



WMCA Board

Date: Friday 15 March 2024

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
Items of Public Business			
1.	Apologies for Absence	Chair	None
2.	Declarations of Interest Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None
3.	Chair's Remarks (if any)	Chair	None
4.	Minutes - 9 February 2024	Chair	1 - 10
5.	Forward Plan	Chair	11 - 14
6.	Regional Activity & Delivery Update	Chair	Verbal Report
Governance			
7.	Request by Warwick District Council to become a Non-Constituent Authority of WMCA	Chair	15 - 20
Finance			
8.	Financial Monitoring Report 2023/24	Councillor Bob Sleigh	21 - 52
Economy & Innovation and Levelling Up / Devolution			
9.	West Midlands Investment Zone	Councillor Stephen Simkins / Councillor Sharon Thompson	53 - 74
10.	Devolution Update	Councillor Sharon Thompson	75 - 78
Skills & Productivity			
11.	Commissioning and Procurement of WMCA Skills Provision	Councillor George Duggins	79 - 84
Transport			
12.	West Midlands Cycle Hire Scheme Update	Councillor Mike Bird	85 - 96

13.	West Midlands Bus Service Improvement Plan Phase 3 Funding 2024 / 2025 - Spending Approval	Councillor Mike Bird	97 - 108
Minutes			
14.	Investment Board - 12 February 2024	Councillor Bob Sleigh	109 - 116
15.	Transport Delivery Overview & Scrutiny Committee - 26 February 2024	Councillor John McNicholas	117 - 122
16.	Overview & Scrutiny Committee - 4 March 2024	Councillor Cathy Bayton	123 - 128
17.	Young Combined Authority Update - March 2024	Chair	129 - 130
18.	Exclusion of the Public and Press [In accordance with s100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business as it is likely to involve the disclosure of exempt information as specified in paragraph 3 of the Act.]	Chair	None
Item of Private Business			
Finance			
19.	The Very Light Rail Innovation Centre and Black Country Innovative Manufacturing Organisation - Options for Future Delivery	Councillor Patrick Harley	131 - 140
Date of Next Meeting			
20.	Friday 14 June 2024 - 11.00am	Chair	None



West Midlands Combined Authority

WMCA Board

Friday 9 February 2024 at 11.00am

Minutes

Constituent Members

Andy Street (Chair)	Mayor of the West Midlands Combined Authority
Councillor Mike Bird	Walsall Metropolitan Borough Council
Councillor Paul Bradley	Dudley Metropolitan Borough Council
Councillor Kerrie Carmichael	Sandwell 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 Stephen Simkins	City of Wolverhampton Council
Councillor Bob Sleigh	Solihull Metropolitan Borough Council
Councillor David Welsh	Coventry City Council

Non-Constituent Members

Councillor Matthew Dormer	Redditch Borough Council
Councillor Izzi Seccombe	Warwickshire County Council
Councillor Kristofer Wilson	Nuneaton & Bedworth Borough Council

Co-opted Member

Rob Johnson	Midlands Trades Union Congress
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Observer Members

Councillor Greg Brackenridge	West Midlands Fire Authority
Simon Foster	West Midlands Police & Crime Commissioner

In Attendance

Councillor Cathy Bayton	Overview & Scrutiny Committee
Councillor John McNicholas	Transport Delivery Overview & Scrutiny Committee
Mark Smith	Audit, Risk & Assurance Committee

103. Apologies for Absence

Apologies for absence were received from Lee Barron (Midlands TUC), Councillor Shaun Davies (Telford & Wrekin), Councillor Tony Johnson (Cannock Chase), Councillor Susan Juned (Stratford-on-Avon), Councillor Abdul Khan (Coventry) and Councillor Derek Poole (Rugby).

104. Chair's Remarks

(a) Wayne Brown, Chief Fire Officer, West Midlands Fire Service

On behalf of the board, the Chair expressed his sadness at the recent death of Wayne Brown, Chief Fire Officer of West Midlands Fire Service. Councillor Greg Brackenridge paid tribute to the career and public service of Mr Brown and his leadership of the fire service across the region. Members of the board paid their own tributes and offered condolences to his family and colleagues. The board observed a minute's silence in Wayne Brown's memory.

(b) Potential Transfer of Police & Crime Commissioner Functions to the WMCA

The Chair reported that he had received a letter from the Home Secretary on 6 February informing him of the outcome of the recent public consultation and indicating that he was now satisfied to transfer the powers of the Police & Crime Commissioner to the WMCA. The Chair had responded to the letter, giving his consent to the transfer as required by the Levelling Up & Regeneration Act 2023. Simon Foster reiterated his objection to the transfer of powers and noted that there had been a small majority of the responses received to the public consultation in favour of retaining the existing governance arrangements.

105. Minutes - 12 January 2024

The minutes of the meeting held on 12 January 2024 were agreed as a correct record.

106. Forward Plan

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

107. Regional Activity & Delivery Update

The board received a presentation from the Chief Executive setting out the regional activity in recent months.

Since the last meeting of the board, £24m had been provided to help West Midlands businesses reduce energy use and bills, £16m to help homeowners pay for energy efficiency improvements, and £12.2m for a new mixed use regeneration scheme in Coventry. The WMCA had also invested £24m to create 500 new jobs at a new Coventry business park.

Resolved:

The update be noted.

108. Race Equality Week - Update from Race Equalities Taskforce

The board received a presentation from Sharonjit Clare, Chair of the Race Equalities Taskforce on its recent work and activity, particularly in respect of leadership diversity.

Sharonjit Clare highlighted that 45% of the population of the West Midlands did not identify as white, and challenged regional leaders as to whether this diversity was reflected in senior leadership roles. She considered that providing 'shadowing' opportunities for people aspiring to become leaders provided a good opportunity to demonstrate that the region wished to see further progress made in this regard.

Councillor Kerrie Carmichael thanked Sharonjit Clare for her thought provoking comments, and commended her leadership of the Race Equalities Taskforce.

Resolved:

The update be noted and Sharonjit Clare be thanked for her leadership of the Race Equalities Taskforce.

109. State of the Region

The board considered a report of the Executive Director of Strategy, Economy & Net Zero providing a high-level, annual review of the condition of the West Midlands and providing context to help understand the region's performance.

The West Midlands State of the Region was a high-level report that brought to attention the most important trends in the West Midlands. It was an annual review that considered data relevant for comparison at yearly or longer-term basis. It was intended to provide context by setting out a baseline for comparison and understanding, using replicable and repeatable metrics. The report set out its key messages and recommendations around the eight West Midlands Inclusive Growth fundamentals, which focused all types of investment - public, private, capital, revenue, time, attention - on the same set of missions. These missions also connected to one another, ensuring that the real people, places, and businesses across the region were not lost in thematic silos.

Councillor Ian Courts welcomed the report, noting that it set out clearly the challenges facing the region.

Resolved:

- (1) The issues and recommendations arising from the Overview & Scrutiny Committee's consideration of the report be noted.
- (2) The key messages and recommendations set out within the report be noted.
- (3) It be noted that the report would form part of the evidence base for the region's economic development work as part of the regular review of the economic conditions in the West Midlands and forthcoming West Midlands Futures work programme.
- (4) Constituent member authorities be provided with a further individual opportunity to review the State of the Region report before it was published in final form.

110. WMCA Budget 2024/25

The board considered a report from the Executive Director of Finance & Business Hub presenting the WMCA's proposed budget for 2024/25 for approval.

Councillor Bob Sleigh noted that the report proposed a 3% increase in the transport levy which he considered necessary to help address the challenges in transport funding across the region. Councillor George Duggins indicated that he could not support this increase, proposing that using additional funding from the Network Stabilisation Grant would enable a 'flat' transport levy to be adopted, which provided help towards the financial pressures being experienced within all constituent authorities. The Executive Director of Finance & Business Hub drew the board's attention to the cumulative impact that this would have in subsequent years, and indicated that a further report would need to be considered later in the year as to the impact such a decision would have on the Medium Term Financial Plan.

Councillor Mike Bird indicated his support for a 3% increase in the transport levy. Councillor Ian Courts recognised the financial pressures local authorities were experiencing, but stressed that the West Midlands was falling behind the funding it was allocating to public transport compared to other metropolitan areas across the country. The Chair noted that discussions with Government for increased funding would likely be more difficult if the WMCA itself was seen to be not willing to increase the funding it was prepared to give to public transport services.

Following a brief adjournment, an amendment was moved to propose a 0% increase in the transport levy for 2024/25 and for an additional £3.5m from the Network Stabilisation Grant to be used towards transport budget requirements. In accordance with standing order 18.12, Councillor Mike Bird requested that it be recorded that he voted against this amendment, prior to it becoming adopted as the substantive motion.

Resolved:

- (1) A cash flat transport levy for 2024/25 of £119.4m be approved.
- (2) The budget requirement for transport delivery 2024/25, totalling £198.3m and comprising three elements be approved:
 - (i) £119.4m to be funded from the existing transport levy mechanism;
 - (ii) use of £73.9m of grant income, including £28.4m of Network Stabilisation Grant;
 - (iii) use of windfall gains from treasury management of £5.0m.
- (3) The budget requirement for portfolio delivery in 2024/25 of £262.0m comprising of six elements be approved:
 - (i) £142.0m adult education (including Free Courses for Jobs) spending to be funded from adult education budget funding devolved by the Department for Education;
 - (ii) £104.4m to be funded from other grants;
 - (iii) £2.3m to be funded from other income, notably investments;

- (iv) £4.6m to be funded from constituent authority fees (fees to remain at the same level as 2023/24);
 - (v) £0.4m to be funded from non-constituent authority and observer fees (fees to remain at the same level as 2023/24);
 - (vi) use of £8.3m business rates retention income.
- (4) The Mayoral Office budget for 2024/25 of £7.0m, of which £0.9m was to be funded from additional Mayoral Capacity Funding and a further £6.1m was to be funded from reserves, be approved.
 - (5) It be noted that there would be no mayoral precept during 2024/25.
 - (6) The first year (2024/25) of the indicative WMCA capital programme, totalling £706.8m, noting the indicative onward programme thereafter, be approved.
 - (7) The planned spend on the Investment Programme over the period be noted.
 - (8) The advice of the Executive Director of Finance & Business Hub in relation to the robustness of the budget and the adequacy of reserves be noted.
 - (9) The WMCA's ongoing commitment to work with the Mayor and Leaders during 2024 to discuss a sustainable funding solution for transport which would meet the scale of ambition for the network be noted.
 - (10) Authority be delegated to the Executive Director of Finance & Business Hub, in consultation with the Portfolio Lead for Finance, to make any final changes that might result from the final Local Government Finance Settlement.
 - (11) Authority be delegated to Executive Directors to progress expenditure within the budget that was in furtherance of WMCA Board-approved local policy.
 - (12) The following policies and strategies, which contained items as required by statute, be approved:
 - (i) Treasury Management Policy Statement;
 - (ii) Treasury Management Strategy, including the 2024/25 Investment Strategy and criteria for specified and non-specified investments;
 - (iii) Capital Strategy and Minimum Revenue Provision Statement; and
 - (iv) Pay Policy Statement.

[In accordance with the requirements of the Combined Authorities (Finance) Order 2017, the Mayor and constituent authority members voted on these resolutions as follows:

FOR (12): Andy Street, 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 Stephen Simkins, Councillor Bob Sleight and Councillor David Welsh.

AGAINST (0): none.]

111. Employment & Skills Strategy for Deeper Devolution

The board considered a report from the Interim Director of Employment, Skills, Health & Communities on a reviewed and refreshed Adult Education Budget strategy to create a wider Employment & Skills Strategy that set out the WMCA's priorities for the next three years.

The Employment & Skills Strategy built on the WMCA's current Adult Education Budget strategy, with a stronger focus on supporting inclusive economic growth, higher level skills, the work of universities, employment support, and business support and innovation. Through this strategy, it had have sought to deepen both the WMCA's economic policy and social policy focus over and above its funding stream implementation and objectives.

Resolved:

The Employment & Skills Strategy 2024-27 be approved, and the approach being adopted through the strategy to ensure the integration of employment and skills across the region be endorsed.

112. 2024/25 Skills Bootcamps Change Request

The board considered a report from the Interim Director for Employment, Skills, Health & Communities seeking to secure approval of the grant from the Department of Education to extend skills bootcamps into a fifth year.

The WMCA had been delivering skills bootcamps since the initial pilot in 2018, securing over £34m from the Department for Education during this period. Skills bootcamps were accelerated adult training in technical occupations found in sectors such as digital, construction and new emerging occupations eg. retrofit. They provided an alternative to qualifications and apprenticeships where either the job roles were new, where qualifications were not available or where accelerated models of delivery could address labour market gaps.

The Interim Director for Employment, Skills, Health & Communities indicated that she was happy to provide a separate briefing to Councillor Ian Courts to explain in more detail the expected outcomes from the budget allocated for the monitoring and evaluation of the scheme.

Resolved:

- (1) The receipt of £26,794,280.20 from the Department for Education to enable the extension of the skills bootcamps programme to cover the period 1 April 2024 to 31 March 2025 be approved.

- (2) Authority be delegated to the Interim Director for Employment, Skills, Health & Communities, in consultation with the Monitoring Officer and the Section 151 Officer, to enter into the appropriate form of agreements and any necessary procurement activity relating to the skills bootcamp programme.

113. Homes for the Future Strategy

The board considered a report of Interim Executive Director of Housing, Property & Regeneration summarise the work that has been undertaken under the leadership of the Housing & Land Delivery Board on Homes for the Future, including the work to date on the Homes for the Future Implementation Plan and communications strategy, including the launch event.

In April 2022, the Housing & Land Delivery Board agreed a programme of work to develop a 'Homes for the Future Strategy' in order to produce a coherent strategy to accelerate the development of the Future Homes Cluster in the Plan for Growth, secure delivery and investment in Advanced Manufacturing in Construction, zero carbon homes, get the region ready for the roll-out of changes to Building Regulations (Part L) set out in the Government's emerging Future Homes Standard, and consequential reduced occupier costs in the new homes.

Homes for the Future had been developed with the oversight of the Future Homes Taskforce. The taskforce last met in October 2023, where its members expressed strong support for the programme of work and stressed the importance of showcasing industry support and early wins through landing a successful communications strategy and continuing work post-publication in the form of a wide-reaching Implementation plan.

Resolved:

- (1) Progress with the work to date to develop the Homes for the Future programme for the West Midlands, and the wide-ranging input from the Future Homes Taskforce and local authority partners across the region, among other relevant stakeholders, be noted.
- (2) The final draft of the Homes for the Future strategy and technical standard be noted.
- (3) The feedback provided from the Homes for the Future event and consultation responses be noted.
- (4) The official release of WMCA's Homes for the Future proposals be endorsed.
- (5) In light of responses to WMCA's Homes for the Future consultation, an option to vary the Pre-Manufactured Value requirement, allowing alternative build method statements to accompany bids for WMCA grant where the primary operational and upfront embodied carbon standards were being met, be introduced.
- (6) The release of the Government's Future Homes Standard consultation be noted.

- (7) The WMCA's response to the Government's '*The Future Homes and Buildings Standards: 2023 Consultation; Approved Document L - Conservation of Fuel and Power and Minimisation of Greenhouse Gas Emissions Volume 2: Buildings other than Dwellings*', which considered the standard in relation to non-domestic dwellings, be noted.
- (8) The letter from the House of Lords Built Environment Committee that summarised findings from the Government's modern methods of construction inquiry be noted.
- (9) The progress on the work to date on the Homes for the Future communications strategy and implementation plan be noted.

114. Faith Covenant Partnership Board - Faith Covenant

The board considered a report of the Executive Director of Strategy, Economy & Net Zero on an update on the activity of the independent Faith Strategic Partnership Group through 2023 and its developing priorities for 2024.

The Faith Strategic Partnership Group was established in 2021 to ensure people of faith across the West Midlands worked together in areas of shared concern such as homelessness, education, employment, poverty, community relations and leadership where faith community groups could help work together for a better West Midlands. The group created space to allow faith leaders to influence policies and programmes and ensure faith communities' voices were reflected in the work of the WMCA. It had established three working groups – homelessness, mental health and emerging leaders - each of which had developed a clear vision and action plan.

The board received a presentation from Amrick Singh Ubhi and Steve Botham, co-chairs of the Faith Strategic Partnership Group, on the community value in bringing the public, private and faith sectors together to tackle the challenges of the region. They highlighted that the West Midlands was the first region, and Birmingham the first city, to sign the Faith Covenant and looked forward to working more closely with local authorities in a strategic way in order to improve the lives of cities. Councillor Ian Courts welcomed the role the wider third sector could place in tackling deep rooted issues that all councils were challenged with.

Resolved:

- (1) The newsletter from the independent Faith Strategic Partnership Group be noted.
- (2) The implications and opportunities for the WMCA and its constituent authorities of working with faith communities, particularly relating to the Faith Covenant, be noted.

115. Investment Board - 15 January 2024

The board considered the minutes of the Investment Board held on 15 January 2024.

Resolved:

The minutes of the meeting held on 15 January 2024 be noted.

116. Housing & Land Delivery Board - 17 January 2024

The board considered the minutes of the Housing & Land Delivery Board held on 17 January 2024.

Resolved:

The minutes of the meeting held on 17 January 2024 be noted.

117. Transport Delivery Overview & Scrutiny Committee - 22 January 2024

The board considered the minutes of the Transport Delivery Overview & Scrutiny Committee held on 22 January 2024.

Resolved:

The minutes of the meeting held on 22 January 2024 be noted.

118. Economic Growth Board - 25 January 2024

The board considered the minutes of the Economic Growth Board held on 25 January 2024.

Resolved:

The minutes of the meeting held on 25 January 2024 be noted.

119. Overview & Scrutiny Committee - 29 January 2024

The board considered the minutes of the Overview & Scrutiny Committee held on 29 January 2024.

Resolved:

The minutes of the meeting held on 29 January 2024 be noted.

120. Audit, Risk & Assurance Committee - 29 January 2024

The board considered the minutes of the Audit, Risk & Assurance Committee held on 29 January 2024.

Resolved:

The minutes of the meeting held on 29 January 2024 be noted.

121. Date of Next Meeting

Friday 15 March 2024 at 11.00am.

The meeting ended at 1.05pm.

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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:
Arrangements for Mayoral Question Time with MPs To agree the arrangements for mayoral question time sessions with the region's MPs.	WMCA Board 14 June 2024	Open	Andy Street Mayor of the West Midlands	Jonathan Gibson Head of Policy & Public Affairs
Penalty Fares for Midland Metro Following public consultation, to agree a new penalty fare amount and to consider moving to a proposed two-tier penalty structure, where the fee amount will reduce for early payment.	WMCA Board 14 June 2024	Open	Councillor Mike Bird Portfolio Lead for Transport	Chris Hopkinson Owner Representative - West Midlands Metro
Private Sector Representation To consider retaining existing private sector representation on WMCA boards until such time as the future Single Settlement governance structure is known.	WMCA Board 14 June 2024	Open	Councillor Stephen Simkins Portfolio Lead for Economy & Innovation	James Hughes Member Relationship Manager
Bus Options Report To consider options for the future delivery of the region's bus network.	WMCA Board 19 July 2024	Open	Councillor Mike Bird Portfolio Lead for Transport	Steven Hayes Head of Network Transformation
Key Route Network Review 2023/24 To approve the amended Key Route Network within the WMCA area.	WMCA Board 19 July 2024	Open	Councillor Mike Bird Portfolio Lead for Transport	Rachel Ing Corridor Manager

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).

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,

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should contact the Governance Services team: governance.services@wmca.org.uk



WMCA Board

Date	15 March 2024
Report title	Request by Warwick District Council to become a Non-Constituent Authority of WMCA
Portfolio Lead	Andy Street, Mayor of the West Midlands
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority. email: laura.shoaf@wmca.org.uk
Accountable Employee	Helen Edwards, Director of Law & Governance email: helen.edwards@wmca.org.uk
Report has been considered by	N/A

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Designate Warwick District Council as a Nominating Body entitled to nominate a Member to be appointed to the WMCA Board.
- (2) Agree to grant the Member nominated by Warwick District Council and appointed to the WMCA Board the same voting rights as the Non-Constituent Authorities as set out in the Constitution of the WMCA.
- (3) Authorise the Director of Law & Governance to make the necessary amendments to the Constitution to record the status of Warwick District Council as a Nominating Body and the voting rights of its Members.

1. Purpose

- 1.1 To consider the request submitted by Warwick District Council to be granted equivalent status as the Non-Constituent Councils with the right to be represented on the WMCA Board and other Boards and Committees.

2. Background

- 2.1 The composition of the WMCA, its Constituent and Non-Constituent Councils is defined in the Orders which established the WMCA. At the time the WMCA was established, Warwick District Council did not apply to be a Non-Constituent Council and so was not named as such in either the West Midlands Combined Authority Order 2016 or the West Midlands Combined Authority (Functions and Amendment) Order 2017.
- 2.2 Although Warwick District Council has since requested to become a Non-Constituent Council this was not something that could be done by a decision of the WMCA Board but could only be achieved through a new Government Order and the Government were unwilling to make a statutory Order for this purpose alone.
- 2.3 The legal position has changed with the passing into law of the Levelling Up and Regeneration Act 2023, section 64 of which has introduced a new provision into the Local Democracy, Economic Development and Construction Act 2009.

104A Non-constituent members of a combined authority

- (1) A combined authority may designate a body other than a constituent council as a nominating body for the purposes of this Part.
- (2) A body may be designated under subsection (1) only if the body consents to the designation.
- (3) A nominating body of a combined authority may nominate a representative of the body for appointment by the authority as a member (a “non-constituent member”).
- (4) The non-constituent members of a combined authority are to be non-voting members of that authority unless the voting members resolve otherwise.
- (5) A resolution under subsection (4) does not permit non-constituent members to vote on a decision whether the combined authority should consent to the making of an order under this Part.
- (6) This section is subject to regulations under section [104C\(4\)](#) (disapplication of this section).
- (7) In this section “constituent council”, in relation to a combined authority, means—
- (a) a county council the whole or any part of whose area is within the area of the authority, or
- (b) a district council whose area is within the area of the authority.
- 2.4 The effect of this section is to enable WMCA to designate Warwick District Council as a nominating body, able to nominate a Member for appointment to the WMCA Board, and so to effectively become a Non-Constituent Authority without the need for the making of a Government Order. No Regulations have been made which would disapply this section and the new provisions came into force on 26 December 2023.
- 2.5 Warwick District Council resolved to formally request WMCA to agree to designate the Council as a Nominating Body at its Council Meeting on 15 November 2023 and this request has now been formally submitted to the Chief Executive of the WMCA.

2.6 In making this request Warwick District Council set out its reasons as follows:

“As you will be aware, Warwick District Council is the only Council in Warwickshire which is not currently a non-constituent member of the WMCA, but it is the only such Council that will host a significant element of the West Midlands Investment Zone. This Council will therefore bring a significant opportunity forward for the benefit of the WMCA area as all as Warwickshire as a whole. At the same time, the Council is conscious of the benefits that the WMCA can also offer the citizens and communities of Warwick District environmentally, socially and economically.”

2.7 Having the same status as a Non-Constituent Council will also bring benefits to Warwick District Council and its residents in that as a voting member on the WMCA Board, Warwick District Council will be able to input into the development of WMCA’s strategies for the Region. Warwick District Council’s representative will be able to participate in other Boards and Committees in the same way as the representatives of the Non-Constituent Councils which will also bring benefits to WMCA through the closer involvement of Warwick District Council in the formulation of wider regional strategies.

2.8 If the Board is minded to agree to the proposals, the WMCA Constitution would need to be amended to reflect these decisions and it is recommended that the Director of Law & Governance be authorised to make the necessary amendments

3. Strategic Aims and Objectives

3.1 The proposal in this report for Warwick District Council to have the same status as the Non-Constituent Councils will support all WMCA’s Strategic Aims.

4. Financial Implications

4.1 The proposal set out in this report for Warwick District Council to be designated as a Nominating Body if agreed will mean that the Council will be granted the same rights as WMCA’s Non-Constituent Councils and an annual membership fee currently set at £30,000 a year will be payable by the Council to WMCA.

4.2 The membership fees payable by Non- Constituent and Observer authorities reflect their ability to access regeneration funds as well as the wider benefits delivered by WMCA:

- Enabling cross-organisation and cross partner working to build economic resilience in the West Midlands;
- Lead on Digital platforms such as deployment of c.£100m to support the 5G mobile network within the region;
- Coordinated Housing and Land investments such as brownfield land development and town centre regeneration programmes; and
- Ongoing work on the Environmental strategy, notably WM2041.

4.3 Non-Constituent authorities are currently able to access the WMCA loans funds (CIF and RIF totalling £210m), Brownfield Land and Property Development Fund (grants up to £50m) and devolved housing grants (totalling £353m) from government. This allows for significant opportunity for increased housing, regenerated brownfield land, economic growth and jobs, alongside increased business rates income and investment into awarded areas.

5. Legal Implications

- 5.1 The proposal set out in this report is for Warwick District Council to be designated as a Nominating Body under section 104A of the Local Democracy, Economic Development and Construction Act 2009 as amended by the Levelling Up and Regeneration Act 2023
- 5.2 Warwick District Council consented to becoming a designating Body at its meeting on 15 November 2023. No other procedural steps are required.
- 5.3 It is proposed that the Member nominated by Warwick District Council and appointed to the WMCA Board should be granted the same voting rights as the Non- Constituent Councils.
- 5.4 The decision to designate Warwick District Council as a nominating Body will need the Mayor and a 2/3 majority of the Constituent Authority Members present and voting in favour to be passed. The decision to grant voting rights to the representative of Warwick District Council will require a unanimous vote of all the Constituent Authority Members
- 5.5 The WMCA Constitution would need to be amended to reflect these decisions and it is recommended that the Director of Law and Governance be authorised to make the necessary amendments.

6. Single Assurance Framework Implications

- 6.1 Not Applicable

7. Equalities Implications

- 7.1 This proposal is likely to have neutral (neither positive nor negative) impact with respect to groups or individuals with one or more protected characteristics.

8. Inclusive Growth Implications

- 8.1 Bringing in Warwick District Council as a Non-Constituent member will support us in building an inclusive economy across the West Midlands. It will enable both residents of Warwick District Council and the whole WMCA area to have an increased sense of power and participation over the decisions that are being made in the area and how they benefit from these. Warwick District Council is a key partner in supporting us to achieve our other inclusive growth fundamentals; Affordable and safe places, connected communities, education and learning, health and wellbeing and equality by working even closer together on the projects we are delivering.

9. Geographical Area of Report's Implications

- 9.1 This report has implications for the whole of the geographical area of WMCA and for the administrative area of Warwick District Council.

10. Other Implications

- 10.1 No other implications have been identified.

11. Schedule of Background Papers

- 11.1 Formal request from Warwick District Council to be a Designating Body (Available on request).

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WMCA Board

Date	15 March 2024
Report title	Financial Monitoring Report 2023/24
Portfolio Lead	Finance - Councillor Bob Sleigh
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
Accountable Employee	Linda Horne, Executive Director of Finance and Business Hub email: linda.horne@wmca.org.uk
Report has been considered by	WMCA Executive Board – 6 March 2024 WM FDs – 7 March 2024

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Note the financial position as at 31 January 2024, as detailed in Sections 2 and 3.
- (2) Note the latest forecast for 2023/24 as detailed in Sections 4 and 5.
- (3) Approve the proposed allocations of the anticipated revenue surplus for 2023/24 as outlined in paragraph 4.5 of this report.
- (4) Subject to approval of (3) above, authorise the S151 Officer and the Monitoring Officer to put in place all necessary arrangements to give effect to the agreed recommendations to include entry into the any funding agreements with third parties and expenditure of the amounts described.
- (5) Note the confirmation of the Adults Skills Funding budget (previously referred to as the Adult Education Budget) for the 2024/25 academic year and the Skills Bootcamp funding for the 2024/25 financial year, as detailed in Section 6.

