



**West Midlands  
Combined Authority**

## **WMCA Board**

<b>Date</b>	12 February 2021
<b>Report title</b>	WMCA Budget 2021/22
<b>Portfolio Lead</b>	Finance - Councillor Bob Sleight
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<b>Report has been considered by</b>	SLT – 20 January 2021 WMFD – 3 February 2021 Chief Executives – Programme Board

### **Recommendation(s) for action or decision:**

#### **The WMCA Board is recommended to:**

1. Approve the West Midlands Combined Authority consolidated revenue budget summarised in Section 4. This includes:
  - a) the budget requirement for transport delivery 2021/22 comprising three elements:
    - i. £114.7 million a year to be funded from the existing transport levy mechanism:
    - ii. £3.9 million to be funded from grant awarded by the Commonwealth Games Organising Committee: and
    - iii. a transfer from earmarked reserves of £3.9 million.

- b) the West Midlands Combined Authority Delivery budget requirement for 2021/22 of £141.9 million comprising of five elements:
  - i. £129.7 million Adult Education spending to be funded from Adult Education Budget funding devolved by the Department for Education<sup>1</sup>
  - ii. £5.1 million to be funded from other devolution deal grants
  - iii. £4.6 million to be funded from Constituent Authority fees (fees to remain at the same level as 2020/21)
  - iv. £0.4 million to be funded from Non-Constituent Authority and observer fees (fees to remain at the same level as 2020/21)
  - v. £2.1 million to be funded from other income, including a £1.2m use of reserves created from WMCA's share of 2020/21 Business Rates
2. Note the inherent risks included within 2021/22 Budget assumptions.
3. Approve the Mayoral Office budget for 2021/22 of £0.8 million to be funded from additional Mayoral Capacity Funding of £0.8 million.
4. Note that there will be no Mayoral Precept during 2021/22.
5. Note the West Midlands Combined Authority indicative 5 year Medium Term Financial Plan.
6. Note that a full Strategic Plan will be completed following the 2021 Mayoral Election, to inform the annual Medium Term Financial Planning exercise to be completed in 2021/22.
7. Approve the Capital Programme as set out in Appendices 3, 4 and 5.
8. Delegate authority to the Director of Finance in consultation with the Portfolio Lead for Finance and Investments to make any final changes that may result from the Final Local Government Finance Settlement as set out in paragraphs 2.3 to 2.5.
9. Approve the following policies and strategies as required by statute:
  - a) the West Midlands Combined Authority Treasury Management Strategy as set out in section 7 and Appendix 7:
  - b) The West Midlands Combined Authority Capital Strategy and Minimum Revenue Provision Statement and as set out in section 8 and Appendices 8 and 9 respectively:  
and
  - c) The West Midlands Combined Authority Pay Policy Statement as set out in section 12 and Appendix 10.

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<sup>1</sup> The 2021/22 Adult Education Budget to be devolved from Department for Education will be confirmed in early 2021.

## **1.0 Purpose**

- 1.1 This report is intended to present the Final Budget for consideration by the West Midlands Combined Authority Board at its meeting on 12 February 2021. A Draft Budget was presented to the West Midlands Combined Authority Board for review and comments at its meeting on 15 January 2021.

## **2.0 Background**

- 2.1 This report represents the final stage of the Budget setting process for the West Midlands Combined Authority and incorporates the final Revenue and Capital Budget for 2021/22 as well as the associated policies as required by statute. There are no changes from the financial plans as included within the Draft Budget report as considered by West Midlands Combined Authority Board on 15 January 2021.
- 2.2 The Mayor and West Midlands Combined Authority have considered feedback on the Draft Budget report since 15 January 2021 Board meeting, from both Constituent Members of the Combined Authority and other key stakeholders.
- 2.3 This report incorporates assumptions based on the Provisional Local Government Finance Settlement for 2021/22. The Final Local Government Finance Settlement will be presented to the House of Commons in early 2021. If applicable, a verbal update on the Provisional Local Government Finance Settlement will be provided at the West Midlands Combined Authority Board meeting on 12 February 2021.
- 2.4 This report is also being prepared in advance of the Chancellor of the Exchequer delivering the next HM Treasury Budget on 3 March 2021. West Midlands Combined Authority will continue to seek to progress the relevant asks already set out in our Spending Review Submission and will continue to lobby for additional capacity and ongoing funding for the impact of Covid-19. If applicable, a verbal update on the HM Treasury Budget will be provided at the West Midlands Combined Authority Board meeting on 12 February 2021.
- 2.5 Delegation is requested to the Finance Director, in consultation with the Portfolio Lead for Finance and Investments, to make any final changes that result from the Final Local Government Finance Settlement or HM Treasury Budget, should they be required.
- 2.6 As detailed in Section 4, this report also incorporates assumptions based on the latest view of the impact of the Covid-19 pandemic and no assessment has been made on the impact of the UK's trade deal with the EU. It is also noted that 2021/22 will include a Mayoral Election, all of which could lead to changing priorities for West Midlands Combined Authority.
- 2.7 The Chief Financial Officer, in consultation with the Portfolio Holder for Finance and Investments, will continue to closely monitor and manage the financial position of the Authority and manage the emerging requirements resulting from the recovery.

### **3.0 2020/21 Forecast Outturn**

- 3.1 The Financial Monitoring Report and Draft Budget Report which were both considered by West Midlands Combined Authority Board on 15 January 2021 included a forecast showing a surplus position of £1.0m, as well as no longer requiring a £2.0m one-off use of reserves which had been previously approved by the Board. The Draft Budget Report stated that all surplus generated in 2020/21 and the now unutilised £2.0m of reserves would be earmarked in order to support the 2021/22 Budget.
- 3.2 Since the completion of this forecast, a further £0.220m of grant income from central government to support the loss of Sales, Fees and Charges from the Bus and Metro network is now expected. This, along with continued savings from English National Concessionary Travel Scheme and Child Concessions as driven by reduced patronage across the Bus network, supports the Finance Director's assertion that sufficient surplus will be generated within 2020/21 to support the £3.9m required use of earmarked reserves within the 2021/22 Budget.
- 3.3 The final forecast for 2020/21 is currently being compiled and will be presented to West Midlands Combined Authority Board in March 2021.

### **4.0 Changes to proposed Draft Budget**

- 4.1 There are no changes proposed to the Draft Budget as reviewed by West Midlands combined Authority Board on 15 January 2021.
- 4.2 It is however noted that since the preparation of the Draft Budget, the UK has entered a third period of national lockdown due to the Covid-19 pandemic. Also, since the preparation of the Draft Budget, the UK has agreed terms of a trade deal upon exiting the EU. No assessment has been made within this Budget of the impact of either of these events at this time.
- 4.3 As previously stated, the Draft Budget also includes assumptions based on the Provisional Local Government Finance Settlement. The Combined Authority will continue to monitor any announcements made by central government in relation to the Final Local Government Finance Settlement, the HM Treasury Budget and any emergency funding made available to support the region through the Covid-19 pandemic.
- 4.4 The proposed funding sources for the 2021/22 West Midlands Combined Authority Transport Budget are therefore confirmed as:
- i. £114.7m to be funded from the existing transport levy mechanism
  - ii. £3.9m to be funded from grant awarded by the Commonwealth Games Organising Committee
  - iii. A transfer from earmarked reserves of £3.9m
- 4.5 The proposed funding sources for the 2021/22 West Midlands Combined Authority Delivery Budget are therefore confirmed as:
- i. £129.7m Adult Education spending to be funded from Adult Education Budget funding devolved from Department for Education
  - ii. £5.1m to be funded from other devolution deal grants

- iii. £4.6m to be funded from Constituent Authority fees (unchanged from 2020/21)
- iv. £0.4m to be funded from Non-Constituent Authority and observer fees (unchanged from 2020/21)
- v. £2.1m to be funded from other income, including a £1.2m use of reserves created from West Midlands Combined Authority's share of 2020/21 Business Rates.

4.6 The proposals for the Mayoral Office remain unchanged – operation of the Mayoral Office is to be funded by a Mayoral Capacity Fund grant. West Midlands Combined Authority will continue to lobby for central government funding in relation to the Mayoral election, currently scheduled for May 2021. Should no funding be secured, the Draft Budget as reviewed by West Midlands Combined Authority Board on 15 January 2021 contained a proposal to use a transfer of earmarked reserves created by West Midlands Combined Authority's share of 2020/21 Business Rates.

4.7 The final consolidated Revenue Budget for 2021/22 is set out in the following table:

**Table 1: West Midlands Combined Authority 2021/22 Revenue Budget**

	Total	Transport	Delivery Portfolios	Investment Programme	Mayors Office
	£m	£m	£m	£m	£m
Transport Levy	114.7	114.7	-	-	-
Devolution Deal Grant (IP)	36.5	-	-	36.5	-
Devolution Deal Grants - Other	5.9	-	5.1	-	0.8
Adult Education Funding	129.7	-	129.7	-	-
Share of Business Rates	9.0	-	-	9.0	-
Grants from Constituent Members	4.6	-	4.6	-	-
Grants from Non Constituent Members	0.4	-	0.4	-	-
Investment Income	0.9	-	0.8	0.1	-
Third Party Income	0.1	-	0.1	-	-
Commonwealth Games	3.9	3.9	-	-	-
Use of Reserves	5.1	3.9	1.2	-	-
Unsecured Mayoral Election Funding	3.6	-	-	-	3.6
<b>Total Income</b>	<b>314.5</b>	<b>122.6</b>	<b>141.9</b>	<b>45.6</b>	<b>4.4</b>
Transport Delivery	118.6	118.6	-	-	-
Commonwealth Games	3.9	3.9	-	-	-
Delivery Programmes	141.9	-	141.9	-	-
Investment Programme	45.6	-	-	45.6	-
Mayoral Office	0.8	-	-	-	0.8
Mayoral Election	3.6	-	-	-	3.6
<b>Total Expenditure</b>	<b>314.5</b>	<b>122.6</b>	<b>141.9</b>	<b>45.6</b>	<b>4.4</b>
<b>Net Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

4.8 As detailed within the report to WMCA Board on 15 February, with respect to the £9m Business Rates Growth income assumption within the Budget, this value is consistent with the principles agreed to date in line with the Investment Programme model

requirements. As in previous years, the actual realisation of this income is subject to supplementary discussions with the WMCA Finance Director group with regards to affordability. Given the detrimental impact the pandemic has had on Business Rates across the region, WMCA's ability to realise this income is at risk but discussions with the WM Finance Director group in 2021/22 will help establish the precise impact. Under a worst case scenario, if WMCA are not able to realise any of the £9m, the WMCA revenue budget will not be impacted as this funding exists solely to support the extent to which WMCA can make commitments to fund projects forming part of the Investment Programme, beyond the £801m affordable limit.

4.9 The final contributions from Constituent Authorities are as set out in the following table:

**Table 2: West Midlands Combined Authority 2021/22 Constituent Member contributions**

<b>Allocations</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>Net Gain</b>
Birmingham	46.0	45.8	0.2
Coventry	15.1	15.2	(0.1)
Dudley	13.2	13.2	0.0
Sandwell	13.5	13.5	0.0
Solihull	9.0	9.0	(0.0)
Walsall	11.7	11.8	(0.1)
Wolverhampton	10.9	10.9	(0.0)
<b>Total</b>	<b>119.4</b>	<b>119.4</b>	<b>(0.0)</b>

4.10 The minor change in net contributions from authorities reflects the proposed transport levy, updated for statutory population movements.

4.11 The final contributions from Non-Constituent Authorities and Observers are as set out in the Table 3 below and remain at £25,000 per annum for 2021/22. These will be subject to annual review over the medium term.

**Table 3: West Midlands Combined Authority 2021/22 Non-Constituent Member contributions**

<b>Non-Constituent Member Allocations</b>	<b>2021/22 £</b>
<b><i>Non-Constituent</i></b>	
Cannock Chase District Council	25,000
North Warwickshire Borough Council	25,000
Nuneaton and Bedworth Borough Council	25,000
Redditch Borough Council	25,000
Rugby Borough Council	25,000
Shropshire Council	25,000
Stratford-on-Avon District Council	25,000
Tamworth Borough Council	25,000
Telford and Wrekin Council	25,000
Warwickshire County Council	25,000
Black Country LEP	25,000
Greater Birmingham and Solihull	25,000
Coventry & Warwickshire LEP	25,000
<b><i>Observers</i></b>	
The Marches LEP	25,000
Fire partner contribution	25,000
Police partner contribution	25,000
Warwick District Council	25,000
<b>Total</b>	<b>425,000</b>

## 5.0 West Midlands Combined Authority Medium Term Capital Programme

5.1 The West Midlands Combined Authority Capital Programme is summarised in the table below and set out in further detail within Appendices 3 to 5. The table below summarises the planned capital investment between 2021/22 and 2025/26.

**Table 4: West Midlands Combined Authority 2021/22 Capital Programme**

WMCA CAPITAL PROGRAMME (€M)		Appendix	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
Expenditure	TfWM Expenditure	3	363.4	402.6	225.2	105.9	50.4	1,147.5
	Housing and Regeneration Expenditure	4	116.5	70.5	13.6	20.5	60.0	281.1
	Other Programmes		4.5	-	-	-	-	4.5
	Investment Programme Grants to Local Authorities	5	120.8	290.2	142.2	182.5	127.6	863.3
<b>TOTAL EXPENDITURE</b>			<b>605.2</b>	<b>763.3</b>	<b>381.0</b>	<b>308.9</b>	<b>238.0</b>	<b>2,296.4</b>
Funding	Investment Programme Debt		187.3	194.4	13.2	0.4	17.4	412.7
	TfWM Debt		12.7	18.4	146.0	34.9	2.0	210.0
	Grants		379.0	184.4	3.1	1.5	14.3	582.3
	Other *		26.2	366.1	218.7	272.1	208.3	1,091.4
<b>TOTAL FUNDING</b>			<b>605.2</b>	<b>763.3</b>	<b>381.0</b>	<b>308.9</b>	<b>238.0</b>	<b>2,296.4</b>

\* Provisional expenditure estimates for Investment Programme and other projects which are subject to WMCA raising additional income or yet to have the funding package fully secured.

- 5.2 Approximately 50% of the Combined Authority's planned capital investment to 2025/26 consists of expenditure incurred by Transport for West Midlands in pursuance of the Investment Programme, Transforming Cities Programme and the Minor Works Programme. Of the remainder, broadly 40% is concerned with the reimbursement of Local Authorities as part of the West Midlands Investment Programme and 10% will be spent in delivering the Housing and Regeneration objectives using funds secured by WMCA from Central Government.
- 5.3 Those larger Transport for West Midlands Programmes contain significant investment in expanding the Metro networks in addition to investment in developing and delivering new local Rail stations in Birmingham and the Black Country. The Transport programme continues to reflect the Transforming Cities Programme including the WMCA approved interventions such as Dudley Interchange, the regional Cycling Programme and the Victoria Square Public Realm. The programme also makes allowance to keep existing assets such as bus stations and station car parks in a safe, operational state.
- 5.4 The Housing Capital Programme includes the land remediation programmes launched by the WMCA in 2016 and delivery against the Land Fund arrangements which now total £184m.
- 5.5 The Investment Programme Grants to Local Authorities Programme includes grants payable under the original Investment Programme in 2016. This includes significant investment in Coventry (Station Masterplan, City Centre Regeneration), Solihull for the UK Central Programme and Birmingham (Commonwealth Games).
- 5.6 In addition to the traditional Capital investment detailed above, WMCA will continue to operate the commercial and residential investment funds where loans to developers are made with the objective of unlocking stalled development sites which traditional lenders are unwilling to finance. The loans are held on the WMCA balance sheet under standard accounting regulations and as at December 2020, the cumulative value of loan commitments approved by WMCA totals £133.7m (including £37m of loans which have since been repaid). The value of loans drawn and earning interest as at December 2020 is £24.8m.
- 5.7 The funding for the Capital Programme is supported mostly by project specific grants or borrowing, where the revenues to support the costs of the debt and interest are underpinned by Investment Programme income or passenger revenues obtained from the Metro network.
- 5.8 It should be noted that at the time of writing this report, confirmation of the regional Integrated Transport Block and Highways Maintenance Block allocations remains outstanding from DfT. Financial planning assumptions are based upon no change in the level of these grants which have been mostly static for the previous five year period. Should the confirmation vary from the planning assumption, the capital programme may need to be adjusted accordingly.
- 5.9 The full extent of the Investment Programme and 2016 Devolution Deal schemes remain as provisional commitments within the overall programme, even though the funding to underpin elements of the investment currently remains unsecured. Work with the Mayor, Metropolitan Leaders and the WMCA Finance Directors will continue into 2021 to enable the gaps to be closed and no expenditure will be committed without first having a clearly available funding source.

5.10 Whilst the Capital Programme is contained within this report, the actual budget for 2021/22 will be influenced by the value of spend projects achieved during 2020/21 and the final capital budget taking into account previous year spend will be reported each month to the WMCA Board in line with previous years.

## **6.0 Medium Term Financial Plan**

6.1 The 2020/21 Medium Term Financial Plan was updated throughout Summer 2020. The plan included reviewed and updated assumptions based on the best available information as the impact of Covid-19 was felt across the region.

6.2 A funding gap of £18.9m was identified at this time for 2021/22, growing to £32.2m in 2025/26. Through careful mitigating actions, the funding gap of £18.9m was closed for a balanced 2021/22 Budget to be included within the Draft Budget report as reviewed by West Midlands Combined Authority Board on 15 January 2021.

