



Overview & Scrutiny Committee

Date	16 January 2019
Report title	Response to Overview & Scrutiny Committee - Mayor's Question Time: Policy
Accountable Chief Executive	Deborah Cadman, Chief Executive email: deborah.cadman@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Tim Martin, Head of Governance email: tim.martin@wmca.org.uk Tel: (0121) 214 7435
Report has been considered by	

Recommendation(s) for action or decision:

The Overview & Scrutiny Committee is recommended to:

- (1) To note the responses provided, and consider any further questions or requests for information.

1. Purpose

- 1.1 A Mayoral Q&A session was held on 28 September where members of the Overview & Scrutiny Committee questioned the Mayor Andy Street on issues relating to air quality, transport, housing and other policy-related matters.
- 1.2 This report provides a formal response to those points raised by the Overview & Scrutiny Committee at the Q&A session and a subsequent meeting of the Committee.

2. Background

- 2.1 On Friday 28 September, members of the Overview & Scrutiny Committee met at the Civic Centre in Wolverhampton to hold a Q&A session with the Mayor. The Overview & Scrutiny Committee then met on 9 October to further consider its findings and a number of recommendations were put forward to the WMCA Board.
- 2.2 On 9 November, the WMCA Board considered this report, together with a number of recommendations for the WMCA Board to consider that arose from the responses provided by the Mayor.
- 2.3 The WMCA's constitution requires the Mayor and/or the Authority to respond within two months of receiving a report from its Overview & Scrutiny Committee, indicating what action it proposed to take in respect of matters drawn to its attention.
- 2.4 The WMCA Chief Executive will be available at the Overview & Scrutiny Committee to answer any further questions arising out of the answers provided by the Mayor within this report.

3. Overview & Scrutiny points for consideration

- 3.1 Set out below is the response to the questions raised by Overview & Scrutiny Committee on 28 September and reported to WMCA Board on 9 November:

(a) To provide a detailed breakdown on how the Mayor has utilised the £2m central Government funding allocated to the WMCA to boost mayoral capacity and resources, and whether any of this funding had been, or was intended to be, allocated to support an effective scrutiny function.

£2m Mayoral Capacity Funding (MCF) has been allocated to WMCA from the Mayoral Capacity Fund. It is currently proposed that £1.362m be used to part fund the Mayoral Office budget for 2018/19 and 2019/20. The Mayor's Office currently does not have an identified revenue stream and so the MCF funding offers a solution in the short term. The Mayor's Office budget is largely made up of posts and the associated travel expenses and IT support.

It is proposed that £0.083m be used to fund a policy advisor role (currently filled by a secondment from PWC and previously from KPMG) which is largely supporting and managing the 5G Programme. These costs are committed within 2018/19.

A further £0.254m is allocated to provide support on Industrial Strategy programme development (including Local Industrial Strategy and Brexit). This includes short term consultancy support and also the recruitment and onward funding for a small team to support the Director of Strategy

In addition there is £0.155m to provide support on WMCA's Public Service Reform agenda including Inclusive Growth, Radical Prevention and System Collaboration. Specifically in 2018/19 there is £0.026m committed for support to embed the Inclusive Growth Framework within WMCA with the expectation that other specific projects will follow next financial year.

Finally £0.045m has been allocated to support costs associated with proposed governance changes and transitions of functions.

With regard to the resourcing of Overview and Scrutiny, the WMCA Scrutiny function has been bolstered by 1 post during 2018/19, this is funded from the overall WMCA approved budget and currently none of the £2m MCF allocated is intended to be used to support scrutiny within the organisation. The Head of Governance is currently looking at ways to increase resource within the Scrutiny function going forward. If current budget proposals are approved a further post will be created in Governance Services which will increase capacity to support all meetings of the Authority including Overview and Scrutiny.

(b) To provide greater clarification on the extent to which the Mayor is utilising the powers provided within the Bus Services Act 2017 in respect of bus franchising.

