



# WEST MIDLANDS COMBINED AUTHORITY

## Board Meeting

**Date:** 17 February 2017

**Time:** 11.00 am

**Public Meeting?** YES

**Venue:** Panorama Rooms 1 and 2, University of Warwick, Coventry CV4 7AL

### Membership

#### Constituent Members

Birmingham City Council  
City of Wolverhampton  
Coventry City Council  
Dudley Metropolitan Borough Council  
Sandwell Metropolitan Borough Council  
Solihull Metropolitan Borough Council  
Walsall Metropolitan Borough Council

#### Non-Constituent Members

Black Country LEP  
Coventry and Warwickshire LEP  
Greater Birmingham and Solihull LEP  
Telford and Wrekin Council  
Cannock Chase District Council  
Nuneaton and Bedworth Borough Council  
Redditch Borough Council  
Tamworth Borough Council

#### Observers Awaiting Membership

North Warwickshire Borough Council  
Rugby Borough Council  
Shropshire Council  
Stratford on Avon District Council  
Warwickshire County Council  
The Marches LEP  
Herefordshire Council

#### Observers

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

Quorum for this meeting shall be at least one member from five separate constituent councils.

### Information for the Public

If you have any queries about this meeting, please contact the democratic support team:

**Contact** Jaswinder Kaur  
**Tel/Email** 01902 550320 [jaswinder.kaur2@wolverhampton.gov.uk](mailto:jaswinder.kaur2@wolverhampton.gov.uk)  
**Address** Combined Authority, Civic Centre, 1st floor, St Peter's Square,  
Wolverhampton WV1 1RL

# Agenda

Item No. Title

## Part 1 – Matters Open to the Public and Press

No.	Item	Presenting/ Cabinet Member or officer	Papers
<b>1.</b>	<b>Meeting Business Items</b>		
1.1	Apologies for absence	Councillor Bob Sleigh	None
1.2	Declarations of Interest (if any)	Councillor Bob Sleigh	None
1.3	Minutes of the WMCA Meeting held 20 January 2017	Councillor Bob Sleigh	Attached
1.4	Forward Plan	Councillor Bob Sleigh	Attached
1.5	Chairs Remarks	Councillor Bob Sleigh	None
<b>2.</b>	<b>Housing and Land</b>		
2.1	West Midlands Land Commission	Councillor Sean Coughlan	Attached
<b>3.</b>	<b>Combined Authority Governance</b>		
3.1	Minutes of the Overview and Scrutiny Committee held on 16 December 2016 – to note	Clerk to the Combined Authority	Attached
3.2	Minutes of the Transport Delivery Committee held on the 9 January 2017 – to note	Clerk to the Combined Authority	Attached
3.3	Minutes of the Audit, Risk & Assurance Committee held on the 27 January 2017 – to note	Clerk to the Combined Authority	Attached
<b>4.</b>	<b>Chair of West Midlands Combined Authority</b>		
4.1	Mayoral Combined Authority 'Functions' Order Update	Councillor Bob Sleigh	Verbal Update
4.2	Devolution Update	Councillor Bob Sleigh	Verbal Update
4.3	Trade Union Congress Engagement with the Combined Authority	Councillor Bob Sleigh	Attached

<b>5.</b>	<b>Transport</b>		
5.1	Network Resilience - Preliminary Report	Councillor Roger Lawrence	Attached
5.2	HS2 Connectivity Package	Councillor Roger Lawrence	Attached
5.3	Swift Programme 2017	Councillor Roger Lawrence	Attached
5.4	West Midlands Bus Alliance Annual Report	Councillor Roger Lawrence	Attached
5.5	Movement for Growth and Transport Monitoring	Councillor Roger Lawrence	Attached
<b>6.</b>	<b>Economic Growth</b>		
6.1	Economic Growth Portfolio Update	Councillor John Clancy	Verbal Update
6.2	WMCA Growth Company	Councillor John Clancy	Presentation
<b>7.</b>	<b>Health and Wellbeing</b>		
7.1	Health and Wellbeing Portfolio Update	Councillor Pete Lowe	Verbal Update
<b>8.</b>	<b>Productivity and Skills</b>		
8.1	Employment Support Pilot	Councillor George Duggins	To Follow
<b>9.</b>	<b>Finance and Investment</b>		
9.1	2017/18 Combined Authority Operational Budget	Councillor Izzi Seccombe	Attached
9.2	2017/18 Combined Authority Consolidated Budget	Councillor Izzi Seccombe	Attached
9.3	2017/18 WMCA Treasury Management Strategy	Councillor Izzi Seccombe	Attached
9.4	Land Remediation Fund	Councillor Izzi Seccombe	Attached
<b>10.</b>	<b>Any Other Business</b>		
10.1	None Notified		
<b>11.</b>	<b>Date of Next Meeting</b>		
11.1	Friday 3 March 2017, 11:00 – 13:00		

[NOT PROTECTIVELY MARKED]



# WEST MIDLANDS COMBINED AUTHORITY

## Board Meeting

Friday 20 January 2017

### Minutes

#### Members

Birmingham City Council	Councillor Ian Ward
City of Wolverhampton Council	Councillor Roger Lawrence
Coventry City Council	Councillor George Duggins
Coventry City Council	Councillor Abdul Khan
Dudley Metropolitan Borough Council	Councillor Pete Lowe – Vice Chair
Sandwell Metropolitan Borough Council	Councillor Steve Trow
Solihull Metropolitan Borough Council	Councillor Bob Sleigh – Chair
Solihull Metropolitan Borough Council	Councillor Ian Courts
Walsall Metropolitan Borough Council	Councillor Sean Coughlan
Coventry and Warwickshire LEP	Nick Abell
Nuneaton and Bedworth Council	Councillor Dennis Harvey
Redditch Borough Council	Councillor Bill Hartnett
North Warwickshire Borough Council	Councillor David Humphreys
Rugby Borough Council	Councillor Michael Stokes
Stratford –on- Avon District Council	Councillor Chris Saint
Warwickshire County Council	Councillor Izzi Seccombe

#### Observers

Police & Crime Commissioner	David Jamieson
West Midlands Fire & Rescue Service	Councillor John Edwards

#### Officers In Attendance

Birmingham City Council	Mark Rogers
City of Wolverhampton Council	Keith Ireland
Coventry City Council	Martin Reeves
Dudley Metropolitan Borough Council	Sarah Norman
Solihull Metropolitan Borough Council	Nick Page
Walsall Metropolitan Borough Council	Paul Sheehan
Black Country Consortium	Sarah Middleton
Coventry and Warwickshire LEP	Paula Deas
Greater Birmingham and Solihull LEP	Katie Trout
Cannock Chase District Council	Tony McGovern
Nuneaton and Bedworth Council	Alan Franks
Redditch Bromsgrove Council	Kevin Dicks
North Warwickshire Borough Council	Steve Maxey
Rugby Borough Council	Adam Norburn
Stratford-on- Avon District Council	Dave Buckland

Warwickshire County Council  
The Marches LEP  
Police & Crime Commissioner Office  
West Midlands Fire Service  
Transport for West Midlands  
West Midlands Combined Authority  
West Midlands Combined Authority  
Mental Health Commission  
Birmingham City Council  
Birmingham City Council  
Birmingham City Council  
Birmingham City Council  
City of Wolverhampton Council  
City of Wolverhampton Council  
City of Wolverhampton Council  
City of Wolverhampton Council  
Solihull Metropolitan Borough Council  
Solihull Metropolitan Borough Council  
Chair of Transport Delivery Committee

Monica Fogarty  
Gill Hammer  
Jonathan Jardine  
Phil Loach  
Laura Shoaf  
James Aspinall  
Jan Jennings  
Sean Russell  
Paul Dransfield  
Sean Russell  
Tony Smith  
Rob Connelley  
Rachel Ratcliffe  
Louise Sketchley  
Chris Tunstall  
Jaswinder Kaur  
Rachel Egan  
Andrew Kinsey  
Councillor Richard Worrall

Item No. Title

1. **Meeting Business Items**

1.1 **Apologies for absence**

Apologies for absence were received from Councillor John Clancy, (substituted by Councillor Ian Ward), Councillor Steve Eling (substituted by Councillor Steve Trow), Councillor Lee Jeavons, Stewart Towe, Steve Hollis, Jonathan Browning (substituted by Nick Abell), Councillor Shaun Davis, Councillor George Adamson, Councillor Steven Claymore, Councillor Malcolm Pate, Councillor Tony Johnson, Graham Wynn.

1.2 **Declarations of Interest (if any)**

There were no declarations of interest.

1.3 **Minutes of the WMCA Meeting held 9 December 2016**

That the minutes of the 9 December 2016 Board meeting be agreed as an accurate record.

1.4 **Forward Plan**

Resolved:

- That the Forward Plan be amended to include 'Welcome of the Mayor'.
- That the Forward Plan be noted.

## 1.5 **Chairs Remarks**

Councillor Bob Sleight advised that he and other Members had met Lord Adonis at an Infrastructure Commission, which provided members with an opportunity to highlight key issues for the West Midlands. The contribution of Birmingham Airport to the entire UK was also presented.

Councillor Roger Lawrence added that it was emphasised that HS2 was not the only issue to be gained/resolved and the connectivity package for the whole of the region was crucial. Transport schemes needed to be packaged up more effectively. Case studies for the East and West Midlands were to be considered by Lord Adonis.

The Chair thanked the West Midlands Police and Crime Commissioner on the work on the M6 Commission. The West Midlands Police and Crime Commissioner thanked the Chair for his contribution at the meeting. The Commission looked into the congestion issues and network resilience, the West Midlands Police and Crime Commissioner confirmed that he had addressed any policing issues immediately and issues with key partners. A final report would be circulated to the board. He further added following a separate meeting with Highways England a number of other issues were raised which required addressing. Going forward the West Midlands Police and Crime Commissioner would take forward the issues with the Mayor.

## 2. **Combined Authority Governance**

### 2.1 **Minutes of the Transport Delivery Committee held on 5 December 2016**

Resolved:

That the draft Minutes of the Transport Delivery Committee held on 5 December 2016 be noted.

### 2.2 **Report confirming Board decisions of 9 December 2016**

Keith Ireland presented a report to approve the recommendations presented to the Board at its meeting on 9 December 2016 relating to the Coventry City Centre South Development, and decision to opt-in to the national scheme for auditor appointments.

Resolved:

1. That the recommendations contained in the report at agenda item 10.1 (and corresponding private item no. 13.1) to the Board on 9 December 2016 relating to the Coventry City Centre South Development be approved.
2. That the recommendations contained in the report at Agenda item 10.5 to the Board on 9 December 2016 relating to the decision to opt-in to the national scheme for auditor appointments be approved.

### **3. Chair of West Midlands Combined Authority**

#### **3.1 Mayoral Combined Authority 'Functions' Order Update**

Chris Tunstall provided an update on the Mayoral Combined Authority Functions Order. The lawyers were working through the latest version of the Order and the Finance Order and any comments would be reported to DCLG. It was expected that final checks would take place before the February parliamentary recess so that the Order can be laid at the new session of Parliament in March.

#### **3.2 Driving Policy Development for Devolution**

Mark Rogers presented a report on proposals on how to bring more focus to the policy development work of the Devolution Strategy Group. The WMCA required a long-term strategic approach to devolution. It was recommended that the Health Group be expanded to cover Health and Social Care and that a Fiscal Devolution Group be set up. He went on to clarify that the role of the DSG was to ensure that priorities from the commissions were packaged up correctly to develop medium/long-term strategy and then engage with government to present future devolution asks.

In response to a question by Councillor Pete Lowe on existing governance arrangements, Mark Rogers clarified that it was recognised that there were existing governance arrangements in place and these would be respected.

The West Midlands Police and Crime Commissioner highlighted that as part of housing and land the issue of gypsy and travellers also needed to be considered in terms of the financial and economic costs to the region. A more coherent approach was required in the region. It was noted the West Midlands Police and Crime Commissioner was currently undertaking a review. Councillor Izzi Seccombe added that the Warwickshire Police and Crime Commissioner raised similar issues at a Summit and a joined-up approach would be welcomed.

Councillor Ian Courts added that devolution process required a geographical input and wider member input.

In response to Councillor Sean Coughlan's question on membership of the fiscal devolution group, Martin Reeves responded that membership would be wider than just finance directors.

Councillor Izzi Seccombe added that the report was helpful, however an understanding was required of where deeper or lighter involvement was required. Mark Rogers added that a devolution approach would only be pursued if it added value at a WMCA level and had wider impact. Sarah Norman added that as part of the devolution ask for Sustainable Transformational Plans (STPs); a strategy would be formulated to support



the one public estate for STPs infrastructure. Councillor Izzi Seccombe added it would be helpful to understand the emerging priorities for work streams. Sarah Norman responded that the Wellbeing Board would be meeting on the 24 February which would discuss the emerging thinking for devolution and then report back to this board.

Councillor Chris Saint sought clarification on what was implied by non-statutory approach on page 46 of the report, Mark Rogers responded that this was a political issue. At present the WMCA did not have a statutory plan for land and therefore clarification was required on what members were prepared to do by not having a statutory plan. In response to a question on whether the WMCA would have a statutory plan, Keith Ireland added that it was a decision for the WMCA to make.

Councillor Sean Coughlan added discussion was required on housing and land and whilst he understood the issue was a sensitive one it was one which required addressing for the betterment of the West Midlands.

Resolved:

1. That the creation of a new Fiscal Devolution Working Group and the remit of the Health sub group be extended be agreed.
2. Looking at how developing devolution policies in each area are fed back to lead officers and portfolio lead members, to ensure that members are up to speed with the direction of policy, opportunities being explored with government and lobbying issues.

### 3.3 **Appointment of Combined Authority Returning Officer**

Martin Reeves presented a report to enable the West Midlands Combined Authority (WMCA) to appoint a Combined Authority Returning Officer and agree a budget in respect of the Combined Authority mayoral election on 4 May 2017.

Councillor Izzi Seccombe added that discussion was required by Constituent Members on the Mayors budget before he or she was able to precept.

The West Midlands Police and Crime Commissioner raised concern over the tight budget to deliver the mayoral election. Martin Reeves responded mechanism would be put into place to ensure voter engagement was high and that voters understood the voting mechanisms. Robert Connolly added that the estimate was received from procurement and based on DCLG estimates.

Resolved:

1. Appoint the Returning Officer for Birmingham City Council as the West Midlands Combined Authority Returning Officer (designate).
2. Agree a budget allocation of £4m for the conduct of the election.
3. Agree that no staff employed by a Local Returning Officer shall be paid less than the voluntary living wage.

Councillor Izzi Seccombe left the meeting at 11:55.

#### **4. Transport**

##### **4.1 Contactless Ticketing and Fare Capping**

Councillor Roger Lawrence presented a report to outline the scope of works, including an estimated timeline, required to produce a detailed roadmap for the delivery of contactless payment and “best value” capping for the West Midlands Combined Authority (WMCA).

The report also sought to gain approval for the commissioning of this work through PA Consulting Services Limited who were experts within this field having supported the South East Flexible Ticketing (SEFT) initiative and Midlands Connect in its development of the Smart Connectivity work package.

Resolved:

1. That the requirements for the development of a roadmap to deliver contactless payment and “best value” capping across all modes be reviewed and agreed, initially in the West Midlands and including a feasibility review for wider rollout throughout the wider Combined Authority area.
2. That it be agreed to commission this work through PA Consulting Services Ltd as recommended by the Smart Programme Board and based on their track record as set out in paragraph 5.5 within the report.

##### **4.2 Swift Programme Update**

Councillor Roger Lawrence presented a report to sought approval for the next phases of the Swift programme and to provide an update on progress to date.

Resolved:

That the next phases of the Swift programme as defined in the report at section 6, and that the progress be noted as set out in section 5.

#### 4.3 **Strategic Cycle Network**

Councillor Roger Lawrence presented a report is to gain approval for the proposed Strategic Cycle Network, developed by national cycle planning experts Phil Jones Associates in conjunction with officers from TfWM and the local authorities of the West Midlands metropolitan area.

Resolved:

That the Strategic Cycle Network set out in the appendix of the report be approved, subject to any minor amendments being sent to TfWM by 27 January 2017.

#### 4.4 **West Midlands Rail Ltd – Revised Collaboration Agreement with Department for Transport**

Councillor Roger Lawrence presented a report to advise the WMCA of a change to the drafting of the Collaboration Agreement between West Midlands Rail Limited (WMR Ltd) and the Department for Transport (DfT) since being approved by the Authority on 19 August 2016. The change has come about because of a change of opinion by the new Secretary of State for Transport.

The Collaboration Agreement sets out the relationship between WMR Ltd and the Department for Transport (DfT) in relation to the management of the West Midlands passenger rail franchise. Authorisation is sought for WMCA to cast its votes in favour of the special resolution to that is necessary under Article 8.3 of WMR Ltd Articles of Association to authorise the signing of the Collaboration Agreement.

Resolved:

1. That the change of position to rail devolution being adopted towards rail devolution in the West Midlands by the new Secretary of State for Transport be noted; and
2. That votes cast in favour of the special resolution that is necessary under Article 8.3 of West Midlands Rail Limited (WMR Ltd) Articles of Association to authorise the signing of the revised Collaboration Agreement (appended to this report), whether that resolution is passed in writing or at a general meeting of the Company.

#### 4.5 **2017-2018 Transport Levy**

Councillor Roger Lawrence presented a report with an update on the Transport Levy to meet the requirements of TfWM for the 2017/18 financial year, and subsequent two years. The levy had been reduced this year due to the impact of historical pensions implications. Over the course of the next couple of months the levy would be reviewed to determine

whether any further cut can be made with minimal implications on policy, any changes to policy would be fully consulted upon.

Resolved:

1. That it be agreed in accordance with the Local Government Finance Act 1988 (as amended) and the Transport Levying Bodies regulations 1992, and subject to the recommendations below, to make a levy of £121,542m for the year 2017/18 without affecting any existing policies.
2. That the Treasurer be authorised to issue the levy for 2017/18 to the West Midlands Districts Councils on the basis of the apportionment set out in section 5 of the report.
3. That the amount of levy to be paid by the Authority by the Councils by ways of 12 equal instalments be agreed, each to be received on the last banking day of each calendar month during 2017/18.
4. That an Annual Net Expenditure Budget for 2017/18 as summarised in paragraph 3.2 of the report be approved.
5. That it be noted that the Authority and its delegated sub-committees, would receive regular monitoring reports throughout the year.

## **5. Economic Growth**

### **5.1 Economic Growth Portfolio Update**

Councillor Bob Sleigh advised that the update would be deferred to a future meeting.

### **5.2 WMCA Growth Company Update**

Councillor Bob Sleigh advised that the update would be deferred to a future meeting.

## **6. Health and Wellbeing**

### **6.1 Mental Health Commission Update**

Councillor Pete Lowe reported that Councillor Bob Sleigh had been awarded an OBE and thanked him for his contribution to the West Midlands. Board members expressed their congratulations.

Councillor Pete Lowe presented a report on the work of the West Midlands Mental Health Commission chaired by Rt. Hon. Norman Lamb MP. The

report provided an update on current position of the Commission work, outlined the proposed timetable for delivery from January 2017 and sought delegated approval of the actions proposed by the commission, subject to all members being briefed on the final draft report prior to its publication.

The report was to be published on the 31 January and an official launch would take place at Edgbaston Cricket Club. Members were requested to sign up to the Concordat to take forward the actions highlighted within the report. If further information was required members were requested to contact the Implementation Director Sean Russell.

The West Midlands Police and Crime Commissioner observed that his financial contribution was higher than he had accounted for, Sarah Norman clarified that the breakdown also covered the contribution for the Implementation Director post. He went on to add that the Mental Health Criminal Justice bullet point was not an action and proposed it be amended. Councillor Pete Lowe welcomed the comment and understood the significant impact the action would bring.

Resolved:

1. That the efforts to secure sign off by the Implementation Director for the Mental Health Commission report prior to the Launch on 31 January 2017 be supported.
2. That the proposed Mental Health budget for 2017/18 be supported.
3. That authority be delegated to the Chair, in consultation with the Vice-Chair and Portfolio Lead for Health & Wellbeing and the Clerk to the Board, approval of the actions proposed by the Commission, subject to all members being briefed on the final draft Mental Health Commission report prior to its publication.

## **7. Productivity and Skills**

### **7.1 Productivity & Skills Portfolio Update**

Councillor George Duggins presented a report on the activity within the Productivity & Skills portfolio. An overview was provided on the aims of the Productivity & Skills Commission. Indications were that pilots can support both benefit claimants and non-benefit claimants and that it can be delivered in non-constituent areas. Councillor George Duggins was still of the view that block allocations would not be varied for 2017/18.

Resolved:

1. Note progress and future direction of travel for the portfolio.

**8. Public Service Reform**

**8.1 Public Service Reform Update**

In the absence of Councillor Steve Eling, Phil Loach provided an update on Public Service Reform. A further paper would be provided at the February Board meeting with further information of digital strategy and PSR and on the anticipated progress of Chief Executives releasing resources to achieve economies of scale.

**9. Any Other Business**

9.1 No other business was discussed.

**10. Date of Next Meeting**

10.1 Friday 17 February 2017, 11:00 – 13:00

That the date and time of the next meeting be noted.

## Forward Plan of the West Midlands Combined Authority Board

Date	Title	Lead Member	Lead Officer	Aim	
<b>3 March 2017</b>	<b>Governance</b>				
	Establishing a Growth Company	Cllr Bob Sleigh	Keith Ireland		
	Mayoral Remuneration Proposals	Cllr Bob Sleigh	Keith Ireland		
<b>17 March 2017</b>	<b>Governance</b>				
	Membership Update	Cllr Bob Sleigh	Keith Ireland		
	West Midlands Fire Service Future Governance	Cllr Bob Sleigh	Phil Loach		
	Overview & Scrutiny Access to Information and Audit Order 2016	Cllr Bob Sleigh	Keith Ireland		
	<b>Devolution</b>				
	Devolution Update	Cllr Bob Sleigh	Mark Rogers		
	<b>Commissions</b>				
	Land Commission	Cllr Sean Coughlan	Jan Britton		
	Mental Health Commission	Cllr Pete Lowe	Sarah Norman		
	Productivity and Skills Commission	Cllr George Duggins	Nick Page		
	<b>Strategic Framework</b>				
	Chair of the WMCA	Cllr Bob Sleigh	Martin Reeves		
	Economic Growth	Cllr John Clancy	Martin Reeves		
	Finance and Investments	Cllr Izzie Seccombe	James Aspinall		
	Health and Wellbeing	Cllr Pete Lowe	Sarah Norman		
	Housing and Land	Cllr Sean Coughlan	Jan Britton		
	Midlands Engine	TBC			
	Public Sector Reform	Cllr Steve Eling	Phil Loach		
	Skills and Productivity	Cllr George Duggins	Nick Page		
	Embedding the Universities	Cllr Bob Sleigh	Martin Reeves		
	<b>Delivery</b>				
	Investment Propositions	Cllr Izzie Seccombe	James Aspinall		
	Transport <ul style="list-style-type: none"> <li>Birmingham Eastside Metro Extension - Transport &amp; Works Act Order</li> <li>National Productivity Investment Fund</li> <li>Centenary Square Metro Extension Full Business Case Approval</li> </ul>	Cllr Roger Lawrence	Keith Ireland		
	<b>7 April 2017</b>	<b>Governance</b>			
		Membership Update	Cllr Bob Sleigh	Keith Ireland	
		2016/17 Budget Monitoring	Cllr Izzie Seccombe	James Aspinall	

Date	Title	Lead Member	Lead Officer	Aim
<b>Devolution</b>				
Devolution Update		Cllr Bob Sleigh	Mark Rogers	
<b>Finance</b>				
Preston Bus Pension Guarantee		Cllr Izzi Seccombe	James Aspinall	
<b>Commissions</b>				
Land Commission		Cllr Sean Coughlan	Jan Britton	
Mental Health Commission		Cllr Pete Lowe	Sarah Norman	
Productivity and Skills Commission		Cllr George Duggins	Nick Page	
<b>Strategic Framework</b>				
Chair of the WMCA		Cllr Bob Sleigh	Martin Reeves	
Economic Growth		Cllr John Clancy	Martin Reeves	
Finance and Investments		Cllr Izzie Seccombe	James Aspinall	
Health and Wellbeing		Cllr Pete Lowe	Sarah Norman	
Housing and Land		Cllr Sean Coughlan	Jan Britton	
Midlands Engine		TBC		
Public Service Reform		Cllr Steve Eling	Phil Loach	
Skills and Productivity		Cllr George Duggins	Nick Page	
<b>Delivery</b>				
Investment Propositions		Cllr Izzie Seccombe	James Aspinall	
Transport		Cllr Roger Lawrence	Keith Ireland	
<ul style="list-style-type: none"> <li>• Streetworks and Permit Scheme for the Key Route Network</li> <li>• Connected &amp; Autonomous Vehicles</li> </ul>				
<b>21 April 2017</b>				
<i>Provisional Board meeting, if required - hold</i>				
<b>12 May 2017</b>				
<b>Governance</b>				
Membership update – if required		Cllr Bob Sleigh	Keith Ireland	
WMCA Mayoral Order Update		Cllr Bob Sleigh	Keith Ireland	
<b>Devolution</b>				
Devolution Update		Cllr Bob Sleigh	Mark Rogers	
<b>Commissions</b>				
Land Commission		Cllr Sean Coughlan	Jan Britton	
Mental Health Commission		Cllr Pete Lowe	Sarah Norman	
Productivity and Skills Commission		Cllr George Duggins	Nick Page	
<b>Strategic Framework</b>				
Chair of the WMCA		Cllr Bob Sleigh	Martin Reeves	
Economic Growth		Cllr John Clancy	Martin Reeves	



Date	Title	Lead Member	Lead Officer	Aim
	Finance and Investments	Cllr Izzi Seccombe	James Aspinall	
	Health and Wellbeing	Cllr Pete Lowe	Sarah Norman	
	Housing and Land	Cllr Sean Coughlan	Jan Britton	
	Midlands Engine	TBA	TBA	
	Public Service Reform	Cllr Steve Eling	Phil Loach	
	Skills and Productivity	Cllr George Duggins	Nick Page	
	<b>Delivery</b>			
	Investment Propositions	Cllr Izzi Seccombe	James Aspinall	
	Transport	Cllr Roger Lawrence	Keith Ireland	
<b>26 May 2017</b>	<b><i>Provisional Board meeting, if required - hold</i></b>			
<b>9 June 2017</b>	<b>Governance</b>			
	Membership update – if required	Cllr Bob Sleigh	Keith Ireland	
	WMCA Mayoral Order Update	Cllr Bob Sleigh	Keith Ireland	
	<b>Devolution</b>			
	Devolution Update	Cllr Bob Sleigh	Mark Rogers	
	<b>Commissions</b>			
	Land Commission	Cllr Sean Coughlin	Jan Britton	
	Mental Health Commission	Cllr Pete Lowe	Sarah Norman	
	Productivity and Skills Commission	Cllr George Duggins	Nick Page	
	<b>Strategic Framework</b>			
	Chair of the WMCA	Cllr Bob Sleigh	Martin Reeves	
	Economic Growth	Cllr John Clancy	Martin Reeves	
	Finance and Investments	Cllr Izzi Seccombe	James Aspinall	
	Health and Wellbeing	Cllr Pete Lowe	Sarah Norman	
	Housing and Land	Cllr Sean Coughlin	Jan Britton	
	Midlands Engine	TBC		
	Public Service Reform	Cllr Steve Eling	Phil Loach	
	Skills and Productivity	Cllr George Duggins	Nick Page	
	<b>Delivery</b>			
	Investment Propositions	Cllr Izzi Seccombe	James Aspinall	
	Transport	Cllr Roger Lawrence	Keith Ireland	

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## Board Meeting

<b>Date</b>	17 February 2017
<b>Report title</b>	The West Midlands Land Commission
<b>Cabinet Member Portfolio Lead</b>	Councillor Sean Coughlan – Housing & Land
<b>Accountable Chief Executive</b>	Jan Britton Sandwell MBC Email <a href="mailto:jan_britton@sandwell.gov.uk">jan_britton@sandwell.gov.uk</a> Tel 0121 569 3501
<b>Accountable Employee</b>	Peter Yeomans Sandwell MBC Email <a href="mailto:peter_yeomans@sandwell.gov.uk">peter_yeomans@sandwell.gov.uk</a> Tel 0121 569 3906
<b>Report to be/has been considered by</b>	Chief Executive and Leader briefings

### The Combined Authority Board is recommended to:

1. Receive the West Midlands Land Commission Final report.
2. Thank the Chair of the Commission, Paul Marcuse, and the other Commissioners for their diligent work in the preparation of the Final report.
3. Receive the Final Report and in so doing acknowledge that it is not a material consideration in the determination of planning applications or the formulation of planning policies.
4. Note that Cllr Sean Coughlan shall take responsibility for a programme of work to determine the WMCA response to the independent Land Commission report in due course.

## **1.0 Purpose**

- 1.1 The purpose of this report is for the West Midlands Board to receive the Final Report of the West Midlands Land Commission.

## **2.0 Background**

- 2.1 The Board will recall that in the spring of 2016 it commissioned Paul Marcuse to Chair the West Midlands Land Commission. Additional Commissioners were subsequently endorsed. The Terms of Reference for the Commission were approved by the Board at its June 2016 meeting. Over the summer of 2016 the Land Commission held three evidence gathering sessions located within the three bespoke LEP areas to ensure that the differing factors impacting on the West Midlands property market were ascertained. Clearly, speculative office market within central Birmingham is significantly stronger than elsewhere in the region. Sessions where evidence was heard were held at Wolverhampton Science Park, the National Exhibition Centre to cover the Birmingham area and central Coventry. The Commission has gone out of its way to receive input from as many interested parties as possible.
- 2.2 The creation of the West Midlands Combined Authority provides an opportunity to take a fresh look at the West Midlands Land Supply and consider what measures could be initiated to ensure an improved supply of developable land from a strategic and regional perspective. All local authorities will retain their existing sovereignty over land and planning matters within their boundaries. The Combined Authority provides an opportunity to take a fresh look at the supply of land for commercial and residential development.
- 2.3 The Emerging Recommendations of the West Midlands Land Commission were reported to the Board at its meeting on 9<sup>th</sup> December 2016. Since that date the recommendations have been further refined to reflect the views of the Commissioners after reflecting upon the information gathered by the Commission.
- 2.4 The aim of the Commission was to identify measures by which the amount of developable land could be increased with a view to raising the level of housing completions and the quantity of developable employment sites to accommodate the ambitious levels of growth outlined in the Strategic Economic Plan (SEP). It should be emphasised that the West Midlands Land Commission has made no site specific recommendations. The Commission's Recommendations are for the Board to progress as appropriate to accelerate a balanced portfolio of development across the Combined Authority area.
- 2.5 The West Midlands Combined Authority's Strategic Economic Plan established ambitious growth targets and anticipates that some 500,000 new jobs will be created by the year 2030. To accommodate this level of economic growth it has been estimated that significant additional development land will be required to be identified to accommodate the proposed growth together with measures that might be taken to deliver existing planning permissions.

### **3.0 Wider WMCA Implications**

3.1 There are no direct implications arising directly from this report. This report is receiving the final report of The West Midlands Land Commission. The Report will assist in the Agenda Setting for the Cabinet Member Portfolio holder for Housing and Land within the Combined Authority.

### **4.0 Progress, options, discussion, etc.**

4.1 Since its establishment in the spring of 2016 the West Midlands Land Commission has diligently undertaken detailed research to fulfil the approved Terms of Reference of the Commission that were approved in June 2016. Significant evidence has been considered by the Commission from interested parties concerned with residential and commercial development across the West Midlands. This original research has been assimilated by the Commission and a number of strategic recommendations contained within the Final Report have been made to the Combined Authority.

