



WMCA Board

Date: Friday 9 November 2018

Time: 11.00 am **Public meeting** Yes

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

Membership

Constituent Members

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

Councillor Adrian Andrew
Councillor Peter Bilson
Councillor Mike Bird
Councillor Ian Courts
Councillor George Duggins
Councillor Steve Eling
Councillor Patrick Harley
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

Walsall 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
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 Matthew Dormer
Councillor David Humphreys
Councillor Julie Jackson
Councillor Tony Jefferson
Councillor Peter Nutting
Tim Pile

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
North Warwickshire Borough Council
Nuneaton & Bedworth Borough Council
Stratford-on-Avon District Council
Shropshire Council
Greater Birmingham & Solihull Local Enterprise
Partnership
Warwickshire County Council
Rugby Borough Council
Black Country Local Enterprise Partnership

Observers Awaiting Membership

Councillor Jonathan Lester
Graham Wynn

Herefordshire Council
The Marches Local Enterprise Partnership

Co-Opted Member

Lee Barron

Midlands Trades Union Congress

Observer Members

Councillor John Edwards
David Jamieson

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

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

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

Contact	Dan Essex, Governance Services Manager
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AGENDA

No.	Item	Presenting	Pages
Items of Public Business			
1.	Apologies for Absence	Chair	None
2.	Declarations of Interest Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None
3.	Chair's Remarks (if any)	Chair	None
4.	Minutes - 14 September 2018	Chair	1 - 8
5.	Forward Plan	Chair	9 - 12
Governance			
6.	Consultation for the Transfer of West Midlands Police & Crime Commissioner Functions	Henry Kippin	13 - 70
7.	Feedback from Overview & Scrutiny Committee Mayor's Question Time: Policy	Councillor Peter Hughes	71 - 76
Economic Growth			
8.	West Midlands 5G - Structure, Governance and Funding	Councillor Ian Ward	77 - 84
Finance & Investments			
9.	Financial Monitoring Report 2018/19	Councillor Bob Sleigh	85 - 106
Transport			
10.	Transforming Cities Fund	Councillor Roger Lawrence	107 - 112
11.	Strategic Vision for Bus	Councillor Roger Lawrence	113 - 140
Minutes			
12.	Housing & Land Delivery Board - 6 September 2018	Councillor Mike Bird	141 - 150

13.	Public Service Reform Board - 6 September 2018	Henry Kippin	151 - 154
14.	Transport Delivery Committee - 10 September 2018	Councillor Kath Hartley	155 - 160
15.	Environment Board - 10 September 2018	Councillor Patrick Harley	161 - 164
16.	Strategic Economic Delivery Board - 12 September 2018	Jonathan Browning	165 - 168
17.	Investment Board - 17 September 2018	Councillor Bob Sleigh	169 - 174
18.	Audit, Risk & Assurance Committee - 21 September 2018	David Lane	175 - 180
19.	Housing & Land Delivery Board - 25 October 2018	Councillor Mike Bird	181 - 188
Date of Next Meeting			
20.	Friday 11 January 2019 at 11.00am	Chair	None
21.	Exclusion of the Public and Press [In accordance with s100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item(s) of business as it is likely to involve the disclosure of exempt information as specified in paragraph 3 of the Act.]	Chair	None
Item of Private Business			
Finance & Investments			
22.	Land and Property Investment Fund: Phoenix 10 Strategic Employment Site, Walsall	Councillor Bob Sleigh	189 - 194
23.	Administration of the West Midlands Integrated Transport Authority Pension Fund	Councillor Bob Sleigh	195 - 212



**West Midlands
Combined Authority**

WMCA Board

Friday 14 September 2018 at 11.00 am

Minutes

Constituent Members

Andy Street (Chair)	Mayor of the West Midlands Combined Authority
Councillor Bob Sleight (Vice-Chair)	Solihull Metropolitan Borough Council
Councillor Mike Bird	Walsall Metropolitan Borough Council
Councillor Ian Courts	Solihull Metropolitan Borough Council
Councillor George Duggins	Coventry City Council
Councillor Patrick Harley	Dudley Metropolitan Borough Council
Councillor Brigid Jones	Birmingham City Council
Councillor Abdul Khan	Coventry City Council
Councillor Roger Lawrence	City of Wolverhampton Council
Councillor Ian Ward	Birmingham City Council

Non-Constituent Members

Councillor George Adamson	Cannock Chase District Council
Councillor Matthew Dormer	Redditch Borough Council
Councillor David Humphreys	North Warwickshire Borough Council
Councillor Tony Jefferson	Stratford-on-Avon District Council
Ninder Johal	Black Country Local Enterprise Partnership
Tim Pile	Greater Birmingham & Solihull Local Enterprise Partnership
Councillor Alex Phillips	Shropshire Council
Councillor Izzi Seccombe	Warwickshire County Council
Councillor Michael Stokes	Rugby Borough Council

Co-Opted Member

Lee Barron	Midlands Trades Union Congress
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Observer Members

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

In Attendance

Councillor Kath Hartley	Transport Delivery Committee
Councillor Peter Hughes	Overview & Scrutiny Committee
Councillor David Lane	Audit, Risk & Assurance Committee
Councillor Ian Shires	Overview & Scrutiny Committee

- | Item No. | Title |
|-----------------|--|
| 30. | Apologies for Absence
Apologies for absence were received from Councillor Shaun Davies (Telford & Wrekin), Councillor Steve Eling (Sandwell), Councillor Paul Moore (Sandwell), Councillor Peter Nutting (Shropshire) and Stewart Towe (Black Country LEP). |
| 31. | Chair's Remarks (if any)
The Mayor welcomed the region's recent success in being awarded up to £50m to trial high-speed 5G connectivity. |
| 32. | Minutes - 20 July 2018
The minutes of the meeting held on 20 July 2018 were agreed as a correct record. |
| 33. | Forward Plan
The forward plan of items to be considered at future meetings was noted. |
| 34. | Governance Review and Scheme for the Transfer of the Police & Crime Commissioner Functions
The board considered a report from Henry Kippin, Director of Public Service Reform, on the contents of the Governance Review and Scheme which enabled the Mayoral WMCA Police & Crime Commissioner governance model to be discussed and understood prior to seeking constituent council consideration. The report also outlined the key issues that had been raised during the development of the Governance Review and Scheme. |

David Jamieson stressed the importance of ensuring that a clear justification was provided to the public for making changes to police governance, along with the benefits that would result. He was concerned that the proposed consultation period included the Christmas/New Year public holidays which he considered might restrict the number of responses that were made. Councillor George Duggins stressed the importance of a two-stage consultation exercise to separate the principle of changing governance arrangements from the specific proposals proposed for the West Midlands.

The Mayor noted that the constituent authorities and the Police & Crime Commissioner were now to be formally consulted on these proposals and looked forward to a report to the next meeting of the WMCA Board with further proposals for the proposed public consultation exercise.

Resolved:

- (1) The progress on the development of the Governance Review and Scheme outlining the proposed model for Mayoral West Midlands Combined Authority governance of the West Midlands Police & Crime Commissioner functions be noted.

- (2) It be noted that the report and attached Governance Review and Scheme was to be considered by constituent authorities and the West Midlands Police & Crime Commissioner in line with the requirement to elect a Mayor with Police & Crime Commissioner responsibilities in 2020, as agreed by the WMCA Board on 20 July 2018.
- (3) It be agreed to receive a further report at the meeting of the WMCA Board on 9 November 2018 detailing the outcome of the constituent councils and West Midlands Police & Crime Commissioner considerations of the content of the Governance Review and Scheme, and setting out the public consultation process.

35. Governance of West Midlands Fire Service - Approval of Statutory Order

The board considered a report from Karen Gowreesunker, Clerk to the West Midlands Fire Authority, and Henry Kippin, Director of Public Service Reform, on the transfer of the governance of the West Midlands Fire & Rescue Service to the Mayoral WMCA, and to agree the draft Order to be laid before Parliament. The report also set out the key asks within the Scheme, the Home Office's response to these asks, and the timescales and next steps in the transfer of governance responsibilities.

Councillor Peter Hughes expressed his thanks that the comments made by Overview & Scrutiny Committee had been included within the report.

Resolved:

- (1) The Home Office's response to the key asks set out in the Scheme document be noted.
- (2) Acceptance of the proposals set out in the report to progress the key asks locally be confirmed; and the Chief Executive and Monitoring Officer be given delegated authority consent to the laying of the Order in Parliament, subject to the outcome of the final local constituent council cabinet meeting.

36. 'Dying to Work' Charter

The board considered a report Tracy Walters, Head of Human Resources & Organisational Development, seeking support for the WMCA to the sign up to the Trades Union Congress's 'Dying to Work' campaign for terminal illness to be recognised as a protected characteristic.

Lee Barron welcomed the report, noting that the WMCA would be the first combined authority to sign up to the initiative. Deborah Cadman reported that the WMCA's sickness absence policy would be revised to reflect its adoption, and there would be appropriate staff training to support this.

Resolved:

It be agreed to sign up to the Trade Union Congress's 'Dying to Work' Charter which was seeking to provide greater security for terminally ill employees, ensuring that they were not dismissed due to their condition.

37. Financial Monitoring Report 2018/19

The board considered a report from Sean Pearce, Director of Finance, providing an update on the WMCA's finances as at the end of July 2018.

Resolved:

The financial position as at the end of July 2018 was noted.

38. WMCA Funding for Growth Programme Update

The board considered a report from Julia Goldsworthy, Director of Strategy, on the status of the Funding for Growth programme, its updated governance, current areas of focus and findings to date.

Councillor Ian Ward noted that Birmingham City Council was currently looking at the implications of a hotel/tourist tax and an airport land fee, and it was important that the WMCA did not overlap this work. The Mayor agreed with this and confirmed that there would be no duplication.

Resolved:

The approach taken to date and the next steps being undertaken be noted.

39. Inclusive Growth Framework

The board considered a report from Henry Kippin, Director of Public Service Reform, on the first iteration of the Inclusive Growth Framework, which sought to capture the positive social and environmental outcomes that the West Midlands would like to realise as a consequence of its economic activity.

Resolved:

- (1) The first iteration of the Inclusive Growth Framework be endorsed.
- (2) It be noted that the composition of the Inclusive Growth Framework and its underlying metrics would be adapted as the WMCA drew from member, partner and citizen insight.

40. Housing First: Background, Principles, Governance and Delivery

The board considered a report from Henry Kippin, Director of Public Service Reform, and Gareth Bradford, Director of Housing & Regeneration, outlining proposals to deliver a Housing First pilot across all seven constituent areas of the WMCA which was designed to prevent and relieve the homelessness of rough sleepers with the most complex needs.

Councillor Mike Bird stressed the importance of delivering this initiative at pace, given the seriousness of the social problems it was seeking to tackle. Councillor Ian Ward noted that clarity as to the role different public authorities would play in delivering this policy would be key to its success.

Resolved:

- (1) It be noted that WMCA had been awarded £9.6m for the delivery of Housing First for the period 2018-21.
- (2) It be noted that Birmingham City Council had received £1.44m to cover the first year of the pilot.
- (3) It be noted that the constituent authorities had agreed to deliver 225 housing units per year, for three years, in order to conduct the pilot.
- (4) The principles of taking a Housing First approach to supporting people who were sleeping rough into secure accommodation be endorsed.

41. Congestion Management

The board considered a report from Laura Shoaf, Managing Director of Transport for West Midlands, on a Congestion Management Plan and supporting activities which would, together with all partner authorities and other transport agencies, facilitate the existing and future economic performance of the region with a growing demand for journeys.

Councillor David Humphreys noted that there was significant population and economic growth within non-constituent areas and that this would impact on congestion across the region. Councillor Roger Lawrence reported that Transport for West Midlands had good relations with neighbouring transport authorities and looked to work closely with them whenever opportunities arose. In respect of the opening of new rail stations, he confirmed that West Midlands rail was actively undertaking this and could provide further details on the new stations plan for the region on request.

David Jamieson confirmed that his office would be involved in many of the congestion management initiatives contained within the report and looked forward to working with Transport for West Midlands.

Resolved:

- (1) The ten point plan and the wider actions outlined within the Congestion Management Plan be agreed.
- (2) The preferred option 6 for the development of the Regional Transport Coordination Centre and next steps in development be agreed.
- (3) The Road Safety Memorandum of Understanding be agreed, and the development of a Regional Road Safety Strategy being led by Coventry City Council be noted.

- (4) The Key Route Network global evidence report and 23 detailed corridor reports be agreed for publishing, and the monitoring framework be approved.

42. Investment Board - 26 July 2018

The board received the minutes of the Investment Board held on 26 July 2018.

Resolved:

The minutes of the meeting held on 26 July 2018 be noted.

43. Wellbeing Board - 13 July 2018

The board received the minutes of the Wellbeing Board held on 13 July 2018.

Resolved:

The minutes of the meeting held on 13 July 2018 were noted.

44. Housing & Land Delivery Board - 16 July 2018

The board received the minutes of the Housing & Land Delivery Board held on 16 July 2018.

Resolved:

The minutes of the meeting held on 16 July 2018 were noted.

45. Overview & Scrutiny Committee - 16 July 2018

The board received the minutes of the Overview & Scrutiny Committee held on 16 July 2018.

Resolved:

The minutes of the meeting held on 16 July 2018 were noted.

46. Transport Delivery Committee - 16 July 2018

The board received the minutes of the Transport Delivery Committee held on 16 July 2018.

Resolved:

The minutes of the meeting held on 16 July 2018 be noted.

47. Investment Board - 20 August 2018

The board considered the minutes of the Investment Board held on 20 August 2018.

Resolved:

- (1) The minutes of the meeting be noted.

- (2) In respect of the Coventry South and A46 Link Road Phase 1 (minute no. 21):
- (a) The award of £6.6m development deal funding for the A46 Stoneleigh Junction (A46 Link Road Phase 1) be approved, subject to a successful confirmation from the Department for Transport of Local Growth Fund grant.
- (3) In respect of the A45 to Solihull Town Centre and UK Central Strategic Cycle Link (minute no. 22):
- (a) The Full Business Case for the UK Central Hub Strategic Cycle Link and the A45 to Solihull Town Centre (Damson Parkway) Cycle Link be approved.
 - (b) The funding position be noted, with any underspend being considered as part of the work being undertaken across the Investment Programme.
 - (c) The experiences gained by Solihull Metropolitan Borough Council in encouraging behavioural change to increase cycling be shared with other local authorities in the West Midlands.

48. Overview & Scrutiny Committee - 4 September 2018

The board received the minutes of the meeting of the Overview & Scrutiny Committee held on 4 September 2018.

The Mayor thanked Overview & Scrutiny Committee for its consideration of the Midland Metro construction proposed business support package. He agreed that future board reports should include a specific paragraph setting out the 'inclusive growth' implications of the report, and he would ask the Chief Executive to formally respond to the request that pre-decision scrutiny would form part of the development of key strategic policies of the WMCA.

Resolved:

The minutes of the meeting held on 4 September 2018 were noted.

49. Exclusion of the Public and Press

Resolved:

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

50. Industrial Strategy

The board considered a report from Patrick White, Director of Industrial Strategy, on the progress made in developing a West Midlands Industrial Strategy and seeking endorsement of the content for consultation.

Councillor Tony Jefferson indicated that two large employers within Stratford-upon-Avon had expressed concern to him regarding electricity supply and the impact this was having on their expansion plans. Councillor Alex Phillips noted a lack of reference within the report to the agri-food sector, which was significant within Shropshire. Councillor Ian Ward noted these comments and undertook to ensure that the Local Industrial Strategy included references to the non-constituent authorities.

Resolved:

- (1) The emerging commitments and actions for informal consultation be endorsed.
- (2) The process to consult on a draft Local Industrial Strategy in September before considering a final strategy for publication in late Autumn, including retaining the existing Strategic Economic Plan targets, was endorsed.
- (3) Responsibility be delegated to the Portfolio Lead for Economic Growth and the Strategic Economic Delivery Board and to sign off on the final wording of the consultation draft and to oversee the consultation process.

51. Friday 9 November 2018 at 11.00am

The date of the next meeting was noted.

The meeting ended at 12.35 pm.

WEST MIDLANDS COMBINED AUTHORITY FORWARD PLAN: JANUARY 2019 - JULY 2019

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
Budget Monitoring 2018/19	To review the latest budget monitoring position.	11 January 2019	No	Cllr Bob Sleigh	Sean Pearce	No	Finance
Draft 2019/20 Budget, Precept and Levy	To consider proposals for the 2019/20 WMCA budget, precept and levy.	11 January 2019	Yes	Cllr Bob Sleigh	Sean Pearce	No	Finance
Local Industrial Strategy Final Approval	To approve the Local Industrial Strategy.	11 January 2019	Yes	Cllr Ian Ward	Patrick White	No	Economic Growth
Brexit Update	To provide an update on the implications for the WMCA	11 January 2019	No	n/a	Julia Goldsworthy	No	Governance
Adult Education Budget Commissioning Priorities	To agree priorities for commissioning	11 January 2019	Yes	Cllr George Duggins	Julie Nugent	No	Skills & Productivity

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
Bus Bylaws	To consider proposals regarding bus bylaws	11 January 2019	Yes	Cllr Roger Lawrence	Laura Shoaf	No	Transport
Regional Road Safety Strategy	To approve the Regional Road Safety Strategy	11 January 2019	Yes	Cllr Roger Lawrence	Laura Shoaf	No	Transport
Park & Ride Strategy	To agree a park & ride strategy	11 January 2019	Yes	Cllr Roger Lawrence	Laura Shoaf	No	Transport
WMCA 2019/20 Budget, Precept and Levy	To agree proposals for the 2019/20 WMCA budget, precept and levy.	8 February 2019	Yes	Cllr Bob Sleight	Sean Pearce	No	Finance
Medium Term Financial Plan	To approve the plan.	8 February 2019	Yes	Cllr Bob Sleight	Sean Pearce	No	Finance
Police & Crime Commissioner Governance	To seek approval to submit scheme to Home Office.	22 March 2019	Yes	n/a	Henry Kippin	No	Governance

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
New Stations Outline Business Case - Packages 1 & 2	To approve the outline business cases in respect of new rail stations Willenhall - Darlaston	22 March 2019	Yes	Cllr Roger Lawrence	Laura Shoaf	No	Transport
Budget Monitoring 2018/19	To review the latest budget monitoring position.	12 April 2019	No	Cllr Bob Sleigh	Sean Pearce	No	Finance
Budget Monitoring 2018/19	To review the latest budget monitoring position.	28 June 2019	No	Cllr Bob Sleigh	Sean Pearce	No	Finance
Police & Crime Commissioner Governance	To seek approval for the Order for PCC governance.	July 2019	Yes	n/a	Henry Kippin	No	Governance

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WMCA Board

Date	9 November 2018
Report title	Consultation for the Transfer of West Midlands Police & Crime Commissioner Functions
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7200
Accountable Employee	Henry Kippin, Director of Public Service Reform email: henry.kippin@wmca.org.uk tel: (0121) 214 7880
Report has been considered by	Programme Board - 26 October 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

1. Note the comments received from the Constituent Councils, the Police and Crime Commissioner and the Chief Constable, and the resulting revisions to the Scheme.
2. Note and agree the proposed 2 stage consultation process, including the revised timetable, and revised Governance Review and Scheme [Appendix A and B] to be consulted upon.
3. Agree to receive a further report at 22nd March 2019 WMCA Board detailing the outcome of the consultation. (Note proposed change of date to accommodate timetable)

1. Purpose

1.1 The purpose of this report is threefold:

- 1) To report back on feedback received from constituent councils, the Police and Crime Commissioner (PCC) and West Midlands Police (WMP) following circulation of the Scheme and Governance Review at September WMCA Board.
- 2) To show how and where this feedback has been incorporated within the Scheme and Governance Review – with the intent that both documents are now ready to be agreed by WMCA Board for public consultation.
- 3) To outline the proposed two-stage consultation route and authorise WMCA to begin this process in line with the agreed intention for a transfer of responsibilities in time for election of a Mayoral PCC in 2020.

2. Background

- 2.1 The legislative and policy background to this governance transfer is outlined in some detail within the report to September WMCA Board – with the overall mandate of effecting a transfer of governance to enable the election of a Mayor with PCC responsibilities for the West Midlands in 2020 in line with the region's second Devolution Deal.
- 2.2 The core principles of this transfer were outlined in the September Board paper, and remain as follows:
 - a) *Consistency and Continuity* – preserving the role, functions and capacities of the PCC within a Mayoral model in line with the Policing Protocol and aligning to Home Office policy.
 - b) *Distinct, Robust and Visible Police Governance* – maintaining the role of the Police and Crime Panel, and with a commitment to clear, planned and visible ongoing governance (including an ongoing role for the Strategic Policing and Crime Board) at point of transfer.
 - c) *Clear separation of the Mayor's PCC and WMCA Chair* roles – ensuring proper clarity of governance and the appropriate degree of separation between police governance and the wider politics of the WMCA
 - d) *Clarity over Budgets, Assets and Borrowing* – maintaining appropriate ring-fencing and committing to continuity over existing protocols and scheme of consent at point of transfer.
 - e) *Real Potential for Better Outcomes* – building on the 'and crime' elements of the portfolio and WMCA influence in skills, housing, transport, PSR and economic growth policy to address the causes of crime and support sustainable policing and better outcomes through collaboration.
 - f) *A Transparent and Collaborative Process* – maintaining the WMCA's commitment to working openly with the OPCC, constituent councils, WMP, the Home Office and other key stakeholders on both the content and process of this transfer. We are grateful for this ongoing engagement and support.

2.3 At September Board, WMCA members and the PCC agreed to take the Governance Review and Scheme back for consideration within their authorities – and to send feedback to WMCA officers by 19 October for incorporation within the iteration of the Scheme and Review presented in this report. The Governance Review outlined the current and proposed PCC model, with specific reference to areas where clarity on governance, accountabilities and operational detail were required. The Scheme provided for the underlying legislative basis for the transfer. WMCA Board also requested that more work be carried out on an appropriate consultation design – proposals for which are outlined in Section 4 below.

3. Feedback on the Governance Review and Scheme

3.1 We have received written feedback from a number of consultees during this phase, which are attached as appendix C. Birmingham, Dudley, Sandwell and Wolverhampton Councils indicated that they understood the Scheme and Review and had no additional comments at this stage. It will be confirmed at the Board meeting that Coventry City Council has noted the proposals around the consultations and scheme and awaits the outcome of the consultations and final proposals for consideration. Solihull confirmed that they would verbally update the Board at the meeting on November 9th with their feedback. Coventry, Walsall and the PCC communicated questions relating to a limited number of issues including:

- a) *Restrictions pertaining to the role of Deputy Mayor for Policing and Crime – specifically, the provision that active WMCA Board Members should be restricted from this role; and that appointments should be restricted to the constituent WMCA area. (paragraph 3.2 of the Scheme)* The concern expressed is that such restriction runs the risk of limiting the possible talent pool available. **To deal with this it is proposed to incorporate this as specific questions in the consultation so that we might also gauge the public's view.**
- b) *Questions pertaining to the consultation – specifically, the phasing of its two stages, and the need for assurance about the appropriate point at which analysis and communication of results should take place.* **This is dealt with in Sections 4 and 5 below.**
- c) *A need for absolute assurance as to the ring-fencing of funding and assets; and of the distinction between Mayoral PCC accountability (and attendant structures to assure this) and the wider decision-making functionality of the WMCA.* **This is dealt with in Section 5 of the Governance Review and Section 3 of the Scheme.**
- d) *Observations from WMP relating to clarity of language around the operational independence of the Chief Constable and the role of the PCP.* **These have been accepted in full.**
- e) *Request for written clarification from the Home Office that the process that they accept is being followed is via S107(f) of the Local Democracy Economic Development and Construction Act 2009.* **With regard to this it has been confirmed in writing from the Home Office that S107(f) is the legislative route.**
- f) The full response by the PCC is at Appendix C however the key highlights can be summarised as follows:
 - i. *Noting that the range of Mayoral responsibilities could limit specific attention to policing, providing less effective scrutiny and strategic leadership and more reliance and day to day delegation on the Deputy Mayor for Policing and Crime.*
 - ii. *The possibility of policing resources and assets being diverted away as they will be owned by WMCA and not as is currently the case by the PCC as Corporation Sole.*

- iii. *The possibility of Mayoral decisions on policing being susceptible to influence by the committee and board structure of the Combined Authority and other stakeholders, which could impact on the operational independence of the Chief Constable.*
- iv. *A concern that future boundary changes could be problematic where they do not align to the PCC area.*
- v. *Concern that there is no proposed evaluation between the first and second stages of consultation.*

We believe the Review, Scheme and underlying legislation provide assurance as to these concerns:

- The Police Reform and Social Responsibility Act of 2011 creating the role of PCCs was enacted some 5 years before the Cities and Local Government Devolution 2016 Act which created the role of Combined Authority Mayors. The 2016 Act provided a new legislative route for the potential transfer of PCC roles and responsibilities to elected CA Mayors by amending the 2009 Act and inserting Section 107F and Schedule 5C. It must therefore be assumed that, in approving this specific legislation, Parliament gave appropriate consideration to some, if not all, of the issues being raised and was content that appropriate safeguards were in place.¹The Order will provide for all of the current PCC powers and responsibilities to be exercisable by a Mayor also holding the PCC role. Apart from any required consequential changes, the current legislation in the 2011 Act – which sets the parameters for the role and operation of PCCs – will remain in full force and apply as much to a mayoral PCC as to any other PCC. The limitations on delegations will remain the same as is currently the case for the PCC and as such it will be for the Mayor to determine what they decide to delegate or not. Accountability will clearly remain the same in respect of the two models.
- The Order will also specifically provide for the transfer of resources and assets. Whilst they will be owned by the WMCA the Order will provide for decisions regarding their use being restricted to the Mayor.
- In terms of any possibility of outside influence on the discharge of this role, the role will clearly be a mayoral function and decisions will be for the Mayor or any Deputy Mayor for Policing and not subject to approval or decision of other parts of the Combined Authority governance structure. The Mayor will be required to swear the same oath of impartiality as is currently the case with the PCC. The Chief Constable has also confirmed his position in respect of the proposals and the impact on operational independence, Appendix C.
- The impact of possible future boundary changes is covered in 5.16 of the Governance Review. It would be no different with regard to other CA wide mayoral powers such as Fire and Highways – but would indeed require careful consideration as to the implications as and when such proposals arose. We do not consider this issue sufficiently problematic to render the proposals unworkable at this point of time.
- The concern regarding evaluation between the two stages of consultation is dealt with below in paragraphs 5.2 and 5.3.

¹ It should be noted that the changes will not take place till the end of the current PCC's term and will only be part of the mayoral functions following the mayoral elections in May 2020. As such it will not affect the policies and commitments of the current PCC and the current mayor for the remainder of their respective terms of Office.

4. Consultation Principles

- 4.1 WMCA Board has been consistent about the overall timetable for this transfer (namely: to be completed in time for election of a Mayor with PCC powers in 2020); but also the need for this to be underpinned by a robust consultation as part of a commitment to devolution and local democracy. We have therefore proposed to go beyond the statutory minimum and ensure a two-stage public consultation on both the principle and the detail.
- 4.2 We outline below how this will work within the agreed timeline, working from the following underlying principles:
- a) *A two-stage public consultation* – consulting the public on both principle and detail during two separate 8-week periods (exclusive of a Christmas and New Year break).
 - b) *A key role for scrutiny* – building in two opportunities for both WMCA Overview and Scrutiny Committee (at the request of WMCA Board) and the Police and Crime Panel (at the request of the Home Office) to scrutinise and assure the process
 - c) *Appropriate legal guarantees* – taking and following Home Office, WMCA and independent legal advice that the process is legally robust and conducted along principles of good practice
 - d) *Independent question-setting and analysis* – we have engaged an independent agency accredited by the Consultation Institute, who are setting the questions objectively and after dialogue with the PCC and WMCA.
 - e) *A collaborative consultation process* – working with constituent authority governance, legal and communications teams to both assure and plan the best possible consultation.

5. Consultation Design and Analysis

- 5.1 As with previous consultations of this nature, the purpose here is twofold: to provide the Board with Public and Stakeholder views in respect of the proposal; and to provide evidence of local views to the Home Secretary. We have appointed BECG as the agency responsible for supporting the design and analysis of the consultation. The company is an accredited partner of the Consultation Institute and has experience in the West Midlands supporting the consultation on fire governance conducted in 2017. BECG has liaised with WMCA and the PCC to develop the consultation questions in as objective a manner as possible. At time of writing this dialogue remains ongoing.
- 5.2 We are proposing to follow advice from BECG on the appropriate analysis of a two-stage consultation, which is that good practice would be to move from Stage 1 to Stage 2 of the consultation without reporting interim results so as not to unduly influence the second stage. BECG have advised that *“The proposed approach by WMCA to publish the results of both stages of consultation together will provide a comprehensive account of feedback for stakeholders and the WMCA board to consider. The alternative option would be to report on each stage separately. We would advise against this, given the potential for the results of stage one to unduly influence the consultation on stage two.”*

This is reflected in the timeline below

- 5.3 Analysis of the consultation will be carried out by BECG, who will also prepare and develop the Consultation Report.

6. Explaining the Consultation Route

6.1 The proposed consultation timetable is outlined in visual form in Appendix D. A tabular version is included below. Both show the route to a governance transfer in time for 2020 elections, in accordance with the principles noted above.

Action	Who	Date
Consultation Proposals	Programme Board	26 October 2018
Seek Approval to Consult	CA Board	9 Nov 2018
Public Consultation Stage 1	CA, Constituent Councils and PCC	16 Nov - 11 Jan 2019
Police & Crime Panel	PCP Members, PCC & WMCA Officers	26 November 2018
WMCA Overview & Scrutiny Committee	Cttee membership & WMCA Officers	26 November 2018
Public Consultation Stage 2	CA, Constituent Councils and PCC	14 Jan – 11 March 2019
Police & Crime Panel	PCP Members, PCC & WMCA Officers	14 January 2019
WMCA Overview & Scrutiny Committee	O&S Cttee membership & WMCA Officers	25 February 2019
Early consultation outcomes	Programme Board	8 March 2019
Consideration of Consultation Outcomes and Approval to submit	CA Board/PCC	22 March 2019
Scheme to Home Secretary	CA	11 April 2019
Preparation of Order	Home Office	May - July 2019
Delegated Consents	CA and Constituent Councils	June – July 2019
Consent to Order	CA and Constituent Councils	End of August 2019
Lay in Parliament*	Home Office	Oct/Nov 2019
Confirmation of Order	Home Office	December 2019
Election of Mayor with PCC Powers		May 2020

* *The Electoral Commission report (September 2016) recommends that legislation impacting an election should be clear at least six months before the date of the scheduled poll. Tabling date will depend on Parliamentary approval processes but will need to be before 7 November at the latest.*

7. Next Step and Decisions

7.1 WMCA Board is being asked to approve the above consultation process – which, according to the timeline above, means beginning stage 1 on 16th November 2018 and stage 2 on the 14th January. A report of this consultation (both stages 1 and 2) – with the opportunity to approve – will be brought to Board on 22nd March 2019.

7.2 We are grateful that the WMCA team has been able to work with Constituent Council monitoring officers (and heads of legal) and elections officers to ensure that the timeline fits with local political timetables – including avoiding the pre-election period before local elections in 2019. We are confident that each Constituent Council is aware of the timetable, understands the implications, and we are working in close collaboration to ensure the process works as well as possible.

7.3 The process from here on in – outlined in the timetable above – offers a number of opportunities for the WMCA Board to consider progress; and for individual constituent councils to do likewise. Progress through WMCA Board will be through two-thirds majority vote, and there are also points in the process (such as the Home Office request for consent, and the necessary changes to WMCA constitution) which will require unanimity. These are outlined in the table in Section 6 above and Appendix D.

8. Financial implications

8.1 The Financial implications of progression of governance arrangements and the statutory order are being met through internal resources of the WMCA, with support from the Home Office and OPCC as appropriate.

8.2 Wider costs of transition are being developed with a view to resources for transition planning being earmarked with the WMCA's annual budgeting and Medium-Term Financial Planning processes.

9. Legal implications

9.1 The legal implications in terms of legislation are outlined in previous reports. Further legal implications are reported through the Governance Review and Scheme for consideration.

10. Equalities implications

10.1 There are no direct equalities implications arising out this report.

11. Other implications

11.1 The WMCA Board has asked for the inclusive growth implications of each board paper to be outlined in this section. We are developing a set of materials that will allow officers and partners to do this robustly, which will be reflected in WMCA Board reports from January 2019 onwards.

11.2 In regards to Geographical implications these proposals only have effect within the Constituent Council areas, ie the WM metropolitan area.

12. Schedule of background papers

- Governance Review and Scheme
- Report to WMCA Board 14 September 2018

13. Appendices

Appendix A – Governance Review

Appendix B – Scheme

Appendix C – Governance Review and Scheme written feedback

Appendix D – Consultation Flow Chart

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Review of Governance and Functions of the West Midlands Combined Authority

Transfer of Police and Crime Commissioner Functions

The Cities and Local Government Devolution Act 2016 includes provisions which enable the transfer of Police and Crime Commissioner (PCC) functions to elected mayors.

This Review deals with the transfer of the Police and Crime Commissioner (PCC) functions to the Mayor of the West Midlands Combined Authority (WMCA) as a directly elected individual and the implications of this transfer

It is the next phase of the West Midlands Combined Authority WMCA review of governance which builds on the latest (second) Devolution Deal, agreed at the WMCA Board meeting of the 9th February 2018, and previous Governance Reviews.

1.0 BACKGROUND

There are 40 police and crime commissioners across England and Wales. The City of London Corporation governs the City of London Police and the directly-elected mayors in London and Greater Manchester hold PCC functions for their areas. The Mayor of London occupies the Mayor's Office for Policing and Crime (MOPAC), which is a corporation sole defined in primary legislation and is statutorily distinct from other PCCs.

On 22nd November 2017, a second devolution deal for the West Midlands was announced as part of HM Treasury's Autumn budget. In relation to policing, the deal conveys a commitment that 'the government, the CA and the PCC will work together to agree a detailed governance model and a legislative timetable for transferring the role and power of the Police and Crime Commissioner into the mayoralty, with a view to electing the first Mayor with these powers in 2020'.

When considering the Devolution Agreement on 9th February 2018 the WMCA board agreed that '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, informed by guidance from the Home Office and the Ministry of Housing, Communities & Local Government.' This was reaffirmed at the CA Board Meeting of the 20th July when the 'development of a Governance Review and Scheme to enable the proposed transfer of the functions of the West Midlands Police & Crime Commissioner into the Mayoralty for the elections to be held in 2020' was agreed.

The necessary legislation to enable this can be found in the Cities and Local Government Devolution Act 2016, Section 4, Functions – 107F Functions of Mayors – Policing.

The geographical boundaries of the WMCA and the West Midlands PCC police area are coterminous.

2.0 EXISTING ARRANGEMENTS

2.1. Existing PCC/ Policing Arrangements

Police and Crime Commissioners were created by the Police Reform and Social Responsibility Act 2011, and the first elections were in November 2012. Each PCC term is 4 years in duration, the next elections are scheduled for May 2020.

Under the Police Reform and Social Responsibility Act 2011, Police and Crime Commissioners must:

1. Secure an efficient and effective police force in their area.
2. Appoint the Chief Constable (CC), hold them to account and if necessary dismiss them.
3. Set the police and crime objectives for their area through a Police and Crime Plan.
4. Set the force budget and determine the precept.
5. Contribute to the national and international policing capabilities set out by the Home Secretary.
6. Bring together community safety and criminal justice partners to make sure local priorities are aligned.

The primary function of the Office of Chief Constable of West Midlands Police is the exercise of operational policing duties under the Police Act 1996 and other relevant enactments. The role of the Police and Crime Commissioner, is to hold the Chief Constable to account for the exercise of these duties thereby securing the maintenance of an efficient and effective police force in the West Midlands.

The PCC is responsible for ensuring their business is conducted in accordance with the law and proper standards, and public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The PCC also has a duty under the Police Reform and Social Responsibility Act 2011 section 1(6) to secure that the police force is efficient and effective.

In discharging this overall responsibility, the PCC is also responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of functions, which includes ensuring a sound system of internal control is maintained through the year and arrangements are in place for the management of risk.

Although the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force, the PCC is required to hold them to account for the exercise of those functions and those of the persons under their direction and control. The relationship between the PCC, the Chief Constable, the Police and Crime Panel and the Home Secretary is guided by the Policing Protocol Order 2011.

The Police and Crime Commissioner and the Chief Constable are separate "Corporations Sole". The PCC and Chief Constable have separate legal identities and can be considered as separate organisations - for example both can employ staff, hold funds and can enter into contracts, though the Chief Constable requires the consent of the PCC to do so.

2.2 Police and Crime Commissioner, PCC

The PCC has an over-arching duty to secure an effective and efficient police force. The PCC has a number of statutory roles, which include:

- representing all those who live and work in the communities in their force area and identifying their policing needs;
- setting the priorities for policing;
- deciding the budget for West Midlands Police;
- holding the Chief Constable of West Midlands Police to account for achieving the Commissioner's priorities as efficiently and effectively as possible;
- hiring and, if necessary, dismissing the Chief Constable.

In order to fulfil these roles, the PCC has a range of powers and responsibilities. The PCC:

- must produce a Police and Crime Plan that sets out:
 - Their policing objectives
 - The policing that is to be provided
 - The financial resources that are to be available for policing
 - How policing performance will be measured
- must set the policing "precept", which is the part of local council tax that goes to policing;
- can make Crime and Disorder Reduction Grants;
- has an oversight role in how complaints against the police are managed;
- must keep under review opportunities for collaboration;
- has duties relating to national criminal threats, safeguarding of children, and consulting the public;
- has a role in ensuring the effectiveness of the wider criminal justice system.

In addition to the statutory roles the West Midlands PCC has roles in national policing governance structures, such as chairing the Counter Terrorism Strategic Board, being host for the National Ballistics Intelligence Service, participation in the Specialist Capabilities Programme, direct service design, commissioning and contract management of victim services, restorative justice schemes and large projects supporting the most vulnerable such as novel domestic violence programmes, lead for the National Analytics Service and board member for the Road Safety Trust. In relation to local, regional and national police collaboration other governance functions include areas such as counter-terrorism (West Midlands Counter Terrorism Unit), organised crime (West Midlands Regional Organised Crime Unit), motorway policing (Central Motorway Police Group), firearms licensing and aerial surveillance (National Police Air Service).

The OPCC's budget has absorbed cost pressures since its formation in 2012, including the requirement to undertake additional functions that have been transferred from other organisations and the impact of inflation. For example, the governments statutory requirement to have legally qualified chairs at police gross misconduct hearings from April 2016 ~~introduced in January 2016~~. The office now supports the Active Citizen Fund initiative distributing funding to Neighbourhood Policing Units to support local projects and commissions victims' services across the region. In addition, the OPCC manages a significant number of external funded projects totalling £11m supporting crime prevention and tackling gangs and violence across the area. Also, the OPCC from April 2018 is administering the new West Midlands Community Safety Partnership which local authorities previously undertook. The office has also recently

taken the responsibility officially for the Appropriate Adults scheme which supports vulnerable adults in custody. The 2018/19 budget includes provision for supporting revised arrangements relating to the handling of complaints as a result of the Police and Crime Act 2017.

As a 'corporation sole' the PCC can employ staff, hold assets, borrow and enter into contracts in the discharge of their functions.

The PCC is also supported by a Strategic Policing and Crime Board.

The Strategic Policing and Crime Board, SPCB, ensures effective engagement, strategic direction and holding to account of West Midlands Police. The SPCB usually meets monthly and its reports include performance information for West Midlands Police. Its meetings are public, and anyone is welcome to attend and observe. The SPCB comprises the PCC, two Assistant Police and Crime Commissioners and seven Board Members. Appointments are based on their skills and experience. Their role is:

- to maintain an overview of the implementation of the PCC's manifesto in order to ensure consistency in approach but having regards to the differing needs in the West Midlands;
- to monitor the implementation and achievement of the Police and Crime Plan and support the PCC in any work required to vary the Plan during his term of office;
- to scrutinise, support and challenge the overall performance of West Midlands Police including against the priorities agreed within the Plan;
- to advise the PCC when exercising his functions in setting the budget and precept;
- to ensure the effective working of arrangements for consulting with and engaging local residents, communities and victims of crime;
- to ensure effective working with the local policing and crime boards and advise the PCC on their effectiveness in achieving the outcomes from his award of crime and disorder reduction grants;
- to advise and support the PCC in his decision-making role and in holding the Chief Constable to account;
- to support the PCC more generally in the fulfilment of his statutory duties, to include equalities and human rights obligations.

Information on the work of the PCC can be found at www.westmidlands-pcc.gov.uk.

The PCC is supported in their work by an executive team, the Office of the Police and Crime Commissioner, (OPCC), headed up by the Chief Executive and Monitoring Officer. The team also has the Commissioner's Chief Finance Officer who is also the PCC's S151 Officer, a Legal Adviser, together with a Policy and Commissioning team, Business Support and an Internal Audit team. The cost of the OPCC in 17/18 was £1.948million with a budget of £2.357million set for 18/19

2.3 Police and Crime Panel

The West Midlands PCC, like other PCCs, is scrutinised and supported by a Police and Crime Panel.

The West Midlands Police and Crime Panel comprises 14 members and is made up of 12 councillors from across the West Midlands, 1 each from Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton with a further 2 nominated by Birmingham, 2 by

the Association of Black Country Authorities and 1 nominated by Coventry and Solihull, and two independent members.

The Panel is set up under the provisions of the Police Reform and Social Responsibility Act 2011 and is therefore a statutory requirement as part of any arrangements to discharge the role of a PCC.

The Panel provides checks and balances in relation to the performance of the PCC. The Panel does not scrutinise the Chief Constable – it scrutinises the PCC’s exercise of their statutory functions. While the Panel is there to challenge the PCC, it must also exercise its functions with a view to supporting the effective exercise of the PCC’s functions. This includes—

- the power of review and initial veto (outside the Metropolitan Police District), by a two-thirds majority of the total Panel membership, over the level of the PCC’s proposed precept;
- the power of review and initial veto (outside the Metropolitan Police District), by a two-thirds majority of the total Panel membership, over the PCC’s proposed candidate for Chief Constable;
- the power to ask Her Majesty’s Inspectors of Constabulary (HMIC) for a professional view when the PCC intends to dismiss a Chief Constable;
- the power to review the draft Police and Crime Plan and make recommendations to the PCC who must have regard to them;
- the power to review the PCC’s Annual Report and make reports and recommendations at a public meeting, which the PCC must attend;
- the power to require relevant reports and information in the PCC’s possession (except those which are operationally sensitive) to enable them to fulfil their statutory obligations;
- the power to require the PCC to attend the Panel to answer questions;
- the power (outside the Metropolitan Police District) to appoint an acting Police and Crime Commissioner where the incumbent PCC is incapacitated, resigns or is disqualified; and
- responsibility for complaints about a PCC, although serious complaints and recordable conduct matters must be passed to the IOPC in line with legislation.
- The Panel is administratively supported by Birmingham City Council

Further information on the West Midlands Police and Crime Panel can be found at www.westmidlandspcp.co.uk

2.4 Role of Chief Constable

The West Midlands Chief Constable has overall responsibility for the exercise of direction and control over police officers and police staff of West Midlands Police Force, WMP, ‘the force’. The Chief Constable and all officers must exercise their common law and statutory powers in accordance with the law. The Chief Constable will be held to account by the Police and Crime Commissioner for the exercise of these duties thereby securing the maintenance of an efficient and effective police force in the West Midlands and the way resources and spending are managed. The Chief Constable must, in exercising the functions of Chief Constable, have regard to the PCC’s police and crime plan and will help the PCC plan the WMPF budget and give them access to information, officers and staff whenever this is needed.

