



## WMCA Board

**Date:** Friday 9 March 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 - 9 February 2018	Chair	1 - 12
5.	Forward Plan	Chair	13 - 18
<b>Devolution</b>			
6.	Devolution Action Plan	Chair	19 - 34
<b>Economic Growth</b>			
7.	Establishment of West Midlands Innovation Board	Councillor Ian Ward	35 - 48
8.	WMCA Digital Board	Councillor Ian Ward	49 - 64
<b>Finance &amp; Investments</b>			
9.	Financial Monitoring 2018/19	Councillor Izzi Seccombe	65 - 78
10.	WMCA Funding for Growth Programme Update	Councillor Izzi Seccombe	79 - 98
11.	Coventry Station Masterplan	Councillor Izzi Seccombe	99 - 108
12.	Coventry Friargate Business District Phase 1	Councillor Izzi Seccombe	109 - 118
13.	Commonwealth Games Athletes Village - WMCA Contribution	Councillor Izzi Seccombe	119 - 128
<b>Skills &amp; Productivity</b>			

14.	Implementation of Devolution Agreement - Adult Education Budget - Transfer of Powers to WMCA	Councillor George Duggins	129 - 132
<b>Transport</b>			
15.	Swift Programme Update	Councillor Roger Lawrence	133 - 138
16.	Devolved Transport Grants	Councillor Roger Lawrence	139 - 144
<b>Wellbeing</b>			
17.	West Midlands Mental Health Commission Update	Councillor Bob Sleight	145 - 156
<b>Minutes</b>			
18.	Minutes - Investment Board - 29 January 2018	Councillor Izzi Seccombe	157 - 164
19.	Minutes - Transport Delivery Committee - 5 February 2018	Councillor Richard Worrall	165 - 170
20.	Minutes - Investment Board - 13 February 2018	Councillor Izzi Seccombe	171 - 174
21.	Minutes - Public Service Reform Board - 22 February 2018	Councillor Steve Eling	175 - 178
<b>Date of Next Meeting</b>			
22.	Friday 11 May 2018 at 11.00am	Chair	None
23.	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 1 of the Act.]	Chair	None
<b>Item of Private Business</b>			
24.	West Midlands HS2 Growth Board - Future Governance and Programme Support	Councillor Bob Sleight	179 - 182



## WEST MIDLANDS COMBINED AUTHORITY

### WMCA Board

Friday 9 February 2018 at 11.00 am

### Minutes

#### Constituent Members

Andy Street (Chair)

Councillor Sean Coughlan  
Councillor Ian Courts  
Councillor George Duggins  
Councillor Patrick Harley  
Councillor Robert Hulland  
Councillor Brigid Jones  
Councillor Abdul Khan  
Councillor Syeda Khatun  
Councillor Roger Lawrence  
Councillor Ian Ward

Mayor of the West Midlands Combined Authority  
Walsall Metropolitan Borough Council  
Solihull Metropolitan Borough Council  
Coventry City Council  
Dudley Metropolitan Borough Council  
Solihull Metropolitan Borough Council  
Birmingham City Council  
Coventry City Council  
Sandwell Metropolitan Borough Council  
City of Wolverhampton Council  
Birmingham City Council

#### Non-Constituent Members

Councillor George Adamson  
Councillor Bill Hartnett  
Councillor Dennis Harvey  
Councillor David Humphreys  
Ninder Johal

Councillor Alex Phillips  
Tim Pile

Councillor Izzi Seccombe

Cannock Chase District Council  
Redditch Borough Council  
Nuneaton & Bedworth Borough Council  
North Warwickshire Borough Council  
Black Country Local Enterprise Partnership  
Shropshire Council  
Greater Birmingham & Solihull Local Enterprise Partnership  
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  
David Lane  
Councillor Ken Meeson  
Councillor Richard Worrall

Overview & Scrutiny Committee  
Audit, Risk & Assurance Committee  
Wellbeing Board  
Transport Delivery Committee

**Item Title**

**No.**

**146. Apologies for Absence**

Apologies for absence were received from Jonathan Browning, Councillor Shaun Davies, Councillor Steve Eling, Councillor Paul Moore, Councillor Peter Nutting, Councillor Chris Saint, Councillor Bob Sleight and Stewart Towe.

**147. Minutes - 12 January 2018**

The minutes were agreed as a correct record.

**148. The Second Devolution Deal**

The board considered a report from Julia Goldsworthy, Director of Strategy, on the second devolution deal between the West Midlands Combined Authority and the Government, along with the proposed approach to implement the deal and to undertake further devolution discussions with the Government.

The second devolution deal was a balanced deal shaped around the priorities of the combined authority to drive economic performance, support inclusive growth and to bring new financial support for the region. It also set out a number of initiatives on public sector reform, ways in which the West Midlands could have more control of financing its activities, and a number of governance changes.

An amendment to paragraph 3.5 of the report was proposed by Councillor George Duggins and seconded by Councillor Roger Lawrence so that it read:

“The Government, West Midlands Combined Authority and the West Midlands Police & Crime Commissioner will enter into discussions with the Mayor regarding a governance model for incorporating the role and powers of the Police & Crime Commissioner into the Mayor’s role and powers, provided that the final governance model proposed following discussions is agreed by each of the Constituent Authorities, the Mayor and the Police & Crime Commissioner. 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 Police & Crime Commissioner in order to secure continuity in good practice and public protection. Provided there is agreement by each of the Constituent Authorities, the Mayor and the Police & Crime Commissioner will submit a report on the decisions to be taken and the proposed process for these governance changes to a future meeting of the WMCA Board, informed by guidance from the Home Office and the Ministry of Housing, Communities & Local Government.”

The WMCA Board and the Mayor accepted this amendment as proposed, subject to the WMCA constitution and the relevant statutory basis.

Councillor Ian Ward expressed his disappointment that the bidding process for Housing Infrastructure Funding appeared to favour 'green field' development, which would significantly disadvantage the region and did not support the Government's previously stated policy of building housing on brownfield sites.

Councillor Sean Coughlan enquired about the Mayor's plans for a comprehensive air quality strategy. Deborah Cadman, Chief Executive, indicated that the combined authority was looking to work with Constituent Authorities in developing a plan that was supportive and enabling, but avoided duplicating work already proposed within each local authority area.

The Mayor thanked officers for the work that had been undertaken to reach this agreement with the Government.

Resolved:

- (1) The Second Devolution Deal on behalf of the West Midlands Combined Authority, following the conclusion of negotiations between the West Midlands Combined Authority and the Government be approved.
- (2) The outline approach to implementation of the Second Devolution Deal and further devolution discussions with Government, set out in the report (including paragraph 3.5 as amended) (to be the subject of a further report to the Board on 9 March 2018), be approved.
- (3) Constituent Authorities be requested to approve the agreement alongside the proposed approach to implementation and further discussions with Government on devolution, as early as possible in the 2018/19 municipal year.

**149. Forward Plan**

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

**150. 2018/19 Budget and Council Tax**

The Mayor and Councillor Izzi Seccombe presented a report proposing the final West Midlands Combined Authority budget and levy for 2018/19. Draft proposals had been approved for consultation by the WMCA Board at its meeting on 12 January 2018. The report summarised the changes made to the budget made since the last meeting, including the proposal to defer setting a mayoral precept until 2019/20.

Councillor Peter Hughes reported on the work undertaken by Overview & Scrutiny Committee in scrutinising the draft budget and making a number of recommendations as to how the process for setting the 2019/20 budget next year could be further improved. The Mayor thanked Councillor Peter Hughes for the work his committee had put in to scrutinising the budget proposals and for the helpful recommendations that it had made.

Lee Barron welcomed the budget report and the reference to paying the UK Real Living Wage to its employees. The Mayor requested the Director of Finance to clarify this point and report back to the next meeting of the board.

Resolved:

- (1) The consolidated revenue budget monitoring position as at 31 December 2017 be noted;
- (2) The West Midlands Combined Authority consolidated revenue budget for 2018/19 be approved, as summarised in paragraph 5.23 of the report. This included:
  - (a) the budget requirement for transport delivery 2018/19 - 2020/21 comprising of two elements:
    - (i) £114.7m for 2018/19, reverting to £114.1m for 2019/20 and 2020/21 to be funded from the existing transport levy mechanism; and
    - (ii) a transfer from earmarked reserves of £1.0m a year for 3 years.
  - (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, subject to local authority agreement, that comprised of three elements:
    - (i) the continuation of the £0.25m membership on an equal shares basis that totalled £1.75m;
    - (ii) for 2018/19 only, 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 West Midlands Combined Authority 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 support the West Midlands Combined Authority Operational Budget that were 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 of the report.
- (3) 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 be noted, and this was supported in principle, subject to further work between the Mayor and Constituent Authorities in 2018/19, final approval prior to the February 2019 WMCA Board and with reference to resolution to 10(a) below;
- (4) The West Midlands Combined Authority's indicative Medium Term Financial Plan, as set out in paragraph 8.2 of the report, be endorsed;
- (5) The Transport Capital Programme, as set out in paragraph 7.2 of the report, be approved;
- (6) The planned spend on the Investment Programme over the three year period, as set out in paragraph 7.4 of the report, be noted;
- (7) The budget for the 2018/19 WMCA supplementary Capital Programme containing the Land Remediation Fund and Collective Investment Fund budgets be approved, subject to the West Midland Combined Authority obtaining the necessary borrowing powers;
- (8) The Director of Finance, in consultation with the Portfolio Lead for Finance & Investments, be given delegated authority to make any final changes that might result from the conclusion of the funding agreements arising from the West Midlands second Devolution Deal, should they arise, as set out in paragraph 2.6 of the report;
- (9) The following policies and strategies, as required by Statute, be approved:
  - (a) the West Midlands Combined Authority Pay Policy Statement, as set out in section 15 of the report;
  - (b) the West Midlands Combined Authority Treasury Management Strategy, as set out in section 10 of the report;
  - (c) the West Midlands Combined Authority Prudential Indicators and Minimum Revenue Provision Strategy, as set out in section 11 of the report.
- (10) The establishment of Task & Finish Groups, comprising the Portfolio Lead for Finance & Investments, the Mayor and WMCA Board members, be approved as follows:

- (a) to 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 of the report;
- (b) as outlined in the report to the WMCA Board on 12 January 2018 'Progress Update on the West Midlands Combined Authority Investment Programme', to review the scheduling prioritisation and funding of the Investment Programme, as set out in paragraph 5.22 of the report; and
- (c) to review and develop a four year Medium Term Financial Plan for revenue, capital and the Investment Programme, as set out in paragraph 8.7 of the report.

[NB. In accordance with The Combined Authorities (Finance) Order 2017, these resolutions were passed unanimously by all members eligible to vote.]

**151. WMCA Powers - Supplementary Business Rates**

Councillor Izzi Seccombe presented a report on proposals for establishing a Supplementary Business Rate scheme to assist in funding the Investment Programme.

In order to deliver the £8bn Investment Programme, the combined authority was required to develop funding plans through new financial mechanisms to the value of £3bn to support £2bn of investment and associated debt finance cost agreed as part of the first devolution deal for the West Midlands. The Government confirmed in December 2017 that it intended to apply powers to mayoral combined authorities to allow a Supplementary Business Rate to be raised under the powers already available to local authorities. All Constituent Authorities would be required to give their consent to the powers being applied to the West Midlands Combined Authority.

Tim Pile noted the strength of the business community within the region, and stressed the need to ensure that businesses were fully engaged in this process and were supportive of its objectives.

Resolved:

- (1) Authority be delegated to the West Midlands Combined Authority Section 151 officer together with the Monitoring Officer to approve the amendment to statutory regulations which amended 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.

**152. Social Economy Taskforce**

The board considered a report from Henry Kippin, Director of Public Sector Reform, on the development of a Social Economy Taskforce to look specifically at the role that the social economy sector could play in respect of inclusive growth.

The combined authority was committed to driving a model of inclusive growth for the region that benefitted all of its residents. The Social Economy Taskforce would focus on the way that the local, regional and national context could be influenced to enable West Midlands-wide change, principally through supporting the social economy and influencing the combined authority's delivery agenda. The taskforce was expected to have a nine month lifespan, chaired by an independent social economy leader appointed jointly by the Mayor and Portfolio Lead for Cohesion & Integration and Public Service Reform.

Councillor Ian Ward noted that the local organising committee of the Commonwealth Games 2022 was undertaking similar work to utilise organisations that existed for a social purpose, and hoped that the Social Economy Taskforce may be able to support this, whilst avoiding any duplication of effort. Lee Barron suggested that the Trades Union Congress would be very interested in engaging in this workstream, and noted that Unison would have a lot to offer in this respect.

Resolved:

- (1) The proposed approach to establishing a Social Economy Taskforce be noted.
- (2) The draft next steps set out in the report be supported.

**153. Longbridge Park & Ride Decking Scheme and Charging Policy**

Councillor Roger Lawrence presented a report seeking approval to allow car park user charging at Longbridge to fund the repayments of the borrowing required to deliver the construction of a multi-storey car park in a strategic position on the public transport network.

Longbridge station was strategically well located on both the highway and rail network for a major Park & Ride site to be constructed. In order to meet a portion of the costs of construction, it was proposed to fund capital borrowing and cover operational costs through the levying of a parking charge on customers in order to provide a well-managed, safe and secure facility. Based on demand modelling and financial modelling undertaken, it was expected that charges of between £2 and £4 per day (with assumed discounts for season tickets) would result in viable funding through capital borrowing over 25 years.

Resolved:

- (1) The Longbridge Park and Ride scheme which would 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 be endorsed.
- (2) The introduction of car park user charging at this location be agreed, 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) The responsibility for setting exact levels of car parking charges be delegated jointly to the WMCA Lead Member for Transport and the Managing Director of Transport for West Midlands, in consultation with Birmingham City Council Lead Member for Transport, to enable the ability to set and adjust charges in line with achieving modal shift objectives and repayment requirements for scheme borrowing.

**154. Wellbeing Dashboard and Intelligence Update**

The board considered a report from Jane Moore, Director of Prevention & Wellbeing, on proposals for a wellbeing dashboard and on how the work on the Wellbeing Intelligence Hub and the intelligence offer would support the objectives of the Wellbeing Board.

The combined authority was creating a strong population intelligence offer that would enable it to better understand the people and communities of the West Midlands and the 'human factors' that affected the ability to deliver inclusive growth. In support of this work, a number of wellbeing indicators had been developed that could be used to assess progress on the work of the Wellbeing Board. A wider set of population indicators was also being developed that would sit within the relevant dashboards and allow the implications of the wider determinants of health and wellbeing to be considered across all workstreams.

David Jamieson highlighted the work he had recently commissioned that looked at the cost of drug misuse, and solutions to tackle these societal issues. He wished to work closely with the Wellbeing Board on a number of these matters, and was prepared to present his report to a future meeting of the WMCA Board.

Resolved:

- (1) The progress made on developing effective population intelligence across the WMCA/West Midlands area, and how this provided the opportunity, at the local and wider area level, to understand how the characteristics of the population affected the ability to generate economic growth that benefited all the people of the West Midlands, considered to be crucial if we were to have the intelligence to ensure that the West Midlands Industrial Strategy and the Public Service Reform focussed on Inclusive Growth were delivering for all in our communities, be noted.

(2) The following were approved as previously agreed by the Wellbeing Board:

- Wellbeing Dashboard
- Proposals to develop indicators linked to the wider determinants of health

(3) Further work to understand how the impact of major schemes on the people of the West Midlands and their communities was assessed at all stages from planning through to post-delivery be supported.

**155. Minutes - Strategic Economic Plan Board - 14 December 2017**

The board received the minutes of the Strategic Economic Plan Board held on 14 December 2017.

Resolved:

The minutes of the meeting on 14 December 2017 be noted.

**156. Minutes - Investment Board - 18 December 2017**

The board received the minutes of the Investment Board held on 18 December 2017.

Resolved:

The minutes of the meeting on 18 December 2017 be noted.

**157. Minutes - Transport Delivery Committee - 8 January 2018**

The board received the minutes of the Transport Delivery Committee held on 8 January 2018.

Resolved:

The minutes of the meeting on 8 January 2018 be noted.

**158. Minutes - Audit, Risk & Assurance Committee - 19 January 2018**

The board received the minutes of the Audit, Risk & Assurance Committee held on 19 January 2018.

Resolved:

The minutes of the meeting on 19 January 2018 be noted.

**159. Minutes - Wellbeing Board - 19 January 2018**

The board received the minutes of the Wellbeing Board held on 19 January 2018.

The minutes of the meeting on 19 January 2018 be noted.

**160. Minutes - Overview & Scrutiny Committee - 30 January 2018**

The board received the minutes of the Overview & Scrutiny Committee held on 30 January 2018.

Resolved:

The minutes of the meeting on 30 January 2018 be noted.

**161. Friday 9 March 2018 at 11.00am**

The date of the next meeting was noted.

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

Resolved:

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

**163. Midland Metro Limited**

Councillor Roger Lawrence presented a report on the progress made in the finalisation of the arrangements for Midland Metro Ltd to take over the operation and maintenance of the Midland Metro network from Altram LRT Ltd in 2018 and to obtain the necessary approvals and delegations to enable the Public Services Contract to be signed and Midland Metro Ltd to commence trading.

Resolved:

- (1) The Draft Shareholders Agreement between the West Midlands Combined Authority and Midland Metro Ltd be approved, and the Head of Governance be appointed to act as the Shareholders Representative.
- (2) In its capacity as Shareholder of Midland Metro Ltd, the Fares Table proposed for the commencement of services be approved, noting that there were no substantive changes proposed to the existing Metro fares table but some price reductions would be implemented where these would either increase revenue or improve the ability of conductors to check/sell tickets.
- (3) In its capacity as Shareholder of Midland Metro Ltd, the Midland Metro Ltd business plan five year commercial model and indicative annual budget for year 2018/19, as detailed in section 7 of the report, be approved.
- (4) The indicative Midland Metro Ltd five year commercial model, as detailed in section 7 of the report, and the West Midlands Combined Authority's commitment for funding initial Subsidy Payments and Life Cycle costs from the proceeds of the termination settlement with Altram LRT Ltd, be approved.

- (5) The establishment from the date of this meeting be approved, and the Director of Finance be delegated authority to negotiate a West Midlands Combined Authority treasury and loan facility for Midland Metro Ltd to borrow against at a commercial rate to facilitate cash flow management within the operating business.
- (6) It be noted that Midland Metro Ltd had produced a draft business plan based upon the requirements of the Public Services Agreement and the information disclosed to date through the termination negotiations with Altram LRT Ltd, and that the Midland Metro Ltd final business plan would be submitted to the WMCA Board in its capacity as Shareholder for approval following signing of the Public Services Contract.
- (7) The content of the draft Public Services Contract, as set out in section 4 of the report, be noted.
- (8) The pension arrangements proposed to be implemented for staff that either transferred in to Midland Metro Ltd from National Express West Midlands Travel, or were recruited as employees of Midland Metro Ltd, be noted.
- (9) It was noted that further to the report to the WMCA Board on 21 July 2017, independent advice had been obtained from DWF LLP and PWC on the compliance of the draft Public Services Contract and associated financial/commercial models with European Union procurement legislation (Regulation 1370/2007), State Aid, transfer pricing, corporation tax and VAT rules, and that the documentation/models had been developed to take account of this advice.

**164. One Public Estate Programme**

Councillor Sean Coughlan presented a report on progress with the West Midlands One Public Estate programme and seeking support for measures to ensure its on-going sustainability and good governance. The report highlighted the programme success in obtaining grants from the Cabinet Office, set out the future priority projects for further funding bids, and outlined the arrangements in place to successfully deliver the programme.

Councillor Sean Coughlan expressed his thanks to Jan Britton, Chief Executive of Sandwell Metropolitan Borough Council, for the role that he played in establishing the One Public Estate programme and the leadership he gave to its work.

Resolved:

- (1) The progress made by the West Midlands One Public Estate Programme be noted.
- (2) The proposition to transfer 'accountable body' status for the One Public Estate Programme to the West Midlands Combined Authority be accepted.

- (3) The recent award of £290,000 of Government grant support from Phase 6 of the national One Public Estate Programme be noted and accepted.
- (4) 'In principle' support be given to the proposal to develop a Revolving Investment Fund, subject to a further detailed business case.

The meeting ended at 12.45 pm.

## WEST MIDLANDS COMBINED AUTHORITY FORWARD PLAN: MAY 2018 - JUNE 2019

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, the WMCA Board originally scheduled for 13 April 2018 has been cancelled.							
<b>West Midlands Leadership Commission</b>	To consider recommendations arising out of the work of the Commission.	11 May 2018	Yes	Cllr Steve Eling	Deborah Cadman	No	Commissions
<b>Fire Governance Consultation Outcome and Governance Scheme</b>	To consider the outcomes of the consultation undertaken on future fire service governance arrangements.	11 May 2018	No	Mayor	Henry Kippin	No	Governance
<b>Budget Monitoring 2018/19</b>	To review the latest budget monitoring position.	11 May 2018	No	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>Integrated Business Plan &amp; Approval 2018/19</b>	Final approval of integrated plan.	11 May 2018	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>Culture, Creative &amp; Tourism</b>	To provide an update on the work undertaken by the Culture, Creative & Tourism Group.	11 May 2018	Yes	Cllr Ian Ward	Dave Webb	No	Strategy
<b>Industrial Strategy</b>	Update report.	11 May 2018	Yes	Cllr Ian Ward	Patrick White	No	Strategy
<b>Regional Skills Plan</b>	To agree a Regional Skills Plan.	11 May 2018	Yes	Cllr George Duggins	Julie Nugent	No	Strategy
<b>Mobility as a Service Commercial Pilot</b>	To consider the latest developments.	11 May 2018	Yes	Cllr Roger Lawrence	Laura Shoaf/Chris Lane	No	Transport
<b>Road Safety Memorandum of Understanding</b>	To approve the signing of a road safety memorandum of understanding.	11 May 2018	Yes	Cllr Roger Lawrence	Laura Shoaf/Anne Shaw	No	Transport

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
<b>Second Resolution - Metro Penalty Fares</b>	To confirm the proposals in respect of Metro penalty fares.	11 May 2018	Yes	Cllr Roger Lawrence	Tim Martin	No	Transport
<b>Appointment of WMCA Boards and Committees etc 2018/19</b>	To agree the membership etc of WMCA boards and committees.	22 June 2018	No	Mayor	Tim Martin	No	Governance
<b>Treasury Management Strategy 2017/18 Annual Review</b>	To consider the annual review of treasury management activities.	22 June 2018	No	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>Budget Monitoring 2018/19</b>	To review the latest budget monitoring position.	19 July 2018	No	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>Budget Monitoring 2018/19</b>	To review the latest budget monitoring position.	14 September 2018	No	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>Budget Monitoring 2018/19</b>	To review the latest budget monitoring position.	9 November 2018	No	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>Treasury Management Strategy Mid-Year Report 2018/19</b>	To consider a six-monthly treasury management report.	9 November 2018	N	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>Budget Monitoring 2018/19</b>	To review the latest budget monitoring position.	11 January 2019	No	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>Draft 2019/20 Budget, Precept and Levy</b>	To consider proposals for the 2019/20 WMCA budget, precept and levy.	11 January 2019	Yes	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>WMCA 2019/20 Budget, Precept and Levy</b>	To agree proposals for the 2019/20 WMCA budget, precept and levy.	8 February 2019	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>Budget Monitoring 2018/19</b>	To review the latest budget monitoring position.	12 April 2019	No	Cllr Izzi Seccombe	Sean Pearce	No	Finance
<b>Budget Monitoring 2018/19</b>	To review the latest budget monitoring position.	14 June 2019	No	Cllr Izzi Seccombe	Sean Pearce	No	Finance

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## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	Devolution Action Plan
<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 7200
<b>Accountable Employee</b>	Julia Goldsworthy, Director of Strategy email: <a href="mailto:julia.goldsworthy@wmca.org.uk">julia.goldsworthy@wmca.org.uk</a> tel: 07813 648227
<b>Report to be/has been considered by</b>	WMCA Programme Board - 23 February 2018

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

**The WMCA Board is recommended to:**

- (1) Approve the approach to further work with government on devolution described in this report, with the coverage and portfolio leadership set out in the high level Action Plan attached.

## **1.0 Purpose**

- 1.0 To provide the Board with more details on the proposed Devolution Action Plan and “phase three” of devolution referred to in the report on the Second Devolution Deal at the February 2018 meeting.
- 1.1 To provide constituent member councils with more information on the ways in which the WMCA intends to build on the commitments made in the Devolution Deal.

## **2.0 Background**

- 2.0 The second devolution agreement was approved by the constituent authority leaders and the Mayor and then announced by the government at the Autumn Budget on 22 November 2017. The Board gave formal approval to the agreement at its meeting of 9<sup>th</sup> February 2018.
- 2.1 The agreement contained a number of commitments from government and the Combined Authority to work together to achieve further progress on priority issues. Therefore, the report to the February meeting of the Board also referred to a new approach to devolution in the future and work on an Action Plan setting out collaborative work with government. It was agreed that a further report should be brought to the Board on the Action Plan.

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

- 1.1 Discussions with officials from several government departments have indicated enthusiasm for a new approach to devolution discussions. The intention 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, and towards a more continuous, collaborative relationship.
- 1.2 This provides an important opportunity to develop proposals for more powers and flexibilities, and a better approach to funding, through longer term partnership, enabling evidence and cases for change to be fully developed and discussed and ensuring that trust is developed through implementation.

## **4.0 The Action Plan**

- 4.1 The attachment sets out the overall approach to this work and the partnership we are seeking with government. It then summarises a wide ranging agenda, including work on the Housing Deal and the Local Industrial Strategy as well as projects covering skills, employment, transport, public services and the Funding for Growth Commission.
- 4.2 The Action Plan 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.
- 4.3 We are engaging with government officials on the basis of a detailed programme built on this Action Plan and are working jointly with government officials to agree the shared agenda for future work. Portfolio leads (as indicated in the attached document) will be fully engaged in that process and the work ahead.

## **5.0 Financial implications**

5.1 Policy Advisor and programme support resource requirements to take forward the proposed action plan have been included with the Combined Authority's 2018/19 Operational Budget. The specific resource implications of each policy development area will however be detailed and quantified as part of the ongoing refinement of the work programmes. Where these identify additional costs to be incurred, over that currently budgeted, this will require additional or alternative funding sources to be identified and reported separately to the Board for approval prior to progression.

## **6.0 Legal implications**

6.1 The Action Plan deals with those parts of the second devolution agreement that involve further joint work to develop new proposals. As such, there are no direct legal implications at this stage. However it is intended that some areas of work may lead to further devolution of powers and flexibilities requiring statutory processes. Any such proposals will be brought to the Board and the constituent authorities for approval, following approval by the Mayor and the leaders of the constituent authorities.

## **7.0 Equalities implications**

7.1 There are no direct equalities implications arising from this report.

## **8.0 Attachment**

West Midlands and Government Working Together: Our Action Plan.

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## West Midlands and Government Working Together: Our Action Plan

This document is our action plan for the next stages of partnership working between the West Midlands Combined Authority and UK Government. It should be read in conjunction with the devolution 'deal' published in November 2017. It sets out:

- a) the ways in which we intend to **follow up on the commitments** made in the devolution deal document, and the ways in which those commitments translate into ongoing workstreams for the WMCA and its partners
- b) areas in which **clarification or more information** is needed – including with portfolio and officer leads for each strand of work, and those areas in which more clarity on governance or forward process is required
- c) the over-arching case for a **more collaborative ongoing relationship** between the WMCA, its members and partners, and the various departments of government that will be required to enable these priorities to be delivered.

### Why we need an action plan

The West Midlands and the UK Government have already achieved much through a partnership that is growing in strength and impact. Within the last three years, the region has come together, established strong leadership and accountability, and shown that it can work together as a dependable partner with UK Government.

We have a clear shared agenda: a bold ambition for inclusive growth and reform that all of our communities can feel, driven through a place-based industrial strategy and a commitment to make the West Midlands a beacon for better leadership and better delivery.

Delivering on this agenda will require new powers and flexibilities for the West Midlands and the marshalling of additional resources and capability from a range of sources. In order to achieve these ambitions we must strengthen our collaborative working, capture new ideas and innovations and ensure that all our shared resources are brought to the table.

This means we can deliver on national objectives – for strong economic growth and social mobility – through our expert understanding of delivery mechanisms, delivering greater impact through our knowledge of what works best for our residents and businesses.

The second devolution agreement between the Government and the West Midlands outlines ways in which this might happen. It creates a unique opportunity to make progress together that will benefit the whole country. But we need to be proactive – stepping on to the front foot because we cannot wait for progress that our economy and our communities need to happen right now. This is why we have pulled together this action plan, and why the engagement with Whitehall outlined in the pages below has already begun in earnest.

## Moving from 'devolution deals' to ongoing collaboration

The WMCA Board and UK Government have been clear about the need to re-calibrate the devolution process: away from an annual 'deal-making' process, and towards a relationship between the West Midlands and central government characterised by ongoing and deeper collaboration. This is for three reasons:

1. Our agenda for change is too broad to be funneled into an annual budgeting process that puts short term financial considerations ahead of strategic investment in the things we know that the region needs
2. Our reform plans are long-term and interdependent – they require consistent engagement with UK Government, and a depth of dialogue that builds trust over time and builds our collective capacity to deliver
3. Our industrial strategy – which will frame much of this ongoing dialogue – is a long-term strategy that requires deeper joint-understanding about the drivers for growth within the region, and the ongoing investment and flexibilities required to unlock faster progress.

The pages below set out our 'plans on a page' for following through on this ambition.

The WMCA board is asked:

1. To consider this Action Plan at March WMCA board, as a guide to our intentions and likely programme milestones following the approval of the original Devolution Deal document in February.
2. To note this report as further information *if required* as the Devolution Deal is approved by member Councils – because these documents together give a fuller sense how we intend to translate the Deal (which is a statement of policy intent) into actions that we are prepared to commit to and follow through on ourselves.
3. To continue the dialogue, engagement and feedback between the WMCA and its members that will be needed to ensure that we build the strong regional collaboration that is fundamental to achieving our goals.

Lead officers are happy to clarify any of the points contained in the 'plans on a page' below, and we will update WMCA Board at regular points throughout the calendar as we progress these actions and monitor progress both within the region and within central government. Note that this is not a plan of *all* WMCA activity, but a plan specifically related to the commitments made within the second Devolution Deal. Governance for particular strands of work are outlined below – but overall governance and responsibility for this plan rests with the Combined Authority Board.

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## PRIORITY 1 – A STEP CHANGE IN HOUSING INVESTMENT AND DELIVERY

Our work on this priority will be led by **Cllr Sean Coughlan**, supported by **Jan Britton** (lead CEO) and **Gareth Bradford** (Director of Housing and Regeneration) alongside Council Leaders and their housing and planning teams across the region. Governance is via the Land and Housing Delivery Board, reporting to the WMCA Board

What are our priorities?	Example specific actions
<p>To create a new partnership (between WMCA, UK Government, Homes England) and our local councils to secure the capacity and funding to deliver the scale/pace/mix and quality of housing the West Midlands and the UK needs – linked to strategic infrastructure investment planning and the piloting of improved and innovative approaches to housing construction, land remediation/acquisition and housing management.</p> <p>Building an ambitious housing investment portfolio for the region, taking care to work collaboratively to build a pipeline with strong local buy-in, evidence, assurances around delivery and the capacity to shape the market and the future skills base for innovation in construction.</p> <p>Working closely across housing, transport, public service reform and skills to ensure our ambitions for housing growth support inclusive growth and meaningful wellbeing outcomes across the region</p>	<ul style="list-style-type: none"> <li>➤ Agreeing a Housing Deal with Government that reflects our priorities, with strong local governance to underpin delivery and a level of ambition that supports housing growth goals set out in the Strategic Economic Plan (SEP) and Land Delivery Plan.</li> <li>➤ A Site Pipeline (and related Investment Prospectus) that is robust, credible and mapped regionally – with clarity on housing supply &amp; land release, employment sites and the necessary infrastructure provision and funding to unlock key sites</li> <li>➤ Securing capacity for innovation in delivery and a local skills base – exemplified by the development of a national centre of excellence for brownfield remediation and construction skills in the Black Country</li> <li>➤ Working with our partners at Homes England to create additional delivery capacity for the region</li> <li>➤ Working with Homes England, LEPs and local councils to develop a detailed West Midlands Spatial investment and delivery plan to demonstrate confidence in delivery and clarity of intention and alignment across the region.</li> <li>➤ Commitment to further work on a range of issues such as land remediation, land value capture, social housing, new technologies and stimulus of the SME market to support new construction methods and mixed models</li> </ul>

## PRIORITY 2 – A BOLD INDUSTRIAL STRATEGY FOR THE WEST MIDLANDS

Our work on this priority will be led by **Cllr Ian Ward** and **Jonathan Browning** (SEP Board Chair), supported by **Deborah Cadman** (Lead CEO), **Julia Goldsworthy** (Director of Strategy) and **Patrick White** (Interim Director of Industrial Strategy) alongside our Local Enterprise Partnerships (LEPs), universities, Council Leaders and their economic growth and development teams across the region. Governance is principally via the **Strategic Economic Plan (SEP) Board**, reporting to the WMCA Board.

What are our priorities?	Example specific actions
<p>Taking the opportunity to develop an ambitious West Midlands industrial strategy, responding to BEIS calls for 'place-based' strategies from Mayoral CAs following the publication of the Government's Industrial Strategy in Autumn 2017.</p> <p>Developing a stronger focus on genuine competitive advantages and future opportunities – including where we see major opportunities for local, regional and central government collaboration in sectors such as automotive, advanced manufacturing or life sciences, for example</p> <p>A shared understanding with Government about the contribution the West Midlands can make to UKPLC and the Grand Challenges the Government has defined, and what shared investment, regulatory flexibility / change or freedoms the region will need in order to maximize that impact.</p>	<ul style="list-style-type: none"> <li>➤ Developing and publishing an industrial strategy that reflects the current and future strengths of our businesses and people – built through collaboration between the WMCA, our LEPs, business community, academic partners and the public sector.</li> <li>➤ Ensuring strong business leadership of the Industrial Strategy – through the development of clear sector action plans that are endorsed by sector leaders and which set out credible ambitions for growth and productivity improvement.</li> <li>➤ Undertaking granular research that is led by our academic and LEP partners, building on our Productivity and Skills Commission, and getting under the skin of existing sector analysis to identify specific comparative advantage within high-growth-potential sub-sectors, and articulate a more detailed picture of the current business base within them</li> <li>➤ Developing plans for more intensive supply-chain management and value chain growth, as a means to accelerating productivity growth</li> <li>➤ A plan – developed with the WM Digital Board – to amplify current focus on the digital economy as a driver of regional growth, and the necessary capability and infrastructure investment to underpin it</li> </ul>

### PRIORITY 3 – BOOSTING PRODUCTIVITY THROUGH SKILLS AND JOBS

Our work on this priority will be led by **Cllr George Duggins**, supported by **Nick Page** (Lead CEO) and **Julie Nugent** (Director of Skills & Productivity) alongside our businesses, LEPs, Council Leaders and their education & skills teams, further education, higher education and other skills partners across the region. Governance is via the Productivity and Skills Commission, reporting to the **WMCA Board**

What are our priorities?	Example specific actions
<p>To use the potential of devolution to drive improved skills levels, higher rates of employment and a more responsive skills system that better meets the needs of local businesses, drives up productivity within the regional economy, and better supports the life chances of our learners and future workforce.</p> <p>Establishing strong leadership and a more joined up approach to skills funding, planning and delivery with the West Midlands – including greater local control over investment in skills and employment support</p> <p>A more effective use of public money in relation to skills, jobs and productivity, with greater focus on collaboration to deliver key sector specialisms and a more targeted offer for those individuals most in need or furthest from the labour market.</p>	<ul style="list-style-type: none"> <li>➤ The WMCA’s Productivity and Skills Commission will operate as a Skills Advisory Panel (covering 16-19, Adult Skills, T-Levels and apprenticeships). The Commission comprises experts from business and academia who will set out the key skills priorities for the region, working closely with stakeholders, including Department for Education (DfE). This analysis will also inform the production of our Local Industrial Strategy, recognising the key linkages between skills and productivity and economic growth.</li> <li>➤ Production of a Regional Skills Plan, which will set out clear regional priorities for investment and establish a framework for collaborative working and alignment in post-16 education, skills and employment services within the region.</li> <li>➤ Deliver a Career Learning Pilot to target and upskill low-paid/low-skilled adults in the workforce.</li> <li>➤ Ensuring that government commissioned careers provision better aligns with local skills priorities – working with DfE and DWP to agree a new strategic relationship with the Careers and Enterprise Company and National Careers Service.</li> <li>➤ Work with DWP, JobCentre Plus, Local Authorities and other local partners to create a joint Employment Support Framework that improves the targeting and impact of actions focused on helping West Midlands residents move in to and progress within employment.</li> </ul>

## PRIORITY 4 – INVESTMENT IN TRANSPORT THAT CAN TRANSFORM THE REGION

Our work on this priority will be led by **Cllr Roger Lawrence (who holds the transport portfolio)** and **Cllr Bob Sleigh (who holds the HS2 portfolio)**, and **Cllr Patrick Harley (who holds the environmental portfolio)**, supported by **Laura Shoaf** (Managing Director of TfWM) alongside her team and our wider partnership of local authorities, businesses, LEPs and transport industry partners. Governance is via the Transport Delivery Committee (and various operational transport and programme boards), ultimately reporting to the CA Board. HS2 specific activities report to the HS2 Growth Delivery Board – again, reporting ultimately to the WMCA Board.