- (6) Approve the acceptance of £14.5m of the Local Electric Vehicle Infrastructure Capital Fund, £20.0m Trailblazer Devolution Deal capital funding and £3.0m grant award from DLUHC to supplement the CWGLF fund and to delegate authority to the S151 Officer and the relevant Executive Directors to enter into any contracts required to enable delivery of the programme in compliance with the grant conditions.
- (7) Delegate authority to the WMCA Executive Director of Finance and Business Hub (S151 Officer) to accept any funds awarded during the pre-election period and up to the June Board meeting, subject to satisfactory terms and conditions and all funds going through the Single Assurance Framework.
- (8) Note the arrangements concerning the UKSPF year 3 payment profile and actions being taken to ensure the West Midlands allocation is maximised (Section 7).
- (9) Delegate to the Section 151 Officer, in consultation with the Portfolio Holder for Finance, the ability to increase the commitment cap on the WMCA commercial and residential loan funds by (up to) an additional £40m (to £250m), subject to the WM Finance Directors consenting to the change (Section 8).
- (10) Note the Local Authority Capacity requirements associated with the WMCA Levelling Up Zones and the WMCA proposal (Section 9).
- (11) Confirm the annual allocations endorsed by WMCA Board on 18 March 2022 for 2024/25 in respect of Highways Maintenance and Local Network Improvement Plan, within the City Region Sustainable Transport Settlement, as detailed at Section 10.
- (12) Note the additional funding awarded to the region for Highways Maintenance works, as part of the Government's Network North plan, and endorse the proposed 2024/25 allocation of this funding (Section 11).
- (13) Note the Treasury and Prudential indicators for the period ending 31 December 2023 as outlined in Section 12 and Appendix 8 of this report.

1.0 Purpose

- 1.1 To provide an update on the Combined Authority's financial position based on the information known at the end of January 2024. The report includes capital and revenue financial performance, explanations for variations, an update on the likely outturn for 2023/24 and risks which are being managed by the Authority.

2.0 2023/24 Year to Date Revenue Position

- 2.1 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority, whilst Appendices 2 to 4 present the detailed summaries for Transport, the WMCA Portfolios and the Mayoral office, respectively.
- 2.2 The position at the end of January is a surplus of £5.1m, which is a favourable variance from budget of £5.4m.

- 2.3 Within Transport, there is a surplus of £3.4m which represents a favourable variance from budget of £2.8m. This arises from savings due to delayed recruitment, a reduction of £0.6m in the previous year's Metro subsidy and a £0.5m timing difference between receipt of grant and the rising contractual costs of the tendered bus service. Concessionary related underspends have arisen due to patronage remaining below pre pandemic levels. In line with agreement from the Board, these savings on ENCTS have been transferred to a reserve to protect against future transport network risks, £2.5m to date. (This is around 8% of the assessed, annualised risk exposure in relation to the bus network.)
- 2.4 Within the Portfolio budgets there is a favourable variance of £2.6m due to staff vacancies, less than anticipated expenditure on external advice and receipt of new grant income. Expenditure is below budget against the grants within Economic Skills and Communities totalling £23.0m to date, including AEB, Multiply, Digital Skills and UKSPF. This position is a timing variance, with the position largely to be recovered by the end of the financial year based on commitments made.
- 2.5 The Mayoral Office position as at the end of January 2024 was in line with budget.

3.0 2023/24 Year to Date Capital Programme Position

- 3.1 Appendix 5 sets out the position on the Capital Programme as at the end of January 2024. Actual costs totalled £287.5m, resulting in a favourable variance of £196.3m against a phased budget of £483.8m and £2m less than the latest forecast. This means that around 59% of the planned programme has been delivered in line with original phasing.
- 3.2 The year to date expenditure to budget variance is primarily contained within Transport (£85.2m), Housing and Regeneration (£33.3m) and a further £76.5m within the capital programme delivered externally by Local Authorities.
- 3.3 Within Transport, the variances are across the entire programme, but the most significant are within Metro (£43.8m), Rail (£12.4m), Bus (£9.7m) and Sprint (£8.1m). Within Metro, there are variances due to rescheduling of works to reflect the latest expectations, namely £12.2m on Birmingham Eastside Extension, £12.6m on Metro enhancements where detailed designs have taken longer than anticipated and £4.2m on the Wolverhampton City Centre extension. Within Rail, operational issues (e.g. the wall at Pineapple Road, a well at Kings Heath, and the environmental measures on discovering badgers and soil nailing activity at Moseley) have impeded progress in meeting the schedule anticipated at budget development. The Bus and Sprint programmes have also been reprofiled, with work now due for completion mainly in 2024/25. March 2024 and onwards.
- 3.4 Within the Housing and Regeneration programme, the favourable variances are mainly due to timing, with the most significant being £18.7m underspend on the Brownfield Land Fund due to land acquisition by a partner authority not progressing at the pace initially anticipated, as well as the impact of cancelled projects following a review of schemes. Rephasing of works to match the latest delivery expectations has led to variances of £10.5m of which £4.0m is within the Phoenix 10 project within the Black Country Land and Property Investment Fund. A further £3.8m is linked to the prioritisation of brownfield pipeline projects to ensure the grant conditions deadline is met.
- 3.5 In relation to the externally delivered programme, progress on schemes is behind the schedule originally anticipated at budget setting, specifically £39.7m relating to the Coventry City Centre South Regeneration project, £3.2m for the Active Travel Fund 3 Cycling and Walking schemes and £19.2m for the Sustainable Transport schemes.

4.0 Revenue Forecast Update

- 4.1 A refresh of the full year forecast was under-taken during January and the position now reflects the expected outturn at year end. The latest projection for the revenue budget is an overall underspend of £7.4m, net of £1.2m earmark for air quality and data commitments and which has moved favourable by £6.1m from that previously reported. The underspend is made up of £0.9m in Transport, £1.0m within Portfolios, with the main movement reflecting £5.5m as a one-off, windfall gain on capital financing.
- 4.2 The Authority is in a position to release, at Quarter 3, the anticipated windfall savings of £5.5m arising from capital financing decisions. Due to the material slippage on the capital programme covered in this and previous reports, the Authority has been able to avoid anticipated debt charges, largely relying on higher than normal cash balances. Prudent treasury management activity has resulted in strategic decisions being taken to maximise returns on this cash balance, contributing to the savings. It should be noted that this is a one-off opportunity.
- 4.3 Within Transport, the main movement relates to advertising income where the variable element is expected to be higher than previously forecast. The improved position on Portfolios is due to reductions in external advice spend due to activities no longer taking place this financial year, impact of delayed recruitment and availability of additional grant funding to support delivery of key activities.
- 4.4 The Mayoral budgets are forecast to outturn in line with budget with a minor favourable variance.
- 4.5 Of the £7.4m underspend identified above, it is proposed that the following allocations be made:
- a) £1.5m to be ringfenced in relation and importantly, subject to, this Board consideration of a separate report under the private agenda of this meeting.
 - b) Up to £3.5m (£0.5m per Local authority) to support capacity building for local authorities to deliver Growth Zone, Place strategies and regeneration schemes. (See section 9 of this report for further details).

The final overall net surplus of £2.4m will then transfer into WMCA general reserves to support ongoing financial resilience. It is important to note that the Authority General Reserves are already lower than the recommended level highlighted by the Authority's Auditor so this will help recover that position.

- 4.6 The WMCA is on track for full delivery of its £3m efficiency target within Transport.

5.0 Capital Forecast Update

- 5.1 The latest capital forecast indicates expenditure of £375.8m, with £89.6m delivered externally and £286.2m delivered internally. This is against a budget of £606.7m, meaning that there is £231.0m of expenditure which has been deferred to future years. Based on the latest projections, around 62% of programme is expected to be delivered within this fiscal year, with 29% of the forecast expenditure scheduled for delivery in the final quarter.

5.2 Compared to quarter two, spend has reduced by £77.7m. The most significant movements are within the internally delivered Transport programme (£54.0m), the externally delivered Transport (£17.6m) and Housing & Regeneration Programmes (£7.0m). Within the internally delivered transport programme the key movements are within Metro and Rail as detailed below:

- WBHE – Phase 1 Flood Street £18.6m – Design delays have impacted material order placement, subcontractor procurement and installation, leading to rescheduling of works.
- Metro Network Enhancements (Wednesbury Depot Upgrades) £3.0m – Spend has been deferred to later years due to project slippage.
- Rail - Camp Hill Line Local Enhancements (Package 2) £5.0m – Operational issues have impacted project progress, necessitating a rephasing to reflect latest expectations.
- Rail - Walsall to Wolverhampton Local Enhancements (Package 1) £3.7m – Phasing has been changed to reflect the latest view of project delivery.

5.3 Additionally, the externally delivered Transport programme’s forecast expenditure has reduced since partners have not brought forward business cases in line with original plans, impacting on the release of funding and delivery of the projects. The reduction in the Housing & Regeneration programme is largely due to the review of the Brownfield Land Housing pipeline projects where some projects have been removed as deemed ineligible to meet the grant funding criteria.

5.4 There has been ongoing engagement with grant providers in respect of the slippage in the capital programme to minimise risk of any grant clawbacks.

5.5 It is important to note that this forecast represents the best assessment at the time of writing, however, as the January 2024 position is mainly in line with the forecasted outturn, it is deemed that there is no material risk to the forecast position.

6.0 New Funding

6.1 Details of new grant awards, totalling £207.4m, are summarised in the table below including an additional £3m WMCA has been able to secure from DLUHC following discussion previously at Board for the unforeseen need to supplement the community projects fund.

Grant name	Value	Grant period		Purpose
	£m	From	To	
Adult Skills Funding	133.700	August 2024	July 2025	Devolved Adult Skills Funding (Formerly referred to as Adults Education Budget) to fund the delivery of education and training for learners aged 19+.
Bootcamp wave 5	26.794	April 2024	March 2025	Bootcamp Wave 5 for spend in 2024/25.
Trailblazer Devolution Deals	20.000	April 2023	March 2024	DLUHC trailblazer devolution deal capital funding.
Local Electric Vehicle Infrastructure Capital Fund	14.549	April 2023	March 2025	Funding for the provision of electric vehicle chargepoints throughout the region. Allocations cover two financial years: 2023/24 £13.094m and 2024/25 £1.455m. The grant is aimed at delivering a step-change in deployment of local, primarily low power on-street charging infrastructure and accelerating the commercialisation of, and investment in, the local charging infrastructure sector.
Free Courses for Jobs (FCFJ)	9.376	September 2024	August 2025	To deliver level 3 qualifications.
Commonwealth Games Legacy Fund Supplement (CWGLEF)	3.000	April 2023	March 2024	Funding from DLUHC to supplement the Commonwealth Games Legacy Fund (CWGLEF) budget to support community projects.
Total	207.419			

- 6.2 As verbally communicated at WMCA Board on 09 February 2024, devolved grant funding, totalling £143.1m has been confirmed for the academic year 2024/25 to deliver priorities in relation to skills development. This is a £1.5m increase on the values included in the 2024/25 budget report, and therefore the budget will be adjusted accordingly to reflect the latest position. A separate report on Skills funding will be taken to the March 2024 WMCA Board covering the procurement and award of the funding to partners.
- 6.3 The Chancellor delivered his Budget on 6 March 2024. It was announced that the WMCA has been granted £10m in new funding to support culture and heritage and £5m ringfenced capital for inward investment following a submission letter to HMG.
- 6.4 It is proposed that authority is delegated to the Executive Director of Finance and Business Hub, in conjunction with the relevant Executive Director, to accept any grants notified during the pre-election period and up to the June WMCA Board meeting, subject to satisfactory terms and the Single Assurance framework being followed. A report on any further successful awards will be reported to the Board in June 2024.

7.0 UKSPF Year 3 Payments

- 7.1 UKSPF (UK Shared Prosperity Fund) is the Governments post-Brexit fund which was intended to fill the gap when EU funding to the UK ceased. The allocation to the West Midlands (£88m over 3 years) is managed by the WMCA as the accountable body and Local Authorities and WMCA are the commissioning / contracting bodies for the various workstreams.
- 7.2 Regionally we lost approximately 4 months of delivery time between year 1 and year 2 whilst WMCA satisfied DLUHC's carry forward processes. As we enter year 3 in April 2024, DLUHC have agreed to relax these processes meaning the region can carry forward all unspent balances to year 3 automatically. This means WMCA will be entitled to the full £88m, subject to WMCA being able to demonstrate this level of spend by 31 March 2025.
- 7.3 The new carry forward arrangements from DLUCH do mean, from a cash perspective, the final payment to WMCA (and hence Local Authorities), being 30% of the year 3 value, will be claimable in arrears and receivable in quarter one of 2025/26.
- 7.4 It should be noted that any funds from the £88m not spent by 31 March 2025 would be lost. This risk is magnified by the fact the programme is significantly back ended with the £88m being distributed £5m, £27m and £56m for years 1, 2 and 3 respectively.
- 7.5 Processes are being established and presented to Economic Growth Board concerning how regionally, we manage the allocation to ensure no funding is lost to the region. This may involve agreeing to move funding between Local Authorities and to new propositions / project, (subject to agreement to those proposals at this Board). It is recommended that in Quarter 1 2024/25, an assessment of spend and forecasts is undertaken to determine what mitigating actions may be required to maximise the regional allocation. If however, the 2023/23 out-turn results are lower than expected, this exercise may be brought forward at the discretion of the WM Finance Director group.

8.0 Commercial & Residential Loan Fund Limit Extension

- 8.1 WMCA Board are requested to approve an extension to the current commitment cap which applies to the WMCA commercial and residential loan portfolio. The cap exists to ensure there is a limit to the financial exposure WMCA can take on as loans and it was originally established by WMCA in 2016.

- 8.2 The loan portfolio exists to provide commercially priced loans to developers for housing and commercial projects where traditional lenders (e.g. banks) are unwilling to lend (e.g. for speculative developments). The fund is considered to have been a success, with strong results to date including:
- £111m of loans repaid since 2016.
 - £248m of Private Sector Leverage achieved.
 - £14m of Business Rates per annum achieved.
 - No defaults to date against loan repayments.
- 8.3 Upon establishment of the Combined Authority in 2016, the loan limit was set at £70m and the decision to cap the value of commitments (i.e. full value of loans legally entered into, whether they were drawn or not) was taken as a prudent measure to ensure WMCA did not financially over-stretch in the event all loans did fully draw.
- 8.4 Extensions to the loan fund cap were agreed in February 2019 when the commercial fund was supplemented with a residential fund and the headroom for additional loans to be committed against the commercial fund was agreed. The current cap is £210m.
- 8.5 The success of the loan fund means, despite the current drawn value (e.g. cash actually paid to developers) being £82.5m, a number of potential loans which are currently going through due diligence will not be able to be agreed because the loan cap will be breached.
- 8.6 Due to there being no Board meeting between March and June 2024, the delegation is requested to allow the Section 151 Officer to temporarily increase the commitment cap. This would only be actioned once the WM Finance Director Group and the Portfolio Holder for Finance provide consent.
- 8.7 The increase required (£40m) would take the cap to £250m and would be treated as a temporary increase, to allow a certain number of known loans to be agreed. A more detailed, longer term proposal for loan portfolio limits will be presented to Board in the summer of 2024. In addition it is important to note that the 'drawn' and hence actual financial exposure amount will not be affected over this period by this decision.

9.0 Levelling Up Zone: Local Authority Capacity Funding

- 9.1 As previously detailed to this Board, WMCA and Local Authorities are commencing the development and delivery of Place Based strategies (incorporating Investment Zones, Growth Zones).
- 9.2 The scale of the task is significant, and all Authorities will require additional capacity promptly in order to give the Levelling Up Zones the best chance of success. Over the short term, there is an urgent need for resources to be allocated to areas such as business case development, programme co-ordination, investor attraction, governance and decision-making support.
- 9.3 WMCA has reached out to Local Authorities to determine what their initial requirements may be with a view to developing a solution to the capacity issue. The information from Local Authorities demonstrated a need for between £0.30m and £0.45m over the next two years.

- 9.4 It should be noted, there likely to be some additional capacity funding available for Local Authorities hosting Investment Zones (funding by the Government IZ grant) and a business case is being developed to outline the intended use for this funding.
- 9.5 In light of the WMCA revenue surplus documented in this report (which has mostly occurred due to one-off treasury investment gains), it is proposed that £0.5m per Constituent Local Authority is provided by WMCA in 2023/24 to each Constituent Authority to assist with the short-term capacity matter. This will allow longer term solutions to the capacity issue to be developed.
- 9.6 In order for this funding to have a lasting effect, WMCA expect Local Authorities to use this funding to help build regional long-term capacity. Additionally, opportunities for using this funding in a strategic manner (e.g. pooling and centralising under one Authority specific tasks (e.g. data & analysis) where it may make sense to do so), will be explored with Local Authority officers.
- 9.7 Subject to approval at this Board, the WMCA Section 151 Officer will consult with the Local Authority Section 151 Officers in order to agree the arrangements underpinning this funding, ensuring these are adequate and proportionate.

10.0 City Region Sustainable Transport Settlement – Local Network Improvement Plan ('LNIP') and Highways Maintenance

- 10.1 On 18 March 2022, WMCA Board approved (subject to conditions now satisfied) the annual allocations for the Local Network Improvement Plans and Highways Maintenance stated below:

£	Annual LNIP Funding	Highways Maintenance
WMCA	5,465,000	-
Birmingham	6,253,500	-
Coventry	2,034,000	4,086,400
Dudley	1,760,400	4,486,100
Sandwell	1,797,900	4,741,300
Solihull	1,184,100	3,872,100
Walsall	1,563,100	3,568,700
Wolverhampton	1,442,000	3,325,400
Annual Total	21,500,000	24,080,000
Five-Year Programme Total	107,500,000	120,400,000

- 10.2 The allocations were awarded for the five-year CRSTS period and are subject to annual confirmation by WMCA Board.
- 10.3 The WMCA Board is recommended to confirm the allocation for 2024/25 as stated above, and delegate authority to the Executive Director of Transport to approve payment to the recipient local authorities, subject to satisfactory receipt of routine monitoring information.
- 10.4 It should be noted that a CRSTS annual report is expected to be presented to WMCA Board in June 2024 documenting progress against the programme.

11.0 Network North (2024-25)

- 11.1 As reported to WMCA Board on 12th January 2024, DfT recently wrote to WMCA to confirm the availability of further funding of £2,586,000 for 2024/25 for the West Midlands.

- 11.2 This funding is from the Road Resurfacing Fund for local highways maintenance and is in addition to the previous Pothole allocations and any funding from CRSTS used for Highways Maintenance (refer to Section 8).
- 11.3 WMCA Board is recommended to delegate authority to the Executive Director of Transport to enter into agreements with the constituent member authorities to distribute this funding, subject to receipt of the grant determination letter from DfT and confirmation that the associated terms and conditions are not materially different to those included for the funding for 2023/24.
- 11.4 The funding allocation proposed is set out in the table below and is the same as the allocations agreed for 2023/24 by WMCA Board on 12th January 2024.

	Allocation	2024/25 £
Birmingham	0%	PFI
Coventry	17%	438,844
Dudley	19%	481,772
Sandwell	20%	509,183
Solihull	16%	415,829
Walsall	15%	383,245
Wolverhampton	14%	357,127
TOTAL	100%	2,586,000

12.0 Compliance with Treasury and Prudential Limits (December 2023 update)

- 12.1 Appendix 6 provides details of the Treasury and Prudential indicators for the period ending 31 December 2023 (the third quarter). This is being reported in accordance with the requirements of the 2021 CIPFA Prudential Code for Capital Finance in Local Authorities and 2021 CIPFA Treasury Management in the Public Services Code of Practice to help Members understand and evaluate the prudence and affordability of the Authority's capital expenditure plans and the borrowing and investment activities undertaken in support of this.
- 12.2 The Authority is fully compliant with the Treasury and prudential limits and no difficulties are envisaged for the current or future years in complying with these indicators.

13.0 Investment Programme

- 13.1 The financial results for the West Midlands Regional Investment Programme run behind the regular management accounts, due to the requirement to consolidate outputs across the metropolitan area.
- 13.2 Appendix 7 summarises grant funding commitments approved by WMCA for projects within the WMCA Investment Programme, which total £853.7m as at 31st January 2024 (no overall change from the last reporting at WMCA Board).
- 13.3 WMCA Investment Programme funding drawn / incurred by projects against these funding commitments totals £598.6m.

14.0 CRSTS

- 14.1 CRSTS funding formally approved and available to be utilised totalled £548.7m as of 31st January 2024. Expenditure incurred from within this funding formally approved totals £184.3m as at 31st December 2023. A breakdown of this total is provided in Appendix 8.
- 14.2 Earlier this year DfT gave all mayoral combined authorities receiving CRSTS funding the opportunity to make changes to their approved CRSTS capital programme, in recognition of the effects of high levels of inflation in recent years. Amendments to the West Midlands region CRSTS 1 programme were approved locally at the September 2023 sitting of WMCA Board. A re-baselined CRSTS programme has subsequently been submitted to DfT and is with Ministers for final approval.
- 14.3 The proposed re-baselined CRSTS programme extends the original £1.05bn programme to a £1.21bn programme, because DfT have allowed overprogramming to be included to cover the risk of some projects failing to drawdown all allocated CRSTS funding by the end of the first CRSTS settlement period. The amount of funding remains static, however, at £1.05bn.

15.0 Administered Funds

- 15.1 Administered Funds totalled £77.9m as of 31 January 2024. The report excludes funds fully utilised and concluded by 31 March 2023. A breakdown of this amount is included within Appendix 11. Of this amount, £44.8m has been spent to date.
- 15.2 These funds do not form part of the Authority's own revenue and capital budgets but are effectively funds received by WMCA and passported to partner authorities for delivery.
- 15.3 Elements of the overarching grants listed at Appendix 9 which are not passported are excluded from this Appendix.

16.0 Balance Sheet

- 16.1 Appendix 10 presents the West Midlands Combined Authority Balance Sheet which shows a healthy financial position as at 31 January 2024.
- 16.2 The increase in property, plant and equipment reflects TfWM capital spend in relation to the Metro extension programme.
- 16.3 The reduction in short term debtors arises from receipt of the grant income for the Local Transport Fund.
- 16.4 The increase in short-term deposits arises largely due to grants received for CRSTS of £52.9m and Brownfield Infrastructure & Land Fund of £33m offset by repayments of short-term loans, AEB, Investment Programme and Metro extension schemes.
- 16.5 The grants received contributed to a net increase in grants receipts in advance whilst the payments for the AEB and the Investment Programme have resulted in a net decrease in earmarked reserves.
- 16.6 Short-term creditors/accruals have increased because of higher accounts payable and accruals.

17.0 Financial Implications

17.1 The financial implications are set out in the report.

18.0 Legal Implications

18.1 In respect of the funding and passporting of funds there will be conditions that WMCA will need to adhere to. Legal support will be required for any legal documentation entered in respect of the above.

19.0 Other Implications

19.1 There are no Equalities, Inclusive Growth, Geographical or Other implications arising from this report.

20.0 Appendices

- Appendix 1 – WMCA Consolidated Summary – January 2024
- Appendix 2 – WMCA Transport Revenue Summary - January 2024
- Appendix 3 – WMCA Portfolio Budget Summary – January 2024
- Appendix 4 – WMCA Mayor Revenue Summary – January 2024
- Appendix 5 – WMCA Capital Programme – January 2024
- Appendix 6 – Compliance with Treasury and Prudential Limits (Quarter 3 update)
- Appendix 7 – WMCA Investment Programme Commitments – December 2023
- Appendix 8 – WMCA CRSTS Programme Commitments – January 2024
- Appendix 9 – WMCA Administered Funds – January 2024
- Appendix 10 – Balance Sheet – January 2024

Appendix 1

WMCA Consolidated Revenue Budget Summary – January 2024

£000's	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Transport Levy	99,462	99,462	0	119,355	119,355	0
Commonwealth Games	0	0	0	0	0	0
Revenue Grants & Other Income	41,733	38,416	3,317	86,021	44,141	41,880
Adult Education Funding	111,764	126,854	(15,090)	136,345	141,391	(5,046)
Share of Business Rates	0	0	0	0	0	0
Constituent Membership	3,870	3,870	0	4,644	4,644	0
Non Constituent Members	325	350	(25)	390	420	(30)
Investment Programme	5,798	0	5,798	36,500	36,500	0
Investment Income	6,617	3,926	2,691	7,565	4,712	2,853
Use of Reserves	8,984	8,856	128	21,347	21,200	147
Total Funding	278,553	281,734	(3,181)	412,167	372,363	39,804
Transport for West Midlands	105,012	107,653	2,640	132,456	133,229	773
Economic Delivery, Skills & Communities	140,853	165,971	25,118	193,252	186,554	(6,698)
Strategy, Integration and Net Zero	15,666	5,369	(10,297)	33,878	6,378	(27,500)
Housing & Regeneration	1,738	1,530	(208)	2,058	1,837	(221)
Portfolio Support	(2,191)	(2,538)	(347)	4,658	3,053	(1,605)
Investment Programme	11,666	3,265	(8,401)	43,167	40,418	(2,749)
Mayoral Office	663	741	78	796	894	98
Mayoral Election	0	0	0	0	0	0
Total Expenditure	273,407	281,991	8,583	410,265	372,363	(37,902)
Net Expenditure (before transfer to earmarked reserves)	5,146	(257)	5,402	1,902	0	1,902
Release of windfall treasury savings	0	0	0	(5,500)	0	5,500
Transfer to earmarked reserves (Known Commitments 2024/25)	0	0	0	5,000	0	(5,000)
Net Expenditure (after transfers to earmarked reserves)	5,146	(257)	5,403	2,402	0	2,402

The position at the end of January shows a surplus of £5.1m equating to a favourable variance against budget of £5.4m. This comprises £2.8m within Transport and £2.6m within Portfolios. The full year position shows a projected surplus against budget of £1.9m within operational areas and also one-off, windfall savings on capital financing of £5.5m, giving a total of £7.4m. Of this £7.4m, it is proposed that £5.0m be reprioritised for specific emerging pressures and requirements, leaving a residual balance of £2.4m. As outlined in section 4 of this report, the net surplus of £2.4m will be transferred to the WMCA General reserves to bolster financial resilience.

The projected full year operational surplus is £1.9m, this is before the release of windfall savings of £5.5m within Capital Financing that have arisen due to a combination of capital slippage and excellent cash management. This results in an overall surplus of £7.4m of which potentially £5m will be utilised as set out and subject to board approval.

Apart from staff savings, the year to date position within Transport reflects a current under-spend within the Tendered Bus Services budget of £0.5m, largely due to Local Transport (LTF) grant received in the first quarter of the year. This receipt has been offset monthly by increased contractual costs and the full year position is expected to be in line with budget. There is a saving against Metro to date of £0.6m which largely relates to a reduction of in the previous year's Metro subsidy. In addition, there are savings against the rail operating budget of £1.1m due to the timing of station openings and child concessions of £0.4m that will be allocated against the £3m efficiency target. The full year savings in these areas are expected to be £2.8m leaving £0.2m to be delivered before the end of the year with robust plans in place.

These positive variations offset unbudgeted costs of £0.6m relating to Metro car body repairs. Savings within the ENCTS of £2.5m due to lower patronage and fares, have been transferred to a risk reserve in recognition of significant pressures around the transport network in the coming year. The saving on this element is anticipated to be in the region of £6.0m by the end of the financial year.

Savings of £2.6m within the Portfolio budgets are due to staff vacancies, reduced spending on external advice and new grant income within Economic Delivery, Skills and Communities. The full year position within Portfolios reflects new grant income within the Economy & Innovation and Health and Communities portfolios which has freed up local funding along with savings against establishment costs and external advice budgets.

There remains below budget spend against the grants within Economic Skills and Communities totalling £23.0m to date, including AEB, Multiply, Digital Skills and UKSPF. This variance has continued to reduce over the last 2 months and is expected to be recovered by the end of the year.