**Table 5: West Midlands Combined Authority MTFP 2022/23-2025/26**

£m	MTFP			
	22/23	23/24	24/25	25/26
Transport Levy	114.7	114.7	114.7	114.7
Commonwealth Games	20.7	-	-	-
Devolution Deal Grants	1.4	0.1	0.3	1.0
Adult Education Funding	128.8	128.8	128.8	128.8
Share of Business Rates	10.5	12.0	13.5	15.0
Constituent Membership	4.6	4.6	4.6	4.6
Non Constituent Members	0.4	0.4	0.4	0.4
Investment Programme	36.5	36.5	36.5	36.5
Investment Income	0.9	0.9	0.9	0.9
3rd Party / Other Grant Income	-	-	-	-
Use of Reserves	-	-	-	-
Precept	7.3	7.4	7.5	7.6
<b>Total Funding</b>	<b>326.0</b>	<b>305.5</b>	<b>307.4</b>	<b>309.7</b>
Transport for West Midlands	121.7	124.1	127.2	131.0
Commonwealth Games	20.7	-	-	-
Delivery Budget	140.2	139.8	139.9	140.1
Investment Programme	53.6	55.2	56.8	58.3
Mayoral Office	0.9	0.9	0.9	0.9
Mayoral Election	1.0	1.0	1.0	1.0
Shared Services	0.3	2.5	4.2	5.1
<b>Total Expenditure</b>	<b>338.4</b>	<b>323.5</b>	<b>330.1</b>	<b>336.4</b>
<b>Net Expenditure (pre Covid-19)</b>	<b>(12.4)</b>	<b>(18.0)</b>	<b>(22.7)</b>	<b>(26.7)</b>
<b>COVID-19 Impact</b>				
Transport for West Midlands	5.9	3.4	3.9	4.5
Economy & Innovation	0.7	0.7	0.7	0.7
Culture and Digital	0.1	0.1	0.1	0.1
Shared Services	0.2	0.2	0.2	0.2
<b>Total Expenditure</b>	<b>6.8</b>	<b>4.3</b>	<b>4.9</b>	<b>5.4</b>
<b>Net Expenditure (post Covid-19)</b>	<b>(19.2)</b>	<b>(22.3)</b>	<b>(27.6)</b>	<b>(32.2)</b>
Transport	(12.8)	(12.8)	(16.4)	(20.7)
Delivery	(4.9)	(5.8)	(5.7)	(5.2)
Investment Programme	-	-	-	-
Mayoral Office	(1.0)	(1.0)	(1.0)	(1.0)
Shared Services	(0.5)	(2.7)	(4.5)	(5.3)
<b>Total Surplus / (Deficit)</b>	<b>(19.2)</b>	<b>(22.3)</b>	<b>(27.6)</b>	<b>(32.2)</b>

- 6.3 The Medium Term Financial Plan will be refreshed and extended to include 2026/27 throughout 2021/22 and updated to include the latest outlook on the emerging priorities as the region recovers from the Covid-19 pandemic, and any new strategic priorities following the expected Mayoral election in May 2021.
- 6.4 As highlighted within the Draft Budget report, whilst the proposed 2021/22 budget can protect existing policy and services it cannot deliver the significant aspirations for the region from the work in the areas of Culture, Digital, Energy and Environment. This Strategic Priority Review will inform the annual Strategic and Financial Planning exercise to be completed in 2021/22. All assumptions to be included within the updated Medium Term Financial Plan will be kept under review with the Finance Directors of the Constituent Authorities.

## **7.0 Treasury Management Strategy**

- 7.1 The West Midlands Combined Authority is required to review its Treasury Management Strategy on an annual basis. The Treasury Management Strategy defines how West Midlands Combined Authority will adhere to its own Treasury Management Policy Statement and provides a framework for its Treasury team to operate within. The proposed strategy for 2021/22 is set out in Appendix 7.
- 7.2 At the Audit, Risk and Assurance Committee meeting of 18 January 2021, the Committee reviewed and endorsed the Treasury Management Strategy as set out in Appendix 7 ahead of the strategy being presented for final approval at this meeting.

## **8.0 Capital Strategy and MRP**

- 8.1 The Capital Strategy is presented as Appendix 8 for approval by West Midlands Combined Authority Board.
- 8.2 The Minimum Revenue Provision Statement is also presented in Appendix 9 for approval by West Midlands Combined Authority Board.

## **9.0 Budget Calculation**

- 9.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer, in this case, the Finance Director, as Section 151 Officer, to report to the West Midlands Combined Authority Board when it is setting the budget and the precept. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.
- 9.2 The budget currently provides for the financial implications of the West Midlands Combined Authority's policies to the extent that these are known or can reasonably be assessed. However, there are a number of risks which are beyond the West Midlands Combined Authority's control and for which it is not possible to be precise:
- The West Midlands Combined Authority's demand-led services
  - Economic and community recovery from ongoing Covid-19 pandemic
  - Economic impact of Brexit
  - Inflation and interest rate volatility
  - West Midlands Pension Fund Investment Performance
  - Unforeseen emergencies.
- 9.3 As detailed within the Draft Budget as reviewed by West Midlands Combined Authority Board on 15 January 2021, the 2021/22 Budget has required significant mitigating actions to close the gap identified as part of the MTFP. Inherent risks however remain within the 2021/22 Budget. The 2021/22 Budget contains an assumption that Metro patronage will recover to pre-Covid-19 levels, or that DfT will continue to reimburse any losses. DfT have not confirmed that any Light Rail Grant will be available during 2021/22.

- 9.4 Further risks remain within the Commercial Bus network, which is facing unprecedented shock following the Covid-19 pandemic. As a result, companies previously providing critical services are and could continue to fail.
- 9.5 WMCA remain obliged under policy to provide additional subsidy in order to maintain access standards for socially necessary services. There is an inherent risk that costs will escalate when current subsidised service contracts expire. Without any additional funding, it appears highly probable that difficult choices would need to be made regarding access standards. In order to maintain services in line with policy, there would need to be an emergency re-budget or funds would need to be diverted from the Investment Programme in order to support Transport delivery.
- 9.6 It is therefore clear that a long term funding solution for the delivery of Transport services is required, and 2021/22 presents an opportunity to move the agenda forward and develop a new approach to addressing an affordable public transport system.
- 9.7 The existing General Reserve Balance as set out in Table 3 is £2.3 million. This balance represents only 1.9% of the aggregate proposed 2021/22 Constituent Authority contributions.
- 9.8 Although clearly the appropriate level of general fund reserves is a matter for judgement by the Finance Director (Section 151 Officer) the generally accepted practice is for general fund reserves to be between 3% and 5% of expenditure. The proposed balance is below this recommended level and consideration should be given over the medium term to increase the level of General Balances to ensure risk can be managed within the West Midlands Combined Authority without creating volatility on the Transport for West Midlands levy.
- 9.9 Members will also be aware of our obligations as a Best Value authority to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness, including consultation with tax payers and users as appropriate.
- 9.10 These obligations are addressed in the Medium Term Financial Planning exercise and brought together as part of the annual Budget process in the Draft and Final Budget reports as reviewed by West Midlands Combined Authority Board in January and February of each year. This is supplemented by additional reports throughout the year regarding the approval of significant investments and reforms.
- 9.11 Despite the above risks, there are also opportunities to consider ensuring optimum financial stability and security that include:
- Capital Financing, making best use of capital financing, including optimum use of access to the Public Works Loans Board; and
  - Treasury Management activity, maximising the current market opportunities for the West Midlands Combined Authority and reviewing the borrowing strategy.
- 9.12 The Finance Director states that to the best of her knowledge and belief these budget calculations are robust and have full regard to:
- The West Midlands Combined Authority's Strategic Economic Plan and the Mayor's Renewal Plan

- The need to protect the West Midlands Combined Authority's financial standing and risk
- The estimated financial position as at the end of 2020/21
- The financial policies of the government as they impact upon the West Midlands Combined Authority
- The Transport Capital Programme set out in Appendix 3
- The Housing Capital Programme set out in Appendix 4
- The Investment Programme set out in Appendix 5
- The strength of the West Midlands Combined Authority's financial control procedures including audit considerations; and
- The extent of the West Midlands Combined Authority's general balances and earmarked reserves.

## **10.0 Scrutiny of the budget proposals**

- 10.1 Scrutiny of the 2021/22 budget proposals was undertaken by the Overview and Scrutiny Committee. This included a Mayoral Question Time session.
- 10.2 The Overview and Scrutiny Committee presented a summary of its findings on the Draft Budget to West Midlands Combined Authority Board on 15 January 2021. A summary of the recommendations is reproduced in Appendix 6 for information.
- 10.3 The Transport Delivery Committee reviewed the budget in detail on 7 December 2020 and the Transport Scrutiny Sub-Committee reviewed the budget in detail on 9 December 2020 and sought amendment or clarification prior to publication of the draft budget.

## **11.0 Fulfilling Public Sector Equalities Duty**

- 11.1 The Public Sector Equality Duty is set out in the Equality Act, 2010. The Act lists 9 Protected Characteristics in respect of which the Duty applies. The duty requires public bodies to have Due Regard to (consciously consider) three aims in their decision making and in policy-making and service delivery. The aims are:
- To eliminate unlawful discrimination
  - To advance equality of opportunity between people who share one or more of the Protected Characteristics (listed in the Equality Act) and those who do not
  - To foster good relations between people who share one or more of the Protected Characteristics and those who do not
- 11.2 An overarching strategic equality relevance assessment has been undertaken in respect of budget proposals. The assessment quantifies the levels of Due Regard to the aims of the duty for each programme and provides a broad overview on the potential cumulative impact for the most relevant of the Protected Characteristics.
- 11.3 There is no equality impact in relation to the 2020/21 budget proposals as there are no substantial changes in budget proposals or/and service provision. However, Covid-19, Brexit and the ensuing financial uncertainty pose a number of risks (beyond the West Midland Combined Authority's control) that need to be considered.
- 11.4 Transport wise, a number of factors are likely to have significant impact on service provision (i.e. reduced patronage, operator revenue and uncertainty about

reimbursement of losses). The potential economic downturn and ensuing service cuts and employment losses are likely to especially impact the most vulnerable members of society and equality groups, many of which are likely to be on lower incomes, have precarious employment, have fewer economic resources and be more reliant on public transport and public services.

- 11.5 The protected characteristics most impacted by the pandemic and most likely to be impacted by the recession are young people, women, single parents (90% of which are women), people from lower socio-economic groups and with lower educational levels, ethnic minorities and disabled people.
- 11.6 Future policy options will need to undergo in-depth equality impact assessments to ensure that any negative impact is mitigated as far as practically possible.
- 11.7 When proposals have been fully developed and are brought to a future West Midlands Combined Authority Board for decision, these reports will include a more detailed and specific equality impact assessment to ensure the findings are given due regard when any key decisions are made.

## **12.0 Pay Policy Statement**

- 12.1 The purpose of the Pay Policy Statement is to clarify the West Midlands Combined Authority strategic stance on pay in order to provide direction for members and officers making decisions on pay and to provide the citizens of the West Midlands with a clear statement of the principles underpinning decisions on the use of public funds. The West Midlands Combined Authority Pay Policy Statement is attached at Appendix 10.
- 12.2 There are no significant changes proposed for 2021/22.

## **13.0 Legal Implications**

- 13.1 Under powers granted by the Combined Authorities (Finance) Order 2017, Elected Mayors may raise a precept on Constituent Authorities Council Tax bills under section 107G of the Local Democracy Economic Development and Construction Act 2009. A Mayoral Precept may only be issued in relation to the costs of the Mayor or of discharging Mayoral Functions. The Mayoral functions are set out in Article 22 of the West Midlands Combined Authority (functions and amendments) Order 2017. There are powers for the Mayor to engage in highway management activity, works permit schemes, road safety measures and road traffic reduction activity amongst others. The Order also gives the Mayor a functional power of competence to do anything that is associated, incidental or connected with those powers in order to undertake those activities.
- 13.2 As the Mayor has indicated that he will not be setting a precept during his remaining term of office, the funding of budget proposals in respect of Mayoral functions will be met from alternative funding sources until 2022/23 at the earliest.
- 13.3 As a public authority which has the power to levy for transport functions and to raise a precept, the West Midlands Combined Authority must set a budget every year which is agreed through its formal decision-making processes. This report outlines the legal and governance processes that need to be completed including consideration by Overview and Scrutiny Committee and the West Midlands Combined Authority Board.

## **14.0 Inclusive Growth Implications**

- 14.1 West Midlands Combined Authority will continue to have due regard to proactively delivering inclusive growth in the West Midlands region. The budget proposals contained in this report reflect that commitment.

## **15.0 Geographical Area of Report's Implications**

- 15.1 The Budget proposals encompass the West Midlands region.

## **Appendices**

- Appendix 1 – Transport Delivery Revenue Budget
- Appendix 2 – WMCA Delivery Budget
- Appendix 3 – Transport Capital Programme
- Appendix 4 – Housing & Other Capital Programme
- Appendix 5 – Investment Programme Capital Grants to Local Authorities
- Appendix 6 – Mayoral Q&A - Budget 2021/22

Appendix 7 – Treasury Management Strategy 2021/22

Appendix 8 – Capital Strategy 2021/22

Appendix 9 – 2021/22 MRP Policy

Appendix 10 – Pay Policy Statement

## Proposed Transport Revenue Budget

TRANSPORT FOR WEST MIDLANDS	2020/21 BUDGET £000	2021/22 BUDGET £000	2022/23 BUDGET £000	2023/24 BUDGET £000	2024/25 BUDGET £000	2025/26 BUDGET £000
<b>INCOME</b>						
Transport Levy	114,720	114,720	114,720	114,720	114,720	114,720
Commonwealth Games Grant	2,157	3,933	20,725			
Use of Reserves	3,633	3,900				
<b>TOTAL INCOME</b>	120,510	122,553	135,445	114,720	114,720	114,720
<b>EXPENDITURE</b>						
<b>Concessions</b>						
National Bus Concession	51,006	50,587	51,874	53,187	55,116	57,678
Metro / Rail	4,575	4,573	4,581	4,587	4,591	4,594
Child Concession	7,837	7,031	7,374	7,731	8,097	8,482
	63,417	62,191	63,829	65,505	67,804	70,754
<b>Bus Services</b>						
Bus Stations / Infrastructure	4,542	4,895	5,383	5,440	5,624	5,814
Subsidised Network	10,409	11,478	13,315	13,859	14,400	14,941
Accessible Transport	6,617	6,627	6,627	6,627	6,627	6,627
	21,567	23,000	25,325	25,927	26,651	27,382
<b>Rail and Metro Services</b>						
Metro Services	2,642	2,534	7,086	3,751	3,786	3,822
Rail Services	2,805	2,909	2,862	2,801	2,861	2,924
	5,447	5,444	9,948	6,553	6,648	6,746
<b>Integration</b>						
Safety and Security	1,274	1,305	1,344	1,406	1,457	1,509
Passenger Information	5,729	5,585	5,936	6,238	6,436	6,643
Sustainable Travel	567	595	582	603	613	624
	7,570	7,485	7,861	8,247	8,507	8,777
Network Resilience	3,100	3,003	3,074	3,327	3,473	3,552
Commonwealth Games	2,157	3,933	20,725			
Business Support and Democratic Services	3,764	3,768	3,772	3,776	3,780	3,784
Strategic Development	3,141	3,383	3,358	3,814	3,894	4,044
Transport Governance	132	131	132	132	132	132
Capital Finance Charges	10,214	10,215	10,217	10,219	10,220	10,222
<b>TOTAL EXPENDITURE</b>	120,510	122,553	148,242	127,499	131,109	135,393
<b>NET</b>	0	(0)	(12,797)	(12,779)	(16,389)	(20,673)

### **ENCTS (National Bus Concession) £50.6m**

- Free Travel for all entitled to national pass from 9.30am to 11pm
- Reimbursement regulated by Secretary of State with guidance provided by DfT
- Current discretionary scheme extension 11pm to last bus

### **Child Concessions £7.0m**

- Half fare travel
- Children 5-15 Years
- Young adults in education 16-18 Years
- Apprentices and Trainees 16-18 Years Weekdays before 9.30 am & between 15.00 & 18.00 Hrs

### **Rail and Metro Concessions £4.6m**

- Extensions of national bus scheme to rail and metro
- After 9.30pm to midnight weekdays, all day weekends and bank holidays
- Rail estimated 4.6m trips per annum (pre-Covid-19)
- Metro approx. 1.0m trips per annum (pre-Covid-19)

### **Subsidised services £11.5m**

- Policy criteria -Minimum 8 passengers per journey
- The current VFM Thresholds are £2.16 for tendered contract and £1.80 for de minimis contracts
- Access criteria 400m (7am -7pm) 700m (all other times)

### **Accessible Transport £6.6m**

- Ring & Ride service provided by NEAT (National Express Accessible Transport)
- Currently negotiating the terms of a revised agreement
- Negotiations encompass terms for future funding and single and multi-year settlements
- Performance is at the heart of the discussions
- This affects 14,000 registered users / 700,000 trips per annum although has been critically impacted by the coronavirus pandemic

### **Passenger information £5.6m**

- Real time information across the network
- Customer information is a focus in all formats: at bus stops, shelters, bus stations & online
- Travel Information Centres
- We continue to provide and invest in customer service teams and telephone support

### **Bus Stations/Infrastructure £4.9m**

- Management and Maintenance of 12 Bus stations, circa 12,000 stops and shelters
- Infrastructure Costs – cleaning, repairs, rates, CCTV, Electricity, routine maintenance
- Bus policy development options (taking forward the 'Vision for Bus')

### **Rail Services £2.9m**

- Provision, management, on-going maintenance and operation of 41 Park and Ride sites, circa 9,000 spaces
- Delivery of TfWM Rail responsibilities including Rail Partnerships and industry engagement
- WMCA contribution to WMR Limited (a consortium of 16 local authorities) which has co-responsibilities with the DfT for managing the West Midlands Rail franchise

### **Metro Services £2.5m**

- Subsidy and franchise assumptions continue to be reviewed in light of COVID-19

**Safety and security £1.3m**

- Safer Travel police team, CCTV at Bus & Rail Stations including interchanges, CCTV control Centre

**Business & Democratic Support £3.8m**

- This covers the transport related element of support and overhead costs attributable to 16 Summer Lane, ICT, Legal, Procurement, Health & Safety, Equalities, Programme Management, Finance, Human Resources, & general business infrastructure & support

**Strategic Development £3.4m**

- Transport team delivering plans for devolution, strategic economic plan proposals, developing business cases and related policy and strategy development.

