



## WMCA Board

**Date:** Friday 9 February 2018

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

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

### Membership

#### Constituent Members

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

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

#### Appointing Authority

Mayor of the West Midlands Combined Authority  
Solihull Metropolitan Borough Council

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

#### Non-Constituent Members

Councillor George Adamson  
Jonathan Browning

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

Councillor Chris Saint  
Councillor Izzi Seccombe  
Councillor Michael Stokes  
Stewart Towe

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

**Observers Awaiting Membership**

Councillor Tony Johnson  
Graham Wynn

Herefordshire Council  
The Marches Local Enterprise Partnership

**Co-Opted Member**

Lee Barron

Midlands Trades Union Congress

**Observer Members**

Councillor John Edwards  
David Jamieson

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

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

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

<b>Contact</b>	Dan Essex, Governance Services Manager
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# 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 - 12 January 2018	Chair	1 - 10
<b>Governance</b>			
5.	The Second Devolution Deal	Deborah Cadman	11 - 34
6.	Forward Plan	Chair	35 - 38
<b>Finance &amp; Investments</b>			
7.	2018/19 Budget and Council Tax [Including the report on the findings of the Overview & Scrutiny Committee's consideration of the budget proposals.]	Chair Councillor Izzi Seccombe	39 - 100
8.	WMCA Powers - Supplementary Business Rates	Councillor Izzi Seccombe	101 - 106
<b>Cohesion &amp; Integration and Public Sector Reform</b>			
9.	Social Economy Taskforce	Councillor Steve Eling	107 - 120
<b>Transport</b>			
10.	Longbridge Park & Ride Decking Scheme and Charging Policy	Councillor Roger Lawrence	121 - 126
<b>Wellbeing and HS2</b>			
11.	Wellbeing Dashboard and Intelligence Update	Councillor Bob Sleigh	127 - 152

<b>Minutes</b>			
12.	Minutes - Strategic Economic Plan Board - 14 December 2017	Jonathan Browning	153 - 156
13.	Minutes - Investment Board - 18 December 2017	Councillor Izzi Seccombe	157 - 160
14.	Minutes - Transport Delivery Committee - 8 January 2018	Councillor Richard Worrall	161 - 168
15.	Minutes - Audit, Risk & Assurance Committee - 19 January 2018	David Lane	169 - 176
16.	Minutes - Wellbeing Board - 19 January 2018	Councillor Bob Sleigh	177 - 182
17.	Minutes - Overview & Scrutiny Committee - 30 January 2018	Councillor Peter Hughes	183 - 186
<b>Date of Next Meeting</b>			
18.	Friday 9 March 2018 at 11.00am	Chair	None
19.	Exclusion of the Public and Press [In accordance with s100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business as it is likely to involve the disclosure of exempt information as specified in paragraph 3 of the Act.]		None
20.	Midland Metro Limited	Councillor Roger Lawrence	187 - 238
21.	One Public Estate Programme	Councillor Sean Coughlan	239 - 250



## WEST MIDLANDS COMBINED AUTHORITY

### WMCA Board

Friday 12 January 2018 at 11.00 am

### Minutes

#### Constituent Members

Andy Street (Chair)

Councillor Bob Sleigh (Vice-Chair)

Councillor Peter Bilson

Councillor Sean Coughlan

Councillor Ian Courts

Councillor George Duggins

Councillor Patrick Harley

Councillor Brigid Jones

Councillor Syeda Khatun

Councillor David Stevens

Councillor Ian Ward

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

Dudley Metropolitan Borough Council

Birmingham City Council

Sandwell Metropolitan Borough Council

Sandwell Metropolitan Borough Council

Birmingham City Council

#### Non-Constituent Members

Councillor Steven Claymore

Councillor Bill Hartnett

Councillor Dennis Harvey

Councillor David Humphreys

Ninder Johal

Councillor Alex Phillips

Councillor Chris Saint

Councillor Izzi Seccombe

Tamworth Borough Council

Redditch Borough Council

Nuneaton & Bedworth Borough Council

North Warwickshire Borough Council

Black Country Local Enterprise Partnership

Shropshire Council

Stratford-on-Avon District Council

Warwickshire County Council

#### Co-Opted Member

Lee Barron

Midlands Trades Union Congress

#### Observer Members

Councillor John Edwards

David Jamieson

West Midlands Fire & Rescue Authority

West Midlands Police & Crime Commissioner

#### In Attendance

Councillor Peter Hughes

Councillor Richard Worrall

Overview & Scrutiny Committee

Transport Delivery Committee

**Item Title**

**No.**  
**133.**

**Apologies for Absence**

Apologies for absence were received from Jonathan Browning, Councillor Steve Eling, Councillor Paul Moore, Tim Pile, Councillor Roger Lawrence, Councillor Peter Nutting, Councillor Michael Stokes and Stewart Towe.

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

(i) The Mayor congratulated Councillor Dennis Harvey who had been awarded an OBE for political service in Warwickshire and Phil Loach who had been awarded the Queen's Fire Service Medal for distinguished service in the Queen's New Year Honours.

(ii) The Mayor congratulated Birmingham City Council and all those that had been involved in the successful bid to host the Commonwealth Games in 2022.

**135. Minutes - 8 December 2017**

The minutes were agreed as a correct record, subject to amendments to the list of those in attendance and to minute no. 115 ('Devolution Deal Update') to reflect the undertaking given by the Police & Crime Commissioner to participate in discussions with the Mayor regarding proposals contained within the Devolution Deal for the Mayor to become responsible for the powers currently exercised by the Commissioner from May 2020.

The resolution passed at the last meeting to submit the Midland Metro Wednesbury to Brierley Hill Extension Transport & Works Act Order to the Secretary of State for Transport 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, subject to a confirmation by Government of funding for the scheme, was re-affirmed by way of unanimous second resolution.

**136. Forward Plan**

The forward plan was noted, with the addition of a report on 'One Public Estate' to be added to the agenda for the meeting on 9 February 2018.

**137. The Cohesion & Integration Portfolio**

The board received an update from Henry Kippin, Director of Public Service Reform, on the role and remit of the Cohesion & Integration portfolio responsibility area.

The Cohesion & Integration portfolio sat within the broader public service reform workstream, which was focussed on whole-place collaboration that built on the region's strengths, and sought to add value from the WMCA, rather than overlaying or replicating that statutory role of local authorities within communities. The report identified the vision for the portfolio and a work plan that would deliver this, including establishing an Inclusive Growth Unit and commissioning a robust piece of external work from civil society that would help shape the portfolio area.

Councillor Ian Ward stressed the importance of ensuring that the work being proposed did not duplicate that already being undertaken by local authorities. He also wished to see the wider adoption of the living wage as defined by the Living Wage Foundation amongst employers. Lee Barron welcomed the report and the role it could play in providing the foundations for inclusive growth. Councillor Bob Sleight noted that the accountability of the proposed Inclusive Growth Unit could be via either the Public Sector Reform Board or the Strategic Economic Plan Board. Henry Kippin confirmed that this line of responsibility would be clarified.

Resolved:

- (1) The proposed approach to the Cohesion & Integration portfolio be noted.
- (2) The draft next steps set out in the paper be noted.

**138. WMCA Draft Budget and Mayoral Council Tax Precept for 2018/19**

The Mayor presented a report that provided a draft budget for 2018/19 for approval that would then be subject to scrutiny and consultation.

The report represented the first part of the formal process to determine the WMCA's budget, levy and precept levels for 2018/19 and would form the basis of proposals to be submitted to the WMCA Board at its meeting on 9 February 2018 for final approval. The scrutiny of the budget would be undertaken by the Overview & Scrutiny Committee, who would also report back on 9 February with its comments. The Mayor considered that the proposed budget demonstrated the benefit of collaboration across the region, and would allow for the appropriate resourcing of the developing skills and housing workstreams whilst maintaining the funding required for transport.

Councillor George Duggins considered that the board should be minded not to approve the Mayor's budget (including a proposed Council Tax precept of £10.80 per 'Band D' property) due to the likely increases being asked for in Council Tax bills generally, and that he considered that the work of the WMCA would not be negatively impacted should such a charge be not precepted. Councillor Izzi Seccombe stressed that the funding of the Mayor's Office through a top-slicing of the initial devolution deal funding was not sustainable in the longer term and needed to be funded through other means. She noted the achievements of the WMCA in its first 18 months and urged that the momentum that had been established be not now allowed to slow.

Resolved:

- (1) The consolidated revenue budget monitoring position as at 30 November 2017 be noted and the transfer into earmarked reserves of £4.8m as a result of the change in 2017/18 of the Minimum Revenue Provision policy be endorsed;

- (2) The draft West Midlands Combined Authority consolidated revenue budget summarised in section 4 of the report be approved for consultation and scrutiny. This included:
- (a) the budget requirement for transport delivery 2018/19 - 2020/21 comprising of three elements:
    - (i) £114.1m a year to be funded from the existing transport levy mechanism;
    - (ii) a transfer from earmarked reserves of £1.0m a year for 3 years; and
    - (iii) the investment of £0.6m 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 £11.8m to be funded by the continuation of the £25,000 Non-Constituent Authority contribution and a Constituent Authority contribution that comprised of three elements:
    - (i) the continuation of the £0.25m membership on an equal shares basis that totalled £1.75m;
    - (ii) a £0.17m fee on an equal shares basis totalling £1.19m with regard to the delivery of outcomes of the West Midlands Combined Authority Commissions that were consistent with the plans taken through the WMCA Board prior to the 2018/19 financial year; and
    - (iii) a fee of £1.71m 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 supported the West Midlands Combined Authority Operational budget that were to be accounted for under the Operational budget.
- (3) It be agreed that the WMCA Board was not minded to approve the Mayor's budget, including a Council Tax Precept of £10.80 that comprised 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 of the report.

- (4) The West Midlands Combined Authority Medium Term Financial Plan, as set out in paragraph 7.2 and table 8 of the report, be endorsed.
- (5) The Transport Capital Programme, as set out in section 8 and table 9 of the report, be approved for consultation and scrutiny.
- (6) The planned spend on the Investment Programme over the 3 year period, as set out in section 9 of the report be noted.

[NB. In accordance with The Combined Authorities (Finance) Order 2017, the votes cast by those members eligible to vote on this resolution were as follows:

For: (6)

Councillor Peter Bilson, Councillor Sean Coughlan, Councillor George Duggins, Councillor Brigid Jones, Councillor Syeda Khatun and Councillor Ian Ward.

Against: (3)

Councillor Ian Courts, Councillor Patrick Harley and Councillor Bob Sleigh.]

**139. Progress Update on the West Midlands Combined Authority Investment Programme**

Councillor Izzi Seccombe presented a report on the progress made in the last 18 months following the establishment of the WMCA's Investment Programme in securing funding streams, along with the implications for project ranking and scheduling should the funding not be achieved in line with the timescales originally envisaged.

The original devolution agreement with the Government provided for investment in the West Midlands of £8bn, of which £6bn would be received from sources external to the WMCA and £2bn generated from a range of new sources of finance, including potential new fiscal freedoms for the WMCA. The report provided further details on the current overall funding position of the Investment Programme, along with proposing that the scheduling of investment decisions within the Investment Programme be undertaken so as to WMCA investments realised the greatest economic impact.

Councillor Ian Ward expressed his disappointment that the East Birmingham - Solihull Metro extension was not included within the funding proposals. Laura Shoaf, Managing Director of Transport for West Midlands, indicated that the Government was aware of the scheme, but that work was still being undertaken to determine the exact route. Once this work had concluded, a formal business case would be submitted to the Government.

Resolved:

- (1) The progress update be noted in relation to the £8.0bn Investment Programme agreed by the West Midlands Combined Authority on November 2015 and funded by:
  - (a) £2.0bn of funding generated by the West Midlands Combined Authority; and
  - (b) £6.0bn of other funding sources, including Constituent Members' internally generated funds, Central Government grants and 3rd party contributions.
- (2) The current funding position of the Investment Programme 18 months after the establishment of the West Midlands Combined Authority be noted.
- (3) In relation to the £2.0bn funding intended to be generated by the West Midlands Combined Authority:
  - (a) The inclusion of the intended Mayoral Precept for 2018/19 included within the West Midlands Combined Authority Draft Budget and Mayoral Council Tax Precept be noted.
  - (b) The continued work with Central Government on providing the power to introduce a Business Rates supplement as envisaged in the first Devolution Deal be noted, taking account of proposals for levying within local arrangements, particularly in relation to Business Improvement Districts.
  - (c) The work planned in the final quarter of the 2017/18 financial year for Finance Directors to agree an approach that confirmed the contribution of locally generated Business Rates to fund the Investment Programme be endorsed.
  - (d) An approach whereby the West Midlands Combined Authority was consulted with prior to any future changes to Business Rates income forecasts, such as the development of Enterprise Zones, be endorsed; and

- (e) The delivery of a process with Leaders of Constituent Authorities, Chief Executives and Finance Directors to sequence the Investment Programme based on the current assessment of when funding streams would be realised be endorsed. This should then align to specific project approvals only where funding had been or was likely to be secured.
- (4) Authority be delegated, in relation to the wider funding of the Investment Programme, to the Director of Finance in consultation with the Portfolio Lead for Finance & Investments 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 would be secured.
- (5) A governance review to confirm the appropriate programme governance to be implemented to provide assurance to the WMCA Board, based on the updated review of programme delivery and funding, be endorsed.

**140. WMCA Borrowing Powers and Amendments to Key Route Network**

Councillor Izzi Seccombe presented a report seeking to ensure the WMCA was able to enter into the necessary agreements with Government to amend existing statute to enable it to borrow for all of the functions attributable to it, along with proposing changes to the Key Route Network.

The Cities and Devolution Act 2016 amended previous legislation so as to allow for combined authorities to borrow in relation to any function, in addition to transport, which was specified in regulations. The WMCA had been in discussions with HM Treasury and the Department for Communities & Local Government with a view to commencing the process to obtain the necessary powers and consents in respect of all of its functions. In addition, and for the purposes of efficiency in terms of the Parliamentary process, the amendment to the regulations was also intended to cover some necessary amendments to the WMCA's Key Route Network.

Resolved:

- (1) Authority be delegated to the WMCA Section 151 officer together with the WMCA Monitoring Officer, subject to consultation with the appropriate Portfolio Lead, to approve the amendment to statutory regulations which amended the WMCA borrowing powers as set out in the 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, subject to consultation with the appropriate Portfolio Lead, based on confirmation of (b) above from each of the seven Constituent Local Authorities.
- (2) The WMCA borrowing cap be approved as agreed with HM Treasury as follows:
- |         |         |
|---------|---------|
| 2018/19 | £487.5m |
| 2019/20 | £662.9m |
| 2020/21 | £867.3m |
- (3) Authority be delegated to the WMCA Section 151 officer together with the WMCA Monitoring Officer, subject to consultation with the appropriate Portfolio Lead, to approve the amendment to the Key Route Network as detailed within the report, after receiving confirmation that the amendments had been approved by each Constituent Authority.

**141. Report of the Commission on Gangs & Violence: 'Uniting to Improve Safety'**

The board received an update from David Jamieson, West Midlands Police & Crime Commissioner, on the findings of the Commission on Gangs and Violence that he had established in 2016 following an increase in gang related violence within Birmingham. The commission, chaired by Revd Dr Carver Anderson, was a community-led group consisting of statutory partners and a network of specialist providers who worked with gang members, those at risk of becoming involved in gangs and family members affected by gang activity.

Ashley Bertie, Senior Assistant Police & Crime Commissioner, indicated that the report made 24 recommendations to help tackle gang-related activity and a number of these had cross-sector implications, particularly in respect of the WMCA's skills and mental health workstreams. An action plan was being developed to help implement the recommendations, and the Police & Crime Commissioner had committed £2m towards the cost of this work.

Councillor Sean Coughlan welcomed the report, particularly its recognition of the need for more early support for schools and parents with children identified as having behavioural challenges. Councillor Bob Sleight requested that the Police & Crime Commissioner work closely with local authority Leaders within the region to discuss how best to implement the recommendations contained within the Commission's report.

Resolved:

The report on the Commission on Gangs and Violence be noted, and the on-going participation in the Commission and the implementation of the report's recommendations, to be discussed further between the Police & Crime Commissioner and local authority Leaders, be agreed.

- 142. Minutes of the Housing & Land Delivery Board - 15 November 2017**  
The board received the minutes of the Housing & Land Delivery Board held on 15 November 2017.

Resolved:

The minutes of the meeting held on 15 November 2017 be noted.

- 143. Minutes of the Investment Board - 27 November 2017**  
The board received the minutes of the Investment Board held on 27 November 2017.

Resolved:

The minutes of the meeting held on 27 November 2017 be noted.

- 144. Minutes of the Transport Delivery Committee - 4 December 2017**  
The board received the minutes of the Transport Delivery Committee held on 4 December 2017.

Resolved:

The minutes of the meeting on 4 December 2017 be noted.

- 145. Friday 9 February 2018 at 11.00am**  
The date of the next meeting was noted.

The meeting ended at 12.30 pm.

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## WMCA Board

<b>Date</b>	9 February 2018
<b>Report title</b>	The Second Devolution Deal
<b>Portfolio Lead</b>	Andy Street - Mayor of the West Midlands
<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>	Julia Goldsworthy – Director of Strategy email: <a href="mailto:julia.goldsworthy@wmca.org.uk">julia.goldsworthy@wmca.org.uk</a>
<b>Report to be/has been considered by</b>	WMCA Programme Board – 26 January 2018

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

#### The WMCA Board is recommended to:

- (1) Approve the Second Devolution Deal on behalf of the Combined Authority following the conclusion of negotiations between the West Midlands Combined Authority and the Government.
- (2) Approve the outline approach to implementation of the Second Devolution Deal and further devolution discussions with Government (to be the subject of a further report to the Board in March).
- (3) Request that the Agreement is approved by the Constituent Authorities alongside the proposed approach to implementation and further discussions with Government on devolution, as early as possible in the 2018/19 municipal year.

## **Purpose**

- 1.1 To bring the Second Devolution Deal between the West Midlands Combined Authority and the Government before the Combined Authority Board for formal approval.
- 1.2 To outline the proposed approach to implementation of the Deal and to further devolution discussions with Government (this will be the subject of a more detailed paper to the March Board meeting).

## **2.0 Background**

- 2.1 The First Devolution Deal was agreed in November 2015, setting up the Mayoral Combined Authority and bringing new powers and funding to the West Midlands.
- 2.2 Following the General Election in June 2017, the West Midlands Combined Authority initiated discussions with Government on a Second Devolution Deal, based on the proposals brought forward by the Devolution Strategy Group.
- 2.3 Negotiations were conducted by the WMCA Executive with support of the Mayor and the Combined Authority Leaders as required, and regular consultation and updates for Combined Authority stakeholders throughout the process (Constituent and Non-Constituent Leaders, Chief Executives, LEP Chairs and Executives, and others).
- 2.4 The Final Devolution Deal was agreed by the Mayor, the Met Leaders and LEP Chairs prior to announcement of the Deal at the Autumn Budget by the Chancellor of the Exchequer on 22 November 2017.

## **3.0 Contents of the Second Devolution Deal**

- 3.1 The Second Devolution Deal was a balanced deal shaped around the priorities of the Combined Authority: driving economic performance, supporting inclusive growth, and bringing new financial support for the region.
- 3.2 The agreement recognises and reaffirms the roles of the constituent authorities, the non-constituent authorities and the LEPs in the Combined Authority, and commits the Government to support them all in delivering outcomes for citizens.
- 3.3 The Devolution Deal covered a number of areas where the Government committed to support the West Midlands as it develops its Local Industrial Strategy to drive regional economic growth:
  - Housing – with agreement to work on a Housing Deal
  - Skills
  - Transport
  - Digital
  - Air quality
  - Energy
  - Key sectors e.g. automotive, construction, culture

- 3.4 The Devolution Deal also set out a number of initiatives on public service reform, ways in which the West Midlands could have more control of financing its activities, and agreed governance changes, including a commitment to integrate the West Midlands Fire and Rescue Service into the Combined Authority.
- 3.5 The Deal also sets out that the Government, the Combined Authority and the Office of the PCC will work together to incorporate the role and powers of the Police and Crime Commissioner into the mayorality from 2020. Work is now beginning to plan for this detailed and complex task which will include the establishment of regular dialogue and joint working with the Office of the PCC in order to secure continuity in good practice and public protection. The Combined Authority Executive, the Mayor's Office and the Police and Crime Commissioner's Office will bring a joint Report on the decisions to be taken and the proposed process for these governance changes to the Combined Authority Board, informed by guidance from the Home Office and the Ministry of Housing, Communities and Local Government.
- 3.6 Importantly, the second deal established a joint commitment between the Government and WMCA to work together on a number of priority areas in which further devolution is sought but policies are not yet fully developed.
- 3.7 The full text of the Devolution Deal is contained in **Appendix 1**

#### **4.0 Developing a new approach to devolution**

- 4.1 During negotiation of the second deal, some discussion has also taken place with government about developing a new approach to devolution discussions. The intention of the WMCA is that this should be more of a continuous process, with initiatives and agreements announced at different times, moving away from the stop-start approach to agreeing deals. Importantly, this should be more of a collaboration between partners and less of a deal making process.
- 4.2 The intention is to agree an Action Plan for the next stages of this work between the WMCA and government, based on the wide ranging agenda set by the second devolution deal. This will include work on the Housing Deal and the Local Industrial Strategy as well as projects covering skills, employment, transport, public services and the Finance for Growth Commission. It provides an opportunity for the West Midlands to move into the vanguard of the devolution agenda, working in a closer partnership with government to deliver our shared West Midlands priorities for the decade ahead.

#### **5.0 Implementation of the Second Devolution Deal**

- 5.1 The Devolution Deal was agreed with the Met Leaders and LEP Chairs prior to announcement of the Deal at the Autumn Budget by the Chancellor of the Exchequer on 22 November 2017.

- 5.2 Unlike the First Devolution Deal, there are relatively few items that will require changes to the powers and Constitution of the WMCA and the formal legal process of drawing up Statutory Orders and presenting them to Parliament. These items relate to finance and governance arrangements and will be subject to separate papers to the Board and separate ratification processes by constituent authorities (for example the changing governance of the West Midlands Fire Service, which is already underway and the creation of a new power to levy a Supplementary Business Rate, which is the subject of a separate report to this meeting of the Board).
- 5.3 However, it is important that members of the local authorities are able to debate the second devolution deal as a whole and to engage with the positive future agenda to be set out in the Action Plan described above. Therefore it is proposed that each constituent authority be asked to set aside time at their full council meetings to debate the deal and the Action Plan early in the new municipal year.
- 5.4 The Executive will update the Combined Authority Board on the Action Plan and implementation process at the March Board meeting,

## **6.0 Financial implications**

- 6.1 The Second Devolution Deal brought new funding for the region (total of approx. £280M), which has been incorporated into the Combined Authority's proposed Budget and into the Investment Programme.
- 6.2 New financing powers were agreed in the Devolution Deal (e.g. borrowing, business rate supplement) and these will be developed by the CA Executive, with the approval of the Combined Authority Board and constituent authorities.
- 6.3 Government has also committed to work together with the Combined Authority on the Funding for Growth Programme to develop new sources of funding and financing to support the region's activities.

## **7.0 Legal implications**

- 7.1 There are some specific areas in the Deal where secondary legislation will be required which will need the consent of the Constituent Authorities. These will be brought forward on an individual basis in consultation with the relevant Government Departments and every effort will be made to liaise and co-ordinate with the governance processes of the Constituent Authorities. There may also be a need for public consultation in respect of some of these Orders and of course Parliamentary Approval.

## **8.0 Equalities implications**

- 8.1 There are no direct equalities implications arising from this report

## **8.0 Appendices**

Appendix 1: Second Devolution Deal document



HM Treasury



**WEST MIDLANDS**  
COMBINED AUTHORITY

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

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

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## Introduction

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

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

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

## Delivering an Industrial Strategy for the West Midlands

### Housing

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

## Creating opportunity: improving skills and employment

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

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

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

## Transport

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

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

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

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

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

### **Transport and digital**

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

### **Air quality**

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

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

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

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

## Supporting Key Regional Industrial Strategy Sectors

### Supporting business growth through the Industrial Strategy

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

### Energy

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

55. The West Midlands Regional Energy Commission will:

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

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

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

### Automotive

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

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

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

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

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

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

## Culture

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

## Digital

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

## Transforming public services

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

80. The Mayor and the WMCA are prioritising enhancing mental and physical health, wellbeing and resilience and making the maximum impact on productivity and the reduction of inequalities in the future. There are a number of approaches to this:
- Government will work with the WMCA to facilitate discussions with local authority public health, as well as other local commissioners about opportunities to fund innovative pilots through local budgets to promote health and wellbeing in the West Midlands with a view to increasing levels of physical activity in both adults and children and piloting early preventative programmes.
  - The government supports the WMCA's aim of delivering the Thrive Mental Health Literacy programme across the WMCA, targeting 500,000 people. Government and the WMCA will work together to explore the right delivery models for the programme and how to build long-term sustainability into the programme.
  - Government and the WMCA commit to continuing to work towards the ambitions of the Mental Health Commission. To date we have agreed that project management will be put in place for the following projects:
    - o Individual placement support
    - o A framework for improving wellbeing at work
    - o A wellbeing incentive to address mental health and muscular skeletal problems
  - WMCA and the Black Country Sustainability and Transformation Plan (STP) will engage with health systems partners, on behalf of the other STPs in the area, to develop a proposal and business case for a prevention programme. The programme will initially focus on the development of professional and community capability to deliver effective social prescribing and asset-based interventions to improve health outcomes. This will be delivered through an emerging West Midlands Behavioural Change Network – a partnership including the WMCA and the region's universities.
81. The government will work with the Mayor and the WMCA as well as with the NHS agencies to identify other devolved powers and funds that will support the Mayor's priority of tackling health inequalities. This will include exploration of:
- Shared use of the public estate, so that proceeds from the disposal of locally owned NHS assets are retained in the West Midlands, in so far as statutory powers permit and subject to agreement with national and local partners;
  - Regional use of transformation, research and development funds, including how STP transformation funding could take into account, where appropriate, the WMCA health and wellbeing objectives.
82. The government, the WMCA and the PCC will work together to agree a detailed governance model and a legislative timetable for incorporating the role and power

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

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

## Finance and Funding

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

### West Midlands Funding for Growth Programme

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

## Mayoral powers

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

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

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
<b>Mental Health Commission Update</b>	To provide an update on the delivery of the Thrive strategy.	9 March 2018	No	Cllr Bob Sleigh	Sean Russell	No	Delivery
<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>Establishment of a West Midlands Innovation Board</b>	To approve the setting up of an Innovation Board.	9 March 2018	Yes	Mayor	Sarah Middleton	No	Delivery
<b>Devolution of Adult Education Budget</b>	To seek approval of the outline agreement.	9 March 2018	Yes	Cllr George Duggins	Julie Nugent	No	Devolution

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
<b>Devolution Implementation Plans</b>	To provide an update on the implementation of the devolution deal.	9 March 2018	Yes	Mayor	Tony Smith	No	Devolution
<b>Integrated Business Plan &amp; Approval 2018/19</b>	Final approval of integrated plan.	9 March 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>Budget Monitoring 2018/19</b>	To review the latest budget monitoring position.	9 March 2018	No	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>Mayoral Funding for Growth Programme</b>	To provide an update on findings.	9 March 2018	No	Mayor	Sean Pearce	No	Finance
<b>Coventry Station Masterplan</b>	To approve the award of funding for the scheme.	9 March 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
<b>Coventry Friargate Business District Phase 1</b>	To support the application for funding for the proposal.	9 March 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	Yes	Finance
<b>Culture, Creative &amp; Tourism</b>	To provide an update on the work undertaken by the Culture, Creative & Tourism Group.	9 March 2018	Yes	Cllr Ian Ward	Dave Webb	No	Strategy
<b>Industrial Strategy</b>	Update report.	9 March 2018	Yes	Cllr Ian Ward	Patrick White	No	Strategy
<b>Mobility as a Service</b>	To provide an update on latest developments.	9 March 2018	No	Cllr Roger Lawrence	Laura Shoaf/Chris Lane	No	Transport
<b>Swift Update</b>	To provide an update on the latest Swift-related developments.	9 March 2018	No	Cllr Roger Lawrence	Laura Shoaf/Matt Lewis	No	Transport
<b>Devolved Transport Grants</b>	To set out the approach for allocating the Devolved Transport Grant for 2018/19	9 March 2018	Yes	Cllr Roger Lawrence	Sandeep Shingadia	No	Transport

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
In accordance with discussions previously held, it is proposed to cancel the WMCA Board originally scheduled for 13 April 2018							
<b>West Midlands Leadership Commission</b>	To consider recommendations arising out of the work of the Commission.	11 May 2018	Yes	Cllr Steve Eling	Meera Sonecha	No	Commissions
<b>West Midlands Fire Service Governance</b>	To consider an update on governance and the responses to the consultation exercise.	11 May 2018	Yes	Mayor	Tim Martin	No	Governance

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## WMCA Board

<b>Date</b>	9 February 2018
<b>Report title</b>	2018/19 Budget and Council Tax
<b>Portfolio Lead</b>	Councillor Izzi Seccombe - Finance & Investments
<b>Accountable Chief Executive</b>	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7200
<b>Accountable Employee</b>	Sean Pearce, Director of Finance email: sean.pearce@wmca.org.uk tel: (0121) 214 7936
<b>Report to be/has been considered by</b>	WMCA Programme Board – 26 January 2018

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

**The WMCA Board is recommended to:**

1. Note the consolidated revenue budget monitoring position as at 31 December 2017;
2. Approve the West Midlands Combined Authority consolidated revenue budget for 2018/19 summarised in Paragraph 5.23. This includes:
  - a) the budget requirement for transport delivery 2018/19 – 2020/21 comprising of two elements:
    - i. £114.7 million for 2018/19, reverting to £114.1 million for 2019/20 and 2020/21 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
  - 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, subject to local authority agreement, 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. for 2018/19 only, 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.
  - c) The West Midlands Combined Authority Mayoral budget requirement of 2018/19 of £823,000 to be funded by the following sources:
    - i. £558,000 Mayoral Capacity Fund; and
    - ii. £265,000 Contribution from Constituent Authorities as a result of a rebate granted to Constituent Authorities and then returned to West Midlands Combined Authority in 2017/18 to fund Mayoral costs as set out in Paragraphs 3.4 and 3.5.
3. Note the inclusion of a Precept in 2019/20 and 2020/21 for Mayoral Office costs, Network Resilience, and a contribution to the West Midlands Combined Authority Investment Programme and support this in principle subject to further work between the Mayor and Constituent Authorities in 2018/19 and final approval prior to the February 2019 West Midlands Combined Authority Board and with reference to Recommendation to 10 (a);
  4. Endorse the West Midlands Combined Authority indicative Medium Term Financial Plan as set out in Paragraph 8.2;
  5. Approve the Transport Capital Programme as set out in Paragraph 7.2;
  6. Note the planned spend on the Investment Programme over the 3 year period as set out in Paragraph 7.4;
  7. Approve the budget for the 2018/19 WMCA supplementary Capital Programme containing the Land Remediation Fund and Collective Investment Fund budgets, subject to West Midlands Combined Authority obtaining the necessary borrowing powers;
  8. Delegates to the Director of Finance in consultation with the Portfolio Lead for Finance to make any final changes that may result from the Final Local Government Finance Settlement or the conclusion of the funding agreements arising from the West Midlands second Devolution Deal should they arise as set out in Paragraph 2.6;
  9. Approve the following policies and strategies as required by Statute:
    - a) The West Midlands Combined Authority Pay Policy Statement as set out in Section 15;
    - b) The West Midlands Combined Authority Treasury Management Strategy as set out in Section 10;
    - c) The West Midlands Combined Authority Prudential Indicators and Minimum Revenue Provision Strategy as set out in Section 11.

10. Approves the establishment of Task and Finish Groups comprising the Portfolio Lead for Finance, the Mayor and West Midlands Combined Authority Board members as follows:
- a) Review and recommend changes to the West Midlands Combined Authority Constitution based on 18 months experience of operation as set out in Paragraph 5.22;
  - b) As per the January 2018 Investment Programme report – Review of scheduling prioritisation and funding of the Investment Programme as set out in Paragraph 5.22; and
  - c) Review and develop a four year Medium Term Financial Plan for revenue, capital and the Investment Programme as set out in Paragraph 8.7.

## **1 Purpose**

- 1.1. This report is intended to present the final West Midlands Combined Authority budget, levy and precept for 2018/19 for approval by the West Midlands Combined Authority Board. A draft budget, levy and Mayoral Precept for 2018/19 was approved for consultation and scrutiny by the West Midlands Combined Authority Board at its meeting on 12 January 2018.
- 1.2. This report provides an update based on changes made since the 12 January 2018 and takes account of discussions between the Mayor and West Midlands Combined Authority Constituent Members following the amendment made to Recommendation 3 with regard to the Mayoral Precept at the West Midlands Combined Authority Board on 12 January 2018.
- 1.3. The West Midlands Combined Authority Overview and Scrutiny Committee's Budget Scrutiny Task Group has now completed its scrutiny work in relation to the draft budget and the views of the Budget Scrutiny Task Group are set out in this report for consideration by the West Midlands Combined Authority Board.

## **2 Introduction**

- 2.1. This report represents the final stage of the budget setting process for the West Midlands Combined Authority. If approved, this report presents the final revenue and capital budget for 2018/19 together with an Indicative Medium Term Financial Plan and associated policies required by Statute.
- 2.2. This report incorporates known changes from the 2017 Provisional Local Government Finance Settlement and details from the Devolution Deal as they have become known over the intervening period. The final 2018/19 Local Government Finance Settlement is due to be laid before the House of Commons, for its approval, in February 2018 and so a verbal update will be provided at the meeting of the West Midlands Combined Authority on 9 February 2018.
- 2.3. The Mayor and the West Midlands Combined Authority have listened to feedback on the Draft Budget during January 2018. This has included formal feedback from the Constituent Members of the Combined Authority with regard to the Mayoral Precept as well as key messages from the Overview and Scrutiny Committee, key stakeholders and residents across all budget areas.
- 2.4. The final allocation of monies set to be received by the West Midlands Combined Authority as part of the second Devolution Deal with Central Government are being concluded and the current position is provided in this report. It is not expected that the amount or profile of funding will change substantially from that included in this report and a verbal update will be provided at the meeting of the West Midlands Combined Authority on 9 February 2018.
- 2.5. This report summarises changes made in January 2018 and recommends a budget capable of agreement by the West Midlands Combined Authority Board and importantly sets out a key change to defer the proposed Mayoral Precept from 2018/19 to 2019/20.
- 2.6. Delegation is requested to the Director of Finance in consultation with the Portfolio Lead for Finance to make any final changes that may result from the Final Local Government Finance Settlement or the conclusion of the funding agreements arising from the West Midlands second Devolution Deal should they arise.

### 3 Building on a strong base – the 2017/18 forecast revenue outturn

- 3.1. The West Midlands Combined Authority’s forecast outturn for 2017/18 at Month 9 (December 2017) indicates a favourable position. This is consistent with that presented within the Draft Budget Report. The forecast represents actual performance for nine months of the 2017/18 financial year together with a forecast for the remaining three months. Net spending for the Mayor’s office continues to be in line with the original budget. The following table illustrates the overall position at the end of December 2017 inclusive of the transfer to earmarked reserves approved in the January Draft Budget report in relation to the Minimum Revenue Provision.