The Chief Constable is responsible for ensuring the WMP business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

In discharging this overall responsibility, the Chief Constable is also responsible for putting in place proper arrangements for the governance of the WMP affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.

The Chief Constable is accountable in law for the exercise of police powers, and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, their constables and staff, remain operationally independent in the service of the communities that they serve.

The Chief Constable is responsible to the public and accountable to the PCC for:

- leading the force in a way that is consistent with the attestation made by all constables on;
- appointment and ensuring that it acts with impartiality;
- appointing the force's officers and staff (after consultation with the PCC, in the case of officers above the rank of Chief Superintendent and police staff equivalents);
- supporting the PCC in the delivery of the strategy and objectives set out in the Police and Crime Plan;
- assisting the PCC in planning the force's budget;
- providing the PCC with access to information, officers and staff as required;
- having regard to the Strategic Policing Requirement when exercising and planning their policing functions in respect of their force's national and international policing responsibilities;
- notifying and briefing the PCC of any matter or investigation on which the PCC may need to provide public assurance either alone or in company with the Chief Constable (all PCCs will be designated as Crown Servants under the Official Secrets Act 1989(a), making them subject to the same duties in relation to sensitive material as Government Ministers);
- being the operational voice of policing in the force area and regularly explaining to the public the operational actions of officers and staff under their direction and control;
- entering into collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency or effectiveness of policing, and with the agreement of their respective Policing Bodies;
- remaining politically independent of their PCC;
- managing all complaints against the force, its officers and staff, except in relation to the Chief Constable, and ensuring that the PCC is kept informed in such a way as to enable the PCC to discharge their statutory obligations in relation to complaints in a regular, meaningful and timely fashion. Serious complaints and recordable conduct matters may need to be referred to the Independent Office for Police Conduct in line with legislation;
- exercising direction and control in such a way as is reasonable to enable their PCC to have access to all necessary information and staff within the force;
- having day to day responsibility for financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.

- The Chief Constable of the West Midlands is supported by a Deputy Chief Constable, six Assistant Chief Constables (one is seconded to the National Crime Agency, with salary and other costs met by the NCA and another ACC is seconded to the National Police Chiefs Council, with salary costs met by the WMP and other costs to be met nationally), a Director of Commercial Services who is also the WMP section 151 Officer and a Director of People and Organisational Development.

Further information on West Midlands Police can be found at www.west-midlands.police.uk

2.5 Existing WMCA Arrangement

The WMCA, which came into being 1 June 2016, comprises 7 constituent councils that are coterminous with the area of the CA, 11 non-constituent councils and 4 Local Enterprise Partnerships (LEPs). Through the CA, chaired by the Mayor, they work together to improve the quality of life for everyone living in the West Midlands.

The powers of the WMCA are set out in two Powers and Functions Orders in 2016 and 2017 respectively. Principally they relate to public and passenger transport, Economic Development and Regeneration, contain Highways Functions, contain powers regarding congestion and road safety, powers regarding housing land and infrastructure including CPO, the power to establish a Mayoral Development Corporation, powers relating to skills and learning and the Adult Education Budget, powers to borrow and to propose a Business Rates Supplement.

The Strategy to achieve this is called the Strategic Economic Plan (SEP), which sets out the vision for improving the quality of life for everyone in the West Midlands.

By working with people, organisations and businesses across the region the Mayoral WMCA is focused on delivering the benefits of devolution to the residents of the West Midlands.

The plan shows how we will use devolved powers and resources to deliver a stronger West Midlands with a focus on skills, innovation, transport and inward investment.

To achieve this there are eight priority actions:

1. New manufacturing economy: harnessing the biggest concentrations of high value manufacturing businesses in Europe and their supply chains.
2. Creative and digital: further developing the areas vibrant and flourishing sector.
3. Environmental technologies: securing transformational environmental improvements.
4. Medical and life sciences: enabling the further growth of the medical and life sciences sector and supporting other businesses to diversify and become part of the sector's supply chain.
5. HS2 growth: maximising the benefits of the largest infrastructure project in Europe.
6. Skills for growth and employment for all: ensuring the skills needs of businesses are met and everybody can benefit from economic growth.
7. Housing: accelerating the delivery of current housing plans to increase the level of house building to support increased level of growth.

8. Exploiting the economic geography: making the most of the scale and diversity of the West Midlands' geography to enable economic growth and community wellbeing throughout the urban core and rural areas.

The WMCA governance oversight of this consists of an elected mayor, a WMCA Board and a number of Committees and Boards:

Audit, Risk and Assurance Committee

Housing and Land Delivery Board

Investment Board

Overview and Scrutiny Committee

Public Services Reform Board

Transport Delivery Committee

Wellbeing Board

WMCA Board

The Authority also employs a Leadership Team of Directors who are responsible for a range of policy areas and service delivery, together with a Finance Director (s151 Officer) and Monitoring Officer/ Clerk to the Authority.

2.6 Mayor

In the West Midlands the first Mayor was elected in May 2017.

The Mayor is chair of the West Midlands Combined Authority (WMCA), elected by the electorate of the WM on a four-year cycle (first cycle was 3 years to bring in line with the PCC election cycle), the next election will take place in 2020. Specific powers include:

- Economic growth
- Transport
- Housing
- Skills and jobs
- Wellbeing

However, there are a number of other areas that the Mayor focuses on and plays a part in:

- Homelessness and rough sleeping
- Youth unemployment
- Community cohesion
- Air quality
- Public Service reform

Another key role of the Mayor is to serve as an advocate and global ambassador for the West Midlands region, helping to build trade links and attract inward investment.

2.7 WMCA Board

The Board membership consists of the Mayor and two elected councillors, including the leader, from each of the seven constituent councils, which cover the West Midlands conurbation (Birmingham City Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, Walsall Metropolitan Borough Council, and City of Wolverhampton Council). Representatives from ten non-constituent members also form part of the Board and have limited voting rights – Cannock Chase District, North Warwickshire Borough, Warwickshire County, Nuneaton and Bedworth Borough, Redditch Borough, Rugby Borough, Shropshire, Stratford on Avon District, Tamworth Borough and Telford and Wrekin Councils together with the 3 LEPs covered by the WMCA Area, Black Country, Coventry and Warwickshire and Greater Birmingham and Solihull. The PCC and the Fire Authority currently also sit on the Board as Observer members, whilst they do not possess voting rights, they are able to add value by contributing to strategic discussions.

The Board:

- has overall responsibility for developing and delivering the Strategic Economic Plan (SEP);
- has overall responsibility for developing the strategy and delivering Public Service Reform (PSR);
- ensures delivery of the agreed devolution deals;
- negotiates and delivers further devolution deals;
- approves future devolution deal development;
- determines strategy on investment decision;
- allocates resources through the Combined Authority budget & income streams such as devolution deals;
- determines Transport strategy and spending priorities;
- operates a Cabinet model with Constituent Member Leaders 'sponsoring' a portfolio;
- considers and determines applications for Constituent, Non-Constituent and Observer status;
- works with partners to develop the Midlands Engine;
- works with Government to develop and influence national policy;
- sets the fees for membership

It operates through a number of Committees.

Audit, Risk & Assurance Committee

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

oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Overview & Scrutiny Committee

To ensure that decisions made by the WMCA, help make the West Midlands region a better place to live, work, study and do business.

To undertake call-in arrangements for the Combined Authority. To make recommendations for consideration by the WMCA Board.

Transport Delivery Committee

The Transport Delivery Committee is a sub-committee of the WMCA Board and is part of the Transport for West Midlands (TFWM) activities. The committee provides oversight of the operational delivery of transport across the West Midlands, and as requested by the WMCA Board or Leader with Transport responsibilities, advise on transport policy matters.

The committee is responsible for the discharge of specified transport functions delegated by the WMCA Board.

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

Wellbeing – mental health, mental health commission and health devolution;

Economic growth – delivery of Strategic Economic Plan (SEP), access to finance for business, Collective Investment Fund (CIF), WMCA growth company, international trade and exports, digital strategy and the arts and cultural activity;

Housing and Land – land commission, Land Remediation Fund (LRF) housing delivery, one public estate;

Skills and Productivity– skills and productivity commission (including employability), learning for the future and further education (FE) area reviews;

Cohesion & Integration and Public service reform – public service reform agenda, troubled families, criminal justice, welfare reform, shared services and social inclusion;

Transport – delivery of Strategic Transport Plan, Midlands Connect, West Midlands Rail, HS2 delivery transport and Transport Delivery Committee;

Finance and Investment, HS2 – delivery of the WMCA investment agenda.

Environment

3. REVIEW OF THE EXISTING POLICE AND CRIME COMMISSIONER ARRANGEMENTS

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

Police services are not exempt from these expectations and have made significant efficiencies to offset the average 21.2% real terms reductions to total funding since the CSR of 2010 to 2018. The impact on West Midlands Police has been even greater with a 25.1% reduction (equating to £157m) over that period and has resulted in a reduction of police officer numbers of over 2,000. Council tax precept for policing in the West Midlands is the second lowest in the country and to reflect that the HO granted additional flexibility to those Forces in the lower quartile to increase their precept by a maximum of £5 from 2016. For 2018/19 and 2019/20 precept flexibility for all Forces has been raised to £12 per annum and grant levels maintained at 2017/18 levels.

In order to maintain the delivery of efficiencies to meet the funding reductions, the PCC and Chief Constable have implemented and continued to progress 'an ambitious and leading-edge transformational programme' in partnership with Accenture, which is planned to improve services within reducing resource levels. By 2020 the Transformation Programme hopes to deliver:

- increased citizen confidence, participation and satisfaction;
- improved productivity, efficiency, agility and service levels;
- reduced demand using opportunities to prevent crime;
- improved workforce experience
- increase in professional standards;
- improvements in evidence handling;
- a more mobile workforce able to respond at pace.

WMP2020 is a broad programme of organisational, technology and process change. Underpinned by a comprehensive "Target Operating Model", WMP2020 includes a number of projects that will significantly increase WMP's capability to use of new technology in support of offering an efficient and effective service:

- Mobile technology to allow officers to undertake more of their work away from police stations, thereby increasing efficiency and making their work with the public more accessible. This includes, for example, digital witness statements and two-way remote access to Force systems.
- Organisational structures and training that preserves, enhances and clarifies the role of neighbourhood policing, ensuring that resources are concentrated and deployed appropriately
- A "hubbed" Response function that offers increased productivity
- Reconfigured Public Protection, CID and Regional Organised Crime functions to improve service and respond to increased demand
- New engagement tools such as WMNow (a digital messaging service that supports contact with the public and promotes active citizenship) and WMP Cadets (improved engagement with Young People)
- New approaches to recruitment and retention that support more making WMP more reflective of the wider population
- A new online portal allowing the public to obtain information and advice, report crimes and track investigations, including webchat
- New tools for measuring satisfaction with service and confidence in policing
- Much improved information management and visualisation tools that will give WMP the ability to understand and respond to the needs of callers and victims, including a revised

call grading methodology, a new command and control system, and a move to greater use of secure online storage.

- Predictive analytics capabilities that will improve the design, delivery and implementation of preventative activity
- Engagement with national programmes that support local service improvement, such as the National Automatic Number Plate Recognition Service, the Home Office Biometrics Programme, the Single Online Home for Policing, among others.
- Wider use of new technologies that support public confidence in policing and the safety of officers, such as Body Worn Video and Taser

Two examples of the programmes being undertaken are the active citizens and digital revolution initiatives:

Active citizens – research shows that harnessing the power of our people can transform neighbourhoods and transform lives. Active citizenship means getting people involved in their local communities at all levels from street, to ward to borough activity.

Digital revolution – modernising how we engage with people to match their expectations. This project will develop more ways to connect digitally through a variety of online channels. Information sharing leads to better understanding about what is happening in local areas and how the public can prevent crime. Part of the project will look to how best the public can be effectively signposted to the best service to meet their needs.

Devolution provides the opportunity for public service transformation to improve how services are aligned around individuals, to remove the barriers to collaborative working and to bring together social and economic ambitions to support inclusive growth.

The Policing and Crime Act 2017, also places a statutory duty on emergency services to collaborate in the interests of the economy, efficiency, effectiveness and public safety. An Order for the transfer of Fire Authority functions to the Mayor is currently being prepared for submission later this year to Parliament. Once enacted and with both functions the responsibilities of the Mayor will have the benefit of better meeting the duty and identifying opportunity to collaborate and drive innovative reform. The duty to collaborate remains regardless of any transfer of power from the PCC to the Mayor.

4. OPPORTUNITIES AND BENEFITS

The Mayor and the WMCA want to fully grasp the full potential of the devolution opportunity and are already working with local stakeholders to put their aims into action. Government supports these objectives. The government also sees the second devolution agreement as an opportunity to create a step change in the public services agenda, by establishing the building blocks to further public service transformation in the West Midlands in the future and ensuring continued close collaboration between the WMCA and government.

In turn the government, in the second devolution agreement, recognises the ambition of the Combined Authority to improve outcomes for offenders in the West Midlands area and will work with the WMCA and local Police and Crime Commissioner to develop and strengthen the local role in commissioning joined up local criminal justice services whilst recognising and retaining

the strong and visible accountability and governance arrangements put into place by the current PCC.

Opportunities include the contribution that can be made to the achievement of both the PCC and WMCA's strategic ambitions and priorities by supporting growth and reducing the total cost of delivering public services through a coordinated, integrated, intelligence led and collaborative delivery of services. Examples of this are provided below.

The transfer presents the ability to join up the leadership of local public services and unlock a range of opportunities for deeper and more meaningful collaboration. The Mayor, the West Midlands Combined Authority and the Police and Crime Commissioner have a number of shared policy areas where positive progress is already being made, examples include Thrive, Mental Health and Justice, and criminal justice reform. The opportunities presented through the transfer of functions broadens these opportunities further to include gains in joining up public services and systems further focusing on key areas of prevention, early intervention and crisis management – including within several policy areas identified within both the WMCA strategic objectives and the current PCC's Police and Crime Plan.

All changes in democratic governance or public service organisation have costs and benefits. A transfer of this size will need to be managed well, and with the right supporting expertise in place. Through the transfer of PCC functions to the Mayoralty we believe the benefits to the public, to business and to public services are clear:

1. Clearer accountability for citizens, business and government – shifting to a Mayoral PCC model means that one person is accountable within the region for the range of functions that currently sit across the Mayor and PCC. This could well be simpler for the public to understand; means people are asked to vote in one election rather than two; and creates a much stronger link between the governance of policing, the factors that influence it, and the social and economic determinants that contribute to crime. The model provides simplicity to other stakeholders too. The various departments of government have a single interface into the region; and the business community know who is accountable for the things that create the right environment for them to thrive.

In effect, the transfer gives us one single figure in the West Midlands who can work across a range of services, who can influence business and government, and who can make sure that policing and crime in the West Midlands is not only as well governed as today, but is integral to the strategic direction of the region overall.

One example of how this works in practice is in Greater Manchester where the role of the Police and Crime Commissioner was amalgamated into the Mayoralty in 2017. Greater Manchester published their Standing Together Plan for Greater Manchester (their Police and Crime Plan) which, as the title suggests is a plan which encompasses the collaboration across public services and communities which the Mayor acting as PCC is in a unique position to provide. It draws on the links between community safety and local authorities, the local health economy, the voluntary and third sector and communities in tackling the complex problems which they are trying to solve, such as modern slavery and domestic abuse.

2. Much better collaboration between services to the public – the transfer gives the West Midlands the opportunity to build much stronger links between different types of public service, and make sure those services are as bespoke to the needs of the public as

possible. More specifically a single agency approach means reducing confusion and fragmentation for citizens (particularly those with more complex needs who often end up within the policing and justice systems); reducing the cost of ‘failure demand’ (the leaking of resources as a result of this fragmentation); and being much more proactive about joining up the things that keep people away from crime.

We know, for example, that access to housing, skills, jobs and poor transport can be contributing factors in people offending, and why it is so hard for people to stop offending once they are in the criminal justice system. A Mayor with powers across these areas (as will be the case in the West Midlands) has a unique opportunity to see, support collaborate and innovate across public services to help prevent crime and to work much more closely with the Local Authorities who make up the WMCA’s membership.

In London for example, the Mayor’s Office for Policing and Crime was able to identify and respond to an increase in crime on the underground by making changes to the way the transport network responds to reports of offences, the use of CCTV and how evidence is gathered and presented to secure convictions.

3. Reducing demand on Policing through addressing the Causes of Crime – a Mayor with the powers described above can play a key role supporting a more sustainable police force in future. We know that demand for policing is rising, and that recent spikes in violent crime mean that forces around the country have struggled to keep a focus on neighbourhood policing and prevention. With a Mayor as PCC, we would look to create innovative new models of neighbourhood working that align police, fire and other local public services in a way that specifically targets the causes of crime and reduces these spikes in demand.

There are numerous great projects already being commissioned by the PCC in this space – including on crime and economic opportunity, perpetrator management, and prevention for young people at risk. A Mayor as PCC could continue this work but with the opportunity to embed this more obviously within the WMCA’s programme of reform – and therefore leverage the resources available through our skills, housing and economic growth functions, homelessness, mental health, employment support and mentoring programmes, and join up data and intelligence with the region’s emerging Office of Data Analytics.

New York City, although different in scale and composition to the West Midlands, has for many decades had a Mayor responsible for governance of a number of public services, including policing. This has demonstrated that through interlocking partnership strategies NYC successfully cut their numbers of murder and non-negligent manslaughter by 57% from 2000 to 2017, and burglaries by 68% over the same period, the key ambition in NYC was to build cohesive, engaged neighbourhoods. Source:

https://www1.nyc.gov/assets/nypd/downloads/pdf/analysis_and_planning/historical-crime-data/seven-major-felony-offenses-2000-2017.pdf

4. Making Sure the Public Pound is Spent as Efficiently as Possible – the transfer to a Mayoral PCC model does not impact on the money spent within the West Midlands on policing – this is mostly set nationally, is ring-fenced, and will not be negatively impacted on under a different model. Similarly, there are many things that the Office of the PCC does now which would continue – both its statutory functions and discretionary activity.

The point of this transfer is not to consolidate and make a large cost-saving on office costs either – because we will set up a Mayors Office of Policing and Crime which will need a similar level of expertise and resource as the OPCC has currently.

There are, however, areas where we can make a potential saving for the public. Two elections will be replaced by one, with a marginal saving and whilst the saving made will be to Government in relation to the PCC election, there is a case to argue this is reinvested in the West Midlands. The closer integration of staff and governance can help remove costly duplication and speed up collaborative processes. The opportunity for joining up communication with local partners on police and crime, fire, housing, skills and other areas within the WMCA orbit is significant.

In addition to the above there are a number of specific areas where the transfer of responsibilities to the Mayor could open up opportunities. For example;

1. Opportunities to join up the ‘and crime’ aspect of the PCC functions. These are often interpreted as the wider factors which impact on offending and reoffending, reducing social harms and promoting positive, healthy, happy and more prosperous communities. There are particular opportunities with regards to partnerships with key stakeholders including but not limited to Local Authorities, health, housing, probation, employers and the business community. Within the current PCC plan 2016-20 there are 7 key priorities, most of which have a partnership element with local authorities, health, the WMCA or other local stakeholders.
2. The potential to drive down demand on policing through ensuring effective collaboration and partnerships in early intervention and prevention, including through improved data sharing and cross-agency working. This should focus on linking policing strategy to the wider suite of local public services, local authority responsibilities and WMCA priorities. It should also consider the impact on policing within the housing strategy, the skills and productivity deal and wider WMCA activity.
3. Digital - Effective digital leadership and governance is key to implementing successful digital change. Working with GDS and MHCLG, the WMCA are drawing up a Digital Capability Framework which sets out the level of skills required to deliver effective digital programmes, and which can be used to disseminate best practice across local government. The WMCA will be an informed, intelligent, efficient customer for digital innovation in the public sector. This will be supported by best practice digital governance.

The WMCA recognises the potential of data to improve public service delivery. Key to exploiting this successfully is that the WMCA continues to use data and analytics securely and effectively for integrated local decision-making, planning and delivery. GDS and DCLG will work with the WMCA to explore further opportunities for using open data and secure data to improve public service delivery.

WMCA have already recognised that digital is the ‘golden thread’ in the modern economy with the recent launch of their Urban Challenge programme. To further support their ambitions to use technology to solve the complex problems faced by the

public sector, the government has encouraged the WMCA to put forward new challenges to the recently announced GovTech Catalyst, which is supported by the new £20m GovTech Fund. The GovTech Catalyst and Fund will support public bodies to work closely with our world-leading tech sector, taking on the most innovative ideas, to boost productivity in UK public services.

4. 5G Technology – The Government has already recognised innovative proposals from the WMCA in the field of Data Analytics, and the WMCA has recently been awarded national ‘test bed’ status (with substantial funding) for the roll-out of 5G technology through the Urban Connected Communities Fund.
5. Criminal Justice Service - The government has recognised the ambition of the Combined Authority to improve outcomes for offenders in the West Midlands area and is committed to work with the WMCA and local Police and Crime Commissioner and devolving criminal justice responsibilities to the region.
6. Homelessness - The Mayor’s Homelessness Taskforce is working with partners to redesign the services and care offered to homeless people across the West Midlands, with a strong focus on prevention. Government has committed £28m for Housing First pilots in three areas across England, one of which will be in the West Midlands. This will pilot the Housing First approach to ending the homelessness of rough sleepers with the most complex needs. Under this approach individuals will be provided with accommodation alongside intensive key worker support to enable them to recover from issues such as mental health or substance abuse and sustain their tenancies.

5. PROPOSED GOVERNANCE MODEL

The transfer presents the ability to join up the leadership of local public services and unlock a range of opportunities for deeper and more meaningful collaboration, some examples of which are outlined in Section 4 above. The spirit and intent of the proposals are to build on the work initiated by the PCC and as such we will seek to replicate all of the existing local governance arrangements and protocols whilst retaining the operational independence of the CC and WMP. This will include the retention of all existing delegations, particularly those outlined in Sections 5.2, 5.6 and 5.12 as of day 1 following transfer. Following the election in 2020 it should be acknowledged that a new Mayoral PCC or PCC may wish to amend delegations and consents, processes and procedures and governance structures to align with their own approach and intentions.

5.1 Mayor with PCC responsibilities

The existing arrangements for a combined authority Mayor exercising PCC functions is consistent with the PCC model; a single, locally elected representative responsible for ensuring local services are accountable to the people they serve. Key to this is the principle that the core characteristics of the PCC model are maintained whether they are discharged by a PCC or by another directly elected individual such as the Mayor. The provisions affecting the operation of the PCC model are set out in primary legislation which would not be changed fundamentally as

a result of proposals outlined in this Review. In addition, to ensure a smooth transition and continuity, we would expect to replicate all the existing local arrangements and protocols as at day 1 of the new arrangements.

In line with the Cities and Local Government Devolution Act 2016, Schedule 2 it is proposed that the Mayor will exercise in the combined authority area all PCC functions. This will provide for a single directly accountable individual responsible for the discharge of core PCC functions which will be consistent with the PCC model and ambition for local people to have a single point direct accountability. This includes securing that the police force is efficient and effective and holding the Chief Constable to account.

Appropriate remuneration will be paid in respect of the post of Mayoral PCC and any subsequent Deputy Mayor Police and Crime, this would be developed following further advice from the Home Office.

5.2 Corporation Sole – Under the 2011 Act the PCC is a Corporation Sole with the ability to discharge the core functions provided for in the 2011 Act. These functions, see ‘Functions’ below, will transfer to the Mayor who will have the sole responsibility for deciding upon and discharging them. There are however areas that are currently solely discharged by the PCC as Corporation Sole that, after the transfer, will reside in the WMCA:

- Properties, Rights and Liabilities
- Appointments
- Borrowing
- Contracts

With the Mayoral PCC model allowed for within the Cities and Local Government Act 2016 it will be the WMCA that becomes the Corporate Body. The Home Office have confirmed that there is no alternative model to that which has been proposed that is allowed by legislation and there is no intention to create new primary legislation or seek to amend Combined Authority legislation to allow for the Mayor to become Corporation Sole.

With this in mind and to facilitate the principle of ‘Corporation Sole’ is retained within the proposed governance framework due regard will be given within the Constitution of the CA to ensure that any necessary ‘ring fencing’ and ‘Chinese walls’ are in place.

Details as to how it is proposed that this will operate in the future can be found in the relevant sections below.

5.3. Deputy Mayor Police and Crime

In line with the existing provision for PCCs to appoint a Deputy PCC (DPCC) and delegate functions to them, the Mayor will appoint a Deputy Mayor for Policing and Crime (DMPC).

The Deputy Mayor will provide a strong role in supporting the Mayor discharge the PCC functions. The role will be both visible and credible, playing a prominent national role befitting the second largest force in the country and as such having an ability to understand and promote best practice not only internally but nationally as well.

In addition to the restrictions laid out in the Police Reform and Social Responsibility Act 2011 and the Cities and Local Government Devolution Act 2016 the Order will require the

appointment to exclude Members of the Combined Authority and will restrict it to those individuals residing in the CA Area.

5.4. Functions

As per the Police Reform and Social Responsibility Act 2011 the following functions in general will exist. A PCC may delegate any policing function to a DPCC, with the exception of those strategic functions reserved as being exercisable only by the PCC. The functions which may not be delegated by a PCC to a Deputy PCC, and as such by a Mayor acting as PCC to a DMPC are:

- issuing a police and crime plan;
- setting the police budget including the council tax requirement; and,
- Chief Constable dismissals, suspensions and appointments.

Functions that may only be exercised by the PCC or DPCC and, correspondingly, may only be exercised by the Mayor acting as PCC or the DMPC are:

- determining police and crime objectives;
- attendance at a meeting of a Police and Crime Panel in compliance with a requirement by the panel to do so;
- preparing an annual report;
- appointing a local auditor under section 7 of the Local Audit and Accountability Act 2014 (“the 2014 Act”); and
- deciding whether to enter into a liability limitation agreement under section 14 of the 2014 Act.

In addition the Mayor, acting as PCC or the DMPC, may also delegate or sub delegate functions, but not those listed above subject to statutory limitations.

5.5. Existing Local Protocols/ Arrangements

To ensure a smooth transfer, all existing agreed local protocols and arrangements will remain in force at the point of transfer until subsequent review following an election.

5.6 Transfer of properties, rights and liabilities

All property, rights and liabilities which are property, rights and liabilities of the PCC will transfer and vest in the WMCA. However, all decisions relating to PCC functions (and relating to assets and liabilities etc) will be for the Mayor as the directly elected individual.

The use of these assets will however be ring fenced within the Constitution so as to emulate as far as possible the current PCC ‘corporation sole’ arrangement.

All functions and decisions in relation to such property, rights and liabilities are to be exercised solely by the Mayor unless delegated by the Mayor in line with ‘Functions’ above. Any receipts arising from such property, rights and liabilities (whether arising from their use, sale, disposal or otherwise) are to be paid into the police fund kept by the Mayor.

5.7 Office of the Police and Crime Commissioner OPCC

The staff within the OPCC will transfer to the WMCA under a statutory transfer order which will replicate the characteristics of a TUPE transfer.

The Mayoral OPC will be an independent function managed by an 'OPCC Executive Director'.

The Mayor would be involved with the appointment.

5.8 Monitoring Officer and Chief Finance Officer (Section 151 Officer)

There will be a monitoring officer whose responsibilities include the Mayor's exercise of PCC functions. The person appointed to be the monitoring officer will be able to cover a range of functional areas, not just policing.

In addition, there will be a chief finance officer (Section 151 Officer) whose responsibilities include the Mayor's exercise of PCC functions. The person appointed to be chief finance officer can cover a range of functional areas, not just policing.

The Mayor would be involved with the appointments.

5.9. Police and Crime Panel

There will be no change to the role and arrangements in respect of the Police and Crime Panel. Members of the Combined Authority will not be a member of the PCP.

Scrutiny of the discharge of PCC functions will be performed by a Police and Crime Panel who hold the appropriate powers, set out in the Police Reform and Social Responsibility 2011 Act alongside their responsibilities and membership requirements, to effectively scrutinise and support the actions and decisions of the PCC and enable the public to hold them to account.

The Police and Crime Panel (PCP) will exercise broadly the same functions as PCPs under the PCC model, but with some minor modifications such as ensuring the panel only scrutinises the policing element of the precept, which forms a separately identifiable component of a wider combined authority precept, rather than the whole precept.

5.10 Police Funds

With the existing arrangements for a combined authority Mayoral PCC, there is a single precept comprising of separate components for the Mayor's general functions and one for policing. The PCC component is required to appear separately on council tax bills. The secondary legislation (see the Greater Manchester PCC functions transfer order) requires that the Mayor calculates the component of the council tax requirement which relates to policing and which forms part of the precept, taking into account the views of the Police and Crime Panel. It makes clear that the determination of the final amount of the PCC component is for the Mayor acting as PCC. This component is subject to its own referendum criteria. This means government has full flexibility to apply a distinct council tax referendum principle for the policing component of the precept in a mayoral area in the same way as it currently does for all other PCCs across England and Wales. The Home Secretary has the power to give directions to the Mayor acting on behalf of the combined authority in relation to the calculation of the component of the council tax

requirement which relates to policing, and which forms part of the precept. This is similar to the current power he has in relation to PCCs under section 41 of the Police Act 1996 to prevent the safety of people in the police area being put at risk by a decision that sets the precept too low.

Police Funds will be kept separate to the discharge of other Mayoral Combined Authority functions and into which all receipts arising, and liabilities incurred in the exercise of PCC functions must be paid.

Money paid into the police fund is reserved for policing, for example receipts from the sale of police assets would have to be spent on matters relating to policing. In line with statutory guidance for PCCs as set out in the Financial Management Code of Practice the Mayor would have to publicly account for how police funds are spent.

The police fund, which will include precept income, will also include reserves maintained for policing and crime reduction. Police reserves should be maintained in accordance with the relevant guidance, agreed accounting principles and locally agreed financial regulations and schemes of governance.

In the case of grants the existing arrangements and protocols will be retained as at day 1.

Current Joint Audit Committee arrangements between PCC and WMP, with an Independent Chair, will be retained on transfer until subsequent review following an election.

Arrangements will also need to be made in the Order to extend the financial year in accounting terms for the WMPCC so that the PCC and CC prepare statement of accounts for the period 1 April 2019 up to the date of transfer. So as to remove the need for having short period within which it would need to open and close accounts before the transfer.

5.11 Borrowing

The Mayor will be ultimately responsible for decisions relating to borrowing in relation to PCC functions, as laid out in the 'Revised Financial Management Code of Practice' for Policing, but may delegate them in practice. This does not detract from the legal status of the Combined Authority as the borrowing party. The cost of such borrowing will be met from Police Funds and as above kept separate to the discharge of other Mayoral Combined Authority functions.

The WMCA will have the same borrowing rights for Mayor PCC functions that are currently enjoyed by the PCC.

The current WMCA Borrowing Order does not list what functions WMCA can borrow for. Instead, it says that legislation will be put in place to allow "the West Midlands Combined Authority powers to borrow for its new functions." So it would apply to any functions WMCA add later unless the deal is modified to exclude them.

The WMCA will seek an amendment to its existing debt cap arrangements with HMT to reflect its assumption of new responsibilities relating to the Mayoral PCC which are commensurate with the current borrowing approvals associated with the current PCC for the West Midlands.

5.12 Contracts

Decisions on entering into contracts regarding police matters are functions of a PCC under the PCC model (with scope for some delegation to the Chief Constable). They are therefore regarded as PCC functions under the 2009 Act and would therefore be covered by the rules in respect of the delegation of responsibility for exercising PCC functions which are set out at Paragraph 3 of Schedule 5C of the 2009 Act, which makes clear that such decisions can only be taken by the Mayor or anyone to whom they personally delegate responsibility.

As such and in keeping with the PCC model the Mayor will have ultimate responsibility for all contracts relating to police matters, although they may provide consent for contracts to be entered into by the Chief Constable as per existing the existing scheme of delegation and procurement protocols.

Decisions on the issuing of policing related grants are also PCC functions therefore these powers would rest with the Mayor or anyone to whom they delegate responsibility.

5.13 Police and Crime Plan

The issue of a police and crime plan by the Mayor which involves consideration of the strategic policing requirement is a key public facing deliverable. The provisions on police and crime plans as set out in the 2011 Act will still apply.

5.14 Policing Protocol

As a matter of law, the Policing Protocol will apply to a Mayor acting as PCC as it applies to a PCC. Apart from the changes in governance outlined in this report, all other aspects of existing primary legislation relating to the role and functions of the PCC will remain unchanged.

5.15 Inspection, Investigation and Complaints

The powers of HMICFRS, as set out in the Police Act 1996, and the police complaints procedure, as set out in the Police Reform Act 2002 and subsequent amendments, will still apply.

5.16 Implications on future WMCA Boundary changes

As with all current Mayoral functions any possible future boundary changes would require the Mayor taking on the functions and powers for the newly incorporated area. Such a change would require the implications to be clearly set out in the Governance Review and subsequent scheme, fully consulted on and appropriate Secretary of State agreement and Parliamentary approval. In the case of PCC functions where the area to be incorporated was completely coterminous with the affected PCC and Police Force area the mayor would assume the overall PCC functions of the new CA area. Where the incorporated area was only part of a PCC and Force area, for example a District, then those functions would become mayoral functions with the boundary of the affected area being revised to reflect the change in responsibilities. All of which would be subject to further extensive Governance Reviews and subsequent Secretary of State approval.

6. THE LEGISLATIVE ROUTE TO ENABLING MAYORAL GOVERNANCE

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

- The Local Democracy, Economic Development and Construction Act 2009
- The Cities and Local Government Devolution Act 2016

The route to achieve mayoral governance of the police service is through the Cities and Local Government Devolution Act 2016 which amends the Local Democracy, Economic Development and Construction Act 2009. This primary legislation provides for secondary legislation to put in place transfer arrangements to enable the WMCA Mayor to exercise PCC functions. This route will enable, through the devolution deal, powers and functions of the PCC to be transferred and exercised only by the Mayor as detailed in 5 above.

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

Process and timeline:

Action	Who	Date
Consultation Proposals	Programme Board	26 October 2018
Seek Approval to Consult	CA Board	9 Nov 2018
Public Consultation Stage 1	CA, Constituent Councils and PCC	16 Nov - 11 Jan 2019
Police & Crime Panel	PCP Members, PCC & WMCA Officers	26 November 2018
WMCA Overview & Scrutiny Committee	Cttee membership & WMCA Officers	26 November 2018
Public Consultation Stage 2	CA Constituent Councils and PCC	14 Jan – 11 March 2019
Police & Crime Panel	PCP Members, PCC & WMCA Officers	14 January 2019
WMCA Overview & Scrutiny Committee	Cttee membership & WMCA Officers	25 February 2019
Early consultation outcomes	Programme Board	8 March 2019
Consideration of Consultation Outcomes and Approval to submit	CA Board/PCC	22 March 2019
Scheme to Home Secretary	CA	11 April 2019
Preparation of Order	Home Office	May - July 2019
Delegated Consents	CA and Constituent Councils	June – July 2019
Consent to Order	CA and Constituent Councils	End of August 2019
Lay in Parliament*	Home Office	Oct/Nov 2019
Confirmation of Order	Home Office	December 2019
Election of Mayor with PCC Powers		May 2020

* The Electoral Commission report has recommended that legislation impacting an election should be clear at least six months before the date of the scheduled poll. Tabling date will depend on Parliamentary approval processes, but will need to be before 7 November at the latest.

West Midlands Combined Authority

Scheme for the transfer of police and crime commissioner functions

Interpretation

In this Scheme:

“the 2009 Act” means the Local Democracy, Economic Development and Construction Act 2009;

“the 2011 Act” means the Police Reform and Social Responsibility Act 2011;

“the 2016 Act” means the Cities and Local Government Devolution Act 2016;

“the area” means the area of the combined authority;

“the combined authority” means the West Midlands combined authority, WMCA;

“the deputy mayor for policing and crime” means the deputy mayor for policing and crime for the area;

“the mayor” means the mayor for the area;

“the OPCC” means the office of the police and crime commissioner;

“the police and crime commissioner” PCC means the police and crime commissioner for the West Midlands;

1. Summary

This Scheme is prepared following the decision of the West Midlands Combined Authority (WMCA) on 20 July 2018.

The Scheme provides as follows:

- provision in relation to the transfer of police and crime commissioner (“PCC”) functions from the Police and Crime Commissioner for the West Midlands to the Combined Authority Mayor for the West Midlands in May 2020;
- transfer the property, rights and liabilities of the PCC to the West Midlands Combined Authority

Whilst recognising that the section 4 (1) (107F) 2016 Act does not require this the Scheme has nevertheless been prepared in conjunction with a Review under section 111 of the 2009 Local Democracy, Economic Development and Construction Act, as amended, which concluded that the making of an order conferring additional functions on the WMCA, as set out in the Scheme, and changes to the constitutional arrangements of the WMCA. The proposals in the Scheme will be the subject of a further public consultation. In putting forward the report before Parliament the Home

Secretary will include a description of any consultation taken into account, section 105A (10) of the 2009 Act.

2. Legislative Context

The Police Reform and Social Responsibility Act 2011 (“the 2011 Act”) established the position of PCC and specifies the core functions of a PCC. Section 107F of the Local Democracy, Economic Development and Construction Act 2009 (the “2009 Act”), inserted by section 4 of the Cities and Local Government Devolution Act 2016 (the 2016 Act), provides that a mayor for the area of a combined authority can, by order, be conferred functions of a police and crime commissioner for the area. Section 107F(8) specifies that any PCC function exercisable by the mayor is to be taken to be a function of the combined authority exercisable by the mayor acting individually, or by a person acting under arrangements with the mayor in accordance with provision made under Schedule 5C of the 2009 Act. Section 107F also specifies that an order providing for a mayor to exercise PCC functions must provide that there is to be no PCC in that area from a specified date and may cancel any future PCC ordinary elections which would otherwise have taken place in that same area, extend the term of office of the current PCC to the specified date and prevent any PCC by-election taking place in that area within six months of the specified date.

The functions are those conferred on PCCs by or under the following act or any other Act (whenever passed)

- Police Reform and Social Responsibility Act 2011

3. The Scheme

The Scheme provides for the following changes:

3.1 Mayor with PCC responsibilities

In line with the Local Democracy, Economic Development and Construction Act 2009 as amended by the Cities and Local Government Act 2016, Schedule 2 the Mayor will exercise PCC functions in relation to the combined authority area. This will provide for a single directly accountable individual responsible for the discharge of core PCC functions which will be consistent with the PCC model and ambition for local people to have a single point direct accountability. This includes securing that the police force is efficient and effective and holding the chief constable to account.

Under the 2011 Act the PCC is a Corporation Sole with the ability to discharge the core functions provided for in the 2011 Act. As laid out above, and in 3.3 Functions, the functions will transfer to the Mayor who will have the sole responsibility for deciding upon and discharging the functions. There are however areas that are currently solely discharged by the PCC as Corporation Sole that with the transfer will reside in the WMCA as legal entity although the decision making in respect of these functions, after the transfer, will remain with the Mayor as PCC:

- Properties, Rights and Liabilities
- Appointments

- Borrowing
- Contracts

Details as to how it is proposed that this will operate in the future can be found in 3.4, 3.5, 3.9 and 3.10 respectively.

Appropriate remuneration will be paid in respect of the Post of Mayoral PCC, this would be developed following further advice from the Home Office.

3.2 Deputy Mayor Police and Crime

In line with the existing provision for PCCs to appoint a Deputy PCC (DPCC) and delegate functions to them, the Mayor will appoint a Deputy Mayor for Policing and Crime (DMPC).

The post will exclude Members of the WMCA and be restricted to those persons residing in the WMCA Area.

Appropriate remuneration will be paid in respect of the Post of Deputy Mayor Police and Crime, this would be developed following further advice from the Home Office.

3.3 Functions

As per the Police Reform and Social Responsibility Act 2011 the following functions in general, will exist. A PCC may delegate any function to a DPCC, with the exception of those strategic functions reserved as being exercisable only by the PCC. The functions which may not be delegated by a PCC to a Deputy PCC, and as such by a Mayor acting as PCC to a DMPC are:

- issuing a police and crime plan;
- setting the police budget including the council tax requirement; and,
- Chief Constable dismissals, suspensions and appointments.

Functions that may only be exercised by the PCC or DPCC and, correspondingly, may only be exercised by the Mayor acting as PCC or the DMPC are:

- determining police and crime objectives;
- attendance at a meeting of a Police and Crime Panel in compliance with a requirement by the panel to do so;
- preparing an annual report;
- appointing a local auditor under section 7 of the Local Audit and Accountability Act 2014 (“the 2014 Act”); and
- deciding whether to enter into a liability limitation agreement under section 14 of the 2014 Act.

In addition the Mayor, acting as PCC or the DMPC, may also delegate or sub delegate functions, but not those listed above subject to statutory limitations.

3.4 Transfer of properties, rights and liabilities

All property, rights and liabilities which are property, rights and liabilities of the PCC will transfer and vest in the WMCA.

In addition to the Mayors existing 'functional power of competence' the Order will also provide for:

- all functions in relation to such property, rights and liabilities are to be exercised by the mayor;
- all decisions relating to such property, rights and liabilities are to be made by the mayor;
- any receipts arising from such property, rights and liabilities (whether arising from their use, sale, disposal or otherwise) are to be paid into the police fund kept by the mayor by virtue of section 21 of the 2011 Act.

Unless delegated by the Mayor in line with 3.3 above.

In addition the use of these assets will also be ring fenced within the Constitution so as to emulate as far as possible the current PCC 'corporation sole' arrangement.

3.5 Office of the Police and Crime Commissioner OPCC

The staff within the OPCC, including any secondments, will transfer under a statutory transfer order which will replicate the characteristics of a TUPE transfer.

The Mayoral OPCC will be managed by an 'OPCC Executive Director'.

Arrangements would be made locally for the Mayor to be involved with any appointment.

3.6 Monitoring Officer and Chief Finance Officer (Section 151 Officer)

There will be a monitoring officer whose responsibilities include the Mayor's exercise of PCC functions. The person appointed to be the monitoring officer will be able to cover a range of policy areas, not just policing.

In addition there will be a chief finance officer (Section 151 Officer) whose responsibilities include the Mayor's exercise of PCC functions. The person appointed to be chief finance officer can cover a range of policy areas, not just policing.

Arrangements would be made locally for the Mayor to be involved with any appointments.

3.7 Police and Crime Panel

There will be no change to the role and arrangements in respect of the Police and Crime Panel. Members of the Combined Authority will not be a member of the PCP.

Scrutiny of the discharge of PCC functions will be performed by the Police and Crime Panel who hold the appropriate powers, set out in the Police Reform and Social Responsibility 2011 Act alongside their responsibilities and membership

requirements, to effectively scrutinise the actions and decisions of the Mayor PCC and enable the public to hold them to account.

The Police and Crime Panel (PCP) will exercise broadly the same functions as PCPs under the PCC model, but with some minor modifications such as ensuring the panel only scrutinises the policing element of the precept, which forms a separately identifiable component of a wider combined authority precept, rather than the whole precept.

3.8 Police Funds

Police Funds will be kept separate to the discharge of other Mayoral Combined Authority functions and into which all receipts arising and liabilities incurred in the exercise of PCC functions must be paid. Within the existing arrangements for a combined authority mayor PCC, there is a single precept comprising of separate components for the mayor's general functions and one for policing. The PCC component is required to appear separately on council tax bills.

Arrangements will need to be made in the Order to extend the financial year in accounting terms for the WMPCC so that the PCC and CC prepare statement of accounts for the period 1 April 2019 up to the date of transfer.

