



## WMCA Board

**Date:** Friday 11 February 2022

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

**Venue:** Civic Centre, St Peter's Square, Wolverhampton, WV1 1SH

### Membership

#### Constituent Members

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

Councillor Adrian Andrew  
Councillor Mike Bird  
Councillor Ian Brookfield  
Councillor Kerrie Carmichael  
Councillor Ian Courts  
Councillor Maria Crompton  
Councillor George Duggins  
Councillor Patrick Harley  
Councillor Brigid Jones  
Councillor Abdul Khan  
Councillor Stephen Simkins  
Councillor David Vickers  
Councillor Ian Ward

#### Appointing Authority

Mayor of the West Midlands Combined Authority  
Solihull Metropolitan Borough Council

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

#### Non-Constituent Members

Anita Bhalla

Councillor Shaun Davies  
Councillor Matthew Dormer  
Councillor Tony Jefferson  
Councillor Sebastian Lowe  
Councillor Olivia Lyons  
Councillor Jeremy Oates  
Councillor Lezley Picton  
Councillor Izzi Seccombe  
Tom Westley  
Councillor Kristofer Wilson  
Sarah Windrum

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

Councillor David A Wright

**Observers Awaiting Membership**

Councillor Andrew Day  
Mandy Thorn

Warwick District Council  
The Marches Local Enterprise Partnership

**Co-Opted Member**

Lee Barron

Midlands Trades Union Congress

**Observer Members**

Councillor Greg Brackenridge  
Simon Foster

West Midlands Fire Authority  
West Midlands Police & Crime Commissioner

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

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

<b>Contact</b>	Dan Essex, Governance Services Manager
<b>Telephone</b>	0121 214 7505
<b>Email</b>	<a href="mailto:dan.essex@wmca.org.uk">dan.essex@wmca.org.uk</a>

# AGENDA

No.	Item	Presenting	Pages
<b>Items of Public Business</b>			
1.	Apologies for Absence	Chair	None
2.	Declarations of Interest Members are reminded of the need to declare any disclosable prejudicial interests they have in any item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None
3.	Chair's Remarks (if any)	Chair	None
4.	Minutes - 14 January 2022	Chair	1 - 12
5.	Forward Plan	Chair	13 - 16
<b>Finance</b>			
6.	WMCA Budget 2022/23	Councillor Bob Sleigh	17 - 84
<b>Environment, Energy &amp; HS2</b>			
7.	WMCA Air Quality Options Paper	Councillor Ian Courts	85 - 132
<b>Minutes</b>			
8.	Transport Delivery Committee - 10 January 2022	Councillor Kath Hartley	133 - 138
9.	Overview & Scrutiny Committee - 10 January 2022	Councillor Cathy Bayton	139 - 142
10.	HS2 Regional Enterprise Board - 11 January 2022	Councillor Ian Courts	143 - 150
11.	Employment Committee - 12 January 2022	Chair	151 - 152
12.	Wellbeing Board - 18 January 2022	Councillor Izzi Seccombe	153 - 156
13.	Audit, Risk & Assurance Committee - 18 January 2022	Mark Smith	157 - 162
14.	Housing & Land Delivery Board - 19 January 2022	Councillor Mike Bird	163 - 168

15.	Young Combined Authority Update	YCA Reps	169 - 170
<b>Date of Next Meeting</b>			
16.	Friday 18 March 2022 at 11.00am	Chair	None



**West Midlands  
Combined Authority**

## **Informal WMCA Board - WMCA Chief Executive's Consultation/Guidance**

**Friday 14 January 2022 at 11.00 am**

### **Minutes**

#### **Constituent Members**

Andy Street (Chair)  
Councillor Mike Bird  
Councillor Ian Brookfield  
Councillor Ian Courts  
Councillor George Duggins  
Councillor Patrick Harley  
Councillor Brigid Jones  
Councillor Danny Millard  
Councillor Stephen Simkins  
Councillor Bob Sleigh  
Councillor Ian Ward

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

#### **Non-Constituent Members**

Anita Bhalla  
Councillor Matthew Dormer  
Councillor Tony Jefferson  
Councillor Olivia Lyons  
Councillor Jeremy Oates  
Councillor Izzi Seccombe  
Tom Westley  
Councillor Kristofer Wilson

Greater Birmingham & Solihull LEP  
Redditch Borough Council  
Stratford-on-Avon District Council  
Cannock Chase District Council  
Tamworth Borough Council  
Warwickshire County Council  
Black Country LEP  
Nuneaton & Bedworth Borough Council

#### **Observer Members awaiting Membership**

Councillor Andrew Day

Warwick District Council

#### **Observer Members**

Wasim Ali  
Councillor Greg Brackenridge  
Talha Ikhtlaq  
Rob Johnston  
Hamaam Shire

Assistant Police & Crime Commissioner  
West Midlands Fire Authority  
Young Combined Authority  
Midlands Trades Union Congress  
Young Combined Authority

#### **In Attendance**

Councillor Cathy Bayton  
Councillor Kath Hartley  
Mark Smith

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

**86. Apologies for Absence**

Apologies for absence were received from Lee Barron (Midlands TUC), Councillor Kerrie Carmichael (Sandwell), Councillor Shaun Davies (Telford & Wrekin), Simon Foster (Police & Crime Commissioner) and Councillor Seb Lowe (Rugby).

**87. Arrangements for Informal Meeting**

The Chair reported that this was not a formal meeting of the WMCA Board but was being held as a 'consultation call' by the Chief Executive, under her delegated powers in paragraph 5.3 of the Scheme of Delegations, to take urgent action in consultation with the Mayor and portfolio leads.

Following the consultation call, the Chief Executive would take delegated decisions having regard to this consultation. The agenda and reports were being made available to the public and the call was being livestreamed to ensure openness and transparency. These arrangements replaced the WMCA Board meeting scheduled for 14 January 2022, but which had been cancelled due to concerns about the current increased risk of COVID-19 infection.

**88. Chair's Remarks**

**(a) New Board Members**

The Chair welcomed Anita Bhalla (Greater Birmingham & Solihull LEP) and Councillor Kerrie Carmichael (Sandwell Metropolitan Borough Council) as new members of the board.

**(b) Jack Dromey MP**

The Chair noted with sadness the death of Jack Dromey, MP for Birmingham Erdington, on 7 January. He paid tribute to his career in public service to the city and region, and members of the board observed a minute's silence in his memory.

**89. Minutes**

The minutes of the meeting held on 19 November 2021 were agreed as a correct record.

**90. Forward Plan**

The forward plan of items to be reported to future meetings of the board was noted.

**91. WMCA Draft Budget 2022/23**

The board considered a report of the Director of Finance presenting the draft 2022/23 budget for consideration, to allow for feedback to inform the final 2022/23 budget to be approved on 11 February 2022.

Recommended that the WMCA's Chief Executive:

(1) Approves for consultation the draft 2022/23 West Midlands Combined Authority consolidated revenue budget, which included:

(a) The budget requirement for transport delivery in 2022/23 comprising four elements:

- (i) £117.0m to be funded from the existing transport levy mechanism;
  - (ii) £18.7m to be funded from grant awarded by the Commonwealth Games Organising Committee;
  - (iii) Use of £4.5m Business Rates retention income;
  - (iv) Transfer from earmarked reserves of £3.6m.
- (b) The budget requirement for non-transport delivery in 2022/23 of £161.9m comprising of five elements:
- (i) £142.7m adult education spending to be funded from Adult Education budget funding devolved by the Department for Education;
  - (ii) £6.7m to be funded from devolution deal grants;
  - (iii) £1.2m to be funded from other income, notably investments;
  - (iv) £4.6m to be funded from constituent member fees (fees to remain at the same level as 2021/22);
  - (v) £0.5m to be funded from non-constituent member and observer fees (which represented an increase of £5,000 a year per non-constituent member from 1 April 2022);
  - (vi) Use of £6.0m business rates retention income.
- (2) Approves for consultation and scrutiny the Mayoral office budget for 2022/23 of £0.8m to be funded from additional Mayoral Capacity Funding.
- (3) Approves for consultation the draft 2022/23 Capital Programme of £536m.
- (4) Notes the planned spend on the Investment Programme over the period.
- (5) Notes that there would be no Mayoral Precept during 2022/23.
- (6) Notes the WMCA's commitment to work with the Mayor and constituent member leaders to develop a long-term, sustainable budget and plan throughout 2022, building on the 2022/23 agreed Aims & Objectives and a sustainable financial plan.
- (7) Notes the matters identified by Overview & Scrutiny Committee that arose out of the Mayoral Q&A on 15 December 2021.

## **92. Financial Monitoring 2021/22**

The board considered a report of the Director of Finance providing an update on the WMCA's finances as at the end of November 2021.

Recommended that the WMCA's Chief Executive:

- (1) Notes the financial position as at 30 November 2021.
- (2) Notes the latest 2021/22 forecast.
- (3) Notes the update on Local Authority Delivery Phase 3 funding.
- (4) Approves the supplementary appointment of Louise Cowen and Kate Taylor as Deputy Section 151 Officers with effect from 14 January 2022.

**93. Equality Scheme 2022-24**

The board considered a report of the Director of Inclusive Growth & Public Service Reform providing a summary of WMCA's Equality Scheme objectives and informing it of provisional timescales for publication of the scheme.

Anita Bhalla welcomed the report and that there was to be public consultation on it. She suggested that the impact of the scheme should be monitored on an annual basis, which would enable the recommendations within it to be adjusted in light of the impact they were making. The Equalities & Diversities Manager confirmed that there would be an annual monitoring report that would be submitted to this board for its consideration.

Recommended that the WMCA's Chief Executive:

Approve the 2022/24 Equality Scheme and Action Plan.

**94. City Region Sustainable Transport Settlement Programme**

The board considered a report of the Interim Managing Director, Transport for West Midlands, seeking approval for the programme level business case of the City Region Sustainable Transport Settlement as required by Government and to the local approaches to assurance, monitoring and governance.

Councillor Ian Courts thanked officers across the region for the hard work they had undertaken to get the programme of works to this stage.

Recommended that the WMCA's Chief Executive:

- (1) Notes the progress made regarding the regional City Region Sustainable Transport Settlement bid since the original submission was approved by WMCA Board in September 2021.
- (2) Notes the approach to prioritisation and development of the final programme for submission to Government.
- (3) Approves the submission to Government of the City Region Sustainable Transport Settlement programme level business case, noting that the revised programme was within the region's indicative allocation of £1.050bn.

- (4) Delegates to the Executive Director of Transport for West Midlands and the Director of Finance, in consultation with the Mayor and the Portfolio Lead for Transport, any final adjustments which were required to the programme and associated documentation, noting that changes may be developed to this documentation as the local authority and Transport for West Midlands officer team continued to liaise with the Department for Transport and the Treasury after submission in order to confirm the programme and secure a full grant confirmation from the Government, however, WMCA Board would formally consider the final programme and any funding conditions which were applied by the Government before accepting and adopting the final programme.
- (5) Approves the use of the Single Assurance Framework to provide assurance around investment decisions, noting the additional measures set out in the programme business case to ensure the ability to meet the City Region Sustainable Transport Settlement fund requirements, including the establishment of additional capacity for the Investment Panel to provide technical expert advice to the existing Investment Board on decisions to be made under the Single Assurance Framework.
- (6) Approves the approach to the establishment and management of a 'soft contingency' element to the City Region Sustainable Transport Settlement programme.
- (7) Approves the monitoring and reporting arrangements.
- (8) Notes the approach regarding the replacement funding for Integrated Transport Block (Local Network Improvement Plan) and highway maintenance.
- (9) Notes the approach to managing a pool of reserve schemes which could be accelerated if required during the programme life.
- (10) Notes the next steps.

**95. West Midlands Future Bus Delivery Options**

The board considered a report from the Interim Managing Director, Transport for West Midlands, providing an update on future challenges and opportunities in the bus market and outlining a course of action that best enabled the WMCA to continue to support the strong role that buses played in delivering wider WMCA objectives.

Councillor George Duggins sought further information as to whether the Department for Transport was likely to support the bus sector post-March when Covid-related support funding was due to cease. The Interim Managing Director, Transport for West Midlands, explained that this was still to be determined and that all transport authorities were currently in discussions with the Department for Transport regarding this key point.

Recommended that the WMCA's Chief Executive:

- (1) Note the key risks in the future delivery of bus services in the region that Transport for West Midlands was working with Government, bus operators and other partners to mitigate.

- (2) Note the opportunities associated with Enhanced Partnership but also the level of commitment and process that it would place on all partners, particularly Transport for West Midlands, local authorities and bus operators.
- (3) Support the continued assessment of the business case for franchising in line with the Single Assurance Framework and legislation within the Bus Service Act 2017, as a possible mechanism to address the referenced challenges should Enhanced Partnerships fail to effectively deliver the WMCA's ambitions.

**96. West Midlands Local Transport Plan 5: Draft Core Strategy**

The board considered a report of the Interim Managing Director, Transport for West Midlands, on the approach for developing the new West Midlands Local Transport Plan and undertaking public engagement on the draft Core Strategy document.

Councillor Ian Ward thanked the Police & Crime Commissioner for the support he had provided to the development of strategies regarding road safety and safety across the public transport network. Councillor Stephen Simkins noted that pricing played a key role in determining the public's willingness to use public transport, and attention needed to be given to the affordability of travel.

Recommended that the WMCA's Chief Executive:

- (1) Notes the responses to the 'Reimagining Transport' LTP Green Paper engagement.
- (2) Agrees the proposed approach and timetable to developing the new West Midlands Local Transport Plan.
- (3) Approves the draft Local Transport Plan Core Strategy document for statutory consultation, noting that final design editing work supporting communications material would be completed following comments from this board.

**97. Commonwealth Games Transport Plan**

The board considered a report of the Interim Managing Director, Transport for West Midlands, on the responses to the draft Games Transport Plan consultation, and seeking to approve the Games Transport Plan for publication in January 2022.

Councillor Izzi Seccombe stressed the importance of ensuring that attendance at, and travel to, events was made as accessible as possible. Councillor Andrew Day supported these comments, and indicated that work was scheduled at Leamington Spa's railway station to make it more accessible for spectators travelling to Victoria Park in the town to watch the lawn bowls event. Councillor Ian Ward was happy to confirm that all venues would be fully accessible, and he expected the games to be the most accessible ever held.

Recommended that the WMCA's Chief Executive:

Notes the responses to the draft Games Transport Plan consultation and approves the Games Transport Plan for publication in January 2022.

**98. Transport Delivery Committee - 15 November 2021**

The board received the minutes of the Transport Delivery Committee meeting held on 15 November 2021.

Councillor Kath Hartley confirmed that the committee had been paying close attention to the passenger impact of the closure of the metro network before Christmas.

Recommended that the WMCA's Chief Executive:

Notes the minutes of the meeting held on 15 November 2021.

**99. Environment & Energy Board - 1 December 2021**

The board received the minutes of the Environment & Energy Board meeting held on 1 December 2021.

Recommended that the WMCA's Chief Executive:

Approves the minutes of the inquorate meeting held on 1 December 2021.

**100. Investment Board - 13 December 2021**

The board received the minutes of the Investment Board meeting held on 13 December 2021.

In respect of minute no. 88 ('Enhancing the Collective Investment Fund and Revolving Investment Fund'), Councillor Bob Sleigh noted that the approval of the minutes would introduce measures to increase the efficiency and effectiveness of the Collective Investment Fund and the Revolving Investment Fund, which the Investment Board had fully supported.

Recommended that the WMCA's Chief Executive:

Approves the minutes of the inquorate meeting held on 13 December 2021.

**101. Overview & Scrutiny Committee - 15 December 2021**

The board received the minutes of the Overview & Scrutiny Committee meeting held on 15 December 2021.

Recommended that the WMCA's Chief Executive:

Notes the minutes of the meeting held on 15 December 2021.

**102. Employment Committee - 17 December 2021**

The board received the minutes of the Employment Committee meeting held on 17 December 2021.

Recommended that the WMCA's Chief Executive:

Notes the minutes of the meeting held on 17 December 2021.

**103. Young Combined Authority Update and Charter**

The board considered an update on the activity of the Young Combined Authority during December - January, along with the YCA Charter that set out how it would work together as a team and what its expectations were of each other, the WMCA and the independent delivery partner, Aspire4U.

Talha Ikhtlaq reported that there had been a number of new members on the YCA and it was therefore looking again at its objectives and areas of interest to ensure it continued to champion the causes important to young people across the region. Members of the board welcomed this and undertook to engage YCA members in the work of the committees/board they chaired.

Recommended that the WMCA's Chief Executive:

Notes the recent activity of the Young Combined Authority and its Charter.

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

Recommended that the WMCA's Chief Executive:

Excludes the public and press from the meeting in accordance with s100(A) of the Local Government Act 1972 for the following items of business as they were likely to involve the disclosure of exempt information as specified in the paragraphs of the Act.

**105. West Midlands Co-Investment Fund**

The board considered a report of the Investment & Commercial Activities Director on proposals for a new business friendly investment fund, aligned to the specific strategy and needs of the West Midlands region and designed to promote economic growth post COVID-19.

Councillor Ian Brookfield welcomed the report and hoped that it would target a broad geographical mix of small and medium sized enterprises across the region. Councillor Tony Jefferson noted that the fund was equity rather than debt based, which he strongly welcomed.

Recommended that the WMCA's Chief Executive:

- (1) Notes that on 23 July 2021, the WMCA Board approved the outline business case for the West Midlands Co-Investment Fund, which allocated £12.5m from the Investment Programme, that the principles had not altered, and that no further funding was being requested from the WMCA.
- (2) Notes that the West Midlands Pension Fund had indicated it would provide, as a minimum, the remaining £12.5m required to launch the West Midlands Co-Investment Fund, subject to its approvals process, and that the West Midlands Co-Investment Fund would not launch until funding was in place for the full £25m.

- (3) Notes that the risks and rewards arising from the £25m fund between the WMCA and the West Midlands Pension Fund were intended to be split equally, and that any deviation from this principle would be agreed by the Director of Finance, in consultation with the seven constituent area Finance Directors.
- (4) Notes that the delivery vehicle options appraisal concluded with a preferred option of utilising West Midlands Development Capital, sub-contracting investment management to a third-party fund manager (subject to procurement process).
- (5) Delegates approval to the Director of Finance (supported with advice and in consultation with the Finance Directors Group) to flex the fund's equity/debt investment ratio based on market evidence.
- (6) Approves the request for the potential increase to the investment size of the fund pre/post fund launch, subject to:
  - The WMCA's own investment of £12.5m not increasing (ie. no further funds were required from WMCA sources, being as a result of third-party investor interest).
  - There being no detriment to risk or rewards to the WMCA and the objectives and targets indicated in the full business case were to be achievable.
  - WMCA Statutory Officers agreeing to the amendments (supported by advice and in consultation with the seven Finance Directors Group).
  - Any new investor entering the fund would be subject to due diligence and ultimately approved at the Investment Board.
- (7) Delegates the negotiation and approval of commercial terms with the funding partner and fund manager to the Director of Finance.
- (8) Notes that the WMCA had the potential to recycle part or all of its £12.5m grant contribution (subject to fund performance).

[NB. Councillor Stephen Simkins declared a non-prejudicial interest in this item as he was a member of the West Midlands Pension Fund Board, who were proposing to contribute financially to this fund.]

- 106. City Region Sustainable Transport Settlement Submission - Scheme Schedule**  
The board considered a report of the Interim Managing Director, Transport for West Midlands, seeking approval for the schedule of schemes to be contained within the programme level business case of City Region Sustainable Transport Settlement as required by Government.

Recommended that the WMCA's Chief Executive:

- (1) Approves the City Region Sustainable Transport Settlement programme schedule which formed the basis of the region's response within its indicative £1.050bn allocation under the national City Region Sustainable Transport Settlement fund.
- (2) Notes that the City Region Sustainable Transport Settlement programme schedule contained values for schemes which were indicative, and these would will be challenged/assured through the Single Assurance Framework, with final allocations approved as part of any full business case approval for each scheme by the WMCA Board or in line with the relevant delegations, which included the Investment Board.

**107. Wednesbury - Brierley Hill Metro Extension Update**

The board considered a report of the Interim Managing Director, Transport for West Midlands, on the latest position around the Wednesbury to Brierley Hill metro extension and the mitigating actions being developed by the WMCA to allow the objectives of the project to be achieved.

Councillor Patrick Harley stressed the importance of this scheme for the Black Country. He considered a July deadline for identifying funding solutions to complete the scheme as originally intended to be critical and must not be allowed to slip. Councillor Danny Millard and Tome Westley both supported these comments.

Councillor Cathy Bayton noted that Overview & Scrutiny Committee had been seeking assurances regarding the funding model and assumptions that had been made. She offered her committee's assistance in strengthening the governance of future metro development schemes and the operation of metro services.

Recommended that the WMCA's Chief Executive:

- (1) Notes the latest position regarding the affordability of the Wednesbury to Brierley Hill metro extension.
- (2) Notes the mitigating actions being developed by the WMCA, with the objective being to maximise the outcomes in the short term, whilst solutions were identified and assessed to complete the full scheme as originally intended.
- (3) Notes that despite the issues highlighted within this paper, the WMCA remained entirely committed to delivering the full scheme and would work with constituent members to ensure a robust funding strategy could be developed.
- (4) Notes that works would continue to complete the delivery to Dudley and enabling works that are programmed in for sections beyond Dudley including utility diversions.

**108. Date of Next Meeting**  
Friday 11 February 2022 at 11.00am.

The meeting ended at 1.00pm.

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## WEST MIDLANDS COMBINED AUTHORITY FORWARD PLAN: FEBRUARY 2022 - MARCH 2022

Title of Report	Summary of purpose and recommendations	Lead Portfolio Holder	Lead Officer	Confidential	Category
<b>Meeting 18 March 2022</b>					
<b>Establishing an Independent Remuneration Panel</b>	<p><b>Purpose:</b> To get approval to establishing an Independent Remuneration Panel to review the allowances paid to the Mayor and Deputy Mayor.</p> <p><b>Recommendation(s):</b> That an Independent Remuneration Panel be established to report back to the WMCA Board in June 2022.</p>	n/a	Satish Mistry	No	Governance
<b>Headline Interim Report - Local Skills Delivery Scrutiny Review</b>	<p><b>Purpose:</b> To consider an interim report on the findings of Overview &amp; Scrutiny's review into local skills delivery.</p> <p><b>Recommendation(s):</b> To note the interim findings of the scrutiny review.</p>	n/a	Satish Mistry	No	Governance
<b>Headline Interim Report - Helping to Deliver Affordable and Social Housing Scrutiny Review</b>	<p><b>Purpose:</b> To consider an interim report on the findings of Overview &amp; Scrutiny's review into the delivery of affordable and social housing.</p> <p><b>Recommendation(s):</b> To note the interim findings of the scrutiny review.</p>	n/a	Satish Mistry	No	Governance

Title of Report	Summary of purpose and recommendations	Lead Portfolio Holder	Lead Officer	Confidential	Category
<b>Financial Monitoring 2021/22</b>	<p><b>Purpose:</b> To outline the latest financial position of WMCA and provide an update on any current financial matters affecting WMCA.</p> <p><b>Recommendation(s):</b></p>	Cllr Bob Sleigh	Linda Horne	No	Finance
<b>Electric Vehicle Charging Area Transit Stations</b>	<p><b>Purpose:</b> The Outline Business Case seeks a non-refundable grant of £14m from the City Region Sustainable Transport Settlement and £2.2m from the Brownfield Land &amp; Property Development Fund to support the creation of ten Electric Vehicle Charging Area Transit Stations.</p> <p><b>Recommendation(s):</b> To approve the Outline Business Case for Electric Charging Area Transit Stations.</p>	Cllr Ian Ward	Anne Shaw	No	Transport
<b>Buy Before You Board</b>	<p><b>Purpose:</b></p> <p><b>Recommendation(s):</b></p>	Cllr Ian Ward	Anne Shaw	No	Transport
<b>City Region Sustainable Transport Settlement</b>	<p><b>Purpose:</b> To approve the final programme for submission to Government.</p> <p><b>Recommendation(s):</b></p>	Cllr Ian Ward	Anne Shaw	No	Transport
<b>Sprint Phase 2</b>	<p><b>Purpose:</b></p> <p><b>Recommendation(s):</b></p>	Cllr Ian Ward	Anne Shaw	No	Transport



Title of Report	Summary of purpose and recommendations	Lead Portfolio Holder	Lead Officer	Confidential	Category
Help to Own	<b>Purpose:</b> <b>Recommendation(s):</b>	Cllr Mike Bird	Gareth Bradford	No	Housing & Land
<b>Meeting 10 June 2022</b>					
Financial Monitoring 2022/23	<b>Purpose:</b> To outline the latest financial position of WMCA and provide an update on any current financial matters affecting WMCA. <b>Recommendation(s):</b>	Cllr Bob Sleigh	Linda Horne	No	Finance
Metro Depot Expansion	<b>Purpose:</b> To provide sufficient stabling and maintenance workshop space for a doubling of the fleet of trams. <b>Recommendation(s):</b> Approve CRSTS funding to deliver the depot expansion by end 2023.	Cllr Ian Ward	Anne Shaw	No	Transport

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## WMCA Board

<b>Date</b>	11 February 2022
<b>Report title</b>	WMCA Budget 2022/23
<b>Portfolio Lead</b>	Finance - Councillor Bob Sleigh
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
<b>Accountable Employee</b>	Linda Horne, Director of Finance email: linda.horne@wmca.org.uk
<b>Report has been considered by</b>	WMFD – 31 January 2022 Chief Executives – Programme Board – 2 February 2022

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

### The WMCA Board is recommended to:

1. Approve the West Midlands Combined Authority consolidated revenue budget summarised in Section 4. This includes:
  - a) the budget requirement for transport delivery 2022/23 comprising four elements:
    - i. £117.0 million to be funded from the existing transport levy mechanism;
    - ii. £18.7 million to be funded from grant awarded by the Commonwealth Games Organising Committee;
    - iii. Use of £4.5m Business Rates retention income;
    - iv. a transfer from earmarked reserves of £3.6 million.

- b) the West Midlands Combined Authority Delivery (Non-Transport) budget requirement for 2022/23 of £161.9 million comprising of six elements:
  - i. £142.7 million Adult Education spending to be funded from Adult Education Budget funding devolved by the Department for Education<sup>1</sup>
  - ii. £6.7 million to be funded from other devolution deal grants
  - iii. £1.2 million to be funded from other income, notably investments;
  - iv. £4.6 million to be funded from Constituent Authority fees (fees to remain at the same level as 2021/22);
  - v. £0.5 million to be funded from Non-Constituent Authority and observer fees (which represents an increase of £5,000 a year per Non-Constituent Authority from 1 April 2022);
  - vi. Use of £6.0 million Business Rates retention income.
2. Approve the Mayoral Office budget for 2022/23 of £0.8 million to be funded from additional Mayoral Capacity Funding of £0.8 million.
3. Approve the first year (2022/23) of the indicative WMCA Capital Programme as set out in Appendices 4, 5 and 6, noting the indicative onward programme thereafter.
4. Note that there will be no Mayoral Precept during 2022/23.
5. Note West Midlands Combined Authority's commitment to work with the Mayor and Leaders to develop a long-term, sustainable budget and plan throughout 2022, building on the 2022/23 agreed Aims and Objectives and a sustainable financial plan.
6. Note the matters identified by Overview and Scrutiny Committee that arose out of the Mayoral Q&A on 15 December 2021, as set out in Appendix 7.
7. Delegate authority to the Director of Finance in consultation with the Portfolio Lead for Finance and Investments to make any final changes that may result from the Final Local Government Finance Settlement as set out in paragraphs 2.3 to 2.5.
8. Approve the following policies and strategies, which contain items as required by statute:
  - a) the West Midlands Combined Authority Treasury Management Strategy as set out in section 6 and Appendix 8:
  - b) The West Midlands Combined Authority Capital Strategy and Minimum Revenue Provision Statement as set out in section 7 and Appendices 9 and 10 respectively: and
  - c) The West Midlands Combined Authority Pay Policy Statement as set out in section 11 and Appendix 11.

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<sup>1</sup> The 2022/23 Adult Education Budget to be devolved from Department for Education will be confirmed in early 2022 and an update provided to Board

## **1.0 Purpose**

- 1.1 This report is intended to present the Final Budget for consideration by the West Midlands Combined Authority Board at its meeting on 11 February 2022. A Draft Budget was presented to and approved by the West Midlands Combined Authority Board on 14 January 2022.

## **2.0 Background**

- 2.1 This report represents the final stage of the Budget setting process for the West Midlands Combined Authority and incorporates the final Revenue and Capital Budget for 2022/23 as well as the associated policies as required by statute. There are no changes from the overall financial plans as included within the Draft Budget report as considered by West Midlands Combined Authority Board on 14 January 2022.
- 2.2 The Mayor and West Midlands Combined Authority have considered feedback on the Draft Budget report since 14 January 2022 Board meeting, from both Constituent Members of the Combined Authority and other key stakeholders.
- 2.3 This report incorporates assumptions based on the Provisional Local Government Finance Settlement for 2022/23. The Final Local Government Finance Settlement will be presented to the House of Commons in early 2022. If applicable, a verbal update on the Provisional Local Government Finance Settlement will be provided at the West Midlands Combined Authority Board meeting on 11 February 2022.
- 2.4 This report is also being prepared in advance of the Chancellor of the Exchequer delivering the next economic and fiscal update on 23 March 2022, and in advance of the Department for Levelling Up, Housing and Communities presenting their Levelling Up White Paper, which is due in early 2022. West Midlands Combined Authority will continue to seek to progress the relevant asks already set out in our Spending Review Submission and will continue to lobby for additional capacity and ongoing funding for the impact of Covid-19.
- 2.5 Delegation is requested to the Finance Director, in consultation with the Portfolio Lead for Finance, to make any final changes that result from the Final Local Government Finance Settlement should they be required.

## **3.0 2021/22 Forecast Outturn**

- 3.1 The Financial Monitoring Report and Draft Budget Report which were both considered by West Midlands Combined Authority Board on 14 January 2022 included a 2021/22 forecast showing a surplus position of £0.7m.
- 3.2 Since the completion of this forecast, nothing has come to the attention of the Finance Director to suggest that any material change to this forecast position is required. The final

detailed forecast for 2021/22 is currently being compiled and will be presented to West Midlands Combined Authority Board in March 2022.

#### **4.0 Changes to proposed Draft Budget**

- 4.1 One change is proposed to the Draft Budget as reviewed by West Midlands Combined Authority Board on 14 January 2022 that being a minor reclassification (£0.3m) of expenditure from the Public Social Reform portfolio to Financing.
- 4.2 As previously stated, the Draft Budget also includes assumptions based on the Provisional Local Government Finance Settlement. The Combined Authority will continue to monitor any announcements made by central government in relation to the Final Local Government Finance Settlement, Levelling Up White Paper and any further funding made available to support the region through the Covid-19 pandemic.
- 4.3 The proposed funding sources for the 2022/23 West Midlands Combined Authority Transport Budget are therefore confirmed as:
- i. £117.0m to be funded from the existing transport levy mechanism
  - ii. £18.7m to be funded from grant awarded by the Commonwealth Games Organising Committee
  - iii. Use of £4.5m Business Rates retention income
  - iv. A transfer from earmarked reserves of £3.6m
- 4.4 The proposed funding sources for the 2022/23 West Midlands Combined Authority Delivery (Non-Transport) Budget are therefore confirmed as:
- i. £142.7m Adult Education spending to be funded from Adult Education Budget funding devolved from Department for Education<sup>2</sup>
  - ii. £6.7m to be funded from other devolution deal grants
  - iii. £1.2m to be funded from other income, notably investments
  - iv. £4.6m to be funded from Constituent Authority fees (unchanged from 2021/22)
  - v. £0.5m to be funded from Non-Constituent Authority and observer fees (which represents an increase of £5,000 a year per Non-Constituent Authority from 1 April 2022)
  - vi. Use of £6.0m Business Rates retention income
- 4.5 The proposals for the Mayoral Office remain unchanged – operation of the Mayoral Office is to be funded by a Mayoral Capacity Fund grant, with total expenditure for the Mayoral Office of £0.8m.
- 4.6 The final consolidated Revenue Budget for 2022/23 is set out in the following table:

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<sup>2</sup> The 2022/23 Adult Education Budget to be devolved from Department for Education will be confirmed in early 2022 and an update provided to Board

**Table 1: West Midlands Combined Authority 2022/23 Revenue Budget**

	Total	Transport	Non-Transport Portfolios	Investment Programme	Mayors Office
	£m	£m	£m	£m	£m
Transport Levy	117.0	117.0	-	-	-
Devolution Deal Grant (IP)	36.5	-	-	36.5	-
Devolution Deal Grants - Other	7.6	-	6.7	-	0.8
Adult Education Funding	142.7	-	142.7	-	-
Share of Business Rates	10.5	4.5	6.0	-	-
Grants from Constituent Members	4.6	-	4.6	-	-
Grants from Non Constituent Members	0.5	-	0.5	-	-
Investment Income	0.9	-	0.8	0.1	-
Third Party Income	0.5	-	0.5	-	-
Commonwealth Games	18.7	18.7	-	-	-
Use of Reserves	3.6	3.6	-	-	-
<b>Total Income</b>	<b>343.1</b>	<b>143.7</b>	<b>161.9</b>	<b>36.6</b>	<b>0.8</b>
Transport Delivery	125.0	125.0	-	-	-
Commonwealth Games	18.7	18.7	-	-	-
Delivery Programmes	161.9	-	161.9	-	-
Investment Programme	36.6	-	-	36.6	-
Mayoral Office	0.8	-	-	-	0.8
<b>Total Expenditure</b>	<b>343.1</b>	<b>143.7</b>	<b>161.9</b>	<b>36.6</b>	<b>0.8</b>
<b>Net Expenditure</b>	-	-	-	-	-

4.7 The final contributions from Constituent Authorities are as set out in the following table:

**Table 2: West Midlands Combined Authority 2022/23 Constituent Member contributions**

Allocations	2021/22 £m	2022/23 £m	Net Change
Birmingham	45.8	46.5	(0.7)
Coventry	15.2	15.7	(0.6)
Dudley	13.2	13.4	(0.2)
Sandwell	13.5	13.7	(0.2)
Solihull	9.0	9.2	(0.2)
Walsall	11.8	12.0	(0.3)
Wolverhampton	10.9	11.1	(0.2)
Total	119.4	121.7	(2.3)

4.8 The final contributions from Non-Constituent Authorities and Observers are as set out in Table 3 below and are set at £30,000 per annum for 2022/23. These will continue to be subject to annual review over the medium term.

Table 3: West Midlands Combined Authority 2022/23 Non-Constituent Member contributions

Non-Constituent Member Allocations	2022/23 £
<b><i>Non-Constituent</i></b>	
Cannock Chase District Council	30,000
North Warwickshire Borough Council	30,000
Nuneaton and Bedworth Borough Council	30,000
Redditch Borough Council	30,000
Rugby Borough Council	30,000
Shropshire Council	30,000
Stratford-on-Avon District Council	30,000
Tamworth Borough Council	30,000
Telford and Wrekin Council	30,000
Warwickshire County Council	30,000
Black Country LEP	30,000
Greater Birmingham and Solihull	30,000
Coventry & Warwickshire LEP	30,000
<b><i>Observers</i></b>	
The Marches LEP	30,000
Fire partner contribution	30,000
Police partner contribution	30,000
Warwick District Council	30,000
<b>Total</b>	<b>510,000</b>

## 5.0 WMCA Indicative Medium-Term Capital Programme

5.1 The West Midlands Combined Authority indicative Capital Programme is summarised in Table 4 and is set out in further detail within Appendices 4 to 6. The table overleaf summarises the current planned capital investment between 2021/22 and 2025/26. This position represents the latest 2021/22 reforecast. The final 2022/23 Capital Budget will be presented to WMCA Board at the earliest opportunity in 2022/23 following confirmation of the 2021/22 outturn position. It should also be noted that this view does not include any allocation of the recently awarded CRSTS funding. A proposed allocation of this funding was subject to a separate paper to WMCA Board in January 2022. The decision has been taken not to update the Capital Programme for this funding until the allocation is agreed in full by WMCA Board and with the Department for Transport.

**Table 4: Summary West Midlands Combined Authority Capital Programme**

WMCA CAPITAL PROGRAMME (EM)		Appendix	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
Expenditure	TfWM Expenditure	4	344.5	379.6	291.9	119.2	117.3	1,252.5
	Housing and Regeneration Expenditure	5	36.8	89.6	100.9	55.0	34.9	317.2
	Other Programmes		3.1	1.2	-	-	-	4.3
	Investment Programme Grants to Local Authorities	6	104.7	65.7	194.4	139.3	360.1	864.2
<b>TOTAL EXPENDITURE</b>			<b>489.1</b>	<b>536.1</b>	<b>587.2</b>	<b>313.5</b>	<b>512.3</b>	<b>2,438.2</b>
Funding	Investment Programme Debt		158.0	197.1	134.5	3.3	17.6	510.5
	TfWM Debt		12.9	5.7	142.1	49.5	2.4	212.6
	Grants		318.2	333.3	92.9	38.2	12.2	794.8
	Other		-	-	217.7	222.5	480.1	920.3
<b>TOTAL FUNDING</b>			<b>489.1</b>	<b>536.1</b>	<b>587.2</b>	<b>313.5</b>	<b>512.3</b>	<b>2,438.2</b>

\* Provisional expenditure estimates for Investment Programme and other projects which are subject to WMCA raising additional income or yet to have the funding package fully secured.

