivity	1.9	0.3	0.3	-	4.1	4.7	4.3	2.7
Collective Investment Fund	0.4	-	-	-	-	-	-	-
Transport	0.1	-	-	-	-	-	-	-
Leadership and Support	1.2	0.6	0.4	1.7	-	2.7	2.7	2.8
<b>Sub Total</b>	<b>5.6</b>	<b>2.7</b>	<b>1.5</b>	<b>1.7</b>	<b>5.9</b>	<b>11.8</b>	<b>12.5</b>	<b>11.0</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

5.2 The preceding table splits the Constituent Authority Contributions into three parts to ensure consistency with the design principles for the West Midlands Combined Authority and these are summarised below.

a. £1.8 million Constituent Authority Membership Fees

This represents the ongoing costs of the West Midlands Combined Authority Operational Budget and the maintenance of the principle of the fixed £0.25 million per year membership fee per Constituent Authority representing the equal membership status of each authority.

b. £1.1 million Constituent Authority contributions based on Commission approvals

This represents the costs of delivery of each Portfolio across the medium term based on the outcomes and delivery plans approved by the West Midland Combined Authority Boards and/or Commissions. This budget sets out the financial impact of those decisions across the medium term that require funding from the Constituent Authorities.

The funding is broadly consistent with the run rate of expenditure incurred in 2017/18 and can be met through the budgets available within the seven Constituent Authorities following MRP reductions in the Transport for West Midlands Levy. This represents fixed term investment over the medium term that deliver specific outcomes and will be subject to annual review.

c. £1.7 million Constituent Authority contributions to support corporate services

This represents the costs of Business Services that were on the whole previously allocated and recovered within the Transport for West Midlands Levy that have been transferred to the West Midlands Combined Authority Operational Budget based on the activities actually supported by these teams.

To ensure consistency of funding and therefore no net change in contributions from the Constituent Authorities, the basis on which these costs are recovered from them are based on Population to ensure that there is no impact on Constituent Authority contributions from the transfer in accounting terms.

5.3 When taken together, the Constituent Authority funding mechanism for the West Midlands Combined Authority Budget is now based on a 63% fixed membership fee and a 37 % population based split. The seven Constituent Authority Finance Directors have been consulted from a technical perspective.

5.4 The Housing and Land Commission identified measures to increase supply of land for housing and employment, helping meet the levels of growth set out in the Strategic Economic Plan and now set out for delivery in the Land Action Plan.

5.5 Set out below is more detail with regard to the proposals have been developed with the support of Lead Portfolio Holders and Lead Chief Executives and therefore support for approval of the Budget are significantly in five Portfolio areas, those being:

a. £0.1 million Economic Growth

£0.1 million (£60k) in relation to two cultural studies as agreed through the Portfolio Holder for Culture and Tourism Enquiry and Pilot.

- b. £0.5 million Health and Wellbeing
- £0.3 million in relation to four posts to deliver the outcomes of the Mental Health Commission approved through the West Midlands Combined Authority Board in 2017/18. This investment lever in significant matched funding in excess of £8 million into the Region to support the delivery of the findings of the Mental Health Commission. The Mental Health Commission has undertaken research into mental health and its impact on the public sector, launched the Thrive West Midlands action plan and will be holding the first Thrive Mental Health Commission Awards in January.
- £0.1 million to drive forward and implement the 'West Midlands on the Move' Strategy
- £0.1 million to support 3 Health and Wellbeing Pilots that lever in significant additional resources from NHS England, Public Health England and local universities
- c. £0.2 million Public Service Reform
- A policy officer post to assist in the development and production of the outline business cases for the Public Sector Reform programme;
- Consultancy support for the commission pilot & priority areas around social care, education and collaboration
- d. £0.3 million Skills and Productivity
- The Productivity & Skills Commission sets the investment to enable strategic targeting of areas where there is potential to boost productivity and re-ignite under-performing industry, helping to reduce unemployment and underemployment and ultimately tackle a widening skills gap. In addition to the significant Devolution Deal monies, local contributions are required for the following activities.
- Delivery of the automotive skills strategy; and
  - Delivery of the Regional Employer and Learner offer.
- e. £0.5 million Leadership and Support
- £0.1 million advisor fees retained for Funding for Growth work representing a reduction from £0.4 million included in the prior year 2017/18 budget;
- £0.2 million for West Midlands Combined Authority marketing, promotion, stakeholder engagement, lobbying, conferences and other promotional spend that whilst consistent with the allocation in the 2017/18 Operational Budget is yet to be deployed for 2018/19; and
- £0.2 million of additional resource to support scrutiny, legal and financial processes over the medium term financial plan as the gross expenditure and activity has increased over and beyond the 2017/18 levels.

5.6 The commitment to fund the delivery of the Commission Outcomes has been successful in levering in significant Central Government and local matched funding. Across the West Midlands Combined Authority Operational Budget the level of Devolution Deal 2 monies represents almost a 100% cash match against local resources.

- 5.7 In addition, and particularly with regard to the Health and Wellbeing Portfolio a significant investment from Partners has been levered in to increase the investment across the region on these activities. Were the local contributions from Constituent Authorities to be put at risk then this level of match and financial support from Partners may be put at risk. Further detail across each Portfolio and Expenditure plans is provided within Appendix 2.
- 5.8 The Board is recommended to approve the inclusion of these budget allocations into the West Midlands Combined Authority Draft Budget based on the Portfolio Lead and Lead Chief Executive support for these proposals together with the business cases.

#### The West Midlands second Devolution Deal

- 5.9 The second Devolution Deal between Central Government and West Midlands Combined Authority and the financial contributions available to the West Midlands Combined Authority are set out in Table 7. This reflects the confidence that Central Government has in the region responsible for almost a third of all new private sector jobs in the UK over the last 12 months.
- 5.10 Funding to create a Delivery Team to drive an ambitious house-building programme and investment in high-tech economic sectors forms the focus of the new deal initially announced by the Chancellor in November. The deal recognises that the region is outperforming others in terms of start-ups and economic growth, and lays the foundations to further improve this performance. The new Housing Delivery Team will provide additional capacity to work with local authorities, developers and investors to help the West Midlands unlock the new homes needed in the region by 2030. The deal also provided support in the form of £5 million investment to expand construction skills. It puts the region at the vanguard of accessing the £44 billion earmarked for housing and infrastructure by the Chancellor in his budget.
- 5.11 To support jobs growth in emerging technologies, the deal commits to the West Midlands' role as a global centre for new automotive development such as in electric and driverless cars. This builds on the West Midlands' existing strengths in this sector, focused around Coventry, but with wider benefits to the whole region. The West Midlands recently secured £31 million of Central Government investment to undertake testing of driverless vehicles on key routes in the region, working alongside the private sector and has an £80 million bid for a battery research and development institute currently being considered.

#### Coventry City of Culture 2021

- 5.12 The West Midlands Combined Authority Board approved a report at its November 2017 meeting outlining its support for the bid for Coventry to become the UK City of Culture in 2021. This included a potential consideration of a financial contribution from the West Midlands Combined Authority of £4.0 million as part of its normal budget setting process. Coventry received the fantastic news that it was successful in its bid in early December 2017.
- 5.13 The Coventry City of Culture Trust is now reviewing its business plan and establishing with more certainty the funding streams and funding profiles that they are able to secure to deliver a truly transformational build-up programme (2018-2020), the delivery year (2021) and a legacy year (2022) for both the city and the region.
- 5.14 The Portfolio Lead for Finance has agreed to work with the Leader of Coventry City Council to firm up the exact revenue request for financial support from the West Midlands Combined Authority and a further paper will be provided to the West Midlands Combined Authority Board in March 2018.

## **6 Mayor's Budget and Precept**

- 6.1 On 5 May 2017, six mayors were elected for the first time to lead combined authorities in: Cambridgeshire and Peterborough, Greater Manchester, Liverpool City Region, the Tees Valley, the West of England and the West Midlands. The six combined authority areas account for a total population of 9.5 million people, almost 20% of the population in England.
- 6.2 From 2018/19 elected Combined Authority mayors can raise additional resources through a precept on local council tax bills. This will therefore be the first financial year for which mayoral combined authorities have been required to consider issuing a precept.
- 6.3 The Mayor must notify the West Midlands Combined Authority of his draft budget before 1 February 2018 and this report represents that notification. The Combined Authority must review the Mayor's Budget and may make a report on it to the Mayor setting out whether they would approve it in its current form and may include recommendations. This must take place before 8 February 2018 otherwise the Mayor's Budget will be deemed approved. If the Combined Authority makes a report then the Mayor must have at least 5 working days to respond and can either make the required changes or not.
- 6.4 The West Midlands Combined Authority must then decide whether to accept the original (or revised) budget or veto it and approve the budget with their amendments. Decisions of the West Midlands Combined Authority are by a 2/3rds majority for setting of the Mayoral budget.
- 6.5 In his Renewal Plan, the Mayor committed to raising no precept before 2018, and to convene a panel of experts to examine the alternatives to raising a precept, such as business rates supplements, public sector pension fund investment, land value capture and a public sector reform Gainshare fund. The West Midlands Combined Authority Funding for Growth Programme has been established with finance experts from the private sector, local government and academia, and has examined the potential alternatives to a precept since May 2017.
- 6.6 The funding sources examined have significant potential but are more focused on the medium and long term. The Mayor has however committed to keeping the precept as low as possible, whilst fulfilling his manifesto commitments to the people of the West Midlands. Set out below are three groups of activities which will be funded from the precept, all of which were key mayoral pledges during his election campaign and are aligned to the WMCA's agreed policy priorities:
- a. Mayor's office & delivery of the Mayor's Renewal Plan;
  - b. Network Resilience and Congestion Reduction; and
  - c. Contribution to the Investment Programme.

### Mayor's Office and delivery of the Mayor's Renewal Plan

- 6.7 The Mayor put forward an ambitious programme of activities in his Renewal Plan, and the Mayor's Office exists to support the Mayor in delivering his manifesto commitments:
- Support the Mayor's schedule of events, meetings and media appearances;
  - Ensure the Mayor can listen to and communicate with citizens in the West Midlands effectively;
  - Support with briefings and policy review; and
  - Oversee the delivery of the Mayor's policy priorities.

- 6.8 The Mayor's Budget includes the staffing costs of the Mayor, the senior team, support staff, policy advisors as well as resources to deliver communications, customer response and events. The proposed budget includes development of capacity to deliver specific Mayoral initiatives from the Mayor's Renewal Plan, these include 4 areas of focus:
- a. Homelessness Taskforce: To "design out" homelessness in the West Midlands with a co-ordinated organisations from the public, private and voluntary sectors;
  - b. Leadership Commission: To reshape the leadership of the West Midlands across industries to more closely reflect the make-up of the region;
  - c. Mayor's Mentors: To provide mentoring opportunities for young people in the West Midlands to drive career aspiration; and
  - d. Funding for Growth Programme: To identify new ways of funding and financing the ambitions of the West Midlands Combined Authority.

#### Network Resilience and Congestion Reduction

- 6.9 Transport for West Midlands plans to deliver an ambitious programme of new Metro lines, rapid bus Sprint routes, and re-opening rail stations and lines. Other major developments in the region, such HS2 and motorway improvement schemes, in addition to the existing levels of transport congestion, have the potential to cause significant disruption which will hold back the region's economic performance and negatively impact people's lives.
- 6.10 The Mayor's Precept incorporates the anticipated costs of delivery of the network resilience and congestion reduction business plan in 2018/19 that has been formulated by the Director of Network Resilience. These network resilience and congestion reduction activities are included in the proposed Mayor's Precept based on the Mayor's devolved powers to address road traffic reduction and highways/traffic management.
- 6.11 A congestion management plan will be developed to tackle the challenges the region will face over the coming years. This plan will include:
- Development of congestion action plans for each route on the Key Route Network;
  - Strategic co-ordination of traffic management activities across the region, for example, exploring a joint traffic control centre and a joint permit scheme;
  - Improved protocols for co-ordination between organisations involved in traffic management, for example through the Ministerial Network Resilience Group;
  - Behaviour change activities to encourage people to shift to public transport, cycling and walking, and reduce the demand on roads in the region; and
  - Investment in road infrastructure to improve traffic flow.

#### Investment Programme.

- 6.12 The West Midlands Combined Authority works across the biggest challenges which the region faces, and decides collectively where to focus its resources through its Investment Programme. In particular, there are a number of schemes which aim to reduce congestion across the West Midlands. The Mayor's Precept incorporates a contribution to the West Midlands Combined Authority's Investment Programme that will support the funding of these congestion busting investments in the West Midlands as envisaged in the West Midlands first Devolution deal and the Mayoral Renewal Plan.

- 6.13 The financing of the West Midlands Combined Authority's Investment Programme as agreed by its constituent members in 2015/16 included a contribution from a future mayoral precept, and no viable substitute funding mechanism has been identified by the Funding for Growth Programme for 2018/19 at this stage. The Funding for Growth programme will develop plans to support, complement and add to the existing funding mechanisms included in the Investment Programme over the medium term.
- 6.14 Funds raised from the Precept will be earmarked for Investment Programme projects that can be clearly demonstrated to fall within the Mayoral powers and plans are in place for delivery of the investment in 2018/19.
- 6.15 Specific schemes relevant to reducing congestion schemes already included in the approved Investment Programme are as follows:
- Investments designed to encourage cycling including the development of separate cycle lanes;
  - Investment in park & ride facilities at key rail stations designed to encourage commuters to use public transport such as the scheme to provide new park & ride facilities at Longbridge; and
  - Investment in developing Sprint bus priority schemes along key corridors such as the scheme for the A45.
- 6.16 The forecast costs of the overall schemes relevant to reducing congestion when taken in aggregate are in excess of the funding intended to be developed through the Precept.
- 6.17 Mayoral powers to raise a Precept for the purposes of providing funding for the Investment Programme are limited to those projects which will improve congestion and have a direct impact on car usage and road safety as being functions that are within the mayoral powers.
- 6.18 The proposed budget for the Mayor's Office, network resilience and congestion reduction initiatives and a contribution to the Investment Programme to fund relevant schemes currently indicates a precept of £7.5 million which equates to a Band D council tax of £10.80 or 21p per week. The proposed budget is set out in Appendix 3.
- 6.19 The costs of administering future Mayoral elections cannot be included in the Precept and will need to be met through the West Midlands Combined Authority Constituent Member contributions. A funding strategy will therefore need to be agreed.

## **7 The Medium Term Financial Plan**

- 7.1 The Medium Term Financial Plan contained within the budget setting papers for 2017/18 has been reviewed and updated to reflect revised funding levels receivable from Constituent Authorities and devolution funding granted by Central Government as well as other funding streams for specific projects. The financial planning horizon has been extended by one year to 2020/21 and for the first time the Medium Term Financial Plan includes the following:
- The West Midlands Combined Authority Transport Levy for Transport for West Midlands;
  - The West Midlands Combined Authority Operational Budget;
  - Investment Programme Governance and Interest Payable costs; and
  - The Mayoral Combined Authority Precept.
- 7.2 A summary of the Consolidated West Midlands Combined Authority is set out in the following table:

Table 8: Consolidated Medium Term Financial Plan

£m	2017/18	2018/19	2019/20	2020/21
<b>Income</b>				
Transport Levy	121.5	114.1	114.1	114.1
Devolution Deal Grants	36.5	42.2	43.2	41.3
Business Rates Growth*	0.0	4.5	6.0	7.5
<b>Constituent Members</b>				
Membership	1.8	1.8	1.8	1.8
Commissions	-	1.2	1.2	1.2
Corporate Services	-	1.7	1.7	1.7
Non Constituent Members	0.4	0.4	0.4	0.4
Investment Income	0.9	0.5	0.5	0.5
Mayoral Precept	-	7.5	7.5	7.5
3rd Party Income	0.0	0.2	0.1	0.5
Use of Reserves/Other	0.0	1.3	1.0	1.0
<b>Sub Total</b>	<b>161.2</b>	<b>175.4</b>	<b>177.5</b>	<b>177.5</b>
<b>Expenditure</b>				
Transport for West Midlands Levy	121.5	115.1	115.1	115.1
Operational Budget	4.3	11.8	12.4	10.9
Investment Programme: Interest Payable	-	3.6	7.6	10.8
Investment Programme Governance	0.7	1.0	1.0	1.0
Mayoral Election / Office	5.4	0.9	0.9	0.9
Mayoral Precept for Network Resilience	-	0.6	0.6	0.6
Revenue Financing of Capital Expenditure	29.3	45.4	42.9	41.2
<b>Subtotal</b>	<b>161.2</b>	<b>175.4</b>	<b>177.5</b>	<b>177.5</b>
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
* Whilst income from business rates growth has been calculated as receivable in 2017/18, it was not included in the original budget				

- 7.3 The indicative Medium Term Financial Plan for 2019/20 and 2020/21 assumes a cash flat funding requirement from Constituent Authorities both in terms of the Transport for West Midlands levy over the three year period and their contributions to the West Midlands Combined Authority Operational Budget in the latter two years. Whilst this currently represents the planning assumption, it is acknowledged that this creates a potential financial risk specifically with regard to inflationary increases, pay and legislative changes and demand in terms of patronage and the impact of these risks will be kept under review.
- 7.4 Assumptions have been made around pay and price rises and the Consumer Prices Index along with changes in patronage and fares. Any variation on this for 2018/19 will need to be managed within the available resources. These clearly may change significantly over the medium term meaning a cash flat position may not be achievable without changes to policy.
- 7.5 The announcements around the West Midlands Fire and Rescue Services and the Office of the West Midlands Police and Crime Commissioner will require one off costs and the West Midlands Combined Authority will be working with partners to identify how these will be funded.

7.6 The Medium Term Financial Plan incorporates a broad estimate of the financial impact of the following risks and sensitivities:

- Demographic growth and demand pressures specifically where transport payments and services are directly affected by patronage demands;
- Inflation;
- Brexit, to the extent that there may be potential for increased costs of supply of labour, good and services; and
- Business Rates Retention Scheme and the achievement of growth targets, including the retention mechanism currently being developed through the West Midlands Finance Directors' Group.

7.7 These assumptions will be kept under review with the Finance Directors of the seven Constituent Authorities.

## 8 Transport Medium Term Capital Programme

8.1 The Transport Capital Programme is summarised in the table below and set out in detail within Appendix 4. The table below outlines the planned capital transport interventions to be delivered by Transport for West Midlands between 2018/19 and 2020/21 with the aim of provided best in class public transport services across the West Midlands.

Table 9: Summary Transport Capital Programme

£m	2018/19	2019/20	2020/21	Total
HS2 Connectivity Programme	58.6	111.3	132.0	301.7
Metro Birmingham Eastside Extension	21.0	41.0	31.9	94.0
Metro East Birmingham to Solihull	3.6	6.0	17.0	26.6
Metro Wednesbury to Brierley Hill	13.7	12.6	38.9	65.2
<b>TfWM Investment Programme Schemes</b>	<b>96.8</b>	<b>170.9</b>	<b>219.8</b>	<b>487.5</b>
Asset Renewal and Replacement	1.3	1.2	1.2	3.7
Project Development	1.9	0.9	-	2.8
Metro, Rail and Bus Minor Works	1.3	1.5	2.3	5.1
Key Route Network	0.8	1.0	1.0	2.8
Sustainable Travel	4.2	-	-	4.2
<b>Other Capital Programmes</b>	<b>9.4</b>	<b>4.6</b>	<b>4.5</b>	<b>18.5</b>
<b>Total</b>	<b>106.3</b>	<b>175.5</b>	<b>224.2</b>	<b>506.0</b>

8.2 The programme predominantly consists of Transport for West Midlands direct delivery of schemes to support the Devolution Deal One Investment Programme in the form of Metro extensions, Sprint network delivery and Rail investment.

8.3 The programme also contains the agreed Transport for West Midlands Minor Works programme which is funded from Integrated Transport Block and is focused on Asset Renewal and Replacement programmes in addition to the initial development of larger schemes. In addition, other programmes such as Managing Short Trips and Longbridge Connectivity which are funded by Local Growth Funding are included in the programme.

## 9 Investment Programme

- 9.1 The West Midlands Combined Authority Investment Programme consists of an £8 billion package of measures designed to stimulate and grow the West Midlands economy. The programme is funded through a broad range of sources, including a substantial borrowing commitment from West Midlands Combined Authority.
- 9.2 The approved Investment Programme planned spend 2018/19 – 2020/21 is currently £531.5 million and is set out in Appendix 5 for noting.
- 9.3 All schemes continue to be subject to the assurance approvals process and the financial monitoring and reporting requirements and estimates of spend are in accordance with latest scheme submissions.
- 9.4 A focus, as part of the Strategic Economic Plan is to invest into priorities for driving economic growth in the West Midlands region and building a healthier, happier, better connected and more prosperous West Midlands. These include
- **HS2 and the Midlands Growth Strategy** – as part of the West Midlands Combined Authority Strategic Economic Plan, the region is geared up to capitalise on the unprecedented opportunities HS2 will bring – tens of thousands of new jobs, a new level of connectivity to the great northern cities as well as London and new opportunities for young people with the HS2 College.
  - **Metro Extension Programme** - Once complete this extension will provide regeneration opportunities and put hundreds of thousands of people within easy reach of HS2, will align employment, education, health and tourism plans along the route, stimulating investment in the Black Country and creating thousands of jobs and new homes, as well as more than halving journey times from some of the stops along the route into central Birmingham.
  - **Delivering housing growth** – new housing is central to economic growth and achieving the SEP target by 2030.

