



WMCA Board

Date: Friday 11 January 2019

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 Paul Moore
Councillor Ian Ward
Councillor Qada Zada

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
Sandwell Metropolitan Borough Council
Birmingham City Council
Dudley Metropolitan Borough 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 - 9 November 2018	Chair	1 - 12
5.	Forward Plan	Chair	13 - 14
Finance & Investments			
6.	Financial Monitoring Report 2018/19	Linda Horne	15 - 30
7.	WMCA Draft Budget 2019/20	Deborah Cadman	31 - 76
8.	Appointment of Interim s151 Officer	Tim Martin	77 - 80
Economic Growth			
9.	West Midlands Local Industrial Strategy	Councillor Ian Ward	81 - 152
10.	Regional Energy Strategy	Councillor Ian Ward	153 - 226
11.	Refreshing our Approach to Culture	Councillor Ian Ward	227 - 238
Productivity & Skills			
12.	Devolution of the Adult Education Budget 2019/20	Councillor George Duggins	239 - 250
Transport			
13.	West Midlands Bus Byelaws	Councillor Roger Lawrence	251 - 260
14.	Regional Road Safety Strategy	Councillor Roger Lawrence	261 - 298
Governance			

15.	Feedback from Overview & Scrutiny Committee - Mayor's Question Time: Budget	Councillor Peter Hughes	299 - 306
Minutes			
16.	Wellbeing Board - 31 October 2018	Councillor Izzi Seccombe	307 - 312
17.	Investment Board - 1 November 2018	Chair	313 - 320
18.	Transport Delivery Committee - 5 November 2018	Councillor Kath Hartley	321 - 328
19.	Audit, Risk & Assurance Committee - 12 November 2018	David Lane	329 - 336
20.	Investment Board - 19 November 2018	Chair	337 - 344
21.	Overview & Scrutiny Committee - 20 November 2018	Councillor Peter Hughes	345 - 348
22.	Skills Advisory Board - 21 November 2018	Councillor George Duggins	349 - 352
23.	Overview & Scrutiny Committee - 26 November 2018	Councillor Peter Hughes	353 - 358
24.	Investment Board - 10 December 2018	Chair	359 - 362
Date of Next Meeting			
25.	Friday 8 February 2019 at 11.00am	Chair	None



**West Midlands
Combined Authority**

WMCA Board

Friday 9 November 2018 at 11.00 am

Minutes

Constituent Members

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

Non-Constituent Members

Councillor George Adamson	Cannock Chase District Council
Councillor Mark Cargill	Stratford-on-Avon District Council
Councillor Matthew Dormer	Redditch Borough Council
Councillor David Humphreys	North Warwickshire Borough Council
Councillor Julie Jackson	Nuneaton & Bedworth Borough Council
Ninder Johal	Black Country Local Enterprise Partnership
Councillor Alex Phillips	Shropshire Council
Councillor Michael Stokes	Rugby Borough Council
Sarah Windrum	Coventry & Warwickshire Local Enterprise Partnership

Observer Members Awaiting Membership

Graham Wynn	The Marches Local Enterprise Partnership
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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

In Attendance

Councillor Kath Hartley
Councillor Peter Hughes
David Lane
Councillor Ian Shires

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

Item No.

52. Apologies for Absence

Apologies for absence were received from Jonathan Browning (Coventry & Warwickshire LEP), Councillor Shaun Davies (Telford & Wrekin), Councillor Steve Eling (Sandwell), Councillor Tony Jefferson (Stratford-on-Avon), Councillor Peter Nutting (Shropshire), Tim Pile (Greater Birmingham & Solihull LEP) and Stewart Towe (Black Country LEP).

53. Chair's Remarks

(a) Councillor Roger Lawrence, City of Wolverhampton Council

The Mayor congratulated Councillor Roger Lawrence on being awarded 'Leader of the Year' in the LGiU Councillor Achievement awards 2018.

(b) Councillor Pete Lowe, Dudley Metropolitan Borough Council

The Mayor congratulated Councillor Pete Lowe on his recent appointment as Leader of Dudley Metropolitan Borough Council. However, Councillor Pete Lowe reported that due to personal circumstances he would be standing down from this role in the near future. Councillor Mike Bird thanked him for the part he played in originally establishing the WMCA and the collaborative approach he had taken to working with the region's other council leaders.

(c) Dave Webb, Stratford-on-Avon District Council

The Mayor noted that this was the last meeting that Dave Webb would be attending prior to his forthcoming retirement. He thanked him for his contribution to the work of the WMCA and the support he had given to role of non-constituent authorities.

54. Minutes - 14 September 2018

The minutes of the meeting held on 14 September 2018 were agreed as a correct record, subject to the inclusion of Councillor Julie Jackson (Nuneaton & Bedworth Borough Council) amongst the list of those present.

55. Forward Plan

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

56. Consultation for the Transfer of West Midlands Police & Crime Commissioner Functions

The board considered a report from Henry Kippin, Director of Public Service Reform, on the feedback received from constituent councils, the Police & Crime Commissioner and West Midlands Police following the circulation of the Scheme and Governance Review, and setting out the proposed two-stage consultation route in line with proposals to transfer responsibilities in time for the election of a Mayoral Police & Crime Commissioner in May 2020.

Written feedback had been received from a number of consultees, the detail of which was included within the report. In addition, the report set out the principles that would be followed during the wider consultation, including a two-stage process, a key role for scrutiny, appropriate legal guarantees, independent question setting and analysis, and a collaborative consultation process.

David Jamieson stressed the importance of the Police & Crime Commissioner role, especially during challenging funding periods. He expressed a number of concerns about the proposals contained within the report, including the lack of time to review responses to part 1 of the public consultation before part 2 commenced, the impact of central government capping rules, and the pace at which changes were seeking to be implemented. In respect of the manner in which the debt of the two organisations would be handled in the event of a merger, Henry Kippin reported that he had received a letter from the Treasury addressing this issue, a copy of which he would provide to David Jamieson.

Resolved:

- (1) The comments received from the Constituent Councils, the Police & Crime Commissioner and the Chief Constable, and the resulting revisions to the Scheme be noted.
- (2) The proposed two-stage consultation process, including the revised timetable, and revised Governance Review and Scheme to be consulted upon be noted and agreed.
- (3) It be agreed to receive a further report at 22 March 2019 WMCA Board detailing the outcome of the consultation.

57. Feedback from Overview & Scrutiny Committee Mayor's Question Time: Policy

The board considered a report from Councillor Peter Hughes, Chair of the Overview & Scrutiny Committee, on that committee's feedback and recommendations that arose out of the Mayoral policy Q&A session it held on 28 September.

The Mayoral Q&A session was held in public and streamed live on the internet. Members of the Overview & Scrutiny Committee 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.

In respect of the questions to the Mayor that required a further response (relating to Brexit implications for the West Midlands and air quality), the Mayor undertook to ensure that appropriate Portfolio Leads would be involved in the drafting of these responses and would endorse the responses given. In respect of the engine type proposed to be used within the Sprint vehicles, Councillor Roger Lawrence indicated that the specification would be determined once an operator had been appointed, although he confirmed that environmental emission standards would be in excess of those currently provided for by the Euro VI standard.

Resolved:

- (1) The Mayoral Q&A event held with members of the Overview & Scrutiny Committee on 28 September 2018 be noted, along with:
 - (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 three 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 was embedded throughout the work of the WMCA.
- (2) The recommendations of Overview & Scrutiny Committee arising from the Mayoral Q&A event be approved:
 - (a) A report on Brexit, and the implications for the region, to be presented to the WMCA Board as soon as possible, as it was considered that there was 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) The following questions being asked of the Mayor be noted, which, in accordance with the WMCA's constitution, he was required to provide a written response to the committee, within two months:
- (a) To provide a detailed breakdown on how the Mayor had 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 was 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 achieved 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 envisaged for the region as a result of hosting the Commonwealth Games 2022, and how this would contribute to the region's inclusive growth.

58. West Midlands 5G - Structure, Governance and Funding

The board considered a report from Henry Kippin, Director of Public Service Reform, seeking its approval to participate in the WM5G programme, the proposed governance structure and its potential funding model.

The West Midlands had been selected to become the innovative home to the UK's first multi-city 5G test bed. The project would 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.

Councillor George Adamson congratulated all those that had been involved in the successful bid and stressed the important role 5G would play in the delivery of the Commonwealth Games in 2022. Councillor Alex Phillips noted that the delivery of 5G technology within more rural areas would provide its own challenges and welcomed the role that Shropshire could play in helping to meet these challenges.

Resolved:

- (1) The participation by the WMCA in the WM5G Project be approved.

- (2) The proposed governance structure for the WM5G Project be confirmed and approved, and permission was granted 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) 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 the report be confirmed and approved.

59. Financial Monitoring Report 2018/19

The board considered a report from Sean Pearce, Director of Finance, on an update of the WMCA's finances as at the end of September 2018, including the mid-year update against the Treasury Management Strategy.

The report provided a mid-year review of the revenue and capital positions of the WMCA against the original approved budget. It also provided a mid-year update on treasury management activities, as required by the CIPFA Treasury Management Code, indicating that all treasury management activity had been undertaken in line with the strategy previously approved by the WMCA Board.

Resolved:

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

60. Transforming Cities Fund

The board considered a report from Laura Shoaf, Transport for West Midlands' Managing Director, setting out the priority listing of transport investments proposed to utilise the balance of Transforming Cities funding.

The Transforming Cities Fund was announced in the 2017 Autumn budget, and the WMCA would receive capital funding of £250m from the national fund total of £1.7bn. The majority of this funding was earmarked for the Wednesbury - Brierley Hill Metro extension, leaving £43m to be allocated to other transport projects that met the overall objectives of the Transforming Cities Fund. These objectives included improving productivity through changes in public transport connectivity, having an impact on congestion, air quality or journey times, or having a focus on sustainable transport or technology.

Councillor Syeda Khatun welcomed the report and the inclusion of the Birchley Island scheme within those prioritised for funding.

- (1) The allocation of Transforming Cities Fund to the schemes, in line with the guidance set out by the Department for Transport, be approved.

- (2) The approach for managing the Transforming Cities Fund allocations be endorsed.

61. Strategic Vision for Bus

The board considered a report from Laura Shoaf, Transport for West Midlands' Managing Director, on the development of a Vision for Bus that set out the creation of a world leading bus network as part of an integrated transport system.

The Vision for Bus set out what kind of bus services the region wished to see developed and what customers should expect. It anticipated that the subsequent delivery plan would provide a road map to a zero emission bus network, supporting zero emission technology platforms, full network capping of fares and ticketing across all operators, and to investigate the provision of discounted travel to all under 25s in the region.

Councillor Ian Ward welcomed the report, but noted that bus priority measures often provided challenges regarding road space allocation. He stressed the importance of the modelling undertaken for new schemes to be assessed before presuming the impact of traffic movements. Councillor David Humphreys noted that many residents in North Warwickshire commuted into Birmingham and Coventry for employment, which highlighted the importance of bus links between these centres. Councillor Roger Lawrence stressed that the bus network sought to support natural economic areas, and Transport for West Midlands worked closely with neighbouring transport authorities to ensure that appropriate investment was targeted where it would be most effective.

Resolved:

The Strategic Vision for Bus be approved.

62. Housing & Land Delivery Board - 6 September 2018

The board received the minutes of the Housing & Land Delivery Board held on 6 September 2018.

Resolved:

The minutes of the meeting held on 6 September 2018 were noted.

63. Public Service Reform Board - 6 September 2018

The board received the minutes of the Public Service Reform Board held on 6 September 2018.

Resolved:

The minutes of the meeting held on 6 September 2018 were noted.

64. Transport Delivery Committee - 10 September 2018

The board received the minutes of the Transport Delivery Committee held on 10 September 2018.

Resolved:

The minutes of the meeting held on 10 September 2018 were noted.

65. Environment Board - 10 September 2018

The board received the minutes of the Environment Board held on 10 September 2018.

Resolved:

The minutes of the meeting held on 10 September 2018 were approved.

66. Strategic Economic Delivery Board - 12 September 2018

The board considered the minutes of the Strategic Economic Delivery Board held on 12 September 2018.

In respect of minute no. 16 ('Local Industrial Strategy - Statement') Councillor Ian Ward reported that it was intended for the draft Local Industrial Strategy to be considered at the meeting of the WMCA Board on 11 January 2019.

Resolved:

The minutes of the meeting held on 12 September 2018 were noted.

67. Investment Board - 17 September 2018

The board received the minutes of the Investment Board held on 17 September 2018.

In respect of minute no. 32 ('Investment Programme - Update'), Councillor Pete Lowe stressed the strategic importance of the Wednesbury - Brierley Hill Metro extension and requested that a decision of allocation of WMCA funding be made at the earliest opportunity. The Mayor confirmed that the WMCA was committed to the delivery the Wednesbury - Brierley Hill Metro extension but that funding could not be formally allocated until the approval of the business case early next year.

Resolved:

The minutes of the meeting held on 17 September 2018 were noted.

68. Audit, Risk & Assurance Committee - 21 September 2018

The board received the minutes of the Audit, Risk & Assurance Committee held on 21 September 2018.

In respect of minute no. 90 ('Inquorate Meeting') Councillor Mike Bird noted that this was another instance of the meeting being inquorate. Tim Martin, Head of Governance, reported that the quorum for this particularly committee had been set by the Government in the Order establishing the WMCA and so was not possible to unilaterally change the number of members required to attend meetings. However, he would ensure all members were aware of the dates of the meetings and that they understood the importance of their attendance.

Resolved:

The minutes of the meeting held on 21 September 2018 were approved.

69. Housing & Land Delivery Board - 25 October 2018

The board received the minutes of the Housing & Land Delivery Board held on 25 October 2018.

Resolved:

The minutes of the meeting held on 25 October 2018 were noted.

70. Friday 11 January 2019 at 11.00am

That the date of the next meeting be noted.

71. 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 during the following items of business as it was likely to involve the disclosure of exempt information a specified in paragraph 3 of the Act.

72. Land and Property Investment Fund: Phoenix 10 Strategic Employment Site, Walsall

The board considered a report from Gareth Bradford, Director of Housing & Regeneration, seeking approval to derogations from the Commissioning Framework and setting out the conditions that would be applied to such an approval.

The Black Country LEP and the WMCA had identified the Phoenix 10 site in Walsall as a strategically important site which would make a positive contribution to the economy of the region by delivering 57,575m² of new commercial floor space and 1,100 jobs. However, to achieve this, significant investment in land remediation on the site was required. The funding requirements, output and timing of the project were such that approval of Black Country Land & Property Investment funding would be outside the parameters of the WMCA-approved Commissioning Framework.

Resolved:

- (1) The decision by the Black Country Joint Committee that, subject to the satisfaction of certain conditions, funding from the Black Country Land and Property Investment Fund was made available to the City of Wolverhampton Council as Accountable Body for the fund to facilitate the delivery of the Phoenix 10 project be noted.

- (2) A derogation provided in respect of the Phoenix 10 project with regard to the Commissioning Framework for the Black Country Land and Property Investment Fund (approved by WMCA Board in September 2017) in recognition of the fact that the outputs from the project would be delivered outside the agreed timeframe be approved, subject to:
 - (a) a business case agreed by WMCA that followed the principles of the HM Treasury 'Green Book' analysis and which would also establish if those further derogations were necessary; and
 - (b) the additional conditions set out within the report.
- (3) It be approved that the consent to derogation was specific and exclusive to the Phoenix 10 project, and did not set a precedent for any future decisions.
- (4) The WMCA's Chief Executive, Section 151 Officer, Director of Housing & Regeneration and Head of Governance collectively, and in consultation with the Portfolio Lead for Finance & Investments, be given delegated authority to agree the detailed business case for Phoenix 10 and those further derogations that might be necessary as set out within the report.
- (5) It be noted that as a result of the proposed investment in Phoenix 10, the overall package of outputs might differ from original expectations, and the extent of any variation would be informed through consideration of the detailed business case for Phoenix 10.

73. Administration of the West Midlands Integrated Transport Authority Pension Fund

The board considered a report from Sean Pearce, Director of Finance, which provided background and an overview of the recommendations made by the Government Actuary Department in relation to the West Midlands Integrated Transport Authority pension fund and an update on the actions being taken following consideration by the Pensions Committee.

Since 2016, officers from the West Midlands Pension Fund had engaged with the Government Actuary Department to share further information about the actions taken to manage identified funding risks. Discussion had also been held with West Midlands Finance Directors to consider the potential merger of West Midlands Integrated Transport Authority Pension Fund with the West Midlands Pension Fund.

Resolved:

- (1) The recommendation from the Government Actuary Department for the Administering Authority to develop a plan to address the employer-risk inherent within the closed West Midlands Integrated Transport Authority Pension Fund, part of the Local Government Pension Scheme, be noted.

- (2) The principles approved by the West Midlands Pension Fund Pensions Committee and further due diligence being undertaken to consider consolidation of the West Midlands' Local Government Pension Scheme pension arrangements be noted.
- (3) It be noted that the report had been seen, consulted and commented upon by the constituent authorities via their Finance Directors.
- (4) The merger of the West Midlands Integrated Transport Authority Pension Fund with the West Midlands Pension Fund be approved in principle.
- (5) The Director of Finance and the Monitoring Officer, in consultation with the Portfolio Lead for Finance & Investments be given delegated authority to conclude all necessary work.

[NB. Councillor Roger Lawrence declared an interest in this item insofar as the Pensions Committee was overseen by the City of Wolverhampton Council].

The meeting ended at 12.25 pm.

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

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
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 Sleigh	Linda Horne	No	Finance
Medium Term Financial Plan	To approve the plan.	8 February 2019	Yes	Cllr Bob Sleigh	Linda Horne	No	Finance
Park & Ride Strategy	To approve to Park & Ride Strategy.	8 February 2019	Yes	Cllr Roger Lawrence	Laura Shoaf	No	Transport
Common Approach to Cycling	To approve the West Midlands Local Cycling & Walking Infrastructure Plan	8 February 2019	Yes	Cllr Roger Lawrence	Laura Shoaf	No	Transport
Performance & Programme Office Delivery and Monitoring	To consider proposals.	8 February 2019	No	Cllr Bob Sleigh	Linda Horne	No	Governance

Title of Report	Description of Purpose	Date of Meeting	Key Decision (Y/N)	Lead Portfolio Holder	Lead Officer	Confidential	Category
Police & Crime Commissioner Governance	To consider consultation responses and seek approval to submit scheme to Home Office.	22 March 2019	Yes	n/a	Henry Kippin	No	Governance
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	Linda Horne	No	Finance
Budget Monitoring 2018/19	To review the latest budget monitoring position.	28 June 2019	No	Cllr Bob Sleigh	Linda Horne	No	Finance
Police & Crime Commissioner Governance	To seek approval for the Order for PCC governance.	July 2019	Yes	n/a	Henry Kippin	No	Governance



WMCA Board

Date	11 January 2019
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	Linda Horne, Head of Finance & Business Planning email: linda.horne@wmca.org.uk tel: 0121 214 7508
Report to be / has been considered by	WMCA Leadership Team - 19 December 2018 Programme Board – 21 December 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Note the financial position as at the end of November 2018.
- (2) Note the Business Rates Growth allocation to the Combined Authority for 2018/19.

1.0 Purpose

- 1.1 To provide an update on West Midlands Combined Authority finances as at the end of November 2018 and outline the agreement reached on Business Rates Growth for 2018/19.

2.0 Background - Financial Monitoring

- 2.1 A summary of the revenue and capital financial positions against the approved budget are attached at appendices 1-5. A summary of the Investment Programme along with current commitments is included in appendices 6 and 7 and the balance sheet position in appendix 8.
- 2.2 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority. The year to date position at the end of November shows a £1.034m (£0.863m Oct18) favourable variance from budget largely owing to revised delivery schedules for various work streams including the Productivity and Skills and the Health and Wellbeing portfolios as well as a favourable variance within the Transport delivery budget. Further details are provided in sections 3 and 4 below.
- 2.3 Following the second forecast of the year the full year position shows a favourable variance of £0.024m, this reflects a favourable movement of £0.074m.

3.0 Transport

- 3.1 Appendix 2 sets out the position on the Transport revenue budget as at the end of November 2018, showing a favourable variance of £0.384m (£0.159m Oct 18) against budget to date. The full year forecast position shows an overall saving of £0.047m (£0.039m Oct).
- 3.2 The year to date position shows that expenditure on travel concessions is £1.021m (£0.897m Oct 18) under budget and the full year position shows a favourable variance of £1.721m (£1.718m Oct 18) 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 of £1.448m (£1.448m Oct 18) full year.
- 3.3 Other key variances in the year to date position are favourable variances within Tendering and Monitoring budget of £0.070m due to the timing of activity. Strategic development has a favourable variance to date of £0.081m which reflects some in year phasing on external advice activity, which has been re-profiled to later in the year. These services are broadly expected to be in line with budget by year end.
- 3.4 Areas of pressure incorporated into the full year position largely reflect lower rental income than anticipated for 16 Summer Lane (£0.101m) and upward pressures within various infrastructure budgets such as 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 November 2018.

- 4.2 There is a favourable year to date variance of £0.650m (£0.704m Oct18) which is primarily as a result of revised delivery schedules for the Productivity and Skills and Health and Wellbeing portfolios.
- 4.3 The full year position shows a minor adverse variance from budget of £0.023m representing a favourable movement of £0.116m from that previously reported.

Within this position there are favourable variances within the Mental Health and Wellbeing portfolios totalling £0.267m where planned recruitment and support will not now take place in year.

These savings are offset by unbudgeted costs within the Environment portfolio of £0.141m and unbudgeted costs of £0.194m associated with the transition of the West Midlands Fire Service. Increased Corporate Support of £0.108m largely reflects recruitment and IT costs and lower rental income which are fully offset by additional investment income received in year due to favourable cash balances.

- 4.4 The key elements of the £0.650m favourable variance to date are as follows:

There is a favourable variance within Health and Wellbeing of £0.309m (£0.300m Oct18). This is largely due to vacant posts within the Mental Health team. The portfolio reflects revised delivery schedules for providing intensive mental health support for those with complex needs or who are homeless and supporting people with mental health as they prepare to leave prison.

There is a favourable variance against the Productivity and Skills budget of £0.226m (£0.187m Oct 18), with recruitment activity underway to support delivery of the portfolio's 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 construction training activities that will now take place later in the year. After an initial delay HS2 skills delivery is now also underway.

There is a favourable variance of £0.102m (£0.214m Oct18) within Corporate Support, primarily owing to the timing of marketing campaigns and events supporting activity across WMCA which are planned to take place later in the year.

5.0 Mayor's Office

- 5.1 The Mayoral office full year forecast remains in line with budget, reflecting minor favourable variances on staffing costs.

6.0 Funding and Priorities

- 6.1 WMCA's overall favourable year to date variance of £1.034m (£0.863m Oct 18) primarily comprises £0.650m (£0.704m Oct 18) within the Operational Budget and £0.384m (£0.159m Oct 18) relating to Transport Delivery. As activity within both the Transport and Operational budgets is expected to pick up pace in the final quarter of the year and it is currently anticipated that the consolidated full year position will be in line with annual budget.
- 6.2 The 2% pay award for 2018/19 has been accommodated within the revised full year position.

7.0 Transport Delivery Capital Programme

7.1 Appendix 5 sets out the position on the Capital Programme as at the end of November 2018. Overall there is a favourable variance of £41.4m (£33.6m Oct 18) against budget. This is primarily contained within the TfWM Investment Programme (£36.2m) and predominantly relates to Metro extension schemes.

There is a favourable variance on the Wednesbury to Brierley Hill Metro Extension (£12.0m) which reflects the re-phasing of early start activities within the project to accommodate the refresh of statutory powers and finalisation of the business case. In addition the Edgbaston Metro Extension (£5.8m) is under spent owing to a rescheduling of complimentary highway measures to combine works with Hagley Road Sprint scheme. Construction costs have been rescheduled following the decision to re-strengthen (rather than reconstruct) the canal bridge. The favourable variance on the Wolverhampton City Centre Metro Extension scheme (£4.5m) reflects re-profiling of the project to align with the Wolverhampton Interchange Programme station reconstruction works, and the purchase of the NCP Car Park (£0.8m) which is in progress, but will not conclude until late February or March 2019. Other favourable variances are attributable to the Metro Birmingham Eastside scheme which is below budget (£4.1m), as a result of the impacts of the delay in confirmation of the Transport & Works Act Order on the programme and re-profiling in response to ongoing design options appraisal. The Rail Investment Programme is £3.7m below budget, owing mainly to a deferral of Land acquisition with respect to local enhancements on the Walsall to Wolverhampton Rail scheme, and Camp Hill local rail enhancements. The Metro East Birmingham to Solihull Extension (£2.6m) due to a rescheduling of survey and modelling works, impacting on the submission of an application for a Transport & Works Act Order from December 2018 to June 2019.

7.2 The other Major Schemes Programme is underspent by £1.9m (£1.2m Oct 18) against budget, primarily due to Longbridge Connectivity Package (£1.7m). The planning application has been successful, however pre-construction ground investigation works is continuing, to assess the optimum foundations for the decked car park. As a consequence, the main construction of the decked car park has been rescheduled from September 2018 to Q4 2018/19.

7.3 The Minor Works programme shows a favourable variance of £1.9m (£1.7m Oct 18) to budget, spread across the wider Programme. The main underspends include Snow Hill 3rd Access (£0.8m), Clean Bus Technology Fund 2019-20 (£0.6m), Network Wide Bus Station Refurbishments (£0.4m), and the Managing Short Trips Programme (£0.1m).

7.4 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, which were resolved in October 2018, allowing construction works to commence in January 2019.

7.5 The Annual Forecast shows a £58.1m (£53.9m Oct18) 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 (£22.6m), due to the re-phasing of early start activities within the project to accommodate the refresh of statutory powers, and finalisation of the business case. The transfer of the Network Rail corridor acquisition to WMCA which will allow initial site works to be progressed, has been agreed in principle allowing construction works to progress in 2019, with opening on schedule for 2023. In addition there is a favourable variance against the Birmingham Eastside Extension (£15.1m) due to the impacts of the delay in confirming the Transport & Works Act Order on the programme and re-profiling following further review of design options. The Edgbaston Metro Extension is also under spent (£4.7m) primarily as a result of the ongoing complementary highway works as identified previously, however the variance is not expected to influence the completion date for the scheme, which is on schedule to open in late 2021. The Rail Investment Programme (£4.5m) was 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 East Birmingham to Solihull Metro Extension (£4.0m) reflects a reduction owing to ongoing modelling & survey work, resulting in a rescheduling of the Public consultation and the Transport & Works Order submission to late 2019, however this variance is not expected to influence the completion date for the scheme, which is on schedule to end of 2026.

7.6 Although there is only a minor under spend in 2018/19 (£0.9m), completion of the Wolverhampton City Centre Extension is now scheduled for the summer of 2020 due to the alignment with Wolverhampton Station works.

7.7 On the remaining schemes, the forecast changes represent re-profiling of commitments and have no adverse impact on the timescales for overall delivery of schemes.

7.8 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 October results are shown in Appendix 6.

8.2 The year to date cash spend to October 2018 is £65m behind the initial forecast (£53m October 2018). For the full year 2018/19 the programmes are forecast to be £48m behind initial forecasts. Both the year-to-date and full year variances are primarily due to the Metro programme (for the full year being £39m). Offsetting the full year reprofile is an expected over spend regarding Land Reclamation (£8m), which relates to the timing of grant payments ahead of original assumptions, and Collective Investment Vehicle advances now forecast to be significantly ahead of original estimates (£16m).

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.

8.4 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.

8.5 Appendix 7 details the commitments made against the Investment Programme which totalled £514m to the end of November 2018 (£511m October 2018) and therefore based on the sequencing of further business cases through the Assurance Process, the West Midlands Combined Authority expects to fully exhaust the buying power of the Devolution Deal Grant during 2019/20, having made ‘commitments to fund’ over £750 million of Investment Programme schemes which will be delivered over the next circa 8 years. In order to continue making commitments to fund schemes after this point, sustainable, long term revenue sources need to be identified to allow all the scheduled business cases to pass through the assurance process. Work was undertaken throughout autumn to agree a strategy with Leaders to identify viable solutions which consist of both income generation and cost avoidance / reduction. Regular updates against these strategies will continue to be provided to Investment Board and West Midlands Combined Authority Board throughout 2019/20.

Business Rates Growth

8.6 Business Rates Growth is one of the four pillars of income which supports the borrowing necessary to fund the Investment Programme. The Combined Authority and Local Authority Finance Directors are working together to define and deliver a long term sustainable Business Rates Growth mechanism to fund the Investment Programme in light of the national changes to the business rates retention system from 2020/21. Initial conversations between Finance Directors, the Combined Authority and Central Government have already commenced in this regard.

8.7 Whilst a more permanent solution is being developed, local agreement has been provisionally obtained to a continuation of the existing formula which incrementally increases the amount due to the Combined Authority each year by £1.5 million. This is considered to be the most pragmatic solution and is fully supported by Finance Directors.

8.8 On this basis, the business rates share due to the Combined Authority for 2018/19 totals £4.5 million and will be shared across the Constituent Authorities pro-rata to the rateable value of each district, giving the following values:

Local Authority	2018/19 BR Growth Attributable to the Combined Authority
Birmingham	£1,953,450
Coventry	£543,150
Dudley	£406,350
Sandwell	£452,250
Solihull	£469,350
Walsall	£333,900
Wolverhampton	£341,550
Total	£4,500,000

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 November 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 increase in debtors is largely due to the insurance prepayment and VAT due from HMRC. In contrast, the decrease in short term creditors is largely due to capital accruals for the various Metro extension schemes and HS2/UK Central.

9.3 The decrease in long-term liabilities and short-term deposits and cash is mainly due to cash outflows in respect of Metro extension schemes, settlement with Network Rail in respect of Bromsgrove Station and payment for the Collective Investment Fund portfolio.

10.0 Administered Funds

Funding Stream	2018/19 Latest Forecast Grant Award £'000	2018/19 Spend to date £'000	Purpose
Midlands Connect	9,230	5,281	Work is continuing on delivering the Midlands Engine 'Vision for Growth'.
Housing First Pilot	9,600	-	WMCA are the accountable body for this grant award that has now been paid to Birmingham City Council to develop work streams to help rough sleepers off the streets
One Public Estate	490	-	It was agreed by WMCA Board that WMCA would assume accountable body status for this grant award, that is delivering various projects that secure more from public sector assets through collective action. Sandwell MBC are in the process of transferring the funds to WMCA.
Highways Maintenance Block	13,112	13,112	Distributed to the 7 Mets. excluding Birmingham City Council which has separate PFI arrangements, to deliver programmed highways maintenance works in line with the conditions of the grant award
Integrated Transport Block	17,618	15,678	Supporting delivery of the 7 Mets. Capital Programmes & WMCA's Minor Works Capital Programme
Total	50,050	34,071	

11.0 Financial Implications

11.1 The Financial Implications are set out in the report.

12.0 Legal implications

12.1 There are no legal implications.

13.0 Equalities implications

13.1 There are no equalities implications. Page 21

14.0 Inclusive Growth Implications

14.1 The WMCA budget includes implications of inclusive growth in the region.

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 – November 2018
- Appendix 2 – WMCA Transport Revenue Summary - November 2018
- Appendix 3 – WMCA Operational Revenue Summary – November 2018
- Appendix 4 – WMCA Mayor Revenue Summary – November 2018
- Appendix 5 – WMCA Capital Transport Delivery Programme – November 2018
- Appendix 6 – WMCA Investment Programme Summary – October 2018
- Appendix 7 – WMCA Investment Programme Commitments – November 2018
- Appendix 8 – WMCA Balance Sheet – November 2018

Appendix 1

WMCA Consolidated Summary – November 2018

	November 2018 YEAR TO DATE			FULL YEAR 2018/19		
	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	FORECAST £'000	BUDGET £'000	VARIANCE £'000
INCOME						
1 - Transport Levy	76,480	76,480	0	114,720	114,720	0
2 - Devolution Deal grant (IP)	36,500	36,500	0	36,500	36,500	0
3a Devolution Deal grants - Operational	1,904	2,883	(979)	5,165	5,558	(393)
3b Devolution Deal grants - Mayoral	263	287	(24)	558	558	0
4 - Adult Education Funding	189	133	56	320	200	120
5 - Business rates growth	3,000	3,000	0	4,500	4,500	0
6 - Grants from Constituent members	3,096	3,096	0	4,644	4,644	0
7 - Grants from Non Constituent members	283	283	0	425	425	0
8 - Investment Income	665	329	336	1,492	494	998
9 - Use of Reserves	265	362	(97)	1,530	1,767	(237)
Total income	122,645	123,353	(708)	169,854	169,366	488
EXPENDITURE						
Operating expenditure:						
10 - Transport delivery	76,273	76,657	384	115,674	115,721	47
11 - Operational budget	5,406	7,008	1,602	11,608	11,822	214
12 - Investment Programme	1,055	2,370	1,315	3,096	4,659	1,563
13 - Mayoral Office	528	552	24	823	823	0
14 - Financing Costs	38,712	37,130	(1,582)	38,630	36,341	(2,289)
Total expenditure	121,974	123,717	1,743	169,831	169,366	(465)
Net	671	(363)	1,035	23	0	23
Made up as follows:						
Transport Delivery	208	(176)	384	46	0	46
Operational Budget	463	(187)	650	(23)	0	(23)
Investment Programme	0	0	0	0	0	0
Mayoral Office	0	0	0	0	0	0
Net	671	(363)	1,034	23	0	23

The year to date position at the end of November shows a favourable variance of £1.034m (£0.863m Oct18) 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 £0.384m (£0.159m Oct18) and £0.650m (£0.704m Oct18) respectively.

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

Within the Investment Programme (12) there is a favourable variance to date of £1.315m (£0.814m Oct 18) owing to planned borrowing not being necessary due to higher cash balances than anticipated, which also results in Investment Income (8) being higher than budget by £0.288m (£0.268m Oct18).

The variance against Financing Costs (14) is as a result of the Investment Programme savings detailed above being transferred to the Investment Programme reserve to meet the costs of future Investment Programme borrowing. This approach is consistent with the financial principles of the original Investment Programme financial model and effectively results in a neutral effect across the Investment Programme income and expenditure account.

Appendix 2

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

	ACTUAL NOV 18 £000	BUDGET NOV 18 £000	VARIANCE NOV 18 £000	FORECAST FULL YEAR 18-19 £000	BUDGET FULL YEAR 18-19 £000	VARIANCE FULL YEAR £000
<p>As at the end of November there is a £0.384m favourable position in-year with a minor favourable position of £0.047m forecast for the full year. The majority of areas within the Revenue budget are currently showing minor variances which are close to their budgeted year to date profile and the full year forecast for these are also projected to be within a narrow margin to the full year budget. Headline explanations for the variances are set out below.</p>						
TRANSPORT FOR WEST MIDLANDS						
INCOME						
Specific resources:						
Transport Levy	76,480	76,480	()	114,720	114,720	
TOTAL INCOME	76,480	76,480	()	114,720	114,720	
EXPENDITURE						
Concessions						
National Bus Concession	33,813	34,823	1,010	50,537	52,244	1,708
Metro / Rail	3,024	3,029	5	4,542	4,542	()
Child Concession	6,300	6,306	6	9,538	9,552	13
	43,137	44,158	1,021	64,617	66,338	1,721
Bus Services						
Bus Stations / Infrastructure	3,196	2,438	(758)	4,959	3,510	(1,448)
Subsidised Network	5,607	5,610	3	8,522	8,498	(25)
Tendering / Monitoring	398	468	70	674	683	9
Accessible Transport	4,836	4,839	3	7,259	7,261	2
	14,037	13,355	(682)	21,414	19,952	(1,462)
Rail and Metro Services						
Metro Services	995	1,027	32	1,558	1,560	3
Rail Services	1,416	1,427	11	2,306	2,253	(53)
	2,411	2,454	43	3,864	3,814	(50)
Integration						
Safety and Security	427	399	(27)	653	614	(38)
Passenger Information	3,360	3,357	(3)	5,210	5,195	(15)
Sustainable Travel	142	166	24	248	253	5
	3,929	3,921	(7)	6,111	6,063	(48)
Network Resilience						
	562	543	(18)	844	831	(13)
Business Support Costs						
	2,209	2,150	(59)	3,386	3,285	(101)
Strategic Development						
	1,360	1,440	81	2,249	2,240	(9)
Elected Members						
	174	178	4	267	271	3
Capital Finance Charges						
	8,456	8,457	1	11,923	11,929	6
TOTAL EXPENDITURE	76,273	76,657	384	114,674	114,721	47
NET	207	(176)	384	46	(1)	47

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 agreed 12 month Departure charge and Roadside Information holiday commencing from 1 October 2018, with the remainder of the saving used to fund minor cost pressures across some service areas (mainly infrastructure related).

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.

Phasing in-year attributable to monitoring related activity with some of this reprofiled to take place later in the year.

Main factor behind the in-year adverse and full year adverse forecast variance is due to a lower recovery against the 16 Summer Lane building income target

£81,000 favourable in-year and projected £9,000 adverse against full year forecast. As previously reported this reflects some in-year phasing on External Advice activity with a re-profiling of it undertaken for it to take place in the remainder of the year.

Appendix 3

West Midlands Combined Authority Operational Budget – November 2018

FINANCIAL SUMMARY AS AT NOVEMBER 2018	NOVEMBER 2018 YEAR TO DATE			FULL YEAR 2018/19			As at the end of November 2018, there is a favourable year to date variance of £650k within the Operational Budget. Following the second forecast of the year there is an adverse variance of £23k within the full year position. Key variances are explained below:
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Contribution - 7 Met Council's	3,096	3,096	0	4,644	4,644	0	Favourable variance due to positive cash balances
Non-Constituent Members	250	250	0	375	375	0	
Associate Members / Official Observers	33	33	0	50	50	0	
Investment Income	377	329	48	688	494	194	
Total Income	3,756	3,708	48	5,757	5,563	194	
Economic Growth							The favourable year to date variance within culture and tourism reflects a slow start to activity, which will take place by year end.
Mayoral Capacity Funding	231	285	(54)	354	388	(34)	Funding for growth largely reflects an in year and full year favourable variance due to a vacant senior policy advisor post .
Devo Office of Data Analytics	115	124	(9)	190	200	(10)	
Total Income	346	409	(63)	544	588	(44)	Industrial Strategy year to date and full year adverse variance is due to additional consultancy work being commissioned to support the local industrial strategy development.
Culture and Tourism Commission	0	(30)	30	(60)	(60)	0	
Funding for Growth	(552)	(587)	35	(786)	(880)	94	
Office of Data Analytics	(115)	(125)	10	(190)	(201)	11	
Black Country Economic Intelligence Unit	(146)	(160)	14	(240)	(240)	0	
Industrial Strategy	(255)	(215)	(40)	(430)	(308)	(122)	
Environmental	(36)	0	(36)	(141)	0	(141)	
Total Expenditure	(1,104)	(1,117)	13	(1,847)	(1,689)	(158)	Environment is a new unbudgeted area which shows a year to date and full year variance due to work being commissioned for air quality strategy and costs for an interim appointment of a resource to take the work of this portfolio forward.
Economic Growth Net Total	(758)	(708)	(50)	(1,303)	(1,101)	(202)	
Public Services Reform							Inclusive growth shows a favourable in year and full year variance reflecting a vacant lead economist post.
Revenue Contributions to / from Third Parties	7	67	(60)	7	100	(93)	
Mayoral Capacity Funding	34	67	(33)	100	100	0	
Third Party Income	160	0	160	160	0	160	
Total Income	201	134	67	267	200	67	
Public Sector Reform	(282)	(327)	45	(487)	(490)	3	
Inclusive growth	(44)	(133)	89	(110)	(200)	90	
5G Network	(160)	0	(160)	(160)	0	(160)	
WM Fire Service Transition	(48)	0	(48)	(194)	0	(194)	
Total Expenditure	(534)	(460)	(74)	(951)	(690)	(261)	Costs associated with the transition of the West Midlands fire service are unbudgeted but can be accommodated within the overall position.
Public Service Reform Net Total	(333)	(326)	(7)	(684)	(490)	(194)	
Health & Wellbeing							The favourable in year variance reflects vacant posts within the Health and wellbeing team, as well as workstreams that are being commissioned later than planned.
Revenue Contributions to / from Third Parties	33	0	33	33	0	33	
Total Income	33	0	33	33	0	33	
Mental Health Commission	(65)	(290)	225	(253)	(435)	182	The full year position shows a favourable variance of £267k due to vacant posts and mental health and wellbeing activity which will not take place this financial year.
Well Being	(102)	(153)	51	(190)	(242)	52	
Total Expenditure	(167)	(443)	276	(443)	(677)	234	
Health & Wellbeing Net Total	(134)	(443)	309	(410)	(677)	267	
Housing & Land							Housing and Land shows a favourable variance due to vacant posts which are currently being recruited to in year.
Devolution Housing & Land	409	639	(230)	803	1,000	(197)	
Total Income	409	639	(230)	803	1,000	(197)	
Housing and Land Commission	(504)	(739)	235	(945)	(1,150)	205	The full year position has an adverse variance due to vacant posts.
Total Expenditure	(504)	(739)	235	(945)	(1,150)	205	
Housing & Land Net Total	(95)	(100)	5	(142)	(150)	8	
Skills & Productivity							The favourable in year variance reflects revised delivery timetables in respect of the portfolios key objectives including the Employment Support Pilot scheme and Construction skills.
Devolution Productivity & Skills	1,033	1,701	(668)	3,637	3,770	(133)	
Investment Programme Revenue funding contribution	21	0	21	78	0	78	
Devolution Productivity & Skills			0			0	
Adult Education Funding	189	133	56	320	200	120	
Devolution Productivity & Skills			0			0	
Total Income	1,243	1,834	(591)	4,035	3,970	65	
Productivity and Skills Commission	(291)	(531)	240	(464)	(464)	0	
Employment Support Pilot Skills	(155)	(596)	441	(780)	(1,829)	1,049	
HS2 Skills	(21)	(97)	76	(78)	(175)	97	
Gatsby Skills	(44)	(67)	23	(61)	(100)	39	
Construction Skills	(612)	(941)	329	(2,087)	(1,666)	(421)	
Adult Education	(190)	(119)	(71)	(299)	(179)	(120)	
Career Learning Pilot	(215)	0	(215)	(656)	0	(656)	
Digital Skills	(6)	0	(6)	(54)	0	(54)	
Total Expenditure	(1,534)	(2,351)	817	(4,479)	(4,413)	(66)	
Skills & Productivity Net Total	(291)	(517)	226	(444)	(443)	(1)	
Leadership							
Revenue Contributions to / from Third Parties	41	0	41	41	0	41	
Total Income	41	0	41	41	0	41	
Leadership	(278)	(254)	(24)	(410)	(381)	(29)	
Total Expenditure	(278)	(254)	(24)	(410)	(381)	(29)	
Leadership Net Total	(237)	(254)	17	(369)	(381)	12	
Corporate Support							The favourable in year variances 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 a vacant post within support that will be recruited to later in the year. The full year adverse variance is primarily due to corporate services costs which comprise of rent, recruitment and ICT equipment.
Total Income	0	0	0	0	0	0	
Programme, Policy and Support	(1,326)	(1,275)	(51)	(2,060)	(1,913)	(147)	
Communications	(118)	(271)	153	(367)	(407)	40	
Total Expenditure	(1,444)	(1,546)	102	(2,427)	(2,320)	(107)	
Corporate Support Net Total	(1,444)	(1,546)	102	(2,427)	(2,320)	(107)	
TOTAL NET EXPENDITURE	(3,292)	(3,894)	602	(5,779)	(5,562)	(217)	
NET RETURN	464	(186)	650	(22)	1	(23)	
Devolution grants	(1,904)	(2,883)	979	(5,165)	(5,558)	393	
AEB Funding	(189)	(133)	(56)	(320)	(200)	(120)	
Use of reserves	0	(97)	97	(265)	(502)	237	
NET RETURN PRESENTED IN CONSOLIDATED SUMMARY	(1,629)	(3,299)	1,670	(5,772)	(6,259)	487	

Appendix 4

West Midlands Combined Authority Mayoral Budget – November 2018

	NOVEMBER 2018 YEAR TO DATE				FULL YEAR 2018/19				
	ACTUAL £000	BUDGET £000	VARIANCE £000		FORECAST £000	BUDGET £000	VARIANCE £000		
MAYORAL OFFICE									
Other Grants	263	287	(24)	8%	558	558	0	0%	As at the end of November 2018 the Mayoral budget has a favourable variance of £0.024m against budgeted expenditure, reflecting minor variances in staffing costs. The full year position remains in line with budget.
Use of Reserves	265	265	0	0%	265	265	0	0%	
TOTAL INCOME	528	552	(24)	4%	823	823	0	0%	
Staff Costs	(456)	(464)	8	2%	(667)	(692)	25	4%	
Agency Staff	(1)	0	(1)	0%	(26)	0	(26)	0%	
IT	(7)	(7)	0	0%	(10)	(10)	0	0%	
Promotions, Information and Initiatives	(2)	0	(2)	0%	(1)	0	(1)	0%	
Travel & Subsistence	(8)	(27)	19	70%	(38)	(40)	2	5%	
Other	(1)	(1)	0	0%	(2)	(2)	0	0%	
Indirect Recharges	(53)	(53)	0	0%	(79)	(79)	0	0%	
TOTAL EXPENDITURE	(528)	(552)	24	4%	(823)	(823)	0	0%	
NET	0	0	0	0%	0	0	0	0%	

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

Financial Summary Month Ending November	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>							Year to Date Variances
Bilston Road Track Replacement Phase 2	(34)	(250)	216	(282)	(250)	(32)	<p>At the end of November 2018, actual expenditure was £36.2m (Oct £30.3m) lower than the budget with the overall variances relating to cost reprofiling. An explanation of the main variances is as follows:</p> <p>The favourable cashflow variance on the Metro Edgbaston Extension (£5.8m) is mostly due to re-profiling of activity plus some smaller savings due to complimentary highway measures not required for utility diversions, and Centenary Square (£1.3m) due to utility re-profiling, mitigated by the acceleration of works following the closure of Paradise Circus which will bring forward the completion date of the scheme.</p> <p>The favourable cashflow variance for the Wolverhampton City Centre (£4.5m) 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 (£4.1m) variance is reflective of design option reappraisal at the Delta Junction, Bull Street, rescheduling the preliminary design submission back to Q4 18/19 following a solution being agreed in November 2018.</p> <p>The Metro East Birmingham to Solihull Metro Extension (£2.6m) 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 (£12.0m) reflects ongoing investigation work on retaining walls and structures and survey input data, 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 November (£2.7m) is mainly contained within the Edgbaston Extension (£1.5m) and East Birmingham to Solihull Extension (£0.8m) explained below</p> <p>The main variances are as follows:</p> <p>The Edgbaston and Centenary Square Metro Extension forecasts have been reduced by £4.5m 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 (£15.1m) and East Birmingham to Solihull Extension forecast revisions (£4.0m) are representative of the full year effect of the cash flow variations to the end of November. In addition, within the Birmingham Eastside Extension, 3G Tram contract negotiations and award have been reprofiled to May 2019.</p> <p>The main variation within the Metro Wednesbury to Brierley Hill Extension (£22.6m) 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>
Sprint Network	(1,269)	(3,248)	1,979	(3,078)	(5,227)	2,149	
Investment Programme Rail Programme	(3,013)	(6,751)	3,738	(4,645)	(9,184)	4,539	
Metro Centenary Square Extension	(9,880)	(11,153)	1,273	(17,571)	(17,422)	(149)	
Metro Wolverhampton City Centre Extension	(8,810)	(13,286)	4,476	(12,721)	(13,593)	872	
Metro Edgbaston Extension	(7,375)	(13,209)	5,834	(12,625)	(17,289)	4,664	
<u>Other TFWM Investment Programme Schemes</u>							
Metro Birmingham Eastside Extension	(3,728)	(7,807)	4,079	(7,794)	(22,859)	15,065	
Metro East Birmingham to Solihull Extension	(6,078)	(8,700)	2,622	(9,252)	(13,273)	4,021	
Metro Wednesbury to Brierley Hill Extension	(7,124)	(19,081)	11,957	(11,956)	(34,510)	22,554	
TOTAL TFWM INVESTMENT PROGRAMME	(47,311)	(83,485)	36,174	(79,924)	(133,607)	53,683	40%
TFWM Other Major Schemes							
Regional Transport Coordination Centre (RTCC) development	(12)	(12)	0	(172)	(172)	0	<p>At the end of November 2018, there was an underspend of £1.9m (Oct £1.7m), 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 2018, however further ground investigative work is continuing to assess whether piled foundations are required. Planning approval was concluded in November 2018, with the main construction rescheduled to commence in January 2019.</p> <p>The Annual Forecast is £2.3m below the Budget, primarily due to the rescheduling of the main construction works at Longbridge into Q4 18/19 and 19/20 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>
Birmingham City Centre Metro Extension	1	0	1	(72)	0	(72)	
Bromsgrove Station	3	0	3	3	0	3	
Longbridge Connectivity Package	(77)	(1,795)	1,718	(1,810)	(3,557)	1,747	
Connected and Autonomous Vehicles	(151)	(331)	180	(468)	(1,100)	632	
TOTAL TFWM INVESTMENT PROGRAMME	(236)	(2,138)	1,902	(2,519)	(4,829)	2,310	48%
TFWM Minor Works Programme							
TFWM Minor Works Programme	(5,702)	(8,529)	2,827	(12,664)	(14,760)	2,096	<p>At the end of November 2018, there was an underspend of £2.8m (Oct £1.7m) against budget. The main variances relate to Snow Hill 3rd Access (£0.8m), the Clean Bus Technology Fund (£0.6m), Network Wide Bus Station Refurbishments (£0.4m), TBT Platinum RTI Equipment (£0.3m) and the construction of walking and cycling routes (£0.1m). Development funding for the University Station has been secured from Greater Birmingham & Solihull LEP funding.</p> <p>The Annual Forecast is £2.1m (Oct £0.5m) below Budget, primarily reflective of the full year impact of construction rescheduling with regards to Snow Hill 3rd Access (£1.6m) reported in September. As indicated above, the Development funding for the University Station project has now been confirmed which will facilitate draw down against all of the costs.</p>
TOTAL TFWM INVESTMENT PROGRAMME	(5,702)	(8,529)	2,827	(12,664)	(14,760)	2,096	14%
TFWM Administered Programme							
TFWM Administered Programme	(627)	(1,136)	509	(3,130)	(3,141)	11	<p>The main variance relates to rescheduling of Transport Modelling Strategy (£0.2m). Mobilisation commenced in July 2018 with some reprofiling into the remaining quarters. There is also some minor re-profiling of National Productivity Investment Fund (NPIF) £0.2m expenditure into Q4 18/19.</p>
TOTAL TFWM INVESTMENT PROGRAMME	(627)	(1,136)	509	(3,130)	(3,141)	11	
GRAND TOTAL TFWM CAPITAL PROGRAMME	(53,876)	(95,288)	41,412	(98,237)	(156,337)	58,100	37%

Appendix 6

WMCA Investment Programme Financial Summary period ending 31st October 2018

	2018 / 2019 YEAR TO DATE			2018 / 2019 FULL YEAR			COST TO COMPLETION					
	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR PERIOD SPEND	2018/19 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN	TOTAL BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
COVENTRY UKC PLUS	3,239	18,206	14,967	42,051	25,514	16,537	12,588	25,514	617,103	655,204	655,204	0
SPRINT PROGRAMME	978	2,756	1,778	5,227	3,155	2,072	2,436	3,155	273,739	279,330	279,330	0
RAIL PROGRAMME	2,653	3,968	1,316	8,852	4,506	4,346	248	4,506	420,346	425,100	425,100	(0)
METRO	48,168	74,240	26,072	135,632	96,513	39,119	111,749	96,513	1,258,377	1,466,640	1,373,000	(93,640)
UK CENTRAL INFRASTRUCTURE	1,383	7,579	6,196	16,494	14,227	2,267	2,155	14,227	1,370,246	1,386,627	1,386,543	(84)
UK CENTRAL HS2 INTERCHANGE	3,458	8,119	4,661	12,718	10,019	2,699	3,947	10,019	590,450	604,416	604,612	196
HS2 PROGRAMME GOVERNANCE	147	139	(8)	239	249	(10)	619	249	2,170	3,038	3,032	(6)
CURZON STREET STATION MASTERPLAN	-	1,648	1,648	4,406	4,406	-	-	4,406	551,894	556,300	556,300	-
NATIONAL COLLEGE FOR HIGH SPEED RAIL	122	78	(44)	78	122	(44)	25,431	122	-	25,553	25,509	(44)
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT	-	-	-	-	-	-	11,270	-	338,730	350,000	350,000	-
HS2 GROWTH STRATEGY TOTAL	60,148	116,734	56,587	225,696	158,710	66,986	170,442	158,710	5,423,055	5,752,207	5,658,629	(93,579)
COVENTRY CITY CENTRE REGENERATION	856	1,192	336	25,394	25,452	(58)	5,821	25,452	330,498	361,771	357,770	(4,001)
INNOVATION	262	-	(262)	5,000	2,447	2,553	25	2,447	192,528	195,000	50,000	(145,000)
LAND RECLAMATION AND REMEDIATION	231	8,105	7,874	20,000	28,072	(8,072)	84	28,072	171,845	200,000	200,000	(1)
COMMONWEALTH GAMES	-	-	-	-	-	-	-	-	25,000	25,000	25,000	-
EMPLOYMENT EDUCATION & SKILLS	-	-	-	2,000	308	1,692	-	308	19,692	20,000	20,000	(0)
COLLECTIVE INVESTMENT VEHICLE	6,637	6,637	0	20,000	35,523	(15,523)	20,306	35,523	944,170	999,999	1,000,000	1
DEVELOPED TRANSPORT INVESTMENT	-	-	-	-	-	-	-	-	1,299,000	1,299,000	1,299,000	-
EZ EXPANSION EXCLUDING CURZON	-	-	-	-	-	-	-	-	20,000	20,000	20,000	-
OTHER INVESTMENT PROGRAMME SCHEMES	7,985	15,934	7,949	72,394	91,801	(19,408)	26,236	91,801	3,002,733	3,120,770	2,971,770	(149,000)
GRAND TOTAL	68,133	132,668	64,535	298,090	250,511	47,579	196,678	250,511	8,425,788	8,872,977	8,630,398	(242,579)

The financial results for October 2018 are shown above.

In respect of full project costs to completion, the financial summary continues to highlight increased spend in the Metro programme regarding 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. The increase in the Innovation spend relates to the inclusion of the 5G project (£5.0m funding from the Investment Programme and £145m from DCMS, LEPs and private sector). This new investment increases the value of the Investment Programme overall further bolstering the £8bn Devolution Deal commitment.

For 2018/19, the YTD spend to October is £64.5m behind budget. This includes the significant variances set out below:

- * Metro programme underspend of £26.1m comprising- Edgbaston (£4.5m), Wolverhampton (£5.3m), Centenary Square (£1.5m), Birmingham Eastside (£3.0m), East Birmingham to Solihull (£2.9m) and Metro Wednesbury to Brierley Hill (£8.9m);
- * Coventry UKC Plus programme is £15.0m behind budget including- Coventry Station Masterplan (£9.5m) and VLR (£4.5m);
- * UK Central Infrastructure - £6.2m;
- * UK Central Interchange - £4.7m.

The main reasons for the YTD underspends are covered in the full year commentary below.

The 2018/19 full year forecast underspend of £67.0m 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's 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;
- * Birmingham Eastside Metro Extension (£11.1m) - the 3G Tram contract has gone out to tender, 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;
- * Metro Edgbaston Extension (£2.8m) - primarily as a result of the ongoing complementary highway works;
- * Coventry City Centre First (£10.0m) - primarily delay to Ring Road improvements as a result of revised plans to deliver City of Culture;
- * Coventry VLR (£5.2m) - delayed vehicle development spend and Dudley retaining wall spend;
- * Rail Programme (£4.3m) - due to refinement of timescales for delivery and corresponding phasing of expenditure
- * Sprint Hagley Road (£2.0m) - delays in utilities work due to land acquisition.

The other major full year variance to forecast are:

- * timing of spend regarding Land Reclamation (£8.1m) relating to the timing of grant payments given the pipeline approved in 2017/18 currently awaiting developments progressing and contracts to be prepared;
- * Collective Investment Vehicle advances exceeding original estimate (by £15.5m).

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 November 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	26.9	2.5	2.7	2.0	1.5		2.2	43.7	33.3	76.3	96.9			288.0
Sprint Programme	4.1		23.5			10.0	48.9	34.8	60.6	30.7				212.7
Metro Programme	101.3													101.3
Rail Programme	5.2		2.4	0.5	34.7		1.0	21.1	16.4				104.8	186.1
City Centre First incl. CSMP	39.4		11.6											51.0
Coventry VLR	12.2						9.0	33.8						55.0
Coventry North	0.2								21.0					21.6
Coventry South	7.4			0.6	0.5		0.7	23.9	26.8		46.7		50.0	156.5
NS2 Programme Governance	0.7		2.3											3.0
Wednesbury Brierley Hill Metro				103.0										103.0
SUB TOTAL INVESTMENT PROGRAMME	227.2	2.5	42.7	106.1	211.9	10.0	62.2	299.1	158.0	117.0	184.6		154.8	1576.2
Coventry Regeneration	154.0													154.0
Land Remediation	103.0									97.0				200.0
Business Innovation	4.3	0.3	4.8		3.9			11.4	12.9	12.6				50.0
Employment Education & Skills	0.8						9.0	8.0	2.2					20.0
Commonwealth Games	25.0													25.0
OTHER INVESTMENT PROGRAMME	287.1	0.3	4.8		3.9		9.0	19.4	15.1	109.5				449.0

Approval commitment profile based on September 2018 PMO prioritisation exercise

CUMULATIVE APPROVALS	514.3	517.0	564.5	670.6	886.4	896.4	967.6	1286.1	1459.2	1685.7	1870.3	1870.3	2025.1
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WMCA Balance Sheet as at 30 November 2018

	30 November 2018 £'000	31 October 2018 £'000	Movement £'000
Property, plant and equipment	323,725	319,619	4,107
Investments	24,862	-	24,862
Long-term assets	348,587	319,619	4,107
Debtors	36,759	33,621	3,138
Short-term deposits	42,200	80,550	(38,350)
Cash and bank	255	356	(101)
Current assets	79,214	114,527	(35,312)
Loans - interest due	(1,574)	(1,400)	(174)
Short-term creditors/accruals	(47,297)	(50,635)	3,338
Current liabilities	(48,871)	(52,035)	3,164
Net current assets	30,343	62,492	(32,149)
Provisions	(3,810)	(6,050)	2,240
Finance lease liabilities	0	0	-
PWLB	(119,239)	(119,239)	-
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(7,873)	(7,873)	-
Grants receipts in advance	(44,988)	(48,042)	3,054
Long-term liabilities	(185,910)	(191,204)	5,294
Net assets	193,020	190,906	(22,748)
General fund balance	2,966	2,970	(4)
Earmarked reserves	121,259	121,217	42
Capital grants unapplied reserve	247	247	-
Usable reserves	124,472	124,434	38
Revaluation reserve	6,941	6,942	(1)
Deferred capital grants account	316,783	312,675	4,108
Capital financing account	(254,871)	(252,840)	(2,030)
Accumulated absences account	(305)	(305)	0
Unusable reserves	68,548	66,472	2,076
Total reserves	193,020	190,906	2,114

The WMCA Balance Sheet reflects a healthy financial position. Main changes since October reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £4.1m net of depreciation in property, plant and equipment.

The increase in debtors is largely due to the insurance prepayment and VAT due from HMRC.

The decrease in short-term creditors/accruals and provisions is largely due to capital accrual for the various Metro extension schemes and HS2/UK Central amounting to £2.5m and the final settlement with Network Rail in respect of Bromsgrove station respectively.

The decrease in grants receipts in advance and short-term deposits and cash and bank are due to payments for the various Metro extension schemes and the transfer of the Collective Investment Fund portfolio from Birmingham City Council (£23m) and other CIF payments.



WMCA Board

Date	11 January 2019
Report title	WMCA Draft Budget 2019/20
Portfolio Lead	Finance & Investments - Councillor Bob Sleight
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7200
Accountable Employee	Linda Horne email: linda.horne@wmca.org.uk tel: (0121) 214 7505
Report has been considered by	Strategic Leadership Team - 12 December 2018 WMCA Programme Board - 21 December 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

1. Note the consolidated revenue budget monitoring position as at 30 November 2018;
2. Approve for consultation and scrutiny the draft West Midlands Combined Authority consolidated revenue budget summarised in Section 4. This includes:
 - a) the budget requirement for transport delivery 2019/20 comprising two elements:
 - i. £114.7 million a year to be funded from the existing transport levy mechanism; and
 - ii. a transfer from earmarked reserves of £1.0 million.

- b) the West Midlands Combined Authority Operational budget requirement for 2019/20 of £103.1 million comprising of six elements:
 - i. £84.2 million Adult Education spending to be funded for the first time from Adult Education Budget funding devolved by the Department for Education;
 - ii. £10.6 million to be funded from other devolution deal grants;
 - iii. £4.6 million to be funded from Constituent Authority fees (fees to remain at the same level as 2018/19);
 - iv. £0.4 million to be funded from Non-Constituent Authority and observer fees (fees to remain at the same level as 2018/19);
 - v. £2.2 million to be funded from other income; and
 - vi. a transfer from reserves of £1.1 million.
3. Approve for consultation and scrutiny the Mayoral Office budget for 2019/20 of £0.8 million to be funded from existing Mayoral capacity funding of £0.8 million.
4. Note that the Mayor has indicated that there will be no mayoral precept during the remainder of his current term of office.
5. Note the West Midlands Combined Authority indicative 5 year Medium Term Financial Plan as set out in Paragraph 7.2 and Table 8.
6. Approve for consultation and scrutiny the Transport Capital Programme as set out in Section 8 and Appendix 4.
7. Note the planned spend on the Investment Programme over the 3 year period as set out Appendix 7 and in Section 9.
8. Approve that surplus cash balances generated from the Collective Investment Fund are used to support the West Midlands Combined Authority Operational Budget thus minimising Constituent and Non-Constituent Authority contributions.
9. Note the intention as detailed in section 8 to launch a commercial housing fund in 2019/20 to enable the Housing Delivery Team to become self-sufficient with effect from 2021/22 onwards.

1.0 Purpose

- 1.1 This report is intended to provide a draft budget for consideration by the West Midlands Combined Authority Board at its meeting on 11 January 2019, to enable:
 - i. a period of consultation with stakeholders to begin; and
 - ii. onward scrutiny of West Midlands Combined Authority's spending plans.
- 1.2 The West Midlands Combined Authority Overview and Scrutiny Committee's Budget Scrutiny Task Group is undertaking the scrutiny work. A feedback report from the Mayoral Question Time on the budget is to be presented to this Board. In addition a further Overview and Scrutiny Committee Budget Scrutiny Task Group session is taking place on Tuesday 8 January 2019 and the final views of the Budget Scrutiny Task Group will be considered by the West Midlands Combined Authority at its meeting on 8 February 2019, prior to giving consideration to the Final Budget.

2.0 Background

- 2.1 This report represents the first part of the formal process to determine the West Midlands Combined Authority's budget, levy and precept levels for 2019/20. If approved, this report will form the basis for budget proposals to the West Midlands Combined Authority Board on 8 February 2019.
- 2.2 The overall vision of West Midlands Combined Authority is to drive inclusive economic growth in the West Midlands region and enable a healthier, happier, better connected and more prosperous population, as well as add value to the work of existing West Midlands public sector bodies.
- 2.3 The draft West Midlands Combined Authority Operational revenue budget for 2019/20 is funded by £5.2 million of locally generated funds and £10.8 million of monies secured through the region's devolution deals and therefore it can be seen that the region has been successful in leveraging in over £2 for every £1 raised locally to deliver the Operational Budget.
- 2.4 This position represents a significant improvement in the level of funding leveraged through the region's devolution deals when compared with West Midlands Combined Authority's budget for 2018/19 that was approved by West Midlands Combined Authority Board in February 2018 and leveraged £1 for every £1. In addition significant investment has been secured in addition to that contained in the operational budget through the NHS Executive and Public Health Executive in relation to the Health and Wellbeing portfolio.
- 2.5 This report presents a strategy for both 2019/20 and a Medium Term Financial Plan across all revenue and capital Budgets.
- 2.6 The development of the West Midlands Combined Authority has ensured that all the region benefits from both better outcomes as well as new investment with the intention of all areas benefitting from the delivery of Inclusive Growth. The key headlines for the draft budget are as follows:

- Significant proposals and strategies being delivered at no extra cost to constituent authorities;
- More certainty over the medium term;
- No increase in constituent fees or levy for 2019/20;
- Medium term efficiencies to enable a cash flat position to be delivered;
- No Mayoral precept for 2019/20 and 2020/21;
- Increased additional funding into the region to deliver our priorities;
- A capital plan for the West Midlands Combined Authority that provides £550 million of new capital investment for the West Midlands region in 2019/20.

- 2.7 It should be noted that funding for the May 2020 Mayoral election is yet to be identified.
- 2.8 This report provides recommendations that would enable the West Midlands Combined Authority to deliver its ambitious plans for driving inclusive economic growth in the West Midlands region and building a healthier, happier, better connected and more prosperous West Midlands.
- 2.9 Inclusive growth comes from organisations working together to transform peoples' lives by developing new ways of positive change in communities. West Midlands Combined Authority is committed to promoting inclusive growth across the West Midlands that all of our residents and communities can benefit from. West Midlands Combined Authority will ensure the voice of local people is at the heart of its vision for inclusive growth and will shape spending and investment decisions to generate inclusive growth. A commitment to ensure inclusive growth is also at the heart of the Local Industrial Strategy.
- 2.10 The approach to preparing the budget is in accordance with the Medium Term Financial Plan set out in section 7. The Medium Term Financial Plan sets out the anticipated budget position for 2019/20 along with a position for 2020/21 to 2023/24 and reflects the West Midlands Combined Authority's Strategic Economic Plan and the Mayor's Renewal Plan.

3.0 Revenue budget monitoring 2018/19

- 3.1 West Midlands Combined Authority's forecast outturn for 2018/19 at Month 8 (November 2018) indicates a favourable position on both transport delivery and operational spending for West Midlands Combined Authority. This forecast represents actual performance for eight months of the 2018/19 financial year together with a forecast for the remaining four months. Net spending for the Mayor's office is anticipated to be in line with the original budget. The following table illustrates the overall revenue position at the end of November 2018:

Table 1: West Midlands Combined Authority Revenue Budget 2018/19

	Actual to Date £m	Budget to Date £m	Variance to Date £m	Forecast Outturn £m	Original Budget £m	Forecast Variance £m
Transport Delivery	76.3	76.7	0.4	115.7	115.7	-
WMCA Operational Budget	2.9	3.6	0.6	5.1	5.1	-
Mayor's Office	0.6	0.6	0.0	0.8	0.8	-
Investment Programme	36.5	36.5	0.0	36.5	36.5	-
Total	116.2	117.3	1.0	158.1	158.1	-

- 3.2 The forecast indicates a break even position for the year.
- 3.3 It should also be noted that the 2018/19 approved budget reflected year 2 of a 7 year plan to incorporate an amendment to West Midlands Combined Authority's Capital Financing Policy, leading to annual savings of £4.8 million a year. Capital financing charges will revert to their original pre-2017/18 level in 2024/25.
- 3.4 £1.0 million a year for the 3 years 2018/19 – 2020/21 was set aside from the first year's savings (2017/18) to support the transport delivery revenue budget which enabled a corresponding levy reduction in each of the three years.
- 3.5 The following table sets out the forecast position on West Midlands Combined Authority's general reserve as at 31 March 2019.

Table 2: West Midlands Combined Authority's General Reserve

General Reserve	£m
Balance bought forward 1 April 2018	2.3
Contribution in year 2018/19	-
Balance carried forward 31 March 2019	2.3

4.0 The draft 2019/20 Consolidated Revenue Budget

- 4.1 The draft consolidated revenue budget position for 2019/20 is set out in the table overleaf:

Table 3: Consolidated Draft Revenue Budget

	Total	Transport	Operational Portfolios	Investment Programme	Mayors Office
	£m	£m	£m	£m	£m
Transport Levy	114.7	114.7	-	-	-
Devolution Deal grant (IP)	36.5	-	-	36.5	-
Devolution Deal grants - other	11.4	-	10.6	-	0.8
Adult Education Funding	84.2	-	84.2	-	-
Business rates growth	6.0	-	-	6.0	-
Grants from Constituent members	4.6	-	4.6	-	-
Grants from Non Constituent members	0.4	-	0.4	-	-
New revenue streams	0.4	-	0.4	-	-
Investment Income	1.7	-	1.7	-	-
Third Party Income	0.1	-	0.1	-	-
Use of Reserves	2.1	1.0	1.1	-	-
Total Income	262.2	115.7	103.1	42.5	0.8
Transport delivery	115.7	115.7	-	-	-
Operational delivery	103.1	-	103.1	-	-
Investment Programme	1.2	-	-	1.2	-
Mayoral Office	0.8	-	-	-	0.8
Financing Costs	41.3	-	-	41.3	-
Total Expenditure	262.1	115.7	103.1	42.5	0.8
Net Expenditure	-	-	-	-	-

- 4.2 The draft revenue budget for 2019/20 has been developed in collaboration with Constituent Authorities following the commitment given earlier in the year.
- 4.3 Further detail is provided in the following sections on how this budget has been built up. The proposed contributions from Constituent Authorities based on this draft budget mean that contributions will be maintained at 2018/19 levels recognising that fees were increased in 2018/19. The split is set out in the table that follows:

Table 4: West Midlands Combined Authority Levy & Constituent Members Contributions

Allocations	2018/19 £m	2019/20 £m	Net Gain
Birmingham	46.1	46.1	0.0
Coventry	14.8	14.9	(0.1)
Dudley	13.3	13.3	0.1
Sandwell	13.5	13.5	0.0
Solihull	9.0	9.0	0.0
Walsall	11.7	11.7	0.0
Wolverhampton	10.8	10.9	(0.0)
Total	119.4	119.4	0.0

- 4.4 The change in net contributions from authorities reflects the proposed transport levy, updated for statutory population movements.
- 4.5 Delivery of this inclusive and collaborative budget process commenced with high level discussions with Metropolitan Leaders in June 2018 and the draft budget has been developed in partnership with West Midlands' Finance Directors and Chief Executives.
- 4.6 The draft budget presented in this report delivers all the Portfolio Leads' objectives, although cost pressures clearly remain in the medium term.

- 4.7 Non-constituent authority and observer fees have not increased since West Midlands Combined Authority was constituted in 2016, whilst constituent authority contribution levels have risen to reflect the need to increase capacity to deliver portfolio and commission recommendations. The Mayor has also indicated that there will be no mayoral precept during the remainder of his current term of office.
- 4.8 The current working assumption is that the contribution for non-constituent authorities will remain at £25,000 per annum in 2019/20 and will be subject to annual review over the medium term.
- 4.9 It has been agreed that during 2019 we will proactively and collectively work more closely to understand and agree shared endeavours and a shared approach to non-constituent membership including improve consultation regarding fee levels and the growing benefits that membership brings.
- 4.10 It is proposed that all non-constituent authorities are granted access to the existing Collective Investment Fund (loan fund capped at £70 million) and the Brownfield Land and Property Development Fund (grants fund capped at £50 million) from April 2019. This will mean that all constituent and non-constituent members will be able to access the funds and this change will have the effect of harmonising the geography of the funds across the region.
- 4.11 It is proposed that observer contributions also remain flat at £25,000 per annum. For clarity the proposed schedule of contributions is presented below:

Table 5: Non Constituent Authority and Observer Contributions

Non-Constituent Member Allocations	2019/20 £
<i>Non-Constituent</i>	
Cannock Chase District Council	25,000
North Warwickshire Borough Council	25,000
Nuneaton and Bedworth Borough Council	25,000
Redditch Borough Council	25,000
Rugby Borough Council	25,000
Shropshire Council	25,000
Stratford-on-Avon District Council	25,000
Tamworth Borough Council	25,000
Telford and Wrekin Council	25,000
Warwickshire County Council	25,000
Black Country LEP	25,000
Greater Birmingham and Solihull	25,000
Coventry & Warwickshire LEP	25,000
<i>Observers</i>	
The Marches LEP	25,000
Fire partner contribution	25,000
Police partner contribution	25,000
Herefordshire	25,000
Total	425,000

Transport for West Midlands

- 4.12 The planning approach to setting the 2019/20 Transport for West Midlands budget has been to consider any changes that may be required to financial planning within the current policy framework and maintain investment into services in accordance with the current medium term financial plan.
- 4.13 The draft budget proposes that the 2019/20 levy is maintained at 2018/19 levels whilst recognising additional costs pressures in the medium term including new statutory responsibilities around congestion management and road safety and the increasing costs of the subsidised bus network.
- 4.14 The proposed budget has been delivered through:
- Renegotiated contracts;
 - Renegotiated bus operator reimbursements;
 - Increased staff recharges to capital projects;
 - Success with grant awards; and
 - Seeking more commercial revenue including CCTV and advertising and retail opportunities.
- 4.15 The proposals have been endorsed subject to work commencing in early 2019 to inform 2020/21 requirements in respect of:
- Ring & Ride service provision; and
 - Options for introducing universal parking charges at existing Park & Ride sites.
- 4.16 It should be noted that any proposed policy changes in respect of transport delivery would require full public consultation.
- 4.17 The proposed budget confirms the delivery of all existing policies, protects sustainability and continues to transition technology as well as deliver key transport initiatives. The proposed budget for Transport for West Midlands and associated levy for 2019/20 – 2023/24 is summarised in the following table and supported by a detailed analysis in Appendix 1.

Table 6: Summary Transport Revenue Budget 2019/20 to 2023/24

Transport 5 Year Position	2018/2019		2019/2020		2020/2021		2021/2022		2022/2023		2023/2024	
	£m	%										
English National Concessions Travel Scheme	52.2	45.1%	51.2	44.2%	50.6	43.6%	50.2	43.2%	49.7	42.7%	49.3	42.1%
Capital Financing	12.9	11.2%	12.5	10.8%	11.5	9.9%	11.5	9.9%	11.3	9.7%	11.3	9.7%
TfWM Policies	44.7	38.7%	45.9	39.7%	48.2	41.6%	48.5	41.8%	49.6	42.5%	50.3	43.0%
Strategic Development	2.3	2.0%	2.3	2.0%	2.3	1.9%	2.4	2.1%	2.5	2.1%	2.5	2.2%
Business Support & Elected Members	3.6	3.1%	3.8	3.3%	3.5	3.0%	3.5	3.0%	3.5	3.0%	3.6	3.1%
Total Expenditure	115.7	100.0%	115.7	100.0%	115.9	100.0%	116.2	100.0%	116.6	100.0%	117.0	100.0%
Use of Reserves	1.0		1.0		1.0		0.0		0.0		0.0	
Proposed Levy	114.7		114.7		114.9		116.2		116.6		117.0	
Total Funding	115.7		115.7		115.9		116.2		116.6		117.0	

- 4.18 The summary above illustrates a proposed levy in 2019/20 of £114.7 million. This maintains a cash flat position when compared with 2018/19 and provides no material movements.

4.19 The use of £1.0 million a year of reserves for the 3 years 2018/19 – 2020/21 to enable a corresponding levy reduction for the 3 year period reflects one-off capital financing cost savings in 2017/18 and continues to support the indicative cash flat position.

5.0 West Midlands Combined Authority Operational Budget

5.1 Following conclusion of the detailed annual planning and budgeting process undertaken in November 2018, the proposed West Midlands Combined Authority Operational Budget is summarised in the following table. Appendix 2 sets out in more detail each of the Portfolio areas.

Table 7: Summary WMCA Operational Budget 2018/19 to 2023/24

	2018/2019 £m	2019/2020 £m	2020/2021 £m	2021/2022 £m	2022/2023 £m	2023/2024 £m
Constituent Members	4.6	4.6	4.6	4.6	4.6	4.6
Non-Constituent Members	0.4	0.4	0.4	0.4	0.4	0.4
Investment Income	0.5	1.7	1.6	1.8	1.8	1.8
Adult Education Budget	0.2	84.2	126.0	126.0	126.0	126.0
Devolution Funding	5.4	10.6	6.7	4.0	2.0	1.4
New Revenue Streams (Economic Growth & PSR)	0.0	0.4	0.0	0.0	0.0	0.0
3rd Party	0.2	0.1	0.0	0.0	0.0	0.0
Reserves	0.5	1.1	0.0	0.0	0.0	0.0
Total Funding	11.8	103.1	139.3	136.9	134.9	134.3
Productivity and Skills	4.7	92.5	131.5	129.1	127.2	127.2
Housing & Land	1.1	2.4	2.2	2.2	2.1	1.6
Economic Growth	1.8	2.0	1.7	1.4	1.4	1.4
Health & Wellbeing	0.7	0.7	0.7	0.8	0.8	0.8
Public Sector Reform	0.8	1.1	0.5	0.5	0.5	0.5
Environment	0.0	0.2	0.3	0.3	0.3	0.3
Corporate Support	2.7	4.2	3.9	4.0	4.1	4.2
Total Expenditure	11.8	103.1	140.6	138.2	136.3	135.9
Net Expenditure	-	-	-1.3	-1.3	-1.4	-1.6

- 5.2 The West Midlands Combined Authority Operational budget delivers the following in the medium term planning period:
- West Midlands Combined Authority commitments on the Environment Strategy
 - Maximising the economic and social contribution that culture and creative industry makes to the region
 - Public Sector Reform - Inclusive Growth delivery
 - Delivery of the Regional Skills Plan
 - Directing the devolved Adult Education Budget to meet regional priorities
 - Local Industrial Strategy business case development
 - Efficiency Targets for 2020/21 to deliver budgets within existing fee levels
 - Onward discussions with HM Treasury around strategic sustainable funding
 - Growth in WMCA capacity delivered at no additional cost to Metropolitan councils
- 5.3 The commitment to fund the delivery of the Commission outcomes has been successful in levering in significant Central Government and local matched funding. Across the West Midlands Combined Authority Operational Budget the level of Devolution Deal monies represents at least a 200% cash match against local resources. In essence, for every £1 of local funding contributed, £2 of additional funding has been levered for the region.
- 5.4 The West Midlands Combined Authority capital resources will enable leverage from a range of other investors both public and private sector. The intention during 2019/20 is to secure an indication of the overall leverage across the range of West Midlands Combined Authority programmes and report on this leverage as part of the regular suite of finance reports being developed.
- 5.5 Significant funding has also been levered for the West Midlands region through the wider public sector. For example, the Health and Wellbeing Portfolio is supporting people into work and whilst in work, by delivering an expansion of the Individual Placement and Support programme for people with severe and enduring mental health issues. This three year programme has attracted funding of £8.4 million over 3 years from NHS England.
- The West Midlands Devolution Deals
- 5.6 Significant additional government funding has been devolved to West Midlands Combined Authority. Approximately £1.8bn of additional funding has been devolved from Central Government to West Midlands Combined Authority to deliver its priorities through two Devo Deals, a Housing Deal and a Skills Deal since 2016. £500m has been devolved in the last 12 months alone.
- 5.7 The Autumn 2018 budget announcement also secured for the region:
- Additional £71.5 million Transforming Cities funding;
 - £20m - Connected Autonomous Vehicles funding;
 - £20m - Mobility Action Zone;
 - £165m - Housing for Perry Barr Athletes Village;
 - £8.5m - Coventry City of Culture; and
 - an opportunity to bid into £675m future high street funds.

- 5.8 Government funding has enabled the creation of a delivery team to drive an ambitious house-building programme and investment in high-tech economic sectors. The Devolution Deals recognised that the region is outperforming others in terms of start-ups and economic growth, and lays the foundations to further improve this performance.
- 5.9 The Housing Delivery Team is now providing additional capacity to work with local authorities, developers and investors to help the West Midlands unlock the new homes needed in the region by 2030. The deals also provided support in the form of £5 million investment to expand construction skills. It puts the region at the vanguard of accessing government funding earmarked for housing and infrastructure.
- 5.10 To support jobs growth in emerging technologies, the deals commit to the West Midlands' role as a global centre for new automotive development such as in electric and driverless cars. This builds on the West Midlands' existing strengths in this sector, focused around Coventry, but with wider benefits to the whole region.
- 5.11 The West Midlands has also 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.
- 5.12 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.
- 5.13 Up to £75 million of public funding is available for the project, subject to further development and approval of the business plan. This includes £25 million from the Department for Digital, Culture, Media and Sport (DCMS) and £25 million match funding from regional partners. An additional £25 million may be made available by DCMS at a later stage.

Adult Education Budget

- 5.14 From the 2019/20 academic year, the West Midlands Combined Authority will take responsibility for the region's Adult Education Budget and how it is delivered.
- 5.15 West Midlands Combined Authority aims to align funding with priority growth sectors, particularly those targeted through the Local Industrial Strategy, to drive up skill levels amongst the region's communities to secure sustainable employment and enhance skills at higher levels and ultimately improve productivity across the region.
- 5.15 The total value of funding for 2019/20 is anticipated to be confirmed in early 2019 and is expected to be in the region of £84.2 million in the first part year, rising to approximately £126.0 million a year thereafter. The confirmed funding awarded will be the subject of separate report in the New Year.

Emerging Growth - Future Strategic Intentions

- 5.16 The 2019/20 budget proposals currently provide limited flexibility to enable West Midlands Combined Authority to pursue opportunities at risk and to respond to new opportunities that will help support the region's collective strategic objectives.
- 5.17 WMCA senior leadership team collectively agree ownership of the challenges and flexibility required to deliver emerging growth asks and ambitions as follows:

- Energy Capital and Energy Strategy delivery
- Innovation Board support and delivery programme
- West Midlands Combined Authority performance and assurance strengthening framework
- Local Industrial Strategy – longer term implementation
- 5G – more explicit in business plans and potential top slice of grants
- Brexit – activating contingency planning in the event of no deal or disrupted transition
- Culture – refresh of Culture Board and supporting programmes

5.18 A Financial Strategy will be developed over the medium term to create flexibility to enable delivery of new income streams including:

- Developing programme business cases;
- Developing new asks of government;
- Exploring the potential to create one off funds; and
- Providing for a complete rethink in the event of an economic shock.

