

Housing & Land Delivery Board

Date	15 September 2021
Report title	Business Cases to HM Government: Update Report
Portfolio Lead	Housing & Land - Councillor Mike Bird
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority
Accountable Employees	Gareth Bradford, Director of Housing & Regeneration Rob Lamond, Strategic Planning Manager
Report has been considered by	Informal Housing & Land Delivery Board - 7 July 2021 Housing & Land Steering Group - 25 August 2021

Recommendation(s) for action or decision:

The Housing & Land Delivery Board is recommended to:

- (1) Note the progress of business cases and proposals to HM Government for new funding and investment as agreed by Housing and Land Delivery Board and in alignment with the portfolio's High Level Deliverables for 2021/22.

1.0 Purpose

- 1.1 The purpose of this paper is to update the Housing & Land Delivery Board on the progress of business cases being developed to secure further funding from HM Government for the region - as agreed by the Housing and Land Board and set out in the portfolio's High Level Deliverables for 2021/22.

2.0 Background

- 2.1 The Housing and Land Portfolio has a successful track record of securing significant funding from HM Government in recent years. The landmark £350m Housing Deal agreed in 2018, including the £100m Land Fund, demonstrated the region's ambitions and ability to enable and deliver major funding programmes administered by WMCA.
- 2.2 During 2020 the WMCA also successfully secured two further devolved housing and land funds: the £84m Brownfield Housing Fund, and £24m from a £40m National Competitive Fund. Both of these funds are now being deployed in the region by WMCA via the Single Commissioning Framework to enable and unlock schemes throughout the region – driving additional new homes, jobs and commercial floorspace.
- 2.3 Alongside securing the additional funding in 2020, the Housing and Land portfolio published its “Economic Recovery Strategy and Implementation Plan”, agreed by Housing and Land Delivery Board in September 2020, setting out its response to the Covid-19 pandemic and key asks of Government to drive economic recovery. This strategy, developed with partners and in collaboration with Delivery Steering Group, aligned with and fed directly into the region's “Recharge” document presented to Government during summer 2020.

3.0 Current position

- 3.1 The latest position regarding business cases in development and discussion with HM Government is set out in the section below.

3.2 Commercial and Employment Land Business Case

The July 2021 meeting of Housing & Land Delivery Board discussed and supported the proposal for a new Commercial and Employment Land Development Fund and the principles of a supporting delivery strategy/plan. Following this an initial proposal document was discussed with Whitehall officials.

- 3.3 Engagement with local authorities, West Midlands Growth Company and the Commercial Property Forum has informed the development of the business case proposals throughout. The WMCA has worked with local authority partners to develop a comprehensive and robust pipeline of sites that supports and demonstrates the ability of this proposed fund to enable thousands of jobs and new investment in the region. We would like to note our thanks to all partners for their engagement and input to this work.
- 3.4 Further engagement with Government is continuing prior to the forthcoming Comprehensive Spending Review expected in Autumn 2021. Further updates will be provided to this Board on feedback from Government etc.

3.5 **Affordable Housing Business Case**

The “Affordable Housing” High Level Deliverable agreed by WMCA Board for 2021/22 included a target to “develop a revised investment case to central Government for funding to support affordable homes in the region”, building upon the ongoing work on affordable housing in the region and the objectives set in the Economic Recovery Strategy and Implementation Plan.

3.6 At the July 2021 briefing meeting of Housing and Land Delivery Board it was noted that the regional approach is not solely to secure new funding, but also to maximise the opportunities currently within the system to drive real additionality of affordable housing – for example, securing stronger relationships with Homes England to secure the greatest possible funding from the National Affordable Housing Programme into the region, and working with housing associations and private providers to secure more developments and investment.

3.7 Following the July meeting the WMCA has continued to engage and work with partners to refine its business case approach and where additionality will be brought by this funding over what currently exists. In particular work has focused on demonstrating the added value that WMCA funding and investment directed to affordable housing could bring to the work of Homes England, housing associations, local authorities and private sector investors. As with our proposals for the Brownfield Housing Fund and Commercial and Employment Land, the development of a robust and comprehensive pipeline of sites that would demonstrate the impact of the proposed funds has begun to underpin this process. We would like to thank members of Delivery Steering Group, Homes England and West Midlands Housing Association Partnership for their thoughts, insights and contributions, and encourage continued dialogue with partners as we continue to develop this proposal.

3.8 It is intended that a proposal from WMCA will be shared with HM Government in Autumn 2021 to form the basis of ongoing discussions to secure this crucial funding for the region.

3.9 **Advanced Manufacturing in Construction (AMC) Business Case**

Following the publication of the ‘Recharge for the West Midlands’ document in Q2 2020, WMCA submitted an initial AMC investment case to government, seeking £50m of funding to supercharge the region’s construction and manufacturing sectors, bringing forward an additional 5,000 AMC homes, 600 jobs and 250,000sqft of manufacturing space.