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

£ million	Original Budget	Forecast Outturn	Forecast Variance
Transport Delivery	121.5	120.6	0.9
WMCA Operational Budget	4.3	4.1	0.2
Mayor’s Office	0.4	0.4	-
Mayoral Election	5.0	4.9	0.1
Investment Programme	30.0	30.0	-
<b>Total</b>	<b>161.2</b>	<b>160.0</b>	<b>1.2</b>

- 3.2. The forecast favourable variance on the West Midlands Combined Authority Operational Budget has already been factored into the Draft Budget Report into the 2018/19 Operational Budget in order to minimise Constituent Authority contributions for 2018/19 and the assumption on the Mayoral Election Underspend is that this is returned and made available to fund the Investment Programme.
- 3.3. The Transport for West Midlands forecast underspend is primarily as a result of savings on the English National Concessionary Travel Scheme. Whilst three months remain in the financial year that could see movement in this forecast, officers have identified a further £0.265 million that will not be spent on the delivery of the outcomes approved in the 2017/18 approved budget in relation to Transport that can be released.
- 3.4. It is therefore recommended that the West Midlands Combined Authority Board approve a rebate to the Constituent Authorities of £0.265 million in 2017/18.
- 3.5. To support the deferral of Precept from 2018/19 to 2019/20 set out in more detail in Section 5 the West Midlands Combined Authority is recommended to confirm that this rebate can also be returned in 2017/18 to the West Midlands Combined Authority to the same value in 2017/18 to provide funding in respect of Mayoral costs.
- 3.6. This will enable existing funding of the Mayoral Office in 2017/18 to be transferred into an Earmarked Reserve that can be used in 2018/19. For clarity, the split by Constituent Authority is set out in the following table:

Table 2: Proposed rebate of the 2017/18 Transport for the West Midlands Levy for reinvestment into the 2018/19 Mayoral Office

<b>Constituent Authority</b>	<b>£ million</b>
Birmingham	0.104
Coventry	0.032
Dudley	0.029
Sandwell	0.030
Solihull	0.020
Walsall	0.026
Wolverhampton	0.024
<b>Total</b>	<b>0.265</b>

#### **4 Consultation and Engagement on the Draft 2018/19 Budget**

4.1. Consultation and engagement has taken place and is ongoing, including press briefings and scanning of social media. Since the January 2018 West Midlands Combined Authority Board meeting, informal budget consultation has taken place with the following organisations:

- Employee representatives including Unions;
- Non Constituent Authorities; and
- Wider partners and stakeholders.

4.2. Overall, the feedback indicated broad support for the Draft Budget and support for the delivery of outcomes set out in the Draft Budget. The Unions indicated their broad support for investment in public services including through the Precept.

4.3. Non-constituent members confirmed their support for the proposal to maintain their subscription rates at 2017/18 levels.

#### **5 Summarised changes proposed to the Draft Budget**

5.1. The West Midlands Combined Authority Board at its meeting on 12 January 2018 approved an amendment to the recommendation with regard to a proposed Mayoral Precept.

5.2. The majority of the Draft Budget proposed for consultation relates to the delivery of the Transport for West Midlands service as well as the West Midlands Combined Authority operational budget and therefore remains unchanged.

5.3. The draft budget report was circulated to all members on 20 December 2017 and all comments received incorporated. A formal response was made by the members of the Combined Authority following the West Midlands Combined Authority Board on 24 January 2018 and is included as Appendix 8. The points made can be grouped into 3 areas:

- a. Reflections on the Mayoral Precept;
- b. Reflections on the West Midlands Combined Authority constitution; and
- c. Reflections on the Investment Programme with regard to item 8 on the January 2018 West Midlands Combined Authority Board agenda.

- 5.4. Each is dealt with in the report. This clearly sets out the desire for a 2018/19 Mayoral Precept to be deferred.
- 5.5. Following the receipt of this letter, the Mayor met with the Leaders of the seven Constituent Authorities to explore the potential for a settlement to be reached that ensured an appropriate budget could be set to deliver the outcomes agreed by the West Midlands Combined Authority Board whilst acknowledging the need to minimise for 2018/19 the impact on residents through a Mayoral Precept.
- 5.6. This report clearly sets out the response to the members of the West Midlands Combined Authority and this section sets out the outcome of that work that concluded in a proposed deferral of the 2018/19 Precept to 2019/20 subject to further work in 2018/19 and final approval at the February 2019 West Midlands Combined Authority Board. This approach is supported by the Mayor and the all Constituent Authorities.
- 5.7. In summary, the following changes have been incorporated into this Final Budget report to allow a deferral of Mayoral precept in 2018/19 to 2019/20:

Network Resilience

- 5.8. The Mayor and the Constituent Authorities have reached an agreement to fund the costs of the Network Resilience team for 2018/19 only through an increase to the Transport for West Midlands Levy.
- 5.9. The intention is to consider the funding of the costs of Network Resilience for 2019/20 onwards within the Mayoral Precept subject to further work to confirm the outcomes delivered within this area from 2019/20. These costs have been agreed as recurrent as they mainly cover the costs of staffing. The decision therefore remains only in setting the Budget in February 2019 on the source of funding rather than whether the costs should or should not be incurred and funded.
- 5.10. The following table sets out the impact of this decision on the Levy in respect of Transport for West Midlands in 2018/19.

Table 3: Impact on the proposed contributions following the transfer of Network Resilience costs from the Mayoral Precept to the Levy for 2018/19 only

£k*	Draft Budget	Final Budget	Change
Birmingham	45,897	46,121	225
Coventry	14,691	14,761	70
Dudley	13,264	13,328	64
Sandwell	13,470	13,534	64
Solihull	8,983	9,025	42
Walsall	11,690	11,746	56
Wolverhampton	10,797	10,848	51
<b>Total</b>	<b>118,792</b>	<b>119,364</b>	<b>572</b>

The rounding is to the nearest thousand pounds due to the minor nature of the adjustment in the context of the overall budget.

#### Contribution to the Investment Programme

- 5.11. The West Midlands Combined Authority Board considered a status report on the funding position of the Investment Programme at its January 2018 meeting. A summary of the current position with regard to funding is repeated in the table below that set out only 30% of the £8 billion funding package was 'Green' rated.

Table 4: Status of Funding for the overall Investment Programme

	February 2016		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>

- 5.12. The table above illustrates that a significant amount of work is still required to deliver the assurance of the funding package that was envisaged when the region's first Devolution Deal was agreed. Following the January 2018 West Midlands Combined Authority Board meeting a number of key events have occurred in relation to funding as set out below:

- a. Outline agreement with the Ministry of Housing, Communities and Local Government of £5.1 million of funding that the West Midlands Combined Authority will receive in respect of localised business rates collected in 2016/17. The region's first Devolution Deal included £1.5 million as receivable in respect of 2016/17 and therefore this sees an increase of £3.6 million from the forecast; and
- b. Confirmation of £3 million receivable from the seven Constituent Authorities in respect of 2017/18 localised business rates collected. This is consistent with the forecast included in the region's first Devolution Deal and included in the draft budget.

- 5.13. Whilst these amounts are relatively small in respect of the overall funding package for the Investment Programme the additional Business Rates received in 5.12 a) is welcome and this funding will turn from 'Amber' to 'Green' rated in this respect.

- 5.14. Agreement has therefore been reached with the Constituent Authorities that a Precept for a contribution to the Investment Programme of £6 million can be deferred for one year only without a material effect on the current status of the Investment Programme. This is dependent on the review as approved in the Status Report of the Investment Programme that was approved by the West Midlands Combined Authority Board in January 2018. The need for this review has been reinforced within the feedback from the Leaders of the seven Constituent Authorities to the Mayor and a timescale for delivery is proposed for the first half of the 2018/19 financial year.
- 5.15. Whilst the risk profile has therefore not materially changed from this one year deferral of Precept, there remains a significant risk that all investments may not be able to be funded unless key areas of red and amber risk highlighted in the January Report on the Investment Programme are addressed. Therefore each investment decision during the period of this review will need to be considered in the light of the current funding position.

#### Mayoral Office Costs

- 5.16. The Mayoral Office costs set out in the draft budget were £888,000. A request was made by the West Midlands Combined Authority Leaders within their feedback to the Mayor for a deferral of Precept for the costs of the Mayoral Office in 2018/19 only. Work has been undertaken to explore the possibility of alternative sources of funding for one year only in respect of the Mayoral Office costs and a summary is provided in this section of the report.
- 5.17. Further key information has been received from Central Government in relation to Devolution Funding that provides an opportunity to reconsider how the costs of the Mayoral Office are funded in 2018/19 only. These are set out below:

a. **Mayoral Capacity Fund**

The November 2017 Budget indicated the availability of a Mayoral Capacity Fund for 2018/19 and 2019/20 of £12 million to be shared amongst all Mayoral Combined Authorities. At the time of publishing the Draft Budget details were yet to be shared with the West Midlands Combined Authority to confirm the amount that may be allocated to the West Midlands and also the profile of funding between 2018/19 and 2019/20.

As a result, the Draft Budget included a prudent allocation of £641,000 for 2018/19 in support of the delivery of outcomes across the Operational Budget pending confirmation from Central Government of funding.

Confirmation was received in Week Commencing 22 January 2018 that £2 million will be made available to the West Midlands Combined Authority weighted equally across 2018/19 and 2019/20. This therefore increases the funding available in 2018/19 by £358,000 and the intention is to apply this time limited Mayoral Capacity Fund to the costs of the Mayoral Office for 2018/19 only.

The remaining funding for 2019/20 over and above that included in the Draft Budget has been allocated to the development of the Industrial Strategy for the region and will be subject to a further report to the West Midlands Combined Authority board in due course.

b. Skills Funding

A contribution of £153,000 from the Mayoral Capacity Fund and £47,000 from Constituent Authority Contribution was included within the Draft Budget in support of delivery of the Skills Operational Budget in 2018/19.

The assumptions around the opportunity to draw down funding to support the West Midlands Combined Authority Skills Strategy in 2018/19 has been reviewed. 2018/19 represents the second year that a grant of approximately £200,000 can be applied for in support of preparations for the devolution of the Adult Education Budget. The forecast for 2018/19 now incorporates this funding to be drawn down in support of costs included in the draft budget.

This has allowed £200,000 of funding that previously supported the Operational Budget to now be made available to support the Mayoral Office for one year only.

5.18. As set out in Paragraph 3.5 above, £265,000 from reserves is available to fund the Mayoral Office costs for 2018/19 only.

5.19. The alternative funding proposals summarised in this section leave a balance to fund of £65,000. Agreement has been reached to reduce the budget for the Mayoral Office for 2018/19 only by this amount to deliver a balanced budget in support of the deferral for one year only of the Mayoral Precept. In summary, the West Midlands Combined Authority Board are recommended to approve the deferral of the 2017/18 Mayoral Precept for one year only as set out in the following table:

Table 5: Summarised changes to the funding of the 2018/19 Mayoral Office Costs

Element of Mayoral Office costs	Draft Budget	Final Budget
Mayoral Office	888,000	888,000
<u>Alternative Funding identified for 2018/19 only:</u>		
Mayoral Capacity Fund previously unallocated		(358,000)
One-off TfWM forecast underspend rebate reallocated		(265,000)
Mayoral Capacity Fund reallocation due to DfE income		(153,000)
Reduction in Mayoral Budget for 2018/19 only		(65,000)
Constituent Authority reallocation from Operational Budget		(47,000)
Sub-Total		(888,000)
<u>Network Resilience</u>		
Funded now through the TfWM Levy for 2018/19	572,000	-
<u>Contribution to the Investment Programme</u>		
Deferred for one year due to review and 2016/17 Income confirmed with MHCLG	6,000,000	-
Total	7,460,000	-

5.20. There are no further changes proposed to the Draft Budget approved for Consultation and Scrutiny. The changes outlined above reached on the basis of consensus and agreement between the Mayor and the Combined Authority Constituent Members.

5.21. Therefore the funding for the £11.8 million West Midlands Operational Budget is confirmed as follows:

- a. the continuation of the £25,000 Non Constituent Authority contribution and a Constituent Authority contribution, and
- b. Subject to local authority agreement, 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. for 2018/19 only, 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.

5.22. In addition, the West Midlands Combined Authority Board are recommended to approve the establishment of the following Task and Finish Groups that comprise the Mayor, Portfolio Lead for Finance and Constituent Authority Board Members supported by relevant Officers of the West Midlands Combined Authority. The intention is to explore the further points made by the Constituent Members with the aim of reporting findings later in 2018/19.

- a. Examination and recommendation if needed of changes to the Constitutional Process in relation to Budget setting;
- b. As set out in the January 2018 Investment Programme Funding Status Update a group to review the scheduling and prioritisation of the Investment Programme should funding not be available to support investment allocation decisions.

5.23. The Final consolidated revenue budget position for 2018/19 is set out in the following table:

Table 6: WMCA Consolidated Draft Revenue Budget

£m	Total	Mayor	Operational	Transport	Investment Programme
<b>Income</b>					
Transport Levy	114.7	-	-	114.7	-
Devolution Deal Grants	42.5	0.5	5.5	-	36.5
Business Rates Growth	8.1	-	-	-	8.1
Membership	1.8	-	1.8	-	-
Commissions	1.1	-	1.1	-	-
Corporate Services	1.7	-	1.7	-	-
Non Constituent Members	0.4	-	0.4	-	-
Investment Income	0.5	-	0.5	-	-
3rd Party Income	0.4	-	0.4	-	-
Use of Reserves	1.7	0.3	0.4	1.0	-
Sub Total	172.9	0.8	11.8	115.7	44.6
<b>Expenditure</b>					
Mayoral Office	0.8	0.8	-	-	-
Transport Delivery	115.7	-	-	115.7	-
Operational Budget	11.8	-	11.8	-	-
Interest Payable	3.6	-	-	-	3.6
Investment Programme Governance	1.0	-	-	-	1.0
Capital Expenditure Financing	40.0	-	-	-	40.0
Sub Total	172.9	0.8	11.8	115.7	44.6
<b>Net</b>	-	-	-	-	-

- 5.24. The proposed contributions from Constituent Authorities based on this draft budget will reduce by £3.9 million compared to £4.5 million included in the draft budget report.
- 5.25. The contributions from Non-Consistent Authorities remain flat at £25,000 per annum for 2018/19 following the period of consultation and will be subject to annual review over the medium term.
- 5.26. There are no further changes proposed to the Transport for West Midlands budget, other than the addition of Network Resilience costs as set out in paragraph 5.8.

## 6 Confirmation of Devolution Grants

- 6.1. The West Midlands Combined Authority has been working with Central Government's Cities and Local Growth Unit to confirm the final profiled allocations of funding agreed as part of the region's second Devolution Deal. As set out in previous sections of this report, that funding has not been confirmed in all instances.

- 6.2. Whilst it is not anticipated that there will be any change from the assumptions incorporated within this report a verbal update will be provided at the West Midlands Combined Authority February meeting.

## 7 Capital Programme Summary

### Transport for the West Midlands

- 7.1. There are no changes proposed from the Draft budget in relation to the West Midlands Combined Authority Transport Capital Programme.
- 7.2. For completeness the West Midlands Combined Authority Board is recommended to approve the Transport for West Midlands Capital Programme as summarised in following table.

Table 7: Summary Transport Capital Programme

<b>£m</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>
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>96.9</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>9.5</b>	<b>4.6</b>	<b>4.5</b>	<b>18.6</b>
<b>Total</b>	<b>106.4</b>	<b>175.5</b>	<b>224.3</b>	<b>506.1</b>

### Investment Programme

- 7.3. There are no changes proposed to the Draft budget in relation to the West Midlands Combined Authority Investment Programme.
- 7.4. The approved Investment Programme planned spend 2018/19 – 2020/21 is currently £531.5 million and is set out in Appendix 4 for noting.
- 7.5. Changes to funding outlined in Section 5 have been updated.

### West Midlands Combined Authority Supplementary Capital Programme

- 7.6. As per the recommendations within this report, West Midlands Combined Authority Board are requested to approve the 2018/19 supplementary Capital Programme budget of £86.2 million which contains non-transport schemes West Midlands Combined Authority are required to deliver directly as follows:

Table 8: Supplementary Capital Programme

£m	2018/19
Land Remediation Funds	30.0
Collective Investment Fund	56.2
Total	86.2

- 7.7. The above allocations are core priorities within the Investment Programme. Whilst the Land Remediation funds will largely provide grant funding to kick-start economic growth (funded by West Midlands Combined Authority Investment Programme income), the Collective Investment Fund is an evergreen fund which will be underwritten by the Combined Authority.
- 7.8. It should be noted that approval of the budget by the West Midlands Combined Authority Board will be subject to the West Midlands Combined Authority obtaining the necessary borrowing powers from Central Government to undertake the transactional elements of the programme. This is currently expected to be April 2018.

## 8 Confirmation of Indicative Medium Term Financial Plan

- 8.1. The indicative Medium Term Financial Plan has been updated based on those changes outlined above in this Final Budget Report. This includes reflecting the Deferral for one year only from 2018/19 to 2019/20 of the Mayoral Precept, the movement of funding for Network Resilience for 2018/19 to the Transport for West Midlands Levy and the alternative funding of the Mayoral Office costs for 2018/19.
- 8.2. The indicative Medium Term Financial Plan for the years 2019/20 and 2020/21 remain the same as set out in the Draft Budget Report except for the inclusion of the Mayoral Capacity Fund now that the value and profile has been confirmed by Central Government.

Table 9: Consolidated Medium Term Financial Plan

£m	2017/18	2018/19	2019/20	2020/21
<b>Income</b>				
Transport Levy	121.5	114.7	114.1	114.1
Devolution Deal Grants	36.5	42.5	43.7	41.3
Business Rates Growth*	0.0	8.1	6.0	7.5
<b>Constituent Members</b>				
Membership	1.8	1.8	1.8	1.8
Commissions	-	1.1	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
3rd Party Income	0.0	0.4	0.1	0.5
Use of Reserves/Other	0.0	1.7	1.0	1.0
<b>Sub Total</b>	<b>161.2</b>	<b>172.9</b>	<b>178.0</b>	<b>177.5</b>
<b>Expenditure</b>				
Transport for West Midlands Levy	121.5	115.7	115.1	115.1
Operational Budget	4.3	11.8	13.0	10.9
Investment Programme: Interest Payable	-	3.6	7.6	10.8
Investment Programme Governance	0.7	1.0	1.0	1.0
Mayoral Office	5.4	0.8	1.5	1.5
Revenue Financing of Capital Expenditure	29.3	40.0	39.8	38.2
<b>Subtotal</b>	<b>161.2</b>	<b>172.9</b>	<b>178.0</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				

- 8.3. The indicative Medium Term Financial Plan for 2019/20 and 2020/21 excluding the network resilience change 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.

- 8.4. Assumptions have been made around pay increases although essentially pay awards negotiated as part of the appropriate collective agreements will be applicable from the appropriate date.
- 8.5. Assumptions have also been made around price rises and the Consumer Prices Index along with changes in patronage and fares. Clearly any variation in pay or prices 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.
- 8.6. 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.
- 8.7. The West Midlands Combined Authority Board are recommended to approve the establishment of the following Task and Finish Groups that comprise of the Mayor, Portfolio Lead for Finance and Constituent Authority Board Members supported by relevant Officers of the West Midlands Combined Authority to review the Medium Term Financial Plan for Revenue and Capital.
- 8.8. The intention is to develop jointly and through consensus a new plan for 2019/20 to 2022/23 to ensure Medium Term Financial Planning can continue to provide more certainty for the delivery of objectives within a financial framework that meets the needs of its Constituent Members.

## **9 Commentary on Risk**

- 9.1. The Medium Term Financial Plan and Draft Budget incorporated a broad estimate of the financial impact of the following risks and sensitivities; these were
- Demographic growth and demand pressures specifically where transport payments and services are directly affected by patronage demands;
  - Pay and price inflation;
  - Movement on Brexit, this is kept under review in three regards:
    - 1) the potential for increased costs of the reduced supply of labour from areas within the European Union;
    - 2) the costs of goods and services procured in foreign currencies; and
    - 3) the availability of funding from the European Union.
  - Business Rates Retention Scheme and the achievement of growth targets, including the retention mechanism currently being developed through the West Midlands Finance Directors' Group
- 9.2. In addition to those risks identified above the following additional risk is currently being added to the West Midlands Combined Authority Risk Register and whilst there is no immediate impact, it is being considered in relation to the medium term financial plan delivery and financial risk.

- Collapse of Carillion PLC

It is still very early in the process of understanding and responding to the news of Carillion moving into liquidation. The West Midlands Combined Authority does not have any direct exposure to Carillion through its contracts but is working with partners to consider the wider implications of the supply chain. The West Midlands Combined Authority has joined a cross-agency Carillion taskforce group led by the City of Wolverhampton Council. The group has been set up to ensure a co-ordinated approach to support workers and businesses affected by the Wolverhampton-based company going into liquidation.

A number of meetings were held over the last week and we are keen to work with this task group and provide any support that is needed. The taskforce has been and will continue to provide more detail of its work as the true impact of Carillion's liquidation become known. Whilst the impact of the above has not had a substantial impact over the last year on services, these risks continue to be kept under review.

## **10 Treasury Management Strategy**

- 10.1. The West Midlands Combined Authority is required to review its Treasury Management Strategy on an annual basis and the proposed strategy for 2018/19 is set out in Appendix 5. The strategy for 2018/19 has not fundamentally changed since last year, although it has been updated to include how the current forecast for interest rates will affect borrowing and lending transactions.
- 10.2. Investment priorities will continue to be firstly the security of capital (protecting sums from capital loss) and secondly the liquidity of investments (ensuring cash is available when required). Only when these two priorities are met will the third priority of achieving the optimum return on investments be taken into account.
- 10.3. The borrowing strategy will be to borrow to protect the West Midlands Combined Authority cash flows, and to borrow to replenish some of the internal cash balances that have been temporarily used to fund recent years' capital expenditure. It is anticipated that the new borrowing could occur early in 2018/19, particularly should Central Government grant the West Midlands Combined Authority Borrowing Powers in accordance with its current timetable.
- 10.4. It is important to remember that real value is being achieved through Treasury Management by utilising internal cash balances to temporarily support the capital programme. This avoids the need to borrow at the prevailing Public Works and Loans Board Rate, currently around 3%. The Treasury Management Strategy includes the borrowing needed to support the Investment Programme and Transport Capital Programme.

## **11 The Prudential Code for Capital Finance**

- 11.1. The West Midlands Combined Authority is required to set specific parameters each year to control the extent of its borrowing. The essential purpose of this requirement is to ensure that the West Midlands Combined Authority always has the means to make repayments and doesn't borrow beyond its ability to service associated debts. The statement for 2018/19 is set out in Appendix 6.

11.2. The Chartered Institute of Public Finance Accountancy has recently consulted on the introduction of a Capital Strategy in 2018/19 to support improved financial reporting. The West Midlands Combined Authority will work with the Chartered Institute of Public Finance Accountancy to confirm the requirements of this new Strategy and will present a Strategy for approval at the West Midlands Combined Authority Board in 2018/19.

## **12 Budget Calculation**

12.1. 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.

12.2. 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.

12.3. Exclusive of the set aside from the 2017/18 Minimum Revenue Provision, the General Reserve Balance as at 31/3/18 is forecast to be £1.8 million. This balance represents only 1.6% of the proposed 2018/19 levy. 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.

12.4. 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.

12.5. 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. 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.

12.6. With regard to the Investment programme, the budget is based on income streams envisaged in region's first Devolution Deal. If this changes and additional funding needs to be generated from the West Midlands Combined Authority's own resources then this may materially change the Medium Term Financial Plan.

12.7. 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 Central Government as they impact upon the West Midlands Combined Authority;
- The Transport Capital Programme set out in Appendix 3;
- The Investment Programme set out in Appendix 4;
- 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.

### **13 Statutory Reporting – Scrutiny**

13.1. Scrutiny of the 2018/19 budget proposals was undertaken by the Budget Scrutiny Task Group. This included a Mayoral Question Time and session with the Portfolio Lead for Finance. The conclusion of this work informed the report from the Overview and Scrutiny Committee included as Appendix 7.

13.2. The Transport Development Committee reviewed the budget in detail and sought amendment or clarification prior to publication of the draft budget.

13.3. A verbal update in response to the Overview and Scrutiny Committee's report will be provided by the Portfolio Lead for Finance at the West Midlands Combined Authority Board Meeting on 9 February 2018.

### **14 Fulfilling the Public Sector Equalities Duty.**

14.1. The Public Sector Equality Duty is set out in the Equality Act, 2010. The Act lists 9 Protected Characteristics in respect of which the Duty applies. The duty requires public bodies to have Due Regard to (consciously consider) three aims in their decision making and in policy-making and service delivery. The aims are:

- To eliminate unlawful discrimination;
- To advance equality of opportunity between people who share one or more of the Protected Characteristics (listed in the Equality Act) and those who do not; and
- To foster good relations between people who share one or more of the Protected Characteristics and those who do not.

- 14.2. An overarching strategic equality relevance assessment has been undertaken in respect of budget proposals. The assessment quantifies the levels of Due Regard to the aims of the duty for each programme and provides a broad overview on the potential cumulative impact for the most relevant of the Protected Characteristics.
- 14.3. When proposals have been fully developed and are brought to a future West Midlands Combined Authority Boards for decision, these reports will include a more detailed and specific equality impact assessment to ensure the findings are given due regard when any key decisions are made.

## **15 Pay Policy Statement**

- 15.1. The purpose of the Pay Policy Statement is to clarify the West Midlands Combined Authority strategic stance on pay in order to provide direction for members and officers making decisions on pay and to provide the citizens of the West Midlands with a clear statement of the principles underpinning decisions on the use of public funds. The West Midlands Combined Authority Pay Policy Statement is attached at Appendix 9.

## **16 Legal Implications**

- 16.1. 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.
- 16.2. The proposal for the Deferral of the 2018/19 Mayoral precept to 2019/20 is included in this report and represents a change from the Draft Report considered by the West Midlands Combined Authority Board at its meeting on 12 January 2018. 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.

## **17 Appendices**

- Appendix 1: Transport Delivery Revenue Budget
- Appendix 2: WMCA Operational Budget
- Appendix 3: Transport Capital Programme
- Appendix 4: Investment Programme
- Appendix 5: Treasury Management Strategy
- Appendix 6: Prudential Indicators

Appendix 7: Overview & Scrutiny Committee feedback

Appendix 8: Formal note on the Budget from the Constituent Authorities

Appendix 9: Pay Policy Statement

## Transport Revenue Budget

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

Expenditure Category	2017/18 Revenue Budget		2018/19 Revenue Budget		2019/20 Revenue Budget		2020/21 Revenue Budget	
	£'000	%	£'000	%	£'000	%	£'000	%
<b>National Policy</b>								
English National Concessions Travel Schem	52,519	43.2%	51,369	44.6%	51,776	45.0%	51,425	44.7%
<b>Finance Related</b>		14.4%		9.9%		8.5%		8.3%
Capital Financing	17,499		11,381		9,745		9,531	
Deregulation Pension Deficit	1,356		1,307		1,307		1,307	
<b>TFWM Policies</b>								
Child Concessions	9,609	7.9%	9,538	8.2%	9,634	8.4%	9,652	8.4%
Subsidised Services	8,588	7.1%	9,086	7.8%	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	3.8%	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	2.9%	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%
Network Resilience		37.4%	572	0.5%		41.0%		42.1%
<b>Other</b>								
Business Services	4,049	3.3%	3,031		3,199	2.8%	3,253	2.8%
Elected Members	304	0.2%	304		305	0.3%	309	30.0%
West Midlands Rail	316	0.3%	578		600	0.5%	600	0.5%
<b>Total</b>	<b>121,542</b>	<b>98.8%</b>	<b>115,720</b>	<b>98.90%</b>	<b>115,148</b>	<b>98.6%</b>	<b>115,148</b>	<b>98.6%</b>
Use of Reserves	0		(1,000)		(1,000)		(1,000)	
Proposed Levy	121,542	100.0%	114,720	100.0%	114,148	100.0%	114,148	100.0%

The levy has reduced by £6.8 million from 2017/18 to 2018/19 and after use of £1m of reserves expenditure has reduced by £5.8 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

(xii) Inclusion of Network Resilience costs

### 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%	45,031,157
COVENTRY	352,911	12.3%	14,131,628
DUDLEY	317,634	11.1%	12,719,030
SANDWELL	322,712	11.3%	12,922,368
SOLIHULL	211,763	7.4%	8,479,633
WALSALL	278,715	9.7%	11,160,595
WOLVERHAMPTON	256,621	9.0%	10,275,884
<b>TOTAL</b>	<b>2,864,925</b>	<b>100.0%</b>	<b>114,720,295</b>

## Proposed West Midlands Combined Authority Operational Budget

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

WMCA Operational Forecast	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000	2020/21 Budget £'000
ECONOMIC GROWTH	1235.9	1796.6	1700.2	1572.2
HOUSING & LAND	100.0	1148.6	2498.6	2648.6
HEALTH & WELLBEING	230.0	676.9	678.0	690.0
PUBLIC SERVICE REFORM	480.0	758.6	566.7	575.0
SKILLS & PRODUCTIVITY	1945.0	4743.3	4324.1	2661.8
COLLECTIVE INVESTMENT FUND	350.0	-	-	-
TRANSPORT	81.5	-	-	-
LEADERSHIP & SUPPORT	1227.1	2698.2	2754.3	2811.7
<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

## APPENDIX 3 : 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
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 4 : 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	5,990,047	8,184,196	8,096,033	37,974,335	38,180,051	98,424,662
	Friargate	200,000	49,317,000	385,000	406,000	429,000	50,737,000
Solihull	Infrastructure	3,544,620	10,683,970	25,867,500	56,720,070	41,388,000	138,204,160
	Interchange	1,702,137	18,207,890	6,613,290	2,303,327	1,343,390	30,170,033
Coventry UKC	City Centre First	-	5,895,000	24,897,000	16,397,000	3,811,000	51,000,000
	UKC North	80,000	1,290,000	1,375,000	1,116,000	8,666,000	12,527,000
	Coventry South	266,000	5,547,000	13,841,000	16,115,000	26,241,000	62,010,000
	Coventry VLR	-	5,761,000	5,696,000	436,000	137,000	12,030,000
Business Innovation	Business Innovation	-	1,075,000	3,300,000	11,375,000	12,875,000	28,625,000
<b>TOTAL</b>		<b>11,782,804</b>	<b>105,961,056</b>	<b>90,070,823</b>	<b>142,842,732</b>	<b>133,070,441</b>	<b>483,727,855</b>

**Treasury Management Strategy 2018 / 2019****1 Introduction**

- 1.1. The West Midlands Combined Authority have adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the West Midlands Combined Authority to approve a treasury management strategy before the start of each financial year. In addition, in 2010 the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments that requires the Authority to approve an investment strategy before the start of each financial year. This report fulfils the West Midlands Combined Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.
- 1.2. Treasury Management is undertaken by a small team of professionally qualified staff within Corporate Services. The needs of the West Midlands Combined Authority's treasury management staff for training in investment management are assessed regularly as part of the staff appraisal process and additionally when the responsibilities of individual members of staff change.
- 1.3. West Midlands Combined Authority are supported by professional advisors Arlingclose Limited in order to ensure that up to date market advice and information on the most appropriate investment / borrowing options is obtained. This arrangement is jointly funded between West Midlands Combined Authority and Coventry City Council who also use Arlingclose. During 2017/18 the West Midlands Combined Authority invested its surplus cash with UK Banks, UK Building Societies, selected Money Market Funds, the UK Debt Management Office and other Local Authorities.

**2 Treasury Management Strategy**

- 2.1. The Prudential Code requires the West Midlands Combined Authority to set a number of prudential indicators to ensure the West Midlands Combined Authority's investment plans are affordable, prudent and sustainable. The details of the Prudential Indicators are covered in Appendix 6.

**3 Economic Context**

- 3.1. The major external influence on the West Midlands Combined Authority's treasury management strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union. The domestic economy has remained relatively robust since the outcome of the 2016 referendum, but there are indications that uncertainty may impact on growth. Transitional arrangements may taper this effect but may also extend the period of uncertainty. Economic growth is therefore forecast to remain low throughout 2018/19.
- 3.2. Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. Unemployment continued to fall and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% in November 2017.

- 3.3. High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Struggling economies and fines for pre-crisis banking practices continue to weigh on bank profits and any future economic slowdown will exacerbate concerns in this regard.
- 3.4. Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union. In addition, the largest UK banks will ring-fence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.
- 3.5. The West Midlands Combined Authority's treasury advisors central case is for UK Bank Rate to remain at 0.50% during 2018/19, following the rise from the historic low of 0.25%. The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

#### **4 Borrowing Strategy**

- 4.1. As at 31<sup>st</sup> December 2017, the West Midlands Combined Authority debt position (including £8.5 million debt administered by Dudley Metropolitan Borough) is £160 million. The gross additional capital borrowing requirement in 2017/18 is estimated to be £256 million, influenced by the delivery of the £8 billion Investment Programme agreed as part of the first Devolution Deal.
- 4.2. The West Midlands Combined Authority is currently in an under borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with external debt as available cash has been used as a temporary measure. The strategy will be to borrow in order to maintain the liquidity of the West Midlands Combined Authority and will need careful management as payments required to fund the Investment Programme increase in magnitude. The timing of the borrowing will be influenced by cash flow requirements and future forecast developments on interest rate movements. A mixture of shorter and longer term loans will be taken out to fit with the West Midlands Combined Authority's debt maturity profile.
- 4.3. Whilst the West Midlands Combined Authority has previously raised the majority of its long-term borrowing from Public Works Loans Board (PWLB), it continues to investigate other sources of finance. The main borrowing sources likely to be used by the West Midlands Combined Authority are:
  - PWLB and its successor body, both of which are, in effect, the UK government.
  - Other Local Authorities, particularly as a source of short term borrowing.
  - EIB where discussions are continuing regarding a loan facility for the West Midlands Combined Authority which could be more cost effective than PWLB.
  - UK Municipal Bonds Agency plc, which was established in 2014 by the Local Government Association and will be offering loans to Local Authorities.

- 4.4. As reported to the WMCA Board on 12 January 2018, the West Midlands Combined Authority currently have powers to borrow for Transport investment only. West Midlands Combined Authority are currently working with HM Treasury and the Ministry of Housing, Communities and Local Government (MHCLG) to acquire powers for West Midlands Combined Authority to borrow for all of its functions. It is expected that these powers will be in place from April 2018. This will enable West Midlands Combined Authority to undertake the borrowing for the wider Investment Programme including Land Remediation and Collective Investment Funds, the borrowing for which is currently being undertaken by other constituent Local Authorities on WMCA's behalf. As a part of the process to acquire powers, West Midlands Combined Authority are agreeing a suitable borrowing ceiling with HM Treasury which West Midlands Combined Authority will operate within. The agreement is required to protect HM Treasury from fiscal shocks in managing the UK deficit and as such, the ceiling effectively caps West Midlands Combined Authority's total external debt at an agreed level.
- 4.5. The calculation of the cap is being informed by the debt finance requirement for all projected West Midlands Combined Authority Investment Programme / capital spend, in addition to any finance rescheduling planned and a degree of headroom as agreed with HM Treasury.
- 4.6. On 12 January 2018, the West Midlands Combined Authority Board approved that it could enter into a debt cap arrangement with HM Treasury at the following level:
- 2018 / 2019      £486 Million
  - 2019 / 2020      £662 Million
  - 2020 / 2021      £867 Million
- 4.7. HM Treasury are yet to formally notify West Midlands Combined Authority of the final agreed debt cap value but in the event the agreement exceeds the above values, West Midlands Combined Authority will continue to operate at the lower, West Midlands Combined Authority approved level until there is an operational requirement to increase the cap; at which point, additional local approvals will be sought. Further details regarding the operational and authorised debt limits are included in the Summary of Prudential Indicators section of this report. It is possible that the West Midlands Combined Authority will borrow some of its emerging borrowing on a short term or variable rate basis to take advantage of current low short term rates. This strategy and its implementation will remain flexible to adapt to changing risks and circumstances. The strategy will be kept under review by the Section 151 Officer to the West Midlands Combined Authority and reported through regular monitoring reports.