**Capital Finance Charges £10.2m**

- Loan interest on existing loan book
- Past Pension costs and deficit funding arrangements

**Network Resilience £3.0m**

- Resource to work on managing congestion and mitigating impact of the wider transport investment programme
- Resource to assist in embedding the Key Route Network as part of an integrated transport system to support economic performance and keep people safe and well informed
- Costs associated with operating the RTCC (Regional Transport Coordination Centre)
- To deliver both agreed and emerging policies (e.g. Congestion Management Plan, Highways Investment Plan, Regional Road Safety Strategy)

**Sustainable Travel £0.6m**

- This represents the costs of Sustainable travel work within TfWM including the West Midlands Cycle charter, oversight of cycling strategy and investment across the West Midlands and delivery of the West Midlands Bike Hire project.

**Transport Governance £0.1m**

- This represents the cost of elected members related to the responsibilities of the Transport Delivery Committee

**Commonwealth Games £3.9m**

- All costs are funded from grant income
- This does not include the cost of infrastructure legacy projects which are included in the Capital Programme

<b>Development and Delivery</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Delivering our Cycling Charter & making streets more walkable	West Midlands Cycle Hire WM Cycle and WM Walking - development and promotion of the: West Midlands Cycling and Walking Network West Midlands Walking and Cycling Programme (2019-2023)
Delivering a step change in our Mass Transit Network to unlock growth and tackle climate change	Sprint A45 Sprint A34
Management of the TfWM Capital Programme	Monitoring and reporting TfWM Integrated Transport Block and Transforming Cities Fund Capital Programme deliverables
Increasing the efficiency and performance of transport delivery in the West Midlands	Development of a comprehensive Capital Projects Register for TfWM portfolio to provide a single view of project status and delivery confidence.  Ensure application of consistent approach and best practice through the Programme Development Manual.
Commonwealth Games Active Travel Legacy	Cycling for Everyone

<b>Integrated Network Services</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Delivering our bus vision to support growth, inclusion and reduced car dependency</p>	<p>Work with National Express Accessible Transport to monitor and assist in the delivery of the West Midlands Ring &amp; Ride Service within budget and in-line with contractual requirements. To work with NEAT on the transformation of the R&amp;R service with an aim to implementing the objectives of the mid-term review.</p> <p>Deliver, monitor and manage performance of the subsidised bus network within budget, in-line with agreed access standards and contractual requirements.</p> <p>Develop and deliver the objectives of the West Midlands Bus Alliance, within the core objectives of having the greenest, best value, simplest ticketing, most reliable and safest network possible.</p> <p>Develop and deliver a programme for the implementation of a UK leading low emission bus fleet including the introduction of zero emission corridors and areas in line with the West Midlands Vision for Bus.</p> <p>Investigate and deliver opportunities for DRT in the West Midlands as part of delivering our Vision for Bus and Future Mobility Zones.</p> <p>Undertake the OBC for Bus Policy Options within the 2017 Bus Services Act by May 2021</p> <p>Ensure that operational assets are available, safe &amp; maintained and opportunities for commercial revenues are explored</p>

<b>Integrated Network Services</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Making our transport assets more affordable by increasing commercial revenues</p>	<p>Management and operation of bus stations and travel shops to agreed standards and WMCA policies.</p> <p>Deliver a world class, multi modal interchange in Dudley</p> <p>Develop and deliver the Sutton Coldfield Gateway - bus and rail interchange</p> <p>Investigate the delivery of Bus Station style services at other key interchanges that have high footfall and departures</p> <p>Enhancement of assets at bus stations and travel shops through the 21/22 asset upgrade programme</p> <p>Continue the delivery of the new brand across the transport network</p> <p>Carry out a refurbishment at Coventry Pool Meadow ahead of the 2021 City of Culture</p>

<b>Integrated Network Services</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Ensure strategic and operational Health and Safety aims and key deliverables are communicated and embedded throughout the WMCA</p>	<p>Develop a Health and Safety Strategy 2020-2023 and Delivery Plan 2021/22 to ensure strategic aims and key deliverables are communicated and embedded throughout the organisation</p> <p>External Accreditation of Safety Management System (SMS) including transition to ISO 45001 by March 2021</p> <p>Further develop WMCA Health and Safety Risk Profile to ensure risks associated to the organisation's undertakings are understood and sufficient mitigations implemented to ensure all statutory and regulatory requirements are met</p> <p>Deliver Health and Safety Audit and Inspection Programme associated to organisational premises, assets, programme delivery and undertakings</p> <p>Develop and deliver Health and Safety Communications Plan to promote health and safety and encourage ongoing employee engagement</p> <p>Develop and introduce a comprehensive Health and Safety training programme</p> <p>Periodic review and update of WMCA Health and Safety governance and reporting arrangements</p>

<b>Integrated Network Services</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Developing park &amp; ride to support better access to the Integrated Transport System</p>	<p>Improve customer experience at Park &amp; Ride sites through high quality operations and enhanced customer facilities and services.</p> <p>Continue with the development and delivery of expansion of Park &amp; Ride at already approved locations, seeking to deliver in the region of 2,200 additional spaces in the next five years</p> <p>Following the completion of the regional Park &amp; Ride strategy, develop a Park &amp; Ride delivery plan gearing up to deliver new and expanded strategic Park &amp; Ride in the areas of most benefit to the region and customers over the next five years (in addition to those sites already approved for expansion)</p> <p>Develop a plan for improving the financial operation of Park &amp; Ride, exploring opportunities to reduce the significant impact that managing Park &amp; Ride sites has on the levy budget</p> <p>Identify sites and develop a delivery plan for Park &amp; Ride for the Commonwealth Games</p> <p>Identify sites and develop a delivery plan for Park &amp; Ride for SPRINT</p>

<b>Rail</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Enhance the capacity of our rail network for a better-connected region	Rail enhancements (advance planning) Midlands Connect support HS2 released rail network capacity Commonwealth Games enhanced rail services
Using rail franchising to support and engage on rail development	West Midlands Railway Franchise Management Franchise Engagement Strategy West Midlands Stations Alliance Strategic Rail Industry Engagement and Consultation Responses
Continually improving the quality and capacity of our rail stations and interchanges	Package 1 Stations (Willenhall & Darlaston) Package 2 Stations (Moseley, Kings Heath & Hazelwell) Perry Barr Station and Bus Interchange One Station Project Aldridge Station Dudley Port Interchange Cannock Station Upgrade Kings Norton Station & capacity upgrade Birmingham International Interchange Hub Solihull Station upgrade Snow Hill Platform 4
Develop a single rail network vision & devolution case to support a growing West Midlands	Further rail devolution WMRE single network vision and West Midlands Grand Rail Collaboration

<b>Metro</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Improving the financial performance of our Metro to support growth of the network	West Midlands Metro Off Vehicle Ticketing Revenue Protection Enforcement
Extending the Metro Network to better serve more people and businesses	Birmingham Eastside Extension (BEE) Programme Birmingham Westside Extension (BWE) Wolverhampton City Centre Extension (WCCE) Wednesbury to Brierley Hill (WBHE) Extension
Extending the Metro Network to better serve more people and businesses	Metro Control and Comms Systems Line 1 Traction Power Depot Expansion Line 1 Lifecycle Works

<b>Network Resilience</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Managing the West Midlands Network through improved coordination with the regional transport coordination centre	<p>RTCC – Highways Investment Package – Equipping the network with technology enhancements including ITS Traffic Signals, CCTV, VMS, Communication networks)</p> <p>Perry Barr Mitigation Package</p> <p>Design and Layout RTCC facility Summer Lane (completed)</p> <p>Delivery of a Local Road hub in Highways England’s ROC</p> <p>Relocation of the Data room from the 6<sup>th</sup> floor to the 1<sup>st</sup> Floor Summer Lane.</p> <p>Customer information (web and digital tools)</p> <p>Operations development</p> <p>Data Engine</p> <p>ICT enhancements</p> <p>Journey assistant / website upgrades</p>

<b>Network Resilience</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Keeping travellers informed and finding new ways of keeping the West Midlands moving through travel demand</p>	<p>Travel Demand Management Strategy &amp; Delivery Programme (deliver targeted operational TDM strategies around the investment programme (BAU).</p> <p>Developing new customer insights and data and intelligence of the highway network – ADEPT Live Lab</p> <p>(creation of granular personas, deployment of ANPR cameras and analytics of data received to understand the performance of the network – feeding into RTCC data Engine)</p> <p><b>Deliver strategic principles in Covid-19 Transport Plan in the next 3-12 months, getting businesses back up and running; and supporting travel to schools:</b></p> <ul style="list-style-type: none"> <li>• Delivery of EATF Tranche 2 supporting measures scheme</li> <li>• Monitoring and evaluation of the schools’ restart and TDM surge in spring term.</li> </ul> <p>Communications and Engagement</p> <p>Major Scheme Campaigns</p> <p>Disruption Event Campaigns</p> <p>Disruption digital customer tools</p> <p>Wider resilience comms</p> <p>RTCC – monitoring and evaluation of customer messaging alerts.</p>

<b>Network Resilience</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Keeping the transport network safe and secure	<p>Monitoring the delivery of the Road Safety Strategy with partners to achieve the target of 40% reduction in KSIs and fulfil statutory obligations.</p> <p>Develop the regional road safety multi-year action plan with partners</p> <ol style="list-style-type: none"> <li>1. Ensure a safe and secure public Transport Network through the Safer Travel Partnership with West Midlands Police and support the delivery of the West Midlands PCC policing Plan.</li> <li>2. Work with the West Midlands Local Resilience Forum to ensure that the Network Emergency Plan remains fit for purpose and TfWM staff are adequately trained and prepared to respond to an emergency incident.</li> <li>3. Manage EU exit risks and continued response with Covid 19 working within the Local Resilience Forum structures</li> </ol> <p>CCTV operations</p>

<b>Network Resilience</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Mitigating the impacts of transport investment programmes on the West Midlands Network	<p>Provide oversight on the disruptive impacts of major scheme construction in the region, including development and delivery of:</p> <ol style="list-style-type: none"> <li>1. Creation and coordination of scheme specific mitigation governance, including Cross Partner Mitigation Group and thematic sub-groups</li> <li>2. Application of West Midlands Major Scheme Modelling Framework to understand cumulative impacts of development</li> <li>3. Creation of composite traffic management plans, taking account of interfacing construction projects</li> <li>4. Developing operational Travel Demand Management strategies and planning and delivering TDM surges and associated communications campaigns and engagement</li> </ol> <p>Development and application of Monitoring and Evaluation Plan to dynamically monitor and manage disruptive events on the network</p> <p>TDM programme to be developed around the HS2 main works programme along the Phase 1 Route</p>

<b>Network Resilience</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Developing and enhancing the performance of the Key Route Network (KRN) to tackle congestion	<p>KRN Action Plans and Road Safety</p> <p>Developing a five-year programme on the back of the action plans solutions will be a main activity next year – delivery of the overall programme will be a new ask that will likely require a pitch to DfT or HMT as part of Devo discussions.</p> <p>MRN – Highways Investment Programme Development</p> <p>KRN – On Road Disruption Service</p> <p>Future Mobility Rules of the Road</p> <p>Develop the Corridor Managers Framework for the KRN</p> <p>Developing the KRN Action Plan Programme</p> <p>Congestion Management Plan Yr. 2 Progress</p> <p>Developing the capabilities for the single view of the network.</p> <p>Support the introduction and management of street works through Street Manager</p> <p>Developing a new central repository for Highways Assets across the KRN.</p>

<b>Network Resilience</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Delivering the operational plan for the Commonwealth Games for visitors to the region and ensuring reduced impact on everyday journeys</p>	<p>AB1 Cycling for Everyone Active Travel legacy scheme</p> <p>AB2 Games Transport Plan Prepare and consult on plan Transport policy including sustainability and accessibility Legislation Legacy planning</p> <p>AB3 Manage the Integrated Transport Programme Cross-partner Programme Management office Project Management support Over-sight of transport Capital Programme. Over-sight of B2022 programmes</p> <p>AB4 Manage Games-time operational deliver obligations under the OC/WMCA Funding Agreement Deliver Spectator and Workforce Transport</p> <ul style="list-style-type: none"> <li>• Modelling and Forecasting</li> <li>• Mapping solutions</li> <li>• Transport Planning</li> <li>• PT Ticketing Solution</li> <li>• PT Strengthening – bus, rail, tram</li> <li>• Park and Ride</li> <li>• Shuttle Services</li> <li>• Accessible Transport</li> <li>• Active Travel</li> </ul> <p>Deliver Traffic Engineering and Road Network Management</p> <ul style="list-style-type: none"> <li>• Games Routes</li> <li>• Local Traffic Management</li> <li>• Network Management including road event planning</li> <li>• Traffic Orders</li> </ul> <p>Communications &amp; Engagement</p> <ul style="list-style-type: none"> <li>• Develop and deliver a communications and engagement strategy</li> <li>• Travel Demand Management marcoms delivery</li> </ul> <p>Transport C3, Readiness and Testing</p> <ul style="list-style-type: none"> <li>• RTCC Games mode</li> <li>• Transport Coordination Centre</li> <li>• Test events</li> <li>• Readiness exercises</li> </ul>

<b>Policy Strategy and Innovation</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Maintain &amp; refresh the West Midlands Statutory Transport Plan(s) and policies</p>	<p>Produce an evidence based and refreshed Movement for Growth for re-adoption in 2021/22 including associated statutory consultation, Equalities Impact assessment and SEA.</p> <p>Develop supporting policies, planning and technical guidance documents associated with the statutory transport plan</p> <p>Produce evidenced based and compelling lobbying and discussion papers (including Green/White papers) to secure additional investment and powers for the West Midlands</p> <p>Maintain and develop the TfWM Medium Term Business Plan, including improved business practices</p>
<p>Embed transport policy &amp; strategy in the plans and programmes of the wider WMCA &amp; partners to support integrated development planning</p>	<p>Ensure transport plans and policies support the wider agendas of WMCA</p> <p>Development of integrated infrastructure growth corridor plans incorporating land use, transport and digital for all formal growth corridors, supporting a single infrastructure funding pot</p> <p>Ensure the timely engagement in and formal responses to major planning applications and Local Plans</p> <p>Support WM2041 Carbon plans and ensure alignment with the refreshed LTP</p> <p>Provide dedicated advice to the CA Transport Portfolio Holder, Strategic Transport Board, Transport Scrutiny Committee and Mayor concerning policy, strategy and investment plans in transport, including during Mayoral election periods</p>

<b>Policy Strategy and Innovation</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Develop and maintain a deep understanding of the needs, attitudes and perceptions of people who use our transport system</p>	<p>Undertake bespoke market research activity on a commission basis</p> <p>Undertake on-going, representative research tracking citizen sentiment regarding transport infrastructure and services</p> <p>Input to the Statutory Transport Plan refresh by undertaking a research programme to understand public attitudes to transport in the Climate Change Agenda and scope of potential travel demand initiatives to support policies and objectives</p> <p>Maintain, update and promote the All Traveller Segmentation tool to provide a detailed understanding of all West Midlands residents.</p> <p>Maintenance and promotion of the online market research community (m.Roc)</p>
<p>Continue to develop and maintain a robust common data environment for transport</p>	<p>Host the regional Joint Data Team and continue to develop services to provide a cost effective minimum viable basic transport intelligence service</p> <p>Develop and maintain transport systems performance, delivery and operational performance monitoring data and appropriate dashboards. Develop performance into research to support policy and to evaluate impact.</p> <p>Create and maintain a high standard of reliable access to the common data environment</p> <p>Develop a series of digitized transport system products to support a step change in intelligence driven activity</p>

<b>Policy Strategy and Innovation</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Analyse the transport system to provide deep insight, recommend actions and produce robust and funded evidenced based business cases for schemes and programmes</p>	<p>Lead on the maintenance and development of appropriate technical tools and resources to enable agile analysis of network performance and forecast future demands and needs across all modes</p> <p>Undertake robust optioneering for changes and develop detailed strategic cases for change and secure funded business case studies for recommended change proposals</p> <p>Develop full business cases for preferred options in order to secure funding for changes, projects and programmes</p> <p>Provide technical support and research to LAs/TfWM on significant transport planning issues</p> <p>Monitor and evaluate the effectiveness of changes to the transport system following the principles of TfWM's M&amp;E framework and the requirements of scheme funders as appropriate</p>

