



## WMCA Board

**Date:** Friday 13 October 2023

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

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

### Membership

#### Constituent Members

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

Councillor Adrian Andrew  
Councillor Mike Bird  
Councillor Paul Bradley  
Councillor Kerrie Carmichael  
Councillor John Cotton  
Councillor Ian Courts  
Councillor George Duggins  
Councillor Steve Evans  
Councillor Patrick Harley  
Councillor Abdul Khan  
Councillor Bob Piper  
Councillor Stephen Simkins  
Councillor Sharon Thompson

#### Appointing Authority

Mayor of the West Midlands Combined Authority  
Solihull Metropolitan Borough Council

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

#### Non-Constituent Members

Councillor Shaun Davies  
Councillor Matthew Dormer  
Councillor Tony Johnson  
Councillor Susan Juned  
Councillor Lezley Picton  
Councillor Derek Poole  
Councillor Izzi Seccombe  
Councillor Paul Turner  
Councillor Kristofer Wilson  
Councillor David A Wright

Telford & Wrekin Council  
Redditch Borough Council  
Cannock Chase District Council  
Stratford-on-Avon District Council  
Shropshire Council  
Rugby Borough Council  
Warwickshire County Council  
Tamworth Borough Council  
Nuneaton and Bedworth Borough Council  
North Warwickshire Borough Council

**Observers Awaiting Membership**

Councillor Ian Davison

Warwick District Council

**Co-Opted Member**

Lee Barron

Midlands Trades Union Congress

**Observer Members**

Councillor Greg Brackenridge

Simon Foster

West Midlands Fire Authority

West Midlands Police & Crime Commissioner

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

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

**Contact**

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# AGENDA

No.	Item	Presenting	Pages
<b>Items of Public Business</b>			
1.	Apologies for Absence	Chair	None
2.	Declarations of Interest Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None
3.	Chair's Remarks (if any)	Chair	None
4.	Minutes - 15 September 2023	Chair	1 - 6
5.	Forward Plan	Chair	7 - 12
6.	Regional Activity & Delivery Update	Chair	Verbal Report
<b>Levelling Up / Devolution</b>			
7.	Deeper Devolution Deal Ratification	Councillor Sharon Thompson	13 - 66
<b>Transport</b>			
8.	New Stations Package 1: Project Update	Anne Shaw	67 - 70
<b>Minutes</b>			
9.	Environment & Energy Board - 12 July 2023	Councillor John Cotton	71 - 74
10.	Economic Growth Board - 12 July 2023	Councillor Stephen Simkins	75 - 82
11.	Audit, Risk & Assurance Committee - 19 July 2023	Mark Smith	83 - 90
12.	Young Combined Authority - October 2023 Update	YCA Representatives	91 - 92
<b>Date of Next Meeting</b>			
13.	Friday 17 November 2023 at 11.00am	Chair	None

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**West Midlands  
Combined Authority**

## **WMCA Board**

**Friday 15 September 2023 at 11.00 am**

### **Minutes**

#### **Constituent Members**

Andy Street (Chair)	Mayor of the West Midlands Combined Authority
Councillor Bob Sleigh (Vice-Chair)	Solihull Metropolitan Borough Council
Councillor Mike Bird	Walsall Metropolitan Borough Council
Councillor Paul Bradley	Dudley Metropolitan Borough Council
Councillor John Cotton	Birmingham City Council
Councillor Ian Courts	Solihull Metropolitan Borough Council
Councillor George Duggins	Coventry City Council
Councillor Steve Evans	City of Wolverhampton Council
Councillor Patrick Harley	Dudley Metropolitan Borough Council
Councillor Peter Hughes	Sandwell Metropolitan Borough Council
Councillor Stephen Simkins	City of Wolverhampton Council
Councillor Sharon Thompson	Birmingham City Council

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

Councillor Matthew Dormer	Redditch Borough Council
Councillor Susan Juned	Stratford-on-Avon District Council
Councillor Derek Poole	Rugby Borough Council
Councillor Izzi Seccombe	Warwickshire County Council
Councillor Kristofer Wilson	Nuneaton & Bedworth Borough Council

#### **In Attendance**

Councillor Cathy Bayton	Overview & Scrutiny Committee
Councillor John McNicholas	Transport Delivery Overview & Scrutiny Committee

#### **34. Apologies for Absence**

Apologies for absence were received from Councillor Kerrie Carmichael (Sandwell), Councillor Shaun Davies (Telford & Wrekin), Simon Foster (West Midlands Police & Crime Commissioner) and Councillor Bob Piper (Sandwell).

#### **35. Chair's Remarks**

##### **(a) Councillor Steve Evans, City of Wolverhampton Council**

The Chair welcomed Councillor Steve Evans to his first meeting of the WMCA Board following his recent appointment by the City of Wolverhampton Council.

**(b) Councillor Stephen Simkins, Portfolio Lead for Economy & Innovation**

The Chair report that he had appointed Councillor Stephen Simkins as the Portfolio Lead for Economy & Innovation. This position also had responsibility for chairing meetings of the Economic Growth Board.

**36. Minutes - 21 July 2023**

The minutes of the meeting held on 21 July 2023 were agreed as a correct record.

**37. Forward Plan**

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

**38. Regional Activity & Delivery Update**

The board received a presentation from the Chief Executive setting out the regional activity in recent months. Business Growth West Midlands had been launched in Coventry on 12 September, attracting over 1,000 businesses, along with £22m being invested by the WMCA in helping 10,000 learners to work in the region's engineering and manufacturing sector. In respect of regional trends, data was provided on the region's export goods value, foreign direct investment projects, and the current unemployment rate.

Following Birmingham City Council issuing a s.114 notice recently, Councillor John Cotton indicated that this was a matter the council was working through to resolve satisfactorily, and that Birmingham remained an attractive location for businesses.

Resolved:

The update be noted.

**39. Financial Monitoring Report 2023/24**

The board considered a report of the Executive Director of Finance & Business Hub providing an update on the WMCA's finances as at 31 July 2023, an update on the medium-term financial strategy and the risks facing the organisation. The report provided details of the 2022/23 treasury activities and highlighted compliance with policy and strategy previously approved in relation to treasury management.

The Executive Director for Finance & Business Hub noted Birmingham City Council's recent s.114 notice and indicated that she had sought assurances that those schemes funded by the WMCA but run by Birmingham City Council would be protected. She was awaiting the publication of the city council's recovery plan to assess any further implications for the WMCA.

The Chair noted that the WMCA had been asked to review a number of housing schemes where inflation costs had made the schemes challenging for developers to deliver. He undertook to ensure that members of the board would be kept apprised of the outcomes of these project reviews.

Councillor Peter Hughes suggested that the Ring & Ride service could be partnered with other transport services such as community and hospital transport in order to strengthen its viability. Councillor Mike Bird welcomed this suggestion and indicated that it would be included within the review of the Ring & Ride service currently being undertaken.

Resolved:

- (1) The financial position as at 31 July 2023 be noted.
- (2) The latest full year forecast for 2023/24 be noted.
- (3) The new grant awards to the WMCA be noted.
- (4) The update on the Medium Term Financial Plan be noted.
- (5) It be noted that the principal contractor for the delivery of rail stations in Darlaston and Willenhall filed an administration notice on 17 August 2023 and, whilst WMCA was working to limit any adverse exposure, cost increases and schedule delays were likely to occur, and further updates would be brought to the board as the revised delivery arrangements became clear.
- (6) The update on bus funding be noted, including the approved change required from BSIP and ZEBRA.
- (7) An increase in the number of directors to be appointed to the Board of Midland Metro Ltd from four to five be approved.
- (8) The process of recruitment of two independent directors to the Midland Metro Ltd Board was delegated to the Chief Executive, one of whom would be appointed Chair of the Midland Metro Ltd Board, with the final appointment to be referred to the board for noting.
- (9) The recharge of 2023/24 Business Rates Growth monies be noted.
- (10) The Treasury and Prudential indicators for the period ending 30 June 2023 (Quarter 1) be noted.
- (11) An increase of £25.5m in the loan limit of an existing Commercial Investment Fund loan to support the continued development of the Holbrook Lane industrial development in Coventry be approved.

#### **40. Business Energy Advice Service**

The board considered a report of the Executive Director of Strategy, Integration & Net Zero on pilot funding to support a regional decarbonisation advice and a grants programme for businesses.

Councillor Stephen Simkins stressed the value of assessing the effectiveness of this project, and Councillor Bob Sleigh confirmed that it was a pilot and would hopefully demonstrate the region's ability to deliver on a larger scale. Councillor Ian Courts noted the importance of the project as part of the region's net zero plans and as a demonstration of the practical steps needed to tackle climate change.

Resolved:

- (1) £24,609,772 of pilot funding to support a regional decarbonisation advice and grants programme for businesses be approved, jointly funded by the Department for Energy Security & Net Zero and the Department for Levelling Up, Housing & Communities, providing circa £9m revenue funding for energy assessment audits and roadmaps for Small & Medium Enterprises in both the industrial and commercial sectors across the International Territorial Level 1 area of the West Midlands, alongside £5m capital funding for energy reduction grants and an additional £10.5m for grants from the Department for Levelling Up, Housing & Communities that would be provided in the WMCA area.
- (2) It be noted that the Department for Energy Security & Net Zero / Department for Business, Energy & Industrial Strategy business case had been approved by the Department for Energy Security & Net Zero Investment Committee and by Treasury, and that the Department for Levelling Up, Housing & Communities had confirmed that it would use the same business case for its funding stream, that timelines for release of that funding were still to be determined, and that Ministerial sign off on the Section 31 letter was expected in the following week.
- (3) The delegation of contracting and payments to the Director of Employment, Skills, Health & Communities, the WMCA's s.151 Officer and the Director of Law & Governance or Chief Executive to accept the funding awarded from the Department for Energy Security & Net Zero and the Department for Levelling Up, Housing & Communities be approved, subject to their review of the finalised terms and conditions of this funding, and that these conditions would not be materially different to those expected, and in particular should contain conditions acceptable to the WMCA in respect of condition precedent, clawback and eligible expenditure.

#### **41. Refreshed Regional Road Safety Strategy**

The board considered a report of the Executive Director, Transport for West Midlands on the finalisation of the refreshed Regional Road Safety Strategy 2023-30 and its adoption and launch for implementation across the region.

The Chief Executive of the Office of the Police & Crime Commissioner welcomed the strategy as an important step in developing a strategic approach to bringing about road safety improvements. The Police & Crime Commissioner hoped that speeding fines would be devolved to the region, which had the support of over 90% of the public.



Resolved:

- (1) The refreshed Regional Road Safety Strategy 2023-30 be adopted.
- (2) It be agreed to launch the refreshed Regional Road Safety Strategy 2023-30 following this board meeting.

**42. City Region Sustainable Transport Settlement Re-base Proposal**

The board considered a report of the Executive Director, Transport for West Midlands on an update the City Region Sustainable Transport Settlement, specifically regarding a re-baselining exercise that had been undertaken across the programme, at the request of the Department for Transport, in order to reflect inflationary construction cost pressures.

Resolved:

- (1) The proposed re-base of the City Region Sustainable Transport Settlement programme, as per the Department for Transport's invitation to all Mayoral Combined Authorities in receipt of City Region Sustainable Transport Settlement funding, to reflect inflationary scheme cost pressures, be approved.
- (2) It be noted that the net overprogramming value of £160.2m (15%) remained unchanged from the value agreed by the WMCA Board on 9 June 2023.
- (3) The intention to undertake a 'City Region Sustainable Transport Settlement stock take' once commitments reached c.£900m to allow the WMCA and sponsors to accurately quantify the precise overprogramming value and re-confirm the regional appetite for spending City Region Sustainable Transport Settlement 2 funding at risk in line with soft contingency principles previously agreed, be noted.
- (4) The requirements of the Department for Transport set out within the report be noted.
- (5) The approval timeline be noted.
- (6) It be noted that the WMCA / Transport for West Midlands continued to manage on-going cost pressures on major transport infrastructure projects outside the City Region Sustainable Transport Settlement programme, as reported to WMCA Board on 9 June 2023.
- (7) An early warning on Rail Package 1 (Willenhall and Darlaston stations) due to the main contractor for the project going into administration be noted.

**43. Appointment of Combined Authority Returning Officer**

The board considered a report of the Director of Law & Governance to enable the WMCA to appoint a Combined Authority Returning Officer in respect of the Combined Authority Mayoral election on 2 May 2024.

Resolved:

Julie Newman, Chief Legal Officer and Monitoring Officer at Coventry City Council be appointed as the West Midlands Combined Authority Returning Officer.

**44. Economic Growth Board - Updated Terms of Reference**

The board considered a report of the Director of Law & Governance to ratify and agree the revised terms of reference for the Economic Growth Board following its consideration of the report on the 12 July 2023.

Resolved:

The changes to the Terms of Reference for Economic Growth Board be approved.

**45. Investment Board - 19 June 2023**

The board considered the minutes of the Investment Board held on 19 June 2023.

Resolved:

The minutes of the meeting held on 19 June 2023 be noted.

**46. Transport Delivery Overview & Scrutiny Committee - 3 July 2023**

The board considered the minutes of the Transport Delivery Overview & Scrutiny Committee held on 3 July 2023.

Councillor John McNicholas stressed the importance of members of the committee attending meetings, particularly representatives from non-constituent authorities, who had an important perspective to give.

Resolved:

The minutes of the meeting held on 3 July 2023 be noted.

**45. Overview & Scrutiny Committee - 10 July 2023**

The board considered the minutes of the Overview & Scrutiny Committee held on 10 July 2023.

Councillor Cathy Bayton indicated that the focus of the committee during the year would be on the delivery and outcomes achieved, measured against the WMCA's aims and objectives.

Resolved:

The minutes of the meeting held on 10 July 2023 be noted.

**46. Date of Next Meeting**

Friday 13 October 2023 at 11.00am

The meeting ended at 11.55am.



# West Midlands Combined Authority

## Forward Plan

## Forthcoming key decisions

Title of key decision:	Decision to be taken by and date:	Open or Exempt:	Portfolio Lead	Employee to contact:
<b>Regional Activity &amp; Delivery Update</b> To provide an update on recent activity of the WMCA.	WMCA Board 13 October 2023	Open	Andy Street Mayor	Laura Shoaf Chief Executive of the West Midlands Combined Authority
<b>Deeper Devolution Deal</b> To ratify the Deeper Devolution Deal	WMCA Board 13 October 2023	Open	Councillor Sharon Thompson Levelling Up Portfolio Lead	Ed Cox Executive Director of Strategy, Integration & Net Zero
<b>New Stations Package 1 Project Update</b> An update on the options being considered for progressing Package 1. Board are asked to note the paper.	WMCA Board 13 October 2023	Open	Councillor Mike Bird Transport Portfolio Lead	Liz Baker Strategic Sponsor
<b>Regional Activity &amp; Delivery Update</b> To provide an update on recent activity of the WMCA.	WMCA Board 17 November 2023	Open	Andy Street Mayor	Laura Shoaf Chief Executive of the West Midlands Combined Authority
<b>Financial Monitoring Report</b> To provide a summary of the WMCA's financial position as at 30 September 2023.	WMCA Board 17 November 2023	Open	Councillor Bob Sleight Finance Portfolio Lead	Beverly Sullivan Financial Planning and Coordination Manager
<b>Single Settlement</b> To provide an update on the latest developments regarding the single settlement arrangements.	WMCA Board 17 November 2023	Open	Councillor Bob Sleight Finance Portfolio Lead	

<p><b>Investment Zone Governance</b> To consider governance arrangements supporting the region's Investment Zones proposals.</p>	WMCA Board 17 November 2023	Open	Councillor Stephen Simkins Economy & Innovation Portfolio Lead	
<p><b>Investment Zones Funding and Finance Plan</b> To consider the funding and finance plan relating to the region's Investment Zones proposals.</p>	WMCA Board 17 November 2023	Open	Councillor Stephen Simkins Economy & Innovation Portfolio Lead	
<p><b>Air Quality Framework</b> To approve the draft framework that reviews all of the measures possible to accelerate improvements to regional air quality, following public consultation and consideration by the Environment &amp; Energy Board.</p>	WMCA Board 17 November 2023	Open	Councillor John Cotton Environment, Energy & HS2 Portfolio Lead	Jacqueline Homan Head of Environment
<p><b>Homelessness Taskforce</b> Update on the work of the Homelessness Taskforce</p>	WMCA Board 17 November 2023	Open	Councillor Kerrie Carmichael Inclusive Communities Portfolio Lead	Julia Cleary, Claire Dhami, Neelam Sunder Head of Corporate Support & Governance, Head of Systems Change and Inclusion,
<p><b>WMCA's Overview &amp; Scrutiny Committee and Transport Delivery Overview &amp; Scrutiny Committee - Progress Update</b> To provide a quarterly summary of the activity of work of the WMCA's overview and scrutiny function, as required by the Deeper Devolution Deal.</p>	WMCA Board 17 November 2023	Open		Lyndsey Roberts Scrutiny Officer
<p><b>Bus Franchising Update</b> To provide a further update on work to support the consideration of any future bus franchising decision.</p>	WMCA Board 12 January 2024	Part exempt	Councillor Mike Bird Transport Portfolio Lead	Pete Bond Director of Integrated Transport Services

**WMCA's Overview & Scrutiny Committee  
and Transport Delivery Overview &  
Scrutiny Committee - Progress Update**

To provide a quarterly summary of the activity of work of the WMCA's overview and scrutiny function, as required by the Deeper Devolution Deal.

WMCA Board 15  
March 2024

Open

Lyndsey Roberts  
Scrutiny Officer

## The Forward Plan

This document sets out known 'key decisions' that will be taken by the West Midlands Combined Authority (WMCA) over the coming months.

Forthcoming key decisions are published online to meet the statutory 28 day notification rule for each meeting where a key decision will be taken. Where it has not been possible to meet the 28 day rule for publication of notice of a key decision or an intention to meet in private, the relevant notices will be published as required by legislation as soon as possible.

### What is a key decision?

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A 'key decision' means a decision of the Mayor, WMCA or officer which is likely:

- (a) to result in the WMCA incurring expenditure, making savings or generating income amounting to £1m or more; or
- (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the area of the WMCA

The report relating to a decision, together with any other documents being considered, will be available five clear working days before the decision is to be taken (unless the documentation contains exempt information).

The forward plan also provides notice of when the WMCA may decide to exclude the press and public during consideration of a particular matter due to the potential for disclosure of confidential or exempt

information. The grounds upon which local authorities can exclude the press and public are specified by law and details of the exempt categories are available on request from the Governance Services team ([governance.services@wmca.org.uk](mailto:governance.services@wmca.org.uk)).