- 4.8. The West Midlands Combined Authority has some flexibility to borrow funds in year for use in future years. The Section 151 Officer to West Midlands Combined Authority may do this under delegated power where this is economically beneficial. West Midlands Combined Authority will adopt a cautious approach to any such borrowing required to fund the approved capital programme or to fund future debt maturities. Risks associated with any advance borrowing activity will be subject to appraisals in advance and subsequent reporting through the mid-year or annual reporting. PWLB and other lenders may allow existing loans to be repaid before maturity by either paying a premium or receiving a discount, according to current interest rates. Whilst the West Midlands Combined Authority may take advantage of this where this is expected to lead to an overall cost saving or a reduction in risk, in the current climate the premium for early redemption generally makes this too expensive to undertake.
- 4.9. It should be noted that the updated the Prudential code for Capital Finance in Local Authorities 2017 and Treasury Management in the Public Services Code of Practice Cross-Sectoral Guidance Notes were issued in December 2017. Both of these codes will be effective for the 2018/19 financial year. It is recognised by CIPFA however, that the requirement included in the Prudential Code to produce a Capital Strategy may require a longer lead-in period. Whilst the CIPFA Treasury and Capital Management Panel recognises that this requirement may not be able to be fully implemented until 2019/20 financial year, WMCA intend to publish a Capital Strategy during 2018/19 to supplement the Treasury Management Strategy.

## **5 Investment Strategy**

- 5.1. The West Midlands Combined Authority's Investment Strategy has been drawn up having regard to both the MHCLG Guidance on Local Authorities Investments and the CIPFA Treasury Management in Public Services Code of Practice and CIPFA Cross-Sectoral Guidance Notes. This strategy will be revised and presented to West Midlands Combined Authority Board if changes occur outside those envisaged within this strategy. The policy objective for the West Midlands Combined Authority is the prudent investment of its cash balances. The investment priorities are firstly the security of capital (protecting sums from capital loss) and secondly the liquidity of investments (ensuring cash is available when required). Only when these two priorities are met will the third, of achieving the optimum return on investments, be taken into account. The West Midlands Combined Authority will not borrow money purely to invest and will only borrow up to 12 months in advance of cash being required to fund its capital expenditure and the amount borrowed will not exceed the annual borrowing requirement. The investments, which the West Midlands Combined Authority is able to use for the prudent management of cash balances are categorised as 'Specified Investments' and 'Non-Specified Investments'.

- 5.2. A Specified Investment offers high security and high liquidity, must be in sterling and have a maturity date of less than a year. Any Specified Investment must be with the United Kingdom Government, a local authority in England or Wales or a similar body in Scotland or Northern Ireland, a parish or community council, a money market fund, a bank which is part-owned by the UK Government, or with a body of high credit quality. Counterparties who achieve ratings with all three rating agencies (Fitch, Moody's and Standard and Poors) may be considered for investments providing they meet the minimum 'credit quality' requirement. For the purposes of the investment types detailed above, West Midlands Combined Authority defines high credit quality as obtaining a rating of BBB- or above and will tailor its investments based on the credit quality as follows:

#### WMCA Counterparty Limits

Credit Rating of Institution or Product *	Bank / Building Society		UK Government	Corporates
	Unsecured	Secured		
AAA	£20m Per Counter-party  (1 Year Max) **	£20m Per Counter-party  (3 Years Max) **	£ Unlimited  50Yrs Max	£10m (2 Yrs)
AA+				£5m (1 Yr)
AA				£1m (1 Yr)
AA-				
A+				
A				
A-				£4m 100 Days
BBB+	£1m (Call Only)			N/A
BBB or BBB-	£20m Per Fund			
Pooled Funds & MMF (Min AA+)	£1m (6 months)			
None / Unrated				

\* The table shows the minimum requirement across all three ratings agencies, based on the Standard and Poors rating or equivalent.

\*\* Normal operating levels will not exceed £10m but adequate headroom has been provided to accommodate potential peak cash-flow requirements. The Combined Authority will look to keep an even spread of investments across counter parties to minimise exposure to defaults.

- 5.3. To ensure that the West Midlands Combined Authority reserves are not exposed in the case of a single default, deposits will be placed in secured investments where possible. All investments will be managed within the parameters detailed below.

	Cash Limit
Any group or organisations under the same ownership	£20m Per Group
Negotiable instruments held in a brokers nominee / custody account	£20m Per Broker
Investments with Banks / Building Societies (Sector Limit)	£80m in Total
Money Market Funds (Sector Limit)	£80m in Total
Unrated Banks / Building Societies (Sector Limit)	£5m in Total

- 5.4. Non Specified Investments have a range of vehicles not covered by the definition of Specified Investments, which are set out in the Treasury Management Practices and generally carry more risk. The only non-specified investments the West Midlands Combined Authority may enter into to or hold during the financial year are set out below:

- Equity shares in the municipal bonds agency (Local Capital Finance Company Ltd) only up to £0.075 million will be invested in this category.
  - A routine term deposit with an institution meeting the above counterparty limits, for a period of more than 1 year. This type of investment will be considered when rates are favourable and cash balances allow. The Combined Authority's prudential indicators allow no more than £10 million to be invested in this category.
  - Unrated investments in recognised financial institutions such as Challenger Banks or Building Societies. WMCA will adopt a very cautious approach to such investments in close consultation with its Treasury Advisor Arlingclose Ltd. These types of investments will be capped at £1 million per counter party (£5 million total portfolio value) and not exceed 6 months in duration.
- 5.5. The credit ratings of Fitch, Moodys and Standard and Poors are monitored at least weekly, ratings watches and downgrades are acted upon immediately. Any other information that is deemed relevant to the creditworthiness of any Counterparty will be acted upon, in line with the Code. The Combined Authority may hold cash within its current account overnight as a transactional control to mitigate the risk of going overdrawn and incurring penalty and interest charges. On limited occasions the Combined Authority may also leave funds in this account when it is impractical and/or not economically feasible to invest elsewhere. These balances are considered as cash or cash equivalents and not investments. The Combined Authority will aim to have not less than 50% of its investments returnable within 28 days with at least 20% within 7 days.

## Statement of Prudential Indicators

### 1 Introduction

- 1.1. The Prudential Code for Capital Finance in Local Authorities (Prudential Code) has been developed by the Chartered Institute of Public Finance and Accountancy to underpin the system of capital finance embodied in Part 1 of the Local Government Act 2003. Local Authorities are no longer subject to government controlled borrowing approvals and are free to determine their own level of capital investment controlled by self-regulation. Central Government does however, for national economic reasons retain a reserve power to set a national limit on the increase in borrowing.
- 1.2. The key objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable. The Prudential Code supports a system of self-regulation that is achieved by the setting and monitoring of a suite of Prudential Indicators that directly relate to each other. The indicators establish parameters within which the West Midlands Combined Authority should operate to ensure the objectives of the Prudential Code are met.

### 2 Prudential Indicators

- 2.1. The Prudential Indicators for which the West Midlands Combined Authority is required to set limits are as follows:

#### Gross Debt and the Capital Financing Requirement

- 2.2. This Prudential Indicator provides an overarching requirement that all the indicators operate within and is described in the Prudential Code as follows:

**"In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt. This is a key indicator of prudence. This prudential indicator will be referred to as net debt and the capital financing requirement. Where the gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual treasury management strategy."**

- 2.3. The Combined Authority had no difficulty meeting this requirement for 2017/18, nor are any difficulties envisaged for the current or future years. This view takes into account all plans and commitments included in the 2018/19 budget policy.

### 3 Capital Expenditure

- 3.1. The estimates of capital expenditure to be incurred for the current and future years are as follows:

£ Million	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast	Total Forecast
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£ Million	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast	Total Forecast
WMCA Directly Delivered Transport Capital Programmes Inc. Investment Programme	77.2	106.3	175.4	224.2	583.2
WMCA Other directly incurred Capital Including Collective Investment Fund and Land Remediation Fund.	0.0	86.2	37.2	30.0	153.4
Externally Delivered Investment Programme Schemes Funded by WMCA	11.8	106.0	90.1	142.8	350.7
<b>TOTAL</b>	<b>89.0</b>	<b>298.4</b>	<b>302.8</b>	<b>397.1</b>	<b>1,087.3</b>

#### 4 Ratio of Financing Costs to Net Revenue Stream

- 4.1. Financing Costs include the amount of interest payable in respect of borrowing or other long term liabilities and the amount the West Midlands Combined Authority is required to set aside to repay debt, less interest and investments income.
- 4.2. The actual Net Revenue Stream is the total of Transport Levy and projected Devolution Deal Investment Programme revenue streams.
- 4.3. The increasing ratio of Net Financing costs to Net Revenue is driven by the nature of the Investment Programme delivery whereby borrowing in the early part of the programme is supported by long term revenues.
- 4.4. The estimates of the ratio of financing costs to net revenue stream are as follows:

£ Million	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast
Net Financing Costs	9.7	13.1	19.2	24.8
Revenue Stream	161.2	172.9	178.0	177.5
<b>Percentage</b>	<b>6.0%</b>	<b>7.6%</b>	<b>10.8%</b>	<b>14.0%</b>

#### 5 Capital Financing Requirement

- 5.1. The capital financing requirement is a measure of the extent to which the West Midlands Combined Authority needs to borrow to support capital expenditure. It does not necessarily relate to the actual amount of borrowing at any one point in time. West Midlands Combined Authority has an integrated treasury management strategy where there is no distinction between revenue and capital cash flows and the day-to-day position of external borrowing and investments can change constantly. The capital financing requirement concerns only those transactions arising from capital spending, whereas the amount of external borrowing is a consequence of all revenue and capital cash transactions combined together following recommended treasury management practice.
- 5.2. The estimates of the end of year capital financing requirement are as follows:

£ Million	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast
Capital Financing Requirement as at 31 <sup>st</sup> March	251.6	507.0	683.4	903.9

## 6 Operational Boundary

- 6.1. The Operational Boundary represents an estimate of the most likely, prudent, but not worst case scenario and provides a parameter against which day-to-day treasury management activity can be monitored.
- 6.2. Procedures are in place to monitor the Operational Boundary on a daily basis, and sufficient authorisation is in place to take whatever action is necessary to ensure that, in line with the Treasury Management Strategy, the cash flows of the West Midlands Combined Authority are managed prudently.
- 6.3. It is possible that occasionally, the Operational Boundary may be exceeded (but still not breach the Authorised Limit below) following variations in cash flow. Such an occurrence would follow controlled treasury management action and may not have a significant impact on the prudential indicators when viewed all together.
- 6.4. Both the Authorised Limit and the Operational Boundary include an element relating to debt restructuring where, for the short term only, external borrowing may be made in advance of the repayment of loans. In this circumstance External Borrowing is increased temporarily until the replaced loans are repaid. The converse can also apply where loans are repaid in advance of borrowings.
- 6.5. It should be noted that both the Operational and Authorised Limits will not exceed the West Midlands Combined Authority Board approved HM Treasury debt cap agreed by West Midlands Combined Authority Board on 12 January 2018. HM Treasury are still to formally confirm the exact debt cap values but in the event the final values exceed the West Midlands Combined Authority Board approval, the lower West Midlands Combined Authority approved limits will prevail until such time that operationally, the limit needs to increase. It is at this point, additional local approvals will be sought accordingly.
- 6.6. The following limits for each year's Operational Boundary, excluding temporary investments are recommended and are shown below in the context of the HM Treasury debt cap where the lower HM Treasury value will apply for 2020/21:

£ Million	2017/18	2018/19	2019/20	2020/21
<b>Operational Boundary</b>	<b>205.1</b>	<b>460.2</b>	<b>636.3</b>	<b>856.4</b>
WMCA Approved HM Treasury Debt Cap	N/A	486.6	662.9	867.3

## 7 Authorised Limit

- 7.1. The Authorised Limit represents an upper limit of borrowing that could be afforded in the short term but may not be sustainable. This limit includes a risk assessment of exceptional events taking into account the demands of revenue and capital cash flows. The Authorised Limit gauges events that may occur over and above those transactions which have been included in the Operational Boundary
- 7.2. The Board should note that the Authorised Limit represents the limit specified in section 3 (1) of the Local Government Act 2003 (Duty to determine affordable borrowing limit).

- 7.3. The following Authorised Limits for external debt, excluding temporary investments are recommended and are shown in the context of the range of Debt cap values being discussed with HMT. To clarify, the Combined Authority will operate within the agreed West Midlands Combined Authority Board values (£486.6 million 2018/19, £662.9 million 2018/19 and £867.3 million 2019/20) unless additional local approvals are required and sought:

£ Million	2017/18	2018/19	2019/20	2020/21
<b>Authorised Limit</b>	<b>205.1</b>	<b>547.0</b>	<b>783.0</b>	<b>1,042.0</b>
WMCA Approved HM Treasury Debt Cap	N/A	486.6	662.9	867.3
Upper Level HM Treasury Debt Cap	N/A	547.0	783.3	1,042.0

## 8 Actual External Debt

- 8.1. The West Midlands Combined Authority's actual external debt as at 31 December 2017 was £160 million.

## 9 Fixed Interest Rate Exposures

- 9.1. It is recommended that the West Midlands Combined Authority sets an upper limit on its fixed interest rate exposures as follows.

Upper limits for net principal sums outstanding at fixed rates

£ Million	2017/18	2018/19	2019/20	2020/21
Net Principle Sums Outstanding at Fixed Rates	205.1	486.6	662.9	867.3

- 9.2. This represents the position that all of the West Midlands Combined Authority's authorised external borrowing may be at a fixed rate at any one time.

## 10 Variable Interest Rate Exposures

- 10.1. It is recommended that the West Midlands Combined Authority sets an upper limit on its variable interest rate exposures as follows.

Upper limits for net principal sums outstanding at variable rates:

£ Million	2017/18	2018/19	2019/20	2020/21
Net Principle Sums Outstanding at Variable Rates	61.5	146.0	198.9	260.2

- 10.2. This is the maximum external borrowing judged prudent by the Section 151 Officer that the council should expose to variable rates.

## 11 Maturity Structure of Borrowing

- 11.1. It is recommended that the West Midlands Combined Authority sets upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate:

Period of Maturity	Upper Limit	Lower Limit
Under 12 Months	25%	0%
Over 12 Months and Under 24 Months	25%	0%
Over 24 Months and Under 5 Years	50%	0%
Over 5 Years and Under 10 Years	75%	0%
10 Years and Above	100%	25%

## **12 Investments For Longer Than 364 Days**

12.1. It is recommended that the West Midlands Combined Authority sets an upper limit of total principal sums invested for periods longer than 364 days of £10 million for 2018/19, 2019/20 and 2020/21.

## **13 Annual Minimum Revenue Provision (MRP) Statement**

13.1. The West Midlands Combined Authority is required to provide for the repayment of long term capital programme borrowing through a revenue charge (the Minimum Revenue Provision or MRP). Capital Finance Regulations require the approval of an MRP Statement setting out the West Midlands Combined Authority's approach.

13.2. On 10 November 2017, West Midlands Combined Authority Board approved an adjustment to the MRP policy. This adjustment effectively identified that historic MRP calculations constituted an over-payment of MRP which could form a part of the 2018/19 assessment, resulting in a lower MRP charge over the short to medium term. WMCA intend to charge MRP as detailed below but will offset the previous year's over-payments in arriving at the calculation. It should be noted that the revision to the MRP agreed in November 2017 does not affect the ultimate end date at which the capital expenditure is intended to be repaid.

13.3. The West Midlands Combined Authority MRP statement:

- “For capital expenditure incurred before 1st April 2009 MRP broadly based as being 2% of the underlying Capital Financing Requirement charged on an annuity basis.
- From 1 April 2009 for all capital expenditure met from unsupported or prudential borrowing, MRP will be based on the estimated life of the asset or a depreciation calculation charged on an annuity basis.”
- MRP will commence in the year after the scheme becomes operational.

13.4. In order to ensure that MRP remains prudent the following conditions were added to the new policy, and approved November 2017:

- The total MRP after applying this new adjustment will not be less than zero in any financial year; this serves to freeze the cumulative total of MRP at the 2016/17 level until such time as this sum matches the cumulative total of MRP calculated using the annuity method from 1 April 2009. This condition will ensure that there is no claw back of MRP from previous financial years, i.e. there will be no “negative MRP”.
- The cumulative total of this new adjustment will never exceed the amount of the calculated over-prudent sum.
- The use of the adjustment will be reviewed on an annual basis when drafting the annual Treasury Management Strategy and MRP Policy (or more frequently if there is a mid-year revision for any reason, including the prudence of the adjustment itself). It may therefore be the case that the cumulative total of the new adjustment will never reach the level of the calculated over-prudent sum of around £31 million, i.e. if at any point it ceases to appear prudent to continue it.

13.5. CLG opened a consultation on changes to the prudential framework of capital finance which closed in December 2017. Whilst the consultation included proposals relating to the calculation of MRP charges, only minor implications are expected in terms of the impact of these changes on West Midlands Combined Authority. The policy will be amended accordingly, however, depending on the outcome of the consultation.



## Report of the Overview & Scrutiny Committee to the WMCA Board

<b>Date</b>	9 February 2018
<b>Report title</b>	Findings of the Overview & Scrutiny Committee in relation to the WMCA Draft Budget and Mayoral Council Tax Precept for 2018/19
<b>Portfolio Lead</b>	Andy Street – Mayor of the West Midlands 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>	Sarah Sprung email: <a href="mailto:sarah_sprung@sandwell.gov.uk">sarah_sprung@sandwell.gov.uk</a> tel: 07824 694220
<b>Report to be/has been considered by</b>	Overview & Scrutiny Committee – 30 January 2018

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

**The WMCA Board is recommended to:**

1. Commence budget discussions with Constituent Authorities much earlier in future financial years to allow sufficient time for open discussion and development of proposals, it is suggested that these discussions commence in September of each year;

2. Ensure that papers and documentation in relation to the Funding for Growth Programme be made public (unless a relevant exemption applies) and that the timeline for exploring different fiscal options be explicit.
3. Conduct a lessons learned exercise, with the engagement of overview and scrutiny, the Mayor, Cabinet, Chief Execs and Finance Directors, to fully assess how the budget process as a whole can be improved upon in future years;
4. Ensure that each constituent authority assesses the robustness of their Council Tax Support Schemes to ensure that those members of the community most affected by increases in council tax are supported;
5. Determine the wider impact of the loss of European funding and Brexit across the region (including rates of borrowing, project costs and trade) in order to assess the true effect of the loss and to start to look at possible alternative funding options to minimise impact on the local economy;
6. Undertake a governance review of elected member involvement and engagement in CA governance and activity to ensure that the historical mix of transport functions and new CA functions have equality in representation and support;
7. Further consider the resources allocated to overview and scrutiny.

## **1.0 Purpose**

- 1.1 Following meetings of the Budget Task and Finish Group (15 January), Mayors Question Time (24 January) and a meeting of the Overview and Scrutiny Committee (30 January), robust consideration has been given to the draft budget proposals as presented to the Combined Authority Board on 12 January 2018.
- 1.2 This report details the findings of the scrutiny process together with recommendations for the Board to consider both in terms of this year's budget and suggestions for ways in which the process as a whole could be improved for next financial year.

## **2.0 Background**

- 2.1 The Combined Authority Board considered the draft budget on 12 January 2018. At this meeting the Board were minded not to support the Mayors proposed precept which created a level of uncertainty around how the budget would proceed. Other elements of the budget were approved for consultation.
- 2.2 The Overview and Scrutiny Committee held the first Question Time with the Mayor on 24 January 2018 and were able to probe further as to how the Mayor planned to take forward discussion on the Mayoral Precept as well as scrutinise other elements of the budget.
- 2.3 The Overview and Scrutiny Committee met on 30 January 2018 to further consider its findings and recommendations to put forward to the Combined Authority Board.

## **3.0 Wider WMCA Implications**

- 3.1 The Combined Authority's budget is paramount to delivery of its strategic objectives. Effective scrutiny of the budget enables accountability and transparency of this process.

## **4.0 Progress, options, discussion, etc.**

- 4.1 The headings below follow the main questioning themes at the Question Time with the Mayor, held on 24 January 2018.

### **Mayoral Budget and Precept**

- 4.2 The current situation where the CA Board refused to agree the proposed Mayoral Budget does not resonate with the level of partnership and collaboration required for the Combined Authority to achieve its strategic objectives.
- 4.3 During Question Time with the Mayor the Scrutiny Committee attempted to understand the process, dialog and discussions that had taken place between the Mayor and the Constituent Authorities in developing the budget proposals, this was in order to determine whether the process had sufficiently allowed all parties to influence outcomes.

- 4.4 The Mayor advised that discussions with officers had taken place through October, November and December (following the appointment of the Finance Director) culminating in meetings through December that included the Leaders (although not all had attended). The Mayor indicated that up until publication of the budget report, prior to the 12 January 2018 CA Board meeting, no issues with proposals had been put forward.
- 4.5 The Overview and Scrutiny Committee considered that commencing dialog in December for a budget to be published in draft form in January did not present sufficient time to ensure that all relevant parties could actively participate and influence proposals. It is the view of the Scrutiny Committee that future financial year's budget discussions should commence in September allowing for a longer period to develop proposals in the spirit of collaboration and partnership.
- 4.6 The Scrutiny Committee also considered that the budget process would have been aided by the findings of the Funding for Growth Programme. When the Programme was established by the CA Board on 12 July 2017 it was intended that: -
- “The programme is to be convened during July 2017, with initial recommendations targeted to be delivered by the end of 2017, to inform 2018 budgeting.”
- 4.7 The Committee requested further details from the Mayor's Office on progress that the Funding for Growth Programme had made since its establishment in July 2017 including its full membership, dates and times of meetings together with briefings considered and records of decisions made.
- 4.8 The information on the Funding for Growth Programme was received four minutes prior to the Committees meeting to develop its recommendations to the CA Board (30 January). Members were disappointed with the lateness of this information as there was not sufficient time to digest the content to assess how it may affect any recommendations it wished to put forward.
- 4.9 However, after analysing the information provided members felt that there was sufficient evidence to support that none of the potential revenue streams, that could cover the Mayoral office, could commence in time to set the 18/19 Budget. In addition, attendance for Funding for Growth Programme meetings demonstrated that the Mayor considered this to be important work, attending every meeting.
- 4.10 The Scrutiny Committee felt that in future papers and documentation in relation to the Funding for Growth Programme should be made public (unless a relevant exemption applies) and that the timeline for exploring different fiscal options should be explicit – with the understanding that some elements may require Parliament to grant powers which is difficult to plan for.
- 4.11 The Committee felt that it was logical for the public to assume that the Mayoral Precept would cover the costs of the Mayoral Office but that, in the interests of clarity and democracy, it should be made explicit exactly what will be funded and what outcomes will be achieved.

- 4.12 Members also considered that the lack of a precept may result in clawback of the gainshare revenue from HM Treasury – and that should the budget pass without a precept the Audit and Risk Assurance Committee consider this risk.
- 4.13 Furthermore, should a Budget pass which has the Resilience Team funded by the Transport Levy, the CA Board should have absolute clarity on the consequences of that action. Any cuts to Ring and Ride would have equalities implications that would require full assessment and scrutiny.
- 4.14 Equally, before passing a budget without the element of a Mayoral Precept, the CA Board would need to understand the full impact of such a decision on the medium-term investment programme. Should such a situation arise the Overview and Scrutiny Committee would want to consider and comment on the impact report.
- 4.15 Members were concerned at the cumulative impact of council tax rises, which include additional elements for adult social care together with the mayoral precept. The Committee questioned whether individual authorities had considered if their Council Tax Support Schemes are able to protect people most affected by these increases in their communities.
- 4.16 Members felt that the budget process the Combined Authority had undertaken this year had significant lessons that could be learned, in terms of development, consultation and engagement. It was felt that the Overview and Scrutiny Function should have the opportunity to have significant input into this process to ensure that all elements of the budget process are assessed for improvement. The Committee felt that the lessons learned process should commence as soon as possible with the outcome of the work resulting in a clear timeframe for the 2018/19 budget process that will offer increased collaboration and transparency.

#### **Risks Arising**

- 4.17 The Committee considered that risks to the region from Brexit and from the collapse of Wolverhampton based business Carillion could impact significantly on the CA's ability to meet its strategic objectives. Members were pleased to note that steps had been taken to mitigate risks arising from Carillion's collapse but that these measures were being led by Wolverhampton City Council rather than the CA.
- 4.18 In relation to Brexit, members noted that the CA was not in receipt of any direct European funding streams but that European money did underpin some CA schemes. Furthermore, that there was a commitment in place from the British Prosperity Fund to take over this underpinning role.
- 4.19 However, members considered that the wider impact of the loss of European funding needed to be determined in order to assess the true impact across the region and to start to look at possible alternative funding options to minimise impact on the local economy.
- 4.20 It was also noted that Brexit was likely to impact on rates of borrowing, project costs and trade. Members felt that any impact assessment for WMCA needed to be broader than simply replacing EU funding streams.

### **Equitable Distribution**

- 4.21 The Scrutiny Committee were anxious to ensure that in planning its projects the CA ensures a distribution of schemes across the CA area and that the level and impact of investment in each Local Authority area is captured. During the Mayors Question Time the Mayor outlined a number of projects across the footprint of the CA area, agreeing that it was paramount that there was a fair distribution of schemes.
- 4.22 The Scrutiny Committee felt it was important to ensure that the newly appointed management team of the Chief Executive and Directors at the CA retain focus across the whole of the CA area, especially given that there were two significant events that would draw focus to specific areas, the Commonwealth Games in Birmingham and Coventry's success in being awarded City of Culture.

### **Land & Housing**

- 4.23 The Scrutiny Committee noted the huge challenge the CA has ahead in delivering the number of new homes needed across the area. In particular, members expressed the need for social housing to be a priority. Members took the opportunity to question the Mayor on housing, he agreed that a special strategy did need to be developed covering the whole of the CA area (including non-constituent areas) and that the Housing and Land Committee would be putting proposals forward to the CA Board. Members noted that this proposal would contain a breakdown of all forms and types of housing.

### **Mental Health**

- 4.24 The Scrutiny Committee were pleased to note that £8.4 million funding for mental health had been allocated from the Work and Health Unit (DWP and NHS England) for the delivery of an Individual Placement Support national pilot programme.
- 4.25 The programme is a randomised control trial seeking to work with up to 5,500 people currently out of work across the Wolverhampton, Dudley, Sandwell and West Birmingham and South Birmingham areas. Each area has an allocated provider to deliver the intervention through a formal procurement process.
- 4.26 The programme is a 'place then train' approach and formally goes live in early March 2018 with referrals coming from Primary care i.e. GP's, Health Visitors, Physiotherapists. It is seeking to work with people who have low level mental health and or poor physical health. The inclusion criteria also included the fact the individual must have been out of work for at least 28 days.
- 4.27 The pilot runs for 3 years, it is being academically reviewed and linked to sites in Islington and Sheffield. It has oversight and governance from the Work and Health Unit and also has an internal WMCA Mental Health Commission strategic and operational level board process. Funding for the pilot has been allocated through Wolverhampton CCG.
- 4.28 This is ring fenced for the three year programme with the monies being managed through the NHS and allocated to this region alongside the WMCA's own resources.
- 4.29 It is proposed that the Committee's Mental Health Task & Finish Group scrutinise the impact and outcomes of this investment.

## **Environment**

- 4.30 The Scrutiny Committee did have concerns that environment did not have a direct focus within the CA Board portfolio areas, and that given the SEP and the Renewal Plan together the environmental priorities (carbon reduction, air quality, natural environment, brownfield regeneration, green business growth, energy and waste) required direct focus and resource.
- 4.31 During Question Time the Mayor highlighted that Councillor Harley did have responsibility for environment and that this work was being supported by Sustainability West Midlands. He reported that progress was being made with alternative transport schemes but no visible progress had been made with air quality or with waste.

## **Transport**

- 4.32 Whilst the Committee acknowledged that there were some excellent transport developments across the region, given the CA's budgetary pressures Members felt that the £1.8m funds allocated to re-branding maybe better allocated to other budge areas, particularly given the problems in agreeing the Mayoral Precept. Members were advised that this rebranding work had now been estimated at £1m with the remaining £0.8m being allocated to future investment opportunities.
- 4.33 The Scrutiny Committee also considered that, given that transport was an integrated part of CA governance, there was disparity in that no special responsibility allowances were paid for any other committee or function other than the Transport Delivery Committee.
- 4.34 The Mayor was asked if there were plans to review the allowances paid to the Chair and Members of the Transport Delivery Committee, he advised that the Transport Delivery Committee played an important role in ensuring that the delivery and operational outcomes for transport were right.
- 4.35 The Chair of the Transport Delivery Committee attended the Scrutiny Committee meeting on 30 January to advise of the TDC's findings on the transport budget. The Scrutiny Committee shared the TDC's concerns in relation to the future of the Ring and Ride budget.
- 4.36 Members also agreed with TDC findings that a wider review of elected member involvement and engagement in CA governance and activity should be undertaken to ensure that the historical mix of transport functions and new CA functions have equality in representation and support.

## **Overview and Scrutiny**

- 4.37 To achieve accountability and transparency in decision making across the CA it is paramount that Overview and Scrutiny is well resourced. This has been recognised by the Communities and Local Government Parliamentary Select Committee in their inquiry into the effectiveness of Scrutiny, in their report it was stated that they:

“are concerned that effective scrutiny of Metro Mayors will be hindered by under-resourcing and...the Government must make clear that scrutiny is a fundamental part of any deal and that it must be adequately resourced and supported.”

- 4.38 The Mayor acknowledged his support and commitment to scrutiny and agreed to look at the issue of adequate resourcing for the function with the wider CA Board.
- 4.39 Scrutiny of the budget process has been instrumental in identifying future areas of focus for overview and scrutiny. These areas of focus would allow for Scrutiny to fulfil its role in holding to account but also allow for it to add value to the CA and improve transparency in decision making. The points below set out some of these future areas of focus:-
- Scrutiny of the Wednesbury to Brierley Hill Midland Metro Link extension.
  - Scrutiny sessions with individual portfolio leads to focus on specific budget areas.
  - Consideration of CA governance arrangements
  - Consideration of communications outreach to try and encourage greater public engagement with the WMCA.
  - Consideration of how the £8 million dedicated to mental health will be spent and what outcomes, evidence and measurement will be used.
  - Oversight of the arrangements for the Commonwealth Games and Coventry City of Culture.
- 4.40 For scrutiny to maintain its existing work programme, working with each of the commissions plus ongoing budget scrutiny, it is paramount that there are adequate resources for it to deliver. Whilst it is accepted that ideally these central resources for CA running costs would be allocated by Central Government this is not the case. The Committee request that a minimum of two FTE staff be allocated to the function to support members in carrying out this statutory function and that the costs for these posts be met by the CA.
- 4.41 Areas for scrutiny will continue to grow, in the near future the function will have the statutory responsibility for fire scrutiny, then there are the implications of Devo II. The CA scrutiny function has an important role in the transition, and future, of such functions and services. This is not withstanding overview and scrutiny of the increasing number of subsidiary organisations and companies being set up under the umbrella of the CA.

## **5.0 Financial implications**

- 5.1 The Scrutiny Committee request that, in addition to the 1x FTE post within the 2018/19 CA Budget for an overview and scrutiny officer the Board increase this to two posts.

## **6.0 Legal implications**

- 6.1 There are no legal implication arising from the content of this report.

## **8.0 Schedule of background papers**

- 8.1 WMCA Board Budget Report – 12 January 2018.



## WMCA Constituent Member Meeting

<b>Date</b>	24 January 2018
<b>Report title</b>	WMCA Budget 2018 – 2019 and WMCA Mayoral Precept 2018 – 2019
<b>Portfolio Lead</b>	WMCA Constituent Members
<b>Accountable Chief Executive</b>	Keith Ireland, City of Wolverhampton Council Email keith.ireland@wolverhampton.gov.uk Tel 01902 554500
<b>Accountable Employee</b>	Keith Ireland, City of Wolverhampton Council Email keith.ireland@wolverhampton.gov.uk Tel 01902 554500
<b>Report to be/has been considered by</b>	Meeting of Leaders held at the City of Wolverhampton on 24 January 2018

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

#### The Combined Authority Constituent Members recommend the following:

1. That the proposals outlined in this report (which are presented on the basis of consensus across the Constituent Members) be used as the basis of a revised WMCA Budget for 2018 – 2019.
2. That the following three criteria be used to underpin the revised approach:
  - a) The Mayor's office to absorb any increase in costs i.e.: no council tax precept to fund the Mayor's office.
  - b) Network resilience be funded through the transport levy (This would mean that forecast reductions for each Constituent Council would be less than anticipated in the draft budget).

- c) That no Mayoral precept be set for the year 2018-2019.
3. The Combined Authority Board paper in January 2018 on the budget contained the following areas to be funded from the Mayoral precept:
    - a) The Network Resilience and Congestion Reduction.
    - b) Contribution to the Investment Programme.
    - c) The Mayoral Office.

For 2018 – 2019 these will not be funded from a Mayoral precept but will be considered for Mayoral precept in 2019 – 2020.

4. The Combined Authority is minded to support a Mayoral precept in 2019 – 2020 subject to agreement on the detail of the Mayoral precept. This should be a to note recommendation in the revised budget report.
5. That in the 2019-2020 budget cycle preparation the investment in 7a. The Network Resilience and Congestion Reduction be detailed in terms of budget and areas of work the budget will cover, especially how all seven Councils will benefit.
6. That in the 2019-2020 budget cycle preparation the Mayoral precept contribution to the Investment Programme be detailed in terms of budget and commits that the contribution to Investment Programme will be part of the overall WMCA Investment Programme and therefore prioritised and determined by the WMCA Board.
7. That Constituent Members wish to address known structural issues within the WMCA budget and capital programme and would like a task and finish group of Leaders, Chief Executives and Finance Directors, the Mayor and relevant WMCA officers be set up in February 2018 to finish its work by July 2018 to re baseline the WMCA Budget and Investment Programme and create a Medium Term Financial Strategy (MTFS). Leaders and the Mayor to nominate as appropriate if they are not able to attend.
8. That the Constituent Members in consultation with WMCA officers will develop the Terms of Reference for the task and finish group on budgets and MTFS outlined in recommendation 7.
9. This will then feed into the overall budget process to commence in September 2018 for the 2019-2020 budget cycle. The outcome of the task and finish group will be a proposal for a four year Medium Term Financial Strategy (MTFS) covering both revenue and capital (Investment Programme) activity of the WMCA.
10. That the WMCA Board be the body which approves all elements of the Investment Programme.

11. That at each Board meeting where there is an investment decision, a table be shown of all approved investment and where the new proposition would sit in the priority order.
12. That no re-prioritisation takes place outside of the WMCA Board decision making process.
13. That the budget cycle as detailed in section 9 of this report be officially adopted as the way that the WMCA will do business in the future, following the re-baselining of the WMCA revenue and capital budgets (Investment Programme).
14. That WMCA officers in consultation with Directors of Finance prepare a revised report for consultation with Leaders in readiness for a meeting of Constituent Members to be held on 1 February 2018.
15. That legal advisors from each Council be invited to comment on the revised budget report.
16. That the consultation be concluded and agreement reached in time for despatch of the WMCA Board papers on 2 February 2018 (final amendments are envisaged to take place at the meeting on 1 February 2018).
17. That as agreed at the meeting of Constituent Members on 24 January 2018 a meeting be placed in diaries on 1 February 2018 to confirm agreement (or otherwise) of the budget report incorporating the revised proposals.
18. That all issues above be addressed in the Budget report to be recast for distribution as soon as possible.
19. That the Constitution be amended as appropriate to reflect the above recommendations.

**The Combined Authority Constituent Members recommend the following for noting:**

20. That the Combined Authority through its Constituent Members believe that the requirements of the Constitution are discharged through submission of this report.
21. That the Director of Finance and Monitoring Officer of the Combined Authority were briefed on the outcome of the meeting on the afternoon of 24 January 2018.
22. In recommending a re-baselining of the revenue and capital (Investment Programme) budgets as detailed in recommendations 7 to 12 of this report, projects in the pipeline for approval will not be withheld and are not prevented from being approved. The Task and Finish Group will carry out its work as quickly as possible but by no later than 31 July 2018 (hopefully earlier)

## 1. Purpose

- 1.1 To propose that a Mayoral precept will not be set for 2018 – 2019.
- 1.2 That the budget report to be considered at the WMCA Board meeting on 9 February 2018 reflects no Mayoral Precept.
- 1.3 To outline a range of issues that the Combined Authority (Constituent Members) would like addressed in the budget paper to be considered at the WMCA Board meeting on 9 February 2018.