What are our priorities?	Example specific actions
<p>To promote partnership working that builds the case for greater local control and adequate funding to deliver the long term transport investment plans outlined by the WMCA Board and TfWM – including the game changing arrival of HS2 within the region.</p> <p>Progressively securing the freedoms and flexibilities to manage regional transport networks effectively in line with local needs – including Integrated Control Centre, Operation Freeway, the moving of traffic powers, and BSOG</p> <p>Driving towards integrated connectivity linked to jobs and housing; and which enables people to travel, and businesses to access markets quicker and more easily; and which delivers a network that contributes to material improvements in congestion, public safety and air quality within the region.</p>	<ul style="list-style-type: none"> <li>➤ Creating longer term local funding arrangements for transport investment through continuous dialogue with UK Government.</li> <li>➤ Maximising the potential of HS2 and the UK Central hub – supporting our world class airport – beginning with dialogue between WMCA, Urban Growth Company, Birmingham Airport (BHX), H.M. Treasury and the Department of Transport to clarify opportunities, objectives and funding streams, and submission of business cases for key proposals e.g. Birmingham International Station</li> <li>➤ Establishing of a Network Resilience Partnership which pushes for more devolved transport powers, further technical work and through generating broader buy in from other areas (including potential amendments to the Operation Freeway agreement during HS2 construction)</li> <li>➤ Securing DfT support for our bus service improvement strategy, including devolution of Bus Services Operator Grant (BSOG).</li> <li>➤ Establishing a partnership to tackle air quality – an important cross-cutting area of work sitting between the Mayor’s Office, Industrial Strategy and Public Services/Wellbeing.</li> <li>➤ Focused work within the Industrial Strategy to promote growth in transport related technology – including the creation of local ‘test beds’ for new technologies such as driverless cars</li> <li>➤ Ensuring that the skills needs and opportunities of HS2 are reflected in the region’s wider skills strategy, so</li> </ul>

What are our priorities?	Example specific actions
	that businesses and residents get the skills they need to prosper.

## PRIORITY 5 – INCLUSIVE GROWTH, PUBLIC SERVICE INNOVATION AND WELLBEING

Our work on this priority will be led by **Cllr Steve Eling** (who holds the Public Services, Inclusion and Cohesion portfolio), and **Cllr Bob Sleigh** (who holds the Wellbeing portfolio), supported by lead CEOs **Phil Loach (Chief Fire Officer) (PSR)**, **Sarah Norman (Wellbeing)** and **Henry Kippin** (director of Public Service Reform), alongside the system of local authority, police, fire, NHS and VCS partners across the region. Governance is via the Public Service Reform Board and the Wellbeing Board, both ultimately reporting to the WMCA Board.

What are our priorities?	Example specific actions
<p>Developing a blueprint for future PSR built on collaborative work across the region, and which raises the level of ambition for partnership working with government around public service innovation</p> <p>Work to identify funding and flexibilities for work on radical prevention – including cardiovascular disease prevention, complex needs, mental health innovation and continuing the WMCA’s work on the experience of vulnerable people within the justice system</p> <p>Establishing a credible basis for a programme of work on Inclusive Growth and public service reform - beginning with the establishment of an Inclusive Growth Unit for the region, and PSR and wellbeing activities that link health, productivity and service reform.</p>	<ul style="list-style-type: none"> <li>➤ Production of a PSR Plan in collaboration with HMG – including specific pilots for public service innovation in partnership with MHCLG, DWP, HMT and others</li> <li>➤ Establishment of an Inclusive Growth Unit in partnership with regional and national agencies which will drive the creation of inclusive growth policy and ‘blueprints’ for inclusive investment in key WMCA areas.</li> <li>➤ Driving forward the Thrive programme of mental health innovation with continued support from the Dept of Health and Social Care (DHSC), Dept of Work and Pensions (DWP) and other government agencies, and continued investment from WMCA and regional partners.</li> <li>➤ Establishment of the WMCA’s ‘Future Social’ programme, funded by DHSC and which supports collaboration within the social care workforce across regional settings</li> <li>➤ Creation of digital innovation pilots via the Urban Challenge programme (which links tech entrepreneurs with public service and wellbeing challenges), and greater capability for cross-agency analysis via an Office of Data Analytics</li> <li>➤ Extension of the WMCA’s One Public Estate programme to support PSR and system change</li> </ul>

## PRIORITY 6 – LEVERAGING FUNDING FOR ACCELERATED GROWTH

Our work on this priority will be led by Mayor **Andy Street** and Cllr **Izzi Secombe** in collaboration with constituent Council Leaders, supported by lead CEO Deborah Cadman, **Julia Goldsworthy** (Director of Strategy), **Sean Pearce** (Director of Finance) and the network of Chief Financial Officers within constituent authorities. Governance is via the Funding for Growth Commission and the West Midlands Combined Authority Finance Directors Workstream, reporting to the WMCA Board.

What are our priorities?	Example specific actions
<p>Generating full UK Government engagement and a commitment – as set out in our Funding for Growth programme – to identify and leverage diverse sources of funding for local investment in identified priorities.</p> <p>Pushing for a more independent West Midlands, able to drive growth and reform with less reliance on government grants. This needs flexibility to deliver more effectively across all areas of investment, including public service improvement and reform.</p> <p>Clear signals as to the viability of specific funding models outlined by the Commission, and commitments to take this forward in partnership.</p>	<ul style="list-style-type: none"> <li>➤ A range of key policy development challenges to ensure funding is in place to meet our shared ambitions. These are reflected in the current Funding for Growth priority list below</li> <li>➤ To secure Ministry of Housing, Communities and Local Government (MHCLG) support through secondments and project support to develop the Supplementary Business Rates scheme and other funding streams envisaged within the region’s first Devolution Deal</li> <li>➤ To secure UK Government involvement on the Panel and access to project finance expertise through HM Treasury or Investment UK to support business case development. Proposed areas currently include: <ul style="list-style-type: none"> <li>- Longer term transport funding allocation.</li> <li>- Land remediation funding (housing deal)</li> <li>- Land Value Capture (housing deal)</li> <li>- Housing Revenue Account Cap (housing deal)</li> <li>- Enterprise Zones and Tax Incremental Financing/ Strategic Infrastructure Tariff</li> <li>- Pension Fund and other Institutional Investment including Private Sector Leveraged Investment into the Region.</li> <li>- Public Service Reform Gainshare and social financing models</li> <li>- NHS asset sales retention (explored via the One Public Estate programme)</li> </ul> </li> </ul>

## **PRIORITY 7 (a) TRANSFERRING GOVERNANCE OF WEST MIDLANDS FIRE SERVICE (WMFS) FROM WEST MIDLANDS FIRE AND RESCUE AUTHORITY (WMFRA) TO THE MAYORAL COMBINED AUTHORITY.**

(a) Our work on this transfer in governance will be led by the Mayor **Andy Street**

Lead officers: **Henry Kippin** (Director of Public Service Reform) and Chief Fire Officer, **Phil Loach**

Support Officers: **Tim Martin** (Monitoring Officer and Governance Lead, **Karen Gowreesunker** (Clerk WMFRA. ). Fire reform support from Brian Nash - Home Office.  
Governance is principally via the WMCA Board.

### **WMFRA and WMCA –Transfer of Governance of WMFS**

#### **What are our priorities:**

Enabling the effective and timely transfer of governance of WMFS from WMFRA to the Mayoral WMCA.

The continued delivery of the WMFS three year rolling Corporate Strategy

Maintaining established CFO leadership, operational and service accountabilities as in the approved Scheme

#### **Actions (aligned to priority 1):**

- Secure approval from Constituent Authorities and CA Board to submit Scheme to Government March - May 2018.
- Submission of Scheme to Home Office - May/June 2018
- Develop a plan for implementation based on agreed working assumptions objectives, timescales and will need to satisfy CA governance and assurance processes.
- Home Office consult on draft Order with WMCA and Constituent Authorities Summer/Autumn 2018
- Order finalised Autumn/Winter 2018
- Implementation by April 2019.

## PRIORITY 7(b) MERGER OF THE ROLE OF PCC AND MAYOR

(b) Our work on the merger of the roles of the PCC and the Mayor will be principally led by the **Mayor, Andy Street, Deborah Cadman**, Chief Executive of WMCA, **Henry Kippin** (Director of Public Sector Reform), **Tim Martin** (Monitoring Officer WMCA), **Sean Pearce** (Director of Finance) and appropriate Officers from the Office of the PCC.

### Mayor and PCC – Merger of Roles

Development of proposals and consultation, working with PCC, MoJ, Home Office and MHCLG.

Production of a clear roadmap for 2018-20 including understanding of legislative plans – working with OPCC, Home Office, MHCLG and WMCA Constituent Authorities – and based on appropriate stakeholder engagement.

Next Steps:

- Develop a clear understanding of how HO wish to engage with WMCA and OPCC through this process.
- Develop proposals covering how the role of PCC will be absorbed into the Mayoral role including appropriate safeguards over operational independence etc.
- Proposals signed off locally.
- Parliamentary process and Order
- Implementation – May 2020

## INDICATIVE TIMELINE OF ACTIVITIES

The timeline below is approximate – but sets our early expectations of how the priorities (and associated actions) set out in the previous pages translate together as a pipeline of work.

Project	Projects already scoped which will be taken forward in Q1 and Q2 of 2018	Projects that require more detailed scoping and set up – to be taken forward within 2018-19	Longer term projects requiring extensive policy development or which may require legislation, Start in 2018/19 completion and recommendations 2019/20
Housing Deal			
Producing the WMs Local Industrial Strategy			
Strategic approach to regulatory delivery			
Supply chain management and business support			
Skills Advisory Panel			
Careers service strategy			
P&S Commission recommendations			
Career Learning Pilot			
Employment Support Framework			
Supporting those returning to the labour market			
Maximising potential of UKC/HS2			
Congestion busting partnership/ transport network management and devolved powers			
Bus services improvement			
Transport technology – link to LIS/Digital			
Air Quality Partnership			
Digital Framework on skills/open data/public service collaboration			
Commitment to a plan for future PRS			
Health and wellbeing pilot projects			
Devolved health powers			
Criminal justice reform			
Transfer of WMFRA to MCA			
Merger of PCC and Mayor roles			
Funding for Growth Programme (range of specific sub-projects)			



## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	Establishment of West Midlands Innovation Board
<b>Portfolio Lead</b>	Councillor Ian Ward - Economic Growth
<b>Accountable Chief Executive</b>	Sarah Middleton, Chief Executive, Black Country Local Enterprise Partnership
<b>Accountable Employee</b>	Patrick White, Director of Industrial Strategy email: patrick.white@wmca.org.uk tel: (0121) 214 7940

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

**The WMCA Board is recommended to:**

- (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.

## 1.0 Purpose

- 1.1 To ask members to approve the creation of the West Midlands Innovation Board, reporting to SEP Board, to take a strategic lead in ensuring that innovation drives future economic growth and public service reform, along with embedding innovation within the activities of the West Midlands Combined Authority (WMCA).
- 1.2 There is currently no formal group within the WMCA's governance structure tasked with leading the SEP objective of increasing levels and economic impact of innovation. The creation of a formal WM Innovation Board will provide strategic leadership on innovation matters.

## 2.0 Background

- 2.1 The WMCA Strategic Economic Plan (SEP) explicitly recognises that delivery of the SEP depends on the embedding of innovation in both the wider economy and in public service reform: *'a relentless focus on innovation is key to achieving productivity and public service reform objectives.'*
- 2.2 Action to support and enable innovation features in many of the WMCA SEP strategic priorities, with a key priority to increase the number of businesses adopting innovation, and increasing investment in R&D. Innovation is acknowledged as a key driver of economic productivity and investment and forms one of the five strands of work of the WMCA Productivity and Skills Commission. There is also a strong and complementary focus on innovation at the level of the three constituent LEP SEPs.
- 2.3 There is a growing focus on the importance of innovation in resolving the UK Productivity challenge. The National Productivity Investment Fund aims to add £23 billion in investment from 2017/18 to 2021/22, which includes £4.7 billion for science and innovation, including a growing year-on-year profile to £2 billion per year extra in R&D, by 2021/22. Building from these announcements, innovation is one of the foundations of the UK Industrial Strategy, published in November 2017, and furthermore innovation is also woven through the other four foundations of the Industrial Strategy. There is seen to be a strong connection between Innovation and the Place with an emphasis on the importance of building innovation excellence 'across the country'. The associated launch of a £115m Strength in Places fund 'to support areas to build on their sciences and innovation strengths and develop stronger local networks' further adds to a growing set of investment funds that the WM needs to take full advantage of as it develops its Local Industrial Strategy.
- 2.4 The West Midlands is well placed to take advantage of this national policy agenda to drive forward local economic growth through innovation, having, already produced its own Science and Innovation Audit (SIA), supported by the three LEPs. The SIA identifies areas of science and innovation expertise across the WMCA geography in its research base, innovative companies and other bodies in the wider innovation ecosystem. The SIA states: 'The research landscape across our area is multi-faceted, spanning the full 'Technology Readiness Level' spectrum, from basic and experimental research, through to applied and collaborative R&D, and on to commercial implementation. Our area includes eight universities with particular strengths in the broad areas of engineering, physical science and the biosciences.'

2.5 In endorsing the WM SIA, the 3 LEP Chairs and the Mayor concluded that it *'shows that, with the right leadership, cooperation and targeted action, the West Midlands has the science and innovation strengths, assets and relationships to seize this moment to further develop and exploit our science and innovation capabilities to maximise growth across our economy.'* The Audit also provides a powerful evidence base to steer the WMCA and LEPs as they identify key market strengths and enabling competencies with potential for exploitation, as well as ecosystem enablers and barriers.

### **3.0 Role of West Midlands Innovation Board**

3.1 The West Midlands Innovation Board will be a knowledgeable body with the expertise to: identify the innovation priorities that have the power to support the case for inward investment and to stimulate growth, productivity and skills; and instil partnerships that deliver. The WMIB will be a champion for innovation across the WMCA geography, acting as the prime collective voice for encouraging both innovation in our firms across all sectors of the economy and embedding innovation in public service reform. It will be the lead body in the Combined Authority structures charged with ensuring that innovation enables our economy to grow and helps to drive public service reform

3.2 The West Midlands Innovation Board will therefore;

1. Support, drive and enable a strategic framework for innovation focused on the strategic drivers of the SEP and recommendations of the West Midlands Science and Innovation Audit.
2. Champion the innovation function as an enabler of the WMCA SEP objectives supporting the CA SEP Board.
3. Stimulate innovative approaches to support of the delivery of economic development in the WMCA, leading to tangible deliverables and drive development of programmes addressing the findings of the WM Science and Innovation Audit across the three-LEP geography.
4. Incentivise the alignment of the innovation capabilities of the region's research organisations, including the universities, with the needs and demands of West Midlands business.

The LEPs will seek to develop a more comprehensive reservoir of business led innovation activity and capacity to inform and support the delivery of the productivity improvements the region needs via an effective ecosystem encouraging greater business investment into innovative processes, products and services. An overview of this wider ecosystem is in the appendix to this paper.

### **4.0 Remit of West Midlands Innovation Board**

4.1 The WMIB will be balanced towards demand-led innovation with significant involvement from the private sector and incorporating the needs to deliver public service reform. The emphasis on demand-led innovation will not exclude the support of emerging new technologies and innovative developments from the research base that could bring a step change in the regional economy in the longer term, especially where these are close to market.

4.2 The WMIB will develop clear and definable outcomes and KPIs with a clear remit of:

### ***Strategic Framework and Programme Prioritisation***

- Develop a strategic framework for innovation for the WMCA, taking into account LEP, Midlands Engine and national innovation strategies, advising the WMCA on innovation policy and strategy.
- Provide an evidence-based consensus for the prioritisation of research and/or innovation propositions that are funded through the WMCA or that require WMCA endorsement and/or support.
- Building on work of WMCA SEP, recommend actions for the SEP Implementation Plan related to innovation and lead on developing specific actions, as appropriate.
- Lead on development of next steps and recommendations emerging from WMCA Science and Innovation Audit as they relate to Combined Authority geography.

### ***Partnership Development and Capacity Building***

- Lead strategic relationships, where the WMCA is able to act as one voice on behalf of all key local stakeholders, with national agencies and bodies, including BEIS Innovation Directorate, Innovate UK and Catapults.
- Work with key stakeholders, including LEPs, universities and the WM Growth Company, to promote the region's innovation strengths nationally and internationally.
- Shape and determine innovation proposals within future devolution deals and monitor and evaluate their delivery and effectiveness.
- Work with other WMCA Boards, including Digital Board and Public Service Reform Board, in which innovation has potential to be a cross-cutting theme.
- Lead and advise on embedding innovation into public service reform.
- Draw on the 'reservoir' of partners, expertise and pipeline projects to support delivery against the Innovation Board's strategic framework for Innovation.

### ***Innovation Advocacy***

- Co-ordinate responses to national opportunities, including programmes to boost a national Industrial Strategy and regional growth (such as the Industrial Strategy Challenge Fund, Strength in Places Fund and Shared Prosperity Fund and UKRI funds) where there is a clear benefit to doing so through the WMCA.
- Maintain awareness of the three-LEP innovation activities in order to identify where joint action and/or WMCA level interventions may be beneficial.
- Further develop and lead on implementation of recommendations of the Productivity and Skills Commission as they relate to innovation.
- Encourage incentives and activities which increase alignment of R&D from the region's research organisations, including its universities, with the innovation needs of business, encouraging collaboration, working with partners in the innovation ecosystem.

4.3 An overview of specific activities within this remit is included in Appendix 2.

## **5.0 Governance and Management of West Midlands Innovation Board**

5.1 It is proposed that the governance structure for WMIB allows for clear reporting into SEP Board, with leadership for innovation within WMCA structures. Membership should be constituted to reflect the demand-led approach to innovation by the WMIB. Details of the proposed structure can be found in Appendix A.

5.2 It is proposed to define expectation and characteristics of the Chair first and then seek nominations. (Annex 3). As part of their role, the Chair should have a strong industrial background and good understanding across the market strengths and/or enabling competencies identified in WM SIA. The chair should also have a good understanding of the capabilities of the university sector in the region, and of the national and international drivers that influence university strategy and partnerships with business.

- 5.3 Members of the Board will be drawn from organisations which align with the objectives of the WMIB, including business, universities, science parks and LEPs. Government innovation bodies such as BEIS and Innovate UK, should be invited to attend with observer status. Nominations should be sought of individuals with an understanding of the WM innovation ecosystem and partnership working. The Chair and Members should define clear expectations for the Board, acting in the spirit of the Nolan principles defined below
- 5.4 Membership should ensure expertise to cover all topics of the WM SIA, i.e. 4 market strengths, 3 enabling competencies and 5 ecosystem factors (one person may cover several and also a type of organisation).

<b>Suggested WM Innovation Board Membership</b>	<b>Composition</b>
University Membership (Vice Chancellor or Pro Vice Chancellors or equivalent)	6 Seats
WM CA LEPs (Senior private sector representatives) (2 seats per LEP)	6 Seats
Experts and specialists (to be appointed as appropriate).	3 seats
Independent Chair	1 Seat
Observer status for Innovate UK, BEIS and other relevant govt departments as appropriate.	

- 5.5 The CA SEP Board should agree final membership, with sign-off from the Mayor.
- 5.6 The Innovation Board and its members will adhere to Nolan Principles and manage any potential conflicts of interest in accordance with the legal requirements of the WMCA.

<b>Board Operation Draft Principles - Nolan</b>
<p><b>1. Selflessness</b> Holders of public office should act solely in terms of the public interest.</p> <p><b>2. Integrity</b> Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.</p> <p><b>3. Objectivity</b> Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.</p> <p><b>4. Accountability</b> Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.</p> <p><b>5. Openness</b> Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.</p> <p><b>6. Honesty</b> Holders of public office should be truthful.</p> <p><b>7. Leadership</b> Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.</p>

Links to other appropriate WMCA governance structures should be clear, notably the Digital Board and Public Service Reform Boards.

5.7 There will be a requirement for Executive support for the West Midlands Innovation Board. The remit of the Executive will be fully articulated before deciding levels of resource, but initially a light structure (e.g. Innovation Executive Lead and potentially a supporting role) is anticipated, principally to support the role-out of the WM SIA and delivery of the innovation aspects of the SEP. The LEPs have agreed to initially assign capacity to the Innovation Executive lead role with a physical base with GBS LEP. Line management is proposed via the LEP Chief Executives with a dotted line report to the Chair.

5.8 The three LEPs are committed to work closely with partners to explore funding mechanisms with a view to funding the Innovation Executive support in the initial period (18 months to 2 years). Building a sustainable future model for WMCA activities will be a priority for the lead officer.

5.9 Task & Finish/Working Groups could be resourced by a combination of the CA and via the wider innovation ecosystem depending on necessity. In some cases there might be a need to re-purpose groups to meet the needs of the WMCA SEP priorities.

## **6.0 Financial implications**

6.1 There are no financial implications arising from this report at this stage.

## **7.0 Legal implications**

7.1 There are no legal implications arising from this report

## **8.0 Schedule of appendices**

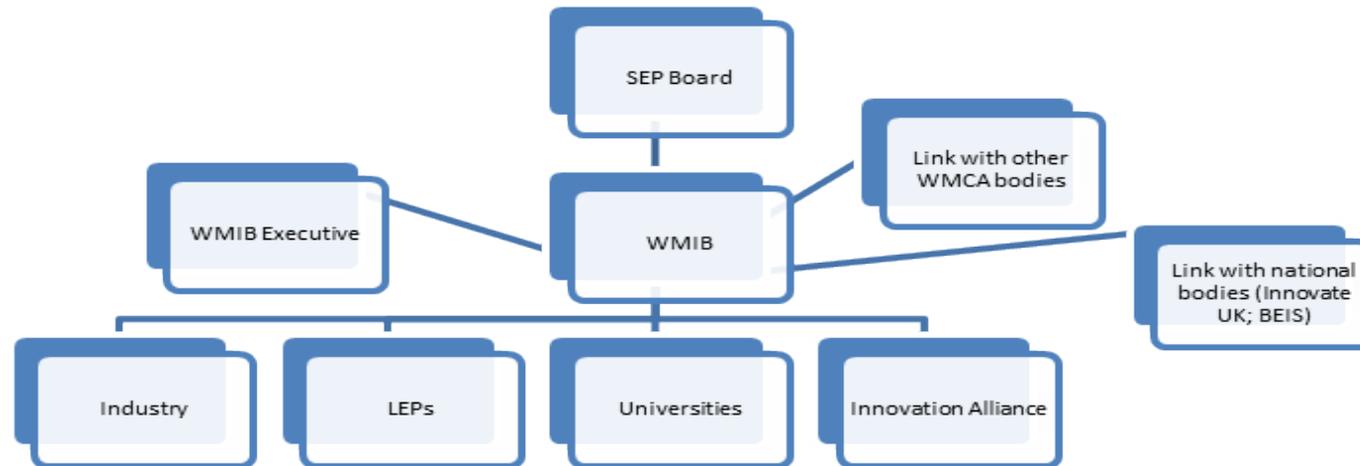
8.1 Appendix 1: Innovation Ecosystem Feeding into proposed WMCA Innovation Board

Appendix 2 – Key Activities and Deliverables of West Midlands Innovation Board

Appendix 3 – Innovation Executive Lead Job Description and Person Specification

Appendix 4 - Chair of the Innovation Board Job Description and Person Specification

## Appendix 1: Innovation Ecosystem Feeding into proposed WMCA Innovation Board



### Innovation Alliance for the West Midlands

An independent innovation ecosystem network, the 'Alliance' is envisaged to be a useful source of pipeline programme considerations for the WMIB. The 'Alliance' has two main aims – to build a vibrant innovation ecosystem and to catalyse collaborative actions that drive growth and enhance productivity through increased innovation for the West Midlands.

### Universities

The WMCA is home to eight universities within its current geography, and part of a network of 12 universities across the wider West Midlands. All universities are members of Universities West Midlands, which is the inclusive higher education regional association for the West Midlands and the forum for collective engagement with the WMCA.

Other formal university alliances that include WMCA-based universities and with which the WMIB is likely to engage include:

- West Midlands Combined Universities: a formal and legal partnership between Birmingham City University, Coventry University and the University of Wolverhampton – to meet the demands of devolution across the region.
- Midlands Innovation - a world-class research and innovation partnership, which seeks to unite the power of university research with the unique strengths of Midlands industry to drive cutting-edge research, innovation and skills development. Members (WMCA members in

bold): **Aston University, University of Birmingham**, Cranfield University, Keele University, University of Leicester, Loughborough University of Nottingham, **University of Warwick**.

## **Appendix 2 – Key Activities and Deliverables of West Midlands Innovation Board**

### **Board meetings**

- Agree recommendations to the WMCA Investment Board on spending WMCA innovation funding
- Formally endorse input to Local Industrial Strategy on R&D and innovation
- Escalate bid co-ordination issues for discussion at the Board
- Endorse and monitor pipeline of major innovation business cases to put to Government where there is a clear role for the Combined Authority
- Review proposals for changes to Government innovation funding structures (e.g. EU Shared Prosperity Funding)

### **Executive / Working Groups**

- Recommend to the Innovation Board on spending WMCA innovation funding
- Provide expert input to Local Industrial Strategy on R&D and innovation
- Co-ordinate bids for Government innovation funding (arbitrate competing bids, marshal resources to develop bids, challenging and improving bids, radar to track upcoming calls)
- Oversee pipeline of major innovation business cases to put to Government
- Develop proposals for changes to Government innovation funding structures (e.g. EU Shared Prosperity Funding)

### **Fast track mechanism**

- Sub-group providing official WMCA / Mayoral 'endorsement' for bids to Government (e.g. for quick responses to 'calls' from Government)

## Appendix 3 – Innovation Executive Lead Job Description and Person Specification

### ROLE DESCRIPTION

**Job Title:-**

INNOVATION EXECUTIVE LEAD

**Accountable to:** WM Innovation Board  
Chair

**Line Manager:-** LEP Chief Executive

**Role Purpose:-**

To work directly with the West Midlands Innovation Board to ensure the delivery and implementation of its vision.

To lead the effective strategic role out of the West Midlands Science and Innovation Audit ensuring its alignment with the strategic innovation drivers in the WMCA Strategic Economic Plan.

Manage the key stakeholder relations, including wider WM Innovation Board Partners, three LEPs associated innovation arrangements, local authorities, Universities, FE Colleges and key business networks etc to ensure the effective delivery of WMCA Innovation ambitions.

**Principal Accountabilities:-**

1. To lead the development and implementation of the West Midlands Innovation agenda, working closely with the WMCA Innovation Board and WMCA SEP Board.
2. To develop, manage and deepen relationships with a range of stakeholders, regionally, nationally and internationally with the aim of driving economic growth in the West Midlands through innovation.
3. To ensure the effective delivery of the vision and plans of the WMCA Innovation Board and the efficient roll-out of the WM Science and Innovation Audit (WM SIA).
4. To ensure the effective development and management of key projects and programmes across the region to generate investment in innovation across the WMCA geography.
5. To ensure the development of an effective communications and marketing strategy to support the delivery, profiling and positioning of the WMCA Innovation Board plans.
6. To identify appropriate mechanisms for strategies to maximise funding and investment to achieve the WMCA's innovation goals.
7. To develop and manage a team (potentially virtual) with key partner organisations to deliver the WMCA innovation ambitions.
8. To determine reporting processes for measuring the success of programmes and contribute to the overall WMCA SEP action plans to ensure joined-up thinking and overall effective strategy delivery.
9. To determine and deliver effective financial reporting processes to ensure robust management audit and risk controls are secured enabling the effective management of the Innovation fund resources.

## **Key Personal Skills**

### **Experience**

- Proven and substantial senior experience in the innovation sector with evidence of alignment of innovation across strategic frameworks.
- Proven ability to understand, interpret and deliver on drivers for economic growth.
- Understanding of the WMCA Geography and LEP framework
- Understanding of the strategic framework for economic group
- A background of engagement with senior Board-level leaders and other professionals across a range of organisations and sectors.
- Experience of leading and managing complex public funded programmes and ideally direct experience of successfully developing business cases for access to national and European funding opportunities.
- An understanding of the challenges and opportunities for the West Midlands innovation landscape.
- Experience of managing complex stakeholder relations
- Experience of managing data reporting and financial funding allocation processes

### **Behavioural Competencies**

- Effective communication and influencing skills across all levels
- Effective relationship building skills
- Ability to build effective teams and relationships and achieve results through others by leading, inspiring and motivating others.
- Strategic thinking with the ability to think holistically and link strategy to implementation and delivery
- Strong decision making, high level analytical and problem solving skills, with the ability to exercise sound judgment in seeking creative solutions to complex situations.
- Resilience and organised an ability to work with a high volume workload.
- Commitment to collaborative working
- Entrepreneurial outlook with the ability to identify and maximise opportunities and manage risks.

## Appendix 4 - Chair of the Innovation Board Job Description and Person Specification

The role of the Chair is to provide leadership and direction to the West Midlands CA Innovation Board. The Chair's aim is to help realise its commitment to ensuring that innovation helps drive future economic growth and public service reform across the West Midlands Combined Authority geography through embedding innovation across its activities.

Accountable to:-	Chairman of WMCA SEP Board
Responsible For:	<ul style="list-style-type: none"> <li>• Defining the overall direction of the WMCA Innovation Board through supporting, driving and enabling a strategic framework for innovation.</li> <li>• Providing visible strategic leadership to the Board helping to achieve the WM Innovation Board, and ultimately WMCA SEP, objectives.</li> <li>• Ensuring effective recommendations are made on funding allocations WMCA innovation resources.</li> <li>• Lead the Board in the development of strategic relationships where ultimately the WMCA is able to act as on voice on behalf of local stakeholders, national agencies and bodies.</li> <li>• Chairing and continue to develop an effective Board through chairing its regular meetings and bringing together a diverse range of interests and partners to work together on a common agenda.</li> <li>• Ensuring that Board decisions are acted upon, leading the Board in its scrutiny of the performance of the Executive in effectively and efficiently delivering its plans.</li> <li>• Being the lead advocate for the WMCA Innovation Board as its spokesperson and championing its focus, ensuring it has a visible local, regional and national presence where appropriate.</li> <li>• Securing a robust and high standard governance framework is in place and is regularly reviewed.</li> <li>•</li> </ul>
Key Duties:	<ul style="list-style-type: none"> <li>• Setting the agenda ensuring it focuses on the key issues, is proactive and strategically focused.</li> <li>• Planning and preparing Board meetings to ensure members receive accurate, timely and clear information enabling sufficient time for consideration of critical issues.</li> <li>• Chairing Board meetings to ensure effective discussion, deliberation and decision making takes place with all adequately minuted.</li> <li>• Leading the timely review of the skills composition of the Board to ensure its overall effectiveness including where appropriate the Induction, review and development of individual Board members to ensure their continuing contributions.</li> <li>• Ensuring that successors are in place within the terms of appointment periods ensuring the effective re-appointment criteria is applied and/or recruitment and selection processes are adhered to.</li> <li>• Encouraging and making sure all Board members actively engage and participate in Board meetings taking action, where necessary to ensure individuals are appropriately contributing.</li> <li>• Liaising with the Executive to ensure appropriate effective support is provided at all times.</li> <li>• Engaging with relevant stakeholders to ensure the best interests of Innovation Board are represented and upheld at all times.</li> </ul>

<p>Person Specification:</p>	<ul style="list-style-type: none"> <li>• Recognition as a business leader ideally with a proven strong track record in the industrial sector.</li> <li>• Good understanding of the capabilities of the University sector in the region, and of the national and international drivers that influence university strategy and partnerships with business.</li> <li>• Experience of strategic working and business planning with a good awareness of market strengths and key relevant areas e.g. WM Science and Innovation Audit (WM SIA).</li> <li>• Ability to convey wider messages and build consensus, particularly in uniting divergent interests.</li> <li>• Networking skills and experience with senior influencers and capability and willingness to use this for the benefit of WMIB</li> <li>• Experience of operating within Boards and committee structures and a working knowledge of the governance framework.</li> <li>• A willingness, together with the appropriate skills and knowledge and personal credentials, to effectively lead the Board.</li> <li>• Ability to encourage fresh thinking and innovation to create new solutions.</li> <li>• Experience of public relations and working with the media.</li> <li>• Understanding and acceptance of the legal duties, responsibilities and liabilities of the stewardship of the Board and abiding by a public Code of Conduct.</li> <li>• Good, independent judgement, political impartiality and the ability to think creatively in the context of the Board's activities and external environment.</li> <li>• Excellent communication and interpersonal skills and the ability to respect the confidences of colleagues.</li> <li>• Balancing tact and diplomacy with willingness to challenge and constructively criticise.</li> <li>• A willingness to devote time to carry out their responsibilities.</li> </ul>
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## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	WMCA Digital Board
<b>Portfolio Lead</b>	Councillor Ian Ward - Economic Growth
<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>	Henry Kippin, Director of Public Service 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 - 23 February 2018

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

**The WMCA Board is recommended to:**

- (1) Approve the current progress and focus areas of the Digital Board.

## **1.0 Purpose**

1.1 To outline the work undertaken by the Digital Board since it was established in 2017, set out its current membership, current priorities and focus areas.

## **2.0 Background**

2.1 Whilst 'Creative and Digital' is one of our core transformational sectors in our Strategic Economic Plan, digital technology is transforming our key sectors in the region - advanced manufacturing, automotive, life sciences, professional services, construction, low carbon, transport, healthcare, and public services. The region runs the risk that, in the absence of a clear digital vision and a vibrant digital/tech eco-system in the region, which can fuel innovation across these sectors, those sectors will struggle to compete both domestically and internationally as other regions capitalise on the opportunities afforded by transformational technologies.

2.2 The Digital Board was formed in 2017 to ensure appropriate focus was placed on developing our digital focus in the West Midlands, and to bring together the various strands of activity that have already been operating across the region. Particular focus is on:

- Digital skills
- Digital infrastructure
- Development of our overall tech eco-system
- Data and digital government
- Marketing/communications and PR

2.3 The attached paper (Appendix 1) summarises the status of the Digital Board's composition, focus to date and its organisation around the key focus areas, as well as the priority areas in which it is progressing its work. Noted in this appendix is a commitment to ensure that the next phases of the Digital Board's work are developed in collaboration with our local authority and system partners – to ensure they are adding value and are strategically well placed.

2.4 In order to develop a sustained focus on Digital going forward, proposals were raised during the negotiations for the second devolution deal to include government funding towards our regional Digital ambitions. Government chose instead to set up a number of central government funding pots, into which we will bid to support specific programmes. We are developing our key propositions in this area currently. We are also currently investigating opportunities to seek funding for specific programmes from the Investment Programme, and will submit applications for such activities through the normal investment appraisal processes within the WMCA.

## **3.0 Wider WMCA Implications**

3.1 The Digital Board aims to work with existing groups, structures and taskforces within the WMCA, to avoid duplication of work. In this regard a current focus area is develop a better link into the individual local authority heads of IT, to ensure awareness of our digital ambitions and the role they can plan in this regard. At this stage it is anticipated that this will commence with members of the Digital Board joining the next meeting of the LA heads of IT meeting, scheduled for mid-March 2018.

## **4.0 Financial implications**

- 4.1 Progression of key priorities and next steps as set out will be delivered through collaboration and existing structures and resources. The appointment of the Chief Digital Officer at WMCA to drive this agenda forward will be funded from additional capacity monies announced in the November 2017 budget and which was included within the 9 Feb CA Budget approval report. As there was no direct Digital funding for work delivered through the November 17 budget, work is being undertaken to develop bid for central funding pots where opportunities arise or are available. This will potentially include bids into the CA's own Investment programme and which will follow the standard governance process. Where onward progression of initiatives and work programmes identifies unbudgeted costs, additional funding sources will need to be identified and reported back to Board for approval prior to progression.

## **5.0 Legal implications**

- 5.1 There are no immediate legal implications arising from this report particularly as no specific proposals are being put forward for approval at this stage. It will be necessary to keep any subsequent proposals under review to ensure that they are within the legal powers available to the Combined Authority now or in the future. No specific delegations are being requested from the Board at this stage so proposals in the future may also require Board approval to implement but this can be considered as and when necessary through liaison with the Legal/Governance team within the Combined Authority.

## **6.0 Equalities implications**

- 6.1 There are no immediate equalities implications arising from this report.

## **7.0 Schedule of background papers**

- 7.1 None

## **8.0 Appendices**

- 8.1 Appendix 1 – Digital Board Update Pack

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# WMCA

## Digital update

*February 2018*

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# Contents

**This document provides an update on the work of our Digital Board, since its formation was approved by the WMCA Board in September 2017.**

The structure of this document is as follows:

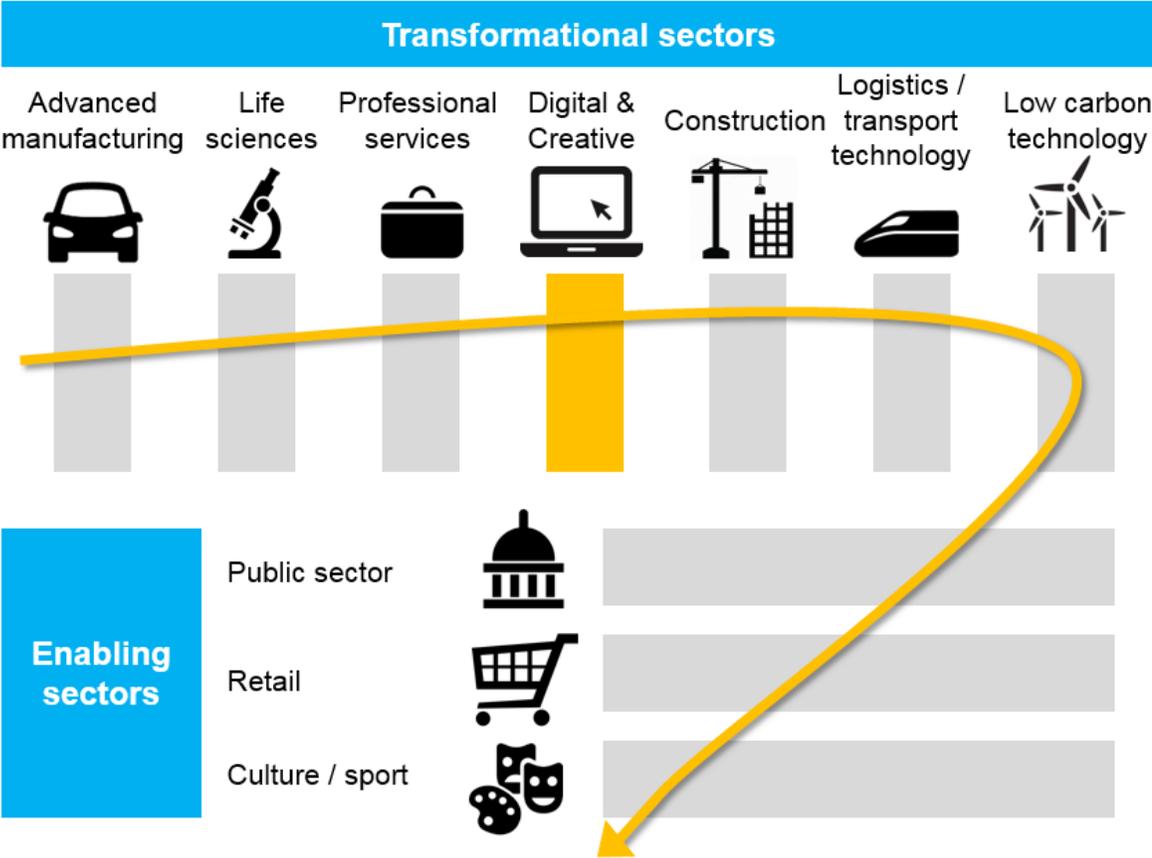
- Regional context
- Recap on rationale for setting up the Digital Board, its aims and objectives
- Details of meetings held, membership and attendance
- Current focus areas
- Next steps

# Regional context

The WMCA’s Strategic Economic Plan is grounded in the overriding strategy of rapid acceleration in growth, employment and productivity through targeted actions in key sectors, enhanced innovation incubation and skills development alongside public sector reform.