The Bus Services Act 2017 provides a series of powers for the Mayoral Combined Authority areas including greater powers on partnership schemes, new Enhanced Partnerships and also powers to franchise buses, as well as provision for additional data from bus operators. We currently work with the Bus Alliance and other partnerships to drive positive outcomes, including an increase in paid bus patronage.

The leaders of the WMCA asked TfWM to undertake a high level assessment of these powers and their potential use during 2018. As part of that process there was a clear need for greater clarity on the requirements for, and from, the bus network within the policy framework to support Movement for Growth by the WMCA. This has been developed in the form of a Vision for Bus which was supported and approved in November 2018 by the WMCA.

As outlined in that report, a delivery plan is being developed from the Vision for Bus that will include an assessment of the potential use of powers from the Bus Services Act 2017. This is proposed for Spring 2019 and will consider franchising powers, but will also consider use of the other powers available within the Act for the future operation of buses in the West Midlands region and the delivery of the Vision for Bus. The Bus Services Act is legislation that is untested to date and needs careful and due consideration.

(c) To provide further details on the support being provided by Transport for West Midlands (TfWM) to ensure vehicles operated on subsidised routes achieve high standards of environmental emissions.

TfWM are now tendering for bus services with requirements for operators to provide prices for the highest emission standards (Euro VI). This has allowed TfWM to renew some tenders for Euro VI standards which are the standards being considered by Clean Air Zones and other initiatives. There is a cost to providing this standard as those vehicles are more expensive which is why the tender process has to be mindful of not pricing services out of reach and inadvertently removing essential services from a community altogether by demanding higher standards.

This is why parallel to this TfWM are working with Government, all local authorities and all bus operators through the West Midlands Bus Alliance to attract further Government funding to support improved emission standards and also help bring down the costs from commercial bus operators for the tenders. Since 2015, Bus Alliance partners have successfully attracted over £10 million worth of funding to support vehicle improvements to buses that play a part in delivering subsidised services. This will have an impact on reducing the costs of future increases over time and help allow the network to benefit from increased levels of Euro VI vehicles over the next two years with at least 50% buses at a minimum of Euro VI standard by the end of 2020, although the Bus Alliance continues to work to push this figure further.

(d) To provide further details on the number and percentage of housing delivery programme targets that would be designated as 'affordable homes', and also social housing.

The WMCA is ambitious about securing a significant increase in affordable and social housing supply and quality across the region. This underpins the Housing Deal agreed with Government in March and the WMCA's housing and regeneration programmes and activities.

Precise housing delivery programme targets, including the percentage of housing designated as affordable and social housing, are a matter agreed and set by local planning authorities via their respective Local Plans and not the WMCA. The WMCA is not a planning authority and therefore does not set precise targets for these measures on sites or across council areas.

The WMCA supports councils to maximise the provision of affordable housing on sites it is actively involved in unlocking and delivering and in its work with investors and developers enabling local authorities to achieve their agreed targets. We are currently developing proposals for an affordable housing deal with Government.

(e) To provide further information of the economic benefits that the Mayor envisages for the region as a result of hosting the Commonwealth Games 2022, and how this will contribute to the region's inclusive growth.

It is anticipated that the 2022 Birmingham Commonwealth Games will generate a £526 million boost to the West Midlands region (source: PwC economic impact analysis). Between 500,000 and one million additional visitors are expected to visit Birmingham and the wider region over the 11-day sporting event. The Games would support an average of 4,526 workers per year from 2018 to 2022. We will ensure that the opportunity of the Games is used to ensure delivery of increased numbers of affordable housing, transport connectivity is enhanced and that local residents have access to employment and skills development opportunities.

3.2 In addition to the questions above, there were four recommendations from the Overview and Scrutiny Committee arising from the Mayoral Q&A event:

(a) A report on Brexit, and the implications for the region, be presented to the WMCA Board as soon as possible, as it is considered that there is a need for a co-ordinated regional approach on the potential impacts and mitigations of Brexit.