6.0 Mayor's Budget and Precept

- 6.1 In his Renewal Plan, the Mayor committed to raising no precept before 2018 and has now committed to raising no precept during the remainder of his existing term of office which ends in May 2020, meaning that a Mayoral precept will not now be considered by West Midlands Combined Authority until the budget for the 2021/22 financial year is considered.
- 6.2 A panel of experts was convened following the Mayoral Election to examine the alternatives to raising a precept, such as business rates supplements, public sector pension fund investment, land value capture and a public sector reform Gainshare fund. The West Midlands Combined Authority Funding for Growth Programme has been established with finance experts from the private sector, local government and academia, and has examined the potential alternatives to a precept.
- 6.3 The funding sources examined have significant potential but are more focused on the medium and long term therefore it is proposed that the draft 2019/20 budget for the Mayor's Office is funded from existing Mayoral Capacity Funding received by West Midlands Combined Authority. A commitment to £1.0 million a year for two years was received from MHCLG in March 2018.
- 6.4 The Mayor must notify the West Midlands Combined Authority of his draft budget before 1 February 2019 and this report represents that notification. The Combined Authority must review the Mayor's Budget and may make a report on it to the Mayor setting out whether they would approve it in its current form and may include recommendations. This must take place before 8 February 2019 otherwise the Mayor's Budget will be deemed approved. If the Combined Authority makes a report then the Mayor must have at least 5 working days to respond and can either make the required changes or not.
- 6.5 The West Midlands Combined Authority must then decide whether to accept the original (or revised) budget or veto it and approve the budget with their amendments. Decisions of the West Midlands Combined Authority are by a 2/3rds majority for setting of the Mayoral budget.

- 6.6 The Localism Act gives local communities the power to approve or veto excessive rises in Council Tax. Central government guidance on excessive increases in council tax will clearly not apply to West Midlands Combined Authority in either 2019/20 or 2020/21, given that the Mayor has recently indicated that he will not be setting a precept during his remaining term of office.

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

- 6.7 The Mayor put forward an ambitious programme of activities in his Renewal Plan, and the Mayor's Office exists to support the Mayor in delivering his manifesto commitments:
- Support the Mayor's schedule of events, meetings and media appearances;
 - Ensure the Mayor can listen to and communicate with citizens in the West Midlands effectively;
 - Support with briefings and policy review; and
 - Oversee the delivery of the Mayor's policy priorities.
- 6.8 The Mayor's Budget for 2019/20 is £0.8 million and includes the staffing costs of the Mayor, the senior team, support staff, policy advisors as well as resources to deliver communications, customer response and events. The proposed budget also includes development of capacity to deliver specific Mayoral initiatives from the Mayor's Renewal Plan, these include 4 areas of focus:
- a. Homelessness Taskforce: To "design out" homelessness in the West Midlands with a co-ordinated organisations from the public, private and voluntary sectors;
 - b. Leadership Commission: To reshape the leadership of the West Midlands across industries to more closely reflect the make-up of the region; and
 - c. Mayor's Mentors: To provide mentoring opportunities for young people in the West Midlands to drive career aspiration.

7.0 The Medium Term Financial Plan

- 7.1 The Medium Term Financial Plan contained within the budget setting papers for 2018/19 has been reviewed and updated to reflect revised funding levels receivable from Constituent Authorities and devolution funding granted by Central Government as well as other funding streams for specific projects. The financial planning horizon has been extended to 2023/24 and the Medium Term Financial Plan includes the following:
- The West Midlands Combined Authority Transport Levy for Transport for West Midlands;
 - The West Midlands Combined Authority Operational Budget;
 - Investment Programme Governance and Interest Payable costs; and
 - The Mayoral Office.
- 7.2 A summary of the Consolidated West Midlands Combined Authority Medium Term Financial Plan is set out in the following table:

Table 8: Consolidated Medium Term Financial Plan

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Transport Levy	114.7	114.7	114.9	116.2	116.6	117.0
Devolution Deal Grants	42.5	132.1	169.2	166.5	164.5	163.9
New Revenue Stream	0.0	0.4	0.9	1.0	1.0	1.0
Business Rates Growth	8.1	6.0	7.5	9.0	10.5	12.0
Business Rates Supplement	0.0	0.0	34.1	34.1	34.1	34.1
Constituent Membership	4.6	4.6	4.6	4.6	4.6	4.6
Non Constituent Members	0.4	0.4	0.4	0.4	0.4	0.4
Funding of Mayoral Election	0.0	0.0	2.2	0.0	0.0	0.0
Investment Income	0.5	1.7	1.6	1.8	1.8	1.8
Mayoral Precept	0.0	0.0	0.0	6.3	6.4	6.4
3rd Party Income/Other	0.6	0.1	0.0	0.0	0.0	0.0
Use of Reserves	1.5	2.1	1.0	0.0	0.0	0.0
Total Funding	172.9	262.1	336.5	340.0	339.9	341.3
Transport for West Midlands Levy	115.7	115.7	115.9	116.2	116.6	117.0
Operational Budget	11.8	103.1	140.6	138.2	136.3	135.9
Investment Programme: Interest Payable	3.6	6.3	19.3	27.9	40.4	50.1
Investment Programme Governance	1.0	1.2	1.1	1.1	1.1	1.2
Mayoral Office	0.8	0.8	0.9	1.0	1.0	1.0
Mayoral Election	0.0	0.0	2.2	0.0	0.0	0.0
Revenue Financing of Capital Expenditure	40.0	35.0	57.7	56.9	45.9	37.8
Total Expenditure	172.9	262.1	337.8	341.3	341.3	342.9
Net Expenditure	-	-	-1.3	-1.3	-1.4	-1.6

- 7.3 Whilst officers have taken on board Metropolitan Leaders' feedback following the 2018/19 budget process primarily highlighting the need for greater engagement, it is also recognised that more could be done to develop the presentation of West Midlands Combined Authority's budget as the individual portfolio activities gather pace and to further strengthen collaborative engagement by Portfolio Leads. This will help to develop clearer ownership of the budget proposals being put forward and also a clearer all round understanding of the impact of proposals on the overall forward plan. A process and timetable will be developed and shared with Metropolitan Leaders for consideration in February 2019, when the views of the Metropolitan Chief Executives and Finance Directors have been sought.
- 7.4 The indicative Medium Term Financial Plan for 2019/20 assumes a cash flat funding requirement from Constituent Authorities both in terms of the Transport for West Midlands levy and their contributions to the West Midlands Combined Authority Operational Budget. Whilst this currently represents the planning assumption, it is acknowledged that this creates a potential financial risk specifically with regard to inflationary increases, pay and legislative changes and demand in terms of patronage and the impact of these risks will be kept under review.

- 7.5 Assumptions have been made around pay and price rises and the Consumer Prices Index along with changes in patronage and fares. Any variation on this for 2019/20 will need to be managed within the available resources. These clearly may change significantly over the medium term meaning a cash flat position may not be achievable without changes to policy.
- 7.5 The potential changes in governance arrangements in respect of the West Midlands Fire and Rescue Services and the Office of the West Midlands Police and Crime Commissioner will require one off costs and the West Midlands Combined Authority will be working with partners to identify how these will be funded.
- 7.6 The Medium Term Financial Plan incorporates a broad estimate of the financial impact of the following risks and sensitivities:
- Demographic growth and demand pressures specifically where transport payments and services are directly affected by patronage demands;
 - Inflation;
 - Brexit, to the extent that there may be potential for increased costs of supply of labour, good and services; and
 - Business Rates Retention Scheme and the achievement of growth targets, including the retention mechanism currently being developed through the West Midlands Finance Directors' Group.
- 7.7 These assumptions will be kept under review with the Finance Directors of the seven Constituent Authorities.

8.0 West Midlands Combined Authority Medium Term Capital Programme

- 8.1 The West Midlands Combined Authority Capital Programme is summarised in the table below and set out in further detail within Appendices 4 to 7. The table below summarises the planned capital investment between 2019/20 and 2023/24.

Table 9: Summary West Midlands Combined Authority Capital Programme

£ MILLION	CAPITAL EXPENDITURE FORECAST					GRAND TOTAL
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	
Investment Programme - TFWM Sponsored Schemes	194.77	232.66	259.36	247.99	532.39	1,467.18
Transforming Cities Programme	10.70	18.69	13.61	72.50	-	115.50
TFWM Minor Works Programme	16.07	3.20	1.29	1.29	1.29	23.15
Sub Total - TFWM Capital Expenditure	221.54	254.55	274.27	321.78	533.68	1,605.82
WMCA Other Capital Schemes	63.00	58.00	96.50	73.46	-	290.96
Collective Investment Funds	50.00	45.00	65.00	40.00	-	200.00
Sub Total - WMCA Other Capital Expenditure	113.00	103.00	161.50	113.46	-	490.96
Capital Grants To Other Local Authorities	215.03	236.11	243.03	152.81	449.77	1,296.76
Capital Expenditure Grand Total	549.58	593.66	678.79	588.06	983.45	3,393.54

- 8.2 Approximately half of the Combined Authority's planned capital investment consists of expenditure incurred by Transport for West Midlands in pursuance of the Investment Programme, Transforming Cities Programme and the Minor Works Programme.

- 8.3 Transport for West Midlands Investment Programme expenditure consists mostly of investment in Metro and Sprint networks in addition to significant investment in local Rail enhancements. The Transforming Cities Programme includes the recently approved package of measures including Birchley Island, Dudley Interchange and the regional Cycling Programme. The Minor Works Programme is predominantly concerned with keeping existing assets in an operational state and also includes project development and the delivery of Park and Ride sites such as Longbridge.
- 8.4 Other Capital Expenditure is defined as expenditure in pursuance of the wider Combined Authority remit out-side of transport and includes investment in 5G, Land Remediation and the Collective Investment Fund.
- 8.5 It should be noted that, as shown in Appendix 5, an extension to the Collective Investment Fund financial limit is planned as part of the Capital Budget for the Authority. This is due to the success of the existing fund which is almost at capacity and also, the aspirations of the Combined Authority to have a fund which is targeted at a residential loan facility. It is intended that the residential fund helps the Housing Delivery Team onto a sustainable financial footing once the devolved grant is exhausted. These new commercial funds will, however, be subject to the appropriate approvals prior to any commitments being made.
- 8.6 Grants to Local Authorities are essentially payments to constituent Local Authorities who are delivering component parts of the Investment Programme or where the Combined Authority are the Accountable Body in respect of delivery expectations (i.e. the Athlete's Village grant). Most notably in 2019/20 grants to Local Authorities will be for investment in Coventry (Station Masterplan and Friargate), Land Remediation managed by the Black Country LEP, UK Central and the Athlete's Village in Perry Barr.

9.0 Investment Programme

- 9.1 The West Midlands Combined Authority Investment Programme consists of an £8 billion package of measures designed to stimulate and grow the West Midlands economy with a focus on maximising the benefits from HS2. The programme was originally funded through a broad range of sources, including a £2 billion commitment from West Midlands Combined Authority, underpinned by four pillars of income over a 30 year period; these being Devolution Deal Grant, Mayoral Precept, Business Rates Growth and Business Rates Supplement.
- 9.2 The capital investment associated with the Investment Programme is detailed within Appendix 7 which details the amount of spend expected to be incurred delivering the programme to 2023/24.
- 9.3 The final stage in the Investment Programme Assurance Process results in programmes receiving a commitment by the Combined Authority to fund part or all of an Investment Programme scheme. The Combined Authority can make this commitment to borrow to fund capital expenditure only if it has certainty over the long term revenues required to repay the debt and interest costs. Visibility over each 'commitment to fund' is provided to Investment Board each month.
- 9.4 It should be noted that of the four long term income pillars detailed above, only the Devolution Deal Grant is considered to be substantially secured over the 30 year term with the Combined Authority being required to adequately address the five yearly gateway reviews which are a condition of the grant; the first of which will be undertaken during 2020/21 with the outcome being determined in March 2021.

- 9.5 The remaining three income sources continue to be developed by the West Midlands Combined Authority but it is possible these income sources will not be realised as originally conceived.
- 9.6 Based on the sequencing of business cases through the Assurance Process, the West Midlands Combined Authority expects to fully exhaust the buying power of the Devolution Deal Grant during 2019/20, having made 'commitments to fund' over £750 million of Investment Programme schemes which will be delivered over the next circa 8 years. In order to continue making commitments to fund schemes after this point, sustainable, long term revenue sources of circa £200 million will need to be identified to allow all the scheduled business cases to pass through the assurance process in 2019/20. Post 2019/20 there remains a significant amount to secure.
- 9.7 The income required to fund the Investment Programme will be generated from a combination of the Combined Authority realising the remaining three original pillars of income detailed above and new deals / arrangements being made with stakeholders including public / private partnerships, land value capture and agreements with central government.
- 9.8 Work was undertaken throughout the autumn to articulate the scale of the issue and agree a strategy with Leaders to identify viable solutions which consist of both income generation and cost avoidance / reduction. Regular updates against these strategies will continue to be provided to Investment Board and West Midlands Combined Authority Board throughout 2019/20.
- 9.9 It should be noted that the 2019/20 Capital Programme as presented within this report is considered to be unaffected by the issues detailed above. The later years of the programme are more exposed to the issues concerning income available to repay debt but no attempt has been made at this stage to trim the investment aspirations of the Combined Authority in this report.
- 9.10 Ultimately, if the Combined Authority are unable to close the gap between Investment Programme commitments and available funding, it is likely schemes could encounter delays and / or the overall Investment Programme will need to be scaled back in consultation with Leaders.

10.0 Budget Calculation

- 10.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer, in this case, the Director of Finance, as Section 151 officer to report to the West Midlands Combined Authority when it is setting the budget and the precept. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.
- 10.2 The budget currently provides for the financial implications of the West Midlands Combined Authority's policies to the extent that these are known or can reasonably be assessed. However, there are a number of risks which are beyond the West Midlands Combined Authority's control and for which it is not possible to be precise:
- The West Midlands Combined Authority's demand-led services;
 - Inflation and interest rate volatility;
 - West Midlands Pension Fund Investment Performance; and
 - Unforeseen emergencies.

- 10.3 The existing General Reserve Balance as set out in Table 2 is £2.3 million. This balance represents only 1.9% of the aggregate proposed 2019/20 Constituent Authority contributions.
- 10.4 Although clearly the appropriate level of general fund reserves is a matter for judgement by the Finance Director (Section 151 Officer) the Audit Commission recommend that general fund reserves should be between 5% and 7.5% of expenditure. The proposed balance is significantly below this recommended level and consideration should be given over the medium term to increase the level of General Balances to ensure risk can be managed within the West Midlands Combined Authority without creating volatility on the Transport for West Midland's levy.
- 10.5 Members will also be aware of our obligations as a Best Value authority to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness, including consultation with tax payers and users as appropriate.
- 10.6 These obligations are addressed in the medium term financial planning and brought together as part of the annual budget process in this report and the February 2018 Cabinet budget report. This is supplemented by additional Cabinet reports throughout the year with regard to the approval of significant investments and reforms.
- 10.7 Despite the above risks, there are also a number of opportunities to consider to ensure optimum financial stability and security that include:
- Capital Financing, making best use of capital financing, including optimum use of access to the Public Works Loans Board; and
 - Treasury Management activity, maximising the current market opportunities for the West Midlands Combined Authority and reviewing the borrowing strategy.
- 10.8 The Director of Finance states that to the best of her knowledge and belief these budget calculations are robust and have full regard to:
- The West Midlands Combined Authority's Strategic Economic Plan and the Mayor's Renewal Plan;
 - The need to protect the West Midlands Combined Authority's financial standing and risk;
 - The estimated financial position as at the end of 2018/19;
 - The financial policies of the government as they impact upon the West Midlands Combined Authority;
 - The Transport Capital Programme set out in Appendix 4;
 - The Investment Programme set out in Appendix 5;
 - The strength of the West Midlands Combined Authority's financial control procedures including audit considerations; and
 - The extent of the West Midlands Combined Authority's general balances and earmarked reserves.

11.0 Scrutiny of the budget proposals

- 11.1 Scrutiny of the 2019/20 budget proposals is being undertaken by the Overview and Scrutiny Committee's Budget Task and Finish Review Group which is meeting with the Mayor, the Portfolio Lead for Finance and key senior officers to complement the work already being carried out by the Transport Delivery Committee.
- 11.2 The conclusion of this work will inform the Overview and Scrutiny Committee which will be meeting during week commencing 30 January 2019 to consider what comments it wishes to make to the West Midlands Combined Authority Board as part of the budget consultation.
- 11.3 A copy of the commentary will be made available in time for the West Midlands Combined Authority Board on 8 February 2019.

12.0 Legal Implications

- 12.1 Under powers granted by the Combined Authorities (Finance) Order 2017, Elected Mayors may raise a precept on Constituent Authorities Council Tax bills under section 107G of the Local Democracy Economic Development and Construction Act 2009. A Mayoral Precept may only be issued in relation to the costs of the Mayor or of discharging Mayoral Functions. The Mayoral functions are set out in Article 22 of the West Midlands Combined Authority (functions and amendments) Order 2017. In particular, there are powers for the Mayor to engage in highway management activity, works permit schemes, road safety measures and road traffic reduction activity amongst others. The Order also gives the Mayor a functional power of competence to do anything that is associated, incidental or connected with those powers in order to undertake those activities.
- 12.2 As the Mayor has indicated that he will not be setting a precept during his remaining term of office, the funding of budget proposals in respect of Mayoral functions will be met from alternative funding sources until 2021/22 at the earliest.
- 12.3 As a public authority which has the power to levy for transport functions and to raise a precept, the West Midlands Combined Authority must set a budget every year which is agreed through its formal decision-making processes. This report outlines the legal and governance processes that need to be completed including consideration by Overview and Scrutiny Committee and the West Midlands Combined Authority Board.

13.0 Equalities Implications

- 13.1 West Midlands Combined Authority will continue to have due regard to proactively addressing the three elements of the Public Sector Equality Duty in all relevant areas – in particular the planning and delivery of our services. The West Midlands Combined Authority will continue to assess the equality impact of all relevant transformational change programmes and will ensure that the West Midlands Combined Authority Board has sufficient equalities assessment information to enable it to have due regard to the three elements of the Equality Duty when considering the budget for 2019/20.
- 13.2 West Midlands Combined Authority will continue to ensure best practice is followed with regard to these requirements and will summarise its position in the February Report to the West Midlands Combined Authority Board following the finalisation of the budget proposals.

14.0 Inclusive Growth Implications

14.1 West Midlands Combined Authority will continue to have due regard to proactively delivering inclusive growth in the West Midlands region. The budget proposals contained in this report reflect that commitment.

15.0 Geographical Area of Report's Implications

15.1 The budget proposals encompass the West Midlands region.

16.0 Appendices

Appendix 1 – Transport Delivery Revenue Budget

Appendix 2 – WMCA Operational Budget

Appendix 3 – WMCA Capital Programme Summary

Appendix 4 – Transport Capital Programme

Appendix 5 – Other Capital Expenditure

Appendix 6 – Capital Grants to Local Authorities

Appendix 7 – WMCA Investment Programme

Proposed Transport Revenue Budget

The proposed transport budget and levy for 2019/20 – 2023/24 are set out below:

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	£m	£m	£m	£m	£m	£m
Transport Levy	114.7	114.7	114.9	116.2	116.6	117.0
Use of reserves	1.0	1.0	1.0	-	-	-
Total Funding	115.7	115.7	115.9	116.2	116.6	117.0
Concessions						
National Bus Concession	52.2	51.2	50.6	50.2	49.7	49.3
Metro / Rail	4.5	4.6	4.6	4.6	4.6	4.6
Child Concession	9.6	7.6	7.7	7.7	7.8	7.9
	66.3	63.4	62.9	62.6	62.1	61.9
Bus Services						
Bus Stations / Infrastructure	3.5	4.3	4.1	4.2	4.4	4.5
Subsidised Network	8.5	9.4	9.6	9.7	9.8	9.9
Tendering / Monitoring	0.7	0.8	0.8	0.8	0.8	0.9
Accessible Transport	7.3	7.3	7.3	7.3	7.3	7.4
	20.0	21.7	21.8	22.1	22.3	22.6
Rail and Metro Services						
Metro Services	1.6	1.6	3.9	3.7	4.3	4.3
Rail Services	2.2	2.2	2.1	2.1	2.1	2.2
	3.8	3.8	6.0	5.8	6.3	6.4
Integration						
Safety and Security	0.6	1.0	0.8	0.8	0.8	0.8
Passenger Information	5.2	5.0	5.1	5.3	5.4	5.4
Sustainable Travel	0.3	0.4	0.4	0.4	0.5	0.6
	6.1	6.5	6.3	6.5	6.7	6.8
Network Resilience	0.9	1.8	1.8	1.8	1.8	1.9
Business Support Costs	3.3	3.5	3.2	3.2	3.3	3.3
Strategic Development	2.3	2.3	2.3	2.4	2.5	2.5
Elected Members	0.3	0.3	0.3	0.3	0.3	0.3
Capital Finance Charges	12.9	12.5	11.5	11.5	11.3	11.3
Total Expenditure	115.7	115.7	115.9	116.2	116.6	117.0
Net Expenditure	0.0	0.0	0.0	0.0	0.0	0.0

£51.2 million English National Concessions Travel Scheme (ENCTS)

This represents the reimbursement for ENCTS and is regulated by the Secretary of State with guidance provided by the Department for Transport. The latest price information and patronage figures from bus operators have been taken into account in forecasting the ENCTS requirement. The current scheme extends entitlement from 9.30am to the last bus. The proposal is for this to continue for 2019/20.

£11.2 million Capital Financing

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

£1.3 million Deregulation Pension Deficit

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

£7.6 million Child Concessions

The provision of concessionary half fare travel is provided to all children aged five to 15 and 16-18 scholars (in full time education) residing in the West Midlands. The Child Concessions amount now also includes a half fare offer for apprentices and trainees aged 16-18 which was initially introduced as a pilot scheme in September 2017 and has now been fully incorporated into the main Child Concessions scheme.

£9.4 million Tendered Services

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

£7.3 million Accessible Transport

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

£5.0 million Passenger Information

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

£4.6 million Rail and Metro Concessions

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

£4.5 million Bus Services / Infrastructure

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

£3.4 million Rail and Metro Services

These costs cover the operation of the Metro and Rail and Metro car park and ride facilities. Rail and Metro car parks are provided free of charge within the Metropolitan area. This policy provides in excess of 9,000 parking spaces.

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

£2.4 million Strategic Development

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

£1.0 million Safety and Security

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

£0.8m Tendering/Monitoring costs

Associated costs related to administering and monitoring the Bus Network

£0.4 million Sustainable Travel

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

£3.5 million Business Support Costs

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

£0.4 million Elected Members

This represents the cost of elected members related to the responsibilities of the Transport Delivery Committee (and sub-boards) and officer and associated support costs in relation to this.

Proposed West Midlands Combined Authority Operational Budget

The proposed operational budget for 2019/20 – 2023/24 reflects delivery of the **collective aspirations** of the West Midlands region, as we aim to deliver sustained and inclusive growth for everyone across the region that connects residents to opportunities that are created by this investment. The proposed operational budget 2019/20 – 2023/24 is summarised in the following table:

	2018/2019 £m	2019/2020 £m	2020/2021 £m	2021/2022 £m	2022/2023 £m	2023/2024 £m
Productivity and Skills	4.7	92.8	131.5	129.1	127.2	127.2
Housing & Land	1.1	2.4	2.2	2.2	2.1	1.6
Economic Growth	1.8	2.0	1.7	1.4	1.4	1.4
Health & Wellbeing	0.7	0.7	0.7	0.8	0.8	0.8
Public Sector Reform	0.8	1.1	0.5	0.5	0.5	0.5
Environment	-	0.2	0.3	0.3	0.3	0.3
Corporate Support	2.7	3.9	3.9	4.0	4.1	4.2
Total Expenditure	11.8	103.1	140.6	138.2	136.3	135.9

Further details of what the proposed budget will deliver for each portfolio, including budgeted staffing costs, numbers of full time equivalent staff and comparative information for 2018/19 are set out in the following annexes:

Annex A – Productivity and Skills Portfolio

Annex B – Housing and Land Portfolio

Annex C – Economic Growth Portfolio

Annex D – Health and Wellbeing Portfolio

Annex E – Public Service Reform Portfolio

Annex F – Environment Portfolio

Annex G – Leadership & Corporate Support

Productivity and Skills Portfolio

Projects and work streams that will be delivered in 2019/20:

1. Prepare our young people for future life and work:
 - Publish the West Midlands Careers Strategy
 - Establish a regional Careers Hub to implement an all age careers offer by 2020.
 - Digital platform for work experience in trial
 - Menu of mentoring services
 - Engage 3,000 young people in the Mayor's Mentors Programme

2. Create regional networks of specialist technical education and training:
 - Clear investment plan for technical education in the West Midlands
 - Regional approach to sourcing good work experience placements
 - Regional approach to (skills-related) employer engagement agreed
 - More higher level skills (L3) delivered through AEB:
 - Construction
 - Digital
 - Automotive
 - Professional services
 - Creative
 - 2375 people trained through the Construction Gateway and On-site hubs with 1126 moving into work
 - Develop and deliver a West Midlands Business & Professional Services skills plan
 - Regional Business & Professional Services training offer established – for employers and individuals
 - Develop and deliver a West Midlands Digital Skills Plan
 - West Midlands Digital training offer established – for employers and individuals – 500 to be trained with 330 moving into work
 - Programme developed to train 60 people in cyber skills, of which 30 enter good jobs

3. Accelerate the take up of good quality apprenticeships across the region:
 - Increase in good quality Apprenticeship starts across the WM, particularly in STEM and priority sectors
 - £10m levy funding committed to West Midlands apprenticeship fund

4. Deliver inclusive growth by giving more people the skills to get and sustain good jobs and careers
 - 300 16-24 year old unemployed young people engaged and supported through progression coaches
 - 150 young unemployed people undertake work experience placement
 - Develop Target Operating Model for high quality employment support across the West Midlands
 - 2022 people supported through the Connecting Communities employment support pilot with 699 moving into work and 623 increasing their income

5. Develop a new approach to commissioning and delivering provision funded through the Adult Education Budget to include a shift in higher level skills delivered in priority sectors, pre-apprenticeships and targeted training to improve employment and careers prospects for 1500 unemployed and low skilled adults by 2020.
6. Promote the concept of a skills ecosystem for the region which recognises the interdependence of schools, FE, HE, Adult and Community Learning and private and voluntary training providers and facilitates stronger collaboration, with employers, to address regional skills needs.

Productivity and Skills Portfolio	2018/19 Budget £	FTE (no.)	2019/20 Budget £	FTE (no.)
Constituent / Non-Constituent Membership Fees	443,068		559,474	
Adult Education (grant funded)	200,000		84,195,529	
Employment Support Pilot	1,828,644		2,278,135	
Construction Skills	1,666,000		3,556,476	
Digital Skills	-		1,741,000	
HS2 Skills	175,452		205,606	
Gatsby Funds	100,000		100,000	
Use of reserves	331,768		177,384	
Total Funding	4,744,932		92,813,604	
Staff Costs (Membership fee funded only)	420,672	6.0	505,141	7.0
Commissioning - various skills research projects	375,569		231,717	
Adult Education	178,595		84,195,529	
Construction Skills	1,666,000		3,556,476	
Employment Support Pilot	1,828,644		2,278,135	
Digital Skills	-		1,741,000	
HS2 Support	175,452		205,606	
Gatsby Support	100,000		100,000	
Total Expenditure	4,744,932		92,813,604	
Total	-		-	

Fee Funded Posts 2019/20:

Productivity & Skills

Director of Productivity & Skills (70%), Programme Lead for Skills, Employment & Productivity, Head of Business Engagement, Apprenticeship Manager, Apprenticeship Broker, Employment Support Manager, Senior Policy Advisor, Project Support Officer.

Grant Funded Posts 2019/20:

Employment Support Pilot - Connecting Communities

Project Manager (Mayor's Mentors 0.5 FTE), Compliance Officer x 2

HS2 Skills

Apprenticeship Broker x 2, HS2 Lead.

Gatsby Skills

T-Level Planning Manager.

Construction Skills

Director of Productivity & Skills (30%), Construction Project Manager, Apprentice.

Adult Education Budget

Monitoring Officer, MI Analyst, Head of Skills Delivery, Business Engagement Manager, Administrator, Stakeholder Officer, Programme Officer, Procurement Officer, Solicitor (0.5 FTE).

Career Learning Pilot

T-Level Planning Manager (50%)

Digital Skills

Digital Skills Project Manager, Digital Skills Partnership Manager.

Housing and Land Portfolio

Projects and work streams that will be delivered in 2019/20:

1. Develop a regional spatial investment and delivery plan (SIDP)
2. Increase the supply of new homes, making clear progress towards the target of 16,500 new homes per annum (from 12,000 in 2017)
3. Increase the supply of affordable and social housing in the region, making clear progress towards the ambition of tripling the supply from 2,000 homes (2017) to 6,000 by 2026
4. Submit an ambitious regional affordable and social housing deal to Government
5. Secure bespoke new supply agreements with housing associations, large and small, existing and new to the region
6. Launch the single commissioning framework, consistent process and funding portal for all devolved housing and land funds
7. Establish new loan funds, where required, for housing and commercial development
8. Submit revised bid to the national HIF fund
9. Deploy devolved housing and land funds and WMCA resource to secure a step change in the quality, quantum and pace of housing and employment delivery
10. Unlock stalled and complex housing and commercial sites through intervention
11. Develop a regional commercial/employment site pipeline
12. Develop genuine, attractive investment proposals which can be put to the market
13. Secure new partnerships with developers and investors, supported by the new regional commercial property forum
14. Through leadership of the One Public Estate Programme, progress development of a single public land disposals strategy and pipeline
15. Deliver nationally significant projects and programmes
16. Launch the West Midlands Investment Prospectus at MIPIM Cannes
17. Jointly develop with local councils and implement delivery and investment plans for a first wave of 5 town centres
18. Launch a second wave of town centre projects
19. Submit bid to the Government's Town Centre Fund

20. Create corridor investment plans with Walsall to Wolverhampton and Sandwell to Dudley as the first stage of wider growth corridors programme
21. Create a comprehensive pipeline of brownfield housing and employment opportunities on key transport corridors and town centre locations – a national exemplar
22. Contribute to the ambition for 80% of new housing supply on brownfield land by unlocking key sites
23. Secure a nationally leading advanced methods of construction programme including a new AMC strategy and route map
24. Support the take up of AMC in new development proposals but particularly on all sites where WMCA has an interest e.g. through landownership or funding
25. Improve standards of design through the development and implementation of a new regional design charter

Housing and Land Portfolio	2018/19 Budget £	FTE (no.)	2019/20 Budget £	FTE (no.)
Constituent / Non-Constituent Membership Fees	150,450		147,271	
Devolution Funding (Housing & Land)	1,000,000		2,201,321	
Total Funding	1,150,450		2,348,592	
Staff costs	764,450	11.0	1,170,092	15.0
Housing and Land delivery support - Development, investment and master planning expertise	386,000		1,175,000	
Travel & Subsistence	-		3,500	
Total Expenditure	1,150,450		2,348,592	
Net Total	-		-	

Fee Funded Posts 2019/20:

Housing and Land

Director of Housing & Regeneration

Grant Funded Posts 2019/20:

Housing and Land

Head of Land & Delivery, Senior Policy Officer x 3, Head of Policy - Housing & Regeneration, Senior Development Manager x 3, Programme Manager, Graduate x 5, plus Finance, Legal & PA support.

Economic Growth Portfolio**Projects and work streams that will be delivered in 2019/20:**

1. Development and delivery of the Local Industrial Strategy.
2. Create conditions to support inclusive, sustainable economic growth, that help make the West Midlands the best place to grow up, live and work.
3. Secure the powers and resources that will deliver on the CA's strategic objectives.
4. Equip the CA with the tools to deliver programmes with impact (evidence led policy and performance - SOTR, Performance Reporting / MI, ODA).
5. Supporting Growth – more resilient, balanced economy, where more residents are contributing to and benefiting from sustained economic growth.
6. Powers and resources – clear definition of CA remit supported by sustainable resourcing model.
7. Tools to deliver – enhanced effectiveness of CA and programmes.
8. Growth – State of the Region Indicators: GVA, productivity, wage levels, progression and participation measures, economic sentiment and resilience.
9. Powers and resources – growth in powers and resources secured for the CA.
10. Tools to deliver – consistent view of CA performance, innovation in data analysis to support evidence led policy making and programme development.

Economic Growth Portfolio	2018/19 Budget £	FTE (no.)	2019/20 Budget £	FTE (no.)
Constituent / Non-Constituent Membership Fees	1,108,623		1,213,954	
Mayoral Capacity Funding	388,000		95,415	
Office of Data Analytics grant funding	200,000		284,041	
Assumed new funding stream to support Local Industrial Strategy	-		200,000	
Use of reserves	100,000		222,000	
Total Funding	1,796,623		2,015,410	
Staff Costs				
Industrial Strategy & Funding for Growth	316,623	3.6	380,585	4.0
Office of Data Analytics (ODA)	200,000	2.0	189,825	3.5
Growth Company Annual Membership Fee	700,000		700,000	
Black Country Economic Intelligence Unit - LIS support and education and skills intelligence	240,000		240,000	
LIS business case development & delivery	-		200,000	
Culture and Tourism - Pilots and Film & Convergent Media Development project	160,000		110,000	
Funding for Growth - Project Support	100,000		-	
Industrial Strategy - Project Support	80,000		100,000	
ODA Project / Consultancy Support	-		95,000	
Total Expenditure	1,796,623		2,015,410	
Net Total	-		-	

Fee Funded Posts 2019/20:

Industrial Strategy & Funding for Growth

Director of Strategy, Head of Policy (0.5 FTE), Programme Development & Research (0.5 FTE), Senior Policy Officer, Policy Officer.

Grant Funded Posts 2019/20:

Office of Data Analytics (ODA)

Senior Policy Officer, Policy Advisor, Head of Policy, Programme Development & Research (0.5 FTE), Apprentice.

Health and Wellbeing Portfolio

Projects and work streams that will be delivered in 2019/20:

1. **Mental Health** – the WM Thrive programme continues to grow and add value to the region – with people now being helped into work through the Individual Placement Support programme, and over 200 businesses signed up for Thrive at Work, impacting on over 62,000 employees.
2. **Youth Justice and Vulnerability** – we are finalising some innovative action research on vulnerable young people within the justice system, which we will be using to develop a platform for better regional collaboration in prevention through 2019 – including bringing forward a proposal for ‘trauma informed practice’ across the region.
3. **Childhood Obesity** – the Wellbeing Board has signed off an approach to childhood obesity (including a junk food ban on parts of the TFWM network) which will be considered by WMCA Board in March 2019 as part of a regional action plan worked up in partnership with Public Health England.
4. **Physical Activity** – building on the development of West Midlands on the move - including establishment of ‘Good Gym West Midlands’, a substantial work programme on disability and sport, support for Commonwealth Games legacy development, and the development of a ‘Black Country Fund’ with Sport England to help address low levels of physical activity.
5. **Digital ‘Radical Prevention’ deal** - a bid is being developed which brings together our regional ambitions around digital and prevention – building on our 5G test bed status to bring in additional health funding for digital innovation developed within the region.
6. **Homelessness & Complex Needs** – working with the Taskforce to develop its objectives – including embedding the £9.6m housing first pilot across the region, and developing a ‘commitment to collaborate’ across public services to help demand management and preventative outcomes for rough sleepers. Findings from the work on complex needs led by WMFS are due to be published, and its intended to use this data as part of a funding bid to develop a regional observatory which could support different methods of intervention.
7. **Collaboration with Police and Fire** – support for WMFS and WMP strategic planning to develop models of collaboration to support prevention, joined up local services and to support demand management goals.
8. **CSR Submission development** – early stage work to begin shaping a Comprehensive Spending Review submission for the region in partnership with LA CEO colleagues.

Health & Wellbeing Portfolio	2018/19 Budget £	FTE (no.)	2019/20 Budget £	FTE (no.)
Constituent / Non-Constituent Membership Fees	676,900		685,961	
Thrive into Work Grant	-		819,756	
Total Funding	676,900		1,505,717	
Staff Costs	459,200	8.0	440,065	7.0
Staff Costs (Thrive into Work Programme)	-	0.0	28,512	1.0
Thrive into Work	-		791,244	
Mental Health Commission Expenses	30,700		31,000	
Mental Health Project / Consultancy Support	100,000		100,000	
Wellbeing Pilots	50,000		-	
Funding contribution to Fiscal Incentive Programme	-		27,897	
Health & Wellbeing Project / Consultancy Support	37,000		87,000	
Total Expenditure	676,900		1,505,717	
Total	-		-	

Fee Funded Posts 2019/20:

Health & Wellbeing

Senior Policy Officer X 4, Physical Activity Lead (Wellbeing), Programme Director (Mental Health 1/3 contribution), Business Support Officer.

Grant Funded Posts 2019/20:

Thrive into Work

Business Support Officer

Public Service Reform Portfolio

Projects and work streams that will be delivered in 2019/20:

1. **Inclusive Growth Unit** - programmes of work to develop an inclusive growth investment toolkit, an inclusive growth framework & evidence base, a population hub developed by Public Health England and a credible citizen engagement programme.
2. **Citizen Engagement** - work in partnership with TfWM to create a 'people's panel' and to create two citizen engagement spaces at major bus stations.
3. **Social Economy Taskforce** - the independent Social Economy Taskforce is developing a suite of recommendations including a stronger social value policy and the creation of regional social finance mechanisms to help grow social economy organisations in key sectors.
4. **Industrial Strategy & Investment Portfolio** - delivering inclusive growth commitments in the Local Industrial Strategy including social value within supply chains, in-work progression and proactive skills development within marginalised communities.
5. **Skills** - working with the Productivity and Skills team on WMCA's approach to youth unemployment to ensure wellbeing, prevention and holistic support for young people is embedded and financed by the regional Skills Deal.
6. **Housing, Town Centres & Inclusive Growth Corridors** - working with the WMCA Housing and Transport teams on ensuring an inclusive growth approach to town centre programme, growth corridors, healthy housing and the region's One Public Estate programme.
7. **Transfer of policing governance and PSR implications** – including substantial work supporting the policy and governance elements of the proposed transfer of PCC powers to the Mayoralty, regional engagement (with Leaders, CEOs and relevant audit and scrutiny committees); development of consultation materials and early stage development of potential transition arrangements.
8. **Transfer of fire service governance and PSR implications** – enabling the transfer of governance from WMFRA to the Mayor, and will continue through increasing collaboration between WMCA and WMFS on PSR, strategy and insight.
9. **5G Digital Public Sector Transformation** – the 5G programme will see the deployment of circa £150m of government, private sector and regional contributions to an emerging 5G mobile network for the region. This includes early test-beds focused on health and public service applications, mobility and advanced manufacturing and citizen connectivity. The team will continue to push forward the social and public value benefits of 5G and digital public services.
10. **West Midlands Office of Data Analytics** – the ODA has limited funding from central government to begin the process of drawing together regional data sources as part of a planned WMCA capability for data analytics to support better policymaking and joint commissioning. There is great potential for this work to support better PS commissioning and enable collaboration between local authorities, health, police and fire over the medium term.
11. **WMCA cross-departmental collaboration – work across the WMCA's other portfolios** – transport, skills, housing, economy, environment, HR and corporate services – to promote an inclusive growth and wellbeing agenda, and be the organisational reference point for social economy, mental health, wellbeing and inclusion.
12. **Supporting place based health and care** – continue to support our regional health and care partnerships, with a place on the West Midlands STP executive, and through the development of our population hub and preventative activities.

Public Service Reform Portfolio	2018/19 Budget £	FTE (no.)	2019/20 Budget £	FTE (no.)
Constituent / Non-Constituent Membership Fees	490,267		521,735	
Mayoral Capacity Funding	100,000		100,000	
Barrow Cadbury Trust	100,000		0	
Assumed new funding stream to support LIS	0		215,000	
Use of reserves (Culture & Tourism)	70,000		285,000	
Total Funding	760,267		1,121,735	
Staff Costs	440,267	5.0	521,735	6.0
PSR Project / Consultancy Support	220,000		100,000	
Inclusive growth - project support	100,000		-	
Delivery of inclusive growth, radical prevention & systems collaboration	-		500,000	
Total Expenditure	760,267		1,121,735	
Net Total	-		-	

Fee Funded Posts 2019/20:

Public Sector Reform

Director of PSR, Chief Executive Support, Implementation Director PSR & Inclusive Growth, Senior Policy Officer x 2, Apprentice plus Finance support.

Environment Portfolio

Projects and work streams that will be delivered in 2019/20:

1. Overall aim to deliver clean and resilient growth, as part of overall WMCA Vision to improve the overall quality of life for everyone.
2. Deliver Environment Portfolio holder and Environment Board workplan to improve how environment is integrated across WMCA strategy, programmes and operations to meet WMCA improvement targets e.g. internal environmental strategy and actions below.
3. Low emission strategy and action plan – working with local authorities and partners to coordinate good practice and support for local action to tackle air quality and greenhouse gases to meet WMCA Targets.
4. Clean growth challenge – using priorities within UK’s first clean growth Local Industrial Strategy to develop a series of programmes with partners to support the growth of clean growth businesses e.g. improved coordination of existing support, competition for new low carbon products to address local demand.
5. Scale up challenge – review of existing good practice within WMCA area and partners that could be scaled up e.g. good practice in procurement, waste, and planning policies
6. Greenspaces and waterways – develop natural environment infrastructure investment plan to help coordinate and attract investment to improve a network of local green and blue spaces. Design standards for housing and infrastructure – use local partners expertise to support our own and others investment standards.
7. Support further development with partners of implementation of new Regional Energy Strategy by Energy Capital.

Environment Portfolio	2018/19 Budget £	FTE (no.)	2019/20 Budget £	FTE (no.)
Constituent / Non-Constituent Membership Fees			241,915	
Total Funding	-		241,915	
Staff Costs			156,915	3.0
Environment Project / Consultancy Support			85,000	
Total Expenditure	-		241,915	
Total	-		-	

Fee Funded Posts 2019/20:
Environment 2019/20
 Head of Environment, Policy / Project Manager, Graduate/Trainee

Leadership & Corporate Support

Leadership & Corporate Services work to support the WMCA to deliver sustained and inclusive economic growth by offering a joined-up solution and providing a range of services including Communications, Finance, Governance, Human Resources, Information Technology, Legal, Risk Management, Property, Programmes and Project support that help turn ideas into outcomes.

The role of corporate services is to work collaboratively to deliver robust organisational support services that add value and help teams deliver outcomes that make a real difference to the people of the West Midlands.

Corporate Services has played a fundamental role in supporting the transition of the WMCA as it matures and has worked to standardise business processes and policies across the newly established organisation.

Leadership & Corporate Support	2018/19 Budget £	FTE (no.)	2019/20 Budget £	FTE (no.)
Constituent / Non-Constituent Membership Fees	2,207,274		1,698,507	
Investment Income	493,500		1,693,500	
Other income	-		459,597	
Total Funding	2,700,774		3,851,604	
Leadership	381,311	3.0	472,730	4.0
WMCA Central Project / Consultancy Support	100,000		100,000	
Corporate Support Recharges	2,219,463		3,278,874	
Total Expenditure	2,700,774		3,851,604	
Total	-		-	

Fee Funded Posts 2019/20:

Leadership

Chief Executive (CX), Head of CX Office, Executive Assistant to CX, Administrator

Corporate Support Recharges to Operational Budget

Corporate support recharges reflect the distribution between Transport for West Midlands and the Operational Budget agreed in 2018 to meet statutory requirements. In addition the 2019/20 budget reflects capacity growth to support the wider West Midlands Combined Authority agenda, fully funded by additional income including a top-slice of grant income with no net impact on constituent authority fees.

Corporate Services capacity has been strengthened to reflect statutory obligations in relation to the building and build ICT capacity to meet increasing demands.

APPENDIX 3 - WMCA SUMMARY CAPITAL EXPENDITURE

£ MILLION	CAPITAL EXPENDITURE FORECAST					GRAND TOTAL
	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	
Investment Programme - TFWM Sponsored Schemes	194.77	232.66	259.36	247.99	532.39	1,467.18
Transforming Cities Programme	10.70	18.69	13.61	72.50	-	115.50
TFWM Minor Works Programme	16.07	3.20	1.29	1.29	1.29	23.15
Sub Total - TFWM Capital Expenditure (See Appendix 4)	221.54	254.55	274.27	321.78	533.68	1,605.82
WMCA Other Capital Schemes	63.00	58.00	96.50	73.46	-	290.96
Collective Investment Funds	50.00	45.00	65.00	40.00	-	200.00
Sub Total - WMCA Other Capital Expenditure (See Appendix 5)	113.00	103.00	161.50	113.46	-	490.96
Capital Grants To Other Local Authorities	215.03	236.11	243.03	152.81	449.77	1,296.76
Capital Expenditure Grand Total (See Appendix 6)	549.58	593.66	678.79	588.06	983.45	3,393.54

APPENDIX 4 : Transport Capital Programme 2019 / 2020

£ MILLION	CAPITAL EXPENDITURE FORECAST					Grand Total
	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	
A45 Airport and Solihull Sprint	10.00	19.37	19.37	-	-	48.74
Longbridge to Birmingham Sprint	0.15	0.15	8.10	8.99	11.00	28.39
Hall Green to Interchange via Solihull Sprint	0.10	0.10	2.60	1.60	3.11	7.51
A34 Walsall to Birmingham Sprint	7.00	12.00	12.00	1.69	-	32.69
Hagley Road Extension to Halesowen Sprint	2.95	8.39	-	-	-	11.34
Hagley Road Phase 2 & Halesowen Sprint	0.35	7.50	10.47	10.47	10.47	39.26
Dudley to Birmingham Sprint	0.15	2.50	3.32	3.32	3.32	12.60
Sutton Coldfield to Birmingham via Langley Sprint	6.50	10.00	10.00	0.17	-	26.67
Brierley Hill Metro Extension	44.85	55.31	79.57	115.53	28.50	323.74
Birmingham Eastside Metro Extension	57.74	32.74	24.60	4.13	-	119.21
Centenary Square Metro Extension	14.88	3.22	-	-	-	18.10
Edgbaston Metro Extension	15.83	16.71	15.87	-	-	48.41
East Birmingham to Solihull Metro Extension	8.21	17.00	27.50	100.10	154.70	307.51
Wolverhampton Metro Extension	0.84	12.57	-	-	-	13.40
Wolverhampton Car Park & Public Realm	1.50	-	-	-	-	1.50
Camp Hill Line Local Rail Enhancements	5.50	8.23	24.68	-	-	38.41
Bordesley Chords Rail Improvements	-	-	-	-	200.00	200.00
Snow Hill Lines Rail Improvements	-	1.10	1.10	2.00	16.30	20.50
Stourbridge to Round Oak Line Canal St Rail Station	5.43	9.98	4.47	-	-	19.88
Walsall to Wolverhampton Local Rail Enhancements	1.94	6.60	6.65	-	-	15.19
Water Orton Rail Improvements	-	-	-	-	50.00	50.00
Water Orton Local Rail Enhancements	-	-	-	-	55.00	55.00
Tile Hill Park and Ride Rail Expansion	7.76	-	-	-	-	7.76
Sutton Coldfield (Public Transport Package) Interchange and City Link	3.10	9.20	9.06	-	-	21.36
SUB TOTAL TFWM SPONSORED INVESTMENT PROGRAMME SCHEMES	194.77	232.66	259.36	247.99	532.39	1,467.18
Transforming Cities Fund Programme Subject to Approval by WMCA 09/11/2018 :						
Highways Investment Programme , Birchley Island, Dudley Interchange , Spon End, Cycling Programme, University Station, New St / High St / Victoria Sq Public Realm, Regional Transport Coordination Centre, Realtime Information Upgrades, Low Emission Bus Scheme. Programme phasing to be developed	10.70	18.69	13.61	-	-	43.00
TCF - Phase 2 (2018 Budget Announcement)	-	-	-	72.50	-	72.50
SUB TOTAL TRANSFORMING CITIES PROGRAMME	10.70	18.69	13.61	72.50	-	115.50
Network Wide Park and Ride Resurfacing Programme	0.02	-	-	-	-	0.02
Network Wide Park and Ride Expansion Developments -Phase 2	0.04	-	-	-	-	0.04
Asset Management Programme	1.20	1.20	1.20	1.20	1.20	6.00
Connected and Autonomous Vehicles TestBed (CAV)	5.21	-	-	-	-	5.21
ITB Top Slice	0.08	0.08	0.08	0.09	0.09	0.41
Bike Life	0.02	0.02	0.02	-	-	0.05
Key Route Network Safety	2.00	-	-	-	-	2.00
Bradley Lane Park and Ride	0.17	0.00	0.00	-	-	0.18
NPIF 2 Birmingham Growth Point	1.53	-	-	-	-	1.53
Dudley Bus Station Development	-	0.10	-	-	-	0.10
Gateway Controlled Project Development	-	0.30	-	-	-	0.30
University Station Improvement Project	0.98	-	-	-	-	0.98
Snow Hill 3rd Access	1.63	-	-	-	-	1.63
Snow Hill Public Realm	0.15	-	-	-	-	0.15
TBT Bus Initiatives	0.50	-	-	-	-	0.50
Clean Bus Technology Fund 2017-2019	0.80	-	-	-	-	0.80
Longbridge Connectivity Package	1.75	-	-	-	-	1.75
Park and Ride Delivery	-	1.50	-	-	-	1.50
SUB TOTAL TFWM MINOR WORKS	16.07	3.20	1.29	1.29	1.29	23.15
GRAND TOTAL	221.54	254.55	274.27	321.78	533.68	1,605.82

APPENDIX 5 : OTHER WMCA CAPITAL EXPENDITURE

£ MILLION	CAPITAL EXPENDITURE FORECAST					Grand Total
	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	
5G	8.00	8.00	8.00	25.00	-	49.00
Land Remediation Funds (BLPDF)	35.00	10.00	-	-	-	45.00
Land Remediation Funds (Remaining Devo Balance)	-	-	48.50	48.46	-	96.96
Priority Land Sites	20.00	40.00	40.00	-	-	100.00
SUB TOTAL - WMCA OTHER CAPITAL SCHEMES	63.00	58.00	96.50	73.46	-	290.96
Collective Investment Fund	30.00	-	-	-	-	30.00
Collective Investment Fund Extension	10.00	25.00	35.00	-	-	70.00
Collective Investment Fund Residential	10.00	20.00	30.00	40.00	-	100.00
COLLECTIVE INVESTMENT FUNDS	50.00	45.00	65.00	40.00	-	200.00
TOTAL - WMCA OTHER CAPITAL EXPENDITURE	113.00	103.00	161.50	113.46	-	490.96

APPENDIX 6 : CAPITAL GRANTS TO LOCAL AUTHORITIES

£ MILLION	CAPITAL EXPENDITURE FORECAST					Grand Total
	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	
Commonwealth Games	10.00	15.00	-	-	-	25.00
Coventry Station Masterplan (Centre First Package)	26.49	18.61	0.90	1.30	-	47.30
Coventry City Centre South Regeneration	12.70	37.97	33.19	-	-	83.86
Coventry City Centre Regeneration-Friargate	21.61	13.79	-	-	-	35.40
Coventry UKC City Centre South	18.40	21.81	21.34	11.75	82.69	155.99
Coventry UKC North Package	2.25	1.12	8.67	6.12	3.25	21.40
Coventry Very Light Rail	6.91	5.09	2.81	2.49	33.96	51.27
UK Central Infrastructure	12.25	15.47	24.52	52.33	170.14	274.71
UK Central Interchange	11.37	67.25	67.61	78.84	159.73	384.79
Land Remediation Funds (LPIF)	53.04	-	-	-	-	53.04
Perry Barr Athletes Village	40.00	40.00	84.00	-	-	164.00
CAPITAL EXPENDITURE - LOCAL AUTHORITY SPONSORED SCHEMES	215.03	236.11	243.03	152.81	449.77	1,296.76

APPENDIX 7 : INVESTMENT PROGRAMME ANNUAL EXPENDITURE FORECAST TO 2023 / 2024

£ MILLION	FINANCIAL YEAR					Grand Total
	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	
A45 Airport and Solihull Sprint	10.00	19.37	19.37	-	-	48.74
Longbridge to Birmingham Sprint	0.15	0.15	8.10	8.99	11.00	28.39
Hall Green to Interchange via Solihull Sprint	0.10	0.10	2.60	1.60	3.11	7.51
A34 Walsall to Birmingham Sprint	7.00	12.00	12.00	1.69	-	32.69
Hagley Road Extension to Halesowen Sprint	2.95	8.39	-	-	-	11.34
Hagley Road Phase 2 & Halesowen Sprint	0.35	7.50	10.47	10.47	10.47	39.26
Dudley to Birmingham Sprint	0.15	2.50	3.32	3.32	3.32	12.60
Sutton Coldfield to Birmingham via Langley Sprint	6.50	10.00	10.00	0.17	-	26.67
Brierley Hill Metro Extension	44.85	55.31	79.57	115.53	28.50	323.74
Birmingham Eastside Metro Extension	57.74	32.74	24.60	4.13	-	119.21
Centenary Square Metro Extension	14.88	3.22	-	-	-	18.10
Edgbaston Metro Extension	15.83	16.71	15.87	-	-	48.41
East Birmingham to Solihull Metro Extension	8.21	17.00	27.50	100.10	154.70	307.51
Wolverhampton Metro Extension	0.84	12.57	-	-	-	13.40
Wolverhampton Car Park & Public Realm	1.50	-	-	-	-	1.50
Camp Hill Line Local Rail Enhancements	5.50	8.23	24.68	-	-	38.41
Bordesley Chords Rail Improvements	-	-	-	-	200.00	200.00
Snow Hill Lines Rail Improvements	-	1.10	1.10	2.00	16.30	20.50
Stourbridge to Round Oak Line Canal St Rail Station	5.43	9.98	4.47	-	-	19.88
Walsall to Wolverhampton Local Rail Enhancements	1.94	6.60	6.65	-	-	15.19
Water Orton Rail Improvements	-	-	-	-	50.00	50.00
Water Orton Local Rail Enhancements	-	-	-	-	55.00	55.00
Tile Hill Park and Ride Rail Expansion	7.76	-	-	-	-	7.76
Sutton Coldfield (Public Transport Package)Interchange and City Link	3.10	9.20	9.06	-	-	21.36
SUB TOTAL TFWM SPONSORED INVESTMENT PROGRAMME	194.77	232.66	259.36	247.99	532.39	1,467.18
Land Remediation Funds (BLPDF)	35.00	10.00	-	-	-	45.00
Land Remediation Funds (Remaining Devo Balance)	-	-	48.50	48.46	-	96.96
Collective Investment Fund	30.00	-	-	-	-	30.00
SUB TOTAL OTHER WMCA SPONSORED INVESTMENT PROGRAMME	65.00	10.00	48.50	48.46	-	171.96
Commonwealth Games	10.00	15.00	-	-	-	25.00
Coventry Station Masterplan (Centre First Package)	26.49	18.61	0.90	1.30	-	47.30
Coventry City Centre South Regeneration	12.70	37.97	33.19	-	-	83.86
Coventry City Centre Regeneration-Friargate	21.61	13.79	-	-	-	35.40
Coventry UKC City Centre South	18.40	21.81	21.34	11.75	82.69	155.99
Coventry UKC North Package	2.25	1.12	8.67	6.12	3.25	21.40
Coventry Very Light Rail	6.91	5.09	2.81	2.49	33.96	51.27
UK Central Infrastructure	12.25	15.47	24.52	52.33	170.14	274.71
UK Central Interchange	11.37	67.25	67.61	78.84	159.73	384.79
Land Remediation Funds (LPIF)	53.04	-	-	-	-	53.04
Perry Barr Athletes Village	40.00	40.00	84.00	-	-	164.00
SUB TOTAL INVESTMENT PROGRAMME GRANTS TO LOCAL AUTHORITIE	215.03	236.11	243.03	152.81	449.77	1,296.76
GRANT TOTAL INVESTMENT PROGRAMME EXPENDITURE	474.80	478.78	550.89	449.27	982.16	2,935.89

Note: The values above represent the estimated annual out-lay by the Combined Authority in pursuance of Investment Programme schemes. In the case of the Grants to Local Authorities this represents the estimated draw down from the Combined Authority.

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WMCA Board

Date	11 January 2019
Report title	Appointment of Interim s151 Officer
Portfolio Lead	Finance & Investments - Councillor Bob Sleigh
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority tel: (0121) 214 7200 email: deborah.cadman@wmca.org.uk
Accountable Employee	Tim Martin, Head of Governance tel: (0121) 214 7435 email: tim.martin@wmca.org.uk
Report has been considered by	Programme Board - 21 December 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Appoint Linda Horne as Interim s151 Officer and Interim Director of Finance and Carl Pearson as Deputy Interim s151 Officer with effect from 14 December 2018.

1. Purpose

- 1.1 The WMCA's existing s151 Officer has recently taken up employment with a different organisation, creating a vacancy with this statutory role. It is therefore necessary for the WMCA Board to appoint an Interim (and Deputy Interim) s151 Officer to discharge the responsibilities of the post until such time as a permanent replacement is recruited.

2. Background

- 2.1 Sean Pearce had been the WMCA's s151 Officer since being appointed to the role in October 2017. Following his recent appointment with another organisation, the WMCA Board is required to appoint another officer to this statutory role. The responsibilities of the s151 Officer include:

- being a qualified member of a recognised accountancy body;
- ensuring compliance with all statutory requirements for accounting and internal audit (including supporting records and all systems of internal checks and control);
- managing the financial affairs of the Authority in all its dealings and transactions, and in so doing securing the proper stewardship of the Authority's responsibilities;
- reporting to the WMCA Board, the External Auditor and all members of the Authority if there is, or is likely to be, any item of unlawful expenditure or an unbalanced budget;
- owing a personal duty of care to local tax payers in managing the WMCA's resources on their behalf.

- 2.2 In discharging these responsibilities, the s151 Officer must balance the needs and interests of both current and future taxpayers.

- 2.3 The WMCA is currently recruiting a new Director of Finance, who will become the s151 Officer. But until that appointee commences work, it is proposed that Linda Horne, the Head of Finance & Business Planning and current Deputy s151 Officer, be appointed as Interim s151 Officer and Interim Director of Finance. Concurrently, Carl Pearson, Financial Strategy Manager (Capital & Treasury), will be appointed Interim Deputy s151 Officer.

3. Financial Implications

- 3.1 There are no direct financial implications arising out of this report as the posts are not remunerated, in themselves, over and above the existing salary paid for the individual's substantive post within the WMCA.

4. Legal Implications

- 4.1 There are no direct legal implications arising out of the contents of this report, other than a legal requirement for the WMCA to appoint individuals to the positions identified.

5. Equalities Implications

- 5.1 There are no direct equalities implications arising out of the contents of this report.

6. Inclusive Growth Implications

6.1 There are no direct inclusive growth implications arising out of the contents of this report.

7. Geographical Area of Report's Implications

7.1 Not applicable.

8. Other Implications

8.1 None identified.

9. Schedule of Background Papers

Report to WMCA Board on 13 October 2017.

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**West Midlands
Combined Authority**

WMCA Board

Date	11 January 2019
Report title	West Midlands Local Industrial Strategy
Portfolio Lead	Economic Growth - Councillor Ian Ward
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7200
Accountable Employee	Patrick White, Director of Industrial Strategy email: patrick.white@wmca.org.uk tel: (0121) 214 7940 Julia Goldsworthy, Director of Strategy email: julia.goldsworthy@wmca.org.uk tel: (0121) 214 7941
Report and content has been considered by	Programme Board - 21 December 2018 Strategic Economic Development Board - 10 December 2018 Innovation Board - ongoing input

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Endorse the draft Local Industrial Strategy for further discussion and agreement with Government and to delegate to the Strategic Economic Development Board, in consultation with the Portfolio Lead for Economic Growth, the Mayor and the WMCA Chief Executive the agreement of any further amendments that arise in discussion with Government, where they are consistent with the overall strategy as currently drafted.

1.0 Purpose

- 1.1 This paper summarises progress and emerging content for the local industrial strategy. The full draft is attached.
- 1.2 The West Midlands Industrial Strategy will set out our strategic priorities for driving growth and productivity improvements as part of overall delivery of the 2016 SEP targets. It will set out, in headline terms, how we can achieve growth that is more inclusive and enables more of our communities to benefit.

2.0 Background

- 2.1 The Government's 2017 Industrial Strategy White Paper set out that all local areas would have a local industrial strategy in place, agreed with Government, by March 2020. The West Midlands agreed to be a trailblazer area, working to develop the UK's first local industrial strategy by March 2019. This is an important opportunity to set out the priorities that we think will enable us to continue very strong recent growth rates and to make the next stage of our success even more inclusive and accessible to all.

Over 2018 the SED Board has overseen the development of the West Midlands Local Industrial Strategy, with day to day work being led by the WMCA and 3 LEPs working collaboratively together.

The WMCA Board agreed the overall approach and emerging content for consultation at its September meeting. We are now seeking approval to move to finalising the document with Government, and to continue to develop it further to ensure it is as clear as possible about our distinctive strengths and opportunities.

Response to the consultation

An informal, non-statutory, consultation was run between early October and 16 November 2018 to gather views on emerging conclusions.

We also discussed the consultation document and emerging findings as part of pre-decision consideration by the WMCA Overview & Scrutiny Committee.

The consultation document posed ten questions, inviting comments and suggestions and we also launched an online survey for people to respond. Simultaneously LEPs, the WMCA and others worked with regional networks and business groups to gather views and used existing events to engage with a wide range of partners.

Overall, we received over 120 responses through direct emails, online and via the dedicated email address. Generally, the response was positive with lots of detailed suggestions:

- In answering 'have we identified the right strengths and competitive advantages in our sectors', 91% of respondents answered yes (fully or partially).
- 86% of respondents thought that the challenges and opportunities facing the economy were accurately articulated.
- 91% thought that the strategic commitments were right or partially right, and a similar proportion thought these reflected the momentum which is underway and the opportunities ahead.
- 77% thought the actions would help their business or community grow and succeed.

- 83% thought the opportunities to benefit from Grand Challenges and make a major contribution to the UK's response were right.

2.2. We have therefore prepared a draft strategy that keeps the overall approach whilst responding as far as possible to comments and suggestions for improvement. The most significant adjustments are:

- Make inclusivity even more central.
- Be very clear about the West Midlands USPs and the distinctive contribution we have to make, whilst avoiding “picking winners” and being clear about what the evidence tells us about future trends, existing strengths and barriers.
- Expand the opportunities around future mobility, creativity, business, professional and financial services as the headline cross-sectoral opportunities based on the West Midlands economy, characteristics and strengths.
- Provide more specificity on the role and importance of our supply chains.
- Improve recognition of place – cities, towns and rural areas - and the diversity of outcomes across our geography. Each LEP has signed off on a series of case studies and examples.

We have also tested the evidence base, including with an independent panel, who made specific recommendations about productivity and being clear about the logic chains, but endorsed the overall approach and the way the strategy was structured based on the evidence. They were very clear, as has been Government in a series of informal discussions, that the emerging approach is both innovative and highly credible and reflects the West Midlands USPs and distinctiveness, which is a clear requirement for our LIS.

2.3 **Outline of the Industrial Strategy**

The approach we have taken is as follows:

- **Identifying four major national and global strategic opportunities** where the West Midlands has the existing and emerging strengths and the supply chains needed to make a major contribution to the new markets being created by global trends:
 - **The UK centre for the future of mobility**
 - Includes digital and light rail, EV and CAV, aerospace, data handling, battery manufacturing and the huge supply chain opportunities all this provides to our firms
 - Integrated with our investment in the West Midlands integrated transport system and connected through 5G.
 - £1bn opportunity just from batteries. Just 10% of UK CAV opportunity would yield £5bn - £10bn to West Midlands economy.
 - **Creative content, technologies and techniques**
 - Nationally important gaming, TV, Film, VR and AR firms and expertise
 - But also crucially using creative skills and assets in businesses and universities to design, develop and deploy new products and service. For example, new CAV vehicle design, component manufacturing across sectors, training new paramedics, surgeons and engineers using virtual reality and test beds.

- **Business Services**
 - Large scale growth forecast in the sector and in the use of business services skills across wider firms as we move increasingly to a more service-based economy
 - 31% increase in jobs (125,000) and £12bn more GVA by 2030.
 - Huge opportunity for more jobs for West Midlands residents – with good progression
- **Data driven health care**
 - Big opportunity to combine our strengths in translational medicine with real life testing, in partnership with our diverse and growing population. NHS patient records here a huge opportunity, linked to 5G.

2.4 All are underpinned by and will contribute to the Commonwealth Games, City of Culture and our collective investments in infrastructure, housing and skills.

2.5 **The strategy then shows the distinctive characteristics of our economy, both strengths and barriers, and how they link to the opportunities above.** Strengths include our supply chain firms, diverse and young population, our creativity, connections and history of business and product innovation. This will include strong recent progress against some SEP targets, but also being clear that growth has been concentrated in a number of places, and too many of our communities have not benefited as much as they should. If we unlocked our full potential our economy would be £15.1bn larger and we would have higher average earnings with more people earning above the real living wage.

2.6 We then set out the **actions that we are going to take**, building on our opportunities and removing those barriers. These bring together actions that are already underway, planned and where we are seeking new things from Government. It will incorporate actions we have already agreed (for example as part of the regional skills plan, transport investment plan and housing and land delivery plan). The strategy will make a clear ask of Government that any post-EU growth funding, including that for skills and innovation, be targeted on West Midlands priorities and devolved to the region.

2.7 The strategy reflects the distinctiveness of the different places and communities of the West Midlands. Some of the actions in this strategy are region wide. Others are focussed on specific needs or opportunities. But all will contribute to our goals of more inclusive growth and higher productivity.

2.8 We will also include the main issues the region faces in relation to Brexit and the case for continuing to invest in us as a resilient and successful economy.

2.9 This strategy is based on the most up to date and detailed evidence possible. At the same time as the consultation has been running, the Black Country Consortium have been leading the process to develop the evidence base to provide concrete backing to the propositions and interventions set out in the WMIS.

3.0 Next steps

3.1 If the Board is content, we will move quickly as possible to secure Government approval, although this is clearly dependent on a Government process which we do not control and highly subject to Brexit taking up Ministerial time.

3.2 Working to these timelines, as a trailblazer area for the Local Industrial Strategy, we will be ready to be the first in the country to publish our strategy. Government have been clear that they want a shared process to finalise this strategy and we will continue to pursue these conversations. But it is also important that we undertake the WMCA sign off to ensure we have a strategy which reflects our shared ambition and which leaders are committed to.

3.3 Future funding for additional implementation of new and existing priorities will be part of our Spending Review approach with Government.

4.0 Financial implications

4.1 There are no direct financial implications arising from this paper. Future funding for implementation will be considered further as part of Spending Review discussions.

5.0 Legal implications

5.1 No legal implications at this stage.

6.0 Equalities implications

6.1 None

7.0 Inclusive Growth Implications

7.1 The inclusive growth implications are set out throughout the contents of this report.

8.0 Geographical Area of Report's Implications

8.1 The report related to the West Midlands three-LEP geography.

9.0 Other implications

9.1 None

10.0 Schedule of background papers

10.1 The draft West Midlands Industrial Strategy

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1 Introduction

- 1.1 The West Midlands is in renaissance. A global force and major part of the UK economy, generating £99bn of GVA or 5% of UK output.
- 1.2 We are growing fast, with output up 27% over the past 5 years. A record number of people are in work and lowest number are out of work. Productivity is increasing too, at twice the rate of the UK in 2017/18.
- 1.3 Our cities, towns and rural areas have long been centres of industrial innovation, creativity and enterprise. A legacy that survived the industrial restructuring of the 1970s and 80s and is now the engine of our current and future success.
- 1.4 The West Midlands is large and diverse, consisting of three interlinked, but distinctive economic areas. Our cities, many towns and important rural areas are home to distinctive communities with very different characteristics. But all share a long history of creative design, making and producing. Doing things differently and leading the way is what defines us.
- 1.5 We've been supplying components and assembling vehicles from the first bikes to today's autonomous pods. We built the world's first production line and now we create virtual worlds for testing new products based on real data. We provide the real-life testing needed to get new medicines from the lab to patients. Our firms provide modern components and materials to global supply chains in a wide range of industries, and our digital creative businesses create games played across the world.
- 1.6 Our universities and commercial research and development (R&D) centres are central to the UK, developing the skills, products and processes it will need tomorrow, as well as being major employers and core to the future of the towns and cities that host them.
- 1.7 In 2016 leaders from business, education, local government and a wide range of other organisations came together to agree an ambitious but achievable economic strategy. We have focussed on delivery and made good progress. The overall targets and metrics set in 2016 will continue to drive our actions and investment and be used to measure our overall progress.
- 1.8 But alongside celebrating our recent success, we need to remove the barriers that remain. Performing at its full potential, our economy would be £15.1bn larger and we would have higher average earnings and more people earning above the real living wage. Recent growth has also been concentrated in a number of places and too many of our communities have not benefited as much as they should. Developing a focussed plan for inclusive growth is an important priority in this strategy.
- 1.9 Much has changed in the global, national and local economy since our 2016 strategy. In developing this trailblazing local industrial strategy, we have taken the opportunity to refresh priorities, take stock of the evidence and agree the actions that will have the

most impact in unlocking the barriers that lie between us and our long-term goals of strong growth and improved productivity in a more inclusive economy. This is what our local industrial strategy is designed to do:

- The strategy begins by identifying four major national and global strategic opportunities, where the evidence shows that the West Midlands has both existing strengths and the ability to make a major future contribution. They are cross sector and not focussed on any one part of our region; all our firms and communities can benefit in different ways. They also show how the West Midlands can make the strongest contribution to the Grand Challenges set out in the Government's national Industrial Strategy.
- We then set out the distinctive characteristics of our economy with our USPs for residents, businesses, investors and entrepreneurs. They show what makes us what and who we are, the strengths that set us up well for the future and where there are barriers to growth and productivity that we need to address.
- Then we set out the actions that we are going to take, building on our opportunities and removing those barriers.

1.10 Throughout the strategy we reflect the distinctiveness of the different places and communities of the West Midlands. Some of the actions in this strategy are region wide. Others are focussed on specific needs or opportunities. But all will contribute to our goals of more inclusive growth and higher productivity.

1.11 The 2022 Commonwealth Games and Coventry City of Culture are major opportunities for local firms and communities and to showcase the region to investors and visitors and leave a lasting legacy.

1.12 This strategy is based on the most up to date and detailed evidence possible. Over the last three years, we have developed an extensive evidence base and undertaken a number of expert independent commissions and studies into skills and productivity, mental health, leadership and the availability of land for housing and employment. The actions in this strategy are informed by that highly credible body of evidence.

1.13 It has been co-designed with the involvement of over 350 organisations, led by the Combined Authority with the 3 Local Enterprise Partnerships, who have worked with a wide range of organisations and sector groups and carried out public consultation during the Autumn of 2018.

1.14 Our universities have played a major role in developing our evidence base and our assessment of the strategic opportunities ahead. Ongoing work with businesses themselves and industry groups to develop sector action plans has been crucial in identifying actions and looking ahead. These emerging action plans will be essential in how sectors and firms themselves implement our local industrial strategy, reflecting the fact that our growth and productivity is driven by the region's private sector.

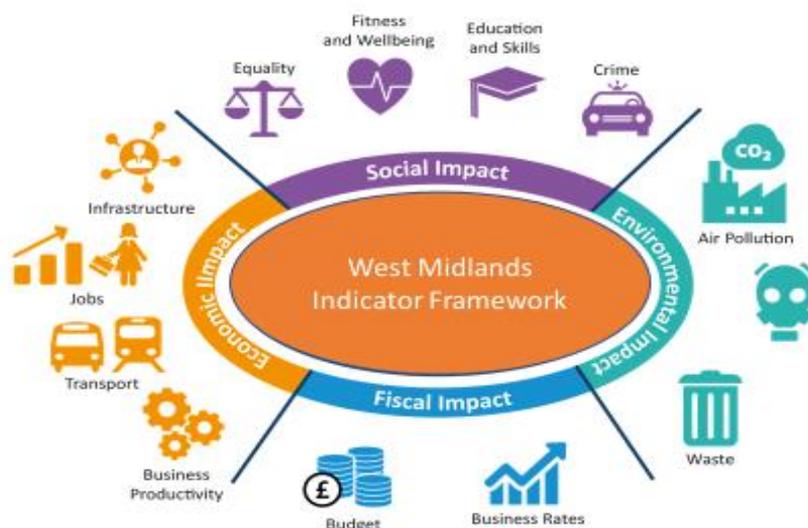
- 1.15 Whilst focussed on the 3 LEP area, it also looks to our crucial economic, trading and supply chain relationships with close neighbours (including non-constituent members of the CA outside the 3 LEP area) and partners in the UK and globally.
- 1.16 It is not a strategy set in stone and is designed to continue to evolve as the economy changes. As we develop it further, we will continue to involve and engage with the communities, businesses and sector groups across West Midlands.

Ian Ward
Andy Street
Jonathan Browning

2 Metrics and Indicators

- 2.1 In 2016 the West Midlands agreed a comprehensive approach to monitoring the overall performance of our economy across a wide range of indicators. This is set out in Figure 1 below. The targets we have set against these indicators are set out at Annex 1, together with the most recent progress against them which we publish in our annual State of the Region report.
- 2.2 This local industrial strategy does not set new targets, we have concluded that the long metrics we set in 2016 are still appropriate. They continue to drive our investment programme and are delivered through a number of other regional and local delivery mechanisms, including individual LEP investment plans, the Housing and Land Delivery Plan, Regional Skills Plan and Transport for West Midlands (TfWM) Movement for Growth strategy.
- 2.3 The local industrial strategy is focussed on those actions which will drive future output and productivity growth, whilst improving inclusion and opportunities for all our residents. It integrates existing plans, such as those above, updates some actions and proposes new interventions where the evidence suggests that this is appropriate. It does not set a new set of targets.

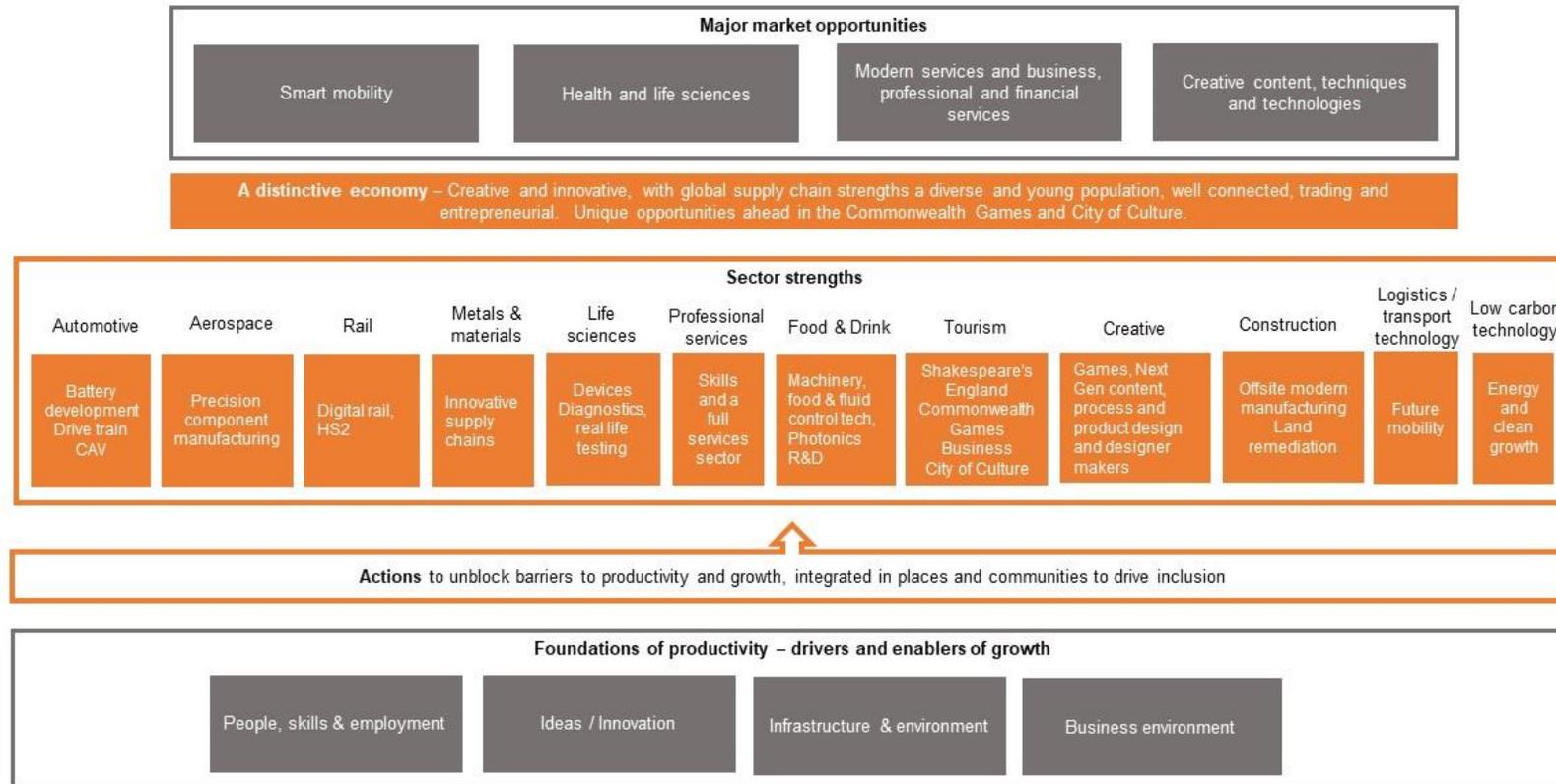
Figure 1 - Tracking the West Midlands Economy



- 2.4 Figure 2 shows how this approach is reflected in the structure of the local industrial strategy. Actions are targeted at specific foundations of productivity, based on what the evidence shows us about our economy and sector specific strengths and barriers, and where the market alone will not deliver the outcome required. These actions will

support the whole West Midlands to take advantage of the strategic opportunities ahead.

Figure 2 West Midlands Local Industrial Strategy



3 Strategic Opportunities

3.1 The future success of the West Midlands lies in our ability continue to influence and adapt to long term global and national trends. These include:

- Large scale urbanisation and population growth.
- Rapid technological change, advances in the creation and use of data, and increasing automation and artificial intelligence.
- Longer life expectancy, an ageing population with increasingly complex needs and later pension ages.
- Increasing awareness of local and global environmental impacts and the transition to a low carbon, resource efficient economy.
- The long-term trend towards a more service-based economy, for example in mobility.
- Growing concern about communities and people that have been left behind by recent growth.

3.2 All these factors, and others, create demand for new products and services, presenting opportunities for growth. They are also opportunities to drive productivity, as firms and individuals change the way they work and develop new skills and techniques to succeed. These changes affect all areas of our economy, crucially, the existing supply chains that underpin the region's success.

3.3 The opportunity and challenge for the West Midlands is to use our existing strengths and emerging expertise to ensure clarity on our distinctive opportunities, and to ensure that not only our firms and communities benefit, but that we do so in a way that plays a leading role in the UK's response to global trends and future economic success. The West Midlands has the scale and size - in terms of geography and population - and the level of committed investments to enable the development of test-markets at scale. These attributes enable us to address the Grand Challenges that Government has set out and drive UK economic growth.

3.4 We have been careful to ensure that these opportunities are specific to the West Midlands and reflect where our USPs link with global trends. We have worked with all the West Midlands universities, a wide range of sector groups and trade bodies, and market experts to understand what global trends and new markets mean for the different sectors and places of the West Midlands.

3.5 The evidence shows there are four distinctive strategic opportunities where we can play a leading role in the next generation of industry, products and services, improving the productivity and inclusivity of our economy as we do so. Successfully exploiting these will involve a wide range of opportunities for all our firms, from the region's

existing large firms and anchor institutions through to SMEs and firms of all sizes. Our SME and micro business base in particular will see huge opportunities from the related new markets that are emerging.

- 3.6 The distribution of our supply chains, universities, colleges and existing and future employment land means that success in these areas will benefit all our cities, towns and rural communities, plus other areas across the UK, with the potential for a much more inclusive future.
- 3.7 Delivering a greater volume of good quality employment land is critical to the success of our strategic opportunities, particularly through greater utilisation of brownfield land. Through the National Brownfield Institute in Wolverhampton the West Midlands will be a nationally and internationally significant centre of expertise, driving an increase in potential land availability locally, such as Phoenix 10 in Walsall and i54 in Wolverhampton. Successful conversion and extension of these kinds of sites will also underpin the strategic opportunities.

1. Smart Mobility

The West Midlands is the centre of transport innovation in the UK, leading the smart, low carbon movement of people and goods

- 3.8 The West Midlands is the recognised centre of transport and mobility innovation in the UK and has some of the strongest clustering of automotive technology activity in the world. Our ability to be a long-term leader in the production of new transport systems is rooted in our successful history of leading the specialist design and manufacturing of vehicles from bicycles through to automotive, precision aerospace components and autonomous pods. We are widely recognised as the existing home of automotive and the mobility industry of the future, in a global cluster that includes cutting edge research and development, globally competitive supply chain firms and established and new OEMs. This is a cross sectoral opportunity, enabling and requiring collaborations between gamers, designers, digital and physical component makers, data and legal experts, circular economy and energy firms amongst many.
- 3.9 We are the UK's platform for creating, developing, testing and building global and national solutions to the future of mobility and associated supply chains, including large scale battery manufacture and the move to electric vehicle (EV) powertrains across the full range of transport modes. A plethora of firms from the foundation industries of metals and materials underpin our manufacturing prowess, reflecting the robustness and inter-connectedness of the region's supply chains.
- 3.10 The West Midlands is at the forefront of the research, development and production of Connected and Autonomous Vehicles (CAV), Electric Vehicles and large-scale battery manufacture. We will soon be home to the UK Battery Industrialisation Centre (a key component of the UK Industrial Strategy and focussed on enabling industry to scale up

and commercialise advanced technologies central to the development and manufacture of batteries), and we have an unparalleled range of innovation assets (including Horiba MIRA's research and testing centre & technology park, WMG, Manufacturing Technology Centre, National Transport Design Centre, and the Centre of Excellence for Digital Systems for Rail); OEM's and tier 1 manufacturers undertaking R&D and production in this field (including JLR, BMW, Bosch, Brose, Denso, Geeley London Taxi Company, Siemens, Telent and Volvo); and smaller but leading disruptive entrants and supply chain companies (including Detroit Electric, RDM and Westfield).

