



Housing & Land Delivery Board

Date: Monday 10 July 2023

Time: 3.00 pm **Public meeting** Yes

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

Membership

Councillor Ian Courts (Chair)	Portfolio Lead for Housing & Land
Councillor Mike Bird	Walsall Metropolitan Borough Council
Councillor Peter Butlin	Warwickshire County Council
Councillor Matthew Dormer	Redditch Borough Council
Councillor Steve Evans	City of Wolverhampton Council
Councillor Jayne Francis	Birmingham City Council
Councillor Tony Johnson	Cannock Chase District Council
Councillor Wayne Little	Dudley Metropolitan Borough Council
Councillor Andy Mackiewicz	Solihull Metropolitan Borough Council
Councillor Richard Marshall	Shropshire Council
Jo Nugent	Homes England
Councillor Richard Overton	Telford and Wrekin Council
Kevin Rodgers	West Midlands Housing Association Partnership
Councillor Laura Rollins	Sandwell Metropolitan Borough Council
Councillor Richard Smith	Nuneaton and Bedworth Borough Council
Councillor Paul Turner	Tamworth Borough Council
Suzanne Ward	Environment Agency
Councillor David Welsh	Coventry City Council
Councillor David A Wright	North Warwickshire Borough Council

The quorum for this meeting shall be eight members.

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

Contact Wendy Slater, Senior Governance Services Officer
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AGENDA

No.	Item	Presenting	Pages
Items of Public Business			
1.	Apologies for Absence	Chair	None
2.	Declarations of Interests 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.	Notification of Substitutes	Chair	None
4.	Chair's Remarks (if any)	Chair	None
5.	Terms of Reference	Chair	1 - 2
6.	Minutes - 24 April 2023	Chair	3 - 8
7.	Quarterly Report on 2023/24 Housing and Land Portfolio Deliverables, and Progress on Housing and Land Annual Business Plan	Rob Lamond	9 - 20
8.	Future Housebuilding Strategy	Gareth Bradford / Mark Farmer	21 - 32
9.	Town Centres: Update and Direction	Gareth Bradford	33 - 38
10.	Exclusion of the Press & Public That in accordance with Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business as it involves the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).	Chair	None
Items of Private Business			
11.	Housing & Land Funds Dashboard	Rob Lamond	39 - 48

Date of Next Meeting

12.	Wednesday 18 October 2023 at 10.00am	Chair	None
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Housing & Land Delivery Board - Terms of Reference	
Purpose	The Board will assist in the accelerated delivery of housing and employment space across the West Midlands region, identifying the policy freedoms and flexibilities that should underpin the continued negotiations with Government on the devolution agenda. The Board will be responsible for delivering the Land Delivery Action Plan and reviewing it periodically to ensure it was being actioned and remained current, and for making subsequent recommendations to the WMCA Board.
Accountable to	WMCA Board
Membership	All constituent and non-constituent member authorities will appoint one member each. Environment Agency, Homes England and West Midlands Housing Association Partnership will appoint one member each.
Chair	The Portfolio Lead for Housing & Land will chair meetings.
Voting	All members of the Housing & Land Delivery Board will have one vote. The Chair does not have a casting vote.
Quorum	The quorum for the meeting will be eight members.
Frequency	To meet six times a year, or more frequently as required to discharge its responsibilities.
Servicing	Meetings will be serviced by the WMCA's Governance Services Team.

<p>Functions</p>	<p>To provide co-ordination and direction on strategic matters relating to the housing and employment development needs of the region.</p> <p>To provide the forum for facilitating strategic conversations between the local authorities around the supply of the right land, in the right places, to deliver the homes and jobs the population and the economy needs to grow in a sustainable way.</p> <p>To commission a 'spatial expression' of land supply and use, and develop a collective understanding of the key housing and employment development needs of the region.</p> <p>To develop and implement a strategy for accelerating housing growth and employment across the region.</p> <p>To ensure alignment between WMCA-led strategies and programmes eg. transport, One Public Estate and the West Midlands Growth Company.</p> <p>To recommend bids for government funding to the WMCA Board.</p> <p>To collaborate with those external organisations that also have responsibility for housing delivery and policy.</p> <p>On behalf of the WMCA, to lead dialogue with the Government on the West Midlands housing devolution/housing deal agenda, and as part of devolution negotiations with Government, to lead on developing propositions and asks that relate to housing delivery.</p> <p>To commission and publish research on housing and employment land to inform decisions made by the WMCA Board.</p>
<p>Review</p>	<p>To be reviewed annually in June.</p>



West Midlands Combined Authority

Housing & Land Delivery Board

Monday 24 April 2023 at 10.00 am

Minutes

Present

Councillor Mike Bird (Chair)
Councillor Charn Padda
Jo Nugent
Councillor Stephen Simkins
Councillor Richard Smith

Walsall Metropolitan Borough Council
Sandwell Metropolitan Borough Council
Homes England
City of Wolverhampton Council
Nuneaton and Bedworth Borough Council

In Attendance via MS Teams

Councillor Matthew Dormer
Councillor Bhupinder Gakhal

Redditch Borough Council
City of Wolverhampton Council

Item No.

58. Inquorate meeting

It was noted that the meeting was inquorate and therefore the recommendations contained within the minutes would be submitted to the next meeting for formal approval and adoption.

59. Apologies for Absence

Apologies for absence were received from Councillor Butlin (Warwickshire), Councillor Fitzgerald (Cannock), Councillor Overton (Telford & Wrekin), Kevin Rodgers (West Midlands Housing Association Partnership), Dawn Ward (Greater Birmingham & Solihull Local Enterprise Partnership) Suzanne Ward (Environment Agency) and Councillor Welsh (Coventry).

60. Notification of Substitutes

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

61. Minutes - 22 March 2023

The minutes of the meeting held on 22 March 2023 were agreed as a true record.

62. Deeper Devolution Deal Update

The board considered a report of the Executive Director of Housing, Property & Regeneration that provided an update on the implications for the Housing and Land Portfolio of the Deeper Devolution Deal agreed by the WMCA and HM Government in March 2023.

The Head of Strategy & Analysis, Rob Lamond highlighted the key outcomes from the Deeper Devolution Deal which included:

£100m West Midlands Regeneration Funding which WMCA plans to deploy using the fund's inherent flexibilities to support projects including housing, commercial, mixed-use and estate renewal; the criteria under which the fund will operate is being discussed with HM Government.

Land Reform and Public Land – there is a firm commitment from the Cabinet Office to have a joint plan relating to land owned by HM Government, the first such agreement by HM Government with any region. The proposed agreement allows for joint working on the disposal of public land in the region, building on work currently being undertaken in the Place Pilots Programme. The agreement also commits WMCA and HM Government to discuss powers relating to Compulsory Purchase and Local Development Orders.

Affordable Homes Programme - (Phase 1: 2023-2026 and Phase 2: post 2026). The first phase will see WMCA working with Local Authorities, Registered Providers and Homes England to accelerate delivery and unlock a minimum of £200m for the region in the current Affordable Homes Programme, potentially rising to a maximum of £400m. From 2026 (Phase 2) the new Affordable Homes Programme will be fully devolved to the region.

West Midlands Levelling Up Zones – six key corridors were identified in the Deeper Devolution Deal. These have been led by Local Authorities and supported by WMCA. All parties are currently working collaboratively on how the zones will be agreed and delivered, and how all bodies will work together going forward. The Deeper Devolution Deal also makes provision for a Strategic Place Partnership with HM Government which is wider than that with Homes England which is focused on affordable homes.

In relation to the £100m Single Regeneration Fund, the Chair commented that he understood funding would be drawn down in three tranches.

The Executive Director of Housing, Property & Regeneration, Gareth Bradford, reported that he intended to speak further with HM Government on their proposal to make payment in tranches. He added that there is no fixed intervention rate for the fund but that there is a minimum target output of 4,000 new homes.

The Chair asked that a list be compiled of the best brownfield sites that could be developed/taken forward, including those sites where WMCA funding could make a difference, but the landowner is currently unwilling to sell. He asked also that this list should include sites where 'Red Book' land valuations are too high that prevent land from being purchased for development.

Councillor Simkins expressed his concern regarding a number of issues relating to the implementation of the Deal. He also stated that there is a need for housing providers, local authorities and local authority Leaders to be involved in the decision-making process in determining affordable housing, Levelling Up Zones and negotiating the detail of the single regeneration fund.

The Chair stated that he had already written to WMCA's Chief Executive to ensure that the Deeper Devolution Deal is on the agenda for the next Mayor and Leaders' meeting.

The Executive Director of Housing, Property & Regeneration, Gareth Bradford advised further guidance was awaited from Government on Levelling Up Zones. In relation to affordable housing, he reported that the definition to be used with the Affordable Homes Programme up to 2026 (Phase 1) would be the national definition used by Homes England and determined by Government. Beyond 2026 (Phase 2), there will be a discussion about the definition to be used, the national version or one determined locally. In relation to land reform, he reported that the proposal in the Deeper Devolution Deal relates only to land owned by HM Government departments. In relation to funding for CPOs, he said that he would be raising the need for revenue funding. In relation to the devolved housing and land funds, he reported that local authorities would need to comply with Government tests for these funds, and schemes would often fail to meet the test of being the funder of last resort and/ or having difficulty proving market failure.