Councillors or members of the public wishing to:

- make a representation about why a matter should be heard in public, or
- submit information to the decision-making body about an item in the forward plan, or
- request details of relevant documents, or
- seek advice about the WMCA's decision-making arrangements,

should contact the Governance Services team: [governance.services@wmca.org.uk](mailto:governance.services@wmca.org.uk)





## WMCA Board

<b>Date</b>	13 October 2023
<b>Report title</b>	Deeper Devolution Deal Ratification
<b>Portfolio Lead</b>	Levelling Up / Devolution - Councillor Sharon Thompson
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
<b>Accountable Employee</b>	Ed Cox, Executive Director for Strategy, Economy & Net Zero email: ed.cox@wmca.org.uk
<b>Report has been considered by</b>	Mayor & Portfolio Leads Liaison - 29 September 2023 Individual meetings with Leaders and Chief Executives

### The WMCA Board is recommended to:

- (1) Formally ratify the 'trailblazer' deeper devolution deal between the WMCA and His Majesty's Government; and
- (2) Approve the Governance Review and Scheme for devolution to the WMCA of the administration of Bus Service Operators Grant under section 154 (1) (3) and (4) of the Transport Act 2000 for submission to the Secretary of State.

### 1. Purpose

- 1.1 Ratification would enable the WMCA, working with local authorities and other partners, to continue the implementation of the deeper devolution deal.

### 2. Background

- 2.1 The deeper devolution deal contains over 190 commitments across a wide range of policy areas. [Annex A](#) summarises the contents of the deal, our implementation plan and how we are working with local authorities and other partners to deliver it. The health improvement duty is no longer part of the deal. We need to ratify the deal in order to continue the process of implementation with HMG and, specifically, the implementation of the single settlement.

- 2.2 One of the commitments in the deal is to devolve the Bus Service Operators Grant function. This will confer a new statutory function onto the Mayor, however any policy flexibilities secured as a result of national reforms will be exercised as a WMCA Board function. At this stage of the process, we are asking WMCA Board to decide whether to approve the governance review and scheme for the BSOG function (Annex B) for submission to the Secretary of State for Transport for their consideration. If approved by the Secretary of State, an Order would be laid in Parliament to devolve the function in due course. To note that constituent local authorities will be asked to give further consideration to a draft Order over the coming months and in advance of a further decision by WMCA Board early next year (likely January).
- 2.3 Following the feedback provided at Mayor and Portfolio Leaders on 29 September, we are seeking further amends to the terms of reference for MP Questions. We will bring the terms of reference back to members in due course, once we have a 'final' draft for your consideration.

### **3. Strategic Aims and Objectives**

- 3.1 The deeper devolution deal as a whole provides new funding, relationships with government and its agencies and a new statutory function (see above) which will enhance WMCA's ability to deliver inclusive economic growth across the region.

### **4. Financial Implications**

- 4.1 Ratification of the deal will secure the range of fiscal benefits previously reported to members. Non-ratification of the deal as a whole would mean these benefits would be highly likely to be withdrawn, which will have a financial consequence. Specifically, the release of £100 million for brownfield remediation will not be released until the deal has been ratified. Should WMCA Board ultimately decide to adopt the single settlement, it will bring with it advantages such as allowing WMCA to create financial plans and strategies with more certainty together with more flexibility over how WMCA deploys its funding and selects interventions which are the right ones for the region. The single settlement is not expected, however, to substantially increase funding quantum at a headline level and as such, other options to address WMCA funding deficits over the longer term should remain under review.
- 4.2 With regards to BSOG, our initial assessment is that BSOG devolution, under the current conditions does not introduce financial or commercial risk to the WMCA. The WMCA holds the rights not to enact the BSOG powers in advance of its proposed national reform. The WMCA will continue to work with DfT to shape BSOG policy reform as well assessing the financial and resource implications to fully administer BSOG, once devolved.

### **5. Legal Implications**

- 5.1 Approval of the Governance Review and Scheme for the devolution BSOG to WMCA is a first step in the statutory process under section 105A of the Local Democracy, Economic Development and Construction Act 2009. This will be followed by the issue by the Secretary of State of a draft Order to which the consent of both the WMCA Board and each of the Constituent Authorities will be required before the Secretary of State may make a final Order.

5.2 There are no other legal implications flowing directly from ratification of the Deeper Devolution Deal and the implications of implementation of specific aspects of the Deal will be considered in later reports

## **6. Single Assurance Framework Implications**

6.1 None arising from this recommendation. All funding unlocked by the deal will follow separate approval processes through the SAF.

## **7. Equalities Implications**

7.1 None arising from this recommendation.

## **8. Inclusive Growth Implications**

8.1 The WMCA defines Inclusive Growth (IG), as “a more deliberate and socially purposeful model of growth, measured not only by how fast or aggressive it is; but also, by how well it is created and shared across the whole population and place, and by the social and environmental outcomes it realises for our people”.

8.2 The principles of IG have been fundamental to the development of the deeper devolution deal and are key to the proposed ‘single outcomes framework’ which underpins the Deal and its objectives. The ratification of the deeper devolution deal will enable the creation of a single outcomes framework which aligns all activities in the West Midlands to the eight inclusive growth fundamentals, and the five single settlement pillars, so that all powers, functions and activity in the West Midlands is aligned to the mission to create a fairer, greener and healthier region.

## **9. Geographical Area of Report’s Implications**

9.1 The deeper devolution deal and the BSOG function will benefit all parts of the region albeit in different ways, at different times and to a varying extent between places.

## **10. Other Implications**

10.1 None.

## **11. Schedule of Background Papers**

Annex A: Summary of the deeper devolution deal.

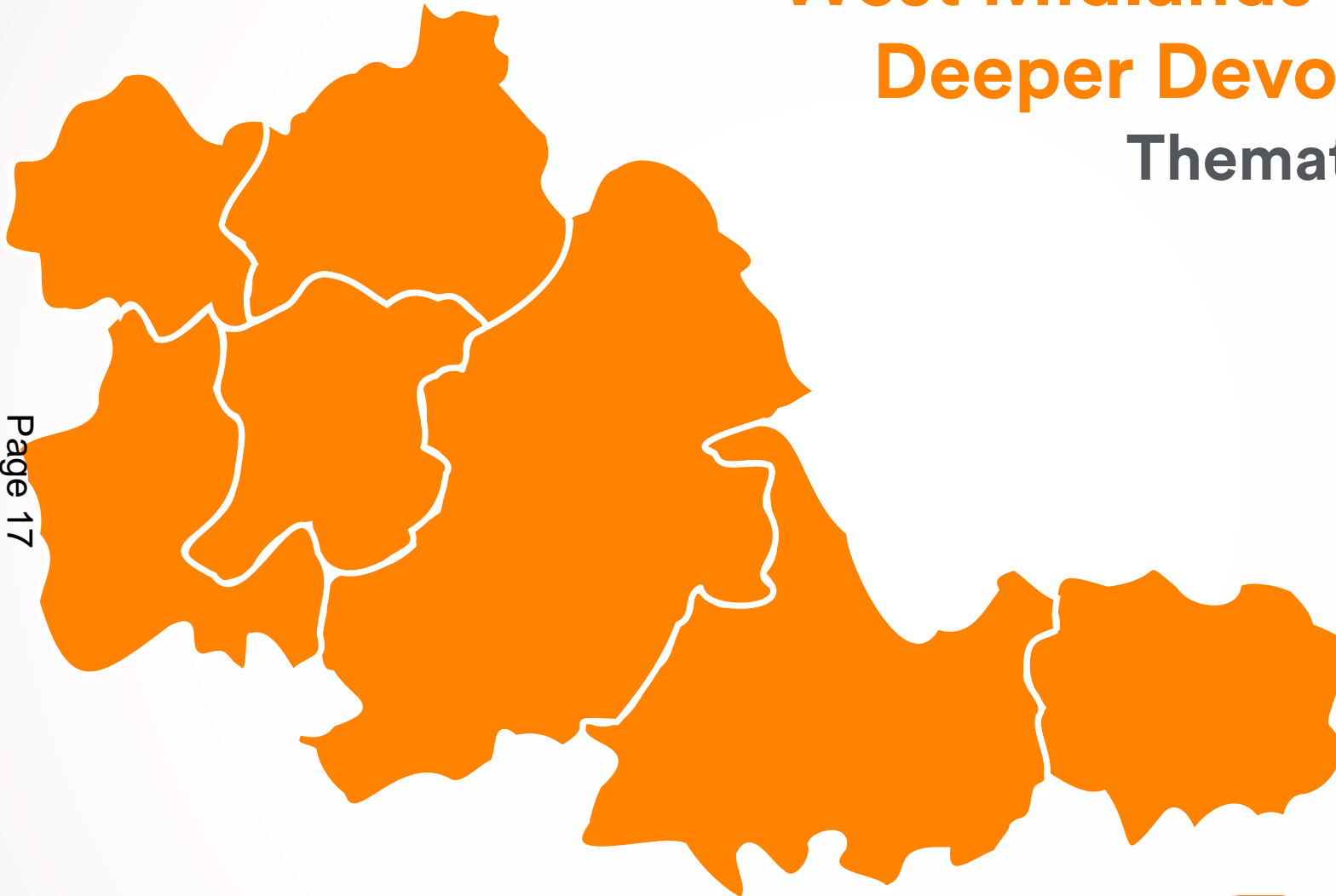
Annex B: Governance review and scheme for the devolution of the Bus Services Operators Grant

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# West Midlands 'Trailblazer' Deeper Devolution Deal: Thematic Summaries

August 2023

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**West Midlands**  
Combined Authority



4	Introduction
6	Operating more effectively
9	Special Feature: Single Settlement
10	Economy
12	Employment and skills
14	Special feature: A transport network closer to the standards of London
16	Transport
18	Supporting clusters
20	Net Zero and Environment
24	Special Feature: Unlocking Regeneration through Levelling Up Zones
26	Transforming Places
28	Pride in Place

# Introduction

The purpose of this document is to provide local authorities (LAs) an overview of the trailblazer deeper devolution deal (the deal) between the region and Government. It sets out how the commitments in the deal will be implemented, how LA partners will be engaged in decision-making, LAs roles in delivery and indicative timescales for commitments to be progressed and implemented. A more detailed breakdown of deal implementation activities is set out in the fuller implementation plan that follows these summaries. The different policy areas in the deal have been grouped into the following themes:

- Operating more effectively. This covers governance and accountability, data and the single settlement;
- Economy. This covers business support and finance, innovation, trade and investment and visitor economy;
- Employment and skills. This covers adult skills, careers and employment support;
- Transport. This covers rail, buses, transport innovation, transport planning and infrastructure capital support;
- Supporting clusters. This covers digital, social economy and Places for Growth;
- Net zero and environment. This covers energy efficiency, industrial decarbonisation, heat zoning, natural capital, local area energy planning and air quality;
- Transforming places. This covers housing, regeneration, Levelling Up Zones and business rate retention;
- Pride in place. This covers homelessness, anti-social behaviour and early years.

In addition, there are three further special features that cover areas of the deal in more detail. These are:

- Single settlement;
- Transport;
- Levelling Up Zones.





### Plans on a page

For every thematic summary, a 'plan on a page' is provided to show indicative timescales for implementation activities.

A bar like the below with a single diamond is used to indicate a deadline:



A bar like the one below with a diamond at either end is used to indicate the duration of an activity:



- Operating more effectively
- Economy
- Supporting nascent clusters
- Pride in Place

- Transforming places
- Adult Skills and Employment Support
- Net Zero and Environment
- Transport

### Overview of the deal

There are over 190 different commitments in the deal. The commitments are of different kinds, including:

1. Commitments to provide new funds to the region;
2. Commitments to increase flexibility and local decision-making power over existing and future funding;
3. Commitments to new partnerships to plan and manage the delivery of government programmes; and
4. Commitments to enable the region to co-design new policy initiatives with Government.

The highest number of commitments relate to the themes of economy, operating more effectively and transport. Taken together, these commitments, the policy levers and funding they include, represent a step-change in our ability to realise our collective vision of a better connected, more prosperous, fairer, greener and healthier West Midlands.

### Financial value of the deal to the region

The total value of the deal in fiscal terms to the region is estimated at c£1.5 billion. This estimate is to a large extent influenced by the ability of the region to establish Levelling Up Zones as intended, and the economic growth in the region which will flow back to LAs through the Business Rates system.

Fund	Potential Value	New Money?
Levelling Up Zones <sup>1</sup>	<b>c.£0.5bn Minimum</b>	Yes
10-year Business Rates Retention	<b>c.£450m</b>	Difficult to assess
Affordable Housing Programme	<b>£200-400m</b>	Yes
Single Regeneration Fund	<b>£100m</b>	Yes
Wednesbury to Brierley Hill Metro Extension	<b>£60m</b>	Yes
Smart City Region	<b>£10.0m</b>	Yes
Air Quality Sensors	<b>£0.5m</b>	Yes
Digital Devices	<b>£4.0m</b>	Yes
Industrial Decarb	<b>£10.5m</b>	Yes
Natural Environment	<b>£1.0m</b>	Yes
Cultural Infrastructure Fund	<b>£4.0m</b>	Yes

<sup>1</sup> Estimate based on incremental Business Rate Retention if all 6 LUZs are given Government consent and delivered.

# Operating more effectively

## Inclusive Growth Fundamental: Power and Participation

Exec Lead: Ed Cox

### Governance, Scrutiny and Accountability

#### What will the deal achieve?

A condition set by government for the region to receive the benefits of the deal is strengthening existing WMCA scrutiny arrangements and introducing new processes to enhance our accountability, both to central government and to our residents.

#### What will we deliver?

- Quarterly MPs/Mayor/Portfolio Leader sessions.
- Review of WMCA overview and scrutiny arrangements.
- Revised outcome reporting to Government.
- Publication of a Scrutiny Protocol by Government.
- Enhanced Mayoral Question Times.
- Enhanced resources and profile for WMCA scrutiny committee chairs.

#### How will local authorities be involved?

- The Terms of Reference for MPs Quarterly Sessions will be shared with Regional Chief Legal Officer and Senior Local Authority Officer Group for feedback;
- LAs will have the opportunity to vote on a resolution to implement the MPs Quarterly Sessions at WMCA Board;
- Through the Regional Chief Legal Officers Meeting, local authorities will be consulted on the recommendations of the review of WMCA overview and scrutiny practices by DLUHC and the Centre for Local Governance and Scrutiny.

## Data

#### What will the deal achieve?

The deal will increase the range of central government data that WMCA and partners have access to, improve data sharing within the region and support our ability to use outcomes evidence in decision making. Improvements in the region's data sharing capability are key to supporting the realisation of benefits across multiple other elements of the deal, for example, partnership agreements in housing and adult skills.

#### What will we deliver?

- Changes to WMCA data governance;
- Access to the Chief Data Officer's Council;
- A Data Partnership with Government;
- Data sharing gateways with Government departments.

#### How will local authorities be involved?

LA leaders will be asked to agree proposed changes to enhance WMCA Data Governance and get WMCA ready for enhanced data sharing and agree new data sharing practices and principles at a regional level.

The West Midlands Insights on Society and Economy group with local authorities will develop proposals for local data sharing and scope out what data is held within local authorities and WMCA and what data would be beneficial from central government. Together, they will build on the process used to create the Birmingham Data Charter and lead to the co-creation of a West Midlands Data Charter.

## Single settlement

**Exec Lead:** Linda Horne

### What will the deal achieve?

The deal offers the region the opportunity to receive government department-style multi-year financial settlements. This will reduce the amount of competitive bidding for government funding, provide more certainty over levels of funding and enable joined-up, strategic funding delivery. The single settlement will also streamline reporting and evaluation processes associated with bidding to multiple competitive pots. The single settlement will provide us with greater power over investment decisions locally, and greater ability to fund our priorities.

### What will we deliver?

- A Memorandum of Understanding covering the design principles for the single settlement.
- Reduction in competitive bidding for government funding.
- Streamlined monitoring, evaluation and assurance processes.
- Funding from central government with fewer prescribed spending conditions.
- Greater funding certainty for greater time periods, enabling simpler financial planning.

### How will local authorities be involved?

- The decision on whether or not to sign the MoU will be taken to WMCA Board for agreement.
- The Senior Local Authority Group (SLAOG) will be used to co-develop negotiating positions to be communicated to DLUHC and Treasury. Finance Directors and other subject matter experts from local authorities will also be engaged.
- Special sessions with Leaders will be arranged over Summer and early Autumn to update them on negotiations and refine negotiating positions.
- After the MoU has been developed, there will be further engagement through Chief Execs on the changes that are required to WMCA governance and decision-making structures to make most of single settlement funding.
- As part of our approach to funding delivery, we currently expect place-based plans to set out local funding priorities and strategies that join up the multiple functions – and funding streams – of the single settlement.

# Operating more effectively

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	May	June	July	August	September	October	November	December	2024	2025
Governance and Scrutiny	◆ Develop <u>ToRs</u> for Mayor/MPs Sessions ◆					◆ WMCA Board resolution			◆ First session	
				◆ Publication of Scrutiny Protocol		Publication of Plain English Guidance			◆	
	◆ Review of WMCA/GMCA governance and scrutiny with DLUHC									
Single Settlement	◆ Negotiate MoU with GMCA, HMT and DLUHC ◆						◆ MoU to Board		◆ Assumed SR	
	◆ Co-develop MoU with Local Authority partners ◆									
							◆ Review WMCA decision making ◆		◆	
							◆ Develop data, M&E capability ◆		◆	
							◆ Develop assurance and scrutiny ◆		◆	
Data	◆ Improvements to WMCA data governance ◆									
	◆ Develop Data Partnership with Government ◆									
	◆ Establish data sharing Gateway(s) ◆									
	◆ Build Local Data Sharing Network ◆									
	◆ Attend Chief Data Officer's Council ◆									
									◆ Data Symposium ◆	



# Special Feature: Single Settlement

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## Challenge & Opportunity

The region has proved its capability to deliver large-scale funding programmes that make a real difference to people, communities and businesses.

Whether it's the 100 derelict sites that have been unlocked, the 200 transport projects the region will deliver by 2026 or the tens of thousands of adult learners who have received support to boost their skills – we have shown we can work in partnership to deliver change at scale.

With the right tools, the region could do more. We receive funding from government through a myriad of funding streams, each with a separate delivery timetable, different output prescriptions and overlapping reporting and accountability arrangements. This gets in the way of our ability to take joined up, strategic decisions drawing on all our resources in the round.

## How the deal addresses it

The commitment to a single department-style settlement for the region will change this.

It will allocate a single capital and revenue settlement to the region spanning multi-year Spending Review periods, supporting medium-term, strategic planning.