Appendix 2

Transport for West Midlands Revenue Budget Position 31 January 2024

	Year To Date			Full Year		
	Actual £'000	Budget £'000	Variance £000	Forecast £000	Budget £'000	Variance £000
Transport Levy	99,462	99,462	(0)	119,355	119,355	(0)
Business Rates	0	(0)	0	0	(0)	0
Use of Reserves	8,984	8,856	128	14,021	13,874	146
Total Funding	108,446	108,319	128	133,376	133,229	146
National Bus Concession	(36,014)	(36,067)	53	(47,256)	(47,251)	(6)
Metro / Rail	(3,979)	(3,811)	(169)	(4,574)	(4,572)	(1)
Child Concession	(4,599)	(5,168)	568	(5,778)	(7,162)	1,384
Concessions	(44,592)	(45,045)	453	(57,609)	(58,985)	1,377
Bus Stations / Infrastructure	(6,491)	(6,239)	(252)	(6,847)	(7,374)	527
Subsidised Network	(11,448)	(11,934)	485	(14,155)	(14,255)	100
Accessible Transport	(5,516)	(5,564)	49	(6,610)	(6,630)	20
Bus Services	(23,455)	(23,737)	282	(27,611)	(28,259)	648
Metro Services	(8,791)	(8,801)	10	(11,914)	(11,115)	(798)
Rail Services	(3,003)	(4,182)	1,179	(3,968)	(5,563)	1,595
Rail and Metro Services	(11,793)	(12,982)	1,189	(15,882)	(16,679)	796
Safety and Security	(891)	(745)	(145)	(1,055)	(867)	(188)
Passenger Information	(5,015)	(5,275)	260	(6,244)	(6,620)	376
Sustainable Travel	(1,615)	(1,538)	(77)	(1,852)	(1,891)	39
Integration	(7,520)	(7,558)	38	(9,151)	(9,378)	227
Network Resilience	(2,336)	(2,662)	326	(3,145)	(3,305)	160
Business and Democratic Support	(3,446)	(3,685)	239	(4,282)	(4,605)	323
Strategic Development	(3,333)	(3,436)	103	(4,370)	(4,391)	21
Transport Governance	(107)	(118)	11	(120)	(141)	21
Capital Finance Charges	(8,428)	(8,428)	(0)	(10,485)	(10,485)	(0)
Efficiency Target	0	0	0	200	3,000	(2,800)
Total Expenditure	(105,011)	(107,652)	2,641	(132,456)	(133,229)	773
Net Surplus / Deficit	3,435	667	2,769	920	0	920

Concessions

Savings in year within the ENCTS and child concessions budgets are due to a lower service provision. To date savings within the ENCTS budget of £2.5m that have occurred due to a lower service provision have been transferred to a risk reserve in recognition of significant pressures around the transport network in the coming year. Savings within the child concessions budget will be allocated to the efficiency target, it is anticipated that there will be £1.4m of savings by the end of the year.

Bus Services

The tendered bus services budget has a favourable variance of £0.5m at the end of January, largely due to Local Transport (LTF) grant relating to the first quarter of the year. This is expected to be largely offset by an increase in contractual costs expected in the later part of the year.

Within the bus stations & infrastructure budget the over-spend in year is largely due to lower departure charges in year and higher establishment costs in the short term due to an organisational restructure. In the full year these over-spends are expected to be offset by savings against external advice.

Rail & Metro

The full year position within rail services reflects a reduction in the operational rail budget within Transport of £1.4m largely due to the timing of the station openings. These savings will be allocated to the efficiency target.

Within the Metro budget the full year position reflects car body costs of £1.4m that were not budgeted but will now be accommodated within the year partly offset by a saving against the Midland Metro Limited subsidy of £0.9m.

Integration

Within the passenger information budget there are savings mainly relating to software and bank charges that are partly offset by lower commission receivable.

The overspend within sustainable travel relates to the West Midlands Cycle Hire scheme due to lower than budgeted income.

Network Resilience

The under-spend largely relates to external advice expenditure.

Strategic Development

There are savings to date of £0.1m within strategic development which are largely due to staff vacancies.

Efficiency Target

A £3.0m efficiency target is included within the full year budget. To date savings of £2.8m have been ear marked leaving £0.2m to be delivered via vacancy management which can be delivered based on current recruitment timetables. Savings to date are within the rail services (£1.4m) and child concessions (£1.4m) budgets.

Reserves

Use of reserves drawn down relate to budgeted support for the 2023/24 Transport budget and the delivery of the West Midlands Cycle Hire scheme.

Appendix 3

West Midlands Combined Authority Portfolios Budget – January 2024

	JANUARY 2024 YEAR TO DATE			FULL YEAR 2023/24				
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000		
Central Income & Charges								
Mayoral Capacity Funding	0	0	0	204	87	117	The full year position reflects budgeted investment income that will be re-prioritised. Non-Constituent member fees are lower than budgeted as Coventry & Warwickshire and The Marches LEPs have indicated their intention to withdraw non-constituent membership from WMCA resulting in an under collection of budgeted income. £1.2m of the Operational Portfolio surplus will be ear marked to fund air quality and digital and data.	
Other Revenue Income	0	375	(375)	0	500	(500)		
Notional Interest Receivable	749	661	88	898	794	104		
Business Rates Growth Income	0	0	0	0	0	0		
Contribution - 7 Met Council's	3,870	3,870	0	4,644	4,644	0		
Contribution - Non constituent members	325	350	(25)	390	420	(30)		
Use of Specific Reserves	0	0	0	7,326	7,326	0		
Bad debt provision	(60)	0	(60)	(60)	0	(60)		
Total Income	4,884	5,256	(372)	13,402	13,771	(369)		
Corporate Support Recharges to Portfolios	(2,251)	(2,163)	(88)	3,373	3,553	(180)		
Provision for known commitments 2024/25	0	0	0	1,225	0	1,225		
Total Expenditure	(2,251)	(2,163)	(88)	4,598	3,553	1,045		
Central Income & Charges Net Total	7,135	7,419	(285)	8,805	10,219	(1,414)		
Economy & Innovation								
Other Industrial Strategy Income	2,349	1,103	1,246	3,635	1,323	2,312	New grant funding has been secured and activity re-aligned since the budget was set creating projected full year savings of £1.3m. The new grant income largely relates to the British Film Industry (BF).	
Economic Delivery	0	0	0	0	0	0		
Create Central Projects	266	0	266	325	0	325		
Policy and Programme Development	130	0	130	130	0	130		
Total Income	2,745	1,103	1,642	4,090	1,323	2,767		
Industrial Strategy	(2,652)	(1,680)	(972)	(4,090)	(2,016)	(2,074)		
DDCMS - Creative Scale Up	0	0	0	0	0	0		
Economic Delivery	(175)	(393)	218	(238)	(472)	234		
Create Central Projects	(266)	(763)	497	(325)	(916)	591		
Policy and Programme Development	(130)	0	(130)	(130)	0	(130)		
Funding For Growth	(583)	(583)	0	(700)	(700)	0		
Total Expenditure	(3,806)	(3,419)	(387)	(5,483)	(4,104)	(1,379)		
Economy & Innovation Net Total	(1,061)	(2,316)	1,255	(1,393)	(2,781)	1,388		
Health and Communities								
Head of Health & Communities	7	0	7	42	0	42	Savings are largely due to the vacant posts and the timing of External Advice expenditure, along with maximising the use of grant income in order to save local funding.	
Thrive at Work	419	351	68	533	351	182		
IPS Programme	2,951	39	2,912	3,612	39	3,573		
Total Income	3,377	390	2,987	4,187	390	3,797		
Head of Health & Communities	(234)	(682)	448	(508)	(818)	310		
Thrive at Work	(419)	(324)	(95)	(533)	(387)	(146)		
IPS Programme	(2,951)	(127)	(2,824)	(3,612)	(153)	(3,459)		
Total Expenditure	(3,604)	(1,133)	(2,471)	(4,653)	(1,358)	(3,295)		
Health and Communities Net Total	(227)	(743)	516	(466)	(968)	502		
Employment and Skills								
Employment & Skills	39	0	39	39	0	39	The current under-spend against budget relates to vacant posts and the resultant re-profiling of external advice expenditure. The underspend against grant funded programmes within Employment & Skills is falling month on month and is the position is expected to be recovered by the end of the year.	
Construction Skills	69	109	(40)	96	142	(46)		
Adult Education	111,764	126,854	(15,090)	136,345	141,391	(5,046)		
Careers	357	137	220	453	137	316		
Digital Skills	5,732	13,852	(8,120)	15,153	15,647	(494)		
Commonwealth Games	5	0	5	15	0	15		
European Structural & Investment Funding	967	973	(6)	970	994	(24)		
Multiply	1,812	5,700	(3,888)	5,849	5,838	11		
UKSPF	10,744	11,542	(798)	19,315	14,252	5,063		
Health Foundation	131	367	(236)	235	417	(182)		
DBT Growth Hub	349	0	349	670	0	670		
Business Energy Advice Service (BEAS)	5	0	5	2,141	0	2,141		
Total Income	131,974	159,534	(27,560)	181,281	178,818	2,463		
Employment & Skills	(975)	(1,363)	388	(1,238)	(1,649)	411		
Construction Skills	(69)	(109)	40	(96)	(142)	46		
Adult Education	(111,764)	(126,854)	15,090	(136,345)	(141,391)	5,046		
Careers	(357)	(137)	(220)	(453)	(137)	(316)		
Digital Skills	(5,732)	(13,852)	8,120	(15,153)	(15,647)	494		
Commonwealth Games	(5)	0	(5)	(15)	0	(15)		
European Structural & Investment Funding	(967)	(973)	6	(970)	(994)	24		
Multiply	(1,812)	(5,700)	3,888	(5,849)	(5,838)	(11)		
UKSPF	(10,744)	(11,542)	798	(19,315)	(14,252)	(5,063)		
Health Foundation	(131)	(367)	236	(235)	(417)	182		
DBT Growth Hub	(349)	0	(349)	(670)	0	(670)		
West Midlands 5G	(521)	(521)	0	(625)	(625)	0		
Business Energy Advice Service (BEAS)	(5)	0	(5)	(2,141)	0	(2,141)		
Total Expenditure	(133,431)	(161,418)	27,987	(183,105)	(181,092)	(2,013)		
Employment and Skills Net Total	(1,457)	(1,884)	427	(1,824)	(2,274)	450		

	JANUARY 2024 YEAR TO DATE			FULL YEAR 2023/24			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Levelling Up							
Office of Data Analytics	60	0	60	60	0	60	
Head of Policy & Public Affairs	99	53	46	106	60	46	
Commonwealth Games Legacy Fund	7,846	0	7,846	23,875	0	23,875	
Total Income	8,005	53	7,952	24,041	60	23,981	The current under-spend against budget relates to vacant posts and the resultant re-profiling of external advice expenditure.
Office of Data Analytics	(170)	(142)	(28)	(186)	(180)	(6)	
Executive Director of Strategy, Integration and Ne	(425)	(285)	(140)	(497)	(351)	(146)	The forecast over-spend relates to new roles.
Head of Research & Intelligence	(224)	(272)	48	(388)	(350)	(38)	
Head of Policy & Public Affairs	(392)	(474)	82	(595)	(558)	(37)	
Commonwealth Games Legacy Fund	(7,846)	0	(7,846)	(23,875)	0	(23,875)	
Public Affairs	(112)	(143)	31	(134)	(169)	35	
Total Expenditure	(9,169)	(1,316)	(7,853)	(25,675)	(1,608)	(24,067)	
Public Service Reform & Social Economy Net Total	(1,164)	(1,263)	99	(1,634)	(1,548)	(86)	
Inclusive Communities							
Homelessness	437	444	(7)	600	470	130	
Total Income	437	444	(7)	600	470	130	The current under-spend against budget relates to vacant posts and the resultant re-profiling of external advice expenditure.
Head of Systems Change & Inclusion	(221)	(300)	79	(275)	(371)	96	
Youth Combined Authority	(182)	(215)	33	(346)	(278)	(68)	
Homelessness	(482)	(484)	2	(645)	(509)	(136)	
Inclusion	(158)	(193)	35	(260)	(260)	0	
Total Expenditure	(1,043)	(1,192)	149	(1,526)	(1,418)	(108)	
Inclusive Communities Net Total	(606)	(748)	142	(926)	(948)	22	
Culture and Digital							
Culture	115	216	(101)	225	272	(47)	
Tourism, Trade and Investment Programme	1,355	407	948	1,391	407	984	
DCIA	50	0	50	0	0	0	
Total Income	1,520	623	897	1,616	679	937	The current under-spend against budget relates to vacant posts and the resultant re-profiling of external advice expenditure.
Culture	(212)	(380)	168	(428)	(446)	18	
Digital	(112)	(180)	68	(175)	(215)	40	
Tourism, Trade and Investment Programme	(1,355)	(407)	(948)	(1,391)	(407)	(984)	
DCIA	(50)	0	(50)	0	0	0	
Total Expenditure	(1,729)	(967)	(762)	(1,994)	(1,068)	(926)	
Culture and Digital Net Total	(209)	(344)	135	(378)	(389)	11	
Environment & Energy, HS2							
Environment	432	261	171	735	336	399	
Community Green	384	335	49	384	353	31	
Total Income	816	596	220	1,119	689	430	The underspend mainly relates to new grant income largely from the Woodland Trust and the Natural Capital Programme.
Environment	(834)	(956)	122	(1,486)	(1,201)	(285)	
Community Green	(384)	(335)	(49)	(384)	(353)	(31)	
Total Expenditure	(1,218)	(1,291)	73	(1,870)	(1,554)	(316)	
Environment & Energy, HS2 Net Total	(402)	(695)	293	(751)	(865)	114	
Energy Capital							
Energy Capital	453	254	199	472	284	188	
Net Zero Neighbourhood	1,757	0	1,757	1,891	0	1,891	
Total Income	2,210	254	1,956	2,363	284	2,079	The full year position is in line with budget.
Energy Capital	(696)	(552)	(144)	(857)	(670)	(187)	
Net Zero Neighbourhood	(1,812)	(50)	(1,762)	(1,956)	(60)	(1,896)	
Total Expenditure	(2,508)	(602)	(1,906)	(2,813)	(730)	(2,083)	
Energy Capital Net Total	(298)	(348)	50	(450)	(446)	(4)	
Housing & Regeneration							
Director of Housing & Regeneration	1,751	1,531	220	2,071	1,837	234	
Total Income	1,751	1,531	220	2,071	1,837	234	The increased expenditure over budget relates to abortive capital costs which have been written off to revenue as they could not be accommodated within capital grant conditions.
Director of Housing & Regeneration	(1,751)	(1,530)	(221)	(2,071)	(1,837)	(234)	
Total Expenditure	(1,751)	(1,530)	(221)	(2,071)	(1,837)	(234)	
Housing & Regeneration Net Total	0	1	(1)	0	0	0	
Net Expenditure (before transfer to earmarked reserves)	1,711	(921)	2,632	983	0	983	
Release of windfall treasury savings	0	0	0	(5,500)	0	(5,500)	
Transfer to earmarked reserves (known commitments 2024/25)	0	0	0	5,000	0	5,000	
Net Expenditure (after transfer to earmarked reserves)	1,711	(921)	2,632	1,483	0	1,483	There are full year savings of £5.5m as a result of a one-off opportunity relating to capital financing due to excellent cash management and slippage within the Capital Programme. These savings will be set aside to fund known commitments in 2024/25 relating to relating to the Black Country Innovative Manufacturing Organisation (BCIMO) (£1.5m) and additional Local Authority capacity (£3.5m). In addition £1.2m of the Portfolio surplus will be ear marked to fund air quality and digital & data.

Appendix 4

West Midlands Combined Authority Mayoral Budget – January 2024

	JANUARY YEAR TO DATE			FULL YEAR 2023/24		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Other Grants	704	743	(39)	849	894	(44)
Other Income	51	52	(0)	51	52	(0)
TOTAL INCOME	755	795	(40)	901	945	(45)
Staff Costs	658	699	41	797	839	(42)
Travel & Subsistence	11	35	24	16	43	(27)
Other	17	10	(7)	20	12	8
Mayoral Events	70	52	(18)	68	52	16
TOTAL EXPENDITURE	756	795	39	901	946	(45)
NET MAYORAL BUDGET	0	0	0	0	0	0

Appendix 5

WMCA Consolidated Capital Programme Year to Date Position

Note: Commentary only provided where Variance is +/=£200k

WMCA Delivered Schemes

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Metro Birmingham Eastside Extension	38,243	50,420	12,178	51,740	65,007	13,267	The forecast variance reflects funding available for Target Cost 2 (TC2) and changes in delivery scope. 2023/24 expenditure will be significantly reduced largely due to land which will not be vested until later in the programme, alongside reduced construction and utilities works.
Metro Network Enhancements	8,860	21,472	12,612	11,230	27,066	15,836	There is an in year under-spend relating to the advance work package due to delays in agreeing certain technical features and the completion of detailed design on the Wednesbury Depot project (£8m). There is also a prolonged procurement challenge on Metro Line 1 renewals project resulting in a £3m deferment into next financial year. A further £1.3m has been deferred to next financial year on the Traction Power Phase 2 project due to the updated phasing from the approved target costs in May 2023.
Metro Edgbaston Extension	1,902	3,665	1,763	1,987	3,665	1,678	Cost relating to commuted sums which is yet to be agreed with local council, as well as complementary highway works and associated remedial works, have been deferred into 2024/25 financial year.
Metro Wednesbury to Brierley Hill Extension	72,771	79,098	6,328	84,818	97,997	13,178	This is largely attributable to forecast re-phasing. Construction underspend (£10.6m) due to AFC (Approved for Construction) approval taken longer than anticipated this off set by increase in design cost of £1.3m. In addition to this, further non utilisation of contingency costs of £1.2m and land cost rephasing £1.3m.
Metro Wolverhampton City Centre Extension	5,065	9,278	4,212	8,103	9,432	1,328	Largely due to the timing of payment for land that has been acquired and the timing of contingency drawdown and activity within the urban realm budget.
Pay Before Boarding	1,283	4,489	3,207	2,498	5,210	2,712	TC2 approval was obtained later than originally anticipated and ticket vending machine (TVM) payments are expected next financial year
Metro Centenary Square Extension	51	617	566	51	617	566	The current underspend is due to revised delivery schedule and is expected to be recovered over the year.
Metro - Other	687	3,632	2,945	978	4,073	3,096	The full year variance reflects the latest delivery programme in relation to Smart tram works.
Total Metro Schemes	128,861	172,671	43,810	161,407	213,066	51,659	

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Rail Station	7,822	12,189	4,367	9,823	12,189	2,365	The main underspend relates to the Perry Barr Rail station delivered August 2022, awaiting agreement of contract works with Birmingham City Council. The remaining costs relate to contingency held against construction costs.
Rail Package 1	9,551	10,425	874	12,453	16,134	3,681	The position has not yet fully recovered from the temporary pause in August 2023 due to the initial construction company going into administration. Also, additional ground work in the programme and prolongation account for the variance.
Rail Package 2	24,691	29,636	4,944	31,909	36,944	5,034	Project progression of the work is slower than anticipated due to operational issues, including the wall at Pineapple Road, a well at Kings Heath, and the environmental measures on discovering badgers and soil nailing activity at Moseley.
Very Light Rail	85	375	290	190	600	410	Very Light Rail work slower than anticipated due to a prioritisation of resources to other projects.
Rail Development	0	0	0	0	100	100	
Dudley Port Integrated Transport Hub	66	370	304	137	450	313	Works have not progressed to plan, due to a prioritisation of resources to other projects.
Aldridge Station	154	1,517	1,363	260	2,015	1,755	The variance reflective of the timing of the Strategic Outline Business Case approval.
Rail - Other	2	253	251	12	359	347	The process is paused temporarily as WMCA awaits Birmingham City Council's revised Masterplan for the Sutton Coldfield Gateway project.
Total Rail Schemes	42,372	54,765	12,393	54,785	68,790	14,005	

WMCA Delivered Schemes

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
National Productivity Investment Fund	982	1,164	182	1,040	1,170	131	
Clean Bus	935	6,128	5,193	975	6,226	5,252	Variance comprises slippage in National Express West Midlands (NXWM) ordering single deck buses. This is due to a re-evaluation of their single deck network. The third party bus contractors subsidy control process has commenced and completion is anticipated in March 2024 , this will allow third party contractors to order vehicles and infrastructure .
Cross City Bus	991	2,095	1,104	1,862	2,508	646	There are minor design works variances across the programme.
East Birmingham to Solihull Corridor	69	322	253	166	499	333	Concept design work has taken longer than anticipated due to the prolonged timing taken to finalise the design contract award approval.
BSIP Bus Priority Cross City Routes	901	2,771	1,870	1,411	3,110	1,699	Variance is largely due to Package 5 Harborne to Castle Bromwich, where design work contract process is expected to complete by the end of 2023/24 financial year.
Bus Station/Interchange	8,586	9,193	607	9,241	10,019	778	Variance mainly due to design work developed to RIBA (Royal Institute of British Architects) stage 4 and land acquisition works happening slower than anticipated.
Demand Responsive Bus	0	5	5	0	6	6	
BSIP Retrofit Programme	0	500	500	0	500	500	Work has slipped pending the outcome of the CRSTS rebase decision with DfT.
Total Bus Schemes	12,464	22,179	9,715	14,694	24,039	9,346	

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Sprint Ph2 A45	3,869	6,909	3,040	4,172	8,202	4,030	The main variance is due to the deferring of utility costs into 2024/25 in line with updated detailed estimates. In addition, design costs are lower reflecting reduced activity.
Sprint Ph2 A34	2,749	5,738	2,989	3,224	7,465	4,241	
Sprint A45	278	1,084	806	266	1,420	1,154	The Phase 1 works are nearing completion. The main variance is contained within the A45 works, where final accounts are still being completed with the contractors. This will determine the requirement for the contingency, which accounts for the current variance.
Sprint A34	169	(111)	(280)	167	304	137	
Hagley Road	(74)	1,317	1,391	198	2,420	2,221	New revised plan of works is progressing. Until then, there are only minor enabling works across the remainder of 2023/24 financial year, with most of the expenditure deferred into 2024/25 pending the outcome of the review.
Hall Green to Interchange via Solihull	5	152	147	30	202	172	
Hagley Road Rapid Transit	21	0	(21)	150	0	(150)	Variance largely due to timing, including design costs and utility costs are deferred into next financial year.
Longbridge to Birmingham	31	38	7	57	57	0	
Total Sprint Schemes	7,049	15,127	8,079	8,264	20,070	11,805	

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Air Quality	0	0	0	0	990	990	The project is on hold. Due to the national review conducted by DEFRA , the budget has been deferred to next financial year
Better Streets Community Fund	91	141	50	91	141	50	
Electric Vehicles	308	3,793	3,485	1,050	5,614	4,564	Primarily due to the Ultra Rapid Charging Transit station where the acquisition of land is later than anticipated. There is potential for up to 3 sites to be acquired by the end of the financial year; there are ongoing discussion with site owners and land acquisition specialists.
Priority One Development	277	321	43	392	690	298	
Swift ceMV Contactless Payment Broker	1,066	2,259	1,193	1,206	4,082	2,875	Variance reflects the contracts award date costs and roll out of TVM (Ticket Vending Machine) deferred into 2024/25.
Total Sustainable Travel	1,742	6,513	4,771	2,739	11,517	8,777	

WMCA Delivered Schemes

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
KRN/MRN	52	520	467	36	607	571	Project costs have been deferred to next financial year, following a strategic review of priorities. The original budget assumed the Business case would be approved earlier. As this has taken longer than anticipated, the project is still in the development phase. Following procurement activities, the project is now expected to commence in 4th quarter.
Highways - Other	704	1,620	917	882	2,296	1,414	
Total Highways	756	2,140	1,384	917	2,903	1,985	
£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
RTCC	2,213	3,740	1,527	2,788	3,856	1,068	Main variance is due to Highway interventions owing to a lower claim received from Coventry City Council on Phase 2 signals upgrades (£510k).
FMZ	1,947	4,060	2,113	2,133	5,600	3,467	
RTI	56	289	233	79	584	506	Variance due to project specifications being finalised. Tender award took place in November 2023, but was prolonged until all information was received from the supplier, leading to the official contract being awarded. Works are due to pick up in 2024/25.
Scheme Development and M and E	656	1,427	772	754	1,688	934	
Digital and Data - Other	238	337	100	238	337	100	License for Verto software no longer procured as anticipated, as it was not fit for purpose. The budget also had vacant posts to resource the scheme which have not been recruited to, not currently expected until 2024/25.
Total Digital & Data	5,109	9,854	4,744	5,991	12,065	6,074	
£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Asset Management	1,306	1,618	312	1,861	2,198	337	Variance due to Real Time Information project (RTI) due later than anticipated. Work on Content Management System now being included in the project. In addition the bus shelter programme is behind schedule due to supplier reprioritisation of other main projects for WMCA.
Transport - Other	0	0	0	49	49	0	
Total Other	1,306	1,618	312	1,910	2,247	337	
Total Transport Capital Programme	199,659	284,867	85,208	250,708	354,697	103,989	

WMCA Delivered Schemes

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Brownfield Land Fund	2,041	20,769	18,728	2,361	31,472	29,112	This variance is driven by a fundamental review of the projects that are in the pipeline . In particular, ongoing negotiations are in progress for Stratford Gateway with completion deferred until 2024/25 and MG Longbridge is awaiting the developer . A number of other projects in the pipeline have also been cancelled (£7.9m).
Housing Land Fund	2,913	4,448	1,535	3,995	5,719	1,724	The main variance is due to a change in strategy with Brownfield pipeline projects prioritised ahead of Land Fund pipeline, in view of grant condition deadlines.
National Competitive Fund	176	2,387	2,210	243	2,568	2,325	The main variance is due to a change in strategy with Brownfield pipeline projects prioritised ahead of NCF fund pipeline, in view of grant condition deadlines.
Land Remediation Fund	14,915	25,737	10,822	22,175	27,689	5,514	The forecast variance is split evenly between Black Country Land & Property Development fund BLPFD (£2.9m) and the BLPFD Investment Fund LPIF (£2.6m). On BLPFD, the Shard End project deletion , as well as prolonged land acquisition on Electrical Vehicle Charging Area Transit stations (EVCATS), is driving the variation. The LPIF variance is due to the recent withdrawal of the Dudley Brownfield Land Programme, resulting in the funding being reallocated.
Total Housing & Regeneration Schemes	20,046	53,340	33,294	28,773	67,448	38,675	

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Social Housing	5,377	5,230	(147)	6,387	6,029	(358)	Variance largely attributed due to the latest wave 2 scheme, which is progressing ahead of schedule, being delivered by registered Local Authority providers, the variance being one of timing only.
Sustainable Warmth	289	1,621	1,332	291	1,621	1,330	Variance mainly due to the Sustainable Warmth Competition project, which has closed resulting in a repayment to the funder, Midlands Net Zero Hub (MNZH), due to private residents dropping out of the programme and there supply chain difficulties on external wall installation due to timescales and national demand.
Net Zero - Other	0	130	130	14	158	144	
Total Net Zero Schemes	5,666	6,980	1,314	6,692	7,807	1,116	
Total WMCA Delivered Schemes	225,371	345,187	119,816	286,173	429,952	143,779	

Externally Delivered Schemes

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Rail - External							
Very Light Rail - External	3,176	4,285	1,109	5,225	6,829	1,604	This project is retained by DfT, who in Summer 2023 confirmed the release of further funding to be immediately available to the project, thus the annual forecast to budget variance is not indicative of cost over runs. This has allowed an acceleration of forecast works and expenditure. Nil funding presently approved. Expenditure was budgeted to be incurred from October 2023 and now deferred to 2024/25. An OBC submissions from Solihull Council to WMCA is expected in 2024/25, for review and appraisal.
Solihull Rail Station	0	500	500	0	750	750	
Total Rail	3,176	4,785	1,609	5,225	7,579	2,354	
Bus - External							
East Birmingham to Solihull Corridor - External	157	633	476	207	1,000	793	The latest Local Authority return has pushed expenditure into 2024/25. Funding for Dorridge Bus Priority is yet to be formally approved due to CRSTS re-baselining exercise. Therefore, capital expenditure is now expected to be incurred from 2024/25 financial year onwards.
UKC - Solihull - Dorridge Bus Priority	0	333	333	0	500	500	
Total Bus	157	967	810	207	1,500	1,293	
Grants to Local Authorities - Transport							
City Centre Regeneration	5,283	49,009	43,726	5,874	51,688	45,814	Variance primarily due to Coventry City Centre South Regeneration reflecting the latest delivery schedule in regard to the acquisition of land necessary for assembly of the project and completion of demolition works. The main variance is contained within the Active Travel Fund 3 (ATF3) schemes (£3.2m), being delivered by the Local Authorities. Progress has been slower than anticipated. Discussions are ongoing with the funder to extend the grant deadlines.
Cycling and Walking	3,537	7,168	3,631	7,338	10,981	3,643	
Highways	1,708	2,166	457	2,275	2,291	15	There are minor variations across the Major Road Network (MRN) schemes, of which there are 17. These are being delivered by the Local Authorities, and subject to minor slippage into quarter one 2024/25.
Highways Maintenance	23,081	23,081	0	30,283	30,283	0	
Local Network Improvement Plan	13,362	13,363	0	16,035	16,035	0	
Very Light Rail - External Grants	0	0	0	0	0	0	
Grants to Local Authorities - Other	2,030	3,407	1,377	3,173	5,150	1,977	An overarching change request for the UK Central Infrastructure Package was approved by Investment Board earlier this year and has resulted in some current year spend being deferred to future years
HS2 Enabling	1,263	2,398	1,135	1,623	4,464	2,841	Due to central government deciding to no longer go ahead with HS2 phase 2, the related HS2 projects are deferring spend to next year while a review of the HS2 programme is being undertaken. There are also several change requests being processed which contribute to project cost slippage.
Grants to Local Authorities - Transport	50,265	100,591	50,326	66,602	120,892	54,291	

Externally Delivered Schemes

Sustainable Travel - External						
Electric Vehicles - External	80	2,298	2,218	114	3,389	3,275
Sutton Coldfield Gateway	0	600	600	0	1,000	1,000
Active Travel - A45 Segregated Cycleway	0	400	400	0	700	700
A38 Selly Oak to Longbridge Segregated Cycling	0	500	500	0	700	700
City Centre Active Travel Connections to Interchange	0	270	270	0	410	410
One Station and Smalbrook Queensway	0	600	600	700	1,000	300
Snow Hill Growth Strategy	0	550	550	0	750	750
Foleshill Transport Package	212	2,475	2,263	568	4,038	3,470
Cov South Sustainable Transport	324	3,140	2,816	698	4,356	3,659
Dudley Town Centre Interchange Sustainable Connectivity Package	0	0	0	0	0	0
Stourbridge Town Centre Sustainable Connectivity Package	0	0	0	0	0	0
Wednesbury to Brierley Hill Extension Sustainable Access Measures	0	0	0	0	0	0
A461 Walk, Cycle and Bus Corridor	189	156	(33)	350	200	(150)
Smethwick - Birmingham Inclusive Growth Corridor Transport Package	263	667	404	350	1,000	650
Chester Road Corridor - Segregated Cycleway and Capacity Enhancement	0	133	133	0	200	200
Dickens Heath to Solihull Town Centre LCWIP Scheme	0	733	733	0	1,100	1,100
Knowle to Solihull Town Centre LCWIP Scheme	0	667	667	0	1,000	1,000
Multi-modal Access to HS2 Enhancement	0	167	167	0	250	250
Bus, Cycle and Walk Access - Darlaston and Willenhall Train Stations	0	133	133	0	200	200
A454 Walk, Cycle and Bus Corridor	160	1,733	1,573	180	2,600	2,420
A41 Moxley Iron Park to Walsall Town Centre Walk, Cycle and Bus Corridor	0	200	200	0	300	300
Bus, Cycle and Walk Access - Walsall Town Centre Interchange	0	0	0	0	0	0
Black Country Walking and Cycling Package	0	1,333	1,333	0	2,000	2,000
A4123 Walk, Cycle and Bus Corridor	322	533	212	630	800	170
A449 Walk, Cycle and Bus Corridor	304	1,090	786	580	1,635	1,055
Wolverhampton City Centre Movement - Walk, Cycle and Bus Package	0	2,667	2,667	0	4,000	4,000
Sustainable Travel - External	1,853	21,045	19,193	4,170	31,629	27,459
Total Transport Schemes	55,451	127,388	71,937	76,204	161,601	85,397

Variance largely due to local authority business cases process being slower than anticipated - CRSTS Wolverhampton CC Walk, Cycle and Bus Package (£4.0m), Electric Vehicle, Foleshill Transport package and COV South Sustainable transport deferred to next financial year.