Money paid into the police fund will be reserved for policing, for example receipts from the sale of police assets would have to be spent on matters relating to policing. In line with statutory guidance for PCCs, as set out in the 'Revised Financial Management Code of Practice' for policing, the Mayor would have to publicly account for how police funds are spent.

The police fund, which will include precept income, will also include reserves maintained for policing and crime reduction. The Local Government Finance Act 1992 requires billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Police reserves should be maintained in accordance with the relevant guidance, agreed accounting principles and locally agreed financial regulations and schemes of governance.

All decisions on money relating to policing must be made by the mayor. Money in the police fund can only be spent on policing and matters that are incidental to the mayor's PCC functions.

Decisions on the sale of police assets and reinvestment of receipts must be made by the mayor and money paid into police fund from where it can only be spent on matters that are incidental to the mayor's PCC functions.

3.9 Borrowing

The Mayor will be ultimately responsible for decisions relating to borrowing in relation to PCC functions, as laid out in the 'Revised Financial Management Code of Practice' for Policing, but may delegate them in practice. The cost of such borrowing will be met from Police Funds and as above kept separate to the discharge of other

Mayoral Combined Authority functions. This does not detract from the legal status of the Combined Authority as the borrowing party.

The WMCA will have the same borrowing rights for Mayor PCC functions that are currently enjoyed by the PCC and as such should not be subject to a borrowing cap.

3.10 Contracts

Decisions on entering into contracts regarding police matters are functions of a PCC under the PCC model (with scope for some delegation to the Chief Constable).

As such and in keeping with the PCC model the Mayor will have ultimate responsibility for all contracts relating to police matters, although they may provide consent for contracts to be entered into by the chief constable or another to whom the Mayor personally delegates responsibility to as per existing agreements and protocols.

Decisions on the issuing of policing related grants would also rest with the Mayor or anyone to whom they delegate responsibility.

3.11 Police and Crime Plan

The police and crime plan which involves consideration of the strategic policing requirement is a key public facing deliverable. The provisions on police and crime plans as set out in the 2011 Act will still apply in respect of the Mayor acting as PCC.

3.12 Policing Protocol

The Policing Protocol will apply to a Mayor acting as PCC as it applies to a PCC.

3.13 West Midlands Police

West Midlands Police will remain a distinct and separate organisation.

3.14 Inspection, Investigation and Complaints

The powers of HMICFRS, as set out in the Police Act 1996, and the police complaints procedure, as set out in the Police Reform Act 2002 and subsequent amendments, will still apply.

3.15 Consequential amendment and modification requirements

The following consequential amendment and modification requirements of enactments will be required in their application to the WMCA with Mayoral PCC functions:

Primary Legislation

Amendments to the Police Reform and Social Responsibility Act 2011

Modifications to the Local Government Act 1972

Police (Property) Act 1897

Trustee Investments Act 1961

Pensions (Increase) Act 1971

Local Government (Miscellaneous Provisions) Act 1976

Local Government, Planning and Land Act 1980

Local Government Finance Act 1988

Road Traffic Act 1988

Local Government and Housing Act 1989

Police Act 1996

Police Reform Act 2002

Proceeds of Crime Act 2002

Local Railways and Transport Safety Act 2003

Government Act 2003

Local Government and Public Involvement in Health Act 2007

Local Democracy, Economic Development and Construction Act 2009

Police Reform and Social Responsibility Act 2011

Local Audit and Accountability Act 2014

Secondary legislation

Motor Vehicles (Third Party Risks) Regulations 1972

Official Secrets Act 1989 (Prescription) Order 1990

Police (Disposal of Sound Equipment) Regulations 1995

Police (Property) Regulations 1997

Health and Safety (Enforcing Authority) Regulations 1998

Motor Vehicles (Driving Licences) Regulations 1999

Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999

Motor Vehicles (Access to Driver Licensing Records) Regulations 2001

Police and Criminal Evidence Act 1984 (Drug Testing of Persons in Police Detention) (Prescribed Persons) Regulations 2001

Police Regulations 2003

Docking of Working Dogs' Tails (England) Regulations 2007

REACH Enforcement Regulations 2008

Elected Local Policing Bodies (Specified Information) Order 2011

Policing Protocol Order 2011

Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012

Police Appeals Tribunals Rules 2012

Police and Crime Commissioner (Disqualification) (Supplementary Provisions) Regulations 2012

Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 55

Local Government Pension Scheme Regulations 2013

Local Audit (Auditor Resignation and Removal) Regulations 2014

Combined Authorities (Mayors) (Filling of Vacancies) Order 2017

Appendix C – Governance Review and Scheme written feedback



Walsall Council

Legal Services

Your Ref: TM
Our Ref: SP/DD
Date: 22/10/18
Contact: Stuart Portman
Tel: 01922 654821

Tim Martin
Head of Governance
West Midlands Combined Authority
16 Summer Lane,
Birmingham,
West Midlands.
B19 3SD

Dear Sirs,

Consultation on Transfer of PCC role – Governance Review and Scheme

I write further to the decision on the 14 September of the West Midlands Combined Authority Board to consult Constituent Councils upon the above.

In consultation with the Councils Leader and Chief Executive, I can confirm the following observations are made in relation to the Governance Review and Scheme.

The role of Deputy Police and Crime Commissioner

The proposals as set out intend to limit the holders of this role to those who reside within the West Midlands. This provision should be removed as it significantly limits the potential talent pool that the Combined Authority could expect interest from for such a role.

The West Midlands is a tightly defined geographical area with a substantial population living close to its borders including a number of large conurbations and cities. To specifically render those areas as being non-habitable for the purposes of the occupancy of the role would not be in the best interests of the public, who should have of the benefit of the best possible talent.

It is noted that there is also a proposal that Leaders of the Constituent Councils cannot hold the Deputy Police and Crime Commissioner role, again these provision should be removed. Leaders of Constituent Councils can legally hold this role and to go contrary to Parliament's intention is without justification. Indeed, where the role of

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Appendix C – Governance Review and Scheme written feedback

the Police and Crime Commissioner has transferred into other Combined Authorities, Leaders are not excluded from undertaking the role. Ultimately the decision as to whether a Leader would hold the role, is down to the individual Leaders that are interested and whether they are successful in any application as determined by the Mayor.

Police Funds

Whilst it is to noted that it is proposed that the use of the Police and Crime Commissioner assets will be ring fenced within the Order. There are two further areas that should also be the subject of ring fencing, those are the Police Funds and the cost of borrowing undertaken on behalf of the Police and Crime Commissioner functions.

As drafted the current proposals are that they should be kept separate to the other Mayoral Combined Authority functions but not ring fenced in the Order. These should also be ring fenced away from other Combined Authority funds within the Order so as to prevent any potential for budget virement or transfer between the funds, except for where the Combined Authority Board and Mayor agree otherwise as part of the Combined Authority's Budget.

Yours sincerely,



STUART PORTMAN
Head of Law

Response from the West Midlands Police and Crime Commissioner to the West Midlands Combined Authority report *Governance Review and Scheme for the transfer of the Police and Crime Commissioner Functions*

In accordance with the request at Recommendation 2 of the report *Governance Review and Scheme for the transfer of the Police and Crime Commissioner Functions*, approved at West Midlands Combined Authority (WMCA) Board on 14 September 2018, this is the response of the West Midlands Police and Crime Commissioner (“the Commissioner”).

Key highlights

- **The Mayor’s other responsibilities will mean that they will only be able to give a portion of their time to policing. The Police and Crime Commissioner role is specifically focused on policing, and is therefore able to concentrate fully on policing issues. This could mean policing gets less in depth scrutiny, less holding to account, and less strategic leadership if the function transfers to the Mayor.**
- **The Mayor will be accountable not only for how they fulfil their policing role, but a range of other things too. It could be less clear to the public what the Mayor’s policing role is. The Mayor will delegate the day-to-day policing function to a Deputy Mayor, who will be appointed, not elected. These changes could make the Mayor’s personal accountability for policing less clear.**
- **It remains a concern that policing resources and assets could be diverted away from policing. Instead of being owned by a separate legal entity, they will be owned by the wider Combined Authority. There are particular concerns about how the Combined Authority’s “borrowing cap” will work, which could affect both the police’s modernisation plans, and the investment plans of the Combined Authority.**
- **Many Mayoral decisions are subject to control by a committee made up of Local Authority Leaders. There is a risk that the Mayor’s policing functions become subject to influence by this committee, again diluting accountability.**
- **The Police and Crime Commissioner role is designed to protect the operational independence of policing by having clarity about the roles of both the Commissioner and Chief Constable. The Mayoral model is not only more generalist, but is part of a complex network made up of multiple organisations and stakeholders, many of which can influence the Mayor. There is a risk that the operational independence of policing could be affected in the proposed arrangements.**
- **If the boundaries of the Combined Authority change (i.e. a local authority leaves or joins), or the boundaries of West Midlands Police change (i.e. following merger with another Force), the policing governance function may need to be removed from the Mayoral Combined Authority.**
- **The proposed consultations are inadequate because they do not allow time for evaluation between the first and second halves of the consultations.**

Summary

Specially designed or multi-purpose?

The Police and Crime Commissioner (PCC) role was designed in law for the strategic direction and holding to account policing. It is full-time, and allows in-depth scrutiny and challenge. It is this single purpose role that allows focus on issues like gangs and violence, drugs, and victim services, and the flexibility to innovate and adapt. A PCC has a democratic mandate to hold the Chief Constable to account, and the legitimacy to collaborate with other police forces and exercise national responsibilities, for example in counter-terrorism and serious and organised crime.

The proposed Mayoral model is more generalist. Policing will not get the Mayor's full-time attention. It will be one among many responsibilities, including transport, housing and jobs. Even though policing will be the most complex, highest risk and most expensive service the Mayor and West Midlands Combined Authority (WMCA) would be responsible for, it is proposed to delegate the role to an appointed Deputy. A Deputy Mayor will not have the same legitimacy to challenge and scrutinise the Chief Constable. The appointed Deputy Mayor will be at a disadvantage compared to elected PCCs, and may be less likely to have a leading role in regional and national collaborations.

Direct or diffuse accountability?

The PCC is directly, personally accountable via elections. Voters can decide who will be PCC solely on the candidates' plans for policing, or what they have achieved for policing while in office.

In the Mayoral model, voters are choosing based on lots of issues, not just policing. Also, as many functions will be delegated to an appointed Deputy Mayor, it is less clear whether it is the Mayor or Deputy Mayor that is responsible, making accountability more nebulous.

Legal autonomy or susceptible to influence?

The PCC is a separate legal entity. They exercise powers, such as setting the police budget or dismissing the Chief Constable, autonomously, and are scrutinised by an independent Panel.

In exercising the policing governance function, the Mayor will be subject to influence by a committee made up of local authority leaders, of which the Mayor is part. Local councils, not the Mayor or the public, pick who is on this committee, and the Mayor cannot replace its members. As a result, Mayoral decisions about policing may be subject to considerations unrelated to policing. Also, because the function moves from being a standalone legal entity to being part of the WMCA, there are uncertainties about control of police resources – which would need to be protected from use for non-policing purposes - and issues like borrowing.

Operational independence

Police must be free to investigate crime without fear or favour. Effective and efficient policing is PCCs' main responsibility, and they must swear an oath to protect the operational independence of policing. They work with a single purpose monitoring officer whose job is to ensure the rules are followed. Across England, Wales, Scotland and Northern Ireland (except Greater Manchester), the governance of policing is a standalone function, separate from local authorities and local councillors.

West Midlands Combined Authority is a new kind of local authority, in which the Mayor works with committees of local councillors to try to deliver their agenda. There is no dedicated monitoring officer for policing matters, and local councillors have more opportunity to influence Mayoral decisions.

Foreword by West Midlands Police and Crime Commissioner, David Jamieson

1. I am a supporter of the Mayoral West Midlands Combined Authority. I have been an Observer member for over two years, and have allocated police grant totalling about £360,000 to support WMCA projects and activities, including the Mental Health Commission, joint work on reducing female offending and work to improve the secure estate for young people. The Force and my Office are playing a leading role in much of this work. I see the Public Service Reform agenda, particularly as it relates to youth justice and data sharing and analytics, as offering potential to develop a more preventative approach. I have engaged closely with the proposals for the transfer of the Fire Authority to WMCA. Previously, in 2015-16, I sought to enter into discussions with Combined Authority colleagues about how my role might work with what was then the proposed mayorality, but that offer was rebuffed. I have since sought to maintain close engagement with the mayorality, and Andy Street and I meet regularly.
2. I must be very clear however that neither my manifesto, nor my Police and Crime Plan, says that there should automatically be a transfer of the policing governance function. The 300,000 people who voted for me in May 2016 were not doing so on the understanding that I would transfer the policing governance function to WMCA and its then still proposed mayor.
3. In my Police and Crime Plan I commit to "play[ing] an appropriate role in broader discussions about regional governance including the West Midlands Combined Authority." This I have done. I was not, however, part of the Devolution Agreement 2 negotiations. My Office was asked for suggested content and, in good faith, we developed a number of proposals. On policing governance, we submitted the following:

"WMCA, the Police and Crime Commissioner and Government will work together to review approaches to the governance of policing in our area, commencing in early 2018. The review will seek to identify a governance model that is in the best interests of the people of the West Midlands by preserving the efficiency, effectiveness and clear accountability of West Midlands Police".

4. This is not the formulation that appeared in Devo 2 and it has never been explained to me why our proposal was rejected. Instead, without my knowledge or participation, it was "agreed" that the policing governance function for West Midlands Police would merge into the mayorality, and that I would support this process. I do not believe WMCA or the government have the statutory authority to seek to direct me in this way. However, I was pleased by WMCA's clear decision on 9 February 2018 that the proposed governance transfer cannot go ahead without my consent.
5. The Oath of Office for Police and Crime Commissioners, which I last took in May 2016, places on me a duty to act with "integrity and diligence" in fulfilling my role as a PCC. I would be breaching this oath if I were to simply accept that there should be a fundamental change to the governance of West Midlands Police without understanding what will be achieved by such a step. The Police Reform and Social Responsibility Act 2011 was flagship legislation for the coalition administration, and was the subject of much national and local scrutiny. Its introduction was the largest reform of police governance since Watch Committees in 1835. The introduction of PCCs was accompanied by an extensive effort to ensure that the checks and balances in the model were right. This was as it should have been.
6. Placing policing governance into the responsibility of a Combined Authority, with its complex inter-relationships between a Mayor, a new form of local authority, a cabinet / committee of local

authority leaders, unusual statutory basis, multiple stakeholders (LEPs, County Councils, District Councils, constituents, non-constituents, observers etc) and novel devolution and funding arrangements, is an equally momentous change - one that is taking place just a few years after PCCs first took office. I do not accept the assertion that the two models are basically the same. I suggest that only now are PCCs fully defining and exploiting the scope of their role. Despite this, the proposals for a further change to police governance have had none of the detailed Parliamentary scrutiny that accompanied the introduction of PCCs. There have been no detailed discussions with the National Police Chiefs Council, no Home Office led seminars and workshops, no substantive engagement with the Association of Police and Crime Commissioners and other representative bodies. I am not aware of any regulatory impact assessment, or Home Affairs Committee inquiry. There has been no assessment of what it is that is wrong with the PCC model that needs fixing with this change. There have been no reviews of the effectiveness of the model introduced in Greater Manchester, or assessment of the working relationships in areas where the mayoral and policing boundaries overlap but do not align. There appears to have been no consideration of the implications that would arise if the merger of policing governance in the West Midlands went ahead, and then the constituent membership of WMCA, or the boundary of West Midlands Police, changed. This lack of evidence and assessment makes it more difficult for me to make a decision as to whether the transfer of the policing governance function should go ahead. Acting with this level of uncertainty creates risk.

7. The public's confidence in policing is built on fundamental principles, notably the local accountability and operational independence of Chief Constables. Governance reform based on uncertainty represents a significant risk to those principles. If the public do not have confidence in the local governance of policing, then confidence in policing itself will erode.
8. Before I make a decision on whether the transfer should go ahead, I expect to see credible evidence that there will be an improvement in the local policing governance function and that the fundamental principles on which our policing governance model is based will be preserved and enhanced. There needs to be clear evidence why a specialised, dedicated and focused PCC-based governance role - which was, after all, specifically designed for policing - is less good than a Mayoral CA model that makes policing governance one among a multiplicity of functions. WMCA's governance review does not address these questions, and instead seeks to replicate the current model to the fullest extent possible. I have asked for this consultation response in order to begin to fill this vacuum.

David Jamieson, West Midlands Police and Crime Commissioner

19 October 2018

Introduction

9. The Commissioner welcomes WMCA's clear decision that he has a role equal to that of constituent members in deciding whether a transfer of Police and Crime Commissioner (PCC) functions should proceed. As set out in its report on 9 February, WMCA agreed that any transfer of the policing governance function would only proceed "provided that the final governance model proposed following discussions is **agreed by each of the Constituent Authorities, the Mayor and the Police & Crime Commissioner**" [emphasis added]. WMCA has no statutory authority to direct the Commissioner in the manner in which he makes this decision.

10. In making a decision on whether to agree a "final governance model", the Commissioner will consider the following tests, which are adapted from those used in comparable circumstances:
 - The quality and findings of public consultations on, first, the principle and, second, the detail of the proposed transfer
 - The likely impact of the transfer on the effective delivery of statutory policing governance functions
 - The likely impact of the transfer on the efficiency and effectiveness of West Midlands Police

11. The policing governance function comprises dozens of statutory duties and requirements. This paper does not address all these, but instead concentrates on the main responsibilities:
 - Strategic direction
 - The Strategic Policing Requirement and police collaboration
 - Holding to account
 - Budgets and resources for policing
 - Appointment of a Chief Constable
 - Suspension and dismissal of a Chief Constable
 - Partnership working associated with community safety, the criminal justice system and other public sector partners

12. With regard to the likely impact on the efficiency and effectiveness of West Midlands Police, this paper discusses:
 - Impact on crime and disorder, community safety, and the prevention of crime
 - Operational independence

General observations

13. West Midlands Police is an operational delivery organisation with a revenue budget of roughly £550m and around 10,000 Officers and staff. It is the second largest police force in England and Wales. It is responsible for the delivery of key public services that are critical to community safety and public confidence, locally, regionally and nationally. WMP has an operating budget larger than all but one of WMCA's constituent member local authorities, and is significantly larger than WMCA itself, and arguably carries as broad a range of functions as a local authority – ranging from addressing localised ASB to the response to, and investigation of, a mass casualty terrorist attack involving chemical, biological or radiological weapons. WMP carries at least as much risk as local authorities in relation to, for example, child and adult safeguarding, and yet also manages risks such

as Covert Human Intelligence Source handling, offender management, intrusive covert surveillance and property interference, firearms capabilities, public order and witness protection, which are almost entirely unknown to local authorities. However, if it were proposed that WMCA were to take over the governance function of a local authority, there would be an expectation of detailed consultation, a clear rationale, statements of anticipated benefits, and so on. Given the disparity between WMCA and the scale of the policing governance function for an organisation the size of West Midlands Police, it is arguably surprising that the Governance Review does not consider the willingness, capability and capacity of WMCA to reorient its strategic intent towards what would be by far its largest and most onerous budgetary and statutory duties. Instead, the report essentially proposes bolting on a policing governance function broadly unchanged from that which currently exists to WMCA as an institution which again will be broadly unchanged.

14. The Governance Review starts from the presumption that, in governance terms, it is appropriate for the Mayor to largely delegate the policing governance function to someone else, an appointed Deputy. Given that it could be asserted that policing is financially much larger than the existing WMCA, as complex in its range of functions as WMCA, and brings significant new risks to WMCA, the conclusion that the Mayor should automatically hand off governance of this function to a Deputy is arguably questionable. An alternative approach might be to create Deputies for the Mayor's existing responsibilities in transport, skills, etc, and delegate these functions to them, thereby allowing the Mayor sufficient capacity to devote himself or herself to policing governance, which is a very costly, complex and high risk function. Instead, the Governance Review automatically assumes that policing is a second tier function, suitable for delegation.

15. The viability of the policing governance transfer is predicated on the coterminosity of the WMP and WMCA boundaries – the latter derived from the boundaries of the constituent member local authorities. In a nutshell, as long as Coventry, Solihull, Birmingham, Walsall, Wolverhampton, Sandwell and Dudley are the constituent members, and WMP only encompasses these local authority areas, then a Mayor with policing governance responsibilities for WMP becomes statutorily possible. It should be observed that neither of these contiguities is necessarily permanent. Three eventualities would potentially require the recreation of a separate PCC: First, if any existing constituent authority left WMCA (thus denying the voters in that area the ability to pick the Mayor who sets the police precept for their area). Second, if any other local authority area became a constituent member (thus if, for example, Warwickshire County Council became a constituent member, Warwickshire voters would be able to vote for the West Midlands Mayor, and hence who sets the policing precept for West Midlands residents, as well as having another vote for the Warwickshire PCC who sets the precept for Warwickshire Police in their area). Third, if WMP merged with a Force outside the WMCA area (while such a merger is unlikely, West Mercia Police's decision to withdraw from its Strategic Alliance with Warwickshire Police demonstrates that such shifts could occur).

Public consultation

16. It is recognised that public consultation has not yet gone ahead, and therefore consideration at this point will be as to whether the proposed approach to consultation is likely to provide sufficient opportunity for engagement and response.

17. The consultation proposals are inadequate. It is proposed that there will be a consultation in two halves, separated only by the weekend of 12-13 January 2019. The results of the first half of the

consultation will not be published before the second half begins. First, there will be no opportunity for reflection between the two segments, making the separation of the two arguably meaningless. Second, this will doubtless be confusing to the public, who will not understand why their responses to the first consultation will not be considered before another consultation on a similar issue is launched. Finally, the second half of the consultation concludes just three days before papers have to be published for a WMCA Board meeting, making reasonable consideration of the consultation findings implausible.

18. Proper public consideration requires two, separate consultations, conducted in accordance with Cabinet Office approved methodologies. The second should only proceed after consideration of the findings of the first consultation.
19. Furthermore, the approach to consultation is at variance with that adopted for the transfer of West Midlands Fire Authority functions to the Mayorality and WMCA, where there were two full, separate consultations, with time between them to consider the findings.

The effective delivery of statutory policing governance functions

20. The policing governance function includes dozens of statutory duties and requirements, some of which the Commissioner set out in his letter to the Minister of State for Policing, copied to the Mayor, in March 2018. The Commissioner's final decision on whether to agree to allow transfer to proceed will consider a fuller range of functions. For the purposes of this consultation, initial consideration is given to what are arguably the core policing governance functions.

21. Will transfer improve strategic direction setting and the quality of the Police and Crime Plan?

The Police and Crime Plan ("the Plan") is required by law to set out:

- The PCC's police and crime objectives
- The policing the Chief Constable is to provide
- The financial and other resources the PCC will make available to the Chief Constable to provide policing
- How the Chief Constable will report to the PCC about policing
- How the Chief Constable's performance will be measured
- Information about any crime and disorder reduction grants to be made by the PCC, any conditions made

The Plan must be agreed within the financial year following an election and, while it can remain for a whole term of office, it can be varied as often as required. In the proposed scheme, setting the Plan would be a Mayoral function that cannot be delegated.

It is currently the case that the Plan is the sole local mechanism for setting the strategic direction of West Midlands Police. The Force's "Ambition Plan" is the manifestation of the Chief Constable's duty to "have regard" to the Police and Crime Plan. In the proposed scheme, this clarity may be eroded. Instead, the Plan would become one among a number of strategic plans for WMCA, including already an overarching annual plan, a local industrial strategy, a skills plan, an environmental strategy, and various transport related plans and strategies. Others will follow. At one level, this could be an opportunity for the strategic direction of policing to be more embedded in wider public service landscape. However, this is not the statutory function of a Police and Crime

Plan, which is required to focus on police and crime objectives, police resources, the performance of a Force and its Chief Constable, and crime and disorder grants.

The risk therefore, is that instead of clear strategic direction for the Force, there is created a complex patchwork of plans and strategies, with varying objectives and methodologies, and a lack of clarity concerning the hierarchy of priorities, accountability and reporting. The Chief Constable may not be clear which plan or strategy he or she is working to. There is similarly a risk that the Police and Crime Plan, instead of setting the strategic objectives for the Force, becomes a statement on partnership working, seeking to accommodate all the various commitments and priorities that appear in other plans and strategies across WMCA. Thus instead of a Plan written in the singular first person as is currently the case (“I will”), with objectives for WMP set by a PCC for which WMP can be held to account, it becomes more nebulous, written in the plural (“we commit to”, for example), setting out objectives that a diffuse partnership of stakeholders are expected to work towards. This not only diminishes clarity of purpose and outcome measurement, but undermines the notion of a single point of accountability.

Overall, there is a risk that transfer will degrade strategic direction setting and the quality of the Police and Crime Plan.

22. Will transfer improve the extent to which the Mayor and the Force "have regard" to the Strategic Policing Requirement, and collaborate with other police forces?

The Strategic Policing Requirement (SPR) relates to the national threats to which policing must “have regard”. These are set by the Home Secretary and are terrorism, serious and organised crime, cybercrime threats, public order, civil emergencies and child sexual abuse. Accompanying the SPR is a duty to keep under review opportunities for police collaboration.

It is not specified how PCCs or Mayors are expected to “have regard” to the SPR; this is for local determination. However, many of the capabilities required to address the threats set out in the SPR are addressed via collaborative arrangements such as the Counter-Terrorism Policing Network, Regional Organised Crime Units, and the National Police Co-ordination Centre. The oversight of these collaborations rests with PCCs, each of whom has a democratic mandate to exercise their statutory functions.

In the proposed model post-transfer, it seems likely that the day-to-day oversight of the SPR “have regard” duty will fall to the proposed Deputy Mayor for Policing. This raises two concerns. First, Mayors are responsible for a range of place-based issues as they manifest *in their area*. Thus the impulse to engage in policing collaboration at the regional and national levels is potentially weaker for Mayors than it is for PCCs. From this, it might be suggested that Deputy Mayors are equally more likely to focus on local place-based issues than regional and national policing collaboration. Secondly, Deputy Mayors face a democratic deficit compared to the PCCs in other areas with whom they will work. While a PCC engages in the oversight of policing collaboration imbued with the legitimacy of a democratic mandate, a Deputy Mayor is an appointee, therefore in some senses subordinate to both a PCC and their Mayor. A Deputy Mayor risks not entering into police collaboration as an equal.

Concerns relating to both the appetite of Mayors to participate in police collaboration, and the relative legitimacy of Deputy Mayors, raise concerns relating to whether transfer will improve the extent to which the Mayor and the Force "have regard" to the SPR, and are able to fulfil the duty to keep police collaboration under review.

23. Will transfer improve “holding to account”, and the scrutiny, support and challenge for the Force's performance?

Mechanisms by which PCCs should “hold to account”, scrutinise, support and challenge Force performance are not set out in legislation or guidance, and are hence for local determination. There are significant variations across PCCs and, as the Governance Review acknowledges, here in the West Midlands the PCC has established “strong and visible accountability [sic] and governance arrangements”. Conversely, there are large differences in approach between Greater Manchester and London, where Mayors hold the function. In London, the Mayor’s Office for Policing and Crime (MOPAC) maintains robust and highly visible accountability mechanisms, notably public thematic “Policing Matters” and “Justice Matters” sessions supported by extensive documentation and transcription. Minutes of regular meetings between the Deputy Mayor and Metropolitan Police Commissioner are published. Greater Manchester Combined Authority (GMCA) does not appear to hold any public accountability sessions specifically relating to policing or publish any documentation concerning the performance of Greater Manchester Police (GMP). While using two case studies as the basis for an evaluation should be approached with caution, the key difference is that while MOPAC has its own statutory identity as a corporation sole, the policing governance function in GMCA does not – it is a merged part of a larger organisation. It is suggested then that the proposed governance model, which does not afford the policing governance role the statutory autonomy of a corporation sole, creates that risk that the performance management function could wither.

It is presumed in the Governance Review that day-to-day exercise of the holding to account function will fall to the Deputy. Analysis of such an approach raises further considerations. First, while a PCC is directly elected, and therefore carries a legitimate personal mandate, the Deputy Mayor is an appointee whose legitimacy extends no further than the Mayor’s personal support. Thus there is always an ambiguity in the extent to which the Deputy has the authority to challenge and hold a Chief Constable to account. A Chief Constable might quite rightly regard the Deputy as merely the messenger or intermediary of the Mayor, and thus be uncertain as to whether the Mayor’s position has been accurately communicated, and whether the Deputy Mayor has the Mayor’s authority when offering scrutiny and challenge.

This plays out in the second consideration, which is where there are disagreements between a Deputy Mayor and a Chief Constable. It seems likely that in these circumstances, both Deputy Mayor and Chief Constable will reach the conclusion that resolution will only come when there is direct negotiation between Mayor and Chief Constable – indeed the latter may insist on it. This could further undermine the legitimacy of the Deputy Mayor whose authority will be bounded not just by that granted by the Mayor, but actually that negotiated by the Mayor and Chief Constable. A possible by-product of the proposed governance model therefore is that the Mayor, unlike a PCC, does not offer sustained and consistent strategic direction and holding to account, but instead takes on a detached mediator role, intervening and arbitrating on an *ad hoc*, reactive and spontaneous basis, in effect only becoming involved when something has gone wrong in the working relationship between the Chief Constable and Deputy Mayor.

Finally, the law and the Governance Review are clear that there are some Mayoral functions that cannot be delegated. While sensible, the consequence is a hierarchy of responsibilities: there are primary duties, which remain with the Mayor, and the secondary matters, that are handed to the Deputy Mayor. In addition to the obvious dilution of the “single point of accountability”, it is possible that the Deputy Mayor will, in practice, be a less powerful and legitimate mechanism for the

delivery of policing governance than a PCC with the full range of responsibilities and a direct democratic mandate.

24. Will transfer improve the processes for deciding the Force's budget, setting the precept, and allocating resources to the Chief Constable?

A PCC sets the budget for their police force, including the share of local taxation that goes to policing, known as the precept. Precept increases are subject to a referendum threshold set by the Secretary of State for Housing, Communities and Local Government (HCLG). A statutory process allows the Police and Crime Panel (PCP) to review budget proposals and impose a partial veto on a precept proposal. It is proposed that these powers would transfer to the Mayor, and cannot be delegated.

It is therefore the case that statutorily the process is unchanged. However, this would be to ignore the reality of Combined Authority (CA) budget setting process. Whereas a PCC sets the budget autonomously, subject only to HCLG referendum thresholds and PCP scrutiny and challenge, a Mayor seeks to set not only the police budget and precept, but also that for the wider CA, including the Mayoral precept. For example, a Mayor requires the support of the constituent authorities in order to set a mayoral precept – which the Mayor failed to secure earlier this year. Therefore it is possible that in order to set a CA budget and precept, the Mayor will find it necessary to include in the negotiations his or her proposals for policing budget and precept. This creates the risk that the policing budget and precept will be subject to considerations unrelated to policing, and in practice subject to Cabinet approval.

It is recognised that the statutory provisions of the proposed Scheme, and its general intent, seek to replicate the protections afforded by corporation sole status to the fullest extent possible. However, it remains the case that the assets and resources currently held by West Midlands PCC transfer to WMCA, not a new or rebadged corporation sole. The protections for police assets and resources are therefore novel and, to an extent, untested. There remains a real concern that, by means not yet identified, police assets and resources could be applied to purposes outside policing. Issues relating to borrowing against police resources and control of the police estate and other assets are pertinent here.

More specifically, the Commissioner is aware that WMCA is subject to a borrowing regime that requires positive consent from HM Treasury regarding acceptable borrowing levels. While it is assumed that a revised borrowing limit will be agreed, this is not certain. It is likely that in coming years there will be proposals for significant additional borrowing to fund refurbishment of the police estate. Inability to borrow will impede this programme, and again policing's "share" of the total eligible borrowing cap will be the product of negotiations that may have little to do with policing.

It is concluded that the proposed scheme poses significant risk to the processes for deciding the Force's budget, setting the precept, and allocating resources to the Chief Constable.

25. Will transfer improve the processes for the appointment of the Chief Constable?

The appointment of a Chief Constable is a PCC statutory function that would transfer to the Mayor. It cannot be delegated. The selection process includes an oversight role for the Police and Crime Panel.

A PCC can exercise this power largely autonomously, though it is sensible for a PCC to avail themselves of support from the College of Policing and take other steps to enhance the legitimacy of the process.

As set out in Para 24, the risk is that the selection process becomes subject to pressures arising from the wider range of stakeholders on whom the Mayor is dependent to deliver their objectives.

It is also worth noting that the person appointing the Chief Constable (the Mayor) would not be the person with whom the Chief Constable would be working most closely, and being routinely held to account by (the Deputy Mayor).

26. Will transfer improve utilisation of the powers for the suspension and dismissal of a Chief Constable?

PCCs have powers to suspend their Chief Constable and require their resignation or retirement. The law places a duty on a PCC to seek advice from HM Chief Inspector of Constabulary in the exercise of these powers. These powers would transfer to the Mayor and cannot be delegated.

This power is among the most onerous that PCCs hold, given that Chief Constables are office holders who, in accordance with the Policing Protocol, must be able to exercise operational independence unfettered by “improper political interference”. Developing case law is helping PCCs and Chief Constables to understand the appropriate use of this power.

As set out in Para 24, while a Mayor would ostensibly have statutory autonomy and individual accountability in the exercise of this power, in practice the Mayor is embedded in a governance model that has dependencies to various actors, notably the Leaders of constituent local authorities. It is thus straightforward to imagine realistic scenarios in which these stakeholders are able to apply very real pressure to the Mayor to either exercise, or not exercise, these powers. In such circumstances, while strict accountability for the exercise of the power might continue to rest with the Mayor, the operational decision-making for their use may be more widely spread.

Placing the power to suspend or dismiss the Chief Constable into the hands of a Mayor who is *more susceptible* to pressure from a range of stakeholders than a PCC, stakeholders who are not ultimately accountable for the exercise of that power, poses a potential risk to the operational independence of a Chief Constable. There is further discussion concerning operational independence below.

27. Will transfer enhance partnership working associated with community safety, the criminal justice system and other public sector partners?

There are three main duties associated with partnership working that apply to PCCs: community safety, the criminal justice system, and specific public sector partners (fire and ambulance services). The assertion that transfer would enhance these partnerships is central to the governance review, almost to the exclusion of the other policing governance responsibilities.

While it is accepted that transfer would not damage partnership working, the assertion that it will be enhanced is more difficult to evidence. For example, there is a common sense argument that collaboration between police and fire services will be enhanced by their governance coming into the responsibility of a common statutory body. However, the specific proposals for the governance of the fire service in WMCA do not appear to have been designed to facilitate joint working. First, there is no Deputy Mayor for Fire to initially act as a single point of contact or later, one assumes, become a joint Deputy Mayor for Policing and Fire. Second, the proposal instead creates a “Fire Advisory Committee” with arguably uncertain and contradictory terms of reference.

Similarly, it is recognised that there is an intent to enhance partnership working across the public sector as part of the “public service reform” agenda. The Mental Health Commission is a positive case study, but it is worth noting that its Director, a police officer, was seconded into role with PCC

approval and part-funding, and the OPCC is financially supporting two of its projects. It cannot therefore be argued that an opportunity has been missed that transfer would somehow fix. The Office for Data Analytics offers some promise, but there is also a recognition that it is police investment in Data Driven Insight that offers the most exciting prospects for public service collaboration, rather than the police benefitting from WMCA's capabilities. Co-operation between WMCA and the OPCC on development of the secure estate for children is well developed, and it is not obvious that governance transfer would offer any particular advantage. Across the rest of the wider public service reform agenda, the Mayor's convening powers are still developing.

Conversely, the development of structures to deliver the PCC's partnership duties is making good progress. A WM Community Safety Partnership has been established, and in 2019-20 it will assume its full role in advising on the expenditure of £3.8m of police grant for community safety activity across the area, as well as supporting novel joint approaches to service delivery. WMCA is a participant member. We anticipate significant efficiency gains and new services via this approach. The West Midlands Local Criminal Justice Board has been re-established, and is actively developing its approach to performance management and service improvement.

The PCC's broader convening and leadership role also shows good progress. The community-led Gangs and Violence Commission has led to a comprehensive work programme that makes real the mantra of a "public health" approach to reducing violence, along with the multi-agency Violence Prevention Alliance. The Commissioner's work on drugs policy, unauthorised encampments and network resilience has prompted activity across a diverse range of organisations. The Victims Commission has been a notable success in both bringing together provider organisations, as well as delivering efficiency gains and new services from a static budget.

Overall, while the commitment to seeing governance transfer as a means to further partnership working is welcome, it is reasonable to suggest that the existing structure is delivering good progress. While WMCA may be attracted to the policing governance function because it offers access to the work the Commissioner has already undertaken, it is not necessarily clear what other gains will emerge.

The efficiency and effectiveness of West Midlands Police

28. Will transfer impact on crime and disorder, community safety, and the prevention of crime?

The causal relationships between governance models and the performance of public services is both contested and not well understood. The theoretical and practical consequences of devolution versus centralised governance are hotly debated, and the assumptions that underpin the adoption of directly elected individuals as "single points of accountability" are also open to debate. It is reasonable to assert that the effectiveness of a directly elected individual in role is in significant part of product of the characteristics and attributes of the person holding that role. It is not therefore possible to say with any confidence whether a transfer will, or not, automatically have an effect on crime and disorder, community safety and the prevention of crime, and therefore it cannot be evidenced that the effort of transfer will yield any return in this regard.

The Police Reform and Social Responsibility Act 2011 – which established PCCs – is based on the fundamental principle that efficient, effective policing is responsive and accountable to public preferences. It views policing as contextual, which is to mean policing should, or even "must", reflect the priorities and concerns of the public, if it is to be regarded as efficient, effective and legitimate. It therefore introduces PCCs with the mandate to offer strategic direction to policing,

that is, capture, consider and reflect the views of the public in the setting of police priorities and the allocation of resources. This view of policing governance reflects a recognition that policing is not just the provision of a service or transaction, but part of the relationship between public and state that defines what sort of society people collectively wish to live in. Both the PCC model, and the Mayoral model, rest on the assumptions that underpin this conception of the role of policing governance.

It is accepted that it is not possible to say with certainty how transfer will impact on crime and disorder, community safety, and the prevention of crime. However, given the breadth and gravity of the duty on the policing governance function, it is possible to offer some comparison. A PCC is tasked with the full-time duty to hold the Chief Constable to account and offer strategic direction based on a democratic mandate derived from securing the support of the largest share of voters. PCCs are directly and solely accountable to the electorate for how they undertake these duties. Conversely, the Mayor's democratic mandate is only partial; a voter has to consider not only policing, but also all the other things the Mayor may have campaigned on, such as housing or transport. When in office their approach to policing governance will inevitably be part-time: they will have to also concern themselves with transport, productivity and skills, economic development, and housing matters. It is proposed that the day-to-day exercise of the policing governance function will be handed off to a Deputy in whose selection the electorate has no role. Finally, the Mayor's personal accountability is dilute too; at election time their performance will not solely be measured against the policing governance function, but will be assessed against a whole range of policy areas.

Overall then, it cannot be evidenced that transfer will, in and of itself, yield an improvement in crime and disorder, community safety, and the prevention of crime, but that the PCC model at least offers the assurance that it is specifically designed to address these issues.

29. Will transfer more greatly protect the operational independence of the Chief Constable, more effectively preserve and protect the "duty of constables to maintain the Queen's Peace without fear or favour", and reduce the risk of "improper political interference"?

The operational independence of policing is not defined in legislation, but the Policing Protocol – a statutory instrument published in 2011 – offers guidance to PCCs and Chief Constables on its meaning. In very broad summary, Chief Constables have autonomy in the day-to-day operational direction and control of the Force, in such matters as issuing warrants to attested officers to enable them to exercise police powers, appointment and dismissal of officers and staff, organisational matters, deployment of officers, and, of course, “total discretion to investigate or require an investigation into crimes and individuals as he or she sees fit”. A PCC's duty to not interfere in operational independence of police officers is included in the Declaration of Acceptance of Office which PCCs must swear, which, it is assumed, a Mayor would also have to swear before they could take office. The Policing Protocol would apply to the Mayor as it does the PCC and Chief Constable under the current arrangements.

The concept of operational independence has been central to the accepted understanding of policing governance since at least the 1960s. Various case studies raised concerns regarding improper local political influence on police investigations, and prompted a steady shift away from policing governance as an embedded local authority function. In broad summary, this led first to standalone police authorities with a mix of councillor and independent members and, latterly, directly elected PCCs in England and Wales (and Mayor in London) who are corporations sole in their own right. In Scotland there is a police authority made up entirely of independent members, and in

Northern Ireland a policing board with a mix of National Assembly and independent members. These models are very different in some ways, but they have at their centre an assumption that policing governance is a distinct, separate function that should not belong to a local authority, in part because of the risk that this will lead to improper influence on the operational independence of policing. WMCA is, in essence, a new form of local authority.

As discussed in Para 24, there is an easily distinguishable contrast between the context in which a PCC operates, and that which applies to a Mayor. A PCC is a statutorily autonomous corporation sole, personally and directly democratically accountable for their actions, and supported by a monitoring officer concerned solely with the exercise of the policing governance function. A Mayor, conversely, while directly elected, is embedded in a wider statutory construct – WMCA, in this case – that enmeshes him or her in a constitution set by others, processes agreed by others, and making decisions in the context not just of policing and community safety, but a broad range of stakeholders across a range of issues some of which are less related to policing. The dedicated monitoring officer role is lost, and becomes part of responsibilities that range across the whole of the CA's functions. There may be potential risks to operational independence arising from these differences. First, the Mayor is dependent on the support of a range of stakeholders to deliver much of their agenda, and thus there is a risk that a transactional approach will see policing governance, and operational independence, influenced by the desire to achieve non-policing goals. Second, the constitutional arrangements and processes that support the Mayoral CA are more complex than those that support a PCC, creating the risk that the clear accountabilities that currently exist will become blurred. Third, the lack of a dedicated monitoring officer function for policing governance reduces the oversight of operational independence.



DAVE THOMPSON QPM LLB (Hons)
CHIEF CONSTABLE

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Dr Henry Kippin
Director of Public Service Reform
West Midlands Combined Authority
167 Summer Lane
Birmingham
B19 3SD

DT/bg

16 October 2018

Dear Henry

Police Governance

I refer to your recent paper to West Midlands Combined Authority concerning the governance of the police.

Please find attached technical feedback on the document from my legal advisor. This has assisted with a more precise definition of relevant language.

With this greater clarity adopted and the removal of arrangements or delegation to elected members, added to the spirit of protecting police operational and financial independence, I am able to say that I understand the proposed scheme at this time.

I would be grateful to review the final proposed scheme after consultation to ensure these matters are still clear.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dave Thompson', written over the typed name.