- 5.2 Approximately 50% of the Combined Authority's planned capital investment to 2025/26 consists of expenditure incurred by Transport for West Midlands in pursuance of the Investment Programme, Transforming Cities Programme and the Minor Works Programme. Of the remainder, broadly 70% is concerned with the reimbursement of Local Authorities as part of the West Midlands Investment Programme and 25% will be spent in delivering the Housing and Regeneration objectives using funds secured by WMCA from Central Government.
- 5.3 Those larger Transport for West Midlands Programmes contain significant investment in expanding the Metro networks in addition to investment in developing and delivering new local Rail stations in Birmingham and the Black Country. The Transport programme reflects the final phase of the Transforming Cities Programme, and in 2022/23 includes the completion of all WMCA delivered assets for the 2022 Commonwealth Games, namely University and Perry Barr rail station improvements and A34 / A45 Sprint.
- 5.4 The Housing Capital Programme includes the land remediation programmes launched by the WMCA in 2016 and delivery against the Land Fund arrangements which now total £208m.
- 5.5 The Investment Programme Grants to Local Authorities Programme includes grants payable under the original Investment Programme approved in 2016. This includes significant investment in Coventry (Station Masterplan, City Centre Regeneration), Solihull for the UK Central Programme and Birmingham (Commonwealth Games).
- 5.6 In addition to the traditional capital investment detailed above, WMCA will continue to operate the commercial and residential investment funds where loans to developers are made with the objective of unlocking stalled development sites which traditional lenders are unwilling to finance. The loans are held on the WMCA balance sheet under standard accounting regulations and as at 1 December 2021, the cumulative value of loan commitments approved by WMCA totalled £156.1m (including £48.0m of loans which have since been repaid). The value of loans drawn and earning interest as at 1 December 2021 was £28.3m.
- 5.7 The funding for the capital programme is supported mostly by project specific grants or borrowing, where the revenues to support the costs of the debt and interest are underpinned by Investment Programme income or any commercial revenues expected to flow from those investments.

5.8 The full extent of the Investment Programme and 2016 Devolution Deal schemes remain as provisional commitments within the overall programme, even though the funding to underpin elements of the investment currently remains unsecure. Work with the Mayor, Constituent Member Leaders and the WMCA Finance Directors will continue into 2022/23 to enable the gaps to be closed and no expenditure will be committed without first having a clearly available funding source.

## **6.0 Treasury Management Strategy**

6.1 The West Midlands Combined Authority is required to review its Treasury Management Strategy on an annual basis. The Treasury Management Strategy defines how West Midlands Combined Authority will adhere to its own Treasury Management Policy Statement and provides a framework for its Treasury team to operate within. The proposed strategy for 2022/23 is set out in Appendix 8.

6.2 At the Audit, Risk and Assurance Committee meeting of 18 January 2022, the Committee reviewed and endorsed the Treasury Management Strategy as set out in Appendix 8 ahead of the strategy being presented for final approval at this meeting.

## **7.0 Capital Strategy and MRP**

7.1 The Capital Strategy is presented as Appendix 9 for approval by West Midlands Combined Authority Board.

7.2 The Minimum Revenue Provision Statement is also presented in Appendix 10 for approval by West Midlands Combined Authority Board.

## **8.0 Budget Calculation**

8.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer, in this case, the Finance Director, as Section 151 Officer, to report to the West Midlands Combined Authority Board 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.

8.2 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 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
- Economic and community recovery from ongoing Covid-19 pandemic
- Economic impact of Brexit
- Inflation and interest rate volatility
- West Midlands Pension Fund Investment Performance
- Unforeseen emergencies.

- 8.3 Further risks remain within the Commercial Bus network, which is facing unprecedented decrease in patronage following the Covid-19 pandemic. As a result, companies previously providing critical services are and could continue to fail.
- 8.4 WMCA remain obliged under policy to provide additional subsidy in order to maintain access standards for socially necessary services. There is an inherent risk that costs will escalate when current subsidised service contracts expire. Without any additional funding, it appears highly probable that difficult choices would need to be made regarding access standards. In order to maintain services in line with policy, there would need to be an emergency re-budget or funds would need to be diverted from the Investment Programme in order to support Transport delivery.
- 8.5 It is therefore clear that a long term funding solution for West Midlands Combined Authority's activity is required, and officers have committed to work with the Mayor and Leaders to develop a long-term, sustainable budget and plan throughout 2022, building on the 2022/23 agreed Aims and Objectives and a sustainable financial plan.
- 8.6 The existing General Reserve Balance is £2.3 million. This balance represents only 1.9% of the aggregate proposed 2022/23 Constituent Authority contributions.
- 8.7 Although clearly the appropriate level of general fund reserves is a matter for judgement by the Finance Director (Section 151 Officer) the generally accepted practice is for general fund reserves to be between 3% and 5% of expenditure. The proposed balance is 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.
- 8.8 Members will also be aware of our obligations as a Best Value authority 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 taxpayers and users as appropriate.
- 8.9 These obligations are addressed in the Medium Term Financial Planning exercise and brought together as part of the annual Budget process in the Draft and Final Budget reports as reviewed by West Midlands Combined Authority Board in January and February of each year. This is supplemented by additional reports throughout the year regarding the approval of significant investments and reforms.
- 8.10 Despite the above risks, there are also opportunities to consider ensuring 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.
- 8.11 The Finance Director 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 Aims and Objectives, as approved by WMCA Board in November 2021.

- The need to protect the West Midlands Combined Authority's financial standing and risk
- The estimated financial position as at the end of 2021/22
- 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 Housing Capital Programme set out in Appendix 5
- The Investment Programme set out in Appendix 6
- 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.

## **9.0 Scrutiny of the budget proposals**

- 9.1 A Mayoral Budget Q&A session was held in public on 15 December 2021. Members of WMCA's Overview and Scrutiny committee questioned the Mayor and the Portfolio Lead for Finance, Councillor Bob Sleigh, on the development of the 2022/23 Budget and the ongoing sustainability of WMCA. Further questions were asked on Transport policy, Social Housing, Skills training and WM2041.
- 9.2 The matters identified that arose out of the Mayoral Q&A on 15 December 2021 are set out in Appendix 7 for information.

## **10.0 Equalities Implications**

- 10.1 The Public Sector Equality Duty is set out in the Equality Act, 2010. The Act lists 9 Protected Characteristics in respect of which the Duty applies. The duty requires public bodies to have Due Regard to (consciously consider) three aims in their decision making and in policy-making and service delivery. The aims are:
- To eliminate unlawful discrimination
  - To advance equality of opportunity between people who share one or more of the Protected Characteristics (listed in the Equality Act) and those who do not
  - To foster good relations between people who share one or more of the Protected Characteristics and those who do not
- 10.2 An overarching strategic equality relevance assessment has been undertaken in respect of budget proposals. The assessment quantifies the levels of Due Regard to the aims of the duty for each programme and provides a broad overview on the potential cumulative impact for the most relevant of the Protected Characteristics.
- 10.3 There is no direct equality impact in relation to the 2022/23 Budget proposals as funding has been maintained and service provision is not affected. However, there are increased risks and financial uncertainties due to Brexit and Covid-19, which may result in an increase in revenue requirements, with transport services more likely to be affected.

- 10.4 A number of mitigating measures have been considered as part of Budget planning which should help mitigate any negative impact, but the scale of change may result in the need for additional considerations in relation to assisted travel policies. The protected characteristics most likely to be affected are those on lower incomes with fewer economic resources who are more reliant on public transport. This would include young people, women, single parents, people from lower socio-economic groups, ethnic minorities and disabled people.
- 10.5 Future policy options would need to undergo in-depth equality impact assessments and engagement/consultation with affected groups to ensure negative impact is mitigated as far as practically possible.

## **11.0 Pay Policy Statement**

- 11.1 The purpose of the Pay Policy Statement is to clarify the West Midlands Combined Authority strategic stance on pay in order to provide direction for members and officers making decisions on pay and to provide the citizens of the West Midlands with a clear statement of the principles underpinning decisions on the use of public funds. The West Midlands Combined Authority Pay Policy Statement is attached at Appendix 11.
- 11.2 There are no significant changes proposed for 2022/23.

## **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. 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 did not include setting a precept as part of his 2021 Election Manifesto, the funding of budget proposals in respect of Mayoral functions is expected to be met from alternative funding sources until 2025/26 at the earliest.
- 12.3 As a public authority which has the power to levy for transport functions and to raise a precept, WMCA 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 WMCA Board.

### **13.0 Inclusive Growth Implications**

13.1 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.

### **14.0 Geographical Area of Report's Implications**

14.1 The Budget proposals encompass the West Midlands region.

### **Appendices**

Appendix 1 – Transport Delivery Revenue Budget

Appendix 2 – WMCA Delivery Budget (Non-Transport)

Appendix 3 – WMCA Activity for 2022/23

Appendix 4 – Transport Capital Programme

Appendix 5 – Housing & Other Capital Programme

Appendix 6 – Investment Programme Capital Grants to Local Authorities

Appendix 7 – Mayoral Q&A - Budget 2022/23

Appendix 8 – 2022/23 Treasury Management Strategy

Appendix 9 – 2022/23 Capital Strategy

Appendix 10 – 2022/23 MRP Policy

Appendix 11 – 2022/23 Pay Policy Statement

## Proposed Transport Revenue Budget

TRANSPORT FOR WEST MIDLANDS	2021/22 BUDGET £000	2022/23 BUDGET £000	2023/24 BUDGET £000	2024/25 BUDGET £000	2025/26 BUDGET £000	2026/27 BUDGET £000
<b>INCOME</b>						
Transport Levy	114,720	117,015	117,015	117,015	117,015	117,015
Commonwealth Games Grant	5,423	18,691				
Business Rates Growth		4,468				
Use of Reserves	4,695	3,564				
<b>TOTAL INCOME</b>	<b>124,838</b>	<b>143,738</b>	<b>117,015</b>	<b>117,015</b>	<b>117,015</b>	<b>117,015</b>
<b>EXPENDITURE</b>						
<b>Concessions</b>						
National Bus Concession	50,472	47,878	50,429	52,605	55,161	57,471
Metro / Rail	4,572	4,576	4,583	4,675	4,796	4,923
Child Concession	7,029	6,710	6,885	7,093	7,340	7,631
	62,073	59,164	61,897	64,373	67,298	70,025
<b>Bus Services</b>						
Bus Stations / Infrastructure	5,152	5,680	5,572	5,856	6,582	6,769
Subsidised Network	11,478	13,420	14,255	15,143	15,301	15,656
Accessible Transport	6,637	6,685		6,639	6,640	6,641
	23,267	25,786	6,639	27,638	28,523	29,066
<b>Rail and Metro Services</b>						
Metro Services	2,579	6,077	7,113	7,048	6,942	6,969
Rail Services	2,904	4,125	3,118	3,210	3,413	3,482
	5,483	10,202	10,231	10,258	10,355	10,451
<b>Integration</b>						
Safety and Security	1,274	1,288	1,384	1,444	1,559	1,608
Passenger Information	6,007	6,817	6,272	6,447	7,070	7,140
Sustainable Travel	1,401	756	719	737	809	813
	8,682	8,861	8,375	8,627	9,438	9,561
Network Resilience	3,181	3,772	3,222	3,311	3,565	3,616
Commonwealth Games	5,423	18,691				
Business Support and Democratic Services	3,809	3,061	6,357	6,870	7,872	7,618
Strategic Development	3,915	4,447	4,535	4,662	5,010	5,087
Transport Governance	131	135	140	144	148	153
Capital Finance Charges	8,874	9,619	9,857	9,876	12,744	11,990
<b>TOTAL EXPENDITURE</b>	<b>124,838</b>	<b>143,738</b>	<b>131,079</b>	<b>135,760</b>	<b>144,954</b>	<b>147,567</b>
<b>NET</b>	<b>0</b>	<b>0</b>	<b>(14,065)</b>	<b>(18,745)</b>	<b>(27,939)</b>	<b>(30,553)</b>

### **ENCTS (National Bus Concession) £47.9m**

- Free Travel for all entitled to national pass from 9.30am to 11pm
- Reimbursement regulated by Secretary of State with guidance provided by DfT
- Current discretionary scheme extension 11pm to last bus

### **Child Concessions £6.7m**

- Half fare travel
- Children 5-15 Years
- Young adults in education 16-18 Years
- Apprentices and Trainees 16-18 Years Weekdays before 9.30 am & between 15.00 & 18.00 Hrs

### **Rail and Metro Concessions £4.6m**

- Extensions of national bus scheme to rail and metro
- After 9.30pm to midnight weekdays, all day weekends and bank holidays
- Rail estimated 4.6m trips per annum (pre-Covid-19)
- Metro approx. 1.0m trips per annum (pre-Covid-19)

### **Subsidised services £13.4m**

- Policy criteria -Minimum 8 passengers per journey
- The current VFM Thresholds are £2.16 for tendered contract and £1.80 for de minimis contracts
- Access criteria 400m (7am -7pm) 700m (all other times)

### **Accessible Transport £6.7m**

- Ring & Ride service operated by National Express Accessible Transport.

### **Passenger information £6.8m**

- Real time information across the network
- Customer information is a focus in all formats: at bus stops, shelters, bus stations & online
- Travel Information Centres
- We continue to provide and invest in customer service teams and telephone support

### **Bus Stations/Infrastructure £5.7m**

- Management and Maintenance of 12 Bus stations, circa 12,000 stops and shelters
- Infrastructure Costs –cleaning, repairs, rates, CCTV, Electricity, routine maintenance
- Bus policy development options (taking forward the 'Vision for Bus')

### **Rail Services £4.1m**

- Provision, management, on-going maintenance and operation of 41 Park and Ride sites, circa 9,000 spaces
- Delivery of TfWM Rail responsibilities including Rail Partnerships and industry engagement
- WMCA contribution to WMR Limited (a consortium of 16 local authorities) which has co-responsibilities with the DfT for managing the West Midlands Rail franchise

### **Metro Services £6.1m**

- Subsidy and franchise assumptions continue to be reviewed in light of COVID-19

### **Safety and security £1.3m**

- Safer Travel police team, CCTV at Bus & Rail Stations including interchanges, CCTV control Centre

**Business & Democratic Support £3.1m**

- This covers the transport related element of support and overhead costs attributable to 16 Summer Lane, ICT, Legal, Procurement, Health & Safety, Equalities, Programme Management, Finance, Human Resources, & general business infrastructure & support

**Strategic Development £4.4m**

- Transport Team delivering plans for devolution, strategic economic plan proposals, developing business cases and related policy and strategy development.

**Capital Finance Charges £9.6m**

- Loan interest on existing loan book and anticipated future borrowing
- Past Pension costs and deficit funding arrangements

**Network Resilience £3.8m**

- Resource to work on managing congestion and mitigating impact of the wider transport investment programme
- Resource to assist in embedding the Key Route Network as part of an integrated transport system to support economic performance and keep people safe and well informed
- Costs associated with operating the RTCC (Regional Transport Coordination Centre)
- To deliver both agreed and emerging policies (e.g. Congestion Management Plan, Highways Investment Plan, Regional Road Safety Strategy)

**Sustainable Travel £0.8m**

- This represents the costs of Sustainable travel work within TfWM 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.

**Transport Governance £0.1m**

- This represents the cost of elected members related to the responsibilities of the Transport Delivery Committee

**Commonwealth Games £18.7m**

- All costs are funded from grant income
- This does not include the cost of infrastructure legacy projects which are included in the capital programme

**Proposed West Midlands Combined Authority Delivery Budget (Non-Transport)**

**Annex A** – Productivity and Skills Portfolio

**Annex B** – Housing and Land Portfolio

**Annex C** – Economy & Innovation Portfolio

**Annex D** – Culture and Digital Portfolio

**Annex E** – Wellbeing Portfolio

**Annex F** – Public Service Reform and Social Economy Portfolio

**Annex G** – Environment, Energy and HS2 Portfolio

**Annex H** – Inclusive Communities Portfolio

**Annex I** – Leadership & Corporate Support

**Productivity and Skills Portfolio**

Productivity and Skills	2021/22 Budget £	2022/23 Budget £	Movement
Use of Reserves	-	90,000	90,000
Grants	145,954,700	145,267,360	(687,340)
Governance Income	308,419	298,411	(10,008)
<b>Total Income</b>	<b>146,263,118</b>	<b>145,655,771</b>	<b>(607,348)</b>
Staff Costs	2,526,103	3,395,868	(869,764)
Training & Development	143,885,342	143,262,052	623,290
Promotions, Information and Initiatives	129,250	122,947	6,303
External Advice	775,115	1,088,629	(313,514)
Travel & Subsistence	21,000	17,012	3,989
Direct Recharges	62,008	65,698	(3,690)
Indirect Recharges	200,000	200,000	(0)
<b>Total Expenditure</b>	<b>147,598,819</b>	<b>148,152,205</b>	<b>(553,387)</b>
<b>Net Expenditure</b>	<b>1,335,700</b>	<b>2,496,435</b>	<b>(1,160,735)</b>

**Housing and Land Portfolio**

Housing and Land	2021/22 Budget £	2022/23 Budget £	Movement
Grants	1,400,352	1,454,688	54,336
<b>Total Income</b>	<b>1,400,352</b>	<b>1,454,688</b>	<b>54,336</b>
Staff Costs	1,451,495	1,630,515	(179,021)
External Advice	758,921	758,921	(0)
Travel & Subsistence	3,500	3,608	(108)
Direct Recharges	(813,563)	(938,357)	124,794
<b>Total Expenditure</b>	<b>1,400,352</b>	<b>1,454,688</b>	<b>(54,335)</b>
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Economy & Innovation Portfolio**

<b>Economy and Innovation</b>	<b>2021/22 Budget £</b>	<b>2022/23 Budget £</b>	<b>Movement</b>
Grants	900,160	281,297	(618,864)
Governance Income	692,358	675,492	(16,865)
Use of Reserves	-	12,260	12,260
<b>Total Income</b>	<b>1,592,518</b>	<b>969,049</b>	<b>(623,469)</b>
Staff Costs	1,120,181	1,167,484	(47,302)
Promotions, Information and Initiatives	75,000	77,325	(2,325)
External Advice	1,181,043	967,151	213,892
Governance Expenditure	1,024,500	1,001,500	23,000
Direct Recharges	(29,752)	-	(29,752)
Indirect Recharges	10,000	-	10,000
<b>Total Expenditure</b>	<b>3,380,972</b>	<b>3,213,459</b>	<b>167,512</b>
<b>Net Expenditure</b>	<b>1,788,454</b>	<b>2,244,410</b>	<b>790,981</b>

**Culture and Digital Portfolio**

<b>Culture and Digital</b>	<b>2021/22 Budget £</b>	<b>2022/23 Budget £</b>	<b>Movement</b>
Staff Costs	59,505	77,606	(18,101)
External Advice	114,000	359,534	(245,534)
<b>Total Expenditure</b>	<b>173,505</b>	<b>437,140</b>	<b>(263,635)</b>
<b>Net Expenditure</b>	<b>173,505</b>	<b>437,140</b>	<b>(263,635)</b>

**Wellbeing Portfolio**

Wellbeing	2021/22 Budget £	2022/23 Budget £	Movement
Grants	665,452	256,840	(408,613)
Other Income	309,350	-	(309,350)
<b>Total Income</b>	<b>974,803</b>	<b>256,840</b>	<b>(717,963)</b>
Staff Costs	1,017,595	985,571	32,023
Promotions, Information and Initiatives	75,444	5,500	69,944
External Advice	243,000	236,099	6,901
Travel & Subsistence	5,328	600	4,728
Other	6,617	0	6,617
Direct Recharges	150,009	-	150,009
Indirect Recharges	4,000	-	4,000
<b>Total Expenditure</b>	<b>1,501,993</b>	<b>1,227,770</b>	<b>274,223</b>
<b>Net Expenditure</b>	<b>527,191</b>	<b>970,931</b>	<b>(443,740)</b>

**Public Service Reform & Social Economy Portfolio**

Public Service Reform & Social Economy	2021/22 Budget £	2022/23 Budget £	Movement
Grants	581,400	74,906	(506,494)
<b>Total Income</b>	<b>581,400</b>	<b>74,906</b>	<b>(506,494)</b>
Staff Costs	730,777	874,847	(144,069)
External Advice	324,000	334,044	(10,044)
Governance Expenditure	497,322	1,200,000	(702,678)
Indirect Recharges	11,400	-	11,400
<b>Total Expenditure</b>	<b>1,563,500</b>	<b>2,408,891</b>	<b>(845,391)</b>
<b>Net Expenditure</b>	<b>982,100</b>	<b>2,333,985</b>	<b>(338,897)</b>

**Environment, Energy and HS2 Portfolio**

Environment and Energy, HS2	2021/22 Budget £	2022/23 Budget £	Movement
Grants	146,814	-	146,814
Governance Income	93,000	950,529	(857,529)
<b>Total Income</b>	<b>239,814</b>	<b>950,529</b>	<b>(710,715)</b>
Staff Costs	406,116	1,121,191	(715,075)
External Advice	182,500	717,995	(535,495)
Travel & Subsistence	9,000	9,000	-
<b>Total Expenditure</b>	<b>597,616</b>	<b>1,848,186</b>	<b>(1,250,570)</b>
<b>Net Expenditure</b>	<b>357,802</b>	<b>897,657</b>	<b>(539,856)</b>

**Inclusive Communities Portfolio**

Inclusive Communities	2021/22 Budget £	2022/23 Budget £	Movement
Use of Reserves	-	13,000	(13,000)
<b>Total Income</b>	<b>-</b>	<b>13,000</b>	<b>(13,000)</b>
Staff Costs	-	116,267	(116,267)
External Advice	67,500	119,461	(51,961)
<b>Total Expenditure</b>	<b>67,500</b>	<b>235,727</b>	<b>(168,227)</b>
<b>Net Expenditure</b>	<b>67,500</b>	<b>222,727</b>	<b>(155,227)</b>

**Leadership & Corporate Support**

<b>Leadership and Business Support</b>	<b>2021/22 Budget £</b>	<b>2022/23 Budget £</b>	<b>Movement</b>
Other Income	-	-	-
<b>Total Income</b>	<b>-</b>	<b>-</b>	<b>-</b>
Governance Expenditure	-	300,000	(300,000)
Indirect Recharges	2,729,292	2,729,292	-
<b>Total Expenditure</b>	<b>2,729,292</b>	<b>3,029,292</b>	<b>(300,000)</b>
<b>Net Expenditure</b>	<b>2,729,292</b>	<b>3,029,292</b>	<b>(300,000)</b>

## Appendix 3 – Activity

Aim 1		
To promote inclusive economic growth in every corner of the region and stimulate the creation of good jobs		
1.1	We will develop economic strategy for the region to drive inclusive growth, and deliver interventions with partners to boost innovation, secure investment, and support industrial clusters	Develop the standards, tools and practices for embedding and delivering inclusive growth including an online IG portal and IG business partners programme
		Develop a broader regional economic policy to drive inclusive growth, co-ordination of policy & support the business taxation commission.
		Adoption, mobilisation and delivery of P4G and P4G implementation plans (cross cutting interventions) - to include influencing funding allocations
		Develop a strategic partnership with a tech firm to deliver a set of core deliverables on the digital economy.
		Deliver the Create Central business growth plan.
1.2	We will work with partners to create the optimum conditions for businesses to grow, by ensuring they have the support needed to start up, scale up and succeed	Implement each of the 4 strands of the Social Enterprise Growth Strategy with a view to doubling the size of the sector in WM by 2030
		Deliver the WM Innovation Programme and Made Smarter West Midlands programme.
		Convene discussions with BEIS and partners to accelerate innovation programmes (or bodies) for the West Midlands.
1.3	We will invest in training and skills programmes that help our businesses grow and our citizens secure good jobs	Procure new AEB training to meet current and/or emerging skills needs - from August 2022 monitoring, managing and flexing provision as required
		Use available evidence to understand and respond to the labour market needs of the region
		Launch and communicate regional Level 3 training offer to WM residents and employers
1.4	We will work with local authorities to support the role of culture and sport in making the region a good place to live, work, visit and invest	Align cultural activity across the region through support for the Cultural Leadership Board (sector) and Cultural Officers Group (LA, LEP, WMGC).
		Develop proposals and support business cases to increase public investment in culture, particularly in areas where cultural activity is lower.
1.5	We will ensure public and private investment such as HS2 and the Commonwealth Games, create good work opportunities for local people and more contracts for local businesses	Deliver bespoke training for Commonwealth Games in line with committed and new (European Social Fund and National Lottery) funding

<b>Aim 2</b> <b>To ensure everyone has the opportunity to benefit as the region recovers from COVID-19, improves resilience and tackles long-standing challenges</b>		
2.1	We will work with local authorities, Jobcentres, colleges and training providers to ensure our communities are given training and employment support to access and succeed in new opportunities	Identify potential new provision to address skills gaps for those in-work, in partnership with DfE and DWP.
		Introduce Outcomes Framework for Community Learning in collaboration with Community Learning providers.
		Continue to promote youth platform as the 'place to go' for young people and collaborate with partners to generate engaging up-to-date content
2.2	We will work with partners to identify and address the different barriers faced by our diverse communities	Support and develop the Coalition for Digital Inclusion
		Establish Life Chances Commission
		Convene partners to take action to address race inequalities through the Race Equalities Taskforce
		Support and develop the Young Combined Authority to deliver a programme of activity that puts young people's concerns at the heart of regional policy-making
		Conclude the Mental Health Commission and take forward the recommendations with internal and external partners.
		Support and develop the Leadership Commission through a clear work programme which interfaces with other taskforces and commissions.
		Co-ordinate and support partners in addressing the needs of refugees and asylum seekers arriving in the region through the Strategic Migration Partnership
2.3	We will support social innovation to tackle complex and longstanding challenges facing our communities, where mutually agreed with partners	Develop and deliver a work programme to promote and enhance an evidence-based approach to preventing and tackling health inequalities in the WMCA and amongst other regional partners.
		Develop new approaches to social innovation in the region including exemplar initiatives, training opportunities and a cross-agency virtual team.
		Continue to deliver and extend the Thrive into Work programme and move to embed it as business as usual in primary and community care.
		Ongoing facilitation of the Homelessness Taskforce and associated task and finish groups, members advisory group and pilot activity, including looking at alternative funding models for preventative activity.
		Ongoing oversight of Housing First pilot, Rough Sleepers Accommodation programme and Rough Sleepers Initiative.
		Deliver a Coalition on Trauma-Informed approaches, including implementing a regional vision, training framework and commissioning processes.
		Support a pilot programme of public sector leadership development with CIVIC and explore opportunities for wider roll-out
		Continue delivery of Thrive-at-Work programme as it transitions to becoming a more self-sustaining and autonomous project
Develop collaborative projects with the Police and Crime Commissioner to help reduce crime and improve the criminal justice system		

**Aim 3**

**To connect our communities by delivering transport, and unlocking housing and regeneration**

3.1	We will deliver and operate a safe, accessible, affordable, reliable, and sustainable transport system together with our partners that will enable all communities to better access opportunity across the region	Increasing the efficiency and performance of transport delivery in the West Midlands
		Deliver the Commonwealth Games Active Travel Legacy programme
		Fund essential supported services that provide a social benefit including concessions, ring and ride, and tendered bus services
		Develop and enhance frontline services and infrastructure that deliver high quality experiences that meet changing customer demands at TfWM facility, bus stations and interchanges.
		Ensure strategic and operational Health and Safety aims and key deliverables are communicated and embedded throughout the WMCA
		Creating and maintaining accurate and reliable public transport travel information including the requirements set out in the National Bus Strategy and Vision for Bus.
		Work in collaboration with Government, Operators and the wider rail industry to deliver better outcomes from today's railway
		Co-manage the West Midlands rail franchise, through West Midlands Rail Executive
		Managing the West Midlands Transport Network through improved coordination with the Regional Transport Co-ordination Centre
		Keep the transport system safe and secure
		Develop and enhancing the performance of the Key Route Network (KRN)
		Deliver the operational plan for the Commonwealth Games for visitors to the region and ensuring reduced impacts on everyday journeys
		Improving the financial, operational and asset performance of WM Metro to support metro services and network expansions
		Maintain & publish a West Midlands Local Transport Plan and embed transport policy and strategy in the plans and programmes of the wider WMCA & partners.
		Develop and maintain a deep understanding of the needs, attitudes and perceptions of people who use the West Midlands transport system
		Continue to develop and maintain a robust common data environment for the West Midlands transport system
		Analyse the transport system to provide deep insight, recommend actions and produce robust and funded evidenced based business cases for schemes and programmes
Creating a system for easy to use and affordable payments to access the transport system+E48:E62		

3.2	We will build new and develop current transport infrastructure, so that travel in the region is sustainable, active, and low-congestion and integrated with nationally important projects such as HS2	Ensure the delivery of the CRSTS Capital Programme, including the TfWM Infrastructure programme
		Deliver the West Midlands Walking and Cycling Programme and continue to invest in making streets more walkable
		Delivering our bus vision and BSIP to support inclusive growth.
		Building and planning tomorrow's railways by delivering the Rail Investment Programme
		Extending the WM Metro Network to better serve more people and businesses delivering Westside (Edge), Wolverhampton City Centre, WBHE and Birmingham East Side extensions.
		Keeping the West Midlands Moving by mitigating the impacts of transport investment programmes through Travel Demand Management
3.3	We will invest in and support housing and regeneration schemes across the region, working closely with the private sector and local authorities to unlock and accelerate sustainable delivery	Delivery of key requirements and output targets of Housing Deal & subsequent deals with HMG
		Supporting Local Planning Authorities with evidence for Local Plans and policy requirements
		Develop and collaborate on Board approved policy development work and master planning
		Deliver our nationally leading brownfield regeneration and delivery programmes
		Implement the approved Housing & Land Board Covid19 Recovery Strategy
		Run a series of industry led taskforces to provide critical insight and support
		Lead WMCA Strategic Asset Acquisitions, Disposals and Management programme
		Establish a series of new partnerships, ventures and joint ventures with public and private sector partners.
		Support and enable Affordable Housing Delivery including new joint venture and Registered Provider / Homes England partnerships
Deliver and submit compelling business cases for additional funding from HMG		
3.4	We will support and deliver coordinated investment packages with our partners across key corridors and local, town, and city centres	Oversee delivery of the regional One Public Estate Programme (OPE)
		Produce and launch 2022 WM Investment Prospectus and deliver programme of investor engagement and developer relationships
		Support and enable Town Centre regeneration and repurposing through investment and enabling work
		Support delivery of milestones in charter and route map for AMC (Advanced Manufacturing in Construction)
		Lobby/engagement programme with HMG on behalf of the region on housing, land and regeneration matters
		Programme of acquisitions and disposals of land in line with the Public Land Charter
		Developing Park & Ride assets to support better access to the transport system including making our transport assets more affordable by increasing commercial revenues
		Support up to three local authority partners with 'Inclusive Growth in Action' schemes: Birmingham, Solihull and Sandwell

<b>Aim 4</b>		
<b>To reduce carbon emissions to net zero, enhance the environment and boost climate resilience</b>		
4.1	We will work with partners to facilitate investment in, and delivery of, programmes to support net zero development such as to retrofit homes and develop smart local energy systems	Develop policies and projects to ensure the energy infrastructure of the region supports competitive, clean and inclusive growth particularly through Local Area Energy Plans and energy devolution
		Develop a system to measure and monitor progress on decarbonisation and other sustainability goals in the region with clear reporting to regional partners
		Promote green investment in the region working with partners to leverage commercial finance and co-investment in key investable propositions, building on research and development opportunities in the region
		Deliver Smart Local Energy Systems projects to accelerate innovation in local area energy planning
4.2	We will be national pioneers in advanced methods of construction, zero carbon housing and brownfield regeneration and delivery, informed by research at the National Brownfield Institute	Work with partners to develop and deliver projects to tackle fuel poverty in the region
		Establish the SMART Hub to support local authorities to access funding, intelligence and expertise to retrofit homes to reduce carbon emissions
		Develop and deliver the Net Zero Neighbourhood Demonstrator programme to pilot place-based approaches to retrofit and wider decarbonisation through a cohort of 3-5 local neighbourhoods
		Deliver AMC (Advanced Manufacturing in Construction) investment attraction campaign and investment business case to HMG to accelerate growth in regional AMC industry
		Support delivery of milestones in charter and route map for Zero Carbon Homes in line with #WM2041 and support partner-led Net Zero neighbourhood pilots
4.3	We will develop programmes to drive industrial decarbonisation, and grow the low carbon and circular economy	Develop and implement the Circular Economy Route map priorities including an Industrial Symbiosis programme, Zero Carbon Construction Waste Hubs and wider enabling activities
		Develop and implement a programme of activities to rapidly reduce the Scope 1 and 2 carbon emissions of the WMCA including a scheme to decarbonise 16 Summer Lane and staff carbon literacy programme
		Lead and implement initiatives designed to build a sustainability legacy from the B2022 Commonwealth Games including Commonwealth Forest and Carbon Literacy programmes
		Work with partners on industrial decarbonisation and other initiatives to support regional businesses to decarbonise their operations including through the Net Zero Business Pledge
		Develop and deliver a programme of commercial energy efficiency and near/onsite energy generation projects with public and private sector partners

4.4	We will pioneer and embed transport innovations and drive behaviour change to reduce emissions, improve air quality, and enable the creation of green jobs	Delivering a step change in our Mass Transit Network (including Sprint and Metro delivery programmes) to unlock inclusive growth and tackle climate change
		Develop and agree a strategy and target date to deliver a zero-emission bus fleet and supporting infrastructure across the West Midlands
		Create a strategic transport innovation eco-system by delivering the West Midlands Future Transport Zone programme
		Develop and commence delivery of Green Bootcamps for professional services.
		Deliver a wide-ranging Net Zero Behaviour Change programme to citizens across the region including the development of a WM Net Zero Citizens' Panel
		Implement the key actions in the Infrastructure for Zero Emission Vehicles strategy including delivery of EV Transit Stations spine programme
		Develop and deliver the agreed regional approach to tackling air pollution through the development of a Regional Air Quality Framework
4.5	We will increase investment in nature and our surroundings through a regional natural environment plan	Develop and support the regional Climate Adaptation Strategy and identify and deliver key activities for the WMCA and our partners
		Support community partners to enhance access to quality green space through a Community Green Grants programme
		Implement activities to deliver the Natural Environment Plan including LNRA, Virtual Forest, project pipeline and WM Insetting Fund

**Aim 5****To secure new powers and resources from central government, and demonstrate the strength of our regional partnership**

5.1	We will develop our role as a collaborative regional partner, understanding the priorities of local organisations and acting as a convener and bridge to add value	<p>Develop research, intelligence and analytical functions across the organisation to ensure our work is founded upon a strong evidence base and we are measuring, monitoring and evaluating progress against our corporate aims and regional impact</p> <p>Develop and maintain a deep understanding of the principles and challenges of our local authority members through sustained engagement at multiple levels across organisations</p> <p>Co-ordinate and contribute to pan-regional and national partnerships such as the Midlands Engine, M10 and other associations where there are opportunities for shared advocacy and impact</p> <p>Work with the private sector to understand their perspectives and build shared projects and investment propositions both directly and through representative groups such as Chambers of Commerce</p> <p>Convene community groups and the third sector to understand their experiences, amplify their voices and support shared endeavours on regional challenges</p> <p>Support partners to develop and deliver the 5 missions of the WM Digital Roadmap</p>
5.2	We will work collectively with central government to gain new powers, resources, and investment channels for the WMCA and local authorities, including double devolution	<p>Negotiate the further devolution of powers and flexibilities from central government</p> <p>Secure the resources needed for sustainable local and regional institutions and investment in priority projects through government budgets and funding streams</p> <p>Co-ordinating WMCA and regional responses to relevant fiscal events and government announcements</p> <p>Develop and deliver a co-ordinated regional approach to lobbying through the monthly Public Affairs Network</p> <p>Make the case for local rail devolution to deliver better outcomes for a future railway</p>

**Aim 6****To develop our organisation and our role as a good regional partner**

6.1	We will deliver collectively as one organisation with a collaborative and inclusive culture, underpinned by best in class enabling services	Implement new ways of working that ensures our Enabling Services operating model is professional, efficient and effective and fit for the future.
		Provide professional and specialised 'communities of practice' support to internal stakeholders in the delivery of key WMCA projects across the region.
		Work with partners to deliver a balanced revenue budget for 2022/23
		Develop the Business Partnering approach that will support robust business cases that reflect HMTs 5-case model (strategic, economic, commercial, financial and management)
		Develop an inclusive culture of Enabling Services when managing land and property assets including asset information, compliance and income generation
		Support Policy Working Group capacity and capability to coordinate policy submissions, including public affairs horizon-scanning to cascade insights and identify opportunities to work collaboratively and align emerging work to the aims and objectives
		Coordinate engagement with MPs and partnerships with Local Authority partners across senior stakeholders, providing clarity on our aims and the WMCA role. Identify opportunities where this engagement can provide support and advocacy for WMCA priorities
6.2	We will drive cultural change to embed new hybrid and agile ways of working	Ensure Strategic Asset Boards programmes support the transition to, and evolution of, hybrid working and agile practices.
		Continue to develop a hybrid working culture across the organisation giving staff the systems, tools and support they need to be able to continue to be productive in both an office and non-office environment.
		Develop a Space & Services strategy and implementation to include new ways of working and explore potential opportunities for our Estate.
6.3	Ensure our workforce have the skills and competencies to deliver our strategy	Continue to develop the suite of training and development programmes (coaching, mentoring and leadership) together with modern recruitment and retention practices in order to ensure our people have the skills to deliver the aims and objectives

6.4	We will empower our organisation through digital-first and data enabled ways of working across all our activity	Improve and integrate our digital architecture and systems to enable end-to-end operational processes to become more streamlined, efficient and effective in our ways of working
		Modernise and improve our technology to become more digitally enabled
		Protect and manage our information to enable insight and data-driven, evidence-based decision making and support a 'single source of the truth'
		Enhance the organisations digital experience and interaction with internal and external stakeholders through architecture, systems and developing skills across our people. To include One Stop Shop info portal and self-service processes to be progressed and CRM implementation
6.5	We will provide leading support for a diverse workforce and demonstrate excellent equality and diversity practice	Develop our 'employer offer' to attract a wider pool of candidates that reflect regional diversity and offer development opportunities to employees from protected characteristic groups.
		Build staff competencies to ensure they confidently and actively engage in the equality and inclusion agenda, including developing inclusive leadership initiatives.
		Support positive physical / mental health and wellbeing to ensure it is championed and promoted
		Improve our workforce data to make informed decisions, in a transparent way, on future initiatives and consistently improve the monitoring and evaluation to understand the impact.
6.6	We will involve citizens with our work to put their views at the heart of our planning, decision-making and delivery	Develop and support a varied portfolio of citizen engagement activity across the WMCA to ensure decisions are shaped by citizens and that our policies, practices and investments deliver real value for everyone living and working in the region
6.7	We will deliver through clear and effective governance and performance management that supports good, timely, and transparent decision making and the best use of public funds	Align business planning with the CA Aims & Objectives and provide 'single source of the truth' visibility of performance against outputs and outcomes
		Through a dynamic business planning and business partnering approach, identify a pipeline of activity, aligned to funding, to support Enabling Services to make proactive and informed prioritisation
		Support the delivery of key business projects across the organisation through robust operational management and compliant procurement processes to ensure best value for money
		Undertake a full review of external legal and procurement case management systems in line with the CA Aims & Objectives to ensure effective working practice with enhanced review analysis and management information.

