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**West Midlands
Combined Authority**

WMCA Board

Friday 17 March 2023 at 11.00 am

Minutes

Constituent Members

Andy Street (Chair)	Mayor of the West Midlands Combined Authority
Councillor Bob Sleight (Vice-Chair)	Solihull Metropolitan Borough Council
Councillor Mike Bird	Walsall Metropolitan Borough Council
Councillor Kerrie Carmichael	Sandwell Metropolitan Borough Council
Councillor Ian Courts	Solihull Metropolitan Borough Council
Councillor George Duggins	Coventry City Council
Councillor Patrick Harley	Dudley Metropolitan Borough Council
Councillor Brigid Jones	Birmingham City Council
Councillor Abdul Khan	Coventry City Council
Councillor Stephen Simkins	City of Wolverhampton Council

Non-Constituent Members

Councillor Matthew Dormer	Redditch Borough Council
Councillor Izzi Seccombe	Warwickshire County Council

In Attendance

Councillor Cathy Bayton	Overview & Scrutiny Committee
Simran Johal	Young Combined Authority
Hamaam Shire	Young Combined Authority
Mark Smith	Audit, Risk & Assurance Committee

In Virtual Attendance Online

Councillor Mary Locke	Transport Delivery Committee
Councillor Ian Ward	Birmingham City Council

Item No. Title

118. Apologies for Absence

Apologies for absence were received from Lee Barron (Midlands TUC), Anita Bhalla (Greater Birmingham & Solihull LEP), Councillor Greg Brackenridge (West Midlands Fire Authority), Councillor Ian Brookfield (Wolverhampton), Councillor Sebastian Lowe (Rugby), Councillor Olivia Lyons (Cannock Chase), Tom Westley (Black Country LEP) and Sarah Windrum (Coventry & Warwickshire LEP).

119. Chair's Remarks

(a) Local Enterprise Partnerships

The Chair thanked those members of the board who had represented the Black Country LEP and the Coventry & Warwickshire LEP since 2016. This was to be the last board meeting the two LEPs were present at ahead of them ceasing to exist on 31 March.

120. Minutes - 10 February 2023

The minutes of the meeting held on 10 February 2023 were agreed as a correct record.

121. Forward Plan

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

122. Regional Activity & Delivery Update

The board received an update from the Chief Executive on the current activity of the WMCA, including the recently announced 'in principle' agreement of a Deeper Devolution Deal with the Government that included a single funding settlement, greater flexibility in housing and 10 years of business rates retention. Work was now starting to commence about how the region could make best use of this new funding and powers.

Councillor Brigid Jones welcomed the devolution announcement, including the commitment to 'double devolution' to the constituent authorities. Councillor Izzi Seccombe recognised the importance of Wellbeing Board having greater oversight of the increased health funding coming into the region. Councillor Ian Courts thanked everyone involved in securing this agreement, particularly the efforts of the Mayor in seeking to unlock additional powers for the region. He stressed the importance of local authorities and the WMCA working collaboratively to ensure the benefits of the agreement were felt by local residents.

Resolved:

The update be noted.

123. Financial Monitoring Report 2022/23

The board considered a report of the Executive Director of Finance & Business Hub providing an update on the WMCA's finances as at 31 January 2023.

The overall position year to date at the end of January was a favourable variance to budget of £2.6m. Within transport, there was a surplus of £6.4m which represented a favourable variance from budget of £2.7m. The most notable variances related to concessions, where savings to lower patronage and fare levels had been transferred to a reserve to protect against future risks in relation to the transport network. In respect of the Capital Programme, actual costs totalled £281.7m, resulting in a favourable variance of £186m against budget. This variance was primarily contained within transport (£111.3m) and housing (£39.7m).

Councillor Stephen Simkins stressed the importance of ensuring that the WMCA secured longer term financial stability. The Executive Director of Finance & Business Hub indicated that work was currently being undertaken to refresh the Medium Term Financial Plan in light of the budget agreed by this board at its last meeting and the recently announced Deeper Devolution Deal. This work would then be brought back to this board for approval later in the year. Councillor Mike Bird stressed the importance of ensuring the WMCA was able to spend the additional funding expected to come out of the devolution deal.