Dave Thompson
Chief Constable

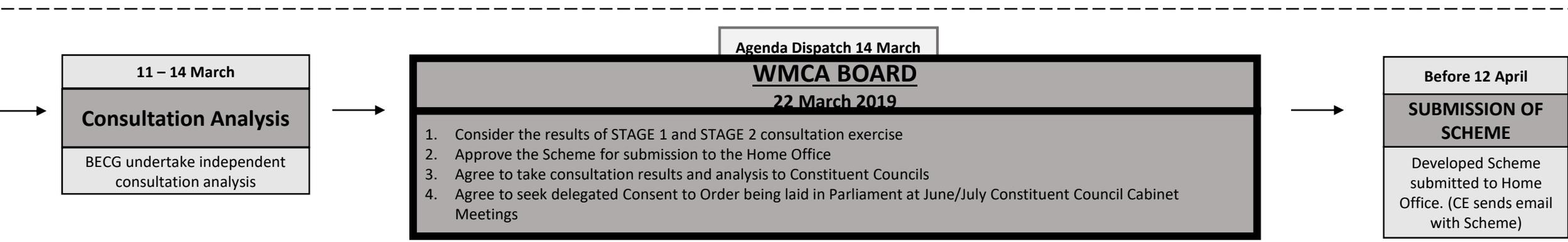
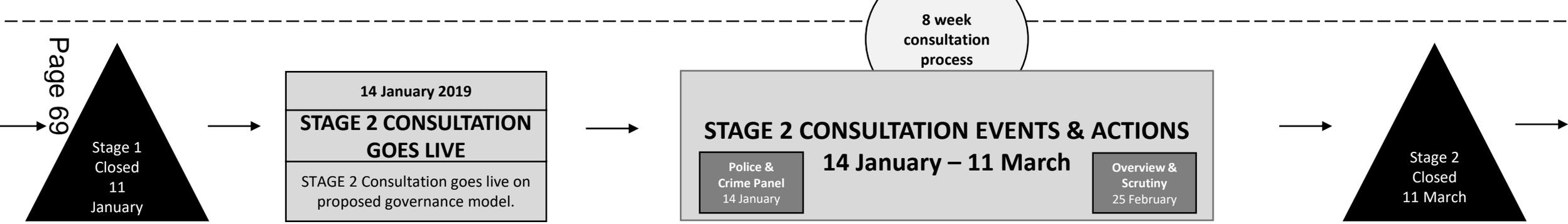
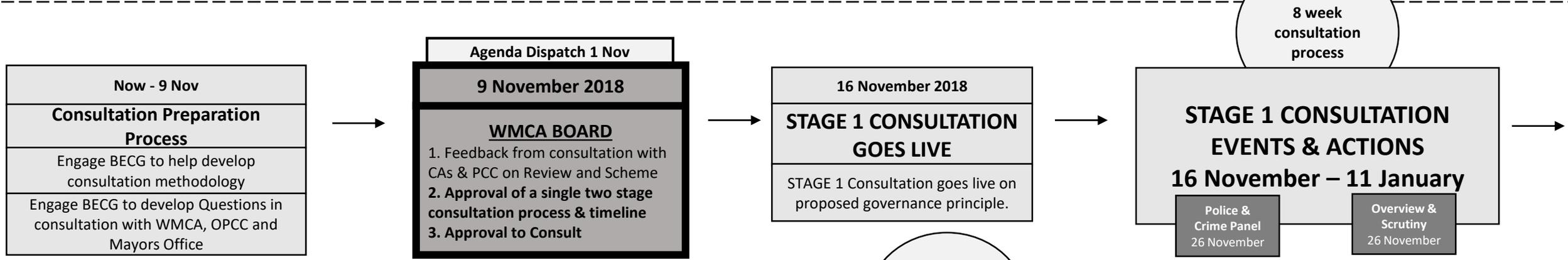
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Appendix D

CONSULTATION Phase A: Scheme Development & Consultation



CONSULTATION Phase B: Consent Process

May/ June/ July/ August 2019

ORDER PREPARATION

Process moves to preparation of the Order which includes the Home Office Quality Assurance process

CONSTITUENT COUNCIL DELEGATED CONSENT - June/ July 2019

Constituent Council Cabinet meetings receive report which details outcomes of consultation process stage 1 and 2 with analysis, details progress regarding drafting of the Order and seeks Constituent Council delegated consent to the Order being laid before Parliament

<i>Birmingham</i>	<i>Coventry</i>	<i>Dudley</i>	<i>Sandwell</i>	<i>Solihull</i>	<i>Walsall</i>	<i>W'hampton</i>
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Constituent Council Cabinet meetings will be asked to provide delegated authority to consent to the Order to be laid before Parliament once consent is formally requested by the Home Secretary.

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Agenda Dispatch 18 July

26 July 2019

WMCA BOARD

WMCA Board delegate Consent to the Order being laid before Parliament

Late August

Consent Requested

Home Office writes to Constituent Councils and the Mayor to request Consent to the Order being laid before Parliament

This is where final consent is provided

9 September

JSI Committee Submission Deadline

Absolute deadline for submission of the order to the Joint Committee on Statutory Instruments

By the 7 November 2019

Laying of Order

The Order is laid before Parliament

Parliamentary Process

WMCA Constitutional and operational development process continues

WMCA Constituent Councils agree to Constitutional changes

WMCA Board consent to Constitutional Changes

2020 Mayoral/ PCC Election



WMCA Board

Date	9 November 2018
Report title	Report of Councillor Peter Hughes - Feedback from Overview & Scrutiny Committee Mayor's Question Time: Policy
Accountable Chief Executive	Deborah Cadman, Chief Executive email: deborah.cadman@wmca.org.uk tel: (0121) 214 7200
Accountable Employee	Tim Martin, Head of Governance email: tim.martin@wmca.org.uk tel: (0121) 214 7435
Report has been considered by	Programme Board - 26 October 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Note the Mayoral Q&A event held with members of the Overview & Scrutiny Committee on 28 September 2018; and also note:
 - a) The committee's views on the need for a 'prescribed/dedicated' time slot within the Mayor's diary for such events.
 - b) Proposals to increase the number of events to 3 per year, in order to facilitate a wider range of questioning, and ensure greater transparency.
 - c) The continued need for the WMCA Board to ensure that pre-decision scrutiny is embedded throughout the work of the WMCA.
- (2) Approve the recommendations of Overview & Scrutiny Committee arising from the Mayoral Q&A event (section 6):

- (a) A report on Brexit, and the implications for the region, be presented to the WMCA Board as soon as possible, as it is considered that there is a need for a co-ordinated regional approach on the potential impacts and mitigations of Brexit.
 - (b) Any WMCA Air Quality Strategy should be drafted in co-ordination with all constituent authorities, and include reference to impact on non-constituent authorities; also the WMCA should develop a region-wide database for all local authorities to input into, and to access information.
 - (c) The WMCA should provide leadership on vehicle emission standards impacting on air pollution, and therefore any decision on the engine type to be used in the proposed Sprint vehicle should avoid the use of diesel; and WMCA should seek to be the market leader in environmental emissions.
 - (d) Overview & Scrutiny Committee should undertake pre-decision scrutiny on any proposals or recommendations arising out of the Ring & Ride review prior to its consideration by the WMCA Board.
- (3) Note the following questions being asked of the Mayor (section 7) which, in accordance with the WMCA's constitution, he is required to provide a written response, to the committee, within two months:
- (a) To provide a detailed breakdown on how the Mayor has utilised the £2m central Government funding allocated to the WMCA to boost mayoral capacity and resources, and whether any of this funding had been, or was intended to be, allocated to support an effective scrutiny function.
 - (b) To provide greater clarification on the extent to which the Mayor is utilising the powers provided within the Bus Services Act 2017 in respect of bus franchising.
 - (c) To provide further details on the support being provided by Transport for West Midlands to ensure vehicles operated on subsidised routes achieve high standards of environmental emissions.
 - (d) To provide further details on the number and percentage of housing delivery programme targets that would be designated as 'affordable homes', and also social housing.
 - (e) To provide further information of the economic benefits that the Mayor envisages for the region as a result of hosting the Commonwealth Games 2022, and how this will contribute to the region's inclusive growth.

1. Purpose

- 1.1 A Mayoral Q&A session was held on 28 September where members of the Overview & Scrutiny Committee questioned Andy Street on issues relating to air quality, transport, housing and other policy-related matters.
- 1.2 This report details the Overview & Scrutiny Committee's feedback from that Q&A session, together with a number of recommendations for the WMCA Board to consider that arose from the responses provided by the Mayor.

2. Background

- 2.1 On Friday 28 September, members of the Overview & Scrutiny Committee met at the Civic Centre in Wolverhampton to hold a Q&A session with the Mayor. This was the first of two sessions planned during the year. The meeting focussed on the progress made in delivering the policy objectives contained within the WMCA's 2018/19 Annual Plan.
- 2.2 The two-hour meeting was held in public and streamed live on the internet. Councillors from the Overview & Scrutiny Committee representing constituent and non-constituent authorities and the region's Local Enterprise Partnerships (LEPs) questioned the Mayor on issues as diverse as housing provision, air quality measures, transport infrastructure, Brexit preparations and the Leadership Commission's recent report on diversity in leadership roles.
- 2.3 The Overview & Scrutiny Committee then met on 9 October to further consider its findings and recommendations to put forward to the WMCA Board. These related to:
 - time allocated to Mayoral Q&As
 - pre-decision scrutiny
 - Local Industrial Strategy
- 2.4 Further details on these issues are set out below.

3. Time Allocated to Mayoral Q&As

- 3.1 In order to undertake its role effectively and hold the Mayor to account in a public session, members of the committee considered that the Mayor should allocate three hours for future Mayoral Q&A sessions. In addition, the committee would like to increase the number of Q&A sessions with the Mayor from two per year to three per year for 2019/20 so as to enable a more thematic approach to Mayoral scrutiny to be undertaken that would enable topic areas to be interrogated in greater depth.

4. Pre-Decision Scrutiny

- 4.1 The Chair of Overview & Scrutiny Committee had written to the Mayor on the importance of pre-decision scrutiny within the WMCA and the benefits it would gain by embedding this into its formal decision making process.
- 4.2 Members sought a clear commitment from the Mayor and Chief Executive that they would expect all significant policy developments to have undergone pre-decision scrutiny before they are presented to the WMCA Board for approval.
- 4.3 The Mayor welcomed pre-decision scrutiny and would work with the chair of the Overview & Scrutiny Committee on ways that this could be embedded into the decision-making processes prior to the next WMCA Board meeting.

5. Local Industrial Strategy

- 5.1 Members considered that looking at the forthcoming Local Industrial Strategy would provide a good opportunity to test out how the principle of pre-decision scrutiny could be effectively applied in practice to the decision-making process and the Mayor welcomed this proposal.

6. Issues for WMCA Board Consideration

- 6.1 Arising out of the Q&A session, there were a number of issues that Overview & Scrutiny Committee felt needed bringing to the attention of the WMCA Board for its consideration:

(a) Brexit Implications for the Region

Overview & Scrutiny Committee understood that a report had been produced on the impact of Brexit on both Birmingham and the wider region and that the decision not to publish the report had been a decision taken by Birmingham City Council.

However, Overview & Scrutiny Committee consider that there is a need for a co-ordinated approach on the potential impacts and mitigations of Brexit and therefore have requested that the WMCA Board receives further information on the detail on the work being undertaken by the WMCA and its partners and the emerging findings of the implications for the region.

(b) Air Quality

Members recognised that air quality was not the sole responsibility of the WMCA and therefore it was recommended that any WMCA Air Quality Strategy should ensure that it was co-ordinated with constituent authorities. It was also recommended that the WMCA consider developing a region-wide database for all local authorities to input into and access information.

Members were also concerned at the intention to publish a WMCA Strategic Air Quality Plan “in the middle of 2019” which appeared not to align with the timescales imposed by the Government on constituent authority interventions, such as the Birmingham city centre Clean Air Zone.

(c) Sprint Vehicle

In order to achieve clean air standards the committee considered that there should be a decline in the use of diesel engines and members were strongly opposed to the procurement of a vehicle that was a diesel hybrid. It was considered that the WMCA needed to lead the way in sustainable modes of transport, particularly regarding vehicle emissions and air pollution, and therefore recommend that the WMCA Board consider carefully any decision made on the way Sprint vehicles are to be powered, and the procurement of such vehicles.

(d) Ring & Ride Review

Overview & Scrutiny Committee would like to undertake pre-decision scrutiny of the proposals and recommendations arising out of the Ring & Ride review, prior to its consideration by the WMCA Board.

7. Questions

- 7.1 Overview & Scrutiny Committee will pursue a number of lines of enquiry arising from the Q&A session through its working groups and scrutiny champions. To support this, there were a number of follow up questions that members of the committee will be seeking a written response from the Mayor to:

(a) **Adequately Resourcing the Overview & Scrutiny Function**

In March this year, the Government responded to the House of Common's Select Committee's report on the effectiveness of local authority overview & scrutiny committees.

Concern had been expressed by MPs that effective scrutiny of the Metro Mayors might be hindered by under-resourcing, and they had called on the Government to commit more funding for this purpose. When agreeing further devolution deals and creating executive mayors, the Government was urged to make clear that scrutiny was a fundamental part of any deal and that it should be adequately resourced and supported.

The Government accepted the Select Committee's recommendation and reported that at the Budget it was announced that the Government would make available to mayoral combined authorities a total of £12m for 2018/19 and 2019/20, to boost the new mayors' capacity and resources. Combined authorities could then choose to use some of its share of this funding to resource the scrutiny and accountability arrangements.

Overview & Scrutiny Committee have therefore called for a breakdown on how the Mayor of the West Midlands has utilised the £2m allocated to the WMCA to boost his capacity and resources, and whether any has been allocated to support an effective scrutiny function, and to support Aim 10 of his Renewal Plan of the West Midlands, namely: "To be the most transparent Mayor in Britain".

(b) **Bus Services Act 2017**

The legislation provided for bus franchising powers for areas with an elected Mayor. The committee was seeking clarification as to whether the Mayor was utilising all the powers provided within the Act.

(c) **Bus Operator Recharging Proposal**

Members referred to a decision made at the WMCA Board in July 2018 to support the proposal to commit to £2.9m funding to provide bus operators with a bus station departure charge and roadside information charge 'holiday' for a period of 12 months. This would then enable vehicle investments that would have a significant improvement on air quality in the region.

Overview & Scrutiny Committee would welcome a response in relation to the assistance that Transport for West Midlands would provide to ensure those vehicles that currently operated on subsidised routes were of Euro VI Standard. Concern was also expressed on the displacement of lower emission standard vehicles to neighbouring authorities/non-constituent authorities where subsidised transport is more prevalent, and at a premium.

(d) **Housing**

Members were seeking further clarification as to the number and percentage of affordable homes and social housing being built into the housing delivery programme targets.

(e) **Commonwealth Games**

In respect of the Commonwealth Games, Overview & Scrutiny Committee would like further understanding of the economic benefits that the Mayor envisages for the region and how this event would contribute to the region's inclusive growth.

8. Response from Mayor/WMCA Board

- 8.1 The WMCA's constitution requires the Mayor and/or the Authority to respond within two months of receiving a report from its Overview & Scrutiny Committee indicating what action it proposed to take in respect of matters drawn to its attention (recommendation 2 above). The Mayor is also required to respond within two months to questions formally asked to him by the committee (recommendation 3 above).

9. Financial Implications

- 9.1 There are no direct financial implications arising out of the recommendations contained within this report. Section 7.1(a) relates to the allocation of resources provided to support the overview & scrutiny function within the WMCA.

10. Legal Implications

- 10.1 There are no direct legal implications arising out of the recommendations contained within this report. The powers and responsibilities of overview & scrutiny committee within combined authorities are specified in The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.

11. Equalities Implications

- 11.1 There are no direct equalities implications arising out of the recommendations contained within this report.

12. Inclusive Growth Implications

- 12.1 The WMCA Board has asked for the inclusive growth implications of each board paper to be outlined in this section. We are developing a set of materials that will allow officers and partners to do this robustly, which will be reflected in WMCA Board reports from January onwards.

13. Geographical Area of Report's Implications

- 13.1 The Overview & Scrutiny Committee contains members representing constituent and non-constituent authorities. The Q&A session with the Mayor included questions relating to the delivery of policies that impact across the region's three-LEP geography.

14. Other Implications

- 14.1 There are no further specific implications arising out of the recommendations contained within the report.

15. Schedule of Background Papers

- 11.1 None.



WMCA Board

Date	9 November 2018
Report title	West Midlands 5G – Structure, Governance and Funding
Portfolio Lead	Councillor Ian Ward, Portfolio Lead for Economic Growth Councillor Steve Eling, Portfolio Lead for Cohesion & Integration and Public Service Reform
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7200
Accountable Employee	Henry Kippin, Director of Public Service Reform email: henry.kippin@wmca.org.uk Tel: (0121) 214 7800
Report has been considered by	WMCA Programme Board - 26 October 2018 WMCA Investment Board - 1 November 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Approve the participation by the WMCA in the WM5G Project as set out in this report.
- (2) Confirm and approve the proposed governance structure for the WM5G Project and grant permission for the Joint Venture and Delivery Entity to be incorporated and the Overarching Grant Agreement entered into (including any associated ancillary documentation) in conjunction with the Department for Digital, Culture, Media & Sport.
- (3) Confirm and approve an allocation of £4.75 million to the Delivery Entity, subject to the normal WMCA Assurance Framework, to be allocated to projects using the governance structures set out in this paper.

1. Purpose

- 1.a The West Midlands has successfully bid for regional test-bed status as part of the Government's Urban Connected Communities programme (UCC). The benefits and implications of this for the region are substantial (outlined in brief below). This is a national effort to accelerate the deployment of next-generation mobile connectivity in the UK – with the West Midlands leading the way.
- 1.b Over the last month an interim project team has been established to work alongside our Department of Digital, Media, Culture and Sport (DCMS) partners as part of a mobilisation and setup phase. The purpose of this phase is to prepare long-term funding, contracting and project planning; develop necessary business cases; and build the regional and commercial relationships that will be necessary for success.
- 1.c The WM5G programme will report regularly to WMCA Board over the coming months and years. The purpose of this early-stage report is as follows:
- Request Board approval to participate in this programme
 - The WM5G UCC Project (the **Project**) has reached a stage where confirmation and approval of the governance structure is required. The governance model will be used to implement the 5G infrastructure and roll-out test-bed projects
 - The report therefore proposes a governance structure and potential funding model (including WMCA funding allocation), with a view to receiving approval of both from the WMCA Board.
- 1.d This is a national project hosted in the West Midlands with global significance. We want to make sure the governance of this project reflects our way of working in the region – ambitious, collaborative, and with inclusive growth and ambition for our citizens at its heart.
- 1.e Our proposition – developed with DCMS and outlined below – means to continue the spirit of collaboration and mutual benefit that characterised our successful bid. We are already engaging with WMCA members and the public, business and social sectors across the region to ensure they are plugged in to governance and advisory functions to the extent that is appropriate and desirable. This process has been accelerated pending approval of the governance model from WMCA Board.

2. Current Status and Proposed Structure

Background

- 2.a The West Midlands has been selected to become the innovative home to the UK's first multi-city 5G test bed. The multi million pound trial of new high speed mobile connectivity will pave the way for the future rollout of 5G across the UK, making the West Midlands the first region in the UK ready to trial new 5G applications and services at scale. 5G is short for 'fifth generation mobile networks' and is set to be significantly faster than previous generations, as well as providing reliable and flexible connectivity.

- 2.b The project will develop a large-scale 5G prototype across the region, with potential hubs in each of the regional clusters of Coventry/Solihull, Birmingham, and the Black Country. A key aspect of the design phase will involve exploring options for shared infrastructure.
- 2.c Up to £75m of public funding is available for the project, subject to further development and approval of the business plan. This includes £25m from the Department for Digital, Culture, Media and Sport (DCMS) and £25m match funding from regional partners. An additional £25m may be made available from DCMS at a later stage.
- 2.d 5G mobile connectivity is expected to revolutionise the digital environment across the UK, with massive attendant benefits to business, public services and society. But the current market environment for the introduction and uptake of 5G mobile coverage is not optimal. Market demand, competitive mobile operator environment and 5G network deployment approach are not yet clear enough to lower the barriers to investing in the technology at scale.
- 2.e The Government introduced the Urban Connected Communities programme to facilitate the successful introduction of 5G, overcoming the barriers of scale and the current competitor market in the UK. The Government has introduced a 5G Testbeds and Trials programme, through which it will provide funding for a series of projects to explore 5G connectivity solutions and business models. WMCA has been selected as the preferred partner for the implementation of their Urban Connected Communities (UCC) – to test 5G across a broad urban area.
- 2.f As part of this project we seek to:
- Increase the rate of adoption and deployment of new technologies needed to support higher productivity growth;
 - Act as a large-scale prototype for the UK in the deployment of 5G; evolution of market structures; and development of new business models and services, and
 - Enable full digital inclusion to accelerate the move towards the digital delivery of inclusive public and commercial services.
- 2.g WM5G is the catalyst for shaping and scaling the deployment of 5G across the region and ultimately the country, with WMCA being the first region to receive the benefits this revolution will bring. The project will support the strategy of inclusive growth: driving fast economic growth, with the benefits of that growth shared across the region through participation in new digital technologies.
- 2.h As an evolution of this concept, WM5G will:
- Make the West Midlands the “go to” region for innovating and testing scalable use cases for 5G - attracting investment and talent to the region, spurring economic growth and development.
 - Provide opportunities for locally based businesses to contribute to the innovation ecosystem that will evolve to make the project a success; and
 - Improve connectivity to support our small and social enterprises, such as social enterprise communities, social impact movements and the region’s blossoming digital and creative SME sector.

Strategic objectives and benefits

- 2.i In light of the context to WM5G outlined above, the overall strategic objectives for the project are to:
- Increase the rate of adoption and deployment of new technologies needed to support higher productivity growth;
 - Act as a large-scale prototype for the UK in the deployment of 5G; evolution of market structures; and development of new business models and services; and
 - Enable digital inclusion to accelerate the move towards the digital delivery of better, more cost effective public and commercial services in the West Midlands and UK.
- 2.j The achievement of these overarching objectives will enable the delivery of key strategic and economic benefits for the region – WM5G will enable faster and better coverage across the West Midlands, lowering the cost of communications for the public sector, and positioning us as a national and global leader.

Current status

- 2.k At present the West Midlands Combined Authority (**WMCA**) has entered into a Mobilisation Grant Agreement which has awarded grant funding from DCMS for the Project until the end of November. Additional match funding has been provided by GBSLEP and the WMCA in equal shares. It is a condition of future grant funding from DCMS that a joint venture vehicle owned by the WMCA and DCMS be established. This joint venture company will have a subsidiary that will engage in delivery activity. The two companies will both be limited by guarantee (a diagram of the proposed structure is set out at the end of this report).
- 2.l The proposed corporate governance model is intended to ensure a fair and transparent vetting process for business cases whilst providing sufficient procedural mechanisms to permit only the strongest of business cases to be successful in receiving funding.
- 2.m A combination of the WMCA, the 3 LEPs and other local partners in the area need to match the £25 million funding being provided by DCMS.

2.1. West Midlands UCC Joint Venture (the JV)

- 2.1.a *The following paragraphs outline the proposed joint-venture that will govern the WM5G Programme.*
- 2.1.b WMCA and DCMS will both be equal members in the JV. The JV will act as the highest level of governance within the proposed model where WMCA, representatives from the local authorities (including non-constituent representation), LEPs and DCMS will have the final comment on each business case.
- 2.1.c Incorporating companies limited by guarantee is the preferred corporate form for both the JV and Delivery Entity. This structure ring fences risk for the parties whilst allowing appropriate flexibility and the companies not to be on 'balance sheet' for DCMS. A Members' Agreement will be entered into between WMCA and DCMS which will set out how the relationship will be governed in more detail. This agreement is currently being developed by DCMS. It is anticipated that the Members' Agreement will contain the mechanics of how the parties will interact with each other, enact decisions, quorum for meetings, notice periods and exit arrangements.

- 2.1.d The JV board will be appointed by agreement between WMCA and DCMS, comprising representatives from each of the 7 constituent authorities, non-constituent representation, local enterprise partnerships, DCMS and other governmental departments, who are involved in the 5G Project. This allows for all the public sector partners to have visibility on the progress of the Project. The board will meet on a quarterly basis, and will act as the highest authority and final sign-off for each business case wishing to draw funding from the Project. The board will be chaired by the Mayor of the West Midlands.
- 2.1.e Once established, the JV will enter into an Overarching Grant Agreement with DCMS to receive the necessary funding in relation to the Project.

2.2. WM5G Limited (the Delivery Entity)

- 2.2.a The Delivery Entity will be set up as a wholly-owned subsidiary of the JV. The general role of the Delivery Entity will be to govern the delivery and associated operational aspects of the Project by obtaining private sector investment to match the public sector contributions, reviewing business cases before grant of funding and guiding funded business cases.
- 2.2.b The Delivery Entity board will consist of the following members:
- a non-executive chairman;
 - an employee representative from within the Delivery Entity;
 - 6 independent non-executives; and
 - 2 representatives from the JV (1 appointed each by DCMS and WMCA).
- 2.2.c The Delivery Entity board will meet on a monthly basis to approve each business case prior to progression to the JV board. The use of the Delivery Entity is to allow for the adoption of a more business focus at the delivery level, granting a greater degree of flexibility to react to market changes, especially in light of the dynamic nature of the telecoms and technology sectors. It is intended that the Delivery Entity will not be subject to local government accounting procedures. Advice on the taxation implications of the structure has been sought.
- 2.2.d Before business cases reach the Delivery Entity board, an internal Investment Sub-committee will review each submission. Investment Sub-committee meetings will also be convened on a monthly basis. These meetings will be interspersed with the Delivery Entity board meetings meaning that there will be a meeting of some capacity every 2 weeks at this level of governance. The membership of such Investment Sub-committee is yet to be agreed although it will be on a transparent basis with the view to appointing the right skills set.
- 2.2.e A number of Advisory Taskforces will scrutinise and provide feedback on each business case in order that well-reasoned recommendations may be made to the Investment Sub-committee. The Advisory Taskforces will comprise of representatives from regional, national and international stakeholders and collaborators allowing an input in the governance process from any interested parties (subject to any confidentiality and conflict restrictions).

- 2.2.f The role of the various Advisory Taskforces and the Investment Sub-committee will be to provide a more technical and in-depth review of the business cases. Therefore the variety of organisations involved at this level will be broader. This will lend to an inclusive governance structure, encouraging ideas and involvement in the Project. Proposed Advisory Taskforces currently anticipates a technical taskforce, a citizen taskforce and a funding and financial taskforce. These Advisory Taskforces will be more informal and therefore flexible.
- 2.2.g Subject to the nature and scope of the Project as time progresses, further subsidiaries may be formed, wholly owned by the Delivery Entity, to provide further involvement from sector specific experts where necessary. The key here is the flexible nature of the governance structure which may be adapted to meet the needs and requirements of the Project.
- 2.2.h For ease of reference, please see appended a diagram illustrating the proposed governance structure.

3. Timescales

- 3.a The WM5G UCC funding has a finite timescale which concludes on 31 March 2021.
- 3.b From inception of a business case to final approval by the JV board, the process is envisaged to last between 6 to 12 months.

4. Financial Implications

- 4.a The local partners are required to contribute £25 million to the project to match DCMS's initial investment. Of this £25 million, £5 million in total is required from the WMCA. £250,000 has already been allocated to the mobilisation phase of the project and therefore £4.75 million is required to be ring-fenced for the Overarching Grant Phase.
- 4.b The project team will revert to the Investment Board in January 2019 with an Outline Business Case that will be informed by the work they are currently doing to prepare for the Overarching Grant Agreement. This is intended to pave the way for the flexible draw-down of the ring-fenced cash allocation to meet the projects aims.

5. Legal Implications

- 5.a The WMCA has authority and would be acting within its powers by creating this governance structure. The legal authority for such a conclusion is as follows:
Article 10 of the West Midlands Combined Authority Order 2016 (the Order) states that:
- a) the functions of the constituent councils set out in Schedule 3 are exercisable by the Combined Authority in relation to its area;
 - b) the functions are exercisable concurrently with the constituent councils; and
 - c) any requirement in any enactment for a constituent council to exercise such a function may be fulfilled by the exercise of that function by the Combined Authority.

Paragraph 1 of Schedule 3 of the Order goes on to state that 'the functions of the constituent councils under section 1 of the Localism Act 2011 to the extent that those functions are exercisable for the purpose of economic development and regeneration.'

Section 1 of the Localism Act 2011 (the Act) states that a local authority has power to do anything that individuals generally may do; this is regarded as the general power of competence. However, under Section 4 of the Act where, in exercise of the general power, a local authority (and therefore the Combined Authority pursuant to Article 10 of the Order) does things for a commercial purpose, the authority must do them through a company.

Additional powers are also granted to the Combined Authority under the West Midlands Combined Authority (Functions and Amendment) Order 2017 which refers further to the powers granted in Local Democracy, Economic Development and Construction Act 2009.

5.b Therefore, WMCA may legally approve and grant authority to create this governance structure if it is satisfied that it is appropriate.

6. Equalities Implications

6.a The equalities implications will be considered on a business case by business case basis.

7. Inclusive Growth Implications

7.a The WMCA Board has asked for the inclusive growth implications of each board paper to be outlined in this section. We are developing a set of materials that will allow officers and partners to do this robustly, which will be reflected in WMCA Board reports from January onwards.

8. Geographical Area of Report's Implications

8.a Ultimately the entire WMCA region and surrounding non-constituents areas will benefit from the investment that will be accelerated as a result of the WM5G UCC project. This will happen through a combination of underlying infrastructure development and geographical test-beds which will give each area of the West Midlands an opportunity to benefit (focused initially on constituent WMCA geography). The long term benefit to all (constituent and non-constituent authorities) is a rapidly growing 5G market across the region as a whole.

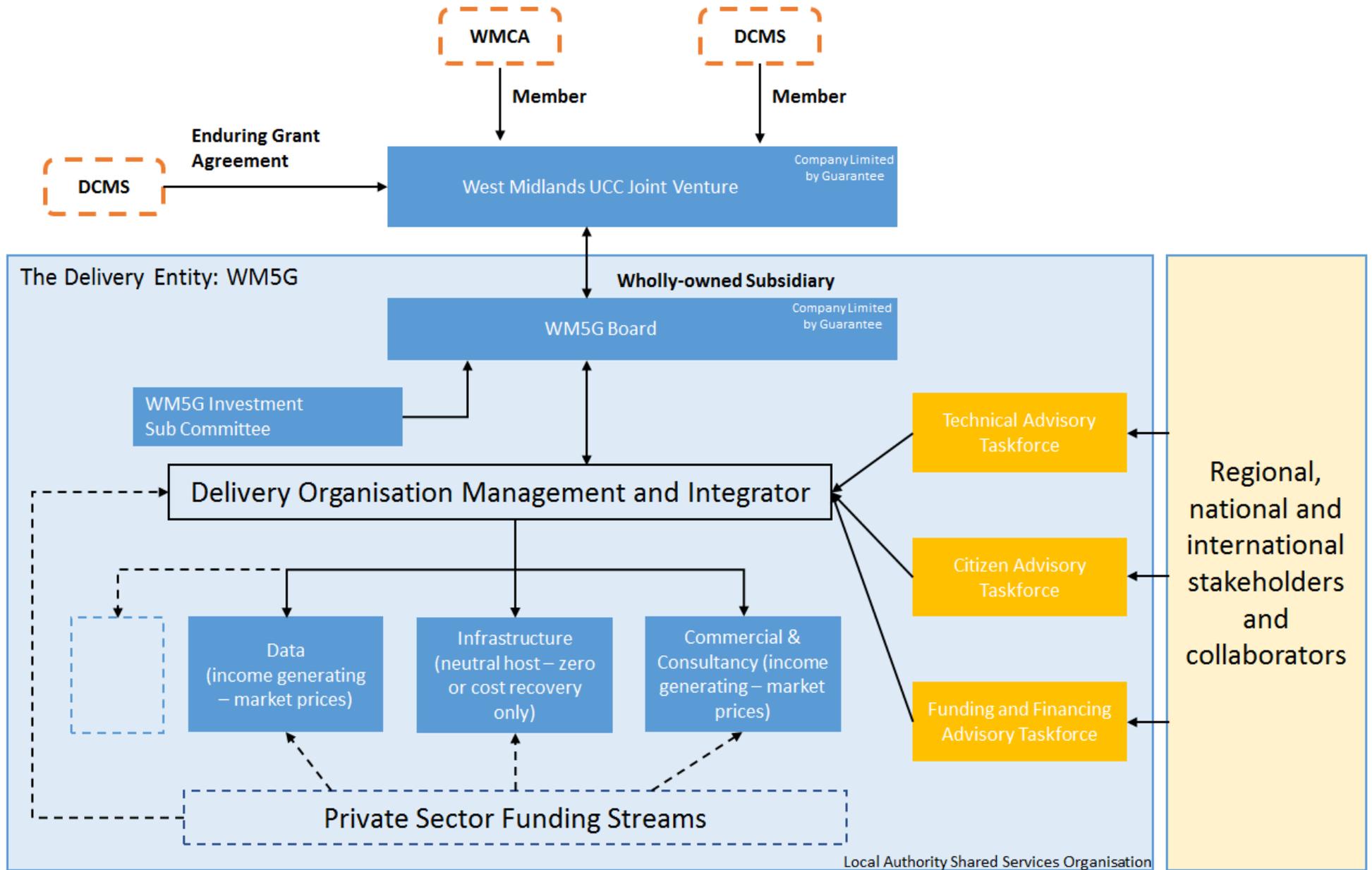
9. Other Implications

None

10. Schedule of Background Papers

Governance Structure Diagram

Governance Structure Diagram





WMCA BOARD

Date	9 November 2018
Report title	Financial Monitoring Report 2018/19
Portfolio Lead	Finance & Investments - Councillor Bob Sleigh
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7552
Accountable Employee	Sean Pearce, Director of Finance email: sean.pearce@wmca.org.uk tel: (0121) 214 7936
Report to be / has been considered by	WMCA Programme Board - 26 October 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Note the financial position as at the end of September 2018.
- (2) Note the Authority's mid-year Treasury Management position against the approved strategy.

1.0 Purpose

- 1.1 To provide an update on West Midlands Combined Authority finances as at the end of September 2018. Including the required mid-year update against the Treasury Management Strategy.

2.0 Background - Financial Monitoring

- 2.1 This report provides a view at the half way point in the financial year. 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 the balance sheet position in appendix 8. The Treasury Management strategy mid-year position at 30 September 2018 is included at appendix 9 for noting.
- 2.2 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority. The full year position at the end of September shows a £0.964m (£0.858m Aug18) favourable variance from budget largely owing to favourable variances within the Transport and Operational budgets as a result of planned activity being scheduled for later in the year than originally planned. Further details are provided in sections 3 and 4 below.
- 2.3 There has been no change to the reported full year forecast since last month.
- 2.4 Appendix 9 provides a mid-year update on WMCA treasury management activities as required by the CIPFA Treasury Management Code. The update provides evidence that that all treasury management activity has been undertaken in line with the strategy as approved by the WMCA Board.

3.0 Transport

- 3.1 Appendix 2 sets out the position on the Transport Revenue Budget as at the end of September 2018, showing a favourable variance of £0.309m (£0.418m Aug18) against budget to date. The full year forecast position shows an overall saving of £0.041m (£0.041m Aug).
- 3.2 The year to date position shows that expenditure on travel concessions is £0.854m (£0.520m Aug18) under budget and the FY position shows savings of £1.718m (£1.178m Aug18) due to lower bus patronage than budgeted. The majority of these savings will be used to fund the income foregone as a result of the (12 month) departure charge and roadside information holiday commencing from 1st Oct 2018 within bus services (£1.449m) (£1.449m Aug18).
- 3.3 Other key variances in the year to date position are favourable variances within passenger information and strategic development owing to the receipt of greater ticketing commission than anticipated and the timing of expenditure when compared with budget. These services are broadly expected to be in line with budget by year end.
- 3.4 Further areas of pressure incorporated into the full year position largely reflect lower rental income than anticipated for 16 Summer Lane (£0.110m) and upward pressures within various infrastructure budgets such as the cleaning and maintenance contracts.
- 3.5 Further details are set out in appendix 2.

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 September 2018.
- 4.2 There is a favourable year to date variance of £0.655m (£0.440m Aug18) which is primarily as a result of changes in the planned timing of operational activities across the portfolios. The full year position shows an adverse variance from budget of £0.138m (£0.138m Aug18) following the reforecast.
- 4.3 The key elements of the £0.655m favourable variance are as follows:
- 4.4 There is a favourable variance within Health and Wellbeing of £0.268m (£0.224m Aug18). This is largely due to vacant posts within the Health and Wellbeing team, for which recruitment is currently underway. Additionally, some professional services to be commissioned to deliver the Mental Health work streams will be commissioned later than originally planned. This includes developing a housing first service providing intensive mental health support for those with complex needs or who are homeless and supporting people with mental ill health as they prepare to leave prison.
- 4.5 There is a favourable variance of £0.193m (£0.204m Aug18) within corporate support which includes communications expenditure, primarily owing to the timing of marketing campaigns and events supporting activity across WMCA which are planned to take place later in the year and partly due to vacant posts that have not yet been recruited to, where plans are now in place.
- 4.6 There is a favourable variance against the Productivity and Skills budget of £0.182m (£0.112m Aug18), with recruitment activity underway to deliver the portfolio's agreed objectives over its 3 year planning period. The Employment Support Pilot is now being delivered and spend has been re-profiled across the 3 year programme to accommodate the revised delivery timetable. There is also a favourable variance on construction skills due to the rescheduling of project activities that will now take place later in the year.
- 4.7 Partly offsetting these variances is an adverse variance within Economic Growth which has occurred due to additional consultancy support, required across the Industrial Strategy and Office of Data Analytics budgets between July 2018 and March 2019. This has been reflected in the full year forecast along with costs associated with the Environmental portfolio and Economic Portfolio relating to the Local Industrial Strategy (LIS). Income received by other LEP areas is actively being pursued to recover this.

5.0 Mayor's Office

- 5.1 Mayoral office is roughly breakeven with this forecast remaining until the end of the year. This is being supported by the use of the Mayoral Capacity Fund and a recurrent solution is required to be found.

6.0 Funding and Priorities

- 6.1 WMCA's overall favourable year to date variance of £0.964m (£0.858m Aug18) primarily comprises £0.309m (£0.418m Aug18) relating to Transport Delivery and £0.655m (£0.440m Aug 18) in respect of the Operational Budget. As the variation on Transport Delivery is primarily a result of planned activities that will take place later in the year, it is currently anticipated that Transport Delivery will outturn in line with the annual budget and within the Operational budget an overspend of £0.138m (£0.138m Aug18) is forecast, relating to consultancy support within Economic Growth and Environmental portfolio. With all portfolios expecting activity to still be complete by year end as set out in the CA business plan.
- 6.2 Formal approval of a 2% pay award for 2018/19 is still pending. Revenue budgets currently reflect a 1% award with a further 1% adjustment to be processed once the award has been finalised. The impact across all WMCA budgets is c£0.270m.

7.0 Transport Delivery Capital Programme

- 7.1 Appendix 5 sets out the position on the Capital Programme as at the end of September 2018. Overall there is a favourable variance of £27.9m (£18.4m Aug18) against budget. This is primarily contained within the TfWM Investment Programme (£25.8m) and predominantly relates to Metro extension schemes.
- 7.2 There is a favourable variance on the Wednesbury to Brierley Hill Metro Extension (£6.2m) which is reflective of ongoing investigation work on retaining walls and structures impacting on preliminary design progression. In addition the Edgbaston Metro Extension (£5.0m) is under spent owing to a statutory traffic order relating to complementary highway works, which needs to be obtained prior to work commencing, and is anticipated to be obtained later in the year. The favourable variance on the Wolverhampton City Centre Metro Extension scheme (£5.0m) reflects re-profiling of detailed design works, and the purchase of the NCP Car Park (£0.8m) which is in progress, but will not conclude until later in the year. The Metro East Birmingham to Solihull Metro Extension (£2.9m) reflects the ongoing completion of surveys and modelling works resulting in the re-profiling of the Transport Works Order request from December 2018 to June 2019. The Metro Centenary Square Extension (£1.8m) is below budget due to lower construction costs arising from re-profiled utility and design works. To compensate, the closure of Paradise Circus from September will facilitate the acceleration of construction costs bringing forward the completion date of the project next year.
- 7.3 The other Major Schemes Programme is underspent by £0.7m against budget, primarily due to Longbridge Connectivity Package (£0.5m). The pre-construction investigation works is continuing, and the planning application is being submitted in October 2018. As a consequence, the main construction of the Decked Car Park has been rescheduled from September 2018 to March 2019.
- 7.4 The Minor Works programme shows a favourable variance of £1.1m to budget, spread across the wider Programme. The main underspends include Snow Hill 3rd Access (£0.3m), Network Wide Bus Station Refurbishments (£0.3m), and the Managing Short Trips Programme (£0.3m). Only the Snow Hill 3rd Access has an impact on Annual Forecast, owing to a delay in finalising the construction contract until assurances have been received from Network Rail around infrastructure.

7.5 The Annual Forecast shows a £48.2m (£41.3m Aug18) favourable movement against budget, primarily being a reflection of timing rather than project slippage. The main variance relates to Metro Wednesbury to Brierley Hill Metro Extension scheme (£22.0m), where the Network rail corridor acquisition has been rescheduled to December 2018, in tandem with the Target Cost, leading to a re-profiling of detailed design into 2019/20. In addition there is a favourable variance against the Birmingham Eastside Extension (£11.1m) relating to the 3G Tram contract which has gone out to tender, however negotiations and contract award originally scheduled for February 2019 will now take place in May 2019. The Investment Programme (£4.5m) has been reviewed in September 2018, and reduced following a re-profiling of land acquisition costs specific to the Walsall to Wolverhampton Local enhancements, and cost re-profiling of the Camp Hill Line. The Edgbaston Metro Extension is also under spent (£2.8m) primarily as a result of the ongoing complementary highway works as identified previously. The East Birmingham to Solihull Metro Extension (£2.8m) reflects a reduction owing to ongoing modelling & survey work, resulting in a rescheduling of the Public consultation and the Transport & Works Order submission into Q1 2019/20.

7.6 The forecast changes represent re-profiling of commitments and have no adverse impact on the timescales for overall delivery of schemes.

7.7 Further details are set out in appendix 5.

8.0 Investment Programme

8.1 The financial results for the Investment Programme run one month behind the regular management accounts due to the requirement to consolidate outputs across the Metropolitan area. The August results are shown in Appendix 6.

8.2 The year-to-date cash spend to August 2018 is £30m behind the initial forecast (£27m July18). For the full year 2018/19 the programmes are forecast to be £46m behind initial forecasts. Both the year-to-date and full year variances are primarily due to the Metro programme spend being behind budget (for the full year being £40m of the £46m total variance), associated with those factors outlined in section 7.

8.3 The financial summary continues to highlight an increased forecast against the Wednesbury to Brierley Hill and Birmingham to Solihull Interchange Metro extensions. An exercise is ongoing via the Metro Delivery Board to review and verify the costs to completion for the Metro Programme and the results will be reported early in the new year.

8.5 The cost to completion against UK Central Interchange remain red status due to the funding gap of c.£205m relating to the Birmingham International Station redevelopment project. Funding sources are being progressed by Solihull MBC/Urban Growth Company.

8.6 Appendix 7 details the commitments made against the Investment Programme which totalled £495m to the end of September 2018 (£489m Aug18).

9.0 Balance Sheet

9.1 Appendix 8 presents the West Midlands Combined Authority Balance Sheet which shows a good financial position at the end of September 2018. Main changes reflect Transport for West Midlands capital spend and work-in-progress mainly funded by grants in advance, resulting in the increase in long-term assets.

9.2 The decrease in debtors is largely due to the application of grant funding in respect of the Wednesbury to Brierley Hill and Centenary Square Metro extension schemes. In contrast, the increase in short term creditors is due to payments made for the HS2 and UK Central schemes from the investment programme and the agreed payment profile with operators.