4.2 Whilst the pace of delivery of commercial and residential development across the region over the last twenty years has been good, in order to make the 'step change' that will be required to deliver growth new delivery mechanisms will need to be considered by the West Midlands Combined Authority.

4.3 It is essential that the region has a balanced portfolio of development sites to accommodate the economic growth. This will mean that the regions local authorities and Local Economic Partnerships will have to work closely in the future to maximise the investment decisions to deliver economic growth.

4.4 The Land Commission's Final Report provides a regional backcloth to the Government's White Paper 'Fixing our broken housing market' published in February 2017 on the delivery of housing and the recent green paper 'Building Our Industrial Strategy published in January 2017. These three documents reinforce each other to provide a sound policy background for the Combined Authority to drive forward economic growth across the region so that all the citizens are able to benefit from the proposed investment and economic growth.

### **5.0 Financial implications**

5.1 There are no financial implications arising from the Board's consideration of the attached Final report of the West Midlands Land Commission.

### **6.0 Legal implications**

6.1 The Final Report has been considered by external solicitors to ensure that there are no legal implications arising from the Board's receipt of this Final Report.

## **7.0 Equalities implications**

7.1 The proposals are likely to have a positive impact on all. Failure to increase capacity will result in failure to meet the anticipated economic growth and employment land requirements which will, in turn, negatively impact all, but especially those from lower socio-economic backgrounds. It is vital that future housing and employment sites are easily accessible and there is a close strategic link between the sites and transport links/accessibility. Failure to do so consistently will have a negative impact on a number of people, but especially so on people with disabilities, older people and people from lower socio-economic backgrounds who will find it especially difficult to access any opportunities.

## **8.0 Schedule of background papers**

8.1 Terms of Reference of the West Midlands Land Commission approved by the Board in June 2016. The Emerging Recommendations of the Land Commission were considered by the Board at its meeting in December 2016.

# **West Midlands Land Commission**

**Final Report to the West  
Midlands Combined  
Authority Board.**

**9<sup>th</sup> February 2017**

## Disclaimer and Important Notice

This report has been prepared by the West Midlands Land Commission for the sole benefit of the West Midlands Combined Authority ("WMCA") to assist it in the performance of its statutory functions. It is for the WMCA to decide if it agrees with, and takes forward, its recommendations. The Commission itself has no statutory functions.

None of the recommendations in this report relates to specific sites. It is not intended to be relied on by any third party nor is it in any way intended to be a material consideration in relation to the exercise of any function of a local planning authority.

None of the Commissioners or their advisers (or the directors, Officers, Members, partners, employees, staff, agents or advisors of any such person):

- makes any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of this report; nor
- accepts any responsibility for the information contained in this report or for its fairness, accuracy or completeness; nor
- shall any of them be liable for any loss or damage (other than in respect of fraudulent misrepresentation) arising as a result of reliance on such information.



## Thanks and acknowledgements

As Chair of the Commission I wish to thank my fellow Commissioners for their time, enthusiasm and diligence in the work we have undertaken together these last months, and the whole Metro Dynamics team who have ably supported our work as Strategic Advisors.

The Commission would also like to extend its thanks to the wide range of people and organisations who have supported it. The West Midlands Combined Authority ('WMCA') took a decision to set up this Commission which, we believe, was a sign of the desire of the region to continue its progress. In doing so, it asked the Commission to look at important and difficult issues. We wish to extend our thanks to the elected and other Members as well as the Officers of every organisation involved for asking the Commission to undertake this work and for supporting it at every stage in the process.

We also wish to thank the many people and organisations who responded to the Call for Evidence or who attended Evidence Hearings. It is the views of people across and beyond the West Midlands that underpin this report. Without their time and effort, this report would not have been possible.

In this report and its work, the Commission has had to strike a balance between very different views and sometimes competing interests. We have also received 1,300 pages of evidence. We have made judgements both on the issues themselves and on the material to which we draw direct reference. In doing so, the Commission has attempted to make the best assessment of what is in the best interests of the West Midlands to achieve its ambitions as set out in the WMCA's Strategic Economic Plan ('SEP'). We would be interested in, and welcome feedback, which can be sent to [landcommission@centro.org.uk](mailto:landcommission@centro.org.uk).

The Commission offers particular thanks to Cllr Sean Coughlan, lead Member for housing and land and leader of Walsall Council, and to his predecessor Cllr Mike Bird. Thanks are also offered to Jan Britton, the Chief Executive of Sandwell Council, and his team who have been our point of liaison with the Combined Authority. The Commission acknowledges the debt of gratitude owed by it and all involved in the regeneration of the West Midlands to the late Cllr Darren Cooper who was a passionate advocate of this work.

**Paul Marcuse, Chair of the West Midlands Land Commission**

**February 2017**

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# 1 The Commission and its Evidence Base

## About the Land Commission

- 1.1 The West Midlands Land Commission ('WMLC' or the 'Commission') is an independent, time-limited Commission. It was set up in Spring 2016 to take a fresh look at West Midlands land supply, and to consider what measures could be initiated and undertaken to ensure an improved supply of developable land from both a strategic and a regional perspective. Short biographies of the five Commissioners are attached as Appendix A. Metro Dynamics are Strategic Advisors to the Commission.
- 1.2 The starting point for the Commission's work is the Strategic Economic Plan ('SEP') prepared by the West Midlands Combined Authority ('WMCA') setting out employment and development targets for the area. It is not the Commission's role to question or challenge these targets. For the purposes of this document, unless otherwise indicated, the term "West Midlands" has been adopted to describe the geographical area covered by the 3 Local Enterprise Partnerships which are the focus of the SEP: the Black Country LEP, the Coventry & Warwickshire LEP, and the Greater Birmingham & Solihull LEP.
- 1.3 The Commission's Terms of Reference, which were agreed by the WMCA Board in June 2016, are attached as Appendix B.
- 1.4 In view of the setting up of the WMCA Skills and Productivity Commission, the Commissioners have not formally considered the impact of skills on the delivery of the SEP's housing and employment land targets. However, they acknowledge the important role that skills considerations play in securing the appropriate supply of developable land and would encourage the Skills and Productivity Commission to consider these issues as part of its own Terms of Reference.

## About this report

- 1.5 This report has been prepared by the West Midlands Land Commission for the sole benefit of the West Midlands Combined Authority to assist it in the performance of its statutory functions. It is for the WMCA to decide if it agrees with, and takes forward, its recommendations. Whilst this report takes account of current government policy, the Commission acknowledges that policy is evolving and recognises that implementation of recommendations in this report will need to take account of this.

## Work of the Commission

- 1.6 Since its formation in Spring 2016, the Commission has undertaken a significant programme of work including:

- Holding initial consultations prior to the launch of the WMLC with 19 organisations. These conversations were used to inform the drafting of the Terms of Reference and to provide background briefing material for the Commissioners.
- Reviewing and analysing an extensive extant body of literature and data.
- Publishing a Call for Evidence, the details of organisations who responded are attached as Appendix D.
- Holding three Evidence Hearings and a series of further conversations with organisations able to provide a useful perspective on the issues considered by the WMLC.
- Working with Sandwell Metropolitan Council to instruct Bilfinger GVA to undertake a technical study on a number of key areas, which supplement the evidence base.
- Producing an Interim Report to continue the strong engagement and dialogue with Leaders and Officers.

## Evidence reviewed

- 1.7 The work of the Commission has been informed by a wide range of evidence. This has been carefully assembled, reviewed and considered to ensure that the recommendations the Commission is making reflect the available evidence.
- 1.8 The body of evidence comprises the following:
- Responses to the Call for Evidence including:
    - Oral contributions at the three Evidence Hearings.
    - A number of bilateral meetings.
    - Written submissions.
  - Work by Bilfinger GVA commissioned by Sandwell Metropolitan Council.
  - Existing studies commissioned by the WMCA and constituent authorities.
  - Publicly available National and Regional studies and reports.
  - Publicly available datasets.
  - West Midlands Joint Monitoring Data relating to planning permissions and completions.

### Call for Evidence

- 1.9 The Commission issued a public Call for Evidence that ran from July to August 2016 to all parties with an interest in, or knowledge of, land and development in the West Midlands in

order to inform the Commission's recommendations. As outlined in Appendix E, a significant body of evidence has been submitted to the Commission in writing in response to this Call for Evidence from a range of organisations, both public and private.

- 1.10 As well as receiving written responses, the Commission has also heard from a number of organisations and individuals throughout three oral Evidence Hearing sessions. Respondents either directly approached the Commission to offer their views and experience, or were approached by the Commission. In deciding which organisations to approach, the Commissioners were mindful of the need to seek the views of the widest possible range of stakeholders.

### **Bilfinger GVA work programme**

- 1.11 Bilfinger GVA were retained by Sandwell Metropolitan Borough Council to provide specialist advice and research in relation to the Commission's "Lines of Enquiry", as set out in the Terms of Reference in Appendix B. This programme of work included matters which the Commission felt required further investigation.
- 1.12 The following documents have been produced by Bilfinger GVA for the Commission and their findings are referred to throughout this report:
- 'Assessing the scale and characteristics of delivery of housing and employment development'.
  - 'Reviewing the evidence on unimplemented and expired planning permissions'.
  - 'More productive use of the Public Estate'.
  - 'Analysis of greenfield and brownfield development'.
  - 'What is the evidence on Green Belt development in the West Midlands'.
  - 'Historic Analysis of Brownfield Remediation and Regeneration efforts in the West Midlands and Barriers to Development'.
  - 'Housing/ Employment Allocations and Absorption Rates'.
  - 'Review of the Impact of CIL on Viability'.

### **Existing studies commissioned by the WMCA and constituent authorities**

- 1.13 Throughout the Commission's engagement with stakeholders and interested parties, it has been made aware of a number of existing reports and studies which have been commissioned by constituent local authorities and LEPs. The Commission has relied on a number of such documents which address challenges which also fall within the Commission's remit, as set out in the Terms of Reference.
- 1.14 A full list of studies consulted is included as Appendix G.

***Publicly available National and Regional studies and reports***

- 1.15 The Commission is not the only body in the recent past to look at land and property issues as a potential barrier to economic growth. A large number of such studies have been undertaken, typically at a national level, but which nonetheless include findings of relevance to the Commission's work. This includes:
- National Reviews such as the Barker Review.
  - Papers by prominent think-tanks, academics and researchers.
  - Policy papers by commercial organisations.
- 1.16 The Commission has also looked at studies which focus on the West Midlands region, such as the Urban Land Institute's report 'The Density Dividend' which included a case study on densification in Birmingham.
- 1.17 The evidence base also extends to Proofs of Evidence, Local Plan Examinations in Public ('EIP'), and Appeal Decisions.

***Publicly available datasets***

- 1.18 Every effort has been made to source the most recent data available for the Commission's work. A number of sources have been relied upon for analysis such as the Office of National Statistics, Department of Communities and Local Government, Valuation Office Agency, and Department for Transport. Property data is from a variety of commercial sources, and whilst these are reasonably comprehensive, they are in some cases partial, with missing data due to commercial confidentiality on individual deals.

***West Midlands Joint Monitoring Data***

- 1.19 On behalf of the authorities of the West Midlands, Mott Macdonald collates data on key planning metrics. This is dependent upon responses from the planning authorities and in some cases, is not fully up-to-date or is not complete. Nonetheless it is the closest available source for some of the planning metrics that have been reviewed. It is also a key input to the Bilfinger GVA studies.

## 2 Executive Summary

- 2.1 This is the final report of the West Midlands Land Commission ('WMLC'). It was commissioned by the West Midlands Combined Authority ('WMCA') in Spring 2016. The aim of the Commission is to identify means by which the stock of developable land can be increased with a view to raising the level of housing completions and the stock of developable employment sites to accommodate the ambitious levels of growth outlined in the Strategic Economic Plan.
- 2.2 At the time the Commission started work, the West Midlands Strategic Economic Plan (SEP) had recently been agreed. This plan anticipates and commits the region to achieving an increase of some 500,000 new jobs in the region by 2030<sup>1</sup>. The SEP has deliberately ambitious goals. The concern underlying the creation of the WMLC was that this level of growth and hence the goals of the SEP were unlikely to be achieved without a significant increase in the volume of developable housing and employment sites. The WMCA wanted the WMLC to identify the barriers to their achievement and to make recommendations for overcoming them.
- 2.3 The review of recent trends in the West Midlands and the evidence submitted to the WMLC (Appendix E), confirm the statistical basis for the establishment of the WMLC. The targets the WMCA have set for the SEP are stretching and will not be met on current trends. The West Midlands needs urgently to increase its capacity to bring forward sites for housing development and employment. In relation to housing, there would need to be a 60% increase on the current annual level of completions to meet anticipated population growth with a large increase in employment land also needed.
- 2.4 Section 4 of the report sets out the Commission's approach to its findings and recommendations, which are centred on six key areas of action which flow from the four overarching principles that the Commission believes are essential to future success. These are:
- Whilst accepting the value of continued adherence to the principle that all parts of the WMCA should benefit, though not necessarily at the same time or in the same way, the recommendations in Section 6 will focus on the need for **prioritisation**.
  - The need for the WMCA to **add value** to the existing development and delivery activities of the individual local authorities, and not to displace those activities. The WMCA would therefore only intervene where its intervention adds value beyond the actions of its individual members, and recognising that the WMCA is not a Planning authority.

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<sup>1</sup> West Midlands Combined Authority (2016) 'Strategic Economic Plan -Making Our Mark' - Pg. 24

- The combination of the setting-up of the WMCA and the devolution deal mean that there has been a step change in the powers and funding available to the WMCA. The WMCA should consider how it can make **full and holistic use of both the new powers** (including the enhanced borrowing powers announced in the Autumn Statement) **and the funding** provided by the devolution deal and any future agreements with central government.
  - **Aligning development and infrastructure** – ensuring that infrastructure investment, especially in strategic transport and provision of utilities, and the development of housing and employment sites, need to be closely aligned.
- 2.5 In the view of the Commission, there are six ‘game changers’ for the land market of the West Midlands. These are collective, transformative actions which the Commission believes will be needed if the major step change needed to deliver the SEP targets is to be achieved. The subsequent sections of the report set out the six game changers, the basis for the Commission’s conclusions, and the principal and supporting recommendations.
- 2.6 The development of a **Single Agreed Vision** [Section 5] for the West Midlands is recommended. This should be expressed in a non-statutory Spatial Framework, supported by processes, including further and more detailed analysis of the needs of business and on the needs of the housing market. This needs also to be supported with resources to underpin its delivery with a strong bias to collective action.
- 2.7 The designation of **Action Zones** [Section 6]. The Commission recommends the designation of a prioritised list of Action Zones where significant employment and housing space can be accommodated, underpinned by a Delivery Plan and a Financial Plan for each such Zone. This approach is likely to require skills that are not present or may not currently available to the region as a whole. The WMCA’s embedded capacity, in particular that of the local authorities, should be used to create a Project Delivery team to apply the financial resources available from both local and national sources to bringing such Zones to market at a sufficient pace and scale; and identifying the potential for siting strategic employment sites and large concentrations of new homes in strategic transport corridors.
- 2.8 The Commission underlines the need for the continued development of a visible **Unity of Purpose** [Section 7] in delivering the vision, seen in the arrangements that underpin it, especially in local and national bodies collaboratively using the full range of existing and emerging planning powers; and in the creation of new collaborative delivery models to allow a joined-up approach to the delivery of key sites. The Commission considers that there is a great deal to be gained from further and wider collaboration across the public and private sectors in delivering the SEP’s ambitions and targets.
- 2.9 The Commission advocates further ambitious steps aimed at **Transforming Brownfield Land** [Section 8]. A radically expanded programme of regeneration and remediation of brownfield sites is needed across the West Midlands, engaging both local and national organisations. This needs both to focus resources, including the Land Remediation Fund, to intensify urban development and thereby minimise erosion of the urban fringe, and to do so whilst protecting biodiversity. The Commission believes that central government, especially the HCA, has a significant role to play in this area. Associated with this would be the



expansion of existing collaborative arrangements to allow a collective review of the utilisation by central and local public sector bodies of their land and property assets, to establish whether through more efficient shared use it would be possible to release under-utilised public sector sites for redevelopment.

- 2.10 **A Strategic Review of the Green Belt** [Section 9] in the geographical areas covered by the WMCA. The Commission believes that even an effective, well-funded remediation programme is unlikely to provide a sufficient supply of developable land to meet the SEP's ambitions and targets on its own, and therefore a mixed strategy will need to be adopted. The review should pick up from and, where appropriate, supersede the reviews which a number of local authorities have under-way, where the Commission shares the view of a number of respondents that individual local reviews risk a piecemeal and unsustainable 'chipping away' of the Green Belt.
- 2.11 **Clarified Governance and Responsibility** [Section 10] has a key role to play. Building on steps already taken, the further development of governance arrangements is needed to provide shared leadership and oversight of the implementation of the measures described in this report. In light of the complexity of the current arrangements, the Commission recommends that the WMCA review current governance processes and the distribution of roles, responsibilities and accountabilities to ensure that it can provide the strategic leadership and oversight of the other recommendations set out in this report.

### 3 Growing the WMCA Area Economy

- 3.1 The WMCA's economy is a vital part of the UK economy. It is Britain's second city region, generating 7.1%<sup>2</sup> of UK Gross Value Added ("GVA") and housing 4m people<sup>3</sup>.
- 3.2 The West Midlands SEP sets out the overall ambition of the region. Its aim of growing the economy requires action from business, not least from the region's companies which are at the heart of British advanced manufacturing. Universities have a major role too. The role of the public sector in creating a climate for, and supporting growth, is also key. The West Midlands has also played its part in growing start-ups in a range of new industries such as the creative, digital and life science sectors<sup>4</sup>, and has a thriving professional and financial services sector. Recent statistics show that more than 17,000 businesses were created in Birmingham in 2016, up 25% from 2015<sup>5</sup>.
- 3.3 Because of its location, the WMCA area is the central point for logistics, warehousing and distribution companies, with most parts of the UK being within 4 hours' journey time. In each of these and other areas, the land market has a key role to play: both in supporting sustainable development and in helping to create places where people want to live. So land, the subject of this Commission's remit, is central to achieving the goals of the SEP.
- 3.4 Up until the 1970s the West Midlands was a major driver of UK economic growth. For example, in 1961 household incomes in the West Midlands were 13% above the national average, and exceeded incomes in London and the South East<sup>6</sup>. However, in the 1970s and 80s, global structural change had a significant impact on the region's economic growth. The West Midlands was the only UK region to grow at a slower rate in the second half of the century compared to the first half<sup>7</sup>.
- 3.5 This relative underperformance has continued up to the present. Figure 1 sets out the productivity of UK regions, as measured by GVA per head. The West Midlands ranks below the UK average.

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<sup>2</sup> ONS (2015) Regional Gross Value Added (Income approach): December 2015

<sup>3</sup> West Midlands Combined Authority (2016), 'About the Area'. Date Accessed 02.12.16

<sup>4</sup> West Midlands Combined Authority (2016) 'Strategic Economic Plan- Making Our Mark'- Pg. 18

<sup>5</sup> Sunday Times (2017), "Birmingham Tops Start-Up League"

<sup>6</sup> Sutcliffe, A. & Smith, R. (1974), Birmingham 1939-1970 (History of Birmingham, Vol. III) - Pg. 54

<sup>7</sup> Haynes, M. (2008). The Evolution of the Economy of the West Midlands 1700-2007. (Part 6) - Pg. 17

**Figure 1. Comparison of GVA in British regions**

	GVA per head (£) (2015)
London	43,600
South East	27,800
<b>UK average</b>	<b>25,400</b>
East of England	24,000
South West	23,000
North West	21,900
East Midlands	20,900
<b>West Midlands</b>	<b>20,800</b>
Yorkshire and The Humber	20,400
North East	18,900

Source: ONS (2016) Regional gross value added, UK: 1997 to 2015

- 3.6 Economic underperformance impacts on national growth and productivity and holds back the prospects of local people. It is vital for both the WMCA and the UK that the West Midlands area is supported to grow.

## The Strategic Economic Plan

- 3.7 The WMCA Strategic Economic Plan (SEP), is the starting point of the Commission's work. To the extent that respondents have commented, it has been broadly accepted as a statement of vision for the WMCA area by respondents. At its core is a target to raise per capita GVA across the West Midlands to the national average by 2026, and to 5% above the national average by 2030<sup>8</sup>. The SEP proposes the creation of 500,000 new jobs by 2030, underpinned by an increased population of some 542,000 people<sup>9</sup>. This is equivalent to adding the population of Sheffield to the WMCA area by 2030<sup>10</sup>.
- 3.8 The SEP estimates that to accommodate the growing population, the West Midlands housing stock will need to increase to 1.9 million homes<sup>11</sup> - an increase of approximately 215,000 homes. This includes 50,000 more homes than are currently allowed for in all relevant Local Plans<sup>12</sup> taken together. This would be equivalent to building an additional ten

<sup>8</sup> West Midlands Combined Authority (2016) 'Strategic Economic Plan - Making Our Mark' - Pg. 12

<sup>9</sup> West Midlands Combined Authority (2016) 'Strategic Economic Plan - Making Our Mark' - Pg. 24

<sup>10</sup> ONS (2013) '2011 Census: Population Estimates by single year of age and sex for local authorities in the United Kingdom'

<sup>11</sup> West Midlands Combined Authority (2016) 'Strategic Economic Plan - Making Our Mark' - Pg. 12

<sup>12</sup> See Figure 3 'Projected Growth in Dwellings'

large urban extensions of 5,000 homes each in the next 15 years, over and above the 165,000 new homes already in Local Plans.

- 3.9 To accommodate the new jobs, the SEP anticipates that 1,600 hectares of brownfield land will need to be remediated<sup>13</sup>. This is equivalent to remediating an area the size of 11 Longbridge manufacturing sites<sup>14</sup>. Whilst brownfield land has a vital role to play in meeting the SEP's requirements for new space, the time taken to remediate such land mean that it is unlikely to satisfy the more pressing land availability requirements<sup>15</sup>.
- 3.10 Agents, developers and employers have told the Commission that there is already a considerable shortage of readily developable employment sites of all types. Two respondents have provided evidence to the effect that the lack of sites now precludes them from operating in the West Midlands.
- 3.11 A recent report commissioned by the WMCA has compared the three SEP targets (number of new jobs, population growth, and demand for new homes) with both targets from the aggregated Local Plans and the trend rate of growth<sup>16</sup>. For all three measures, the trend rate of growth is some way below aggregated Local Plan targets, and the Local Plan targets are significantly below the SEP targets. This is illustrated in Figures 2, 3, and 4 below.

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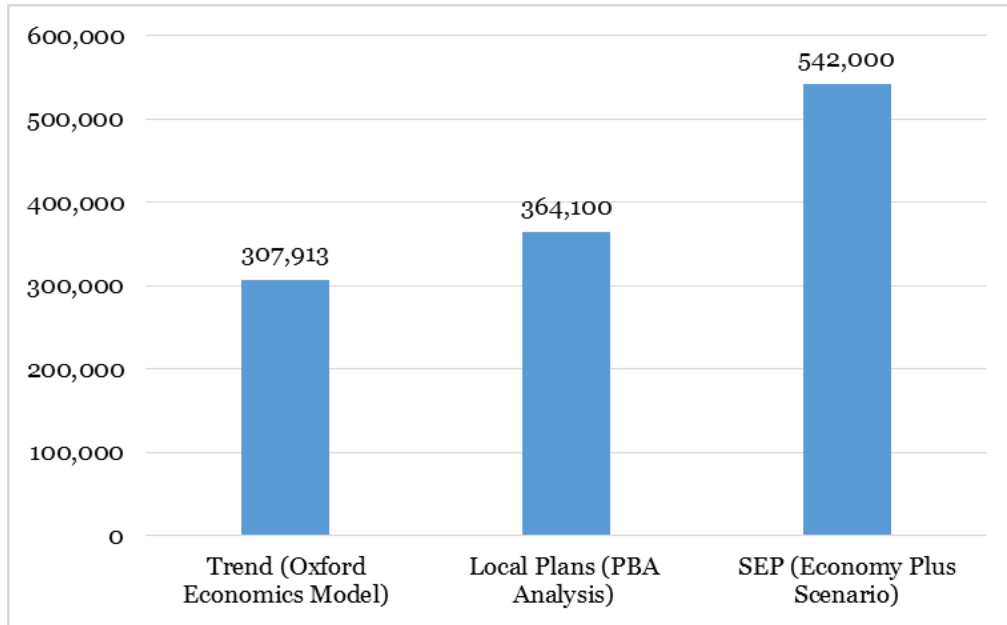
<sup>13</sup> West Midlands Combined Authority (2016) 'Strategic Economic Plan- Making Our Mark'- Pg. 13

<sup>14</sup> St Modwen (2009) 'Longbridge plan gets green light'. Date accessed 18.01.17. Available from <http://www.longbridgebirmingham.co.uk/news/article/longbridge-plan-gets-green-light/>. The Longbridge Site is 140 hectares. (140x11=1,540 hectares)

<sup>15</sup> RICS (2015) 'Making more Brownfield Land Available for Housing' - Pg. 10

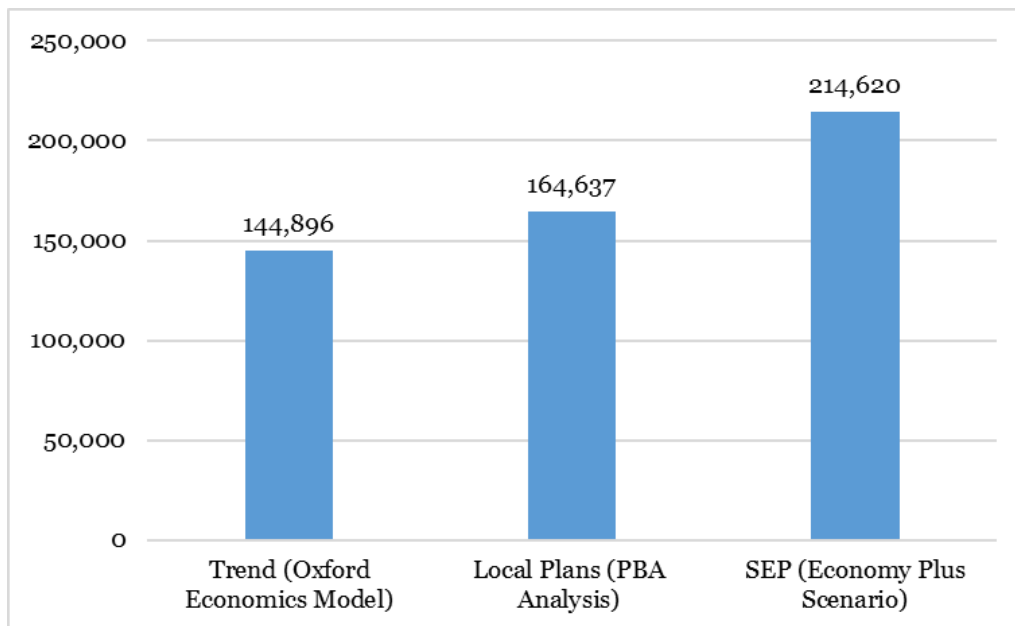
<sup>16</sup> Peter Brett Associates (2016) 'The relationship between Combined Authority SEP economic model and land use plans in the West Midlands.' & 'The relationship between DEIM and land use plans in the West Midlands Combined Authority.' Presented to the WMCA Board on 1 July 2016

**Figure 2. Projected population growth to 2029 / 30**

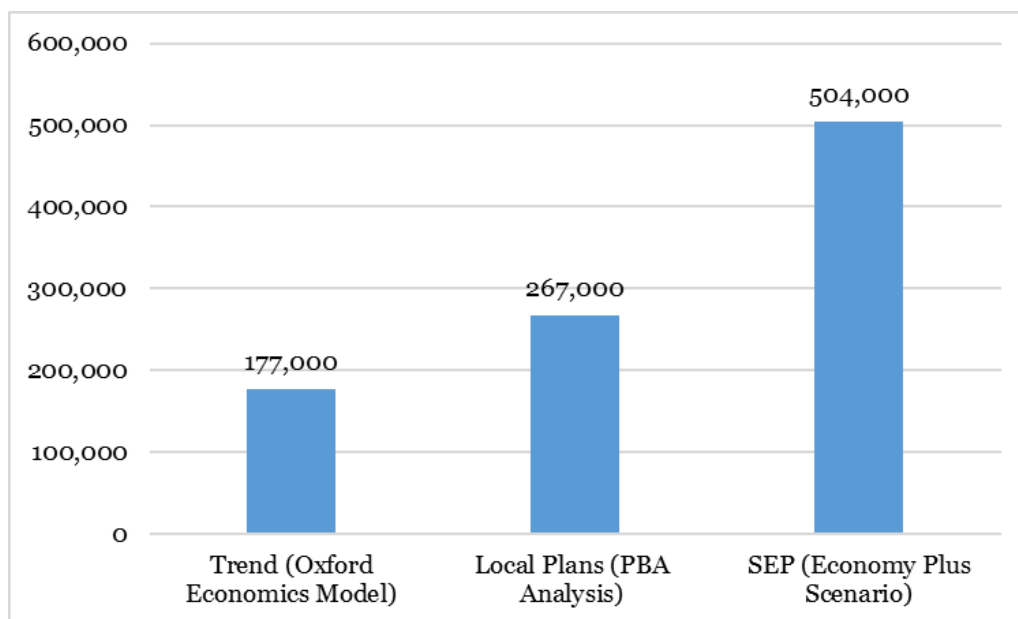


Source: Peter Brett Associates (2016)

**Figure 3. Projected growth in dwellings to 2029 / 30**



Source: Peter Brett Associates (2016)

**Figure 4. Projected job growth to 2029 / 30**

Source: Peter Brett Associates (2016)

## Track record of building new homes and employment space

- 3.12 Bilfinger GVA has estimated that in the ten-year period between 2004 and 2014, approximately 88,000 net additional dwellings were delivered across the West Midlands (approximately 8,800 per annum). If the SEP targets are to be delivered, some 215,000 new homes are likely to be required over a 15-year period (approximately 14,300 dwellings per annum). On the basis of these figures, the annual rate of delivery would need to rise by over 60% to achieve this level of new homes<sup>17</sup>. When account is taken of the need to scale-up to deliver these new homes, it is likely that new homes delivery in the later years of the SEP period would need to increase by significantly more than the 60% referred to above.
- 3.13 With regard to employment land, approximately 1,100ha of employment land (gross) were developed between 2004 and 2014 (based on an annual average completion rate of 110ha per annum)<sup>18</sup>. If this trend rate were to be projected forward over the SEP timeframe of 2015-30, some 1,650ha of employment land would be developed. This would be insufficient to meet the SEP targets, which assume the delivery of 1,600ha solely within the seven metropolitan authorities, and take no account of employment growth within the district authorities.

<sup>17</sup>  $8,800$  (current annual net completions) /  $14,300$  ( $215,000/15$  yrs) =  $0.615$ .  
 $0.615 \times 100 = 61\%$

<sup>18</sup> Bilfinger GVA (2016) 'Analysis of greenfield and brownfield development' - Pg. 4

- 3.14 On the basis of the historic track record, the existing and unmet need for sites, and the fact that Local Plans already provide for a rate of building some way in excess of the past trend rate, **the Commission believes that developing the new homes and employment space needed to support delivery of SEP's growth targets presents a significant challenge. Meeting that challenge, which extends to both the scale and speed of delivery, would require a step change in the number of sites brought forward for development and the pace at which they are developed.**
- 3.15 Sections 5-10 of the report set out a series of recommendations which lay the foundations for this step change to take effect.