Digital is a vital part of the SEP, cutting across all industries in the region (as well as being an important sector in its own right), with technological improvements transforming our industries. With innovation, technological development, and therefore a digital focus, all being a core part of improving growth and productivity, it is essential that we have a clear digital strategy and act now to embrace the change that digital is bringing.

The Digital Board was formed following WMCA Board approval in September 2017. The remit of this board was develop a region-wide digital strategy and bring together the good work that was already being undertaken across the region, both within local government and more broadly within the regional tech ecosystem in the West Midlands.



# Regional digital priorities

## Recap

- Our Vision is - not to become the new Silicon Valley or to compete on the same scale as London, but to be a tech hub in our specialist sectors, with the aim being to create more and better digital jobs and to ensure that we make the most of how digital technology is transforming our region and our sectors.
- Underlying success factors make the West Midlands a high-potential technology growth region – e.g. young/diverse population, strong anchor universities, cost of living and quality of life, an entrepreneurial culture, and good connectivity.
- However, we also face challenges – in particular –
  - Skills – better linkage between employment and education needed
  - Role models – to guide and support our start-ups and SMEs
  - Infrastructure – improved connectivity and speeds for business and residents
  - Profile – driving awareness of our ambitions and successes
  - Workspace – creating vibrant co-working spaces to help develop our tech eco-system
  - Financing – access to funding and financing for all, not just established businesses

## The Digital Board's focus reflects these challenges:



Development of digital skills initiatives



Focus on infrastructure – fibre connectivity, mobile communication, 5G and next generation technology



Digital government and data – including our 'UrbanTech' focus



Development of regional tech eco-system, including mentoring, start-up support, co-working spaces



Marketing/communications – putting the West Midlands on the map

The Board's activities and focus are not designed to duplicate work already ongoing within local authorities, and ongoing collaboration with local authority IT leads will be enhanced to ensure this is the case.

# The Digital Board

## Membership

The following have volunteered to be part of the Digital Board. Without the commitment of these people, progress on our digital ambitions would be significantly constrained:

- David Maclean (chair) – CEO, Packt Publishing
- Tim Kay – Digital lead, KPMG Birmingham
- Roy Meredith, Digital Business Development Director, WMGC
- Sarah Windrum – CWLEP and CEO Emerald Communications
- Raj Mack – Head of Digital Birmingham
- Chris Meah – CEO, School of Code
- Tracy Westall – Director, Tech UK, and NED, Innovation Birmingham
- Faye Pressly – COO, Vanti
- Hanadi Jabado – Centre of Entrepreneurship, Cambridge Judge Business School
- Brendan O'Reilly – CTO, Telefonica
- Joel Blake – GBSLEP lead for SME growth
- Jon Wrennall – CTO, Advanced
- Julian Turner – CEO, Westfield Technology Group

*The board has agreed the importance of consistent engagement and co-design with local authority and public service partners as it shifts from early stage set-up to delivery.*

## Meetings

Meetings have been held on the following dates, including outline content of each meeting. Meetings take place on a monthly basis:

Date	Content
11/10/2017	<ul style="list-style-type: none"><li>• Context – regional digital vision – and Board objectives</li><li>• Quick wins for early focus</li><li>• Broader digital programme and focus areas</li><li>• Roles and responsibilities</li></ul>
15/11/2017	<ul style="list-style-type: none"><li>• UrbanChallenge update</li><li>• Funding/Devo II update</li><li>• Update on key focus areas</li><li>• New opportunities</li></ul>
13/12/2017	<ul style="list-style-type: none"><li>• Discussion of CDO role</li><li>• 5G programme</li><li>• Implications of budget/Devo II announcements on Digital Board operations</li><li>• Focus on funding and financing of activities</li><li>• Brief updates on other areas</li></ul>
24/01/2018	<ul style="list-style-type: none"><li>• Digital stakeholder mapping</li><li>• Development of taskforce approach to delivery of key objectives</li><li>• Digital infrastructure programme</li><li>• Digital Skills scene-setting</li><li>• Funding focus</li></ul>

# The Digital Board – taskforce approach

## Overview

- Whilst funding available to support digital initiatives and resource a digital team is limited, the Digital Board has developed a ‘taskforce’ approach to implementing its strategy. Each taskforce comprises a small number of members of the Digital Board, with external expertise brought into the taskforce from other experts in the region (again either private sector or local authority/public sector).
- Taskforces in place are as follows – note that this focus is likely to evolve over time, such that additional taskforces may be set up to focus on specific initiatives:
  - **Skills** – working closely with WMCA Productivity and Skills team, to assess skills gap in the region and consider better ways of linking digital education with employment
  - **Infrastructure** – assess opportunities to improve roll-out of digital infrastructure across the regions – will need ongoing engagement with local authority teams.
  - **Stakeholder engagement** – developing more regular links with regional stakeholders, such as corporates, banks, tech companies, universities and other groups, to improve awareness of digital activity and ambitions across the region.
  - **Data and smart cities** – assessing ways to improve visibility of available to data for use in the region, exploring open data and smart city initiatives, collaboration with existing data initiatives in the region.
  - **Eco-system** – exploring ways to build a greater tech presence in the region, in particular improving access to finance for growing businesses, developing broader mentor/angel networks, ways to increase the supply of co-working spaces for start-ups, etc
- A focus on seeking funding opportunities exists across all of these taskforces, and opportunities for deeper collaboration with local authority and system partners – including non-constituent areas, within which a significant digital economy already exists (e.g. Leamington’s ‘Silicon Spa’ cluster)

# Recent activities in Digital in the region (1)

## Digital infrastructure

- Ongoing engagement with infrastructure providers, to explore programmes of faster rollout of infrastructure – e.g. with:
  - Vodafone/City Fibre
  - Openreach
  - Virgin Media
  - BT

*Our ambition is to be seen as a leader in facilitating efficient roll-out of digital infrastructure in the region*
- 5G testbed/trials application submitted by one consortium in the region. One further consortium did not progress to a bid. We understand the bid submitted was unsuccessful.
- Ongoing engagement with tech cos and regional corporates, to develop 5G use cases
- Local Full Fibre Network bids have been progressed by LAs in the region – two bids were submitted in January 2018, with more expected in later phases of this programme.
- We have been engaging with relevant bodies – TechUK, DCMS Barrier Busting Task Force, etc – to speed fibre roll-out in the region.
- Engagement with Space Catapult, to assess potential for alternative connectivity solutions

- Working with alternative providers such as CityFibre, Warwicknet and others to encourage new open access wholesale networks – and targeting areas that BT/Openreach say are not viable (e.g. business parks)

## Digital skills

- Completed first cohort of School of Code pilot (18 grads) Jan 18, now in work placement phase. Intention to take learning from pilot and scale this up.
- Other digital programmes in the region taking shape – e.g. Solihull College (FE college) commenced a pilot programme with a cohort of 10, now expanding next phase to increasing capacity and rolling out to other FE colleges
- Initiating program with Tech Nation, LinkedIn, others to create local job market analytics for integrated talent demand mapping. Next phase to build employer panels for insight to create local Tech Skills partnerships.
- Birmingham Ormiston Academy (BOA), an independent state-funded 14-19 academy specialising in Creative, Digital and Performing Arts, is to launch “BOA Digital” an 11-18 academy specialising in digital technology. Targeted to open in September 2018 and will be located in central Birmingham, close to Aston University, Birmingham City University (BCU) and their new STEAMhouse project

# Recent activities in Digital in the region (2)

## Digital skills (cont.)

- BBC Shared Data Unit - brings together experienced BBC data journalists alongside reporters seconded from the wider local news industry. Started in Nov-17, aimed at developing data journalism expertise in regional news market.

## Digital government and data

- Launched the UrbanChallenge in November 2017, supported by Sajid Javid. 250 attendees attended the launch conference “UrbanSummit”.
- The Programme is ongoing, with the aim being to offer start-ups the opportunity to develop digital solutions across four areas in the region – wellbeing, skills, housing and ‘digital citizenship’
- First phase challenge ongoing, with approximately 125 applications received – pilot programmes for the winners of each challenge are anticipated to take place April-June 2018, involving close collaboration with WMCA teams, supported by Public and AWS.
- Engagement with West Midlands Open Data Forum, to look at developing open data initiatives.
- Specific taskforce in place, focused on developing approach to data
- Work in connection with Office of Data Analytics progressing, as per budget funding.

## Development of our regional tech-ecosystem

- BBC Three move is well underway –
  - Trainees and apprentices, who are already at work in The Mailbox, are creating content for BBC Three.
  - BBC Three has posted a list of Birmingham-based opportunities in production, journalism and digital for emerging and established talent - more roles to follow in the coming months. Senior appointment due shortly.
  - Also working on infrastructure changes to create edit suites, a studio and team space for BBC Three.
- Channel 4 relocation – decision awaited
- Initial vision and stakeholder meetings for sector innovation around sports, e-sports, and linkage to CWG22
- Programme of engagement with key regional (and national) stakeholders in place, to look at greater collaboration with those groups

## Marketing/communication

- Marketing and comms plan in place for WMCA Digital, in conjunction with WM Growth Company, to drive greater visibility of region’s tech focus
- Ramp-up of events in late 2017:
  - Pushing for Websummit to relocate from 2019 onwards – attended at WS 2017, and follow-up meeting in February 2018.
  - TechNation skills event in region, to launch skills report – Dec-17
  - UrbanSummit conference Nov-17

# Government engagement

We have continued to engage with DCMS to discuss our regional Digital ambitions. Specific areas where we are looking for further support include the following:

- **Support in developing our digital skills focus** – the digital skills shortage is a key area of focus, and we are working with education providers and other stakeholders to investigate ways in which we can scale existing propositions in the region. Key focus areas include:
  - Initiating our digital skills institute, with initial focus on assessing digital skills demand, gaps and needs in the region – i.e. mapping the regional supply and demand of digital skills in detail
  - Supporting scale-up of existing digital skills and apprenticeship programmes
  - Support development of a West Midlands Apprenticeship Portal, to give better access and visibility of digital learning opportunities, and improved matching of candidates and courses.

- **Geospatial data** – engagement with the Geospatial Commission that was launched in November 2017, to look at how the West Midlands can engage and act as a pilot for usage of geospatial data. We are excited at the opportunity this may present and are keen to engage to see how we can support pilot programmes in the region.
- **GovTech Fund** – prior to budget we had developed our plans for our own ‘UrbanChallenge’ to look at how GovTech could benefit the region. This programme is underway. Our aim is to make this sustainable, and linking into this challenge fund is a core part of our focus to sustain this effort.
- **WMCA investment fund** – a £2.5 billion investment fund was announced in the November 2017 budget, to support growing tech businesses in the UK. We believe there is a significant opportunity in the West Midlands that could be unlocked with this fund and are actively looking at how to unlock this fund and maximize the potential of regional tech businesses in the West Midlands.
- **Data and regulation** – these are key focus areas for us going forward. Ongoing communication with BEIS in this area is important

# Next steps

The work of the Digital Board remains in its early stages. Going forward, our immediate focus areas are in the following areas:

- **Engaging with LA Heads of IT:** we recognize the need to ensure close collaboration across the region. We are looking to join the Heads of IT's next group meeting in March 2017, to discuss our ambitions, the respective LA's digital agendas, and the ways in which we can collaborate and support each other going forward.

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**Focus on government funding opportunities:** with no direct Digital funding made available to the WMCA in the Budget/Devo II, we are continuing a focus on developing bids for central funding pots. Upcoming bids include the next phase of Local Full Fibre Network programmes, Phase 2 of DCMS's 5G testbeds and trials programme, as well ongoing InnovateUK funding programmes.

- **Capacity building:** we have commenced recruitment of a Chief Digital Officer for the WMCA, which will be funded from the capacity monies announced in the November 2017 budget. This post is not expected to be filled until mid 2018. Prior to that, digital capability is expected to be driven by the Digital Board and secondees into the WMCA from regional stakeholders, who we are actively targeting for support. The 'accountable employee' (and primary engagement lead) for Digital will become the CDO, once appointed.

- **Investigate potential funding opportunities from WMCA Investment Programme:** subject to the usual WMCA approval processes we will shortlist specific programmes and seek funding to develop progress in these areas – in particular with regard to digital skills and data.
- **Progression of UrbanChallenge:** pilot programmes due to take place in April-June 2018, with active support from regional public sector teams.
- **Embed taskforce approach to our work,** in particular:
  - Skills – assess actual gaps in provision, prior to developing solutions to address
  - Infrastructure – LFFN and 5G programmes, and engagement across LAs and infrastructure providers to help drive ultrafast connectivity around the region
  - Data – consider approach assessing data availability in the region, open data initiatives, and connecting with existing data and smart cities work in the region
  - Stakeholder mapping – implement programme to maintain closer links with key regional stakeholders, including corporates, adviser network, LA teams, DCMS teams and others
  - Marketing/comms – implement proposed plan to develop greater awareness of regional capabilities



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## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	Financial Monitoring 2017/18
<b>Cabinet Member Portfolio Lead</b>	Councillor Izzi Seccombe - Finance & Investments
<b>Accountable Chief Executive</b>	Deborah Cadman, West Midlands Combined Authority email: <a href="mailto:deborah.cadman@wmca.org.uk">deborah.cadman@wmca.org.uk</a> tel: (0121) 214 7552
<b>Accountable Employee</b>	Sean Pearce , Director of Finance email: <a href="mailto:sean.pearce@wmca.org.uk">sean.pearce@wmca.org.uk</a> tel: (0121) 214 7936
<b>Report to be/has been considered by</b>	WMCA Leadership Team - 21 February 2018 WMCA Programme Board - 23 February 2018

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

**The WMCA Board is recommended to:**

- (1) Note the financial position as at the end of January 2018.

## 1.0 Purpose

1.1 To provide an update of the West Midlands Combined Authority finances as at the end of January 2018.

## 2.0 Financial Monitoring

2.1 A summary of the revenue and capital financial positions against the approved budget are attached at appendices 1-5. A summary of the Investment Programme along with current commitments is included in appendices 6 and 7 and a summary of the balance sheet is included in appendix 8.

2.2 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority. The full year position shows a £5.2 million favourable variance from budget. This is largely within the Transport Revenue Budget where there is a £4.8 million previously reported saving as a result of a change in the Minimum Revenue Provision policy which was approved by the West Midlands Combined Authority Board in November 2017.

2.3 The Budget for 2018/19 has set out plans to use this £4.8 million saving to support the Transport Revenue Budget during the period 2018/19-2020/21, leaving a balance of £0.4 million against Transport as noted in the table below.

2.4 The forecast position has moved adversely overall by £0.8 million from that previously reported as shown below:

£ Million	Forecast Variance 2017/18	
	9 Feb Budget Report	9 Mar Financial Monitoring
Transport Delivery	0.9	0.4
WMCA Operational Budget	0.2	0.0
Mayors Office	0.0	0.0
Mayoral Election	0.1	0.6
Investment Programme	0.0	(0.6)
<b>Total</b>	<b>1.2</b>	<b>0.4</b>

2.5 The Transport Delivery movement reflects the £0.265 million rebate to Constituent Authorities as approved within the 9 February 2018/19 budget, along with £0.2 million other net adverse variances.

2.6 As a result of recent budget discussions the previously reported underspend of £0.2 million on the West Midlands Combined Authority Operational Budget will now be carried forward to 2018/19 to progress Productivity & Skills and PSR activity. The Operational budget is therefore anticipated to breakeven for the year.

2.7 The underspend on the Mayoral election costs will require the funding to be returned to the Investment Programme.

2.8 Following on from the West Midlands Combined Authority Board on 9 February 2018 it is worth noting that as part of the budget the West Midlands Combined Authority confirmed the adoption of the previous Centro pay policy in operation since 2012 that ensures we continue to pay our staff above the UK real living wage subject to an annual review of affordability. This represents no change to the existing policy which has been actively in place since 2012 and applies to the West Midlands Combined Authority, but does not affect the ability of member authorities in setting their own pay policies.

### **3.0 Transport**

3.1 Appendix 2 sets out the position on the Transport Revenue Budget as at the end of January 2018. As noted above this has moved adversely by £0.5 million since previously reported, as a result of the £0.265 million rebate and other net variations.

3.2 The Appendix sets out further details of an overall forecast saving for the year of £5.2 million primarily as a result of a £4.8 million saving on capital financing costs, as a result of a change in the West Midlands Combined Authority Minimum Revenue Provision policy, that was approved by the West Midlands Combined Authority Board in November 2017.

3.3 The full year favourable variance continues to reflect savings on concessions expenditure, primarily as a result of savings on the national bus concession scheme owing to lower patronage (£0.9 million) as well as savings within the local child concession scheme (£0.3 million).

3.4 This position continues to be offset by an adverse variance within Rail and Metro Services due to provision being set aside for Midland Metro Ltd mobilisation work (£0.8 million) and an adverse variance on Bus Services, mainly in respect of routine infrastructure maintenance costs (£0.3 million) as previously reported.

3.5 As noted above the latest forecast position also reflects a rebate granted to Constituent Authorities of £0.265 million approved in the 9 February 2018/19 budget report that will be returned to West Midlands Combined Authority to fund Mayoral costs in 2018/19.

### **4.0 West Midlands Combined Authority Operational Budget**

4.1 Appendix 3 sets out the position on the West Midlands Combined Authority Operational budget as at the end of January 2018.

4.2 There is a favourable year to date variance of £0.5 million, which is primarily due to a delay in the start-up of planned activity. The Appendix details a favourable variance of £0.3 million within the Productivity and Skills budget due to activities not taking place this financial year, as originally planned. This funding will be carried forward to 2018/19 to progress these activities.

4.3 Appendix 3 also sets out year to date savings on the Collective Investment Fund (CIF) of £0.3 million as the CIF is now expected to cover its fees and cost of capital in the year.

4.4 The favourable year to date variances are partly offset by the approved one off contribution to the Commonwealth Games bid of £0.25 million.

4.5 The full year forecast position reflects the contribution towards the Commonwealth Games bid of £0.25 million, additional staffing costs relating to senior West Midlands Combined Authority posts of £0.2 million and additional support within the Housing and Land workstream of £0.2 million. Offsetting this are savings relating to vacant posts and delayed or cancelled activity within various work streams.

4.6 As part of the budget process, any saving on the overall Operational Budget will be carried forward to enable the planned spend to be funded in 2018/19. The Operational Budget is therefore anticipated to break even for the year.

## **5.0 Mayor's Office**

5.1 Appendix 4 details the Mayor's office spend and the cost of the mayoral election. The forecast is in line with the budget.

5.2 There are savings forecast within the mayoral election budget of around £0.5 million as overall costs were lower than originally anticipated. This funding will be returned to the Investment Programme.

## **6.0 Transport Delivery Capital Programme**

6.1 In Appendix 5 transport schemes are behind budget, with a variance of £0.9 million to the end of January. The directly delivered Investment Programme schemes shows expenditure being behind budget £1.0 million, primarily due to the Edgbaston Metro Extension (£3.3 million) which is off-set by deferred activity on the Wolverhampton Metro Extension (£2.2 million) where the delivery profile has been reviewed.

6.2 The forecast for the year assumes overall spend in advance of budget £4.3 million (down from £6.1 million in October) which includes a continuation of the acceleration against the Edgbaston Metro Extension scheme in addition to acceleration within the overall budget against the East Birmingham to Solihull and Wednesbury Brierley Hill Metro schemes. Again, this is offset by a variance of £3.4 million which is attributable to the deferral of activity against the original Wolverhampton Metro Interchange scheme.

6.3 There is one minor cost pressures relating to projects in the minor works programme, being due to knotweed at Walsall cutting, £0.140 million funded by prior call on the 2018/19 Integrated Transport block funds. The Managing Short Trips Programme has been accelerated ahead of budget following a review of the Programme.

## **7.0 Investment Programme**

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

- 7.2 Appendix 6 details the progression of the West Midlands Combined Authority Investment Programme in full, which is broadly on track. Appendix 6 currently notes forecast costs greater than funding on the Metro schemes to Birmingham Airport and Brierley Hill. This includes a movement from Amber to Red on the Metro Birmingham Interchange Project due to delays in agreeing a Development Agreement with HS2. However at this early stage of development it is assumed this will be value managed down as the project detail develops. Those projects and programmes flagged as Red or Amber rated are reviewed by the HS2 Growth Delivery Board and mitigating actions to reduce risks are considered and challenged.
- 7.3 The West Midlands Combined Authority Investment Programme is reported as a consolidated picture, by collating both the West Midlands Combined Authority direct spend and local authority returns. As such, the reporting of Investment Programme financial is one month behind as this enables Districts two weeks post month end to supply their latest claim and forecast figures. The initial budget for the Investment Programme for 2017/18 is shown under Appendix 7.
- 7.4 Investment Programme projects with a West Midlands Combined Authority funding value of £314 million have received approval via the West Midlands Combined Authority Assurance Framework to the end of December 2017, most notable of which is the £98.7 million towards the Coventry City Centre Regeneration project. Further details are shown in Appendix 7. The key movements from that included in the January 2018 Progress Update are approvals on the Brownfield Land and Property Development Fund, HS2 Rail Schemes and Sprint Business Case works.
- 7.5 A separate report on the Investment Programme overall and current financial commitments and funding was considered by West Midlands Combined Authority board on 12 January and further work is underway regarding project scheduling.

## **8.0 Balance Sheet**

- 8.1 Appendix 8 shows the West Midlands Combined Authority Balance Sheet which shows a healthy financial position at the end of January. Main changes reflect Transport for West Midlands capital spend and work-in-progress mainly funded by grants in advance, resulting in the increase in the long-term assets.
- 8.2 Payments for the National Productivity Investment Fund Quarter 3 were the main contributor to the short-term deposits and cash.
- 8.3 Loans interest due has decreased following the Public Works and Loans Board principal repayment of £5 million last month and the increase in short-term creditors/accruals is the result of invoices received relating to Midlands Connect and the Metro Edgbaston scheme.
- 8.4 The increase in the grants receipts in advance is largely due to the Enterprise Zone funding for the Metro Centenary Square scheme.

## **9.0 Legal implications**

- 9.1 There are no legal implications.

## **10.0 Equalities implications**

- 10.1 There are no equalities implications.

## **11.0 Appendices**

- Appendix 1 – WMCA Consolidated Summary – January 2018
- Appendix 2 – WMCA Transport Revenue Summary – January 2018
- Appendix 3 – WMCA Operational Revenue Summary – January 2018
- Appendix 4 – WMCA Mayor Revenue Summary – January 2018
- Appendix 5 – WMCA Capital Transport Delivery Programme – January 2018
- Appendix 6 – WMCA Investment Programme Summary – December 2017
- Appendix 7 – WMCA Investment Programme Commitments – January 2018
- Appendix 8 – WMCA Balance Sheet – January 2018

## Consolidated Summary – January 2018

<b>WMCA Consolidated Position as at January 2018</b>						
	January 2018 YEAR TO DATE			FULL YEAR 2017/18		
	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	FORECAST £'000	BUDGET £'000	VARIANCE £'000
<b>INCOME</b>						
General (un-ringfenced) resources:						
- Transport Levy	101,285	101,285	0	121,542	121,542	0
- Devolution Deal grants	36,500	30,417	6,083	36,500	36,500	0
- Business rates growth	2,500	1,250	1,250	3,000	1,500	1,500
- Grants from Constituent members	1,240	1,240	0	1,487	1,488	(1)
- Grants from Non Constituent members	301	301	0	361	361	0
- Investment Income	649	537	112	730	632	98
<b>Total income</b>	<b>142,475</b>	<b>135,030</b>	<b>7,445</b>	<b>163,620</b>	<b>162,023</b>	<b>1,597</b>
<b>EXPENDITURE</b>						
Operating expenditure:						
- Transport delivery	96,677	101,676	4,999	116,329	121,542	5,213
- Operational budget	3,019	3,561	542	4,279	4,279	0
- Interest payable	0	0	0	0	0	0
- Investment Programme Governance	(1,338)	1,929	3,267	(681)	2,222	2,903
- Mayoral Office	266	300	34	362	364	2
- Network Resilience	0	0	0	0	0	0
- Mayoral Elections	4,439	5,000	561	4,322	5,000	678
Capital Financing:						
- Revenue finance of capital expenditure	34,256	22,564	(11,692)	33,793	28,616	(5,177)
Contributions to reserves						
<b>Total expenditure</b>	<b>137,319</b>	<b>135,030</b>	<b>(2,289)</b>	<b>158,404</b>	<b>162,023</b>	<b>3,619</b>
<b>Net</b>	<b>5,156</b>	<b>0</b>	<b>5,156</b>	<b>5,216</b>	<b>0</b>	<b>5,216</b>

The full year position shows forecast savings of £5.2 million against budget. This largely reflects savings within the Transport budget where a change in MRP policy has generated in year savings of £4.8 million in addition to savings against Concessions budgets totalling £1.4 million offset by a provision being set aside for Midlands Metro Limited mobilisation work of £0.800 million and a one-off £0.265m reallocation of forecast Transport for West Midlands underspend to fund the 2018/19 Mayoral Office costs.

Within the Investment Programme there is a favourable variance relating to Business Rates where the original budget was prudent and pending the outcome of discussions with Government and the Constituent Local Authorities regarding the formula to allow Business Rates Growth to be received by West Midlands Combined Authority. The Constituent local authorities have now agreed to a settlement of £3 million for 2017/18 and the above income accrued reflects this position.

There is a £2.9 million underspend against budgeted Investment Programme Governance which comprises £0.4 million relating to delays in recruiting into key roles and vacancies, the remaining £2.4 million relates to the reclassification of costs as capital spend both in the current year and for 2016/17.

These favourable variances within the Investment Programme are fully offset by increased revenue financing of capital expenditure in year.

\* Note that the Investment Programme budget was updated during the early part of 2017/18 from the originally reported position in February 2017 to reflect latest mobilisation timescales and funding sources.

## Appendix 2

### Transport Revenue Budget – January 2018

	January 2018 Year to Date			Full Year 2017/18			Comments
	Actual £'000	Budget £'000	Variance £'000	Forecast £'000	Budget £'000	Variance £'000	
<b>INCOME</b>							
Transport Levy	101,285	101,285		121,542	121,542		
<b>Total Income</b>	<b>101,285</b>	<b>101,285</b>		<b>121,542</b>	<b>121,542</b>		
<b>EXPENDITURE</b>							
<b>Concessions</b>							
National Bus Concession	43,294	43,883	589	51,619	52,519	900	The favourable FY variance of £1,355k and YTD variance of £974k is primarily as a result of savings on the national bus concession scheme owing to lower patronage and savings on the local child concession budget due to the release of a provision set aside in the budget which is no longer required.
Metro / Rail	3,601	3,674	73	4,290	4,409	119	
Child Concession	7,812	8,089	277	9,303	9,609	307	
Passes and Permits	(53)	(18)	35	(32)	(3)	29	
	54,654	55,628	974	65,179	66,534	1,355	
<b>Bus Services</b>							
Bus Stations / Infrastructure	3,886	3,613	(273)	4,525	4,213	(313)	The adverse YTD and FY variance within bus stations and infrastructure has largely occurred due to an overspend within the routine maintenance budget YTD (£219k) and FY (£129K) due to upward pressures as a result of greater maintenance requirements. Also travel outlets have an adverse variance of (£100k) due to additional agreed contribution to NX for travel shop contracts. Other minor variances make up the balance. These variances are offset by a one off favourable variance of £120k YTD and £127k FY within the RTI maintenance budget due to new franchise arrangement and due to a favourable variance within cleaning costs £157k YTD and £203k FY due to lower cleaning activity taking place.
Subsidised Network	6,485	6,498	12	7,793	7,772	(21)	
Tendering / Monitoring	656	691	35	820	816	(3)	
Accessible Transport	6,138	6,141	3	7,365	7,369	4	
	17,166	16,943	(223)	20,504	20,171	(333)	
<b>Rail and Metro Services</b>							
Metro	1,838	1,167	(671)	2,224	1,408	(815)	The adverse variance within metro operations is as a result of a provision being set aside for MML mobilisation work of FY £800k and YTD £666k.
Rail Operations	211	158	(53)	271	191	(80)	
Car Park and Ride	1,119	1,174	55	1,423	1,426	3	
West Midlands Rail	259	298	39	289	316	27	
Bromsgrove Rail Station	9	272	263	40	326	286	The favourable FY £286k and YTD £263K variance within Bromsgrove Rail station has occurred due to receiving greater income from the DFT in relation to the long term change.
	3,436	3,069	(367)	4,247	3,668	(579)	
Safety and Security	747	775	28	923	924	1	The FY adverse variance within Passenger Information is due to the costs for a consultancy piece of work to look at a single view rti system (£60k). Also there are additional costs for interim consultancy support to progress the transport branding project. These costs are offset by one-off additional E-purse commission from sales being received (£50k), and underspends against marketing campaigns & monitoring work, which are expected to take place by the end of the year.
Passenger Information	4,722	4,719	(3)	5,773	5,531	(242)	
Sustainable Travel	118	49	(70)	145	60	(86)	Sustainable travel has an adverse variance both in the FY and YTD position due to the costs of two unbudgeted members of staff which have not been funded from the LSTF contingency as done in previous years (£101k).
	5,587	5,543	(45)	6,841	6,514	(327)	
<b>Business Support Costs</b>	3,068	3,344	277	3,796	4,052	255	The FY and YTD favourable variances within business support costs are primarily as a result of savings within staff costs due to vacant posts and higher than budgeted investment income due to more favourable cash balances.
<b>Policy and Strategy and Elected Member Services</b>	1,515	1,663	148	2,149	2,075	(74)	
<b>Finance Charges</b>							
Finance Costs	8,911	13,106	4,195	10,803	15,673	4,870	The FY and YTD variance within finance costs is as a result of the MRP saving from the approved change to the Capital Finance policy FY £4.8m and YTD £3.6m. Along with Interest savings on long term borrowing costs as a result of a delay in planned borrowing due to current market conditions.
Deregulation Pension Costs	1,093	1,130	37	1,310	1,356	46	
Transport Development	1,250	1,250		1,500	1,500		
	11,253	15,486	4,232	13,613	18,529	4,915	
<b>Total Expenditure</b>	<b>96,679</b>	<b>101,676</b>	<b>4,998</b>	<b>116,329</b>	<b>121,542</b>	<b>5,213</b>	
<b>Net</b>	<b>4,606</b>	<b>(391)</b>	<b>4,998</b>	<b>5,213</b>	<b>()</b>	<b>5,213</b>	

## Appendix 3

## West Midlands Combined Authority Operational Budget - January 2018

FINANCIAL SUMMARY AS AT JANUARY 2018	JANUARY 2018 YEAR TO DATE			FULL YEAR 2017/18			WMCA OPERATIONAL BUDGET STATUS
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Contribution - 7 Met Council's	1,240	1,240	0	1,488	1,488	0	<p>At the end of January there is a favourable variance of £542k within the WMCA Operational budget. The full year position is forecast to be in line with budget reflecting an adverse movement of £158k during January.</p> <p>YTD Variance:</p> <p>Key year to date variances include a favourable variance relating to the Collective Investment Fund £292k due to the current anticipated return on investment being ahead of plan. This is offset by an adverse variance within the Housing and Land budget largely due to additional support required to deliver expected outputs by March 31st. Additionally there is an adverse variance within the Growth Company due to transitional costs which are partly offset by a saving due to membership commencing in May rather than April as planned. Programme, policy and support has an adverse variance due to a one off contribution of £250k to the Commonwealth Games and due to staff recruitment costs for senior posts.</p> <p>Culture and tourism has a favourable variance due to the cross innovation work which will now not take place and the timing of Year 1 of the British film Institute project funding of £100k, where activity has only recently commenced.</p> <p>Significant favourable variances within Productivity &amp; Skills and Mental Health budgets have occurred due to the timing of activities. A high volume of activity is forecast in the last 2 months of the year within these areas.</p> <p>FY Variance:</p> <p>The key FY variances are primarily due to a saving of £350k on the Collective Investment Fund which is expected to cover its fee and the cost of capital in year. Additionally, there are savings within the P&amp;S budget of £220k and within the C&amp;T budget of £87k due to work that will not take place this financial year. These savings will be carried forward to fund part of the 18/19 budget. Savings are partly offset by a one off contribution of £250k to the commonwealth games and higher than anticipated recruitment and staffing costs relating to senior WMCA posts (£204k), along with additional support for Housing delivery and Industrial Strategy.</p>
Non-Constituent Members	266	266	0	319	319	0	
Associate Members / Official Observers	35	35	0	43	43	0	
Contribution to / from Gain Share	1,669	1,614	55	1,936	1,936	0	
Investment Income	411	411	0	494	494	0	
<b>Total Income</b>	<b>3,621</b>	<b>3,566</b>	<b>55</b>	<b>4,280</b>	<b>4,280</b>	<b>0</b>	
Black Country Economic Intelligence Unit	(176)	(200)	24	(240)	(240)	0	
Collective Investment Fund	0	(292)	292	0	(350)	350	
Communications	(269)	(313)	44	(374)	(375)	1	
Culture and Tourism	(47)	(205)	158	(159)	(246)	87	
Housing & Land Commission	(221)	(83)	(138)	(261)	(100)	(161)	
Growth Company	(661)	(583)	(78)	(699)	(700)	1	
Mental Health Commission	(113)	(192)	79	(230)	(230)	0	
Productivity & Skills Commission	(113)	(441)	328	(324)	(544)	220	
Program/Policy/Support	(1,044)	(783)	(261)	(1,483)	(932)	(551)	
Public Sector Reform	(362)	(400)	38	(428)	(480)	52	
Transport	(67)	(68)	1	(80)	(81)	1	
<b>Total Expenditure</b>	<b>(3,073)</b>	<b>(3,560)</b>	<b>487</b>	<b>(4,278)</b>	<b>(4,278)</b>	<b>0</b>	
<b>TOTAL RETURN</b>	<b>548</b>	<b>6</b>	<b>542</b>	<b>2</b>	<b>2</b>	<b>0</b>	

## West Midlands Combined Authority Mayoral Budget - January 2018

	JANUARY 2018 YEAR TO DATE			FULL YEAR 2017/18			OVERALL REVENUE BUDGET STATUS
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
<b>MAYORAL OFFICE</b>							
Staff Costs	(247)	(188)	(59) 31%	(315)	(229)	(86) 38%	The costs of the Mayor's Office are expected to be in line with budget.
IT	(3)	(6)	3 50%	(11)	(6)	(5) 83%	
Promotions, Information and Initiatives	(1)	0	(1) 0%	(1)	0	(1) 0%	
External Advice	(1)	(61)	60 98%	0	(75)	75 100%	
Travel & Subsistence	(11)	(34)	23 68%	(30)	(42)	12 29%	
Other	(4)	(12)	8 67%	(5)	(12)	7 58%	
<b>TOTAL EXPENDITURE</b>	<b>(267)</b>	<b>(301)</b>	<b>34 11%</b>	<b>(362)</b>	<b>(364)</b>	<b>2 1%</b>	
<b>MAYORAL ELECTIONS</b>							
Mayoral Election Costs	(3,007)	(3,360)	353 11%	(2,876)	(3,360)	484 14%	Claims for Election costs by Local Authorities will be c£484k lower than budgeted. There are also savings within the marketing budget due to lower expenditure on marketing activities during the election campaigns. This is reflected in the latest forecast position.
Promotions, Information and Initiatives	(745)	(1,000)	255 26%	(760)	(1,000)	240 24%	
Travel & Subsistence	0	0	0 0%	0	0	0 0%	
Other	(686)	(640)	(46) 7%	(686)	(640)	(46) 7%	
<b>TOTAL EXPENDITURE</b>	<b>(4,438)</b>	<b>(5,000)</b>	<b>562 11%</b>	<b>(4,322)</b>	<b>(5,000)</b>	<b>678 14%</b>	
<b>MAYORAL EVENTS</b>							
Income	19	0	19 0%	0	0	0 0%	Income and expenditure relate to the Diwali celebrations organised by WMCA in October. The event was funded by sponsorship raised from private sector companies.
Expenditure	(18)	0	(18) 0%	0	0	0 0%	
<b>NET</b>	<b>1</b>	<b>0</b>	<b>1 0%</b>	<b>0</b>	<b>0</b>	<b>0 0%</b>	

## West Midlands Combined Authority Transport Delivery Capital Programme - January 2018



Financial Summary Month Ending January 2018	JANUARY YEAR TO DATE			FULL YEAR 2017/18		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
<b>TFWM Directly Delivered Investment Programme Schemes</b>						
<u>HS2 Connectivity Programme:</u>						
Bilston Road Track Replacement Phase 2	(13,010)	(15,248)	2,238	(14,858)	(15,699)	841
Sprint Network	(596)	(1,900)	1,304	(1,043)	(2,894)	1,851
Investment Programme Rail Programme	(352)	(431)	79	(559)	(518)	(41)
Metro Centenary Square Extension	(8,364)	(9,199)	835	(11,262)	(11,423)	161
Metro Wolverhampton City Centre Extension	(4,578)	(6,815)	2,237	(5,138)	(8,500)	3,362
Metro Edgbaston Extension	(9,125)	(5,872)	(3,253)	(12,529)	(7,647)	(4,882)
Metro Catenary Free	(50)	9	(59)	0	4	(4)
<u>Other TFWM Investment Programme Schemes</u>						
Metro Birmingham Eastside Extension	(1,418)	(1,520)	102	(2,033)	(1,678)	(355)
Metro East Birmingham to Solihull Extension	(2,058)	(1,800)	(258)	(3,856)	(2,024)	(1,832)
Metro Wednesbury to Brierley Hill Extension	(3,955)	(1,703)	(2,252)	(5,017)	(2,133)	(2,884)
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(43,506)</b>	<b>(44,479)</b>	<b>973</b> 2%	<b>(56,295)</b>	<b>(52,512)</b>	<b>(3,783)</b> 7%
<b>TFWM Other Major Schemes</b>						
Birmingham City Centre Metro Extension	(787)	(762)	(25)	(785)	(800)	15
Longbridge Connectivity Package	(218)	(624)	406	(1,978)	(2,000)	22
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(1,005)</b>	<b>(1,386)</b>	<b>381</b> 27%	<b>(2,763)</b>	<b>(2,800)</b>	<b>37</b> 1%
<b>TFWM Minor Works Programme</b>						
TFWM Minor Works Programme	(3,710)	(3,642)	(68)	(5,917)	(5,322)	(595)
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(3,710)</b>	<b>(3,642)</b>	<b>(68)</b> 2%	<b>(5,917)</b>	<b>(5,322)</b>	<b>(595)</b> 11%
<b>TFWM Administered Programme</b>						
TFWM Administered Programme	(4,466)	(4,082)	(384)	(6,471)	(6,533)	62
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(4,466)</b>	<b>(4,082)</b>	<b>(384)</b> 9%	<b>(6,471)</b>	<b>(6,533)</b>	<b>62</b> 1%
<b>GRAND TOTAL TFWM CAPITAL PROGRAMME</b>	<b>(52,687)</b>	<b>(53,589)</b>	<b>902</b> 2%	<b>(71,446)</b>	<b>(67,167)</b>	<b>(4,279)</b> 6%

The direct TFWM Investment Programme spend to the end of January was £1.0m behind budget.