- 3.11 Many of our supply chain firms are developing, or have already developed, the expertise needed to succeed in the manufacture of battery, CAV and EV powertrain components, including **Westfield** in Dudley, **ZF Lemforder** in Darlaston and **Teepee Electrical** in Bloxwich (Walsall). Our aim is to take a unified and balanced approach to how our economy and firms manage the transition from the majority of today's vehicles to EV and CAV and the opportunities this creates. For example, ensuring a successful transition will involve ensuring supply chain companies have the right necessary wider business environment so that they can successfully contribute to the delivery of smart mobility in the region.
- 3.12 Our ambition is to continue this success as the centre of the transport manufacturing in the UK, and to reinforce our strengths in the production of EV and connected and autonomous vehicles related products and components. The more immediate opportunity of EVs will require large-scale battery manufacture, the rapid adoption of EV locally, and the roll out of the necessary local charging and energy transmission systems. Successfully managing the transition from combustion engine production to EV production will be crucial to ensure that the West Midlands remains at the forefront of the automotive industry.
- 3.13 We are working with Government to maximise the impact of our shared strategic programme of investment, as the UK's first Future Mobility Zone, to pilot and prove the future of smart mobility solutions. We are home to 5 live test beds for CAV, and a range of specialist testing facilities (including the new TIC-IT high speed CAV test track at Horiba MIRA). Our strengths go well beyond the automotive sector, and include digital and ultra-light rail, logistics, aerospace and commercial vehicles. We are building the transport system of the future through a significant programme of transport investment, building an integrated, clean, multi modal system linked to High Speed 2 (HS2). This will directly address productivity challenges by connecting people to new job opportunities and skills provision, improving access to healthcare and green space and will improve air quality. It will also be integrated with our 5G network to drive a new traveller-centric system and approach.
- 3.14 With significant planned investment of over the next ten years, the opportunity to apply our innovation and manufacturing expertise locally to West Midlands supply chain firms is vast. We will use the 2022 Commonwealth Games and 2021 Coventry UK City of Culture to showcase new approaches to mobility and visitor travel information across all modes of transport, including autonomous services, smart transport

networks and integrated control and data management. Firms of all sizes in the West Midlands and from across sectors will be involved in this success.

- 3.15 The implications for our region could be significant. CAV alone is worth between £50-£100bn to the UK economy. A single Gigafactory scale battery manufacture would generate at least £1bn locally, in addition to an integrated transport network and arrival of HS2, which will add £4bn to the West Midlands' economy, driving major centres of growth such as UK Central. We will connect these opportunities to our supply chains, allowing us to boost SME growth and productivity.
- 3.16 Our 5G infrastructure will enable a totally new approach to real time data and user management across the whole transport system, including integration with CAV design, testing and operation. Collaboration with other 5G testbeds, including Worcester Manufacturing and Midlands Engine 5G project, will deliver productivity improvements for the wider supply chain.
- 3.17 We are putting in place the capability needed to use large volumes of near to real-time data sourced from intelligent roads and vehicles plus spatial and environmental data to manage new transport systems operating on a complex network. For example, the Open Data Institute at Warwick Manufacturing Group will provide the open access analysis and research facilities needed to develop future solutions to the business, legal, ethical and regulatory challenges and opportunities created by substantial new, real time, personal data. We will also establish data and mobility technology scholarships for the analysis of mobility data and application of disruptive technology into the manufacturing supply chain and logistics.
- 3.18 Innovation in connected mobility will underpin a new approach to distributed, connected factories and supply chains, with significant gains for the wider UK economy and local supply chains across our region and wider Midlands Engine area. For example, the evidence shows that £1 of productivity gains in the West Midlands automotive industry is worth up to £2.2 to the UK economy through supply chain benefits.

2. Data driven Health and Life Sciences

Partnering with patients and business to improve health and wellbeing

- 3.19 The opportunity we have is to make the West Midlands a global centre for the innovation, translation and real-world evaluation of new diagnostics, devices and healthcare technologies (including artificial intelligence). Building on the successful Institute of Translational Medicine and enabled through the best real-world test bed in Europe, based on a partnership with our large, stable and diverse population.
- 3.20 AI and large data techniques are driving new approaches to healthcare, in medicines, devices and services. The next phase of disruptive innovation in the life sciences will be driven by big data, and the UK's response to it, at a time when global state actors and companies are innovating in ways that will dramatically affect the relationship between

individuals and their health and biometric data. Increasing developments in digital solutions are driving huge new market opportunities around remote health care and assisted living and enabling greater cross-overs between our strong digital creative sector and health & life sciences.

- 3.21 Recognising this shift to working across disciplines, sectors and institutional boundaries, over the past 5 years the West Midlands has transformed our contribution to health and life sciences, centred around the University/NHS strategic partnership Birmingham Health Partners, and involving new facilities and expertise across our six universities. We have aligned academic, NHS and industry capabilities across the West Midlands based on shared mission rather than sector boundaries to deliver an offer built on our nationally recognised strengths in genomics medicine and diagnostics, clinical trials, medical technologies evaluation and healthcare data informatics and systems, and digitisation of health care services. These strengths are underpinned by significant national, competitively-won investments.
- 3.22 Our expertise and ability to work with patient data in an inclusive, collaborative way is a major UK and West Midlands strength. We can provide the translational environment to develop the testing, evaluation, validation and application of new technologies (e.g. AI or diagnostic) from other regional and UK clusters.
- 3.23 Building on these established strengths and strong links to the wider Midlands cluster will help deliver the key elements of the Government’s Life Sciences Industrial Strategy and address the mission, announced as part of the AI and Data Grand Challenge, “to transform the prevention, early diagnosis and treatment of diseases like cancer, diabetes, heart disease and dementia by 2030.”
- 3.24 Crucially, our offer and expertise are complementary and distinctive to other UK clusters in providing:
- A co-located translational environment and access to a diverse population at scale.
 - The ability to accelerate translation through strong partnerships between universities, the NHS and firms.
 - The ability to offer real-world and diverse environment testing - ensuring wider relevance and ability to scale nationally and internationally.
- 3.25 National and global firms see the commercial opportunity here. We have a growing cluster of both large and small firms and an associated supply chain, raising at least £35m of investment in the last 12 months. We have also seen investment of over £150m in the Birmingham healthcare campus and will continue to invest in the business support and networks needed to drive cluster development.
- 3.26 Our approach to supporting innovation within the health and life sciences industry will be anchored in partnership with the NHS and thereby ensure the potential to translate directly into better health outcomes for our citizens across the region. This opportunity will also provide new technical careers in local health care and more personally

targeted care working with individuals, digitally enabled care reducing the burden on carers, improving health outcomes and providing the healthcare jobs of the future.

3. Modern services and business, professional and financial services

- 3.27 The global trend towards services is a significant opportunity for the West Midlands. Existing firms will need to adapt to and adopt new technology, new processes, products and services. The innovative use of business, finance and professional service skills is increasingly important for the long-term growth and success of firms in all sectors. This creates growing demand for business and professional services and skills locally and a growing national and global market for these skills and the firms that provide relevant services. Talented people with the right experience, networks and ability to innovate in these areas are in strong demand across all parts of our economy and supply chains. These trends will drive significant global growth, innovation and disruption to professional services in the decades ahead.
- 3.28 Total business, professional and financial services (BPFS) GVA is forecast to double between 2015-2030, with growth forecast across all parts of the sector. Employment is expected to grow by 31% over the same period. The sector currently employs just over 400,000 people and contributes over £24bn of GVA to the West Midlands economy.
- 3.29 We are the only place with a ‘full service offering’ outside London; with the exception of high-end financial management (related to the stock market and investment) all services are available. Most nationally significant firms have a full-service team operating locally. Companies cite the availability and loyalty of skilled talent, the choice of locations and office space and attraction as a place to retain talent, as strong drivers of future growth.
- 3.30 The sector has a highly distributed global client base and the West Midlands has a different distribution of occupations compared with the national picture, with higher skilled occupations which reflect the technical and professional, rather than back office, nature of the West Midlands cluster. World class business schools like Warwick, Aston and Birmingham mean we have more business students here than any location outside London and we will continue to develop and foster innovative partnerships and links between firms and education institutions, including opening opportunities to communities that may not otherwise see the sector as accessible and ensuring the availability of the technical skills that continue to be in high demand.
- 3.31 Changes for which the West Midlands is well placed to take advantage include AI, automation, cyber security and machine learning. With small technology firms, regionally embedded larger firms and expertise in our universities we are a test bed for business innovation to access and embed new applications and techniques, helping core business services firms and wider sectors deliver next generation services locally, nationally and globally.

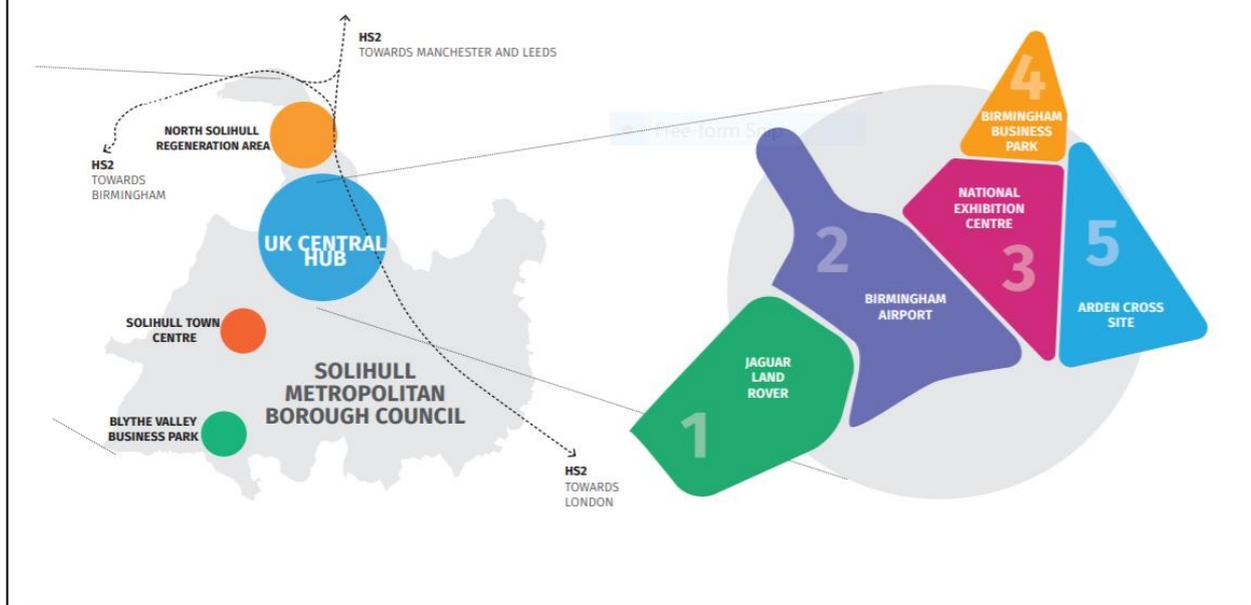
3.32 The West Midlands is already well connected, but HS2, and further expansion of Birmingham airport, will drive our success further as a high value business and professional services location and attractor of talent. Rapid expansion of different types of high-quality housing, high grade employment spaces and improved connectivity within the region will do the same. Investor interest is high, and we will continue to land significant additional investment.

UK Central - Solihull

UK Central Solihull reflects the huge potential of the West Midlands and the integrated approach to delivery that makes it achievable.

Solihull is an area of strong growth and high demand that is a net contributor to the Exchequer. UK Central brings together Solihull's world class business, transport and leisure assets to deliver a unique proposition in a high value environment. At its core is the Hub, which is already home to Birmingham Airport, the National Exhibition Centre (NEC), Jaguar Land Rover and Birmingham Business Park. The international transport connectivity and existing growth drivers will be bolstered by the arrival of HS2 at Arden Cross, the redevelopment of Birmingham International Station and major housing and commercial growth over the next few years.

The scale of opportunity is unprecedented in the region: 775,000 m² of new commercial and mixed use floor space; up to 5,000 new homes, up to 77,500 new jobs delivering up to £4.1bn additional GVA each year. Investment in the Hub across a range of programmes interact and is coming together to deliver new energy provision, multi modal transport innovation and large scale business growth opportunities - including in EV manufacture and new, digital, business services firms. New communities are planned based on a modern interpretation of garden town principles.



4. Creative content, techniques and technologies

3.33 The West Midlands has a long history of creative business success, from the earliest development of new techniques in industrial design and processing, to 90,000 creative jobs today. A major feature of our economy is the extent to which our creative

communities are engaged in both the core creative industries, and in using creative and design skills and techniques in the transformation of products, processes and services as part of industry 4.0 and a wide range of future global markets. In Greater Birmingham and Solihull alone, nearly 60% of design jobs are outside core creative industries. Furthermore, while the area in and around Leamington is dubbed “Silicon Spa” for the nationally significant concentration of gaming companies, there are increasing cross-overs to other sectors, and wider digital technology sector in the area are developing exciting collaborations in new market areas. All the following examples are happening today in the West Midlands; they are a very distinctive hallmark of our economy:

- Design-led thinking originating in the gaming industry is combined with virtual reality (VR) and augmented reality (AR) to develop, prototype and test new vehicles across automotive, aerospace, rail and last mile logistics as well as the wider digital manufacturing sector.
- Creative techniques for visualising and manipulating large and complex data sets are driving new approaches to healthcare, personal finance and insurance services, mobility, tourism and culture, and retail environments.
- VR and superfast connectivity are being used to train the next generation of paramedics, engineers and surgeons in environments that are as close to real life as possible.
- Modular construction of high quality, low energy homes begins with design-led solutions to components and build. Modular construction is estimated to be worth £2-3bn per year in the UK, with modular build growing by 25% per year.
- Design-led production of new components and diversification into new markets, often with cross-sector impacts.
- Increasing digitisation of services, and innovation within culture and media to develop new ways of engaging “audiences of the future”.

3.34 In our core creative industries, we have strengths in next generation creative and commercial content creation and as a production centre for higher budget content. Demand is driving investment in new high value TV and film production capacity and a proposed Media Campus at the NEC. Recent and projected economic and population growth is driving increased demand from consumers for creative experiences, such as theatre, performance and live music, which are stimulating the market for the region’s cultural offer.

3.35 The Commonwealth Games and Coventry City of Culture will provide significant opportunities to develop and showcase new, creative and digitally led, approaches to resident and visitor services and experiences. Our 5G connectivity will unlock new markets and platforms for content, information and services.

3.36 The distributed factory of the future will be constructed by designers, data analysis and visualisation specialists, powered by 5G connectivity and involve the rapid design, build

and deployment of virtual and physical components. These approaches will be developed and adopted in the West Midlands, as our innovative manufacturing and transport supply chains evolve for the future.

- 3.37 The West Midlands has the skills, firms, innovative supply chains and assets needed to take advantage of global growth in this creative future for content, techniques and technologies across all our sectors and sub sectors. With a core sector generating over £4bn of GVA through 10,000 firms, 10% of the UK games industry based in Silicon Spa, and universities including Birmingham City and Coventry that are nationally leading in providing graduate and post graduate skills to a wide range of creative disciplines. We have strong collaborations, clear sector specialisms, and a diverse creative ecosystem.
- 3.38 We have a creative economy that is far more than just our strengths in creative industries. The evidence shows that Birmingham and Solihull alone have the **potential to add nearly 4,000 new creative enterprises and 30,000 new related jobs**¹ with the opportunity to scale this across the West Midlands.

¹ Creative Economy Mapping Study for GBSLEP <https://gbslep.co.uk/resources/reports/creative-economy-mapping-study>

4 The West Midlands Economy

- 4.1 This section summarises the distinctive characteristics of our economy – strengths that will help us meet the strategic opportunities we have identified and the barriers that remain. More detail can be found in the evidence pack and in the sections on each foundation of productivity.
- 4.2 The West Midlands has always been the productive heart of Britain. We are home to innovators, engineers, creators and designers; doers, learners and makers who do things differently and lead the way. Over the last decade, the West Midlands economy has experienced a renaissance – our £99bn economy has grown by 27% in the last five years and over the last 12 months productivity growth has been twice the national rate.

A region full of youth, diversity and opportunity

- 4.3 We have the youngest population in the country outside of London, with more than one in five people aged under 16 and 39.7% under the age of 30². Our population is highly diverse. For many decades people from around the world have come to call the West Midlands home and our communities and businesses are richer for this diversity of faith and culture. We are place of many perspectives, communities and beliefs, each with an important contribution to make to our business, economic and social life. This also gives us powerful personal and businesses connections to the rest of the world. And people who grow up here want to stay, more than 70% of graduates from the West Midlands return here. We predict a population increase of half a million in the next 20 years. This is a region full of potential and opportunity.

International and outward looking

- 4.4 We are open, welcoming and ready for business. Investor sentiment is strong, and the West Midlands is recognised as an excellent place to do business. Our business centres are being transformed through the development of 2 million square feet of prime office space.
- 4.5 We are the fastest-growing UK region for goods exports and experienced 27% growth between 2015 and 2017. Outside London and the South East, we export the most by value, over £33bn in 2017. Not only this, we had the greatest number of new jobs from FDI projects outside London last year. Since 2011, the number of FDI projects has tripled. There is significant capacity and potential for growth here. Our universities have global presence and draw talented, highly skilled people at all stages of their academic and business careers.

Continuing a history of creativity, innovation, design and making

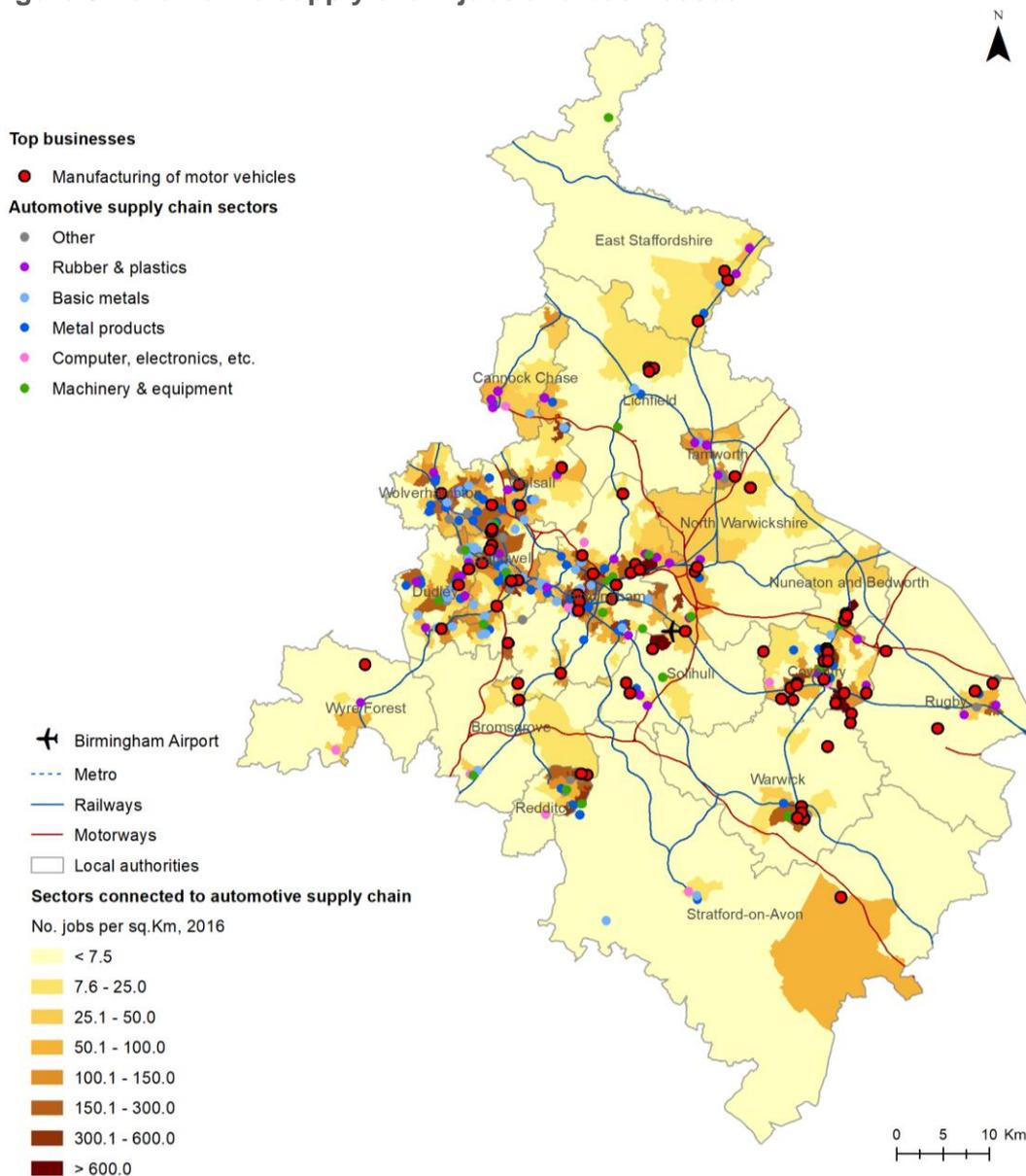
² 3 LEP geography

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- 4.6 We have a long history of creativity, innovation, design and making. The West Midlands has been at the forefront of change and innovation throughout successive industrial revolutions, driving technological development for the whole of the UK. We are the home of the Lunar Society and the region that gave birth to the 'city of a thousand trades'. People, institutions and cities have put theory into practice, translated ideas into action, solved problems and created great works that have made their mark across the world.
- 4.7 This heritage and continuing strength in bringing creativity to the design of products and processes is why the West Midlands is a centre of excellence and home to some of the world's most famous brands such as Land Rover, JCB, Cadbury's and AGA. Our cultural creativity has been recognised by Coventry being awarded the UK City of Culture in 2021 and our people, businesses and universities continue to enhance that reputation through their innovation, creativity and endeavour.

With globally competitive and adaptable supply chains

- 4.8 Our economy is distinctive for its deep network of supply chain firms operating across a range of sectors, including automotive, aerospace and medical technology and playing a crucial role in the value chains of goods and services traded across the world. Many of these firms and the people that work in them have been highly successful in adapting to past developments in supply chain requirements and are well placed to continue to do so. Indeed, we have one of the world's greatest concentrations of automotive technology activity, driving the future of mobility.
- 4.9 Companies within the West Midlands are engaged in a wide range of supply chain activities from the sourcing of inputs, including raw materials, production, distribution and delivery of goods and services to downstream, consumer facing markets. Our supply chain firms are critical to growth and productivity - integral to the core activity of our sectors and through their potential to diffuse innovation into the wider economy.
- 4.10 The long-standing pattern of engineering and manufacturing supply chains is deeply connected into our university innovation and research assets. The resultant pattern of development is a polycentric supply chain economy with distinctive local but linked specialisms. Our core urban centres each have their own economic linkages and travel to work patterns. Figure 3 demonstrates the spatial distribution of activity in the automotive supply chain as an illustrative example, showing activity across all areas of the West Midlands, with a significant concentration in the Black Country.

Figure 3 Automotive supply chain jobs and businesses



Source: ONS Business Register and Employment Survey (2016) and BvD Fame (2018)

Located at the heart of the nation

4.11 We are a region built on social and commercial connections and collaboration. No other region has more than 90% of the UK’s market within a four-hour drive. When HS2 arrives into UK Central and Birmingham Curzon Street, with journey times of just 38 minutes to London, it will bring the capital closer to the West Midlands than it is to Cambridge. And as the hub of the HS2 network, connections to the northern cities of Manchester (40mins) and Leeds (1 hour) will be less than half current times. We have one of the UK’s fastest growing airports, carrying 13 million passengers a year on 50 airlines to 143 destinations. Birmingham Airport recently announced the UK’s first direct flights between Birmingham and Amritsar and £500m of investment.

4.12 The West Midlands will also be the site of the UK's first 5G rollout. The potential to utilise early adoption of this technology across our industries and services is immense and the West Midlands will trial implementation and application to communities and industry for the UK.

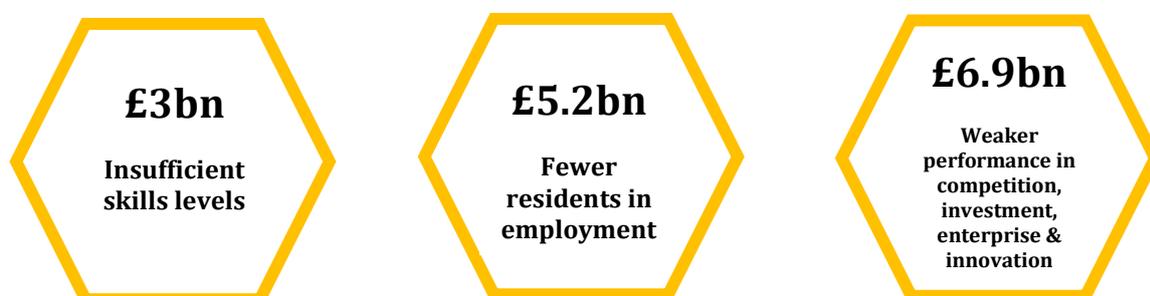
Strong leadership and proven delivery

4.13 The West Midlands Mayor and Combined Authority leaders are committed to growth that delivers a tangible change in people's everyday lives. Investments over the course of the coming decade to drive productivity will be integrated in communities, putting people at the centre of what we are trying to achieve.

- 215,000 **new homes** by 2031, providing high quality places to live, with real choice.
- £69m to support development of new **skills** provided in ways that meet the needs of how people live and work.
- Highest increase in **workforce jobs** outside London and rapid reductions in the proportion of working age population with no qualifications.
- More than £50m to create the UK's first multi-city **5G** test bed across Birmingham, Wolverhampton and Coventry.
- Home to the new **UK Battery Industrialisation Centre**
- **Commonwealth Games 2022** – Athletes Village, investments to Alexander Stadium and facilities across the region like the Olympic swimming pool in Sandwell.
- **City of Culture 2021** – unlocking investments and productivity improvements in arts, culture, visitor economy and a Year of Wellbeing and a 10-year Cultural Strategy.
- Six new **suburban rail** stations and over 31km of new track will provide 20,000 new seats.
- **HS2** –with a £4.4bn HS2 Growth Strategy, including the Curzon Masterplan and 20 transport schemes to fully connect HS2 stations to local transport networks and communities.
- A new **Metro system**, including East-West Metro with extensions to Dudley/Brierley Hill and through East Birmingham to North Solihull and the HS2 Interchange station.
- £15bn investment in distributed **energy infrastructure** to 2030.
- £10bn opportunities in identified **investor-ready sites** and a strategic programme to identify and bring forward employment land.

5 Productivity and Output

- 5.1 Low productivity growth is not unique to the West Midlands and the Government recognises this as a UK-wide challenge in the Industrial Strategy, but the West Midlands has some distinctive challenges alongside distinctive strengths.
- 5.2 GVA per employee varies significantly across sectors in the WMCA, with an average figure of £42,897. This is below the national average of £47,783. At the individual level, amongst all residents in the West Midlands, GVA per head is £4,886 lower than the UK average. The productivity gap is significant and is reflected across most of our broad sectors. **Performing at full potential, our economy would be £15.1bn larger.**³ This gap is driven by three structural issues in our economy.



Insufficient skills levels	Fewer residents in employment	An economy lacking dynamism
The proportion of the WMCA population with NVQ4+ is 31.1% compared to the UK, at 38.4%.	Compared to the UK's 74.7% employment rate, the West Midlands has 71% of people in work.	There are 398 businesses per 10,000 population in the region. This compares to 443 per 10,000 as the UK average.
This amounts to 184,867 fewer people with this higher-level qualification in the WMCA compared to the UK on the whole.	There are 95,422 fewer people in work here than the UK average	The result is 18,393 fewer businesses in the WMCA vs. the UK average.

- 5.3 These structural challenges cut across the foundations of productivity and manifest differently across in different places as well as sectors. We explore these further in the subsequent chapters. However, we know we have the potential to significantly grow our productivity levels. The Coventry & Warwickshire LEP area within the WMCA has seen the fastest economic growth of all LEP areas in the country since the end of the

³ The output gap figure has been updated to reflect 2017 GVA per head data

recession, including the greatest improvement in productivity levels with GVA per job filled growing by over 28% since 2009.

Firm level productivity drives our productivity challenge

Regional productivity is influenced by both industrial mix, because different industries have different average levels of productivity, and by the productivity of firms within individual industries and the extent to which they outperform other regions.

The West Midlands' industry composition index is the highest of all English regions. Meanwhile our firm productivity index is 16% below the Great British average. This suggests that our lower overall productivity is due to relatively lower firm productivity within industries rather than our industrial structure.

If we were to keep the West Midlands' industry structure but applied average UK productivity to the firms within each industry, regional productivity would be higher than the Great Britain average.

Like most of the UK, 99% of the West Midlands business structure is SMEs, but a higher percentage of these are "lifestyle businesses". These firms are set up primarily to maintain a level of income for the owner and generally lack growth ambition. This affects productivity and dynamism.

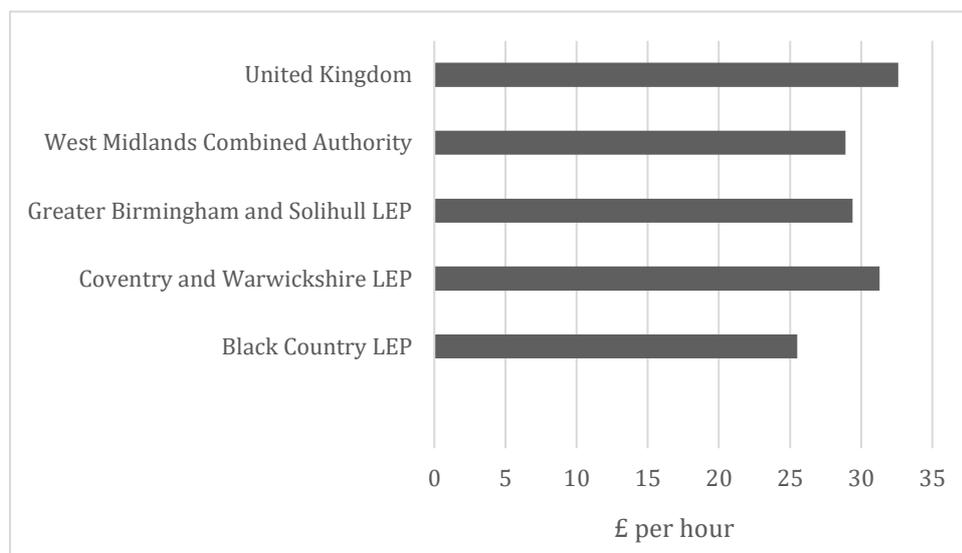
GVA per employee varies significantly across sectors in the West Midlands and the average GVA per employee is below the national average. Four sectors exceed the regional benchmark on the GVA per employee measure of productivity (£42,897): Low Carbon and Environmental Technologies is by far the most productive sector (£134,638 GVA per employee), followed by Digital and Creative (£65,151), Business, Professional & Financial Services (BPFS) (£60,212) and Advanced Manufacturing and Engineering (£58,036). The other six broad sectors have productivity below the WMCA average.⁴

The evidence tells us about the nature of the productivity challenge - this is an issue of firm level productivity within and across industries. Actions to address the challenges firms face in pursuit of growth and productivity gains are explored both within the context of specific industries in section 7 and common elements of the supply side: ideas, people, business environment and infrastructure in section 8.

5.4 Aspects of the productivity challenge are also spatially more concentrated in some parts of the West Midlands. Variations in GVA per hour are shown below:

⁴ Sector data presented here is based on the 10 original WMCA sectors used in the 2016 SEP.

Figure 4 GVA per hour worked (£)



Source: ONS sub regional productivity (2018)

5.5 This spatial variance is reflected in patterns of employment and skills (explored in more detail in the people chapter. Overall, 12 West Midlands’ local authorities have a higher employment rate than the UK average (74.7%) with the highest rate in North Warwickshire (85.4%). We see much lower employment rates in other areas: Sandwell (64.3%), Birmingham (63.6%) and Wolverhampton (65.8%) in particular.

5.6 In the Black Country, 15.6% of people have no qualifications, almost double the national rate of 8%. The median full-time weekly wage for Black Country residents is £499, compared to £545 in GBS LEP and £589 in Coventry and Warwickshire.

5.7 We also see stubbornly poor performance on, for example, healthy life expectancy and childhood obesity, with growing problems of housing affordability. We have low levels of access to green space, local hotspots of poor air quality, 12% of our households in fuel poverty, and high levels of carbon emissions.

5.8 We explore these issues in more detail in the sections on each of the foundations of productivity below, and in the supporting evidence reports. In summary the major issues for the West Midlands are:

- Recent growth has not been felt by all and too many miss out, with significant variations between those areas where growth has been concentrated and skills and earning power is highest, and those where it has not. Unlocking the potential of these communities is core to improving lives and reducing the output gap.
- The strategic opportunities we have will drive the success of sectors that already have higher than average productivity and those where our productivity is lower than it could be, such as construction, retail and health. Securing the adoption of new techniques and technologies, often across sectoral boundaries, is the other major part of solving the productivity puzzle here.

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- We have the research and innovation capacity and the creative, young population needed to make this change, but have more to do to drive business demand for new skills, techniques and technologies.

Investing in resilience

- 5.9 Brexit will create a change in our relationships and interactions at a regional, national and international level. But it does not mean that our outward looking perspective and readiness to cooperate with neighbours will change too. The region's success is built on migration and immigration. Knowledge exchange and progress go hand in hand and Leaders across the West Midlands are clear that leaving the EU does not correlate with a withdrawal from open collaboration with cities and regions across Europe or the rest of the world.
- 5.10 The West Midlands is still highly recognised both nationally and globally as a region open to new ideas and new working practices. We have a strong track record of bringing in major investment from European and other global partners which has brought prosperity, growth and employment to the region and UK as a whole. This will not change. Rather the West Midlands has the opportunity to be at the forefront of all that is successful about the future UK.
- 5.11 Businesses have concerns in a number of areas. Smooth trading, particularly for our advanced manufacturing base, is significant. There are implications for supply chains and just-in-time impacts. Similarly, there are particular vulnerabilities around the recruitment and retention of skilled workers - 1 in 10 nurses are EU nationals and the need to maintain access to technical skills is important for many of our industries.
- 5.12 Funding is another aspect of change. The regional economy has benefitted from £566m in ESIF funding (2014-2020). The UK Shared Prosperity Fund (UKSPF) must be constructed and resourced so it funds our priorities around growth, productivity and inclusion⁵. We expect parity between the previously separate EU and domestic local growth funding and the UKSPF. The fund must be designed in a way which allows us to invest this funding locally to achieve the shared ambitions in the WMIS and to address the thematic and spatial barriers to improved productivity and inclusion.

6 Inclusive Growth

- 6.1 Growth and the benefits of growth are unevenly distributed, with pockets of deprivation, low employment and a lack of access to opportunities. International evidence shows that the concentration of creative and highly skilled people and firms that drive growth in our urban areas can also further entrench inequalities, particularly in suburban and rural areas close to centres of growth.

⁵ Further reading – https://www.birmingham.gov.uk/downloads/file/11144/brexit_impact_analysis_summary

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- 6.2 There is a long-term opportunity to connect more of our people with our economic opportunities. This will boost our productivity and benefit the UK economy. There is strong evidence that we could be more productive overall and that firms face recruitment challenges for entry level and higher skilled roles, as well as changing skills needs. The priority for us now is to **develop a West Midlands Inclusive Growth roadmap / plan** which pulls out the specific implications and targeted activities and next steps for both the local industrial strategy and wider West Midlands workstreams.
- 6.3 Devolution, combined with an economy in renaissance, give us a unique opportunity to make inclusive growth happen here, now. Local powers and flexibility mean that interventions can be designed, tested and implemented based on the needs of local people, businesses and places (including recognising the specific and different challenges facing urban and rural areas of our geography). The commitments and actions at the heart of this strategy set out what we believe a more inclusive West Midlands can be.
- 6.4 Inclusive growth underpins all the actions in the strategy. For us this means that we want to ensure that all our residents and communities can touch, taste and feel the benefits of rising prosperity. And we know that we will be most successful if we benefit from the creativity, talent and ideas in all our communities. Our strong local partnership, together with the new powers and influence of the Mayoral Combined Authority, gives us the chance to drive progress over the long term, make the case to Government and make things change.
- 6.5 Our opportunity is to use our Industrial Strategy and the potential of a young and growing population to act boldly where we have the levers to do so. We will seek to pilot new initiatives designed to deliver more inclusive growth. These will build on our existing projects and pilots such as Thrive West Midlands, which will improve awareness of workplace mental health.
- 6.6 Raising the living standards of all our residents and addressing the low productivity, low pay cycle that many of our residents experience will require an integrated response across multi policy areas. The West Midlands has a unique opportunity to do things differently and we will implement a West Midlands approach in piloting, experimenting and evaluating what works here.
- 6.7 We have launched the Inclusive Growth Unit to blend analysis, policy advice and practical action. The unit will support the development of the roadmap and promote inclusive growth outcomes with our Industrial Strategy and Public Service Reform programme across all activity. Its work will develop over the next year. We aim to make this unit the leading example of devolved areas working towards inclusive growth goals.
- 6.8 We have identified priority issues on which to develop and test new approaches:
- **Low pay sectors** such as social care, looking at labour supply and demand, locally adapted and targeted training and skills, meeting local needs with local innovation

and creating/facilitating organisations to fill gaps or create linkages around the sector.

- **In work progression**, increasing the support available to people to access in-work progression opportunities, particularly for employers and residents working in tourism, retail and prioritising historically lower paying sectors, where technological change will open up new, higher skilled roles. This will require focus through business support and skills provision.
- **Commissioning and procurement**, with an emphasis on maximising local value, local supply chains, local skills development and local ownership in infrastructure projects. This includes HS2, City of Culture and Commonwealth Games related procurement.
- **Diversity**, the Combined Authority can lead by example to promote diversity by implementing the Leadership Commission's recommendations of organisational culture change policies and policies to support individuals in the Combined Authority and wider public sector.
- **Inclusive Growth Corridors and town centres**, implementing place-based responses to integrate investment in specific sites and growth corridors bringing together transport, housing, skills, Public Service Reform and wellbeing investment to drive long-term change.
- **Bespoke solutions for individuals**, focusing on mental & physical health and barriers to work alongside the wider determinants of wellbeing. Coventry and Warwickshire will run a Year of Wellbeing in 2019 driven by the European City of Sport and develop wellbeing and productivity.
- **Youth unemployment**, developing a fresh new approach to working with young people through the Transition to Work scheme to create a sustainable pipeline of young talent in the region.
- **Social enterprises**, to diversify the types of economic activity available to create opportunities and improve wellbeing and productivity for people and communities. The Social Economy Taskforce will report findings in the early spring. It is anticipated to commit to a growth in the size of the social economy within the WM; a regional and/or mayoral financing mechanism to support this (such as a regional SE bank, or Mayor's bond); and the drawing together of support mechanisms for SE start-up and scaling.
- **Vulnerability, mental health and complex needs** – a number of interventions (both via the WMCA and with partners) focused on the relationship between vulnerability, wellbeing and work, such as our Individual Placement Support trial (developed with DWP's work and health unit), Thrive at Work, and partnerships with the West Midlands Fire Service, West Midlands Police and the Office of the Police and Crime Commissioner focused on prevention.

6.9 GVA helps us measure the pace of growth but not who is benefitting. We have developed an Inclusive Growth Framework which seeks to capture the positive social and environmental outcomes that the West Midlands would like to realise as a consequence of its economic activity. The Combined Authority will ensure that the Inclusive Growth Framework continues to be developed and refined and is used in monitoring the

delivery of our wider social and economic goals, including this local industrial strategy, looking at who is benefiting from the actions and where more needs to be done to ensure inclusive growth.

7 Sectors

- 7.1 This section sets out the strengths we have across our major sectors. Identifying the specific dynamics of our industries, supply and value chains is an important factor in ensuring that we prioritise the right actions to drive inclusive growth and productivity, so our people and businesses can take advantage of the opportunities ahead. We have worked closely with sector trade bodies and groups such as the Midlands Aerospace Alliance and the UK Metals Council, as well as academic experts, to ensure we understand both current and emerging sectoral trends and strengths. Ongoing activity to implement sector-specific actions will be done via close working with trade bodies.
- 7.2 More detail about the productivity and growth of specific sectors can be found in our detailed evidence report at **DN [insert hyperlink]**.

Sector Productivity

- 7.3 Over the last 18 months, the West Midlands has undertaken a range of comprehensive, independent studies to understand our clusters and sectors as well as the underpinning drivers of our output and productivity. Both elements are important. We explore the West Midlands economy in relation to the foundations of productivity in section 6. In this section, we identify the specific sector specialisms that are driving growth.
- 7.4 The **productivity gap is reflected across all broad sectors** apart from Low Carbon & Environmental Technologies (+£16,085). The region's manufacturing strength is displayed through its marginal productivity difference with the UK average in this sector (-£423). Sectors with the highest productivity gap between the West Midlands and the UK are BPFS (-£15,418), Digital and Creative (-£7,157) and Logistics & Transport (-£6,643), which are also core to meeting our strategic objectives, creating an important link between future growth and productivity improvements.

Sector Strengths and Specialisms

- 7.5 The West Midlands makes up around 10% of the UK **aerospace** industry. Clusters exist in the engine supply chain around Rolls-Royce and electro-mechanical systems, like UTC Aerospace Systems and Moog who are two of the world's leading producers and suppliers of aircraft actuation systems. Focused on civil aircraft, West Midlands products and services from throughout the supply chain contribute to the latest passenger planes made by Airbus, Boeing and BAE Systems.
- 7.6 The West Midlands has a significant **rail** supply chain, particularly in activities at the higher end of rail design and engineering, and upcoming opportunities around digital rail. The sector is underpinned by academic excellence and private sector leadership through Birmingham Centre for Railway Research and Education which specialises in digital rail technology and is the lead partner in a £92m industry-partnered investment in research on digital train technology through the UK Rail Research and Innovation Network (UKRRIN). The area is also home to the Quinton Rail Technology Centre and a

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- testing ground for Birmingham University's hydrogen propulsion research; and a cluster of transport design businesses - for example companies that designed the interior of the new Hitachi IEP 800 Series, Disneyland Europe amusement park rides and Suncheon Bay light rail in Korea. Major planned investments, including HS2, Midland Metro Extension and projects in Control Period 6, present significant opportunities for growth and innovation locally. Our strategy is to integrate these investments so the benefits are felt across the whole of the rail sector and communities.
- 7.7 The regional **logistics** sector is enjoying significant growth with a 66% increase in the number of businesses in the past five years. Driving productivity gains through investments in distribution centres and emerging technologies such as automated guided vehicles (AGV) in warehousing, virtualisation technologies to monitor and utilise capacity in vehicle fleets to smooth demand, connected and autonomous vehicles and integrated delivery systems to increase transport efficiency. The sector is core to the wider changes in mobility services and will significant change in skill requirements and occupations going forward.
- 7.8 Key in underpinning these transport related industries are the cluster of foundation industries within **metals and materials**. Their historic presence and current and future expertise for advanced manufacturing plays an important role in the regional economy, contributing 75,000 jobs and £4bn GVA. The supply chains are robust, and their continued success is integral to the businesses they supply. Without the local supply of quality material and products from both metals and materials many of the area's better-known industries (e.g. automotive, construction) would be less successful. Metals and materials supply is the bedrock of the West Midlands' manufacturing economy.
- 7.9 The West Midlands has a significant **automotive** sector, producing one third of the nearly two million vehicles manufactured in the UK. The region has 35 automotive OEM brands, major R&D and headquarters operations, and over 20 vehicle manufacturing sites. The cluster has attracted and retained global brands Jaguar Land Rover, Aston Martin Lagonda and BMW (engine manufacture), Geeley London Electric Vehicle Company and smaller, niche manufacturers. Both CWLEP and GBSLEP areas employ more people in the sector than any other in the country. Many of those employed locally are within SME supply chain firms; one fifth of the UK's motor vehicle parts and accessories businesses are located in the West Midlands region, reflecting that our automotive expertise goes far beyond the presence of OEMs. The Black Country in particular is home to a deep and diverse network of tier 1, 2, and 3 component and engineering suppliers that extends out across the region.
- 7.10 There are significant existing strengths and innovative capacity in powertrain and battery propulsion, connected and autonomous vehicles, and prototyping and product development. Successfully delivering these high-level, high technology ambitions requires a wholesale adjustment across all levels and particularly relies on the innovative capabilities of our supply chains to respond and be fully integrated within the development of new technologies and products.

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- 7.11 Similarly, the region's distinctive **low carbon** expertise makes the West Midlands an attractive market for commercialising new energy and transport system technologies in the UK. This sector is the most productive sector in the West Midlands, with GVA per employee that outstrips the national average.
- 7.12 The advanced manufacturing economy also underpins a **food and drink** sector which has seen the greatest long-term growth in food and drink manufacturing of all UK regions. Smaller, artisan producers play an important and high value-added role linking to both our wider tourism sector and our dynamic agricultural base.
- 7.13 Our growing **creative** sector includes important maker clusters, globally recognised product and process design, and a globally significant concentration of firms in gaming, innovative and immersive content and high-end production, centred on screen media including film, TV and virtual reality (VR) and augmented reality (AR). The creative sector underpins, supports and cross-cuts into many of our key sectors, and there are huge opportunities to support and facilitate this further cross-fertilisation, building on our strong digital creative business base.
- 7.14 Our thriving **BPFS** is the region's largest GVA contributor and employer with the UK's largest regional full-service banking and professional services cluster, serving a global client base. A strong and distinctive Birmingham city centre is complemented by a range of other key options and locations (both in town and out of town) around the West Midlands, including Coventry, Worcester, Leamington and Stratford-upon-Avon, which provides a wide and varied choice for companies of all sizes. The sector brings region-wide benefits through positive spill over effects via the access to capital and providing for the growth of businesses in other industries. The cluster is supported by world class business schools, including Aston, Birmingham and Warwick, resulting in more business students than any location outside London.
- 7.15 New technologies and world class assets support a high value **medical technology and life sciences cluster**. There are particular strengths in R&D, design and production of high-tech medical devices (firms like Salts Healthcare and Kimal), diagnostics including in-vitro (The Binding Site, Serascience, Perspectum) and software as a medical device (Safe Patient Systems, Evolyst). The region's strengths in med-tech include the application of AI, digital and data analytics, with the West Midlands as an important location for clinical trials. The region's NHS Trusts and universities attract large numbers of trials from global industry to an international centre of expertise in accelerated trials models and a track record in health data collection.
- 7.16 Industrial know-how in advanced manufacturing is strongly related to major **construction** activity and expected spending of £3.8bn per year for the next five years in transport and housing investment. This is the third largest sector in the West Midlands with companies across the supply chain operating locally. Offsite construction and other modern methods of manufacturing (MMM) are a distinct opportunity for the region to deliver its 215,000 homes and other large infrastructure commitments. Offsite construction is already happening – evidenced by WM-based firms like LoCaL

Homes and Totally Modular – and there’s a key opportunity for the region to develop a world-class capability in this activity going forward.

- 7.17 The West Midlands is the UK’s fastest growing region for international visitors – attracting a record 2.3 million overseas visits in 2017, up by nearly 50% over the last six years. We have an already world class tourism offer, building on the global draw of Shakespeare’s England, the Black Country Living Museum, key heritage assets, and a range of sporting and events based attractions. The City of Culture 2021 and Commonwealth Games 2022 provide a unique platform to further raise the global profile of our area and enable our **tourism** sector to capitalise on these opportunities to expand the visitor economic and business tourism levels to drive economic growth and leave lasting community legacies.

The Black Country Living Museum and Castle Quarter case study

Across 26 acres of exploration, The Black Country Living Museum recreates the area’s proud industrial heritage, attracting almost 300,000 visitors annually. An open-air museum brought to life by costumed characters in original shops, houses and workshops, the museum is a key visitor economy attraction in the region which continues to invest and develop. ‘Forging Ahead’, the museum’s 40-year masterplan for further developing the site, will create a world-class heritage attraction in the heart of the Black Country. Phase 1 of the masterplan, part-funded (£9m) by Black Country LEP’s Land and Property Investment Fund (LPIF), represents an investment of £23.7million in a project to engage and inspire visitors of all ages to learn about the Black Country’s heritage, its impact on the world, and its relevance today.

The Black Country Living Museum forms part of a thriving tourist attraction hotspot in Dudley’s Castle Quarter. This area provides a wide range of attractions including Dudley Zoological Gardens, Dudley Canal Trust and Limestone Mines. Further reflecting the Black Country’s diverse industrial heritage and unique identity, the Black Country has the ambition to become a Global Geopark, with parts of this also focused on the Castle Quarter. The Black Country’s geological and industrial history has ensured it’s now an amazing place to explore with many ‘hidden gems’ of world class natural and manmade wonders to be found and explored. A Global Geopark status recognises an area’s outstanding geological heritage and where there is considerable effort to conserve it and increase the public understanding and enjoyment of it. UNESCO are responsible for granting Geopark status’, and the Black Country has applied for this

- 7.18 The related industries of **retail and hospitality** are significant at the local level. They play a key role in the functioning of our city and town centres, which are undergoing significant changes and challenges. The sectors also provide a route out of unemployment and flexible working. The challenge is to build progression pathways through these sectors to upskill workers, increase productivity, improve wage growth, and to support the sector to change and evolve to meet new expectations and embrace future technology.

8 Actions to drive growth and productivity

8.1 In this section we set out the actions we are going to take. They are grouped by four foundations of productivity, reflecting how they are targeted, based on the evidence, with place being integrated into each. In each section we also summarise the inclusive growth impacts.

Ideas

8.2 ***With a long history of commercial and academic research and business innovation, the West Midlands has the potential to further increase both new to firm and new to market innovation in products and services by further building capacity and capability.***

8.3 Ours is an innovative economy built on the development and commercialisation of new ideas, processes and products. Our innovation is driven by the creativity of companies and Universities in the West Midlands, founded in our history as the place where the first industrial revolution was commercialised, driving growth across the UK.

8.4 The West Midlands has a long standing, sophisticated and thriving innovation ecosystem, with a diverse mix of research and applied universities, commercially engaged academics, science parks, incubators and the largest concentration of accelerators in the country (NESTA, 2017). We are home to two of the UK's strategically important Catapults in High Value Manufacturing and Energy Systems. And our universities are consistently ranked in the top 20 nationally for the quality of their research.

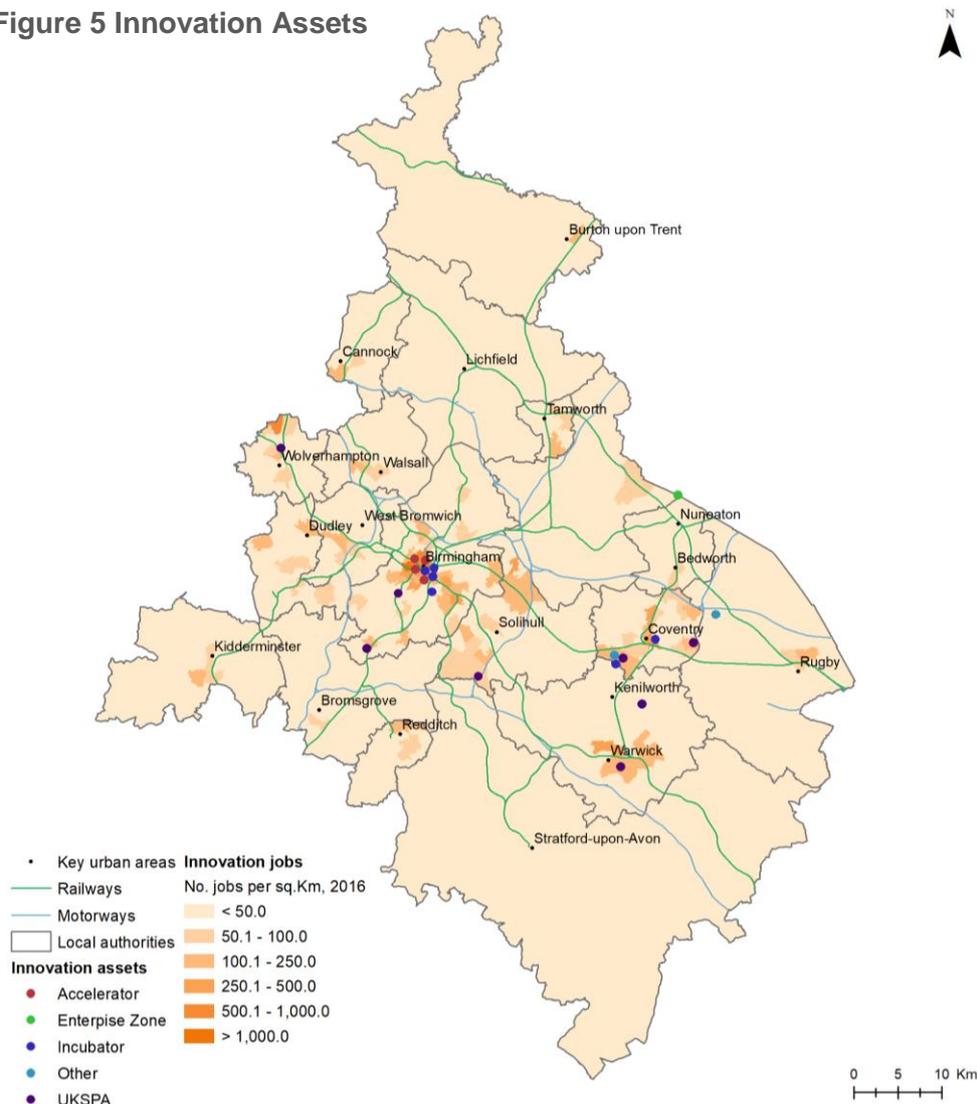
8.5 Innovation in industry, academia and R&D is focused in our core economic and business areas of advanced manufacturing and engineering, digital technologies, data and systems integration with a particular strength across the whole West Midlands in next generation transport systems, data-driven healthcare technologies, and energy generation and storage.

8.6 The major opportunities are driven by rapid innovation in the way that firms use data in the development of new products and implement data in the configuration of new business growth. Cities, towns and local areas across the West Midlands will be the first to benefit from cutting edge 5G capabilities.

8.7 Universities, developers and the public sector have invested substantially in incubator space, science and technology parks and in the availability of finance and access to university and business partnerships. Together with substantial business networks and support for specific technologies and capabilities (such as battery manufacturing, CAV vehicle design and testing, digital rail, energy generation and storage, and data for future healthcare), these will continue to be the pillars of our innovation ecosystem

beyond the existing funding streams. The innovation infrastructure is widespread and clusters around key institutions. The challenge is ensuring that this capability and capacity percolates into the supply chains as well as frontier firms.

Figure 5 Innovation Assets



Source: ONS Business Register and Employment Survey (2016) and SQW (2017) A Science and Innovation Audit for the West Midlands

8.8 Businesses across the region invested £2.3bn in R&D in 2016 and this is on the rise. Since 2010 we have increased our share of all UK investment. We perform above average in Innovate UK funding awards, though there are spatial variations, which is primarily driven by the nature of our business base.

8.9 Innovation is concentrated around the clusters of OEMs, universities and medium, small and micro firms in these major sectors, for example around Warwick Manufacturing Group and the automotive and aerospace clusters in Solihull, Coventry and Warwickshire, manufacturing supply chain firms in the Black Country and creative industries in Birmingham. There is the opportunity to go further, to broaden the smaller scale commercial research and process innovation undertaken by firms in our

supply chains who find it difficult to engage with the innovation ecosystem. There is a key role for universities to broker the connection between national research and innovation funding to deliver benefits for the region.

- 8.10 Our regional innovative capacity is not confined to any one sector, meaning that capabilities in research and development, design, production and aftercare spans multiple industries, putting firms at the forefront of innovation across as well as within specific sectors.

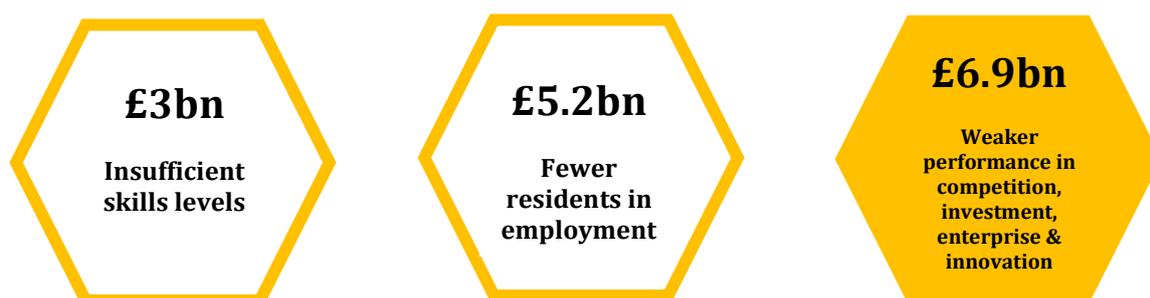
STEAMhouse case study

STEAMhouse is a co-working space for businesses, artists and academics designed to enable small companies and artists to work together on new projects and business ideas. There are facilities such as 3D printers, laser cutting machinery, virtual reality and printing studios.

STEAMhouse will drive innovation and research to create business solutions that fuel long-term economic growth through a combination of industry-led workshops, access to product development facilities, partnership working and SME grant-making. The first phase of STEAMhouse launched in spring 2018 and will engage with at least 200 SMEs in the Greater Birmingham Solihull Local Enterprise Partnership (GBSLEP) area over a three-year period. The second phase of STEAMhouse is already in development with construction due to commence in spring 2019.

Clear opportunities to strengthen business innovation

- 8.11 Around 46% the output gap between the West Midlands and the UK is caused by weaker performance in competition, investment, enterprise and innovation.⁶



- 8.12 Levels of process innovation and commercialisation are lower than they could be. And we need to increase business demand for new techniques and technologies. Our aim is to drive up levels of business innovation by supporting improvements in business capacity and subsequent demand.

⁶ Based on 2017 output gap analysis.

8.13 Our academics and researches are at the forefront of global trends in the clean movement of goods and people and the development of new products and services. We know that these changes provide significant opportunities for our supply chain firms in automotive, rail and aerospace who specialise in materials, metals and components, alongside the need to continue to further innovate production processes and techniques.

8.14 Our strategy therefore is to continue to ensure the availability of both space and finance for innovation, whilst further developing the business led and peer to peer networks and connections that the evidence shows are most effective in helping firms innovate. We want to encourage our businesses of all sizes to ensure that innovation becomes part of “business as usual”. We are committed to closer working between institutions to maximise the West Midlands research contribution to national and local opportunities and to making it easier for new and existing businesses to access our world leading assets and new support programmes.

- **Innovation networks and linkages:** We will support business networks and programmes to join-up assets and entrepreneurs, and help identify the opportunities for collaboration across sectors, technologies and supply chains.
- **Innovation investment programmes:** We will create new support programmes integrated with local supply chains, including through demonstrator projects, supporting broad and accessible investment and access to a good supply of appropriate finance products on attractive terms.
- **Innovation talent:** We will support high growth potential business with the skills needed to innovate, through programmes in universities, Catapults, and technology innovation networks.
- **Innovation intelligence:** We will create a West Midlands foresight programme to generate new ideas and promote awareness of latest market demand from large firms and the public sector for innovative SMEs as well as technology drivers of change.
- **Innovation culture:** We will continue to create opportunities to showcase the impact and importance of innovation across the West Midlands’ public and private sectors.

8.15 In addition, we are working closely with Government to embed a number of initiatives within the West Midlands innovation ecosystem, including:

- Driving innovation through planned procurement of capital investment in the West Midlands.
- An industry-focused regional grant scheme (for our innovators who have difficulty securing Innovate UK monies) with a range of funding options.
- Wrap-around business support with innovation and R&D at its centre.

-
- Integrating the approaches described above into a new Productivity Factory, acting as an access point for peer-to-peer mentoring and repayable grants for project design and implementation.
 - Sharing and development of intellectual property (IP) for collaborative innovation and consideration of where IP finance can improve the access to finance for innovative companies

8.16 We are investing in innovative spaces and networks to enable cross discipline intellectual property (IP) sharing and commercialisation, for example at the STEAMhouse project with Birmingham City University. We are developing creative sector specific financing opportunities and pathways and have put in place innovative programmes to further enhance the transfer of skills and techniques between the core industry and the potential it has to grow productivity in other sectors.

Innovation delivering inclusive growth

8.17 Innovation drives improvements in individual firms as well as across whole industries. A more innovative West Midlands will be an environment with more productive and competitive businesses that create and attract better paid and higher skilled jobs (for instance in traditionally low paid, low skilled sectors such as retail, hospitality, logistics and health & social care).

8.18 As well as continuing to support high tech innovations, our local industrial strategy commits to encouraging a broader and more inclusive innovation policy that can help supply chain SMEs across the West Midlands to contribute to the West Midlands distinctive strengths by moving into new markets and supply chains.

Warwick Manufacturing Group (WGM) case study

WGM is one of the world's leading research and innovation groups. Since its inception in 1980, WGM's mission has been to improve the competitiveness of organisations through the application of value adding innovation, new technologies and skills deployment, bringing academic rigour to industrial and organisational practice.

WGM is a pioneer of innovative technology, leading major multi-partner projects to create and develop new products and processes that can be adopted by organisations.

WGM's new National Automotive Innovation Centre is the largest of its kind in Europe and the product of partnership with Jaguar Land Rover and Tata Motors. The centre will focus on automotive research, combining expertise from industry, university academics and supply chain companies. It is intended to support advances in technology to reduce dependency on fossil fuels and vehicle emissions whilst also developing the talent required for the demands of emerging technology. This is in addition to the existing facilities.

People – Skills and Employment

- 8.19 The West Midlands has a young and diverse population, brimming with potential and opportunity. There are 1.8 million people under 25 in the region (32.5% of the population), making the West Midlands the youngest region in the country outside of London⁷. Of the 52,000 graduates from eight West Midlands universities, 71% stay on to work here. The employment rate is growing faster than the UK as a whole and we have the lowest number of people out of work for ten years.
- 8.20 We have record levels of employment and things are improving. Since 2012, the number of people with higher level skills increased by 113,000, faster than the national average and the number of people with no qualifications is falling faster than the UK average.

Manufacturing Technology College (MTC) Advanced Manufacturing Apprenticeship Centre case study

A £36m Advanced Manufacturing Training Centre (AMTC) has been developed at MTC in Ansty Park, Warwickshire to provide a flagship facility for advanced apprenticeship programmes. Having been named as one of the UK's top 100 apprentice employers, courses here are setting the standard as the future of advanced manufacturing apprenticeships.

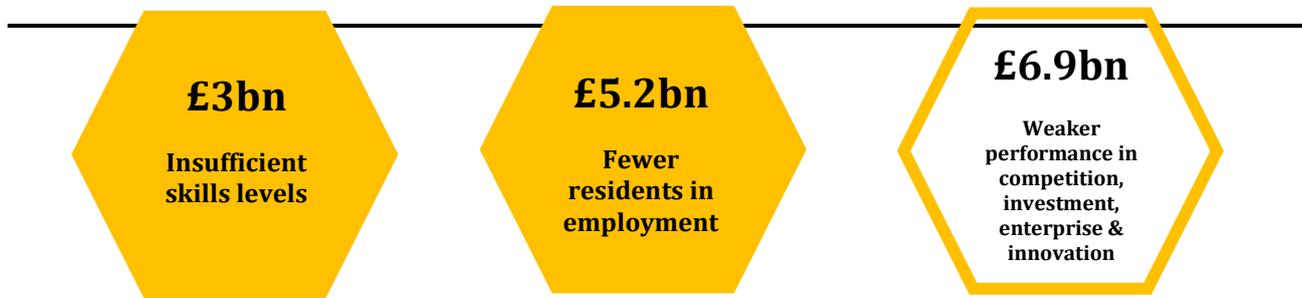
Apprentices learn the latest technology in areas such as intelligent automation, additive layer manufacture, robotics, metrology, mechatronics, additive layer manufacture, computer aided design (CAD) and computer aided machining (CAM). Apprentices will be able to test and develop their skills in sponsored placements, including the opportunity to undertake international assignments with MTC members and supporters.

With communities that miss out

- 8.21 The evidence points to concentrations of low employment and high levels of unemployment and deprivation, where social mobility, wage growth and access to opportunities have persistently lagged behind overall growth and act as a break on productivity between the West Midlands and UK driven by challenges around our population. However, these areas often sit alongside areas of strong employment growth, high demand for labour, and businesses complaining of recruitment difficulties and skills shortages. These equate to £3bn through lower skills levels and £5.2bn through fewer residents in employment. Together they account for 54% of the output gap.⁸

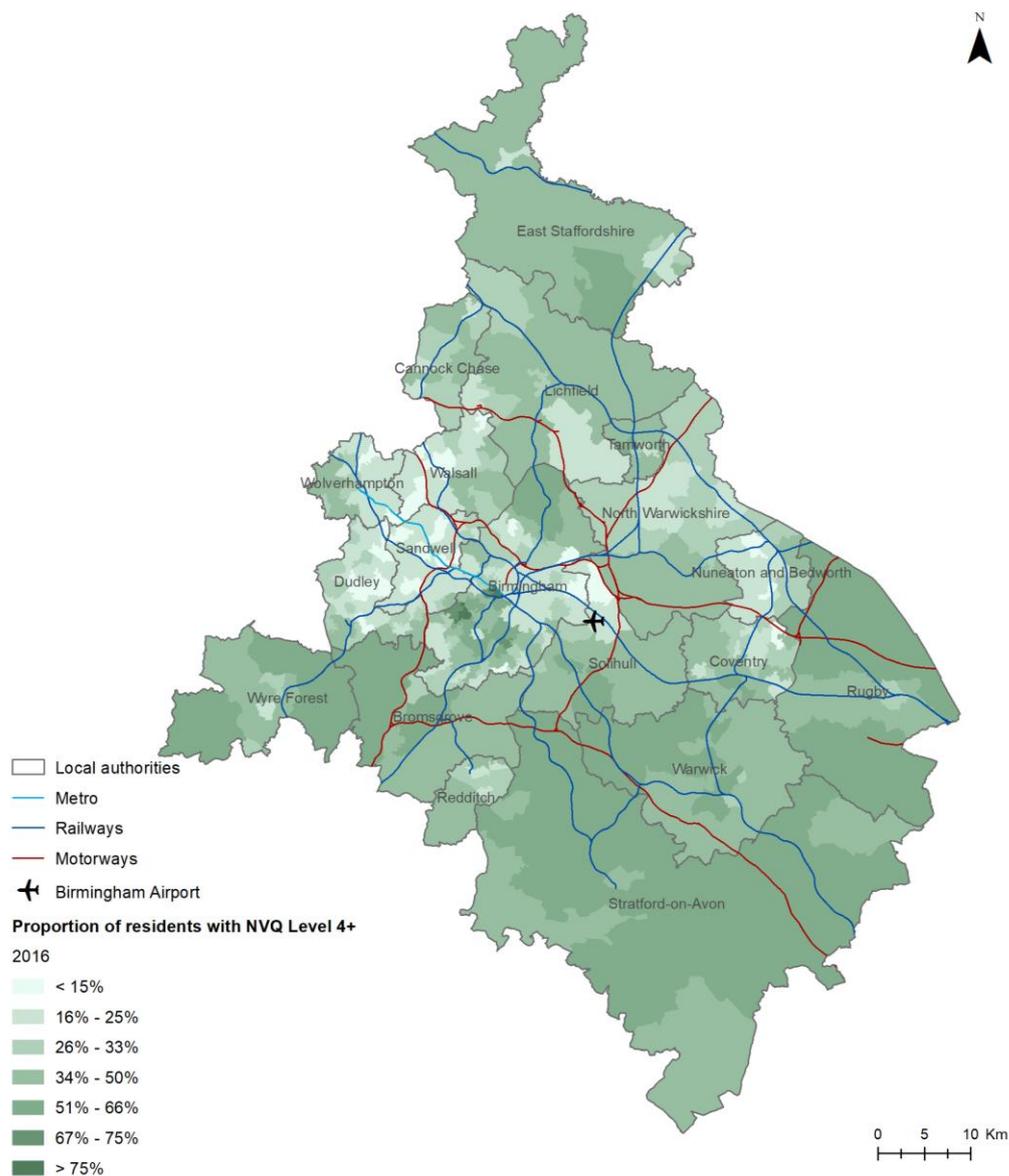
⁷ 3 LEP geography

⁸ Based on 2017 updated output gap analysis.



- 8.22 We see concentrations of deprivation in close proximity to growth areas. To an extent, this is an issue of connectivity, and the elements which relate to infrastructure provision are set out below. But this challenge goes wider, so we also have targeted labour market interventions, as set out in our **Skills Plan** and as agreed in a **£69m Skills Deal** with Government to deliver on this plan.
- 8.23 The West Midlands has amongst the lowest employment rate of any mayoral combined authority (71%) and an above average unemployment rate of 5.7%. There are particular weak spots, including in parts of Sandwell, Birmingham and Wolverhampton. Whilst annual wages are on the rise, one in four pay below the ‘real living wage’. Too many of our communities don’t enjoy the access to jobs, skills and support for enterprise that they should, and face entrenched structural issues resulting in poor economic, social and health outcomes. Some communities face the challenges of an ageing society and the associated pressures on health and social care.
- 8.24 Around 50% of five-year-old children in the West Midlands do not achieve a good level of development compared to 34% nationally. Nearly a third of children in the region grow up in poverty and by Year 6 almost a quarter are obese. Healthy life expectancy is lower than the UK average. Black and minority ethnic (BAME) employment rates are 15% lower than for white groups. And for women from an ethnic minority background the employment rate is much lower than white women. There are similar disparities for those with disabilities and low or no qualifications.

Figure 7 Proportion of residents with NVQ4+ (2016)



Source: Metro Dynamics estimates based on ONS Annual Population Survey (2016) and Census (2011) data

Connecting Communities case study

The Connecting Communities Programme is an innovation pilot funded through the Department of Work and Pensions as part of West Midlands Combined Authority’s first devolution deal. The approach is based on providing employment support within the heart of communities with a connection with that community being the only eligibility criteria.

An early example of how the project is making a real difference to people within the communities from the perspective of one of the contracted providers is detailed below:

“K heard about the project running from the local library and approached the project accompanied by his father. He was very reserved and reluctant to communicate without support from his father. After building both rapport and trust, it was identified that K has autism

and finds it difficult to talk to new people. Through developing an action plan we were able to support towards help make the next step into employment.”

An Inclusive Strategy

8.26 We will use devolved powers and funding to deliver a high quality and responsive regional skills and education system, to provide people with the skills they and businesses need for the future. We know that this alone will not be enough. So, we are also acting to improve accessibility, through transport and digital infrastructure, and through raising awareness of the jobs and opportunities that are available, particularly for communities that have historically been disconnected from growth.

Actions

8.27 We will deliver 5 strategic interventions as outlined in the **Regional Skills Plan**, those most directly targeting inclusive growth and productivity are summarised below:

1. Prepare our young people for future life and work

8.28 Our new approach to tackle youth unemployment identifies the need for individualised support, across the existing silos in careers, health (mental and physical), travel, housing, childcare, and others. This will include measures to prevent, as well as tackle, youth unemployment and ensure that we are nurturing young talent.

- Create a **West Midlands Career Learning Hub** to enhance the impact of careers education and advice.
- Celebrate and promote young talent across the region and extend the **Mayor’s Mentors programme** to encourage more young people to access regional opportunities.
- Work with the Department of Work and Pensions to support the testing of **‘progression coaches’** in Birmingham and Solihull. The coaches will support and mentor unemployed and disadvantaged young people as they work towards gaining and progressing in an apprenticeship or other job.
- The **Apprenticeship Promise** - a commitment to working with local employers to make sure an apprenticeship or training place is available to every young person in the region that wants one.

2. Create regional networks of specialist, technical education and training to drive up skills and productivity and underpin economic growth

8.29 We will address shortages of specific skillsets like engineers by boosting the uptake of vocational training through apprenticeships and preparing to deliver T-level routes and better match skills provision to employee need.

- Seek full Government backing for two Institutes of Technology (IoTs) to deliver T-levels. Dudley IoT will redevelop land to provide teaching facilities for higher level skills programmes. The Greater Birmingham and Solihull IoT focuses on advanced

manufacturing and industry 4.0 through greater collaboration of Further and Higher Education and creating clear pathways from level 3 to level 6 apprenticeships.

- Create employer-led taskforces and sector action plans for each of our priority sectors, representing a cross section of businesses, to drive curriculum and skills provision that meets employers' needs.
- Launch the West Midlands new Digital Skills Partnership to link the region's existing and emerging digital offer with national and sector-based initiatives.
- Help workers in retail, logistics, hospitality and other low paying sectors to move up the value chain through in-work progression and support retraining for those whose jobs are at risk of automation.
- Through the devolved Adult Education Budget (AEB), increase the volume of qualifications delivered at all levels in priority sectors and develop flexible models of learning to support adults in work to upskill.

3. Accelerate the take up of good quality apprenticeships across the region – double the number by 2030

8.30 Apprenticeships form a central plank of our strategy to grow the supply of skills that employers in our region need to achieve growth. Our region is home to some of the country's best apprenticeship programmes, providing world class training and support that enables businesses and our residents to compete globally – but we need to do more. We will:

- Maximise Apprenticeship Levy investment for the West Midlands through a regional campaign targeting employers, young people, employees and key stakeholders to consider apprenticeships.
- Direct £40m Apprenticeship Levy funding to support more apprenticeships for SMEs, targeting Science, Technology, Engineering and Mathematics (STEM) skills in our priority sectors and supply chains.
- Establish a regional pre-apprenticeship and traineeship offer including piloting Access to Apprenticeships in growth sectors.
- Provide a brokerage service to employers to promote apprenticeships as a key tool for workforce development, supporting them to identify the best apprenticeship programme and apprenticeship training provider to meet their business needs.

4. Deliver inclusive growth by giving more people the skills to get and sustain good jobs and careers

8.31 Despite record employment levels, we need to get more people into work to tackle that element of our output challenge. One of the most direct ways of improving inclusivity is through good quality employment with the opportunity to progress.

8.32 We will tackle low employment and high unemployment in specific areas by:

- Supporting those out of work and on low incomes in targeted communities – this starts with us delivering our £4.7m Employment Support Pilot – Connecting Communities - to test and learn what works.
- Providing a new employment support service for people with a mental health and/or physical health conditions in primary and community care through the Thrive into Work project. The success of this project will shape the roll out of the Individual Placement Support model for other cohorts.

8.33 Delivering £100m+ of investment in future training and skills provision through the AEB and £10m worth of retraining funds and strengthening the **upskilling of low paid and low skilled residents** to bolster their long-term career and income prospects.

5. Grow collaboration between partners to support achieving even more collectively

8.34 The West Midlands is successful in engaging partners in the skills agenda. Close working relationships are in place with the Further and Higher Education sector as well as the three LEPs and local authorities. These relationships go beyond passive engagement to all partners playing a meaningful and active role in developing and delivering regional plans, with appropriate local flexibility to address local labour market conditions.

8.35 Local partners are working together to develop an approach that will further integrate investment in transport, skills and services to target specific communities or groups in focused inclusive growth corridors or locations. The aim is to develop approaches which improve the overall impact of investment, and accessibility to skills, jobs and business opportunities for local people.

- Closer working with community based organisations to develop local access and progression pathways.
- Development of local learning routeways from compulsory education, through further, higher and career development learning.

Skills Factory case study

The Black Country Skills Factory is an employer-led education and training collaboration which aims to address the shortfall of skills in the Black Country and increase the pipeline of suitably skilled staff to respond to growth. It has been a highly successful project in addressing skills shortages in the advanced manufacturing sector.

The aspiration is to fundamentally shift the relationship between employers and education providers to develop a networked approach to skills delivery that is needs-driven by industry demand for skills whilst also meeting general “best practice” standards

Training and education courses are co-developed and co-delivered using shared facilities and industry trainers. This results in the provision of “bite-sized” skills training courses which fit the current and future needs of highly technical industries.

Construction Gateway

The Construction Gateway has been established by the Combine Authority in response to major projected growth in the demand for construction jobs, of which HS2 is significant, but so too is the £350m housing deal, delivering 250,000 new homes – both traditional and systems-built. It is crucial we ensure that local people can access these opportunities, so that employers looking for skills, or people looking for a job, an apprenticeship or a move up know where to go for help and support.

The Combined Authority has £5m three-year programme to train over 2,000 new recruits linked to specific major projects. The programme would also engage 300 schools and host a number of careers events across the region. A partnership of the Further Education Skills and Productivity Group network of colleges, training providers, Job Centres and local authorities will work closely with developers to provide a supply of recruits across the whole range of skills areas and levels.

Working through hubs in Coventry, Birmingham and the Black Country, the emphasis is on providing the training and support needed to enable more unemployed and/or low-waged entrants to develop the skills needed to enter and sustain employment in the construction sector. This will include accreditation through the CSCS scheme.

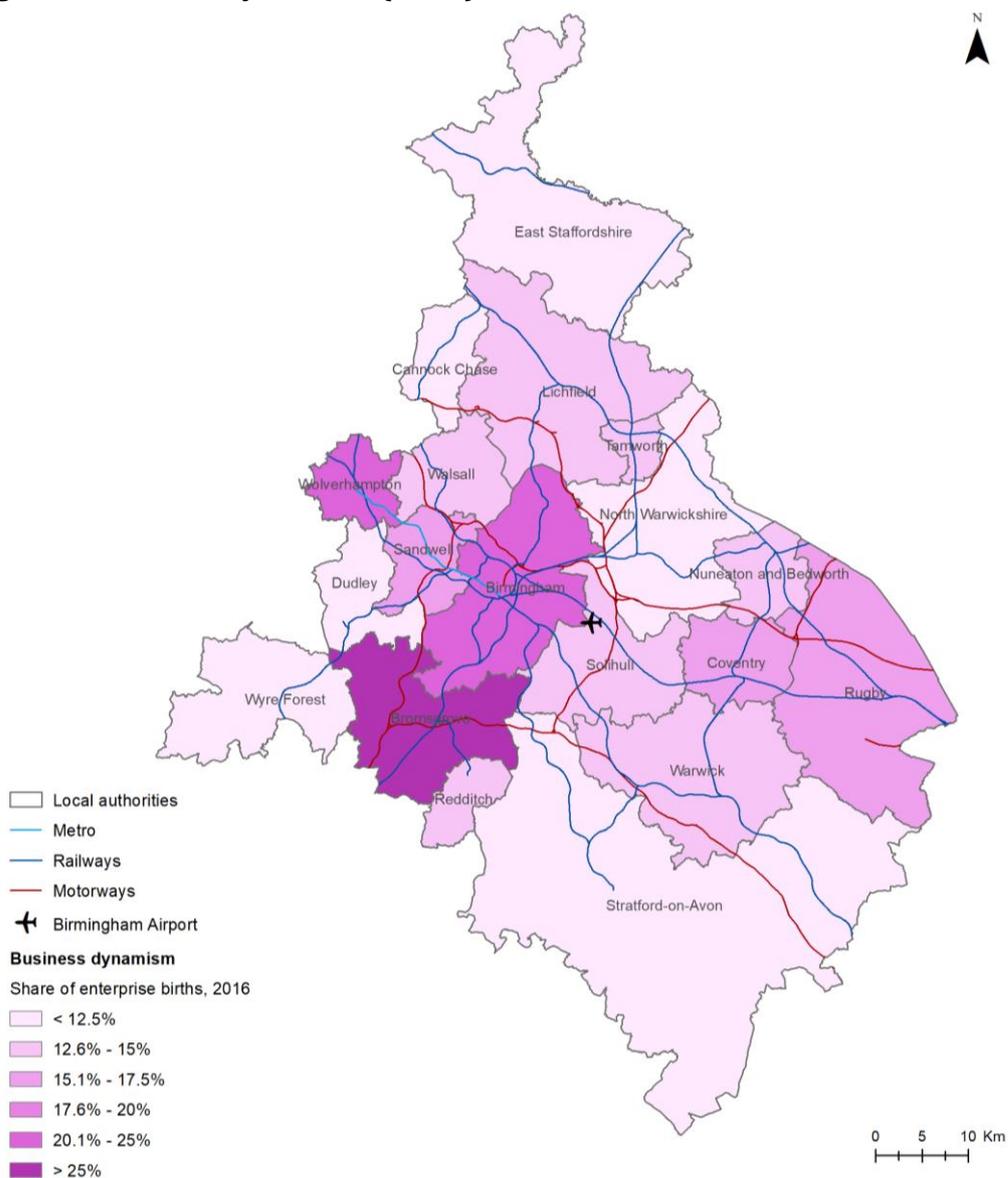
Business Environment

Business dynamism is mixed

8.36 GVA per employee varies significantly across sectors in the West Midlands and the average GVA per employee is below the national average.

8.37 Four sectors exceed the regional benchmark on the GVA per employee measure of productivity (£42,897): Low Carbon and Environmental Technologies is by far the most productive sector (£134,638 GVA per employee), followed by Digital and Creative (£65,151), Business, Professional & Financial Services (BPFS) (£60,212) and Advanced Manufacturing and Engineering (£58,036).

Figure 8 Business dynamism (2016)



Source: ONS Business Demography (2016)

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- 8.38 Business dynamism and productivity is also impacted by low business stock⁹. Between 2016 and 2017, the number of businesses increased by 9.6%, compared to national growth of 6.1%. Between 2013 and 2016, growth outstripped the UK too. This growth has occurred primarily in Greater Birmingham and Solihull. Despite this recent performance, the Combined Authority needs to increase its business stock by 17,133 in order to reach the national average.
- 8.39 On start-up rates, CWLEP performs well against the English LEP average but BCLEP lags the benchmark; in contrast BCLEP performs well on survival rates.

Global Supply Chains and Exports

- 8.40 We are the fastest growing UK region for goods exports and experienced 27% growth between 2015 and 2017. Outside London and the South East, we export the most by value, over £33bn in 2017. And between 2011 and 2018, 775 Foreign Direct Investment (FDI) projects have created nearly 46,000 new jobs and the number of projects per annum has more than doubled. Our supply chain firms are competitive in a range of global markets for aerospace, materials, rail, automotive, healthcare devices and marine, providing flexibility and quality design for a diverse range of sectors.
- 8.41 There is uneven direct distribution of inward investment jobs – most go to the GBSLEP area (71%). One quarter are created in CWLEP, but only 5% in BCLEP. Our FDI success has significant impact on supply chain firms and related jobs, many of which are concentrated in the Black Country.

