



Housing & Land Delivery Board

Date: Monday 4 November 2019

Time: 10.00 am **Public meeting** Yes

Venue: Room 116, 16, Summer Lane, Birmingham, B19 3SD

Membership

Councillor Mike Bird (Chair)	Walsall Metropolitan Borough Council
Sarah Middleton	Black Country Local Enterprise Partnership
Councillor Sharon Thompson	Birmingham City Council
Councillor George Adamson	Cannock Chase District Council
Councillor Peter Bilson	City of Wolverhampton Council
Councillor Tariq Khan	Coventry City Council
Bill Blincoe	Coventry and Warwickshire LEP
Councillor Angus Lees	Dudley Metropolitan Borough Council
Marc Lidderth	Environment Agency
Simon Marks	Greater Birmingham and Solihull LEP
Karl Tupling	Homes England
Councillor David Humphreys	North Warwickshire Borough Council
Councillor Julie Jackson	Nuneaton & Bedworth Borough Council
Councillor Matthew Dormer	Redditch Borough Council
Councillor Sebastian Lowe	Rugby Borough Council
Councillor Joanne Hadley	Sandwell Metropolitan Borough Council
Councillor Robert Macey	Shropshire Council
Councillor Ian Courts	Solihull Metropolitan Borough Council
Councillor Daren Pemberton	Stratford on Avon District Council
Councillor Jeremy Oates	Tamworth Borough Council
Councillor David Wright	Telford and Wrekin Council
Councillor Peter Butlin	Warwickshire County Council
Kevin Rodgers	West Midlands Housing Association Partnership

Quorum for this meeting shall be at least eight members

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

Contact Carl Craney Governance Services Officer
Telephone 0121 214 7965
Email Carl.Craney@wmca.org.uk

AGENDA

No.	Item	Presenting	Pages
1.	Apologies for Absence (if any)	Chair	None
2.	Notification of Substitutes (if any)	Carl Craney	None
3.	Declarations of Interests (if any) 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
4.	Minutes of last meeting [For approval]	Chair	1 - 8
Business Items for Consideration			
5.	Housing and Land Portfolio: Quarterly Update	Gareth Bradford	9 - 22
6.	Affordable Delivery Vehicle: Update	Gareth Bradford	23 - 28
7.	Investments and Acquisitions [Verbal report]	Gareth Bradford	None



**West Midlands
Combined Authority**

Housing & Land Delivery Board

Monday 30 September 2019 at 10.00 am

Minutes

Present

Sarah Middleton

Bill Blincoe

Councillor Angus Lees

Paul Gascoine

Councillor Julie Jackson

Councillor Joanne Hadley

Councillor Robert Macey

Councillor Ian Courts

Councillor David Wright

Councillor Adrian Andrew

Councillor Peter Butlin

Black Country Local Enterprise
Partnership

Coventry and Warwickshire LEP

Dudley Metropolitan Borough Council

Homes England

Nuneaton & Bedworth Borough Council

Sandwell Metropolitan Borough Council

Shropshire Council

Solihull Metropolitan Borough Council

Telford and Wrekin Council

Walsall Metropolitan Borough Council

Warwickshire County Council

In Attendance

Mark Andrews

Simon Tranter

Gareth Bradford

Carl Craney

Stephen Manners

Jodie Townsend

David Warburton

Patricia Willoughby

Coventry City Council

Walsall Metropolitan Borough Council

West Midlands Combined Authority

Item Title

No.

8. Election of Chair for the meeting

In the absence of the Chair, it was proposed by Councillor Ian Courts, seconded by Councillor Joanne Hadley and

Resolved:

That Councillor Adrian Andrew be elected Chair for the meeting.

Councillor Adrian Andrew – In the Chair

9. Apologies for Absence (if any)

Apologies for absence had been received from the Chair, Councillor Mike Bird (Walsall MBC), Councillor Sharon Thompson (Birmingham City Council), Councillor Peter Bilson (City of Wolverhampton Council), Simon Marks (Greater Birmingham and Solihull Local Enterprise Partnership), Karl Tupling (Homes England), Councillor David Humphreys (North Warwickshire

Borough Council), Councillor Sebastian Lowe (Rugby Borough Council), Councillor Daren Pemberton (Stratford on Avon District Council) and Kevin Rodgers (West Midlands Housing Association Partnership).

10. Notification of Substitutes (if any)

Councillor Adrian Andrew had been nominated as a substitute for the Chair, Councillor Mike Bird and Paul Gascoine had been nominated as a substitute for Karl Tupling (Homes England).

11. Declarations of Interests (if any)

There were no declarations of interests made relative to items under consideration at the meeting.

12. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 15 July 2019 be confirmed as a correct record and signed by the Chair.

13. Single Commissioning Framework

Gareth Bradford presented a report which outlined a number of suggested minor clarifications and revisions to the Single Commissioning Framework. He also reminded the Board that the WMCA was currently piloting a regional definition of 'Affordable Housing' had been agreed previously and advised that a report on the outcome of the trial would be submitted to a future meeting.

With reference to paragraph 3.6 of the report insofar as it referred to 'taller buildings in city centre locations' Councillor Joanne Hadley requested that this be extended to buildings in urban centres also. The Chair supported this suggestion but commented on the need for consideration to be given to the required parking provision and parking standards. Gareth Bradford acknowledged these points and advised that the intention of seeking to secure taller buildings was an attempt to maximise the use of available land.

With reference to Section 4 of the report (Addressing WMCA's climate Change Objectives), Councillor Ian Courts suggested that issues such as storage facilities for bikes, the use of materials, the reduction in the use of plastics and increasing forestation be considered also as part of the work to be commissioned.

Resolved:

1. That the proposed minor amendments to the WMCA's Single Commissioning Framework (SCF) as detailed in the report be approved subject to the additional revisions referred to above;
2. That a piece of work be commissioned to identify how the SCF might be utilised to support the WMCA's efforts to address the climate change and the additional points detailed above be included within the specification.

14. Regional Design Charter

Pat Willoughby presented a report which provided an update on work undertaken by the WMCA and the Regional Design Charter Working Group and sought the views of the Board on the proposed Regional Design

Charter's principles and format.

Councillor Julie Jackson commented that the Charter and principles needed to be comprehensible and cited the use of the term 'spirit of place' which she believed would not be understood easily by either developers or members of the public. Pat Willoughby explained the meaning of the term. Councillor Ian Courts suggested that the term could be replaced with 'character'. Councillor David Wright counselled caution that the document should not seek to limit the introduction of ambitious and innovative design.

The Chair invited Paul Gascoine, Homes England, to comment on Homes England's views on the Regional Design Charter. Paul Gascoine advised that he was involved with the work and supported the emerging proposals.

Resolved:

1. That the principles and format of a regional design charter as set out at Annex A to the report be approved subject to any minor amendments and clarifications;
2. That the production of a web-based tool, featuring the design charter and additional supporting information including case studies be approved;
3. That the production of a further PDF document, for ease of access to both principles and supporting information, be made available on the WMCA website;
4. That delegated authority be granted to the Director of Housing and Regeneration in consultation with the Portfolio Holder to make minor and technical amendments to the regional design charter.