Resolved:

- (1) The financial position as at 31 January 2023 be noted.
- (2) The latest full year forecast for 2022/23 be noted.
- (3) The new grant awards to the WMCA and the arrangements for these grants be noted.
- (4) With respect to the £15m Social Housing Fund, authority be delegated to the Executive Director of Finance & Business Hub (s.151 officer) to make payments to local authorities subject to the WMCA receiving the grant conditions, those conditions being acceptable and the distribution of payments between local authorities being in line with the necessary regional agreements.
- (5) Authority be delegated to the Executive Director of Finance & Business Hub (s.151 officer) to accept any funds awarded during the pre-election period and up to the WMCA Board meeting on 9 June, subject to satisfactory terms and conditions and all funds going through the Single Assurance Framework.
- (6) The risk management arrangements in place at the WMCA and the suggested revisions towards reporting exposure to risk be noted.
- (7) The specific details around the underwrite provided by the seven constituent member authorities be noted.
- (8) The annual allocations endorsed by WMCA Board at its meeting on 18 March 2022 for 2023/24 in respect of highways maintenance and the Local Network Improvement Plan within the City Region Sustainable Transport Settlement, be confirmed.
- (9) The City Region Sustainable Transport Settlement revenue allocation be approved.

124. West Midlands Growth Company Review

The board considered a report of the Director of Policy & Partnerships, West Midlands Growth Company on the findings of the review into the company, outlining feedback from consultations into its future model, setting out recommendations in a number of areas and highlighting issues where further work was required.

At its meeting on 23 September 2022, the Economic Growth Board commissioned a review of the West Midlands Growth Company's functions, funding and governance with the purpose of making recommendations on its future scope, scale and sustainable funding of activity. The review was overseen by a Sponsors Group of the Economic Growth Board Chair, Mayor and Chair of the West Midlands Growth Company. It was led by a leadership team of the WMCA's Chief Executive, Chief Executive of the City of Wolverhampton Council and Chief Executive of growth company. The findings of the review and the emerging feedback from the consultation were considered by the Economic Growth Board on 17 February.

Councillor Stephen Simkins welcomed the review but stressed the need for local authorities to be active partners in the activity of the growth company to ensure they maximised the benefit received from it. Councillor Izzi Seccombe noted that Warwickshire already participated in a successful growth company but undertook to discuss the relationship it might have with the West Midlands Growth Company. The Chief Executive of the West Midlands Growth Company stressed that he had listened to the concerns previously expressed regarding accountability and delivery and he hoped the recommendations arising out of the review addressed these concerns.

Resolved:

- (1) The findings of the review and the range of functions the West Midlands Growth Company could undertake be noted.
- (2) The proposed West Midlands Growth Company Ltd operating budget for the next two years be noted as building upon the one-year commitment of £4m of funding for 2023/24 approved by the WMCA Board at its meeting on 16 December 2022.
- (3) It be noted that the geographical footprint of the West Midlands Growth Company post the integration of Local Enterprise Partnership functions to the WMCA needed to be resolved and that the recommendations would be brought forward as soon as possible, to include clarifying the future relationship with Warwickshire.
- (4) The ongoing work required to attain long-term financial sustainability from April 2025, and the need to clarify roles and responsibilities and handovers across programmes of activity across the West Midlands Growth Company, the WMCA, local authorities and other partners, be noted.
- (5) It be agreed that the current funding envelope for the West Midlands Growth Company of £12m should be consolidated going forward and that West Midlands Growth Company activity should be re-focused to meet regional and local priorities ie. scenario 5 of the six scenarios for the future model of the West Midlands Growth Company that had been consulted upon.