<b>Policy Strategy and Innovation</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Create a strategic transport innovation eco-system in the West Midlands to stimulate growth and improve the region's ability to address environmental and social objectives through mobility</p>	<p>Develop and deliver a roads of the future (digital and connected) programme that explores new transport modes and models, decarbonisation through transport, behavioural change and social inclusion, with a specific initial priority focus on freight and logistics</p> <p>Provide programme delivery and innovation support within TfWM and directly to Local Authority partners, including the embedding of innovation into BaU activity to ensure a legacy benefit</p> <p>Secure a funded and robust delivery mechanism for a coordinated roll-out of ULEV refuelling infrastructure and supporting innovation focused ULEV projects.</p> <p>Sponsor and direct the West Midlands 5G Urban Connected Communities Mobility programme</p> <p>Support and deliver high impact research and innovation showcase projects which align with policy problems and key strategic initiatives such as City of Culture and Commonwealth Games</p> <p>Coordinate and facilitate the development and delivery of the West Midlands LIS Implementation Plan - Future Mobility vertical</p> <p>Deliver the Future Transport Zone 1 UK pathfinder programme</p> <p>Develop and deliver the next generation of Integrated Future Mobility Services (Public, Private and Active Travel) for the West Midlands building on the successful Swift platform.</p> <p>Develop a programme for new commercialisation and revenue generating opportunities using innovative new technology, exploiting existing digital and infrastructure assets (including data, Swift and R&amp;D test facility infrastructure such as Midlands Future Mobility)</p>

<b>Policy Strategy and Innovation</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Creating a system for easy to use and affordable payments to access the transport system – customer information</p>	<p>Enhance the TfWM and Swift website with focused improvements of the ‘ticket finder’ function.</p> <p>Deliver a new and improved Journey Planner as part of the wider work to deliver a MaaS platform or at the very least an enhancement of the Swift App.</p> <p>Continue to develop the Swift App UI incorporating user feedback on a case by case basis ensuring value for money</p>
<p>Creating a system for easy to use and affordable payments to access the transport system – customer payment</p>	<p>Deliver the Fares &amp; Payments Strategy objectives for 2021/22</p> <p>Deliver the full integration of Swift on Rail including gaining RSP accreditation and supporting West Midlands Trains with the rollout of Swift</p> <p>Operate Swift systems and Managed Service including a focus on maximisation of savings</p> <p>Continue to develop and improve the Account Based Ticketing with Best Value Capping solutions.</p> <p>Widen Swift offering to incorporate and expand payments for other modes including Car Parking and Bikeshare.</p> <p>Deliver Swift API’s including payments via Swift for third party suppliers.</p> <p>Deliver a compliant and robust ENCTS and Child Concessionary Fares Scheme including calculation and negotiation of payments to operators.</p>

**Proposed West Midlands Combined Authority Delivery Budget**

**Annex A** – Productivity and Skills Portfolio

**Annex B** – Housing and Land Portfolio

**Annex C** – Economy & Innovation Portfolio

**Annex D** – Culture and Digital Portfolio

**Annex E** – Wellbeing Portfolio

**Annex F** – Public Service Reform and Social Economy Portfolio

**Annex G** – Environment, Energy and HS2 Portfolio

**Annex H** – Inclusive Communities Portfolio

**Annex I** – Leadership & Corporate Support

**Productivity and Skills Portfolio**

<b>Productivity and Skills Portfolio</b>	<b>2020/21 Budget £</b>	<b>2021/22 Budget £</b>
Constituent / Non-Constituent Membership Fees	595,988	772,229
Adult Education (grant funded)	128,534,243	129,690,127
Employment Support	2,070,417	1,228,625
Construction Skills	1,576,400	0
Digital Skills	4,157,394	464,980
Jobs and Skills	410,120	237,092
Careers Support	61,144	64,287
Technical Education	97,845	84,292
Carry forward of efficiencies	212,843	0
<b>Total Funding</b>	<b>137,716,394</b>	<b>132,541,632</b>
Staff Costs (Membership fee funded only)	571,747	555,145
Project Delivery - careers, apprenticeships, youth unemployment	237,084	217,084
Adult Education Budget	128,534,243	129,690,127
Construction Skills	1,576,400	0
Employment Support	2,070,417	1,228,625
Digital Skills	4,157,394	464,980
Careers Support	61,144	64,287
Technical Education Support	97,845	84,292
<b>Expenditure before Jobs and Skills Programme</b>	<b>137,306,274</b>	<b>132,304,540</b>
Jobs and Skills Support	410,120	237,092
<b>Total Expenditure</b>	<b>137,716,394</b>	<b>132,541,632</b>
<b>Total</b>	<b>-</b>	<b>-</b>

<b>Productivity and Skills</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Support more people into work through the provision of locally tailored support to help improve:</p> <ul style="list-style-type: none"> <li>• access to the basic English, maths and digital skills that adults need for life and work</li> <li>• more training that leads to jobs</li> <li>• higher level skills needed to support individuals and underpin economic recovery</li> </ul>	<p>Commissioning and performance management of the Adult Education Budget</p> <p>Delivery of Employment Support Pilot</p> <p>Delivery of Digital Retraining Pilots</p> <p>Development of new higher-level skills programmes in digital, green tech and health science to be delivered through AEB</p>
<p>Develop and deliver a new Covid jobs and skills focus:</p> <ul style="list-style-type: none"> <li>• create a new offer for unemployed people – reflecting the new challenges of the current economic landscape, with a focus on those groups most impacted</li> <li>• work with large-scale investments and regional employers to ensure that we train up more local people to better access jobs</li> </ul>	<p>Provide a regional Employment Support offer to individuals and employers – reflecting the range of partner and CA resources</p> <p>Review and develop an offer for other groups affected – BME, over-50s etc</p> <p>Establish a clear Youth Offer for young people at risk of or experiencing unemployment – to be launched via our emerging Youth Platform</p> <p>Establish the Jobs and Skills Academy for the CWG including a training and volunteering offer</p>
<p>Accelerate the take up of good quality apprenticeships across the region</p>	<p>Secure levy transfer funds from employers – employer engagement</p> <p>Clear offer to apprentices displaced</p> <p>Stimulate demand from regional SMEs to take on apprentices through levy – direct marketing and brokerage services</p>

<p>Support the development of a strong regional offer of specialist technical education and training</p>	<p>Through the Skills Advisory Board and its work, set a clear direction for the development of technical training for the region aligned to the needs of businesses</p>
<p>Secure additional employment and skills funding for the region</p>	<p>Build case including devo and CSR ask for single pot Shared Prosperity Funding to replace ESF funding</p> <p>Continue to develop our approach to better tackle needs</p>

Housing and Land Portfolio

Housing and Land Portfolio	2020/21 Budget £	2021/22 Budget £
Devolution Funding (Housing & Land)	2,431,712	1,437,907
Other funding sources	89,025	90,806
<b>Total Funding</b>	<b>2,520,737</b>	<b>1,528,713</b>
Staff costs	1,417,237	766,291
Housing and Land delivery support - Development, investment and master planning expertise	1,100,000	758,921
Travel & Subsistence	3,500	3,500
<b>Total Expenditure</b>	<b>2,520,737</b>	<b>1,528,712</b>
<b>Net Total</b>	-	-

<b>Housing &amp; Land</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>Deliver our nationally leading brownfield regeneration and housing delivery programmes to achieve the prescribed KPIs and Output Requirements set by HMG and WMCA Board</p>	<p>Deploy over £400m+ of devolved housing and land funds, including new Brownfield Funds, to achieve the prescribed housing, investment and jobs targets and outputs set by Government. Demonstrated by achieving monthly and quarterly output and investment targets.</p> <p>Drive forward our pipeline of locally agreed public and private sector led housing and regeneration projects on sites in market failure - securing thousands of new jobs and new homes and unlocking £millions of new investments on brownfield land that has been derelict or stalled for years. This builds on the track record the WMCA has shown in brownfield regeneration and housing delivery since 2017</p> <p>Deploy effective disposals strategies to land recently acquired through this programme to ensure full achievement of approved project delivery and spend programmes.</p> <p>Utilise funding from HMG to leverage wider inclusive growth outcomes of WMCA such as affordable housing, advanced methods of construction, supporting sustainable transport ensuring these are set out clearly as targets in the SCF</p> <p>Deploy funding through the WMCA approved and HMG endorsed single commissioning framework and procedures, achieving the timescale milestones for end to end process, which is a requirement of Land Fund and Brownfield Fund.</p>
<p>Ensure delivery of the requirements of the 2018 Housing Deal and lead performance reporting to Government</p>	<p>Oversee, monitor and report monthly to Government on satisfactory performance in delivering the requirements of the March 2018 West Midlands Housing Deal including the ambitious targets of 215,000 new homes by 2031, Land Fund housing outputs, and timely progress on Local Plans Reported quarterly to MHCLG and HMT</p>
<p>Effectively develop, collaborate and submit compelling business cases for additional funding from HMG to deliver WMCA approved priorities</p>	<p>Work with local authorities and existing and new industry groups (e.g. Town Centre Taskforce, Zero Carbon Taskforce) to submit compelling business cases each quarter to secure further HMG investment into agreed priority delivery and policy areas, including Advanced Methods of Construction, Zero Carbon Housing, brownfield land, affordable housing, Public Land.</p>

<b>Housing &amp; Land</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Implement the approved Housing & Land Board Covid-19 Recovery Strategy and Pipeline Development	<p>Work closely with local authorities and expert taskforces to support and implement delivery of the approved Housing and Land Board Recovery Strategy (September 2020) demonstrating the region's recharge programme for post-Covid-19 inclusive growth –quarterly updates to Housing and Land Board</p> <p>Complete the Housing and Land Board commission for a Covid-19 project schedule for locally agreed land and development projects – draft Q1 2021, complete Q3 2021/22</p>
Establish new partnerships and joint ventures and delivery vehicles	<p>Establish new and strengthen existing strategic partnerships and joint ventures with public and private sector partners in line with requirements of the March 2018 Housing Deal and the Housing and Land Board Recovery Plan. Key goals being to unlock and deliver new land and development projects, attract new private sector investment, share risk and reward and improve development quality – including launching the Affordable Housing Delivery Vehicle in 2021 and more Joint Venture Projects on WMCA land. Goal is at least 5 new partnerships by Q2 2021.</p>
Create strong investor engagement and developer relationships, working alongside West Midlands Growth Company	<p>Implement comprehensive and systemised engagement programme with investors, developers and other private sector investors and project promoters to build support, investment and drive projects to tangible delivery.</p> <p>Relaunch the West Midlands Investment Prospectus in Q2 2021 to present compelling investible propositions to the market</p>
Develop and collaborate on identified policy development work that supports delivery of the Housing and Land Board's KPIs and the Recovery Strategy	<p>To broker dialogue between the region and HMG on identified policy issues, developments and emerging matters and to develop policy thinking on key issues commissioned by the Board.</p> <p>Establish quarterly key Policy forums programme for Housing &amp; Land</p> <p>Examples already identified include employment land policy, public land and zero carbon homes.</p>

<b>Housing &amp; Land</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Town Centre Regeneration	<p>Working closely with local authorities and the expert Town Centre Taskforce to develop compelling business cases and bids to HMG Towns Funds throughout 2021 (timetable TBC) and support negotiations with HMG.</p> <p>Deploy devolved housing and land funds through the SCF to identified town centre projects</p> <p>Work with the Regional Town Centre Taskforce, local councils and other partners to develop investment propositions in town centres in the region, create a new town centre toolkit in Q2 2021 and demonstrate regional recovery</p>
Advanced Manufacturing in Construction	<p>Working closely with local authorities and the expert AMC Taskforce to Secure new funding from HMG for AMC by Q2 2021</p> <p>Complete evidence pack of AMC in the region in Q1 2021</p> <p>Deploy a new AMC Funding Prospectus and Commissioning Framework in Q3 2021</p> <p>Publish the AMC Routemap in Q1 2021</p>
Zero Carbon Homes	<p>Working closely with local authorities and the expert ZCH Taskforce to secure new funding from HMG for ZCH in Q3/Q4 2021</p> <p>Develop a ZCH Routemap and Charter in Q2 2021</p>
Affordable Housing	<p>Establish Collaborative Delivery Vehicle with regional Housing Association partners by Q2 2021 to bring forward development on additional brownfield sites and secure more affordable homes in the region</p> <p>Review the operation of the regional affordable housing definition – Q2 2021</p> <p>Work closely with local authorities to develop revised business for affordable homes in the region – Q1 2021</p>

<b>Housing &amp; Land</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Regional One Public Estate Programme	<p>Oversee the delivery of the West Midlands' programme for OPE7 projects and OPE 8 (subject to agreement of proposals Feb 2021), achieving all the prescribed Cabinet Office targets and signed off quarterly reports.</p> <p>Work with OPE members on disposal and management of their individual public land assets</p> <p>Launch the Regional Public Land Taskforce to support new OPE projects</p>
Delivery of Modern Facilities Management Services for WMCA Corporate Space and HQ (at Summer Lane)	<p>Deliver Best in Class WMCA facilities management services provision against the agreed core offer and compliant with SLAs with tenants, customers and building users (services provided in house or through WMCA management of outsourced partners) - with regular quarterly user satisfaction surveys, robust monitoring of SLAs/contracts, and performance reports to our internal Joint Assets Board.</p> <p>Develop and implement an enhanced remote management policy approved by JAB for 16 Summer Lane by Q2 2021</p> <p>Adapt Summer Lane and plan for enabling works required to support the return to the office over the short to medium term – Q2 2021</p> <p>Develop a new policy for how WMCA corporate office space [at 16 Summer Lane] should be effectively and flexibly used by Q1 2021</p>
Deliver a Covid2020 WMCA working environment at HQ that is Covid compliant and support reimagined ways of working	<p>Deliver a COVID-2020 (and beyond) secure working environment for WMCA staff and visitors ensuring alignment with HMG Guidance, clear communications and putting safety at the heart of what we do and showcasing best practice to the region and country and supporting reimagined ways of working. Ongoing programme of work with regular quarterly user satisfaction surveys, and performance reports to our internal Joint Assets Board.</p> <p>Deliver clear and concise road maps for re-occupation of 16SL Q1 2021</p>

<b>Housing &amp; Land</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Business Continuity Planning and Emergency Response Programme Delivery	<p>WMCA Business Continuity Planning - Co-ordinate, lead and implement WMCA business continuity plans including a defined 16SL Business Continuity and Emergency Plan - maintaining business continuity during emergency situations and reporting directly to Health and Safety, CMT and SLT as appropriate. Q1 2021</p> <p>Refreshed Organisational Resilience Plan Q4 2021/22</p> <p>Develop a communications and engagement strategy by Q1 2021 to embed the 16SL emergency plan into the organisational resilience framework.</p> <p>Monitor and evaluate the effectiveness of the 16SL emergency plan to ensure it is fit for purpose and staff are trained to respond in an emergency – first review at end of Q1 2021</p> <p>Support the tactical response programme with review of the Operational Order for COVID-19: Quarterly reviews</p>
Continue to identify, test and develop new approaches to FM delivery driving opportunity for consistency and value across the portfolio	<p>Work closely with colleagues across the organisation to identify opportunities to leverage value for money, share space, best practice and a top quality approach to facilities management.</p> <p>Review opportunities &amp; approach Quarterly</p>
Lead WMCA Strategic Asset Disposals and Development	<p>Develop a single, consistent disposals and development strategy for WMCA assets to be launched in beta Q1 2021 and formerly implemented Q3 2021 – include supporting protocols, KPIs and procedures for WMCA assets, approved by Joint Assets Board.</p> <p>This will be known as the ‘WMCA Asset Disposals Framework’ and will be designed to a similar format to the SCF and SAF (e.g. triage, EoI, application, approval). Important for new sites recently purchased by WMCA from its housing programmes as well as existing TfWM sites considered surplus to requirements</p>

<b>Housing &amp; Land</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Strategic Asset Prospectus	Working with H&R Land Team prepare and launch a compelling Strategic Asset Prospectus for developers and investors for WMCA Assets identified for development and disposal. In line with best practice prospectuses used by our public sector partners. The prospectus will set out how to drive housing delivery, generate new investment and income Q4 2021/22
Lead WMCA Strategic Asset Management	Deliver Best practice Commercial Property Management services across the Corporate Asset portfolio (i.e. tenant management, rates, income generation, vacant land site management).  Key milestones:  Deliver a new effective Estates Management module to the CAFM database Q2 2021 to maintain top quality information records on the corporate estate  Maintaining External Accreditation of the organisation's Environmental Management System (EMS) ISO14001 Twice yearly audits (May/November)
Public Land Taskforce	Launch a new Public Land taskforce, as agreed by the Housing and Land Board, in Q1 2021 to support wider public land disposals and alignment in the pursuit of new homes, jobs, investment and inclusive growth
Leading the Work on Summer Lane 2021 – the Future of Summer Lane	Lead the WMCA project on the Future of Summer Lane (Summer Lane 2021) working closely with colleagues across the business to review the long-term future options for Summer Lane. Key deliverables include:  Business case sign off by JAB Q2 2021  Benchmark review against other public and private sector partners Q2 2021  Deliver new 'Satellite' workspace provision for WMCA employees in line with WMCA reimagined working including other WMCA owned spaces, Local Authority and other OPE partner spaces Q4 2021/22

**Economy & Innovation Portfolio**

<b>Economy &amp; Innovation Portfolio</b>	<b>2020/21 Budget £</b>	<b>2021/22 Budget £</b>
Constituent / Non-Constituent Membership Fees	1,312,205	1,788,454
Mayoral Capacity Funding	92,576	0
Creative Scale Up Grant Funding	650,000	216,613
Create Central Grant Funding	0	314,000
Funding for Office for Data Analytics	256,837	251,628
Use of Reserves	312,141	0
<b>Total Funding</b>	<b>2,623,759</b>	<b>2,570,695</b>
<b>Staff Costs</b>		
Economy & Innovation	484,598	503,808
Strategy & Policy	294,800	285,509
Office for Data Analytics, Research and Intelligence	153,528	156,628
Economy & Innovation - Project Support	595,024	505,000
Strategy & Policy Project Support	52,500	84,750
Office for Data Analytics, Research and Intelligence Project Support	343,309	335,000
Growth Company Annual Membership Fee	700,000	700,000
<b>Total Expenditure</b>	<b>2,623,759</b>	<b>2,570,695</b>
<b>Net Total</b>	<b>-</b>	<b>-</b>