## 10 Budget Calculation

- 10.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer, in this case, the Director of Finance, as Section 151 officer to report to the West Midlands Combined Authority when it is setting the budget and the precept. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.
- 10.2 The budget currently provides for the financial implications of the West Midlands Combined Authority's policies to the extent that these are known or can reasonably be assessed. However, there are a number of risks which are beyond the West Midlands Combined Authority's control and for which it is not possible to be precise:
- The West Midlands Combined Authority's demand-led services;
  - Inflation and interest rate volatility;
  - West Midlands Pension Fund Investment Performance; and
  - Unforeseen emergencies.
- 10.3 Exclusive of the set aside from the 2017/18 MRP, the General Reserve Balance as set out in Table 2 is £1.8 million. This balance represents only represents only 1.6% of the proposed 2018/19 levy.

- 10.4 The Audit Commission recommend that general fund reserves should be between 5% and 7.5% of expenditure. The proposed balance is significantly below this recommended level and consideration should be given over the medium term to increase the level of General Balances to ensure risk can be managed within the West Midlands Combined Authority without creating volatility on the Transport for West Midlands levy.
- 10.5 Members will also be aware of our obligations as a Best Value authority to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness, including consultation with tax payers and users as appropriate.
- 10.6 These obligations are addressed in the medium term financial planning and brought together as part of the annual budget process in this report and the February 2018 Cabinet budget report. This is supplemented by additional Cabinet reports throughout the year with regard to the approval of significant investments and reforms.
- 10.7 Despite the above risks, there are also a number of opportunities to consider to ensure optimum financial stability and security that include:
- Capital Financing, making best use of capital financing, including optimum use of access to the Public Works Loans Board; and
  - Treasury Management Activity, maximising the current market opportunities for the West Midlands Combined Authority and reviewing the borrowing strategy.
- 10.8 The Director of Finance states that to the best of his knowledge and belief these budget calculations are robust and have full regard to:
- The West Midlands Combined Authority's Strategic Economic Plan and the Mayor's Renewal Plan;
  - The need to protect the West Midlands Combined Authority's financial standing and risk;
  - The estimated financial position as at the end of 2017/18;
  - The financial policies of the government as they impact upon the West Midlands Combined Authority;
  - The Transport Capital Programme set out in Appendix 4;
  - The Investment Programme set out in Appendix 5;
  - The strength of the West Midlands Combined Authority's financial control procedures including audit considerations; and
  - The extent of the West Midlands Combined Authority's general balances and earmarked reserves.

## **11 Guidance on Excessive Increases in Council Tax**

- 11.1 The Localism Act gives local communities the power to approve or veto excessive rises in Council Tax. The provisional Local Government Finance Settlement for 2018/19 received on 19 December 2017 confirms that the Government does not intend to apply a referendum principle to precepts set by mayors of combined authorities in 2018/19. It will therefore be for mayors to decide the level of those first precepts without reference to any referendum principles. Government expects that mayors will exercise restraint and set a council tax precept which is proportionate to their needs and not burdensome to their residents. It remains open to Government to review the level of the mayoral precepts that are set in 2018-19, and any application of council tax referendum principles in subsequent years.

### Council Tax Base

- 11.2 The Constituent Authorities are currently in the process of setting their tax bases for 2018/19. This is the equivalent number of band D properties in the Constituent Authorities' area. The current information provided to the West Midlands Combined Authority is included within Section 6. Should changes occur to these tax bases then an adjustment will be made in time for the report to the West Midlands Combined Authority Board in February 2018.
- 11.3 It is not anticipated that any change in tax base information will result in a materially different proposal to that set out in this report.

### Collection Fund Surpluses

- 11.4 In future years the West Midlands Combined Authority will benefit from a share of any surpluses declared by Metropolitan Authorities on their 'Collection Funds'. This surplus would be available as a one-off income stream and will be included in the West Midlands Combined Authority Budget Paper in February 2019.

## **12 Scrutiny**

- 12.1 Scrutiny of the 2018/19 budget proposals is being undertaken by the Overview and Scrutiny Committee's Budget Task and Finish Review Group which is meeting with the Mayor, the Portfolio Lead for Finance and key senior officers to complement the work already being carried out by the Transport Delivery Committee.
- 12.2 The conclusion of this work will inform the Overview and Scrutiny Committee which will be meeting during week commencing 29 January 2018 to consider what comments it wishes to make to the West Midlands Combined Authority Board as part of the budget consultation.
- 12.3 A copy of the commentary will be made available in time for the West Midlands Combined Authority Board on 9 February 2018.

## **13 Fulfilling the Public Sector Equality Duty requirements**

- 13.1 The West Midlands Combined Authority will continue to have due regard to proactively addressing the three elements of the Public Sector Equality Duty in all relevant areas – in particular the planning and delivery of our services. The West Midlands Combined Authority will continue to assess the equality impact of all relevant transformational change programmes and will ensure that the West Midlands Combined Authority Board has sufficient equalities assessment information to enable it to have due regard to the three elements of the Equality Duty when considering the budget for 2018/19.
- 13.2 The West Midlands Combined Authority will continue to ensure best practice is followed with regard to these requirements and will summarise its position in the February Report to the West Midlands Combined Authority Board following the finalisation of the Budget proposal.

## **14 Legal Implications**

- 14.1 Under powers granted by the Combined Authorities (Finance) Order 2017, Elected Mayors may raise a precept on Constituent Authorities Council Tax bills under section 107G of the Local Democracy Economic Development and Construction Act 2009. A Mayoral Precept may only be issued in relation to the costs of the Mayor or of discharging Mayoral Functions. The Mayoral functions are set out in Article 22 of the West Midlands Combined Authority (functions and amendments) Order 2017. In particular, there are powers for the Mayor to engage in highway management activity, works permit schemes, road safety measures and road traffic reduction activity amongst others. The Order also gives the Mayor a functional power of competence to do anything that is associated, incidental or connected with those powers in order to undertake those activities.

- 14.2 Resources from the West Midlands Combined Authority's investment programme will be drawn down to fund some of these activities. To the extent that these fall within the remit of the Mayoral functions as defined in the Order, or are considered to be associated or connected with the discharge of those functions it would be acceptable for the Precept to be used for providing funding to the Investment Programme, limited to those projects which will improve congestion and have a direct impact on car usage and road safety. The proposal for the 2018/19 Mayoral precept averaging £10.80 per Band D equivalent is to use the funding raised to deliver new segregated cycle paths and other capital investment supporting cycling, park & ride facilities at key rail stations and development SPRINT bus priority schemes along key corridors. These projects can be clearly demonstrated to fall within the Mayoral powers and plans are in place for delivery of the investment in 2018/19.
- 14.3 Independent legal assurance has also been sought over the operation of the precept and the application of the monies raised. The proposals contained in this report are considered to be appropriate for inclusion within a mayoral precept.
- 14.4 As a public authority which has the power to levy for transport functions and to raise a precept, the West Midlands Combined Authority must set a budget every year which is agreed through its formal decision-making processes. This year for the first time the mayoral budget is also being set and this report outlines the legal and governance processes that need to be completed including consideration by Overview and Scrutiny Committee and the West Midlands Combined Authority Board.

## **15 Appendices**

Appendix 1 – Transport Delivery Revenue Budget

Appendix 2 – WMCA Operational Budget

Appendix 3 – WMCA Mayoral Precept

Appendix 4 – Transport Capital Programme

Appendix 5 – Investment Programme

## Proposed Transport Revenue Budget

The proposed transport budget and levy for 2018/19 – 2020/21 are set out below.

	2017/18 Revenue Budget		2018/19 Revenue Budget		2019/20 Revenue Forecast		2020/21 Revenue Forecast	
Expenditure Category	£'000	%	£'000	%	£'000	%	£'000	%
<b>National Policy</b>								
English National Concessions Travel Scheme	52,519	43.2%	51,368	44.6%	51,776	45.0%	51,425	44.7%
<b>Finance Related</b>								
Capital Financing	17,499	14.4%	11,381	9.9%	9,745	8.5%	9,531	8.3%
Deregulation Pension Deficit	1,356		1,307		1,307		1,307	
<b>TFWM Policies</b>								
Child Concessions	9,609	7.9%	9,538	8.3%	9,634	8.4%	9,652	8.4%
Subsidised Services	8,588	7.1%	9,086	7.9%	9,100	7.9%	9,100	7.9%
Accessible Transport	7,369	6.1%	7,169	6.2%	7,171	6.2%	7,172	6.2%
Passenger Information	5,531	4.6%	5,790	5.0%	5,891	5.1%	5,986	5.2%
Rail and Metro Concession	4,409	3.6%	4,456	3.9%	4,769	4.1%	4,962	4.3%
Bus Services	4,213	3.5%	4,542	3.9%	4,633	4.0%	4,726	4.1%
Rail Services	3,025	2.5%	3,460	3.0%	3,522	3.1%	3,586	3.1%
Strategic Development	1,771	1.5%	2,040	1.8%	2,075	1.8%	2,105	1.8%
Safety and Security	924	0.8%	845	0.7%	1,161	1.0%	1,169	1.0%
Sustainable Travel	60	0.0%	253	0.2%	259	0.2%	265	0.2%
		37.4%		41.0%		41.6%		42.1%
<b>Other</b>								
Business Services	4,049	3.3%	3,031	2.6%	3,199	2.8%	3,253	2.8%
Elected Members	304	0.2%	304	0.3%	305	0.3%	309	0.3%
West Midlands Rail	316	0.3%	578	0.5%	600	0.5%	600	0.5%
		3.8%		3.4%		3.6%		3.6%
<b>Total</b>	<b>121,542</b>	<b>98.8%</b>	<b>115,148</b>	<b>98.9%</b>	<b>115,148</b>	<b>98.6%</b>	<b>115,148</b>	<b>98.6%</b>
<b>Use of Reserves</b>	<b>0</b>		<b>(1,000)</b>		<b>(1,000)</b>		<b>(1,000)</b>	
<b>Proposed Levy</b>	<b>121,542</b>	<b>100.0%</b>	<b>114,148</b>		<b>114,148</b>	<b>100.0%</b>	<b>114,148</b>	<b>100.0%</b>

The levy has reduced by £7.4 million from 2017/18 to 2018/19 and after use of £1m of reserves expenditure has reduced by £6.4 million due in the main to the following movements:

- (i) Reduction in Capital Financing which includes the agreed reduction in MRP, along with debt rescheduling, interest/borrowing savings and a reduction in transport development funding
- (ii) Reduction in ENCTS costs due to continued reducing trend on patronage
- (iii) Transition of corporate services
- (iv) Reduction in Child Concessionary costs due to the release of a provision for fare and patronage increases that is no longer required
- (v) Increase in Subsidised Bus Services costs due to a number of funding pressures from network changes and contract price increases.
- (vi) Investment in the extension of the Apprentice Concession
- (vii) Investment into the planning for new stations within the Rail Franchise
- (viii) Investment and expansion of the contact centre
- (ix) Infrastructure maintenance & cleaning cost increases
- (x) Increase in strategic development costs to support the delivery of the Transport ambition
- (xi) Sustainability previously funded by government grant

### **£51.4 million English National Concessions Travel Scheme (ENCTS)**

This represents the reimbursement for ENCTS and is regulated by the Secretary of State with guidance provided by the Department for Transport. The latest price information and patronage figures from bus operators have been taken into account in forecasting the ENCTS requirement. The current scheme extends entitlement from 9.30am to the last bus. The proposal is for this to continue for 2018/19.

### **£11.4 million Capital Financing**

The capital financing costs relate to loan interest, minimum revenue provision requirements and transport development costs.

### **£1.3 million Deregulation Pension Deficit**

The deregulated pension costs relate to the pension commitments arising from deregulation in 1986, when a significant number of employees transferred from the Transport Authority to Transport for West Midlands, but their pension rights accrued to that date remained an obligation of the Passenger Transport Executive.

### **£9.5 million Child Concessions**

The provision of concessionary half fare travel is provided to all children aged five to 15 and 16-18 scholars (in full time education) residing in the West Midlands. The Child Concessions amount now also includes a half fare offer for apprentices and trainees aged 16-18 which has initially been introduced as a pilot from the end of September 2017 and is now proposed to be extended until at least the end of the 2017/18 financial year.

### **£9.1 million Tendered Services**

Where standards for access to the network are not met commercially, services are categorised into an order of priority giving a focus on journeys to work and access to shopping and health facilities. In residential areas, the maximum desirable walking distance to bus services in continuously built-up areas is 400 metres during the hours of 07.00 to 19.00 on Monday to Saturday and 700 metres at other times. The current access standards state that where passenger boarding exceeds eight and the cost per head is less than £1.60, then a service will be provided.

### **£7.1 million Accessible Transport**

This expenditure funds services for 17,500 registered users, making around 0.85 million journeys per annum. In addition to the Ring and Ride service, a Walsall and Birmingham shopper's service is provided for older people who are primarily based in sheltered housing and a prison visitors service provides assistance for families, especially mothers with young children, to visit family members in prison.

### **£5.8 million Passenger Information**

Passenger information expenditure relates to providing real time information across the network; customer information at bus stops, bus stations, on line, and includes the customer services teams and telephone support. This is provided in conjunction with the operators as part of the network commitments, which also includes a number of promotional campaigns throughout the year.

### **£4.5 million Rail and Metro Concessions**

In the West Midlands the free national bus scheme has been extended to residents to include local Rail and Metro services within the region, enabling cardholders to travel after 9.30am up to midnight on weekdays and all day at weekends and bank holidays.

### **£4.5 million Bus Services**

These costs cover the operation of bus stations and all management and maintenance associated with bus stations, as well as over 12,200 stops and shelters.

### **£3.5 million Rail Services**

These costs cover the operation of the Metro and Rail and Metro car park and ride facilities.

Rail and Metro car parks are provided free of charge within the Metropolitan area. This policy provides in excess of 9,000 parking spaces.

### **£2.0 million Strategy Development**

This represents the costs of Policy and Strategy development within Transport for West Midlands.

### **£0.9 million Safety and Security**

Safety and security expenditure relates to the Safer Travel Police Team and the CCTV centre based in 16 Summer Lane. The CCTV centre will continue to be expanded as part of the drive to utilise this facility across the districts.

### **£0.3 million Sustainable Travel**

This represents the costs of Sustainable travel work within Transport for West Midlands including the West Midlands Cycle charter, oversight of cycling strategy and investment across the West Midlands and delivery of the West Midlands Bike Hire project.

### **£3.0 million Corporate Services**

This covers the costs of 16 Summer Lane and the provision of ICT, Legal, Procurement, Health and Safety, Equalities, Programme Management, Finance, Human Resources, Business Management and general business infrastructure and support.

### **£0.3 million Elected Members**

This represents the cost elected members.

### **£0.6 million West Midland Rail**

This relates to firstly the undertaking of Transport for West Midlands Rail responsibilities including Rail Partnerships, Rail scheme development and industry engagement and secondly the WMCA contribution to WMR Limited (a consortium of 16 local authorities) which has specific co-responsibilities with the Department for Transport for managing the West Midlands Rail franchise.

## **Transport for West Midlands Levy**

The Transport for West Midlands levy is allocated to each district based upon the latest published population figures. For 2018/19 the proposed levy on each district is as follows:

	Estimated Resident Population MID-2016	%	Proposed Levy Allocation 2018/19
BIRMINGHAM	1,124,569	39.3%	44,806,630
COVENTRY	352,911	12.3%	14,061,167
DUDLEY	317,634	11.1%	12,655,612
SANDWELL	322,712	11.3%	12,857,937
SOLIHULL	211,763	7.4%	8,437,354
WALSALL	278,715	9.7%	11,104,948
WOLVERHAMPTON	256,621	9.0%	10,224,648
TOTAL	2,864,925	100.0%	114,148,295

## Proposed West Midlands Combined Authority Operational Budget

The proposed operational budget for 2018/19 – 2020/21 is set out below.

<b>WMCA Operational Forecast</b>	<b>2017/18 Budget £'000</b>	<b>2018/19 Budget £'000</b>	<b>2019/20 Budget £'000</b>	<b>2020/21 Budget £'000</b>
ECONOMIC GROWTH	1,235.9	1,796.6	1,700.2	1,572.2
HOUSING & LAND	100.0	1,148.6	2,498.6	2,648.6
HEALTH & WELLBEING	230.0	676.9	678.0	690.0
PUBLIC SERVICE REFORM	480.0	758.6	566.7	575.0
SKILLS & PRODUCTIVITY	1,945.0	4,743.3	4,324.1	2,661.8
COLLECTIVE INVESTMENT FUND	350.0	-	-	-
TRANSPORT	81.5	-	-	-
LEADERSHIP & SUPPORT	1,227.1	2,698.2	2,754.3	2,811.7
<b>TOTAL EXPENDITURE</b>	<b>5,649.5</b>	<b>11,822.2</b>	<b>12,521.9</b>	<b>10,959.3</b>

Projects and workstreams that will be delivered in 2018/19:

**Economic Growth** will deliver:

- Development of the **Local Industrial Strategy**
- **WMCA Performance Management Framework** in line with the Local Industrial Strategy
- **Funding for Growth Programme**
- **Economic growth evaluation** via the Dynamic Economic Investment Model
- Investment in the **West Midlands Growth Company**
- **The Cultural Investment Inquiry**
- **Culture & Tourism pilots** via the West Midlands Growth Company
- **Film and Convergent Media Development**
- **Office of Data Analytics**

**Housing and Land** will deliver:

- Development and maintenance of a **Prioritised Site Pipeline**
- Development of a **Spatial Investment and Delivery Plan**
- The **Housing Deal**
- Development and implementation of **Development Briefs/Programmes for Strategic Investment Opportunities with relevant councils**

**Health & Wellbeing** will deliver:

- The **Supporting People into Work** workstream
- The providing **safe and stable places to live** workstream
- The **Mental Health and Criminal Justice** workstream
- Project work to get the **community involved** and **work with other cities and regions** to develop **approaches to mental health care**
- The **MoveWM Programme** focussing on building movement and physical activity into transport, housing and land
- **Workplace Wellbeing Physical Activity offer** pilot scheme with SMEs to explore how to develop less sedentary workplaces

- Wellbeing pilots including **Healthy Active Streets & a pilot wellbeing programme in schools**

**Public Service Reform** will deliver:

- A **Public Value Framework** as set out in the Barber review
- Engagement with **government**
- Development of approaches to **social care, education and collaborative savings**

**Skills & Productivity** will deliver:

- **Productivity and Skills Strategy and Delivery Plan**
- Sector Skills Strategies for **Automotive, Construction and Digital**
- Development of **Skills Advisory Panels**
- Development of **Career Learning Pilots**
- Development of **Employment Support Framework Agreement**
- Development of **Support to Return to Work Framework Agreement**
- Working with the Department for Education to influence **Adult Education Budget funded provision in the West Midlands region** during the 2018/19 academic year
- The employment and skills aspects of the **HS2 Growth Strategy**
- Delivery of a comprehensive **construction skills programme**
- Delivery of a comprehensive **careers strategy** and collaborative work with Further Education colleges to support readiness to deliver including employer engagement, teacher CPD and development of workplace opportunities

## Proposed West Midlands Combined Authority Mayoral Precept 2018/19

Mayoral Precept 2018/19	2018/19 £m
<b>Mayor's Office</b>	
Staffing costs	0.757
Running costs	0.073
Corporate support	0.058
Sub-total	<b>0.888</b>
<b>Network Resilience</b>	
Staffing costs	0.472
Congestion mitigation	0.100
Sub-total	<b>0.572</b>
<b>Contribution to Investment Programme</b>	
Contribution to projects that reduce congestion	<b>6.000</b>
<b>Total Precept Requirement</b>	<b>7.460</b>