In relation to decision-making more generally, Gareth Bradford stated that as detail emerges from HM Government, the matters will be reported to the Deeper Devolution Deal Senior Officers' Group for discussion and then to Members for decision. The Chair added that the Government requires accountability for public money.

Resolved:

1. The inclusions in the Deeper Devolution Deal relating to the Housing and Land Portfolio in the West Midlands be noted; and
2. That an Implementation Plan for the Deeper Devolution Deal be submitted to the WMCA Board in Summer 2023 and work is ongoing to partners for mobilisation of the Housing and Land Programmes set out in the Deal be noted.

63. Plan for Growth: Update

The board considered a report of the Executive Director for Housing, Property & Regeneration that provided an update on progress with regards to the work on the Plan for Growth and the proposal to establish a working group to ensure widespread engagement across the region on this work.

The Head of Policy and Planning, Pat Willoughby, outlined the report which set out the background to the Plan for Growth; current activity with regards to the work on the West Midlands Strategic Employment Sites Study; the proposal to establish a working group to look at employment land supply from a regional perspective; and to take a deep dive into key clusters identified in the Plan for Growth. She highlighted the work being done on the Future Homes Strategy with a focus on the supply chain.

The Chair re-iterated that he would like an advanced manufacturing in construction company based in the West Midlands to bring opportunities for young people in the use of advanced manufacturing for housing in the West Midlands.

The Head of Policy and Planning reported that progress on 'Future Homes Strategy' (linking advanced manufacturing methods in construction and zero carbon homes) would be submitted to the next meeting of this board for consideration.

Councillor Simkins commented on the need to address the skills gap in the region by ensuring the right skills are in the right place and to involve universities.

The Chair concurred with Councillor Simkins on the need to address the skills gap.

Resolved:

1. The work relating to the West Midlands Plan for Growth and its alignment and relevance to the work being done under the Housing and Land Board be noted;
2. The potential for the WMCA to commission an additional study, as requested by local partners to explore the challenges and barriers experienced by growth clusters, providing evidence that could be used to support local plans and business cases to Government be noted;
3. This work could be developed to support the continued identification of future pipeline projects which, subject to consideration, might access WMCA's devolved funds, both existing and new funds secured through the Deeper Devolution Deal be noted; and
4. The proposal to Delivery Steering Group for representatives to join a working group to progress the work be noted.

64. 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 consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any person (including the authority holding that information).

65. West Midlands Investment Prospectus 2023

The board considered a report of the Executive Director of Housing, Property and Regeneration that provided an overview of the West Midlands Investment Prospectus and its delivery.

The Head of Business Development & Partnerships Colin Clinton and the Programme Support Officer, Lauren Rigby-Hopkins outlined the report and presented an advanced draft of the Investment Prospectus. Colin Clinton reported that the Prospectus was a 'refreshed' version of the 2022 Prospectus that had been co-developed across the WMCA's directorates and with regional partners. He advised that a number of responses on the document had been received from members of the Housing and Land Delivery Steering Group as well as the Investment Board.

It was noted that the Prospectus seeks to build on the successes of previous years and builds on the powers on the Deeper Devolution Deal. The document would be launched by the West Midlands Mayor on 17 May at the UK's Real Estate Investment and Infrastructure Forum (UKREiiF) in front of developers, funders, investors and others.

Colin Clinton also advised the board of how the investment opportunities in the region had increased from £5bn in 2018 (the first Midlands Investment Prospectus) to £20bn in 2023. It is important to note that public funding is leveraging private sector investment in the West Midlands.

Gareth Bradford suggested that that the investment successes in the region can be judged by those schemes that are coming through the system: he stated that schemes that were previously promoted as 'coming soon' and 'ones to watch' in the first Prospectus are now being delivered. This is evidence of the region's ability to leverage private sector investment from public sector funds.

Councillor Simkins considered the Investment Prospectus was a key advert for the region but was interested to learn more about the spatial distribution of investment.

The Chair reported of the need for investment in town centres and for town centre living to be promoted to help regenerate town centres. He also considered that there is a need to challenge internet and added that living above shops should be promoted. The Chair asked for an update report on town centre living to be submitted to a future board meeting and for the Investment Prospectus also to be strengthened in this area.

In relation to a comment from Councillor Simkins regarding the need to ensure that town centres are safe places, the Chair highlighted that in Walsall he had allowed the police to access local authority buildings in the town centre following the closure of the police station to provide a police presence and suggested other local authorities could do the same.

The Executive Director of Housing, Property and Regeneration undertook to submit a report to a future meeting on town centre investment and implementation. He remarked that a number of schemes, currently in development and being discussed with local authorities, are in town centres. A number of local authorities have taken up the offer of an in-depth workshop with WMCA's Town Centres Taskforce, several have secured substantial funding from HM Government and there is the potential for WMCA to support local authority action in this area.

Resolved:

1. The positive progress and substantial engagement with local authorities and other partners in the West Midlands in developing this year's 'refresh' of the West Midlands Investment Prospectus which as with previous years will play a significant role in attracting additional private sector investment into the region be noted and endorsed;
2. The design and contents of an advanced draft of the Prospectus based on a similar format to that of the previous years, as it nears public and launch at the UK's Real Estate Investment and Infrastructure Forum (UKREiif) in May 2023 be noted;
3. An advanced draft of the West Midlands Investment Prospectus presented to the Housing and Land Delivery Board on 24 April be endorsed; and
4. Authority be delegated to the Executive Director of Housing, Property and Regeneration, in consultation with the Portfolio Holder for Housing and Land to agree the final version of the Prospectus on the board's behalf.

66. Housing & Land Fund Dashboard

The board considered a report on the Housing and Land Fund dashboard that provided an update on performance on the Brownfield Housing Fund, National Competitive Fund and Land Fund since the last meeting.

The Head of Strategy & Analysis, Rob Lamond and the Executive Director of Housing, Property and Regeneration, Gareth Bradford reported on progress on committed schemes.

Resolved: That the report be noted.

The meeting ended at 11.06 am.



West Midlands
Combined Authority

Housing & Land Delivery Board

Date	10 July 2023
Report title	Quarterly Report on 2023/24 Housing and Land Portfolio Deliverables, and Progress on Housing and Land Annual Business Plan
Portfolio Lead	Housing and Land - Councillor Ian Courts
Accountable Employees	Gareth Bradford, Executive Director of Housing, Property & Regeneration (Accountable Director) Rob Lamond, Head of Strategy & Analysis, Housing Property & Regeneration (Senior Reporting Officer) Hannah Worth, Programme Support Officer, Housing, Property & Regeneration (Report Author)
Previous reports	Quarterly monitoring and performance reports have been considered since 2018 by both the Housing & Land Delivery Board and Delivery Steering Group

Recommendation(s) for action or decision:

The Housing & Land Delivery Board is recommended to:

- a) **Note the positive achievement against each of** the Housing and Land Portfolio's approved Annual Deliverables in Q1 2023/24;
- b) **Note** the key performance highlights set out in Section 3.0; and
- c) **Note the positive performance and effective deployment of WMCA's Devolved Housing & Land funds** illustrated by the schemes summarised in the confidential annex to this report. Many of these schemes are now in delivery phase, having progressed through to the end of the process which shows the role of WMCA in unlocking, accelerating and problem solving on '*difficult to deliver*' schemes.

1.0 Purpose

- 1.1 The purpose of this paper is to **provide a quarterly update** on progress in delivering the High-Level Deliverables for the Housing and Land Portfolio as co-developed with the Housing & Land Delivery Steering Group and Delivery Board throughout 2023 and agreed by WMCA Board in February 2023. As with previous years, the portfolio's annual deliverables were co-developed with local authorities, industry taskforces and other partners in the region. They are fully informed by, and aligned with, the WMCA Business Plan and the WMCA Aims and Objectives.
- 1.2 In Q1 2023, early progress has been made against each of these deliverables. The report provides an executive summary of the progress made.

