



WEST MIDLANDS COMBINED AUTHORITY

WMCA Board

Friday 9 February 2018 at 11.00 am

Minutes

Constituent Members

Andy Street (Chair)

Councillor Sean Coughlan
Councillor Ian Courts
Councillor George Duggins
Councillor Patrick Harley
Councillor Robert Hulland
Councillor Brigid Jones
Councillor Abdul Khan
Councillor Syeda Khatun
Councillor Roger Lawrence
Councillor Ian Ward

Mayor of the West Midlands Combined Authority
Walsall Metropolitan Borough Council
Solihull Metropolitan Borough Council
Coventry City Council
Dudley Metropolitan Borough Council
Solihull Metropolitan Borough Council
Birmingham City Council
Coventry City Council
Sandwell Metropolitan Borough Council
City of Wolverhampton Council
Birmingham City Council

Non-Constituent Members

Councillor George Adamson
Councillor Bill Hartnett
Councillor Dennis Harvey
Councillor David Humphreys
Ninder Johal

Cannock Chase District Council
Redditch Borough Council
Nuneaton & Bedworth Borough Council
North Warwickshire Borough Council
Black Country Local Enterprise Partnership
Shropshire Council
Greater Birmingham & Solihull Local Enterprise Partnership
Warwickshire County Council

Councillor Alex Phillips
Tim Pile

Councillor Izzi Seccombe

Co-Opted Member

Lee Barron

Midlands Trades Union Congress

Observer Members

Councillor John Edwards
David Jamieson

West Midlands Fire & Rescue Authority
West Midlands Police & Crime Commissioner

In Attendance

Councillor Peter Hughes
David Lane
Councillor Ken Meeson
Councillor Richard Worrall

Overview & Scrutiny Committee
Audit, Risk & Assurance Committee
Wellbeing Board
Transport Delivery Committee

Item Title

No.

146. Apologies for Absence

Apologies for absence were received from Jonathan Browning, Councillor Shaun Davies, Councillor Steve Eling, Councillor Paul Moore, Councillor Peter Nutting, Councillor Chris Saint, Councillor Bob Sleight and Stewart Towe.

147. Minutes - 12 January 2018

The minutes were agreed as a correct record.

148. The Second Devolution Deal

The board considered a report from Julia Goldsworthy, Director of Strategy, on the second devolution deal between the West Midlands Combined Authority and the Government, along with the proposed approach to implement the deal and to undertake further devolution discussions with the Government.

The second devolution deal was a balanced deal shaped around the priorities of the combined authority to drive economic performance, support inclusive growth and to bring new financial support for the region. It also set out a number of initiatives on public sector reform, ways in which the West Midlands could have more control of financing its activities, and a number of governance changes.

An amendment to paragraph 3.5 of the report was proposed by Councillor George Duggins and seconded by Councillor Roger Lawrence so that it read:

“The Government, West Midlands Combined Authority and the West Midlands Police & Crime Commissioner will enter into discussions with the Mayor regarding a governance model for incorporating the role and powers of the Police & Crime Commissioner into the Mayor’s role and powers, provided that the final governance model proposed following discussions is agreed by each of the Constituent Authorities, the Mayor and the Police & Crime Commissioner. Work is now beginning to plan for this detailed and complex task, which will include the establishment of regular dialogue and joint working with the Police & Crime Commissioner in order to secure continuity in good practice and public protection. Provided there is agreement by each of the Constituent Authorities, the Mayor and the Police & Crime Commissioner will submit a report on the decisions to be taken and the proposed process for these governance changes to a future meeting of the WMCA Board, informed by guidance from the Home Office and the Ministry of Housing, Communities & Local Government.”

The WMCA Board and the Mayor accepted this amendment as proposed, subject to the WMCA constitution and the relevant statutory basis.

Councillor Ian Ward expressed his disappointment that the bidding process for Housing Infrastructure Funding appeared to favour 'green field' development, which would significantly disadvantage the region and did not support the Government's previously stated policy of building housing on brownfield sites.

Councillor Sean Coughlan enquired about the Mayor's plans for a comprehensive air quality strategy. Deborah Cadman, Chief Executive, indicated that the combined authority was looking to work with Constituent Authorities in developing a plan that was supportive and enabling, but avoided duplicating work already proposed within each local authority area.