## 4 The Commission's Findings and Recommendations

- 4.1 Identifying and developing the new employment and housing space needed to meet the SEP's ambitions and targets will require a step change in the number of sites brought forward for development and the pace at which they are delivered. The formation of the WMCA, the recent devolution deal and any future agreements with central government, and the governance changes associated with the election of a mayor provide a unique opportunity for the public and private sectors to jointly address the challenges inherent delivering the growth ambitions of the SEP.
- 4.2 The West Midlands has already progressed a number of plans and initiatives which should all help in the delivery of the SEP's targets. These include:
- Undertaking a series of housing, land and infrastructure studies to understand the scale of the challenge.
  - Launching a Collective Investment Fund (CIF) to support development.
  - Setting up a Land Remediation Fund (LRF) and Investment Board to manage this and the CIF.
  - Developing a Growth Company to market the region, and secure and retain investors.
  - Adopting the West Midlands Strategic Transport Plan.
  - Developing an economic model ("DEIM") to support investment prioritisation.
  - Setting up a West Midlands Property Board.
  - Collaborative cross-boundary work to bring forward the 'i54' major employment site.
  - Pursuing the innovative Telford Land Deal with the HCA.
  - Developing successful models of housing development such as the Birmingham Municipal Housing Trust (BMHT).
  - Initiating independent commissions to investigate three key areas of importance to the WMCA (including this Commission).



## Overarching principles

- 4.3 The Commission's recommendations to the Board of the WMCA build on those helpful first steps and are based on four overarching principles that the Commission believes are essential to future success. These are:
- Whilst accepting the value of continued adherence to the principle that all parts of the WMCA should benefit, though not necessarily at the same time or in the same way, the recommendations in Section 6 will focus on the need for **prioritisation**.
  - The need for the WMCA to **add value** to the existing development and delivery activities of the individual local authorities, and not to displace those activities. The WMCA would therefore only intervene where its intervention added value beyond the actions of its individual members, and recognising that the WMCA is not a Planning authority.
  - The combination of the setting-up of the WMCA and the devolution deal mean that there has been a step change in the powers and funding available to the WMCA. The WMCA should consider how it can make **full and holistic use of both the new powers** (including the enhanced borrowing powers announced in the Autumn Statement 2016) **and the funding** provided by the devolution deal and any future agreements with central government.
  - **Aligning development and infrastructure** – ensuring that infrastructure investment, especially in strategic transport and the provision of utilities, and the development of housing and employment sites are closely aligned.

## Recommendations

- 4.4 Some of the Commission's individual recommendations are capable of swift implementation. Others have a longer-term trajectory, and would take some time to implement. They are not, however, intended to be sequential, and the Commission hopes that, in the interests of making progress at the pace which will be needed to ensure land is not an obstacle to achievement of the SEP's targets, they will be considered and, if accepted, initiated concurrently.
- 4.5 The development of large-scale sites is a long-term business, requiring years of promotion and preparation before the first brick is ever laid. The scale of the challenge presented by the SEP needs to be seen in the context of the delays historically experienced in bringing sites to market, which can extend to as much as 8-10 years<sup>19</sup>. In view of this, to have any meaningful impact before the end of the period covered by the SEP (2030), action in a number of areas would need to be addressed with immediate effect.

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<sup>19</sup> Nathaniel Lichfield & Partners, (2016) 'Start to Finish: How quickly do large-scale housing sites deliver?'

4.6 The recommendations, and the evidence and analysis that supports them, are grouped around six ‘game changers’ – the collective, transformative actions which the Commission believes will be needed if the major step change needed to deliver the SEP targets is to be achieved. These are:

- The development of a **single agreed spatial vision** for the West Midlands, expressed in a non-statutory **Spatial Framework**, supported by **collective processes and resources** which underpin its delivery with a strong bias to collective action. The Commission believes that the proposed Spatial Framework will need to cover within a **mixed land use strategy**, the whole range of options for delivering sites for employment and housing uses, including brownfield remediation (see further below), densification, estate renewal, infill development, and new settlements and urban extensions.
- Key amongst these is the designation of a prioritised list of **Action Zones** where significant employment and housing space can be accommodated, underpinned by a **Delivery Plan** and a **Financial Plan** for each such Zone; use of the WMCA’s embedded capacity to create a **Project Delivery Team** to apply the human and financial resources available from both local and national sources to identifying the way in which strategic transport investment schemes might be leveraged to secure more, and more productive, employment and housing land than might otherwise be the case; and identifying the potential for siting strategic employment sites and large concentrations of new homes in **strategic transport corridors**.
- The continued development of a visible **unity of purpose** in delivering that agreed spatial vision, seen in the arrangements that underpin it, especially in local and national bodies collaboratively using the full range of existing and emerging **planning powers**; and in the creation of new **collaborative delivery models** to allow a joined-up approach to the delivery of key sites. The Commission considers that there is a great deal to be gained from further and wider collaboration across the public and private sectors in delivering the SEP’s ambitions and targets. It also believes that there would be value in the WMCA implementing measures to **strengthen the region’s identity** in a manner appropriate to its role as the UK’s second city region, and using the proposed Growth Company as the **‘front door’** to global investors, developers and occupiers.
- A radically expanded programme of **regeneration and remediation of brownfield sites** across the West Midlands, engaging both local and national organisations. The Commission believes that central government, especially the HCA, has a significant role and responsibility in this area. Associated with this would be the expansion of existing collaborative arrangements to allow a collective review of the utilisation by central and local public sector bodies of their land and property assets, to establish whether through more efficient shared use it would be possible to release under-utilised public sector sites for redevelopment.
- A strategic **review of the Green Belt** in the geographical areas covered by the WMCA. The Commission believes that even an effective, well-funded brownfield remediation programme is unlikely to provide a sufficient supply of developable

land to meet the SEP's ambitions and targets on its own within the timescale, therefore a mixed land use strategy will need to be adopted encompassing the use of densification, estate renewal and infill development as well as new settlements and urban extensions. The review should pick up from and, where appropriate, supersede the reviews which a significant number of local authorities have underway, where the Commission has heard from a number of respondents that individual local reviews risk a piecemeal and unsustainable 'chipping away' of the Green Belt.

- Building on steps already taken, the further development of **governance arrangements** to provide shared leadership and oversight of the implementation of the measures described in this report.

## 5 A Single Agreed Vision

**The first of the Commission’s six game-changing recommendations is the development of a single agreed spatial vision for the West Midlands, expressed in a non-statutory Spatial Framework, supported by processes and resources which underpin its delivery with a strong bias to collective action. This Framework would be the spatial mechanism for guiding the whole region’s inclusive economic growth and delivering community benefit.**

**The Spatial Framework is not intended as another planning document, nor should it replace existing Local Plans, or those in preparation.**

**The Commission recommends that:**

- The WMCA Board develops a Spatial Framework for the West Midlands, initially on a non-statutory basis, which would set out the agreed spatial Vision for the region.
- As part of the development of the Spatial Framework, the WMCA and local authorities should collaboratively consider how to use the full range of existing and emerging powers.
- The Project Delivery Team described in the following section builds the expertise to enable collaborative delivery models to be brought forward and used as appropriate, taking advantage of the new powers and funding now available through the WMCA.
- The WMCA undertakes a study of modern business requirements, and uses the findings from that study both to inform the development of the proposed Spatial Framework and to identify urgently the needs of modern logistics and just in time delivery for manufacturing plants.
- The WMCA now commissions the second phase of the JLL/PBA study, to examine in detail how best the forecast shortfall between supply and likely demand for housing might best be addressed, as well as to identify urgently accessible major sites to take forward. Given the scale of the challenge, that analysis should start with a “Policy Off” analysis to ensure an open-minded and holistic approach to site selection, weighted by a consideration of market signals as to where optimum location is. Policy considerations can then gradually be reintroduced.

- Until that work is available, the Spatial Framework should, in a way which is consistent with existing Local Plans, support the development of new housing through improved mechanisms for identifying sites and delivering new homes at pace and scale.
- The WMCA should consider how successful models of public sector housing development could be replicated across the West Midlands.
- Given the potential for densification, the approach to density within the West Midlands should be revisited via a ‘density test’ for local planning authorities to consider applying new guidelines on top of Local Plans where planning consents are sought for sites which are likely to benefit from significant new infrastructure investment.
- The WMCA commissions from specialist developers a review of the options for the renewal of major estates across the region with the twin goals of delivering additional housing alongside the undoubted community benefits.
- The Spatial Framework be constructed around a robust open-source evidence base, such as the tool developed on a pilot basis by the HCA, and to be jointly created by public and private sector stakeholders.

- 5.1 The West Midlands is a large and complex area. The diversity of an area as large as this brings economic opportunity, with the potential for every type of housing and employment site. It is important that the market functions as efficiently as possible, so that it feels like one market, minimising structural barriers and regulations.
- 5.2 The efficient functioning of the land market, like any other, depends to a significant degree on regulatory certainty. In the case of the land use market that means a planning system in which individual planning authorities each has an adopted Local Plan and, that there is adequate coordination between them at a strategic and operation level, with clear coordination between local planning, transport, housing, utilities and other important organisations.
- 5.3 Whilst some of the local planning authorities have Local Plans, others do not – or, at least, do not have these documents formally adopted. The Black Country authorities have had a Core Strategy in place since 2011 which covers much of the material that would be in a Local Plan. There has also been some coordination on the basis of LEP geography. The Core Strategy is a spatial planning document, which seeks to guide the transformation and regeneration of the Black Country by promoting economic growth in a series of regeneration corridors and strategic centres up to 2026. Adopted in 2011, it forms the basis of the four local authorities' Local Development Frameworks, and as such it is a statutory spatial plan<sup>20</sup>. The Core Strategy is in the process of being reviewed and extended to cover the period to 2031<sup>21</sup>.
- 5.4 There is no spatial strategy in place for either the GBSLEP or the CWLEP, although the Commission understands that it is the current intention of both LEPs to produce spatial plans in due course. The Commission understands that, whilst the GBSLEP Spatial Plan for Growth is being prepared, it has been on hold to allow further work to be undertaken on the housing element. The Joint Committee of local authorities in Coventry and Warwickshire recently considered the possibility of a Single Spatial Strategy for Coventry & Warwickshire, which could be initiated once the current round of Local Plans have been adopted in 2017<sup>22</sup>.
- 5.5 The strongest consensus in the evidence received by the Commission on this issue was the need for the relevant local authorities to develop, adopt and act upon a single spatial vision for the West Midlands. There was broad agreement that the scale and pace of development needed to achieve the ambitions of the SEP requires a single Spatial Framework, a single focus (the subject of Section 7 of this report) and a single agreed set of priorities to achieve that vision.
- 5.6 The Commission has considered carefully the mixed evidence it received on the development and use of previous Regional Spatial Strategies. Respondents generally agreed that, on some issues, they had proved effective but that they had shown that there were issues where comprehensive regional planning was not practicable. What is clear from the

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<sup>20</sup> Black Country Local Authorities (2016) 'Black Country Core Strategy'. Date Accessed 18.01.17 – Pg. 8

<sup>21</sup> Greater Birmingham and Solihull LEP, Black Country Local Authorities (2015) 'Strategic Housing Needs Study. Stage 3 Report'

body of evidence, however, is the weight of opinion in favour of some form of spatial framework focusing on employment and housing land supply and use, tightly tied to the delivery of the ambitions and targets of the SEP. Some respondents also cited a need to align strategic housing and employment planning to strategic infrastructure planning and investment programmes, focusing on key prioritised strategic sites and corridors.

- 5.7 The Commission therefore **recommends that the WMCA Board develops a Spatial Framework for the West Midlands, initially on a non-statutory basis, which would set out the agreed spatial vision for the region.** This would give a spatial and geographic dimension to the economic vision articulated in the SEP, which should help determine relevant land use and development goals and priorities for the West Midlands. Its action focus and non-statutory basis would allow local authorities to continue with their Statutory Plan making and adoption whilst working proactively to unlock further joint opportunities that might otherwise not be possible under individual planning policy regimes.
- 5.8 The Framework should be action-focussed, effectively identifying priorities for joint action to bring about an acceleration of sites brought forward for development across the WMCA area.
- 5.9 The Spatial Framework is not intended as another planning document, nor should it replace existing Local Plans, or those in preparation. The Commission is conscious that the WMCA does not have planning powers and that its actions must not conflict with those of local planning authorities or seek to override agreed current Local Plans. Nonetheless, the Commission's expectation is that, once all members had approved the Spatial Framework, they would also commit to its implementation in a way which was consistent with Local Plans.
- 5.10 The Spatial Framework would identify:
- Which local authority areas it covered.
  - Responsibilities and accountabilities.
  - Where, and how, housing and commercial development could be accommodated in order to achieve the targets in the SEP. This would include identifying strategic corridors where development and investment could be concentrated. It would also include the identification of Action Zones to prioritise the most significant potential development sites where land assembly, remediation as necessary and development should be pursued and monitored by the WMCA Board.
  - The essential linkages and interdependencies between housing sites, employment sites, and strategic infrastructure.
  - A pipeline of strategic employment sites which could be available at an economically attractive cost within an appropriate timeframe.
  - A pipeline of strategic housing sites, together with mechanisms to ensure that the pipeline is continually renewed. This would include sites which might be capable of

densification; urban extensions and new settlements, including ‘Garden Villages’; and the potential for estates regeneration.

- Potential opportunities for employment and housing uses on sites which currently straddle local authority boundaries, and which have not yet been identified in Local Plans.
- Those areas, whether brownfield, greenfield or Green Belt, that have high environmental and biodiversity value and which therefore need continued protection. There may well also be some areas of brownfield or greenfield land that could be identified for possible addition to the Green Belt where this would create a more cohesive Green Belt.
- The respective roles of public and private sector bodies in delivering new sites.
- The funding principles on which sites could be progressed, including the conclusions of collective consideration of the way in which financial resources available from both local and national sources can be used to bring strategic sites to market at a sufficient pace and scale. This could include re-investing a proportion of the value uplift realised in the granting of planning consents on major sites in one Action Zone into the assembly and remediation of major sites in other Action Zones, to the collective benefit of the WMCA overall.
- How the Framework links to the WMCA’s wider plans, particularly as they relate to the skills base, the West Midlands Strategic Transport Plan and the Midlands Engine strategy.
- The further powers and finances which might be sought in any future agreements with central government to support the WMCA and local planning authorities in implementing the Framework.

5.11 The Spatial Framework should also address the future strategic (transport, telecommunications and utility) infrastructure requirements of the West Midlands and how best to harmonise proposed investments in strategic infrastructure with the region’s broader land, development and economic targets. This could be established through a regional infrastructure dependency mapping exercise in collaboration with the three LEPs. The Commission believes that strategic land use and development priorities should be aligned with the infrastructure investment plans of bodies such as Highways England, Network Rail and the utility providers, with those bodies being asked to prioritise and accelerate the delivery of planned investments that support the delivery of the Spatial Framework and hence of the SEP. The Commission’s expectation is that the WMCA would be the primary point of focus for discussions with Network Rail and Highways England on their strategic investment schemes, liaise with bodies such as Midlands Connect, and act for its members in lobbying Network Rail, Highways England and the utility providers for investments on their part which supported the Spatial Framework and SEP.

5.12 This Spatial Framework process could be supported by clear mapping of development opportunities, existing and potential infrastructure, and constraints to development, similar



to the interactive mapping associated with the Greater Manchester Spatial Framework and made available on an open source basis.

### **Greater Manchester’s Spatial Framework**

Greater Manchester has a longer track record of cooperation than other areas and, as a result, is the furthest along of any Combined Authority. It is therefore a useful point of comparison to understand the extent and operation of a Spatial Framework.

The Greater Manchester Combined Authority is setting up a Spatial Framework (‘GMSF’) to ensure the provision of the right land in the right places to deliver the homes and jobs needed up to 2035, ensuring provision of opportunities for development across the whole region. The framework sets out the level of housing and commercial growth that the City Region needs and indicate broadly where this will go to accommodate land for 199,700 jobs, and 227,200 net new homes<sup>1</sup>.

The framework will identify new infrastructure (such as roads, rail, Metrolink and utility networks) required to achieve this as well as addressing the environmental capacity of Greater Manchester, setting out how to enhance and protect the quality of the natural environment, conserve wildlife and tackle low carbon and flood risk issues, to accommodate growth sustainably<sup>3</sup>. It will do this by aligning with complementary documents such as the Local Transport Plan.

The key point about Greater Manchester in the context of the West Midlands, however, is not the GMSF itself: it is the outcome of over twenty years of joint working. This was a process that started with informal cooperation and the development of a joint economic strategy which was then taken forward through joint investment planning. The GMSF was neither the starting point for that journey nor an inevitable outcome of it. As in Greater Manchester, the West Midlands local authorities need to decide how and at what pace to build their process of cooperation.

*For full case study see Appendix F.*

<sup>1</sup> GMCA (2017) ‘Greater Manchester Spatial Framework’. Date assessed 18.01.17. Available at <https://www.greatermanchester-ca.gov.uk/GMSF>

<sup>2</sup> GMCA (2016) ‘Draft Greater Manchester Spatial Framework’. Date assessed 18.01.17 - Pg. 6

<sup>3</sup> GMCA (2017) ‘Greater Manchester Spatial Framework’. Date Assessed 18.01.17. Available at <https://www.greatermanchester-ca.gov.uk/GMSF>

- 5.13 The Spatial Framework could provide the basis for future discussions and agreements with central government and might consider the extent to which the mayor should be granted more planning and delivery powers, including “call-in” powers similar to those of the mayor of London, as a means of ensuring that the strategic development sites identified in the

Spatial Framework as sites of major regional significance are progressed at an appropriate rate.

- 5.14 Although not a point of first order importance, the WMCA could give consideration to reaching a consistent approach to the use of Planning Conditions using the Spatial Framework. The Commission has reviewed evidence to suggest that the use of Planning Conditions varies widely across the region, and that, in some instances the satisfying of the Planning Conditions is delaying the start of development.
- 5.15 The Commission is aware of the difficulties in garnering community support for large developments, and believes the WMCA should explore the potential for extracting additional benefits from sites identified across local authority boundaries using the Spatial Framework. Such opportunities may not have been identified in the Local Plan process and therefore extraction of benefits could be used to fund projects of investment of benefit to the local communities thus generating goodwill towards development. For example, Islington Borough Council were able to demand significant contributions from Arsenal Football Club and its development partners in return for the granting of planning permission. This funding was used to secure a number of community benefits such as building a waste transfer station plant and i-recycle educational centre as well as prioritising local people for Season Tickets<sup>23</sup>.
- 5.16 The Commission **recommends that as part of the development of the Spatial Framework, the WMCA and local authorities should collaboratively consider how to use the full range of existing and emerging powers**, including inter alia: CPOs, LDOs, permissions in principle, housing freedom areas, flexibilities to create urban and mayoral development corporations, EZs, and Housing Action Zones.
- 5.17 Each of the tools and policies described above is aimed at creating a policy framework to enable development sites to be brought forward more quickly and efficiently, using public funding and regulatory powers to streamline, simplify, or prioritise specific areas or sites. But these do not of themselves make development happen though in the case of some sites they may render unviable sites developable and lead to the market working in the normal way. Where site viability is not the primary issue, there needs to be a focus on delivery mechanisms to enable public and private sector land owners and stakeholders to pool or align their interests through new collaborative delivery models, including alliances, partnerships and joint ventures. The use of these models should be developed to enable a more joined-up, holistic approach to the delivery of key strategic sites, which enable all parties to benefit from that collaboration and thereby make development more likely, as for example in the joint-working between Sandwell Metropolitan Council and Birmingham City Council in creating the Greater Icknield and Smethwick Housing Growth Prospectus, as outlined in the case study below.

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<sup>23</sup> ULI (2009) – ‘Value capture finance - Making urban development pay its way’ - Pg. 19

## Icknield Port Loop

Icknield Port Loop is a 43-ha brownfield site on a section of 18<sup>th</sup> Century Canal in Birmingham<sup>1</sup>. The site is now part of the Greater Icknield and Smethwick Housing Growth Prospectus, released in October 2016, which has been created by collaboration between Birmingham City Council and Sandwell Metropolitan Borough Council to accelerate building of more than 5,000 homes on five brownfield sites, which includes Icknield Port Loop<sup>1</sup>. This collaboration has enabled the Councils to access greater funds and make use of shared skills capacity.

Places for People and Urban Splash, together with Birmingham City Council and the charity Canal & River Trust, have formed Icknield Port Loop LLP<sup>2</sup>. Together they intend to facilitate the redevelopment of the brownfield site.

Outline planning permission was secured in October 2012 for a mixed-use development on the site with 1150 residential units<sup>3</sup>. This constitutes a strategic housing allocation within the Birmingham Development Plan. The mixed-use development will include housing, retail, service, employment, leisure and non-residential institutional uses. The Greater Icknield and Smethwick Housing Growth Prospectus outlines the potential to site a further 650 homes in the area<sup>4</sup>.

The Prospectus indicates that a phased approach to the delivery of infrastructure will bring forward development in the right market conditions. The brownfield development will benefit from a portion of a £12 million tranche of funding for eight projects under the Growing Places Fund through the GBSLEP<sup>5</sup> and this is targeted towards supporting infrastructure<sup>6</sup>. Community Infrastructure Levy and Site-Specific planning arrangements will also contribute towards the infrastructure requirement.

The history of collaboration between Birmingham City Council and Sandwell Metropolitan Borough Council dates back to the 1990s. In terms of the Housing Growth Prospectus, the Councils worked together to capitalise on the opportunity, using the different skills available in their two planning departments to lead on different aspects of the project.

*For full case study see Appendix F.*

<sup>1</sup> WMCA (2016) 'Greater Icknield and Smethwick Housing Growth Prospectus' – Pg. 9

<sup>2</sup> Urban Splash (2016) 'Icknield Port Loop LLP is formed' Available: <http://www.urbansplash.co.uk/news/press-releases/icknield-port-loop-llp-is-formed>. Date accessed 23.11.16

<sup>3</sup> WMCA (2016) 'Greater Icknield and Smethwick Housing Growth Prospectus' – Pg. 9

<sup>4</sup> WMCA (2016) 'Greater Icknield and Smethwick Housing Growth Prospectus' – Pg. 17

<sup>5</sup> GBSLEP (2012) 'GBSLEP announced £12 million Growing Places funding for first projects'. Available: <http://centrefenterprise.com/2012/04/03/gbslep-announces-12-million-growing-places-funding-for-first-projects/>. Date accessed 24.11.16

<sup>6</sup> Felton, F (2013) 'Mooring up to Port – 'Icknield Port Loop Development''. Available: <http://birminghamcentral.blogspot.co.uk/2013/01/mooring-up-to-port-icknield-port-loop.html>

- 5.18 The Commission therefore **recommends that the Project Delivery Team described in the following section builds the expertise to enable collaborative delivery models to be brought forward and used as appropriate, taking advantage of the new powers and funding now available through the WMCA.**
- 5.19 In the long-term, if the Spatial Framework proves a successful tool for collaboration the WMCA could consider the adoption of a statutory Spatial Framework for the WMCA area.

### The role of strategic sites for employment use

- 5.20 Ensuring a good supply of employment premises - in the right place, at the right price, at the right time and to the right specification – is essential to the growth of businesses in the West Midlands and the achievement of the employment targets in the SEP. Although in recent months much of the focus at regional and national level has been on housing, the evidence the Commission has seen suggests that the shortfall of land for employment space is at least as pressing as the shortage of land for new homes, and possibly more so<sup>24</sup>.
- 5.21 The Commission believes that a credible pipeline of strategic employment sites – sites in excess of 25 ha which aim to attract net additional economic activity and jobs from businesses which are new to the area and the supply chains that support them - is a pre-requisite for the future growth of the West Midlands. As the JLL/PBA report noted, these sites need “larger-than-local” planning and are unlikely to be delivered through the traditional planning activities of individual local planning authorities<sup>25</sup>; hence the Commission’s view that such sites should be identified in the Spatial Framework and that the WMCA Board should have a significant role in pursuing them.
- 5.22 The Commission was struck by the conclusion in the JLL/PBA Study that there is no longer a single site within the West Midlands that meets the needs of a potential major employer requiring developable land of 25 ha or more<sup>26</sup>, a point which was also emphasised by a number of others who gave evidence to the Commission. Furthermore, respondents pointed to the way in which the market for industrial and distribution premises in the West Midlands has improved significantly over the last four years, such that there is now a shortage of readily developable employment sites<sup>27</sup>. Evidence from major employers such as JLR confirms the importance of having sites that are remediated, situated in the right place and which benefit from appropriate transport, digital and energy infrastructure <sup>28</sup>. In the view of respondents, a number of sites included in Local Plans, whilst theoretically available, are not deliverable in practical market terms, either because they require significant remediation and infrastructure investment or, as in the example of Providence

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<sup>24</sup> See the West Midlands Land Market Appendix E

<sup>25</sup> Peter Brett Associates and JLL (2015) ‘West Midlands Strategic Employment Sites Study’- Pg. 4

<sup>26</sup> Peter Brett Associates and JLL (2015) ‘West Midlands Strategic Employment Sites Study’- Pg. 11

<sup>27</sup> See the West Midlands Land Market Appendix E

<sup>28</sup> See the West Midlands Land Market Appendix E

Place, because they are in locations which do not support the identified use, so that they do not command a high enough market value to make them viable.

- 5.23 In many instances, businesses seeking a strategic site will have a choice of national or even international locations, and will be looking to occupy a site within a relatively short timescale. For this reason, the Commission also believes that the pipeline should include a number of readily available, viable sites. Some might be retained in public sector ownership until they are ready for development. The JLL/PBA report argues that an important contribution to the success of the i54 development was the ability to retain the site in public ownership, until a suitable employer emerged. It suggests this activity would have been unlikely if the site had been in private sector hands, as a private owner would be likely to want an earlier return on a site once the principle of development had been established<sup>29</sup>.
- 5.24 The need for such a pipeline was widely supported in the evidence received by the Commission. The JLL/PBA research also concludes that the original case for strategic employment sites which underpinned previous Regional Spatial Strategies still stands for those sites of regional importance for industrial use in the highest demand areas, on the basis that this would be likely to bring forward additional economic activity and jobs to the region, thereby supporting both the growth of existing businesses and inward investment<sup>30</sup>.

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<sup>29</sup> Peter Brett Associates and JLL (2015) 'West Midlands Strategic Employment Sites Study'- Pg. 14

<sup>30</sup> Peter Brett Associates and JLL (2015) 'West Midlands Strategic Employment Sites Study'- Pg. 58

### **Providence Place**

Providence Place in West Bromwich evidences the point that whilst certain sites may be theoretically available, by virtue of their site location or condition, they are not sufficiently attractive to the market for development to proceed. Such sites illustrate undeliverable ambitions in terms of the type of site use.

Sandwell Metropolitan Borough Council identified a 2.7 ha site adjacent to the A41 and close to West Bromwich town centre. Advantage West Midlands funding was secured to clear existing development and remediate the site.

Outline planning permission was secured for part of the site which was developed for employment purposes. However, between 2012 and 2016, there was no serious interest in the take up of the cleared remediated development site with outline planning permission despite active marketing to potential occupiers.

The poor rate of take up is in part due to the lack of local demand by indigenous companies within the Black Country and the unwillingness of companies to relocate out of the Central Office Market of Birmingham City Centre to the nearby centre of West Bromwich, a 12-minute metro ride away.

With no tenant interest, developers are unwilling to develop the site speculatively. Developers are also faced with the cost of the construction of an office which is broadly similar in West Bromwich as it is in Birmingham, yet the passing rent in central Birmingham is now in excess of £35/sq. ft. and the passing rent in West Bromwich is £ 12/sq. ft. This combination does not generate a viable development when taking into account land acquisition and cost of construction.

This generates a tension as to whether the Council chooses to adhere to the adopted Development Plan and holds the vacant, non-revenue generating site until development comes forward, or takes a long-term strategic view, acknowledging the increasing trend towards new jobs being located in Birmingham City Centre.

*For full case study see Appendix F.*

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Providence place case study material submitted by Sandwell Council

- 5.25 The Coventry and Warwickshire Employment Land Use Study concluded that there is a significant shortage of sites within the sub-region to meet forecast demand through to 2031, suggesting a shortfall of over 300 ha of employment land. In the short term, the study

concludes that the scarcity of available land has the potential to damage the economic prospects of the area by preventing investment opportunities from being delivered.<sup>31</sup>

- 5.26 The Commission has, in addition, heard evidence from respondents about the particular attractiveness of the region to major logistics operators, and the strong potential for logistics employment to contribute not only to the growth and other targets of the SEP but also to UK GDP overall<sup>32</sup>. The JLL/PBA report sets out that the boundary between logistics and other employment uses is becoming increasingly blurred, especially as major manufacturers seek to have their supply chains located nearby<sup>33</sup>. It is vital too that the plans of the West Midlands are geared around meeting likely future demands and the Commission is conscious that, with the continuing changes being seen in patterns of employment, the strategic employment sites of the past may not be the sites of the future. This would be particularly true if start-ups and other companies are looking for more urban locations with different place attributes than in the past, such as in the creative, digital and technology sectors. So, to maintain economic competitiveness, locations need to be attractive to the highly-educated millennials in the labour pool; evidence suggests this requires high levels of connectivity, particularly by public transport and broadband. Some traditional strategic employment sites may lack this mixed use, urban feel and location that employees and employers now look for in making location decisions.
- 5.27 The Commission has also heard concerns from some respondents that insufficient attention is being paid to the employment space needs of SMEs, particularly those that support the supply chains of some of the larger occupiers throughout the West Midlands. To further substantiate and address these (and other) issues, the Commission **recommends that the WMCA undertakes a study of modern business requirements, and uses the findings from that study both to inform the development of the proposed Spatial Framework and to identify urgently the needs of modern logistics and just in time delivery for manufacturing plants.**

## Strategic Housing Sites

- 5.28 Ensuring an improvement in the quantity and quality of housing will be important to attract and retain skilled workers to drive the economic growth envisaged in the SEP. The SEP therefore sets out ambitious targets for housing growth.
- 5.29 The JLL/PBA study contains useful analysis on the supply of land for housing across the region against likely levels of demand. The Commission also notes that the brief for that work recommended that, if the research showed that the supply of suitable land for housing was likely to fall short of likely demand, a second phase of analysis should be conducted to consider how that shortfall might best be addressed. The Commission **recommends that the WMCA now commissions the second phase of the JLL/PBA study, to examine in detail how best the forecast shortfall between supply and likely**

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<sup>31</sup> CBRE (2015) 'Employment Land Use Study -Coventry and Warwickshire' - Pg. 56

<sup>32</sup> See the West Midlands Land Market Appendix E

<sup>33</sup> Peter Brett Associates and JLL (2015) 'West Midlands Strategic Employment Sites Study'- Pg. 27

**demand for housing might best be addressed, as well as to identify urgently accessible major sites to take forward. Given the scale of the challenge, that analysis should start with a “Policy Off” analysis to ensure an open-minded and holistic approach to site selection, weighted by a consideration of market signals as to where optimum location is. Policy considerations can then gradually be reintroduced.**

5.30 Until that work is available, the Commission **recommends that the Spatial Framework should, in a way which is consistent with existing Local Plans, support the development of new housing through improved mechanisms for identifying sites and delivering new homes at pace and scale.**

5.31 In terms of site identification and selection, these include:

- Supporting the identification and build-out of smaller infill sites that can cumulatively support large quantities of development, possibly at faster build-out rates than larger sites.
- The packaging of easy-to-develop and hard-to-develop sites, through public sector landowner collaborations and/or through facilitating joint ventures and land pooling between private sector landowners.
- Considering the more proactive use of new planning freedoms with support from central government to enable sites not currently allocated in Local Plans, including windfall sites, to be brought forward ahead of Local Plan revisions.
- Running a ‘Call for Sites’ across the region, to create a register of sites available for development.
- Considering the sub-division of large sites to encourage SME builders.

