

Overview & Scrutiny Committee Questions and Observations: Mayoral Responses

Questions

- 1. What steps are to be taken to ensure that the WMCA and Transport for West Midlands review how Metro services came to be suspended, and that lessons would be learnt to ensure that a similar situation did not occur again?*

Following the suspension of the tram service in November a large amount of work has been undertaken between TfWM, Midland Metro Limited, and the manufacturer to accelerate the ongoing repair programme and enter into service new trams which had arrived, in order to reinstate a full service to Library.

Service was reinstated between Wolverhampton and Bull Street in December as a sufficient number of trams to make a safe and reliable service was available for customers. On 12th February, a full service to Library was resumed with a 12-minute frequency.

The decision to suspend service was not taken lightly but safety for customers was paramount. As a result of this action several reviews have been instigated to investigate the circumstances that led to this. A number of engineering reviews were already in progress (looking at the causes of the cracking issues) and a governance review has been instituted to assess the capacity and capability of the whole metro programme.

Now services have been reinstated fully, Mark Corbin, Interim Network Resilience Director, is currently preparing a “lessons learnt” exercise following the suspension of the tram service, including the level of response from TfWM. It is important to note that this exercise relates specifically to the resilience response of TfWM to support Midland Metro Limited (MML).

- 2. Can further assurance be provided that the key transport infrastructure being developed for the Commonwealth Games will be operational in time so as to ensure that connectivity and sustainability of the region’s transport network was able to meet the challenges of hosting an international sporting event of the scale of the Commonwealth Games?*

The Commonwealth Games (CWG) Integrated Transport Programme (TfWM, Organising Committee (OC)) are working closely with the capital transport projects teams (TfWM, BCC, HS2, National Highways and other accountable delivery authorities) and are monitoring progress closely. Several cross-partner monthly working groups are held to ensure that projects remain on track and that any potential risks to completion are being addressed as necessary (through securing agreement over and planning for any mitigations needed).

Through the CWG Capital Transport Integration Group (CTIG) we are ensuring that capital transport projects due to be completed are progressing to schedule. This is

done through creating visibility on any risks/issues that need support pre-Games between the relevant leadership at the OC and the parties responsible for any capital transport projects scheduled to be completed in time for the Games. Similarly, CTIG works to ensure that there is effective integration and work on mitigations for any projects scheduled to be in construction during the Games. CTIG's efforts cover Sprint, Metro, Rail, Highways, and some minor Public Realm projects.

The Perry Barr Infrastructure Coordination Group (PBICG) chaired by Birmingham City Council has been set up to ensure the timely completion of several key capital projects being delivered in that area. That is to say, Perry Barr Station and Bus Interchange, A34 Highways, Alexander Stadium, Alexander Stadium Transport Malls, and A34 Sprint. PBICG is currently working on progressing completion, demobilisation, and reinstatement plans for these projects. All projects are currently forecast to finish in time for the Games and ahead of test events planned in May.

These completed projects will be assessed as part of 'test events' before the Games, likely through May, June, and July. The CWG Transport Operations team (OC, TFWM) will run a Testing, Exercising and Readiness (TER) programme, to prepare both the operations and wider transport network for smooth operations during Games time, safeguarding capacity whilst accommodating increased demand.

In addition, the Department for Transport (DfT) and Department of Culture, Media and Sport (DCMS) are working with TfWM on planning for major national projects such as HS2 and National Highways, to ensure that adequate mitigations are in place to enable their ongoing construction during the Games period.

The B2022 CWG Transport team have recently published the Games Transport Plan, the statutory plan for transport for the Games. This blueprint will ensure that sustainable, accessible transport will be delivered for the Games. It will also help deliver the longer-term legacy of the Games, insofar as it supports the completion of several key capital transport infrastructure projects.

As regards the Metro Edge Extension (part of Westside extension), the extension should be operational ahead of the games, subject to completion of matters associated with the relevant Transport Regulation Orders. TfWM and BCC are working together with relevant businesses within this location to ensure that these TROs are progressed and works can resume to complete the metro delivery taking into account concerns raised by these local stakeholders.

As regards the Wolverhampton extension, progress is being made with colleagues at Network Rail to resolve those outstanding design issues that remain a risk. Obtaining clear agreements with Network Rail (expected by the end of February) will solidify confidence in delivery ahead of the CWG. In the meantime, Midland Metro Alliance (MMA) is progressing with all works that are not subject to Network Rail approvals.

3. *What specific measures are Transport for West Midlands currently looking at that will seek to mitigate the potential removal of the Government's pandemic support funding for public transport from April 2022?*

The WMCA and TfWM are continuing proactively to manage the risks around funding beyond FY 2021/22 through discussions with Government and operators of buses and trams. These focus on understanding and considering the implications of funding reductions and falls in revenue to operators. The WMCA and TfWM also continue to engage and lobby through the Urban Transport Group (UTG) through which other city regions can come together in the face of similar challenges.