15. Modern Methods of Construction (MMC)

Pat Willoughby presented a report which provided an update on work to date on the Modern Methods of Construction (MMC) programme in the West Midlands and the next steps to December 2019. Additionally, the report proposed some immediate actions to accelerate the uptake of MMC in the West Midlands, including the adoption of a new regional MMC definition and target. With reference to paragraphs 3.4, 3.6 and 3.7, Gareth Bradford advised that MMC was supported already under the SCF but that it was proposed to test whether the impact on viability and pace of delivery would be affected unduly if it was included as a pre-qualification requirement initially on larger sites of 200+ units.

Councillor Joanne Hadley advised that Sandwell MBC had investigated the use of MMC but that it had proven more expensive than traditional methods of construction. She suggested that expertise and experience outside the West Midlands region also needed to be considered. She also referred to the recent increase in the price of steel which had had an adverse effect on the costs of MMC.

Councillor Ian Courts commented that modular construction was not a new concept but that it was the economics of MMC that tended to be problematical. At present, the construction of housing units was based on traditional construction methods which were a known entity. There was benefit in going as far as possible in requiring MMC on future development

sites and he referred to the need for safety to be paramount when MMC was used together with the use of environmentally friendly materials, energy efficiency and that innovative methods of construction and working should be encouraged. Gareth Bradford advised that currently only MMC categories 1 and 2 were being considered as a pre-qualification requirement.

Councillor Peter Butlin reported that MMC was very common in both Germany and Scandinavia but that those factories producing modular units required a high throughput which brought unit costs down. He advised that modular units built off site were often off a higher build quality to traditional methods and construction was not subject to prevailing weather conditions. It was also possible to use modern materials and they presented an opportunity to lower the carbon footprint which was not possible with traditional construction methods which required the delivery of raw materials to the construction site. Gareth Bradford acknowledged these points and confirmed that this was the intention of moving to greater use of MMC.

Sarah Middleton suggested that any initiatives for greater use of MMC be cross referenced to the construction element of the WM5G workstream. She also referred to the intention for pre-qualification being confined to larger sites of 200+ units and questioned this given that the majority of the land supply in the Black Country area would be through small sites. She asked whether this would lead to less investment in such small sites. Gareth Bradford advised that MMC was encouraged on sites of all sizes albeit that the intention was for it to be a pre-qualification at this stage only on large sites. He undertook to explore the evidence base for extending this criteria to medium and small sites as part of the testing process.

Councillor Julie Jackson reported that Nuneaton and Bedworth Borough Council had used MMC for the provision of new council homes for some considerable time and commented on the expeditious construction of such dwellings. She drew to the attention of the Board the delays which were encountered, however, with securing utility connections which often left units uninhabitable. Gareth Bradford accepted this was a broader issue which required attention. Councillor Ian Courts enquired whether this would include Broadband connectivity. Gareth Bradford confirmed that such connectivity would be required and requested authority to amend the SCF to reflect this issue.

Bill Blincoe questioned whether outputs were being measured across the region. Gareth Bradford confirmed that the monitoring and evaluation was required under the terms of the Housing Deal and was part of the drive to increase delivery. He suggested that reports on monitoring and evaluation could be submitted to future meetings of this Board. Councillor David Wright commented that an analysis of market competitiveness was also required to ensure that the market was being broadened. Gareth Bradford referred to the recent commissioned partnership with Lovell Homes which had resulted in the generation of a number of further enquiries from developers. This was likely to drive a change in the market. He reminded the Board that the WMCA would only intervene where there was a case of market failure as set out in the SCF .

The Chair commented that Walsall MBC had a lot of experience with MMC with two factories being located within the Borough. He commended the units for their energy efficiency and also that construction was not limited due to inclement weather.

Resolved:

1. That the progress in developing a vision, routemap and strategy for Modern Methods of Construction (MMC) be noted;
2. That the intention to seek additional technical and industry expertise to support this agenda through:
 - i) The appointment of a dedicated MMC Programme Manager; and
 - ii) The creation of an MMC Expert Advisory Panel

Noted;

3. That the proposal to be an early adopter of MHCLG's MMC definition framework in the West Midlands be approved;
4. That subject to the above, the proposal to move towards a pre-qualification requirement for use of MMC categories 1 and 2 in new developments that were coming forward through the SCF be approved;
5. That the extension of the pre-qualification to all sites be explored;
6. That the SCF be revised further to require the inclusion of broadband connectivity;
7. That the difficulties in ensuring early utility connections for MMC units be addressed;
8. That monitoring and evaluation reports together with an analysis of market competitiveness be presented to future meetings of this Board.

16. Town Centres Programme

Gareth Bradford presented a report which updated the Board on:

- The packages of interventions which were being developed jointly with the local authorities in the five 'first wave' town centres and which were designed to demonstrate active progress and momentum within each of the centres – these complemented the major capital projects agreed by the WMCA investment Board in February 2019 and were in line with the purpose and intent of the £20 million agreed by the Investment Board; and
- The emerging 'Town Centres Toolkit'.

He confirmed that the projects which were to be supported were mostly of a capital nature but included some revenue projects which would be ancillary to and would be required to enable consequential capital schemes. He advised that all supported schemes would be subject to Funding and Delivery Agreements as required by the WMCA Assurance Framework.

Councillor Joanne Hadley advised that Sandwell MBC wished to amend its submission. Gareth Bradford confirmed that all submissions could be reviewed and revised by the submitting authority but the aim was to ensure that there was an agreed list for each centre very soon with funding and delivery agreements following quickly after and delivery on the ground.

Councillor Julie Jackson reminded the Board that the Non-Constituent Authorities had been excluded from applying for inclusion in the 'first wave'

and asked when it was anticipated that the 'second wave' would commence. Gareth Bradford reminded the Board that the intention had been that the 'first wave' would inform the 'second wave' through lessons learnt and that all authorities could submit Town Centre Intervention schemes for consideration through the SCF.

Resolved:

1. That the commitment in February 2019 by the WMCA's Investment Board to earmark £20 million of the WMCA's devolved housing and land funds to support the Regional Town Centres Programme – with detailed funding and delivery agreements of up to £5 million to be agreed by the WMCA's Directors of Housing and Regeneration and Finance and Head Of Governance be noted;
2. That some of the projects initially identified in February 2019 by local authorities for WMCA investment under this programme had now been funded and supported through other means be noted;
3. That the view of the Housing and Land Delivery Steering Group that up to £5 million of the £20 million earmarked for this programme would be used to support delivery of 'early impact' town centre interventions, subject to funding and delivery agreements being put in place between the WMCA and each relevant local authority be endorsed;
4. That the type of interventions recommended by the Regional Town Centres Task Force as detailed in the draft Town Centres Toolkit and endorsed by the Housing and Land Steering Group in September 2019 on which the interventions submitted by each local authority had been determined be noted.