## 2. Background

- 2.1 At its meeting on Friday 12 January 2018 the report in the WMCA Draft budget and Mayoral Council Tax precept was considered. The following recommendation:

“(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.”

was amended following a motion put forward by Coventry City Council to add the word **not** in the first line. The recommendation now out to consultation therefore reads:

“(3) Agrees, as set out in Section 6, that it is **not** 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.”

### **3. Impact on the Delivery of the Strategic Transport Plan**

- 3.1. The Mayoral Precept would raise money for transport matters. This is much needed resource towards delivery of the WMCA Strategic Transport Plan.
- 3.2. The Constituent Members wish the Network Resilience work to be funded and propose that this be achieved in 2018 – 2019 by reducing the proposed reduction in the Transport Levy for each of the seven Councils. This will be for 2018 – 2019 only.

### **4. Wider WMCA Implications**

- 4.1. The Mayoral Office should in accordance with the Order be funded from Mayoral Precept. If as proposed in this report the budget is not raised from Mayoral Precept an alternative funding source will need to be found. The WMCA officers are asked to make proposals for consideration by the WMCA Constituent Members for how the Mayoral Office will be funded in 2018 – 2019 and details of how the expenditure for the Mayoral Office is made up.
- 4.2. The proposal of the WMCA Constituent Members is to ensure the Mayoral Precept provides transparent funding but does not unduly impact on households to help achieve the growth programmes detailed in the Strategic Economic Plan. At this stage the Constituent Members do not feel able to support the proposed Mayoral precept for 2018 – 2019 to fund the Mayoral Office. This will be re-considered as part of the budget development process to determine a potential mayoral precept in 2019 – 2020.

### **5. Progress, options, discussion, etc.**

- 5.1 The Constituent Members have met to discuss the Mayoral Budget and following discussions wish to recommend to the Mayor that he amends his proposed budget and withdraws the introduction of a mayoral precept for 2018 – 2019.
- 5.2 The current budget proposed raises a precept of £10.80 per Council Tax bill.
- 5.3 Not raising in Mayoral Precept would reduce the burden on hard pressed households in the West Midlands.
- 5.4 The WMCA recommends that the timeframes be amended (which is a combined 10 working days in the Order which created the WMCA), to allow the revised budget at the WMCA Board meeting on Friday 9 February 2018.
- 5.5 Constituent Council Leaders (WMCA) discussed the content of this report on 24 January 2018 and following amendment have formally submitted the proposals to the West Midlands Mayor on 25 January 2018.
- 5.6 The recommendation is now that WMCA officers prepare revised proposals for the WMCA budget that can be consulted upon with Directors of Finance, receive legal comments and reviewed and commented upon by Leaders in consultation with the Chief Executives. The paper to be finalised and concluded ready for circulation with the WMCA Board papers to be despatched on 2 February 2018. To facilitate this a meeting will be scheduled for 1 February 2018 to approve (and amend as necessary) the budget report to be released on 2 February 2018.

## **6. Financial implications**

6.1 The amended proposals will not introduce a Mayoral Precept for 2018 - 2019.

6.2 The Combined Authority wishes the budget to reflect the following:

- a) The Mayor's office to absorb any increase in costs ie: no council tax precept to fund the Mayor's office. WMCA officers to propose a method of funding the Mayor's Office and a detailed breakdown of costs. This will include how the Mayor's allowance will be funded.
- b) Network resilience be funded through the transport levy (This would mean that forecast reductions for each Council would be less than anticipated in the draft budget). WMCA officers to confirm the exact calculations and impacts of this on each Council.
- c) The Combined Authority is minded to support a Mayoral precept in 2019 – 2020 subject to agreement on the detail of the Mayoral precept.

## **7. Legal implications and Governance Implications**

7.1 The WMCA Constitution requires the following process to be used.

7.2 The process in respect of setting the Mayoral Budget is as follows:

- i. The Mayor must notify the Authority in respect of their annual draft budget for forthcoming year before the 1 February.
- ii. Before the 8 February the Authority will either accept the draft budget or make a report with recommendations as to the relevant amounts and calculations that should be used;
- iii. The Mayor will have five working days beginning the day after the day the Mayor receives the report to decide whether or not to make any revisions or if not the reasons why not;
- iv. On receipt of the Mayors response the Authority, within five working days beginning with the day after the date specified in (iii) above expires, will either approve the Mayors draft Budget or veto the draft budget;
- v. In vetoing the Mayors draft Budget the Authority will approve a revised draft budget which must be decided by two thirds of the Constituent Members;
- vi. There must be recorded in the minutes of the proceedings for the meeting referred to in (v) above the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

7.3 The proposals contained within this report will satisfy these requirements.

## **8.0 Equalities implications**

- 8.1 There are no direct equalities implications of this decision except for the removal of proposals which would add £10.80 per band D Council Tax property.

## **9.0 Other implications**

- 9.1 Constituent Councils outlined their expectations with regard to the budget cycle. This is as follows:
- 9.2 The budget process proposed (which mirrors previous years) is as follows:
- 9.3 September: each year a draft budget is prepared and considered by the Leaders in terms of financial impacts and how it helps to achieve WMCA priorities.
- 9.4 October: work is undertaken to refine the budget, work with Directors of Finance and informally consult with Leaders in consultation with their Chief Executives to consider impacts and any additional requirements or changes.
- 9.5 November: the Leaders are briefed on the positions and broad outline of how the proposals will look in December.
- 9.6 December: the Leaders will approve the budget strategy for the following year.
- 9.7 This allows Leaders to ensure the WMCA budget implications for Council budgets is fed into their local cycles and gives time if there are any last minute requirements.
- 9.8 January: for safety a further meeting in mid-January should be reserved in the diary if needed (although in previous years this has not been required).
- 9.9 A Working Group as detailed in the recommendations be set up to re baseline the WMCA budget and investment programmes. This should take place February to August to allow the work to be ready for the September to December budget cycle.

## **10.0 Schedule of background papers**

- 10.1 WMCA Draft Budget and Mayoral Council Tax Precept for 2018-2019 – WMCA Board paper 12 January 2018.

# Pay Policy Statement

## 1 Introduction and Purpose

- 1.1. The purpose of this policy is to clarify West Midlands Combined Authority's strategic stance on pay in order to provide direction for members and officers making detailed decisions on pay and to provide the citizens of the West Midlands with a clear statement of the principles underpinning decisions on the use of public funds.
- 1.2. As defined in Sections 2 (6), (7) and (8) of the Local Government and Housing Act 1989, the West Midlands Combined Authority has the power to appoint officers on such reasonable terms and conditions, including remuneration, as the authority thinks fit. This Pay Policy Statement (the 'statement') sets out the West Midlands Combined Authority's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the West Midlands Combined Authority's approach to setting the pay of its employees by identifying;
  - the methods by which salaries of all employees are determined;
  - the detail and level of remuneration of its most senior staff i.e. 'chief officers', as defined by the relevant legislation;
  - the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the West Midlands Combined Authority and for recommending any amendments to the statement to the West Midland Combined Authority Board.
- 1.3. Once approved by the West Midlands Combined Authority Board, the statement will come into immediate effect and will be published by no later than 1 April each year, subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

## 2 Legislative Framework

- 2.1. In determining the pay and remuneration of all of its employees, the West Midlands Combined Authority will comply with all relevant employment legislation. This includes, but is not an exhaustive list, the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.
- 2.2. With regard to the Equal Pay requirements contained within the Equality Act, the West Midlands Combined Authority ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality-proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

## 3 Pay Structure

- 3.1. The purpose of pay is to encourage staff with the appropriate skills to seek to work for the Authority and then to reward them appropriately for the tasks they undertake in order to maintain their motivation and retain their services.

- 3.2. Based on the application of job evaluation processes, the West Midlands Combined Authority uses the nationally negotiated pay spine as the basis for its local grading structure (known as the main salary scale). This determines the salaries of the majority of the workforce, together with the use of other nationally defined rates where relevant. The West Midlands Combined Authority's terms and conditions of employment for non-Chief Officers will be in accordance with collective agreements negotiated from time to time by the Passenger Transport Forum for Passenger Transport Executive Staff set out in the Scheme of Salaries and Conditions of Service (Commonly known as the "Green Book") as amended or supplemented by such local collective agreements reached with trade unions recognised by the West Midlands Combined Authority, currently Unison.
- 3.3. In determining its grading structure and setting remuneration levels for all posts, the West Midlands Combined Authority takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.
- 3.4. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the West Midlands Combined Authority will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources.

#### **4 Market supplements**

- 4.1. The West Midlands Combined Authority has a policy to offer market supplements in instances where the substantive grade of the post is insufficient to attract or retain post holders in skill shortage areas, based on evidence of recruitment and retention difficulties. The Market supplement has been defined in the form of 2 additional increments added to the main salary scale.

#### **5 Senior Management Remuneration**

- 5.1. For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out overleaf, with details of their basic salary as at 1st April 2017. Salaries quoted are based on the full time equivalent (FTE) of 36.5 hours per week. The table lists the 34 chief officer posts that make up 8.63% of the 397\* people employed by the Authority.

\*Refers to the staffing count as at 1<sup>st</sup> January 2018 which includes all permanent, temporary and casual employees.

Title	Grade	Pay
Chief Executive	Chief Executive	£187,500.00
Metro Programme Director	Director	£137,714.00
Managing Director - Transport for West Midlands	Director - Leadership	£121,200.00
Director of Strategy	Director - Leadership	£118,000.00
Director of Finance	Director - Leadership	£118,000.00
Director of Public Service Reform	Director - Leadership	£118,000.00
Director of Skills & Productivity	Director - Leadership	£115,000.00
Director of Housing and Regeneration	Director - Leadership	£110,000.00

Title	Grade	Minimum	Maximum
<u>Transport Services Directors</u>			
Finance and Commercial Director - MMA	Directors (8 posts)	£83,000.00	£102,000.00
Director of Midlands Connect			
Director of Integrated Services			
Metro Operations Director			
Director of Network Resilience			
Director of Customer Experience (Interim)			
Director of Development and Delivery			
Director of Policy Strategy & Innovation			
Interim Head of OD	Head of Service 1 (8 posts)	£72,428.00	£90,000.00
Head of Metro Development			
Head of ICT			
Head of Finance & Business Planning			
Head of Customer Services			
Head of Swift			
Chief of Staff to Mayor	Head of Service 2 (10 posts)	£59,590.00	£63,968.00
Head of Governance			
Head of Communications & Public Relations			
Head of Strategy			
Key Route Network Manager			
Head of Network Delivery			
Head of Sprint			
Head of Communications			
Head of Transport Innovation			
Head of Franchise Management			
Head of Rail Development			
Legal Services Manager			

5.2. For information the main salary scale, covering the majority of the workforce, is shown in the Appendix.

## **6 Recruitment of Chief Officer Related Posts**

- 6.1. The West Midlands Combined Authority's policy and procedures with regard to recruitment of chief officer related posts is set out within the Constitution which can be accessed [click here](#). The West Midlands Combined Authority shall appoint seven separate Members from the Constituent Councils, the Mayor and any other additional person as required, as members of the Employment Committee. When recruiting to all posts the West Midlands Combined Authority will take full and proper account of its own policies and procedures. The determination of the remuneration to be offered to any newly appointed chief officer related position will be in accordance with the pay structure and relevant policies in place at the time of recruitment. The agreement of pay and conditions for the Chief Executive and Chief Officers are in accordance with the Joint Negotiating Committee for Chief Officers of Local Authorities'. Where the West Midlands Combined Authority is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.
- 6.2. Where the West Midlands Combined Authority remains unable to recruit to chief officer related posts under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer related post, the Authority will, where necessary, consider engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the West Midlands Combined Authority is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The temporary filling of a vacancy for a post of Chief Officer or Deputy Chief Officer will be for a period of no more than 12 months.

## **7 Additions to Salary of Chief Officer Related Posts**

- 7.1. The West Midlands Combined Authority does not normally apply any bonuses or performance related pay to its chief officer related posts. Chief Officers are currently employed on a fixed salary with no incremental scale. No other elements of 'additional pay' are paid in addition to basic salary, albeit where the West Midlands Combined Authority may pay reimbursement of expenses incurred in the fulfilment of duties.

## **8 Payments on Termination**

- 8.1. The West Midlands Combined Authority's approach to discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).
- 8.2. The circumstances of each individual redundancy case will be assessed, each specific case will be judged equally and fairly on its own merits.
- 8.3. For redundancy payment purposes the following applies to all posts holders:
- All continuous service with local authority and other bodies specified by *The Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order*, as amended, counts towards the entitlement to and calculation of a payment. Any service already taken into account by a Scheme employer in calculating compensation under these or similar Regulations will be excluded.

- No employee may receive a redundancy payment in a sum greater than their current annual salary as at the date of redundancy. (This excludes any payment for pay in lieu of notice).
- Statutory or enhanced redundancy pay will be paid to those with over 2 years continuous employment. Payment for each week's pay will be calculated on the number of statutory weeks, based on an employee's age and length of employment. Length of service is capped at 20 years.
- A week's pay for the calculation of the enhanced redundancy payment shall be the actual amount of a week's pay based on the annual salary as at the date of redundancy. To calculate the enhanced redundancy payment this shall be multiplied by a factor of 1.75.

8.4. Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the West Midlands Combined Authority or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.

## **9 Publication**

- 9.1. Upon approval by the West Midlands Combined Authority Board, this statement will be published on the West Midlands Combined Authority's Website.
- 9.2. In addition, the West Midlands Combined Authority's Annual Statement of Accounts will include a note setting out the number of staff whose total remuneration is at least £50,000 and for chief officer posts it will show the amount of
- salary, fees or allowances paid to or receivable by the person in the current and previous year;
  - employers contribution to the person's pension;
  - any bonuses so paid or receivable by the person in the current and previous year;
  - any sums payable by way of expenses allowance that are chargeable to UK income tax;
  - any compensation for loss of employment and any other payments connected with termination; and
  - any benefits received that do not fall within the above.

## **10 Lowest Paid Employees**

10.1. The West Midlands Combined Authority has adopted the policy to pay the UK Real Living Wage. The lowest paid persons employed under a contract of employment with the Authority are employed in accordance with the minimum spinal column point currently in use within the Authority's grading structure. As at 1<sup>st</sup> April 2017 this is £18,072 per annum and is 7 points higher than the main pay spine minimum and 3 points higher than the UK Real Living Wage minimum in the spinal column. The West Midlands Combined Authority employs Apprentices who are not included within the definition of 'lowest paid employees' as the terms and conditions are determined by the National Apprenticeship Service. The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.

- 10.2. The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Central Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that "it would not be fair or wise for the Government to impose a single maximum pay multiple across the public sector". The West Midlands Combined Authority accepts the view that the relationship to median earnings is a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.
- 10.3. The current pay levels within the West Midlands Combined Authority define the multiple between the lowest paid employee and the Chief Executive as 1:10.38 and; between the lowest paid and average chief officer as 1:4.63. The West Midlands Combined Authority's multiplier falls well below Lord Hutton's public sector threshold.
- 10.4. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the West Midlands Combined Authority will use available benchmark information as appropriate.

## **11 Re-engagement and Re-employment of former Chief Officer Related Posts**

- 11.1. Other than in exceptional circumstances the West Midlands Combined Authority would not normally re-employ or re-engage chief officers who were previously employed by the West Midlands Combined Authority and who on ceasing to be employed, received severance or redundancy payment.

## **12 Accountability and Decision Making**

- 12.1. In accordance with the Constitution of the West Midlands Combined Authority, the Employment Committee is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to chief officer positions within the West Midlands Combined Authority. Overall the West Midlands Combined Authority aims to maintain a mid-market position on chief officer pay in comparison to similar authorities.

**West Midlands Combined Authority - SALARY SCALES  
INCREASED WITH EFFECT FROM 1 APRIL 2017**

	<b>NEW BASIC SALARY W.E.F.1.4.17</b>
<b>SALARY POINT</b>	<b>PER ANNUM</b>
9	14841
10	15377
11	15838
12	15900
13	16353
14	16932
15	17488
16	18072
17	18798
18	19551
19	20328
20	21142
21	21991
22	22866
23	23787
24	24736
25	25724
26	26755
27	27822
28	28933
29	30096
30	31297
31	32550
32	33525
33	34532
34	35564
35	36635
36	37738
37	38867
38	40030
39	41234
40	42472
41	43744
42	45057
43	46408
44	47802
45	49239
46	50713
47	52238
48	53805
49	55413
50	57075

	<b>NEW BASIC SALARY W.E.F.1.4.17</b>
<b>MARKET SCALES SALARY POINT</b>	<b>PER ANNUM</b>
51	58787
52	60551

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## WMCA Board

<b>Date</b>	9 February 2018
<b>Report title</b>	WMCA Powers – Supplementary Business Rates
<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>	Finance Directors - 18 January 2018 WMCA Programme Board - 26 January 2018

**The WMCA Board is recommended to:**

- (1) Give delegated authority to the West Midlands Combined Authority Section 151 officer together with the Monitoring Officer to approve the amendment to statutory regulations which amend the West Midlands Combined Authority powers as set out in this report, subject to:
  - (a) Each of the seven Constituent Authorities approving a complementary paper through their Cabinet or Full Council to provide the approval to the West Midlands Combined Authority.
  - (b) Consent towards the proposals being obtained specifically from the West Midlands Combined Authority Mayor.

## 1 Purpose

1.1 The report is required to ensure WMCA is able to raise income via a Supplementary Business Rate scheme to assist in funding the Investment Programme.

## 2 Background

2.1 The Combined Authority is focused across four broad areas, transport capital / revenue, Combined Authority operational revenue regarding directors' portfolios, the West Midlands Mayor and the Investment Programme. This paper is solely concerned with Investment Programme related matters.

2.2 In order to deliver the £8 billion Investment Programme, the West Midlands Combined Authority is required to develop funding plans through new financial mechanisms to the value of £3 billion to support £2 billion of investment and associated debt finance costs agreed as part of the first Devolution Deal for the West Midlands.

2.3 Towards the end of 2016, each of the WMCA Constituent Authorities provided consent towards the implement of the first West Midlands Devolution Agreement which essentially uses the Combined Authority to facilitate the delivery of an £8 billion Investment Programme to:

- Secure the delivery of a comprehensive Metro and Sprint network.
- Kick-start economic growth through Land Remediation programmes
- Unlock development potential within the UK Central site, realising currently untapped opportunities to deliver a substantial number of new homes, jobs and facilities
- Investment in the Coventry UK Central Plus area which include important junction enhancements to improve resilience and reliability, a programme to unlock University and Friargate growth access in addition to initiatives to unlock the further expansion of housing, employment and higher education.

2.4 The consent provided for the Devolution Agreement carried the intention to support the programme outcomes through a number of locally generated income streams which are a component of the £8 billion Programme, as set out in the table below.

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 Whilst the Devolution Deal grant is expected to provide a long term funding stream into the Combined Authority (£36.5 million over 30 years), the remaining sources need to be actively raised by the Combined Authority in partnership with Local Authorities and local businesses.

- 2.6 This funding is to be applied against the schemes listed in the table below. Each scheme has not been allocated to a specific source of income and so all projects are to some degree exposed to risks around the West Midlands Combined Authority not being able to generate the required level of income. This has been discussed further in the 'Progress Update on the West Midlands Combined Authority Investment Programme' reported to the January 2018 West Midlands Combined Authority Board.

Table 2: Provision Investment Programme Contributions not yet approved

£ millions	Funding Required	Ongoing Revenue Committed
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>Sub Total Approved Commitments</b>	<b>298.6</b>	<b>17.2</b>
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>Sub Total Pending Commitments</b>	<b>1,723.6</b>	<b>82.8</b>
<b>GRAND TOTAL</b>	<b>2,022.2</b>	<b>100.0</b>

- 2.7 The 'Business Rates Supplements' income itemised above in Table 1 and totalling £900 million was initially intended by Central Government to be obtained through powers extended to elected Mayors of Combined Authorities to raise funding of up to an additional 2p in the £1 of rateable value on businesses to fund infrastructure investment through a new power contained in the draft Local Government Finance Bill of 2016/17.

- 2.8 Set out in the first Devolution Deal was a planned implementation date of 1 April 2018. Due to the lead time to implement the charge, this date can no longer be achieved and work is being undertaken to confirm the impact that this delay may have on the Investment Programme's Funding Position if a replacement scheme cannot be put into place for a 30 year period as envisaged in the original modelling.

- 2.9 The Local Government Finance Bill 2016/17 was drafted to provide Mayoral Combined Authorities with two potential routes to generate this funding, the first of which being a Supplementary Business Rate (i.e. a scheme which is equivalent to existing powers which Local Authorities possess) and a Mayoral Infrastructure Supplement. The Mayoral Infrastructure Supplement was essentially similar to a Business Rates Supplement but with a small number of key differences as outlined in this report.
- 2.10 It was intended for these new powers to be provided to Mayors following the passing through Parliament of the Local Government Finance Bill 2016/17. Around the time of the General Election in 2017, however, the Bill fell. This presented a potential issue for Combined Authorities across England who were to rely on business rates to raise income to support investment.
- 2.11 As part of the second regional Devolution Deal supported by all Constituent Authorities, the West Midlands Combined Authority set out to Central Government the potential impact that the withdrawal of the Local Government Finance Bill would have on the West Midlands Combined Authority's ability to fund and deliver the Investment Programme. During these discussions, it was suggested that a possible solution would be to simply extend to the West Midlands Combined Authority the equivalent and current powers that Local Authorities, including the seven Constituent Authorities and the Greater London Authority already have to raise a Supplementary Business Rate.
- 2.12 The current powers available to Local Authorities and the Greater London Authority are similar to those proposed in the Local Government Finance Bill that has now fallen but differ in two key respects as set out in the table below.

**Table 3: Summarised comparison of Business Rates Supplement Schemes**

	<b>Proposals within the Local Government Finance Bill</b>	<b>Existing Powers that may now be granted to the WMCA</b>
Approval	Approval could be sought through the publication of a draft and final prospectus and consultation with affected businesses	Approval required through a ballot of businesses deemed to be affected
Rateable Value of Businesses captured	Subject to agreement on a scheme by scheme basis	Rateable Value over £50,000 (where undertaken to date)

- 2.13 It should be noted that the calculations underpinning the Investment Programme that were developed as part of the first Devolution Deal Investment Programme assumed a business rates scheme generating income of 2p in the £1 of rateable value on businesses with a rateable value of over £50,000. The financial modelling captured all businesses at that time across the whole region. The Business Rates Supplement Scheme has been used successfully in London to part fund the Crossrail project. In this case, the requirement for a ballot was waived by Central Government.
- 2.14 Following the regions second Devolution Deal it has now been confirmed by Central Government late in December 2017 that it intends to apply the equivalent powers to Mayoral Combined Authorities to allow a Supplementary Business Rate to be raised under the existing scheme available to Local Authorities and the Greater London Authority. The Department for Local Government and Communities has contacted West Midlands Combined Authority and the respective Chief Executives of the constituent Local Authorities to agree a process that would see legislation amended in during March 2018.

- 2.15 In a consistent approach to that required by Central Government with regard to Borrowing Powers, the guidance and requirement from Department for Local Government and Communities regarding the West Midlands Combined Authority acquiring the relevant powers is that Central Government will require all Constituent Local Authorities to consent to the powers being applied to the West Midlands Combined Authority.
- 2.16 This paper sets out therefore the requirement for each Constituent Authority to approve an equivalent paper to this by the end of February 2018. The Department for Local Government and Communities consider the provision of consent from each Constituent Authority, from a technical perspective, to be an Executive function. However, in discussions with Constituent Authorities it is recognised that this may be a local decision for each organisation and consideration will need to be given to how each Constituent Authorities Constitution provides for this or similar requirements.
- 2.17 The West Midlands Combined Authority accept that the necessary local processes will need to be followed and will only enter into an agreement with Central Government once all seven consents have been received from the respective Local Authorities in addition to the necessary approval being obtained from the Mayor. The Portfolio Lead for Finance recommends that the West Midlands Combined Authority Board provide delegated power to the Section 151 Officer together with the WMCA Monitoring Officer, in consultation with the Portfolio Lead for Finance to finalise with Central Government on all necessary work to allow the provision of the powers to raise a Business Rates Supplement on the condition that all seven consents are received from Constituent Authorities and appropriate consent by the Mayor.
- 2.18 The West Midlands Combined Authority Board should note that should this delegation not be provided then a significant risk may exist to the funding and delivery of schemes contained within the Investment Programme that are dependent on funding generated by the West Midlands Combined Authority.
- 2.19 It is important to note that approval of this report will assist the Combined Authority in obtaining the powers it requires to raise a Supplementary Business Rate as originally envisaged by the Constituent Authorities, and not to introduce a Supplementary Business Rate scheme at this point. A further paper will be considered by the Combined Authority Board should a potential scheme be considered for implementation.
- 2.20 All Mayoral Combined Authorities across the UK are being offered equivalent powers as part of Governments support of the devolution agenda.

### **3 Next Steps**

- 3.1 Following the receipt of the necessary consents, the Department for Local Government and Communities intend to seek Parliamentary approval to make an order under the Local Democracy, Economic Development and Construction Act 2009 as amended by the Cities and Local Government Devolution Act 2016. This order will provide for the power to raise funding through a business rates supplement (currently exercised by the Greater London Authority) under the Business Rates Supplement Act 2009 to be conferred on the Combined Authority. The order will also provide that the power when conferred will be exercised by the Mayor only.

- 3.2 Following the necessary powers being acquired, the Combined Authority will need to decide how to best implement the Supplementary Business Rate scheme. This will be subject to a further paper to the West Midlands Combined Authority Board later in 2018 along with intensive and detailed work with Constituent Authority Members and local Businesses.



## WMCA Board

<b>Date</b>	9 February 2018
<b>Report title</b>	Social Economy Taskforce
<b>Portfolio Lead</b>	Cohesion & Integration – Councillor Steve Eling
<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(s)</b>	Henry Kippin, Director of Public Sector Reform email: <a href="mailto:henry.kippin@wmca.org.uk">henry.kippin@wmca.org.uk</a> tel: (0121) 214 7880
<b>Report to be/has been considered by</b>	WMCA Programme Board – 26 January 2018

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

#### The WMCA Board is recommended to:

- (1) Note proposed approach to establishing a Social Economy Taskforce.
- (2) Support the draft next steps set out in the paper.

## 1. The WMCA Social Economy Taskforce

- 1.1 The “social economy” covers different types of organisations united by a clear social purpose – including the voluntary and community sector, social enterprises and charities. A definition is offered in [2.1] below.
- 1.2 The West Midlands Combined Authority is committed to driving a model of inclusive growth for the region that benefits all of its residents. This means being bold about the scope and pace of growth, enshrined in our commitment to an uptick of GVA per head of 5% above the national average by 2030.
- 1.3 But we are equally bold about how inclusive this growth needs to be. Ambitious social metrics (such as a closing of the healthy life expectancy gap) are embedded within our Strategic Economic Plan, and we have committed to producing an Industrial Strategy which takes seriously the need to look at productivity across the whole spectrum of the West Midlands economy.
- 1.4 We are establishing a Social Economy Taskforce to look specifically at the role that the social economy sector can play within this inclusive growth picture, and ask how the WMCA can support and enable opportunities for the sector that will benefit our residents and communities. We are doing this because we feel a vibrant social economy sector is a critical component of an inclusive and balanced economy, and recognise that the agenda risks being underplayed without specific, concerted action.
- 1.5 Our focus is therefore on creating a blueprint for progress based on three outcomes:
  - *A clear articulation of the difference that the WMCA can make to the strength of the social economy in the West Midlands – drawing out specific short, medium and long-term actions based on insight and input from within the sector and beyond.*
  - *A clear steer on the role the WMCA can play to recognize and promote the role of charities, social enterprises and community organisations in delivering public service outcomes – with a specific focus on the sectors and services which offer the biggest opportunities, and the areas in which the WMCA can add value.*
  - *A development plan for the areas in which social economy organisations can help the WMCA and its partners address some of the region’s most pressing problems – and an understanding of how collaboration between the public, private and social sectors can enable this.*
- 1.6 We are mindful that this agenda is cross-cutting, and that we will need to take care to work with our partners (local authorities, NHS, police and other public service bodies) to make sure we are aligning with their views on the appropriate role and purpose of social economy organisations within their public service systems.

- 1.7 This taskforce is therefore *not* about the WMCA developing and mandating a position; but rather, exploring areas where we could generate better social and economic value that would be of mutual benefit. We will also ensure that the Taskforce is identifying areas where the WMCA adds value to the work that is already happening within local authorities. We would seek to ensure this balance through appropriate public sector representation on the taskforce, as well as incorporating any steer the WMCA board is minded to give.

## 2. Background

- 2.1 We are defining our scope as including charities, social enterprises and community-based organisations, noting the OECD definition of ‘social economy’ which denotes

*“A segment of the economy (that is) composed of entities that aim to increase social inclusion and reduce inequalities, while simultaneously creating economic value. Such as different types of co-operatives, associations, foundations, mutuals and social enterprises (which are businesses of various legal forms using an entrepreneurial approach in order to respond to an increasing number of social and environmental challenges).”<sup>1</sup>*

- 2.2 There is an established and international evidence base making the case for a diverse economy that mixes economic growth with social purpose, as the following snapshot examples show:

- *From business* – such as Harvard academic Michael Porter’s ‘Shared Value’ agenda, and the work of Social Enterprise UK (SEUK) and others demonstrating the economic and social value add of social purpose business in the UK.
- *From government* – such as efforts by the Labour government to boost the capacity of ‘third sector’ organisations to deliver public services, to the Conservative government’s promotion of mutuals and co-operatives.
- *From academia and thinktanks* – such as the recent focus on Inclusive Growth promoted by organisations like the RSA, the Joseph Rowntree Foundation (JRF) and, internationally, by the OECD and World Economic Forum.
- *From the social sector* – because social business is proven to better reflect the diversity of the UK population in its staffing, governance, and areas of focus.<sup>2</sup>

- 2.3 The wider social sector itself (at a national level) is in transition – adapting to significant changes its operating context. Drawing on research from ACEVO, NCVO, Social Enterprise UK, the National Association of Voluntary and Community Action (NAVCA), University of Birmingham’s Third Sector Research Centre and others, the following issues are germane:

- A period of austerity within the public sector, which has seen many voluntary sector organisations lose grant funding and re-calibrate their activities accordingly

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<sup>1</sup> <http://www.oecd.org/cfe/leed/social-economy.htm>

<sup>2</sup> <https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=a1051b2c-21a4-461a-896c-aca6701cc441>

- A rise in contracting over grant-making and payment-by-results models, forcing many charities to look at more commercial operating models, including partnership
- An increasingly complex social landscape in which many funders are looking to enact 'system change' approaches as well as small-scale interventions
- Successive governments encouraging a plural approach to public service provision, which has opened up opportunities for social sector organisations (including mutuals and co-operatives)
- Changes in the fundraising, campaigning and communications space – including digital tech – which are requiring new ways of working within the sector
- Ongoing issues around access to finance, funding for growth, and the extent to which public sector contracting enables a level playing field in relation to business with a more straightforward bottom-line.
- National government is supporting elements of the social economy, for example by funding work to move public services into new mutual organisations.

### **3. The Social Economy in the West Midlands**

3.1 The West Midlands has an active social enterprise, voluntary and community sector, and through this Taskforce we will be seeking a deeper understanding of its drivers, characteristics and potential relevant to the social economy outcomes we set out. Initial snapshot data suggests that:

- The voluntary sector in the region contains over 11,000 organisations, with a combined income of £2,197 million, and an asset base of £2,804 million (see fig. 1 in appendix).
- Funding is primarily from individual and government/public sector sources, with around 30% of voluntary sector income coming from government (see fig. 2).
- The voluntary and community sector delivers a high proportion of substance misuse services across the region, as well as enabling engagement with disadvantaged and vulnerable groups across a range of social outcomes and support.
- The social enterprise sector is significant. For example, the Coventry Social Enterprise Forum (formed in 2016) estimates that “a core of circa 50 active social enterprises that are trading, scaling and sustainable” within the city. Coventry and Digbeth have been designated as “social enterprise places” by Social Enterprise UK.
- The West Midlands has the most vibrant social enterprises outside the South East in terms of “births” of social enterprises and existing social enterprises’ optimism for the future (see figs 5 and 6) with a wide spread across the region (fig 7).
- There is a strong academic body of research on the state of the social economy in the region which we will seek to unlock and “join up” as part of this work, in partnership with the West Midlands Combined Universities (WMCU) and others.
- CIPFA and HM Government data suggests that the ‘public service mutuals’ sector is relatively under-powered by comparison to some other regions – and we would want to explore this data further via the Taskforce and with OSCI/DCMS.

#### **4. Focus of the Taskforce**

- 4.1 The Taskforce will be solution focused – spending time to understand the state of play today, but principally focusing on ways in which we can influence the local, regional and national context to enable West Midlands-wide change. This will centre on two main work-strands:

##### *STRAND 1 – SUPPORTING THE SOCIAL ECONOMY*

- 4.2 This strand will focus on the contribution of the social economy to WMCA economic and social outcomes, and how the WMCA and its partners can create the conditions for social enterprises, voluntary and community based organisations to thrive. It will look specifically at:
- (a) *Social Value Procurement* – exploring the opportunity of social value commissioning and procurement, and the potential for anchor institutions to leverage social value frameworks more purposefully within the region.
  - (b) *Growing the Social Economy* – exploring new ways of capitalising and growing social purpose business, particularly in key sectors such as skills and social care. This will include work to scope a Mayor’s Community Bond.
  - (c) *Social Sector Innovation* – exploring areas where the WMCA could support innovative business models, particularly where they focus on solving shared social challenges within the region.
  - (d) *Identifying Opportunities* – including areas where new ways of delivering public services with the social economy sector might realise opportunities to improve outcomes and manage demand.

##### *STRAND 2 – INFLUENCING THE WMCA’S DELIVERY AGENDA*

- 4.3 This strand will focus on how the WMCA can be more open to the influence of social sector organisations across its outcome and delivery agendas. It will look specifically at:
- (a) *Creating better dialogue and engagement* – including the ways in which social economy organisations are engaged in WMCA policy agendas, and the potential for clearer influencing, including within the WMCA’s emerging inclusive growth agenda.
  - (b) *Sector representation* – ensuring that the social economy is represented in future WMCA commissions and agendas, and exploring the right mix of local, regional and national engagement.
  - (c) *Celebrating the social economy* – exploring the ways in which that City of Culture, Commonwealth Games and other cultural and place milestones could support social economy organisations to thrive within the region.

#### **5. Composition and Activities**

- 5.1 We expect the Taskforce to be a 9-month process, chaired by an independent social economy sector leader appointed by the Mayor and Portfolio Holder. The taskforce will expire after reporting but an evaluation and delivery plan will be made and scrutinized by the taskforce.

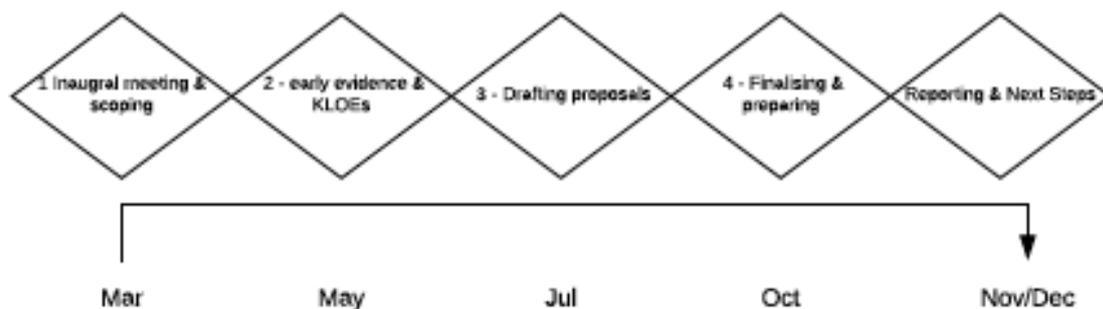
5.2 The Taskforce will generate solutions from a group of people combining strong roots in the region, a close understanding of the current context, and with nationally recognized innovation and expertise. As such, we expect the composition to include a mix of the following influences (some through representation and others in an advisory capacity):

- Strong local social economy sector representation – including from Coventry, specifically, as a ‘social enterprise city’, and from the VCS sector locally
- Public sector representation – including councils, NHS and blue light
- Central government – represented by the Office of Civil Society and Innovation
- National sector influence – such as Social Enterprise UK and ACEVO
- Academic expertise – such as through our regional university partners.