# APPENDIX 4 : Transport Capital Programme

PROGRAMME	PROJECT DETAILS	FORECAST SPEND			Grand Total
		2018 / 19	2019 / 20	2020 / 21	
HS2 Connectivity Programme (METRO)	Metro Centenary Square Extension	18,972,997	13,142,601		32,115,598
	Metro Edgbaston Extension	9,794,086	24,255,911	24,861,657	58,911,654
	Metro Wolverhampton City Centre Extension	1,495,966	14,084,010	4,225,203	19,805,179
HS2 Connectivity Programme (SPRINT)	SPRINT - Hagley Road	2,434,522	1,255,199	8,530,482	12,220,203
	SPRINT - A45	6,583,520	14,700,000	11,700,000	32,983,520
	SPRINT - Longbridge to Birmingham	299,498	4,100,000	5,200,000	9,599,498
	SPRINT - A34 Walsall to Birmingham	1,299,105	2,400,000	4,300,000	7,999,105
	SPRINT - Hagley Road Phase 2 and Halesowen	6,772,187	7,400,000	17,000,000	31,172,187
	SPRINT - Dudley to Birmingham	700,000	2,900,000	5,500,000	9,100,000
	SPRINT - Hall Green to Interchange via Solihull	100,000	100,000	100,000	300,000
	SPRINT - Sutton Coldfield to Birmingham via Langley	1,798,187	2,000,000	7,500,000	11,298,187
HS2 Connectivity Programme (RAIL)	Rail -Camp Hill Line Local Enhancements			2,453,000	2,453,000
	Bordesley Chords	4,400,000	6,200,000	10,100,000	20,700,000
	Water Orton			5,000,000	5,000,000
	Water Orton Local Enhancements		1,900,000	3,600,000	5,500,000
	Snow Hill Lines	700,000	1,200,000	1,100,000	3,000,000
	Sutton Coldfield Interchange and City Link	179,000	600,000	1,800,000	2,579,000
	Walsall to Wolverhampton Local Enhancements	1,500,000	7,000,000	9,000,000	17,500,000
	Stourbridge to Round Oak Line Canal St Station	1,500,000	8,000,000	10,000,000	19,500,000
Metro Birmingham Eastside Extension	Metro Birmingham Eastside Extension	21,046,000	40,999,999	31,916,822	93,962,821
Metro East Birmingham to Solihull Extension	Metro East Birmingham to Solihull Extension	3,585,579	6,014,544	17,000,004	26,600,127
Metro Wednesbury to Brierley Hill Extension	Metro Wednesbury to Brierley Hill Extension	13,680,398	12,597,589	38,884,963	65,162,950
<b>SUB TOTAL - TFWM INVESTMENT PROGRAMME SCHEMES</b>		<b>96,841,045</b>	<b>170,849,852</b>	<b>219,772,131</b>	<b>487,463,028</b>
Asset Renewal and Replacement	Network Wide Bus Station Refurbishment Phase 1	205,131			205,131
	Asset Management Replacement and Renewal Programme	1,074,675	1,200,000	1,200,000	3,474,675
Metro Minor Works	Park & Ride Delivery (Metro)			2,270,530	2,270,530
Project Development	Perry Barr Station and Interchange Development	303,686			303,686
	Dudley Bus Station Development	200,000	100,000		300,000
	Tipton Park & Ride	39,171			39,171
	Snow Hill 3rd Access	1,000,000	800,000		1,800,000
	Bus Lane Review	50,000			50,000
	Generic Project Development	303,886			303,886
Rail Minor Works	Park & Ride Delivery (Rail)		1,500,000		1,500,000
	Longbridge Connectivity Package	816,035			816,035
Bus Minor Works	Transforming Bus Travel Programme	500,000			500,000
Key Route Network	Improvements to the Key Route Network Programme (Safety & Congestion)	750,000	1,000,000	1,000,000	2,750,000
Sustainable Travel	MST (SAN01) Smethwick:Galton Bridge to Bromford Rd Towpath	428,138			428,138
	MST (WOL01) Wednesfield link to New Cross Hospital	423,000			423,000
	MST (SAN03) Smethwick:Bromford Rd to Albion Rd Junction	146,250			146,250
	MST (WOL02) Wolverhampton:Dixon Street to Deepfields Junction Bridge	591,463			591,463
	MST (SAN07) Sandwell:Tame Valley Towpath Improvements at Friar Park	452,000			452,000
	MST (DUD04) Coseley:Deepfields Bridge to Factory Jn Towpath improvements	441,000			441,000
	Smethwick:Bromford Lane to Dudley Border	1,273,000			1,273,000
	Network Wide Cycling Programme	125,000			125,000
	Snow Hill 3rd Access	150,000			150,000
	Snow Hill Public Realm	150,000			150,000
Ticketing	Network Wide Swift Procurement	24,000			24,000
<b>SUB TOTAL - OTHER PROGRAMMES</b>		<b>9,446,435</b>	<b>4,600,000</b>	<b>4,470,530</b>	<b>18,516,965</b>
<b>GRAND TOTAL</b>		<b>106,287,479</b>	<b>175,449,852</b>	<b>224,242,661</b>	<b>505,979,993</b>

## APPENDIX 5 : WMCA Contributions to Externally Delivered Investment Programme Schemes

PROGRAMME	PROJECT DETAILS	FORECAST PROJECT SPEND (£)					Grand Total £
		2017 / 18	2018 / 19	2019 / 20	2020 / 21	2021 / 22	
Coventry Regeneration	Coventry City Centre South	7,338,618	35,924,000	7,867,000	26,290,000	20,977,400	98,397,018
	Friargate	211,000	49,317,000	385,000	406,000	429,000	50,748,000
Solihull	Infrastructure	3,544,620	10,683,970	25,867,500	56,720,070	41,388,000	138,204,160
	Interchange	1,702,137	8,707,890	6,613,290	2,303,327	1,343,390	20,670,033
Coventry UKC	City Centre First	-	13,297,811	30,118,328	6,122,248	1,461,613	51,000,000
	UKC North	140,000	1,230,000	1,375,000	1,116,000	8,666,000	12,527,000
	Coventry South	256,000	4,779,311	14,619,180	16,115,000	26,240,509	62,010,000
	Coventry VLR	-	6,349,645	2,605,730	1,716,464	1,256,829	11,928,667
Business Innovation	Business Innovation	-	1,075,000	3,300,000	11,375,000	12,875,000	28,625,000
Land Remediation Fund	Black Country Land & Property Investment Fund	5,000,000	25,000,000	25,000,000	25,000,000	75,000,000	155,000,000
	Brownfield Land and Property Development Fund						
Collective Investment Fund	Investments	39,760,000	30,000,000	30,000,000	30,000,000	30,000,000	159,760,000
	Investments Repaid	-	(3,600,000)	(39,760,000)	(30,000,000)	(30,000,000)	(103,360,000)
<b>TOTAL</b>		<b>57,952,375</b>	<b>182,764,627</b>	<b>107,991,027</b>	<b>147,164,109</b>	<b>189,637,740</b>	<b>685,509,878</b>



## WMCA Board Meeting

<b>Date</b>	12 January 2018
<b>Report title</b>	Progress Update on the West Midlands Combined Authority Investment Programme
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<b>Report to be/has been considered by</b>	WM Finance Directors – 12 October 2017 WMCA Leadership Team – 29 November 2017 WMCA Programme Board – 15 December 2017

### Recommendation(s) for action or decision:

#### The WMCA Board is recommended to:

- (1) Note the progress update in relation to the £8.0 billion Investment Programme agreed by the West Midlands Combined Authority on November 2015 and funded by:
  - (a) £2.0 billion of funding generated by the West Midlands Combined Authority; and
  - (b) £6.0 billion of other funding sources including Constituent Members internally generated funds, Central Government grants and 3<sup>rd</sup> party contributions.
- (2) Note the current funding position of the Investment Programme 18 months after the establishment of the West Midlands Combined Authority.

- (3) In relation to the £2.0 billion funding intended to be generated by the West Midlands Combined Authority:
- (a) Note the inclusion of the intended Mayoral Precept for 2018/19 included within the West Midlands Combined Authority Draft Budget and Mayoral Council Tax Precept.
  - (b) Note the continued work with Central Government on providing the power to introduce a Business Rates supplement as envisaged in the first Devolution Deal;
  - (c) Endorse the work planned in the final Quarter of the 2017/18 Financial Year for Finance Directors to agree an approach that confirms the contribution of locally generated Business Rates to fund the Investment Programme;
  - (d) Endorse an approach whereby the West Midlands Combined Authority are consulted with prior to any future changes to Business Rates income forecasts, such as the development of Enterprise Zones; and
  - (e) Endorse the delivery of a process with Leaders of Constituent Authorities, Chief Executives and Finance Directors to rank and sequence the Investment Programme based on the current assessment of when funding streams aligning specific project approvals only where funding has been or is likely to be secured.
- (4) Delegates authority, in relation to the wider Funding of the Investment Programme, to the Director of Finance to work with Constituent Authority Finance Directors to confirm and establish Accountable Leads for each element of the Investment Programme together with plans and dates by which funding will be secured.
- (5) Endorses a Governance Review to confirm the appropriate Programme Governance to be implemented to provide assurance to the West Midlands Combined Authority Board based on the updated review of Programme delivery and funding.

## **1 Purpose**

- 1.1 The West Midlands Combined Authority Investment Programme (the 'Investment Programme') was established as part of the first Devolution Deal in November 2015. The West Midlands Combined Authority was formally established in June 2016.
- 1.2 In the 18 months since its establishment the West Midlands Combined Authority have worked with Constituent Authorities and Non Constituent Authorities to develop Investment Plans and confirm funding packages across all areas of the Investment Programme. This report provides a progress update 18 months after the establishment of the West Midlands Combined Authority and following the appointment of a permanent Chief Executive and their Director team and sets out:

A summary of the original Investment Programme funding at establishment of the West Midlands Combined Authority;

A progress update of work undertaken to secure those funding streams by the West Midlands Combined Authority and by Constituent Authority partners;

In respect of funding intended to be developed by the West Midlands Combined Authority, progress achieved together with further work required to secure remaining significant elements of funding together with the associated potential implications for project ranking and scheduling should the funding not be achieved in line with those timelines originally envisaged;

Potential key risks regarding the £6.0 billion of matched funding elements making up the overall Investment Programme investment that are intended to be secured through the West Midlands Combined Authority and through the Constituent Authorities;

Intended next steps to be undertaken by alongside Constituent Authorities including a process to establish a revised Governance Process that supports the West Midlands Combined Authority Board to provide regular updates and assurance on progress being made on securing funding and the impact on Investment Programme projects.

## **2 Background: Summary of Investment Programme Funding Starting Position**

- 2.1 In November 2015 the Chancellor of the Exchequer signed the first West Midlands Combined Authority Devolution Deal (the 'Devolution Deal') agreement. The agreement contained a unique package of infrastructure measures (largely targeted at maximising value from HS2) alongside intentions to agree funding through specific Central Government Grants and securing 3<sup>rd</sup> party income from other parts of the Public Sector and Private Sector.
- 2.2 The original package of measures agreed by Central Government, the West Midlands Combined Authority, Constituent and Non Constituent Authorities provided for investment in the West Midlands totalling £8.0 billion. The targeted funding mechanisms envisaged within the first Devolution Deal included £6.0 billion of funding received from sources external to the West Midlands Combined Authority and £2.0 billion to be generated from a range of new sources of finance including a new Central Government Direct Revenue Grant (referred to as 'Gain Share') as well as potential new fiscal freedoms for the West Midlands Combined Authority area that included:

- a. Application of new Business Rates Growth in addition to the 2014 national scheme,
- b. An ability to raise a Business Rates Supplements; and
- c. A Mayoral Precept within the Combined Authority Constituent Members geography.

2.3 The overall term of the first West Midlands Devolution Deal is 30 years, with most of the investment occurring during years 1 to 10 with the remaining years involving the repayment of borrowing required across those early years.

2.4 Set out in the table below is how the new funding mechanisms intended use by the West Midlands Combined Authority Board were planned to contribute to the overall funding of the Investment Programme. In a number of cases the securing of these income streams are based on the West Midlands Combined Authority working together with Constituent Authorities to obtain or exercise new powers. These mechanisms are intended to cover:

- a. £2 billion of funding to cover the investment costs incurred; and
- b. £1 billion of funding to cover the interest costs of the debt financing used to fund investment costs ahead of the funding being received.

Table 1: A breakdown of the £2 billion West Midlands Combined Authority funding

Funding Source (£ billions)	Investment	Interest	Total	Share
Devolution Deal	0.7	0.4	1.1	37%
Business Rates Supplement	0.6	0.3	0.9	30%
Business Rates Growth	0.5	0.3	0.8	26%
Mayoral Precept	0.2	0.1	0.2	7%
<b>Total</b>	<b>2.0</b>	<b>1.0</b>	<b>3.0</b>	<b>100%</b>

2.5 The following table sets out how the funding for the remaining £6.0 billion was intended to be secured.

Table 2: A breakdown of the £6 billion funding secured through other sources

Funding Source (£ billions)	Investment	Share
Department for Transport Grants	2.6	43%
Revenues from Investment Funds	1.8	30%
Other Public or Private Sector Contributions	0.9	15%
Increased Business Rates from Enterprise Zones	0.7	12%
<b>Total</b>	<b>6.0</b>	<b>100%</b>

2.6 The responsibility for securing the income summarised in Table 2 is through a mix of West Midlands Combined Authority work where the income relates to Transport for West Midlands schemes and Constituent Authorities where the agreements are locally secured.

2.7 The West Midlands Combined Authority received a report in February 2016 that was also considered by Constituent Authority Cabinets. This established 'best estimates', at the time, of funding sources that would be available. This report set out the 'starting position' for funding and noted that these assumptions were subject to political decisions before funding could be finalised (paragraph 48). The report also noted that income assumptions were dependent on the planned reform of local government funding and, in particular, the arrangements for the retention of business rates growth (paragraph 186). Set out below is a summary of the Risk Ratings included in that report.

Table 3: Status of Funding for the overall Investment Programme in 2016

	£ billion	%
Red	1.0	13%
Amber	6.5	81%
Green	0.5	6%
<b>Total</b>	<b>8.0</b>	<b>100%</b>

2.8 The report indicated that at its starting point, only 6% of the funding across the overall programme was secured and that further work was required across 84% of the proposed funding streams to ensure the entire Investment Programme could be delivered as envisaged at the costs budgeted at that time. The report indicated that whilst risk existed in securing funding against the intended Investment Programme that this profile of this risk could change based on delivery work to secure each income stream as well as political changes.

2.9 This report provides an update on the funding position as set out above. Work has commenced across the Investment Programme to confirm whether the budgets as set out across the Investment Programme remain appropriate for planning purposes and this will be considered at a future West Midlands Combined Authority Board.

### 3 Progress update on the current overall funding position of the Investment Programme

3.1 Set out in the table below is a summary of how the risk profile has moved since the PwC Report supported by a more detailed summary in Appendix 1. The RAG (Red / Amber / Green) status refers to the degree of risk perceived to be associated with the funding at the time of the PwC report compared with the latest view at December 2017.

Table 4: Status of Funding for the overall Investment Programme

	PwC Report February 2016		WMCA review December 2017	
	£ billion	%	£ billion	%
Green	0.5	6%	2.4	30%
Amber	6.5	81%	3.6	45%
Red	1.0	13%	2.0	25%
<b>Total</b>	<b>8.0</b>	<b>100%</b>	<b>8.0</b>	<b>100%</b>

3.2 The table above illustrates that the level of 'Green' funding has increased by 5 fold.

3.3 The following table provides a breakdown of those income streams currently assessed as Green Rated split by funding mechanisms being developed by the West Midlands Combined Authority and Other Funding Sources. This represents good process since agreement of the Devolution Deal particularly across Other Funding Sources in accordance with project timescales as those business cases are developed.

Table 5: Breakdown of the Green Rated Investment Programme funding streams

£ billion	WMCA Funding Mechanisms	Other Funding Sources	Total
Investment Funds	-	1.0	1.0
Other Public Sector Contributions	-	0.6	0.6
Central Government Grants	-	0.4	0.4
Hs2 Funding	-	0.1	0.1
Metro Capital Funding	-	0.2	0.2
Gain Share (Years 1 -5)	0.1	-	0.1
<b>Total</b>	<b>0.1</b>	<b>2.3</b>	<b>2.4</b>

3.4 The table below provides a breakdown of those income streams currently assessed as Amber Rated split by funding mechanisms being developed by the West Midlands Combined Authority and Other Funding Sources.

Table 6: Breakdown of the Amber Rated Investment Programme funding streams

£ billion	WMCA Funding Mechanisms	Other Funding Sources	Total
Other Public Sector and Local Contributions	-	1.0	1.0
Increased Business Rates from Enterprise Zones	-	0.7	0.7
HS2 Funding	-	0.6	0.6
Gain Share (Years 6 - 30)	0.6	-	0.6
Business Rates Growth	0.5	-	0.5
Mayoral Precept	0.2	-	0.2
<b>Total</b>	<b>1.3</b>	<b>2.3</b>	<b>3.6</b>

3.5 Set out below are the current plans and intentions that are intended to move these funding sources to Amber and then to Green:

- Other Public Sector and Local Contributions  
These relate to a range of agreements that need to be secured by Constituent Authorities and the West Midlands Combined Authority on a project specific basis as the planning for these projects progress. The risk assessment reflects a dependency that these funding streams have on future processes. In addition, a smaller element relates to forecast cost profiles for projects that are subject to review to bring costs within the original budget intention or the identification of alternative income streams.
- Increased Business Rates from Enterprise Zones  
The achievement of the original forecasts are being managed by the host Local Authority, in this case, Birmingham City Council and are being confirmed as part of the normal project assurance process based on the latest available information.
- HS 2 Funding  
The achievement of the original forecasts are being managed by the host Local Authority, in this case, Birmingham City Council and are being confirmed as part of the normal project assurance process based on the latest available information.
- Gain Share – Years 6 to 30  
The current RAG rating of Amber is due a 5 yearly gateway review undertaken by Central Government to review the use of the Gain Share Funds. The scope of this work is currently being worked through with Central Government and the risk assessment of this funding stream will be reviewed once this scoping is concluded.
- Business Rate Growth

- Colleagues from Birmingham City Council have been leading the process by which this income stream is secured prior to this report and are now currently handing this over to the permanently appointed West Midlands Combined Authority Team. Confirmation is anticipated from the Department for Communities and Local Government on the income in relation to 2016/17 shortly. Agreement is being secured amongst Constituent Authorities Governance processes with regard to income receivable in respect of 2017/18 and Finance Directors will shortly commence work to finalise an agreement for 2018/19 onwards to at least deliver the anticipated income as set out in the Investment Programme. Further detail is provided in Appendix 2.
- Mayoral Precept  
The draft Budget and Mayoral Precept report being considered by the West Midlands Combined Authority Board in January 2018 and includes a proposal to secure this funding stream and the RAG rating will be reviewed following the February 2018 meeting of the West Midlands Combined Authority Board

3.6 The table below provides a breakdown of those income streams currently assessed as Red Rated split by funding mechanisms being developed by the West Midlands Combined Authority and Other Funding Sources.

Table 7: Breakdown of the Red Rated Investment Programme funding streams

£ billion	WMCA Funding Mechanisms	Other Funding Sources	Total
Central Government Grants	-	0.9	0.9
Business Rates Supplement	0.6	-	0.6
Metro Capital Funding	-	0.5	0.5
<b>Total</b>	<b>0.6</b>	<b>1.4</b>	<b>2.0</b>

3.7 Set out below are the current plans and intentions that are intended to move these funding sources to Amber and then to Green:

- Central Government Grants  
These relate to assumptions on income to be received through the Local Growth Fund, Local Sustainable Transport Fund, Office for Low Emission Vehicles and Cycling and Walking awards. Following this review, officers will work with Constituent Authorities to confirm owners for each income stream together with timings of potential agreements to support a meeting to take stock on progress with the Department for Transport in the final Quarter of the 2017/18 Financial Year. A progress update and risks assessment will be reviewed following these meetings.
- Business Rates Supplement  
The original intention for the West Midlands Combined Authority to raise this income from April 2017 from new powers fell with the withdrawal by Central Government following the 2016 General Election. Central Government announced within the West Midlands Combined Authority proposed second Devolution Deal an intention to provide the West Midlands Combined a new power to raise a Business Rate Supplement based on existing powers only available at this point to Local Authorities. Central Government has recently contacted the West Midlands Combined Authority to set out its intentions and timetable for this and this will be reported to the February 2018 West Midlands Combined Authority Board.
- Metro Capital Funding  
Confirmation of this funding will be secured upon the agreement of a Full Business Case with the Department for Transport for the proposed Metro extensions.

#### 4 Current Commitments against Investment Programme Funding generated through the West Midlands Combined Authority

- 4.1 Funding intended to be generated by the West Midlands Combined Authority that support investment is £2 billion. Table 5 confirmed that the only source of funding confirmed at this stage as Green relates to the first 5 years of the first Devolution Deal grant Gain Share. This will provide an annual revenue grant of £36.5 million for the 5 years to 31<sup>st</sup> March 2021 that, net of the interest required to fund the necessary borrowing over the 30 year term, generates a net capital investment of £126 million.
- 4.2 Whilst the remaining years (6–30) are currently scored amber in the risk status report, the spirit of the Devolution Deal is that a 30 year income stream will be provided to the West Midlands and Government recognise that this income supports an investment plan over the next 10 years. The gross income from the grant over the full 30 year period is £1.1 billion which will support net investment of £748 million.
- 4.3 The West Midlands Combined Authority are proceeding with the delivery of the Investment Programme based on the 30 year Devolution Deal Gain Share Grant being received. Expenditure commitments totalling £298 million have been made to date on this basis and approved through the West Midlands Combined Authority Board or delegated through the Investment Board in accordance with the approved Governance process. The table below sets out those approvals that have been made to date.

Table 8: Approved commitments to date against the £2.0 billion WMCA Funding

£m	Funding	Ongoing Revenue
Coventry City Centre South	98.8	5.3
Land Remediation Fund	53.0	2.9
Solihull MBC Growth and Infrastructure Plan	4.5	0.3
Sprint Network	3.6	0.2
Coventry Friargate	0.5	<0.1
Edgbaston Metro Extension	58.9	3.2
WMCA Support	4.7	0.3
HS2 Governance Team	4.0	0.2
Wolverhampton Interchange	27.0	2.0
Commonwealth Games contribution	25.0	1.9
Wednesbury Brierley Hill Metro	5.6	0.3
Coventry UK Central (inc. Very Light Rail)	13.0	0.6
<b>Total</b>	<b>298.6</b>	<b>17.2</b>

- 4.4 Given approvals provided to-date of £298.6 million, this leaves a further £400 million available from confirmed income sources internally generated through the West Midlands Combined Authority. The following table sets out those schemes contained within the Investment Programme that are dependent on funding generated through the West Midlands Combined Authority subject to progression through the WMCA Assurance Process.