The main variances include **Metro Edgbaston Extension** (£3.253m) due to accelerated utility works, which is budgeted for within the metro programme. In addition, the **Metro Wednesbury to Brierley Hill Extension** (£2.252m) is ahead of budget due to the acceleration of design works.

Offsetting this, the Bilston Road Track Replacement Phase 2 (£2.238m) below budget, and has now completed, with settlement of final accounts still to be come which have been reflected in the Annual Forecast. Also the **Metro Wolverhampton City Centre Extension** (£2.237m) is behind budget, due to the implementation of a revised construction strategy, which has delayed the commencement of construction to synchronise with the wider Wolverhampton Interchange Project (includes station and car park). The **Sprint Network** (£1.304m) is behind budget primarily due to a change in delivery approach on the Hagley Road scheme. In addition the **Metro Centenary Square Extension** (£0.835m) is behind schedule due to a phased start to construction, owing to pending design approvals with Birmingham City Council.

The annual forecast is £3.783m ahead of the 2017/18 budget (reduction of £0.7m in January). The main variance relates to **Metro Edgbaston Extension** (£4.882m) reflecting the accelerated utility work following a DRF award in September 2017. In a similar vein, the **Metro Wednesbury to Brierley Hill Extension** (£2.884m) and **Metro East Birmingham to Solihull Extension** Programme (£1.832m) have been advanced, as is Offsetting this, the revised construction strategy for the **Wolverhampton City Centre Extension** (£3.362m), will see work being combined between the Rail station and Pipers Row in 2019. The **Sprint Network** (£1.851m) is behind schedule due to a review of the delivery approach which will now encompass a Phase 2 scheme.

The reduction of £0.7m on the Annual Forecast in January 2018 is primarily due to the reductions identified on the **Sprint Network** (£0.83m).

The Other Major Schemes Programme is £0.367m behind budget, primarily due to **Longbridge Connectivity Package** (£0.406m), owing to design development delays and option solution finalisation. These have now been resolved, paving the way for the award of the Construction contract to meet the GBSLEP Grant conditions.

The Annual Forecast is on Budget, and assumes that the materials to construct the 5 Decked car park will be on site, satisfying the conditions of the time bound GBSLEP grant £1.8m. Further approvals are being sought to source the additional funding required.

The Programme spend to-date is marginally ahead of budget. There are offsetting variances primarily within the **Sustainable Travel Programme** (£0.655m), offset by reductions on **TBT Programme** (£0.257m), and **Metro Minor Programme** (£0.130m). The main variance to-date relates to **Managing Short Trips**, where new Canal cycle paths have been accelerated in advance of Budget. Offsetting this, the **Digital Advertising Panel** rollout (£0.173m), owing to a rescheduling of Shelter refurbishment / replacement work to February 2018.

The Annual forecast is £0.595m ahead of budget, primarily reflecting the acceleration of the **Managing Short Trips Programme** (£1.268m) and **North Walsall Cutting** (£0.140m) owing to knotweed clearance. Offsetting these is the **Park and Ride Expansions Developments** (£0.192m) due to slippage in the Programme and **Network Wide Park and Ride Upgrades** (£0.100m), where the budget has been released back into the Capital Programme due to the new train operating franchise committing cycling facilities at rail stations. Further reductions relate to **Digital Advertising Panel** rollout (£0.100m) as identified above, and **Bradley Lane redevelopment** (£0.115m) which has slipped into 2018/19.

The Annual Forecast was increased by £0.338m in January 2018, with minor changes across the wider Programme.

The Programme spend to-date is ahead of budget by £0.384m. The main reason for this relates to the **National Productivity Investment Fund** (£0.468m), due to acceleration of Local Authority Road and Transport schemes.

A saving on a Birmingham City Council led scheme Bromford Gyatory Scheme has been reflected in the Annual Forecast in January 2018.

# HS2 Growth Strategy Financial Summary

Period Ending 31st December 2017

PROJECT RAG	2017 / 2018 TO DATE			2017 / 2018 FULL YEAR			COST TO COMPLETION					
	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR YEAR ACTUAL	2017/18 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN	TOTAL BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
UK CENTRAL : HS2 INTERCHANGE	1,342	1,309	(33)	2,016	2,188	(172)	1,982	2,188	600,431	604,601	1,019,937	415,336
UK CENTRAL : HS2 INFRASTRUCTURE	482	2,497	2,015	4,387	3,975	412	751	3,975	629,615	634,341	648,648	14,307
CURZON STREET STATION MASTERPLAN	0	0	0	1,000	1,000	0	0	1,000	555,200	556,200	556,000	(200)
METRO BIRMINGHAM EASTSIDE	1,209	1,399	190	1,678	2,157	(479)	4,457	2,157	130,586	137,200	137,200	0
METRO BIRMINGHAM INTERCHANGE	1,812	1,692	(120)	2,026	3,858	(1,832)	1,041	3,858	730,101	735,000	675,000	(60,000)
HS2 WIDER CONNECTIVITY PACKAGE *	38,313	46,189	7,876	68,187	55,602	12,584	56,729	55,602	978,780	1,091,111	1,070,624	(20,487)
BRIERLEY HILL METRO EXTENSION	3,290	1,485	(1,805)	2,133	4,808	(2,675)	2,021	4,808	336,771	343,600	310,000	(33,600)
NATIONAL COLLEGE FOR HIGH SPEED RAIL	7,780	7,780	0	8,687	9,985	(1,298)	16,022	9,985	0	26,007	25,233	(774)
HS2 GROWTH STRATEGY PROGRAMME MANAGEMENT	255	499	244	594	472	122	304	472	2,303	3,079	4,400	1,321
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT **	400	400	0	25,748	25,748	0	10,870	25,748	313,382	350,000	350,000	0
<b>HS2 Growth Strategy Total</b>	<b>54,883</b>	<b>63,250</b>	<b>8,367</b>	<b>116,456</b>	<b>109,793</b>	<b>6,663</b>	<b>94,177</b>	<b>109,793</b>	<b>4,277,169</b>	<b>4,481,139</b>	<b>4,797,043</b>	<b>315,903</b>
COVENTRY UK CENTRAL PLUS CONNECTIVITY*	1,913	1,301	(612)	3,217	5,342	(2,125)	454	5,342	466,644	472,440	472,350	(90)
COVENTRY CITY CENTRE REGENERATION	833	642	(191)	7,842	7,894	(52)	464	7,894	349,709	358,067	359,311	1,244
COLLECTIVE INVESTMENT VEHICLE	7,813	7,813	0	20,000	20,000	0	3,589	20,000	976,411	1,000,000	1,000,000	0
LAND RECLAMATION	0	0	0	20,000	20,000	0	0	20,000	180,000	200,000	200,000	0
DEVOLVED TRANSPORT INVESTMENT	0	0	0	0	0	0	0	0	1,299,000	1,299,000	1,299,000	0
E2 EXPANSION EXCLUDING CURZON	0	0	0	0	0	0	0	0	20,000	20,000	20,000	0
BUSINESS INNOVATION	21	21	0	25	25	0	0	25	4,975	5,000	5,000	0
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>	<b>10,580</b>	<b>9,777</b>	<b>(803)</b>	<b>51,084</b>	<b>53,261</b>	<b>(2,177)</b>	<b>4,507</b>	<b>53,261</b>	<b>3,296,739</b>	<b>3,354,507</b>	<b>3,355,661</b>	<b>1,154</b>
<b>GRAND TOTAL</b>	<b>65,463</b>	<b>73,027</b>	<b>7,564</b>	<b>167,540</b>	<b>163,054</b>	<b>4,486</b>	<b>98,684</b>	<b>163,054</b>	<b>7,573,908</b>	<b>7,835,646</b>	<b>8,152,703</b>	<b>317,057</b>

FUNDING SUMMARY (JUNE ACTUALS)	£000
WMCA	23,430
LGF	8,892
DFT	14,124
BCC Borrowing (CIF)	7,813
EZ	4,587
Local Authority	141
RGF	400
Central Govt Other	3,319
EU	110
Private	118
TfWM	2,529
<b>TOTAL</b>	<b>65,463</b>

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

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

Spend to the end of December 2017 is £7.6m behind budget, mostly due to slippage against the Wolverhampton Interchange Station / Car Park works within the HS2 Connectivity Package. The delay is due to issues in the procurement of the main contractor as prices are agreed. For the full year 2017/18 the underspend on this Wolverhampton scheme is offset by accelerated work-streams against the design phases of the Brierley Hill Metro Extension and construction works on the Edgbaston Metro Extension (included within the HS2 Connectivity package).

The UK Central Interchange project out-turn has been restated to exclude projects not directly managed and sponsored by Solihull MBC and UGC. Previous financial returns have included a number of investment projects relating to the Interchange Hub zone, as set out in the published UGC Growth & Infrastructure Plan, but which are not directly managed by SMBC/UGC. These projects included an element of HS2 direct investment in the Interchange Station, car park and Automated People Mover (APM).

The UK Central Interchange RAG status has been changed to red for the December report. This reflects the position in regard to the £205m matched funding element of the Birmingham International Station (CEF) redevelopment proposal which is not secured. This funding represents 71% of the forecast cost of this project (£287m). The balance of the Interchange programme, including the remainder of the CEF project, is primarily funded by WMCA.

The UK Central Infrastructure scheme programme continues to show a reduction against the initial budget as activities and funding are aligned to programmes. Previous financial returns have included projects set out in the published UGC Growth & Infrastructure Plan.

The forecast out-turn for the Birmingham to Interchange and Brierley Hill Metro Extensions continue to exceed the original budget as a result of the inclusion of optimism bias into the initial business case estimates. No new funding has been identified to cover these variances.

The recent Devo II announcement confirmed the DCLG/DfT funding for the Brierley Hill Metro extension and therefore the RAG status has moved to green. The RAG status remains red for the Birmingham to Interchange Metro extension because Government funding has not been confirmed. WMCA are working with project stakeholders to identify a funding strategy for this project.

Within the HS2 Connectivity Package, the Wolverhampton Interchange Station / Car Park scheme is now forecasting an additional £30.0m of cost funding for this has been approved by WMCA and CWC.

Scheme	Total Expected VMCA Funding Into Programme £	VMCA Funding Approved to be Released £	ASSURANCE FRAMEWORK STAGES							Notes
			Technical Approval Panel	Investment Approval Group	VMCA Leadership Team	SEP Board	Investment Board	VMCA Full Board		
<b>Approved Investment VMCA Management Board &amp; Assurance Framework:</b>										
Coventry City Centre South	98,753,985	98,753,985	✓	✓	✓	✓	✓	✓	FBC approved and grant agreement in place	
Coventry Friargate	51,200,000	200,000	✓	✓	✓	✓	✓	N/A	Initial study only - see below for FBC approval pending	
Innovation CDIS	50,000,000	25,000	✓	✓	✓	✓	✓	N/A		
Black Country Strategic Brownfield Land Programme	150,000,000	53,040,000	✓	✓	✓	✓	✓	✓	SDC only at VMCA Full Board. Specific Projects will require individual approval.	
Brownfield Land & Property Development Fund	50,000,000	10,084,000	N/A	✓	✓	✓	✓	✓	Grants approved by IB - VMCA, Telford & Wrekin Council, Yardley Brook	
Sprint Birmingham to Sutton	27,100,000	300,000	✓	✓	✓	✓	✓	N/A		
Sprint - A34 Walsall to Birmingham	27,700,000	300,000	✓	✓	✓	✓	✓	N/A		
Sprint - Birmingham to Longbridge	38,400,000	300,000	✓	✓	✓	✓	✓	N/A		
Sprint - Hagley Road (Phases 1 & 2)	74,600,000	2,900,000	✓	✓	✓	✓	✓	✓		
Sprint - Hall Green to Interchange via Solihull	26,900,000	300,000	✓	✓	✓	✓	✓	N/A		
Sutton Coldfield Gateway (Rail)	20,900,000	367,000	✓	✓	✓	✓	✓	N/A		
HS2 Connectivity (Rail)	90,440,000	3,620,000	✓	✓	✓	✓	✓	✓		
Solihull MBC Growth & Infrastructure Plan	UKC Land Valuations	50,000	✓	✓	✓	N/A	N/A	N/A	Approved under delegated authority (under £0.5m)	
	UKC Cap Park Strategy	30,000	✓	✓	✓	N/A	N/A	N/A	Approved under delegated authority (under £0.5m)	
	UKC Utilities Investigations	100,000	✓	✓	✓	N/A	N/A	N/A		
	UKC Infrastructure Programme - Phase 1	62,600,000	3,346,000	✓	✓	✓	✓	✓		
Edgbaston Metro Extension (HS2 CP)	58,900,000	58,900,000	✓	✓	✓	✓	✓	✓	FBC Approved	
Coventry UKC Plus	Country South - A46 Link Road	81,300,000	✓	✓	✓	✓	✓	N/A		
	Coventry South - Binley & Walsgrave Junction	50,000,000	✓	✓	✓	✓	✓	N/A	No funding required at this stage	
	Coventry South Interchange	18,000,000	✓	✓	✓	✓	✓	N/A		
	Coventry South - Tile Hill Station Improvements	7,200,000	✓	✓	✓	✓	✓	N/A		
Vednesburg Brierley Hill Metro	103,000,000	5,600,000	✓	✓	✓	✓	✓	✓		
Metro East Birmingham *	12,000,000	10,200,000	✓	✓	✓	✓	✓	✓		
Volverhampton Interchange	27,400,000	27,400,000	✓	✓	✓	✓	✓	✓		
Coventry UKC Plus Very Light Rail	55,000,000	12,204,821	✓	✓	✓	✓	✓	✓		
Commonwealth Games	25,000,000	25,000,000	N/A	N/A				✓	Approved by VMCA Board	
<b>Sub Total - Firm Funding Commitments</b>	<b>1,206,573,985</b>	<b>313,820,806</b>								

Scheme	Total Expected VMCA Funding Into Programme £	VMCA Funding Requested (Pending Approval) £	ASSURANCE FRAMEWORK STAGES							Notes
			Technical Approval Panel	Investment Approval Group	VMCA Leadership Team	SEP Board	Investment Board	VMCA Full Board		
<b>Projects Progressing through the Approval Process:</b>										
Coventry UKC Plus	Coventry Station Masterplan	39,400,000	-	✓	✓	✓	✓	✓	N/A	Next stage VMCA Board 9/3/18
	Coventry North	22,700,000	350,000	✓				N/A	N/A	Next stage IAG 5/2/18
Solihull MBC Growth & Infrastructure Plan	UKC - Interchange: UGC Business Plan	10,061,000	10,061,000	✓					N/A	Next stage IAG 5/2/18
	UKC - Interchange: HS2 Change Request	260,000,000	9,660,000	✓					N/A	Next stage IAG 5/2/18
	UKC - Interchange: Eham Int Station hub	81,000,000	9,270,000							Next stage TAP 7/2/18
	UKC Infrastructure Programme - Phase 1	Incl. above	9,813,000	N/A					✓	Change control - IAG for noting 5/2/18 (and then approval by LT & IB)
Coventry Friargate	Incl. above	51,000,000	✓	✓	✓	✓	✓	✓	Investment Board 29/1/18, VMCA Board 9/3/18	
Brownfield Land & Property Development Fund	Incl. above	4,655,000	N/A	✓	N/A	N/A	✓	N/A	Investment Board 29/1/18 - minutes awaited (2 grants, Opus Land, A&J Mucklow)	
Brownfield Land & Property Development Fund	Incl. above	20,075,000	N/A						IAG 5/2/18 (Commonwealth Games - Athletes Village)	
Innovation CDIS	Incl. above	250,000	✓	✓	✓	✓			Investment Board 29/1/18 - minutes awaited	
<b>Sub Total - Commitments Pending Approval</b>	<b>413,161,000</b>	<b>115,134,000</b>								
<b>Projects Yet to Enter Assurance Process:</b>										
HS2 Connectivity - Sprint Programme (Routes not Detailed above)										
HS2 Connectivity - Rail Programme										
Solihull MBC Growth & Infrastructure Plan	UKC Infrastructure Programme - Phase 2	225,840,000	-							
	UKC Interchange - remaining projects	46,319,000	-							
Coventry UKC Plus	Coventry Ring Road Imp. & remaining funding	10,450,000	-							
Metro - Bilston Road Track Replacement		15,985,000	-							
Employment Education & Skills		20,000,000	-							
HS2 Programme Governance		3,676,000	-							
		<b>415,140,000</b>	-							
<b>Total Potential Commitment Against Devolution Grant</b>	<b>2,034,874,385</b>	<b>428,954,806</b>								

**APPENDIX 8**

## WMCA Balance Sheet as at 31 January 2018

	31 January 2017 £'000	31 December 2017 £'000	Movement £'000
Property, plant and equipment	289,343	286,486	2,857
<b>Long-term assets</b>	<b>289,343</b>	<b>286,486</b>	<b>2,857</b>
Debtors	36,193	36,279	(87)
Short-term deposits	60,000	61,000	(1,000)
Cash and bank	477	314	163
<b>Current assets</b>	<b>96,670</b>	<b>97,593</b>	<b>(924)</b>
Loans - interest due	(1,476)	(2,042)	566
Short-term creditors/accruals	(49,493)	(48,837)	(656)
<b>Current liabilities</b>	<b>(50,969)</b>	<b>(50,879)</b>	<b>(90)</b>
<b>Net current assets</b>	<b>45,700</b>	<b>46,714</b>	<b>(1,014)</b>
Provisions	(6,883)	(6,614)	(269)
Finance lease liabilities	(992)	(992)	-
PWLB	(142,417)	(142,552)	135
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(8,499)	(8,499)	-
Grants receipts in advance	(29,058)	(27,416)	(1,641)
<b>Long-term liabilities</b>	<b>(197,848)</b>	<b>(196,073)</b>	<b>(1,775)</b>
<b>Net assets</b>	<b>137,195</b>	<b>137,128</b>	<b>67</b>
General fund balance	6,969	6,628	341
Earmarked reserves	83,712	83,998	(286)
Capital grants unapplied reserve	247	247	-
<b>Usable reserves</b>	<b>90,928</b>	<b>90,873</b>	<b>55</b>
Revaluation reserve	7,149	7,150	(1)
Deferred capital grants account	282,178	279,322	2,856
Capital financing account	(243,060)	(240,217)	(2,843)
<b>Unusable reserves</b>	<b>46,267</b>	<b>46,255</b>	<b>12</b>
<b>Total reserves</b>	<b>137,195</b>	<b>137,128</b>	<b>67</b>

The WMCA Balance Sheet reflects a healthy financial position. Main changes since December reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £2.9m net of depreciation in property, plant and equipment.

The decrease in short-term deposits and cash is mainly due to NPIF Q3 payment.

The decrease in loans interest due resulted from the repayment of £5m PWLB principal loan in December 2017.

The increase in short-term creditors/accruals is the result of invoices received relating to Midlands Connect and Metro Edgbaston scheme.

The increase in grants receipts in advance is largely due to EZ funding for Metro Centenary Square scheme.



## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	WMCA Funding for Growth Programme Update
<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 7200
<b>Accountable Employee</b>	Sean Pearce, Director of Finance email: <a href="mailto:sean.pearce@wmca.org.uk">sean.pearce@wmca.org.uk</a> tel: (0121) 214 7936
<b>Report to be/has been considered by</b>	WMCA Programme Board - 23 February 2018

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

**The WMCA Board is recommended to:**

- (1) Note the approach taken to date and the next steps being undertaken.

## **1.0 Purpose**

1.1 To update the Board on the status of the WMCA Funding for Growth Programme, membership, meetings convened so far, current areas of focus and initial findings to date.

## **2.0 Background**

2.1 The Funding for Growth Programme is a key part of the region's approach to devolution following the first devolution deal. This Programme clearly supports the aspiration for the region to develop further income generating opportunities that support devolution of powers and decisions to the West Midlands. The Funding for Growth programme was set up to focus on generating and implementing ideas that will drive additional funding for the region in order that consideration of potential and implementation could be picked up by officers within both the West Midlands Combined Authority and its Constituent and Non Constituent partners. In particular, the programme's objectives include the following:

- Consider existing financing/funding powers and sources that are available to the WMCA, recent evolution of these, and comparison of these powers/sources to those devolved to London and selected other cities.
- Analyse the West Midlands region, in terms of levels of public expenditure and tax revenue, and assess the size of the funding gap.
- Consider the potential options available to the West Midlands, in terms of additional powers (i.e. tax revenues and control over spending) that could be devolved from Government, and incremental funding sources that could be used locally.
- Make recommendations as to how the West Midlands could increase control over local spending and, importantly, create new funding opportunities (or enhance existing mechanisms), based on the options assessed. The external experts in the programme will be key to generating new funding ideas, which may include innovative mechanisms to drive incremental property and infrastructure investment, e.g. new funding structures to increase the viability of funding brownfield site regeneration for property development.
- Consider further objectives and areas that should be considered for ongoing focus following the completion of initial evaluation and reporting, and how such further objectives can be delivered.

2.2 In addition the programme is also designed to ensure that the existing investment programme can be fully financed, as well as finding further opportunities for investment. The Funding Report, as presented to the January 2018 WMCA Board, demonstrates the need for ongoing focus on regional funding.

2.3 The programme comprises a number of public and private sector representatives, who bring with them a blend of experience across public and private sector, including representation of the WMCA, broader local government experience, relevant think-tanks, funding and finance professionals, and others from the private sector. With a broad range of areas being discussed, flexibility has been retained to bring additional expertise into the group for specific meetings, in order to facilitate discussion on particular areas of specialism.

Andy Street	Mayor	Julian Beer	BCU
Andrew Browning	Chief of Staff to the Mayor	Izzi Seccombe	Warwickshire CC
Nick Taylor	Mayoral adviser	Isabel Dedring	Arup
Deborah Cadman	Chief Exec, WMCA	Louise Bennett	Coventry & Warwickshire Chamber of Commerce
Sean Pearce	Director of Finance, WMCA	Martin Guest	CBRE
Julia Goldsworthy	Strategy Director, WMCA	John Byrne	Rothschild
Stephen Hughes	Ex BCC Chief Executive	Mike Turley	Deloitte
Bill Hughes	Legal & General	David Hutchison	Social Finance
Andrew Carter	Centre for Cities	Tony Smith	Birmingham CC
Tony Travers	LSE & London Finance Commission	Simon Collinson	CityREDI
Sarah Middleton	Black Country Consortium Limited		

2.4 In the first phase of the programme's work, up to September 2017, a team from PwC supported the programme with initial analysis of specific funding opportunities. Thereafter, support has been provided from within the WMCA.

### 3.0 Wider WMCA Implications

3.1 None. The WMCA is represented by the Chief Executive and Finance Director of WMCA, who have both been invited to join. This ensures the implications of the programme's work are fully understood by the WMCA, as well as ensuring that local authority finance directors are fully consulted on plans being proposed.

3.2 The programme will also leverage off existing groups, structures and taskforces within the WMCA, to avoid duplication of work. In particular, where existing structures are in place the programme will focus less on those specific areas.

3.3 Going forward, it is proposed that six monthly updates are provided to the WMCA Board, to update on progress and areas of focus, in order to continue developing the transparency of the programme's work.

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

4.1 The programme's work commenced in July 2017, focusing on consideration of new funding opportunities that the region should consider. Thereafter, work has focused on providing a high level valuation of the impact of such opportunities, as well as their deliverability and linkage with regional strategic priorities.

4.2 Meetings have been held in July, September, October, and December 2017, with the next meeting scheduled for 7 March 2018.

4.3 Work has developed along the basis of a number of 'themes', with priority work focused on the following areas:

- Public service reform
- Private sector engagement
- Housing and transport
- Other areas, including taxation and revenue raising

Whilst a further theme around Employment and Skills was considered at an early stage, work in this area has been de-prioritised on the basis that certain ideas within this theme – devolving underspends in the regional apprenticeship levy and looking further at devolving adult skills funding as examples – are already being considered more broadly, and a Funding for Growth focus on these would duplicate other efforts.

- 4.4 Sub-groups, comprising specific members of the Funding for Growth programme, have been set up in the specific areas bulleted above, to allow for more granular consideration and discussion of those areas. Sub-groups met in November 2017, before a full-group meeting in December 2017.
- 4.5 Further detail on the work undertaken is set out in the appended update pack.
- 4.6 The outputs from the initial meetings of the programme were fed into documents provided to HM Treasury to support discussions at the time of the Devo II negotiations, with a view to helping build the case for greater financial independence and innovation; Obtaining a greater level of financial independence for the West Midlands is central to the successful delivery of the strategic priorities set out in the WMCA's Strategic Economic Plan (SEP). Specifically, there are five key drivers for greater levels of financial independence:
- Locating the tools, powers and resources across the economic geography of the West Midlands that will best support growth and investment;
  - Facilitating a better coordination of local resource and a more effective use of local assets;
  - Making public services more responsive, effective and efficient;
  - Achieving greater levels of private sector participation and investment across the West Midlands; and,
  - Creating a local economic ecosystem that is more autonomous and sustainable.
- 4.7 The work so far has outlined a number of funding opportunities that are being actively pursued, however it is noted that these do not represent opportunities that can deliver funding in the near term – in some cases this is due to legislation that would need to be passed in order to allow those opportunities to be developed further, or opportunities that require larger amounts of upfront planning before they can be implemented. Further details are set out in the appended document.
- 4.8 It should be noted that, whilst a number of themes have been focused on, the programme continues to consider the full range of funding possibilities. Therefore none of the current focus areas, with the exception of the Supplementary Business Rates Powers, indicates a steer on existing or future policy.
- 4.9 Page 13 of the attached summary sets out current focus areas of the programme and the priority areas. The intention is to maintain a blend of work across the following:
- identifying practical funding opportunities on specific pipeline investment projects;
  - continuing to develop more strategic approaches to regional funding – in particular in the areas of private sector investment in the region, land value capture, and in supporting housing delivery; and
  - focusing on revenue raising opportunities, such as work connected to Supplementary Business Rates, and improving our effectiveness in bidding into government funding programmes.

- 4.10 The Chief of Staff to the Mayor intends to review the membership of the Board and the strategy for the next 12 months at its next session. This may include widening attendance to ensure potential opportunities can be considered across each part of the region's geography, particularly where implementation may be different dependent on local context. A change that has been made at this point is to appoint Sarah Middleton to the Group, Chief Executive of the Black Country Consortium Limited.
- 4.11 The West Midlands Finance Director Group currently receive a monthly briefing from the Mayoral Advisor on the progress made at the Funding for Growth Board. Given that the Board has moved on to consider project specific funding opportunities there will now be a more formal link established to the West Midlands Finance Director Group in order to funnel those ideas into a set of potential schemes that can be worked up into a more considered business case and implementation plan.
- 4.12 The intention is for the West Midlands Finance Director Group to develop plans to consider implementation of those ideas considered by the Funding for Growth Group ahead of specific work to be led by the West Midlands Combined Authority Finance Director together with local Finance Directors. Where consideration is given to specific projects, through the Finance Director Group, links will be made to Council's connected to those schemes to consider potentially opportunities going forward.

## **5.0 Financial implications**

- 5.1 No implications at this stage.

## **6.0 Legal implications**

- 6.1 There are no immediate legal implications arising from this report. It will be necessary to continue to keep subsequent proposals under review to ensure that they are within the legal powers available to the Combined Authority now or in the future. No specific delegations are being requested from the Board at this stage so proposals in the future may also require Board approval to implement but this can be considered as and when necessary through liaison with the Legal/Governance team within the Combined Authority.

## **7.0 Equalities implications**

- 7.1 There are no immediate equalities implications arising from this report.

## **8.0 Schedule of background papers**

- 8.1 None

## **9.0 Appendices**

- 9.1 Appendix 1 – Funding for Growth Update Pack

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# Funding for Growth

## Update

*March 2018*

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# Overview

This document provides an update on the progress of the Funding for Growth programme since its first meeting in July 2017.

The structure of this document is as follows:

1. Summary of meetings held, attendees and key agenda items
2. Outline of initial funding ideas debated by the programme members during initial meetings (July and September 2017).
3. Explanation of how the focus of the programme has transitioned from that early stage range of funding ideas towards a narrower focus of specific themes to develop.
4. Demonstration the further transition towards project-specific funding discussions
5. Current focus and next steps.

# Attendance

Membership of the programme is set out within the Board paper. The below summarises attendance at each full programme meeting.

## July 2017

- Andy Street
- Andrew Browning
- Nick Taylor
- Julian Beer
- Louise Bennett
- Stephen Hughes
- Julia Goldsworthy
- Mark Taylor
- Simon Collinson
- Andrew Carter
- Tony Travers
- David Hutchison
- Mike Turley

## September 2017

- Andy Street
- Nick Taylor
- Julia Goldsworthy
- Andrew Browning
- Simon Collinson
- Stephen Hughes
- Izzi Seccombe
- Julian Beer
- Tony Smith
- Tony Travers
- Isabel Dedring
- Mike Turley
- Andrew Carter
- John Byrne
- Martin Guest
- Barry Hastie (finance representative, stand-in for WMCA Director of Finance)
- David Hutchison

*[Members of PwC project team also attended]*

## October 2017

- Andy Street
- Julia Goldsworthy
- Nick Taylor
- Simon Collinson
- Stephen Hughes
- Tony Travers
- David Hutchison
- Bill Hughes
- Deborah Cadman
- Tony Smith
- Julian Beer
- Carl Pearson (*sub for Sean Pearce*)
- Martin Guest
- Louise Bennett

## December 2017

- Izzi Seccombe
- Julian Beer
- Martin Guest
- John Byrne
- Andrew Carter
- Stephen Hughes
- Simon Collinson
- Andy Street
- Andrew Browning
- Nick Taylor
- Sean Pearce
- Tony Smith
- *Patrick White (guest, presenting on Housing)*
- *Thomas Aubrey (guest, presenting on Land Value Capture)*
- *Laura Shoaf (guest, presenting on transport projects)*

# Agenda – Funding for Growth meetings

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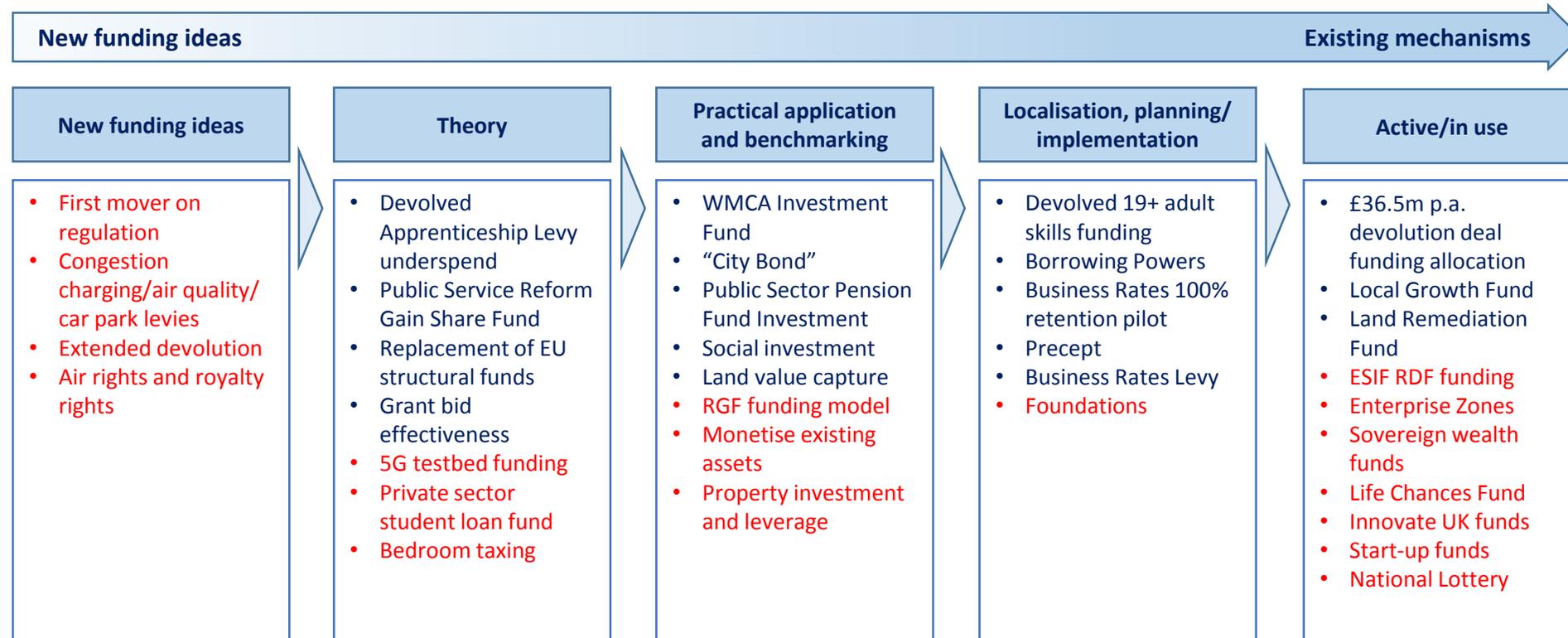
Meeting	Outline agenda
July 2017	<ul style="list-style-type: none"> <li>• Introductory meeting, focused on rationale and objectives of the programme</li> <li>• Discussion of initial ideas, priorities and activities around funding in the region</li> </ul>
September 2017	<ul style="list-style-type: none"> <li>• Discussion of detailed analysis of potential funding options for consideration (based on work undertaken between July and September meetings by PwC project team).</li> <li>• Agreement of key themes to be progressed by the programme</li> <li>• Agreement on the continuing contribution of programme members going forward</li> <li>• Finalise key materials to form a short "prospectus" from the content, which contained a summary of key interventions and immediate priorities, and a clear vision for greater financial independence in the West Midlands going forward, with references to the scale of potential impact to help build the case for devolution.               <ul style="list-style-type: none"> <li>• The prospectus was used to support engagement with Treasury and in providing a public statement of the programme's future role.</li> </ul> </li> </ul>
October 2017	<ul style="list-style-type: none"> <li>• Update by theme, with focus on discussing quick wins to progress across these themes.</li> <li>• Deeper dive into private sector investment opportunities, to assess how best to attract incremental private sector investment</li> </ul>
November 2017	<ul style="list-style-type: none"> <li>• Individual sub-group meetings across public service reform, housing and transport, and private sector engagement.</li> </ul>
December 2017	<ul style="list-style-type: none"> <li>• Indicative presentation of scale of investment programme</li> <li>• Deeper dive into Brierley Hill metro extension funding, land value capture opportunities, and other revenue raising opportunities</li> </ul>

# Programme development

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# Initial brainstorm of funding ideas – July 2017

The summary below presents initial ideas gathered in the early stages of the Funding for Growth programme. Early stage discussions were necessarily broad, in order to capture a full range of ideas generated by programme members that should be considered as a means to increasing the level of funding in the region. Such ideas have helped establish the work plan of the programme, rather than signalling policy.



*Red text denotes additional areas discussed*

# Aligning F4G options with WMCA priority outcomes and policy themes

Since the first F4G discussions took place, focus has been placed on specific themes and opportunities, which are summarised below.

