



Housing & Land Delivery Board

Date: Wednesday 16 November 2022

Time: 10.00 am **Public meeting** Yes

Venue: Room 116, West Midlands Combined Authority, 16 Summer Lane, Birmingham. B19 3SD

Membership

Councillor Mike Bird (Chair)
Councillor Peter Butlin
Councillor Matthew Dormer
Councillor Adrienne Fitzgerald
Councillor Bhupinder Gakhal
Councillor Andy Mackiewicz
Councillor Charn Padda
Sarah Middleton
Jo Nugent
Councillor Jeremy Oates
Councillor Richard Overton
Councillor Daren Pemberton
Councillor Ed Potter
Councillor Richard Smith
Councillor Wayne Sullivan
Councillor Sharon Thompson
Kevin Rodgers
Dawn Ward

Suzanne Ward
Councillor David Welsh
Councillor David A Wright

Walsall Metropolitan Borough Council
Warwickshire County Council
Redditch Borough Council
Cannock Chase District Council
City of Wolverhampton Council
Solihull Metropolitan Borough Council
Sandwell Metropolitan Borough Council
Black Country Local Enterprise Partnership
Homes England
Tamworth Borough Council
Telford and Wrekin Council
Stratford on Avon District Council
Shropshire Council
Nuneaton and Bedworth Borough Council
Dudley Metropolitan Borough Council
Birmingham City Council
West Midlands Housing Association Partnership
Greater Birmingham and Solihull Local
Enterprise Partnership
Environment Agency
Coventry City Council
North Warwickshire Borough Council

The quorum for this meeting shall be eight members.

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

Contact Wendy Slater, Senior Governance Services Officer
Telephone 07557 831344
Email wendy.slater@wmca.org.uk

AGENDA

No.	Item	Presenting	Pages
1.	Apologies for Absence (if any)	Chair	None
2.	Notification of Substitutes (if any)	Chair	None
3.	Declarations of Interests (if any) Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None
4.	Minutes - 5 October 2022	Chair	1 - 10
5.	Investment Zones & Devolution Deal : Update	Rob Lamond	11 - 16
6.	Housing & Land Portfolio Funds : Update	Rob Lamond	17 - 24
7.	Future Homes Strategy : Progress Report	Rachel-Ann Atterbury	25 - 48
8.	Plan for Growth : Update	Paul Edwards	49 - 84
9.	Exclusion of the Press and Public To pass the following resolution: That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).	Chair	None
10.	Housing & Land Fund Dashboards	Rob Lamond	85 - 94
Date of next meeting - 23 January 2023			



**West Midlands
Combined Authority**

Housing & Land Delivery Board

Wednesday 5 October 2022 at 10.00 am

Minutes

Present

Councillor Stephen Simkins
Councillor Charn Padda
Jo Nugent
Dawn Ward

City of Wolverhampton Council
Sandwell Metropolitan Borough Council
Homes England
Greater Birmingham and Solihull Local
Enterprise Partnership

Participating in the meeting via Teams

Councillor Andy Mackiewicz
Councillor Richard Overton
Councillor Richard Smith
Councillor David Welsh
Delma Dwight

Solihull Metropolitan Borough Council
Telford and Wrekin Council
Nuneaton and Bedworth Council
Coventry City Council
Black Country Local Enterprise
Partnership
Environment Agency

Suzanne Page

Item Title No.

16. Inquorate meeting

It was reported that the meeting was inquorate and therefore the recommendations contained within the minutes would be submitted to the WMCA Board on 28 October 2022 for formal approval and adoption.

Councillor Simkins in the Chair

17. Apologies for Absence

Apologies were received from the Chair, Councillor Bird (Walsall), Councillor Butlin (Warwickshire), Councillor Fitzgerald (Cannock), Councillor Gakhal (Wolverhampton), Councillor Thompson (Birmingham) Kevin Rogers and Sarah Middleton.

18. Nomination of Substitutes

Councillor Gakhal (City of Wolverhampton Council) had nominated Councillor Simkins to attend on his behalf.

Sarah Middleton (Black Country Local Enterprise Partnership) had nominated Delma Dwight to attend on her behalf.

19. Minutes - 20 July 2022

The minutes of the meeting held on 20 July 2022 were agreed as a true record.

20. Quarterly Report on Housing & Land Portfolio Deliverables and Progress on Housing and Land Annual Business Plan

The board considered a report of the Executive Director of Housing, Property and Regeneration, which provided a regular quarterly update on progress in delivering the High Level Deliverables for the Housing and Land Portfolio as co-developed with the Housing & Land Delivery Board throughout the year and agreed by the WMCA Board in February 2022.

Councillor Simkins commented that a number of big priority projects in Wolverhampton had stalled and there is a need for the WMCA to look at these.

Councillor Mackiewicz commented that some brownfield sites in rural areas are difficult to develop on sustainability grounds e.g. due to lack of public transport. He enquired whether the WMCA could help bring forward brownfield sites in rural locations, such as those in in Solihull.

Tracy Darke commented that development in rural locations needs to be considered very carefully against the criteria of the National Planning Policy Framework: there might be some that are more accessible than others but not all.

The Executive Director of Housing, Property and Regeneration, Gareth Bradford, reported that WMCA is on track against various targets set out in the devolved housing and land funds and works closely with all local authorities to bring forward developable projects, create a pipeline of future projects and consider whether projects meet current HM Government funding criteria. More Government funding is needed for brownfield sites and having more flexibility in the criteria applied by HM Government lies at the heart of negotiations on the Trailblazer Devolution Deal. Where projects do not meet current HM Government funding criteria, the WMCA would be submitting these as case studies to Government to demonstrate the need for flexible funding. He advised the board that the WMCA regularly meets with local authority colleagues to identify their priority projects and undertook to inform the board of the 'difficult to deliver' projects/sites that are coming through the WMCA funding processes.

Councillor Simkins asked that the WMCA process used to determine applications for devolved housing and land funds be reviewed to consider how the pace of delivery might be increased. He suggested local authorities should provide a list of difficult to deliver sites for potential WMCA support, looking at worst sites first.

The Executive Director of Housing, Property & Regeneration commented that, at the last meeting, Members had considered a range of very difficult to deliver sites which had been unlocked and accelerated through the WMCA housing and land programme and were now on site or completed. He offered to produce a list of sites for the next meeting which would highlight the specific

problems which are being encountered and how increased flexibility in funding might help with this. He added that where improvements are needed to the process, these will be implemented. Discussions will also continue with individual local authorities.

It be recommended to the WMCA Board that:

1. Positive progress to achieve the Housing and Land Portfolio's approved Annual Deliverables in Q1 & Q2 2022/23 be noted ;
2. The key performance highlights set out in Section 3 of the report be noted and
3. The positive performance and effective deployment of WMCA's devolved housing and land illustrated by the Single Commissioning Framework schemes summarised in the confidential annex to the report (many of these schemes are now in delivery phase, having progressed through to the end of the process, which shows the role of the WMCA in unlocking, accelerating and problem solving on 'difficult to deliver' schemes) be noted.

21. Levelling Up : Trailblazer Devolution Deal - Update

The board considered a report of the Executive Director of Housing, Property & Regeneration that provided an update on progress on the development of the Housing & Regeneration proposals within the West Midlands Trailblazer Devolution Deal.

The Executive Director of Housing, Property & Regeneration stated that work on investment zones was proceeding at pace and thanked local authorities for their engagement in this work.

The Executive Director of Housing, Property & Regeneration stated that, in relation to Investment Zones, HM Government appears very focused on economic growth; he explained that discussions continue to highlight the board's wider ambition for Investment Zones to drive social and environmental benefits.

The Head of Strategy & Analysis, Rob Lamond, informed the board that the devolution proposals could be subject to change due to the changes made within Government and referred to the latest proposals set out in section 4 of the report. The deadline for submission of Expressions of Interest, led by WMCA, is 14 October 2022.

The Executive Director of Housing, Property & Regeneration, Gareth Bradford undertook to follow up a conversation with Suzanne Ward (Environment Agency); the agency is being approached by local authorities to explore how delivery on some projects could be accelerated.

Councillor Mackiewicz suggested that retrofit would help to deliver economic growth and problems in the supply chain (materials, labour costs) need to be addressed.

Councillor Simkins suggested the board's work should be aligned with that of the Economic Growth Board and wider regeneration benefits needed to be considered e.g. health, education. Conversations need to take place on housing delivery/retrofit with local authorities and/or through their arms' length management organisations.

It be recommended to the WMCA Board that:

1. Progress made since the last meeting of the Housing & Land Delivery Board on the development of the Housing, Property and Regeneration proposals within the West Midlands Trailblazer Devolution Deal be noted;
2. The current version of these proposals as set out in the report be endorsed and
3. The ongoing extensive internal and external engagement programme supporting development and testing of these proposals with the new Government be noted and
4. The ongoing engagement and input from the Housing and Land Delivery Board Members in this process be welcomed.

22. Affordable Homes Supply Strategy : Discussion Paper

The board considered a report of the Executive Director of Housing, Property & Regeneration that set out the work to date on the preparation of an Affordable Homes Supply Strategy and invited discussion on the proposed approach and indicative content.

The Head of Strategy & Analysis, Rob Lamond, presented the WMCA's proposed approach to an Affordable Homes Supply Strategy. This included the strategic context (key drivers and key trends) and the vision and approach to the strategy (delivery arrangements and key independencies and links).

Dawn Ward (GBSLEP) commented that many individuals, in particular young people, cannot afford to buy or rent property in the West Midlands and that the region risked losing talent to other areas where housing was affordable.

Rob Lamond reported that he was speaking to universities in the region on this issue and undertook to speak to Dawn Ward to discuss to how the WMCA could obtain access to students and student organisations.

Councillor Padda (Sandwell) proposed that the vision needs to ensure a supply of affordable homes are meeting local needs and that these are really affordable for local people.

Rob Lamond undertook to speak Councillor Padda on the matter outside of the meeting.

Councillor Mackiewicz reported on a pilot project in Solihull that helps key workers buy a house (shared ownership) at a rate that is cheaper than renting using HRA reserves.

Councillor Simkins considered the WMCA should look at best practice across the WMCA area to ensure the best housing options are utilised.

The Executive Director of Property, Housing and Regeneration, Gareth Bradford, reported that the WMCA seeks to add value with regards to affordable housing and would welcome feedback from members and, further to Councillor's Simkin's suggestion would research best practice.

It be recommended to the WMCA Board that :

1. Progress with developing an 'Affordable Homes Supply Strategy' as commissioned by the Housing & Land Delivery Board, to help drive the increased provision of a range of affordable homes within the region to meet local needs and establish the West Midlands as the leading UK region in terms of affordable homes and policy delivery be noted;
2. The product of this work will be an integrated strategy that directly supports key policy agendas of WMCA and local authorities through enabling affordable housing delivery and driving advanced manufacturing in construction, zero carbon homes and the design quality and devolution asks be noted;
3. The potential contents and remit of an affordable homes supply strategy as set out in the supporting slides (attached as Annex 1) be noted and
4. The proposed next steps be endorsed.

23. Future Homes Strategy Update : Themes and Structure

The board considered a report of the Executive Director of Housing, Property and Regeneration that provided an update on the wide-ranging activity that has been undertaken to develop a new Future Homes Strategy and a programme of targeted action.

Rachel Atterbury, Projects Officer, introduced the report and the Chair of WMCA's Future Homes Taskforce, Mark Farmer who presented more detailed information.

Mark Farmer, CEO of Cast Consultancy and the UK Government's MMC Champion reported on the work of WMCA's Future Homes Taskforce that seeks to shape the strategy development programme and to identify opportunities for industry-driven leadership on Future Homes in the West Midlands. He explained that the challenge is to land more new zero carbon homes alongside an agenda focused on how they are built. Most combined authorities are focused on zero carbon; the West Midlands would focus on how we build in order to deliver that outcome.

In relation to an enquiry from Suzanne Ward (Environment Agency) as to whether Severn Trent were involved with the Taskforce, Mark Farmer advised that the Taskforce would look at water consumption and sustainable drainage along with changing behaviour.

Projects Officer, Rachel-Ann Atterbury explained that two previous reports on this subject matter had come to the board and that the final strategy will be presented in early 2023. The current report presented the context for the Future Homes Strategy, the four key points of difference which frame the Future Homes Strategy putting the region in pole position, the key themes and structure of the strategy and next steps.

Councillor Overton asked how SMEs might work with the system and whether it related to smaller sites. Rachel Atterbury explained that the Future Homes Strategy links to WMCA's Plan for Growth which highlighted the potential of the region in this area (a cluster of expertise already existing in the supply chain) and there is more potential to be developed.

Councillor Mackiewicz (Solihull) commented that the key to growth is consistency in policy and taxation. He considered that there is a need for a vision that covers the next 5-10 years that encourages local suppliers to come into this space and make a long-term commitment.

Councillor Simkins asked for engagement with the Economic Growth Board on this subject matter.

Councillor Padda was supportive of the proposals and, in particular, using local supply chains and suggested looking at other places in the world such as Scandinavia on how they deal with warmer homes.

It be recommended to the WMCA Board that:

1. Work undertaken to date to develop an integrated West Midlands Future Homes Strategy that establishes the West Midlands as the centre of excellence for low carbon living, modular construction in the UK and demonstrates the WMCA is going faster than national regulatory standards due to be introduced in 2025 be noted;
2. The expert Future Homes Taskforce has now been established and is fully engaged in development of the strategy and its successful implementation be noted;
3. The proposed key themes and points of difference of the West Midlands Future Homes Strategy be endorsed and
4. The proposed structure of the Future Homes Strategy be endorsed.

24. West Midlands Brownfield Regeneration Strategy : Discussion Paper

The board considered a report of the Director of Housing, Property & Regeneration that sought their views on the WMCA's current thinking on the nature and form of West Midlands Brownfield Regeneration Strategy as previously commissioned by this board.

The Head of Policy and Planning, Pat Willoughby, outlined the report and advised the board that the brownfield regeneration strategy would bring together the different brownfield, housing and regeneration initiatives, projects and programmes the board is overseeing into a single coherent strategy. Working with local authorities, it was proposed the strategy document that would be produced would be similar to the Investment Prospectus document and that seeks to unlock private sector investment.

Councillor Welsh (Coventry) agreed that there is a need to bring forward brownfield land for development but expressed concerns about the report and approach as currently written in this report. He suggested that the document should evidence it is more collaborative in its approach and should include explicit reference to local authorities and other agencies so that it reflected a partnership approach. He reported that the WMCA does not have the powers to intervene in this area and would appreciate a meeting with the Director of Housing, Property and Regeneration to discuss the matter further with regards to Coventry City Council.

The Director of Housing, Property and Regeneration, Gareth Bradford reported that the document is intended to be a partnership document that seeks to add value and would be produced in the same collaborative way as had been used for the Investment Prospectus; he committed to look afresh at the approach and report with the local authority officer group.

Councillor Simkins stated that local authorities need to drive this agenda and that the WMCA should be focusing on its role as an enabler, adding value to the work of local authorities.

Councillor Welsh agreed the strategy document should be adding value. A report that addresses the concerns raised should come back to the board, when ready.

Councillor Mackiewicz (Solihull) considered the document should reference economic growth as this was now central to the Government's policy agenda.

The Director of Housing, Property and Regeneration advised that in the light of comments on the contents of the report, and the issues raised by Members, he would bring forward a revised report to a future meeting following significantly greater engagement, collaboration and co-development.

It be recommended to the WMCA Board that :

No decision be taken and the item be deferred to a future meeting to address the issues highlighted by Members and to ensure full co-development with partners across the region.

25. WMCA & Homes England - Strategic Partnership Opportunity

The board considered a report of the Executive Director of Housing, Property & Regeneration that sought discussion and endorsement of the initial conversations held with between the WMCA and Homes England to establish a new strategic partnership, the fifth partnership to be signed by the WMCA under the Housing and Land Delivery Board.

The Head of Strategy & Analysis, Rob Lamond outlined the report and highlighted the principles of establishing a Strategic Place Partnership with Homes England.

Jo Nugent (Homes England) reported that Homes England supported the WMCA's Public Land Charter and would look at how land could be utilised to support local plans.

Councillor Simkins stated that a partnership with Homes England is needed; both organisations have the same ambitions. The partnership could be used to drive delivery.

Councillor Overton said that this was a positive report and that public sector land could be used to develop the strategy.

The board acknowledged this was a positive report.

It be recommended to the WMCA Board that :

1. The principles and progress to date on establishing a formal strategic partnership between the WMCA and Homes England to unlock the delivery of new homes in the West Midlands be endorsed;
2. The proposed next steps of work be endorsed and
3. This would form part of the work under the Housing & Land Delivery Board to establish formal strategic partnerships be noted.

26. WMCA Housing Deal Local Plans : Progress Update

The board considered a report of the Executive Director of Housing, Property & Regeneration that provided a further update on the progress of local plans in the region following a request from the board at its meeting in April 2022 that local plans update should be provided at all future meetings. The report explained that WMCA had also been asked to provide a regional overview on employment land supply and demand.

Councillor Mackiewicz (Solihull) reported that he was very disappointed with the inspector's opinion regarding the delivery of new housing on the NEC site and the proposed relocation of a school. He was seeking clarification on the matter.

The Head of Policy and Planning, Pat Willoughby, advised that WMCA was already in discussion with Solihull officers regarding delivery of development on the NEC site and that WMCA would help in any way that they could.

Tracy Darke (Shropshire) updated the board on the status of Shropshire's Local Plan; a final first stage hearing was planned for January 2023.

It be recommended to the WMCA Board that:

The progress update on local plans in the West Midlands be noted.

27. WMCA Taskforces : Progress Update

The board considered a report of the Executive Director of Housing, Property & Regeneration that provided an update on the activities of the WMCA taskforces which support the Housing & Land Portfolio and provide vital industry insight, challenge and steer across its range of projects and programmes.

The Head of Policy and Planning, Pat Willoughby, introduced the report that was submitted for information.

It be recommended to the WMCA Board that:

1. The positive work and contributions to date of the industry-led taskforces established by the WMCA under its Housing & Land Delivery Board be noted and
2. The recent activity that has taken place around each of the four taskforces in operation be noted.

28. Exclusion of the Press and Public

Resolved:

That in accordance with Section 100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any particular person (including the authority holding that information).

29. Confidential Appendix to Quarterly Report

The board considered an appendix to the Quarterly Housing and Land Portfolio Deliverables report that provided an update on Single Commissioning Framework Schemes.