Supporting SME growth and productivity.

- 8.42 To successfully drive up productivity we will focus not just on those who already innovate, trade and are growing. We will also provide support for those firms where there is potential for further growth and productivity, where innovation could unlock greater success and renewal. Many of our SMEs are well established manufacturing firms whose future success will depend on new approaches. These will include the mindset and growth orientation of individual business leaders/entrepreneurs, access to, and effective use of, technologies, investment readiness and appetite and management and entrepreneurial capacity.
- 8.43 Firms continue to report issues with finance from both the supply and demand side. This is both about maximising uptake of existing loan and equity finance and attracting more private investment. It also means working with our businesses to ensure that they are investment ready through business planning, support and advice from entrepreneurs. Better access to finance will allow more firms to start-up, scale-up and pursue profitable lines of activity.
- 8.44 We know that management practices can play a central role in firm performance, both within and across industries. By building on successful existing programmes, we can

⁹ Number of businesses per 10,000 population

maximise our **management and leadership capabilities** through peer-to-peer mentoring.

- 8.45 We will improve competitiveness of our globally significant concentration of leading advanced manufacturing and engineering businesses through supply chain SME support led by businesses for businesses.
- 8.46 We will develop a virtual **Productivity Factory**, using expert industry benchmarking and coaching, masterclasses on management processes, to cover accessing new markets, supplier efficiency and sector-specific topics, targeted at SMEs.
- 8.47 We are investing with the Department of Culture, Media and Sport (DCMS), Aston University and Creative England in small and medium enterprise (SME) growth and support programmes, with **creative industry specific pathways**.
- 8.48 We will also launch a **fund for new industry co-investment** to provide wrap-around support for businesses looking to grow into new sectors, supply chains and markets, who need to invest in new technologies and capital to grow into those markets.

High growth SME support

- 8.49 We will develop further **dedicated, segmented and locally appropriate business support** focused on our highest growth potential industries through dedicated “cluster” support and expand **scale up support** for high potential companies that will help position them to provide the good jobs of the future.
- 8.50 We will increase internationalisation by continuing to leverage national resources and the Midlands Engine brand, focussing on both high value contracts and those new exporters and securing first overseas orders. This will include **identifying and accessing new markets** with a particular focus on smaller businesses, which may not currently be supported.
- 8.51 We are establishing a business led Creative Innovation & Talent Hub to discover, develop and showcase new creative content and diverse talent in broadcasting, arts, games and social media and develop and implement an ambitious cultural investment programme.

Maximising the business impact of unique events.

- 8.52 We will use the opportunity of the **Commonwealth Games and City of Culture** to provide targeted support to drive productivity through the **visitor economy**, developing bespoke qualifications for staff looking to step into management roles, providing key underpinning skills and competencies together with the business insights required, including through focussed support to extend the season and further increase business tourism.

Infrastructure

Transport and Mobility

- 8.53 The West Midlands is a well-connected region with 90% of UK markets no more than a four-hour drive away. We have one of the UK's fastest growing airports, carrying 13m passengers a year on 50 airlines to 143 destinations. HS2 will put the centre of Birmingham and UK central within 40 minutes of central London. We are a major location for logistics and the movement of goods as well as people. Our central location means that all north west to south east or north east to south west national movement, whether for freight or passengers, travels through or around our conurbations.
- 8.54 Recent growth has put our existing transport system under a great deal of pressure, leading to poor air quality and costly congestion. We are over-reliant on the road network and private transport, with only 41% of residents able to access three or more strategic centres by public transport within 45 minutes during morning peak times. Physical access to jobs and skills is still an issue for too many people in the West Midlands. Many of our more rural areas continue to face transport challenges, and it is important to ensure that they are "connected to the connectivity" that the West Midlands has. We are committed to a long-term ambitious programme to address infrastructure deficits, with early action in priority areas to ensure all areas have the infrastructure needed. The focus is on alleviating congestion within the main urban areas and the routes between metropolitan and neighbouring areas that people use to travel between their place of work and residence.
- 8.55 Similarly, we recognise the pressure that our infrastructure system puts on the natural environment, and that inequality of access to natural spaces has a significant detrimental impact on our most disadvantaged communities. Our proposed investment in natural capital strives for better connected, healthier and more productive communities.

Inclusive Growth Corridors

- 8.56 We also see pockets of deprivation close to major growth corridors. We are therefore focussed on integrating our actions in those parts of the West Midlands where the evidence shows that communities are most disconnected and where relevant elements of the output gap are most pronounced, using our investment to drive long term opportunities for growth.
- 8.57 These "inclusive growth corridors" will enable us to work with local communities and businesses, to ensure that the delivery of large-scale infrastructure investment is integrated with other programmes locally to maximise impact on employment and skills, high quality housing and development viability and improved public green space and air quality. Local Authorities are testing this approach with the Wolverhampton to Walsall rail corridor, with more to be identified as we develop the approach. We are also keen to explore how this concept could be applied to our more rural areas.

8.58 Our strategy is to work with our globally recognised firms and universities to integrate a number of factors into the next stage of our infrastructure development:

- Mobility innovation
- Improving our natural environment and access to it
- Modern methods of construction
- 5G connectivity, ultra-fast & full fibre broadband
- Local energy solutions
- Accessibility to jobs, skills and services

Deliver £3.4bn of investment over the next ten years in trams, road and rail

8.59 We will build a fully integrated and seamless multi-modal transport system across the whole region. A new Metro system, including East-West Metro with extensions to Dudley/Brierley Hill and through East Birmingham to North Solihull and the HS2 Interchange station. Overall, we will deliver six new rail stations, over 31km of new track and provide 20,000 new seats.

8.60 Figure 9 demonstrates planned rapid transit, additional metro stops, extensions and railway stations that will link areas of high jobs density to new and existing communities.

Connect all communities of the West Midlands to HS2 and bring the journey time between Birmingham and London to under 40 minutes

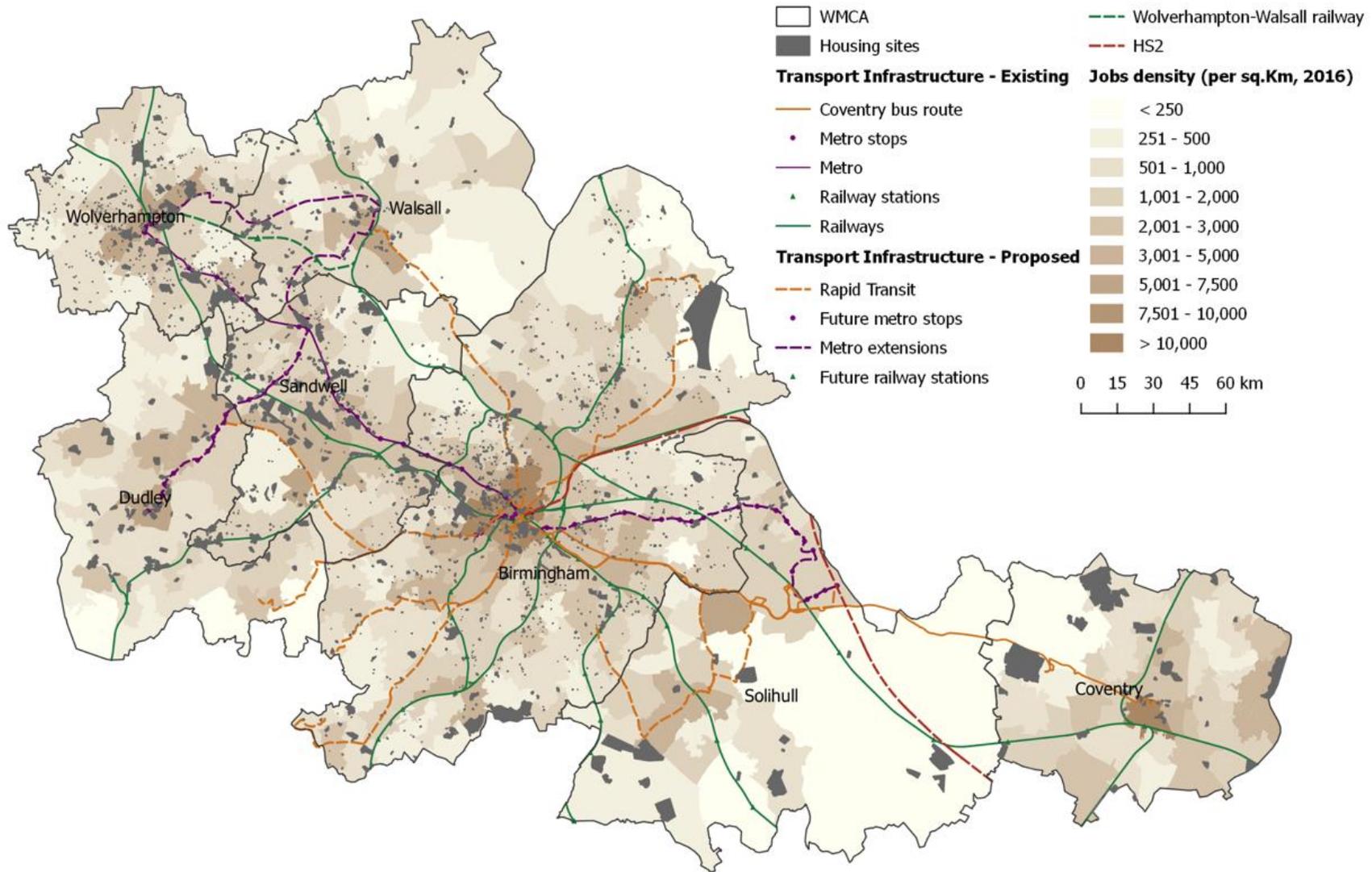
8.61 We will implement the £4.4bn HS2 Growth Strategy, including the Curzon Masterplan, Interchange station in Solihull and 20 transport schemes to fully connect HS2 stations to local transport networks and communities. A new West Midlands integrated control centre will deliver the smartest streets and best managed network during HS2 construction. It will also help to reduce congestion during major events such as the Commonwealth Games as well as improving journey times, air quality and productivity. We are also keen to enable greater ability for our rural areas to be better connected to this enhanced connectivity across the urban environment.

Be the first 5G ready region

8.62 There are still significant variations in superfast broadband, full fibre and gigabit capable broadband coverage. We will continue to work to ensure more consistent superfast coverage.

8.63 More than £50m will be invested to create the UK's first multi-city 5G test bed across Birmingham, Wolverhampton and Coventry. The West Midlands will lead the way for the UK through the Government backed national 'Urban Connected Communities' pilot which will be supported by strong supporting digital infrastructure including a full fibre network

Figure 9 Planned network – linking high employment density and housing sites



Source: ONS Business Register and Employment Survey (2016) and WMCA

We are committed to ensuring that all our investments improve the natural environment

- 8.64 We want to celebrate and protect the high-quality natural environment, public spaces and biodiversity that makes us a great place to succeed. In line with world-leading economies, we will seek to use innovative solutions to address urban challenges like air quality, flood water management, overheating in urban areas, and climate change adaptation. We will 'green' existing transport routes and improve access for walking and cycling.
- 8.65 We are committed to developing a long-term plan for Natural Capital. We are committed to the principle of an annual net gain for natural capital and will develop the tools that enable us to work towards reversing the current trend in biodiversity loss.
- 8.66 We will improve air quality through a strategic action plan for the West Midlands to improve health and wellbeing and unlock new clean growth opportunities. By working with the private sector, we will accelerate charging infrastructure for zero emission vehicles across the region, driven by demand.

Energy

- 8.67 We are committed to innovation and delivering successful new approaches to energy generation, storage and distribution integrated within our transport system and major employment sites. We will meet the forecast need of our manufacturing sector, new transport system, increased use of electric vehicles and 215,000 additional houses in new communities. Future mobility, and the industrial base that will be at the forefront of this change, will require specific additional energy requirements that need to be addressed and catered for.
- 8.68 West Midlands industry spends over £2bn each year on energy and £15bn additional expenditure is planned between now and 2030. We also have innovation strengths in energy systems and storage as recognised in our Science and Innovation Audit. We are home to a range of major energy companies including National Grid, Eon, Baxi and Cadent. Clean energy is fundamental to economic growth and quality of life, and there are significant challenges in the region around the energy infrastructure that will underpin housing, industry, electric vehicles etc., as well as the issues of clean air and fuel poverty. We are committed to demand side management around vehicles and buildings, and local authorities are exploring the implementation of clean air zones where relevant to tackle air pollution.
- 8.69 Energy Capital will develop a West Midlands devolved governance framework for energy infrastructure and markets to maximise economic opportunities for industry, support the creation of new markets and address citizen inclusion by reducing fuel poverty. This will be based around proposed Energy Innovation Zones (EIZs) across the region.
- 8.70 EIZs create local partnerships which bring together the right stakeholders for each locality and are thus collectively able to manage energy investment risk efficiently

(particularly when innovative technologies are being commercialised or require strategic infrastructure investment). Development and use of EIZs will provide a simple, flexible mechanism to support integrated local energy infrastructure transition, investment and accelerated deployment of innovation. The West Midlands has led on the development of the concept of EIZs nationally and four pilot EIZs have been identified.

8.71 Work on regional energy strategy has been underway for several years, with the Regional Energy Policy Commission reporting in 2017. We will use this opportunity to:

- Establish a £500M public-private investment fund to support targeted clean energy investments unlocking productivity and GVA growth.
- Work with industry partners, Government and regulators to develop and pilot a new institutional model for managing regional energy investment and markets (a regional energy infrastructure commissioning and market-making body), designed to de-risk investment in meeting future energy requirements and to improve our ability to meet the infrastructure elements of increasing business and consumer demand.

Changes in affordability and a lack of social housing risks holding back growth and impacting our communities

8.72 Housing costs are increasing faster than local salaries. Most areas in the West Midlands are in the top fifth of house price increases nationally. The West Midlands median increase is 6%, more than double the national average. This has been exacerbated by a lack of supply, quality, choice and mix of affordable and social housing. Typically, only 10% affordable housing is being delivered as part of city and town centre housing schemes. The rate of housing completions in the region is rising. With population set to increase by over 400,000 by 2038, we are committed to ensuring housing meets the full spectrum of housing need.

Delivering 215,000 homes and driving productivity in construction.

8.73 We will increase the rate of housing delivery by implementing the £350m housing plan, investing £250m in land remediation and developing the skills required through the National Brownfield Institute in Wolverhampton. We will work to re-set the housing contract and are firmly committed to delivering a broader choice of tenures and styles. We will deliver quality through a West Midlands-wide design standard for new buildings. We will encourage diversity and new entrants to the market to support this increased delivery, such as through modular build, and support the provision of new skills as the industry changes.

8.74 The scale of construction activity in the West Midlands in the decades ahead gives us a once in a generation opportunity to work with the sector to transform productivity, methods and delivery of new long-term skilled careers. Emerging assets, such as the

University of Wolverhampton's Springfield Campus – set to be the largest construction and built environment campus in Europe – will critically support this sector drive.

- 8.75 We will work with the sector to accelerate the use of data and innovative processes and products in the **construction industry** - enhancing process innovation via modern methods of construction, including through the MTC Core Innovation Hub, building information modelling and modular build. Incorporating innovation in houses as they are being built, working with housing associations and other providers. Given the significant housing and infrastructure investments coming into the region, and our emerging cluster specialism, the West Midlands has a unique opportunity to boost quality, sustainability and productivity through the utilisation of modern methods of construction.

National Brownfield Institute and Springfield Campus case study

The development of strategic sites of employment and housing land is one of the key priorities identified within the West Midlands. In 2015 a feasibility study showed that the market would benefit from, and support, the development of a Centre of Excellence in brownfield development.

A crucial asset for tackling land availability shortages for housing and employment land is the National Brownfield Institute at the University of Wolverhampton. It's home to a team of specialist researchers, consultants and industry experts who will advise on all aspects of brownfield development from dealing with contaminated land to repurposing buildings and sites.

The National Brownfield Institute will be a part of Wolverhampton's developing Springfield Campus. The site of the former Springfield brewery is being transformed into Europe's largest specialist construction and built environment campus, bringing together businesses and the education sector to maximise impact on the economy. As the home of the West Midlands Construction University Technical College, the University's School of Architecture and Built Environment, and the Elite Centre for Manufacturing Skills, Springfield Campus is a central part of the region's growth ambitions, particularly in the construction sector – this is further supplemented by Dudley Advance II, Dudley College's new centre dedicated to advanced Building Technologies.

- 8.76 We will maximise the opportunity of **HS2** to create regional supply chains and the skills both to service HS2 (including through the national HS2 college) and wider infrastructure projects to include a long-term rail/infrastructure strategy along with dedicated support to address both supply and demand side challenges ensuring our businesses benefit fully from HS2 opportunities.
- 8.77 Through a national **Centre of Excellence for Commissioning** we will drive procurement excellence, social and environmental value and innovative behaviour through contracts, particularly focussing on construction and digital infrastructure.

Employment Land

- 8.78 The West Midlands Land Commission (WMLC) concluded that the “shortfall of land for employment space is at least as pressing as the shortage of land for new homes, and possibly more so”. This is felt most strongly for strategic employment sites – those that can bring net additional activity and jobs to the region. Similarly, there is a challenge for incubation space as well as grow on space to support agile and mobile economic activity. These issues are most severe in Coventry and Warwickshire, but across our region there’s a significant gap in good quality employment land for our industries. The Black Country Land and Property Investment Fund (LPIF) aims to provide a solution to the shortfall through investment in projects which will support the re-use of brownfield land and buildings and the delivery of supporting infrastructure. Through this investment, the re-development of major employment land sites, such as Phoenix 10 in Walsall and the proposed extension of i54 in Wolverhampton, can help underpin the region’s industrial sectors, creating jobs and long-term prosperity.
- 8.79 As well as £10bn worth of existing opportunities in identified investor-ready sites, the West Midlands will implement a strategic programme of employment land development, based on up to date evidence of requirements in different parts of the region. Further work is underway to scope out the need for employment land through the West Midlands Strategic Employment Site Study 2019.

9 Commitments and Implementation

- 9.1 The impacts the actions outlined above are designed to achieve are not just quantitative. The actions in this strategy are based on our commitments to an inclusive and successful future West Midlands. This is the future of the West Midlands that we are determined to deliver.
- 9.2 High employment with more good jobs and accessible opportunities, where more people and communities benefit and leadership in business and public life is more diverse. A net fiscal contributor to the UK, where wage growth has been driven by value chain progression and productivity gains, including through improved health and wellbeing, and with more home-grown high growth businesses. Our high quality and responsive regional education and skills system will be recognised by individuals and businesses as providing the opportunities, pathways, skills and retraining needed to take advantage of future growth and a changing world.
- 9.3 We will have delivered the 2022 Commonwealth Games and City of Culture, using them to further promote the strong West Midlands tourism offer, and to showcase autonomous transport innovation, new 5G enabled services for visitors, businesses and residents and with both leaving a lasting legacy of business and community benefits. Infrastructure within these major events and elsewhere will be delivered through the use of modern methods of construction by our innovative firms, and we will harness our emerging expertise in brownfield land development to deliver world-class employment land that will underpin sustainable industrial success.
- 9.4 The West Midlands will be renowned for the improvements we make to our natural environment, with improved natural capital and biodiversity. Population growth will be supported by new, connected communities, with a choice of high-quality housing and access to high quality green space. We will have a network of prosperous and vibrant town centres, supporting and addressing the changing consumer and leisure activities of our residents and visitors. Our clean growth will be supported by innovative and successful new approaches to energy generation, storage and distribution, integrated with our transport system and major employment sites that meet our energy needs.
- 9.5 As the home of mobility and transport innovation in the UK, we will be the national centre for connected and autonomous vehicles, electric motor and battery manufacture for the full range of electric vehicles, supported by successful supply chain adaptation, and the highest electric vehicle adoption and Connected and Autonomous Vehicles share of vehicle use anywhere in the UK.
- 9.6 Our expertise will have created a fully integrated, multi-modal and smart transport network, enabling seamless travel across the West Midlands, dramatically reducing congestion and journey times and ensuring that every part of the West Midlands is close to local and national opportunities, and the rest of the world via air, road, rail and digital

at UK Central's international gateway. We will have the best ultrafast and 5G networks in the country, which will have led the way in developing new services and markets.

- 9.7 We will be a pre-eminent national centre of creative content, techniques and technologies, helping firms locally, nationally and globally to continue to innovate across disciplines, transferring skills and techniques generated in our gaming, content production and design firms and anchored by institutions, world class facilities and networks.
- 9.8 The UK centre for the innovation, translation and real-world evaluation of new diagnostics, devices and healthcare technologies (including AI), enabled through a partnership with our large, stable and diverse population. A global life sciences cluster complementing and working in partnership with the London cluster centred around Euston just 38 minutes away.
- 9.9 We will continue to be a renowned 21st century manufacturing and engineering centre, as the UK's leading exporting region with strong and successful supply chains. And our firms across sectors will enjoy an easy to access competitive support system with demand lead innovation where businesses and people come to develop new products, processes and services, backed up by supportive investment in employment land initiatives. Supported by the business, academic and public partnerships needed to drive new ways of doing things and new products.

Implementation

- 9.10 Through the West Midlands Combined Authority the region has a proven governance and delivery structure. This combines integrated investment planning against the metrics we have set, with delivery structures designed to meet the specific requirements of individual issues or programmes. Implementation will be coordinated by the Strategic Economic Development Board, reporting to the CA Board, which will continue to review operation as Government arrangements for future growth and infrastructure funding are developed.
- 9.11 We will measure progress against the core metrics set out in Annex 1, which will continue to evolve further as we develop new approaches measuring and prioritising improvements in inclusive growth, natural capital and biodiversity.
- 9.12 In the months ahead the CA, its constituent and non-constituent members, LEPs, Universities, business and community groups will work together to keep this strategy up to date and drive implementation of both new programmes and established priorities. This includes through the development of the inclusive growth roadmap.
- 9.13 Our emerging sector action plans will provide a focus for private sector led delivery of aspects of this strategy within different areas of our economy and, in tandem with businesses and industry trade bodies, we will further develop these. A successful industrial strategy will ultimately be driven by the private sector.. This strategy has been developed in partnership with business and they will be essential to its

implementation across the region, working in partnership to deliver an inclusive and successful future West Midlands

10 Annex 1

The WMCA Performance Management Framework¹⁰

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013	Scale of the Challenge	Source
ECONOMIC GROWTH - Improved GVA for the region in line with the UK average	O1. GVA per Head	£22,443	+£671	+£2,308 +11.5% WMCA +9.1% UK	GVA per head £26,621 +£4,178 GVA per head	ONS (2017) Balanced Gross Value Added (GVA) for Local Enterprise Partnerships
	O2. GVA per Hour ^{11*}	£28.90	+£1.10	+£2.10 +7.4% WMCA +6.0% UK	GVA per hour £32.60 +£3.70 per Hour	ONS (2018): Sub regional Productivity: GVA per hour worked by Local Enterprise Partnerships, 2004-2016
	O3. GDHI per Person*	£16,295	+£115	+£1,287 +8.6% WMCA +8.5% UK	£19,432 GDHI per Person +£3,137 GDHI per Person	ONS (2017): Regional Gross Disposable Household Income (GDHI) by Local Enterprise Partnerships, 1997 - 2016
BUSINESS - Improved the productivity of our businesses focussing on our growth sectors	B1. GVA per employee	£49,937	+£1,077	+£3,022 +6.4% WMCA +4.5% Eng	GVA per employee = £56,783 +£6,846 GVA per employee	ONS Balanced Gross Value Added (2017) for Local enterprise Partnerships ONS Business Register and Employment Survey for years 2009-2016
FISCAL - Secure better for less from our public services	B2. GVA in transformational sectors	£66bn	+£2.6bn	+£9bn	£147bn WMCA SEP Ambition +£80.8bn GVA	EIU have applied the proportion of GVA by sector from the Oxford Economic Model and applied to the ONS GVA figures

¹⁰ The green shading illustrates indicators which have moved in a positive direction compared to the UK average or national (England) where UK averages are not available. The red shading indicates the reverse and orange indicates a growth rate in the right direction but less than the UK or national average.

¹¹ * New PMF Indicator for 2018

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013	Scale of the Challenge	Source
				+15.9% WMCA +11.8% UK		
	B3. No. of Business Births	27,550 business births 67 per 10,000 population	+5,120 business births	+8,745 business births +46.5% WMCA +19% UK	Ahead of UK 63 per 10k population +1,618 births per annum	ONS UK Business Demography, 2017
	B4. Five - year Business Survival Rate of businesses born in 2011*	43.8%	-6.9pp	-31.48pp WMCA -31.5pp UK	44.1%	ONS UK Business Demography 2017
	B5. Jobs in Transformational Sectors	1.2m	+24,646 jobs	+106,979 jobs +9.5% WMCA +8.1% Eng	1.5m WMCA Transformational SEP Ambition + 236,120 transformational jobs	Oxford Economic Model
	B6. Total Jobs	2m	+36,178 jobs	+131,457 Jobs +6.9% WMCA + 7% Eng	2.4m WMCA SEP Total Jobs Ambition +364,165 Jobs	Oxford Economic Model
	B7. Employment Rate	71%	+2.2 pp	+3.7 pp WMCA +3.5 pp UK	Employment rate = 74.7% +3.7pp	Annual Population Survey (2018) January – December 2017

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013	Scale of the Challenge	Source
	F1. Income & Exp. Balance	-£2.7bn	-0.5 bn	N/A	To achieve no fiscal gap +£2.7 bn	
PEOPLE - Improved Life Chances for all	P1 – Reduce % of people in top 10% most deprived areas	20%	+0.0007 pp	+0.002 pp WMCA	10% of people	Public Health England Profiles, 2017
	P2. – Better employment, health and wider outcomes for people with complex needs	Under development				
	P3. (i) Annual average earnings of full-time working residents	£27,574	+ £472	+£1,695 +6.55% WMCA +6.47% Eng	+ £1,184	Nomis: ONS Annual Survey of Hours & Earnings, 2017
	(ii) % of employees earning above UK living wage	75.7%	NA	NA	+1.1pp	ONS user requested data - Annual Survey of Hours and Earnings (ASHE) - Number and percentage of employee jobs with hourly pay below the National Living Wage, by local authority, UK, April 2016
SKILLS - Improved skill levels at all ages so that people have the skills and qualifications to access jobs. Ignite /Retune /Accelerate	P4. % of Working Age Population (WAP) with No Qualifications	11.4% 289,300 people	- 1.7 pp - 40,500 people	- 3.2 pp - 73,900 people - 1.6pp UK	- 3.4pp - 86,036 people	ONS Annual Population Survey, 2018
	P5. % of WAP with NVQ1	11.4% 288,800 people	-0.6 pp - 14,200 people	- 1.1 pp - 22,900 people - 1.2pp UK	Ahead of UK % by + 0.7pp + 16,934 people	ONS Annual Population Survey, 2018
	P6. % of WAP with NVQ2	16.9% 428,300 people	+ 0.1pp + 4,800 people	- 0.4 pp WMCA - 2,300 people - 0.8pp UK	Ahead of UK % by + 0.9 pp + 21,772 people	ONS Annual Population Survey, 2018
	P7. % of WAP with NVQ3	17.5% 445,800 people	+ 1.3 pp + 34,600 people	+ 0.1 pp + 9,800 people +No change UK	Ahead of UK % by + 0.5 pp + 13,864 people	ONS Annual Population Survey, 2018
	P8. % of WAP with NVQ4+	31.1% 790,800 people	+ 0.4 pp + 14,600 people	+3.55 pp + 103,000 people +3.5pp UK	+ 7.3 pp + 184,867 people	ONS Annual Population Survey, 2018

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013	Scale of the Challenge	Source
	P9. No. of Apprenticeships starts	42,470	+ 400 + 1%	+ 6,460 + 17.9% WMCA +12.5 % Eng.	84,000 + 42,219 apprenticeships	ONS Annual Population Survey, 2018
	P10. Progress 8 Score	- 0.12 (Below Average)	NA	NA	0 (average score) + 0.12 points	Department for Education Main National Tables, 2017
	P11. NEETs aged 16-17	5,040 (7.8%) (WM Met)	N/A	N/A	6% - 1,143 NEETs	Department for Education, 2017
	P12. % of children achieving a good level of development at the end of reception*	67.0%	+1.7%	+10.0% WM Met +10.3% England	+3.7%	Public Health England Profiles, 2017
	P13. Social Mobility Index*	Based on 326 Local Authorities Lowest Ranked: North Warwickshire: 307 Highest Rank: Bromsgrove 48				All the West Midland Local Authorities in the Top Quarter Ranking
HEALTH - Better quality of life for all: improved health (inc. Mental health) and well being	P12. Healthy Life Expectancy (HLE) at Births – Males & Females	Males (M) = 59.6 years	+ 0.32 years	- 0.3 years WM Met + 0.1 years Eng.	63.3 years	Public Health England, 2017
		Females (F) =	- 0.6 years	- 0.9 years WM Met	63.9 years	

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013	Scale of the Challenge	Source
		60.3 years		- 0.05 years Eng.		Public Health England, 2017
	P13. Reduced Inequality in HLE for Males & Females	Under development				
	P14. Health inequality gap by years between the most and least deprived areas	M = 7.4 years F = 9 years (WM Met)	M = + 1.2 F = - 0.9	M = + 1.3 F = - 1.3	No gap Reduce gap by 7.4 years for males and 9 years for females	Public Health England, 2017
	P15. Gap in employment rate for those in contact with secondary mental health services and the overall employment rate	58.9 %	- 0.6 pp	+ 1.5 pp WMCA + 5 pp Eng.	Ahead of England % by + 8.3pp (67.2%)	NHS Digital 2017 Dataset: 1F - Proportion of adults in contact with secondary mental health services in paid employment October 2016
	P16 – Rates of suicide (per 100,000)	9.8	- 0.3	+ 1.5 WMCA + 0.3 Eng.	No suicides - 401 suicides	Public Health England, 2017
	P17 - % Physically Active Adults*	57.0%	-23,400 -1.2%	NA	61.8% + 156,701 active people ¹²	Active Lives, Sport England, 2018
CRIME - Reduced offending and re-offending	P18 – No. of offenders per year	32,008 7.9 offenders per 1,000 population (2014)	- 1,364 - 4.1%	- 7,170 - 18.3% ¹³	Below the national average	Public Health England, 2017
	P19 - Re-offending rates (per 100,000)	24.9% (2014)	+ 0.3 pp	- 0.1 pp WMCA - 1.2 pp Eng. ¹⁴	Ahead of England - 0.5pp	Public Health England, 2017
	P20 – No. of first time entrants to Youth Justice System	443	- 2.5%	- 10.4% WM Met - 27% Eng.	-116 first-time entrants	Public Health England, 2017

¹² First Active Lives Survey was issued in 2017, therefore baseline data is unavailable.

¹³ Baseline is 2011.

¹⁴ Baseline is 2011.

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013	Scale of the Challenge	Source
	P21. Youth Claimants aged 18 - 24	16,265	+1,155 +7.6%	- 17,140 - 51.3% WMCA - 55.1% UK	- 34% - 5,499 youth claimants	Department of Work and Pensions, 2018
	P22. Claimant Count aged 18 - 64	83,485	+ 10,310 + 14.1%	- 42,145 - 33.5% WMCA - 39.5% UK	- 41% - 34,018 claimants	Department of Work and Pensions, 2018
PLACE ACCESSIBILITY- Improved the connectivity of people to businesses to jobs and markets	PI1. Broadband Connectivity	95.6% 1.15m premises	+ 1.9 pp	+ 4.3pp WM Met + 16 pp UK ¹⁵	100% +53,339 premises	Ofcom Connected Nations, 2018
	PI2. % residents able to access 3 or more strategic centres including Birmingham City Centre, accessible by public transport within 45 mins travel time in the am peak	41% (WM Met)	- 0.4 pp	- 3.6 pp	75% + 34pp	Transport for West Midlands 2017/18
	PI3. Journey time reliability	Under development ¹⁶				
INFRASTRUCTURE - Improved the quantity of high quality readily available development sites	PI4. Mode Share of all Journeys: i). Mode Share of all journeys by car, public transport, cycling & walking	i) Non-sustainable: Car (67%) Sustainable: Public Transport (10%) Walk (20%)	NA	i) Non-Sustainable: Car +3% Sustainable: Public Transport -1% Walk - 2%	45% car mode share Car (- 22%)	Transport for West Midlands, 2017/18

¹⁵ Baseline is 2014.

¹⁶ Transport for West Midlands is in the process of developing an effective monitoring approach for journey time reliability.

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013	Scale of the Challenge	Source
	ii). Percentage of car journeys single occupancy	Cycle (1%) Taxi (2%) ii) 82% (2014-2016)		Cycle No change Taxi No change ii) No change (2013 to 2015 – 2014 to 2016)		
	PI5. Total Dwelling Stock Estimates*	1,704,600 (2017)	+11,480	+42,200 WMCA	+215,000 (by 2031)	MHCLG Live Tables, 2017
	PI6. Total Additional Affordable Dwellings*	2,850 (2016/17)	+520	+15,550 WMCA (2012/13 – 2016/17)		MHCLG Live Tables, 2017
	PI7. Number of Additional Affordable Rented Dwellings*	1,590 (2016/17)	+320	+5,830 WMCA (2014/15 – 2016/17)		MHCLG Live Tables, 2017
	PL8. Ratio of median house price to median gross annual residence-based earnings*	6.86 (2017)	+0.20	+1.00 WMCA +1.15 England		MHCLG Live Tables, 2017
SUSTAINABILITY - Resource efficient economy to stimulate new technology and business	E1. CO ₂ emitted within SEP area by transport, businesses and homes	21,696ktCO ₂ (2015)	-924ktCO ₂ -4.1%	-12.8% WMCA -12.7% UK	WMCA target: 40% reduction in carbon by 2030 from 2010 -5,756 ktCO ₂	Sustainability for West Midlands, 2017
	E2. No. of days poor air quality per year (rated 4 or higher on the Daily Air Quality Index) ¹⁷	25 days	-15 days	-55.4% WMCA ¹⁸ -38.1% UK	WMCA target: 1 day by 2030 -24 days	Sustainability for West Midlands, 2017

¹⁷ Number of days is measured by region

¹⁸ Baseline data is 2011

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West Midlands Combined Authority

WMCA Board

Date	11 January 2019
Report title	Regional Energy Strategy
Portfolio Lead	Economic Growth - Councillor Ian Ward
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7552
Accountable Employee	Patrick White, Director of Industrial Strategy email: patrick.white@wmca.org.uk tel: (0121) 214 7940 Matthew Rhodes, Chair, Energy Capital email: matthew.rhodes@camirus.co.uk
Report has been considered by	Programme Board - 21 December 2018 C&WLEP Board - 26 November 2018 GB&SLEP Board - 13 September 2018 BCLEP Board - 21 May 2018 Strategic Economic Delivery Board - 7 June 2018 and ongoing reporting

Recommendation(s) for action or decision:

The WMCA Board is recommended to agree:

- (1) That the WMCA formally adopt the Regional Energy Strategy following the approval and endorsement of all three LEP Boards and the SED Board.
- (2) That within the Local Industrial Strategy, the Regional Energy Strategy is recognised as a key delivery mechanism and energy is identified as a cross-cutting infrastructure enabler of economic growth and social inclusion.
- (3) That the Mayor and WMCA should seek an Energy and Power Deal with Government during 2019 to take forward the Regional Energy Strategy and to institutionalise a regional delivery capability.

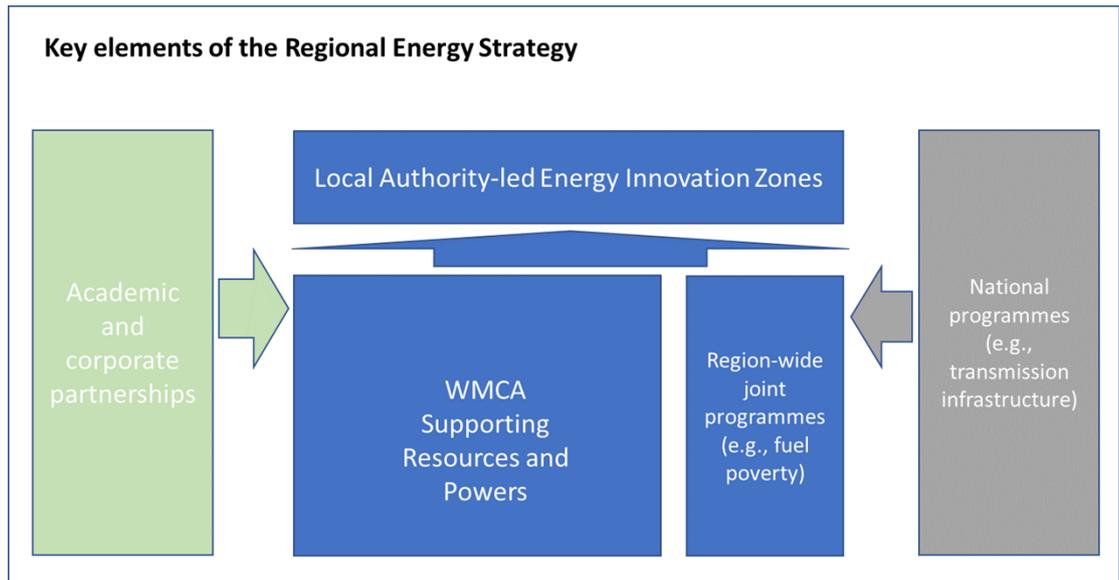
- (4) That the WMCA should fund development work to secure this Deal using available Investment Programme funds, subject to satisfactory business cases being provided.
- (5) That the SED Board continue to monitor and supervise delivery of the Regional Energy Strategy.

1.0 Purpose

- 1.1 The Regional Energy Strategy is seen by constituent and non-constituent members as an important area where the WMCA can contribute significantly to regional economic growth, social inclusion, and environmental objectives. It has been subject to an open consultation and formal approvals through each of the LEP Boards, the SED Board and the Programme Board.
- 1.2 The purpose of this report is to complete and consolidate this process by seeking formal approval from the WMCA Board. This will enable the WMCA to progress detailed negotiations with Government to secure an Energy and Power Deal for the region.
- 1.3 Through the Energy and Power Deal, the WMCA should aim to secure the capacity and capability from Government to put in place the necessary permanent structures and resourcing, in consultation with members, to ensure on-going delivery of the Regional Energy Strategy.

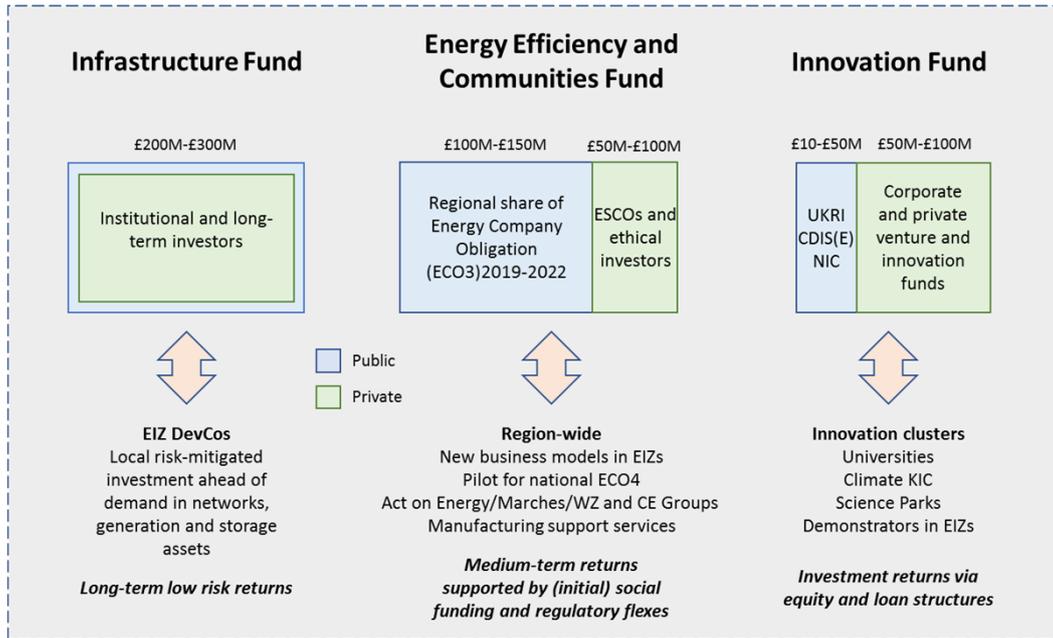
2.0 Background

- 2.1 Energy was included within the original devolution discussions from late 2015 onwards. It accounts for over £8bn a year of regional spend and has a significant impact on business competitiveness and social inclusion. In particular, the Black Country proposed the concept of Energy Innovation Zones (EIZs). These create a mechanism for local governance of energy investments within a devolved regional framework (and the national regulated energy market context) and allow different local authorities and LEPS to focus on developing local energy infrastructure suitable for their specific needs.
- 2.2 The EIZ concept has now been taken up nationally. This puts the WMCA in a leading position to secure the best outcomes for the region with Government.
- 2.3 In 2017, BEIS part-funded the development of the Regional Energy Strategy, with the three LEPS working together through a joint Steering Group. Additional funding was provided through the Energy Capital Partnership, principally by the University of Birmingham, Energy Systems Catapult and University of Warwick. The draft strategy was published in March 2018 and consulted on through to May. It was taken to each of the LEP Boards and SED Board between May and November.
- 2.4 The Regional Energy Strategy has three key elements, summarised in the diagram below.



- 2.5 Energy Innovation Zones (EIZs) are controlled by local authorities. Four pilots have been identified across the region and additional ones are in the pipeline. EIZs are the fundamental building block of the strategy. They allow a technology-neutral and responsive approach, so individual LAs can focus on the infrastructure which best meets their needs (for example, energy from waste; grid reinforcement; smart vehicle charging, hydrogen etc).
- 2.6 The WMCA's role is to secure funding and powers to support the EIZs. Powers are particularly important in the energy sector as selective flexing of energy market regulation creates potential to attract substantial private investment.
- 2.7 The detailed processes for developing, approving and governing EIZs, including financing and value capture mechanisms, will need to be agreed with Government and the Regulator (Ofgem) as part of the Energy and Power Deal.
- 2.8 The Regional Energy Strategy envisages WMCA effort focusing on developing three specific funds (see diagram below). These will primarily focus on the EIZs, although domestic energy efficiency (fuel poverty) will be region-wide.

Proposed Regional Energy Funds



2.9 There are two areas where the WMCA can support local authorities and partners on a region-wide basis.

2.10 The first is fuel poverty, where there is an opportunity to secure control of national regulated funding (principally the Energy Company Obligation) by working together. Scotland has already secured these powers and we are working with the GLA in seeking similar devolution in England. Officers from local authorities and other fuel poverty delivery agencies across the region have already come together to form a working group and have started discussions with BEIS on this topic.

2.11 The second area is energy infrastructure to support electric vehicles (where this is not already covered by individual LEPs and local authorities). The WMCA has a role in ensuring EV infrastructure planning and deployment supports the Industrial Strategy while taking into account wider developments in transport across the region and competing demands on the electrical infrastructure (e.g., from housing and manufacturing).

3.0 Next steps

3.1 The WMCA will work through the Energy Capital partnership, governed through the WMCA SED Board, to take forward delivery of the strategy. The priority is seeking appropriate devolved powers and funding from Government.

3.2 Development activities during 2019-20 will be funded using Investment Programme funding, subject to necessary approvals. Any recruitment beyond individual team leads for each of the proposed areas of strategic focus will be contingent on successfully securing investment funding for the region and subject to further approval from the WMCA Board.

4.0 Financial implications

4.1 Development funding for the Regional Energy Strategy during 2019-20 will not exceed £0.5M and will come from the Investment Programme Budget, subject to necessary approvals. Future work streams that come out of the proposed strategy will need to be considered on a case by case basis subject to funding.

5.0 Legal implications

5.1 No legal implications at this stage. Any legal, organisational or contractual issues and options arising from the creation of regional investment funds or EIZs will be reviewed by Legal.

6.0 Equalities implications

6.1 None

7.0 Inclusive Growth Implications

7.1 There are no direct inclusive growth implications arising out of the contents of this report.

8.0 Geographical Area of the Report's Implications

8.1 The strategy will have implications for both constituent and non-constituent authorities.

9.0 Appendices

9.1 A Regional Energy Strategy for the West Midlands, November 2018

A Regional Energy Strategy for the West Midlands November 2018



Acknowledgements

Funding and support for this work has been provided at various times by BEIS, the University of Warwick, the University of Birmingham, the Energy Systems Catapult, Climate-KIC, and the three Local Enterprise Partnerships of the Black Country, Greater Birmingham and Solihull, and Coventry and Warwickshire.

Key local stakeholders also gave freely of their time and knowledge through the Energy Capital partnership and in many one-to-one discussions, and the support and contributions of Birmingham, Coventry, Solihull, Wolverhampton, Dudley, Sandwell and Walsall and Warwickshire Councils; National Grid, Western Power Distribution, Severn Trent Water, Cadent, Jaguar Land Rover, Webster and Horsfall, Sustainability West Midlands, Aston University, Ecuity Consulting, and Westley Group are particularly appreciated.

We are also indebted to all the organisations and individuals who responded to the consultation exercise and attended stakeholder events (see appendix III). Your input was all digested and appreciated and has been reflected as far as practical in this final version.

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Executive Summary

Between 2018 and 2030, more than £15bn will be invested in local energy projects across the three LEPs of the West Midlands, and £74bn will be spent on products and services (like cars and homes) where the quality of local energy systems will make the difference between global competitiveness and economic failure for our local industries, and between lives dominated by energy poverty or supported by comfortable and efficiently heated homes for our citizens. A further £80bn will be spent on fuel and power to drive our industry and to power those same homes and cars.

Vision

This strategy is about influencing these financial flows to deliver a vision for energy across the region by 2030 which includes:

- reducing energy costs for our strategic industrial sectors to at least match those of our international competitors;
- reducing the incidence of fuel poverty across our region by hitting current government targets for energy efficient housing five years ahead of schedule;
- delivering the West Midlands' share of national and global carbon budgets by reducing regional carbon emissions;
- creating a regional energy infrastructure that adds £1bn to GVA by 2025 by putting the region at the leading edge of the global energy and transport systems transition.

Specific, measurable targets for each of these objectives are set out in section 5.

Innovative and selective delivery mechanisms

We will deliver these targets through highly selective investment of public and private capital, working through a framework of Energy Innovation Zones (EIZs) developed alongside this strategy.

EIZs create local partnerships which bring together the right stakeholders for each locality and are thus collectively able to manage energy investment risk efficiently (particularly when innovative technologies are being commercialised or require strategic infrastructure investment).

Unique regional ambitions and history

This idea was developed in the West Midlands and is designed to work for the particular diversity, strengths and heritage of our region. The West Midlands would simply not exist as a population and industrial centre if it were not for the world-class energy infrastructure and assets uniquely available here and matched to our industrial and innovative capabilities from 1750 onwards.

The West Midlands of today is very different from that of the 18th to 20th centuries, but energy remains critical to our key sectors and to our citizens. This energy strategy is a key element underpinning a local industrial strategy focused on the digital, health and life sciences, and clean growth opportunities of the future. It targets a massive global clean growth opportunity which is aligned with national industrial strategy and which this region is particularly well-positioned to exploit.

We have specific regional issues around fuel poverty (the quality of our housing stock); diversifying and creating new markets for our exceptional industrial and manufacturing base; and making best

use of the imagination and creativity of our innovators and academic institutions. This strategy recognises and responds to all these issues.

Contributing to national challenges and needs

However, this strategy has been developed against the backdrop of a fundamental transition in global energy systems which is widely recognised and is creating challenges and opportunities at both global and national level. Effective regional leadership in energy is key to responding to these challenges. This strategy sees the West Midlands contributing constructively to changing the way energy is regulated and managed nationally, working with other devolved regions and authorities across the UK.

Financial implications and approach

Four pilot EIZs have been identified and preliminary investment cases developed for this strategy. These EIZs will act as a focus for energy systems investment of between £270M and £490M over the next 15 years and deliver the first £200M of the £1bn GVA target. The remaining £800M will be delivered through a range of initiatives including:

- additional Energy Innovation Zones;
- strategic infrastructure support for accelerated new market development of locally sourced products such as electric vehicles and smart connected and low carbon housing;
- seeking to establish a legacy bank to cover sunk costs of stranded and legacy energy infrastructure assets, using this to reduce energy costs for innovative and competitive manufacturers;
- energy efficiency programmes for manufacturing and residential sectors;
- simplifying access to and improving transparency of energy markets for business customers;
- more rigorous and targeted new build housing energy efficiency standards;
- large-scale retrofit programmes for fuel poor households and energy-inefficient housing;
- a focused cluster support programme including incubation of clean technology businesses and specialist energy support for established businesses, working with regional and international partners.

We propose to establish a £500M specialist regional investment fund to support these initiatives.

The strategy will be delivered through Energy Capital, established with a governance structure shown in Figure 1 (also see section 5). Individual EIZs will be controlled and run by their local authorities.

Detailed delivery plans and timescales are set out in accompanying reports covering EIZs, including *Energy as an Enabler of Industrial Strategy* across the region and which is summarised in section 7. The immediate priorities are:

1. To establish an initial Energy Capital executive team within the WMCA to support the Board and funding commitments made by partners. This will be done in two stages: an interim development team will be put in place for 2018-19, and permanent resource will be recruited into the WMCA from 2019-20 onwards.
2. To follow through on the recommendations of the Regional Energy Policy Commission, particularly around working with government and regulators to detail the legal implications and requirements for EIZs.

3. To work with regional and wider partners to develop a cross-sectoral and place-based ‘Deal’ for the West Midlands’ new energy economy¹. This will act as the initial focus for securing the required investment funding.

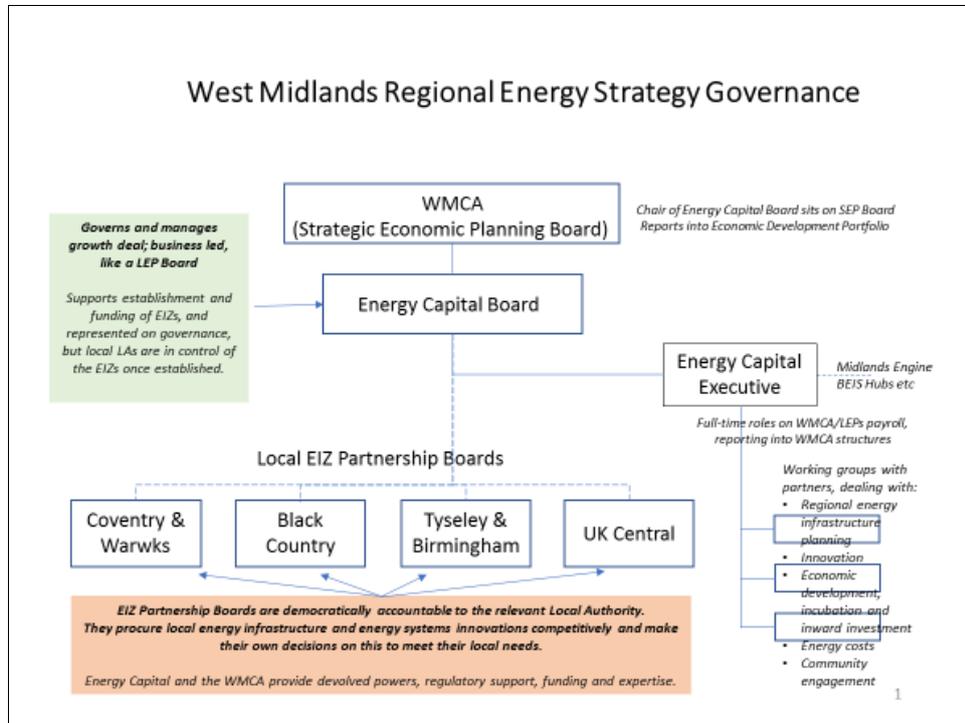


Figure 1 West Midlands Regional Energy Strategy governance

¹ This is being taken forward as part of the Local Industrial Strategy.

1. Introduction

This strategy is a consolidation of more than a year's work across the West Midlands to bring together existing energy mapping and strategy work, fill in gaps and develop a strategic framework to support delivery of the region's ambitions and needs. It is intended as a response to BEIS's request that the three LEPs within the West Midlands Combined Authority (WMCA) produce a single high-level strategy summarising how they will work together through Energy Capital to deliver shared objectives.

Throughout the work we have maintained a fundamental principle that the strategy will not lead to replication or duplication of existing work, initiatives or institutions. The intention is to create a strategy which builds on and supports these activities where they are already underway and makes it easier for local leaders and projects to deliver their specific objectives around energy. This point is expanded on in later sections.

This document should be read as an overview document and strategic framework. It does not attempt detailed energy mapping and street-by-street analysis of housing energy performance across our major conurbations, nor contain maps of energy distribution networks, for example. This is for three reasons: firstly because this would have been very costly and time consuming and potentially prevented us completing this strategy (and carried the risk of losing sight of the wood for the trees); secondly because for a region the size of the West Midlands it would have almost certainly been out-of-date by the time it was finished and impossible to maintain at regional level without considerable ongoing resourcing; and thirdly because most of this data is already held and maintained effectively at local level by different organisations who are typically best placed to maintain the datasets efficiently and cost-effectively. The strategic challenge is not collating the data centrally, it is putting in place effective and strong local partnerships and governance structures to ensure that the data are used and available as effectively and efficiently as needed. This is the approach we are taking in the West Midlands.

Energy Capital itself inherited a strong partnership from the Birmingham Green Commission led by Councillor Lisa Trickett and the work of its energy group, chaired by Professor Martin Freer. The strategy has been made possible by the willingness of this group to combine with the strong sense of purpose coming from the Black Country LEP, where energy is championed by Tom Westley, and the vision of Coventry and Warwickshire, who are engaging creatively with the energy challenge as their traditional core transport and manufacturing businesses see new global opportunities rapidly opening in front of them.

The strategy should be read in conjunction with other key documents produced alongside or as part of the regional energy strategy, specifically:

- Powering Growth: Black Country Energy Strategy Final Report (Aecom, February 2018)
- Business Cases for Energy Innovation Zones in the West Midlands (Arup, March 2018)
- Powering West Midlands Growth: A Regional Approach to Clean Energy Innovation (Regional Policy Commission on Energy, March 2018)
- Energy as an Enabler: Linkages between regional energy strategy, productivity and growth (Black Country LEP and Matthew Rhodes, March 2018)
- Distributed generation and demand study. Technology growth scenarios to 2030, Regen for WPD (January 2018)ⁱ

Several sections of this strategy draw heavily on the work done for these reports and the reports themselves. The work of their authors and the conversations and events surrounding their preparation is much appreciated and recognised. Links to these documents and others relevant to the strategy are provided in appendices I and II and in the References section.

The project has been governed by a steering group consisting of a representative from each of the three LEPs. Figure 2 below shows how the various workstreams came together. The red diamonds indicate consultation events with stakeholders. A full list of participants in the main stakeholder engagement event on 6 March is provided as Appendix IV.

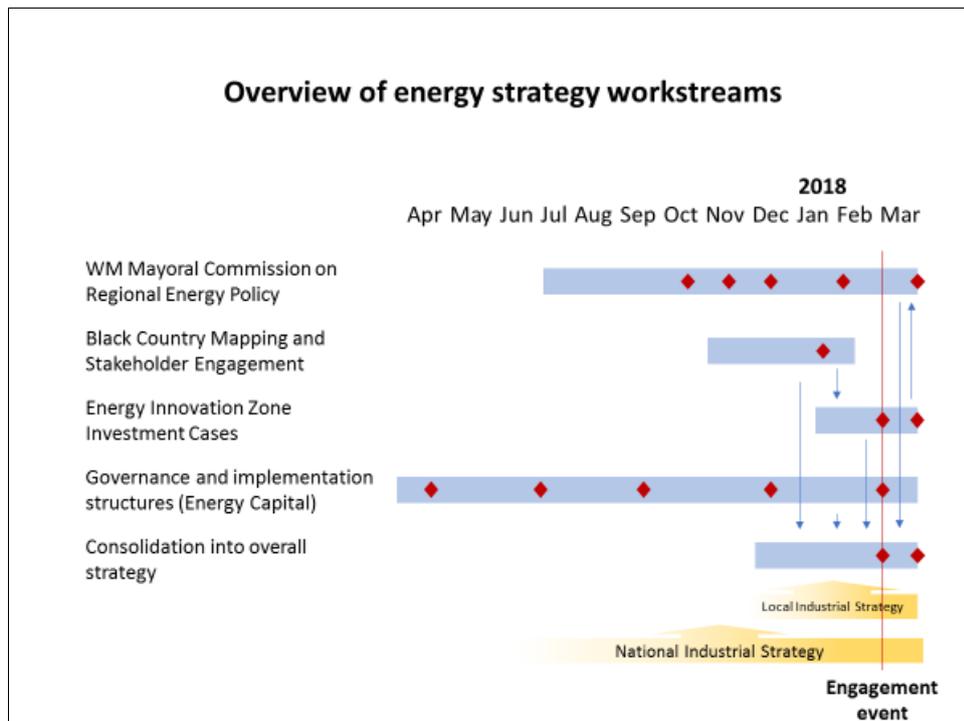


Figure 2 Overview of energy strategy workstreams

An open consultation process was run during April and May 2018, and responses received from corporate, local authority and individual respondents have all been recognised and incorporated in this final version. The responses were overwhelmingly positive supportive, and the main requests were for greater detail, particularly on housing and resourcing. This point has been addressed as far as possible.

The strategy starts by summarising the specific regional context that is the West Midlands. It then discusses the economic opportunities in energy seen from this perspective and the challenges and constraints faced by the region in seeking to maximise economic outcomes from investments in energy systems. These sections set the scene for the regional energy strategy itself, which is summarised in Section 5. Section 6 puts this in the context of global best practice, and Section 7 summarises the planned next steps.

2. The West Midlands

History, geography and political context

The population of the three LEPs which make up the West Midlands Combined Authority is just over 4 million peopleⁱⁱ, and its central location means 90% of country's population is within 4 hours' drive.ⁱⁱⁱ There are 1.7 million homes in the area, and over 2 million jobs across 145,000 businesses, with a business 'birth' rate of over 20,000 new businesses a year (around twice the UK average)^{iv}.

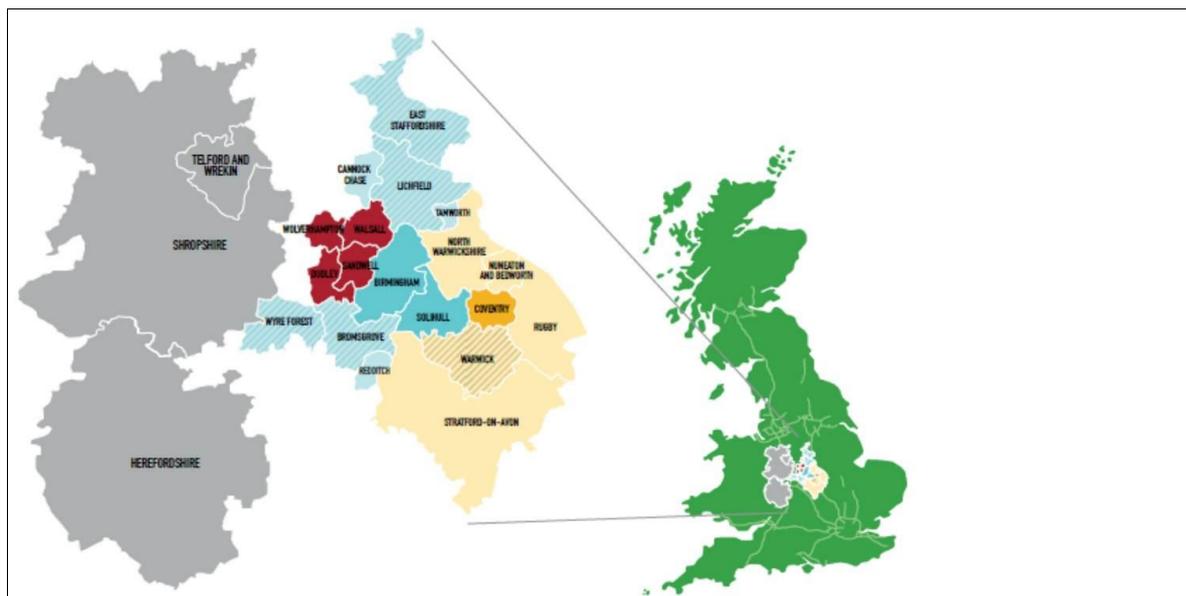


Figure 3 The West Midlands Combined Authority geography

The West Midlands is the largest regional economy outside London. The areas covered by the Black Country, Coventry and Warwickshire, and Greater Birmingham and Solihull LEPs have a combined GVA of around £90 billion per year. This is larger than those of Greater Manchester, the Leeds City Region and the South East. The West Midlands LEPs have grown their GVA faster than those regions from 2010 to 2015 (see Figure 4 below).

This density of population and industry reflects the region's history and identity, which were largely forged in the eighteenth and nineteenth centuries on the back of abundant local energy resources (particularly in the Black Country) and innovation, driven by the then prohibitive cost of skilled labour^v. Strong sub-regional identities and economies persist to this day, with an emphasis on transport and mobility in the East (where Coventry's heritage in transport and automotive grew out of over 250 companies manufacturing bicycles from 1870 onwards^{vi}) and metal processing in the West, where there are still over 240 medium-sized businesses within the LEP area focused on traditional metal forming and component production, largely for the high-technology and demanding aerospace and automotive supply chains.

The region has the highest concentration of manufacturers of any region^{vii}, and accounts for 9% of all manufacturing employment in Britain.^{viii} It is home to world-class companies including Jaguar Land Rover (JLR) Aston Martin, UTC Aerospace, and Mondelez as well as much of their supply chains.

The West Midlands is Britain's largest exporter after the South East and London.^{ix} In 2016, the West Midlands exported goods worth £3.3 billion to China, more than three quarters of which were road vehicles. This represented 26% of all UK exports to that country, twice that of the next largest region. With imports from China of £3.5 billion, the West Midlands is the only region to achieve anything close to trade balance with what is predicted to become the world's largest economy by 2030.^x The West Midlands has secured more inward investment from China than any other region bar London - 52 projects in the past 20 years, and 30 in the past six – creating 2,500 jobs and safeguarding a further 1,500.^{xi}

Table 2-1: GVA in 2015 and growth 2010-15 for the area and comparators

Area	GVA in 2015 (£bn)	GVA growth 2010-15
London	378.4	27%
3-LEP WM SIA geography	87.5	20%
South East	85.8	18%
Leeds City Region	64.6	14%
Greater Manchester	59.6	16%

Source: ONS, Gross Value Added (GVA) for Local Enterprise Partnerships (LEPs)

Figure 4 GVA in 2015 and growth 2010-15 for West Midlands LEPs and those of other regions.^{xii}

Birmingham is Britain's second city, and its population of just over 1 million makes up around a quarter of the total West Midlands population^{xiii}. It is a dense and thriving modern city, with many of the challenges common to cities worldwide in energy poverty, legacy infrastructure, and a need for new housing which puts pressure on the surrounding rural hinterland.

There are two further cities within the region which share similar challenges (Coventry (320,000 people) and Wolverhampton (260,000 people)) and seven metropolitan local authorities, as well as districts of Warwickshire, Staffordshire and Worcestershire which fall within the three LEP geography and have more rural economies. However, the region has a natural economic geography and political coherence because its existing transport systems and employment patterns mean a large part of the population of the WMCA area commute to and from work in the city centres.

Key local stakeholders

The political geography of the West Midlands is evolving rapidly and is currently working reasonably well (evidenced for example by the GVA growth illustrated in Figure 4). The three LEPs and WMCA focus largely on specific agendas where working together at regional scale makes sense, for example around economic development, including transport, inward investment and skills; while the local authorities run public services and maintain the integrity of their respective geographical places.

All these bodies are properly democratically accountable, and the LEP Boards (which are supervised by elected representatives) have effectively engaged committed local business interests and academic institutions, including all the region's eight universities.

Major energy-related corporates located in or close to the region include E.ON, National Grid, Calor, Cadent, JLR, Severn Trent, and UTC Aerospace. These represent a significant part of the GVA attributable to energy across the region (see Section 3) but a tiny fraction of the 10,000 businesses active in the energy sector across the region^{xiv}. Smaller businesses are represented on LEP Boards

and sub-boards through organisations such as the EEF (formerly the Engineering Employers' Federation) and Chambers of Commerce.

The West Midlands hosts substantial national research and innovation assets in the Energy Systems Catapult and the universities of Aston, Birmingham and Warwick, which are part of the Energy Research Accelerator. These universities have highly complementary research expertise in energy and all have contributed to this strategy in distinctive ways². Wolverhampton, Coventry and Birmingham City University further enhance regional energy capabilities, particularly around energy in buildings, smart systems, local skills development, and industry engagement.

² Aston's expertise is in bioenergy and infrastructure economics; Birmingham in thermal energy systems; Warwick in battery and storage technologies and automotive/transport/energy crossover.

3. Economic opportunity

Energy in the West Midlands Economy

Figure 5 shows the estimated split of annual energy spend in the West Midlands^{xv}.

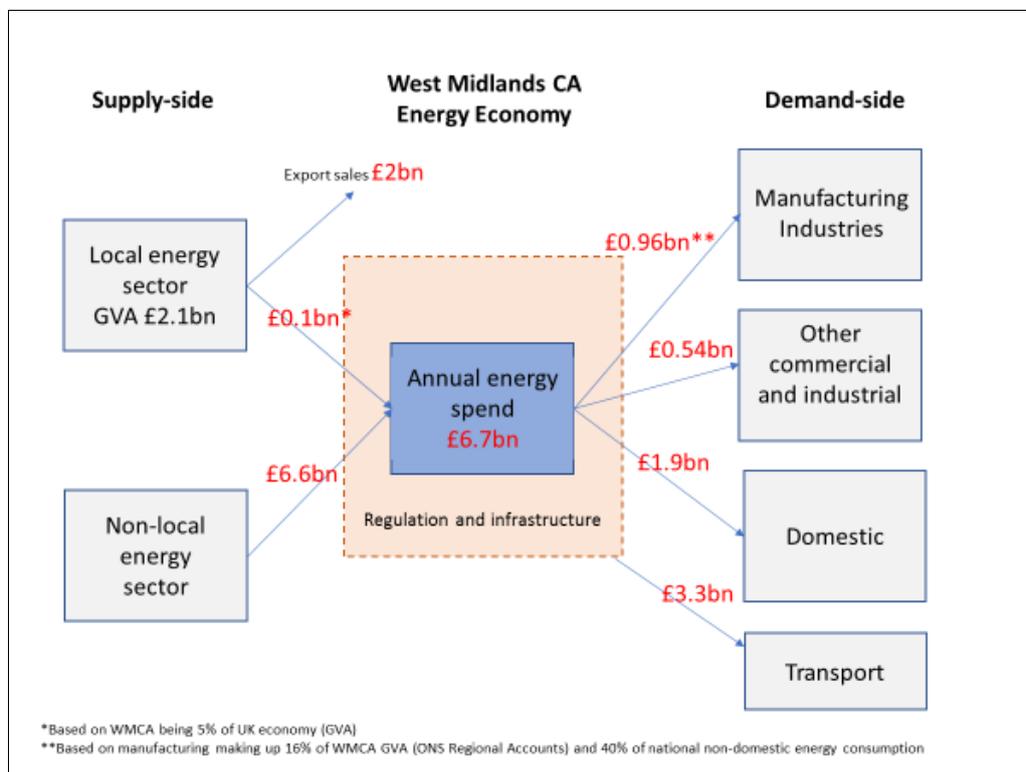


Figure 5 The West Midlands energy economy

Although the local energy sector contributes approximately £2.1bn of GVA to the regional economy, most of this is earned outside the region (it is dominated by companies like E.ON, who sell energy nationally). The more significant figure is the £6.7bn spent annually on energy by West Midlands businesses and households. Within this the largest segments are household (domestic) energy bills and transport costs. Over £960m is spent by the industrial and manufacturing sectors and £0.54bn by the remainder of the commercial and industrial sector.

The characteristics of each of these demand segments are very different. Much of the West Midlands’ housing stock is of relatively poor quality and the economic opportunities therefore lie in large-scale refurbishment programmes and innovation in new build, delivering constant or better levels of comfort to citizens at lower cost. In transport there are substantial opportunities driven by global shifts to new fuels such as electricity and hydrogen, while in the industrial and commercial sectors the economic opportunity is around productivity. Each of these is considered in turn.

Industrial and commercial energy costs

The combined manufacturing and commercial annual spend figure of £1.5bn has a direct impact on industrial profits and productivity. If the figure were £500m lower, regional productivity and GVA

would be up to £500m higher (for the same output)³. It is thus very relevant that UK energy costs in many sectors are up to 41% higher than those of competitor economies (see Figure 6).^{xvi}

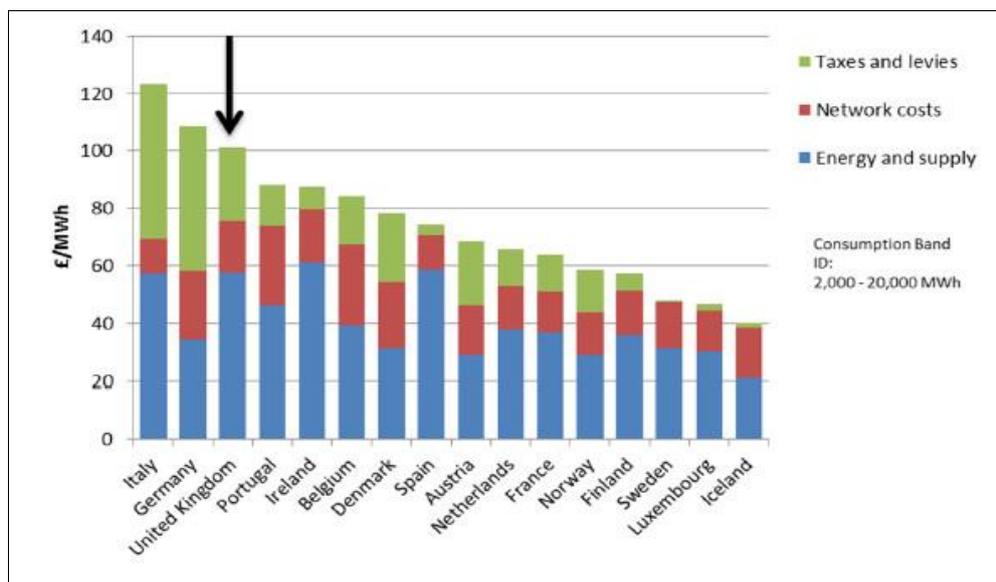


Figure 6 Commercial energy costs compared internationally^{xvii}

It is relevant that around half of electricity costs for typical regional manufacturing companies are the apportioned costs of regional and national infrastructure investments (Figure 7). This is why Figure 5 has a shaded box labelled market regulation and infrastructure: there are considerable and increasing opportunities to influence energy costs, and hence sectoral productivity, simply through regulation and strategic choices.

Because of their magnitude and impact, the way energy infrastructure costs are apportioned between sectors is treated as an industrial strategy decision in many economies, although this has largely been resisted in the UK^{xviii}. For example, in Germany there is a complex 'privilege' system which allocates network and renewables costs variably between industrial sectors, favouring some sectors (metal processing) and penalising others (paper mills). Thus, although average industrial energy costs in Germany appear on face value higher than the UK (Figure 8) in practice they are significantly lower in many manufacturing sectors (even after UK exemptions for energy intense industries have been applied) and higher in other sectors (including the domestic sector⁴) to ensure that the overall numbers balance (see Figure 8)⁵.

³ This is true in the short-term and for mature industries with sticky customers competing primarily internationally, like most West Midlands manufacturers. It is not true if GVA measures are based on value-added production function approaches which assume any saving in energy costs will be common to competing firms and hence not impact GVA. Reality is almost certainly somewhere between these two extremes.

⁴ Headline energy prices in the domestic sector do not necessarily mean higher bills for households provided housing is well-built to high energy efficiency standards. Hence the German public is, up to a point, more tolerant of higher energy tariffs than the UK public, who live in lower quality housing (on average).

⁵ Note that the UK also applies some (complex) exemptions to energy intense industry, which is why the figures in Figure 8 and Figure 6 don't align. Figure 6 shows standard UK commercial rates, Figure 8 shows rates specifically for energy intense businesses.

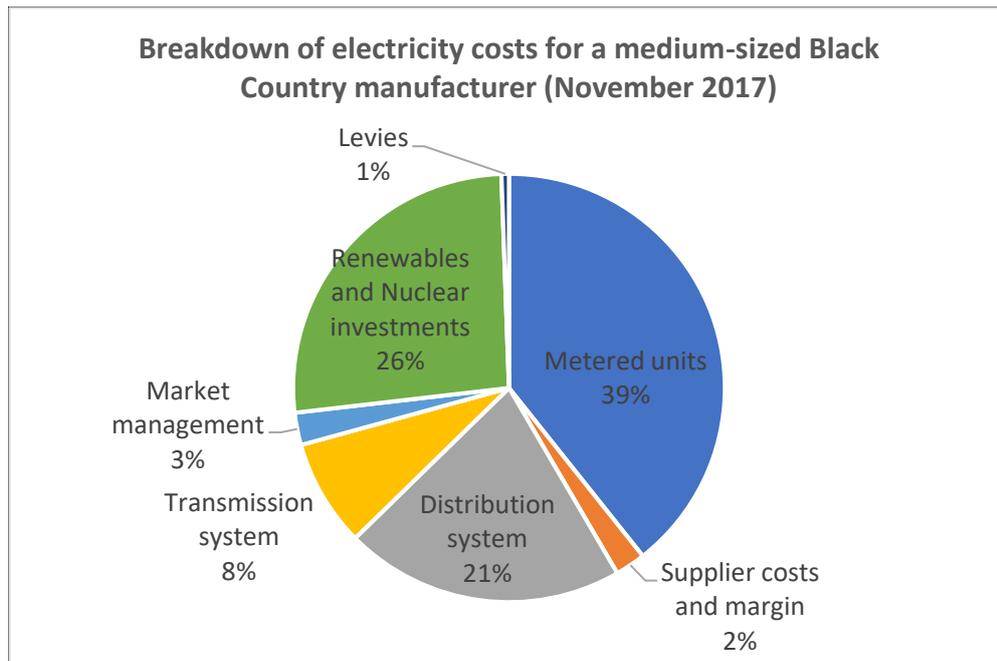


Figure 7 Split of electricity costs for a medium-sized West Midlands manufacturer^{xix}

In the UK, however, we currently operate a regulated national market system which resists differentiation between industrial sectors, other than on size (larger businesses pay a lower share of infrastructure costs per unit of energy). This will tend to differentially handicap our more energy intense sectors (in comparison to competitor economies with industrial strategies) although several ad hoc dispensations have been secured over the years to compensate to a degree for this.^{xx}

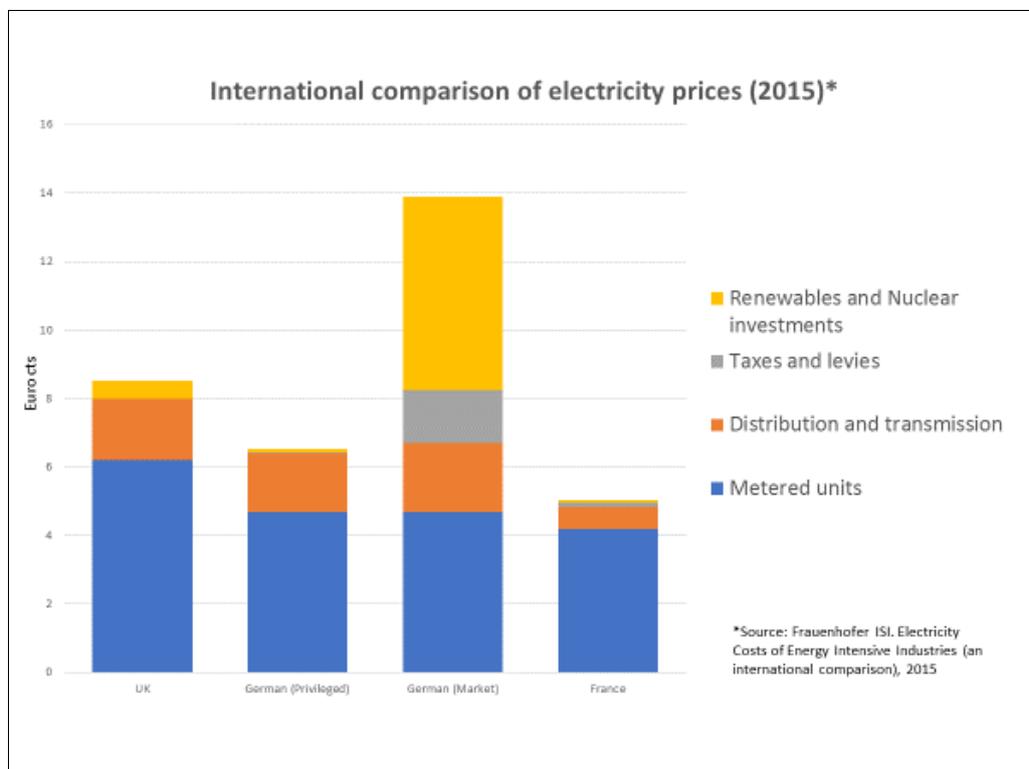


Figure 8 International comparison of electricity prices

The UK approach to energy market regulation has been extensively criticised in a high-profile report commissioned by the Secretary of State for Business, Energy and Industrial Strategy (BEIS) and written by Professor Dieter Helm^{xxi}. In it, Helm makes several relevant observations about the direction of travel of global energy systems, including the powerful point that within a relatively few years almost all energy costs will be fixed and apportioned infrastructure costs, with virtually no variable costs as the cost of fuels essentially falls to zero⁶.

This has profound implications for UK energy market regulation and how energy costs are managed, because it means that energy will become very like telecoms or road travel in that usage of the system once it's built will essentially be free for everyone up to local capacity limits. In this situation, pricing cannot meaningfully be based directly on usage: instead it will be entirely focused on ensuring infrastructure investment costs are recovered, and this may be done in a number of ways to meet industrial strategy or political objectives.

Transport energy costs

The £3.3bn spent on fuel for transport currently in the West Midlands is virtually all in the cost of petrol and oil for road vehicles^{xxii}. However, by 2040, with the sale of new petrol and diesel vehicles being banned in the UK, the bulk of this demand will shift into electricity or hydrogen.

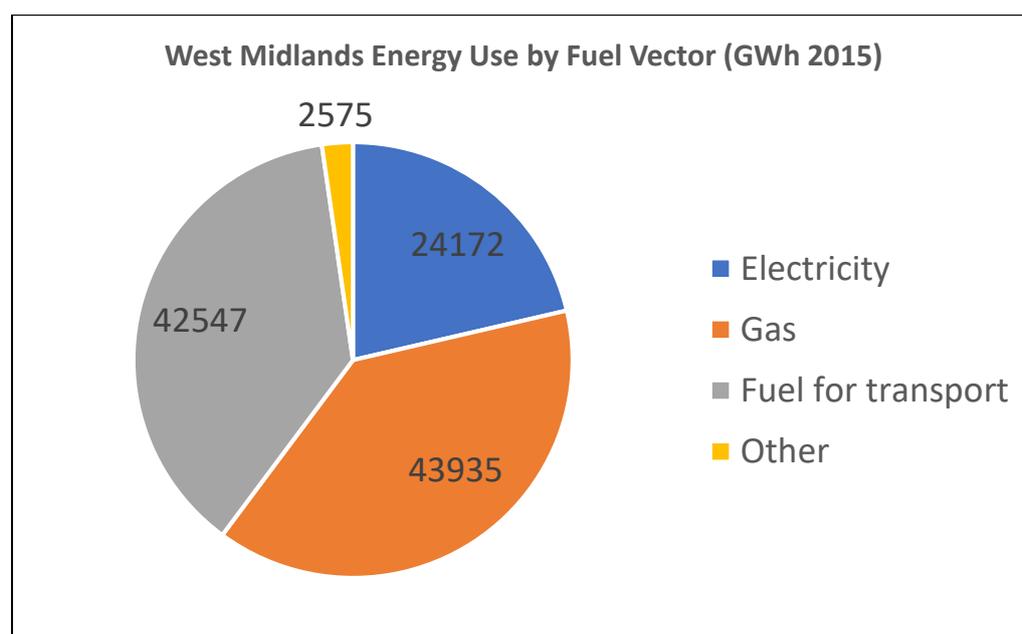


Figure 9 West Midlands energy use by fuel vector (2015)^{xxiii}

This shift will have major implications for the regional energy system (see Figure 9 West Midlands energy use by fuel vector (2015) Figure 9). In energy terms, 42,547 GWh of energy currently delivered to vehicles in the region as petrol and diesel is nearly equal to the amount of energy delivered through the entire gas network in the region and almost twice that delivered by the

⁶ This is obvious if you consider that nuclear and renewable energy systems are essentially all asset investments with free or essentially sunk fuel costs. Helm also (slightly more controversially) argues that fossil fuel prices will fall towards zero as it becomes impossible to sell them given increasing global penalties for pollution and carbon emissions.

electricity system. The implications for local energy infrastructure of shifting transport fuel use from petrol to electricity or gas are thus clearly significant.

This doesn't mean an immediate need for an electricity system that is three times bigger than the one today, or a gas system that is twice as big. There is a lot of devil in the detail of spatial and temporal usage patterns and existing spare capacities, and in uncertainties around the likely mix of electric and hydrogen vehicles. However, the direction of travel is very clear, and the need for detailed and closely integrated transport and energy planning at regional level is evident.

Domestic energy costs

Measured by kWh, household energy use overall is of a similar magnitude to commercial and industrial (C&I) and transport. The costs per unit of energy vary significantly because of infrastructure cost allocations and political judgements (tax allocations). It is more expensive to distribute gas and electricity to many small domestic users than to small numbers of concentrated industrial users (and to distribute transport fuels compared to electricity and gas).