9.3 The decrease in short-term deposits and cash are due to cash outflows in respect of Metro extension schemes.

10.0 Administered Funds

10.1 For the first time in this report a new section on administered funds is now reported.

10.2 WMCA is responsible for managing funds awarded by government and other sources in respect of a number of partnership arrangements as their 'accountable body'. WMCA is accountable body for the following partnership arrangements:

10.3 **Midlands Connect** - which brings together 23 local authorities, 9 LEPs, Birmingham and East Midlands airports, the chambers of commerce from across the Midlands, along with Highways England, HS2 Ltd, Network Rail and the Department for Transport and is the core pillar of the Midlands Engine 'Vision for Growth'. The key objective of the partnership is to determine what transport infrastructure is needed to boost the region's economy. Funding worth £21m over 2 years has been granted by the Department for Transport.

10.4 **Housing First Pilot** – Funding worth £9.6m over 3 years has been granted by MHCLG for WMCA, the seven local authorities, housing providers and homelessness charities in the region to launch a project to help rough sleepers off the streets. The project will offer individuals safe, secure accommodation, alongside intensive support to help them recover from complex health issues such as substance abuse and mental health difficulties.

10.5 **One Public Estate** – funding worth £490,000 has been granted by the Cabinet Office Government Property Unit for WMCA, constituent and non-constituent members and other health and blue light organisations from across the region to secure more from public sector assets through collective action.

10.6 WMCA is also responsible for distributing funds awarded by government to the seven local authorities in the constituent authority area including the following funds:

10.7 **Highways Maintenance Block (£13.1m) Highways Maintenance Incentive Fund (2.7m) and the Pothole Fund (£1.7m)** are all paid to WMCA by Department for Transport (DfT) which are subsequently distributed to all Local Authorities (except Birmingham who have a PFI arrangement) based on a distribution formula decided by DfT.

10.8 **Integrated Transport Block** – funding worth £17.6 m is received by WMCA from DfT. The funding is distributed in line with a locally agreed arrangement with WMCA retaining £4.4m (25%) and the remainder being distributed to the seven Local Authorities based on population. The funding retained by WMCA supports the WMCA Minor Works Capital Programme.

10.9 Future financial reports will include short progress updates against these funds.

11.0 Financial Implications

12.1 There are no Financial Implications.

12.0 Legal implications

12.1 There are no legal implications.

13.0 Equalities implications

13.1 There are no equalities implications.

14.0 Inclusive Growth Implications

14.1 The WMCA Board has asked for the inclusive growth implications of each board paper to be outlined in this section. We are developing a set of materials that will allow officers and partners to do this robustly, which will be reflected in WMCA Board reports from January onwards.

15.0 Geographical Area of Report's Implications

15.1 The report encompasses the West Midlands region.

16.0 Other Implications

16.1 There are no other implications

17.0 Schedule of Background Papers

- Appendix 1 – WMCA Consolidated Summary – September 2018
- Appendix 2 – WMCA Transport Revenue Summary – September 2018
- Appendix 3 – WMCA Operational Revenue Summary – September 2018
- Appendix 4 – WMCA Mayor Revenue Summary – September 2018
- Appendix 5 – WMCA Capital Transport Delivery Programme – September 2018
- Appendix 6 – WMCA Investment Programme Summary – August 2018
- Appendix 7 – WMCA Investment Programme Commitments – September 2018
- Appendix 8 – WMCA Balance Sheet – September 2018
- Appendix 9 – Treasury Management Strategy - September 2018

Appendix 1

WMCA Consolidated Summary – September 2018

	SEPTEMBER 2018 YEAR TO DATE			FULL YEAR 2018/19		
	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	FORECAST £'000	BUDGET £'000	VARIANCE £'000
INCOME						
1 - Transport Levy	57,360	57,360	0	114,720	114,720	0
2 - Devolution Deal grant (IP)	36,500	36,500	0	36,500	36,500	0
3 - Devolution Deal grants - other	842	2,056	(1,214)	5,589	6,116	(527)
4 - Adult Education Funding	89	100	(11)	509	200	309
5 - Business rates growth	2,250	2,250	0	4,500	4,500	0
6 - Grants from Constituent members	2,322	2,322	0	4,644	4,644	0
7 - Grants from Non Constituent members	213	213	0	425	425	0
8 - Investment Income	476	247	229	697	494	203
9 - Use of Reserves	265	350	(85)	(796)	1,767	(2,563)
Total income	100,317	101,398	(1,081)	166,788	169,366	(2,578)
EXPENDITURE						
10 - Transport delivery	56,939	57,248	309	115,680	115,721	41
11 - Operational budget	3,105	5,013	1,908	11,745	11,822	77
12 - Investment Programme Governance	998	1,494	496	2,731	4,659	1,928
13 - Mayoral Office	364	416	52	823	823	0
14 - Financing Costs	37,976	37,256	(720)	35,909	36,341	432
Total expenditure	99,382	101,427	2,045	166,888	169,366	2,478
Net	935	(29)	964	(100)	0	(100)

The year to date position at the end of September shows a favourable variance of £0.964m (£0.858m Aug18) against budget. This is largely due to the timing of recruitment and activity within the Transport Delivery and Operational budgets, where there are net favourable variances of £0.309m (£0.418m Aug18) and £0.655m (£0.440m Aug18) respectively.

The transport position shows a minor favourable movement in the full year position reflecting the expected increase in activity as we move through the year.

The operational budget (11) is currently recruiting to several vacant posts and consultancy support is being commissioned. The latest full year position reflects a £0.138m forecast over spend due to increased activity within the economic growth and environment portfolio, along with a significant increase in planned activity and establishment to the end of the year.

Within the Investment Programme (12) there is a favourable variance against planned expenditure of £0.496m (£0.441m Aug18) owing to planned borrowing not being necessary due to higher cash balances than anticipated. This has also resulted in investment income being higher than anticipated by £0.229m (£0.159m Aug18) (8).

Appendix 2

Transport for West Midlands 2018-19 year to date revenue position – September 2018

	SEPTEMBER 2018 YEAR TO DATE			FULL YEAR 2018/19			As at the end of September there is a £0.309m favourable position in-year with a minor favourable position of £0.041m forecast for the full year. Headline explanations for the variances are set out below.
	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	FORECAST £'000	BUDGET £'000	VARIANCE £'000	
TRANSPORT FOR WEST MIDLANDS							
INCOME							
Transport Levy	57,360	57,360	0	114,720	114,720	0	There are no variances to report
TOTAL INCOME	57,360	57,360	0	114,720	114,720	0	
Concessions							In-year and full year forecast savings due to lower patronage than budgeted with Bus concessionary patronage continuing to reduce across operators. The majority of the saving will be used to fund the income foregone as a result of the 12 month Departure charge and Roadside Information holiday commencing from 1 October 2018.
National Bus Concession	25,258	26,112	853	50,537	52,244	1,708	
Metro / Rail	2,268	2,267	0	4,541	4,542	0	
Child Concession	4,738	4,739	1	9,541	9,552	10	
TOTAL EXPENDITURE CONCESSIONS	32,263	33,118	855	64,619	66,338	1,718	
Bus Services							Full year adverse variance forecast due to the income foregone as a result of the agreed introduction of the 12 month Departure charge and Roadside Information holiday commencing from 1 October 2018. The income foregone from this will be funded from savings on Concessions.
Bus Stations / Infrastructure	2,531	1,829	(702)	4,958	3,510	(1,448)	
Subsidised Network	4,220	4,205	(14)	8,498	8,498	0	
Tendering / Monitoring	324	328	4	686	683	(4)	
Accessible Transport	3,627	3,629	1	7,259	7,261	2	
TOTAL EXPENDITURE BUS SERVICES	10,702	9,991	(711)	21,401	19,952	(1,449)	
Rail and Metro Services							Favourable year to date position and full year saving due to Metro Concessions contract performance deduction. Adverse full year forecast variance due to a number of costs pressures seen on rates, rents, cleaning and CCTV works.
Metro Services	737	760	23	1,546	1,560	15	
Rail Services	1,040	1,042	1	2,317	2,253	(64)	
TOTAL EXPENDITURE RAIL AND METRO SERVICES	1,777	1,802	25	3,863	3,814	(49)	
Integration							In-year and full year adverse variance due to increased costs for the Safer Travel Policing team. In-year reflects phasing of expenditure compared to budgeted profile and favourable Ticketing Commission income year to date. A minor full year adverse variance is forecast.
Safety and Security	316	292	(24)	647	614	(33)	
Passenger Information	2,451	2,518	66	5,222	5,195	(27)	
Sustainable Travel	92	125	33	255	253	(2)	
TOTAL EXPENDITURE INTEGRATION	2,859	2,934	75	6,124	6,063	(61)	
Other Budgets							Business Support : In-year adverse and full year adverse forecast variance mostly due to interim resource brought in to cover vacancies and staff turnover in the short term and a lower recovery against the 16 Summer Lane building income target Strategic Development : In-year favourable positions reflects some phasing on External Advice activity, with a minor adverse forecast projected for full year
Total Expenditure Network Resilience	379	400	21	829	831	2	
Total Expenditure Business Support Costs	1,651	1,584	(67)	3,395	3,285	(110)	
Total Expenditure Strategic Development	951	1,061	110	2,250	2,240	(11)	
Total Expenditure Elected Members	130	130	1	271	271	0	
Total Expenditure Capital Finance Charges	6,228	6,228	0	11,926	11,929	3	
TOTAL EXPENDITURE	56,939	57,248	309	114,680	114,721	41	
NET	422	113	309	40	(1)	41	

Appendix 3

West Midlands Combined Authority Operational Budget – September 2018

FINANCIAL SUMMARY AS AT SEPTEMBER 2018	SEPTEMBER 2018 YEAR TO DATE			FULL YEAR 2018/19			As at the end of September 2018, there is a favourable variance of £655k within the Operational Budget. Key variances are explained below:
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Contribution - 7 Met Councils	2,322	2,322	0	4,644	4,644	0	There are no significant variances to report.
Non-Constituent Members	188	188	0	375	375	0	
Associate Members / Official Observers	25	25	0	50	50	0	
Investment Income	247	247	0	494	494	0	
Total Income	2,782	2,782	0	5,563	5,563	0	
Economic Growth							The key variances in the Economic Growth portfolio recognise funding being used flexibly across the Portfolio. Funding for growth has a small favourable variance due to a vacant post. The Environment forecast shows costs associated with consultancy support for overall management, along with work associated with air quality. Culture and Tourism shows a favourable variance due to the timing of activity which will take place later in the year than initial budgeted.
Mayoral Capacity Funding	157	234	(77)	388	388	0	
Devo Office of Data Analytics	73	87	(14)	279	200	79	
Total Income	230	321	(91)	667	588	79	
Culture and Tourism Commission	0	(30)	30	(60)	(60)	0	
Funding for Growth	(403)	(440)	37	(785)	(880)	95	
Office of Data Analytics	(74)	(88)	14	(279)	(201)	(78)	
Black Country Economic Intelligence Unit	(91)	(120)	29	(240)	(240)	0	
Industrial Strategy	(186)	(169)	(17)	(468)	(308)	(160)	
Environmental	(14)	0	(14)	(90)	0	(90)	
Total Expenditure	(768)	(847)	79	(1,922)	(1,689)	(233)	
Economic Growth Net Total	(538)	(526)	(12)	(1,255)	(1,101)	(154)	
Public Services Reform							There are no significant variances to report.
Revenue Contributions to / from Third Parties	(3)	50	(53)	100	100	0	
Mayoral Capacity Funding	19	50	(31)	100	100	0	
Total Income	16	100	(84)	200	200	0	
Public Sector Reform	(228)	(245)	17	(490)	(490)	0	
Inclusive growth	(19)	(100)	81	(200)	(200)	0	
WM Fire Service Transition	(8)	0	(8)	0	0	0	
Total Expenditure	(255)	(345)	90	(690)	(690)	0	
Public Service Reform Net Total	(239)	(245)	6	(490)	(490)	0	
Health & Wellbeing							The favourable variance on income relates to a contribution from Public Health England in respect of the Implementation Director post. The favourable year to date variance is anticipated to be recovered by the year end as recruitment is under way and work planned will take place during the remainder of the year.
Revenue Contributions to / from Third Parties	33	0	33	33	0	33	
Total Income	33	0	33	33	0	33	
Mental Health Commission	(14)	(218)	204	(435)	(435)	0	
Well Being	(90)	(121)	31	(275)	(242)	(33)	
Total Expenditure	(104)	(339)	235	(710)	(677)	(33)	
Health & Wellbeing Net Total	(71)	(339)	268	(677)	(677)	0	
Housing & Land							The variances against the Housing and Land budget are off-set by the value of funding applied to the expenditure in year.
Devolution Housing & Land	204	458	(254)	732	1,000	(268)	
Total Income	204	458	(254)	732	1,000	(268)	
WMCA Governance 2015/16	0	0	0	0	0	0	
Housing and Land Commission	(274)	(533)	259	(872)	(1,150)	278	
Total Expenditure	(274)	(533)	259	(872)	(1,150)	278	
Housing & Land Net Total	(70)	(75)	5	(140)	(150)	10	
Skills & Productivity							The Employment Support Pilot is now being delivered and spend has been re-profiled across the 3 year programme to accommodate the revised delivery timetable. There is a favourable variance on Construction Skills again due to the revised timetable for delivery of project activities which will take place later in the year. The Productivity and Skills commission budget favourable variance is as a result of the timing of activity and vacant posts, some of which have been recruited to and staff are due to take up their roles in the coming months.
Devolution Productivity & Skills	228	1,027	(799)	3,345	3,770	(425)	
HS2 Devolution Funding	7	0	7	0	0	0	
Adult Education Funding	89	100	(11)	509	200	309	
Total Income	324	1,127	(803)	3,854	3,970	(116)	
Productivity and Skills Commission	(204)	(398)	194	(464)	(464)	0	
Employment Support Pilot Skills	(51)	(269)	218	(1,404)	(1,829)	425	
HS2 Skills	(7)	(58)	51	(175)	(175)	0	
Gatsby Skills	(35)	(50)	15	(100)	(100)	0	
Construction Skills	(142)	(649)	507	(1,666)	(1,666)	0	
Adult Education	(89)	(89)	0	(509)	(179)	(330)	
Total Expenditure	(528)	(1,513)	985	(4,318)	(4,413)	95	
Skills & Productivity Net Total	(204)	(386)	182	(464)	(443)	(21)	
Leadership							There are no significant variances to report
Revenue Contributions to / from Third Parties	21	0	21	41	0	41	
Total Income	21	0	21	41	0	41	
Leadership	(199)	(191)	(8)	(394)	(381)	(13)	
Total Expenditure	(199)	(191)	(8)	(394)	(381)	(13)	
Leadership Net Total	(178)	(191)	13	(353)	(381)	28	
Corporate Support							The favourable variance relates primarily to scheduling of communications spend relating to marketing campaigns, digital development and events which are anticipated to take place later in the year and vacant posts within support that will be recruited to later in the year. The FY position remains within budget overall.
Mayoral Capacity Funding	12	0	12	12	0	12	
Total Income	12	0	12	12	0	12	
Programme, Policy and Support	(920)	(956)	36	(1,981)	(1,914)	(67)	
Communications	(58)	(203)	145	(353)	(407)	54	
Total Expenditure	(978)	(1,159)	181	(2,334)	(2,321)	(13)	
Corporate Support Net Total	(966)	(1,159)	193	(2,322)	(2,321)	(1)	
TOTAL NET EXPENDITURE	(2,266)	(2,921)	655	(5,701)	(5,563)	(138)	
NET RETURN	516	(139)	655	(138)	0	(138)	
Devolution grants	(748)	(1,905)	1,157	(5,034)	(5,558)	524	
AEB Funding	(89)	(100)	11	(509)	(200)	(309)	
Use of reserves	0	(85)	85	(502)	(502)	0	
NET RETURN PRESENTED IN CONSOLIDATED SUMMARY	(321)	(2,229)	1,908	(6,183)	(6,260)	77	

Appendix 4

West Midlands Combined Authority Mayoral Budget – September 2018

	SEPTEMBER 2018 YEAR TO DATE			FULL YEAR 2018/19			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
MAYORAL OFFICE							
Mayoral Capacity Funding	98	151	(53)	558	558	0	
Use of Reserves	265	265	0	265	265	0	
TOTAL INCOME	363	416	(53)	823	823	0	
Staff Costs	(293)	(351)	58	(662)	(692)	30	<p>As at the end of September 2018 the Mayoral budget has a favourable variance of £0.053m against budgeted expenditure.</p> <p>The full year position is in line with budget.</p>
Agency Staff	(15)	0	(15)	(1)	0	(1)	
IT	0	(5)	5	(10)	(10)	0	
Promotions, Information and Initiatives	(1)	0	(1)	0	0	0	
Travel & Subsistence	(5)	(20)	15	(40)	(40)	0	
Other	(1)	(1)	0	(2)	(2)	0	
Direct Recharges	(9)	0	(9)	(29)	0	(29)	
Indirect Recharges	(39)	(39)	0	(79)	(79)	0	
TOTAL EXPENDITURE	(363)	(416)	53	(823)	(823)	0	
NET	0	0	0	0	0	0	

Appendix 5 West Midlands Combined Authority Transport Delivery Capital Programme – September 2018

Financial Summary Month Ending September	YEAR TO DATE			FULL YEAR 2018/19			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
TFWM Directly Delivered Investment Programme Schemes							
<u>HS2 Connectivity Programme:</u>							<p>Year to Date Variances</p> <p>At the end of Sept 2018, actual expenditure was £25.8m lower than the budget with the overall variances relating to cash flow reprofiling. An explanation of the main variances is as follows:</p> <p>The favourable cashflow variance on the Metro Edgbaston Extension (£5.0m) and Centenary Square (£1.8m) is due to the requirement to obtain Statutory Traffic Regulations Orders prior to commencing elements of work and the consequent profiling of activities to achieve the delivery of the scheme within the original timescales.</p> <p>The favourable cashflow variance for the Wolverhampton City Centre (£5.0m) scheme accommodates changes within the programme plan that are intended to be recovered over the remaining life of the project as they are not on the critical path.</p> <p>The Metro Birmingham Eastside Extension (£2.6m) variance is reflective of design option reappraisal at the Delta Junction at Bull Steet rescheduling the preliminary design submission back to Q4 18/19.</p> <p>The Metro East Birmingham to Solihull Metro Extension (£2.9m) variance is reflective of ongoing surveys and modelling works, requiring the reprofiling of the Transport Works Order request from December 2018 to June 2019.</p> <p>The Metro Wednesbury to Brierley Hill Extension (£6.2m) reflects ongoing investigation work on retaining walls and structures, impacting on preliminary design progression.</p> <p>The Annual Forecast Variances</p> <p>Changes have been made since April 2018 to the forecast out-turn which again relate to timing of expenditure rather than being indicative of project slippage. The overall reduction in September (£6.9m) is in the main contained within the Investment Programme (£4.5m) following a Forecast refresh</p> <p>The main variances are as follows:</p> <p>The Edgbaston and Centenary Square Metro Extension forecasts have been reduced by £2.7m owing to the complimentary highway works and the 2018/19 impact of the Traffic Regulation Orders as detailed above.</p> <p>The Birmingham Eastside Extension (£11.1m) and East Birmingham to Solihull Extension forecast revisions (£2.8m) are representative of the full year effect of the cash flow variations to the end of September.</p> <p>The main variation within the Metro Wednesbury to Brierley Hill Extension (£22.0m) follows the Network rail corridor acquisition which has been reprofiled to December 2018 and rescheduling of survey input data impacting preliminary design progression.</p> <p>The variances against these Metro extensions represent re-profiling of commitments and have no adverse impact on the timescales for overall delivery.</p> <p>the Investment Programme (£4.5m) under spend is primarily due to reprofiling of Land acquisition on the Rail-Walsall to Wolverhampton Local Enhancements (£1.7m), and reprofiling of costs on the Rail-Camp Hill Line (£1.2m).</p>
Bilston Road Track Replacement Phase 2	(32)	(250)	218	(282)	(250)	(32)	
Sprint Network	(931)	(2,282)	1,351	(3,487)	(5,227)	1,740	
Investment Programme Rail Programme	(2,694)	(3,436)	742	(4,645)	(9,184)	4,539	
Metro Centenary Square Extension	(6,943)	(8,775)	1,832	(17,532)	(17,422)	(110)	
Metro Wolverhampton City Centre Extension	(6,359)	(11,345)	4,986	(13,030)	(13,593)	563	
Metro Edgbaston Extension	(4,966)	(9,956)	4,990	(14,486)	(17,289)	2,803	
Metro Catenary Free	(7)	0	(7)	0	0	0	
<u>Other TFWM Investment Programme Schemes</u>							
Metro Birmingham Eastside Extension	(2,748)	(5,382)	2,634	(11,770)	(22,859)	11,089	
Metro East Birmingham to Solihull Extension	(4,223)	(7,087)	2,864	(10,488)	(13,273)	2,785	
Metro Wednesbury to Brierley Hill Extension	(5,456)	(11,654)	6,198	(12,489)	(34,510)	22,021	
TOTAL TFWM INVESTMENT PROGRAMME	(34,359)	(60,167)	25,808 73%	(88,209)	(133,607)	45,398 34%	
TFWM Other Major Schemes							
Longbridge Connectivity Package	(56)	(568)	512	(1,810)	(3,557)	1,747	<p>At the end of September 2018, there was an underspend of £0.650m, the main variance being the Longbridge Connectivity Package. It was originally envisaged that construction of the Decked Car park at Longbridge would have commenced in September, however further ground investigative work is continuing to assess whether piled foundations are required. Planning approval is expected to be concluded in October 2018, with the main construction rescheduled to January 2019.</p> <p>The Annual Forecast is £2.379m below the Budget, reflecting a reduction of £1.7m in September, entirely due to the rescheduling of the main construction works at Longbridge into Q4 18/19 and 2019/20 as identified above. The CAV project is also below Budget, being cash-flow related following the decision to procure the Highway and Road Traffic control equipment towards the end of Q1 19/20. This has no impact on the delivery of the 2 year programme.</p>
Connected and Autonomous Vehicles	(113)	(251)	138	(468)	(1,100)	632	
TOTAL TFWM INVESTMENT PROGRAMME	(169)	(819)	650 79%	(2,278)	(4,657)	2,379 51%	
TFWM Minor Works Programme							
TFWM Minor Works Programme	(3,813)	(4,955)	1,142	(13,330)	(13,773)	443	<p>At the end of September 2018, there was an underspend of £1.142m against budget. The main variances relate to Snow Hill 3rd Access (£0.325m), Network Wide Bus Station Refurbishments (£0.359m) the construction of walking and cycling routes (£0.3m), offset by the development costs for the University Station (£0.469m) which have been underwritten in advance of securing Greater Birmingham & Solihull LEP funding which is awaiting a decision following submission of the Outline Business Case in July 2018.</p> <p>The Annual Forecast is £0.443m below Budget, primarily reflective of the full year impact of construction rescheduling with regards to Snow Hill 3rd Access (£1.6m) reported in September.</p> <p>Offsetting this is the ongoing University Station development project (£1.0m). This project is a high priority with a vision to deliver a new station by December 2021, in advance of the Commonwealth Games. The development spend against this scheme is subject to a funding bid with GBS LEP and the cash-flow requirement is being financed by WMCA in advance of the funding decision which is expected to be positive. If this is not the case, additional grant from future years would need to be applied to the spend to date.</p>
TOTAL TFWM INVESTMENT PROGRAMME	(3,813)	(4,955)	1,142 23%	(13,330)	(13,773)	443 3%	
TFWM Administered Programme							
TFWM Administered Programme	(417)	(709)	292	(3,130)	(3,141)	11	<p>The main variance relates to rescheduling of Transport Modelling Strategy for the Commonwealth Games. Mobilisation has commenced in July 2018 with some reprofiling into the remaining quarters</p>
TOTAL TFWM INVESTMENT PROGRAMME	(417)	(709)	292 41%	(3,130)	(3,141)	11 0%	
GRAND TOTAL TFWM CAPITAL PROGRAMME	(38,758)	(66,650)	27,892 42%	(106,947)	(155,178)	48,231 31%	

WMCA Investment Programme Financial Summary period ending 31st August 2018

	2018 / 2019 YEAR TO DATE			2018 / 2019 FULL YEAR			COST TO COMPLETION					
	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR PERIOD	2018/19	FUTURE YEARS	TOTAL FORECAST	TOTAL BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000	SPEND	FORECAST	FORECAST	OUTTURN	£000	£000
UK CENTRAL : HS2 INTERCHANGE	3,231	4,171	940	12,718	10,019	2,699	3,947	10,019	590,451	604,417	604,612	195
UK CENTRAL : HS2 INFRASTRUCTURE	1,131	3,113	1,983	16,494	16,532	(38)	2,155	16,532	1,368,063	1,386,750	1,386,543	(207)
CURZON STREET STATION MASTERPLAN	0	600	600	4,406	4,406	0	0	4,406	551,894	556,300	556,300	0
METRO BIRMINGHAM EASTSIDE	2,295	4,029	1,735	22,859	12,751	10,108	6,217	12,751	118,232	137,200	137,200	(0)
METRO BIRMINGHAM TO SOLIHULL INTERCHANGE	3,554	6,162	2,609	13,273	10,488	2,785	4,102	10,488	720,410	735,000	675,000	(60,000)
HS2 WIDER CONNECTIVITY PACKAGE	26,069	46,285	20,216	112,197	97,912	14,286	106,997	97,912	901,435	1,106,344	1,106,303	(41)
BRIERLEY HILL METRO EXTENSION	4,638	7,250	2,612	34,510	12,489	22,021	7,368	12,489	323,743	343,600	310,000	(33,600)
NATIONAL COLLEGE FOR HIGH SPEED RAIL	73	78	5	78	118	(40)	25,431	118	0	25,549	25,509	(40)
HS2 GROWTH STRATEGY PROGRAMME MANAGEMENT	102	99	(2)	239	244	(5)	615	244	2,173	3,032	3,032	0
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT	0	0	0	0	0	-	11,270	0	338,730	350,000	350,000	0
HS2 GROWTH STRATEGY TOTAL	41,093	71,789	30,697	216,774	164,959	51,816	168,102	164,959	4,915,131	5,248,192	5,154,499	(93,693)
COVENTRY UK CENTRAL PLUS CONNECTIVITY	1,043	1,956	912	8,922	7,722	1,200	2,341	7,722	494,067	504,130	504,130	(0)
COVENTRY CITY CENTRE REGENERATION	762	919	157	25,394	25,394	0	5,821	25,394	330,555	361,770	357,770	(4,000)
COLLECTIVE INVESTMENT VEHICLE	2,289	939	(1,350)	20,000	20,000	0	20,785	34,008	945,207	1,000,000	1,000,000	0
LAND RECLAMATION	0	0	0	20,000	27,394	(7,394)	0	27,394	172,606	200,000	200,000	1
COMMONWEALTH GAMES	0	0	0	0	0	0	0	0	25,000	25,000	25,000	0
DEVOLVED TRANSPORT INVESTMENT	0	0	0	0	0	0	0	0	1,299,000	1,299,000	1,299,000	0
EZ EXPANSION EXCLUDING CURZON	0	0	0	0	0	0	0	0	20,000	20,000	20,000	0
EMPLOYMENT EDUCATION & SKILLS	0	0	0	2,000	2,000	0	0	2,000	18,000	20,000	20,000	0
BUSINESS INNOVATION	0	0	0	5,000	5,000	0	25	5,000	44,975	50,000	50,000	0
OTHER INVESTMENT PROGRAMME SCHEMES	4,094	3,813	(280)	81,316	87,510	(6,194)	28,972	101,518	3,349,410	3,479,899	3,475,900	(4,000)
GRAND TOTAL	45,186	75,603	30,416	298,090	252,468	45,622	197,074	266,476	8,264,541	8,728,091	8,630,399	(97,692)

The financial results for August 2018 are shown above.

In respect of full project costs to completion, the financial summary continues to highlight increased spend against the Wednesbury to Brierley Hill and Birmingham to Solihull Interchange Metro extensions. An exercise is ongoing via the Metro Delivery Board to review and verify the costs to completion for the Metro Programme and the results will be reported in due course.

For 2018/19, the YTD spend to August is £30.4m behind budget. This includes £20.2m relating to the HS2 Connectivity Programme. The key projects making up the HS2 Connectivity element of this variance are: Metro Extensions for Edgbaston (£4.3m), Wolverhampton (£3.5m) and Centenary Square (£1.6m); Coventry Station Masterplan (£6.1m); VLR (£3.2m); and, SPRINT Hagley Road (£1.2m). The remaining YTD underspend includes the following major variances: Metro Birmingham Eastside (£1.7m); Metro East Birmingham to Solihull (£2.6m); Metro Wednesbury to Brierley Hill (£2.6m); and HS2 infrastructure of £2.0m. For the majority of these projects the reasons for the YTD underspends are covered in the full year commentary below, the remaining element being in-year timing differences.

The 2018/19 full year forecast underspend of £51.8m for the HS2 Growth Strategy relates primarily to the following projects:

- * UKC HS2 Interchange (£2.7m) - delayed spend relating to the Birmingham International Station redevelopment project, FBC now scheduled for approval in 2020/21 and UGC main focus is on the HS2 Hybrid Act changes;
- * Brierley Hill Metro Extension (£22.0m) - the Network Rail corridor acquisition has been rescheduled to December 2018, in tandem with the Target Cost, leading to a re-profiling of detailed design into 2019/20;
- * Bham Eastside Metro Extension (£10.1m) - the 3G Tram contract has gone out to tender, however negotiations and contract award originally scheduled for February 2019 will now take place in May 2019;
- * East Birmingham to Solihull Metro Extension (£2.8m) - reflects a reduction owing to ongoing modelling & survey work, resulting in a rescheduling of the public consultation and the Transport & Works Order submission into Q1 2019/20; and included in HS2 Connectivity-
- * Metro Edgbaston Extension (£5.3m) - primarily as a result of the ongoing complementary highway works;
- * Coventry City Centre First (£5.1m) - primarily delay to Ring Road improvements as a result of revised plans to deliver City of Culture;
- * Coventry VLR (£3.1m) - delayed vehicle development spend and Dudley retaining wall spend;
- * Sprint Hagley Road (£0.7m) - delays in utilities work due to land acquisition.

The other major full year variance to forecast is an over spend regarding Land Reclamation (£7.4m) relating to the timing of grant payments given the pipeline approved in 2017/18 currently awaiting developments progressing and contracts to be prepared.

The cost to completion against UK Central Interchange remains red due to the funding gap of c.£205m relating to the Birmingham International Station redevelopment project. Funding sources are being progressed by UGC.

Appendix 7

WMCA Investment Programme Commitment Profile September 2018

£m	Committed	2018 / 2019		2019 / 20				2020/21	2021/22	2022/23	2023/24	2024/25	Post 2025	TOTAL
		Q3	Q4	Q1	Q2	Q3	Q4							
UKC Interchange	29.8		0.2		175.3			141.7		10.0	41.0			398.0
UKC Infrastructure	12.1	16.5	2.7	2.0	1.5		2.2	43.7	34.2	76.3	96.9			288.0
HS2 Connectivity (Sprint)	4.1		23.5			10.0	48.9	34.8	60.6	30.7				212.7
HS2 Connectivity (Metro)	102.3													102.3
HS2 Connectivity (Rail)	4.0		2.4	0.5	35.9		1.0	21.1	16.4				104.8	186.1
HS2 Connectivity (City Centre First incl. CSMP)	39.4		11.6											51.0
HS2 Connectivity (Coventry VLR)	12.2						9.0	33.8						55.0
HS2 Programme Governance	0.7		2.3											3.0
Wednesbury Brierley Hill Metro				103.0										103.0
SUB TOTAL INVESTMENT PROGRAMME	204.5	16.5	42.7	105.5	212.7	10.0	61.2	275.2	111.1	117.0	137.9		104.8	1399.1
Coventry North	0.2						0.4		21.0					21.6
Coventry South	7.4			0.6	0.5		0.7	23.9	26.8		46.7		50.0	156.5
Coventry Regeneration	154.0													154.0
Land Remediation	103.0									97.0				200.0
Business Innovation	0.5	1.0	4.0		3.9			11.4	12.9	16.4				50.0
Employment Education & Skills	0.8						9.0	8.0	2.2					20.0
Commonwealth Games	25.0													25.0
OTHER INVESTMENT PROGRAMME	290.9	1.0	4.0	0.6	4.3		10.1	43.3	62.9	113.3	46.7		50.0	627.0

Approval commitment profile based on September 2018 PMO prioritisation exercise

CUMULATIVE APPROVALS	495.4	512.8	559.5	665.6	882.7	892.7	963.9	1282.4	1456.4	1686.7	1871.3	1871.3	2026.1
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Appendix 8

WMCA Balance Sheet as at 30 September 2018

	30 September 2018 £'000	31 August 2018 £'000	Movement £'000
Property, plant and equipment	314,934	311,557	3,378
Long-term assets	314,934	311,557	3,378
Debtors	34,119	40,280	(6,160)
Short-term deposits	90,400	95,579	(5,179)
Cash and bank	124	3,519	(3,395)
Current assets	124,643	139,378	(14,734)
Loans - interest due	(1,596)	(1,585)	(11)
Short-term creditors/accruals	(48,801)	(43,643)	(5,158)
Current liabilities	(50,397)	(45,228)	(5,169)
Net current assets	74,246	94,150	(19,904)
Provisions	(6,174)	(6,292)	118
Finance lease liabilities	0	0	-
PWLB	(119,258)	(119,258)	-
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(7,873)	(7,873)	-
Grants receipts in advance	(62,023)	(68,564)	6,541
Long-term liabilities	(205,328)	(211,987)	6,659
Net assets	183,851	193,719	(9,867)
General fund balance	3,233	3,074	159
Earmarked reserves	121,081	121,210	(129)
Capital grants unapplied reserve	247	247	-
Usable reserves	124,561	124,531	30
Revaluation reserve	6,944	6,945	(1)
Deferred capital grants account	307,989	304,604	3,386
Capital financing account	(255,338)	(242,056)	(13,282)
Accumulated absences account	(305)	(305)	0
Unusable reserves	59,290	69,188	(9,897)
Total reserves	183,851	193,719	(9,867)

The WMCA Balance Sheet reflects a healthy financial position. The main changes since August reflect TfWM capital spend and work-in-progress, resulting in an increase of £3.4m net of depreciation in property, plant and equipment.

The decrease in debtors is largely due to the application of grant funding from DFT in respect of Wednesbury to Brierley Hill and Centenary Square Metro extension schemes.

The increase in short term creditors is due to payments made for the HS2 and UK Central schemes from the investment programme and the agreed payment profile with operators.

The decrease in grants receipts in advance, short-term deposits and cash and bank are due to cashflows in respect of Metro extension schemes.

Appendix 9

Treasury Management Strategy Mid-Year Update 2018/19

1. Introduction

- 1.1 The report provides an update on the West Midlands Combined Authority treasury management activity at the mid-year point of 2018/19 and is a being submitted as a requirement under the CIPFA Treasury Management Code.

2. Treasury Management Mid-Year Review 2018/19

- 2.1 Table 1 details all borrowing and investments held at 30th September 2018 showing that net borrowing has decreased by £64.36m, mostly as a result of debt maturities and the receipt of devolution grants.

Table 1: Borrowing and Investments

£M	As at 1 April 2018	Borrowing Repaid / New Investments	As at 30 September 2018	Notes
Borrowing	(160.29)	23.16	(137.13)	Reduction in borrowing due to £1.08m PWLB loan matured April 18, £21.9m PWLB matured July 18, £156k PWLB annuity loan repayments. No new borrowing undertaken.
Investments	49.20	41.20	90.40	The net increase in investments is due to the Devolution Deal grant of £36.5m and other grants received in advance.
Net Borrowing	(111.09)	64.36	(46.73)	

3 Borrowing Activity

- 3.1 Effective cash flow management and the use of grants received in advance has resulted in no new borrowing being undertaken to date in 2018/19. Current Cash flow forecasts suggest the WMCA will be required to borrow circa £100m later in 2018/19 to fund payments made under the Investment Programme, which is well within the set limits.

4 Historic Borrowing

- 4.1 The main borrowing source is Public Works Loan Board (PWLB/HM Treasury). WMCA continue to review the opportunities to reschedule debt but the costs associated with early repayment are currently too onerous to be beneficial. Table 2 shows borrowing held as at the end of September 2018.

Table 2 - Outstanding debt as at 30th September 2018

£M	Balance at 1 April 2018	Repaid in Year	Raised in Year	Balance at 30 Sept 2018
PWLB	142.42	(23.16)	-	119.26
Barclays Loan	10.00		-	10.00
Ex WMCC	7.87		-	7.87
Total Long Term Borrowing	160.29	(23.16)	-	137.13

5 Future borrowing / capital programme

- 5.1 The Combined Authority is currently assembling budgets for 2019/20 as part of a Medium Term Financial Planning (MTFP) process. This includes an assessment of capital expenditure and the associated borrowing requirement over a five year period. The initial assessment is detailed below and will continue to be refined during the financial planning process before formal approval by the Combined Authority before the 1st April 2019.

Table 3: Capital Expenditure and Grants Forecast

£M	2018 / 2019	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	TOTAL
Total Expenditure	216.2	450.1	445.2	432.0	400.8	982.2	2,926.5
Funded By :							
Private Sector And 3rd Party	0.6	4.0	8.0	5.4	8.5	197.5	224.0
Department For Transport	27.6	87.2	52.1	26.8	4.1	0.0	197.9
Enterprise Zone	4.5	0.0	35.7	27.5	100.1	19.7	187.5
Integrated Transport Block	8.3	4.8	3.5	0.0	0.0	0.0	16.6
Local Growth Fund	4.4	2.7	3.4	0.0	0.0	0.0	10.5
Local Authority	0.7	2.2	11.4	8.6	0.0	0.0	22.9
Other Project Specific Grants	7.5	8.0	0.0	0.0	0.0	0.0	15.6
Grants To Be Secured	0.0	0.0	0.0	0.0	4.7	178.5	183.2
Transforming Cities Fund	12.5	55.5	74.0	93.2	9.4	0.0	244.7
Total Grants	66.2	164.5	188.0	161.6	126.9	395.7	1,102.8
Internal Funding Requirement	150.1	285.5	257.2	270.5	274.0	586.4	1,823.6

- 5.2 Whilst the table above shows a significant increase in external debt (as a consequence of the first Devolution Deal Investment Programme) borrowing will only be undertaken where there is an adequate, affordable mechanism in place to re-pay the debt and interest.
- 5.3 The forecast debt values shown on Table 3 are within the limits set by HM Treasury. It should be noted that WMCA propose to enter into discussions with HM Treasury about revising the limit to ensure West Midlands Fire Service external debt can be integrated into the Combined Authority at an appropriate point.

6 Long Term Debt Profile

- 6.1 Table 4 shows the debt repayments due. As detailed above, significant repayments have been made during 2018/19 with more modest repayments planned over the medium term. To date, no new borrowing has been undertaken to replace the 2018/19 maturities.

Table 4 - Debt Maturity Profile

£M	Value of Loans Maturing
Repayable 2018/19	24
Repayable Between 2019/20 to 2020/21	12
Repayable Between 2021/22 to 2022/13	3
Repayable Between 2023/24 to 2026/27	5
Repayable Between 2027/28 to 2030/31	12
Repayable Between 2031/32 to 2039/40	23
Repayable Between 2039/40 to 2048/49	11
Repayable Between 2049/50 to 2059/60	70
TOTAL BORROWING	160

- 6.2 Any new borrowing will depend upon the prevailing interest rates at the time and the forecast cash requirements.

7 Investment Activity

- 7.1 As at the end of September 2018, all short term investments have given a return to the Authority of £199,086 and the average rate of return is 0.70%. All treasury management activities have complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy.
- 7.2 Investments are placed directly with financial institutes, or using brokers (ICAP, Tradition, Prebon, Martin Brokers, BGC and King & Shaxson). Investments held as at the 30th September 2018 are detailed below:

Table 5 - Short Term Investments held as at 30 September 2018

	Interest Rate %	Investment Value £000	Investment type	Maturity date
Close Brothers	0.85	5,000	Fixed	18/03/2018
Close Brothers	0.85	5,000	Fixed	28/02/2018
Goldman's Bank	0.86	10,000	Notice a/c	24/12/2018
Scottish Building Society	0.78	1,000	Fixed	16/11/2018
National Counties Building Society	0.70	1,000	Fixed	02/11/2018
Furness Building Society	0.90	1,000	Fixed	19/10/2018
Stockport MBC	0.60	4,000	Fixed	08/10/2018
London Borough of Barking & Dagenham	0.45	10,000	Fixed	05/10/2018
Buckinghamshire CC	0.80	5,000	Fixed	01/10/2018
Santander	0.50	10,000	Call	N/A
Lloyds	0.65	10,000	Call	N/A
HSBC Bank Plc (MMF)	0.68	18,400	Call	N/A
HSBC overnights	0.45	10,000	Call	N/A
Total		90,400		

- 7.3 In the current environment interest rates have been depressed particularly following the uncertainty of BREXIT. WMCA continue to identify options to increase the yield of its investments, taking into account factors around security and liquidity.

8 Performance measurement and Prudential Indicators

- 8.1 The WMCA treasury management function participates in a local benchmarking group which compares WMCA's treasury management performance with other local authorities, to ensure that relative to other local authorities, the Authority is achieving a fair investment return without any undue risk.
- 8.2 One of the key requirements in the CIPFA Code of Practice on Treasury Management is the formal introduction of performance measurement relating to investments, debt and capital financing activities. The Prudential Indicators as at 30th September 2018 are shown in Table 6. All key prudential indicators are met or complied with.

Table 6 : Summary Prudential Indicators

Measure	Revised Forecast 2018/19	Original Forecast 2018/19	Notes
Affordability			
Ratio of financing costs to net revenue stream:			Financing costs are at lower than expected levels due to effective cash management enabling WMCA to avoid additional borrowing requirements. Increases in financing costs are driven by the need to fund the Investment Programme and the receipt of borrowing powers from Government. Movement in revenue due to base including the Mayoral Precept and other small changes.
(a) financing costs	8,258	13,100	
(b) net revenue stream	166,788	172,900	
Percentage	4.95%	7.58%	
Prudence			
Gross borrowing and the capital financing requirement:			As detailed above, gross borrowing is currently lower than budgeted but is expected to increase as the Investment Programme delivery intensifies. The Capital Financing Requirement remains within expected tolerances.
Gross Borrowing	237,600	460,220	
Capital Financing Requirement	370,240	507,000	
Capital Expenditure, External Debt and Treasury Management			
Capital Expenditure	216,242	298,400	Deferral of project spend against Investment Programme Sponsored Schemes and the Metro Delivery Programme
Operational boundary for external debt			The Operational and Authorised limits set parameters around WMCA borrowing ceiling. These levels are within the boundaries of the agreement WMCA have agreed with HM Treasury in relation to the debt cap.
Operational boundary for borrowing	460,200	460,200	
Authorised limit for external debt			
Authorised limit for borrowing	547,000	547,000	
Interest rate exposures			The upper limits detailed exist to protect WMCA from over exposure to variable rate limits and long term secure investments. The upper limit on investments over 364 days has been increased to allow more flexibility in Treasury Management practices as the scope of the WMCA Treasury function increases following the first devolution deal.
Upper limit on fixed rate exposures	100%	100%	
Upper limit on variable rate exposures	30%	30%	
Investments longer than 364 days Upper Limit	10,000	10,000	

9 Treasury Management Strategy

9.1 The Treasury Management Strategy for 2018/19 has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practise on Treasury Management. Treasury Management is defined as:

“The management of local authority’s investment and cash flows, its banking, money market and capital transactions; effective control of risk associated with those activates; and the pursuit of optimum performance consistent with those risks.”

9.2 The Treasury Management Strategy is reviewed regularly and amended throughout the year to reflect changes in the financial markets and the economic climate.