		<p>Implement the Health &amp; Safety Strategy to ensure H&amp;S aims and key deliverables are communicated and embedded throughout the organisation to develop a Health &amp; Safety culture and evidence that leadership at all levels of the organisation lead and promote</p>
		<p>Our finance, commercial and investment teams will use their specialist commercial acumen and assurance processes to support business cases to achieve the best outcomes through the Single Assurance Framework for the WMCA</p>

## APPENDIX 4 - Transport Capital Programme

TRANSPORT CAPITAL PROGRAMME (£M)		2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
Investment Programme - Metro	Metro Wednesbury to Brierley Hill Extension	76.2	127.8	140.4	29.7	0.0	374.1
	Metro Birmingham Eastside Extension	61.6	63.9	44.4	19.6	2.2	191.7
	Metro Network Enhancements	7.1	4.1	0.4	0.2	0.2	12.0
	Metro Edgbaston Extension	4.6	0.4	-	-	-	4.9
	Wolverhampton Metro Extension	6.3	1.9	-	-	-	8.3
	Metro Enabling and Other Works	6.6	2.8	0.4	-	0.3	10.1
Investment Programme - Rail	Rail - Camp Hill Line Local Enhancements (Package 2)	8.3	26.0	21.0	0.0	-	55.4
	Rail - Walsall to Wolverhampton Local Enhancements (Package 1)	10.7	36.4	1.9	0.0	-	49.0
	Rail - Sutton Coldfield Gateway	0.0	3.5	17.8	-	-	21.3
	Rail - Snow Hill Lines	-	-	-	-	-	-
Investment Programme - Sprint	Sprint - Hagley Road Phase 1	2.3	1.9	-	-	-	4.2
	Sprint - Longbridge to Birmingham	0.2	-	17.2	11.0	14.1	42.5
	Sprint - Hall Green to Interchange via Solihull	-	0.2	-	7.3	14.6	22.1
	Sprint - Hagley Road Phase 2	-	-	13.1	10.7	56.0	79.8
	Sprint - Sutton Coldfield to Birmingham	0.0	-	25.9	-	-	25.9
<b>INVESTMENT PROGRAMME TOTAL</b>		<b>183.9</b>	<b>268.9</b>	<b>282.4</b>	<b>78.6</b>	<b>87.5</b>	<b>901.3</b>
CWG Programme	Sprint - A45 Birmingham to Airport and Solihull	32.4	6.8	-	-	-	39.3
	Sprint - A34 Walsall to Birmingham	22.0	2.4	-	-	-	24.4
	University Station Improvement Project	39.2	2.8	-	-	-	41.9
	Perry Barr Rail Station	16.0	5.2	-	-	-	21.1
	Regional Traffic Control Centre	7.9	5.1	-	-	-	13.0
	Sprint - A45 Phase 2	-	-	-	11.8	11.7	23.5
	Sprint - A34 Phase 2	-	-	-	15.2	11.6	26.8
<b>CWG PROGRAMME TOTAL</b>		<b>117.5</b>	<b>22.3</b>	<b>-</b>	<b>27.0</b>	<b>23.3</b>	<b>190.0</b>
Other Major Programmes	Dudley Interchange	2.5	17.2	-	-	-	19.7
	Cross City Bus - City Centre & Druids Heath	2.9	19.5	-	-	-	22.4
	Coventry City Electric Bus	4.9	20.6	9.3	13.6	6.5	55.0
	Future Mobility Zone	5.2	6.0	-	-	-	11.1
	A435 Alcester Rd Bus Priority Revitalisation	1.1	0.2	-	-	-	1.2
	West Midlands Cycle Hire Scheme	3.5	-	-	-	-	3.5
	Key Route Network Safety	1.1	-	-	-	-	1.1
	Connected and Autonomous Vehicles Testbed and Test Facilities	0.6	-	-	-	-	0.6
	Other Works	2.3	-	-	-	-	2.3
	<b>OTHER MAJOR SCHEMES PROGRAMME TOTAL</b>		<b>24.1</b>	<b>63.5</b>	<b>9.3</b>	<b>13.6</b>	<b>6.5</b>
Minor Work Programme	Asset Management Programme	1.7	0.1	-	-	-	1.8
	Real Time Information Upgrades	0.3	0.4	-	-	-	0.6
	Better Streets Community Fund	1.4	0.1	-	-	-	1.5
	DfT Tackling Nitrogen Dioxide and Air Quality	0.5	0.1	0.0	0.0	-	0.7
	Strategic Transport Officer Group Top Slice	0.1	0.1	0.2	-	-	0.3
	ADEPT Live Lab / Autoplex	1.1	-	-	-	-	1.1
	Other Cycling Programmes	0.5	-	-	-	-	0.5
	Other Works	0.7	-	-	-	-	0.7
<b>MINOR WORKS PROGRAMME TOTAL</b>		<b>6.3</b>	<b>0.7</b>	<b>0.2</b>	<b>0.0</b>	<b>-</b>	<b>7.2</b>
Grants to Local Authorities	Cycling Programme	2.4	11.3	-	-	-	13.7
	Major Road Network- Programme	2.0	9.0	-	-	-	11.0
	Birchley Island (Sandwell MBC)	-	1.0	-	-	-	1.0
	B4106 Spon End (Coventry CC)	3.9	1.6	-	-	-	5.5
	New St/High St/Victoria Sq Public Realm	3.7	1.3	-	-	-	5.0
	Other Works	0.9	-	-	-	-	0.9
<b>GRANTS TO LOCAL AUTHORITIES PROGRAMME TOTAL</b>		<b>12.8</b>	<b>24.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37.0</b>
<b>TRANSPORT TOTAL</b>		<b>344.5</b>	<b>379.6</b>	<b>291.9</b>	<b>119.2</b>	<b>117.3</b>	<b>1,252.6</b>

In line with the guidance in paragraph 5.8, this planned expenditure contains both fully-funded schemes and unfunded Investment Programme priorities from 2023/24 onwards which will come forward once a financing route is confirmed.

The report recommends **WMCA Board Approve the first year (2022/23) of the indicative WMCA Capital Programme as set out in this appendix and that WMCA Board note the indicative onward programme from 2023/24 onwards.**

The final 2022/23 Capital Budget will be presented to WMCA Board at the earliest opportunity in 2022/23 following confirmation of the 2021/22 outturn position.

## APPENDIX 5 – Housing and Land/Other Capital Programme

HOUSING AND LAND CAPITAL PROGRAMME (£M)		2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
IP Land	Brownfield Land & Property Development Fund (BLPDF)	9.1	9.2	0.1	0.1	-	18.5
Remediation	LPIF (Black Country Consortium)	3.6	18.4	36.3	30.5	30.1	118.8
Land Fund	Land Fund - Friar Park Sewage Disposal Works	1.2	0.4	0.6	4.0	0.0	6.2
	Land Fund - Caparo	0.9	0.9	0.4	0.4	-	2.6
	Land Fund - Icknield Port Loop Phase 2a & 2b	1.5	1.2	-	-	-	2.7
	Land Fund - Former Cookley Works, Brierley Hill	0.2	0.5	0.3	-	-	1.0
	Land Fund - Lioncourt Homes (Dev1) Ltd	0.2	0.4	0.1	-	-	0.6
	Land Fund - Dobbs Street, Wolverhampton	0.2	0.4	-	-	-	0.6
	Land Fund Acquisition - Abberley Street	0.2	0.3	0.0	-	-	0.5
	Land Fund - Aga Site	0.1	0.3	0.3	0.3	0.5	1.4
	Land Fund - Steelhouse Lane, Wolverhampton	0.3	0.0	-	-	-	0.4
	Land Fund - Portersfield	1.2	3.8	0.9	0.4	0.0	6.2
	Land Fund - Fountain Lane	1.7	0.8	1.0	0.5	-	3.9
	Land Fund - The Marches	4.6	0.0	0.0	0.0	0.0	4.7
	Land Fund - Harvestime	0.1	-	-	-	-	0.1
	Land Fund Acquisition - Cranford Way	-	-	-	0.1	0.1	0.2
	Land Fund Viability Programmes	4.9	3.5	2.2	0.3	0.2	11.1
	NCF - West Longbridge	4.2	2.3	0.0	0.0	0.0	6.4
	Land Fund - Pipeline	1.6	9.1	8.7	6.5	4.0	30.0
	National Competitive Fund - Pipeline	0.1	4.6	8.6	4.2	-	17.5
Brownfield Land - Pipeline	1.0	33.7	41.5	7.8	-	83.9	
<b>HOUSING AND REGENERATION PROGRAMME TOTAL</b>		<b>36.8</b>	<b>89.6</b>	<b>100.9</b>	<b>55.0</b>	<b>34.9</b>	<b>317.3</b>

OTHER CAPITAL PROGRAMME (£M)		2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
5G		3.1	1.2	-	-	-	4.3
<b>OTHER TOTAL</b>		<b>3.1</b>	<b>1.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.3</b>

*In line with the guidance in paragraph 5.8, this planned expenditure contains both fully-funded schemes and unfunded Investment Programme priorities from 2023/24 onwards which will come forward once a financing route is confirmed.*

*The report recommends **WMCA Board Approve the first year (2022/23) of the indicative WMCA Capital Programme as set out in this appendix and that WMCA Board note the indicative onward programme from 2023/24 onwards.***

*The final 2022/23 Capital Budget will be presented to WMCA Board at the earliest opportunity in 2022/23 following confirmation of the 2021/22 outturn position.*

## APPENDIX 6 – Investment Programme Grants to Local Authorities

INVESTMENT PROGRAMME GRANTS TO LOCAL AUTHORITIES CAPITAL PROGRAMME (£M)		2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
Investment Programme	Coventry City Centre South Regeneration - City Centre	1.1	22.8	44.4	-	17.4	85.7
	Coventry City Centre South Regeneration - Friargate	21.6	13.9	5.0	1.9	-	42.4
	Coventry South Package - Tile Hill Station Improvements	0.1	-	3.2	3.8	-	7.0
	Coventry UKC Plus - Coventry Station Masterplan (CSMP)	18.2	1.2	-	-	-	19.4
	Coventry UKC Plus - UK City of Culture 2021 Regeneration	9.6	-	-	-	-	9.6
	Coventry UKC Plus - Coventry South Package	2.4	4.6	0.8	5.4	68.6	81.8
	Coventry UKC Plus - Coventry North Package	-	-	4.0	11.3	6.2	21.4
	Coventry UKC Plus - Very Light Rail: Transforming Connectivity	2.5	-	2.8	15.0	25.0	45.3
	UK Central Infrastructure Package - Programme Total	9.2	5.5	34.3	49.1	115.0	213.1
	Commonwealth Games	25.0	-	-	-	-	25.0
	UK Central HS2 Interchange - Programme Total	13.9	12.6	98.3	52.8	128.0	305.7
	CoW Technical Centre	1.0	5.1	1.6	0.1	-	7.8
<b>IP GRANTS TO LOCAL AUTHORITIES</b>		<b>104.7</b>	<b>65.7</b>	<b>194.4</b>	<b>139.2</b>	<b>360.1</b>	<b>864.1</b>

*In line with the guidance in paragraph 5.8, this planned expenditure contains both fully-funded schemes and unfunded Investment Programme priorities from 2023/24 onwards which will come forward once a financing route is confirmed.*

*The report recommends **WMCA Board Approve the first year (2022/23) of the indicative WMCA Capital Programme as set out in this appendix and that WMCA Board note the indicative onward programme from 2023/24 onwards.***

*The final 2022/23 Capital Budget will be presented to WMCA Board at the earliest opportunity in 2022/23 following confirmation of the 2021/22 outturn position.*



West Midlands  
Combined Authority

## Overview & Scrutiny Committee

Wednesday 15 December at 10.00am

### Minutes

#### Present:

Councillor Cathy Bayton (Chair)	- Association of Black Country Authorities
Councillor Lisa Trickett (Vice-Chair)	- Birmingham City Council
Councillor Naeem Akhtar	- Coventry City Council
Councillor Maya Ali	- Coventry City Council
Councillor Mike Chalk	- Worcestershire Non-Constituent Local Authorities
Councillor Liz Clements	- Transport Scrutiny Sub-Committee
Councillor Tony Diccio	- Solihull Metropolitan Borough Council
Councillor Peter Fowler	- Birmingham City Council
Councillor Ian Kettle	- Dudley Metropolitan Borough Council
Councillor Nigel Lumby	- Shropshire Non-Constituent Local Authorities
Councillor Charn Padda	- Sandwell Metropolitan Borough Council
Councillor Paul Sweet	- City of Wolverhampton Council
Councillor Vera Waters	- Walsall Metropolitan Borough Council

#### In Attendance:

Dan Essex	- Governance Services Manager
Kashmire Hawker	- Young Combined Authority
Councillor Barbara McGarrity	- City of Wolverhampton Council
Councillor Gurdev Hayre	- Coventry City Council
Councillor Adam Hicken	- Walsall Metropolitan Borough Council
Linda Horne	- Director of Finance
Councillor Thabiso Mabena	- Sandwell Metropolitan Borough Council
Councillor Martin McCarthy	- Solihull Metropolitan Borough Council
Lyndsey Roberts	- Scrutiny Officer
Laura Shoaf	- Chief Executive
Councillor Bob Sleigh	- Portfolio Lead for Finance
Mark Smith	- Chair of Audit, Risk & Assurance Committee
Andy Street	- Mayor of the West Midlands

#### Welcome and Introductions

The Chair welcomed the Mayor and members of the committee to the second mayoral question time for 2021/22 that would be focussing on the proposed draft 2022/23 budget.

#### Apologies for Absence

Apologies for absence were received from Councillor Kate Booth (Birmingham).

## **Mayor's Opening Statement**

The Mayor provided an opening statement focussing on the achievement of a four year balanced budget to date, the uncertainty in respect of the transport revenue due to the withdrawal of the COVID-19 recovery funding post-April 2022, and the ability of the budget being able to leverage in further capital investment.

Councillor Bob Sleight added that a balanced budget would be submitted to the WMCA Board on 14 January 2022, and although the WMCA was producing a one-year budget for 2022/23, due to strong financial management within the organisation it would again be a balanced budget.

## **Questions to the Mayor and Portfolio Lead for Finance**

The committee pursued a number of general lines of enquiry with the Mayor and the Portfolio Lead for Finance, including the sustainability of the budget, Mayoral precept, transport revenue, housing, environment and the Adult Education Budget.

In terms of the sustainability of the budget for 2022/23, the WMCA would be able to fund the key areas of activity from its non-transport budget and with regard to transport, the budget sustained all of the current transport services and concessions. However, if patronage declined next year and the Government ceased to provide financial support, the WMCA would have to fulfil the shortfall on the tram network and indirectly on the bus network, as the WMCA would have to decide whether it would fund those services that National Express West Midlands were no longer willing to operate on a commercial basis.

The Mayor answered questions in relation to addressing the housing needs within the region and the committee's concerns that the pace of delivery of affordable housing. The WMCA was making progress on the delivery of affordable housing but had yet to make progress on the provision of social housing. The Government had now agreed £8.1bn in funding, which had been allocated to housing associations across the country and, of that, £1.1bn had been allocated to housing associations within the region. The WMCA would be working closely with housing associations to help accelerate this expenditure. In terms of the housing delivery vehicle, the committee sought confirmation as to whether it captured all of the housing associations with a significant allocation of the £8.1bn and questioned how they had been chosen. The Mayor agreed to provide a briefing note on this matter that provided the transparency sought by the committee. The nature of the £8.1bn and how it fitted with the delivery vehicle and housing need would be referred to the Overview & Scrutiny Housing Review for further investigation.

With regard to the possibility of a Mayoral precept, a collective decision involving constituent authority leaders had been made not to set a precept for 2022/23 due to the impact that this would have on households during these difficult times. However, the WMCA may have to consider the introduction of a precept in subsequent years if the risks emerged in relation to transport.

The Mayor and members of the committee agreed that the current bidding process for funding from Government could be improved by adopting a 'single pot' funding model. The WMCA continued to lobby Government on the need to change the funding model.

Questions were raised in relation to the reliability and provision of public transport during the Commonwealth Games, concerns around the transport funding gap beyond 2022/23 and the delivery of the Local Transport Plan, the City Region Sustainable Transport Settlement, bus franchising, future of non-statutory travel concessions and the impact of the farebox revenue reductions in terms of the longer term plans for extending the Metro network, particularly the Wednesbury to Brierley Hill Metro extension, the current suspension of the Midland Metro

services, the importance of connecting people to jobs and WMCA payments to National Express West Midlands for concessionary travel.

The committee noted the transport revenue challenges and the challenges in maintaining subsidised bus services if commercial operators chose to withdraw a route if it was unviable, along with the impact that this would have on the budget and those communities of most need of bus services. There needed to be greater clarity on how bus, train or metro connectivity was to be improved for those areas with the greatest need. In terms of bus franchising, there would be a report going to WMCA Board in January 2022. The committee welcomed and hoped that the lobby of government for the continuation of the COVID-19 Recovery funding was successful.

In terms of the current closure of the Midland Metro services and the implications that this would have on future extensions, in particular the Wednesbury to Brierly Hill Metro extension, members were assured that the WMCA would seek to mitigate the losses incurred over the last four weeks and dialogue continued to be had with regard to the investment funding model used for Midland Metro.

The Mayor assured members that within the 2022/23 budget, non-statutory travel concessions were maintained. However due to the deficit, in subsequent years the WMCA might need to make some difficult decisions. Members stressed the importance of maintaining the bus network that provided a vital service for the poorest communities. Further to the concerns raised by Councillor Vera Waters regarding National Express West Midlands, the Mayor agreed to ensure that she was provided with the opportunity to join National Express West Midlands Customer Panel.

In respect of the recently published Environment Act, there was a requirement for the WMCA to work with local authorities on air quality plans, although there was concern that the Act appeared to give additional responsibilities without the additional resources required to exercise these responsibilities. The Mayor added that a report would be submitted to the WMCA Board in February 2022 on this matter.

The Mayor explained the changes made following the devolution of the Adult Education Budget to the WMCA, including the reduction in contracts and the improvements made in the quality of the level of the workforce across the region. The Mayor welcomed dialogue with the Young Combined Authority on the issues around the Kickstart Programme and the take up of apprenticeships.

Resolved:

The following observations be shared with the Mayor for considerations and response:

- (i) What steps are to be taken to ensure that the WMCA and Transport for West Midlands review how Metro services came to be suspended, and that lessons would be learnt to ensure that a similar situation did not occur again?
- (ii) Can further assurance be provided that the key transport infrastructure being developed for the Commonwealth Games will be operational in time so as to ensure that connectivity and sustainability of the region's transport network was able to meet the challenges of hosting an international sporting event of the scale of the Commonwealth Games?

- (iii) What specific measures are Transport for West Midlands currently looking at that will seek to mitigate the potential removal of the Government's pandemic support funding for public transport from April 2022?
- (iv) Can further information be provided as to the considerations currently being undertaken regarding the financial viability of the Wednesbury - Brierley Hill Metro extension and any impact that these considerations may have on the construction timetable?
- (v) What specific decision-making role does the WMCA have within the proposed Affordable Housing Vehicle, and how might this vehicle help deliver more social housing supply within the region?

## **APPENDIX 8 – TREASURY MANAGEMENT STRATEGY 2022/23**

### **Introduction**

Treasury management is the management of WMCA's cash flows, borrowing and investments, and the associated risks. WMCA has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to WMCA's prudent financial management.

Treasury risk management at WMCA is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires WMCA to approve a treasury management strategy before the start of each financial year. At the time of writing this report an updated Code (2021 edition) is currently due for publication following consultation. CIPFA has indicated that it will have a 'soft launch' and therefore authorities have until March 2023 to adopt the Code and implement its recommendations. A further report noting changes to the Code for approval will be presented to both ARAC and Board at the earliest opportunity during financial year 2022/23.

This report fulfils WMCA's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The strategy for 2022/23 covers the following main areas:

- the current treasury position;
- prospects for interest rates;
- the borrowing strategy;
- debt rescheduling;
- policy on borrowing in advance of need;
- the investment strategy and creditworthiness policy;
- the policy on use of external service providers; and
- treasury indicators which limit the treasury risk and activities of the Council.

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, and the CIPFA Treasury Management Code.

### **Current Treasury Position**

The overall treasury management portfolio as at 31<sup>st</sup> March 2021 and for the position as at 31<sup>st</sup> December 2021 are shown below for both borrowing and investments.

**Table 1 Treasury Management Portfolio**

Treasury Investments	Actual Mar 21 £m	Actual Mar 21 %	Current Dec 21 £m	Current Dec 21 %
Banks	48.97	20	120.00	28
Local Authorities	135.70	55	293.00	68
Housing Associations			10.00	2
Money Market Funds	60.00	25	5.00	1
<b>Total Managed In House</b>	<b>244.67</b>	<b>100</b>	<b>428.00</b>	<b>99</b>
Property Funds / REITs	-	-	5.10	1
<b>Total Managed Externally</b>	<b>-</b>	<b>-</b>	<b>5.10</b>	<b>1</b>
<b>Total Treasury Investments</b>	<b>244.67</b>	<b>100</b>	<b>433.10</b>	<b>100</b>
<b>Treasury External Borrowing</b>				
PWLB	(108.43)	87	(263.24)	94
Banks	(10.00)	8	(10.00)	4
Transferred Debt	(5.59)	5	(5.59)	2
<b>Total External Borrowing</b>	<b>(124.02)</b>	<b>100</b>	<b>(278.83)</b>	<b>100</b>
<b>Net treasury Investments/(borrowing)</b>	<b>120.65</b>		<b>154.27</b>	

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 2: WMCA Gross External Debt vs. CFR

£M	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Opening External Debt	124	279	404	739	784	804
New Borrowing	155	125	335	45	20	0
<b>Forecast Closing External Debt</b>	<b>279</b>	<b>404</b>	<b>739</b>	<b>784</b>	<b>804</b>	<b>804</b>
Capital Financing Requirement (CFR)	634	871	1,073	1,110	1,105	1,076
Under Borrowing	355	467	334	326	301	272

WMCA has an increasing CFR – rising from a forecast £634m at the end of 2021/22 to £1,110m at the end of 2024/25 - due to its capital programme, mostly driven by the delivery of the Investment Programme. The Authority is currently 'under borrowed', meaning that internal cash-backed resources such as balances, reserves, and working capital (predominantly capital grants received in advance) can be deployed to offset external borrowing. Working capital levels have been above £400m for much of 2020/21 as new grants received in advance of expenditure have been received. Short-term interest rates are currently much lower than long-term rates and forecast to remain so for a considerable period. This makes it more cost effective in the short-

term to continue to use internal resources and to borrow externally only when required. However, decreasing values of investments over time, as these capital grants received in advance are spent, will require WMCA to borrow up to £680m (net of investment income) over the forecast period.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that WMCA's total debt should be lower than its highest forecast CFR over the next three years. Table 2 shows that WMCA expects to comply with this recommendation during 2022/23 to 2024/25.

### **Prospects for Interest Rates**

The Council has appointed Link Treasury Services Ltd as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 20<sup>th</sup> December 2021. PWLB forecasts are for certainty rates, 20 basis points below PWLB standard rates, to which WMCA has agreed access.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
<b>BANK RATE</b>	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.10	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.50	0.60	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.80	1.90	1.90	2.00	2.00
10 yr PWLB	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.40
25 yr PWLB	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.70	2.70
50 yr PWLB	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until December 2021.

As shown in the forecast table above, the forecast for Bank Rate now includes four increases, one in quarter 2 of 2022 to 0.50%, quarter 1 of 2023 to 0.75%, quarter 1 of 2024 to 1.00% and, finally, one in quarter 1 of 2025 to 1.25%.

The level and pace of the change forecast remains modest in comparison with recoveries from historical recessions. Minutes from recent MPC meetings suggest there has been a marked change in concern over price inflation, particularly relating to gas and electricity. Nonetheless, it should be remembered that the rate cut to 0.10% at the beginning of the pandemic was an emergency measure and taking it away can be seen as a signal of a return to normalisation. In addition, any Bank Rate below 1% remains highly unusual and highly supportive of economic growth.

### **Borrowing Strategy**

As at 31 December 2021 WMCA currently holds £278.8m of loans, an increase of £153.8m on the previous year. The forecast in table 2 shows that WMCA expects to borrow up to £125m in 2022/23. WMCA may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

**Objectives:** WMCA's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should WMCA's long term plans change is a secondary objective.

**Strategy:** WMCA's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently much lower than long-term rates and forecast to remain so for a considerable period. It is likely therefore to be more cost effective in the short-term to continue to use internal resources and to borrow a proportion of the debt requirement using short-term loans instead.

By doing so, WMCA can reduce its net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Link Treasury Group will assist WMCA with this 'cost of carry' and 'borrow now/borrow later' analysis. Its output may determine whether WMCA borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

WMCA has previously raised the majority of its long-term borrowing from the PWLB, but will consider long-term loans from other sources including banks, pension funds and local authorities, and will also investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets held primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans. WMCA Finance Directors and their respective treasury teams continue to work collectively also, ensuring the buying power of the region is fully exploited in the capital markets.

It should be noted that following two competitive processes during 2019/20 and 2020/21, WMCA were notified by HM Treasury that it would qualify for Infrastructure Rate Funding. This guaranteed WMCA access to debt at 0.40% below the currently published PWLB standard rate levels. £155m of this facility has been utilised in 2021/22 and a further £45m remains available prior to November 2022. Access to this financing together with the use of short-term debt will provide WMCA with a bridge whilst the most competitive sources of long-term finance are identified.

Additionally, WMCA will look to identify suitable forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period and may help to de-risk commercial borrowing models.

In addition, WMCA may borrow using further short-term loans to cover unplanned cash flow shortages.

**Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

- HM Treasury's lending facility (i.e. Public Works Loan Board)
- UK Infrastructure Bank
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except West Midlands Local Government Pension Fund)
- capital market bond investors

- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

**Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

**Short-term and variable rate loans:** WMCA debt portfolio currently consists of fixed rate maturity, annuity, and Equal Instalments of Principal (EIP) loans. Short-term and variable rate loans may leave WMCA exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits set out in the treasury management indicators below. Financial derivatives (see section on Related Matters) may also be used to manage this interest rate risk.

**Debt rescheduling** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. WMCA may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

### **Policy on Borrowing In Advance of Need**

WMCA will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within the forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **HM Treasury External Debt Cap**

WMCA has acquired approval from HM Treasury and the Dept for Levelling Up, Housing and Communities (DLUHC) to borrow for all of its functions subject to it operating within an agreed external debt cap. The debt cap runs coterminous with the 5-year gateway review period and the caps for 2022/23 and beyond are expected to be finalised with HM Treasury during 2021/22. On the basis it remains unchanged, WMCA do not expect to breach the debt cap during 2022/23 based on the current external debt and projections for the 2020/21 financial year. For information, the existing agreed limit is £1,042 million.

### **Treasury Investment Strategy**

WMCA holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2021/22 WMCA's treasury average monthly investment balance has ranged between £233m and £477m, and similar levels are expected to be

maintained throughout parts of 2022/23 largely due to the profile of Government grant receipts in quarter one.

The Council's investment policy has regard to the following: -

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

**Objectives:** The CIPFA Code requires WMCA to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. WMCA's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, WMCA will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

**Negative interest rates:** The COVID-19 pandemic demonstrated the risk that the Bank of England would set its Bank Rate at or below zero, which in turn would likely feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested. Whilst WMCA would seek to avoid exposure towards negative interest rates in these circumstances, it must first meet the security and liquidity requirements of all investment holdings.

**Strategy:** Investments will be made with reference to WMCA core balances and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed. Given that Bank Rate is forecast to rise incrementally over the investment time horizon consideration will be given to keeping most investments as short term and/or variable. The regular stream of maturing investments brought about by this 'laddering' approach should provide opportunities to consistently improve underlying yield, while still allowing flexibility to adjust if market circumstances alter. This is particularly the case if the MPC do not follow the increasingly more "aggressive" path that markets are continuing to price in.

**Investment returns expectations:** Based on the current prospects for interest rates appraisal by Link Treasury Services Ltd the suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Average earnings in each year	
2022/23	0.50%
2023/24	0.75%
2024/25	1.00%
2025/26	1.25%
Long term later years	2.00%

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits, in order to benefit from the compounding of interest.

**Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on WMCA’s “business model” for managing them. WMCA aims to achieve value from its internally managed treasury investments via a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

**Approved counterparties:** WMCA may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	50 years	Unlimited <sup>1</sup>	Unlimited
Secured investments *	25 years	£20m <sup>1</sup>	Unlimited
Banks (unsecured) *	13 months	£20m <sup>1</sup>	Unlimited
Building societies (unsecured) *	13 months	£20m <sup>1</sup>	£20m
Registered providers (unsecured) *	5 years	£5m	£20m
Money market funds *	n/a	£20m	Unlimited
Strategic pooled funds	n/a	£5m	£10m
Real estate investment trusts	n/a	£5m	£10m
Other investments	5 years	£2m	£10m

**This table must be read in conjunction with the following notes.**

<sup>1</sup> Normal operating levels will not exceed £10m per counterparty but adequate headroom has been provided to accommodate potential peak cashflow requirements. The Combined Authority will look to keep an even spread of investments across counterparties to minimize exposure to defaults.

\* **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are *deemed* to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

**Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

**Operational bank accounts:** WMCA may incur operational exposures, for example through current accounts, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £1m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed in than made insolvent, increasing the chance of WMCA maintaining operational continuity.

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by WMCA's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** WMCA understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, WMCA will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security.

**Investment limits:** In order that WMCA's reserves will not be put at significant risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £20 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional Investment limits

	Cash Limit
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£20m per broker
Foreign countries	£5m per country

**Liquidity management:** WMCA utilises short, medium-term, and long-term cash flow forecasts to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of WMCA being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to WMCA's medium-term financial plan and cash flow forecast.

### **Commercial Investment Funds**

WMCA operate commercial loan funds on behalf of the Constituent Local Authorities. The investment funds limit is £210m and provide loans at a commercial rate to developers where the more traditional financial institutions are not willing to lend on agreeable terms. The primary objective of the investment funds is to stimulate economic regeneration. The loans are held on the WMCA balance sheet under standard accounting regulations and as at December 2021, the cumulative value of loan commitments approved by WMCA totals £166.4m (including £56m of loans which have since been repaid). The value of loans drawn and earning interest as at December 2021 is £20.4m.

Whilst these developers do not have a credit rating in the traditional sense, WMCA employ fund managers West Midlands Development Capital to ensure adequate due diligence is undertaken and that each loan agreement will be adequately secured, usually on the land / buildings underpinning the requirement. Furthermore, each loan agreement requires approval by Investment Board and protections around concentration risk (i.e. limiting the cumulative value of loans to any one developer) were reviewed and approved by WMCA Investment Board in July 2019.

### **Use of External Providers**

£5m of WMCA funds is externally managed on a pooled basis by CCLA Local Authority Property Fund and Fundamentum Social Housing Real Estate Investment Trust (REIT)

The Authority fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund manager(s). In order to aid this assessment, the Authority is provided with a suite of regular reporting from its manager(s). This includes:

- Monthly valuation updates and factsheets;
- Quarterly dividend statements;
- Annual reports / conference places; and
- Access to online fund reporting sites.

In addition to formal reports, the Council also meets with representatives of the fund managers on a semi-annual basis. These meetings allow for additional scrutiny of the manager's activity as well as discussions on the outlook for the fund as well as wider markets.

## **Treasury Management Indicators**

WMCA measures and manages its exposures to treasury management risks using the following indicators.

**Security:** WMCA has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

<b>Credit risk indicator</b>	<b>Target</b>
Portfolio average credit	A minus

**Liquidity:** WMCA has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

<b>Liquidity risk indicator</b>	<b>Target</b>
Total cash available within 3 months	£20m (min)

### **Control of Interest Rate Exposures:**

Fixed Interest Rate Exposures: It is recommended that the West Midlands Combined Authority sets an upper limit on its fixed interest rate exposures as follows.

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Upper Limits for Principal Sums Outstanding at Fixed Interest Rates	100%	100%	100%	100%

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

Variable Interest Rate Exposures: It is recommended that the West Midlands Combined Authority sets an upper limit on its variable interest rate exposures as follows.

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Upper Limits for Net Principal Sums Outstanding at Fixed Interest Rates	30%	30%	30%	30%

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

**Maturity structure of borrowing:** This indicator is set to control WMCA's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper Limit	Lower limit
Under 12 months	75%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	70%	0%
5 years and within 10 years	70%	0%
10 years and above	70%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

**Principal sums invested for periods longer than a year:** The purpose of this indicator is to control WMCA's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price Risk Indicator	2022/23	2023/24	2024/25
Limit on principal invested longer than a year	£10m	£10m	£10m

### **Related Matters**

The CIPFA Code requires WMCA to include the following in its treasury management strategy.

**Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

WMCA will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that WMCA is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, WMCA will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

**Markets in Financial Instruments Directive:** WMCA has retained professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of WMCA's treasury management activities, the Section 151 Officer considers this to be the most appropriate status.

**Investment Training** The needs of the Authority's treasury management staff for training in investment management are assessed every twelve months as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Link Treasury Services Ltd and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

## **2022 / 2023 Treasury Management Policy Statement**

WMCA's Treasury Management Policy Statement defines the policies and objectives of its treasury management activities, as follows:

- (1) Treasury management activities are defined as the management of the Authority's borrowings, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and pursuit of optimum performance consistent with those risks.
- (2) WMCA regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their implications for WMCA, and any financial instruments entered into to manage these risks.
- (3) WMCA acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employ suitable comprehensive performance measurement techniques, within the context of effective risk management.

## **APPENDIX 9 - WMCA Capital Strategy 2022/23**

### **Introduction**

Capital Expenditure is where WMCA spends money on assets, such as property or infrastructure that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. This is particularly relevant where WMCA are providing Capital Grants to Local Authorities under the terms of the Investment Programme.

This Capital Strategy report gives a high-level overview of how Capital Expenditure, Capital Financing and Treasury Management activity (as detailed further in Appendix 8) contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

### **Investment needs within the WMCA region**

As the population within the WMCA region is forecast to grow by half a million over the next 20 years, demand continues for new, quality homes, services and jobs. Large-scale regenerations in Birmingham, Coventry and Wolverhampton are opening opportunities for workplaces, retail, hospitality, leisure and housing. Beyond the region's city centres, strategic growth corridors where development can be prioritised, aligned and accelerated have been identified, namely Walsall to Wolverhampton and Sandwell to Dudley. Between Walsall and Wolverhampton, transport upgrades will support the construction of over 4,500 new homes. Additionally, the 2022 Commonwealth Games have provided the catalyst for regeneration of the Perry Barr area, with an improved rail station, new homes and jobs. WMCA is committed to building homes, communities and vibrant places where people can live and work with pride.

WMCA, working through Transport for West Midlands (TfWM), is responsible for setting the Local Transport Plan alongside wider powers and duties including those previously held by the Integrated Transport Authority, Passenger Transport Executive and additional powers granted through devolution agreements. This includes managing and maintaining some of the region's public transport infrastructure. WMCA's submission as part of the City Region Sustainable Transport Settlement (CRSTS) detailed how the proposed programme of investment had been carefully selected to maximise growth outcomes and improve accessibility, especially in underserved areas of the region. WMCA noted that the Covid-19 pandemic has exacerbated longstanding inequality issues in the region, and how transport investment remains key to opening opportunities across the whole region. The pandemic has accelerated the use of digital platforms to engage with the public on TfWM's services. Our Keeping the West Midlands Moving initiative is a thriving online community of over 1,000 residents who share their views on key transport issues. For individual schemes, detailed and comprehensive stakeholder engagement processes will be (or have already been) followed for development and approval – including extensive consultation with political and civic leaders, alongside statutory consultees, contractors and delivery partners.