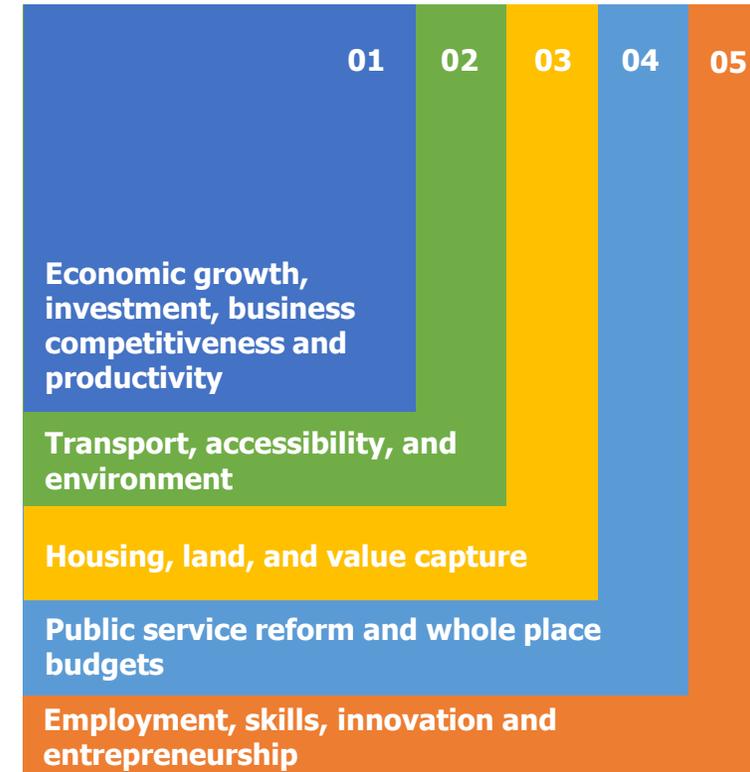
It is important not to view reforms purely as different types of financial mechanisms that are otherwise disconnected from any of the WMCA's wider policy objectives.

Rather the F4G options, and the wider search for greater financial independence, is specifically intended to help the WMCA meet its strategic priorities, as set out in the SEP.

A thematic approach was therefore developed to assessing reforms that creates a clear link between each reform and an area of strategic priority for the WMCA.

This ensures that options are not just part a "shopping list" of new tax raising initiatives with no wider policy rationale.

As part of the work undertaken subsequent to the initial Funding for Growth programme meeting in July 2017, the initial longlist of options and ideas generated was supplemented with additional ideas, then sorted into priority policy themes, which are informed by the WMCA's Strategic Economic Plan (SEP). These are summarised opposite.



# Categorisation of funding opportunities by theme

The analysis below presents the categorisation of initial funding ideas by theme, based on the early stage discussions in July 2017 and the themes set out on the previous page. The next West Midlands Finance Directors Group will consider each Priority area alongside local political and operational circumstances to consider whether regional wide implementation may be possible or a more tailored approach is required.

	New funding ideas	Theory	Practical application and benchmarking	Localisation, planning/ implementation	Active/in use
Housing and Transport	<ul style="list-style-type: none"> <li>Congestion charging/air quality/ car park levies</li> <li>Air rights and royalty rights</li> <li><b>Engagement with housing associations</b></li> </ul>		<ul style="list-style-type: none"> <li>Land value capture</li> </ul>		<ul style="list-style-type: none"> <li>Land Remediation Fund</li> </ul>
Public Services Reform		<ul style="list-style-type: none"> <li><b>Public Service Reform Gain Share Fund</b></li> </ul>			
Private sector engagement			<ul style="list-style-type: none"> <li>WMCA Investment Fund</li> <li>City Bond</li> <li><b>Public Sector PF Investment</b></li> <li><b>Social investment</b></li> <li><b>Property investment/leverage</b></li> </ul>		<ul style="list-style-type: none"> <li><b>Sovereign wealth funds</b></li> <li><b>Start-up funds</b></li> </ul>
Employment and skills		<ul style="list-style-type: none"> <li>Devolved Apprenticeship Levy underspend</li> </ul>		<ul style="list-style-type: none"> <li>Devolved 19+ adult skills funding</li> </ul>	<ul style="list-style-type: none"> <li>Brownfield Land and Property Development Fund</li> </ul>
Other	<ul style="list-style-type: none"> <li>First mover on regulation</li> <li>Extended devolution</li> </ul>	<ul style="list-style-type: none"> <li>Replacement of EU structural funds</li> <li><b>Grant bid effectiveness</b></li> <li><b>5G testbed funding</b></li> <li>Private sector student loan fund</li> <li>Hotel taxing</li> </ul>	<ul style="list-style-type: none"> <li>RGF funding model</li> <li><b>Monetise existing assets</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Borrowing Powers</b></li> <li>Business Rates 100% retention pilot</li> <li><b>Precept</b></li> <li>Business Rates Levy</li> <li>Foundations</li> </ul>	<ul style="list-style-type: none"> <li>£36.5m p.a. devolution deal funding allocation</li> <li>Local Growth Fund</li> <li>ESIF RDF funding</li> <li>Enterprise Zones</li> <li>Life Chances Fund</li> <li><b>Innovate UK funds</b></li> <li>National Lottery</li> </ul>

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# Subsequent analysis to support prioritization of ideas generated (September 2017 meeting and beyond)

The key areas of focus of the early phases in the F4G programme were to build on the longlist of reforms and funding options that was developed during the first workshop (see previous pages), and to analyse the options in detail based on an assessment of their potential impact, deliverability and strategic alignment:

- **Impact:** a high-level indication of the potential “size of the prize” in monetary terms that could be generated by each option. Additional areas of analysis included the certainty of impact and volatility of income stream (where applicable) and any additional barriers, constraints, and risks to realising these impacts.
- **Deliverability:** Assessment of the potential timescales over which options could be implemented, potential risks and uncertainties, and practical issues of deliverability (e.g. legislative constraints and complexity of implementation).
- **Strategic alignment:** Focus on the extent of alignment between the option and the WMCA’s strategic priorities, pipeline of existing projects and any relevant previous schemes.

The outline of the analysis undertaken, by funding idea, is set out on the following page.

The result of this work was a further narrowing of focus of the programme into the following specific workstreams:

- Private sector engagement
- Public Service Reform
- Housing and Transport (separate themes merged into one, given the interlinked nature of funding opportunities).

This narrowing has informed the current focus of the programme, as set out on the final page of this document.

# Analysis of initial funding opportunities (1)

The analysis below and on the following pages sets out the initial ideas generated by the F4G programme, and initial consideration as to their potential impact, deliverability and alignment with regional ambitions. These ideas were used to develop the workplan, as summarised on the previous pages, rather than signalling policy in these areas. It was noted that the measures set out present medium to long term funding opportunities, rather than being sources of funding that could be monetised in the near-term.

Funding and financing option/ Intervention	Fiscal Devo Theme	Fiscal Devo Sub-theme	Policy Theme	Role for Expert Commission	Size of Prize / Impact	Delivery	Alignment	Urgency
HRA borrowing flexibilities (as part of a wider housing deal)	New Revenue and Investment Powers	New Borrowing and Investment Powers	Housing, land, and value capture	Housing working group, with representation from the Land Commission, and value capture experts  Develop a land and housing strategy with clear evidence base of the challenges, clear objectives, existing programmes, and potential interventions	2	1	8	High priority
City Bonds	New Revenue and Investment Powers	New Borrowing and Investment Powers	Economic growth, investment, business competitiveness and productivity	Financing and investment working group to assess applicability and priority	5	5	8	Medium priority
Borrowing Powers	New Revenue and Investment Powers	New Borrowing and Investment Powers	Economic growth, investment, business competitiveness and productivity	No immediate role - important to link outcomes of Devo Deal into the financing and investment working group	8	7	8	In Devo Deal 2 (High priority)
Tax Increment Financing and Enterprise Zones	New Revenue and Investment Powers	Share of Existing National Taxes	Housing, land, and value capture	Track the Local Government Finance Bill and create workstream to identify new EZs. This would need to link into wider business rate retention pilot/workstream	7	9	10	High priority
Business Rates Retention Pilot	New Revenue and Investment Powers	Share of Existing National Taxes	Economic growth, investment, business competitiveness and productivity	No immediate role - important to track the outcomes of Devo Deal/ business rate retention pilot	8	4	9	In Devo Deal 2 (High priority)
Apprenticeship Levy - local flexibilities to support growth	New Revenue and Investment Powers	Share of Existing National Taxes	Skills, innovation and entrepreneurship	Working group to build the evidence base and make the case (e.g. what is the investment need, how revenues are allocated/spent, how local business support is achieved, etc.)	6	2	9	High priority
Local retention of Stamp Duty	New Revenue and Investment Powers	Share of Existing National Taxes	Housing, land, and value capture	No immediate role - potential area for review as part of the EZ workstream	9	3	8	Low priority
Local retention of Sales Tax	New Revenue and Investment Powers	Share of Existing National Taxes		No immediate role				Low priority
Local Retention of Vehicle Excise Duty (VED)/ Fuel Tax	New Revenue and Investment Powers	Share of Existing National Taxes	Transport, accessibility, and environment	Track the development of the West Mids Air Quality Strategy and the outputs of the West Midlands Regional Energy Commission, but no immediate role	7	1	9	Low priority
Business Rates Supplement	New Revenue and Investment Powers	Variation of Existing Local Taxes	Economic growth, investment, business competitiveness and productivity	Track the Local Government Finance Bill. Potentially a working group required to assess the suitability of using the BRS in the West Midlands Context, and the geography across which it would be most effectively applied (if at all)	8	5	2	Medium priority

# Analysis of initial funding opportunities (2)

Funding and financing option/ Intervention	Fiscal Devo Theme	Fiscal Devo Sub-theme	Policy Theme	Role for Expert Commission	Size of Prize / Impact	Delivery	Alignment	Urgency
Mayoral Community Infrastructure Levy (CIL)	New Revenue and Investment Powers	Variation of Existing Local Taxes	Housing, land, and value capture	No immediate role	6	7	1	Low priority
Parking Levy	New Revenue and Investment Powers	New Taxation	Transport, accessibility, and environment	Track the development of the West Mids Air Quality Strategy and the outputs of the West Midlands Regional Energy Commission, but no immediate role	8	4	9	Medium priority
Payroll Levy	New Revenue and Investment Powers	New Taxation		No immediate role - potential bolt on to the Apprenticeship Levy discussions				Low priority
Residential Uplift Levy	New Revenue and Investment Powers	New Taxation	Housing, land, and value capture	No immediate role	8	1	3	Blue Skies
Hotel Tax	New Revenue and Investment Powers	New Taxation	Economic growth, investment, business competitiveness and productivity	No immediate role	4	2	1	Low priority
Air rights and royalty rights	New Revenue and Investment Powers	New Taxation		No immediate role				Low priority
Low Emission Zone Congestion Charging	New Revenue and Investment Powers	New Taxation	Transport, accessibility, and environment	Track the development of the West Mids Air Quality Strategy and the outputs of the West Midlands Regional Energy Commission, but no immediate role	5	7	10	Medium priority
Public Service Reform Gain Share Fund	More effective use of existing powers/resources	Commercialisation	Public service reform and whole place budget	PSR working group should be set up by the WMCA which develops a clear evidence base of the challenges, clear objectives, identifies existing programmes, develops an evaluation framework, and identifies potential interventions/ investments. Commissioners can link into this.  Important to link into WMCA Mental Health Commission	8	4	10	In Devo Deal 2 (High priority)
WMCA - Improved Public Service Financial Management	More effective use of existing powers/resources	Commercialisation	Public service reform and whole place budget	No immediate role - potential ask of Local Authority FDs to form a working group	4	8	9	Medium priority
Monetise existing assets	More effective use of existing powers/resources	Commercialisation	Public service reform and whole place budget	Workstream for the Commission building on the One Public Estate work being undertaken by Mark Burrows. Link into broader ambitions of WM Exchequer. Also potential link into housing/land working group	6	5	10	High priority
WMCA Investment fund	More effective use of existing powers/resources	Commercialisation	Public service reform and whole place budget	Financing and investment working group to assess applicability and priority				Medium priority
Grant bid effectiveness	More effective use of existing powers/resources	Grants and other public funding	Public service reform and whole place budget	No immediate role	4	5	5	Medium priority

# Analysis of initial funding opportunities (3)

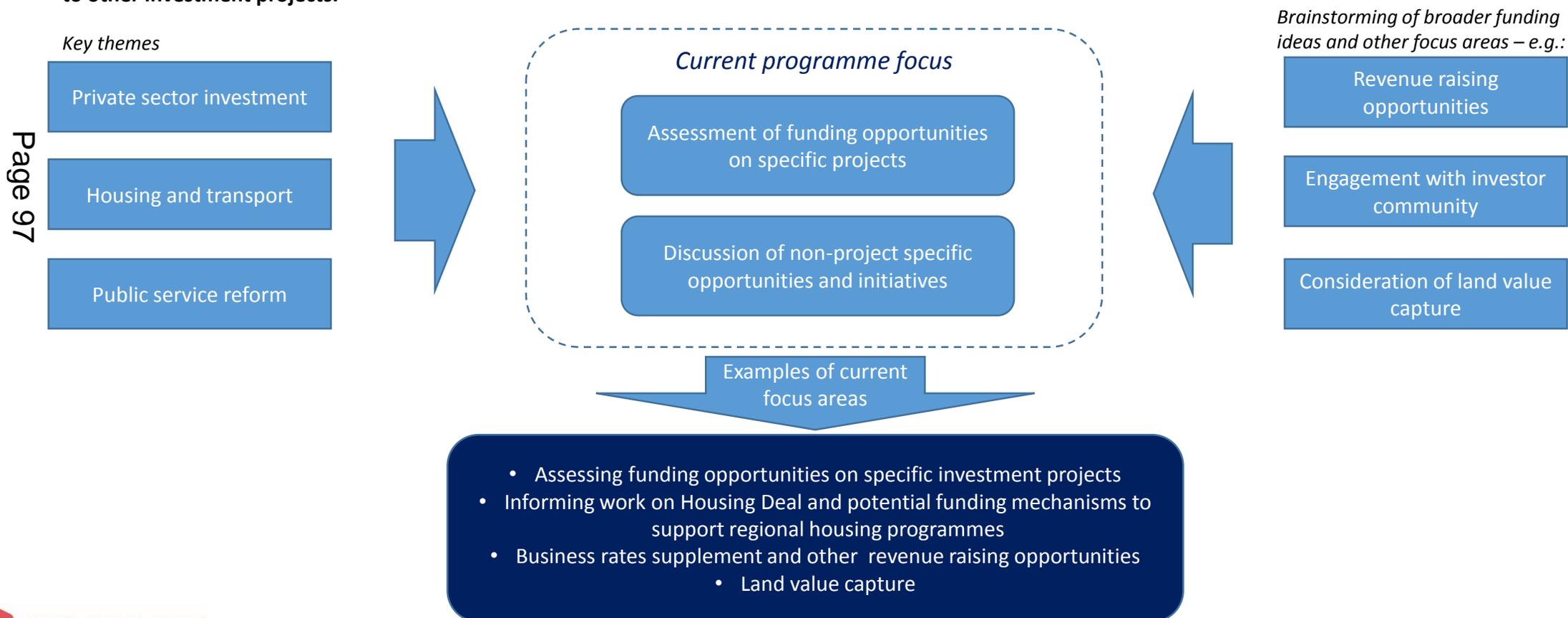
Funding and financing option/ Intervention	Fiscal Devo Theme	Fiscal Devo Sub-theme	Policy Theme	Role for Expert Commission	Size of Prize / Impact	Delivery	Alignment	Urgency
Land Remediation Fund	More effective use of existing powers/resources	Grants and other public funding	Housing, land, and value capture	Housing working group, with representation from the Land Commission, and value capture experts - to assess role of the LRF and key barriers to investment, and practical suggestions for further investment.  Important to link into the financing and investment working group	4	7	9	High priority
Replacement of EU structural funds	More effective use of existing powers/resources	Grants and other public funding	Economic growth, investment, business competitiveness and productivity	No immediate role				Low priority
Airport tourist tax	More effective use of existing powers/resources	New Taxation	Transport, accessibility, and environment	No immediate role	4	1	8	Low priority
Devolved 16-19 ESFA Funding	More effective use of existing powers/resources	Other	Skills, innovation and entrepreneurship	WMCA seeking to agree a model for devolution of ESFA funding received by FE Colleges, influencing provision to support provision that matches the skill that employers require	4	1	8	
Devolved 19+ Adult Skills funding	More effective use of existing powers/resources	Other	Skills, innovation and entrepreneurship	No immediate role - track WMCA's Productivity and Skills Commission and any outcomes from the Devo Deal	4	9	9	In Devo Deal 2 (High priority)
First Mover on Regulation	More effective use of existing powers/resources	Other		Input into the discussion of fiscal devolution/ funding for growth, ensuring that the financial strategy of WMCA is future proofed				Medium priority
Strengthening the local Financial Ecosystem	Private sector partnerships and investment	Stimulating private sector investment and enhancing financial services sector	Economic growth, investment, business competitiveness and productivity	Roundtable follow-up				Medium priority
Start - up funds	Private sector partnerships and investment	Stimulating private sector investment and enhancing financial services sector	Skills, innovation and entrepreneurship	Financing and investment working group to assess applicability and priority	5	4	8	Low priority
Sovereign Wealth Funds	Private sector partnerships and investment	Stimulating private sector investment and enhancing financial services sector	Economic growth, investment, business competitiveness and productivity	Financing and investment working group to assess applicability and priority - need to drill down and identify how to make a place practically more investable	7	6	10	Medium priority
Public sector pension fund Investment	Private sector partnerships and investment	Stimulating private sector investment and enhancing financial services sector	Public service reform and whole place budget	Financing and investment working group to assess applicability and priority - need to drill down and identify how to make a place practically more investable	6	3	8	Medium priority
Social Investment	Private sector partnerships and investment	Stimulating private sector investment and enhancing financial services sector	Economic growth, investment, business competitiveness and productivity	Financing and investment working group to assess applicability and priority - need to identify how the public sector can drive this issue forward	4	4	9	Medium priority
Private sector student loan fund	Private sector partnerships and investment	Stimulating private sector investment and enhancing financial services sector		No immediate role				Low priority

# Current focus

Latterly the programme has turned its attention to a more project-focused agenda. In particular, recent discussions have focused on specific large-scale projects across a number of the key themes below. This has allowed for a more granular and specific debate on opportunities to generate incremental funding to help deliver those schemes.

Going forward the programme will continue to focus on specific project funding opportunities, whilst also maintaining an outline view on broader 'best practice' initiatives to consider.

A key part of this will involve reviewing the region's broader investment programme across key sectors, LEPs and our industrial strategy, to develop a broader understanding of how projects could either be packaged together to attract investment, or how funding ideas on specific projects can be applied to other investment projects.





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## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	Coventry Station Masterplan
<b>Portfolio Lead</b>	Councillor Izzi Seccombe, Finance and Investments
<b>Accountable Chief Executive</b>	Deborah Cadman, West Midlands Combined Authority email: <a href="mailto:deborah.cadman@wmca.org.uk">deborah.cadman@wmca.org.uk</a> tel: (0121) 214 7200
<b>Accountable Employee</b>	Sean Pearce, Director of Finance email: <a href="mailto:sean.pearce@wmca.org.uk">sean.pearce@wmca.org.uk</a> tel: (0121) 214 7936
<b>Report to be/has been considered by</b>	Technical Approval Panel (1/11/17) WMCA Investment Advisory Group (4/12/17) WMCA Leadership Team (10/1/18) Investment Board (29/1/18) Programme Board (23/2/18)

**The WMCA Authority Board is recommended to:**

- (1) Approve the award of £39.4 million Devolution Deal funding to Coventry Rail Station Masterplan project, which is promoted by Coventry City Council based on assurance work completed and the endorsement of the Project by the Investment Board on 29 January 2018.
- (2) Delegate to the Monitoring Officer and the Director of Finance in consultation with the Portfolio Lead for Finance to conclude the grant agreement with Coventry City Council in accordance with this report.

## **1 Purpose**

- 1.0 This report seeks the approval of £39.4 million for Coventry Rail Station Masterplan (CSMP), requested via a full business case.
- 1.1 This report sets out the work undertaken by the Investment Board and the assurance now provided to support the approval being proposed to the West Midlands Combined Authority Investment Board. It summarises the key aspects to the application and is supported by the summarised business case submitted by the lead Council, in this case, Coventry City Council that was considered by the Investment Board.
- 1.2 The Coventry Station Masterplan is an £82 million programme of works to increase capacity at Coventry Rail Station. £42.6 million is already secure, funding has been awarded from a number of sources including Coventry and Warwickshire Local Enterprise Partnership (CWLEP), Department for Transport (DfT) and prudential borrowing via Coventry City Council.
- 1.3 The West Midlands Combined Authority funding is therefore the remaining element to be secured to enable a fully funded programme.

## **2 Background**

- 2.0 The Coventry Station Masterplan project aims to improve connectivity to UK Central and HS2, boosting jobs and growth in the city centre. The current Grade-II listed railway station which has seen little change since it opened in 1962 is now a barrier to achieving this. The station has experienced unprecedented passenger growth over the last 10 years and is now beyond its design capacity, which is suppressing demand for travel and limiting current and future economic and jobs growth in the city.
- 2.1 The Station Masterplan will involve a comprehensive redevelopment of the station, delivering new infrastructure including a second station building, 644 space multi-storey car park with an uplift of 350 car park spaces from the current provision, a new footbridge connecting all platforms, a new bay platform to enable more frequent services between Coventry and Nuneaton, a 6 bay bus interchange with provision for rail replacement services and significant highway improvements to deal with traffic operation around the station and bus interchange. A pedestrian underpass has already been completed which will provide traffic free access for pedestrians between the bus interchange and station building.
- 2.2 The programme has been phased to minimise disruption to the railway station, which will remain in operation throughout programme delivery. The phasing of the programme is set out in the following table:

Table 1: Key Project Milestones

CSMP Key Milestone	Target
Planning Applications	February 2018
Finalise Land Acquisition (CPO process)	Spring 2019
Footbridge and Canopies/Substation	May 2018 - Summer 2019
NUCKLE Phase 1.2	Oct 2018 - May 2019
Highways	Phased delivery Spring 2019 – End 2020
New Station Building	End 2020
Multi-storey Car Park	End 2020
Bus Interchange	Summer 2021

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

3.0 The West Midlands Transport Strategy *Movement for Growth* states that strong growth is continuing in the regional and inter-city markets, with the need for investment in more / longer trains and additional infrastructure capacity. HS2 will provide a massive opportunity to re-configure the existing West Coast Main Line to provide a wider range of more local and regional services. This was explored in detail in the ‘*Coventry Rail Story*’ report in late 2013 which identified the following potential enhancements:

- Greater frequencies for Canley and Tile Hill stations as part of increasing the number of services between Coventry and Birmingham from 7 to 9 trains per hour.
- An additional Cross Country service each hour providing increased frequency between Coventry and Leamington Spa, Oxford, Reading and the south coast and new direct journey opportunities to Derby Sheffield and the north-east;
- Potential for connections from Coventry to Heathrow Airport via the new Heathrow Western Access;
- More frequent regional services south towards Rugby, Northampton and Milton Keynes;
- Through services on the NUCKLE line from Leamington Spa to Nuneaton via Coventry – including a new station in the south of the city as part of the Coventry South package;
- Extension of NUCKLE services from Nuneaton to Leicester and potentially other East Midlands destinations including Nottingham and cities in the North East (via a new connection from the West Coast Mainline); and
- Direct service from Leamington Spa / Kenilworth to Birmingham International / UK Central via Coventry.

3.1 These services will connect people with jobs, and also enable greater levels of business travel to be undertaken by rail. This is particularly the case at Friargate

where up to 15,000 jobs will be created – therefore providing further local commuting demand to the railway station.

#### **4 Summary of the West Midlands Combined Authority Assurance Process**

4.0 The application for approval has moved through the West Midlands Combined Authority approvals process and a summary is provided in the table below.

Table 2: West Midlands Combined Authority Assurance activities completed

Process	Decision
Technical Appraisal Panel	1 January 2017 - Technical Appraisal Panel endorsed the Full Business Case to progress to Investment Advisory Group
Investment Advisory Group	4 December 2017 - The investment case was approved to progress to West Midlands Combined Authority Leadership Team.
WMCA Leadership Team	10 December 2017 - The West Midlands Combined Authority Leadership Team approved to progress to Investment Board
Investment Board	29 January 2018 - Investment Board approved to progress to WMCA Board for final approval with their endorsement.

4.1 Confirmation of approval at Coventry City Council Cabinet and Full Cabinet was received on 24 January 2018 to confirm that the project had satisfied all of the approval processes at the host Local Authority.

4.2 All other points and issues raised during the assurance process have been satisfactorily resolved by those Panels, Groups and Boards set out in Table 2. The final substantive item discussed and agreed at Investment Board relates to the risk share on car park revenues where it was confirmed that an approach of fixed funding and risk of any project over spend pressures to remain with Coventry City Council was confirmed.

#### **5 Wider West Midlands Combined Authority Implications**

5.0 The Coventry Station Masterplan will provide additional capacity to the rail network and enable additional services to be introduced between Coventry and Nuneaton in the short term, with the potential to introduce more direct cross city services to the north east including Leicester and Nottingham in the longer term. The scheme is an important gateway from Coventry to HS2.

5.1 The current station facility requires significant investment to support the potential economic growth of the region and it's vital that the capacity is increased in order to capitalise fully on the opportunities HS2 will bring not only to Coventry but also the wider sub-region.

#### **6 Financial implications**

5.1 A high level financial summary of the programme is set out in the following table:

**Table 3: Summary Financial Information for Coventry Station Master Plan**

Coventry Station Masterplan - phased spend and funding summary		2016/17 & prior £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
Funding source	Funding status							
CWLEP Growth Deal	Secured	5.5	3.3	12.6	3.7			25.1
DfT/Network Rail	Secured			3.1	1.9			5.0
Integrated Transport Block/CCC	Secured	0.6			0.1	0.9		1.6
CCC Prudential Borrowing (based on car park income)	Secured				4.6	5.2	1.1	10.9
WMCA Devolution Deal	Approval in progress			1.4	19.5	14.6	3.9	39.4
<b>TOTAL PROGRAMME</b>		<b>6.1</b>	<b>3.3</b>	<b>17.1</b>	<b>29.8</b>	<b>20.7</b>	<b>5.0</b>	<b>82.0</b>

- 6.0 The overall West Midlands Combined Authority Investment Programme funding requirement of £39.4 million will be utilised after the other confirmed/secure funding sources and the above phasing/cash flow reflects this position. The West Midlands Combined Authority are therefore funder of the last resort subject to a £39.4 million cap. The grant agreement between Coventry City Council and WMCA is being drafted on this basis.
- 6.1 The current forecast of the gross investment for the project of £82.0 million includes £12.4 million contingency for risk. To the extent this contingency is not required, the West Midlands Combined Authority funding requirement will reduce accordingly. However, any overspend against the overall £82 million is at the risk of Coventry City Council.
- 6.2 The prudential borrowing by Coventry City Council of £10.9 million is based on income from the multi-storey car park for an agreed lease period (from Network Rail). This income stream has been modelled based on a 40 year lease period and the forecast passenger growth over this period. The West Midlands Combined Authority Finance Team have reviewed the model and the underlying assumptions. Given the uncertainty around these future projections, it is recommended that West Midlands Combined Authority Board accept the fixed £10.9 million funding commitment from this source and that the risks, as well as the potential upside, of passenger growth remains with Coventry City Council.
- 6.3 Following approval of the Final Business Case by the West Midlands Combined Authority Board a grant agreement will be put in place between the West Midlands Combined Authority and Coventry City Council. Reimbursement of the grant will be quarterly in arrears in accordance with the payment schedule linked to project delivery/construction milestones.
- 6.4 The agreed payment schedule is included at Appendix 1.

- 6.5 In agreeing to the recommendation the West Midlands Combined Authority Board need to take into account the summary and recommendations that it received in January 2018 with the report, 'Progress Update on the West Midlands Combined Authority Investment Programme'. This report set out that not all income streams that support the West Midlands Combined Authority Programme are secured. Therefore the following points with regard to this scheme should be noted:
- a) Existing funding rated as 'Green' or prudential borrowing that can be made and to be repaid by the region's future forecast Devolution Grant is sufficient to support the requested funding for this scheme; however
  - b) Given that there is still substantial work to be concluded to confirm all West Midlands Combined Authority Income Streams, namely income to be derived from Precept and a Business Rates Supplement as set out in the region's first Devolution Deal then approval of this scheme may not allow all further schemes to be approved that are dependent on West Midlands Combined Authority internally generated resources that are contained within the Investment Programme;
  - c) The annual revenue cost to service the borrowing for this scheme is £2.4 million. The basis on which this can be signed off is due to the assumption that the 30 Year Devolution Grant will be received in Full from Central Government. The Total Annual Devolution Grant over 30 years after taking into account the funding of interest costs provides funding for the investment programme of £748 million. The Devolution Grant will be subject to a 5 yearly gateway review that is currently being scoped with Ministry of Housing, Communities and Local Government and SQW. Should the Devolution Grant be reduced, the Annual Revenue Cost will need to be met through contributions from Constituent Authorities on the basis of the underwriting of all West Midlands Combined Authority commitments by each Constituent Authority.

**Table 4: Investment Programme Schemes funded by WMCA resources to be generated**

	£000's	WMCA	Total	Status
1	UKC Interchange	396,015	1,020,326	SOC pending March CA Board allocation
2	UKC Infrastructure	290,144	638,979	SOC pending March CA Board allocation
3	HS2 Connectivity Programme schemes	603,766	1,099,686	Various
4	Brierley Hill Metro Extension	103,000	343,600	SOC, Grant spending first
5	Programme Governance	3,676	3,676	Year 1 spending to Budget
6	Coventry City Centre Regeneration	150,097	360,055	£99m FBC with remainder in March Board
7	Coventry UKC City Centre First	11,600	18,351	-
8	Coventry UKC North	21,600	142,900	SOC/OBC
9	Coventry UKC South	149,250	311,900	SOC/OBC
10	Land Remediation Fund	200,000	200,000	£68m/£88m deployed pre-March 2018
11	Business Innovation	50,000	50,000	£0.275m SOC
12	Employment, Education & Skills	20,000	20,000	Not commenced
13	Commonwealth Games	25,000	25,000	2022 – subject to full assurance process
-	Other Investment Programme Schemes	-	4,122,634	Various
	<b>GRAND TOTAL</b>	<b>2,024,148</b>	<b>8,357,107</b>	

6.6 A Task and Finish Group of the West Midlands Combined Authority Board is being established in Quarter 1 as set out in the January 2018 Investment Programme Report and February 2018 Budget Report to consider this in more detail.

6.7 All other finance points raised during the assurance process have been satisfactorily resolved.

## **7 Legal implications**

7.0 The grant agreement with WMCA is explained in 6.3 and Appendix 1.

- 7.1 In the railway sector the responsibility to operate and manage the main national railway network is typically the responsibility of the State, either through an administrative body or by a public undertaking, in most cases under a legal monopoly, which within the UK is Network Rail. As the management and operation of the main rail infrastructure networks within the EU are generally carried out in national, geographically closed and separated markets that are not subject to competition, public financial support made available to infrastructure managers is generally not liable to affect trade between Member States. Therefore the Council considers that state aid is not applicable to Coventry Station Masterplan as is of the view it does not affect competition and trade between Member States in relation to the investment into the construction, maintenance and management of general railway infrastructure.
- 7.2 To further mitigate any state aid challenge, Coventry City Council could argue that they are underpinning the investment into the Coventry Station Masterplan, by utilising the Market Economy Investor Principle, so that the investment is on normal commercial arm's length terms, which it considers would provide an appropriate mechanism to justify any aid to Network Rail following the Council's investment. As part of the proposed structure the Coventry City Council will be taking a long lease of the Multi Story Car Park which is estimated to provide a significant return to the Council. Therefore in the event any element of the investment into Coventry Station Masterplan is challenged the Council will make the case that there is no "aid" as the terms would be acceptable for a private operator under the normal conditions of a market economy.
- 7.3 A Memorandum of Understanding is in the process of being agreed between Coventry City Council and the Department for Transport, regarding the terms of the commercial model in place to enable CCC to prudentially borrow funds for the multi-storey car park. This is due to be completed early 2018.
- 7.4 The City Council will need to obtain formal approval for Station Change for each element of the project. This is the basis of obtaining a legal agreement between Coventry City Council and the rail industry regarding the works, including how it will be delivered and any indemnities that are payable as a result of any activity that deviates from the terms set out in the current station franchise. Station Change has already been agreed for the footbridge, and the remaining elements are to be agreed in Q4 2018.
- 7.5 A commercial agreement will also need to be in place between CCC and TfWM for the operation of the bus interchange. Discussions regarding this are ongoing on the basis the facility will be cost neutral to TfWM following a strategic review of citywide bus services and facilities. This will need to be agreed prior to the tender for the bus interchange to be issued, which will be mid-2018.
- 7.6 Several legal agreements will also need to be in place between CCC and Network Rail for the delivery and transfer of station assets. These are standards rail industry agreements, discussions are ongoing and they will be in place prior to moving to the next design stage early 2018.
- 7.7 Finally, in order to deliver the new western link road third party land must be acquired. Negotiations are ongoing with landowners accordingly. In parallel, a compulsory purchase order is being prepared, with Cabinet approval obtained in February 2018 in order to make the order in spring 2018 if an agreement cannot be reached by negotiation.

## **8 Equalities implications**

- 8.0 All components of the Station Masterplan have been developed in line with the Equality Act 2010. An Equality Impact Assessment has been developed accordingly and extensive stakeholder engagement has been undertaken with accessibility and disability groups. Engagement will continue during delivery to ensure that temporary arrangements during construction are accessible for all.

## **9 Schedule of background papers**

Cabinet 3 March, 2015: Coventry Station Regeneration and associated rail improvements

Cabinet 24 January 2017: Coventry Station Masterplan Update

Cabinet 24 January 2017: Connecting Coventry – Strategic Transport Investment Programme

Cabinet 28 November 2017: Coventry Station Masterplan Procurement Strategy Update

## **10 Appendices**

Appendix 1: Draft Coventry Station Masterplan grant agreement – Schedule 2 (payment schedule)

# Appendix 1: Draft Coventry Station Masterplan grant agreement – Schedule 2 (payment schedule)

GRANT AGREEMENT RELATING TO COVENTRY STATION MASTERPLAN PROJECT (1) WEST MIDLANDS COMBINED AUTHORITY and (2) THE COUNCIL OF THE CITY OF COVENTRY										
Schedule 2 [draft based on FBC submitted Oct-17]										
Item	Claim quarter	Eligible Expenditure	Key milestone	Target completion date	Maximum Expenditure Amount (planned - per quarter)	Maximum Expenditure Amount (cumulative)*	Drawdown Trigger Date	Reimbursement of costs under the Grant	Reimbursement conditions	
1	Q1 2018/19	Footbridge and Canopies	Planning / Listed Building Approval	Mar-18	£355,500	£355,500	Completion of key milestones during Q1 2018/19 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
			Design and Build Contract Award Date	Apr-18						
		NUCKLE 1.2	Design and Build Contract Award Date	May-18						
			Highways and Bus Interchange	Planning Approval						Mar-18
			Detailed Design Complete	Apr-18						
2	Q2 2018/19	Footbridge and Canopies	Start Site Works	Jun-18	£355,500	£711,000	Completion of key milestones during Q2 2018/19 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
		Station Building and MSCP	Design and Build Contract Award Date	Sep-18						
3	Q3 2018/19	Footbridge and Canopies	Detailed Design Complete	Oct-18	£355,500	£1,066,500	Completion of key milestones during Q3 2018/19 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
			NUCKLE 1.2	Detailed Design Complete						Oct-18
		Start Site Works	Oct-18							
4	Q4 2018/19	NUCKLE 1.2	CPO Approval	Mar-19	£355,500	£1,422,000	Completion of key milestones during Q4 2018/19 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
Page 108	Q1 2019/20	NUCKLE 1.2	Complete Site Works	May-19	£4,895,250	£6,317,250	Completion of key milestones during Q1 2019/20 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
			Station Building and MSCP	Detailed Design Complete						May-19
		Highways and Bus Interchange	Construction Contract Award Date	Mar-19						
			CPO Approval	Mar-19						
			Start Site Works	Mar-19						
	Q2 2019/20	Footbridge and Canopies	Complete Site Works	Jul-19	£4,895,250	£11,212,500	Completion of key milestones during Q2 2019/20 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
		Station Building and MSCP	Start Site Works	Jul-19						
	Q3 2019/20	Station Building and MSCP	Complete Site Works	Nov-20	£4,895,250	£16,107,750	Satisfactory progress towards future key milestones during Q3 2019/20 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
		Highways and Bus Interchange	Complete Site Works	Jul-21						
	8	Q4 2019/20	Station Building and MSCP	Complete Site Works	Nov-20	£4,895,250	£21,003,000	Satisfactory progress towards future key milestones during Q4 2019/20 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.
Highways and Bus Interchange			Complete Site Works	Jul-21						
9	Q1 2020/21	Station Building and MSCP	Complete Site Works	Nov-20	£3,646,500	£24,649,500	Satisfactory progress towards future key milestones during Q1 2020/21 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
		Highways and Bus Interchange	Complete Site Works	Jul-21						
10	Q2 2020/21	Station Building and MSCP	Complete Site Works	Nov-20	£3,646,500	£28,296,000	Satisfactory progress towards future key milestones during Q2 2020/21 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
		Highways and Bus Interchange	Complete Site Works	Jul-21						
11	Q3 2020/21	Station Building and MSCP	Complete Site Works	Nov-20	£3,646,500	£31,942,500	Completion of key milestones during Q2 2019/20 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
12	Q4 2020/21	Highways and Bus Interchange	Complete Site Works	Jul-21	£3,646,500	£35,589,000	Satisfactory progress towards future key milestones during Q4 2020/21 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
13	Q1 2021/22	Highways and Bus Interchange	Complete Site Works	Jul-21	£1,906,000	£37,495,000	Satisfactory progress towards future key milestones during Q4 2020/21 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
14	Q1 2021/22	Highways and Bus Interchange	Complete Site Works	Jul-21	£1,905,000	£39,400,000	Completion of key milestones during Q2 2019/20 confirmed through WMCA assurance process	Quarterly in arrears on a costs arising basis payable in line with Part 2 Claim Process of this Schedule 2	Reimbursement will be made of direct costs incurred relating to the services and works required to support delivery of the key milestones specific.	
<b>Total - maximum amount payable under this agreement</b>					<b>£39,400,000</b>	<b>£39,400,000</b>				
* Maximum cumulative claim limit over the life of the programme. Quarterly planned maximum amounts underclaimed in may be included in future quarterly claims up to the maximum cumulative amount subject to completion of key milestones and evidence of costs incurred.										



## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	Coventry Friargate Business District Phase 1
<b>Portfolio Lead</b>	Councillor Izzi Seccombe - Finance & Investments
<b>Accountable Chief Executive</b>	Deborah Cadman, West Midlands Combined Authority email: <a href="mailto:deborah.cadman@wmca.org.uk">deborah.cadman@wmca.org.uk</a> tel: (0121) 214 7200
<b>Accountable Employee</b>	Sean Pearce, Director of Finance email: <a href="mailto:sean.pearce@wmca.org.uk">sean.pearce@wmca.org.uk</a> tel: (0121) 214 7936
<b>Report to be/has been considered by</b>	Technical Approval Panel (12/4/17) WMCA Investment Advisory Group (8/5/17) WMCA Leadership Team (23/5/17) Investment Board (29/1/18) Programme Board (23/2/18)

**The WMCA Board is recommended to:**

- (1) Approve the award of £51.0 million Devolution Deal funding to Coventry Friargate Business District Phase 1, which is promoted by Coventry City Council based on the assurance work completed and the endorsement of the Project by the Investment Board on 29 January 2018 as set out in Paragraph 5.4.
- (2) Delegate to the Monitoring Officer and the Director of Finance in consultation with the Portfolio Lead for Finance to conclude the grant agreement with Coventry City Council in accordance with this report as set out in Paragraph 6.7.

## **1.0 Purpose**

**1.1** This report seeks the approval of £51.0 million for Coventry Friargate Business District Phase 1. This report sets out the work undertaken by the Investment Board and the assurance now provided to support the approval being proposed to the West Midlands Combined Authority Investment Board. It summarises the key aspects to the application and is supported by the summarised business case submitted by the lead Council, in this case, Coventry City Council that was considered by the Investment Board.

## **2.0 Background**

**2.1** The 'Friargate Masterplan' is a redevelopment scheme located on approximately 26 acres of land next to Coventry Railway Station. The masterplan was conceived by Friargate LLP, who assembled the majority of the land required to regenerate the area around Coventry railway station. The mixed use scheme will provide a new high quality business district for the city. There will also be provision for ancillary retail, hotel and leisure uses along with residential buildings.

**2.2** Phase One of the Friargate Masterplan comprises five office blocks and a hotel. The first office block in the scheme, One Friargate, is already complete and is now occupied by Coventry City Council. This project seeks funding to further develop Phase One of the Masterplan, with the remainder of the scheme comprising four office buildings and a hotel. This is in addition to the works that have already been completed on the Friargate Bridge Deck, and public realm schemes.

**2.3** Coventry City Council is proposing a model to provide a programme of development that would seek to deliver the four office blocks and the hotel remaining in Phase One. The rationale for intervention is to overcome market failure whereby it is difficult to attract occupiers to a scheme before a building is constructed yet conversely the private sector will not currently finance construction of a building until occupiers are secured. Initial investment from the Combined Authority would be supported by the Council also investing in a joint venture with the developer.

**2.4** The proposal in the Final Business Case is to start the development of Phase One of the scheme by using West Midlands Combined Authority funding to deliver the second building at Friargate against a commitment from Coventry City Council that, once annual rental income is secured it will use its ability to borrow to fund further buildings, using rental income to fund the finance costs.

**2.5** The joint venture arrangement between Coventry City Council and the developer would cover the entire Friargate scheme and not just be limited to Phase One. The joint venture would give the Council a 50% share in the LLP Company that would own and develop the scheme, and share the returns and the risks from the overall Friargate development.

**2.6** This option is for Coventry City Council to use the £51 million from the combined authority to build the first building. This would make development of a second building much more likely. An added benefit is that debt can be repaid once buildings are sold following letting

**2.7** Further borrowing would be required to enable the rolling programme, and repayment of such borrowing would be dependent on letting the buildings. Coventry City Council as a partner would take a share of the development risks.

**2.8** Benefits of a rolling programme include the wider economic impact of the project, and demonstrate the value for money to the public purse. The development of the additional office space will generate more temporary and permanent jobs in the area boosting GVA and will also result in higher footfall in the area boosting economic activity. The additional office blocks will also generate additional business rates and rental income.

**3.0 Summary of the West Midlands Combined Authority Assurance Process**

**3.1** Following political briefings throughout 2017, negotiations have continued with Friargate. The current discussions are around a Coventry City Council investment in a Joint Venture model that envisages securing the land for the Joint Venture and the funds required to take the scheme forward.

**3.2** One Friargate, the first building in the Friargate Masterplan is now open and occupied. Coventry City Council has secured a letting of part of this building to the Financial Ombudsman Service. Coventry City Council occupies the remainder of the building. A number of options have been considered to deliver phase one of the scheme. These options are detailed in the Full Business Case which has been subject to the West Midlands Combined Authority Assurance process.

**3.3** Delegated authority was given to Coventry City Council officers by Cabinet on 24th January 2017 to enter into negotiations with the West Midlands Combined Authority to secure the grant for Friargate Business District, with the terms being subject to a further report to Cabinet. Regular political briefings have taken place since this approval was given, with Friargate Business District being the subject of a further report to Cabinet on 9th January 2018 and Council on 16th January 2018.

**3.4** The application for approval has moved through the West Midlands Combined Authority approvals process and a summary is provided in the table below.

Table 1: West Midlands Combined Authority Assurance activities completed

Process	Decision
Technical Appraisal Panel	01/11/17 - TAP endorsed the Full Business Case to progress to IAG
Investment Advisory Group	04/12/17 - The investment case was approved to progress to WMCA Leadership Team
WMCA Leadership Team	WMCA Leadership Team approval to progress to Investment Board: Sean Pearce approved 18/01/18 Tim Martin approved 18/01/18 Patrick White approved 18/01/18
Investment Board	Investment Board approved 29/1/18

**3.5** All other points and issues raised during the assurance process have been satisfactorily resolved by those Panels, Groups and Boards set out in Table 2. This included a session facilitated by the Development Director at Coventry City Council with the Chair of the Investment Board, the Investment Board member from the Greater Birmingham and Solihull Local Enterprise Partnership and the West Midlands Combined Authority Finance Director that went through in detail the Final business Case and Commercial Case for Phase One. This included the arrangements and security package on the Joint Vehicle as well as the Commercial Agreement with the Private Sector Partner.

**3.6** The final substantive item discussed and agreed at Investment Board related to those points outline below which are capable of resolution between respective Finance Directors should the West Midlands Combined Authority Board approve this report:

- As the form of funding from the West Midlands Combined Authority a Grant and Coventry City Council intend to issue a Loan to the Joint Vehicle, an agreement that any loan interest to be ring fenced and used only by Coventry City Council for the Joint Vehicle overhead costs only V costs;
- All revenues to be delivered from Phase 1 to be reinvested into further phases; and
- Further development of a developer management fee that represents Value for Money for Coventry City Council and the West Midlands Combined Authority.

#### **4.0 Wider West Midlands Combined Authority Implications**

**4.1** The proposal in the business case complements other West Midlands Combined Authority schemes in Coventry, including the City Centre South scheme and the Station Masterplan, and if developed, will generate increased business rates that would benefit the wider region and the West Midlands Combined Authority.

#### **5.0 Financial implications**

**5.1** The report seeks approval to grant £51 million funding for the purpose of establishing a vehicle which will bring forward a programme of building at Friargate. The next building in Phase One is number Two Friargate and is planned to be funded from this grant. It is proposed that this would be made available from the Council to the Joint Venture in order to facilitate the construction of Two Friargate.

**5.2** The table below funding sought is intended to fund the next building in Phase One and is 100% based on West Midlands Combined Authority funding. The table below demonstrates programme costs relating to the Construction of this first building:

Table 2: Funding Summary

£ millions	18/19	19/20	20/21	21/22	Total
Construction cost	14.7	19.6	4.9	0.0	39.2
Plot and infrastructure costs	0.2	0.3	0.2	0.0	0.7
Professional fees	1.6	1.6	0.5	0.0	3.7
Letting costs including voids	0.0	0.0	2.8	1.0	3.8
Development overhead	0.9	1.2	1.2	0.3	3.6
<b>Total</b>	17.4	22.7	9.6	1.3	51.0

- 5.3** Following completion and a full letting of the first building, it is intended that further loan finance will be provided to Joint Venture Company for the construction of the third building and so on until Phase one is completed. It is anticipated that the costs to build the remainder of Phase One will likely total of circa £220 million.
- 5.4** The capital grant of £51.0 million received from the West Midlands Combined Authority is intended to be paid into Coventry City Council for the purposes of funding future buildings at Friargate. It is likely that it will be used in the form of a senior loan term facility into the joint venture company secured with a first charge on the land and buildings. The loan will be repaid to the City Council using income from these buildings. The funding will then be recycled to fund future buildings on an ongoing basis. Coventry City Council confirm that the funding will be ring-fenced to the Friargate scheme in order to deliver the outcomes for the Friargate development as described in the full business case.
- 5.5** As a result of providing loan funding to the Joint Venture, Coventry City Council will be in receipt of interest. Following questions raised during the assurance process, the Council clarified that the return from the loan will be ring-fenced to the project, and be utilised to fund Coventry City Council's share of the Joint Venture costs, including the overheads that it has agreed to contribute.
- 5.6** Independent economic analysis prepared for the bid to the West Midlands Combined Authority, indicates that there is an estimated £19.13 of economic benefit generated for every pound invested on the preferred option. These benefits include the wider economic impact of the project, and demonstrate the value for money to the public purse. The development of the additional office space will generate more temporary and permanent jobs in the area boosting Gross Value Added and will also result in higher footfall in the area boosting economic activity. The additional office blocks will also generate additional business rates of circa £5 million.
- 5.7** Following questions raised at previous stages of the assurance process, Coventry City Council has clarified that both procurement and state aid risk will be managed in relation to all aspects of the project. More specific questions regarding the structure of the proposed Joint Venture arrangement were addressed during the assurance process.

- 5.8** In agreeing to the recommendation the West Midlands Combined Authority Board need to take into account the summary and recommendations that it received in January 2018 with the report, 'Progress Update on the West Midlands Combined Authority Investment Programme'. This report set out that not all income streams that support the West Midlands Combined Authority Programme are secured. Therefore the following points with regard to this scheme should be noted:
- a) Existing funding rated as 'Green' or prudential borrowing that can be made and to be repaid by the region's future forecast Devolution Grant is sufficient to support the requested funding for this scheme; however
  - b) Given that there is still substantial work to be concluded to confirm all West Midlands Combined Authority Income Streams, namely income to be derived from Precept and a Business Rates Supplement as set out in the region's first Devolution Deal then approval of this scheme may not allow all further schemes to be approved that are dependent on West Midlands Combined Authority internally generated resources that are contained within the Investment Programme;
  - c) The annual revenue cost to service the borrowing for this scheme is £3.1 million. The basis on which this can be signed off is due to the assumption that the 30 Year Devolution Grant will be received in Full from Central Government. The Total Annual Devolution Grant over 30 years after taking into account the funding of interest costs provides funding for the investment programme of £748 million. The Devolution Grant will be subject to a 5 yearly gateway review that is currently being scoped with Ministry of Housing, Communities and Local Government and SQW. Should the Devolution Grant be reduced, the Annual Revenue Cost will need to be met through contributions from Constituent Authorities on the basis of the underwriting of all West Midlands Combined Authority commitments by each Constituent Authority.

**Table 3: Investment Programme Schemes funded by WMCA resources to be generated**

	£000's	WMCA	Total	Status
1	UKC Interchange	396,015	1,020,326	SOC pending March CA Board allocation
2	UKC Infrastructure	290,144	638,979	SOC pending March CA Board allocation
3	HS2 Connectivity Programme schemes	603,766	1,099,686	Various
4	Brierley Hill Metro Extension	103,000	343,600	SOC, Grant spending first
5	Programme Governance	3,676	3,676	Year 1 spending to Budget
6	Coventry City Centre Regeneration	150,097	360,055	£99m FBC with remainder in March Board
7	Coventry UKC City Centre First	11,600	18,351	-
8	Coventry UKC North	21,600	142,900	SOC/OBC
9	Coventry UKC South	149,250	311,900	SOC/OBC
10	Land Remediation Fund	200,000	200,000	£68m/£88m deployed pre-March 2018
11	Business Innovation	50,000	50,000	£0.275m SOC
12	Employment, Education & Skills	20,000	20,000	Not commenced
13	Commonwealth Games	25,000	25,000	2022 – subject to full assurance process
-	Other Investment Programme Schemes	-	4,122,634	Various
	<b>GRAND TOTAL</b>	<b>2,024,148</b>	<b>8,357,107</b>	

**5.9** A Task and Finish Group of the West Midlands Combined Authority Board is being established in Quarter 1 as set out in the January 2018 Investment Programme Report and February 2018 Budget Report to consider this in more detail.

**5.10** All other finance points raised during the assurance process have been satisfactorily resolved.

## **6.0 Legal implications**

**6.1** The Council has various powers to set up a company in order to trade for a profit. The Localism Act 2011 provides powers for local authorities to do anything that individuals may generally do. Where the Council uses the General Power of Competence to do something for a commercial purpose, section 4 of the Localism Act 2011 requires that the Council must do so through a company (which has a wider definition than for the purposes of section 95 Local Government Act 2003). This power also allows the Council to set up and enter into a Joint Venture Company for a commercial purpose.

- 6.2** Coventry City Council's rights and obligations under the proposed joint venture shall be contained in a Joint Venture Shareholders' Agreement. This agreement will cover, amongst other things:
- The establishment of the joint venture vehicle and how each party will contribute resources to it;
  - The rights of each party to appoint directors to the board;
  - Any restrictions placed on the parties (i.e. not separately competing for business that should be run through the JV);
  - The content and process for agreeing annual business plans;
  - The dividend policy, setting out how and in what circumstances profits should be distributed to each JV partner;
  - The process for dealing with a deadlock situation where neither party can agree a course of action;
  - Terminating and unwinding the arrangement.
- 6.3** The board of directors will have responsibility to run the business of the JV on a day-to-day basis. Certain decisions (being those of greater importance) will be reserved to the shareholders (the so-called 'reserved matters'). Reserved matters would include agreeing the business plan for each year, altering the rights attached the shares in the company, changing the company name and entering into contracts or employing anyone over a pre-agreed financial limit. Other reserve matters can be added to this list to ensure the Council retains control over certain, key issues.
- 6.4** The appointed directors to the newly-incorporated LLP Company will be under statutory duties imposed by the Companies Act 2006.
- 6.5** Conflicts of interest can frequently occur in the context of a joint venture when directors have to balance the interests of the shareholder organisation that appointed them with the need to exercise independent judgment and promote the success of the company. The JV articles will include detailed provisions on how the shareholders will be able to permit the directors from still acting notwithstanding any actual or potential conflict they may face.
- 6.6** Any loans granted to the company by the Council should be provided on commercial rates so as to avoid any potential State Aid challenges.
- 6.7** Delegation to the Monitoring Officer and the Director of Finance in consultation with the Portfolio Lead for Finance is required to conclude the Grant Agreement with Coventry City Council in accordance with this report.
- 7.0 Equalities implications**
- 7.1** This project is not expected to have any negative equalities impacts. When the joint venture LLP company is established, CCC will place requirements upon the new company to ensure that appropriate equalities impact assessment work takes place as it begins to undertake its stated objectives.

## **8.0 Next Steps**

- 8.1** Full Council approval has been given to enter in to a Joint Venture arrangement with the developer in order to deliver the scheme. CCC is in the process of finalising the shareholders agreement and other associated documentations with the development partner which will govern the arrangement of the joint venture to ensure that it is able to achieve its stated objectives as set out in this report and, subject to WMCA approval, the Council will proceed with this arrangement.
- 8.2** Following the establishment of a new Joint Venture company, this company will commence a competitive procurement tender of a Contractor to construct the next building in the scheme as per the business case.

## **9.0 Appendices**

- 9.1** There are no appendices.

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## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	Commonwealth Games Athletes Village - WMCA Contribution
<b>Portfolio Lead</b>	Councillor Izzi Seccombe - Finance & Investments
<b>Accountable Chief Executive</b>	Deborah Cadman, West Midlands Combined Authority tel: (0121) 214 7200 email: deborah.cadman@wmca.org.uk
<b>Accountable Employee</b>	Sean Pearce, Director of Finance tel: (0121) 214 7936 email: sean.pearce@wmca.org.uk
<b>Report to be/has been considered by</b>	WMCA Investment Board - 13 February 2018 WMCA Programme Board - 23 February 2018

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

#### The WMCA Board is recommended to agree:

- (1) The award of a grant to Birmingham City Council from the WMCA Brownfield Land and Property Development Fund to the Commonwealth Games Village application as set out in Paragraph 4.2 totalling no more than £20.075 million subject to:
  - (a) The final independent valuations being in line with the current estimates underpinning the £20.075 million estimate, as detailed in Section 5.
  - (b) In the event there is a surplus on the Athletes' Village scheme following sale of the residential units, this surplus is shared with WMCA up to a maximum of £20.075 million in line with the principles detailed in section 5.
- (2) That the elements of the bid with a particular reference to grant conditions A4 (Learning Institutions) are approved as contained in paragraph 4.1 given that this is the first time that this type of expenditure will be funded under the Brownfield Land and Property Development Fund as set out in Paragraph 4.2.

- (3) The principle that the contribution be subject to the successful shortlisting of the Housing Infrastructure Fund announcement which provides the 39% (£144 million) of the overall funding for the village as set out in Paragraph 6.8.
- (4) A one off variation to the basis of the Brownfield Land and Private Development Fund for this project to recognise that the outcomes of this application will not be delivered until 2022 for the Commonwealth Games Village and 2023 to 2025 for the permanent scheme as this does fall outside the time period indicated in the originating Fund documents approved by the Board as set out in Paragraph 2.11.

## **1.0 Purpose**

1.1 The West Midlands Combined Authority (WMCA) are required under the agreed Assurance Process for the Investment Programme to endorse specific investment proposals. The proposal contained within this report relates to a contribution of £20.075 million by WMCA from the Brownfield Land and Property Development Fund (BLPDF) to help deliver the Athletes Village required to facilitate the 2022 Commonwealth Games.

## **2.0 Background**

2.1 The BLPDF provided via the WMCA seeks to invest in Individual Strategic Projects which support the reuse of brownfield land and buildings and the delivery of supporting infrastructure, across the WMCA geography. The BLPDF is designed to invest to secure new housing, industrial and commercial development and is currently made up of allocations from the £200 million WMCA Land Remediation Fund secured from Government as part of the first devolution deal.

2.2 The BLPDF is designed to support the delivery of key individual strategic projects by de-risking private sector investment and addressing a number of challenges including market failure, adverse ground conditions, poor infrastructure, abnormal site remediation costs and providing gap funding to bridge the viability shortfalls on schemes.

2.3 The overall WMCA Land Remediation Fund is £200 million, with an allocation to the BLPDF of £50 million which is operational between 2017- 2021. This was agreed via WMCA Board Meeting dated 17 February 2017. The BLPDF is aligned with the target outcomes of Black Country Land and Property Investment Fund and looks to deliver similar levels of outputs through deployment of the full £50m of the Fund;

- 1,600 Jobs;
- 800 houses;
- 200,000 square metres of Commercial floor space; and
- Significant private sector funding leveraged.

2.4 As detailed above, the BLPDF totals £50 million as approved by WMCA Board on 8 September 2017 and commitments to date against the fund total £14.7 million as follows:

- £1.908 million YMCA City of Wolverhampton Council;
- £3.790 million House Building Programme Telford & Wrekin Council;
- £4.386 million Yardley Brook Housing Birmingham City Council;
- £2.630 million Seven Stars, Oldbury - Opus Land (Oldbury) LLP; and
- £2.025 million Mucklow Park – A & J Mucklow (Halesowen) Ltd.

2.5 On 21 December 2017, Birmingham were confirmed as Host City for the 2022 Commonwealth Games. Birmingham City Council's bid reflected the Commonwealth Games Federation's requirement for there to be a single athlete's village constructed for occupation by athletes, officials and event organisation staff between April 2022 and August 2022.

- 2.6 The athletes' village is required to provide temporary accommodation for some 6,510 athletes, coaches and team administrators with subsequent modifications to enable the residential accommodation to become mixed tenure homes to deliver a legacy uplift for Perry Barr. In order to deliver the Village, WMCA has been approached to make a contribution to the scheme, funded from the BLPDF. The application was initially considered by Investment Advisory Group on 5 February 2018 as part of the WMCA Assurance Process.
- 2.7 Birmingham City Council have been working intensively with West Midlands Development Capital on the application under significant time pressure. This has been reviewed by the Investment Board as part of their work to endorse the approval of this proposal to the WMCA Board. For this reason, there remain a number of areas of the application which are subject to change or of an indicative nature at this point.
- 2.8 The investment proposal tabled by Birmingham City Council would require the WMCA to fund acquisition, relocation, remediation and demolition costs which are required in order to assemble the site, some of which is Brownfield land. As part of this site assembly a replacement facility for a bus depot is required that will occupy Brownfield land, plus financial support in contracting an alternative site for the Education Funding Agency (EFA) to construct a new secondary school and the Purchase of the "Hare of the Dog" pub. Of these buildings only the Homes England part of the Birmingham City University campus is currently occupied but will be vacated in June 2018.
- 2.9 Of the £20.075 million requested it is noted that one area of the grant totalling £6 million aligns to a new grant condition not previously approved by the WMCA Board. For this reason, greater detail is set out in this report to ensure the WMCA Board is comfortable with the satisfaction of grant conditions.
- 2.10 It is considered that the remaining £14 million of the overall request strongly support the objectives of the fund and further comment is included below
- 2.11 It should be noted that the legacy outcomes to be achieved by the proposed investment are outside the operational timing parameters of the fund (being 2017 to 2021) with the outcomes being realised between 2023 and 2025. It is recommended within this report that WMCA agree a derogation in respect of the timings for the outcomes of this investment if this scenario is acceptable to the Board.

### **3.0 Athletes Village Scheme Overview**

- 3.1 The proposal for the athlete's village looks to deliver some 1,226 residential units to accommodate 6,510 athletes, coaches and team administrators during the games. Post the Games it is proposed that the units will be re-developed to provide a variety of one and two bedroom apartments as well as 4 bedroom townhouses. Once the re-development has taken place units are intended to be disposed of as follows;
- 717 apartments for the sale on the open market
  - 453 apartments built specifically for sale to the Private Rented Sector in 4 blocks; and
  - 56 Townhouses to be retained by Birmingham City Council as part of the Birmingham Municipal Housing Trust, to be let as social housing.

3.2 The initial costs of delivering the athletes village have been assessed at £370 million detailed as follows:

Costs	£M
Purchase and ancillary costs	21.3
Construction costs	163.4
Planning	1.0
Retrofitting Cost	26.0
Site Infrastructure	11.2
Rental of Overlay Elements	1.5
Highways	10.1
Capping Island	7.1
EFA Relocation	6.0
POS	1.4
S106/S278	3.0
Demolition	10.0
Void Council Tax	3.1
Consultant/Professional Fees	20.9
Station	10.0
Bus Depot	3.5
Bus Interchange	2.0
Local Contribution to Sprint	33.1
<b>Total Costs (excluding financing)</b>	<b>334.6</b>
Interest	20.3
BCC Risk Margin	15.5
<b>Total costs (including financing)</b>	<b>370.4</b>

#### 4.0 West Midlands Combined Authority Investment Proposal

4.1 Birmingham City Council intend to fund the above costs through a variety of different borrowing / funding means as set out in this report, including a maximum £20.075 million grant from the WMCA BLPDF as follows:

Funding	£M
WMCA BLPDF Grant	20.1
HIF Grant	143.5
BCC Prudential Borrowing	170.4
LGF	1.6
HS2 Connectivity Package	29.8
CIL	5.0
<b>Total</b>	<b>370.4</b>

4.2 The WMCA Investment is intended to be used to fund acquisition, relocation, remediation and demolition costs which are required in order to assemble the site. As part of this site assembly a replacement facility for a bus depot is required plus financial support in contracting an alternative site for the Education Funding Agency (EFA) to construct a new secondary school and the cost of refurbishment to buildings on the EFA owned Campus. An analysis of the WMCA contribution proposed by Birmingham City Council is detailed as follows:

WMCA Contribution Details	£ Million	Alignment to Fund Objectives
Land Remediation and Demolition Costs in the athlete village site	5.000	The remediation and demolition of buildings to release the brownfield site into use are clearly within the scope of the fund.
Payment to Education Funding Agency for existing land.	3.200	The purchase of this site for the purposes of providing housing is within the objectives of the fund. Commissioning Framework reference B1-5 Housing.
Contribution by BCC to EFA for the additional cost of constructing a new secondary school at Perry Barr.	6.000	Broad alignment with the commissioning framework item <b>A4 - Learning Institutions</b> where " <i>Investment in the conversion/construction of buildings for learning and knowledge institutions in key existing population centres or future centres of Economic regeneration</i> "
Payment to National Express to enable the construction of the new accommodation campus	3.200	The purchase of this site for the purposes of providing housing is within the objectives of the fund (B1-5 Housing). The site is currently classed as brownfield as confirmed by Birmingham City Council.
Replacement Bus Depot costs for National Express	2.000	Broad alignment with the Commissioning Framework item B2 Off-site infrastructure to support residential development
Other fees and costs	0.675	The fees are mostly related to the above items and are considered to be in line with the fund objectives.
<b>Total BLPD Fund Requirement</b>	<b>20.075</b>	

- 4.3 As detailed above, one element of the grant relates to grant condition A4 (Learning Institutions) which is covered in the framework as follows:

#### A4 Learning Institutions

Investment in the conversion / construction of buildings for learning and knowledge institutions in key existing population centres or future centres of Economic regeneration.

- 4.4 Whilst recognising that this expenditure is being incurred as part of land assembly, this is a new grant condition that is being approved by the WMCA Board and references made in the Legal section to the need not to set a precedent with regard to future developments. The basis on which this expenditure has been identified as being compliant is due to its connection with the site assembly of the athlete's village that includes Brownfield land, specifically Birmingham City Council's comment is attached below:

*"The new site for the school is within the existing BCU campus which is private land. Although the site is currently undeveloped the intention is to convert brownfield land within the campus to public open space as it considered to be in a more accessible location for future residents and the wider community".*

- 4.5 As this request is seen as an "exceptional request" due to the time constraints in place for delivery of the village WMCA approval will be required for the provision of the grant once the final terms are known. Given the significant economic outputs that the legacy scheme will generate for both Birmingham and the WMCA and the national publicity that the games will generate, WMCA are supportive of the principles of the contribution and are committed to working with Birmingham City Council to identify a suitable solution.

- 4.6 It should be noted that the Black Country Consortium recently approved an investment on behalf of the WMCA Board from the Black Country Land and Property Investment Fund for an investment in a Music Institute in Brierley Hill, which was partly made under condition A4 of an equivalent framework. It is understood that the LEPs powers in terms of investment in education is limited to adult education (18+).
- 4.7 The following economic out-puts have been estimated which directly correlate to the Investment WMCA is being requested to make, all of which are consistent with the objectives of the fund as detailed in Section 2 above.
- 25,000 sq metres of new gross employment and school floor space;
  - 256 new homes;
  - 5.4 hectares of brownfield land remediated and serviced;
  - £74m Private Sector Investment;
  - 125 new and safeguarded jobs;
  - 1,500 temporary construction jobs; and
  - Additional Council Tax of c.£1,000 per annum per dwelling (c.£1.2m per annum) which is expected to be mostly offset against additional costs of refuse collection, street lighting, highways maintenance and maintenance of the public realm.

## **5.0 Investment Advisory Group & Investment Board Clarifications**

5.1 The initial proposal was presented for consideration at Investment Board on 12 February 2018. A number of points of clarification were resolved at that Investment Board but two clear tasks remained outstanding which are detailed below along with a proposal for dealing with the out-standing item:

- i) Verifying market rates and valuations for the properties included within the proposal.

It is proposed that the valuations will be undertaken at the appropriate point relative to the acquisition being undertaken and that where these valuations / acquisitions are lower than the current estimates, WMCA will benefit from a corresponding reduction in its contribution towards the scheme. If the valuation is higher, the WMCA contribution will remain capped for that specific deliverable.

Grant support requested from the WMCA for (a) land acquisition and compensation payments (to follow Red Book principles with independent certification) and (b) works costs for land preparation (including fees), demolition, remediation, accesses and utility reinforcement and relocations are commissions which will be made under Birmingham City Council and Homes England competitive procurement methodologies.

It is important to recognise that cost estimates for the various items within the request for funding are currently initial estimates. It is likely that there will be variations, but as Birmingham City Council commits to work on an 'open book' basis with WMCA, any variations will be explained. Any movement between allocations would be likely to reduce the overall WMCA contribution or be the subject of a clear change control, requiring endorsement of WMCA's Section 151 Officer before changes can be made.

The formal review of estimates versus actual valuations will be undertaken as part of the agreed WMCA Investment Programme grant claim process.

Land assembly and servicing for the Athletes Village site is required to enable construction of the Village to proceed. Completion by December 2021 is a fixed date and constructing an excellent venue that will be sustainable as a Legacy for the area is imperative, as such joint working between the WMCA, Birmingham City Council, Homes England and other partners essential.

- ii) Confirmation of final appraisal figures, with all costs being on an “open book basis”

It has been agreed that WMCA will have ‘open book’ access to financial documents underpinning the Athletes Village Programme. The open book agreement will help WMCA validate Birmingham City Council’s proposals for claw-back which will be based on the principle that receipts from sales of the Legacy elements of the Village are shared between the CA and Homes England on the basis of land that each has acquired. Homes England approval for its Perry Barr land to form part of the Athletes Village is intended to be progressed in April on this basis. The Council will commit to sharing any subsequent surplus on the wider Athletes Village project in proportion to investment, but terms for other grant support programmes are not yet known (particularly for Housing Infrastructure Fund Forward Funding that is likely to come via the WMCA for Perry Barr).

## **6.0 Housing Infrastructure Fund**

- 6.1 It is important to note that the delivery of the athlete’s village is entirely conditional on the provision of the £143.5 million Housing Infrastructure Fund grant which is to be shortlisted in March 2018 with final approval expected later in the year. However, given the tight deadlines required to deliver the village, the land acquisitions and initial remediation/groundworks must be commenced ahead of final Housing Infrastructure Fund funding approval and therefore there is a risk that the delivery of the village will remain uncertain until the Housing Infrastructure Fund decision is finalised.
- 6.2 Should the Housing Infrastructure Fund bid not be shortlisted and ultimately awarded, the proposed Village will not be delivered as the Housing Infrastructure supports a substantial proportion of its construction costs and provides funding support to enable the delivery of a high density Village with the appropriate infrastructure and 'place making' to support Birmingham City Council's Legacy ambitions within the wider Perry Barr.

6.3 In the absence of Housing Infrastructure Fund, Birmingham City Council and Homes England will deliver a suburban-density (i.e. less dense) residential-only development on land assembled by Homes England and by Birmingham City Council with BLPDF funding on the Village site, subsequently serviced and remediated with funding. The development will include more townhouses and less apartments, and will be brought forward by land sales to developer(s) and / or the Birmingham City Council's Municipal Housing Trust model (i.e. using its HRA borrowing for affordable homes with market units sold to purchasers). The funding for housing, land remediated, investment secured, school and new bus depot built space outputs will remain essentially the same as per the funding application. Outputs accruing to the BLPDF will potentially be delivered earlier than following conversion of the Village although in an area that will not have received investment to provide a Games Legacy.

6.4 If the Games Village could not be delivered as proposed, Birmingham City Council and its Commonwealth Games partners would need to find alternative accommodation, likely including a range of existing student accommodation, for athletes and officials for the period of the Games. This would have significant revenue implications, would be a less effective Games-time solution and would not provide the legacy benefits sought for the Perry Barr area.

## **7.0 Next Steps**

7.1 The WMCA, Birmingham City Council and West Midlands Development Capital will continue to work together to identify a set of agreed terms and conditions for the grant which are clear in terms of cost breakdown and are underpinned by professional valuations. WMCA will continue to work with Birmingham City Council to maximise any claw back of WMCA grant, in line with the agreed principles outlined in Section 5.

## **8.0 Financial implications**

8.1 The Financial implications associated with this investment proposal are covered in the main body of the report.

8.2 It should be noted that any contribution into the athlete's village project will be provided for by WMCA through prudential borrowing, secured on the income streams which support the £8 billion Investment Programme agreed as part of the first devolution deal. These income streams remain subject to the risks detailed in the report to WMCA Board on 12 January 2018 (Progress Update on the WMCA Investment Programme).

8.3 The overall BLPDF totals £50 million as approved by WMCA Board on 8 September 2017 and commitments to date against the fund total £15 million.

8.4 In agreeing to the recommendation the WMCA Board need to take into account the summary and recommendations that it received in January 2018 with the report, 'Progress Update on the WMCA Investment Programme'. This report set out that not all income streams that support the WMCA Programme are secured. Therefore the following points with regard to this scheme should be noted:

- a) Existing funding rated as 'Green' or prudential borrowing that can be made and to be repaid by the region's future forecast Devolution Grant is sufficient to support the requested funding for this scheme; however

- b) Given that there is still substantial work to be concluded to confirm all WMCA Income Streams, namely income to be derived from Precept and a Business Rates Supplement as set out in the region's first Devolution Deal then approval of this scheme may not allow all further schemes to be approved that are dependent on WMCA internally generated resources that are contained within the Investment Programme.
- c) The annual revenue cost to service the borrowing for this scheme is £1.2 million. The basis on which this can be signed off is due to the assumption that the 30 Year Devolution Grant will be received in Full from Central Government. The Total Annual Devolution Grant over 30 years after taking into account the funding of interest costs provides funding for the investment programme of £748 million. The Devolution Grant will be subject to a 5 yearly gateway review that is currently being scoped with Ministry of Housing, Communities and Local Government and SQW. Should the Devolution Grant be reduced, the Annual Revenue Cost will need to be met through contributions from Constituent Authorities on the basis of the underwriting of all WMCA commitments by each Constituent Authority.

8.5 A Task and Finish Group of the WMCA Board is being established in Quarter 1 as set out in the January 2018 Investment Programme Report and February 2018 Budget Report to consider this in more detail.

## **9.0 Legal implications**

9.1 As set out in Section 4 above the proposal is seen as an exceptional request to the fund due to the nature of some aspects of the project. As such, should the WMCA Board choose to approve it, the exceptional nature of the project will be relied upon to avoid an argument of a precedent being set for the future.

9.2 Nevertheless the one item referred to in paragraph 4.3 is covered in the BLPDF Commissioning Framework and in relation to the costs of the provision of learning institutions and in the particular circumstance of this project it is considered that these costs can properly be met from the fund.

9.3 Various risks and conditions are set out in the report particularly in section 5 above. These will continue to be the subject of legal advice and negotiation and will need to be included in any relevant legal documentation in due course.

## **10.0 Equalities implications**

10.1 There are no equalities implications as a result of the recommendations to approve the grant.



## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	Implementation of Devolution Agreement - Adult Education Budget (AEB) - Transfer of Powers to West Midlands Combined Authority (WMCA)
<b>Portfolio Lead</b>	Councillor George Duggins - Skills & Productivity
<b>Accountable Chief Executive</b>	Nick Page, Solihull Metropolitan Borough Council email: npage@solihull.gov.uk Tel: (0121) 704 6018
<b>Accountable Employee</b>	Julie Nugent, Director of Productivity & Skills Email: julie.nugent@wmca.org.uk Tel: (0121) 214 7592
<b>Report to be/has been considered by</b>	WMCA Programme Board - 23 February 2018

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

**The WMCA Board is recommended to:**

- (1) Approve the transfer of functions to WMCA as set out in section 2.3 to ensure the successful devolution of the Adult Education Budget in 2019.
- (2) Give consent on behalf of the West Midlands Combined Authority to the making of an Order giving effect to this transfer.
- (3) Give delegated authority to the WMCA Section 151 Officer together with the WMCA Monitoring Officer in consultation with the Portfolio Lead Member to approve the final draft Devolution Order in order to meet the timetable for agreement as set out in the report.
- (4) Request that the constituent authorities give their consent to the making of an Order giving effect to this transfer including the necessary delegation to approve the final draft Order as set out in (3) above.

## **1.0 Purpose.**

1.1 To outline the process for agreeing the Devolution Orders required to enable full devolution of the Adult Education Budget (AEB) and the timescale and proposed process for doing so.

## **2.0 Background**

- 2.1 The West Midlands Combined Authority's first Devolution Deal was formally agreed by the Combined Authority Shadow Board on 17th November, 2015. The agreement included the transfer of adult skills funding (Adult Education Budget - AEB) to the WMCA and the subsequent Order establishing the Combined Authority contained details of a number of Adult Education powers although it did not deal with the devolution of funding. In order to prepare for devolution, the Combined Authority is required to meet a series of readiness conditions including the transfer of the Secretary of State for Education's statutory duties in relation to the provision of further education for adults.
- 2.2 The principal purpose of AEB is to engage adults in learning that supports wider economic and social priorities. Devolution of AEB will only be applied within constituent member areas, and the indicative budget will be approximately £112m for 2019/20 based on current spend on residents.
- 2.3 The Order, to be received in draft by WMCA by 19<sup>th</sup> March 2018, will set out the details of AEB functions that will be transferred to the WMCA with the agreement to devolve the budget. DfE have been clear that the Order will not cover apprenticeships, adult offender learning or provision for people aged 16 -18. Subject to these exceptions, it is proposed that the following functions contained in the Apprenticeships, Skills, Children and Learning Act (ASCAL) 2009 will transfer to the WMCA in relation to constituent member areas:
- I. S86 – Duty to provide appropriate 19+ Further Education (not to include apprenticeships, prisoner education or traineeships).
  - II. S87 – Duty to provide appropriate FE to 19+ learners who do not have certain specified qualifications
  - III. S88 – Duty to ensure that provision is free for relevant learners who do not have certain specified qualifications

The following powers will be exercised concurrently with the Secretary of State:

- IV. S90 – Duty to encourage learner and employer participation in education and training of people aged 19+ (except those in adult detention) (to be exercised concurrently with the Secretary of State)
- V. S115 – Duty to consider/have regard to the needs of 19+ learners with Special Education Needs ( other than those aged 19-25 with Educational Health Care plans, who will remain the responsibility of the LAs as they are treated as 16-18 year old learners).
- VI. S122 – Power to exchange information with providers to enable provision of 19+ FE (to be exercised concurrently with the Secretary of State).