It be recommended to the WMCA Board that:

The report be noted.

The meeting ended at 11.49 am.

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Housing & Land Delivery Board

Date	16 th November 2022
Report title	Investment Zones & Trailblazer Devolution Deal: Update
Portfolio Lead	Housing & Land – Councillor Mike Bird
Accountable Employees	Gareth Bradford, Executive Director of Housing, Property & Regeneration (Accountable Director) Rob Lamond, Head of Strategy & Analysis, (Report Author)
Previous reports	Update received by Housing & Land Delivery Steering Group on 02.11.2022

Recommendation(s) for action or decision:

Housing & Land Delivery Board is recommended to:

- a) **Note** the submission of the WMCA Expression of Interest for Investment Zones on behalf of the region, submitted via the Government's online portal by the deadline of 14th October 2022;
- b) **Note** the collaborative approach and collective effort of local authority teams and WMCA in developing the Investment Zone proposals; and
- c) **Note** the next steps for Investment Zone proposals and the Trailblazer Devolution Deal outlined in Section 5 of the report.

1.0 Purpose

- 1.1 The "*Growth Plan 2022*" speech made by the Chancellor of Exchequer on Friday 23 September 2022 included HM Government's proposals for local areas to express interest in the development of "Investment Zones", subsequently described by Government as areas that were intended to "*drive growth and unlock housing, with sites benefiting from tax incentives, planning liberalisation, and wider support for the local economy.*" The government pledged to work with the devolved administrations and local partners to introduce investment zones across the UK.
- 1.2 The purpose of this paper is to provide the Housing & Land Delivery Board with an **update** on the **development of Investment Zone proposals** in the West Midlands,

and the subsequent progress made following the submission of Expressions of Interest on 14th October 2022.

2.0 Background

- 2.1 Following the announcement of “Investment Zones” in the speech made on 23rd September, further guidance was issued by Government on 2nd October, with the formal process for submitting/assessing proposals confirmed with a deadline of noon 14th October 2022.
- 2.2 WMCA was instructed by the Department for Levelling Up, Housing & Communities (DLUHC) to co-ordinate, on behalf of the region, the developing proposals for Investment Zones. This built on the work that WMCA had been undertaking with local partners throughout 2022 as part of producing the Investment Prospectus 2022, the Plan for Growth and through developing the Trailblazer Devolution Deal which included Levelling Up Investment Zones. The comprehensive approach proposed through the Levelling Up Investment Zones seeks to maximise the range of devolution asks – including funding simplification, public land reforms and an enhanced affordable housing allocation – while ensuring wider social and economic outcomes. Levelling Up Investment Zones were one of the critical “devolution asks” under the Housing and Land Portfolio agreed by the Housing & Land Delivery Board.
- 2.3 Guidance issued by DLUHC on 2nd October set out the main areas of opportunity for Government’s newly proposed Investment Zones as being:
- **Lower taxes** – businesses in designated sites will benefit from time-limited tax benefits
 - **Accelerated development** – there will be designated planning sites to build for growth and housing. Where planning applications remain necessary, they will be radically streamlined. Planning sites may be co-located with, or separate to, tax sites, depending on what makes most sense for the local economy and accelerating delivery.
 - **Wider support for local growth** – for example, through greater control over local growth funding for areas with appropriate governance.
- 2.4 More detailed guidance on the potential benefits and flexibilities for Investment Zones as proposed by the Government are detailed in the box overleaf:

Business Rates – 100% relief from business rates on newly occupied business premises, and certain existing businesses where they expand in English Investment Zone tax sites. Councils hosting Investment Zones will receive 100% of the business rates growth in designated sites above an agreed baseline for 25 years.

Enhanced Capital Allowance – 100% first year allowance for companies' qualifying expenditure on plant and machinery assets for use in tax sites.

Enhanced Structures and Buildings Allowance – accelerated relief to allow businesses to reduce their taxable profits by 20% of the cost of qualifying non-residential investment per year, relieving 100% of their cost of investment over 5 years.

Employer National Insurance contributions relief – zero-rate Employer NICs on salaries of any new employee working in the tax site for at least 60% of their time, on earnings up to £50,270 per year, with Employer NICs being charged at the usual rate above this level.

Stamp Duty Land Tax – a full SDLT relief for land and buildings bought for use or development for commercial purposes, and for purchases of land or buildings for residential developers

3.0 Expressions of Interest

- 3.1 Following the announcements, a project group was established within WMCA to co-ordinate and support the development of Expressions of Interest (EOIs) from local authorities in the region. The project group worked in partnership with Local Authority Partners and other regional stakeholders to co-develop the submission of selected sites in the West Midlands and liaison with Whitehall officials.
- 3.2 On 5th October 2022, the Housing & Land Delivery Board was updated on the latest state of play and supported the broad Investment Zone areas, and the approach to engagement with local authorities and Whitehall.
- 3.3 The information provided by Local Authority teams included site specific details as requested by Government such as enabling infrastructure requirements and barriers to delivery, scheme details, wider benefits and dependencies for each site. For each potential Investment Zone (a collection of sites across a broader geographic area), additional information was provided such as the overall investment strategy for the proposed zone, mapping of each potential zone, key details (indicative cost, timings, benefits), governance arrangements and financial requirements.
- 3.4 In their submissions, all West Midlands local authorities stressed to Government that the introduction of Investment Zones must **not** be to the detriment of the financial resources that would have otherwise been available to them and WMCA.

4.0 Expression of Interest

- 4.1 The overall Expression of Interest was submitted by WMCA on behalf of local authority partners ahead of the Government deadline of noon on 14th October 2022. The submission totalled six Investment Zones in the region, namely:
 - Birmingham/Solihull
 - Coventry/Warwick/Warwickshire
 - Dudley
 - Sandwell

- Walsall
- Wolverhampton

- 4.2 In addition, the WMCA team worked collaboratively with non-constituent Member local authorities to develop and evidence proposals submitted separately by the respective Upper Tier Local Authorities (namely Telford & Wrekin and Warwickshire County Council).
- 4.3 As set out in the WMCA Press Release of 18th October, the six zones in the WMCA submission comprised a number of high-potential sites within clearly defined growth corridors with over 1,400 hectares of land, with the potential for economic impact of £4.8 billion of additional GVA per year – which indicates a 4-5% increase in total West Midlands economic output per annum. Taken collectively the proposed Zones have the potential to deliver:
- 3,100,000 m2 employment space and the creation of 65,128 jobs (50,620 net)
 - 18,000 new homes in the next 10 years, and regeneration of local areas
 - Strengthening our world-class economic clusters in high-growth sectors, as set out in the WMCA Plan for Growth, such as battery technology, advanced automotive, business & professional services, health innovation, sustainable construction and green manufacturing.
- 4.4 The Expressions of Interest included sign off from respective Council Leaders, Chief Executives and Section 151 Officers, alongside letters of support from MPs for each area within the proposals.

5.0 Next Steps

- 5.1 The submission of the West Midlands proposals was completed prior to the deadline via the DLUHC online portal on 14th October 2022 **with the information produced and submitted by each of the respective LA partners engaged in this process and in the template requested by DLUHC**. DLUHC officials confirmed receipt and indicated that submission would be followed by an assessment period and the next stages of due diligence, appraisal and analysis.
- 5.2 Following the submission date for Investment Zone proposals, the subsequent changes in HM Government on 20th October 2022 and a new administration being confirmed on 25th October, have resulted in a period of uncertainty regarding the next steps for Investment Zones. DLUHC officials have continued to seek clarifications of detail on the Expression of Interest submission from WMCA and have confirmed that the assessments are continuing.
- 5.3 **The “Levelling Up Investment Zone” concept remains a core element of the region’s asks for further devolution to the West Midlands.** It is important to note that the efficient, productive and timely collaboration between local authorities, WMCA and wider partners, which resulted in the Investment Zone proposals to Government in October 2022, has put the region in a strong position for further stages or ongoing development of the agenda. The **strong pipeline of commercial and residential schemes** this work has evidenced will inform the Trailblazer Devolution Deal proposals and supporting evidence base, the pipeline for devolved Housing and Land funds and the development of the next iteration of the West Midlands Investment Prospectus and other business cases to Government.

5.4 As a reminder, alongside the “Levelling Up Investment Zones” proposal, the three other devolution proposals under the Housing and Land Portfolio will continue to be a central part of the WMCA’s Trailblazer Devolution Deal negotiations with HM Government. These three proposals are:

- a **Single West Midlands Regeneration Fund** of £350m (including revenue funding) to unlock and accelerate stalled and challenging residential and commercial brownfield sites, and to support town and city centre regeneration. This would help unlock sites in our regional land and development pipeline, reducing pressure on the Green Belt and supporting local plans, as well as leveraging new private investment and delivering new housing supply and commercial floorspace
- a £500m **Affordable Housing Settlement** over 5 years with further funding flexibilities, to help achieve our collective ambition to double the supply of affordable homes in the West Midlands, increase provision on individual sites to meet local need and bring new products to the market
- a **Land Reform Programme** establishing the West Midlands as a national centre of excellence for public land policy and delivery including being the first vanguard region for the Cabinet Office’s new “place pilots” programme, and securing from Government a series of flexibilities in order to bring public land forward for development at pace, maximise its value, accelerate implementation of the West Midlands Public Land Charter, support the work of the West Midlands Public Land Taskforce and showcase the contribution of public land and buildings to Levelling Up and placemaking.

6.0 Financial Implications

6.1 It is noted that the purpose of this paper is to provide an update on the development of Investment Zone proposals in the West Midlands, and the progress made following the submission of Expressions of Interest.

6.2 There are no immediate financial implications as a result of the points noted within this report. However, there are likely to be costs associated with the development of the pipeline of schemes and of the next iteration of the West Midlands Investment Prospectus, noted within the report, which will be funded from existing resources. Any potential/emerging financial implications will be presented to the Housing & Land Delivery Board at a future date.

7.0 Legal Implications

7.1 It is noted that the purpose of this paper is to update the Housing and Land Delivery Board on the development of Investment Zone proposals in the West Midlands and the subsequent progress following submission of the Expressions of Interest.

7.2 Although there are no immediate legal implications arising from this paper consideration will need to be given to the legal implications arising from any future guidance issued by HM Government in relation to Investment Zones or similar proposals. Legal advice will need to be sought at the appropriate stages with a view to ensuring that appropriate governance systems are established to complement or amend the existing systems within WMCA for the purposes of the implementation and delivery of any such proposals.

8.0 Equalities Implications

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

9.0 Inclusive Growth Implications

- 9.1 There are no immediate inclusive growth implications in relation to this report. Individual projects, however, will need to take into account local area needs and local stakeholder needs to ensure that they benefit local communities.

10.0 Geographical Area of Report's Implications

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

11.0 Other implications

- 11.1 None.

12.0. Schedule of Background Papers

- 12.1 None.



Housing & Land Delivery Board

Date	16 th November 2022
Report title	Housing & Land Portfolio Funds: Update
Portfolio Lead	Housing & Land – Councillor Mike Bird
Accountable Employees	Gareth Bradford, Executive Director of Housing, Property & Regeneration (Accountable Director) Rob Lamond, Head of Strategy & Analysis (Report Author)
Previous reports	Report received by Housing & Land Delivery Steering Group on 02.11.2022

Recommendation(s) for action or decision:

Housing & Land Delivery Board is recommended to:

- a) **Note** the update on devolved Housing & Land funds secured by WMCA since 2018;
- b) **Note** the conditions set by HM Government relating to regional deployment of these funds; and
- c) **Note** the performance reporting mechanisms in place for WMCA Boards and HM Government audiences.

1.0 Purpose

- 1.1 Since 2018, West Midlands Combined Authority (WMCA) has secured a series of bespoke ring-fenced funds from HM Government that are available for investment in Housing & Land projects across the whole region. These funds have been provided to the West Midlands to increase the supply of readily developable land to deliver high quality development schemes with new homes, commercial, retail and other employment space that would not otherwise come forward without public sector intervention. These funds come with specific requirements from HM Government and criteria which must be met on every project – there is no flexibility for WMCA to depart from these requirements and criteria. It is worth noting from the outset that the HM Government performance criteria are weighted to these funds securing “*new housing outputs*”.

- 1.2 The purpose of this paper is to provide the Housing & Land Delivery Board with an update on devolved Housing & Land funds in the region and to provide a reminder of the purpose and requirements of these funds devolved to the region and the restrictions which come with them.

2.0 Background

- 2.1 In 2018, WMCA secured a **landmark Housing Deal** with Government which established a regional housing target of 215,000 homes by 2031 and included a £100m Land Fund to bring forward difficult to deliver, constrained sites and create 8,000 new homes alongside securing wider outputs and timely progress on local plans. The Land Fund would be paid in tranches dependent on adequate performance, delivery on site and evidence of robust assurance and due diligence in place in assessing applications for funding. WMCA was made responsible for reporting monthly to Government on the performance of the fund, compliance with the fund conditions and how the fund was being deployed for maximum additionality. There is an escalation route to senior levels of Government if there is any departure from the requirements laid down and milestones to be achieved.
- 2.2 Since 2018, and as a result of a successful delivery record against the Housing Deal requirements, both on sites and local plans together with compliance with the prescribed fund requirements, **WMCA has been awarded further funding to unlock brownfield sites** and bring forward more homes, alongside securing wider benefits which support regional economic recovery and growth. These funding programmes, secured in tranches based on delivery targets being met, are set out in Table 1 below.

Table 1: Housing & Land Funds

FUND	AMOUNT SECURED BY WMCA*	DATE
Housing Deal Land Fund	£100 million	2018
Brownfield Housing Fund (1)	£84 million	2020
National Competitive Fund	£24 million	2020
Brownfield Housing Fund Extension (awarded as part of Levelling Up announcements)	£28 million	2022
Brownfield Housing Fund (further allocation)	£17.5 million	2022

- 2.3 Grant funding via these funds is available to tackle site remediation challenges, infrastructure deficits, repurposing of derelict/underutilised properties, WMCA land acquisitions and other enabling requirements, and is designed to address genuine and proven scheme viability issues where WMCA is ***the funder of last resort***.
- 2.4 **Each of the funds has prescribed terms set by HM Government that provide the conditions by which WMCA, working with our local authority partners, can deploy the funds.** It is crucial to note that **funds are paid in tranches**. It is also important to note the project by project assessment process (e.g. on issues like BCR for example) and that these funds remain tied to local plan performance as well as site delivery. The specific conditions are set out in Table 2 below.

Table 2: Housing & Land Funds – Conditions applied by HM Government

Fund	HM Government Conditions
Brownfield Housing Fund/National Competitive Fund	<ul style="list-style-type: none"> • Projects are Green Book compliant with a BCR floor of 1:1 • WMCA should seek the best possible Value for Money opportunities • Projects must have an evidenced market failure with WMCA being the funder of last resort • Funding is available to the whole WMCA area (constituent and non-constituent) • Projects must demonstrate they could not happen without the financial support of the funding, seeking to prioritise projects with the highest additionality • Homes brought forward will start on site before 31 March 2025 • Councils must either have an up to date Local Plan in place, or an agreed plan with HM Government for getting a Local Plan in place • Adequate progress demonstrated against local plan milestones • Adequate progress demonstrated against the spend profile and key delivery milestones • Projects are assessed through the WMCA Single Commissioning Framework (a requirement of the first £100m Land Fund) and Single Assurance Framework (part of the required assurance of WMCA to HM Government) • Funding is paid in tranches against acceptable performance <p>Additionally, WMCA is asked by HM Government to:</p> <ul style="list-style-type: none"> • Consider projects that have an accelerated spending profile and apply this as a key criterion in decisions • Utilise this funding to support regional economic recovery/growth, for example, using local small and medium sized enterprises or local supply chains where practicable • Support provision of affordable housing, modular construction and zero carbon standards • 10,742 new homes to be delivered creating an average intervention rate of £14,279 per home
Housing Deal Land Fund	<ul style="list-style-type: none"> • 8,016 new homes to be delivered from the Land Fund creating an average intervention rate of £12,475 per home • Funding not to be used for other forms of floorspace unless incidental to a residential scheme • Adequate progress against key local plan milestones • Adequate progress against the spend profile and key delivery milestones

	<ul style="list-style-type: none"> • Funding is available to the whole WMCA area (constituent and non-constituent) • Funding is paid in tranches against acceptable performance • Projects are Green Book compliant with a BCR floor of 1:1.5 per project • WMCA should seek the best possible Value for Money opportunities • Projects must have an evidenced market failure with WMCA being the funder of last resort • Projects must demonstrate they could not happen without the financial support of the Land Fund • Funding should be deployed via a new bespoke Single Commissioning Framework which WMCA will produce and will be agreed with HM Government <u>before any funding is deployed</u> (part of the required assurance to HM Government) • To be used for Brownfield Land and/or vacant buildings with change of use to residential only (must be net new homes) <p>Additionally, conditions in the Housing Deal include delivery via the SCF to include:</p> <ul style="list-style-type: none"> • increasing delivery of affordable housing across a range of tenures • enhancing connectivity, by increasing housing supply along public transport corridors and where employment is concentrated • supporting modern methods of construction, housing innovation and enhanced quality standards <p>To note: BCR is assessed at project level i.e. every project in the programme must meet this requirement.</p>
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2.5 In addition to the conditions set by HM Government, WMCA working with local authorities has established a number of wider objectives and goals including a number of *essential and desirable* requirements for any schemes supported by these funds, with direct and explicit links to key strategies and policies approved by the WMCA Board. These include, but are not limited to, the Regional Design Charter; the Advanced Manufacturing in Construction Routemap; the Zero Carbon Homes Charter and Routemap; the Public Land Charter; the Plan for Growth; the Inclusive Growth Framework; WM2041; and the Local Transport Plan. As a minimum, **projects must demonstrate delivery against the following essential and desirable criteria:**

- Schemes must deliver one or more of the following outputs:
 - i. Brownfield land remediated
 - ii. New homes delivered, or
 - iii. New commercial, retail or employment space delivered.

- Investment will be made in schemes that can clearly demonstrate all of the following:
 - i. A commitment to enhanced standards of design and quality as a contribution to wider placemaking
 - ii. A commitment to the use of local labour and local suppliers
 - iii. A minimum of 20% affordable homes must be delivered as an integral part of the scheme, and
 - iv. At public transport nodes, along public transport corridors and in town and city centres.