- (6) It be agreed that the West Midlands Growth Company should continue to undertake the functions as set out within the report, and that the balance of activity across them should be determined by regional and local priorities.
- (7) It be agreed that the West Midlands Growth Company should undertake the additional role of Strategic Relationship Management if budget levels were broadly maintained at their current level and that the West Midlands Growth Company should work closely with local authorities and the WMCA to deliver this function.
- (8) The detailed work being undertaken with local authorities and with the WMCA to determine local and regional priorities, and that these were being used to inform the proposal for additional Commonwealth Games Legacy Enhancement Funding and would ultimately inform the West Midlands Growth Company's Business Plan, be noted.
- (9) The progress in developing a framework of Objectives & Key Results be noted, and the further work that was being undertaken to determine thematic objectives, deliverables and specific leading and lagging indicators be noted.
- (10) It be noted that a proposal for £10m from the Commonwealth Games Legacy Enhancement Fund to support the Global West Midlands Investment & Tourism Programme over the next two years would be considered at minute no. 125 below and, if successful, would enable the West Midlands Growth Company to have an overall budget of £10.15m in 2023/24 and £11.65m in 2024/25 ie. broadly realising the ambitions of 'scenario 5'.
- (11) It be noted that the West Midlands Growth Company would achieve efficiency savings amounting to a 10% - 15% reduction in the regional workforce/third-party costs over the course of the year on the core activities.
- (12) It be agreed that identification of long-term sustainable funding for the West Midlands Growth Company, to support the consolidation of the West Midlands Growth Company budget at £12m, be returned to in early 2023/24 and that recommendations were to be brought forward to the Economic Growth Board for consideration and then on to the WMCA Board in due course.
- (13) Proposed changes to membership of the West Midlands Growth Company Board, be endorsed, specifically that the board should be expanded so that each local authority was represented on it, and that private sector membership should be reviewed when terms of office came to an end to ensure directors had the right suite of skills and experiences aligned to the West Midlands Growth Company's future focus, noting that these changes would be for West Midlands Growth Company Ltd to formally agree and to enact.

- (14) It be agreed that from 2023/24, the Economic Growth Board should agree the West Midlands Growth Company's annual business plan, including its objectives and key results and that it should receive quarterly performance reports on progress from the West Midlands Growth Company.
- (15) Proposals to strengthen engagement with the local authorities and the WMCA at political and officer levels be approved, and it be agreed that partners would identify named senior officers and councillors by correspondence with the West Midlands Growth Company.

125. Commonwealth Games Legacy Funding

The board considered a report of the Executive Director of Strategy, Integration & Net Zero providing an update on the £70m Commonwealth Games Legacy Enhancement Fund grant funding to be provided by the Department for Culture, Media & Sport to the WMCA.

The Commonwealth Games Legacy Enhancement Fund was a £70m fund to ensure the region built on the existing success of the Commonwealth Games legacy. Since the funding was announced in October 2022, WMCA officers had been working closely with games partners, local authorities and other stakeholder groups to shape the programmes that would be delivered in each pillar. Work had also been undertaken with the Department for Culture, Media & Sport on the terms of a formal agreement on the funding conditions for the £70m, which needed to be spent across financial years 2023/24 and 2024/25. Final Government sign-off of the funding was now expected to follow this board's sign-off.

Councillor Brigid Jones welcomed the report and congratulated all those who had been involved in ensuring that the Commonwealth Games had been delivered under budget, enabling this additional funding source to become available to the region.

Resolved:

- (1) The proposed programmes and funding allocations within the four pillars of the Commonwealth Games Legacy Enhancement Fund be approved, in order to enable officers to develop the business cases during the pre-election period, ahead of delivery starting from April.
- (2) The proposed approach to the management of underspends across the Commonwealth Games Legacy Enhancement Fund be approved.
- (3) The proposed approach to the inclusion of non-constituent authorities within the scope of Commonwealth Games Legacy Enhancement Fund programmes as direct funding recipients of two specific delivery programmes be approved.