5.32 In terms of site build-out and housing provision, these include:

- Broadening the range of new housing to ensure the widest possible offering to buyers and renters. This should include, inter alia, affordable housing, private rented housing, accessible housing, assisted-living housing, houses for multiple occupation, and a full range of tenures and sizes.
- Supporting alternative forms of delivery and ownership including Community Land Trusts, custom-build and self-build.
- Identifying opportunities for large-scale ‘build-to-rent’ opportunities.
- More direct intervention in the market by the public sector through, for example, direct delivery, risk shares, and taking sales risk.
- Working collaboratively to identify a more proactive role for RSLs.



- Supporting new building technologies and techniques, including high-quality homes built either on-site or off-site using modern methods of construction.

5.33 The Commission has noted a number of successful models of housing development pursued by some public sector bodies and RSLs. The most significant in the regional context is the development and sale since 2012 of over 1,000 homes on Birmingham Municipal Housing Trust (BHMT) sites through a process of up-front risk management by BHMT and then the direct contracting of developers to build homes for rent and sale. This example is explored in more detail overleaf. The Commission **recommends that the WMCA should consider how new models of public sector housing development could be replicated across the West Midlands.**

### **The Birmingham Municipal Housing Trust (BMHT)**

The Birmingham Municipal Housing Trust (BMHT) model has been developed to work with the private sector both to build BMHT properties for rent and properties for market sale. The model recognises that developers are risk averse and the redistribution of financial risk between the Council and developer is necessary to bring forward sites and deliver housing.

The Council takes on risk in a number of ways: in terms of design, by designing homes to the adopted Residential Design Guidelines; planning risk, by submitting planning applications and brokering discussions with other stakeholders and statutory undertakers; risk in relation to site conditions, by carrying out the necessary surveys and taking remedial action where required; deferred receipt of payment through a legal agreement with the developer; and guarantee of work for developers.

This approach has proved to be successful in bringing forward development and regenerating challenging areas: since January 2012 over 699 homes have been sold on BMHT sites, which constitutes a significant contribution to meeting housing targets in the city and a marked increase relative to previous housing provision by the Council. The Birmingham Municipal Housing Trust Delivery Plan for 2015-2020 will deliver an estimated 2,056 homes, of which 1,456 will be new rented council homes<sup>1</sup>.

The Commission envisages that similar models of public sector housing development could be used in other parts of the regions by pooling specialist skills so that other authorities can access these skills sets and experience. Therefore, the Commission **recommends that the WMCA should consider how new models of public sector housing development could be replicated across the West Midlands.**

*For full case study see Appendix F.*

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<sup>1</sup> Birmingham City Council (2016) 'Birmingham City Council Response to West Midlands Combined Authority's Land Commission Call for Evidence'

## Densification

- 5.34 The Commission has considered analysis by the Urban Land Institute<sup>34</sup> and LSE cities study<sup>35</sup> on metropolitan density, and agrees with the conclusion that a key tenet of successful high density development is efficient transport infrastructure. The Commission believes that there is potential for encouraging higher density development on sites which are linked to significant new investment in strategic transport infrastructure and existing town centres. A number of such investments are planned over the SEP period, including HS2, the Midland Rail Hub and proposed changes to Birmingham Airport. In total, more than £8 billion of new investment is due to take place as a result of the recent devolution deal. The growth and employment potential of these schemes is very significant:
- The UK Central Masterplan cites regeneration areas such as North Solihull and Coventry as places that will benefit from the development of the transport nodes. It is estimated that UK Central will support an estimated 100,000 jobs and contribute £5.1 billion to regional GDP<sup>36</sup>.
  - The Midlands Rail Hub is expected to create between 6,500 and 8,500 new jobs<sup>37</sup> and address the rail network's main bottleneck in central Birmingham to improve rail links across the wider Midlands<sup>38</sup>.
  - HS2 states that it will pass through the West Midlands and Birmingham Curzon Street Station, creating 25,000 jobs and adding £103 billion to the UK economy<sup>39</sup>. Birmingham City Council's HS2 Masterplan sets out that the area will be the focus for significant retail, housing and commercial development<sup>40</sup>. The plans include 51,000 new homes, 270,000sq m of office space and several major employment sites<sup>41</sup>.
  - Currently, Birmingham International Airport claims to have supported 8,000 jobs on site and 25,300 jobs offsite in 2014, contributing £1.1bn in Gross Value Added

<sup>34</sup> Urban Land Institute (2015) 'The Density Dividend: solutions for growing and shrinking cities'

<sup>35</sup> Minerva LSE research group (2004) 'Density and Urban Neighbourhoods in London: Summary report'. Enterprise LSE Cities

<sup>36</sup> Invest in UK Central (2013) 'Solihull Metropolitan Borough Council – M42 Economic Gateway'. Available from <https://www.investinukcentral.com/downloads/?upf=dl&id=379>

<sup>37</sup> Midlands Connect (2016). 'Plans unveiled for new West Midlands rail interchange to boost region's economy', Available at: <http://www.westmidlandsinterchange.co.uk/plans-unveiled-for-new-west-midlands-rail-interchange-to-boost-regions-economy/> Date accessed on 18.01.17

<sup>38</sup> Midlands Connect (2016). 'Midlands Connect welcomes Network Rail proposals for region's railways', Available at: <https://www.midlandsconnect.uk/news/midlands-connect-welcomes-network-rail-proposals-for-region-s-railways/>. Date accessed 18.01.17

<sup>39</sup> Midlands Connect (2016). 'Plans unveiled for new West Midlands rail interchange to boost region's economy', Available at: <http://www.westmidlandsinterchange.co.uk/plans-unveiled-for-new-west-midlands-rail-interchange-to-boost-regions-economy/> Date accessed 18.01.17

<sup>40</sup> Birmingham Curzon HS2 (2015) 'Masterplan for growth'

<sup>41</sup> Birmingham Curzon HS2 (2015) 'Masterplan for growth'

(GVA) for the regional economy<sup>42</sup>. The Birmingham Airport Masterplan predicts that, by 2021, 17,460 full time equivalent jobs will be supported by the airport<sup>43</sup>.

- 5.35 The Commission **recommends that, given the potential for densification, the approach to density within the West Midlands should be revisited via a ‘density test’ for local planning authorities to consider applying new guidelines on top of Local Plans where planning consents are sought for sites which are likely to benefit from significant new infrastructure investment.**

## Estate renewal

- 5.36 The PBA housing study concluded that, whilst estate renewal can greatly improve the quality of housing and hence the quality of life, it is unlikely to deliver additional housing on a significant scale<sup>44</sup>. The Commission heard a range of different, and in some cases contrasting, views on the potential in this area. It recognises that some relevant estates are car-dependent and poorly connected. It also recognises that estate renewal is a complex activity which can involve considerable disruption to existing tenants, the repurchase of homes sold under the right-to-buy legislation, the re-provision of existing property, and the development of a blend of not only affordable but also of the market homes which are needed to finance the considerable costs involved. On balance, however, it has been swayed by views in the Call for Evidence that there is indeed potential in this area but further work is needed.
- 5.37 The Commission **recommends that the WMCA commissions from specialist developers a review of the options for the renewal of major estates across the region with the twin goals of delivering additional housing alongside the undoubted community benefits.** Such a review should include consideration of how social outcomes and benefits to communities might be improved if estate renewal were to be supported by investment in transport and telecommunications infrastructure to improve connectivity. The example of Attwood Green is explored overleaf.

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<sup>42</sup> Birmingham International Airport (2007) ‘Towards: 2030 Planning a sustainable future for air transport in the Midlands

<sup>43</sup> Birmingham International Airport (2007) ‘Towards: 2030 Planning a sustainable future for air transport in the Midlands

<sup>44</sup> Peter Brett Associates (2015) ‘Strategic Housing Needs Study- Stage 3 Report’ - Pg. 21

## Attwood Green

The Urban Land Institute's report on density evidences Attwood Green in Birmingham as an example of an area that underwent an extensive estate renewal programme to transform a poorly designed area into 'good' high density development.

Attwood Green was an area of 5 estates which used to consist exclusively of council- owned and social housing. The estates suffered multiple deprivation and there were serious problems including drug use, crime, suicide and anti-social behaviour. Attwood Green was included in an estate renewal programme in the 1990's by Birmingham City Council which secured £75 million from the public and private sectors to improve the area<sup>1</sup>. The process of regeneration was initiated by the transfer of the housing stock from all five of Attwood's estates into the hands of Optima Community Association, a non-profit social landlord. Optima then partnered with a number of private developers to regenerate the whole area<sup>1</sup>. This partnership structure was key to the project's success<sup>2</sup>.

Park Central is one of the housing estates in Attwood Green that has been rebuilt over the past 12 years<sup>3</sup>. Whilst the area used to have strict zoning, it now hosts a range of uses and mixed tenure dwellings. More than 20,000 sq. m of commercial space and new park land were added to the estate, and all displaced residents were guaranteed a home in the area. Once completed in 2018, 30 percent of the housing will be affordable. In total, 1,400 flats and maisonettes were demolished and 2,000 houses and flats built for rent, shared ownership and sale, increasing the average density from 50 to 70 dwellings per hectare.

ULI argues that the Attwood Green experience illustrates the value of a bold City strategy which gave confidence to public and private investors. Long-term financial planning and management allowed the project to focus on the ingredients that will sustain a mix of tenures and avoid the problems of single income communities<sup>4</sup>.

*For full case study see Appendix F.*

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<sup>1</sup> ULI (2015) 'The Density Dividend: solutions for growing and shrinking cities', Case Study: Birmingham - Pg. 18

<sup>2</sup> European Urban Knowledge Network (2010), 'Attwood Green Regeneration Initiative - Phase 1 Park Central' Date accessed 25.01.17, available: <http://www.eukn.eu/e-library/project/bericht/eventDetail/attwood-green-regeneration-initiative-phase-1-park-central/>

<sup>3</sup> ULI (2015) 'The Density Dividend: solutions for growing and shrinking cities', Case Study: Birmingham - Pg. 18

<sup>4</sup> ULI (2015) 'The Density Dividend: solutions for growing and shrinking cities', Case Study: Birmingham - Pg. 18

## Infill development on derelict, vacant and undeveloped land

- 5.38 The PBA housing study concluded that adopted and emerging Local Plans were already maximising housing supply from infill development<sup>45</sup>. This is, however, something that might be tested by a ‘Call for Sites’ across the region, possibly in the context of the adoption of the proposed Spatial Framework. The aim would be to create a register of infill and other sites, which could be made available not just to housebuilders but also potentially to self-builders, custom-builders and community building trusts.

## New settlements

- 5.39 The Commission has considered the extent to which new settlements could contribute to meeting the housing challenge. It has done so in the context of the recent Government announcement on Garden Villages, of which one – at Long Marston – is proposed by the Government to be in the WMCA region. The Commission notes, however, that even on the Government’s projections, such new settlements are unlikely to make a very significant contribution to meeting the scale of the housing challenge across the region. Long Marston is expected to deliver 3,500 homes, of which around 2,100 will be built during the plan period up to 2031<sup>46</sup>. Furthermore, the considerable planning and development activity involved mean that any such settlements would not make a contribution until towards the end of the SEP period (2030). Pursuing the possibility of new settlements is unlikely to produce a significant volume of new homes over the next 20 years, except where such sites are already being promoted and can be brought forward in imminent Local Plan reviews.
- 5.40 The Commission does however recognise that there remains the option of expanding smaller existing settlements, and re-orientating their planning policy framework to support the housing need.

## Urban extensions

- 5.41 In light of the preceding analysis, estate renewal, infill developments and new settlements are unlikely, on their own, to provide significant housing supply over and above the levels currently provided for in Local Plans, and within the timescale required by the SEP. The Commission believes, therefore, that a mixed land use and development strategy which also relies in part on urban extensions, will be required. By their nature, many of these urban extensions are likely to require the release of Green Belt land, combined with significant infrastructure investment to provide the required level of connectivity to the nearby conurbation and social infrastructure, most notably schools.

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<sup>45</sup> Peter Brett Associates (2015) ‘Strategic Housing Needs Study’ – Pg. 19

<sup>46</sup> Stratford-on-Avon (2016) ‘Stratford-on-Avon District Core Strategy 2011 to 2031’ – Pg. 88

- 5.42 The PBA study reviewed a number of options for urban extensions across the Housing Market Area, and concluded that, whilst there were more than enough homes potentially tied-up in the urban extensions currently being promoted, the SUEs had not been assessed on a consistent basis across the HMA as a whole<sup>47</sup>. This is an area where a WMCA-wide strategic review of the options for urban extensions could be conducted as part of the preparation of the proposed Spatial Framework.

### An opportunities knowledge base

- 5.43 The Commission **recommends that the Spatial Framework be constructed around a robust open-source evidence base, such as the tool developed on a pilot basis by the HCA, and to be jointly created by public and private sector stakeholders.** The robustness of this evidence basis would help ensure that the WMCA, local planning authorities and developers could be held to account in progressing sites in accordance with the targets outlined in the Spatial Framework. An example of a similar resource in Croydon is outlined below.

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<sup>47</sup> Peter Brett Associates (2015) 'Strategic Housing Needs Study' – Pg. 31

### **Croydon Dashboard**

The Croydon Dashboard is a tailor-made web based resource which provides a way for people to track the progression of developments in Croydon and to better understand the cumulative effects of these developments on Croydon. It was set up to complement the 5-year regeneration programme for the area running from 2015-2020 and the programme covers 169 sites.

The dashboard allows people to monitor developments on an interactive map that allows users to add layers such as political boundaries and masterplan areas. It also allows users to home in on individual developments and track progress of development from planning to delivery. For example, the dashboard offers data about traffic movements for each scheme up to five years in advance to enable mitigations to be planned and designed. This has identified infrastructure requiring investment and helped secure funding commitments.

The Commission believes that the dashboard offers a prototype which could be used to provide intelligence on the progress of prioritised development achieved in Action Zones. Such a resource could improve transparency for all concerned.

The dashboard seeks to offer users a “single point of truth” on the regeneration programme by making information accessible, transparent and interactive. By doing so, it also facilitates communication, understanding and interrogation between the programme and the residents of Croydon<sup>1</sup>.

*For full case study see Appendix F.*

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<sup>1</sup> Smart London Innovation Networks (2016) ‘Programme delivery dashboard for Croydon Council.’ <http://smarterlondon.co.uk/case-studies/programme-delivery-dashboard/>



## 6 Action Zones

**The Commission recommends that the WMCA identifies a series of ‘Action Zones’ to prioritise the most significant development sites where housing and employment space could potentially be accommodated. Each adopted Zone should be supported by a Delivery Plan and a Financial Plan which make use of the full range of financing, planning and delivery tools. Individual local authorities should be able to nominate areas for classification as Action Zones; the onus should be on them to develop the detailed evidence base necessary to support such a classification.**

**The Commission recommends that in the short-term, the WMCA:**

- Undertakes an audit of specialist skills across WMCA members – including planning skills, remediation expertise, the assessment of economic benefits, CPO skills, development appraisal and viability assessment.
  - Pools the specialist skills embedded in the existing capacity of the WMCA members so that they can be deployed across the region.
  - Identifies any major gaps in the skills base and makes provision for filling gaps on a WMCA-wide basis.
- The WMCA should, drawing on embedded capability across its members, create a Project Delivery Team to act as a single point of access to marshal resources and funding that can provide mutual support to LPAs in delivering strategic sites and provide expertise on sites identified in the Action Zones where necessary.
  - Strong consideration should be given to the potential for siting strategic employment sites and large concentrations of new homes in strategic transport corridors identified within the Spatial Framework.
  - The WMCA should undertake a region-wide review of the housing potential within existing and new strategic transport corridors. Such a review should take into account an analysis of the potential for greater densification.

- The WMCA develops, in its work on the proposed Spatial Framework, an analysis of the way in which:
  - Already planned strategic transport schemes and investments might be leveraged to secure more, and more productive, employment and housing land than might otherwise be the case.
  - It would wish to influence the development of the future schemes and investment plans of the major transport operators so that they can be brought to support the delivery of the Spatial Framework and hence the ambitions of the SEP.
  - Forward-funding mechanisms for infrastructure might be considered in the Financial Plans for Action Zones in order to deliver key infrastructure requirements up front.
  - At a more strategic scale, Action Zones align with strategic infrastructure investment.

- 6.1 The Commission recognises that detailed work on a number of new strategic employment and housing sites requires a significant level of resource. Prioritisation will thus be essential to optimise and expedite significant development in appropriate locations. The Commission proposes that the WMCA identifies a series of 'Action Zones' to prioritise the most significant development sites where housing and employment space can be accommodated (though individual Zones might lean more towards one use or the other). Local authorities should be able to nominate areas for classification as Action Zones. The onus should be on those local authorities to invest in developing the detailed evidence base necessary to support the classification of each site as an Action Zone, although WMCA could provide funding and technical support as needed.
- 6.2 Each adopted Zone should be supported by a Delivery Plan and a Financial Plan which makes use of the full range of financing, planning and delivery tools available to local authorities and the WMCA acting collectively. Particular attention should be paid to locations where cross-boundary collaboration in identifying and designating sites could yield new opportunities.

## Financing

- 6.3 The Delivery Plan and Financial Plan should set out the financing and funding mechanisms that will be employed to realise development within the designated Action Zone. This should include the phasing and timing of development, attracting and sourcing investment, options for land value capture and how developer contributions might be collected. The Commission envisages these plans will make use of the full range of financing tools available to local authorities and the WMCA.
- 6.4 The Commission has heard that the current mechanism under which funding for infrastructure through developer contributions is received late in the life of a major project is problematic for sites of a significant scale for which financing is needed up front for infrastructure which plays a key role in unlocking the development. The Action Zone financing plan should clearly set out the key infrastructure requirements and propose forward-funding mechanisms to enable key infrastructure to be delivered up front, thereby unlocking the sites within the Action Zone.
- 6.5 The WMCA should explore the introduction of fiscal incentives to accelerate relevant development. Examples might include business rates relief or stamp duty subsidy from the local planning authority. As outlined in paragraph 8.11, funding transfers between Action Zones could be used to tackle tricky brownfield sites by phasing development to occur first on greenfield land and extracting a proportion from the land value uplift created by development which could be applied to otherwise unviable sites.

## Planning teams

- 6.6 There has been much discussion in the evidence submitted to the Commission of the UK-wide skills shortage within local planning authorities, and the West Midlands is no exception. The Commission has heard numerous examples of planners having to juggle small scale development control issues alongside applications for major strategic sites. The

recruitment and retention of qualified experienced planning and regeneration staff has also been raised as a significant issue within many LPA teams.

- 6.7 The Commission has reviewed the speed at which major development decisions are made by local planning teams, against the Government target of 13 weeks. In the two-year period between July 2014 and June 2016, West Midlands local authorities reached 2,340 major development decisions. Of those decisions, less than half (48.2%) were made within the 13-week target date. Figure 5 summarises the position for each local authority below. It is clear that there is a very wide range of outcomes, with the largest local authorities (Birmingham, Coventry, and Warwick), which potentially have greater resources, achieving the highest percentages.

**Figure 5. Timing of planning decisions in WMCA LPAs**

<i>Local planning authority</i>	<i>Major decisions July 2014- June 2016</i>	<i>Major decisions within 13 weeks</i>	<i>% of decisions within 13 weeks</i>
<i>Birmingham</i>	411	312	76
<i>Bromsgrove</i>	50	22	44
<i>Cannock Chase</i>	43	18	42
<i>Coventry</i>	133	114	86
<i>Dudley</i>	114	68	60
<i>East Staffordshire</i>	112	54	48
<i>Lichfield</i>	68	21	31
<i>North Warwickshire</i>	84	39	46
<i>Nuneaton and Bedworth</i>	58	24	41
<i>Redditch</i>	28	15	54
<i>Rugby</i>	94	29	31
<i>Sandwell<sup>48</sup></i>	135	110	81
<i>Shropshire</i>	435	86	20
<i>Solihull</i>	107	52	49
<i>Stratford-on-Avon</i>	228	51	22
<i>Tamworth</i>	32	12	38
<i>Telford &amp; Wrekin<sup>49</sup></i>	122	48	39

<sup>48</sup> Data provided by Sandwell Metropolitan Borough Council

<sup>49</sup> Data accessed 08.02.17. Data for October 2014 – September 2016

<i>Local planning authority</i>	<i>Major decisions July 2014- June 2016</i>	<i>Major decisions within 13 weeks</i>	<i>% of decisions within 13 weeks</i>
<i>Walsall</i>	94	38	40
<i>Warwick</i>	133	113	85
<i>Wolverhampton</i>	87	48	55
<i>Wyre Forest</i>	29	13	45

Source: DCLG (2016) 'District planning authorities' performance - speed of major development decisions'.

- 6.8 There was an appetite amongst some respondents to the Call for Evidence for a targeted virtual delivery team/centre of excellence to provide technical advice and support for local authorities, landowners and developers as a means of assisting them in bringing forward difficult sites and projects, and as well as supporting the longer-term development of key skills.
- 6.9 Not least because resources are constrained, however, the Commission believes that the WMCA should look creatively at the talent it has and use this to best effect in meeting the ambitions of the SEP. Although there may be a case for creating additional capacity, by far the more important role is to be played by the capacity already in the member Councils of the Combined Authority.
- 6.10 On the basis of this evidence, the Commission **recommends that in the short-term, the WMCA:**
- **Undertakes an audit of specialist skills across WMCA members – including planning skills, remediation expertise, the assessment of economic benefits, CPO skills, development appraisal and viability assessment.**
  - **Pools the specialist skills embedded in the existing capacity of the WMCA members so that they can be deployed across the region.**
  - **Identifies any major gaps in the skills base and makes provision for filling gaps on a WMCA-wide basis.**

## Project Delivery Team

- 6.11 Delivering the major strategic sites in the Spatial Framework will require access to specialist skills, subject to the review outlined in paragraph 6.10. The Commission **recommends the WMCA should, drawing on embedded capability across its members, create a Project Delivery Team to act as a single point of access to marshal resources and funding that can provide mutual support to LPAs in delivering strategic sites and provide expertise on sites identified in the Action Zones where necessary.**

- 6.12 The Commission proposes that the role of the Project Delivery Team should be to:
- Lead on the development and monitoring of the Spatial Framework.
  - Support progression of strategic sites through the planning process, bolstering and supporting individual LPA teams.
  - Lead development of a more robust evidence base for individual sites in partnership with relevant LPAs.
- 6.13 The role of the Project Delivery Team would not be to replace LPAs but to provide mutual support and enhance implementation of those areas of their work which focus on the delivery of strategic sites in Action Zones, and to ensure that all LPAs have access to the specialist resources they need.
- 6.14 Whether based in the Combined Authority or with a lead local authority acting on its behalf, the embedded capacity of relevant Council teams will have a vital role in staffing the Project Delivery Team. This is likely to involve the co-location of particularly important skills and a much higher level of joint working elsewhere, including the potential for Joint Ventures and Public Private Partnership arrangements on particular sites.
- 6.15 Sources of funding at the Project Delivery Team's disposal could be derived from the Local Growth Fund, the Land Remediation Fund, available HCA funding and the recently announced Infrastructure and Productivity Fund. It could also potentially incorporate new financing methods levied in Action Zones, as well as Midlands Connect and the WMCA mayor's 2% Infrastructure Precept unlocked by the devolved local Transport Budget. Monies from the Fund could be applied in a prioritised way and in accordance with the agreed Spatial Framework.

## Infrastructure within Action Zones

- 6.16 Strategic transport infrastructure has a large part to play in determining the location of future strategic employment and housing sites. The Commission hopes that there will therefore be widespread support for its recommendation that strong **consideration should be given to the potential for siting strategic employment sites and large concentrations of new homes in strategic transport corridors identified within the Spatial Framework.**
- 6.17 The Commission was struck by the conclusion of the PBA Housing Study that, if certain Green Belt designated land surrounding a number of railway stations on the fringe of the conurbation were to be fully developed in such a way that all new homes were within walking distance of the stations, this land alone would meet almost all the Greater Birmingham HMA housing shortfall<sup>50</sup>. This underpins the Commission's recommendation that the WMCA **should undertake a region-wide review of the housing potential within existing and new strategic transport corridors. Such a review should**

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<sup>50</sup> Peter Brett Associates (2015) 'Strategic Housing Needs Study, Stage 3 Report' - Pg. 41

**take into account an analysis of the potential for greater densification** (see paragraphs 5.35 to 5.36).

- 6.18 The Commission is also cognisant of the Economic Impact analysis carried out by Midlands Connect which maps out ‘intensive growth corridors’ where there are significant employment growth locations and ‘economic hubs’ which currently deliver a significant proportion of economic benefits to the whole Midlands<sup>51</sup>. Any region-wide review should take into account the importance of the West Midlands providing connections to other nationally important connections such as HS2, international gateways, freight services and connected regional centres.
- 6.19 Although it clearly makes sense to seek to place major new employment or housing sites in strategic transport corridors, the converse is also true: large-scale infrastructure investments represent an important – in some cases vital – enabling component of the effective delivery of major employment and housing sites, such as with i54. As well as exploring mechanisms to forward-fund infrastructure within each Action Zone Financial Plan, the Commission also firmly believes that the major transport operators, whether regional or national, have a crucial responsibility to fulfil in supporting the delivery of new employment and housing sites through their planning, including investment planning.

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<sup>51</sup> Midlands Connect (2015) ‘Economic Impacts Study- Executive Summary’ - Pg. 5

**i54**

i54 is a 98 hectare UK technology-based business park strategically located at junction 2 on the M54 motorway in the West Midlands. It is a £40 million joint venture partnership between Staffordshire County Council, Wolverhampton City Council and South Staffordshire Council. It exemplifies the benefits that can be achieved by Councils working together with private companies to bring private investment and development into the West Midlands, securing significant supply chain benefits.

The site is part of the Black Country Enterprise Zone and has benefitted from upfront investment in infrastructure including £6.25m<sup>1</sup> made available by central government specifically for investment to improve infrastructure within the Enterprise Zone<sup>2</sup>. Part of the site's reason for success is its position with direct access to junction 2 of the M54, making it one of the most connected and central hubs for advanced manufacturing<sup>3</sup>. These transport links also give the site access to a workforce of over half a million people within 30-minute drive time<sup>4</sup>.

The project is considered a success because it has been delivered on time, on budget and with several major businesses already operating on the site. The local workforce is highly educated (24% have degree level qualification) and companies also benefit from competitive labour, property and operational costs since Enterprise Zone status includes 100% business rate relief and superfast broadband<sup>5</sup>. The site is located in a desirable area to attract workers – this includes countryside nearby, good housing options, sports/leisure and other city amenities in Wolverhampton centre.

*For full case study see Appendix F.*

<sup>1</sup> GOV UK (2014) 'Millions of pounds to be invested in local infrastructure thanks to enterprise'. Available from <https://www.gov.uk/government/news/millions-of-pounds-to-be-invested-in-local-infrastructure-thanks-to-enterprise-zones>. Date accessed 18.01.17

<sup>2</sup> BBC (2014) 'i54 business park gets £6m investment'. Available from <http://www.bbc.co.uk/news/uk-england-25944862>. Date accessed 18.01.17

<sup>3</sup> Mucklow (2016) 'Mucklow Park i54'. Available from <http://mucklowparki54.com/wp-content/uploads/2016/01/Mucklow-Park-i54-Web-Brochure-optimised.pdf>. Date accessed 18.01.17

<sup>4</sup> i54 South Staffordshire (2015) 'All of the facts'. Available from <http://www.i54online.com/info-centre>. Date accessed 18.01.17

<sup>5</sup> i54 South Staffordshire (2015) 'All of the facts'. Available from <http://www.i54online.com/info-centre>. Date accessed 18.01.17



- 6.20 The Commission therefore **recommends that the WMCA develops, in its work on the proposed Spatial Framework, an analysis of the way in which:**
- **Already planned strategic transport schemes and investments might be leveraged to secure more, and more productive, employment and housing land than might otherwise be the case.**
  - **It would wish to influence the development of the future schemes and investment plans of the major transport operators so that they can be brought to support the delivery of the Spatial Framework and hence the ambitions of the SEP.**
  - **Forward-funding mechanisms for infrastructure might be considered in the Financial Plans for Action Zones in order to deliver key infrastructure requirements up front.**
  - **At a more strategic scale, Action Zones align with strategic infrastructure investment.**
- 6.21 The Commission recognises that some major transport schemes involve the displacement of commercial space and/or housing and the need for re-provision of employment or housing space to be anticipated, planned for and managed to minimise disruption to businesses and residents.

## 7 Unity of Purpose

**The Commission strongly believes that, if the challenging ambitions of the SEP are to be met, there will be a need to continue developing a visible unity of purpose in delivering the agreed spatial vision for the West Midlands, seen especially in the practical working arrangements that underpin it. There is a significant requirement for further and wider collaboration across the public and private sectors in delivering the SEP's ambitions and targets.**

**The Commission recommends that:**

- As part of the development of the Spatial Framework, the WMCA and local planning authorities should consider how to use collaboratively the full range of existing and emerging planning powers and instruments in its rapid implementation.
- The WMCA seeks wherever possible to evolve more unified standards and regulations through a deepening process of collaboration while respecting the vitally important role of local planning authorities.
- The WMCA builds the expertise to enable a range of collaborative development delivery models to be brought forward and used as appropriate in the delivery of key strategic sites, taking advantage of the new powers and funding now available in the light of recent announcements by Government Ministers.
- That work includes a specific strand on the role and responsibilities of the HCA and the way in which it will support the WMCA in delivery of the Spatial Framework.
- The WMCA adopts for development and inward investment purposes a single identity appropriate for its role as the UK's second city region, allowing for individual roles for local authorities on particular projects.
- The proposed Growth Company should provide the skilled resource and funding needed to support the mayor in becoming the 'front door' to global investors, occupiers and developers wanting to work in the West Midlands. That role should include "troubleshooting" to support investors, developers, occupiers and employers navigating their way through planning, funding and delivery complexities.

- 7.1 Section 5 sets out the current, complex planning landscape across the West Midlands, and describes the strong consensus in the evidence received by the Commission for relevant local authorities to develop, adopt and act upon a single spatial vision for the West Midlands. The Commission strongly believes that, if the challenging ambitions of the SEP are to be met, there will be a need to continue developing a visible unity of purpose in delivering the agreed spatial vision for the West Midlands, seen especially in the practical working arrangements that underpin it.
- 7.2 That need applies much more widely than to local authority members of the WMCA alone. The Commission received a considerable body of evidence from both private and public sector organisations suggesting that there is a potential requirement for further and wider collaboration across the public and private sectors in delivering the SEP's ambitions and targets. This will need to extend to collaboration at several levels between, variously:
- Local authorities within the WMCA (19 local authorities).
  - WMCA members with neighbouring local authorities (8 counties, 20 districts and 1 unitary).
  - National and local public sector bodies, Government departments and their NDPBs.
  - Public sector bodies with private sector developers, housebuilders and RSLs.
  - Public sector bodies with transport, utility and telecommunications strategic infrastructure providers and developers.

## Collaboration in the use of planning powers and instruments

- 7.3 Such further and wider collaboration should clearly build upon the Duty to Co-operate introduced by the Localism Act 2011. But, having reviewed the evidence submitted to it, the Commission strongly believes that delivering the Spatial Framework and hence the SEP's ambitions and targets is likely to require significantly greater collaboration in the operation of the local planning system. The Duty to Co-operate requires local planning authorities, County Councils and other public bodies to engage constructively, actively and on an ongoing basis in maximising the effectiveness of Local Plans in the context of strategic matters which cross administrative boundaries. local planning authorities must demonstrate how they have complied with this Duty at the independent examination of their Local Plans. Whilst the Duty to Cooperate is not a "duty to agree", local planning authorities are expected to demonstrate that co-operation has produced effective and deliverable policies on strategic cross-boundary matters<sup>52</sup>.