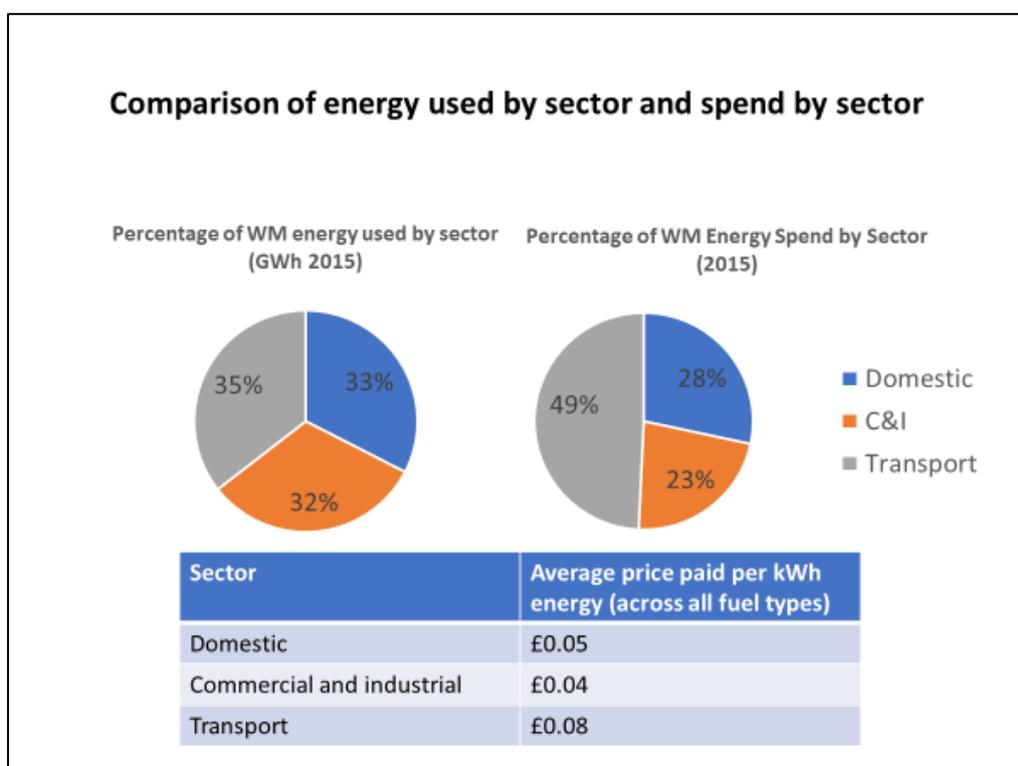


Figure 10 Comparison of West Midlands' energy use by sector and spend by sector

In the case of domestic energy costs, the annual spend on energy is significantly higher because of the poor overall quality of domestic building stock^{xxiv}. This is a perennial challenge at national and local level^{xxv} but one of increasing urgency as the search for cost-effective and socially acceptable responses to the challenge of climate change gathers pace. There are 1.7M existing houses in the West Midlands, with at least 200,000 of these falling within the official definition of homes in energy poverty^{xxvi}. There are plans to build a further 215,000 homes by 2031^{xxvii} which could easily add £100-300M to regional energy spending (at current prices).

In principle, domestic energy bills, usage and carbon emissions can be reduced cost-effectively and economically (using 'Green Book' analysis^{xxv}) by between 10% and 30% i.e., £200-£600M p.a. for the

West Midlands. There are, however, significant challenges around financing, behaviours, transaction costs, cultural assumptions, customer priorities, regulations and political constraints which inhibit these benefits being realised. The corollary of this is that the challenges aren't primarily technical (i.e., economic technologies exist which could theoretically solve the problem) but more around innovation in business models, regulations and delivery and financing mechanisms.

The topic of housing energy performance is a major and complex area in its own right, and significant and detailed work has been done to analyse local housing stock performance by local authorities across the region. Most recently, the Sustainable Housing Action Partnership (SHAP) working with the West Midlands Housing Officers Group (WMHOG) has produced a series of reports on energy performance in both new build and existing housing (2017-18)^{xxviii}.

The key realities driving domestic energy performance from the perspective of a regional energy strategy are:

- The main determinants of domestic energy bills are the quality of the house and the behaviour of the occupants. Two houses which appear identical can have energy bills which differ by a factor of 5-10 because one is well-insulated and well-built (not draughty) while the other is poorly insulated, draughty because it was shoddily constructed, and occupied by a family comprising older people or small children.
- Houses and people are highly variable and diverse, and the 1.7M existing homes in the West Midlands are a particularly good and concentrated example of this diversity.
- In new homes there is a significant and negative gap between actual energy performance of homes 'as built' and the promised energy performance of houses as designed (and approved by building control). This arises because, in general, energy standards for new build housing are weak and poorly policed (with limited examples internationally of solutions to this problem^{xxix}).

Established mechanisms to address energy poverty⁷ and domestic energy efficiency in general include tightening energy performance standards for new build homes; schemes to provide subsidised energy efficiency measures for existing homes (the Energy Company Obligation (ECO) in the UK); local planning guidance requiring adherence to more stringent standards, sometimes even for renovations above a certain area threshold; local authority and nationally-funded energy efficiency advice services; and occasional attempts at financial incentives such as lower cost mortgages or rebates on rates.

Markets alone are ineffective at delivering optimal outcomes in this sector^{xxx}.

Investment flows

In the West Midlands, we invest around £1.25bn every year in our energy infrastructure: this is network investments including gas pipes, heat mains, wires and substations; key energy conversion technologies such as domestic boilers; and local energy generation assets such as solar farms, district heating and waste to energy plants.^{xxxi}

⁷ Energy or fuel poverty is defined by government as households who have theoretical fuel bills above average and were they to spend this amount it would leave them with residual income below the official poverty line.

Around £3.5bn is spent every year in the West Midlands on the built environment^{xxxii}, which has a significant impact on energy spend (e.g., see section on domestic energy use above) and on long-term productivity. This should also be considered as energy infrastructure.

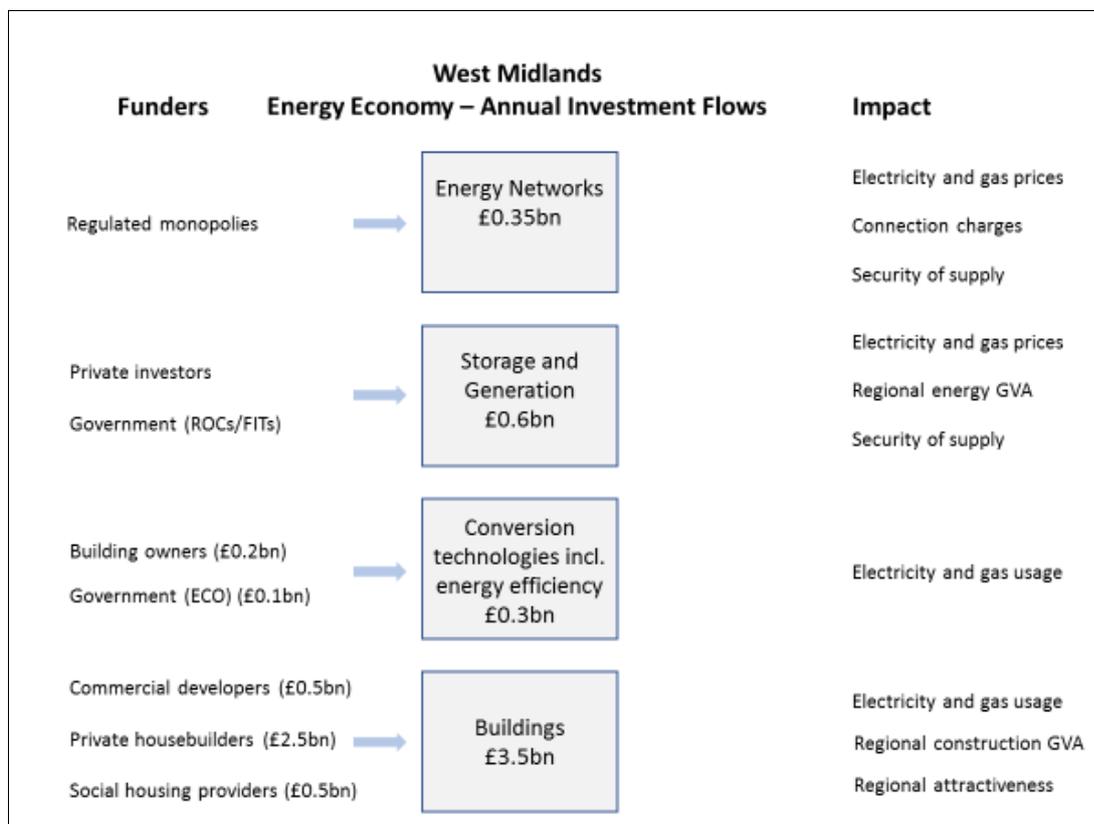


Figure 11 West Midlands annual investment flows - energy

Economic activity

Energy and environmental technologies currently account for £2.1bn of annual GVA in the WMCA area^{xxxiii}, and is the most productive of all sectors by value. It is the only sector in which regional productivity is higher than the UK average. Coventry and Warwickshire and the Black Country are both in the top five LEPs nationally in terms of % of GVA attributable to energy and environmental technologies.

Energy Storage and Systems has been identified as one of the four key market strengths in the recent regional Science and Innovation Audit^{xxxiv}. This reflects the major academic assets in this sector across our regional universities (see Section 2).

Employment estimates vary between 24,500 jobs and 60,000 jobs^{xxxv} depending on definitions of geography and sector boundaries. The GVA generated is concentrated in a small number of large firms (E.ON, National Grid, Cadent, Baxi, Calor) with a long tail of smaller firms. There are significant employers just outside WMCA regional boundaries (Worcester Bosch, nPower) and significant economic activity and employment within the region controlled by firms with headquarters elsewhere in the UK (Western Power Distribution, British Gas).

These statistics exclude closely-related jobs dependent on energy infrastructure, such as most manufacturing, transport and automotive jobs, and energy managers within larger organisations.

Engineering and infrastructure companies such as Balfour Beatty, Arup and Costain all have significant energy infrastructure divisions and presence in the region which may not appear in sectoral figures, as does Severn Trent which, as well as being primarily a water company, is one of the largest renewable energy generators in the UK.

Skills are an issue in energy as in many other sectors, with 36% of all vacancies across the energy and utilities sector nationally attributed to skills shortages.^{xxxvi} The sector skills council for Energy and Utilities, Energy and Utility Skills, is based in the region (Solihull) as are other key sector interest groups and trade associations (e.g., Energy and Utilities Alliance, Sustainable Energy Association). There are several specialist training providers across the region (e.g., Energy Training Hub in Dudley) suggesting skilled energy sector people are as easy (or easier) to recruit in the West Midlands as anywhere in the UK.

Carbon emissions and environment

While the West Midlands faces similar challenges in carbon emissions and the environment to the rest of the country, the urban nature of its geography and position at the heart of the national motorway infrastructure makes these challenges particularly severe. A report^{xxxvii} by Sustainability West Midlands (published in 2010) found the region suffers a carbon deficit compared to the rest of the UK of around 2MtCO₂e per year on top of national targets. This report is now eight years old, however, and it is likely the situation will have improved somewhat, as take up of renewables since 2010 has been substantial across the West Midlands and nationally, while manufacturing and transport activity has grown more slowly.

Carbon targets and plans vary significantly by local authority, and while the merits of seeking to set a regional carbon target were discussed, it was agreed this remains primarily the responsibility of local authorities. This strategy proposes to follow the national target at regional level and acknowledges in addition to this it is the region's responsibility to ensure the energy strategy is sufficiently flexible to support local authorities in delivering their local objectives.

Transport is a major element in the regional economy and recognised globally as one of the hardest sectors in which to reduce CO₂ emissions. However, vehicles are largely responsible for the toxic air pollution that afflicts cities worldwide. Nitrogen oxides and particulate matter emitted by diesel vehicles are key ingredients in outdoor air pollution that causes 3.7 million premature deaths each year^{xxxviii}. In the UK, the government estimates that each year these emissions cause between 44,750 and 52,500 premature deaths and cost society between £25.3 billion and £29.7 billion.^{xxxix} The West Midlands share of these figures will be between 5-10%, equivalent to 2,500 to 5,000 people dying prematurely in the Combined Authority area each year, at a cost to society of £1-£3billion.

The government has largely devolved the challenge to local authorities under the Localism Act 2011 and revisions to the Environment Act 2008. It has instructed five city authorities including Birmingham to implement Clean Air Zones by 2020. These will prevent the most polluting vehicles such as older diesel buses, coaches, taxis and lorries from entering the most polluted areas at times of day, or charge them for doing so. In Birmingham, the scheme will also cover vans.^{xl}

Specific regional opportunities and needs

The West Midlands sees energy as core to the region's local industrial strategy (Figure 12). The scale of investment and potential benefit is substantial, so although this is a local strategy, it's important

to bear in mind that tackling the issues and opportunities will require a commensurately ambitious and innovative response.

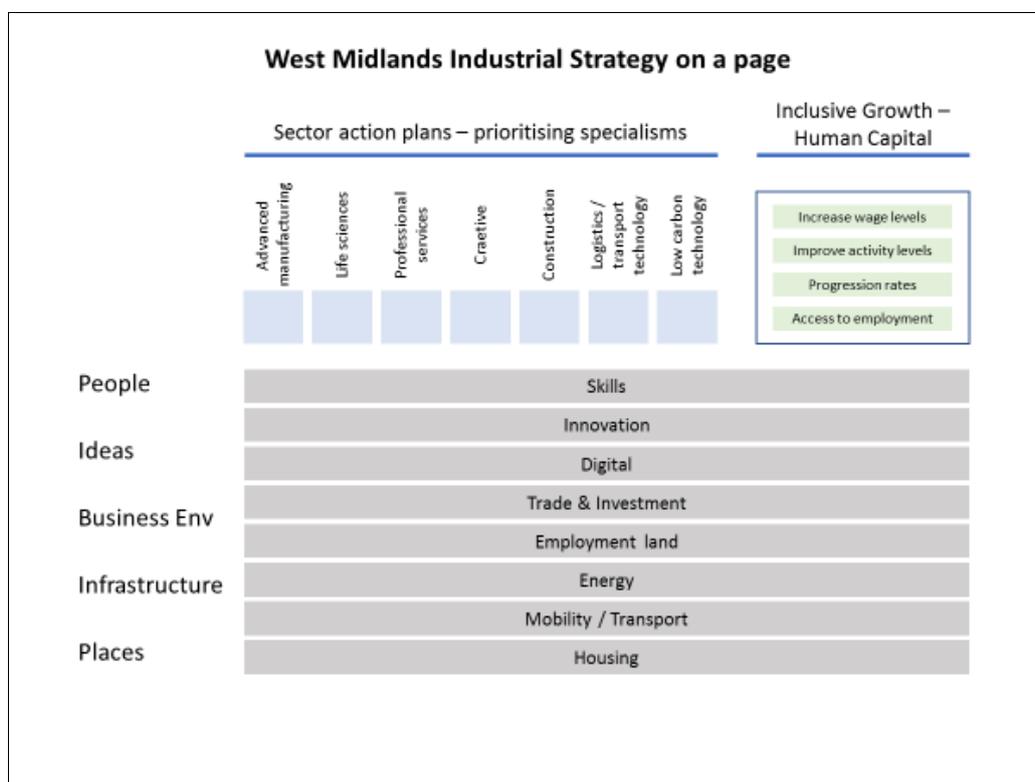


Figure 12 West Midlands Industrial Strategy Framework

A recent report produced for the WMCA by the Black Country LEP^{xii} estimates that a focused regional energy strategy could deliver annual GVA improvements of between £400M and £820M. This is broken down as indicated in Table 1 below.

Note that in this table the benefits of enhanced building energy efficiency (including housing) are estimated (conservatively) within the ‘attractiveness of the region to skilled people’ line. The range of benefits shown is very large due to the challenging nature of this problem.

Accelerated roll out of new developments refers to the electricity and gas infrastructure required to support new investment in manufacturing and commercial developments across the region. This will amount to £3-4 billion over the next decade (see Investment Flows above): the figure of £100M is the estimated GVA benefit from accelerating the timing of this investment to align it more closely with local spatial and economic development plans.

Speed of new market development is about making West Midlands energy infrastructure fit for purpose to support mass roll out of low carbon transport systems, including EVs. Again, the scale of investment runs into billions (much of it around HS2 terminals) and the strategic need is to ensure this is timed to make West Midlands markets more attractive for inward investment and new technology deployment.

Potential Benefits of a Focused Regional Approach to Energy as an Enabler of Industrial Strategy	Provisional GVA impact estimate (p.a.)
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Accelerated roll-out of commercial developments	£100M
Speed of new market development	£120M
Competitiveness of industry	£155M-£400M ⁸
Attractiveness of the region to skilled people	£25M-200M
Total	£400M - £820M

Table 1 Summary of potential GVA benefits delivered by a West Midlands Regional Energy Strategy

Competitiveness of industry refers to the benefits of energy efficiency, smart energy systems, efficient procurement and strategic infrastructure cost allocation for energy intense manufacturing businesses, to ensure they compete on a level playing field against international competitors.

These figures exclude the benefits of clean air (estimated at between £1bn and £3 billion, see above) and are conservative on the potential benefits of clean energy innovation (the figure for the region offering opportunities for accelerated market development is based purely on additional local sales of low carbon vehicles by local companies).

In addition, the separate report by Arup^{xiii} (see Appendix II – Pilot Energy Innovation Zones and Investment Cases) identifies up to £490M of economically viable energy infrastructure investment to optimise economic and environmental benefits in four pilot energy innovation zones.

Headline investment projects

The West Midlands is an ambitious region with major investment and regeneration projects underway across the geography: over £2 billion of investment is planned for UK Central and Solihull with the arrival of HS2; similar levels of investment are planned for Birmingham (again with HS2 and the redevelopment of Smithfield) and Coventry (housing and new manufacturing facilities for JLR) with £1.5 billion being invested in the Black Country's Enterprise Zones.

It will be critical to get the local energy infrastructure right for these projects, and that's challenging and risky at a time of major change in global energy systems. There is a danger that the tendency of commercial investors and developers to focus exclusively on short-term profit maximisation results in energy infrastructure investment which quickly turns into stranded assets and limits the long-term economic and environmental sustainability of the surrounding local community. There is a strong regional interest in getting investment in infrastructure right.

It's not just the headline schemes that need appropriate energy systems. As Appendix I summarises, there are clean energy opportunities across the region, including at least a dozen district energy schemes, four major waste-to-energy projects with contract renewals due in the next five years, and approaching £200M of solar PV investment opportunities in the Black Country alone.

Housing challenges

The West Midlands has significant housing issues and opportunities. The current expectation is that 215,000 new homes will be created in the region (net) over the next 12 years^{xliii}. This represents

⁸ The higher figure assumes Helm's national recommendation to establish a legacy bank for historic energy infrastructure investment costs is adopted in the West Midlands.

mixed public and private investment of around £20bn, and an additional electricity requirement which could vary from virtually zero to 8TWh per year^{xliv, xlv}. In electrical capacity alone, these houses will need around 80MW of new base power generation and 200MW of available peak power generation (assuming no innovation in control technologies and load shifting)^{xlvi}. This assumes heat continues to be provided by gas and allows for no electric vehicles.

Energy poverty is a significant issue for the region, with rates exceeding 13.5% in several areas of Birmingham, the Black Country and Coventry^{xlvii}. This is a consequence of poor quality (often private) housing and domestic energy prices. A concerted strategy to address this needs to focus on the built environment and infrastructure as well as headline domestic energy costs.

The number of households in fuel poverty across the region is around 200,000^{xlviii} which is potentially a substantive and targeted market for energy efficiency refurbishment (retrofit) using innovative models such as Energiesprong⁹. This is only likely to be appropriate to particular configurations and specifications of housing – particularly the large estates of the 1950s and 60s – and many other models are also being developed, for example by the Energy Systems Catapult in Birmingham. Energiesprong retrofits eliminate fuel poverty from households where they are applied and recover the costs over 30 years via (lower) energy bills. This scale of radical low carbon retrofit on 200,000 houses would require investment of around £4 billion, all with positive financial and social returns.

One of the main lessons from initiatives like Energiesprong and the Catapult's Smart Systems and Heat Programme have been that solving the housing energy efficiency problem will require a diversity of approaches, considerable attention to detail (which means new skills programmes, training, and cultural changes for construction workers and professionals) and new business models. For example, Energiesprong works well under Dutch regulations but requires significant modifications in business model to work in the UK, and even then models only exist so far for the social housing sector. Economies of scale will be important in keeping costs down, but reconciling the need for scale with delivering higher quality and more diverse and tailored outcomes is a challenge in any sector, let alone one as fragmented and traditional as housing and construction.

The major UK government scheme supporting energy efficiency in housing is the Energy Company Obligation (ECO). This has been in place for some time and is about to start a new four-year cycle, despite its many imperfections, which the government recognises^{xlix}. The West Midlands' share of ECO is around £60M per year, and there is a strong alignment between government objectives and West Midlands' needs. Specifically, the scheme is now 100% focused on fuel poverty, recognises the need for greater local authority involvement to support efficient targeting, and seeks greater innovation.

Energy Capital therefore sees a significant opportunity in ECO for the West Midlands to work with government to develop a better model for fuel poverty elimination, and one that also supports the local industrial strategy. This will be a key element of this strategy.

Electric vehicles

Electric vehicles are a strategic and critical area of opportunity to this region because of the region's heritage and strategic strengths in advanced manufacturing, low carbon technologies, transport and logistics and construction. EVs represent a significant market opportunity for all these sectors. They

⁹ Energiesprong is currently being piloted by a consortium in the UK including Accord Housing, who are based in the Black Country, and have a manufacturing facility (LoCal Homes) in Walsall.

are also a challenge we cannot ignore: the West Midlands must secure a leadership position in this area to retain a significant element of our economic strength.

The region's potential strength in this sector has already been recognised by the government in locating the £80M National Battery Manufacturing Development Centre in Coventry, and Jaguar Land Rover bringing its first electric vehicle to market in 2018. To maximise the economic and environmental benefits of this investment, the region – especially around Coventry and Solihull – plan to invest significantly in connected autonomous vehicle (CAV) development and infrastructure. Various stakeholders are already discussing the creation of EV charging hubs and infrastructure (including vehicle to grid) at commercial scale.

Electricity networks and distributed generation

Western Power Distribution commissioned Regen in 2017 to carry out a comprehensive review of renewables and distributed energy technology opportunities in the region. This provides further useful indications of the likely investment opportunities (and uncertainties) across the region up to 2030^l.

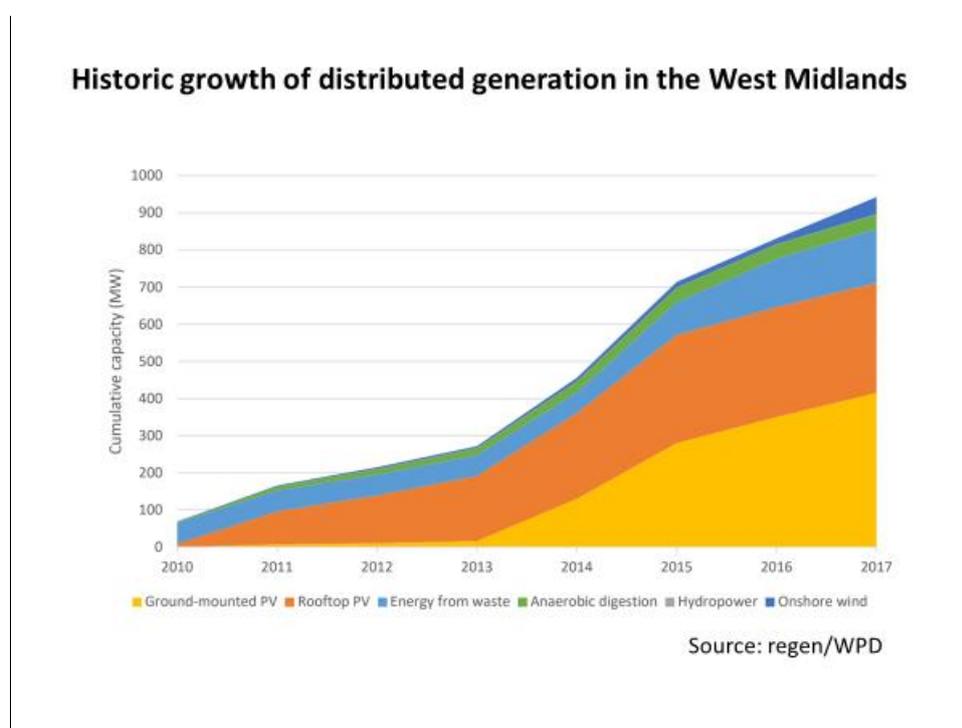


Figure 13 Historic growth of distributed generation in the West Midlands

Figure 13 shows cumulative investment of around £1 billion in regional distributed energy technologies over the past seven years, delivering more than sufficient power, for example, to support the housing growth planned for the next decade.

Figure 14 shows a range of projected futures for regional distributed generation investment modelled on National Grid's Future Energy Scenarios^{li}. This includes varying assumptions for electric vehicle (EV) take-up, and broadly equates to between £400M and £2.5 billion of investment opportunities in local generation alone (before heat and network investments) up to 2030.

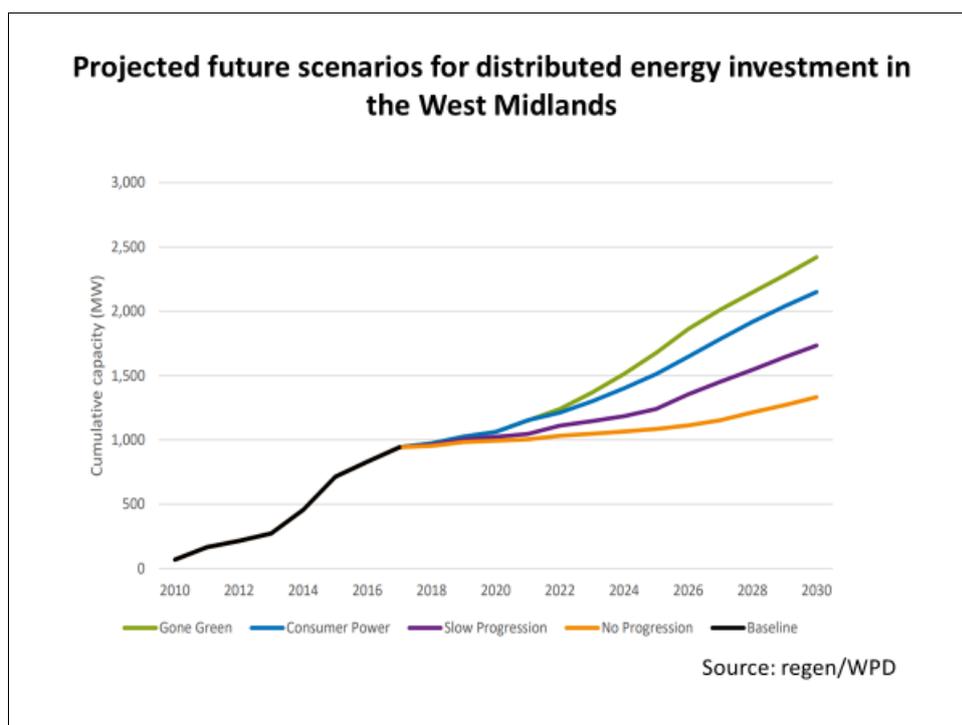


Figure 14 Projected future distributed generation investment in the West Midlands to 2030

Hydrogen

The West Midlands has longstanding interests in the developing hydrogen economy including companies such as Microcab that are developing fuel cell powered vehicles. There are plans for hydrogen refuelling facilities in Tyseley Energy Park alongside the existing 10MW biomass power station, and joint research and development facilities in emerging biomass and hydrogen technologies run by the University of Birmingham and Fraunhofer ISI.

The University of Birmingham has the UK's only integrated and internationally-recognised research programme across all aspects of fuel cells and their fuels^{lii}. In 2017 a hydrogen-focused network was launched (the Midlands Hydrogen and Fuel Cell Network) specifically to support commercialisation activity around hydrogen in the region. Birmingham City Council is committed to trialling hydrogen powered buses^{liii} and waste vehicles as part of their fleet.

Waste-to-energy and heat networks

There is a concentration of waste-to-energy facilities in the Black Country, as well as major plants in Coventry (44MWe) and Tyseley (25MWe). Currently, only the Coventry plant is committed to linking into a district heating scheme but plans and feasibility studies have been completed for the plants in Tyseley, Dudley, Wolverhampton and Sandwell. These create the opportunity to develop commercial integrated schemes (subject to negotiation and contracts) when waste contracts come up for renewal between 2019 and 2023.

There are several private waste-to-energy plants in the Black Country, and some are now exploring local private wire arrangements with nearby manufacturers. More detail on potential waste-to-energy and heat network schemes is provided in Appendix I.

Birmingham has an established district energy company, BDEC, serving much of the city centre including council buildings, the International Convention Centre, Children's Hospital and Aston

University. This is in partnership with ENGIE (as is the Coventry scheme). Both Warwick and Birmingham Universities have their own on-site gas-fired CHP¹⁰ networks as the main source of heat and power for their campuses.

Global markets

The global energy system is on the cusp of a major transition. For most of the past century technology and economics have supported a largely one-size-fits all approach to energy infrastructure. Attempts to do anything more than superficially adapt energy systems infrastructure to local needs would either have imposed excessive costs or resulted in inequities in access.

However, rapid reductions in the costs of communications, ICT, and energy storage and generation technologies are changing this context fundamentally.^{liv} Figure 15 illustrates one example: a projected 60% reduction in the installed cost of battery storage to 2030^{lv,11}.

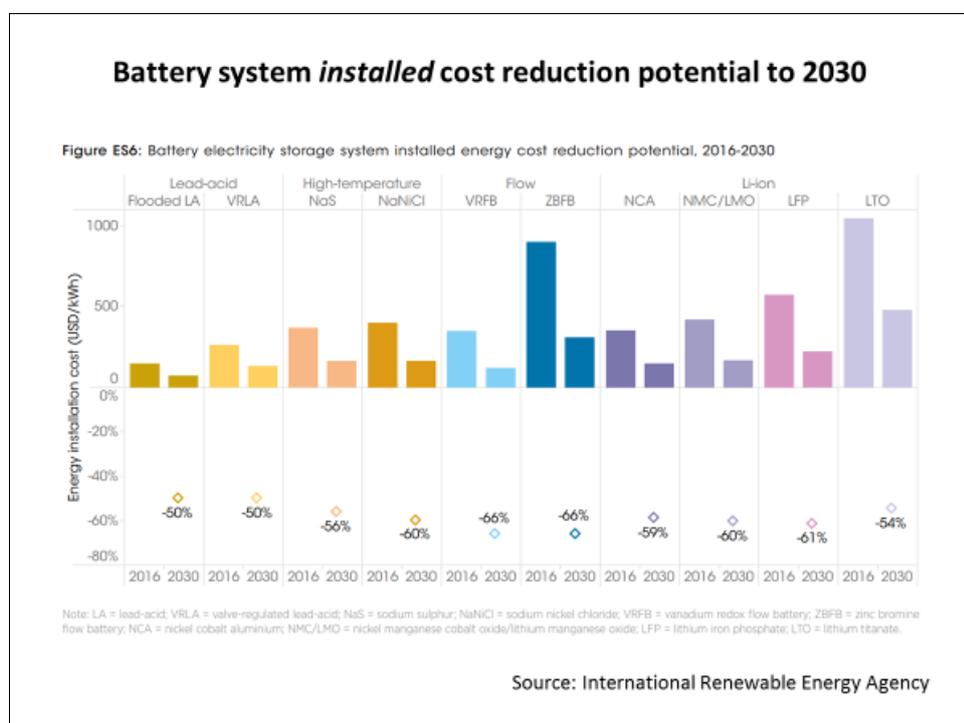


Figure 15 How costs of energy technologies can fall rapidly

Digitisation and energy storage technologies make it possible to optimise energy systems at much more local levels, and to manage them in a distributed way^{lvi}. This in turn means national energy infrastructure, including energy market and regulatory structures, can accommodate more diversity and variety (at least in principle). The benefits of such local diversity in energy systems and responsiveness to local needs now outweigh the costs.

These fundamental technical changes have been accompanied by significant global political shifts, in particular, recognition of the need to address the challenges of climate change through reducing carbon emissions. The energy system is the largest emitter of carbon globally and thus at the forefront of these political changes.

¹⁰ Combined Heat and Power

¹¹ Note this is installed cost; the actual technology costs are falling much faster (for example Lithium ion battery costs fell by 60% from 2014-17 (same source)).

The economic opportunities associated with these shifts are potentially huge. The broad global political consensus around climate change is manifest in changing customer attitudes, varying national targets, regulatory nudges, and incentives across the world, all of which create significant markets for clean energy technologies and systems.

The most recent estimates (e.g., from the World Bank, Oxford Economics, McKinsey, and IEA) of the global market opportunity for clean tech products and services suggest a market of well over \$3 trn a year, with energy infrastructure investment alone accounting for between \$2.5trn and \$3trn a year between now and 2040^{vii}.

The challenge in taking advantage of this global market opportunity is that it will clearly require new cross-sectoral collaborations, for example between transport, energy, construction and digital sectors, and the transfer of know-how from sectors such as advanced manufacturing and logistics to construction and energy. Unlike the West Midlands, few regions have economies with strengths in all these areas, especially when coupled with a diversity of both research and practice-led universities to support effective cross-fertilisation and the emergence of new competencies.

Effective commercialisation of cross-sectoral innovations requires accessible markets of sufficient scale to support rapid scale-up (for example helping new businesses cross the 'valley of death')^{viii}. The West Midlands is big enough – comparable in population and economy to a small country such as Finland, Denmark or Norway – to offer such a market, particularly in the energy sector where public policy unavoidably plays a major role in determining outcomes (in any political system).

For these reasons, low carbon technologies and services are justifiably identified as a key strategic sector in the West Midlands' industrial strategy, and the region has a unique opportunity to benefit from the \$3trn global market opportunity currently developing.

4. Challenges and constraints

There are, however, significant challenges in any attempt to address energy strategically at regional level in the UK, despite the clear potential economic and environmental benefits of doing so as summarised in Section 3. This section reviews these challenges under seven broad headings, setting the agenda for the focused strategy set out in Section 5.

The speed and nature of technological change and choice in energy systems

There are a wide variety of technical choices to make in any energy system, whether for an individual house, a region or a country. The economics of energy technologies in a given place are also not independent of each other¹². For example, a district heat energy system may make economic sense if local housing is poorly insulated or no sense at all if the same housing is retrofitted with the latest insulation (an economic choice which makes complete sense for the householder but not for the district heat operator).

This context is further complicated when technological change and changes in the economics of individual technologies are occurring on the scale and at the rate illustrated in Figure 15. The current world is one in which proponents of hydrogen, electric vehicles, biomass, solar, nuclear, micro-CHP, district heating, smart controls, energy storage, building energy efficiency and heat pumps can all credibly claim to be offering game-changing rates of technical progress and cost reduction.

These two realities can create a significant risk of very poorly informed and meaningless public debate and policy-making. This is particularly true at national and international level, and in political systems where public servants are poorly equipped^{lix} to resist specialist lobbying by corporates and academic proponents of specific technologies. The outcome is too often much time wasted debating questions which are meaningless and impossible to answer in the abstract: like 'are heat pumps better than gas? or wind better than nuclear?'. Such questions can only be answered in a defined context (i.e., for a specific geography and set of infrastructure and market regulations) and at a given moment in time.

Energy investment decisions will always entail significant uncertainty and risk, because a high rate of innovation means the only certainty is that tomorrow's economics will not be the same as today's. Some assets will thus be 'stranded' and looking back at decisions with the benefit of hindsight will find that if a different choice had been made a lower cost outcome would have resulted. The challenge then, is not to identify the best technologies to deploy in any kind of general sense, but to ensure that energy investment choices and decisions are made by those best placed to manage the unavoidable uncertainty and risks that all such decisions entail.

Two further points are increasingly relevant to many energy choices:

1. Energy infrastructure choices are becoming more granular and local. This point has already been made in Section 3 and is the outcome of the reducing costs of storage and digital

¹² This should probably be written more forcefully: the economics of energy technologies are typically highly dependent on other energy technologies already present and the infrastructure around them. To give a stark example, a gas boiler has no economic value at all to a property off the gas grid.

control technologies. Put another way, the proposition is that varying local energy infrastructure no longer necessarily means extra cost and risk to the national system.

The challenge this creates is that it's no longer economically optimal (or sensible) to think about a single national energy infrastructure. It's becoming in everyone's interest – especially the customers who pay for energy – to think about infrastructure choices more locally. This makes regional and local energy decision-making more challenging (because it's no longer simply about what investments should be made in generation and demand-side assets given a fixed infrastructure – the infrastructure itself is now fluid and part of the process) but is more likely to result in better outcomes and match risk to reward.

2. Energy investments (and their economics) are increasingly tied into wider (non-energy) infrastructure and policy decisions. Carbon pricing, carbon targets and environmental policy are the obvious examples of this at global, national and local level, but local waste, transport, and industrial strategies will also be critical factors determining the viability and attractiveness of energy projects, as will housing and spatial plans.

This means that to manage the risks and uncertainty of energy investments effectively, decision-makers need to be able to take a broad range of interests and issues into account. This becomes very difficult (and can easily lose touch with political realities and voters) where decisions are taken at regional or national level – and which is why much spatial, waste and transport planning is done at local authority level.

Customer engagement in energy markets

While customers can occasionally get very engaged by energy technologies and energy investment and infrastructure choices in particular (for example, wind turbines, waste-to-energy plants or nuclear power) they are largely apathetic and disengaged when it comes to the energy market. Around 95% of customers of the larger suppliers are paying more than necessary for electricity and gas, despite the best efforts of Ofgem and others to persuade customers actively to shop around and switch suppliers regularly^x.

This is a significant problem for any effort to 'do energy differently', especially where such efforts assume benefits will be delivered by active competition. Markets simply don't work if people ignore them and refuse to visit.

So, it's essential that any strategy include some model for customer engagement and communication, particularly if benefits depend on customers making active and informed choices.

Narrow definitions of innovation

As discussed in Section 3, there are major opportunities for innovation and the emergence of new business models in energy (including potentially whole new industrial sectors, such as autonomous vehicles and connected homes). Facilitating the development of such models and such innovation is critical for the region to maximise both economic and environmental benefits. However, care needs to be taken not to constrain growth by taking too narrow an approach to innovation regionally.

A tendency to define innovation solely as commercialising new technologies emerging from university-led research, coupled with an innovation agenda largely set by existing (and typically larger) industrial interests, may result in too narrow an approach to innovation.

Both these aspects of innovation are, of course, fundamentally important and need to be supported. But in regional energy systems and to deliver the scale of ambition of the West Midlands, it's also critically important to recognise the value of investment which is innovative in the sense of, for example:

- new applications of existing technologies at a scale beyond anything previously attempted;
- new combinations of existing technologies in a systemic way, creating new business models and new customer outcomes;
- incremental development (including simple cost reductions) of existing technologies
- innovative market regulation and governance, creating incentives for investors and innovators to take significant commercial risks at scale;
- investment in energy infrastructure which may not be that innovative, but which unlocks whole new markets for low carbon energy technologies and systems and opportunities for economic development.

Innovations such as Tesla are (arguably^{lxii}) far more likely to arise from this kind of innovation than innovation driven by leading edge research or existing automotive or energy interests.

Innovation focused entirely on business models and on facilitating activity is also critical, particularly in sectors such as domestic retrofit, for the reasons set out in Section 3. For example, installing insulation is not inherently innovative. However, guaranteeing the performance of this insulation is innovative, as is financing insulation through a new mechanism, whether this be local crowd funding of retrofit projects through bonds or debentures, or social impact bonds, equity release, or green mortgages. Building a library of common retrofit construction details and solutions to technical risks would also be innovative, as it would help upskill architects, and overcome some of the barriers to retrofit being rolled out to a high standard¹³. These types of innovation particularly need to be publicly driven and supported, because they are least likely to be driven by market forces and the private sector.

The innovation challenge in the energy sector (particularly energy infrastructure) is especially acute stemming from the combination of:

- the world currently emerging from a relatively long period (several working generations) when the whole energy sector has been relatively static and slow-moving, with very limited innovation;
- a one-size-fits-all approach to national energy infrastructure that was driven by the economics and technologies of the 20th century rather than the 21st;
- a long-standing cultural problem with UK innovation policy which places too much emphasis on the simplistic 'linear' model of innovation^{lxiii}.

Some progress has been made in recent years with the creation of the Catapults nationally, and in particular the Energy Systems Catapult in Birmingham^{lxiii}, although there is still some way to go in recognising the need for (and value of) local variety and sensitivity in energy systems. The regional energy strategy is an opportunity to take a broader perspective on innovation.

¹³ We are indebted to the consultation response of George Simms for this paragraph.

Diversity of local ambitions

The West Midlands' scale gives it economic weight and the ability to deliver substantial and ambitious schemes and policy objectives, to national as well as local benefit. It is, however, a diverse geography (see Section 2) and the workshop-style medium-size manufacturing of the Black Country has very different needs from, and offers different opportunities and challenges to, the concentration of automotive manufacturing in Coventry and Warwickshire (for example).

Similarly, the highly diverse and concentrated urban population and environment of Birmingham contrasts with the rural environment and town centres of Warwickshire, North Worcestershire and South Staffordshire. It isn't at all clear that the same energy system will benefit all areas equally.

The challenge is to see this diversity as a strength and a virtue, in common with the people who live in the region (who often commute from rural towns to Birmingham, or vice-versa for leisure and shopping) and not to develop an energy strategy which either ignores or undermines the diversity of ambitions and loyalties this variety creates.

Complexity of political institutions and public sector capacity

The diverse economic geography of the region is reflected in a complex layering of political institutions which can appear somewhat impenetrable to outsiders, although in practice it generally works very well and makes sense to those involved.

The table below summarises the political structure of the region.

Body	How many	Broad role(s)	Accountability
West Midlands Combined Authority	1	Transport; industrial strategy; housing and land; productivity and skills; strategic infrastructure	Democratic and to constituent members
Local Enterprise Partnerships	3	Economic development (Innovation; creativity; growth)	Local authorities via supervisory board
Constituent Local Authorities	7	Deliver public services – all metropolitan and unitary authorities	Democratic
Non-constituent Local Authorities	11	Deliver public services – fewer voting rights on WMCA; mix of unitary, shire and district councils	Democratic

Table 2 West Midlands' political structure^{xiv}

As at the end of 2017, only five of the seven constituent local authorities retained specialist energy or sustainability officers. The LEPs and Combined Authority had no dedicated energy officers at all, although the boards of all three LEPs include individuals with energy expertise (reflecting the strength of the sector across the region). Several local authorities retain energy project managers and specialists on a consultancy basis when required (e.g., Birmingham City Council has been working with a specialist team for over a year on the setting up a retail energy company).

This limited resource is potentially a significant challenge, particularly to efficient and informed ongoing discussion of local needs¹⁴. However, it has facilitated a recognition at all levels that energy investment is an area which may well best and most efficiently be supported from the Combined Authority and driven the formation of the Energy Capital partnership for the region. Energy Capital has been well supported by the public and private sector.

BEIS have recognised public sector capacity issues in energy nationally and are funding the equivalent of one specialist energy post per LEP area for the next two years. This funding will be very helpful in supporting better dialogue and knowledge transfer, but will fall some way short of the resource necessary to deliver any meaningful strategy for the region with the scale and impact justified by the opportunities outlined in Section 3. The lack of alignment between regional hubs and political boundaries (i.e., governance) is unhelpful and clearly inefficient.

Existing industrial strengths

The West Midlands has historic strengths in several sectors, especially automotive and manufacturing. This is a weakness and risk, of course, as well as a major virtue.

Given the global consensus that new cross-sectoral business models are likely to emerge as the energy transition unfolds (and companies like Tesla and Amazon already exemplify this), it will be very important to the long-term economic success of the region that not only existing industrial strengths are reinforced through our energy strategy.

The regional approach must support new firms and start-ups with potential to grow, and the ‘silent majority’ of mid-sized manufacturing firms^{lxv} who could grow substantially by redirecting their existing skills and competencies to new markets and opportunities opening worldwide.

A mismatch between regulatory system design and market opportunities

There are two separate and equally fundamental issues with energy market regulation from the perspective of a region seeking to develop a coherent and meaningful energy strategy to deliver local economic, social and environmental objectives. One is the complexity of the system, the other is a structural mismatch between regulation and where technical and economic opportunities lie.

Historic complexity

Over the last 40 years the UK has led the world in developing a market-based regulatory model for energy. This model was initially successful, but the past 15 years have seen a progressive return to government control and increasing criticism of the complexity and outcomes delivered for customers, which generally result in higher prices^{lxvi}.

The desire of government to be involved in energy market regulation is understandable (and probably necessary) because energy has such a significant potential impact on economic and environmental outcomes at all levels – national, regional and individual. However, the consequence of recent UK history in this sector and the rather confused mix of ‘independent’ regulation of privatised companies and increasingly robust government intervention (e.g., the introduction of price caps^{lxvii}) has created a complex and opaque energy sector. This slowly stirring soup of regulations is virtually impenetrable to many insiders^{lxviii}, let alone to local or regional authorities (or

¹⁴ This did not prevent all seven constituent local authorities responding promptly and helpfully to this project.

small and medium-sized businesses) wishing to innovate or develop coherent and ambitious strategies in this sector.

Structural mismatches

The current structure of UK energy markets is summarised in Figure 16 below. Since 2010, criticism has come from all sides of academic and political debate (for comprehensive and largely opposing academic critiques see Helm^{lxix}, iGov (Mitchell)^{lxx}).

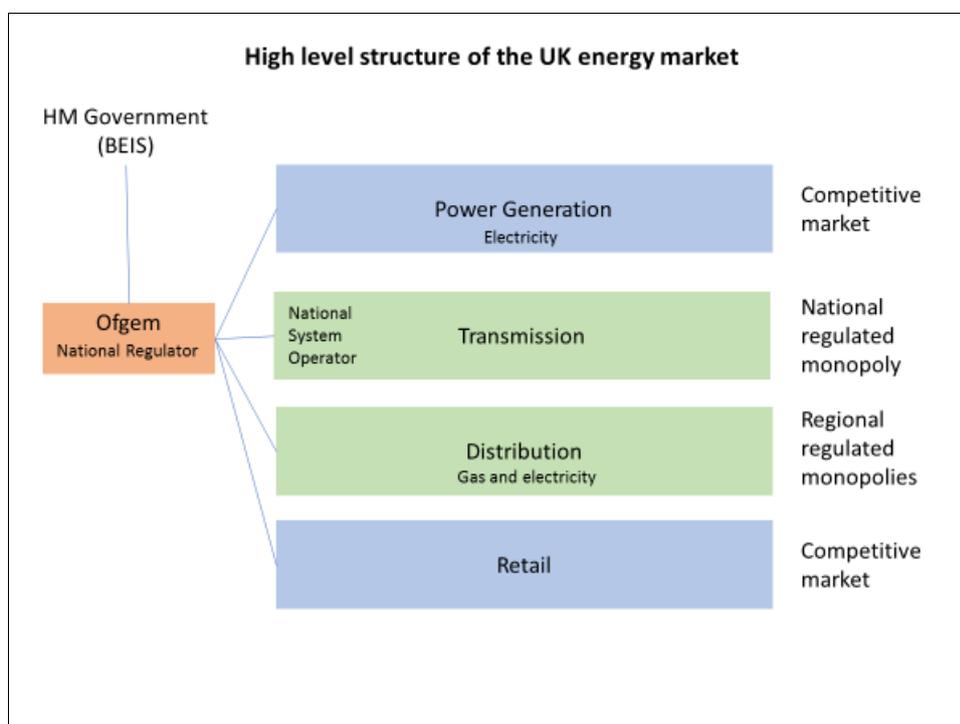


Figure 16 How the UK energy market is structured

The practical reality is that this makes it challenging to take an integrated, market-based approach to energy systems and energy infrastructure planning at regional level. This is because energy markets and energy infrastructure are primarily regulated, planned, and managed nationally, whereas transport, waste and spatial plans are primarily planned and regulated regionally and locally.

Successful modern distributed energy projects and economic opportunities associated with (for example) low carbon autonomous vehicles, smart connected homes, and optimised waste-to-energy systems, require integration of transport, waste, spatial, digital and energy strategies. They require local political and community consent and engagement. If energy systems investment is fundamentally regulated nationally while other key enablers of energy projects are controlled locally, progress will be limited.

This is not purely a regulatory and policy point. Regulation essentially specifies how returns on investment are allocated. If regions want or need to invest in substantial energy infrastructure to support their economic goals and local needs, they need to be able to offer investors returns on these investments. Constraining such returns within national regulatory frameworks inhibits and prevents this.

The essential argument in this strategy is that maximum economic, social and industrial benefit can be secured by optimising the energy system *starting from inherently diverse and place-based*

requirements and opportunities. Increasingly this means paying attention to distribution and generation infrastructure at a regional level (integrated with other regional infrastructure and industrial needs) in the context of an overarching national system which supports this.

The system is currently designed on the assumption that distribution and transmission infrastructure is essentially fixed, changes only slowly, and has little or no impact on competitiveness. It assumes that the only economically viable generation assets are national in scale. These assumptions were broadly true in 1970, 1980, and 1990 but from 2000 they became diminishingly true and no longer hold.

The present UK system therefore assumes that the only economic benefit and industrial advantage that the energy system can offer is through competition in retailing energy and in generating energy to supply a national system. In the 21st century, these assumptions are simply wrong¹⁵.

¹⁵ In saying this, this strategy agrees with Dieter Helm, who develops all these points at some length in his cost of energy review.

5. Our regional energy strategy

Overview and principles

The West Midlands Combined Authority is a new organisation with a new Mayor, working to an ambitious agenda with three highly effective Local Enterprise Partnerships and supportive constituent local authorities. This creates an opportunity to develop a distinctive and powerful regional energy strategy building on the region's unique history and meeting its unique regional needs (See section 3) while addressing the challenges set out in Section 4.

Reflecting this background and context, the strategy is built on five core principles:

1. **Respect for diversity** and existing strengths across the region.
2. **Leadership in the clean energy transition** nationally and internationally through innovation.
3. **Partnership** across sectors and between our universities, businesses and communities.
4. **Openness** to new thinking and transparency to support this.
5. **Focus** on areas where we can make the biggest difference by working together at regional level.

Local leadership of regional energy activity is seen as fundamental to success¹⁶. This means local authorities and the communities they represent. This strategy is thus a framework for local energy leadership at scale and creating impact across the West Midlands.

These core principles are translated into four specific initiatives:

1. Development and use of **Energy Innovation Zones (EIZs)** to provide a simple, flexible mechanism to support integrated local energy infrastructure transition, investment and accelerated deployment of innovation. The West Midlands has led on the development of the concept of EIZs nationally^{lxxi}.
2. Creation of an innovative and **democratically accountable regional energy governance structure, Energy Capital**, in partnership with national stakeholders and energy system operators. This will manage risks, help secure necessary funding and regulatory powers and provide assurance to national system operators and regulators that local activities remain within national market and regulatory frameworks.
3. Investing in **specialist resource to help secure long-term funding** at scale for targeted and appropriate local energy investments, innovation and development of an active innovative energy business cluster at scale. We propose to target raising £500M of investment funding to support commercially viable energy investment across the region^{lxxii}.
4. **Targeted support** for innovators, ambitious existing businesses and citizens in taking advantage of the economic opportunities created by the global energy transition. This will build on existing initiatives and institutions.

¹⁶ This is a technical point as well as a political and logical one. The more localised an energy project, the more sensitive its economics tend to be to customer engagement: local people impact project development risk and costs significantly (for example for wind and waste-to-energy schemes) and customer behaviour is typically the key determinant of financial returns on demand side energy projects. For example, wayleaves for district energy pipework and other such details are all under local authority and community control and critical to efficient and profitable project delivery.

Objectives and vision

We aim to:

- reduce energy costs for our strategic industries to enhance their competitiveness and productivity;
- reduce the incidence of (and potential for) fuel poverty among households, particularly in Birmingham, Coventry and the Black Country;
- deliver the region's share of national and global carbon budgets;
- create a regional energy infrastructure which puts the West Midlands at the leading edge of the global energy and transport systems transition and make this region the most attractive market to commercialise new energy and transport system technologies in the UK.

For each of these objectives we will set ourselves measurable targets as set out in Table 3 below.

Objective	Proposed target
Energy costs for our strategic industries	Equivalent or better than costs paid by German competitors by 2023 This means delivering a typical 20-25% reduction, depending on sector
Reduced incidence of fuel poverty across our 1.7M households (currently approximately 200,000 homes are in fuel poverty across the region)	Beat national government targets ^{17, lxxiii} by at least 5 years As many fuel poor households as practical in Band C homes by 2025 As many fuel poor households as practical in Band D homes or better by 2020 Reduce the likelihood of households falling into fuel poverty by improving the average energy performance across all households and tenures in the region on an annual basis
Deliver our share of national and global carbon budgets	Reduce regional carbon emissions by 26% between 2016 and 2030 ^{lxxiv}
Create a regional energy infrastructure putting the region at the leading edge of the global energy and transport systems transition	£1bn GVA improvement by 2025 through Energy Innovation Zones and associated cluster support and technology commercialisation ^{lxxv}

Table 3 Strategic objectives and targets

¹⁷ In 2014, the Government put in place a new statutory fuel poverty target for England: to ensure that as many fuel poor households as reasonably practicable achieve a minimum Fuel Poverty Energy Efficiency Rating (FPEER) rating of Band C by 2030, with interim targets of Band E by 2020, and Band D by 2025. Bands are ways of measuring the energy efficiency of housing: A is good and E is poor.

Anticipated projects and pipeline - who picks the winners (and losers)?

There are over £490M of commercially sensible innovative energy infrastructure projects in the proposed pilot EIZs alone^{lxvii} and at least the same scale of opportunity again across the wider region (Appendix I – Sub-regional mapping reports). In total, the analysis in Section 3 indicates that more than £15 billion of investment will be needed *as a baseline scenario* in energy infrastructure across the three LEPs between now and 2030, plus a further £74bn in energy-dependent technologies such as cars (£32 billion^{lxviii}) and buildings (£42 billion) over the next 12 years.

The task of this strategy is clearly to influence these investment flows to ensure regional strategic targets are met, but given the challenges set out in Section 4, who is best placed to make the key investment choices is a moot point.

A fundamental challenge in the energy sector is that who picks the winning and losing technologies is not a simple question to answer. Individual customers select energy suppliers and choose between makes of car (creating what looks like competitive markets). However, the costs of delivering the energy to the customer's home or of driving the car are largely determined by local infrastructure, and the investment decisions which shaped this have been taken over decades by national and local stakeholders, including government and private companies¹⁸.

Similarly, experts and innovators may be convinced a new energy technology, such as a type of fuel cell, is bound to succeed in the future. But if customers don't want it and the local infrastructure asset base doesn't support it economically, it probably isn't going to succeed.

So, the answer to 'who picks the winners' in energy is that it's not the market, nor the government, or experts or innovators, but a complex combination of all of these. An effective regional strategy (and indeed market design and national system) needs to recognise and work with this reality.

Currently, infrastructure technology winners and losers are chosen by network operators with regional monopolies regulated nationally, broadly on the assumption that not a lot is fundamentally going to change: a one-size fits all system is the only economic option. Thus, who picks winners and losers doesn't really matter. As previously discussed, almost everyone in the energy sector recognises these assumptions are now outdated, and the most economically competitive future systems will be more sensitive to local opportunities and needs (i.e., driven by local markets).

A more locally sensitive process for making energy infrastructure choices and investment decisions is therefore required.

This strategy responds to this challenge in three ways.

1. It creates a framework through Energy Innovation Zones for localities to act as intelligent and strategic customers (i.e., procurement and investment bodies) for future energy infrastructure and asset investments. EIZ Partnership Boards will comprise stakeholders relevant to the local area (often including academic experts and distribution network operators) and controlled by the local authority which represents the long-term democratically determined interests of the area.

¹⁸ This is arguably one reason why customers fail to engage in retail energy markets: they know the real cost-determining decisions are not in their hands.

2. It provides support for the creation and operation of EIZs through Energy Capital, which itself provides a gateway to wider support (such as BEIS’ Energy Hubs). Energy Capital will help fill gaps in expertise where necessary; it will develop large-scale investment funds; and provide access to regulatory and specialist legal advice and support where this is necessary and helpful (this will be provided to local authorities as well as EIZs where required). Energy Capital will ensure regional investment and activity in the energy sector continues to conform to national market regulations and policy.
3. It sets out measurable, focused, and ambitious targets to prioritise activity and ensure national and regional energy needs are reflected in EIZ and local authority objectives.

What the strategy does not do is tell localities which technologies or projects to invest in or which infrastructure choices will be best for them.

Energy Innovation Zones

Energy Innovation Zones (Figure 17) provide a flexible framework for focused energy infrastructure investment meeting local community needs. They are mechanisms for risk-managed transition to an appropriate energy infrastructure for the future. EIZs are defined areas operating with specified flexes in energy and planning regulations to encourage competitive innovation in energy infrastructure systems and meet local needs. The defined geography and local governance of an EIZ enables new energy infrastructure to be delivered integrated with transport, digital, and economic development plans and in innovative ways responsive to local needs that is simply not possible through existing national energy governance structures.

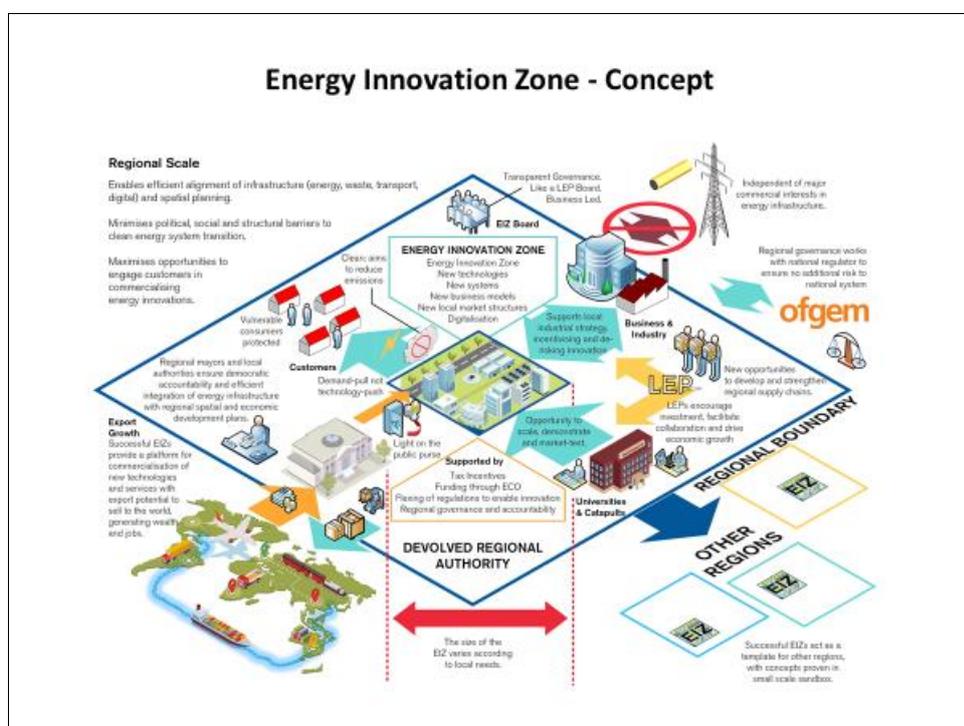


Figure 17 Energy Innovation Zones schematic (courtesy Dr Gavin DJ Harper)

Each EIZ is established and approved through the regional energy governance structure (see Figure 20) and has dedicated resourcing reporting to a local EIZ partnership board.

Discussions to develop an appropriate framework for EIZs have been taken forward through a Regional Energy Policy Commission^{lxviii}, chaired by Sir David King and jointly funded by the Universities of Birmingham, Warwick and the Energy Systems Catapult. The Policy Commission is sponsored by the WMCA and Mayor and supported by BEIS, Ofgem, and national and local energy system stakeholders.

Appendix II – Pilot Energy Innovation Zones and Investment Cases provides overviews of each of the four pilot zones, while *Appendix I – Sub-regional mapping reports* summarises specific project opportunities (or references to existing sub-regional project pipelines) within these zones and beyond. The Arup report *Business Cases for Energy Innovation Zones in the West Midlands*^{lxix} sets out a range of infrastructure and project investment options for each EIZ from a baseline case (£270M investment across the four zones) to a more innovative case (£490M investment across the four zones). This investment will generate circa £200M GVA improvements by 2030 towards the overall £1 billion strategic target set out earlier in this strategy.

Wider initiatives, including cluster development and business support

The four pilot EIZs are only the start. The remaining £800M of targeted GVA benefit will be delivered through a range of locally led interventions, including identification and development of further EIZs and building on the framework set out in the *Energy as an Enabler* report recently published by the Black Country LEP^{lxxx}.

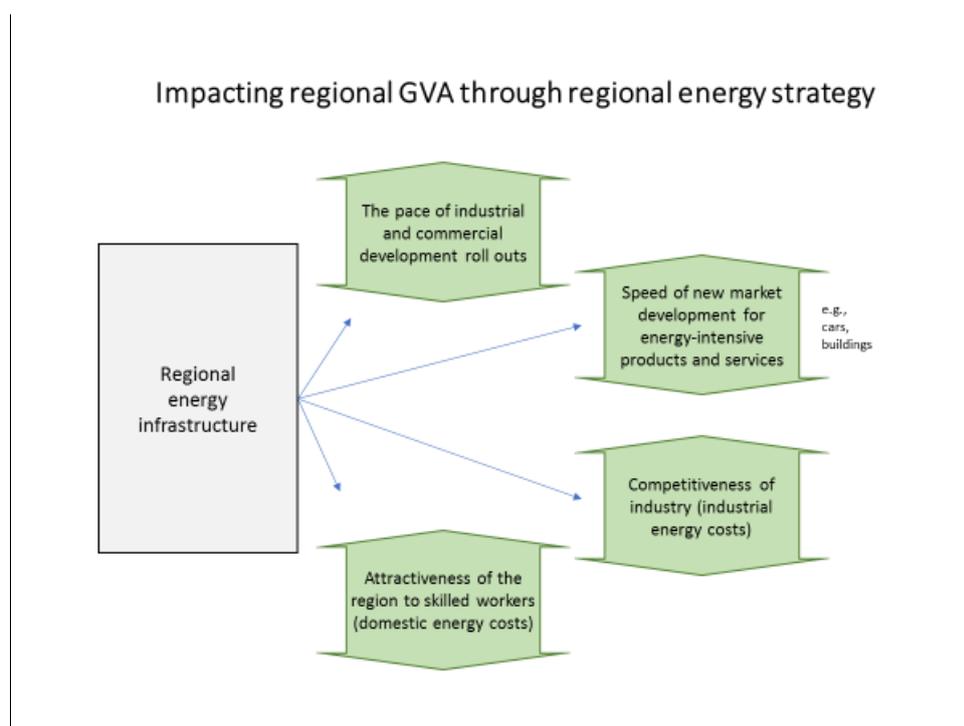


Figure 18 Impacting GVA through regional energy strategy

That report identifies four areas of opportunity (see Figure 18 and Table 1 (Section 2)) and indicative GVA benefits of £420-£800M through a variety of initiatives including:

1. Additional Energy Innovation Zones.
2. Strategic infrastructure support for accelerated new market development for locally sourced products such as electric vehicles and smart connected and low carbon housing.

3. Seeking to establish a legacy bank to cover sunk costs of stranded and legacy energy infrastructure assets and using this to reduce energy costs for innovative and competitive manufacturers.
4. Energy efficiency programmes for manufacturing and residential sectors.
5. Simplifying access and improving the transparency of energy markets for business customers.
6. More rigorous and targeted new build housing energy efficiency standards.
7. Large-scale retrofit programmes for fuel poor households and energy-inefficient housing.

These programmes will need to be developed through appropriate partnerships, for example with EEF (formerly Engineering Employers' Federation), West Midlands Housing Officers Group, the West Midlands Innovation Alliance (especially the Innovative Low Carbon Working Group) and the Sustainable Housing Action Partnership. The energy strategy will work with the Growth Hub and LEPs, and through existing working groups wherever possible.

Low carbon and energy technologies are identified as a strategic sector within the regional industrial strategy (Figure 12). There are a range of cluster support activities underway and about to be launched, for example supported by Aston University^{lxxxii}, Birmingham University^{lxxxii} and Climate KIC^{lxxxiii} (Figure 19). Energy Capital will support these initiatives through a dedicated working group, among which is Climate KIC that is about to start a three-year project to link the cluster development in Birmingham with best practice in London, Edinburgh, Valencia and Frankfurt.

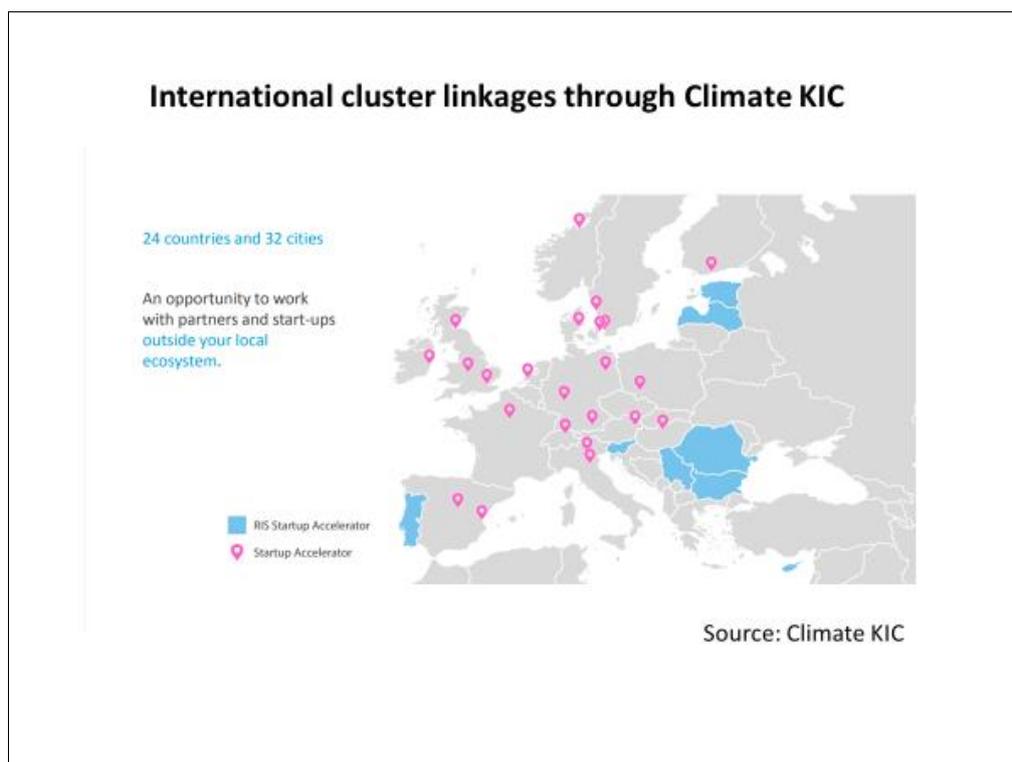


Figure 19 Access to international best practice networks via Climate KIC

Roles and responsibilities

EIZs provide a framework for local authorities to control and lead local energy investment activity within their areas, while establishing a mechanism which enables them to manage risks and to

support appropriate partnerships and expertise alongside and distinct from their existing organisations. The EIZ structure as set out in the Regional Energy Policy Commission report^{lxxxiv} is entirely compatible with the existence of local retail energy companies where Councils are considering this (for example in Birmingham and Wolverhampton) as these will generally focus on trading within the current UK energy market structure, while EIZ partnership boards will be focused on infrastructure investment.

Formally the proposed division of responsibilities for energy is set out in Table 4.

Body	Responsibility	Accountable to
EIZ partnership board	<ul style="list-style-type: none"> • Energy infrastructure investment and strategic planning within its zone • Alignment with local plans 	Relevant local authority(ies)
Energy Capital	<ul style="list-style-type: none"> • EIZ establishment and monitoring (where regulated powers devolved) • Funding • Delivery of regional energy strategy (i.e., specified targets) • Strategic regional energy planning, where appropriate (e.g., liaison with network operators and national regulator) 	WMCA (SEP ^{lxxxv} Board)
Local Authorities	<ul style="list-style-type: none"> • Effective delivery of public services, including local energy infrastructure • Publicly-owned retail energy companies where applicable 	Electorate
LEPs	<ul style="list-style-type: none"> • Economic development within strategic sectors, including energy 	Members
WMCA	<ul style="list-style-type: none"> • Governance of Energy Capital • Devolved powers over energy as agreed with Whitehall 	Mayor and constituent members

Table 4 Roles and responsibilities for energy in the West Midlands

These arrangements are shown schematically in the organisation chart below (Figure 20).

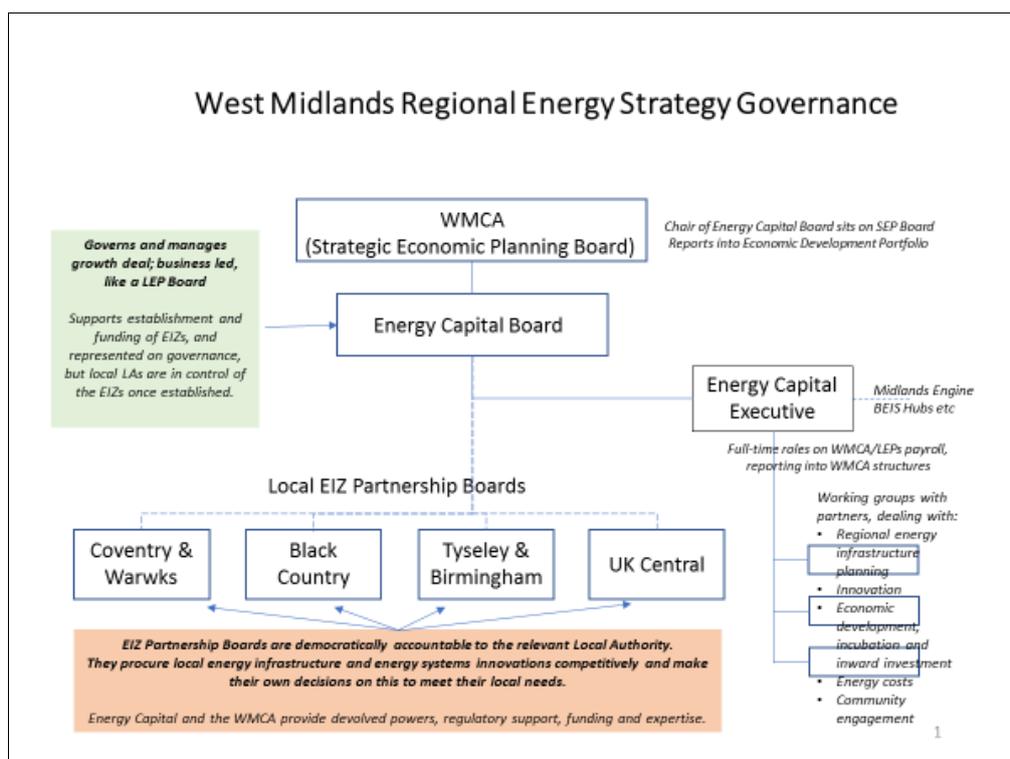


Figure 20 West Midlands Regional Energy Strategy governance

Funding, governance and resourcing

Energy Capital is accountable to the Mayor of the West Midlands through the WMCA and SEP (Strategic Economic Plan) Board. It is a partnership board consisting of key stakeholders established to ensure effective delivery of the aims of this regional energy strategy in a way that creates an efficient model for future energy systems governance across the UK¹⁹.

Energy Capital will be supported by a small executive, initially funded by partners and located in the WMCA. Over 18 months we would expect this team to develop to encompass similar responsibilities and capacity to strategic energy teams in other combined authorities, such as the GLA (which has 25 FTE officers plus two contracted technical support teams and an annual commissioning budget of around £10M on top of this). A preliminary estimate of the capacity of such a team for the West Midlands would be around 10-15FTE with an annual operating and commissioning budget of around £3-£5M. This will need to be detailed and justified as part of the interim executive role.

The four areas of responsibility outlined in Table 4 reflect two fundamental roles:

1. To provide democratic governance and legitimacy to strategic regional energy infrastructure planning and major investment and cost allocation decisions. These decisions have a significant impact on the viability of the local industrial strategy, future economic prosperity of the region, and on domestic energy bills. They often require liaison with local authorities and national energy system stakeholders such as network operators, the regulator and major investors.

¹⁹ Ensuring generation, distribution and supply of energy are managed together in an efficient way; and integrating infrastructure planning across housing, economic development, energy, transport, environmental and digital infrastructure.

2. To deliver the agreed regional energy strategy using the framework provided by the EIZs and working groups, facilitating investment and infrastructure development through identification, development, funding, support and supervision of designated EIZs.

The scope of the team is thus likely to cover as a minimum distributed energy infrastructure, energy efficiency including fuel poverty (housing and non-domestic buildings) strategic investment projects, regional energy data, energy policy and regional energy market regulation.

The Energy Capital Board will provisionally be constituted as follows:

- Chair (from membership)
- Infrastructure providers (4)
 - Cadent
 - Western Power Distribution
- Customers (6)
 - Black Country Housing Group (housing)
 - Climate KIC (environment) Engie
 - EEF (manufacturers)
 - JLR (manufacturer)
 - Severn Trent Water
- Local authorities and EIZs (7)
 - 1 representative nominated by each LEP
 - 1 representative nominated by local authorities per LEP area
 - 1 representative nominated by non-LEP WMCA local authorities
- Universities/Innovation (7)
 - 1 representative nominated by each contributing university
 - Energy Systems Catapult
- National government and stakeholders
 - BEIS
 - Ofgem
 - Sustainable Energy Association
 - National Grid

The model and approach is akin to a LEP board but specific to the energy sector.

Relationship to other regions

The West Midlands is already collaborating internationally in energy through Climate KIC – particularly with Edinburgh, London, Valencia and Frankfurt – and various university partnerships with overseas institutions. While developing this strategy Energy Capital has actively engaged and exchanged notes with Cornwall and West of England devolved authorities as well as the GLA (all of which have similar political structures and ambitions or experiences in local energy) and intends to maintain and expand this openness and willingness to share best practice and take it through into the strategy delivery phase.

Energy Capital welcomes the new regional energy hubs being established by BEIS and looks forward to supporting the staff allocated to the West Midlands. This region is part of the Midlands Engine and envisage this being helpful, for example in contexts like MIPIM^{lxxxvi} (where external bodies – typically with little familiarity with UK regional geography – find it easier to relate to the various

economic regions within the Midlands collectively) provided it doesn't dilute the focus and efficiency with which we can deliver.

One of the recommendations of the Regional Energy Policy Commission is that the Energy Systems Catapult act as a conduit for transfer of best practices around innovation (which is not just what this strategy is about) so it's very helpful the Catapult is based in Birmingham. The strategy proposes the Catapult is invited to become a continuing partner in Energy Capital and represented on the Board on this basis.

6. Global best practice

This strategy has been developed over more than two years and informed by support from global consultancies^{lxxxvii} and individuals from companies with global perspective and presence, as well as organisations like BEIS, which has a national view; Climate KIC, with a European view; and the universities across the region, with global views. Energy Capital commissioned a short piece of work by Sustainability West Midlands to understand what other LEPs nationally were doing on energy. This has enabled a good sense of best practice nationally and internationally to be compiled.

Much of this work has already been collated and written up for the region as part of the King Commission Report^{lxxxviii} which provides an excellent overview and commentary. The following is a summary only. As mentioned in Section 5, the intention is to keep a strong sense of global perspective in everything we do in the region, and continuously to adapt and refine the strategy as we progress through delivery and take on board new ideas and experiences from elsewhere.

At the same time, we and constantly aspire to do better than our competitor economies worldwide and are comfortable providing leadership where we have distinctive contributions to make. So, we will seek to develop global best practice and positions of leadership ourselves.

UK examples

Cities which have made significant progress on energy include Bristol, Nottingham, Glasgow and London.

Bristol and Nottingham have set up retail energy companies. Bristol's now has over 100,000 customers and Nottingham's 50,000. Nottingham has recently expanded its offer to Leeds under a white label scheme²⁰. Both have invested in energy project teams (numbering in 10s of staff) and have a reasonable pipeline of projects supported by funding from the EU and UK Research and Innovation (formerly Innovate UK).

Neither have yet managed to achieve the theoretical ideal of linking substantive funding streams from a successful retail energy company into local energy infrastructure investment. This has limited the scale of their achievements to modest savings on customer bills (of the order of 10%, or £130-£190 per household) and modest capital investment projects, of the order of £1-£10M²¹.

Such achievements are substantial in the context of austerity and the wider challenges facing the public sector, but nevertheless fall significantly short both of what Bristol and Nottingham themselves set as targets (Bristol estimates £1 billion of investment is needed in its energy system to meet its 2050 targets) and what the West Midlands is seeking to achieve through its local industrial strategy.

Nottingham is hosting an early UK pilot of the Energiesprong^{lxxxix} approach to large-scale housing retrofit, which is of interest to the West Midlands because of its significant fuel poverty challenges and interest in off-site manufacturing (modern methods of construction). Energiesprong was introduced to the UK through the West Midlands' Sustainable Housing Action Partnership and has

²⁰ Much of the evidence in this section is drawn from the work of David Strahan and the West Midlands Regional Energy Policy Commission, whose report was published in March 2018.

²¹ Ibid.

been strongly supported from the West Midlands. The Energiesprong board is chaired by Accord Housing from West Bromwich and off-site manufacturing carried out in Walsall. This is already a good example of best practice travelling from the Netherlands to the UK via the West Midlands, as well as ongoing knowledge sharing.

Glasgow has made similar progress to Bristol and Nottingham with a retail energy company^{xc}, led by the social housing sector (which is helpful in providing access to a semi-captive customer base, thus reducing risk) while London has made useful progress in constructively challenging OFGEM around regulations which inhibit local authorities supporting infrastructure investment ahead of demand^{xci}.

International examples

International examples of progress and innovation in regional energy systems were recently comprehensively reviewed by the West Midlands Regional Energy Policy Commission^{xcii}.

Copenhagen, Munich, New York and South Australia are mentioned as regions which have benefitted substantially from locally-controlled energy investment, but the point is made that in all these cases the municipalities have far greater statutory powers and responsibilities than their UK counterparts.

Copenhagen has a history of local investment in integrated energy infrastructure suited to its needs going back for at least a century. A city region with a population of just under 2 million, its local authority recently issued a bond of EUR500M solely to finance regional energy projects.

Munich is comparable to the West Midlands in terms of population with an urban core home to 1.5 million people and a wider regional population of 2.65 million people. Interestingly, Munich operates its transport and energy systems through a single integrated municipal utility, Stadtwerke München, running a liberalised local energy (and transport) system and market on an entirely commercial basis and securing revenues of EUR6.5 billion in 2016^{xciii}. Munich has already secured and invested over EUR3 billion on its local energy system and plans to raise a further EUR3-4 billion shortly.

As the Regional Energy Policy Commission report notes, what all these examples show is the power of local action to accelerate clean energy deployment and innovation, and to outstrip national targets. Munich is a good example (with its similar industrial heritage to the West Midlands) and is currently one of the fastest growing city regions in Germany.

7. Next steps

This strategy consolidates the findings and recommendations of several reports, including the *Regional Energy Policy Commission Report*^{xciv}, the *Arup EIZ Investment Case Report*^{xcv} and the *Black Country Energy as an Enabler*^{xcvi} and *Powering Growth*^{xcvii} reports.

The key next step to take forward the recommendations in these reports is the establishment of a fully funded delivery body for the region, namely Energy Capital, building on the formal agreement secured in October 2017 to incorporate this within the WMCA structures.

Energy Capital will then take forward the work programmes agreed between the Mayor, the government and the LEPs to deliver the various recommendations, broadly following the timescale set out in Figure 21 below.

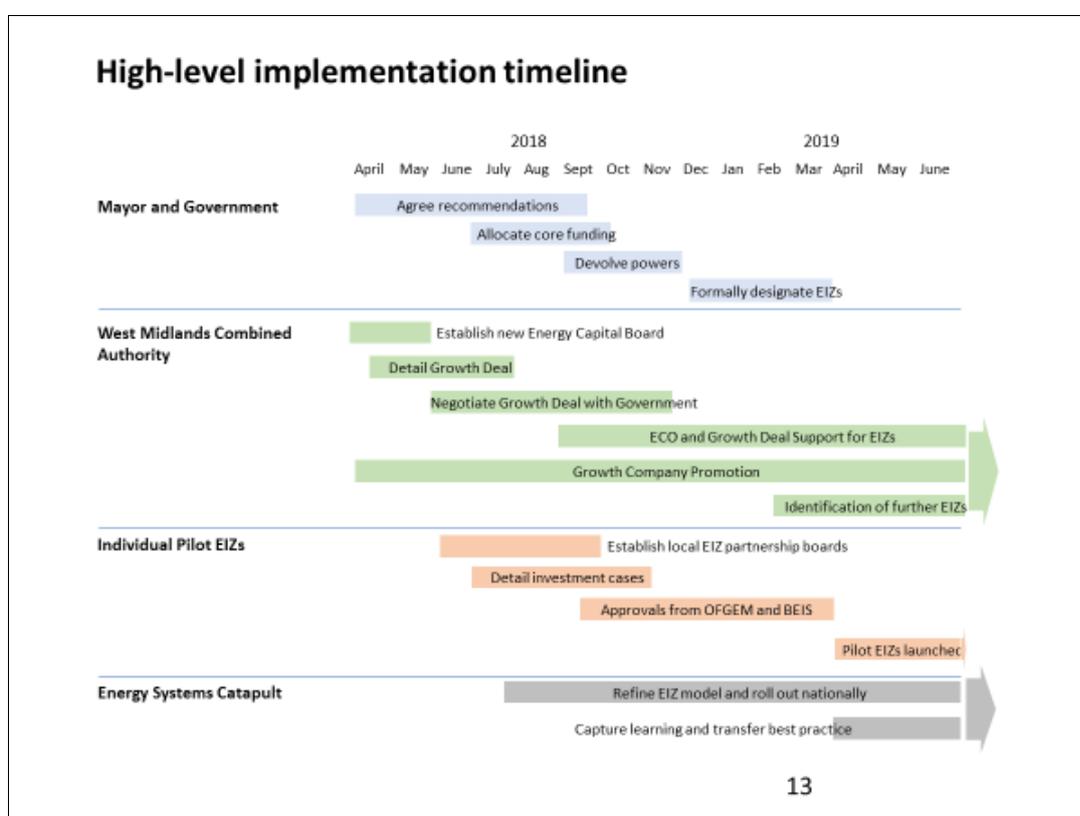


Figure 21 High level strategy implementation timeline

Within WMCA/Energy Capital responsibilities, securing substantial funding (of the order of £500M) to support investment in energy projects across the West Midlands should be a high priority. One way of doing this would be around a cross-sectoral ‘Growth Deal’ centred on the West Midlands emerging ‘new energy economy’²².