- (4) Authority be delegated to the Executive Director of Finance & Business Hub (s.151 officer) in consultation with the Monitoring Officer to accept Commonwealth Games Legacy Enhancement funds awarded during the pre-election period commencing 24 March and up to the meeting of the Investment Board on 19 June, subject to satisfactory terms and conditions and all funds going through the Single Assurance Framework.
- (5) Approval be given for the WMCA to enter into all necessary legal agreements in respect of the funding.
- (6) The update on the status of final Government sign-off of the Commonwealth Games Legacy Enhancement Fund be noted.
- (7) The next steps that delivery bodies would progress during the pre- and post-election periods, including the intention to take some Q1 decisions at risk in order to avoid delivery delays to programmes, be noted.

126. West Midlands Race Equalities Taskforce - Independent Strategy

The board considered a report of the Race Equalities Taskforce Programme Manager and the Head of Systems Change & Inclusion seeking endorsement of the Race Equality Taskforce's independent strategy and ongoing commitment to taking action to address race inequality within communities. The taskforce was an independent group that brought together a wide range of people and partners from across the West Midlands to find new and sustainable ways to tackle race disparities.

Its chair, Yetunde Dania, reported that the taskforce had produced a five-year strategy setting out how it intended to achieve its goals across three cross-cutting priorities. She stressed that the strategy was a call to action and urged all partners to read, share and respond to it to help bring about lasting change.

All members of the board welcomed the publication of this strategy. Councillor Patrick Harley stressed the importance of tailoring its delivery to local circumstances and needs and pledged the support of Dudley's officers in the delivery of this. The Chief Executive of the Office of the West Midlands Police & Crime Commissioner welcomed the report, noting the clear evidence of the impact that young people's treatment in the criminal justice system had. The Police & Crime Commissioner had indicated his full support to implementing the strategy. Yetunde Dania thanked the board for its support and urged everyone not to waste the opportunities available to make the changes the region needed.

The Chair thanked Yetunde Dania and the Race Equalities Taskforce for their work in producing the strategy.

Resolved:

- (1) The launch and progress of the West Midlands Race Equalities Taskforce, which was established by the WMCA Board at its meeting on 23 July 2021, be noted.
- (2) The West Midlands Race Equalities Taskforce's independent strategy be endorsed.
- (3) Responding to the taskforce's independent strategy be committed to, along with continued action to address race inequality across the West Midlands.
- (4) An elected member to represent each constituent authority be nominated to sit on a Members Advisory Group for the Race Equalities Taskforce.

127. Transport for West Midlands Capital Pressures

The board considered a report from the Executive Director of Transport for West Midlands and the Executive Director of Finance & Business Hub providing an update on the transport capital programme further to the report on cost pressures considered by this board at its meeting on 16 December 2022.

Transport and construction projects had been facing extraordinary cost inflation pressures as a result of various national and international pressures. Consequently, there was a need to accommodate additional these cost pressures within the region's City Region Sustainable Transport Settlement programme, which was the only significant funding source for transport which was not already fully committed. The report set out the cost mitigation measures that were proposed to address these pressures.

Resolved:

- (1) The submission of the City Region Sustainable Transport Settlement change control documentation to the Department for Transport as per the report submitted to the WMCA Board on 16 December 2022 be noted.
- (2) The updated position on the Transport for West Midlands capital pressures be noted.
- (3) The intention to return to the WMCA Board on 9 June with an update on the overall capital programme budget pressure solutions with an appropriately balanced programme be noted.
- (4) The approach towards integrating into the City Region Sustainable Transport Settlement programme the expected net deficit of £53.4m, where this funding was urgently needed for projects to continue in the delivery stage, be approved.