Table 9: Provision Investment Programme Contributions not yet approved

<b>£ millions</b>	<b>Funding Required</b>	<b>Ongoing Revenue Committed</b>
From Table 3	298.6	17.2
Business Innovation	50.0	2.5
Coventry Friargate	50.7	2.9
Coventry UKC Plus (uncommitted)	234.0	11.2
Employment Education and Skills	20.0	1.5
HS2 Connectivity Package	471.4	21.8
Land Remediation Fund (uncommitted)	147.0	7.9
SMBC Growth and Infrastructure Plan	629.0	27.5
Sprint Birmingham to Sutton (uncommitted)	24.1	1.2
Wednesbury to Brierley Hill	97.4	6.3
<b>Total</b>	<b>2,022.2</b>	<b>100.0</b>

- 4.5 From the table above it should be noted that approximately £400 million of additional commitments can be made from this list before the £1.1 billion Gain Share Funding is fully utilised. The West Midlands Combined Authority is not considering commitments at this stage against the other elements of income comprising the £2.0 billion until such time as these income streams turn to Green.
- 4.6 Whilst that approach is sufficient given progress on Investment Programme Business Cases to this point, a key part of the Governance process will be to establish a process of ranking and scheduling to ensure planned project approvals are managed in line with funding security and are taken on board in programme planning process. This will ensure that schemes are approved in line with the decisions of the West Midlands Combined Authority Board as opposed to readiness of Business Case where funding has not yet been confirmed.
- 4.7 The West Midlands Combined Authority Board agreed at its September 2017 meeting to commence a process of project prioritisation to take account of the current progress made on securing funding from those new Funding mechanisms. An outline of the process has been shared amongst officers with an agreement to commence work in Quarter 4 of the 2017/18 Financial Year with Constituent Authority Leaders, Chief Executives, and Finance Directors.
- 4.8 The intention is to establish a series of additional meetings incorporating these key stakeholders to develop and confirm a ranking and scheduling process that best achieves the outcomes of the first Devolution Deal whilst aligned to Income Streams as they become more certain and incorporate emerging work from the West Midlands Combined Authority Funding for Growth Programme.
- 4.9 The aim is to return to the West Midlands Combined Authority Board in Quarter 1 of the 2018/19 Financial Year to seek endorsement of the approach developed prior to the commitments outlined in Table 8 exceeding the West Midlands Combined Authority funding marked as 'Green'.

- 4.10 This will ensure that the West Midlands Combined Authority Investment Programme process is consistent with how the Local Enterprise Partnerships commit funding to schemes. It also ensures that the risk is managed and mitigated whereby investment approvals may be provided prior to a reasonable degree of certainty regarding the ongoing revenues to support the financing costs. This is important given that the financing impact of any shortfall in the West Midlands Combined Authority funds generated from new flexibilities will need to be considered against forecast funding contributions from Constituent Authorities.

## **5 Funding Opportunities**

- 5.1 It is recognised that flexibility and innovation needs to be used around the financial requirements of the Investment Programme. It is vital for the West Midlands Combined Authority to continue to work closely with Local Authorities and other organisations to explore the potential for other funding streams such as land value capture and private/commercial finance to offset any potential shortfalls in the original income sources which were initially assumed to fund the programme. This is captured through the Funding for Growth Programme.
- 5.2 However, it should be noted that funding commitments will need to be managed within a 'cap' based on firm income forecasts, unless the West Midlands Combined Authority and the seven constituent local authorities are prepared to underwrite the borrowing requirement from their own resources. It is therefore critical that investigation and agreement to future funding streams is progressed at the earliest opportunity to allow investment plans to continue in accordance with current timelines. This includes the Ranking and Scheduling work set out for endorsement in this report.

## **6 Investment Programme Implications**

- 6.1 Section 3 above is essentially a summary of risks and issues relating to the assumed West Midlands Combined Authority funding underpinning the Investment Programme. It was recognised that certainty and risk on these funding streams work change over time since the original Devolution Deal and establishment of the West Midlands Combined Authority. This reports sets out a Progress update and future planned work based on the currently anticipated timing of funding of income streams which the Investment Programme will need to react to.
- 6.2 There are implications however, particularly where potential funding streams have a long lead time to establish, for West Midlands Combined Authority Board being able to commit funding to projects at final business case stage if ongoing revenues to service the debt are uncertain. Currently, as projects progress through the Assurance Framework, the Devolution Deal grant funding has been essentially earmarked on a first come first served basis when full business case stage is reached and a formal grant agreement is put in place. Whilst this approach was right for the last 18 months it is essential to consider the potential that the overall revenues are lower than the financial model assumed at any point in the investment authorisation process and to be clear on the impact in proposed schemes and intended timelines for delivery.
- 6.3 In order to manage this situation, this report recommends that in order to ensure West Midlands Combined Authority investments realise the greatest economic impact, a process of 'Ranking and Scheduling' within the Investment Programme is established to assist with investment decisions where certainty over the funding of debt is still to be confirmed. This report seeks endorsement for this approach and notes the intention to report back to the West Midlands Combined Authority Board in Quarter 1 of the 2018/19 Financial Year.

## **7 Financial implications**

- 7.1 The financial implications associated with the Investment Programme financing are set out within the report.

## **8 Legal implications**

- 8.1 The legal implications associated with the Investment Programme financing are set out within the report. A key point in relation to the powers of the West Midlands Combined Authority and funding risk relates to the provision of a new power to raise a Business Rate Precept through existing powers available to Local Authorities rather than new flexibilities that were anticipated to be available at the inception of the West Midlands Combined Authority. This will be considered in a separate report to the West Midlands Combined Authority Board in February 2018 following receipt of a letter for the Department for Communities and Local Government at the end of December 2018.

## **9 Next Steps**

- 9.1 Key funding risks and actions across the overall programme are summarised in Appendix 1. Set out below is a summary of key actions and timescales set out within this report to develop further certainty of existing and potential new or alternative income streams:
- a. Completion of an Investment Programme Governance and Resourcing review that commenced in Quarter 3 of the 2017/18 Financial Year to establish regular reporting for the West Midlands Combined Authority Board or delegated Committee on a periodic basis documenting the Investment Funding status and risks.
  - b. To inform the work identified in a), establishing a process for Local Authorities to assign a RAG (Red Amber Green) status within the grant claim process to project funding components, to ensure a full and up to date picture is regularly obtained regarding the level of funding risk in the Investment Programme.
  - c. The review and confirmation of named accountable leads/sponsors to secure each funding source across all sources of funding. Those leads will be given the responsibility to actively deliver specific outcomes to help ensure the overall programme is funded with regular updating to the West Midlands Combined Authority.
  - d. Through a working group led by the Portfolio Holder for Finance and Constituent Authority Leaders and consisting of relevant stakeholders to establish a ranking and scheduling process across the Investment Programme that will be used to inform decision making on investments based on confirmed (Green) funding.
  - e. With regard to locally generated Business Rate Income that the Finance Directors from the West Midlands Combined Authority and Constituent Authorities reach an agreement in Quarter 1 of the 2018/19 Financial Year to:
    - Share up to date business rates growth forecasts on a regular basis to enable an shared understanding of the impact of this variable and potentially volatile income stream on the Investment Programme;
    - Reach and formally document agreement on how Business Rates Income will be shared between parties; and
    - Clarify the process by which the West Midlands Combined Authority are consulted upon and involved in planning within Constituent Authorities on Enterprise Zones or other initiatives that may vary forecast Business Rates income that is intended to support the Investment Programme.

## **10 Equalities implications**

- 10.1 None

**11 Other implications**

**11.1** None

**APPENDICES**

APPENDIX 1: Investment Programme Funding - Risk Summary

APPENDIX 2: Business Rates Growth – background & key risks

APPENDIX 3: Supplementary Business Rates – background & key risks

## **APPENDIX 2 - Business Rates Growth (BRG) – background & key risks**

At this point, no cash has been received by WMCA for BRG. WMCA and Local Authority finance colleagues have been working closely to establish a formula to allow BRG to be received by WMCA with the support and liaison working through Birmingham City Council (BCC) to date. Officers have commenced the process of handover to WMCA from BCC.

Progress can be broken down into 3 ways as follows:

### **1 2016 / 2017**

There is an agreement between WMCA and DCLG that once a value has been placed on growth for 2016/17, DCLG will reimburse WMCA the corresponding amount as a one off payment. Subsequent BRG receipts by WMCA will be claimed direct from Districts. BCC and DCLG are finalising this and it is anticipated that income will exceed the modelled value in 2016.

### **2 2017 / 2018**

The issue of extracting a value which represents growth from Business Rates, with added complications such as back dated appeals, has proved difficult to finalise but meetings with DCLG have allowed insight into how formulas in other regions have worked.

Due to difficulties in agreeing the formula locally, an allocation of £3m is proposed by the Constituent Local Authorities to cover the 2017/18 financial year, which would be consistent with the financial plans underpinning the initial investment programme.

Birmingham City Council have led on this work stream to date but it is proposed to bring the responsibility for determining the formula within the Combined Authority.

### **3 2018 / 2019 Onwards**

The value of the Business Rates Growth income stream beyond April 2018 is subject to further review. The initial financial model assumed growth of 0.3% each year over the 30 year period (i.e. £1.5m year 1, £3.0m year 2 etc) and works out to be £21.8m on average over the 30 year funding period and as such is a significant contributor to the overall financial position.

Values calculated to date by the Business Rates Growth Working Group suggest that, subject to approval of the formula, it is possible that Business Rates Growth will be realised at the expected levels for the duration of the Business Rates Pilot, but there is a risk that any scheme which supersedes the pilot, as directed by Central Government, could reduce the amount available. Once confirmed, the Red / Amber / Green status will be updated.

Rates Growth does not apply to rates levered in from within Enterprise Zones which were established at the time the deal was signed. The creation of Enterprise Zones following the Devolution Deal, theoretically, has the potential to reduce the overall take to WMCA. Whilst further Enterprise Zones have been agreed, (i.e. Dudley) this is not at this point anticipated to put the Investment Programme plan at risk.

Accurate forecasting of Business Rates growth will be fundamental to WMCA's ability to commit funding to programmes. The current absence of any long term, detailed forecasts for Business Rates growth will introduce an element of risk and uncertainty into commitments made by WMCA Board to fund schemes once the Devolution Deal 1 grant is fully utilised.

It is therefore the intention of WMCA to work with Local Authority Finance Directors to:

- Agree a plan for 2018 / 2019
- Formalise an agreement
- Present back to WMCA Board at the end of quarter one

### **APPENDIX 3 - Supplementary Business Rates – background & key risks**

Newly elected mayors of combined authorities were to be given the ability to raise business rates within their areas, up to a cap of 2%. Powers to introduce this levy, known as an 'infrastructure supplement', can be found in part 3 of the Local Government Finance Bill 2016-17. This bill fell following the 2017 general election meaning the necessary powers were not obtained but delays to obtaining this funding would have been expected anyway due to the Finance Bill delay.

The power was intended to deliver c.£500m of direct investment into the plan from April 2018.

Central Government subsequently announced as part of Devolution Deal Two that Combined Authorities would be provided with powers to raise a Supplementary Business Rate as per the existing powers held by the Greater London Authority which was used to fund Crossrail.

The powers will be conferred onto the Combined Authority following consent to the powers being received from WMCA Board, all seven constituent Local Authorities and the Mayor. WMCA are currently in the process of obtaining consents and are in dialogue with the respective Finance Directors / Chief Executives regarding process.

Given the changes versus the initial assumptions underpinning the Investment Programme, the following factors are relevant:

- The profile and totals achievable under the Supplementary Business Rate scheme may change and not deliver the income set out in the original plan.
- Any approval is likely to require a ballot of business rather than a consultation as set out in the draft Local Government Finance Bill.
- The timetable for implementation may be extended but it is intended to develop a plan for implementation earlier than April 2018.
- Existing regulations have only been used at the scale intended once in England and that was with regard to the Crossrail project.

The Business Rate Supplement assumption within the initial financial model was calculated on the entire Metropolitan area rateable value (properties over £50k) of £1.708bn with a 2% increase yielding £34m per annum. If it is possible to levy a supplement over the constituent geography (i.e. rather than project specific), it is possible that articulating the direct / tangible benefits to the business community may need to be proven with evidence during any consultation and ballot where those businesses are not located near to the physical investments but benefits are gained across the West Midlands region.

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**APPENDIX 1 - Investment Programme Funding - Risk Summary**

**Comparison of funding sources originally planned and included in February 2016 PwC report compared to latest position (December 2017)**

Funding category	Investment Programme Funding source originally planned and included in PwC report	PwC report (Feb-16) £m	Latest view (Dec-17) £m	Reason for RAG Status	Options to consider/actions in progress
Borrowing (Funded From Devolution Deal)	Devolution Deal Grant (Years 1-5)	126	126	Funding secured for years 1 - 5	N/A
	Devolution Deal Grant (Years 6-30)	622	622	Funding stream dependant on 5 yearly gateway review requirement which is detailed in the report.	* Engage Government with the objective of securing more certainly or a longer term commitment around continued payment of grant beyond year 5. * Investment in schemes optimising economic growth with confirmed funding. * Potential ranking and scheduling
	Business Rates Growth	476	476	Sharing principles now established with constituent authorities. Amber score reflects potential volatility, cumulative growth forecast and the need to formalise arrangements with DCLG / Local Authorities. Confirmed revenues to date as follows: 2016/17 = £6.9m (DCLG) / 2017/18 = £3.0m (LAs) / 2018/19 = TBC	* Continue to work closely with constituent authorities to ensure the formula will yield the expected revenues over the 30 year period. * Agreed actions written down and presented to WMCA and the constituent Authorities. * Prioritise Investment on strategically important schemes in case of a shortfall.
	Supplementary Business Rates	651	651	* The Local Government Finance Bill 2016-17 fell due to the 2017 general election * Delayed start now expected * New powers currently being acquired by WMCA. External confirmation of powers required by Constituent LAs. * Longer lead time due to a vote by businesses in the region affected by the charge. * Businesses may reject the supplement in any ballot to increase Business Rates.	* Work with DCLG in early 2018 to approval new powers. * Establish a team to take forward the Business Rates Supplement work stream to include
	Mayoral Precept	151	151	Subject to approval in budget report in February 2018 to WMCA Board.	Prioritise the investments to deliver those which are considered to be strategically important first. Amend WMCA powers to allow Mayor control over Investment Programme.
<b>Net Capital Investment Funded by Investment Programme</b>		<b>2,026</b>	<b>2,026</b>		
Enterprise Zone (EZ)	Metro Centenary Square EZ Funding Curzon masterplan/Solihull Metro extension	762	739	Funded by borrowing based on business rates growth being achieved by the Curzon Enterprise Zone	Birmingham City Council are managing the financial position regarding the Curzon EZ funding and will provide an update in 2018/19.
Transport Capital Grant	ITB/Highways Maintenance Grant		430		
	LGF/LSTF & Low Emissions Funding/Cycling & Walking Funding	1,299	870	The Devo Deal suggested Government would be forthcoming with additional Local Growth Fund, Local Sustainable Transport Fund, Office for Low Emission Vehicle funding and Cycling & Walking awards. A request has been made to seek clarity from DfT to confirm these funding assumptions are solid given the current funding climate and changed since 2015.	Consider including in future Devo Deal negotiations with Government. Ensure future "repackaged" Central Government funding is used locally in the West Midlands for core IP/transport objectives.
Existing DfT/HS2 Funding	UK Central Interchange	216	216	SMBC yet to confirm grant is secured	
	Expressway junction enhancements and connectivity to UKC	88	95	Automatic People Mover (APM) - subject to business case from Solihull MBC.	
	Coventry UKC		154	DfT funding now established for A46 Link Road (£85m) and M6 J3 (£69m)	
	Birmingham Eastside Metro Extension	41	132	Original proposal extended to include Curzon to Adderley Street, Digbeth extension.	
	Metro extension from Centenary Square to Edgbaston	60	60	DfT Grant awarded in September 2017	
A45 Sprint Scheme	35	35	DfT Grant subject to business cases (initial development contributions received)	It is expected that a number of these funding sources may turn green following the submission of suitable Business Cases to DfT but further work is being undertaken by WMCA to understand the risk and impact on the programme of these funding streams not being realised. This information will form the basis of subsequent update reports.	
Metro Capital Funding	East Birmingham to Solihull	795	492	The Devolution Deal contained a commitment by Government to support and Metro extensions from Curzon to Interchange. It is understood the Government have advised that the money is not currently allocated by HMT and WMCA should therefore also consider alternative sources of finance for the schemes.	* Continued lobbying of Central Government to secure this funding and inclusion in future negotiations. * WMCA need to look at other sources of finance including Land Value Capture Toolkit, ongoing fares revenue and Funding for Growth. * Prioritise the investments to deliver those which are considered to be strategically important first with Birmingham and Solihull Local Authorities.
	Brierley Hill extension		207	Confirmed in Devo II announcement - funded through Transforming Cities Fund	
Public Sector Partner Contributions	Highways England - Coventry UKC+ & Solihull UKC (J6 M42)	395	365	The "£1.8bn Midlands' Roads Plan" has the backing of DfT and is now RAG rated as green.	
	Network Rail/DfT - HS2 Connectivity Package	273	211	Network Rail planned funding is primarily in relation to Bordesley Chords and Water Orton	Work is ongoing through Midlands Rail hub (led by Midlands Connect) in conjunction with Network Rail to develop a strategic outline case for DfT.
	LGF		78	New LGF funding identified	WMCA need to continue to work with Network Rail to ensure the complementary funding assumed to be coming from Network Rail is included in their long term financial plans.
	Other Gov't grants (secured) Local Authority Funding	8	17	New funding identified	
		85	85	Other Local Authority funding identified that was not anticipated in the original plans.	
European Structural and Investment Fund (ESIF)		13	2		
Collective Investment Fund		1,000	1,000	Plans are progressing based on constituent local authorities underwriting the loan portfolio	Possible extension of the CIF to create further returns
Local Contributions/Private Sector	Contribution to HS2 UK Central Interchange from interested parties	139	139	Revised RAG rating from Feb-16, reflects more detailed planning in progress	Actions in terms of approaching interested parties will evolve as detailed panning work progresses.
	Coventry UKC+		68	Coventry UKC+ private sector development funding now identified (primarily Coventry North road developments)	
	Coventry City Centre South regeneration (private sector funding)		208	Only Investment Programme funded element was included in original plan.	
	Other	49	33	CSQ £6m plus Sprint £27m (private sector part funding of Sprint vehicles) now identified	
Funding TBC	Solihull UKC Infrastructure / Interchange		215	Includes £207m CEF (Birmingham International Station) redevelopment funding	Funding gaps will need to be addressed either by value engineering the schemes back within the original budget estimate or, in the case of the CEF, to continue to work with Government to identify funding and / or generate additional funding locally through Land Value Capture and other available frameworks.
	Metro East Birmingham to Solihull		60		
	Metro Wednesbury to Brierley Hill		33	Project contingency currently unfunded pending confirmation of detailed planning and cost forecasts.	
Productivity Fund (for HS2 Supply Chain and Business Support)		325	86	Detailed scoping underway - minimum investment £66m ERDF (incl. match) and £20m Rail Supply Growth Fund (excl. match but will include some nationwide investment).	The majority of the £325m refers to Private Sector leverage. WMCA to work with Birmingham City Council to ensure any leverage obtained through investments is accurately captured and reported.
Revolving Housing Fund		500		The Revolving Housing Fund did not feature in the final Devolution Deal agreement and will be revisited for future devolution deals with Government.	WMCA will need to continue dialogue with Government regarding its agenda for housing and the associated mechanisms for funding.
<b>Total Investment Programme planned Capital Investment</b>		<b>8,024</b>	<b>8,072</b>		
<b>Overall Investment Programme Funding - RAG status</b>		1,013	2,013		
		6,533	3,638		
		478	2,421		
<b>Overall RAG Investment Programme Funding RAG status %</b>		13%	25%		
		81%	45%		
		6%	30%		

\* Note: the total Investment Programme funding reported will change depending on the level of matched and other external funding identified and confirmed.