It will allow us to realise the benefits of delivering local growth and place, local transport, housing and regeneration, adult skills and net zero functions in parallel, generating more impact for the region.

It will give the region greater flexibility and more control to deliver projects and initiatives aligned to local needs and place-based opportunities.

It will significantly reduce pressures on officer time from having to make repeat bids into national funding competitions, with decisions routed through regional decision-making structures instead.

## Why that's different from pre-deal

The single settlement represents a significant step forward relative to the status quo.

The single settlement will change the way the region works with and receives funding from government for the better, underpinned by new accountability arrangements and a jointly agreed outcomes framework.

It will see new ways of working between partners across the region, with more local control over decisions routed through local decision-making and accountability structures.

## When things will happen

- Summer 2023: Early engagement within the region on the design of the single settlement;
- Autumn 2023: A memorandum of understanding between the region and government;
- 2024: Further work across the region to prepare for single settlement implementation, working towards an allocation at the next Spending Review (timing tbc, but assumed to be Autumn 2024);
- 2025 (tbc): Following the next Spending Review, the first single settlement would be allocated to the region.

# Economy

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## **Inclusive Growth Fundamental: Inclusive economy**

**Exec Lead:** Ed Cox

### **Trade and investment**

#### **What will the deal achieve?**

The deal will help to bring greater foreign direct investment into the region and help more businesses to export by strengthening the region's influence over the Department for Business and Trade, increasing the region's visibility to overseas investors, securing support from the Office for Investment and better connecting businesses to sources of support and investment support.

#### **What will be delivered?**

An International Strategy, joint agreement of future High Potential Opportunities and joint delivery with the Department for Business and Trade.

#### **How will local authorities be involved?**

Directors of Economic Development will work with the WMCA and West Midlands Growth Company to progress the commitments in the deal, feeding into the Economic Growth Board and Combined Authority Board.

### **Innovation**

#### **What will the deal achieve?**

The deal gives the region greater influence over national innovation funding and makes a number of commitments that will help businesses across the region to innovate and adopt new technologies, building on the region's status as an Innovation Accelerator and the recently-published WMCA – Innovate UK Action Plan.

#### **What will be delivered?**

A new Strategic Innovation Partnership, bi-annual meetings with HMG Science Ministers and a knowledge transfer partnership with Innovate UK.

#### **How will local authorities be involved?**

LA officers will be engaged via Business Support Officers Group and Directors of Economic Development. Directors of Economic Development are, with Innovation Board and universities, shaping the direction of the Partnership, with the Economic Growth Board and Combined Authority Board in decision-making roles.

### **Visitor Economy**

#### **What will the deal achieve?**

The deal strengthens the West Midlands Growth Company's role in coordinating the region's visitor economy.

#### **What will be delivered?**

West Midlands Growth Company to be granted Destination Development Partnership pilot 2 status and support more LAs to achieve Local Visitor Economy Partnership status.

### How will local authorities be involved?

LAs have been engaged in the development of DDP proposals through signing off the Growth Company’s Business Plan, while two LAs have already received LVEP status. LAs will be engaged through ongoing quarterly meetings.

### Business support and finance

#### What will the deal achieve?

The deal gives the region greater influence over national business support programmes now and the ability to make the case for devolved business support in future. The deal will also help to better sign sources of SME finance and infrastructure investment with regional opportunities.

#### What will be delivered?

A new Strategic Productivity Partnership, regional engagement in the future of Growth Hubs, a role for the region in the governance of the British Business Bank’s regional fund (MEIF2).

### How will local authorities be involved?

With input from the Business Support Officers Group and Business Insights Forum, Directors of Economic Development are shaping commitments in this section of the deal to feed into Economic Growth Board and CA Board. Across this theme, data and intelligence gathered through the Business Growth West Midlands Service will be used to inform policy design in the economy and skills partnership.

	May	June	July	August	Sept	October	November	December	2024	2025
Business support								Report to SoS on outcomes of SPP	Bi-annual SPP meetings	
				First Strategic Productivity Partnership Meeting						
				Agree new Brit Bus Bank relationship					MEIF2 launch	
Innovation	Launch new WM Growth Hubs									
		Engage government on future of Growth Hubs								
			Launch of Innovation Accelerator							
Trade and Investment		Mayor and VCs agree steer					Meeting with Science Ministers			
		Innovation Board ratify asks						Stocktake with Mayor and VCs		
			WMGC 'lead agency' recognition by WMCA and geographic footprint alignment; decision on DBT membership of WMGC							
			Working arrangements in place to assess UK business environment and HMG-WMGC data sharing							
			MoU between WMGC, WMCA and Office for Investment; signposting arrangement between DBT							
				International Strategy complete						

# Employment and skills

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**Inclusive Growth Fundamental:** Education and Learning

**Exec Lead:** Clare Hatton

## Adult skills and employment

### What will the deal achieve?

Although the deal has separate chapters on adult skills and employment support, we continue to advocate to Government that these are complimentary and should be treated as one workstream. This will ensure adult skills and employment support are properly integrated and mutually reinforcing.

On adult skills, the deal commits to the creation of a joint governance board to provide oversight of post-16 technical education and skills in the WMCA area, ensuring our training offer is aligned to local skills needs, providing strategic oversight of the Local Skills Improvement Plan, supporting better data sharing and providing oversight for the development of an all-age careers strategy. The deal offers greater flexibility over how existing adult skills funding (Free Courses for Jobs and Skills Bootcamps) can be spent and a commitment to fully devolve these funds as part of the single settlement. The deal recognises WMCA as the central convenor of careers provision, with joint governance of the current National Careers Service contract and a commitment to co-designing future careers provision for all ages in the region.

On employment support, the deal commits to the creation of a new regional Labour Market Partnership Board to oversee the development and implementation of a regional labour market strategy. It provides a new role in co-designing future contracted employment programmes for young people and adults, which the CA will commission on behalf of DWP on a WMCA footprint.

We continue to push for the Joint Governance Board for Adult Skills and the Labour Market Partnership Board to be combined into one.

### What will be delivered?

- Terms of reference for an integrated adult skills and employment support board;
- Sign-off of the Local Skills Improvement Plan and of the application for the Local Skills Improvement Fund that supports LSIP implementation;
- An all-age careers strategy;
- Co-design of future contracted employment support programmes, on a WMCA footprint (N.B. no new contracted employment support programmes expected during this SR period);
- Free Courses for Jobs and Skills Bootcamps expanded to create a stronger training offer that meet labour market and skills needs across the economy;
- Better access to data that supports planning and delivery of adult skills provision and demonstrates outcomes and impact;
- Joint governance of the current National Careers Service contractor and role in shaping future specifications.



### How will local authorities be involved?

- LAs will have a key role in new governance structures for skills and employment support programmes within the WMCA area. These are currently in development. In the interim, we will engage with LAs via Directors of Economic Development, with governance decisions taken at Economic Growth Board;
- The CA will also work closely with individual LAs and our LA Employment & Skills Officers Group to understand and respond to employment and skills needs in their area – to inform adult skills procurement in each area;
- Adult skills provision will continue to be delivered through an ecosystem of LAs, FE colleges, independent training providers, universities and the VCS. LAs will continue to receive grant funding for community learning provision;
- The CA will also work closely with individual LAs and our LA Employment & Skills Officers Group to understand and respond to employment and skills needs in their area – to inform commissioning of employment support provision.

	May	June	July	August	September	October	November	December	2024	2025
Adult Skills and employment	Develop new governance structures – with agreed Terms of Reference - for employment and skills									
	Deploy greater flexibility in Adult Skills funding									
	MoU signed with HMT and DLUHC on Single Settlement									Assumed SR



# Special feature: A transport network closer to the standards of London

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## Challenge

After decades of underinvestment, our region is beginning to turn our transport network around. But significant challenges remain in tackling the defining issues of our time, such as climate change, air quality, our health, and now the cost of living and energy pressures facing our citizens.

To enable Inclusive Growth means improving people's access to opportunities. But the pandemic and the cost of living crises have resulted in problems to overcome. Public transport costs have gone up whilst demand to travel has dropped, this has put levels of service at risk. And although people are driving less as fuel has increased in cost, this has not resulted in a proportionate uptick in travel by other modes; people are less socially and economically active.

Progress has been made to strengthen the West Midlands' transport since the first two devolution deals in 2015 and 2017: the next five years will see at least 40% more investment in transport capital compared to the last five years. Moreover, the region remains a world leader in the future of transport.

Connectivity reduces production costs, enables businesses to reach customers more effectively, links employers to a wider pool of potential employees and ultimately encourages business development. Without an integrated network, our progress on levelling up and economic standing relative to other regions will be constrained.

## How the deal addresses it

- The deal commits to explore a fully integrated, multi-modal fares and ticketing structure alongside pay as you go ticketing infrastructure pilots and co-development of a regional branding proposition for rail – key tenets of regional transport integration;
- A formal partnership between the West Midlands Rail Executive and Great British Railways (GBR) will increase local, democratic accountability over the region's railway;
- The deal unlocks an additional £60 million for the Wednesbury to Brierley Hill Metro extension;
- With the devolution of the Bus Service Operators Grant, we can change the mechanisms for providing public subsidy to private bus operators to improve accessibility across the region and support the decarbonisation of bus fleets.

## Why that's different from pre-deal

We have made great improvements to our network since the first devolution deal was agreed. However, the pandemic has shifted patterns and behaviours, with patronage remaining below pre-pandemic levels. The bus industry, in particular, is facing acute challenges.

The deal gives the region a greater set of tools to face these challenges and create an integrated transport system that is fit for the future. In line with our Local Transport Plan, we will use the provisions of the deal to deliver a network with improved accessibility, reduced traffic and decarbonised public transport.

## When things will happen

- 2024/2025: Reformed commercial BSOG devolved;
- January 2025 onwards: WMRE – GBR Partnership goes live;
- 2027 onwards: Full very light rail routes could form part of the second round of the City Region Sustainable Transport Scheme.



# Transport

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**Inclusive Growth Fundamental:** Connected Communities

**Exec Lead:** Anne Shaw

## Rail

### What will the deal achieve?

The deal will lead to a partnership agreement between West Midlands Rail Executive (WMRE) and Great British Railways (GBR). This will enhance local accountability and influence over the regional rail network. It will increase our ability to influence rail planning with local growth and social priorities, better integrate rail with other modes of transport and support the roll out of integrated smart ticketing.

### What will we be delivered?

A new partnership agreement between WMRE and GBR and a pilot for fully integrated fares and ticketing.

### How will local authorities be involved?

The partnership agreement will be approved through the WMRE Board.

## Infrastructure and planning

### What will the deal achieve?

The deal will drive further investment in the regional transport network, alleviate cost pressures on existing schemes and support regional transport planning. This is additional to the announcement of a further round of funding through the City Region Sustainable Transport Scheme.

### What will be delivered?

£60m of additional funding towards the Wednesbury to Brierley Hill Metro Extension and additional transport planning resources for the Combined Authority implement new data and analytical tools.

### How will local authorities be involved?

The Senior Transport Officer's Group will support the development and oversight of relevant business cases, with strategic decisions taken by the Combined Authority Board. Coventry City Council is leading the development of very light rail infrastructure.

## Buses

### What will the deal achieve?

The deal hands more power to the region over payments to bus operators; commits to investigate additional powers to tackle anti-social behavior on the transport network; and to further work to obtain pavement parking powers for local authorities.

### What will be delivered?

Devolution of the Bus Services Operator Grant (BSOG).

### How will local authorities be involved?

Transport Support Group will test and refine advice to DfT on the design of the BSOG scheme and its appropriate boundaries. The BSOG Governance Review and Scheme is provided alongside this document for local authority feedback and will be approved at WMCA Board in October.

## Transport innovation

### What will the deal achieve?

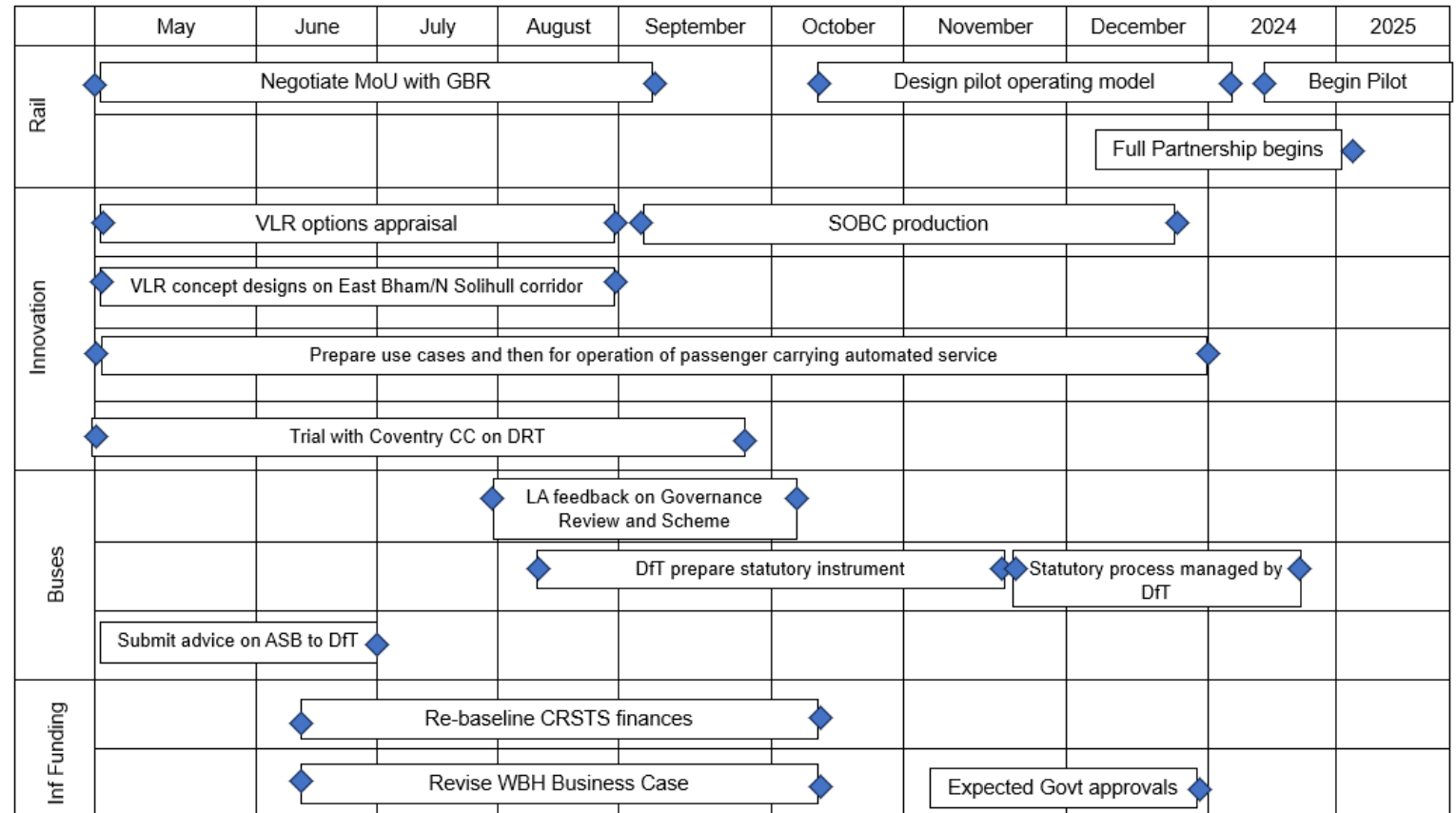
The deal will enable the region to test and demonstrate new, innovative technologies to drive behaviour change in transport usage, including through low-emission and autonomous vehicle trials.

### What will be delivered?

Funding and sponsorship from the Department for Transport to develop proposals and evidence.

### How will local authorities be involved?

The Senior Transport Officer's Group will support policy development, with strategic decisions taken by the Combined Authority Board.



# Supporting clusters

## Inclusive Growth Fundamental: Health and Wellbeing, Inclusive Economy

Exec Lead: Ed Cox

### Digital

#### What will the deal achieve?

The commitments in the deal recognise West Midlands 5G's contribution to mapping and closing digital connectivity gaps in the region. The deal includes a commitment from government to engage with the WM Digital Infrastructure Leadership Group to accelerate broadband roll-out, provides funding to purchase devices to boost digital inclusion and provides funding for the Smart City Region project. This will introduce a network of sensors in healthcare settings to enable remote monitoring and the deployment of 5G technology to underpin remote health diagnosis.

#### What will we deliver?

- £4m fund for digital inclusion to roll out 20,000 devices;
- £10.1m for Smart City Region project;
- Greater high speed broadband coverage across the region.

#### How will local authorities be involved?

Accelerating broadband roll out will be coordinated by WM5G, but local authorities will be essential in managing the delivery of broadband through intelligence on forthcoming works and use of planning powers to deliver works.

The Smart City Region project will be project managed by WM5G and delivered by NHS partners in each local.

For digital inclusion, local authorities will take receipt of the purchased devices and distribute them to their networks of voluntary sector organisations, who, in turn, will distribute them to vulnerable residents.

## Social Economy

#### What will the deal achieve?

Recognising WMCA's commitment to double the size of the social economy, the deal will enable WMCA to provide specialist business support to social economy organisations to grow their trading activity. It will also enable local areas develop their own circular, inclusive local social economies.

#### What will we deliver?

The £1.75 million Social Economy Business Support programme will provide an opportunity for social enterprises, community-owned businesses, co-ops and trading charities, the opportunity to gain the business skills and confidence needed to grow their businesses. This programme will provide incentive grants to encourage increased trading income, leading to more employment, volunteering and beneficiary impact.

The local place-based Cluster development will provide £50,000 each to 8 localities – one per constituent LA and one identified by Power to Change.

#### How will local authorities be involved?

For the Business Support programme, local authorities will be asked to help recruit participants from their area. For the place-based cluster development, local authorities will identify and offer their support for place-based economy clusters.