2.4 Mayoral Combined Authorities (MCAs) are required to provide the Department for Education (DfE) with consent to the draft Order by the end of April 2018 to meet the necessary timescales to enable full devolution in 2019/20. The Order will need to be laid before Parliament by the end of June 2018 and made in November 2018 to meet the timescales to commission for the 2019/20 academic year. There is a reputational risk to the WMCA if the order is not laid in a timely manner.

### **3.0 Financial Implications**

3.1 The impact of not achieving the proposed timescale as set by DfE is that the devolution of AEB could be delayed by a further year.

### **4.0 Legal Implications**

4.1 Devolution of the Adult Education Budget will mean that the WMCA will have the duty and responsibility to deliver the government's commitment to statutory entitlements for fully funded qualifications at Levels 2 and 3, English and Maths and the future digital entitlements for learners, free of charge. Based on figures for 2015/16, 37% of the AEB was spent on delivering statutory requirements. Although there may be a risk that these obligations exceed the available budget in any one year, the statutory entitlements are not time bound and the entitlement does not have to be offered immediately upon request. This will be reflected in the WMCA's AEB Funding Policy where it will be clearly stated that if demand exceeds availability some learners may have to wait to the following academic year.

4.2 Section 105(b) of the 2016 Cities and Local Government Devolution Act states that to allow Secretary of State to make an order for the devolution of functions, consent also has to have been given by each appropriate authority which for these purposes are the Combined Authority and the constituent authorities of that Combined Authority.

4.3 The timetable for approvals is challenging given the timetable constraints of the Parliamentary process. We have spoken to each constituent authority and agreed that they can provide appropriate consent by approving a report through their Cabinet in a timely manner to ensure that orders are laid before Parliament before the end of June 2018. A delegation is also requested to authorise the final sign off of the draft Orders when requested by the DfE on the basis that there is no material change to the drafting.

### **5.0 Equalities Implications**

5.1 These aspects of the Devolution Agreement are reflected in the WMCA Equalities Scheme.

### **6.0 Other implications**

6.1 Not Applicable

### **7.0 Schedule of background papers**

7.1 None

### **8.0 Appendices**

8.1 None

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## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	Swift Programme Update
<b>Cabinet Member Portfolio Lead</b>	Councillor Roger Lawrence – Transport
<b>Accountable Chief Executive</b>	Laura Shoaf, Managing Director, Transport for West Midlands & Keith Ireland, Managing Director, City of Wolverhampton Council and Chair of the Smart Programme Board
<b>Accountable Employee</b>	Matt Lewis, Head of Swift, Transport for West Midlands email: matthew.lewis@tfwm.org.uk tel: (0121) 214 7025
<b>Report to be/has been considered by</b>	Smart Programme Board - 12 February 2018

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

**The WMCA Board is recommended to:**

- (1) Welcome the progress of the Swift Programme as reported below.
- (2) Welcome the delivery of the Swift pilot in Redditch which was successfully launched on the 10 January 2018.
- (3) Agree, that TfWM will begin discussions with all other non-constituent members of the WMCA to enable the development of a programme that will see, subject to their agreement, the rollout of Swift into their areas.

## 1.0 Purpose

1.1 The purpose of this report is to provide a progress update on the Swift Programme and to, in particular, highlight the recent launch of Swift in Redditch with the aim to gain agreement for the next steps that will see Swift rolled out across all of the non-constituent member areas of the WMCA.

## 2.0 Background

2.1 Swift is the largest smartcard scheme in the UK outside London, with 189k unique Swift cards used in 2017 (up from 127k in 2016) to access buses, trains and the tram in the West Midlands.

2.2 There were more than 35m journeys on Swift cards in 2017 which represents growth of c.60% compared to the number of journeys in 2016. This growth is largely associated with the significant development of Swift that has been delivered as part of the 2017/18 Swift Programme.

2.3 The table below shows the projects that have been delivered in 2017/18 and the impact that each has had on take up.

## 3.0 Swift 2017/18 Progress

Project title	Description	Impact
nBus multiday [Launched 20 March 2017]	The nBus multiday ticket is perfect for part-time workers or irregular travellers as it provides them with the opportunity to buy 5, 10 or 15 days of travel in advance for use as and when required. These tickets are discounted and can be used on all bus operators' services.	Sold over c. 5k tickets
nTrain Direct Debit [Launched 20 March 2017]	The nTrain direct debit ticket was moved from the traditional magnetic stripe ticket onto the Swift smartcard making it much an easier and more reliable way to access the rail gate lines that have been rolled out across the network.	c. 11k customers have now switched to Swift card.
Swift vending machine [Launched 27 April 2017]	The Swift vending machine was installed at Wolverhampton Bus Station to provide easy access to Swift cards and Swift tickets particularly outside of the Travel Information Centre opening hours. This has been so successful we are currently out to procurement for a further six machines, one of which will be installed at Birmingham Airport.	Sold over 5k Swift products, issued c. 650 Swift cards and accrued more than £140k of income.
Swift for other bus operators [Launched 22 May 2017]	This project saw the development of the functionality to allow us to sell the ticket range of all bus operators through Swift. This is in addition to the National Express tickets that have been sold on the Swift platform since inception. To date we are selling season tickets for Diamond Bus, Central Buses, Johnsons Coaches and the Green Bus	c. 1.5k Swift cards have been issued to these customers.

nTrain and nNetwork direct debit add-ons [Launched 10 July 2017]	This project has enabled the rollout of Swift cards to those customers on the nTrain or nNetwork direct debit scheme who travel to and from stations in the wider journey to work area. This includes all of the stations in the WMCA's non-constituent member areas and beyond.	c.1k customers have convert to Swift.
Swift App development [Launched 15 Aug 2017]	The Swift App software solution was moved to our new supplier which has both enabled us to save money and also puts us in a great position to develop this further in 2018/19 where we aim to deliver the digitalisation of Swift through this mobile App.	Delivered operational savings.
Child Ticketing [Launched 20 Aug 2017]	The Child Ticketing project enabled the rollout of the Swift card to children and those aged 16 to 18. This provides these children with access to a wider range of retail opportunities including on-line and also the protection offered through Swift where a child's pass can be replaced if it is lost.	More than 10k children have already taken up the Swift card.
Swift Parking [Launched 13 Nov 2017]	This project has enables the Parking Attendant at Sutton Coldfield Car Park to check Swift cards as those with season tickets can park for free. Also, those without a season ticket can now pay their £1.30 charge using Swift PAYG.	c. 800 unique Swift card holders have used this car park since launch.
nNetwork retail enhancement [Launched 23 Nov 2017]	This project has enabled the purchase of the multimodal nNetwork ticket through the wider Swift platform including via the on-line web portal and at Travel Information Centres. This, for the first time, enabled those nNetwork customers outside of the direct debit scheme to access Swift.	c. 1k customers have purchased through this method.
Swift in Redditch [Launched 10 Jan 2018]	See section 4.0	See section 4.0
Swift on ENCTS [Estimated launch date for the second quarter of 2018]	This project is currently in development and will see the addition of the Swift PAYG function onto the English National Concessionary Travel Scheme (ENCTS) card which will mean that these customers can use the same card that provides them with free travel after 0930 Monday to Friday and all day on weekends and on Bank Holiday to pay for any pre 0930 weekday journeys they wish to undertake.	Once launched, this will benefit the 500k people who currently have an ENCTS pass.

#### 4.0 The Redditch Pilot

- 4.1 As shown in the table above, TfWM converted all direct debit customers using nTrain or nNetwork add-on tickets on to Swift and as a result, a number of rail users residing in the non-constituent member areas were given a Swift card as a replacement for their magnetic stripe ticket. This delivered Swift into the wider WMCA area for the first time.

- 4.2 In an effort to support the rollout of Swift onto buses in non-constituent areas, it was agreed that TfWM would deliver a pilot scheme in Redditch as it had an established relationship with Diamond who are the major bus operator.
- 4.3 Redditch residents can now purchase 1 & 4 week season tickets on Swift for both Diamond Bus and Johnson Coaches through the [myswiftcard.com](http://myswiftcard.com) website. They can also purchase Swift Pay-as-you-go (PAYG) credit which too can be used on these services to pay for singles, returns and day-tickets.
- 4.4 After purchasing through the website, customers can then instantly transfer their digital ticket onto their Swiftcard using an Android phone. If the customer doesn't have access to an Android phone<sup>1</sup>, they can transfer it using the Swift Collectors which have been installed at Redditch Bus Station and the Alexandra Hospital.

## 5.0 Progress to date

- 5.1 The scheme launched on the 10 January 2018 but to ensure that the technology was working well in the live environment, publicity and marketing were delayed until the 9 February.
- 5.2 The press release featuring the following picture of Cllr's Lawrence and Hartnett featured in both the Redditch Advertiser and the Redditch Standard and was also well received on social media.



- 5.3 The marketing campaign is underway and this included a give-away of 100 Swift PAYG cards at the Kingfisher Centre on the 17 February which attracted significant customer interest.
- 5.4 In the short period since the launch, customers have already purchased over £2,000 worth of Swift tickets and undertaken almost 1,000 journeys. We expect this to grow significantly over the coming weeks.

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<sup>1</sup> The transfer from the phone to the Swift card uses Near Field Communication (NFC) and Apple, for example, are more restrictive with the use of this technology on their devices and do not yet allow third parties to integrate it into their Apps.

## **6.0 Next Steps**

- 6.1 As well as continuing to work with Redditch to develop their offer further, the Swift team are currently designing a catalogue of options to present to the other non-constituent members of the WMCA which will include things such as Swift collectors, Swift vending machines, web-portals and further retail options.
- 6.2 Once available and subject to agreement, the Swift team will visit each of these members to establish the ambition for smart ticketing through Swift in their area. Upon completion of this consultation, the team will develop a programme of works that will be presented back to the WMCA for final agreement.

## **7.0 Financial implications**

- 7.1 The 2017/18 Revenue budget contains provision for development associated with the roll-out of additional products and additional system functionality so the work outlined in section 3 of the report was fully-funded. The funding for the three Swift collectors in the Redditch pilot was provided by Worcestershire County Council. The contribution from TfWM came in the form of support time from existing staff, so no additional budget was required. Furthermore, as Swift charges commission on each Swift sale, the generation of additional customers should result in an increase in Swift commission income for TfWM.

## **8.0 Legal implications**

- 9.1 There are no known legal implications associated with the content of this report.

## **9.0 Equalities implications**

- 10.1 There are no known equalities implications associated with the content of this report.

## **10.0 Other implications**

- 10.1 There are no other implications associated with this report.

## **11.0 Schedule of background papers**

- 12.1 None.

## **12.0 Appendices**

- 13.1 None.

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**WEST MIDLANDS**  
COMBINED AUTHORITY

## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	Devolved Transport Grants
<b>Portfolio Lead</b>	Councillor Roger Laurence - Transport
<b>Accountable Chief Executive</b>	Laura Shoaf, Managing Director, Transport for West Midlands tel: (0121) 214 7444 email: laura.shoaf@tfwm.org.uk
<b>Accountable Employee</b>	Sandeep Shingadia, Director of Development & Delivery, Transport for West Midlands tel: (0121) 214 7169 email: sandeep.shingadia@tfem.org.uk
<b>Report to be/has been considered by</b>	WMCA Programme Board - 23 February 2018

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

#### The WMCA Board is recommended to:

- (1) Agree the Devolved Transport Grant allocations, including Integrated Transport Block for 2018/19 and note the anticipated grant allocations through to 2020/21;
- (2) Agree a Joint Initiatives Top Slice of £90,000 as set out in paragraph 5.2;
- (3) Agree the continuation of a ring fenced development funding pot within individual Local Authority annual allocations as set out in paragraph 5.4

## 1.0 Purpose

1.1 To set out the approach for allocating the Devolved Transport Grant for 2018/19 and outline the indicative allocations to 2020/21.

## 2.0 Background

2.1 As part of the West Midlands Devolution Deal, HM Government agreed to devolve a consolidated local transport budget and provide a multiyear transport funding settlement, which will come under the control of the Mayor. This devolved transport grant forms part of the Single Pot and is made up of the following funding streams and paid to the Combined Authority, with a firm funding commitment for the period until 2020/21:

- Integrated Transport Block (ITB)
- Highways Maintenance Block (not including PFI)
- Highways Maintenance Incentive Funding
- Bus Services Operating Grant (BSOG)

2.2 The multi-year devolved transport grant is set out below:

Fund	Status	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Bus Services Operating Grant (BSOG)	Revenue for tendered bus services – given to WMCA/TfWM	1,792	1,800	1,800	1,800
Integrated Transport Block Capital	Allocated to the WMCA but distributed to LA's and TfWM. LA's allocations based on population size, which is also used to calculate the WMCA Transport Levy	17,618	17,618	17,618	17,618
Highways Maintenance Block Capital **	Allocated to the WMCA but distributed straight to LA's via DfT calculated formula	14,486	13,112	13,112	13,112
Highways Maintenance Incentive Fund Capital	Currently allocated to the WMCA but distributed straight to LA's via DfT calculated formula.	1,393	2,731*	2,731*	2,731*
<b>Total</b>		<b>35,289</b>	<b>35,261</b>	<b>35,261</b>	<b>35,261</b>

\*Indicative figures provided by DfT

\*\* Excludes Birmingham City Council due to their Highways PFI

### **3.0 Impact on the Delivery of the Strategic Transport Plan**

**3.1** The impact of the contents of this report on delivery of the 15 Strategic Transport Plan Policies and/or the development/operation of:

- The National & Regional Tier
- The Metropolitan Tier: Rail and Rapid Transit Network, Key Route Network, Strategic Cycle Network
- The Local Tier
- Smart Mobility Tier

**3.2** The policies that are supported include:

- Policy 1 - Accommodate increased travel demand by existing transport capacity and new sustainable transport capacity;
- Policy 2 - Use existing transport capacity more effectively to provide greater reliability and average speed for the movement of people and goods;
- Policy 3 - Maintain existing transport capacity more effectively to provide greater resilience and greater reliability for the movement of people and goods;
- Policy 4 - Improve connections to new economic development locations to help them flourish, primarily through sustainable transport connections;
- Policy 5 – To help make economic centres attractive places where people wish to be.
- Policy 6 – To improve connections to areas of deprivation; and
- Policy 8 – To improve connections to new housing development locations to help them flourish, primarily through sustainable transport connections.

### **4.0 Wider WMCA Implications**

**4.1** The report deals with the transport funding for the constituent Authorities for which WMCA is the Transport Authority. WMCA is not the statutory Authority for transport outside of the constituent area and therefore does not influence funding allocations.

### **5.0 Devolved Transport Grant Allocations**

**5.1** The allocation from HM Government for 2017/18 is expected to be £35.261m as detailed in Paragraph 2.2 and will be distributed by WMCA as follows:

#### Integrated Transport Block

**5.2** It is proposed that the Integrated Transport Block continues to be allocated 75% to Local Authorities with the remaining 25% retained by WMCA after a Joint Initiatives top slice of £90,000. This same methodology was used for the 2015/16 and 2016/17 allocations. The precise allocations are set out below:

			2018/19 £000
<b>WMCA Integrated Transport Block Allocation</b>			<b>17,618,000</b>
Joint Initiatives Top Slice			90,000
Local Authorities Allocation (75%)	Birmingham	39.25%	5,159,805
	Coventry	12.32%	1,619,587
	Dudley	11.09%	1,457,891
	Sandwell	11.26%	1,480,240
	Solihull	7.39%	971,489
	Walsall	9.73%	1,279,106
	Wolverhampton	8.96%	1,177,882
TfWM Allocation (25%)			4,382,000
<b>Total Distributed</b>			<b>17,618,000</b>

Note : Percentages derived from mid 2016 population statistics

- 5.3** The Joint Initiatives Top Slice will support the West Midlands Transport Information Gateway which has an ongoing annual commitment of c.£20,000. The remaining £70,000 funding is allocated to specific strategic priorities as identified by the Strategic Transport Officers Group.
- 5.4** It is recognised that there are pressures on the Integrated Transport Block and as such, there are a number of unfunded schemes that are contained within the 10 Year Delivery Plan. A key challenge is the ability to provide initial development funding to undertake feasibility and strategic business case for schemes that are emerging through the 10 Year Delivery Plan. In order to facilitate this, it is proposed to continue to ring fence 15% of the Integrated Transport Block (at Local Authority / TfWM level) to support development activity. It is proposed that this ring fence would be applied from 2017/18 through to 2020/21.

#### Highways Maintenance Block & Highway Incentive Fund

- 5.5** The Highways Maintenance Block will be distributed to Local Authorities in line with the instruction from DfT. Birmingham City Council are excluded from these funds as Birmingham City Council's highway maintenance is provided under a PFI arrangement.

#### Bus Service Operators Grant

- 5.6** The funding is retained by WMCA and is used to fund the subsidised bus services network following the removal of fuel duty rebate for bus operators.

## **6.0 Financial implications**

- 6.1** As detailed above, there is no proposal to adjust the percentage allocations upon which the Integrated Transport Block is distributed across Local Authorities. Highway Maintenance block (including the Incentive fund) will be distributed in line with DfT instructions, Bus Subsidy Operators Grant will continue to remain with WMCA. There is a continuation of the arrangement from 2017/18 that 15% of the Integrated Transport Block is set aside for the development of schemes within the 10 Year Delivery Plan. This may require Local Authorities to adjust their capital programmes to accommodate this requirement.
- 6.2** There is no proposal to centrally manage the project development allocation of 15% from ITB but it is expected that Local Authorities will be able to demonstrate a degree of investment in project development towards the development of 10 Year Delivery Plan schemes to this Committee at certain intervals throughout the period to 2021.

## **7.0 Legal implications**

- 7.1** Advice will be taken from in-house legal services however, accountability for appreciating and detailing the legal implications shall remain with the accountable officer(s).

## **8.0 Equalities implications**

- 8.1** There are no equality implications arising from this report.

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## WMCA Board

<b>Date</b>	9 March 2018
<b>Report title</b>	West Midlands Mental Health Commission Update
<b>Portfolio Lead</b>	Councillor Bob Sleight - Wellbeing
<b>Accountable Chief Executive</b>	Sarah Norman, Dudley Metropolitan Borough Council email: sarah.norman@dudley.gov.uk tel: (01384) 815201
<b>Accountable Employee</b>	Sean Russell, Director of Implementation email: sean.russell@wmca.org.uk tel: 07818 276259
<b>Report to be/has been considered by</b>	WMCA Programme Board - 23 February 2018

**Recommendation(s) for decision:**

**The WMCA Board is recommended to:**

- (1) Note progress and update on the current position of the West Midlands Mental Health Commission Action Plan and the work undertaken since the launch of the programme on 31 January 2017.

## **1.0 Background**

- 1.1. The West Midlands Mental Health Commission has been a significant programme within the Combined Authority since its inception, following the development of the Commission and the leadership from Rt. Hon. Norman Lamb MP, who chaired the Commission and Sarah Norman as the Chief Executive lead sponsor. The focus on health and wealth, providing two sides of the same coin creates a strong health improvement narrative and an influential economic case for engagement. The story within the West Midlands is no different to other areas within the country but the engagement of the Mayor and the wider opportunities that the West Midlands Combined Authority brings creates the perfect platform to initiate an innovative approach and the Mental Health Commission provides the bedrock to support this approach.
- 1.2. The Combined Authority is mandated to develop the wider regions infrastructure, creating better opportunities for employment and skills and developing opportunities for adding value at a regional level on key determinant issues. These are all areas which assist the drive to support the Mental Health Commission Action Plan. The Programme has worked in collaboration with each area of the Combined Authority to develop connectivity and increase engagement with the programme.
- 1.3. The Mental Health Commission focused on key areas; Employment and skills, Housing First, mental health in the Justice System, mental health in a care system and wider collaboration to build capacity. With 1 in 4 people experiencing poor mental health during their lifetime and nearly half of all illness for the under 65's is poor mental health, the impact to our economy is significant. In the West Midlands alone, 4.159 Million working days are lost to mental health reasons at a cost of just over £2 Billion pounds of mental health related inactivity. The Link therefore is clear for the programme to support the national industrial strategy and the alignment of the local industrial strategy moving forward.
- 1.4. The West Midlands Combined Authority has supported this programme as a priority programme during the last twelve months and moving forward is committed with partners to address the wider causes of poor mental health and wellbeing which incubate poorer economic outcomes. The energy post this review will build on the existing work and create a framework of radical prevention with inclusive growth and strong collaboration being the additional pillars of work to create a stronger more sustainable approach as well as a strategic alignment to the reforming public service agenda.
- 1.5. The implementation of the Action Plan has focused on a number of key strands of work which have enabled the delivery model to develop into formal activity. This report will describe the first 12 months of activity and the plan to move the programme forward.

## **2.0 Wider WMCA Implications**

- 1.1 It is proposed that a number of the programmes will be developed with partners across the West Midlands Combined Authority footprint. The WMCA will actively seek to engage non constituent members to support the Treasury approach for effective evaluation of national scalability.

- 1.2 The West Midlands Engine were allocated a further £7M in the budget of May 2017 to be available for two years from 2018/19 and 2019/20. This funding was ring fenced to support mental health wellbeing in the workplace across the Midlands Engine footprint and was to be used to translate the learning from the Mental Health Commission. Work is now ongoing with the Midlands Engine team and central Government Departments to ensure that the delivery model and approach is agreed in principle to enable to wider roll out of the Mental Health Commissions learning. A scoping event is taking place in April 2018 with the Midlands Engine to ensure that the approach directly links to the learning from the WMCA MH Commission and the recent report from Lord Stevenson and Paul Farmer.
- 2.0 Resources** – The Mental Health Commission has operated in the first year with a minimal resource level to create the bedrock for turning ‘words into action’. The Implementation Director has been supported by a graduate trainee for 6 month and a Public Health Registrar to aid the development of the THRIVE at work scheme. Additional support in the guise of consultants has been used to help shape the commissioning and framework for future delivery.
- 2.1 Moving forward through the agreement of the WMCA budget the shape of the programme team is developing to support the delivery of programmes. Three new programme lead posts will be created to oversee the delivery of the key areas of business. A graduate position will be available for a six month rotation to support the operationalisation of work streams and a programme management resource will be created to assist with programme design.
- 2.2 From external partners, Mental Health First Aid England has funded a two year secondment for a regional coordinator post to assist in the development of the mental health literacy programme. Discussions are currently taking place to identify further opportunities for a Public Health Registrar to support a number of key programmes.
- 3.0 Progress**
- 3.1 **Employment and Employer - Thrive into Work – Individual Placement Support (IPS) Trial** – The Thrive into Work programme, which aims to test whether IPS works in primary and community settings, continues to move on at a pace towards its formal implementation launch on 23<sup>rd</sup> March 2018. The total funding obtained from the Work and Health Unit Innovation fund for the pilot has been finalised as £8.335m over three year programme. Over this period, the programme aims to deliver services to approximately 3,346 people who are out of work with a health condition across the four sites. It aims to engage a further 3,313 to be part of a control group. The providers will refer these individuals to existing employment services in their local areas.
- 3.2 Significant progress has been made in the following areas over the last twelve months: The trial has been submitted to the Health Research Authority (HRA) for ethical approval which received approval on 19<sup>th</sup> September.
- 3.3 An extensive procurement process to appoint employment providers has taken place during August with the scoring, evaluation and moderation of high quality tender submissions. The final bidders will be notified on Monday 25<sup>th</sup> September following formal sign off from the WMCA Board on 8<sup>th</sup> September 2017.
- 3.4 In readiness for the launch and the implementation phase of the programme two interim managers (programme manager and delivery manager) have been engaged to advance clinical engagement and manage the provider contracts which will be in place. Recruitment is ongoing to recruit a small permanent team of staff to manage the programme.

- 3.5 **Employment and Employer - Fiscal incentive** – This is the development of a model to test the tipping point at which an employer would initiate wellbeing programmes into the workforce. It seeks to work with 100 small and medium enterprises across the WMCA footprint and works on the premises of a Randomised Control Trial. The programme will focus on key enablers in the company as well as developing wellbeing across mental health, musculoskeletal and obesity linking it to the wider WMCA wellbeing and physical activity strategies. The pilot will take place over 12 months.
- 3.6 Key partners at local and national level have assisted in the design of the incentive programme which will be submitted to the Work and Health Unit Innovation Fund in mid-September. The original funding proposal was for approximately £2m however, reshaping of the programme has occurred which will be seeking approximately £1.6m. The draft proposal is now in with the Work and Health Unit and is subject to a formal challenge briefing session on 28<sup>th</sup> February where scrutiny will be given to the programme. The approach will focus on the fidelity of the model and the engagement with businesses to satisfy the board that the approach will be delivered.
- 3.7 It is anticipated that recruitment of the business for the pilot will occur in April and May 2018. The timeline for delivery has shifted due to building the effective research and pilot programme using strong local academic partnerships (Warwick Business School and Centre for Health Leadership at Warwick University) and RAND Europe who are all specialist in the field. The recruitment of businesses will need to reach across the wider WMCA footprint to support the approach of scalability and also ensure we test across a host of different business sectors within the pilot.
- 3.8 The programme will be formally evaluated by an academic partner and will seek to support wider discussion with Government Departments in 2019/2020. A VEAT notice / collaboration agreement is currently being developed with the procurement team and legal team to continue the work with the national specialists. This is due for completion in the week commencing 26<sup>th</sup> February 2018.
- 3.9 **Employment and Employer- Wellbeing Charter** – Following the cessation of the Work Place Wellbeing Charter the West Midlands Combined Authority have been working with partners in Local Authorities and Public Health to create a new THRIVE at Work programme. This programme will build on the existing evidence base and create model for improving wellbeing in work place. The development broadens the focus of the wellbeing agenda to create a set of enablers within an organisation, developing a social value contract within the organisation. The programme will also focus on mental health, muscular skeletal health, improving physical activity and a number of risk factors including poor diet, smoking and poor financial health.
- 3.10 The approach will create a formal offer for businesses and create a toolkit which is free for businesses as well as creating strong links to local services and voluntary sector networks.
- 3.11 It is anticipated that the Midland Engine work stream funding will support the wider roll out of a wellbeing programme. It is expected that this will create some additional resource to enable delivery and scalability.

- 3.12 **Employment and Employer - Social Value Procurement** approach for wellbeing – As part of the Action Plan a concept to create a ripple effect of improved employer/ employee wellbeing was proposed. The WMCA have taken this forward to develop the principles and process for delivery. It is hoped that once this process has been developed it can be shared more widely across the WMCA and Midlands Engine Footprint to support the cultural shift in increased employee wellbeing as a means to improving productivity. This work if adopted formally could be a market leader. The programme is seeking to set the pace nationally on this agenda and the link to employee wellbeing could be an interesting testbed. Working with the Office of Civil Society the Public Service work stream is seeking to formulate an offer and approach for a social economic strategy in support of the Public Services (Social Value) Act 2012.
- 3.13 **Housing First work stream** - The WMCA mental health commission action plan identified housing as a key area in the promotion of improved mental health. The development of Housing First, an emerging model of housing and support provision, was one of its recommendations.
- 3.14 In June 2017, a small project group was established, comprised of representatives of the WMCA PSR team, local housing association providers, the local branch of the National Housing Federation and the community and voluntary sector. The group met a number of times and prepared a final report to support the Local Authority Housing First bid.
- 3.15 From this data and the evidence, the group have develop a proposed model of Housing First, and in an effort to test the concept, seek willing partners to pilot it. In developing the model, the group is mindful of current work taking place in various councils, notably in the Black Country and in Birmingham. Discussions have taken place between the project lead and the Implementation Director with those areas and where opportunities exist to partner or join up our work, this will be taken forward. The group is also linked in to the work of the Mayor's Homelessness Taskforce to ensure there is connectedness with their work, and to avoid duplication. It is expected that the wider Housing First model being developed within the region will support the small pilot for people living with poor mental health who are not quite at the entrenched rough sleeper position.
- 3.16 The group is also liaising with the national body with expertise in this field, Housing First England and with the Centre for Mental Health. Work is also in train to establish the viability of funding sources, with particular focus upon the potential for the use of Social Impact Bonds and the appetite for that type of approach as well as exploring other potential sources of funding from outside the public sector.
- 3.17 **Criminal Justice - Engager Programme** - The WMCA Mental Health Commission Action Plan identified criminal justice as a key area in the promotion of improved mental health. The development of Engager Intervention model, a psychological intervention to support prisoner leaving prison, was one of its recommendations. The programme is moving slower than anticipated. The originating engager programme team have been supportive but the model had to be re designed for use locally. Clinical arrangements for staff inside the prison and supervision has proved extremely challenging with only 3 specialist trained staff nationally able to provide the model. A variance of the model has now been designed to enable the programme to be commissioned locally and to support the flow from prison custody into the community with strong support post release.
- 3.18 HMP Featherstone has been identified as the host prison with the cohort of detainees to be engaged with the programme will be located from within the Wolverhampton City Council area.

- 3.19 Funding has been agreed from the Police and Crime Commissioner (£80k), with an agreement for funding to be released at the start of the programme (giving the WMCA 12 months to run the programme). This will be carried over from year 2017-18 to enable the programme to develop.
- 3.20 All core stakeholders have now been engaged and are contributing to the designing of outcome measures for the programme to ensure that the programme complements local priorities.
- 3.21 Moving forward, the legal and procurement teams at the West Midlands Combined Authority are supporting the design the service specification and identify the procurement options. The team are currently adapting the academic test pilot Engager model protocols and practitioner manuals for use in the West Midlands pilot.
- 3.22 It is anticipated that the programme will commence in March 2018 and to start see the first interventions in spring 2018.
- 3.23 **Criminal Justice - Mental Health Treatment Requirements** – The West Midlands has now been identified as one of five national Test Bed sites. Birmingham is now live with the model running in both Magistrate’s and Crown Court. The programme has now been running since December 2017 and has made over 20 recommendations for Orders. This will give courts a sentencing option of a Mental Health Treatment Requirement. The model is seeking to widen out the Community Sentence Offer and is linking with Drug and Alcohol services and both National Offender Management Service and the local Community Rehabilitation Company to ensure that alignment is made to promote the best outcomes for the individual.
- 3.24 The programme in Birmingham has been developed with NHS Offender Health, Birmingham Cross City CCG and the Health Exchange to enable delivery of primary care interventions for low level offending behaviour. Secondary care services have been supported to ensure that existing open patients can have a new care plan offer to support a Treatment Order. Moving forward Wave two sites (Black Country and Coventry) are seeking to be developed in the May 2018.
- 3.25 Funding for this project has come from NHS England and the Police and Crime Commissioner. It is hoped that further discussions with partners will unlock additional funding for the wave two sites.
- 3.26 **Improving Care - Primary Care Mental Health** - The aim is to provide a blueprint for the development of the compassionate and effective management of people with mental and emotional health difficulties in primary care. The lead GPs are working with a range of clinical, commissioning and academic partners including STPs, Universities, Academic Health Sciences Network, Public Health and NHS England.
- 3.27 There are many interesting examples of approaches around the country which aim to deal with various parts of this rich and complex area of care, and an emerging collaboration between public and personal health as well as the social and medical models of health care and support. Colleagues across the country are actively developing ways of working to address a range of issues, using creative methods and inter-disciplinary working to achieve improvements in some of the following:
- prevention of mental illness particularly in people who have suffered significant adversity in childhood;
  - managing crisis in ways which allow a range of coordinated alternatives and to reduce the harm caused by mistreatment of people in acute distress;
  - more efficient and holistic navigation for primary mental distress;

- better management of people with long term conditions compounded by mental health problems;
  - the management of people with complex difficulties who often fall between services;
  - the unnecessary attendance at A&E of many people with mental distress;
  - people with medically unexplained persistent symptoms;
  - the life-expectancy discrepancy between people with severe and enduring mental illness and the rest of the population.
- 3.28 A draft report has now been completed by Dr Paul Turner which is being shared with NHS England and local Clinical Commissioning Groups. The outcome of the report is to create a model which can be scalable across the region.
- 3.29 There are emerging examples coming out of the renewed focus with a strong GP led mental health programme in Worcestershire; development of a multidisciplinary model with mental health Nurses working in practices in Birmingham and the development of the new care model in Dudley.
- 3.30 **Improving Care - Merit Vanguard (Mental Health Provider approach)** – Collaboration is ongoing with the five Mental Health providers in the WMCA metropolitan areas and wider connectivity through the NHS England Mental Health Alliance across the four regional STPs. Out of area placements, restraint in Mental Health units and work on early access for psychosis is in development.
- 3.31 MERIT has develop a co-ordinated bed management function, providing a 24/7 bed management function and standard operating procedures. This allows bed managers in the partner Trusts to view the status of each other's inpatient beds, with an agreement between them that they could call on vacant beds for patients who might otherwise be sent out of the West Midlands. There was, from the beginning, anecdotal evidence that the Trusts were using beds outside the West Midlands when more local beds were, in fact, available. This was attributed to relatively poor collaborative relationships, an often proprietorial mind set in bed allocations, and the relative lack of communication between neighbouring organisations' bed managers.
- 3.32 Improved access to beds in the wider West Midlands area (and a consequent redefinition of 'out-of-area' to mean 'out-of-West Midlands') reducing demand for more distant placements, which might separate inpatients from the friends, family or other support networks required for a successful early discharge, and could therefore prolong an admission. Out-of-area admissions also remain significantly more expensive for the local health economy, the travel involved can be traumatic for the service user, and repatriation arrangements can take longer once a local bed becomes available.
- 3.33 The Bed Finder is a web-based system, created in-house by one of the partner Trusts on behalf of the partnership which went live at the end of December 2017. Beds can be identified across the four partner Trusts, and searches can be undertaken according to the needs of the patient concerned, such as gender, age, forensic history, required ward type (PICU/acute/organic etc). Each Trust's internal system feeds the web-based viewer, to provide information which is as close to real-time as possible. A weekly conference call is in place between the bed managers from the MERIT Trusts to review bed status, capacity and demand. Evaluation is currently underway to review the impact of the current work.

- 3.34 **Early intervention for Psychosis** - The West Midlands Mental Health Clinical Network works with Clinical Commissioning Groups, the Mental Health (MH) Trust Providers of Early Intervention in Psychosis (EIP) Teams, and various other key stakeholders within the West Midlands footprint, which includes Shropshire and Staffordshire, across Midlands and East, and nationally in supporting the implementation of the Access and Waiting Time Standards (2016).
- 3.35 Over the past 12 months, the Clinical Network has:
- Commissioned various training provisions for EIP providers to support the delivery of the NICE concordant package of care which is offered to patients as part of the Access and Waiting Time Standards. This has included Physical Health, Carer Focused Education and Support, Behavioural Family Therapy, Comprehensive Assessment of at Risk Mental Health States, a Data and Quality Focused Workshop, and finally a “Supporting the Standards” two day Training and Information Sharing Event.
  - Worked with the MH Commissioners, the MH Trust Providers of EIP, and the MH Trust Provider Data Analyst Teams to improve the reporting and quality of data on both Unify and the Mental Health Service Data Set (MHSDS). This has been in conjunction with NHSE, NHS Improvement and the Intensive Support Teams.
  - Supported the MH Commissioners and MH Trust EIP Providers by building the awareness of First Episode Psychosis (FEP) with colleagues in Primary Care. Resources were distributed to GP Surgeries across the West Midlands, as well as attending either Multi-Disciplinary Team Meetings or One to One meetings to discuss this specialism further.
  - Supported the EIP Providers by attending a bi-monthly forum to explore and discuss themes and challenges, and share best practice around the delivery of the standards.
- 3.36 Moving forwards into 2018/19 the Clinical Network and MH Commission will continue to provide quality improvement support in this work-stream and will engage accordingly with key partners both regionally and nationally
- 3.37 **Improving Equality** - Further work on the equality agenda is being developed with specialist support from Dr Karen Newbigging (University of Birmingham) and Jacqui Dyer who sat on the national Mental Health Task Force. The focus is seeking to understand equality of access and equality of outcomes and will seek to support the wider development of service redesign across the region. This work will be a formal work stream for spring / summer 2018 and seek to develop as a community led programme.
- 3.38 **Community Engagement - Zero Suicide ambition** – In May 2017, the “Walking out of Darkness” event took place in Birmingham with approximately 550 people taking part in an 8 mile walk along the canal network of Birmingham. Led by “CLASP” Suicide prevention charity and supported by many regional stakeholders including WMCA, Public Health England, Kaleidoscope plus and Birmingham Mind. The event was launched for year one and is seeking to grow year on year.
- 3.39 The Second year event is planned for Sunday 7<sup>th</sup> October 2018. A planning event is due to take place in March / April 2018. The event will seek to start and finish in Birmingham City Centre with an ambition to recruit at least 3000 participants. To support this it is requested that this event is promoted wherever possible.