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
UKSPF Communities & Place	6,688	11,216	4,527	11,717	15,169	3,453	The variance is split between the UKSPF scheme (£1.1m) and the City of Wolverhampton Technical Centre (£2.4m). The UKSPF variance is due to a pending payment to one Local Authority, requiring further details. The CoW TC is due to project rephasing of construction costs following hazardous waste material being found on site by the contractor and liability for its removal is to be confirmed. Wolverhampton City Centre is delivering the scheme. This scheme has only been approved latterly in January 2024, and is awaiting the budget being updated in February 2024, hence the budget variance.
Business Energy Advice Service	0	0	0	1,660	0	(1,660)	
Total Economic Delivery, Skills & Communities Schemes	6,688	11,216	4,527	13,377	15,169	1,793	

Total Externally Delivered Schemes	62,139	138,604	76,465	89,581	176,770	87,190
Total Capital Programme	287,510	483,791	196,281	375,753	606,722	230,968

Appendix 6

Compliance with Treasury and Prudential Limits

It is a statutory duty for the Authority to determine and keep under review its affordable borrowing limits. During the *quarter ended* 31st December 2023, the Authority has operated within the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement and Capital Strategy for 2023/24. The Executive Director of Finance and Business Hub reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

Treasury Management Indicators

£M	Treasury Management Strategy Indicator 2023/24	As at 31.12.2023
Authorised Limit for External Debt¹	1,032	1,032
Operational Boundary for External Debt²	982	982

£M	Budget 2023/24	As at 31.12.2023
Forecast Gross External Debt as at 31.03.2024	598	598
Forecast Investments as at 31.03.2024	375	799
Net Borrowing (Gross External Debt LESS Forecast Investments)³	223	(201)

¹ The **Authorised Limit** is a statutory limit determined under Section 3(1) of the Local Government Act 2003 for English and Welsh authorities. The Authority has no legal power to borrow in excess of the limits set. Revision of this Indicator would need to be approved by a full Board meeting in advance of any external debt taken on in excess of the limit then in force. The Authorised Limit reflects a level of external debt that, whilst not desired, could be afforded by the Authority in the short-term, but which is not sustainable in the longer-term. The Indicators for the Operational Boundary and Gross debt and the CFR will both be set below the level of the Authorised Limit.

² The **Operational Boundary** is the limit beyond which external debt is not normally expected to exceed. Unlike the Authorised Limit, the Operational Boundary is not an absolute limit, but it reflects the Authority's expectations of the level at which external debt would not ordinarily be expected to exceed.

³ **Net Borrowing** - gross external debt less investment balances - is forecast to fall during the year as investment levels have risen as a consequence of capital expenditure slippage from 2022/23.

Maturity Structure of Borrowing: The Authority is required to set gross limits on maturities for the periods shown and covers both fixed and variable rate borrowings. The reason being to try and control the Authority's exposure to large sums falling due for refinancing.

	Upper Limit	Lower limit	Actual
Under 12 months	75%	0%	8%
12 months and within 24 months	50%	0%	2%
24 months and within 5 years	70%	0%	8%
5 years and within 10 years	70%	0%	23%
10 years and above	70%	0%	59%

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

£M	2023/24	2024/25	2025/26
Limit on principal invested longer than a year	25	25	25
Actual	5	5	5

Prudential Indicators

£'000	2023/24 Budget	31.03.2023 Actual	As at 31.12.2023
Capital Expenditure	606,722	347,014	265,200
Capital Financing Requirement (CFR)	840,258	624,191	725,042
Annual Change in CFR	216,017	63,621	100,851
In year borrowing requirement	100,000	65,000	100,000

Ratio of financing costs to net revenue stream ⁴	-1.71%	1.22%	-5.20%
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⁴ The ratio shows the estimated annual revenue costs of borrowing, less net interest receivable on investments, as a proportion of annual income from constituent members - levy and fees - and central government (net revenue stream). WMCA has a negative budgeted ratio for 2023/24 as interest receivable on investments exceeds interest payable on loans and Minimum Revenue Provision (MRP.)

Appendix 7

WMCA Investment Programme Commitments – December 2023

(£'000)	WMCA IP Commitments	
WMCA Investment Programme Commitment	Approved Commitments	Actual Spend To Dec-23
Coventry UK Central Plus Sprint Programme	94,727	94,356
Rail Programme	47,034	42,425
Metro Programme	63,026	26,746
UK Central Infrastructure Package	227,030	153,035
UK Central HS2 Interchange	35,678	28,876
	57,029	43,182
Subtotal - HS2 Growth Strategy	524,524	388,621
Coventry City Centre South Regeneration Innovation Programme	149,954	68,129
Land Reclamation and Remediation	16,131	15,304
Commonwealth Games 2022	103,040	80,272
Employment, Education & Skills	25,000	25,000
Business and Tourism Project - BATP	1,312	1,312
Coventry Electric Bus City	2,600	2,538
Regional Recovery & Risks	5,000	623
	26,150	16,757
Subtotal - Other IP Schemes	329,187	209,936
Grand Total	853,711	598,557

Appendix 8

WMCA CRSTS Programme Commitments – January 2024

CRSTS COMMITMENTS (£m)		Funding Approved	Spent to Date
WMCA Delivered Schemes	Bus	21.93	1.61
	Digital and Data	7.00	0.60
	LNIP Top Slice	27.33	9.77
	Metro	122.22	53.25
	Rail	26.56	0.15
	Sprint	85.10	37.19
	Sustainable Travel	11.51	1.48
Total WMCA Delivered Schemes		301.65	104.04
Externally Delivered Schemes	Bus	0.50	0.17
	Rail	36.68	7.57
	Sustainable Travel	9.30	2.29
Total Externally Delivered Schemes		46.49	10.03
Grants to LAs	Highways Maintenance	120.40	42.14
	Local Network Improvement Plan	80.18	28.06
Total Grants to Local Authorities		200.58	70.20
CRSTS TOTAL		548.71	184.26

Appendix 9

WMCA Administered Funds – January 2024

Funding Stream	Grant Awarded £'000	Spend to Date £'000	Purpose
Midlands Connect	35,867	32,770	Revenue funding. Midlands Connect researches, develops and progresses transport projects that will benefit the region, its people and its businesses. The overall ambition is to make the Midlands region fairer, greener and stronger for everyone who lives here. <i>Note funding is accumulative since 2017</i>
One Public Estate	1,903	1,011	Revenue funding. Agreed by WMCA Board that WMCA would assume accountable body status for this grant award, which is delivering various projects to secure more from public sector assets through collective action.
Active Travel Fund - Capital	38,950	10,363	Funding awarded to external local authorities for the delivery of an array of capital schemes to support the production of cycling and walking facilities throughout the region.
Active Travel Fund - Revenue	1,157	677	Revenue funding to support the above.
Total	77,877	44,821	

Appendix 10

WMCA Balance Sheet – January 2024

WMCA Balance Sheet as at 31 January 2024			
	31 January 2024 £'000	31 December 2023 £'000	Movement £'000
Property, plant and equipment	830,412	816,475	13,938
Intangible assets	828	923	(95)
Investments	83,490	82,999	491
Loan Receivables	16,239	16,239	-
Long-term assets	930,969	916,636	14,333
Short-term debtors	87,245	94,371	(7,126)
Short-term deposits	893,638	879,230	14,408
Cash and bank	2,055	54	2,001
Current assets	982,938	973,655	9,283
Loans - interest due	(4,992)	(4,932)	(60)
Short-term loans	(20,000)	(64,500)	44,500
Short-term creditors/accruals	(140,043)	(129,992)	(10,051)
Current liabilities	(165,035)	(199,424)	34,389
Net current assets	817,903	774,232	43,671
Provisions	(5,522)	(5,504)	(18)
Loans - PWLB	(485,371)	(485,541)	170
Other long-term loans	(110,000)	(110,000)	-
Dudley MBC	(3,670)	(3,670)	-
Grants receipts in advance	(645,083)	(577,327)	(67,756)
Long-term liabilities	(1,249,646)	(1,182,042)	(67,604)
Net assets	499,226	508,825	(9,599)
General fund balance	9,557	14,401	(4,844)
Earmarked reserves	334,369	340,441	(6,072)
Capital receipts reserve	3,994	3,994	-
Usable reserves	347,920	358,836	(10,916)
Revaluation reserve	5,933	5,933	-
Deferred capital grants account	886,719	872,875	13,844
Capital financing account	(737,526)	(724,999)	(12,527)
Financial Instruments Adjustment Account	(2,830)	(2,830)	-
Accumulated absences account	(990)	(990)	-
Unusable reserves	151,306	149,990	1,317
Total reserves	499,226	508,825	(9,599)

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WMCA Board

Date	15 March 2024
Report title	West Midlands Investment Zone
Portfolio Leads	Economy & Innovation - Councillor Stephen Simkins Levelling Up / Devolution - Councillor Sharon Thompson
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
Accountable Employee	Ed Cox, Executive Director for Strategy, Economy & Net Zero email: ed.cox@wmca.org.uk
Report has been considered by	Mayor & Portfolio Leads Liaison - 1 March 2024 Informal West Midlands Investment Zone Joint Committee - 7 March 2024

Recommendation(s) for action or decision

The WMCA Board is recommended to:

On WM Investment Zone proposition (Appendix A & B)

- (1) Ratify the submissions to Government detailing the WM Investment Zone proposition.
- (2) Approve the initial WM Investment Zone 'Investment and Delivery Plan'.
- (3) Approve the transition of the WM Investment Zone Joint Committee to become the WM Investment Zone Board, with minor amendments to agreed Terms of Reference accordingly.

On IZ Funding and Finance (Appendix C & D)

- (4) Note the progress to date on developing the financial aspects of the Investment Zones including the agreed Business Rates Retention Principles.
- (5) Approve the use of £7m (from the initial £80m) of capacity resources funded from Government Investment Zone grant (subject to a detailed business case being submitted to, and approved by, the Investment Zone Joint Committee).
- (6) Note the intention to provide direct capacity funding to Local Authorities to assist with developing place-based strategies.
- (7) Approve the 'no detriment' principles it is intended to establish between WMCA and Warwick District Council / Warwickshire County Council and note the implications for Birmingham City Council.
- (8) Note the need for Memorandums of Understanding (MoUs) to be established between WMCA and relevant Billing Authorities (Birmingham, Coventry, Warwick and Warwickshire) before the date of the next WMCA Board meeting.
- (9) Delegate finalisation of the above MoUs to the WMCA Executive Director for Finance and Business Hub in consultation with the Portfolio Holder for Finance.

1. Purpose

- 1.1 To agree the final components of the Investment Zone proposition to enable the region to commence its implementation from 1 April 2024, as informed by consultation with the Members of the WM IZ Joint Committee.
- 1.2 It should be noted that at the time of drafting, there remain outstanding concerns regarding the nil detriment principles set out in the IZ Funding and Finance Plan. Further information and recommendations may need to be tabled as an addendum to these papers at the Board meeting.

2. Background

- 2.1 Investment zones are a national programme which seeks to remove barriers to growth in key economic sectors through the application of an unprecedented blend of tax incentives, 25-year business rate retention and flexible spend. Since its announcement in March 2023, and its extension as part of the Autumn Statement in November 2023, colleagues from local authorities, universities/research institutions and private investors have been working hard to develop a compelling proposition for the WM Investment Zone (the whole of the CA area plus Warwick DC and Warwickshire CC). Three key sites have been identified which will drive long-term economic benefits for the whole of the Investment Zone area. These sites and the measures to be incorporated into those were agreed by the CA Board at its meeting of 17th November 2023. These are:
 - a. Coventry-Warwick Gigapark – tax incentives sites, business retention site, and capital investment.
 - b. Birmingham Knowledge Quarter – tax incentives sites, business retention site, and capital investment.

c. Wolverhampton Green Innovation Corridor – capital investment.

2.2 In addition, flexible spend amounting to £65m has been identified for capital and revenue programmes (60:40 split), with £15m having been agreed for tax incentives.

3. **WM IZ Proposition**

3.1 Following the agreement by Board of the substance of the WM Investment Zone proposition – primary sector, key sites and governance – WMCA has continued to work with local authority, university and private sector partners across the IZ area to develop the proposal and submitted agreed propositions as part of DLUHC’s formal **IZ Gateway process (outlined in Appendix A)**. Given the pace at which this work has been undertaken, this paper is seeking the Board’s ratification for the formal submissions made to DLUHC.

3.2 Government has confirmed its approval to the proposition, and so partners have now developed an initial **Investment and Delivery Plan**. This will underpin the overall implementation of the IZ and provide the foundations for the governance structures to monitor and steer its delivery and compliance. It is recognised that this Plan will need to evolve as the site-level teams mature costings as part of the business case process. The development of both the Gateway process and the Investment and Delivery Plan has informed the approaches to Funding and Finance set out below and agreed with Local Authority Finance Directors.

3.3 Appropriate **governance** of the WM Investment Zone has been key for both regional partners and DLUHC – particularly with part of the Investment Zone lying outside the constituent authority area. The intention has always been to ensure that Warwick District Council (‘WDC’) and Warwickshire County Council – both affected by business rate retention provisions – have a full role in the decision-making process. As WDC were neither a constituent nor non-constituent authority, a ‘Joint Committee’ was approved by the November CA Board meeting, with a clear undertaking that should WDC become a non-constituent authority, this would transition to a normal board of WMCA. Provided the Board have approved WDC’s status in an earlier paper at this March Board meeting, the proposal is that the governance structures do transition to a WM Investment Zone Board – with minor amendments to the Terms of Reference accordingly. (Appendix B).

3.4 It should be noted that these issues have been, and are still, proceeding through other local authority and parliamentary processes through the course of March.

4. **WM IZ Joint Committee**

4.1 The WM IZ Joint Committee met informally on 7th March 2024 so that Members could be consulted on the proposals in this report and their views reported to the Board. The informal nature of the meeting was necessitated owing to pressures on members’ diaries precluding an in-person meeting – a pre-requisite for formal decision-making. Recommendations from the Meeting will however be reported to the WMCA Board to inform its decisions.

4.2 Given the timing of the Joint Committee taking place immediately prior to the deadline for WMCA Board paper circulation, feedback from the Joint Committee will be provided verbally at the meeting.

5. IZ Funding and Financing Plan

- 5.1 The WMCA has been selected by Government to be the Accountable Body for the financial arrangements which underpin the WM Investment Zone. A report to WMCA Board on 17 November 2023 (Funding and Financing Paper) provided details on the headline financial characteristics of the Investment Zone and obtained approval for the establishment of the Investment Zone Joint Committee and the tax / business rates retention sites. **Appendix C** to this report (Funding and Financing Update) highlights progress on key, financial developments since the November 2023 report as WMCA and partner Local Authorities begin to design the details that will be critical to the success of the Investment Zone.
- 5.2 Whilst elements of the Funding and Financing Update are for noting, delegated approval from Board is requested to finalise the Memorandum of Understanding (MoU) between WMCA and Investment Zone Business Rates Retention site hosts (Birmingham, Coventry, Warwick District and Warwickshire). These MoUs are required to manage the flow of Investment Zone Business Rates accruing above the base line, and will give Government confidence to activate the retention arrangements on 1 April 2024. Given the need to have the MoUs in place before the date of the next Board meeting, the delegation to the Section 151 Officer to finalise the details in consultation with the Portfolio Holder for Finance and in dialogue with the WM Finance Director Group is required.
- 5.3 Additionally, approval to the 'no detriment' arrangements that will underpin the BRR MOUs and collection and allocation of retained rates is required to enable WMCA to finalise this arrangement with the relevant parties. The Appendix fully details the background and need for this agreement to be made and the WM Finance Directors Group has worked hard to agree a mutually agreeable position which sees the affected parties no better or worse off (in financial terms) as a result of the Business Rates designations within the Investment Zone. These arrangements need to be in place with the respective billing authorities and were discussed at the recent meeting of the WM IZ Joint Committee. At the time of drafting, there remain outstanding concerns regarding these matters and further information and recommendations may need to be tabled as an addendum to these papers at the Board meeting.
- 5.4 Finally, agreement is sought to a business case being brought forward for £7m of delivery capacity resource, funded by Government as detailed within **Appendix D**. The business case will be processed through the WMCA Single Assurance Framework and presented for approval by the Investment Zone Joint Committee / Board (being between £5m and £20m).

6. Financial Implications

- 6.1 See Appendix C and Appendix D for a full outline of financial implications.

7. Legal Implications

- 7.1 Should Warwick District Council's proposal to become a nominating body of WMCA (equivalent to non-constituent authority) be approved by the CA Board, it is proposed that the proposed approach of establishing a formal Investment Zone Joint Committee is no longer pursued and that, as proposed previously, the IZ should be governed through the establishment of an Investment Zone Board. The Terms of Reference for this Board are set out in Appendix B.

8. Equalities Implications

- 8.1 All proposals will be expected to demonstrate that they support the WMCA's Equalities and Diversity objectives set out in the Equality Scheme - the proposal of this strategy directly support two of four of objectives in the ES. The Levelling Up, Growth and Investment zones in the strategic proposals are likely to have a direct positive impact on socio-economic outcomes e.g. reduction in unemployment, increase in training opportunities and an indirect positive impact on some protected characteristic groups such as disabled people and racialised (minority ethnic) communities who face disproportionate levels of unemployment and access to training opportunities when compared to non-disabled and White ethnic groups. To explore this fully, it is recommended that a 'Health and Equity Impact Assessment' is carried out, and the findings of that assessment added to this strategy where appropriate.

9. Inclusive Growth Implications

- 9.1 The principles of the Inclusive Growth Framework will be incorporated into many of the considerations in bringing forward Investment Zone sites. As part of WMCA's overall accountability function, the Inclusive Growth Framework Fundamentals will provide a valuable mechanism for measuring and demonstrating wider benefit outcomes.
- a. build-in climate resilience through the appropriately planned development of interventions;
 - b. ensure inclusive economic benefits are enshrined during proposal scoping and development;
 - c. align transport and digital connectivity opportunities presented through comprehensive place plans;
 - d. generate new skills growth through aligned Skills funding and potentially new capital infrastructure;

10. Geographical Area of Report's Implications

- 10.1 The geographical area of the report's implications is the whole of the WMCA area, plus for Investment Zone considerations, Warwick District Council, and insofar as WDC is within WCC, that part of Warwickshire County Council.

11. Other Implications

- 11.1 There are no other implications.

12. Schedule of Background Papers

12.1 The draft Investment & Delivery Plan is available on request.

13. Appendices

Appendix A – WMIZ Final Proposition

Appendix B – Amended WM IZ Terms of Reference

Appendix C – WMIZ Funding & Financing Plan

Appendix D – WMIZ Government Fiscal Support

APPENDIX A: WEST MIDLANDS INVESTMENT ZONE – FINAL PROPOSITION

Corresponding recommendations as set out above:

- a. Ratify the submissions to Government detailing the WM Investment Zone proposition.
- b. Approve the initial WM Investment Zone ‘Investment and Delivery Plan’.
- c. Approve the transition of the WM Investment Zone Joint Committee to become the WM Investment Zone Board, with minor amendments to agreed Terms of Reference accordingly.

Introduction

1. The West Midlands Investment Zone is considered to be a ‘forerunner’ in the national IZ programme. It has been developed at pace with considerable contributions from local authority, university/research, and private sector partners. It has been formally announced in the Government’s Autumn Statement and is due to launch on 1 April 2024.
2. Building on approvals from Board on key issues around sector focus, sites for tax, rate retention and flexible spend, and governance, officers from across the local authorities have made submissions to satisfy DLUHC’s ‘Gateway’ process. As such, this paper seeks the Board’s ratification of those submissions as detailed below.
3. Given the accelerated nature of delivery expected of the Investment Zone, an initial Investment and Delivery Plan (‘IDP’) has been developed in conjunction with the partners identified above. This sets the foundations for the IZ’s implementation. It will continue to be developed as site and programme information matures, and will form the basis for the ongoing monitoring and management of the programme by relevant governance structures. The IDP indicates the scale and nature of in principle funding. Aside from the cost of tax incentives, which are calculated and deducted from the overall funding element ‘at source’ by Government, all other expenditure will be subject to the WMCA’s assurance framework and business case methodology.
4. To ensure appropriate governance measures are in place, which also reflect the overall governance of WMCA as accountable body for the WM IZ, it is proposed that the IZ Joint Committee transitions to becoming a normal board of WMCA with full voting rights approved for both Warwickshire County Council (‘WCC’), an existing non-constituent authority, and Warwick District Council (‘WDC’), approved as a ‘nominating body’ at this Board meeting.

Background

5. The Investment Zone programme is nationally set by government and includes the opportunity for investment (flexible spend/tax incentives) up to £160m over 10 years, and 25-year business rate retention on specific sites within the ‘Investment Zone’ which

is deemed to be the region as a whole (in this case, WMCA area, plus Warwick and Warwickshire).

6. Government established 5 Gateways through which each of the 8 CAs identified to be beneficiaries of the IZ programme should pass:
 - a. Gateway 1: Overall vision
 - b. Gateway 2: Identification of priority economic sector and specific IZ sites
 - c. Gateway 3: Governance of the IZ
 - d. Gateway 4: Interventions (tax and business rate retentions; flexible spend)
 - e. Gateway 5: Delivery (summarising Gateways 1-4 and outlining future programme).
7. The WMCA Board has previously approved the primary sector focus and sites, and officers have been co-developing the interventions to maximise the IZ opportunity, working with university and investor partners to ensure appropriate implementation. The sites are:
 - a. Coventry-Warwick Gigapark – tax incentives sites, business retention site, and capital investment.
 - b. Birmingham Knowledge Quarter – tax incentives sites, business retention site, and capital investment.
 - c. Wolverhampton Green Innovation Corridor – capital investment.
8. The Investment and Delivery Plan has also been considered at an informal meeting of the WM IZ Joint Committee whose recommendations have been included below. The Joint Committee was established between WMCA and Warwick District Council (WDC) to meet appropriate governance requirements and to give WDC full voting rights. However, this has not yet been formally constituted. In the meantime, Warwick District Council ('WDC'), a key contributor to the overall WM IZ, has sought 'nominating body' status through the Levelling Up and Regeneration Act 2023, enabling the transition of the Joint Committee to become a Board of WMCA on which both WDC and Warwickshire County Council will have full voting rights.

WM IZ Proposition

9. Although government extended the IZ programme from its initial 5-year period and associated £80m investment sum, to 10 years and £160m, all figures below are based only on the initial 5-year period. All parties recognise that it would be counterproductive and lack validity to try to estimate the optimum approach to investment for 2029-2034.
 - a. Gateways 1-5 and the initial Investment and Delivery Plan outline, therefore, the following interventions for the first 5-year period. These are also summarised in Figure 1:
 - d. *Tax incentives – costed by government at £15m:*

- i. Coventry-Warwick Gigapark
- ii. Birmingham Knowledge Quarter (focused on the Birmingham – Innovation Zone around Aston University and BCU).