2.6 During the application process for Housing & Land funds, *frequent reasons for schemes not passing through the end to end approvals process* are:

- Not being able to prove market failure
- Not being able to prove funder of last resort
- Compliance with BCR/VFM conditions
- Passing KYC checks
- Compliance with start on site date
- Planning certainty
- Schemes coming forward that do not meet prescribed fund output requirements (commercial schemes, especially, given that funds are predominantly housing-focused).

2.7 WMCA is continuing to advocate further funding flexibilities, as part of the Trailblazer Devolution Deal process, which include the proposals to HM Government for a “*Single Regeneration Fund*” to deliver more placemaking, homes, mixed-use and commercial schemes in the region and allow for much more flexibility on intervention rates as an example in point.

3.0 Applications for funding

3.1 New applications for Housing & Land funding are progressed through a staged assurance and decision-making process agreed with Government and the WMCA Board. WMCA invests its devolved Housing & Land funds into housing and regeneration projects through an end to end process in compliance with the wider WMCA Single Assurance Framework, agreed with Government and by the WMCA Board. Robust assurance, appraisal and due diligence sits at the heart of this approach. The process and the funding requirements (set out above) are summarised in a bespoke Commissioning Framework for the devolved Housing and Land Funds known as the Single Commissioning Framework. The development of the bespoke Single Commissioning Framework for these Housing & Land funds was a condition set by HM Government in the 2018 Housing Deal, and the targets assigned by HM Government are central to the funding conditions for the programme.

3.2 Applications for Housing & Land investment are generated through a process of **Continuous Engagement** with applicants wishing to develop schemes within the WMCA area which meet the criteria set out above, with WMCA receiving and considering applications as and when these are submitted.

3.3 Applications are invited from all public and private sector organisations, third sector groups and charitable organisations as well as individuals.

3.4 A regional pipeline of projects is identified on an ongoing basis, through engagement with industry and local authorities, such as the monthly meetings held with constituent

and non-constituent Local Authority teams on project pipelines and local priorities for each local area.

- 3.5 This engagement provides a **steady stream of future projects** for the pipeline and the West Midlands Investment Prospectus which reflect the priorities of local authorities; alignment with wider WMCA Aims and Objectives; and provide sufficient contingency across our funding programmes to ensure that the programme for each fund operates in accordance with the conditions prescribed by HM Government. This pipeline has been critical to giving HM Government assurance that WMCA could deploy further funding if awarded and has been important in early Trailblazer Devolution Deal negotiations regarding the future flexibility of funding programmes.

4.0 Performance Updates

HMG Reporting

- 4.1 WMCA provides a formal quarterly report to the Department for Levelling Up, Housing & Communities (DLUHC) alongside monthly performance meetings to demonstrate progress against key milestones and adherence to fund principles, and a comprehensive annual statement.

WMCA Reporting

- 4.2 Funding dashboards and performance updates are included on the agenda for all Housing & Land officer groups, Housing & Land Delivery Board and Investment Board meetings. These reports set out the progress of committed and completed schemes, alongside pipeline data for each of the funds deployed by the Housing, Property & Regeneration team, and key measures of WMCA-set targets including percentage of affordable homes.

5.0 Next Steps

- 5.1 WMCA's Housing, Property and Regeneration Team and partners will continue to provide regular reports to the Housing & Land Delivery Board and Investment Board on these funds and their deployment.
- 5.2 The proposals for more flexible funding will continue to form a central part of WMCA's Trailblazer Devolution Deal negotiations with HM Government.

6.0 Financial Implications

- 6.1 The purpose of this paper is to provide the Housing & Land Delivery Board with an update on the delivery of schemes, delivered using devolved Housing & Land funds in the region and to provide a reminder of the purpose and requirements of these funds devolved to the region and the restrictions which come with them. There are no financial implications as a result of the points noted within this report, as the reporting is undertaken from within existing resources. Any potential/emerging financial implications will be presented to the Housing & Land Delivery Board at a future date.

7.0 Legal Implications

- 7.1 It is noted that the purpose of this paper is to update the Housing & Land Delivery Board on devolved Housing & Land funds and conditions prescribed by HM

Government relating to the regional deployment of those funds and performance reporting. WMCA ensures compliance with the requirements of HM Government and the conditions attached to the various funds through an established and staged decision-making process and the application of robust assurance processes set out in WMCA's Single Commissioning Framework and the wider Single Assurance Framework which are reviewed from time to time.

8.0 Equalities Implications

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

9.0 Inclusive Growth Implications

- 9.1 There are no immediate inclusive growth implications in relation to this report. Individual projects, however, will need to take into account local area needs and local stakeholder needs to ensure that they benefit local communities.

10.0 Geographical Area of Report's Implications

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

11.0 Other implications

- 11.1 None.

12.0. Schedule of Background Papers

- 12.1 None.

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West Midlands
Combined Authority

Housing & Land Delivery Board

Date	16 November 2022
Report title	Future Homes Strategy: Progress report
Portfolio Lead	Housing and Land: Councillor Mike Bird
Accountable Employees	Gareth Bradford, Executive Director of Housing, Property & Regeneration (Accountable Director) Patricia Willoughby, Head of Policy & Planning (Senior Reporting Officer) Rachel Atterbury, Projects Officer (Report Author)
Previous reports:	<ul style="list-style-type: none"> September and November 2022: Housing & Land Delivery Steering Group April and October 2022: Housing & Land Delivery Board

Recommendation(s) for action or decision:

Housing & Land Delivery Board is recommended to:

- a) **Note** the work to date to develop a Future Homes Strategy including specialist consultancy support and input from the Future Homes Taskforce and local authority partners across the region;
- b) **Discuss and provide feedback** on the proposed content of the emerging strategy, the research findings to date and the technical issues summarised in this report; and
- c) **Discuss, provide feedback on and endorse** the proposed technical basis of an aligned WMCA Future Homes Standard.

1.0 Purpose

- 1.1 The purpose of this report is to update the Housing & Land Delivery Board on progress in developing a Future Homes Strategy and an aligned technical standard.

- 1.2 It is proposed that the technical standard is embedded in the Single Commissioning Framework as an investment criterion which will enable implementation of the Future Homes Strategy through WMCA's investment decisions, site acquisitions, disposals and strategic partnerships.

2.0 Background

- 2.1 In April 2022, the Housing & Land Delivery Board agreed a programme of work to develop a '*Future Homes Strategy*', a coherent strategy to accelerate delivery and investment in Advanced Manufacturing in Construction (AMC); zero carbon homes (ZCH); the accelerated roll-out across the region of changes to Building Regulations (Part L) set out in the Government's Future Homes Standard; and consequential reduced occupier costs in the new homes.
- 2.2 WMCA's proposed Future Homes Strategy is intended to build on the work to date around AMC and ZCH under the leadership of the Housing & Land Delivery Board. This new integrated strategy is directly linked to:
- unlocking the potential of the '*Manufacture of Future Housing*' economic cluster in the West Midlands Plan for Growth (launched July 2022)
 - the investment opportunity into future homes set out in the West Midlands Investment Prospectus (launched March 2022), and
 - the high level deliverables of the Housing & Land Portfolio agreed by WMCA Board in February 2022.
- 2.3 The Housing & Land Delivery Board has previously been updated on the process to develop the Future Homes Strategy including the appointment of Cast Consultancy to support the development of the strategy; the establishment of a Future Homes Taskforce with membership drawn from across the construction and residential development industry; and the launch of a series of research projects to create an evidence base to underpin the new strategy.
- 2.4 This report builds on the previous updates to the Housing & Land Delivery Board by exploring in more detail the structure and content of the emerging strategy; the research findings to date; and the technical issues and implications that are being considered to ensure that the Future Homes Strategy is ambitious, drives industry change in the West Midlands, and, crucially, is also deliverable and affordable as far as possible.
- 2.5 The Future Homes Strategy is being developed with the oversight of the Future Homes Taskforce and is supported by two key research activities which are ongoing and detailed in sections 3 and 4 of this paper. The Future Homes Taskforce met on 10 October 2022 to review the evidence collected to date, contributing insights from the industry leadership groups which taskforce members attend, including those on the general direction of future national policy.

3.0 Research Strand 1: West Midlands AMC Supply Chain Capability

- 3.1 The first of these research activities is focused on mapping the supply chain of advanced construction solutions in the WMCA area and establishing an understanding of their technical capability and capacity to support an enhanced technical quality standard in the West Midlands. This exercise has started to deliver significant insight which is detailed further below and in Appendix 1 (appended separately).

- 3.2 Suppliers have been described and categorised in line with the relevant categories of Modern Methods of Construction (MMC) set out in the Government's MMC Definition Framework. This shows a significant capability already operating in the region, across five of the seven MMC categories.
- 3.3 It is important to note that these are MMC suppliers rather than AMC suppliers. This reflects one of the Strategy's key points of difference, endorsed by both Delivery Steering Group and the Housing & Land Delivery Board at recent meetings i.e. that the Strategy would create, not pick, winners by moving away from prescribed AMC solutions to performance-driven outcomes. This approach will support more inclusive and diverse supply chain growth.¹
- 3.4 Importantly, this is not a scaling back of WMCA's ambitions for construction innovation. Instead, it is a recognition of:
- The diversity of techniques that can make up an 'Advanced Manufacturing' approach:
 - Some products designed, manufactured and assembled by a single supplier can easily be recognised as AMC. e.g. a volumetric, modular home built in an advanced manufacturing facility (see Berkeley Modular)
 - However, an 'advanced manufacturing approach' could also be achieved by incorporating pre-manufactured components and products from different elements of the MMC supply chain even though, in isolation, the benefits in terms of quality control or construction speed of these individual MMC operations on an otherwise traditional build would be limited. (By way of example, a non-structural bathroom pod would fall within the definition of MMC whereas a home which is constructed utilising that bathroom pod, alongside a kitchen and utility pod and pre-fabricated structural elements, would fall within the definition of AMC).²
 - Focusing on AMC suppliers only would, therefore, disregard the fundamental role which MMC suppliers can and do play in delivering AMC homes.
 - The opportunity to proactively support growth of the region's maturing MMC/AMC supply chain by linking the funding criteria in WMCA's Single Commissioning Framework to the region's existing and potential capabilities, in turn leveraging significant public and private sector investment to support further growth and innovation.
- 3.5 To aid the understanding of MMC and its alignment with the aspirations of the Future Homes Strategy, Appendix 2 (attached) sets out the accepted definitions of the seven categories of MMC and the impact that each has in increasing the pre-manufactured value of a new house. As the WMCA strategy development process continues, and under the guidance of the Future Homes Taskforce, a key priority will be to explore in more detail how this supply chain can be supported to win delivery projects and grow.

4.0 Research Strand 2: Carbon and Sustainability Standards

- 4.1 The second research activity is being commissioned. This will map the emerging carbon and sustainability standards applied across the construction industry,

¹ An explanation of the distinction between AMC and MMC and related terminologies is included in Appendix 2.

² Appendix 2 details how different types of MMC can be brought together to deliver AMC.

considering both regulatory requirements and influential regional or industry initiatives in terms of:

- national legislation (with a specific focus on HM Government's on-going consultation on the Future Homes Standard to be applied from 2025 onwards)
- enhanced standards that are being advocated by industry leadership groups such as the Royal Institute of British Architects (RIBA) and the Low Energy Transformation Initiative (LETI) but are not yet required by legislation
- policy positions being developed by other combined or devolved authorities, especially Greater Manchester Combined Authority (GMCA) and the Greater London Authority (GLA).

- 4.2 The results of this research will be used to inform the approach taken in the Future Homes Strategy and its accompanying technical standard to deliver '*further and faster*' on 'future homes' in a way that is deliverable and viable for developers e.g. by identifying quick wins currently missing in national legislation. More detail on how this will be achieved is set out below.

5.0 Developing a Future Homes Technical Standard

- 5.1 Previous papers have proposed that the focus of the Future Homes Strategy should be on those activities that will have the **greatest impact** and those over which WMCA has the **greatest control**. In practice, this translates into implementation of an enhanced Future Homes Standard on sites in WMCA's ownership, on land brought forward by strategic partners and on projects that are funded through the Single Commissioning Framework.
- 5.2 Success will depend on the creation of a clear and understandable definition of a 'Future Home' which sets out WMCA's expectations of developers, delivery partners and WMCA's wider stakeholder network. This requires a technical standard that balances WMCA's ambitions to accelerate and lead on the national delivery of Future Homes with the need to ensure the standard is affordable and deliverable.
- 5.3 There was a very clear steer from the Taskforce that the WMCA should look to align its expectations of developers with the standards and expectations that are being set across the industry but, crucially, should look to move further and faster in both adopting those standards (in comparison with the general trend across industry) and also accelerating the timetable and expectations of Government.
- 5.4 The key national standard in relation to enhanced sustainability performance is the Future Homes Standard. This is intended to raise the minimum requirement for all homes built in England, ensuring that homes use less energy and produce lower carbon emissions. The first move towards the establishment of the standard was introduced in June 2022; this proposed a number of changes to Building Regulations relating to energy and carbon emissions, ventilation, overheating and electric vehicle charging points. The combination of these changes is intended to lead to a 31 per cent reduction (at least) in the operational carbon emissions of a new home compared to the previous regulations introduced in 2010.
- 5.5 HM Government has also consulted on the full standard which is expected to be introduced in 2025. The currently stated ambition is that this standard will lead to an 81 per cent reduction in operational carbon emissions compared to the 2010 Regulations, to be achieved by further increasing the minimum standards of building fabric efficiency

and requiring all-electric heating and hot water systems i.e. ending the use of gas boilers.

- 5.6 A national Future Homes Taskforce has also been created by Government to establish the technical detail of how these intended improvements are to be achieved. WMCA's Future Homes Taskforce includes members from Government's Taskforce and this shared knowledge base will ensure that WMCA's technical requirement will encourage developers to move further and faster towards enhanced standards.
- 5.7 It is important to be clear on what moving further and faster is likely to entail in this context of ambition vs deliverability. In terms of the expectations of developers, it is suggested that the WMCA Future Homes Standard should focus on:
- **Achieving net zero operational carbon emissions.** This would likely be achieved by combining the fabric efficiency requirements of the Government's 2025 standard with, for instance, an air source heat pump and solar panels so that the home generates its own energy. Note that, at present, the Government's 2025 standard is expected to state that new homes should be 'net zero ready', not actually net zero. The WMCA standard could therefore move faster than Government regulation, in requiring an enhanced fabric efficiency standard before 2025.
 - **Targeting reductions in embodied as well as operational carbon.**³ At present there is no regulatory requirement to measure or reduce embodied carbon in new homes, although this is the case in an increasing number of countries. Industry bodies such as RIBA have set best practice targets for reducing embodied carbon and there is an industry proposal, known as "Part Z", to do the same. In exploring a requirement in relation to embodied carbon, even if this is likely to be a monitoring requirement in the first instance, the WMCA standard would go further than Government regulation.
 - **Introducing required processes into the development process.** This is likely to include requiring developers to undertake a **whole life carbon assessment** of their plans; this has the effect of requiring the developer and their team to focus on designing out carbon from the outset. There is precedent for this elsewhere, with carbon-conscious developers adopting these measures as standard and as a requirement for large projects in London but the measures are not yet being implemented through regulation.
 - **Setting a requirement relating to the level of MMC in terms of Pre-Manufactured Value (PMV) and connecting developers to the local MMC supply chain with known solutions for, for instance, high energy performance building performance.** Appendix 2 contains a definition of PMV and sets out the relative contributions that the different categories of MMC can make to increasing the pre-manufactured content of a new home.
- 5.8 The key in setting a technical standard on these aspects is that it will need to be ambitious yet deliverable and affordable. For instance, the development cost implications will need to be understood: a UKGBC study in 2020 found that the implications of developing to medium targets could be in the region of a 10%-15% uplift in cost, and that for some of the longer term aspirations there were no current solutions in the market.

³ Embodied carbon is the carbon associated with the production and installation of the materials in the new home, the maintenance and use of those and subsequently the demolition and end of use stage.

- 5.9 Over the coming month, a further research study will provide an assessment of the realistic alignment of the WMCA Standard with emerging best practice, ensuring that it is deliverable and that the likely costs and solutions are known, and specific to the West Midlands context. The intention is that the new standard will be incrementally applied and tested and options for doing so will be prepared for consideration.
- 5.10 Key to the deliverability of the proposed technical standard will be the ability to maintain proportionality in its application on projects supported by WMCA investment to ensure that, whilst the WMCA and its partners help to deliver enhanced standards, the proposed approach does not have counterproductive consequences for delivery in the region. The Future Homes Taskforce will, through its engagement with public and private sector partners, work to ensure that the technical standard maximises the approach set out in this paper.

6.0 Next Steps

- 6.1 Outstanding research will take place throughout November 2022 with findings further informing the Strategy's contents and the technical standard.
- 6.2 A draft of the full strategy contents and technical standard will be brought to the next meeting of the Delivery Steering Group in December 2022, with a view to the final version being agreed by the Housing & Land Delivery Board in January 2023.

7.0 Financial Implications

- 7.1 At this stage, the direct financial implications of the work for the Future Homes Strategy, as noted in this progress report, relate to the costs of external advice to support the development of the strategy, the costs of research activity and other costs associated with commissioning activity to support the research and other planned activity noted within this report.
- 7.2 There may be, in future, other financial implications arising from decisions to progress projects in delivering a regional increase in homes built to higher standards using new technology but any such decisions would be subject to WMCA's approved governance and assurance processes.
- 7.3 Note that, at present, there is no dedicated funding for the higher standards implied by the use of new technology and application of higher standards; any investment in these matters through WMCA will come through the existing devolved funding. An investment case for an AMC Acceleration Fund was previously submitted to HM Government by WMCA but, to date, this additional funding has yet to be secured.
- 7.4 Any WMCA investment into future homes delivery would be governed and administered through the WMCA Single Assurance Framework and in line with the accounting and taxation policies of the WMCA and HMRC

8.0 Legal Implications

- 8.1 It is noted that the purpose of this report is to update the Housing & Land Delivery Board on progress in developing a Future Homes Strategy and an aligned technical standard. It is proposed that the technical standard is embedded in WMCA's Single Commissioning Framework as an investment criterion which will enable implementation

of the Future Homes Strategy through WMCA's investment decisions, site acquisitions, disposals and strategic partnerships.

- 8.2 Legal advice should be sought at appropriate stages in the development and implementation of the Future Homes Strategy to ensure compliance with governance and legal requirements. Once established the requirements will need to be embedded into end to end processes and into the Single Commissioning Framework to ensure consistency of implementation throughout the various interventions.