2.0 Background

- 2.1 As part of the formal process to determine WMCA's budget, levy and precept levels, the WMCA Board approves each portfolio's annual deliverables. The Deliverables for the Housing and Land Portfolio for the financial year 2023/2024 were agreed by WMCA Board on 10 February 2023.
- 2.2 The annual deliverables of all portfolios directly contribute to the WMCA Aims & Objectives (the Corporate Strategy). The Housing and Land Portfolio deliverables work to achieve the following Aims of the Corporate Strategy:
- **Aim 3:** To connect our communities by delivering transport and unlocking housing and regeneration schemes.
 - **Aim 4:** To reduce carbon emissions to net zero, enhance the environment and boost carbon resilience.
- 2.3 The Housing and Land Portfolio deliverables work to achieve the following objectives under these Aims:
- **Objective 3.3:** We will invest in and support housing and regeneration schemes across the region, working closely with the private sector and local authorities to unlock and accelerate sustainable delivery
 - **Objective 3.4:** We will support and deliver co-ordinated investment packages with our partners across key corridors and local, town and city centres.
 - **Objective 4.2:** We will be national pioneers in advanced methods of construction, zero carbon housing and brownfield regeneration and delivery, informed by research at the National Brownfield Institute
- 2.4 The table below sets out each of the 2023/2024 approved Housing and Land High Level Deliverables alongside a summary of progress to date and, where appropriate, information on next steps.
- 2.5 In response to feedback from the Delivery Steering Group and the Housing & Land Delivery Board, and to provide both forums with an update on the delivery of the first High Level Deliverable in the table ("*Deliver our nationally leading brownfield regeneration and housing delivery programmes*"), the appended confidential document provides a synopsis of the schemes which have been approved for investment to date or which are in the system and on the path to approval. Due to commercial confidentiality, we are unable to provide exact details of schemes which are yet to be approved.

3.0 Key Highlights during Q1 2023/24

3.1 During the 2022/2023, good progress has been made on all of the High Level Deliverables (HLDs) for the year. The summary table in section 4.0 gives an update against each HLD; this section highlights particularly notable advancements that have been made.

Housing, Property & Regeneration Pipeline

3.2 The WMCA Housing, Property & Regeneration Directorate has been working with colleagues across the region for several years to establish shared priority sites and forthcoming opportunities for delivery. Building from the Plan for Growth, the Deeper Devolution Deal and the Investment Prospectus 2023 – and the associated spatial and sectoral focus - WMCA and local authority partners are developing an increasingly comprehensive pipeline.

3.3 The pipeline has assisted and been further bolstered by ongoing collaborative work on detail proposals for Levelling Up Zones alongside those for the Investment Zone which were announced in the March Budget, along with other geographically focused programmes such as the existing Enterprise Zones, regeneration programmes and transport corridors. With the DDD inclusion of the Affordable Homes Programme and additional regeneration funding for the region, local authorities and other partners are identifying a broader range of schemes for future investment. Through regular joint meetings with the WMCA team, these opportunities are being assessed and progressed, leading to an over-programmed pipeline that helps to deliver schemes faster and provide alternatives for schemes that do not come forward as expected.

Deeper Devolution Deal Implementation

3.4 The Deeper Devolution Deal was announced in the Chancellor's Spring Budget on 15 March 2023. The powers devolved to the Combined Authority signify the third transfer of powers since the organisation's inception in 2016.

3.5 The Deeper Devolution Deal responds to our four headline Housing and Land Portfolio proposals to Government:

- A West Midlands Regeneration Fund
- A West Midlands Land Reform Programme
- Affordable Housing
- Levelling Up Zones.

3.6 All of these proposals were included in the agreed Devolution Deal and will be underpinned by a new Strategic Place Partnership between the region and HM Government.

3.7 During the first quarter of 2023/24, mobilization and implementation planning for the Housing and Land Devolution Deal elements have made considerable progress, including:

- **Affordable Housing Programme:** A joint project team and pipeline development has been established with Homes England colleagues, seeking to maximise investment of AHP funds into the region. A joint engagement programme is underway, with local authorities, housing associations and other sector partners being engaged in the new approach and future opportunities arising from the £200-400m regional funding and more flexible criteria.
- **Land Reform and Public Land Programme:** Work is ongoing with the Cabinet Office, the Department of Levelling Up, Homes & Communities (DLUHC) and other partners to progress the Public Land elements of the Deal, including the Partnership agreement and joint pipeline/disposals plan for government land assets in the region. The emphasis in the Devolution Deal text on land assembly – including development orders and Compulsory Purchase Order opportunities – will form part of the Place Partnership being developed by DLUHC and WMCA.
- **Levelling Up Zones:** The Devolution Deal agreed with HM Government identifies Levelling Up Zones as locally designated sites with the potential for growth and levelling up and where the government envisages that the following tools made available through the Deeper Devolution Deal could assist that endeavour:
 - 100% of business rates growth above an agreed baseline will be retained for 25 years
 - Fiscal Devolution
 - Single Financial Settlement
 - Regeneration Funding
 - Affordable Housing
 - Post-19 Skills and Transport funding

3.8 Local authorities, working alongside WMCA and the private sector, have identified several sites within their proposed Levelling Up Zones; some of these are commercial, others mixed-use or residential. Weekly progress meetings are being held with officers to maintain the momentum of this process and further develop proposals.

3.9 **Single Regeneration Fund:** WMCA officers are working with DLUHC officials to agree Heads of Terms for the £100m funding programme established to deliver 4,000 homes alongside more commercial, mixed-use and estate regeneration schemes. Work to establish a comprehensive programme of locally identified priority sites is ongoing through the established regular engagement sessions.

Strategic Partner Programme

3.10 WMCA continue positive work across its Strategic Partner Programme to manage and monitor existing MoU Agreements and ensure schemes come forward by these partners and there is clear delivery against key milestones, indicators and targets committed to when the agreements were launched. We are also continuing to seek new collaborative MoU agreements with the private and public sector where there is a strong commitment to go above and beyond WMCA Policies and Plans and make clear commitments around delivery of outputs and outcomes.

- 3.11 As reported previously, an MoU agreement is being negotiated with Keepmoat Homes and is expected to be launched in early July, subject to final sign offs. This will see Keepmoat commit to the region’s key policy objectives and increasing their housing delivery across the WMCA area.
- 3.12 Since the last Board in May 2023, SEGRO was announced as a Strategic Partner of WMCA, committing £2bn worth of investment into the West Midlands, delivering the next generation of commercial logistics sites, committing to being a thought leader in net zero buildings and unlocking up to 14,000 jobs across the region. WMCA is working with SEGRO to ensure these bold ambitions turn into investment and delivery on the ground.

4.0 Progress and current activity: Summary table

- 4.1 Table 1 summarises the key activities on housing and land deliverables in 2023/24.

Table 1: Progress update on Housing and Land Portfolio High Level Deliverables 2023/24

High Level Deliverable	Annual Update
<p>Housing Deals: Delivery of prescribed requirements, measures and output targets of the 2018 Housing Deal & subsequent funding deals and agreements with HMG</p>	<p>Regular performance updates on the delivery of the Land Fund (£100m), Brownfield Housing Fund (£130m in total, comprising £84m awarded in November 2020 and £45m awarded February 2022) and National Competitive Fund (£24m) are programmed on a quarterly basis with the Department of Levelling Up, Housing & Communities (DLUHC) alongside meetings with key civil servants in line with the successful approach taken during the Land Fund monitoring.</p> <p>As per the entry below, we also continue to support local authorities with local plan progress and evidence, as part of the Local Plan monitoring requirement of the 2018 Housing Deal.</p> <p>The region continues to progress the wider requirements of the Housing Deal including the establishment of the National Brownfield Institute in Wolverhampton, the partnership working with housing associations through West Midlands Housing Association Partnership and leveraging £millions of private sector leverage through the investments made from the WMCA’s devolved Housing & Land funds.</p>
<p>Local Planning: Supporting Local Planning Authorities with evidence for Local Plans and policy requirements</p>	<p>As part of the 2018 Housing Deal, the Housing, Property & Regeneration Team is required to report on a monthly basis to DLUHC on the progress of Local Plans in the West Midlands region and progress towards meeting the target of 215,000 dwellings by 2030.</p>

	<p>Housing supply figures remain on track to exceed this target although the proposed changes to the planning system are causing increased uncertainty for local authorities and, subsequently an increasing number of local plans are subject to delay.</p> <p>Consultants have been commissioned by the Combined Authority to provide specialist advice in relation to the progress of local plans. WMCA continues to work co-operatively with our constituent and non-constituent Local Authorities to support Local Plans progress and evidence.</p>
<p>Deeper Devolution Deal: Lead the implementation of the H&L Portfolio elements agreed to in the Trailblazer Devolution Deal</p>	<p>Significant progress is being made with implementation of the key areas of the DDD for Housing & Land:</p> <ul style="list-style-type: none"> - Affordable Homes Programme: as below, a joint team, pipeline and project plan have been established with Homes England to take this work forward - Land Reform and Public Land: Work is ongoing with the Cabinet Office, DLUHC and other partners to progress the Public Land elements of the Deal, including the Partnership agreement and joint pipeline/ disposals plan - Single Regeneration Fund: Heads of Terms for the additional £100m capital are being negotiated with DLUHC. Extensive pipeline development work with local authorities and private sector partners is ongoing (see below) - Levelling Up Zones: a considerable amount of development work, co-developed by local authorities and the WMCA, has been undertaken as the LUZ proposals are taken forward in parallel with the Investment Zone proposition to HM Government
<p>Affordable Homes Programme (AHP): Establish the trailblazer approach to the AHP in the West Midlands</p>	<p>A joint HPR/Homes England AHP team has been established, focused initially on the implementation of the first phase of the Deal (2023-26) and development of an affordable housing supply strategy. Very positive initial sessions have been held throughout with wider teams at Homes England (HE), housing associations, local authorities and wider partners, all welcoming the devolution of the programme to the region. We are also working closely with local authorities to identify schemes not currently meeting Local Plan affordable targets, and engaging with wider providers/landholders (for example, the Almshouse Association and Church of England) to maximise the pipeline of opportunities coming through.</p> <p>An implementation plan to resource and take this programme forward is in development, including the development of the Affordable Housing Strategy (see below), joint pipeline and direction of travel to 2026 and beyond, into full devolution of the programme from that date.</p>