WMCA also holds devolved funding for housing provision and land regeneration, all of which are administered through its Single Commissioning Framework. This framework puts inclusive growth and placemaking front and centre of every investment decision. In order to access these funds, essential criteria have been determined, including a minimum 20% affordable housing (defined based on the household income levels in the local area) and a demonstrable commitment to Advanced Methods of Construction. Additional desirable criteria include densification of housing at key transport nodes and public transport corridors, compliance with WMCA’s Inclusive Growth Toolkit<sup>3</sup> and compliance with WMCA’s Regional Design Charter.<sup>4</sup>

Benefiting from a strategic approach to regeneration, transport and growth and strong local networks, the WMCA has partnered in major redevelopment projects, including the extensive redevelopment around Birmingham’s central rail stations, Wolverhampton’s Springfield Brewery site becoming Europe’s largest specialist construction campus and Coventry’s Friargate development adding prime public space to the city centre.. Three Local Enterprise Partnerships exist across the region, promoting collaboration on economic and employment growth between local businesses and local government. The UK Government also fully supports the four pillars of WMCA’s Local Industrial Strategy: smart mobility; data-driven health and life sciences; modern services; and creative content, techniques and technologies.

The WMCA works hand in glove with local leaders and partners, including the neighbouring East Midlands and larger Midlands Engine, to attract investment and drive inclusive growth.

## Capital Expenditure

In 2022/23, the Authority is planning capital expenditure of £536.1m as summarised below:

Table 1: WMCA Capital Expenditure 2021/22 to 2025/26

WMCA CAPITAL PROGRAMME (€M)	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
TfWM Expenditure	344.5	379.6	291.9	119.2	117.3	1,252.5
Housing and Regeneration Expenditure	36.8	89.6	100.9	55.0	34.9	317.2
Other Programmes	3.1	1.2	-	-	-	4.3
Investment Programme Grants to Local Authorities	104.7	65.7	194.4	139.3	360.1	864.2
<b>TOTAL EXPENDITURE</b>	<b>489.1</b>	<b>536.1</b>	<b>587.2</b>	<b>313.5</b>	<b>512.3</b>	<b>2,438.2</b>

Approximately 50% of the Combined Authority’s planned capital investment to 2025/26 consists of expenditure incurred by Transport for West Midlands in pursuance of the Investment Programme, Transforming Cities Programme and the Minor Works Programme. Of the remainder, broadly 70% is concerned with the reimbursement of Local Authorities as part of the West Midlands Investment Programme and 25% will be spent in delivering the Housing and Regeneration objectives using funds secured by WMCA from Central Government.

Those larger Transport for West Midlands Programmes contain significant investment in expanding the Metro networks in addition to investment in developing and delivering new local Rail stations in Birmingham and the Black Country. The Transport programme reflects the second phase of the Transforming Cities Programme, and in 2022/23 includes the completion

<sup>3</sup> WMCA [Inclusive Growth Toolkit](#)

<sup>4</sup> WMCA [Regional Design Charter](#)

of all WMCA delivered assets for the 2022 Commonwealth Games, namely University and Perry Barr rail station improvements and A34 / A45 Sprint.

The Housing Capital Programme includes the land remediation programmes launched by the WMCA in 2016 and delivery against the Land Fund arrangements which now total £208m.

The Investment Programme Grants to Local Authorities Programme includes grants payable under the original Investment Programme in 2016. This includes significant investment in Coventry (Station Masterplan, City Centre Regeneration), Solihull for the UK Central Programme and Birmingham (Commonwealth Games).

In addition to the traditional capital investment detailed above, WMCA will continue to operate the commercial and residential investment funds where loans to developers are made with the objective of unlocking stalled development sites which traditional lenders are unwilling to finance. The loans are held on the WMCA balance sheet under standard accounting regulations.

## Capital Financing

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources or debt. WMCA is clear that expenditure will not be incurred until the required funding has been secured. The planned funding of the above expenditure is as follows:

Table 2: WMCA Capital Funding 2021/22 to 2025/26

WMCA CAPITAL PROGRAMME (£M)	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
Investment Programme Debt	158.0	197.1	134.5	3.3	17.6	510.5
TfWM Debt	12.9	5.7	142.1	49.5	2.4	212.6
Grants	318.2	333.3	92.9	38.2	12.2	794.8
Other*	-	-	217.7	222.5	480.1	920.3
<b>TOTAL FUNDING</b>	<b>489.1</b>	<b>536.1</b>	<b>587.2</b>	<b>313.5</b>	<b>512.3</b>	<b>2,438.2</b>

\* Provisional expenditure estimates for Investment Programme and other projects which are subject to WMCA raising additional income or yet to have the funding package fully secured.

The funding for the capital programme is supported mostly by project specific grants or borrowing, where the revenues to support the costs of the debt and interest are underpinned by Investment Programme income or any commercial revenues expected to flow from those investments.

The full extent of the Investment Programme and 2016 Devolution Deal schemes remain as provisional commitments within the overall programme, even though the funding to underpin elements of the investment currently remains unsecure.

WMCA's cumulative outstanding amount of debt finance is measured by its capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP / loans fund repayments and capital receipts used to replace debt. WMCA's CFR is expected to increase by £237m during 2022/23. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 3: WMCA Capital Financing Requirement 2021/22 to 2025/26

£M	2021/22	2022/23	2023/24	2024/25	2025/26
Opening External Debt	124	279	404	739	784
New Borrowing	155	125	335	45	20
Forecast Closing External Debt	279	404	739	784	804
<b>Capital Financing Requirement</b>	<b>634</b>	<b>871</b>	<b>1,073</b>	<b>1,110</b>	<b>1,105</b>

## Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

As at 31 December 2021 the Authority has £278.8m borrowing but WMCA will need to borrow further externally in the coming years in order to support its Capital Expenditure. Statutory guidance states that no Authority should borrow above its Capital Financing Requirement. As shown in Table 3, WMCA expect to comfortably remain within this requirement. A further key requirement is that WMCA must not breach an external debt cap to be agreed by HM Treasury and Department for Levelling Up, Housing and Communities (DLUHC, formally known as MHCLG). The existing agreed limit for 2021/22 is £1,042m. Debt caps for 2022/23 and beyond are expected to be finalised with HM Treasury during 2021/22. Should the value remain static at £1,042m, WMCA do not expect to breach the external borrowing debt cap before March 2026 based on the current and projections.

WMCA is legally obliged to set an affordable borrowing limit each year, known as the Authorised Limit. This limit is subject to annual review to reflect any changes to planned Capital Expenditure. A second lower limit, known as the Operational Boundary, is also set each year to serve as a warning limit to those charged with governance of WMCA. The proposed Authorised Limit and Operational Boundary for 2021/22 onwards are included within Table 4. WMCA expect to remain comfortably within both of these limits over the course of the period covered by this report.

Table 4: WMCA Authorised limit and Operational Boundary for External Debt

£M	2021/22	2022/23	2023/24	2024/25	2025/26
Forecast Closing CFR	634	871	1,073	1,110	1,105
Forecast Closing Debt	279	404	739	784	804
Operational Boundary	544	781	983	1,050	1,045
Authorised Limit	584	821	1,023	1,090	1,085

## Risks faced by WMCA

In the delivery of any Capital Expenditure programme, risk must be managed in line with the organisation's risk appetite. The following risks have been considered for inclusion within this document but should not be considered an exhaustive list.

**Asset management:** To ensure that capital assets continue to be of long-term use, the Authority has a Strategic Asset Management Plan in place. This sets the high-level strategic framework

for managing WMCA's asset and property portfolio effectively. It guides future strategic property decisions to ensure WMCA manage its property portfolio sustainably and efficiently so that WMCA can adapt to remain fit for future developments and support frontline delivery.

**Business Interruption Risk:** As evidenced by the Covid-19 pandemic, WMCA (and its partners) face the risk of significant interruption to any project due to factors outside of WMCA's control, such as environmental disaster, pandemic or extreme criminal acts. By their nature, these risks cannot be prevented but their impact is mitigated by careful project management and scenario planning throughout the life of the project.

**Governance:** The Capital Programme for 2022/23 is largely a continuation of the Investment Programme delivery and the delivery of projects facilitated by central Government, via project specific grants. All capital investment, including Investment Programme schemes and those administered through the Single Pot arrangements (i.e. Transforming Cities Funding) are aligned to the WMCA Single Assurance Framework approved by WMCA Board on 24 July 2020.

**Interest Rate Risk:** Interest rates are variable, and an increase in these rates could lead to debt taken on by WMCA becoming unserviceable or could prevent WMCA from securing debt in the first instance. WMCA constantly reviews the market in order to identify the best possible value debt and is currently working with its treasury advisors to assess the best time at which to secure the borrowings required to support its Capital Expenditure.

**Inflation Risk:** Inflation could lead to increased costs of both materials and labour required to complete the Capital Expenditure programme. WMCA mitigate this risk by seeking fixed price contracts with delivery partners and ensuring that a prudent view is included in all Capital Expenditure forecasts.

**Legal Risk:** WMCA face the risk that any changes in legislation could necessitate changes to planned Capital projects. WMCA mitigate this risk by ensuring that it remains aware of any proposed changes in legislation and assesses the potential impact of any changes.

Mitigating against all these risks are the knowledge and skills of WMCA staff. All members of the Finance Leadership Team are fully qualified and experienced finance professionals, and on-going training is provided to all Finance staff. Where Finance Leadership Team feel specialist guidance is required, appropriate advice will be taken from external advisers.

## **APPENDIX 10 – 2022/23 MRP Strategy**

### **Annual Minimum Revenue Provision (MRP) Statement 2022/23**

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Levelling Up, Housing and Communities' Guidance on Minimum Revenue Provision (the DLUHC Guidance). In November 2021, DLUHC announced that it would launch a consultation on its MRP guidance, which is due to complete in February 2022. Any changes to the guidance are expected to apply prospectively from April 2023 onwards, and so will not impact WMCA's policy or Budget for 2022/23.

The broad aim of the DLUHC Guidance is to ensure that capital expenditure is financed over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

The DLUHC Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. As such, WMCA will charge MRP as detailed below:

- For capital expenditure incurred before 1st April 2008 MRP will be determined as 2% of the capital financing requirement in respect of that expenditure;
- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate of 2%, starting in the year after the asset becomes operational;
- For capital expenditure loans to third parties WMCA will make nil MRP but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead.

In November 2017, WMCA Board agreed to the release of historic overpayments of MRP by suppressing the MRP charges to zero from April 2017. The policy amendment was undertaken in liaison with WMCA's external auditors (Grant Thornton) and the practice is common across UK Local Authorities.

The total value of the overpayments was calculated at £31.4m and the duration of the 'zero MRP' was expected to be seven years. The value of overpayments released to March 2022 will be £22.0m leaving a balance of £9.4m to be released in subsequent years, of which £4.7m will be released in 2022/23. The outcome of this procedure means that the Transport Levy (i.e. the source of those original overpayments) can be suppressed by a corresponding amount during the seven year period whilst still ensuring that the legacy debt WMCA hold can be repaid in a prudent manner.

It should be noted that as the historic MRP over payments relate to Transport assets delivered prior to April 2017, the release of the overpayment does not apply to schemes developed and delivered after this date and as such, WMCA will continue to make MRP payments against Investment Programme schemes during the current planning cycle.

## **APPENDIX 11 – 2022/23 Pay Policy Statement**

### **Pay Policy Statement**

#### **1. Introduction and Purpose**

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

#### **2. Legislative Framework**

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

### **3. Pay Structure**

- 3.1. The purpose of pay is to encourage staff with the appropriate skills to seek to work for the Authority and then to reward them appropriately for the tasks they undertake in order to maintain their motivation and retain their services.
- 3.2. Based on the application of job evaluation processes, the West Midlands Combined Authority uses the nationally negotiated pay spine as the basis for its local grading structure (known as the main salary scale). This determines the salaries of the majority of the workforce, together with the use of other nationally defined rates where relevant. The West Midlands Combined Authority's terms and conditions of employment for non-Chief Officers will be in accordance with collective agreements negotiated from time to time by the Passenger Transport Forum (PTF) for Passenger Transport Executive Staff set out in the Scheme of Salaries and Conditions of Service (Commonly known as the "Green Book") as amended or supplemented by such local collective agreements reached with trade unions recognised by the West Midlands Combined Authority, currently Unison. The association with the PTF is has been put under notice with the finalisation of the 2021-22 pending pay award. Application has been approved to join National Joint Council (NJC) for Local Government for future pay agreements.
- 3.3. In determining its grading structure and setting remuneration levels for all posts, the West Midlands Combined Authority takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.
- 3.4. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate when a higher skill level and/or experience are applicable. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the West Midlands Combined Authority will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources.

### **4. Market supplements**

- 4.1. The Authority has a policy to offer market supplements in instances where the substantive grade of the post is insufficient to attract or retain post holders in skill shortage areas, based on evidence of recruitment and retention difficulties. The Market supplement has been defined in the form of 2 additional increments added to the main salary scale, or it will consider the use of temporary market forces supplements in accordance with its relevant policies.

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

- 4.1. For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2020\*\*. Salaries quoted are based on the full time equivalent (FTE) of 36.5 hours per week. The table lists the 76 chief officer posts that make up 10.34% of the 735\* people employed by the West Midlands Combined Authority.

\*Refers to the staffing count as at 1<sup>st</sup> January 2022 which includes all permanent, temporary and casual employees  
 \*\* Pay agreement still pending in relation to 2021-22

Title	Grade	Minimum	Maximum
Chief Executive	Chief Executive (1 post)	£175,000.00	£200,500.00

Title - Executive Directors	Grade	Minimum	Maximum
Executive Director - TFWM	Directors (5 posts)	£120,000.00	£140,000.00
Director of Housing and Regeneration		£110,000.00	£135,000.00
Director of Public Service Reform			
Director of Skills & Productivity			
Finance Director			

Title - Operational Directors	Grade	Minimum	Maximum
Director of Customer Experience	Operational Directors (8 posts)	£80,000.00	£120,000.00
Director of Development and Delivery			
Director of Integrated Transport Service			
Director of Network Resilience			
Director of Policy Strategy & Innovation			
Executive Director. WMRE			
Commercial and Investment Director			
WMM Projects Director			

Title - SLT Direct Report	Grade	Minimum	Maximum
Head of Mayoral Policy and Delivery CWG Technical Director Director- Energy Capital Head of Financial Planning Head of Implementation: PSR and Prevention Head of the Chief Executive's Office Strategic Head of Digital and Data Cycling and Walking Commissioner Head of Employment and Skills Delivery	SLT Direct Report (9 posts)	£80,000.00	£110,000.00

Title - Head of Service	Grade	Minimum	Maximum
Financial Controller Head of Bus Head of Business Development and Partner Head of Business Planning and Performance Head of Business Transformation Head of Continuous Improvement and Change Head of Customer Experience Head of Cycling and Walking Head of Economy and Local Industrial Strategy Head of Finance Business Partnering Head of HR Head of Mayoral Operations Head of Network Transformation Head of Operational Assets Head of Policy & Housing and Regeneration Head of Policy. Programme Development Head of Procurement Head of Programme Assurance and Appraisal Head of Rail Delivery Head of Rail Development Head of Rail Development and Integration WMRE Head of Rail Programme Head of Road Network Management & Traffic Head of Safety. Security and Emergency. Plan Head of Skills Development Head of Skills Insight Head of Skills Recovery Head of Sprint Head of Sprint Delivery Head of Strategic Assets Head of Strategic Comms	Head of Service (42 posts)	£60,000.00	£85,000.00

Head of Strategic Facilities Management			
Head of Structuring - Investment			
Head of Swift			
Head of Transport Implementation			
Head of Transport Innovation			
Head of Transport Strategy and Planning			
Head of Wellbeing and Prevention			
Head/Manager of Demand Management			
Key Route Network Manager			
Senior Implementation Manager			
Senior Investment Portfolio Manager			

Title - SME (Subject Matter Expert)	Grade	Minimum	Maximum
CWG Head of Spectator Transport			
CWG Senior Program Manager			
Head of Environment			
Head of ICT Delivery			
Head of Park & Ride			
Programme Sponsor	SME (Subject Matter Expert) (11 posts)	£60,000.00	£85,000.00
Programme Sponsor. WMRE			
Senior Development Manager			
Senior Development Manager			
Senior Implementation Manager (OPE)			
Strategic Lead Transport Intelligence			

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

## 5. Recruitment of Chief Officer Related Posts

- 1.1. The West Midlands Combined Authority's policy and procedures with regard to recruitment of chief officer related posts is set out within the Constitution which can be accessed [click here](#). The West Midlands Combined Authority shall appoint seven separate Members from the Constituent Councils, the Mayor and any other additional person as required, as members of the Employment Committee. When recruiting to all posts the West Midlands Combined Authority will take full and proper account of its own policies and procedures. The determination of the remuneration to be offered to any newly appointed chief officer related

position will be in accordance with the pay structure and relevant policies in place at the time of recruitment. The agreement of pay and conditions for the Chief Executive and Chief Officers are in accordance with the Joint Negotiating Committee for Chief Officers of Local Authorities'. Where the West Midlands Combined Authority is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.

- 1.2. Where the West Midlands Combined Authority remains unable to recruit to chief officer related posts under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer related post, the Authority will, where necessary, consider engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the West Midlands Combined Authority is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The temporary filling of a vacancy for a post of Chief Officer or Deputy Chief Officer will be reviewed after a period of no more than 12 months.

## **2. Additions to Salary of Chief Officer Related Posts**

- 2.1. The West Midlands Combined Authority does not normally apply any bonuses or performance related pay to its chief officer related posts. Chief Officers are currently employed on a fixed salary with no incremental scale. Where additional responsibility is undertaken, the Authority may apply an honorarium reflective of the additional duties undertaken.

## **3. Payments on Termination**

- 3.1. The West Midlands Combined Authority's approach to discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).
- 3.2. The circumstances of each individual redundancy case will be assessed, each specific case will be judged equally and fairly on its own merits.

For redundancy payment purposes the following applies to all post holders:

- All continuous service with local authority and other bodies specified by *The Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order*, as amended, counts towards the entitlement to and calculation of a payment. Any service already taken into account by a Scheme employer in calculating compensation under these or similar Regulations will be excluded.
- No employee may receive a redundancy payment in a sum greater than their current annual salary as at the date of redundancy. (This excludes any payment for pay in lieu of notice).
- Statutory or enhanced redundancy pay will be paid to those with over 2 years continuous employment. Payment for each week's pay will be calculated on the number of statutory weeks, based on an employee's age and length of employment. Length of service is capped at 20 years.
- A week's pay for the calculation of the enhanced redundancy payment shall be the actual amount of a week's pay based on the annual salary as at the date of redundancy. To calculate the enhanced redundancy payment this shall be multiplied by a factor of 1.75.

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

## **2. Publication**

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

## **3. Lowest Paid Employees**

- 3.1. The West Midlands Combined Authority has adopted the principle to pay the UK Real Living Wage. The lowest paid persons employed under a contract of employment with the West Midlands Combined Authority are employed in accordance with the minimum spinal column point currently in use within the Authority's grading structure. As at 1st April 2020\* this is £19,942 per annum and is 7 points higher than the main pay spine minimum and 3 points higher than the UK Real Living Wage minimum in the spinal column. West Midlands Combined Authority have obtained living wage foundation accreditation. Any changes to the Real Living Wage hourly rate will be implemented from the 1<sup>st</sup> April each year.  
*\*Pay agreement still pending in relation to 2021-22*
- 3.2. The West Midlands Combined Authority employs Apprentices who are not included within the definition of 'lowest paid employees' as the terms and conditions are determined by the National Apprenticeship Service. The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.
- 3.3. The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that "it would not

be fair or wise for the Government to impose a single maximum pay multiple across the public sector". The West Midlands Combined Authority accepts the view that the relationship to median earnings is a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

- 3.4. The current pay levels within the West Midlands Combined Authority define the multiple between the lowest paid employee and the Chief Executive as 1:9.53 and; between the lowest paid and average chief officer as 1:3.96. The Authority's multiplier falls well below Lord Hutton's public sector threshold.
- 3.5. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the West Midlands Combined Authority will use available benchmark information as appropriate.

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

- 4.1. West Midlands Combined Authority would not normally re-employ or re-engage chief officers who were previously employed by the Authority and who on ceasing to be employed, received severance or redundancy payment. This applies to chief officers employed on permanent, temporary and external contracts.

#### **5. Accountability and Decision Making**

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

\*Pay agreement still pending in relation to 2021-22

**West Midlands Combined Authority - SALARY SCALES**  
**INCREASED WITH EFFECT FROM 1 APRIL 2020**

<b>SALARY POINT</b>	<b>NEW BASIC SALARY PER ANNUM W.E.F 1.4.20</b>
9	17,050
10	17,477
11	17,962
12	18,026
13	18,135
14	18,744
15	19,328
16	19,942
17	20,705
18	21,392
19	22,104
20	22,668
21	23,578
22	24,515
23	25,504
24	26,521
25	27,579
26	28,686
27	29,829
28	31,021
29	32,268
30	33,555
31	34,899
32	35,945
33	37,024
34	38,129
35	39,278
36	40,461
37	41,671
38	42,919

SALARY POINT	NEW BASIC SALARY PER ANNUM W.E.F 1.4.20
39	44,209
40	45,536
41	46,900
42	48,308
43	49,757
44	51,251
45	52,792
46	54,371
47	56,008
48	57,687
49	59,411
50	61,194
51	63,029
52	64,921



## WMCA Board

<b>Date</b>	11 February 2022
<b>Report title</b>	WMCA Air Quality Options Paper
<b>Portfolio Lead</b>	Councillor Ian Courts - Environment, Energy & HS2
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a>
<b>Accountable Employee</b>	Ed Cox, Director of Inclusive Growth & Public Service Reform email: <a href="mailto:ed.cox@wmca.org.uk">ed.cox@wmca.org.uk</a>  Jacqueline Homan, Head of Environment email: <a href="mailto:jacqueline.homan@wmca.org.uk">jacqueline.homan@wmca.org.uk</a>

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

#### The WMCA Board is recommended to:

- (1) Note the reports and growing importance of particulate matter in addressing air quality.
- (2) Note the relationship between local authorities and combined authorities established by the Environment Act (2021).
- (3) Consider a new and more proactive collaborative working arrangement with local authorities developing air quality plans within a wider West Midlands Air Quality Framework which clarifies roles for different parties and identifies a number of shared working practices.

## 1. Purpose

- 1.1 To outline two different approaches that are likely to be available to the WMCA and its constituent local authorities to improve air quality across the West Midlands Combined Authority area. This is particularly important given the recent Environment Act (2021) and the anticipated additional targets on addressing particulates, a review of limits of different pollutants and a new approach to developing partnerships for delivering improved air quality.

## 2. Background

### *Existing activity*

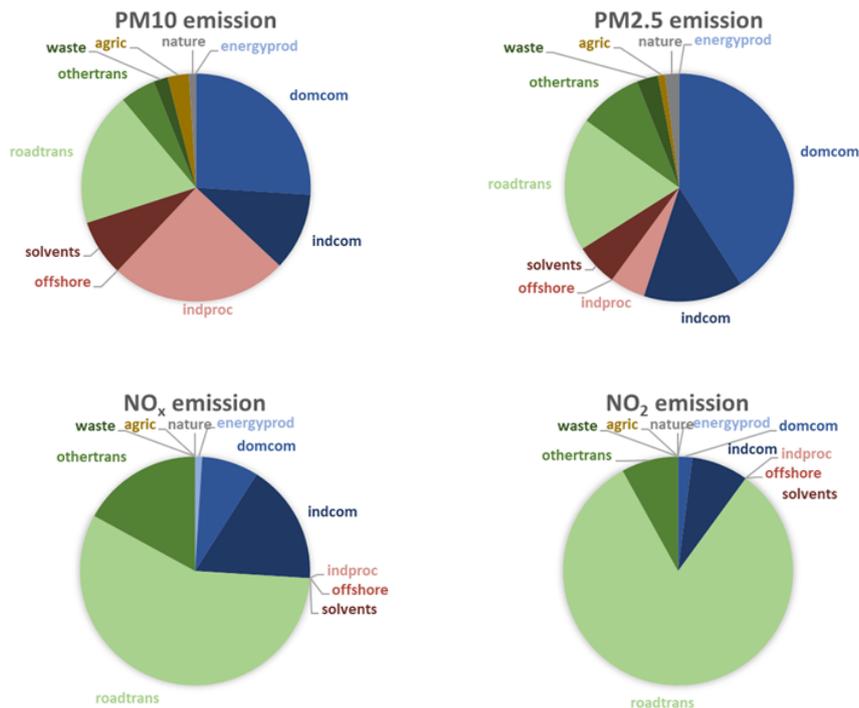
- 2.1 The West Midlands is faced with air pollution from a number of different sources, the main sources being NO<sub>x</sub> and NO<sub>2</sub> (predominantly generated through emissions from transport) and particulates (PM<sub>2.5</sub> and PM<sub>10</sub>). More information can be found on these pollutants, and how they behave, in the appendix to this paper. To date, NO<sub>x</sub> and NO<sub>2</sub> emissions have largely been addressed through Local Air Quality Action Plans (which Defra has required from all the WMCA constituent local authorities, with the exception of Solihull, which has its own air quality strategy). Transport for West Midlands (TfWM) has also been addressing NO<sub>x</sub> and NO<sub>2</sub> through the Local Transport Plan.
- 2.2 In 2019, a draft *West Midlands Combined Authority Regional Air Quality Review and Action Plan* was prepared by AECOM. This provided a useful reference point for air quality improvements across the West Midlands and was used to develop 10 priority areas for action in transport. TfWM regularly updates the WMCA Transport Delivery Committee Member Engagement Group (MEG) for Air Quality, Congestion and Environmental Impact on the progress around these actions.
- 2.3 In addition to regional work, the Air Quality Options Paper (Appendix 1), outlines some of the work that has already been delivered across the region, including the activity that constituent local authorities are taking through their own air quality action plans. Some examples of action being delivered locally:
  - Birmingham has now implemented its Clean Air Zone. The local authority also has a map showing live air quality data in real time at certain locations across the city.
  - Solihull has implemented a School Streets programme to tackle traffic congestion outside schools as well as supporting green corridors to promote active travel through the Wildlife Ways project.
  - Sandwell has developed supplementary planning guidance to assist developers e.g. recommending electric vehicle charging points and low emission boilers. Sandwell is also regulating a large number of industrial activities within the borough and has recently been successful in securing a Defra grant to work with faith groups to improve air quality via behavioural change.
  - Dudley is providing information for residents and businesses to support air quality improvements, including information on transport, planning and a section for schools and children called 'Kids and air quality information'.
  - Wolverhampton has an action plan which includes 23 interventions aimed to improve air quality – the plan is currently being revised. The council's website also points to government guidance around smoke control and solid fuel burning.

- Walsall has an air quality action plan and, through its council website, points residents to further sources of information on air quality. There is also material on engagement in specific parts of the local authority area where industry is resulting in higher emissions.
- Coventry is tackling air quality through a range of measures, including active travel and support for electrification. There have also been trials in the city around new types of air quality monitor (AQ Mesh monitors) as well as a £2m 'early measures' programme (funded by Defra) looking at infrastructure and behaviour change to improve air quality.

- 2.4 It is important to recognise that other regional stakeholders are also developing plans on what they can do to improve air quality, for example University Hospital Birmingham has included air quality as part of its wider sustainability strategy.
- 2.5 To date, the focus on addressing air quality in the West Midlands (by both the WMCA and constituent local authorities) has been in lowering NO<sub>x</sub> and NO<sub>2</sub> emissions; the predominant sources of these are from transport. This is likely to change with the new targets that will be set through the Environment Act (2021), which sets out the government's framework for environmental legislation post-Brexit.

### ***A new focus on particulate matter***

- 2.6 In addition to NO<sub>x</sub> and NO<sub>2</sub>, the Act increases the focus on air pollution caused by particulates, particularly PM<sub>2.5</sub>, and requires the Secretary of State to establish a long term (minimum 15 years) target in respect of air quality and a target for annual mean PM<sub>2.5</sub> concentrations. These targets will be legally binding and the Act says that they '*must be laid before Parliament on or before 31 October 2022*'. If the annual mean PM<sub>2.5</sub> target was set at the 2005 WHO guideline level (10 µg m<sup>-3</sup>), as is the case in Scotland, 72 of the 192 wards within the WMCA would be in exceedance of this target (2019 data). Similar exceedances would be observed in other urban areas in England. Whatever is finally agreed, it would seem there will be an extended period of further consultation on PM<sub>2.5</sub> limits.
- 2.7 The additional targets on particulates will require a broader approach to addressing air pollution. This approach will still require a focus on transport but will also need to address domestic and industrial combustion as well. As NO<sub>x</sub> and NO<sub>2</sub> are primarily emitted from petrol and diesel vehicles, the electrification of the fleet to meet net zero targets is likely to lead to a significant reduction in the emission of these species over the next decade. Particulates are emitted from a broader range of sources including non-tail pipe emissions from vehicles (e.g. tyre and break wear), domestic and industrial combustion sources and therefore changes to the vehicle fleet will have a smaller impact on emissions.
- 2.8 The pie charts below illustrate the sources of directly emitted of particulates, NO<sub>x</sub> and NO<sub>2</sub> in the West Midlands region. As well as direct emission from these sources, particulates may also be formed in the atmosphere.



2.9 The different pollutants need different interventions at different scales (addressed in subsequent paragraphs).

### **Potential interventions**

2.10 Addressing air quality, particularly with anticipated changes coming as a result of the Environment Act (2021), requires a range of different interventions. These will mostly continue to be the responsibility of local authorities in the region, particularly because of the requirement for Air Quality Action Plans (in all the constituent authorities except Solihull). A number of them are already in place, as outlined in Paragraph 2.3.

2.11 This report has evaluated potential interventions from a number of sources:

- Public Health England's *Improving outdoor air quality and health: review of interventions*. Most of the interventions identified are taken from this source.
- WM-Air. The University of Birmingham's WM-Air project has identified additional interventions through research and regional knowledge developed as part of this programme.
- Discussions with local authority air quality and transport officers, as well as colleagues in Transport for West Midlands.

2.12 In total, there are 122 interventions identified through these sources (outlined in more detail in the Appendix to this paper) that are relevant to the West Midlands context, even though there are none that require a 'regional only' approach. The interventions can be broadly split into:

## 2.13 Technology/ infrastructure solutions

- **Vehicles and fuel:** there are 51 potential measures highlighted. Our analysis suggests that 6 of these currently lie within local authority responsibility, especially with regard to enforcement and licensing. Some of the measures identified would also need national delivery (e.g. national road pricing). There are 19 measures where there is potential for a joint local/regional approach, including information campaigns, developing infrastructure for electric vehicles and uptake of low/ zero carbon forms of transport. From a regional perspective, the new Local Transport Plan may provide the main route for alignment.
- **Industry:** there are 21 measures identified, 7 of which require national action and 1 requires local delivery (on locating biomass heat generation). The remainder provide an opportunity for a collaborative approach across national, regional and local geographies. It is important to note that solutions in this area are challenging, but also an opportunity for innovation.
- **Domestic emissions:** there are 5 measures identified, largely in relation to emissions around solid fuel burning. Some authorities have already included this as part of their work on air quality, but there may be potential for increased impact with regional coordination and messaging.
- **Indoor air quality:** this remains a new area of work, but will be increasingly important to tackle alongside new build low/zero carbon homes and retrofit being delivered by local authorities and also through regional programmes. There are 4 measures identified.

## 2.12 Enabling solutions

- **Spatial planning:** there are 13 actions related to planning, which mostly can only be delivered by local authorities given existing powers (there are some measures, for example tree planting, where other organisations can also play a role).
- **Behaviour change:** there are 13 actions identified. These could be carried out independently by local authorities but might benefit from a collaborative approach across the region – for example having one message around burning solid fuels in a domestic setting rather than 7 separate campaigns.
- **Data and innovation:** this is an important part of the programme – understanding how far existing interventions are going to improve air quality; the impact of new interventions and the co-benefits of interventions that address both carbon and air pollution will be important in guiding investment decisions. There are 6 interventions identified which have the potential to benefit from a collaborative approach.
- **Policy and coordination:** there are 9 possible interventions, all of which could potentially benefit from a collective approach. The aim of collaborating in these areas is to benefit from a joined-up voice to national government and a consistent regional message around priorities and actions.

- 2.15 With regard to the cost/impact of different interventions, further consideration needs to be made as to which spatial scale is best placed to drive policy and activity, especially for those interventions where activity could be carried out both locally or regionally.

## ***Options for delivery***

- 2.16 The Environment Act also makes new provisions around responsibilities for tackling air quality. It requires local authorities and other relevant public bodies to work closely together when developing air quality action plans through the ability to designate 'air quality partners'. Whilst the onus will remain on local authorities to continue to produce Air Quality Plans, there will be the opportunity for them to require air quality partners to co-operate with the development of action plans, and to take proportionate action to improve air quality where necessary. There is an expectation in the Act that combined and local authorities will support each other in the delivery of plans and air quality interventions.
- 2.17 There are particular areas where a regional approach to air quality might be of benefit, always bearing in mind that there will be interventions that are most appropriately delivered at a local level based on powers and responsibilities. These include, but are not limited to:
- Co-ordination and consistency around monitoring, as well as economies of scale in procurement of air quality sensors.
  - Ability to address air pollution across boundaries in a more coordinated way (bearing in mind that impacts of particulates are felt further from the source).
  - Single messaging around tackling air quality, for example behaviour change campaigns linked to solid fuel burning.
  - Easier collaboration with potential air quality partners (identified in the Environment Act) through a collective approach.
  - A single voice in lobbying government for powers and resources to improve regional air quality.
- 2.18 This would build on the collaboration already taking place as part of delivering the Local Transport Plan.
- 2.19 Based on this, there are two options by way of an overarching approach to air quality:
- a. Retaining existing working arrangements on air quality**
- There is the potential to continue to deliver air quality action using the current working arrangements. In this scenario, local authorities will continue to lead on Air Quality Action Plans, which may need to be updated with new thresholds for particulates which the Environment Act requires the Secretary of State to set. The regional role would be delivered through work done as part of the Local Transport Plan, the Regional Energy Strategy, the Five Year Plan for Net Zero and the regional Natural Environment Plan, as is currently the case. The governance to deliver the joint approach would remain as it currently is, with the addition of new considerations around particulates as they relate to transport. The Environment Act allows local authorities to require certain actions of the combined authority as a designated 'air quality partner' on an ad hoc basis.

**b. A more collaborative approach to air quality**

The Environment Act makes provision for local authorities to seek the support of other air quality partners, including the combined authority, to address their concerns, not least where pollutants move across local boundaries and collaborative interventions might be required. To support this, it is essential to clarify respective roles and responsibilities, agree to a set of shared working practices, and confirm those interventions where a regional approach can be collectively agreed. In simple terms, Local Air Quality Action Plans could be complemented by a regional West Midlands Air Quality Framework that would sit alongside the Local Transport Plan.

- 2.20 If combined authority partners demonstrated a preference for Option 2 and a more collaborative approach, then further work would need to be undertaken to develop a coherent regional air quality framework with a more detailed cost/benefit analysis of key interventions as applied at different spatial scales and further clarification of the respective roles of local, regional and national air quality partners. It is proposed that this work would be undertaken by a Shadow Regional Air Quality Advisory Group (convened by WMCA but with local authorities taking the lead), which would be in addition to existing governance arrangements around transport. This group would feed into TfWM governance but would also report to the WMCA Environment and Energy Board and would bring formal proposals for a regional air quality framework and governance to a meeting of the WMCA Board in the next 12 months.

**3. Financial Implications**

- 3.1 There are no immediate financial implications from this paper.
- 3.2 If the WMCA Board demonstrated a preference for a new collaborative approach to air quality as outlined above in 2.15b, then work would need to be undertaken to develop a Regional Air Quality Framework with a detailed cost/benefit analysis of key interventions and further clarification of the respective roles of local, regional and national air quality partners. This initial work could be funded from existing WMCA resources.
- 3.3 The formal proposals for a Regional Air Quality Framework and governance could then be brought back to the WMCA Board in the next 12 months for further consideration. This would also include the financial asks associated with delivering the framework and the funding source.

**4. Legal Implications**

- 4.1 None from this paper.

**5. Equalities Implications**

- 5.1 Having clean air to breathe should be enjoyed by all communities across the West Midlands. The current picture indicates that this is not the case, with many communities suffering from poor air quality that leads to harmful impacts on health and other social and economic outcomes. The aim of a Regional Air Quality Framework would be to complement the work already happening in local authorities to address poor air quality across the region, but to accelerate action in areas that have a regional dimension, especially around particulates.

## **6. Inclusive Growth Implications**

6.1 This report links to a number of the WMCA's eight inclusive growth priorities, which are identified as 'a catalyst for improved and sustained outcomes for people place, co-designed with partners and beneficiaries'. In particular, improving air quality will improve health and well-being through reduction of health inequalities. There are also other elements of the work on inclusive growth where there are clear shared outcomes in terms of improving air quality, particularly:

- climate resilience (many of the initiatives that will be put in place to reach net zero will also have positive outcomes in relation to air quality);
- connected communities (providing a sustainable way for people to access resources and opportunities has the potential to improve air quality); and,
- equality (reducing the numbers of people living in deprivation, which also includes lack of access to clean air – there is a significant correlation between some of the most deprived wards in the West Midlands and the worst air quality).

## **7. Geographical Area of Report's Implications**

7.1 The report concentrates on the seven constituent authorities. Addressing air quality may involve non-constituent authorities as part of delivery. These relationships will be developed on a case-by-case basis.