10 Outlook for the remainder of 2018/19

- 10.1 Having raised policy rates in August 2018 to 0.75%, the Bank of England's Monetary Policy Committee (MPC) has maintained expectations of a slow rise in interest rates over the forecast horizon. The MPC has a definite bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. While policymakers are wary of domestic inflationary pressures over the next two years, it is believed that the MPC members consider both that (a) ultra-low interest rates result in other economic problems, and that (b) higher Bank Rate will be a more effective defence should the adverse Brexit risks crystallise and cuts are required.
- 10.2 Arlingclose's central case is for Bank Rate to rise twice in 2019. The risks are weighted to the downside. The UK economic environment is relatively soft, despite the seemingly strong labour market data. GDP growth recovered somewhat in Q2 2018, but the annual growth rate of 1.2% remains well below the long term average.
- 10.4 The external view is that the UK economy still faces a challenging outlook as the government continues to negotiate the country's exit from the European Union. Central bank actions and geopolitical risks (such as prospective trade wars) have and will continue to produce significant volatility in financial markets, including bond market.



WMCA Board

Date	9 November 2018
Report title	Transforming Cities Fund
Portfolio Lead	Councillor Roger Lawrence – Transport
Accountable Chief Executive	Laura Shoaf, Managing Director, TfWM Email: laura.shoaf@tfwm.org.uk Tel: 0121 214 7444
Accountable Employee	Sandeep Shingadia, Director of Development & Delivery, TfWM Email: sandeep.shingadia@tfwm.org.uk Tel: 0121 214 7169
Report has been considered by	Strategic Transport Officers Group

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

1. Approve the allocation of Transforming Cities Fund to the schemes set out in section 7 in line with the guidance set out by the Department for Transport.
2. Endorse the approach for managing the Transforming Cities Fund allocations as set out in section 9.

1.0 Purpose

1.1 This report sets out the priority listing of transport investments proposed to utilise the balance of Transforming Cities Funding.

2.0 Background

2.1 The Transforming Cities Fund (TCF) was announced for Mayoral Combined Authorities at the 2017 Autumn Budget. As part of the TCF, the West Midlands Combined Authority will receive capital funding of £250 million from the national fund total of £1.7 billion.

2.2 In the Secretary of State's letter to the Mayor of West Midlands on 12 March 2018, he stated the following:

"In establishing this fund, the Government aims to transform intra-city connectivity, supporting access to jobs across England's largest city regions and driving productivity. Investment should be focused on improving public and sustainable transport, helping to reduce congestion and improve air quality, and I encourage WMCA to consider use of new mobility systems and technology."

2.3 Funding will be provided over four years to 2021/22, and will be a single grant to the West Midlands. The funding profile is set out below:

2018/19	2019/20	2020/21	2021/22	Total
£18m	£57m	£74m	£101m	£250m

2.4 A significant proportion of the TCF is allocated to the Wednesbury Brierley Hill Metro Extension (WBHE). There is an allocation of £207m to WBHE from the £250m overall West Midlands allocation which was agreed by WMCA Board on 8 December 2017. This leaves £43m to be allocated to transport projects which meet the overall objectives of the TCF.

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 STP 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.
- Policy 8 – To improve connections to new housing development locations to help them flourish, primarily through sustainable transport connections.

4.0 Transforming Cities Fund

4.1 The TCF will provide additional capital investment for productivity enhancing programmes. It also supports the Industrial Strategy, taking a place-centric approach to delivering investment in English city regions. With the challenges of urban areas recognised, the aim of the Fund is to invest in new local transport infrastructure to boost productivity by improving public and sustainable transport connectivity. As a result, investment proposals through the TCF should be focussed on:

- Improving productivity through changes in public transport connectivity
- Evidence of impact on:
 - Congestion
 - Air quality or journey times
- Sustainable transport
- Technology

4.2 Alongside the aim of driving up public transport connectivity, the Department for Transport aims to tackle a number of key policy priorities, including improving skills and use of apprenticeships, unlocking housing and responding to issues around air quality.

4.3 These objectives are aligned to the Department's Transport Investment Strategy and as part of the Industrial Strategy.

4.4 As a result of the above guidance, the profile of the draw down, and the ability to leverage additional investment, it was agreed that the remaining TCF would be focussed on those key transport priorities which are aligned to TCF objectives.

5.0 Establishing a Priority List of Schemes

5.1 In order to review and assess schemes to be considered for the TCF, an assessment framework was developed and agreed through engagement with the Strategic Transport Officers Group. The framework was established in line with the guidance and objectives of the TCF as well as a number of local objectives.

5.2 The framework developed builds on the approach that has been used to support a range of other DfT funded programmes. These include National Productivity Investment Fund, Local Sustainable Transport Fund and Integrated Transport Block). This framework provides an objective assessment of schemes to support decision making.

5.3 The framework developed for TCF utilised the following criteria:

- Strategic alignment with Transforming Cities Fund (as set out in section 5.1 above)
- Fit with the Mayor's transport priorities
- Supports/links with key WMCA Priorities
 - Emerging Spatial Investment and Delivery Plan

- Commonwealth Games 2022 & Coventry City of Culture 2021
- Deliverability in the funding period (including spend profile)
- Stakeholder support
- Match funding
- Inclusion within 2026 delivery plan

5.4 The approach used in applying the assessment framework is as follows:

- In outline
 - Collect consistent data by scheme with short (one-page) proforma
 - Objective ranking of this data by at least two TfWM transport planners
 - Non-weighted sums – simple multi-criteria analysis
- Data collected on objectives, benefits, costs, risks
 - Data on objectives under criteria from Fund guidance and local priorities
 - Benefits data under DfT Appraisal Summary Table criteria
 - Risks criteria based on previous exercises
- Assessment organised around DfT ‘five-case’ model
 - Strategic, Economic, Management, Commercial and Financial cases
 - Highlights scheme development issues against each case as well as overall
 - Preparing ground for any future/further/other funding using the same framework

5.5 The assessment of schemes against the framework was supplemented with a challenge session with key transport officers from Local Authorities and Transport for West Midlands.

6.0 Priority Schemes

6.1 Through the application of the assessment framework and the challenge session, the following schemes are recommended to utilise the balance of TCF available.

Scheme	Promoter	Funding Allocated
Highways Investment Programme	West Midlands Local Authorities	£ 2,000,000
Birchley Island	Sandwell MBC	£ 7,430,000
Dudley Interchange	TfWM	£ 10,000,000
B4106 Spon End	Coventry City Council	£ 5,800,000
Cycling Programme	TfWM	£ 6,000,000
University Station	TfWM	£ 3,000,000
New St/High St/Victoria Sq public realm	Birmingham City Council	£ 5,000,000
Regional Transport Coordination Centre	TfWM	£ 1,500,000
Real Time Information Upgrades	TfWM	£ 2,000,000
Low Emission Bus Scheme	Coventry City Council	£ 237,000
Total		£ 42,967,000

6.2 The allocation of TCF to the priority schemes is as a contribution towards the overall cost of the schemes. Through these allocations there is the ability to lever additional funding from other sources. These include Local Enterprise Partnership and Local Authority funding contributions. The contribution of £43m through TCF enables the development and delivery of an investment of circa £100m, with £54.6m earmarked through match funding contributions.

7.0 Schemes Considered

7.1 A number of other schemes were considered as part of the assessment process but were not taken forward as priority schemes for TCF allocations. A summary is provided below:

- Solihull Station – unlikely to be delivered during the TCF funding period. Development funding has been allocated through the Strategic Outline Case from Solihull MBC for Investment Programme funding.
- WiFi at Bus Stations – did not meet all the objectives set out in the assessment framework. This could be taken forward as part of asset renewals/upgrades at Bus Stations through the capital programme.
- Bus Emissions Programme – did not meet all the objectives set out in the assessment framework.
- Coventry Ring Road Junction 1 – did not meet all the objectives set out in the assessment framework.
- Park & Ride – this did not meet all the objectives set out in the assessment framework. Further Park & Ride is to be guided by the Park & Ride strategic framework that is currently being developed.
- Bus Travel Infrastructure – did not meet all the objectives set out in the assessment framework given the elements included i.e. shelter infrastructure. Considered a business as usual activity rather than a priority investment aligned to TCF.

7.2 The non-inclusion of the schemes listed above does not suggest that they are not considered important investments across the West Midlands and further work will be undertaken to explore funding options for these.

8.0 Next Steps

8.1 Due to the devolved nature of the TCF funding, it is proposed that the priority schemes identified for TCF allocations will utilise a proportionate application of the WMCA's Assurance Framework for drawing down funding.

8.2 It is also proposed that Strategic Transport Officers Group (STOG) are given delegated authority to oversee the TCF programme including regular monitoring and reporting.

9.0 Financial Implications

9.1 This report puts forward a proposal to allocate the remaining balance of the TCF Grant to the projects itemised in section 6. The grant will be administered by the DfT and in line with devolved grants, affords the WMCA with some flexibility to distribute this funding. The grant letter specifically states:

“This funding is being provided as part of the Single Pot for the WMCA. Consequently, there will not be detailed constraints as to what it can be spent on, but the WMCA should have regard to the national objectives of the Fund”.

- 9.2 The national objectives for the fund are detailed in Section 4. Upon reviewing the proposals against these objectives, is it not considered that there would be any restrictions in relation to the fund which would prohibit WMCA allocating the funding to the schemes detailed in Section 6.
- 9.3 The first call on the £250 million TCF Grant will be an allocation of £207 million towards the Wednesbury to Brierley Hill Metro scheme. The availability of the remaining £43 million will be influenced by the utilisation of the funding by this Metro Extension and the £43 million is expected to become available for use as follows:

	2019/20	2020/21	2021/22	TOTAL
TCF Available for Other Projects	£10.70m	£18.69m	£13.61m	£43.00m

- 9.4 Any schemes to be allocated funding from the £43 million will need to fit around this funding profile or include appropriate allowances in cost to accommodate the impact of cash flow timing. This has been taken into consideration when identifying and assessing schemes.

10.0 Legal Implications

- 10.1 There are no immediate legal implications flowing from the contents of this report relating to Transforming Cities Fund. However, further legal advice will be required to ensure that legal agreements are put in place to capture funding and specification requirements for each scheme supported by the TCF.

11.0 Equalities Implications

- 11.1 All individual TfWM projects will need to be equality impact assessed at a very early design stage – equality and accessibility input and engagement will be required throughout design and construction.

12.0 Inclusive Growth Implications

- 12.1 The WMCA Board has asked for the inclusive growth implications of each board paper to be outlined in this section. We are developing a set of materials that will allow officers and partners to do this robustly, which will be reflected in WMCA Board reports from January onwards.

13.0 Geographical Area of Report's Implications

- 13.1 The report deals with schemes to be funded through the Transforming Cities Fund which are located within the Metropolitan Area, but will serve to improve connectivity across the wider WMCA through improved links on key corridors.

14.0 Other Implications

- 14.1 No implications.



**West Midlands
Combined Authority**

WMCA Board

Date	9 November 2018
Report title	Strategic Vision for Bus
Portfolio Lead	Transport - Councillor Roger Lawrence,
Accountable Chief Executive	Laura Shoaf, Managing Director, Transport for West Midlands tel: (0121) 214 7444 email: laura.shoaf@tfwm.org.uk
Accountable Employee	Pete Bond, Director of Integrated Transport Services, Transport for West Midlands tel: (0121) 214 7388 email: pete.bond@tfwm.org.uk
Report has been considered by	Strategic Transport Operators Group - 3 September 2019 WMCA Programme Board - 25 October 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Approve the Strategic Vision for Bus (Appendix 1).

1. Purpose

- 1.1 Transport for West Midlands (TfWM) have developed a Vision for Bus in order to clearly articulate how we will create a world leading bus network as part of an integrated transport system.
- 1.2 The vision for forms part of a wider, emerging, proposal for delivering an integrated transport system, which is currently in development and will be shared with the Board in early 2019.

2. Background

- 2.1 Transport is fundamental to economic development and growth and enables the region to deliver the ambitions in the Strategic Economic Plan.
- 2.2 Supporting the Strategic Economic Plan is the West Midlands Strategic Transport Plan, “Movement for Growth”, which sets out a vision and the high level objectives of the public transport network. Within Movement for Growth, bus is key to ensuring these strategic objectives are met but places limited emphasis on defining a longer term strategy for bus in the West Midlands.
- 2.3 At the request of WMCA Leaders, TfWM have been working to define a strategic Vision for Bus in the West Midlands to develop a clear view of what the region requires from its bus network.

The importance of Bus travel

- 2.4 The bus carries 4 out of every 5 public transport trips in the region. The bus remains the most adaptable and flexible public transport mode, but is affected by falling patronage, a change in traditional travel patterns and increasing congestion.
- 2.5 Allowing convenient travel across the region by public transport that is affordable, accessible for all and helps to reduce congestion on our roads and helps us meet our wider social and economic objectives.
- 2.6 The development of a strategic Vision for Bus in the West Midlands will support the delivery of all of the 15 policies outlined in Movement for Growth and particularly;
 - Policy 1: To accommodate increased travel demand by existing transport capacity and new sustainable transport capacity.
 - Policy 4 & 8: To improve connections to new economic development and housing locations to help them flourish primarily through sustainable travel connections.
 - Policy 6: To improve connections to areas of deprivation.
 - Policy 10: To help tackle climate change by ensuring a large decrease in pollutants.

- Policy 14: To increase the accessibility of shops, services and other desired destinations for socially excluded people.

New Opportunities

- 2.7 The vision sets out, at the highest level, what kind of bus services the region wishes to see developed and what customers should expect. It anticipates that the subsequent delivery plan will provide a roadmap to a zero emission bus network, supporting zero emission technology corridors in the first instance and utilising new and emerging technology platforms including 5G. It also proposes full network capping of fares and ticketing across all operators, something that has not been developed to date for customers.
- 2.8 The vision also sets out further bold objectives to investigate provision of discounted travel to all under 25 year olds in the region, as well as creating a performance and management regime for the bus network which has not existed since deregulation of the industry in 1986.
- 2.9 A further proposal to undertake a wholesale review of the bus network and ensure it continues to evolve to meet the 24/7 thriving economy of the West Midlands provides an opportunity to work with bus operators across the region to secure the best possible network, as part of a fully integrated system.
- 2.10 The vision supports the regional air quality challenges through greater investment into the bus network. This will help not only by reducing the level of emissions from buses themselves by having cleaner and greener buses, but also by creating a more attractive network that will help to reduce the regional dependency on car trips and target modal shift, supporting the recently approved Congestion Management Plan.

Powers and Next Steps

- 2.11 In partnership with Local Authority transport teams and industry, TfWM will develop a delivery plan with from which it will be able to evaluate the best route to achieving its vision. This will include working with the current and well established Bus Alliance, or similarly looking at other legislative options to see what the most effective and efficient delivery models are.
- 2.12 As a Combined Authority, there are new powers available, which can help to influence, shape and help to exploit new opportunities from a future bus network. Alongside additional powers around the Key Route Network, bus lane enforcement, and safety and security (through the WMCA Functions and Amendment Order 2017), the Bus Services Act 2017 provides new mechanisms to allow for a greater degree of influence on the bus network. The Act provides new powers for implementing Advanced Partnerships, Enhanced Partnerships and Franchising schemes.
- 2.13 TfWM is exploring how these powers can be used to achieve our vision for bus. In addition, we will continue to seek investment and further devolution of powers from Government which will assist in our plans to deliver a bus network that works for everyone in the region.

- 2.14 We will continue the work of the West Midlands Bus Alliance, with a refresh of the Alliance Deliverables, delivery of Network Development Plans to guide local bus investment and a continued bus priority delivery programme to speed up buses.

3. Financial Implications

- 3.1 There are no financial implications as a direct result of this report, however delivering the vision will require a combination of public and private sector investment which will be considered and form a separate work package as different delivery methods for the Bus Network are explored.

4. Legal Implications

- 4.1 There are no legal implications as a direct result of this report. However, this will need to be revisited as the Vision progresses and develops.

5. Equalities Implications

- 4.2 The vision for bus highlights the important role that bus plays in addressing key strategic equality and inclusion challenges. Young people, BME groups, disabled people and other protected groups, as well as lower socio-economic groups, are more likely to rely on the bus network to access education, employment and other opportunities. Affordable, accessible and well connected services are vital in ensuring these groups are not excluded and marginalised.
- 4.3 The vision document includes commitments to improve affordability for young people and to deliver solutions that will help address inequality barriers for other groups. An equality impact assessment of the document will help identify short, medium and longer-term equality related solutions and initiatives.

6. Inclusive Growth Implications

- 6.1 The WMCA Board has asked for the inclusive growth implications of each board paper to be outlined in this section. We are developing a set of materials that will allow officers and partners to do this robustly, which will be reflected in WMCA Board reports from January onwards.

7. Geographical Area of Report's Implications

- 7.1 The vision covers the constituent area of the Combined Authority but due to the importance of cross boundary services - into and out of the constituent area – partnership working with Non-Constituent and Shire Authorities will be crucial for the further development and delivery of the vision for bus.

8. Schedule of Background Papers

- 1.1 Appendix 1: Strategic Vision for Bus

Strategic Vision for Bus



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Transport for
West Midlands



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Andy Street

Mayor of the West Midlands



Roger Lawrence

Leader - City of Wolverhampton Council
Portfolio Holder - Transport WMCA

The West Midlands Combined Authority is working to deliver a transport system that the region will be proud of. One which allows people to prosper by connecting our communities to opportunities in employment, education, housing and leisure.

Public transport is essential for inclusive growth in the region, and the bus is central to the public transport offering with 4 out of 5 public transport journeys taken by bus. Through the West Midlands Bus Alliance we have worked collaboratively with bus operators, local authorities and other partners to invest in improvements to the West Midlands bus network, improving fares, passenger experience, vehicle emissions and network performance.

However the bus network is facing serious challenges. Congestion is decreasing the reliability and accessibility of the bus, whilst negative perceptions act as a barrier to a greater uptake in bus usage.

As a Mayoral Combined Authority we have new powers that could greatly influence the future of the network. Furthermore, technological innovations provide the potential to deliver a smarter network with integration between other modes of travel. We have the opportunity to deliver a bus network in the region that works for everyone, and decreases the need for private car trips which in turn helps to improve air quality in the region. These factors are key to achieving our Inclusive Growth agenda.

Setting our vision for the bus is necessary to enable us to assess the options and opportunities presented to us now and in the future. The vision will set the benchmark for what we want from the bus in the West Midlands, which will form a vital part of our world-class integrated transport system.

The West Midlands has strong growth ambitions to improve productivity and the quality of life for everyone who lives and works in the region. The opening of HS2, 2021 Coventry City of Culture and the 2022 Birmingham Commonwealth Games will be once in a lifetime opportunities to transform the region and drive investment.

Transport is key to this economic growth, but congestion on our roads remains a challenge to our ambitions. Transport for West Midlands (TfWM) is supporting local authority partners and investing in developing a world-class integrated transport system that will allow seamless, convenient travel across the region and will reduce the need for private car journeys on our already congested roads. The bus plays a vital role in this system carrying significantly more passenger than any other mode per annum, with the widest network coverage across the region.

The bus carries 4 out of 5 public transport trips in our region and remains the most important, adaptable and flexible mode. It is crucial to define its purpose in the region's integrated transport system to help the bus reach its potential.

Setting a vision for bus in the West Midlands will enable the region to develop its vital role and strive towards ensuring that the mode can thrive, supporting and connecting major rail and Metro investment, connecting communities and towns, and helping to build a healthier, happier, better connected and more prosperous region.

“

A world-class integrated, reliable, zero emission transport system providing inclusive travel for all across the West Midlands.

With excellent customer service and simple payment and ticketing options.

Customers will be able to make easy and safe door-to-door journeys, benefiting from new innovative transport solutions that meets the needs of a modern and diverse 21st Century economy, reducing the reliance on private single occupancy car journeys.

”

The West Midlands Combined Authority (WMCA) has set out an ambitious plan for growth in its Strategic Economic Plan (SEP) to transform the regional economy. By 2030, the SEP plans for:



500,000
new jobs



20,000
more businesses



16,000
additional hectares
of employment land



215,000
additional homes

The SEP sets the overarching vision for the region. This will be delivered through an aspirational and robust programme to accelerate improvements in productivity and the quality of life for everyone in the region. The SEP recognises that an efficient and resilient transport system will underpin future economic success, by connecting communities to opportunities, and by connecting businesses to markets.

Movement for Growth, the West Midlands Strategic Transport Plan, sets out an ambitious plan to greatly improve the transport system to support economic growth and regeneration, new development and housing, and improve air quality, the environment and social inclusion. A 10-year delivery plan accompanies Movement for Growth, outlining key supporting transport projects that will deliver many of these outcomes over the coming decade.

Transport is fundamental to economic development and growth to enable the region to thrive and ensure we deliver on our Local Industrial Strategy, Housing Deal and Public Service Reform. Bus is a vital component to this as it directly supports access to the labour market, and allows people to access education, employment and services.

Transport for West Midlands (TfWM), the transport arm of the WMCA, has developed a Vision for Bus to ensure the delivery of a world-class integrated transport system, which allows convenient travel across the region by public transport that is affordable and accessible for all and reduces congestion on our roads.

TfWM's move towards of an integrated transport system is epitomised through the new West Midlands Transport brand, which brings a single identity to the public transport system in the West Midlands, with each mode having its own distinctive livery. Offering an integrated transport system is key for delivering genuine choice in the way people travel around the region, with car travel not having to be the default choice for travel.

Within the existing West Midlands public transport offering, buses play a fundamental role in supporting travel and accessibility. Whilst the bus network is facing certain challenges, including falling patronage and declining speeds, it remains the most popular and important mode of public transport in the region. This vision will help to develop the network for bus to ensure it continues to effectively serve the region, and can adapt and embrace innovation and opportunities to meet current and future travel demand and patterns.

Helping to overcome the region's strategic challenges as outlined in the SEP, with transport interventions:

1

Supporting an accessible network

Addressing transport barriers (accessibility, availability and affordability) for excluded groups

2

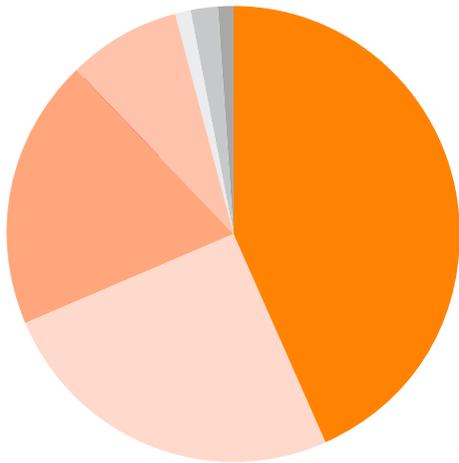
Delivering support that connects people to key employment and skills opportunities

Ensuring growth is inclusive by helping the most vulnerable and isolated groups share in prosperity

3

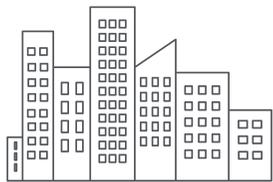
Ensuring alignment with the Public Service Reform agenda

Targeting interventions which secure better for less from public services, improving the life chances and the health and wellbeing of communities



NTS data on average annual (main mode) trips per West Midlands metropolitan area resident (2015-2017)

- Drive (43%)
- Walk (19%)
- Rail and Metro (1%)
- Cycle (1%)
- Lift (25%)
- Bus (8%)
- Taxi (2%)

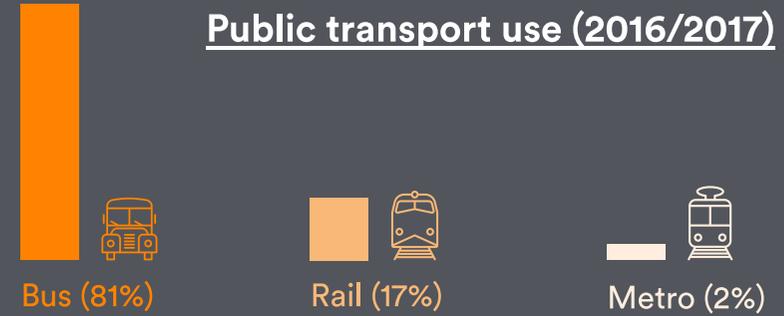


216,000

Fewer people are within a 45 minute bus journey time of Birmingham city centre compared to 2008 because of congestion



Public transport use (2016/2017)

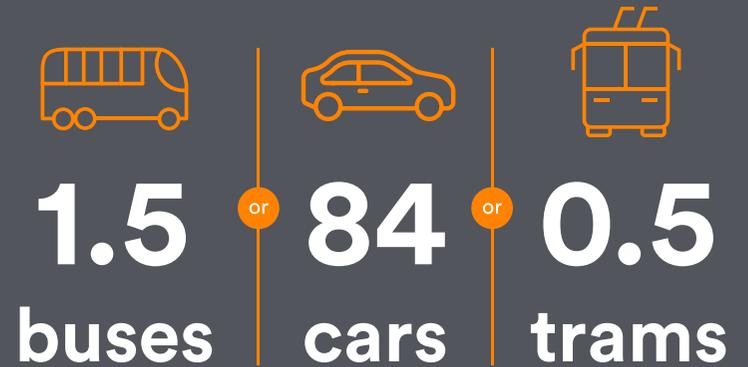
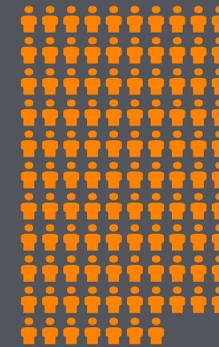


A growing region

Between now and 2035, our region will grow every day, by:

100 people

Which is the equivalent of filling an extra...





Bus passenger satisfaction at **88%**

Largest commercially operated bus network in the UK with **75 million vehicle miles**



90%

of the urban area of the West Midlands within 400 metres of a bus stop



Bus punctuality at

82%

We fund 6.8million vehicle miles of socially necessary services and 850,000 Ring & Ride journeys each year



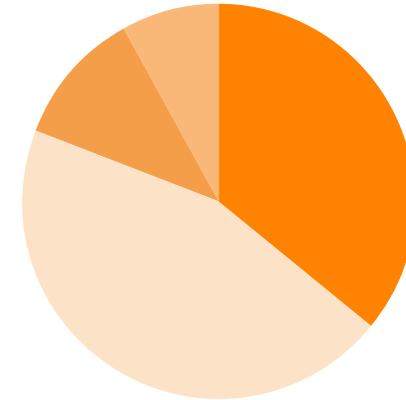
We manage 12 bus stations, maintain almost 12,000 bus stops and 1,750 RTI displays

Over 50%

of students are frequent bus users and depend on the bus to get to their education or training



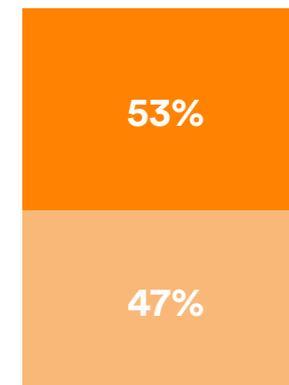
Journey Purpose by Bus 2018



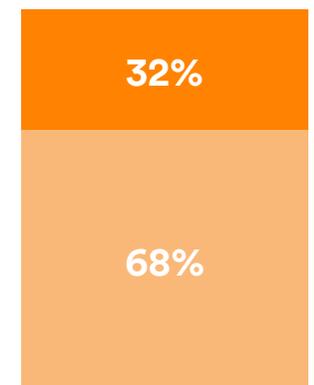
- Work (36%)
- Shopping/Leisure (45%)
- Education (11%)
- Personal Business (8%)

Car ownership in the West Midlands

- No car in household
- Car in household



Bus users



All West Midlands

The region's bus network has an indisputable, but often undervalued, role in powering the region's economy. It reaches every corner of our conurbation, providing an essential mobility service to access employment, education and leisure. It is the backbone of the region's public transport system.

Whereas rail and Metro patronage is growing, bus is seeing a patronage decline. However, buses still carry over three times more passengers a year than Metro and rail combined, with over 257 million passenger journeys in 2017/18.

Despite continued falling bus patronage in the region, it provides the widest and densest network of travel options for distances that are too long to walk or cycle, with 90% of urban areas within 400 metres of a bus stop.

The flexibility of the bus network also makes buses the perfect means of providing public transport options in areas of growth, changing travel demand and new housing, supporting the West Midlands Housing Deal and Local Industrial Strategy. This means that buses are central to supporting regeneration, inclusive growth and social integration. Where there may not be a case for investing in permanent rail and light rail infrastructure, new bus infrastructure can be planned to connect new communities and support housing and jobs growth.

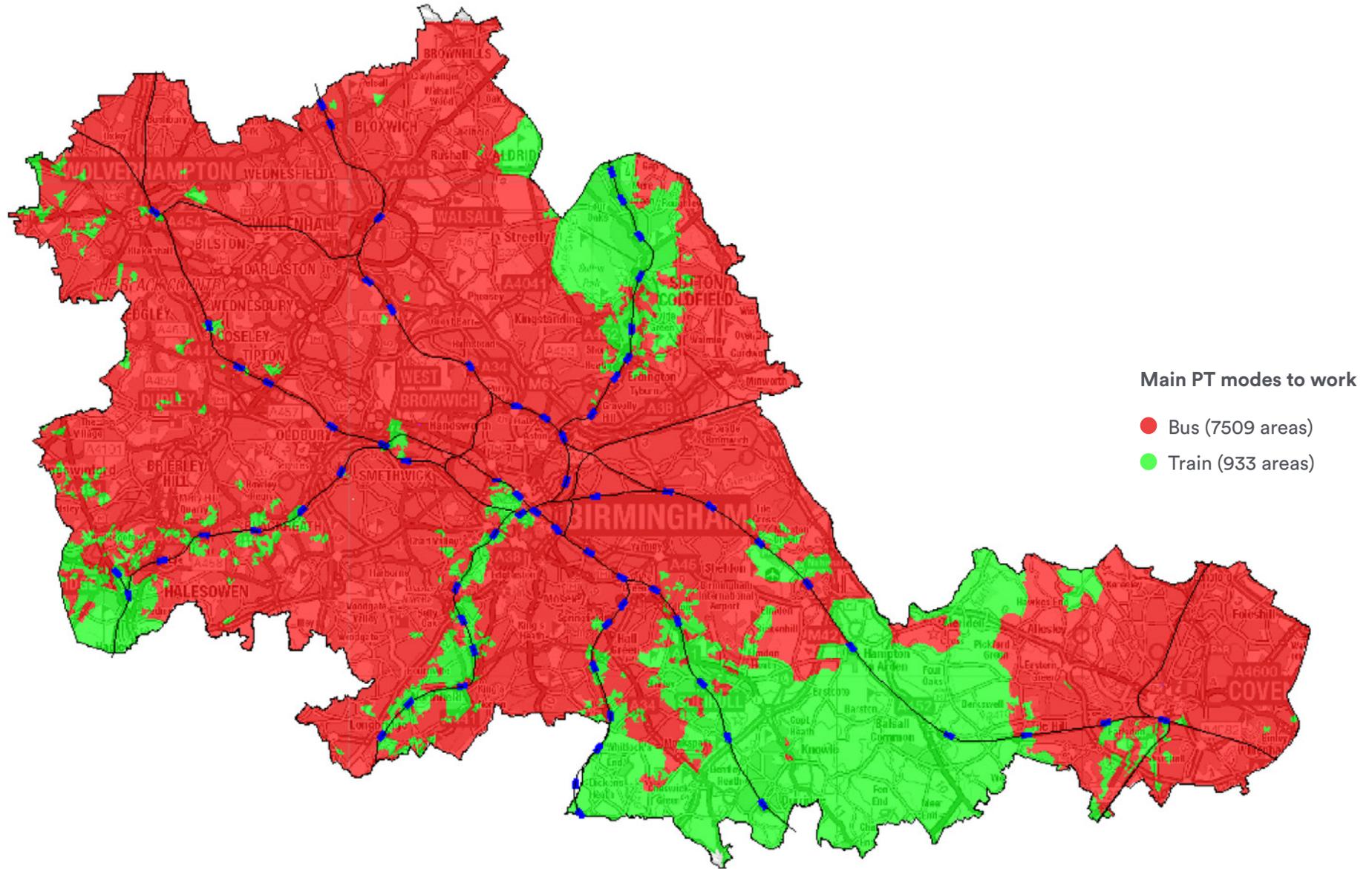
Buses should be treated as infrastructure. Bus infrastructure is essential to our lives and work. Having modern and accessible bus infrastructure throughout the region is fundamental to our future inclusive growth and long-term productivity. Treating buses as infrastructure means considering all aspects of bus; new vehicles; new and enhanced bus services; new bus infrastructure including highway measures; at-stop infrastructure and walking infrastructure to bus; as well as data, technology and passenger information.

We can do more for bus. Challenges, such as congestion, are restricting the mode's ability to reach its potential; whilst ongoing interventions have helped improve conditions to a certain degree, there are further opportunities to explore that can improve how we link up people and markets to attract investment and significantly improve the overall product of bus.



Main public transport mode used to access work (train/bus)

(with rail network, based on LSOA areas)



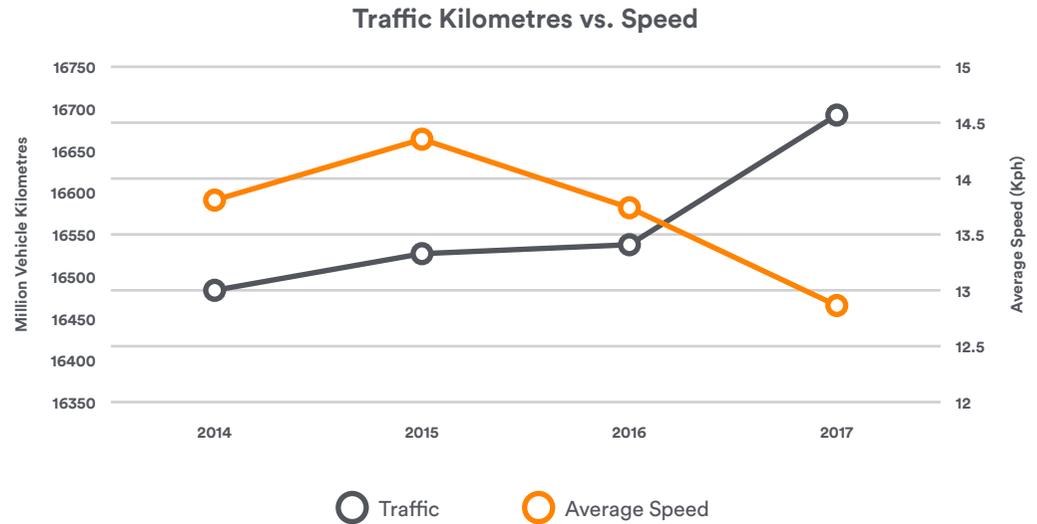
There are a number of challenges that buses face in the West Midlands, restraining its ability to be as reliable, accessible, well-used and affordable as possible.

The Congestion Challenge

The West Midlands economy has seen sustained growth in recent years, increasing faster than the national economy to make the region a national leader in attracting inward investment. This continued economic success means that travel demand has also grown rapidly, with 2016 seeing record levels of traffic on the region’s roads. With record levels of traffic comes record levels of congestion and as a result, bus speeds are reducing.

Congestion, if not managed properly, will continue to have direct costs to people and businesses; increasing business costs, affecting productivity and reducing accessibility to labour markets. Congestion also has a significant impact on the environment, accounting for 65% of nitrogen dioxide emissions along with increased noise pollution.

Congestion is set to worsen in the region as a result of major infrastructure projects such as HS2, 2022 Commonwealth Games and Metro construction, along with increased travel demand from population growth.



Congestion and the bus network

Without addressing major sources of congestion, buses will continue to suffer delays, variability in journey times and declining attractiveness. Congestion causes:

Journey Time Variability

Congestion is causing journey times to become less reliable, with journey time variations often much different to timetabled promises.

Decreasing accessibility

Congestion is slowing average bus speeds, meaning that accessibility is decreasing. As a result, less people can access locations in a reasonable journey time.

Decreasing attractiveness of bus

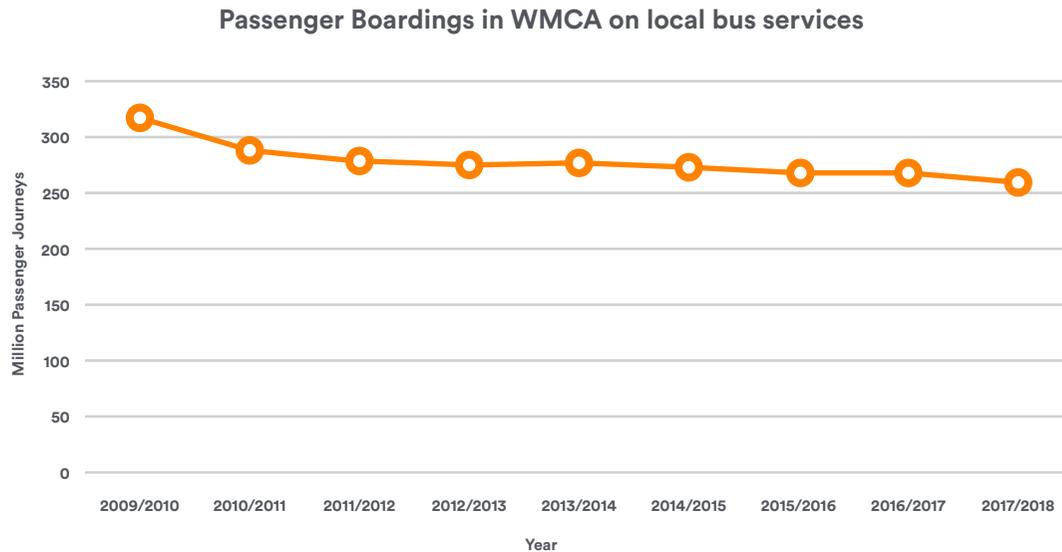
With increasing journey time variability and decreasing accessibility, buses are at risk of further patronage decline if people decide they cannot rely on the bus network.

The congestion challenge has also created existential threats to bus services in the region, where a continual reduction in speeds creates a cycle of fewer passengers leading to more car trips and creating more congestion.

Declining Patronage

Passenger journeys on the local West Midlands bus network have been declining, but at a lower rate than nationwide trends.

This has contributed to a reduction in network coverage within the West Midlands. In some areas we are no longer meeting our policy objectives on access to a bus service.



Vehicle Kilometres
Reduced by
approx. 2% a
year since 2000

Bus Fares
Increasing at
approx. 2% a year in
real terms since 2000

Air Quality

Poor air quality poses a great challenge to the region, contributing to almost 1,500 premature deaths per year. In all seven districts in the region, nitrogen dioxide (NO2) and/or particular matter concentration thresholds are exceeded (relative to EU limits).

Transport, particularly single occupancy private cars, is a major contributor to pollution. Increased congestion in turn causes further pollution due to standing traffic, a situation that the bus system contributes too. The bus sector has consequently been a focus area for tackling poor local air quality. This will have a significant impact due to the size of the operation, as there are currently around 2,100 buses operating in West Midlands across 23 operators, with just over a fifth of the bus fleet consisting of Euro III buses.

Social Inequality

The West Midlands social inequality gap is growing with more people now living in poverty and receiving low incomes.

Vulnerable groups however rely significantly on the bus network, but issues including affordability, accessibility and availability of bus services can act as major barriers to people accessing key opportunities like employment and training. As the bus network is impacted, the most vulnerable people are further disadvantaged. This in turn further contributes to a decline in their quality of life, widening the social inequality gap.

Bus passenger feedback allows us to monitor the performance of the bus network in the West Midlands. The Bus Passenger Survey in spring 2018 showed:



88%
Overall journey satisfaction



86%
Journey time satisfaction



76%
Punctuality satisfaction



67%
Value for money



Perception vs. Reality

There are many preconceived ideas around using the bus that act as a barrier to its usage.

A 'Demystifying the Bus Network' study was commissioned by TfWM to investigate perceived and actual barriers to bus travel with new and unfamiliar bus users. It compared their preconceived perceptions of the bus with actual perceptions of the bus once they had undertaken an accompanied bus journey.

Negative perceptions before undertaking a journey:

- Uncertainty on cost and payment method
- Safety
- Attitude and driving style of bus drivers
- Practicality of travelling with children on the bus
- Comfort
- Journey times

Feelings after undertaking a journey:

- Pleasantly surprised with cleanliness and physical comfort of the bus
- Buying a ticket (online and on-board) was more difficult than expected

These findings demonstrate that there are a number of improvements which need to take place in order to overcome negative and unfounded perceptions of bus travel.

TfWM has influenced the bus network in the West Midlands to improve service delivery in the region. This includes the creation of the West Midlands Bus Alliance, a Congestion Management Plan, Bus Alliance Network Development Plans, West Midlands Low Emission Bus Delivery Plan and other local bus enhancements on key corridors.

West Midlands Bus Alliance

Established in 2015, the West Midlands Bus Alliance brings together TfWM, bus operators, local councils and other partners to collaboratively deliver high levels of passenger satisfaction and drive forward investment in our bus services. The partnership is committed to making bus travel in the West Midlands cleaner, greener, safer and faster.

The Alliance challenges all partners to meet improved standards on key issues such as vehicle emissions, network performance, branding, punctuality and fares representing an investment of £150m.

Bus Alliance Key Achievements: 2015-18

Over £40m

invested by operators in Euro VI buses since 2015

Over £10m

invested to tackle bus congestion on the highways since 2016

105,000

16-18 year olds eligible for half-price travel, contactless ticketing and the introduction of nBus low fare zones, making bus travel more affordable

3 Advanced Quality Partnership Schemes (AQPS) and 2 Partnership routes to drive up bus service and vehicle standards and Network Development Plans to shape local networks in support of inclusive economic growth

The bold new West Midlands Transport brand has been brought to life with the first branded buses in operation

The Safer Travel Partnership (STP) has reduced overall recorded crime and funding has been allocated to expand the use of Vemotion technology, which allows for the transmission of 'live' CCTV from buses

TfWM's Congestion Management Plan (CMP) has been created to help tackle congestion in the region. Whilst there is no single solution for alleviating congestion, there are many smaller interventions that together will combine to make a big difference. The CMP is built on three core pillars:

- **Increasing capacity**
- **Improving efficiency**
- **Managing demand**

As congestion is having a detrimental impact on bus speeds, the CMP will provide vital relief, helping to improve bus speed and reliability in the region. By aligning the Vision for Bus with the CMP, buses will play a credible and active role in the CMP by offering an accessible transport alternative to the car. The better the bus network and service offering, the more compelling it will be as an alternative for private car use, thereby reducing congestion.



Lode Lane is a key corridor in providing access to over 20,000 job roles in Solihull Town Centre and at Jaguar Land Rover, as well as wider access to Birmingham Airport, the NEC and the UK Central Hub. Lode Lane is one of the busiest bus corridors in the region, generating a bus every two minutes during peak periods which carry more people into Solihull Town Centre during mornings than in cars.

The Council worked collaboratively with Greater Birmingham and Solihull Local Enterprise Partnership, TfWM and National Express West Midlands to deliver a comprehensive route intervention between Jaguar Land Rover and Solihull Town Centre, including new bus lanes and bus priority at junctions. Furthermore, National Express West Midlands invested over £2 million in upgrading existing bus fleets. Critically, the scheme was delivered by maximising existing road space with no loss of service to general traffic.

The scheme opened in October 2016 and has achieved a 45% reduction in bus journey times in the morning peak hour into Solihull Town Centre. Bus patronage has increased by 11%, and there is now an enhanced environment for pedestrians and cyclists.



In the short-term buses are flexible enough to adapt to changing travel patterns and can accommodate rapid increases in travel demand. In the medium to long term buses can catalyse benefit realisation of more strategic mass-transit through improved interchange and integration, thereby improving connectivity between jobs, housing and education.