17. 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).

18. Town Centres Programme

Gareth Bradford presented a report which detailed a list of interventions which had been developed jointly by the WMCA with the respective local authorities and the Regional Town Centres Task Force in the five 'first wave' town centres: all had been designed to demonstrate active progress within each of the centres. He advised that the interventions had been considered and supported for progression by the Regional Town Centres Task Force and the Housing and Land Steering Group.

Councillor Angus Lees sought an assurance that the delegated powers being sought in respect of substituting schemes put forward by local authorities would only be exercised with the agreement of the respective local authority. Gareth Bradford confirmed that the substitution of schemes would only be considered with the written agreement of the respective local authority.

Resolved:

1. That the list of proposed early interventions set out in Appendix 1

to the report, that had been developed and proposed by the five local authorities in recent months, be approved, subject to further appraisal and due diligence with each of the five town centres. This would include confirmation that they could be delivered by the end of Q2 2020 and that appropriate funding and delivery agreements were in place between the WMCA and the relevant local authority;

2. That delegated authority be granted to the Directors of Housing and Regeneration and Finance and Head of Governance in consultation with the Portfolio Holder for Housing and Land for the substitution of specific projects for other similar projects in the event that the identified project could not be brought forward in the timescale required or if appropriate funding agreements could not be put in place: such requests for substitution to be initiated in writing by the respective local authority;
3. That it be noted that the WMCA and local authorities were continuing to work up projects and schemes across all town centres in the region under the Single Commissioning Framework (SCF) as part of a rolling programme which would support the Regional Town Centres Programme, prior to the future launch of a second wave of pilot centres;
4. That it be noted that projects identified for support were predominantly capital schemes (e.g. investing in public realm) with complimentary and supportive revenue asks (e.g. project design) built in wherever possible. [This was to ensure that the scope was all within the £20 million from devolved housing and land funds agreed for the Town Centres Programme by the WMCA investment Board in February 2019.]

The meeting ended at 10.58 am.

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**West Midlands
Combined Authority**

Housing & Land Delivery Board

Date	4 November 2019
Report title	Housing & Land Portfolio: Quarterly update (July-September 2019)
Portfolio Lead	Councillor Mike Bird, Leader, Walsall MBC
Accountable Chief Executive	Deborah Cadman, Chief Executive, WMCA
Accountable Employees	Gareth Bradford, Director of Housing & Regeneration Pat Willoughby, Head of Policy (Housing & Regeneration) – Report Author
Report has been considered by	Quarterly update (April – June) considered by Housing & Land Delivery Board in July 2019

Recommendation(s) for action or decision:

The Housing & Land Delivery Board is recommended to agree:

- 1) That the following items should be considered at the December 2019 meeting of the Housing & Land Delivery Board:
 - The progress on acquisitions and investments under the Single Commissioning Framework
 - Modern Methods of Construction Strategy
 - Proposal for an Affordable Housing Delivery Vehicle (Heads of Terms)
 - Delivery & investment Plans for the five 'first wave' town centres
 - Delivery & Investment Plans for the Walsall to Wolverhampton and West Bromwich to Dudley Inclusive Growth Corridors
 - Town Centre Toolkit
 - Progress on 'early impact' town centre interventions agreed at September board

- 2) That the Sandwell to Dudley Corridor should be re-defined as the West Bromwich to Dudley Corridor as requested by Dudley and Sandwell Councils respectively
- 3) That the remit of the Town Centres Programme should be expanded to include the whole of Walsall and Dudley Town Centres as requested by those local councils respectively (not just St Matthew's Quarter and St Thomas' Quarter).

The Housing Land & Delivery Board is also asked to note:

- 1) The positive progress in work under the Housing & Land portfolio in Q4 2019 and some of the key work programmes being progressed during the remainder of 2019/20;
- 2) That discussions are continuing with Housing & Land Delivery Steering Group and supported working groups on how existing arrangements on engagement, project-based governance and working arrangements are further enhanced

1.0 Purpose

- 1.1 The purpose of this paper is to provide a general quarterly update across the full programme of work under. This is focused on the workstreams and deliverables set out by the Housing & Land Delivery Board in December 2018 and contained within the 2019/20 WMCA Annual Plan. The Board agreed that regular updates on progress across the whole programme would be beneficial. Quarterly updates have previously been considered by the Housing & Land Delivery Board in April and July 2019.

2.0 Background

- 2.1 In December 2018, the Housing & Land Delivery Board agreed a report which:
 - summarised the goals and achievements in the housing and land portfolio of WMCA in 2018
 - described and agreed the critical role(s) of WMCA in intervening, investing, enabling and facilitating housing and employment delivery and unlocking new investment and opportunities, and
 - set out a programme of work and key workstreams/deliverables for 2019/2020.
- 2.2 Substantial progress has been made on all of these matters since the last quarterly report and is discussed in more detail below. So that work on these tasks can be seen in the context of our overall work programme, they are described in Section 3 under the generic headings used in the report of December 2018.

A number of partners have suggested it is worth reflecting at the start of this report on the **significant progress achieved overall under the housing and land portfolio**— not just in what is being achieved (with substantial increases in housing numbers over the last year and significant housing and land acquisitions and investments approved by WMCA Investment Board) but also in how it is being achieved (with new joint ventures, collaborative working groups, taskforces).

- 2.3 The WMCA has demonstrated its significant added value in housing, land and regeneration over the last year which has continued and strengthened in the last quarter. At the heart of this success has been bringing new expertise, investment, ideas and approaches to unlock stalled and challenging development sites in the region to make them commercially attractive and development ready and driving inclusive growth on every scheme and opportunity through the SCF and town centre programme. The

progress on key policy documents approved by this Board (eg design charter, changes to the SCF to support higher density and MMC) and pipeline of sites going to Investment Board over the last few months and in the months ahead exemplifies that. At November's investment Board alone over £20m of housing and regeneration investments and acquisitions are being considered following over £10m at October's Investment Board. The portfolio has secured new funding from Central Government, coordinated a regional town centre programme of hard and soft interventions, established new taskforces to bring external support and challenge (MMC, town centres), commissioned new work on town centre and corridor investment plans, produced a regional design charter, hosted major visits to the region by HMG and international/national developers and investors to see at first sight the work, developed a submission to HMG for an affordable housing deal and worked up a new affordable housing delivery vehicle concept, begun work on a new funding bid for One Public Estate and created a new approach to engagement with developers and investors through commissioned partnerships.