## **8. Other Implications**

8.1 None.

# Air Quality in the West Midlands: Options Paper

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Page 93



West Midlands  
Combined Authority

## Table of Contents

<b>1.0</b>	<b>Purpose of paper</b> .....	3
<b>2.0</b>	<b>Context setting: existing regulation and policy</b> .....	3
	<i>Local Air Quality Management responsibilities</i> .....	3
	<i>UK: Existing legal responsibilities</i> .....	4
	<i>Future policy: potential implications of the Environment Act</i> .....	5
	<i>The starting point: activity underway in the West Midlands</i> .....	6
	<i>Other regional examples</i> .....	8
<b>3.0</b>	<b>Emerging trends</b> .....	9
	<i>Health impacts of poor air quality</i> .....	9
	<i>Economic and wider environmental impacts of poor air quality</i> .....	11
	<i>Air pollution levels in the West Midlands</i> .....	11
<b>4.0</b>	<b>Implementation measures to improve air quality</b> .....	16
	<i>Transport</i> .....	16
	<i>Industrial and agricultural emissions</i> .....	18
	<i>Domestic emissions</i> .....	20
	<i>Indoor air quality</i> .....	21
	<i>Trans-boundary effects: longer range pollutant transport</i> .....	23
	<i>Land use planning and green infrastructure</i> .....	24
<b>5.0</b>	<b>Potential options for delivery</b> .....	25
	<i>Potential interventions</i> .....	25
	<i>Options for consideration</i> .....	27
	<b>Appendix 1: Glossary</b> .....	28
	<b>Appendix 2: A summary of local authority actions on air quality</b> .....	29
	<b>Appendix 3: Enabling actions for the region</b> .....	32

## 1.0 Purpose of the paper

This paper<sup>1</sup> aims to give an overview of the sources, levels and impacts of air pollution across the West Midlands. It briefly reviews existing work that is taking place to address poor air quality, and provides an indicative summary of additional interventions that might be adopted. The timing of this paper is significant given that the Environment Act has recently received Royal assent, this Act updates national legislation and governance around all aspects relating to the natural environment, including air quality. The Act requires the Secretary of State to set targets for particulates as well as outlining expectations on new ways of working to reduce emissions. The paper concludes with two options for progressing work on air quality across the West Midlands:

1. Retaining existing working arrangements on air quality, supported by the activity undertaken as part of Transport for West Midlands' action on regional transport (as well as other WMCA strategies relating to energy, net zero and the natural environment), with local authorities seeking ad hoc assistance from the combined authority in line with the Environment Act (2021) provisions.
2. Air quality is addressed through a more proactive collaborative working arrangement with local authorities developing air quality plans within a wider West Midlands Air Quality Framework which clarifies roles for different parties and identifies a number of shared working practices.

If the latter is identified as the preferred option, additional work will be undertaken to produce such a framework, identify resourcing implications and bring proposals back to the WMCA Board.

## 2.0 Context setting: existing regulation and policy

There are already a number of different regulatory and advisory limits on air pollutants, as well as suggested policy approaches and measures for tackling poor air quality. The principle of subsidiarity will play a role in deciding the appropriate measure for delivery at the right scale, whether that is community, local authority, region, national government or suggested international limits. This section outlines the different approaches and solutions already in existence or, anticipated following the Environment Act (2021).

### 2.1 Local Air Quality Management responsibilities

The constituent local authorities of the Combined Authority and WMCA have concurrent legal duties to monitor, manage and review air quality under the Environment Act 1995. WMCA gained these concurrent duties through the West Midlands Combined Authority (Functions and Amendments) Order 2017 which was agreed as part of the second devolution deal for the West Midlands. Before the Order, only the constituent authorities had these duties.

Part IV of the Environment Act (1995) sets out these Local Air Quality Management (LAQM) duties. The LAQM process places an obligation on all local authorities to regularly review and assess air quality in their areas, and to determine whether or not the air quality objectives are likely to be achieved. Where an exceedance is considered likely the local authority must declare an Air Quality Management Area (AQMA) and prepare an Air Quality Action Plan (AQAP) setting out the measures it intends to put in place in pursuit of the objectives. Annual Status Reports (ASRs) are then an annual requirement showing the strategies employed by local authorities to improve air quality and any progress that has been made. In the WMCA area, levels are such that all constituent authorities

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<sup>1</sup> The paper uses some technical terms, which are elaborated in Appendix 1: Glossary.

are required to produce an AQAP apart from Solihull (but the local authority has set out its plans in its own air quality strategy).

The intent of conferring the concurrent duties on WMCA as part of the second devolution deal was to support WMCA if it decided to use its existing powers in relation to the creation of a cross-boundary Low Emission Zones and/or Clean Air Zones. In such a situation there would need to be mutual co-operation between WMCA and the constituent authorities before WMCA could discharge relevant functions. In practice, the constituent authorities manage air quality and a need for WMCA to discharge statutory air quality functions has not been identified hitherto, over and above existing WMCA/TfWM actions and measures to support local authorities to improve local air quality.

An important aspect of air quality regulation and actions has been the requirement to reduce nitrogen dioxide levels in accord with the *UK Plan for Tackling Roadside Nitrogen Dioxide Concentrations 2017* and its 2018 supplement. Birmingham City Council was identified as a 'First Wave' authority, mandated to implement a Clean Air Zone. Coventry City Council was identified as a 'Second Wave' authority, whilst Dudley MBC, Sandwell MBC, Solihull MBC and City of Wolverhampton were identified as 'Third Wave' authorities. All seven of these local authorities have taken actions to reduce annual exceedances of NO<sub>2</sub> at locations exceeding the national Air Quality Objective level of an annual average of 40 µg m<sup>-3</sup>.

## **2.2 UK: Existing legal responsibilities**

Current UK (national - devolved) air quality limits and objectives (for outdoor, ambient air) are set in UK and European Union (EU) legislation and directives as follows:

- Objectives and regulations for local air quality management are set out in UK air quality policy
- Mandatory limits on acceptable pollutant concentrations were set in an EU framework and have been transcribed into UK legislation. UK air quality targets have not yet been impacted by the UK leaving the EU.
- The Environment Act commits the government to establishing new targets for England, including at least one target for fine particles in air (PM<sub>2.5</sub>).

In parallel, the World Health Organisation issues non-binding guideline levels of air pollutants for the protection of human health. These are effectively the lowest concentration at which there is clear evidence of a risk to health. The WHO guideline levels, previously dating to 2005, were updated in 2021, including interim targets intended to guide reduction. These guideline levels are exceeded in most urban areas in the UK.

In 2020, Southwark Coroner's Court formally recognised poor air quality as making a material contribution to the death of a young girl in London, with this formally recorded on her death certificate, the first such determination worldwide. Although the finding has no binding impact, instances such as this could increase pressure for achievement of legal targets, and wider awareness measures.

**Table 1: Selected current Air Quality Objectives for England, and WHO 2005 and updated 2021 guideline levels**

Pollutant	Averaging Time	Air Quality Objectives (England – Current legally binding limits)	WHO Guidelines 2005	WHO Guidelines 2021
Fine Particles, PM <sub>2.5</sub>	Annual mean	25	10	5
Nitrogen Dioxide, NO <sub>2</sub>	Annual mean	40	40	10
Ozone, O <sub>3</sub>	Daily max 8h mean	100	100	100

See links for precise target definitions and other pollutant targets. This table is heavily simplified. Concentrations in µgm<sup>-3</sup>

- The Clean Air Strategy (2019) set an ambition to achieve a 50% reduction in the number of people living in locations above the (then) WHO PM<sub>2.5</sub> guideline level of 10 µgm<sup>-3</sup> by 2025.
- Current PM and NO<sub>2</sub> levels across the West Midlands are shown in Figure 2, below.

### 2.3 Future policy: the implications of the Environment Act

The Environment Act, 2021 sets out the government’s framework for environmental legislation post-Brexit. This Bill was included in the Queen’s Speech in May and received Royal Assent in November 2021.

The Act is expected to increase focus on PM<sub>2.5</sub> and, requires the Secretary of State to establish at least one long term (minimum 15 years) target in respect of air quality, and a target for PM<sub>2.5</sub> concentrations expressed as an annual mean. These targets would be legally binding and the Act says that they ‘*must be laid before Parliament on or before 31 October 2022*’. If the annual mean PM<sub>2.5</sub> target were to be set at the (previous) WHO guideline level (10 µg m<sup>-3</sup>), DEFRA modelled average concentrations of PM<sub>2.5</sub> across 72 of the 192 wards within the WMCA would be in exceedance of this target (2019 data). Similar exceedances would be observed in other comparable urban areas in England. It is anticipated that there will also be targets set around NO<sub>2</sub>.

In addition to the changes to targets for specific pollutants, the Environment Act also gives the Secretary of State the power to designate, following consultation, relevant public authorities as ‘Air Quality Partners’ who would also be required to co-operate with the development of action plans, and to take proportionate action to improve air quality where necessary. The onus will remain on local authorities to develop air quality action plans but they will be able to identify air quality partners to co-operate with them. More specifically:

#### **“85A Duty of air quality partners to co-operate**

- (1) For the purposes of this Part, an “air quality partner” of a local authority means a person identified by that authority in accordance with section 82(5)(b) or (c).
- (2) An air quality partner of a local authority must provide the authority with such assistance in connection with the carrying out of any of the authority’s functions under this Part as the authority requests.
- (3) An air quality partner may refuse a request under subsection (2) to the extent it considers the request unreasonable.

**85B Role of air quality partners in relation to action plans**

- (1) Where a local authority in England intends to prepare an action plan it must notify each of its air quality partners that it intends to do so.
- (2) Where an air quality partner of a local authority has been given a notification under subsection (1) it must, before the end of the relevant period, provide the authority with proposals for particular measures the partner will take to contribute to the achievement, and maintenance, of air quality standards and objectives in the area to which the plan relates.
- (3) An air quality partner that provides proposals under subsection (2) must—
  - (a) in those proposals, specify a date for each particular measure by which it will be carried out, and
  - (b) as far as is reasonably practicable, carry out those measures by those dates.
- (4) An action plan prepared by a local authority in England must set out any proposals provided to it by its air quality partners under subsection (2) (including the dates specified by those partners by virtue of subsection (3)(a)).
- (5) The Secretary of State may direct an air quality partner to make further proposals under subsection (2) by a date specified in the direction where the Secretary of State considers the proposals made by the partner under that subsection are insufficient or otherwise inappropriate.
- (6) A direction under subsection (5) may make provision about the extent to which the further proposals are to supplement or replace any other proposals made under subsection (2) by the air quality partner.
- (7) An air quality partner must comply with any direction given to it under this section.”

The Environment Act will also require Councils and other relevant public bodies to work closely together when developing air quality action plans. Specifically:

**86B Role of combined authorities in relation to action plans**

- (1) Where a local authority in the area of a combined authority intends to prepare an action plan it must notify the combined authority.
- (2) Where a combined authority has been given a notification under subsection (1) by a local authority, the combined authority must, before the end of the relevant period, provide the local authority with proposals for particular measures the combined authority will take to contribute to the achievement, and maintenance, of air quality standards and objectives in the area to which the plan relates.
- (3) Where a combined authority provides proposals under subsection (2), the combined authority must—
  - (a) in those proposals, specify a date for each particular measure by which it will be carried out, and
  - (b) as far as is reasonably practicable, carry out those measures by those dates.
- (4) An action plan prepared by a local authority in the area of a combined authority must set out any proposals provided to it under subsection (2) (including the dates specified by virtue of subsection (3)(a)).
- (5) In this section “combined authority” has the meaning it has in Part 6 of the Local Democracy, Economic Development and Construction Act 2009 (see section 120 of that Act).”

**2.4 The starting point: activity underway in the West Midlands**

It is important to recognise that there is already significant work underway in relation to addressing poor air quality across the West Midlands. This has been led through local authorities, and programmes that are part of the regional Local Transport Plan, led by Transport for West Midlands.

### **2.4.1 Local authority air quality plans**

Current air quality policy at a **local authority level** has tended to focus on transport interventions and is driven by the need to meet mandatory concentration limits for pollutants (see Appendix 2 for more detail). As a result, the plans described below prioritise actions related to reducing NO<sub>x</sub> rather than particulates. These include:

- **Birmingham City Council Air Quality Action Plan** (2021 – 2026) includes the implementation of the Clean Air Zone and other mitigation measures as well as exploring the impact of transport and demand reduction. There is also some work on controlling industrial and domestic emissions and behaviour change.
- **Solihull MBC Clean Air Strategy** (2019 – 2024) focuses on a range of different behaviour change and transport interventions, including schools' programmes, electrification of transport, provision of infrastructure for electric vehicles and modal shift. Solihull's plan is different from the other local authorities as the only constituent authority not mandated (by Defra) to produce an Air Quality Action Plan.
- **Sandwell MBC Air Quality Action Plan** (2020 -2025) focuses on a number of transport measures to improve air quality, as well as exploring the role of planning and behaviour change campaigns. It highlights the need for the local authority to lead by example.
- **Coventry City Council Local Air Quality Plan** (approved by government in 2020) is focused on transport and behaviour change around travel, including promoting EVs, decarbonising the public transport network, real-time air quality monitoring linked to dynamic traffic management, improvements to the road network to tackle congestion, construction of segregated cycle routes and initiatives supporting behaviour change and active travel.
- **Walsall MBC's Air Quality Action Plan** (2009) addresses the need to reduce vehicle emissions and traffic, as well as promoting public transport and active travel. It also looks to address both road and rail infrastructure.
- **Dudley MBC Air Quality Plan** (2011) includes the following approaches to tackling air quality: behaviour change, addressing school travel, improvement of public transport, leading by example with the council's fleet and building air quality into planning.
- **Wolverhampton City Council's Air Quality Action Plan** (2006) addresses reduction of emissions from transport, industry and commerce, improving public transport and active travel options as well as reducing emissions and traffic volumes, and infrastructure improvements.

Annual Status Reports (ASRs) provide updates from the local authorities on progress in improving local air quality.

### **2.4.2 Air quality work in the West Midlands**

In 2019, a draft "*West Midlands Combined Authority Regional Air Quality Review and Action Plan*" was prepared by AECOM. This provides a useful reference point for air quality improvements across the West Midlands and was used to inform Transport for West Midlands' (TfWM) air quality work. TfWM regularly updates the WMCA Transport Delivery Committee Member Engagement Group (MEG) for Air Quality, Congestion and Environmental Impact on transport actions currently being undertaken to reduce emissions of NO<sub>2</sub> and other pollutants in the West Midlands. These are based on ten themes:

1. Greater use of public transport, cycling and walking, and home working
2. Cleaner vehicle engines
3. Greener streets

4. Improved air quality at junctions
5. Travel Demand management and smarter choices
6. Research and development to reduce fine particulates
7. Lower freight emissions
8. Co-ordinated funding bids
9. Improved monitoring and research
10. Sharing best practice for planning and transport

These actions have a positive impacts on NO<sub>2</sub> and transport related PM2.5 emission, but do not currently address the wider concerns related to particulates, for example from domestic and industrial combustion. TfWM is currently producing a new West Midlands Local Transport Plan which will have carbon reduction and improved air quality as key themes for West Midlands transport strategy.

### **2.4.3 Air quality and wider environment plans: co-benefits**

In addition to this, the WMCA has now developed clear and ambitious plans to reduce regional carbon emissions and improve the natural environment. These include the region's first five year plan for Net Zero, and a Natural Environment Plan. A regional approach to air quality would sit alongside these plans, which are mostly complementary but may include a consideration of trade-offs in some circumstances:

- Air pollution and climate change are two separate, but closely linked, environmental problems, often sharing similar sources<sup>2</sup>.
- **Greenhouse gases impact the global climate.** These compounds absorb and emit infrared energy from the Earth, warming the planet's surface. Carbon dioxide is the dominant anthropogenic greenhouse gas, and is not harmful to health at everyday levels.
- **Air pollution is impacted by local and regional emissions** of toxic gases and particles. These pollutants have a smaller impact on global climate than carbon dioxide, but directly impact human health.
- Most air pollutants only last a few hours or days in the atmosphere – so local actions reduce local concentrations, and improve local air quality and local health. The **clean air benefit is local to the region.**
- Actions to improve climate can lead to air quality co-benefits (e.g. electric vehicles; active transport) and in some cases tensions/conflicts (e.g. promotion of diesel rather than petrol vehicles).
- By integrating considerations of air quality and climate change, actions and public policies which offer maximum benefit to both health and climate can be prioritised and unexpected negative consequences can be mitigated or avoided.

The work being done by WMCA to reach Net Zero is likely to have significant air quality co-benefits.

### **2.5 Other regional examples**

The Greater London Authority (GLA) and Greater Manchester Combined Authority (GMCA) have both undertaken significant work on air quality:

- Both the GLA and GMCA have prioritised high levels of monitoring, resourcing real-time data provision across the respective regions available to citizens. To tackle domestic air pollution,

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<sup>2</sup> Royal Society: Effects of net-zero policies and climate change on air quality. Royal Society, London, 2021.

the GLA is encouraging the installation of cleaner low-carbon boilers and working to increase awareness of Smoke Control Zones to ensure only the cleanest appliances and fuels are used.

- The GLA has substantially expanded the Ultra-Low Emission Zones in place (eighteen times larger than the existing ULEZ) with stricter polluting compliance. GMCA is launching its GM-wide Clean Air Zone in May 2022 with £120m national government funding to support businesses to upgrade non-compliant vehicles. The zone covers all 10 of the local authorities, but will not charge private cars instead focusing on ‘high-polluting, non-compliant HGVs, buses, taxis, private hire vehicles, light goods vehicles and minibuses’.
- To tackle air pollution on construction sites and with the movement of heavy goods, the GLA has introduced multiple consolidation centres and Non-Road Mobile Machinery Zone Enforcement, which ensures the use of the cleanest construction equipment.
- Both the GLA and GMCA are working on creating versions of Low Emission Neighbourhoods (LENs), which aim to improve infrastructure for walking, cycling and ultra-low emission vehicles at a local level, as well as innovative measures such as School Streets (a School Street is a road outside a school with restrictions on motor traffic at school drop off and pick up times). In Greater Manchester this wider plan is known as the BEE Network, which is receiving funding from national government’s Active Travel Fund, the Transforming Cities Fund and with aspirations to receive further government investment for a total budget of £1.5bn.
- Additionally, both regions are investing heavily in electric vehicle incentives, with infrastructure, such as charging points, being installed rapidly through GLA/GMCA-led measures (in some cases implemented by the constituent local authorities), and financial incentives to invest in cleaner vehicles, including for taxi and private hire vehicles. Public transport is also receiving investment to become cleaner, with hydrogen bus trials in Greater London and bus retrofitting in Greater Manchester having been awarded £14.7m.

### 3.0 Emerging issues and trends

To understand where we need to prioritise interventions, as well as what those interventions might be, it is important to have a clear idea of what the data is telling us about regional air quality and who is impacted. This falls into three broad areas:

#### 3.1 Health impacts of poor air quality

Exposure to poor air quality results in short- and long-term health impacts and is estimated to be responsible for up to 36,000 premature deaths each year across the UK<sup>3</sup>. In the West Midlands Nitrogen dioxide (NO<sub>2</sub>) and particulate matter (PM) are the pollutants with the greatest impact on health. In the short term, exposure to NO<sub>2</sub> can lead to the irritation of airways, worsening the symptoms of those suffering from lung diseases. Epidemiological studies have shown long term NO<sub>2</sub> exposure to be associated with worsening of bronchitis symptoms, reduced lung function, and reduced lung development in children. NO<sub>2</sub> exposure has been associated with increased risk of all-cause mortality even at low exposure levels<sup>4</sup>.

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<sup>3</sup> Royal College of Physicians (RCP). Every breath we take: the lifelong impact of air pollution. Report of a working party. London: RCP, 2016

<sup>4</sup> COMEAP: Associations of long-term average concentrations of nitrogen dioxide with mortality. COMEAP, London, 2018. (<https://www.gov.uk/government/publications/nitrogen-dioxide-effects-on-mortality>)

Particles are classified by their diameter with PM<sub>10</sub> indicating particles with a diameter of 10 µm or below (approx 1/5 the width of a human hair) and PM<sub>2.5</sub> a diameter of 2.5 µm or below. Smaller particles penetrate more deeply into the lungs and may enter the bloodstream, and are associated with greater negative health impacts. The health effects of short- and long-term exposure to fine particles (PM<sub>2.5</sub>) are well documented, including respiratory and cardiovascular morbidity, and increased risk of mortality from cardiovascular and respiratory diseases, and lung cancer. There is emerging evidence of impacts on cognitive function.

The number of deaths attributable to PM<sub>2.5</sub> exposure in the West Midlands can be estimated using standard dose-response coefficients, applied to the proportion of deaths among those aged 30 or over in each of the seven metropolitan boroughs of the West Midlands Combined Authority area<sup>5</sup>. Using 2019 data, 1385 early deaths each year were attributable to long term PM<sub>2.5</sub> exposure across the West Midlands<sup>6</sup>.

### **3.1.1 Impacts of Covid-19**

The March 2020 Covid lockdowns led to a step change in many aspects of societal and economic activity across the West Midlands and more widely. Overall traffic levels in particular fell by over 60%, and road traffic emissions of nitrogen oxides correspondingly fell significantly, while ozone levels rose. After adjustment for weather effects, levels of NO<sub>2</sub> fell by up to 40% during the period to 15 June, compared to pre-lockdown norms<sup>7</sup>. However, levels of PM showed less response (and were impacted by long-range transport effects, driven by the weather). Similar changes were observed for other cities<sup>8</sup>. The air quality response to the Covid lockdowns demonstrated the response of NO<sub>2</sub> to changes in traffic – reflecting transport sector emissions as dominating NO<sub>2</sub> levels across the region – and also that for particulates, a wider range of emission sources, and advection of PM from elsewhere, are important.

A recent (Sept 21) review of published studies of the relationship between Covid and Air Quality<sup>9</sup> has found evidence of a link between long-term exposure to air pollution and increased risk of hospitalisation / worse health outcomes in people infected with COVID-19, and that long-term exposure to air pollution may increase risk of contracting the disease, if exposed to the virus.

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<sup>5</sup> PHE: Review of interventions to improve outdoor air quality and public health, Public Health England, London, 2019

<sup>6</sup> Hodgson J., Zhong J., Bartington S. and Bloss W.: Briefing Note: Updated World Health Organisation (WHO) Air Quality Guidelines & Implications for the West Midlands. WM-Air, Birmingham, 2021. (<https://wm-air.org.uk/wp-content/uploads/2021/09/Updated-WHO-Guidelines-for-Air-Quality-2021-West-Midlands-briefing-note.pdf>)

<sup>7</sup> Bloss W., Shi S., Rooney D., Cowell N. and Song C.: Air quality in the West Midlands: impacts of COVID-19 restrictions, March-May 2020. WM-Air, Birmingham, 2020 (<https://wm-air.org.uk/wp-content/uploads/2020/06/UoB-Briefing-May2020-WM-Air-Quality-Bloss-v2.pdf>)

<sup>8</sup> Shi Z., Song C., Liu B., Lu G., Xu J., Van Vu T., Elliot R.J.R., Li W., Bloss W.J. and Harrison R.M.: Abrupt but smaller than expected changes in surface air quality attributable to COVID-19 lockdowns. *Science Advances*, 7, 2021 (<https://www.science.org/doi/full/10.1126/sciadv.abd6696>)

<sup>9</sup> Walton H., Evangelopoulos D., Kasdagli M., Selley L., Dajnak D. and Katsouyanni K.: Investigating links between air pollution, COVID-19 and lower respiratory infectious diseases. Imperial College London, London, 2021– ([https://www.imperial.ac.uk/media/imperial-college/medicine/sph/environmental-research-group/ReportfinalAPCOVID19\\_v10.pdf](https://www.imperial.ac.uk/media/imperial-college/medicine/sph/environmental-research-group/ReportfinalAPCOVID19_v10.pdf))

### **3.2 Economic and wider environmental impacts of poor air quality**

Poor air quality affects economic development through a range of channels. The best understood of these is the pollution-health-economy channel through which poor air quality can result in a number of economic impacts<sup>10 11</sup>:

- Poor air quality leads to poor human health, which then leads to higher health expenditure.
- Poor air quality leads to deaths (reduced working population) / work absenteeism / reduced physiological and cognitive ability / reduced labour market performance - reduced productivity reducing GDP.
- Poor air quality negatively affects human capital accumulation (e.g., poorer academic performance) reducing individual productivity.

Additionally, poor air quality will negatively affect ecological systems and the quality of Natural Capital, which can be transferred into economic loss. Similarly, poor air quality leads to reduced agricultural yields and will therefore result in reduced GDP. Poor air quality has also been shown to negatively affect decision making. Studies have shown that the decision-making of investors, as well as financial performance (stock market / derivatives) is negatively affected by poor air quality.

Analysis by CBI Economics (2020), commissioned by the Clean Air Fund, showed that reducing NO<sub>2</sub> concentrations across the UK to meet the WHO 2005 guidelines (annual average less than 40 µg m<sup>-3</sup>) would provide £1.6 billion a year benefit to the UK economy. The same study found that a 5µg m<sup>-3</sup> reduction in NO<sub>2</sub> concentrations in Birmingham would result in 216,000 hours worked extra per annum and a £2.7 million benefit to Birmingham's economy each year.

### **3.3 Air pollution levels in the West Midlands**

Real time air pollution monitoring is performed at a limited number of fixed points around the region by Local Authorities and through national DEFRA monitoring stations, operating accredited instruments which meet technical requirements for data quality. These fixed monitors can be supplemented by passive diffusion tubes, which give an average (typically 4-week) estimate of NO<sub>2</sub> levels, but require offline laboratory analysis. Fewer PM<sub>2.5</sub> measurements are available, in part, due to the cost of purchasing reference method monitors. Increasingly, "low cost" sensor networks are supplementing the established approaches in particular areas, but there is no national quality standard or coordinated approach to their use.

Given the limited measurement coverage, air quality levels can also be estimated using computer model simulations. Figure 2 shows model predictions for indicative annual average NO<sub>2</sub> and PM<sub>2.5</sub> concentrations across the region, based upon emissions data from the National Atmospheric Emission Inventory<sup>12</sup>.

Predicted annual mean NO<sub>2</sub> levels range from 12 to over 60 µg m<sup>-3</sup>, with the spatial pattern closely reflecting the road network. Predicted annual mean PM<sub>2.5</sub> levels range from 8 to nearly 20 µg m<sup>-3</sup>,

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<sup>10</sup> Dechezleprêtre A., Rivers N. and Stadler B.: The economic cost of air pollution: Evidence from Europe. OECD, Paris, France, 2019

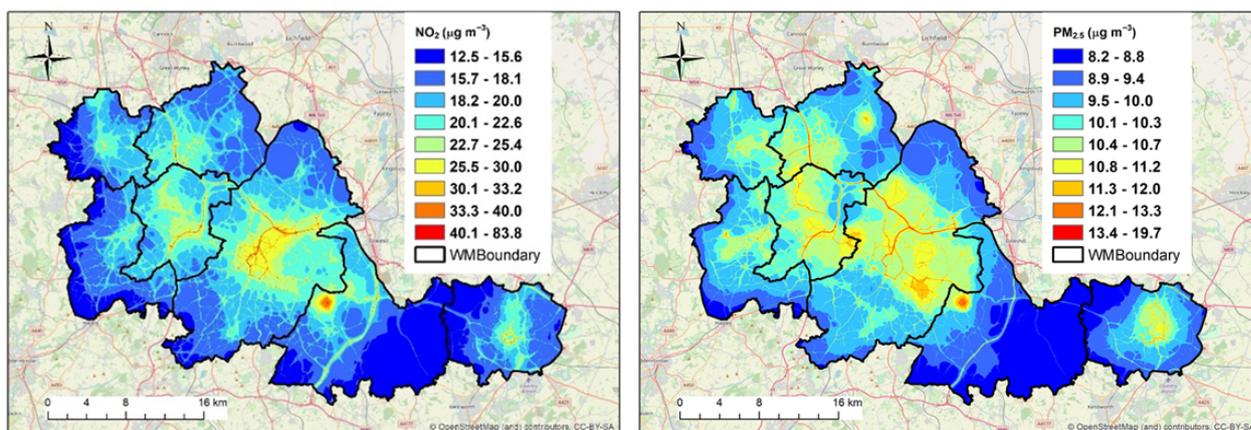
<sup>11</sup> Zivin J.G. and Neidell M.: Air pollution's hidden impacts: Exposure can affect labor productivity and human capital. *Science*, 359 (6371), 39-40, 2018

<sup>12</sup> Zhong J., Hood C., Johnson K., Stocker J., Handley K., Wolstencroft M., Mazzeo A., Cai X. and Bloss W.J.: Using Task Farming to Optimise a Street-Scale Resolution Air Quality Model of the West Midlands (UK). *MDPI*, 12(8), 983, 2021.

with a more diffuse spatial pattern reflecting their wider range of sources and longer atmospheric residence time.

Annual mean NO<sub>2</sub> levels in localised areas exceed the current UK air quality objective (40 µg m<sup>-3</sup>), and such areas are usually the subject of local authority Air Quality Management actions outlined above. Predicted annual mean PM<sub>2.5</sub> levels meet the current UK air quality objective (25 µg m<sup>-3</sup>), but exceed the 10 µg m<sup>-3</sup> ambition set in the national Air Quality Strategy / 2005 WHO guideline in many areas. PM<sub>2.5</sub> levels are higher than the 2021 WHO air quality guideline level across the region.

- The highest annual average PM<sub>2.5</sub> concentrations in the West Midlands are modelled in central Birmingham, Coventry, Sandwell and Walsall.
- DEFRA provide air pollution estimates of pollution concentrations at 1km resolution. When averaged to ward level, these data show annual average PM<sub>2.5</sub> levels in 72 of the 192 wards within the West Midlands exceed 10 µg m<sup>-3</sup>
- 1.2m people or *ca.* 40% of the West Midlands' population live in wards exceeding the 2005 WHO guideline level (10 µg m<sup>-3</sup>).
- The least advantaged areas (highest IMD score) tend to have the worst air quality.



**Figure 2: Predicted annual average concentrations of NO<sub>2</sub> (left) and PM<sub>2.5</sub> (right) in the West Midlands. Drawn from NAEI emission data & WM-Air modelling<sup>13</sup>**

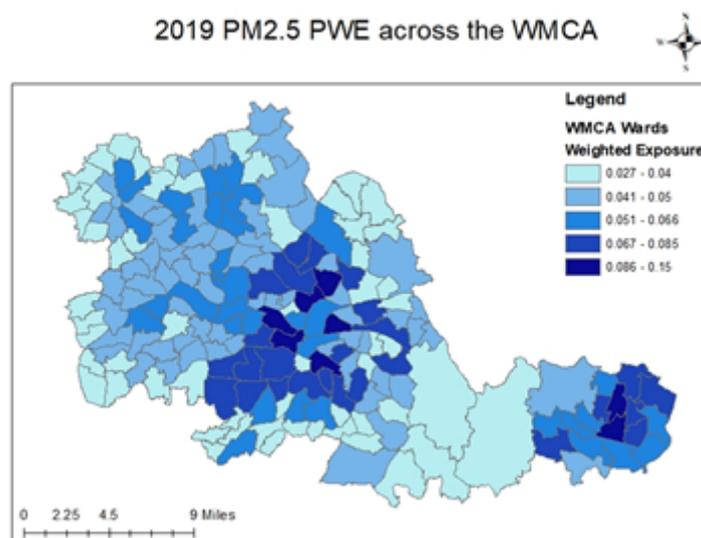
### 3.3.1 Trends in emissions with time

Emissions of nitrogen oxides and urban concentrations of NO<sub>2</sub> have fallen over the past decades, with the implementation of more stringent vehicle emissions standards (EURO classifications) and as newer vehicles penetrate the overall fleet. Electric vehicles (EVs) comprise a small fraction of the current fleet mileage, but their wider future adoption, encouraged through national phase-out measures, will further reduce tailpipe emissions of NO<sub>2</sub>. Power plant emissions may remain, depending upon the electricity source. Vehicle emissions of PM arise from both the exhaust, and non-exhaust sources (notably brakes and tyres). The latter are significant – comprising the larger fraction of primary emitted particles for modern vehicles. Expected reductions in road transport nitrogen oxide emissions will increase the relative importance of and focus upon PM as the key air pollutant for health impacts in future.

<sup>13</sup>Zhong J., Hood C., Johnson K., Stocker J., Handley K., Wolstencroft M., Mazzeo A., Cai X. and Bloss W.J.: Using Task Farming to Optimise a Street-Scale Resolution Air Quality Model of the West Midlands (UK). MDPI, 12(8), 983, 2021.

### 3.3.2 Measuring Progress

Most national air quality objectives take the form of a pollutant threshold concentration, which should not be exceeded. This is conceptually straightforward, and best protect communities exposed to the worst air quality - which also tend to be otherwise disadvantaged - but neglects the clear science that no threshold for health effects has been identified. Population health gains from improvements in air quality below the legal threshold level are not captured (or incentivised). An alternative metric considers *population exposure* – how many individuals are exposed to how much pollution. Reducing population exposure captures gains across the population, and is relevant when assessing chronic and long-term population health impacts. Population exposure can also be used to evidence progress over time – rather than just compliance (or not) with a fixed limit. Figure 3 below shows population weighted exposure (combining ward-level overall population and ward-level average concentrations) for PM<sub>2.5</sub> across the West Midlands.



**Figure 3: Population-weighted exposure to annual mean PM<sub>2.5</sub> level**

A combination of threshold and population exposure metrics may best combine measuring clean air progress across the population, with protection for the communities exposed to the poorest air quality. Adoption of such an approach would be leading, nationally, and position WMCA for the likely format of the targets required by the Environment Act. Such metrics will also allow actions to be prioritised for locations where exposure is greatest, to deliver the greatest health gain, and to reduce regional environmental health inequalities.

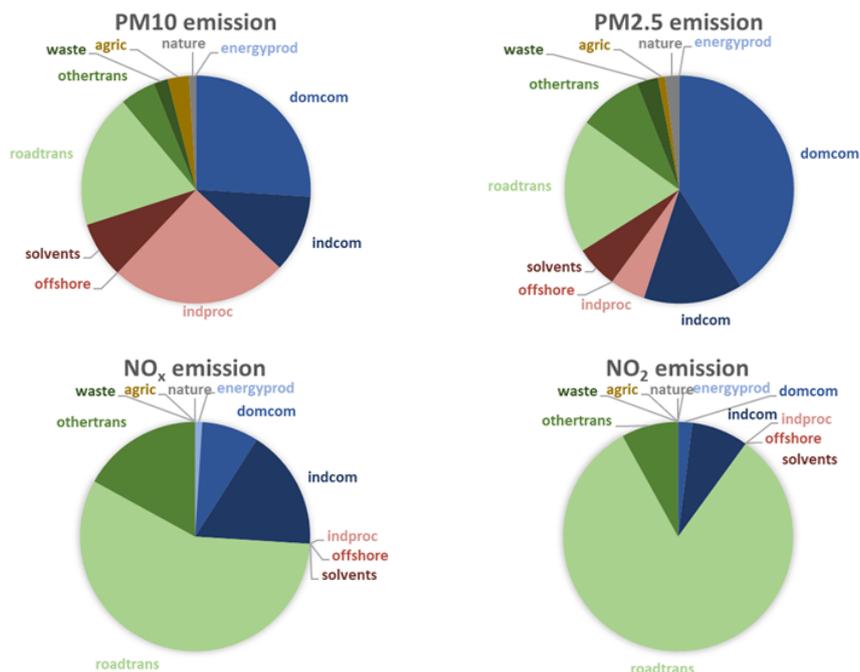
### 3.3.3 Sources of Air Pollutants in the West Midlands

Air pollution sources are categorised as primary – species directly emitted to the air, such as soot particles – and secondary – pollutants which are formed in the atmosphere, from the processing of primary emissions. The policy implication is that levels of primary pollutants typically respond in a straightforward way to control relevant emissions, while the response of secondary pollutants is more complex.

- Nitrogen dioxide is essentially a primary pollutant, emitted directly from or formed following high temperature combustion (notably, road transport).
- PM has both primary and secondary elements. Direct emission sources include biomass (wood) burning, combustion, resuspended dusts and mechanically generated particles; secondary sources include particle formation from the atmospheric processing of NO<sub>2</sub>, SO<sub>2</sub> and VOC gases, and ammonia.

- Ozone gas is a secondary pollutant, formed in the air from the processing of VOCs and NO<sub>x</sub> in the presence of sunlight
- The National Atmospheric Emissions Inventory (NAEI) collates direct emissions of pollutants from different economic sectors across the UK. NAEI-derived emissions for the West Midlands are shown below. These are the *primary* emission components – neglecting secondary PM sources. Some metropolitan regions (e.g. London and Manchester) maintain their own detailed emission inventories.