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## WMCA Board Meeting

<b>Date</b>	12 January 2018
<b>Report title</b>	WMCA Borrowing Powers and Amendments to Key Route Network
<b>Portfolio Lead</b>	Councillor Izzi Seccombe – Finance & Investments
<b>Accountable Chief Executive</b>	Deborah Cadman, West Midlands Combined Authority email: <a href="mailto:deborah.cadman@wmca.org.uk">deborah.cadman@wmca.org.uk</a> tel: (0121) 214 7552
<b>Accountable Employee</b>	Sean Pearce, Director of Finance email: <a href="mailto:sean.pearce@wmca.org.uk">sean.pearce@wmca.org.uk</a> tel: (0121) 214 7936
<b>Report to be/has been considered by</b>	WMCA Programme Board - 15 December 2017

### Recommendations for approval

#### The WMCA Board is recommended to:

- (1) Give delegated authority to the WMCA Section 151 officer together with the WMCA Monitoring Officer to approve the amendment to statutory regulations which amend the WMCA borrowing powers as set out in this report, subject to:
  - (a) The additional borrowing powers sought being fully aligned to the WMCA's statutory functions as detailed within the West Midlands Combined Authority Orders.
  - (b) Each Constituent Authority approving a complementary paper through their Cabinet to provide approval to the WMCA for these new borrowing powers; and

(c) The two WMCA officers detailed above to enter into the agreement with HM Treasury based on confirmation of b) from each of the seven Constituent Local Authorities.

(2) Approve the WMCA borrowing cap as agreed with HM Treasury as follows:

2018/19	£487.5 million
2019/20	£662.9 million
2020/21	£867.3 million

(3) Give delegated authority to the WMCA Section 151 officer together with the WMCA Monitoring Officer to approve the amendment to the Key Route Network as detailed within this report.

## **2.0 Purpose**

2.1 The report is required to ensure WMCA is able to enter into the necessary agreements with Government to amend existing statute, enabling WMCA to borrow for all of the functions attributable to it and also endorse the proposed changes to the Key Route Network.

## **3.0 Background**

3.1 West Midlands Combined Authority (WMCA) was established in June 2016 following a Parliamentary Order which effectively dissolved the West Midlands Passenger Transport Executive (WMPTE) and the West Midlands Integrated Transport Authority (WMITA), both of which were replaced by the newly established West Midlands Combined Authority.

3.2 Upon establishing the WMCA, specific powers were granted to this new organisation, which include but are not limited to Housing, Economic Regeneration, Public Sector Reform and Air Quality.

3.3 The two statutory bodies which preceded the Combined Authority (WMPTE and WMITA) existed to promote and deliver public transport. As such, those entities held the necessary powers to undertake borrowing for transport related purposes (i.e. to fund the Metro expansion).

3.4 When WMCA was established (and subsequently acquired the broader range of powers / functions), the borrowing powers were not extended to align with the newly acquired functions.

3.5 In short, whilst currently WMCA has powers across a broad range of areas, it only has the legal ability to borrow in relation to transport related expenditure.

3.6 Specifically, this issue manifests itself in a number of ways predominantly relating to the investment programme. These being:

- WMCA are currently relying on Birmingham City Council to undertake the commercial borrowing for the Collective Investment Fund.
- WMCA will need to rely on City of Wolverhampton Council undertaking the borrowing for the Land Remediation Fund in advance of WMCA's powers being amended.
- WMCA will be unable to borrow directly to grant fund the Coventry City Centre Regeneration scheme which WMCA Board have approved of c.£99m.

## **4. Amendments to WMCA Borrowing Powers**

4.1 The Cities and Devolution Act 2016 amends previous legislation so that in addition to borrowing for transport functions, a Combined Authority may borrow in relation to "any other functions of the authority that are specified for the purpose of [section 23(5)] in regulations made by the Secretary of State". Such functions include Mayoral and non-Mayoral functions. Such regulations may only provide borrowing powers for a particular function of the Mayoral WMCA if all the Constituent Councils consent.

4.2 In light of the above, WMCA have been in dialogue with HM Treasury and DCLG with a view to commencing the process to obtain the necessary powers and consents WMCA needs to undertake all of its functions; the process for which is broadly as follows:

HMT, DCLG and WMCA agree an annual overall external debt ceiling for WMCA.

4.3 The purpose of the debt cap is to ensure HMT are safeguarded from any fiscal shocks relating to the management of the UK financial deficit.

4.4 WMCA have responded to HMT's request to design an annual cap for WMCA External Debt. The cap calculated by WMCA as presented to HMT was sufficient to:

- Cover the necessary borrowing to fund the investment programme based on recent Local Authority estimates.
- Cover any requirement WMCA may have to manage its 'legacy' debt position including any refinancing of debt which may be required over the period.
- Allow for headroom to cover any acceleration of Investment Programme advancement.

4.5 The value of the borrowing cap proposal submitted to HMT is included as Appendix 1. HMT subsequently accepted the calculations provided by WMCA and provided written confirmation of the provisional deal together with some broad terms.

4.6 This written agreement aligns the cap to the 5 year gateway review which underpins the £36.5m gainshare grant and contains provisions regarding monitoring and review in the event of unforeseen, material events.

4.7 HMT now intend to recommend to the Chief Secretary that she approve the debt agreement and will send a letter to the Section 151 officer for West Midlands Combined Authority. The WMCA will be required to give consent to the debt agreement coming into effect and this report requests approval to this agreement and debt cap being entered into by the WMCA.

4.8 It should be noted that regardless of the borrowing ceiling / cap agreed with HMT, all borrowing ultimately undertaken by WMCA within this limit will be done with due regard to affordability, the WMCA Treasury Management Strategy and the CPIFA Code.

WMCA, HMT and DCLG agree the Borrowing Powers which would be applicable to WMCA

4.9 WMCA, HMT, DCLG and other representatives from the region have been in dialogue regarding the borrowing powers which should be applicable to WMCA. Agreement has been reached whereby WMCA will be able to borrow for all of its functions.

4.10 In essence, following approval of the regulation as proposed, the borrowing powers attributable to WMCA will exactly mirror the legal functions of the organisation as outlined within the West Midlands Combined Authority Orders. This is considered to be a sensible and logical approach and is consistent with borrowing powers given to other Local Authorities.

- 4.11 It is important to note that despite the broadening of WMCA borrowing powers, the revised powers will remain within the overall remit of WMCA based on its currently approved functions.

WMCA obtain consent to the delegation from the seven Constituent Local Authorities allowing WMCA to enter into the agreement with Government

- 4.12 Constituent Authorities approved the Mayoral Governance Review in May 2016 and this review made the following observations in relation to WMCA's ability to borrow:
- The Mayoral WMCA is prevented from borrowing for the purposes of its economic development and regeneration functions and as a result one of the Constituent Councils would in effect need to borrow on Mayoral WMCA's behalf.
  - The Greater Manchester Combined Authority has found this approach to be unsatisfactory, administratively burdensome and inconvenient. For the West Midlands to also proceed in this way would be extremely unsatisfactory.
  - The 2016 Act remedies this difficulty by amending previous legislation so that in addition to borrowing for transport functions, a Combined Authority may borrow in relation to "any other functions of the authority that are specified for the purpose of [section 23(5)] in regulations made by the Secretary of State". Such functions include Mayoral and non-Mayoral functions.
  - Such regulations may only provide borrowing powers for a particular function of the Mayoral WMCA if all the Constituent Councils consent. It is proposed that the regulations should provide for the Mayoral WMCA to have borrowing powers in respect of all of its functions.
- 4.13 The requirement for the approach to obtain a delegation is to ensure that the regulations can be laid before Parliament in early 2018 thereby avoiding a protracted process requiring the regulations to be approved individually by WMCA and the seven Constituent Authorities.
- 4.14 As detailed in the recommendations to this report, the delegation is expected to be strictly limited to the extension of WMCA Borrowing powers only within the boundaries of the existing functions of WMCA. Should the wording of the actual regulation differ from this principle, the necessary approvals will be requested through this Committee and the seven Constituent Local Authorities.

## **5 Key Route Network Amendments**

- 5.1 For the purposes of efficiency in terms of the Parliamentary process, the amendment to the regulations as detailed above is also intended to cover some necessary amendments to the WMCA Key Route Network.
- 5.2 Following the adoption of the WMCA 2017 Order, discussions continued with Local Authorities about whether additional roads should be added into Key Route Network. During the initial development phase of this work in 2015 there was some uncertainty about powers and responsibility which has subsequently been clarified, hence the suggested amendments to the KRN.

- 5.3 In addition, WMCA and the relevant Constituent Authorities have jointly developed a network map outlining the agreed Key Route Network. The Key Route Network amendments attached as Appendix 2 highlight the changes required (being sought through the regulation) which will align the schedule with the map.
- 5.4 To clarify, the suggested amendments to the KRN:
- Have been jointly developed and agreed between WMCA and the relevant Constituent Local Authority Highway Managers.
  - Are required simply to address inconsistencies between the KRN as informally recognised by WMCA / Local Authorities and the strict definitions as contained within the WMCA Orders to date.
- 5.5 It is recommended that the delegation being sought should only be executed if the KRN adjustments in the final regulation are consistent with those included within Appendix 2.

# APPENDIX 1 : WMCA Borrowing Cap Provisionally Agreed With HMT

## Planned external debt

Body	Function(s)	Project Description	External debt at 31 March					
			2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
WMCA	Transport	Existing WMCA External Debt (Including Deductions for Planned Loan Maturities with PWLB, Legacy WM County Council Maturities and reductions in principal on annuity loans)	£172,078,145	£166,218,464	£160,289,728	£136,283,774	£130,199,122	£124,025,763
WMCA Planned Prudential Borrowing from Table Below	See Below		£0	£0	£78,975,784	£350,296,825	£532,666,835	£743,309,568
<b>Total planned external debt</b>			£172,078,145	£166,218,464	£239,265,512	£486,580,599	£662,865,957	£867,335,331

## Planned prudential borrowing

Project	Function(s)	Project Description	Financing Description	Prudential borrowing between 1 April and 31 March					
				2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Devo Deal Investment Programme : UKC Interchange	Transport / Economic Regeneration / Highways	UK Central Interchange Package involves delivery of improvements and interchange capability at the HS2 Interchange station hub.	WMCA will borrow from PWLB or an alternative suitable lender, with the repayments secured against income from WMCA Gainshare Grant (as contained within Devo Deal 1), Business Rates Growth and Supplementary Business Rates. This borrowing strategy is consistent with the arrangements discussed with Government when agreeing Devo Deal 1.			£2,172,240	£18,207,390	£16,113,290	£12,303,330
Devo Deal Investment Programme : UKC Infrastructure	Transport / Economic Regeneration / Highways	UK Central Infrastructure Package involves delivery local network improvements, public realm and town centre enhancements, green infrastructure and digital connectivity. These measures will support connectivity and access to the HS2 Interchange Station and support economic growth in the UK Central growth zones and corridors.				£3,544,890	£10,686,250	£25,866,540	£56,719,160
Devo Deal Investment Programme : Metro Birmingham Eastside Extension	Transport	Extension of the Metro route to the HS2 site to include track and vehicles.					£20,226,779		
Devo Deal Investment Programme : Bilston Road	Transport	Metro track works in Wolverhampton				£15,699,000			
Devo Deal Investment Programme : Coventry UKC City Centre First	Transport / Highways	Coventry Station Masterplan development plus Ring Road junction improvements.					£10,673,000	£32,396,000	£6,469,000
Devo Deal Investment Programme : Coventry UKC South	Economic Development & Regeneration / Highways	A46 Link road, Binley & Walsgrave junction improvements, Coventry South park & ride station development.				£250,000	£4,762,000	£14,619,000	£16,115,000
Devo Deal Investment Programme : Coventry UKC VLR	Transport	Development of a very light rapid transit public transport facility to support HS2 connectivity.				£0	£2,524,000	£1,524,000	£1,044,000
Devo Deal Investment Programme : HS2CP Centenary Square	Transport	The extension of the Metro Network from New Street Station to Centenary Square and onwards to Edgbaston, including the costs of stat diversions, track and additional vehicles.				£5,088,000	£14,798,000	£12,435,000	
Devo Deal Investment Programme : HS2CP Metro Edgbaston Extension	Transport								£11,794,460
Devo Deal Investment Programme : HS2CP Rail Schemes	Transport	Rail infrastructure improvement schemes including contributions to new stations.				£768,000	£2,279,000	£11,080,000	£16,820,000
Devo Deal Investment Programme : HS2CP Wolverhampton Metro	Transport	Delivery of a Metro Extension in Wolverhampton with additional works to encompass Wolverhampton Rail Station and Car Park.				£5,277,792	£2,578,000	£4,544,208	
Devo Deal Investment Programme : HSCP Sprint Programme	Transport	The delivery of a Bus Rapid Transit network to include highway measured and vehicle procurement (with private sector investment assisting with the vehicle acquisition costs).				£965,025	£9,977,931	£18,107,234	£36,437,400
Devo Deal Investment Programme : HS2 - Brierley Hill Metro Extension	Transport	The extension of the Metro Network to Wednesbury and Brierley Hill				£1,980,000	£13,680,000	£12,598,000	
Devo Deal Investment Programme : Programme Governance	Transport and Economic Regeneration	Costs of programme management in relation to the delivery of the HS2 elements of the Investment Programme.				£505,556	£382,691	£386,517	£390,383
Devo Deal Investment Programme : Coventry City Centre Regeneration	Economic Development & Regeneration	Coventry City Centre South regeneration. A retail led development scheme to include a new department store, retail units, food and beverage units, a cinema, bowling alley, residential space, a hotel, car park and high quality public realm.				£7,585,281	£85,241,000	£8,252,000	£26,696,000
Devo Deal Investment Programme : Coventry UK Central	Economic Development & Regeneration/ Highways	A45 to A444 Keresley Link and M6 Junction 3 improvements.				£140,000	£1,230,000	£1,375,000	£1,116,000
Devo Deal Investment Programme : Land Remediation Fund	Economic Development & Regeneration/ Housing	Pump priming strategic development opportunities to unlock sites, remediate the industrial legacy and bring forward investable propositions				£5,000,000	£25,000,000	£25,000,000	£25,000,000
Devo Deal Investment Programme : Business Innovation	Economic Development	Development and application of intelligent/smart systems technology and approaches to increase business competitiveness/productivity and to contribute to the reform of public services. Focus will be applications in the Mobility, Health and Energy sectors, reflecting local and regional strengths and priorities as identified in the recent Midlands Engine Science and Innovation Audit.					£1,075,000	£3,300,000	£11,375,000
Other planned PWLB Debt Repayments	N/A	N/A		N/A					(£20,226,779) (£26,637,000)
Collective Investment Fund	Economic Development & Regeneration / Housing	Commercial Property Fund accelerates the development of commercial property projects within the West Midlands area. It is a revolving Fund that aims to underpin the region's long term growth and stability.		This is an evergreen fund, paid for by charging a commercial return on monies loaned to business and the repayment of the principal over a relatively short period of time.			£15,000,000	£15,000,000	£15,000,000
WMCA	Transport	Allowance for re-financing loan maturities	N/A			£5,000,000	£23,000,000	£5,000,000	£5,000,000
WMCA Borrowing Headroom (Agreed verbally with HMT)	N/A	N/A	N/A			£10,000,000	£10,000,000	£10,000,000	£10,000,000
<b>Total planned prudential borrowing</b>				£0	£0	£78,975,784	£271,321,041	£182,370,010	£210,642,733

## APPENDIX 2 : Key Route Network (Including Amendments as Highlighted)

### Proposed Changes to Schedule 1 of the West Midlands Combined Authority (Functions and Amendment) Order 2017

(1) Schedule 1 (meaning of "combined authority roads") to the West Midlands Combined Authority (Functions and Amendment) Order 2017 ( ) is amended as follows.

(2) In paragraph 5, for the opening words substitute-

5. A45 from the Stivichall Interchange roundabout with the A444/A46 in Coventry to the A446/A452 Junction with Stonebridge Island; and from a point immediately east of its junction with the M42 motorway Junction 6 excluding the circulatory carriageway to the Bordesley Circus roundabout with the A4540 Watery Lane Middleway/Bordesley Middleway/B4128 Coventry Road, including its junctions with-

(3) For paragraph 14 substitute-

14. A453 from its junction with the A34 Walsall Road (see paragraph 1(i).) to its junction with the B4138 Kingstanding Road.

(4) For paragraph 17 substitute—

17. A457 from its junction with the A459 Dudley Street/High Holborn to the Spring Hill roundabout with the A4540 Icknield Street/Ladywood Middleway/B4135 Summer Hill Road, including its junctions with—

(a) Turl Street; (b) Setton Drive; (c) High Arcal Drive; (d) Tipton Road; (e) Marlborough Road; (f) Brooke Street; (g) Parkes Lane; (h) A457 Sedgley Road/Parkes Hall Road/Park Road; (i) Claycroft Terrace; (j) Woodsetton Close; (k) Bramford Drive; (l) A457 Sedgley Road/George Street/Vicarage Road West; (m) Fox Street; (n) Dawlish Road; (o) A457 Sedgley Road/A4123 Birmingham New Road; (p) A4037 Hurst Lane/Dudley Road; (q) B4517 Owen Street/High Street roundabout; (r) A461 Dudley Port; (s) A4033 Dudley Road West; (t) Roway Lane/Brades Road roundabout; (u) A4034 Oldbury Ringway/Freeth Street roundabout; (v) Rounds Green Road/Sainsbury's roundabout; (w) A4034 Churchbridge/Halesowen Street roundabout; (x) Rood End roundabout; (y) A4031 Spon Lane South/Mallin Street roundabout; (z) A4252 Telford Way/Fenton Street roundabout; (aa) A4030 High Street; (bb) B4136 Soho Street; (cc) B4135 Cranford Street/B4136 Windmill Lane roundabout; (dd) A4092 Cape Hill/Barrett Street roundabout; (ee) B4129 Rotton Park Road; (ff) A4040 City Road; (gg) A4040 Winson Green Road/B4126 Icknield Port Road; (hh) B4135 Heath Street; and (ii) Western entry to the Spring Hill roundabout with the A4540 Icknield Street/Ladywood Middleway/B4135 Summer Hill Road.

(5) In paragraph 21—

(a) for the opening words substitute—

"21. A461 from the northwestern Walsall Borough boundary just south of Barracks Lane/Cartersfield Lane to the junction of the A461 Stourbridge Road/A4036 Highgate Road, including its junctions with—"

(b) after sub-paragraph (q) add—

(r) A461 Duncan Edwards Way;  
(s) Scotts Green roundabout with A4101 Stourbridge Road/A4101 Kingswinford Road/ Scotts Green Close; and  
(t) A461 Stourbridge Road."

(6) After paragraph 24 insert—

"24A. A4030 from its junction with the A456 Hagley Road West to its junction with the A457 Tollhouse Way, including its junctions with—

(a) Poplar Road; (b) Anderson Road; (c) Sherwood Road; (d) St. Mary's Road; (e) Rutland Road; (f) Sandon Road/B4182 Three Shires Oak Road; (g) Ethel Street; (h) Merrival Road; (i) Belmont Road; (j) Rawlings Road; (k) Dunsford Road; (l) Reginald Road; (m) Richmond Road; (n) Beakes Road; (o) Linden Road; (p) Talbot Road; (q) Bearwood Road; (r) Marlborough Road; (s) Dawson Street; (t) Vince Street; (u) Pearman Road; (v) Wellington Road; (w) Capethom Road; (x) Church Road; (y) Grange Road; (z) Millpool Way; (aa) Pens Close; (bb) Norma Rose Close; (cc) Watery Lane; (dd) Firs Lane; (ee) Victoria Avenue; (ff) Brailsford Drive; (gg) Coopers Lane/Crocketts Lane; (hh) Piddock Road; (ii) Regent Street; and (jj) Roslyn Close."

(7) After paragraph 33 insert—

"33A. A4092 from its junction with the B4125 to its junction with the A457 Grove Lane/Cape Hill/Barrett Street roundabout, including its junctions with—

(a) B4136 Windmill Lane; (b) Salisbury Road; (c) Rosebery Road; (d) Durban Road; (e) Montague Road; (f) Crown Street; and (g) Ragland Road."

Proposed Changes to Schedule 1 of the West Midlands Combined Authority (Functions and Amendment) Order 2017

(8) For paragraph 36 substitute—

"36. A4101 from the Dudley boundary (see paragraph 12(p.)) to the Scotts Green Island roundabout with the A461 Duncan Edwards Way/Stourbridge Road/Scotts Green Close, including its junctions with—

(a) A449 Kidderminster Road; (b) B4178 Swindon Road/Cot Lane; (c) A491 Moss Grove/Market Street (see paragraph 24(b.)); (d) B4179 Commonsidge; (e) Pensnett Road roundabout; and (f) Scotts Green Island roundabout with the A461 Duncan Edwards Way/Stourbridge Road/Scotts Green Close."

(9) After paragraph 41 insert—

"41A. A4167 from its junction with the A34 Stratford Road, to its junction with the A4540 Haden Circus, including its junction with—

(a) Stoney Lane; (b) Queen Street; (c) Mole Street; (d) Ladypool Road; (e) Kyrwicks Lane; (f) Woodfield Road; and (g) Moseley Road."

(10) After paragraph 54 insert—

"54A. B4125 from its junction with the A4030 to its junction with the A4092 Waterloo Road/Cape Hill, including its junctions with—

(a) Edgbaston Road; (b) Corbett Street; and (c) Claremont Road."