3.10 The investment case focused on making the region a centre of excellence for AMC, providing a transparent pipeline and the investment necessary to support innovation and growth in the supply chain. The ask focused on 3 specific intervention areas, which would pump-prime the region’s AMC sector and support self-sustaining growth over a 3 to 5 year period. These intervention areas are as follows:

- Investment into new and upgraded manufacturing facilities for new build and retrofit products
- Investment into skills and training programmes
- Investment to enable significant additional AMC delivery

3.11 The proposal has been the subject of many discussions with officials across Government and this engagement is ongoing throughout 2021 as we seek to secure new investment into AMC in the region.

3.12 Zero Carbon Homes (ZCH) Business Case

At the June meeting of the Delivery Steering Group the group recommended the preparation an investment case to Government for funding to accelerate the transition to low and zero carbon building in the region. This investment case would need to focus on closing the identified viability gap of building to zero carbon homes standards and establish the region's position as a national exemplar for delivering affordable, zero carbon homes at scale. As with the investment case produced for the AMC programme, the focus would be two-fold: delivery of truly zero carbon homes on the ground and scaling up of the local industry and infrastructure to pump-prime the market for future delivery.

3.13 WMCA officers, in collaboration with the Delivery Steering Group, Taskforce and other private sector partners, have identified a series of priority interventions for inclusion in the investment case. These focus on addressing the barriers to ZCH delivery including:

- Supply chain capacity, in terms of the skills gap, manufacturing and innovation capability
- Legislative challenges, in terms of the Future Homes Standard incentivising energy transitions rather than carbon reduction across the building's whole life
- Volume, in terms of zero carbon homes requiring a transparent pipeline that will support economies of scale.

3.14 The specific interventions to be included in this proposal are being discussed by WMCA in collaboration with partners over coming months, with WMCA seeking to identify a 'prospectus' of sites, education/innovation and commercial interventions for the investment case. This work is ongoing and a draft proposal is due to be submitted for discussion at a forthcoming Housing and Land Board later this year.

4.0 Next Steps

4.1 As noted in Section 3 above, dialogue with HM Government and collaboration with partners is ongoing with regard to all proposals and further reports and updates will be provided to Housing and Land Delivery Board in due course.

5.0 Financial Implications

5.1 The paper is setting out the progress on the four business cases currently in development and are expected to submit to HMG this summer or autumn. The four business cases are Commercial and Employment Land, Affordable Housing Programme, Advanced Manufacturing in Construction (AMC) and Zero Carbon Homes (ZCH)

5.2 There are no direct finance implications from this paper, however there are financial implications to both submit and deliver the terms of any business case outlined in the paper. To ensure solid financial stewardship the team will endeavour to utilise internal resource first, only commissioning externally after all the internal options have been exhausted.

5.3 Any WMCA investment required to submit and deliver the business cases outlined in the paper would be governed and administered through the WMCA Single Assurance Framework, Single Commissioning Framework, the Commissions Pathway and in line with the accounting and taxation policies of the WMCA and HMRC.

6.0 Legal Implications

- 6.1 Section 113A(1)(a) of the Local Democracy, Economic Development and Construction Act 2009 gives the CA a power of competence appropriate for the purposes of carrying-out any of its functions. Part 4 of The West Midlands Combined Authority Order 2016 (2016 No 653) confers that the functions relating to any Economic development and regeneration in the constituent councils are exercisable by the CA. Part 3 of The West Midlands Combined Authority (Functions and Amendment) Order 2017 confers the functions corresponding to the functions of the Housing Community Agency has in relation to the combined area. Paragraph 10 (2) (a) of the 2017 Order confers the function of improving the supply and quality of housing to the Combined Authority, 10 (2) (b) to secure the regeneration or development of land or infrastructure in the combined area, 10 (2)(c) to support in other ways the creation, regeneration or development of communities in the combined area or their continued well-being and 10 (2)(d) confers the function of contributing to the achievement of sustainable development and good design.
- 6.2 Although there are no direct legal implications arising from this Report, legal input will be required on a case by case basis in relation to the contractual arrangements for each scheme delivered from funding programmes. Any co-investments including grant and/or loan funding from WMCA will need to comply with the criteria and governance systems set out in the WMCA Single Commissioning Framework.

7.0 Equalities Implications

- 7.1 There are no immediate equalities implications in relation to this report. However, individual strategies and delivery schemes will need to take into account local area needs and local stakeholder needs to ensure the schemes developed through the commercial land development fund benefit local residents, including harder to reach groups.

8.0 Inclusive Growth Implications

- 8.1 The proposed new funds will enable investment in sites encouraging housing, business growth and new jobs in local areas. The physical fabric of local environments will see significant improvement where once blighted brownfield sites are transformed into areas of thriving activity. This in turn will lead a better quality of life for existing residents.

9.0 Geographical Area of Report's Implications

- 9.1 The implications of this report cover the whole WMCA geography.

10.0 Other implications

N/A

11.0. Schedule of Background Papers