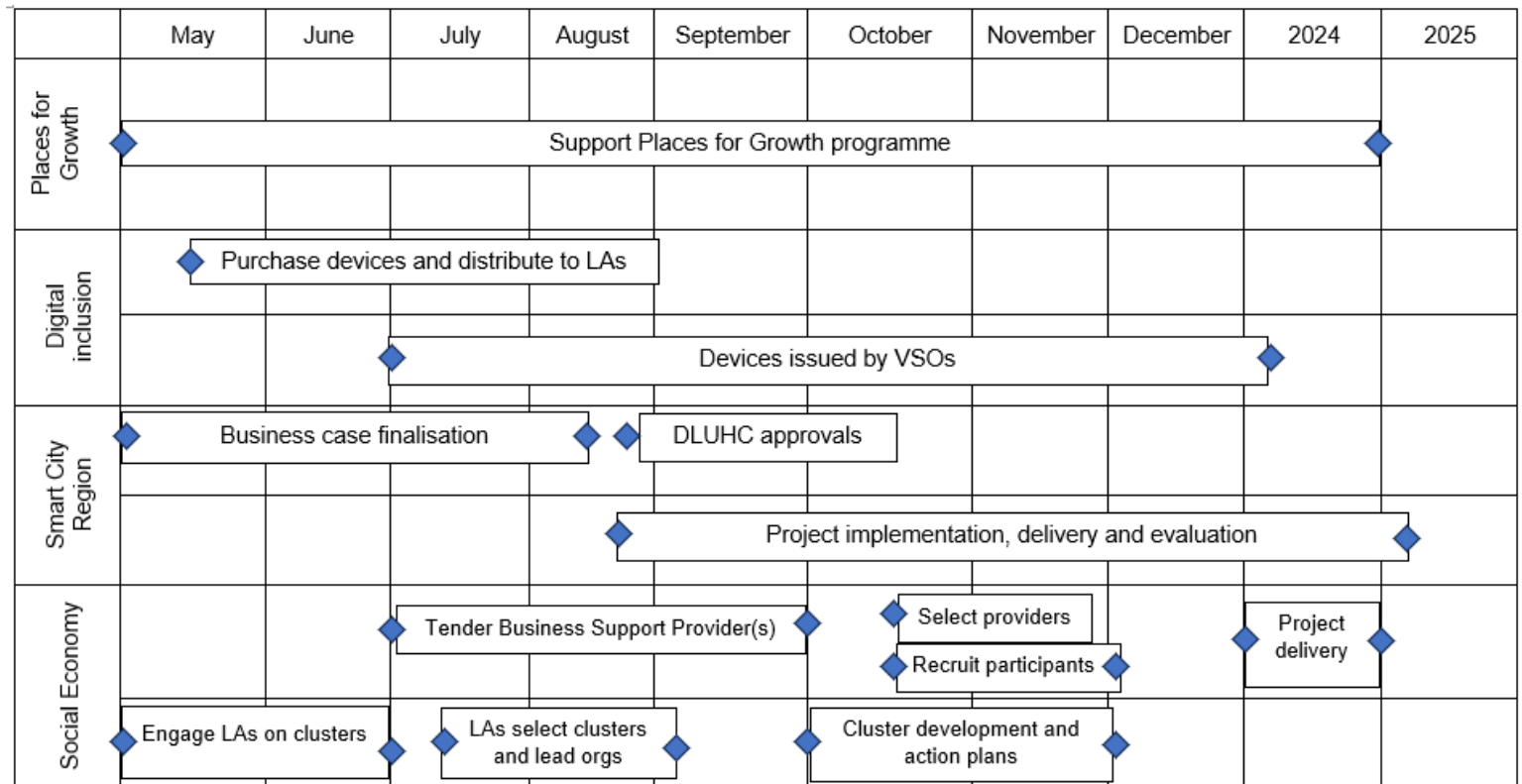
## Places for Growth

### What will the deal achieve?

In recognition of the region's growing skills clusters such as in transport and infrastructure a new West Midlands Fast Stream pilot will set a blueprint for establishing long term career pathways for people in the region by delivering a pipeline of civil service talent and skills

### What will we deliver?

We will support Government to relocate 2,100 civil service roles to the West Midlands by 2025.



# Net Zero and Environment

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**Inclusive Growth Fundamental:** Climate resilience

**Exec Lead:** Ed Cox

## Domestic retrofit and minimum energy efficiency standards

### What will the deal achieve?

The deal secures a greater role for the region in measures that will support retrofit and net zero delivery through the devolution of retrofit and potentially other net zero funding. The deal also opens up the opportunity for local authorities to adopt additional powers to enforce tighter minimum energy efficiency standards (MEES); and commits to further work to bring more private investment into energy efficiency upgrades.

### What will be delivered?

Aside from the delivery of retrofit and market enabling activity through the single settlement, the deal provides the opportunity to strengthen MEES with enhanced energy efficiency requirements, allowing the region to maintain its trajectory regardless of national policy decisions in this area. However, this needs to be considered within the context of adequately resourcing existing, as well as any additional, standards.

### How will local authorities be involved?

The Local Authority Retrofit Officers Group meeting provides the opportunity to explore how these opportunities should be taken forward in partnership with LAs, with senior level engagement through the Net Zero Directors group.

## Industrial decarbonisation

### What will the deal achieve?

The deal will support efforts to increase businesses' energy efficiency and resilience to high energy costs, identified through the work of the Mayor's Industrial Energy Taskforce. The deal also re-affirms the greater role the region will be able to play in coordinating the roll-out of clean heat infrastructure, which will further support industrial and domestic heat decarbonisation.

### What will be delivered?

The deal provides an additional £10.5m from DLUHC to compliment the £14.1m from DESNZ for businesses to undertake energy efficiency audits and invest in energy efficiency measures, agreed as a result of the groundbreaking work of the Black Country Industrial Cluster.

### How will local authorities be involved?

The WMCA has worked with partners to align this funding with other publicly and privately funded programmes already in place, such as the recent Decarbonisation Net Zero programme tendered by WMCA using UKSPF funding. The WMCA will coordinate the monitoring and evaluation of the outputs delivered through these programmes.



## Local Area Energy Planning

### What will the deal achieve?

The deal encourages the WMCA to use its convening power and partnerships to drive local area energy planning across the region, and to use Energy Capital's expertise to inform approaches to energy system investment and management. This is backed in the deal by the expectation that National Grid will engage with the WMCA to ensure their investments will meet local needs and encouragement to engage with OfGEM on their future systems and network regulation workstream, focusing on network investment.

### What will be delivered?

The WMCA will develop a Local Area Energy Planning programme in partnership with local authorities and industry across the region to provide partners with data, tools, expertise, resources and influence to support local area energy planning and investment. Collaborative decision-making structures are being established, which bring together private sector energy system investors, to consider energy infrastructure investment from a multi-vector perspective and feedback will be provided to OfGEM and government. This will ensure that the offer in the deal and its underlying intent are achieved.

### How will local authorities be involved?

The Local Area Energy Planning-Coordination Group will oversee this programme, working closely with an industry Net Zero Infrastructure Delivery Panel. Additional workshops will be led by LAs to drill down into specific issues in specific areas. Energy Collaboration Days will also continue to be held monthly to enable joint working between energy officers across both the public and private sector.

## Heat Zoning Network Pilot

### What will the deal achieve?

Heat networks will be an important element of our energy infrastructure going forward and form important anchor projects in the delivery of local net zero solutions. The deal commits to heat network zoning as a national programme and identifies the WMCA and its constituent authorities as heat network zone coordinators (by 2025), with the ability to require buildings, within designated zones, to connect to heat networks.

### What will be delivered?

Heat Network Zones are currently being scoped and piloted by Birmingham and

Coventry. This will lead to the identification of potential heat network zones across the region, supported by LAEP, providing the necessary scale to engage key partners, including commercial investors, to bring schemes forward that meet local needs. For the new role established by Government for Heat Zone coordinators, this role will be scoped with Local Authorities and resources sought to enable implementation.

### How will local authorities be involved?

Where local authorities have the potential for heat networks, they will be approached directly to collaborate with the WMCA. LA's will remain central to the development and delivery of heat networks and associated zone(s) but may choose to work collaboratively with the WMCA to share resources and expertise to drive the delivery of these networks and zones.

# Net Zero and Environment

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## Natural capital

### What will the deal achieve?

The region will enable the region to attract more investment in natural capital schemes, supporting the development of the region's Local Nature Recovery Strategy.

### What will be delivered?

£1m to the region through the Local Investment in Natural Capital (LINC) Programme to boost regional capacity.

### How will local authorities be involved?

The Natural Capital Officers group is supporting the development of the LINC Programme and will work to develop and bring forward projects from the constituent authorities to the LINC project pipeline. The pipeline will attract significant private investment into the region to help delivery of our targets for nature recovery, climate adaptation and mitigation and connecting people with nature. This will be fed into both the Environment and Energy and WMCA Boards.

## Air Quality

### What will the deal achieve?

The deal provides £0.9m in capital funding to install air quality monitors across the region in areas where there are gaps in coverage. The data from these sensors will be fed into a web-based dashboard accessible to the public.

### What will be delivered?

Air quality sensors and a live web-based dashboard.

### How will local authorities be involved?

Officers working on air quality in the different local authorities will help decide where the low-cost sensors provided through this funding are located, ensuring that they are being placed in areas with no coverage currently. Data from the sensors will be published on an air quality web platform that will be developed in collaboration with local authorities through the West Midlands Environment Protection Group. This work will support the aims and outcomes identified in the West Midlands Air Quality Framework, currently out for consultation following consideration by the WMCA Environment and Energy Board.

	May	June	July	August	September	October	November	December	2024	2025	
MEES						LA engagement on MEES					
LAEP		LAEP development & implementation									
Industrial Decarb	DESNZ and DLUHC Develop Business Case										
						Project delivery					
Heat Zoning	Government to have established Heat Zoning Coordinators										
Air Quality	Develop Business Case										
			DLUHC approvals			Project delivery					
Natural Capital	Create and manage pipeline of investable projects										
		Create Natural Asset Register									
						Setup Fund					



# Special Feature: Unlocking Regeneration through Levelling Up Zones

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## Challenge & Opportunity

The West Midlands has a strong track record of regenerating brownfield land, unlocking over 100 derelict, stalled and contaminated sites across the region and delivering thousands of new homes, workspaces and jobs.

However, the speed of delivery and breadth of outcomes that could be achieved have been hindered by the complexity, prescriptive measures and cyclical nature of funding streams.

The trailblazer deal presents an opportunity to overcome these barriers to high-impact regeneration.

## How the deal addresses it

Through our pioneering Levelling Up Zones, the region will be able to bring together multiple regeneration levers – funding simplification, optimisation of publicly owned land and greater influence over affordable housing provision – and pursue a joined-up approach to the design and delivery of regeneration programmes, aligned to regional priorities and complementing existing activity.

As part of this package, the deal allows the region to establish areas that could attract 100% business rate growth retention for 25 years. This greater degree of revenue retention certainty will support local authorities to make longer-term, strategic investments in infrastructure and regeneration projects.

Taken in conjunction with the single settlement, the Zones represent a game-changer for the region, its financial position and the economic prospects of some of its most deprived communities.

## Investment Zones

In addition, in March 2023 Government also announced the West Midlands as one of 8 Investment Zones – innovation-led economic clusters offering both tax incentives and business rate retention.

In the West Midlands, our approach will be to ensure Investment Zones complement and add value to Levelling Up Zones.

This will give the region an expansive toolkit to drive growth and investment across the region and build its comparative economic advantage over other parts of the country.

## Why that's different from pre-deal

Instead of fragmented, output-driven funding approaches, the deal puts the region in a position to adopt a strategic and empowered approach to regeneration that meets the needs of, and opportunities for, local communities.

The package of measures will ensure the West Midlands is a beacon for private sector investment.

## When things will happen

- Autumn 2023: Levelling Up Zone proposals are submitted to Government in line with the national Investment Zone programme;
- April 2024: It is anticipated that Levelling Up Zones – particularly those that contain business rate retention powers – will commence, aligned to the Investment Zone programme.



# Transforming Places

## **Inclusive Growth Fundamental: Affordable and Safe Places**

**Exec Lead:** John Godfrey

### **Regeneration**

#### **What will the deal achieve?**

The deal will give the region more influence over Homes England policy and funding decisions, ensuring different programmes align for maximum impact and better reflect our priorities; more influence over the disposal of government owned land in the region, to help unlock land assembly opportunities for regeneration schemes; and a flexible source of funding to support commercial, employment and mixed-use development on brownfield land.

#### **What will we deliver?**

A Strategic Place Partnership between Homes England, government departments and arm's length bodies; a Public Land Partnership with the Cabinet Office; and a £100m Single Regeneration Fund, which will deliver 4,000 homes across the region.

#### **How will local authorities be involved?**

The pipeline of sites for the Single Regeneration Fund will be co-produced by LAs and the Combined Authority. Projects will be approved via the existing SAF process, with local authority leaders and deputies approving funding via Investment Board.

### **Housing**

#### **What will the deal achieve?**

The deal gives the region increasing levels of influence and direction over Affordable Homes Programme (AHP) funding and spending decisions, beginning with an Affordable Homes Partnership with Homes England between 2023 and 2026 and leading to the devolution of AHP to the region at the next Spending Review. In addition, the region will now, for the first time, be able to use AHP funds for estate regeneration purposes.

#### **What will we deliver?**

At least £200m, and up to £400m, will be spent in the region via the Affordable Homes Programme between 2023 and 2026. This delivery will inform the negotiations for the successor programme post-2026.

#### **How will local authorities be involved?**

Local authorities will be key in identifying suitable sites for AHP, informing the joint pipeline and supporting the delivery of sites through coordination of planning processes and social housing development plans. Local authorities are still able to bid for AHP funding separately and can leverage the region's improved access to Homes England to escalate and resolve issues.

### **Business rates retention and Levelling Up Zones (see special feature)**

**Exec Lead for BRR:** Linda Horne

#### **What will the deal achieve?**

The deal provides local authorities with certainty that they will be able to retain 100% of their business rates for the next 10 years, a marked improvement on the one year rolling arrangement at present and estimated to be worth £450 million to the region. This certainty will help to underpin additional, longer-term investment decisions where business rates incomes are likely to be stable.

The deal also allows the region to bring together regeneration levers to drive joined up investment and regeneration in up to 6 Levelling Up Zones – including, for example, areas that could attract 100% business rate growth retention for 25 years – complementing the national Investment Zones programme.

**What will we deliver?**

Retained business rates would flow to local authorities. Once operational, the Zones would have local management structures with some outcome reporting to the Combined Authority.

**How will local authorities be involved?**

Constructive engagement across the region is already underway to co-design the designation of Levelling Up Zone sites, as presented to Board in August.

	May	June	July	August	September	October	November	December	2024	2025
Growth Zones	◆ Negotiate Zone criteria with DLUHC ◆									
	◆ Co-develop Zone proposals with LAs ◆			◆ WMCA Board approval for Zone proposals ◆						
			◆ negotiate interventions with DLUHC ◆				◆ Sites announced at assumed SR ◆			
SRF	DLUHC Bus Case to HMT ◆◆		◆ Negotiate Fund T&Cs ◆◆		◆ Funding begins for projects up to FY 25/26 ◆					
AHP	◆ Engage LAs to ensure pipeline is <u>uptodate</u> ◆									
	◆ Create joint AHP team with HE ◆◆			◆ Develop strategy, joint pipeline ◆◆					◆ Full devo of AHP from assumed ◆	
Partnerships	◆ Negotiate Strat Place Partnership, Public Land Reform, AHP agreements with Govt ◆◆									
					◆ Consult LAs on emerging proposals ◆◆		◆ WMCA Board approval ◆			
BRR	◆ Negotiation with DLUHC on design of 10yr BRR ◆◆						◆ Scheme announced at assumed SR ◆◆			
	◆ Consult LAs on DLUHC proposals ◆◆								◆ Beginning of 10 Year BRR ◆◆	

# Pride in Place

**Inclusive Growth Fundamentals:** Affordable and Safe places, Connected Communities

**Exec Lead:** Ed Cox

## Homelessness

### What will the deal achieve?

The deal commits to further work between the WMCA, Homes England and DWP to secure investment and systems change to join up the homes and jobs agenda for young people across the region. Additionally, in Birmingham, investment has been secured to enable homeless families living in Temporary Accommodation to move into the private rented sector.

### What will be delivered?

An expansion of the Live and Work model in additional localities across the region and a Rent Simplification pilot for young people in supported accommodation to enable transition into work. Birmingham City Council will use the £3.8m secured to lease good quality private sector accommodation for homeless families living in Temporary Accommodation.

### How will local authorities be involved?

For the Live and Work expansion and Rent Simplification pilot local authority partners will be engaged regularly via the WMCA Homelessness Taskforce and the WMCA Homelessness Taskforce Members Advisory Group. The Rent Simplification pilot proposal is being developed in partnership with DWP and local authority benefits teams. As we progress the feasibility of the model and establish mechanisms for delivery, we will work with our local authority partners to establish how this could be delivered across local authorities within commissioned supported accommodation for young people. The investment to lease good quality private rented sector properties in Birmingham for homeless families, supporting Birmingham City Council's ongoing work to end the use of bed and breakfast accommodation for families, will be managed and delivered directly by Birmingham City Council and overseen by DLUHC.

## Early Years

### What will the deal achieve?

The deal invites engagement with government to explore pilot opportunities in relation to early years provision.

### How will local authorities be involved?

The Combined Authority has encouraged the Regional Directors of Children's Services to take forward this opportunity.

## Anti-social behaviour

### What will the deal achieve?

The deal commits to further work between the region and Department for Transport (DfT) to explore how devolution could help to address anti-social behaviour on the public transport network. The deal also recognises the street-based anti-social behaviour issues facing local authorities.

### What will be delivered?

Engagement between local authorities, the Combined Authority, central government and the Police and Crime Commissioner to explore ways to address these issues.

### How will local authorities be involved?

Further engagement is needed to understand the policy options that could be available to the region.



## Culture

### What will the deal achieve?

The deal provides the means to coordinate and strengthen our cultural and heritage offer. The Regional Culture and Heritage Framework will align and maximise funding from arm's length bodies, such as the Arts Council, including opportunities for co-investment and greater collaboration. DLUHC will also fund a Cultural Infrastructure programme to extend, refurb and improve cultural venues to better support our places, communities and citizens.

### What will be delivered?

- A new partnership agreement with between the region and the Department for Culture, Media and Sport and its arm's length bodies, to align different funding streams and a Regional Cultural and Heritage Framework to guide its work;
- £4 million capital funding to support regional culture projects, building on the £4.1 committed through the Commonwealth Games Legacy Fund for culture.

### How will local authorities be involved?

- Local authorities will be engaged in the development of the Culture and Heritage Framework through the Local Authority Cultural Officers Group;
- Each of the seven constituent authorities will receive a grant through the Cultural Heritage Infrastructure Fund.