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<sup>52</sup> DCLG (2014) 'Duty to cooperate' Available at: <https://www.gov.uk/guidance/duty-to-cooperate>. Date accessed 12.12.16

- 7.4 The Commission is mindful that a number of Local Plans have been adopted since the Localism Act 2011 was introduced, and that the relevant Planning Inspector has concluded that the Duty to Cooperate has been satisfied in respect of those Plans. The Commission is also aware of engagement between local authorities under the Duty to Cooperate, for example in the Greater Birmingham Housing Market Area to agree how the housing shortfall will be met. But the Duty to Cooperate, in the view of some respondents, is operating weakly in some areas and alone will not be sufficient to address the scale of ambition of the SEP. The Commission **recommends that, as part of the development of the Spatial Framework, the WMCA, working with local planning authorities, should also consider how to use collaboratively the full range of existing and emerging planning powers and instruments in its rapid implementation.** Relevant powers might include CPOs, LDOs, permissions in principle, housing freedom areas, flexibilities to create urban and mayoral development corporations, Enterprise Zones and Housing Action Zones.

## Simplifying the regulatory framework

- 7.5 Section 4 emphasises the need for collective, transformative action to increase the pace and scale with which sites are identified, remediated where necessary, brought forward and developed. Each of the powers and instruments listed above has a potential role to play in creating a policy framework to enable this. Variation is inevitable in the context of the operation of the planning regime over the past 30 years. The Commission received some evidence on the effects of the variation in application of the statutory framework across the geography covered by the WMCA on the pace at which sites could be developed and, in some cases, on their viability. The Commission **recommends that the WMCA seeks wherever possible to evolve more unified standards and regulations through a deepening process of collaboration while respecting the vitally important role of local planning authorities.**
- 7.6 Powers and instruments will not, however, be enough, however well operated. Delivery at pace and scale will require the development of delivery mechanisms to enable public and private sector land owners and stakeholders to pool or align their interests through new collaborative delivery models, including alliances, partnerships and joint ventures which enable all parties to benefit from that collaboration and thereby make development more likely. The evidence available to the Commission suggests that experience in the region varies with, perhaps inevitably, some local authorities having significantly more experience than others. To address this, the Commission **recommends that the WMCA builds the expertise to enable a range of collaborative development delivery models to be brought forward and used as appropriate in the delivery of key strategic sites, taking advantage of the new powers and funding now available in light of recent announcements by Government Ministers.**

## A greater role for the HCA

- 7.7 In this context, and given the substantial remediation required, there is a major role for the HCA to work with LPA partners in the assembly, acquisition, remediation and the servicing

of new sites, and the development of large-scale housing programmes. This is a notable feature of successful development programmes in other major conurbations. In line with its view that central government and its agencies have a major role to fulfil in supporting the delivery of the SEP's ambitions and targets, the Commission **recommends that the work described above on the development of collaborative delivery models include a specific strand on the role and responsibilities of the HCA and in the way in which it will fully support the WMCA in the delivery of the Spatial Framework.**

## Identity and Accessibility

- 7.8 The West Midlands needs to present a persuasive case to those major national and, especially, international employers seeking to locate within the UK, and it should consider the need to develop a stronger individual identity. The Commission believes that the creation of the Combined Authority and election of a mayor later this year provide a good opportunity to do so. The Commission therefore **recommends that the WMCA adopts for development and inward investment purposes a single identity appropriate for its role as the UK's second city region, allowing for individual roles for local authorities on particular projects.**
- 7.9 The Commission believes that the mayor, when elected, will be the most logical point of access for significant inward investment by international companies, as is the case in many other major cities around the world. He or she will need support in that role; and the Commission **recommends that the proposed Growth Company should provide the skilled resources and funding needed to support the mayor in becoming the 'front door' to global investors, developers and occupiers wanting to work in the West Midlands.** As well as providing the point of entry to the West Midlands, and because developing any major new site is a complex activity requiring an understanding of a plethora of public funding sources, planning policies and delivery mechanisms, the Commission **recommends further that that role should include "troubleshooting" to support investors, developers, occupiers and employers navigating their way through planning, funding and delivery complexities.** This role should not displace existing local relationships but is intended to provide a simplified gateway for new activity.

## 8 Transforming Brownfield Land

**The West Midlands has a good track record in this area, on which it can build. The Commission believes that a transformative programme of much greater pace and scale, engaging local and national bodies in the assembly, remediation and development of brownfield land will be of primary importance if the delivery of the Spatial Framework and SEP is not to lead to unsustainable development on greenfield land and an unacceptable erosion of the Green Belt.**

**The Commission recommends that:**

- In parallel with developing the proposed Spatial Framework, the WMCA develops a collectively-agreed brownfield remediation strategy which captures a step change in the pace and scale of the assembly and remediation of brownfield sites.
- The brownfield remediation strategy should recognise the role of brownfield land in promoting biodiversity, and identify those sites which merit protection for that purpose.
- The majority of the WMCA's Land Remediation Fund should be focused on those housing and employment projects which align with the priorities defined by the WMCA in the proposed Spatial Framework and which can be delivered in relatively short measure, although a proportion might be reserved to invest in a more agile way in new opportunistic proposals from developers that are broadly in line with the SEP's objectives.
- The WMCA investigates and considers pooling all available local and national sources of remediation funding, and pursues how best collaboratively to apply it to collectively-prioritised remediation projects.
- As part of the development of additional sources of remediation finance, the WMCA considers the potential for re-investing a proportion of the value uplift realised in the granting of planning consents on major sites in one area in the assembly and remediation of major sites elsewhere, to the collective benefit of the WMCA overall, not least in reducing the demand on land in the Green Belt.
- The WMCA should investigate mechanisms for handling the long-term insurance and warranty issues associated with brownfield development, including the extent to which the WMCA could self-insure certain risks.
- The WMCA considers the value of maintaining a brownfield database at a regional level.
- The WMCA considers building on work by the Black Country LEP and the University of Wolverhampton to establish the Brownfield Research & Innovation Centre (BRIC), a centre of excellence in brownfield development.

- The WMCA engages strongly as a single combined entity with the One Public Estate programme. In support of that programme, it undertakes a 'Land Audit' across the region, under which all public and relevant private sector bodies, are asked to justify their asset strategies for operational, strategic and surplus land. The major land-holding transport operators and utility companies should be actively involved in this work.

## Developing brownfield sites

- 8.1 As Section 3 describes, achieving the growth, employment and housing ambitions and targets of the SEP – accommodating a population increase by 2030 equivalent to the size of Sheffield<sup>53</sup>, including another 50,000 homes – will need a major growth in the supply of land. The Commission strongly believes that a transformative programme of much greater pace and scale, engaging local and national bodies in the assembly, remediation and development of brownfield land will be of first importance if the delivery of the Spatial Framework and SEP is not to lead to unsustainable development on greenfield land and an unacceptable erosion of the Green Belt.
- 8.2 The West Midlands has a good track record in this area, on which it can build. Against the target set by central government in 1998 of 60 per cent of all new residential developments being built on brownfield land by 2008<sup>54</sup>, analysis by Bilfinger GVA indicates that across the 3 LEP geography:
- 78% of all new employment development has been on brownfield land and 22% greenfield<sup>55</sup>.
  - Over the decade 2005-2014, 87% of all residential development was on brownfield land and 13% greenfield<sup>56</sup>.
  - In both cases, this is well ahead of the government target.
- 8.3 This achievement reflects the industrial legacy of the West Midlands, including its ‘brownfield first’ prioritisation policy<sup>57</sup>. In line with this policy, the SEP anticipates that 1,600 hectares of brownfield land will need to be remediated – that is, a goal of remediating an area the size of 11 Longbridge manufacturing sites.
- 8.4 Achieving this goal, and reducing the need for development on greenfield sites, will be challenging, not least because many of the less heavily contaminated former industrial sites have already been remediated and redeveloped. This means that it is some of the most difficult-to-develop sites that remain<sup>58</sup>. Many of these will require considerable up-front remediation and/or investment in better connectivity before they become viable. And, if the sites are to be made available in a timeframe which supports the delivery of the Action Zones in the proposed Spatial Framework, identification, assembly (including working through fragmented land ownership) and remediation activity will need to start early and be pursued urgently.

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<sup>53</sup> ONS (2013) ‘2011 Census: Population Estimates by single year of age and sex for local authorities in the United Kingdom’

<sup>54</sup> GVA (2016) ‘Analysis of greenfield and brownfield development’ - Pg. 2

<sup>55</sup> GVA (2016) ‘Analysis of greenfield and brownfield development’ - Pg. 16

<sup>56</sup> GVA (2016) ‘Analysis of greenfield and brownfield development’ - Pg. 16

<sup>57</sup> GVA (2016) ‘Analysis of greenfield and brownfield development’ - Pg. 1

<sup>58</sup> GVA (2016) ‘Historic Analysis of Brownfield Remediation and Regeneration efforts in the West Midlands and Barriers to Development’ - Pg. 12



- 8.5 Developing such sites at pace and scale, many of which have remained undeveloped for decades, requires a new, strategic, transformative approach, underpinned by effective financing mechanisms and a strong skills base. The Commission **recommends that, in parallel with developing the proposed Spatial Framework, the WMCA develops a collectively-agreed brownfield remediation strategy which captures a step change in the pace and scale of the assembly and remediation of brownfield sites.** This should cover:
- The prioritisation of brownfield development within the Action Zones identified in the proposed Spatial Framework.
  - How best collaboratively to apply available funding from the range of local and national sources to collectively prioritised remediation projects.
  - Quantifying and then seeking further remediation funding including from central government.
  - How site development can be phased and managed to support brownfield remediation, possibly including through re-investment of value gain (see paragraph 8.11).
  - How the risk of historical liabilities on remediated sites might be pooled.
- 8.6 Notwithstanding the significant need for remediation and development, the Commission received some persuasive evidence on the important role of some brownfield land in the promotion of biodiversity. A number of brownfield sites make a significantly greater contribution to the environment and biodiversity than some Green Belt sites. The Commission therefore **recommends that the brownfield remediation strategy should recognise the role of brownfield land in promoting biodiversity, and identify those sites which merit protection for that purpose.**

## Funding

- 8.7 Under the WMCA's Devolution Agreement, £200m of grant funding has been put in place for up to 10 years specifically for remediation activity<sup>59</sup>. The resulting Land Remediation Fund (LRF) is expected to begin distributing funding in early financial year 2017/2018.
- 8.8 The evidence provided to the Commission argued compellingly, however, that demand for remediation in the Black Country alone may well outstrip this agreed funding. In such circumstances, it will clearly be necessary to prioritise. The Commission therefore **recommends that the majority of the Land Remediation Fund should be focussed on those housing and employment projects which align with the priorities defined by the WMCA in the proposed Spatial Framework and which can be delivered in relatively short measure, although a proportion might also**

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<sup>59</sup> WMCA (2016) 'Making our Mark SEP' - Pg. 28

**be reserved to invest in a more agile way in new opportunistic proposals from developers that are broadly in line with the SEP's objectives.**

- 8.9 Beyond that, it will be necessary to seek other sources of financing. As a first step, the Commission **recommends that the WMCA investigates and considers pooling all available local and national sources of remediation funding, and pursues how best collaboratively to apply it to collectively-prioritised remediation projects.** Additional funding may, for example, be available from other sources, embedded in other major growth, housing and infrastructure programmes, including HCA programmes.
- 8.10 Even so, the Commission believes that the scale of the physical and financing challenge is such that additional calls on central government will be inevitable if the scale of remediation needed to support delivery of the SEP, without unacceptable erosion of the Green Belt, is to be achieved. It hopes that central government will play its role in this area.
- 8.11 As a prior step, however, it believes that there may be scope for mutual financial support within the WMCA. The Commission received in evidence a number of persuasive proposals that part of the financial benefit derived from the granting of planning consents on major sites in one area should be re-invested in the assembly and remediation of major sites elsewhere. It believes that there is considerable merit, given the shared enterprise on which the WMCA is now embarked and the inter-connections between local authorities associated with land use in the West Midlands, in exploring such ideas. The Commission therefore **recommends that, as part of the development of additional sources of remediation finance, the WMCA considers the potential for re-investing a proportion of the value uplift realised in the granting of planning consents in one area in the assembly and remediation of major sites elsewhere, to the collective benefit of the WMCA overall, not least in reducing the demand on land in the Green Belt.**
- 8.12 The Commission received evidence on the particular difficulties developers face in insuring against adverse site conditions on brownfield sites. Not only does this cause delays to the development process, but also acts as a potential deterrent to development on some sites. The Commission **recommends that the WMCA should investigate mechanisms for handling the long-term insurance and warranty issues associated with brownfield development, including the extent to which the WMCA could self-insure certain risks.**

## Underpinning data

- 8.13 The Government has placed a requirement on local authorities to maintain a brownfield land register through the Housing and Planning Act 2016. In light of the proposals above, and the value of having a single, consistent source of data to underpin the proposed collectively-agreed brownfield remediation strategy, the Commission **recommends that the WMCA consider the value of maintaining a brownfield database at a regional level.** The brownfield database could be compiled using best practice GIS techniques, and should capture as much historical information as practicable on the results of the many site investigations which have taken place in recent years.

## Skills

- 8.14 A brownfield remediation programme on the scale which the Commission believes will be required to achieve the SEP's ambitions and targets will need to be underpinned by a strong skill set. Rather than stretch skills thinly between a wide range of local authorities, the Commission **recommends that the WMCA considers building on work by the Black Country LEP and the University of Wolverhampton to establish the Brownfield Research & Innovation Centre (BRIC) as a centre of excellence in brownfield development.** The centre of excellence might over time become a magnet for international brownfield land expertise.

## The contribution of public sector land

- 8.15 Experience elsewhere suggests that some of the land supply needed to achieve the SEP's ambitions and targets might be found from the more effective utilisation of the public sector estate. An example of innovative work between the HCA and Telford and Wrekin Councils is explored below. The WMCA has few projects to make more effective shared use of public sector land and property under the One Public Estate programme, led jointly by the Cabinet Office and Local Government Association, thereby releasing land and property for other housing and employment uses. There is thus a significant risk that the potential contribution of public sector land to meeting the SEP's targets will be reduced, placing higher demands than necessary on the use of greenfield and Green Belt land. To address this risk, the Commission **recommends that the WMCA engages strongly as a single combined entity with the One Public Estate programme,** and in particular:
- Continues and broadens the work currently being undertaken by Birmingham City Council to develop a shared understanding of the land and property assets held by all public-sector bodies within the WMCA area, their current utilisation and their projected future use, including especially the potential for disposal for other housing or employment purposes. Experience has shown the benefits of bringing this data together into a simple, shared database to allow the production of mapping and other visual material to aid analysis and decision-making.
  - Building on the existing West Midlands Property Board, engages all relevant public bodies and utilities in exploring the potential for sharing assets, bringing services together or otherwise reconfiguring their property holdings, thereby releasing surplus assets.
  - Draws on financial and technical support available under the One Public Estate programme to establish a programme team to pursue identified projects, with a particular emphasis on those which have the potential to release significant land in areas of high demand identified in the proposed Spatial Framework.

### Telford and public sector site delivery

Telford and the HCA have developed a partnership to facilitate the sell-off of all land owned by the HCA in Telford over a 10-year period. This will see Telford and Wrekin Council take responsibility for identifying and preparing sites for delivery, and the HCA providing the land to be sold off, and financing the delivery of sites from profits made on previous sell-offs<sup>1</sup>. The deal provides a model that could be used for future sales of public land across the WMCA area. Telford and Wrekin Council argue that working with one public body, the HCA, streamlines delivery on public land.

The Council has established a company called NuPlace to deliver and manage its property portfolio. This company, funded by the Public Works Loan Board, will carry out the key functions of site identification, funding, project management and support services<sup>2</sup>. It also manages marketing and branding in-house.

The deal allows the HCA to benefit from the Council's knowledge of its local market. The Council is also well placed to support bids from growth funds. Crucially, it can also capitalise on its knowledge of local businesses looking for investment and new opportunities in the area.

It is estimated that as well as having a stake in public land that is being sold off in its area, the Council will also benefit from a further £6m in business rates and Council tax provided by the 8,500 new jobs and 2,800 new homes to be provided on the sold off sites<sup>3</sup>. Meanwhile, part of the profits made on the sell-off of individual sites will go towards funding the infrastructure and delivery of other HCA sites<sup>4</sup>.

*For full case study see Appendix F.*

<sup>1</sup>Telford & Wrekin Council (2016) 'Land deal set to deliver thousands of jobs'. Available from [http://www.telford.gov.uk/news/article/3247/land\\_deal\\_set\\_to\\_deliver\\_thousands\\_of\\_jobs](http://www.telford.gov.uk/news/article/3247/land_deal_set_to_deliver_thousands_of_jobs). Date accessed 18.01.17

<sup>2</sup> Telford & Wrekin Council (2016) 'Housing Investment Programme – Telford and Wrekin Business Case'. Available from <https://apps.telford.gov.uk/CouncilAndDemocracy/Meetings/Download/MTgyNjg%3D>. Date accessed 18.01.17

<sup>3</sup> Telford & Wrekin Council (2016) 'Land deal set to deliver thousands of jobs'. Available from [http://www.telford.gov.uk/news/article/3247/land\\_deal\\_set\\_to\\_deliver\\_thousands\\_of\\_jobs](http://www.telford.gov.uk/news/article/3247/land_deal_set_to_deliver_thousands_of_jobs). Date accessed 18.01.17

<sup>4</sup> Telford & Wrekin Council (2016) 'First Nuplace' site fully completed'. Available from [http://www.telford.gov.uk/news/article/4503/first\\_nuplace\\_site\\_fully\\_completed](http://www.telford.gov.uk/news/article/4503/first_nuplace_site_fully_completed). Date accessed 18.01.17

- 8.16 As part of the One Public Estate work, the Commission also **recommends that the WMCA undertakes a “Land Audit” across the region, under which all public and relevant private sector bodies are asked to justify their asset strategies for operational, strategic and surplus land** with incentives made available to those who hold land to share this as part of the local strategic development planning process. There may be opportunities to work with the Land Registry and Ordnance Survey to use Open Data to create or facilitate this audit.

- 8.17 In line with successful practice elsewhere, the Commission **recommends that the major land-holding transport operators and utility companies are involved in activity under the One Public Estate programme and the proposed Land Audit described above.** For example, the Solent LEP's Strategic Land and Infrastructure Board is tasked with producing a Land Asset Strategy for the release of public sector land for regeneration and redevelopment in support of its Transport Investment Plan<sup>60</sup>.
- 8.18 The Commission heard, for example, from one utility company of the significant potential it saw for land release if a number of constraining issues could be addressed. The most significant of these concerned land remediation, covered elsewhere in this Report. A second issue, however, was the absence of arrangements such as those provided by the One Public Estate programme which enabled it to set in a wider land use context its own proposals for the disposal of surplus or under-utilised sites, or the assembly of such sites with those adjacent into a larger development.

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<sup>60</sup> Solent LEP (2016) 'Annual General Meeting' - Pg. 18

## 9 A Strategic Review of the Green Belt

**The Commission believes that even an effective, well-funded remediation programme on the scale and at the pace recommended in Section 8 is unlikely to provide a sufficient supply of developable land to meet the SEP's ambitions and targets, whether for housing or employment land.**

Whilst it is important that the conditions for developing brownfield sites identified in current Local Plans are delivered, a mixed strategy, comprising the use of brownfield land and former public sector land, estate renewal, building at higher densities than has hitherto been the case, and the release and development of greenfield (including Green Belt) land, is likely to be required.

Local Green Belt reviews being conducted by some local authorities risk leading to piecemeal and unsustainable development of the Green Belt. There was widespread agreement amongst respondents to the Call for Evidence from a wide range of organisations, on the need for a co-ordinated, comprehensive and evidence-based review of Green Belt policy in order to meet the public policy goals of the West Midlands and its population in the 21st Century.

**The Commission therefore recommends that:**

- The WMCA should undertake a strategic review of the Green Belt across the WMCA area to identify broad areas of land that perform poorly against the five statutory Green Belt purposes and consider their declassification; identify brownfield or greenfield sites that could become part of the Green Belt where this would create a more cohesive Green Belt; identify Green Belt sites that could support sustainable urban extensions; and identify Green Belt sites suitable for use as strategic investment locations.
- Such a review should pay particular attention to environmental and biodiversity issues, engaging relevant groups.

- 9.1 Section 8 notes that the West Midlands, not least through application of its ‘brownfield first’ policy, has a good track record on the development of brownfield land, with 78% of all new employment development and 87% of recent housing development having been on brownfield land<sup>61</sup>. Each of the local planning authorities has prioritised the re-use of brownfield land before resorting to greenfield sites.
- 9.2 Section 8 sets out the Commission’s strong recommendation that the WMCA commissions a significantly enlarged programme engaging local and national bodies in the assembly, remediation and development of brownfield land. **However, even an effective, well-funded remediation programme is unlikely to provide a sufficient supply of developable land to meet the SEP’s ambitions and targets, whether for housing or employment land. Whilst it is important that the conditions for developing brownfield sites identified in current Local Plans are delivered, a mixed strategy, comprising the use of brownfield land and former public sector land, estate renewal, building at higher densities than has hitherto been the case, and the release and development of greenfield (including Green Belt) land is likely to be required.**
- 9.3 The Commission understands several West Midlands local authorities have either undertaken or have a Green Belt review under-way, generally to help inform their Local Plan development. These reviews have resulted in a small number of sites being declassified as Green Belt land in recent years, and the Commission is aware of other sites where Green Belt release is under active consideration.
- 9.4 The Commission is sympathetic to the volume of concerns expressed by respondents to the Call for Evidence that these **local Green Belt reviews risk leading to piecemeal and unsustainable development of the Green Belt**. It recognises that the Green Belt is an important West Midlands asset which contributes to its character, desirability and economy. It also recognises the sensitivities surrounding development on Green Belt land, and the pressures on local councillors when Green Belt development is proposed. Nonetheless, it is notable that **there was widespread support amongst respondents from a wide range of organisations for a coordinated, comprehensive and evidence-based review of Green Belt policy in order to meet the public policy goals of the West Midlands and its population in the 21st Century** rather than those of a different era, and to prevent ‘chipping away’ by developers.
- 9.5 The Commission therefore **recommends that the WMCA undertake a strategic review of the Green Belt across the WMCA area**. Such a review should be rooted in current law and government guidelines: the obligations of the 1947 Town & Country Planning Act, and the National Planning Policy Framework which states that:

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<sup>61</sup> GVA (2016) ‘Analysis of greenfield and brownfield development’ – Pg. 16

*“The fundamental aim of Green Belt policy is to prevent urban sprawl by keeping land permanently open; the essential characteristics of Green Belt are their openness and their permanence<sup>62</sup>.”*

and that the five purposes of the Green Belt are:

- To check the unrestricted sprawl of large built-up areas.
- To prevent neighbouring towns merging into one another.
- To assist in safeguarding the countryside from encroachment.
- To preserve the setting and special character of historic towns.
- To assist in urban regeneration, by encouraging the recycling of derelict and other urban land<sup>63</sup>.

9.6 The aims of the review should thus be to:

- Consider what the Green Belt means for the West Midlands in the 21<sup>st</sup> Century.
- Identify broad areas of land that perform poorly against the five statutory Green Belt purposes and consider their declassification.
- Conversely, identify brownfield or greenfield sites that could become part of the Green Belt where this would create a more cohesive Green Belt.
- Identify Green Belt sites that could support urban extension. Some areas of land within the Green Belt have access to good infrastructure and are well-connected to an adjoining urban-area. Declassifying some of these sites may support more sustainable development rather than developing entirely new settlements.
- Identify Green Belt sites suitable for use as strategic investment locations.

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<sup>62</sup> National Planning Policy Framework (NPPF) - Pg. 19

<sup>63</sup> National Planning Policy Framework (NPPF) - Pg. 19



### **Broxbourne, Hertfordshire Green Belt Review**

In 2015, Broxbourne Borough Council released its draft Local Plan which highlights the Council's need for new housing which stands at 7,123 over the plan period<sup>1</sup>. The Plan presents an evidence based argument that urban and brownfield sites cannot meet all of the development and infrastructure needs and provide for sufficient opportunities for the future development of the Borough<sup>2</sup>.

The Commission believes that the process followed by Broxbourne Council in conducting a strategic review of the Green Belt could be used as a template for the WMCA, albeit on a larger scale. Broxbourne Council outlined its intention to review the Green Belt within the Council's boundaries to allow for carefully selected sites to be released for development to help create a more balanced, sustainable, desirable and prosperous community for all.

The Council considered other options amounting to lesser degrees of allocation on the Green Belt. Rejected options by the Council included 'No Green Belt release' which would amount to severe undersupply of housing and long-term stagnation of the borough. Options not to develop any of the strategic sites identified have been rejected on the grounds of missed opportunities to create a mixed-use hub, critical mass of employment, and sustainable place-making<sup>3</sup>.

Within the draft Local Plan, the Council sets out a number of proposed Green Belt releases for which it believes that a good case for 'exceptional circumstances' can be made and is preparing a site-by-site justification for any Green Belt release<sup>4</sup>.

A revised draft Plan will be published, following consideration of the issues raised through the consultation process and further technical work.

*For full case study see Appendix F.*

<sup>1</sup> Borough of Broxbourne (2015) 'The Broxbourne Local Plan' – Pg. 6

<sup>2</sup> Borough of Broxbourne (2015) 'The Broxbourne Local Plan' – Pg. 6

<sup>4</sup> Borough of Broxbourne (2015) 'The Broxbourne Local Plan'- Pg. 9

<sup>5</sup> Borough of Broxbourne (2016) 'Strategic Land Availability Assessment'- Pg. 11

<sup>6</sup> Borough of Broxbourne (2016) 'Broxbourne Local Plan Update'.

- 9.7 The Commission also **recommends that the review pay particular attention to environmental and biodiversity issues, engaging closely with relevant groups.** It heard powerful evidence from a number of environmental and other groups on the misconceptions in this area. Of these, perhaps the greatest is that the Green Belt is a landscape or environmental protection policy when it is not. Indeed, the most important land use in the Green Belt is often intensive arable farming, which can generate negative net environmental benefits. Much of the Green Belt is also currently inaccessible to the public

as it is private land. Considerable benefit would be gained from the full engagement of environmental and other groups on the undertaking of the review.

- 9.8 Section 8 recommends that the WMCA considers the potential for re-investing a proportion of the land value uplift (whether seen in S.106 or CIL payments) realised in the granting of planning consents on major sites in one area in the assembly and remediation of major sites elsewhere. This could be to the collective benefit of the WMCA overall, not least in reducing the demand on land in the Green Belt. The Commission believes that such a mechanism could apply in particular to the value uplift gained from the development of land released from the Green Belt. It is also sympathetic to the argument made by some respondents that, in bringing forward new planning applications, developers should be encouraged to invest in increasing the biodiversity value of their development sites. For example, the government of New South Wales have introduced 'Biodiversity Banking', a market-based scheme to incentivise landowners and developers who commit to enhance and protect biodiversity values on their land<sup>64</sup>.

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<sup>64</sup> NSW Government (2016) 'Biobanking: a market-based scheme'. Available from <http://www.environment.nsw.gov.au/biobanking/>. Date accessed 26.01.17

## 10 Clarified Governance and Responsibility

**The Commission recognises that, although considerable progress was made in 2016, the current governance arrangements and the distribution of responsibilities and accountabilities do not yet, in its view, provide the clear collective governance that will be needed if the major step change required to deliver the land use and development ambitions and targets of the SEP is to be achieved.**

There is a wide range of constituent and non-constituent current local authority members of the Combined Authority, of potential future local authority members, of LEPs and of neighbouring authorities who are affected by, and may through their actions contribute (or not) to, the delivery of the SEP's ambitions and targets. There are linkages to the work of the 'Midlands Engine'. And the new mayor, once elected, as well as chairing the Board of the WMCA, will exercise functions alongside the HCA to deliver more homes. The Commission recommends that the WMCA review current governance processes and the distribution of roles, responsibilities and accountabilities to ensure that it can provide the strategic leadership and oversight of delivery set out in this report.

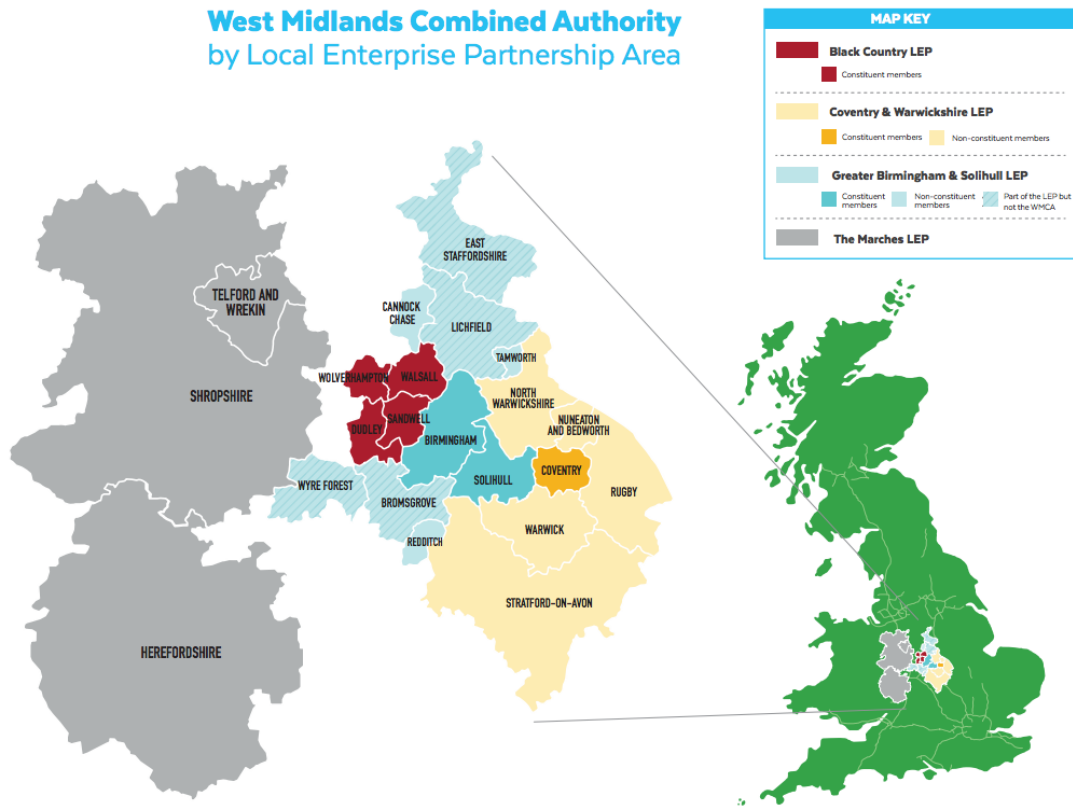
The Commission hopes that central government will support the WMCA to fulfil its ambitions not only for its own population but also for the economic benefit of the country as a whole. Given its importance, it hopes that central government will engage in supporting a radically expanded brownfield remediation programme.

**The Commission also recommends that:**

- The WMCA identify those priority employment and housing sites which are dependent on strategic transport, utility or telecommunications investment schemes for their viability. It hopes, in turn, that central government agencies (including the economic regulators), and relevant bodies such as Highways England and Network Rail recognise the need to align where practicable their investment programmes and priorities with regional requirements.
- The WMCA works with central government to develop new appraisal methodologies which rely less on shortening transport times and more on delivering economic growth and recycling the value gained from betterment.

- 10.1 A strong, strategic and collaborative response will be needed to the challenges identified in Sections 5-9. The WMCA will need to be able to set strategic priorities based on the ambitions and needs of the region as a whole; to agree the proposed Spatial Framework and provide leadership to the programmes that flow from it; and to take clear decisions and ensure that those decisions are implemented effectively. Without clear, collaborative governance, there will be a greater risk of the forward vision being blurred, and of recommendations being implemented – if at all - on a piecemeal basis without sufficient collective accountability to ensure that delivery happens.
- 10.2 **The Commission recognises that, considerable progress has been made in 2016, but its view is that current governance arrangements and the distribution of responsibilities and accountabilities do not yet, in its view, provide the clear collective governance that will be needed if the major step change required to deliver the land use and development ambitions and targets of the SEP is to be achieved.**
- 10.3 The WMCA is administratively complex, comprising 12 local authority members with another 6 awaiting membership. Of the 12 members, 7 are constituent members, and the remaining 5 are non-constituent members. The constituent members are the seven metropolitan councils which initially formed the Combined Authority and were named within the West Midlands Combined Authority Scheme. At present, only the constituent members have full voting rights, although the Commission understands that that may change and that the voting rights of non-constituent members may be expanded in the future. Figure 6, below, shows the current Combined Authority geography.