- 2.4 The Single Commissioning Framework, inclusive growth and partnership working has sat front and centre of all these successes. As one regeneration director in the region said partnership working is now 'hard wired' into what we do under this portfolio. If we take Friars Park in Sandwell as one example – this is a brand new joint venture on a very challenging brownfield site where WMCA and Sandwell council have worked as one to acquire the land, secure investment needed and are now co-developing masterplans, comms, legal agreements and other aspects through a joint partnership. Another example is the design charter where a collaborative working group has co-produced an ambitious deliverable design charter which is now built into the investments and acquisitions under the SCF. Another is the town centre taskforce which has supported and challenged the region to embrace new ideas on town centre regeneration and repurposing and led to agreement by this Board of a series of 'early impact' interventions to go alongside harder interventions in 5 pilot centres. A pragmatic approach that uses all the tools at our disposal to make development happen, strengthen the profile of WMCA and the region nationally and internationally, build the confidence that HMG and the private sector has in our ability to deliver and the way we use the flexibility in our funding to maximise impact and delivery.
- 2.5 The schemes coming through the nationally leading Single Commissioning Framework are putting inclusive growth front and centre and creating transparency, fairness and consistency to all project schemes. We are seeing significant increases in the affordable housing, design quality and MMC provision on development sites coming forward under the SCF and commitments to wider benefits for local communities (eg apprenticeships, skills, training, use of local labour). Developers, councils and investors regularly report to us how clear the rules of the game are in the region now under the SCF and how the housing and land portfolio is very much walking the walk on WMCA inclusive growth ambitions, driving wider economic benefit and local wealth building.
- 2.4 Case studies like Friars Park (Sandwell), Cable Street (Wolverhampton), Perry Barr (Birmingham), the design charter and the town centre programme show the importance of this innovative joint working to secure delivery using new powers under devolution, new expertise brought to the region and highly pragmatic approach between WMCA, the private sector and local councils.
- 2.5 Many of the schemes coming to Investment Board in October and November show the interventionist role of WMCA in acquiring and remediating sites and entering into joint ventures across all parts of the region.

3.0 Progress and current activity

Work Stream 1: Area based programmes

Strategic Investment & Delivery Plan (SIDP)

- 3.1 The revised SIDP was agreed at the meeting of the Housing & Land Delivery Board in February 2019 with delegated powers given to the Director of Housing & Regeneration (following further discussions with the Housing & Land Delivery Steering Group), in consultation with the Portfolio Lead for Housing & Land, to agree: further minor revisions; the text for the executive summary; and the design for publication. Detailed, largely factual, comments from Local Authorities, LEPs and other organisations have been submitted since February and been taken on board and arrangements are being made for final publication of the document imminently.

Growth Corridors and Strategic Opportunities

- 3.2 At its meeting in December 2018, the Housing & Land Delivery Board endorsed a programme of work to unlock the untapped potential of inclusive growth in Corridors and Strategic Opportunity areas. Underlying the concept was the intention to align existing and planned public transport infrastructure development with the identification and delivery of new homes and employment opportunities. Recent work has focused on two priority corridors: Walsall to Wolverhampton and Sandwell to Dudley with priority sites identified for WMCA investment and intervention and governance established. As part of this work, Sandwell and Dudley Councils have requested that the Sandwell to Dudley Corridor should be re-named as the West Bromwich to Dudley Corridor on the basis that this better captures the opportunity presented by the Metro extension from Wednesbury to Brierley Hill. It also provides the opportunity to embed in the corridor both West Bromwich and Dudley, both of which are 'first wave' town centres in WMCA's Town Centres Programme.
- 3.3 In relation to the Walsall to Wolverhampton Corridor, a formal programme board is working well and there are well-established working and project delivery arrangements at officer level. Commissions have been agreed between the partners over the last quarter and tendered to bring in external specialist support to accelerate the programme of work:
- develop the narrative around the corridor, more clearly articulating the vision and exploring how the corridor concept could be tailored to an investor market
 - research the property market, investigating existing trends but focusing on what opportunities could exist if properly supported by public sector intervention
 - prepare a bold Delivery & Investment Plan by the end of 2019 to capture the scale of the opportunity and present this in a way which is attractive to investors / developers
 - capture more detailed information on potential development sites, aligning infrastructure and other needs across a wide range of public services so that the inclusive growth agenda is addressed and potential barriers identified.
- 3.4 In the meantime, a number of specific development projects are being taken forward on key sites in the corridor under the SCF, and work in the corridors is being aligned with both national and regional town centre initiatives.

- 3.5 In relation to the West Bromwich to Dudley Corridor, a similar programme of work is underway. The existing formal and informal governance arrangements for the Metro extension are being used. As in the case of the Walsall to Wolverhampton corridor, commissions have been agreed between the partners and tendered to bring in external specialist support to accelerate the programme of work:
- research the property market, investigating existing trends but focusing on what opportunities could exist if properly supported by public sector intervention
 - prepare a Delivery & Investment Plan by end of 2019 to capture the scale of the opportunity and present this in a way which is attractive to investors / developers
- 3.6 In the case of the West Bromwich to Dudley corridor, a substantial amount of information is already known about potential development sites as a result of the work on the Metro and this is being used in support of a number of applications coming through the Single Commissioning Framework process already.
- 3.7 Provision is being made for both Delivery & Investment Plans to be presented to the Housing & Land Delivery Board at its meeting on 9 December 2019.
- 3.8 Work is also being progressed in the Perry Barr/A34 and Greater Icknield to Smethwick Corridors, most interventions being based around specific major development proposals, not least the Commonwealth Games and Greater Icknield Port Loop, both of which are proving to be very effective catalysts for development in the wider area.
- 3.9 Further corridor work will be progressed throughout 2020 taking its lead from the Spatial Investment & Delivery Plan where local councils and LEPs, working with WMCA, identified a number of growth corridors and strategic development opportunities.

Town Centres Programme

- 3.10 In July 2018, the Housing & Land Delivery Board identified town centre regeneration and repurposing as an area within which WMCA could add value and support local councils. The Regional Town Centre Programme was subsequently launched in October 2018 at which time the Housing & Land Delivery Board agreed five centres as early pilots (Bilston, Wolverhampton; Bordesley Green, Birmingham; St Matthew's Quarter, Walsall; St Thomas' Quarter, Dudley; and West Bromwich East, Sandwell).
- 3.11 On the basis of work which has taken place since that time, it is clear that in the case of St Matthew's Quarter in Walsall and St Thomas' Quarter in Dudley, it is difficult to separate the fortunes of these areas from those of the wider town centres. It is therefore proposed by both councils that the scope of work should be extended to cover the whole of these town centres thereby addressing the wider context.
- 3.12 In terms of the work which has been undertaken to date on the town centre programme working collaboratively with Local Authorities, WMCA has established a town centre officer working group and agreed a number of major interventions i.e. major capital investments which are being taken forward as priority projects within each centre. These priority interventions were identified by Local Authorities on the basis of their emerging and adopted plans for the five pilot centres. As a result, the Investment Board and Housing & Land Delivery Board, in February 2019, agreed an investment package of up to £20m for these interventions and work has been taken forward ever since across the five centres on a number of major land transactions and investments.