	May	June	July	August	September	October	November	December	2024	2025	
Partnership Agreement	Develop Regional Culture and Heritage Framework										
	Develop Arm's Length Body Partnership Agreement and Forward Plan										
Cultural Infrastructure	Business case finalisation				DLUHC approvals						
							Project implementation, delivery, evaluation				
Homelessness				monthly discussions with DWP to consider simplifying benefits systems, develop and design pilot							
			Follow-up with Homes England on LAs and RPs' bid development								
	Support DWP developed Shared Outcomes Fund bid										



**West Midlands**  
Combined Authority

## **West Midlands Combined Authority Draft Governance Review**

**The Transfer of functions in relation to Bus Service Operator's Grant under section 154 (1) of the Transport Act 2000 to WMCA as a Mayoral function**

**The Transfer of functions in relation to Bus Service Operator's Grant under sections 154 (3) & (4) of the Transport Act 2000 to WMCA**

**Proposal for the Making of an Order under sections 105A of the Local Democracy, Economic Development and Construction Act 2009 as amended by the Cities and Local Government Devolution Act 2016**

### **Introduction**

This report has been prepared by the West Midlands Combined Authority in consultation with the Leaders of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton Local Authorities. The report sets out the findings of the governance review undertaken across the whole geography of the WMCA area in accordance with section 111 of the Local Democracy, Economic Development and Construction Act 2009 as amended by the Cities and Local Government Devolution Act 2016 (the 2009 Act) to consider how the transfer of the following Bus Service Operators Grants (BSOG) functions would impact on the effectiveness of service delivery:

1. Powers for the payment of grants to bus service operators to WMCA as a Mayoral function - section 154(1) of the Transport Act 2000.
2. A power corresponding to the function in sections 154(3) & (4) of the Transport Act 2000 that enables grants to 'be of such amount and subject to such conditions' (referred to in this document as BSOG policy powers). This function would be exercisable by the WMCA subject to national guidance to which the WMCA must have regard in relation to making policy for its area.

The Secretary of State will continue to hold powers to make grants to bus service operators in the area.

The Governance Review has been undertaken as part of the overall review of functions which was carried out by WMCA to support the Trailblazer Deeper Devolution Deal (the Deal) negotiated between the WMCA and the Government.

## Executive Summary

The West Midlands has been at the forefront of devolution in England. In November 2015, the government and WMCA agreed an ambitious devolution deal, including a directly elected mayor and powers to improve transport, skills, housing and to drive growth in the region. In 2017, devolution was deepened, and new funding agreed, including significant further investment in transport. The West Midlands has seized these opportunities, demonstrating what local leaders can achieve when empowered with the tools they need. Local leaders have increased investment in transport from £38 million in 2016/17 to £363 million in 2021/22, pioneered new approaches to brownfield development and net zero homes and delivered the c. £130 million Adult Education Budget, securing an over 10% increase in 2020 alone in the portion of the population with Level 3 skills.

The West Midlands is now embarking on a new phase by bringing greater investment, control over investment and powers to the region.

The new deal is estimated to be worth in the region of £1.5bn and it is hoped that this will reboot the economy, provide vital housing, jobs and skills, bolster our existing strengths in transport and Smart City Region innovation, and drive our net zero ambitions. The deal looks to create a more prosperous and better-connected West Midlands which is fairer, greener and healthier.

In February 2022, Government announced, in its Levelling Up White Paper, new devolution deals for the West Midlands, along with Greater Manchester. Since then, the region and its partners have been working closely with Government to secure the best deal for the region, its economy and its communities.

The Deal recognises that the WMCA currently lacks the key levers and flexibility to 'unleash the potential of devolution' and goes on to address this through a range of new powers, responsibilities and resources.

WMCA Leaders agree that in order to fulfil local economic priorities and provide the best services for the citizens of the West Midlands, there is a need to draw down significant additional powers and funding from the Government through a deeper devolution deal. There is consensus that powers and funding should sit at the lowest feasible level of governance and that they should be drawn down from government and not drawn up from local authorities.

This Review seeks to evidence how the deal will deliver significant new responsibilities and investment that will benefit our communities and businesses across the region.

When referring to WMCA as the decision-making body in this document, it means the WMCA Board made up of those members appointed by the seven constituent councils, the ten Non-Constituent Councils and the Mayor, taking decisions in accordance with statutory voting rights.

## **Section 1: Summary of the Wider Deal**

**This section sets out the wider deal including those non-statutory powers that do not require formal consultation, but which provide the wider context for the deeper devolution deal.**

### **Governance and Accountability**

The WMCA will be held accountable through the mechanisms set out in the Local Government Accountability Framework, English Devolution Accountability Framework and enhanced scrutiny measures. The Mayor and WMCA will be expected to present to Parliamentary Select Committees as requested, in conjunction with Mayor's Question Time and quarterly engagement with West Midlands MPs.

Administration of grants to bus service operators would be treated as a part of the normal business operations of the Combined Authority and would be subject to the same accounting, auditing and transparency requirements as other income and expenditure.

BSOG policy powers will be exercisable by the WMCA in line with national guidance to which the WMCA must have regard in relation to making policy for its area.

Policy for the award of Bus Service Operator's Grant would be developed through WMCA's usual policy development procedures and usual governance arrangements including review and Scrutiny in accordance with the Constitution and the Scrutiny Protocol and would be subject to approval and adoption by the WMCA Board.

### **Fiscal Devolution, Funding and the Single Settlement**

The commitment to 10-year Business Rates Retention across the region is estimated to be worth £450m over the period and will drive confidence in public sector borrowing, de-risk investment modelling and accelerate delivery. It will also remove the uncertainty of the current pilot scheme, boosting public financial sustainability and local authority spending power.

Through its 'Single Settlement,' the Government commits to giving WMCA single capital and revenue funding certainty, equivalent to government departments – increasing regional autonomy and the ability to prioritise decisions locally in the areas of:

- local growth and place
- local transport
- housing and regeneration
- adult skills
- housing retrofit

These settlements will cover an entire spending review period.

In addition, Government has committed to a £25m capital fund to support business decarbonisation, culture, environmental programmes and the West Midlands' Smart City Region initiative.

## **Transport**

Building on the West Midlands' strengths in transport innovation, as the country's first future transport zone, and its close partnership working with Government, the Deeper Devolution Deal provides:

- Devolution of grants to bus service operators and a commitment to work with the WMCA to finalise the design of a national reform package for the bus service operator grant and implement these reforms by 2025;
- A pioneering Local Transport Plan approach which embeds 'quantifying carbon reductions' (QCR).
- Leading a collaborative research and learning programme through an 'influencing transport lab' (ITL), which the government will explore sponsorship of;
- Establish the UK's first transport sandbox to test new innovations and inform national policy, while boosting global investment and cluster growth;
- A new partnership with Great British Railways, once established, to deliver a rail service closer to the standards of London;
- Additional £60m to Wednesbury-Brierley Hill Metro extension, subject to a subsidy control assessment and business case approval.
- Supporting the development of the region's ambitious Very Light Railway scheme in Coventry.

## **Housing, Land and Regeneration**

A £100m Single Regeneration Fund will be deployed flexibly across the region, and for the first time, brownfield land funding will support commercial, employment land and mixed-use development, as well as delivering 4,000 homes.

The commitment of up to £400m Affordable Housing Programme ('AHP') funding to the region, and greater influence over affordable housing delivery and strategy acts a precursor to full devolution of the AHP, worth billions of pounds in funding, to the region from 2026, this is the first time this has happened outside Greater London.

The WMCA will be involved in decisions on major UK government land disposals and reconfiguration, this will help in driving regeneration and unlocking private investment through repurposing and redeveloping publicly owned land.

The region will also be able to designate 'Levelling Up Zones': priority areas that would benefit from enhanced and targeted fiscal measures. These 'growth zones' will attract 25-year Business Rates Retention (with no reset).

## **Skills and Employment Support**

Further areas of post-19 education and skills will be devolved to WMCA along with greater oversight of post-16 technical education and skills, and careers, including a crucial role to ensure the local skills system responds to the Local Skills Improvement Plan ('LSIP'). This will include, from the next Spending Review, greater devolution of non-apprenticeship adult skills functions and funding, and greater freedoms around Free Courses for Jobs and Bootcamps. WMCA will also become the 'central convenor' for careers advice in the region, working closely with Government to ensure provision meets the economic needs of the West Midlands.

Alongside establishing a Regional Labour Market Partnership Board, WMCA will be able to co-design contracted employment support programmes with DWP to ensure they are the aspirations of the region, supported by enhanced data-sharing agreements and in the longer term may commission such services on behalf of the DWP.

## **Business Productivity and Innovation**

WMCA will adopt a new role in integrating and promoting business support services across the region, this will be powered by a new Strategic Productivity Partnership with departments across Government, greater involvement in the governance of the British Business Bank's UK funds, and collaboration with the UK Investment Bank on commercial arrangements for infrastructure finance.

Building on the West Midlands' participation in the £100m Accelerator funding, through a Strategic Innovation Partnership WMCA will be able to present regional innovation opportunities to inform UKRI's future funding strategies. This will include working collaboratively to bolster regional R&D growth and pilot new initiatives, such as the UK Further Education Innovation Fund, place-based knowledge transfer programmes, and public procurement flexibilities.

## **Trade and Investment**

The Department for Business and Trade ('DBT') will recognise the West Midlands Growth Company as the lead agency for investment in the region and work with them to develop a WM International Strategy, enhance data sharing routes and undertake a review of key account management with the region's major employers.

DBT will also support WMCA to boost West Midlands' presence in trade missions and dedicate support from the UK Export Academy to increase trade opportunities.

## **Net Zero and Environment**

From 2025, Government will pilot with the West Midlands the devolution of housing retrofit funding. This will remove uncertainty and inefficiencies in the existing funding system and inform future models for Government net zero funding.

There is recognition of the region's involvement in wider energy system management and planning, and responsibility for heat zone designation, energy efficiency advice and attracting private sector finance. In addition, funding from the £25m capital pot is anticipated for industrial decarbonisation programmes for regional businesses, natural environment finance models and air quality monitors to support the region's wider environment and net zero ambitions.

## **Digital and Data**

The Department of Science and Technology ('DSIT') will work proactively with WMCA through a Digital Infrastructure Leadership Group to accelerate broadband roll-out and connectivity, and through a £4m fund, provide 20,000 devices to boost digital inclusion.

Government will agree a new Data Partnership with WMCA, which will streamline WMCA's negotiations with individual government departments over access to specific datasets and support timely access to data particularly around: skills, careers and labour markets; business support, trade and investment; and energy and climate resilience.

Alongside this, Government will work with WMCA and its public body partners across the region to improve routes for data-sharing to enable WMCA to undertake regional analysis of data to better inform strategic decision-making locally.

## **Culture, Social Economy and Tourism**

To maximise the Commonwealth Games Legacy Fund, a new Regional Culture and Heritage Framework will seek to align and maximise funding from arm's length bodies, including opportunities for co-investment and greater collaboration. Local authorities will be closely involved in the development of the Framework and continue to engage directly with funding bodies.

Recognising WMCA's commitment to double the size of the social economy, Government will work with the Combined Authority to develop a pioneering Social Economy Accelerator Programme and Growth Fund.

DCMS and Visit England will work with WMCA and WMGC to create England's second Destination Development Partnership pilot and the associated merits of establishing WMGC as a Local Visitor Economy Partnership ('LVEP').

## **Section 2: Purpose of the review**

The purpose of this governance review, undertaken in accordance with Section 111 of the 2009 Act is to look at the exercise of statutory functions in the West Midlands with a view to deciding whether the new functions contained in the Deal would be likely to

- Improve the exercise of statutory functions in the area of the WMCA;
- Secure more effective and convenient local government for the area; and
- Reflect the identities and interests of our local communities



If the Review demonstrates that the transfer of the new functions to WMCA would improve service delivery, the WMCA will prepare and publish a scheme with the new functions and changed constitutional arrangements. Under section 105B of the 2009 Act, the review needs to demonstrate that the exercise of the power to make an Order under section 105A in the West Midlands area would be likely to improve the exercise of statutory functions in relation to the West Midlands area.

Given that the grant of the new functions will be under Section 105A of the 2009 Act, a public consultation will not be required. The Secretary of State will be provided with a copy of the agreed scheme and governance review and will need to consider whether a new Order should be made under the 2009 Act to provide the WMCA with the new functions suggested by the Deal.

Only the new powers contained within the Deal require consideration as part of the statutory process. However, in order to provide the context within which these powers and duties will be exercised, a summary of all the proposals, has been included. The full Deal text can be accessed here [West Midlands Combined Authority: "Trailblazer" deeper devolution deal - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/424242/West_Midlands_Combined_Authority_-_Trailblazer_deeper_devolution_deal_-_GOV.UK.pdf)

The new functions requiring the making of an Order under the requirements of the 2009 Act relate to the paying of grants to bus service operators under sections 154(1) and 154(3) & (4) of the Transport Act 2000.

### **Background to BSOG**

Under section 154(1) of the Transport Act 2000 the Secretary of State may pay grants to eligible Bus Service Operators towards their cost of operating those services.

Sections 154(3) & (4) provides that the grants may be of such amount and subject to such conditions as may be determined by the Secretary of State.

Commercial BSOG is existing funding which Government currently pays directly to operators. Under existing arrangements BSOG is directly linked to bus fuel consumption. Circa £26m per annum was paid to bus operators across the WMCA area (pre-pandemic).

With a unique bus market, with one commercial operator operating over 95% of the West Midlands bus network, ensuring that value for money is achieved locally from public subsidy and planning an effective recovery for bus services post pandemic is difficult. This has been further exacerbated by a reduction in local bus market competition, with five local bus operators ceasing operations since March 2020, and ongoing bus industry pressures such as driver shortages, wage, and fuel cost inflation.

## **Proposal objectives**

The devolution of powers under section 154(1) of the Transport Act 2000 will enable WMCA to pay grants including BSOG to bus service operators. This will support WMCA's early engagement with bus operators in the West Midlands. This may mitigate against unpredictable and potentially disruptive market behaviour and may act to encourage high levels of professional conduct in the market being maintained during this period of transition. These powers would assist WMCA to gain valuable insight into the market and the additional scrutiny provided by WMCA may be able to encourage more efficient practices by the operators.

The WMCA is directly managing two additional bus support funding grants, which are Network Stability Fund and Network Planning Fund (Bus Recovery Grant extension). The local management of this grant (on behalf of DfT) has delivered a stable bus network throughout 2022, supporting the most successful Commonwealth Games ever, and allowed for close working with bus operators to plan and improves services from January 2023. Administering the BSOG will build on the successful management of these grants.

It is proposed that the power to determine the amount and conditions of payment shall be devolved to the WMCA subject to a duty to have regard to any national guidance to be issued by the Secretary of State. In this Governance Review this is referred to as the policy making power.

Devolution to WMCA of powers under sections 154(3) & (4) of the Transport Act 2000 would enable WMCA to set policy for the award of BSOG, subject to having regard to national guidance. Through greater local control and design of policy, the WMCA would look to incentivise bus operators to use the grant to ensure investment in bus services aligns with WMCA policy outcomes. WMCA priorities for BSOG would seek to target:

- Incentivising greener vehicle fleet investment and maximising our position as the UK investment leader in decarbonising bus fleets, further boosting over £150m of fleet investment between public and private partners.
- Incentivising and working with private bus operators to expand bus services into areas of poor accessibility. This would place greater focus on where bus route mileage is delivered, compared to the current approach focused on total quantum. This would help to tackle the issue of 'overbussing' on certain routes to maintain a dominate commercial position at the expense of more marginal, socially beneficial services, thus helping to deliver greater benefits with the same level of public funding.

These policy outcomes would be subject to boundaries set by the national guidance, to which WMCA must have due regard.

## **Section 3: New Statutory Responsibilities**

This section sets out the formal statutory process of the governance review in relation to the new statutory function that will be taken on by the WMCA.

## Legal context

The Government and the WMCA have reached agreement in relation to the devolution to the WMCA of further powers, most of which do not require legislative change to implement.

To give effect to the BSOG elements of the Deal legislative change is required and it is necessary for the WMCA to comply with the requirements of sections 105B. The WMCA has chosen to carry out this Governance Review under sections 111 and 112 of the 2009 Act which set out the procedure to be followed in order to make changes to existing combined authority arrangements.

## New Statutory Functions

**1 Administration of Bus Service Operators Grant** - The government will devolve powers for the payment of the BSOG under section 154(1) of the Transport Act 2000 to WMCA as a general function of the Mayor, such funding to be administered in accordance with current government policy.

This is in line with the commitment in the National Bus Strategy and the government is currently working on the reform of the grant. WMCA will provide support to identify the funding for bus services entirely within the WMCA boundary that is paid to commercial operators and would be suitable to be devolved to WMCA, both currently and subject to national reform.

**2 Policy Making Powers** – The government will devolve to WMCA a power corresponding to the function under sections 154(3) & (4) to make policy as to the award of Bus Service Operators Grant.

This function will be exercisable by the WMCA Board subject to national guidance, to which it must have regard in relation to making policy for its area.

The devolution to the WMCA Board of policy powers, subject to a duty to have regard to national guidance, could enable WMCA to direct the grant to support the government's and WMCA's shared priorities; to support important local bus services and reduce environmental impacts through facilitating the transition to zero emission buses.

In parallel, the government will work with the WMCA to finalise the design of a national reform package for the BSOG, in line with the trailblazer commitment, with the possibility of increased flexibility in how the WMCA uses the policy powers.

The devolution of these powers will also be supported by the WMCA delivering commitments set out on in its adopted Enhanced Bus Partnership (EP) Plan and Bus Service Improvement Plan (BSIP).

## **Process to be followed**

### **105B - Section 105A orders: procedure**

Section 105A(1)(a), (1) (b), (2) and (3)(b) of the 2009 Act (other public authority functions): provides for the Secretary of State to make provision by order for a function of a public authority that is exercisable in relation to a combined authority's area to be a function of the combined authority and to make provision by order conferring on a combined authority in relation to its area a function corresponding to a function that a public authority has in relation to another area.

The Secretary of State may make an order under section 105A only if a proposal for the making of the order in relation to the combined authority has been made to the Secretary of State by the appropriate authorities, or the appropriate consent is given and the Secretary of State considers that the making of the order is likely to improve the exercise of statutory functions in the area or areas to which the order relates.

For the purposes of subsection (1)(b), the appropriate consent is given to the making of an order under section 105A only if:

- in the case of an order in relation to an existing combined authority, each appropriate authority consents;
- in any other case, each constituent council consents.

### **Section 111 of the 2009 Act**

Section 111 of the 2009 Act allows combined authorities to undertake, in relation to an existing combined authority (such as the WMCA), a review of one or more “combined matters”. For the purposes of section 111 of the 2009 Act a “combined matter” is defined at subsection 111(3) as being:

- a. a matter in relation to which an order may be made under any of sections 104 to 107;
- b. in relation to the combined authority or any executive body of the combined authority, where that body exists at the time of the review, a matter concerning the combined authority or the executive body that the combined authority has power to determine.