9.0 Equalities Implications

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

10.0 Inclusive Growth Implications

- 10.1 The proposed Future Homes Strategy will be used to inform WMCA's approach to growing the AMC sector, zero carbon homes and new energy standards in an equitable way, maximising economic benefits, housing quality and job/skills opportunities across the region's communities.

11.0 Geographical Area of Report's Implications

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

12.0 Other implications

- 12.1 None.

13.0. Schedule of Background Papers

- 13.1 None.

Appendix 2

Manufacturing definitions

- 1.1 In 2020, WMCA adopted and published a '*Roadmap for Advanced Manufacture in Construction*'. This established a framework for future action in the region in driving advanced manufacturing methods into the delivery of new homes in the region and growing the regional manufacturing supply chain at the same time. It also made clear how the definition of AMC differed in content and focus from the wider definition of MMC as follows:
- **MMC covers a broad range of pre-manufacturing techniques in construction.** Pre-manufacturing encompasses **work executed away from the final workplace** (i.e. building plot) including in remote factories, near site or on-site "pop-up" factories. These techniques are alternatives to traditional house building and aim **to improve quality, programme efficiency and reduce material waste** in construction. It also includes on site labour productivity measures including digital tools and innovative materials and processes.
 - **AMC is a sub-set of the technologies described as MMC above.** AMC techniques are typified by the **fundamental use of digital technology** throughout the process, from design through to component manufacture and assembly, and the **use of automation and high-performance materials** where appropriate to drive quality, performance and mass customisation through standardised processes. AMC techniques will also learn from, adopt and evolve manufacturing processes already established in other sectors
- 1.2 At the same time, WMCA adopted a target for use of AMC on large sites seeking WMCA investment through the Single Commissioning Framework process. This required that large sites (>200 units) utilise categories 1 and 2 of the MMC definition framework for a minimum 20% of units. This target was set on the basis that these categories had a higher proportion of pre-manufacture and were, therefore, most likely to deliver the quality, performance and productivity uplifts associated with an advanced manufacturing approach.
- 1.3 **Advanced Manufacture/Manufacturing** are terms used across sectors with an intentionally broad scope. In essence, they can be used to describe any digitally-led technological or process innovation which improves efficiency, quality, flexibility or responsiveness of existing products or delivers these benefits through new solutions.
- 1.4 The Future Homes Strategy seeks to leverage the opportunity that exists in the region's construction sector in its present form by maximising uptake of manufacturing techniques to drive better whole life carbon performance in new homes, and to support growth and development of that same sector in a way that encourages greater uptake of advanced manufacturing techniques in the design and construction of homes. Advanced Manufacture describes technologies, methods and process, rather than an end product.
- 1.5 To summarise these terms, and how they are utilised by WMCA and others:
- **Advanced Manufacture** describes technologies, methods and **processes** which enhance efficiency and productivity through innovation.

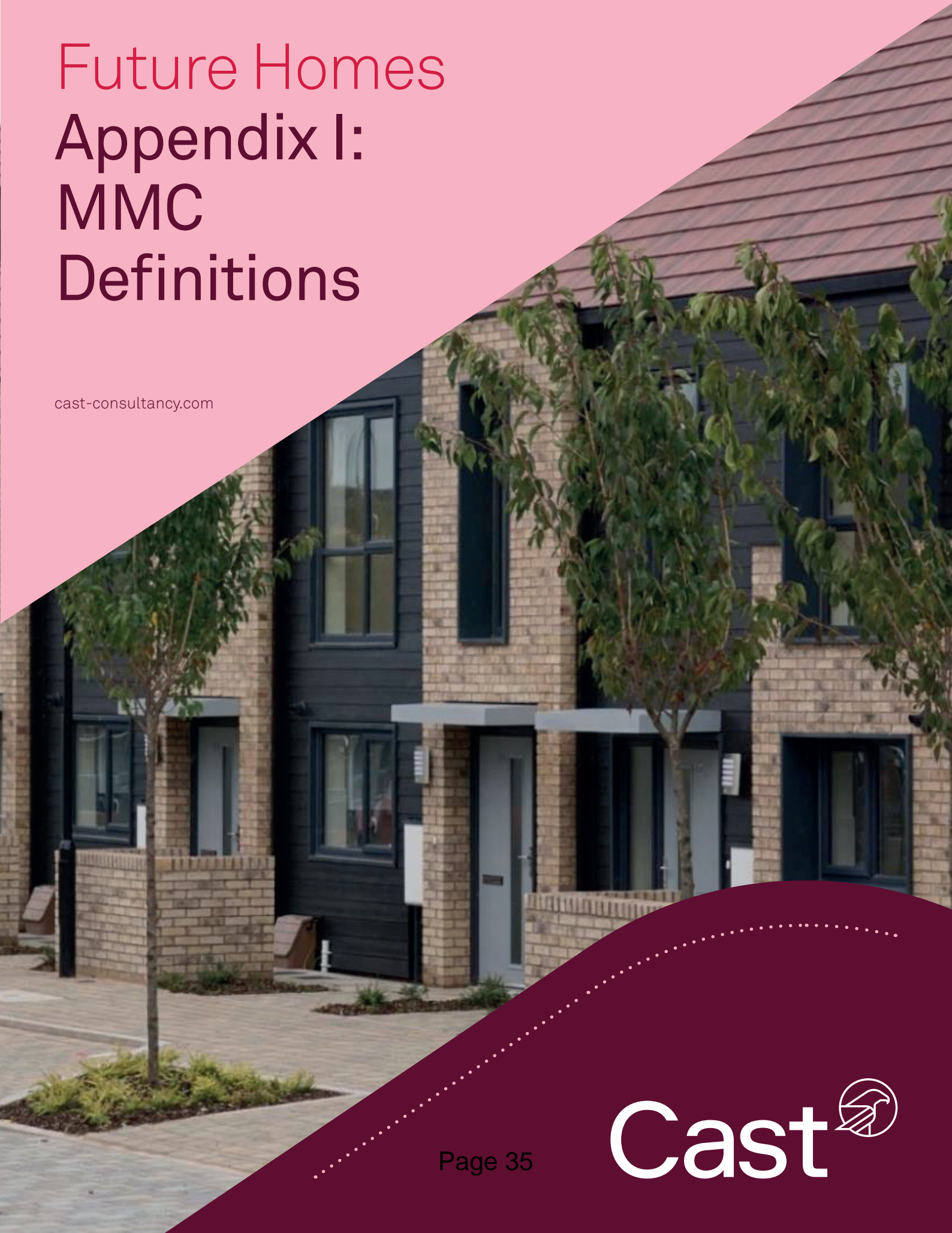
- **Advanced Manufacture in Construction** describes the use of advanced manufacturing technologies, methods and **processes** in the construction process – from design to production/build.
- **WMCA's AMC target** describes **products** of a construction process which utilises a high proportion of pre-manufacture which deliver benefits in terms of quality control, on-site productivity, construction speed and waste reduction.

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OCTOBER 2022

Future Homes Appendix I: MMC Definitions

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Defining MMC and AMC

What is the MMC Framework?

The MMC definition framework is a seven category definition framework that enables a full and future-proofed range of 'Modern Methods of Construction' used in homebuilding to be better understood with regularised terminology.

The definition framework spans all types of pre-manufacturing, site-based materials and process innovation. This definition framework is an output of the MHCLG Joint Industry Working Group on MMC which is tasked with improving stakeholder education and understanding of MMC with particular reference to enabling better access to mortgage finance, insurance and assurance. Particular thanks go to the Working Group members, Buildoffsite, Homes England, NHBC and RICS who all provided input to this definition framework.



1
Pre-manufacturing
(3D primary structural
systems)



2
Pre-manufacturing
(2D primary structural
systems)



3
Pre-manufacturing
components (non-
systemised primary
structure)



4
Additive manufacturing
(structural and
non-structural)



5
Pre-manufacturing
(non structural assemblies
& sub-assemblies)



6
Traditional building
product led site labour
reduction / productivity
improvements



7
Site process led site
labour reduction /
productivity / assurance
improvements

The term 'pre-manufacturing' encompasses processes executed away from final workplace, including in remote factories, near site or on-site 'pop up' factories. The pass test is the application of a manufactured led fabrication or consolidation process in controlled conditions prior to final assembly / install. On-site 'workface factories' are included in Category 7).

Advanced Manufacture in Construction (AMC)

A term which covers a sub-set of the technologies described as MMC. AMC techniques are typified by the fundamental use of digital technology throughout the process, from design through to component manufacture and assembly, and the use of automation and high-performance materials where appropriate to drive quality, performance and mass-customisation through standardised processes. AMC techniques will also learn from, adopt and evolve manufacturing processes already established in other sectors.

Pre-Manufactured Value (PMV)

What is PMV?

Pre-Manufactured Value (PMV %) is the financial proportion of a construction project's **Gross Construction Cost** derived through pre-manufacturing.

Pre-manufacturing includes all costs incurred prior to the final installation at the construction workplace, including all materials, the total labour applied in pre-manufacturing processes, fixed and variable manufacturing overheads and associated plant, logistics and transportation costs.

Gross Construction Costs include all pre-manufactured costs, on-site labour costs, all preliminaries costs, overhead, profit and risk.

The PMV formula is a simple equation, it translates the **Pre-Manufactured Value** of a project into a percentage of the overall **Gross Construction Cost**.



Pre-manufactured value (£)



Gross Construction Cost (£)

x 100

Benefits for optimised PMV

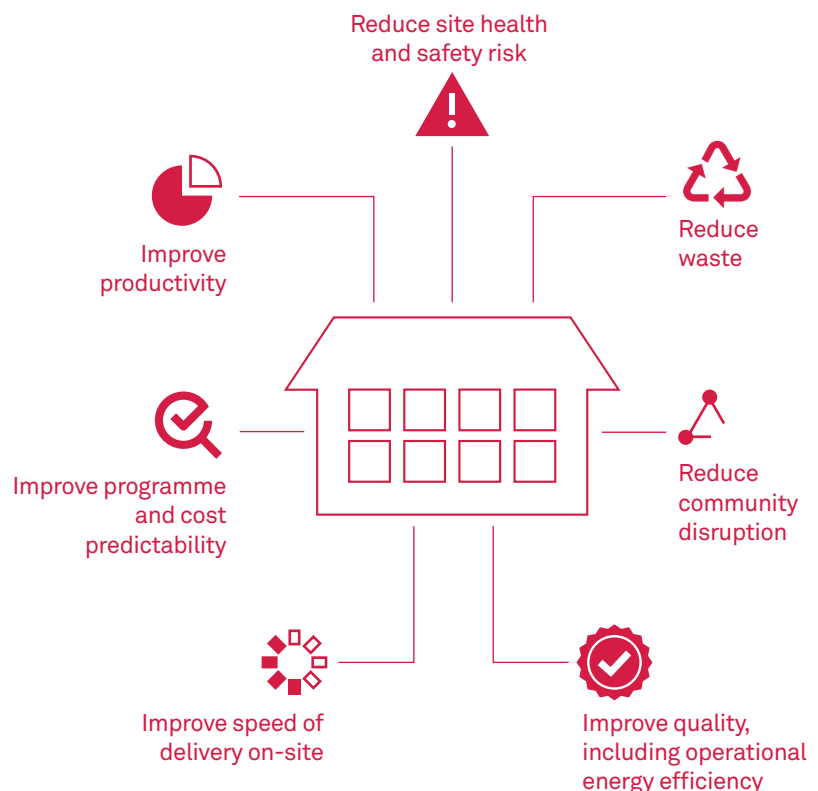
Targeting an optimised PMV will ensure that a higher proportion of project building materials, components and consolidated assemblies or modules are produced within a controlled factory environment.

A factory based approach of all building elements will help:

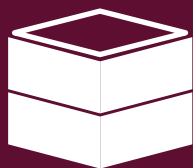
- Reduce site and factory waste with controls in place to use less material
- Improve quality with construction taking place in controlled environments and quality control through checks
- Improve predictability with more certain outcomes.

Moving away from traditional construction techniques and implementing a more componentised construction will further provide on-site benefits including:

- Improved speed of construction across all building elements
- Increased productivity with the on-site labour force working across more houses over the same number of days
- Reducing community disruption with fewer transport movements and less construction duration.



MMC assessment by category



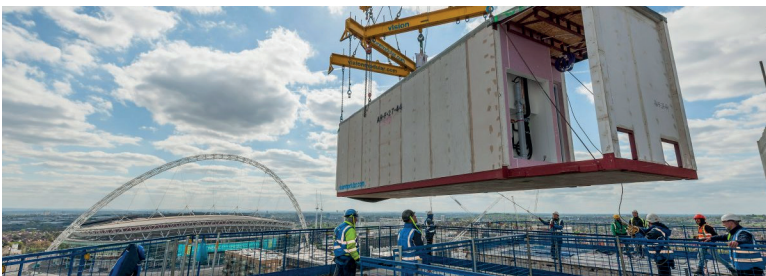
Category 1

PRE-MANUFACTURING
(3D PRIMARY STRUCTURAL SYSTEMS)

- a. Structural chassis only – not fitted out
- b. Structural chassis and internal fit out
- c. Structural chassis, fit out and external cladding / roofing complete
- d. Structural chassis and internal fit out – ‘podded’ room assemblies – bathrooms / kitchens etc

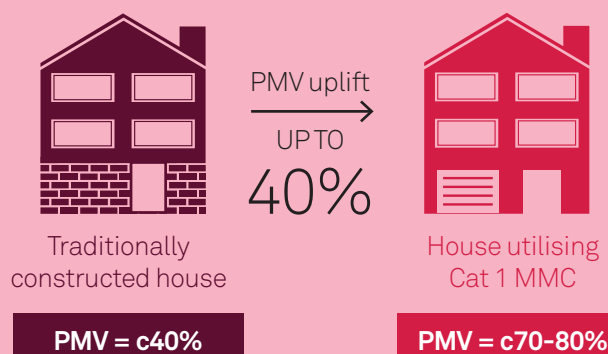
Any of the above variants can be used in the following 3 configurations:

- i. Whole building systemised
- ii. Hybrid construction – part systemised, part traditional (ie traditional core / ground floor podium)
- iii. Hybrid construction – secondary structure to enhance system performance (ie build at height)



Product options	Examples of in the market
A: Structural chassis fitted out	Tempo Housing
B: Structural chassis fitted out with cladding	Boutique Modern
i: Whole building systemised	TopHat
ii: Hybrid traditional core with volumetric modules	Tide/Vision, Elements Europe, Caledonian

Category 1: Impact on PMV



Note: Cat 1 MMC can also be combined with elements of categories 3 and 7 to drive further PMV improvement

WMCA MMC Supply Chain: Category 1

Supplier	Location	Description
 Actavo	Birmingham	Strategic operations partner offering multiple services, including the design, construction, manufacture and maintenance of modular buildings for multiple sectors
 Algeco	Branches in Cannock, Nuneaton and Wolverhampton	Supplier of turnkey portable and modular, permanent or temporary, buildings
 Elements Europe	Telford	Manufacturer of volumetric modular, bathroom pod, and lightweight steel frame solutions
 ModPods International Limited	Kenilworth	Designer and builder of modular housing for the private and public sector

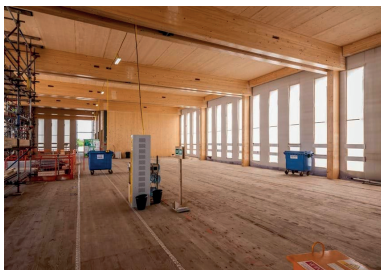
MMC assessment by category



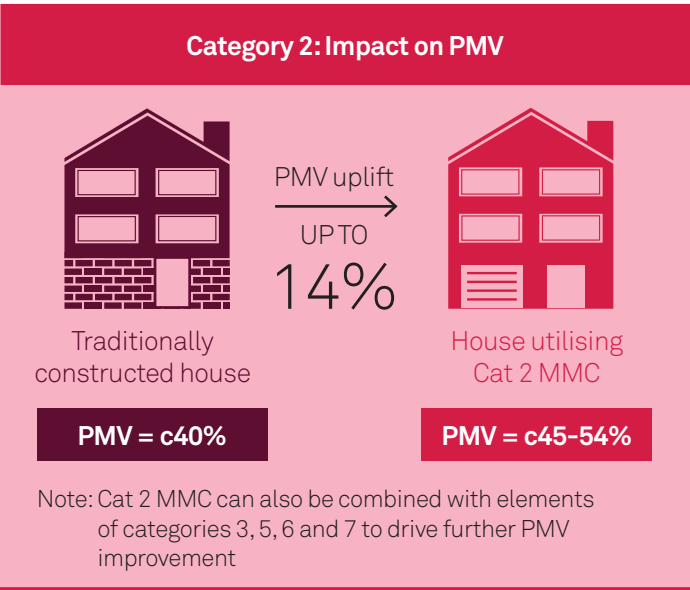
Category 2

PRE-MANUFACTURING
(2D PRIMARY STRUCTURAL SYSTEMS)

- a. Basic framing only including walls, floors, stairs & roof
- b. Enhanced consolidation – insulation, internal linings etc
- c. Further enhanced consolidation – insulation, linings, external cladding, roofing, doors, windows



Product options	Suppliers in the market
Cross Laminated Timber	
Light-gauge Steel Frame	Fusion, Metsec, Orca, Parabuild
Pre-Cast	FP McCann, Laing O'Rourke, MACE Tech
Structurally Insulated Panels	SIP Build, SIP Co



WMCA MMC Supply Chain: Category 2

Supplier	Location	Description
 Accord / LoCal Homes	West Bromwich	Not-for-profit advanced housing manufacturer, offering high performance, low carbon housing solutions across the UK, providing both traditional and closed panel timber-frame systems
 Albion Section	West Bromwich	Manufacturer of cold rolled steel sections, producing bespoke kit-form roof and floor cassettes
 Ayrshire Metals Limited	Smethwick	Manufacturer of cold rolled steel
 FrameClad	Dudley	Designer, manufacturer of steel frame solutions for traditional and MMC construction
 Hadley Group	Smethwick	Manufacturer of volumetric modular builds, panels and cassettes, and pods
 Innovare Systems	Coventry	Specialist manufacturer of high performance SIPs
 Metstructure	Halesowen	Offsite construction contractor - light gauge steel frame, design, manufacture and installation
 Midland Structures	Brierley Hill	Structural steel contractor
 Roofspace Solutions	Alcester	Award winning offsite manufacturer of roof and frame solutions
 Skyline Timber Systems	Cannock	Supplier of timber frames and structures, panels and roof trusses
 Space4 (persimmon)	Birmingham	Manufacturing subsidiary of Persimmon producing timber frames, insulated wall panels and roof cassettes
 TG Escapes	Coventry	Construction company specialising in timber frame
 WB Timber Innovations Ltd / Timber Innovations	Solihull	Specialist Timber Frame design, manufacture and installation
 Wyckham Blackwell (Group)	Solihull	Specialist manufacturer of timber products including roof and floor cassettes

MMC assessment by category



Category 3


PRE-MANUFACTURING COMPONENTS
(NON-SYSTEMISED PRIMARY STRUCTURE)

- a. Driven / screw piling
- b. Pre-fabricated pile caps / ring beams
- c. Columns / shear walls / beams
- d. Floor slabs
- e. Integrated columns, beams and floor slabs
- f. Staircases
- g. Pre-assembled roof structure – trusses / spandrels



Building elements	Specific systems
Substructure <ul style="list-style-type: none">- Pile- Pile Caps	Roger Bullivan, FP McCann Laing O'Rourke
Frame <ul style="list-style-type: none">- Beams- Columns- Slab- Twin Wall	Expanded Byldis O'Reilly Bison
Stairs	Stairmaster, Precast stairs by various suppliers. Selection to be contractor led
Roof	Ruukki or MODURoof systems


Category 3: Impact on PMV



Traditionally constructed house

PMV = c40%

PMV uplift
→
UP TO
5%







House utilising Cat 3 MMC

PMV = c41-45%

Note: Cat 3 MMC can also be combined with elements of all other categories to drive further PMV improvement

Increases efficiency given the volume of repetitive components, reduces reliance on on-site labour and increases quality.