Figure 4: Direct emissions of pollutants by sector for the West Midlands



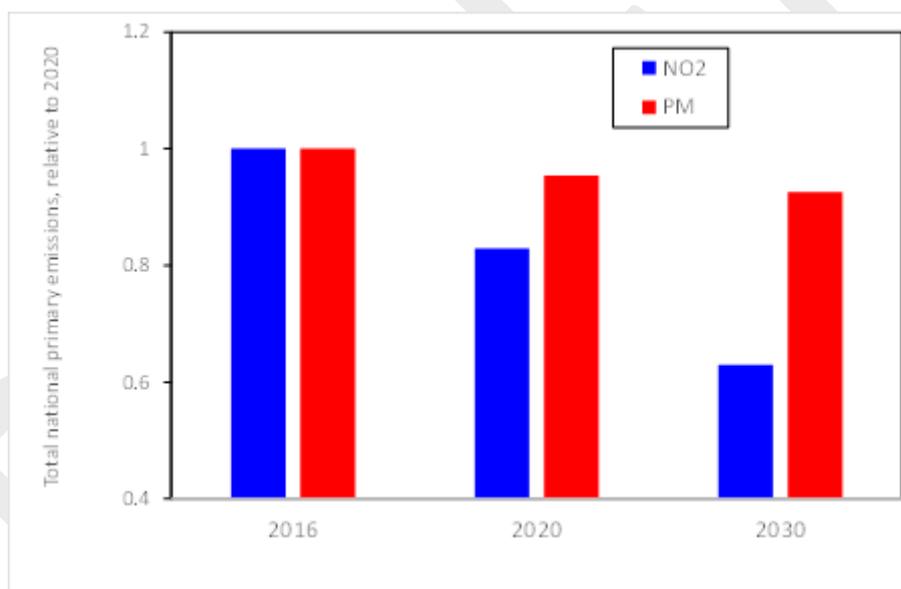
- NO<sub>2</sub> and NO<sub>x</sub> emissions in the West Midlands are dominated by road transport (*roadtrans*). Within this, in typical urban UK environments, emissions are dominated by older diesel vehicles. Data on the split by vehicle type (e.g. car vs HGV vs bus) is available. WM-Air work is assessing the actual, real-world on-road variation in emission with vehicle type and operation.
- Primary PM emissions in the West Midlands have a much wider spread of sources – including commercial and domestic combustion (*domcom*), industrial production (*indproc*) and road transport (*roadtrans*). The largest single source of PM emissions though is commercial and domestic combustion.
- Secondary PM sources are in addition to those shown in Figure 4 above. These include components derived from NO<sub>2</sub> (from e.g. transport and power generation), from SO<sub>2</sub> (from e.g. power generation), from VOCs (from e.g. industrial, commercial and domestic emissions, and from the biosphere) and from NH<sub>3</sub> (e.g. agriculture)
- Air pollutants are dispersed and transported by the wind. Weather conditions can also affect their deposition and removal. Their rate of removal from the air – or lifetime – reflects how important transported pollution can be, relative to local emissions: levels of short-lived species will be dominated by local or regional emissions (e.g. NO<sub>2</sub>); at the opposite extreme levels of very long lived species depend upon emissions globally (e.g. CO<sub>2</sub>).

- PM, with a lifetime of a few days, bridges this divide: PM levels in the West Midlands reflect both local emissions, and transported pollution from elsewhere. See also case studies in sections 4.2 and 4.3, below.
- Pollutant emission is impacted by the weather. In cold periods increased domestic combustion and increased use of cars can increase emission of particulates and NO<sub>2</sub>. High temperature and stagnant air in heatwaves can lead to increased ozone and particulate concentrations.

### 3.3.4 The growing significance of Particulate Matter

The importance of PM<sub>2.5</sub> relative to NO<sub>2</sub> for air quality will increase, as Net Zero policies, emission controls and the transition to electric vehicles lead to reductions in NO<sub>x</sub> emissions.

Future emissions trends are projected through the National Atmospheric Emissions Inventory<sup>14</sup>. The emission trends anticipated in the 2019 Clean Air Strategy, without additional interventions, are shown below (as primary emissions relative to 2016 levels). Secondary formation mechanisms will modify the response of PM levels in air to these emission trends.



**Figure 5: Direct (primary) national total emissions of NO<sub>2</sub> and PM<sub>2.5</sub> for 2016, and projections (without additional interventions) for 2020 and 2030, from the Clean Air Strategy (2019).**

Delivery of Net Zero commitments – particularly relating to power generation, industry and transport – are likely to lead to additional significant reductions in national NO<sub>x</sub> and PM emissions, although this is dependent on the non-fossil-fuel heat and power sources implemented.

The transition to electric vehicles will reduce tailpipe NO<sub>x</sub> emissions (which dominate in the West Midlands), although on a national-scale emissions linked to the power generation requirement may remain.

<sup>14</sup> National Atmospheric Emissions Inventory, available at <https://naei.beis.gov.uk/>

In combination, together with strengthening evidence for the impact of even low concentrations of PM on health, an increased focus on PM is anticipated following the Environment Act – although the effects of NO<sub>2</sub> should not be neglected, as reflected in the tightened WHO guidelines (Table 1).

#### 4.0 Implementation measures to improve air quality

Strategies to address poor air quality can be broadly categorised as “Reduce–Extend–Protect”.

- Reducing the emission of air pollutants is the most effective way to improve air quality (e.g., electric vehicles to reduce NO<sub>2</sub> emissions, eliminating combustion through decarbonisation of industry).
- Extending the distance between pollution source and human receptor gives time for air pollution to disperse, and can reduce exposure (e.g., redirecting traffic, moving walking routes away from main roads). This is usually the second most effective method of reducing exposure.
- Finally protecting vulnerable people by separating them from pollution in places where these vulnerable groups gather and wait, such as in front of hospitals, schools or at bus stops (e.g., green walls). For reducing exposure these “protect” interventions are generally less effective than those that reduce emissions or extend the distance between people and pollutant sources<sup>15</sup>.

Options that could be delivered at a regional level, or combined with local authority activity, are outlined in brief below and are described in more detail in Appendix 3.

#### 4.1 Transport

##### 4.1.1 Road transport

Nationally road transport is the main source of NO<sub>2</sub> and also makes a significant contribution to primary emissions and secondary formation of PM<sub>2.5</sub>. In the West Midlands, road transport accounts for ~80% of NO<sub>2</sub> emissions and ~20% of primary emissions of PM<sub>2.5</sub>. NO<sub>2</sub> is produced during combustion in petrol and diesel vehicles, with per-vehicle emissions typically significantly higher from diesel than petrol vehicles. “Euro” standards are set type approval emissions standards which manufacturers must meet, and have set progressively lower emission limits for NO<sub>2</sub>, particulates and other species from newer vehicles. Over the past decade, Euro standards have not delivered the anticipated improvements in air quality as the on-road emissions of some vehicles have been shown to be significantly higher than those in the standardised emissions test cycles then in force. This led to the diesel emissions scandal and revision of the test cycles, and demonstrates the importance of real world on-road emissions data.

Euro standards are typically used to identify compliant and non-compliant vehicles in clean air zones (CAZ). In the Birmingham CAZ, charges apply to vehicles that do not meet the minimum emissions standards – for example, Euro 6 for diesel cars and Euro 4 for petrol cars.

In addition to exhaust emissions, vehicles emit PM through abrasion of tyres and brakes, road surface wear, and resuspension of road dusts. In modern cars, these non-exhaust emissions of

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<sup>15</sup> Hewitt C.N., Ashworth K. and MacKenzie A.R.: Using green infrastructure to improve urban air quality (GI4AQ). *Ambio*, 49, 62–73, 2020

particulates can exceed direct exhaust emissions<sup>16</sup>. Therefore, while the increasing proportion of electric vehicles (EVs) will in due course reduce tailpipe NO<sub>2</sub> emissions, this will have a smaller impact on PM emissions.

Interventions to reduce the air quality impact of road transport on health can focus on directly reducing emissions, or extending the distance between emission sources and resident populations, therefore reducing exposure. A broad range of interventions have been employed in the West Midlands to address NO<sub>2</sub> emissions. These have been delivered by TfWM and by Local Authorities through air quality action plans and other transport strategies, for example the Birmingham CAZ, new cycle routes, bus fleet upgrades, and school streets initiatives.

Interventions designed to reduce emissions from road transport fall into three broad groups: i. interventions designed to reduced demand for road transport (or more polluting forms of road transport); ii. Interventions designed to reduce emissions from existing vehicles; and, iii. Interventions designed to promote vehicles with low emissions.

Actions designed to reduce demand can be delivered at a local or regional level, and often involve improvement to public and active transport infrastructure. These measures could include:

- new tram and SPRINT Bus Rapid Transit routes;
- new suburban rail stations;
- core bus network improvements, including the All Electric Bus City, which will see Coventry's bus network operated by electric zero emission buses by the end of 2025;
- Very Light Rail (in Coventry), which will see a battery-powered lightweight tram providing mass transit within the city; and
- segregated cycle tracks and other initiatives to improve active travel (e.g. the WM Cycle Hire Scheme).

Increasing physical activity through active travel will deliver public health co-benefits alongside benefits to air quality. Behavioural change interventions at a local or regional level such as the promotion of home working and active travel aim to reduce road transport demand and therefore the emission of pollutants.

Traffic management schemes, such as signalised junction improvements, can be used to reduce emissions from existing vehicles. These actions limit congestion and therefore lead to reduced emissions from vehicles idling, braking and accelerating.

The uptake of low emission vehicles has the potential to deliver large reductions in emissions. Actions such as scrappage schemes and the introduction and expansion of clean air zones encourage a move to more modern, lower emitting vehicles. These have been employed at a local scale in Birmingham and Coventry, where people can trade in their old, polluting, car and in return receive credits worth up to £3k for public transport, bike share and car share, for example. The uptake of electric vehicles can be supported further through the expansion of EV charging infrastructure. Interventions can target private vehicles e.g., priority parking for low emission vehicles and public

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<sup>16</sup> Harrison R.M., Allan J., Carruthers D., Heal M.R., Lewis A.C., Marner B., Murrells T. and Williams A.: Non-exhaust vehicle emissions of particulate matter and VOC from road traffic: A review. *Atmospheric Environment*, 262, 2021

information campaigns; business e.g., vehicle procurement best practise; and public transport e.g., electric buses.

Alongside interventions to reduce emission of pollutants, action can be taken to reduce population exposure. These interventions increase the distance between pollutant sources and people, allowing pollutants to disperse thereby reducing population exposure. These interventions can be employed at a local scale and include city centre lorry bans, freight consolidation centres and ensuring that newer buses are used on routes where the greatest pollution exposure occurs.

#### **4.1.2 Rail and air transport**

Emissions of NO<sub>2</sub> and PM<sub>2.5</sub> from rail and air travel make up a small proportion of total emissions at a national level but can be significant locally.

Emissions from the rail network are driven primarily by diesel trains but also are also produced by freight handling vehicles and road traffic at stations. Interventions to reduce emissions from the rail sector focus on electrification of the rail network and promotion of lower emissions from rolling stock. These interventions are primarily driven by national policy (the DfT's Decarbonising Transport document sets targets in relation to phasing out diesel trains and for electrification of the rail network). Local authorities have less direct influence over rail travel but can support low-emission road transport links and cargo-handling and work with local operators towards other interventions<sup>17</sup>. There also may be scope to work with local operators to reduce exposure at enclosed stations through anti-idling and ventilation measures.

Emissions from airports can be grouped into 4 classes: i. aircraft emissions; ii. aircraft handling emissions; iii. infrastructure- or stationary-related sources; and iv. vehicle traffic sources<sup>18</sup>. There is limited scope to address aircraft emissions at a local level but action can be taken to reduce emissions from aircraft handling and vehicle traffic by supporting provision of EV infrastructure. Ensuring good public transport links and raising public awareness of these travel options may reduce traffic at airports and therefore vehicle emissions.

## **4.2 Industrial and agricultural emissions.**

### **4.2.1 Industrial emissions**

Emissions from industrial sources contribute significantly to regional NO<sub>2</sub> and PM<sub>2.5</sub> emissions. Industry is also a large source of volatile organic compounds (VOCs) which contribute to the formation of ozone the lower atmosphere. In the West Midlands the NAEI *Industrial Combustion* and *Industrial Production* sectors make up 8% of total NO<sub>2</sub> emissions and 19% of primary PM<sub>2.5</sub> emissions<sup>19</sup>.

Interventions designed to reduce emissions from industrial sources can be broadly classed as "policy" (e.g. emissions ceilings and Eco-design and product standards) or "technology" (e.g. diffuse dust abatement) focused. Many of these interventions are controlled by national policy. Under Environmental Permitting Regulations (EPR 2016 & 2018) businesses must use best available

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<sup>17</sup> PHE: Review of interventions to improve outdoor air quality and public health, Public Health England, London, 2019

<sup>18</sup> ICAO: Airport Air Quality Manual. International Civil Aviation Organization, Montréal, 2015

<sup>19</sup> National Atmospheric Emissions Inventory (NAEI), 2019. Available at <http://naei.beis.gov.uk/>

techniques (BAT) to reduce their emissions. These techniques, and the emissions limits associated with the use of such techniques, are set out in best available technique reference documents<sup>20</sup>. The EU Withdrawal Act 2018 maintained the established environmental principles and ensured that existing EU environmental law continued to have effect in UK law, including the Industrial Emissions Directive (IED) and BAT Conclusion Implementing Decision made under it. The UK Government intends to put in place a process for determining the future of BAT for industrial emissions<sup>21</sup>.

While most industrial interventions are dependent on national policy, allowing local flexibility to require stricter controls may help local authorities tackle emissions in problem areas. At a local scale Local Authorities can work with regulators and local operators towards site-specific interventions. For industry, technological interventions include dust abatement and primary and secondary control measures<sup>22</sup>. There may also be opportunity to consider operations of local facility clusters in combination. Actions underway to deliver industrial decarbonisation may lead to significantly reduced NO<sub>x</sub> and PM<sub>2.5</sub> emissions, depending upon the alternative power solution implemented, as industrial combustion is a significant source of these species. However, emissions from biomass heat/power generation facilities have potential to worsen local air quality.

Alongside emissions reductions, there is frequently scope to reduce population exposure at a local level. For example, spatial planning could be used to ensure that new emission sources are placed away from vulnerable populations and interventions such as green infrastructure can be used to extend the distance between pollutant sources and residential populations, thereby increasing diffusion and reducing exposure.

#### **4.2.2 Agricultural emissions**

Ammonia (NH<sub>3</sub>) is an air pollutant whose emissions leads to the formation of secondary particles through reaction with sulfuric and nitric acids. These particles are long lived in the atmosphere and can impact air quality long distances downwind of the emission source, contributing to PM levels. Agriculture is the dominant source of ammonia (NH<sub>3</sub>) emissions in the UK, accounting for 88% of emissions in 2016<sup>23</sup> associated primarily with fertiliser and manure storage and application. Deposition of NH<sub>3</sub> can be a major source of pollution to sensitive ecosystems leading to nitrogen enrichment and acidification of soil and water sources. Recent analysis has shown that for mitigating PM<sub>2.5</sub> pollution controlling NH<sub>3</sub> emission may be more cost effective than further reductions to the emission of nitrogen oxides<sup>24</sup>.

Interventions to reduce NH<sub>3</sub> emissions focus on changes to manure storage, application and fertilizer application changes. Changes to animal husbandry such as livestock housing (e.g. exhaust air scrubbing) and foodstuffs (e.g. changes to cattle diet) can also reduce emissions. These interventions can be driven by changes to national legislation or through local incentives leading to behaviour change.

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<sup>20</sup> DEFRA: Air Pollution in the UK 2020. Department for Environment, Food and Rural Affairs, London, 2021

<sup>21</sup> DEFRA, 2020, available at <https://www.gov.uk/guidance/industrial-emissions-standards-and-best-available-techniques>.

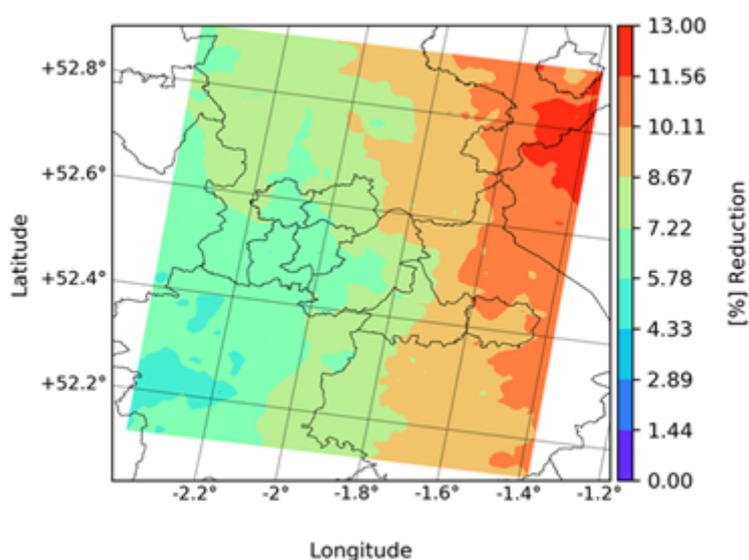
<sup>22</sup> PHE: Review of interventions to improve outdoor air quality and public health, Public Health England, London, 2019

<sup>23</sup> DEFRA: Clean Air Strategy 2019. Department for Environment, Food and Rural Affairs, London, 2019

<sup>24</sup> Gu B., Zhang L., Van Dingenen R., Vieno M., Van Grinsven H.J.M., Zhang X., Zhang S., Chen Y., Wang S., Ren C., Rao S., Holland M., Winiwarter W., Chen D., Xu J., Sutton M.A.: Abating ammonia is more cost-effective than nitrogen oxides for mitigating PM<sub>2.5</sub> air pollution. *Science*, 374, 758–762, 2021.

### Case study

WM-Air have modelled the impact of a hypothetical 30% reduction in NH<sub>3</sub> emissions from agriculture in the West Midlands (only - no change outside the region) for the month of July. NH<sub>3</sub> is primarily emitted from agricultural areas around the periphery of the region, and in the Meriden Gap. Due to the long lifetime of particulates in the atmosphere the impact of a 30% reduction of regional NH<sub>3</sub> emission on particulate concentrations is felt across and outside of the WMCA region, with reductions of ~3-10% in total PM<sub>2.5</sub> concentrations observed. The time taken for particle formation means that the greatest impact of the reduction in NH<sub>3</sub> emission within the West Midlands region is felt down wind of the region (Figure 6). For this specific measure, only a modest change in PM<sub>2.5</sub> within the region is achieved through within-region-only changes in emissions, and wider (national) coordination is needed.



**Figure 6: Effect of reduction in agricultural NH<sub>3</sub> emissions within the West Midlands region only, on PM<sub>2.5</sub> levels across the region.** Within-region-only changes have a limited local impact for this emission source.

### 4.3 Domestic emissions

The National Atmospheric Emissions Inventory (NAEI) groups emissions from combustion in the Commercial, Industrial, Residential and Agriculture sectors collectively as “*domcom*”. Of these sources, domestic combustion associated with residential premises makes the largest contribution to PM<sub>2.5</sub> emissions in urban areas. The UK Clean Air Strategy (2019) states that, based on NAEI data **38% of primary particulate emissions come from burning wood and coal in domestic open fires and solid fuel stoves**. In the West Midlands, the *domcom* sector contributes a small amount to total NO<sub>2</sub> emissions but is responsible for a large proportion of direct (41%) PM<sub>2.5</sub> emissions, primarily through domestic solid fuel combustion. Emissions are generally highest in population centres as these combustion sources are used primarily for home heating, but the impact on PM concentrations is felt across the region. Emissions from domestic combustion are highly seasonal with emissions highest in the winter months when domestic heating is most heavily used.

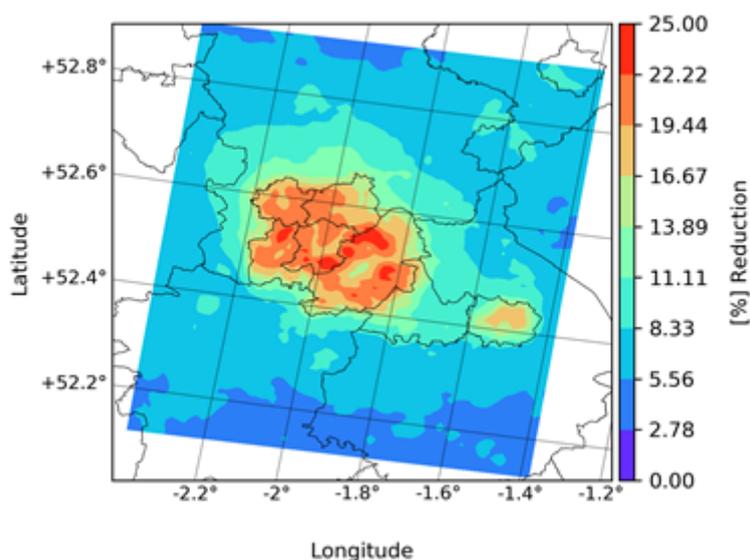
Interventions to reduce emissions from domestic and commercial combustion sources to date have focussed upon behaviour change actions to reduce the use of wood burners and encourage the use

of less polluting fuels, and supplier actions: at a national level, restrictions on the sale of coal, wet wood and manufactured solid fuels for domestic use were introduced in May 2021 (there is no documented evidence of impact as yet). Smoke control areas are in place across much of the West Midlands. In these areas only authorised fuels can be burnt unless they are to be used in an exempt appliance e.g. burners or stoves. The Environment Act amended existing smoke control legislation (Clean Air Act, 1993) to make enforcement of smoke control area restrictions easier.

Energy efficiency retrofit and heating retrofit targets as part of the WM2041 Net Zero actions are likely to lead to a significant reduction in emissions from domestic combustion for properties adapted, through reduced heating demand and provision of alternative heating sources.

### **Case study**

The impact of a hypothetical reduction of 85% of wood burning-related emissions within the West Midlands region (only) has been modelled by WM-Air for January. Reducing wood burning emissions has the greatest impact in winter when usage peaks. The simulations show that the reduction in PM<sub>2.5</sub> emission from wood burning leads to a 17 – 25% reduction in total PM<sub>2.5</sub> concentrations across much of the region (Figure 7). For this specific measure, a significant reduction in PM<sub>2.5</sub> within the region is achieved through within-region-only changes in emissions.



**Figure 7: Effect of reduction in wood-burning emissions within the West Midlands region only, on PM<sub>2.5</sub> levels across the region.** Within-region-only changes have a significant impact for this emission source.

### **4.4 Indoor Air Quality**

The majority of the population typically spend most of their time indoors, at home, at places of work or study, or commuting. The air quality in these environments is therefore important as individuals have greater exposure to indoor air than to outdoor air. Air from outdoors enters buildings through, doors, windows and mechanical ventilation, and outdoor (ambient) air pollution is a key driver for indoor air quality – inflow of outside air may improve or worsen indoor air quality depending on the ambient pollution level and sources indoors. Other factors impacting indoor air quality include

temperature and humidity. Humid environments can lead to the growth of microbes such as moulds which can then emit spores, cells, fragments and volatile organic compounds into indoor air<sup>25</sup>.

Particulate matter, NO<sub>2</sub>, ozone and VOCs are all emitted into the indoor environment. The principal sources of particulate matter in the indoor environment are cooking and combustion sources (e.g. smoking, wood burning stoves). Particles may also be formed in the atmosphere by the oxidation of VOCs in the air. NO<sub>2</sub> is produced directly through the combustion of fuels, for example by gas appliances. Ozone is produced by some electrical appliances and can cause increase hospital admissions and increase mortality<sup>26</sup>.

Concentrations of VOCs are often higher indoors than outside. These compounds are emitted from a broad range of sources including furnishings, cleaning products and personal consumer products. The toxicity of these compounds varies by chemical species, with effects including irritation of the eyes and respiratory tract, allergies and asthma, central nervous system symptoms, liver and kidney damage, as well as cancer risks<sup>27</sup>.

Other pollutants in indoor air can include radon, carbon monoxide (CO) and carbon dioxide (CO<sub>2</sub>). In some areas radon gas emitted from the decay of small amounts of naturally occurring uranium in rocks and soils. The UK National Radon Action Plan sets out how radon exposure is assessed and managed in the UK<sup>28</sup>. Carbon monoxide is formed through incomplete combustion, and can lead to unconsciousness and death at very high levels<sup>29</sup>. In homes, CO issues are usually caused by incorrectly installed or poorly maintained gas heaters and cookers, which should be regularly serviced and CO alarms fitted. In poorly ventilated environments emission of carbon dioxide from respiration and combustion (e.g. gas cookers) can cause concentrations to become elevated. CO<sub>2</sub> is not usually considered a pollutant harmful to human health, but does provide a marker for ventilation – for example, in the management of viral infection risk.

National air quality guidelines focus on outdoor air quality where human exposure occurs, and there are no legal guidelines for domestic indoor air quality. In the workplace employers have a duty of care to their employees and permissible air pollution levels are covered by Health and Safety at Work legislation (Workplace Exposure Limits, which set permitted levels over 8 hour and 15 minutes periods which are typically significantly higher than the (ambient) air quality objectives listed in Table 1).

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<sup>25</sup> NICE: Indoor air quality at home, NICE, London, 2020. Available at

<https://www.nice.org.uk/guidance/ng149/resources/indoor-air-quality-at-home-pdf-66141788215237>

<sup>26</sup> COMEAP : Quantification of mortality and hospital admissions associated with ground-level ozone. COMEAP, London, 2015 – (<https://www.gov.uk/government/publications/comeap-quantification-of-mortality-and-hospital-admissions-associated-with-ground-level-ozone>); IAQM: Indoor Air Quality Guidance: Assessment, Monitoring, Modelling and Mitigation. IQAM, London, 2021 – ([https://iaqm.co.uk/wp-content/uploads/2013/02/iaqm\\_indoorairquality.pdf](https://iaqm.co.uk/wp-content/uploads/2013/02/iaqm_indoorairquality.pdf))

<sup>27</sup> PHE: Review of interventions to improve outdoor air quality and public health, Public Health England, London, 2019

<sup>28</sup> PHE: UK national radon action plan. PHE, London, 2018 – ([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/766090/UK\\_National\\_Radon\\_Action\\_Plan.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766090/UK_National_Radon_Action_Plan.pdf))

<sup>29</sup> IAQM: Indoor Air Quality Guidance: Assessment, Monitoring, Modelling and Mitigation. IQAM, London, 2021 ([https://iaqm.co.uk/wp-content/uploads/2013/02/iaqm\\_indoorairquality.pdf](https://iaqm.co.uk/wp-content/uploads/2013/02/iaqm_indoorairquality.pdf))

Interventions designed to address indoor air quality follow the same hierarchy as those designed to address outdoor air pollution: 1. Reduce emission sources, 2. Extend the distance between sources and people, and 3. Protect vulnerable people. Interventions can be physical, or can be designed to change behaviour. Physical interventions include removing pollution sources – notably through home retrofit. Improving indoor air quality could be a significant co-benefit of heating / insulation retrofit programs designed to reduce carbon emissions. Care should be taken, however, to ensure adequate ventilation is in place. In areas where outdoor pollution is high, for example in properties situated by busy roads, increased ventilation may reduce indoor air quality. The impact of outdoor air quality should therefore be considered when installing ventilation systems. Behaviour change interventions focus on increasing awareness of indoor air quality and associated individual actions, for example how best to use ventilation, both mechanical and passive, and the installation of CO alarms.

#### **4.5 Trans-boundary effects: longer-range pollutant transport**

Air pollutants are dispersed and transported in the atmosphere, to an extent dependent upon their lifetime and the meteorology / weather. For species with short lifetimes, local emission controls are effective in reducing concentrations; for species with longer lifetimes, upwind sources (outside of the region) also need to be considered.

Local / regional emission controls are effective for nitrogen oxides, and for many primary components of PM (see section 3.3.3). However, some components of PM – particularly those formed through secondary processes - can be transported significant distances, meaning that sources outside the region impact air quality in the West Midlands, and controls must consider pollutant transport from outside of the region. Similarly, ozone formation occurs on a regional, national and international scale.

At a national level, trans-boundary sources are controlled through legislation regulating total national emissions of air pollutants (UK National Emission Ceilings Regulations 2018). This implements the EU 2016 National Emissions Ceiling Directive, which in turn reflects the international Gothenburg Protocol to the UNECE Convention on Long-range Transboundary Air Pollution. Note these set limits on *total national emissions* – in contrast to the local air pollutant *concentration limits* outlined in Section 2.2. On occasion, up to one third of background UK PM<sub>2.5</sub> concentrations – those away from local emission sources - originate from sources outside of the UK <sup>30</sup>.

The total concentration of a pollutant depends on the sum of local sources (roads, industry etc.) and what has been transported to the region from upwind (transboundary) sources. The concentration remaining if local sources are removed is termed the “background concentration”<sup>31</sup>. DEFRA produces maps of background concentrations for use in air quality assessments. Background maps NO<sub>2</sub> and PM<sub>2.5</sub> concentrations are shown in Figure 8.

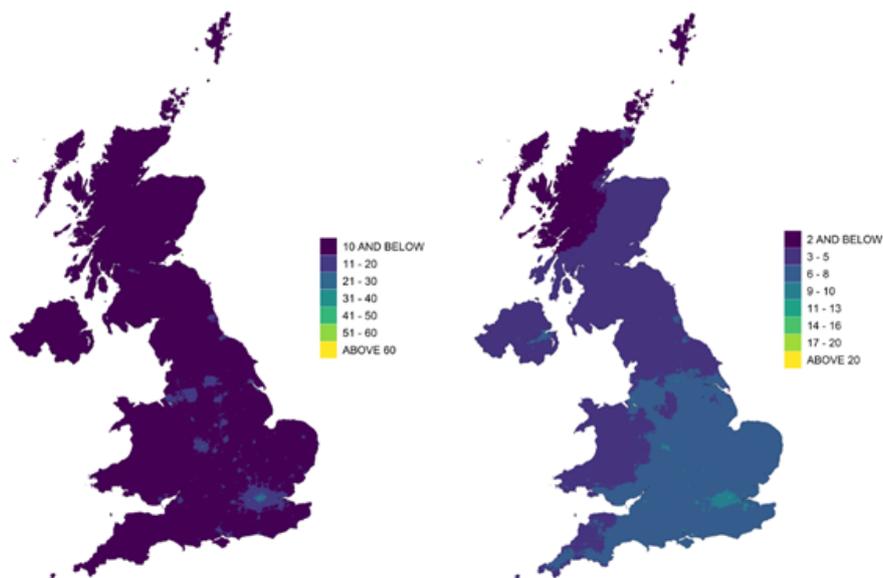
This background air quality modelling<sup>32</sup> shows the contrast between regional (transboundary) pollutant transport impacts for PM<sub>2.5</sub> and NO<sub>2</sub> (below). As NO<sub>2</sub> has a shorter atmospheric lifetime than PM<sub>2.5</sub>, NO<sub>2</sub> background concentrations peak in urban areas where sources are strongest while PM<sub>2.5</sub> shows a broad regional background.

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<sup>30</sup> DEFRA: Clean Air Strategy 2019. Department for Environment, Food and Rural Affairs, London, 2019

<sup>31</sup> DEFRA: Air Pollution in the UK 2020. Department for Environment, Food and Rural Affairs, London, 2021

<sup>32</sup> DEFRA: Air Pollution in the UK 2020. Department for Environment, Food and Rural Affairs, London, 2021



**Figure 8. Modelled annual mean background NO<sub>2</sub> (left) and PM<sub>2.5</sub> (right) concentrations, 2020 (µg m<sup>-3</sup>)** <sup>33</sup> These maps show the concentration of a pollutant transported into an area without the impact of local sources.

The region cannot, therefore, control all aspects of its own air quality in isolation. It must work within national frameworks, recognise local, regional and imported components, and set objectives accordingly. Efforts to minimise transboundary pollution, therefore, depend upon collaboration with neighbouring authorities, national government, and European contexts.

#### **4.6 Land use, planning and green infrastructure**

Air quality in urban environments is strongly linked to urban form – the layout and shape of roads, buildings, green spaces and other elements of the landscape. These affect how readily emitted pollutants disperse, and how residents are exposed to (e.g. emissions from road transport). The spatial planning system has an important role in improving urban air quality - through assessment of the locations of future population areas, and of emissions sources, through development design to minimise exposure (below) and through provision of sustainable transport links<sup>34</sup>.

Site allocation and the design of developments to minimise the need for travel (e.g., by ensuring that service providers such as schools and healthcare can be accessed easily from people's homes through active and public transport) can reduce the emission of pollutants. Consideration of the air quality at a potential site prior to approval can ensure that a development will not lead to increased exposure to poor air quality. Where appropriate mitigation measures can then be incorporated at an early stage of the design process. Good urban design can reduce exposure to poor air quality by separating people from pollution sources, and increasing “surface roughness” to promote mixing of

<sup>33</sup> DEFRA: Air Pollution in the UK 2020. Department for Environment, Food and Rural Affairs, London, 2021

<sup>34</sup> IAQM: Indoor Air Quality Guidance: Assessment, Monitoring, Modelling and Mitigation. Institute of Air Quality Management, London, 2021

air and dispersion of pollution<sup>35</sup>. Where vulnerable populations are present e.g., at schools and hospitals, design can mitigate air pollution exposure, for example locating school drop off/collection areas away from the roadside.

Green infrastructure – vegetation in urban areas – has only limited impact on air quality through direct removal of pollutants. Rather, it is a component of good urban design that can help to *reduce* emissions (encourage active travel), *extend* the distance between pollution sources and individuals (increase source receptor pathway physically and by effectively via promoting formation of eddies and dispersion) and *protect* vulnerable people (e.g. green barriers). Green infrastructure can also provide co-benefits such as improved biodiversity, reduced urban heat<sup>36</sup> and promote wider wellbeing and civic amenity. These could be considered early in the design stage to ensure that potential co-benefits are maximised.

Within the planning process, there is scope for best practice supplementary guidance, integrating examples in place in some areas already, to assess how are people on a development and the surrounding neighbourhood are exposed to air pollution, and to integrate mitigations within design from the outset. The air quality impacts and co-benefits arising from tree planting related to natural capital, biodiversity and net zero / carbon budgets could be optimised through clear provision of science-based guidance reflecting this aspect.

## 5.0 Interventions and options

Addressing air quality, particularly in light of the recent the Environment Act, requires a range of different approaches, which have been described above. Many of these have been, and will continue to be, the responsibility of local authorities in the region, particularly because of the current requirement for Air Quality Action Plans (in all the constituent authorities except Solihull). This report has evaluated potential interventions from a number of sources (below) but is not exhaustive:

- Public Health England's *Improving outdoor air quality and health: review of interventions*. Most of the interventions identified are taken from this source.
- WM-Air: The University of Birmingham's WM-Air project has identified additional interventions through research and regional knowledge developed as part of this programme.
- Discussions with local authority air quality and transport officers, as well as colleagues in Transport for West Midlands.

### 5.1 Potential interventions

In total, there are 122 potential interventions identified through these sources (outlined in more detail in Appendix 3) that are relevant to the West Midlands context. Each intervention can be categorised as to its cost and impact, and also according to the spatial scale at which it might best be delivered. The interventions can be broadly split into:

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<sup>35</sup> Ferranti, E.J.S., MacKenzie, A.R., Levine, J.G., Ashworth K., and Hewitt C.N. First Steps in Urban Air Quality. Second Edition. A Trees and Design Action Group (TDAG) Guidance Document. UK: London. Available at: <http://epapers.bham.ac.uk/3069/>

<sup>36</sup> Ferranti E.J.S., Fitcher J., Salter K. and Hodgkinson S.P.B.: First Steps in Urban Heat for Built Environment Practitioners. Technical Report. Trees and Design Action Group 2021. Available at: <http://epapers.bham.ac.uk/3452/>

### **Technology/infrastructure solutions**

- a. **Vehicles and fuel:** there are 51 potential measures highlighted. Our analysis suggests that 6 of these currently lie within local authority responsibility, especially with regard to enforcement and licensing. Some of the measures identified would also need national delivery (e.g. national road pricing). There are 19 measures where there is potential for a joint local/regional approach, including information campaigns, developing infrastructure for electric vehicles and uptake of low/ zero carbon forms of transport. From a regional perspective, the new Local Transport Plan may provide the main route for alignment.
- b. **Industry:** there are 21 measures identified, 7 of which require national action and 1 requires local delivery (on locating biomass heat generation). The remainder provide an opportunity for a collaborative approach across national, regional and local geographies. It is important to note that solutions in this area are challenging, but also an opportunity for innovation.
- c. **Domestic emissions:** there are 5 measures identified, largely in relation to emissions around solid fuel burning. Some authorities have already included this as part of their work on air quality, but there may be potential for increased impact with regional coordination and messaging.
- d. **Indoor air quality:** this remains a new area of work, but will be increasingly important to tackle alongside new build low/zero carbon homes and retrofit being delivered by local authorities and also through regional programmes. There are 4 measures identified.

### **Enabling solutions**

- e. **Spatial planning:** there are 13 actions related to planning, which mostly can only be delivered by local authorities given existing powers (there are some measures, for example tree planting, where other organisations can also play a role).
- f. **Behaviour change:** there are 13 actions identified. These could be carried out independently by local authorities but might benefit from a collaborative approach across the region – for example having one message around burning solid fuels in a domestic setting rather than 7 separate campaigns.
- g. **Data and innovation:** this is an important part of the programme – understanding how far existing interventions are going to improve air quality; the impact of new interventions and the co-benefits of interventions that address both carbon and air pollution will be important in guiding investment decisions. There are 6 interventions identified which have the potential to benefit from a collaborative approach.
- h. **Policy and coordination:** there are 9 possible interventions, all of which could potentially benefit from a collective approach. The aim of collaborating in these areas is to benefit from a joined-up voice to national government and a consistent regional message around priorities and actions.

When considering the cost/impact of different interventions, the number of measures that will have a significant impact on health is much reduced. Furthermore, associated with a cost/impact analysis, further consideration needs to be made as to which spatial scale is best place to drive policy and activity, especially for those interventions where activity could be carried out both locally or regionally.

## **5.2 Options for consideration**

At this stage, pending a more rigorous analysis of interventions, the Environment Act presents the West Midlands (and other combined authority areas) with two options:

### ***Option 1: Retaining existing working arrangements on air quality***

There is the potential to continue to deliver air quality action using the current working arrangements. In this scenario, local authorities will continue to lead on Air Quality Action Plans, which may need to be updated with new thresholds for particulates which the Environment Act requires the Secretary of State to set. The regional role would be delivered through work done as part of the Local Transport Plan, the Regional Energy Strategy, the Five Year Plan for Net Zero and the regional Natural Environment Plan, as is currently the case. The governance to deliver the joint approach would remain as it currently is, with the addition of new considerations around particulates as they relate to transport. The Environment Act allows local authorities to require certain actions of the combined authority as a designated 'air quality partner' on an ad hoc basis.

### ***Option 2: A more collaborative approach to air quality***

The Environment Act makes provision for local authorities to seek the support of other air quality partners, including the combined authority, to address their concerns, not least where pollutants move across local boundaries and collaborative interventions might be required. To support this, it is essential to clarify respective roles and responsibilities, agree to a set of shared working practices, and confirm those interventions where a regional approach can be collectively agreed. In simple terms, Local Air Quality Action Plans could be complemented by a regional West Midlands Air Quality Framework that would sit alongside the Local Transport Plan.