Inclusive Growth

At the heart of the SEP sits an ambitious skills agenda to ensure that all can benefit from economic growth. Bridging the skills gap will however need a spatial focus on those communities with high levels of worklessness. These areas typically see people in or at risk of poverty and have low levels of car ownership where people are reliant on the bus to access education and work opportunities. In these areas congestion disproportionately impacts upon bus users, increasing journey times and reducing potential job catchments. These factors ultimately create barriers to people and communities most in need of change and restrict the inclusive growth of the region.

The bus is therefore vital in achieving inclusive growth in the region and WMCA's Local Industrial Strategy. By increasing the accessibility, speed and affordability of buses we enable greater access to education and employment opportunities, strengthening our economic success and productivity.



Achieving a modal shift through service quality and innovation in bus

Sprint is a planned bus rapid transit scheme that will offer a similar level of service and comfort to a tram. It will operate on the highway like a bus with a limited stop service and dedicated bus lanes on major high volume routes.

Sprint will enable greater accessibility and quicker, more reliable journey times, helping the region to increase productivity whilst decreasing congestion on the region's roads. It provides the opportunity to encourage a greater modal shift from private cars with its enhanced level of service and comfort.

Accommodating Travel Demand

Although the bus network has experienced challenges associated with falling patronage, reduced accessibility and increasing costs, we have started to see more people travelling by bus. On a number of key routes, investment in new vehicles, lower fares and journey time improvements has attracted increased travel demand on bus, particularly among young people.

With an estimated 500,000 additional jobs, and 215,000 additional homes by 2030, there is huge potential for more people to use the bus to facilitate the expected growth in transport demand, and design a network to cater to this employment and housing growth across the region. New routes will be planned to connect new and existing communities with jobs to support our new housing through the West Midlands Housing Deal and Local Industrial Strategy.

Network Resilience

The region is undergoing a period of considerable growth and investment, but there are imminent challenges resulting from the concurrent construction programmes of the SEP, HS2, Highways England's Motorway upgrades and the 2026 Delivery Plan.

The ability for buses to accommodate rapid increases in travel demand will be an essential tool for mitigating these challenges. However, the CMP acknowledges that congestion will increase in the short-term from the wider array of construction schemes.

A greater uptake in public transport usage will be beneficial in mitigating this; with bus being the most flexible, accessible and affordable mode of public transport across the region.

Buses must also be protected from further disruption, and resilience strategies around bus will be key to protecting bus users from negative impacts of construction.

Air Quality

Putting bus at the centre of our approach to air quality is the quickest and most cost-effective solution to tackling this challenge. Through committed bus retrofit programmes, new vehicle procurement and the introduction of Advanced Quality Partnership Schemes setting minimum vehicle emission standards, the emission standards of the bus fleet is expected to significantly improve with an aspiration to have all buses at least Euro VI by the end of 2020.

With the proposed introduction of Birmingham's Clean Air Zone, the bus will be an essential tool in ensuring that people can still travel to and from the city centre.

Continual innovation in bus fuel technology presents opportunities to further improve fuel efficiency and emissions from the bus network, including zero emission vehicles, which will further help accelerate air quality improvements in the region.

Ticketing

The West Midlands has the largest smart ticketing scheme in the UK outside London (Swift), accepted on buses and trams and on the train for direct debit customers (with plans to roll out the full range of Swift onto rail, including Pay As-You-Go).

Swift provides tailored discounts and offers, supporting behaviour change. There is an opportunity to expand its capabilities to make multi-modal travel easier and cheaper. Work is underway to improve the customer experience through improved digital channels, contactless payments and further roll out of fare capping.

Safety

The Safer Travel Partnership, which was launched in 2006 and includes West Midlands Police, British Transport Police and Transport for West Midlands (TfWM), has helped cut crime on the network by 70% over the last eight years. There is now just one offence in every 60,000 bus journeys.

While crime on the buses is actually low, witnessing anti-social behaviour can undermine people's sense of security and safety that can lead to an unfounded fear of crime. This can result in people choosing not to go by bus and that means more congestion and pollution. No one should have to put up with bad behaviour which is why officers and bus inspectors will continue to operate a zero tolerance approach to bad behaviour, utilising advancements in technology, to take firm and effective action whenever it is encountered. This, along with advancements to vehicle safety provides the opportunity to further change the negative perception of safety on bus travel.

Transport Innovation

There are technological and digital opportunities that have the potential to revolutionise local bus travel in the UK's first Future Mobility Area. Demand Responsive Transport and Mobility as a Service (MaaS) both offer the potential for changing the way in which people travel in the region.

The data revolution presents an opportunity to change the way we consume data and access information. With 5G, there is an opportunity to deliver enhancements such as real time journey information to passengers, smart payment methods across all modes and access to live CCTV streams to increase passenger safety.

Opportunities to shape the network

As a Combined Authority WMCA and TfWM have powers that can influence the bus network in the West Midlands. Along with powers around the Key Route Network, bus lane enforcement, and safety and security, the Bus Services Act 2017 provides new powers which can allow a greater degree of influence on the local bus network. TfWM will explore how these powers can be used to achieve our vision for bus in the West Midlands.

Integration with other modes

There is an opportunity to ensure that buses link seamlessly with metro, rail and Sprint routes, to facilitate easy multi-modal travel and local, regional and national travel. This is fundamental for creating an integrated transport system in order to move away from a reliance on cars in the region. Switching between modes will be easier and cheaper through our integrated ticketing systems and further enhancements to Swift, the region's smart travel card.





Without widespread uplift in the use of public transport, the region's growth ambitions set out in the SEP will be severely impeded as congestion continues to grow, eventually choking inward investment in jobs and discouraging people from living in the region. At the heart of this approach is recognition that road space is a scarce commodity, where an increasing emphasis on people-moving capacity instead of moving-motor-vehicle capacity will be required to ensure everyone can benefit from growth.

There is often a trade-off between bus having to provide an essential mobility service, whilst simultaneously offering a service which competes

with more direct modes of transport such as the private car. The bus however continues to be the most accessible and affordable mode of public transport across the region, and opportunities exist to exploit the many benefits that the mode has towards achieving the wider WMCA goals such as inclusive growth, increased productivity and improved air quality.

Decreasing speeds and reliability from road congestion is especially suppressing the potential of the bus network in supporting the region's ambitions. Buses need to be given greater priority through a step-change in investment to ensure bus infrastructure and the network supports the

anticipated scale and shape of growth across the region. Whilst our interventions to date have been beneficial, new opportunities exist that have the potential to further enhance the mode's offering across the region and overcome the major challenges faced.

Before we can assess these opportunities available for overcoming the challenges faced by bus however, we need to establish our fundamental vision for bus in the West Midlands. With an established vision, we can then assess what options will be most effective for achieving it.

“

A world-class integrated, reliable, zero emission transport system providing inclusive travel for all across the West Midlands.

With excellent customer service and simple payment and ticketing options.

Customers will be able to make easy and safe door-to-door journeys, benefiting from new innovative transport solutions that meets the needs of a modern and diverse 21st Century economy, reducing the reliance on private single occupancy car journeys.

”

1. **UK leading low emission bus fleet with zero emission corridors serving the most affected areas of air quality.** We will improve our natural environment by continuing to work with local bus operators and the diverse supply chain to accelerate the transition to zero emission vehicles across the region; to achieve the cleanest bus fleet in any Metropolitan area of the UK and utilising new clean technology to grow zero emission travel and the movement of people.
2. **Fully integrated bus network including local demand responsive and rapid transit services supporting rail, coach and Metro interchange as one network.** We will provide one transport system where customers can move easily and conveniently between modes and travel on an integrated bus network, supported by new and innovative forms of bus travel and connecting Sprint and all other modes of public transport. The basis of this integrated bus network will be a simple, core turn up and go frequency network, supported by local bus services providing network coverage.
3. **Simple, convenient and easy to use payment options including full capping providing a network which is value for money and affordable for customers.** We will provide an integrated and multimodal payment solution that uses the latest digital technology to make it easier and quicker than ever before to access the bus network. The payment technology will be valid across all operators and will remove the complexity of fares planning through intelligent capping that provides best value without the customers needing prior knowledge of fares. It will also provide access to the wider integrated transport system and will be supported by a Fares and Payment Strategy.
4. **Fewer private car journeys by making bus the mode of choice and creating better access to jobs and long-term change.** We will plan for long-term inclusive economic growth by treating bus as the infrastructure in a place-based approach on growth corridors and at specific sites; bringing together the right bus infrastructure (i.e. highways, services, data and technology) with housing, jobs and skills to enable more people and places to achieve economic success, attract investment and support long-term productivity.
5. **Creating a safe, secure and accessible mode for all and tackling long held barriers and perceptions.** We are committed to creating a safer transport network for all passengers in the West Midlands and will continue the Safer Travel Partnership with West Midlands Police and British Transport Police, with the aim of preventing and reducing crime on the bus network. We will ensure bus vehicle, at-stop and interchange safety and accessibility standards, so the bus network meets the needs of all customers at all times, regardless of any impaired mobility, ultimately transforming the perception of bus travel.
6. **Accountable network performance management – tackling issues causing congestion and reliability problems.** We will manage the network with the Regional Transport Control Centre (RTCC) that provides a coordinating umbrella across all modes and transport partners, for how we manage daily network operations, planned construction and sporting events and incident responses to keep people moving and the West Midlands open for business. Alongside the RTCC, there will be investment in the sensor technology to improve the efficiency and management of the local road network and monitoring of performance on the Key Route Network (KRN).
7. **World-leading customer information utilising 5G and all available technologies and platforms.** We will be the first 5G ready region in the UK, trialling new high-speed connectivity and technology for improved customer information and network management, as well as making our buses and bus infrastructure safer using artificial intelligence (AI), and building on our success as the UK's first Future Mobility Area to trial and demonstrate new modes of transport, services and technologies, like Mobility as a Service (MaaS).
8. **Younger people supported by discounted travel, as well as addressing barriers for excluded groups.** We will aim to ensure that everyone has the same access to transport and that everyone can travel easily, confidently and without extra cost. In particular, we will develop an offer for young people accessing jobs and training opportunities as well as supporting other excluded groups with barriers. This will involve designing and delivering services in a genuinely inclusive way with recognition to all vulnerable groups. We will also ensure future transport technologies are designed in an inclusive way to open up new opportunities for currently excluded groups.
9. **Evolve a network to support the 24/7 thriving economy, connecting people to new and developing destinations and attractions.** We will improve the network by providing the right local bus infrastructure to build the connections that people need for improved access to existing skills, jobs and leisure for all our communities and networks at any time of the day. This will build on the delivery of Sprint and our existing bus delivery programme commitments and Network Development Plans to deliver improved bus journey times and services; as well as working with private sector partners to trial new and innovative forms of public transport and underpinning a multi-modal transport system.

Short Term Priorities

Small scale local highway schemes, focussed on ‘quick win’ measures at traffic black spots, can realise noticeable reductions in congestion quickly and cheaply. This could include traffic signal optimisation, lining/ kerbing changes and/ or traffic regulation orders. There is also an opportunity to work alongside the development of Sprint to bring forward measures that are of low complexity and which could deliver early benefits to the bus network.

Optimising Existing Assets

Much of the region’s highway infrastructure for buses and passenger facilities has been in operation for a considerable period. In this time there have been changes in traffic characteristics, highways layouts, travel patterns and bus services. It is proposed that we review all existing bus priority schemes and passenger facilities in the region to ensure they are still working for all road users and passengers.

Governance

WMCA will investigate the powers available through the Bus Services Act 2017 to understand the benefits and disbenefits of the options available for delivering bus services.

In addition, we will continue to seek investment and further devolution of powers from Government which will assist in our plans to deliver a bus network that works for everyone in the region.

Bus Alliance

Through the Bus Alliance we will continue to work with bus operators and other partners in the region to ensure that bus improvements are made, and ensure the delivery of existing commitments in the West Midlands Low Emission Bus Delivery Plan and Bus Alliance Network Development Plans.

Delivering an Integrated System

TfWM will continue to explore how smart technology, transport innovation, data and 5G can be exploited in the UK’s first Future Mobility Area to deliver an integrated transport system in the region.

Delivering smart payment technology, real time passenger information and integrated fare structures are an essential part of seamless modal integration. Furthermore, Mobility as a Service (MaaS) has the potential to greatly influence the travel behaviours of people in the West Midlands, and TfWM will continue to assess how best we can utilise the innovative software platform in our Future Mobility Area. New modes such as Sprint and Demand Responsive Transport can help transform and complement the conventional bus, and we will explore how to best exploit the benefits.

Looking to the Future

We will continue to measure the success of the bus network and keep our options open in seeking the best opportunities to deliver our regional vision. This will be supported by a delivery plan.

We will regularly review our policies to ensure we can deliver on our pledges.



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West Midlands

Transport for West Midlands

Building a healthier, happier, better connected
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West Midlands
Combined Authority

Housing & Land Delivery Board

Thursday 6 September 2018 at 10.00 am

Minutes

Present

Councillor Mike Bird (Chair)	Walsall Metropolitan Borough Council
Councillor Sharon Thompson	Birmingham City Council
Councillor Peter Bilson	City of Wolverhampton Council
Bill Blincoe	Coventry and Warwickshire LEP
Councillor Shaun Keasey	Dudley Metropolitan Borough Council
Roy Stokes	Environment Agency
Councillor David Humphreys	North Warwickshire Borough Council
Councillor Ian Courts	Solihull Metropolitan Borough Council
Councillor Daren Pemberton	Stratford on Avon District Council
Councillor Peter Butlin	Warwickshire County Council
Councillor Bill Gavan	Sandwell Metropolitan Borough Council

In Attendance

Nick Glover	Greater Birmingham & Solihull LEP
Simon Tranter	Walsall Metropolitan Borough Council
Jacob Bonehill	West Midlands Combined Authority
Gareth Bradford	West Midlands Combined Authority
Rob Lamond	West Midlands Combined Authority
Carl Craney	West Midlands Combined Authority

Item Title No.

10. Apologies for Absence (if any)

Apologies for absence had been received from David Cockroft (Coventry City Council), Simon Marks (Greater Birmingham & Solihull Local Enterprise Partnership), Councillor Paul Moore (Sandwell Metropolitan Borough Council), Councillor Nic Laurens (Shropshire Council), Councillor Steven Claymore (Tamworth Borough Council) Richard Overton (Telford and Wrekin Council).

11. Nomination of Substitutes (if any)

Nick Glover had been nominated as a substitute member for Simon Marks (Greater Birmingham and Solihull LEP) and Councillor Bill Gavin nominated as a substitute member for Councillor Paul Moore (Sandwell Metropolitan Borough Council).

12. Declarations of Interests (if any)

No declarations of interests were made into items under consideration at the meeting.

13. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 16 July 2018 be confirmed as a correct record and signed by the Chair.

14. Matters Arising

With reference to Minute No. 10 (Matters Arising) and with particular reference to the award of £3.690 million to Telford and Wrekin Council to assist in bringing forward approximately 540 housing units across that area, Gareth Bradford reported that this matter had been considered and approved at the meeting of the Investment Board held on 30 October 2017 having received a positive recommendation from the Investment Advisory Group. He outlined the membership of the Investment Advisory Group which included Officers from respective local authorities and Local Enterprise Partnerships. He reminded the Board that the decision had been made prior to the formation of the WMCA housing and Regeneration Directorate. He explained that Telford and Wrekin Council role in meeting the housing shortfall in the Greater Birmingham Housing Market Area had not been referenced in the report to the Investment Board.

Going forward, he suggested that all reports considered by the Investment Board which included a housing provision element should first be considered by the Housing and Regeneration Directorate and that a discussion be commenced with Telford and Wrekin Council on its ability to draw down the allocated funding if it was not prepared to play an active and supporting role in the delivery of the housing shortfall in the Greater Birmingham Housing Market Area, the Housing Deal and the Housing Delivery Plan. He advised that all housing units provided should be included in both the Housing Deal, Strategic Economic Plan and the Industrial Strategy and that it was imperative that all partners receiving financial support should play their respective roles.

The Chair advised that in his view if Telford and Wrekin Council was not willing to co-operate in achieving the targets of this Board (and the WMCA) the decision of the Investment Board should be revisited. A further discussion on this matter could be required in the event that Telford and Wrekin Council was not willing to co-operate the decision would be revisited with the grant being reclaimed and rewarded elsewhere as deemed appropriate. Gareth Bradford advised that this could require the Commissioning Framework to be revisited. The Chair requested that a report be submitted to a future meeting on the drawdown of the funding allocated to Telford and Wrekin Council.

Councillor David Humphrey commented that the North Warwickshire Borough Council did not have a large number of brownfield sites but a number of small sites and enquired as to the possibility of a contribution towards funding of development of such sites. He had been advised previously that this issue had been raised with Homes England (formerly the Housing Communities Agency) but had not progressed. The Chair suggested that the details of any such sites be forwarded to Gareth Bradford for consideration. He commented that the recent revisions to the National

Planning Policy Framework (NPPF) had done little to assist the development of such sites but that asking developers to offer commuted sums in lieu of the provision of affordable and/or social housing would have been preferable.

Gareth Bradford suggested that he bring forward a report on the development of a 'Small Sites Fund' targeted at assisting small builders to develop such sites. He stressed the need to maintain and increase the pace of housing supply and that the development of small sites could play a significant contribution in such an aim. He reminded the Board that the NPPF was a policy statement and not a statutory requirement with the WMCA being able to advocate an alternative approach to fulfilling the aims.

Councillor Ian Courts counselled caution inasmuch as small sites were often more difficult and expensive to develop. He suggested that there was also a need to consider existing or former retail sites in town centres. He supported the views expressed earlier in the meeting with regard to the award of funding to Telford and Wrekin Council and the role of this Board in determining future allocations. He stressed that outcomes and delivery were pre-requisites.

Councillor Peter Bilson commented that it was the role of this Board to deliver additional housing units across the region and that any decisions regarding provision of additional housing units should be considered by this Board. He advised that whilst he supported the concept of the development of a 'Small Sites Fund' that this should not be to the prejudice of existing commitments.

Councillor David Humphrey commented that a number of his constituents questioned the purpose and benefits of North Warwickshire being a Non-Constituent member of the WMCA on the basis of the benefits the Borough derived through such membership and financial contributions. On that basis he was of the opinion that if Telford and Wrekin Council was unwilling to support the aims of the WMCA it should be required to refund any grants received. The Chair emphasised the important role the Non-Constituent Authorities had in the work of the WMCA.

Gareth Bradford stressed the need for the maximum utilisation of the available resources provided by HM Government, the importance of an expeditious process and the need for a clear and understandable policy for the deployment of resources. He commented that if this could be achieved the WMCA would be in a good position to lever in additional resources from HM Government. He undertook to submit a report to the next meeting on this issue.

Councillor Bill Gavin asked as to the opportunity to package a number of small sites together for small developers to consider. The Chair commented that this was possible if the sites were in the same ownership but, if not, could be problematic to deliver. He outlined the use of the 'New Homes Bonus' at Walsall MBC to provide loans to small developers to acquire small sites. He requested that a report be submitted to the next meeting of this Board on the establishment of a 'Small Sites Fund' with the report being circulated in advance for comments. Councillor Ian Courts supported the

concept of packaging small sites together especially if this be made of sites which were a mix of easy and difficult to develop sites. The Chair commented that a small developer could manage such a proposal with some assistance.

Gareth Bradford reported that the Housing and Land Team had focussed on the concept of packaging sites and assured the Board that this was a fundamental part of the work of the Team. He advised that to assist small developers there was a need to cut through the bureaucracy associated with seeking planning permission with one planning application being submitted for several sites. He emphasised the need to make optimum use of all sites including those which were contaminated and required remediation measures. He stressed the need for local authorities to identify sites and for the WMCA to respond quickly. Roy Stokes commented on the need to include and address difficult sites.

Councillor David Humphreys referred to the delays associated with the redevelopment of certain redundant premises and gave the example of former public houses being listed as 'Assets of Community Value' which could lead to a delay of 12 months in development commencing. The Chair commented that it was for this Board to respond to such challenges and to expedite development whenever possible. Gareth Bradford suggested that it was part of his role to seek HM Government assistance in addressing problems associated with empty former public houses and redundant petrol stations in the Green Belt and/or countryside and that some form of dispensation from planning guidelines was required. Councillor Ian Courts commented that the National Planning Policy Framework (NPPF) contained several references to the use of derelict land and buildings and there was a need for the rules to be complied consistently across the region.

Gareth Bradford reported that the Housing Deal would not have been achieved without negotiation on various points and stressed the need to improve delivery in order to encourage HM Government to change the principles and rules to assist in further delivery. A definition of 'social housing' and 'affordable housing' was required. He challenged the Board to identify three or four matters which required the assistance from HM Government to aid delivery by the WMCA. He commented that changes to national guidelines was not necessary but that the interpretation of those guidelines could be flexibly applied. He undertook to submit a report on this matter to the next meeting of the Board.

Councillor Ian Courts reminded the Board that planning was an issue for which the local authorities were responsible. He advised that Solihull MBC was about to commence a refresh of its 'Brownfield Register' and the need to identify ownership details at an early stage. He suggested that a simple sifting process was required to identify developable land.

Councillor Peter Bilson commented that the delivery of the implementation phase of both the Housing Deal and the Housing Investment Fund (HIF) was crucial but that addressing issues on the corridors were equally important. He requested that details of the funding regime and timelines be reported to a future meeting of the Board.

Gareth Bradford advised that HM Government had identified 'up to £100 million' of funding but that payments against the Housing Deal were phased against delivery. He reported that he was negotiating for payment through a Section 31 grant which was non-refundable. He aimed for payment of 25% of the money in October 2018 for delivery of 25% of the housing units. Once these units were delivered a claim could be made for the second 25% and so on. Allocation of funding would be at the discretion of the WMCA. Previously, monies allocated in the Devolution Deal had not been spent and this was damaging to the reputation of the region. If allocated funds were used it was likely to realise the allocation of additional funds. He emphasised that it was not practical for the allocation of the £100 million to be agreed in advance of receipt. This view was supported by Councillor Ian Courts who commented that the funding could not be attached to specific sites at this point. Gareth Bradford advised that some sites would be identified especially those with the benefit of planning permission but once the funds were released it would be for this Board to determine on how it was allocated.

Roy Stokes encouraged the Board to consider building in a sustainable manner with due consideration being given to those sites where 'Sustainable Drainage Systems' could be used and/or which were carbon friendly. These developments could be used to demonstrate the work of the Board. Gareth Bradford reminded the Board that these issues were part of its founding principles.

Councillor David Humphreys commented that the developers controlled the release of developable land without recourse to the five year supply. Gareth Bradford responded that the five year supply position could be addressed through building out small sites quickly and that the powers of the WMCA and local authorities could be used to increase build out rates.

Councillor Peter Butlin suggested that the approach needed to be 'process light' and that there was no need to consider sites which were moderately difficult to develop at this point and with very difficult to develop sites being left until much later in the exercise. He advised that he supported the creation of a 'Small Sites Fund' and that monies currently held for remediation purposes could be used for its establishment. Additionally, HM Government should be approached for assistance in removing blockages to development.

Councillor Ian Courts acknowledged the difficulties with developers 'land banking' but commented that the creation of the 'Help to Buy' scheme had slowed down development in the Solihull area. Gareth Bradford commented on the need to commence a dialogue at Chief Executive level with those builders operating across the WMCA area and that the dialogue refer to issues such as build out rates, affordability and quality of design and construction.

Councillor Daren Pemberton reported on an exercise which was underway at Stratford on Avon District Council to attempt to understand the commonalities and differences between builders operating in the area. Once an understanding of their methods of operation had been established a

working relationship and understanding was easier to build. Gareth Bradford commented that those who did not share the aims and ambitions of the WMCA would not benefit from funding. Councillor Daren Pemberton suggested that a regional view was required with regard to viability and housing mix. A corporate view was also required rather than a local view and information sharing between partners would be paramount.

Resolved:

1. That all reports to the Investment Board including reference to provision of housing units be considered by the Housing and Land Team in the first instance;
2. That the funds allocated to Telford and Wrekin Council towards the provision of housing units be subject to such units being included in the numbers required by the Housing Deal/Strategic Economic Plan/Industrial Strategy as appropriate and contributing to the shortfall in the Birmingham Housing Market Area;
3. That a report be submitted to the next meeting of this Board on the details of drawdown of funds to date by Telford and Wrekin Council as referred to above and on proposals for the use of remaining funds;
4. That a report be submitted to the next meeting of this Board on the establishment of a 'Small Sites Fund' targeted at small builders with the report being circulated in advance for comments;
5. That a report be submitted to the next meeting of this Board on a clear criteria for deployment of resources in order to lever in further investment from HM Government to assist in the delivery of additional units;
6. That a report be submitted to the next meeting of this Board on opportunities to interpret guidelines and rules in such a way as to assist in the delivery of additional units;
7. That a report be submitted to the next meeting of this Board detailing the funding regimes and timelines for the various workstreams.

15. Town Centres

Gareth Bradford reported that a piece of work had commenced on the future opportunities within town centres and a report would be submitted to the next meeting on possible interventions to assist local authorities in developing Town Centre Plans to regenerate High Streets. The Chair commented that, in his opinion, the demise of High Streets could be attributed to the introduction of pedestrianisation schemes.

Councillor Peter Bilson opined that it would be unwise to attempt to introduce a 'one size fits all' solution and reported that the City of Wolverhampton Council had commissioned a piece of work on the drivers that might be required to stimulate High streets. He commented that the common factor for local authorities was the reliance of a retail presence on High Streets. Councillor Ian Courts supported the comments now made and enquired as to the source of funding for further initiatives without prejudicing those already underway. Nick Glover advised that the Greater Birmingham and Solihull Local Enterprise Partnership had some policy papers on these matters which

he was happy to share.

Gareth Bradford offered to include within his report to the next meeting details of a range of initiatives on town centre regeneration which would assist in accelerating housing delivery and regeneration.

Councillor Peter Butlin advised that there were a mix of town centres within Warwickshire with each one created its own unique economic viability. He suggested that if residents did not live near to town centres then High streets would suffer as would the local economy. The Chair commented that with new ways of shopping becoming ever more popular there was a need to encourage more use of town centre properties for residential use with associated integrated transport opportunities.

Councillor Daren Pemberton commented that residential use of town centre properties was not the only solution and that consideration needed to be given to making the retail offer more sophisticated. He suggested that the element which was currently missing was increased employment opportunities.

Nick Glover remarked on the need for dialogue with the various Business Improvement Districts. Gareth Bradford referred to research which had been carried out on the opportunities for and challenges faced by town centres. He queried the investment proposition for individual town centres and on the need to make it easier to build units of accommodation and to create employment opportunities in such town centres. He commented that there was a need to understand the challenges faced and to encourage investment in these areas.

Resolved:

That a report be submitted to the next meeting of this Board on possible interventions to assist local authorities in developing Town Centre Plans to regenerate High Streets.

16. Social Housing Green Paper Update and Response

Gareth Bradford presented a report and gave a PowerPoint presentation which provided the Board with an update on progress in the development of Social Housing proposals and the evidence base. The presentation outlined the challenge presented by the 'affordability challenge' which varied across the region. He commented that no region had yet been able to meaningfully articulate 'affordability, economic growth and productivity'. He advised the Board that this issue was addressed in the Industrial Strategy and the Strategic Economic Plan and commented on the need to attempt to unlock 'Affordable Housing Investment Fund' monies. He outlined the following issues which could be defined as the Board's 'red lines':

- Housing Revenue Account Borrowing Gap;
- Right to Buy;
- Quality

and invited the Board to let him have views which could be incorporated into a further report to the next meeting.

He suggested that supply of housing and land needed to be increased as did

the quality of affordable and social housing. He commented on the need to assist the Ministry of Housing, Communities and Local Government to prompt HM Treasury to understand the integral role of affordability and social housing provision in achieving economic growth. He advised that the problems associated with affordability were likely to increase in the region. Rob Lamond commented that rental levels in the private rental sector were also increasing.

Gareth Bradford reminded the Board that the Housing Infrastructure Fund (HIF) bid had been agreed by the respective Leaders, the Local Enterprise Partnerships and major businesses in the area. He advised that the latter group had expressed concern on their ability to recruit staff due to affordability of housing options which had a consequential effect on their ability to expand. Councillor Peter Bilson suggested that this point be drawn to the attention of HM Government. Gareth Bradford requested that in the event of similar concerns being raised by local major employers that they be encouraged to submit such concerns in writing to him as this could be used as evidence and was worth more than anecdotal evidence.

He also commented on the costs incurred by employees who were forced to live a considerable distance from their place of employment due to the affordability of housing. He stressed that these comments should not be interpreted as employers not being willing to invest in the West Midlands but that it formed a consideration as to whether or not to invest given potential recruitment difficulties likely to be experienced.

Councillor Peter Butlin commented that a major employer had raised such concerns with him and colleagues. He reminded the Board that employees commuting long distances increased demand for car parking provision and also added to the highway maintenance requirements. Councillor Daren Pemberton supported these views and added that long distance commuters contributed very little to the local economy.

Gareth Bradford commented on the need to collate an evidence pack in connection with these issues with a view to its use in seeking additional investment and identifying the costs to local authorities. It was possible that money could be obtained to assist in the regeneration of town centres. A possibility existed that the region could be the first to model town centre redevelopment based on residential and employment opportunities.

Resolved:

1. That any views on the 'red lines' outlined above be forwarded to the Director of Housing and Land with a view to a report on this matter being submitted to the next meeting of this Board;
2. That any local major employers expressing concern with regard to the effect of 'affordability' on their ability to recruit staff and/or expand their businesses be requested to submit their concerns in writing to the Director of Housing and Land;
3. That an 'evidence pack' be collated on the various issues now raised to be used to assist in seeking additional funds to regenerate town centres.

17. DemoDev Update

Gareth Bradford reported on the outcome of the WMCA Mayor's Urban Challenge Innovation Fund and the award to DemoDev which had formulated an algorithm to identify small sites with links to new types of development. He advised on the links to the 'Small Sites Strategy' which would form part of a report to the next meeting of this Board. He suggested that a small group be established to consider such small sites.

He sought the views of the Board on 'Right to Build' and custom and self-build options which were popular currently with HM Government. Councillor Ian Courts registered his concern as to the finite resources of the Board being diverted into this type of initiative.

Resolved:

1. That a report on 'Small Sites Strategy' form part of a report to the next meeting of this Board including a definition of what comprised a 'small site';
2. That no action be taken at the present time on 'Right to Build' and/or custom and self-build options.

18. 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).

19. Housing Investment Fund (HIF) - Update

Gareth Bradford reported that the Housing Investment Fund (HIF) Business Case had been submitted against a contracted timescale and was an excellent example of collaborative working amongst the local authorities. He suggested that the experience could be used as an experience to maximise the opportunities of obtaining further funding from HM Government. The Chair commented on the need to demonstrate to HM Government that the authorities were able to work collaboratively.

Resolved:

That the report be received and noted.

The meeting ended at 12.02 pm.

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**West Midlands
Combined Authority**

Public Service Reform Board

Thursday 6 September 2018 at 1.00 pm

Minutes

Present

Councillor Steve Eling (Chair)	PSR Portfolio Holder for WMCA
Councillor Patrick Harley	Dudley Metropolitan Borough Council
Councillor Majid Mahmood	Birmingham City Council
Councillor Izzi Seccombe	Warwickshire County Council
Ged Bowles	IEWM
Henrietta Brealey	Greater Birmingham Chamber of Commerce
Laura Caulfield	Higher Education
Sue Ibbotson	Public Health England
Paul Jennings	Chief Executive NHS Birmingham & Solihull CCG
Tom McNeil	Office of the Police and Crime Commissioner
Sarah Middleton	CEO Black Country Consortium
Jayne Meir	West Midlands Police

In Attendance

Asif Afsar	West Midlands Fire and Rescue Service
Jacqueline Barnes	NHS England
Jennifer Brake	City of Wolverhampton Council
Carl Craney	West Midlands Combined Authority
Claire Dhami	West Midlands Combined Authority
Dr Henry Kippin	PSR Director, WMCA
Alison Knight	Sandwell Metropolitan Borough Council
Steve McAleavy	Transport for the West Midlands
Jane Moore	WMCA
Martin Samuels	ADASS
Claire Spencer	West Midlands Combined Authority

Item Title

No.

8. Apologies for absence

Apologies for absence had been received from Councillor Mike Bird (Walsall Metropolitan Borough Council), Councillor Roger Lawrence (City of Wolverhampton Council), Councillor David Vickers (Dudley Metropolitan Borough Council), Councillor Ian Ward (Birmingham City Council), Catherine Mangan (Higher Education) and Alison Tonge (Director of Commissioning, NHSE).

Apologies for absence had also been received from Dawn Baxendale (Birmingham City Council), Jan Brittan (Sandwell Metropolitan Borough Council), Nick Page (Solihull Metropolitan Borough Council) and Phil Loach (West Midlands Fire and Rescue Service).

9. Nomination of Substitutes (if any)

The following nominations of substitutes had been received:

Councillor Majid Mahmood for Councillor Ian Ward (Birmingham City Council);

Councillor Patrick Harley for Councillor David Vickers (Dudley Metropolitan Borough Council); and

Jaqueline Barnes for Alison Tonge (Director of Commissioning, NHSE).

10. Declarations of Interest

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

11. Chair's Remarks (if any)

The Chair reminded those present that the Board meeting was for participation by members only and that the subsequent Workshop on 'Inclusive Growth and the Local Industrial Strategy' scheduled to follow the meeting would allow for wider participation.

12. Minutes of the last meeting

Resolved:

That the minutes of the meeting held on 22 February 2018 be confirmed as a correct record and signed by the Chair.

13. Matters Arising

There were no matters arising from the minutes of the meeting held on 22 February 2018.

14. Inclusive Growth Framework

Henry Kippin introduced the report and explained that this was the first step in exploring 'Inclusive Growth' and on work with partners to establish the meaning of the term and how well it was distributed in the region. He added that it was a case of being open with the public on how investment and delivery of housing could be influenced. He advised on the collation of a set of tools in order to establish what the term meant to others.

Claire Spencer presented a report which detailed the first iteration of the Inclusive Growth Framework which sought to capture the positive social and environmental outcomes that the West Midlands would like to realise as a consequence of economic activity. It would move the region on from focusing on Gross Value Added (GVA) as the primary indicator of economic success: GVA becoming less and less useful at lower spatial levels and not informing the region anything regarding the consequences of or participation in economic activity.

The report provided a resource for Member Authorities and other interested organisations' to understand how inclusive the economy of the West Midlands was and was the first of several tools to inform delivery, rather than

a performance management framework. It also provided a solid basis for citizen and other stakeholder involvement in developing a definition, vision and a set of useful tools relating to 'Inclusive Growth'.

The current definition of inclusive growth that the framework would build on was 'a more deliberate and socially purposeful model of economic growth – measured not only by how fast or how aggressive it was; but also by how well it was created and shared across the whole population and place and by the social and environmental outcome it realised for local people.

Henry Kippin advised that a further report on this matter would be considered by the WMCA Board on 14 September 2018 and that the framework itself would be subject to rigorous testing, development and revision by the WMCA and its partners.

Councillor Majid Mahmood reported that Birmingham City Council supported the initiative but questioned whether resources were allocated appropriately. He commented that work on this initiative had already been commenced by Sandwell Metropolitan Borough Council and sought an assurance that there would not be a duplication of effort. He also commented that, in his opinion, education was a key factor but was not referred to in the report. He reminded the Board of the number of higher and further education colleges including the HS2 College in the region.

The Chair advised that the intention was to bring people and organisations together and that this would be supported by the WMCA which would facilitate the model being taken forward. The intention was not that the WMCA would undertake the work on behalf of partners but how it was constructed into mainstream business and what interventions the WMCA could bring about. He emphasised that this was not to be treated as a regeneration programme but how things could be done differently, improved and incorporated as a part of integral business. The aim was to deliver 500,000 new jobs in secure employment and proper wages rather than zero hours contracts on minimum wages. The WMCA would not deliver this target but would act as a delivery vehicle on behalf of its partners.

Councillor Izzi Seccombe referred to the 'Health and Wellbeing' perspective and the need to ensure that certain groups were not ignored and/or left behind. She commented on the need to consider 'upskilling' those individuals with learning disabilities and to ensure that vulnerable groups were included in the exercise.

Resolved:

1. That the first iteration of the Inclusive Growth Framework be endorsed;
2. That the composition of the Inclusive Growth Framework and its underlying metrics be noted and adapted as the WMCA draws from Member, partner and citizen insight;
3. That the direction of travel be commended to the WMCA Board.

15. Housing First: Background, Principles Governance & Delivery

Henry Kippin presented a report which outlined proposals to deliver a

Housing First pilot across all seven Constituent Authority areas of the WMCA. He explained that the process, which had been tested in many cities around the world, was designed to prevent and relieve the homelessness of rough sleepers with the most complex needs. The Chair advised that the WMCA did not have any legislative powers in respect of homelessness but would co-ordinate collaborative working.

Councillor Izzi Seccombe questioned the working relationship with the Department of Work and Pensions. Henry Kippin explained that this was a test model and he would follow up on this issue. Councillor Majid Mahmood queried the appointment of BVSC to undertake project management of the mobilisation of the project and suggested that this task would have been performed better by a registered charity or housing provider. Henry Kippin advised that the intention was to establish a 'wraparound' service and offered to explain the proposals in detail to Councillor Mahmood outside the meeting. The Chair reminded the Board that the role of the WMCA was to act as a facilitator with the statutory duty being carried out by the seven Constituent Authorities. Councillor Patrick Harley commented that the proposed number of units to be provided in the Dudley MBC area was low and asked whether this was by choice or demand. Henry Kippin reported that this was by choice and offered to follow up this matter with Councillor Harley outside of the meeting.

Resolved:

1. That the award of £9.6 million to the WMCA for the delivery of Housing First for the period 2018- 21 be noted;
2. That the receipt by Birmingham City Council of £1.44 million to cover the first year of the pilot be noted;
3. That the agreement of the Constituent Authorities to deliver 225 housing units per year for three years, in order to conduct the pilot be noted;
4. That the principles of taking a Housing First approach to supporting people who were sleeping rough into secure accommodation be endorsed;
5. That Henry Kippin address the issues raised by Councillors Seccombe, Mahmood and Harley.

16. Public Service Reform, Inclusion & Cohesion Work Programme

Resolved:

That the Public Service Reform, Inclusion and Cohesion Work Programme be received and noted.

17. Date of Next Meeting - 11 April 2019 -10.00 AM

Resolved:

That the next meeting of the Public Services Reform Board be held on 11 April 2019 commencing at 10:00 hours.

The meeting ended at 1.45 pm.



West Midlands Combined Authority

Transport Delivery Committee

Monday 10 September 2018 at 1.00 pm

Minutes

Present

Councillor Kath Hartley (Chair)	Birmingham City Council
Councillor Timothy Huxtable (Vice-Chair)	Birmingham City Council
Councillor Pervez Akhtar	Coventry City Council
Councillor Robert Alden	Birmingham City Council
Councillor Adrian Andrew	Walsall Metropolitan Borough Council
Councillor Phil Davis	Birmingham City Council
Councillor Allah Ditta	Walsall Metropolitan Borough Council
Councillor Mohammed Fazal	Birmingham City Council
Councillor Celia Hibbert	City of Wolverhampton Council
Councillor Diana Holl-Allen	Solihull Metropolitan Borough Council
Councillor Chaman Lal	Birmingham City Council
Councillor Keith Linnecor	Birmingham City Council
Councillor John Rowley	City of Wolverhampton Council
Councillor David Stanley	Dudley Metropolitan Borough Council
Councillor David Welsh	Coventry City Council

Item Title No.

17. Apologies for absence

Apologies for absence were received from Councillors Allcock, Horton, Jones and Richards.

18. Chair's Remarks

The Chair welcomed members of the press, public and stakeholders to the meeting.

In relation to the membership of various Lead Member Reference Groups, the Chair reported on the following changes:

Councillor Davis to move from Sprint to Rail and Metro;

Councillor Lal to move from Rail and Metro to Sprint;

Councillor Hibbert to move from Sprint to Air Quality, Congestion and Environmental Impact and

Councillor Linnecor to move from Air Quality, Congestion and Environmental Impact to Sprint.

19. Minutes of the last meeting

The minutes of the meeting held on 16 July 2018 were agreed as a correct

record.

20. Matters Arising

Financial Monitoring Report (*Minute no.11 refers*)

In relation to Councillor Stanley's request for further information on the Parkhead Viaduct for the Wednesbury to Brierley Hill Metro Extension at the last meeting which he indicated had not been provided, Wayne Farrington, Lead Accountant Transport, advised that the information had been provided via email and undertook for this to be re-sent to Councillor Stanley.

21. Correspondence/ Petitions

None submitted.

22. Presentation: Midlands Connect -Motorway Hub Study

The committee received a presentation from Simon Statham, Head of Technical Programmes, Midlands Connect on the Midlands Connect-Motorway Hub Study.

The presentation outlined the study objectives for the Midlands Motorway Hub Study which included making the best use and development of the regional motorway network, including opportunities for strategic park and ride and recommendations and next steps.

Councillor Davis, reported that he had requested the presentation and was somewhat reassured by the contents but was concerned with the possibility of more motorway building for the Western Strategic Route and reported that he would fight against this. He reported of the need for modal shift and good public transport and concurred with the proposal to increase the usage of the M6 Toll commenting that the current ownership model was wrong and imposed on the region.

Councillor Linnecor reported that he agreed with the comments made by Councillor Davis and was interested in the proposals for high occupancy vehicles and freight only lanes for heavy goods vehicles.

Councillor Holl-Allen welcomed the proposals to encourage usage of the M6 Toll and in particular improved signage that would alert people to the time savings that could be made.

In relation to an enquiry from Councillor Ditta regarding further information on the improved operation of M6 Junctions 3-11, Simon Statham reported that consideration was being given to looking at possible restrictions to improve traffic flow as currently 25% of traffic uses the motorway for 1 or 2 junctions. He advised that any interventions introduced would not block the local road network.

The Chair thanked Simon Statham for his informative presentation.

Resolved: That the presentation be noted.

23. Metro Investment Programme

The committee considered a report from Phil Hewitt, Metro Programme

Director West Midlands Metro, on the Metro Investment Programme.

The report provided an overview of the main activities of the West Midlands Metro Team (comprising TfWM and the Midland Metro Alliance).

The Metro Programme Director advised the committee that the report submitted had been written in July and as a result some of the information provided was slightly out of date and highlighted the key points within the report.

In relation to an enquiry from Councillor Welsh regarding Metro budgets and in particular schemes that are not fully funded, i.e., Wednesbury to Brierley Hill Extension and whether cost pressures on budgets could lead to some schemes being taken out of the programme, the Metro Programme Director reported that a number of options are being considered including how transport generates cash and advised that the Mayor was looking at all possible funding solutions where there were funding gaps.

In relation to a further question from Councillor Welsh regarding Coventry Very Light Rail and whether this was a solution for Metro, the Metro Programme Director reported that Very Light Rail (VLR) could integrate with Metro and TfWM was working with partners on the project as it was recognised VLR had many benefits.

In relation to an enquiry from Councillor Huxtable as to whether 18 or 19 extra trams are needed to run services to Dudley/Brierley Hill and Birmingham Eastside as both figures are mentioned in the report, the Metro Programme Director explained that the figure is currently 18 trams however this fluctuates marginally as it is dependent on the value engineering undertaken and he would report back in due course on the matter.

In relation to a proposed station at Canal Street, Councillor Huxtable enquired as to why there was no mention of this station in the WMCA report on Congestion Management report.