5.3 We will be engaging with partners to provide:

- a) A secretariat function for the Taskforce
- b) Funding for activities, including some survey and/or deliberative work

A potential timeline is below:



## 6. Recommendation of Next Steps:

6.1 We recommend that, subject to board approval, the following next steps be taken:

- Identification and appointment of Taskforce chair by the Mayor and Portfolio Holder.
- Working with the chair, identification and recruitment of Taskforce members.
- Finalisation of activities, timeline and budget.
- Kick-off of Taskforce activities with an initial meeting in March 2018.

## 7. Resources & Portfolio support

7.1 Cllr Eling and Henry Kippin are responsible for this work, working collaboratively with the Mayor’s policy team, and the WMCA’s economic growth portfolio led by Cllr Ward.

7.2 We will seek to resource this with external contributions from the private, not-for-profit and university sector (both financial and in-kind), and as such do not anticipate making additional demands on the WMCA’s PSR budget line.

**8. Legal implications**

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

**9. Equalities implications**

9.1 There are no other equalities implications arising from this report.

## APPENDIX – supporting snapshot data on the social economy sector in the West Midlands

Fig.1 – a stock take of the voluntary sector within the West Midlands. Source: adapted from ACEVO 2017 Almanac data

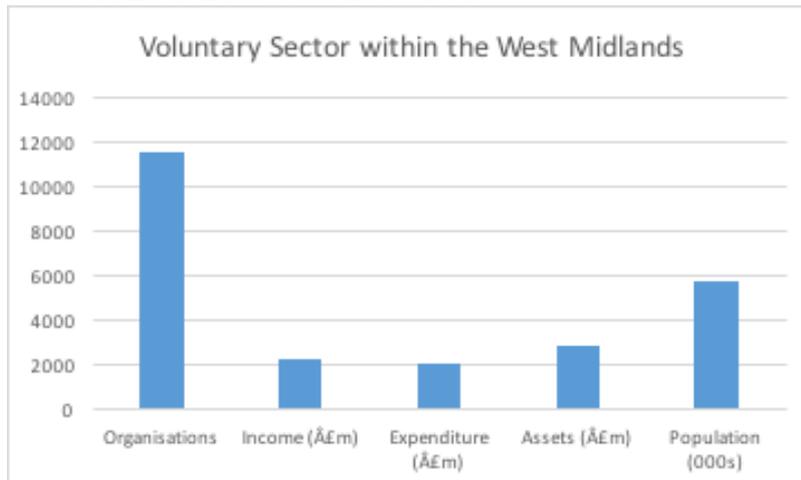
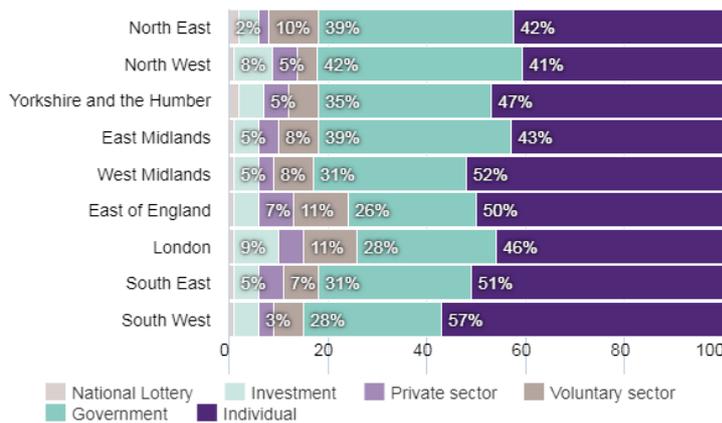


Fig.2 – breakdown of voluntary sector income sources by region. Source: ACEVO Almanac

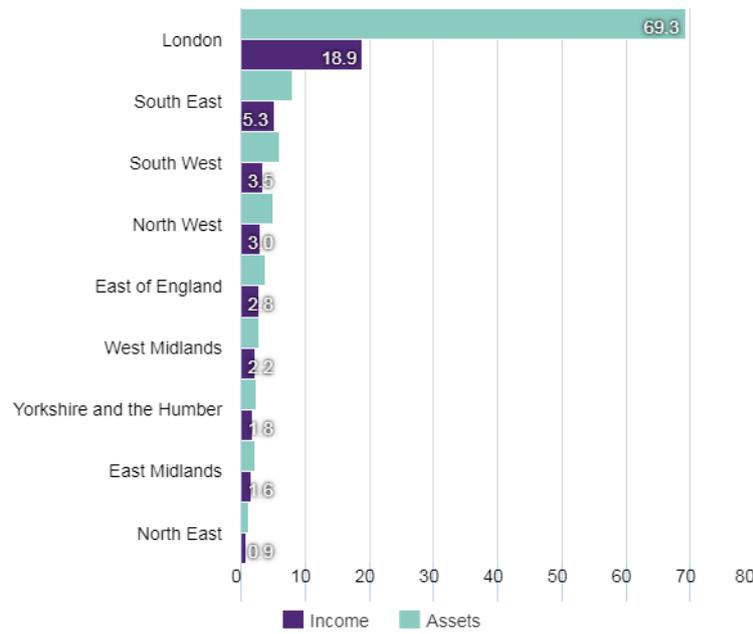
Regional income sources 2014/15 (% of income)



NCVO UK Civil Society Almanac | Built with Highcharts

Fig.3 – Breakdown of voluntary sector assets and income by region, Source: ACEVO Almanac (2014/15 data)

Sector income and assets across regions, 2014/15 (£bn)



NCVO UK Civil Society Almanac | Built with Highcharts

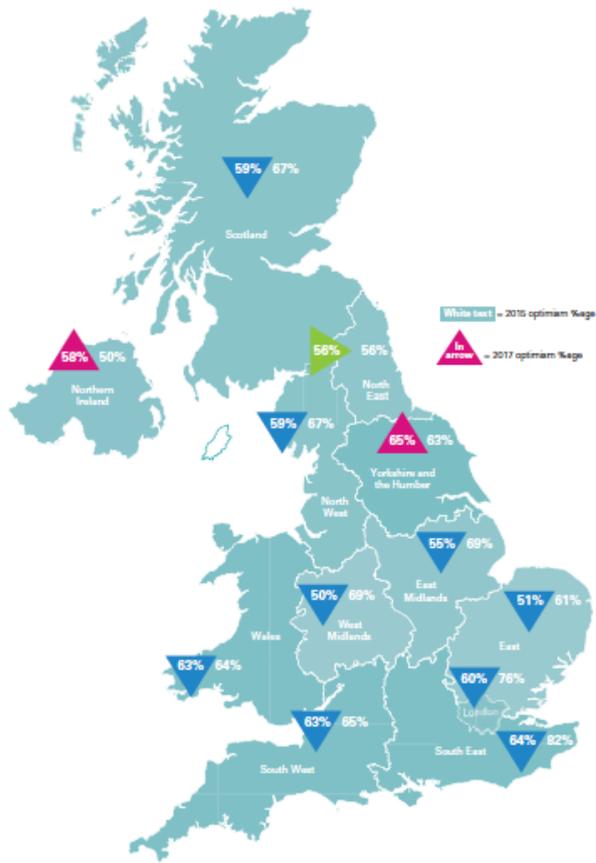
Fig.4 Public service mutuels by region. Source: CIPFA & HM Government [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/666028/Research\\_into\\_the\\_Public\\_Service\\_Mutuals\\_CIPFA\\_February\\_2017\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/666028/Research_into_the_Public_Service_Mutuals_CIPFA_February_2017_.pdf)

Region(s) served	Respondents	
	Count	%
South East	14	24%
East of England	13	22%
London	12	21%
South West	11	19%
North West	10	17%
Yorkshire & the Humber	10	17%
West Midlands	8	14%
East Midlands	7	12%
North East	6	10%
Other	11	19%

Number of respondents: 59

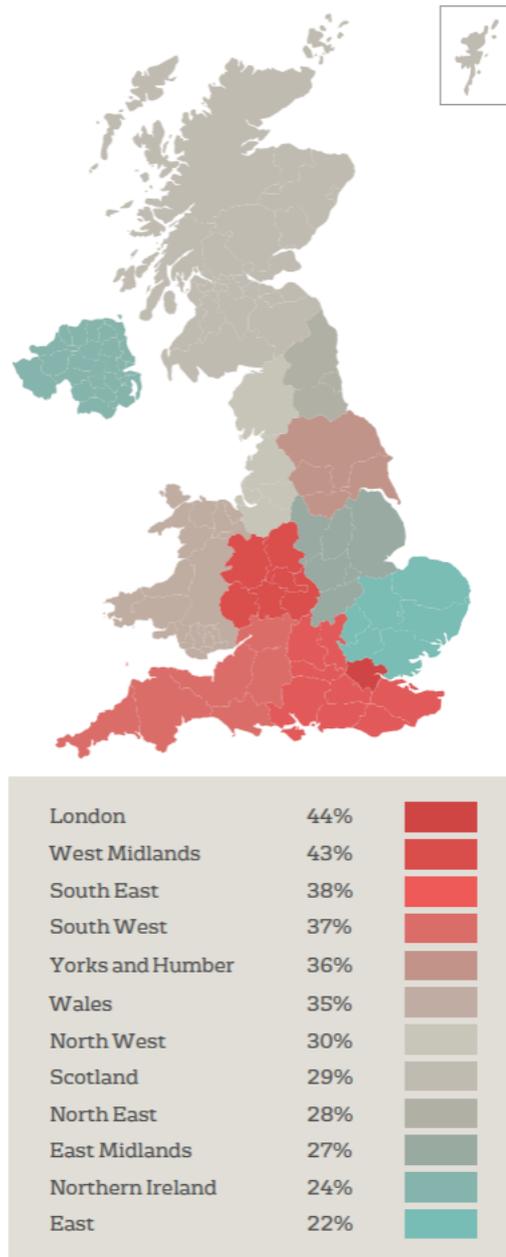
Where stage of mutualisation is 'operationally live mutual'

FIGURE 12: BUSINESS OPTIMISM BY REGION & NATION: PERCENTAGE OF SOCIAL ENTERPRISES THAT ANTICIPATE AN INCREASE IN TURNOVER OVER THE NEXT 12 MONTHS



**Fig 5: Percentage of social enterprises that are three years old or less**

*Figure 2: Percentage of social enterprises that are three years old or less by region and home nation*

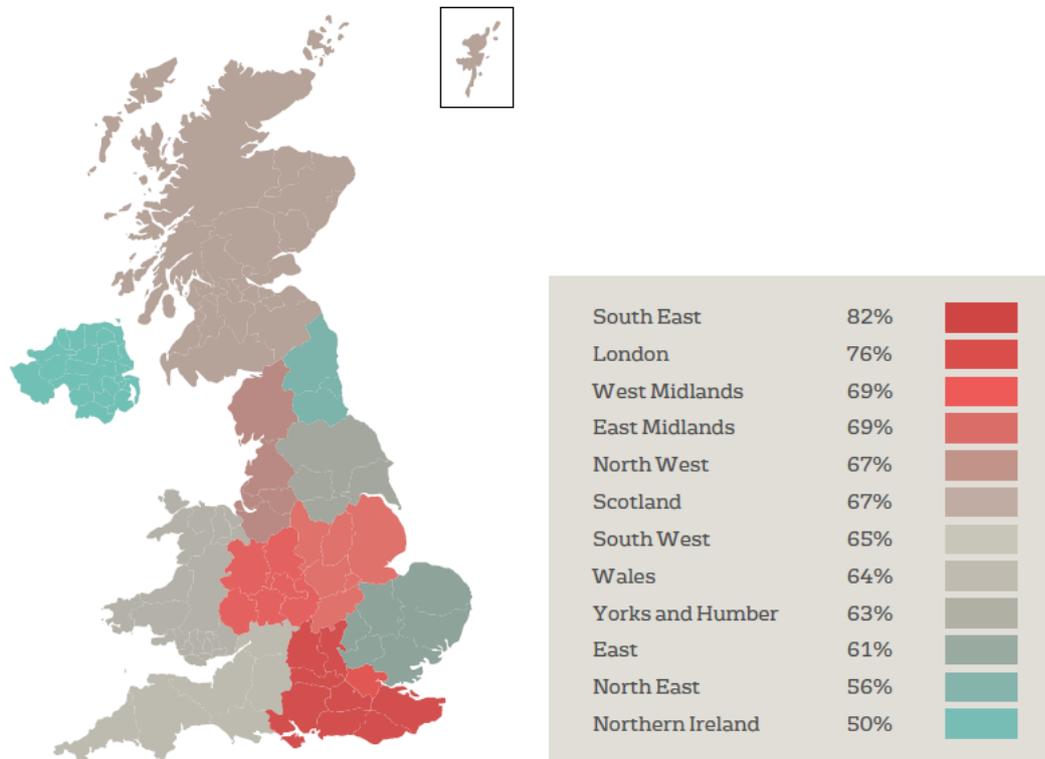


**Source:**

<https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=828443a9-2f80-4c2a-ab2b-81befed6ed05>

**Fig 6: Business optimism: percent of social enterprises that anticipated an increase in turnover**

*Figure 13: Business optimism by region and nation: percentage of social enterprises that anticipate an increase in turnover over the next 12 months*

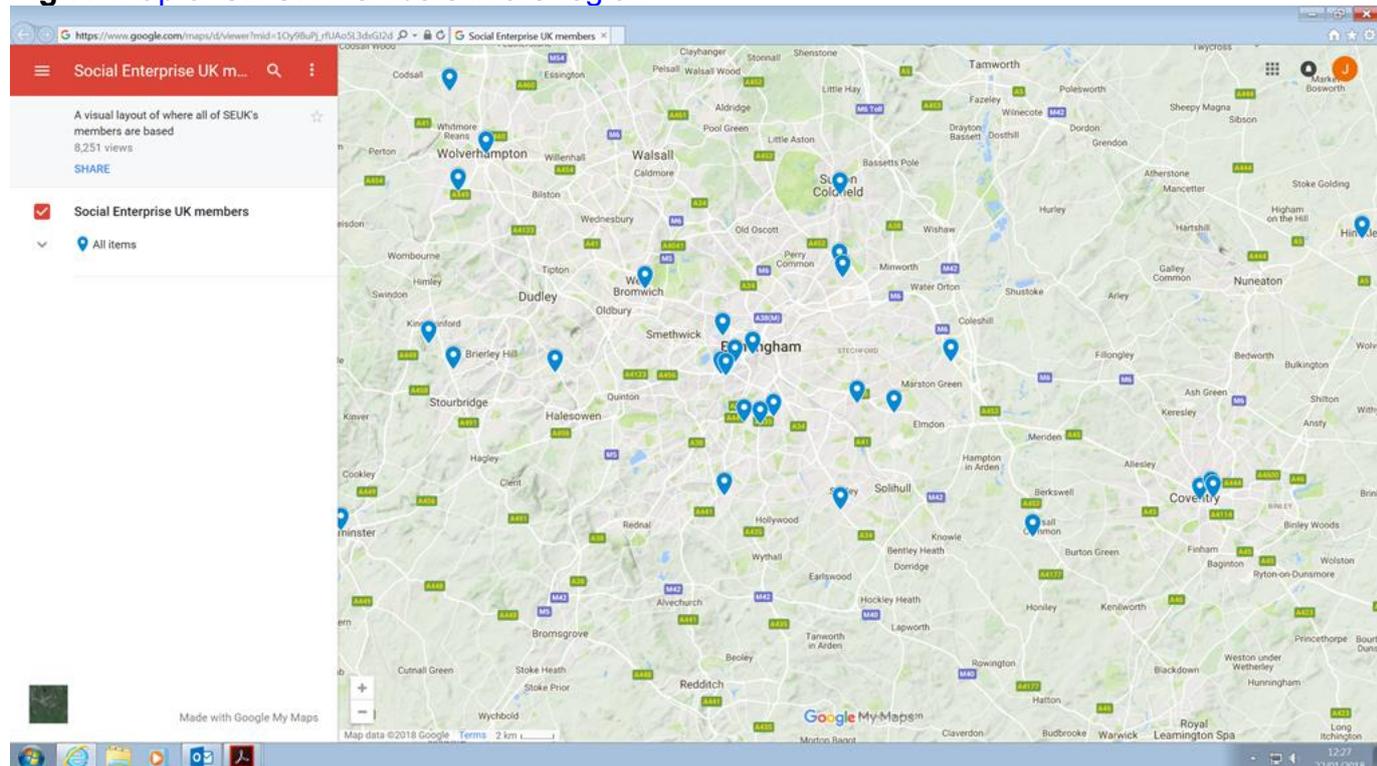


12 BMG Research (2015) 'Small Business Survey 2014: SME Employers' Department for Business Innovation and Skills

**Source:**

<https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=828443a9-2f80-4c2a-ab2b-81befed6ed05>

Fig 7: Map of SE UK members in the region



Source:

[https://www.google.com/maps/d/viewer?mid=1Oy9BuPj\\_rfUAo5L3dxGJ2dQDZ4A&ll=52.46138255702719%2C-1.8063136741828884&z=11](https://www.google.com/maps/d/viewer?mid=1Oy9BuPj_rfUAo5L3dxGJ2dQDZ4A&ll=52.46138255702719%2C-1.8063136741828884&z=11)

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## WMCA Board

<b>Date</b>	9 February 2018
<b>Report title</b>	Longbridge Park & Ride Decking Scheme and Charging Policy
<b>Portfolio Lead</b>	Councillor Roger Lawrence - Transport
<b>Accountable Chief Executive</b>	Laura Shoaf, Managing Director, Transport for West Midlands email: <a href="mailto:laura.shoaf@tfwm.org.uk">laura.shoaf@tfwm.org.uk</a> tel: (0121) 214 7444
<b>Accountable Employee</b>	Pete Bond, Director of Integrated Network Services, Transport for West Midlands email: <a href="mailto:pete.bond@tfwm.org.uk">pete.bond@tfwm.org.uk</a> tel: (0121) 214 7388
<b>Report to has been considered by</b>	WMCA Programme Board, WMCA Leadership Team and STOG

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

#### The WMCA Board is recommended to:

- (1) Endorse the Longbridge Park and Ride scheme which will construct a 5-storey, 644, high quality, space car park providing increased network resilience and supporting Birmingham and the wider region in the 2022 Commonwealth Games transport capability.
- (2) Agree to introduce car park user charging at this location, in order to finance the operational and capital borrowing costs associated with this project in line with other exceptions at Sutton Coldfield and Solihull.

- (3) Delegate the responsibility for setting exact levels of car parking charges jointly to the WMCA Lead Member for Transport and the Managing Director of TfWM, in consultation with Birmingham City Council Lead Member for Transport. This will enable the ability to set and adjust charges in line with achieving modal shift objectives and repayment requirements for scheme borrowing.

## **1. Purpose**

- 1.1. Longbridge is providing Birmingham City Council and TfWM with an opportunity to significantly enhance the resilience capability of the region with the construction of a multi-storey car park in a strategic position on the network. In order to achieve the most desirable outcome with maximum capacity the purpose of this report is to seek approval from the WMCA Board to allow car park user charging at Longbridge to fund the repayments of borrowing to deliver this scheme.
- 1.2. If this scheme is not delivered, the alternative would be to deliver a much smaller scheme and lose the opportunities presented at this key location on the highway network. The area around this location suffers from significant levels of on-street parking which this scheme will help alleviate. Data captured by TfWM shows that a significant level of customers using this station travel from outside of the West Midlands Conurbation due to the frequency and capacity of services from Longbridge.

## **2. Background**

- 2.1. Longbridge station is strategically well located on both the highway and rail network for a major Park and Ride facility to be constructed here. This has been supported by Birmingham City Council and is reflected in the adopted Longbridge Area Action Plan.
- 2.2. A surface level car park was constructed in 2014 on land owned by WMCA close to the station and provides 102 spaces for rail users. This car park is usually full around 0715 highlighting the strong demand at the station. Significant levels of on-street parking now occur around the station due to the inadequacy of the car park.
- 2.3. Following approval of a BCC / WMCA business case in May 2016 GBSLEP approved a contribution of £1.8M recognising the importance of this scheme. TfWM had given a commitment to GBSLEP and BCC that it would fund the cost of a 2 deck car-park. Subsequently BCC and TfWM reviewed the scheme and identified that with additional land purchase and negotiation the scheme could be expanded to support 644 spaces, complementing the Longbridge Connectivity scheme and station upgrade projects, and also supporting the growing Network Resilience requirements.
- 2.4. The funding approved by the GBSLEP is time limited, and should a decision not be granted on the introduction of car park charging, the scheme will need to be revisited in its entirety due to the loss of £1.8m of funding.

## **3. Network Opportunities**

- 3.1. The highway network to the site has already been designed to cater for up to a 1,000 space facility. The rail services serving this station are fast and frequent into Birmingham City Centre and onto North Birmingham and Lichfield. This presents an opportunity to help reduce congestion levels on the busy A38 corridor. Evidence shows that a high proportion of customers at this station travel by car from outside of the conurbation into the West Midlands to take advantage of a frequent and fast service.

- 3.2. Aecom were commissioned to undertake demand modelling to determine the capacity required to meet demand and to consider the impact of charging to use the car park and how this would contribute to delivery costs of the scheme. The outcome of the Aecom study has demonstrated the strong potential future demand for Park & Ride at this location. The Aecom work also tested the likely demand under various charging scenarios.
- 3.3. The location of the car park has also generated interest from other parties. Discussions are underway with the University of Birmingham about whether they would be interested in funding a deck exclusively for the use of university staff and visitors totalling circa 100 spaces. The University is interested in the proposal and is taking this through their governance process.
- 3.4. WMCA has already undertaken a tendering exercise and awarded a car park decking framework contract to respected industry contractors. Suppliers bid in the summer of 2017 to construct a 5 deck car park allowing for a 644 space car park, the most ambitious of its type to date by the WMCA and BCC. The preferred supplier was Bourne Parking Limited who submitted a tender for £4.78m (£5.73m with land acquisition, fees and contingency) to provide a 5 deck facility.

#### **4. Customer Experience and Charging Proposals**

- 4.1. Given the funding gap that exists between the £1.8M GBSLEP funding and the total project cost, it is proposed to fund capital borrowing and cover operational costs through levying a parking charge on customers in order to provide a well-managed, safe and secure parking location. Although similar charging is undertaken at Sutton Coldfield and Solihull in order to provide customer improvements, current policy of free customer use at WMCA operated car parks requires an exemption to be sought from the Board.
- 4.2. The facility at Longbridge has been designed with customer experience in mind, and charging will allow the focus on providing high quality customer facilities with safety and security forming a key part of operation. The revenue will support Automatic Number Plate Recognition (ANPR) technology for the Park and Ride site and TfWM will look to incorporate Swift accounts for season ticket holders linking to ANPR, utilising technology for payment and data capture. The car park will make payment options easy and convenient for via a host of options including contactless, phone, web and Auto Pay. Another proposed enhancement to the customer experience will be an expansion in the Electric Vehicle charging infrastructure at this car park. Adequate lift facilities and stairwells which are bright with good lighting facilities will be provided.
- 4.3. Based on the demand modelling undertaken by Aecom and financial modelling by WMCA finance team it is estimated that through charges of between £2 and £4 per day (with assumed discounts for season tickets) the scheme can be viably funded through capital borrowing over a 25-year term. At Solihull where charging is already applied the charge is £5 in the peak and £2.50 off peak. Sutton Coldfield is £1.30 daily charge taking into account the very different models to support different locations, although this is currently being reviewed. The additional discussions with the University of Birmingham taking a whole deck of the car park could impact the final level of charging.

4.4. With negotiations ongoing with BCC and Birmingham University relating to car park utilisation and local on street parking mitigations the level of car park charging cannot be confirmed, but for the convenience of the Board authority is sought via this report to delegate the responsibility for setting the exact charge to the WMCA Lead Member for Transport and the Managing Director of TfWM, in consultation with Birmingham City Council Lead Member for Transport. The charge is therefore expected to be between £2 and £4 per day but allows a flexibility to be given to assess commercial and wider modal-shift objectives of the project. There may be future requirements to adjust the charging in light of under or over-utilisation so this delegated authority would provide the ability for adjustment.

4.5. The wider impacts of implementing charging at Longbridge will be kept under review with BCC, both in terms of any impacts on on-street parking and at other stations. If WMCA are not able to implement parking charges at this site the scheme in its current design would not be in a position to move forward and would need to be reviewed. The desire to offer high quality customer facilities relies on the ability to charge in this location as the current annual cost of car parking maintenance and management of £2.4m is fully committed and there is no additional budget available to increase this further.

## 5. Impact on the Delivery of the Strategic Transport Plan

5.1. This project fully supports the delivery of the Strategic Transport Plan and the wider requirements for resilience in the transport network.

## 6. Financial implications

6.1. The overall budget for the project is made up as follows:

	£000
Main Contractor Costs	£4,783
Land Acquisition	£70
Legal Fees for Land Acquisition	£7
Grounds Investigation and Other Fees	£22
Planning Application Costs (Aecom)	£32
ANPR Supply and Install	£36
Project Management Fees	£40
Contingency (15%)	£748
<b>GRAND TOTAL</b>	<b>£5,738</b>

As detailed above, an indicative commercial proposal has been developed to evidence that the Park and Ride is able to fully meet the costs of the borrowing to bridge the £3.9m funding gap based on a charge of between £2 and £4 per day. It should be noted that any successful conclusion of negotiations with the University of Birmingham about the funding of a deck at the car park would impact on the amount of borrowing required and the level of charge that would be needed.

Sensitivity tests on the financial scenarios undertaken on the commercial model demonstrated that lower parking charges at the car park would contribute towards the overall debt and operating cost but may need grant support from WMCA to break even in cash terms over the 25 year evaluation term, or require on 3<sup>rd</sup> Party funding from the University of Birmingham as detailed above.

6.2. It is possible that desktop price versus demand assessment may prove to be incorrect which will represent both a risk and an opportunity in terms of income generation as all options above a 2 deck car park may result in some spare car park capacity at a charge of between £2 and £4 per day. It is due to this uncertainty that the responsibility for setting the charge is to be delegated to the WMCA Lead Member for Transport and the Managing Director of TfWM, in consultation with Birmingham City Council Lead Member for Transport to ensure that the income generating opportunities of the car park can be maximised based on the actual price / demand relationship.

## **7. Legal Implications**

7.1. There are no legal implications associated with the requests from this report.

## **8. Equalities implications**

8.1. The car park will need to include an adequate number of disabled bays (in close proximity to the station) to meet the needs of blue badge holders in line with legislative requirements (5% of all parking spaces). Should disabled bay usage be low and this has been consistent over a period of time derogation will be sought from the DfT evidencing current and projected usage. Disabled bay usage will be monitored on a regular basis (even more so if the car park does not meet the 5% disabled bay requirements) to ensure supply is higher than demand. It is recommended that blue badge holders are allowed to park for free in the new car park.

## **9. Other implications**

9.1. There are no other direct implications arising from this report.

## **10. Schedule of background papers**

10.1 There are no background papers accompanying this report.

## **11. Appendices**

11.1. No appendices are accompanying this report.



## WMCA Board Meeting

<b>Date</b>	9 February 2018
<b>Report title</b>	Wellbeing Dashboard and Intelligence Update
<b>Portfolio Lead</b>	Councillor Bob Sleigh - Wellbeing and HS2
<b>Accountable Chief Executive</b>	Sarah Norman, Dudley Metropolitan Borough Council email: sarah.norman@dudley.gov.uk tel: (01384) 815201
<b>Accountable Employee</b>	Dr Jane Moore, Director of Prevention and Wellbeing Email: jane.moore@wmca.org.uk Tel: (0121) 214 7039
<b>Report to be/has been considered by</b>	Wellbeing Board - 19 January 2018 WMCA Programme Board - 26 January 2018

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

**The WMCA Board is recommended to:**

- (1) The Board are asked to consider how progress on developing effective population intelligence across the WMCA/West Midlands area provides the opportunity, at the local and wider area level, to understand how the characteristics of our population affect the ability to generate economic growth that benefits all the people of the West Midlands. This is crucial if we are to have the intelligence to ensure that the West Midlands Industrial Strategy and the PSR focus on Inclusive Growth are delivering for all in our communities.

- (2) The Board are asked to confirm the following agreed by the Wellbeing Board. The:
- Wellbeing Dashboard
  - Proposals to develop indicators linked to the wider determinants of health
- (3) The Board are asked to support further work to understand how we assess the impact of major schemes on the people of the West Midlands and their communities at all stages from planning through to post delivery.

## **Purpose**

- 1.1 This report sets out proposals for a West Midlands Combined Authority Wellbeing Dashboard.
- 1.2 The report (appendix 1) sets out how the dashboard and other work on the Wellbeing Intelligence Hub and the Intelligence offer will support the objectives and priorities of the Wellbeing Board and the WMCA Board.

## **2.0 Background**

- 2.1 Since the inception of the WMCA its objective has been to generate economic growth that benefits all the people of the West Midlands. It also recognised that health/wellbeing and wealth are 'two sides of the same coin'. A healthy population being essential to delivering strong economic outcomes such as productivity whilst conversely good jobs improve the health and wellbeing of the population. This report sets out how we are creating a strong population intelligence offer that will enable us to better understand the people and communities of the West Midlands and the human factors that affect our ability to deliver inclusive growth. We are also working on how this intelligence supports effective action that delivers the expected impact on our communities.
- 2.2 The intelligence capability we are developing is built on a partnership model and is a collaboration that involves intelligence expertise from local authorities, universities, PHE, NHSE and WMCA. This is enabling us to ensure we produce population intelligence that has benefit at both the local and wider West Midlands level, does not duplicate work, adds value over and above existing activity and provides insight into the impact of policy and actions on the West Midlands. The benefit of this intelligence will be further enhanced in future by aligning with the emerging work on the Inclusive Growth Unit and the Office of Data Analytics.
- 2.3 In support of this work we have developed a set of wellbeing indicators. The overall WMCA strategic plan already includes wellbeing indicators on healthy life expectancy and health inequalities. This report builds on these small set of indicators to suggest an initial set of wellbeing indicators (appendix 2) that can be used to assess progress on the wellbeing agenda by the WMCA Wellbeing Board and the WMCA Board. The initial indicator set covers the constituent members of the WMCA but other population sets such as the area of the three LEPs could be considered. We are also investigating how this could form the basis of a 'real time' indicator set that could be used by stakeholders across the West Midlands.
- 2.4 Following discussion with the Director of Strategy (Julia Goldsworthy) we are also working to develop a wider set of population indicators that would sit within the relevant dashboards (e.g. transport, housing etc.) that would allow the implications of the wider determinants of health and wellbeing to be considered across all WMCA work streams.

## **3.0 Wider WMCA Implications**

- 3.1 The development of these proposals will involve non-constituent areas (e.g. within STP geographical areas).

**4.0 Financial implications**

4.1 None for the report although some elements will be contributing to the work of the Office of Data Analytics

**5.0 Legal implications**

5.1 None

**6.0 Equalities implications**

6.1 None

**7.0 Other implications**

7.1.1 None.

**8.0 Appendices**

8.1 Appendix 1 – Intelligence paper

8.2 Appendix 2 – Wellbeing dashboard

## **Creating Intelligence that enables effective action - The role of population intelligence in supporting the WMCA objectives**

### **1 Introduction**

1.1 The WMCA Wellbeing vision is to generate the good health and wellbeing within the West Midlands population that is essential to strong economic growth. This can best be achieved by keeping people healthy rather than managing the consequences of ill health. This has led the WMCA to develop its vision of a wellbeing agenda based on three premises.

- Keeping people healthy (prevention) will deliver the greatest improvements in outcomes
- Delivering better health and wellbeing for the people of the West Midlands by focusing on outcomes not services:
- Improving wellbeing outcomes requires concerted action across the whole system (private, public, voluntary, communities and individuals).

1.2 In addition the Wellbeing Board has made a clear commitment that all WMCA Wellbeing initiatives will be expected to deliver improvements in health and wellbeing outcomes and deliver changes against one or more of three key objectives that are part of the strategic objectives of the WMCA:

- Reducing the demand for public services and thereby reducing public service expenditure – keeping people healthy so reducing the need for intensive service use
- Improving productivity - healthy people with a good sense of wellbeing are essential to delivering strong economic growth and vibrant communities
- Breaking the cycle of inequalities which both limit the potential of today's working age adults, and, through an intergenerational effect limit "tomorrow's" potential of the children and young people who have a "poor start".

1.3 This agenda with its focus on actions across the system which generate outcomes that have an impact on wide parts of the system (e.g. the links between mental wellbeing and educational attainment) requires a broad understanding of population data and the behaviours and values of people within the West Midlands. This paper explores initial work on developing a dashboard of key wellbeing indicators that will allow the Wellbeing Board to assess the current situation of people in the West Midlands together with how key population indicators can be incorporated into other key WMCA dashboards (e.g. air quality and transport). Secondly this paper sets out how we are starting to build data, evidence and understanding of the West Midlands population into powerful analysis to that enables effective decisions and action. This is in line with the vision for research and intelligence set out in the WMCA's Policy Research Plan - <https://governance.wmca.org.uk/documents/s286/Report.pdf>

### **2. WMCA Wellbeing Board Preliminary Draft Dashboard**

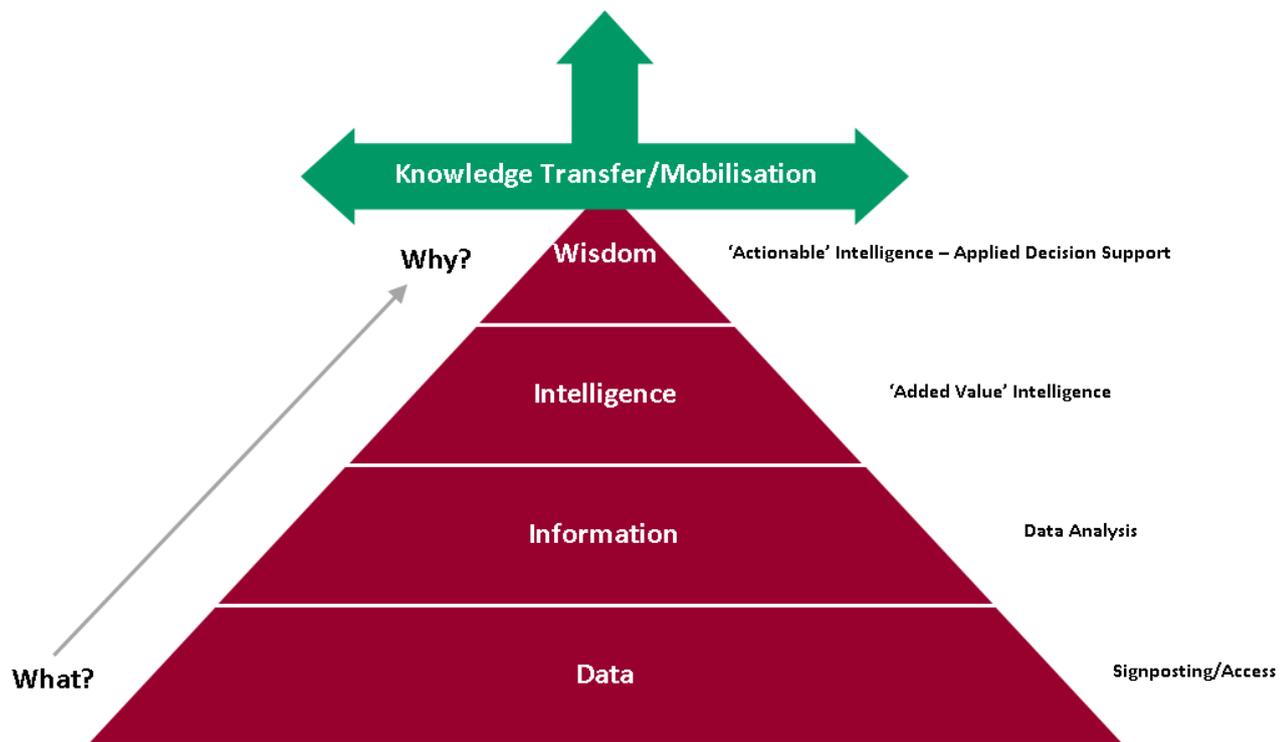
2.1 The overall WMCA strategic plan and indicator set already includes overarching wellbeing indicators on healthy life expectancy and health inequalities. An initial Wellbeing dashboard has been developed which builds on this small set of indicators to present a broader selection of wellbeing indicators that can be used to assess progress on the wellbeing agenda by the WMCA Wellbeing Board and the WMCA Board. It could

also form the basis of a more 'real time' indicator set that could be used by stakeholders across the West Midlands. The format of the dashboard is in line with other WMCA dashboards but includes additional trend data.