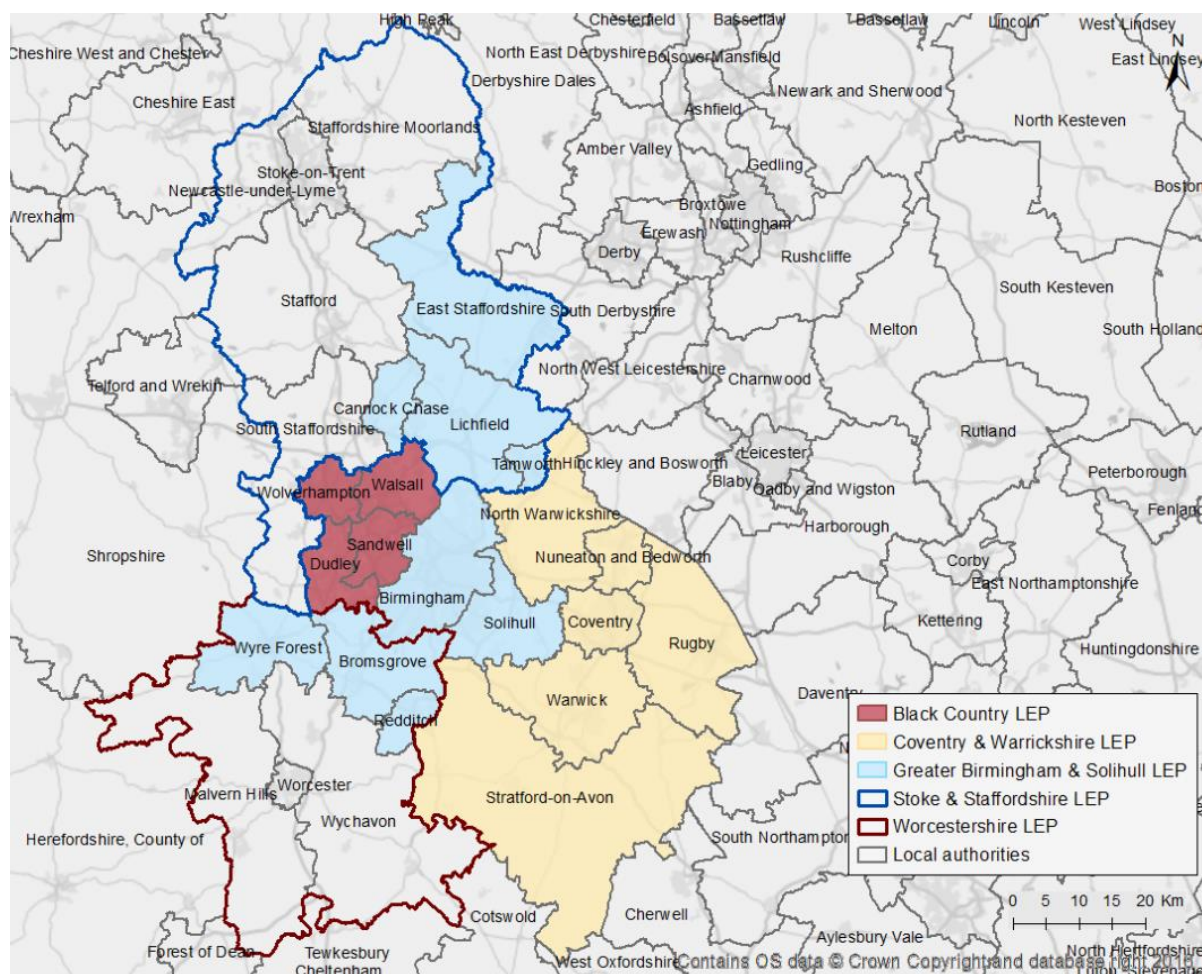
Figure 6. WMCA political and administrative geography



Source: West Midlands Combined Authority by Local Enterprise Partnership Area

- 10.4 The governance issue goes wider than the WMCA alone. The WMCA shares boundaries with 29 different local authorities, including 8 counties, 20 districts and 1 unitary authority, all of whom are affected by and may through their actions contribute (or not) to the delivery of the SEP’s ambitions and targets. The SEP was based on the boundaries of three LEP areas (the Black Country LEP, Coventry and Warwickshire LEP, and Greater Birmingham and Solihull LEP), all three of which are non-constituent members of the Combined Authority. However, some local authorities are members of more than one LEP. Figure 7 illustrates this position: East Staffordshire, Cannock Chase, Lichfield and Tamworth are all members of the GBSLEP and also of the Stoke & Staffordshire LEP. Bromsgrove, Redditch, and Wyre Forest are all members of the GBSLEP and the Worcestershire LEP.

Figure 7. Overlapping LEP areas



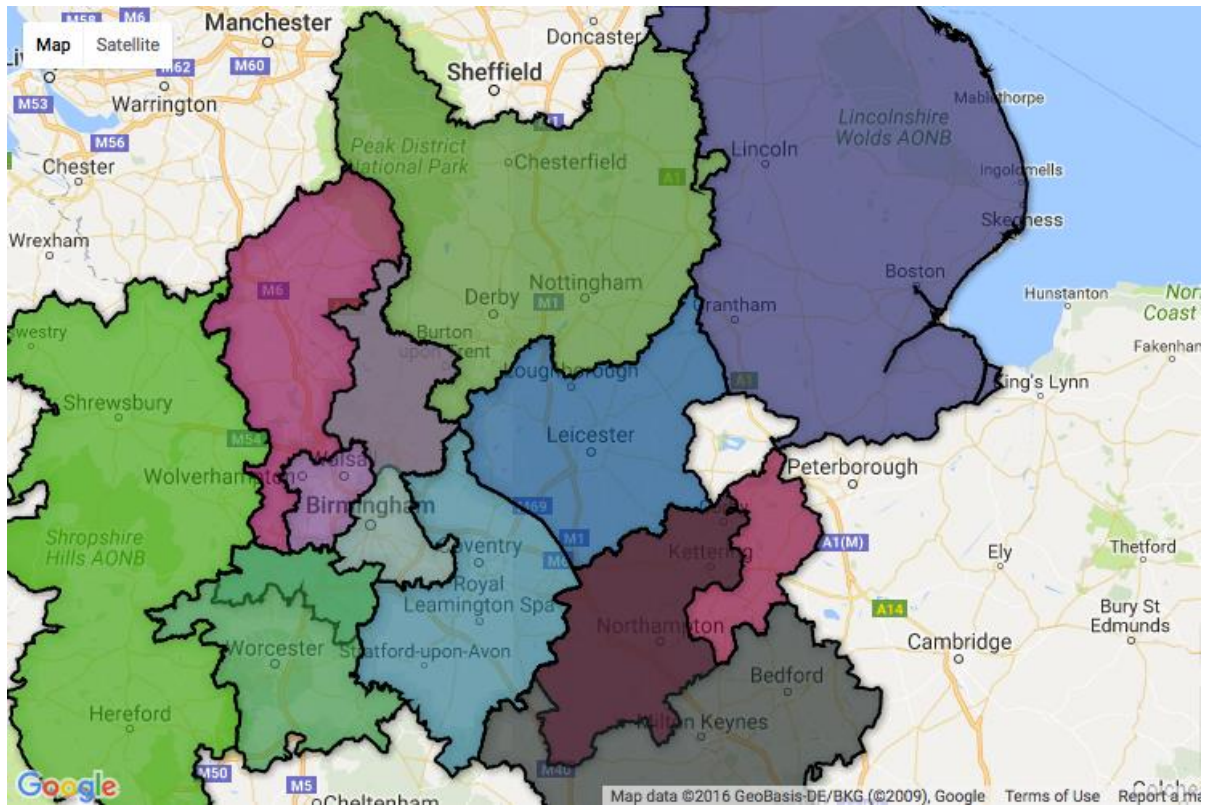
Source: Metro Dynamics (2016)

- 10.5 The three LEPs are also part of the ‘Midlands Engine’ which “looks to make the East and West Midlands an engine for growth for the UK economy. It is being backed by business, local authorities and 11 LEPs”<sup>65</sup>. The Midlands Engine Prospectus sets out how 300,000 jobs and £34bn worth of growth could be achieved in the next 15 years<sup>66</sup>, and the Commission understands a new Midlands Engine Strategy is due to be announced shortly.

<sup>65</sup> D2N2 (2016) ‘The Midlands Engine for Growth’. Available from <http://www.d2n2lep.org/growth/midlands-engine> Date accessed 12.12.16

<sup>66</sup> Department of Business, Innovation and Skills (2015) ‘The Midlands Engine for Growth’ - Pg. 1

**Figure 8. LEP membership of the Midlands Engine**



Source: D2N2 (2016) 'The Midlands Engine for Growth'. Available from <http://www.d2n2lep.org/growth/midlands-engine>

- 10.6 Finally, in common with some other Combined Authorities, mayoral elections will be held in May 2017 to select a mayor, who will chair the Board of the WMCA. Whilst the mayor will not have direct planning powers, he/she will exercise functions alongside the Homes & Communities Agency to deliver more homes. The powers will include making Compulsory Purchase Orders.
- 10.7 It would be wrong for the Commission to be prescriptive in how this complex governance picture might be adapted to provide the clear collective governance which it believes is needed to achieve the land use and development ambitions of the SEP. It does however believe that addressing this is essential, and **recommends that the WMCA review the governance processes and distribution of roles, responsibilities and accountabilities to ensure that it can provide the strategic leadership and oversight of delivery set out in this report.**

#### *The Role of Central Government*

- 10.8 Most of the recommendations in this report are directed towards the WMCA. But the Commission believes that central government has a vital role to play in supporting the WMCA to fulfil its economic role not only for its population but also for the country as a whole. The West Midlands is an important part of the UK economy and, as such, the achievement of the ambitions set out in the SEP should be a national as well as local priority.

10.9 The Commission's assumption is that, in pursuing its objectives, the WMCA will want to work closely with government departments and their NDPBs, especially in identifying common investment and delivery priorities. As the WMCA develops and implements the proposed Spatial Framework and its supporting programmes, there are three particular areas where the Commission believes that it should be able to look to central government for support:

- **Brownfield remediation.** As described at Section 8, in the implementation of the proposed brownfield remediation strategy and programmes. The scale of the physical and financing challenge is such that additional calls on central government will be inevitable if the scale of remediation needed to support delivery of the SEP without unacceptable erosion of the Green Belt is to be achieved. The Commission hopes that central government will recognise its role in this area.
- **Greater investment in supporting infrastructure.** Supporting an increase in population equal to the city of Sheffield will require further investment in infrastructure to ensure sites can be brought forward at the right time and in the right place, with sufficient enabling infrastructure. The Commission **recommends that the WMCA identify those priority employment and housing sites which are dependent on strategic transport, utility or telecommunications investment schemes for their potential or viability. It hopes, in turn, that central government, its agencies (including the economic regulators), and relevant bodies such as Highways England and Network Rail, recognise the need to align, where practicable, their investment programmes and priorities with regional requirements.**
- **Improved transport appraisal methodology.** Current appraisal methodologies are rooted in the economic benefits of shortened journey times. But transport investment both in and around the West Midlands area will be focused on the need to support economic growth through the creation of new jobs and housing the growing working population. The Commission **recommends that the WMCA works with central government to develop new appraisal methodologies which rely less on shortening transport times and more on delivering economic growth and recycling the value gained from betterment.**



## Appendix A: The Commissioners

### Paul Marcuse (Chairman)

Paul Marcuse, MA, MBA, FRICS is a senior figure in the real estate industry with some 30 years' experience. Paul was previously Head of Global Real Estate at UBS Global Asset Management, and prior to that he was Chief Executive of AXA Real Estate. Paul now has a portfolio of non-executive roles which includes chairing the Management Board of the Royal Institution of Chartered Surveyors (RICS), and acting as Senior Advisor to two real estate investment management businesses. Paul has also recently joined the Board of F&C Commercial Property Trust. Paul has been a Trustee of the Urban Land Institute and a member of the University of Cambridge Land Economy Advisory Board.



### Jerome Frost

Jerome Frost, OBE BA, MA, MPhil is Arup's Global Planning Director and Leader of Consulting in the UK, Middle East and Africa. As the former Head of Design and Regeneration for the Olympic Delivery Authority (London 2012), he is a recognised expert in planning for delivery. Jerome specialises in economic development, urban regeneration and masterplanning. Prior to this, Jerome served as Head of the National Consultancy Unit for English Partnerships - a national centre of expertise for regeneration and development, including the Advisory Team for Large Applications (ATLAS), a specialist service aimed at mitigating the issues delaying major planning applications across England.



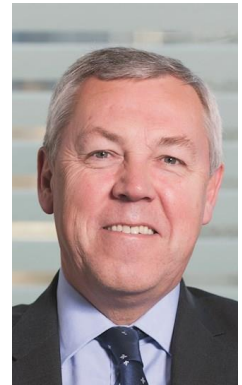
### Bruce Mann

Bruce Mann, CB, B. Eng., CPFA has recently retired from his role as Executive Director of the Cabinet Office's Government Property Unit, where he was responsible for driving efficient utilisation of the government's land and property portfolio, and releasing surplus or under-utilised estate for more productive use. In that role, Bruce led the Strategic Land and Property Review, the results of which were announced at Budget 2014 and oversaw the development and implementation of a new commercially-driven approach to land and property asset management across the estate (announced in the Budget 2015).



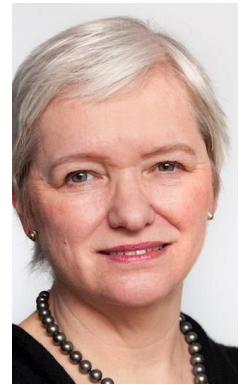
### **Bill Oliver**

Bill Oliver, FCA has recently retired from his role as Chief Executive of one of the UK's leading regeneration specialists, St. Modwen Properties Plc. He has extensive experience of developing in the West Midlands and over 30 years' experience in the property industry, having worked for residential and commercial development companies such as Alfred McAlpine, Barratt and The Rutland Group. He was Finance Director of Dwyer Estates plc from 1994 to 2000 and joined St. Modwen in 2000 as Finance Director, before being appointed as Managing Director in 2003 and Chief Executive in 2004. Bill is also a Non-Executive Director of Safestore Holdings Plc and Non-Executive Deputy Chairman of Churchill Retirement Plc.



### **Bridget Rosewell**

Bridget Rosewell, OBE, MA, MPhil, FICE is a prominent UK economist with a track record of advising public and private sector clients on key strategic issues. She is a founder of, and Senior Adviser to Volterra Partners and a Non-Executive Director of Network Rail and of Atom Bank. She was Chief Economic Adviser to the Greater London Authority from 2002 to 2012. Bridget has been a member of several Commissions looking at the future of public services, cities, infrastructure and local finance.



## Appendix B: Terms of Reference

### Background/context

The West Midlands has achieved a great deal in development and regeneration terms in recent years - enterprise zones, iconic buildings, new homes, and significant transport investment and improvements – all of which have impacted upon the built environment, and contributed towards the region’s recent economic growth. With some £8 billion of new investment agreed in the recent Devolution Deal, the West Midlands is now on the cusp of an even more ambitious programme, delivering a series of major new projects including HS2, Curzon, UK Central, a proposed second i54, the Coventry & Warwickshire Gateway - the combination of which has the potential to be transformative to the economy of the West Midlands and to have a significant impact at national level.

The new Strategic Economic Plan covering the WMCA area (the ‘WMCA SEP’), demonstrates the impact of these major new investments on the regional economy. The WMCA SEP outlines plans to create additional jobs and deliver incremental GVA growth over and above the LEPs’ existing economic targets. However, the delivery of the LEPs’ existing plans is already constrained by land supply, with the pinch being felt on both land for residential and employment use. The WMCA SEP is therefore likely to prove an even greater stretch, and the West Midlands local authorities and the LEPs are concerned that the delivery of the WMCA SEP could be constrained by a lack of developable land.

The creation of the West Midlands Combined Authority (‘WMCA’) provides a singular opportunity to take a fresh look at the West Midlands land supply, and to consider what measures could be initiated and undertaken to ensure an improved supply of developable land from both a strategic and a regional perspective. Whilst individual local authorities will retain their role in facilitating the development of land within their areas, it is precisely the joined-up manner in which the WMCA will work that will provide the basis for some of the recommendations of the Commission.

### Purpose

There are three premises underpinning the work of the Commission:

**Premise 1:** A sufficient supply of developable land for both employment and housing use is a pre-requisite for the delivery of the WMCA SEP.

**Premise 2:** A shortage of sufficient developable land affects the productivity of the West Midlands region.

**Premise 3:** Given the forthcoming changes in local government finance, most notably the abolition of the Revenue Support Grant and the full localisation of National Non-Domestic Rates, councils will become increasingly reliant upon real estate related taxes and income generated by economic growth, to fund the delivery of their statutory obligations.

For the purposes of the Commission a “sufficient supply of developable land” is defined as land which, ideally, is:

- Available in the right condition (remediated).
- In a range of lot sizes (to suit a diverse range of end users).
- Situated in the right place (where occupiers want to locate and residents want to live).
- Ready at the right time (reflecting the timescales of today’s occupiers) anticipating the needs and timescales of future occupiers.
- Financially viable.
- Benefitting from the right supporting social and physical infrastructure.

The WMCA’s commitment to the Land Commission was outlined in the Autumn 2015 Devolution Deal. In that document, the Government outlined its support for the Land Commission and agreed to work with the WMCA in undertaking the Commission.

## Approach and Scope

The Commission is independent, and will seek to adopt an evidential, diagnostic approach, supplemented where appropriate by case study material. It will rely, inter alia, on work being undertaken by Peter Brett Associates on infrastructure and demand for land, by Metro Dynamics on the regional economy and real estate markets, on economic modelling undertaken by Oxford Economics, and the Dynamic Economic Impact modelling being undertaken by KPMG.

**For the avoidance of doubt, the Commission is not a planning commission, nor should any of its recommendations constitute a material consideration in the submission and determination of future planning applications. The Commission will not make site specific recommendations, nor should any of its recommendations be construed as relating to the valuation of sites or assets, either implicitly or explicitly.**

The Commission’s geographic scope will be land covered by the three LEP areas. It will be cognisant of the poly-centric nature of the region.

The Commission will consider both public and private sector land holdings.

The Commission will address three major questions:

### **1. What are the challenges associated with delivering the employment land and housing targets set out in the WMCA SEP?**

- Establish the shortfall in the housing/employment land supply by reference to the WMCA SEP.

- Contextualise the shortfall in terms of historical delivery across the West Midlands and other UK geographies.
- Identify the implications and risks of the shortfall for the West Midlands.

## **2. What are the blockages to the delivery of developable land?**

- Critically assess the historic and current experience of the West Midlands in delivering new housing/employment development and a sustainable supply of developable housing/employment land.
- Obtain and review feedback from local authorities, developers, housebuilders and other consultees to identify, and weight the importance of, the real blockages to delivery.
- Identify the extent to which blockages are local, regional or national.

## **3. How can a sufficient supply of developable land in the West Midlands be secured?**

- Evaluate the extent to which national and local tools are insufficient or not working effectively in the West Midlands context.
- Capture the learnings from successes and failures in the West Midlands, including assessing the track record of AWM and other development enabling bodies.
- Review and include examples of best practice and innovation drawn from other parts of the UK and other countries.
- What can the WMCA achieve now, through the exercise of its powers, which was not otherwise possible?

## **Lines of enquiry**

Within this scope, the Commission is likely to want to cover the following lines of enquiry:

- i. How to ensure a pipeline of a sufficient supply of developable land, which:
  - Supports both the growth ambitions of local businesses, and the future diversification of the local economy.
  - For which there is a review mechanism to adjust the pipeline to react to changing occupier, resident, and funder patterns.
- ii. Collaborative delivery mechanisms for those functions which impact on land supply and usage in the following areas:
  - Spatial planning (statutory and non-statutory).
  - The delivery of physical and social infrastructure.
  - Private and publicly-sourced funding.
  - The use of cross-subsidies between local authorities.
  - The identification, prioritisation and fast-tracking of strategic sites.

- The delivery of local sites with regional significance.
  - The creation of centres of expertise.
  - The role of the LEPs within these mechanisms.
  - The relationship between constituent and non-constituent authorities.
- iii. The extent of public sector land ownership and the means of unlocking these sites.
- iv. The relationship and tensions between brownfield, greenfield and Green Belt land.
- v. Collaboration between the public and private sector, including partnership models for delivering new development and the identification, pricing, mitigation and management of risk inherent in these models.
- vi. How to facilitate sufficient investment to deliver land and property supply:
- Establish how the West Midlands compares as an investment location. Relative to international peer cities and other UK cities.
  - Dealing with cultural, reputational and legacy issues.
  - Creating the sense of “one place”, but with local differentiation.
  - Creating a simplified investment pathway for investors and funders.
- vii. The pros and cons of rendering unviable sites viable, including:
- Ascertaining the extent of the viability challenge.
  - International best practice in remediation.
- viii. Is the planning system working in the West Midlands:
- The balance between reactive and proactive planning.
  - The relationship between the WMCA SEP and statutory Local Planning.
  - The explicit and implicit powers of local authorities (including CPO, LDO etc.) and the role these powers can play in the future.
  - Sharing and co-ordination of expertise.
  - “Use it or lose it” to address land banking.
  - The duty to co-operate.
  - CIL and other planning obligations.

Resources will be targeted to those areas which the Commissioners consider likely to have most impact on the land supply. Where matters are identified which require additional resources to fully investigate, Commissioners will make recommendations as to how future workstreams can address those matters.

The Commission is likely to identify some issues which, whilst important in the context of the West Midlands economy and real estate markets, do not directly affect the supply of land across the region. Examples include the national skills shortage, the shortage of certain building materials, and the increasing costs of construction. The Commission will not directly address these issues, but will reference these matters in its final report to the

WMCA, so that the WMCA may address them further through an alternative forum should it so wish.

In view of the relationship between productivity and the supply and cost of land, there is likely to be a close overlap between some of the work of the Commission and the proposed West Midlands Productivity and Skills Commission. To the extent that the timetable for the two commissions allows, they should collaborate to identify those areas of overlap and exchange relevant evidence and thinking.

## Methodology

An initial consultation process with key public sector stakeholders from across the West Midlands has already taken place, involving conversations with more than 50 individuals. These conversations have included representatives from both constituent and non-constituent authorities and all three LEPs. Those discussions have informed the drafting of these terms of reference.

The Commission's intention is that it should undertake an inclusive process, offering all relevant parties the opportunity to contribute evidence and views. At its conclusion, stakeholders should feel they have had the opportunity to contribute to its work and recommendations. The Commission will undertake a wide consultation exercise, including the following groups of stakeholders:

- Local authorities (Leaders, Chief Executives, Heads of Planning, Regeneration and Economic Development).
- Local Enterprise Partnerships.
- Marketing Birmingham.
- The Homes & Communities Agency.
- Institutional investors (including the West Midlands Pension Fund), banks and other funders.
- Developers.
- Housebuilders (large and SMEs).
- Remediation specialists.
- Local universities.
- The Urban Land Institute.
- Local agents.

A Call for Evidence will be drafted to inform this consultation exercise. Interested parties will be invited to submit both written and oral evidence.

It is intended that three Commission hearings will be held, one in each LEP area, at which a range of organisations will be invited to attend and provide their views on the Call for Evidence.

A research programme will be drafted, informed by the initial stakeholder consultation exercise, evidence received, and the views of the Commissioners. The research will be conducted in parallel with the evidence gathering process.

In order to ensure the Commission process is inclusive, a PR and communications strategy is being drafted to launch the Commission, to publicise the Call for Evidence, to inform key stakeholders of progress, and to publicise the Commission's final report.

## Outputs

The Land Commission will make a series of recommendations, which will help shape:

- The policy agenda of the WMCA.
- The elected mayor's programme.
- The policy and operations of individual local authorities and LEPs.

The Commission's recommendations will be made, cognisant of national policy priorities. They will seek to include recommendations for consideration by the WMCA to help inform future devolution discussions between the WMCA and the Government.

The Commission will seek to classify its recommendations to identify:

- Those with potential short term impact (1-3 years), medium term impact (3-5 years), and long term impact (5 years+).
- Those which can be implemented by individual councils, those which can be implemented by the WMCA using its existing powers and resources, and those which can only be implemented by the WMCA with further support from the Government.

Recommendations will be made by the Commission to the Board of the WMCA. It will ultimately be for the Board of the WMCA to evaluate and decide whether to implement those recommendations. The Board of the WMCA will be invited to respond in writing to the recommendations of the Commission.

The Commission's report and the WMCA's response should be subject to independent and specialist legal review before publication.

## Advisors

Metro Dynamics will provide strategic advice to the Commission, and will also provide the Commission secretariat.



Bilfinger GVA will advise the Commission on matters pertaining to the local property markets.

Specialist advice will be sought from other advisers on an “as needed” basis as the Commission progresses.

# Appendix C: Summary of Recommendations

## A single agreed vision

### **The Commission recommends that:**

- The WMCA Board develops a Spatial Framework for the West Midlands, initially on a non-statutory basis, which would set out the agreed spatial Vision for the region.
- As part of the development of the Spatial Framework, the WMCA and local authorities should collaboratively consider how to use the full range of existing and emerging powers.
- The Project Delivery Team described in the following section builds the expertise to enable collaborative delivery models to be brought forward and used as appropriate, taking advantage of the new powers and funding now available through the WMCA.
- The WMCA undertakes a study of modern business requirements, and uses the findings from that study both to inform the development of the proposed Spatial Framework and to identify urgently the needs of modern logistics and just in time delivery for manufacturing plants.
- The WMCA now commissions the second phase of the JLL/PBA study, to examine in detail how best the forecast shortfall between supply and likely demand for housing might best be addressed, as well as to identify urgently accessible major sites to take forward. Given the scale of the challenge, that analysis should start with a “Policy Off” analysis to ensure an open-minded and holistic approach to site selection, weighted by a consideration of market signals as to where optimum location is. Policy considerations can then gradually be reintroduced.
- Until that work is available, the Spatial Framework should, in a way which is consistent with existing Local Plans, support the development of new housing through improved mechanisms for identifying sites and delivering new homes at pace and scale.
- The WMCA should consider how successful models of public sector housing development could be replicated across the West Midlands.
- Given the potential for densification, the approach to density within the West Midlands should be revisited via a ‘density test’ for local planning authorities to consider applying new guidelines on top of Local Plans where planning consents are sought for sites which are likely to benefit from significant new infrastructure investment.

- The WMCA commissions from specialist developers a review of the options for the renewal of major estates across the region with the twin goals of delivering additional housing alongside the undoubted community benefits.
- The Spatial Framework be constructed around a robust open-source evidence base, such as the tool developed on a pilot basis by the HCA, and to be jointly created by public and private sector stakeholders.

## Action zones

### **The Commission recommends that in the short-term, the WMCA:**

- Undertakes an audit of specialist skills across WMCA members – including planning skills, remediation expertise, the assessment of economic benefits, CPO skills, development appraisal and viability assessment.
  - Pools the specialist skills embedded in the existing capacity of the WMCA members so that they can be deployed across the region.
  - Identifies any major gaps in the skills base and makes provision for filling gaps on a WMCA-wide basis.
- The WMCA should, drawing on embedded capability across its members, create a Project Delivery Team to act as a single point of access to marshal resources and funding that can provide mutual support to LPAs in delivering strategic sites and provide expertise on sites identified in the Action Zones where necessary.
  - Strong consideration should be given to the potential for siting strategic employment sites and large concentrations of new homes in strategic transport corridors identified within the Spatial Framework.
  - The WMCA should undertake a region-wide review of the housing potential within existing and new strategic transport corridors. Such a review should take into account an analysis of the potential for greater densification.

## Unity of purpose

### **The Commission recommends that:**

- As part of the development of the Spatial Framework, the WMCA and local planning authorities should consider how to use collaboratively the full range of existing and emerging planning powers and instruments in its rapid implementation.

- The WMCA seeks wherever possible to evolve more unified standards and regulations through a deepening process of collaboration while respecting the vitally important role of local planning authorities.
- The WMCA builds the expertise to enable a range of collaborative development delivery models to be brought forward and used as appropriate in the delivery of key strategic sites, taking advantage of the new powers and funding now available in the light of recent announcements by Government Ministers.
- That work includes a specific strand on the role and responsibilities of the HCA and the way in which it will support the WMCA in delivery of the Spatial Framework.
- The WMCA adopts for development and inward investment purposes a single identity appropriate for its role as the UK's second city region, allowing for individual roles for local authorities on particular projects.
- The proposed Growth Company should provide the skilled resource and funding needed to support the mayor in becoming the 'front door' to global investors, occupiers and developers wanting to work in the West Midlands. That role should include "troubleshooting" to support investors, developers, occupiers and employers navigating their way through planning, funding and delivery complexities.

## Transforming Brownfield Land

### **The Commission recommends that:**

- In parallel with developing the proposed Spatial Framework, the WMCA develops a collectively-agreed brownfield remediation strategy which captures a step change in the pace and scale of the assembly and remediation of brownfield sites.
- The brownfield remediation strategy should recognise the role of brownfield land in promoting biodiversity, and identify those sites which merit protection for that purpose.
- The majority of the WMCA's Land Remediation Fund should be focused on those housing and employment projects which align with the priorities defined by the WMCA in the proposed Spatial Framework and which can be delivered in relatively short measure, although a proportion might be reserved to invest in a more agile way in new opportunistic proposals from developers that are broadly in line with the SEP's objectives.
- The WMCA investigates and considers pooling all available local and national sources of remediation funding, and pursues how best collaboratively to apply it to collectively-prioritised remediation projects.

- As part of the development of additional sources of remediation finance, the WMCA considers the potential for re-investing a proportion of the value uplift realised in the granting of planning consents on major sites in one area in the assembly and remediation of major sites elsewhere, to the collective benefit of the WMCA overall, not least in reducing the demand on land in the Green Belt.
- The WMCA should investigate mechanisms for handling the long-term insurance and warranty issues associated with brownfield development, including the extent to which the WMCA could self-insure certain risks.
- The WMCA considers the value of maintaining a brownfield database at a regional level.
- The WMCA considers building on work by the Black Country LEP and the University of Wolverhampton to establish the Brownfield Research & Innovation Centre (BRIC), a centre of excellence in brownfield development.
- The WMCA engages strongly as a single combined entity with the One Public Estate programme. In support of that programme, it undertakes a 'Land Audit' across the region, under which all public and relevant private sector bodies, are asked to justify their asset strategies for operational, strategic and surplus land. The major land-holding transport operators and utility companies should be actively involved in this work.

## A strategic review of the Green Belt

### **The Commission therefore recommends that:**

- The WMCA should undertake a strategic review of the Green Belt across the WMCA area to identify broad areas of land that perform poorly against the five statutory Green Belt purposes and consider their declassification; identify brownfield or greenfield sites that could become part of the Green Belt where this would create a more cohesive Green Belt; identify Green Belt sites that could support sustainable urban extensions; and identify Green Belt sites suitable for use as strategic investment locations.
- Such a review should pay particular attention to environmental and biodiversity issues, engaging relevant groups.