<b>Economy &amp; Innovation</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<b>Economy and Innovation</b>	
Refresh of the region's economic strategy to build recovery momentum and provide the platform to secure investment	A high-level refresh and make more agile the region's economic strategy by convening views from public, private and community partners. Align with Government's industrial strategy vision and communicate. Work with the LEPs and WMGC to embed sector recovery plans, economic services and place priorities in regional strategy.
Support economic resilience by monitoring and reacting to economic conditions and government projects.	Convene business, civic and trade union leaders to understand current economic issues and act on priorities. Includes Economic Impact Group, SED Board, Economic Recovery Steering Committee, Directors' network and Recovery Forum as appropriate. Convene regional partners to maximise investment from national funds.
Increase demand led business innovation in the wider economy, enabled by the Innovation Board and delivery of phase one of the West Midlands Innovation programme	Manage delivery of the £2.96m West Midlands Innovation Programme. Support the West Midlands Innovation Board in developing systems change, including high-level activity on innovation, business support and R&D policy.
Champion the West Midlands as a cluster for creative content businesses.	Support the Create Central Board to provide industry leadership to the creative content sector and deliver the growth plan. Deliver the BFI-funded project to boost the creative content sector with skills, innovation and inward investment interventions.
Specialist targeted support for creative businesses with the potential to scale up and seek options to maintain this support.	Deliver the Creative Scale Up pilot to support business growth, diversification and investment readiness, within the DCMS grant resources.
<b>Policy and Strategy</b>	
Support cross-organisational strategy and policy development	Develop a multi-year organisational strategy, building on mayoral delivery plans  Coordinate policy development through Policy Working Group

<b>Economy &amp; Innovation</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Develop regional submissions into Government on key fiscal and legislative events	<p>Develop 2021 Budget Submission</p> <p>Support Devolution Strategy Group</p> <p>Coordinate regional response to Devolution White Paper</p>
Engage with government, think tanks, and universities to ensure we have a national presence in policy debates	<p>Engage with Whitehall on Places for Growth/Beyond Whitehall Programme</p> <p>Support policy development through Midlands Engine, M9, and other partnerships</p>
<b>Office for Data Analytics, Research and Intelligence</b>	
Provide integrated intelligence to support regional decision-making on economic and social issues and stimulate better use of data analytics	<p>Deliver an integrated economic reporting programme including State of the Region report, ongoing economic Monitor reports, outcome monitoring of policies and research projects as resources allow, such as use of a forecasting model</p> <p>Purchase data, licenses and software to support WMCA and regional delivery priorities, and provide the expertise to use and implement them, including dashboards and data products</p> <p>Develop the WMREDI partnership model and seek to further leverage funding from initial investment</p> <p>Offer support and training for business cases and evaluation to improve programme development and assist the decision-making, validation and assurance of data and cases</p> <p>Produce clear, robust evidence of the impact of public service reform pilots and economic interventions on economic and social outcomes in the region</p> <p>Pursue the further use of data analytics and research, including information sharing, training on analytical skills gaps and deploying common analytical tools and methods.</p>

Culture and Digital Portfolio

<b>Culture &amp; Digital Portfolio</b>	<b>2020/21 Budget £</b>	<b>2021/22 Budget £</b>
Constituent / Non-Constituent Membership Fees	210,000	173,505
<b>Total Funding</b>	<b>210,000</b>	<b>173,505</b>
Staff Costs	0	59,505
Digital	100,000	100,000
Culture & Tourism	110,000	14,000
<b>Total Expenditure</b>	<b>210,000</b>	<b>173,505</b>
<b>Net Total</b>	<b>-</b>	<b>-</b>

<b>Culture &amp; Digital</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Support the Cultural Leadership Board (sectoral) and Culture Officers Group (LA and LEP) to coordinate regional cultural activity	<p>Support the governance of both forums, including any additional recruitment</p> <p>Link cultural activity to other CA areas, ensuring culture remains a core focus and that cultural projects can access regional and national funds (e.g. LUF, UKSPF)</p> <p>Coordinate cultural input to refresh of industrial strategy</p> <p>Coordinate links with Cultural Compacts in the region</p> <p>Coordinate work with WMGC Tourism Board to provide joined-up support to visitor attractions and cultural organisations</p>
Develop a multi-year regional cultural strategy	<p>Scope and commission a cultural strategy, working closely with the cultural sector and major events (city of culture and commonwealth games) and linking with the findings for the regional cultural sector data project.</p> <p>Publicise strategy and coordinate implementation through COG and CLB</p> <p>Maintain and update the WM Cultural Infrastructure Map, and develop a regional cultural infrastructure pipeline</p> <p>Work with Arts Council England on a scheme to boost cultural investment in areas of low cultural engagement identified through regional research</p>

<b>Culture &amp; Digital</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Support the development of a thriving cultural sector in the region, supporting organisations, artists, and freelancers	<p>Explore the establishment of a regional resource to support vulnerable cultural organisations, building on the work of the WM Culture Response Unit and learning from the GLA's 'Culture at Risk' office</p> <p>Support the exploration of financial innovation for the cultural sector (e.g. asset-based investment, creative land trusts, levies, place-based crowdfunding)</p>
Coordinate the implementation of the regional digital strategy	<p>Work with internal and external partners to coordinate implementation of digital strategy</p> <p>Co-design and match fund specific initiatives where there are gaps in current activity</p> <p>Engage with Govt to identify further investment</p>
Improve digital inclusion in the region through partnerships with Local Authorities and Civil Society Organisations	<p>Bring together partners in a coalition to support digital inclusion</p> <p>Engage with Govt with a single, amplified voice to secure further resource</p> <p>Share and disseminate best practice</p> <p>Provide data and evidence to inform approach</p>

Wellbeing Portfolio

<b>Wellbeing Portfolio</b>	<b>2020/21 Budget £</b>	<b>2021/22 Budget £</b>
Constituent / Non-Constituent Membership Fees	607,836	752,481
Thrive into Work Grant	105,117	157,689
Other funding sources	114,445	117,870
Carry forward of efficiencies	113,863	0
<b>Total Funding</b>	<b>941,261</b>	<b>1,028,040</b>
Staff Costs	618,144	684,673
Staff Costs (Thrive into Work Programme)	105,117	157,689
Mental Health Project / Consultancy Support	131,000	98,678
Health & Wellbing Project / Consultancy Support	87,000	87,000
<b>Total Expenditure</b>	<b>941,261</b>	<b>1,028,040</b>
<b>Total</b>	<b>-</b>	<b>-</b>

<b>Wellbeing</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Extension of Thrive-into-work programme	<ul style="list-style-type: none"> <li>• Extension of programme across region</li> <li>• Complete 468 referrals for into work or retention in work support</li> <li>• Generate 124 positive Job creation or retention outcomes</li> <li>• Establish future operating model for 2022/23</li> </ul>
Delivery of Thrive-at-work programme	<ul style="list-style-type: none"> <li>• Recruit 150 businesses to foundation level</li> <li>• Transition 30 businesses to the Bronze accreditation scheme</li> <li>• Identification of future funding and operating model for 2022/23</li> </ul>
Reconvene Mental Health Commission to identify new issues and approaches to mental health awareness and support in the region	<ul style="list-style-type: none"> <li>• Reconvene Mental Health Commission</li> <li>• Work with partners to develop new programme of mental health awareness work in light of Covid-19</li> <li>• Establish MH and Construction awareness Programme for the three Capital Programme sites for Birmingham 2022 c.700 individuals</li> </ul>
Develop and sustain a physical activity programme with regional partners	<ul style="list-style-type: none"> <li>• Develop the physical activity and wellbeing element of the Commonwealth Games Legacy Plan</li> <li>• Work with Active Environment and Walking and Cycling Task and Finish Groups to determine priority projects and secure funding</li> <li>• Explore the adoption of Making Every Contact Count approach for physical activity and other lifestyle factors</li> </ul>
Expand active environments project with a focus on inclusivity and accessibility	<ul style="list-style-type: none"> <li>• Expand the West Midlands Disabled Citizens Physical Activity Network Panel participation and online presence</li> <li>• Work with the Include Me programme to get over 400 more disabled people active</li> <li>• Work with the Include Me programme to train over 900 people on inclusivity</li> </ul>

<b>Wellbeing</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Develop health intelligence and data programme	<ul style="list-style-type: none"> <li>• Work with partners to enhance analytical and epidemiological data and evidence at a regional scale</li> <li>• Produce annual Health of the Region report</li> <li>• Work with partners on health data sharing arrangements and digital use-cases</li> <li>• Engage with government and other partners to secure long-term approach to regional health intelligence</li> </ul>
Develop collaborative programmes to tackle system-level health inequalities issues and embed HIAP approach in WMCA	<ul style="list-style-type: none"> <li>• Work with Applied Inclusive Growth Unit to embed HIAP approach within IG programme and approach</li> <li>• Explore becoming a 'Marmot Region' and implement necessary plans</li> <li>• Work with Midlands STaR Board Health Inequalities Working Group to identify at least one collaborative programme to tackle system-level challenges</li> <li>• Work with local partners to develop at least one exemplar 'people-powered health' initiative to roll-out learning across region</li> </ul>
Secure and implement the Radical Health Prevention Fund	<ul style="list-style-type: none"> <li>• Engage with government to secure investment in RHPF programme</li> <li>• Roll-out first phase of programme</li> </ul>

Public Service Reform & Social Economy Portfolio

<b>PSR &amp; Social Economy Portfolio</b>	<b>2020/21 Budget £</b>	<b>2021/22 Budget £</b>
Constituent / Non-Constituent Membership Fees	510,350	676,032
Mayoral Capacity Funding	100,000	0
Veteran support funding	79,358	68,628
<b>Total Funding</b>	<b>689,708</b>	<b>744,660</b>
Staff Costs	589,708	694,660
PSR Project / Consultancy Support	100,000	50,000
<b>Total Expenditure</b>	<b>689,708</b>	<b>744,660</b>
<b>Net Total</b>	<b>-</b>	<b>-</b>

<b>Public Sector Reform</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Facilitation of the Homelessness Taskforce to develop, co-ordinate and embed a regional approach to designing-out homelessness	<ul style="list-style-type: none"> <li>• Add value to the work of our LAs through regional homelessness programmes</li> <li>• Contribute to ongoing public service reform and inclusive growth through encouraging a systemic approach to designing out homelessness across all WMCA strategies and programmes</li> <li>• Support public services to develop a voluntary commitment to collaborate to prevent and relieve homelessness in all its forms</li> </ul>
Commission and provide oversight for grant-funded homelessness programmes	<ul style="list-style-type: none"> <li>• Provide oversight for WM Housing First Pilot</li> <li>• Commissioning and delivery of Rough Sleepers Initiative programme</li> <li>• Commission 2 research projects on Housing First and Families in Temporary Accommodation</li> <li>• Secure funding for future programmes</li> </ul>
Facilitate collaborative project/programme A identified through Community Recovery process	<ul style="list-style-type: none"> <li>• Details to be decided by LA CEX on 25 November</li> </ul>
Facilitate collaborative project/programme B identified through Community Recovery process	<ul style="list-style-type: none"> <li>• Details to be decided by LA CEX on 25 November</li> </ul>
Research and analysis around early intervention and prevention in the West Midlands	<ul style="list-style-type: none"> <li>• Research into costs of key areas of ‘failure demand’ on the system</li> <li>• Analysis of merits of life-course approach</li> <li>• Good practice cases studies</li> <li>• Report setting out findings and ideas for intervention</li> <li>• Action planning and/or business case development</li> </ul>
Unlock investment in an area of public service reform through at least one social investment innovation	<ul style="list-style-type: none"> <li>• Further exploration of mechanisms including SIB projects; WM Future Fund; VCS Community Recovery Fund; RHPF</li> <li>• Business case development around most likely proposition</li> <li>• Engage with partners and government to secure investment</li> <li>• Support delivery as appropriate</li> </ul>

<b>Public Sector Reform</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Improve digital inclusion in the region through partnerships with Local Authorities and Civil Society Organisations	<ul style="list-style-type: none"> <li>• Bring together partners in a coalition to support digital inclusion</li> <li>• Engage with Govt with a single, amplified voice to secure further resource</li> <li>• Share and disseminate best practice</li> <li>• Provide data and evidence to inform approach</li> </ul>

<b>Inclusive Growth &amp; Social Economy</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Embedding inclusive growth within the WMCA and its partners	<ul style="list-style-type: none"> <li>• Development and roll-out of IG Business Partners programme</li> <li>• Development of guidance to support Single Assurance Framework process</li> <li>• Development of IG 'user journey microsite'</li> <li>• Exemplar case studies for key investment cases</li> </ul>
Develop and support Inclusive Growth Taskforce and IG monitoring and evaluation	<ul style="list-style-type: none"> <li>• Establish IG Taskforce and develop initial forward plan</li> <li>• Carry out initial Taskforce 'inquiry'</li> <li>• Produce two half-yearly inclusive growth monitor reports</li> </ul>
Support local authorities and their partners with 3 local Inclusive-Growth-In-Action initiatives	<ul style="list-style-type: none"> <li>• Work to develop East Birmingham Rapid Response Unit building on EBB strategy</li> <li>• Further work with SMBC around Kingshurst regeneration</li> <li>• Explore further opportunities – Chelmsley Wood, Black Country</li> </ul>
Unlock investment and co-ordinate delivery to drive forward the Social Economy Business Plan	<ul style="list-style-type: none"> <li>• Publish the Social Economy Business Plan</li> <li>• Support relevant actions and partners</li> <li>• Seek investment in key elements</li> </ul>

Environment, Energy and HS2 Portfolio

<b>Environment, Energy &amp; HS2 Portfolio</b>	<b>2020/21 Budget £</b>	<b>2021/22 Budget £</b>
Constituent / Non-Constituent Membership Fees	250,961	265,326
Energy Capital Grant	0	239,814
Carry forward of efficiencies	93,577	0
<b>Total Funding</b>	<b>344,538</b>	<b>505,140</b>
Staff Costs (Fee Funded)	177,013	197,801
Energy Capital	0	239,814
Environment Project / Consultancy Support	167,525	67,525
<b>Total Expenditure</b>	<b>344,538</b>	<b>505,140</b>
<b>Total</b>	<b>-</b>	<b>-</b>

<b>Environment, Energy &amp; HS2</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Implementation of the first #WM2041 Five Year Plan	<ul style="list-style-type: none"> <li>• Develop delivery plan</li> <li>• Mobilise key delivery partners</li> <li>• On-going monitoring and review</li> <li>• Exploration of appropriate green finance mechanisms</li> </ul>
Facilitate priority projects / programmes arising from #WM2041 Five Year Plan not listed below	<ul style="list-style-type: none"> <li>• Identify and decide on priority projects / programmes</li> <li>• Business case development</li> <li>• Engage with government and other partners to secure investment</li> </ul>
Facilitate programme of business-led activity to support #WM2041	<ul style="list-style-type: none"> <li>• Develop WM2041 Business Network to identify on-going projects and activities</li> <li>• Work with Circular Economy Taskforce to develop and implement 'roadmap'</li> <li>• Roll-out WM2041 Business Pledge</li> <li>• Develop and roll-out Clean Innovation Challenge with WM5G</li> </ul>
Develop and implement WM Natural Capital programme	<ul style="list-style-type: none"> <li>• Carry out further research to develop natural capital programme and approach</li> <li>• Engage with government to explore Local Nature Recovery Plan and funding opportunities</li> <li>• Work with WM National Park to prioritise key projects and unlock funding</li> <li>• Develop and support WM Virtual Forest initiative</li> <li>• Seek investment and develop Community Green Grants programme to widen access to green space</li> </ul>

**Inclusive Communities Portfolio**

<b>Inclusive Communities Portfolio</b>	<b>2020/21 Budget £</b>	<b>2021/22 Budget £</b>
Constituent / Non-Constituent Membership Fees	117,530	67,500
<b>Total Funding</b>	<b>117,530</b>	<b>67,500</b>
Staff Costs	42,530	0
Youth Combined Authority, Consultancy and Project Activity	75,000	67,500
<b>Total Expenditure</b>	<b>117,530</b>	<b>67,500</b>
<b>Total</b>	<b>-</b>	<b>-</b>

<b>Inclusive Communities</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
<p>A Young Combined Authority (Board and Community) that challenges, informs and influences WMCA policy development and decision-making</p>	<p>Support to meetings of the YCA Board that focus on key priorities and plans</p> <p>Development activities for YCA Board members</p> <p>Recruitment campaign to refresh YCA membership for 22/23</p> <p>Increase the membership of the YCA Community ensuring diversity and representation</p> <p>A forward plan of engagement with the YCA Community including 6- 8 x engagement exercises</p>
<p>Leadership Commission activity focussed on</p> <ul style="list-style-type: none"> <li>• improving diversity at senior levels</li> <li>• publishes practical examples of good practice</li> <li>• identify systematic opportunities for change</li> </ul>	<p>Boardroom diversity: support and trial the RACE Code – a governance framework for improving diversity at board and senior levels</p> <p>Diversity in the workplace: action led research project involving businesses trialing interventions to make workplaces more inclusive</p> <p>Development and publication of case studies to be disseminated through the Diversity Network (set up by the FA and WM Lieutenancy and supported by WMCA)</p> <p>Support to established networks and forums: e.g. Diversity Network, Faith Communities, West Midlands Women’s Voice, Fawcett Society</p>
<p>Ensuring the citizen voice (including a particular focus on under-represented groups) is an integral part of WMCA policy and programme development</p>	<p>Identifying and mapping WMCA access to lived experience</p> <p>Managing a corporate programme/portfolio of citizen engagement / lived experience</p> <p>Developing new mechanisms and forums to access lived experience and citizen engagement where it is needed</p> <p>Developing a ‘citizen voice toolkit’ to complement the Inclusive Growth toolkit</p>