- 2.2 The set of sentinel indicators have been chosen to allow the Wellbeing Board to assess the current situation in the WMCA constituent member but we could provide this information across the wider West Midlands area as well. It also provides a snapshot of how the WMCA area is currently performing and highlights the progress (or lack of) being made. The dashboard includes overarching indicators looking at life expectancies and general wellbeing, plus indicators on key WMCA Wellbeing Board priorities around children & young people, mental health and CVD/Diabetes prevention. (See Appendix 1)
- 2.3 In discussion with the WMCA Director of Strategy, it was recognised that the population data available also offers the potential to provide key indicators that address the wider determinants of health within other dashboards also being developed by the WMCA, e.g. housing, transport, etc. We are therefore exploring the potential to provide a greater range of indicators on these wider determinants. In support of our ability to look at this wider population data at a WMCA level, PHE has recently started to analyse the data within its outcomes framework at a devolved authority level. A broad range of online outcomes indicator data is now presented at the WMCA geography in Public Health England's (PHE) [Outcomes Framework](#).
- 2.4 In early 2018, we anticipate being able to make use of some new functionality within Public Health England's online [Fingertips](#) platform to present an online, fully up-to-date interactive dashboard. This will include user defined indicator selection pick lists which should enable users to create custom 'profiles' for the WMCA geography.

### **3 Moving from Data to Wisdom – the 'What' to the 'Why'!**

- 3.1 The real power of the data and evidence can only be realised if we have the ability to assess and interpret this information so that it allows better decision making and real time assessment of how actions are impacting on the West Midlands population (figure 1).



3.2 Over the last six months we have been bringing together intelligence expertise from across local government, universities, NHS, PHE and other sectors to provide expert interpretation of a broad range of population and public health-related data. This is part of the wider work to develop a Population Intelligence Hub (See box).

- 3.3 Bringing this expertise together provides the opportunity to translate and present often complex analytical findings as understandable actionable intelligence for strategic decision-makers. This also provides the opportunity to help better understand populations (not just health) – e.g. population segmentation.
- 3.4 The first areas of collaborative intelligence we have been exploring are linked to current priorities:
- 1 Developing better intelligence on healthy life expectancy. This has now also led to work with national experts on how we can improve the measurement of healthy life expectancy and work by local authority analysts on the picture in the West Midlands.
  - 2 Children and Young People – as part of the scoping of this priority area we have brought together not only health data but a wide set of population data. In addition with support from our academic collaborators we have started to turn this data and evidence into evidence reviews that will be used to underpin the business case for initiatives to improve outcomes for children and young people. An example is work to understand what lies behind the statistics on educational attainment at 16 (the single biggest predictor of life expectancy in adulthood) which therefore is important from both the wellbeing and skills and productivity perspectives (see appendix 2). This analysis is underpinned by the basic epidemiological principals for trying to understand what is happening in time, in person and in place<sup>1</sup>.
  - 3 Providing intelligence into other WMCA priority areas. This includes discussions with PHE exploring how we could support the youth justice work stream and working with transport colleagues on understanding the implications of air quality on health.
  - 4 Geographic mapping of data and spatial analysis to understand patterns, identify hotspots and highlight anomalies. Again this work is linked to work on Wellbeing priorities (e.g. the data on childhood obesity below) and to wider discussions on how these spatial analytical skills could be used to support the wider work of the WMCA.

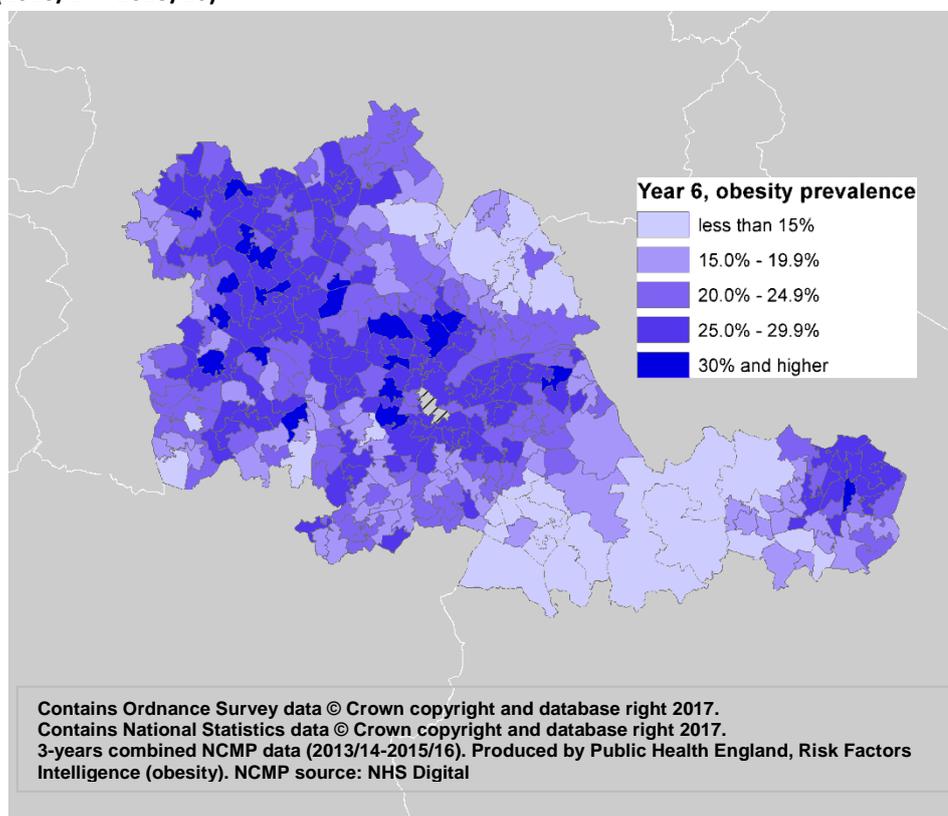
<sup>1</sup> This would also support the thinking emerging from the developing West Midlands ODA about the questions that the ODA needs to be able to answer ('what happened'; 'why did it happen'; 'what will happen'; 'what should we do')

**The population hub** will be a centre of excellence for the West Midlands. By creating a virtual hub that works closely with the new West Midlands Office of Data Analytics, intelligence and insight for the Combined Authority area can be brought together and delivered from an easy to access centre of expertise. The hub is in development, with a long-term goal of coordinating and strengthening current sources of intelligence skills and expertise within the West Midlands area. It is currently producing outputs to support the work of the Wellbeing Board, and providing input to existing work programmes.

The Population Hub will benefit from dedicated personnel and resources, but will also co-ordinate and maximise available resources situated across the intelligence 'family' in the West Midlands. It is envisioned as an asset for the whole West Midlands area and will be a centre for producing and disseminating the most up to date information in accessible formats

- 5 The next step is to combine and overlay other supplementary datasets onto spatial maps to add further insight and aid understanding (e.g. the work that PHE and West Midlands Police have doing to bring together police and A&E data to understand patterns and trends in violence across the West Midlands).

**Prevalence of obesity in Year 6 (%) across the West Midlands Combined Authority Middle Super Output Areas (2013/14 - 2015/16)**



- 3.5 The spatial map above illustrates the importance of how information is presented so we are also developing the use and application of infographics to bring together the intelligence and evidence in easily digestible slidesets, e.g. school readiness, mental health, children and young people, health and wealth.

**4. Moving from wisdom to action – the ‘why’ to the ‘how’!**

- 4.1 Turning intelligence into action requires a foundation of robust information that combines data with an understanding of the local context. Across the West Midlands data and local knowledge are being used to create new ways of working and develop new approaches to solve existing problems. We already have considerable expertise in delivering this complex combination of intelligence and insight (see in Appendix 3 an example from Coventry of work on Multiple and Complex Needs). The intention is we will use the population intelligence Hub to pull together this expertise in conjunction with the WMCA Office of Data Analysis.
- 4.2 In support of this West Midlands Public Health Intelligence Group (WMPHIG) have been conducting a skills and knowledge audit across WMPHIG to better understand the composition and level of expertise, within the local analytical community. At the

same time, with the support of all the Directors of Public Health in the West Midlands we now have collaborative activity across the WMPHIG with a sub-group of colleagues currently undertaking analytical work at scale on behalf of others.

4.3 In order to develop our ability for the WMCA to turn insight into action we are:

- Developing centres of excellence for the West Midlands, as exemplified by the newly formed Behavioural and Social Science Working Group. This working group provides a point of contact for specialist expertise, and a means of collaboration to enhance existing work streams, e.g. embedding behavioural science techniques into the work of the Thrive Mental Health Commission action plan and developing a feasibility study for behaviour change of professionals. This group is also linked to national experts in behaviour change and we have already held a workshop that brought national and regional experts together.
- Convening specialist workshops in conjunction with national experts and sector leaders, e.g. a Data Science workshop in conjunction with the Association of Directors of Public Health in the West Midlands.
- Developing a West Midlands Virtual Health Economics team as part of the WM PHE Centre and involving health economics and economics academic colleagues. In addition Learning for Public Health West Midlands (LPHWM) in conjunction with the West Midlands Association of Directors of Public Health (WMADPH) are holding a conference on the 18<sup>th</sup> January that is focussing on the links between Health and Wealth.
- Utilising and brokering access to specialist public health expertise and knowledge held elsewhere within PHE (e.g. behavioural insight, health economics, advanced statistical modelling, air quality (Centre for Radiation, Chemical and Environmental Hazards (CRCE)) etc.
- Learning from other PHE Local Knowledge & Intelligence Service teams across England, particularly those with combined authorities, e.g. North West LKIS – Greater Manchester, We are planning to run an internal symposium to share learning across these areas. In particular we have already been able to access work undertaken by London on children and young people within the criminal justice system.
- Exploring the potential to develop cross-sectoral, complimentary analyses and sharing of technology, applications, software, e.g. with Transport for West Midlands.
- Using embedded PH registrars to support analytical work. Currently we have PH trainees embedded with both the Thrive and Transport teams.

## **5. Moving from action to impact – the ‘how’ to the ‘impact/return on investment’**

- 5.1 The ultimate aim for the WMCA should be to demonstrate how actions taken have led to sustained and improved outcomes for the people of the West Midlands.
- 5.2 To achieve this aim, the planning and use of data and intelligence needs to be integrated into the strategic development, planning and delivery processes. This means effective intelligence and insight to support strategic change, modelling the likely impact of this change and measuring the impact as change is implemented and maintained. By accurately measuring and monitoring impact as part of delivery we enable feedback on what is working, to what extent and for whom. In addition by bringing in expertise on qualitative data of peoples experiences we can show how the work of the WMCA is shaping the experiences of its residents, and how this is impacting on their wellbeing.
- 5.3 At the moment the majority of the work on intelligence to assess the impact of the change we are developing and delivering has been focussed on supporting the delivery of the Thrive West Midlands agenda. This has included support on developing research protocols, embedding behaviour change into the Thrive programmes, accessing academic and national expertise to support the programme and developing evidence based proposals for interventions. However, we are now working with Transport colleagues on how we could model and assess the health, wellbeing and population impacts of the major infrastructure developments that have recently been agreed (e.g. Brierley Hill).
- 5.4 The work to date has only been possible due to funding and resources provided by PHE, and the resource in kind that has been provided by Local Authorities, NHSE and Universities. Going forward we are working with these stakeholders to establish more sustainable resources. This includes how elements of this agenda could be supported under the ODA, work with our academic partners to submit a bid for major programme funding for a five year period and discussion with PHE nationally about the West Midlands becoming an exemplar for the intelligence approach we are describing.

## Appendix 2: Helping to better understand the 'stories' behind headline statistics

**53% of all children in WMCA area achieved 5 GCSEs A\*-C including English & Maths.**

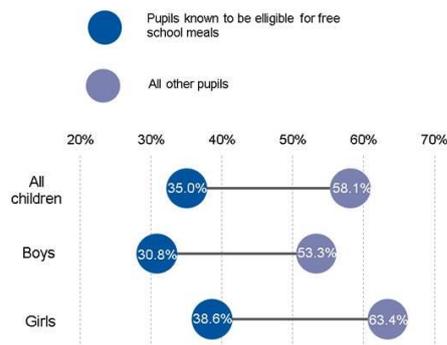
But there's a series of important 'stories' behind this number...

- How does attainment vary by geography within the WMCA area?
- Are there significant differences by gender?
- If you receive free school meals (FSM), does this have an impact?
- Do children living in more deprived areas perform more poorly?
- Does having English as a second language make a significant difference?
- Are there significant differences by ethnicity?
- If you have a Special Educational Need (SEN), how is this likely to affect your level of attainment?

The answer to these questions can be presented visually (see below) and we have been looking at different ways to present this information to help people understand the data.

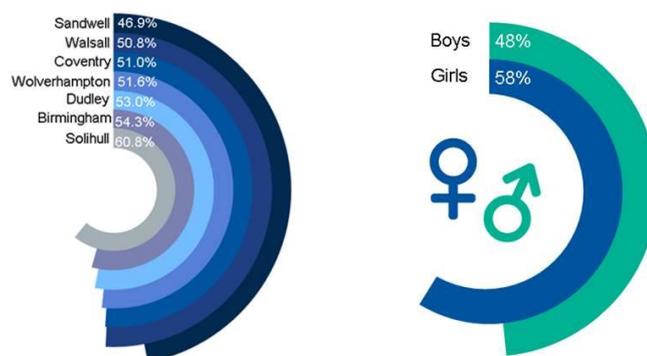
### GCSE attainment\* in the WMCA by Free School Meal status and gender

Pupils achieving 5 GCSEs A\* to C including English and Maths in 2014/15



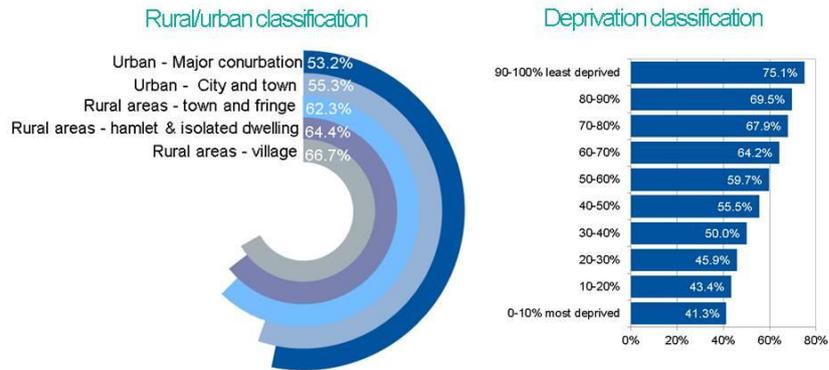
### GCSE attainment\* by local authorities in WMCA

Percentage of pupils achieving 5 GCSEs A\* to C including English and Maths in 2014/15



## GCSE attainment in the West Midland Region by geographic classification

Pupils achieving 5 GCSEs A\* to C including English and Maths in 2014/15  
Based on local authority of the pupil's residence, at the end of the academic year



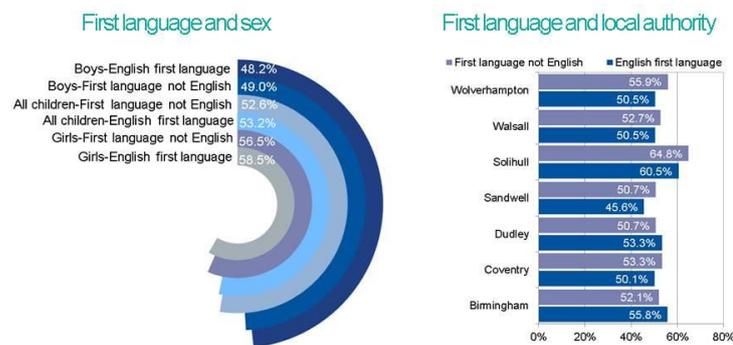
## GCSE attainment\* in the WMCA

Pupils achieving 5 GCSEs A\* to C including English and Maths in 2014/15



## GCSE attainment\* in the WMCA by pupils first language and gender

Pupils achieving 5 GCSEs A\* to C including English and Maths in 2014/15



## Summary

Just over half (53%) of all children in WMCA area achieved 5 GCSE A\*-C including English and Maths which is lower than England average.

- Geography - attainment among children in Solihull (60.8%) was 1.3x higher than in Sandwell (46.9%).
- Gender – Attainment among girls (58%) was 10% higher than for boys (48.4%).
- Free school meals (FSM) - Pupils not in receipt of FSM were 1.7X more likely to achieve 5 A\*-C including E&M compared to pupils eligible for FSM.
- Deprivation – Pupils living in the most affluent areas of WMCA were 1.8x more likely to achieve 5 A\* to C's including E&M compared to those living in the least affluent areas.
- English as second language – With the exception of Birmingham and Dudley pupils with English as a second language, in all other LA's in WMCA, were more likely to achieve 5 A\*-C including E&M at GCSE.
- Ethnicity – Pupils from Chinese and Asian backgrounds had higher levels of attainment whilst Black and Mixed race pupils lower.
- SEN – Pupils with SEN support status were 3 x less likely to achieve 5 A\*-C including E&M and pupils with an Education Healthcare Plan 7.7x less likely.

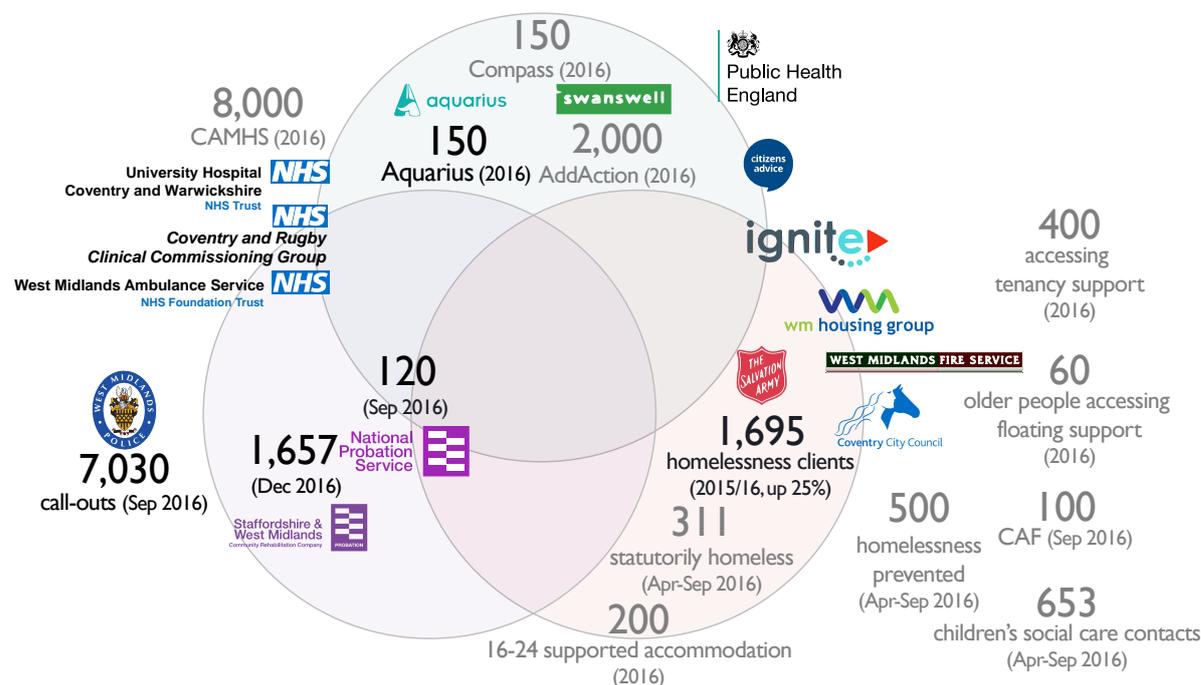
## Appendix 2: Using intelligence to inform the work of the Multiple and Complex Needs (MCN) Board in Coventry.

Individuals facing multiple complex needs (MCN) are people who experience several problems at the same time, often face ineffective contact with services, and live chaotic lives. This can be a combination of offending behaviour/violence, homelessness, substance misuse, mental ill-health, or adverse childhood experiences.

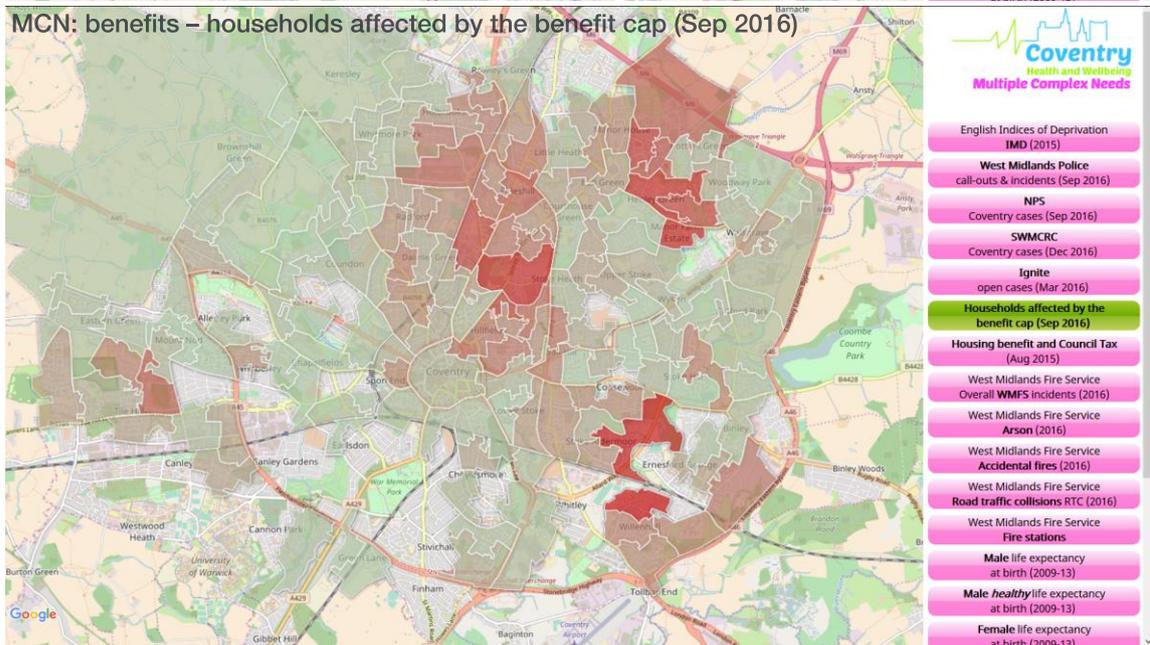
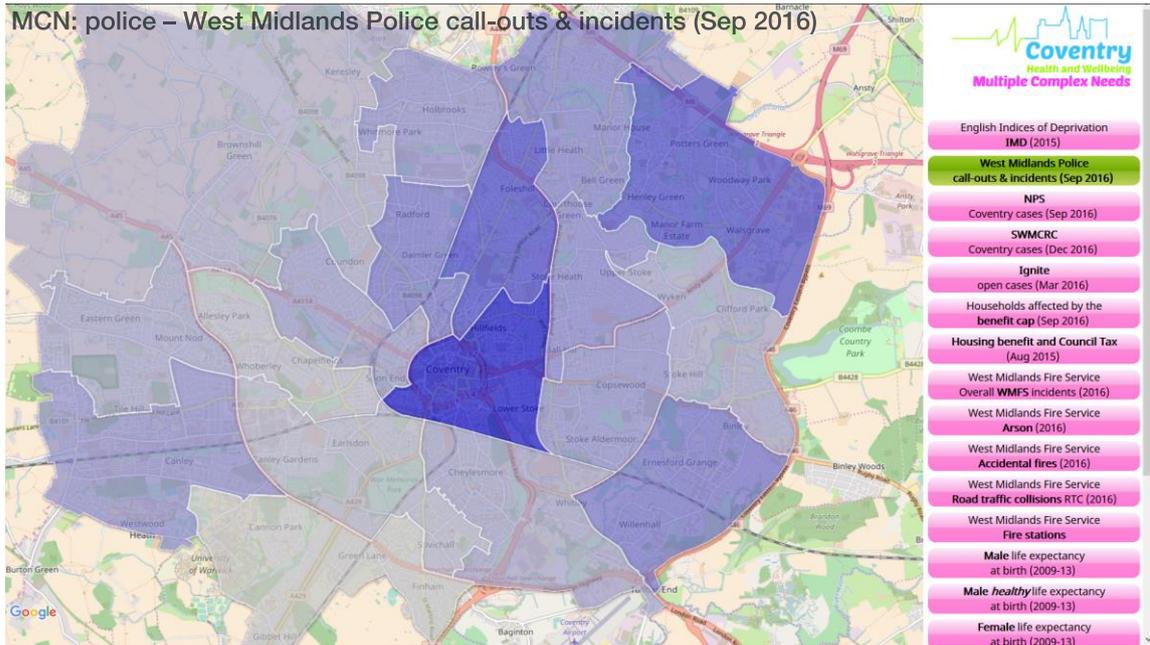
Outcomes for people facing MCN are poor, despite the disproportionate time and resources spent on this group of people across different services such as social care, housing and homelessness, police, fire, NHS, criminal justice, probation and substance misuse services. To services, they are a significant source of repeat demand for public services and are amongst the 'hardest to help'.

In Coventry, this partnership of over twenty different agencies, including representation from the WMCA, is using intelligence to deliver action to address a local issue of high priority. Their work is informed by local and national data, alongside evidence and insight obtained from evaluating what works.

Local data held by public service agencies has been aggregated and anonymised to give estimates of need across Coventry, and build a better understanding of groups who may be at risk of experiencing multiple and complex needs. An output of this work is shown below.



Representing this information geo-spatially made local levels of need and the demand for services more visible.

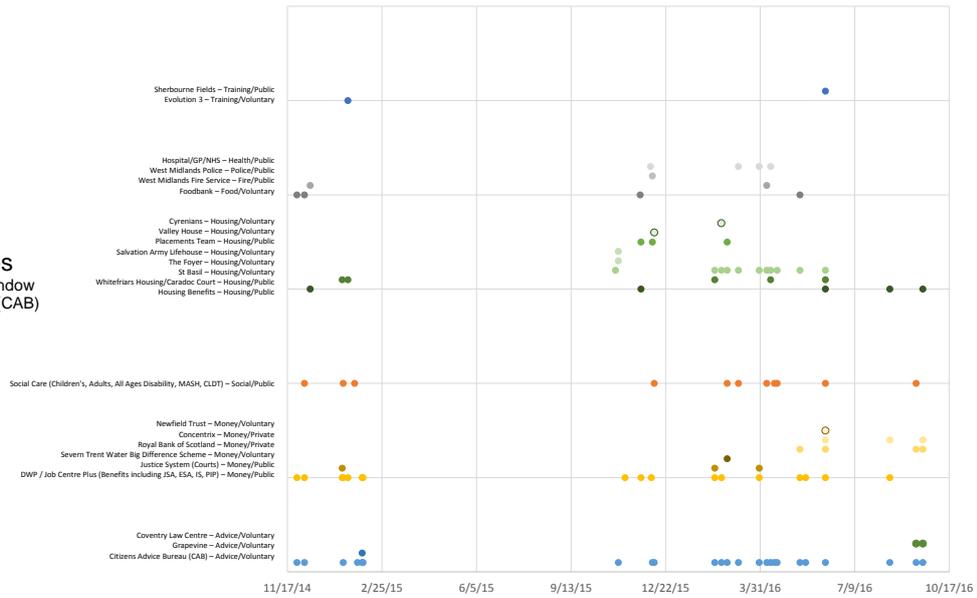


Mapping data held by different public agencies such as the police, fire service and probation services allowed the Coventry Multiple Complex Needs Board to see, for the first time, correlations and patterns in the need and demand for services.

Epidemiological data was enhanced by focusing on individual patient journeys to provide insights into the types of actions that partners could take to alleviate some of the problems faced by this target group.

Interventions for Client X Nov 2014-Oct 2016

**24**  
agencies  
through the window  
of one agency (CAB)



These insights pointed to combined and integrated efforts for key sub-populations within Coventry. A multi-agency one-stop shop called 'Steps for Change' has been adopted by the MCN board as an innovative approach to meeting the needs of some of the most vulnerable people in Coventry. This pilot initiative was located in an area likely to be noticed by potential beneficiaries and brings together key agencies in one location to deliver advice and support in an informal setting. It was designed to remove some of the barriers to seeking appropriate help, whilst at the same time providing opportunities for improved data capture and cross-agency working. The Board have also used these insights to re-organise existing activities and trail new ways of working to better suit those they serve. An example of this is the joining-up of existing case management forums by the board; to provide multi-agency input to people at a crucial point in their journey.

**Authors**

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- Gareth Wrench - PHE

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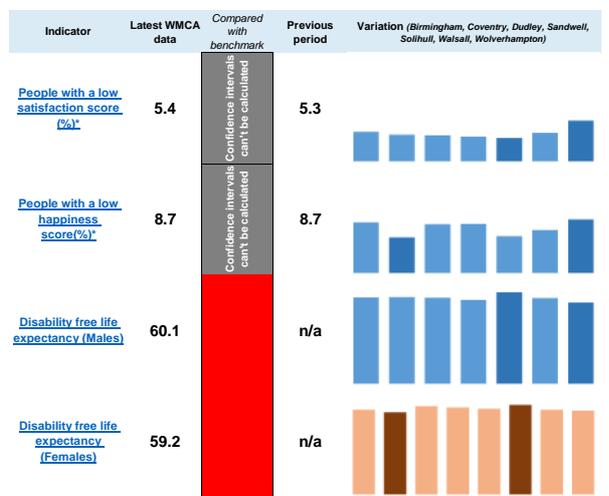
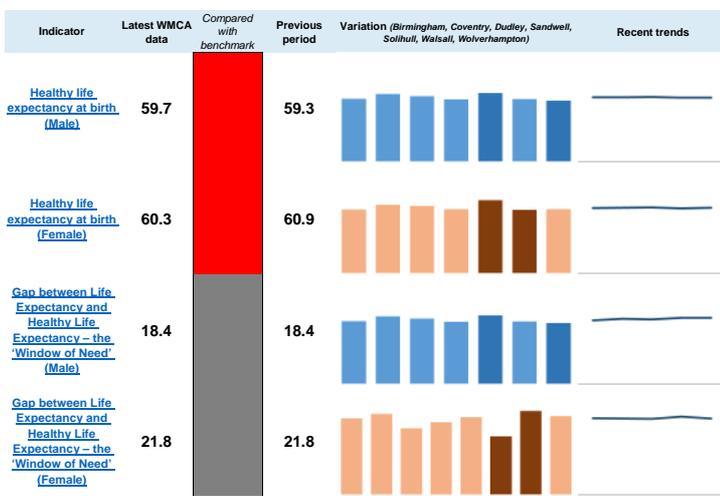
## WMCA Wellbeing Board Dashboard

NB: data flagged with \* are population weighted calculations

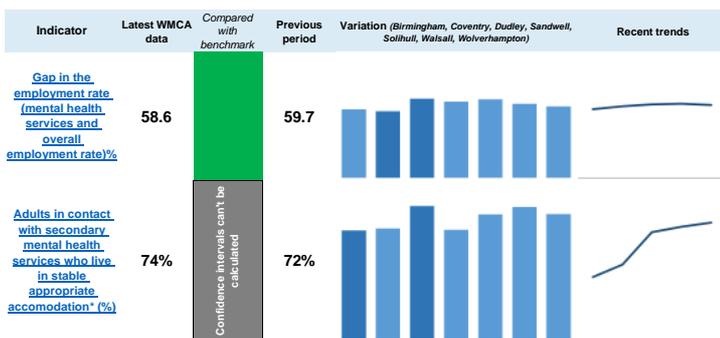
Key:  Not compared with benchmark  
 Significantly better than benchmark  
 Similar to benchmark  
 Significantly worse than benchmark

[All data from Public Health Outcomes Framework](#)

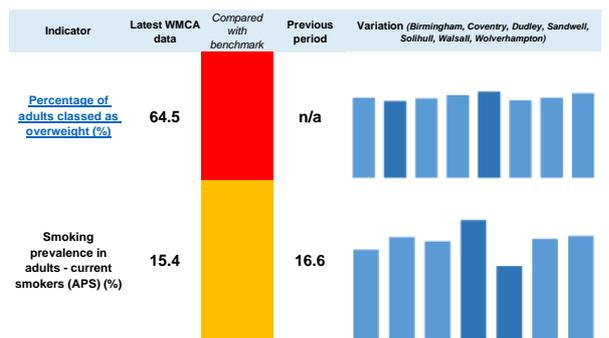
### Overarching Indicators



### Mental Health



### CVD/Diabetes Prevention



Healthy Life Expectancy at Birth						Trend	Compared with benchmark
Year	2009 - 11	2010 - 12	2011 - 13	2012 - 14	2013 - 15		
<b>Males</b>							
CA	59.8	59.6	59.9	59.4	59.3		
Birmingham	58.7	58.1	58.4	57.8	58.4		
Coventry	60.7	61.1	62.3	61.3	62.9		
Dudley	62.1	62.5	62.1	62.5	60.7		
Sandwell	57.7	58.3	59.4	59.0	57.7		
Solihull	65.9	65.0	65.3	63.4	63.8		
Walsall	59.0	59.6	59.8	59.1	58.1		
Wolverhampton	59.3	58.1	56.6	57.2	56.4		
<b>Females</b>							
CA	60.6	60.9	61.2	60.5	60.9		
Birmingham	59.3	59.2	60.6	58.7	59.4		
Coventry	62.7	63.4	63.1	63.4	63.8		
Dudley	63.4	65.1	63.5	63.0	62.7		
Sandwell	57.6	58.2	58.1	57.8	59.7		
Solihull	66.6	66.2	65.8	67.6	67.9		
Walsall	61.3	61.4	60.3	60.4	59.0		
Wolverhampton	58.3	57.9	59.1	58.4	59.5		

Gap between Life Expectancy and Healthy Life Expectancy – the 'Window of Need'						Trend	Compared with benchmark
Year	2009 - 11	2010 - 12	2011 - 13	2012 - 14	2013 - 15		
<b>Males</b>							
CA	17.7	18.2	18.0	18.5	18.4		
Birmingham	18.5	19.4	19.0	19.4	18.7		
Coventry	16.8	16.8	15.8	17.2	15.5		
Dudley	16.5	16.3	17.0	16.6	18.2		
Sandwell	18.5	18.4	17.5	18.0	19.4		
Solihull	14.9	15.5	14.8	16.8	16.6		
Walsall	18.2	18.2	18.2	18.8	19.2		
Wolverhampton	17.9	19.1	20.8	20.3	20.9		
<b>Females</b>							
CA	21.4	21.2	21.1	21.8	21.2		
Birmingham	22.5	22.7	21.4	23.3	22.5		
Coventry	19.0	18.6	19.2	18.8	18.5		
Dudley	19.2	17.7	19.5	20.1	20.2		
Sandwell	23.7	22.9	23.2	23.5	21.7		
Solihull	17.6	18.0	18.6	16.6	16.2		
Walsall	20.8	20.7	22.3	21.9	23.4		
Wolverhampton	23.1	23.6	22.8	23.3	21.9		