Insofar as sub-section 111(3)(a) of the 2009 Act is concerned, sections 104 to 107 of the 2009 Act set out the range of matters that the Secretary of State may include within an order concerning a combined authority. These include power for the Secretary of State to:

- make in relation to a combined authority any provision that may be made in relation to an Integrated Transport Authority under certain provisions of the Local Transport Act 2008;
- make in relation to a combined authority any provision that may be made in relation to an Economic Prosperity Board (EPB) in relation to the exercise of local authority functions;

- make provision for a function of a public authority that is exercisable in relation to a combined authority's area to be a function of a combined authority;
- make provision for conferring on a combined authority in relation to its area a function corresponding to a function that a public authority has in relation to another area;
- make provision for any function of a combined authority which has an elected mayor (a "mayoral combined authority") to be a function only exercisable by the elected mayor;
- make provision for the costs of an elected mayor for the area of a combined authority that are incurred in, or in connection with, the exercise of "mayoral functions" to be met from precepts issued by the authority under section 40 of the Local Government Act 1992.

### **Section 112 of the 2009 Act**

Where a combined authority that has undertaken a review under section 111 of the 2009 Act concludes that the exercise of the power by the Secretary of State to make an order under any one or more of sections 104, 105, 105A, 106 and 107 would be likely to improve the exercise of statutory functions in relation to an area of a combined authority, it may prepare and publish a 'scheme' relating to the exercise of the power or powers in question.

In addition to the above requirements, the Secretary of State cannot make an order under sections 104, 105 or 105A of the 2009 Act without the consent of the constituent councils or the WMCA.

### **Section 4: Governance options, Conclusions and Recommendation**

- Option 1 – To endorse the findings of the governance review and proceed with the scheme.
- Option 2 – Not to endorse the findings of the governance review and only implement those parts of the deal that do not constitute new powers or duties.

As previously stated, the BSOG powers would need to be devolved to the Combined Authority via secondary legislation, and therefore would require Government (and local) approvals to make the relevant order.

### **Conclusion**

The review has found that the evidence shows that the Deeper Devolution Deal will maximise the WMCA's current role and responsibilities and revolutionise how Government funding is implemented leading to more effective delivery of statutory functions. The deal represents a significant step forward in delivering more and better jobs to the area. It delivers significant new responsibilities and investment that will benefit our communities and businesses across the region. It means that decisions previously taken centrally can now be taken closer to the people affected and gives the area greater financial freedom and flexibility to manage our investment choices according to local priorities.

In particular the Review demonstrated that devolving the new statutory functions to WMCA would improve the effectiveness and efficiency of local service delivery for these functions.

### **Recommendations:**

1. To improve the effective exercise of statutory functions across the area of the WMCA, adopting the new power under Section 154(1) is considered optimal for the reasons detailed below.
2. To improve the effective exercise of statutory functions across the area of the WMCA, adopting the new power under Sections 154(3) & (4) subject to national guidance, is considered optimal for the reasons detailed below.
3. That a governance scheme is published (attached) that confirms the adoption of the new powers and duties detailed in this report.

The reasons are summarised below:

a. The deal delivers significant new responsibilities and investment that will benefit our communities and businesses across the region.

#### **b. Grants to Bus Service Operators**

##### **Section 154 (1) of the Transport Act 2000:**

Devolving administration of the Bus Service Operators Grant to WMCA as a Mayoral function will support WMCA's early engagement with bus operators in the West Midlands, this may mitigate against unpredictable and potentially disruptive market behaviour and may act to encourage high levels of professional conduct in the market being maintained during this period of transition. These powers would assist WMCA to gain valuable operator data and insight, and the additional scrutiny provided by WMCA may be able to encourage more efficient practices by the operators.

##### **Sections 154 (3) & (4) of the Transport Act 2000:**

Devolving the policy making powers under sections 154 (3) & (4) of Bus Service Operators Grant to WMCA , subject to having regard to national guidance, could improve the exercise of this statutory function in the West Midlands by enabling WMCA to deploy the grant to incentivise a move to zero emission vehicles and also an expansion of services to areas which are underprovided for. This new function will support the government's and West Midlands' shared priorities to support important local bus services and reduce environmental impacts through assisting the change to zero emission buses.

c. The proposals will build on established regional governance arrangements which represent the views of local communities.

d. The proposals will secure more effective and convenient local government by reducing complexity and streamlining the delivery of public services within the area.

e. The statutory criteria for preparing and publishing a scheme are met, i.e., the making of an order under S104 and S105A to enable the adoption of the new powers and duties for the area of the WMCA is the best option and will be likely to improve the exercise of statutory functions in that area.

f. In addition, adoption of the new powers and duty will:

- **have a positive impact on the interests and identities of local communities** by securing environmental benefits through low emission vehicles and by expanding bus services to areas with low accessibility.
- **secure more effective and convenient local government** by reducing complexity and streamlining the delivery of public services within the area.

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## **West Midlands Combined Authority**

**Draft Scheme for the transfer of functions in relation to Bus Service Operator's Grant under section 154 (1) of the Transport Act 2000 to WMCA as a Mayoral function**

**Draft Scheme for the transfer of policy functions in relation to Bus Service Operator's Grant under sections 154 (3) & (4) of the Transport Act 2000 to WMCA.**

**Proposal for the Making of an Order under sections 105A of the Local Democracy, Economic Development and Construction Act 2009 as amended by the Cities and Local Government Devolution Act 2016 (the 2009 Act)**

Under section 154(1) of the Transport Act 2000 the Secretary of State may pay grants to eligible Bus Service Operators towards their cost of operating those services.

Sections 154(3) & (4) provides that the grants may be of such amount and subject to such conditions as may be determined by the Secretary of State (referred to in this document as BSOG policy powers).

This scheme has been prepared by the West Midlands Combined Authority in consultation with the Leaders of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton Local Authorities.

The scheme sets out proposals for conferring on WMCA of the function of the Secretary of State of administering grants to bus service operators under section 154 (1) of the Transport Act 2000 as a Mayoral function. WMCA will administer its share of the BSOG funding according to Department for Transport policy.

The scheme also sets out proposals for the conferring on WMCA of the functions of the Secretary of State in relation to the making of policy for the administration of grants to bus service operators under sections 154 (3) & (4) of the Transport Act 2000. This function will be exercisable by the WMCA subject to national guidance to which it must have regard in relation to making policy for its area.

The Secretary of State will continue to hold powers to make grants to bus service operators in the area.

## **Introduction**

The West Midlands has been at the forefront of devolution in England. In November 2015, the government and WMCA agreed an ambitious devolution deal, including a directly elected mayor and powers to improve transport, skills, housing and to drive growth in the region. In 2017, devolution was deepened, and new funding agreed, including significant further investment in transport. The West Midlands has seized these opportunities, demonstrating what local leaders can achieve when empowered with the tools they need. Local leaders have increased investment in transport from £38 million in 2016/17 to £363 million in 2021/22, pioneered new approaches to brownfield development and net zero homes and delivered the c. £130 million Adult Education Budget, securing an over 10% increase in 2020 alone in the portion of the population with Level 3 skills.

The West Midlands is now embarking on a new phase by bringing greater investment, control over investment and powers to the region.

The new deal is estimated to be worth in the region of £1.5bn and it is hoped that this will reboot the economy, provide vital housing, jobs and skills, bolster our existing strengths in transport and Smart City Region innovation, and drive our net zero ambitions. The deal looks to create a more prosperous and better-connected West Midlands which is fairer, greener and healthier.

The WMCA have conducted a Governance Review under Section 111 of the 2009 Act (the Review) in relation to the delegation to the Combined Authority of additional functions and duties relating to:

- Administration of Bus Service Operators Grants (under section 154 (1) of the Transport Act 2000)
- Policy in relation to Bus Service Operators Grants (under sections 154 (3) & (4) of the Transport Act 2000)

## **Governance Review and Proposal**

### **Background**

Commercial Bus Service Operator's Grant (BSOG) is existing funding which Government currently pays directly to operators. BSOG is directly linked to bus fuel consumption, and this can undermine environmental objectives, with a reduced incentive on operators to invest in more zero emission buses. Circa £26m per annum was paid to bus operators across the WMCA area (pre-pandemic).

With a unique bus market, with one commercial operator operating over 95% of the West Midlands bus network, ensuring that value for money is achieved locally from public subsidy and planning an effective recovery for bus services post pandemic is difficult. This has been further exacerbated by a reduction in local bus market competition, with five local bus operators ceasing operations since March 2020, and ongoing bus industry pressures such as driver shortages, wage, and fuel cost inflation.

The WMCA needs new levers to incentivise and influence the direction and navigation of a modern and responsive bus network and to stimulate private sector competition back into our bus market.

## **Proposals**

### **1 Devolution of the administration of BSOG under section 154(1) of the Transport Act 2000 to WMCA as a Mayoral Function**

Administering BSOG will support WMCA early engagement with bus operators in the West Midlands. This may mitigate against unpredictable and potentially disruptive market behaviour and may act to encourage high levels of professional conduct in the market being maintained during this period of transition. These powers would assist WMCA to gain valuable insight into the market and the additional scrutiny provided by WMCA may be able to encourage more efficient practices by the operators.

### **2. Devolution of policy making powers under sections 154(3) & (4) of the Transport Act 2000 to WMCA, subject to having regard to national guidance.**

The devolution to WMCA of policy making in relation to the award of BSOG would give WMCA greater local control and design of policy, subject to a duty to have regard to national government guidance. WMCA would look to use this power to incentivise bus operators to use the grant to ensure investment in bus services aligns with WMCA policy outcomes. WMCA priorities for BSOG would seek to target:

- **Incentivising greener vehicle fleet investment and maximising our position as the UK investment leader in decarbonising bus fleets.** Further boosting over £150m of fleet investment between public and private partners.
- **Incentivising and working with private bus operators to expand bus services into areas of poor accessibility.** This would place a greater focus on where bus route mileage is delivered, compared to the current approach focused on total quantum. This would help to tackle the issue of 'overbussing' on certain routes to maintain a dominate commercial position at the expensive or more marginal, socially beneficial services, thus helping to deliver greater benefits with the same level of public funding.

The WMCA has direct experience in managing bus funding support grants, such as Local Transport Fund (up to July 2023), BSOG+ (up to 2025) and local raised funding through the WMCA's Transport Levy (for subsidies services).

With significant investment made to support bus services across the West Midlands, the devolution of BSOG funding to the WMCA would support this continued improved local planning of bus services. As stated above and subject to national reforms, WMCA requires flexibility in the way in which the grant is distributed to support its aim of incentivising a move to zero emission buses and an expansion of services into areas with poor accessibility. WMCA can also act as a trailblazer area for the early delivery of national BSOG reforms, working in partnership with DfT.

Overall, these reforms would help to achieve our wider network expansion plans that match the Government's Levelling Up mission and the aim to increase bus use outside of London, bringing us much closer to London standards. This aligns with the WMCA's Local Transport Plan outcomes to improve accessibility, electrify the transport system and reduce traffic to drive behaviour change.

Bus services are important for those who lack access to a private vehicle, those on the lowest incomes, and for those living in the most deprived communities. The WMCA area has some of the most deprived wards in England and circa 25% of households do not have access to a car, with this increasing to 40% in some of our most deprived communities.

The devolution of BSOG administration and policy making powers, subject to national guidance, to WMCA would enable WMCA to deliver economic, social and environmental benefits through the distribution of the grant and to improve the effectiveness of service delivery.

## **Conclusion**

Having considered the findings of the Review, the WMCA concluded that an Order by the Secretary of State to make the changes considered in the Review, including delegating additional functions to the Combined Authority, would be likely to improve the exercise of statutory functions in relation to the Combined Area. The WMCA have therefore resolved to prepare and publish this Scheme under section 112 of the 2009 Act.

## **Functions exercised by the Mayor**

**Bus Service Operators Grant** (Public Authority Function) (Section 105A of the Local Democracy, Economic Development and Construction Act 2009)

**It is proposed that the Government will devolve powers for the payment of grants to bus service operators to WMCA to be a general function of the Mayor under section 154 (1) of the Transport Act 2000.**

**It is further proposed that the Government will devolve powers under sections 154 (3) & (4) of the Transport Act 2000 to the WMCA, subject to having regard to national guidance.**

Since the award of Bus Service Operators Grant is a public function of the Secretary of State the Order will be made under section 105A of the 2009 Act. The procedural requirements under Section 105B do not include a requirement for public consultation before the making of an Order and in this case, it is not thought necessary for a public consultation exercise to be carried out.

WMCA will provide support to identify the funding for bus services entirely within the WMCA boundary that is paid to commercial operators and would be suitable to be devolved to WMCA.

## **Governance and constitutional matters**

### **Governance Arrangements**

A decision in relation to the conferring of a new function on WMCA would require a unanimous vote of the members representing the Constituent Authorities at the WMCA Board.

The Award of Bus Service Operator's Grant under section 154(1) of the Transport Act 2000 will need to be included as a Mayoral function in the definition of Mayoral general functions set out in Article 22(5) of the West Midlands Combined Authority Functions and Amendment) Order 2017.

### **Review and Scrutiny**

The operation of the function of the award of Bus Service Operators Grant will be subject to review and Scrutiny in accordance with the Constitution and the Scrutiny Protocol.

WMCA policies for the award of Bus Service Operators Grant would be developed through WMCA's existing governance arrangements and would be subject to review and Scrutiny in accordance with the Constitution and the Scrutiny Protocol and would be subject to approval and adoption by the WMCA Board.

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## WMCA Board

<b>Date</b>	13 October 2023
<b>Report title</b>	New Stations Package 1: Project Update
<b>Portfolio Lead</b>	Transport - Councillor Mike Bird
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
<b>Accountable Employee</b>	Anne Shaw, Executive Director for Transport for West Midlands email: anne.shaw@tfwm.org.uk
<b>Report has been considered by</b>	N/A

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

#### The WMCA Board is recommended to:

- (1) Note the insolvency and administration proceedings of the principal contractor for the New Stations Package 1 project, Buckingham Group Contracting Limited.
- (2) Note the decision made at WMRP Board on 28th September 2023 to novate the Package 1 main works contract to Kier Integrated Services Limited.
- (3) Note the work underway to re-assess affordability and funding, and the options to be bought back for consideration to a future board.
- (4) Note in the interim period, only work associated with scheme costs that will remain in scope and within the existing budget will continue to be incurred until a resolution to the overall scheme affordability has been reported to and agreed by board.

#### 1. Purpose

- 1.1 To update the WMCA Board on the impact on the West Midlands Rail Programme (New Stations Package 1 Project), following Buckingham Group Contracting Limited (BGCL) being placed into administration on 4th September 2023, and the subsequent decision to novate BGCL's contract to Kier Integrated Services Limited.

## 2. Update

- 2.1 The CRSTS rebase paper approved by WMCA Board on 15<sup>th</sup> September flagged an early warning in relation to New Stations Package 1 and indicated an update would be bought back to Board at a later date. Buckingham Group Contracting Limited (BGCL) was the principal contractor on the New Stations Package 1 project, to build new rail stations at Willenhall and Darlaston.
- 2.2 BGCL was placed into administration on 4th September 2023. The rail programme team assessed the options available, seeking the best solution for the West Midlands Combined Authority. The key options reviewed were:
1. Whether to novate the existing contract from BGCL to Kier Integrated Services Limited, or
  2. Terminate the contract and explore an alternative delivery route.
- 2.3 The risks and opportunities associated with both options were assessed, and novation was considered to be more cost effective and allow for earlier delivery. Novating the contract to Kier provides opportunities to minimise disruption to the programme, maintain the current integrated delivery strategy, and retain the same resources. It also protects WMCA from negotiations from the administrators on the BGCL account.
- 2.4 Terminating and re-procuring had the opportunity to provide greater surety of costs, but was assessed and considered likely to be a more expensive, slower, more piecemeal, and less integrated delivery solution. Re-procurement would have likely taken the form of proceeding with a design contract directly awarded to maintain progress, a separate land remediation contract, followed by a station construction contract. This would have allowed cost assessment at each stage of the works but was anticipated to prolong the programme and introduce uncertainty as cost would be dependent on the market appetite and conditions.
- 2.5 The options were presented to WMCA Executive Director of Transport in consultation with WMCA Statutory Officers who endorsed the novation of the contract from BGCL to Kier.
- 2.6 Although the novation is the more cost and programme efficient delivery method, there will be an impact on cost and schedule. The immediate project works to be undertaken by Kier remain within budget and the Deed of Novation has been drafted to provide flexibility for an affordable project.

## 3. Strategic Aims and Objectives

- 3.1 The Package 1 scheme will support the delivery of the vision set out in the WMCA Aims and Objectives to “*connect our communities by delivering transport and unlocking housing and regeneration schemes*” and will “*build and develop transport infrastructure that is sustainable, active, low congestion and integrated with key projects like HS2*”.



#### **4. Financial Implications**

- 4.1 The Full Business Case for New Stations Package 1 was approved by WMCA Board on 15<sup>th</sup> January 2021 with a budget of £55.84m.
- 4.2 Following this approval, the position on Rail Package 1 experienced further challenges in relation to the fire strategy and in particular the approach to providing the secondary means of escape – a recognised challenge across the rail industry. The CRSTS report at WMCA Board on 9<sup>th</sup> June 2023 noted an application had been made to DfT to bring Rail Package 1 into the main programme to support those cost pressures. This was built into the CRSTS rebase proposal approved by Board on 15<sup>th</sup> September 2023. The CRSTS rebase has been submitted to DfT with WMCA now awaiting a decision.
- 4.3 As flagged in section 2, there will be an impact on the total project cost as a result of novation and consequent delays. The deed of novation contract includes options to bring the overall scheme back within budget. A revised programme is being worked up that will include financial costings and options presented to Board at a later stage. Until that point spend will be limited to those items that will definitely remain within the final agreed scope and current budget.

#### **5. Legal Implications**

- 5.1 WMCA has concluded the negotiation of a deed of novation, by which Kier Integrated Services Limited have assumed responsibility for the works in place of Buckingham, subject to the terms of the deed of novation.
- 5.2 In agreeing the novation, particular attention has been paid to auditing the account with the Administrators and limiting any further payments to the Administrators and Buckingham.
- 5.3 The deed of novation has been drafted to preserve the terms of the existing construction contract, save for any unavoidable changes caused by the administration. The deed of novation provides for the building contract to remain substantially unmodified.
- 5.4 Any required reduction in the Scope of the Works to bring the project within required affordability criteria would be compliant with the PCR 2015 regulations and the terms of the contract itself.

#### **6. Single Assurance Framework Implications**

- 6.1 The full business case was approved in January 2021, with funding secured from WMCA, Walsall Council and DfT via the Rail Network Enhancement Pipeline.
- 6.2 The business case economic model for Package 1 was recently re-baselined by our external consultants (Jacobs) following updates to the DfT's Transport Appraisal Guidance (TAG) parameters. These included revised economic forecasts, GDP factors and changes to the appraisal of non-user benefits.