(11) After paragraph 55 insert

B4138 from its junction with the A453 College Road to its junction with the A454 Walsall Road, including its junctions with —

(a) Elmbridge Road; (b) Crossway Lane (c) Tysoe Road (d) Greenholm Road (e) Goodway Road/Melverley Grove junction; (f) Blenheim Way; (g) Westward Close; (h) Hawthorn Road/Dyas Road junction; (i) Hotspur Road; (j) Cranbourne Road; (k) Heather Croft; (l) Old Oscott Hill; (m) Haringay Road; (n) Dunedin Road; (o) B4149 Kings Road/Kettlehouse Road/Rough Road roundabout; (p) Cooksey Lane/Norbury Road junction; (q) Beacon Road; (r) Endhill Road; (s) George Frederick Road; (t) Bakers Lane junction; (u) Sutton Oak Road junction; (v) Sutton Oak Road/A452 Chester Road North junction (w) A452/A4101 roundabout; (x) Oakmount Road; (y) Ryknild Drive; (z) Millcroft Road; (aa) Thornhill Park; (bb) Manor Road; (cc) Foley Road East; (dd) Horsley Road; (ee) Burnett Road; (ff) B4151 Streetly Lane/hardwick Road/Roman Road roundabout; (gg) St. Margaret's (hh) Highbury Road; (ii) Wayside Drive; (jj) Endwood Drive; (kk) Woodstock Drive; (ll) Park Drive;

(12) After paragraph 56 insert—

"56A. B4145 from its junction with the A41 Warwick Road roundabout to its junction with the A45 Poets Corner roundabout, including its junctions with—

(a) Fraser Road; (b) Barrows Road; (c) Gough Road; (d) Ansell Road; (e) Hangleton Drive; (f) Benton Road; (g) Walford Road; (h) Sydenham Road; (i) Armoury Road; and (j) Anderton Road.

56B. B4146 from its junction with the A4040 Stockfield Road to its junction with the A41 Warwick Road, including its junctions with—

(a) Mansfield Road; (b) Wynford Road; (c) Augusta Road; (d) Francis Road; (e) Langworth Avenue; (f) Florence Road; (g) Beeches Avenue; (h) Cottessbrook Road; (i) Douglas Road/Elmdon Road; (j) Malvern Road; (k) Alexander Road; (l) The Avenue; (m) Sherbourne Drive; and (n) Oxford Road/Station Road/Sherbourne Road.

56C. B4148 Kingsbury Road from its junction with the A452 Chester Road roundabout to its junction with the A5127, including its junctions with—

(a) Padstow Road; (b) Eaton Wood/Egerton Road; (c) Pype Hayes Road/Sorrel Grove; (d) Paget Road/Burcote Road; (e) Holly Lane roundabout; (f) Bracken Road; (g) Tolworth Hall Road; (h) Birches Green Road; (i) Whitminster Avenue; (j) Firtree Road; (k) Spring Lane; (l) Ardenleigh Way; (m) Eagle Gardens; (n) Bromford Lane; (o) Arton Croft; (p) Ullrik Green; (q) Wood End Lane; (r) Kingsbury Road; (s) Lyndhurst Road; (t) Kingsmere Close; (u) Marshfield Gardens; and (v) Wheelwright Road."

(13) After paragraph 59 add—

"60. B4179 from its junction with the A4101 to its junction with A461 Ventura Way/Level Street, including its junctions with—

(a) Bradley Street; (b) Victoria Street; (c) Broad Street/Tiled House Lane (d) Birbeck Place; (e) Queen Street; (f) Blewitt Street; (g) Bromley Lane; (h) Bryce Road; (i) Wallows Road; (j) Kerry Close; (k) Pensnett Road; (l) Hickman Road; (m) Pensnett Road; (n) B4180 High Street; (o) B4180 John Street; (p) Bent Street/Adelaide Street; (q) Victoria Street; (r) A461 Dudley Road/High Street; and (s) A461 Ventura Way."

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## WMCA Board Meeting

<b>Date</b>	12 January 2018
<b>Report title</b>	Report of the Commission on Gangs & Violence: “Uniting to Improve Safety”
<b>Portfolio Lead</b>	Not applicable – Report from the West Midlands Police and Crime Commissioner
<b>Accountable Chief Executive</b>	Not applicable
<b>Accountable employee(s)</b>	Not applicable
<b>Report to be/has been considered by</b>	WMCA Programme Board - 15 December 2017

**Recommendation(s) for action or decision:**

**The WMCA Board is recommended to:**

- (1) Note the report of the Commission on Gangs and Violence, and agree ongoing participation in the Commission and the implementation of the report’s recommendations.

## Purpose

- 1.1 To engage West Midlands Combined Authority in the collective response to gangs and gang related violence in the West Midlands and promote the report of the Commission on Gangs and Violence.

## Background

- 2.1 Gangs and gang related violence affects all areas of the West Midlands, with some areas affected more severely than others. The impact of gangs and gang related violence includes, of course, those directly affected and harmed (including loss of life and terrible injuries, as well as other physical and mental harm), but also links to employment opportunities, economic development and the reputational consequences for inward investment. The Gangs and Violence Commission was established by the Police and Crime Commissioner in 2016 following an increase in gang related violence in Birmingham, and is a community-led group consisting of statutory partners and a network of “specialist providers” working with gang members, those at risk of becoming involved in gang related activity, families affected by gang violence and in gang affected areas. The Commission’s report, *Uniting to Improve Safety*, authored by Revd Dr Carver Anderson, was published in December 2017 (summary report attached, full report [here](#)).
- 2.2 The report was signed by the Police and Crime Commissioner, Chief Constable, Leader of Birmingham City Council, Birmingham’s Director of Public Health and Bishop Derek Webley, the Chair of the Commission. Mayor Andy Street made a video presentation at the report launch event.
- 2.3 The report includes 24 recommendations that are applicable to addressing gangs and gang related violence across the West Midlands. Highlights include:
  - A new negotiation and mediation capability to defuse violence between gangs and to help individuals disengage from gang activity.
  - A mentoring scheme to help young people at risk of offending
  - Support to rehabilitate ex-offenders as they leave prison.
  - New approaches to young people at risk of and experiencing school exclusion
  - Better engagement with businesses to support young people into employment and self-employment
- 2.4 The report also identifies three high level themes:
  - Ensuring enduring leadership, direction and commitment to the challenges posed by gangs and gang-related violence. The report finds a need for there to be sustained commitment to addressing gangs and gang-related violence, supported by appropriate processes and resources.
  - From enforcement to public health. The report sees gangs as a product of a range of wider social and economic factors, and addressing these – at individual, familial, community and population levels – will be more effective than enforcement and deterrence alone.
  - Images and stereotypes: Representation in public debates. The report looks for a reframed public debate on how gangs impact on communities, and the promotion and empowerment of genuine, credible authoritative voices at neighbourhood and community levels.

- 2.5 The Police and Crime Commissioner has already committed £2 million of police funding to support projects and activity associated with reducing the impact of gangs. The Office of the Police and Crime Commissioner will support the continued operation of the Gangs and Violence Commission to develop, implement and monitor a multi-agency action plan to implement the recommendations. It is hoped that the mayoral West Midlands Combined Authority will be an active partner in that work.

**Financial Implications**

- 3.1 None.

**Legal Implications**

- 4.1 None.

**Equalities implications**

- 5.1 While gangs and gang related violence can affect all populations, protected characteristics associated with ethnicity and gender are particularly salient.

**Other implications**

- 6.1 None.

**Schedule of background papers**

- 7.1 Report of the Commission on Gangs & Violence: “Uniting to Improve Safety”

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Commission on  
Gangs and Violence:  
**UNITING TO  
IMPROVE SAFETY**

**Summary Report November 2017**

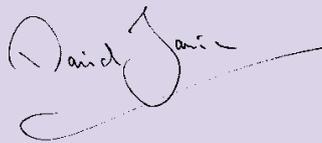
**Rev Dr Carver Anderson**



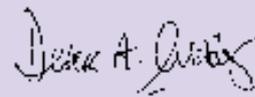
west midlands  
police and crime  
commissioner

# Commission on Gangs and Violence: **UNITING TO IMPROVE SAFETY**

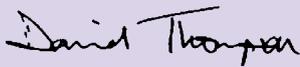
## Signatories



**David Jamieson**  
West Midlands  
Police and Crime Commissioner



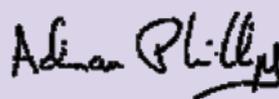
**Bishop Derek Webley MBE DL**  
Chair, Gangs and Violence Commission



**David Thompson**  
Chief Constable



**Councillor Ian Ward**  
Leader of Birmingham City Council



**Adrian Phillips**  
Director of Public Health



west midlands  
police and crime  
commissioner



**Birmingham City Council**

# Commission on Gangs and Violence: **UNITING TO IMPROVE SAFETY**

## **Foreword from the Police and Crime Commissioner**

We are determined that we do not go back to where we were a decade ago. Violence is unacceptable and we all need to work together to ensure that we don't go backwards on this crucial issue.

Excellent work has been done by the police, but in particular by the community. That work has decreased the level of gun crime and made our streets safer. This commission will review that work and make recommendations on what needs to occur in the future to ensure that this spike in gun crime does not reoccur.

We have listened to the community and their concerns on gangs and violence; that is why we are launching this root and branch review. Gangs and violence are complex issues and the response should be, too.

A tough approach from the police is just one aspect of how we tackle gangs and violence. We need a consistent approach by the whole public sector, across different agencies to empower communities to help them tackle these issues collectively.

Whilst gun crime has fallen over the last decade, if it takes place on your street it is, of course, the biggest concern in your life. We recognise that concern and, for that reason, we are coming together to launch this commission into the root causes of gangs and violent crime in the city.

A robust police response is necessary, but we cannot arrest our way out of this problem. Arrests and prosecutions will only be temporary solutions that deal with the symptoms, not the core issues. We all need to work together to bring about a solution that includes skills, jobs and prosperity for the affected areas. The Commission on Gangs and Violence will be community led, with the support of statutory agencies, not the other way around.

## **Acknowledgments**

This report would not have been possible without the diverse contributions of the individuals and groups who took the time to participate in this report. Their thoughts, experiences and insights offer both empirical and anecdotal data that have allowed a greater understanding of the increase in gang-associated activities, the use of weapons and incidence of serious violence in some Birmingham neighbourhoods over the past eighteen months. It is from this understanding that key recommendations have emerged.

Thanks to Professor Steve Garner, Dr Martin Glynn and Mohammed Rahman from Birmingham City University for their academic support and critical reflections throughout the research.

Thanks to the team of Specialist Providers: Mohammed Ashfaq (KIKIT Pathway to Recovery), Joan Campbell (Community Vision West Midlands), Bobby Dennis (Community Outreach and Facilitations), Nathan Dennis (First Class Legacy), Lloyd Robinson (Criminal Justice Specialist, involved up until February 2017), Lincoln Moses (Holford Drive Community Sports Hub), Craig Pinkney (Real Action UK), Tanayah Sam (TSA Projects) and Rev Robin Thompson (Bringing Hope Charity). Their experiences and skills were vital to the research, because they facilitated contact with and access to the voices of young people, men and women living in communities across the city, impacted directly and indirectly by serious violence and gang-associated issues.

## Introduction

This is a summary of a research report into gangs and violence in Birmingham, commissioned by the Police and Crime Commissioner. It began in March 2016 with the launch of the Commission on Gang and Violence. The commission's job was to respond to the serious increase in the numbers of people hurt and killed by firearms and knives and other forms of violence. It also had to respond to the families, friends and communities mourning the loss of loved ones and wider concerns about organised crime and serious violence in city neighbourhoods.

The research report offers a **community-led, 'city-community' partnership** response to gang and non-gang related violence in Birmingham. In essence, it explores the challenges associated with engaging and working with individuals and families associated with criminality regarding desistance, which is the termination of criminal activities and negative behaviours (McNell and Weaver, 2010; Glynn, 2014). It uses statistics, official documents, interviews, meetings and observations to explore the challenges, interests and issues around organised and spontaneous violence in the city, which generally occurs in public spaces and environments. For those individuals and communities impacted, it highlights the depths of hurts, pains, regrets and fears of both the victims and perpetrators of serious violence. It expresses the hopes, dreams and plans of young people, a cross-section of community members, business people, faith leaders and city leaders.

The report recommendations seek to offer solutions that effectively respond to the concerns, challenges, hurts, hopes and aspirations highlighted in the research. There are numerous examples in the data of participants from several communities talking about the lack of trust between statutory bodies and local communities. They say that one way to reduce gang violence is to build a community-led partnership with city, business, community and other groups. Such a partnership can make the best use of the city's resources to limit the violence and improve the lives of all its peoples. Simply 'cracking down' on 'hot spots' of violence and gang activity or known individuals is not a long-term solution.

This report acknowledges that there is not a pre-existing consensual definition of community-led approaches. For this reason the research team has come up with a definition based on consultation with community organisations and other stakeholders. Community-led approaches constitute:

*agreed responses (programmes and activities) undertaken in defined areas and neighborhoods by individuals, groups or organisations in that location, to achieve positive changes relating to identified concerns and challenges (environmental, social or economic) with objectives defined by participants in consultation with key stakeholders.*

Importantly, the above definition does not negate activities that may be facilitated by statutory sector providers, however it cautions against a top-down approach to involving groups in the community (Crisp et al., 2016).

# Commission on Gangs and Violence: **UNITING TO IMPROVE SAFETY**

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The Police and Crime Commissioner and the Commission on Gangs and Violence see this report as a first step towards a sustainable programme of changes to address the issues around gangs and violence and wider youth criminality that can potentially progress into involvement with serious crime groups and activities.

## **Birmingham Context**

Gangs, violence, guns and knives continue to plague towns and cities across the UK, with devastating consequences on families and neighbourhoods. According to some media reports and government statistics, the West Midlands have been ‘the gun crime capital’ of the UK over a two year period (McCarthy, 2016). This means that some families, communities and neighbourhoods are damaged by acts of spontaneous and deliberate violence that kill or seriously injure. They are also damaged by the long prison sentences given to some perpetrators. Gangs and violence produce money and power for some and fear and misery for many more.

Across the research data, community participants, victims and perpetrators highlighted the following key needs:

- Individuals and organisations that can be trusted to support them when they are in crisis.
- Employment opportunities, especially if one has a criminal record.
- Statutory agencies, especially the police to acknowledge the pain and mistrust by certain groups/communities that have been advertently or intentionally misrepresented or mistreated, and to commence a conversation regarding a process of ‘healing’.
- Safe spaces and venues in communities that offer advice and guidance regarding personal development.
- Support for parents with youngsters at risk of gang association and criminality.
- For black young men to be given opportunities to progress beyond the labels of gang affiliation as portrayed by the media.
- To get ex-offenders more involved in mentoring and supporting youngsters at risk of involvement in criminality.
- For more early support for schools and parents with children identified as having behavioural challenges.
- Showing genuine love, care and concern for the families of victims and perpetrators and where possible support them in restorative justice processes.

# Commission on Gangs and Violence: **UNITING TO IMPROVE SAFETY**

The research further confirms that some victims fear speaking out for a number of reasons. Some expressed the belief that this would make them 'weak' or 'snitches' in areas where strength and silence are necessary to avoid further violence (Antrobus, 2009). Some are traumatised and carry emotional and psychological pains that require understanding and support (Anderson, 2015; Brown, 2014). Other victims strike back and cause more pain and trauma in families and communities. Other victims simply die.

The present gangs and violence associated challenges should not be seen in isolation of Birmingham's history - the deaths of Charlene Ellis and Latisha Shakespeare, at a New Year's party in Birchfield in 2003 (Beckford, 2004; Dawkins, 2003; Heale, 2008) shocked Birmingham awake to gang and gun violence in the city. 8,700 people gathered at the 'Communities Unite' event in January 2003 at Villa Park around the banner, 'Enough is enough: Youth Cry Life, not Death'. This community-led initiative brought together many ordinary people, community and faith groups, people from voluntary, business, statutory and private sectors and government officials, in the fight against drugs, crime and gun violence (Dawkins, 2003).

There were fatal shootings and stabbings and serious non-lethal gang violence before the deaths of the two young women, but these did not pull people together in the same way. The city's responses to their deaths sparked Birmingham's original partnership to tackle gang violence: the Birmingham Reducing Gang Violence group (BRGV). This became a core priority group in Birmingham Community Safety Partnership (Home Office, 2008) and a turning point in the quest to develop community-involved/community-led responses to organised crime and serious violence.

## **The problems**

This report shows links between the drugs industry, the illegal use of firearms and knives and serious violence. It looks at key points and responses to these issues between 2003 and 2017. It shows the importance of community groups and organisations, families and faith groups in limiting violence and promoting peace in Birmingham. It shows how local, regional, national policies, perspectives and procedures shape what happens on the ground and in people's lives.

The research suggests that there is no single explanation for reductions in gun and knife crime. Many things can contribute to more peaceful streets and lives. The key is to create an environment where people can work together effectively. Recommendations for making things better in Birmingham are laid out. However, they should be considered with the learning and reflections falling under three headings: the breakup of key governance frameworks; the 'criminal justice' or law enforcement model which limits impact; and the mainstream media often makes things worse, by the sometimes, sensational and 'moral panic' responses, which at times lack any detailed or critical analysis or enquiry into the very complex world associated with gangs and violence.

## **Ensuring enduring leadership, direction and commitment**

The first point relates to the disbanding of Birmingham Reducing Gang Violence partnership which led to the breakup of a coherent approach to gangs and violence across the city. Whilst the Multi Agency Gang Unit (MAGU), Youth Offending Services (YOS) and community sector organisations offer examples of good practice around gangs and youth violence, however:

- There are no examples of genuine ‘power-sharing’ between local communities and the statutory, private and voluntary sectors. There are no community-led and no effective community-involved partnerships.
- The victims, perpetrators and others directly affected by gangs and youth violence are rarely included in strategic discussions around the planning of services or interventions.
- There are very limited ways to review and research good or best practice and such initiatives (from all sectors) are seldom celebrated and replicated.

## **From enforcement to public health**

The second point is that established ways of seeing and dealing with gangs and violence lacks credibility as a number of respondents have highlighted in the research. The dominant and embedded ‘criminal justice/law enforcement’ model of ‘cracking down’ on ‘hot spots’ and individuals means more confrontations between communities and police. Community organisations that were interviewed reiterated feelings that statutory bodies often fail to see, let alone address, the lack of trust and confidence created in local communities impacted by serious violence and the police’s efforts to limit it.

The research reveals that there are more possibilities for real change where the criminal justice, law enforcement approaches are considered within a public health framework. From the growing body of evidence relating to public health, it is becoming increasingly clear that its cross-disciplinary nature can bring partners together from different sectors and agencies. These should include credible community groups and organisations, which can help communities to develop, fund, implement and evaluate a comprehensive strategy that supports individuals and families towards desistance.

There are numerous examples in the data highlighting how serious violence and gang-associated activities are related to other social issues. These include: living in poor and under resourced homes and neighbourhoods; school exclusions; educational ‘underachievement’, exposure to violence; family and personal debt; the glorification of ‘materialistic lifestyles’ on social media; negative experiences with statutory personnel/service providers; boredom and a lack of recreational spaces and activities;

minimal parental supervision and ‘father deficit’; ‘disruptive’ family relationships; mental health difficulties; unemployment; trauma; being ‘looked after’ by a local authority, racism and bullying (victim or perpetrator). Whilst each aspect in isolation should not be seen as a tipping point towards gang affiliation or violence, however, when they become interconnected, negative outcomes are likely. This increases the risk of people getting involved in criminal activities (Anderson, 2015; Brown, 2014; Regan and Hoeksma, 2010; Gunter, 2010; Pitts, 2008).

### **Images and stereotypes: Representation in public debates**

Thirdly, there are few balanced and informed challenges to the mainstream media’s ‘stories’ about gangs, guns and violence in certain neighbourhoods. In effect, media representation of the city’s responses to gangs and violence continues to highlight some historical notions of gangs based on old prejudices rather than any balanced community-city partnership representations. This report therefore strongly supports the need to promote and empower genuine, credible authoritative voices at neighbourhood and community levels, to influence the public discourse that can potentially impact on misguided media representations of the issues.

The recommendations to limit the multiplication and interconnection of these issues are grouped under the following key themes that are represented in the findings of the full report:

1. Criminal justice and public health considerations
2. Gang labels - contested and reinforced
3. Community-involved and community-led partnerships
4. Individuals and families (‘street’ and natural) – support structures and interventions
5. Education, training and preventative considerations
6. The voices of young people (‘uninvolved’, ‘gang-associated’, ‘victims’ and ‘perpetrators’)
7. Specialist providers and culturally competent grassroots organisations
8. Faith groups - an untapped component
9. Prison influences
10. Statutory and Business sector responses

# Commission on Gangs and Violence: **UNITING TO IMPROVE SAFETY**

The report acknowledges that most children, young people and adults in Birmingham are law abiding and not associated with gangs or violence. However, it highlights the absolute devastation that is possible by a small minority of individuals, drawn from different parts of the city and by no means exclusively linked to one geography, community or ethnicity. These individuals or groups are known to be advocates of violence, are involved in illegal drug sales and trafficking and also possess and use firearms and knives in 'protecting their trade'.

There is a desperate need for responses that work to tackle Birmingham's reputation as the UK's gun crime capital. Even though no one intervention, approach or partnership can reduce serious violence and gun or knife-related deaths, the willingness of people from the statutory, community, faith and business sectors to work together to make things better establishes relationships, trust, transparency and accountability (Home Office, 2012). The evidence says that these things cannot be assumed. They are created by the people involved in them.