- The remaining £65m needs to be allocated on 60:40 capital:revenue split and the following interventions have been identified (again as summarised in Figure 1):

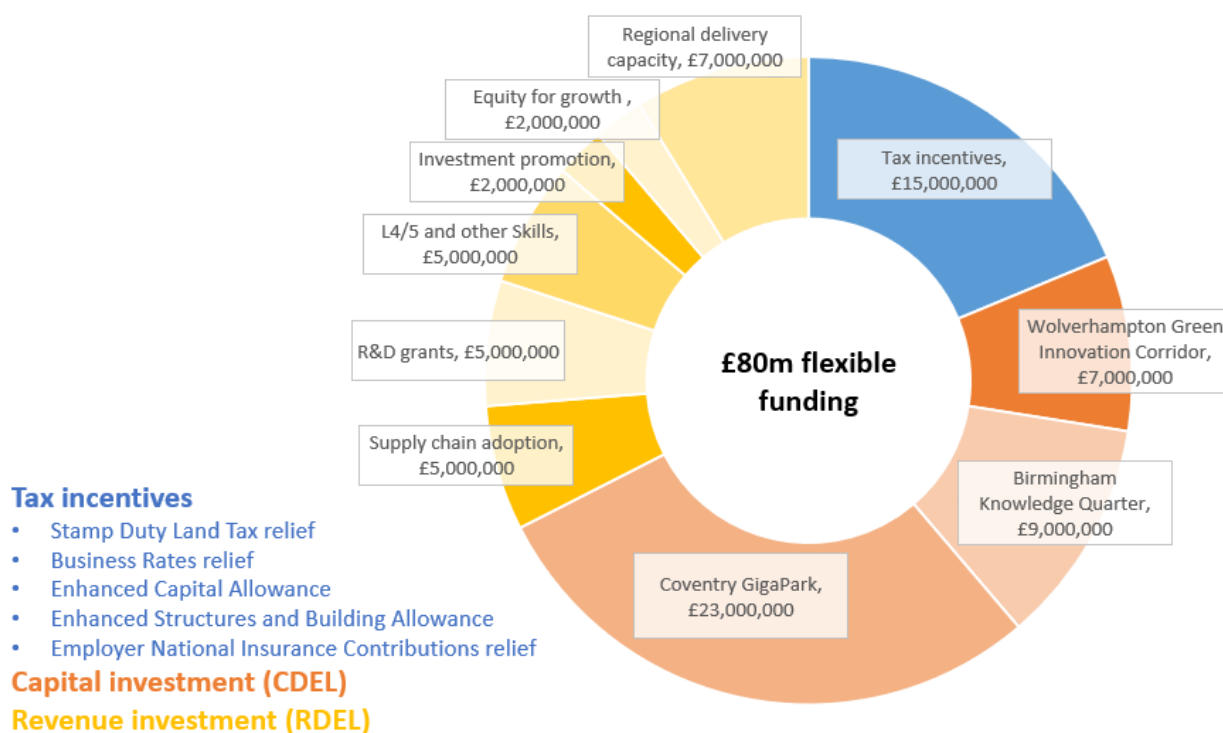
e. *Capital investment - £39m:*

- iii. £23m Coventry-Warwick Gigapark – to tackle land remediation, infrastructure and grid connectivity issues.
- iv. £9m Birmingham Knowledge Quarter – public realm and active travel infrastructure to attract investment.
- v. £7m Wolverhampton Green Innovation Corridor – investment in land remediation and key infrastructure.

f. *Revenue investment - £26m:*

- vi. Key business and skills support programmes to be designed to support the priority sector across the region and complement mainstream activity funded through the Single Settlement from April 2025:
 - vii. £5m Supply Chain adaption – to support businesses to pivot and maximise new IZ opportunities.
 - viii. £5m R&D grants – broadening and providing sustainability to Innovation Accelerator funding.
 - ix. £5m L4/5 and other skills – enabling local residents to build the skills to meet the increased demand from high tech investment.
 - x. £2m Investment promotion – region-wide and bespoke inward investment activity to accelerate investor interest.
 - xi. £2m Equity for growth – funding for innovating company growth in the space of risk to angel investors, and building on existing regional programmes.
- g. In addition – £7m regional capacity funding to ensure local authorities and the CA have the skills and capacity to deliver the IZ.

Figure 1: Overview of investments



10. All of the capital and revenue investments identified in section 3.3 will be subject to full business case assessments and WMCA’s Single Assurance Framework, and the principles for funding agreed by Finance Directors (Appendix 2). As these are developed, it is likely that some of the figures above may change – especially allowing for appropriate contingency sums and finance protection. Decisions on actual investment is delegated to the WM IZ Joint Committee/Board (as agreed at the November CA Board) up to a maximum of £20m.

11. It should also be noted that the IZ programme is subject to a monitoring regime with DLUHC. Gateways 4 and 5 indicated a series of milestones and outputs, which need to be encapsulated in an Annual Delivery Plan (‘ADP’). A draft ADP has been prepared and submitted to DLUHC, and will be under consistent review by the WM IZ Joint Committee/Board. This will also need to incorporate any ‘change control’ requests.

Governance

12. With Warwick District Council becoming a nominating body under LURA 2023, equivalent to non-constituent authority status, it is recommended that the current Joint Committee is formally approved as a WM Investment Zone Board within WMCA’s overall governance structure, equivalent in delegations and responsibilities to the main WMCA Investment Board and that both WDC and Warwickshire County Council should be granted full voting rights on this Board.

13. The approval of the WM IZ Board presents the opportunity to review and refresh the body’s Terms of Reference:

14. The delegation to the IZ Joint Committee to determine the allocation of the £80 million government grant has been largely overtaken by events since the allocation between tax incentives and spend was agreed through the Gateway process and is proposed in this report for ratification by the WMCA Board. It is recommended that this delegation be deleted.
15. This results in a minor amendment to the following delegation of investment decisions to the WM IZ Board.
16. Finally, the option to terminate the 'Joint Committee' arrangement no longer applies but any Member is able to withdraw from participation in the WM Investment Zone Board at any time.
17. It should be noted that the Joint Committee was never formally constituted and therefore has not formally met although Members nominated to the Committee have met informally and been consulted on the IDP.

Conclusion

18. With the ratification of the Gateway process and approval of the Investment & Delivery Plan, the WM Investment Zone can launch on 1 April (subject to final government approvals). The conversion of the WM IZ Joint Committee to an IZ Board, enables alignment with WMCA governance processes while ensuring full decision-making roles for all participating authorities.

Appendix B WM Investment Zone Board

Introduction

1. The West Midlands Investment Zone governance structures were established as a Joint Committee to enable Warwick District Council ('WDC') to hold full voting rights on decision-making. The Joint Committee approach was the only route available as WDC are currently neither a constituent or non-constituent authority of WMCA and yet as both a billing authority for business rates and a key delivery partner, it was essential to ensure their full representation on the governance body.
2. Subsequently, WDC have requested to become a 'nominating body' of WMCA through the Levelling Up and Regeneration Act 2023 – this is equivalent to non-constituent authority status.

Proposal

3. If Warwick District Council becoming a nominating body under LURA 2023, equivalent to non-constituent authority status, the recommendation to the WMCA Board on 15th March is that the current Joint Committee is formally approved as a WM Investment Zone Board within WMCA's overall governance structure, equivalent in delegations and responsibilities to the main WMCA Investment Board, and that both WDC and Warwickshire County Council should be granted full voting rights on this Board.
4. The WMCA Board's consideration of the approval of the WM IZ Board presents the opportunity to review and refresh the body's Terms of Reference, which are set out in the table below (with original terms included for ease of reference). The substantive changes to the ToR are:
 - i. The increase in quoracy to reflect comments at MPL on 29th February 2024 and in light of the significance of the matters proposed for consideration and decision by the Investment Zone Board.
 - ii. The delegation to the IZ Joint Committee to determine the allocation of the £80 million government grant has been largely overtaken by events since the allocation between tax incentives and spend was agreed through the Gateway process and is proposed in the report for ratification by the WMCA Board. It is recommended that this delegation be deleted.
 - iii. This results in a minor amendment to the following delegation of investment decisions to the WM IZ Board.
 - iv. Finally, the option to terminate the 'Joint Committee' arrangement no longer applies but any Member is able to withdraw from participation in the WM Investment Zone Board at any time.

- v. It should be noted that the Joint Committee was never formally constituted and therefore has not formally met although Members nominated to the Committee have met informally and been consulted on the IDP.

Governance	WM Investment Zone Board
Purpose	Overall responsibility for developing and delivering the West Midlands Investment Zone and ensuring accountability to Government for its successful and compliant implementation.
Membership	<p>Voting Members: Mayor of the West Midlands One representative from each of the WMCA 7 Constituent Authorities One representative from Warwick District Council One representative from Warwickshire County Council</p> <p>Non-Voting Members: Universities that have signed up to the Investment Zone sites.</p> <p>Observers: Overview and Scrutiny Chair from the WMCA Scrutiny Chair from Warwick District Council (in the event of a Joint Committee) Other stakeholders may be invited to attend as observers when appropriate.</p>
Chair	Mayor of the West Midlands.
	Vice Chair - to be appointed from among Members.
Voting	<p>All voting Members shall have one vote.</p> <p>Matters shall be decided by consensus where possible. Where consensus is not achieved, decisions shall be taken on the basis of a simple majority of the votes cast.</p> <p>The Chair shall not have a second or casting vote and in the event of an equality of votes the motion shall not be passed but shall be deferred to the next meeting.</p>
Quorum	Three voting members of the Committee. The Chair plus 5 voting members of the Board.
Frequency	Quarterly or more frequently as required on the giving of 5 clear working days' notice.
Location	Meetings will be held at locations agreed by its members.
Timing of Meetings	To be determined.
Type of Meeting	Formal meetings shall be held in public except when exempt or confidential information is being considered and the press and public are excluded in accordance with the Local Government Act 1972 (as amended).
Administration	The meeting will be administered by WMCA and papers will be published on both authorities' websites at least 5 clear working days before the date of the meeting.

Allowances	None
Responsibilities	<p>The body will be a collaborative entity with the respective authorities working together to implement the WM Investment Zone in line with Government's Investment Zone Policy Prospectus and Technical Guidance.</p> <p>Its functions will include:</p> <ol style="list-style-type: none"> a. Overall responsibility for developing and delivering the Investment Zone. b. Approval in principle of Investment Zone sites development proposals and interventions. c. Oversight of each Investment Zone Site delivery vehicle's performance in implementing the WM Investment Zone. d. Ensuring delivery of the identified and agreed outcomes and outputs. e. Allocation of Investment Zone resources in line with a developed and agreed Investment Plan. f. Determination of the proportions between the tax incentives and spending elements of the £80 million IZ government grant. g. Allocation of the tax incentives element of the £80 million grant and of the spending element of the £80 million grant. h. Allocation of surplus retained business rates growth generated by the Investment Zone's BRR site, in line with Government's Investment Zone policy. i. The allocation of retained business rates to be allocated by the WMCA through the established governance arrangements will be subject to a robust investment plan to be developed and approved by the IZ governance body. There will be a requirement within the investment plan that, over an agreed accounting cycle (not greater than 5-years), sufficient investment will be in projects in those authorities who would otherwise be benefitting from alternative business rate regimes, to ensure that they are no worse off than if they had not agreed to participate in the WM Investment Zone. This will also reflect agreement between WMCA and Government that up until the point of a reset of business rates baselines, Government will allow relaxation of spending requirements within the Investment Zone business rates retention site to allow those rates retained to be invested in local growth.

	<p>j. To ensure that the decisions of the Board do not import any undue risk to the WMCA in financing schemes that result from those decisions.</p> <p>k. Approving reports to Government as part of the WMCA's accountability function.</p>
<p>Delegation (previous text included for reference)</p>	<p>Decisions in relation to the allocation of the initial £80 million government grant up to a total value of £80 million and within Government's proportionate allocation framework between the fund's components.</p> <p>All other and subsequent investment decisions up to a value of £20 million. Decisions above £20million will be required to be taken by the WMCA Board as the accountable body for the Investment Zone.</p> <p>All decisions will need to follow the WMCA's existing assurance frameworks and any introduced through the Deeper Devolution Deal or any subsequent legislative frameworks.</p>
<p>Withdrawal from Joint Committee</p>	<p>Either Authority may give to the other not less than twelve months' written notice expiring on 31st March in any year of its intention to withdraw from the Joint Committee.</p> <p>Once the Joint Committee ceases to exist, unless that is by way of transitioning into a full Board of WMCA as outlined in 3.13 above, the functions delegated to it will each revert back to the relevant delegating Authority.</p>

APPENDIX C: Investment Zone Funding and Financing Update

Corresponding recommendations as set out above:

- d. Note the progress to date on developing the financial aspects of the Investment Zones including the agreed Business Rates Retention Principles.
- e. Approve the use of £7m (from the initial £80m) of capacity resources funded from Government Investment Zone grant (subject to a detailed business case being submitted to, and approved by, the Investment Zone Joint Committee).
- f. Note the intention to provide direct capacity funding to Local Authorities to assist with developing place-based strategies.
- g. Approve the 'no detriment' principles it is intended to establish between WMCA and Warwick District Council / Warwickshire County Council and note the implications for Birmingham City Council.
- h. Note the need for Memorandums of Understanding (MoUs) to be established between WMCA and relevant Billing Authorities (Birmingham, Coventry, Warwick and Warwickshire) before the date of the next WMCA Board meeting.
- i. Delegate finalisation of the above MoUs to the WMCA Executive Director for Finance and Business Hub in consultation with the Portfolio Holder for Finance.

Background

- 1. Investment Zones are a national policy offer from Government. They are designed to focus investment in specific places and sectors to improve the overall health of regional and national economies.
- 2. A report to WMCA Board on 17 November 2023 provided details on the headline financial characteristics of the Investment Zone and also obtained approval to the establishment of the Investment Zone Joint Committee and the tax / business rates retention sites.
- 3. The report also outlined the fiscal offer from Government which accompanies the Investment Zones, being initially £80m of direct financial support and 100% Business Rates Retention (without a reset) for 25 years from April 2024.
- 4. The £80m of direct financial support breaks back to £15m of tax incentives, £39m of capital grants and £19m of revenue grants for the first five years of the programme to 2029. It is likely Government will provide a second £80m for the five years commencing 2030 following a positive announcement in the Autumn Statement of 2023.
- 5. The remainder of this report highlights the progress on key financial developments made since the November 2023 report which are considered important to bring to the attention of the Board.

Business Rates Retention (Recommendation 'd' Refers)

6. The Business Rates Retention offer from Government means WMCA are able to retain 100% of the Business Rates which accrue above an April 2024 baseline in specific, designated areas. The WMCA Board approved areas are the GigaPark site (Warwick District Council, Warwickshire County Council and Coventry City Council) and the Birmingham Knowledge Quarter (Birmingham City council only).
7. As detailed to the Board in November, there are specific restrictions on how the rates accruing above the baseline should be used. These restrictions exist to protect the policy intent of the Investment Zone initiative and should be viewed in the context of the significant direct fiscal support Government also provide to Investment Zone areas.
8. Essentially, the retained rates must be used to facilitate investment in the WMCA priority sector, which WMCA Board approved as advanced manufacturing, with a focus on EV and battery development, and its intersection with green industries, digital and health tech.
9. It should be noted that Government have provided a relaxation of the policy up to the point of a business rates reset (expected 2025 at the earliest) meaning the retained rates can be used more broadly on 'local growth' projects.
10. With respect to the financial characteristics of the Investment Zone, there are a series of complex issues which WM Finance Directors have been working through over recent weeks. This includes considering how the flow of Business Rates can be engineered to allow all relevant parties to become comfortable matters such as decision-making / governance, borrowing, and both direct and indirect risk and reward.
11. To this end, the WM Finance Directors have established a series of principles which are intended to underpin the next stages of the Investment Zone development which will include the construction of detailed business cases and detailed borrowing / financing arrangements.
12. Those principles were presented to WM Chief Executives (including Warwick / Warwickshire) on 9 February 2023 who confirmed the principles appeared adequate for the purposes intended.
13. The principles are shown below and Board approval to these principles will give Local Authorities confidence that the principles are robust and have the full support of the region.

No.	Principle Details
1	No borrowing to be undertaken until proper modelling is complete and robust business cases are agreed to the satisfaction of the Section 151 Officers.

2	Further definition on borrowing to follow but broadly; WMCA to undertake borrowing at a regional level where headroom allows. WMCA will retain all business rates generated within IZ BRR sites above the agreed baseline. LA borrowing options not ruled out.
3	Government funding ('£80m' or £65m excl. Tax) will not be accessed until DLUHC grant conditions are agreed and that they can be met (so as not to jeopardise second tranche of £80m (Yrs 6-10))
4	Note that in WMCA governance arrangements, decisions around capital and treasury spend must be unanimous.
5	Investment Zone finance must be ring-fenced within the WMCA IZ budget and not used to underpin other areas of WMCA activity.
6	Hierarchy on allocation of retained rates: <ul style="list-style-type: none"> a. Used firstly to meet 'no detriment' requirements, then; b. Used to service the cost of debt & interest from TIF, then; c. Used to build a programme level 'risk pot' to mitigate repayment risk, then; d. Remaining surpluses used for region-wide (including WDC-WCC area) Advanced Manufacturing programmes.
7	No detriment principle: For specific, identified sites which would come forward irrespective of the IZ, WDC / WCC should suffer no detriment in financial terms when assessing the business rates which would otherwise accrue to those sites. Details to be to the satisfaction of WM Section 151s.
8	WMCA to explore opportunities for a defined element of the initial Government funding balance (£65m) to mitigate business rates timing risks.
9	Options for a phased delivery approach (based on strategic priorities) to be explored where this could maximise overall revenue & value to the region.
10	WMFDs to agree a 'risk-reward' algorithm / formula to ensure there is balance for all LAs in the risk / reward equation.

14. As noted above, the principles are intended to underpin the next stage of development. There is still significant work to do specifically around the borrowing / financing arrangements and the risk / reward equation to ensure all Local Authorities receive a proportionate reward in exchange for any risk it may be exposed to in delivering the Investment Zone programme.

Provisional Allocation of Government Resources (Recommendations 'e' refers)

15. As detailed above, the Investment Zone programme is able to receive direct financial support from Government in the form of grants and tax incentives amounting to £80m for the first five-year period.

16. The provisional, proposed allocation of those resources is documented in Annex 1D and this has been developed between WMCA and Local Authority teams.

17. It should be noted that Principle 8 above agreed by the WM Finance Director group does mean that the provisional allocations are likely to be subject to a review to determine if

there is merit in preserving some of the funding to act as a 'first-loss' risk provision. Should WMFDs determine the allocations need to be amended, an appropriate update will be brought back to WMCA Board.

18. In light of the need to find a balance between WMFDs undertaking this review and the need to quickly provide capacity funding to WMCA and Local Authorities to develop the Investment Zone programme, this Board is asked to approve the principle of £7m being called down from the £80m to be used on delivery capacity. This draw down would be subject to a suitable business case documenting how the £7m will be used and approved by the Investment Zone Joint Committee.
19. Once the WMFD review of the £80m is concluded, if there are significant changes it is expected that WMCA Board will be requested to approve the changed allocation of funding (£80m). If not, then detailed business cases approving access to the funds will be progressed through the WMCA Single Assurance Framework and approved in line with normal delegated structures (including approval by Investment Zone Joint Committee/Board and WMCA Board where appropriate).

Capacity Funding for Wider Place Based Strategy Work (Recommendation 'f' Refers)

20. It should be noted that it is intended to provide up to £500,000 to each of the Constituent Local Authorities over a two-year period to help with capacity matters relevant to the development of Growth Zones, Investment Zones and associated Place Based Strategy work, subject to further detailed profiling and collective understanding of how it will be used. This matter is being dealt with in the Financial Monitoring Report to March 2023 Board with payments following shortly after. This funding is additional to the £7m capacity funding referred to above which will be taken from the £80m Government Investment Zone grant.

Business Rates Retention MoUs (Recommendation 'h' refers)

21. Government has nominated the WMCA to be the accountable body for the WM Investment Zone. The WMCA is not formally recognised in the business rates system as a billing Authority however, meaning all rates (including those above the IZ baseline) naturally flow to the Local Authority where those rates accrue.
22. To ensure the WMCA is able to influence and direct the business rates as intended, billing Authorities in Investment Zone business rates retention areas (Birmingham, Coventry, Warwick District and Warwickshire County) are required by Government to enter into an MoU with WMCA documenting how the rates issues will be managed.
23. At a headline level, the MoU needs to demonstrate to Government that billing Authorities intend to collect the rates above the baseline, report these to WMCA and remit the necessary sums to WMCA for those rates to be used as collectively agreed through the relevant investment plan.
24. Importantly, the WMCA needs to show DLUHC evidence that the MoUs are in place before the retention arrangements are able to become effective. The WMCA initially shared draft MoUs with the relevant Local Authorities in November 2023, but work over recent weeks has focused mostly on resolving the 'no detriment' principles which will be a key feature of the MoU.

25. Given the firm Government deadline and there being no further opportunities to obtain Board consent to the content of the MoUs, Board is asked to approve delegating the details of the MoUs to the Executive Director of Finance Business Hub in consultation with the Portfolio Holder for Finance. It is also expected that WM Finance Directors will be fully consulted on the content of the MoUs as these are developed.

No Detriment (Recommendations 'g' Refers)

26. Warwick District Council, Warwickshire County Council and Birmingham City Council have all advised that participation in the Investment Zone is subject to a satisfactory agreement on 'no detriment'.

27. The term no detriment refers to any specific Local Authority being placed at 'no financial disadvantage' when compared to a scenario where the Investment Zone had otherwise not existed in those areas.

28. There is scope for detriment to occur in these Local Authorities as all sums accruing above the April 2024 baseline will have specific investment restrictions attached to them (e.g. Local Growth or Advance Manufacturing Project investment only). This is particularly relevant where developments which are already being brought forward by the Authorities are likely to result in a rates uplift, which is then caught by the Investment Zone baseline. In this scenario, Local Authorities could (in theory) have the known business rates uplift included in short to medium term financial plans, but these amounts may no longer be accessible to them for the originally intended purpose.

29. The WM Finance Director Group have spent significant time working on a further set of 'no detriment principles' initially intended to address the no detriment position within the Warwick / Warwickshire area where two sites (Segro & Whitley South) are expected to be developed and delivered independently of the Investment Zone, but the uplift is caught within the Investment Zone baseline.

30. The 'no detriment principles' which WMCA Board are requested to approve are as follows:

ND Principle 1

WDC & WCC will receive 50% (currently 40% and 10% respectively in line with the national tier split) of the business rate growth from Segro Park and Whitley South above an agreed baseline position. In the event of a reset[s] WDC/WCC will continue to retain the same quantum of business rates income that would have been retained from these sites had these sites not been included within the Investment Zones, therefore replicating the national business rates regime.

ND Principle 2

These retained rates will be invested in the local authority's 'local growth' projects up to the point of a national reset, and thereafter the Advanced Manufacturing sector (for WDC especially at its intersection with the Digital & Creative sector and for WCC its alignment with the county's economic strategy).

ND Principle 3

For the purposes and definition of Principle 2 above, the following shall apply:

- a. Business rates retained from the IZ will be available to support 'local growth' projects within a billing authority area up to a point of a reset. Post-reset they will be available to be applied to repay borrowing in respect of those projects only.
- b. Retained business rates from the IZ will not be available for new 'local growth projects' after the point of a national reset, and retained rates will have to comply with wider IZ policy in terms of supporting the identified priority sector.
- c. Local growth projects considered eligible for treatment under 3 i) will be those where the LA has made a clear and formal commitment to investing in that project, having entered into contracts for their delivery.

ND Principle 4

As WCC are an existing beneficiary of business rates and therefore potentially subject to detriment, the benefits intended through the above provisions will be able to be applied across the WCC geography.

ND Principle 5

It is not anticipated that future public sector investment is required from the IZ for the sites that are affected by these principles (for WDC & WCC - Segro Park and Whitley South). In the event that such investment is required, WDC and WCC recognise that any settling of business rate 'no detriment' calculations will need to reflect such investment and all parties will work collaboratively to resolve that.

31. The above principles were all worked through with the WM Finance Director group and are considered to be adequate for the purposes intended; essentially ensuring the GigaPark Authorities are no worse off for the specified sites identified as part of this exercise.
32. The no detriment agreement does not result in a 'cost' to WMCA, it simply means the affected Authorities remit less of the accrued funding to WMCA. The total value retained over the 25 years by those Authorities under this agreement can vary significantly depending on currently unknown factors WMCA cannot influence (the date of the first reset and the timing and frequency of subsequent resets). WMCA have, however, assessed and confirmed that the intended developments remain affordable even with the no detriment agreement in place.
33. It should be noted that detailed arrangements / principles pertaining to any 'no detriment' agreement with Birmingham City Council are still to be finalised, but it is not expected there will be any material deviation from the intention behind the principles detailed above which apply to Warwick District and Warwickshire County.
34. However, at the time of drafting, there remain outstanding concerns regarding these principles. Further information and recommendations may need to be tabled as an addendum to these papers at the Board meeting.

Appendix D Investment Zone Government Fiscal Support – Provisional Distribution

Investment Theme	Investment Area	Financial Year					TOTAL
		2024-25	2025-26	2026-27	2027-28	2028-29	
Local Infrastructure	Wolverhampton Green Innovation Corridor	750,000	750,000	2,000,000	2,150,000	1,350,000	7,000,000
	BKQ	500,000	2,583,000	2,834,000	2,833,000	250,000	9,000,000
	GigaPark	2,250,000	5,500,000	4,500,000	3,600,000	7,150,000	23,000,000
Business or stakeholder support	Investment Promotion	-	500,000	500,000	500,000	500,000	2,000,000
Research and Innovation	R&D Grants	250,000	1,000,000	1,250,000	1,250,000	1,250,000	5,000,000
Business or stakeholder support	Supply Chain Adoption	250,000	1,000,000	1,250,000	1,250,000	1,250,000	5,000,000
Skills	Level 4 & 5 Skills	200,000	1,050,000	1,250,000	1,250,000	1,250,000	5,000,000
Planning	Regional Delivery Capacity	2,000,000	2,000,000	1,300,000	950,000	750,000	7,000,000
Business or stakeholder support	Equity for Growth	250,000	300,000	450,000	500,000	500,000	2,000,000
TOTAL GRANTS		6,450,000	14,683,000	15,334,000	14,283,000	14,250,000	65,000,000
TOTAL TAX INCENTIVES							15,000,000
TOTAL FISCAL SUPPORT FROM GOVERNMENT		6,450,000	14,683,000	15,334,000	14,283,000	14,250,000	80,000,000

Note:

Regional Delivery Capacity of **£7m**; WMCA Board recommended to approve subject to the approval of a business case by the Investment Zone Joint Committee. Remaining allocations are provisional pending a review by the WMFD group regarding potential to use funds to off-set risk in TIF related borrowing scenarios.



WMCA Board

Date	15 March 2024
Report title	Devolution Update
Portfolio Lead	Levelling Up / Devolution - Councillor Sharon Thompson
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
Accountable Employee	Ed Cox, Executive Director for Strategy, Economy & Net Zero email: ed.cox@wmca.org.uk
Report has been considered by	Mayor & Portfolio Leads Liaison - 1 March 2024

The WMCA Board is recommended to

- (1) Ratify the Memorandum of Understanding (MoU) for the single settlement;
- (2) Note the announcement at Budget on 6 March of additional details of the single settlement; and
- (3) Note the letter received from the DLUHC Secretary of State in response to the WMCA's application for additional devolution commitments through 'Level 4' of the English devolution framework.

1. Purpose

- 1.1 Following previous discussions at Mayor and Portfolio Leads meetings, Board is invited to consider ratifying the MoU for the single settlement announced at the Spending Review (November 2023); and to note subsequent related developments.

2. Background

- 2.1 The Mayor and Portfolio Leads meeting on 1 November 2023 considered and agreed in-principle to the single settlement MoU. Board is now being asked to ratify the MoU. The MoU has been published by HM Treasury on the government's website (see 'Schedule of Background Papers').

- 2.2 The purpose of the MoU is to set out the principles by which a single settlement will be agreed between Government and the WMCA at the next Spending Review. The single settlement will replace many of the different funding streams through which government devolves funds to the WMCA. The single settlement will encompass funding corresponding to the 'functional responsibilities' of Local Growth and Place, Local Transport, Adult Skills, Housing and Regeneration and Retrofit (Net Zero). The single settlement will provide greater flexibility over how these funds can be spent locally aligned to our priorities. The funding formulae we agree with government for the single settlement will seek to deliver the principle that we will be no worse off in terms of quantum of funding received than had the single settlement not been in place.
- 2.3 In procedural terms, if there is a need for a vote on the MoU, a 2/3rds majority of the Mayor and the Members representing the Constituent Authorities present and voting and a simple majority of all Members including the representatives of the non-constituent authorities will be required.
- 2.4 Board is also invited to note two related developments since Mayor and Portfolio Leads met on 1 March:
- a. The response from the DLUHC Secretary of State to the letter from the Mayor requesting additional devolution commitments for the WMCA through 'Level 4' of the English devolution framework. This has been published online (see 'Schedule of Background Papers' below). No action is needed at this stage.
 - b. The publication at Budget of additional details of the single settlement (see 'Schedule of Background Papers' below). No action is needed at this stage.