## Clarified Governance and Responsibility

### **The Commission also recommends that:**

- The WMCA identify those priority employment and housing sites which are dependent on strategic transport, utility or telecommunications investment schemes for their viability. It hopes, in turn, that central government agencies (including the economic regulators), and relevant bodies such as Highways England and Network Rail recognise the need to align where practicable their investment programmes and priorities with regional requirements.
- The WMCA works with central government to develop new appraisal methodologies which rely less on shortening transport times and more on delivering economic growth and recycling the value gained from betterment.

## Appendix D: List of Organisations which have provided Evidence

Type	Respondent to Call for Evidence	Stakeholder meeting
Consultants	Arcadis Arup Barton Willmore Hunter Page Planning King & Wood Mallesons Peter Brett Associates Quod Reshaped UK Turley	Bilfinger GVA KPMG
Developers	Bruntwood Gallagher Estates Opus Land Prologis St Modwens WSP Parsons Brinckerhoff Nurton Developments Roxhill Developments SEGRO Stoford Properties Limited	
Housebuilders	Barratt Plc Bellway Homes Berkeley group Homebuilders Federation Housing Association Partnership <sup>67</sup> Taylor Wimpey	

<sup>67</sup> Accord Group, Black Country Housing Group, Bromford Housing Group, Longhurst Group, Midland Heart, Orbit Group, Pioneer Group, Sanctuary, Walsall Housing Group, Waterloo Housing Group, WM Housing Group, Wrekin Housing Trust

Type	Respondent to Call for Evidence	Stakeholder meeting
Infrastructure	Birmingham International Airport GL Hearn on behalf of Severn Trent Water Highways Agency Severn Trent Water Transport for West Midlands Network Rail	
Investors	Hermes Investment Legal & General M&G UBS West Midlands Pension Fund Nathaniel Lichfield Partners on behalf of CEG Turley on behalf of HIMOR Group Turley on behalf of Richborough Estates	
Landowners	Gilmour family IM Properties	
Law firms	King & Wood Mallesons LLP Towers & Hamblins	
Membership organisations	Coventry and Warwickshire Chamber of Commerce Feoffees of Old Swinford Hospital Institute of Civil Engineers East and West Midlands West Midlands Aggregate Working Party Royal Town Planning Institute West Midlands Civil Society Forum UNISON, West Midlands Community branch	
Occupiers	Aston Martin Deutsche Bank HSBC Jaguar Land Rover Severn Trent	



Type	Respondent to Call for Evidence	Stakeholder meeting
Property agents	JLL Savills	
Public sector	Birmingham City Council Birmingham Property Services Black Country Authorities Black Country LEP Bromsgrove District and Redditch Borough Councils Cannock Chase Council Coventry and Warwickshire LEP Department of Communities and Local Government Environment Agency Greater Birmingham and Solihull LEP HCA Lichfield Council Local Nature Partnership Nuneaton Green Selly Oak Staffordshire Council Shropshire Council Solihull Council Stoke-on-Trent and Staffordshire LEP Tamworth Council Telford & Wrekin Council Warwickshire County Council Wyre Forest West Midlands Regional Forum of local authorities	Birmingham County Council Coventry City Council Cannock Chase District Council Dudley Metropolitan Borough Council Marketing Birmingham Nuneaton and Bedworth Borough Council Sandwell Council Solihull Metropolitan Borough Council Telford and Wrekin Borough Council Walsall Council Wolverhampton City Council Coventry and Warwickshire LEP Black Country LEP Greater Birmingham and Solihull LEP Homes and Communities Agency West Midlands Strategic Planning Advisor West Midlands ITA Policy and Strategy Unit
Remediation/ regeneration specialists	Hydrock Igloo Regeneration RCA Regeneration	

Type	Respondent to Call for Evidence	Stakeholder meeting
Think tanks/ academia	Black Country Brownfield Regeneration & Innovation Centre (BRIC) CPRE West Midlands Regional Group Futures Network Human City Institute Localise West Midlands Scaling the Citizen Progressive Capitalism RAWM Urban Land Institute	
Environmental Groups	Friends of the Earth Royal Society for the Protection of Birds Woodland Trust	

# Appendix E: Summary of Evidence regarding the West Midlands Economy, Land and Development

## Summary

- The WMCA area is a vital part of the UK economy but has suffered from systematic underperformance relative to the national economy since the 1970s due to a decline in traditional industries. At present, whilst it has important high value sectors and areas of economic activity, the WMCA area continues to underperform at an aggregate level.
- The WMCA SEP has proposed ambitious targets for development that represent a large increase on the assumptions embedded in the aggregated current Local Plans. In turn, the aggregated Local Plans are proposing rates of growth significantly in excess of the trend rate of growth. Therefore, a major step-change is needed in the rate of development.
- Existing evidence is clear that demand for land outstrips supply quite considerably in the case of industrial and residential development.
- In the case of industrial development there is particular concern from the private sector (including occupiers) that there is a lack of suitable large sites for major occupiers. In the case of both industrial and residential development, rising demand is feeding into sharply rising prices.
- Whilst the evidence on demand for office space does not show as dramatic a mismatch between demand and supply, the current evidence base does not factor in the SEP targets. It is likely that doing so would mean that the demand for land in all categories would outstrip current allocations.
- A major factor in ensuring that land is made available and that the rate of development increases is the governance and planning system of the WMCA area. Both the governance and planning systems are complex and fragmented. There have been important steps towards joint working at a LEP level, but it will be vital to work more strategically going forward on a pan-WMCA basis. This will mean more co-operation around planning, with a governance system that supports this.

## The West Midlands Economy

- 11.1 The WMCA's economy is a vital part of the UK economy. It is Britain's second city region, generating 7.1%<sup>68</sup> of GVA for the UK economy and housing 4m people<sup>69</sup>.
- 11.2 The West Midlands SEP sets out the overall ambition of the region. Its aim of growing the economy requires action from business, not least from the region's companies which are at the heart of British advanced manufacturing. Universities have a major role too. The role of the public sector in creating a climate for, and supporting growth, is also key. The West Midlands has also played its part in growing start-ups in a range of new industries such as the creative, digital and life science sectors<sup>70</sup>, and has a thriving professional and financial services sector. Recent statistics show that more than 17,000 businesses were created in Birmingham in 2016, up 25% from 2015<sup>71</sup>. Because of its location, the WMCA area is the central point for logistics, warehousing and distribution companies, with most parts of the UK being within 4 hours' journey time. In each of these and other areas, the land market has a key role to play: both in supporting sustainable development and in helping to create places where people want to live. So land, the subject of this Commission's remit, is central to achieving the goals of the SEP.
- 11.3 In the mid-20<sup>th</sup> Century, the West Midlands was a beacon of economic growth. The region's economy persistently performed well across a number of indicators. Unemployment in Birmingham rarely exceeded 1% between 1948 and 1966, and only exceeded 2% in one year<sup>72</sup>. By 1961 household incomes in the West Midlands were 13% above the national average, exceeding even those of London and the South East<sup>73</sup>.
- 11.4 The city experienced extensive growth during the 1950s and 1960s led by the fortunes of the motor industry, putting Coventry second to London in terms of economic growth over this period. In the motor industry post-war boom, it was rumoured that there were 8 jobs for every Birmingham school-leaver<sup>74</sup>. The Black Country also benefitted from a strong and growing industrial sector specialising in the metal and engineering industries during this period<sup>75</sup>. This activity was encouraged by the Government and in 1967 the West Midlands was the 3rd highest exporting region in Britain<sup>76</sup>.

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<sup>68</sup> ONS (2015) Regional Gross Value Added (Income approach): December 2015

<sup>69</sup> West Midlands Combined Authority (2016), 'About the Area'. Date Accessed 02.12.16

<sup>70</sup> West Midlands Combined Authority (2016) 'Strategic Economic Plan- Making Our Mark'- Pg. 18

<sup>71</sup> Sunday Times (2017), "Birmingham Tops Start-Up League"

<sup>72</sup> Sutcliffe, A. & Smith, R. (1974), Birmingham 1939-1970 (History of Birmingham, Vol. III) – Pg. 54

<sup>73</sup> Sutcliffe, A. & Smith, R. (1974), Birmingham 1939-1970 (History of Birmingham, Vol. III) – Pg. 54

Note: this refers to the West Midlands region, rather than just the WMCA area, but this is a sensible proxy for the economic performance of the latter.

<sup>74</sup> Mike Haynes. (2008). The Evolution of the Economy of the West Midlands 1700-2007. (Part 6), - Pg. 16

<sup>75</sup> Wise, M. 'The Birmingham-Black Country conurbation in its regional setting', Geography, vol. 57 no.2, 1972 - Pg. 93

<sup>76</sup> Sutcliffe, A. & Smith, R. (1974), Birmingham 1939-1970 (History of Birmingham, Vol. III)

- 11.5 In the 1970s and 80s, global structural change had a significant impact on the region's economic growth and the West Midlands was the only region to grow less fast in the second half of the century compared to the first half (1.71% per year compared to 1.77%)<sup>77</sup>.
- 11.6 A more sustained period of growth took hold in the 1990s which continued into the new century<sup>78</sup>. Birmingham has been building on the steady growth of Knowledge Intensive Business Services (KIBS), and supported by a strong city centre in Birmingham, the number of KIBS jobs in the city has nearly doubled since 1981. And between 1998 and 2011, the city centre saw private sector jobs growth of 17 per cent<sup>79</sup>.
- 11.7 The manufacturing economy had by then given way to a knowledge economy albeit more slowly in the West Midlands where manufacturing remained significant, though diminished. The region's focus on manufacturing has arguably proved less conducive to supporting the emergence of high value sectors<sup>80</sup> and the region remained less well positioned to play in the knowledge economy, given weak traditions in 'knowledge creation' and the role of a small and medium size sector that was less supportive than the retreating large firm sector<sup>81</sup>.
- 11.8 As Figure 9 shows, the result of this is that the WMCA area's productivity, as measured by Gross Value Added per worker ('GVA'), is below that of many of its regional counterparts. The West Midlands ranks below the UK average. Whilst the WMCA area is not unique in this respect amongst UK cities this is a concern, as poor productivity feeds into relatively low wages.

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<sup>77</sup> Haynes, M. (2008). The Evolution of the Economy of the West Midlands 1700-2007. (Part 6) – Pg. 17

<sup>78</sup> Haynes, M. (2008). The Evolution of the Economy of the West Midlands 1700-2007. (Part 6) – Pg. 17

<sup>79</sup> Clarke E, Swinney, P & Sivaev, D. (2013) Beyond the High Street: Birmingham Analysis

<sup>80</sup> Government Office for Science (2014), 'The evolving economic performance of UK cities: City Growth Patterns 1981-2011'

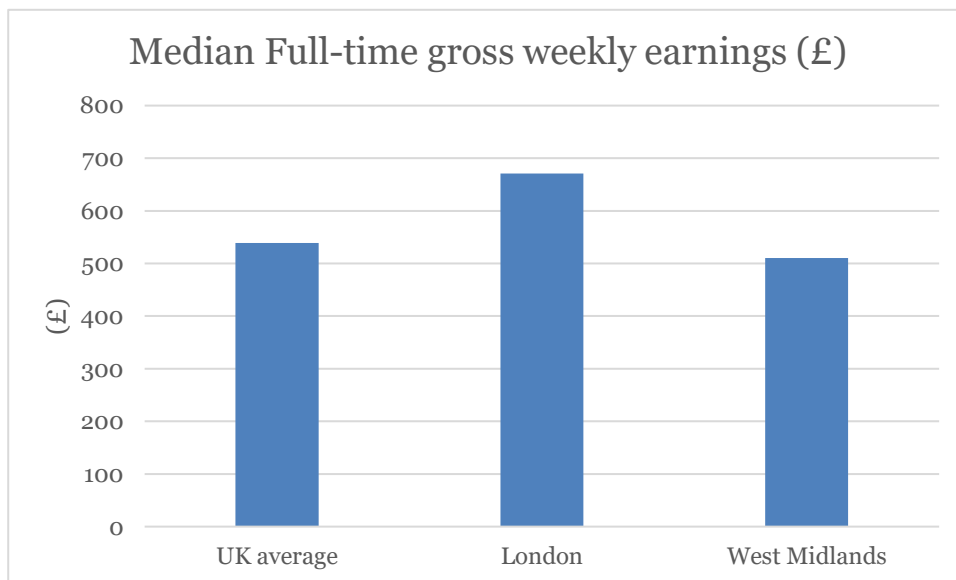
<sup>81</sup> Mole, K, Worrall, L. (2001), 'Innovation, business performance and regional competitiveness in the West Midlands: evidence from West Midlands Business Survey', European Business Review, vol. 13 no.6 - Pg. 353-364

**Figure 9. Comparison of GVA in British regions**

	GVA per head (£) (2015)
London	43,600
South East	27,800
<b>UK average</b>	<b>25,400</b>
East of England	24,000
South West	23,000
North West	21,900
East Midlands	20,900
<b>West Midlands</b>	<b>20,800</b>
Yorkshire and The Humber	20,400
North East	18,900

Source: ONS (2016) Regional gross value added, UK: 1997 to 2015

- 11.9 Median gross weekly wages in the West Midlands compare poorly to the national average and very poorly when compared to London.

**Figure 10. Median Full-time gross weekly earnings**

Source: ONS (2016) 'Annual Survey of Hours and Earnings: 2016 provisional results'. Date accessed 20.01.17.

- 11.10 Economic underperformance impacts on national growth and productivity and holds back the prospects of local people. It is vital for both the WMCA and the UK that the West Midlands area is supported to grow.

## The WMCA Strategic Economic Plan

- 11.11 In 2016 the WMCA adopted a Strategic Economic Plan (SEP), which sets out the employment and development targets for the area. At its core is a target to raise per capita GVA across the West Midlands to the national average level by 2026, and to 5% above the national average by 2030<sup>82</sup>. The SEP proposes the creation of 500,000 new jobs by 2030, underpinned by an increased population of some 542,000 people<sup>83</sup>. This is equivalent to adding the population of Sheffield to the WMCA area by 2030<sup>84</sup>.
- 11.12 A sufficient supply of developable land for both employment and housing use is a pre-requisite for the delivery of the WMCA SEP. This involves having land:
- Available in the right condition (remediated).
  - In a range of lot sizes (to suit a diverse range of end users).
  - Situated in the right place (where occupiers want to locate and residents want to live).
  - Ready at the right time (reflecting the timescales of today’s occupiers) anticipating the needs and timescales of future occupiers.
  - Financially viable.
  - Benefiting from the right supporting social and physical infrastructure.
- 11.13 The SEP estimates that, to accommodate the growing population, the West Midlands housing stock will need to increase to 1.9 million homes - an increase of approximately 215,000 homes<sup>85</sup>. This includes 50,000 more homes than are currently allowed for in the aggregated Local Plans<sup>86</sup>. This would be equivalent to building an additional ten large urban extensions of 5,000 homes each in the next 15 years, over and above the 165,000 new homes already in the Local Plans<sup>87</sup>.
- 11.14 To accommodate the new jobs, the SEP anticipates that 1,600 hectares of brownfield land will need to be remediated<sup>88</sup>. This is equivalent to remediating an area the size of 11

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<sup>82</sup> West Midlands Combined Authority (2016) ‘Strategic Economic Plan -Making Our Mark’ - Pg. 13

<sup>83</sup> West Midlands Combined Authority (2016) ‘Strategic Economic Plan -Making Our Mark’ - Pg. 24

<sup>84</sup> ONS (2013) ‘2011 Census: Population Estimates by single year of age and sex for local authorities in the United Kingdom’. The population in mid-2011 was 552,700

<sup>85</sup> West Midlands Combined Authority (2016) ‘Strategic Economic Plan- Making Our Mark’- Pg.13

<sup>86</sup> Peter Brett Associates (2016) ‘The relationship between Combined Authority SEP economic model and land use plans in the West Midlands’ & ‘The relationship between DEIM and land use plans in the West Midlands Combined Authority’. Presented to the WMCA Board on 1 July 2016

<sup>87</sup> Peter Brett Associates (2016) ‘The relationship between the CA SEP and Local Plans’ – Pg. 15

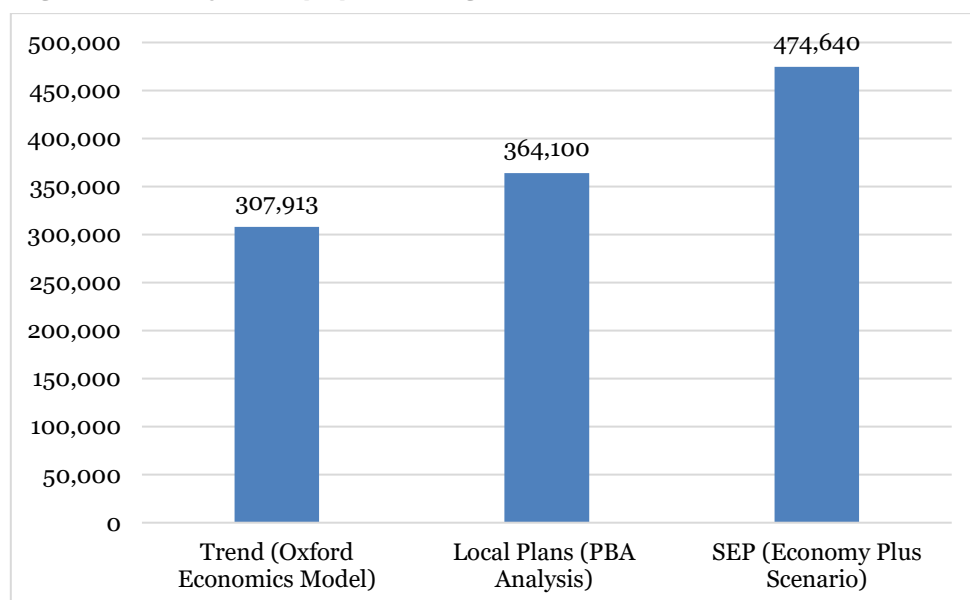
<sup>88</sup> West Midlands Combined Authority (2016) ‘Strategic Economic Plan- Making Our Mark’- Pg. 12

Longbridge manufacturing sites<sup>89</sup>. Whilst brownfield land has a vital role to play in meeting the SEP's requirements for new space, the time taken to remediate such land means that it is unlikely, on its own, to satisfy the more pressing land availability requirements.

### Relationship between the SEP and Local Plans

- 11.15 None of the Local Plans reflect the SEP economic targets. The Commission has therefore considered the SEP targets in the context of actual delivery and Local Plan targets. The basis for this consideration is a recent report commissioned by the WMCA, comparing the three SEP targets (number of new jobs, population growth, and demand for new homes) with both the targets from the aggregated Local Plans and the trend rate of growth<sup>90</sup>. For all three measures, the trend rate of growth is somewhat below the Local Plan targets, and the Local Plan targets are significantly below the SEP targets. This is illustrated in Figures 11, 12, and 13 below.

**Figure 11. Projected population growth to 2029 / 30**



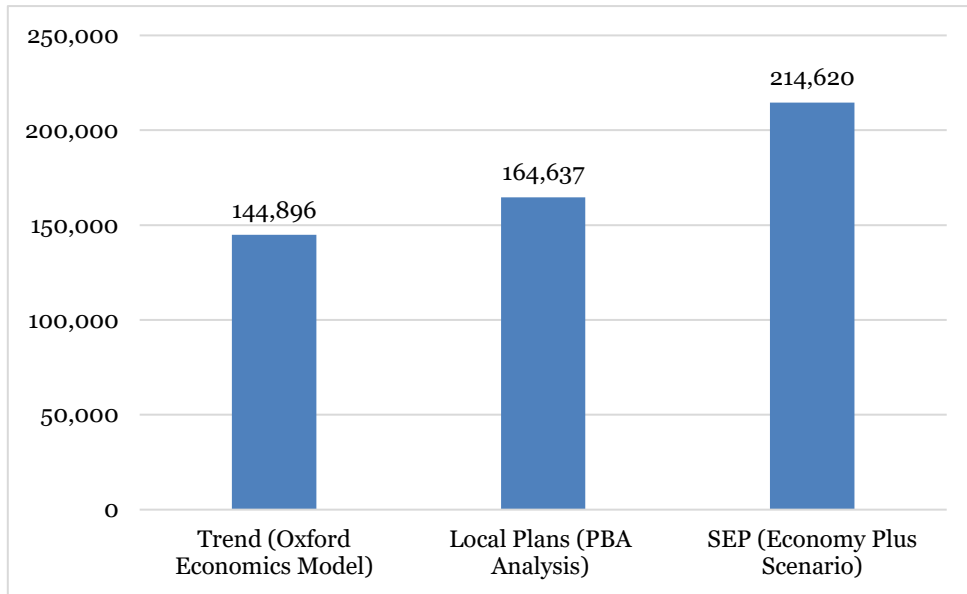
Source: PBA (2016)

<sup>89</sup> St Modwen (2009) 'Longbridge plan gets green light'. Available from <http://www.longbridgebirmingham.co.uk/news/article/longbridge-plan-gets-green-light/>. The Longbridge Site is 140 hectares. (140x11=1,540 hectares). Date accessed 18.01.17

<sup>90</sup> Peter Brett Associates (2016) 'The relationship between Combined Authority SEP economic model and land use plans in the West Midlands' & 'The relationship between DEIM and land use plans in the West Midlands Combined Authority'. Presented to the WMCA Board on 1 July 2016

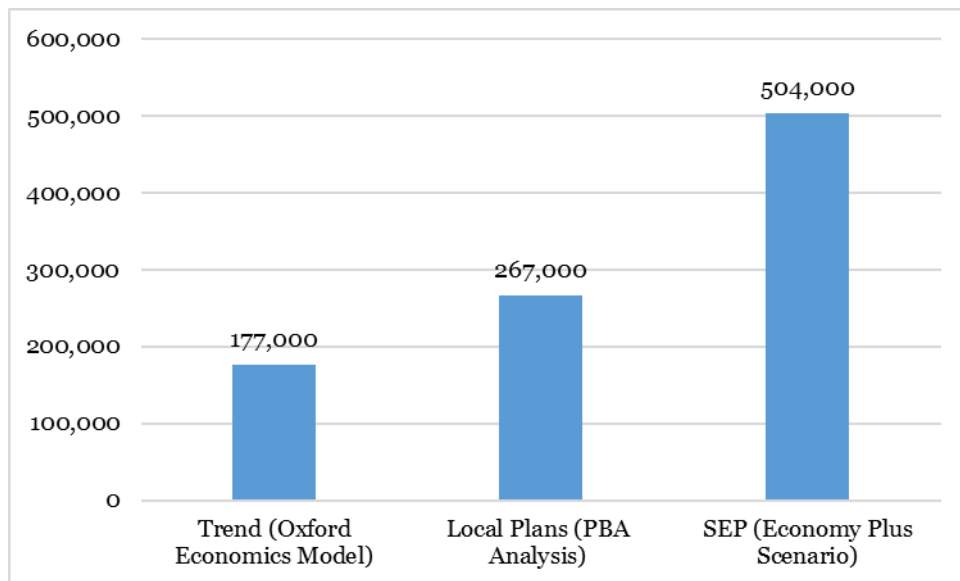


**Figure 12. Projected growth in dwellings to 2029 / 30**



Source: PBA (2016)

**Figure 13. Projected job growth to 2029 / 30**



Source: PBA (2016)

### Track record of building new homes and employment space

- 11.16 The Commission has considered the rate at which new homes have been built and new employment space provided in the West Midlands to give an historical context to the SEP targets.
- 11.17 Bilfinger GVA have estimated that in the ten-year period between 2004 and 2014, approximately 88,000 net additional dwellings were built across the West Midlands (approximately 8,800 per annum)<sup>91</sup>. If the housebuilding targets implied by the SEP are to be achieved, some 215,000 new homes are likely to be required over a 15-year period (approximately 14,300 dwellings per annum)<sup>92</sup>. On the basis of these figures, the annual rate of delivery would need to rise by over 60% to achieve this level of new homes. When account is taken of the need to scale-up to deliver these new homes, it is likely that new homes delivery in the later years of the SEP period would need to increase by significantly more than the 60% referred to above.
- 11.18 With regard to employment land, approximately 1,100ha of employment land (gross) were developed between 2004 and 2014 (based on an annual average completion rate of 110ha per annum). If this trend rate were to be projected forward over the SEP timeframe of 2015-30, some 1,650ha of employment land would be developed<sup>93</sup>. This would be insufficient to meet the SEP targets, which assume the delivery of 1,600ha solely within the seven metropolitan authorities, and take no account of employment growth within the district authorities.
- 11.19 On the basis of the historic track record, the existing and unmet need for sites, and the fact that Local Plans already provide for a rate of building some way in excess of the past trend rate, the Commissioners are of the view that developing the new homes and employment space needed to support the SEP's growth targets is going to present a significant challenge. That challenge, which extends to both the scale and speed of delivery, would require a step change in the number of sites brought forward for development and the pace at which they are developed.

## The West Midlands Land Market

- 11.20 All economic development involves the need for locations – for factories, offices, roads, railways and housing- which depends on the availability of land to a certain degree. Industries need sites for manufacturing, distribution and appropriate infrastructure linking their products or services to the point of sale. A healthy economy will support a range of industries which subsequently require an array of plot sizes and locations. Everyone needs somewhere to live and the provision of housing must be structured in such a way that

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<sup>91</sup> Bilfinger GVA (2016) 'Line of Enquiry 1 Part 1: Assessing the scale and characteristics of delivery of housing and employment development'

<sup>92</sup> West Midlands Combined Authority (2016) 'Strategic Economic Plan -Making Our Mark' - Pg. 12

<sup>93</sup> Bilfinger GVA (2016) 'Line of Enquiry 1 Part 1: Assessing the scale and characteristics of delivery of housing and employment development'

people can choose to live in a range of locations and in a way which suits their financial and personal needs.

- 11.21 This section considers the availability of land in the West Midlands for each of three main uses: land for industrial and logistics purposes, land for new homes and land for new offices.
- 11.22 In considering the extent to which there is a sufficient pipeline of developable land, the Commissioners have considered three principal sources of evidence:
- Market signals, most notably, the extent to which prices are changing, reflecting an imbalance between supply and demand.
  - Technical reports and studies.
  - Anecdotal evidence, particularly from agents.

## Land for industrial and logistics uses

- 11.23 Evidence received by the Commission suggests that manufacturing and distribution uses are merging closely into one market across the West Midlands, and therefore for the purposes of this report, these uses will be referred to as the “industrial” uses<sup>94</sup>.
- 11.24 Evidence available to the Commission suggests that the West Midlands industrial market is one of the most important employment land markets in the UK. From a national perspective, it is also currently the strongest industrial market, with the highest levels of speculative development.
- 11.25 The importance of this market is largely due to the many sources of competitive advantage from which the West Midlands benefits. These include:
- A central location in the UK, with an extensive supply chain infrastructure, and from which goods are capable of being transported to most parts of the United Kingdom within a 4-hour timeframe.
  - Affordable land and property with close proximity to regional airports.
  - Access to the main rail freight lines, providing links to the major ports.
  - A potential skilled labour pool generated through the existing high level education and research institutions in the advanced manufacturing end of the sector, albeit there remains a severe shortage of specialist engineers.
  - Competitive labour market costs.

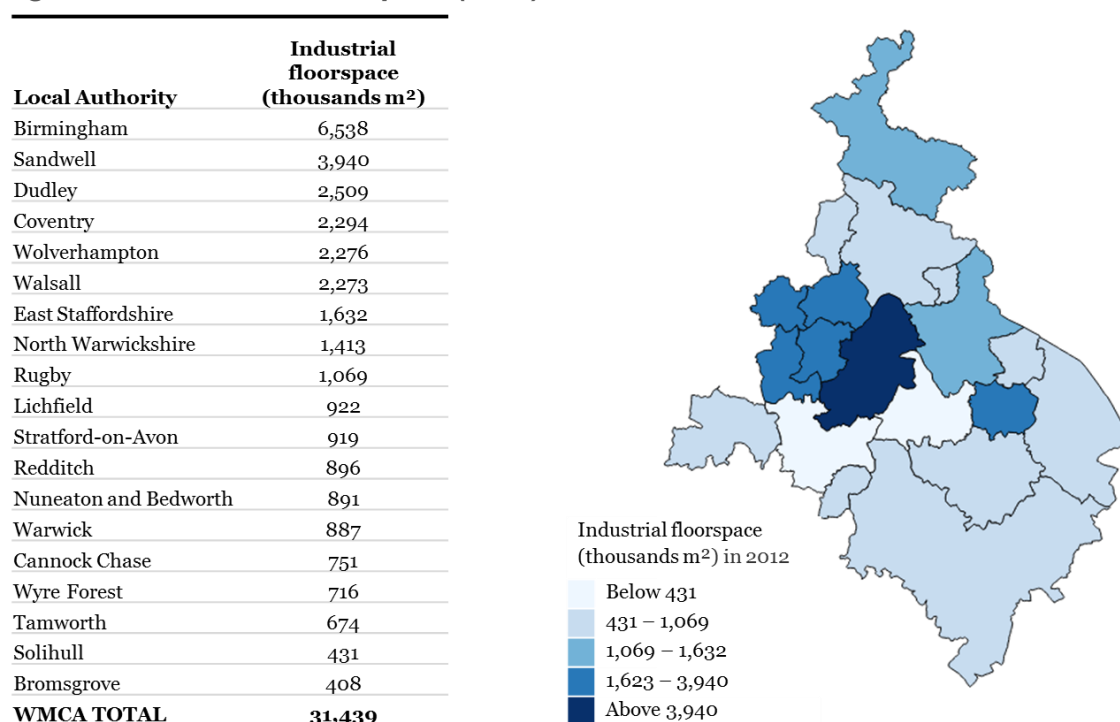
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<sup>94</sup> JLL & Peter Brett Associates (2015) ‘West Midlands Strategic Employment Sites study’ - Pg. 27

- Being home to a number of global manufacturers<sup>95</sup>.

- 11.26 The original ‘Golden Triangle in the East Midlands, around Daventry and Lutterworth (and including the far eastern fringe of the West Midlands around Rugby) has expanded to include the eastern half of Birmingham, the M42 Corridor, and the motorway-accessible parts of Coventry<sup>96</sup>. The Golden Triangle has not expanded far into the Black Country or Staffordshire<sup>97</sup>. The JLL/PBA Strategic Employment Sites report suggest that this is due to the delays on the M6 representing a ‘virtual barrier’ to the North and West<sup>98</sup>. The M6 toll road provides a faster alternative, but many distribution operators consider that the toll is too high.<sup>99</sup>
- 11.27 The figure below illustrates that industrial floorspace is significantly concentrated in the metropolitan area, which accounts for 65% of the WMCA area’s industrial floorspace<sup>100</sup>.