<p>Affordable Housing: Support and enable Affordable Housing Delivery across the West Midlands including new partnerships and pilot approaches</p>	<p>Work remains ongoing with housing association partners to establish a new partnership approach for affordable housing delivery. This work will inform and provide additional context for the development of the AHP deliverable above.</p>
<p>Policy Development: Develop and collaborate on Board approved policy development work</p>	<p>WMCA maintains frequent engagement with DLUHC and Whitehall more broadly on emerging policy issues and priorities including employment land, Advanced Manufacturing in Construction and affordable homes.</p> <p>WMCA’s industry led taskforces (town centres, commercial property, Future Homes, public land) act as critical friends and sounding boards for policy development.</p> <p>Working groups set up through the Delivery Steering Group on specific policy areas (e.g. Investment Zones, Levelling Up Zones, Future Homes and Public Land) have been established with local authority representation.</p> <p>The Housing, Property & Regeneration team is working closely with colleagues in TfWM to address shared priorities and establish joint approaches to investment in the region.</p> <p>Work continues internally to develop and refine a number of strategies and to provide support on masterplans for key development areas.</p>
<p>Brownfield Regeneration: Deliver our nationally leading brownfield regeneration, housing and land delivery programmes</p>	<p>This is an ongoing, extensive programme of investments, interventions and disposals. An increasing number of projects are now on site or in the delivery phase and many schemes are continuing through due diligence processes ahead of Investment Board decisions (summarised in confidential Dashboard). We have also continued to build our pipeline of schemes with new, exciting projects entering the system every week – with a particular focus on the Single Regeneration Fund agreed in the Deeper Devolution Deal, that provides wider opportunities for commercial, mixed-use and estate regeneration schemes.</p> <p>Delivery of the 2018 Housing Deal Land Fund programme remains ahead of trajectory to exceed the delivery target of 8,000 new homes, and the programme for the new Brownfield Housing Fund (BHF) and National Competitive Fund (NCF) forecasts both performing ahead of schedule too.</p>

<p>Regeneration Pipeline: Work closely with all local authorities across the WMCA and developers/ investors/ HMG agencies to develop a strong regeneration and development project and investment pipeline</p>	<p>Monthly bilateral meetings between WMCA and local authority teams are held to focus on local priority projects coming forward for the pipeline, including those for commercial, mixed-use and affordable housing investment.</p> <p>Work to establish the potential sites for Investment Zone and Levelling Up Zones in the region has informed an even more comprehensive and detailed understanding of key priority sites in Constituent and Non-Constituent local authorities. This collaborative and co-developed exercise will continue to inform pipeline development in future.</p>
<p>Housing Sector Insights: Run a series of industry led taskforces to provide critical insight, challenge, advocacy and support</p>	<p>The Housing, Property & Regeneration Team runs a number of industry-led expert advisory taskforces to shape, challenge, lobby for and influence WMCA policy.</p> <p>The Commercial Property, Public Land, Town Centre and Future Homes Taskforces continue to operate and act as a vital resource and advisor to WMCA. The Taskforces remain key sounding boards for the emerging Deeper Devolution Deal mobilisation and implementation plans, and in securing support for the West Midlands approach to Housing and Land matters.</p>
<p>Partnership Ventures: Establish new and strengthen existing partnerships, ventures and joint ventures with public and private sector partners</p>	<p>In May 2023, WMCA announced a new partnership with SEGRO. This included a commitment of £2bn worth of investment into the West Midlands, delivery of commercial logistics sites, being a thought leader around next generation logistics and zero carbon buildings, their ambition to become Net Zero by 2030 and extensive skills provisions. The team are now working with SEGRO to ensure regular reporting, monitoring and pipeline development. Sites currently in their pipeline include SEGRO Park (Coventry) and Walsgrave (Coventry).</p> <p>WMCA continues to work with developers, investors and other potential partners to establish strategic partner approaches Strategic Partnerships. Good progress is being made and new approaches partnerships are planned to be launched in 2023/24, unlocking further private sector investment, regeneration schemes and wider policy commitments across the West Midlands.</p> <p>WMCA is continuing discussions with public and private sector partners to create new joint ventures and delivery vehicles building on current joint ventures including Help to Own and the Friar Park Joint Venture.</p>

<p>Funding Opportunities: Deliver and submit compelling business cases for additional funding from HMG</p>	<p>The agreement of the Deeper Devolution Deal, following extensive co-development with local partners and negotiation with HM Government, has secured a further £100m for regeneration in the region alongside a £200-400m Affordable Housing settlement.</p> <p>Business cases for further funding opportunities will continue to be developed throughout 2023/24 as necessary/required to achieve Portfolio deliverables.</p>
<p>Asset Management: Lead WMCA Strategic Acquisitions, Disposals and Asset Management Programmes</p>	<p>In order to support the WMCA Acquisitions programme, an Acquisition Plan and Strategy is in development. The strategy will take the form of a high-level overarching document containing a set of guiding principles for the acquisition of any land, assets or buildings by WMCA, ensuring acquisitions across the organisation are consistent at a high level, follows best practice and will lead to a programme of acquisitions that satisfy our funding regime, internal policies, and corporate objectives.</p> <p>Good progress continues to be made in developing comprehensive delivery focussed disposal plans for land acquired for development purposes.</p> <p>Please see 'Property & Estates Strategy: Develop and deliver a Single Property & Estates Strategy and WMCA Asset register' above for more information.</p>
<p>Public Land Charter: Deliver a comprehensive programme supporting the effective implementation of the Public Land Charter, working collaboratively with the Cabinet Office, LGA, taskforces and local partners</p>	<p>OPE Board continues to be updated on progress and successes to date; since the start of the programme £19m capital receipts and £5m reduced running costs have been successfully secured.</p> <p>The Place Pilots programme continues to be delivered at pace, with a further workshop held on 25 May around Depots, Fleet & Industrial and WMCA officers undertaking further engagement with Local Authorities and Central Government bodies around the high level and specific opportunities identified through the workshops to form the basis of a pipeline of opportunities.</p> <p>WMCA continue to work with the Cabinet Office and LGA to establish a 'Place Board' which will have oversight and scrutiny of the Place Pilots programme.</p>
<p>Investment Prospectus: Produce the annual West Midlands Investment Prospectus and deliver associated partner engagement</p>	<p>The 2023 West Midlands Investment Prospectus was launched at the UKREIIF event in Leeds, in May 2023. The prospectus highlights a diverse portfolio of major investment opportunities in the West Midlands, that have been identified and grouped into four broad areas of investment: Levelling Up Zones, projects around growth corridors and strategic transport hubs, a range of strategically important development sites and town centre</p>

	<p>regeneration schemes and opportunities focused on key themes and clusters (such as station zones or zero carbon).</p> <p>Work on the 2024 Investment Prospectus will commence in Quarter 3 of 2023/24.</p>
<p>Town Centres: Support LAs and partners on policy projects, funding bids and investment plans in town centres</p>	<p>Engagement with Delivery Steering Group and the Town Centres Taskforce has identified a series of key opportunity areas for WMCA to focus its time, effort and investment in relation to town centres. These include identifying value-add in light of deeper devolution, evidence and research relating to successful projects and current activity and accelerating delivery of existing town centre projects in WMCA's pipeline.</p> <p>The current intention is to produce documentation that captures these activities and opportunities, for further exploration.</p>
<p>Property & Estates Strategy: Develop and deliver a Single Property & Estates Strategy and WMCA Asset register</p>	<p>Development of the WMCA Single Property & Estates Strategy is progressing well against the programme, with a second draft reflecting feedback and comments received during an extensive engagement period now produced. This draft is under review by the Executive and Sponsoring Directors and will be submitted to Executive Board for views and steers w/c 3 July. Approval is on track for August-September 2023.</p> <p>The Strategy will be a cross-cutting document that provides WMCA with a single integrated approach to property management that is consistent, aligned and forward-looking. The strategy will be central to the delivery of objectives and policy across the organisation's portfolio, enable WMCA to better collaborate with and contribute to the wider public sector agenda, and deliver efficient and effective management of WMCA's portfolio through the provision of guiding principles for decision-making and framework for the assessment of asset performance at a strategic level.</p>
<p>Future Housebuilding: Develop and deliver a WM Future Housebuilding Strategy</p>	<p>The HPR team has been working, with the support of the Future Homes Taskforce and Cast Consultancy, on a suite of documents to guide and underpin our ambitious work on 'future homes'. The suite of documents comprises a draft strategy, technical standard and guidance for developers and investors.</p> <p>Extensive engagement will take place over Summer 2023 to secure wide-ranging sector support for WMCA's approach, ahead of a potential launch in Autumn 2023. A comms strategy to support the launch is in development.</p>

5.0 Financial Implications

- 5.1 There are no un-budgeted financial implications as a result of the recommendations within this report. The majority of the work to achieve the Deliverables will be undertaken through in-house resource and any external support requirement will be funded from the existing Housing, Property & Regeneration budget.
- 5.2 Any WMCA investment to meet the Housing and Land Portfolio Deliverables will be governed and administered through the WMCA Single Assurance Framework and in line with the accounting and taxation policies of the WMCA and HMRC.