3. Financial Implications

- 3.1 With regards to the single settlement, there are no immediate budgetary or financial implications as a result of the recommendations within this report being approved. There clearly will be impacts of these negotiations on WMCA's MTFP and budget presentation for 2025/26 which will be built into financial planning as they become known and reported to Leaders through in year engagement on MTFP and 2025/26 budget.
- 3.2 Whilst the Single Settlement is not expected to deliver a significant increase in the quantum of funding West Midlands currently receives, we have made it clear to Government that, as a minimum, the settlement cannot result in a detrimental financial outcome versus the existing arrangements.
- 3.3 The WMCA negotiating team will continue to lobby Government for a suitable outcome to the outstanding matters detailed within this paper. Should we not be able to secure a satisfactory outcome, WMCA will still reserve the right not to enter into the Single Settlement up to the point where the settlement values are made know to WMCA.
- 3.4 With regards to devolution, officers will now undertake an assessment of the implications of the removal of the requirement to undertake a gainshare review of our investment fund.

4. Legal Implications

- 4.1 The single settlement MoU is not a legally binding agreement and there are no immediate legal implications as a result of this report.

4.2 The legal implications of any future expenditure decisions will be considered at that time.

5. Single Assurance Framework Implications

5.1 There are no immediate or direct implications for the Single Assurance Framework arising from the single settlement details above. Over the coming year and thereafter, we will be undertaking a piece of work to ensure our SAF and its auxiliary processes reflect the requirements and opportunities presented by the single settlement. There is a 'Assurance' workstream in the Single Settlement wider programme. The next iteration of the WMCA Single Assurance workstream will incorporate the requirements of English Devolution Accountability Framework (EDAF).

6. Equalities Implications

6.1 There are no immediate equalities implications arising from the ratification of the MoU. This is because the MoU is a high-level agreement; funding priorities – and their equalities implications – will be agreed through the process of developing functional and place-based strategies, which will be come to Board for a decision later this year.

7. Inclusive Growth Implications

7.1 With regards to the single settlement, consideration is being given to how the Inclusive Growth Framework will be integrated into the design and implementation of the single settlement. This includes integrating the Framework into the design of the functional strategies that will steer how single settlement monies are deployed; into the outcomes framework, which all single settlement monies will deliver against; and into the WMCA's Single Assurance Framework, such that Inclusive Growth is considered as and when business cases for individual projects are considered.

8. Other Implications

8.1 No other implications have been identified.

9. Schedule of Background Papers

[West Midlands Combined Authority Trailblazer Deeper Devolution Deal](#)

[Memorandum of Understanding for the Single Settlements with Greater Manchester and West Midlands Combined Authorities](#)

[Update on Level 4 devolution: Confirmation of eligibility for West Yorkshire, South Yorkshire, Liverpool City Region and the West Midlands](#)

[Annex to the Memorandum of Understanding for the "Trailblazer" Single Settlements with Greater Manchester and West Midlands Combined Authorities](#)

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WMCA Board

Date	15 March 2024
Report title	Commissioning and Procurement of Skills Provision
Portfolio Lead	Skills & Productivity - Councillor George Duggins
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
Accountable Employee	Clare Hatton, Interim Executive Director of Employment, Skills, Health & Communities email: clare.hatton@wmca.org.uk
Report has been considered by	LA Employment & Skills Officers WMCA Executive

Recommendation(s) for action or decision:

WMCA Boards is recommended to:

- (1) Agree the proposed commissioning and procurement approach for skills programmes to support ongoing delivery of adult education and skills training in meeting local and regional priorities:
 - (i) Grant awards to Further Education Colleges, Universities and Local Authorities.
 - (ii) Procurement through competitive tendering using the WMCA Dynamic purchasing System.
 - (iii) In consultation with Local Authorities, direct grant award of up to £100k to community and voluntary organisations to tackle specific resident or geographical needs where the market has failed to address.

- (2) Delegate authority to carry out commissioning of skills funding, including any procurement activity as required, to the Executive Director of Employment, Skills, Health and Communities, in consultation with the WMCA Section 151 Monitoring Officer, and in discussion with the Portfolio Lead.

1. Purpose

- 1.1 Following the approval of the [WMCA Employment & Skills Strategy](#) by the WMCA Board in February 2024, we are now seeking delegated authority to receive funds and to undertake commissioning and procurement of skills funding, in line with this Strategy.

2. Background

- 2.1 In the context of the deeper devolution deal for the WMCA area, and our preparations for a single settlement, we have reviewed and refreshed our current Adult Education Budget Strategy to create a wider Employment and Skills Strategy that sets out our priorities for the next 3 years. The Strategy will also inform the development of a functional strategy for the adult skills pillar of the single settlement, though it seeks to have a broader and deeper focus given the importance of employment support and careers to our work across all local authority areas.
- 2.2 Our ambition, as set out in the Strategy, is to develop a more integrated employment and skills ecosystem for the region through which we can stimulate economic growth, deliver better outcomes for residents and businesses, and create healthier thriving communities. For adult skills we will have a single coherent funding structure where the Adult Education Budget, Free Courses for Jobs and Bootcamps will form the basis initially. We hope and will endeavour to expand this to encompass an integrated employment and skills funding stream. And having a better integrated employment and skills ecosystem will also make it easier to align this investment with other services, such as business support and health etc, further improving outcomes in local areas.
- 2.3 These ambitions clearly align with and support delivery of the WMCAs Inclusive Growth Framework including Inclusive Economy, Health and Wellbeing and Education and Learning. Sector specific programmes will support our regional aspirations around climate resilience and localised offers will deliver against our Connected Communities and reduced employment inequalities.
- 2.4 For the financial year 2024/25, we currently receive in the region of £170m per year of funding from central government for employment and skills, including £134.1m of devolved Adult Education Budget plus delegated budgets for Free Courses for Jobs of £9.4m p.a. and Skills Bootcamps funding of £26.7m.
- 2.5 As approved by WMCA Board in June 2022, the majority of our skills funding is allocated to further education (FE) colleges and Local Authorities that deliver adult and community learning, through a plan-led grant funded approach, with the remaining funds allocated through competitive procurement. As set out in our Employment and Skills Strategy, we are now looking to engage universities in the co-design and delivery of adult training by extending grant agreements to universities who have a presence in the region, in line with the conditions we already provide to our colleges and Local Authorities.
- 2.6 This is broken down for 2024/25 as follows:

Grant payments to Further Education, Local Authorities, VCS	£124,415,000
Procurement with Independent Training Providers (DPS)	£29,350,400
Grant payments to Higher Education	£2,655,300
Total:	£156,420,700*

* £13.5m remaining to enable regional responses to emerging challenges and priorities.

3. Proposed approach to commissioning and procurement

- 3.1 Our provider strategy and approach to commissioning and procurement of funds is set out in our Employment and Skills Strategy. This includes a commitment to developing a single coherent funding structure for adult skills, a move to accountability agreements and 3-year funding allocations, setting out our overall expectations, and what our grant providers will deliver in return for their funding allocation.
- 3.2 Our commissioning strategy includes the commitment to continue to enter into Grant Agreements with Further Education Colleges and Local Authorities which was originally agreed at WMCA Board in 2019 prior to the commencement of devolved funding.
- 3.3 Our Dynamic Purchasing System (DPS) went live in November 2022 and now has around 250 registered providers who can access our competitions. In 2024, we have committed to introducing enhancements to our DPS to enable us to work more effectively with registered providers and strengthen our understanding of their capacity and capability. Providers will be able to contribute to the future design of our offers and bid more effectively through regular engagement events.
- 3.4 To support bidding, we will publish outline specifications alongside our outcomes framework covering the themes of community and innovation; good education up to level 2; into employment and career progression; and meeting future skills needs through reskilling and upskilling. We will also publish our procurement cycle broken down by quarter, enabling bidders to plan and contribute to design. Our procurement will continue to have a strong focus on people and place.
- 3.5 As noted in 3.4 an outcomes framework has been developed aligned to our Employment and Skills Strategy, this framework enables the directorate to fully monitor the delivery and performance of providers against clear outputs and outcomes and more importantly the impact these programmes are having on our region's residents. . Delivery plans are developed and agreed in collaboration with our colleges and LA's and reviewed monthly.
- 3.6 The Board is asked to agree to the approach outlined and to delegate authority to carry out commissioning and procurement for the period 2024-2027, and further activity during the contract term as may be required, to the Executive Director of Employment, Skills, Health and Communities, in consultation with the Section 151 Monitoring Officers, and the Portfolio Lead.

4. Financial Implications

- 4.1 The funding to be delegated is the Adult Education Budget, Free Courses for Jobs and the Skills Bootcamps with combined budgets of £170.2m for the financial year 2024/25 as outlined below and referred to in the Financial Monitoring report as new grant award.

Funding Stream	Budget £m
Adult Education Budget	£134.1
Free Courses for Jobs	£9.4
Skills Bootcamps	£26.7
Total	£170.2

4.2 The onward awarding of funding to delivery partners will follow the WMCA governance routes and ensure value for money.

5. Legal Implications

5.1 The function of adult education provision was conferred on the WMCA by the West Midlands Combined Authority (Adult Education Functions) Order 2018.

5.2 WMCA has a statutory duty in respect of adult education and are the accountable body responsible and accountable for funding monies allocated to them for adult education related training in the WMCA region. As such the funding streams impose terms and conditions on WMCA that have to be met and complied with. Failure to do so could result in the funding becoming repayable in whole or in part to the funding stream. Where funding is used as a grant scheme a full subsidy analysis should have been undertaken.

5.3 The approval sought is a Key Decision which has been included on the Forward Plan.

5.4 The proposed form of agreements will be developed by Legal Services in consultation with the client department on a case-by-case basis. This is to ensure that consideration is given to the grant recipients and prospective providers capacity to deliver the outcomes of the employment and skills programme to the satisfaction of the WMCA and the standards prescribed by the DfE and any funding conditions. Whilst Legal Services note the specific reference to accountability agreements, the terms and structure of such agreements will be explored further.

5.5 In respect of procurement activity through competitive tendering using the WMCA Dynamic Purchasing System, contract awards must comply with the Public Contracts Regulations 2015.

6. Equalities Implications

6.1 This paper sets out our commissioning approach to delivery activity set out in our Employment & Skills Strategy. The Strategy agreed by Board in February 2025 recognises that challenges and opportunities vary considerably by place and for different groups of people. It seeks to help tackle these challenges and to deliver for both people and place. As set out, we will work closely with our Local Authority partners to ensure that this delivery activity commissioned supports the delivery of local place-based plans. We will closely monitor the offer to and impact on each place and on the different communities that we serve as part of our performance monitoring activity.

7. Inclusive Growth Implications

7.1 The ambition outlined in our Employment and Skills Strategy align closely with, and support, our inclusive growth framework, in which education and learning and inclusive economy are key fundamentals. Through the approach set out in this paper we will ensure that our investment supports a wide range of metrics within the framework including clear outcomes, impacts and benefits to evidence this.

8. Geographical Area of Report's Implications

8.1 Full WMCA region

9. Other Implications

9.1 None

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WMCA Board

Date	15 March 2024
Report title	West Midland Cycle Hire Scheme Update
Portfolio Lead	Transport - Councillor Mike Bird
Accountable Chief Executive	Anne Shaw, Executive Director, Transport for West Midlands email: anne.shaw@tfwm.org.uk
Accountable Employees	<p>Pete Bond, Director of Integrated Transport Services email: pete.bond@tfwm.org.uk</p> <p>Stephen Bermingham, Implementation Manager – WM Cycle Hire email: stephen.bermingham@tfwm.org.uk</p> <p>Andrew Thrupp, Head of Operational Assets email: andrew.thrupp@tfwm.org.uk</p>
Report has been considered by	<p>Transport Delivery & Overview Committee Mayor and Portfolio Leads TfWM Leadership Team Strategic Transport Officers Group TfWM ITS Leadership Team TfWM Network Programme Board Adam Tranter, Mayor’s Cycling & Walking Commissioner</p>

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Approve the additional funding requirement of £2.1m to take the scheme through to the end of the existing contract in October 2025.

- (2) Endorse the conclusion of options appraisal of the existing scheme and interim measures taken to improve performance of the scheme and mitigate the challenges reported in Autumn 2023.
- (3) Note the original objectives of the scheme and the level to which these are being met through the existing scheme, as per WMCA Board report 24 July 2020.
- (4) Note the link between the existing WMCH scheme and the developing Local Travel Points that will include further cycle hire scheme along with improved safety and security measures.

1. Purpose

- 1.1 To seek approval for an additional £2.1m of funding to support the ongoing contract management for the West Midlands Cycle Hire scheme up to the end of the existing contract in October 2025.
- 1.2 To provide an update on the West Midlands Cycle Hire (WMCH) scheme since its launch in 2021, the level to which it is achieving the targets and objectives of the scheme, the performance, management, and integration with other schemes including e-scooters and local travel points as we approach 18 months until the end of the existing contract.
- 1.3 To provide an update on challenges and mitigations which have emerged since the creation of the scheme, and the financial sustainability and impact and importance of stakeholder relationships as factors that impact scheme performance and sustainability.
- 1.4 To make clear the activities that have been implemented to improve and protect the West Midlands Cycle Hire scheme in the short-term, and what is evolving in performance management to secure longer-term opportunities for a scheme beyond October 2025.
- 1.5 To define the opportunities being incorporated to include the rollout of the Local Travel Points to help manage and mitigate some of the scheme challenges.

2. Background

- 2.1 A regional cycle hire system was referenced as one of the core principles of the West Midlands Cycling Charter, established in 2015, which outlined the key principles among partners to deliver a step change in cycling across the West Midlands supported and developed by the WMCA in partnership with local authority partners.
- 2.2 Good active travel will play a key part in delivering the West Midlands LTP Core Strategy and the LTPs (and the WMCA's) wider aims and objectives by encouraging more sustainable journeys and healthier lifestyles and creating more access for people to opportunities such as jobs and education.
- 2.3 To reflect this the draft LTP Walk, Wheel, Cycle and Scoot Big Move sets out that everyone in West Midlands should be enabled to safely access a range of local destinations on foot, in a wheelchair or on a bike or scooter; with the aim of at least half of all trips in our area to be made by active modes by 2030.

- 2.4 27% of households in the region do not have access to a car. At the same time 60% of car trips in the region are less than 2 miles. Shared services such as WM Cycle Hire allow people to access vehicles to drive without having to own one. This is useful to citizens of the West Midlands because:
- It offers a more affordable alternative to owning a particular vehicle (or another vehicle), and particularly may be a more affordable alternative to buying a Zero Emission Vehicle;
 - It is impractical to own a vehicle (or another vehicle) for example because of a lack of personal space to store/park/charge a vehicle;
 - They might need to access a vehicle away from home (for example where someone has travelled somewhere by public transport and needs to access another vehicle for onward travel); and
 - They may be able to access a greater diversity of vehicles to access the right vehicle to meet their needs at the right time.
- 2.5 Shared services play a key role particularly either as part of the first and last mile element of journeys or for end-to-end travel helping to support improved accessibility and our ambitions for inclusive growth across the region.
- 2.6 The draft LTP Public Transport and Shared Mobility sets out that WMCA and local authorities will commit to supporting the development and provision of shared services, specifically including cycle and scooter hire, and car/van clubs, creating a more accessible and inclusive offer.
- 2.7 Besides health implications, the West Midlands area suffers from significant air quality problems. Public Health England figures suggest approximately 1,500 adult deaths each year are attributable to poor air quality in the West Midlands. Policies such as Clean Air Zones (CAZ) are designed to improve air quality and contribute significantly to our Health and Transport policies. Encouraging active travel, in this case through cycle hire schemes, will form a key element of our overall approach to improving air quality and the health of our residents, as well as reduce the number of motorised vehicles on the road. This, in turn, supports the commitment to WMCA's Air Quality Framework, geared towards accelerating improvements to air quality on a regional scale.
- 2.8 WMCH scheme was approved and agreed by the WMCA Board in July 2020. The scheme was designed to support some of the major health, wellbeing and air quality targets of the region as well as improving accessibility and trialling micromobility schemes such as those seen in London and other major city regions.

3 Operations and scheme performance

- 3.1 Since WMCH launched in March 2021, it has provided bikes, and docking stations across all 7 West Midlands Local Authorities. The scheme comprised a total of 1,500 bikes, 150 of which being e-bikes, along with 195 physical and 10 virtual docking stations, for people to hire bikes from and return bikes to. 1320 bikes were always planned to be on the network at any one time.

- 3.2 Serco have led on the implementation and ongoing management of the WMCH scheme, with a services contract in place up until October 2025. The introduction of the new e-scooter hire scheme in Birmingham in August 2023 has improved the overall micromobility offer within the region. Both schemes utilise the same technology through Beryl and the same operational team through Serco to ensure a consistent regional offer, ensuring bikes are recovered, and restocked to serve demand.
- 3.3 The scheme was established to consist of operations within all 7 Local Authority areas and to include an additional scheme at Sutton Coldfield supported by additional subsidy from Sutton Coldfield Town Council.
- 3.4 Scheme usage has predominantly shown positive uplift trends year-on-year since launch which is a positive in terms of integrated solutions for residents and visitors that can assist in creating the health and wellbeing outcomes originally envisaged. Usage varies across the region, based on a number of factors, whilst also highlighting the wide geographical spread of the scheme, being one of the most widely spread geographical schemes anywhere in the UK. The cumulative distance travelled on WMCH bikes since scheme launch now stands at over 1.1 million miles.
- 3.5 E-scooters - the new West Midlands e-scooter hire scheme was launched on the 2nd August 2023. A continuation of the Department for Transport trial, delivered by Beryl and managed through Serco includes 200 e-scooters that were made available within Birmingham at launch, which is now up to 800 active scooters on-street. The 12.5% revenue share available to TfWM is expected to amount to around £50k per annum in year 1 which can be used to offset some of the deficit on the WMCH scheme.
- 3.6 Data, and Key Performance Indicators (KPIs) are actively reviewed to ensure that TfWM can effectively monitor the contract and be aware of which areas need developing and attention. The latest changes to staffing and governance will help with this area and ultimately improve contract and scheme performance. Part of this will allow TfWM access to the back-office system for Serco for internal teams to interrogate and respond to contractual issues as happens with other modes and organisations.
- 3.7 Customer Experience and feedback- User surveys have been undertaken annually on the scheme, with the latest survey in 2023 indicating that almost half (45%) of users use WMCH to get to or from other modes of public transport, highlighting the added benefit of WMCH alongside our wider public transport services. Scheme users tend to be younger (47% aged 16-34), male (72% in 2023) and are less likely to have access to a car compared with the regional conurbation average (60% vs 73% average)
- 3.8 From the same survey, WMCH is used most regularly for work trips (24%, weekly), with 18% and 17% of users travelling weekly for leisure and education respectively. Users highlighted being able to travel where they like, the speed of journeys versus other modes, and the environmental benefits of travelling by bike, as the main factors influencing WMCH use.
- 3.9 In terms of the integration of the cycle hire and e-scooter schemes, again from the latest user surveys, 86% of cycle hire users noted that they were aware of the new e-scooter offering, with a quarter (26%) having used them, again helping to demonstrate the added value of an integrated and consistent regional micromobility offering. Use of e-scooters was highest amongst those aged 35-44 (30%) and more regular WMCH users (34%).

- 3.10 The TfWM Transport Planning team have used the Department for Transport (DfT) Active Mode Appraisal Toolkit (AMAT) to make some initial estimates of annual impacts, and benefits – although note AMAT does not cover all the possible benefits of the scheme (e.g. employment, or time savings), nor are all AMAT benefits necessarily aligned to scheme objectives as benefits in a scheme appraisal would need to be. Further information on this is covered in Appendix 1.
- 3.11 The TfWM Transport Planning team have additionally collected some information on the benefits of cycle sharing schemes generally and shared with the WMCH team as high-level support for AMAT work, and any other benefits estimates that might be made – highlights include:
- the better physical and mental health reported by beneficiaries of a cycle share programme in Edinburgh and Glasgow (10% went on to buy their own cycle, and note TfWM satisfaction surveys suggest some WMCH users might give up their cars if more cycles were available)
 - and how 20% of cycle share scheme users said that if formed ‘all’ or a ‘major part’ of the physical activity they undertook
 - whilst completing 20 minutes of exercise each day cuts the risk of many diseases – achieving this via cycling is linked to reduced heart disease and cancer, and reductions in anxiety and (by 31%) depression (with better worker productivity too)
 - and if cycling rates were elevated to London levels across other UK cities, this would avoid around 30,000 incidences of eight life-threatening conditions by 2040

4 WMCH Scheme Challenges and Operational Improvements

- 4.1 Whilst the scheme has been used successfully in many areas it has experienced challenges. The first of these is bike availability, which 783 bikes available to the scheme in October 2023, well below the required targets. This is as a direct result of vandalised and missing bikes, This figure has since recovered to over 1000, as of the 30th January 2024 and is predicted to be back to over 1100 by the end of March 2024.
- 4.2 Secondly, instances of vandalism increased significantly on WMCH in 2023. The cost of vandalism repairs increased eight-fold in the period of April – June 2023 compared to the same corresponding months within 2022. Other schemes including Manchester have reported similar challenges with vandalism highlighting this is an issue across the country. Vandalism costs for WMCH are covered jointly between TfWM and Serco, up to the value of £100k per year, with TfWM taking full liability for any costs beyond this £100k figure. This figure reached £166k for the 2023/24 financial year to October 2023, and the total cost of putting the 281 bikes (242 pedal / 59 ebike) awaiting repair back into service is around £150k further and will take around 4 months to complete.
- 4.3 There was also a high number of missing bikes across the region and a full mitigation and recovery plan is in place and currently proving very successful in recovering many the 300 bikes that went missing. TfWM and Serco are working closely with police resources to tackle this issue, with Serco contributing financially and committing additional resources to the contract to assist with the recovery of operational performance.

- 4.4 Finally, another challenge impacting the scheme is the numbers of bikes left outside of the docks (OOD) and outside of the zones (OOZ) they should be returned to, which then makes the bike more susceptible to vandalism or theft if not recovered quickly. The higher levels of bikes left OOD and OOZ recently resulted in an increase of fines for doing this, as well as a marketing campaign to dock your bike.
- 4.5 Whilst issues with bike availability, vandalism, missing bikes and bikes left out of dock and out of zone appear high, it must be noted that these are in keeping with issues seen on other schemes both nationally and internationally. We are looking to learn from best practice implemented within other schemes to continue to combat these challenges as we move forward with our contingency planning and the work with police and partners is pivotal to this.

5 Scheme realignment and next steps

- 5.1 Options have been considered with respect to the ongoing operation of the scheme, as per Appendix 1. Given the relatively consistent financial forecasts for each available option, the recommended way forward is to proceed with Option 1, ensuring a full scheme is maintained until the end of the contract in October 2025. This is consistent with the originally approved WMCA Board Report in July 2020, providing a single cycle hire scheme across all 7 West Midlands Local Authorities.
- 5.2 In advance of the contractual end point, TfWM will develop a regional micromobility strategy in order to set out and endorse a regional approach to shared mobility across the region. This will subsequently allow for the procurement of a replacement micromobility scheme to serve the West Midlands, from October 2025 onwards, with the aim of reducing the financial liability placed on WMCA, whilst still providing a beneficial product to users. Progress with the strategy and procurement options will be reported in line with necessary governance and with any additional request for information. This approach has been utilised more recently in other local authorities within the UK, with the more financially viable e-scooter offering potentially helping to subsidise cycle hire operations in shared schemes.
- 5.3 The key objective moving forward is to ensure a stabilisation to the existing scheme, prioritising asset protection, with a focus on improved operations across the region, whilst ensuring a long-term approach to micromobility across the region via a more favourable commercial model. This will be reported through 6 monthly updates to Transport Delivery Overview and Scrutiny Committee, and the Strategic Transport Board.
- 5.4 In addition the new Local Travel Points pilot scheme will be implemented and trialled in Halesowen along with the additional security features which will test this type of operation in the region as well. Some additional security features will be considered at other locations of the scheme within the region during this time.
- 5.5 Whilst an expansion of the current WMCH scheme has previously been referenced, the revenue benefits of an additional order are not forecast to be at a level to justify the capital expenditure. However, the purchase of additional bikes will be considered, subject to funding, in line with the Local Travel Points scheme, and its growth, and will further help address any bike availability issues across the WMCH scheme.

5.6 To start to consider the procurement strategy from October 2025 for a combined micromobility service across the West Midlands which meets the needs of users across the region, has minimal financial liability on WMCA and has strong KPIs which will ensure operational excellence throughout the whole scheme. This will also embed learning from the upcoming Local Travel Points pilot to ensure a comprehensive approach to our future approach to micromobility.

6 Financial Implications

6.1 When the forecasting cost model was created to determine the level of subsidy required over the life of the contract, the central case forecasted a £2.7m deficit, although a total financial provision of £4.6m was made to cover this eventuality. However, due to the lower than anticipated revenue over recent years, the latest modelling indicates that the project will generate a total deficit of approximately £6.7m by the end of the 5-year contract which terminates in October 2025, resulting in an anticipated shortfall of £2.1m against the provision. This reflects a further (up to) £400K pressure on the Levy and MTFP compared to £1.7m pressure which was previously reported in May 23. This is a result of the additional vandalism and reduced bike availability during 2023-24 to date as noted in the report above.

6.2 Based on the current performance forecast, without any sponsorship deals forthcoming, it is anticipated that the £4.6m reserve ceiling will be breached in April 2024, with 18 further months of MTFP pressure for the remainder of the contract. As noted above, the forecasting does not consider any revenue uplift because of the new tariffs which have been implemented due to lack of data available. This will be modelled as data becomes available.

6.3 The current e-scooter arrangement provides the WMCA with a share of profits. Based on performance to date, this would lead to a revenue injection of circa £40k per annum, though this is a lower figure than anticipated because of relative low usage and fleet volume, which are both expected to increase. Income generated from the e-scooter arrangement will be used to offset some of the deficit on cycling. The integration of the micro-mobility budgets for e-scooters and cycle hire will provide a more holistic approach to managing the overall deficit and assist in improved decision making for future scheme changes.

6.4 As outlined within the options in Appendix 1, the forecast benefit for Options 2, 3 and 4 do not materially favourably impact the pressures on the remaining WMCH scheme. It is noted that withdrawal of the scheme at this point, also carries significant risk to the MTFP and exceeding the available reserves balance. The final settlement would be subject to negotiation, but notwithstanding this, the £4.6m approved reserves ceiling based upon the current performance levels will be breached in April 2024.

6.5 £2.1m has been included in the Medium Term Financial Plan to the end of the contract and the operational costs within the 2024/25 period is included in next year's approved budget.

7 Legal Implications

- 7.1 WMCA and Serco Limited are party to an Agreement dated 23rd November 2020 in respect of the provision of the West Midlands Cycle Hire Scheme (“Scheme”). Pursuant to clause 32 of the Agreement and subject to the Change Control Request Procedure set out at schedule 7 of the Agreement, WMCA may at any time amend the details of the Scheme, including the geographical extent of the Scheme.
- 7.2 Legal Services notes Option 4, within Appendix 1 of this report, in respect of exploring other options such as termination of the Scheme. Legal Services have previously provided advice in respect of termination options and the consequences thereof. If termination of the Scheme is to be explored further, the clients will need to liaise with Legal Services.
- 7.3 Additionally, it is noted that Option 1, as set out in Appendix 1 of this report is in line with recommendation 1 and the purpose set out in section 1.1 (as set out above). Consequently, there are no direct implications or actions arising from a legal perspective from such a recommendation, as it is primarily a financial issue i.e. an additional request for £2.1 million to allow the contractual arrangements to continue.

8 Equalities Implications

- 8.1 The reviewed changes highlighted in the report relate to the geographical spread of stations and bikes, and therefore the impact on users and citizens with respect to one or more of their protected characteristics as defined by the Equality Act 2010 is likely to be neutral. There is likely a positive impact on reducing health inequalities due to improved air quality with this scheme, and therefore a positive impact on the health of all citizens.
- 8.2 Section 4 details some of the major challenges with the scheme, and there is a potential minor challenge and impact with respect to bikes not being returned to their designated docking and parking stations which as a result may pose a trip hazard to citizens, especially blind and partially sighted citizens in particular.