The Combined Authority is supporting the Birmingham City Council's Brexit Commission

which produced a compilation of analysis of potential impacts Birmingham and the West Midlands on the region on 22 November. Their report is available here:

https://www.birmingham.gov.uk/downloads/download/2318/brexit_impact_analysis

Through the Commission, the WMCA is also supporting coordinating work streams. A briefing paper will be provided to WMCA Board members summarising the latest position and activity.

- (b) Any WMCA Air Quality Strategy should be drafted in co-ordination with all constituent authorities, and include reference to impact on non-constituent authorities; also the WMCA should develop a region-wide database for all local authorities to input into, and to access information.**

The WMCA Board has agreed that the WMCA should prepare a Low emissions strategy and Action Plan focussed on air quality (and greenhouse emissions). One of the key objectives will be to support and accelerate local action. It will complement the work being undertaken by authorities and will include developing and sharing good practice and emerging solutions to support the work of individual local authorities and TfWM.

The preparation of the strategy will be overseen by the WMCA Environment Board which includes elected members from all constituent member Local Authorities. The strategy development is being steered by an officers group with the full involvement of the local authority air quality officers group, who have already provided representation.

The scope of the strategy is the 3 LEP geography and therefore the constituent Local Authorities will be liaising with their neighbouring non-constituent Local Authorities, as the strategy is developed.

Data and best practice collected during the development of the regional plan would be shared with local authorities.

- (c) The WMCA should provide leadership on vehicle emission standards impacting on air pollution, and therefore any decision on the engine type to be used in the proposed Sprint vehicle should avoid the use of diesel; and WMCA should seek to be the market leader in environmental emissions.**

The vehicles to be used on Sprint services will be 18 metre articulated vehicles, as agreed by WMCA Board in September 2017. The vehicles used must meet the Sprint Standards. This includes the requirement for emissions standards to be Euro VI technology or above.

We are currently in the process of determining the operator model for Sprint, with an operator expected to be selected by early 2019. It is proposed that TfWM will work with the operator to define the best model to be used for Sprint operations, bearing in mind the need to meet the delivery timescale and emissions standards.

All types of propulsion systems will be considered and evaluated as part of the procurement process with the operator. The delivery of the three priority Sprint routes for the Birmingham 2022 Commonwealth Games will be a significant factor in determining the choice of propulsion system. This does not preclude the consideration of different propulsion systems for the future Sprint routes.

We will keep partners and stakeholders updated as this market engagement progresses.

- (d) Overview & Scrutiny Committee should undertake pre-decision scrutiny on any proposals or recommendations arising out of the Ring & Ride review prior to its consideration by the WMCA Board.**

Collaboration and involvement sit at the heart of the WMCA and how it operates, and the principle of seeking different perspectives, views and experiences to inform policy and decision-making is very much part of that. The principle of pre-decision scrutiny and the critical friend challenge and transparency it can provide to major strategic policy development is therefore welcomed. There is a commitment to work with the Chair of the Overview and Scrutiny to consider how the positioning and involvement of the Overview and Scrutiny Committee is proportionate and timely, mutually beneficial, and is complementary to the engagement and challenge already inherent in the WMCA policy development process. We will consider the request regarding the Ring & Ride review in that process.

TfWM is undertaking this work (which is still at an early stage) on the instruction of the Portfolio Lead Member and, having assessed the recommendations of the Ring and Ride review, will then seek approval for their implementation using the governance procedures of the WMCA.

4. Financial Implications

There are no direct financial implications arising as a result of the recommendations of this report. Section 3.1(a) relates to the allocation of £2m Mayoral Capacity Funding provided by government.

5. Legal Implications

Arrangements for Combined Authority Overview and Scrutiny are dealt with in the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 and in the Authority's Constitution. As set out elsewhere in this report, the provisions require the Mayor and/or the Authority (as appropriate) to respond to a specific report or recommendations. This report fulfils those requirements.