Issues around rail services are being managed centrally through Government. We are working closely with local rail providers to manage the impacts of emerging Government decisions, to review the impact of any changes, and to ensure that customers are appropriately kept informed. Much of the recent challenge facing rail services has been driven by substantial staff shortages linked to Covid, which we hope will continue to reduce.

Light rail funding is in place until 5th April 2022 to support services as they recover from the impact of Covid 19. Discussions are ongoing with DfT regarding funding after this date and the WMCA continues to actively engage in and support the development of cases for continued funding.

On the bus network, across the region the funding to bus operators is made up of a combination of revenue from customers, subsidy through concessions and tendered bus from TfWM, and direct temporary Government funding known as Bus Recovery Grant. The Bus Recovery Grant (BRG) and the concessions funding make up the revenue difference created by the reduction in the number of passengers through Covid. BRG funding is currently due to end at the start of April 2022. If funding is reduced or cut off prematurely before sufficient numbers of passengers have returned to the network, there may be a significant risk to bus services across the region. We are working with and lobbying Government to ensure continued funding to mitigate these risks. Government is considering continued recovery grant and we are lobbying for 12 months to assist with a managed transition of the bus network and to ensure we have minimal changes to the bus network during the commonwealth games.

Our region also faces a very particular issue, insofar as we need to ensure that the transport network remains stable to support the additional visitor numbers expected for the CWG. This element of the overall discussions with DfT (which also involves other departments such as DCMS) – i.e. to clarify that effective funding will be in place to support services both in the run up to and during the games period – presents a risk to the region. That is to say, the risk of cutting services prior to a major Global sporting event. There are promising signs from discussions but as yet no confirmation.

4. *Can further information be provided as to the considerations currently being undertaken regarding the financial viability of the Wednesbury - Brierley Hill Metro extension and any impact that these considerations may have on the construction timetable?*

The project is mostly funded from DfT and Investment Programme borrowing, with that borrowing being repaid via Gainshare grant. This is expected to be secure for the duration of the Investment Programme (subject to the necessary gateway reviews).

An element of funding for the scheme will be derived from passenger fares. The financial model underpinning that assessment includes variables around the number of passengers, metro fares, operating costs, cost of delivery, and interest rates. Over the course of the last two years (i.e. since the pandemic), these variables have been updated in line with the most up to date forecasts. However, since the financial model looks over a long-term horizon, the model will contain areas of uncertainty - as is common in any such financial model - against which scenario testing is applied to provide adequate assurance.

The WMCA is ensuring that stakeholders are kept abreast of the latest outputs from the model and continually reviews risks, opportunities, and appropriate mitigations with relevant stakeholder groups.

In terms of cost and programme, no deviation from the original business case has been presented to the WMCA Board. Should this position change, the WMCA will be required to submit a change control via the Single Assurance Framework for approval by WMCA Board.

The WMCA is working with colleagues across Dudley and Sandwell to ensure we have a robust plan for delivery, particularly in the context of the wider regeneration and investments that the metro line is generating. This work is due to report back to WMCA board members in July.

5. *What specific decision-making roles does the WMCA have within the proposed Affordable Housing Vehicle, and how might this vehicle help deliver more social housing supply within the region?*

For clarity and as set out to the Housing and Land Board and Housing Scrutiny Review, a brand new dedicated delivery vehicle or joint venture with housing associations as originally conceived in 2019 and 2020 is not proposed at this stage of the Board's programme of work on collaboration and co-investment with housing associations to deliver additional affordable housing in the region. To note, Kevin Rogers, the chair of the West Midlands Housing Association Partnership, the regional association for housing associations, is a member of the Housing and Land Board.

Work is taking place under the Housing and Land Board in 2022/23 as part of the broader work with housing associations, to develop and test an innovative

pilot joint approach to securing additional affordable housing delivery with a group of housing associations on a few (to be identified) WMCA sites. In line with the clear steers provided by the Housing and Land Delivery Board and the Overview and Scrutiny Committee, the proposed pilot approach will only be acceptable if it clearly demonstrates the key principle of maximising affordable housing delivery on all potential schemes, alongside strong commitments to low carbon, and wider inclusive growth requirements including social value and benefits. The housing associations are bringing forward some example schemes for consideration in a pilot approach against these clear steers from the Board and Scrutiny. These will be presented in due course to Housing and Land Board for consideration [and to Scrutiny's Housing Working Group]. Central to these proposals will be demonstrating clear evidence of the potential to deliver significantly more affordable housing on publicly owned sites than the conventional market approaches would achieve.

On decision-making, to repeat, a formal new delivery vehicle or joint venture with housing associations as originally conceived in 2019 and 2020 is not proposed at this stage. In terms of governance and decision-making on any pilot approach or any land or investment required for that pilot, the position here is quite clear. Any future consents or approvals (e.g. for land, investment, establishing new board structures) or decision-making within a joint approach will need to be robustly tested, scrutinised, and subject to the appropriate appraisal, business case, and approval processes in accordance with WMCA governance. The approach to Help to Own provides a good model here we can follow in terms of development, scrutiny, and challenge of a pilot approach. Where the pilot requires devolved housing and land investment it will also need to comply with the criteria and systems set out in the WMCA Single Commissioning Framework. An update is going to the next Housing and Land Board (3rd March) and the next stage after that is to receive the example proposals from the housing associations for the pilot approach against the criteria and to bring forward appropriate recommendations and advice on that basis.