9 Geographical Area of Report’s Implications

- 9.1 West Midlands Cycle Hire provides for residents in all seven WMCA constituent authority areas.

Appendix 1 – Options Analysis

With respect to addressing immediate pressures relating to bike availability, and in order to provide clarity on the level of service that can be maintained across the West Midlands moving forward, the below options have been assessed as requested by Strategic Transport Board.

Description	Summary of analysis
<p>Option 1. (Recommended): Retain the scheme in its current form until the end of contract in October 2025.</p>	<p>Latest scheme modelling indicates the total scheme deficit of this option would be £6.7m, resulting in an additional pressure on the MTFP of £2.1m over and above the costed scheme reserves. This option will include the delivery of Local Travel Points across the region and the re-allocation of resources in order to support this rollout. The safety and security aspects of the Local Travel Points will also be reviewed with respect to enhancing existing WMCH docking stations. If this recommended option is approved, a report will go to WMCA Board requesting up to £2.1m to ensure the continued operations until October 2025.</p>
<p>Option 2. Reduction of stations in Sandwell, Stourbridge, Solihull, and Walsall, to be re-deployed in Birmingham and Coventry.</p>	<p>Latest scheme modelling indicates the total scheme deficit of this option would be £6.7m, resulting in an additional pressure on the MTFP of £2.1m over and above the costed scheme reserves. There is an immaterial benefit of £24k over the remaining project life with Option 2 compared with Option 1.</p>
<p>Option 3. Full removal of assets within Sandwell, Stourbridge, Solihull, Walsall, and Wolverhampton.</p>	<p>Assets would then be re-deployed in Birmingham and Coventry, where scheme usage has been highest. Latest scheme modelling indicates the total scheme deficit of this option would be £6.6m, resulting in an additional pressure on the MTFP of £2.0m over and above the costed scheme reserves. There is a small benefit of £87k over the remaining project life with Option 3 compared with Option 1.</p>
<p>Option 4. Termination of WMCH scheme.</p>	<p>Serco have provided a without prejudice estimation and subject to further discussion cost for withdrawal. The indicative termination estimate provided ranges between £1.4m and £2.0m. This includes, three months' notice period, stranded costs (redundancies, assets, depot) and subcontractor terminations. This option is deemed to be unrealistic as the costs to withdraw the scheme is largely consistent with continuing the contract until October 2025, and would likely bring with it negative media coverage regarding a commitment to Active Travel schemes within the region.</p>

Implementation of Option 2 and 3 do provide small revenue uplifts however, it is anticipated that there will be additional costs to move the docking stations.

For Option 4, withdrawal from the scheme, it is assumed that the cost to Serco for termination is up to £2m based upon the high estimate provided and a termination to be implemented by the end of the 2023-24 financial year.

The pressure to MTFP, for costs more than the £4.6m reserves ceiling, from April 24 ranges between £1.9m and £2.1m. The table below summarises the financial implications of the options outlined above.

Option	Description	Monthly Revenue Uplift	Estimated Implementation Cost	Project Life Outturn Forecast	Reserves Ceiling	MTFP Pressure April 24 to October 25
1	Retain scheme as is until end of contract	-	-	£6,684k	£4,600k	£2,084k
2	Remove up to 70% of stations and re-distribute	£2k	£20k	£6,660k	£4,600k	£2,060k
3	Remove all and concentrate in Brum, Cov & Sutton	£6k	£45k	£6,597k	£4,600k	£1,997k
4	Withdraw scheme (Terminated at March 24, £2m cost)	-	-	£6,515k	£4,600k	£1,915k

The table shows the low and high estimates, based on AMAT as per section 3.10 (more work and time for checks would be needed to narrow this), for the current scheme, and also for options to either move some or all of the cycles to the best-performing Birmingham and Coventry areas:

Annual benefits from AMAT (£000s)	Option 1		Option 2		Option 3	
	Current scheme		Move 70% of cycles from other areas to Birmingham and Coventry		Move all cycles from other areas to Birmingham and Coventry	
	Low estimate	High estimate	Low estimate	High estimate	Low estimate	High estimate
Increased physical activity (reduced risk of early death)	155	275	174	308	183	325
Reduced workplace absenteeism	48	85	54	96	56	101
Net benefits from reduced car use (air quality, carbon, decongestion, maintenance, noise, safety)	29	52	33	58	34	61
Total (from AMAT alone)	232	413	260	462	274	487

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WMCA Board

Date	15 March 2024
Report title	West Midlands Bus Service Improvement Plan Phase 3 Funding 2024 / 2025 - Spending Approval
Portfolio Lead	Transport - Councillor Mike Bird
Accountable Chief Executive	Anne Shaw - Executive Director, Transport for West Midlands email: anne.shaw@tfwm.org.uk
Accountable Employee	Pete Bond - Director Integrated Transport Services, Transport for West Midlands email: pete.bond@tfwm.org.uk Jon Hayes - Head of Bus, Transport for West Midlands email: jon.hayes@tfwm.org.uk
Report has been considered by	Bus Alliance Board Enhance Partnership Reference Group

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Agree the proposed allocation of the additional £16.6m of BSIP funding as outlined in paragraph 2.11. WMCA Board are advised that this is additional funding to the £87.8m previously approved by WMCA Board on 10th June 2022 referred to in paragraphs 2.1 – 2.2.
- (2) Note the submission of the Project Adjustment Request (PAR) sent to the Department for Transport (DfT) on the 29 February 2024 defining the areas of spend for the West Midlands Phase 3 Bus Service Improvement Plan (BSIP) funding pending this approval.

- (3) Delegate the responsibility for approving any changes to the final revenue funding allocation for the West Midlands BSIP to the Executive Director for Transport for West Midlands in consultation with the Mayor and the Portfolio Lead for Transport.
- (4) Approve the WMCA Section 151 Officer accepting this additional BSIP funding, subject to the Terms and Conditions of the funding being acceptable to the WMCA Section 151 Officer.
- (5) Delegate the responsibility for approving further revisions to the West Midlands Bus Service Improvement Plan and making the Enhanced Partnership to the Executive Director for Transport for West Midlands, WMCA Section 151 Officer and WMCA Director of Legal and Governance in consultation with the WMCA Cabinet Member for Transport, and subject to completing the statutory process.

1. Purpose

- 1.1 To further deliver the aspirations set out within the West Midlands BSIP in enhancing and improving bus provision and services for the customers within the West Midlands.

2. Background

- 2.1 In 2022 the West Midlands Combined Authority secured £87,857,760 of Phase 1 funding to deliver defined projects within the scope of the West Midlands Bus Service Improvement Plan (BSIP).
- 2.2 Initial guidance from the DfT was for this grant to be utilised on defined projects in the region to bring about transformation to the bus network aligned to the governments National Bus Strategy. The original objectives of the scheme included £39m towards a passenger led recovery program through incentivising new long-term customers through offering initial free or reduced fares, nearly £24m for bus network transformation and £18.5m towards a fares freeze. DfT were explicit in their guidance that this transformation funding could not be used to support the existing bus network in the recovery from the Covid pandemic. The WMCA Board approved this original allocation to support the delivery of the BSIP at its meeting on 10th June 2022.
- 2.3 From July 2023 wider funding from DfT for supporting bus operators in the recovery from the pandemic came to an end. Operators indicate that there was a significant risk that up to 40% of all bus service would be at risk in the region, this was replicated in all parts of England. DfT subsequently revised their guidance such that Authorities in receipt of BSIP phase 1 funding could then seek to use the funding to support their existing networks.
- 2.4 To prevent a 40% reduction in Bus Services and following a change control mechanism with the DfT through their Project Amendment Report (PAR) process, the Phase 1 BSIP funding was amended to deliver the following;
 - Fares freeze to July 2023 - £7.708m
 - Bus Passenger Incentive Programme - £23.3m (£19.8m for operator reimbursement of discounted ticketing and £3.5m to support the scheme, through software development, marketing and promotion and staff time).
 - Bus Service Transformation - £10.781m
 - Bus Service Network Support - £39.953m

- Introduction of Transport Safety Officers (TSO's) - £0.7m
- Network Performance - £3.2m
- Bus Network Scheme Development - £1m
- BSIP Delivery Support - £1m
- Customer Charter and Monitoring - £0.216m

- 2.5 Delivery of these schemes is underway and on program and subject to monitoring and reporting to the DfT the West Midlands Bus Alliance, West Midlands Enhanced Partnership Reference Group and WMCA governance processes.
- 2.6 On 23 October 2023, the Government announced the indicative allocation of a further £150 million of 2024-25 funding for LTAs to improve bus services, as set out in their BSIPs and as part of Network North. This is part of the third phase of BSIP funding and is intended for transformation rather than network support
- 2.7 WMCA have provisionally been allocated up to £16,604,000 of revenue funding to support delivery of the West Midlands BSIP in 2024/25. This is additional to the £87.9m Phase 1 funding.
- 2.8 Through discussions with the DfT it is expected that there will be further allocations of funding from Government towards the delivery of the Bus Service Improvement Plans including funding to support networks from April 2025 onwards. It is expected this will be confirmed in early 2025 and subject to Terms and Conditions.
- 2.9 WMCA were required to submit a PAR to DfT on 29th February 2024 outlining how it intends to spend the Phase 3 funding allocation of £16.6m.
- 2.10 Guidance from the DfT states Local Transport Authorities may use the funding on interventions that we, and local operators through the Enhanced Partnership, expect will deliver the best overall outcomes in growing long term patronage and revenues (thus maintaining service levels), whilst maintaining essential social and economic connectivity for local communities. As required by the DfT Governance for the West Midlands BSIP is directed through the West Midlands Bus Alliance, the Enhanced Partnership Reference Group, inclusive of Local Authorities
- 2.11 Through engagement with West Midlands Bus Alliance Partners and members of the Enhanced Partnership Reference Group, inclusive of Local Authorities, it is proposed the funding is allocated as follows.

Ref.	Description	Allocation
1	Bus Priority at Traffic Signals Pilot – work in partnership with Coventry City Council and Warwickshire County Council to pilot Bus Priority at key signalised junctions on the Coventry – Bedworth – Nuneaton corridor using intelligent technology linked to the buses real time location. The system will seek to give greater priority to traffic movements supporting the flow of late running buses. If successful, and subject to available funding, the technology can then be considered for junction improvements across the wider network.	£180,000

	Part of the allocation is also to review and amend the phase 1 sprint signal amendments to ensure they are optimised to give priority for buses.	
2	Transport Safety Officers – increase the number of Transport Safety Officers by 6 additional officers. Funding will be targeted at increasing presence on the Bus Network including on buses and at unstaffed interchanges including Birmingham City Centre, Sutton Parade, Solihull Town Centre and Rail Station, Chelmsley Wood and Bearwood Bus Station to address perception around personal safety and Anti-Social Behaviour.	£350,000
3	Marketing and Engagement – work in partnership with Local Bus Operators and stakeholders to implement a comprehensive and sustained marketing campaign, to increase awareness amongst hard-to-reach groups and encourage modal shift to bus. The principal objectives are to grow patronage to support the passenger led recovery of the sector, tackle localised air quality issues and the impacts of congestion. This project sits alongside the Bonfire of Bus Tickets and Ticket Incentives Program from Phase 1.	£1,500,000
4	West Midlands on Demand – extend the West Midlands on Demand DRT service in Coventry. To continue to deliver the 'co-mingled' service providing a fully accessible door to door transport service to those that require it and a DRT service for all residents and visitors to the area. The project will seek to retain the existing service following the end to section 106 contribution funding via Coventry City Council and funding from Warwick University. The longer-term delivery of the service will be considered as part of the implementation of the new Target Operating Model for DRT / R&R services in the region from early 2025.	£390,000
5	Demand Responsive Transport (DRT), Ring & Ride, Community Transport capacity enhancements - Our BSIP seeks to integrate CT, R&R and DRT services into the wider integrated network. The existing R&R and DRT services are tailored to provide travel for individuals. These services have not currently designed and do not have capacity to provide travel to group sessions designed for adults with specific needs or requiring support such as Age Concern, Church Community Support Groups, Stroke Recovery / rehabilitation groups, mental health support networks etc. Due to the cost of providing transport we are aware that a number of these groups are no longer meeting and supporting these passengers. Whilst we can provide travel for individuals to these group activities, we can't guarantee it due to the limited capacity and demand responsive nature, we are seeking to use BSIP funding to provide dedicated additional capacity through our 3 rd Sector partners to meet this demand to March 2026.	£480,000

6	<p>Passenger Information (Static Information) – Market research with existing and potential passengers has identified that bus passenger information and all contact points including displays at stops and interchanges around the region could be further enhanced to provide more accessible and easier to understand information. This includes timetable information, onward travel information including wayfinding, fare information, availability of local services etc.</p> <p>This project seeks to develop and pilot static information to explore options for what can be provided on the core network, at bus stations and key interchanges.</p>	£625,000
7	<p>Passenger Information (Real Time Everywhere) – The Transforming Real Time Information (RTI) program has included the ability to provide RTI for every bus stop in the region. This information can be readily accessed from smart mobile devices by following a QR code displayed at every stop. This project will seek to develop a proposal through engagement with passengers to optimise the visibility of the QR code at each of the 12,500 bus stops in the region and roll out the preferred method of delivery.</p>	£375,000
8	<p>Independent Ticket Sales Team - Utilising BSIP support we have undertaken a 'bonfire of bus tickets' in the region to provide ticketing and fares simplicity for passengers and have also implemented targeted ticketing incentives to citizens to encourage use of bus, aid accessibility, grow opportunity and encourage modal shift etc. It is hoped the incentivisation will encourage sustained passenger led recovery and growth. TfWM and Bus Operators, including National Express, have dedicated teams who are seeking to grow sales and encourage use of the network. Utilising BSIP Phase 3 funding we are seeking to combine these teams with the objectives;</p> <ul style="list-style-type: none"> • To deliver some independence to retailing – this is particularly important now given the bonfire of tickets. • To combine forces with NXWM BSIP team to ensure we get the best coordinated effort. • To share and grow collective knowledge of the Sales functions. • To provide the Sales Team with new opportunities – new ticket types (nTrain for example) and MaaS so they can maximise their output and grown new commission streams for us. • To encourage greater take up of Swift to grow the customer base and patronage. • To improve the technologies to make it easier and more efficient for the sales teams. • To update scheme documentation to reflect changes providing clarity to operators and clear path for the sales team. 	£1,000,000

9	Monitoring, Market Research and Evaluation reporting resource to align with reporting requirements of the BSIP.	£100,000
10	Bus Network Support / Transformation – we are working with Local Bus Operators and Stakeholders to develop proposed enhancements to the local bus network to deliver the outcomes of the West Midlands Bus Service Improvement Plan. Additionally, we will continue to work with operators through the network review process to establish the financial sustainability of the current network and seek to ensure the network is optimised and deliverable using the available funding. Areas under consideration include simplified services, increases in service frequency and extensions to the operating day.	£11,604,000
TOTAL		£16,604,000

2.12 Through early dialogue with the DfT BSIP Relationship Manager we have provisional support for the above projects. The draft Project Adjustment Request (PAR) was submitted on 29 February 2024, which sets out how we intend to spend this additional funding, and subject to agreement at this WMCA Board. The PAR proposals may be subject to amendment following review by the DfT. Once approved funding will be paid alongside the rest of the BSIP funding for the year.

2.14 The additional expenditure proposed in this report will be monitored and evaluated in line with the existing BSIP delivery process. This will ensure it remains in-line with the original outcomes and objectives of the BSIP including a value for money, future deliverability and longer term sustainability targets.

2.13 WMCA are required to update the West Midlands Enhanced Partnership, in draft, to reflect the projects to be delivered with the Phase 3 funding. The scheme will be “made” once DfT have approved the PAR and subject to the statutory process.

2.14 The new schemes will also be included in a revision to the BSIP which needs to be completed during the Summer 2024.

3. Strategic Aims and Objectives

3.1. The West Midlands BSIP is a requirement of Government, as set out in the National Bus Strategy. The BSIP also closely aligns with WMCA aims to: -

1. Promote inclusive economic growth in every corner of the region
2. Ensure everyone has the opportunity to benefit.
3. Connect our communities by delivering transport and unlocking housing and regeneration schemes.
4. Reduce carbon emissions to net zero and enhance the environment
5. Secure new powers and resources from central government

4. Financial Implications

- 4.1 The provisional allocation of £16.6m of revenue funding will provide the WMCA with the ability to financially support some vital areas of Bus activity. The proposed workstreams to be supported are included in the table in the report together with proposed budget allocations. As with the initial allocation of £87.8m of BSIP funding, the grant will be provided to Authorities to support transformational work rather than business as usual activity. However, if the investment is successful in helping to transform and grow the Bus market, it could help to alleviate some of the mounting pressures on the Bus budget in the future.
- 4.2 The 2024 Revenue budget does not include any budget for Bus marketing campaigns and any marketing activity has to be funded from specific project budgets. The proposed funding will facilitate a significant marketing campaign and targeted engagement with customers with a view to driving-up patronage and revenue on the network.
- 4.3 The revenue budget for passenger information can only support business as usual activity rather than any enhancements to information provision. A capital project is underway to develop information software and replace some hardware on the network. The aim of providing QR codes across the network would help to ensure that customers have continued access to up to date information in a more financially sustainable manner.
- 4.4 The other proposed allocations aim to generate patronage through the provision of appropriate ticketing products to customers, improving perceptions of safety, enhancing services on the network and supporting the continued transformation of Ring and Ride, combining it with DRT services. If successful, targeted resource in these areas could result not only in a better quality of service to customers but also in a reduction in future public subsidy for the network if patronage on these services grows..

5. Legal Implications

- 5.1 There are no direct legal implications arising from the recommendations made in this report. The WMCA has the power to accept the grant under its General Power of Competence (S.113A(1)(a) of the Local Democracy, Economic Development and Construction Act 2009.
- 5.2 The WMCA is the Local Transport Authority and has a statutory responsibility to implement policies and strategies that co-ordinate and promote the use of public transport in the West Midlands. The West Midlands Combined Authority its legal powers for this function through the Transport Act 2000 (as amended by the Local Democracy Economic and Construction Act 2008 and Bus Services Act 2017).

6. Single Assurance Framework Implications

- 6.1 The funding allocation is provided by DfT and is in addition to the Phase 1 BSIP funding already received. The existing Memorandum of Understanding in place for the BSIP funding applies to this additional funding. The additional funding provides a change in scope to the approved Phase 1 BSIP, this will be recorded through a change control with the SAF team.

7. Equalities Implications

- 7.1 An Equality Impact Assessment was conducted on the BSIP for the original WMCA Board Decision in 2021 and remains relevant (after recent review) for this additional funding decision. Improving accessibility to bus services through BSIP funding assist people with access to education, training and employment as well as other public services particularly for those with no other means of transport ensuring we are delivering an equitable transport system.

8. Inclusive Growth Implications

- 8.1 The investment in identified projects within this decision paper and will be positive for inclusive in the West Midlands by supporting the following inclusive growth themes - Economic Growth; Health & Wellbeing; Employment & Skills and Environment.
- 8.2 The continued delivery of the BSIP has been heavily informed by the WMCA Inclusive Growth Framework. The LTP is of most positive relevance to the Connected Communities fundamental of this framework.

9. Geographical Area of Report's Implications

- 9.1 The BSIP and current Enhanced Partnership covers the area of the West Midlands Combined Authority, as defined by in the West Midlands Combined Authority Constitution. Engagement has been held with neighbouring local transport authorities.

10. Other Implications

- 10.1 None.

11. Schedule of Background Papers

- 11.1 West Midlands Bus Service Improvement Plan
- 11.2 DfT letter of 7/12/23 Network North: Phase 3 BSIP funding allocation for West Midlands Combined Authority



Department
for Transport

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07 December 2023

West Midlands Combined Authority

Transport Director

[by email]

Dear Transport Director

Network North: Phase 3 BSIP funding allocation for West Midlands Combined Authority

1. Thank you for your ongoing work to improve bus services, as part of the vision set in your Bus Service Improvement Plans (BSIPs).
2. On 23 October 2023, the Government announced the indicative allocation of £150 million of 2024-25 funding for Local Transport Authorities (LTAs) to improve bus services, as set out in their BSIPs and as part of Network North. This is part of the third phase of BSIP funding, which follows the first phase announcement in 2022 of £1,085m for 34 LTAs, and the second phase announcement in 2023 of a further £160m for BSIP+.
3. I am pleased to inform you that your Phase 3 indicative allocation is up to £16,604,000 of revenue funding to support delivery of your BSIP in 2024/25. This funding is additional to your existing Phase 1 BSIP funding allocation of £87,857,760.
4. You have an existing Memorandum of Understanding (MOU) in place for your BSIP funding. The terms of the existing MOU will apply to this additional funding. This letter amends the total funding given within the MOU, as set out in paragraph 3.
5. You may use the funding on interventions that you – and local operators through your Enhanced Partnership (where relevant) – expect will deliver the best overall outcomes in growing long term patronage and revenues (thus maintaining service levels), whilst maintaining essential social and economic connectivity for local communities. In some places that may involve ensuring existing connections are maintained, either by conventional services or Demand Responsive Transport. Elsewhere it might be achieved through increasing the frequency on key

corridors, increasing the operating hours of some services whilst reducing others, reducing fares, or introducing new local concessions to open new markets and revenue.

6. The Department for Transport (DfT) expects you to use the funding to maintain existing service levels or on measures that are consistent with official guidance on [Bus Service Improvement Plans \(BSIPs\)](#), bearing in mind that changes have been made to the BSIP rules, enabling BSIP allocations to be used for supporting existing services, as set out in the 17 May 2023 announcement. Funding decisions should be based on local circumstances and need.
7. Guidance on best practice for tendering bus contracts and use of *de minimis* limits is available on the Bus Centre of Excellence here:
 - a) [How to tender for road passenger transport contracts \(DfT\)](#)
 - b) [Value for Money of Tendered Bus Services \(DfT\)](#)
 - c) [Guidance on New De Minimis Rules for Bus Subsidy Contracts](#)
8. The next steps for this funding to be released are:
 - a. You must submit a Project Adjustment Request (PAR), which sets out how you intend to spend this additional funding, by 29 February 2024. Submissions should be made using the template in Annex A. We expect the funding to be spent on revenue schemes in line with your BSIP as set out in paragraph 5. Please speak to your Relationship Manager if you have questions about this or if the deadline is a challenge for you.
 - b. Once your PAR(s) have been approved, the additional funding for 2024/25 will be confirmed. You will receive it alongside the rest of your BSIP funding for that year.
9. Funding will be subject to LTAs submitting monitoring data to DfT on a quarterly basis, in a specified format. The Department may request information across the following areas:
 - a. Delivery Progress (including both spend and milestones)
 - b. Delivery Confidence
 - c. Risks and Issues
 - d. Changes to the Programme
 - e. Communications
 - f. Impacts and outcomes
10. As a condition of funding, LTAs will also be expected to comply with the Bus Connectivity Assessments coordinated by DfT, at regular intervals; and with revised BSIP Guidance when it is published. We expect submission of the Bus Connectivity Assessments to DfT, and an updated Bus Service Improvement Plan, to be required at dates to be specified.

11. As part of this process, Operators and LTAs will be expected to report on a range of issues, including but not limited to:
 - a. Connectivity;
 - b. Patronage;
 - c. Types of Service;
 - d. Innovation;
 - e. Funding.

12. Bus Connectivity Assessments will require comprehensive responses, and DfT reserve the right to ask for further evidence if deemed necessary and appropriate. DfT reserve the right to change the regularity of Bus Connectivity Assessments at any point.

13. Do not hesitate to contact us with any queries by emailing your relationship manager, copying in BSIP@dft.gov.uk.

14. Thank you for your collaboration so far. We look forward to continuing to support and work with you to deliver your BSIPs.

Yours sincerely,



Sharon Maddix
Deputy Director, Local Transport

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**West Midlands
Combined Authority**

Investment Board

Monday 12 February 2024 at 10.00 am

Minutes

Present

Councillor Bob Sleight (Chair)
Councillor Mike Bird
Councillor Steve Clark
Councillor Matthew Dormer
Councillor Peter Hughes
Councillor Karen Grinsell
Councillor Jim O'Boyle
Sue Summers
Gary Taylor

Portfolio Lead for Finance
Walsall Metropolitan Borough Council
Dudley Metropolitan Borough Council
Non-Constituent Authorities
Sandwell Metropolitan Borough Council
Solihull Metropolitan Borough Council
Coventry City Council
West Midlands Development Capital
Greater Birmingham & Solihull Local
Enterprise Partnership
City of Wolverhampton Council

Councillor Christopher Burden

In Attendance via MS Teams

Councillor Sharon Thompson

Birmingham City Council

Item No. Title

112. Apologies for Absence

Apologies for absence were received from Councillor Simkins (City of Wolverhampton Council).

113. Notification of Substitutes

Councillor Stephen Simkins (City of Wolverhampton Council) had nominated Christopher Burden as his substitute.

114. Minutes - 15 January 2024

The minutes of the meeting held on 15 January 2024 were agreed as a correct record.

115. WMCA Commercial Investment Fund (CIF) - Dashboard

The board considered a report detailing the Commercial Investment Fund dashboard as at 1 February 2024.

Resolved:

That the report be noted.

116. WMCA Brownfield Land and Property Development Fund (BLPDF) - Dashboard

The board considered a report detailing the Brownfield Land and Property Development Fund dashboard as at 1 February 2024.

Resolved:

That the report be noted.

117. WMCA Residential Investment Fund (RIF) - Dashboard

The board considered a report detailing the Residential Investment Fund dashboard as at 1 February 2024.

Resolved:

That the report be noted.

118. Thrive into Work Individual Placement and Support in Primary Care - Change Request

The board considered a report of the interim Director of Employment, Skills, Health and Communities that sought approval for a programme Change Request of £7,936.20 grant funding, to continue to deliver Individual Placement and Support Services across the region through to 31 March 2025.

It was noted that the original programme commenced as a pilot in 2018 prior to the establishment of the WMCA's Single Assurance Framework (SAF) and the requirement for a business case to be developed. The Change Request submitted, seeks to provide assurance to the board in the absence of a business case.

The Strategic Lead for Health Inequalities, Tatum Matharu outlined, the report and advised the board that the WMCA has successfully secured grant funding to continue the Individual Placement and Support Services (IPS) initiative that seeks to support adults who have a physical or mental disability to move into competitive employment and maintain that employment. The IPS initiative is a new model of integrated health and employment support that aligns with primary care network boundaries. The programme aims to target 3474 individuals with a goal of 1570 new employment outcomes over two years.

Councillor Grinsell noted the proposed establishment of an expert advisory group that would report into both the WMCA's Wellbeing Board and its Employment and Skills Advisory Panel and enquired as to who would have ultimate responsibility for the programme. She considered that it was vitally important for primary care (Directors of Primary Care) to be represented on the expert advisory group to ensure the programme is delivered in the right way.

Councillors O' Boyle and Burden sought assurance that programme

providers would work with local authorities who could input in the process.

The Strategic Lead for Health Inequalities, Tatum Matharu, reported that the new governance arrangements for the programme had not yet been finalised but look would ensure the directors of primary care were involved.

She advised that the transition of the Health and Communities workstreams to the Employment and Skills Directorate would ensure closer and joined up working across programmes with local authorities and providers.

Resolved:

1. The Change Request (attached as appendix 1 to the report) to support the ongoing delivery of the Department for Work and Pensions grant funded delivery phase of Individual Placement Support Primary Care Services (April 2023- March 2025 of £7,936,620 be approved; and
2. The information within the Change Request setting out the programme financial deliverables, commissioning activity and governance arrangements be noted.

119. Exclusion of the Public and Press

Resolved:

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

120. Stratford Gateway Collaboration Agreement

The board considered a report of the interim Executive Director of Housing, Property and Regeneration that informed them of the intention for the WMCA to enter into a Collaborative Agreement with Stratford- on- Avon District Council for the WMCA to facilitate a residential led mixed use development on the Stratford Gateway site.