WMCA MMC Supply Chain: Category 3

Supplier	Location	Description
 <p>FP McCann</p>	Nuneaton	Precast concrete manufacturer and supplier
 <p>FrameClad</p>	Dudley	Designer, manufacturer of steel frame solutions for traditional and MMC construction
 <p>Metstructures</p>	Halesowen	Offsite construction contractor - light gauge steel frame, design, manufacture and installation
 <p>WB Timber Innovations Ltd / Timber Innovations</p>	Solihull	Specialist Timber Frame design, manufacture and installation

MMC assessment by category



Category 5

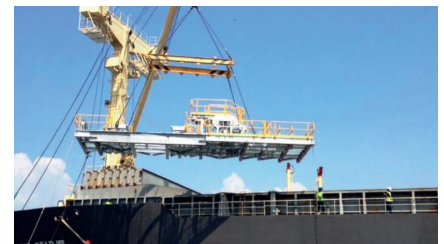
PRE-MANUFACTURING
(NON STRUCTURAL ASSEMBLIES AND SUB-ASSEMBLIES)

Volumetric podded assemblies

- Whole bathroom assemblies (including enclosing structure)
- Kitchen assemblies (including enclosing / supporting structure)
- Bathroom / kitchen combined assemblies (including enclosing / supporting structure)
- In unit M&E central equipment assemblies (utility cupboards etc)

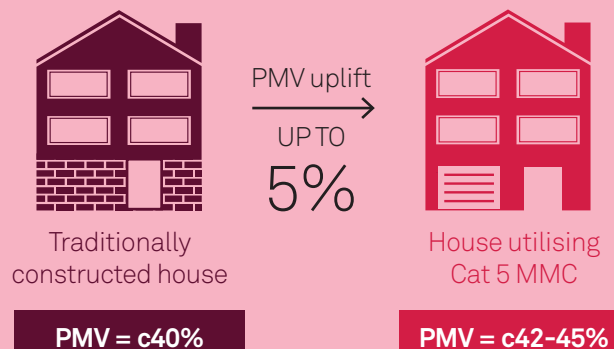
Panelised / linear assemblies

- Façade assemblies (non structural) including glazing, solid cladding, metalwork
- Roof assemblies / cassettes – pre-finished roof sections (including structure to support own weight)
- In unit M&E distribution assemblies
- Infrastructure M&E assemblies – vertical risers / main distribution
- Infrastructure M&E assemblies – central plant & equipment
- Floor cassettes with horizontal services / finishes added
- Partition cassettes – with horizontal & vertical services / finishes added
- Doorsets (pre-hung, finished with ironmongery)









Product options	Suppliers
Bathroom pods	Deba, Elements Europe, Forta, Off Site Solutions, Walkers
Utility pods	Borough Engineering Services, Modular Engineering, Alternative Heating, YGHP, Rhico
Kitchen pods	Elements Europa, B&B Italia, MaceTech
Doorsets	UK Door Sets, Shadbolts, Door Concept
Risers	Pipetech, Modular Engineering, Balfour Beatty, DST Group
Wall Cassettes	Kingspan, Fasthouse, Stewart Milne Timber systems
Floor Cassettes	Fusion, Monarfloor

Category 5: Impact on PMV



Note: Cat 5 MMC can also be combined with elements of categories 2, 3, 6 and 7 to drive further PMV improvement. i.e. Cat 2c frame and Cat 5a bathroom pod creates an 18% uplift to 58% PMV

WMCA MMC Supply Chain: Category 5

Supplier	Location	Description
 elements europe Elements Europe	Telford	Manufacturer of volumetric modular, bathroom pod, and lightweight steel frame solutions
 FRAMECLAD SFS FrameClad	Dudley	Designer, manufacturer of steel frame solutions for traditional and MMC construction
 HADLEY GROUP Hadley Group	Smethwick	Manufacturer of volumetric modular builds, panels and cassettes, and pods
 Prism OFFSITE MANUFACTURING Prism	Coventry	Specialist manufacturer of utility pods, service and prefabricated risers and multiservice modules
 Roofspace Solutions Roofspace Solutions	Alcester	Award winning offsite manufacturer of roof and frame solutions
 SUPERIOR INSULATED PANELS LTD Superior Insulated Panels Ltd	Coventry	Supplier of of insulated aluminium architectural panels for facade glazing and cladding

MMC assessment by category



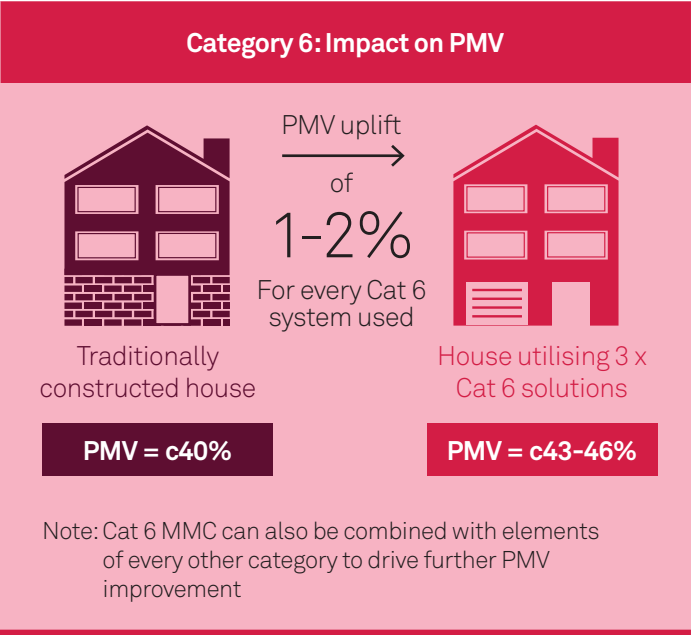
Category 6

TRADITIONAL BUILDING PRODUCT SITE LED
LABOUR REDUCTION / PRODUCTIVITY IMPROVEMENTS

- a. Large format walling products – external walls
- b. Large format walling products – internal walls
- c. Large format roofing finishes
- d. Pre-sized and cut to measure traditional materials – component level systemisation
- e. Easy site install / jointing / interfacing features – brick slips, modular wiring, flexible pipework



Product options	Suppliers
Large format blockwork	Masonry Frame Systems,
Large format brick slips	Wetherby
Unitized systems	Rehau
Modular Wiring	Wetherby



WMCA MMC Supply Chain: Category 6

Supplier	Location	Description
 Ash and Lacy	West Bromwich	Manufacturer of engineered façade and roofing systems. Specialists in cold rolled steel frame systems and brick cladding
 Just Walls UK	Warwick	Supplier of brick, brick slips, and stone
 Kettle Brick Company	Brierley Hill	Manufacturer of bricks and brick slips

Contact us

Cast is a specialist construction consultancy providing solutions for developers, investors, policymakers and the supply chain. We are focused on helping deliver great homes and places viably whilst also addressing bigger economic, societal and environmental challenges.



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Housing & Land Delivery Board

Date	16 November 2022
Report Title	Plan for Growth: Update
Portfolio lead	Housing and Land - Cllr Mike Bird
Accountable Employees	Gareth Bradford, Executive Director for Housing, Property & Regeneration (Accountable Director) Paul Edwards, Head of Economic Development & Delivery, Economy, Skills & Communities Directorate (Report Author)
Previous reports	2 November 2022: A report on the Plan for Growth was discussed at the meeting of the Housing & Land Delivery Steering Group

Recommendation(s) for action or decision:

Housing & Land Delivery Board is recommended to:

- a) **Note** the purpose and content of the West Midlands Plan for Growth;
- b) **Note** that WMCA's Economic Growth Board identified the need for interventions to be aligned and streamlined to catalyse additional growth in key clusters; and
- c) **Consider and discuss** how the Plan for Growth best supports and aligns with the work of the Housing & Land Delivery Board.

1.0 Purpose

- 1.1 The purpose of this report is to inform Members about WMCA's Plan for Growth, produced by the Economy, Skills & Communities Directorate and launched in July 2022, and to highlight the opportunities for alignment with the work of the Housing & Land Delivery Board.

2.0 Background

- 2.1 After a period as the fastest-growing region outside London, the West Midlands has been hit hard by the economic impact of the Covid pandemic and new trade frictions with the EU. Modelling by Oxford Economics indicates that, without further intervention, the region will experience below-average growth over the next decade, with a negative impact on employment and earnings in key parts of the region.
- 2.2 Alongside regional partners, WMCA commissioned a detailed analysis to set out the risks and opportunities for additional growth. Its purpose was to provide an independent assessment of where the West Midlands has comparative advantage, market confidence and a credible path for growth and job creation above forecasted levels.

The plan does not seek to be an economy-wide approach or intervene where there is a strong growth trajectory without intensive intervention.

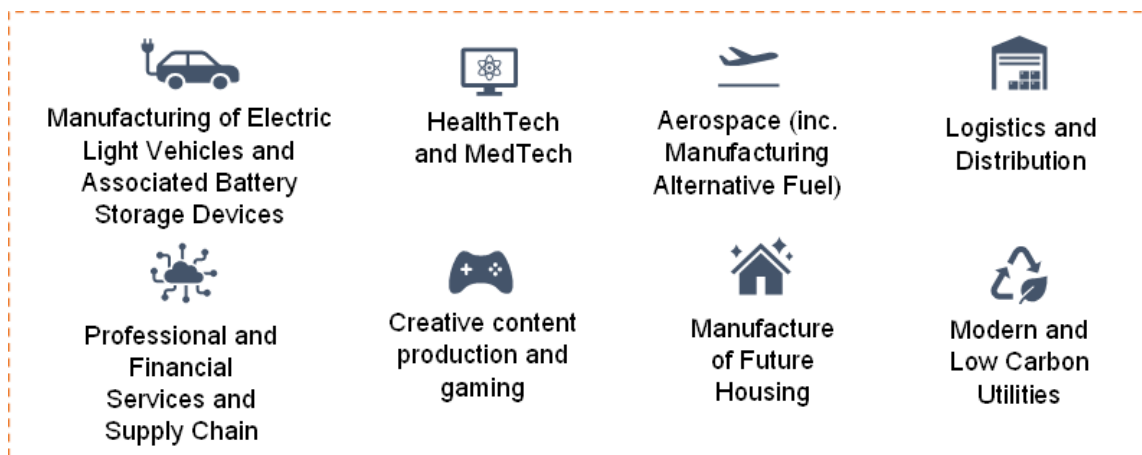
- 2.3 The work to develop the Plan for Growth was overseen by a steering group of the Portfolio Lead for Economy and Innovation (Cllr Ian Brookfield), the LEP Chair of the previous Strategic Economic Development Board (Tim Pile) and the Mayor (Andy Street). Cllr Brookfield and the Mayor launched the Plan for Growth on 7 July 2022 to reflect the opportunity for the region to catalyse additional growth, in both output (+£3.9bn) and jobs (+58,000) and become the fastest growing region outside London by 2030.

3.0 The focus of the Plan for Growth

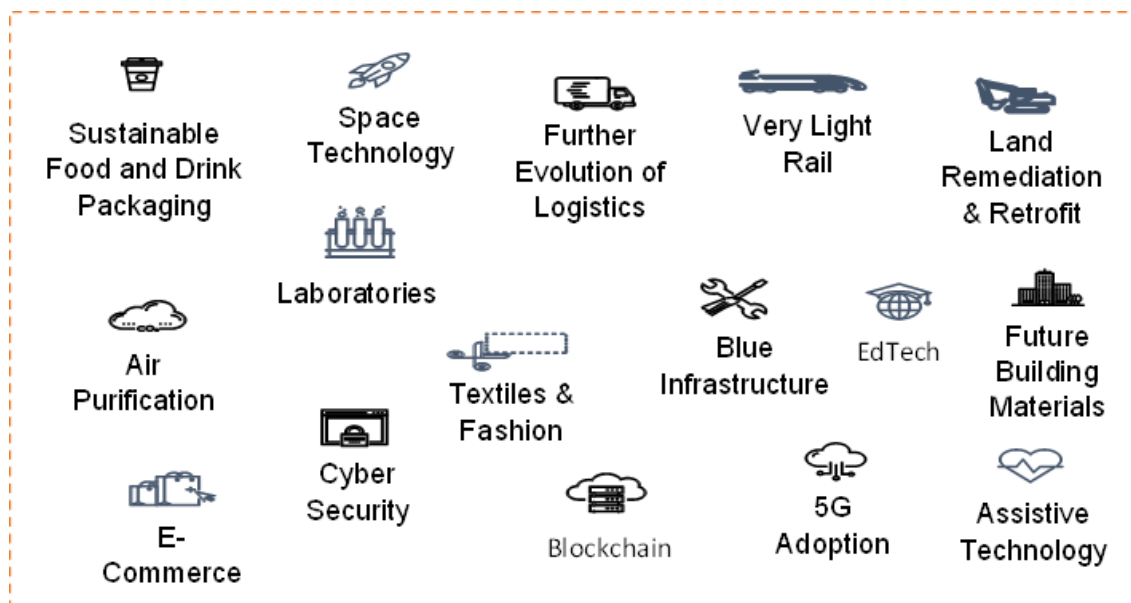
- 3.1 The West Midlands Plan for Growth is appended to this paper. It includes a twin-track approach to securing new economic growth:
- Capitalise on **existing clusters of scale and strength** where the West Midlands has UK and global competitive advantage, clear market confidence, and credible opportunity for additional growth in high-value employment over the next 2-5 years. This is forecast to generate approximately £2.9 - £3.2bn additional output by 2030 and up to 44,800 additional jobs
 - **Supporting nascent clusters and emerging technologies** that might spur additional growth of around £900m over the next 5-10 years and up to 15,000 additional jobs.
- 3.2 The Plan will be used to:
- Inform and challenge where we prioritise resources already devolved to the region and, when necessary, seek further resources. This does not just relate to WMCA programmes, but those in local authorities, WMGC, universities etc.
 - Inform the region's economic narrative about the next decade: without further action, there's a difficult challenge with strong economic headwinds but partners have come together with a proactive plan to support market-led growth.
- 3.3 It is important to note that the Plan for Growth has deliberately focused on clusters with the necessary scale and depth of comparative advantage to drive additional growth in high-value jobs that will best benefit residents. However, these sectors currently only comprise about 12%-15% of employment in the region. Further work will be needed to identify how we can support wider sectors such as retail, administration and hospitality to create an inclusive economy. This is underway as part of development of the business support ecosystem, led by local authority officers and supported by WMCA staff.
- 3.4 The Plan also excludes those sectors where there is already relatively strong growth forecast, and therefore no credible path to driving significant further growth.
- 3.5 The analysis considered additional growth opportunities that can benefit the whole region. In line with the principle of the original WMCA Scheme, all communities will benefit, but not necessarily at the same time and in the same way. The pattern of clusters shows concentrations across all parts of the West Midlands.

4.0 Opportunities for aligning workstreams

- 4.1 Launched in July 2022, the Plan for Growth is designed to focus on those areas where there is potential for high-value growth – it is not a comprehensive regional economic strategy and, whilst interventions may benefit broader sectors (e.g. retail, hospitality), they are not the focus for this plan.
- 4.2 The eight primary clusters, where there is the greatest potential for high-value growth, are:



- 4.3 In addition, the Plan for Growth identifies a series of nascent clusters and technologies where the West Midlands has some strengths and assets. These emerging markets have the potential for exponential growth but are also higher risk and where there is a lower degree of comparative advantage.



- 4.4 Mobilising the Plan for Growth means securing powers and investment across these interventions and then aligning and flexing their delivery to meet the needs and

opportunities of each cluster. The clusters also result in different impacts across the region – for example, decarbonisation, creation of new jobs, increase in productivity and value-add of existing jobs, etc. but there are clear opportunities for alignment with other directorates within WMCA, with local authorities, other public sector organisations and the private sector. One example of this is the Future Home Strategy, also on the agenda for this meeting, which delivers benefits in terms of zero carbon and more jobs with a wide range of skills.

- 4.5 In addition, Levelling Up White Paper announcements – including LEP integration, the trailblazer devolution deal and West Midlands Innovation Accelerator – will be critical to catalysing activity on Plan for Growth clusters. For example, the Innovation Accelerator provides the opportunity for the Innovation Board – which reports to the Economic Growth Board – to bolster applied and translational med-tech technologies, making the West Midlands the heart of the UK's diagnostics industry, as well as developing the capacity and capability to secure further R&D investment, particularly into energy and clean technologies.
- 4.6 The recently appointed Head of Economic Development & Delivery is working closely with the Housing, Property & Regeneration team to consider how cluster development is best taken forward in the Future Homes Strategy, not least in relation to the increased use of Advanced manufacturing in Construction. This work is focused on ensuring that the Future Homes Strategy works to realise economic benefits for supply chain businesses in the West Midlands.