The Mayor thanked officers for the work that had been undertaken to reach this agreement with the Government.

Resolved:

- (1) The Second Devolution Deal on behalf of the West Midlands Combined Authority, following the conclusion of negotiations between the West Midlands Combined Authority and the Government be approved.
- (2) The outline approach to implementation of the Second Devolution Deal and further devolution discussions with Government, set out in the report (including paragraph 3.5 as amended) (to be the subject of a further report to the Board on 9 March 2018), be approved.
- (3) Constituent Authorities be requested to approve the agreement alongside the proposed approach to implementation and further discussions with Government on devolution, as early as possible in the 2018/19 municipal year.

149. Forward Plan

The forward plan of items to be considered at future meetings was noted.

150. 2018/19 Budget and Council Tax

The Mayor and Councillor Izzi Seccombe presented a report proposing the final West Midlands Combined Authority budget and levy for 2018/19. Draft proposals had been approved for consultation by the WMCA Board at its meeting on 12 January 2018. The report summarised the changes made to the budget made since the last meeting, including the proposal to defer setting a mayoral precept until 2019/20.

Councillor Peter Hughes reported on the work undertaken by Overview & Scrutiny Committee in scrutinising the draft budget and making a number of recommendations as to how the process for setting the 2019/20 budget next year could be further improved. The Mayor thanked Councillor Peter Hughes for the work his committee had put in to scrutinising the budget proposals and for the helpful recommendations that it had made.

Lee Barron welcomed the budget report and the reference to paying the UK Real Living Wage to its employees. The Mayor requested the Director of Finance to clarify this point and report back to the next meeting of the board.

Resolved:

- (1) The consolidated revenue budget monitoring position as at 31 December 2017 be noted;
- (2) The West Midlands Combined Authority consolidated revenue budget for 2018/19 be approved, as summarised in paragraph 5.23 of the report. This included:
 - (a) the budget requirement for transport delivery 2018/19 - 2020/21 comprising of two elements:
 - (i) £114.7m for 2018/19, reverting to £114.1m for 2019/20 and 2020/21 to be funded from the existing transport levy mechanism; and
 - (ii) a transfer from earmarked reserves of £1.0m a year for 3 years.
 - (b) the West Midlands Combined Authority Operational budget requirement for 2018/19 of £11.8m to be funded by the continuation of the £25,000 Non Constituent Authority contribution and a Constituent Authority contribution, subject to local authority agreement, that comprised of three elements:
 - (i) the continuation of the £0.25m membership on an equal shares basis that totalled £1.75m;
 - (ii) for 2018/19 only, a £0.17m fee on an equal shares basis totalling £1.19m with regard to the delivery of outcomes of the West Midlands Combined Authority Commissions that were consistent with the plans taken through the West Midlands Combined Authority Board prior to the 2018/19 financial year; and
 - (iii) a fee of £1.71m representing costs already incurred and funded by the Constituent Authorities in 2017/18 within the Transport Levy and funded on the basis of population in relation to corporate services that support the West Midlands Combined Authority Operational Budget that were to be accounted for under the Operational Budget.
 - (c) The West Midlands Combined Authority Mayoral budget requirement of 2018/19 of £823,000 to be funded by the following sources:

- (i) £558,000 Mayoral Capacity Fund; and
 - (ii) £265,000 contribution from Constituent Authorities as a result of a rebate granted to Constituent Authorities and then returned to West Midlands Combined Authority in 2017/18 to fund Mayoral costs as set out in paragraphs 3.4 and 3.5 of the report.
- (3) The inclusion of a precept in 2019/20 and 2020/21 for Mayoral Office costs, Network Resilience, and a contribution to the West Midlands Combined Authority Investment Programme be noted, and this was supported in principle, subject to further work between the Mayor and Constituent Authorities in 2018/19, final approval prior to the February 2019 WMCA Board and with reference to resolution to 10(a) below;
- (4) The West Midlands Combined Authority's indicative Medium Term Financial Plan, as set out in paragraph 8.2 of the report, be endorsed;
- (5) The Transport Capital Programme, as set out in paragraph 7.2 of the report, be approved;
- (6) The planned spend on the Investment Programme over the three year period, as set out in paragraph 7.4 of the report, be noted;
- (7) The budget for the 2018/19 WMCA supplementary Capital Programme containing the Land Remediation Fund and Collective Investment Fund budgets be approved, subject to the West Midland Combined Authority obtaining the necessary borrowing powers;
- (8) The Director of Finance, in consultation with the Portfolio Lead for Finance & Investments, be given delegated authority to make any final changes that might result from the conclusion of the funding agreements arising from the West Midlands second Devolution Deal, should they arise, as set out in paragraph 2.6 of the report;
- (9) The following policies and strategies, as required by Statute, be approved:
 - (a) the West Midlands Combined Authority Pay Policy Statement, as set out in section 15 of the report;
 - (b) the West Midlands Combined Authority Treasury Management Strategy, as set out in section 10 of the report;
 - (c) the West Midlands Combined Authority Prudential Indicators and Minimum Revenue Provision Strategy, as set out in section 11 of the report.
- (10) The establishment of Task & Finish Groups, comprising the Portfolio Lead for Finance & Investments, the Mayor and WMCA Board members, be approved as follows:

- (a) to review and recommend changes to the West Midlands Combined Authority Constitution based on 18 months experience of operation, as set out in paragraph 5.22 of the report;
- (b) as outlined in the report to the WMCA Board on 12 January 2018 'Progress Update on the West Midlands Combined Authority Investment Programme', to review the scheduling prioritisation and funding of the Investment Programme, as set out in paragraph 5.22 of the report; and
- (c) to review and develop a four year Medium Term Financial Plan for revenue, capital and the Investment Programme, as set out in paragraph 8.7 of the report.

[NB. In accordance with The Combined Authorities (Finance) Order 2017, these resolutions were passed unanimously by all members eligible to vote.]

151. WMCA Powers - Supplementary Business Rates

Councillor Izzi Seccombe presented a report on proposals for establishing a Supplementary Business Rate scheme to assist in funding the Investment Programme.

In order to deliver the £8bn Investment Programme, the combined authority was required to develop funding plans through new financial mechanisms to the value of £3bn to support £2bn of investment and associated debt finance cost agreed as part of the first devolution deal for the West Midlands. The Government confirmed in December 2017 that it intended to apply powers to mayoral combined authorities to allow a Supplementary Business Rate to be raised under the powers already available to local authorities. All Constituent Authorities would be required to give their consent to the powers being applied to the West Midlands Combined Authority.

Tim Pile noted the strength of the business community within the region, and stressed the need to ensure that businesses were fully engaged in this process and were supportive of its objectives.

Resolved:

- (1) Authority be delegated to the West Midlands Combined Authority Section 151 officer together with the Monitoring Officer to approve the amendment to statutory regulations which amended the West Midlands Combined Authority powers as set out in this report, subject to:
 - (a) each of the seven Constituent Authorities approving a complementary paper through their Cabinet or Full Council to provide the approval to the West Midlands Combined Authority,
 - (b) consent towards the proposals being obtained specifically from the West Midlands Combined Authority Mayor.

152. Social Economy Taskforce

The board considered a report from Henry Kippin, Director of Public Sector Reform, on the development of a Social Economy Taskforce to look specifically at the role that the social economy sector could play in respect of inclusive growth.

The combined authority was committed to driving a model of inclusive growth for the region that benefitted all of its residents. The Social Economy Taskforce would focus on the way that the local, regional and national context could be influenced to enable West Midlands-wide change, principally through supporting the social economy and influencing the combined authority's delivery agenda. The taskforce was expected to have a nine month lifespan, chaired by an independent social economy leader appointed jointly by the Mayor and Portfolio Lead for Cohesion & Integration and Public Service Reform.

Councillor Ian Ward noted that the local organising committee of the Commonwealth Games 2022 was undertaking similar work to utilise organisations that existed for a social purpose, and hoped that the Social Economy Taskforce may be able to support this, whilst avoiding any duplication of effort. Lee Barron suggested that the Trades Union Congress would be very interested in engaging in this workstream, and noted that Unison would have a lot to offer in this respect.