The evidence also says that these initiatives work best when the people most affected by them are involved at all levels and given aspects of leadership to influence outcomes. The single most important resource in any partnership is the communities that both produce and challenge gang life and its associated violence. A theme amongst a number of respondents is the aspect of working together. Community respondents and community-led organisations were clear that without communities working with others from different sectors to build opportunities and challenge injustices, there can be no limiting of the impact of the drugs and other criminal industries in the city.

This report fully supports the notion and plan for community-involved and community-led partnerships that share and review information and plans and are involved in commission services.

## **Recommendations and rationales as represented in full research report:**

### ***Governance, implementation and review***

**Recommendation 1:** The Gangs and Violence Commission is to provide ongoing leadership, direction and co-ordination to work that will reduce the impact of gangs and violence, working to fill the current leadership vacuum.

The Gangs and Violence Commission should continue meeting quarterly to monitor, review and scrutinise the implementation process and progress related to the recommendations in this report. Importantly, the commission should agree priorities and timeframes for implementation of the recommendations. Furthermore, the commission should establish a community/city-led implementation group who will ensure delivery of the recommendations approved in the report.

# Commission on Gangs and Violence: **UNITING TO IMPROVE SAFETY**

**Recommendation 2:** The Gangs and Violence Commission will work with a range of partners to collate and analyse data about gangs and violence.

The commission should develop ways to regularly gather and compare local data on gangs and violence with national trends. For example, national data shows that Black, Asian and Minority Ethnic (BAME) youngsters are disproportionately represented in the criminal justice system and have fewer life chances than other ethnic groups. This should be compared with the trends in Birmingham. This will enable more rigorous analysis and future planning relating to offending, gangs and violence association and evaluation of outcomes and interventions.

## *Community and Stakeholder Engagement/Approaches*

**Recommendation 3:** The Gangs and Violence Commission will agree a broad, preventative public health based action plan for addressing gangs and violence, recognising that enforcement does not offer enduring solutions.

The commission partnership should agree on a public health approach to gangs and violence and use this to commission services. The public health approach does not negate the inclusion of criminal justice or law enforcement actions, but considers it within a framework for considering how gangs and violence problems are defined; also the challenges, aspirations, causal factors and support needs for those associated. This should enable more inclusive and effective partnership working and better outcomes.

**Recommendation 4:** The action plan will include targeted, place-based activity.

The commission partners, with the West Midlands Police should decide which neighbourhoods need more strategic interventions and partnerships to address their specific concerns. The partners should also offer 'doable' strategic action plans with 'measurable' outcomes. These plans should also include the joint training needs that would allow for more effective work with families and communities associated with gangs and violence.

**Recommendation 5:** The commission should consult with local community-led organisations to support their full involvement in the development of 'local community well-being partnerships' (community, voluntary, faith, statutory and business) in neighbourhoods identified as areas needing interventions relating to gangs and violence.

**Recommendation 6:** The commission partners should enable community organisations and groups involved in gangs and violence associated interventions to strategise, share and train together. The best practices produced locally can be shared with statutory providers to influence city policy and practice.

**Recommendation 7:** Our understanding of gangs and violence locally must be underpinned by a sustained academic research programme.

# Commission on Gangs and Violence: **UNITING TO IMPROVE SAFETY**

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The commission partners should ask academic partners, in particular Birmingham City University, to host an annual Birmingham partnership symposium regarding best-practice around gangs and violence reduction. The aim is to make a learning, training and empowerment space for 'stakeholders' (victims and perpetrators included) to offer insights and experiences regarding sustainable and effective approaches and interventions.

## *Community Mapping/Networking*

**Recommendation 8:** The development of a community-led partnership; to use social media and information technology mechanisms to strategically reach key communities and stakeholder audiences regarding gangs and violence awareness /initiatives.

**Recommendation 9:** The commission partners should ensure a remapping of all community groups/organisations, faith groups and key individuals providing or supporting gangs and violence services and interventions. These groups and individuals should be invited onto an Independent Advisory Group (IAG) to work with the commission to deliver workshops around: gangs and violence reduction; and ways to increase community participation and explore more effective ways to support communities directly affected by gangs and violence.

## *Offending: Young People/Adults*

**Recommendation 10:** The commission partnership should learn from Birmingham Youth Offending Service and consider a roll out of its family-empowerment approach as a template for working with families, with needs linked to the criminal justice system, youth violence and criminality.

**Recommendation 11:** A flexible and culturally responsive community based preventative and reactive mediation and conflict intervention capability is required.

The commission should promote a shift away from the 'law enforcement' response towards community-led mediation and conflict interventions and approaches. Community organisations (faith and non-faith) should be supported to appoint and train community mediators and facilitators to mediate in situations associated with gangs, conflicts and violence reduction in neighbourhoods.

**Recommendation 12:** The commission partners should work to include an 'authentic youth and family voice' in their discussions and planning. This voice can represent the views of victims and perpetrators in service provision and provide relevant information about 'life on the ground'.

**Recommendation 13:** The commission partners should prioritise supporting community-led organisations that support children, young people and young adults identified as 'at risk' of gang or violence related behaviours and activities. Such early interventions have a greater chance of success and should be available to anyone in need.

## *Education/Support for Young People*

**Recommendation 14:** The Commission will review approaches to school exclusions, aiming to develop services and support for excluded pupils and their families.

The commission partners should examine patterns of school exclusions and how schools manage them in the priority areas. Processes that lead to exclusion overlap with processes that encourage people to become involved with organised crime and violence. The aim is to understand what leads to exclusion, how exclusions are managed and what support is offered to the child and family once they have been excluded. This includes issues around race, gender, faith, culture and the need for schools or colleges to signpost families affected to local groups (faith, business, parents and community) for support.

**Recommendation 15:** The new Police Cadet scheme must engage young people in areas most affected by gangs and violence.

The commission should promote the implementation of the Cadets Scheme in specific areas of Birmingham. This will involve a more targeted approach to the recruitment of volunteers from diverse backgrounds to be cadets and a community-city partnership to engage groups and institutions to champion and support the scheme.

**Recommendation 16:** The Commission will develop, support and review schemes that support young adults at risk and ex-offenders to find work and start businesses.

The commission should set up a strategic working partnership to support young adults and ex-offenders facing challenges around getting a job and starting a business. This group could work with the Birmingham and Solihull Youth Promise Plus project to help 'hard to access' young people to engage directly with key city business leaders and employers.

**Recommendation 17:** Mentoring schemes should be targeted at young people at most risk.

The commission partners should support the appointment of the Partnership Engagement Manager to develop school-based mentoring schemes to support young people 'at risk' of exclusion/offending and in need of greater support. The engagement and consultation with local community groups will be necessary for this role.

## *Family and Community Support*

**Recommendation 18:** The Commission will support development of specialist family and trauma therapy services for those affected by gang associated violence.

The commission partnership should ensure that specialist counselling services, including family therapy and trauma therapy services are available to both victims and perpetrators of gang associated violence. This will involve commission partners compiling a comprehensive list of organisations and agencies that offer these specialist services.

# Commission on Gangs and Violence: **UNITING TO IMPROVE SAFETY**

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**Recommendation 19:** Birmingham City Council should engage partners in a review of services for young people.

The commission should encourage the City Council to review its position on youth facilities in priority areas and wards to consider the establishment of partnerships or to re-establish spaces and facilities where meaningful activities (learning, fun, sports, discussions, counselling, coaching, mentoring) can take place.

**Recommendation 20:** Prisoners associated with gangs and violence should have a comprehensive 'intervention and support package' in place for when they leave prison.

The commission should promote community-involved and community-led approaches to offenders and ex-offenders by setting up a working group. This group can encourage agencies that work with these individuals (the West Midlands National Probation Service, Community Rehabilitation Company, Youth Offending Services, and HMP Prisons link to City of Birmingham) to fulfil their statutory responsibilities to support prisoners towards and on release. Prisoners with gang and serious violence issues need an 'intervention support package' to ease their re-entry to productive community life. This package should follow the government's seven pathways to encourage rehabilitation and reduce reoffending. These include: accommodation; education; employment and training; health (physical and mental); drugs and alcohol; finance, debt and benefit; children and families; and attitudes, thinking and behaviour.

## ***Faith***

**Recommendation 21:** The Commission's action plan should include exploration and review of faith-based approaches to gangs and violence.

The commission should develop a co-ordinated approach to engage all inter-faith and multi-faith forums/groups in Birmingham. The aims are to discuss the role of faith, values and morals in issues around organised crime, gangs and violence and to promote working together, especially in 'priority neighbourhoods', to increase the peace.

## ***Funding***

**Recommendation 22:** There should be investment in capability to seek greater external funding from charitable and non-statutory funders.

The commission should support the appointment of a Fundraising/Community Development Manager to encourage capacity building in community groups and to build a network of voluntary and community groups. Such a network can investigate joint funding and investment strategies to secure substantial funding, e.g. Big Lottery Reaching Communities joint bid, from non-statutory funders supporting gangs and violence reduction initiatives.

## *Business, Employment, Jobs and Training*

**Recommendation 23:** The commission should establish a community-led 'interdisciplinary business hub' for supporting individuals and families associated with gangs and violence. This hub will show people routes into employment, training, self-employment and business start-up possibilities.

**Recommendation 24:** The Commission should work with businesses to provide spaces for activity, training, mentoring and advice for individuals and families associated with or impacted by gangs and violence.

The commission should involve the business sector in its work through the promotion of corporate social responsibility. Such social responsibility can lead to partnerships between all sectors to acquire appropriate buildings and premises for establishing 'safe spaces' for learning, personal development, advice, guidance, business start-up and other relevant support for individuals and families associated or impacted by gangs and violence.

The report highlights the willingness of the different sectors in the commission partnership to work together in addressing the challenges linked to gangs and serious violence. It also notes the clear, local, regional and national acknowledgements that arrests and law enforcement approaches are not enough to effectively confront and reduce serious violence in local neighbourhoods or communities (Home Office, 2011; Jamieson, 2016). It is from these acknowledgements that this report confirms that only an active and sustained multi-agency, city-community response to the recommendations will make any significant inroads into what, for some, has been categorised a 'crime epidemic' relating to gangs and serious violence.

# Commission on Gangs and Violence: **UNITING TO IMPROVE SAFETY**

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## WEST MIDLANDS COMBINED AUTHORITY

### WMCA Housing and Land Delivery Board

Wednesday 15 November 2017 at 10.00 am

#### Minutes

##### Present

Councillor Sean Coughlan (Chair)  
Councillor Peter Bilson  
Councillor Steven Claymore  
David Cockroft  
Councillor Majid Mahmood  
Councillor Paul Moore  
Kevin Rodgers

Councillor Mark Shurmer  
Karl Tupling  
Councillor Peter Butlin  
Councillor David Humphreys  
Councillor Nic Laurens

Walsall Metropolitan Borough Council  
City of Wolverhampton Council  
Tamworth Borough Council  
Coventry City Council  
Birmingham City Council  
Sandwell Metropolitan Borough Council  
West Midlands Housing Association  
Partnership  
Redditch Borough Council  
Housing and Communities Agency  
Warwickshire County Council  
North Warwickshire Borough Council  
Shropshire Council

##### In Attendance

Carl Craney  
Nick Glover  
Tim Johnson  
Steve Maxey  
Patrick White

West Midlands Combined Authority  
Greater Birmingham & Solihull LEP  
City of Wolverhampton Council  
North Warwickshire Borough Council  
West Midlands Combined Authority

##### Item Title No.

##### 1. Chair's Announcement

The Chair welcomed those present at the inaugural meeting of the Board and introduced himself as Chair. He explained the purpose of the Board as being to drive the delivery of the housing and employment land needed to deliver the ambitions detailed in the Economic Strategy. The Board would be supported by an Officers' Group that had made good progress on developing the pipeline of schemes which would underpin delivery. He commented on the need to accelerate house building to drive the economy forward and acknowledged the different challenges, problems and priorities in the region which could be addressed better by collaborative working.

**2. Apologies for Absence (if any)**

Apologies for absence had been received from Bill Blincoe (Coventry and Warwickshire Local Enterprise Partnership), Councillor Ian Courts (Solihull MBC), Councillor Dennis Harvey (Nuneaton and Bedworth Borough Council), Simon Marks (Greater Birmingham and Solihull Local Enterprise Partnership), Sarah Middleton (Black Country Local Enterprise Partnership), Councillor Richard Overton (Telford and Wrekin Council) and Councillor Chris Saint (Stratford on Avon District Council).

At the request of the Chair, Carl Craney updated the Board on changes to and additions in membership of the Board namely:

Councillor Nic Laurens – Shropshire Council;  
Councillor Peter Butlin – Warwickshire County Council;  
Councillor David Humphreys – North Warwickshire Borough Council; and  
Sarah Middleton – Black Country Local Enterprise Partnership.

**3. Declarations of Interests (if any)**

No declarations of interest were made in relation to items under consideration at the meeting.

**4. Draft Forward Work Programme**

Patrick White presented a report which detailed the Terms of Reference of the Board and which proposed a structured work plan. He explained that the aim was to deliver the increase in housing and employment land needed across the West Midlands, with a focus on implementing the priority actions agreed in the Housing Delivery Plan. He outlined the work which had been undertaken to date and the Work Streams which needed to be commissioned to develop the priorities outlined in the Land Delivery Action Plan.

The Chair referred to the use of the term 'Spatial Expression / Integrated Investment Plan' and advised that the Government was of the view that a 'Spatial Plan' for the West Midlands was required. This view was not shared currently by the WMCA Mayor or the WMCA Leaders. The Land Delivery Plan had proposed a delivery focussed plan which was what Officers would work up for consideration by the Board.

Councillor Majid Mahmood suggested that the Board should consider its role in overseeing the 3,000 housing units at Perry Barr which would be used as the 'Athletes Village' if Birmingham's bid to host the Commonwealth Games in 2022 was successful and other major projects. In any event these units would be constructed and utilised as general purpose housing. He suggested that the Terms of Reference should also make reference to working with Housing Associations to achieve its aims. The Chair advised that whilst the WMCA supported Birmingham's bid to host the Commonwealth Games it was for Birmingham City Council to oversee the construction of these particular housing units. Kevin Rodgers advised that he represented the various Housing Associations operating in the West Midlands.

Councillor Mark Shurmer queried whether the housing needs of the West Midlands metropolitan area could be delivered within that area or whether it would be necessary to seek assistance from adjoining District and Borough Councils. The Chair advised that this issue was of great importance but took the opportunity to remind the Board that the housing need to be provided was not confined to the metropolitan area but to the Greater Birmingham Housing Market Area. He also referred to the existing working arrangements, for example, between the City of Wolverhampton Council and Telford and Wrekin Council and South Staffordshire District Council. This matter would form part of the on-going discussions.

Steve Maxey commented that he supported the proposals detailed in the Work Plan. Councillor Peter Bilson commented on the need to look across the region and to acknowledge the different challenges faced by the respective Councils. He also referred to the importance of land remediation and the funds which were available to make land deliverable economically. With regard to the various pieces of work to be commissioned, he suggested that the various Project Briefs for the next stages of delivery be circulated to members of the Board for information.

The Chair informed the Board of a recent meeting in the Black Country with H M Treasury Officials which had also been attended by the Chamber of Commerce and the Black Country Local Enterprise Partnership where the latter two organisations had been very supportive of the current work.

Resolved:

1. That the Terms of Reference for the Board, as agreed by the WMCA Board, and detailed at Appendix 1 to the report be noted;
2. That the forward work plan of the Board as detailed at Appendix 2 to the report be approved;
3. That the following priorities from the Land Delivery Action Plan be developed and commissioned through the WMCA working through the Housing and Land Steering Group:
  - I. Integrated Pipeline (underway);
  - II. Spatial Expression / Integrated investment Plan;
  - III. Investment Prospectus; and
  - IV. Market Ready Site Business Plans;
4. That the various outline Project Briefs be circulated to members of the Board.

## 5. **Update on Housing Deal**

Patrick White reported on early discussions with Government in relation to a potential 'Housing Deal' and on the opportunity to work with the Government, especially the Department for Communities and Local Government, to increase delivery, address land remediation and market failure. He advised that following preliminary discussions with the Government and the Homes and Community Agency a brief reference to a potential 'Housing Deal' was anticipated in the forthcoming Budget linked to the Housing Investment Fund. He outlined the negotiating position adopted by the WMCA i.e. that a Spatial Plan was not necessary but that significant investment in housing, land remediation and associated transport infrastructure was necessary over a long term period. He noted that the Housing Market Area requirements and supply issues differed between partners across the region and advised that over the next three / four months a number of options would be worked through. The common goal was to build homes and sustainable communities to underpin inclusive growth.

The Chair noted the WMCA Mayoral aspirations for housing. He advised that the Mayor and he would be lobbying all local MPs and relevant Ministers to garner support on housing and also making the related to other issues such as Skills and Employment.

Councillor David Humphreys advised that two thirds of the area of North Warwickshire Borough Council was situate within the Green Belt. He referred to a recent decision made by the WMCA's Investment Board to grant £3.690 million to Telford and Wrekin Council to assist in bringing forward approximately 540 housing units across that area. He enquired whether similar support would be made available to bring forward smaller development sites where existing housing units had come to the end of their lifespan. The Chair commented that such funds might be made available on a case by case basis. He added that the original name of the Land Remediation Fund had been amended to the Brownfield Land and Property Development Fund to cater for such instances.

Karl Tupling reported on the progress being made to investigate the portfolio of land coming forward and noted the aggregate effect of the development of a number of smaller development sites. These sites were also likely to be more attractive to small and medium sized developers.

The Chair commented on the maturity of partnership working in the West Midlands and on the founding principle intention that each community would benefit from its creation albeit not necessarily in the same way or at the same time.

Councillor Paul Moore enquired whether the Brownfield Technology Institute and a Modular Housing Manufacturing plant would form part of the 'Housing Deal' discussions. Patrick White confirmed this to be the case. The Chair referred to the very successful Modular Housing Manufacturing plant operated by Accord Housing in Walsall and that an indication of this success was the need to identify a larger site.

Councillor Majid Mahmood referred to the difficulties arising upon the practice of some developers to 'land bank' and on the difficulties this caused with developable land, often with the benefit of planning permission, remaining undeveloped. He suggested action to prevent this practice was required and that the WMCA Mayor should be encouraged to use his influence with regard to this issue. He also suggested that any land identified for development needed to be matched by appropriate proposals for transport infrastructure. He also commented on the need to address social deprivation through the provision of social housing units and partnership working.

In summing up, the Chair noted the various points and commented that it would be important to retain the involvement of all sectors of the housing and development industry, given that the West Midlands needed a broad mixture of tenures. Councillor Peter Butlin commented on the length of time that could be involved in the various planning permission stages from the initial grant of Outline Consent, through negotiations on Section 106 Agreements, approval of Reserved Matters before construction need commence. The Chair reported that these issues had been raised with Government and that the WMCA Mayor and he would continue to press for positive action.

Patrick White advised that these issues could be discussed with Government as part of the negotiations on a 'Housing Deal' and assured the Board that the pipeline schemes were integrated with proposed infrastructure developments. The development priorities would be determined through the pipeline. The Chair reminded the Board that the West Midlands had a 30 year history of developing an integrated transport infrastructure and was in a better position than other Combined Authorities as such.

The meeting ended at 10.50 am.

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## WEST MIDLANDS COMBINED AUTHORITY

### Investment Board

Monday 27 November 2017 at 10.00 am

### Minutes

#### Present

Councillor Izzi Seccombe (Chair)  
Councillor Jim O'Boyle  
Councillor Robert Hulland  
Councillor Peter Richards  
Gary Taylor

Warwickshire County Council  
Coventry City Council  
Solihull Metropolitan Borough Council  
Non-Constituent Authorities  
Greater Birmingham & Solihull Local  
Enterprise Partnership

#### In Attendance

Sarah Middleton

Black Country Local Enterprise  
Partnership

Linda Horne

West Midlands Combined Authority

Phil Hewitt

Transport for West Midlands

Sean Pearce

West Midlands Combined Authority

Paul Dransfield

City of Wolverhampton Council

Bill Kirk

Dudley Metropolitan Borough Council

Rhian Palmer

Coventry City Council

#### Item Title

#### No.

#### 41. Apologies for Absence (if any)

Apologies for absence had been received from Councillor Majid Mahmood (Birmingham City Council), Nick Abell (Coventry & Warwickshire Local Enterprise Partnership) and Paul Brown (Black Country Local Enterprise Partnership).

#### 42. Notification of Substitutes (if any)

No notifications of substitutes had been received.

#### 43. Declarations of Interests (if any)

No declarations of interests had been received relative to items under consideration at the meeting

#### 44. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 30 October 2017 be confirmed as a correct record and signed by the Chair.

**45. Matters Arising**

There were no matters arising from the minutes of the meeting held on 30 October 2017.