- (5) The power to amend budgets totalling (gross) £75.7m be delegated to the Executive Director for Finance & Business Hub (the s.151 officer), subject to adequate assurances concerning value for money, commercial challenge, technical challenge and the relevant third-party consents being in place.
- (6) It be approved that as part of on-going management of adverse cost pressures, the following schemes from the main Transport for West Midlands-delivered City Region Sustainable Transport Settlement programme be de-scoped to partly alleviate pressure against the overall programme: Rail Development (£2m) and Bus Retrofit (£2m), noting the on-going work to look at further items to de-scope in consultation with local authorities.
- (7) The decision to continue spending £38m (from the approved budget) on the Birmingham Eastside metro extension scheme at risk, in lieu of a funding solution being identified given the early indications around cost escalation, be approved, noting that the cost pressure would need to be met from the City Region Sustainable Transport Settlement programme if an alternative funding solution could not be found.
- (8) The release of further funds of £2m from the Birmingham Eastside metro budget be approved to allow continuation of works to Clayton Hotel, pending receipt and approval of Target Cost 2, noting that this would support early generation of revenue to support the metro programme funding model.
- (9) The additional risks being carried by the WMCA with respect to the Wednesbury - Brierley Hill Phase 2 and Metro Lifecycle be noted.

128. Full Business Case Approval for Spend Under City Region Sustainable Transport Settlement Metro Line 1 Renewals

The board considered a report of the Executive Director of Transport for West Midlands setting out the on-going investment in the existing metro infrastructure required to keep the network safe, reliable and operational.

The Line 1 infrastructure was over 20 years old and had had little significant replacement of equipment over this time. When its operation and maintenance was brought in-house at the end of the former operator concession, it was clear that the system was in a poor state of repair, with an increasing number of failures of the existing equipment which caused a closure of the whole line. The report provided details on those works that were required on Line 1

Resolved:

- (1) The full business case submission from the City Region Sustainable Transport Settlement scheme, as endorsed and agreed by the Investment Board at its meeting on 12 December 2022, be approved, and the full funding cost of £27.85m which brought the programme total to £30m be noted.

- (2) An initial draw down of funding of £8.381m against the full business case, in addition to the £2.15m approved by the Investment Board at its meeting on 14 November 2022, be approved.
- (3) It be noted that this incremental approval approach was designed to balance the need to cap overall spending (in advance of the report to the WMCA Board on 9 June looking holistically at transport capital pressures) with the urgent nature of the works.
- (4) It be noted that subject to a decision at the meeting of the WMCA Board on 9 June with respect to the overall transport pressures, a gated approval mechanism for future approvals may be recommended for this programme based on annual requirements.
- (5) Authority be delegated to the Executive Director of Transport for West Midlands, in consultation with the Executive Director of Finance & Business Hub (the s.151 officer), to award contracts to the successful tenderers for each package subject to:
 - (i) the contract being within the approved budget; and
 - (ii) all funding agreements being signed and sealed to the satisfaction of the Executive Director of Finance & Business Hub (the s.151 officer) and the Executive Director of Transport for West Midlands.
- (6) The appraisal recommendations be accepted.

129. Transport Delivery Committee - 6 February 2023

The board considered the minutes of the Transport Delivery Committee meeting held on 6 February 2023.

Resolved:

The minutes of the meeting held on 6 February 2023 be noted.

130. Economic Growth Board - 15 February 2023

The board considered the minutes of the Economic Growth Board meeting held on 15 February 2023.

Resolved:

The minutes of the inquorate meeting held on 15 February 2023 be noted.

131. Wellbeing Board - 6 March 2023

The board considered the minutes of the Wellbeing Board meeting held on 6 March 2023.

Resolved:

The minutes of the meeting held on 6 March 2023 be noted.

132. Young Combined Authority - March Update

The board considered an update report from the Young Combined Authority setting out its activity during March.

Simran Johal and Hamaam Shire reported that there had been a number of mental health focused meetings held recently. YCAs from across the country had also come together to share findings from the National Youth Transport Survey, which had highlighted the need for more affordable public transport and proposed a cross-regional travel card to simplify travel for young people.

Resolved:

The report be noted.

133. Date of Next Meeting

Friday 9 June 2023 at 11.00am.

The meeting ended at 12.35 pm.

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