The second priority is to work with government and regulators to detail the EIZ model for the region, working with legal experts to ensure an operational level of detail. The Arup report suggests initially establishing EIZs as special purpose vehicles (SPVs) which might subsequently take on energy or

²² The cross-sectoral aspect is the critical automotive, construction and digital elements constantly referenced throughout this strategy and associated reports.

other regulatory or financial powers, and which seems a sensible approach to avoid delaying immediate progress.

The context and framework created by this strategy is designed to facilitate raising a sensible mix of public and private finance: broadly public investment is appropriate where significant strategic innovation risk (and consequent social reward) is present²³ or there are significant social and health issues (such as fuel poverty) to be tackled; private finance should be appropriate where the risks are purely commercial.

A virtue of almost all regional energy projects is, however, that within appropriate regulatory frameworks – which EIZs should provide – most of this funding should be investable with acceptable rates of return to the right parties, albeit over relatively long timescales in some cases. This should limit the need for grant-type funding to targeted public investments designed to overcome market failures in innovation, early-stage project development and fuel poverty alleviation.

The role of the WMCA in delivering this strategy will therefore be one of facilitation focused on:

- ensuring regional energy infrastructure investment is aligned with strategic regional industrial, transport, spatial, and productivity and skills plans;
- facilitating regional energy markets which deliver clean, competitive power to businesses and homes;
- optimising investment in energy infrastructure (including housing energy efficiency) to reduce fuel poverty, increase industrial competitiveness and productivity, and maximise economic opportunities for the region;
- securing and managing dedicated investment funds, underpinned by public risk sharing and anchor funding where appropriate;
- supporting and encouraging innovation (broadly defined) in energy systems, business and financial models to support this.

In line with other combined authorities, a specialist team in the WMCA is likely to be required from 2019 onwards to deliver this. This is likely to employ around 10-15 people, based on models from the GLA and elsewhere.

²³ The Regional Energy Policy Commission report makes several suggestions on allocation of public funding to support EIZs.

Appendix I – Sub-regional mapping reports

Most of the local authorities in the West Midlands have renewables and local energy opportunity maps and studies produced over the past ten years and still hold these. In many cases they hold detailed housing stock data either because they own their own stock e.g., in Birmingham, Wolverhampton, Solihull, or because they have carried out HECA^{xcviii} reporting for many years²⁴. The South of the region including Solihull is particularly strong on supporting and targeting ECO, and has been a prime user of recent flexibilities introduced into the ECO scheme by government to allow local authorities to take greater control.

The main issue is not knowing what the project opportunities are, it is securing the local political consensus, stakeholder support and finance (within appropriate and predictable environments from the perspective of risk and returns) to make them happen.

This appendix summarises resources known to be available, including the additional Black Country Mapping report commissioned as part of this project to fill in the one major gap in the region.

Studies of relevance to this strategy are:

Heat network studies part financed by BEIS (HNDU) for:

- Canley
- Dudley
- Sandwell (in progress)
- Solihull
- South Staffordshire
- Warwick (in progress)
- Whitley (in progress)
- Several across Birmingham and Staffordshire (see Figure 22 below)

A comprehensive utilities study for UK Central by Peter Brett Associates (in progress)

A detailed study of Coventry's energy requirements by Rolton Group (subject to NDA)

GBSLEP Low Carbon Energy Plan 2016 (Gyron LLP) and associated Master planning study

Wolverhampton Renewable Energy and Carbon Reduction Study, Amec Group^{xcix}

Detailed solar feasibility study for the city of Birmingham.

Various housing studies held by local authorities and the Sustainable Housing Action Partnership, which runs regional forums for the exchange of best practice in low carbon housing.

²⁴ Some consolidation and digitisation of this data would almost certainly be helpful.

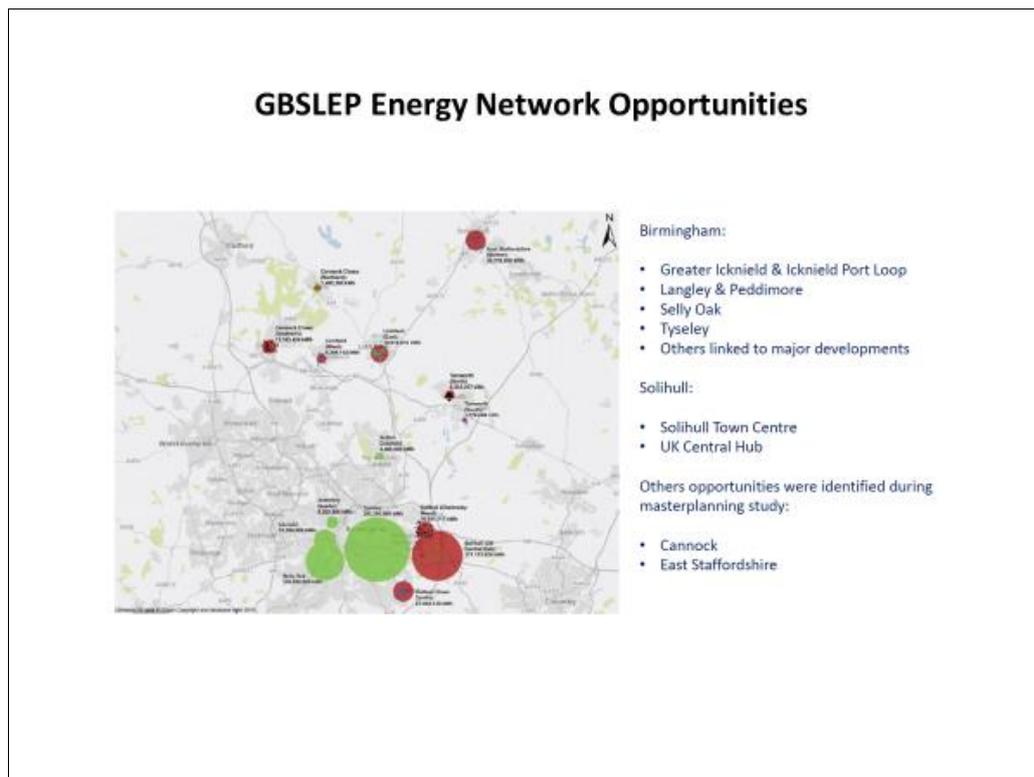


Figure 22 GBSLEP energy network opportunities

First principles renewables opportunity studies covering all technologies including wind, hydro, solar and biomass for Birmingham, Warwickshire and Coventry have also been completed in the past 10 years (by Encraft and EST respectively).

The Black Country as a LEP area lacked any overall ‘masterplan’-level assessment of local energy opportunities and demand. Aecom was commissioned as part of this project to deliver this.⁶ Selected excerpts from the report are provided to give an indication of the data now available.

The report looked at:

- energy demand patterns and magnitudes across the four metropolitan boroughs;
- energy costs for residential and commercial customers;
- technical and economic opportunities for meeting these needs using:
 - district energy schemes;
 - solar PV;
 - battery storage;
 - energy from waste;
 - other renewables/nuclear (although it concluded none of these were viable at any meaningful economic scale).

Detailed maps of demand were produced for each of the four boroughs in the LEP. These are held at the BCLEP in GIS form and available on request to project developers.

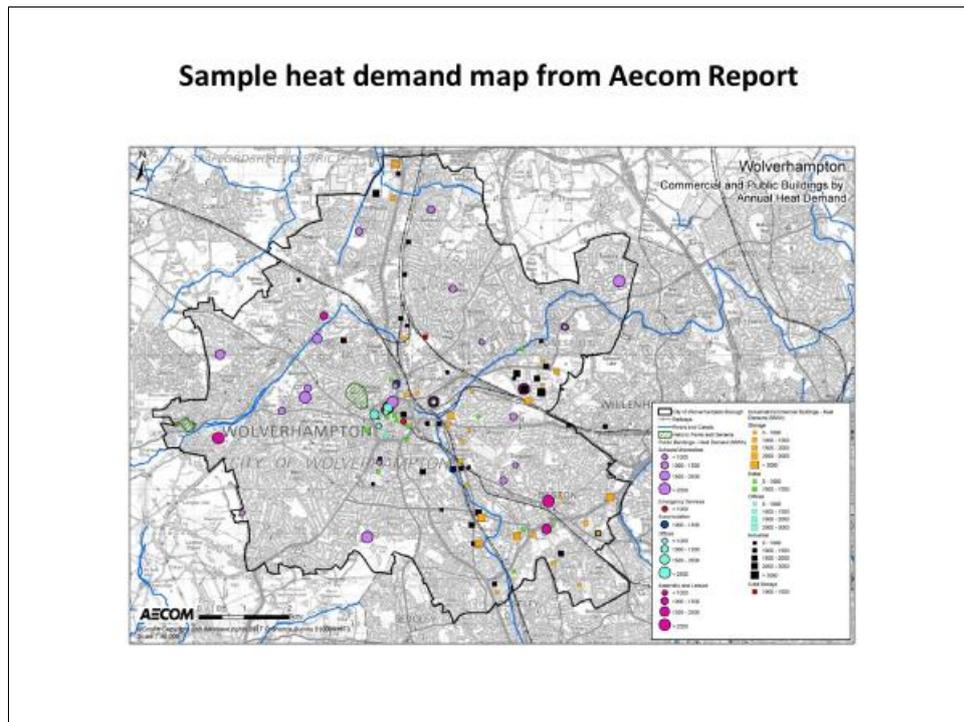


Figure 23 Sample heat and power demand map

Demand maps were used to develop high level business cases for energy from waste and district heating schemes.

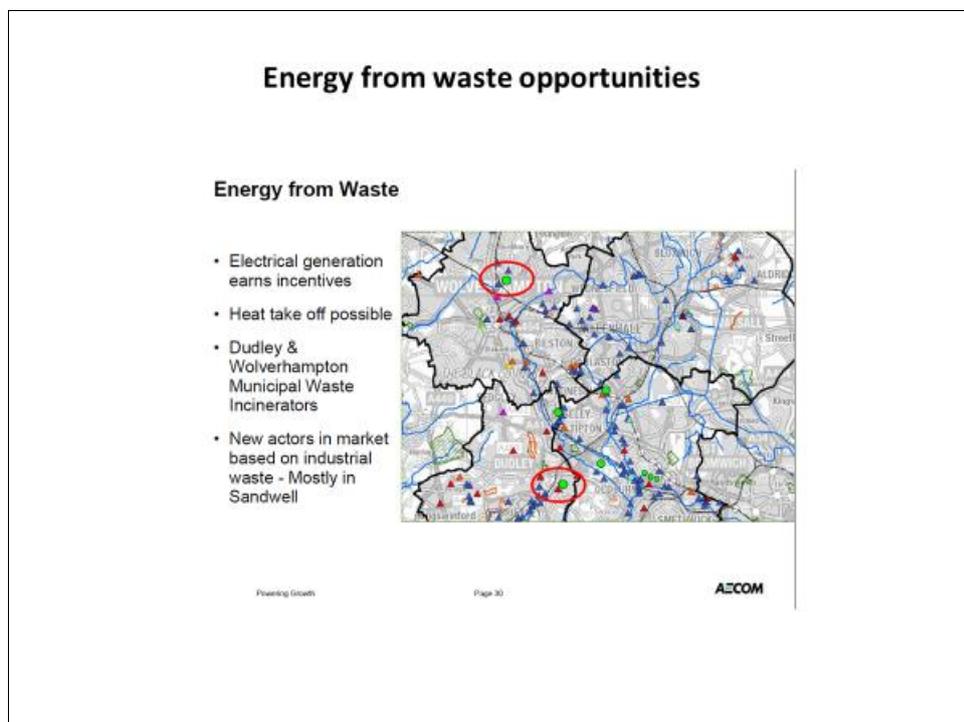


Figure 24 Energy from waste opportunities in the Black Country

Some specific private wire opportunities linked to existing energy from waste schemes were also identified as part of the project. This highlighted the scope for regulatory flexes to make this kind of efficiency easier to achieve.

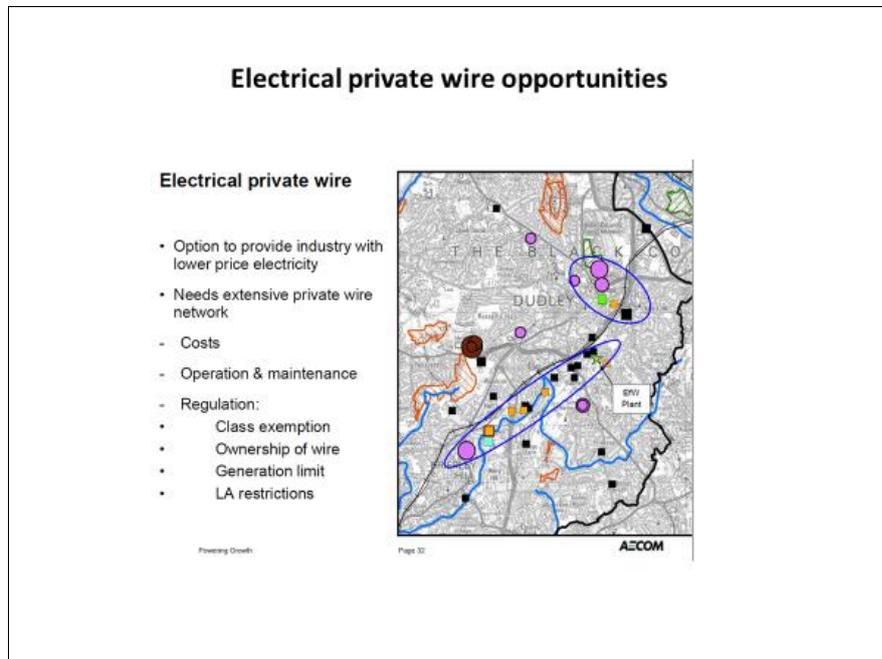


Figure 25 Private wire opportunities in the Black Country

At a high level, the report identified the large-scale solar potential of the region, which has large numbers of warehouses and factories with substantial unshaded roof space. It noted well over £100M of planning applications had been received for battery storage within the LEP area over the past two years, probably reflecting financial opportunities arising from national Capacity Markets.

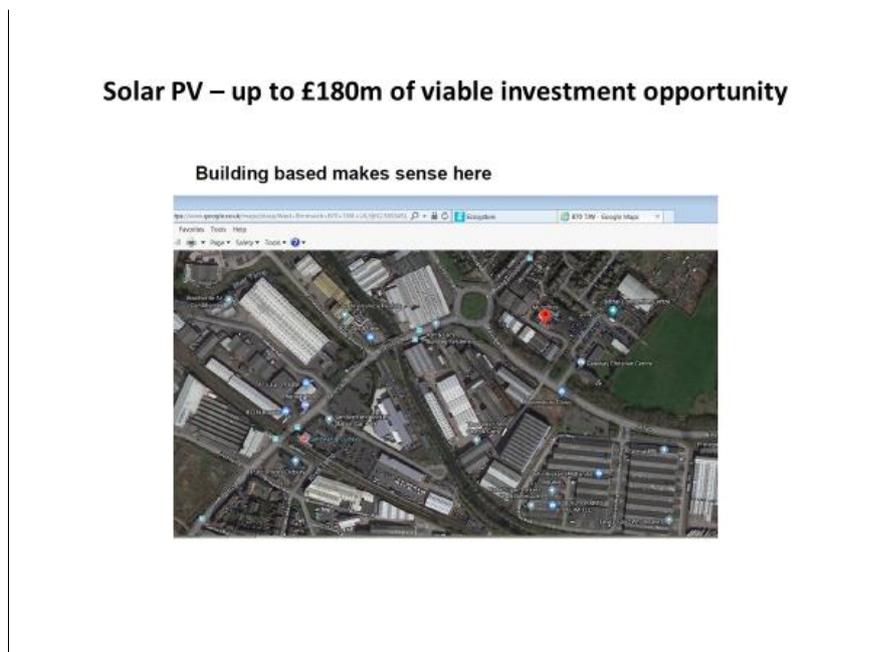


Figure 26 Typical large-scale solar opportunity in the Black Country

Appendix II – Pilot Energy Innovation Zones and Investment Cases

For reference this appendix provides outline descriptions of the four EIZs (largely) extracted verbatim from the report of the Regional Energy Policy Commission, March 2018. Investment cases for the four proposed pilot energy innovation zones are set out in the separate Arup report for this project.^{ci} **Note that EIZ boundaries are subject to change as programmes of projects develop, up to the point at which any powers are devolved and funding allocated. The descriptions below are accurate as of March 2018.**

The report of the Regional Energy Policy Commission^{cii} focuses on making the overall case for Energy Innovation Zones, while the Arup report provides an initial cost-benefit analysis of the specific zones.

It's important to note that the limitations of Arup's model prevented detailed or meaningful analysis of housing energy efficiency opportunities as part of this study. This does not mean housing is not seen as a critical opportunity in several of the EIZs and across the region more generally (see the main report) – it simply means that further local work will be required to detail the cost/benefit cases for housing energy investment. In practice, there are significant opportunities for commercially viable investment in housing refurbishment in Birmingham, the Black Country and North Solihull in particular. There are significant opportunities for innovative low carbon new housing in Coventry and Solihull and the Black Country (and indeed in the 215,000 new houses being built across the region in the next 15 years).

The four potential EIZs described have been proposed by local communities across the West Midlands and reflect local needs and perceptions of energy system opportunities and challenges. This is a critically important feature and point of departure for EIZs: that they are driven not only by climate imperatives and technical opportunities, but also by local market and customer needs. It immediately makes them distinct from many demonstration and innovation projects in the energy sector and aligned with the general shift towards more customer-centric approaches.

Each proposed EIZ presents distinctive opportunities for energy-system innovation, and each is at a different stage of development. This should help the process of generalising from the West Midlands' experience to develop a generic EIZ 'template' – meaning an institutional and process model – that could be rolled out nationally. The philosophy is to be inclusive and offer any community the opportunity to nominate an area as an EIZ, provided it meets defined criteria such as willingness to accept innovative low carbon solutions and special regulatory oversight. In this way EIZs should be seen and designed as a privilege for which areas compete, and a mechanism with potential significantly to accelerate energy systems transition nationally.

On the other side of the equation, innovators and government will in turn need to accept the validity, diversity, and importance of local needs in defining the goals of a given EIZ, even where these needs may not align exactly with national priorities. In some cases, it may be possible to meet these needs purely through integrating existing technologies in new ways and require no fundamental technical or product innovation. Such EIZs may still create new markets and industries simply by providing scale; in other cases, pure process or business model innovation may be sufficient. All EIZs will accelerate the transition to a low carbon, more competitive energy system in the UK.

Black Country

As the seat of the industrial revolution in the late 18th century, the Black Country can claim to be the world’s first ‘energy innovation zone’, and this heritage perhaps explains the enthusiastic local support for the proposed EIZ. But of the four potential EIZs, the Black Country is the least developed, and so provides the greatest opportunity to demonstrate a complete model of how an EIZ can be defined, developed and implemented. There is a strong desire in the area to lead the energy transition by securing investment in modern, clean energy systems which deliver power at globally competitive costs and thus support delivery of the national, as well as local, industrial strategy. The EIZ is intended to provide a focus for this, specifically within the geography of the existing Enterprise Zones.

The Black Country Enterprise Zones comprise a portfolio of sites in Dudley, Wolverhampton, Darlaston and i54 – Wolverhampton North, spread over 120 hectares.^{ciii civ cv} The focus of these zones is to promote and attract advanced manufacturing in the Black Country – by offering competitive advantage to manufacturers who locate there – e specially targeting aerospace, automotive and high added value engineering.

There are major manufacturing companies located on the i54 site, including JLR, Moog, Eurofins and ISP. This enterprise zone is known as one of the most successful in the UK, and total investment of more than £1.5 billion is expected across the Black Country over the next 15 years.

A key competitiveness issue for the Black Country is the cost of energy, and in particular the energy used in metal processing. Manufacturers using electricity to drive their processes are keen to secure reliable and high-quality energy supplies with predictable and highly competitive pricing.

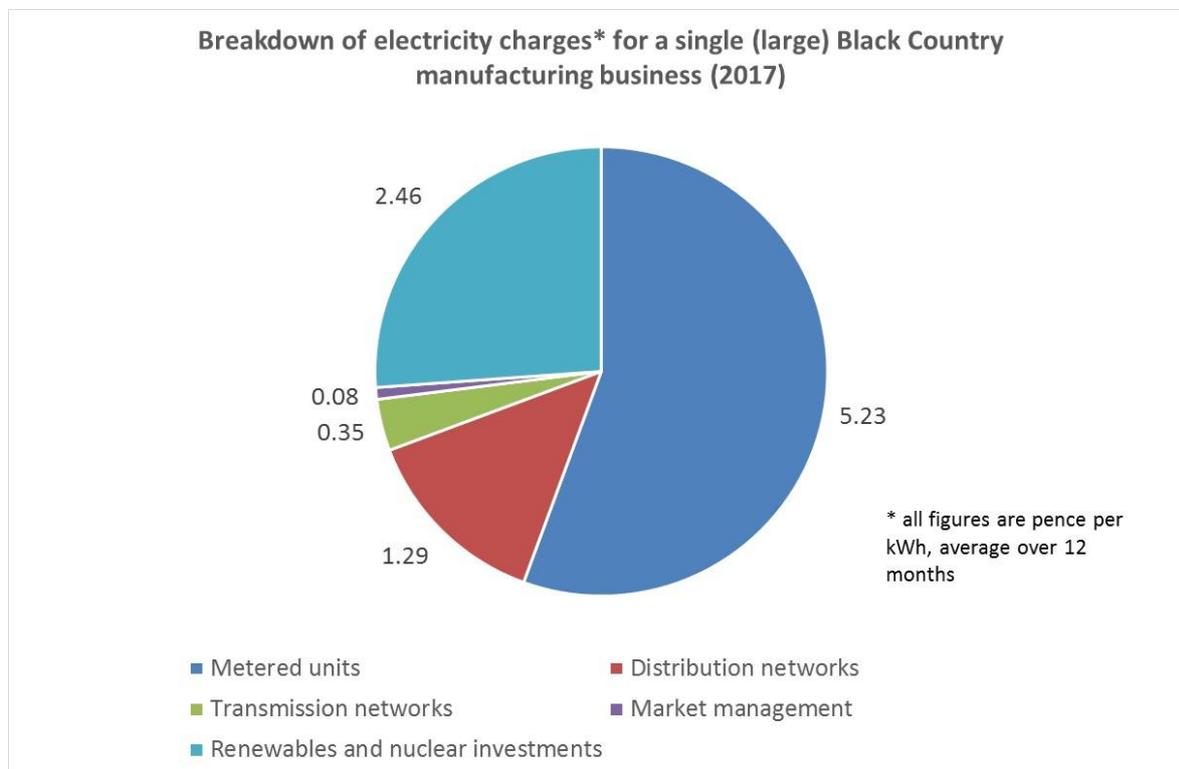


Figure 27 Breakdown of electricity charges for a large regional manufacturing business, 2017.

Figure 27 shows a breakdown of the electricity charges paid by one large Black Country manufacturer in 2017.^{cvi} Only 56% of the cost of energy for this manufacturer is made up of the

payment to the energy supplier. The remaining 44% is the cost of infrastructure (distribution and transmission use of system and capacity charges) and a share of the costs of the clean energy transition in the form of renewables and nuclear investment levies (ROCs, FITs and Contracts for Difference).

This breakdown of charges compares unfavourably with the prices paid by similar industries in competitor economies, where differential energy pricing is an instrument of industrial strategy. In countries such as Germany, the Netherlands, France, Italy and Denmark^{cvi}, some industries pay less towards infrastructure and energy transitions and domestic consumers pay more. The resulting contrast in electricity costs for energy intensive industries in the UK, Germany and France is shown in Figure 28.

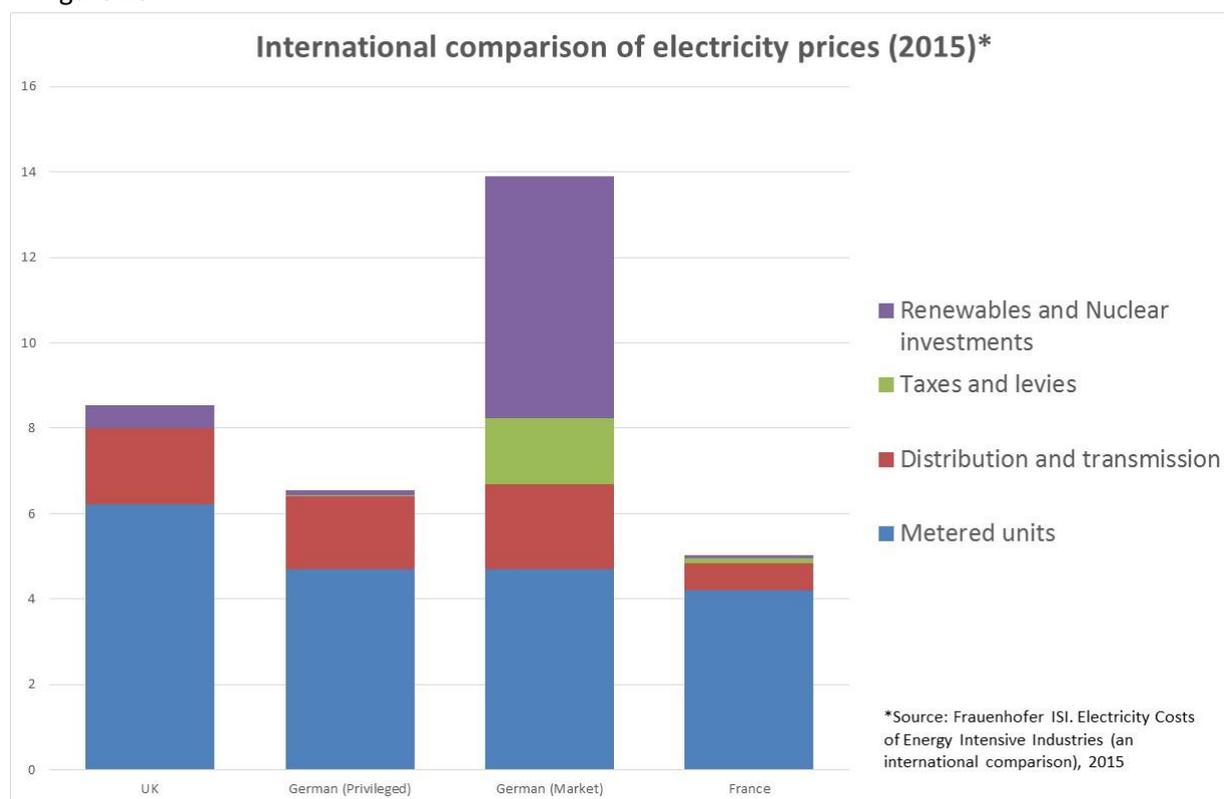


Figure 28 International comparison of electricity prices of energy intensive industries, 2015.

If a Black Country EIZ were to propose lowering industrial electricity costs through differential pricing as in Germany, it would in effect mean loading that cost onto domestic consumers, which would be politically unacceptable in a region with such high levels of fuel poverty. The prospective role of the Black Country EIZ would therefore be to reconcile these competing and legitimate concerns through clean energy innovation.

There are specific opportunities for local generation and supply in the Black Country, and a cluster of waste-to-energy firms is developing close to the Darlaston sites that need to be integrated with the LEP's plan for the region. Private sector investment in this type of activity could be encouraged through simplification of supply exemptions; support for manufacturers in managing relationships with the DNO; local incentives for energy-from-waste technologies; and the public sector taking an active role in matchmaking between potential generators and industrial energy users. Given the high density of similar small- and medium-sized metal processing businesses (more than 250 across the

region) there is scope for the Black Country to pioneer the collective use of smart energy data in optimising energy efficiency, for example by subsidising or mandating installation of smart sub-metering in industry.

Coventry and Warwickshire

Coventry and Warwickshire is an example of a potential EIZ driven by a relatively small number of key stakeholders with a tightly defined agenda: to satisfy strong electricity demand growth and develop infrastructure to support connected autonomous vehicles (CAVs) in particular. An EIZ could be used as an effective mechanism to ensure innovation and carbon reduction are effectively built into development plans, are properly scrutinised and integrated into local infrastructure.



Figure 29 Proposed Coventry and Warwickshire EIZ

Coventry and Warwickshire EIZ covers Whitley, Baginton, and a wide area around Coventry airport, incorporating land in Coventry and Warwickshire. This area is well served by transport networks, and significant growth is planned through developments such as the £250M Coventry and Warwickshire Gateway scheme, and the £500M development of Whitley South – a 60-acre engineering technology hub next to Jaguar Land Rover’s global headquarters.

There is little spare capacity in the local electricity network, yet demand is forecast to rise significantly over the next decade. Coventry Central and Coventry and Warwickshire are reaching the limits their circuits can supply, requiring major reinforcement works to raise capacity. The city council has investigated options including a new 132 kV bulk supply point to the south of Coventry and a new super-grid transformer, which would involve significant capital expenditure. Current regulations do allow capacity to be built ahead of demand, but this requires someone to bear the risk, and if no entity is willing to, then it could hold up development.

Other areas of planned expansion in Coventry and Warwickshire are Gaydon and Ansty. Jaguar Land Rover and Aston Martin have plants at Gaydon, which suffers grid constraints that would limit the growth plans of these and other companies. Ansty has shown considerable growth in recent years and has potential for large development in the future. Both sites need to ensure adequate power supply to enable future development. Like UK Central Hub, these areas of economic growth and grid

constraints need to develop timely and cost-effective clean energy solutions, which an EIZ could facilitate.

Tyseley and Birmingham

Birmingham is a well-developed potential EIZ, and the context is a much more established and dense urban environment, so the needs and opportunities are clearly distinct from those at UKCentral Hub, which is essentially greenfield. There is not yet a dedicated institutional structure congruent with the potential zone. There is, however, strong stakeholder and community engagement; a well-defined and large local market; a portfolio of energy innovation and investment projects at the Tyseley Energy Park; and 35MW of existing waste-to-energy power plants.

Birmingham city centre will undergo massive redevelopment over the next 15 years^{cvi}, particularly around the HS2 Curzon Street station (£900M), Smithfield (£600M), Snow Hill, Typhoo Wharf and Arena Central.^{cix} The area suffers serious air pollution and the City Council is developing plans for a Clean Air Zone to start by 2020. This will require the construction of a substantial clean energy transport refuelling infrastructure, including hydrogen and electric vehicle charging at scale.

There is little space available for vehicle recharging in the city centre. Part of the solution may be to use the industrial land available at Tyseley, 5km east of the city centre, to produce clean energy for local communities, and power a new clean transport refuelling infrastructure. Tyseley is already the site of the city's energy-from-waste (EfW) plant, which burns 350,000 tonnes of waste per year to generate 25MWe. The 16-acre industrial site next door is being developed as Tyseley Energy Park by its owners, Webster and Horsfall, and partners including the University of Birmingham, the City Council and the Greater Birmingham and Solihull Local Enterprise Partnership.

Key energy challenges and opportunities for an EIZ based around Tyseley and the City Centre include:

- integrating energy and transport infrastructure developments at a time of rapid change in both sectors;
- optimising use of the city's 350,000 tonnes of waste which currently pass through Tyseley annually, ensuring neither waste nor energy market regulation inhibits delivery of sensible outcomes;
- making use of the latest clean technologies being developed and deployed by the Universities of Birmingham and Aston at Tyseley and elsewhere;
- making best use of the city's planning powers to optimise the energy performance of new and existing buildings as more than £2 billion of construction investment flows into the city;
- ensuring the local community is fully engaged in the major changes proposed, and actively contribute to the success of the zone.

The stakeholder group for this EIZ includes the Birmingham City Council Planning and Regeneration Team, along with key city centre development stakeholders; ENGIE; the University of Birmingham; and Webster and Horsfall. The Tyseley Energy Park falls within the Tyseley Energy & Environmental Enterprise District, and the local authority has decided it will become Birmingham's Energy and Waste nexus.

Tyseley Energy Park hosts a 10MWe biomass generating plant and private wire electricity supply. It is the depot for a growing fleet of rent-by-the-hour electric taxis – most of the city's taxi drivers live

nearby. A clean energy refuelling station is being built to provide EV charging, hydrogen and CNG for the city's bus fleet, and for the refuse vehicles that supply the EfW plant.

Tyseley Energy Park has the potential to become an innovative demonstrator that integrates energy vectors including electricity, heat, liquid air, and hydrogen. The site will also be home to a University of Birmingham / Fraunhofer Institute shared research platform and Energy Skills Academy.

Work already completed or ongoing includes:

- Birmingham District Energy Scheme (owned by ENGIE);
- Clean Air Zone / vehicle refuelling recharging studies;
- masterplans for the Tyseley site by owners Webster and Horsfall/Energy Capital;
- heat network project at feasibility Part 1 stage;
- city solar feasibility study completed.

Future plans include recycling waste heat from the EfW plant through a heat pipe to the Birmingham District Energy Scheme in the city centre, owned and operated by ENGIE. This route would run through areas of dense housing including many energy-poor households. There may be synergies with new transport initiatives such as the proposed tram route to the airport, and refuelling and recharging infrastructure for the city.

UK Central

UK Central is a well-defined and developed potential EIZ. Local institutional structures to support major investment and regeneration projects already exist; the location is one of the best current opportunities in the world to set the benchmark for the type of mixed-use development that can be delivered around a multimodal transport interchange; and there is strong stakeholder support for innovation. Significant work has already been undertaken to define future energy and utility scenarios and potential local investment incentives and value capture mechanisms.

The UK Central Hub is an economic area which includes the significant infrastructure of Birmingham Airport, National Exhibition Centre, Jaguar Land Rover, Birmingham International Station and Birmingham Business Park. From 2026 it will include the High Speed 2 rail station and the mixed-use Arden Cross development. Each of the stakeholders has ambitious growth plans that will increase the level of employment and housing in the Hub area and support the wider West Midlands economy. In order to support this opportunity Solihull Council formed the Urban Growth Company (UGC) to concentrate public sector investment on removing infrastructure constraints.

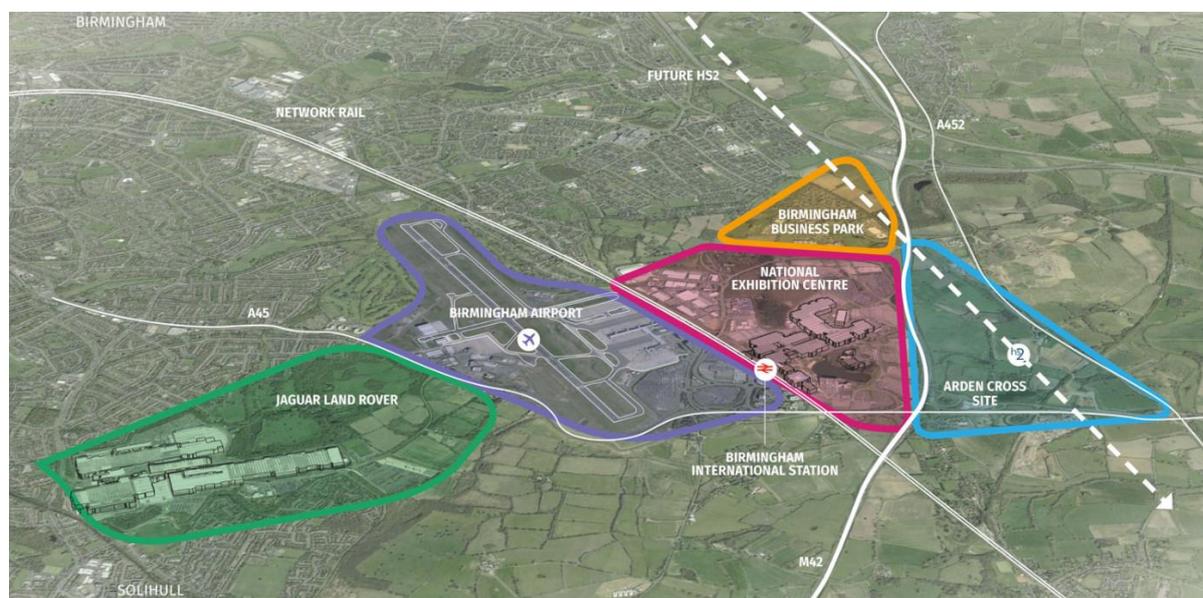


Figure 30 UK Central Hub

UGC has already done considerable work to develop infrastructure plans for the area^{cx}, and a ‘value capture’ framework of potential funding mechanisms.^{cxii} It is now investigating potential constraints in the capacity of utilities to supply the planned developments and has commissioned Peter Brett Associates (PBA) to analyse current capacity and potential demand over the next 30 years. Initial discussions with Western Power Distribution and National Grid suggest current spare electricity grid capacity amounts to 20–25MW at the Elmdon Primary Substation, but that planned developments may need a further 80MW. This could require an additional primary substation and reinforcement of the local substations. Without this investment the growth will either stall due to power shortages, or be delivered at a much slower rate, as the developments need to bear the additional costs of upgrading the electricity network.

Electric vehicles could present an even greater challenge to grid capacity. The Hub currently has around 40,000 car parking spaces, which could rise to over 60,000 in the next 20 years. High level estimates procured by UGC suggest that if the Hub installs multiple EV charging points it could require significant additional grid capacity. This estimate is based on private cars only and does not include an allowance for future electric heavy goods vehicles or aircraft.

No-one yet knows exactly how much impact the planned development and electric vehicles will have on electricity demand at the Hub, but innovation in supply, control and use must be encouraged if a system is to be designed in the most economic way.

One potential solution might be to find alternative funding mechanisms to build additional substation capacity ahead of demand and reserve the capacity for Hub members – like the approach of the Ebbsfleet Development Corporation, which is investing £30M for new substations to supply the new garden city in Kent.^{cxii} Another would be to create an Energy Innovation Zone to encourage lower cost and more innovative solutions. The Hub has many energy-intense users with large peaks and troughs in demand, and it may be possible to avoid or at least minimise capacity upgrades through innovative approaches.

The Hub has large heating and cooling loads that could be integrated with the electricity grid and wider systems such as waste. The scale and concentration of its electricity and thermal demand creates a huge opportunity for clean energy innovation and building efficiency that will probably be unmatched in the UK over the next two decades. The Hub has commissioned a Heat Network Techno-Economic Feasibility Study, due to report later in 2018.

The Hub is only one of UK Central's four development zones. The others are North Solihull (Zone 2, a £1.8 billion regeneration programme), Solihull Town Centre (Zone 3, a major retail, office and leisure destination), and Blythe Valley Park (Zone 4, a business park). Each has its own energy challenges and priorities. North Solihull, for example, must regenerate large numbers of 1950s/60s housing stock in Chelmsley Wood, where there are high levels of fuel poverty. Solihull Town Centre has recently completed a feasibility study that identified a low carbon heat network opportunity that would be technically and economically viable. Blythe Valley has the potential to develop a hydrogen hub. Each could therefore form its own EIZ, but there may also be a case for creating a single overarching EIZ to cover all four UK Central development zones.

Appendix III – Consultation responses and attendees at the stakeholder engagement event

A stakeholder engagement event was held on Tuesday 6 March 2018 at the Energy Systems Catapult in Birmingham. The event was open, widely publicised, and every local authority in the region was invited directly, along with neighbouring LEPs, all existing Energy Capital partners, regional universities and members of relevant regional networks.

In addition, the draft strategy was released for consultation from March to May 2018. Further responses were received from ten organisations and individuals included in the list below.

Act on Energy
AECOM
Aston University
BEIS
Birmingham City Council
Black Country Citizens
Cadent
City of Wolverhampton Council
Climate KIC
Coventry City Council
Daikin Air Conditioning UK Ltd
Dudley MBC
E.ON UK
Ecuity
EEF Ltd
Energy Systems Catapult
EnergyHarmonics Ltd
Engie UK
George Simms
Greater Birmingham and Solihull Local Enterprise Partnership
HS2 Ltd
International Synergies Ltd
Jaguar Land Rover
Lichfield District Council
Manufacturing Technology Centre
MEBC
The Metals Council
Midlands Engine
Oersted
Sandwell MBC
Severn Trent
The Sustainable Housing Action Partnership
Solihull Metropolitan Borough Council
Sustainability West Midlands
Tyseley Energy Park

University of Birmingham
Birmingham Energy Institute
University of Warwick
Western Power Distribution WPD

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- ^{xii} *A Science & Innovation Audit for the West Midlands*, June 2017, WMCA, <https://www.wmca.org.uk/media/1682/west-midlands-sia-final-for-publication-21617.pdf>
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- ^l <https://www.westernpower.co.uk/docs/About-us/Our-business/Our-network/Strategic-network-investment/West-Midlands/West-Midlands-scenarios-accompanying-report.aspx>. Note that this report covers the West Midlands as defined by WPD, which excludes Coventry and includes large parts of the Marches and areas to the South West which have never been in any government definition of the West Midlands, such as Gloucestershire. However, having said this the net effect in terms of gross housing investment figures and associated demand (for example) is negligible, as the total planned new housing is around 200,000 homes for either geographical definition. In other words, the net economic activity covered by the report is very similar, and the major economic hubs of Birmingham, the Black Country and UK Central and Solihull are common to both regional definitions.
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- ^{lxxxiv} Powering West Midlands Growth: A Regional Approach to Clean Energy Innovation, An Energy Capital Policy Commission, Chaired by Prof. Sir David King, March 2018
- ^{lxxxv} SEP stands for Strategic Economic Plan or Industrial Strategy Board
- ^{lxxxvi} MIPIM is a major global property investment conference, where the East and West Midlands have successfully exhibited together for several years.
- ^{lxxxvii} Arup, Aecom
- ^{lxxxviii} Powering West Midlands Growth: A Regional Approach to Clean Energy Innovation, An Energy Capital Policy Commission, Chaired by Prof. Sir David King, March 2018
- ^{lxxxix} <http://www.energiesprong.uk/>
- ^{xc} <https://our-power.co.uk/>
- ^{lxi} Energy as an Enabler, Linkages between Regional Energy Strategy, Productivity and Growth, March 2018.
- ^{lxcii} Powering West Midlands Growth: A Regional Approach to Clean Energy Innovation, An Energy Capital Policy Commission, Chaired by Prof. Sir David King, March 2018
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- ^{xciii} <https://www.swm.de/dam/swm/dokumente/english/swm-annual-report-2016.pdf>
- ^{xciv} Powering West Midlands Growth: A Regional Approach to Clean Energy Innovation, An Energy Capital Policy Commission, Chaired by Prof. Sir David King, March 2018
- ^{xcv} Business cases for Energy Innovation Zones in the West Midlands, Arup, March 2018
- ^{xcvi} Energy as an Enabler, Linkages between Regional Energy Strategy, Productivity and Growth, March 2018
- ^{xcvii} Powering Growth – A Black Country Energy Strategy, Aecom, February 2018
- ^{xcviii} Home Energy Conservation Act: A requirement on local authorities to monitor the energy efficiency performance of all housing, including private housing, in their areas. Variably observed.
- ^{xcix} <http://www.wolverhampton.gov.uk/CHttpHandler.ashx?id=1567&p=0>
- ^c Powering Growth – A Black Country Energy Strategy, Aecom, February 2018
- ^{ci} Business cases for Energy Innovation Zones in the West Midlands, Arup, March 2018
- ^{cii} Powering West Midlands Growth: A Regional Approach to Clean Energy Innovation, An Energy Capital Policy Commission, Chaired by Prof. Sir David King, March 2018
- ^{ciii} <http://www.investblackcountry.com/investment-opportunities/industrial/gasholders/>
- ^{civ} <http://www.investblackcountry.com/investment-opportunities/industrial/i54/>
- ^{cv} <http://www.investblackcountry.com/investment-opportunities/industrial/phoenix-10/>
- ^{cvi} Actual figures, calendar year 2017, for a large metalworking business.
- ^{cvi} Electricity Costs of Energy Intensive Industries, An international comparison, Ecofys and Fraunhofer ISI, 2015.
- ^{cviii} <https://bigcityplan.birmingham.gov.uk/>
- ^{cix} https://www.birmingham.gov.uk/downloads/download/155/birmingham_curzon_hs2_masterplan_for_growth
- ^{cx} <http://www.ugcsolihull.uk/publications/>
- ^{cx} <http://www.ugcsolihull.uk/wp-content/uploads/2017/09/170919-Value-Capture-Framework.pdf>
- ^{cxii} <http://ebbsfleetdc.org.uk/2017/07/27/future-of-electricity-supplied-to-ebbsfleet-garden-city-has-been-secured-in-a-ground-breaking-30million-deal/>



WMCA Board

Date	11 January 2019
Report title	Refreshing our Approach to Culture
Portfolio Lead	Economic Growth - Councillor Ian Ward
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7200
Accountable Employee	Julia Goldsworthy, Director of Strategy email: julia.goldsworthy@wmca.org.uk tel: (0121) 214 7941
Report has been considered by	Programme Board - 21 December 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Authorise work to develop a Cultural Leadership Board in collaboration with the sector.
- (2) Approve a review of the current Culture Creative Industries and Tourism Advisory Group (CCTAG) to provide expert working group support to the new Cultural Leadership Board.

1. Purpose

- 1.1 To update the Board on developments around the creative industries, tourism and culture sectors in the region, and recommend revisions to CA advisory group arrangements for culture to respond to these opportunities.

2. Background

- 2.1 Developments around the Local Industrial Strategy and Growth Company are likely to change the way we work with creative and tourism sectors, and so it is appropriate to review our approach to these sectors and also to establish specific support to the cultural sector.
- 2.2 For the creative sector, the Local Industrial Strategy (LIS) has identified the region's creative sector as key economic strength: internationally recognised, at the heart of pioneering new content production and platforms, and a world-leading gaming and artificial intelligence cluster. We propose a commitment to a pre-eminent national creative & media cluster anchored by institutions, world class facilities and networks driving innovation and collaborative approaches to Intellectual Property and business growth. We will develop arrangements to drive the creative element, futureproof the sector and work regionally to create competitive advantage, in line with LIS implementation approaches being taken across other sectors.
- 2.3 For tourism, the WM Growth Company business plan includes work to develop and maximise the economic contribution of the visitor economy. This will create a new umbrella approach to maximising the West Midlands regional tourism sector, including a regional partnership scheme for tourism linked businesses.
- 2.4 For the cultural sector, the award of City of Culture status to Coventry will unlock investments and productivity improvements in arts, culture, and visitor economy not just in Coventry but across the wider region, alongside other major visitor events such as the Commonwealth Games 2022. Coordinated operational planning is taking place, but would be enhanced by deeper strategic coordination across the region. **It is proposed to establish a Cultural Leadership Board to drive the development of this approach, with expert working group support from the re-scoped advisory group.**
- 2.5 The suggested revisions to the current advisory group arrangements respond to activity already underway around the creative industries and tourism, and propose an approach to culture that places the sector firmly in the lead, to help ensure maximum benefit from key visitor events such as the City of Culture and Commonwealth Games are derived for the whole region, whilst recognising the strong overlaps between these sectors.
- 2.6 The proposed new arrangements are applicable to the whole CA geography, recognise the civic role for local authorities in delivering cultural objectives, and are intended to support coordinated, sector-led activity across the region. The role for the CA is an enabling one: helping maximise the quantum and effectiveness of funding secured for and deployed in the region, and playing a supportive role in convening the cultural leadership of the region.

3. Financial Implications

- 3.1 There are no additional financial implications as a result of the recommendations within this report. The Cultural Leadership Board secretariat function will be funded from existing internal resource whilst the Board develops and implements plans to place itself on a sustainable financial footing. This is considered to be an achievable aim as a significant function of the new Board will be to encourage greater external investment in the cultural sector of the region.

4. Legal Implications

- 4.1 There are no legal implications in relation to this report.

5. Equalities Implications

- 5.1 An important role of the new Board will be to attract “hard to reach communities” to cultural activities. This may include those disadvantaged due to equalities issues.

6. Inclusive Growth Implications

- 6.1 An important role of the new Board will be to involve a broader range of people, including young people and “hard to reach communities” in the full range of cultural activities. This should support work to make cultural activities more inclusive.

7. Geographical Area of Report’s Implications

- 7.1 The whole CA footprint, including non-constituent authorities.

8. Other Implications

- 8.1 None noted.

9. Schedule of Background Papers

- 9.1 WMCA Board 22 June 2018 item 8: Culture, Creative Industries and Tourism.

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REFINING OUR APPROACH TO CULTURE

The culture, creative industries and tourism sector is vital to our economy. In the West Midlands, it employs around 170,000 people in over 10,000 businesses (up 16% in the last seven years), and contributes over £4 billion to the economy.

Developments around the Local Industrial Strategy and Growth Company are likely to change the way we work with creative and tourism sectors, and so it is appropriate to review our approach to these sectors and also to establish specific support to the culture sector.

This paper proposes revisions to the current advisory group arrangements that respond to activity already underway around the creative industries and tourism, and propose an approach to culture that places the sector firmly in the lead, to help ensure maximum benefit from key visitor events such as the City of Culture and Commonwealth Games are derived for the whole region. The proposals are applicable to the whole CA geography.

The proposed new arrangements recognise the civic role for local authorities in delivering cultural objectives, and are intended to support coordinated, sector-led activity across the region. The Midlands Engine has important roles around culture, including promoting culture across the region and investing in cultural infrastructure. The role for the CA is an enabling one: helping maximise the quantum and effectiveness of funding secured for and deployed in the region, and playing a supportive role in convening the cultural leadership of the region.

Creative sector

Whilst we were not successful in the bid for the relocation of Channel 4, as we progressed through the bid process we saw a growing sense of collaboration and commitment across the region between local authorities, organisations and our creative industries.

The Local Industrial Strategy (LIS) has identified the region's creative sector as key economic strength: internationally recognised, at the heart of pioneering new content production and platforms, and a world-leading gaming and artificial intelligence cluster. We propose a commitment to a pre-eminent national creative & media cluster anchored by institutions, world class facilities and networks driving innovation and collaborative approaches to Intellectual Property and business growth.

As part of the development of its Local Industrial Strategy, the 3 LEPs and the CA have worked with the creative and cultural industries, to identify opportunities and potential interventions to unlock these strengths to support inclusive growth. It is proposed future actions are guided and led by LIS processes, in line with the approach being taken with other sectors.

We will put in place implementation arrangements to drive the LIS creative element, futureproof the sector and work regionally to create competitive advantage.

As a recent development, the West Midlands has been selected by DCMS as one of three CA areas invited to undertake a two year investment readiness programme for creative industry businesses with strong growth potential. The funding will provide business support leading to better access to finance, increased productivity, scalability and profitability.

Tourism sector

The West Midlands Growth Company (WMGC) business plan will include work to develop and maximise the economic contribution of the visitor economy by the development of a regional tourism strategy by summer 2019. This will create a new umbrella approach to maximising and increasing the productivity of the West Midlands regional tourism sector, including a regional partnership scheme for tourism linked businesses. The strategy will be developed collaboratively across the region, via a series of stakeholder workshops in the New Year. The strategy development will be overseen by a regional working group, formed by local authority and private sector stakeholders nominated by the WMGC Board. The final tourism strategy, will be shared with the Local Industrial Strategy working group, the Strategic Economic Development Board and the WMGC Board, as well as other key visitor economy stakeholders across the region.

Cultural sector

The West Midlands is arguably the most significant cultural sector outside London with a focus in Birmingham on performance, theatre, dance and music; in Stratford-Upon-Avon on theatre; in Wolverhampton with a wide-ranging cultural offer and in Coventry preparing to be City of Culture in 2021, alongside huge opportunities through the Commonwealth Games 2022. Public engagement in the sector is extensive, with 2 million people participating in cultural activity annually (2015 figures).

Given the proposed and established oversight processes in place for both the creative industries and tourism, it is appropriate to revisit the arrangements for the CA in engaging with and supporting the cultural sector.

The award of City of Culture status to Coventry City of Culture 2021 will unlock investments and productivity improvements in arts, culture, visitor economy not just in Coventry but across the wider region, alongside other major visitor events such as the Commonwealth Games 2022. Coordinated operational planning is taking place between the City of Culture and Commonwealth Games teams, but would be enhanced with deeper strategic coordination across the region.

The Cultural Cities Enquiry brings together cities, UK Arts Councils and leaders from the cultural, education, design, development, hospitality and technology sectors to consider how to ensure that culture continues to improve and enrich the lives of cities and citizens in more and deeper ways. Many studies have looked at why culture should be resourced, considering the impact on the lives of individuals and communities. The enquiry seeks to advance the debate by taking a close look at how culture can be more effectively resourced across the UK, to multiply the benefits and ensure they can be shared by all in our society. We anticipate this will produce practical improved approaches including on tax and public finance, property and development, sponsorship and giving, and commercialisation.

We propose to establish a new Cultural Leadership Board with a remit to:

- Convene a sector led forum to develop and deliver a cultural strategy or “compact(s)” for the CA region if this demonstrates significant added value.
- Develop ideas and proposals to the national Spending Review.
- Maximise funding opportunities for the cultural sector in the region, for example from devolved government, public and private funding; more effective bidding, collaboration and coordination; and new opportunities identified by the Cultural Cities Enquiry.
- Help wider groups including young people and “hard to reach” communities to take part in the full range of cultural activities and organisations, and ensure the whole region benefits from landmark events.
- Incorporate input from local authorities, LEPs, and funders, supported by the rescoped officer advisory group. Link with existing local culture advisory bodies including Coventry’s Cultural Place Partnership Board, Birmingham’s Culture Central and Coventry & Warwickshire’s Culture & Tourism Group.

The approach of the group should be based on information sharing and ideas development, producing advice for the CA and partners. It will not consider individual capital funding propositions.

Annex 1 to this paper provides a draft terms of reference for the WM Cultural Leadership Board and Annex 2 provides an illustrative programme for the initial activities of the Board.

The precise membership will be determined separately, for illustration purposes Table 1 overleaf summarises the arrangements in Greater Manchester and Greater London related bodies.

Table 1: Examples from GMCA and GLA cultural advisory bodies

GMCA Cultural Steering Group	GLA Cultural Leadership Board
<p>Focus</p> <ul style="list-style-type: none"> • Culture, arts and leisure strategy and policy development • The GMCA Cultural and Social Impact Fund programme • Project performance management • Identifying and supporting best practice • Communication with the GM Culture, Arts and Leisure community on GM portfolio priorities • Recommendations to GMCA on project selection where relevant. 	<p>Purpose</p> <ul style="list-style-type: none"> • Steer the delivery of the Mayor’s policy pledges for a specific leadership area • Help to shape the Mayor's new Culture Strategy • Keep the Mayor and Deputy Mayor for Culture & Creative Industries abreast of issues facing the creative industries and culture sector
<p>Membership</p> <p>Arts Council England BBC North Bolton Octagon Company Chameleon Department for Culture, Media and Sport GM Local Enterprise Partnership GM Night time Economy Adviser Greater Manchester Arts Heritage Lottery Fund HOME Manchester Digital Music Archive Marketing Manchester Museum of Science and Industry RNCM The Lowry Warehouse Project/Parklife Young Identity</p>	<p>Membership</p> <p>Arts Council England British Film Institute Broadcasters and media Creative Businesses and industries Cultural Funders Culture Organisations Federation Heritage Lottery Fund Historic England Individual artists and creatives London First Music Venues Trust National Trust Society of London Theatres Theatres Trust UK Music Umbrella Groups and Networks Workspace Providers</p>

Culture Creative Industries and Tourism Advisory Group (CCTAG)

The Culture Creative Industries and Tourism Advisory Group (CCTAG) was established in June 2018 to support the development of the cultural sector, creative industries and tourism. The current membership of the Group consists largely LA and member organisations as follows:

- Constituent WMCA members (7)
- Non Constituent member rep
- WMGC
- Local Enterprise Partnerships (4)
- Culture Central
- Creative Industry Organisations: West Midlands Screen bureau and Creative Industries Bureau
- Commonwealth Games – Birmingham 2022
- Coventry City of Culture Trust
- Cultural Organisations: Royal Shakespeare Company and Black Country Living Museum
- West Midlands Combined Universities

In the light of the changes to the creative, tourism and culture sectors outlined about it is appropriate to review the future remit of the CCTAG Group. It may be appropriate for the Group to change the scope of its activities and/or the balance between strategic and operational focus, for example by providing an expert operational working group function to the Cultural Leadership Board.

There is a strong overlap in the promotion, distribution and booking channels for cultural product with the visitor economy, and hence a need for regular networking between the areas of culture, creative industries and tourism. We will therefore develop a twice yearly forum to share opportunities and understanding across all three areas.

Recommendations

It is recommended:

1. To establish a Cultural Leadership Board to advise the CA on the further development of culture in the region, in collaboration with the sector.
2. To approve the review of the remit of the Culture Creative Industries and Tourism Advisory Group (CCTAG) to provide working group support to the new Cultural Leadership Board.

Annex 1: Draft Terms of Reference for Cultural Leadership Board



Cultural Leadership Board - Terms of Reference	
Purpose	To advise on the development of culture in the region including developing a cultural strategy or compact(s), maximising funding opportunities, preparing for bidding opportunities, widening participation, and benefiting from major events.
Accountable to	CA Programme Board
Membership	Membership: led by the cultural sector with Board level representation from local authorities (including one or more non constituent councils) and LEPs. Representatives from funders and wider business (details to be developed).
Chair	TBA
Voting	Decisions will be reached by consensus, where necessary disagreements will be referred to the Director (Strategy).
Frequency	The Board will meet quarterly initially.
Servicing	Secretariat to be agreed by the group and CA Director (Strategy)
Functions	<p>To provide advice on the development of culture in the region including to:</p> <ol style="list-style-type: none"> a. Develop and deliver a cultural strategy or “compact(s)” for the CA region. b. Develop ideas and proposals to the national Spending Review. c. Maximise funding opportunities for the cultural sector in the region, for example from: <ol style="list-style-type: none"> a. further devolved government funding b. additional allocations from other funders including the private sector c. more effective bidding, collaboration and coordination d. opportunities around tax and public finance, property and development, sponsorship and giving, and commercialisation. d. Attract wider groups including young people and “hard to reach” communities to the full range of cultural participation. e. Ensure the whole region benefits from landmark events.
Review	January 2020

Annex 2: Cultural Leadership Board - illustrative programme

	Priorities				
Timing	Develop cultural strategy or compact(s)	Develop proposals for the Spending Review	Maximise funding and preparing for bid opportunities	Attracting hard to reach communities	Ensuring the whole region benefits from major landmark events
Jan-Mar 19	Review potential added value of regional strategy / compact(s).	Initial brainstorm on opportunities Develop proposals for Spending Review.	Identify future funding and bid opportunities. Analyse SWOT of current arrangements		Review arrangements for whole region benefits from the CoC and CWG events.
Apr – Jun	If appropriate, develop outline strategy with sector.	Spending Review submission.	Develop proposals to improve bid preparedness and maximise funding.	Review existing intelligence and strategies on attracting hard to reach communities.	Identify opportunities to extend the benefits of these events.
Jul - Sept	Formal consultation and approval.	Review of opportunities following Spending Review.	Pilot new approach to funding and bids.	Identify and prioritise potential improvements	Prioritise opportunities and pilot.
Oct - Dec	Implementation.		Review learning and refine approach.	Pilot potential improvements	Review learning and refine approach.

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WMCA Board

Date	11 January 2019
Report title	Devolution of the Adult Education Budget 2019/20
Portfolio Lead	Productivity & Skills - Councillor George Duggins
Accountable Chief Executive	Nick Page, Solihull Metropolitan Borough Council email: npage@solihull.gov.uk tel: (0121) 704 6018
Accountable Employee	Dr Julie Nugent, Director of Productivity & Skills email: julie.nugent@wmca.org.uk tel: (0121) 214 7592
Report has been considered by	Skills Advisory Board - 21 November 2018 Programme Board - 21 December 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Agree the approach to regional commissioning of the Adult Education Budget (AEB) in relation to the 19/20 Academic Year as outlined within the report.
- (2) Delegate authority to award contracts and issue grant agreements to be funded by AEB, in line with the commissioning approach outlined within the report, to the Director of Productivity & Skills in consultation with the Section 151 and Monitoring Officers and the Portfolio Lead.
- (3) Agree that the Skills Advisory Board, with support from local authority (LA) and Local Enterprise Partnership (LEP) officers, will monitor progress and impact and recommend any future changes to the deployment of AEB funding.

1. Purpose

- 1.1. This paper sets out the detail of the proposed approach to commissioning AEB funded provision following the transfer of AEB to WMCA from July 2019. This reflects the principles previously set out in the Regional Skills Plan, as agreed by WMCA Board in June 2018.

2. Background

- 2.1. The West Midlands Combined Authority's (WMCA) first Devolution Deal, agreed by the Combined Authority Shadow Board in November, 2015, included the agreement to the transfer of adult skills funding – the Adult Education Budget (AEB) - to the WMCA.
- 2.2. In March 2018, WMCA Board gave formal consent to the Order to transfer AEB functions, including a range of statutory obligations, to the WMCA. Following confirmation from the Secretary of State, that readiness conditions had been met, the Order was subsequently laid in Parliament on 23rd July, 2018. Appendix 1 sets out the key decisions and timings for AEB since 2015.
- 2.3. Devolved AEB will provide funding for adult skills (those aged 19+), for residents of West Midlands constituent member areas. In 2016/17, this represented £126m delivered through colleges, Local Authorities and training providers. Non-constituent areas will continue to benefit from AEB provision funded directly through the Education & Skills Funding Agency (ESFA).
- 2.4. The transfer of AEB was predicated on a formal requirement to meet readiness conditions as set out in the Devolution Agreement and supported by statutory guidance issued by the Department for Education (DfE). This includes a commitment to work with the ESFA to ensure that commissioning conditions are fair and transparent and do not unduly destabilise the provider base.
- 2.5. The DfE will confirm our full AEB allocation for the 2019/20 academic year in January 2019, once the full year delivery for 2017/18 is known and validated by ESFA. Thereafter we will receive an annual allocation of AEB to the West Midlands Combined Authority, likely to be in January each year.
- 2.6. In June 2018, the WMCA Board agreed the West Midlands Regional Skills Plan which sets out how the CA will work with local partners and providers to better deploy AEB to meet the needs of residents and businesses. This includes a greater focus on helping people into employment and delivering higher level skills in priority sectors.

3. Funding Principles

- 3.1. The WMCA's AEB allocation for 2019/20 will be confirmed by the Department for Education in January 2019, and will be based on actual delivery to West Midlands residents in 2017/18. Appendix 2 sets out the detail of spend on residents during the 2016/17 academic year. ESFA communicated nationally with all providers during the 16/17 academic year to outline the journey towards devolution and the potential impact on providers delivering within devolved areas. This will have impacted on provider behaviour in terms of where they delivered during the 17/18 academic year and we will receive this data in January 2019. Current patterns of spend are related to a wide range of variables including provider ability to spend and secure additional funding over time, sub-contracting into larger cities where it is deemed easier to spend funding, etc.

3.2. Our approach to commissioning will be informed by a number of principles which reflect our ambition to move from a national funding system, driven by national priorities, to a more strategic and regionally targeted approach, better attuned to local priorities and the needs of West Midlands residents and businesses. This approach will build upon the joint approach taken with local authorities on the procurement and management of the Employment Support Pilot.

3.3. The principles include:

- a) Using our Regional Skills Plan (RSP) to frame priorities and guide decision making.
- b) Engaging Local Authorities and LEPs in the development of AEB commissioning specifications so that provision reflects local needs and opportunities. This will be through the officer group designated by Chief Executives. We will look to test new and innovative models of delivery, including extending current funding pilots that target low-skilled and low-paid workers to encourage them to upskill.
- c) Operating two concurrent commissioning processes:
 - i. Plan-led approach for WMCA area based colleges and Local Authorities and colleges with substantial niche provision delivered directly to residents within the WMCA area, where allocations are confirmed in April. This will be based on actual delivery, in 2017/18. We do not expect significant shifts in overall allocations to individual colleges and local authorities.
 - ii. Procurement through competition for all other providers will commence in January 2019. There will be an initial award of funding in April 2019 with the potential for a further round, to address any geographical or cohort gaps, in June 2019.
- d) All plan-led organisations will provide 3 year delivery agreements to set out how they will shift more of their provision into key priority areas. This will include a statement of how they will work with Local Authorities, and other key local partners, to target more joined-up activity to support unemployed residents. A template agreement is included in Appendix 3. Organisations will still be expected to deliver provision in other non-prioritised areas – we expect change to be measured and incremental and to be achieved through consultation with local partners to better meet residents' needs.
- e) All provision delivered through non-West Midlands colleges and local authorities will be assessed to understand how it reflects regional and local priorities. We will undertake this activity with key local partners, including Local Authorities, so that we do not lose good provision. However, we are also aware that a significant proportion of provision delivered in the region, through non-West Midlands colleges and local authorities, is sub-contracted, with colleges and local authorities often taking a significant (20%+) management fee. We will look to 'repatriate' this provision, to directly fund local delivery.
- f) We will operate an open and transparent process, communicating with both the provider base and wider WMCA stakeholders.

3.4. In 2016/17, 85% (£108m) of funding for adult skills was delivered to WM residents through grant funding agreements to Further Education Colleges and Local Authorities, based within and outside the constituent member area. WMCA intends to provide Further Education Colleges and Local Authorities based within the constituent member area with indicative budget allocations in January 2019, once the overall budget allocation from DfE to WMCA is confirmed. As this will be based on actual delivery, in 2017/18, we do not expect significant shifts in overall allocations to individual colleges and local authority providers. The delivery agreements will primarily reflect current national funding rules in order to support stability within the system. There will be the opportunity to pilot some changes to the funding criteria, for example funding some individuals on level 3 qualifications in priority sectors who would currently only be able to access loan funding. The type of qualification that could be funded in this way would be reflected in an annex to the grant agreement.

3.5. The remaining 15% of AEB funded provision (approx. £18.5m) delivered to WM residents has been contracted nationally, with independent training providers who have chosen to deliver in the WM rather than be directed to by their contract terms. These contracts will end in July 2019 and we are currently undertaking a thorough assessment to understand what provision is in place, what will end and where, and how we may want to re-commission to protect good quality local delivery against local priorities.

3.6. The WMCA intends to run an initial procurement round, in January 2019, for provision to commence in September 2019. This will be an opportunity to test innovative ways of delivering, with greater flexibility and a more considered focus on local outcomes, than is currently available through national funding rules. Provision will be procured against the local and regional skills priorities contained in our Regional Skills Plan, but more closely tailored to local needs. We expect to split procurement lots broadly as follows – this will, however, be dependent on the market response:

50% of procurement pot

- a) Tackling unemployment especially amongst young people
- b) More grass-roots provision to better engage hard-to-reach communities and address local skills needs
- c) Targeted provision to engage and support priority groups, including care leavers, homeless, and long-term unemployed

50% of procurement pot

- d) Improving skills of low-paid, low-skilled workforce
- e) Focus on pre-Apprenticeship provision, to increase take-up of Apprenticeships in the region
- f) Increase delivery in priority sectors including construction, automotive/advanced manufacturing, business and professional services and digital

3.7. Following the response to the invitation to tender, if it is determined that there are going to be gaps in provision, either in terms of geographic distribution or priorities, there will be a further procurement round to seek to fill these gaps commencing June 2019. In addition, we will performance manage all provision closely to ensure we meet local needs and deliver good value for money. Any under-performance will be re-deployed in a clear and transparent way. A report will be brought to WMCA Board in May 2019 to outline the response to the invitation to tender and seek agreement on commissioning priorities for a second round of procurement if necessary.

- 3.8. Local Authority and LEP officers will be invited to participate in the assessment of tenders in line with ethical wall protocols.
- 3.9. Consistent with the ESFA's approach to the management of the AEB, provision awarded to independent training providers, as a result of the procurement round, will be funded under a Contract for Services rather than a Grant.
- 3.10. Regional colleges and Local Authorities will be able to bid for additional funding through the procurement process.
- 3.11. The impact of WMCA's approach to managing AEB funded provision will be monitored through data on each individual learner funded as captured through their Individual Learner Record. This data will be provided to WMCA by ESFA and analysed to ensure that funding is deployed against identified priorities. We will also be evaluating the wider impact of our approach, particularly in terms of our ability to better meet local and regional skills priorities. This will be reviewed through LA/LEP officer groups; through Programme Board; and through the new Skills Advisory Board, chaired by the Productivity and Skills Portfolio Lead.
- 3.12. As part of our commitment to communications set out in our RSP we are at present undertaking market testing to help shape our procurement activity with providers. We are also communicating messages through our Local Authority/LEP Employment & Skills Officer group, provider networks and stakeholder groups. There are a number of key messages we want to communicate:
- a) The continuation of funding to grant providers will be at similar levels to previous years with the expectation that delivery will demonstrate alignment to priorities
 - b) That contracts for services for AEB delivery from the ESFA will terminate on 31st July 2019 and that we will be using this 'value' to procure provision that meets regional and local priorities
 - c) That grant providers, predominantly colleges, who are based outside of the constituent areas and are delivering to WM via sub-contracted providers will not automatically receive a continuation of their grant
- 3.13. The WMCA will evaluate the impact of the transfer of the AEB to the Combined Authority in January 2020 when the full year data will be known. The evaluation will review the effectiveness of our approach to commissioning along with the impact of the delivery against our Regional Skills Plan. A key source of information supporting the evaluation will be the 2019/20 academic year data. In addition, we will look at how best we can commission provision, in future years, to ensure that skills needs across the whole region are adequately addressed.

4. Financial Implications

- 4.1 The 2017/18 academic year has been a transitional year for WMCA. The DfE has supported the operating costs of the transition year and up to July 2019 through a one-off grant of up to £799,959 (subject to equal match funding from WMCA) to support transition costs, including all legal, financial and procurement advice and to recruit and employ staff so that a small team is in place in advance of August 2019 when funds are devolved.

4.2 Following devolution of AEB in August 2019, there will be no separate administration budget from DfE to support the operating costs associated with the commissioning, contracting and management of AEB. WMCA, like other Combined Authorities, will be expected to resource strategic management, administration and assurance functions and also pay the ESFA for centralised data collection and processing services through the Adult Education Budget.

4.3 Work is currently ongoing to confirm the final costs of managing AEB from 2019/20. This will include support for a small team of up to 15 full-time equivalents, a contribution towards WMCA overheads and the purchase of specialist services from the ESFA, such as audit and processing of Individual Learner Records as required. This represents approximately 1%¹ of the expected budget and is in line with our previously stated intention to protect front-line delivery to learners. Allocations to grant funded providers will be protected, with the funding for management and administration functions to be identified prior to the balance of funding being put out to tender.

5. Legal Implications

5.1 Devolution of the Adult Education Budget will mean that the WMCA will have the duty and responsibility to deliver the government's commitment to statutory entitlements for fully funded qualifications at levels 2 and 3 in English and Maths and the future Digital entitlements for learners free of charge. Although there may be a risk that the WMCA obligations may exceed the available budget in any one year the statutory entitlements are not time bound and the entitlement does not have to be offered immediately upon request. This will be reflected in the WMCA AEB Funding Policy where it will be clearly stated that if demand exceeds availability some learners may have to wait until the following academic year.

6. Equalities Implications

6.1 The activities of the portfolio are reflected in the WMCA Equalities Scheme and a specific Equalities Impact Assessment for AEB funded provision will be carried out.

7. Inclusive Growth Implications

7.1 More locally targeted AEB will ensure that we are better able to support local communities gain the skills they need to move in to work and/or to progress in work.

7.2 The Adult Education Budget will contribute to overarching aims to reduce the number of people with no qualifications and increase the number of people who are qualified to level 3 and above. There are considerable variations in these figures across the WMCA area and between different groups of people. Support will be targeted to address these variations.

8. Geographical Area of Report's Implications

8.1 Devolution of the Adult Education Budget relates only to the constituent member areas. In non-constituent member areas AEB will continue to be deployed through the national funding system.

¹ Administration budgets across other CA's range from 1-3%

9. Other Implications

N/A

10. Appendices

- 10.1 Appendix 1 – WMCA Board decisions in relation to AEB
- Appendix 2 – Current delivery of AEB, based on 2016/17
- Appendix 3 – Template Delivery Agreement

11. Schedule of Background Papers

- 11.1 None

Appendix 1 – WMCA Board Decisions in relation to AEB

Dec 16

WMCA Board agreed:

- To give delegated authority to the Cabinet Member for Productivity & Skills to make a decision regarding whether or not WMCA should vary block grant allocations of the Adult Education Budget in 2017/2018. [Note: subsequently AEB devolutions was deferred by 1 year so this was not enacted]
- That the Adult Education Budget should be ring fenced locally to ensure that it is allocated to activity relating to employment and skills.

November 17

Following the national decision to defer devolution of the AEB.

WMCA Board agreed:

- To proceed with the transition option during the transitional year 2018/19 prior to full devolution of the Adult Education Budget in 2019/20.

This option was designed to give West Midlands Combined Authority a real say in what AEB provision would be available for residents and also acts as a stepping-stone to successfully delivering full devolution in 2019/20. Key features of the transition option were:

- a) Implementing a governance structure that ensures West Midlands Combined Authority is engaged with the Department so that there is an understanding of how post 16 policy aligns to AEB allocations and helping to achieve objectives for adult funding.
- b) the Department will notify West Midlands Combined Authority of an amount of nationally-held AEB over which the WMCA will be able to influence, alongside the terms through which the WMCA will be able to influence AEB provision;
- c) West Midlands Combined Authority will work with providers to establish potential delivery plans which take into account local priorities and the sustainability of the provider base. The Department will then work with West Midlands Combined Authority to consider these plans and agree implementation arrangements;
- d) West Midlands Combined Authority will put in place monitoring processes, and inform the Department about them;
- e) West Midlands Combined Authority will put in place a strategic skills plan, reflecting an assessment of local strategic skills need. These will be discussed and agreed with the Department as a good opportunity to establish alignment of local AEB policy alongside national policies for non-devolved funding streams.

March 2018

WMCA Board agreed:

- The transfer of functions to WMCA as set out in section 2.3 to ensure the successful devolution of the Adult Education Budget in 2019 was approved.
- Consent was given on behalf of the West Midlands Combined Authority to the making of an Order giving effect to this transfer.

- Delegated authority was given to the WMCA Section 151 Officer together with the WMCA Monitoring Officer in consultation with the Portfolio Lead Member to approve the final draft Devolution Order in order to meet the timetable for agreement.

Constituent authorities were requested to give their consent to the making of an Order giving effect to this transfer including the necessary delegation to approve the final draft Order.

Appendix 2 – AEB Delivery Patterns in 16/17

Local Authority Area	Spend on residents through grant*	Spend on residents through contract for services*	Total*	% Spend by LA residency	19+ Population by Local Authority (ONS)	% of 19+ population	19+ funded learners	19+ population with no qualifications	% of total WMCA population with no qualifications
Birmingham	£52,607,381	£6,584,392	£59,191,773	54%	833013	38%	32812	90,500	38.4%
Coventry	£10,762,640	£1,067,384	£11,830,023	11%	278003	13%	6933	22,600	9.6%
Dudley	£5,196,735	£540,752	£5,737,487	5%	246960	11%	4367	25,300	10.7%
Sandwell	£8,913,769	£1,444,886	£10,358,654	9%	240458	11%	6839	42,000	17.8%
Solihull	£2,949,704	£410,902	£3,360,606	3%	164650	8%	2202	10,700	4.5%
Walsall	£7,137,982	£737,728	£7,875,710	7%	210597	10%	5060	19,800	8.4%
Wolverhampton	£9,754,641	£1,094,474	£10,849,116	10%	196730	9%	6738	24,800	10.5%
Total	£97,322,852	£11,880,517	£109,203,369	100%	2170411	100%	64951	235,700	100%

*Funding values above exclude Additional Learning Support funding.

Appendix 3 Draft Template Delivery Agreements for Adult Education Budget

xx provider

	Actual Enrolments/funding for Combined Authority residents (seven LA areas)				1718 Final Outturn		Planned					
	2015/16		2016/17		2017/18		2018/19		2019/20		2020/21	
	Enrolments	Spend £	Enrolments	Spend £	Enrolments	Spend £	Enrolments	Spend £	Enrolments	Spend £	Enrolments	Spend £
Entry Level												
Level 1												
Level 2												
Level 3												
Level 4 +												
Not Applicable/Not Known												
Total												
Priority Groups (statutory entitlements)												
English												
Maths												
FFL 2 (19-23)												
FFL 3 (19-23)												
Additional Priorities												
Functional ICT												
ESOL												
Total enrolments in priority groups												
All priority groups as % of AEB												
Unemployed enrolments of which young people (19-23)												
Unemployed as % of AEB												
Priority Sectors of which												
Digital and Creative												
Arts, Media and Publishing: 9.2 Crafts, Creative Arts and Design												
ICT: 6.1 Practitioners												
Business, Professional and Financial Services												
Business: 15.1 - Accounting and Finance												
Business: 15.3 - Business Management												
Business: 15.5 - Law and Legal Services												
Construction												
Construction: 5.1 Architecture												
Construction: 5.2 Building & Construction												
Construction: 5.3 Urban, Rural and Regional Planning												
Engineering and Advanced Manufacturing												
Engineering: 4.1 Engineering												
Engineering: 4.2 Manufacturing Technologies												
Engineering: 4.3 Transportation Operations and Maintenance (Exc. Taxi, Level 1 Motor vehicle)												
Total enrolments in priority sectors	75	£54,789.67	27	£23,935.94	0	£0.00	0	£0.00	0	£0.00	0	£0.00
All priority sectors as % of AEB	12%	14%	3%	5%								
					ALS Value £							
					DLSF Value £							

		Actual																Planned							
		2015/16				2016/17				2017/18				2018/19				2019/20				2020/21			
		Number of learners	ACL Allocation	Fees Collected	Total £	Number of learners	ACL Allocation	Fees Collected	Total £	Number of learners	ACL Allocation	Fees Collected	Total £	Number of learners	ACL Allocation	Fees Collected	Total £	Number of learners	ACL Allocation	Fees Collected	Total £	Number of learners	ACL Allocation	Fees Collected	Total £
					£ -				£ -				£ -				£ -				£ -				£ -
1	Summary of learner numbers (ACL)				£ -				£ -				£ -				£ -				£ -				£ -
Of which																									
2	Numbers from disadvantaged groups																								
3	Priority ward 1 (insert ward)																								
4	Priority ward 2 (insert ward)																								
5	Priority ward 3 (insert ward)																								
6	Total learners in priority wards																								
7	Priority wards as % of ACL																								
Progression																									
8	Number progressing into work																								
9	Number progressing into further learning																								
10	Number progressing into volunteering																								
Priority Groups																									
11	Number participating in maths																								
12	Number participating in English																								
13	Number participating in ESOL																								
14	Number participating in digital skills development																								
15	Number participating in pre-vocational, vocational or employability skills development																								
16	Total learners in priority groups																								
17	% learners in priority groups																								
Personal Confidence																									
18	Number who have gained confidence																								
19	Number with learning disabilities who have gained confidence																								
20	Number with improved health and wellbeing																								
21	Number with increased independence, social interaction or involvement in local community																								
22	Number who have gained confidence to support childrens' learning																								
23	Total learners gaining confidence																								
24	% learners gaining confidence																								



WMCA Board

Date	11 January 2019
Report title	West Midlands Bus Byelaws
Portfolio Lead	Transport - Councillor Roger Lawrence
Accountable Chief Executive	Laura Shoaf, Managing Director, Transport for West Midlands email: laura.shoaf@tfwm.org.uk tel: (0121) 214 7444
Accountable Employee	Anne Shaw, Director of Network Resilience email: anne.shaw@tfwm.org.uk tel: (0121) 214 7881
Report has been considered by	Strategic Transport Officers Group - 26 November 2018 Programme Board - 21 December 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Support in principle, the introduction of byelaws on the West Midlands bus network.
- (2) Review and comment as desired, the proposed set of byelaws and delivery mechanism as detailed in Appendix 'A' and section 3.
- (3) Approve the commencement of byelaw application process and public consultation framework detailed in section 6.

1. Purpose

- 1.1 To detail a proposed set of bus byelaws to WMCA Board which aim to further enhance TfWM's ability to combat nuisance incidents on the network and address wider anti-social behaviour issues within our communities. The development of bye laws on our buses will provide the first of a package of measures, supporting further work emerging within the WMCA on wider scale behaviour change programmes.
- 1.2 To detail the byelaw application process to WMCA Board and agree their support to commence the same with Ministry for Housing Communities and local Government (MHCLG) including public consultation
- 1.3 Subject to all approvals, outline timescales for proposed implementation

2. Background and rationale

- 2.1 The Congestion Management Plan, agreed by WMCA Board in September 2018, identifies passenger perception of personal safety as a very real barrier to public transport use. Further tools to tackle anti-social behaviour on the public transport network will contribute to this plan in 1) encouraging increased demand for bus services through customers feeling safer and 2) improving efficiency, lessening delays due to anti-social incidents, with police more readily able to remove perpetrators from services where appropriate.
- 2.2 Research carried out in conjunction with Transport Focus has shown clearly that there is a direct correlation between passenger perception of personal safety and low level nuisance and anti-social behaviour (ASB). In fact that correlation is higher than the correlation with actual recorded crime. Furthermore, DfT research has suggested 11.5% for public transport journeys would be made if people felt safer.
- 2.3 The Safer Travel Partnership put in place a dedicated Anti-Social Behaviour Team which has led to a number of successes, and there has been an improvement in the number of people feeling that ASB is a problem on their bus journey. The powers available to the ASB team has increased with the West Midlands Combined Authority (Function and Amendments) Order 2017, but there still remains an notable gap in powers to support an improvement in operational performance.
- 2.4 On the Railway, there exists 24 bye laws made in 2005 by statutory instrument under section 219 of the Transport Act 2000. The powers cover passenger conduct and behaviour, equipment and safety, control of premises and travel and fares. On Midland Metro, there exists a number of powers. Not only do the same powers as those with railways exists, but also additional powers under the Midland Metro (Penalty Fares) Act 1991.
- 2.5 There exist no such equivalent bye laws on the bus network, with staff relying on Bus Operators own "Conditions of Carriage" not enforceable in criminal law. The Safer Travel Police team have regularly indicated that they sometimes feel their hands are tied when dealing with low level nuisance incidents. They are strongly supportive of implementing bus bye laws.