The Director of Development and Delivery, TfWM, Sandeep Shingadia, advised that the station was not included in the WMCA report as work on Canal Street was still on-going ; the feasibility study would be concluded in October.

Further to a follow-up question from Councillor Huxtable regarding connectivity, if the station is not considered viable, the Director of Development and Delivery, TfWM, reported that other options would be considered for the location.

In relation to an enquiry from Councillor Stanley regarding how Dudley Port Rail Station would connect with the Metro given the different levels and distances between the two, the Director of Development and Delivery, TfWM, reported that TfWM was engaging with Network Rail, Midland Metro Alliance and stakeholders as part of the Masterplan for the location, however, he added that this work was at its early stages and an update could be given to the committee in due course.

Resolved: That the report be noted.

24. Financial Monitoring Report

The committee considered a report of the Head of Finance and Business Planning that set out the financial position as at 31 July 2018 related to the Combined Authority's Transport Delivery Revenue and Capital Budgets.

Councillor Akhtar, Lead Member for Finance and Performance outlined the report recommendations.

The Lead Accountant- Transport, Wayne Farrington highlighted the key points within the report.

In relation to the Connected and Autonomous Vehicles (CAV) project, the Chair proposed that the project be the subject of a future pre-TDC policy briefing.

Resolved:

- (1) That the year to date net revenue expenditure outturn for 2018/19 shows a favourable variance of £498,000 compared to budget and a full year variance of £41,000 following the first forecast of the year be noted;
- (2) That the total capital expenditure to the end of July 2018 for the overall transport programme is £24.3 million, within the year to date budget be noted ;
- (3) That the treasury indicators are within the expected range and there are no issues to highlight be noted.

25. Capital Programme Delivery Monitoring Report

The committee considered a report of the Director of Development and Delivery, TfWM, that provided an update on the approved TfWM led 2018/19 programme and projects.

Sandeep Shingadia, the Director of Development and Delivery, reported on the achievements with regards to elements of the 2018/19 Capital Programme that had been completed during July and August and highlighted variations to the baseline programme during the reporting period which related to Perry Barr and Snow Hill Third Access.

In relation to an enquiry from Councillor Holl-Allen regarding the new delivery date for Snow Hill Third Access, the Director of Development and Delivery reported that the target date was now June 2019 following the receipt of the preferred bidder's programme.

Resolved:

- (1) That the achievements since the July 2018 meeting of the Transport

Delivery Committee be noted;

(2) That progress of the deliverables under the 2018/19 Capital Programme be noted and

(3) That the variations from the baseline programme as indicated in paragraph 4.1 of the report be noted.

26. 2022 Commonwealth Games Capital Projects Update

The committee considered a report of the Director of Development and Delivery, TfWM, that provided a summary and progress update on capital projects that are being developed and delivered to support the 2022 Commonwealth Games.

Councillor Welsh commented that he welcomed the report but reported of the need to ensure projects for Coventry City of Culture 2021 do not conflict with the projects for the Commonwealth Games.

Pete Bond, Director of Integrated Transport Services, reported that TfWM has now been offered a seat on the Coventry City of Culture group and he could look to see whether an update could on Coventry projects could be provided for a future meeting.

Councillor Huxtable considered that in addition to the four schemes outlined in the report, the Metro Birmingham Eastside Extension should also be included in the report as he noted passenger services operating on the extension would be brought forward in time for the Commonwealth Games in July 2022 as indicated in the earlier Metro Investment report

The Director of Development and Delivery reported that he was happy to liaise with Phil Hewitt, Metro Programme Director to include the Birmingham Eastside Extension in future reports.

In relation to an enquiry from Councillor Ditta regarding whether a transport plan would be prepared for the Commonwealth Games, the Director of Development and Delivery reported that a plan would be prepared in due course with the Commonwealth Games Organising Committee.

Resolved:

(1) That the TfWM capital programmes that will support the 2022 Commonwealth Games be noted.

27. Notices of Motion

None submitted.

28. WMCA Board Transport Reports

The committee received a report on Congestion Management that would be considered by the WMCA Board on 14 September 2018.

The report was submitted for information only.

Councillor Huxtable noted that the report seemed light with regards to rail projects and enquired why no new rail stations appeared on the timeline.

The Director of Integrated Network Services, Pete Bond undertook to feedback comments to the report author.

Resolved: That the report be noted.

29. Questions

None submitted.

30. Forward Plan

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

Resolved : That the report be noted.

31. Date of Next Meeting -5 November 2018 at 1.00pm

The meeting ended at 2.45 pm.



**West Midlands
Combined Authority**

Environment Board

Monday 10 September 2018 at 2.30 pm

Minutes

Present

Councillor Patrick Harley (Chair)
Councillor David Hosell

Dudley Metropolitan Borough Council
Sandwell Metropolitan Borough Council

Item No. Title

1. Apologies for Absence

Apologies for absence were received from Councillor Tony Diccio (Solihull), Councillor Jim O'Boyle (Coventry), Councillor Karen Shakespeare (Dudley) and Councillor Waseem Zaffar (Birmingham).

2. Inquorate Meeting

The Governance Services Manager reported that, in accordance with the WMCA's constitution, the meeting was inquorate. The recommendations contained within the minutes would be submitted to the WMCA Board on 9 November 2018 for formal approval and adoption.

3. Terms of Reference and Dates for Meetings September 2018 - June 2019

The board considered a report from Simon Slater, Interim Head of Environment, setting out the terms of reference and the dates of future meetings for the Environment Board.

At its meeting on 8 September 2017, the WMCA Board agreed its environment priorities and the ambition to become a 'best in class' combined authority in its approach to sustainability over the next two years. At its meeting on 20 July 2018, it approved the establishment of an Environment Board to take oversight and drive forward its environmental agenda. The report set out the terms of reference of the board, along with the dates of meetings for the remainder of 2018/19.

It be recommended to the WMCA Board that:

- (1) The terms of reference for the Environment Board be approved.
- (2) Future meetings of the Environment Board be held on 1 February 2019 and 1 June 2019.

4. WMCA Environment Board Action Plan September 2018/19

The board considered a report from Simon Slater, Interim Head of Environment, setting out the progress to date and future action plan of the Environment Board.

A set of environmental priorities were developed from the policies contained within the Strategic Economic Plan, the Mayor's Renewal Plan, stakeholder consultation and established good practice activity. These priorities had been developed into an Environment Action Plan, which was approved by the WMCA Board at its meeting on 20 July 2018.

Simon Slater reported that the Action Plan set out the nine workstreams that would be progressed over the next 12 months, along with when progress made against these would be reported in to meetings of this board. A key role for this board would be to monitor the delivery of the Action Plan. Councillor David Hosell stressed the value of setting out delivery targets against which progress could be measured at future board meetings.

The Chair noted that this was a new area for a number of members and therefore it was important for board members to get up to speed with the work of the environment portfolio.

It be recommended to the WMCA Board that:

The Environment Board Action Plan for September 2018/19 be approved.

5. Update on Developing a West Midlands Low Emission Strategy

The board considered a report from Simon Slater, Interim Head of Environment, on the work undertaken to date developing a West Midlands Low Emission Strategy and seeking approval to begin strategy development.

Informal consultation with internal and external stakeholders had demonstrated a clear appetite for the West Midlands to develop a strategic approach to air quality and a low emissions strategy, similar to the approach undertaken by Greater Manchester, West Yorkshire and London. This would ensure the region took a co-ordinated approach to reducing the negative economic and health effects of poor air quality. It was intended that a draft Low Emissions Strategy and Action Plan would be considered by this board at its meeting on 1 February 2019, followed by its submission for approval by the WMCA Board at its meeting on 8 March 2019.

Patrick White, Director of Industrial Strategy, reported that the development of a WMCA Low Emission Strategy would complement the work being undertaken by constituent authorities and would avoid duplication. Councillor David Hosell noted the positive impact that a bus rapid transit network across the region could have, and welcomed the work being taken forward in this regard by Transport for West Midlands. The Chair reported that the WMCA should also be looking at best practice within combined authorities across the country in developing its Low Emissions Strategy.

It be recommended to the WMCA Board that:

The scope and direction of the development of a West Midlands Low

Emission Strategy be approved.

6. Local Industrial Strategy Update

The board received a verbal update from Patrick White, Director of Industrial Strategy, on the development of a West Midlands Local Industrial Strategy. The region would be one of the first two in the country to develop such a strategy, which was expected to be consulted upon during October for submission to the WMCA Board for approval early in 2019. Patrick White provided further detail on the local opportunities that could be realised through the development of a Local Industrial Strategy. He expected the strategy would guide future central government investment decisions made within the region.

Councillor David Hosell enquired as to the involvement of the universities sector in this work. Patrick White explained that significant work was being done with the universities in the region, who had all shown a willingness to be involved in the production and delivery of the strategy.

It be recommended to the WMCA Board that:

The update briefing be noted.

7. Date of Next Meeting

Friday 1 February 2019 at 1.00pm

The meeting ended at 4.05 pm.

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**West Midlands
Combined Authority**

Strategic Economic Development Board Meeting

Wednesday 12 September 2018

Notes

Members

Coventry & Warwickshire LEP	Jonathan Browning – Chair
Black Country LEP	Lindsey Flynn
Coventry City Council	Councillor George Duggins
Greater Birmingham & Solihull LEP	Tim Pile
Redditch Borough Council	Councillor Matthew Dormer
Warwickshire County Council	Councillor Peter Butlin

Officers in Attendance

Black Country LEP	Sarah Middleton
Black Country LEP	Delma Dwight
Coventry & Warwickshire LEP	Paula Deas
Greater Birmingham & Solihull LEP	Paul Edwards
Regional Energy Strategy	Matthew Rhodes
Warwickshire County Council	Mark Ryder
West Midlands Combined Authority	Julia Goldsworthy
West Midlands Combined Authority	Patrick White

**Item
No.**

11. Apologies for absence

Apologies for absence were received from Councillors Ian Kettle, Paul Moore, John Reynolds and Izzi Seccombe and Stuart Croft, Matthew Hammond, Stewart Towe and Graham Wynn.

12. Notes of the Strategic Economic Plan Board Meeting held 4th July 2018

The Chair advised that a number of items from the last meeting were being reported back to the Board – State of the Region and Local Industrial Strategy. With reference to 26/18 – Regional Energy Strategy he advised that this had been added to the Forward plan and would be reported back to a future meeting.

Reference was made to LEP “branding” and the Chair advised that this would be a separate meeting with the WM Growth Company.

Resolved:

That the notes of the meeting held on the 4th July 2018 be approved as an accurate record.

13. SEP Board Tracker Log

Resolved:

That the SEP Board Tracker Log be noted.

14. Forward Plan

The Chair advised that the Forward Plan would be populated further when the 2018/19 schedule of meetings was finalised. He suggested that if Members had any items they wished to add to the Forward Plan then they should contact the Secretariat direct.

Resolved:

That the Forward Plan be noted.

15. Any Other Business

Brexit – Birmingham City Council Brexit Commission

Julia Goldsworthy advised that Birmingham City Council and the WMCA had established a Brexit Commission. The actions arising from the Commission would be reported to the next meeting of the SED Board.

Resolved:

That the Board note the update and add to the Forward Plan.

Economic Growth Portfolio

16. Local Industrial Strategy - Statement

Patrick White referenced that the aim was to publish the consultation document prior to the party conferences season and before the Autumn Statement. He stated that he was seeking input, challenge and views on whether the contents of the presentation were correct and would feed these into the final draft document.

Business Engagement

Level of engagement and activity with businesses should be at the fore of the document

Resolved:

1. That the Board note the update; and
2. That the Board, subject to the pre-parliamentary recess LIS statement being shared with Board members for comment, the Chair be given delegated authority to sign off the statement with the Mayor and his office.

17. Date of Next Meeting

With reference to the next scheduled meeting being 7th November 2018 the Chair noted it was clear in developing the final document that two further meetings of either side of the original date would be required.

Subject to the revision to the 7th November meeting, it was noted that the remaining meetings would be held at 10.00am on 23 January 2019, 6 March 2019 and 8 May 2019.

Resolved:

That the date and time of next meeting be noted.

[The meeting closed at 11.45am]

Chair

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**West Midlands
Combined Authority**

Investment Board

Monday 17 September 2018 at 9.30 am

Minutes

Present

Councillor Bob Sleigh (Chair)
Nick Abell

Portfolio Lead for Finance & Investments
Coventry & Warwickshire Local
Enterprise Partnership

Councillor Mike Bird
Councillor Robert Hulland
Councillor David Vickers

Walsall Metropolitan Borough Council
Solihull Metropolitan Borough Council
Dudley Metropolitan Borough Council

In Attendance

Martin Clayton
David Harris
Liz Grove
Jacob Bonehill
Nick Oakley
Tim Davies
Sukhy Dhanoa
Sean Pearce
Claire Jones
Carl Craney

Solihull Metropolitan Borough Council
Solihull Metropolitan Borough Council
Solihull Metropolitan Borough Council
West Midlands Combined Authority
West Midlands Development Capital
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority

Item Title No.

27. Apologies for Absence (if any)

Apologies for absence had been received from Paul Brown (Black Country Local Enterprise Partnership), Councillor Steve Eling (Sandwell Metropolitan Borough Council), Councillor Patrick Harley (Dudley Metropolitan Borough Council), Councillor Tony Jefferson (Stratford on Avon District Council), Councillor Jim O'Boyle (Coventry City Council), Councillor Brett O'Reilly (Birmingham City Council), Councillor Roger Lawrence (City of Wolverhampton Council) and Sue Summers (West Midlands Development Capital).

Apologies for absence had also been received from Sarah Middleton (Black Country Local Enterprise Partnership), David Cockroft (Coventry City Council) and Ed Bradburn (West Midlands Development Capital).

28. Nomination of Substitutes (if any)

Councillor David Vickers had been nominated as the substitute member for Councillor Patrick Harley (Dudley Metropolitan Borough Council).

29. Declarations of Interests (if any)

The Chair (Councillor Bob Sleigh) and Councillor Robert Hulland declared Non-Pecuniary interests in Agenda Item No. 11 – Change Request – Strategic Outline Business Case (SOC) UKC Infrastructure Phase 1 – Chelmsley Wood Town Centre insofar as they were elected members of Solihull Metropolitan Borough Council.

30. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 20 August 2018 be confirmed as a correct record and signed by the Chair.

31. Matters Arising

With reference to Minute No. 18 (Matters Arising) and with particular reference to the Wednesbury – Brierley Hill Metro Extension scheme, Councillor David Vickers reported that Councillor Patrick Harley, Leader of Dudley Metropolitan Borough Council had written to the WMCA Mayor seeking confirmation of the funding from the WMCA towards this scheme. Sean Pearce confirmed that the WMCA Mayor had received such a letter albeit following the last meeting of the Board and that he understood that a response had been sent.

32. Investment Programme - Update

Sean Pearce presented a report on the status of the Investment Programme to help set out the context for any decisions made by the Board. He advised that an informal session with the Leaders of the Metropolitan Authorities was scheduled to be held on 28 September 2018 to consider prioritisation of the Investment Programme and that a report on this matter would be presented to the next meeting of this Board.

Resolved:

1. That the status of the Investment Programme as detailed in the report be noted;
2. That a report on the funding position with the Wednesbury – Brierley Hill Metro Extension scheme, the contents of the response of the WMCA Mayor to the Leader of Dudley Metropolitan Borough Council on this matter and the outcome of the prioritisation exercise in relation to the Investment Programme be submitted to the next meeting of this Board;
3. That a report on the comprehensive review of the existing governance and assurance framework for the Investment Programme including the recommendations emerging from the Arcadis review and the formalisation of the 'Change Request' process be submitted to the next meeting of this Board;
4. That in the event that any scheme which has been allocated funds by this Board and any such scheme fails subsequently or receives 100% funding from an alternative funding source, the allocated sum be returned to the Investment Programme for re-allocation.

33. Arcadis Review - Update

Sukhy Dhanoa presented a set of slides which updated the Board with the present position with the 'Enhanced Assurance Framework' and responded

to various questions from members of the Board.

Councillor Mike Bird commented that many of the suggested changes were already operated by partner local authorities and Local Enterprise Partnerships and suggested that the best practices of these bodies and especially the Local Enterprise Partnerships be adopted. He outlined the need for a consistent approach across the board to project appraisal. The Chair assured the Board that there was an alignment between the proposed 'Dashboard' and the Assurance Frameworks operated by the Local Enterprise Partnerships. Sukhy Dhanoa explained that there had been a number of changes to the 'Green Book' and that best practice would be used and shared with partners.

In response to a question from Nick Abell, Sean Pearce explained the composition of the Investment Programme and that the proposed overview report would provide greater detail under the proposed revised arrangements. Nick Abell commented on the need for a two way flow of information rather than the Board being requested to allocate additional funds once a point of no return had been reached. Sean Pearce assured the Board that this was an integral part of the revised arrangements.

Resolved:

That the support of the Board to the following principles be agreed:

- Commitment to an Enhanced assurance Framework for the Investment Programme;
- Socialisation / promotion of the above within respective organisations;
- Approval of Enhanced Assurance Framework for Investment programme; and
- Examples of best practice to be provided and shared between partners.

34. WMCA Collective Investment Fund (CIF) - Dashboard

Nick Oakley presented the CIF Dashboard (public iteration) as at 15 September 2018.

Resolved:

That the Dashboard be received and noted.

35. WMCA - Brownfield Land and Property Fund (BLPDF) - Dashboard

Nick Oakley presented the Brownfield Land and Property Dashboard (public iteration) as at 15 September 2015.

Resolved:

That the Dashboard be received and noted.

36. 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).

37. Change Request Strategic outline Business Case (SOC) - UKC Infrastructure Phase 1 - Chelmsley Wood Town Centre

Councillor Robert Hulland presented a report which detailed a need to delay the consultation exercise on the masterplan to align with that proposed for the Metro extension scheme and on an urgent need to bring forward funding allocated in the Devolution Deal from the UKC Infrastructure Package ahead of the submission of an Outline Business Case (OBC) to enable the early acquisition of a property in Chelmsley Wood Town Centre in order to prevent delays to a potential 'One Public Estate Agenda' case and/or a potential Compulsory Purchase Order. David Harris explained the strategic economic reasons for this unorthodox approach.

Jacob Bonehill, on behalf of Gareth Bradford, WMCA Director of Housing and Regeneration, reported that the application was supported by the WMCA in principle subject to the following:

- i) The provision of a Red Book valuation being provided to the WMCA prior to completion of any acquisition;
- ii) A longstop date to be agreed with the WMCA director of Housing and Regeneration beyond which, should the purchase not be concluded, then the allocation reverting back to the approval in an FBC;
- iii) The income from the rental of the property being payable to the WMCA minus a reasonable management fee being paid to Solihull Metropolitan Borough Council and the WMCA retaining the proportion of any capital value of the leasehold interest, with the mechanism for calculating any capital uplift share from combining the leasehold and freehold interests to be agreed;
- iv) That the interests against the legal title being in favour of the WMCA with a Heads of Terms to be agreed prior to and being presented to the next meeting of this Board.

David Harris and Jacob Bonehill responded to various questions raised by members of the Board including matters pertaining to the remaining length of the lease on the property in question, the condition of the property and obligations for repair, the method of valuation and the availability of independent and in-house qualified surveyors and valuers.

Resolved:

1. That the revised timescale for the submission of the Outline Business Case (OBC) to allow consultation on the masterplan to be aligned with Metro;
2. That agreement in principle for bringing forward of £2.5 million of Devolution Deal funding from the UKC Infrastructure Package requested ahead of Full Business Case (FBC) to enable the early acquisition of property in Chelmsley Wood Town Centre be approved subject to:
 - a) The provision of a Red Book valuation being provided to and agreed by the WMCA prior to completion of any acquisition;
 - b) A longstop date to be agreed with the WMCA Director of Housing

and Regeneration beyond which, should the purchase not be concluded, then the allocation reverting back to the approval in an FBC;

- c) Solihull Metropolitan Borough Council submitting an acceptable proposal to the WMCA for sharing of rental income and capital value change; and
 - d) An agreement in relation to the legal title being reached
3. That delegated authority be granted to the WMCA Director of Housing and Regeneration to conclude the commercial arrangements with Solihull Metropolitan Borough Council in relation to securing the appropriate agreement of matters detailed in 2. above.

38. WMCA Collective Investment Fund (CIF) - Dashboard

Nick Oakley presented the CIF Dashboard (private iteration) as at 15 September 2018.

Resolved:

That the Dashboard be received and noted.

39. WMCA Brownfield Land and Property Development Fund (BLPDF) - Dashboard

Nick Oakley presented the Brownfield Land and Property Dashboard (private iteration) as at 15 September 2015.

Resolved:

That the Dashboard be received and noted.

The meeting ended at 10.26 am.

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West Midlands Combined Authority

Audit, Risk & Assurance Committee

Friday 21 September 2018 at 10.00 am

Minutes

Present

David Lane (Chair)

Councillor Tom Baker-Price

Councillor Craig Collingswood

Sean Farnell

Councillor Michael Gough

Councillor John O'Shea

Councillor Alexander Phillips

Worcestershire

Authorities

City of Wolverhampton Council

Coventry & Warwickshire LEP

Solihull Metropolitan Borough Council

Birmingham City Council

Shropshire Council

Non-Constituent

Item Title

No.

90. Inquorate Meeting

The Governance Services Manager reported that, in accordance with the WMCA's constitution, the meeting was inquorate. The recommendations contained within the minutes would be submitted to the WMCA Board on 9 November 2018 for formal approval and adoption.

91. Appointment of Vice-Chair for 2018/19

It be recommended to the WMCA Board:

That Councillor Craig Collingswood be appointed Vice-Chair of the committee for 2018/19.

92. Apologies for Absence

Apologies for absence were received from Councillor Sucha Bains (Coventry), Councillor Kerrie Carmichael (Sandwell), Councillor Stephen Craddock (Walsall) and Councillor June Tandy (Nuneaton & Bedworth).

93. Chair's Remarks

(1) New Committee Membership

The Chair welcomed Councillor Tom Baker-Price, Councillor Michael Gough and Councillor John O'Shea to their first meeting of the Audit, Risk & Assurance Committee.

(2) Agenda Planning

The Chair expressed his disappointment that the agenda for this meeting had been lighter than he might have been expecting, and stressed the need to ensure that the items of business to be

discussed were engaging and substantive, which he considered would help with encouraging member attendance.

94. Minutes of the meeting held on 21 June 2018

The minutes of the meeting held on 21 June 2018 were agreed as a correct record.

95. Matters Arising

(a) **Q&A Session with the Mayor** (minute no. 80)

The Chair requested an update on an invitation being extended to the Mayor to attend a Q&A session with members of this committee. The Director of Finance reported that the Mayor was to be invited to the next meeting of the committee on 12 November.

(b) **Strategic Risk Register** (minute no. 81)

Councillor Craig Collingswood expressed his disappointment that the strategic risk register had not been included on the agenda for this meeting, contrary to the undertaken given at the last meeting. This was concerning, given the corporate importance of the risk register and that members would not have seen the register for five months by the time it was reported to the November meeting.

The Corporate Assurance Manager apologised for this omission. Significant work had been undertaken during the summer, with further work planned for October/November, to review and refine the strategic risk register. The Director of Strategy and newly-appointed Investment Programme Risk Manager were involved in the work to strengthen risk assessment within the organisation, which would result in a more robust risk register.

Members noted this explanation and agreed that the strategic risk register should become a standing item on the agenda of all future meetings of the committee. It was further agreed that reports were no longer to be removed from meeting agendas once that had been scheduled onto the committee's forward plan.

(c) **Whistleblowing**

The Chair relayed from the Monitoring Officer that there were no matters to be brought to the attention of the committee.

(d) **Governance Update - West Midlands Fire Authority and West Midlands Police & Crime Commissioner**

The Chair relayed an update from the Monitoring Officer on recent developments relating to the proposed governance changes affecting the West Midlands Fire Authority and the West Midlands Police & Crime Commissioner.

The WMCA Board considered a report at its meeting on 14 September. It was now expected that the final draft Order would be laid before Parliament later in the month. In respect of the arrangements for the audit oversight of the fire service functions, detailed discussions were soon to commence which would involve the

Chair of this committee as appropriate.

Work was also being undertaken in respect of Police & Crime Commissioner governance, although this was at an earlier stage due to the combined role not being planned for until May 2020. It was likely that the audit arrangements would remain unchanged, which would therefore require this committee to establish a relationship with the police audit committee.

The Chair reported that he intended this committee should give further oversight to the resources allocated by the WMCA for development of the proposals connected with the Police & Crime Commissioner, to ensure that they were sufficient for the complex work being undertaken, but also did not result in resources being withdrawn from other key workstreams. This committee should also be seeking further detail on the implementation plan that would oversee the merger of the fire authority and the combined authority. Members of the committee supported these approaches.

[Councillor John O'Shea declared a personal interest in this item as he was the chair of the West Midlands Police & Crime Panel.]

(e) **Quorum Requirement for Audit and Scrutiny Committees**

The Chair reported that the unusually high quorum set for combined authority audit and scrutiny committees within secondary legislation had been raised with officials from the Ministry of Housing, Communities & Local Government. This was proving to be a difficulty for all combined authorities. Civil servants had undertaken to look at this issue again when legislative time became available.

(f) **Health and Safety Update**

The Chair reported that the Monitoring Officer had informed him that that there were no health and safety issues requiring the attention of this committee. Unfortunately, there had been one recent death at a bus station, but an inquest had recorded the death as suicide.

(g) **Standards Update** (minute no. 83)

The Chair indicated that a report would be submitted to the next meeting on 12 November on progress in developing a code of conduct for individuals not covered by a code of conduct for elected members, along with details of how this committee might seek to further promote high standards of conduct amongst its members.

96. Forward Plan

A forward plan of items to be reported to future meetings of the committee was noted. In respect of a report on the implications of Brexit on the combined authority that was to be submitted to the meeting on 12 November, it was agreed that this would now be considered at the meeting on 14 January 2019 when there was expected to be more clarity regarding the UK's future relationship with the European Union and the impact this would have on the WMCA.

97. External Audit of West Midlands Rail Ltd - Briefing Note

The committee considered a briefing note from the Head of Finance & Business Planning that provided an explanation as to why the West Midlands Rail Ltd Board agreed at a meeting on 19 June not to undertake an external audit on the company's accounts. This was due to WMR Ltd meeting all of the exemption criteria for a limited company, that it used the systems/processes of the WMCA which were already subject to external audit, and the costs of undertaking an external audit were prohibitive and did not represent value for money given the size and scope of WMR Ltd.

Councillor Alexander Phillips noted that the lack of an external audit might be viewed as unusual by some observers, although the Head of Finance & Business Planning indicated that this was due to the company starting mid-year, and it was fully expected that an external audit would take place in 12 months time. Grant Paterson, Director, Grant Thornton, confirmed that there was no legal requirement to undertake an external audit and it was a matter of judgement as to whether one was carried out.

It was recommended to the WMCA Board that:

- (1) The decision of the WMCA's s151 Officer not to undertake an audit of West Midlands Rail Ltd for 2017/18 only be noted.

98. Annual Audit Letter - Year Ending 31 March 2018

The committee considered the WMCA's Annual Audit Letter for the year ending 31 March 2018 that had been prepared by Grant Thornton. This summarised the key findings arising out of the work carried out at the combined authority and provided a commentary on the results of this work.

The Annual Audit Letter confirmed the unqualified opinion on the WMCA's financial statements and the unqualified opinion on the pension fund accounts of the West Midlands Integrated Transport Authority Pension Fund. However, it was not possible to certify the conclusion of the audit as it was necessary to give an opinion on the consistency of the pension fund financial statements. Grant Patterson indicated that he would confirm with the Director of Finance when this had been done.

In respect of a programme of training for committee members, Grant Patterson and Linda Horne undertook to prepare a programme of training sessions for the remainder of the year, which they would share with the Chair and then circulate it the members of committee for information.

It was recommended to the WMCA Board that the report be noted.

99. General Data Protection Regulation (GDPR) Update

The committee considered a report from the Data Protection & Information Sharing Officer on an update on how the WMCA was meeting its responsibilities and compliance with the Data Protection Act 2018.

The General Data Protection Regulations (GDPR) came into force on 25 May and the report provided details of the activity that was undertaken leading up to GDPR going live, along with the post-introduction compliance.

The Data Protection & Information Sharing Officer confirmed that action points in the appendix scheduled for completion by 30 September were all expected to be concluded within that timescale. The Chair requested that a note be sent to him by this deadline confirming whether there were any actions that had not been able to be completed.

Councillor Alexander Phillips noted that within the GDPR Gap Analysis Action Plan, 36 recommendations were identified as 'high priority', suggesting that this categorisation was being over-used and not reflecting where priorities should be properly focussed. The Data Protection & Information Sharing Officer confirmed that the prioritisations were set some time ago and would benefit from being reviewed. Grant Paterson enquired as to the arrangements for subsidiary companies. The Data Protection & Information Sharing Officer explained that where these companies were wholly owned by the WMCA, he was the data protection officer for these companies too. Typically this meant that the WMCA was registered with the Information Commissioner's Office as the data controller for companies the WMCA had a greater than 50% stake in. For companies where this was not the case, he worked closely with their officers to ensure arrangements for data sharing were adequate.

The Data Protection & Information Sharing Officer confirmed that a further update report would be submitted to the meeting of this committee on 14 January 2019.

It was recommended to the WMCA Board that the report be noted.

100. Internal Audit Update

The committee considered a report from the Chief Audit Executive setting out the work completed by internal audit during the current year.

It was expected that audit reviews on health & safety and asset management would be submitted to the meeting of the committee on 12 November, and work was also underway on the audit of business continuity arrangements. Sean Farnell noted that a further nine audit reviews were scheduled to be submitted to the committee before the end of 2018/19. The Head of Audit confirmed that this work was scheduled and was expected to be delivered. The Chair welcomed this assurance, and stressed the importance of ensuring that the submission of the reports were evenly spread across the year wherever possible so as to enable members to give each report proper consideration.

It was recommended to the WMCA Board that the report be noted.

101. Self Assessment Exercise

The committee considered a report from the Chief Audit Executive on proposals for members of the committee to carry out a review of its performance and effectiveness, in accordance with the Chartered Institute of Public Finance and Accountancy's guidance. The self-assessment covered three areas:

- Self-assessment of good practice

- Knowledge and skills framework
- Evaluating the effectiveness of the Audit, Risk & Assurance Committee

The results would be anonymised, summarised and presented to a future meeting, as well as helping to inform a structured future training programme.

It was recommended to the WMCA Board that members of the committee complete the documents circulated to them as part of the self-assessment exercise.

102. Monday 12 November 2018 at 10.00am

The date of the next meeting was noted.

The meeting ended at 12.00 pm.



**West Midlands
Combined Authority**

Housing & Land Delivery Board

Thursday 25 October 2018 at 10.00 am

Minutes

Present

Councillor Mike Bird (Chair)
Sarah Middleton

Councillor Sharon Thompson
Councillor George Adamson
Councillor Peter Bilson
Roy Stokes
Simon Marks
Karl Tupling
Councillor David Humphreys
Councillor Ian Courts
Councillor Daren Pemberton
Councillor Richard Overton
Councillor Peter Butlin

Walsall Metropolitan Borough Council
Black Country Local Enterprise
Partnership
Birmingham City Council
Cannock Chase District Council
City of Wolverhampton Council
Environment Agency
Greater Birmingham and Solihull LEP
Homes England
North Warwickshire Borough Council
Solihull Metropolitan Borough Council
Stratford on Avon District Council
Telford and Wrekin Council
Warwickshire County Council

In Attendance

Gareth Bradford
Carl Craney
Simon Tranter
David Warburton

West Midlands Combined Authority
West Midlands Combined Authority
Walsall Metropolitan Borough Council
Homes England

Item Title No.

20. Apologies for Absence (if any)

Apologies for absence had been received from Bill Blincoe (Coventry and Warwickshire Local Enterprise Partnership), Councillor Nic Laurens (Shropshire Council) and Kevin Rogers (West Midlands Housing Association Partnership).

Apologies for absence had also been received from Tim Johnson (City of Wolverhampton Council), Gill Hamer (Marches Local Enterprise Partnership) and Mark Ryder and Geraint Stoneman (Warwickshire County Council).

21. Nominations of Substitutes (if any)

No substitutes had been nominated.

22. Declarations of Interests (if any)

Simon Marks declared a Non-Disclosable Pecuniary Interest in Agenda Item No. 5 (Town Centres Programme) inasmuch as colleagues at the Greater

Birmingham and Solihull Local Enterprise Partnership had been involved actively in this issue.

23. Minutes of the last meeting

Resolved:

That the minutes of the meeting held on 6 September 2018 be confirmed as a correct record subject to the deletion of 'slowed down' in the penultimate paragraph on page 5 of Minute No. 14. and the substitution therefor of 'supported'.

24. Town Centres Programme

Gareth Bradford presented a report which updated the Board on the emerging regional town centre programme and which sought agreement to the five town centres to be selected as a vanguard and test bed for the first wave of the programme. The report also sought delegated authority to be granted to the Director of Housing and Regeneration in consultation with the Portfolio Lead for Housing and Land to agree the membership of the Regional Town Centre Task Force, the role of which would be to champion and support the town centre programme and to provide hands-on support, where appropriate, to the selected centres.

A supplementary report was circulated at the meeting which identified the five centres which were recommended as the first wave of centres. He explained that Coventry City Council and Solihull Metropolitan Borough Council had not made bids for consideration for inclusion in the first wave.

Councillor Ian Courts referred to the need for flexibility with the implementation of this initiative. This remark was acknowledged by the Chair who urged the Board to seize the opportunity to re-invent town centres including the acceptance that the retail offer would continue to change and the possibility of town centre living becoming more popular.

Gareth Bradford commented on the need for a structured process to assess the success of the criteria used for the selection of the first wave in order to determine how the criteria could be best adapted for the second wave. This matter would be considered at the Housing and Land Steering Group and subsequently by this Board.

The Board acknowledged the difficulties faced by town centres and the traditional market towns in competing with on-line shopping and out of town stores. Councillor Ian Courts commented on the need to identify which interventions would be successful.

Councillor George Adamson reminded the Board of the work which had already been undertaken by the Greater Birmingham and Solihull Local Enterprise Partnership on town centres and the opportunity to benefit from this work. He also referred to the 'Designer Village' which was scheduled to open in Cannock in 2020 and the need to ensure that this did not affect detrimentally the town centre.

Councillor Richard Overton reported on a development by Telford and Wrekin Council which had focussed on the night time economy but that

nationally a number of such premises had encountered financial difficulties. He suggested that HM Government needed to consider addressing Business Rates but acknowledged that, in turn, this affected potentially, funding for local government. He supported the concept of promoting the use of town centre premises for residential purposes.

Gareth Bradford reminded the Board of the interdependencies of the report under consideration with the other two reports to be considered at the meeting (Affordability and Social Housing Supply Proposition and Housing and Land Funding) inasmuch as the town centres would play an important part in delivering affordable housing on brownfield sites and on the need for investments to be made carefully in order to generate a return which could, in turn, be re-invested.

Councillor David Humphreys referred to the problems encountered with securing the build out of developments with planning permission and enquired if there was any way this could be controlled. Gareth Bradford suggested that the sector was waiting to see if there would be an announcement in the Chancellor of the Exchequer's Budget Statement on this matter following the independent review of build out rates conducted by the Rt. Hon. Sir Oliver Letwin MP.

Councillor Daren Pemberton advised the Board of the interpretation of the National Planning Policy Framework (NPPF) used by Stratford on Avon district Council where developers were encouraged to submit full planning applications rather than outline applications. A recent planning Appeal decision had also supported the Council's stance in disregarding outline planning applications in the calculation of available land supply. The Council also prepared an Action Plan for each development of over 30 units which identified any barriers to development. These Action Plans were updated regularly and, as necessary, he would, as the responsible Cabinet Member, intervene with developers seeking to ensure developments were progressed. He offered to provide a report on this matter to the Board in six months' time.

With regard to the selected five town centre schemes he questioned how success would be measured. Gareth Bradford advised that progress on early delivery and impacts versus the criteria used to determine the first wave would be monitored and reviewed by the Housing and Land Steering Group and this Board in due course and best practice shared consistently.

Resolved:

1. That the first wave of the town centre programme consist of the following five town centres:
 - Bilston;
 - Bordesley Green;
 - East West Bromwich;
 - St Thomas Quarter, Dudley; and
 - St Matthews Quarter, Walsall
2. That delegated authority be granted to the Director of Housing and Regeneration in consultation with the Portfolio Lead for Housing and Land to agree the membership of the Regional Town Centre Task Force with the type of expertise and sectors to be

- represented on the Task Force and its role as set out in the report;
3. That the offer of Councillor Daren Pemberton to present a report in six months' time on the Action Plan process at Stratford on Avon District Council be accepted;
 4. That examples of best practice be forwarded to the Director of Housing and Regeneration for circulation to partner authorities.

25. Affordable and Social Housing Supply Proposition

Gareth Bradford presented a report which updated the Board on the development of an Affordable and Social Housing Supply Proposition which would address the growing challenge of housing affordability in the region. He advised that a considerable increase in the supply and delivery of affordable homes, in terms of absolute numbers and as a proportion of overall supply, was needed to support the region's ambitions for economic and inclusive growth. He informed the Board that the definition of 'affordable housing' would need to align with the strategic goals of the Strategic Economic Plan (SEP) and the Industrial Strategy.

Councillor Daren Pemberton reported on the use of modular buildings at two affordable housing developments within the Stratford on Avon District Council area and on the opportunities to work with Housing Associations to encourage the use of these types of building. Councillor David Humphreys questioned the precise split between the types of affordable housing i.e. social housing for rent, shared ownership etc.

Karl Tupling commended the ambitious approach being taken in the proposal. He advised on the availability of financial assistance which could be provided by Homes England and HM Government to assist in achieving the ambitious plan put forward and committed to working with the WMCA to secure such investment. He reported on the two pre-requisites for housing associations being the availability of land and the need for local authority planning departments to process planning applications expeditiously. He also commented on the opportunity to work with a small number of small and medium sized registered providers as part of this plan to unlock new supply.

Councillor Ian Courts referred to paragraph 2.3 of the report and enquired as to the steps being taken to engage with the development industry. Gareth Bradford assured the Board that discussions were being held with the Chief Executives of major developers and house builders and there was a continuing need to engage with a diversity of house builders to get buy-in for the proposed way forward.

Councillor Richard Overton commented that the provision of social housing was a key issue. With regard to the provision of social housing units as part of a larger development he advised that he favoured the 'pepper pot' approach but accepted that this was not always popular with other residents. He also counselled caution with regard to increasing density on developments if this led to the lack of provision of open space and areas for

children to play. Gareth Bradford reported on a number of good examples of high density schemes within the region. He advised that high density schemes could be successful if the design quality was exemplary.

Councillor Sharon Thompson referred to the need for additional social housing units to be delivered in order to address homelessness, rough sleepers and those families in temporary accommodation. She reminded the Board of the linkages between improved health and housing and on the need to address neighbourhoods and open space. Roy Stokes suggested that any examples of best practice from across the country should be collated and supported the earlier comments regarding housing and health.

Councillor Daren Pemberton referred to the DemoDev algorithm to identify small sites discussed at the last meeting and enquired when such sites would be drawn to the attention of the Board. Gareth Bradford undertook to include an update on this work to the next meeting.

Councillor Peter Butlin commented on recent articles in the national press on the possible introduction of a 'Land Value Tax' under which the increase in the value of land with the benefit of planning permission for residential use would be subject to a tax which could be used for the provision of infrastructure. Gareth Bradford commented that the introduction of a 'Land Value Tax' was only speculation at this time.

Resolved:

1. That the emerging draft supply proposition be noted;
2. That the approach as detailed in the report and annex be approved;
3. That a report on the outcomes from the 'DevoDev' work be submitted to the next meeting.

26. Housing and Land Funding

David Warburton presented a report on the opportunities to enhance the existing processes in the region for the deployment of housing and land funds to make it best in class in the country and some of the challenges with the current approaches operating in the region. Enhancing the efficiency and clarity of deployment of devolved funds and its alignment with the region's housing and regeneration goals was critical to securing new investment from HM Government and achieving key targets on housing delivery, job creation and inclusive growth.

Simon Marks offered to share the work that the Greater Birmingham and Solihull Local Enterprise Partnership had carried out in relation to this matter.

Councillor Ian Courts requested an update on the latest position with the use of the funding provided to the Telford and Wrekin Council provided by the Investment Board in October 2017 to deliver 540 housing units across a variety of sites in that area. He also suggested that the region needed to address the need for an electric vehicle charging infrastructure to be provided. The Chair commented that there was a need to identify whether the funding provided to Telford and Wrekin Council had provided 'Value for Money'.

David Warburton updated the Board on the current position with use of the funding provided to Telford and Wrekin Council which included the creation of a pipeline of schemes to utilise the funding. Councillor Daren Pemberton acknowledged that the decision on the provision of funding pre-dated the establishment of the WMCA Housing and Regeneration Team but was concerned whether it was only now being decided what the funding was being spent on. Councillor Ian Courts commented that the decision made no link to the role of Telford and Wrekin in meeting the demands of the Greater Birmingham Housing Market Area. Gareth Bradford assured the Board that the paper being discussed today, including the proposal for a single commissioning framework, would help to ensure that, going forward, funding aligned with the overall housing and regeneration strategy and would secure appropriate value for money.

Councillor Richard Overton advised that the sites in the Telford area under consideration were of a complex nature and that land values had increased following the announcement of the provision of funding. He commented that the 'Duty to Co-Operate' issues were a separate matter entirely. Roy Stokes suggested that Telford and Wrekin Council should be encouraged to comply with the latest criteria for use and eligibility for funding.

Councillor David Humphreys asked as to the likelihood of HM Government seeking to recoup any monies awarded to the WMCA for housing purposes. Gareth Bradford reminded the Board that the Housing Deal had required the region to demonstrate to HM Government best endeavours were being made to utilise any devolved funding to achieve the ambitious goals and KPI's detailed in the Housing Deal and to maximise the additional sources of finance

Karl Tupling reported on the intention to create a dedicated Planning Portal which could be used to identify potential development sites within the Walsall – Wolverhampton Corridor. He also informed the Board on proposals by Homes England to simplify its website relating to sources of available funding. He encouraged the Board to utilise national recoverable funds in the first instance on sites which could be developed more easily whilst using dedicated funds for the development of more difficult sites. Gareth Bradford welcomed this approach and commented that it aligned strongly with the proposal being discussed in the paper for a more consistent and efficient approach to housing and regeneration funding in the region, developing a single commissioning framework with a clear set of transparent criteria and a funding portal for key customers to access quickly devolved housing and land funds.

Resolved:

1. That the positive progress in deploying devolved funds to deliver significant housing and employment outputs be noted;
2. That the feedback received from developers, councils and investors on opportunities to improve further access to the different housing and land funds in the region be noted;
3. That the proposal to develop a simpler, efficient and more transparent process that was market leading in the UK for

- developers, investors and local councils to access devolved housing and land funds to unlock a step change in housing and employment delivery on brownfield sites be endorsed;
4. That subject to the above, the WMCA work with partners to develop within six months a single clear commissioning framework for all devolved housing and land funds;
 5. That subject to the above, the WMCA develop a more consistent approach for deploying all devolved housing and land funds;
 6. That the proposal to create a clear set of criteria that enabled the Housing and Land Delivery Board to deploy funding in a manner which was consistent and more closely aligned deployment of land funds with delivering the strategic housing and regeneration of goals of the WMCA and wider goals of the WMCA (e.g. inclusive growth toolkit) be endorsed;
 7. That subject to the above, a working draft proposal for a single clear commissioning framework built around a clear set of criteria be presented to the next meeting of the Board.

The meeting ended at 11.28 am.

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