- 3.13 These are being supplemented with other housing and regeneration opportunities in town centres proceeding through the Single Commissioning Framework, a number of which are coming to WMCA's Investment Board in October and November 2019. Negotiations on two such projects have recently been concluded and development is being progressed i.e. Bull Street Car Park in West Bromwich (now scheduled for demolition and redevelopment) and the Market Tavern in Walsall (now proposed for conversion to residential use). Negotiations on other projects are similarly reaching an advanced stage but are commercially confidential at this stage.
- 3.13 Several of these major capital interventions have medium term delivery potential and, in some cases, we have been able to agree delivery routes which do not require the same level of financial investment as originally anticipated. As a result, at its meeting in September 2019, the Housing Land & Delivery Board agreed that of the £20m previously identified for major capital investment projects, £5m should be re-assigned to smaller scale 'early impact interventions' which would increase footfall in the town centres, create confidence that action is being taken and otherwise support the overall transformation process. WMCA worked with local authorities and other groups to identify these smaller scale, early priority interventions which could be delivered more quickly to show momentum and demonstrate that change is taking place. A draft list of projects was agreed by the Housing & Land Delivery Board on 30th September. The commitment was that these would be reviewed and finalised in collaboration with the five local authorities during October 2019 to try to reach a final initial list in each of the 5 centres by the end of October 2019. Funding/delivery agreements would follow in early November 2019 with some initial project delivery beginning before the end of the calendar year.
- 3.14 The town centres programme also included the establishment of a Regional Town Centres Task Force to champion and challenge the programme. The Task Force has now met on four occasions including an 'orientation day' to visit each of the five town centres. The Task Force comprises a range of experts whose expertise and commercial focus will help us to establish the five pilot centres into investable propositions. Task Force members are strongly focused on delivery and their early recommendations have shaped the work on Delivery & Investment Plans for each town centre and early interventions to support the major capital interventions. At the request of the Chair of the Task Force, WMCA is also putting in place a dedicated resource to provide the secretariat and comms support for the Task Force.
- Consultants have now been appointed to work with WMCA and local councils to prepare the five Delivery & Investment Plans and a programme of early interventions is being put in place, all with a target date of the end of 2019.
- 3.15 The town centres work also includes the preparation of a new regional 'town centres toolkit', essentially a very practical and usable guide, summarising a wide range of potential interventions that could be explored and adapted to suit the circumstances in retail centres across the West Midlands and case studies of good practice. A draft toolkit has been prepared and submitted to the Task Force for comments.
- 3.16 The Housing & Regeneration Team continues to liaise with Government on links to the Future High Streets Fund and related Heritage Fund; and on the 'Stronger Towns' Fund.

- 3.17 Some local authorities have asked whether and when there will be a further invitation for other town centres in the region to join the programme. The intention has always been that the five ‘first wave’ town centres would be pilots for the programme, with learning shared across all other areas, developing a knowledge base to inform dialogue with national government. The intention is that there will be a further round of invitations but a date for this has not yet been set; in the meantime, all local authorities (constituent and non-constituent members) with clearly defined town centre regeneration strategies, and all other project promoters, can seek WMCA support through the Single Commissioning Framework as agreed at the Housing & Land Delivery Board on 30 September 2019.

Work Stream 2: Sites based programmes

Sites Delivery

- 3.18 The Housing & Regeneration Team are unlocking, accelerating, investing and intervening in an extensive number of key sites and opportunities where there is currently market failure (that have been identified as early priorities for WMCA investment under the SCF by each council) working in close partnership with colleagues in the respective local authorities and the private sector. The objective of the work is to unlock development potential, removing barriers to delivery (including fragmented land ownership), remediating contaminated land and providing essential infrastructure as agreed by the Board in December 2018. The delivery of such sites will act as a catalyst for wider delivery in the region.
- 3.19 A steady stream of investments and acquisitions are now coming forward across the region as highlighted in the agendas for Investment Boards in October, November and December 2019 under the Single Commissioning Framework and previously agreed acquisitions (eg Friars Park) are being completed. A clear communications plan is also being created and progress on individual sites is being aligned with media releases and the installation of hoardings on development sites, the purpose being to maximise the communications benefits of each intervention. WMCA funding to date under the SCF will directly support the delivery of over 3,000 new homes in the calendar year; for reasons of commercial confidentiality the individual sites are not named in this report.

Key Sites Pipeline

- 3.20 WMCA has been working with local authorities, Transport for the West Midlands and external advisors to produce a composite database of potential development sites in the region, for both housing and employment land, and to identify key barriers to delivery. The database brings together information from a number of sources and supports a number of work streams, providing readily available access to data, where known, on such matters as site location, size, existing and future land use, planning status, indicative dwelling numbers and/or floorspace, land ownership, barriers to development, etc. This data base has been used by WMCA and the local authorities to agree prioritised development sites and funding mechanisms.

Work Stream 3: Topic based programmes

Affordable and Social Housing Programme

- 3.21 The issue of housing affordability remains a key priority for WMCA and steps are being taken with public and private sector providers to increase the supply of affordable and

social housing in the region overall and on individual development sites. The WMCA Board agreed in January 2019 to submit an ambitious regional affordable and social housing deal to Government. This occurred in August 2019 and we await a response from MHCLG.

3.22 In terms of increasing supply, the following actions have been taken:

- Detailed discussions are taking place with the NHF and West Midlands Housing Association Partnership (WMHAP) regarding emerging proposals for a joint development vehicle. This proposed venture would look to combine the assets, expertise and networks of the member parties and public sector to accelerate delivery and additionality, recycle investment to create long term value and benefits, unlock stalled “difficult to deliver” sites, and maximise Brownfield land and transport corridors. A working group consisting of representatives from housing associations, the NHF, Combined Authority and legal advisors has now been formed to develop a business case, a vehicle proposition and delivery plan to proceed to the next stages. A separate report is before this meeting on these matters.
- Work is continuing on the development of “an ambitious regional affordable and social housing deal to Government”, as agreed by the WMCA Board in January 2019. This proposal formed part of the Combined Authority’s submissions to HM Treasury as part of the Comprehensive Spending Review process. The proposal to Government sets out the region’s ambition to treble the annual delivery of affordable homes through devolved funding and delivery programme and complements neatly the recommendations of the Devolution report by Lord Heseltine. The programme for the Comprehensive Spending Review process has been delayed this year but WMCA’s proposal is ready to be submitted when the submission dates are known.
- Work is ongoing to establish a regional approach to affordability as agreed by Housing and Land Delivery Board in July. Further analysis has of the regional residential market and the implications for delivery has been commissioned and preliminary recommendations will be shared with local authorities and other partners for discussion and amendment prior to a further report to this Board. In the meantime, a requirement for 20% affordable housing is included within the Single Commissioning Framework and we are seeing a range of the sites coming to Investment Board which previously were under 10% now hitting this range with WMCA support.
- Work is progressing on developing Memoranda of Understandings/commissioned partnerships with a number of Registered Providers in the region to support the delivery of inclusive growth

Work Stream 4: Other policy work to support delivery

Regional Design Charter

3.23 At its meeting in February 2019, the Housing & Land Delivery Board agreed to the preparation of a Regional Design Charter which would align Local Authority and WMCA aspirations to deliver at pace and scale whilst defining new quality benchmarks. The

Charter was agreed at the meeting of the Housing & Land Delivery Board in September 2019 and the following actions are now being taken:

- The Charter will be launched at a regional event in November 2019
- The Charter and explanatory supporting report by the Regional Design Charter Working Group has been sent to graphic designers to prepare publications versions
- The web-based version, including case studies of good practice is being worked up.