**46. Very Light Rail: Transforming Connectivity West Midlands (VLR:TCWM)**

Rhian Palmer and Bill Kirk presented a report which sought the approval of £12.2 million for the Very Light Rail: Transforming Connectivity West Midlands (VLR: TCWM) programme via a Strategic Outline Business Case. They explained that VLR: TCWM was a programme of activity to help establish the West Midlands as a world-class business investment location by supporting urban public transport connectivity, developing significant supply chain opportunities and providing a focus for driving up skill levels, focussing on the development of VLR technology. The programme was being promoted by Coventry City Council (CCC) and Dudley Metropolitan Borough Council (DMBC) with support from Transport for West Midlands. They outlined the various aspects of the scheme as follows:

- I. Dudley H2H TIC and Test Track (including (a) The Hub to Home Transport Innovation Centre and Test Track Project : Very Light Rail and Autonomous Technologies (HTHTIC) and (b) Metro Retaining Wall (Shared Wall);
- II. Coventry VLR Phase 1: Research and Development;
- III. Coventry VLR Phase 2: First Route.

Rhian Palmer and Bill Kirk responded to various questions from Members of the Board. Councillor Jim O'Boyle advised that Coventry City Council was particularly keen to promote this initiative which could have long term positive effects for the region both in terms of connectivity and employment and manufacturing opportunities. He commented on the potential for its use by Jaguar Land rover employees working at the Whitley site.

Councillor Robert Hulland commented that the proposal dovetailed well with the Government's Industrial Strategy which had been published that morning. With regard to the Metro retaining Wall he enquired whether this was to be a feature wall or, alternatively, if it was likely to attract the attention of local graffiti artists. Bill Kirk explained that the wall would be masked by the Transport Innovation Centre. Councillor Hulland also queried the accuracy of the projected costs. Bill Kirk outlined the processes applied to define the anticipated costs. Linda Horne reminded the Board that in the event that the costs were exceeded such costs would be the responsibility of the Delivery Bodies and not this Board. Rhian Palmer advised that with regard to the Coventry City Council elements of the scheme, sufficient contingency sums had been included and that contributions towards the costs were also being sought from the private sector.

Gary Taylor advised that whilst he was supportive of the proposal he questioned whether it could be delivered given the efforts made previously, without success, on the continent. Rhian Palmer advised on the recent advances in battery technology, that Warwick Manufacturing Group, partners in the proposal, operated at the cutting edge of new technology and that materials not previously available would be investigated for use. Phil Hewitt explained that the nature of public transport operations and funding regimes were fundamentally different in the United Kingdom compared to Europe inasmuch as the regulation and competition frameworks were markedly different. He commented that this was an excellent example of public sector and private sector partnership working.

Gary Taylor and the Chair also questioned the ownership rights with regard to Intellectual Property Rights and the possibility of the WMCA benefitting from future gain share arrangements. Sean Pearce reminded the Board that the WMCA was being asked for a capped contribution towards the project and that the Intellectual Property Rights would be vested with the Accountable Body. He suggested that the Funding for Growth Board could be asked to consider this particular issue. Rhian Palmer advised that there was a tri-partite agreement between Coventry City Council, Warwick Manufacturing Group and the West Midlands Combined Authority with regard to Intellectual Property Rights.

Councillor Robert Hulland reminded the Board of the shortage of engineers and the possible consequences for the scheme. Bill Kirk reported on proposals by Dudley College to work with the Innovation Centre with a view to providing degree level apprenticeships and work experience.

Resolved:

1. That the award of £12,204,821 Devolution Deal funding to the Very Light Rail: Transforming Connectivity West Midlands programme, jointly promoted by Coventry City Council and Dudley Metropolitan Borough Council be approved – the allocation falling within Coventry's UK Central Plus Programme;
2. That no commitment be given at this time with regard to ring fencing the remaining £42.8 million of the £55 million WMCA funding package in the event that this is not required to spend on Phase 2 for delivery of the first route.

#### **47. Wolverhampton Interchange Project**

Paul Dransfield presented a report which provided an update on the Wolverhampton Interchange Project (WIP), the current funding package and the forthcoming reports to WMCA Governance. He reminded the Board of the history behind this scheme, on the production of an integrated business plan and that the Benefit Cost Ratio (BCR) had improved as a result of the integration of the various elements. He assured the Board with regard to the financial costings which included contingency sums. He advised that, subject to the approval of funding, work on the new station building would commence on site in December 2017. He explained the financial breakdown and commented on the number of regulatory issues from the involvement of a large number of partners in the scheme.

Phil Hewitt reported that the financial costings of the original Metro elements had been under estimated significantly but that the Midland Metro alliance (MMA) had now provided a formal price: these costs had been audited by the Client and by independent auditors.

The Chair expressed concern with regard to the variation and suggested that lessons needed to be learnt. She outlined a series of steps which she wanted to be undertaken to offer comfort to this Board that this situation would not be repeated. Councillor Robert Hulland commented on the need for rigorous monitoring of this project to ensure costs were controlled. He enquired which parties would be responsible for meeting any over expenditure. He also enquired as to the affect on the Investment Board's portfolio.

Linda Horne advised that the Board's portfolio had been re-profiled but that there was no capacity for any new schemes. Gary Taylor queried whether this meant that the 'headroom' had been lost. Linda Horne reported that in respect of 'the current profile this was the case. Paul Dransfield advised that the intention was to deliver the project within budget but that any over spend would be divided between the Responsible Authorities. He advised on the steps taken by the City of Wolverhampton Council to take client control of the rail station element including employing a 'rail expert' and a Quantity Surveyor to assess costs. This employment might be continued through the delivery phase. A report to the Integrated Governance Board was planned for December 2017 outlining additional governance requirements.

Resolved:

1. That the progress with the Wolverhampton Interchange Project (WIP) be noted;
2. That the funding package for WIP as detailed in section 3 of the report and the submission of a report to the WMCA Board seeking authority to commit the funding of £49.3 million of which £21.9 million WMCA Contribution (borrowing) to be funded by the Department for Transport (DfT) deed approved previously by the former Integrated Transport Authority (ITA) be endorsed;

3. That the submission of a recommendation to the WMCA Board to approve the delegation to the Metro Programme Director and Head of Governance to enter into the necessary legal agreements be endorsed;
4. That a Learned Lessons Review to:
  - Understand the reasons for the increase and mitigations that have been and will be put into place across:
    - a. This project;
    - b. All other Investment Programme Project;
  - TfWM have commenced work in this area to deliver the review by 31 December 2017;
  - An interim Lessons Learned briefing has been supplied to the WMCA FD by TfWM to identify how the Target Cost process has been revised to immediately implement lessons as a result of this project across all TfWM related projects;
  - The Learned Lessons Review to be reported back to this Investment Board;
  - How the Assurance Framework picks these risks up; and
  - Updating of the risk register.

The meeting ended at 11.15am

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## WEST MIDLANDS COMBINED AUTHORITY

### Transport Delivery Committee

Monday 4 December 2017 at 1.00 pm

#### Minutes

##### Present

Councillor Richard Worrall (Chair)	Walsall Metropolitan Borough Council
Councillor Timothy Huxtable (Vice-Chair)	Birmingham City Council
Councillor Pervez Akhtar	Coventry 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

##### In Attendance

Laura Shoaf	Transport for the West Midlands
Linda Horne	West Midlands Combined Authority
Steve McAleavy	
Sandeep Shingadia	Transport for the West Midlands
Sarah Jones	
Carl Craney	West Midlands Combined Authority
Hannah Dyan	Transport for West Midlands
Andre Bromfield	West Midlands Combined Authority
Claire Williams	Transport for West Midlands
Vicki Bennett	National Express
Malcolm Holmes	West Midlands Rail / Transport for West Midlands

##### Item Title No.

##### 1. Apologies for absence

Apologies for absence were received from Councillors Andrew, Sidhu and Welsh.

Councillor Horton referred to the continuing absence of Councillor Sidhu and advised that Sandwell MBC had recently passed a resolution granting Councillor Sidhu a dispensation from complying with the 'six month rule' on attendance at meetings. The Chair requested the Governance Services Officer to check the position in respect of Councillor Sidhu's attendance at this Committee.

**2. Declarations of Interest**

The Chair, Councillor Worrall and Councillors Horton, Huxtable and Warren declared an interest in Agenda Item No. 9 (West Midlands Cycling Charter progress) inasmuch as it referred to the operator of the new rail franchise and they had received hospitality recently from the company.

**3. Chair's Remarks**

(1) Baby on Board Scheme

The Chair invited the Lead Member for Putting Passengers First, Councillor Kath Hartley to explain the Baby on Board Scheme. Councillor Kath Hartley outlined briefly the scheme. Steve McAleavy reported that, to date, 250 badges had been issued. The scheme had been launched recently following an approach to the WMCA from a pregnant lady who had been unable to obtain a seat on a tram. Councillor Timothy Huxtable suggested that the scheme be extended to parents with pushchairs. Steve McAleavy undertook to refer this suggestion to the respective operators. Councillor Robert Alden suggested that the various Clinical Commissioning Groups and Hospitals be alerted to the scheme.

(2) Funding for Metro WBHE

The Chair reported that the Government had intimated its intention of providing funding in the sum of £250 million towards this scheme.

Councillor Roger Horton reported that a number of recent meetings of the Metro Board had been cancelled and that he had requested that Members receive a written update on matters which would have been discussed at such meetings. With regard to the WBHE scheme he commented that this was excellent news for the Black Country and the West Midlands generally.

(3) Member Visit to the CCTV Centre

The Chair advised that he would be circulating an invitation to Members of the Committee to assess interest in visiting the CCTV Centre on the day of a future meeting of the Committee.

**4. Minutes of the meeting held on 6 November 2017**

The minutes of the meeting held on 6 November 2017 were agreed and signed by the Chair as a correct record.

**5. Matters Arising**

Councillor Horton referred to Minute No. 53 insofar as it related to dates of future meetings of his Lead Members Group and advised that this matter had been resolved. The Chair reported that he had spoken with Councillors Diana Holl-Allen and Kath Hartley and that reports from their respective Groups would be presented to the meeting of the Committee scheduled 8 January 2018 with the remaining being presented reports to the meetings of the Committee scheduled for 8 February 2018 and 5 March 2018.

Councillor Timothy Huxtable referred to Minute No. 57 and requested that Malcolm Holmes explain the potential of hybrid trains to West Midlands Trains.

Councillor Roger Horton referred to Minute No. 61 and requested an update on the matter. Steve McAleavy advised that the views of the community transport operators and a further response from the Government were awaited.

**6. Correspondence/ Petitions**

None submitted.

**7. To note the Minutes of the Bus Shelter Appeals Decision Group held on 7 November**

Councillor Kath Hartley presented the minutes of the Bus Shelter Appeals Decision Group held on 7 November 2017.

Resolved:

That the minutes of the meeting of the Bus Shelter Appeals Decision Group held on 7 November 2017 be noted subject to the deletion of the reference to 'Weston Road' and the substitution of 'Weston Street'.

**8. Customer Services Performance Report**

Councillor Kath Hartley presented a report relating to the performance of the Ticketing Delivery and Customer Service Centre Teams. The report included:

**Customer Services Centre Performance**

- Overview;
- Telephone Calls;
- Customer Relations Enquiries; and
- Emails

**Ticketing Delivery Performance**

- Overview; and
- Concessionary Pass Application Processing

**Future Developments**

Sarah Jones explained various elements covered in the report and drew to the attention of the Committee the increase in call volume following the expansion of the range of responsibilities of the WMCA and the election of the Mayor.

Councillor David Stanley suggested that the various local authorities be encouraged to assist with the issue of concessionary passes for those customers without access to computers. Sarah Jones advised that this had been the previous practice but had ceased due to the level of additional equipment required. She offered to re-visit this possibility.

Resolved:

That the contents of the report be noted.

## **9. West Midlands Cycling Charter Progress**

Councillor Diana Holl-Allen presented a report which detailed the performance, operation and delivery of the West Midlands Cycling Charter initiatives. She commented that it was an ambitious plan working towards £283 million expenditure over a ten year package of cycling initiatives.

Hannah Dayan explained the various elements of the report.

Councillor David Stanley observed that the role of 'Cycling Champion' had previously been undertaken by Councillor Peter Lowe and suggested that this role now be taken by Councillor Roger Lawrence, Portfolio Lead for Transport. Councillor Judith Rowley expressed concern that the role of Cycling and Walking Commissioner was not being progressed. She commented that both London and Manchester had such positions. Laura Shoaf explained that no decision had yet been taken on this matter, that the situation in the West Midlands was different to that in London and that the role had yet to be determined.

Councillor Pervez Akhtar commented that all parties were convinced of the importance of cycling and that delivering the various initiatives was important. He reminded the Committee of the Mayor's aspirations to increase expenditure on cycling to £10 per head of population. He requested that the Mayor attend a future meeting of the Committee to report on the future of cycling and its role in improving health, quality of life, air quality and reducing noise pollution. The Chair agreed to invite the Mayor to attend a future meeting of the Committee.

Councillor Mohammed Hanif welcomed the report but commented that only three voluntary organisation within the Dudley MBC area were involved in delivering activities and/or encouraging more people to continue to take up cycling and walking as a form of active travel as well as a way of promoting healthy active living. He enquired how this was promoted and if feedback was received from the voluntary organisations. Hannah Dayan explained that the voluntary organisations referred to in the report were those that worked currently with the respective local authorities. She advised that Transport for West Midlands did not have a lot of inter-action with these voluntary organisations as they worked with the local authorities. The list of organisations was updated as necessary based on information from the local authorities.

Councillor Mohammed Hanif enquired whether the various health groups were approached. Hannah Dayan explained that this was a decision of the local authorities. Sandeep Shingadia suggested that these matters could be raised with the Cycle Charter Group and the methods of capturing feedback could be explored.

Councillor Timothy Huxtable commented that on 24 November 2017 a sum of £30 million had been allocated for HS2 Road Safety schemes in Birmingham, Solihull, Staffordshire and Warwickshire and requested that further details be included in a future report to the Committee. Sandeep Shingadia advised that the announcement had been made after the Agenda and supporting papers had been despatched and that the monies had been allocated to the respective local authorities and not the WMCA.

Resolved:

1. That the progress to date with the West Midlands Cycling Charter Action Plan be noted;
2. That the Chair invite the Mayor to attend a future meeting of the Committee to report on the future of cycling and its role in improving health, quality of life, air quality and reducing noise pollution.

#### **10. Metro Operations Business Report**

Councillor Roger Horton presented a report on matters relating to the performance, operation and delivery of Metro services in the West Midlands. He reported that track testing on the Bilston Road, Wolverhampton replacement track had commenced during the previous week, that crew training was beginning this week and that the line would be open fully next weeks ahead of schedule.

Sophie Allison reported that the full service would resume on 10 December 2017 and that the works had been delivered ahead of schedule and on budget. She advised that 30% of drivers had now been trained which would increase to 50% by the end of that day. A ticket offer for a Group/Family Ticket for £5 rather than £10 would be available to encourage customers back to the Metro. Patronage had increased since the commencement of the Birmingham Christmas Market. Enhanced services were planned for Boxing Day and New Years Day. She reported that the Metro had received 'Most Improved System' at the recent Very Light Rail Awards in October. She commented that punctuality had improved since the Bilston Road section of track had been closed and that discussions were on-going with the City of Wolverhampton Council with regard to the timing of traffic signals following the re-opening of the on road section.

Councillor Judith Rowley congratulated those involved with the track replacement scheme in delivering the project ahead of schedule and on budget. She raised issues relating to:

- a) If the on street sections of track required replacing would the other sections require replacement at some point;

- b) An anomaly between the information displayed on the Real Time App and the actual situation on the service which had required a bus replacement service which customers would not have been aware of until arriving at the Tram Stop; and
- c) How customers were being made aware of the service not being available when testing and training was taking place.

Sophie Allison explained that: i) the off street track would be replaced as necessary as part of the replacement cycle; ii) undertook to investigate the anomalies between the Real Time App and the Website; and iii) that notices were displayed at Tram Stops outlining the position, staff were on site to give advice, announcements were made over the public address system and leaflet drops had been carried out in the local area.

Resolved:

That the report be received and noted.

#### **11. Presentation : Stations Alliance**

The Committee received a PowerPoint presentation from Malcolm Holmes on the Stations Alliance.

Councillor Timothy Huxtable referred to a presentation from West Midlands Trains that morning and commented that there were no plans for trains to stop at Kings Norton or the middle platform at Northfield as part of the re-opening of the Camp Hill line. He suggested that this was not in line with the Stations Alliance principles. Malcolm Holmes reported that West Midlands Trains had engaged positively on the Stations Alliance and had promoted the provision of new stations. He explained that the Camp Hill line was busy and that both Kings Norton and Northfield were both served by other services. Councillor Timothy Huxtable commented that there was sufficient capacity. Malcolm Holmes advised that these issues could be addressed as part of the Master Planning process and that the middle platform at Northfield could be opened if necessary. He reported that these issues were in advance of the Midlands Rail Hub.

Councillor Roger Horton suggested that there should be a list of aspirations for service enhancements. He commented that West Midlands Trains had intimated that it was considering using the Shrewsbury line on Camp Hill to serve Worcestershire. He commented on the work carried out on various consultations and requested that details of any requests from customers at stations regarding service enhancements be reported to this Committee.

Councillor David Stanley commented that improvements and enhancements to the Park and Ride provision were required. Councillor Roger Horton commented that a report on this matter had been considered at a recent meeting. Councillor Timothy Huxtable commented that with longer trains the Park and Ride provision would need to be increased. He also queried whether Park and Ride provision would be made at the proposed new stations. Malcolm Holmes confirmed that this was an integral part of the new station proposals but identifying suitable land was an issue and it would not be possible at all stations.

Councillor Robert Alden commented on the need for Local Ward Councillors and local groups to be informed on the proposals emerging from the Stations Alliance.

Resolved:

1. That the presentation be received and noted;
2. That details of any requests from customers at stations regarding service enhancements be reported to this Committee;
3. That Local Ward Councillors and local groups to be informed on the proposals emerging from the Stations Alliance.

**12. WMCA Update - Transport Reports For Information Only (to be advised on 1 December)**

The Committee considered the following transport related reports which would be considered at the meeting of the WMCA Board to be held on 8 December 2017;

- Midland Metro Wednesbury to Brierley Hill Extension – Submission of Transport and Works Act Order;
- Midland Metro - Wednesbury - Brierley Hill Extension - Change to Capital Profile (Investment Board – 30 October 2017);
- West Midlands Cycle Design Guidance;
- Governance for Establishing Advanced Quality Bus Partnerships; and
- Midland Metro Penalty Fare.

Councillor Roger Horton commented that he had had sight of letters to businesses and landowners along the proposed route of the Wednesbury to Brierley Hill Extension scheme. Laura Shoaf advised that these had been sent out by the Midland Metro Alliance as part of the pre-consultation exercise on the Transport and Works Act Order and had been circulated prematurely. She undertook to circulate details of the information contained within the letters. Councillor Charman Lal welcomed the financial support provided by the Government and enquired whether the 'Lessons Learnt' from the construction of Line 1 would be taken into account. Laura Shoaf confirmed that all previous experiences would be used.

Councillor David Stanley welcomed the progress on the Wednesbury to Brierley Hill Extension but asked whether West Midlands Trains was aware of the connectivity issues at Brierley Hill and Stourbridge. He expressed concern regarding maintaining the infrastructure for heavy rail and freight in these locations. Laura Shoaf advised that in the absence of considerable investment, Network Rail had no proposals in this area in the pre-2040 period.

Councillor Timothy Huxtable enquired whether it was possible for a map illustrating the opening of rail lines between Canal Street and Stourbridge that was to be opened. Also, a map of the complete network would be desirable. Laura Shoaf advised that this would be included in future policy documents but that care was required as to the level of detail contained on such maps in case it was misconstrued.

Councillor Roger Horton suggested that a map similar to the London Underground map would be helpful outlining the various modes and connectivity. Laura Shoaf advised that the production of such a map was underway but that it would not be practical to include all bus routes.

Resolved:

That the reports be noted.

**13. Notices of Motion**

None submitted.

**14. Questions**

The Committee considered a question submitted by Councillor Richard Worrall.

The following question was submitted by Councillor Richard Worrall on 30 November 2017:

"The original Midland Metro trams are stored at Long Marston, Warwickshire, and are to be disposed of early next year.

It is important that one of these be preserved at a suitable museum or heritage location either within or very close to the West Midlands Metropolitan County area, in particular since we are soon to see a major expansion of the modern West Midlands tram network.

Would TfWM confirm that they are willing to pursue the acquisition of a T69 tram for the purpose of conservation, seek a suitable home in the region for its display, and report back to WMTDC at an early stage on progress made?"

Laura Shoaf advised that the auction would take place on 29 January 2018 and that, to date, no intimations of interest had been received from any local museums or heritage locations. Should any such interest be expressed a tram could be donated but the costs associated with storage and/or transportation of the tram to the museum or heritage location would need to be met by the recipient.

The Committee suggested a number of possible recipients including:

- UK Tram;
- Birmingham Museum and Art Gallery;
- Black Country Living Museum;
- Blackbourne Heritage Tramway;
- National Tram Museum;
- Severn Valley Railway.

**15. Forward Plan**

The Committee considered a report on Agenda items to be submitted to future meetings.

Resolved:

1. That the report be noted;
2. That the report from the Lead Member Reference Group on Rail be added to the Agenda for the February 2018 meeting.

**16. Date of Next Meeting - Monday, 8 January 2018, 1.00pm**

Monday 8 January 2018 at 1.00pm

The meeting ended at 2.40 pm.

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