<b>Inclusive Communities</b>	
<b>High Level Deliverable</b>	<b>Activity</b>
Further embedding Equalities, Diversity and Inclusion in how the WMCA plans, decides and delivers	Portfolio Equality Impact Assessments Race Pay Gap analysis and action plan Positive action in recruitment and employee training, development and engagement activity

Leadership & Corporate Support

<b>Leadership &amp; Business Support</b>	<b>2020/21 Budget £</b>	<b>2021/22 Budget £</b>
Constituent / Non-Constituent Membership Fees	1,463,948	573,291
Mayoral Capacity Funding	0	168,724
Use of Reserves	0	1,200,000
Investment Income	1,766,040	793,500
<b>Total Funding</b>	<b>3,229,988</b>	<b>2,735,515</b>
Leadership	537,105	512,502
Business Support Recharges	2,692,883	2,223,013
<b>Total Expenditure</b>	<b>3,229,988</b>	<b>2,735,515</b>
<b>Total</b>	<b>-</b>	<b>-</b>

## APPENDIX 3 - Transport Capital Programme

TRANSPORT CAPITAL PROGRAMME (£M)		2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
Investment Programme - Metro	Metro Wednesbury to Brierley Hill Extension	95.53	144.91	116.39	11.63	-	368.47
	Metro Birmingham Eastside Extension	68.24	47.17	29.56	23.30	12.19	180.46
	Metro Network Enhancements – Comms & Control	5.33	-	-	-	-	5.33
	Metro Edgbaston Extension	4.01	-	-	-	-	4.01
	Wolverhampton Metro Extension	3.74	2.06	-	-	-	5.80
	Metro Enabling and Other Works	6.41	0.72	0.12	-	0.10	7.35
Investment Programme - Rail	Rail - Camp Hill Line Enhancements (Package 2)	8.45	29.08	7.61	-	-	45.13
	Rail - Walsall to Wolverhampton (Package 1)	12.57	27.45	1.14	-	-	41.17
	Rail - Sutton Coldfield Gateway	2.74	18.52	-0.06	-	-	21.19
	Rail - Snow Hill Lines	-	4.20	16.30	-	-	20.50
	Coventry South Package - Tile Hill Station	-	7.71	-	-	-	7.71
Investment Programme - Sprint	Sprint - Hagley Road Phase 2	0.24	12.84	10.72	27.57	28.47	79.83
	Sprint - Longbridge to Birmingham	0.20	17.17	11.00	13.41	0.72	42.51
	Sprint - Sutton Coldfield to Birmingham	-	25.83	-	-	-	25.83
	Sprint - Hall Green to Interchange via Solihull	0.21	4.18	3.11	5.70	8.90	22.09
	Sprint - Hagley Road Phase One	1.95	-	-	-	-	1.95
<b>INVESTMENT PROGRAMME TOTAL</b>		<b>209.63</b>	<b>341.83</b>	<b>195.88</b>	<b>81.62</b>	<b>50.38</b>	<b>879.34</b>
CWG Programme	Sprint - A45 Birmingham to Airport and Solihull	31.90	1.13	11.80	11.70	-	56.54
	Sprint - A34 Walsall to Birmingham	17.35	1.68	15.20	11.60	-	45.83
	University Station Improvement Project	29.90	10.91	-	-	-	40.81
	Perry Barr Rail Station	15.73	0.50	-	-	-	16.23
	Regional Ttraffic Control Centre	7.21	2.39	-	-	-	9.60
<b>CWG PROGRAMME TOTAL</b>		<b>102.09</b>	<b>16.61</b>	<b>27.00</b>	<b>23.30</b>	<b>-</b>	<b>169.01</b>
Other Major Programmes	Dudley Interchange	8.96	10.13	-	-	-	19.09
	Cross City Bus - City Centre & Druids Heath	17.62	-	-	-	-	17.62
	Future Mobility Zone	6.98	3.20	-	-	-	10.19
	A435 Alcester Rd Bus Priority Revitalisation	2.53	-	-	-	-	2.53
	West Midlands Cycle Hire Scheme	0.75	-	-	-	-	0.75
	Key Route Network Safety	0.13	-	-	-	-	0.13
<b>OTHER MAJOR SCHEMES PROGRAMME TOTAL</b>		<b>36.97</b>	<b>13.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50.31</b>
Minor Work Programme	Asset Management Programme	1.20	1.20	1.20	-	-	3.60
	Real Time Information Upgrades	0.85	-	-	-	-	0.85
	Better Streets Community Fund	0.83	-	-	-	-	0.83
	DfT Tackling Nitrogen Dioxide	0.18	0.17	-	-	-	0.35
	Strategic Transport Officer Group Top Slice	0.09	0.07	0.07	-	-	0.23
	ADEPT Live Lab / Autoplex / Mattise	0.16	0.02	0.02	0.02	0.02	0.24
<b>MINOR WORKS PROGRAMME TOTAL</b>		<b>3.31</b>	<b>1.46</b>	<b>1.29</b>	<b>0.02</b>	<b>0.02</b>	<b>6.09</b>
Grants to Local Authorities	Cycling Programme	2.60	12.87	-	-	-	15.46
	Major Road Network- Programme	-	10.00	-	-	-	10.00
	Birchley Island (Sandwell MBC)	-	5.43	1.00	1.00	-	7.43
	B4106 Spon End (Coventry CC)	3.70	1.10	-	-	-	4.80
	New St/High St/Victoria Sq Public Realm	3.96	-	-	-	-	3.96
	Major Road Network	1.10	-	-	-	-	1.10
<b>GRANTS TO LOCAL AUTHORITIES PROGRAMME TOTAL</b>		<b>11.36</b>	<b>29.40</b>	<b>1.00</b>	<b>1.00</b>	<b>-</b>	<b>42.76</b>
<b>TRANSPORT TOTAL</b>		<b>363.36</b>	<b>402.64</b>	<b>225.17</b>	<b>105.94</b>	<b>50.40</b>	<b>1,147.52</b>

## APPENDIX 4 – Housing and Land/Other Capital Programme

HOUSING AND LAND CAPITAL PROGRAMME (£M)		2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
IP Land Remediation	Brownfield Land & Property Development Fund (BLPDF)	17.56	0.07	0.07	0.07	-	17.78
	LPIF (Black Country Consortium)	4.95	13.21	13.08	20.00	60.00	111.25
Land Fund	Land Fund - Friar Park Sewage Disposal Works	5.41	0.58	-	-	-	5.99
	Land Fund - Caparo	0.88	0.44	0.44	0.44	-	2.20
	Land Fund - Icknield Port Loop Phase 2a & 2b	1.63	0.21	-	-	-	1.84
	Land Fund - Former Cookley Works, Brierley Hill	1.02	-	-	-	-	1.02
	Land Fund - Lioncourt Homes (Dev1) Ltd	0.72	-	-	-	-	0.72
	Land Fund - Dobbs Street, Wolverhampton	0.56	-	-	-	-	0.56
	Land Fund Acquisition - Abberley Street	0.46	-	-	-	-	0.46
	Land Fund - Nuneaton and Bedworth	0.42	-	-	-	-	0.42
	Land Fund - Steelhouse Lane, Wolverhampton	0.39	-	-	-	-	0.39
	Land Fund Acquisition - Cranford Way	0.03	0.10	-	-	-	0.13
	Land Fund - Pipeline	40.47	13.87	-	-	-	54.34
Brownfield Land - Pipeline	42.00	42.00	-	-	-	84.00	
<b>HOUSING AND REGENERATION PROGRAMME TOTAL</b>		<b>116.50</b>	<b>70.49</b>	<b>13.60</b>	<b>20.51</b>	<b>60.00</b>	<b>281.10</b>
OTHER CAPITAL PROGRAMME (£M)		2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
5G		4.51	-	-	-	-	4.51
<b>OTHER TOTAL</b>		<b>4.51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.51</b>

## APPENDIX 5 – Investment Programme Grants to Local Authorities

<b>INVESTMENT PROGRAMME GRANTS TO LOCAL AUTHORITIES CAPITAL PROGRAMME (£M)</b>	<b>2021 / 2022</b>	<b>2022 / 2023</b>	<b>2023 / 2024</b>	<b>2024 / 2025</b>	<b>2025 / 2026</b>	<b>TOTAL</b>
Coventry City Centre South Regeneration - Coventry City Centre South	11.07	53.66	0.08	0.02	17.37	82.20
Coventry City Centre South Regeneration - Coventry Friargate	35.82	0.00	-	-	-	35.82
Coventry UKC Plus - Coventry Station Masterplan (CSMP)	11.17	-	-	-	-	11.17
Coventry UKC Plus - UK City of Culture 2021 Regeneration	3.70	-	-	-	-	3.70
Coventry UKC Plus - Coventry South Package	6.60	9.66	24.55	35.87	13.00	89.67
Coventry UKC Plus - Coventry North Package - Sub-programme Total	-	2.00	2.00	11.25	6.15	21.40
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	0.94	17.80	15.00	10.00	-	43.74
UK Central Infrastructure Package - Programme Total	11.97	65.50	58.07	58.31	39.26	233.10
Commonwealth Games	25.00	-	-	-	-	25.00
UK Central HS2 Interchange - Programme Total	14.49	141.55	42.50	67.08	51.83	317.45
<b>IP GRANTS TO LOCAL AUTHORITIES</b>	<b>120.77</b>	<b>290.17</b>	<b>142.20</b>	<b>182.53</b>	<b>127.61</b>	<b>863.26</b>

## **APPENDIX 6 – MAYORAL Q&A – 11 DECEMBER 2020**

The Mayor provided an opening statement to members of the committee. He offered his thanks to both the Portfolio Lead for Finance and the WMCA Finance team for their work on achieving a balanced budget. The Mayor acknowledged the challenges of funding within the Capital Programme but did not expect any immediate changes to it to be made. The Mayor informed the committee of a positive outcome from an external review of investment funding arrangements.

Councillor Robert Grinsell sought further information on how the balanced budget had been achieved, along with how the WMCA would be protecting activities such as transport, investment, skills and training. The Portfolio Lead for Finance confirmed that the WMCA had received a level of support from the Government similarly to other local authorities during the COVID-19 pandemic. He also indicated that the WMCA was undertaking a transformation programme to better position it for a post-COVID-19 environment, and this could result in further savings being found. The Mayor indicated that significant work had been undertaken to ensure that all frontline services continued to be fully funded.

Councillor Dean Carroll sought further information on the regeneration budget. The Mayor reported that the Housing & Land Delivery Board oversaw £625m of funds which had already supported 17 projects, created 2,502 jobs and created 820 new homes within the region. He also stressed that those housing regeneration opportunities would not have been delivered by relying entirely on the private sector. The Chair was keen to understand how the fund for brownfield land remediation had addressed market failures. The Mayor indicated that majority of the developed land had been vacant for significant periods and the WMCA had therefore been able to address this market failure. It was also noted that work had been undertaken by the Housing & Regeneration team to address affordable housing and produce a more realistic and relevant regional definition.

Councillor Cathy Bayton noted that the 2021/22 budget could not be sustained in future years through a reliance on the use of reserves. The Director of Finance confirmed that the use of reserves would be used to achieve a balanced budget next year but acknowledged the level of risk involved in this approach. The Mayor also confirmed that fees for both constituent and non-constituent authorities would remain unchanged. It was recognised that constituent authorities were the WMCA's largest single contributor, and the Chair enquired as to how an individual Council Taxpayer might recognise the value of the WMCA. The Mayor highlighted various ways in which the budget was used to benefit individuals within the region, including the use of the concessionary fares scheme to help disadvantage communities.

Councillor Kate Wild was keen to understand the Mayor's response to the recent Government announcement on the Comprehensive Spending Review and the potential it had to improve the West Midlands. The Mayor indicated that the Comprehensive Spending Review provided a number of new funding streams, including a fully devolved transport package to which new funds would be available from April 2021.

The Chair expressed some concern over the delivery of Investment Programme projects and the costs associated with delivery delays. The Mayor confirmed that a workshop had been undertaken with Constituent Leaders to confirm that where funds had been received for certain investment programme projects, these would not be spent on other projects. Work also continued to be undertaken on seeking funding for those identified to have a funding short fall.

Councillor Penny Holbrook sought information on the funds being made available for upskilling and education within the region to ensure individuals had access to good quality training that

could lead to higher paid jobs. The Mayor highlighted that there had been an increase in benefit claimants and work had been undertaken to ensure funds from the Adult Education Budget was used to reskill and ensure that there was greater partnership with colleges and universities to support the new economic circumstances. It was also noted that a new Skills & Jobs Delivery Board, to be chaired by the Portfolio Lead for Economy & Skills, had been established to address this issue. It was noted that following the UK's withdrawal from the European Union and the loss of European Social Fund monies, there had been no confirmation from the Government on the proposed Shared Prosperity Fund, but a commitment had been given by the Chancellor of the Exchequer for a similar scheme to ESF funding.

Kashmire Hawker noted that there continued to be a rise in youth unemployment and enquired as to what was being done to tackle this issue. The Mayor highlighted the launch of the Kickstart programme as being of benefit to younger people finding themselves without employment.

The Chair expressed concern over the confirmation of funding for the upcoming Mayoral elections. The Director of Finance suggested that work was currently being undertaken amongst all combined authorities to secure Government funding for the elections. The Mayor confirmed that contingency plans had been discussed with Constituent Leaders and there would be no circumstances in which the elections would not be funded.

Councillor Cathy Bayton highlighted the pressures on the transport budget and questioned as to when within the next 12 months would the WMCA be looking to address the longer term funding challenges within transport. The Mayor confirmed that he understood the difficulties referred to and he expected discussions would be held with Constituent Leaders in early summer on these matters. This timeframe would also hopefully give a better indication of likely post-pandemic patronage and how Transport for West Midlands might wish to tailor services accordingly.

Councillor Ahmad Bostan expressed his concern that accessible transport for individuals with disabilities could be reduced due to budgetary pressures and sought assurance that those services would be retained. The Mayor understood the criticality of continuing the funding for accessible transport and committed to doing everything he could to protect these services. He also confirmed that National Express West Midlands was continuing to follow its policy of not purchasing any further diesel buses within the region and to upgrade those existing buses to environmentally cleaner versions.

Further to the Chair's question relating to free transport for 16-18 year olds, the Mayor indicated that unfortunately there were no active proposals being brought forward, however Transport for West Midlands would continue with its current offers to young people and would actively look at future feasible options.

Councillor Chris Cade enquired as to what work was being considered for training opportunities for mechanics to service new and upcoming electric vehicles. The Mayor indicated that this was being considered by the Skills team and assured that a fuller update would be provided to committee.

Following Councillor Philip Bateman's question relating to the possibility of support for coach companies serving the leisure and tourism industry, night time economy and schools, the Mayor agreed that some coach operators were providing crucial services within the region, although he was unaware of any additional funding support that could be made available to coach operators.

Resolved:

The following observations be shared with the Mayor for consideration and reflection:

- (1) The need to use reserves to achieve a balanced budget for 2021/22 was noted, but concern was expressed as to the risks associated with this and the limitations it had as a longer term approach to budget planning.
- (2) The WMCA should continue to seek to achieve longer term financial stability that would better enable it to plan for and respond to the needs of the region.
- (3) The Medium Term Financial Plan currently included a number of risky assumptions that could have a significant negative impact on the WMCA's financial base. It was important that difficult decisions were considered early on in the financial planning process to help to better mitigate potential consequences.
- (4) All future financial planning and modelling should ensure that it reflected and addressed the priorities and needs of the region and its diverse communities.
- (5) The WMCA should lobby for greater flexibility over the use of its direct funding, with which it has previously achieved better outcomes when it has been able to use it in an innovatively way.
- (6) The desire to seek to protect accessible and supported transport services from potential reductions in funding be welcomed.
- (7) Concern be expressed over the possible longer term viability of the transport budget given the likely changes in travel patterns linked to evolving ways of working that could see a permanent reduction in the number of employees commuting into town and city centre locations.

## **APPENDIX 7 – TREASURY MANAGEMENT STRATEGY 2021/22**

### **Introduction**

Treasury management is the management of WMCA's cash flows, borrowing and investments, and the associated risks. WMCA has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to WMCA's prudent financial management.

Treasury risk management at WMCA is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires WMCA to approve a treasury management strategy before the start of each financial year. This report fulfils WMCA's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

### **External Context**

The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the EU, will remain a major influence on the Authority's treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in November 2020 and extended its Quantitative Easing (QE) programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.

After spiking in late March as coronavirus became a global pandemic. The credit ratings for many UK institutions have been downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively stable, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the end of 2023. The risks to this forecast are judged to be to the downside in the near-term as the BoE and UK government continue to react to the coronavirus pandemic and the Brexit transition period ends. Further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.5% and 0.75% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

## Local Context

The need to manage cash effectively and make robust borrowing decisions will be largely driven by the delivery of the WMCA Capital Programme which contains the WMCA Investment Programme. The WMCA elements of the Investment Programme are predominantly funded through borrowing and as a number of both WMCA and Local Authority schemes enter the delivery phase, the draw on WMCA resources is expected to be significant.