6.0 Legal Implications

- 6.1 Section 10.1 and schedule 3 of The West Midlands Combined Authority Order 2016 No. 653 (the Order) confers economic development and regeneration functions to the WMCA in the Combined Authority area. Schedule 3 sets out a duty under section 69 of the 2009 Act for the Combined Authority to prepare an assessment of economic conditions.
- 6.2 By virtue of section 113A of The Local Democracy, Economic Development and Construction Act 2009 as amended by section 13 The Localism Act 2011 the WMCA may do anything it considers appropriate for the purposes of the carrying-out of any of its functions.
- 6.3 Section 22 (i) of the West Midlands Combined Authority (Functions and Amendment) Order 2017 expressly states that the power to pay grant is a function exercisable only by the Mayor with Section 22 (2) requiring the Mayor to seek the assistance of members and officers in the exercise of this function.
- 6.4 There are no direct legal implications identified as a result of this report. However, the proposals set out in this report will have legal implications and risks in the future which will be considered at the appropriate time through future reports as necessary.

7.0 Equalities Implications

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

8.0 Inclusive Growth Implications

- 8.1 The High-level Deliverables have been developed in close consideration of Inclusive Growth principles and are themselves neutral when it comes to inclusive growth. However, implications will arise as investments are made and strategies are devised, in terms of who benefits from those investments and in who is involved in shaping and contributing to them. As such, any programmes should be devised with the responsibility to deliver inclusive growth.

9.0 Geographical Area of Report's Implications

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

10.0 Other implications

10.1 None.

11.0. Schedule of Background Papers

11.1 None.



Housing & Land Delivery Board

Date	10 July 2023
Report title	Future Housebuilding Strategy: Summary paper for discussion and comment
Portfolio Lead	Housing and Land: Councillor Ian Courts
Accountable Employees	Gareth Bradford - Executive Director of Housing, Property & Regeneration (Accountable Director) Patricia Willoughby - Head of Policy & Planning, Housing Property & Regeneration (Senior Reporting Officer) Mia Higgins - Programme Support Officer, Housing, Property & Regeneration (Report Author)
Report has been considered by	Various meetings of the Housing & Land Delivery Steering Group and Housing & Land Delivery Board in 2022-3

Recommendation(s) for action or decision:

The Housing & Land Delivery Board is recommended to:

- a) **Note progress** on the work to date to develop a **Future Housebuilding Strategy for the West Midlands (a Housing and Land Portfolio Deliverable)**;
- b) **Note the** wide-ranging input from the Future Homes Taskforce, Commercial Property Taskforce, local authority partners and other stakeholders across the region to the development of the strategy;
- c) **Discuss and comment** on the key messages and direction of travel set out in the summary document (Annex 1) to inform the development of the full strategy over Summer/Autumn 2023; and
- d) **Endorse the formation of a task and finish working group** to develop and refine the future housebuilding strategy document in line with the summary document.

1.0 Purpose

1.1 The purpose of this report is to:

- summarise the work that has been undertaken to date on the Future Housebuilding Strategy;

- invite comments on the summary document attached as Annex 1 and, in particular, the key messages and direction of travel; and
- endorse the formation of a task and finish working group to allow WMCA with the local authorities and the Future Homes Taskforce to develop the full strategy in line with the key messages and direction of travel coming to the Board today.

2.0 Background

- 2.1 **In 2022, the Housing & Land Delivery Board agreed a programme of work to develop a ‘Future Housebuilding Strategy’,** the scope being to produce a coherent strategy to accelerate the development and delivery of new homes in the region which are designed and built to *higher* construction standards, using modern construction techniques. The strategy will help to secure delivery and investment in Advanced Manufacturing in Construction (AMC); zero carbon homes (ZCH); get the region ready for the roll-out of changes to Building Regulations (Part L); and deliver consequential reduced occupier costs in the new homes.
- 2.2 **WMCA’s proposed Future Housebuilding Strategy builds on the work already pioneered to date around AMC and ZCH** under the Housing & Land Delivery Board. This new integrated strategy is directly linked to and supports implementation of a range of regional policies and programmes:
- unlocking the potential of the ‘*Manufacture of Future Housing*’ economic cluster in the West Midlands Plan for Growth (launched July 2022);
 - the West Midlands brownfield housing and regeneration programme (launched in the 2018 Housing Deal);
 - #WM2041;
 - Investment and Levelling Up Zones (March 2023 Devolution Deal);
 - The Affordable Housing Programme (March 2023 Devolution Deal);
 - The Public Land Programme (March 2023 Devolution Deal);
 - the investment opportunity in future homes set out in the West Midlands Investment Prospectus (launched May 2023); and
 - the high-level deliverables of the Housing and Land Portfolio agreed by the WMCA Board in February 2023.
- 2.3 The Housing & Land Delivery Board has been regularly updated on the process to develop the Future Housebuilding Strategy including the appointment of Cast Consultancy; the establishment of a Future Homes Taskforce; research and evidence to underpin the new strategy; and the detail of a supporting Technical Standard. We welcome the very high level of interest, views and engagement by all stakeholders on the development of this strategy. **An initial working draft has been discussed and reviewed with the local authority officers on our Delivery Steering Group which has informed the summary document today.**

3.0 The underlying imperative and rationale

Planned regulatory changes

- 3.1 At a national level, the Government has set out a clear plan for challenging the construction industry to embrace the building of energy efficient zero carbon homes through planned changes to Building Regulations in 2025 and has supported the momentum to new modular building techniques through explicit requirements on major funding programmes like the Affordable Housing Programme.

- 3.2 Many of the largest housebuilders and investors in UK construction are publicly reporting progress on change to their models of building to address the climate emergency and ensure they are prepared to implement legal changes coming in 2025. Many schemes gaining planning permission in 2023 will not realistically be built until 2025 when the new national standards will apply.
- 3.3 In the West Midlands, there is a strong collective ambition to see if we can get ahead of the curve on the change that is happening across the UK: this is already reflected in the West Midlands Investment Prospectus and in the strategic partnerships we sign with developers and investors. The West Midlands Devolution Deal, the 2018 Housing Deal, the new West Midlands Affordable Homes Programme, the £20bn Investment Prospectus, the West Midlands £1bn Brownfield Regeneration Programme, Public Land Charter, Skills Plan, Plan for Growth and the 2041 regional Net Zero target all point to highly ambitious goals for our region around this agenda.
- 3.4 Implicit in these ambitions is the region driving economic growth and wider environmental and social outcomes through innovation in the construction industry and, in particular, housebuilding. The only way that these bold outcomes can be achieved is by setting an ambitious future house building strategy and ensuring the region uses all the tools now at its disposal.

The need for strong leadership

- 3.5 **The UK's construction industry faces unprecedented challenges and it is clear that this accordingly needs strong regional and local leadership** to support the industry (which is traditionally cost conscious and near term in its thinking) through these challenges.
- 3.6 In the last 12-18 months we have seen a growing realisation among industry players of the workforce situation and likely implications of scalable delivery of the Future Homes Standard when it becomes mandatory in 2023. The context and drivers for change include an ageing workforce, shortages in labour supply, low productivity, cost inflation and regulatory change.
- 3.7 A West Midlands regional agenda which formally links advanced manufacturing in construction and decarbonisation of housebuilding should thus be seen in the context of mainstream acceptance by industry that things are changing and everyone needs to get prepared beyond smaller scale pilot or R&D projects.
- 3.9 The Future Homes Taskforce and advice from Cast Consultancy to us is clear – the West Midlands cannot stand still on this agenda. London is already setting carbon standards ahead of national standards, including embodied carbon requirements, as are the administrations of Scotland and Wales.
- 3.10 The West Midlands already has a national leadership position in brownfield remediation and regeneration through its National Brownfield Institute, multi-million pound brownfield regeneration programme and numerous schemes which have been unlocked and accelerated. It has the ability now to augment this position in the areas of advanced manufacturing in construction and net zero housebuilding. This can only be achieved if we use all the tools and powers secured by the region through its devolution and funding deals with HM Government.