Resolved:

- (1) The proposed approach to establishing a Social Economy Taskforce be noted.
- (2) The draft next steps set out in the report be supported.

153. Longbridge Park & Ride Decking Scheme and Charging Policy

Councillor Roger Lawrence presented a report seeking approval to allow car park user charging at Longbridge to fund the repayments of the borrowing required to deliver the construction of a multi-storey car park in a strategic position on the public transport network.

Longbridge station was strategically well located on both the highway and rail network for a major Park & Ride site to be constructed. In order to meet a portion of the costs of construction, it was proposed to fund capital borrowing and cover operational costs through the levying of a parking charge on customers in order to provide a well-managed, safe and secure facility. Based on demand modelling and financial modelling undertaken, it was expected that charges of between £2 and £4 per day (with assumed discounts for season tickets) would result in viable funding through capital borrowing over 25 years.

Resolved:

- (1) The Longbridge Park and Ride scheme which would construct a 5-storey, 644 high quality space car park providing increased network resilience and supporting Birmingham and the wider region in the 2022 Commonwealth Games transport capability be endorsed.
- (2) The introduction of car park user charging at this location be agreed, in order to finance the operational and capital borrowing costs associated with this project in line with other exceptions at Sutton Coldfield and Solihull.
- (3) The responsibility for setting exact levels of car parking charges be delegated jointly to the WMCA Lead Member for Transport and the Managing Director of Transport for West Midlands, in consultation with Birmingham City Council Lead Member for Transport, to enable the ability to set and adjust charges in line with achieving modal shift objectives and repayment requirements for scheme borrowing.

154. Wellbeing Dashboard and Intelligence Update

The board considered a report from Jane Moore, Director of Prevention & Wellbeing, on proposals for a wellbeing dashboard and on how the work on the Wellbeing Intelligence Hub and the intelligence offer would support the objectives of the Wellbeing Board.

The combined authority was creating a strong population intelligence offer that would enable it to better understand the people and communities of the West Midlands and the 'human factors' that affected the ability to deliver inclusive growth. In support of this work, a number of wellbeing indicators had been developed that could be used to assess progress on the work of the Wellbeing Board. A wider set of population indicators was also being developed that would sit within the relevant dashboards and allow the implications of the wider determinants of health and wellbeing to be considered across all workstreams.

David Jamieson highlighted the work he had recently commissioned that looked at the cost of drug misuse, and solutions to tackle these societal issues. He wished to work closely with the Wellbeing Board on a number of these matters, and was prepared to present his report to a future meeting of the WMCA Board.

Resolved:

- (1) The progress made on developing effective population intelligence across the WMCA/West Midlands area, and how this provided the opportunity, at the local and wider area level, to understand how the characteristics of the population affected the ability to generate economic growth that benefited all the people of the West Midlands, considered to be crucial if we were to have the intelligence to ensure that the West Midlands Industrial Strategy and the Public Service Reform focussed on Inclusive Growth were delivering for all in our communities, be noted.

(2) The following were approved as previously agreed by the Wellbeing Board:

- Wellbeing Dashboard
- Proposals to develop indicators linked to the wider determinants of health

(3) Further work to understand how the impact of major schemes on the people of the West Midlands and their communities was assessed at all stages from planning through to post-delivery be supported.

155. Minutes - Strategic Economic Plan Board - 14 December 2017

The board received the minutes of the Strategic Economic Plan Board held on 14 December 2017.

Resolved:

The minutes of the meeting on 14 December 2017 be noted.

156. Minutes - Investment Board - 18 December 2017

The board received the minutes of the Investment Board held on 18 December 2017.

Resolved:

The minutes of the meeting on 18 December 2017 be noted.

157. Minutes - Transport Delivery Committee - 8 January 2018

The board received the minutes of the Transport Delivery Committee held on 8 January 2018.

Resolved:

The minutes of the meeting on 8 January 2018 be noted.

158. Minutes - Audit, Risk & Assurance Committee - 19 January 2018

The board received the minutes of the Audit, Risk & Assurance Committee held on 19 January 2018.

Resolved:

The minutes of the meeting on 19 January 2018 be noted.