On 31 December 2020, WMCA held £125.0m of borrowing and c.£194.7m of investments.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. WMCA's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

WMCA has an increasing CFR due to the Capital Programme, but lower values of investments and will therefore require WMCA to borrow up to £713m (net of investment income) over the forecast period, mostly driven by the delivery of the WMCA Investment Programme as detailed above.

Table 1: WMCA Capital Financing Requirement

Gross External Debt vs. CFR (£M)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Opening External Debt	130.2	160.2	454.2	708.2	823.2	833.2
New Borrowing	30.0	294.0	254.0	115.0	10.0	10.0
<b>Forecast Closing External Debt</b>	<b>160.2</b>	<b>454.2</b>	<b>708.2</b>	<b>823.2</b>	<b>833.2</b>	<b>843.2</b>
Capital Financing Requirement (CFR)	540.8	747.0	952.4	1,082.6	1,088.7	1,084.5
Under Borrowing	380.6	292.8	244.2	259.4	255.5	241.3

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that WMCA's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that WMCA expects to comply with this recommendation during 2021/22 to 2023/24.

## HM Treasury External Debt Cap

WMCA has acquired approval from HM Treasury and MHCLG to borrow for all of its functions subject to it operating within an agreed external debt cap. The debt cap runs coterminous with the 5-year gateway review period and the caps for 2021/22 and beyond are expected to be finalised with HM Treasury during 2020/21. WMCA do not expect to breach the debt cap during 2021/22 based on the current external debt and projections for the 2020/21 financial year. For information, the existing agreed limit is £1,042 million.

## **Borrowing Strategy**

As at 31 December 2020 WMCA currently holds £125.0m of loans, a decrease of £5.0m on the previous year. The forecast in table 1 shows that WMCA expects to borrow up to £294m in 2021/22. WMCA may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

**Objectives:** WMCA's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should WMCA's long term plans change is a secondary objective.

**Strategy:** WMCA's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently much lower than long-term rates and forecast to remain so for a considerable period. It is likely therefore to be more cost effective in the short-term to continue to use internal resources and to borrow using short-term loans instead.

By doing so, WMCA can reduce its net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist WMCA with this 'cost of carry' and breakeven analysis. Its output may determine whether WMCA borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

WMCA has previously raised the majority of its long-term borrowing from the PWLB, but will consider long-term loans from other sources including banks, pension funds and local authorities, and will also investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets held primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans. WMCA Finance Directors and their respective treasury teams continue to work collectively also, ensuring the buying power of the region is fully exploited in the capital markets.

It should be noted that following two competitive process during 2019/20 and 2020/21, WMCA were notified by HM Treasury that it would qualify for Infrastructure Rate Funding. This effectively guarantees WMCA access to £200m of debt at 0.40% below the currently published PWLB standard rate levels. Access to this financing together with the use of short-term debt will provide WMCA with a bridge whilst the most competitive sources of long-term finance are identified.

Additionally, WMCA will look to identify suitable forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period and may help to de-risk commercial borrowing models.

In addition, WMCA may borrow using further short-term loans to cover unplanned cash flow shortages.

**Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

- HM Treasury's lending facility (i.e. Public Works Loan Board)

- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except West Midlands Local Government Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

**Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

**Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB plans to issue bonds on the capital markets and lend the proceeds to local authorities. Bond issuances on behalf of Local Authorities (nationally) are beginning to become more common. Any decision to borrow from the Agency will, however, be the subject of a separate report to WMCA Board.

**Short-term and variable rate loans:** These loans leave WMCA exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits set out in the treasury management indicators below. Consequently, financial derivatives may be used to manage this interest rate risk (see section below).

**Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. WMCA may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

### **Treasury Investment Strategy**

WMCA holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2020/21 WMCA's treasury average monthly investment balance has ranged between £96m and £213m, and similar levels are expected to be maintained throughout parts of 2021/22 largely due to the profile of Government grant receipts in quarter one.

**Objectives:** The CIPFA Code requires WMCA to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. WMCA's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, WMCA will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

**Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative

income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested. Whilst WMCA will seek to avoid exposure towards negative interest rates, it must first meet the security and liquidity requirements of all investment holdings.

**Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, WMCA will continue to diversify into more secure and/or higher yielding asset classes during 2021/22. This is especially the case for the estimated £10m that is available for longer-term investment to ensure MiFID compliance. Approximately 10-15% of WMCA’s surplus cash was invested in short-term unsecured bank deposits during 2020. This diversification will represent a continued change in strategy over the coming year.

**Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on WMCA’s “business model” for managing them. WMCA aims to achieve value from its internally managed treasury investments via a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

**Approved counterparties:** WMCA may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	50 years	Unlimited <sup>1</sup>	Unlimited
Secured investments *	25 years	£20m <sup>1</sup>	Unlimited
Banks (unsecured) *	13 months	£20m <sup>1</sup>	Unlimited
Building societies (unsecured) *	13 months	£20m <sup>1</sup>	£20m
Registered providers (unsecured) *	5 years	£5m	£10m
Money market funds *	n/a	£20m	Unlimited
Strategic pooled funds	n/a	£5m	£10m
Real estate investment trusts	n/a	£5m	£10m
Other investments	5 years	£2m	£10m

**This table must be read in conjunction with the following notes.**

<sup>1</sup> Normal operating level will not exceed £10m per counterparty but adequate headroom has been provided to accommodate potential peak cashflow requirements. The Combined Authority will look to keep an even spread of investments across counterparties to minimize exposure to defaults.

\* **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made

solely based on credit ratings, and all other relevant factors including external advice will be considered.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

**Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile

especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

**Operational bank accounts:** WMCA may incur operational exposures, for example through current accounts, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £1m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed in than made insolvent, increasing the chance of WMCA maintaining operational continuity.

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by WMCA's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** WMCA understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, WMCA will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security.

**Investment limits:** In order that WMCA's reserves will not be put at significant risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £20 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 3: Additional Investment limits

	Cash Limit
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£5m per country

**Liquidity management:** WMCA employ Treasury specialists to build cash flow forecasts to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of WMCA being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to WMCA's medium-term financial plan and cash flow forecast.

### **Commercial Investment Funds**

WMCA operate commercial loan funds on behalf of the Constituent Local Authorities. The investment funds limit is £210m and provide loans at a commercial rate to developers where the more traditional financial institutions are not willing to lend on agreeable terms. The primary objective of the investment funds is to stimulate economic regeneration. The loans are held on the WMCA balance sheet under standard accounting regulations and as at December 2020, the cumulative value of loan commitments approved by WMCA totals £133.7m (including £37m of loans which have since been repaid). The value of loans drawn and earning interest as at December 2020 is £24.8m.

Whilst these developers do not have a credit rating in the traditional sense, WMCA employ fund managers West Midlands Development Capital to ensure adequate due diligence is undertaken and that each loan agreement will be adequately secured, usually on the land / buildings underpinning the requirement. Furthermore, each loan agreement requires approval by Investment Board and protections around concentration risk (i.e. limiting the cumulative value of loans to any one developer) were reviewed and approved by WMCA Investment Board in July 2019.

### **Treasury Management Indicators**

WMCA measures and manages its exposures to treasury management risks using the following indicators.

**Security:** WMCA has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit	A minus

**Liquidity:** WMCA has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£20m (min)

**Maturity structure of borrowing:** This indicator is set to control WMCA's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper Limit	Lower limit
Under 12 months	75%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	70%	0%
5 years and within 10 years	70%	0%
10 years and above	70%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

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

Price Risk Indicator	2021/22	2022/23	2023/24
Limit on principal invested longer than a year	£10m	£10m	£10m

## **Related Matters**

The CIPFA Code requires WMCA to include the following in its treasury management strategy.

**Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

WMCA will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that WMCA is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, WMCA will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

**Markets in Financial Instruments Directive:** WMCA has retained professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of WMCA's treasury management activities, the Section 151 Officer considers this to be the most appropriate status.

## Treasury Management Strategy: Annex 1

	Dec 2020 Actual £m	Average Rate %
<b>External borrowing:</b>		
HMT PWLB lending facility	108.6	4.90
Loans from banks	10.0	4.03
<b>Total external borrowing</b>	<b>118.6</b>	
<b>Other long-term liabilities:</b>		
Transferred Debt	6.4	6.70
<b>Total other long-term liabilities</b>	<b>6.4</b>	
<b>Total gross external debt</b>	<b>125.0</b>	
<b>Treasury investments:</b>		
Banks and building societies (unsecured)		
Government (Inc. local authorities)	122.0	0.11
Money Market Funds	30.0	0.04
Overnight (call) deposits	42.7	0.01
<b>Total treasury investments</b>	<b>194.7</b>	
<b>Net debt / (investments)</b>	<b>(69.7)</b>	

## APPENDIX 8

### WMCA Capital Strategy 2021/22

#### Introduction

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

#### Capital Expenditure and Financing

Capital expenditure is where the Authority spends money on assets, such as property or infrastructure that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. This is particularly relevant where WMCA are providing Capital Grants to Local Authorities under the terms of the Investment Programme.

In 2021/22, the Authority is planning capital expenditure of £605.2m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

WMCA CAPITAL PROGRAMME EXPENDITURE (£M)	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
TfWM Expenditure	363.4	402.6	225.2	105.9	50.4	1,147.5
Housing and Regeneration Expenditure	116.5	70.5	13.6	20.5	60.0	281.1
Other Programmes	4.5	-	-	-	-	4.5
Investment Programme Grants to Local Authorities	120.8	290.2	142.2	182.5	127.6	863.3
<b>TOTAL EXPENDITURE</b>	<b>605.2</b>	<b>763.3</b>	<b>381.0</b>	<b>308.9</b>	<b>238.0</b>	<b>2,296.4</b>

The Capital Programme for 2021/22 is predominantly focused around the delivery of public transport infrastructure with significant investment being made in extending the Metro Network to Brierley Hill and Birmingham Eastside as well as a continuation of the development and delivery of Sprint, University Rail Station and the five new rail stations in Birmingham and the Black Country. There will also be significant deployment of Land Fund recently provided to WMCA, in addition to significant values of capital grants expected to be paid to Local Authorities for the delivery of Investment Programme schemes such as Coventry Station Masterplan, Commonwealth Games and UK Central Infrastructure.

In addition, WMCA expect to make commercial loans to developers to facilitate commercial and residential developments which otherwise would not be brought forward by the market. These investments are brought forward and comply with WMCA's Single Commissioning Framework.

**Governance:** The Capital Programme for 2021/22 is largely a continuation of the Investment Programme delivery and the delivery of projects facilitated by central Government, via project specific grants. All capital investment, including Investment Programme schemes and those

administered through the Single Pot arrangements (i.e. Transforming Cities Funding) are aligned to the WMCA Single Assurance Framework approved by WMCA Board on 24 July 2020.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority’s own resources or debt. The planned financing of the above expenditure is as follows:

Table 2: Capital financing

WMCA CAPITAL PROGRAMME FUNDING (£M)	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
Investment Programme Debt	187.3	194.4	13.2	0.4	17.4	412.7
TfWM Debt	12.7	18.4	146.0	34.9	2.0	210.0
Grants	379.0	184.4	3.1	1.5	14.3	582.3
Other *	26.2	366.1	218.7	272.1	208.3	1,091.4
<b>TOTAL FUNDING</b>	<b>605.2</b>	<b>763.3</b>	<b>381.0</b>	<b>308.9</b>	<b>238.0</b>	<b>2,296.4</b>

\* Provisional expenditure estimates for Investment Programme and other projects which are subject to WMCA raising additional income or yet to have the funding package fully secured.

Funding itemised above as Other relates to those programmes contained within the WMCA Investment Programme which remain priorities for the region but are subject to WMCA realising additional income (either locally raised or Government Grants). Should these additional resources not be realised, the expenditure against these programmes will not be incurred. In this regard, WMCA Board approved in November 2019 to cap the Investment Programme commitments at an affordable limit of £801m.

The Authority’s cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP / loans fund repayments and capital receipts used to replace debt. The CFR is expected to increase by £193.1m during 2021/22. Based on the above figures for expenditure and financing, the Authority’s estimated CFR is as follows:

Table 3: Prudential Indicator: Estimates of Capital Financing Requirement

Estimates Capital Financing Requirement (£M)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Opening Capital Financing Requirement	347.7	540.8	747.0	952.4	1,082.6	1,088.7
Additional Debt Financed Capital Expenditure	214.1	230.1	242.8	179.3	55.3	35.4
Less Regeneration Loan Repayments / MRP	(21.0)	(23.9)	(37.4)	(49.0)	(49.3)	(39.6)
Closing CFR	540.8	747.0	952.4	1,082.6	1,088.7	1,084.5

**Asset management:** To ensure that capital assets continue to be of long-term use, the Authority has Strategic Asset Management Plan in place. This sets the high-level strategic framework for managing WMCA’s asset and property portfolio effectively. It guides future strategic property decisions to ensure WMCA manage its property portfolio sustainably and efficiently so that WMCA can adapt to remain fit for future developments and support frontline delivery.

**Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. WMCA will

predominantly realise capital receipts from two areas during 2021/22; firstly through the repayment of investment loans to developers as part of the commercial / residential investment funds where the receipts will be used to repay any debt financing required to facilitate the loan and secondly, where land acquisitions made under the terms of the Land and Regeneration Funds managed by WMCA are disposed of. In the case of the latter, the receipts will be recycled in line with the funding conditions following consultation with the WMCA Finance Director.

### **Treasury Management**

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority’s spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

Due to decisions taken in the past, as at 31 December 2020 the Authority has £125.0m borrowing at an average interest rate of 4.92% and £194.7m treasury investments at an average rate of 0.08%. Whilst the investment rate may seem low, it is a by-product of the suppressed external interest rate environment and the need for WMCA to ensure investments are held in secure, liquid investments so payments to creditors can be met.

**Borrowing strategy:** The Authority’s main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.25%) and long-term fixed rate loans where the future cost is known but higher (currently 1.0% to 2.0%).

Table 4: Prudential Indicator: Gross Debt and the Capital Financing Requirement

Gross External Debt vs CFR (£M)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Opening External Debt	130.2	160.2	454.2	708.2	823.2	833.2
New Borrowing *	30.0	294.0	254.0	115.0	10.0	10.0
<b>Forecast Closing External Debt</b>	<b>160.2</b>	<b>454.2</b>	<b>708.2</b>	<b>823.2</b>	<b>833.2</b>	<b>843.2</b>
Capital Financing Requirement	540.8	747.0	952.4	1,082.6	1,088.7	1,084.5
Under Borrowing	380.6	292.8	244.2	259.4	255.5	241.3

\* After effective use of available resources

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 4, the Authority expects to comply with this indicator

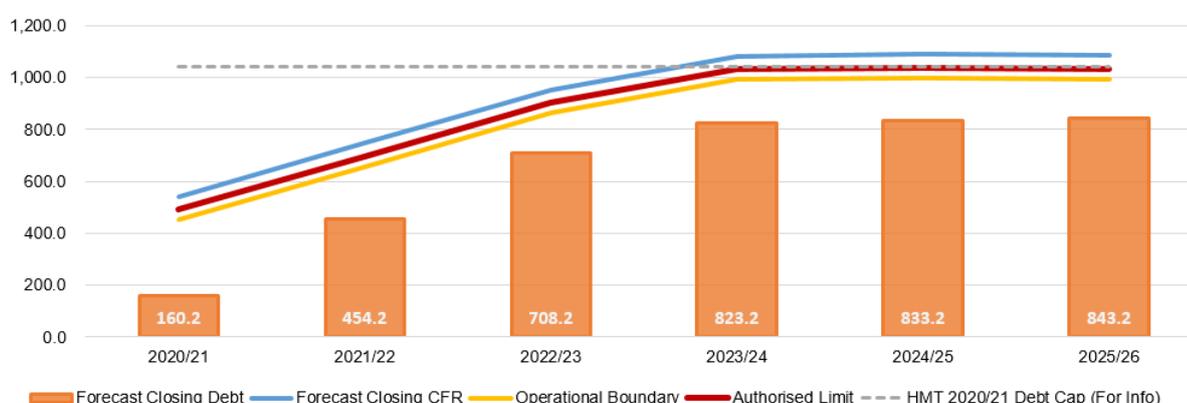
**Affordable borrowing limit:** The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 5: Prudential Indicators: Authorised limit and operational boundary for external debt

AUTHORISED AND OPERATIONAL LIMIT (£M)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Forecast Closing CFR	540.8	747.0	952.4	1,082.6	1,088.7	1,084.5
Forecast Closing Debt	160.2	454.2	708.2	823.2	833.2	843.2
Operational Boundary	450.8	657.0	862.4	992.6	998.7	994.5
Authorised Limit	490.8	697.0	902.4	1,032.6	1,038.7	1,034.5
HMT 2020/21 Debt Cap (For Info)	1,042.0	1,042.0	1,042.0	1,042.0	1,042.0	1,042.0

The table below shows how the operational and authorised limit will be used to act as a control against total borrowing during the plan period. Both limits will be re-set on an annual basis as they are heavily influenced by the progression of the WMCA Capital Programmes.

WMCA Operational / Authorised Limits (£000)



The chart above includes the HM Treasury debt cap for 2021/22 for illustration purposes. WMCA are currently in discussions with UK Government on the debt cap to apply to WMCA over the plan period.

**Treasury investment strategy:** The Authority’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Further details are contained within the Treasury Management Strategy which is appended to the 2021/22 Budget Report.

**Risk management:** The effective management and control of risk are prime objectives of the Authority’s treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

**Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and staff, who must act in line with the treasury management strategy approved by WMCA Board. Reports on treasury management activity are

presented to WMCA Board in line with CIPFA guidance. The Audit, Risk and Assurance Committee is responsible for scrutinising treasury management strategy and performance.