5.0 Next Steps

- 5.1 There are clear links between the Plan for Growth and the work of the Housing & Land Delivery Board. By integrating the work of directorates across WMCA and engaging with local authorities, other public sector organisations and the private sector, there is a clear opportunity to maximise the benefits for the region. Joint working will seek to create opportunities from a series of interventions, which complement the Future Homes Strategy and other work of the Housing & Land Delivery Board, are designed to ensure that supply chain businesses in the West Midlands are able to benefit fully from the Strategy.

6.0 Financial Implications

- 6.1 Whilst the Plan for Growth has the potential to deliver interventions that may require financial commitments in the future, there are no direct financial implications as a result of the recommendations within this report. The work to date has been enabled from existing WMCA resources. As this proposal is developed further, further updates will be brought back to this Board which will include details of any emerging financial implications.

7.0 Legal Implications

- 7.1 The purpose of this report is to inform Members of the Plan for Growth and its alignment with the work of the Housing & Land Delivery Board. Although there are no immediate legal implications arising from this report, it is acknowledged in the report that the

mobilisation of the Plan for Growth may mean securing new powers and investments for the interventions specified. Legal advice should, therefore, be sought at the appropriate stages in the development and implementation of the Plan for Growth and any opportunities arising out of the work with the Housing & Land Delivery Board.

8.0 Equalities Implications

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

9.0 Inclusive Growth Implications

- 9.1 There are no immediate inclusive growth implications arising from this report but individual strategies and delivery schemes are expected to respond to local area, and local stakeholder, needs to ensure that projects arising benefit local residents, including harder to reach groups.

10.1 Geographical Area of Report's Implications

- 10.1 The report covers the WMCA area.

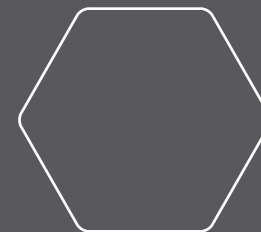
11.0 Other implications

- 11.1 None.

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West Midlands Plan for Growth

Page 55



West Midlands
Combined Authority

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Foreword



Andy Street,
Mayor of the
West Midlands



**Cllr Ian
Brookfield,**
Portfolio Holder
for Economy

After forging a position as the fastest-growing region outside London in the decade to 2019 and breaking through the £100 billion economic output mark, the region's industrial mix and demography meant we were hit particularly hard by the economic impact of the Covid pandemic and new trade frictions with the EU. The West Midlands Plan for Growth sets the path to returning to that trajectory, spreading opportunity and jobs across the region and helping level-up the UK.

Clean and inclusive economic growth is driven by the private sector, with public authorities helping to create the conditions for investment and prosperity. In the West Midlands, we know that must be a joint effort. The private sector plays a critical role, finding commercial opportunity, driving investment and creating wealth. The Combined Authority brings regional leadership with a scale and simplicity helpful to business while also reflecting the different needs and opportunities of different towns, cities and rural areas across the region. It has proved effective in setting long-term direction and confidence, along with troubleshooting immediate issues such as the response to the pandemic, EU withdrawal and dealing with energy price increases.

Working in conjunction with local authorities and universities as local anchor institutions, the Combined Authority will deliver conditions for growth through:

- **New powers over economic development** – Investing £88m from the UK Shared Prosperity Fund, targeting the £33m West Midlands Innovation Accelerator, the £23m Commonwealth Games Business and Tourism Programme and leading a rejuvenated business support system that capitalises on the private sector offer and expertise across the West Midlands.

- **Transport investment** - Investing in transport corridors that drive development with £363 million invested in 2021/2022 and over £1 billion in transport funding secured for the next five years.
- **Housing and land investment** - Making our mark with over £600 million of devolved housing and land funds secured, hundreds of hectares of land unlocked and a revolution in brownfield development.
- **Pioneering new approaches to regeneration** – Bringing affordable, modular and net zero homes to our towns and cities.
- **Skills** - Delivering a £130 million annual Adult Education Budget (AEB), contributing to an almost 10% increase in 2020 alone in the proportion of the population with Level 3 skills.
- **Working with investors** – Securing partnerships with investors to deliver growth and realise strong Environmental, Social and Governance (ESG) commitments that boost investment, like the long-term agreements with major developers like L&G which will see £billions of private, patient capital invested across the region.
- **Net zero** - Committing ourselves to a regional net zero target by 2041 and pursuing landmark innovations in transport mobility, zero carbon buildings, smart local energy systems, the environment and affordable housing.

Earlier this year government launched its ground-breaking Levelling-Up White Paper with the promise to spread opportunity across the United Kingdom, tackle inter- and intra-regional imbalances and succeed in its twelve Missions by 2030. The White Paper gave the West Midlands the chance to secure a 'Trailblazing Devolution Deal'. This vote of confidence in us will provide another critical weapon as we seek to seize new funding opportunities, develop our critical cluster growth opportunities and put our economy back on the path to strong growth.

Overview

What is it?

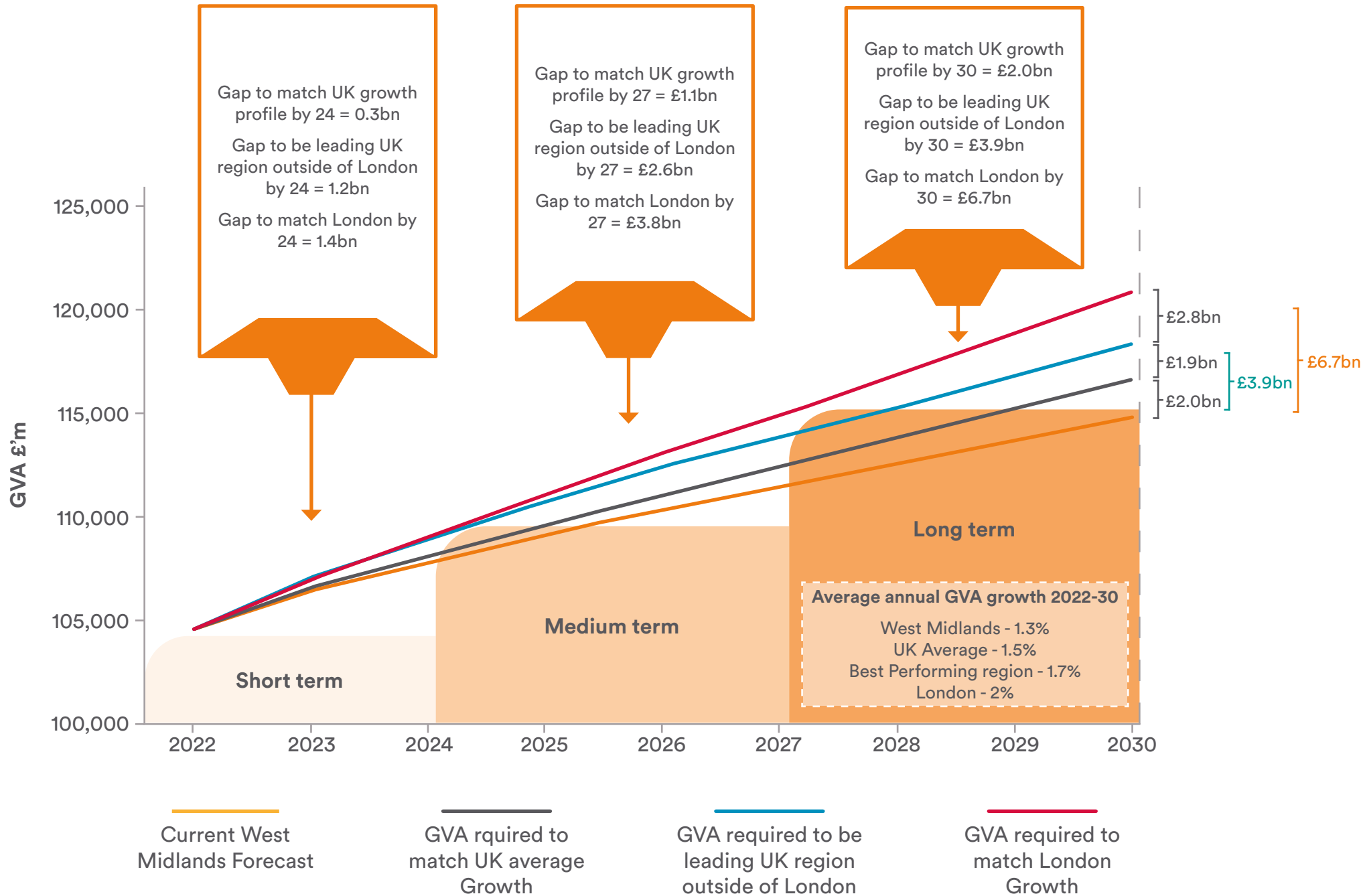
- 1.1 The West Midlands Plan for Growth pinpoints those economic clusters where the region can ignite above-forecast levels of growth. These are clusters where the West Midlands has comparative advantage and businesses are confident to invest. Combining the power of private and public sectors around these opportunities gives the region a credible path to returning to being the fastest growing region in the country outside London.
- 1.2 Additional growth in the mid-to-high-value clusters in the West Midlands Plan for Growth creates prosperity right across the region by generating wealth that can be shared across our communities. The clusters comprise around 12%-15% of the region's economy, but their potential impact is huge:
- For **people** – clusters create well-paid, high-quality jobs.
 - For **communities and supply chains** – clusters help places capture their sense of purpose and gives direction to those firms potentially contributing to supply chains.
 - For **the West Midlands and UK** – clusters level-up the UK through additional growth and improve the economic resilience of the region and country by adapting our industrial heritage to prosper in new markets.
- 1.3 This is necessary because the West Midlands has suffered. A combination of the Covid pandemic, Brexit disruption and supply chain difficulties have had a disproportionate effect on the region because of its industrial base¹. The region's response is to come together and pinpoint those precise clusters and technologies that can shift the West Midlands into the next gear of economic recovery, with benefits felt across the region generating greater consumer confidence and spending.
- 1.4 We believe that looking at clusters (rather than sectors) can help us to better support growth. Clusters are geographic concentrations of interconnected companies and institutions in a particular field. These commercial relationships are the glue which knits clusters together, cross-pollinating ideas and providing the region with its comparative advantage. The ways commercial firms collaborate varies – whether through supply chains, shared translational institutions like the Catapult Centres, or more informal networks and industry bodies.
- 1.5 The West Midlands Plan for Growth builds upon the region's Strategic Economic Plan and Local Industrial Strategy which capture the key features of the West Midlands economy, including our geographical connectivity, our young and diverse population, our skills profile and business productivity. Whilst this plan focuses on clusters with the potential for high growth, our wider efforts will also provide support for businesses in other critical sectors, which are vital to the region's success and prosperity.

1 - FT article: <https://www.ft.com/content/296a0c59-4b54-42e0-a37e-6f389880f582>

Scale of the economic challenge

- 1.6 Modelling by Oxford Economics indicates that, without further intervention, the West Midlands will experience below-average growth over the next decade, with a negative impact on employment and earnings in key parts of the region. Total Gross Value Added (GVA) in 2019 for the WMCA was £104 billion and projected to have a GVA of £131 billion in 2040. This is an increase of 25.5% with a yearly growth rate of 1.16% - below the projected UK annual yearly growth rate of 1.35%. The baseline scenario forecasts the WMCA GVA per head to grow to £29,939 by 2040, an average annual yearly growth rate of 0.95%, compared to the UK average of 1.15%.
- 1.7 Working with regional partners, the WMCA commissioned a detailed analysis of opportunities for differential growth above that forecast. Its purpose was to provide an independent assessment of where the West Midlands has comparative advantage, market confidence and a credible path for growth and job creation above forecasted levels. Based upon this, the West Midlands Plan for Growth sets a two-part strategic approach to accelerate and amplify growth to become the fastest growing region outside of London to 2030; a goal which requires an additional £3.9bn of output above baseline forecasts by 2030:
- Overcome barriers to growth in primary clusters where there is opportunity for differential growth in the short to medium term.
 - Identifying and supporting a portfolio of nascent clusters now, to deliver growth in the longer term.



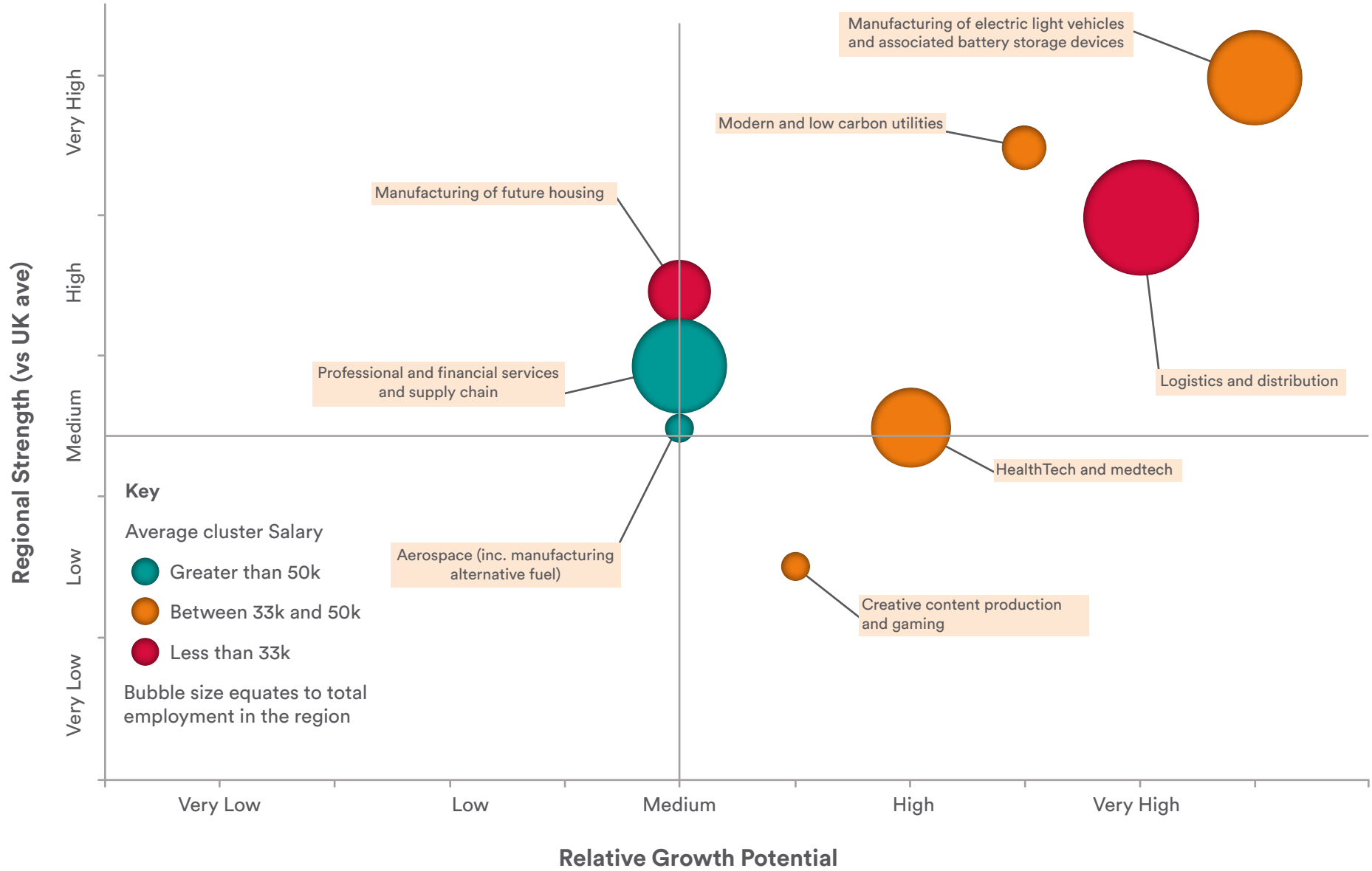




Primary clusters

- 1.8 Eight existing clusters fit the profile of delivering high value differential growth where the West Midlands has comparative advantage, business confidence and further market opportunity. The clusters are illustrated on page 8 according to their growth potential in the West Midlands, the extent of regional strength, and current employment and wage levels.
- 1.9 A review of opportunities, strengths and gaps across these clusters identified a set of six cross-cutting interventions that would, when tailored to the commercial circumstances of each cluster, deliver combined differential growth of between £2.9 billion to £3.2 billion of GVA and between 40,300 and 44,800 jobs. Achieving this would bring growth in the West Midlands to just ahead of the UK average by 2030. More detail about the interventions to overcome barriers to growth is summarised in section 2.







Nascent clusters

1.10 The pace of technological and market development means the West Midlands also needs to proactively back clusters with exponential growth potential. By their nature, the size, maturity and embeddedness of these clusters in the West Midlands is unlikely to be large, but support now can drive big returns later in the decade. These disruptive nascent clusters - like Very Light Rail (VLR), 5G adoption, eCommerce and space technology - can also add to the competitive advantage to more established clusters or sectors, helping to prevent decline or stagnation.