6.3 Further to this update, a request for a revised indicative BCR calculation has been developed and the BCR remains very high at 3.0. The BCR will be validated following further cost refinement but are based on a recently re-baselined and DfT-approved economic model.

## **7. Equalities Implications**

7.1 Diversity Impact Assessments have been undertaken by the project which identify and address key equality issues and their mitigating measures. This project provides two stations designed to the current standards, with all areas fully accessible. Platforms are accessed by footbridges and lifts. Car parking will be designed to WMCA car park standards featuring the appropriate number of accessible parking spaces.

## **8. Inclusive Growth Implications**

8.1 The board considered in January 2021 the wider inclusive growth implications of the Package 1 scheme and noted that the proposed scheme will benefit areas of the West Midlands with particularly high levels of deprivation. Improving connectivity to education and employment opportunities in Walsall, Wolverhampton and Birmingham will therefore contribute to supporting the Combined Authority's growth aspirations.

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

9.1 This report relates to two new stations in Walsall, at Willenhall and Darlaston.



West Midlands  
Combined Authority

## Environment & Energy Board

Wednesday 12 July 2023 at 11.00 am

### Minutes

#### Present

Councillor John Cotton (Chair)

Birmingham City Council

#### Present via MS Teams

Councillor Rob Clinton

Dudley Metropolitan Borough Council

Councillor Craig Collingswood

City of Wolverhampton Council

Councillor Majid Mahmood

Birmingham City Council

#### Item Title No.

#### 1. Minutes - 1 March 2023

The minutes were agreed as a correct record.

#### 2. Community Engagement Update: Greener Together Citizens' Panel and Greener Together Forum

Jackie Homan presented on the Greener Together Forum and Citizens' Panel. She provided context for the Citizens' Forum, sharing the aims and the operations of the forum and how it functioned within the community. Topics discussed included tree planting, retrofitting and fuel poverty. Councillor Majid Mahmood asked if more work could be done to increase representation of the region in the forum and asked how diversity was reflected in the forum. Jackie Homan confirmed that work was being done to increase engagement. She then said that from an equality and diversity perspective, the forum was hoped to be reflective of those living in the region and diversity was sought to be increased through its engagement, as the forum was held in a different area of the region each time it met.

Jackie Homan then went on to share the aims of the Greener Together Citizens' Panel before sharing the panel's selection criteria and its logistics. She then reported on the outcome of the air quality sessions that the panel held that were due to be considered when implementing the air quality framework actions. Jackie Homan then introduced Deepu and Alison who shared their experiences of being on the panel and their reasoning for joining. They both focused on their desire to protect future generations. Alison expanded to say that she also desired to have a voice, the experience and a general curiosity in making a difference.

In response to a question from Jackie Homan, Deepu and Alison both confirmed that was important to the panel that the panel's voice was heard. Deepu shared some achievements of the panel. He highlighted the input that the panel had on the air quality framework. Finally, Alison shared the common themes included the reduction of social inequality and that implementation should be fair, transparent, and driven by data.

In response to a question from Councillor Robert Clinton, Alison stated that face-to-face sessions were imperative to the team working together and that the panel had excellent facilitators that ensure every voice was heard in the process. Councillor Majid Mahmood commended the WMCA on the work that had been completed to date and shared that Birmingham City Council would be hoping to implement some of the outputs of the panel's discussions.

Resolved:

(1) The work of the Greener Together Citizens' Panel be noted and their recommendations and concerns that informed the WMCA's energy and environment programme be noted.

### **3. Air Quality Framework**

Jackie Homan and Alex Jones presented the Air Quality Framework. Jackie Homan shared the history and aims of the framework. She made references to the air quality actions plans led by constituent local authorities. Alex Jones then highlighted air quality in the West Midlands and the negative impact poor air quality had on the population of the region. He then shared feedback and consultation already completed and shared key themes such as an out-of-date approaches and gaps in monitoring of air quality and lack of clean air zones in specific areas. He shared the framework methodology and talked through the timeline to launch, including the RAG rating of the options appraisal and the consultation timelines for which approval was being sought.

Jackie Homan then shared next steps, from July to October. She stated that the Department for Environment, Food & Rural Affairs would be providing an air quality grant to implement quick wins and mitigate resourcing issues. She shared that a framework delivery group would be mobilised to improve governance and incorporate a 5-year review programme. Jackie Homan then closed by highlighting successes, funding wins and activity to date as detailed in the report before she shared some questions with the board for them to feedback to the air quality team.

The Chair commended the team on the level of information provided on the work being done but noted that additional resource was required. He asked how the WMCA would plug the funding gap, and Jackie Homan acknowledged this and stated that while some funding was in place, some aspects of funding would require business cases or lobbying from DEFRA.

In response to Councillor Majid Mahmood, Jackie Homan confirmed that more work was required to understand the true picture of indoor air quality and gave examples of log burners and gas hobs, and work was being conducted to identify synergies with current programmes such as retrofitting. She also confirmed that a platform was being sourced in order to hold the air quality data produced by the region. Alex Jones seconded the importance of this.

Councillor Rob Clinton noted the increase of wood companies providing wood as a result of the energy crisis and highlighted it would have a negative impact on the environment. He then asked what work could be done in order to reinforce road surfaces and what research was being conducted on solutions to support suggestions for change, for example, road signs. Jackie Homan responded to say that work was being done to identify what actions could be taken to support behaviour change and this was supported by funding from DEFRA.

Resolved:

(1) The draft Air Quality Framework be endorsed for consultation with key stakeholders.

(2) It be agreed to pursue WMCA-wide air quality targets that exceeded the nationally established targets.

(3) The proposed next steps for finalising the framework be approved and the points around resourcing and governance be noted.

#### **4. Natural Environment Update**

Mike Webb provided an update on the Local Investment in Natural Capital (LINC). He shared the challenges of the current biodiversity and climate crisis, before sharing the opportunities of how these challenges could be resolved. He reported on the government response, Green Finance, to improvements to the environment within society. He continued and stated that the WMCA was a part of the national LINC pilot study which involved a £1million grant over the course of two years designed to develop a pipeline of projects, including building inhouse capacity, become self-sustaining and increase integration with other key strategies.

He talked the committee through how Green Finance worked, he shared information on the region's current nature markets and highlighted where there were gaps in the market for possible future nature markets. He then highlighted that biodiversity net gain would be a requirement from September 2023.

Councillor Majid Mahmood raised the Bankers without Boundaries initiative and Mike Webb confirmed awareness of the initiative and agreed with Councillor Majid Mahmood that aggregation was important in order to gain funding. Mike Webb also confirmed, in response to the Chair, that projects would be ready to trade within around two years.

Resolved:

The report was noted.

**5. West Midlands Forest Partnership**

Jeff Grant delivered a presentation on the West Midlands Forrest Partnership. He provided insight on his role as Partnership Co-ordinator. He then shared that a study had been procured to identify the urban forest structure, eco-system, service, and economic value of trees in the region. He stated that the results of the commissioned study would result in being able to develop a tailored approach to mitigation. He also shared that a study was being conducted in order to develop a case for a tree nursery that will increase both the number and diversity of trees within the region.

Councillor Majid Mahmood commented that Birmingham City Council had been involved with the West Midlands Forrest Partnership initiative and highlighted that the survey was the biggest of its kind to be conducted in the UK. He continued, stating that the tree nursery should contain trees that would adapt to the changes to the climate and that would reduce the amount of sap that weeps on to cars. Jeff Grant confirmed that both these items would be taken under consideration.

Councillor Robert Clinton asked if the Black Country map could be provided and asked that the maturity of the trees planted are also considered in order to increase their chances of survival, to which Jeff Grant agreed.

Resolved:

The report be noted.

**6. Environment & Energy Board Terms of Reference**

Jackie Homan presented the Terms of Reference for an annual review.

Resolved:

The terms of reference be noted.

**7. Date of Next Meeting**

Tuesday 26 September 2023 - 1.00pm

The meeting ended at 12.30 pm.



**West Midlands  
Combined Authority**

## **Economic Growth Board**

**Wednesday 12 July 2023 at 2.00 pm**

### **Minutes**

#### **Present**

Councillor Adrian Andrew	Walsall Metropolitan Borough Council
Councillor Paul Bradley	Dudley Metropolitan Borough Council
Councillor John Cotton	Birmingham City Council
Councillor Matthew Dormer	Non-Constituent Authorities
Councillor Ian Courts	Solihull Metropolitan Borough Council
Councillor Stephen Simkins	City of Wolverhampton Council
Councillor Bob Sleigh (Chair)	Portfolio Lead for Finance & Investments
Sarah Windrum	Business Representative
Corin Crane	West Midlands Chambers of Commerce
Matthew Hammond	West Midlands Growth Company
Mike Wright	West Midlands Innovation Board

#### **Participating in the meeting via Teams**

Andy Street	Mayor of the West Midlands
Rob Johnston	Midlands Trade Union Congress

#### **Item Title No.**

- 1. Appointment of Chair**  
Following the very sad news of the passing of Councillor Brookfield, Chair of the Economic Growth Board, the board agreed that Councillor Bob Sleigh be appointed to chair this specific meeting.
- 2. Apologies for absence**  
Apologies for absence were received from, Councillor Duggins (Coventry), Councillor Piper (Sandwell), Lee Barron (Midlands Trade Union Congress), Anita Bhalla (Greater Birmingham and Solihull LEP) and Tom Westley (Business Representative).
- 3. Notification of Substitutes**  
Rob Johnston (Midlands Trade Union Congress) was nominated as a substitute for Lee Barron.
- 4. Welcome & Introductions**  
The chair welcomed the new Leader of Birmingham City Council, Councillor Cotton to his first meeting and introductions were made and duly noted.

**5. Chair's Remarks**

The Chair led the tributes to Councillor Brookfield following the very sad news of his passing on 2 July. The board expressed their condolences to Councillor Brookfield's family and acknowledged his work and achievements as Leader of the City of Wolverhampton Council and the WMCA's Portfolio Lead for Economy and Innovation.

**6. Minutes - 15 February 2023**

The minutes of the meeting held on 15 February 2023 be agreed as a true record.

**7. Revised Terms of Reference**

The board considered a report of the Executive Director, Strategy, Integration and Net Zero that put forward changes to the terms of reference to the board and sought confirmation of its membership following LEP integration and other changes to meeting structures.

The Senior Policy Officer, Joe Baconnet, outlined the reason for the change which would address the quoracy issues faced by the board throughout the year. In relation to membership, it was felt that as one of the current members represents an SME, a further representative was not currently required; a full business recruitment policy would be undertaken later in the year.

Councillor Courts (Solihull) reported that SMEs need to be better represented across the new structures, following LEP Integration (referred to in paragraph 2.9 of the report) and asked that SME representation be considered as part of the business recruitment policy review when this is undertaken.

In relation to enquiry from Councillor Simkins (Wolverhampton) regarding a change to the quorate numbers (from five constituent authority members to four voting members of Economic Growth Board), the Senior Policy Officer explained that the change would mean the board would more likely be quorate and able to fulfil its function as a decision-making body. He added that this would not affect voting on the board and whilst there are currently 19 members of the Board, voting would be limited to the Mayor, Portfolio Lead for Economy & Innovation and the nominees of Constituent Authorities.

The board would retain the ability to vary its membership such as adding business representatives as it sees fit. He advised that when complete, the governance review of the business recruitment policy would allow the board to recruit business members to the board in an open and transparent manner.

Resolved that:

1. The reasons for the proposed changes to the terms of reference, membership and scope of the Economic Growth Board be noted;
2. The revised terms of reference for the board at Appendix 1 be endorsed;



3. The WMCA Board be asked to approve these changes, specifically the change to the quorum and
4. The structures supporting the work of the Economic Growth Board be noted.

**8. Economic Conditions in the West Midlands**

The board considered a report of the Executive Director for Strategy, Integration and Net Zero that provided a summary of the latest quantitative economic and regional labour market intelligence and qualitative insight from West Midlands businesses via the Regional Business Council and the West Midlands Business Insight Forum.

Delma Dwight (Economist Intelligence Unit) highlighted key insights from the report.

Resolved that:

The current economic conditions for the West Midlands including the monthly dashboard (Appendix 1) and insight from the region's businesses via the Business Insight Forum be noted

**9. West Midlands Growth Company - Business Plan**

The board considered a report of the Chief Executive of the West Midlands Growth Company that proposed the West Midlands Growth Company's Business Plan, 'Global West Midlands' for discussion and approval.

Mathew Hammond, Chair of West Midlands Growth Company, (WMGC) introduced the report and conveyed a special thank you to Councillor Brookfield on behalf of WMGC for all his support and work behind the scenes on the WMGC review and on overseas trade missions.

The Director of Policy & Partnerships WMGC, Katie Trout reported that the draft Business Plan (attached as Appendix 1) has been developed to deliver the outcomes of the WMGC Review which was approved by the WMCA Board in March 2023. This board would oversee WMGC's four strategic objectives and key results and hold the company to account against key indicators for the strategic objectives.

It was noted a further review of the full Business Plan would be required to take account of the West Midlands International Strategy when published in autumn 2023 and therefore would remain a 'live' document with any proposed substantive changes brought to the Economic Growth Board for agreement.

In relation to an enquiry from Councillor Dormer as to whether WMGC would serve non-constituent authorities going forward, The Director of Policy & Partnerships advised that this issue was not resolved as part of the Growth Company review and a full discussion was required by the WMCA Board as to what geography it would cover.

The Mayor commented that he was very pleased to see the Business Plan and especially closer working with Government to follow-up on the Deeper Devolution Deal and hold them to account.

Councillor Courts considered that a strong narrative is needed for the promotion of the wider region which included non-constituent authorities such as Stratford Upon Avon.

Councillor Simkins expressed concerns on the equity of delivery and the need for this to be fair and proportionate, especially if Warwickshire joins the WMCA as a constituent authority.

The Chair reported that the document had been prepared with a clear steer from local authorities and the need to promote key assets across the West Midlands geography.

Resolved that:

1. West Midlands Growth Company's draft Business Plan, 'Global West Midlands' for July 2023 to March 2025 be approved;
2. The Economic Growth Board receive quarterly reports on progress against the delivery of the Business Plan be noted and
3. The delivery of the Plan is predicated on a Full Business Case for the remaining unsecured regional funding being approved by the Investment Board in October 2023 be noted.

**10. West Midlands Growth Company - Major Events Fund and West Midlands International Strategy Update**

The board considered a report of the Executive Director of Strategy, Integration and Net Zero that provided an update on the development of the West Midlands International Strategy and Major Events Fund.

The Director of Policy and Partnerships (WMGC), Katie Trout, reported on progress in developing an International Strategy for the West Midlands with local and national stakeholders that would be aligned with the Regional Strategy and would seek to exploit the strengths of the West Midlands. The draft strategy would be submitted to the WMGC Board and to this board in September for consideration.

In relation to the Major Events Fund, the report outlined the headline activities that would be undertaken if the Programme Business Case, to be submitted the Investment Board on 24 July is approved. This includes establishing a Regional Advisory Group that would prioritise the pipeline of major events in accordance with the West Midlands Major Event Evaluation Framework.

Resolved that:

1. Progress with the West Midlands International Strategy be noted;

2. Progress with the Major Events Fund be noted;
3. The establishment of the Regional Advisory Group for the Major Events Fund that reports to the Economic Growth Board be noted and
4. The International Strategy and the Major Events Fund be substantive items at the September meeting of the Economic Growth Board be noted.

**11. Business Growth West Midlands**

The board considered a report of the Executive Director of Strategy, Integration and Net Zero that reported on progress in delivering a Business Growth West Midlands Service.

The Head of Economic Development and Delivery, Paul Edwards presented the report and expressed his thanks and appreciation to local authority and Growth Hub colleagues for collaborative working on the service that will deliver regionally commissioned programmes for West Midlands businesses. It was noted that following a 'soft launch' of the Business Growth West Midlands Service in April, work was underway to expand the service with a first phase due for completion in July and a further phase for September.

In relation to funding offered by the Department for Business and Trade to support regional programmes (referred to in paragraph 3.1 of the report), it was proposed that a Regional Operations Group be established to recommend options to the Economic Growth Board on the best use of this funding.

In relation to the Shared Prosperity Fund funding to local authorities which has now been resolved, Councillor Cotton reported of the need to put pressure on Government regarding yearly funding arrangements which need to change.

Resolved that:

1. Progress in delivery of the pan-region Business Growth West Midlands service, with day-to day delivery led by local authority partners be noted and
2. The creation of a Regional Operations Group to oversee day-to-day delivery of the service be noted.

**12. West Midlands Plan for Growth: Mobilisation & Delivery**

The board considered a report of the Executive Director of Strategy, Integrations and Net Zero that provided an update on progress in delivering the West Midlands Plan for Growth.

The Head of Economic Development and Delivery, Paul Edwards, presented the report and advised that a lot of activity has commenced since the last meeting of the board in February. He added that there is a need for cohesiveness of the programmes and work was underway to bring these together.

Councillor Courts commented there was no mention in the report of digital support, noting barriers to SME investment and that retail businesses often find it difficult to invest. He added that he hoped help could be offered in this area.

The Mayor concurred with Councillor Courts that this was a very important issue noting there was a lot of data on the subject and asked that Yiannis Maos submit a report on the matter to a future meeting.

Resolved that:

Progress against a broad range of activity in mobilising Plan for Growth be noted.

### **13. Local Skills Improvement Plan**

The board considered a report of the Interim Director for Employment and Skills, and Health and Communities that sought approval of the findings of the employer representative bodies (ERB) research to support the Local Skills Improvement plan (LSIP), the supporting statement to the Department for Education and support of the Implementation of the Local Skills Plan.

The Head of Employer Services, David Gaughan, outlined the background to Local Skills Improvement Plans that are produced on annual basis by the Coventry and Warwickshire Chamber of Commerce in partnership with the Greater Birmingham and Black Country Chamber of Commerce for the West Midlands and Warwickshire. It was noted that Solihull and University College would be the lead provider for the region that would hold the local skills improvement funding to develop up to 6 projects and respond to the findings of the ERB report.

Corin Crane (West Midlands Chambers of Commerce) reported that over 1,000 businesses were interviewed as part of the report which found 75% of businesses had not engaged in the system but had skills needs. He reported of the need to utilise devolution powers to ensure the LSIP reflects what is needed by employers.

In relation to an enquiry from Councillor Dormer as to whether assistance would be provided to non-constituent members in developing their LSIP bid, Corin Crane advised that he was working with local authorities across the West Midlands and wider region and undertook to provide the data needed for the authority's bid.