- 2.6 Adding further powers to tackle ASB on the bus network forms a deliverable within the Police and Crime Commissioners Safer Travel Plan and therefore forms a deliverable within the WMCA Annual Plan.
- 2.7 The proposed byelaws have been formulated based on the nature of nuisance incidents occurring on the bus network. They take account of the views of West Midlands Police and TfWM Officers and reflect relevant content within Bus Operators existing 'Conditions of Carriage.'

3. Application of Byelaws

- 3.1 It is proposed that the byelaws are effective both on a bus, but also at bus stations, bus shelters and bus stops and a 10 metre radius of the same.
- 3.2 For the purpose of the byelaws, this would be any public service vehicle used for the transportation of paying passengers. All bus companies within the WMCA boundary would apply.
- 3.3 For the purpose of the byelaws, this would mean road transport garages, depots, bus stations, shelters and other road transport premises now or hereafter belonging to, leased to or worked by the Operator and the approaches thereto.
- 3.4 An authorised person means:
- a) a person acting in the course of his duties who is an employee, agent, contractor or sub-contractor of the West Midlands Combined Authority or is authorised by the West Midlands Combined Authority; or
 - b) any Police Constable, Police Community Support Officer or any person accredited by or under section 41 of the Police Reform Act 2002 acting in the execution of his duty upon or in connection with the premises or vehicle

4. Financial Implications

- 4.1 No additional budgetary requirements are required in order to enforce bus byelaws. There is no need to increase numbers of Safer Travel Police Officers as the use of byelaws would be an additional tool to tackle anti-social behaviour thus allowing them to do their job more efficiently.
- 4.2 Potential costs incurred by West Midlands Police in administering a system of fines will need to be discussed and actions agreed.
- 4.3 Financial impact of introducing bus byelaws will be offset over the long term by having penalty fines for convicted breaches.

5. Legal Implications

- 5.1 Following advice from Legal Services, it has been confirmed that West Midlands Combined Authority has the power to put in place byelaws to cover the whole of the West Midlands.

6. Approval process and consultation

6.1 The mechanism for the WMCA to make byelaws is 'The Byelaws (Alternative Procedure) (England) Regulations 2016.'

6.2 At the request of Strategic Transport Officers Group (STOG), it is intended that the 7 West Midlands Local Authorities will be part of a joint approach to communications through their websites and any other agreed means such as engagement events

Process prior to submission to MCHLG

6.3 Obtain in principle support from WMCA Board for the proposed list of Byelaws

6.4 TfWM will then conduct its own regulatory assessment as to the necessity, proportionality and effect of the Byelaws

6.5 The assessment will include initial consultation with such persons as we consider may be affected by the proposed byelaws. As well as the travelling public, due to the nature of the proposed byelaws and their subsequent application, it is planned to consult more formally and directly with bus operators, West Midlands Police and other key stakeholders such as Transport Focus, Equality groups including the disabled.

6.6 Once completed a 'Statement of the Assessment' needs to be published on WMCA's website and publicised more widely so those likely to be affected know about it.

6.7 Following consultation and assessment a formal application must be submitted to MHCLG for approval or refusal to make the byelaws. MHCLG must respond within 30 days.

Process following approval from MCHLG

6.8 Should MHCLG give leave to make the proposed byelaws the WMCA must formally advertise and consult on them by publishing a 'Notice' stating consultation period of no less than 28 days. The notice should identify the area to which the proposed byelaws will apply, give a summary of their intended effect, and specify where they may be inspected as well as how representations can be made.

6.9 The 'Notice' should be published on WMCA's own website and in one or more local newspapers circulating in the area to which the byelaws are to apply.

6.10 Feedback on the consultation including any objections should be fully considered before making any decision on making the new byelaws. This includes reporting to the West Midlands Combined Authority Board for final approval to 'make' the byelaws.

6.11 If the WMCA formally resolve to 'make' the proposed byelaws they shall be made under the common seal of the Authority and shall not come into force for a further 30 days. They must also be publicised for at least a 7 day period before implementation.

7. Anticipated timescales leading to implementation

- WMCA Board – initial report for approval – January 2019
- Regulatory assessment & initial consultation – February 2019

- Submit application for approval to HCLG (decision in 30 days) – March 2019
- Advertise & consult - formal 'notice' of consultation period – April/May 2019
- WMCA Board – feedback on consultation and final approval – May 2019
- WMCA formally make the byelaws & publicise (30 day period) – June 2019
- Byelaws are implemented – July 2019

8. Equalities Implications

WMCA will ensure through its regulatory assessment that the proposed byelaws are proportionate and do not have an unnecessary, excessive or disproportionate effect on individuals.

WMCA will do this consulting with local Equality groups including disability groups to make sure that their opinions are taken into account.

9. Inclusive Growth Implications

None

10. Geographical Area of Report's Implications

The West Midlands 7 constituent Local Authority Areas

11. Other Implications

None

Appendix 'A'

Proposed Byelaws and their enforcement

Management of queuing

- A requirement for any person to queue in order to regulate order or safety on or near the premises, on or near the vehicle.
- Any person directed by a notice to queue, or when asked to queue by an authorised person, shall join the rear of the queue and obey the reasonable instructions of any authorised person regulating the queue.

Control of potentially dangerous items

- Except with written permission from the Operator or an authorised person, no person shall bring with him, attempt to bring with him or allow to remain on the premises or vehicle any potentially dangerous item.
- A potentially dangerous item is an item which, in the reasonable opinion of an authorised person, may be used to threaten, annoy, soil or damage any person or any property.
- For example: a loaded weapon of any kind; flammable, explosive or corrosive substance; any item which is or may become dangerous.

Smoking / Vaping

- No person shall smoke or carry a lit cigar, cigarette, lighter, match, pipe or other lighted item on any part of the premises or vehicle on or which there is a notice indicating that smoking is not allowed.
- No person shall vape on any part of the premises or vehicle on or which there is a notice indicating that vaping is not allowed.

Intoxication

- No person shall enter, attempt to enter or remain at bus premises or on a vehicle where such a person is unfit to enter or remain at bus premises as a result of being in a state of intoxication. Intoxication means being under the influence of intoxicating liquor, drugs or other substance.
- No person shall enter, attempt to enter or remain at bus premises or on a vehicle while in possession of an open container of alcohol unless expressly permitted to do so by the Operator in a particular area.
- No person shall consume alcohol on the premises or on a vehicle unless expressly permitted to do so by the Operator in a particular area.
- If an authorised person reasonably believes that any person is unfit to enter or remain on the premises or vehicle, or is in possession of alcohol, then the authorised person may require him to leave; remove any alcohol and prevent him from entering or remaining on the premises or vehicle until the authorised person is satisfied that he is no longer in an unfit condition or no longer has any alcohol with him in contravention of this byelaw.

Unfit to travel

- No person shall enter or remain on the premises or vehicle, if, in the reasonable opinion of an authorised person, he is in an unfit or improper condition or his clothing may soil or damage the premises or vehicle, or any property or clothing of other users of the premises or vehicle.

Unacceptable behaviour

- No person shall use any threatening, abusive, obscene or offensive language on the premises or vehicle.
- No person shall behave in a disorderly, indecent or offensive manner on the premises or vehicle.
- No person shall write, draw, paint or fix anything on the premises or vehicle.
- No person shall soil any part of the premises or vehicle.
- No person shall damage or detach any part of the premises or vehicle.
- No person shall spit on the premises or vehicle.
- No person shall leave litter or waste on the premises or vehicle, except into receptacles specifically provided by the Operator for that purpose.
- No person shall molest or wilfully interfere with the comfort or convenience of any person on the premises.

Music, sound and advertising

- Except with written permission from the Operator no person on the premises or vehicle shall, to the annoyance of any person, sing or use any instrument, article or equipment for the production or reproduction of sound.
- Except with written permission from the Operator no person on the premises or vehicle shall, display anything for the purpose of advertising or publicity, or distribute anything; or, sell anything or expose or offer anything for sale; or, tout or solicit for money, reward, custom or employment of any kind.
- Any written permission granted, when undertaking these activities must be handed over for inspection when asked by an authorised person.

Stations and premises

- No person shall use any escalator except by standing or walking on it in the direction intended for travel.
- No person shall open a barrier or door on premises or a vehicle except where there is a notice indicating that it may be used by him or with permission from an authorised person.
- Where there is a notice by an entrance or exit on any part of the premises or vehicle indicating that it shall be used for entrance or exit only, no person shall enter by the exit or leave by the entrance.
- No person shall enter or leave by an emergency exit except in an emergency or when directed to do so by an authorised person.
- No person shall move, operate or stop any lift or escalator except: in an emergency by means of equipment on or near which is a notice indicating that it is intended to be used in an emergency; or, in case of a lift, by means of any of the controls intended for use by that person.

General safety

- No person shall move, operate, obstruct, stop or in any other way interfere with any automatic closing door, bus, or any other equipment on the premises or vehicle except: in an emergency, by means of any equipment on or near which there is a notice indicating that it is intended to be used in any emergency; or, any equipment intended for the use of passengers in that way in normal operating circumstances.
- No person shall place, throw, drop or trail anything on the premises or vehicle, which is capable of injuring, damaging, or endangering any person or any property.
- No person shall, without reasonable cause, activate any emergency system and/or communications system provided on any part of the premises or vehicle.

Obedience to safety instructions

- An Operator may issue reasonable instructions relating to safety at or on any premises or vehicle by means of a notice on or near that part of the premises or vehicle. No person shall, without good cause, disobey such notice.
- An authorised person may, in an emergency or in other circumstances in which he believes he should act in the interests of safety, issue instructions to any person on the premises or vehicle. No person shall, without good cause, disobey such instructions.

Unauthorised access or loitering

- No person shall enter, attempt to enter or remain on any part of the premises or vehicle, where there is a notice: prohibiting access; or, indicating that it is reserved or provided for a specified category of person only, except where he belongs to that specified category; unless invited or directed to do so by an authorised person.
- No person shall loiter on the premises or vehicle, if asked to leave by any authorised person.
- No person whilst on the premises or vehicle, shall wilfully obstruct or impede any authorised person in the execution of his duty.
- No person above the age of ten years shall enter, attempt to enter or remain in any part of the premises or vehicle which is marked or notified as being for the exclusive use of persons of the opposite gender to that person.

Obedience to traffic signs, causing obstruction and parking

- No person in charge of any motor vehicle, bicycle or other conveyance shall use it on any premises in contravention of any traffic sign.
- No person in charge of any motor vehicle, bicycle or other conveyance shall leave it or place it on any premises or vehicle: in any manner or place where it may cause an obstruction or hindrance to an Operator or any person using the premises or vehicle; or, otherwise than in accordance with any instructions issued by or on behalf of an Operator or an authorised person.
- No person in charge of any motor vehicle, bicycle or other conveyance shall park it on any premises where charges are made for parking by an Operator or an authorised person without paying the appropriate charge at the appropriate time in accordance with the instructions given by an Operator or an authorised person at that place.
- The owner of any motor vehicle, bicycle or other conveyance used, left or placed in breach of this byelaw may be liable to pay a penalty as displayed in that area.
- The owner of any motor vehicle, bicycle or other conveyance used, left or placed in breach of this byelaw may be clamped, removed, and stored, by or under the direction of an Operator or authorised person.
- The owner of the motor vehicle, bicycle or other conveyance shall be liable to an Operator or an authorised person for the costs incurred in clamping, removing and storing it.

Pedestrian Only areas

- Any person who enters, or is on, any part of the premises to which the public have access must be on foot, except: where there is a notice permitting access to that part of the premises to those with specified conveyances; or where an Operator or an authorised person has given permission. In either case he shall obey any instructions given by an Operator or an authorised person.
- No person shall be in breach of this byelaw for properly using a baby carriage or wheelchair, except where there is a notice or instructions given by an authorised person to the contrary.

Control of animals

- The Operator or an authorised person may refuse carriage or entry to any animal which, in their reasonable opinion, may threaten, annoy, soil or damage any person or property on the premises or vehicle.
- No person shall bring an animal on any part of the premises or vehicle to which it has been refused access pursuant to this byelaw.
- No person in charge of an animal shall allow it to foul or damage any property, vehicle, or other part of the premises.
- No person in charge of an animal shall leave or place it unattended on any part of the premises or vehicle, except: with the permission of the Operator or an authorised person; or, in a place provided for that purpose by the Operator and only for as long as is absolutely necessary and in accordance with any direction of the Operator or an authorised person.
- If the person in charge of an animal breaches any of part of this byelaw then that person: may be asked to remove that animal, and if he fails to do so immediately, then that animal may be removed by or under the direction of an authorised person; shall be liable to the Operator for the cost incurred by or on behalf of the Operator in removing and keeping it; and shall be liable to the Operator for the cost of putting any property soiled or damaged back into its proper condition.
- Any person in charge of an animal shall carry it when on a moving escalator on the premises, unless that animal is a trained assistance dog or police dog.

Ticketless travel

- No person shall enter a vehicle unless he has with him a valid ticket.
- A person shall hand over his ticket for inspection and verification of validity when asked to do so by an authorised person.
- No person shall be in breach of this byelaw if: there were no facilities in working order for the issue or validation of any ticket at the time when he began his journey; or, there was a notice at the premises or entrance to the vehicle where he began his journey permitting journeys to be started without a valid ticket; or an authorised person gave him permission to travel without a valid ticket.

Altering tickets

- No person shall alter any ticket in any way with the intent that an Operator shall be defrauded or prejudiced.
- No person shall knowingly use any ticket which has been altered in any way in breach of this byelaw.

Unauthorised buying and selling of tickets

- No person shall sell or buy any ticket.
- No person shall transfer or receive any unused or partly used ticket, intending that any person shall use it for travelling unless the conditions of use for that ticket specifically permit such transfer.
- No person shall buy a ticket on behalf of another intending to enable another person to travel without having paid the correct fare.
- No person shall transfer or produce a ticket on behalf of another person intending to enable that other person to travel without having paid the correct fare.
- No person shall knowingly use any ticket which has been obtained in breach of this byelaw.
- The sale or transfer by, or the purchase or receipt from, an authorised person in the course of his duties or from an authorised ticket machine is excluded from the provisions of this byelaw.

Name and Address

- Any person reasonably suspected by an authorised person of breaching or attempting to breach any of the Byelaws shall give his name and address when requested to do so by an authorised person.
- The authorised person requesting details under this Byelaw shall state the nature of the suspected breach of the Byelaws in general terms at the time of the request.

Enforcement

- Anyone reasonably believed to be in breach of these byelaws shall leave the premises or vehicle immediately if asked to do so by an authorised person.
- Any person who is reasonably believed by an authorised person to be in breach of any of these byelaws and who fails to desist or leave when asked to do by an authorised person may be removed from the premises or vehicle by an authorised person using reasonable force. This right is in addition to the imposition of any penalty for the breach of byelaw.
- No person shall fail to carry out the instructions of an authorised person acting in accordance with the powers given by these Byelaws or any other enactment.
- Prior to removal of a person, the authorised person shall state the nature of any breach of any of these byelaws in general terms prior to exercising the power conferred upon him.
- An authorised person shall produce a form of identification when requested to do so if exercising this power: This identification should state the name of his employer and contain a means of identifying the authorised person.
- No person shall be subject to any penalty for breach of any of the Byelaws by disobeying a notice unless it is proved to the satisfaction of the Court before whom the complaint is laid that the notice referred to in the particular byelaw was displayed.
- Penalty: Any breach of these Byelaws ultimately resulting in conviction for a summary offence may be liable to a penalty not exceeding Level 3 (maximum £1,000) on the standard scale of fines.



WMCA Board

Date	11 January 2019
Report title	Regional Road Safety Strategy
Portfolio Lead	Transport - Roger Lawrence
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority tel: (0121) 214 7200 email: deborah.cadman@wmca.org.uk
Accountable Employee	Anne Shaw, Director of Network Resilience tel: (0121) 214 7881 email: anne.shaw@tfwm.org.uk
Report has been considered by	TfWM Senior Leadership Team Senior Transport Officers Group

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Agree and endorse the West Midlands Regional Road Safety Strategy (RRSS).
- (2) Endorse the proposed governance arrangements of a new Regional Road Safety Strategic Group (RRSSG) to drive forward the Strategy, other future regional initiatives as outlined in chapter 5 and any new regional funding opportunities for road safety in the region.
- (3) Authorise the RRSSG to develop a Regional Road Safety Action Plan (RRSAP); incorporating the measures and initiatives, as set out in chapter 5 of the RRSS.

1. Purpose

- 1.0 To update STOG on the development of the RRSS and to agree on the establishment of a RRSSG and development if a RRSAP. Combined, these will take forward a regional road safety approach across the WMCA area.
- 1.1 The RRSS forms an overarching executive strategy which is informed by existing local Road Safety Strategies; Movement for Growth and strategies of our other partners including the West Midlands Police, West Midlands Fire, Public Health England and Highways England.
- 1.2 The RRSS's overarching objective is to achieve a 40% reduction in the number of killed and seriously injured (KSI's) over the next 10 years, based on the 2015-2017 average; but with a longer term ambition to achieving zero harm on roads in the West Midlands. However other objectives are also important including:
- Addressing regional road safety challenges in partnership with Local Authorities and other key stakeholders and developing a clear road map to address road safety for all road users.
 - Supporting an effective regional road safety agenda which is planned and managed in a consistent and collaborative way;
 - Establishing a long term, stable funding process to ensure our regions roads are safer. This will include investment in public transport, technology, cycling and walking, engineering measures and wider promotional and educational activity;
 - Developing a joint partnership approach to evaluate the causes of personal injury collisions and establishing a consistent approach to casualty reduction in the West Midlands;
 - Developing a consistent approach to the intelligent led enforcement of road traffic violations and driver awareness; and
 - Ensuring effective and efficient use of the resources available.

2. Background

- 2.0 The Mayor of the West Midlands now has concurrent powers with constituent authorities for road safety under Section 39 of the Road Traffic Act 1988. This power covers the West Midlands Combined Authority area. A Road Safety Memorandum of Understanding (MoU) between the elected Mayor, the WMCA and constituent local authorities and partners was agreed by the Combined Authority Board in September 2018, with an aim to harmonise procedures and support the RRSS.
- 2.1 Such devolution powers enables Local Authorities and the WMCA to decide on what safety measures are needed in the region, rather than having centralised national target and will support a greater regional partnership.
- 2.2 The wider social and economic consequences of collisions in our region also plays a significant part. Socially, the devastation caused by road traffic collisions is harrowing on the families and communities affected. Economically, the cost per fatal casualties in 2017 was £2,130,921. Reducing the social and economic costs of collisions on society is therefore a priority for the region.

- 2.3 The RRSS will be managed by a new RRSSG. This group will provide a strategic role and coordinate a multi-agency approach to reducing the number of casualties on our region's roads.
- 2.4 This role will help make our region's roads safer and create a more resilient network, through local delivery. Casualty reduction will also reduce the adverse impact on communities, the NHS, traffic congestion, air pollution and the region's economy.
- 2.5 The RRSS promotes both the Department for Transport and the United Nations Global Plan for Road Safety. The five key pillars are focussed on for reducing road traffic collisions and fatalities. These pillars are as follows:
- **Pillar 1:** Road Safety Management
 - **Pillar 2:** Safer Roads and Mobility
 - **Pillar 3:** Safer Vehicles
 - **Pillar 4:** Safer Road Users
 - **Pillar 5:** Post Crash Response
- 2.6 Based on these pillars, a number of principle strategic outcomes for the RRSS have been developed for our region. These include:
- Establish the strategic approach to all aspects of road safety in the West Midlands Combined Authority Area
 - Develop a RRSAP which addresses the road safety concerns and challenges being faced
 - Ensure that all partners adopt an outcome based approach and develop the mechanism for reporting to the WMCA Board
 - Monitor and analyse road casualty data against the 40% Killed or Seriously Injured reduction target to ensure that the right groups are being targeted
 - Evaluate the effectiveness of activities to reduce road casualties and encourage the sharing and adoption of good practice across the West Midlands Combined Authority Area.
- 2.7 This strategy will provide an overarching framework that delivers on devolution within the West Midlands through a multi-agency regional approach and embraces the concurrent legal powers available to the RRSSG, the functions and services it will oversee, including the associated financial implications.
- 2.8 Improving Road Safety is critical to the overall vision of Movement for Growth. The approval of the RRSS will support the delivery of a number of policies outlined in Movement for Growth, particularly:
- Policy 1: To accommodate increased travel demand by existing transport capacity and new sustainable transport capacity;
 - Policy 3: To maintain existing transport capacity more effectively to provide greater resilience and greater reliability for the movement of people and goods
 - Policy 11: To significantly increase the amount of active travel in the West Midlands Metropolitan Area
 - Policy 12: To significantly reduce road traffic casualty numbers and severity.
- 2.9 At a local tier, road safety will improve the quality of life of people, health and wellbeing along with reducing delays and disruption which is critical to improving network resilience.

Specific road safety policies also include “seeking a reduction of at least 40% in the number of KSI road traffic collisions within 10 years from a base of the average of the road traffic collision figures for 2015 to 2017”, whilst increasing the amount of walking and cycling in the Metropolitan Area transport modes, SPRINT and travel demand management.

3.0 Next steps

3.0 This strategy will provide an overarching framework and multi-agency approach. The next stage will be to formally establish the RRSSG; reporting into the West Midlands Combined Authority Board and establishing a strategic approach to all aspects of road safety in the WMCA Area.

3.1 The group will work towards the implementation of road safety activities, through the existing Memorandum of Understanding (MoU) on Road Safety. This will act as formal agreement between the partners; ensuring road safety measures are delivered in a coordinated way. The MOU includes all concurrent legal powers available to the RRSSG and the function and services it will oversee, including the associated financial implications. The RRSSG will also:

- Develop a RRSAP, addressing the road safety concerns and challenges being faced across the region;
- Adopt an outcome based approach with local authorities and a clear mechanism for reporting to the WMCA Board;
- Examine current casualty trends and establish targets to reduce recurrence on the road network;
- Monitor the RRSAP deliverables and analyse road casualty data against the 40% KSI reduction target to ensure that the right groups are being targeted and evaluate the effectiveness of activities to reduce road casualties and encourage the sharing and adoption of good practice across the West Midlands Combined Authority Area.
- Identify road safety funding streams where available; and
- Enhance current road safety practices and explore innovative approaches to casualty reduction.

4. Financial Implications

4.0 There are no direct financial implications as a result of this report with all on-going related activities funded within existing budgets. However, one of the early priorities of the RRSSG will be to work with partners to identify potential funding streams to ensure that the strategy is sustainable in the long term given the restrictions on funding to local authorities and their partners.

5. Legal Implications

5.0 There are currently no legal implications arising from the content of this report on the status of the RRSS. However future legal input will be required in relation to cross-boundary rights and responsibilities between statutory partners.

6. Equalities Implications

- 6.0 The production of a RRSS will have implications on WMCA's wider equality policies. The strategy will help increase social inclusion and well-being, as well as helping unite communities especially for some of the most disadvantaged people in the WMCA area.

Therefore a RRSS is considered to have a beneficial impact on equalities considerations.

7. Inclusive Growth Implications

These are reflective within the body of the report.

8. Geographical Area of Report's Implications

This report applies across the West Midlands Combine Authority area.

9. Other Implications

9.0 Environmental implications

There are no environmental impacts resulting directly from the recommendations within this report. Developing a safer network across the region will help develop the use of sustainable and active travel modes which in turn will have significant environmental benefits and particularly help to improve air quality and congestion.

10. Schedule of Background Papers

None

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West Midlands Regional Road Safety Strategy



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Foreword



Andy Street

Road safety affects everyone in our region and improving the safety of our roads is a key factor in making the West Midlands an attractive place to live, work and visit.

The primary objective of the West Midlands Regional Road Safety Strategy is to reduce the number of people killed or injured as a result of road traffic collisions and to make our roads safer for all road users. Although we want to eventually reduce the number of people harmed in road traffic collisions to zero, the Regional Road Safety Strategy aims to reduce the number of people Killed or Seriously Injured (KSI's) by 40% over the next decade.

Over the past 15 years, we have collectively achieved a reduction in the number of people killed or seriously injured. However recent trends indicate our region, like many others across the nation, is starting to experience an

Andy Street

West Midlands Mayor and
Chair of the WMCA



Cllr Roger Lawrence

increase in KSI's. Every collision that results in personal injury on our roads is traumatic for everyone involved and has a negative impact on our people and our region's economy.

To support casualty reduction, we have adopted the 'Safe Systems' approach, which provides a more forgiving road system that is designed to protect people from death and serious injury.

This strategy has been developed in combination with other important transport and economic strategies such as Movement for Growth, and has been constructed so it can be updated and adapted annually to tackle the complexities associated with KSI reduction.

We have recently agreed a Memorandum of Understanding setting out how the West Midlands Combined Authority and its stakeholders intend to work together on road safety.

Cllr Roger Lawrence

Chair of the Transport Delivery Committee and Leader
of the City of Wolverhampton Council

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It is our hope that all our partners and stakeholders, working together with our communities, businesses and individual members of the public, will join together to help deliver improvements on our roads.

Following an extensive analysis of collisions on our region's roads, the following five key target groups have been identified:

- Adult/ Child pedestrians
- Pedal cyclists
- Motorised two-wheelers
- Young drivers and their passengers
- Drivers over 26

In collaboration with road safety experts, we have taken a multi-agency approach to developing this strategy. We believe its adoption will benefit all our residents and will contribute to a vibrant and stronger regional economy.

Message from the Police and Crime Commissioner



Road safety is a key priority for preventing crime, protecting the public and helping those in need. Road traffic collisions in the West Midlands cause loss of life, major disruption and damage to the economy. Most of these collisions are preventable.

As a former Transport and Road Safety Minister, I have made road safety one of the top priorities in my Police and Crime Plan. As Transport Minister, I was instrumental in introducing the original ban on driving while using a handheld mobile phone. I also worked closely with the Police on road safety issues and was influential in giving the Police powers to seize uninsured vehicles.

The West Midlands Combined Authority (WMCA) is playing a key role in improving transport provision in the region. Both Councils and the WMCA must cooperate urgently to get traffic light signals linked up, ensuring the roads run safer and more smoothly, bringing both safety and cost benefits.

West Midlands Police have led on cycling safety, pioneering

'close pass' road safety scheme, which has received widespread praise. West Midlands Police launched #OpClosePass two years ago in a bid to educate motorists on the dangers of overtaking too close to cyclists, making cycling a safer option for commuters.

Four years ago, I pledged to ensure that West Midlands Police support the development of the local economy and our communities. Our roads are the arteries of our economy and ensuring they are safe and secure for road users is central to social wellbeing, driving investment into the region and creating jobs. Good policing has the ability to deny our roads to criminals, keeping both traffic and the economy working. Keeping our roads safe and reducing the number of victims, not only cuts down on the devastating human cost of collisions, but is good for the economy as well. Each death on our roads is estimated to cost £2.1 million on average to the economy.

In 2016, a fatal incident on the M6 motorway forced part of the Birmingham stretch to close for almost 24 hours. Following this, I called a hearing to establish

effectiveness of multi-agency work in getting the motorway open in a safe and timely manner and the management of traffic in the vicinity of the incident site.

To prevent similar disruption and open the motorway as quickly and safely as possible, recommendations were made including a programme of exercise to handle unplanned motorway closures and ensure Highways England review several of their protocols linking to management of incidents.

Roads are a key network for the business supply chain, linking producers, markets and customers. I will continue to seek a safe, secure and efficient road network in our area, ensuring West Midlands roads are a safe place to be. Clear road safety targets are a key part of this strategy. It is welcome that since the government dropped national targets several years ago. We are bringing them back and showing leadership on this issue.

David Jamieson
Police and Crime Commissioner

A handwritten signature in black ink that reads "David Jamieson". The signature is written in a cursive style with a long horizontal line extending to the right.

Partner Agreement

Roles of The Key Partners

West Midlands Combined Authority

Local Authorities

Transport for West Midlands

West Midlands Police

Police and Crime Commissioner

West Midlands Fire Service

Highways England

All partners agree to work in partnership to reduce road traffic casualties in the West Midlands, with the objective of:

- Adopting an iterative approach to evaluating the cause of personal injury collisions and develop a consistent approach to casualty reduction;
- Developing a consistent approach to the intelligence led enforcement of road traffic violations and driver awareness;
- Agreeing the West Midlands Road Safety Action Plan which is aimed at achieving casualty reduction targets; and
- Using available resources to effectively and efficiently support the Regional Road Safety Strategic Group (RRSSG).

Key decision making about how to allocate resources will be undertaken by the RRSSG. resources will be undertaken by the Road Safety Strategic Group (RSSG).



Executive Summary

Whilst both Great Britain and the West Midlands region have seen substantial and sustained reductions in road casualties, according to the Department for Transport (DfT)¹, this significant progress in casualty reduction is due to several factors, including advanced vehicle safety, enhanced road safety engineering, improved driver training, better road safety education and improvements in post-collision care, in recent times these have increased in the West Midlands.

A contributing factor is a significant increase in the numbers of motorised vehicles resulting in congestion and a significant decline in the quality of mobility and safety for all road users, particularly vulnerable road users such as pedestrians.

To address the road safety challenges, Transport for West Midlands (TfWM) a part of the West Midlands Combined Authority, in partnership with local authorities and other stakeholders has developed the Regional Road Safety Strategy (RRSS). This Strategy provides direction to address road safety for all road users across the West Midlands Metropolitan region.

In seeking to achieve safer roads, the RRSS acknowledges the government's Strategic Framework for Road Safety (2011) which emphasises decentralisation and encourages local accountability on delivery. Consequently, this Strategy is regionally driven but locally delivered.

The core theme underpinning our approach to this Strategy is that enhancing road safety requires a multidisciplinary approach to reduce and sustain casualty reduction targets. Counter measures which will be detailed in the RRSS Action Plan, will be identified through a comprehensive evaluation

process and based on the United Nation's five pillars approach. These pillars are

- Road Safety Management;
- Safer Roads and Mobility;
- Safer Vehicles;
- Safer Road Users; and
- Post-Crash Response.

Safer roads are vital to residents of the West Midlands, not only to reduce the amount of people affected by killed or seriously injured people, but to support the West Midlands as a growing region.

Improving road safety at key junctions also brings enhancements to traffic flow and improves journey times for those residents and businesses travelling within the region. Reducing congestion on our roads is a key issue that all partners are committed to tackling.

Improvements to the flow of people and goods deliver economic benefits and make the region more attractive to investment while reducing air pollution, providing a health benefits to us all.

This Strategy encourages effective partner collaboration to achieve a 40% reduction in the number of killed and seriously injured (KSI's) over the next 10 years, based on the 2015-2017 average.

¹ Strategic framework for Road Safety 2011
<https://www.gov.uk/government/publications/strategic-framework-for-road-safety>

1. Introduction

The RRSS sets out how we intend to reduce KSI road casualties by 40% over the next ten years based on the 2015-2017 three-year average, in the West Midlands Metropolitan region. Alongside this, there is the importance of tackling slight collisions on our roads. By adopting this Strategy, we will be taking action towards reducing the social, health and economic losses associated with such collisions.

The Global Context

The United Nations' Global Plan for Road Safety¹ promotes five pillars that aim to stabilise and reduce global road traffic fatalities. These pillars are holistic and focussed; they are:

- **Pillar 1:** Road Safety Management
- **Pillar 2:** Safer Roads and Mobility
- **Pillar 3:** Safer Vehicles
- **Pillar 4:** Safer Road Users; and
- **Pillar 5:** Post Crash Response

The National Strategy

The Department for Transport (DfT) published Working Together to Build a Safer Road System² in 2015 as part of its commitment to investing in national road safety, building on the five pillars. The Safe Systems is considered by many experts as the most appropriate approach in guiding the management of road safety.

The principles of the Safe Systems approach are;

- Human beings make mistakes that lead to road collisions;
- The human body by nature has a limited ability to sustain collision forces with known tolerance to injury thresholds; and
- It is a shared responsibility between stakeholders (road users, road managers, vehicle manufacturers, etc.) to take appropriate actions to ensure that road collisions do not lead to serious or fatal injuries.

The DfT reported³ that the cost per fatal casualty in 2017 was £2.1 million. This figure was used to determine the cost of all casualties in road traffic collisions in the WMCA area for the period 2015 – 2017, which was £444 million. per year. This includes the human cost which reflects pain, grief and suffering; the direct economic costs of loss of output and the medical costs.

The Regional Approach

Devolution and the government's decentralisation agenda now enables local authorities and the WMCA to decide on what safety measures are needed in their areas, rather than having centralised national targets.

We recognise that to achieve greater efficiency and collaboration in working towards the 40% reduction, there is a need for greater regional partnership.

This Strategy will provide an overarching framework that delivers on devolution within the West Midlands. We will establish this strategy through a multi-agency Regional Road Safety Strategic Group (RRSSG). This group reporting into the West Midlands Combined Authority Board, will work towards the implementation of road safety activities, through a Memorandum of Understanding (MoU). The MoU is a formal agreement between the partners to enable the Strategy and Action Plan to be delivered. It also includes the concurrent legal powers available to the RRSSG, the functions and services it will oversee, including the associated financial implications.

¹. United Nations Global Plan for Road Safety
https://www.who.int/roadsafety/decade_of_action/plan/plan_english.pdf

². Road Safety Statement: Building a safer road system

<https://www.gov.uk/government/publications/road-safety-statement-working-together-to-build-a-safer-road-system>

³. Cost of road casualties in Great Britain

<https://www.gov.uk/government/statistics/reported-road-casualties-great-britain-annual-report-2017>

The RRSSG will also;

- Establish the strategic approach to all aspects of road safety in the West Midlands Combined Authority Area;
- Develop a Regional Road Safety Action Plan which addresses the road safety concerns and challenges being faced;
- Ensure that all partners adopt an outcome-based approach and develop the mechanism for reporting to the WMCA Board;
- Monitor and analyse road casualty data against the 40% KSI reduction target to ensure that the right groups are being targeted;
- Evaluate the effectiveness of activities to reduce road casualties and encourage the sharing and adoption of good practice across the West Midlands Combined Authority Area.



Strategic Overview

Monitoring and Evaluation: Led by Regional Road Safety Strategic Group (RRSSG)

Contributions from: All key Partners

Responsibilities:

- Establishing the strategic approach to all aspects of road safety in the West Midlands Metropolitan Area
- Ensuring that all partners adopt an outcome-based approach and hold them to account
- Accountable for the implementation of the Road Safety Action Plan
- Monitor and analyse road casualty data to ensure that the right groups are being targeted
- Evaluate the effectiveness of activities to reduce road casualties – encouraging the sharing and adoption of good practice across the West Midlands Metropolitan Area



Local Authority Delivery

Local authorities, West Midlands Police and Fire Service together with key stakeholders are essential delivery partners for the action plans of this Strategy. Every Highway Authority in England has a Statutory Duty under Section 39 of the Road Traffic Act 1988 to promote and improve road safety by disseminating information or advice relating to the use of roads.

The Act states that each local authority:

- Must carry out studies into collisions arising out of the use of vehicles on roads or parts of roads, within their area;
- Must, in light of such studies, take measures as appear to be appropriate to prevent such collisions; and
- In constructing new roads, must take such measures as appear to be appropriate to reduce the possibilities of such collisions when the roads come into use.

In the West Midlands the above duties are shared concurrently with the local authorities and the WMCA

Policy and Strategy Influencers for the West Midlands

The RRSS aims to actively invest in a range of road safety measures and initiatives carried out by its local authorities, alongside acknowledging the key supporting role that our emergency services and enforcement agencies have in preventing and reducing casualties.



Regional Road Safety Strategy

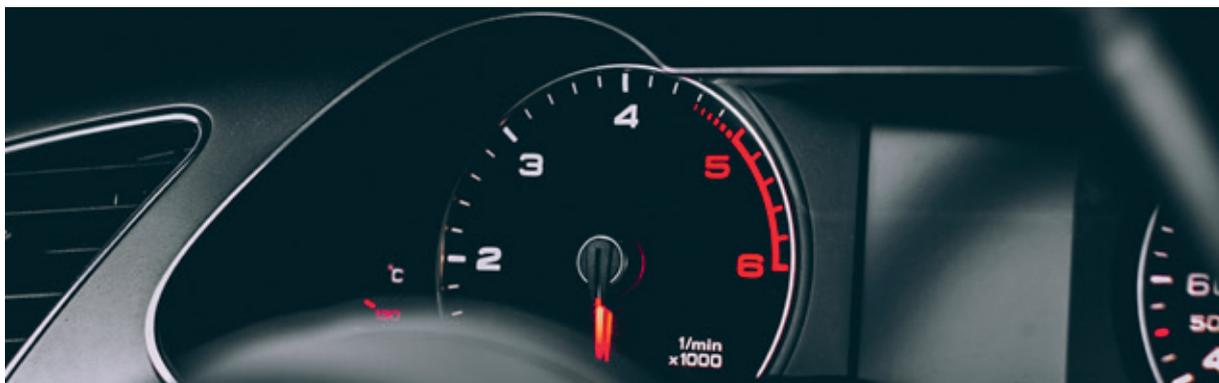
Figure 1 The following figure provides an overview of the policies and strategies which feed into this RRSS.



Figure 1 – An overview of the policies and strategies which feed into the RRSS.

*Indicates documents still in development as of December 2018.

2. Background



As the region becomes more economically active and as our population grows, it is important to create safer roads. Over the last decade, progress has been made in pursuit of better road safety, however more needs to be done to address the upturn in KSIs since 2012.

The West Midlands Road Safety Strategic Vision

Collisions on our roads have a devastating impact on the lives of individuals, friends, families and communities. This RRSS will be a crucial tool in making our roads safer by improving the transport network, delivering inclusive growth, increasing the uptake of active travel modes and in creating a healthier West Midlands.

The principle strategic outcome for road safety in our region is:

- Reducing the number of people killed and seriously injured on our roads.

In addition to the above, other objectives will include:

- A reduction in the number of vulnerable people being injured on our region's roads and addressing gaps in equalities to promote inclusive growth;
- Encouraging more people to choose active travel, reducing car usage and improving our region's air quality; and
- Making road spaces safer for all users, thereby reducing the economic costs of collisions on society.

Challenges

To achieve the overall target and objectives of this RRSS, we acknowledge there are several challenges faced by our region, these include:

Resources

Across the transport sector in general there has been pressure put on resources both monetarily and in human resources. These factors will impact on the successful delivery of the overall strategy;

Data

There are currently several data collection gaps that will need to be addressed to improve the evidence base;

Insurance Breaches

The West Midlands region is currently the second largest region in the UK for the number of motorists driving without insurance. This has major implications for resources and cost to the economy; and

Fatal Four

The challenge of the fatal four common causes of collisions - alcohol, distractions, seatbelts and speed – still remains extremely significant and will require adopting well proven and innovative approaches, to reduce them.

Wider considerations

- Children living in more deprived areas are more at risk of being seriously injured or killed than children living in other areas. We acknowledge that there are multiple areas of deprivation across the region.
- In the West Midlands, fewer people are choosing active modes of travel¹ and around 3 in every 10 people get less than 30 minutes of physical activity every week. Our street designs can discourage social contact and decrease community cohesion, particularly where traffic volumes are heavy.
- Our population is growing; the estimates for 2018² show the West Midlands has a population of 2.9 million. This is an increase of 10% since 2016, resulting in many more people travelling around our region, increasing the number of potential collisions.



¹ West Midlands on the Move 2017

www.wmca.org.uk/what-we-do/public-service-reform/west-midlands-on-the-move/

² Movement for Growth

www.tfwm.org.uk/strategy/movement-for-growth/

3. The Evidence

Regional Casualty Analysis

Road Traffic Collision data is collected by the police and sent to both the DfT and local authorities. Local authorities then send this information to TfWM for analysis, on behalf of the WMCA. The collection and processing of collision data requires close co-operation between central, regional and local government bodies and the police.

Road safety interventions are reliant on data quality to ensure the best road safety initiatives are introduced. The careful analysis of personal injury collision data has enabled the region to develop schemes focusing resources on locations, causation and other factors.

Many factors contribute to road traffic collisions, and it is becoming increasingly difficult to establish trends or patterns that can be mitigated through a single approach. Engineering alone will not enable the region to realise its casualty reduction target. Therefore, innovative ways of incorporating education, engineering, enforcement and encouragement will focus our resources in pursuit of the region's KSI reduction target.

There are other data sources available, such as Hospital Episode Statistics, Ministry of Justice data, coroners' reports and insurance company information but at present, these are not utilised.

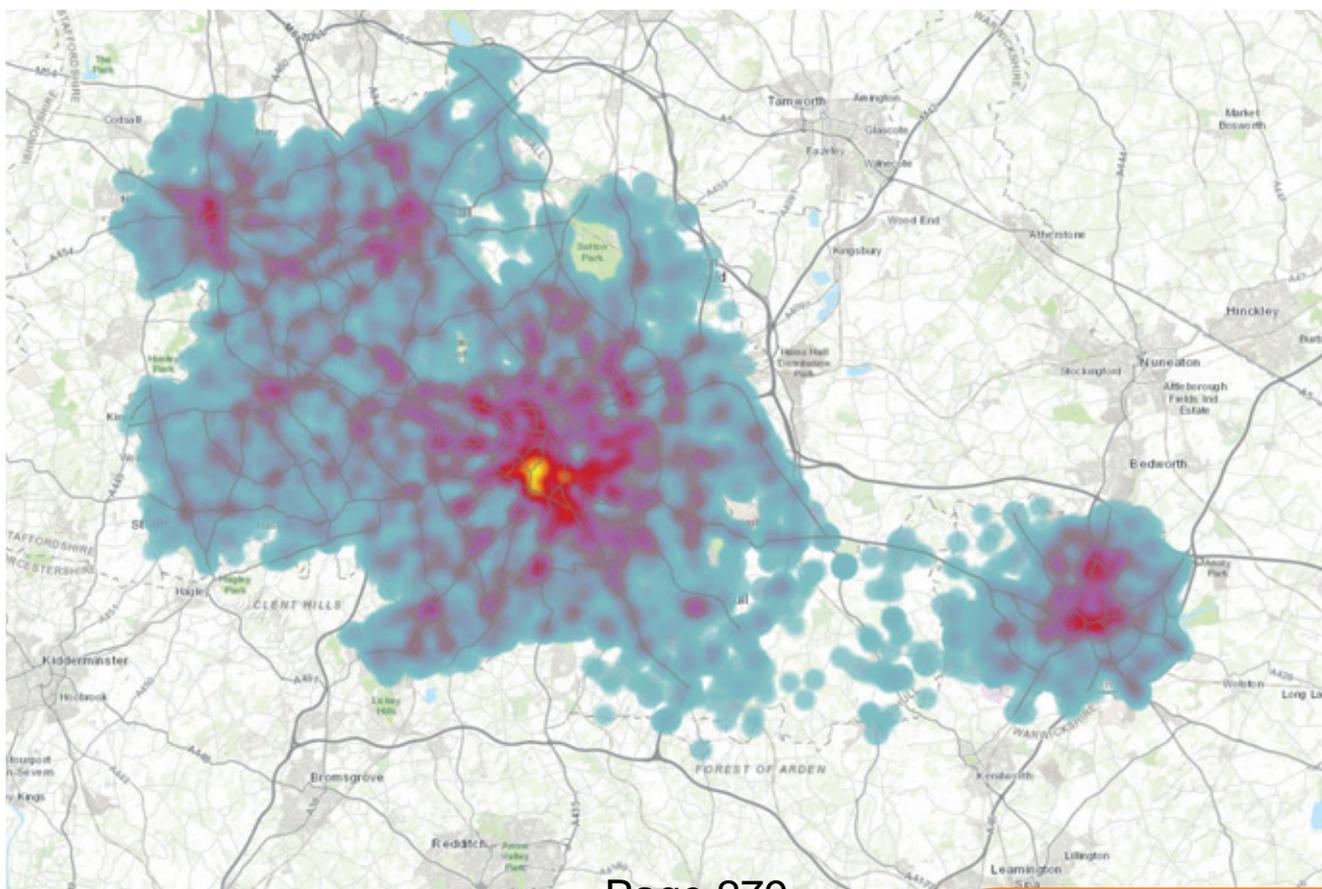
Figure 2 below shows the concentration of collisions across the West Midlands.

¹ Cost of Road Traffic Collisions

<https://www.gov.uk/government/statistical-data-sets/ras60-average-value-of-preventing-road-accidents>

^{2, 3, 4 & 5} Cost of Collisions in the West Midlands and Casualties in the West Midlands

Transport for West Midlands Data



Social and Economic Cost of Casualties

The United Kingdom and the West Midlands on a regional level has seen substantial and sustained reductions in the number of road traffic casualties. Advances in road safety engineering, road safety education, advanced vehicle safety and improved driver training have all contributed to casualty reduction in the region.

The devastation caused by road traffic collisions cannot be underestimated, and apart from the traumatic personal consequences; there are also wider social and economic impacts. The DfT estimates that the average economic cost of a collision in Great Britain 2017 was £90,424¹ for all collisions. In the last three years in the West Midlands the total cost of collisions was £2.1 million².

In 2002, there were 1,304 KSIs³ casualties in the West Midlands region. However in 2013 this figure decreased by 31% to (895) over the 11 year period⁴.

Although we have made progress in KSI casualty reduction regionally, since 2013 the number of people KSI has started to increase steadily and now stands at 1,057⁵ (2017).

KSI casualties in road traffic collisions in the WMCA area, 2015-17

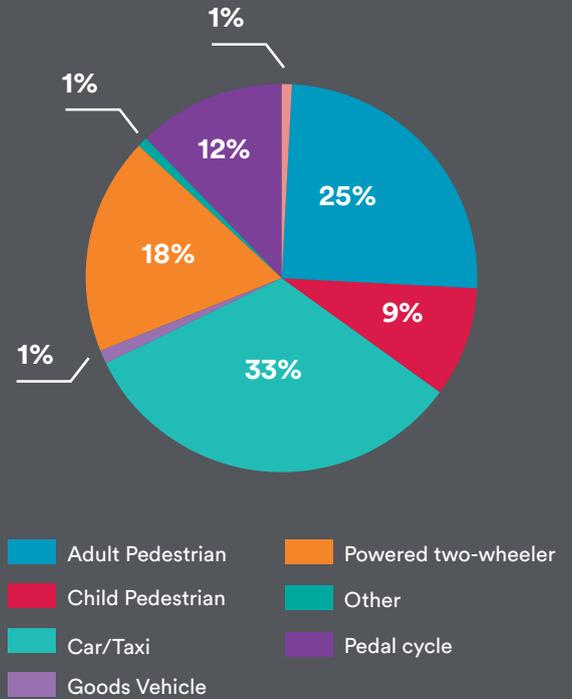
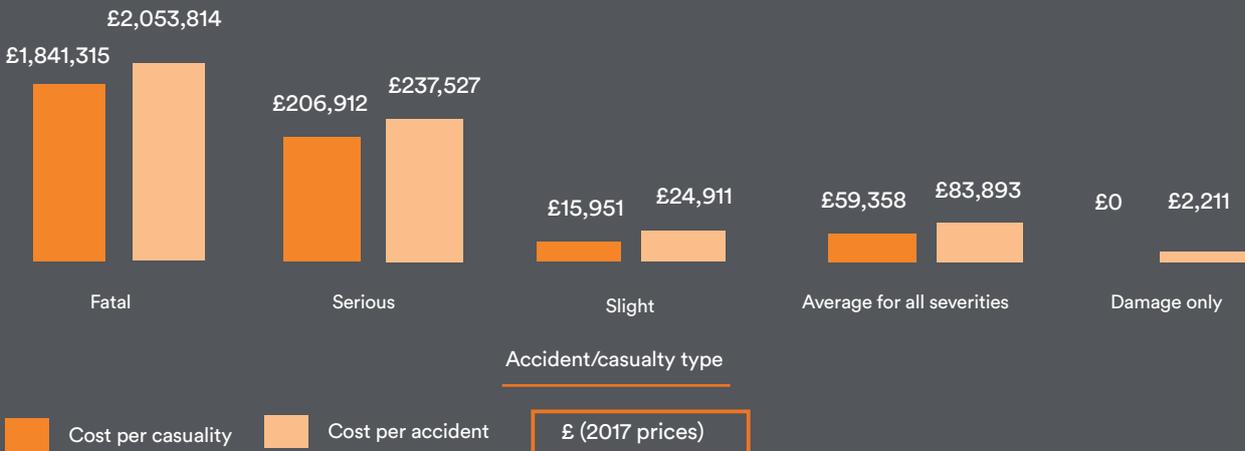


Figure 3 - KSI casualties in Road Traffic Collisions in the WMCA area, 2002 - 2017

These figures are for 'Average value of prevention per reported casualty and per reported road accident in 2017.' – for the whole of Great Britain.



¹ Cost of Road Traffic Collisions
<https://www.gov.uk/government/statistical-data-sets/ras60-average-value-of-preventing-road-accidents>
^{2, 3, 4 & 5} Cost of Collisions in the West Midlands and Casualties in the West Midlands
 Transport for West Midlands Data



What we do with the data

Intelligence-Led Road Safety Data Insight Service

This Strategy is coordinated regionally and delivered through each local authority which is responsible for investigating road traffic collisions and defining 'at risk' road user groups.

The programmes developed by the local authorities will be driven by the evidence utilising a Safe Systems approach. We recognise that targeted approaches, that are demographic appropriate, are the most effective.

The knowledge constituent authorities have across their boundaries make them best placed to investigate roads with high collision rates. When this information is analysed, road traffic collision data is used

to produce detailed reports and make recommendations for possible solutions.

Using the above data, TfWM has developed a bespoke system to enhance the way we currently analyse collisions. The Data Insight Service Team retains and analyses the region's road collision data and provides partners with monthly updates utilising a number of different formats.

In addition, we work closely with West Midlands Police and other stakeholders to improve the data received to enable monitoring of the region's locations, causation factors and other trends which are in the greatest need for road safety intervention.

Casualty Reduction Targets

This Strategy seeks to reduce casualties by 40% - in line with the West Midlands Movement For Growth Strategic Transport Plan, by 2028. Delivery plans by local authorities will be targeted towards these areas:

- Adult Pedestrians
- Child Pedestrians
- Pedal Cyclists
- Powered 2 Wheelers (including passengers)
- Car / Taxi (including passengers)
- Public Transport

2015 - 2017 average Targeted Reduction by 2028

	Adult pedestrian	264	158
	Child pedestrian	95	57
	Pedal Cyclist	126	75
	Powered 2 Wheelers (including passengers)	183	110
	Car/ Taxi* (including passengers)	343	207
	Public Transport	8	5
	Total	1021	612

All the information presented is correct as of December 2018

* The focus within this target group will be young drivers aged 16 - 25, and everyone else 26 and over.

Targeted Casualty Reductions

Target Group 1: Pedestrians

Road traffic personal injury collisions are preventable. Pedestrians are especially vulnerable in the highway environment, as they are not protected from the forces of a road collision as vehicle occupants are.

The key risks to pedestrians include driver behaviour attributed to speeding and drink/drug driving. Other significant contributory factors include the lack of dedicated infrastructure for pedestrians.

West Midlands Pedestrian Casualties

In the West Midlands between 2015 -2017 there were an average of 365 pedestrians killed or seriously injured each year. This has reduced significantly, as the 2001 - 2003 the average stood at 510.

In terms of fatal injuries, there were 183 recorded during the period 2015-2017. Adult and child pedestrians represented 40% of all fatalities with other categories such as drivers/riders showing 46% and passengers at 14%.

The data shows that males are more likely to be a pedestrian casualty than females.

The evidence shows that the weekday evening peak period represents the time of the day with the greatest risks for pedestrians, particularly during the time period 3pm - 7pm. This could be attributable to the higher number of pedestrians on the road system during this period.

Pedestrians represent 40% of all fatalities in the region.

On average in the West Midlands there is one pedestrian killed or seriously injured on roads every day.

On average in 2015-2017



365

Pedestrians are killed or seriously injured each year which includes:

25

fatal

This represents 40% of all fatalities each year on average

215

Male KSI

This represents 59% of all pedestrian KSI casualties 59%

150

Female KSI

This represents 41% of all pedestrian KSI casualties

3-7

pm

40% of weekdays KSI pedestrian road traffic collisions

Targeted Casualty Reductions

Target Group 2: Pedal Cyclist

Many people choose to cycle for fun, fitness or to get to work, more and more miles are cycled on roads in Great Britain every year.

Addressing the safety concerns of existing and potential cyclists has been fundamental to increasing cycling throughout the region.

The West Midlands Cycling Charter¹ seeks to raise levels of cycling across the Metropolitan region to 5% of all trips by 2023. This represents a 400% increase in cycling journeys from the 1% baseline.

West Midlands Pedal Cyclist Casualties

The increase in cyclist numbers in the West Midlands has seen an increase in the total number of cyclist casualties across the region.

There has been a significant increase in the number of cyclist KSI's over the past few years. The previous average from 2011 – 2014 was 103 casualties and this has risen to 126 for the period 2015 – 2017.

Similarly to pedestrian casualties, the data shows that males are more likely to be a cyclist casualty than females.

Cyclists represent 12% of all KSIs² in the region.

¹ West Midlands Cycling Charter
www.tfwm.org.uk/media/2715/cycling-charter.pdf

On average in 2015-2017



126

(cyclists are killed or seriously injured each year)

3

 fatal

This represents 5.5% of all fatalities each year on average.

115

 Male KSIs

This represents 91% of all cyclists KSI casualties each year on average.

11

 Female KSIs

This represents 9% of all cyclists KSI casualties each year on average.

12%

Of All KSI casualties

Targeted Casualty Reductions

Target Group 3: Powered 2 Wheelers (P2W) including riders and passengers

Those who use P2W are one of the most vulnerable user groups, along with pedal cyclists, horse riders and pedestrians. These groups are not protected by a vehicle body in the same way as car users. They also tend to be harder for other drivers to see on the road. Therefore, they are more susceptible to injuries as a result of collisions. Motorcyclists, in particular, have the highest collision and injury rates per mile travelled of all road user groups.¹

West Midlands Powered 2 Wheelers (P2W) including riders and passengers casualties

During the period 2015 – 2017, on average, there were 183 users of P2W killed or seriously injured on West Midlands - roads, per year.

There have not been any significant reductions in the number of users of P2Ws killed or seriously injured over the last 10 years.

The number of KSIs are higher for male users when compared to female users.

Motorcyclists represent 17.5% of all KSI's in the region. This includes 16.7% of riders and 0.8% of passengers.

¹ RoSPA Road Safety Research: Common Motorcycle Crash Causes

www.rospa.com/rospaweb/docs/advice-services/road-safety/motorcyclists/common-motorcycle-crash-causes.pdf

On average in 2015 - 2017



183

On average users of P2W are killed or seriously injured each year which includes:

10

 fatal

This represents 16.4% of all fatalities each year on average, 15.8% riders and 0.5% passengers.

174

 Male KSIs

This represents 95% of all P2W including riders and passengers KSI casualties each year on average.

9

 Female KSIs

This represents 5% of all P2W including riders and passengers KSI casualties each year on average.

Targeted Casualty Reductions

Target Group 4; Young Drivers (aged 16 – 25) and their passengers, cars and taxis (only)

Young drivers are less likely to agree that many behaviours are dangerous and more likely to find a range of actions acceptable. Coupled with their limited experience and attitude to risks, they may be more likely to speed, use their mobile phone, drive without an MOT or insurance drive when tired or after consuming alcohol or taking drugs¹.

West Midlands Young Drivers (aged 16 – 25) and their passengers, cars and taxis (only)

During the period 2015 – 2017, the average number of young drivers (16-25) killed or seriously injured was 39. In a report by the UK Parliamentary Advisory Council for Transport Safety (PACTS), young people were highlighted as facing a unique combination of factors that lead to a higher rate of collisions and deaths.

¹ Young and novice drivers – Commons library briefing <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN00517#fullreport>

On average in 2015 - 2017



39

Persons killed or seriously injured, where the driver was aged between 16 – 25.

3

fatal

This represents 5% of all fatalities each year on average.

25

Male KSIs

This represents 65% of all Young Driver KSI casualties each year on average.

14

Female KSIs

This represents 35% of all Young Driver KSI casualties each year on average.

14

Were car drivers

15

Were pedestrians

Targeted Casualty Reductions

Target Group 5: Drivers Aged 26 and over

Driving is the dominant mode of transport for the majority of people in the West Midlands region.

In collisions where the driver was over 26 years old, during the period 2015-2017 there were a total of 1,690 KSIs. This represents 562 drivers, passengers of any age 344, and pedestrians of any age 784.

This target group consists of a large number of group of road users and local authorities will need to gain a further understanding of the demographics and sub groups within this age category.

West Midlands Drivers over 26 Casualties

During 2015 to 2017 there were 562 persons killed or seriously injured, where the driver was aged 26 or over. A higher proportion of these collisions involve male, 63% male and 37% female.

On average in 2015-2017



187

Persons killed or seriously injured, where the driver was aged 26 or over.

13

 fatal

This represents 21% of all fatalities (drivers only) each year on average.

118

 Male
KSIs

This represents 63% of all Drivers over 26 KSI casualties each year on average.

69

 Female
KSIs

This represents 37% of all Drivers over 26 KSI casualties each year on average.

4. Our Approach to Casualty Reduction



Our collaborative approach to road safety is based on evidence and working with our partners to achieve the vision.

Based on our analysis of road safety data and the challenges we face as a region, we have a good understanding of the patterns and trends of collisions and casualties. This has been used to inform a number of road safety measures and initiatives which are now in place. Managing traffic in a safe and effective way through traffic legislation coupled with education, training, publicity and road investment is fundamental to our shared casualty reduction target. Processes are in place to evaluate fatal or serious collisions to assess the causation factors which contributed to the collision. If necessary, local highway authorities implement a wide range of measures to make changes.

Partnerships

National and Regional Partners

Road Safety covers multiple policy areas including transport, public health, education, housing, planning and the emergency services.

Therefore, alongside TfWM, a number of other national and regional partners have developed policies and practices to positively influence road safety. These partners are essential to the overall success of our shared vision and will play an active roles in the RRSSG.

Department for Transport

The DfT published its road safety statement; Working Together to Build a Safer Road System, which sets out the governments national vision for road safety in Britain. The policy recognises that safer roads and safer road users save lives whilst reducing pressure on the NHS and emergency services. It encourages everyone to make safer choices whilst recognising the challenges in the current economic climate. The statement also adopts the Safe Systems approach – where human life and health should be paramount when designing the road network.

West Midlands Police and Crime Plan

West Midlands Police are a key partner to local authorities, supporting their work of a 40% reduction in casualties. The West Midlands Police Road Harm Reduction Team are a specialist team who use a range of interventions, techniques and tools aligned to the United Nations' five pillars to deliver road safety.

Safe Roads

Clear identification of high harm routes

Safe Vehicles

Utilisation of appropriate technology to help reduce the numbers of KSI collisions.

Post Crash Response

Ensure post-crash investigation is supported by high visibility activity in the area of the collision to assist with community reassurance and open new investigative opportunities.

Safe Speeds

Use of intelligence led enforcement and public engagement to improve awareness and compliance with posted speed limits.

Safe Road Users

Work with partners as part of a safe system approach to protect the most vulnerable who use the road network.

The work is on 10 key areas

1. Speeding

2. Mobile Device (Enforcement)

3. Drink/Drug Driving

4. Seat Belt

5. No insurance

6. Vulnerable road users

7. Powered Two Wheelers

8. Collaborative support

9. Integrated Offender Management

10. Technology and Innovation

West Midlands Fire Service

West Midlands Fire Service (WMFS) aims to make the West Midlands safer, stronger and healthier. This is achieved through three imperative strands: Prevent, Protect and Response. Their priorities include reducing serious traffic collisions; helping people lead safer, healthier lives; helping businesses to thrive; and ensuring quick, safe and effective response to emergencies.

Within the WMFS lies the Road Casualty Reduction Team (RCRT), a specialist team working in collaboration with partners. It supports WMFS' operational staff in each of their 38 Fire Stations to deliver targeted local interventions and national campaigns to vulnerable road users including drivers, pedestrians, cyclists and bikers. This will continue to be a useful service supporting this RRSS.

The WMFS' plan is a three year rolling strategy which sets out their priorities and objectives. These include a reduction in serious road traffic collisions, helping the community have safer, healthier lives and making sure they tackle emergencies efficiently, effectively and safely. The RCRT recognises and implements road safety best practice at all levels (local, regional

& international). The organisation has over 1000 operational firefighters covering all 7 local authorities within the WMCA area. This provides a great advantage in terms of resource as the RCRT is able to centrally co-ordinate road safety prevention activity whilst utilising operational staff to deliver key road safety interventions.

The RCRT has developed an award winning immersive educational package, Every Choice Counts, which uses digital media and state of the art technology to convey road safety messages to target the demographic of young drivers, aged 16-24. The package incorporates behavioural change techniques and has a robust evaluation system. It will provide an important part of the intervention package supporting initiatives for the young drivers target group. Other initiatives by WMFS involve work in partnership with the Central Motorway Policing Group, delivering other effective interventions such as Biker Down with WMFS operational crews supporting in the educational role.



Highways England



The National Incident and Casualty Reduction Plan focuses on Highways England's customers (road users) and sets out how they ensure that no one should be harmed whilst travelling or working on the Strategic Road Network (SRN). The SRN is made up of the motorways and major trunk roads in England, which Highways England manages.

The plan details their approach to road safety and how they work to achieve their strategic outcomes. It also sets out their road safety delivery model, and the key roles and responsibilities across the organisation and how they intend to implement a Safe Systems.

As a strategic partner to enabling the success of this RRSS, Highways England brings a wealth of experience through national campaigns, engineering measures as well as best practice, particularly relating to road worker safety. Across the WMCA area we want to utilise this experience to enable the delivery of measures to reach the overall target within this Strategy.

Highways England's Delivery Plan commitment is that they must work 'towards the goal of bringing the number of people killed or injured on the SRN as close as possible to zero by 2040'.

There are some key common areas that both Highways England and local authorities supporting this Strategy can work collaboratively on for the benefit of overall reduction in road casualties.

Utilising the Safe Systems approach, these areas could include:

- Safer motorcycling;
- Safer towing;
- Commercial vehicle safety and compliance;
- Smart Motorway driving; and
- Young and older drivers.

5. How we can achieve a reduction in Casualties

A wide range of innovative approaches of incorporating education, enforcement, encouragement and engineering will focus our regions resources in pursuit of the region's KSI reduction targets and delivering on safer roads and environments.



The importance of implementation monitoring, to ensure schemes are effective will form a key part of our Action Plan. Careful monitoring enables Local Highway Authorities to understand how pedestrians, cyclists, drivers and other road-user groups use our road infrastructure. Transport modelling, research and the transformation of collision data into intelligence enables us to identify where road investment is prioritised; and focused on satisfying local and strategic ambitions.

A number of region wide initiatives are now presented under the five pillars of the United Nations (UN) Global Plan for Road Safety. These initiatives will also help inform the Regional Road Safety Action Plan.

“
Ensuring safe and
expeditious movement
of traffic, including
pedestrians and cyclists,
in the WMCA Area

”

Pillar 1: Road Safety Management

- Adopting an agreed Memorandum of Understanding
- Establishing the Regional Road Safety Strategic Group
- Develop the Regional Road Safety Action Plan
- Supporting the introduction of the Regional Transport Coordination Centre, for improved visibility of incidents and collision on the network.

Pillar 2: Safer Roads and Mobility

Capital investment into our roads seek to address road safety concerns, enhance network resilience, support development and regeneration whilst tackling traffic congestion. The RRSS Action Plan will focus on improvements to meet the target utilising a wide range of measures. A key priority measure for all partners will be the delivery of speed management initiatives and developing forgiving road sides, for example the use of passive safety systems.

Pillar 3: Safer Vehicles

- Continue partnership working and collaboration with our regions local car manufacturing industry
- Working with central government on safer car design
- Working with the freight industry
- Development of Connected and Autonomous Vehicles Enforcement activity by West Midlands Police and key partners to ensure

road traffic act compliance

Pillar 4: Safer Road Users

Encouraging safer behaviour will significantly improve the safer movement of all road users on the region's roads. Focusing on Education Training Publicity (ETP) campaigns backed with evidence based enforcement. We recognise that this will be a priority area for regional activity.

Pillar 5: Post Crash Response

West Midlands Police's Post Crash Response provides a dedicated investigation team for all fatal and life changing road traffic collisions. This includes a bespoke Family Liaison Team support officer for bereaved families throughout the investigation process. The statistical data obtained informs Road Safety Response teams of wider West Midlands Police Roads Policing resources and, where appropriate, is shared with partner agencies to reduce road casualties.

Education

- Targeted educational programmes such as cycle and pedestrian safety training
- Education and training programmes that draw upon behavioural change expertise.
- Optimal collaboration and co-ordination of evidence-led education initiatives by all partner organisations, including local authorities, West Midlands Fire Service, Public Health England and West Midlands Police.

Encouragement

- Enhance links with schools to develop their travel plans and optimise their accountability and ownership in tackling school related safety matters.
- Enhance links with local businesses through the Driving for better business initiative, to optimise the benefits of work related road safety.
- Encourage road safety community engagement, through resident associations and elected members.

Engineering

- Integrate innovation and technology into engineering schemes, including digital speed enforcement.
- Optimal data analysis to understand what groups are most at risk and also how socio-demographic and lifestyle factors contribute.
- Pre and Post monitoring and evaluation of road safety interventions to establish which activities produce the greatest benefits.
- Intertwine road safety audit policy into all new projects to minimise the likelihood of new road safety risks inadvertently arising from the building of new roads or highway improvements.
- Optimise best practice in both engineering and road safety education measures across all partner organisations to maintain and enhance the targeting of resources.

Enforcement

- Collaborate with West Midlands Police and West Midlands Police and Crime Commissioner to enhance enforcement against motorists who deliberately chose to drive dangerously on all road types.
- Utilise digital speed enforcement to optimise speed compliance
- Develop the Road Safety Strategic Group aimed at developing effective target-orientated collaborations to achieve agreed regional casualty reduction targets.



Looking to the future

The Government has committed to investing in Controlled and Autonomous Vehicle (CAV) research and development, having recognised the expected commercial and technological expansion of the CAV sector. TfWM plan to capitalise on this growth and establish the region as an internationally-recognised centre for CAV development.

Midlands Future Mobility marks a critical step towards realising truly autonomous vehicles and securing the region as central to the sector. It releases £25.3 million of cross-sector funding. This collaborative project will build a test environment for connected and autonomous vehicles in the West Midlands. The testbed will stretch across 80 kilometres of public

road in Birmingham, Coventry, Solihull and North Warwickshire, enabling managed interaction between CAVs and other road users. The project will act as a centre piece and catalyst for further Connected and Autonomous Vehicle innovation. Existing TfWM projects include UK Autodrive, which saw the UK's first open road trial of CAVs in Coventry during November 2017, and UK CITE. According to research, Connected and Autonomous Vehicles could save over 2,500 lives and prevent more than 25,000 serious accidents in the UK, this is thought to be by 2030. In addition to this the technology will improve safety and reduce emissions of CO₂, particulates and noise, both resulting in a wide range of health benefits.



This Strategy encourages effective partner collaboration to achieve a 40% reduction in the number of killed and seriously injured (KSI's) over the next 10 years, based on the 2015-2017 average.

Partners





Transport for
West Midlands

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WMCA Board

Date	11 January 2019
Report title	Report of Councillor Peter Hughes - Feedback from Overview & Scrutiny Committee Mayor's Question Time: Budget
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

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 12 December 2018; and also note:
 - (a) The committee's views on the need for the WMCA to engage with Overview & Scrutiny Committee in the process to develop the budget, and that the consultation timescales should allow the committee to review the draft budget proposal in sufficient time to enable it to undertake its role effectively.
 - (b) The committee's comments and observations on how the WMCA measures the effectiveness and impact of how it allocates its resources.
- (2) Approve the recommendations of Overview & Scrutiny Committee arising from the Mayoral Q&A event (section 5 of the report):
 - (a) The WMCA should seek to establish a robust budget consultation process for future annual budgets, which builds in and ensures adequate time for proper scrutiny. It should also consider the use of innovative ways to consult with residents and the younger generation of the West Midlands (eg. live streaming consultation events) which could help raise the general awareness and profile of the West Midlands Combined Authority.

- (b) The current performance framework should align with the budget framework to enable the outputs and achievements to be seen, with Overview & Scrutiny Committee to be engaged in the development of future performance management frameworks, including pre-scrutiny consideration of the proposed report on performance management/delivery monitoring due to be considered by the WMCA Board on 8 February 2019.
 - (c) The Transport for West Midlands' performance data was currently reviewed by Transport Delivery Committee on a regular basis, however it is considered that the Overview & Scrutiny Committee's Budget Working Group should review transport performance data, on an exception basis, and question how it related to budget spend.
 - (d) WMCA to establish a policy document that defines its approach to the delivery of social housing and that also identifies the percentage of social housing and affordable housing it wishes to achieve within the West Midlands area.
 - (e) In addition to social value and procurement, when making investments the WMCA should also look at a number of other measures including equality and diversity, inclusive growth and environmental improvement to achieve a carbon neutral environment. These key issues should therefore be included in any project appraisal process.
 - (f) The review of the Ring and Ride service, including the integration of other forms of local transport schemes (including community/hospital transport) be prioritised for consideration during 2019/2020, rather than a 'medium-term' aim. The Board should note that the Overview & Scrutiny Committee would be happy to support the portfolio holder and Transport Delivery Committee in trying to achieve this.
 - (g) WMCA to give priority to developing an Arts & Culture Strategy and Physical Activity Strategy, to establish unique selling points for the region, which set it apart from its peers, reflects its diverse nature, achieves physical/mental health benefits and builds on the success of achieving the Commonwealth Games and City of Culture to the area.
- (3) Note the following questions being asked of the Mayor (section 6 of the report) which, in accordance with the WMCA's constitution, he is required to provide a written response, to the committee, within two months:
- (a) Overview & Scrutiny Committee to review the draft proposals for the establishment of the Youth WMCA, and to receive an update on its purpose, remit, timescales for its establishment and lead officer(s) or Portfolio Lead from the WMCA.
 - (b) Overview & Scrutiny Committee to receive performance data statistics for each portfolio lead area.

- (c) Acknowledging that there was a large underspend on the national Affordable Housing Investment Fund and that it was expected that the West Midlands Combined Authority would apply for a share of this funding pot. Overview & Scrutiny Committee would like to receive an indication of the level of funding the West Midlands Combined Authority would apply for and the expectations it would like to achieve in terms of affordable and social housing.
- (d) Overview & Scrutiny Committee to receive a map of the WMCA investments in relation to areas of deprivation within the West Midlands.
- (e) In respect of the funding assumptions and risks, Overview & Scrutiny Committee would like to receive periodic reports on the details of those red rated risks within the Strategic Risk Register, together with an update on the work that is being undertaken to de-risk them. In particular, the Committee would like to receive details of how the Capital Programme will be re-adjusted in those 3 areas of the programme where funding has not been assured prior to Quarter 4 of the 2019/2020 financial year.
- (f) With regard to Inclusive Growth, Overview & Scrutiny Committee would like to receive a report on how the gap in income levels and deprivation across the region are to be closed, outlining which key measures within the Business Plan will achieve this and the targets/timescales/data sets that will be used to monitor the delivery of Inclusive Growth.
- (g) Overview & Scrutiny Committee to receive a report on proposals for future public consultation on the key activities of the WMCA, including consideration of an annual Residents' Opinion Survey.
- (h) The committee notes that the Mayor agrees with and supports the ambition to achieve carbon neutral forms of transport. So, following on from our previous recommendation relating to the introduction of Sprint routes (using low/zero emission methods as in Nottingham) in time for the Commonwealth Games in 2022, the committee would like to receive a report from TFWM giving options for trying to achieve this.
- (i) The Overview & Scrutiny Committee would like to know (if these concessions are not to be included within the 2019/2020 Transport Levy), when travel concessions are likely to be extended to include 'WASPI' women and ex-service personnel in the future?
- (j) The Overview & Scrutiny Committee would like to be kept informed on the likely costs of the Mayoral election in 2020, and how these costs are to be funded.
- (k) The Mayor suggested that, in order to get a better overall picture, a 'piece of work' could be carried out to establish the net effect of the Adult Education Budget being transferred to the WMCA, and the closure of individual programmes delivered locally and funded by European Structural Investment Fund. Overview & Scrutiny Committee would like to be kept informed of the outcome of any such review.

1. Purpose

- 1.1 A Mayoral Q&A session was held on 12 December where members of the Overview & Scrutiny Committee questioned Andy Street on issues relating to the performance of the budget 2018/19, proposals for the 2019/20 budget, other strategic finance issues and his decision not to set a Mayoral precept for 2019/20.
- 1.2 The Mayor was also joined by the Deputy Mayor, Director of Finance and the Head of Business Planning.
- 1.3 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 and Deputy Mayor.

2. Background

- 2.1 On 12 December, members of the Overview & Scrutiny Committee met at 16 Summer Lane, Birmingham to hold a Q&A session with the Mayor. This was the second session planned during the year. The meeting focussed on reserves and future funding, transport, Mayoral Office, skills and equality.
- 2.2 The meeting was held in public and streamed live through the WMCA Facebook page. 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 the budget consultation process and the engagement with younger people, future funding, risks, transport, Mayoral office and equality and diversity.
- 2.3 The Overview & Scrutiny Committee then met on 17 December to further consider its findings and recommendations to put forward to the WMCA Board. These related to;
 - Budget discussions and consultation process
 - Allocation of resources

3. Budget Discussions

- 3.1 Overview & Scrutiny Committee had recognised that the West Midlands Combined Authority had commenced its budget discussions with constituent authorities much earlier this year to allow sufficient time for open discussion and development proposals. However, a change to the scheduled timetable of meetings with the Metropolitan Leaders had meant that the proposed draft budget 2019/20 had yet to be finalised and as a consequence could not be shared with Overview & Scrutiny Committee prior to the Mayoral Q&A session.
- 3.2 In order to undertake its role effectively and hold the Mayor to account in a public session, members of the committee have asked that the WMCA engage with Overview & Scrutiny Committee in the budget process in a timely manner to allow the committee to review and discuss budget proposals in sufficient time.
- 3.3 A meeting of the Budget Working Group will be held on 8 January, with the Director of Finance to review the detail of the draft budget proposals. The Portfolio Lead for Finance & Investments had been invited to attend this meeting but was unfortunately unable to due to diary availability.

4. Allocation of Resources

- 4.1 The committee questioned the Mayor on how the WMCA Board measured the effectiveness and impact of how it allocated its resources. The Mayor acknowledged that the process was evolving and explained that there would be a proposal presented to the WMCA Board on 8 February that looked at the performance of the Programme Office and delivery monitoring function. The Mayor welcomed Overview & Scrutiny Committee reviewing this particular report prior to its consideration by the WMCA Board.

5. Issues for WMCA Board Consideration

- 5.1 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) Budget Consultation

Overview & Scrutiny Committee consider that it was important for the WMCA budget consultation process to evolve as its responsibilities were expanding eg. the integration of the Fire Authority and potentially the Police & Crime Commissioner function. It was considered that the WMCA should engage with residents of the West Midlands on the budget and as there was a lack of awareness of the WMCA and its role amongst the residents of the West Midlands, the budget consultation process could be used as a way to raise awareness and the profile of the WMCA.

The WMCA should look to establish a robust budget consultation process for future annual budgets and should also consider the use of innovative ways to consult with residents of the West Midlands including young people eg. live streaming events.

(b) Performance Management Framework

Overview & Scrutiny Committee understood that the WMCA was currently working on an improved Annual Business Plan that would include the relevant key statistics for the respective areas of the business. As the Performance Management Framework would sit under the Annual Business Plan, it was proposed that the framework should be aligned with budget outputs. Overview & Scrutiny Committee would like to be engaged in the development of future performance frameworks.

(c) Transport Performance Data

It was acknowledged that there was a large performance framework for transport that is currently being reviewed by the Transport Delivery Committee. It was considered that Overview & Scrutiny Committee should receive, on an exception basis, transport performance data to enable it to undertake a thorough investigation into any particular areas of concern.

(d) Social and Affordable Housing Policy Document

It was proposed that the WMCA should produce a policy document that defined the WMCA's approach to the delivery of social housing and that identified the percentage it would like to achieve in terms of affordable housing within the West Midlands area. In relation to WMCA investments, the document should also include information concerning equality and diversity, inclusive growth and the environment in a similar way to the Social Value Policy that was demanding of individual contractors.

6. Questions

6.1 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) Establishment of a Youth Combined Authority

Overview & Scrutiny Committee considered that the WMCA needed to engage more with the younger generation and would encourage the WMCA to engage with the younger generation in a way that would maintain their attention going forward. Members would like to have an opportunity to review the draft proposals for the establishment of the Youth WMCA. It would like to receive a detailed update on the purpose of the Youth Combined Authority, its remit, timescales for its establishment and the lead officer(s) and Portfolio Lead from the WMCA.

(b) Performance Data for each portfolio lead area

Overview & Scrutiny Committee would like to receive the relevant performance information for each portfolio area in order for the respective working group to undertake its overview & scrutiny role effectively.

(c) National Affordable Housing Investment Fund

It is acknowledged that there was a large underspend on the national affordable housing investment fund and that the West Midlands Combined Authority would apply for a share of this particular fund. Overview & Scrutiny Committee would like to receive an indication of the level of funding the West Midlands Combined Authority would be applying for and the expectations it would like to achieve in terms of affordable and social housing.

(d) Investments - Areas of Deprivation

Overview & Scrutiny Committee sought assurances that WMCA resources were being channelled into those areas of deprivation within the West Midlands. The WMCA needed to ensure that it was making a difference to people's lives where it mattered. With this in mind, members of the committee would like to receive a map of the investments made by the WMCA to those areas of deprivation within the West Midlands.

(e) Funding Assumptions and Risks

In respect of the funding assumptions and risks, Overview & Scrutiny Committee would like to receive periodic reports on the details of those red rated risks within the Strategic Risk Register together with an update on the work that is being undertaken to de-risk them.

7. Response from Mayor/WMCA Board

7.1 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).

8. Financial Implications

8.1 There are no direct financial implications arising out of the recommendations contained within this report.

9. Legal Implications

9.1 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.

10. Equalities Implications

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

11. Inclusive Growth Implications

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

12. Geographical Area of Report's Implications

12.1 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.

13. Other Implications

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

14. Schedule of Background Papers

14.1 None.

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West Midlands Combined Authority

Wellbeing Board

Wednesday 31 October 2018 at 10.00 am

Minutes

Present

Councillor Izzi Seccombe (Chair)	Warwickshire County Council
Councillor Kamran Caan	Coventry City Council
Councillor Les Caborn	Warwickshire County Council
Councillor Karen Grinsell	Solihull Metropolitan Borough Council
Councillor Rachel Harris	Dudley Metropolitan Borough Council
Councillor Ann Shackleton	Sandwell Metropolitan Borough Council
Helen Hibbs	STP Systems Leader NHS
Paul Jennings	STP Systems Leader NHS
Sarah Norman	WMCA Chief Executive Lead
Alison Tonge	NHSE
Guy Daly	Universities (Coventry)
Sean Russell	Mental Health Implementation Director
Gary Taylor	West Midlands Fire Service
Simon Gilby	STP Systems Leader NHS
Lola Abudu	Public Health England

Item Title No.

11. Apologies for Absence

Apologies for absence were received from Councillors Hamilton, Longden and Malcolm and Andy Hardy and Sue Ibbotson.

12. Minutes of the last meeting

The minutes of meeting held on 13 July 2018 were agreed as a correct record.

13. Chair's Remarks

The Chair reported that she had attended a meeting of the WMCA Overview and Scrutiny Committee Health and Wellbeing Working Group that was looking at the work of this board. She advised the board that the group was interesting in examining the success of the Thrive programme, how the board is tackling obesity and the budget allocation for the board's work programme.

The Chair also took the opportunity to convey her thanks to the WMCA's health partners, for their resource in helping to deliver the board's ambition and the wellbeing agenda given the limited budget for this work area.

14. Update on the Wellbeing Agenda

The board received an update on the Wellbeing agenda from the Director of Public Service Reform, Henry Kippin that the board of the consultation on that the draft Local Industrial Strategy and the recent Budget allocation of circa £100m for transport infrastructure and for mobility and CAV (connected and autonomous vehicle) development. In relation to the draft Local Industrial Strategy, it was noted that document was available on the WMCA website and colleagues were encouraged to read the strategy and put forward their views before the consultation ends on 15 November.

15. Addressing Childhood Obesity in the West Midlands -Framing the WMCA contribution

The Director of Public Service Reform, Henry Kippin and the Director of Implementation for Mental Health Wellbeing and Radical Prevention, Sean Russell, jointly presented a report on addressing childhood obesity in the West Midlands.

It was noted that the report had been drafted in collaboration with health partners.

The report outlined the WMCA's approach to combating childhood obesity in the West Midlands and proposed a series of options and recommendations that would form the basis of policy proposals to be agreed by the WMCA Board; these would developed and delivered with health and other public service partners.

Sean Russell advised that the options focused on 'quick wins' and how the WMCA could add value with partners to build on the 2018 Childhood Obesity Action Plan and to strengthen the 'West Midlands on the Move' agenda.

Councillor Caan reported that the 'Measured Mile' initiative in Coventry whereby distance markers are fixed to street furniture and placed in parks/ green spaces had had a really positive impact in encouraging an increase in people taking up running and reported of the need to 'think outside of the box' to drive forward change.

Gary Taylor reported that he supported the report recommendations and West Midlands Fire Service could assist the WMCA by building on the work they already undertake with schools on health eating/ lifestyle choices and indicated that he would like to be involved with the Wellbeing sub-group.

Councillor Caborn reported that vending machines in schools were stocked with unhealthy food but noted that they generated income for schools and reported of the need to focus on education.