If combined authority partners demonstrated a preference for Option 2 and a more collaborative approach, then further work would need to be undertaken to develop a coherent regional air quality framework with a more detailed cost/benefit analysis of key interventions as applied at different spatial scales and further clarification of the respective roles of local, regional and national air quality partners. It is proposed that this work would be undertaken by a Shadow Regional Air Quality Advisory Group (convened by WMCA but with local authorities taking the lead), which would be in addition to existing governance arrangements around transport. This group would feed into TfWM governance but would also report to the WMCA Environment and Energy Board and would bring formal detailed proposals for a regional air quality framework and governance to a meeting of the WMCA Board in the next 12 months.

## Appendix 1: Glossary

**Ammonia (NH<sub>3</sub>).** A gas mainly emitted from agriculture; converted into a significant component of particulate matter in the atmosphere. Harmful to human health and ecosystems.

**NO<sub>x</sub>: nitrogen dioxide (NO<sub>2</sub>) and nitric oxide (NO).** Toxic gases mainly emitted by high-temperature combustion. Road traffic is the largest source in urban areas. Peak concentrations are driven by local emissions.

**Ozone (O<sub>3</sub>).** A gas formed in the atmosphere, harmful to human health and vegetation, by reaction between NO<sub>x</sub> and volatile organic compounds (VOCs). Concentrations can peak long distances down wind of original sources.

**Particulate matter (PM).** Classified by particle size or diameter (d): PM<sub>10</sub> (d < 10 µm), PM<sub>2.5</sub> (d < 2.5 µm). Can be directly emitted (primary) or formed in the atmosphere (secondary). The most significant primary emission sources in urban areas are combustion and road transport.

**Population weighted exposure (PWE).** PWE is calculated by multiplying each ward's population by mean PM<sub>2.5</sub> concentration in that ward, then dividing by the total WMCA population.

$$PWE = \frac{\text{Ward PM}_{2.5} \times \text{Ward Population}}{\text{WMCA Population}}$$

**Sulfur dioxide (SO<sub>2</sub>).** A toxic gas emitted from combustion during power generation, industry and domestic heating, from burning of high-sulphur fuels.

**Volatile organic compounds (VOCs).** Gases emitted from both natural (vegetation) and human sources. Human sources include solvents, fugitive emissions, industrial processes and domestic cleaning and personal care products.

**Appendix 2: A summary of local authority actions on air quality**

Local Authority	Document	Period Covered	Actions
Birmingham City Council	Air Quality Action Plan	2021-2026	<p>The plan covers a number of different elements related to air quality improvements, predominantly around transport. These include:</p> <ol style="list-style-type: none"> <li>1. Implementing the Clean Air Zone</li> <li>2. Supporting and implementing strategic transport improvements</li> <li>3. Promoting behaviour change away from single occupancy private vehicle use</li> <li>4. Promoting the use of alternatively fuelled vehicles</li> <li>5. When locations are identified as having an exceedance of the air quality objectives, assess traffic management options relevant to the location.</li> </ol> <p>In addition to these specific measures there is also a commitment to the development of policies to support better air quality as well as to controlling industrial and domestic emissions.</p>
Solihull Metropolitan Borough Council	Clean Air Strategy	2019-2024	<p>This strategy is more wide-ranging than some of the other council plans on air quality as this is the only local authority in the West Midlands that does not have a requirement (from Defra) to produce an Air Quality Management Plan. The areas considered in the plan are:</p> <ol style="list-style-type: none"> <li>1. Schools. Implementation of incentives and monitoring to drive behaviour change. This is through broader environmental schemes, such as the Greener Solihull Schools Award, as well as through specific programmes to encourage sustainable travel to and from school, e.g. 'New roads' and School Streets car exclusions.</li> <li>2. Transport. This has a focus on active travel, developing infrastructure to charge electric vehicles, working with local business on travel plans and promoting electric taxis and buses.</li> <li>3. Planning. Exploring how to use the planning system to drive positive change in relation to air quality through the local plan, as well as through supplementary planning guidance.</li> <li>4. Environment. This includes the impact of air quality on the natural environment as well as potential nature-based solutions for addressing poor air quality.</li> <li>5. Enabling actions. There are also a number of areas identified to develop behaviour change campaigns to improve air quality as well as exploring how the Clean Air Strategy can be used through council procurement.</li> </ol>

Sandwell Metropolitan Borough Council	Air Quality Action Plan	2020-2025	<p>The Air Quality Action Plan focuses on a number of transport measures to improve air quality, as well as exploring the role of planning and behaviour change campaigns. It includes:</p> <ol style="list-style-type: none"> <li>1. Developing specific measures in consultation with communities to reduce NO2 concentrations at “hot spot” locations.</li> <li>2. Promoting public transport, walking, cycling, car sharing and switching to low or zero emission vehicles.</li> <li>3. Reviewing what impact the council has on air quality in its role of as a provider of public services and develop a plan to reduce emissions from its activities. This will include reducing emissions from council fleet and employee vehicles.</li> <li>4. Supporting and encourage taxi and private hire vehicle operators and drivers in reducing emissions from vehicles.</li> </ol> <p>In addition, Sandwell is working in partnership with Birmingham City Council to minimise any negative impacts on Sandwell residents resulting from the implementation of the Clean Air Zone (CAZ).</p>
Coventry City Council	Coventry Local Air Quality Plan	Submitted in 2020 - 2024	<p>Coventry’s Local Air Quality Action Plan is focused on transport and behaviour change around travel, including:</p> <ul style="list-style-type: none"> <li>• Promoting the use of electric vehicles</li> <li>• Real time monitoring of air quality linked to dynamic traffic management</li> <li>• Initiatives to promote changes in travel behaviour and reduce car use within the city</li> <li>• Highway improvements to ease congestion (focussed on Holyhead Rd/Spon End and Walsgrave Road)</li> <li>• Construction of new cycle routes</li> </ul> <p>In addition to the Air Quality Action Plan, Coventry also has a wider Air Quality Management Area for the city with its own associated action plan.</p>
Walsall Metropolitan Borough Council	Air Quality Action Plan	2009	<p>The headline measures from Walsall’s Air Quality Action Plan cover the following areas:</p> <ol style="list-style-type: none"> <li>1. Reducing vehicle emissions</li> <li>2. Improving public transport to reduce traffic volumes</li> <li>3. Rail infrastructure (light and heavy rail)</li> <li>5. Road network improvement</li> <li>6. Measures to reduce traffic</li> <li>7. Working with industry and commerce to reduce emissions from these sources.</li> <li>8. Promotion of alternative modes of transport</li> </ol>

Dudley Metropolitan Borough Council	Air Quality Action Plan	2011	<p>Dudley’s plan includes the following approaches to tackling air quality:</p> <ul style="list-style-type: none"> <li>• Encouraging changes in travel behaviour through encouraging use of public transport and active travel.</li> <li>• Information and awareness raising on travel to and from school.</li> <li>• Leading by example, e.g. improving emissions from the Council’s fleet of vehicles.</li> <li>• Reducing vehicle emissions, e.g. through reduction of idling and provision of EV charging infrastructure.</li> <li>• Improving public transport, e.g. through supporting low emission buses on existing routes.</li> <li>• Road network improvements</li> <li>• Ensuring that through the planning system development is future proofed against air quality issues.</li> <li>• Control emissions from domestic, commercial and industrial sources through the enforcement of pollution control legislation.</li> </ul>
Wolverhampton City Council	Air Quality Action Plan	2006	<p>The headlines from Wolverhampton’s plan are as follows:</p> <ol style="list-style-type: none"> <li>1. Reducing vehicle emissions</li> <li>2. Improving public transport</li> <li>3. Making road network improvements</li> <li>4. Implementing measures to reduce traffic</li> <li>5. Reducing emissions from industry / commerce</li> <li>6. Promotion of alternative modes of transport</li> </ol>

**Appendix 3: Enabling actions for the region**

The tables below indicate examples of the types of actions that could be taken to deliver improvements in the air quality across the West Midlands. The tables are based on the Public Health England report (*Improving outdoor air quality and health: review of interventions*); research by the University of Birmingham’s WM-Air project and interviews/ research with local authority officers. They indicate potential impact, cost and spatial scale for delivery of different interventions to improve air quality. It should be noted that this summary is not exhaustive, has been completed at a very high level, and detailed review would need to be undertaken as part of any West Midlands Air Quality Framework, if approved by CA Board. The differences between the tables reflect the different nature of the interventions, with some centred on specific technologies (Tables 1-4) and others on enabling actions (Tables 5-8). The aim is to provide insight into the potential range of activities that could be developed regionally and locally to improve air quality, and where national initiatives are appropriate.

In addition, there has been a very high-level estimate on implementation cost and impact. In both cases, we have used a ranking of high, medium and low.

**Cost:** ‘High’ equates to million pound plus infrastructure projects; ‘medium’ to projects costing £10,000s – £100,000s; ‘low’ to £10,000s and below.

**Impact** reflects a categorical estimate of scale of benefit, in terms of reduction in human health impacts from air pollution, across the West Midlands. Behaviour change interventions are labelled “\*” as impact depends upon scale and success of behaviour change.

**Spatial scale** reflects an approximate assessment of statutory remit. Table rows are colour-coded according to spatial scale for delivery.

**Table 1: Vehicles and Fuel**

Intervention group	Specific potential intervention	Cost	Impact	Spatial scale for delivery
Reduce demand for more polluting forms of road transport	Promote freight modal shift	M	*	National/regional/local
	Final mile delivery	M	M	Local only
Reduce demand for more polluting forms of road transport	Lorry road user charging	M	L	National
	Subsidising public transport	M	M	Regional/local
	Provision of school buses	M	L	Regional/local
	Designating new & priority bus measures	M	M	Regional/local
	Promote walking and cycling	L	*	Regional/local

	Promote car sharing	L	*	Regional/local
	Workplace charging levies	L	M-H	Regional/local
	High occupancy vehicle lanes	M	L	Regional/local
	National road pricing	?	M-H	National
	Local congestion charge	M	M-H	Local only
	Promote tele-working/video conferencing	L	*	National/regional/local
	Promotion of home working	L	*	National/regional/local
	Vehicle licencing and fuel duty	?	H	National
	New tram schemes/ very light rail	H	M	Regional/local
	Travel planning	L	L	Regional/local
Reduce emissions from existing road vehicles	Out of hours freight delivery	L	L	Local only
	Lorry overtaking bans	?	L	National
	Promote abatement retrofit	?	*	Local/regional/national
	Promote eco driving	?	*	Regional/Local
	Annual vehicle emissions tests	?	L-M	National
	Roadside vehicle emissions tests	?	L	National
	Active traffic light management	M	L	Regional/Local
	Intelligent speed adaptation	?	L	National/regional/local
	Improved anti-idling enforcement	M	L-M	Local only
	Traffic flow smoothing	?	M	Regional/Local
	Discourage use of high emitting vehicles	?	M-H	National/regional/local
Promote road vehicles with low emissions	Scrappage schemes	?	M	National/regional/local
	Fleet recognition schemes to promote LEV	?	L	National/regional/local
	Reduced vehicle excise duty	?	M	National
	Introduction of low emission zones	M	M	Regional/Local
	Priority parking for low emission vehicles	M	L	Local only
	Pollution car labelling scheme	L	L	National/regional/local
	Fiscal incentives for low emission vehicles	M-H	L-M	National/regional/local
Development of EV charging infrastructure	H	H	National/regional/local	

	Development of more local sustainable energy generation capacity and associated battery storage	M-H	M	National/regional/local
	Promote biofuels	M	*	National
	Promote the development of new electric vehicles	H	M	National/regional/local
	Public information campaign	L	*	National/regional/local
	Vehicle procurement best practice	L	L	Regional/Local
	Low emissions bus fleet	H	H	Regional/Local
Displace pollutant emissions from road vehicles outside hot spots and populated areas	Lorry ban in urban centres	?	L	Local only
	Freight consolidation centres	H	L	Regional/Local
	Newer buses used for most polluted routes	H	M	Regional/Local
Operational interventions at airports and alternative fuels	Electrifying ground support equipment	H	L	Regional/Local
	Lower emission road vehicles	?	M	Regional/Local
Electrification of rail network & promotion of lower emissions from rolling stock	Electrification of rail network	H	M	National
	Promote the uptake of bi-mode trains	H	L-M	National
	Abatement retrofit	H	M	National
Rail freight	Transition to low emission vehicles for freight handling	?	L	National/regional/local

**Table 2: Industry and other**

Intervention group	Specific potential intervention	Cost	Impact	Spatial scale for delivery
Policy interventions	Ambient air pollution concentration limits	L	M-H	National
	National emissions ceilings	L	L-M	National
	Installation absolute emission caps	L	M	National
	Installation emission concentration limits: BAT-based permitting	L	M	National
	Installation emission concentration limits: Cost Benefit Analysis (CBA) based-permitting	L	L	National
	Eco-design and product standards	L	L	National
	Major infrastructure (e.g., eliminate coal power stations)	L-H	M	National/regional/local
	Inspections and enforcement actions	L	M	National/regional/local
	Monetary incentives	L-H	L-H	National/regional/local
	Monetary penalties	L-H	L-H	National/regional/local
	Trading schemes	L	L-H	National
	Air quality innovation zones to sit alongside industrial decarbonisation programmes	L	M	Regional/Local
Technologies	Dust abatement	L-H	M	National/regional/local
	NOx abatement	L-H	H	National/regional/local
	SO2 abatement	L-H	H	National/regional/local
	VOC abatement	L-H	H	National/regional/local
	Discourage investment in biomass fuelled heat/power	L-M	L-M	National/regional/local
	Consideration of AQ health impacts for heat/power generation from biomass	L	M	Local only
Policy interventions	Dust abatement in construction	L-H	M	Regional/Local
	Industrial off-road mobile machinery emission controls	L	M	National/regional/local
	Industrial stationary machinery emission controls	L	M	National/regional/local

**Table 3: Domestic combustion**

Specific intervention	Cost	Impact	Spatial scale for delivery
Actions around wood (especially wet wood)	L-M	H	Regional/Local
Actions around other solid fuels	L-M	H	Regional/Local
Restrictions on domestic use of solid fuels	L	H	Regional/Local
Right fuel for domestic combustion information campaign	L	M	Regional/Local
Supporting the transition from gas central heating	M-H	M	Regional/local

**Table 4: Indoor air quality**

Intervention group	Specific potential intervention	Cost	Impact	Spatial scale for delivery
Public engagement	Raise awareness of indoor air quality issues with homeowners	L	*	National/regional/local
Behavioural interventions	Promote good practice with heating and drying	?	*	National/regional/local
Policy interventions	Support landlords and homeowners in accessing grants to retrofit	M	M	National/regional/local
	Engage with estate and letting agents to increase market awareness	L-M	L-M	National/regional/local

**Table 5: Spatial Planning**

Intervention group	Specific potential intervention	Cost	Impact	Spatial scale for delivery
Pollutant removal	Green infrastructure - urban vegetation	L-M	L	Regional/Local
	Pollution reducing surfaces - titanium dioxide	?	L	Local
Pollutant dispersal	Tree planting	M	L	Regional/Local
Active travel	Encouraging walking and cycling	L	M	National/regional/local
	Construction of new cycle and pathways	M	M	Local
Motorised transport	Road pricing / congestion charge	L-M	M-H	National/Regional/Local
	Driving restriction	?	M-H	Regional/Local
	Low emission zones	H	M-H	Regional/Local
	Traffic calming and speed limitations	?	L	Local
	Traffic displacement through road alterations	?	L	Local
	Co-implementation of various measures (e.g., restrictions based on license plates and meeting Euro emission standards)	?	M	Regional/Local
Planning policy	Providing guidance/best practise to minimise AQ exposure	L	M	Regional/Local
	Land use planning (e.g., allocating developments in locations that minimise the need to travel)	M	H	Local

**Table 6: Behaviour change**

Specific potential intervention	Cost	Impact	Spatial scale for delivery
Cycle and walking pathways (encouraging uptake)	L	*	Regional/Local
Promote public transport use	L	*	Regional/Local
Public engagement (e.g. through citizens' panel)	M	*	National/regional/local
Investment in public transport (encouraging uptake)	L	*	National/regional/local
Eco-driver training	M	*	Regional/Local
No idling campaigns	L	*	Regional/Local
Exposure reduction programmes	?	*	Regional/Local
Ecotravel coordination programmes	?	*	Regional/Local
Clean Air Day	L	*	National/regional/local
Air quality messages/alerts/indices	L	*	Regional/Local
An Air Quality Portal - information resource in the form of a coordinated public-facing website, incorporating new sensor information	L	*	Regional/Local
Provision of low cost AQ sensors for e.g. schools, voluntary organisations	M	*	Regional/Local
Tram and light rail promotion	L	*	Regional/Local

**Table 7: Data and monitoring**

<b>Specific potential intervention</b>	<b>Cost</b>	<b>Impact</b>	<b>Spatial scale/ role</b>
Datstore to quantify impact of air quality measures	L	M	Regional/Local
Understanding real-world emissions to underpin policy, e.g. identifying largest emitters across actual WM fleet (all vehicles).	L-M	M-H	Regional/Local
Understand relative importance of within-region emissions and transported air pollution for WMCA air quality	L	M	Regional/Local
To achieve economies of scale through regional coordination of measurement and particularly sensor networks (building on regional leadership using 5G).	L-M	M	Regional/Local
Metrics for improving air quality, to capture co-benefits from net zero actions and for policy to reduce regional health inequalities	L	M-H	Regional/Local
Data to enable assessment of "exposure reduction" and prioritisation of measures to reduce environmental health inequalities.	L	M-H	Regional/Local

**Table 8: Coordination and policy**

These are policy interventions that are not covered as part of specific areas of activity (e.g. transport and industry).

Intervention group	Specific potential intervention	Cost	Impact	Spatial scale/ role
Coordination	Coordinate regional approaches to government on policy and resources to tackle air quality challenges (DEFRA, HMT and key partners, e.g., Environment Agency, National Highways)	L	H	Regional/Local
	Coordinated approach to funding bids, e.g. the DEFRA Air Quality Grant Fund	L	M	Regional/Local
	Coordination of approaches to solid fuel combustion (domestic, industry), including guidance for retailers, wholesalers.	L	M	Regional/Local
	Develop guidelines for best practice for procurement that will support air quality improvements (e.g. use of Non-Road Mobile Machinery)	L	M	Regional/Local
Policy	Making information and resources on the scientific background of air quality available to elected members and officers	L	L	Regional/local
	Working through the Natural Environment Plan to identify best uses of green infrastructure for air quality	L	M	Regional/Local
	Integrate AQ considerations (evaluated as population health benefit) into other WMCA policy where relevant.	L	H	Regional/Local
	Scope for a “Net Health Gain” principle.	L	H	Regional/local
	Planning guidance for air quality	L	H	National/regional/local



## West Midlands Combined Authority

### Transport Delivery Committee

Monday 10 January 2022 at 1.00 pm

#### Minutes

##### Present

Councillor Kath Hartley (Chair)	Birmingham City Council
Councillor Timothy Huxtable (Vice-Chair)	Birmingham City Council
Councillor Richard Worrall (Vice-Chair)	Walsall Metropolitan Borough Council
Councillor Pervez Akhtar	Coventry City Council
Councillor Robert Alden	Birmingham City Council
Councillor Adrian Andrew	Walsall Metropolitan Borough Council
Councillor Linda Bigham	Coventry City Council
Councillor Christopher Burden	City of Wolverhampton Council
Councillor Robert Grinsell	Solihull Metropolitan Borough Council
Councillor Celia Hibbert	City of Wolverhampton Council
Councillor Ziaul Islam MBE	Birmingham City Council
Councillor Chaman Lal	Birmingham City Council
Councillor David Stanley	Dudley Metropolitan Borough Council

##### In Attendance

Pete Bond	Transport for West Midlands
Guy Craddock	Transport for West Midlands
Jon Hayes	Transport for West Midlands
Graham Jones	Transport for West Midlands
Anne Shaw	Transport for West Midlands
Sandeep Shingadia	Transport for West Midlands
Kate Taylor	Transport for West Midlands

##### Item Title No.

##### 38. Apologies for absence

An apology for absence was received from Councillor Mark Parker (Solihull Metropolitan Borough Council).

##### 39. Chair's Remarks (if any)

The Chair and members of the committee paid tribute to Councillor Roger Horton, a former member of this committee and a long-standing member of the former West Midlands Integrated Transport Authority, following the announcement of his sad passing in December 2021.

The committee also received updates on the progress being made in delivering Coventry Electric City, whereby in December grant terms and condition with National Express were agreed and an order for the first 130 buses was placed.

No further update could be provided in relation to the regions bid to Government on ZEBRA for hydrogen buses.

**40. Minutes - 15 November 2021**

The minutes of the meeting held on the 15 November 2021 were agreed as a correct record.

Resolved:

The minutes dated the 15 November 2021 be approved.

**41. Forward Plan**

The committee noted the items to be reported to future meetings.

Resolved:

That the items to be reported to future meetings be noted.

**42. Financial Monitoring Report 2021/22**

The committee received a report setting out the financial position as at 30 November 2021. The content related to the financial position of the Combined Authority's Transport Delivery Revenue and Capital Budgets.

Resolved:

(1) The year to date position as at the end of November 2021 against the TfWM Revenue Budget shows an overall favourable variance of £2.877m as detailed in Section A be noted.

(2) The TfWM Capital Programme Expenditure as at the end of November 2021 totals £182.2m, which is £72.7m below budget, as detailed in Section B be noted.

**43. Capital Programme Delivery Monitoring Report**

The committee received a report updating them on the progress monitoring on the approved TfWM led 2021/2022 programme and projects and the financial aspects of the TfWM Capital Programme.

Councillor David Stanley queried the progress being made at Dudley Interchange as he was concerned that the project was at risk of being delayed and that traders within that area were suffering. The Director of Development & Delivery expressed that lots of work was being done to coordinate and achieve timescales for the overall delivery plan, TfWM continued to work closely with all partners to ensure the delivery of the scheme.

Councillor Timothy Huxtable queried the update provided in relation to Minworth Park & Ride site and University Station. The Director of Development & Delivery shared that feasibility work being undertaken around the potential Park & Ride facility at Minworth and explained how that would tie into any future expansion of the Sprint Network serving the A38 corridor, he also noted that discussions and updates were being provided to relevant Birmingham Ward Councillors. The Director of Development & Delivery also shared information on the enhancing of the University Station facility and the overall funding solution in place.

Resolved:

- (1) The achievements since the September meeting of the Transport Delivery Committee be noted.
- (2) The progress of deliverables and outturn of the 2021/22 Capital Programme be noted.
- (3) Where indicated, any variations from the baseline programme be noted.

#### **44. Rail Business Report**

The committee received a report updating them on the performance, operation and delivery of rail services in the West Midlands including West Midlands Rail Executive (WRME) activity.

Councillor Chris Burden noted the report contents relating to failure of securing funding through the restoring Railway Fund but however have received information that another fund would support the scheme and queries as to whether this was best use of that fund and the reasons for not securing the funds through restoring Railway Fund. He also queries as when the new rolling stock would be seen back into service. The Head of Rail Delivery was unable to comment on the reasons as to why the schemes bids were unsuccessful but noted the competitive process the applications went through and were received from all across the country. He also highlighted that although the scheme may have been rejected did not mean it was not a worthy scheme. In regard to the new rolling stock he was hopeful that would be seen in service by late spring early summer.

Councillor Timothy Huxtable requested further information on the following stations: King Norton and Snow Hill Station and the enhancements as part of the Midlands Rail Hub. A separate briefing note on this would be provided to members.

Councillor Robert Alden stressed the importance of improving public transport in the North of Birmingham which in turn would help to improve the access to employment opportunities in that area and welcomed the voice of the committee and regional partners to support this.

Resolved:

The contents of the report be noted.

**45. Park & Ride Update Report**

The committee received a report updating them on Park & Ride matters within the West Midlands Combined Authority Area and the impacts of Covid-19 on car park operations and developments.

Councillor Robert Grinsell requested information on as to whether further funding had been sought for Whitlocks End and Olton in Solihull. The Park & Ride Development Manager shared that work continued to be progressed with Solihull Metropolitan Borough Council Officers to seek funding, and in relation to Olton funding may be sought within Solihull Council's maintenance funds. In regard to Whitlocks End Park & Ride site it was recognised that this could not be progressed until further funding had been sought but would continue to work towards seeking further funding.

Councillor Chris Burden sought clarification on when the delivery programme for Park & Rides sites would commence as the report noted the scheme was on hold, he also queried as to why the Longbridge site had a decrease in usage. The Park & Ride Development Manager noted that the site was underperforming and recognised that this site charged customers with a nearby free car park site. A marketing campaign had been prepared however due to restrictions during the pandemic this did not take place, but once appropriate leaflets would be communicated to market the car park.

Further to the committee request for details of facilities for a Park & Ride site to support Sprint The Director of Development & Delivery shared that work was being undertaken to locate and identify a site in the vicinity of Junction 7 of the M6. It was also noted that a Park and Ride site was not an integral part of the Sprint Scheme in terms of its standalone business case and a separate business case would be required for an identified Park & Ride site. Councillor Timothy Huxtable stressed that originally members of the ITA stressed the importance that a Park & Ride site for Sprint was an integral part of the scheme being put forward.

Resolved:

The contents of the report be noted.

**46. Commonwealth Games Transport Plan**

The committee received a report updating them on the responses from the Games Transport Plan consultation. The draft Games Transport Plan was consulted upon with statutory stakeholders and underwent an engagement exercise with the public in June 2021 till September. The committee received the updated Games Transport Plan to reflect the result of the consultation.

Councillor Mohammed Idress queried as to what plans had been made to ensure the residents around Perry Barr Stadium would not be affected following the increase of traffic volumes made by the Commonwealth Games. The Commonwealth Games Technical Director highlighted that work was being undertaken with Local Authorities to develop local area traffic management and parking plans to address this increase.

Councillor Linda Bigham sought further information on how the Commonwealth Games would support the green and clean agenda and how the air quality would be measures, monitored and managed during the increase in traffic usage. The Commonwealth Games Technical Director highlighted that the premise of the Games Transport Plan was to ensure there isn't an increase in local traffic and to encourage people to use park and ride sites and public transport.

Councillor Celia Hibbert felt that further communication and engagement should be explored to express the use of public transport element of attending the games, she suggested that this opportunity could be displayed on the tickets. The Commonwealth Games Technical Director highlighted that when the tickets for attending the Games / Events are issued transport information will also be provided specific to the venue they are travelling to.

Resolved:

The responses to the Games Transport Plan consultation and the updated Games Transport Plan be noted.

**47. COVID-19 Recovery Update**

The Director of Integrated Transport Services provide a brief overview of the performance across the network following the onset of Plan B measures brought in over the Christmas period. It was recognised that the rail network had seen an overall reduction in usage levels through December between 35-40%. In relation to bus the network had stabilised to around 74 % of pre Covid passenger levels. He also provided information on the impact COVID-19 was having on staff availability across the rail and bus service.

Resolved:

The update be noted.

**48. WMCA Board Transport Reports (for information only)**

The committee received a brief overview of the WMCA Board Transport related reports which consisted of: City Region Sustainable Transport Settlement Programme, West Midlands Future Bus Delivery Options, West Midlands Local Transport Plan 5: Draft Core Strategy, Commonwealth Games Transport Plan and Wednesbury – Brierley Hill Metro Extension Update.

**49. Report back from Member Engagement Groups**

The committee noted the recent developments and meetings of the six Member Engagement Groups.

Resolved:

The update in relation to recent meetings of the committee's Member Engagement Groups be noted.

- 50. Date of Next Meeting**  
Monday 7 February 2022 at 1.00pm

The meeting ended at 3.15 pm.



West Midlands  
Combined Authority

## Overview & Scrutiny Committee

Monday 10 January 2022 at 2.00pm

### Minutes

#### Present:

Councillor Cathy Bayton (Chair)	- Association of Black Country Authorities
Councillor Naeem Akhtar	- Coventry City Council
Councillor Maya Ali	- Coventry City Council
Councillor Kate Booth	- Birmingham City Council
Councillor Mike Chalk	- Worcestershire Non-Constituent Local Authorities
Councillor Liz Clements	- Transport Scrutiny Sub-Committee
Councillor Tony Dickey	- Solihull Metropolitan Borough Council
Councillor Peter Fowler	- Birmingham City Council
Councillor Ian Kettle	- Dudley Metropolitan Borough Council
Councillor Nigel Lumby	- Shropshire Non-Constituent Local Authorities
Councillor Charn Padda	- Sandwell Metropolitan Borough Council
Councillor Paul Sweet	- City of Wolverhampton Council
Councillor Vera Waters	- Walsall Metropolitan Borough Council

#### In Attendance:

Joe Acton	- University of Birmingham
William Bloss	- University of Birmingham
Councillor Ian Courts	- Portfolio Lead for Environment, Energy & HS2
Dan Essex	- Governance Services Manager
Jackie Homan	- Head of Environment
Philip Plowden	- Birmingham & Solihull LEP
Lyndsey Roberts	- Scrutiny Officer
Laura Shoaf	- Chief Executive
Mark Smith	- Chair of Audit, Risk and Assurance Committee

#### 39. Apologies for Absence

An apology for absence was received from Councillor Lisa Trickett (Birmingham).

#### 40. Chair's Remarks

The Chair welcomed Philp Plowden from the Birmingham & Solihull Local Enterprise Partnership and Councillor Ian Courts, Portfolio Lead for Environment, Energy & HS2.

#### 41. Minutes - 8 November and 15 December 2021

The minutes of the meeting held on 8 November and 15 December were agreed as a correct record.

## 42. Matters Arising

### (a) **Response from Interim Chief Executive to the Recommendations Arising from the 'Economic Needs of the Black Country' Scrutiny Review** (minute no. 25)

The Chair was in dialogue with the Vice-Chair to explore the possibility of revisiting and updating the deep dive undertaken on the delivery of local skills. The committee would be updated accordingly.

### (b) **Governance Review - Progress Update** (minute no. 26)

At its last meeting, the committee was advised that a report seeking the approval to establish an Independent Remuneration Panel to review the WMCA's Members Allowances Scheme would be submitted to the WMCA Board in January 2022. However, the matter had not progressed to the timescale that was originally reported to the Overview & Scrutiny Committee in November, and the Director of Law & Governance had agreed to speak to the Chair prior to the WMCA Board meeting on 18 January to provide a further update.

### (c) **WMCA's Aims and Objectives** (minute no. 28 refers)

In relation to the One Public Estate Programme, the Chair reported that she had received a copy of the Public Land Charter and enquired as to whether public consultation had been undertaken to help shape the document. The Housing & Land Scrutiny Champion added that the charter did not consider the differing needs of the different public bodies and there was no commitment in terms of what the developer would be required to deliver. He undertook to raise these concerns at the next meeting of the Housing & Land Delivery Board and report back to the Chair accordingly.

## 43. **Mayoral Question Time: Policy - Response from the Mayor to Recommendations Presented to the WMCA Board on 19 November 2021**

The committee noted the response received from the Mayor in respect of the observations it had identified following the Policy Q&A session on 14 October 2021.

Resolved:

The report be noted.

## 44. **WMCA Air Quality Options**

The committee considered a report of the Head of Environment that outlined two different approaches that were likely to be available to the WMCA and its constituent local authorities to improve air quality across the West Midlands Combined Authority area. This was important given the recent Environment Act and the anticipated additional targets on addressing particulates.

The Portfolio Lead for Environment, Energy & HS2 added that the Environment Act had an increased focus on air pollution caused by particulates that were emitted from non-tail pipe emissions from vehicles, including tyre and break wear, domestic and industrial combustion sources. The Act also introduced new powers, including the ability for local authorities to co-opt air quality partners.

The Air Quality Options Paper outlined some of the work that had already been delivered across the region, including the activity that constituent local authorities were taking through their own air quality action plans. The Head of Environment added that the West Midlands Air Quality Framework should be considered as an enabler which would not have a negative impact the ambitions of local authorities.

Members discussed and shared comments on the Air Quality Framework and costings, the lack of and the importance of air quality data that was needed to identify hotspot areas and to quantify the impact of air quality measures within the region, officer engagement with constituent authorities and the need for better engagement with non-constituent authorities on the air quality agenda. To avoid displacement activity, the committee emphasised and supported a combined approach to address air quality and supported the development of an area-wide strategy to tackle the problem of air pollution in many areas.

In addition, members welcomed the design guide that had been developed by the University of Birmingham which provided information for planners on air quality. Members also shared their concerns on the effects of wood burners, and would welcome a combined approach to a behaviour change campaign.

With regards to working with non-constituent authorities, the WMCA had engaged on the natural environment and would welcome dialogue with non-constituent colleagues on the air quality agenda. In addition, it would also be important to understand which interventions lent themselves to working across which geographies.

In terms of monitoring hotspots, it was reported that a common approach to measuring particulates in different local authorities was important but also to have a collective approach to using the new low-cost sensors that private sectors were developing and promoting to individual local authorities.

Resolved:

- (1) A more proactive working arrangement with local authorities in developing air quality plans within a wider West Midlands Air Quality Framework, which clarified roles for different parties and identified a number of shared working practices, be supported.
- (2) The WMCA to oversee the collation of air quality data, storage and its availability be supported.
- (3) A shared approach to the use of low-cost sensors by local authorities be supported.
- (4) Consistent messaging relating to behavioural change factors necessary to improve area quality standards be supported.
- (5) The important role on non-constituent authorities on the air quality agenda and inclusion on air quality matters be supported.

**45. Grant Register**

The committee considered a report of the Director of Finance that provided an update on the grant register which contained all current 'live' grants where the WMCA was the accountable body and captured a comprehensive total of grants, awarding body, time period for delivery and a description of what the grant delivered.

The Community Renewal Fund of £5.2m was a new grant that had been added to the register since the last meeting of the committee. The Chair enquired as to whether there was any further detail available on the eight successful bids for this fund. The Head of Finance Business Partnering agreed to share a list on those projects and lead bidder.

Resolved:

The report and comments be noted.

**46. Scrutiny Champions Update**

The committee noted the updates received from the Housing & Land and Environment & Energy Scrutiny Champions on the latest activities being undertaken within their respective areas.

Resolved:

The update be noted.

**47. Minutes - Transport Scrutiny Sub-Committee - 24 November 2021**

The committee received the minutes of the Transport Scrutiny Sub-Committee meeting on 24 November 2021.

Resolved:

The minutes of 24 November 2021 be agreed.

**48. Work Programme**

The committee noted a work programme of items that were to be reported to future meetings of the committee and WMCA Board.

**49. Date of Next Meeting**

The next meeting of the committee would be held on Monday 7 March 2022 at 10.00am.

[The meeting ended at 4.10pm]



## HS2 Regional Enterprise Board

Tuesday 11 January 2022 at 10.00am

### Minutes

#### Present

Councillor Ian Courts (Chair)	Portfolio Lead for Environment, Energy & HS2
Councillor Ian Ward	Birmingham City Council
Ian MacLeod	Birmingham City Council
Alan Over	Department for Transport
Lynda Rawsthorne	Department for Transport
Paul Mountford	Dudley Metropolitan Borough Council
Ed Watson	Greater Birmingham & Solihull LEP
Donovan Bailey	HS2 Ltd
Matthew Botelle	HS2 Ltd
Tremaine Herbert	HS2 Ltd
Alan Payne	HS2 Ltd
Councillor Ken Hawkins	Solihull Metropolitan Borough Council
Mary Morrissey	Solihull Metropolitan Borough Council
Rachael Phillips	Transport for West Midlands
Anne Shaw	Transport for West Midlands
Craig Wakeman	Transport for West Midlands
Michael Anderson	Transport for West Midlands
Jonathan Bretherton	Urban Growth Company
Nick Brown	Urban Growth Company
Chris Egan	Warwickshire County Council
Councillor Martin Watson	Warwickshire County Council
Claire Hatton	West Midlands Combined Authority

#### 1. Apologies for Absence

Apologies for absence were received from Mark Thurston, Peter Thomason and Dr Julie Nugent.

#### 2. Introductions

The Chair welcomed those participating in the meeting and introductions were not considered to be necessary. The Chair recapped the intention of the HS2 Regional Enterprise Board, which was to examine any issues relating to construction, community engagement etc. but also to engage more actively in terms of the benefits the region was getting and would get from HS2.

#### 3. Actions from the Last Meeting

The minutes of the meeting held on Thursday 21 October 2021 were agreed as a correct record, except for the meeting date needing to be changed from Friday to Thursday.

#### 4. **Jobs & Skills Update**

Clare Hatton provided a verbal update on jobs and skills, advising that 500 residents had been trained and placed into jobs across the spectrum of contractors within the supply chain system, plus a dedicated training facility had been established at Sandwell City College in partnership with Balfour Beatty Vinci (BBV).

Discussions were taking place to extend the offer in the training facility, taking it beyond some of the entry level construction jobs into making sure facilities were available for higher level jobs within some professions including procurement and project management. Additionally, colleagues were looking at an offer for upskilling those in the workforce to help retain their jobs and it was hoped that by the end of the month, an offer across all disciplines from career entry to early careers through to professions, could be extended out across the supply chain.

Councillor Watson raised the lack of statistical data showing how many people from a specific area had been employed, understanding GDPR restrictions he requested if there was top level data that could be provided to show how many had been employed within a Coventry or Warwick post code for example.

Clare Hatton confirmed that her team only had data for residents they had provided training for in order to progress into jobs, advising that data showing the number of residents employed from specific post codes would need to be provided by HS2. Work to provide this was now on-going and further updates would be provided in due course.