Resolved:

1. The findings of the Employer Representative Body to support the Local Skills Improvement Plan and the supporting statement made by the WMCA (Annex A of the report) to the Department for Education in consultation with the portfolio lead, on how it views were considered in the process be approved and

2. The WMCA's support of the implementation of the Local Skills Improvement Plan as part of the organisation's deeper devolution powers, including the expression of interest from Solihull College and University Centre to be the lead Local Skills Improvement Fund holder for WMCA areas in consultation with the portfolio lead be approved.

**14. Understanding and addressing labour market challenges**

The board considered a report of the Head of Intelligence and Insight that reported on progress on the jobs workstream in understanding and tackling labour market challenges across the WMCA and at local level and the next steps.

The Head of Insight and Intelligence, Dr Fiona Aldridge outlined the main highlights from the report and advised of the board of the work being undertaken with Economic Intelligence Unit colleagues to focus on 2-3 key challenges facing the region and local areas, drawing on evidence of what works in tackling these labour market challenges to inform subsequent deep dive activity.

Resolved that:

Progress on the jobs workstream, including its overview of regional and labour market challenges emerging from the data and the organisation's plans for further work as part of deep dive activities be noted.

**15. Skills Investment**

The board considered a report of the Interim Director of Employment, Skills, Health and Communities that provided a summary of the WMCA's skills and investment for a 12-month period to June 2023 in comparison with recent years.

The interim Director of Employment, Skills, Health and Communities, Clare Hatton outlined the key highlights from the report.

Resolved that:

The level and profile of skills investment for the 12-month period to June 2023 compared with previous years be noted.

**16. Economic Growth Board Work Programme**

The board considered a report of the Senior Policy Officer that provided an update on the work programme for the board for the current municipal year.

Resolved that:

The updated work programme attached as appendix 1 to the report be noted.

## **17. Exclusion of the Public and Press**

Resolved:

That in accordance with s100 (a) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business as they are likely to involve the disclosure of exempt information as specified in the paragraphs of the Act.

## **18. Innovation Board Priorities**

The board considered a report of the Policy Manager (Innovation) that provided a six-month update on work of the West Midlands Innovation Board.

The Chair of the West Midlands Innovation Board, Mike Wright, outlined the work of the board including its five key priorities and next steps.

The Mayor conveyed his thanks to Mike Wright on the significant achievements realised by the Innovation Board so far for the region.

Resolved that:

1. The updates made to the membership of the West Midlands Innovation Board (WMIB) to reflect integration of Local Enterprise Partnerships functions to the Combined Authority be endorsed;
2. That the appointments of Sarah Windrum and Charlie Blakemore (business representatives) to the position of deputy chairs, to provide additional capacity and capability to the work of the Innovation Board be noted;
3. The priorities and work programme of the West Midlands Innovation Board, including its role in delivering aspects of the Deeper Devolution Deal that boost R & D, innovation and productivity across the region be noted and
4. The draft Innovate UK- West Midlands action plan (attached as appendix 1) be endorsed.

The meeting ended at 3.30 pm.



## **Audit, Risk & Assurance Committee**

**Wednesday 19 July 2023 at 10.00 am**

### **Minutes**

#### **Present**

Mark Smith (Chair)

Councillor Karen Ashley

Worcestershire Non-Constituent  
Authorities

Councillor Nick Bardsley

Shropshire Council Non- Constituent  
Authorities

Councillor Richard Baxter-Payne

Warwickshire Non-Constituent  
Authorities

Councillor Dave Borley

Dudley Metropolitan Council

Councillor Jaspreet Jaspal

City of Wolverhampton Council

Councillor Brigid Jones

Birmingham City Council

Councillor Leslie Kaye

Solihull Metropolitan Borough Council

Councillor Ram Lakha OBE

Coventry City Council

Councillor Rose Martin

Walsall Metropolitan Borough Council

Lisa Ritchie

Business Representative

#### **Item Title No.**

##### **1. Welcome & Introductions**

The Chair welcomed new members and returning members to the first meeting of the committee for the new municipal year. Introductions were made and duly noted.

##### **2. Apologies for Absence**

An apology for absence was received from Councillor Preece (Sandwell).

The Chair also reported that the WMCA was awaiting a nomination from Staffordshire for a representative to be appointed to this committee.

##### **3. Chair's Remarks**

The Chair announced that he was pleased to report this committee meeting was quorate for the first time in a long while and hoped members would continue attend meetings. He also highlighted that the WMCA had agreed constituent members of this committee along with Overview & Scrutiny Committee constituent members would be paid an allowance when the Levelling Up & Regeneration Bill receives Royal Assent; the Act allows allowances to be paid in recognition of the key governance role on these two committees.

**4. Appointment of Vice-Chair**

The Chair reported that he had received a nomination from Councillor Lakha for the position of Vice-Chair.

The nomination was endorsed by the committee.

Resolved that:

Councillor Ram Lakha be appointed Vice-Chair of the committee for the municipal year 2023/24.

**5. Minutes - 18 April 2023**

The minutes of the meeting held on 18 April 2023 were agreed as a true record.

**6. Matters Arising**

*Minute no. 55. Matters Arising, minute no. 40. Midland Metro Limited Annual Accounts*

The Executive Director of Finance & Business Hub reported that Midland Metro Limited was in the process of establishing its own audit committee so its annual accounts would not need to be submitted to this committee for approval.

*Minute no. 58. Internal Audit - March 2023*

In relation to debt balances of £8.8m on credit ledgers that were identified as part of the Key Financial Systems audit, the Head of Financial Management undertook to report back to the October meeting of the committee on the matter.

*Minute no.61. WMCA External Audit Plan for 2022/23*

Grant Patterson, Grant Thornton, confirmed a new Lead Auditor had been appointed as his replacement and undertook to arrange meetings with the Executive Director of Finance & Business Hub and the ARAC Chair.

Minute no. 62. Draft Annual Governance Statement

In relation to the work being undertaken on the Authority's arm's length companies, the Executive Director of Finance & Business Hub reported that a report would be submitted to the committee shortly that would include reference to the audit arrangements for the various companies.

The Chair asked that an action tracker be produced by Governance Services for future meetings that details any outstanding actions.

**7. Terms of Reference - to note**

The terms of reference for the committee were submitted for information.



In relation to an enquiry from Councillor Martin (Walsall) as to whether the committee undertakes a review of managers work, the Executive Director of Finance & Business Hub, Linda Horne, reported that the objectives of the WMCA are contained with its Annual Business Plan, and these are monitored by the Executive Board with a monthly update provided to the WMCA Board. She advised that the WMCA's Overview and Scrutiny Committee holds the organisation to account on the delivery of its objectives but would circulate the Annual Business Plan to committee members for information.

The Chair added that meetings of the Overview and Scrutiny Committee were public meetings and committee members were welcome to observe the meeting if they wished.

[The Annual Business Plan was circulated to the committee via email following the meeting]

Resolved that:

The terms of reference for the committee be noted.

#### **8. Internal Audit Annual Report 2022/23**

The committee considered a report of the Director of Law and Governance that summarised the work completed by Internal Audit during 2022-23. The report also provided a provisional annual audit opinion based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the Combined Authority by other providers as well as directly by Internal Audit.

The Head of Audit, Peter Farrow, reported that two audits had been completed since the last meeting that were appended to the report, Procurement Exemptions and IR35; both audits had been completed for the first time and had received a limited level of assurance. He reported that based on the work undertaken during the year, a provisional Internal Audit opinion was given as reasonable assurance.

The Chair commented that this was very good news regarding the provisional audit opinion, noting that a further two draft reviews would be determined as satisfactory assurance.

In relation to comments from the Chair and Councillor Jones regarding the downward trend on the number of audits opinions given as substantial, from 9 in 2020-21 to 4 in 2022-23, the Executive Director of Finance & Business Hub reported that the WMCA has grown from a transport organisation and has taken on new functions. She advised the WMCA was now better targeting its audit plan to where the risks were and was also reviewing and refreshing its corporate governance and reminding people of processes and procedures.

In relation to an enquiry from Councillor Baxter-Payne (Warwickshire Non-Constituent Authorities) regarding one-off audits and whether the agreed audit actions are being undertaken, the Chair reported that he would check progress on the audit recommendations with the Internal Audit Liaison Officer.

In relation to the 4 audit opinions of 'substantial', 'satisfactory', 'limited' and 'no assurance', Councillor Kaye (Solihull) reported that he was unhappy with the 'satisfactory' category and how it was described and would like to see this changed to 'good' and outlined his suggested wording for this. Councillor Kaye also questioned the use of the word 'most' and considered the audit opinion could be based on a statistical approach and undertook to email the Head of Audit on the points raised.

The Head of Internal, Audit Peter Farrow, advised that a reasonable level of assurance is provided as it was not possible to review every transaction due to the limits of the audit and this was a judgement call. He added that the audit opinion takes account of the CIPFA model and its guidance and would look at what Councillor Kaye proposes.

The Chair reported that he pleased to see that management would address most of the audit recommendations referred to in the two audit reports by September.

Further to the recent difficulties experienced in resourcing internal audit, the Chair asked to receive details of the proposed model for resourcing internal moving forward.

Resolved:

That the contents of the Internal Audit Annual Report 2022-2023 be noted.

#### **9. Transport Programme Capital Governance Review (TfWM)**

The board considered a report of the Director of Law and Governance that provided an update with regards to the high-level internal audit review of the governance and monitoring arrangements that are in place for the TfWM Capital Programme.

The Director of Law and Governance, Helen Edwards outlined the background to the review and reported that internal audit review findings and recommendations were being considered alongside a number of other reviews carried out by TfWM to ascertain what has been implemented. She advised that this was a considerable piece of work to undertake, and a conservative estimate of the completion timescales was 3 months. The headlines from the review would be submitted to this committee.

Resolved that:

The WMCA's response to the findings of the independent review following the breach of financial regulations within the Wolverhampton Interchange programme be noted.

## **10. WMCA Strategic Risk Update**

The board considered a report of the Executive Director of Finance & Business Hub that provided an update on the Strategic Risk Register.

The Risk Manager, Peter Astrella advised the committee that a risk update is presented to the committee on a quarterly basis, and he could provide a training session for members if required or, share details on how the WMCA undertakes risk management. The Risk Manager provided an update on the key risks since the last meeting and further to an enquiry from Councillor Jones, outlined how risk was managed with regards to external factors and financial resilience.

The Risk Manager undertook to share the full Risk Register with the committee.

Resolved that:

1. The key messages in the Strategic Risk Update be noted and
2. The revisions/planned revisions to the Strategic Risk Register be noted.

## **11. Single Assurance Framework Assurance Performance Report - January to March 2023**

The committee considered a report of the Executive Director of Finance & Business Hub that provides a quarterly update on progress of WMCA projects that have been assured through the Single Assurance Framework. The report submitted outlined performance on business case assessments, health checks, risk & appraisals and change requests during the period January to March 2023.

The Head of Programme Assurance & Appraisal, Joti Sharma, outlined the background to the Single Assurance Framework and reported on key trends and themes that emerged during the reporting period.

The Chair noted a discrepancy with regards to the change request figures given in the summary table in paragraph 2.3 and those referred to in the table in paragraph 3.16 of the report and asked that the figures be checked.

In relation to an enquiry from Councillor Kaye (Solihull) regarding the lack of input by managers into business cases and whether more information could be provided, the Executive Director of Finance & Business Hub, Linda Horne, reported that the Assurance Team independently challenges business cases and further challenge is undertaken by the Investment Panel, which is comprised of WMCA, Met authority and LEP colleagues to challenge cases in a robust way. She added that there was also challenge from the Investment Board.

The Head of Programme Assurance & Appraisal, Joti Sharma, undertook to circulate the web link to the Single Assurance Framework to members.

Resolved that:

The report be noted.

**12. Treasury Management Outturn Report 2022/23**

The committee considered a report of the Executive Director of Finance & Business Hub that detailed the Authority's borrowing and investments held at 1 April 2022 and 31 March 2023.

The Lead Treasury Accountant, Mark Finnegan, reported that during the period, net borrowing decreased by £41.68m to leave a net investment position of £204.10m. New borrowing of £65m was undertaken to unwind a proportion of WMCA's historic under-borrowed capital financing position and mitigate against interest rate rises.

It was noted that training on Treasury Management would be provided to members of the committee before consideration of the Treasury Management Policy, Strategy and Practices report.

Resolved that:

The contents of the report be noted.

**13. Auditor's Annual Report on West Midlands Combined Authority 2021/22**

The committee considered a report of the Executive Director of Finance & Business Hub that attached as an appendix, a summary of the key findings arising from the work carried out by the external audit team at Grant Thornton that is intended to provide a commentary on the results of their work to the Authority and external stakeholders.

The committee had also received a short supplementary paper outlining changes to the 2021/2022 financial statements due to a revised actuarial valuation of the West Midlands Pension Fund.

The Head of Financial Management, Louise Cowen, outlined the report and advised the committee that two improvement recommendations have been made; one around the quoracy of Audit, Risk and Assurance Committee and the other around strengthening contract management arrangements across the Authority.

In relation to strengthening contract management arrangements, the Executive Director of Finance & Business Hub, Linda Horne, reported that the Procurement Team has now been bolstered to ensure there is capacity within the team to undertake contract management.

Grant Patterson, Grant Thornton, informed the committee that external audit commentary is provided on the value for money arrangements not on the outcomes and reported that no significant weaknesses have been identified.

The Head of Financial Management, Louise Cowen, reported that further to Grant Thornton's review of the internal audit of the WMCA's financial statements for 2021/22, changes had been agreed with regards to the WMCA's share of £37m deficit reduction in the West Midlands Pension Fund following the recent formal valuation of the fund by the fund's actuary on 31 March 2022.

Grant Patterson, Grant Thornton, reported that there had been a significant improvement in the funding of West Midlands Pension Fund and a revised IAS 19 actuarial valuation report for the impact had been issued. He added that he would be talking to the fund's actuary to understand what is driving the opinion and the findings would be reported to this committee.

Resolved that:

1. The Auditor's Annual report on the West Midlands Combined Authority for the year ended 31 March 2022 be noted;
2. The changes to the WMCA's 2021/22 accounts following receipt of the pension fund actuary's updated valuation report for 2021/22 be approved and
3. The publication of the report on the Combined Authority's website be approved.

**14. Presentation: Overview of WMCA's Budget 2023/24**

The committee received a presentation that provided an overview of 2023/24 revenue and capital budgets that were recently approved by the WMCA Board.

The Head of Financial Management, Louise Cowen presented a summary of the WMCA's Budget that included the strategic context for budget setting, key underlying budget assumptions and the medium financial position beyond 2023/24.

The Chair thanked the Head of Financial Management for an informative presentation.

Resolved that:

The presentation be noted.

**15. Forward Plan**

The committee considered the forward plan of items to be reported to future meetings.

Resolved that:

The report be noted.

## **16. Exclusion of the Public and Press**

Resolved 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).

## **17. Information Assurance Update Report**

The committee considered a report of the Strategic Head of Digital and Data that provided an update on Information Assurance.

The Strategic Head of Digital and Data, Jason Danbury outlined the key highlights from the report.

Resolved that:

1. The approach adopted in addressing long standing legacy matters be noted;
2. The external funding award and the positive progress made against the Cyber Treatment Plan to date be noted;
3. The positive progress made against the Internal Audit Report: Information and Assurance and Cyber Security 2022-23 and the 2 outstanding matters requiring further time to fully address be noted;
4. The positive progress made against Cyber Essentials accreditation and the pending business decisions relating to the final few matters be noted;
5. The governance of digital and data matters outside of Data and Digital Enabling Services is pending the outcome of the WMCA' wider Governance Review be noted and
6. The importance of Information and Asset Registers outside of Digital and Data Enabling Services be noted.

The meeting ended at 12.38 pm.



# Young Combined Authority

## Young Combined Authority (YCA) Board update, October 2023

### Update

Our current YCA members have been busy as we move into a transition period where current members will move into other WMCA-related opportunities and our new younger cohort of members are recruited.



### Mental Health Youth Summit

Faith Strategic Partnership Group (FSPG) / YCA Mental Health Youth Summit was a great success with over 100 people in attendance including Faith Leaders, young people and mental health and youth work professional across the region coming together to support young people’s mental health.



On arrival attendees were greeted by an array of local organisations supporting young people’s mental health and success in life, this included Aquarius, providing additional support, Prince’s Trust and Just talk, support services.

We then heard from a wide range of speakers who shared how faith had supported their mental health journey, including Author and Spoken word poet Jaspreet Kaur. This was followed by a young people panel exploring their lived experience as well as youth led workshops where YCA members facilitated workshops focusing on wider mental health, crime and the cost of living crisis and their effect on young people’s mental health.

Cost of Living- “I don’t feel I can ask my parents for money because I know the pressure they are under”

Crime- Young people require support with making positive relationships to reduce risk of poor decisions that could lead to criminality.

## WMCA Faith Covenant Signing

YCA Members Liv, Hamaam and Yasmeen joined local Faith Leaders and Councillors to celebrate the signing of the Faith Covenant, followed by roundtable discussions.

Attendees discussed three themes, - Jobs and Skills, Health Inequalities, Travel and Connectivity and explored priorities and potential for collaboration in each area.



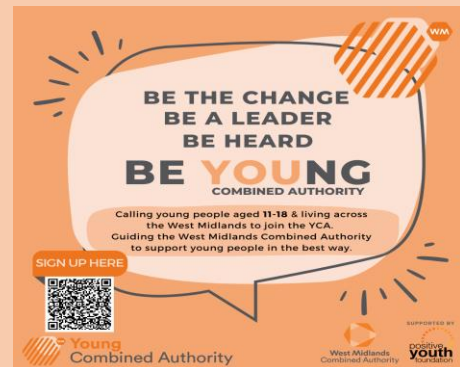
## National Youth Combined Assembly

YCA Members travelled to Manchester to meet with YCA's from Yorkshire, Liverpool, and Manchester regions to discuss how they might tackle youth-related issues. It was a great opportunity for everyone to meet in person for the first time and discuss the different work happening in the regions.



## YCA Recruitment

Recruitment for the new cohort has begun with call outs on social media. Our delivery partner, Positive Youth Foundation has also been doing community outreach, to ensure take up and engagement from underrepresented groups across the region. We are currently aiming for new members to be in for November will look to set priorities across November and December, it is likely that Mental Health will continue to be a focus.



## Coming up:

YCA/ FSPG Mental Health Youth Summit- Follow Up Round Table- 19<sup>th</sup> October.

Mindset Revolution/ University of Birmingham workshop- Exploring deliberative democracy approaches- 18<sup>th</sup> November.

Any questions, please email: [Miriam.Aslam@wmca.org.uk](mailto:Miriam.Aslam@wmca.org.uk)