Helen Hibbs concurred with Councillor Caborn that education is key and there was a need to involve all schools in the Active Mile. She added that consideration could be given by the WMCA in conjunction with partners, to setting targets in time for 2022 Commonwealth Games that everyone is signed up to.

Councillor Shackleton reported that research undertaken by Sandwell indicated that the people who are most in need of physical activity are the

ones least likely to use the facilities provided.

Lola Abudu reported of the link between health and inequalities and the need for the WMCA to focus their efforts on those people who are likely to left behind.

Guy Daly reported on the work being undertaken by universities into changing behaviour and 'nudging' people into increasing the amount of physical activity they take and undertook to ask colleagues to link up with the West Midlands on the Move Implementation Group.

Councillor Grinsell noted that schools and university all have assets and enquired whether these could be opened up for use by the community during holiday periods to make better use of assets.

Sean Russell thanked colleagues for their comments and advised that he would develop a plan, based on the discussions, with recommendations for consideration by this board before submission to the WMCA Board.

Resolved:

1. That the WMCA approach to combatting childhood obesity based on the options proposed in the report, including the 'quick wins' outlined in paragraphs 18a and b be endorsed;
2. That a Wellbeing Board sub-group (with identified chair) to develop, support and track progress against the agenda be agreed and
3. That a plan for combatting childhood obesity be submitted to the next meeting of this board prior to the recommendations being submitted to the WMCA Board for consideration.

16. 5G Health and Digital

The Public Service Reform Director, Henry Kippin, provided an overview of 5G and the benefits for the West Midlands in particular for health.

Henry Kippin reported that following a successful bid as part of the Government's Urban Connected Communities Programme, the West Midlands would become the first 5G test bed in the country that would pave the way for the rollout for 5G across the UK. He outlined how the new technology could transform services and in particular health services and would support inclusive economic growth for the region.

Henry Kippin undertook for members of the 5G team to engage with this board.

Resolved: That the briefing on 5G be noted.

17. Update on NHS Landscape

Alison Tonge, gave a presentation to the board on developing the NHS Long

Term Plan.

The presentation outlined the context for developing the plan, the key areas of focus, the strategic and operational planning processes, the requirement for 1 and 5 year plans to be developed by each STP in response to the national ambition, the LTP engagement timeline and engagement post publication.

Sarah Norman noted the omission of social care from the area of focus and it was noted that whilst a bottom up approach was being undertaken, it would have been helpful to have an understanding of what the key priorities are for Government.

The board reported of the importance of developing a joined-up working with local government partners.

Henry Kippin indicated that he would be happy for the WMCA to assist in creating links with other organisations if required.

The Chair thanked Alison Tonge for her useful presentation.

Resolved: That the presentation be noted.

18. Thrive Update

The board considered a report of the Director of Implementation for Mental Health, Wellbeing and Radical Prevention that provided an update on progress in implementing commitments made through the Thrive programmes.

The report provided an update on the Thrive into Work- Individual Placement Support Trial (IPS), Thrive at work, mental health and justice and mental health awareness.

Sean Russell informed the board that he was pleased to report that 52 people had secured employment through the Thrive into work – Individual Placement Support Trial earning an average wage of £225 per week. He added that work was underway to bring forward the ‘patient’s story’ to understand the impact the programme has had on people’s lives.

Resolved: That the update on the implementation of Thrive be noted.

19. West Midlands on The Move Update

The board considered a report of the Physical Activity Policy and Delivery Lead, Simon Hall that provided an update on the delivery of West Midlands on the Move programme.

The report outlined the housing deal wellbeing design code proposals, the establishment of the West Midlands Move Implementation Group, the steps for developing a WMCA partnership with Sport England and the draft headline priorities for disability and physical activity.

Mark Fosbrook, West Midlands Engagement Adviser to the WMCA reported

on the actions needed to improve the life chances of disabled people and the requirement to normalise activity in order for them to be active.

The board were also shown a video clip from the Activity Alliance that has developed 10 principles to help sport providers deliver more appealing and inclusive opportunities for disabled people.

The Chair reported that she supported the 10 principles shown in the video and considered everyone should sign up to the charter and submit them to their respective health and wellbeing boards for endorsement.

Simon Hall took the opportunity to thank Councillor Grinsell for promoting the launch of GoodGym in Solihull at the beginning of October, the first as a partnership between a local authority and the WMCA and the fifth in the UK that seeks to get people active by working with adult social care.

Resolved:

1. That the innovative deal and wellbeing design code be noted and this be included as a separate item at future meetings;
2. That the 'West Midlands on the Move' Implementation Group, terms of reference, membership and reporting arrangements be approved;
3. That the draft headlines priorities for disability and physical activity be approved;
4. That work on physical activity and social movement be noted and
5. That the next steps in developing a WMCA partnership with Sport England be noted.

20. Update on PHE Landscape

Lola Abudu provided an update on the work being undertaken by Public Health England to review the Strategic Plan. It was noted that the plan would focus on 6 key areas and all of this board's workstreams such as Thrive and West Midlands on the Move would be captured.

Resolved: That the update be noted.

21. Date of Next Meeting - 18 January 2019

The meeting ended at 11.50 am.

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**West Midlands
Combined Authority**

Investment Board

Thursday 1 November 2018 at 9.30 am

Minutes

Present

Councillor Bob Sleight (Chair)
Paul Brown

Councillor Judy Foster
Gary Taylor

Councillor Michael Gough
Councillor Tony Jefferson
Councillor Mike Bird
Sue Summers

Portfolio Lead for Finance & Investments
Black Country Local Enterprise
Partnership
Dudley Metropolitan Borough Council
Greater Birmingham & Solihull Local
Enterprise Partnership
Solihull Metropolitan Borough Council
Stratford-on-Avon District Council
Walsall Metropolitan Borough Council
West Midlands Development Capital

In Attendance

Lara Cragg
Nafees Arif
Jo Nugent
Carl Craney
Sukhy Dhanoa
Claire Jones
Dr Henry Kippin
Sean Pearce
Laura Poyner
Rob Wood
Nick Oakley

Black Country Consortium
Midland Metro Alliance
Walsall Metropolitan Borough Council
West Midlands Combined Authority
West Midlands Development Capital

Item Title

No.

40. Apologies for Absence (if any)

Apologies for absence had been received from Nick Abell (Coventry and Warwickshire Local enterprise Partnership), Councillor Robert Hulland (Solihull Metropolitan Borough Council), Councillor Jim O'Boyle (Coventry City Council), Councillor Brett O'Reilly (Birmingham City Council) and Councillor Roger Lawrence (City of Wolverhampton Council).

Apologies for absence had also been received from Sarah Middleton (Black Country Consortium) and David Cockroft (Coventry City Council).

41. Nomination of Substitutes (if any)

Councillor Michael Gough had been nominated as the substitute member for Councillor Robert Hulland (Solihull Metropolitan Borough Council).

42. Declarations of Interests (if any)

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

43. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 17 September 2018 be confirmed as a correct record and signed by the Chair.

44. Investment Programme - Update

Sean Pearce presented a report on the status of the Investment Programme in order to help to set out the context for any investment decisions being made by the Board. Sukhy Dhanoa presented a revised Investment Board Dashboard which supplemented the report and explained that this was a work in progress.

Councillor Mike Bird commented on the number of 'red' items in the Dashboard, the assumptions which were being made and suggested that the Programme needed to be reviewed. Sean Pearce explained that the Investment Programme Prioritisation report to be considered later in the meeting addressed a number of these issues.

Resolved:

1. That the status of the Investment Programme delivery, as detailed in the report, be noted;
2. That the supplementary Investment Programme Dashboard be approved.

45. West Midlands 5G - Structure, Governance and Funding

Rob Wood and Henry Kippin presented a report on the successful bid for regional test-bed status as part of the Government's Urban Connected Communities programme (UCC). They explained the substantial benefits for the region and that this was part of a national effort to accelerate the deployment of next-generation mobile connectivity in the UK with the West Midlands' leading the way.

In response to a question from the Chair, Rob Wood outlined the purpose of creating two separate companies was in order to distance delivery from local government and to attract private sector investment. Councillor Mike Bird enquired as to the salary and expenses structure for those employed and/or engaged in WM5G limited (the Delivery Entity). Rob Wood explained that this was still under development. Sean Pearce added that an application would be made to the Department for Digital, Culture, Media and Sport via submission of a Full Business Cases at the appropriate time. Councillor Mike Bird asked whether any discussions had yet been held with Network Providers and if a representative from such a company could be approached to Chair the Board. Sean Pearce confirmed that this would be the intended approach.

Councillor Tony Jefferson questioned how the benefits would be measured and monitored. Rob Wood advised that some benefits would be easily identified whilst other would benefit large numbers of people in small ways and therefore would be difficult to measure.

Councillor Mike Bird referred to the current financial shortfall. Henry Kippin advised that the programme was being worked through and would bring extensive coverage over time across the region. Three test-beds were to be established in the Black Country, Coventry/Solihull and Birmingham and that these would lead to private sector investment. The public sector was lowering the barriers to investment with a view to encouraging private sector investment. The drawdown of Government funding was dependent upon public and private sector investment.

The Chair commented that information was required on the current state of the infrastructure across the region. Henry Kippin advised that a mapping exercise was underway. Councillor Mike Bird enquired as to the type of infrastructure required in terms of design. Henry Kippin reported that this would not require the installation of new large masts but would involve a mix of masts and small cell technology with the additional infrastructure being incorporated into the Public Realm such as on lamp posts etc. and that planning permission and wayleave agreements would be required. Councillor Mike Bird reminded the Board that in some local authorities such equipment had been provided via Private Finance Initiative funding and was therefore not in the ownership of the local authorities. Similarly, some local authorities had made policy decisions precluding the installation of telecommunications equipment on council owned buildings.

Resolved:

That the West Midlands Combined Authority Board be recommended as follows:

1. That the participation by the WMCA in the WM5G project as detailed in the report be endorsed;
2. That the proposed governance structure for the WM5G Project and grant for the Joint Venture and Delivery Entity to be incorporated and the Enduring Grant Agreement entered into (including any associated ancillary documentation) in conjunction with the Department for Digital, Culture, Media and Sport be endorsed;
3. That an allocation of £4.75 million to the Delivery Entity to be allocated to projects using the governance structure as detailed in the report be approved;
4. That a further report be submitted to a future meeting of this Board on the various points now raised;
5. That a quarterly monitoring report on the WM5G Project be submitted to this Board.

46. Wolverhampton Interchange Programme

Sean Pearce presented a report which summarised the WMCA's considerations following the publication of the Wolverhampton Interchange train station Lessons Learned Report (2017-18). He explained that the report had been written from a governance control perspective in respect of organisational changes and controls strengthened.

Councillor Mike Bird commented on the propensity of original cost estimates being exceeded and the inherent dangers of raising public expectations on the delivery of projects. The Chair referred to the risks with partnership arrangements and reputational damage.

Resolved:

That the actions undertaken by the West Midlands Combined Authority to address the lessons learned highlighted in the Wolverhampton Interchange Train Station Lessons Learned report (2017-18) be noted.

47. WMCA Collective Investment Fund (CIF) - Dashboard

Nick Oakley presented the CIF Dashboard (public iteration) as at 15 October 2018.

Resolved;

That the Dashboard be received and noted.

48. WMCA - Brownfield Land and Property Development Fund (BLPDF) - Dashboard

Nick Oakley presented the Brownfield Land and Property Dashboard (public iteration) as at 15 October 2018.

Resolved:

That the Dashboard be received and noted.

49. 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).

50. Investment Programme Prioritisation

Sean Pearce presented a report following a meeting held on 28 September 2018 when the Metropolitan Leaders had agreed a set of strategies to assist in closing the Investment Programme funding gap to April 2020 and beyond. The report outlined the extent of the task, detailed the strategies to deliver the desired outcomes and referred to the monitoring arrangements against which the progress would be measured. He also reported that at a meeting of the Metropolitan Directors of Finance held on 19 October 2018 each Director had been tasked with a particular workstream.

Resolved:

That the status of the Investment Programme prioritisation strategies as detailed in the report be noted.

51. Investment Programme - Change Process

Sean Pearce presented a report which provided the Board with an outline Change Control process and sought approval to develop it for use within the Investment Programme. The Board approved the four prioritisation criteria. He advised that a further report detailing the prioritisation scoring matrix would be submitted to the next meeting of the Board. He also informed the Board of the proposals to ensure that the Housing and Land Delivery Board and this Board worked in tandem.

Resolved:

1. That the draft Investment Programme Change Process be approved;
2. That the proposed prioritisation scoring matrix be the subject of a report to the next meeting of the Board.

52. Land & Property Investment Fund: Phoenix 10 Strategic Employment Site, Walsall

Lara Cragg presented a report which sought to;

- Secure agreement to derogations from the Commissioning Framework; and
- Set out conditions which would be applied to such an approval.

She reported that the proposed investment would assist in the delivery of the strategically important Phoenix 10 site through the remediation of one of the largest brownfield employment sites in the West Midlands. Gareth Bradford reported that at the meeting of the Housing and Land Delivery Board held on 25 October 2018 a single commissioning framework had been approved which would be applied to this development.

Resolved:

1. The decision by the Black Country Joint Committee, that subject to satisfying certain conditions, up to £35.2 million of funding from the Black Country Land and Property Investment Fund (LPIF) be made available to the City of Wolverhampton Council as Accountable body for the fund to facilitate the delivery of the phoenix 10 project;
2. That the WMCA Board be recommended to a derogation to be provided in respect of the Phoenix 10 project with regard to the Commissioning Framework for the Black Country Land and property Investment Fund (approved by the WMCA Board in September 2017) in recognition of the fact that outputs from the project will be delivered outside the agreed timeframe subject to:
 - (a) A business case agreed by the WMCA that follows the principles of the HM Treasury 'Green Book' analysis and which will also establish if those further derogations set out in section 4.2 of the report are necessary; and
 - (b) The additional conditions set out in section 5 of the report;
3. That the consent to derogation is specific and exclusive to the Phoenix 10 project and does not set a precedent for any future decisions;

4. That the WMCA's Chief Executive, Section 151 Officer, Director of housing and Land and Head of Governance collectively and in consultation with the Portfolio Lead for Finance & Investments be granted delegated authority to agree the detailed business case for Phoenix 10 and those further derogations that might be necessary as set out in section 4 of the report;
5. That as a result of the proposed investment in Phoenix 10, the overall package of outputs (Which the WMCA agreed when approving the programme of £53.04 million for the Black Country LEP) may differ from the original expectations be noted. The extent of any variation to be informed through consideration of the detailed business case for Phoenix 10;
6. That the thanks of the Board be extended to Sarah Middleton and the Black Country Consortium and Jo Nugent and Simon Tranter (Walsall MBC) for their work in progressing this project.

53. Wednesbury - Brierley Hill Metro Extension Scheme

With reference to Minute No. 32 Nafees Arif presented a report which provided an update on the current funding position with regard to the Wednesbury to Brierley Hill Metro Extension. He drew to the attention of the Board that the submission of a Full Business Case (FBSC) in February 2019 was not ideal timing given delays with PRISM modelling and the completion of the value engineering works would make the identification of a total cost problematic.

Councillor Judy Foster referred to the letter from the WMCA Mayor which had been received in September 2018 regarding the £103 million contribution from the WMCA to the scheme and queried whether this sum was, in fact, ring fenced for this scheme. Councillor Mike Bird confirmed that to be the case but questioned the position with negotiations with Network Rail on the sale / transfer of the rail corridor. Nafees Arif advised that negotiations were progressing well and the objection to the Transport and Works Act Order had been withdrawn. He asked for clarification as to how the £103 million could be secured and whether the submission of the FBC could be delayed. Sean Pearce reminded the Board of the 'Prioritisation' report considered earlier in the meeting which included the ring fencing of the £103 million subject to the submission of a FBC and also to the 'Change Process' report. Furthermore, under the terms of the Assurance Process allocations could only be made for a Full Business Case if funding was available.

Councillor Judy Foster sought clarification as to whether the allocation was subject to the submission of the FBC. Sean Pearce confirmed this to be the case subject to the provisos now referred to.

Resolved:

1. That the current position with regard to funding for the Wednesbury to Brierley Hill Metro extension be noted;
2. That the target for the submission of the Full Business Case into the assurance and governance process at the WMCA be February 2019 as detailed in the report.

54. WMCA Collective Investment Fund (CIF) - Dashboard

Nick Oakley presented the CIF Dashboard (private iteration) as at 15 October 2018. Sean Pearce advised that the information regarding 'Dashboard of deal values and total diagrams' would be included in the public iteration of the report in future.

Sue Summers circulated a brochure 'Developing the Regional Economy – Accelerating commercial property developments to kick start prosperity' which had been used at the West Midlands Forum for Growth to showcase the investment work of the WMCA.

Resolved;

That the Dashboard and brochure be received and noted.

55. WMCA Brownfield Land and Property Development Fund (BLPDF) - Dashboard

Nick Oakley presented the Brownfield Land and Property Dashboard (private iteration) as at 15 October 2018.

Resolved:

That the Dashboard be received and noted.

The meeting ended at 10.52 am.

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West Midlands Combined Authority

Transport Delivery Committee

Monday 5 November 2018 at 1.00 pm

Minutes

Present

Councillor Kath Hartley (Chair)	Birmingham City Council
Councillor Roger Horton (Vice-Chair)	Sandwell Metropolitan Borough Council
Councillor Timothy Huxtable (Vice-Chair)	Birmingham City Council
Councillor Pervez Akhtar	Coventry City Council
Councillor Robert Alden	Birmingham City Council
Councillor Phil Davis	Birmingham City Council
Councillor Allah Ditta	Walsall Metropolitan Borough Council
Councillor Mohammed Fazal	Birmingham City Council
Councillor Mohammed Hanif	Dudley Metropolitan Borough 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 Ted Richards	Solihull Metropolitan Borough Council
Councillor John Rowley	City of Wolverhampton Council
Councillor David Welsh	Coventry City Council

Item No.	Title
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32.	Apologies for absence
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Apologies for absence were received from Councillors Allcock, Andrew and Jones.

33.	Chair's Remarks
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(i)	Welcome
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The Chair welcomed Councillor Lees to the meeting who was attending as an observer from the WMCA's Overview and Scrutiny Committee (Governance Working Group) and advised the committee that a second member of the working group, Councillor Chalk, was also welcome to attend future meetings.

The Chair also welcomed back to the committee, Councillor Hanif following a change in political leadership in Dudley but added that

she was sad Councillor Stanley was no longer a member of TDC. The Chair and Councillor Huxtable thanked Councillor Stanley for his service to the committee and in particular, the Chair noted Councillor Stanley's contribution to the Putting Passenger First Lead Member Reference Group.

(ii) Awards

The Chair reported that unfortunately, TfWM was not successful at the National Transport Awards this year, however, TfWM/ the WMCA had been nominated in four categories and TfWM has jointly been nominated for a best diversity resource award at the Inclusive Companies' Award to be announced on 15 November 2018.

(iii) TDC Member Visits

The Chair outlined the forthcoming member visits that have been scheduled for November and December:

- Dudley Network Tour on 12 November 2018;
- University Station/Perry Barr Station on 27 November 2018 and
- Metro Depot Visit on 10 December 2018

(iv) Budget 2018 – key headlines

The Chair advised the board of the recent budget announcement with regards to the award of funding to the WMCA, which included a £20m grant to be awarded 2019/20 and 2020/21 in respect of the existing and unique 5G programme, an additional £71.5m to the Transforming Cities Fund Extension and the potential to receive circa £7.6m in 2018/19 for the repair of local roads and the maintenance of bridges.

(v) WMCA Overview and Scrutiny Committee – Governance Working Group

The Chair reported that in relation to the WMCA's Overview and Scrutiny Committee reviewing an area of TfWM activity, the Labour Group were keen for the working group to look at capital project delivery, with a focus on Metro. Councillor Huxtable, Minority Vice-Chair, reported that the Conservative Group supported this proposal.

34. Minutes of the last meeting

The minutes of the meeting held on 10 September 2018 were agreed as a correct record.

35. Matters Arising

Metro Investment Programme (*Minute no.23 refers*)

Further to the response given to Councillor Stanley's enquiry regarding an update on how Metro would connect with Dudley Port Rail Station and the work being undertaken with Network Rail, Midland Metro Alliance and stakeholders, Councillor Huxtable enquired when the committee could expect to receive an update on the matter.

The Director of Development and Delivery, Sandeep Shingadia, reported that

he would contact the Rail Sponsor for a date to report on this matter to the committee.

36. Correspondence/ Petitions

None submitted.

37. Financial Monitoring Report

The committee considered a report of the Head of Finance and Business Planning that set out the financial position as at the end of September 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 and advised the committee of a typographical error in section 2.2 of the report regarding bus services which should read a projected *adverse* full year forecast of £1.448m, not favourable. The Lead Accountant (Transport) Wayne Farrington, explained the reasons for the adverse forecast and other revenue expenditure headline variances and reported that the revenue expenditure table in the report contained the correct information. The Lead Accountant (Transport) continued to present the headlines for the remainder of the report covering the capital expenditure and treasury management sections.

In relation to an enquiry from Councillor Huxtable regarding Metro Birmingham Eastside and the need to know more about the work undertaken with respect to the design options for Delta Junction at Bull Street, in particular whether the WMCA has obtained agreement in principle, the Managing Director, Laura Shoaf, reported a financial decision has not yet been taken on the junction as the Midland Metro Alliance (MMA) was currently reviewing the work undertaken by Balfour Beatty and offered to provide a Councillor Huxtable with a briefing note on the matter.

Councillor Horton, Lead Member for Rail and Metro, proposed that the matter be raised at a future Rail and Metro Lead Member Reference Group meeting as this would ensure Councillor Huxtable received a more detailed response.

Councillor Alden expressed concerns that current underspends on schemes could lead to cost increases in the future and enquired as to the number of fixed price contracts that were in place and whether delays to schemes could be attributed to the work being undertaken in respect of Paradise Circus.

The Managing Director, advised that there were different delivery arrangements in place for the various schemes and reported that whilst the Midland Metro Alliance would deliver Metro schemes, they would not deliver Sprint schemes and she could supply further information for Councillor Alden if required. In relation to works being carried out for Paradise Circus, the Managing Director reported that these had not impacted on the final delivery date for the Metro Extension to Centenary Square and Edgbaston.

In relation to Wednesbury to Brierley Hill Metro Extension and an enquiry from Councillor Hanif as to whether the rescheduling of survey work would

delay the delivery of the scheme, the Managing Director reported that the transfer of the corridor from Network Rail to the WMCA had recently been agreed and this would not delay the scheme.

In relation to an enquiry from Councillor Richards regarding further information on 'emerging cost pressures relating to various TfWM activities', referred to in paragraph 2.3 of the report, the Lead Accountant (Transport) advised that detailed work was currently ongoing as part of the review of forecast expenditure taking place during November and information from the outcome of this would be included in the next Financial Monitoring report that would be considered by the committee on 7 January 2019.

Resolved:

1. That the year to date net revenue expenditure outturn for 2018/19 shows a favourable variance of £309,000 compared to budget and a full year favourable forecast variance of £41,000 be noted;
2. That the total capital expenditure to the end of September 2018 for the overall transport programme is £38.8million, within the year to date budget be noted and
3. That the treasury indicators are within expected range and there are no issues to highlight to be noted.

38. Capital Programme Delivery Monitoring Report

The committee considered a report of the Director of Development and Delivery, 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 September and October 2018 and reported that there were no variations to the baseline programme during the period.

Councillor Huxtable noted that the forecast date for University Station was given as June 2022 in the report and considered the timescales for the station opening in time for the Commonwealth Games seemed very tight.

The Director of Development and Delivery reported that June 2022 related to the Network Rail close down date of the project and not when the station opens. He undertook to ensure the date was reconciled in future reports.

In relation to an enquiry from Councillor Davis regarding the public realm for Snow Hill Third Access, the Director of Development and Delivery reported that this project was being led by the Colmore Business Improvement District with the Greater Birmingham and Solihull LEP who were looking at the synergy around Snow Hill and improving the environment.

In relation to a request from Councillor Ditta for an update on Walsall Town Centre Interchange Feasibility Study, the Director of Development and

Delivery reported that study was currently on hold as TfWM was awaiting the outcome from Walsall MBC on their town centre masterplan work.

Resolved:

1. That the achievements since the September 2018 meeting of the Transport Delivery Committee be noted;
2. That the progress of deliverables under the 2018/19 Capital Programme be noted and
3. That there are no variations from the baseline programme be noted.

39. Rail Business Report

The committee considered a report of the Head of Rail Franchising and Partnerships that provided an update relating to the performance, operation and delivery of rail services in the West Midlands including rail operator partnership agreements and West Midlands Rail Executive activity.

The Head of Rail Franchising and Partnerships, Tom Painter, outlined the key highlights in the report and also referred to the update given earlier in the day by West Midlands Trains at the pre-TDC policy briefing session.

In relation to a comment from Councillor Lal that rail passengers are still experiencing problems with overcrowding and reliability and his question as to when customers could expect to see an improvement, the Head of Rail Franchising and Partnerships reported that West Midlands Trains has put in place 70 action plans focusing on areas for improvement and that under the terms of the franchise would be required to make payments in the event that poor performance continued. With regards to poor performance, the Head of Rail Franchising and Partnerships explained that the causes were varied and whilst some aspects of poor performance could be attributed to the train company, other factors such as the infrastructure i.e., track condition and signalling, were outside of its control. He advised that new rolling stock to create extra capacity had been ordered but the lead time of 18 months to 2 years would mean the majority of new trains would not arrive before 2020-21 although an additional 8 trains from London would be utilised on services for Snow Hill and Kenilworth stations.

Councillor Davis considered that the current system was almost in a state of collapse and he hoped the partnership between West Midlands Rail Executive, train companies and central government would tackle the issues to get the best deal for passengers and congratulated officers for their on-going work.

Councillor Horton, Lead Member for Rail and Metro conveyed his thanks to the Head of Rail Franchising and partnerships and colleagues for reporting into the Rail and Metro Lead Member Reference Group that was working well.

Resolved: That the contents of the report be noted.

40. Bus Business Update

The committee considered a report from the Network Development Manager that provided an update relating to the performance, operation and delivery of bus services in the West Midlands and the vision for bus in the West Midlands.

The Network Development Manager, Edmund Salt, highlighted key areas of activity during the last six months which included the first partnership routes between Diamond and National Express on services 42/43 and 31/32 and changes to bus service registrations.

The Head of Network Delivery, Jon Hayes, also took the opportunity to outline customer feedback on the changes to bus services in Birmingham following a request from Councillor Huxtable.

In relation to the recent changes to bus services in Dudley and Sandwell, Councillor Horton asked if he could receive general feedback from councillors and members of the public and asked for Councillors Hanif and Jones to be provided with the same information.

The Head of Network Delivery undertook to provide councillor and customer feedback on the changes to services in Dudley and Sandwell to Councillors Horton, Hanif and Jones.

In relation to Network Resilience and HS2, Councillor Richards expressed concern that HS2 enabling works could cause disruption for bus passengers from North Solihull and East Birmingham trying to access the city centre.

Councillor Linnecor added that he also had concerns regarding the closure of Saltley Viaduct and the impact for bus users.

The Head of Network Delivery reported that TfWM was working in partnership with Birmingham City Council and National Express to try and mitigate any impact on bus services; this was likely to include bus priority measures. He added that there would be a wider resilience strategy, working with local authorities that would promote public transport.

Resolved:

- (1) That the contents of the report be noted;
- (2) That the review being undertaken by TfWM on how it considers and processes bus registrations be noted and
- (3) That the Vision for Bus in the West Midlands be approved.

41. Presentation: Vision for Bus

The committee received a presentation from the Director of Integrated Network Services on the strategic Vision for Bus that was outlined in the Bus Business Update report.

The presentation highlighted the background to the vision for bus, changing behaviour and future trends, the importance of bus, recent interventions, challenges to bus, new opportunities available to the WMCA/TfWM, messages from West Midlands Leaders, the Strategic Vision for Bus, the Vision Objectives and the next steps.

Councillor Huxtable noted that there was very little park and ride provision for bus services, commenting that it worked well in other major towns and enquired as to whether there was a vision for bus park and ride in the West Midlands.

The Director of integrated Transport Services, Pete Bond, reported that park and ride would form a pivotal role for Sprint services which would have dedicated highway space. He added that with regards to park and ride for bus services, journey time predictions were currently limited but if these improved, there could be an opportunity in the future to look at taking this forward.

Councillor Alden reported that the presentation did not include reference to technology that has recently been developed whereby buses can clean the air, adding that the same technology was available for bus stops which could have a huge impact for the West Midlands. He advised that pilots are underway in London and Southampton and enquired whether the new technology could be considered for the Vision for Bus.

The Director of Integrated Transport Services reported that he supported looking into the use of new technology including investigating bus infrastructure as well as vehicles and thanked Councillor Alden for his comments.

Resolved: That the presentation be noted.

42. Notices of Motion

None submitted.

43. Questions

None submitted.

44. WMCA Board Transport Reports

The committee received two reports that would be considered by the WMCA Board on 9 November 2018; these were Transforming Cities Fund and Strategic Vision for Bus.

The reports were submitted for information only.

Resolved : That the reports be noted.

45. Forward Plan

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

Resolved: That the report be noted.

46. Date of Next Meeting -7 January 2019 at 1.00pm

The meeting ended at 3.00 pm.



Audit, Risk & Assurance Committee

Monday 12 November 2018 at 10.00 am

Minutes

Present

David Lane (Chair)

Councillor Tom Baker-Price

Councillor Kerrie Carmichael
Councillor Craig Collingswood

Sean Farnell

Councillor Michael Gough

Councillor Alexander Phillips

Councillor June Tandy

Worcestershire

Authorities

Sandwell Metropolitan Borough Council

City of Wolverhampton Council

Coventry & Warwickshire LEP

Solihull Metropolitan Borough Council

Shropshire Council

Nuneaton & Bedworth Borough Council

Non-Constituent

In Attendance

Councillor Jackie Taylor

Sandwell Metropolitan Borough Council

Item Title

No.

103. Apologies for Absence

Apologies for absence were received from Councillor Adam Aston (Dudley), Councillor Stephen Craddock (Walsall) and Councillor John O'Shea (Birmingham).

104. Chair's Remarks

- Chair welcomed Hannah Begum from West Midlands Fire Service.
- Sean Pearce, Director of Finance will be leaving WMCA towards the end of December 2018. Process of recruitment to this post is currently being reviewed.

105. Minutes of the meeting held on 21 September 2018

The minutes of the meeting held on 21 September 2018 confirmed as a correct record subject to amendments minute No. 95. whereby the minutes should reference 'Unfortunately, there had been one recent death at a bus station, and an inquest had recorded this as accidental death'.

106. Matters Arising

a) Inquorate meeting

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 11 January 2019 for formal approval and adoption.

b) Health and Safety Update

The monitoring Officer informed members that there were no health and safety issues requiring the attention of this Committee.

c) Police & Crime Commissioner Update

The Monitoring Officer shared that following the West Midlands Combined Authority Board meeting held on Friday 9 November 2018 a unanimous decision was made to agree the two-stage consultation process. The Overview & Scrutiny Committee will scrutinise and assure the process. It was also noted that BECG have been appointed as the agency responsible for supporting the design and analysis of the consultation.

d) Whistleblowing

The Monitoring Officer informed the Committee that there were no matters to be brought to the attention of the Committee.

e) Report template

It was agreed that The Monitoring Officer would amend the standard board paper template to include a Legal / Governance implication section to provoke writers to consider and report on Governance issues for future board papers.

107. Forward Plan

A forward plan of items to be reported to future meetings of the Committee were noted.

- Chief Executive of West Midlands Combined Authority to be invited to the Committee to answer questions on the effects on resources for the Combined Authority's plan / objectives in relation to the work undertake for the Police & Crime Commissioner merger and other resourcing pressures.
- Update of the Governance of subsidiaries; with a particular focus upon 5G.
- Proposal on Governance for the absorption of Fire and Rescue to be presented to the Committee in January 2019 for approval.
- An update from Health and Safety to address as to whether or not the commitments had been achieved by the 31 December 2018 deadline.

108. Mayor of the West Midlands

The Mayor attended Committee to give a briefing on the progress and risks for the Combined Authority. The Mayor focused upon the follow key topics:

• Highs and lows for the last 12 months

The Mayor shared his view on the highs / successes for the region of the last 12 months: Commonwealth Games, Coventry City of Culture, 5G and the start of work towards HS2. The Mayor stated a major low was the unsuccessful bid for Channel 4's new location. The Mayor highlighted the ongoing cohesiveness of the Combined Authority Leaders as a major strength.

- **Key plans / objectives for 2019 / 2020**

The Mayor stated the following as his priorities:

- Lead the development of the emerging Combined Authority and ensure it is in a strong in preparation for the next Mayoral election.
 - Continue with the development of the transport infrastructure and particularly the new links.
 - A critical moment for the Combined Authority is around finances / viability when the Chancellor undertakes the next Comprehensive Spending Review thus preparation for this will be key.
 - Ensuring the Combined Authority has the capacity and capability to achieve all its objectives.
- The Mayor acknowledged that the Brexit for the automotive industry and overall economy in the West Midlands represented the biggest risk and uncertainty facing the Combined Authority, the impact is constantly being assessed.

Councillor Jackie Taylor raised concerns around the limited information around the equal pay agenda and this not being on the raised widely. The Mayor welcomed Committees interest in monitoring this issues. The Mayor went on to discuss the pay gap at a senior level and the work being undertaken to address this.

Councillor Alexander Philips asked as to what preparations are being considered in regards to the May 2020 Mayoral elections. The Mayor replied that the Chief Executive of WMCA would be a better person to respond to this.

Councillor Craig Collingswood asked as to whether any learning has been identified from the unsuccessful bid for Channel 4's new location and as to whether the investment in the bid was appropriate. The Mayor felt the cost of the bid was broadly appropriate and that the bid was strong. However Channel 4 feedback suggested that Leeds were stronger in offering to enhance creative opportunities, which the Mayor admitted was not something originally asked for by Channel 4.

Councillor Michael Gough asked what the benefits were to the transfer of the PCC to WMCA. The Mayor highlighted that WMCA Board agreed to start the consultation period and that he urged Committee members to read the detailed WMCA Board papers on the consultation. The benefits highlighted by the Mayor were around providing improved accountability for people, businesses and government.

Members of the Committee thanked the Mayor for attending.

109. Internal Audit Update

The Committee considered a report from the Chief Audit Executive setting out the work completed by internal audit during the currently financial year.

The audits completed during this quarter were, Health and Safety Arrangements, Asset Management Arrangements and a follow-up review into Expenses, Gifts and Hospitality. None of these audits required a red recommendation.

It was also noted that under the Health and Safety Arrangements two further actions had been agreed relating to the CA Board being asked to specifically approve the Health and Safety governance arrangements being led by TfWM for the West Midlands Fire Service post 1 April 2019 and that Human Resource monitored stress and long-term sickness absence should be added to the oversight of the new Health & Safety Committee's terms of reference. The Health & Safety paper identified a number of critical delivery actions due 31 December 2018 and progress should be confirmed to Committee in January 2019 in order for the Committee to be content that the proposals and progress were adequate for Committee to no longer need to have Health & Safety as a regular item on its agenda.

Sean Farnell highlighted the importance of returning to the completed internal audits and review their current position and as to whether progress was being made or not. It is expected that the update in January 2019 will report on many more of the ongoing 2018/19 audits which seem to be too back end loaded in the financial year.

The Chief Audit Executive felt there was adequate resources to ensure the delivery of the 2018/19 Internal Audit Plan and would raise any issue with the Chair if required.

Councillor Craig Collingswood queried the management of assets relating to the Commonwealth Games. The Monitoring Officer stated that majority of WMCA's assets were transport based, alongside 16 Summer Lane (Head Office) and some areas of land that will potentially be used for future development opportunities, with current uncertainties around assets relating to the Commonwealth Games. A paper describing the capital investment programme with details on the governance and monitoring arrangements was requested by the Committee for April 2019.

The Chair welcomed the assurances on the current work being undertaken however stressed the importance of ensuring that the Committee were not overloaded with audit reports towards the end of the year and that an even spread of work is conducted for future years.

It was recommended to the WMCA Board that the report be noted with no further action being required.

110. WMCA Assurance Overview November 2018

The Committee considered a report outlining the assurance reviews and activities undertaken since the last reporting period. The Corporate Assurance Manager provided a brief overview of WMCA's systems for Project & Programme, Business and Performance Assurance.

The Chair asked that any potential slippages should be raised with the Committee at its future meetings as a regular report, and no await the full Assurance Report to be made.

Councillor Jackie Taylor queried as to where performance was managed. The Corporate Assurance Manager reported that it is managed by the Director of Strategy who has the lead role of ensuring that the organisation is delivering against its priorities and the business plan objectives.

Councillor Craig Collingswood enquired what contingency plans were in place in regard to Directors leaving WMCA. The Monitoring Officer shared that the arrangements are currently being reviewed and plans are in place with regard to the Director of Finance leaving the organisation.

Chair requested that the follow up in regards to recruitment and retention review to be brought to Committee in January 2019 and not April 2019.

It was recommended to the WMCA Board:

- (1) That the report provided to the Committee be noted.
- (2) That the Committee were satisfied with the assurance activity undertaken between April 2018 – October 2018 with the caveat that Assurance requirements will have a step change rise over the next 12 – 24 months.
- (3) That regular updates on major programme slippage be reported at Committee.

111. Health and Safety Audit Report

Further to the Committee considering the earlier report regarding the audit conducted for Health and Safety the Manager for Health and Safety attended Committee to answer any questions.

Councillor Jackie Taylor asked as to how long-term sickness was managed. The Health & Safety Manager shared that this is now a standing item for the Safety, Health and Environment Strategic Committee.

Councillor Craig Collingswood highlighted that many of the actions outlined in the report were due for completion by December 2018 and asked whether this would be achievable due to the short timescale. The Health & Safety Manager acknowledged that there were many actions for completion but felt that this would be achieved by the end of the year. A further update regarding the completion of actions or any slippages will be an item for the next Committee.

The Monitoring Officer was not in a position to confirm Health and Safety arrangement in regard to West Midlands Fire Service as details are still to be determined but these should be part of a planned paper for the Committee in January 2019.

112. WMCA Strategic Risk Register Report - November 2018

The Committee considered a report on the Strategic Risk Register. The report summaries the current work undertaken in regards to a review of operational risk registers being initiated will all existing and emerging directorates.

The Corporate Assurance Manager highlighted that some slippage is expected but was not currently in a position to estimate by how much.

It was requested that the register should provide evidence for the reduction in risk/impact scores as the current improved scores showed a possible optimum bias. If the evidence to support the score improvements could not be provided then the scoring should be modified appropriately. It was also requested that the delivery section of the register is broken down with the large projects being referenced separately.

Councillor Alexander Phillips queried Appendix 2 of the report and highlighted the similar wording used for both operations emerging and financial risks. The Corporate Assurance Manager will revisit the terminology with the Senior Leadership Team.

It was recommended to the WMCA Board that the contents of the Strategic Risk Register be noted with concerns over optimum bias being referenced.

113. Conflict of Interest Policy for Non-Elected Participants in Combined Authority Governance

The Committee considered a report presented by the Monitoring Officer in regards to propose a policy covering conflicts of interest for non-elected participants in the Combined Authority and the appointment of a Designated Independent Person.

Councillor Alexander Phillips made reference to page 67 of the report pack (Conflict of Interest Policy for Non-Elected Participants in Combined Authority Governance) bullet point 4 and asked that a full list of individuals this policy is expected to apply be advised to Committee to avoid the policy being too vague.

Councillor Craig Collingswood asked that an up to date list of relevant persons is maintained as a publicly available record as per paragraph 3 reference 3.3 of the report, but also requested that this list is prepared and shared with the Committee. The Monitoring Officer agreed to this change.

Members felt further information was required in regards to the proposal to use Solihull Independent Person Panel to meet the Combined Authorities Designated Independent Person obligation. The Monitoring Officer will consult with the Chair on the arrangements however in principal the Committee were supportive of this proposal.

It was recommended to the WMCA Board that:

- (1) The Conflict of Interest Policy for non-elected participants in WMCA governance processes was agreed.

- (2) Solihull Independent Person Panel to be appointed as the Designated Independent Person for dealing with any complains under the Code of Conduct for Elected Members.
- (3) The Monitoring Officer consults with the Chair on behalf of the Committee around the arrangement of appointing Solihull Independent Person Panel and the Terms of Reference.
- (4) The Committee to be provided with a regularly updated list of those individuals that the policy applies to.

114. Transfer of Fire Service Governance - General Update and Outline of Proposed Audit Arrangements

The Committee considered a report from The Monitoring Officer outlining the process towards the transfer of governance from the West Midlands Fire Authority to the WMCA and the emerging proposals with regard to the handling of audit, risk and assurance arrangements.

Detailed planning and engagement with the West Midlands Fire Service is underway with a joint implementation team being established with Officers from both the Fire Service and the WMCA. It is expected that the Order will be confirmed early in the New Year. Communication between the Chair of this Committee, The Monitoring Officer and the Fire Service Audit Chair has been started.

Further to proposals it was highlighted that the Mayoral Fire Committee will not have any executive decisions-making powers but will have the role of advising the Mayor.

Councillor Craig Collingswood expressed concern about the increase workload and length of Committee meetings if the Fire Service Audit was just combined with Committee.

Chair relayed that he was reluctant to increase the size of this Committee and supported the proposal to consider an ARAC Fire Sub-Committee with the Chair and a current member of Committee sitting on with some existing membership from the Fire and Rescue Audit Committee for continuity and experience. This approach could then be reviewed after 12 months.

It was recommended to the WMCA Board:

- (1) That the update of progress towards the transfer of governance from West Midlands Fire Authority to the WMCA be noted.
- (2) The Chair to be consulted upon the proposed Governance Arrangements.
- (3) That the emerging proposals with regard to the handling of Audit, Risk & Assurance arrangements be noted and to be reported back to the Committee in January 2019.

115. Monday 14 January 2019 at 10.00am
The date of the next meeting was noted.

The meeting ended at 11.45 am.



**West Midlands
Combined Authority**

Investment Board

Monday 19 November 2018 at 9.30 am

Minutes

Present

Councillor Bob Sleigh (Chair)	Portfolio Lead for Finance & Investments
Councillor Kurshid Ahmed	Dudley Metropolitan Borough Council
Councillor Mike Bird	Walsall Metropolitan Borough Council
Councillor Maurice Howse	Stratford on Avon District Council
Councillor Robert Hulland	Solihull Metropolitan Borough Council
Councillor Jim O'Boyle	Coventry City Council
Councillor Brett O'Reilly	Birmingham City Council
Sue Summers	West Midlands Development Capital
Gary Taylor	Greater Birmingham & Solihull Local Enterprise Partnership

In Attendance

Sarah Middleton	Black Country Local Enterprise Partnership
David Cockroft	Coventry City Council
Ed Bradburn	West Midlands Development Capital
Nick Oakley	West Midlands Development Capital
Gareth Bradford	West Midlands Combined Authority
Sukhy Dhanoa	West Midlands Combined Authority
Linda Horne	West Midlands Combined Authority
Claire Jones	West Midlands Combined Authority
Dr Henry Kippin	West Midlands Combined Authority
James Magee	West Midlands Combined Authority
Tim Martin	West Midlands Combined Authority
Sean Pearce	West Midlands Combined Authority
Carl Craney	West Midlands Combined Authority
Matthew Hammond	West Midlands Growth Company
Roger Mendonca	West Midlands Growth Company
Neil Rami	West Midlands Growth Company

Item Title

No.

56. Apologies for Absence (if any)

Apologies for absence had been received from Nick Abell (Coventry and Warwickshire Local Enterprise Partnership), Paul Brown (Black Country Local Enterprise Partnership), Councillor Judy Foster (Dudley Metropolitan Borough Council), Councillor Tony Jefferson (Stratford on Avon District Council) and Councillor Roger Lawrence (City of Wolverhampton Council).

Councillor Kurshid Ahmed had been appointed as a substitute for Councillor Judy Foster and Councillor Maurice Howse had been appointed as a substitute for Councillor Tony Jefferson.

57. Declarations of Interests (if any)

The Chair, Councillor Bob Sleight and Councillor Mike Bird declared personal interests in Agenda Item No. 8 (Funding Request for Inward Investment and Tourism Activity) inasmuch as they were Board Members of the West Midlands Growth Company.

Councillor Mike Bird declared a personal interest in Agenda Item No. 9 (Urban Splash Walsall Waterfront BLPDF) inasmuch as he was the Chair of the Planning Committee at Walsall MBC and withdrew from the meeting during the consideration of the item.

58. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 1 November 2018 be confirmed as a correct record and signed by the Chair

59. Investment Programme - Update

Sean Pearce presented a report on the status of the Investment Programme in order to help set out the context for any investment decisions being made by me the Board. He drew attention to the Investment Programme Assurance Summary including the work underway with Investment Programme Prioritisation Strategies to address the current gap of £200 million and advised that a report on this matter would be presented to the January 2019 meeting of the Board. He also reminded the Board of the announcement by the WMCA Mayor that there would be no Mayoral precept until at least 2020.

Further to discussions at the last meeting with regard to the Wednesbury – Brierley Hill Metro Extension scheme he reported that the Full Business Case (FBC) would enter the Assurance Process in January 2019. He also explained the 2018/19 full year forecast underspend of £64.3 million for the HS2 Growth Strategy and the reasons behind this. A further variance to forecast was an overspend regarding Land Reclamation (£47.3 million) relating to the timing of grant payments given the pipeline approved in 2017/18 which were currently awaiting developments to progress and contracts to be prepared.

He also reported that a high level implementation plan for the Assurance Framework enhancements would be submitted to the next meeting of the Board. This had been delayed to ensure that final work could be delivered to confirm the outcomes and timelines with key partners.

Resolved:

That the status of the Investment Programme delivery as detailed in the report be noted.

- 60. WMCA Collective Investment Fund (CIF) - Dashboard**
Nick Oakley presented the Collective Investment Fund (CIF) Dashboard (public iteration) as at 15 November 2018.

Resolved:

That the Dashboard be received and noted.

- 61. WMCA Brownfield Land and Property Fund (BLPDF) - Dashboard**
Nick Oakley presented the Brownfield Land and Property Fund (BLPPF) Dashboard (public iteration) as at 15 November 2018.

Resolved:

That the Dashboard be received and noted.

- 62. 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).

- 63. Funding Request for Inward Investment and Tourism Activity**

Matthew Hammond explained the purpose and role of the West Midlands Growth Company and advised that the funding model detailed in the report had been discussed with the Chief Executives and Finance Directors of the West Midlands Metropolitan Authorities and the West Midlands Combined Authority. Neil Rami presented a report which set out a request for funding of £1.8 million per year for a period of two years from the Investment programme to secure the repositioning and investment in the West Midlands Growth Company.

Matthew Hammond, Neil Rani and Roger Mendonca responded to questions from members of the Board relating to the financial position and solvency of the West Midlands Growth Company, the liability of individual Directors / Members of the Board of the Company in the event that it was trading whilst insolvent and/or became insolvent, the treatment of outstanding debt (especially to Birmingham City Council), treatment of pension liabilities, the costs associated in winding up the Company and responsibility for such costs, the position if the Company was not self sufficient by 2021, the needs of individual local authorities and the steps being taken to identify such needs and opportunities for shared services with local authorities. Sean Pearce and Tim Martin confirmed the position with the ability of the Investment Programme to provide revenue funding and the financial liabilities of individual Directors / Members of the Board of the Company respectively.

Resolved:

1. That the Investment Case developed by the West Midlands Growth Company Executive Board and Board be noted;
2. That the Investment Programme Assurance Framework be not applied to this Investment; f

3. That delegated authority be granted to the Regeneration Directors of the West Midlands Metropolitan authorities and the West Midlands Combined Authority working with the Universities, to develop and sign off the West Midlands Growth Company Business Plan before final sign-off by the West Midlands Growth Company Board;
4. That the allocation of £1.8 million from the Investment Programme for the West Midlands Growth Company for a period of two years covering the financial years 2019/20 and 2020/21 to support the repositioning and investment in the West Midlands Growth Company be approved. (This was included in the West Midlands Growth Company investment Case as Option 2);
5. That the review of future funding based on performance during 2019/20 be approved;
6. That the Regional Chief Executives be requested, supported by their Finance Directors, to agree with the West Midlands Growth Company a plan by the start of the 2019/20 Financial Year for the West Midlands Growth Company to replace this funding in year three with other income streams to enable the West Midlands Growth Company to be self-sufficient;
7. That delegated authority be granted to the Regional Chief Executives the development and agreement of a set of Key Performance Indicators with the West Midlands Growth Company Board to demonstrate the delivery of the outputs forecast in the Investment Case;
8. That the Investment Board's Forward Plan include a twice yearly update from the West Midlands Growth Company Board on the delivery of outcomes and outputs;
9. That delegated authority be granted to the Regional Chief Executives any activities required to finalise the agreement of the Investment Case with the Board of the West Midlands Growth Company.

64. Urban Splash Walsall Waterfront BLPDF

Nick Oakley presented a report which sought an allocation of £787,000 from the WMCA Land Fund to assist with funding the viability gap for the innovative delivery of 20 modular residential units at Walsall Waterfront subject to conditions detailed in the report.

Gareth Bradford confirmed that the proposals were in accordance with the policies of the WMCA housing and Land Delivery Board.

Resolved:

That the allocation of £787,000 from the WMCA Land Fund be approved subject to the conditions detailed in the report.

65. Opus Land Sandwell Seven Stars - BLDPF and CIF

Ed Bradburn presented a report which reminded the Board of its previous decision to provide an allocation from the Brownfield Land and Property Fund to remediate a well-known West Midlands site which had been out of economic use since 2006 due to land contamination with no viable financial means of remediation. The report detailed a change in circumstances since that decision and set out a way forward. Ed Bradburn responded to various questions raised by members of the Board.

Resolved:

1. That a £5.5 million Collective Investment Fund (CIF) loan funding for the now speculative development of the site known as Seven Stars following the withdrawal of the proposed tenant be approved to sit alongside the £2.63 million remediation grant approved previously;
2. That the clawback provisions within the grant be amended to a 20% profit on cost threshold with profits received above this figure shared on a 50/50 basis in line with market levels and to reflect that this was now a speculative development.

66. Complex Developments - Coventry Telegraph - BLPDF and CIF

Nick Oakley presented a report which sought approval to provide a grant of £3.8 million from the Brownfield Land and Property Development Fund (BLPDF) to assist with funding the viability gap on the Development and also to a £4.7 million Collective Investment Fund (CIF) loan to re-finance the existing £2.82 million CIF loan and provide an additional £1.88 million of new monies towards the Developments costs. He responded to various questions from members of the Board.

Resolved:

1. That a £3.8 million BLPDF viability gap grant to assist with the cost of delivering the development subject to the conditions contained in the report be approved;
2. That a £4.7 CIF development loan to re-finance the existing £2.82 million CIF loan and provide an additional £1.88 million of new monies towards the Development costs subject to the conditions contained in the report be approved.

67. Investment Programme Prioritisation Criteria

Sean Pearce and Sukhy Dhanoa presented a report on a proposed method of prioritising schemes for the Investment programme using the prioritisation criteria agreed by WMCA Senior Management Team. The report detailed the process for developing and implementing the prioritisation model.

The Chair advised of comments from Nick Abell which had been forwarded to him in relation to the proposed scoring system. The comment questioned whether it was appropriate for the Investment Board to determine the system or whether this should fall to the WMCA Board. Sean Pearce reminded the Board that the proposed prioritisation model had been considered at the last meeting and that the minutes of this meeting, including recommendations, would be presented to the WMCA Board in due course for approval. Tim Martin confirmed this to be the case albeit that a separate report addressing this issue could be prepared and presented to the WMCA Board if that was considered to be preferable.

In response to a question from Councillor Jim O'Boyle as to the purpose of the report and the difficulties with using the existing criteria, the Chair explained that the proposals related to the 'Change Control' process where no criteria existed currently. Sean Pearce reminded the Board that the need for a 'Change Control' process to be introduced had been considered at the last meeting of the Board when the draft proposals had been approved. Councillor Jim O'Boyle sought confirmation that the intention was that all projects were to be considered on a fair and equitable basis and whether the respective Local Enterprise Partnerships operated a similar scoring system. Sukhy Dhanoa confirmed this to be the case and that examples of similar systems operated by other Combined Authorities and Local Enterprise Partnerships had been considered. The proposed model was, however, based on that used by HM Government Treasury.

Councillor Kurshid Ahmed referred to paragraph 3.22 of the report which detailed key West Midlands initiatives including HS2, Commonwealth Games and Coventry City of Culture and expressed concern that the Black Country Authorities would be disadvantaged as they would not receive direct benefits in terms of Inclusive Growth from these particular initiatives. He requested that this be addressed in the proposed criteria. The Chair advised that in terms of HS2 this related to the Connectivity Package and associated infrastructure from which the Black Country would benefit.

Henry Kippin reported on work that his team were undertaking to understand and apply Inclusive Growth across the CA policy agenda - including an inclusive growth framework which was agreed by the WMCA board at its September 2018 meeting, and a toolkit to support its application into practice. He agreed to work with officers to ensure this is reflected within criteria 1.

Resolved:

1. That the proposed prioritisation criteria and the scoring mechanism as detailed in the report be approved and the Programme Management Office be tasked to progress the prioritisation exercise as set out in section 4 of the report;
2. That the reference to 'HS2' in paragraph 3.22 of the report be amended to 'HS2 Connectivity Package';
3. Henry Kippin would work with officers to ensure Inclusive Growth is reflected within criteria 1.

68. Investment Programme - Strategies

See Minute No. 59 above.

69. WMCA Collective Investment Fund (CIF) - Dashboard

Nick Oakley presented the Collective Investment Fund (CIF) Dashboard (private iteration) as at 15 November 2018.

Resolved:

That the Dashboard be received and noted.

70. WMCA Brownfield Land And Property Fund (BLPDF) - Dashboard

Nick Oakley presented the Brownfield Land and Property Fund (BLPDF) Dashboard as at 15 November 2018.

Resolved:

That the Dashboard be received and noted.

The meeting ended at 11.06 am.

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West Midlands Combined Authority

Overview & Scrutiny Committee

Tuesday 20 November 2018 at 10.00 am

Minutes

Present

Councillor Peter Hughes (Chair)
Councillor Cathy Bayton
Councillor Liz Clements
Councillor Mike Chalk

Councillor John Cotton
Councillor Stuart Davis
Councillor Tariq Khan
Councillor Ian Shires (Vice-Chair)

Councillor Stephen Simkins

Sandwell Metropolitan Borough Council
Dudley Metropolitan Borough Council
Birmingham City Council
Worcestershire Non-Constituent Local
Authorities
Birmingham City Council
Joint Coventry/Solihull Representative
Coventry City Council
Dudley, Sandwell, Walsall and
Wolverhampton Councils
City of Wolverhampton Council

In Attendance

Councillor Mike Bird
Gareth Bradford
Councillor Daniel Barker
Councillor Jackie Taylor

Portfolio Lead for Housing & Land
Director of Housing Regeneration
Association of Black Country Authorities
Sandwell Metropolitan Borough Council

Item Title No.

19. Inquorate Meeting

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 11 January 2019 for formal approval and adoption.

20. Apologies for Absence

Apologies for absence were received from Councillor Joe Tildesley (Solihull), Councillor Ken Wood (Birmingham), Councillor Stephen Craddock (Walsall), Councillor Ian Shires (Association of Black Country Authorities), Councillor Angus Lees (Dudley), Councillor Dean Carroll (Shropshire), Councillor John Glass (Nuneaton & Bedworth), Paul Brown (Black Country LEP) and Mike Lyons (Greater Birmingham & Solihull LEP).

21. Chair's Remarks

(a) Inquorate meeting

Discussions were held regarding the quorum not being met and the issues posed with the quorum being of a high number. The Monitoring Officer advised the committee that discussions were being held with Ministry of Housing Communities & Local Government in regards to the quorum level as to whether there was an opportunity to set this as a lower level. Councillor Ian Shires highlighted that the high quorum only applied to this committee, and that the Housing & Land Delivery Board did not operate under the same process, which is resulted in an inconsistent approach.

22. Call In Procedure

(a) Provisions within the Constitution relating to Call-In

The Monitoring Officer outlined the requirements for a call-in as outlined within the constitution, highlighted that the committee must scrutinise the decision within 10 clear working days of the call-in being made. The decision for a call-in would fall away if the timescale had not been met unless the Chair and Vice-Chair of the board concerned and the relevant portfolio leads agreed to an extension period.

(b) Call-In Town Centres Programme

The Chair stated that all but one member, of those committee members present, had knowledge or oversight of the Town Centres Programme report before receiving papers following the Housing & Land Delivery Board.

Councillor Ian Shires stated that the reasons for the call-in was not due to the decision on, or the selection of the chosen town centres, but related to the process in which town centres were selected. This view was echoed by Councillor Stephen Simkins and Councillor Cathy Bayton.

Councillor Mike Chalk also commented that the lack of forward plans for Board being made available to committee for consideration did not aid pre-decision scrutiny, and had probably led to the call-in.

23. Housing & Land Delivery Board - Town Centres Programme

The Chair welcomed both the Director of Housing & Regeneration and Councillor Mike Bird, Portfolio lead for Housing & Land, and invited them to give an outline of the decision making process undertaken for the Town Centres Programme leading up to the decision taken on 25 October 2018.

The Director of Housing & Regeneration explained that initially, Housing & Land Delivery Board members had specifically requested that the Combined Authority begin to look at town centre regeneration, which led to a paper being submitted to the Leaders meeting on the 20 July 2018. This paper included the principles of the Town Centres Programme and also sought agreement for expressions of interest to be submitted from the Constituent Local Authorities, outlining the key deliverables against housing regeneration.

On the 23 August 2018, an email was then sent to all Chief Executives which set out clearly the process that would be taken forward to identify town centres and the criteria to be used. The Town Centres were nominated and selected after discussions with officers from the Constituent Local Authorities, with no political input during the selection process. The nominated Town Centres were taken to both the Leaders meeting held on the 12 October 2018, and subsequently to the Housing & Land Delivery Board on the 25 October 2018. The Director of Housing & Regeneration stressed that all seven Local Authorities were involved in the decision-making process, and that, in his view, the decision-making process for Town Centres Programme was clear.

The Director of Housing & Regeneration further explained that initially there were 17 Town Centres nominated for consideration; and the chosen centres were selected by officer sub-group. The Director of Housing & Regeneration was therefore of the opinion that appropriate individuals / boards had sight of the relevant paperwork, and been involved in the decision making process.

Councillor Stephen Simkins referenced Annex A: Recommended Wave One Town Centre Summary and highlighted that the information provided relating to Bilston was dated 2014, and that there were similar historic data relating to other centres. He questioned therefore how an informed decision could have been taken without current and up to date information and data provided. He also questioned whether officers from Wolverhampton City Council's Regeneration Section had been fully involved in the process.

Councillor Mike Bird stated that the questions should be directed towards officer and members at the seven local authorities relating to how their internal reporting mechanisms worked as, from his view, the information/analysis collated was based on what officers had provided to the Combined Authority.

During subsequent discussions, Committee Member identified that the provision of forward plans by relevant Boards, along with useful engagement with Portfolio Leads were both areas for improvement, as it was pointed out that Committee could add value to the decisions being made. Moving forward, the Director of Housing & Regeneration and Portfolio lead agreed to implement and share the Housing & Land Delivery Board forward plan and to provide short summaries on the decision made at meetings.

Councillor John Cotton, Chair of the Governance working group, highlighted that the Town Centres Call-In should be used as a case study, to draw learning from, but also to help identify mechanisms for committee to have sight of and given access to relevant information.

The WMCA Board be recommended that:

- (1) No further action be taken in response of the Town Centres Programme decision called-in from the meeting of the House & Land Delivery Board on the 25 October 2018.

- (2) A protocol for relationships between scrutiny and WMCA Leadership Team / Portfolio leads be developed.
- (3) WMCA Board and Committees have clear forward plans which were up to date and shared with Overview & Scrutiny committee members, in order to aid pre-decision scrutiny.
- (4) Pre-decision scrutiny be embedded within the WMCA.
- (5) A review of the constitution in response of the call-in process be undertaken.
- (6) The review of governance arrangement to continue, including quorum levels of the Overview & Scrutiny Committee.
- (7) To enable effective scrutiny, additional resources to identified.
- (8) Overview & Scrutiny to engage / participate in discussions regarding the next devolution deal.

[NB: Councillor Stephen Simkins declared an interest in this due to being a councillor for the ward Bilston East.]

The meeting ended at 12.15 pm.



West Midlands Combined Authority

Meeting: Skills Advisory Board

Date: Wednesday 21 November 2018 at 10.30am

Location: Council House, Coventry City Council, Earl Street, Coventry

Present:

Councillor George Duggins (Chair)	Portfolio Lead for Productivity & Skills
Lee Barron	Midlands Trades Union Congress
Rob Colbourne	PTP Planning
Jackie Dunne	Black Country LEP
Lesley Hagger	Lead Director of Children's Services
Dave Maclean	Chair, Digital Skills Task Force
Kirston Nelson	Lead Director of Education
Julie Nugent	West Midlands Combined Authority
Nick Page	Lead Chief Executive
Tim Pile	Greater Birmingham & Solihull LEP
Marion Plant	Coventry & Warwickshire LEP
Philip Plowden	West Midlands Universities
Aaron Reid	Chair, Construction Skills Task Force

Observers:

Johanna Hoyal	Department for Work & Pensions
Emran Mian	Department for Education
Nick Riddle	Department for Work & Pensions
Karen Riley	Education Skills Funding Agency

In attendance:

Rachel Egan	West Midlands Combined Authority
Clare Hatton	West Midlands Combined Authority
Councillor Kevin Maton	Coventry City Council

1. Terms of Reference

The board considered its draft terms of reference that set out its role and responsibilities, along with its functions.

RESOLVED:

- (1) That the terms of reference of the Skills Advisory Board be agreed.

2. Development of the Regional Skills Plan

The board received a presentation from Nick Page on the work that had been undertaken in developing the Regional Skills Plan and how the implementation of the plan could be best achieved. He stressed that the region had to earn the right to get further devolution and funding from the Government, and that delivery of the Regional Skills Plan would be the means by which this could be achieved.

Philip Plowden highlighted the importance of retaining graduate skills within the region and stressed that this should be a key workstream within the plan. Dave Maclean considered that the roll out of 5G technology could act as a significant driver of the skills agenda within the region. Nick Page said that that there was a need to develop a consistent framework to measure the impact of the work being undertaken so as to be able to clearly demonstrate the difference the Regional Skills Plan was making.

RESOLVED:

- (1) That the presentation on the development of the Regional Skills Plan be noted.

3. Delivering the Regional Skills Plan

The board received a presentation from Julie Nugent on proposals outlining the delivery of the Regional Skills Plan. She indicated that a delivery plan would be presented to the next meeting of this board that would seek to ensure that the region had the ability to deliver the skills the region needed. She stressed that inclusive growth would be a golden thread running through the whole of the delivery plan, which would also have to address issues such as apprenticeships, mentoring, automation and taking advantage of the upcoming City of Culture and Commonwealth Games events.

Aaron Reid noted that within construction there was a recognition that the sector needed to collaborate more widely in order to meet employment shortages, and the Regional Skills Plan provided something for the construction industry to work towards in a joined up approach. The board recognised the value that procurement could play in helping to achieve inclusive growth, and Julie Nugent undertook to submit a further report on this to a future meeting. Tim Pile welcomed the development of a delivery strategy as critically important, but warned of the danger of trying to do too much. It was therefore necessary to prioritise objectives, along with being clear on what the sector was going to stop doing.

RESOLVED:

- (1) That the presentation on the delivery of the Regional Skills Plan be noted.
- (2) That Julie Nugent submit a delivery plan to the next meeting of this board.
- (3) That Julie Nugent submit a report on using procurement to help achieve improvements in inclusive growth to a future meeting of the board.

4. Devolution of the Adult Education Budget 2019/20

The board considered a report from Julie Nugent on the detail of the proposed approach to commissioning Adult Education Budget provision following its transfer to the WMCA from July 2019. This reflected the principles previously set out in the Regional Skills Plan, as agreed by the WMCA Board in June 2018.

Clare Hatton reported that this would be the first time the region would have direct control over skills funding, and the report set out the approach that would be taken in respect of the regional commissioning of services. It was intended that a key benefit of this devolved funding would be that stakeholders would work more collaboratively and have a focus on moving hard-to-reach people into employment.

Councillor George Duggins indicated that in the first year, it was intended to allocate money on a historical basis, although any budgetary underspend would be redistributed to those organisations that were successfully delivering their skills programme in order to ensure spend.

RESOLVED:

- (1) That the approach to the regional commissioning of the Adult Education Budget in relation to the 2019/20 academic year, as outlined in the report, be noted.
- (2) That the Skills Advisory Board, with the support from local authority and LEP officers, would monitor progress, impact and recommend changes to the deployment of Adult Education Budget funding.

5. Use of WMCA Skills Funding to Match Fund European Structural Investment Funds

The board considered a report from Julie Nugent that set out the options for the use of WMCA skills funds as match funding for European Structural Investment Fund projects.

The report set out a number of options relating to how WMCA resource could be used alongside ESIF to deliver the priorities of the Regional Skills Plan. Rachel Egan reported that the latest round of ESIF funding pre-dated the creation of the WMCA and was allocated on LEP boundaries. This has provided extra challenges based on the three-LEP geography of the WMCA. It was now proposed to allow WMCA skills funding to be utilised by recipients as match funding for ESIF purposes.

RESOLVED:

- (1) That it be noted that recipients of WMCA skills funds would be permitted to use that funding as match for European Structural Investment Fund projects, subject to the prior agreement of the Director of Productivity & Skills and demonstrating that its use as match funding supported the priorities of the Regional Skills Plan.

6. Agenda Items for Next Meeting

- Regional Skills Plan Delivery Plan
- Procurement

- Dashboard reporting arrangements
- Mapping of service provision and funding sources to include customer journeys from both an individual's and an employer's perspective.
- Adult Education Budget performance (report in November 2019)

7. Date of Next Meeting

The board requested that its next meeting be arranged for May 2019.

[The meeting ended at 12.15pm]



West Midlands Combined Authority

Overview & Scrutiny Committee

Monday 26 November 2018 at 10.00 am

Minutes

Present

Councillor Peter Hughes (Chair)	Sandwell Metropolitan Borough Council
Councillor Dean Carroll	Shropshire Non-Constituent Local Authorities
Councillor John Cotton	Birmingham City Council
Councillor Josh Jones	Birmingham City Council
Councillor Tariq Khan	Coventry City Council
Councillor Angus Lees	Dudley, Sandwell, Walsall and Wolverhampton Councils
Councillor Ian Shires (Vice-Chair)	Dudley, Sandwell, Walsall and Wolverhampton Councils
Councillor Stephen Simkins	City of Wolverhampton Council
Councillor Joe Tildesley	Solihull Metropolitan Borough Council

In Attendance

Tom McNeil	Strategic Adviser to the Police & Crime Commissioner
David Jamieson	Police & Crime Commissioner
Jonathan Jardine	Chief Executive, Office of the Police & Crime Commissioner
Andy Street	Mayor of the West Midlands
Councillor Kath Hartley	Chair of Transport Delivery Committee
Councillor Jackie Taylor	Sandwell Metropolitan Borough Council
Councillor Daniel Barker	Association of Black Country Authorities
Councillor Julian Grubb	Worcestershire Non-Constituent Local Authorities

Item Title No.

24. Apologies for Absence

Apologies for absence were received from Councillor Stephen Craddock (Walsall), Councillor Cathy Bayton (Birmingham), Councillor Stuart Davis (Joint Coventry/Solihull representative), Councillor Mike Chalk (Worcestershire) and Mike Lyons (Greater Birmingham & Solihull LEP).

25. Inquorate Meeting

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 11 January 2019 for formal approval and adoption.

26. Minutes

The minutes of the meeting held on 4 September 2018 were agreed as a true and accurate record.

27. Forward Plans - Overview & Scrutiny Committee and WMCA Board

The Committee considered forward plans of items that were to be reported to future meetings of the WMCA Board and this Committee.

It was recommended to the WMCA Board that:

(1) Items on the Overview & Scrutiny Committee forward plan be noted.

(2) WMCA Board and committees should have clear forward plans which were up to date and shared with Overview & Scrutiny Committee members.

28. Consultation for the Transfer of West Midlands Police & Crime Commissioner Functions

The Chair welcomed the Police & Crime Commissioner and the Mayor to the committee, and invited both of them to share their views and to provide any input into the consultation.

The Director of Public Service Reform gave a presentation to the committee, outlining the background of the proposal and the current journey to date. The second devolution deal included an expectation (from the Government) that WMCA and the Police & Crime Commissioner work together to look at a detailed governance model and timetable for transferring the role and powers of the Police & Crime Commissioner to the elected Mayor. Within the proposed consultation timeline, this committee and the Police & Crime Panel both would have opportunities to scrutinise the process.

The Director for Public Services Reform clarified that there would be a ring-fence of public money for the purpose of policing and clear access of data when completing the online consultation questions. The concerns expressed by committee members that the second devolution deal would become void, if the transfer of powers from the Police & Crime Commissioner to the Mayor did not take place, were confirmed as inaccurate, and some of the commitments outlined in the second devolution deal had already been delivered.

Councillor John Cotton questioned whether the robust consultation could be considered to be robust due to the short time period between phase 1 of the consultation closing and phase 2 opening. He requested reassurance that the responses being sought were dealt with in an appropriate way, and also asked what the outcome would be if the feedback from the principle consultation was not to agree to the proposals. The Monitoring Officer accepted that the timescales set were constrained but that WMCA Board asked for the consultation process to be as robust as possible and to include a two-stage consultation process for a period of eight weeks. Consideration also had to be given to the timing of the local elections and pre-election period.

It was highlighted that the transfer of power to the Mayor was not already decided and required ratification and agreement by constituent authorities, and in the Mayor's words was 'not a done deal'.

The Chair advised the committee that members had already exerted influence in the wording of the final consultation documents used in the Stage 1 consultation, resulting in sections being removed from both the introduction and one of the questions, to ensure the removal of any potential bias within the document.

With regard to the cost of the consultation, the Mayor highlighted that all costs were currently being covered by the Combined Authority with current costs estimated at around £24,000.

Councillor Joe Tildesley indicated that he had previously served on the West Midlands Police & Crime Panel, and for this reason expressed his concerns as to whether the Panel acted effectively as a robust scrutiny of the Police & Crime Commissioner, and similarly, the Mayor, should the transfer take place. He indicated that, in his opinion, provisions needed to be made for scrutiny of the Mayor's police powers to be carried out independently by the Overview & Scrutiny Committee, or sub-committee set up for this purpose. This was the view shared by the Chair and, other member, and the Mayor indicated that he would not be against this.

David Jamieson, Police & Crime Commissioner was provided with an opportunity to share his views which included information on the police force, a range of serious crimes, the budget, and the high volume of 999 and 101 calls. David Jamieson expressed that the service deserved proper attention and scrutiny. David Jamieson expressed concerns around the consultation taking place over the Christmas / holiday period with a feeling of it being hurried. He also questioned the wording and nature of the questions outlined within the consultation document. The Police & Crime Commissioner also highlighted that Greater Manchester had been given two years to consider the governance changes, and he felt that it would be sensible to gain experience from Greater Manchester, before entering into a transfer of powers. He further pointed out that whilst he, as Police & Crime Commissioner was an elected representative, the Deputy Mayor overseeing and leading on policing would not be.

In outlining his position the Mayor advised the committee that he believed that this transfer would allow delivery of better outcomes for residents in the West Midlands, and this process was building on what had already been achieved. He stressed however that the independence of the police force remained at the heart of this process, and with both the Fire Service and Police transfer to WMCA, effectively both of the main emergency services would be together under one governance model. In his opinion this should enable better coordination of those emergency services.

It was recommended to the WMCA Board:

- (1) That the presentation delivered to members outlining the consultation for the transfer of the West Midlands Police & Crime Commissioner Functions be noted.
- (2) That Overview & Scrutiny Committee's comments on the stage 1 consultation questions be noted.
- (3) That Overview & Scrutiny Committee be provided with the feedback of both stage 1 and 2 consultations.
- (4) That Overview & Scrutiny Committee's role in Scrutiny of police and crime powers undertaken by the Mayor in this role be clearly defined within the final model for approval.

[N.B: Councillor Joe Tildesley and Councillor Julian Grubb declared a personal interest in this.]

29. WMCA Governance - Presentation

The Chair proposed that the Monitoring Officer should provide members of Overview & Scrutiny Committee with a copy of a presentation outlining the role of governance within the Combined Authority.

30. Devolution 2 Update

The Director of Strategy provided members with an update on the progress of the WMCA Devolution deal and Combined Authority's approach to the wider devolution agenda. The overall ambition for WMCA was to move away from a Devolution process which was defined by events, particularly fiscal, moving more towards a process in which engagement was much more constructive, seamless and collaborative, allowing for discussions with Government on how to work together better to achieve ambitions in the region.

Councillor Stephen Simkins sought assurances that members of the Overview & Scrutiny Committee would have an input into the next devolution deal, and the Chair proposed that the Director of Strategy actively engaged with the chairs of the working groups.

The committee considered that it was vitally important to be a part of the process, to provide an input and to ensure that clear accountability was visible, and also that input from the committee was facilitated in a timely, positive and constructive manner.

Councillor Josh Jones believed that a system should be in place whereby essential decisions required sign off by relevant Chairs and Portfolio Leads. The committee asked for assurance that they would have an input into the review the WMCA of Governance and Constitution.

The Director of Strategy highlighted that, in terms of the spending review taking place in autumn next year, WMCA were forward planning and believes that, as plans developed there were multiple opportunities for the committee to be engaged in the process before formal conversations start with Government.

It was recommended to the WMCA Board:

(1) That the comments made by Committee to be noted.

31. Local Industrial Strategy

The committee received an overview from the Director of Strategy on the Consultation for the West Midlands Industrial Strategy. The West Midlands agreed to be a trailblazer and develop the UK's first Local Industrial Strategy. It was noted that the consultation document was not designed as a draft version on the strategy but to gather discussion, set out the issues and key opportunities for the region.

Consultation feedback so far suggested that:

- there was insufficient emphasis on drawing out employment needs and how that factored into plans;
- there needed to be more clarity on the needs of different areas ;
- the needs of rural areas needed to be addressed more;
- Brexit would need to be addressed explicitly within the final version.

The Local Industrial Strategy would be taken to the Strategic Economic Delivery Board and WMCA Board for sign off in January 2019. Following a request from the Chair the Director of Strategy agreed to circulate the Terms of Reference and membership of the Strategic Economic Delivery Board. In terms of governance of this committee, the Economy Portfolio did not have a delivery board therefore the chair of the Governance Working Group, Councillor John Cotton, agreed to revisit the governance arrangements to find the appropriate structure.

Councillor John Cotton asked for confirmation of the definition of 'inclusivity' in terms of this strategy, and how this linked to WMCA activities. The Director of Strategy confirmed joint work was being undertaken with the Director of Public Services Reform to unlock the potential to have a positive impact on the economy.

With regards to long-standing productivity problems in the region, the Director of Strategy highlighted that national work was being undertaken to better understand the productivity puzzle. The Committee shared concerns around the need to access education and the need to address this further, as well as funding being channelled to those most in need and to areas of deprivation. Councillor Jackie Taylor emphasised the need to ensure diversity occurs across all job levels to ensure individuals feel they had contributed and added value.

The Chair expressed his concern that, as an emerging sector artificial intelligence and robotics had not been identified within the consultation document. He also felt that the final strategy document should try to re-balance the income disparities in different parts of the region by encouraging, or focusing, investment in such 'high-tech' industries within areas of greater deprivation.

It was recommended to the WMCA Board:

(1) That the comments made by the Committee be noted.

32. Overview & Scrutiny Committee Working Groups - Progress Update

The Committee considered a report from the Scrutiny Officer on the developments and programme in relation to the work of the five working groups.

Further to the call-in made by committee, Councillor Ian Shires reported that he had met with the Director of Housing & Regeneration and had agreed that the committee would now receive:

- pre-decision scrutiny regarding the Housing and Regeneration Strategy;
- for further scrutiny a summary of the key decisions and conversations held within the Housing & Land Delivery Board;
- a forward plan of the Housing & Land Delivery Board.

Councillor Angus Lees advised that following attendance at the Transport Delivery Committee, this committee should note that there was a delay on six major key projects due to issues with Network Rail. He and other committee members felt that this highlighted how important it was for the WMCA Board to recognise the need for robust scrutiny of transport functions, which was presently not being delivered through the Transport Delivery Committee, as this was not its remit.

It was recommended to the WMCA Board that:

(1) The comments made by the committee be noted.

(2) The progress made in respect of the working groups be noted.

(3) The proposed work programme for the working groups be approved.

33. Tuesday 16 January 2019 at 10.00am

The date of the next meeting was noted.

The meeting ended at 2.15 pm.



**West Midlands
Combined Authority**

Investment Board

Monday 10 December 2018 at 9.30 am

Minutes

Present

Councillor Bob Sleigh (Chair)
Nick Abell

Councillor Khurshid Ahmed
Councillor Mike Bird
Paul Brown

Councillor Maurice Howse
Councillor Robert Hulland
Sue Summers
Gary Taylor

Portfolio Lead for Finance & Investments
Coventry & Warwickshire Local
Enterprise Partnership
Dudley Metropolitan Borough Council
Walsall Metropolitan Borough Council
Black Country Local Enterprise
Partnership
Stratford on Avon District Council
Solihull Metropolitan Borough Council
West Midlands Development Capital
Greater Birmingham & Solihull Local
Enterprise Partnership

In Attendance

Gareth Bradford
Colin Clinton
Sukhy Dhanoa
Linda Horne
Claire Jones
Sean Pearce
Roger Sahonta
Carl Craney
Ed Bradburn
Gerald Gannaway
Nick Oakley

West Midlands Combined Authority
West Midlands Development Capital
West Midlands Development Capital
West Midlands Development Capital

Item Title No.

71. Apologies for Absence (if any)

Apologies for absence had been received from Councillor Tony Jefferson (Stratford on Avon District Council), Councillor Jim O'Boyle (Coventry City Council), Councillor Brett O'Reilly (Birmingham City Council) and Councillor Roger Lawrence (City of Wolverhampton Council).

Apologies for absence had also been received from Sarah Middleton (Black Country Consortium) and David Cockroft (Coventry City Council).

72. Notification of Substitutes (if any)

Councillor Kurshid Ahmed had been appointed as a substitute for Councillor Judy Foster (Dudley Metropolitan Borough Council) and Councillor Maurice Howse had been appointed as a substitute for Councillor Tony Jefferson (Stratford on Avon District Council).

73. Declarations of Interests (if any)

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

Gary Taylor informed the Board that his company employed the same accountancy practice as GJL Property Developers Ltd.

74. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 19 November 2018 be confirmed as a correct record and signed by the Chair subject to the addition of a further resolution to Minute No. 66 (Complex Developments – Coventry Telegraph – BLPDF and CIF) as follows:
“3. That in the event of non-repayment on termination of the loan the WMCA may need to accept interest only being covered prior to the eventual sale or refinance.”

75. Investment Programme and Dashboard - Update

This item was withdrawn.

76. WMCA Collective Investment Fund (CIF) - Dashboard

Nick Oakley presented the Collective Investment Fund (CIF) Dashboard (public iteration) as at 15 November 2018.

Resolved:

That the Dashboard be received and noted.

77. WMCA Brownfield Land and Property Development Fund (BLPDF)

Nick Oakley presented the Brownfield Land and Property Fund (BLPDF) Dashboard (public iteration) as at 15 November 2018.

Resolved:

That the Dashboard be received and noted.

78. 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).

79. Enhanced Assurance Framework - Delivery Plan

Sukhy Dhanoa presented a report which provided the Board with a delivery plan for the WMCA Enhanced Assurance Framework project. With reference to section 5 of the report (Timescale of Delivery), he reported that Phase 1 would now be completed on 18 April 2019, with Phases 2 and 3 being completed on 3 June 2019 and 19 August 2019 respectively.

Resolved:

1. That the proposed methodology to deliver the Enhanced Assurance Framework be approved;
2. That the proposed plan for delivering the Enhanced Assurance Framework be endorsed;
3. That quarterly progress updates on the Enhanced Assurance Framework Project be submitted to this Board;
4. That the Terms of Reference of the proposed Working Group be submitted to this Board for consideration and approval.

80. Warmflame - Collective Investment Fund (CIF) loan

Gerald Gannaway presented a report which sought approval to a £2,400,000 Collective Investment Fund (CIF) loan to fund the acquisition and refurbishment of a 35k sq. ft. Industrial Unit, following the closure of the existing manufacturing business on the site. The loan would be secured fully against the site. He responded to various questions posed by the Board.

Resolved:

That a £2,400,000 Collective Investment Fund (CIF) loan be approved on the terms and conditions detailed in the report.

81. Parkes Homes, Straits Road - Collective Investment Fund (CIF) Loan

Ed Bradburn presented a report which sought approval to a £1,120,000 Collective Investment Fund (CIF) loan to fund the development. The loan would be injected as senior debt secured fully against the site. He and Nick Oakley responded to various questions posed by the Board. Gareth Bradford advised that he was supportive of the proposal but was of the view that this should be the only public sector financial contribution and that remediation funding managed by the Black Country Local Enterprise Partnership should not be made.

Resolved:

That a £1,120,000 Collective Investment Fund (CIF) loan to fund the development be approved on the terms and conditions detailed in the report but that no further public sector financial contribution be made.

82. GJL Property Developers Ltd - Collective Investment Fund (CIF) Loan

Gerald Gannaway presented a report which sought approval of a £3,500,000 Collective Investment Fund (CIF) loan to redevelop a vacant site at Bradford Street, Digbeth. The Board discussed at length the potential risks and timing of this request.

Resolved:

That consideration of this matter be deferred.

83. WMCA Collective Investment Fund - Dashboard

Nick Oakley presented the Collective Investment Fund (CIF) Dashboard (private iteration) as at 15 November 2018.

Resolved:

That the Dashboard be received and noted.

84. WMCA Brownfield Land and Property Development Fund (BLPDF) - Dashboard

Nick Oakley presented the Brownfield Land and Property Fund (BLPDF) Dashboard as at 15 November 2018.

Resolved:

That the Dashboard be received and noted.

The meeting ended at 10.10 am.