Strategy and route map for Modern Methods of Construction

- 3.24 As part of the Housing Deal, WMCA committed to securing a nationally leading programme for 'Modern Methods of Construction' (MMC). This commitment is recognised in the Spatial Investment & Delivery Plan, the HIF Business Case and in the operating principles of the Single Commissioning Framework.
- 3.25 Work to date has included the establishment of a suppliers' panel i.e. the Advanced Methods of Construction Advisory Panel which has supported WMCA in understanding the private sector position on MMC in housing and market testing the impact of the MMC requirements in the SCF. Additionally, WMCA has sought to learn from the significant amount of research has undertaken by government and industry bodies to understand industry output, benefits and drawbacks of MMC and barriers to uptake.
- 3.26 At the same time, the Ministry of Housing, Local Communities and Local Government has developed a 'definition framework' which identifies 7 MMC categories across a spectrum, from homes built entirely off site to improved on-site processes. This definition framework will also be used by Homes England within their procurement framework.
- 3.27 The Housing & Land Delivery Board agreed in September 2019 to the following:
- The need to commission additional technical and industry expertise to support this agenda through:
 - the appointment of a dedicated MMC programme manager
 - creation of an MMC Expert Advisory Panel
 - WMCA becoming an early adopter of MHCLG's MMC definition framework in the West Midlands and moving towards a pre-qualification requirement for use of MHCLG's MMC Categories 1 and 2 in all new developments that are coming forward through the Single Commissioning Framework – with immediate testing of the requirement of schemes over 200 units
- 3.28 An update on progress with the MMC Strategy will be presented to December Housing and land Board with a planned launch in early 2020. An MMC Working Group of local councils and key private sector partners will be established in October to co-develop the strategy (similar to the design charter working group) and an MMC Expert Advisory Panel created.

Communications Plan

- 3.29 Communications is being managed through a variety of local media and is an important part of the work of the Housing and Land Portfolio. The Housing & Regeneration and Communications Teams have worked up a 'communications grid' to ensure that announcements are made at the right time; this is updated weekly. The grid ensures advance notice of key events and allows all media activity to be co-ordinated with Local Authorities. LEPs, other public sector organisations and private sector developers and investors.
- 3.30 Other communications work includes making use of signboards, banners and hoardings around development sites to explain what is happening and who is involved in the process and production of key documents to assist communications (e.g. SCF Pamphlet in September 2019) It is notable that, as we approach the end of the year, a number of projects are coming to fruition and other work programmes are better developed. As a result, there are significantly more opportunities to showcase our work and to demonstrate the benefits and success of our collaborative work with local authorities.

Work Stream 5: Funding and Finance

Single Commissioning Framework

- 3.31 The Single Commissioning Framework was agreed by the Housing & Land Delivery Board in April 2019 and is having a significant impact on the quality, clarity and pace of brownfield regeneration in the region. It has been applied consistently and fairly to development proposals and funding requests since that time and a short pamphlet produced in September 2019 to assist understanding of how to access funds and key criteria that must be satisfied.

It was agreed at the outset that the criteria to be applied would be kept under constant review to assess the impact of applying the various criteria and to understand how the process might be enhanced further. At its meeting in September 2019, the Housing & Land Delivery Board agreed to some key amendments which will enhance its operation and allow WMCA to improve the quality of development that is being achieved and provide additional specialist capacity support where required on SCF schemes.

Public Sector Investment Programme

- 3.32 In relation to the Housing Deal:
- the sum of £165m has been released for the regeneration of the Perry Barr area, announced by Government at the time of the Autumn Statement 2019. These funds are being managed by Birmingham City Council and TfWM respectively.
 - A HIF application for a further £85m of investment in infrastructure in the region was submitted at the end of March 2019 and is still being considered.
 - The first tranche of the Land Fund (total £100m) has been released. Funds are being used alongside other funds within the SCF for the acquisition and remediation of sites, and for the provision of essential infrastructure.

- A bid has been made to HMG for £350m of affordable housing funding which is still being considered

Private Sector Investment Programme

- 3.33 WMCA continues to shape investor interest in the West Midlands through a variety of mediums e.g. the creation of investible opportunities, investor engagement plans, creation of an investor prospectus, targeted investor meetings etc. Discussions are held on a regular basis with major development companies and investment institutions around specific opportunities, supported by investor engagement plans to ensure that credible opportunities are matched with appropriate investors at all levels: regional, national and international.
- 3.34 A new Investor Prospectus was released at MIPIM 2019 and has been very well-received and major investors have been targeted and brought to the region (often for the first time) – connecting interest with investment opportunities. Highlighted investor opportunities attracted substantial interest and initial conversations are now being pursued with local councils and West Midlands Growth Company. A revised Prospectus will be developed for MIPIM 2020 jointly by WMCA, local councils and West Midlands Growth Company.

Work Stream 6: Joint Programmes

The One Public Estate Bid (Phase 7 Funds)

- 3.34 The West Midlands OPE Partnership submitted a bid for additional funding in Round 7 of the OPE Programme and has been successful in securing £320,000, a combination of grant and sustainable grant funding. It is anticipated (but not yet confirmed) that there will be a further round of funding (OPE8) in 2019/2020. A list of projects and development opportunities has been devised and WMCA is beginning to prepare a bid in close liaison with LGA and Cabinet Office who run the programme in Government to support delivery of these key projects.

Public Land and Asset Disposal programme (augmented OPE programme)

- 3.35 The OPE Programme and bid expressed the ambition of the West Midlands Partnership, led by WMCA, to augment the existing arrangements and expand the current regional OPE programme so that it becomes a highly effective public land and asset disposal programme. WMCA is currently undertaking a review of all of its own assets to support this work.

WMCA/Homes England Joint Team

- 3.36 The Housing Deal with Government made provision for a joint team to be established between WMCA and Homes England. This joint team brings together the combined resources of the Government's national housing delivery agency with WMCA's regional focus. Terms of Reference have been agreed between the two organisations, identified sites are being progressed through joint intervention and negotiations, additional resource has been made available from Homes England to work on the pipeline and

work is underway to secure more Homes England funding for delivery (e.g. on affordable).

Local Plans

- 3.37 As agreed at Housing and Land Board, WMCA is working closely with local authorities to facilitate timely preparation of local plans. A specific area, as the Board agreed, has been on bringing in external support to facilitate evidence and analysis.

Work Stream 7: Arrangements for Monitoring and Review

- 3.38 Since the last meeting, strong and robust programme management arrangements have been put in place for interventions and investments under the Single Commissioning Framework and the wider portfolio management. This will allow better monitoring of outputs, clarity on milestones and overview of delivery targets.