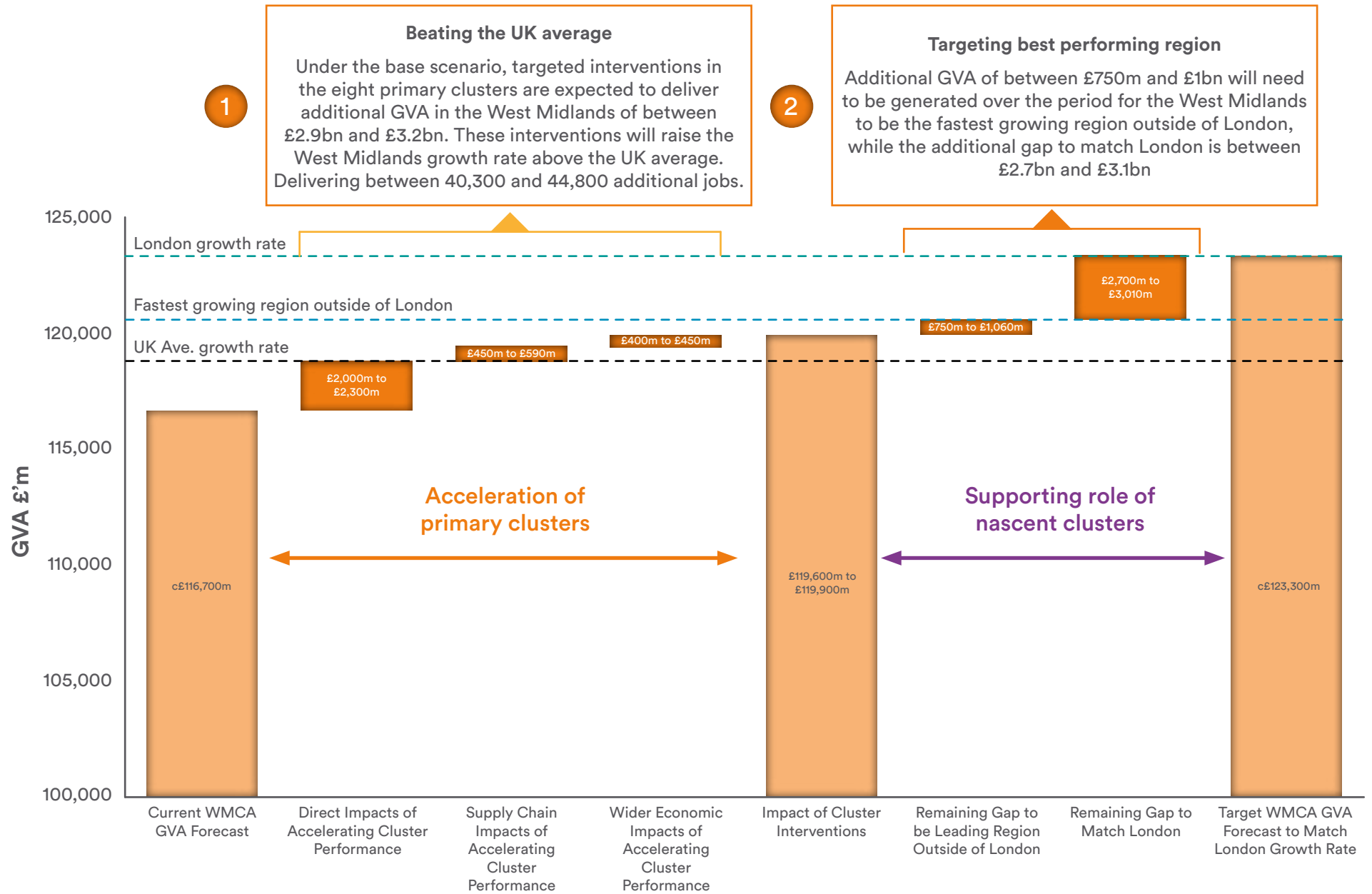
1.11 Activity to support growth in nascent clusters includes:

- early-stage support for scale-ups;
- providing patient capital for businesses;
- quickly boosting the local supply chain to provide capacity as well as capability; and
- creating opportunities for collaboration and community connectivity.

Successfully tackling these market needs will help outperform UK average performance in the medium to long term by providing an additional boost to the growth of our primary clusters.

Regaining the position as the fastest growing region outside of London would require the West Midlands to deliver an extra £0.75 billion - £1.0 billion of GVA and an extra 15,000 - 20,000 jobs.





Levers of growth

2.1 Government's Levelling-Up White Paper champions 'Medici-style growth' where complex systems are made coherent to level-up the UK. We can apply those principles to the West Midlands Plan for Growth where the key is tying together:

- Clear, well-targeted answers to boost private sector investment and cluster growth.
- Empowered and accountable decision-making, including the private sector.
- Suitable resources.

2.2 It is only the private sector that can deliver our growth ambition. But we know that growth can be greater, faster and more inclusive where public leaders work to set the conditions for prosperity. A Medici-style West Midlands Plan for Growth means there will be no separate implementation plan. Instead, mainstream delivery programmes and policies of the WMCA and partners will be flexed and targeted as appropriate to boost growth in the clusters and unlock additional business investment. The region has two ways to ensure it stays on track:

- **Strong business-led cluster leadership:** Private-public partnership requires strong cluster leadership, with business saying clearly and credibly how overcoming barriers unlocks further private investment. We know there is no one-size-fits-all approach to cluster leadership, so the region will work with specialist business organisations across the West Midlands and beyond so there is a clear and constructive two-way dialogue to drive inclusive growth.

- **Democratic accountability:** Civic leaders must also be confident that investing public resources will deliver benefits for all communities across the West Midlands, and deliver truly inclusive, net zero growth as committed to by the WMCA Board.

2.3 Our West Midlands Plan for Growth gives a focus to bring together public, private and university partners who are best placed to use local knowledge to efficiently allocate resources and overcome barriers. The White Paper also strengthens the leadership role of Combined Authorities by integrating LEP functions and the mandate for regional economic development within Mayoral Combined Authorities. Together, we already made important strides such as establishing a new West Midlands Economic Growth Board to provide clear and democratically-accountable leadership for this agenda, working alongside business and civic leaders to deliver green, inclusive growth. This is already providing new impetus and leadership, for example, by overseeing a new, simplified and strategic approach to business support and growth – reflecting the WMCA's leadership on the UK Shared Prosperity Fund.

2.4 By taking steps to build a more cohesive system, the West Midlands has a more powerful case for further powers and resources which will address the clear economic challenges set out in the Plan for Growth. The most notable form is the Trailblazing Devolution Deal where the region is seeking a new relationship with government, with much more alignment and influence over funding streams and programmes to support business growth, greater long-term influence and additional funding to support our growth clusters.

2.5 The Plan for Growth will therefore drive greater integration across six critical and cross-cutting interventions in ways that will deliver more targeted support and secure long-term business growth.

Direct competitive funding as part of a business support system with stronger strategic relationship management with firms

2.6 Ahead of the expected launch of Government's Enterprise Strategy later in 2022 and the conclusion of devolution negotiations, the West Midlands is taking the opportunity to reorientate its business support system. The Economic Growth Board provides leadership and decision-making including public, private, university and trade union partners. And the new business support system will be informed by the West Midlands Plan for Growth as it helps align and target investment to drive additional growth. Key elements of the system include:

- The launch of a new funding model for publicly funded business support with the **UK Shared Prosperity Fund** replacing EU-funded programmes over the next three years. This gives regional leaders in the West Midlands opportunity to direct priorities and take decisions over the £88 million allocation over the next three years across priorities of;
 - supporting local business,
 - communities and place; and
 - people and skills.
- The practical ways of enhancing the **core Growth Hub offer** envisaged by the West Midlands Business Support Review, led by LEPs and Growth Hubs. This includes a shared diagnostic, knowledge hub, significant increase in key account management of the region's 500 most strategically important firms and ways to drive take-up of targeted firms. With associated activity examining the configuration of economic functions across the region and the most effective delivery models, this paves the way for

the Economic Growth Board to set clear priority outcomes related to the Plan for Growth, linking support offers from the private and public sectors.

- Securing further direct investment in **regional business support programmes** like Made Smarter West Midlands and the Creative Growth Programme. Following successful pilot phases, delivered in conjunction with business partners and academic experts, further government investment can see these regionally commissioned and locally delivered programmes extended to more firms, aligned with major national programmes like Help to Grow.
- The **West Midlands Innovation Accelerator**, overseen by the West Midlands Innovation Board, where the vision is to double public R&D invested in the region by 2030. Announced in the Levelling-Up White Paper, the West Midlands is one of three Innovation Accelerators nationwide and will see around £33 million invested in the next three years on applied and translational research to spark commercial growth and bolster the region's R&D capability and capacity. Working in conjunction with Innovate UK and the Department for Business, Energy & Industrial Strategy (BEIS), new ways of working will build relationships to influence spending by UKRI's research councils and other Government bodies like the National Institute for Health Research. The intent is for Accelerators to help move places from good to great on applied and translational innovation with a strong commercial opportunity. The Innovation Board has considered analysis about potential areas of focus. It has homed in on clusters emphasised in the Plan for Growth - medical and clean technology, modern housing and sustainable construction - as well as practical steps to develop the region's R&D capacity and capability so the West Midlands reaps the benefits of Government's additional £5 billion investment in public R&D by 2025 on the path to reaching 2.4% of GDP by 2030.

- Clear, **private sector-led cluster leadership** which ensures that any direct competitive funding is targeted to latest business needs. The Economic Growth Board will use the Plan for Growth to streamline and strengthen cluster leadership including providing support to bodies like Create Central and Midlands Aerospace Alliance that lever additional investment. The cluster profiles in section 4 explain how private sector cluster leadership aligns with specialist regional capacity on trade, foreign direct investment and innovation.
- A **Trailblazer Devolution Deal** to provide more powers and resources for economic activities, including linking ambitious new fiscal powers and securing further investment for the Global West Midlands programme, including better connected strategic relationship management with major businesses.



Develop future skills pathway

- 2.7 The post-pandemic recovery has created a tight labour market and for the first time in the West Midlands, job vacancies outstrip the number of those looking for work. Developing our residents' skills delivers more inclusive growth by maximising their earnings potential, and it is also good for the economy as a whole as it helps the region's firms to undertake more complex, higher value-added work – particularly across the West Midlands Plan for Growth clusters.
- 2.8 The WMCA has significant powers and funding which can be targeted to develop future skills pathways across the clusters – covering skilled new entrants to those clusters and upskilling current employees to transition to the new challenges and opportunities. This leadership role would be further bolstered by powers and resources that we hope to secure from the Trailblazer Devolution Deal. The region is seeking leadership of a West Midlands Local Skills Improvement Plan (LSIPs) which will better connect business priorities and the supply of technical and vocational training. This will span areas where we have already taken a leadership role and seek to deepen our impact, including:
- The £150 million p.a. adult skills funding devolved to the region to upskill and retrain both the future and current workforce. This funding is used to ensure that we have a workforce that can grow the economy and maximise inward investment opportunities. To bring a sharper focus to skills needs of industry, we have adopted a sectoral approach to ensure skills training is relevant and accessible through our provider network made up of colleges, universities and independent training providers.

- **Technical training pathways** that we have co-designed with employers and providers. These have focused on those seeking to upskill or retrain in areas including digital, retrofit and net zero which directly relate to the Plan for Growth cluster priorities. Through digital bootcamps, we have brought to market a cross sectoral solution for clusters that includes disciplines of AI, data analysis, software, coding and cyber.
- Apprenticeships, where in driving their uptake by SMEs, we have already developed an **apprenticeship levy transfer service generating £37.5 million of donations** with large employers. This service means SMEs in Plan for Growth cluster supply chains can access apprenticeship training at reduced cost to both secure future talent and upskill the current workforce.
- Commissioning power for the UK Shared Prosperity Fund's theme on 'people' and the Multiply programme to increase adult numeracy skills. This will increase access for under-represented groups, including over 50s and people from minority groups with the skills needed for growing clusters, as well as targeting leadership and management training to help businesses thrive.
- Developing **higher skills offers with universities and colleges** through modular training. This training aligned to clusters to support growth will develop knowledge, skills and behaviours in both upskilling and retraining of the current workforce.
- Through negotiation in our Trailblazer Devolution Deal we are seeking further powers that will enable:
 - **Greater influence over post-16 technical and vocational education** and how this meets the needs of the local economy and residents
- **A new approach to co-commissioning employment support** provision in the region to ensure that programmes respond quickly and effectively to local labour market challenges, and better meet the needs of residents, businesses and local economies.
- **An all-age West Midlands Careers Service** supporting residents to make informed decisions about careers, better work and the pathways into existing and emerging opportunities

Business location coordination and foreign direct investment

- 2.9 New trade deals are being struck across the globe opening markets for West Midlands' business and creating the conditions to bring foreign direct investors to the West Midlands. That investment can be transformative for the region, creating new jobs and bringing new expertise and capacity to our supply chains that increase the region's comparative advantage.
- 2.10 The WMCA commissions the West Midlands Growth Company to lead location coordination in a way that serves the needs of business. Business location coordination, with local authorities, central government, universities and business groups, means being proactive to land major investment across the whole region by helping potential investors understand how the West Midlands makes their firm stronger.



2.11 The major business location coordination work that will support the West Midlands Plan for Growth cluster opportunities include:

- Delivery of the £23 million **Business and Tourism Programme**². Led by the West Midlands Growth Company, the Programme is an innovative partnership with Government departments that capitalises on the global buzz created by the Commonwealth Games to secure more than £650 million of new overseas investment into the UK, and create £7 million of additional export deals by 2027, in priority sectors that align with the Plan for Growth clusters.
- Securing gear-shift private investment through the West Midlands Investment Prospectus³. The prospectus covers some £20 billion of housing, commercial and industrial projects right across the region and was launched at MIPIM in Cannes in March 2022. The UK Real Estate Investment and Infrastructure Forum in May 2022 saw the launch of the West Midlands' ground-breaking £4 billion partnership with L&G on a seven-year programme to use private investment to help the region level up.
- Pursuing ambitious further powers and resources from Government through the **Trailblazing Devolution Deal** for our “Global West Midlands” plan. Our intention is to extend the Business and Tourism Programme’s reach and duration by co-designing and co-delivering an Internationalisation Strategy with Government. This will further embed trade and investment services into local business support provision, secure funding to boost exporters into key markets in priority clusters, and empower the region to use the Global Britain Investment Fund to incentivise new private investment in those clusters and supply chains in the West Midlands Plan for Growth. “**Global West Midlands**” also aims to secure a formal role for the Mayor in negotiating free trade agreements, putting the West Midlands at the heart of ambitious trade deals with new markets. It also seeks influence over the way the Government’s Office for Investment champions the West Midlands’ narrative to attract transformative capital funding from Sovereign Wealth Funds and institutional investors across the globe.

2 - Future mobility, Modern business services, Data-driven health and life sciences, Creative Technologies, Ecommerce and Sports Economy (related to Commonwealth Games)

3 - See: <https://www.flipsnack.com/69F967CC5A8/west-midlands-2022-investment-prospectus/full-view.html>

Early growth fund

2.12 Businesses need growth capital to invest in new premises and plant, R&D and mergers and acquisitions. Historically, the supply of risk capital funding for SMEs in the West Midlands for starting and scaling-up has been poor, with the West Midlands sitting in the bottom quartile for proportion of UK SME deal share and investment share. There are several support activities currently underway, but the West Midlands Plan for Growth provides deeper insight - about where growth capital can boost business, and the importance of that early growth funding complementing direct competitive funding of business, inward investment and land assembly.

2.13 The objective is for a larger and more diverse supply of growth capital in the West Midlands, with businesses that are investment ready to use it to generate strong commercial returns. The region is building its critical mass of early growth fund activity to feed those firms with exponential growth potential:

- Growth SMEs are the fastest to gain momentum coming out of recession, tending to be more flexible and quicker to adapt to opportunity, particularly technology innovation. Recognising the constrained supply of growth capital in the West Midlands to accelerate the recovery, the WMCA has initiated the West Midland Equity Co-Investment Fund. This £25 million fund will invest equity into the region's high growth potential SMEs and act as a beacon to crowd-in further private investment. By providing initial and follow-on equity funding into high-growth potential firms registered and trading in the West Midlands, the fund also helps the WMCA collaborate with other public

and private funders so growth firms benefit from high-quality wraparound support. In January 2022, the WMCA and a partner recently concluding a soft-test to validate assumptions made on fund operating cost, deployment ability and potential fund returns. Both parties are continuing with their due diligence, working towards fund launch in September 2022 or sooner.

- Government's 2021 Spending Review announced a further £400 million for the **British Business Bank** to invest in growth businesses across the Midlands. Following the conclusion of the current phase of the Midlands Engine Investment Fund, the West Midlands looks forward to working with the British Business Bank to ensure the new funding – expected to be deployed from late 2022 onwards – drives growth in the Plan for Growth clusters.
- **University spinouts** often offer rapid growth potential but have a need for significant growth capital. Some of the region's universities have recognised the opportunity to work together so their pipeline of spinouts has access to major institutional investment and senior leadership experience. Similar successful models have developed around Toronto, Oxford and the Northern Gritstone university grouping. The expectation is that the collaborating universities will further develop the Midlands' proposition so a final decision to go to market can be made in the next 12 – 18 months and once a professional management team is in place.

- Early growth funding is vital for the successful open innovation ecosystems which give OEMs and regions as a whole a strong competitive edge. In the West Midlands, Jaguar Land Rover has, for instance, initiated the **Plug and Play UK** partnership with the University of Warwick and BT which is a huge asset to the West Midlands, launched in June 2022. It uses the global Plug and Play network to link tech start-ups, plus major early growth funding to around 30 tech businesses in the UK, and the innovation and commercial needs of OEMs.

2.14 The West Midlands Combined Authority will build upon its leadership role in two ways. It will boost the supply of early-stage funding from public and private sources as above, and it will ensure that this is linked to a more powerful system of business support, internationalisation advice, and help with land and skills supply.



Land assembly and infrastructure fund

2.15 The West Midlands has been at the vanguard of regenerating brownfield land negotiating pioneering funding deals with Government. This includes securing a £100 million Land Fund in 2018, an £84 million Brownfield Housing Fund in 2020 and a £24 million National Competitive fund in 2020 to acquire and remediate land around priority sites, plus additional support of up to £250 million for infrastructure provision to enable housing and economic growth with additional announcements of £28 million and £17.4 million have also recently been secured. The Combined Authority have a dedicated in-house team to deploy the funding to eligible sites through the Single Commissioning Framework which provides a single portal for applicants to access devolved funds and places the criteria to access that funding clearly and transparently upfront.

2.16 The Single Commissioning Framework supports the principles of zero carbon and advanced methods of construction on sites deployed through the land funds. There are specific criteria which puts an onus on meeting Future Homes Standards and facilitating modular construction and applicants are encouraged to deliver sites which demonstrate a commitment to these principles. This stimulates demand for the Plan for Growth's manufacturing of future housing cluster using Advanced Methods of Construction (AMC).



2.17 Current devolution negotiations with Government are focused on securing a more flexible approach to funding commercial and housing developments, including appropriate infrastructure provision. This will enable mixed-use regeneration of sites with a stronger emphasis on ‘place-making’, providing not only opportunities for people to live, but places for business to locate, people to work in and cultural and physical activity. This is central to our philosophy of levelling-up zones with larger-scale regeneration along corridors and within town centres made possible with this approach.

2.18 The West Midlands Investment Prospectus, launched at MIPI in March, highlights over 20 major schemes with a development value of over £15 billion. As well as attracting large-scale commercial and mixed-use investments, the Combined Authority also uses its policy initiatives to support growth in the Plan for Growth clusters. Partnership endorsed routemaps and charters set out the principles and actions needed to embed Advanced Methods of Construction, zero carbon and good design into brownfield sites. A recent addition is the Public Land Charter adopted in 2022 which encourages the redevelopment of public land, including for commercial purposes which gives the clusters appropriate space to flourish.