159. Minutes - Wellbeing Board - 19 January 2018

The board received the minutes of the Wellbeing Board held on 19 January 2018.

The minutes of the meeting on 19 January 2018 be noted.

160. Minutes - Overview & Scrutiny Committee - 30 January 2018

The board received the minutes of the Overview & Scrutiny Committee held on 30 January 2018.

Resolved:

The minutes of the meeting on 30 January 2018 be noted.

161. Friday 9 March 2018 at 11.00am

The date of the next meeting was noted.

162. Exclusion of the Public and Press

Resolved:

That in accordance with s100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business as it was likely to involve the disclosure of exempt information as specified in paragraph 3 of the Act.

163. Midland Metro Limited

Councillor Roger Lawrence presented a report on the progress made in the finalisation of the arrangements for Midland Metro Ltd to take over the operation and maintenance of the Midland Metro network from Altram LRT Ltd in 2018 and to obtain the necessary approvals and delegations to enable the Public Services Contract to be signed and Midland Metro Ltd to commence trading.

Resolved:

- (1) The Draft Shareholders Agreement between the West Midlands Combined Authority and Midland Metro Ltd be approved, and the Head of Governance be appointed to act as the Shareholders Representative.
- (2) In its capacity as Shareholder of Midland Metro Ltd, the Fares Table proposed for the commencement of services be approved, noting that there were no substantive changes proposed to the existing Metro fares table but some price reductions would be implemented where these would either increase revenue or improve the ability of conductors to check/sell tickets.
- (3) In its capacity as Shareholder of Midland Metro Ltd, the Midland Metro Ltd business plan five year commercial model and indicative annual budget for year 2018/19, as detailed in section 7 of the report, be approved.
- (4) The indicative Midland Metro Ltd five year commercial model, as detailed in section 7 of the report, and the West Midlands Combined Authority's commitment for funding initial Subsidy Payments and Life Cycle costs from the proceeds of the termination settlement with Altram LRT Ltd, be approved.

- (5) The establishment from the date of this meeting be approved, and the Director of Finance be delegated authority to negotiate a West Midlands Combined Authority treasury and loan facility for Midland Metro Ltd to borrow against at a commercial rate to facilitate cash flow management within the operating business.
- (6) It be noted that Midland Metro Ltd had produced a draft business plan based upon the requirements of the Public Services Agreement and the information disclosed to date through the termination negotiations with Altram LRT Ltd, and that the Midland Metro Ltd final business plan would be submitted to the WMCA Board in its capacity as Shareholder for approval following signing of the Public Services Contract.
- (7) The content of the draft Public Services Contract, as set out in section 4 of the report, be noted.
- (8) The pension arrangements proposed to be implemented for staff that either transferred in to Midland Metro Ltd from National Express West Midlands Travel, or were recruited as employees of Midland Metro Ltd, be noted.
- (9) It was noted that further to the report to the WMCA Board on 21 July 2017, independent advice had been obtained from DWF LLP and PWC on the compliance of the draft Public Services Contract and associated financial/commercial models with European Union procurement legislation (Regulation 1370/2007), State Aid, transfer pricing, corporation tax and VAT rules, and that the documentation/models had been developed to take account of this advice.

164. One Public Estate Programme

Councillor Sean Coughlan presented a report on progress with the West Midlands One Public Estate programme and seeking support for measures to ensure its on-going sustainability and good governance. The report highlighted the programme success in obtaining grants from the Cabinet Office, set out the future priority projects for further funding bids, and outlined the arrangements in place to successfully deliver the programme.

Councillor Sean Coughlan expressed his thanks to Jan Britton, Chief Executive of Sandwell Metropolitan Borough Council, for the role that he played in establishing the One Public Estate programme and the leadership he gave to its work.

Resolved:

- (1) The progress made by the West Midlands One Public Estate Programme be noted.
- (2) The proposition to transfer 'accountable body' status for the One Public Estate Programme to the West Midlands Combined Authority be accepted.

- (3) The recent award of £290,000 of Government grant support from Phase 6 of the national One Public Estate Programme be noted and accepted.
- (4) 'In principle' support be given to the proposal to develop a Revolving Investment Fund, subject to a further detailed business case.

The meeting ended at 12.45 pm.