4.0 The initial draft strategy

Overarching approach

- 4.1 The Future Housebuilding Strategy is our opportunity to mark ourselves out in this area, to create a distinct economic advantage and be prepared for the changes coming

nationally in 2025 in any case. The strategy seeks to establish a **‘first mover’ advantage** and go slightly ahead of national building regulatory changes as an economic, social and environmental imperative for the West Midlands. **It sets out a phased approach to ensure the region does not encounter any negative impact on viability or deliverability of schemes in its pipeline** and moving through the planning and delivery system. We recognise the need to avoid unintended consequences and will look to flex the strategy to suit the different challenges and opportunities of both large delivery partners and SMEs.

- 4.2 As set out by Cast Consultancy, and in response to direct feedback by the Taskforce, the strategy also proposes a **performance-based approach**, not a prescriptive approach which requires specific methods or material to be used – this approach will ensure that we establish a position which is as inclusive as possible to all supply chains. A phased incremental approach is at the heart of the strategy and is advocated to provide certainty and clarity to industry partners on the end point whilst allowing a planned transition over time.

The fundamentals of the strategy

- 4.3 The emerging document will be an overarching public document similar to the West Midlands Investment Prospectus in style and form, and which articulates the vision of the West Midlands Future Housebuilding Strategy. The seven key principles of the Strategy are:

1. Aligning to emerging industry standards
2. Signalling a long-term ambition
3. Moving further and faster
4. Enabling realistic, flexible implementation
5. Suggesting practical solutions, not just requiring outcome measures
6. Identifying clear evidence of successful delivery

- 4.4 **The strategy can demonstrate how schemes, already approved or in the system, have resulted in reduced carbon emissions, reduced energy bills and improved indoor air quality.** The document highlights the wider benefits of implementing the strategy, including potential health and well-being benefits, reduced construction waste and a reduction in new homes requiring retrofit at some time the future. It acknowledges the current state of the market and articulates how the proposed new approach will position schemes in our region ahead of the curve on forthcoming inevitable changes and market alterations.

Potential cost implications

- 4.5 Recognising the need to avoid unintended consequences, Cast Consultancy has been commissioned to advise on the potential cost implications of implementing the strategy. This work is in progress but initial findings indicate that:
- Construction labour shortages are very likely to increase the baseline cost of traditional construction methods whereas the WMCA approach which incentivises a shift to different construction approaches, using new construction techniques, a different workforce model and less reliance on on-site labour, will be less affected by this trend.
 - It is highly likely that the supply chain will adjust and become more efficient. By moving ahead of regulation, WMCA will stimulate the market to evolve sooner.
 - It is highly likely that regulation will continue to get stronger and will mirror the approach that WMCA is taking now.

- WMCA would signal change sooner to the supply chain, giving regional suppliers an early mover advantage in preparing for future national change.

Establishing a ‘task and finish’ working group

- 4.6 The current version of the Future Housebuilding Strategy is an initial working draft produced by Cast Consultancy in collaboration with WMCA, local authorities and Taskforce members – with a summary provided to the Board today. Discussion and comments from the Housing & Land Delivery Board are invited at the meeting. To ensure that further iterations and the final version are co-developed, the Delivery Steering Group of WMCA and local authority officers agreed that a dedicated ‘task and finish’ working group should be set up to manage the process.
- 4.7 A wide-ranging engagement programme will ensure extensive collaboration takes place over the next months to include industry experts, local authorities, developers, housing associations, WMCA’s strategic partners, academic institutions and others. There was also a very clear steer from the Future Homes Taskforce that the engagement process should include suppliers.

5.0 Next steps

- 5.2 An extensive engagement programme will take place over the summer months to ensure co-development of the document and engagement in the process. There will also be further input from the Future Homes Taskforce and industry representatives and alignment with activities related to WMCA’s Plan for Growth, Deeper Devolution Deal outcomes and funding streams.
- 5.3 The current intention is to take a revised version of the full strategy, one which has secured full support through the engagement process, to a further meeting of the Delivery Steering Group for discussion in September 2023 and to the Housing & Land Delivery Board for final endorsement in October 2023. Consideration is currently being given to a formal launch before the end of the year.

6.0 Financial Implications

- 6.1 It is noted that the purpose of this report is to:
- summarise the work that has been undertaken to date on the Future Housebuilding Strategy;
 - invite comments on the summary document provided; and
 - endorse the use of a collaborative process to develop the full Strategy.
- 6.2 Work continues in developing the Strategy and this activity will be undertaken from within the existing resources. Further details on the progress of the Strategy, including emerging financial implications, will be reported to future meetings of the Housing & Land Delivery Steering Group and Housing & Land Delivery Board before onwards approval by any other relevant Board.

7.0 Legal Implications

- 7.1 Section 113A(1)(a) of the Local Democracy, Economic Development and Construction Act 2009 gives WMCA a power of competence appropriate for the purposes of carrying-out any of its functions. Part 4 of The West Midlands Combined Authority Order 2016 (2016 No 653) confers that the functions relating to any economic development and regeneration in the constituent councils are exercisable by WMCA. Part 3 of The West Midlands Combined Authority (Functions and Amendment) Order 2017 confers

functions corresponding to the functions of the Homes and Communities Agency has in relation to the combined area. Paragraph 10 (2) (a) of the 2017 Order confers the function of improving the supply and quality of housing to the Combined Authority, 10 (2) (b) to secure the regeneration or development of land or infrastructure in the combined area, 10 (2)(c) to support in other ways the creation, regeneration or development of communities in the combined area or their continued well-being and 10 (2)(d) confers the function of contributing to the achievement of sustainable development and good design.

7.2 It is noted that the purpose of this report is to summarise the work to date on the Future Housebuilding Strategy and to invite comments on the summary document attached to the report, in particular, the key messages and direction of travel. Also to endorse the use of a collaborative process to allow WMCA, with local authorities and the Future Homes Taskforce, to develop the full strategy in line with the key messages and direction of travel.

7.3 Although this paper does not create any direct legal implications, the implementation of the strategy will have wide legal implications. Consequently, the relevant internal assurance frameworks will need to be strengthened to incorporate any related changes and to ensure consistency of implementation of the strategy in the delivery of schemes. Legal advice to be sought as and when required.

8.0 Equalities Implications

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

9.0 Inclusive Growth Implications

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

10.0 Geographical Area of Report's Implications

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

11.0 Other implications

11.1 None

12.0. Schedule of Background Papers

12.1 None

Annex 1

Future Housebuilding Strategy [Working Title]

West Midlands - A Leading Region for Future Housebuilding

Summary Paper - For Discussion and Comment

The national picture

At a national level, the Government has set out a clear plan for the construction industry to fully embrace the building of energy efficient, resilient, zero carbon buildings and the plan is to ensure that this happens through planned changes to Building Regulations in 2025 (the '*Future Homes Standard*'). It has also supported the momentum towards new building techniques through explicit requirements which it has imposed on major funding programmes such as the £12bn Affordable Housing Programme. It has also encouraged this further through recent Devolution Deals with Greater Manchester and the West Midlands.

Many of the largest housebuilders and investors in UK real estate are exploring, in detail, radical changes to their models of building to address the climate emergency and to ensure that they are prepared for the legal changes we now know are coming in 2025. More broadly, investors (especially those in build to rent market) are telling us that investing in high energy efficient buildings aligns with their corporate net zero targets is becoming an essential criterion which their boards want to see before investing or developing a scheme. Many schemes securing planning permission in 2023 will not realistically be built until 2025 so they need to start preparing now and we need to help and support the industry to adapt. All of this points to an opportunity for the West Midlands.

Our ambition for the West Midlands

In the West Midlands, we have had a strong ambition since the formation of the Combined Authority to be at the forefront of the net zero and modern methods of construction agenda - exemplified by the AMC and Zero Carbon Homes Roadmaps and our encouragement for schemes through our devolved funds programme which embrace those ambitions e.g. Icknield Port Loop. We don't want to be left behind especially as we can now see the clear benefits and risks of not being ready.

This means that we need to support and encourage research institutions, builders, developers, investors, local authorities, contractors and all parts of the supply chain in the West Midlands real estate sector to adapt and innovate before the national regulations come into force. **Support, certainty and clarity from the region is the continuous feedback we have received and hence this Future Housebuilding Strategy.**

By supporting an accelerated pace and using our devolved funds and strategic partnerships to support that request - **with a clear aim to achieve the Future Homes Standard ahead of 2025 wherever possible and practical** - we can

support the industry in being prepared for the national regulations, take a phased approach and also be better equipped to deliver long-term aspirations. At the same time, we will be helping to create better, more energy efficient homes for our residents and a more sustainable, long-lasting supply chain.