The Development Manager, Acquisitions and Disposals, Anna Jones, outlined the background to the scheme that was a priority site for Stratford-on-Avon District Council. Councillor George Cowcher and Tony Perks from Stratford-on-Avon District Council were in attendance to support the submission of the report.

In relation to questions raised from members regarding the budget for the scheme, land acquisition costs and liabilities related to the listed buildings, it was noted these issues would be addressed in the report submitted to the board next month that seeks approval for the acquisition of the Stratford Gateway site.

The board endorsed the proposed Collaborative Agreement with Stratford-on-Avon- District Council.

Resolved:

1. The WMCA propose to enter into a Collaborative Agreement with Stratford-on-Avon District Council in respect of the WMCA's acquisition and subsequent development of the Gateway site be noted;
2. The requirement for a budget as set out in the report, to cover the costs of the WMCA negotiating and completing the Collaborative Agreement and the costs of negotiating agreed terms for the acquisition of the Gateway site be noted; and
3. It is proposed that approval be sought from Investment Board at its meeting on 18 March 2024 to acquire the Gateway site be noted.

121. Horton 45, Telford TF7FA/Hortonwood 45 Ltd/ Telford & Wrekin

The board considered a report of the Director of Commercial and Investment that sought approval of loan funding from the Commercial Investment Fund (CIF) for the sum specified in the report to the 'Company,' for 2 years, for the development and construction of industrial space at a key employment location in the Hortonwood industrial area of Telford.

Nick Oakley (West Midlands Development Capital) outlined the key aspects of the investment proposal detailed in the report.

Resolved:

1. The powers and ability of the WMCA to make the proposed loan be noted;
2. The comments made by Investment Panel when the proposal was presented be noted;
3. The loan investment from the Commercial Investment Fund for the sum specified in the report to the 'Company', for a term of 2 years under the Commercial Investment Fund/Residential Investment Fund as per the terms conditions set out in the report be approved; and
4. The negotiation and approval of the final terms of the loan be delegated to the Director of Commercial and Investment, in consultation with the S.151 Officer and Monitoring Officer.

122. Abberley Street Disposal

The board considered a report of the interim Executive Director of Housing, Property and Regeneration that sought approval in principle for the disposal of the site at Abberley Street to the developer for the purpose of a 100% affordable housing scheme.

It was noted that the report submitted sought to address the issues and concerns raised by members at the last meeting (15 January 2024) when a decision on the report was deferred.

The Head of Strategy & Analysis, Rob Lamond, summarised the responses to the issues raised with regards to the historical and current valuations of the site, assurance and options considered.

Councillor Hughes reported that liaison between the WMCA and Sandwell Council needs to be better moving forward but he supported the site being utilised for residential and affordable housing.

In relation to concerns expressed by Gary Taylor regarding the WMCA overpaying for land which could distort the real estate market, the Head of Property & Strategic Assets, Nigel Ford, reported that all valuations are now based on current market conditions and prevailing planning policy.

Councillor Grinsell considered the need to document lessons learnt and to monitor decisions taken by Senior Officers exiting the organisation.

The Executive Director of Finance and Business Hub, Linda Horne, reported that the WMCA's Audit, Risk & Assurance Committee had undertaken an investigation into housing as part of a whistleblowing report and all actions had been implemented. She undertook to share the committee report with members on a confidential basis.

Further to the enquiry made by Councillor O' Boyle at the last meeting regarding why leasehold is not being considered by the WMCA for its land disposals, the Director of Commercial and Investment, Ian Martin, reported that if the land was disposed of on the open market the developer would require the freehold. He advised that this was because a developer would wish to sell houses on with a freehold title and the legislation was now moving away from allowing leasehold for new build houses. However, if the WMCA wished to protect from the scenario where development did not occur, then Housing colleagues have reported that the WMCA could include a buy back option into any land disposal covering an event where the developer purchases a freehold and does not build within a specified time period.

Resolved:

1. Approval in principle to the exploration of the freehold disposal by the WMCA of the site at Abberley Street (which is shown edged on red on the Plan attached to the report) at a price that is consistent with the current unrestricted market value for the purpose of affordable housing, to enable a period of due diligence to inform Best & Final Offer be agreed; and
2. The work above be undertaken in order to fully inform Investment Board on the matter, for which final approval to the Best & Final Offer would be sought at a later date be noted.

The board considered a report of the interim Executive Director of Housing, Property and Regeneration that sought to update them on the implementation of the first resolution of the Investment Board of 13 November 2023 relating to the change of ownership of Stone Yard development site and sought approval to vary the grant agreement between the WMCA and Court (the Charter) Birmingham Limited to extend the deadline for the letting of the building contract to 31 March 2025.

Martin Yardley, Housing Property & Regeneration Consultant, outlined the background to the project, provided an update on the current status with Aviva/Moda and outlined the options available to the WMCA. He advised that the reasons for the delay to the project (set out in paragraph 5.2 of the report) had been independently assessed and the advice recommended support for an extension to the project.

The Executive Director of Finance & Business Hub, Linda Horne, reported that all papers have been reviewed since the original decision was taken on the project and the conditions for the first grant payment had been met. She advised that lessons have been learnt from the project regarding the need to improve commercial legal arrangements that are put in place. She added that the Monitoring Officer's advice was not to pursue litigation and considered the recommendation put forward was right and in the best interests of the public purse.

Gary Taylor noted that the contract had already been extended by 18 months and was now extended by a further 12 months and enquired as to what would happen if another extension was requested.

Martin Yardley advised that Court were complying with the current contract.

The Executive Director of Finance & Business Hub, Linda Horne, acknowledged historical issues regarding the legal agreement had led to the current position but reported that the advice she had received was that there was nothing further the WMCA could do on the matter and the best course of action was the proposed recommendation.

The Chair confirmed that both the Section 151 Officer and Monitoring Officer are satisfied that Court have complied with the contract.

Resolved:

1. The WMCA be authorised to enter a Deed of Variation of the Grant Agreement date 19 March 2021 between the (1) WMCA and (2) Court (the Charter) Birmingham Limited to extend by one year the condition that requires the letting of a building contract for the construction of not less than 497 residential units on the Stone Yard development site (31 March 2024 to March 2025) be agreed; and
2. This report was endorsed by the Investment Panel on 22 January 2024 be noted.

124. Pipe Hall, Bilston - Update Position

The board considered a briefing note of the Head of Property & Strategic Assets that provided an update on co-development between the City of Wolverhampton Council and the WMCA of proposal for Pipe Hall.

The briefing note was submitted further to a request from Councillor Simkins who had asked at an update at the meeting of the Investment Board on 11 December 2023.

The note outlined work in progress and steps which are being undertaken to determine how the WMCA and the City of Wolverhampton Council with other key stakeholders generate a housing, community and heritage led regeneration project.

Resolved:

The collaborative working between the WMCA, and the City of Wolverhampton Council and the range of options being considered be acknowledged.

125. WMCA Commercial Investment Fund (CIF) - Dashboard

The board considered a report detailing the Commercial Investment Fund dashboard as at 1 February 2024.

Nick Oakley (West Midlands Development Capital) reported that £127m from the Commercial Investment Fund had been committed, with £66m drawn. Combined with RIF, total debt committed is £183m (including the approval of Horton 45 at this Board) and £83m drawn. He advised that due to the success of the Commercial Investment Fund/ Residential Investment Fund, consideration is required to be given to increasing the overall cap of £210m if lending is to continue.

Resolved:

That the report be noted.

126. WMCA Brownfield Land and Property Development Fund (BLPDF) - Dashboard

The board considered a report detailing the Brownfield Land and Property Development Fund dashboard as at 1 February 2024.

Resolved:

That the report noted.

127. WMCA Residential Investment Fund (RIF) - Dashboard

The board considered a report detailing the Residential Investment Fund dashboard as at 1 February 2024.

Resolved:

That the report be noted.

128. Land and Property Investment Fund (LPIF)

The board considered a report detailing the Black Country Land and Property Investment Fund as at 31 January 2024.

Resolved:

The report be noted.

The meeting ended at 11.30am.

DRAFT



**West Midlands
Combined Authority**

Transport Delivery Overview & Scrutiny Committee

Monday 26 February 2024 at 1.00 pm

Minutes

Present In Person

Councillor John McNicholas (Chair)
Councillor Mary Locke (Vice-Chair)
Councillor Pervez Akhtar
Councillor Robert Alden
Councillor Timothy Huxtable
Councillor Carol Hyatt
Councillor Narinder Kaur Kooner OBE
Councillor Martin McCarthy
Councillor Saddak Miah
Councillor Josh O'Nyons
Councillor David Stanley
Councillor Robert Tromans
Councillor Ian Ward

Coventry City Council
Birmingham City Council
Coventry City Council
Birmingham City Council
Birmingham City Council
City of Wolverhampton Council
Birmingham City Council
Solihull Metropolitan Borough Council
Birmingham City Council
Solihull Metropolitan Borough Council
Dudley Metropolitan Borough Council
Warwickshire County Council
Birmingham City Council

Present Virtually

Councillor Emma Marshall

Worcestershire Non-Constituent Local Authorities

Councillor Barbara McGarrity

City of Wolverhampton Council

Councillor Alan Taylor

Dudley Metropolitan Borough Council

Councillor Antony Tucker

Coventry City Council

In Attendance

Dan Essex
Helen Edwards
Lyndsey Roberts
Kate Taylor
Adam Harrison
Mike Waters
Pete Bond
Thomas Skidmore

Governance & Scrutiny Manager
Director of Law & Governance
Statutory Scrutiny Officer
Finance
Principal Policy & Strategy Officer
Director of Policy, Strategy & Innovation
Head of Operational Assets
Head of Integration - Transport Lead

Item Title

No.

65. Inquorate Meeting

The Chair noted that the meeting was inquorate, and therefore the recommendations arising from the meeting would be required to be approved at the next meeting of the committee on 18 March 2024.

66. Apologies for Absence

Apologies for absence were received from Councillor Aqeela Choudhry (Sandwell), Councillor Zaker Choudhry (Birmingham), Councillor Amo Hussain (Walsall), Councillor Gurmeet Singh Sohal (Walsall) and Councillor Ian Nellins (Shropshire).

66. Chair's Remarks

The Chair raised the Medium-Term Financial Plan that was presented at the WMCA Board in January and invited the Head of Finance Business Partnering & Strategic Planning to update the committee on the approved 2024/25 budget. She confirmed that the decision to not increase the transport levy would require further discussions with constituent authority leaders to understand and mitigate the implications of the financial challenges within the transport budget. Councillor Pervez Akhtar emphasised the importance of understanding the implications of financial challenges in the context of the current cost-of-living crisis. The Chair confirmed it was crucial for the committee to understand the implications of the funding situation and how it would affect the WMCA's financial strategy and operations. He requested a further briefing on this ahead of the next meeting of the committee.

67. Minutes - 22 January 2024

The minutes of the meeting held on 22 January 2024 were agreed as a correct record, subject to an amendment to minute no. 61 ('Ring & Ride Target Operating Model') to better reflect the discussion held on this item, as follows:

"The committee considered a report of the Head of Network Transformation on the Ring & Ride target operating model. The report set out the drivers of change, along with the emerging future target operating model for the region's Ring & Ride service, seeking endorsement of the proposed approach.

In response to question from the committee, the Head of Network Transformation confirmed that although depots would be centralised, cross-border travel would not be negatively affected.

Councillor Ian Ward emphasised that the review should consider providing fair access and addressing transport barriers. Councillor Carol Hyatt recognised the capacity constraints of the service, with the limiting factors being the number of buses and drivers rather than the potential number of passengers. Councillor Pervez Akhtar inquired about funding possibilities from Network North, and a discussion was held around the allocation of funding for the review and the need for additional data.

The committee suggested that the criteria be reviewed and the possibilities for subsidising service use for community diagnostics, with the possibility of revisiting these matters at a future meeting.”

The Director of Integrated Transport Services reassured the committee that the notes taken by officers on this matter had been comprehensive and would be reflected in future consideration of this matter.

68. Deeper Devolution (Transport) - Implementation Plan

The committee considered a report of the Principal Policy & Strategy Officer providing an update on the Deeper Devolution Deal, particularly focusing on the Transport Implementation Plan. He provided insights into the progress made since the last update and outlined key commitments for the future.

Councillor Carol Hyatt raised concerns regarding the delays in implementing the Bus Service Operators Grant, and the Principal Policy & Strategy Officer confirmed that Transport for West Midlands was advocating for a devolved approach to achieve the best outcomes for the region.

In response to Councillor David Stanley, it was confirmed that the West Bromwich to Brierly Hill Exchange and Arden Cross had received additional funding but would need to go through the business case process, with presentations scheduled for the WMCA Board in July.

In response to questions around the Digitising Street Space project, the Director of Policy, Strategy & Innovation provided details on how street space could be managed more effectively through technical solutions, and clarified that the project primarily involved back-office systems to improve processes. The Executive Director of Transport for West Midlands reiterated the project's objectives and its limited impact on roadside operations.

Recommended:

- (1) The progress on delivering against the Deeper Devolution Deal transport implementation plan be noted.
- (2) The risks emerging on a number of deal elements and the proposed mitigations being taken to manage them be noted and endorsed.

69. Public Transport Real Time Information (RTI) System Improvements

The committee considered a report of the Director of Policy, Strategy & Innovation on the progress made by Transport for West Midlands in enhancing the customer experience through improved Real-Time Information provision. He sought input into a draft communications plan which was intended to inform passengers of the improvements being made and what they could expect to see over the coming months and years.

Councillor Carol Hyatt praised the officers for their transparency and constructive dialogue during the most recent Member Engagement Group and emphasised the critical need for funding to support transportation improvements. Councillor Timothy Huxtable stated that the discussion on Real Time Information would be also brought to the Rail, Metro & Sprint Member Engagement Group in order to be inclusive of the transport network. Councillor Narinder Kaur Kooner highlighted the challenge of Real Time Information access at bus stops without shelter in areas where there was not a high use of technology, advocating for inclusive policies. This was seconded by Councillor Robert Tromans, who emphasised the importance of user-friendly QR codes for Real Time Information.

The committee were assured of the cost effectiveness of QR codes and Councillor Timothy Huxtable suggested promoting these services in order to boost patronage and reduce subsidisation. The committee also received confirmation that all Real Time Information improvements were independent of bus franchising.

Recommended:

- (1) The progress to date in securing funding and implementing an improvement action plan to increase the performance of the region's Real Time Information system, including the on-going performance monitoring regime, be noted.
- (2) The issues within the Real Time Information system which were hampering the targeted level of customer experience, but which were inherent in a complex system of systems operated by multiple stakeholder organisations, be noted.
- (3) Comments were provided on the proposed communications plan to inform customers of the issues and the improvements that they could expect to see over the coming months and years which would be used to inform the development of the final plan.

70. Park & Ride Update

The committee considered a report from the Head of Integration on an overview of the park and ride estate of the WMCA, including background information on the estate and its planned and ongoing strategy and development.

Councillor Timothy Huxtable highlighted the importance of integrating the bus network with park and ride facilities for a cohesive transport system, which was acknowledged by the Head of Integration who mentioned ongoing efforts towards this goal. Legal challenges were noted regarding electric vehicle charging rollout. The Director of Integrated Transport Services confirmed a CCTV camera refresh and plans for environmentally friendly lighting updates. Discussions were held around mobility hubs' integration and parking shortages, and Councillor Robert Alden suggested cost-saving measures for electric vehicle chargers. The Head of Integration agreed to consider adding park and ride facilities to other stations, supported by metro and buses, with additional park and ride options under consideration.

Recommended:

The approach to the continued strategic and operational development of Park & Ride following the Covid-19 pandemic be endorsed.

71. West Midlands Cycle Hire Scheme Update

The committee considered a report of the Head of Operational Assets on an update on the West Midlands cycle hire scheme launched in 2021. The report set out achievement of targets, performance, management and integration with other schemes such as e-scooters.

The committee discussed operational challenges and improvements, with a focus on the recovery plan. Details of scheme realignment and next steps were also considered, including ongoing efforts to secure a sponsor. Councillor Martin McCarthy raised concerns regarding losses and the online sale of batteries. The Implementation Manager for the cycle hire scheme highlighted efforts to redesign the payment and tracker system for future contracts, including secondary tracker implementation and tracker movement. He emphasised the redesign of bike offers to ensure the best value-for-money contract was in place, assuring the committee that work was actively underway.

Recommended:

- (1) The additional funding requirement of £2.1m to take the scheme through to the end of the existing contract in October 2025, requiring WMCA Board approval, be endorsed.
- (2) The conclusion of options appraisal of the existing scheme, and interim measures taken to improve performance of the scheme and mitigate the challenges reported in Autumn 2023, be endorsed.
- (3) The original objectives of the scheme and the level to which these were being met through the existing scheme, as set out in the WMCA Board report of 24 July 2020, be noted.
- (4) The link between the existing West Midlands cycle hire scheme and the developing Local Travel Points, that would include further cycle hire scheme along with improved safety and security measures, be noted.

72. Member Engagement Groups – Progress Report

The lead members of the Membership Engagement Groups provided updates on their last meetings. The committee endorsed recommendations to incorporate discussed matters into the committee's work programme and future member briefings.

Recommended:

- (1) The report be noted.

- (2) It be agreed that a member briefing would be provided on ZEBRA and bus franchising.

73. Work Programme

The Statutory Scrutiny Officer confirmed additions to the committee's work programme, and assured the committee that all matters raised during the year would be addressed by the end of the municipal year.

74. Date of Next Meeting

Monday 18 March 2024 at 1:00pm

The meeting ended at 3:00pm

DRAFT



Overview & Scrutiny Committee

Monday 4 March 2024 at 10.30am

Minutes

Present In Person

Councillor Cathy Bayton (Chair)
Councillor Naeem Akhtar (Vice-Chair)
Councillor Philip Bateman
Councillor Andrew Burrow
Councillor Ian Kettle
Councillor Nigel Lumby

Councillor Paul Moore
Councillor Jamie Tennant
Amanda Tomlinson

Association of Black Country Authorities
Coventry City Council
City of Wolverhampton Council
Solihull Metropolitan Borough Council
Dudley Metropolitan Borough Council
Shropshire Non-Constituent Local
Authorities
Sandwell Metropolitan Borough Council
Birmingham City Council
Business Representative

Present Virtually

Councillor Emma Marshall
Councillor Adrian Warwick

Worcestershire Non-Constituent Local
Authorities
Warwickshire Non-Constituent Local
Authorities

In Attendance

Ed Cox
Dan Essex
Helen Edwards
Cat Orchard
Lyndsey Roberts

Director of Strategy, Economy and Net
Zero
Governance & Scrutiny Manager
Director of Law & Governance
Head of Commonwealth Games Legacy
Enhancement Fund
Statutory Scrutiny Officer

Item No.

182. Apologies for Absence

Apologies for absence were received from Councillor Ewan Mackey (Birmingham), Councillor Lauran Rainbow (Birmingham) and Councillor Vera Waters (Walsall). The Chair noted that Councillor Vera Waters had recently been unwell, and the committee wished her well for a swift recovery.

183. Chair's Remarks

The Chair noted that this was the last meeting of the committee for this mayoral term and thanked members their contribution which resulted in positive outcomes throughout the year. She noted that the comments and recommendations of this committee were increasingly being reflected in reports to the WMCA Board, and she welcomed the importance the board was placing on the work this committee undertook. She also thanked the Statutory Scrutiny Officer, Governance Services Officer and Governance & Scrutiny Manager for the support and advice they had given to members throughout the year.

184. Minutes - 29 January 2024

The minutes of the meeting held on 29 January 2024 were agreed as a correct record.

185. Matters Arising

(a) WMCA Air Quality Framework and Implementation Plan (minute no. 172(b) refers)

The Statutory Scrutiny Officer confirmed that the plan had been sent to local authority lead officers following its approval by the WMCA Board in November 2023.

(b) Joint Overview & Scrutiny Committee – Mayoral Q&A on the Proposed Draft Budget 2024/25 (minute no. 172(c) refers)

The Statutory Scrutiny Officer reported on the progress of the task & finish group that had been established by Transport Delivery Overview & Scrutiny Committee to look into the effectiveness of the WMCA's member engagement and development. A copy of the final report would be shared with the Overview & Scrutiny Committee once it was completed.

(c) Employment & Skills Strategy for Deeper Devolution (minute no. 176 refers)

Councillor Andrew Burrow reported that he had been invited to visit a construction training programme with the Interim Director of for Employment, Skills, Health & Communities and noted that while this programme was in Solihull it was attended by constituents from all across the WMCA region. He considered that it would be helpful for the committee to gain an understanding of other skills offerings across the region. The Chair noted that the skills programme was on the work programme for July and the Statutory Scrutiny Officer agreed to work with the Skills Officer to ensure the committee receive an appropriate report.

(d) Governments Scrutiny Protocol (minute no. 178 refers)

The Chair noted that the Scrutiny Protocol Working Group was set to meet on 13 March.

186. Brownfield Land Remediation Fund - Scrutiny Review Update

Councillor Naeem Akhtar provided an update on the Brownfield Land Remediation Fund scrutiny review. He reported that the review group had met three times, in addition to collaborating with independent experts to assist in the review. He shared the three key main themes emerging for the report in respect of an enhanced brownfield land register covering all sites in the region, the integration of biodiversity (eco off-setting) in new developments and the approvals and application process including regular engagement and communication. He then stated that due to timescales, the final report would be represented at the next committee meeting in July. The Chair confirmed this, and stated that due diligence needed to be done on the report complete with fact checking and the inclusion of robust recommendations.

Resolved:

The update be noted.

187. Commonwealth Games Legacy Enhancement Fund Update

The committee considered a report of the Executive Director of Strategy, Economy & Net Zero on a further, more comprehensive update on the initiatives that would be delivered through Commonwealth Games Legacy Enhancement Fund monies, following a previous update to the committee on 13 March 2023.

The Head of the Commonwealth Games Legacy Enhancement Fund delivered a presentation of the achievements of the programme. She covered the Inclusive Communities Pillar, the Economy Pillar, the Culture programme, and the Community Environment Fund.

One of the prominent aspects discussed was the Inclusive Communities Pillar, which garnered significant attention with over 1,400 applications received, amounting to £72m in requests for a fund of £9m.

Councillor Philip Bateman expressed concerns about the demand issue, questioning how those who did not receive funding would manage. Whilst commending the team for its fair application process, he also emphasised the need for additional funds. In response, the Head of the Commonwealth Games Legacy Enhancement Fund assured the committee that all applicants would receive valuable feedback to improve future applications. She also confirmed that unsuccessful applicants would be signposted towards other funding opportunities available.

In response to Councillor Jamie Tennant, the Head of the Commonwealth Games Legacy Enhancement Fund confirmed that Birmingham Skills contract was approved in February. She also confirmed that funds were allocated equally to each local authority, despite their varying sizes and needs.

The Chair raised questions regarding funding, particularly regarding concerns about funds being spent before the grant period closed in March 2025. In response, the Head of the Commonwealth Games Legacy Enhancement Fund reiterated that monitoring was in place to ensure timely spending, with provisions for reallocation if necessary. Underspend would prompt a review to redirect funds accordingly, and a minimal 2% administrative charge was in place across the programme, reflecting the WMCA's standard practice.

Amanda Tomlinson highlighted impact within the report due to the programme timelines. She requested a deeper understanding of the collective impact of the program on the region. The Head of the Commonwealth Games Legacy Enhancement Fund assured that each fund and program would undergo both internal and independent evaluations, with a commitment to providing a comprehensive report to the committee after March.

Councillor Ian Kettle suggested the potential value a highlight video showcasing the physical evidence of project impacts. The Head of the Commonwealth Games Legacy Enhancement Fund confirmed ongoing efforts with the communications team to develop this aspect as part of the evaluation process.

Resolved:

- (1) The update on progress and impact in relation to the Commonwealth Games Legacy Enhancement Fund, as requested by the committee, be noted.
- (2) Areas of specific interest to the committee to inform a future report in March 2025, or as part of the committee's work programme for 2024-2025, be noted.

[NB. Amanda Tomlinson declared an interest in this item in respect of her chairing Active Black Country.]

188. Grant Register

The committee considered a report of the Executive Director of Finance & Business Hub provided an update on the Grant Register. The report stated that since the last meeting, the WMCA had had confirmation of £133.7m from the Department for Education for the Adult Skills Fund (formerly the Adult Education Budget) for the 2024/25 academic year and £9.4m from the Department for Education to fund Level 3 Free Courses for Jobs for the 2024/25 academic year.

The Chair also requested that future reports being presented at this committee as a result of incoming grants be supported with financial information. In response to a question from Councillor Phillip Bateman, it was confirmed that the committee would receive a briefing note from the Head of Environment to confirm the usage of the Biodiversity Net Fund from the Department for Environment, Food & Rural Affairs.

Resolved:

The grant register be noted.

189. Work Programme

The committee considered its current work programme and the WMCA 's forward plan.

Resolved:

The committee work plan, as updated, be noted.

The meeting ended at 11:40am.

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Young Combined Authority (YCA) Board update, March 2024

Update

Our new YCA Cohort has been busy settling into their new roles, with the YCA Relaunch in January and priority setting in February.

On 5th January, we officially welcomed our new members of the Yong Combined Authority. Legacy members joined the event to share “passing the baton speeches.” The Mayor of the West Midlands, Andy Street, and Laura Shoaf were also in attendance to give new members a warm welcome and some insights into what it’s like to be a leader. The new YCA members also heard from colleagues across the WMCA’s Transport, Environment, and Inclusive Growth teams, to help build an understanding of different policy areas.



Richard Barlow - *“It is both an honour and a heartfelt responsibility to share the remarkable journey of the West Midlands Young Combined Authority (YCA) and to pass the torch to the new cohort poised to continue our legacy.... As we pass the baton, our achievements serve as a foundation for the new cohort. From influencing regional policies to pioneering collaborations at the National YCA Mayoral meetings, our collective voice has resonated. Embrace the challenges, cherish the victories, and remember that your voices, even when questioning authority respectfully, have the power to shape the future.”*

Hamaam Shire - *“I remember being in your exact position back in 2021 during the Covid era, believe it or not, I was incapable of public speaking let alone speaking to one or two people. On top of this, I was extremely shy and I had no passion or interest in youth voice or advocacy. I only applied to the board with the wrong intentions of filling my CV up and leaving. However, I can confidently say that because of joining the CA and getting to work with my incredible colleagues and friends. As time went on, I gained a real thirst and hunger to fight for young people and represent them on a local and national level.”*

Diversity in Civic Leadership - Charity Trustee Roundtable

YCA Legacy Member, Simren Johal, helped to open the roundtable by sharing her experiences on the YCA Board and how it has led her to join the B Music Youth Board. The rest of the evening explored good practice for increasing diversity across charity trustees, barriers to change and how these can be addressed, and what support residents may need to find, secure and thrive in a trustee role.

Simren Johal - *“My journey to governance began right here with the West Midlands Combined Authority’s very own Young Combined Authority. I joined this board as a shy 17 year old with a hint of social anxiety, who most definitely would not be delivering a speech to a room full of people. Being a part of this board changed me for the better, allowing me to gain confidence and learn so much from other people. The Young Combined Authority was very diverse which helped to broaden my mind and welcome in new perspectives. Having a diverse board helped us to achieve great things from influencing local transport plans to organising our very own Mental Health Youth Summit. Young people can achieve great things when they are given a space to voice their opinions and have the ability to create sustainable change.*



Making Levelling Up Happen: Lessons from Europe Conference

YCA Legacy Members joined students from the State Student Council of Saxony to explore the difference between the German and British Youth engagement and how it informs policy. They then went onto speak on the impact that devolution can have on young people.

YCA February Meeting

YCA Members heard from the WMCA Nighttime Economy Officer to understand the work they are doing around women’s safety and the Race Equalities Taskforce on their work on tackling racial inequality in the region. They also lent their voices for the West Midlands State of the Region video.

YCA members also discussed and finalised their priority areas for the year ahead, voting for:

- Homelessness
- Economy
- Racial Inequality

YCA members will now be working towards hosting second annual Youth Summit in partnership with the West Midlands Race Equalities Taskforce.

Any questions, please email: Miriam.Aslam@wmca.org.uk

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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