People with a low satisfaction score						Trend	Compared with benchmark
Year	2011/12	2012/13	2013/14	2014/15	2015/16		
CA	10.3	6.1	6.5	5.3	5.4		
Birmingham	13.5	7.4	7.8	4.1	5.5		
Coventry	7.5	4.4	4.8	5.3	5.0		
Dudley	8.0	4.1	4.4	6.0	4.9		
Sandwell	9.3	6.7	5.9	7.0	4.6		
Solihull	6.5	4.9	5.7	5.0	4.4		
Walsall	8.2	5.1	5.8	4.9	5.3		
Wolverhampton	10.0	7.0	8.1	8.5	7.6		

People with a low happiness score						Trend	Compared with benchmark
Year	2011/12	2012/13	2013/14	2014/15	2015/16		
CA	13.4	11.0	10.0	8.7	8.7		
Birmingham	16.2	12.8	11.7	7.3	9.5		
Coventry	10.4	7.7	6.5	7.7	6.7		
Dudley	12.1	9.0	11.1	8.5	9.1		
Sandwell	12.4	14.0	10.9	13.2	9.2		
Solihull	10.7	8.9	8.5	7.0	6.9		
Walsall	11.8	10.9	8.6	9.8	8.0		
Wolverhampton	12.5	8.6	7.5	11.0	10.0		

DFLE (males)		Trend	Compared with benchmark
Year	2014-16		
CA	60.1		
Birmingham	60.3		
Coventry	60.7		
Dudley	60.2		
Sandwell	58.7		
Solihull	64.0		
Walsall	60.0		
Wolverhampton	56.9		

DFLE (males)		Trend	Compared with benchmark
Year	2014-16		
CA	59.2		
Birmingham	57.5		
Coventry	61.7		
Dudley	60.9		
Sandwell	60.0		
Solihull	62.8		
Walsall	59.3		
Wolverhampton	58.6		

## Mental Health

**Key:**

	Not compared with benchmark		Similar to benchmark
	Significantly better than benchmark		Significantly worse than benchmark

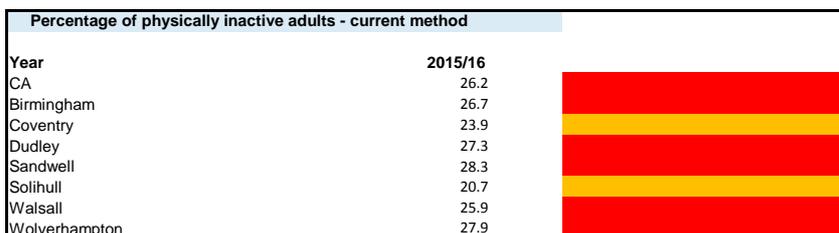
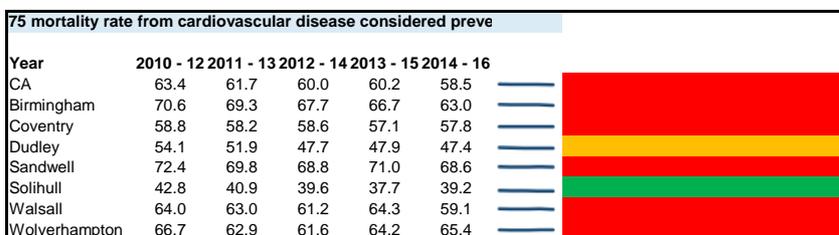
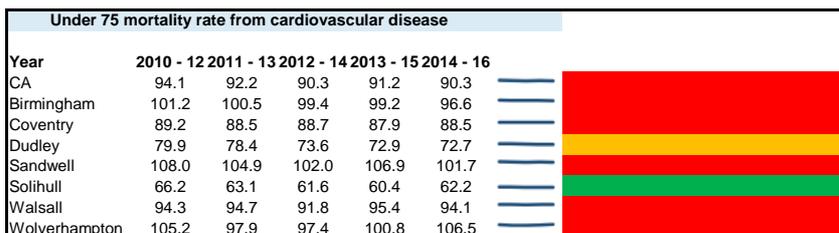
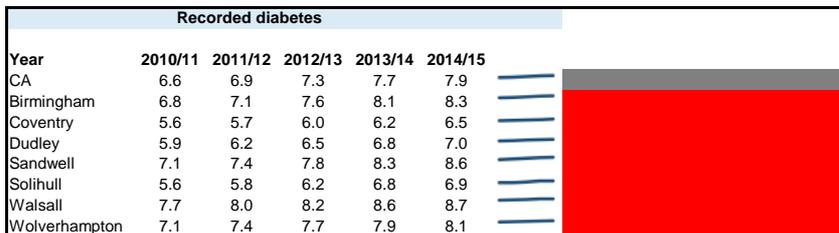
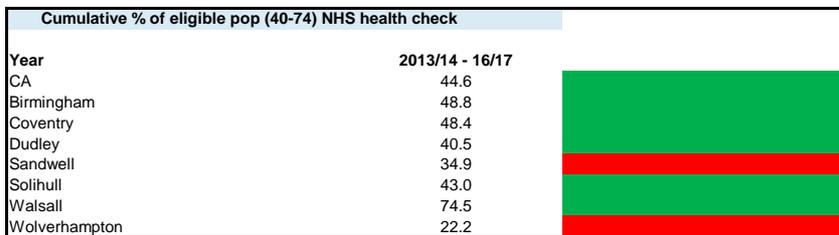
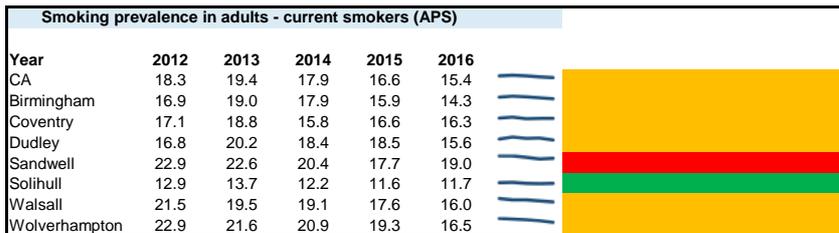
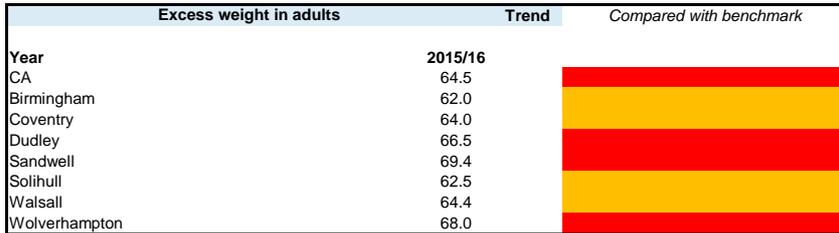
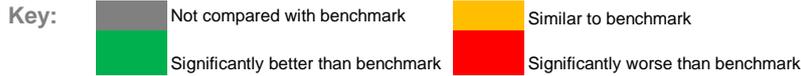
Gap in employment rate						Trend	Compared with benchmark
Year	2011/12	2012/13	2013/14	2014/15	2015/16		
CA	55.3	57.6	59.3	59.7	58.6	—	
Birmingham	49.6	54.1	55.1	56.6	55.1	—	
Coventry	56.2	53.0	56.8	54.3	53.6	—	
Dudley	65.6	69.0	66.3	66.6	63.7	—	
Sandwell	57.8	58.5	60.2	56.8	61.5	—	
Solihull	61.7	62.5	62.0	63.6	63.1	—	
Walsall	55.5	57.4	56.4	60.5	59.5	—	
Wolverhampton	56.7	57.1	58.8	57.9	57.5	—	

Adults in stable and appropriate accomodation						Trend	Compared with benchmark
Year	2011/12	2012/13	2013/14	2014/15	2015/16		
CA	39.8	47.6	68.2	71.8	74.4	—	
Birmingham	15.1	32.2	66.5	63.8	69.4	—	
Coventry	58.8	71.1	78.0	74.6	70.6	—	
Dudley	48.3	30.0	54.6	81.2	84.9	—	
Sandwell	59.0	60.5	70.5	72.3	69.7	—	
Solihull	19.5	65.3	79.6	77.9	79.6	—	
Walsall	63.0	41.4	56.5	77.8	84.2	—	
Wolverhampton	77.9	79.1	79.0	79.7	79.7	—	

Emergency admissions for intentional self harm						Trend	Compared with benchmark
Year	2011/12	2012/13	2013/14	2014/15	2015/16		
CA	211.4	197.2	207.5	200.3	213.7	—	
Birmingham	214.4	198.2	193.3	174.5	198.2	—	
Coventry	317.7	297.9	284.9	264.2	253.4	—	
Dudley	220.6	177.8	181.2	212.6	230.7	—	
Sandwell	232.0	215.1	235.1	206.9	241.9	—	
Solihull	141.0	142.7	198.6	193.9	175.1	—	
Walsall	167.3	171.0	195.9	186.1	175.5	—	
Wolverhampton	141.0	142.6	198.6	250.9	268.7	—	

Suicide rate						Trend	Compared with benchmark
Year	2010 - 12	2011 - 13	2012 - 14	2013 - 15	2014 - 16		
CA	7.6	7.7	9.5	10.1	9.8	—	
Birmingham	6.7	7.1	10.3	10.3	10.0	—	
Coventry	11.4	11.2	10.1	10.0	8.3	—	
Dudley	7.5	6.4	7.5	9.8	9.5	—	
Sandwell	8.2	8.3	8.6	10.2	10.8	—	
Solihull	5.5	5.0	8.2	9.2	10.0	—	
Walsall	6.5	7.3	9.6	10.5	10.3	—	
Wolverhampton	8.6	9.5	9.8	10.2	10.1	—	

### CVD/Diabetes





## Children and Young People

Key:  Not compared with benchmark  Similar to benchmark  
 Significantly better than benchmark  Significantly worse than benchmark

Infant Mortality					Trend	Compared with benchmark
Year	2010 - 12	2011 - 13	2012 - 14	2013 - 15	2014 - 16	
Combined Authority	6.5	6.5	6.2	6.2	6.6	
Birmingham	7.2	7.5	7.2	7.5	7.9	
Coventry	4.8	4.8	4.1	4.0	4.6	
Dudley	4.5	3.6	3.9	4.6	5.5	
Sandwell	7.1	7.1	6.7	5.5	5.8	
Solihull	3.6	4.8	4.9	4.7	4.5	
Walsall	7.6	7.1	6.8	6.8	7.1	
Wolverhampton	7.7	6.8	6.4	5.6	5.6	

Children in low income families (under 16s)					Trend
Year	2010	2011	2012	2013	2014
Combined Authority	29.7	28.9	27.1	26.6	29.2
Birmingham	33.5	32.2	29.9	29.2	32.9
Coventry	27.0	25.9	23.9	23.5	25.4
Dudley	23.1	22.8	21.7	21.3	23.1
Sandwell	30.6	29.9	28.3	27.6	29.6
Solihull	16.7	16.7	16.0	15.7	16.9
Walsall	29.5	29.2	27.9	27.2	29.9
Wolverhampton	32.0	31.5	30.2	29.7	31.0

Looked after children: rate per 10,000 (under 18 population)					Trend
Year	2012/13	2013/14	2014/15	2015/16	
Combined Authority	82.2	82.6	83.3	78.3	
Birmingham	69.0	64.3	70.5	63.9	
Coventry	87.0	86.1	79.6	77.2	
Dudley	108.0	111.6	109.0	106.6	
Sandwell	80.0	74.8	69.5	66.7	
Solihull	72.0	71.8	73.7	79.0	
Walsall	91.0	97.8	93.7	95.2	
Wolverhampton	118.0	135.4	135.3	112.6	

16-18 year olds not in education employment or training					Trend
Year	2011	2012	2013	2014	2015
Combined Authority	6.7	6.7	6.3	5.9	4.4
Birmingham	6.9	7.5	6.6	7.2	5.2
Coventry	6.0	5.2	7.4	6.8	4.7
Dudley	5.3	6.6	5.9	5.7	3.8
Sandwell	6.6	6.3	5.9	3.7	3.4
Solihull	6.7	6.0	5.5	4.9	4.2
Walsall	7.4	6.4	5.8	4.6	3.7
Wolverhampton	7.6	6.8	6.0	4.1	3.4

Hospital admissions: injuries in children (aged 0-14 years)					Trend
Year	2011/12	2012/13	2013/14	2014/15	2015/16
Combined Authority	118.2	105.6	115.7	111.5	111.7
Birmingham	123.6	100.3	102.2	102.7	104.9
Coventry	143.7	173.0	174.5	149.9	173.2
Dudley	111.6	94.9	108.0	112.4	105.6
Sandwell	130.7	115.4	143.0	129.9	121.3
Solihull	103.2	73.1	94.5	97.5	97.8
Walsall	82.7	83.0	90.4	93.2	85.9
Wolverhampton	102.4	95.5	122.3	110.2	97.6

School readiness: percentage achieving good level by end of reception					Trend
Year	2011/12	2012/13	2013/14	2014/15	2015/16
Combined Authority	49.6	56.6	61.8	64.2	
Birmingham	49.6	56.4	61.9	63.7	
Coventry	55.4	59.6	63.9	63.4	
Dudley	51.1	57.2	60.6	64.4	
Sandwell	45.6	53.9	57.7	60.5	
Solihull	56.0	61.4	68.4	71.8	
Walsall	46.3	53.3	60.8	64.8	
Wolverhampton	44.2	56.5	60.9	62.4	

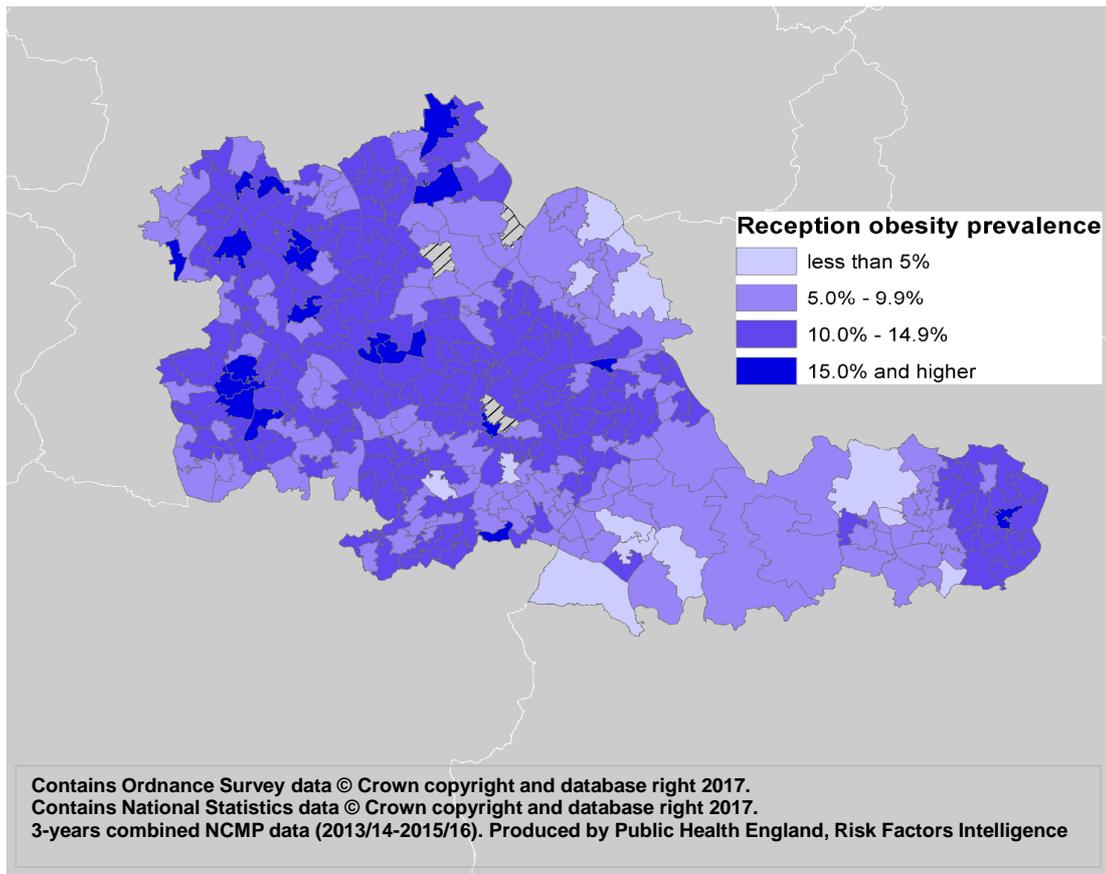
Reception: prevalence of obesity					Trend
Year	2011/12	2012/13	2013/14	2014/15	2015/16
Combined Authority	11.4	10.7	11.2	11.0	11.1
Birmingham	11.9	11.2	11.2	11.2	11.4
Coventry	11.2	8.7	11.3	9.9	9.4
Dudley	11.2	10.1	11.6	12.0	11.9
Sandwell	11.2	10.9	11.2	11.1	11.9
Solihull	7.2	7.8	9.0	7.5	7.8
Walsall	11.3	11.5	11.0	11.6	11.3
Wolverhampton	13.1	12.7	12.6	12.3	12.3

GCSE achieved 5A*-C, with free school meal status				Trend
Year	2012/13	2013/14	2014/15	
Combined Authority	42.5	36.6	35.0	
Birmingham	47.3	41.9	39.7	
Coventry	35.8	33.4	31.5	
Dudley	31.6	28.7	28.6	
Sandwell	37.5	33.1	30.4	
Solihull	41.1	30.4	34.8	
Walsall	34.5	29.0	28.1	
Wolverhampton	43.9	28.5	28.4	

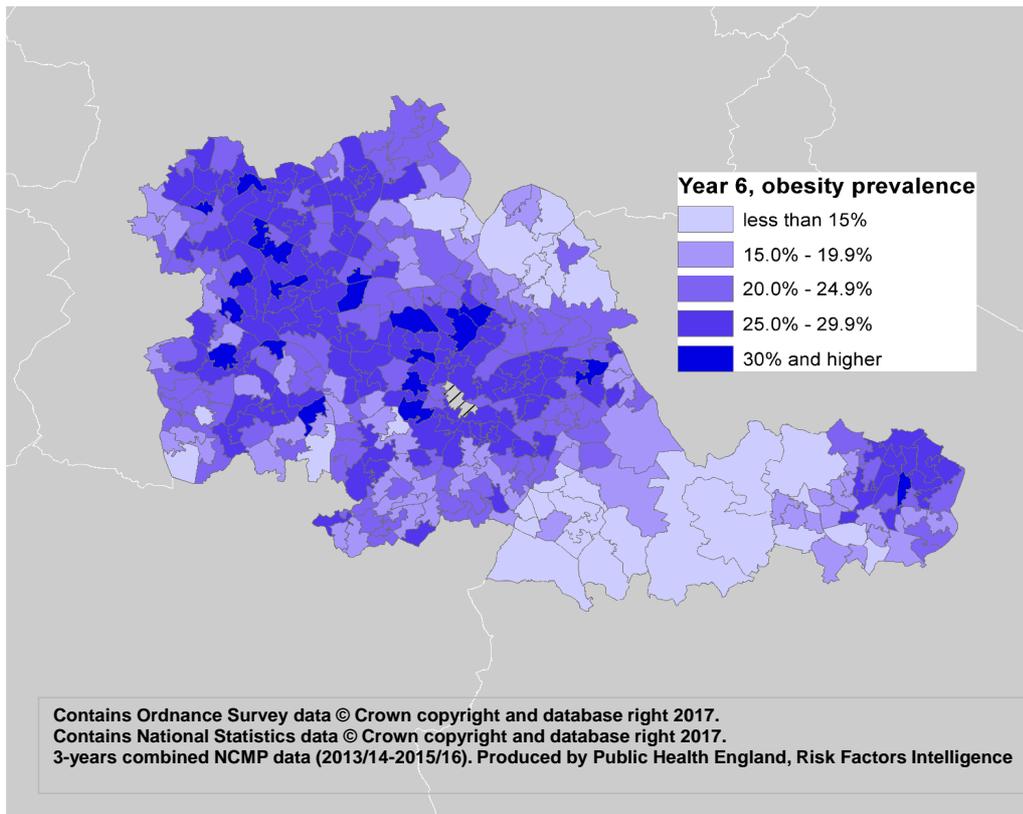
Secondary school fixed period exclusions: % of school pupils				Trend
Year	2012/13	2013/14	2014/15	
Combined Authority	7.4	6.8	8.2	
Birmingham	7.4	6.3	7.5	
Coventry	6.4	5.7	5.9	
Dudley	9.9	8.7	9.5	
Sandwell	7.2	7.1	11.8	
Solihull	9.2	9.2	11.1	
Walsall	8.4	6.2	7.0	
Wolverhampton	4.4	5.5	5.9	

First time entrants to the youth justice system					Trend
Year	2012	2013	2014	2015	2016
Combined Authority	506.4	494.6	439.8	454.1	442.6
Birmingham	582.7	583.4	480.3	498.6	564.2
Coventry	460.2	332.5	302.9	374.7	449.3
Dudley	410.5	384.7	459.9	385.7	283.3
Sandwell	434.5	457.7	466.7	425.3	357.5
Solihull	348.7	357.2	268.6	391.5	204.7
Walsall	520.7	521.4	421.3	371.3	273.4
Wolverhampton	531.7	535.7	519.6	606.0	545.4

**Prevalence of obesity in reception (%) across the West Midlands Combined Authority Middle Super Output Areas (2013/14 - 2015/16)**



**Prevalence of obesity in Year 6 (%) across the West Midlands Combined Authority Middle Super Output Areas (2013/14 - 2015/16)**



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## Strategic Economic Plan Board

Thursday 14 December 2017 at 10.00am

### Present:

Jonathan Browning	Coventry & Warwickshire Local Enterprise Partnership
Councillor Ian Courts	Solihull Metropolitan Borough Council
Councillor George Duggins	Coventry City Council
Councillor Ian Kettle	Dudley Metropolitan Borough Council
Ninder Johal	Black Country Local Enterprise Partnership
Tim Pile	Greater Birmingham & Solihull Local Enterprise Partnership
Councillor Ian Ward	Birmingham City Council.

### In Attendance

Deborah Cadman	West Midlands Combined Authority
Paula Deas	Coventry & Warwickshire Local Enterprise Partnership
Paul Edwards	Greater Birmingham & Solihull Local Enterprise Partnership
Sarah Middleton	Black Country Local Enterprise Partnership
Neil Rami	West Midlands Growth Company;
Hywel Ruddick	Black Country Local Enterprise Partnership
Perry Wardle	Solihull Metropolitan Borough Council
Patrick White	West Midlands Combined Authority

### Apologies:

Councillors Harvey, Jeavons, Moore, Reynolds, Ward and Sleigh, and Stuart Croft, Paul Kehoe, Ninder Johal and Graham Wynn.

#### 88/17 **Welcome**

Attendees were welcomed to the meeting.

#### 89/17 **Notes of the Meeting held on 16<sup>th</sup> November 2017 and Matters Arising**

**Agreed** that the Notes be received.

#### 90/17 **SEP Board Tracker Log**

**Agreed** that the SEP Board Tracker be noted.

#### 91/17 **Forward Plan**

The Chair noted that the Forward Plan continued to be developed.

**Agreed** that the contents of the Forward Plan be noted.

92/17 **Devo 2**

The meeting received a brief update on the Second West Midlands Devolution Agreement.

**Agreed** that the SEP Board note the update.

93/17 **Local Industrial Strategy**

Patrick White provided a presentation to the Board on the work being undertaken to develop the Local Industrial Strategy.

The five foundations productivity were welcomed: - Ideas, People, Infrastructure, Business environment and Places. It was noted that the Industrial Strategy should provide a framework for all partners to work in the same direction, with a need to reinforce skills as a major pillar for the Industrial Strategy.

Councillor Ian Courts commented on the approach to develop a local industrial strategy Environmental, Human, Finance and Social and stated that the fifth element should be business. He referenced exporting businesses and stated there should be a stronger focus on what support could be offered to them.

The Chair observed that there was a need to consider what needed to be achieved differently to what had already been achieved with Strategic Economic Plan. Action plans should be hard wired to any objectives that arise from the Industrial Strategy.

In response to Government it was suggested that the objectives needed to be actionable and that it should include an investment case to the public and private sector, which was missing from the SEP.

The Chair concluded that there was a need to have:

- a) A singular Industrial Strategy owned by the entire CA region with a core focus;
- b) Strong leadership of the Industrial Strategy to include the Mayor, Constituent Members and business leads.
- c) Evolution with the Strategy being the next level up from the SEP, to be a robust economic model supported by quantitative evidence, to include the Science and Innovation Audit evidence thus not forgetting the work undertaken over the past two years.

The chair stated that there was a need to identify resources to deliver objectives in the strategy; the strategy would need to connect the framework to the desires of Government but importantly did need to focus on the West Midlands; communications, Growth Hubs, champions and centres of excellence should consider how they change their delivery mechanism to meet the Strategy's objectives.

**Agreed:**

- (1) That the comments be incorporated into the emerging Industrial Strategy; and
- (2) That a progress report be submitted to the next meeting.

**94/17 Investment Programme – Business Cases**

- (a) **Very Light Railway Transforming Connectivity - £55,000,000 (SOC)**
- (b) **Sprint Corridor – Longbridge & Frankley to Birmingham City Centre - £38,400,000 (SOC)**
- (c) **Sprint Corridor – Hall Green to Interchange via Solihull - £26,900,00 (OBC)**
- (d) **Sutton Coldfield Gateway - £20,900,000 (OBC)**
- (e) **UKC Infrastructure Package - £62,600,000 (OBC)**

The Chairman advised that, as part of the Assurance Framework for the Investment Plan these the business cases were required to be reported to the Sep Board for information and comment.

**Agreed** that the SEP Board note the five business cases.

**95/17 West Midlands Innovation Board**

The final draft of the report “Establishment of West Midlands Innovation Board was submitted for SEP Board comments.

The meeting was advised of the two following recommendations and support was sought

- (1) Approve the creation of the West Midlands Innovation Board (WMIB), reporting to SEP Board, to take a strategic lead in ensuring that innovation i) drives economic growth and public service reform and ii) is embedded across the activities of the West Midlands Combined Authority.
- (2) The West Midlands Innovation Board (WMIB) will take a new delivery orientated approach for innovation, building on the findings of the West Midlands Science and Innovation Audit, to ensure that innovation delivers tangible economic growth and public service reform across the West Midlands Combined Authority geography.

Councillor Ian Courts commented that the reference to there being no financial implications was presumably only at this stage. He stated that he was fully in support of the proposal.

The Chair asked what the role of the Board would be. The meeting was advised that the capacity to operate the Board would be met from existing resources and that the ambition was for the Board to approve and prioritise innovation projects that would drive economic growth and public service reform and ensure that innovation was embedded across the activities of the West Midlands Combined Authority.

Clarity was provided over the remit for the WMCA Innovation Board and the remit for the Innovation Alliance, where the Alliance was LEP led and would involve experts looking at particular strands on innovation.

**Agreed:**

That the SEP Board approved the content of the report to be submitted to a WMCA Board meeting in the New Year.

96/17 **Date of Future Meetings**

It was noted that the meetings for 2018 would be held on 8 February, 12 April and 7 June 2018.

[The meeting ended at 11.05am]



## WEST MIDLANDS COMBINED AUTHORITY

### Investment Board

Monday 18 December 2017 at 10.00 am

### Minutes

#### Present

Councillor Izzi Seccombe (Chair)  
Councillor Majid Mahmood  
Nick Abell

Paul Brown

Gary Taylor

David Cockroft

Warwickshire County Council  
Birmingham City Council  
Coventry & Warwickshire Local  
Enterprise Partnership  
Black Country Local Enterprise  
Partnership  
Greater Birmingham & Solihull Local  
Enterprise Partnership  
Coventry City Council

#### In Attendance

Gerald Gannaway  
Nick Oakley  
Carl Craney  
Tim Martin  
Andrew Hood  
Sean Pearce

Finance Birmingham  
Finance Birmingham  
West Midlands Combined Authority  
West Midlands Combined Authority  
Birmingham City Council  
West Midlands Combined Authority

#### Item Title No.

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

Apologies for absence had been received from Councillor Jim O'Boyle (Coventry City Council), Councillor Robert Hulland (Solihull MBC), Councillor Peter Richards (Stratford on Avon District Council) and Sarah Middleton (Black Country Local Enterprise Partnership).

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

Councillor Jim O'Boyle had nominated David Cockroft as his substitute.

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

Councillor Majid Mahmood declared an interest in Agenda Item No. 6 (Birmingham City Council – Residential Development / Land regeneration of 13.3 hectare (33.09 acres) council owned site – Yardley Brook, Cole Hall Lane, Shard End inasmuch as he was the Birmingham City Council Cabinet Member for Commercialism, Commissioning and Contract Management.

#### 51. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 27 November 2017 be

confirmed as a correct record and signed by the Chair.

**52. Matters Arising**

With reference to Minute No. 46 (Very Light Rail: Transforming Connectivity West Midlands (VLR:TCWM)), the Chair advised that the issue regarding Intellectual Property rights had been addressed.

With regard to Minute No. 47 (Wolverhampton Interchange Project), the Chair advised that regular monitoring reports on this project would be considered by the Audit, Risk and Assurance Committee and/or the Overview and Scrutiny Committee.

**53. Birmingham City Council - Residential Development/ Land regeneration of 13.3 hectare (33.09 acres) council owned site - Yardley Brook, Cole Hall Lane, Shard End**

Gerald Gannaway presented a report on an application for a grant from the Brownfield Land and Property Remediation Fund (BLPDF) in respect of a contaminated site (a former sewage works) with additional exceptional remediation and infrastructure costs, totalling c£9.5 million, ultimately to deliver 263 houses with a potential for 273 houses. Andrew Hood explained the history of the site and the proposals for its development. Various questions from the Board were responded to.

Resolved:

That a grant of £4,386,000 from the Brownfield land and Property Remediation Fund be approved subject to the clawback and terms and conditions detailed in the report.

**54. Exclusion of the Public and Press**

Resolved:

That in accordance with Section 100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any particular person (Including the authority holding that information).

**55. WMCA CIF / BDPDF**

Nick Oakley presented the CIF / BDPDF Dashboard as at 7 December 2017 which detailed:

- WMCA CIF 'Loan Fund' / BDPDF – Investments committed and completed funds;
- WMCA CIF / BDPDF – Dashboard of deal values and total diagrams;
- WMCA CIF 'Loan Fund' / BDPDF – Pipeline WIP.

He advised that an updated Pipeline report would be submitted to the January 2018 meeting. He responded to various questions from the Board.

Resolved:

1. That the Dashboard be received and noted;
2. That a report be submitted to a future meeting on the use of interest paid on loans made by the Board.

The meeting ended at 10.43 am.

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## WEST MIDLANDS COMBINED AUTHORITY

### Transport Delivery Committee

Monday 8 January 2018 at 1.00 pm

#### Minutes

#### Present

Councillor Richard Worrall (Chair)	Walsall Metropolitan Borough Council
Councillor Phil Davis (Vice-Chair)	Birmingham City Council
Councillor Timothy Huxtable (Vice-Chair)	Birmingham City Council
Councillor Pervez Akhtar	Coventry City Council
Councillor Robert Alden	Birmingham City Council
Councillor Adrian Andrew	Walsall Metropolitan Borough Council
Councillor Mohammed Hanif	Dudley Metropolitan Borough Council
Councillor Kath Hartley	Birmingham City Council
Councillor Diana Holl-Allen	Solihull Metropolitan Borough Council
Councillor Roger Horton	Sandwell Metropolitan Borough Council
Councillor Chaman Lal	Birmingham City Council
Councillor Keith Linnecor	Birmingham City Council
Councillor Ted Richards	Solihull Metropolitan Borough Council
Councillor Judith Rowley	City of Wolverhampton Council
Councillor David Stanley	Dudley Metropolitan Borough Council
Councillor Daniel Warren	City of Wolverhampton Council
Councillor David Welsh	Coventry City Council

#### Item No.

#### 80. Apologies for absence

Apologies for absence were received from Councillors Fazal and Sidhu.

#### 81. Chair's Remarks

The Chair wished everyone a happy New Year.

#### 82. Minutes of the meeting held on 4 December 2017

The minutes of the meeting held on 4 December 2017 were agreed and signed by the Chair as a correct record.

#### 83. Matters Arising

- (i) Chair's Remarks - Member Visit to CCTV Centre – (*minute no.66 refers*). The Chair reported that a member visit to the CCTV Centre could be arranged for the next meeting on 5 February.

- (ii) Chair's Remarks- Baby on Board Scheme (*minute no.66 refers*)  
In response to an enquiry from Councillor Huxtable as to whether the scheme could be extended to parents with pushchairs, Laura Shoaf reported that feedback would be provided to TDC members in due course.
- (iii) West Midlands Cycling Charter Progress – (*minute no. 72 refers*)  
In relation to an enquiry from Councillor Rowley as to whether the role of a Cycling and Walking Commissioner had been progressed, The Managing Director, TfWM, Laura Shoaf, reported that the West Midlands Mayor was considering all possible options regarding the promotion of cycling and walking including Cycling and Walking Champions to encourage wider support and had not yet agreed how to take this forward. The Chair added that he had not yet invited the Mayor to attend a TDC meeting but considered the Mayor could be asked to report back on cycling issues. Councillor Huxtable added that this could also be extended to health issues such as congestion and air quality.
- (iv) WMCA Update- Transport Reports for information (*minute no. 75 refers*). In relation to the Wednesbury to Brierley Hill Metro report and an enquiry from Councillor Stanley as to whether the line would be able to accommodate heavy rail in the future, Phil Hewitt reported that the line would be able to accommodate heavy rail and any upgrades would be made in accordance with Network Rail standards.
- (v) Question – Relating to the retention of an original Midland Metro tram (*minute no.77 refers*).Councillor Davis reported that Birmingham Museum Trust had expressed an interest in having a tram for conservation purposes and thanked Phil Hewitt for taking this forward. Phil Hewitt reported that tram no.11 would hopefully be delivered to the Trust within the next few weeks.

**84. Correspondence/ Petitions**

Councillor Huxtable submitted two petitions regarding the number 27 bus service in respect of Kings Heath and Maypole.

**85. Metro Investment Programme**

The committee considered a report of the Metro Programme Director that informed them on matters relating to the Metro Investment Programme in the West Midlands.

The report provided a brief overview of the main activities of the Metro team across the Metro programme and the actions being taken to manage the principal risk/issues and opportunities that have arisen.

The Metro Programme Director, Phil Hewitt, outlined the key highlights of the report and responded to questions from the committee.

In relation to an enquiry from Councillor Warren regarding the Wolverhampton City Centre Metro Extension and the implications for bus services when the bus station needs to close, to accommodate works for the Metro, Jon Hayes, Head of Network Development, reported that some buses would need to use the ring road although National Express was mapping bus services and TfWM would look to try and manage some services into the bus station during the period of works to minimise disruption.

Councillor Warren asked that all Wolverhampton Councillors be informed of the changes and any disruptions to bus services in Wolverhampton.

Phil Hewitt reported that the City of Wolverhampton are coordinating information with the Wolverhampton Interchange Programme Steering Group.

In relation to an enquiry from Councillor Huxtable regarding the Birmingham Eastside Metro Extension and whether TfWM has taken into account the Commonwealth Games to bring forward the start date for passenger services, Phil Hewitt advised that the Midland Metro Alliance (MMA) is giving consideration to the matter but bringing the date forward was dependent on TfWM being granted the necessary powers from Government as well as the interface with HS2 as to whether this would be possible.

In relation to a request from Councillor Akhtar for further information on the Very Light Rail Centre in Dudley, Phil Hewitt reported that he would arrange for a presentation to be given on the subject at a future committee meeting.

Resolved: That the report be noted.

#### **86. Financial Monitoring Report**

The committee considered a report of the Director of Finance that set out the financial position as at 30 November 2017 for the financial year 2017/18.

The Head of Finance and Business Planning, Linda Horne, outlined the key highlights in the report.

Resolved:

1. That the year to date net revenue expenditure for 2017/ 18 shows a favourable variance of £3.8m compared to budget and a full year forecast variance of £5.7m following the second re-forecast of the year be noted;
2. That the total capital expenditure to the end of November 2017 within the overall transport programme was broadly in line with budget, showing a 4 % variance (£1.4m) be noted and
3. That the treasury indicators are within the expected range and there are no issues to highlight be noted.