4.0 Items for agenda in December 2019

- 4.1 Based on the progress made on the projects described above, it is proposed that the following deliverables should be considered at the December 2019 meeting of the Housing & Land Delivery Board:
- The progress on acquisitions and investments under the Single Commissioning Framework
 - Modern Methods of Construction Strategy
 - Proposal for an Affordable Housing Delivery Vehicle (Heads of Terms)
 - Delivery & investment Plans for the five 'first wave' town centres
 - Delivery & Investment Plans for the Walsall to Wolverhampton and West Bromwich to Dudley Inclusive Growth Corridors
 - Town Centre Toolkit
 - Progress on 'early impact' town centre interventions agreed at September board

5.0 Conclusions

- 5.1 Substantial progress has been made across all work streams since the last quarterly report and in partnership working in many areas. There is significant commitment to ensuring that work continues at pace and is produced in a collaborative collegiate manner. Further discussion will continue to take place between officers of WMCA and local authorities and LEPs on how engagement, project-based governance and working arrangements might be enhanced to ensure continued success.

6.0 Financial Implications

- 6.1 There are no un-budgeted financial implications as a result of the recommendations within this report. The majority of the work to develop the prospectus will be undertaken through existing in-house resource and any external support requirement will be funded from the Housing & Regeneration revenue budget. Sites requiring acquisition or remediation will come, as appropriate, to the WMCA Investment Board.

7.0 Legal Implications

- 7.1 Section 10. 1 and schedule 3 of The West Midlands Combined Authority Order 2016 No. 653 (the Order) confers Economic development and regeneration functions to the WMCA

in the CA area. Schedule 3 sets out a duty under section 69 of the 2009 Act for the CA to prepare an assessment of economic conditions.

7.2 By virtue of section 113A of The Local Democracy, Economic Development and Construction Act 2009 as amended by section 13 The Localism Act 2011 the WMCA may do anything it considers appropriate for the purposes of the carrying-out of any of its functions.

7.3 There are no direct legal implications identified as a result of this report. However, the proposals set out in this report will have legal implications and risks in the future which will be considered at the appropriate time through future reports as necessary.

8.0 Equalities Implications

8.1 There are no immediate equalities implications in relation to this report. However, individual strategies and delivery schemes will need to take into account local area needs and local stakeholder needs to ensure the schemes benefit local residents, including harder to reach groups. To that effect equality impact assessments will need to be conducted to understand demographics, key inequality issues and how investment can help address key inequality gaps. Engagement and consultation with key equality stakeholders is also crucial.

9.0 Inclusive Growth Implications

9.1 The proposals themselves are neutral when it comes to inclusive growth. However, implications will arise as investments are made and strategies are devised – in terms of who benefits from those investments and in who is involved in shaping and contributing to them. As such, any programmes should be devised with the responsibility to deliver inclusive growth. The Inclusive Growth Framework and burgeoning Investment Toolkit can be as a guide to shape this process.

9.2 Current governance arrangements are satisfactory for building a strategic picture, but the shaping and delivery of specific programmes will need to involve a wider variety of stakeholders in order to be inclusive.

10.0 Geographical Area of Report's Implications

10.1 The recommendations of this report apply to the whole of the WMCA area.

11.0 Other implications

11.1 None.

12.0. Schedule of Background Papers

12.1 None.

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**West Midlands
Combined Authority**

Housing & Land Delivery Board

Date	4 November 2019
Report title	Affordable Housing Delivery Vehicle Update
Portfolio Lead	Councillor Mike Bird, Leader, Walsall MBC
Accountable Chief Executive	Deborah Cadman, Chief Executive, WMCA
Accountable Employees	Gareth Bradford, Director of Housing & Regeneration Pat Willoughby, Head of Policy (Housing & Regeneration) Rob Lamond – Strategic Delivery Advisor (Report Author)
Report has been considered by	A summary report across the whole of the Affordable Housing Programme was agreed by Housing and Land Board on 21 February 2019

Recommendation(s) for action or decision:

The Housing Land & Delivery Board is asked to note:

- Progress between WMCA and West Midlands Housing Association Partnership/National Housing Federation in developing the Heads of Terms and key criteria for a new regional affordable housing delivery vehicle focused on increasing the supply of new homes, particularly affordable housing, on some of the most challenging sites in the region
- The proposed Delivery Vehicle's fundamental principles of reduced risk; shared opportunity through combining investments and assets of partners; maximising the local knowledge and expertise of the vehicle's partners; and developing a range of sites including intervening in instances of market failure to develop brownfield sites in the region.

The Housing & Land Delivery Board is recommended to agree:

- The draft criteria/principles for the Delivery Vehicle from WMCA perspective as set out in Section 3.2 of this report
- Subject to agreeing the above criteria/principles, that the Housing and Regeneration Team works now with partners and a focused working group of experienced local council housing officers to bring forward a business case for a pilot phase of the Delivery Vehicle to a forthcoming Housing and Land Board and Investment Board. The aim is to submit the business case to December 2019's Investment Board if possible and appropriate.

1.0 Purpose

- 1.1 The purpose of this paper is to update Housing and Land Board on progress in the work the Board had agreed in February 2019 to work up in principle on developing an Affordable Housing Delivery Vehicle with WMHAP/NHF to unlock challenging brownfield opportunities in the region – providing added value to the work of the WMCA under the SCF. This paper then recommends agreement of the broad criteria for the vehicle to help guide the development of a detailed business case.

2.0 Background

- 2.1 In February 2019 the WMCA Housing & Land Delivery Board agreed the 2019/20 Housing and Regeneration Deliverables, including to “Secure bespoke new supply agreements with housing associations, large and small, existing and new to the region” and to “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”. The subsequent WMCA Board in March 2019 agreed the 2019/20 deliverables for each Portfolio, including those above.
- 2.2 As part of the WMCA's affordable housing programme to achieve these targets, discussions have been ongoing with the West Midlands Housing Association Partnership (WMHAP) regarding proposals and ideas for a brand new single purpose affordable delivery vehicle to help secure affordable housing delivery above and beyond those of housing association committed and approved business plans.
- 2.3 The WMHAP consists of circa 30 housing associations that operate in the region, who own and manage a combined total of over 120,000 homes in the West Midlands. The partnership brings together these organisations to deliver quality homes, create jobs and growth, and support the wider inclusive growth agenda.

3.0 Affordable Housing Delivery Vehicle

- 3.1 The Affordable Housing Delivery Vehicle proposal has been firmed up in recent months with WMCA and the partnership obtaining legal advice to ensure it aligns with procurement and state aid rules. The concept proposed looks to bring together the combined expertise and resources of circa seven of the largest housing associations within the partnership to form a dedicated Limited Liability Partnership. Its purpose and intent being to specifically accelerate delivery of affordable homes on brownfield sites in partnership with the Combined Authority. A proposal similar to a delivery vehicle launched recently in Greater Manchester. In conjunction with the Combined Authority, the idea is that this proposed venture would seek to **combine** the assets, capital, expertise and networks of all the partners to the vehicle (as appropriate and necessary) and wider public sector to accelerate delivery and additionality, recycle investment to create long term

value and benefits, unlock stalled “difficult to deliver” sites, and unlock challenging brownfield sites land along key transport corridors.