Observations

A. In terms of the housing delivery vehicle, the committee sought confirmation as to whether it captured all of the housing associations with a significant allocation of the £8.1bn and questioned how they had been chosen. The Mayor agreed to provide a briefing note on this matter that provided the transparency sought by the committee. The nature of the £8.1bn and how it fitted with the delivery vehicle and housing need would be referred to the Overview & Scrutiny Housing Review for further investigation.

By way of an update - Cllr Lisa Trickett has asked for this information to be provided as part of the work being undertaken by the Housing Scrutiny Review. I am currently liaising with the Housing & Regeneration team.

Homes England's 2021 wave of Strategic Partnership announcements included over £1bn in allocations for Registered Providers (RPs) active in the West Midlands. (NB: this does not mean all the funding will be deployed in the region, due to the geographic spread of RP business across regions). The RPs included in this wave were:

Registered Provider	Funding
Bromford	£239.9m
EMH and Midland Heart	£171.7m
GreenSquareAccord	£212.9m
Orbit	£103.9m
Platform	£250m
Sanctuary	£99.5m
TOTALS	£1,077.9m

In order to deliver the additional affordable homes required in the region the WMCA is, amongst other things, working with RPs, including those designated as Strategic Partners by Homes England, to maximise Affordable Homes Programme investment in the West Midlands. It is also as part of the Housing and Land Board’s affordable housing work programme securing more private sector investment into affordable homes in the region; leveraging the WMCA’s existing and new brownfield funds to maximise increased delivery of affordable housing, supply of new products, and wider benefits to the region; working with Homes England to align funding programmes and systems for delivery of affordable housing; and maximising the impact of public sector land disposals to address housing needs and deliver the homes local areas need.

On the question of selection of the RPs for the pilot – the RPs put themselves forward for a joint approach with WMCA. To provide context, in 2019 housing association partners from the West Midlands Housing Association Partnership (WMHAP) first approached WMCA with proposals for an exciting joint approach to affordable housing delivery in the region on brownfield sites. WMHAP is a partnership of circa 30 housing associations across the West Midlands. All of the six Homes England West Midlands Strategic Partnerships include WMHAP members.

A subset of housing associations from WMHAP then put themselves forward to invest in a potential pilot affordable housing joint approach fully supported by the wider partnership. This support and approach has been reiterated several times by the chair of WMHAP at the Housing and Land Board, where they are a member. All WMHAP partners have been included in the ongoing developments on the pilot approach and had the opportunity to take part.

The five potential investing housing associations in the pilot (Accord Housing Association Limited, Bromford Housing Group, Citizen Housing Group Limited, Midland Heart Limited, and whg (Walsall Housing Group Limited)) are those that self-selected to commit to initial developments (subject to agreement). As set out to Housing and Land Board by the chair of WMHAP, other housing associations can of course join the group, and the affordable homes developed by the partnership will be

available for 'offtake' by any Registered Provider (subject to the necessary agreements).

Four of the five potential investor housing associations are included in Homes England Strategic Partnerships in the West Midlands: Bromford, Midland Heart, GreenSquare Accord and Citizen (as part of the Matrix group with GreenSquare Accord). It is worth noting that this is just the latest wave of strategic partner announcements. The fifth investor in the vehicle, Walsall Housing Group (WHG), were included in a previous wave announced in January 2019 and received £38.7m for 1,000 homes.

B. The Mayor assured members that within the 2022/23 budget, non-statutory travel concessions were maintained. However due to the deficit, in subsequent years the WMCA might need to make some difficult decisions. Members stressed the importance of maintaining the bus network that provided a vital service for the poorest communities. Further to the concerns raised by Councillor Vera Waters regarding National Express West Midlands, the Mayor agreed to ensure that she was provided with the opportunity to join National Express West Midlands Customer Panel.

Pete Bond, Director of Integrated Transport Services has spoken directly to Councillor Vera Waters and looked to engage her to support TfWM and the bus operators by getting her involvement and feedback. Councillor Waters has been passionate and hugely supportive of bus services.

C. The Mayor explained the changes made following the devolution of the Adult Education Budget to the WMCA, including the reduction in contracts and the improvements made in the quality of the level of the workforce across the region. The Mayor welcomed dialogue with the Young Combined Authority on the issues around the Kickstart Programme and the take up of apprenticeships.

The Mayor continues to welcome dialogue with the YCA and looks forward to speaking with them on issues such as the Kickstart Programme and the take up of apprenticeships as soon as time can be agreed for their next meeting. The Productivity and Skills Directorate would also welcome the opportunity to discuss these issues with the YCA.