- 3.40 **Community Engagement -Supporting the drive to prevent suicide.** A paper was presented to the Directors of Public Health in the region in September 2017 which sought to develop the wider narrative around zero suicide. The position should be that suicide is not inevitable, it is preventable. The model was adopted and is now being developed with the Local Authority Suicide Reduction Partnerships. Within the WMCA, our approach should be to make suicide prevention everybody's business as well as developing a personal asset based approach which gives people hope. This approach will build on the existing work in the region and support by creating a regional strategic approach with oversight to embed this cultural shift. The focus for this will approach will work on three key areas; Data improvement, Training and development for staff and communities and live time surveillance where we can work with the regions emergency services to capture live time information and respond to emerging trends or issues.
- 3.41 **Community Engagement - Mental health literacy programme** – work is ongoing to develop a mental health literacy programme which would be delivered across four levels. The approach would seek to deliver a digital universal programme to 300,000 people with focus on students and employees and communities. This model would be similar to the dementia friends approach. The second tier would be to support line managers and champions and seek to develop wider awareness and navigation to support with the next two tiers targeting key individuals and groups across the region. Work is ongoing with Mental Health First Aid England to support the programme with a programme development manager Interviews for this post which is a two year seconded position working with the WMCA took place on Tuesday 13<sup>th</sup> February.
- 3.42 In the first year, nearly 11,000 people have been trained in Mental Health First Aid. This does not include the work being undertaken in schools. With the two programmes becoming aligned in spring 2018, we are seeking to ensure that we will be pushing towards 30,000 people trained in the twelve months.
- 3.43 Working With Public Health England we are supporting the approach for a universal digital platform for mental health awareness. The programme will seek to provide access for 300,000 people in the region to a basic awareness programme. This forms part of the Prime Ministers one million campaign. The programme is going for Ministerial review on 26<sup>th</sup> February and we are hoping that the WMCA will be a test bed site for the programme to launch in early summer 2018.
- 3.44 This model will then be cascaded out across the wider Midlands Engine agenda and support the overarching ambition to train 500,000 people in mental health awareness in ten years.
- 3.45 **Community Engagement - Citizen Jury THRIVE mental health cafés** – The original citizen jury group have developed into a cooperative and are now starting to develop a crisis café model (THRIVE CAFÉ) in two localities in the region. Birmingham Wellbeing Board have agreed to test a district model of this approach and the Black Country Mental Health Partnership are supporting this in the Black County
- 3.46 The approach will seek to learn from national best practice and will work alongside provider Recovery College models. For sustainability support will be garnered from the Third Sector and peer support networks. The WMCA MH Commission are designing the pilot programmes to devise a sustainable model.
- 3.47 It is anticipated that within 12 months the initial model will be tested and a scalable model will be ready to share across the wider WMCA. To support the resource element, the programme will seek to recruit volunteers from the mental health literacy programme to develop a volunteer network building on the community asset based approach.

- 3.48 **Community Engagement - Global City Network** – As part of the THRIVE West Midlands approach there is an opportunity to develop the global cities network. A conference took place in Philadelphia and New York in September to align the THRIVE Cities and create a learning event for wider development. Sarah Norman (Chief Exec. DMBC) represented the Commission and will develop an approach to ensure learning from the event can be translated into activity in the Commission.
- 3.49 In May 2018, the next Global cities event will take place in Stockholm. The Deputy Mayor and Implementation Director will support the programme and it is expected that they will be hosting a match event focusing on the work undertaken by the MH Commission and the wider wellbeing Health and Wealth Approach.
- 3.50 **New programmes of work moving forward** – following the launch of the Thrive Programme a number of area of business have been raised which will seek to add additional value to the current work streams
- 3.51 **Veterans support** – building on the Armed Forces Covenant a work stream is emerging involving veterans / armed forces leavers' access to health and work systems. Working with the existing Veterans network in the region the ambition will be to provide a coordinated response to this agenda. The proposal is to create a programme linked to the WMCA commitment that connects the wider wellbeing agenda and employment and skills commission. It is proposed that this work will commence in Summer 18.
- 3.52 **Wider Criminal Justice connectivity** – Through the Mental Health Commission a link has been created with the Local Criminal Justice Board chaired by the Police and Crime Commissioner. The link has created an opportunity to review the journey through the Criminal Justice system of people experiencing poor mental health. It is proposed that a group is established to create a Health and Justice programme for the Local Criminal Justice Board. This group will focus on the key transition points in the system where justice and health collide and seek to create a change in the service commissioned and provided.
- 3.53 This group will focus on the key transition points in the system where justice and health collide and seek to create a change in the service commissioned and provided.
- 3.54 **Young people prevention** – perhaps the biggest opportunity in this arena is the radical prevention ambition which will seek to create a stronger position for building resilience and support for the young people in the region. Work has been ongoing to understand the evidence base in this arena and a link to the wider preventative approach. Although there may not be an appetite for a whole scale preventative programme, two programmes stand out for further exploration; Positive parenting practice and school based resilience. Both programmes have existing footprints within the WMCA but a coordination at regional level may add additional value.
- 3.55 **Work place wellbeing** – linked to the Midlands engine the development of the learning from the Thrive programme has the potential to be extended across the region. Linking to the £7 million within the innovation and enterprise programme of the Midlands engine it creates a platform to build on the Lord Stevenson and Farmer review which focuses on improving mental health in the workplace. It's is expected that this will be a significant programme of work for the next two years to create a delivery model that focuses on linking improving individual mental health with the industrial strategy.

#### **4.0 Financial implications**

The Commission and Initiatives have been delivered during 2017/18 within the approved budget. Onward work will progress within the resources and funds approved in the Combined Authorities Operational Budget for 2018/19 and additional grant funding secured in year.

The 18/19 budget allocated for mental health is £435,000. This consists of £304,300 for resources, £100,000 for project delivery expenditure and £30,700 for commission and citizen jury expenses.

Further grant funding secured to date includes funding for the IPS programme which has been allocated £8.355m of funding from the Work and Health Unit over 3 years and £80k from the Police and Crime Commissioner for the Criminal Justice - Engager Programme.

#### **6.0 Legal implications**

6.1 There are no new legal implications

#### **7.0 Other implications**

7.1 Nil

#### **8.0 Schedule of background papers**

8.1 Nil

#### **9.0 Appendices**

9.1 Nil

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## WEST MIDLANDS COMBINED AUTHORITY

### Investment Board

Monday 29 January 2018 at 10.00 am

### Minutes

#### Present

Councillor Izzi Seccombe (Chair)  
Councillor Majid Mahmood  
Councillor Jim O'Boyle  
Gary Taylor

Councillor Tony Jefferson

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

#### In Attendance

Sarah Middleton

Aimee Proctor  
David Cockroft  
Rhian Palmer  
Ed Bradburn  
Nick Oakley  
Jane Holmes  
Pam Waddell  
Mike Haigh  
Paul Clarke  
Sean Pearce  
Carl Craney

Black Country Local Enterprise  
Partnership  
Coventry City Council  
Coventry City Council  
Coventry City Council  
Finance Birmingham  
Finance Birmingham  
Innovation Alliance  
Innovation Alliance  
SLC Rail  
West Midlands Combined Authority  
West Midlands Combined Authority  
West Midlands Combined Authority

#### Item Title No.

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

Apologies for absence had been received from Councillor Sean Coughlan (Black Country Authorities), Councillor Robert Hulland (Solihull MBC), councillor Peter Richards (Stratford on Avon District Council), Nick Abell (Coventry and Warwickshire Local Enterprise Partnership), Sean Farnell (Coventry and Warwickshire Local Enterprise Partnership), Paul Brown (Black Country Local Enterprise Partnership) and Sue Summers (Finance Birmingham).

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

Councillor Peter Richards had nominated Councillor Tony Jefferson as his substitute.

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

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

**59. Minutes of last meeting**

Resolved:

That the minutes of the meeting held on 18 December 2017 be confirmed as a correct record and signed by the Chair.

**60. Matters Arising**

There were no matters arising from the minutes of the meeting held on 18 December 2017.

**61. Coventry Station Master Plan**

Rhian Palmer and Mike Haigh presented a report which sought the approval of £39.4 million for Coventry rail Station Masterplan (CRSM) requested via a Full Business Case (FBC). Rhian Palmer reminded the Board that approval had been granted in summer 2017 of the Strategic Outline Business Case (SOBC) for 'Coventry Centre First' which was a package of transport interventions aimed at improving connectivity to UK Central and HS2 and boosting jobs and growth in the city centre, of which Coventry Station Masterplan was the largest component. The WMCA had approved the Coventry Station Masterplan project proceeding directly to FBC, recognising the advanced stage of the project.

She explained that the CSM was an £82 million programme of works to increase the capacity at Coventry Rail Station. £42.6 million had already been secured with funding having been awarded by a number of organisations including Coventry and Warwickshire Local Enterprise Partnership (CWLEP), Department for Transport (DfT) and prudential borrowing via Coventry City Council. The requested sum was the remaining element to be secured to enable a fully funded programme including a contingency sum of £12 million.

Mike Haigh explained the role of SLC Rail in the project and outlined the various scenarios with Benefit Cost Ratios including the prudent assumptions taken to ensure that the Business Case was robust, one of which was the potential loss of one fast train journey per hour from Coventry to London from HS2 opening in 2026. Rhian Palmer advised that this position was not yet confirmed and was the subject of on-going discussions with both the DfT and Network Rail. Councillor Jim O'Boyle advised the Board that this issue was the subject of lobbying by both Coventry City Council and the WMCA given the likely implications for other stations in the West Midlands and informed the Board that Coventry Rail Station was the fastest growing station outside of London in terms of passenger numbers.

Councillor Majid Mahmood reported that he was supportive of the scheme but questioned whether delivery of the scheme could be accelerated and also why ownership of the new car park would revert to Network Rail. Rhian Palmer reported if delivery of the scheme could be accelerated this would lead to cost savings and phasing of the works was being investigated. Similarly, alternative land for the provision of temporary car parking provision was being explored. Mike Haigh reported that there was a complicated commercial structure involved with building the new integral car park on land in the ownership of Network Rail. This would include Network Rail surrendering car park revenue which would be used to service the prudential borrowing. Discussions were underway with regard to the terms and length of the lease.

Gary Taylor requested confirmation that Coventry City Council would hold responsibility for any cost overruns on the project. Rhian Palmer confirmed this to be the case and advised that should the estimated cost of the project exceed the sums available a de-scoping exercise would be undertaken albeit reluctantly. Additional funding would also be sought from the DfT and Network Rail.

Sarah Middleton advised that she was supportive of the scheme but suggested that a summary of outputs be compiled before the report was submitted to the Strategic Economic Plan Group.

Resolved:

That the West Midlands Combined Authority be recommended to approve the award of £39.4 million of Devolution deal funding to the Coventry Rail Station Masterplan, promoted by Coventry City Council, this allocation falling within Coventry's UL Central Plus (UKC+) Programme.

## **62. Coventry Friargate Business District Phase 1**

David Cockroft presented a report which summarised the Friargate Business District proposal and which highlighted the process undertaken already to challenge and clarify the proposed scheme. The report sought the approval of £51 million for Coventry Friargate Business District requested via a Full Business Case (FBC).

The Chair requested details of the timescale for the delivery of the scheme. David Cockroft advised that subject to approval of the funding package it was anticipated that the scheme would commence on site in the third or fourth quarter of 2018/19 with a build period of two years. It was hoped that the development would be completed prior to the commencement of the Coventry staging the City of Culture in 2021. Councillor Jim O'Boyle reminded the Board that Business Rates generated from the development would be shared with the WMCA through the pooling arrangements and that the scheme had been included as part of the bid in relation to the relocation of Channel 4.

Sean Pearce reported that this was a scheme that the WMCA was keen to support and that financial assistance would be provided by way of a grant to enable a loan to be taken out by the Joint Venture Company, once established. He advised that clarity was required within the legal agreement as to how the monies would be recycled to enable future phases of the project to be developed. Furthermore, the methodology on how profit from the scheme would be re-directed back into the scheme would be an integral part of the legal agreement.

The Chair queried the length of the proposed loan. Sean Pearce explained that the WMCA was being requested to make a grant to Coventry City Council, which in turn, would make a loan to the Joint Venture Company. David Cockroft stressed that the loan would be subject to commercial rates of interest. The Chair enquired whether the uplift in Business Rates would be returned to the WMCA. Sean Pearce advised that this scheme had formed part of the Devolution Deal One, that there was not a standard agreement in respect of the uplift in Business Rates and that this point would be the subject of consideration in due course albeit not in relation to this scheme.

Councillor Majid Mahmood enquired whether the sum of £23 million was for the first phase of the development only. Aimee Proctor advised that this sum was for the whole scheme and assumed that the total scheme would be completed. Income had been calculated on a 100% letting success but assumptions had been included for vacant units.

Gary Taylor registered his concern that the report contained insufficient detail for the Board to make a decision of such magnitude. It lacked market analysis and was unusual as it was based on 100% public sector funding. He also queried the relationship between the developer and the local authority and whether the developer retained a financial interest in the scheme. David Cockroft assured the Board that a Full Business Case prepared including a Dynamic Economic Impact Model (DEIM) assessment had been conducted. He reminded the Board that such information had been omitted from a publically available report as it contained commercially sensitive information. He advised that the developer did retain a financial interest in the scheme and would be a 50% partner in the Joint Venture Company. He also explained the history of the scheme. He reported that legal advice had been obtained with regard to 'State Aid' implications and on the options available with regard to the scheme. The land would be acquired at 'Red Book' market price and two market analyses had been carried out by reputable companies. He confirmed that the Joint Venture Company would bear all risks associated with the scheme.

In response to a further question from Gary Taylor, David Cockroft explained the financial arrangements for the scheme. Gary Taylor advised that it was apparent that this scheme required support but queried the profit share arrangements given that the development capital was being provided by the public sector with the developer contributing the land only. On that basis he was not convinced that a 50:50 profit share was correct. David Cockroft explained that the profit share applied only to the first building with the developer being required to take joint responsibility for the loan for subsequent phases. Any profits from the first phase would be used to fund the borrowing for the second phase.

The Chair welcomed the questions posed in respect of the report having regard to the amount of public money under consideration. Councillor Jim O'Boyle reminded the Board that the request now under consideration was better for the public purse than that originally proposed. He emphasised the amount of commercially sensitive information which was available should members wish to consider it. He reminded the Board that this scheme was inter-linked to the Coventry Station Masterplan which had been recommended for approval earlier in the meeting.

Sean Pearce commented that the views of both PricewaterhouseCoopers (as part of a wider discussion on regeneration mechanisms) and Deloitte (who had been appointed by Coventry City Council to support the Business Case development and had completed an options appraisal) had been sought on this scheme. David Cockroft advised that both companies preferred the approach detailed in the Full Business Case. The Chair commented that in the event that this scheme was recommended to the WMCA Board for approval a more comprehensive report would need to be prepared.

Councillor Tony Jefferson commented that there were a number of key issues not addressed in the report which presented a problem to members in reaching a decision. David Cockroft reiterated his earlier comments that a publically available report could not contain commercially sensitive information but that the information was available outside the meeting. He reminded the Board that an option to pursue a Compulsory Purchase Order for the land would lead to lengthy delays in commencement on site.

Resolved:

1. That the West Midlands Combined Authority Board be recommended to support Coventry City Council application for funding to support its Friargate Business District proposal and to grant up to £51 million for this purpose;
2. That a briefing be arranged for the Chair and Gary Taylor to address the concerns expressed at the meeting.

**63. Consortium for the Demonstration of Intelligent Systems (CDIS)**

Pam Wadell presented a report which fulfilled the Assurance Framework obligations for the Consortium for the Demonstration of Intelligent Systems (CDIS) which was at Outline Business Case stage.

Resolved:

1. That approval for the early draw down of £250,000 to support the preparation of the Full Business Case be endorsed;
2. That the approval for the project to move forward to Full Business Case be endorsed.

**64. 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).

**65. A & J Mucklow (Halesowen) Ltd. BLPDF Grant Request**

Nick Oakley presented a report which sought the approval of a Brownfield Land and Property Development Fund grant – a viability grant to facilitate the redevelopment of Phase 1, Mucklow Park, Tyseley delivering 135,000 square foot of new build industrial accommodation which would attract inward investment and job creation / safeguarding (estimated 350 on site jobs).

In response to a question from Gary Taylor, Nick Oakley explained the position with the historic and current land values. He also explained the arrangements for clawback and Business Rates uplift.

Sean Pearce reported that going forward, Gareth Bradford, the WMCA's Director of Housing and Regeneration would be working with colleagues at Finance Birmingham to be pro-active in considering the various options to progress specific sites.

Resolved:

That a grant of £2.625 million of Brownfield Land and Property Development Fund (BLPDF) monies to facilitate the development of Phase 1, Mucklow Park, Tyseley delivering 135,000 square foot of new build industrial accommodation, subject to the conditions detailed in the report, be approved.

**66. Opus Land (Oldbury) Ltd. - BLPDF Grant Request**

Ed Bradburn presented a report which sought the approval of £2.630 million of Land Remediation Grant to remediate six acres of former industrial land at Seven Stars, Oldbury. He reported that at the Investment Advisory Group consideration had been given as to whether this grant should be made from the Brownfield Land and Property Development Fund (BLPDF) or the Land Remediation Fund managed by the Black Country Consortium. It had been recommended that, initially the grant be paid from the BLPDF but given the level of utilisation on the BLPDF Sarah Middleton had offered to have this allocated against the BCLPIF with Finance Birmingham continuing to manage and administer the transaction in accordance with the BLPDF procedures. Sarah Middleton commented that consideration in the first instance by the Black Country Consortium process could have resulted in a different level of intervention and for clarity on the 'Viability Gap'. Ed Bradburn and Nick Oakley explained that the consideration would not be different as post investment board approval the grant offer would be subject to independent legal and valuation due diligence to verify the grant amount and that the scheme would then be monitored on an on-going basis via an independent monitoring surveyor. In response to a question from Gary Taylor, Ed Bradburn confirmed that the site had been marketed openly with circa eight bids received all for commercial use and all on the conditionality of receiving grant funding. Opus was the preferred bidder due to a pre-let Agreement. Ed Bradburn also outlined the various conditionality stages in the SPA to progress through before completion on site was achieved.

Resolved:

That a grant of £2.630 million initially from the Brownfield Land and Property Development Fund (BLPDF) but subsequently from the Black Country Land Remediation Fund to remediate six acres of former industrial land at Seven Stars, Oldbury be approved on the basis that Finance Birmingham will continue to manage and administer the transaction going forward in accordance with the BLPDF .

**67. WMCA CIF / BLPDF Dashboards**

Nick Oakley presented the CIF / BLPDF Dashboard as at 15 January 2018 which detailed:

- WMCA CIF – Investments committed and completed funds;
- WMCA CIF – Dashboard of deal values and total diagrams; and
- WMCA CIF – Pipeline WIP.

Resolved:

That the Dashboard be received and noted.

**68. Investment Programme**

Sean Pearce circulated a progress update report on the WMCA Investment Programme which had been considered at the meeting of the WMCA Board held on 12 January 2018. He advised that he would be submitting a report to the next meeting of this Board linked to this report and on the need for decisions of this Board to have regard to the availability of finances. Councillor Jim O'Boyle commented that this Board could only consider those requests for funding which were presented and allocations needed to be within available resources. Sean Pearce reminded the Board that it exercised delegated powers to approve allocations of up to £5 million without reference to the WMCA Board.

The meeting ended at 11.57 am.



## WEST MIDLANDS COMBINED AUTHORITY

### Transport Delivery Committee

Monday 5 February 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 Robert Alden	Birmingham City Council
Councillor Adrian Andrew	Walsall Metropolitan Borough Council
Councillor Mohammed Fazal	Birmingham City 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

#### Item Title No.

#### 99. Apologies for absence

Apologies for absence were received from Councillors Akhtar, Hanif, Sidhu, Warren and Welsh.

#### 100. Chair's Remarks

(i) The Chair informed members that Pete Bond, Director of Integrated Network Services, had recently returned from adoption leave and would be attending future committee meetings.

(ii) The Chair informed the committee that following a meeting of the Bus Alliance Board on 28 February, all members would be invited to attend a policy briefing session at 12.30pm with the DfT to receive an update on the Bus Services Act.

#### 101. Minutes of the meeting held on 8 January 2018

The minutes of the meeting held on 8 January 2018 were agreed and signed by the Chair as a correct record.

## 102. Matters Arising

- (i) **Matters Arising – Question (Relating to the retention of an original Midland Metro tram** (*minute no. 83 (v) refers*). Councillor Davis advised members that the current position was as stated at the last meeting. In relation to an enquiry from Councillor Horton regarding an update on the auction for the T69 trams, the Director of Customer Experience, Steve McAleavy undertook to speak to the relevant officer to provide members with an update following the meeting.
- (ii) **Metro Investment Programme** (*minute no. 85 refers*)  
Councillor Huxtable asked whether an update could be provided with regards to the question he raised at the last meeting on whether TfWM could expedite the Birmingham Eastside Metro Extension for the Commonwealth Games and also enquired as to when the committee would receive a presentation on the Very Light Rail Centre in Dudley.

Steve McAleavy undertook to refer the matter to the Metro Programme Director, Phil Hewitt to respond to Councillor Huxtable.

## 103. Correspondence/ Petitions

There were no items of correspondence or petitions submitted for consideration at the meeting.

## 104. Presentation : Third Generation Trams

The Head of Metro Projects, Chris Haworth, was in attendance to present to the committee details of the next phase of the procurement for the 'Third Generation Trams' that would support the Midland Metro extension plans.

The presentation outlined the plan of the proposed tram routes, phasing and anticipated passenger service patterns, an initial assessment of the number of trams required and the 3G tram procurement and manufacture outline schedule.

In relation to tram manufacturing Councillors Horton and Lal considered that the UK should invest in tram manufacturing.

Chris Howarth advised that CAF, the tram manufacturer of the current trams, was investing in a facility in Wales but this was beyond TfWM's influence.

Councillor Huxtable noted that the Warwick Manufacturing Group was working in partnership with Dudley Council on the Very Light Rail innovation Centre and enquired whether discussions could be held with the organisation regarding tram manufacturing.

Chris Howarth reported that he would investigate the matter and report back to the committee.

Resolved: That the presentation be noted.

**105. Rail and Metro Lead Member Report**

The committee considered a report of the Head of Franchise Management and the Metro Operations Manager that reported on progress to date with the work of the Lead Member and Lead Member Group for Rail and Metro.

The Lead Member for Rail and Metro, Councillor Horton, reported that the Head of Franchise Management, Tom Painter and the Metro Head of Projects, Chris Haworth were in attendance to answer any questions regarding the contents of the report.

In relation to an enquiry from Councillor Rowley regarding the catenary free trams and whether the trams had the capability to continue running if the overhead wires came down, Chris Haworth advised that it would be dependent on how much wire was down and on the length of time, but if it was for a fairly short section, the trams would be able to operate in catenary free mode.

Resolved: That progress to date with the work of the Lead Member and Lead Member Group for Rail and Metro be noted.

**106. Rail Business Report**

The committee considered a report of the Head of Franchise Management that provided an update relating to the performance, operation and delivery of rail services in the West Midlands including rail partnership agreements and West Midlands Rail (WMR) activity.

In relation to the Stations Alliance, Councillor Davis reported that he would be interested to receive a report on the relationship with Network Rail or would welcome their attendance at a committee meeting for them to answer questions.

The Head of Franchise Management, Tom Painter, agreed that Network Rail were integral to the Alliance and advised that consideration was being given to establishing a collaborative partnership or a partnership agreement just for New Street Station to improve the operation of the station via bringing together West Midlands Trains, Virgin and other train operating companies.

In relation to Councillor Huxtable's comment for the interchange for Sprint to work for Commonwealth Games, request for an update on park and ride and information on the 3 rail lines and 7 stations West Midlands Trains has identified as priority for opening, Tom Painter reported that he would feedback the comment regarding Sprint to the Sprint Team and would include updates on the rail lines and stations as mentioned in future rail business reports. With regards to park and ride, it was noted that a report is scheduled on the forward plan to be submitted to the April meeting of the committee.

In relation to rail business reports, the Chair asked that there be a section in future reports on revenue protection and security.

Councillor Horton, Lead Member for Rail and Metro confirmed that this had been agreed at a recent Lead Member meeting.

Resolved: That the contents of the report be noted.

**107. Publication of 2018/19 English National Concessionary Travel Scheme & accompanying reimbursements Arrangements**

The committee considered a report of the Swift and Concessions Scheme Manager that informed them of the publication of the 2018/19 English National Concessionary Travel Scheme and Reimbursement Arrangements to be effective from 1 April 2018.

The Head of Swift, Matt Lewis, presented the report and advised the committee that there were no changes from the arrangements that are currently in place for the scheme.

Resolved:

1. That there are no amendments from the previous 2017/18 Concessionary Fare Schemes as specified below be noted and
2. That the publication of the 1985 Act Older and Disabled Persons Travel (Bus) Concession Scheme and the Transport Act 2000 Travel Concession Reimbursement Arrangements be noted.

**108. Presentation : Swift Delivery Update**

The committee received a presentation from the Head of Swift, Matt Lewis, updating them on the delivery of Swift. The presentation included the achievements to date, the upcoming enhancements to Swift and Swift diversification.

Councillor Hartley reported that it would be useful to have a comparison of progress of Swift with smart card travel schemes in other transport/ local authority areas outside of London and asked whether a chart could be produced to show this information.

Matt Lewis undertook to produce a chart for Councillor Hartley to illustrate the progress made on Swift compared to smart card travel schemes to other areas outside of London.

Resolved: That the presentation be noted.

**109. Finance and Performance Lead Member Report**

The committee considered a report of the Head of Finance and Business Planning that reported on the work of the Finance and Performance Lead Member Reference Group to date and its proposed programme of work for the coming months.

The Chair, Lead Member for Finance and Performance, outlined the report and updated the committee with regards to consideration of the WMCA's budget by the WMCA's Overview and Scrutiny Committee following recent meetings. The Chair reported that the Chair of Overview and Scrutiny Committee would present his report on the findings of the Mayor's Question Time and discussions held at Overview and Scrutiny Committee meeting held on 30 January 2018, to the WMCA Board on 9 February but advised the committee that he had no knowledge of what would be said at the meeting.

The Majority Vice-Chair, Councillor Davis, considered there was a need to formalise a relationship with the Chair of the WMCA's Overview and Scrutiny, Councillor Hughes and proposed that a standing invitation be sent to Councillor Hughes or his nominee to attending Transport Delivery Committee meetings.

Councillor Holl-Allen supported the proposal put forward by Councillor Davis which was endorsed by the committee.

Resolved:

1. That the work of the Lead Member Reference Group to date and its proposed programme of work for the coming months be noted and
2. That the Chair of the WMCA Board's Overview and Scrutiny Committee (or their nominee) be invited to attend future meetings of the Transport Delivery Committee.

**110. WMCA Update -Transport Reports For Information**

The committee considered a report on Longbridge park and ride decking scheme charging policy that would be considered by the WMCA Board on 9 February 2018. The report was submitted to the committee for information only.

In relation to an enquiry from Councillor Huxtable as to whether local ward councillors had been consulted on the proposed park and ride scheme, the Chair reported that the issue would have been a matter for WMCA/ TfWM Officers to take forward.

Resolved: That the report be noted.

**111. Notices of Motion**

None submitted.

**112. Questions**

Councillor Horton, Lead Member for Rail and Metro asked the following question:

*'Could the Transport Delivery Committee look into naming a tram after Cyrille Regis after TfWM has spoken to the family on the matter?'*

Councillor Horton reported that naming a tram after Cyrille Regis would not only honour the late footballer's sporting achievements in the West Midlands but also his charity and church work.

Councillor Alden noted the role Cyrille Regis had in bringing communities together whilst Councillor Huxtable noted that he had played football for England.

Councillor Stanley endorsed Councillor Horton's proposal which was supported by the committee.

The Chair reported that support and approval would need to be obtained from the family of Cyrille Regis before the proposal was taken further.

Resolved: That question be noted.

**113. Forward Plan**

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

Resolved: That the report be noted.

**114. Date of Next Meeting - 5 March 2018, at 1.00pm**

The meeting ended at 2.40 pm.



## WEST MIDLANDS COMBINED AUTHORITY

### Investment Board

Tuesday 13 February 2018 at 1.00 pm

### Minutes

#### Present

Councillor Izzi Seccombe (Chair)  
Nick Abell

Paul Brown

Councillor Robert Hulland  
Councillor Majid Mahmood  
Councillor Jim O'Boyle  
Gary Taylor

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

#### Item Title No.

#### 69. Minutes

The minutes of the meeting held on 29 January 2018 were agreed as a correct record.

The Director of Finance noted that there was a need to conduct a review of scheduling and ranking. Although funding was available to fund the borrowing against the schemes, it was necessary to be mindful that not all schemes could be currently funded if other income streams were not delivered.

#### 70. Exclusion of the Public and Press

Resolved:

That in accordance with s.100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business as it involved the likely disclosure of exempt information relating to the business affairs of a particular person (including the authority holding that information).

#### 71. Commonwealth Games Athletes Village - West Midlands Combined Authority Contribution

The board considered a report from Sean Pearce, Director of Finance, on a proposed contribution from the West Midlands Combined Authority's Brownfield Land & Property Development Fund to help deliver the athletes village required to facilitate the Commonwealth Games 2022.

The Brownfield Land & Property Development Fund invested in individual strategic projects that supported the re-use of brownfield land, buildings and associated infrastructure across the West Midlands Combined Authority area. It was funded by allocations from the Land Remediation Fund totalling £50m and was to be operational between 2017-21. To date, £14.7m had been allocated to five projects in the region.

The funding proposal required the West Midlands Combined Authority to fund the acquisition, relocation, remediation and demolition costs, at a cost of £20.075m, for a village to provide temporary accommodation for some 6,510 athletes, coaches and team administrators. Post-Commonwealth Games modifications would then enable the residential accommodation to become mixed tenure new homes to deliver a legacy uplift for Perry Barr. The proposals had been considered by the Investment Advisory Group on 5 February 2018.

Councillor Majid Mahmood noted that Birmingham was the no. 1 destination for people leaving London and currently had a shortfall of 89,000 housing units. Gary Taylor stressed the importance of ensuring that the housing provided on the site met the needs of post-Commonwealth Games occupation, rather than being designed only for the needs of athletes. This had been a concern with a number of athletes villages provided for previous sporting events. Ian Macleod, Birmingham City Council, indicated that this was a key consideration as part of the process to procure a contractor to deliver the project.

Councillor Robert Hulland noted the need to ensure the region had the necessary skills capacity and technical expertise to deliver this ambitious project. Paul Brown enquired about the governance arrangements that provided the required oversight for the delivery process and Ian Macleod explained that this would be undertaken through the Commonwealth Games Delivery Unit. He undertook to provide the board with further details of governance arrangements of the unit at the next meeting. Councillor Izzi Seccombe requested a general update on the latest developments at the next meeting.

Resolved:

- (1) That Finance Birmingham, the s.151 Officer, Portfolio Lead for Finance & Investments and Monitoring Officer continue to work to conclude the application into the Brownfield Land & Property Development Fund from Birmingham City Council as part of the normal assurance process.
- (2) That the submission of a report to the WMCA Board on 9 March 2018 for the approval of the £20.075m grant proposal be agreed, subject to the issues contained within the report be resolved in line with the Investment Board's expectations.

- (3) That the elements of the bid be approved, with a particular reference to grant conditions A4 as set out within the report, given that this was the first time that this type of expenditure would be funded under the Brownfield Land & Property Development Fund.
- (4) The principle that the contribution would be subject to the successful shortlisting of the Housing Infrastructure Fund announcement, which provided the 39% (£144m) of the overall funding for the village, be endorsed.
- (5) It be noted that the contributions outlined in the report were in addition to the previously agreed £25m West Midlands Combined Authority contribution towards the wider Commonwealth Games budget, which would pass through the normal assurance framework process.
- (6) That it be noted that the approval for the scheme would be based on the outcomes being delivered after 2021, which fell outside the time period indicated in the fund documents.

## **72. UK Central - Design Costs and Team Costs**

The board considered a report from Huw Rhys Lewis, Managing Director of the UK Central Urban Growth Company, on change requests to utilise funding included within the overall programme for HS2 design stage fees, and to fund UK Central staffing and operational costs for the period to March 2023 which would support the development and delivery of all UK Central/Solihull Metropolitan Borough Council sponsored projects at the HS2 Interchange Hub area over this period.

The design of the Solihull HS2 station included a number of elements that would constitute constraints to any development around the station, including an excess of surface car parking, poor connectivity across the track, poor public transport facilities and extensive surface water attenuation. By removing these constraints, the area of land available for development would be significantly increased and would be better connected locally and regionally. HS2 Ltd had committed to co-operate in evaluating and delivering the proposed changes to resolve these issues, subject to the costs associated with this being met by West Midlands Combined Authority funding. It was expected that this would cost £9.0m for HS2 Ltd design stage fees, plus a further £0.8m for monitoring, legal and external project management costs.

The change request in respect of the Urban Growth Company business plan sought to provide retrospective operational funding for the period April 2016 - March 2018, future operational funding for the period April 2018 - March 2023, and to enable the continuation of the utilities assessment and car parking strategy for the UK Central Hub area, commissioned in March 2017. The total cost of this was £10.0m.

Lucy Lee, Solihull Metropolitan Borough Council, confirmed that due diligence had been undertaken on both of these requests. Councillor Robert Hulland considered that the change request relating to the Solihull HS2 station allowed for a better use of the land in question and gave more value to the land requiring to be developed.

Resolved:

- (1) That £9.8m of Devolution Deal funding to deliver changes to the HS2 Solihull station design, as it was defined under the High Speed Rail (London - West Midlands) Act 2017, be approved.
- (2) That £10.0m of Devolution Deal funding be approved to cover the staffing and operational costs of the UK Central Urban Growth Company for the period April 2016 - March 2023.

The meeting ended at 2.25 pm.



## WEST MIDLANDS COMBINED AUTHORITY

### Public Services Reform Board

Thursday 22 February 2018 at 1.00 pm

#### Minutes

##### Present

Councillor Steve Eling (Chair)	PSR Portfolio Holder for WMCA
Councillor David Vickers	Dudley Metropolitan Borough Council
Councillor Stewart Stacey	Birmingham City Council
Lola Abudu	Public Health England
Salma Ali	NHSE

##### In Attendance

Paula Furnival	Walsall Metropolitan Borough Council
Vikki Holland	WMCA
Karen Jackson	Dudley Metropolitan Borough Council
Henry Kippin	WMCA
Jason Lowther	Birmingham City Council
Stella Manzie	Birmingham City Council
Jane Moore	WMCA
Sally Sheen	WMCA

##### Item Title No.

##### 1. Apologies for absence

Apologies for absence were received from Councillors Coughlan, Duggins, Lawrence, Sleigh, Ward and Witherspoon, Sue Ibbotson, Phil Loach, Tom McNeil, Sarah Middleton, Dame Julie Moore and Alison Tonge.

##### 2. Chair's Remarks

The Chair welcomed everyone to the meeting and reported that the board was making tangible progress in shaping its priorities and highlighted the reports for consideration at the meeting.

##### 3. Minutes of the meeting held on 30 November 2017

The minutes of the meeting held on 30 November 2017 were agreed and signed by the Chair as a correct record.

##### 4. PSR Portfolio - A Draft Forward View for discussion

The board considered a report of the Public Service Reform Chief Executive that set out a draft forward view of the PSR Portfolio for discussion.

The Director of Public Service Reform, Henry Kippin, outlined the report and sought the views of the board on the approach and content of document.

Lola Abudu noted the links between the work of this board and the Wellbeing Board with regards to utilising data/ intelligence that could contribute to the evaluation for projects.

Henry Kippin reported that he welcomed the partnership approach between the two boards and Public Health England that come together to share economic, health and social data as part of the Inclusive Growth Unit and Office for Data Analytics.

Stella Manzie reported of the need to make tangible impacts in a small number of areas given the limited resources of local authorities/the WMCA and considered that 2 or 3 things should be identified as a priority over the next 18 months otherwise there was danger of fragmentation and spreading resources too thinly. She added that the WMCA Board and the Mayor should be asked for their views on the priorities to be taken forward.

The Chair agreed with Stella Manzie and the requirement to prioritise the most critically important elements of work.

Salma Ali considered that the plan felt too generic and enquired whether localism could be injected into the plan to reflect the diverse places and geography of the West Midlands.

Henry Kippin concurred with Salma Ali and the need to have a cohesive narrative for the West Midlands and to 'keep it real' as highlighted by Stella Manzie.

Resolved: That the PSR draft portfolio forward view be approved subject to the comments from the board being actioned.

## **5. # WM Futures - discussion paper**

The board considered a report of the Public Services Reform Chief Executive that set out a possible approach to enabling workforce collaboration and leadership in the West Midlands and the proposed next steps.

Henry Kippin outlined the report and asked the board to consider and discuss 'What role the WMCA should play in enabling workforce collaboration and leadership development in the West Midlands.'

Stella Manzie noted that the Greater Birmingham and Solihull LEP was having similar discussions with regards to skills and the need to upskill and considered there needed to be a joint discussion between the LEPs and the WMCA so everyone is clear what everyone else is doing.

It was noted that the Health and Wellbeing Board Chairs and STP Chairs are working collaboratively on leadership as part of their work with the LGA.

Salma Ali considered that system leadership should be the main area focus to set values and behaviours as workforce was not the biggest priority in her opinion.

The Chair reported that this was complex area and considered further work and more dialogue was required with partners.

Henry Kippin reported of comparative work on leadership and workforce that is being undertaken by other combined authorities that the WMCA could learn from.

Henry Kippin thanked colleagues for their comments and advised that further work to define a specific role for the WMCA (mindful of resource constraints) would be undertaken and reported back to the board in due course.

Resolved: That the report be noted.

## **6. Social Economy Taskforce**

The board considered a report of the Public Service Reform Chief Executive that outlined a proposed approach to establishing a Social Economy Taskforce.

It was noted that the WMCA Board had agreed to establish a Social Economy Taskforce and supported the next steps at its meeting on 9 February.

The Chair reported that the WMCA Board had agreed to establish a Taskforce and that he would be involved along with the Mayor, the Director of PSR and the WMCA's economic growth portfolio holder, Councillor Ward. He advised that the next step would be to identify and recruit members of the Taskforce. It was noted that the Taskforce would engage with members of this board.

The Chair reported that he had received an email from Tom McNeil on behalf of the Office of the Police and Crime Commissioner who was very supportive of the of the Social Economy Taskforce and circulated a copy of the email to the board which outlined the work that is underway/being explored by the PCC in this area.

Henry Kippin reported that the Taskforce represented a big opportunity for the WMCA to support and add value to work that is already happening in local authorities to benefit the residents and communities of the West Midlands.

Resolved: That the report be noted.

## **7. Date of next meeting - 7 June 2018**

The meeting ended at 2.35 pm.

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By virtue of paragraph(s) 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

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