There are no other specific legal implications arising from this report.

6. Equalities Implications

There are no direct equalities implications in relation to this report. However, future work may be impacted from an equalities perspective in the following areas:

Bus Services Act and Vision for Bus: Bus is the most affordable and most commonly used means of public transport for people for lower socio-economic backgrounds, people with disabilities and young people. People from the poorest fifth of households catch nearly 10 times as many buses as trains, but buses become much less popular as household incomes rise. It is therefore important that the vision considers and embeds key affordability, inclusion and accessibility considerations to ensure bus travel is equally accessible to all. An equality impact assessment of the vision deliverables will therefore be required.

Affordable homes and social housing: Housing inequalities are prevalent in the West Midlands. Pakistani/Bangladeshi and black adults are more likely to live in substandard accommodation. 31% of Pakistani/Bangladeshi people live in overcrowded accommodation, while for Black people the figure is 27% and for white people it is 8%. Moreover, 1 in 3 households with a disabled person still live in non-decent accommodation. An increase in social housing supply is likely to have a positive impact on these groups but the need for accessible housing should also be prioritised.

Commonwealth games: Employment inequalities are rife in the West Midlands and youth unemployment is also higher than average. The games are a good opportunity to address some of these inequalities through employment for under-represented groups and should form part of the games employment strategy.

7. Inclusive Growth Implications

While this is a report to provide clarification and updates to be noted, Overview & Scrutiny (O&S) Members should consider the following implications for future work:

- **Local Industrial Strategy (LIS):** in 19/20, planning will start for delivery of the LIS, in conjunction with the Department for Business, Energy and Industrial Strategy (BEIS) and other Government departments. There is risk that Brexit will disrupt this process because of potential delays and shifting priorities, both for the Shared Prosperity Fund and more broadly. Consequently, WMCA's proposed investment into LIS programme development – while having no implication for inclusive growth in itself – will need to be deployed with regard to this fast-changing picture.
- **Embedding the Inclusive Growth Framework:** this work will be led by the Inclusive Growth Unit (IGU), to ensure that all investment (capital and revenue) delivers inclusive growth. This should have positive implications for 'business as usual' inclusive growth, and the IGU would welcome the input of O&S into this process.
- **Strategic Vision for Bus:** as one of the most affordable modes of mass transit, bus travel has an important role to play in delivering inclusive 'modal shift', one of the indicators within the 'Affordable, Safe and Connected Places' dimension of the Inclusive Growth Framework. It is also a contributor to the air quality indicator of the 'Sustainability' dimension. As such, delivery of the Vision Objectives is critical to building an inclusive economy, and appropriate evaluation measures such as space for buses, miles of route, convenience, safety, and affordability will need to be present in order to evidence progress towards that goal.
- **Social housing:** under the 'Affordable, Safe and Connected Places' dimension of the Inclusive Growth Framework, an increase in the supply of social housing should improve the homelessness and housing affordability indicators. In the absence of other regulatory powers, it will be difficult to improve these indicators without such an increase.
- **Brexit:** the disruption (including to business cashflow), impact on trade and potential for interest rate volatility are all risks to inclusive growth. While much of the control over Brexit mitigation sits at Westminster and Whitehall, an overview of the risks and mitigations planned at local and regional level would help in understanding the scale of the challenge.
- **Air quality strategy:** such strategies are an important part of a transition to a low carbon economy, and should impact positively on both the 'Health & Wellbeing' and 'Sustainability' dimensions of the Inclusive Growth Framework. However, it will need to take account of the latest research into 'just transition' to ensure that people are supported through the process.

8. Other Implications

- 8.1 There are no further specific implications arising out of the recommendations contained within the report.

9. Schedule of Background Papers

- 10.1 WMCA Board report: Report of Councillor Peter Hughes – Feedback from Overview and Scrutiny Committee Mayor's Question Time: Policy - 9th November 2018