### **Commercial Investments for Economic Growth**

WMCA makes loans available to developers within the WMCA constituent and non-constituent area to stimulate economic development. These loans are available to assist in the delivery of commercial and residential developments where traditional financial institutions are not willing to lend on reasonable commercial terms. The loans to developers are at a market rate, typically around 6% interest per annum and meet all State Aid requirements.

WMCA employ West Midlands Development Capital who act as a fund manager for the investment portfolio. Their remit is to identify / introduce the developer to WMCA, undertake all due diligence on the proposal and the entity itself before making a proposal for consideration by Investment Board.

In light of the economic regeneration objective, WMCA is willing to take more risk than with treasury investments, however WMCA still plan for such investments to at least cover all costs of operation with the effective due diligence and full consideration by Investment Board towards the shape of the deal and the underpinning securities playing a key role in being able to satisfy this requirement.

The loans are held on the WMCA balance sheet under standard accounting regulations and as at December 2020, the cumulative value of loan commitments approved by WMCA totals £133.7m (including £37m of loans which have since been repaid). The value of loans drawn and earning interest as at December 2020 is £24.8m.

**Governance:** As detailed above, decisions on commercial investments are made by Investment Board following adequate scrutiny of each proposal by West Midlands Development Capital and Investment Advisory Group. As an additional control, in July 2019, Investment Board agreed a concentration risk policy to restrict the value of loans to any one entity to £10m with amounts up to £20m requiring approval by WMCA Board. Also, all investments are consistent with the Single Commissioning Framework which ensures investment is focused on delivering new homes, jobs and / or commercial floor space.

### **Budget Implications**

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision (MRP) and loans fund repayments are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 6: Prudential Indicator: Proportion of financing costs to net revenue stream

£M	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Financing costs	16.6	15.4	26.6	28.2	29.6	30.0
Revenue	319.8	314.5	326.0	305.5	307.4	309.7
Proportion of Revenue Stream	5.2%	4.9%	8.2%	9.2%	9.6%	9.7%

It should be noted that the ratios change over time due to the implications of the agreed, affordable Investment Programme borrowing requirements whereas the revenue resources of WMCA are predicted to remain relatively constant.

**Sustainability:** The WMCA Capital Programme is complex and the funding underpinning the investment is, in some instances, exposed to external, variable factors such as future Metro fare income. Robust measures are put in place by the WMCA Finance Director to ensure all capital investment is properly assessed and agreed as affordable before investment decisions committed to. This includes an assessment of the ongoing revenue consequences of the capital investment on the Capital Programme.

### **Knowledge, Skills and Scrutiny**

The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Finance is a fully qualified accountant with over 20 years' experience. The Authority supports staff to study towards relevant professional qualifications including CIPFA and ACT (treasury) should the role and development plan identify a training need.

In addition to the above, WMCA ensure those Elected Members with responsibilities towards oversight of the Capital and Treasury Management Strategies have the opportunity to receive training on the technical aspects of the subject to ensure proper scrutiny. This will include the WMCA Audit, Risk and Assurance Committee who will undertake scrutiny of the Treasury Management strategy during 2021/22.

Where Authority staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Authority currently employs Arlingclose Limited as treasury management advisers and West Midlands Development Capital as investment fund managers. This approach is more cost effective than employing such staff directly and ensures that the Authority has access to knowledge and skills commensurate with its risk appetite.

## **APPENDIX 9 – 2021/22 MRP Strategy**

### **Annual Minimum Revenue Provision (MRP) Statement 2021/22**

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance).

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits.

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. As such, WMCA will charge MRP as detailed below:

- For capital expenditure incurred before 1st April 2008 MRP will be determined as 2% of the capital financing requirement in respect of that expenditure;
- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate of 2%, starting in the year after the asset becomes operational;
- For capital expenditure loans to third parties WMCA will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead.

In November 2017, WMCA Board agreed to the release of historic overpayments of MRP by suppressing the MRP charges to zero from April 2017. The policy amendment was undertaken in liaison with WMCA's external auditors (Grant Thornton) and the practice is common across a number of UK Local Authorities.

The total value of the overpayments were calculated at £31.4m and the duration of the 'zero MRP' was expected to be seven years. The value of overpayments released to March 2021 will be £17.3m leaving a balance of £14.1m to be released in subsequent years, of which £4.7m will be released in 2021/22. The outcome of this procedure means that the Transport Levy (i.e. the source of those original overpayments) can be suppressed by a corresponding amount during the seven year period whilst still ensuring that the legacy debt WMCA hold can be repaid in a prudent manner.

It should be noted that as the historic MRP over payments relate to Transport assets delivered prior to April 2017, the release of the overpayment does not apply to schemes developed and delivered after this date and as such, WMCA will continue to make MRP payments against Investment Programme schemes during the current planning cycle.

## **Pay Policy Statement**

### **1. Introduction and Purpose**

- 1.1. The purpose of this policy is to clarify West Midlands Combined Authority's strategic stance on pay in order to provide direction for members and officers making detailed decisions on pay and to provide the citizens of the West Midlands with a clear statement of the principles underpinning decisions on the use of public funds.
- 1.2. As defined in Sections 2 (6), (7) and (8) of the Local Government and Housing Act 1989, the Authority has the power to appoint officers on such reasonable terms and conditions, including remuneration, as the authority thinks fit. This Pay Policy Statement (the 'statement') sets out the Authority's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Authority's approach to setting the pay of its employees by identifying;
  - the methods by which salaries of all employees are determined;
  - the detail and level of remuneration of its most senior staff i.e. 'chief officers', as defined by the relevant legislation;
  - the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the West Midlands Combined Authority and for recommending any amendments to the statement to the West Midland Combined Authority Board.
- 1.3. Once approved by the Board, the statement will come into immediate effect and will be published by no later than 1 April each year, subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

### **2. Legislative Framework**

- 2.1. In determining the pay and remuneration of all of its employees, the West Midlands Combined Authority will comply with all relevant employment legislation. This includes, but is not an exhaustive list, the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.
- 2.2. With regard to the Equal Pay requirements contained within the Equality Act, the West Midlands Combined Authority ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality-proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

### **3. Pay Structure**

- 3.1. The purpose of pay is to encourage staff with the appropriate skills to seek to work for the Authority and then to reward them appropriately for the tasks they undertake in order to maintain their motivation and retain their services.

- 3.2. Based on the application of job evaluation processes, the West Midlands Combined Authority uses the nationally negotiated pay spine as the basis for its local grading structure (known as the main salary scale). This determines the salaries of the majority of the workforce, together with the use of other nationally defined rates where relevant. The West Midlands Combined Authority's terms and conditions of employment for non-Chief Officers will be in accordance with collective agreements negotiated from time to time by the Passenger Transport Forum (PTF) for Passenger Transport Executive Staff set out in the Scheme of Salaries and Conditions of Service (Commonly known as the "Green Book") as amended or supplemented by such local collective agreements reached with trade unions recognised by the West Midlands Combined Authority, currently Unison. The association with the PTF is currently under review, with alternate collective agreement options being considered.
- 3.3. In determining its grading structure and setting remuneration levels for all posts, the West Midlands Combined Authority takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.
- 3.4. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate when a higher skill level and/or experience are applicable. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the West Midlands Combined Authority will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources.

#### **4. Market supplements**

- 4.1. The Authority has a policy to offer market supplements in instances where the substantive grade of the post is insufficient to attract or retain post holders in skill shortage areas, based on evidence of recruitment and retention difficulties. The Market supplement has been defined in the form of 2 additional increments added to the main salary scale, or it will consider the use of temporary market forces supplements in accordance with its relevant policies.

#### **5. Senior Management Remuneration**

- 4.1. For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2020. Salaries quoted are based on the full time equivalent (FTE) of 36.5 hours per week. The table lists the 69 chief officer posts that make up 10.61% of the 650\* people employed by the West Midlands Combined Authority.

*\*Refers to the staffing count as at 1<sup>st</sup> January 2021 which includes all permanent, temporary and casual employees*

<b>Title</b>	<b>Grade</b>	<b>Pay</b>
Chief Executive	Chief Executive	£200,440.00

<b>Title - Executive Directors</b>	<b>Grade</b>	<b>Minimum</b>	<b>Maximum</b>
Managing Director - Transport for West Midlands	Directors (6 posts)	£120,000.00	£140,000.00
Director of Strategy		£110,000.00	£130,000.00
Director of Skills & Productivity			
Director of Public Service Reform			
Director of Housing and Regeneration			
Finance Director			

<b>Title - Operational Directors</b>	<b>Grade</b>	<b>Minimum</b>	<b>Maximum</b>
Executive Director. WMRE	Operational Directors (8 posts)	£80,000.00	£120,000.00
Director of Development and Delivery			
Director of Policy Strategy & Innovation			
Director of Integrated Services			
Director of Network Resilience			
Investment and Commercial Activities Director			
Head of Governance			
WMM Projects Director			

<b>Title - SLT Direct Report</b>	<b>Grade</b>	<b>Minimum</b>	<b>Maximum</b>
Head of Financial Planning	SLT Direct Report (9 posts)	£80,000.00	£110,000.00
Head of the Chief Executive's Office			
Chief of Staff to Mayor			
Strategic Head of Digital and Data			
Head of Implementation: PSR and Prevention			
Head of HR and Organisational Development			
Director- Energy Capital			
CWG Technical Director			
Head of Business Engagement - Productivity			

<b>Title - Head Of Service</b>	<b>Grade</b>	<b>Minimum</b>	<b>Maximum</b>
Head of Strategic Assets	Head of Service (33 posts)	£60,000.00	£85,000.00
Head of Strategic Facilities Management			
Head of Safety, Security and Emerg. Planning			
Head of Rail Development and Integration			
Key Route Network Manager			
Head/Manager of Demand Management			
Head of Transport Innovation			
Head of Rail Franchising and Partnership			
Head of Skills Delivery			
Head of Rail Development			
Head of Policy – Housing and Regeneration			
Head of Network Transformation			
Head of Sprint			
Head of Swift			
Head of Economy and Local Industrial Str			
Head of Transport Implementation			
Head of WMM Development Services			
Head of Bus			
Financial Controller			
Head of Business Development and Partner			
Head of Customer Experience			
Head of Delivery and Policy			
Head of Finance Business Partnering			
Head of Operational Assets			
Head of Business Planning & Performance Reporting			
Head of Structuring - Investment			
Head of Thrive			
Head of Transport Strategy and Planning			
Head of Wellbeing and Prevention			
Head of Policy, Programme Development			
Head of Road Network Management & Traffic			
Head of Transformational Change			
Head of Cycling and Walking			

<b>Title - SME (Subject Matter Expert)</b>	<b>Grade</b>	<b>Minimum</b>	<b>Maximum</b>
Head of IT Delivery	SME (Subject)	£60,000.00	£85,000.00
WMM Project Sponsor			

Head of Environment Senior Implementation Manager (OPE) Head of Park & Ride Senior Development Manager Senior Implementation Manager Strategic Lead Transport Intelligence Senior Development Manager Programme Sponsor WMRE CWG Head of Spectator Transport CWG Senior Program Manager	Matter Expert) (12 posts)		
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\*\* Business Transformation is ongoing and will continue to review the number and type of senior posts required

For information the main salary scale, covering the majority of the workforce, is shown in the Appendix.

## 5. Recruitment of Chief Officer Related Posts

- 1.1. The West Midlands Combined Authority's policy and procedures with regard to recruitment of chief officer related posts is set out within the Constitution which can be accessed [click here](#). The West Midlands Combined Authority shall appoint seven separate Members from the Constituent Councils, the Mayor and any other additional person as required, as members of the Employment Committee. When recruiting to all posts the West Midlands Combined Authority will take full and proper account of its own policies and procedures. The determination of the remuneration to be offered to any newly appointed chief officer related position will be in accordance with the pay structure and relevant policies in place at the time of recruitment. The agreement of pay and conditions for the Chief Executive and Chief Officers are in accordance with the Joint Negotiating Committee for Chief Officers of Local Authorities'. Where the West Midlands Combined Authority is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.
- 1.2. Where the West Midlands Combined Authority remains unable to recruit to chief officer related posts under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer related post, the Authority will, where necessary, consider engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the West Midlands Combined Authority is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The temporary filling of a vacancy for a post of Chief Officer or Deputy Chief Officer will be for a period of no more than 12 months.

## 2. Additions to Salary of Chief Officer Related Posts

- 2.1. The West Midlands Combined Authority does not normally apply any bonuses or performance related pay to its chief officer related posts. Chief Officers are currently employed on a fixed salary with no incremental scale. Where additional responsibility is undertaken, the Authority may apply an honorarium reflective of the additional duties undertaken.

## 3. Payments on Termination

- 3.1. The West Midlands Combined Authority's approach to discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set

out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

- 3.2. The circumstances of each individual redundancy case will be assessed, each specific case will be judged equally and fairly on its own merits.

For redundancy payment purposes the following applies to all post holders:

- All continuous service with local authority and other bodies specified by *The Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order*, as amended, counts towards the entitlement to and calculation of a payment. Any service already taken into account by a Scheme employer in calculating compensation under these or similar Regulations will be excluded.
  - No employee may receive a redundancy payment in a sum greater than their current annual salary as at the date of redundancy. (This excludes any payment for pay in lieu of notice).
  - Statutory or enhanced redundancy pay will be paid to those with over 2 years continuous employment. Payment for each week's pay will be calculated on the number of statutory weeks, based on an employee's age and length of employment. Length of service is capped at 20 years.
  - A week's pay for the calculation of the enhanced redundancy payment shall be the actual amount of a week's pay based on the annual salary as at the date of redundancy. To calculate the enhanced redundancy payment this shall be multiplied by a factor of 1.75.
- 1.1. Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the West Midlands Combined Authority or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.
- 1.2. All termination payments shall consider and align to the Restriction of Public Sector Exit Payments Regulations 2020.

## **2. Publication**

- 2.1. Upon approval by the West Midlands Combined Authority Board, this statement will be published on the West Midlands Combined Authority's website.
- 2.2. In addition, the West Midlands Combined Authority's Annual Statement of Accounts will include a note setting out the number of staff whose total remuneration is at least £50,000 and for chief officer posts it will show the amount of
- salary, fees or allowances paid to or receivable by the person in the current and previous year;
  - employer's contribution to the person's pension;
  - any bonuses so paid or receivable by the person in the current and previous year;
  - any sums payable by way of expenses allowance that are chargeable to UK income tax;
  - any compensation for loss of employment and any other payments connected with termination;

- any benefits received that do not fall within the above.

### **3. Lowest Paid Employees**

- 3.1. The West Midlands Combined Authority has adopted the principle to pay the UK Real Living Wage. The lowest paid persons employed under a contract of employment with the West Midlands Combined Authority are employed in accordance with the minimum spinal column point currently in use within the Authority's grading structure. As at 1st April 2020 this is £19,942 per annum and is 7 points higher than the main pay spine minimum and 3 points higher than the UK Real Living Wage minimum in the spinal column. West Midlands Combined Authority have obtained living wage foundation accreditation.
- 3.2. The West Midlands Combined Authority employs Apprentices who are not included within the definition of 'lowest paid employees' as the terms and conditions are determined by the National Apprenticeship Service. The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.
- 3.3. The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that "it would not be fair or wise for the Government to impose a single maximum pay multiple across the public sector". The West Midlands Combined Authority accepts the view that the relationship to median earnings is a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.
- 3.4. The current pay levels within the West Midlands Combined Authority define the multiple between the lowest paid employee and the Chief Executive as 1:9.68 and; between the lowest paid and average chief officer as 1:3.98. The Authority's multiplier falls well below Lord Hutton's public sector threshold.
- 3.5. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the West Midlands Combined Authority will use available benchmark information as appropriate.

### **4. Re-engagement and Re-employment of former Chief Officer Related Posts**

- 4.1. West Midlands Combined Authority would not normally re-employ or re-engage chief officers who were previously employed by the Authority and who on ceasing to be employed, received severance or redundancy payment. This applies to chief officers employed on permanent, temporary and external contracts.

### **5. Accountability and Decision Making**

- 5.1. In accordance with the Constitution of the West Midlands Combined Authority, the Employment Committee is responsible for decision making in relation to the recruitment, pay,

terms and conditions and severance arrangements in relation to chief officer positions within the West Midlands Combined Authority. Overall the Authority aims to maintain a mid-market position on chief officer pay in comparison to similar authorities.

**West Midlands Combined Authority - SALARY SCALES**  
**INCREASED WITH EFFECT FROM 1 APRIL 2020**

	<b>NEW BASIC SALARY W.E.F.1.4.20</b>
<b>SALARY POINT</b>	<b>PER ANNUM</b>
9	17,050
10	17,477
11	17,962
12	18,026
13	18,135
14	18,744
15	19,328
16	19,942
17	20,705
18	21,392
19	22,104
20	22,668
21	23,578
22	24,515
23	25,504
24	26,521
25	27,579
26	28,686
27	29,829
28	31,021
29	32,268
30	33,555
31	34,899
32	35,945
33	37,024
34	38,129
35	39,278
36	40,461
37	41,671
38	42,919
39	44,209

40	45,536
41	46,900
42	48,308
43	49,757
44	51,251
45	52,792
46	54,371
47	56,008
48	57,687
49	59,411
50	61,194

<b>MARKET SCALES</b>	<b>NEW BASIC SALARY W.E.F.1.4.20</b>
<b>SALARY POINT</b>	<b>PER ANNUM</b>
51	63,029
52	64,921