**87. Presentation : Draft Transport Budget 2018/19**

The Head of Finance and Business Planning, Linda Horne, presented an overview of the draft 2018-19 budget, this included the transport revenue budget (levy), TfWM Capital Programme and the overall budget timetable.

In relation to the recent introduction of a pre-9.30am £1 bus fare for concessionary pass holders and an enquiry from Councillor Rowley as to whether this would increase patronage or impact on the budget, Linda Horne advised that it was difficult to gauge the impact on patronage but the new fare would not have a significant impact on the financial position for concessionary fare reimbursement.

Councillor Rowley further enquired whether there were any plans to extend the arrangements to tram.

The Director of Transport Services, Steve McAleavy, reported that the tram was not part of the English National Concessionary Travel Scheme. Phil Hewitt reported that this was a matter for the tram operator to consider and would be a matter for TfWM in the future.

In relation to an enquiry from Councillor Stanley as to whether the draft budget included financial information on TfWM taking Metro operations in-house later this year, Linda Horne advised that the information would be included in a future report.

In relation to the process for this committee to submit comments on the draft Transport Budget to the WMCA's Overview View and Scrutiny Committee on 30 January 2018, the Chair reported that the Finance and Performance Lead Member Group would consider a response at a meeting next week, before finalising a response on behalf of TDC with the Vice-Chair's, Councillors Davis and Huxtable.

The committee endorsed this approach.

Resolved:

- (1) That the draft 2018/19 Transport Budget be noted and
- (2) That the process for this committee submitting a response to the WMCA Overview and Scrutiny Committee on 30 January 2018 be agreed.

**88. Capital Programme Delivery Monitoring Report**

The committee considered a report of the Head of Programme Delivery that provided an update in monitoring progress on the approved TfWM led 2017/18 programme and projects.

The Rail Development Manager, Richard Booth, presented in the report.

In relation to an enquiry from Councillor Huxtable, regarding the network wide park and ride enhancements that would be made to the five remaining sites and which sites the enhancements related to, Richard Booth undertook to find out and to respond to Councillor Huxtable.

Resolved:

- (1) That the achievements since the November 2017 meeting of the Transport Delivery Committee be noted;
- (2) That the progress of deliverables under the 2017/18 Capital Programme be noted and
- (3) That there are no variations from the baseline programme in this reporting period be noted.

**89. Bus Station Departure Charges**

The committee considered a report of the Operations Manager (Customer Facilities) that advised the committee of the increase to bus station departure charge rates that would be applied in 2018/19, effective from 1 May 2018.

The Operations Manager (Customer Facilities), Andy Thrupp outlined the report and advised that Transport for the West Board (TfWM) had considered the options for bus station departure charge at its meeting on 11 December 2017 and had agreed an average of 2% increase. The increase would result in a projected overall cost recovery rate of 59.25 %.

Councillor Welsh commented that he was concerned that the increase in bus station departure charges would discourage bus operators from using the bus station and enquired whether there was a better way of funding bus stations.

Councillor Lal enquired what action TfWM was taking to increase the recovery rate of bus station departure charges and how the organisation sought to persuade operators to use the bus stations.

Andy Thrupp explained that bus station departure charges take into account the operational costs of each interchange and that TfWM tries to be reasonable in setting the charges for operators. He advised that TfWM seeks to reduce the operational costs by obtaining commercial income from bus stations tenants and vending machines for example. He added that bus stations serve as a customer and community based facility and were not run as profit making entity.

In relation to the strategy for recovering bus station departure charges, Andy Thrupp advised that this was agreed six years ago and the TfWM would be undertaking a review of the policy.

Councillor Welsh asked if committee members could be provided with information as to what is happening in respect of their local bus station as he felt the bus station at Coventry was not being fully utilised by bus operators.

Andy Thrupp undertook to provide the information requested by Councillor Welsh.

Resolved: That the level of bus station departure charge rates for 2018/19 as approved by Transport for the West Midlands Board on 11 December 2017 be noted.

**90. Safe and Sustainable Travel Portfolio Summary - Lead Member Report**

The committee considered a report of the Sustainable Travel Manager that provided an update on the work of the Safe and Sustainable Travel Lead Member Group for the municipal year 2017-18.

The Lead Member for Safe and Sustainable Travel, Councillor Holl-Allen outlined the key highlights of the report.

In relation to an enquiry from Councillor Horton as to whether the reduction in police numbers had impacted on the work of the Safer Travel Partnership to respond across the West Midlands, Steve McAleavy advised that the Safer Travel Police Team was different and as a team they were currently extending their working hours.

Resolved: That the report be noted.

**91. Bus Alliance Update**

The Committee considered a report of the Network Development Manager that provided an update on matters relating to the governance, operation, delivery and performance of the West Midlands Bus Alliance.

The Network Development Manager, Edmund Salt, outlined the key highlights of the report.

In relation to an enquiry from Councillor Huxtable for further information relating to the South Birmingham highway mitigation and NPIF2, Edmund Salt undertook provide the information following the meeting.

Resolved: That the content of the report and the current status of the West Midlands Bus Alliance be noted.

**92. Wolverhampton Advanced Quality Bus Partnership - Approval to start formal consultation**

The committee considered a report of the Network Development Manager that sought approval of the start of the formal consultation on the Wolverhampton City Centre Advanced Quality Bus Partnership and outlined the process involved.

The Network Development Manager, Edmund Salt, presented the report and responded to questions from the committee.

Councillor Rowley reported that she noted the success of the two previous partnership schemes in Birmingham and Solihull and enquired whether the powers pertaining to the proposed scheme would result in better standards for Wolverhampton.

The Head of Network Development, Jon Hayes, reported that whilst the enforcement of powers would still rest with the Traffic Commissioner, the advanced quality partnership has a more formal process of enforcement that should result in better standards of enforcement.

In relation to the proposed passenger assistance standards (for drivers) outlined in the scheme, Councillor Rowley considered this should be extended to passengers with sensory disabilities and those with hidden disabilities. She added that in relation to customer care, drivers have a duty of care to take passengers as close as possible to their end destination especially in the event of any road closures or diversions as passengers need to need know where they are.

Jon Hayes thanked Councillor Rowley for her comments and reported that the section on passenger assistance would be reviewed for those with sensory disabilities and hidden disabilities. In relation to customer care and drivers ensuring passengers reach their end destination, in the event of a bus route diversion, Jon Hayes reported that he would look to refer to the matter to the Bus Alliance in seeking guidance on delivering customer care standards.

In relation to an enquiry from Councillor Welsh as to when Coventry could expect to be part of an Advanced Quality Bus Partnership, Jon Hayes reported that consideration was being given to Coventry and prioritisation for taking forward a partnership was in accordance with the investment in infrastructure as there would need to be advantages for bus operators.

Resolved: That approval be given to start the formal consultation on the Wolverhampton City Centre Advanced Quality Bus Partnership.

**93. Network Disruption Report**

The committee considered a report of the Director of Transport Services that informed them of the impact on public transport as a consequence of the severe weather in December 2017 and the efforts taken to deal with the issues including data from TfWM's media channels.

The Director of Transport Services, Steve McAleavy, outlined the report and highlighted the action taken by TfWM from 7<sup>th</sup> to 12<sup>th</sup> December 2017 and how it engaged with customers via various communication channels during the period of severe winter weather.

Resolved: That the report be noted.

**94. Putting Passengers First Portfolio Summary - Lead Member Report**

The committee considered a report of the Head of Customer Services that reported on progress for the Putting Passengers First Lead Member Group since the start of the 2017-18 municipal year.

The Lead Member for Putting Passenger First, Councillor Hartley, outlined the report and advised the committee that a list would be compiled of all transport events and activities and invitations would be sent to all TDC members if there was the opportunity for members to attend or take part.

Resolved: That the report be noted.

**95. Notices of Motion**

None submitted.

**96. Questions**

None submitted.

**97. Forward Plan**

The committee considered a report on agenda items to be submitted to future meetings.

Resolved: That the report be noted.

**98. Date of Next Meeting - Monday, 5 February 2018, 1.00 pm**

The meeting ended at 3.10pm.

DRAFT



## WEST MIDLANDS COMBINED AUTHORITY

### Audit, Risk & Assurance Committee

Friday 19 January 2018 at 10.00 am

#### Minutes

#### Present

David Lane (Chair)	
Councillor Craig Collingswood (Vice-Chair)	City of Wolverhampton Council
Councillor Margaret Bassett	Solihull Metropolitan Borough Council
Councillor Kerrie Carmichael	Sandwell Metropolitan Borough Council
Sean Farnell	Coventry & Warwickshire LEP
Councillor Mariam Khan	Birmingham City Council
Councillor Simon Peuple	Staffordshire Non-Constituent Authorities
Councillor Alexander Phillips	Shropshire Council
Councillor June Tandy	Nuneaton & Bedworth Borough Council

#### In Attendance

Nicola Coombe	Grant Thornton
Louise Cowen	West Midlands Combined Authority
Linda Downes	Nuneaton & Bedworth Borough Council
Peter Farrow	City of Wolverhampton Council
Sandra Kalyan	City of Wolverhampton Council
Tim Martin	West Midlands Combined Authority
Grant Patterson	Grant Thornton
Sean Pearce	West Midlands Combined Authority
Joti Sharma	West Midlands Combined Authority
Councillor Jackie Taylor	Sandwell Metropolitan Borough Council
Lorraine Quibell	The West Midlands Combined Authority

#### Item Title

#### No.

#### 38. Apologies for Absence

Apologies for absence were received from Councillor Sucha Bains (Coventry City Council), Keith Chambers (Walsall Metropolitan Borough Council), Steve Clark (Dudley Metropolitan Borough Council) and John Fisher (Redditch Borough Council).

#### 39. Declarations of Interest

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

**40. Chair's Remarks**

The Chair reported that on 24 January 2018, the WMCA Overview & Scrutiny Committee would be holding a Question Time with the Mayor of the West Midlands on the proposed WMCA draft budget and Mayoral council tax precept. As the event would be streamed live through the WMCA Facebook page, the Governance Services Officer agreed to circulate a link to members of the committee.

The Chair indicated that he had intended on attending Overview & Scrutiny Committee on 30 January 2018, in which it would further consider its findings and recommendations to put forward to the WMCA Board in February.

**41. Sean Pearce, Director of Finance**

The committee received a briefing from Sean Pearce, recently appointed Director of Finance on his priorities for the WMCA and Audit, Risk & Assurance Committee.

The Director of Finance provided an update on the objectives of the WMCA Leadership Team and noted that Ben Khan, UK Head of Programme & Project Services for Arcadis had been appointed in November to undertake a review of programme assurance, governance and the project management office (PMO). The primary aim of this was to assess the organisational structure of the PMO and projects team. The review would take into consideration the observations from the recent internal audit on the investment programme assurance and governance arrangements.

In terms of attracting highly skilled people into the region, Julie Nugent, Director of Productivity and Skills was currently developing a regional strategy around skills, advanced manufacturing and the digital agenda. The WMCA had also appointed Henry Kipping, Director of Public Sector Reform.

**42. Minutes of the meeting held on 17 November 2017**

The minutes of the meeting held on 17 November 2017 were agreed and signed by the Chair as a correct record.

**43. Matters Arising**

**(a) Items of Business**

The Chair asked officers to ensure that in future the action points from previous meetings were responded to in the agenda or under matters arising. This was supported by Councillor Craig Collingswood.

**(b) Transport for the West Midlands Network Emergency Planning (minute no. 36 refers)**

The Head of Governance agreed to define the boundaries of the Combined Authority's responsibilities for members of the committee to overcome the risk of confusion between Combined Authority and local authority responsibilities.

**(c) Health and Safety Reporting and Whistleblowing**

The Head of Governance reported that there were no health and safety or whistleblowing issues during this period.

**(d) Wolverhampton Interchange Overspend – Lessons Learned**

At its meeting on 8 December 2017, the WMCA Board considered a report which confirmed that the Investment Board had considered the options for funding the Wolverhampton Interchange Project.

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.

The cost of the project had increased from the original estimates, and it was intended that the City of Wolverhampton Council and the WMCA would meet these increased costs equally.

A lessons learned report on the Wolverhampton Interchange Project would be considered by the Investment Board in the first instance, and would then be shared with Audit, Risk & Assurance Committee and Overview & Scrutiny Committee.

The City of Wolverhampton Council had also commissioned an audit on the project by its internal audit team and Keith Ireland, City of Wolverhampton Managing Director had agreed to share the outcome of the audit with the West Midlands Combined Authority.

Resolved

- (1) The Governance Services Officer agreed to produce an action plan to enable members to track and monitor outstanding items of business.
- (2) The Head of Governance agreed to present a governance map to enable members to identify the relationship and liaison with other Authority committees to the next meeting.
- (3) The Head of Governance agreed to circulate an organisational chart and brief summary for each Leadership Team post holder to members of the committee for information.
- (4) The Interim Head of Organisational Development was to present a written report on the capability and vacancy risks in respect of aspiration versus capability at the next meeting of the committee. The Chair had agreed to delay this by one meeting because of an unexpected leave of absence.
- (5) The committee was to receive an update from the Head of Governance about how the West Midlands Fire Authority engaged with fire authorities in Non-Constituent areas.
- (6) A lessons learned report on the Wolverhampton Interchange Project would be considered by the Investment Board in the first instance, and then shared with the Audit, Risk & Assurance Committee.

**44. Forward Plans**

The committee considered the plan of items to be reported to future meetings of the committee and the forward plans for the WMCA Board and Overview & Scrutiny Committee.

**45. External Audit Plan**

The committee considered a report of the External Auditor that provided details on the external audit plan for the financial year ending 31 March 2018. The report outlined the planned audit strategy and the work to be undertaken to provide the West Midlands Combined Authority with an opinion on the financial statements. Members also received information on how the value for money conclusion would be derived.

In terms of meeting the early close timeframe, the Director of Finance assured the committee that he was confident that all deadlines would be met.

Resolved

(1) The report be noted.

**46. External Audit Plan - West Midlands Integrated Transport Authority Pension Fund**

The committee considered a report of the External Auditor that provided details on the scope and timing of the statutory audit of West Midlands Integrated Transport Authority Pension Fund.

The Chair asked whether the Director of Finance could circulate a funding statement in respect of assets and liabilities to members of the committee for their information.

Resolved

(1) The report was noted.

(2) The Finance Director agreed to circulate a funding statement in respect of assets and liabilities to members of the committee for their information.

**47. Internal Audit Update**

The committee considered a report of the Chief Audit Executive on the work completed by internal audit so far this financial year.

The Chair asked for a more detailed report of the audits to be presented at the next meeting together with a proposed audit plan for 2018/19. There was an expectation that the draft audit plan for the following year would be presented for discussion at future January Audit, Risk & Assurance Committee meetings.

Councillor Craig Collingswood enquired as to whether the necessary checks were undertaken to ensure that the recommendations were completed. The Internal Auditor explained that all recommendations were followed up in a timely manner and where a recommendation had not been completed by its deadline date, this would be reported to Audit, Risk & Assurance Committee for consideration.

The Internal Auditor noted that, where it was thought that an implementation date was too long and had been challenged by internal audit, this would be demonstrated within future reports to the committee.

In respect of the Investment Programme, the Director of Finance commented that the WMCA Board had approved that all existing programmes within the Investment Programme that had not reached contract award stage would be re-scheduled rather than re-ranked as indicated within the report. The Internal Auditor agreed to update the report accordingly.

Resolved

- (1) The contents of the latest Internal Audit report be noted.
- (2) A detailed report of the audits to be presented to the next meeting together with a proposed audit plan for 2018/19. There was an expectation that the draft audit plan for the following year would be presented for discussion at future January meetings of the committee.
- (3) The Chair to be briefed and consulted on the Internal Audit priorities before these were presented to Audit, Risk & Assurance Committee and agreed within the WMCA.

**48. Strategic Risk Register**

The committee considered a report of the Director of Finance on the Strategic Risk Register.

The Corporate Risk and Business Assurance Specialist agreed to include a column showing the travel of risk in future reports. It was noted that the Strategic Risk Register was reviewed by the WMCA Leadership Team on a quarterly basis.

In addition to the implications of Brexit, the collapse of Carillion and the impact of this would be included on the Risk Register. The Chair had asked officers to now propose changes to the Audit, Risk & Assurance Committee forward plan for the next meeting based on this Strategic Risk Register.

Resolved

- (1) The contents of the Strategic Risk Register be noted.
- (2) Officers to propose changes to the committee's forward plan at the March meeting based on the priorities identified in the Strategic Risk Register.

**49. WMCA Arm's Length Companies Checklist - Jan 2018**

The committee considered a report of the Director of Finance that provided an updated checklist for Members to consider. The checklist had been updated and had incorporated some of the member's additions since the initial review in November 2017.

Sean Farnell considered that the checklist should also include reference to cyber security and General Data Protection Regulation to ensure that satisfaction was received. The Corporate Assurance Manager agreed to update the checklist as discussed at the meeting.

Resolved

- (1) The checklist that was to be used to seek confidence in assurance arrangements for arm's length companies related to the West Midlands Combined Authority be agreed, subject to regular review, it being used in the setting up of the arm's length body and annual, signed submission with the Annual Governance Statement from the arm's length body.

**50. Delivery of Devolution 1 & Devolution 2 Update**

The committee received a verbal update from the Head of Governance on Devolution 1 and Devolution 2.

The Head of Governance provided an overview of the monitoring arrangements for Devolution 1 and noted that work continued on Devolution 2. The committee asked the Head of Governance to provide a written report on Devolution 1 and 2 at the March meeting, in particular on performance against the objectives and how the money had been spent.

Resolved

- (1) The verbal report was noted.
- (2) The Head of Governance to submit a written report on Devolution 1 and Devolution 2 at the next meeting of the committee, in particular on performance against the objectives and how the money had been spent.

**51. Exclusion of the Public and Press**

Resolved

- (1) That, in accordance with s100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business as it involves information relating to an action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

**52. Cyber Security Presentation**

The committee received a presentation from the Cyber Security Specialist on cyber security and General Data Protection Regulation.

The committee noted that the West Midlands Combined Authority had completed a penetrating exercise on its systems and had requested a summary on the outcomes.

The Cyber Security Specialist provided an update on collaborative working, information sharing and the completion of a gap analysis.

Resolved

- (1) The Cyber Security Specialist to provide a written update on the recent penetration testing exercise undertaken on WMCA systems.
- (2) The Head of ICT to provide an update in respect of the completion dates identified within the report which seemed too long in to the future to be giving confidence that the risk was a priority.
- (3) It be agreed that cyber security would continue to be a priority area of Audit, Risk & Assurance Committee interest and an update paper in May would be expected.

**53. Friday 16 March at 10:00am**

The next meeting would be held on Friday 16 March 2018 at 10:00am.

The meeting ended at 12.10 pm.

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## WEST MIDLANDS COMBINED AUTHORITY

### Wellbeing Board

Friday 19 January 2018 at 1.30 pm

#### Minutes

##### Present

Councillor Bob Sleight (Chair)  
 Councillor Ken Meeson (Vice-Chair)  
 Councillor Paulette Hamilton  
 Councillor Peter Miller  
 Councillor Ian Robertson  
 Councillor Ann Shackleton  
 Councillor Paul Sweet  
 Sarah Norman  
 Alison Tonge  
 Julie Moore  
 Simon Gilby (for Andy Hardy)  
 Sue Ibbotson  
 Guy Daly  
 Sean Russell  
 Sarah Marwick  
 Jason Campbell (for Gary Taylor)

Solihull Metropolitan Borough Council  
 Solihull Metropolitan Borough Council  
 Birmingham City Council  
 Dudley Metropolitan Borough Council  
 Walsall Metropolitan Borough Council  
 Sandwell Metropolitan Borough Council  
 City of Wolverhampton Council  
 WMCA Chief Executive Lead  
 NHSE  
 STP Systems Leader NHS  
 STP Systems Leader NHS  
 Public Health England  
 Universities (Coventry)  
 Mental Health Implementation Director  
 West Midlands Police  
 West Midlands Fire Service

##### In Attendance

Jane Moore  
 Mark Barrow  
 Duncan Vernon  
 Dr Henry Kippin

WMCA  
 OPE Programme Director, Arcadis  
 WMCA  
 WMCA

##### Item Title No.

##### 23. Apologies for Absence

Apologies for absence were received from Councillor Longden, Andy Hardy, Gary Taylor and Andy Williams.

##### 24. Minutes of the last meeting

The Minutes of the meeting held on 6 October 2017 were agreed and signed by the Chair, as a correct record.

##### 25. Matters Arising

There were no matters arising.

**26. Chair's Remarks**

The Chair reported that in relation to feedback from the Health and Wellbeing Boards and STPs on the wellbeing Priorities and Devolution Proposals, this would be deferred to the next meeting. The Chair also reported on the launch of the 'West Midlands on the Move' event in November 2017 which he and the Mayor had attended with guest David Moorcroft.

**27. Introduction to Public Service Reform**

The Director of Public Service Reform, Henry Kippin provided the committee with an introduction to Public Service Reform (PSR). The presentation set out the context of PSR which included devolution, budget, industrial strategy, housing, health and care and inclusive growth.

It was agreed that further updates would be given to the board in due course.

**28. Progress on Wellbeing Priorities**

Jane Moore presented a report that provided an update on the work being undertaken on the Wellbeing Priorities since the last meeting and in particular reported on the two priority areas of cardiovascular disease and diabetes and on children and young people.

The report also put forward a proposal for a combined local government/health West Midlands Alliance to address health and inequality. Jane Moore reported that the proposed alliance would act as an 'engine' for sharing good practice and collaboration across the 6 Strategic Transformation Plan (STP) areas, WMCA and local authorities from Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall, Wolverhampton, Stoke on Trent, Telford, as well as the counties of Staffordshire, Worcestershire, Herefordshire, Shropshire and Warwickshire.

It was noted that the alliance would be an officer group, led by professionals and clinicians that would raise the profile of health and inequalities, focussing initially on the prevention of cardiovascular disease.

The report asked that the board agree the proposals (attached to the report as appendix 1) and take these to their local Health and Wellbeing Boards and STPs for further discussion.

The Chair added that the report considered today, should form the basis of the conversation with boards/STPs to consider whether an alliance was appropriate. He advised the board that the alliance would not replace the work that is currently being undertaken within localities but would look to add value and additionality by working at the West Midlands level.

Jane Moore reported that a further report updating the board would be submitted to the next meeting in April.

Resolved:

1. That the progress on developing the cardiovascular and diabetes and children and young people priorities be noted;

2. That the proposal for a West Midlands Alliance to address health and equity and health inequality be supported;
3. That the proposal that a conversation is led by STPs, WMCA and associated local authority members via STP boards and local health and wellbeing boards as highlighted in paragraph 19 of the report be supported;
4. That the Directors of Public Health, Directors of Adult Social Care and STP Clinical Leads support this process be recommended and
5. That a further paper be submitted to this board following local discussions to approve final proposals for the Alliance and a framework for a concordat be agreed.

**29. WMCA Wellbeing Dashboard and Intelligence**

Jane Moore presented a report that outlined proposals for a WMCA Wellbeing dashboard and set out how the work on the Wellbeing Intelligence Hub and the intelligence offer that would support the objectives and priorities of the Wellbeing Board.

Jane Moore conveyed her thanks to Public Health England for their input and intelligence capability into the design of the dashboard and the report.

In relation to an enquiry from Councillor Meeson regarding the omission of data on learning difficulties and autism, Jane Moore reported that this report was the first iteration that was designed to provide a high level overview. However, she advised that she would be happy to take on board any suggestions for indicators and would report on the potential for other indicators to the next meeting. It was noted that the dashboard would be a 'live' framework for accessing real time data.

Councillor Robertson reported that it would be helpful if there were arrows included on the dashboard to show whether the position was improving or worsening for each indicator.

In relation to an enquiry from Councillor Hamilton regarding the use of the dashboard by the proposed West Midlands Alliance, Jane Moore reported that the Alliance would review the dashboard. It was also noted that work was being undertaken to look at how this work population health intelligence, measuring healthy life expectancy and relating intelligence to health impacts could support local objectives and highlighted that currently PHE and intelligence expertise from within four of our local authorities had been working on better reporting of healthy life expectancy. She added that this board would review the dashboard every other meeting (once every six months).

Resolved:

1. That current progress on developing effective population intelligence across the WMCA/West Midlands area be noted and

2. That the Wellbeing Dashboard and proposals to develop indicators linked to the wider determinants of health be noted.

### **30. Transport and Health Strategy**

Duncan Vernon was in attendance to present a report that updated the board on the development of the Health and Transport Strategy and how the actions would be taken forward.

It was noted that the Transport and Health Strategy actions and text had been agreed by the Strategic Transport Officers Group at its meeting on 15 January 2018.

Duncan Vernon outlined the four main actions emerging from strategy which were: to utilise data on population health to help prioritise and target interventions; through the Equality Impact Assessment process assess the equity of health impacts; to understand the social impact of transport schemes and to set out an evidence based statement of what makes a healthy and active street and trial the approach.

Resolved:

1. That the actions and text of the Health and Transport Strategy be agreed;
2. That the WMCA uses the principles set out in the actions within decision making process be endorsed and
3. That the opportunities identified, to take forward the four actions and enhance the positive health and wellbeing impact that transport schemes have be endorsed.

### **31. Communication and Engagement with the WMCA Wellbeing Board**

Jane Moore presented a report that set out a proposed approach to written updates from the Wellbeing Board and sought feedback from the board so that it could be used as a regular tool to inform stakeholders of progress and to engage them in action.

The board endorsed the proposed written updates that would serve to support and strengthen the dialogue and synergy with the work of the Health and Wellbeing Boards and also the work of Sustainability and Transformation Plans with the Combined Authority Area.

Resolved:

1. That the proposed approach to regular written updates from the Wellbeing Board to improve engagement between the Wellbeing Board and local boards be approved and
2. That the development of a format for communication as set out in Appendix 1 of the report be approved.

### **32. West Midlands on the Move - Physical Activity Implementation**

Simon Hall presented a report on 'West Midlands on the Move' physical activity implementation that sought approval of a number of interconnected 'West Midlands on The Move' physical activity priorities.

Simon Hall reported that Coventry winning the City of Culture 2021 and Birmingham for the Commonwealth Games was a great opportunity to use international events to boost the economy, improve wellbeing and get more people active.

Councillor Hamilton reported that West Midland local authorities could help build the legacy for the Commonwealth Games and work together in partnership for the local good of the community.

Councillor Sweet concurred that a legacy would make a difference if 'we get it right'.

Simon Hall also outlined the work being undertaken to increase physical activity as part of the second devolution deal, the sport England and Birmingham and Solihull placed based pilot and the immediate implementation priorities that are being developed by the West Midlands on the Move Theme Lead Group.

Resolved:

1. That the physical activity outcome of the West Midlands Devolution deal and discussions with local authorities be noted;
2. That a collaborative approach to work with Government, local authorities and commissioning agents, to pilot work to get more people active be approved;
3. That Birmingham, Coventry and Solihull be congratulated for their considerable success in securing major events and investments into sport and physical activity which will be of benefit to the West Midlands;
4. That approval be given for the WMCA to open discussions on a West Midlands wide coordinated commitment (legacy) to get more people active leading to and post Commonwealth Games;
5. That a report be submitted to the next meeting on developing the Sport England framework and the scope of the disability and physical activity work be agreed and
6. That the initial priorities as set out in the report be agreed.

### **33. West Midlands Mental Health Commission Update**

Sean Russell updated on the board on the work being undertaken for the West Midlands Mental Health Commission since the last meeting.

Sean Russell reported on the key headlines in relation to the Employment and Employer, Housing First, Criminal Justice, Improving Care and Community Engagement workstreams.

Councillor Meeson reported that he and Councillor Hamilton see a lot of mental health patients and that no real support is offered to help people get into work and training which often leads them to return as patients.

Sarah Norman acknowledged there were serious challenges and whilst the employment pilot (IPS) was not based in Solihull, there was real potential for the Department for Work and Pensions to recognise the value of the pilot and to roll-out the scheme nationally.

Sean Russell reported that he was in the process of undertaking a 1 year stock review of the Mental Health Commission and conveyed his thanks to the board, Sarah Norman and the WMCA Leadership for allowing this programme 'to fly'. He also thanked Sue Ibbotson and Alison Tonge for unblocking challenges during the course of the year.

Sarah Norman thanked Sean Russell for the terrific work he had undertaken during the course of the year and commented on the amazing progress he had made on the Thrive programme and how the WMCA had added value to the work of local authorities.

The Chair and the board endorsed the comments made by Sarah Norman.

Resolved: That the update on the West Midlands Health Commission be noted.

**34. Date of Next Meeting - 20 April 2018 at 1.30pm**

The meeting ended at 3.35pm.



## WEST MIDLANDS COMBINED AUTHORITY

### Overview & Scrutiny Committee

Tuesday 30 January 2018 at 11.00 am

#### Minutes

##### Present

Councillor Peter Hughes (Chair)  
Councillor Richard Brown  
Councillor Rose Burley  
Councillor Dean Carroll  
Councillor Peter Douglas Osborn  
Councillor John Glass  
Councillor Rachel Harris  
Councillor Diana Holl-Allen  
Councillor Angus Lees

Councillor Simon People  
Councillor Ian Shires (Vice-Chair)

Councillor Stephen Simkins  
Councillor Claire Spencer (Vice-Chair)

Sandwell Metropolitan Borough Council  
Joint Coventry / Solihull Representative  
Walsall Metropolitan Borough Council  
Shropshire Council  
Birmingham City Council  
Nuneaton & Bedworth Borough Council  
Dudley Metropolitan Borough Council  
Solihull Metropolitan Borough Council  
Dudley, Sandwell, Walsall and  
Wolverhampton Councils  
Staffordshire Non-Constituent Authorities  
Dudley, Sandwell, Walsall and  
Wolverhampton Councils  
City of Wolverhampton Council  
Birmingham City Council

##### In Attendance

Councillor Dan Barker

Councillor John McNicholas  
Tim Martin  
Sean Pearce  
Sarah Sprung  
Councillor Izzi Seccombe  
Councillor Richard Worrall

Dudley, Sandwell, Walsall and  
Wolverhampton Councils  
Coventry City Council  
West Midlands Combined Authority  
West Midlands Combined Authority  
Sandwell MBC  
Warwickshire County Council  
Walsall Metropolitan Borough Council

##### Item Title

No.

##### 10. Apologies for Absence

Apologies for absence were received from Dr Chris Handy (Black Country LEP) Mike Lyons (Greater Birmingham & Solihull LEP), Councillor Yvonne Mosquito (Birmingham City Council), Councillor John Mutton (Coventry City Council), Councillor John O'Shea (Birmingham City Council) and Sarah Windrum (Coventry & Warwickshire LEP).

**11. Declarations of Interests**

Councillor Stephen Simkins declared a personal interest in respect of agenda item no. 4 'Findings of the Overview & Scrutiny Committee in relation to the WMCA Draft Budget and Mayoral Council Tax Precept for 2018/19', as a student at Wolverhampton University.

**12. Minutes of the meeting held on 21 November 2017**

The minutes of the meeting held on 21 November 2017 were confirmed and signed as a correct record.

**13. Budget Report - Recommendations and Outcomes**

The committee considered a report of the Scrutiny Lead Officer, West Midlands Combined Authority on the findings of the scrutiny process and recommendations for the WMCA Board to consider both in terms of this year's budget and suggestions for ways in which the process could be improved for next financial year. The WMCA Board considered the draft budget on 12 January 2018. At this meeting, the Board was minded not to support the Mayor's proposed precept.

Overview & Scrutiny Committee held the first Question Time with the Mayor on 24 January 2018 and were able to question him on the Mayoral Precept and other elements of the proposed budget. A report on the findings of the committee would be submitted to the WMCA Board on 9 February 2018 for consideration.

Following the Mayor's Question Time, the committee requested additional information in relation to the Funding for Growth Programme (full membership, the project team supporting the programme and dates of meetings together with attendance, minutes and decisions made), which would help it to form its recommendations to the WMCA Board.

The committee noted the late submission of this information, which might otherwise have supported the justification for a Mayoral precept. The process in which constituent authorities had been consulted and the route in which it was agreed to have a Mayoral precept was considered by the committee to be lacking the proper levels of openness and transparency.

Councillor Izzi Seccombe provided an overview of the budget and the ambitions of the West Midlands Combined Authority. She shared the concerns of colleagues in respect of the late submission of information and noted that there were a number of lessons to be learned about the process and how it could be improved in future years.

Councillor Izzi Seccombe explained how the Funding for Growth Panel had been established, its membership and how this had been formed. The Panel had investigated a number of alternative funding sources, however there was an issue in respect of time constraints and the decision to have a Mayoral precept was the very last option considered.

Councillor Izzi Seccombe commented that the ability to come together as a West Midlands Combined Authority had already proved to be beneficial for the region and asked colleagues to recognise the benefits and ambitions of the WMCA Board.

As the committee considered that the budget process this year was unsatisfactory, it was proposed that Overview & Scrutiny Committee commission a lessons learnt report and establish a Task & Finish group to review the process.

The committee considered a response to transport queries that were raised at the Overview & Scrutiny Budget Task & Finish Group on 15 January. In respect of Transport for West Midlands (TfWM) branding and the capital investment of £1.8m that had been set-aside, Councillor Steve Simkins questioned whether this expenditure was a key priority for the citizens of the West Midlands.

The Director of Finance confirmed that the purpose of the £1.8m was for the future rebranding of TfWM and the money had been placed in reserves to be drawn down as and when required. He indicated that the amount expected to be used for the rebranding of TfWM was approx. £1m and the balance was to be used for future investment opportunities as they arise.

With regards to Brexit, it was considered that there was a need to understand the effect of Brexit on the West Midlands economy. The committee sought assurances that sufficient work had been undertaken on the risks of Brexit, and their impact on the work and ambitions of the West Midlands Combined Authority.

The committee also expressed concern at the level of resource to support the scrutiny function within the West Midlands Authority. A dedicated Scrutiny Officer post for the Authority had been incorporated into the draft budget for 2018/19, although it was considered that this level of resource was inadequate to undertake effective scrutiny. Councillor Richard Worrall considered that there should be a review of members' allowances and officer support to the Transport Delivery Committee, which included looking at member workloads, and possible re-distribution of staff support.

Resolved

- (1) The WMCA Board be recommended to commence budget discussions with Constituent Authorities much earlier in future financial years to allow sufficient time for open discussion and the development of proposals, with a suggestion, that these discussions commence in September of each year;
- (2) That the Chair and Vice-Chairs of the committee be delegated authority to review the information received from the Mayoral Office and agree the substantive report and recommendations to be submitted to WMCA Board on 9 February 2018.

**14. Devolution Deal 2 Update**

The committee received a verbal update from the Head of Governance on the progress being made in respect of Devolution 2.

The committee considered a short written submission received from the Police and Crime Commissioner for the West Midlands Police that expressed his concerns on the implications of the devolution deal and highlighted the importance of his involvement in the consultation process on the future policing governance across the West Midlands.

The Head of Governance provided an update on his recent telephone conference with officials from the Home Office and confirmed that the Office of the Police & Crime Commissioner would be involved in discussions. He noted the proposed way forward in respect of consulting with the Police and Crime Commissioner for the West Midlands.

The committee noted the submission received from the Police & Crime Commissioner and asked the Chair of their Governance Task & Finish Group, Councillor John McNicholas, to meet with the Chair of the Police & Crime Panel to discuss this matter further.

Resolved

- (1) That the update be noted.
- (2) The Chair of the Governance Task & Finish Group, Councillor John McNicholas to meet with the Chair of the Police & Crime Panel to discuss the future governance of policing in the West Midlands.

**15. General Data Protection Regulation (GDPR) Update**

The committee agreed for this item of business to be deferred to its next meeting.

Resolved

- (1) The Head of Governance to provide an update on General Data Protection Regulation at the next meeting of the committee.

**16. Forward Plan**

The items of business for consideration at future meetings of the Overview & Scrutiny Committee were noted.

The meeting ended at 1.30 pm.

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of the Local Government Act 1972.

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