Transport and infrastructure fund

2.19 Cluster growth depends on companies competing and collaborating around shared commercial interests. Those places that offer the best infrastructure for collaboration see the strongest cluster growth, which gives the greatest returns. The West Midlands is continuing its work to secure public and private investment to deliver that world-class transport, energy and digital infrastructure which will underpin growth across the region's primary and nascent clusters:

- Following the #WM2041 commitment to be net zero carbon in less than two decades, energy and a sustainable environment is a non-negotiable regional priority. Through the Trailblazer Devolution Deal under negotiation with government, we are seeking practical support for local energy planning so the West Midlands can invest in **zero carbon, reliable and competitively priced energy**. This change provides a commercial opportunity too, as firms in target Plan for Growth clusters adapt processes and workforces to integrate new supply, with needs for complementary support on future skills and competitive business support.
- After securing the WM5G programme in 2019, the West Midlands has become the best connected 5G region in the country. The Levelling-Up White Paper committed Government and the WMCA to build upon this with the West Midlands Smart City Region proposal which will drive UK-leading digital connectivity by using sensors, data and connectivity to optimise, and then transform, supply and demand in related Plan for Growth clusters across:
 - **Health and social care** – with smart prevention, diagnosis and monitoring.
 - **Transport** – by smart infrastructure management on road and rail networks.
 - **Energy** – with an advanced energy simulator to allow deep understanding of energy consumption to improve management of energy distribution.
- The WMCA is in the process of securing a partner to champion the region's digital economy, spearheaded by a new Tech Commissioner, and by supporting an international network of tech ambassadors with links to the West Midlands. The partnership will shape use of the Co-Invest Fund and digital workspaces to meet the digital needs of priority and nascent clusters.
- Creating conditions for cluster growth also depends on getting local transport and public realm infrastructure to work well so customers, workers and goods move around efficiently. The £4.8 billion national Levelling-Up Fund provides local authorities with funding to lead those changes, working in conjunction with MPs and local businesses. Early examples of projects in the West Midlands secured by local authorities that are supporting growth in key clusters include:
 - **Birmingham** - £20 million for the A457 Dudley Road Improvement Scheme, upgrading junctions, new bus lanes, new segregated cycle routes, widened footways and a new footbridge which, for example, helps connect a major hospital with medical technology assets.

- **Wolverhampton** - £20 million for the City Learning Quarter so 45,000 people can develop skills in excellent facilities and 7,500 apprentices start in businesses over the next 10 years, linked to the economic priorities in the region.
- At the regional level, the West Midlands is the UK's first Future Transport Zone, enabling rapid scaling up of new transport system solutions focused on travellers across all major urban centres in the UK. The Zone will trail new transport technologies and services which supports the logistics and distribution cluster in particular and also underpins all Plan for Growth activity by connecting business to wider labour markets. In this vein, Transport for West Midlands (TfWM) has recently updated the local transport plan to take account of major changes in technology and behaviour. As well as improving accessibility and reducing traffic across the region, the plan drives the electrification of transport which relates to cluster opportunities. It has helped secure further game-changing investment, including over £1 billion from Government's Sustainable Transport Settlement to install 1,000 electric vehicle charging points as well as ultra-fast charging facilities for electric heavy goods vehicles, vans and buses. By investing in new strategic transport connectivity like the University Station, the multi-billion West Midlands Investment Programme is providing clusters like med-tech with the connectivity they need to grow.



Cluster growth profiles:

Cluster: Manufacturing of electrical light vehicles and associated battery storage devices Additional growth opportunity: a further £850m – £950m of output and 11,200 to 12,400 jobs by matching the growth trajectory of the leading UK region for similar clusters		
Opportunity: <ul style="list-style-type: none"> Supporting transition of manufacturing capacity and associated supply chain from internal combustion to electric vehicle (EV) volume production. Batteries make up c40% of the cost of a new EV car and to keep this value within the region a large Gigafactory battery manufacturing facility is required. Gigafactories are still uncommon in the UK and Europe but require significant public investment. The battery lifecycle and environmental considerations means new opportunities in end-to-end battery management, including recycling. 	Concentrations in the West Midlands: <ul style="list-style-type: none"> Sandwell Walsall Solihull Birmingham Stratford Coventry 	Business leadership details: <ul style="list-style-type: none"> National bodies like SMMT West Midlands Automation WMG Electrification Task Force
Nature of comparative advantage: <ul style="list-style-type: none"> Established OEM and automotive supply chains National assets based in the West Midlands - UK Battery Industrialisation Centre and Advanced Propulsion Centre. Translational expertise in WMG and the Manufacturing Technology Centre. Expertise in associated chemicals / battery processing and recycling across West Midlands universities. Future British Volt facility at Hams Hall 	Priority projects <ul style="list-style-type: none"> Support Gigafactory investment. West Midlands Gigafactory at Coventry Airport has received planning permission with focus now on securing investment from a developer. Support supply chain transition to electric vehicles. Accelerate EV charging and recycling infrastructure. Exploit role of Plug and Play UK: Future Mobility in its ability to attract global start-ups to grow in the West Midlands and support EV supply chains. 	Major cross-cutting interventions: <ul style="list-style-type: none"> Develop future skills pathway Location coordination Direct competitive funding

Cluster: Health-tech and med-tech

Additional growth opportunity: a further £400m to £430m of output and 5,300 to 5,900 jobs by matching the growth trajectory of the leading UK region for similar clusters

Opportunity: <ul style="list-style-type: none"> Major increase in public and private R&D outside Greater South East as part of Government's commitment to the 2.4% target. Government commitment to invest in diagnostics and early intervention hubs. Medical technologies being embedded into variety of lifestyle devices. International trade deals open up new markets and regulatory freedoms. 	Concentrations in the West Midlands: <ul style="list-style-type: none"> Birmingham East Staffordshire Rugby 	Sector leadership details: <ul style="list-style-type: none"> Business leadership from bodies like Medilink Midlands, West Midlands Health Tech Cluster Body and national Association of Health-Tech Businesses. University and hospital networks like Midlands Innovation Health, Birmingham Health Partners and the West Midlands Academic Health Science Network.
Nature of comparative advantage: <ul style="list-style-type: none"> West Midlands is home to several large medical research facilities and the Centre for Translational Medicine with a large and diverse population. The West Midlands' engineering and materials expertise is directly relevant to the development and manufacture of medical devices. The region's universities produce 11,000 medical science graduates each year, plus allied higher-level skills in engineering and data. Private and public investment into world-class facilities, such as the Birmingham Health Innovation Campus and Rosalind Franklin Laboratory in Leamington. 	Priority projects <ul style="list-style-type: none"> Boost inward investment from the data-driven health strand of the Business and Tourism Programme, linked to the Department for International Trade's Life Sciences Opportunity Zone status for the Birmingham Health Innovation Campus. Work in conjunction with universities and institutional investors to ensure spinouts receive the early growth funding and commercial leadership they need to scale and compete internationally. Proactively ensure that business has the sites and utilities they need to scale research and manufacturing facilities right across the region. 	Major cross-cutting interventions: <ul style="list-style-type: none"> Develop future skills pathway Location coordination and FDI Early growth fund Land assembly and infrastructure fund

Cluster: Aerospace (including manufacturing alternative fuels)

Additional growth opportunity: a further £80m – £90m of output and 900 – 1,000 jobs by 2030 by beating the average growth profile for UK for similar clusters

<p>Opportunity:</p> <ul style="list-style-type: none"> Major market disruption in pursuit of net zero and embedding new technology. West Midlands has expertise in related industries (e.g. metals and materials). Military aerospace accounts for 20% of the West Midlands aerospace market, compared to 50% across the UK. Though the military market is smaller, and the civil market is forecast to experience higher growth in the long term, the military sector is also associated with higher R&D, which brings high GVA jobs to the region. Opportunity for lower-tier specialist aerospace suppliers to pivot technologies into new industries. 	<p>Concentrations in the West Midlands:</p> <ul style="list-style-type: none"> Wolverhampton Dudley Nuneaton & Bedworth 	<p>Business leadership details:</p> <ul style="list-style-type: none"> Business leadership provided by the Midlands Aerospace Alliance
<p>Nature of comparative advantage:</p> <ul style="list-style-type: none"> Connections with OEMs located nearby, plus large passenger (Birmingham) and freight (East Midlands) airports nearby. Strengths in dependent industries such as metals and materials, propulsion technology. Strong business leadership via the Midlands Aerospace Alliance. Good critical mass of skilled workers in advanced engineering. 	<p>Priority projects</p> <ul style="list-style-type: none"> Support cross-sector R&D and support to SME suppliers with abilities to diversify into (and out of) aerospace supply chains. Step up strategic relationship management with foreign-owned aerospace firms. Invest in advanced engineering and digital skills to help workers progress to higher-skilled roles and increase resilience of the cluster. 	<p>Major cross-cutting interventions:</p> <ul style="list-style-type: none"> Develop future skills pathway Direct competitive funding, including stimulating cross-sector R&D and innovation and helping SMEs pivot across aerospace and other industries. Location coordination and FDI

Cluster: Logistics and distribution

Additional growth opportunity: a further £280m – £290m of output and 5,500 to 6,000 jobs by accelerating the already high growth prospects by additional 1% per annum

<p>Opportunity:</p> <ul style="list-style-type: none"> • Market growth and disruption following pandemic boom in ecommerce and new consumer behaviours. • Net zero and clean air commitments reimagines new forms of local distribution. • Trade frictions with EU asks new questions of logistics firms. • West Midlands can specifically increase market share and productive capacity by providing high quality infrastructure, improving connectivity and raising the productivity of the existing workforce. 	<p>Concentrations in the West Midlands:</p> <ul style="list-style-type: none"> • Walsall • Cannock Chase • Tamworth • Solihull • Rugby • North Warwickshire 	<p>Sector leadership details:</p> <ul style="list-style-type: none"> • West Midlands partners working alongside national trade bodies including Logistics UK and Road Haulage Association
<p>Nature of comparative advantage:</p> <ul style="list-style-type: none"> • UK's manufacturing heartland provides strong demand for logistics and distribution. • Geographical position and transport connectivity (including road and rail) for freight, with links to East Midlands Airport and seaports around UK. • UK HQs of major logistics firms sited in region. • Coventry's trial of a first urban drone airport. • Strong tech and service economy helps use distribution capacity in a smarter way. 	<p>Priority projects</p> <ul style="list-style-type: none"> • Collaborate with industry and training providers to increase supply of skills, including HGV drivers. • Improve region's rail and road infrastructure including the Smart City Region Programme, to make networks more reliable and efficient. • Commercial development of brownfield land in West Midlands Investment Prospectus creates new logistics and distribution facilities with greater technology and higher-level skills. 	<p>Major cross-cutting interventions:</p> <ul style="list-style-type: none"> • Develop future skills pathway • Transport and infrastructure • Land assembly and infrastructure fund

Cluster: Professional and financial services and supply chain

Additional growth opportunity: a further £580m to £630m output and 8,500 to 9,400 jobs by matching the growth trajectory of the leading UK region for similar clusters

<p>Opportunity:</p> <ul style="list-style-type: none"> • UK has strong global position and service industries subject to fewer trade frictions than goods. • West Midlands has large base of professional and financial services firms with opportunity to move up the value chain by using strategic relationship management to showcase regional capabilities and help secure higher-value activity. • Strengthen connections between industry and academia to develop and apply new digital approaches quickly, sparking growth in nascent clusters like EdTech. 	<p>Concentrations in the West Midlands:</p> <ul style="list-style-type: none"> • Birmingham • Coventry • Wolverhampton 	<p>Business leadership details:</p> <ul style="list-style-type: none"> • West Midlands Growth Company, working in conjunction with SuperTech and trade bodies.
<p>Nature of comparative advantage:</p> <ul style="list-style-type: none"> • Well-connected region provides a sizable labour pool for large professional and financial services businesses. • Large and diverse economic base which gives professional and financial services firms opportunity to develop offers and services that can be sold abroad. • Significant private investment pipeline including major global brands. 	<p>Priority projects</p> <ul style="list-style-type: none"> • Deliver £1bn+ transport infrastructure programme to improve connectivity of major city centre concentrations of clusters to maximise pool of workers and provide opportunities in all parts of the region. • Capitalise on pipeline of FDI stimulated as a priority in the Commonwealth Games Business and Tourism Programme. • Stimulate the whole digital sector by engaging a Tech Commissioner and develop a global network of ambassadors to connect West Midlands' firms to international opportunities. • Deploy West Midlands Co-Invest Fund to help tech scale-ups grow rapidly. 	<p>Major cross-cutting interventions:</p> <ul style="list-style-type: none"> • Location coordination and FDI • Early Growth Fund • Transport and infrastructure fund

Cluster: Creative content production and gaming

Additional growth opportunity: a further £55m to £65m of output and 1,100 to 1,500 jobs by matching the growth trajectory of the leading UK region for similar clusters

Opportunity: <ul style="list-style-type: none"> • Growing international markets where UK has a strong, established position. • West Midlands now 'on the map' for creative industries and can showcase strong brands, rooted in the region. • Significant private and public investment in the West Midlands including the BBC investing in its new regional HQ and bringing MasterChef to Birmingham and the £18m Creative Content Hub at The Bond, Digbeth. 	Concentrations in the West Midlands: <ul style="list-style-type: none"> • Birmingham • Warwick 	Business leadership details: <ul style="list-style-type: none"> • Create Central formed in 2019 with wholly business-led Board. • Create Central delivered initial creative content cluster growth programme, funded by BFI and WMCA, with positive independent evaluation from BOP. • Economic Growth Board supported Create Central's work to develop a long-term cluster plan during 2022
Nature of comparative advantage: <ul style="list-style-type: none"> • Create Central giving coherent leadership with 10yr plan, building on the 3yr cluster development growth plan funded by the British Film Institute. • Screen School opened in Wolverhampton and £0.5m specialist skills bootcamp in West Midlands for creative content businesses. • Region has boosted its national profile, including hosting national Creative Cities Convention in Birmingham in April and 10 Create Central Champions. • First UK region to sign an MoU with the eSports Federation following its debuting at Commonwealth Games. 	Priority projects <ul style="list-style-type: none"> • Reap full economic and social impact of the region's Memorandum of Understanding with the BBC and similar commitments with major content commissioners. • Support further public and private investment around the Digbeth Loc project and opportunities with the Digital Catapult on immersive technology. • Drive cross-sector R&D collaborations, building on existing PIVOT programmes like the Innovate:Create partnerships between small creative firms with Commonwealth Games and National Express • Deploy West Midlands Co-Invest Fund to help IP-rich creative firms grow rapidly. 	Major cross-cutting interventions: <ul style="list-style-type: none"> • Develop future skills pathway • Location coordination • Direct competitive funding • Early growth fund

Cluster: Manufacturing of future housing

Additional growth opportunity: a further £320m to £220m of output and 3,400 to 3,700 jobs by beating the average growth profile for UK for similar clusters

Opportunity: <ul style="list-style-type: none"> • Net zero priorities, new technologies and supply of traditional trades drive need for new techniques. • Technologies established and needs scale in UK, which can relate to the opportunities for large-scale brownfield redevelopment which is particularly concentrated in the Black Country. • Significant opportunities for advanced manufacture in construction in retrofit market 	Concentrations in the West Midlands: <ul style="list-style-type: none"> • Wolverhampton • Dudley • Coventry • Wyre Forest 	Business leadership details: <ul style="list-style-type: none"> • This business cluster leadership is evolving, bringing together expertise in construction and advanced manufacturing. • The WMCA will proactively work with industry leaders to support cluster leadership.
Nature of comparative advantage: <ul style="list-style-type: none"> • Expertise from over £200m of public investment in brownfield development and the Future Homes Standard linked to the region's Single Commissioning Framework. • National Brownfield Institute in Wolverhampton and public and private expertise in land remediation and planning. • Engineering and manufacturing skills base that underpins modular housing manufacturing supply chains. 	Priority projects <ul style="list-style-type: none"> • Implement and accelerate the regional zero carbon homes route map, including scaling-up the supply of appropriate, viable sites. • Locate centre of excellence in West Midlands, allied to intensive skills programmes. • Proactively target advanced building manufacturers investing in the region based on existing supply chains. 	Major cross-cutting interventions: <ul style="list-style-type: none"> • Develop future skills pathway • Location coordination • Land assembly and infrastructure fund

Cluster: Modern and low carbon utilities

Additional growth opportunity: a further £420m to £470m of output and 4,400 to 4,900 jobs by matching the growth trajectory of the leading UK region for similar clusters

Opportunity: <ul style="list-style-type: none"> • Net zero priorities, consumer behaviour and new technologies disrupting established markets. • Energy price spikes changing cost-benefit investment dynamics. • Utilities firms have major investment plans over the next decade which prioritise new technologies. • Innovation Accelerator to enhance investment, collaboration and innovation across the cluster. 	Concentrations in the West Midlands: <ul style="list-style-type: none"> • Warwick • Coventry • Sandwell • Solihull 	Cluster leadership details: <ul style="list-style-type: none"> • Business leadership provided by Energy Capital
Nature of comparative advantage: <ul style="list-style-type: none"> • West Midlands has concentration of energy and utilities firms, along with research assets like the Tyseley Energy Park and academic research base. • Manufacturing and engineering capabilities including supply chains for wind, solar PV and biomass in the region. • Detailed blueprint for energy security for energy-intensive industry base through Repowering the Black Country project. • West Midlands Circular Economy Routemap with case for industrial symbiosis programmes. 	Priority projects <ul style="list-style-type: none"> • Secure Trailblazing Devolution Deal agreement with freedoms and resources for local energy system planning to support scale-up of industrial energy networks similar to the Repowering the Black Country model. • Secure funding for National Centre for Decarbonisation of Heat, working alongside Tyseley Energy Park. • Explore competitive business programmes to re-purpose waste e.g. WMG's recent initiative to reuse waste carbon from aerospace to turn waste water and sewerage in to hydrogen, or working with industry to trap waste heat to use for municipal heating. • Develop skills plan and target funding and investment towards new low carbon skills focused on smart grid technologies, project management, sustainable construction and manufacturing methods and energy data systems. 	Major cross-cutting interventions: <ul style="list-style-type: none"> • Develop future skills pathway • Direct competitive funding • Land assembly and infrastructure fund



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