**ACTION HS2-009: Clare Hatton to provide data showing the number of residents from specific post code areas who had received training provided by WMCA.**

The board were informed that WMCA and HS2 Ltd had signed a joint statement of intent with the first quarterly meeting taking place in two weeks' time, where data would be shared each quarter moving forward.

The Chair reiterated the need to demonstrate the benefits gained from the HS2 project to local people as well as expressing an interest in seeing the pipeline of training opportunities to upskill people across the region.

Alan Payne mentioned the point raised by Councillor Watson and suggested a meeting be held internally within HS2 with a view to releasing the data requested.

**ACTION HS2-010: HS2 colleagues to hold a meeting internally with a view to releasing data showing the number of residents from specific post code areas who had been employed by/through HS2.**

The Chair requested a report be tabled at the next meeting, showing a road map of what has been achieved and future initiatives.

**ACTION HS2-011: Clare Hatton to provide a report at the next meeting showing a road map of what has been achieved and future initiatives.**

**5. Tree Planting and Vegetation Clearance**

The board received a presentation from Alan Payne on Vegetation Clearance and Landscaping.

The presentation covered the principles of vegetation clearance, areas of vegetation retained through design development and the landscaping design process with various images provided to show proposals.

Councillor Watson expressed his thanks for the presentation and asked how much clearance remained, Alan Payne felt over 95% of clearance had been completed with small localised areas remaining in terms of landscaping.

Councillor Watson raised the term “no net loss” being used throughout the presentation and informed he would like to see more of a net gain from vegetation, especially in terms of the Queens Wedding Canopy and considering the environmental agenda. He suggested the use of green/living walls in place of concrete facades wherever possible. Alan Payne felt that by working together, ideas could be put forward for consideration which could be discussed at workshops being planned.

Alan Over advised from the Department’s perspective, they were limited by funding on no net loss and if a net gain could be achieved within the no net loss funding level it would be welcomed. He felt the right mindset was needed to see if a gain could be achieved from the existing funding without limiting results.

The Chair mentioned the 95% completion rate within Warwickshire and asked if it was the same for Solihull, Alan Payne confirmed it was.

Nick Brown raised comments he had received whereby trees that had been removed within Warwickshire and Solihull had caused local disappointment because they had been disposed of. He questioned if the trees could have been redistributed with local communities for businesses or residents to use for woodworking hobbies for example.

Alan Payne confirmed that a lot of the trees that had been removed had been destroyed however, there were some areas where the wood had been provided to a theatre and some had been sent to Portsmouth for use in ship rebuilding and in local museums. He added that there were localised stories that probably had not been raised enough to show how some of the trees had been made into good quality materials and given back to communities.

Craig Wakeman highlighted that all regional stakeholders had been brought together to look at the environmental potential and opportunities of working in partnerships to maximise the benefits of HS2 with projects already being developed on the ground. He added work was being done with colleagues within HS2 around urban integration studies and how that work could be spread out and suggested bringing a report to the next meeting which outlined the work being done.

**ACTION HS2-012: Craig Wakeman to provide a report outlining work being done by regional stakeholders around environmental opportunities.**

Matthew Botelle supported the comments raised by Craig Wakeman and advised that good news stories had been published by HS2 which could be shared wider within this group.

**ACTION HS2-013: Matthew Botelle to share the good news stories published within HS2, especially around tree clearances being turned into quality materials and returned to communities.**

Councillor Ward asked how “no net loss” was being measured and mentioned the images being shown suggested that some of the trees being taken away were mature trees which added more value than plants. Alan Payne advised the images were used as an example, adding he would need to seek advice from colleagues on how the no net loss was calculated. He also referred to a methodology which had been set up as part of the act, which was being followed and suggested bringing an update to a future meeting.

**ACTION HS2-014: Alan Payne to seek advice from environmental colleagues to determine how no net loss will be calculated and provide an update at a future meeting.**

## **6. Viaduct Construction**

The board received a presentation from Tremaine Herbert on Viaduct Construction.

The presentation covered viaduct locations, common design elements, construction and engagement with a variety of images to show proposals.

Councillor Watson requested specific images around a certain area relating to one of his wards, as he was keen to see what HS2 thought the viaducts would look like post construction. Tremaine Herbert advised she would request a colleague from the Engagement Team to contact Councillor Watson directly to provide the images.

**ACTION HS2-015: Tremaine Herbert to request a colleague from the Engagement Team contact Councillor Watson to provide images relating to his ward.**

Nick Brown asked what the proposed treatment would be to avoid graffiti on weathered steel given it would be used in areas that would be within close proximity to the urban realm. Tremaine Herbert advised she would ask the question and revert back.

**ACTION HS2-016: Tremaine Herbert to find out the treatment to avoid graffiti on weathered steel and report back.**

The Chair asked what the plan was to look at longer term issues of weathering and graffiti on the viaducts.

Councillor Ward questioned if further work was being done regarding the design for the viaducts, he felt the images provided to date were underwhelming and that more effort was needed around the designs, especially as the structures would be in place for the foreseeable future. Tremaine Herbert advised that cost was one of the issues when looking into the designs for the viaducts.

The Chair echoed the comments made by Councillor Ward around the designs of the viaducts and urged HS2 colleagues to consider investment into looking at design principles for the viaducts, to avoid potential complaints from communities and residents. Tremaine Herbert advised that engagement events had been scheduled to give residents the opportunity to comment on the proposed designs.

Alan Payne informed that HS2 were going through an ongoing process on the designs and had been heavily challenged through ongoing workshops, to refine the design and consider the areas discussed including weathering and the user experience.

Matthew Botelle added that some of the images may not be demonstrative of what could come out of the schedule 17, advising there were other forums where the detail of design was discussed and shared.

The Chair suggested this be reviewed at a future meeting.

**ACTION HS2-017: HS2 Ltd to provide an update on the viaduct construction designs at a future meeting.**

## **7. Metro Stop Update**

Anne Shaw provided a verbal update on the metro stop since the last meeting, advising TfWM had been in discussions with HS2 and DfT regarding the co-construction of the metro route through the Curzon Street Station alongside Curzon construction to ensure both programmes were suitable in terms of risks and delivery plus the management of costs around the delay experienced.

Anne Shaw concluded that a further report would be provided at a future meeting to confirm what agreements had been made, adding there was still an amount of work to be done alongside HS2 and DfT colleagues.

The Chair asked if there was anything more the board could do on this issue. Anne Shaw confirmed this was a work in progress, highlighting the need to reach an agreement in terms of the construction programme for both projects and that detailed discussions with Councillor Ward and Andy Street were to be scheduled.

Councillor Ward highlighted the disruption to local businesses in the Digbeth area caused by the construction work from both projects and expressed the importance to conclude the work as soon as possible.

**ACTION HS2-018: Anne Shaw to provide an update on the Metro Stop at a future meeting.**

**8. Early Land Release Update**

Nick Brown provided a verbal update on the early land release advising a plan had been produced from collaboration between UGC, Arden Cross and HS2 which identified sites that could be made available, along with a plan submitted by HS2 on 17 December 2021, along with an update on the Hollywell Brook land.

Jonathan Bretherton gave an update on work being done with DfT on the early land release plan, with Alan Over highlighting opportunities to remediate some of the impact and to concentrate on the land where an early release is required.

Councillor Watson asked what the plans were for land that HS2 required for construction but not for the line going forward and when would the land be released back to the previous landowner or for the landowner to be paid for the compulsory purchase. Matthew Botelle suggested he could get more information to answer the questions in detail.

**ACTION HS2-019: Matthew Botelle to provide a detailed answer to Councillor Watson's question regarding land disposal and to be presented at a future meeting.**

**9. HS2 Construction Forward Plan**

The board received a presentation from Tremaine Herbert on the HS2 Construction Forward Plan which outlined several key project milestones for 2022.

**10. HS2 Communication Forward Plan**

The board received a presentation from Pippa Whittaker on the HS2 Communications Forward Plan which outlined several key media relations milestones for 2022.

The Chair asked what was being done to reduce carbon in the construction process and expressed his interest in having more information on this. He also asked about school engagement and getting young children interested.

Pippa Whittaker highlighted plans for school visits, including visits from colleges and community groups amongst other opportunities and confirmed that information could be provided for carbon question raised.

**ACTION HS2-020: HS2 Ltd to provide further information on the reduction of carbon in the construction process including school engagement.**

Ed Watson suggested bringing an update to a future meeting regarding opportunities in the supply chain and for SMEs.

**ACTION HS2-021: Craig Wakeman/HS2 Ltd to bring an update regarding opportunities in the supply chain and for SMEs linked to the HS2 construction programme.**

Craig Wakeman advised of discussions being held with Chambers of Commerce and various other organisations with a view to reforming a strategic business growth and supply chain group that had previously been in operation and hoped to provide an update at the next board meeting.

**ACTION HS2-022: Craig Wakeman to provide an update on the business growth and supply chain group.**

**11. Any Other Business**

Craig Wakeman highlighted the Chief Executive of the National College of Advanced Technology and Infrastructure (formally the National College of High-Speed Rail) would be invited to attend the next meeting with the potential, subject to restrictions, to hold the meeting at his premises in Birmingham. He also advised suitable sites were being reviewed for future meetings throughout 2022.

**12. Date of Next Meeting**  
Tuesday 12 April 2022

[The meeting ended at 11.49am]

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**West Midlands  
Combined Authority**

**Informal Employment Committee - WMCA Chief Executive's  
Consultation/Guidance**

**Wednesday 12 January 2022 at 11.30am**

**Minutes**

**Present**

Andy Street (Chair)	Mayor of the West Midlands
Councillor Mike Bird	Walsall Metropolitan Borough Council
Councillor Ahmad Bostan	Sandwell Metropolitan Borough Council
Councillor Ian Brookfield	City of Wolverhampton Council
Councillor Ian Courts	Solihull Metropolitan Borough Council
Councillor George Duggins	Coventry City Council
Councillor Patrick Harley	Dudley Metropolitan Borough Council
Councillor Brigid Jones	Birmingham City Council

**In Attendance**

Linda Horne	Director of Finance
Laura Shoaf	Chief Executive

**7. Apologies for Absence**

An apology for absence was received from Councillor Kerry Carmichael (Sandwell)

**8. Arrangements for Informal Meeting**

The Chair reported that this was not a formal meeting of the Employment Committee but was being held as a 'consultation call' by the Chief Executive, under her delegated powers in paragraph 5.3 of the Scheme of Delegations, to take urgent action in consultation with the Mayor and portfolio leads.

Following the consultation call, the Chief Executive would take delegated decisions having regard to this consultation. The agenda was being made available to the public to ensure openness and transparency. These arrangements replaced the Employment Committee meeting scheduled for 12 January 2022, but which had been cancelled due to concerns about the current increased risk of COVID-19 infection.

**9. Minutes - 17 December 2021**

The minutes of the meeting held on 17 December 2021 were agreed as a correct record.

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

Resolved:

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

**11. Interviews for Post of Executive Director, Transport for West Midlands**

The committee interviewed one candidate for the post of Executive Director, Transport for West Midlands, following the late withdrawal of the other candidate that had been shortlisted for interview.

Recommended that the WMCA's Chief Executive:

That Anne Shaw be appointed to the position of Executive Director, Transport for West Midlands.



West Midlands  
Combined Authority

## Wellbeing Board

Tuesday 18 January 2022 at 10.00 am

### Minutes

#### Present

Councillor Izzi Seccombe (Chair)	Portfolio Lead for Wellbeing
Councillor Paulette Hamilton (Vice-Chair)	Birmingham City Council
Councillor Nicolas Barlow	Dudley Metropolitan Borough Council
Councillor Margaret Bell	Warwickshire County Council
Councillor Stephen Craddock	Walsall Metropolitan Borough Council
Guy Daly	Universities (Coventry)
Rebecca Farmer	NHS England
Councillor Karen Grinsell	Solihull Metropolitan Borough Council
Councillor Julian Gutteridge	Nuneaton & Bedworth Borough Council
Councillor Suzanne Hartwell	Sandwell Metropolitan Borough Council
Councillor Jasbir Jaspal	City of Wolverhampton Council
Paul Maubach	Sustainability & Transformation Partnership, NHS
Dr Will Taylor	Sustainability & Transformation Partnership, NHS

#### Item Title No.

#### 44. Apologies for Absence

Apologies for absence were received from Councillor Kamran Caan, Andy Hardy, Sue Ibbotson and Pete Wilson.

#### 45. Minutes - 19 October 2021

The minutes of the meeting held on 19 October 2021 were agreed as a correct record, subject to an amendment of Guy Daly's title from NHS to Universities (Coventry).

#### 46. Chair's Remarks

The Chair thanked Professor Guy Daly for his work and input on health and social care on the Wellbeing Board, as the meeting would be his last due to leaving Coventry University at the end of March as had accepted a new position as the Provost of the British University in Egypt.

**47. Revisiting the Health of the Region Report**

The board considered a presentation from the Strategic Lead for Thrive & Health Inequalities, on the Health of the Region report first published in November 2020, providing an update on the data obtained and timeline in work uploading on to the data hub. There were three aspects of the report for the board to consider; The Health of the Region report, the dynamic data hub to run alongside the Health of the Region report and the governance structure.

Councillor Paulette Hamilton queried the overall governance structure in understanding the purpose of the roundtable and core groups, who the members would be, what would be discussed at these meetings and how that fed-back to the Wellbeing Board.

Resolved:

- (1) The Wellbeing Board receive further clarity on the roundtable and core groups in obtaining a greater understanding on the governance structure in how the two groups fed-back to the board.

**48. Community Green Grants**

The board received a presentation from the Community Green Grants Project Officer, who gave a presentation to update the Wellbeing Board on the Community Green Grants programme being led by the WMCA Environment Team. The grants aim would be to reduce green deprivation, tackle barriers in access to green spaces, connect communities with nature and enhance biodiversity, due to recognising that green spaces had made a positive impact to people's lives, particularly during the start of the pandemic and lockdowns.

Councillor Karen Grinsell enquired as to the ease of the application form for completion, whether the grants were limited to only constituted groups rather than un-constituted groups who may not have a bank account to apply, as well as whether the grants would be available and to connect in with primary care networks who may be located close to a green space to be developed. Ruth Burgess concluded that un-constituted groups linking in with constituted groups would be able to apply and the application process was relatively short, with a wealth of support available for completion of the form, as well as an upcoming webinar and numerous workshops planned.

Resolved:

- (1) The Community Green Grants and the timeframe for implementation be noted.
- (2) The synergies with work in wellbeing that could support the Community Green Grants, in terms of outcomes and process be noted.

**49. WMCA Health in All Policies (HiAP) Approach**

The board received a presentation from the Public Health Programme Manager, on building upon the WMCA's plan and approach to take forward the agreed wellbeing priorities across areas of responsibilities, including transport, housing, skills, energy and the environment to recognise the link between health and wealth, region productivity, economic growth and health and wellbeing in tandem. The report built upon the WMCA's mandate for health inequalities in the Health of the Region report and the direction agreed at the October Wellbeing Board meeting.

The board discussed the importance of transport infrastructure within the HiAP Approach in accessibility and safety, particularly for cycle routes, as well as recognising general cultural shifts and encouraging behavioural changes in adopting safer and healthier travel options to drive and deliver change between health and transport.

Resolved:

- (1) The proposed WMCA Health in All Policies (HiAP) model to act on health inequalities through its devolved responsibilities across the wider determinants of health be approved.
- (2) The support and guidance to refine the model and actions taken which would ensure the greatest impact be noted.

**50. Wellbeing Programmes Update**

**a) Wellbeing Annual Performance and Forward Planning**

The board received a verbal update from the Head of Wellbeing and Prevention, on the progress to date against the 2021/22 deliverables.

Resolved:

- (1) The progress against the 2021/22 High Level Deliverables to date be noted.
- (2) Those areas which the board wished to receive a more detailed report on progress and activity be noted.

**b) Conveying a new Mental Health Commission Update**

The board received a verbal update from the Mental Health Prevention Strategic Lead, on the progress in convening a new Mental Health Commission to support an aspirational strategy for a mentally and healthier region.

The focus of the Mental Health Commission's work would be aimed at the implications of children and young people, woman and girls, male mental health and suicidal rates, as well as racial differentials.

The Chair queried about the impact of mental health in sexual choice as not being noted as part of the Commission's work. The Mental Health Prevention Strategic Lead agreed and said although the Commission would choose its focus of work, sexual choice and orientation warranted further consideration due to a contributing factor in mental health issues.

Resolved:

(1) The updated plans in respect of convening a new Mental Health Commission, as set out in the paper be endorsed.

**c) Individual Placement Support Thrive into Work**

The board received a verbal update from the Strategy and Delivery Lead, on an update on the work that was taking place, future funding intentions of government and outline of the proposed governance arrangements of the Thrive into Work Individual Placement Support (IPS).

It was noted by the Board that the IPS positively impacted and changed lives of people.

Resolved:

(1) The progress of the IPS Programme be noted.

(2) The IPS programme funding position be noted.

(3) The proposed governance arrangements for the IPS Programme be noted.

**51. Forward Plan - items for next meeting on 8 March**

The Chair noted the forward plan had not been received in advance of the meeting.

The meeting ended at 12.00 pm.



**West Midlands  
Combined Authority**

## **Audit, Risk & Assurance Committee**

**Tuesday 18 January 2022 at 10.30 am**

### **Minutes**

#### **Present**

Mark Smith (Chair)

Councillor Ram Lakha OBE (Vice-Chair)

Councillor Tom Baker- Price

Councillor Nick Bardsley

Councillor Dave Borley

Councillor Alan Butt

Councillor Ken Meeson

Councillor Charn Padda

Councillor Carl Rice

Kate Shaw

Councillor Hayden Walmsley

Coventry City Council

Worcestershire Non-Constituent  
Authorities

Shropshire Council Non-Constituent  
Authorities

Dudley Metropolitan Council

City of Wolverhampton Council

Solihull Metropolitan Borough Council

Sandwell Metropolitan Borough Council

Birmingham City Council

Greater Birmingham & Solihull Local  
Enterprise Partnership

Warwickshire Non-Constituent  
Authorities

#### **In Attendance**

Fiona Bebbington

Louise Cowen

Peter Farrow

Mark Finnegan

Linda Horne

Sandra Kalyan

Helen Lillington

Satish Mistry

Carl Pearson

Lorraine Quibell

Anne Shaw

West Midlands Combined Authority

West Midlands Combined Authority

City of Wolverhampton Council

West Midlands Combined Authority

West Midlands Combined Authority

City of Wolverhampton Council

Grant Thornton

West Midlands Combined Authority

West Midlands Combined Authority

The West Midlands Combined Authority

Transport for the West Midlands

#### **Item Title**

#### **No.**

#### **32. Apologies for Absence**

An apology for absence was received from Councillor Flint.

#### **33. Chair's Remarks**

The Chair reported that the External Audit Plan would be submitted to the next meeting in April.

The Chair also informed the committee that he had attended meetings of the WMCA Board and other board/committees recently including the Overview and Scrutiny Committee and that he had met with its Chair, Councillor Cathy Bayton. He added that a further meeting has been arranged with Councillor Cathy Bayton to look at the how the two committees would coordinate their work.

**34. Minutes - 2 November 2021**

The minutes of the meeting held on 2 November 2021 were agreed approved as a correct record subject to the following amendment/typographical error.

Minute no.23

The Finance Director also provided an update on the auditor appointment process. Linda Horne reported that an approach had been made to extend Grant Patterson's five-year term as Engagement Lead for a further two years to coincide with the end of the current appointing period, in accordance with the Public Sector Appointments (PSAA) and the Local Audit (Appointing Person) Regulations 2015.

Helen Lillington, Grant Thornton advised that the initial approach for the extension of Grant Patterson's tenure had received **ethics** approval.

**35. Matters Arising**

*Minute no. 21 Matters Arising*

*(ii) Internal Audit Update*

In relation to the Chair's enquiry regarding the accreditation status of the WMCA's cyber essentials, the Internal Audit Liaison Officer, Lorraine Quibell, advised that the accreditation had not been awarded at this stage as some gaps had been identified. The Chair asked that an update on the matter be brought to the next meeting [it was later decided that an update would be scheduled for the meeting in June, but the Chair would receive a briefing note on the matter in the meantime].

*(ii) Investigation and Whistle Blowing Update Report*

The Chair asked that an update be submitted to the next meeting as to whether any changes should be made to WMCA employment contracts.

**36. Forward Plan**

The committee received a report of agenda items to be submitted to future meetings.

Resolved:

That the report be noted.

### **37. WMCA Strategic Risk Register**

The committee considered a report of the Finance Director and Section 151 Officer that provided an update on the WMCA Strategic Risk Register.

The Strategic Risk Manager, Victoria Harman, outlined changes to the Risk Register since it was last considered by the committee in November. This included information regarding the 9 highest rated risks, risk trend detail and key material changes.

In relation to a comment from Councillor Meeson regarding his surprise to see the housing risk (residual risk) rated green, given the uncertainty around future housing in West Midlands as many local authorities were waiting the outcome of local development plans, the Finance Director, Linda Horne reported that the risk was rated green as the WMCA was on track with its housing delivery but undertook to provide more detail for the next meeting.

The Chair informed the committee that it was Victoria Harman's last meeting and conveyed his thanks to Victoria for all the work undertaken and wished her well for the future.

Resolved:

1. That the strategic risks contained within the Strategic Risk Register be noted and
2. That the risks highlighted in section 2.3 of the report which have been subject to significant changes since the register was last presented to the committee in November 2021 be noted.

### **38. Covid-19 Revenue and Capital Costs**

The committee considered a report of the Finance Director that set out the financial implications of Covid-19 on the WMCA's revenue and capital monitoring position in 2021/22.

The Financial Controller, Louise Cowen outlined the report that had been submitted to the committee following a request for further information at the meeting on 29 September 2021.

It was noted that the most significant financial impacts of the pandemic to date are the loss of commercial revenue within the Transport Portfolio and the impact on the delivery of the Transport for the West Midlands' Capital Programme.

The Financial Controller advised that the Government has put in place a package of funding to support the loss of commercial revenue and the loss of income of from fees and charges which has helped to mitigate losses. She added that the WMCA would be closely monitoring the financial position including the risks to the WMCA's Capital Investment Programme which are monitored in the Authority's Financial Monitoring Report and Strategic Risk Register.

Resolved:

That the contents of the report be noted.

**39. 2022/23 Treasury Management -Policy, Strategy and Practices**

The committee considered a report of the Finance Director that set out the draft Treasury Management Policy Statement and draft Treasury Management Strategy for endorsement prior to approval by the WMCA Board in February. The report also sought agreement that the Authority's Treasury Management Practices are adequately maintained.

The Lead Treasury Accountant, Mark Finnegan outlined the report and provided the context to the strategy.

In relation to the Treasury Management Policy Statement, the Chair noted the need to reference the Authority's borrowings which included a balance of fixed and floating interest rates.

The Chair confirmed that this committee would review all reports before they are considered by the WMCA Board.

The Lead Treasury Accountant undertook to update the report accordingly for submission to the WMCA Board.

In relation to an enquiry from Councillor Lakha regarding working capital and how this fits within the Treasury Management Portfolio, the Lead Treasury Accountant advised that he would look to include the information in the financial tables of future reports.

The Chair asked that a Mark Finnegan providing a briefing note with regards to Councillor Lakha's enquiry in the meantime.

Resolved:

1. That the draft 2022/23 Treasury Management Policy Statement (referred to in Section 2 of the report) be endorsed for onward approval by the WMCA Board in February subject to the minor amendments made by the committee;

2. That the draft 2022/23 Treasury Management Strategy (attached to the report as Appendix 1) be endorsed for onward approval by the WMCA Board in February 2022 and

3. That the arrangements for ensuring Treasury Management Practices are adequately maintained (as set out in Section 4 of the report) be noted and agreed.

**40. Appointment of External Auditors**

The committee considered a report of the Finance Director that sought approval for the WMCA to opt into the Public Sector Audit Appointments national scheme for auditor appointments for the 5 years commencing 1 April 2023.

The Financial Controller, Louise Cowen, outlined the report and advised the committee that opting-in to the national scheme again was the preferred option as it represented the best value for money and assures the appointment of suitably qualified, independent auditor.

The Finance Director reported that six of the seven constituent authorities of the WMCA had confirmed they would be also be opting-in to the national scheme with Birmingham City Council expected to confirm shortly.

Resolved:

That the WMCA opts into the Public Sectors Auditor Appointments' national scheme for external auditor appointments for the 5 year appointing period commencing 1 April 2023 be approved.

#### **41. Internal Audit Update**

The committee considered a report of the interim Director of Law and Governance that provided an update on the work undertaken by Internal Audit so far, this financial year.

Peter Farrow, Internal Audit, introduced the report and advised the committee of the internal audit reviews completed since the last meeting; Single Commissioning Framework – Land Fund and TfWM Covid-19 Response – Management and Decision Making Arrangements; both reviews were awarded a substantial level of assurance. It was noted an internal audit review had also been completed on the WMCA's Key Financial Systems (draft report issued) that would be reported to the next meeting in April.

Sandra Kaylan, Internal Audit, summarised the final report findings from the two reviews and outlined the process for following-up audit recommendations. It was noted that the Internal Audit Liaison Officer, Loraine Quibell would check with WMCA Officers that audit recommendations have been implemented and Internal Audit would also carry out independent checks.

Councillor Butt congratulated Peter Farrow and Sandra Kaylan for delivering internal audit services and the Chair thanked the WMCA's Strategic Leadership Team for achieving satisfactory and substantial audits.

Resolved: That the contents of the Internal Audit Update report be noted.

#### **42. Draft 2022/23 Internal Audit Plan**

The committee considered a report of the interim Chief Audit Executive that set out a draft Internal Audit Plan for 2022/23.

Peter Farrow, Internal Audit, outlined the report and informed the committee that the draft Internal Audit Plan had been shared with the WMCA's Strategic Leadership Team. He advised that the Plan remains a fluid document and could be changed/amended accordingly.

The Internal Audit Liaison Officer, Loraine Quibell, reported that a final review of the Plan would be undertaken with Officers prior to submission of the final Internal Audit Plan to the committee in April.

Resolved:

That the draft 2022/23 Internal Audit Plan be endorsed.

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

Resolved:

In accordance with Section 100A(4) 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 involved the likely disclosure of exempt information relating to the business affairs of any particular person (including the authority holding that information).

**44. Update on Midland Metro Track Replacement**

Further to the last meeting, the committee received an update from the interim Director of Law and Governance and Monitoring Officer, Satish Mistry and the Managing Director of Transport for the West Midlands (TfWM) Anne Shaw on Midland Metro Track Replacement in Birmingham City Centre.

It was noted that lessons learnt would be shared with the committee in due course.

Resolved:

That the update be noted.

The meeting ended at 12.00 pm.



## West Midlands Combined Authority

### Housing & Land Delivery Board

Wednesday 19 January 2022 at 10.00 am

#### Minutes

#### Present

Councillor Mike Bird (Chair)  
Councillor Zahoor Ahmed  
Bill Blincoe  
Councillor Peter Butlin  
Councillor Matthew Dormer  
Councillor Bhupinder Gakhal  
Councillor Shabrana Hussain  
Councillor Ian Kettle  
Councillor Andy Mackiewicz  
Sarah Middleton

Jo Nugent  
Dawn Ward

Suzanne Ward  
Councillor David Welsh  
Councillor Richard Smith

Walsall Metropolitan Borough Council  
Sandwell Metropolitan Borough Council  
Coventry and Warwickshire LEP  
Warwickshire County Council  
Redditch Borough Council  
City of Wolverhampton Council  
Birmingham City Council  
Dudley Metropolitan Borough Council  
Solihull Metropolitan Borough Council  
Black Country Local Enterprise  
Partnership  
Homes England  
Greater Birmingham and Solihull Local  
Enterprise Partnership  
Environment Agency  
Coventry City Council  
Nuneaton and Bedworth Borough  
Council

#### Item Title No.

#### 27. Apologies for Absence

Apologies were received from Councillor Potter, Cllr Wilson and Kevin Rogers.

#### 28. Nominations of Substitutes

Councillor Richard Smith was nominated as a substitute for Councillor Kristofer Wilson (Nuneaton and Bedworth Borough Council).

#### 29. Minutes - 4 November 2021

Resolved: That the minutes of the meeting held on 4 November 2021 be approved as a correct record.

**30. Quarterly Report on Housing and Land Portfolio Deliverables and Progress on Housing & Land Annual Business Plan**

The board considered a report of the Director of Housing and Regeneration that provided a regular quarterly update on progress and next steps in delivering the Housing and Land Deliverables for the Housing and Land portfolio. The report also included draft deliverables for 2022/23 that would be submitted to the WMCA Board for approval in February 2022.

The Strategic Planning Manager, Rob Lamond, outlined the report and provided an update on the Commercial Land Fund proposal and continuing discussions with Government to seek brownfield and infrastructure funding for the region.

Resolved:

1. That the positive progress underway to achieve the Housing and Land portfolio's approved Annual Deliverables in 2021/2022 and the clear plans in place for progressing the agreed High Level Deliverables work programmes during the remainder of 2022 be noted;

2. That the key performance highlights as set out in Section 2.0 of the report be noted and

3. That the positive performance and effective deployment of WMCA's devolved housing and land funds (illustrated by the Single Commissioning Framework schemes summarised in Annex 1 to this report) and many of these schemes are now in delivery phase having progressed through the end to end SCF process which shows the role of the WMCA in unlocking, accelerating and problem solving on 'difficult to deliver' schemes be noted

**31. Single Commissioning Framework: Outputs and Performance Monitoring**

The board considered a report of the Director of Housing and Regeneration that summarised the history of the Single Commissioning Framework (SCF) and reported on the additional measures that are being utilised to capture data on the wider outputs, outcomes and impact of WMCA's Housing and Land Investments.

Projects Officer, Rachel-Ann Atterbury, reported that the WMCA was not looking to amend the key operating principles, scheme eligibility determinants or governance systems of applications for SCF at this stage. Instead it would be focusing on output and performance management across schemes to better align housing and land investments with the WMCA's wider organisational outputs, corporate strategy, inclusive growth framework and to provide assurance on the delivery of those outputs earlier in the SCF process.

The board received a presentation from Rachel-Ann Atterbury that set out what is being measured, details of the metrics, key parts of the process, staging, examples and next steps.

The Director of Housing and Regeneration, Gareth Bradford, reported that a level playing field would be established for everyone seeking SCF funding and the process would capture best practice across all schemes in the SCF.

The board noted the impact of market forces on property affordability, the need to retrofit homes is dependent on supply and demand and the difficulties of simultaneously achieving both green and affordable homes.

The Chair asked that the Zero Carbon Homes Standard be an agenda item at the next meeting and that the Director of Housing and Regeneration circulate the definition of Affordable Housing to the board.

Resolved:

1. That the purpose and key operating principles of the Single Commissioning Framework as agreed by the Housing and Land Delivery Board in March 2019, including the process of continuous review be noted;
2. That the Single Commissioning Framework has been subject to a number of internal audits since its inception to ensure it continues to operate efficiently and maximises value for money be noted;
3. That the move towards more robust and consistent performance reporting processes for all future schemes seeking WMCA housing and land investment, in line with the recommendations of internal audits, changes to output/outcome monitoring at corporate level and best practice in the existing pipeline be noted and
4. That the changes detailed in this paper are focused on monitoring only in line with the continual review process; it does not propose changes to the Single Commissioning Framework's key operating principles and governance systems, nor to WMCA's funding eligibility requirements be noted.

### **32. Public Land Charter: For Approval**

The board considered a report of the Director of Housing and Regeneration that sought endorsement of the Public Land Charter that has been co-developed with Public Land Charter Working Group and industry experts on the Public Land Taskforce.

The Strategic Delivery Advisor, Gurdip Nagra, outlined the report including its key themes and principles that could be adopted and deployed by public sector organisations across the WMCA area to improve the speed, quality and benefits derived from the disposal, management and development of public sector land assets.

It was noted that options for potential projects would be considered by the Housing and Land Delivery Steering Group and reported to a future meeting of this board for consideration.

The board agreed to delegate authority to the Director of Housing and Regeneration and the Chair to determine the final version of the Public Land Charter.

Resolved:

1. That the Public Land Charter as set out in draft and attached to the report as Appendix A (final version to circulated to the board following the meeting in readiness for publication) be endorsed;
2. That the proposal to formally launch the Public Land Charter in early 2022 be agreed;
3. That a pilot project be identified via the Delivery Steering Group to test how the principles of the Public Land Charter could be applied in practice and showcase what could be delivered be agreed;
4. That the excellent support from local authority officers on the Public Land Charter Working Group and industry experts on the Public Land Taskforce in formulating the charter be noted and
5. That authority be delegated to the Director of Housing and Regeneration, in consultation with the Portfolio Holder for Housing and Land to agree the final version of the charter.

**33. Affordable Housing Programme: Update**

The board considered a report of the Director of Housing and Regeneration that provided an update on the WMCA's Affordable Housing Programme and ongoing collaborations with regional partners.

The Strategic Planning Manager, Rob Lamond highlighted key areas within the report and undertook to circulate the definition of Affordable Housing that was approved in 2020. The Strategic Planning Manager also updated the board on the progress of the Affordable Housing Delivery Vehicle including the next steps for business case approval.

Resolved:

1. That progress in the development of a full business case for the Affordable Housing Delivery Vehicle proposal and pilot schemes for approval in Spring 2022 be noted and
2. That the ongoing collaboration between housing associations, the National Housing Federation, Homes England, the WMCA and local authorities to develop a strategic approach to investment, delivery and innovation in the supply of affordable homes across the region be noted.

**34. Help to Own: Update On Progress**

The board considered a report of the Director of Housing and Regeneration that provided an update on the Help to Own Scheme, a new affordable housing product including the initial findings from a high-level review of the pilot scheme at The Marches, a 100 unit development in Wolverhampton.

Graham Russell, Amion, presented the findings from the review which demonstrated strong demand for the Help to Own product, provided households with a new route to get onto the housing ladder, passed the first risk huddles and established governance structures and documentation for the concept which could be replicated for Help to Own schemes.

Sam Miller and Sue Summers (West Midlands Development Capital) also outlined the key features of the Help to Own Scheme and how it could be rolled-out to other local authority areas to meet local housing needs.

Councillor Gakhal commented that the scheme had been a fantastic success in Wolverhampton and considered that the WMCA should be shouting its success more widely, as previously highlighted by the Chair.

In relation to an enquiry from Councillor Welsh as to how the Help to Own scheme could be balanced with other social housing options, the Director of Housing and Regeneration reported that the region needs a mix of affordable housing products that meets local housing needs and local planning policy requirements. He advised that the WMCA would support local authorities to provide the housing product that meets its needs which would be different/varied in each local authority area.

The Chair asked that the WMCA write to all local authorities to inform them that the Help to Own scheme qualifies for affordable housing.

Resolved:

1. That the positive findings of a review undertaken by WMCA into Help to Own which provides strong evidence to support the case for a wider roll-out beyond the pilot project, consistent with the WMCA's approach to housing and regeneration and the Housing and Land Delivery Board's 2021/22 Deliverables be welcomed and endorsed (NB this is not an investment decision and any future funding would need to be subject to receipt of an appropriate application and appraisal);
2. That the initial findings of a review of Help to Own as summarised in Section 3.7 of the report be noted;
3. That further detailed reporting on progress of the pilot would be available in February 2022 be noted and
4. That understanding the progress of Help to Own forms an important part of the board's remit in relation to affordable housing and Housing and Regeneration deliverables be noted.

### **35. West Midlands Investment Prospectus 2022**

The board considered a report of the Director of Housing and Regeneration that provided an overview and update on the engagement and delivery of the West Midlands Investment Prospectus 2022.

The report outlined the structure of the Investment Prospectus document, project programme and key dates and the next steps.

Resolved:

1. That the positive progress and substantial engagement to date on the West Midlands Investment Prospectus 2022 project be noted and

2. That this is one of the key deliverables for the Housing and Land Delivery Board in 2021/22 which as in previous years, plays an important role in attracting private sector investment and Government interest to the region be noted.

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

Resolved:

In accordance with Section 100A(4) 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 involved the likely disclosure of exempt information relating to the business affairs of any particular person (including the authority holding that information).

**37. Appendix to Quarterly Report**

The board considered a private appendix related to the Quarterly Report on the Housing and Land Portfolio Deliverables and Progress on the Housing and Land Annual Business Plan.

The Strategic Planning Manager, Rob Lamond provided an update on schemes progressing through the Single Commissioning Framework.

Resolved: That the report be noted.

**38. Presentation: Investment Prospectus**

Further to consideration of the West Midlands Investment Prospectus report, the board received a supporting presentation from Graham Russell, Amion on the latest draft of the Investment Prospectus.

The Chair asked that the Prospectus summarises the region's outputs and achievements in a couple of pages and also include more photographs of the region's successes such as the developments at Longbridge and Urban Splash.

Resolved: That the presentation be noted.

**39. Date of Next meeting - 2 March 2022**

The meeting ended at 11.45 am.



# Young Combined Authority

## Young Combined Authority (YCA) Board update, February 2021

### Moving towards action...

Having completed their Charter and presented it to the WMCA Board in January, the YCA Board are now focused on identifying opportunities to make an impact and launching new working groups to drive forward activity.

During their February meeting, the YCA Board...

- Met with officers in the WMCA Mental Health team about the potential for them to inform the relaunched Commission.
- Discussed a wide range of opportunities suggested by the WMCA, such as providing feedback on the WMCA Equality Scheme and West Midlands Plan for Growth.
- Agreed to launch a survey to gather ideas from the YCA Board following the meeting, and set up new groups to begin activity this month.



### Stay up to date with the YCA!

Follow us on social media: [@wmyoungboard](#)

For any questions, please email: [Lucy.Gosling@wmca.org.uk](mailto:Lucy.Gosling@wmca.org.uk)

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