We've always been ambitious in the West Midlands, especially in the Housing and Land Portfolio, and our achievements have been significant. The Deeper Devolution Deal 2023, the 2018 Housing Deal, the new West Midlands Affordable Homes Programme, the £20bn Investment Prospectus, the West Midlands £1bn Brownfield Regeneration Programme, the Public Land Charter, Skills Plan, Plan for Growth and the 2041 Regional Net Zero Target all set out highly ambitious goals for our region which help us to:

- Deliver an ambitious supply of new homes across all tenures to meet local need (continuing to average at least 16,500 homes per annum to 2031)
- Deliver more affordable homes (with WMCA's *minimum* target of 20% and overall average across schemes with our funding now approaching 30%)
- Grow the economy by £3.9bn and creating up to 45,000 new high value jobs by 2030
- Secure new strategic partnerships and maximise the existing ones e.g. the £4bn investment commitment of L&G, the £2bn investment commitment of SEGRO and the 10,000 new homes commitment of Lovell Homes
- Upskill the existing workforce, underpinning productivity growth and net zero attainment
- Secure new capital investment in residential and commercial property, manufacturing and technology capabilities and supply chains
- Regenerate hundreds of acres of contaminated brownfield land
- Drive the circular economy regeneration of land and building assets including measures such as ambitious public land disposal and re-configuration
- Support town centre regeneration and re-purposing
- Decarbonise new homebuilding as well as the wider economy.
- Create build resilience against climate impacts.

Implicit in all of these is the **region's ambition to drive inclusive economic growth** and wider environmental and social outcomes through innovation in the construction industry and, in particular, housebuilding. This ambition is set out in our *Plan for Growth*, the region's medium term growth strategy which identifies the '*manufacture of future housing*' as one of eight key growth cluster opportunities for the region, with the potential to add 3,700 new, high value jobs to the West Midlands economy.

The construction industry has one of the highest economic multipliers of all industrial sectors – nearly £3 value add for every £1 spent – so supporting its potential can

deliver real benefits. It is essential for our regional economic policy that we leverage this opportunity and ensure a 'fit for purpose' housebuilding sector.

The challenges we face

We need to be upfront - the UK's construction industry faces unprecedented challenges and the context and drivers for change, as set out by Cast Consulting, are stark:

- We have lost 11% of the UK construction workforce in the last 3 years through ageing and reduced economically active participation
- 1/3 of the construction workforce is now aged over 50 and the average age is increasing
- Many physically intense trades have a majority of workers planning to retire at 55-60 years old not at state retirement age
- Site and wider industry productivity has actually reduced since the pandemic
- Lower productivity, accompanied by wage inflation due to shortages, is not a long term economically sustainable proposition
- Societal change is leading to a smaller talent pool choosing construction as a career
- Regulatory change relating to both carbon and safety is forcing more difficult technical and quality compliance standards which much of the industry's reducing workforce is unprepared to deliver at scale.

We must also address the huge existing stock retrofit challenges and make it a scalable commercial proposition.

The pivot towards more advanced methods for building homes has been slower to emerge than anticipated. In the last 12-18 months, the combination of a growing realisation of the extent of workforce erosion, investor demands around net zero and the likely implications of the Future Homes Standard is starting to force major national housebuilders to review their construction strategies. Many have publicly embarked on building varying degrees of vertically-integrated factory capability. The drivers in these businesses are resource scarcity and carbon i.e. formally linking Advanced Manufacturing in Construction/Modern Methods of Construction (AMC/MMC) with the ability to deliver higher-performing homes, in bigger numbers.

A West Midlands regional agenda which does exactly this - in other words, formally links advanced methods of construction and the decarbonisation of housebuilding - can therefore increasingly be seen in the context of mainstream acceptance by industry.

Our strategy will **help 'non-traditional' forms of construction become mainstream, accepted approaches** supported by capable regional supply chains and skills. It will also **help to reduce the cost of compliance as scale, familiarity and productivity reduce any interim short-term premium** over business as usual.

We have seen this happen in other sectors over time, not least renewable energy technologies. Industry experts, Cast Consultancy, are reporting that the true net extra over cost of implementing advanced methods and higher carbon performance targets is reducing as the cost of delivering '*business as usual*' construction is still inflationary and defects and errors in traditional build are increasingly commonplace.

Also, we ought not to forget that downstream performance benefits of higher build standards, such as **lower energy bills for occupiers**, is also starting to have a positive impact on market values, rentability and saleability. This will increase as investment funding, mortgage finance and other sources of funding start to demand better performance as part of their environmental, social and corporate governance mandates, albeit it is difficult to quantify. With the current headwinds in the mortgage market, creating safer, warmer, better constructed homes will give mortgage lenders greater confidence in their investment.

The need for strong leadership

Although the Government has recognised the need for the sector to reform, it is also clear that this needs strong and clear regional and local leadership. The industry remains traditionally cost conscious and focused on the near term in its thinking. The emerging uptake of new advanced building techniques and low carbon building delivery in the West Midlands can only be accelerated and scaled up if we use all the tools and powers secured by the region through its devolution and funding deals with HMG, most notably the recent Deeper Devolution Deal of 2023.

Public land supply, affordable housing funding, brownfield funding, levelling up and investment zones, strategic partnerships and the use of best value procurement tools all help to level the playing field, help offset the short-term additional costs of innovation and think strategically about the longer-term benefits to the region of going ahead of national technical standards. A strong partnership between regional/local government, industry and academia, with regional government setting the pace will help the industry to achieve its full potential.

We are also building on previous achievements. The West Midlands already has a national leadership position in brownfield remediation through its National Brownfield Institute and multi-million-pound brownfield regeneration programme. It has the ability, now, to augment this position in the areas of advanced manufacturing in construction and net zero housebuilding.

And the West Midlands can't stand still. London is already setting carbon standards ahead of national standards, including embodied carbon requirements, as are the administrations of Scotland and Wales. It is expected that Greater Manchester will do the same as part of its '*Truly Affordable Net Zero Homes*' commitments, and Liverpool City Region is also developing plans to decarbonise housing and promote housing manufacturing delivery and skills.

The specifics of our strategy

The first point to make is that our strategy deals only with building fabric. It does not deal with wider sustainability considerations, all of which we recognise and support,

and which are addressed in other WMCA and/or local authority strategies, local plans and policy documents. Our Future Housebuilding Strategy has been developed from our previous work on advanced manufacturing in construction and zero carbon homes. As such, the strategy deals specifically with the physical fabric of new homes and does not address the many other matters that help us to create a truly sustainable environment – so we acknowledge that we need other tools in the box to help us deliver our other ambitions holistically.

The specifics of our strategy aim to achieve ‘first mover’ advantage and go slightly ahead of national Building Regulatory changes as an economic, social and environmental imperative for the West Midlands. It does so in a **phased** approach to ensure that we do not create any negative impact on viability or deliverability of schemes already in the pipeline and those moving through the planning and delivery system. We are acutely aware of the need to avoid unintended consequences and we will aim to flex the strategy to suit the different challenges and opportunities of both large delivery partners and SMEs.

We are also **planning a performance-based approach**, not a method or material prescriptive approach, so that we are as inclusive as possible to all supply chains. A **phased incremental approach** is at the heart of the strategy and is rightly advocated to provide **certainty and clarity** to industry partners on the end point whilst allowing a planned transition over time.

Whilst there will be higher upfront investment to negate short term sensitivity around capital expenditure, the clear evidence from Cast Consultancy and leading industry players, however, is that **application of the new standards will more than pay back** as local supply chains transition and emerge, workforce capability is developed and as housing value better links to higher performance standards.

Our leadership in advanced future housebuilding will help us to achieve our bold economic, social and environmental ambitions. The net short term capital investment at this stage, according to Cast Consultancy, is expected to be some £10-£15k per dwelling. However, as capability builds, economies of scale in the use of new technologies emerge, and the systemic labour and skills shortfalls drive increases in traditional construction costs, the analysis shows that gap falling, potentially to zero, by 2030.

There are clear and current examples showing prices falling as capability builds (as has been seen with Passivhaus roll out in Exeter) and economies of scale through industrialisation (exemplified by the recent Top Hat/Persimmon partnership).

The West Midlands strategy therefore places the region at the vanguard of a wave of change in housebuilding over the coming decade, and in doing so it will give our local supply chain a significant first mover advantage in growing capacity, capability and to scale the technical solutions that will be required nationally in the coming years.

Conclusions

WMCA's bold steps will pave the way for others, creating the realisation that change is not just possible, but necessary to deliver a better, brighter future. It will also allow local authorities to justify their own asks in relation to future housebuilding, empower developers and investors who are already on this journey with us to have more confidence to invest in the region, protect those who are slower to adopt change, tackle the inevitable shifts in the supply chain to ensure their longevity, and embolden residents to demand more from their housebuilders. WMCA is embracing its role as a facilitator to shift the needle on this agenda and best support the region, its local authorities, businesses, developers, and residents.

Put simply, this is an investment in safeguarding our future prosperity and industrial capability that we cannot afford to ignore.