3.2 To help unlock this additional housing, we recommend the Board agrees four underpinning criteria the Delivery Vehicle must meet to secure WMCA commitment:

1. To comply with the criteria and governance systems set out in the WMCA Single Commissioning Framework (SCF) and all related assurance processes
2. To explicitly deliver additional homes overall and especially affordable homes against the SCF affordable housing definition to meet local need on Brownfield land
3. To be clearly and demonstrably addressing market failure – i.e. delivering sites that evidently cannot be brought forward by the private sector, public bodies or individual housing associations, as part of a blended pipeline of sites
4. To provide an appropriate return on any WMCA investment.

3.3 A fundamental principle of the proposed Delivery Vehicle would be to reduce risk and share opportunity across the partners with the LLP and the Combined Authority pooling capital and assets to bring forward sites (as appropriate) that otherwise would not be forthcoming by the market or an individual developer, investor or RP. The LLP will combine funding and assets from the member associations to be co-invested alongside CA investment and assets via the Single Commissioning Framework. The returns on investment would be shared accordingly based on the level of commitment. This will be set out in more detail in the Heads of Terms agreement between the WMCA and LLP in due course.

3.4 In parallel with the WMCA approval process, the relevant housing associations are progressing through their respective governance to confirm commitment to and scope of investment in the proposed vehicle.

3.5 There is a significant amount of work to do over the next 8 weeks to finalise the Heads of Terms and business case. The partners consider the Delivery Vehicle has the potential to deliver a significant range of outcomes, including:

- Increasing the number of affordable homes built in the region
- Broadening the range, mix and supply of homes available to residents
- Addressing market failure to unblock dormant sites
- Maximising delivery on brownfield land across the region
- Trailblazing the implementation of the CA’s affordable housing and inclusive growth objectives, including outcomes for social value, economic growth, education and skills impact and sustainability.
- Leveraging investment across partners to maximise returns on funding and reinvesting proceeds into further stages of development
- An inclusive and collaborative regional approach - maximising local expertise, assets, networks and partnerships that demonstrates an innovative approach to collaboration with local anchor institutions
- Exemplifying the CA’s role as a change agent and placemaker for the region through working in partnership with established anchor institutions.

4.0 Next steps

4.1 A working group consisting of representatives from WMHAP, the National Housing Federation, Combined Authority and legal advisors has already been formed to develop

the proposal to this stage and will now meet regularly to develop a robust business case, governance scheme and delivery plan on the proposed affordable housing vehicle.

Key to the business case will be the economic modelling of sites from the regional site pipeline identified by the WMCA that meet the above criteria (subject to this Board's approval of Section 3.2), to ensure that the proposed approach can achieve the required returns and drive additionality of supply. This analysis will help to form the **proof of concept for the pilot phase of the project**, initially focused on a small number of sites, to establish the viability of the vehicle and test the concept. Subject to the success of this initial phase, there is potential for the Delivery Vehicle to attract further investment and land partners (for example through other funding partners and public sector bodies) to broaden the future development programme but that will be subject to further agreement by this Board and Investment Board.

- 4.2 In parallel with the development of the business case, work is ongoing to agree governance structures and legal agreements to establish the pilot phase. Subject to approval, the parties will agree a Heads of Terms agreement for a Commissioned Partnership agreement to set out the partners' collective commitments and ambitions for the vehicle.

Timetable

Heads of Terms Agreement	November 2019
Delivery Vehicle Business Case	WMCA Investment Advisory Group 02.12.19
	WMCA Investment Board 16.12.19
	WMHAP Board December TBC

5.0 Conclusions

- 5.1 The Affordable Housing Delivery Vehicle proposal presents an interesting opportunity for the Combined Authority to pilot an innovative partnership project with housing associations that demonstrates real additionality beyond what is already happening on brownfield regeneration and affordable housing delivery in the region. Through focusing on the criteria and principles set out in this report, the pilot phase is intended to demonstrate proof of concept for the vehicle and test the approach. Subject to business case approval and successful delivery of the pilot phase, the Delivery Vehicle has the potential to contribute significantly to the WMCAs ambitions for additional affordable housing.

6.0 Financial Implications

- 6.1 The Single Commissioning Framework provides a single set of criteria and governance systems that will be applied to all applications for available devolved WMCA Housing, Land and Property Development funds, together with a consistent process and timelines for decision.

WMCA investment in the proposed Delivery Vehicle would be governed and administered through the Single Commissioning Framework.

7.0 Legal Implications

7.1 Section 113A(1)(a) of the Local Democracy, Economic Development and Construction Act 2009 gives the CA a power of competence appropriate for the purposes of carrying-out any of its functions. Part 4 of The West Midlands Combined Authority Order 2016 (2016 No 653) confers that the functions relating to any Economic development and regeneration in the constituent councils are exercisable by the CA. Part 3 of The West Midlands Combined Authority (Functions and Amendment) Order 2017 confers functions corresponding to the functions of the Homes and Communities Agency has in relation to the combined area. Paragraph 10 (2) (a) of the 2017 Order confers the function of improving the supply and quality of housing to the Combined Authority, 10 (2) (b) to secure the regeneration or development of land or infrastructure in the combined area, 10 (2)(c) to support in other ways the creation, regeneration or development of communities in the combined area or their continued well-being and 10 (2)(d) confers the function of contributing to the achievement of sustainable development and good design.

The development of the business case, the establishment of the pilot phase and the formation of the delivery vehicle in the form of a Limited Liability Partnership will require legal input at the relevant stages involving putting in place appropriate governance structures and legal agreements. Any co-investments including grant and/or loan funding from WMCA will need to comply with the criteria and governance systems set out in the WMCA Single Commissioning Framework and will need to be considered on a case by case basis.

8.0 Equalities Implications

8.1 There are no immediate equalities implications in relation to this report. However, individual strategies and delivery schemes will need to take into account local area needs and local stakeholder needs to ensure the schemes developed through the delivery vehicle benefit local residents, including harder to reach groups. To that effect equality impact assessments will need to be conducted to understand demographics, key inequality issues and how investment can help address key inequality gaps. Engagement and consultation with key equality stakeholders is also crucial.

9.0 Inclusive Growth Implications

The proposed Delivery Vehicle would operate via the WMCA's Single Commissioning Framework, which includes Inclusive Growth outcomes including affordable housing, use of local labour and suppliers, and quality of design and placemaking as part of the key criteria for investment of Combined Authority funds.

10.0 Geographical Area of Report's Implications

10.1 The recommendations of this report apply to the whole of the WMCA area.

11.0 Other implications

11.1 None.

12.0. Schedule of Background Papers

12.1 None.

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