Housing & Land Delivery Board

Date	10 July 2023
Report title	Town Centres: Update and direction
Portfolio Lead	Housing & Land: Councillor Ian Courts
Accountable Employees	Gareth Bradford - Executive Director of Housing, Property & Regeneration (Accountable Director) Patricia Willoughby - Head of Policy & Planning, Housing, Property & Regeneration (Senior Reporting Officer)
Report has been considered by	<ul style="list-style-type: none"> May and June 2023: Delivery Steering Group

Recommendation(s) for action or decision:

The Housing & Land Delivery Board is recommended to:

- a) **Consider and endorse** the proposal for WMCA to produce, in collaboration with local authorities and other stakeholders, **a prospectus or equivalent supporting guide to support the delivery of, and investment in, locally-led projects in Town Centres**, helping those projects make the case to access public and private funds and ultimately support delivery on the ground; and
- b) **Support** the proposal for WMCA to work with the Town Centres Taskforce and Delivery Steering Group to consider the precise nature and form of the prospectus or guide, to be brought to a future meeting of the Housing & Land Delivery Board for consideration.

1.0 Purpose

- 1.1 In May 2023, the WMCA launched the West Midlands Investment Prospectus, showcasing £20bn of opportunities for Investment into projects across the region. In addition, during 2022 WMCA launched the Public Land Charter which, in turn, led directly to the case for a change to public land in the Deeper Devolution Deal of 2023. This paper brings the Board up to speed on the latest thinking about a similar specific prospectus/guide to **support locally led town centre projects and build on the funding already being invested in those projects** (in line with Objectives 3.3 and 3.4 of the Housing & Land Delivery Board).

2.0 Background

- 2.1 At the meeting of the Housing & Land Delivery Board in April 2023, Members expressed continued concern about the scale and pace of town centre recovery and repurposing and asked how WMCA could best support and add value to the substantial and wide-ranging efforts of local authorities, many of whom have been very successful in securing funding from HM Government and are actively taking forward projects which will have a transformational impact on their town centres.
- 2.2 Members asked officers to consider whether WMCA, working in partnership with local authorities and other interested organisations, could provide support and help for more substantial and wide-ranging town centre investment and project delivery, across the region as a whole.

3.0 Work to date and latest thinking

- 3.1 Following the meeting of the Housing & Land Delivery Board in April 2023, work has continued between WMCA and local authorities, developers and investors to develop and refine a pipeline of locally-led projects for each local area, specifically including town centre projects, to help those projects access devolved Housing and Land Funds and meet the mandatory criteria set by national Government for those funds.
- 3.2 In addition to that pipeline work, local authorities and WMCA have worked together to map out all the different projects that are happening on town centres across the region and what bespoke support WMCA could provide in each area.
- 3.3 At meetings of the Delivery Steering Group in May and June 2023 and at meetings of the Commercial Property Taskforce and Town Centre Taskforce, this issue was discussed. Firstly, in terms of where WMCA could 'add value' in the town centre space, the consensus was that any activity by WMCA should be focused on:
- attracting investment and supporting delivery
 - showcasing the substantial and varied sources of West Midlands funding for town centres and how this is being spent
 - attracting and de-risking investment in town centres, and
 - highlighting the potential of individual sites.
- 3.4 Secondly, in terms of what documents or products should be produced, key messages from the discussions were:
- **There is no need for WMCA to produce any further town centre 'strategy' documents.** Nationally, there are many town centre strategies and town centre toolkits, all of which reflect consistent themes and identify essential interventions.
 - **The responsibility for delivery and recovery in town centres is not the sole responsibility of one organisation** – local authorities, WMCA, the private sector, communities and statutory bodies all have a role to play.
 - **The region is not starting with a blank sheet.** Town centres funding from HM Government, across the region as a whole, equates to nearly £500m and WMCA has a pipeline of projects in, adjacent to or near town centres, all at various stages of progression in accessing devolved Housing and Land Funds.
 - **The private sector needs to see the de-risking of investment opportunities,** perceiving many town centre projects as high risk so any documentation needs to help reassure private investors and create clear investible propositions.

3.5 These points have also been made consistently by WMCA’s Town Centres Taskforce. Members of the Taskforce have highlighted the key barriers to investment and have worked with a number of local authorities through workshops to see how these barriers could be overcome. Their view is that town centre planning and master planning is not the problem. **What is needed particularly is an understanding of the funding landscape, the investment proposition and project-based activity.** The Taskforce is confident that the private sector will invest if the right conditions are evident and see huge merit in the additional funding, flexibilities and opportunities which derive from the Deeper Devolution Deal.

3.6 Taskforce members have enthusiastically welcomed the significant funding that is flowing into West Midlands’ town centres e.g. Future High Streets Fund, Towns Fund, Levelling Up Funds but have highlighted **the need for a collective source of information displaying funding totals, where the funding is going, what projects are being supported and what projects are ready for investment, etc.** They consider that the absence of such information can create barriers to private sector investment, as investors are often unaware of the potential for investment within West Midlands’ Town Centres. **They consider that this is an area where WMCA could offer real support and added value, reflecting the views of the Housing & Land Delivery Board and Delivery Steering Group on where WMCA can offer added value to this agenda.**

4.0 A way forward

4.1 **The Deeper Devolution Deal has the potential to support WMCA and its partners in transforming town centres** through the regeneration of derelict sites and brownfield land and offering new flexibilities in relation to public land. The new arrangements with Homes England also give WMCA unique powers to increase the provision of affordable housing in town centres. The Town Centres Taskforce sees the new devolution deal as a significant new opportunity to tackle town centre recovery.

4.2 The consensus of the engagement we have undertaken since the meeting of the Housing & Land Delivery Board in April 2023, is that we should look to create a prospectus/guide, building on the £20bn Investment Prospectus, to map out town centre projects and funding already going in or planned; specifically encourage investment and support delivery in Town Centres across the region; help town centre projects better access new public funds such as the devolved Housing and Land Funds; and ensure that these projects are “*investible propositions*”. This would be a focused piece of work developed in partnership by WMCA, local authorities, the taskforces and the West Midlands Growth Company, designed specifically to attract additional, largely private sector, investment to support the delivery and implementation of town centre projects.

4.3 This responds to the specific need for clarity on what is being done and what support is available, thereby reducing perceptions of perceived risk and consequential lack of investment. Acknowledging that there is no need for a town centre strategy, initial work would have two main strands of activity:

- an evidence and research piece relating to funding and current activity on projects; and
- how WMCA can offer additional support and added value, particularly but not exclusively, in light of the Deeper Devolution Deal.

4.4 A collaborative process is needed to oversee the research and co-develop the document, and thereby ensure that it demonstrably adds value in line with the feedback provided. Subject to further consideration, the document could be launched at a

notable industry event later in 2023 setting out the region's collective ambition for town centres and how funding has been allocated to achieve shared goals, including bringing empty town centre buildings back into use, driving increased town centre footfall, creating new jobs and employment, and increasing town centre accessibility.

- 4.5 The document could also set out how WMCA will use the new tools and levers secured in its devolution and funding deals with Government, Strategic Partnerships with national and international developers and investors, unique land disposals initiative with government, new affordable housing settlement and the extensive brownfield funding programmes which are critical to WMCA's 'offer' in town centres. Together with local authority and HM Government initiatives, these tools could be effectively deployed to showcase investment opportunities in West Midlands' town centres.

5.0 Next steps

- 5.1 If agreed, the next steps would be to:
- undertake further research around existing funding streams and projects already taking place thereby establishing an easily accessible database and platform on which further investment can be encouraged/actioned
 - articulate the opportunities and interventions for locally led town centre projects, and
 - prepare the necessary documentation to support this activity.
- 5.2 The material would be developed and refined further with local authorities, WMCA's taskforces and other stakeholders, and presented in draft to the Housing & Land Delivery Board for consideration in autumn 2023 together with a programme of work including widespread engagement.

6.0 Financial Implications

- 6.1 It is noted that the purpose of this report is to advise the Board on plans to produce a prospectus/guide, similar to the Investment Prospectus, to support locally-led town centre projects and build on the funding already being invested in those projects.
- 6.2 This activity will be undertaken from within the existing resources. Further details on the progress of the proposals, including emerging financial implications, will be reported to future meetings of the Housing & Land Delivery Board before onwards approval by any other relevant Board.

7.0 Legal Implications

- 7.1 It is noted that the purpose of this report is to update the Housing & Land Delivery Board on the latest thinking about creating an investment prospectus/guide to support locally led town centre projects and build on funding already being invested on those projects.
- 7.2 The work envisaged by this report is research based with a view to help in bringing investment into the area. It does not create any direct legal implications at this stage, however, care should be taken over the wording of the prospectus/guide to ensure that it is factually and legally correct. Legal advice would be sought at appropriate stages in the development of the document if required. If WMCA does invest directly in any of the projects envisaged by this paper, there will be legal implications and WMCA's internal assurance systems would need to be followed supported by specific legal advice as and when required.

8.0 Equalities Implications

8.1 There are no immediate equalities implications in relation to this report.

9.0 Inclusive Growth Implications

9.1 The proposed Town Centre programme is set to regenerate town centres post-pandemic in an equitable way, maximising economic benefits, housing quality and job/skills opportunities across the region's communities.

10.0 Geographical Area of Report's Implications

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

11.0 Other implications

11.1 None

12.0. Schedule of Background Papers

12.1 None

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

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