**Figure 14. Industrial Floorspace (2012)**



Source: Valuation Office Agency (2012) Business Floorspace

- 11.28 The market for industrial premises in the West Midlands has improved dramatically over the last four years due to a number of factors, which include the general improvement in the UK and regional economy, the growth of manufacturing across the West Midlands, and the

<sup>95</sup> Call for Evidence

<sup>96</sup> JLL & Peter Brett Associates (2015) ‘West Midlands Strategic Employment Sites study’. - Pg. 27

<sup>97</sup> JLL & Peter Brett Associates (2015) ‘West Midlands Strategic Employment Sites study’. - Pg. 27

<sup>98</sup> JLL & Peter Brett Associates (2015) ‘West Midlands Strategic Employment Sites study’. - Pg. 27

<sup>99</sup> JLL & Peter Brett Associates (2015) ‘West Midlands Strategic Employment Sites study’. - Pg. 27

<sup>100</sup> Valuation Office Agency (2012) Business Floorspace

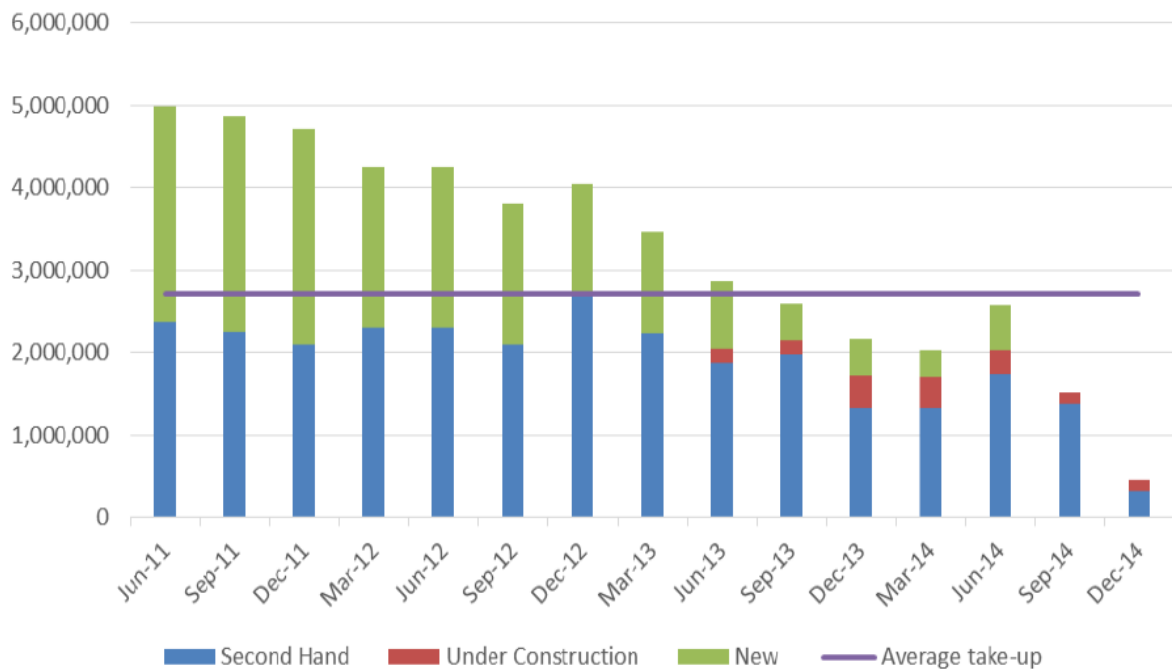
growing importance of the distribution sector linked to new business models, greater reliance on online shopping, and a desire for same/next day delivery.

11.29 This growth in demand has not been matched by the growth in supply. A number of agents have pointed to the fact that the supply of industrial premises servicing the market has been eroded due to three main factors, including:

- **The redevelopment of old factories and other industrial sites for housing and other uses.** This has been largely due to pressure for housing on sustainably located brownfield sites.
- **A lack of speculative development to replenish old stock.** This has been a factor since the 2008 financial crash, and although some speculative development is now happening, it is generally taking place in the “big box” distribution market.
- **A relative lack of new sites coming forward to fill the void.** Many of the obvious brownfield sites outside Birmingham, such as old coal mines, power stations, car plants and airfields have been successfully developed (for example, Birch Coppice, Hams Hall, Kingswod Lakeside, Cannock, Fradley Park, Ryton and Keresley). There are also likely to be considerably fewer windfall sites due to the emphasis on developing brownfield land.

11.30 Figure 15 shows the availability of industrial and distribution premises across the West Midlands.

*Figure 15. Industrial and Distribution Floorspace Availability in the West Midlands (June 2011 – December 2014)*



Source: JLL & Peter Brett Associates (2015) ‘West Midlands Strategic Employment Sites study’- Pg. 35

- 11.31 In terms of market signals, there has been a notable uplift in prices for large industrial and warehousing units as Figure 16 demonstrates.

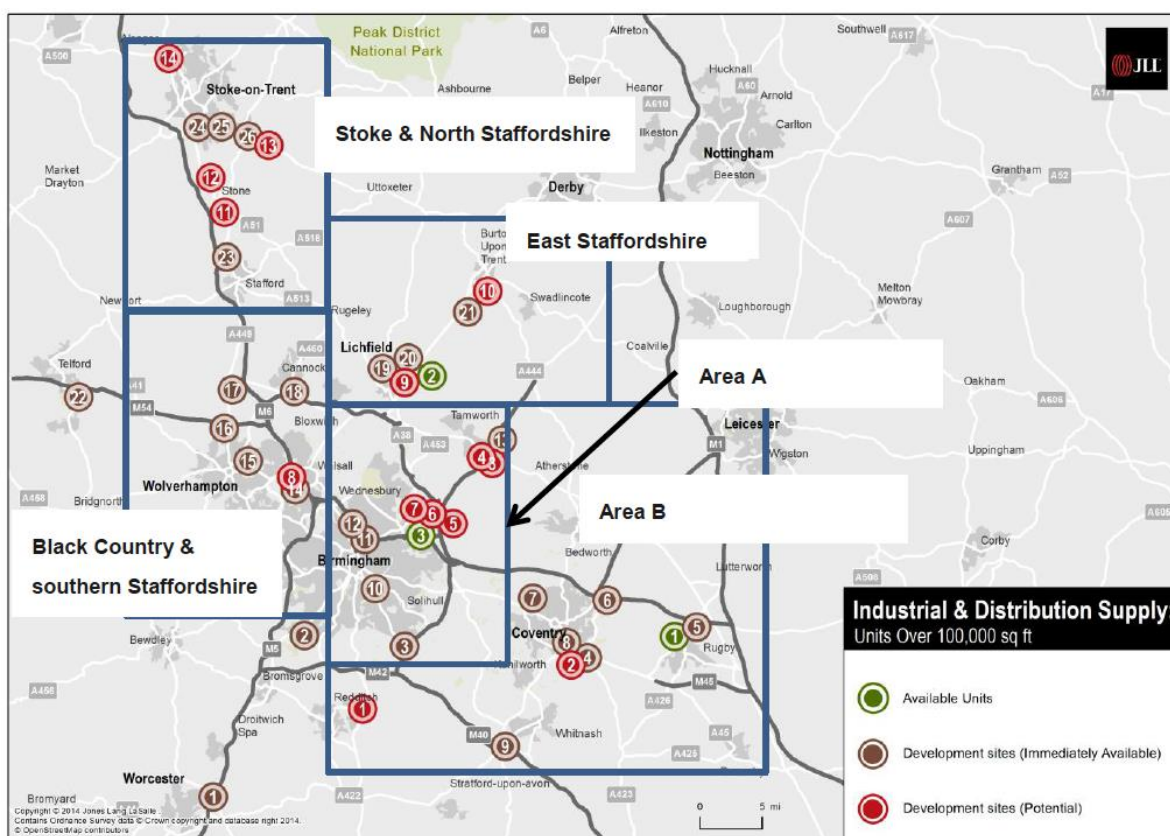
**Figure 16. Rents, land value and yields for larger units in Birmingham & Solihull**

	<i>Birmingham &amp; Solihull</i>	
	Q1 2013	Q2 2016
<i>Rents (psf)</i>	£5.50-5.75	£6.25-6.50
<i>Land Values (£ per acre)</i>	£300k-350k	£600k
<i>Yields (%)</i>	6.5	4.75

Source: JLL (2016) 'West Midlands Land Commission- Call for Evidence' - Pg. 3

- 11.32 Of the three variables, the most marked changes are in land values, which in the case of Birmingham & Solihull have almost doubled during a three-year period. This signal is highly significant in demonstrating the shortage of available land at a regional and sub-regional level.
- 11.33 The Commission has considered the location of current and potential development sites for industrial uses identified in the JLL/PBA report. It is clear that those locations which are in greatest demand as strategic sites are those sites located close to the main motorway network. Figure 17, which is taken from work commissioned by the WMCA, shows those sites which are potentially most appropriate for strategic sites and the availability of sites at those locations.

Figure 17. Major industrial and distribution site availability



Source: Peter Brett Associates & JLL (2015) 'West Midlands Strategic Employment Site Study' - Pg. 41

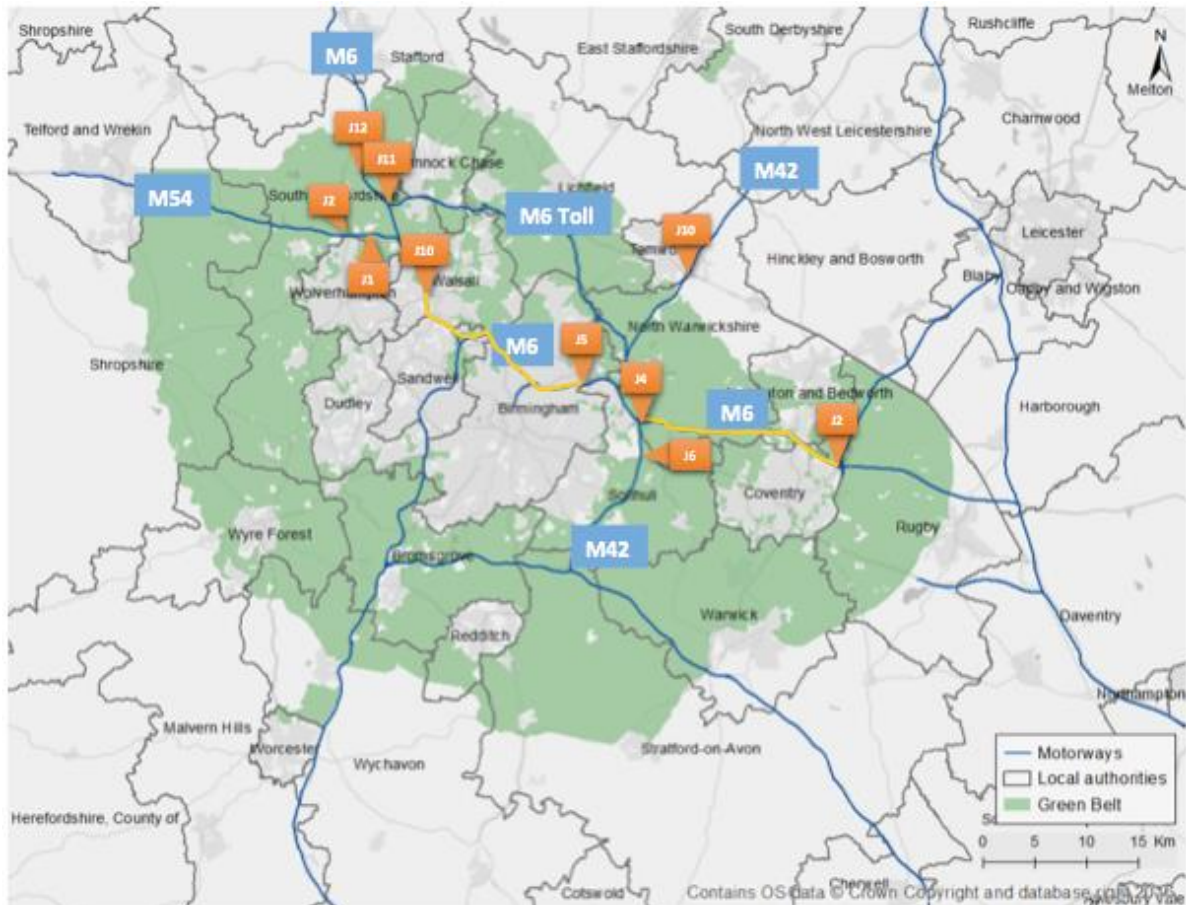
- 11.34 Areas A and B account for a disproportionate amount of take-up in the 9290-sq. m band. At the end of 2014, PBA/JLL estimated that there were only 69.2 hectares “immediately” available in Area A (equivalent then to 3.7 years’ supply) and 122 hectares in Area B (equivalent then to 8.4 years’ supply)<sup>101</sup>.
- 11.35 A significant number of these sites are located within the Green Belt as Figure 18 demonstrates. Thus:
- The M42 lies within the Green Belt, apart from junction 10 at Tamworth, although the built-up area does adjoin the motorway at junction 6 (at Birmingham Airport and the NEC).
  - For the M6, junctions 5 to 10 of the M6 lie within the main built-up area where there are now very few obvious examples of suitable large sites.
  - The M6 junctions to the north/west (junctions 11 and 12) are both in the Green Belt as are the junctions to the east (junctions 2 to 4), although Coventry does extend up

<sup>101</sup> Peter Brett Associates & JLL (2015) 'West Midlands Strategic Employment Site Study' - Pg. 41

to junction 3. Junctions 1 and 2 of the M54 are both in the Green Belt, although again the built-up area of Wolverhampton has extended up to junction 2.

- The M6 toll road, which could provide a number of strategic sites is largely within the Green Belt.

**Figure 18. Strategic Employment Sites and motorways in the WMCA area**



Source: Metro Dynamics analysis of strategic employment sites provided by JLL (2016)

- 11.36 A handful of sites have been released from the Green Belt and developed for employment use in recent years. They include:
- i54 at junction 2 of the M54.
  - Birmingham Business Park at junction 6 of the M42.
  - Blythe Valley Business Park at junction 4 of the M42.
  - Peddimore – 71 hectares have been identified in the Birmingham draft Development Plan for release.
- 11.37 The JLL/PBA report identified that the planned land supply for large industrial units falls severely short in the three areas of highest demand to such an extent that the shortage of land was in danger of inhibiting growth:



- The M42 belt to the East of Birmingham (Area A).
  - Areas south and east of Coventry to Rugby (Area B), which is an extension of the East Midlands Golden Triangle.
  - The Black Country and Southern Staffordshire, which has attracted growth in previous years but on a smaller scale than above. Long term supply here is heavily dominated by one site (Phoenix 10), which has serious issues with infrastructure and access<sup>102</sup>.
- 11.38 The Coventry and Warwickshire Employment Land Use Study concluded that there is a significant shortage of sites within the Coventry & Warwickshire sub-region to enable it to meet forecast demand through to 2031. The forecast requirements vary from 353 ha to 660 ha, suggesting a shortfall of over 300 ha of employment land in the CWLEP area<sup>103</sup>. The report concluded that:
- “Even taking into account the major strategic pipeline sites, the supply is below the bottom end of the forecast demand range. There is an urgent need for additional supply of good quality and well-located land to accommodate short to medium term demand.”<sup>104</sup>*
- 11.39 The study concluded that the scarcity of available land in the short term has the potential to damage the economic prospects of the area by preventing investment opportunities from being delivered<sup>105</sup>.
- 11.40 Further evidence received suggests that the amount of unconstrained land for strategic employment development has reduced by around 20% in the CWLEP area since the CBRE report was published in August 2015, and the shortfall now is even greater.
- 11.41 A report prepared by Warwick Economics and Development (‘WECD’) in connection with the Birmingham Economic Plan Examination identified a need for 407ha of employment land in Birmingham in the period 2011-2031<sup>106</sup>. The WECD report divided into demand into “Best”, “Good” and “Other” quality categories. At the Birmingham Local Plan Examination in Public (‘EIP’), it was acknowledged that there was a shortfall of 17.19ha of ‘Best’ quality land compared to the required 60 ha five year reservoir in that sector<sup>107</sup>. Since the EIP, the “Best” quality readily available land supply has reduced significantly and Savills data suggests that Birmingham now has a 50% shortfall compared to its five-year requirements and no supply at all for the following 15 years of its Local Plan.

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<sup>102</sup> Peter Brett Associates & JLL (2015) ‘West Midlands Strategic Employment Site Study’ - Pg. 43

<sup>103</sup> CBRE (2015) ‘Employment and Land Use Study – Coventry and Warwickshire’ - Pg. 56

<sup>104</sup> CBRE (2015) ‘Employment and Land Use Study – Coventry and Warwickshire’ - Pg. 56

<sup>105</sup> CBRE (2015) ‘Employment and Land Use Study – Coventry and Warwickshire’ - Pg. 56

<sup>106</sup> Birmingham Development Plan Examination (2014) ‘Matter B: Employment land and retail provision’ - Pg. 2

<sup>107</sup> Birmingham Development Plan Examination (2014) ‘Matter B: Employment land and retail provision’ - Pg. 6

- 11.42 Even when adopted, the Birmingham Local Plan identifies just 24% of the assessed employment land needs, and there is a shortfall in supply of some 311 hectares. Furthermore, of the 96-ha identified supply, 71 ha is Green Belt land at Peddimore. The Commission understands this land has significant infrastructure requirements, which will mean there is a considerable lead-in time before it can offer any development plots.
- 11.43 To compound matters further, up to 47ha of existing occupied employment land is proposed to be acquired by HS2 Limited for the development of the high-speed railway. The total land need in Birmingham alone is therefore likely to be around 450 ha.
- 11.44 **Therefore, the analysis and evidence reviewed by the Commission suggests that there is a lack of allocated land for industrial purposes, in particular for strategic sites. Where demand exists for such sites it is often in areas of Green Belt with good transport connections.**

### Land for office uses

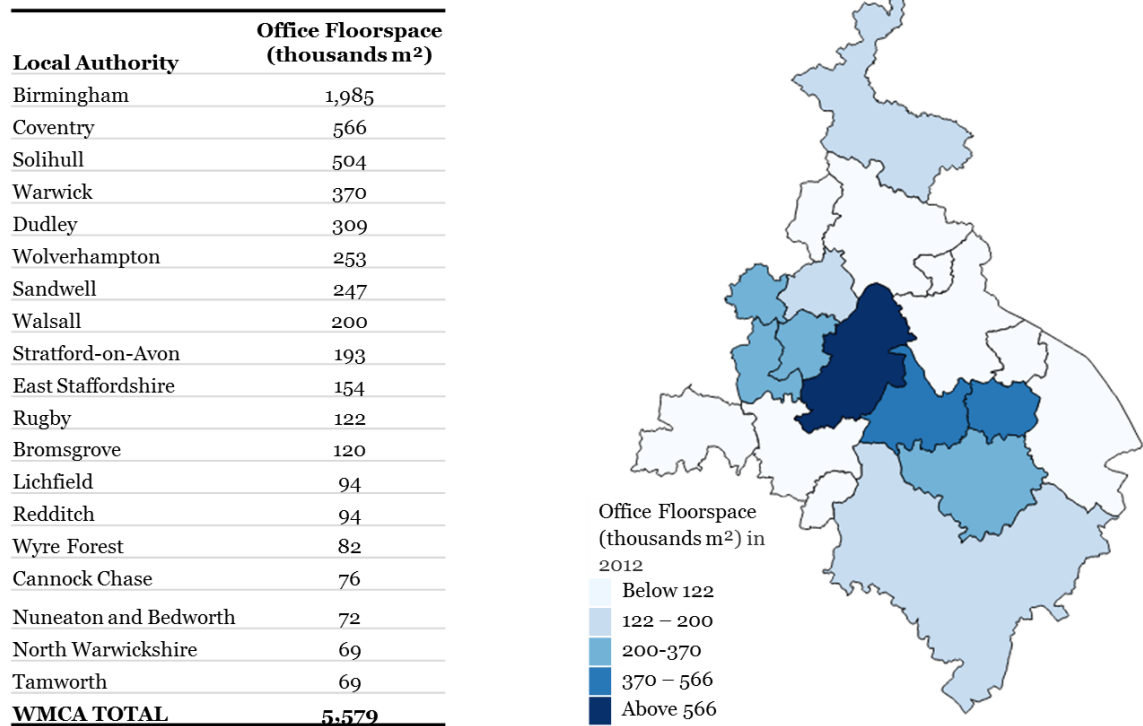
- 11.45 In considering the office market, the Commission has first looked at Birmingham, Solihull and Coventry, being the principal office locations within the West Midlands. Although there are significant, albeit smaller office markets in other parts of the West Midlands, including for example Wolverhampton, the Commission has not considered these areas to any great extent as the demand they attract was considered to be more likely to be local.
- 11.46 Figure 19 illustrates that office floorspace is significantly concentrated in the metropolitan area, which accounts for 73% of the WMCA area's office floorspace<sup>108</sup>. Birmingham alone accounts for over 35% of office floorspace in the whole WMCA area<sup>109</sup>.

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<sup>108</sup> Valuation Office Agency (2012) Business Floorspace

<sup>109</sup> Valuation Office Agency (2012) Business Floorspace

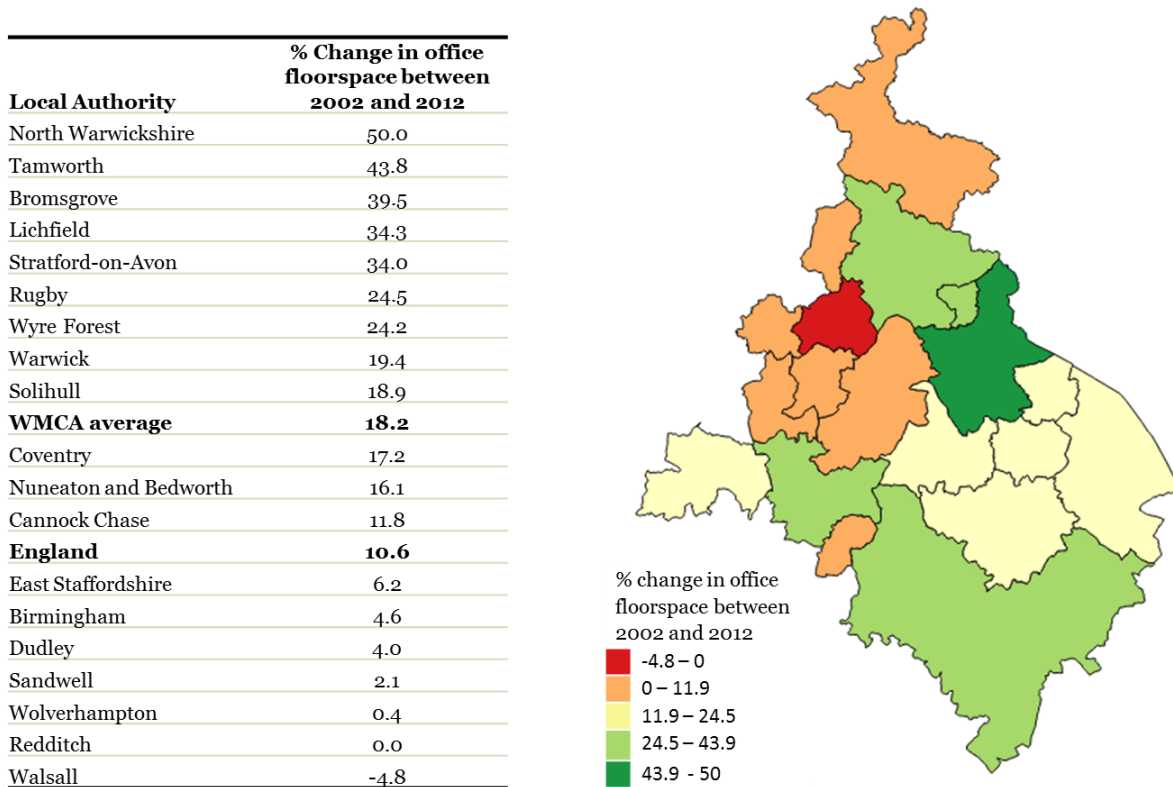
Figure 19. Office Floorspace (2012)



Source: Valuation Office Agency (2012) Business Floorspace

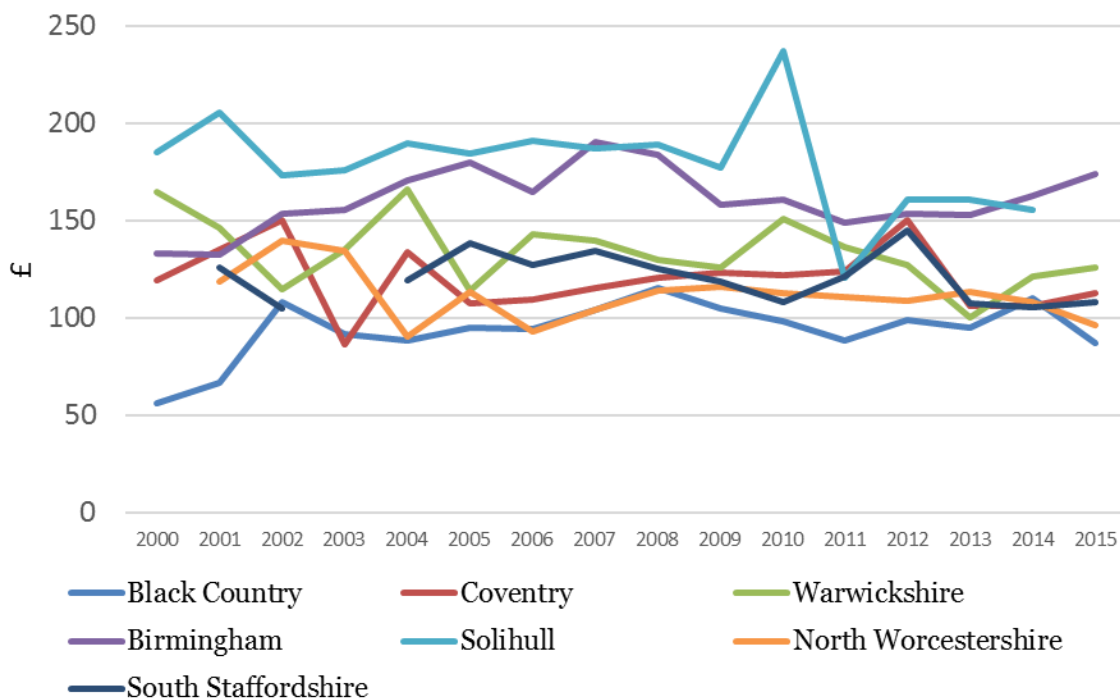
11.47 Figure 20 illustrates the fact that, whilst office floorspace has grown more quickly in the WMCA area than in England as a whole over the period 2002 to 2012, this growth has been unevenly distributed across the area. In particular, the metropolitan area has seen slower growth than the rest of the WMCA area, albeit from a higher base.

Figure 20. Percentage change in office floorspace between 2002 and 2012



Source: Valuation Office Agency (2012) Business Floorspace 2002 – 2012

Figure 21. Average rent per sqm per year by sub-area 2000-2015



Source: Egi (2015) 'Town Report'. Analysis by Metro Dynamics

- 11.48 In Birmingham and the Solihull out-of-town market, there is buoyant demand for offices, and little or no evidence of a shortage of supply. There are large amounts of land remaining for design and build development<sup>110</sup>.
- 11.49 In Coventry, much of the office supply in the centre is predominantly older stock and, partially as a result, there is a limited supply of good quality offices immediately available. The Friargate development is the largest source of in-town supply, and JLL/PBA believe that the sheer scale of the Friargate development, which has seen little development since the 1950s and 60s, could help reinvigorate the city market<sup>111</sup>.
- 11.50 In view of this availability, JLL/PBA report concluded that there was no shortage of supply in the main office markets of the West Midlands, pointing to the plentiful planned supply of new developments. JLL/PBA argued that this development is coming forward through the normal planning system, much of it in large-scale, high-quality developments. The report concluded that “therefore we see no need for new policy initiatives to bring forth additional office sites”<sup>112</sup>, however this judgement might now need to be reviewed in light of the SEP’s ambitions.

## Land for Housing

- 11.51 The Commission is aware that in recent months there has been considerable discussion and focus amongst the West Midlands local authorities on the need to identify and allocate within the Local Plans sufficient land for housing. This discussion is taking place against the Government’s national policy objective of building more than one million new homes during the life of the current Parliament<sup>113</sup>.
- 11.52 The Peter Brett Strategic Housing Needs Study assessed the combined housing need and supply across the Greater Birmingham Housing area for the period 2011-31<sup>114</sup>. Separately a Strategic Housing Market Assessment (SHMA) has been carried out for Coventry and Warwickshire<sup>115</sup>.

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<sup>110</sup> Peter Brett Associates & JLL (2015) ‘West Midlands Strategic Employment Site Study’ - Pg. 19

<sup>111</sup> Peter Brett Associates & JLL (2015) ‘West Midlands Strategic Employment Site Study’. - Pg. 19

<sup>112</sup> Peter Brett Associates & JLL (2015) ‘West Midlands Strategic Employment Site Study’. – Pg. 20

<sup>113</sup> GOV UK (2015) ‘Prime Minister: Council must deliver local plans for new homes by 2017’. Available from <https://www.gov.uk/government/news/prime-minister-councils-must-deliver-local-plans-for-new-homes-by-2017>

<sup>114</sup> Peter Brett Associates (2015) ‘Strategic Housing Needs Study’ - Pg. 11

<sup>115</sup> GL Hearn (2013) ‘Coventry & Warwickshire Joint Strategic Housing Market Assessment’

Figure 22. 20 year housing supply surpluses and deficits

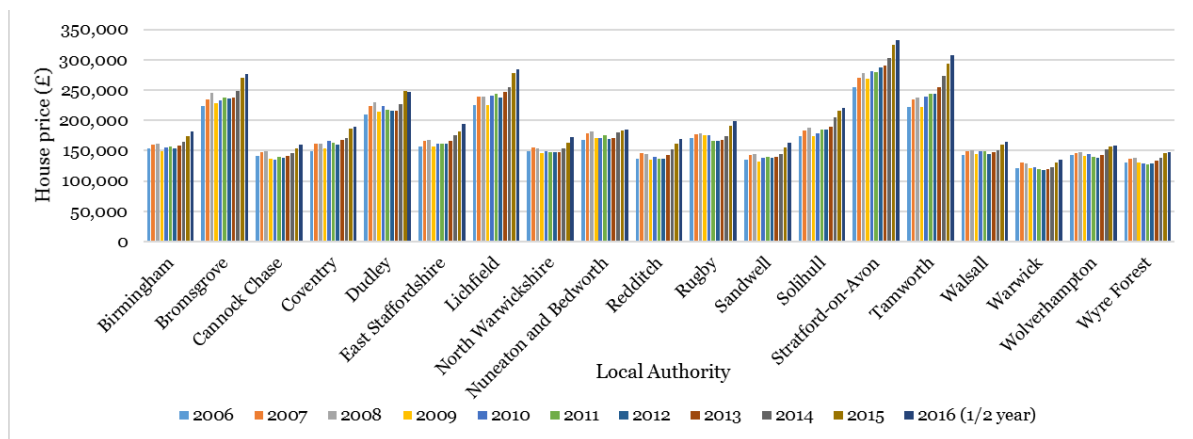
New dwellings	Per annum			20 years
	Projected need	Supply	Surplus/ (deficit)	Surplus/(deficit)
Birmingham	4,450	2,529	-1,921	-38,424
Bromsgrove	297	245	-52	-1,047
Cannock Chase	299	210	-89	-1,785
Lichfield	334	459	124	2,489
Redditch	179	314	134	2,685
Solihull	608	475	-133	-2,654
Tamworth	210	235	24	488
North Warwickshire	175	173	2	-911
Stratford-on-Avon	570	475	95	-1,932
Coventry	1,180	669	-511	-10,220
Warwick	720	683	-37	-740
Rugby	660	540	-120	-2400
Nuneaton and Bedworth	495	439	-56	-1120
Birmingham sub-market	6,979	5,209	-1,770	-35,405
Dudley	634	821	186	3,725
Sandwell	1,298	1,041	-257	-5,148
Walsall	721	548	-173	-3,457
Wolverhampton	514	683	169	3,374
South Staffordshire	208	175	-33	-661
Black Country sub- market	3,375	3,267	-108	-2,167
Total HMA	10,355	8,476	-1,879	-37,572
East Staffordshire	462	932	470	9,405
Wyre Forest	200	192	-8	-168
Extended HMA	11,017	9,600	-1,417	-28,335

Source: Peter Brett Associates (2015) 'Strategic Housing Needs Study' - Pg. 11

- 11.53 In total, PBA concluded their “best estimate” for the Greater Birmingham HMA is that supply falls short of need by 1,879 dwellings per annum (dpa), equal to 37,752 dwellings over the 20 years to 2031. Almost all of this deficit is accounted for by the Birmingham and Solihull areas:
- Birmingham – 1,921 dpa or 38,424 over 20 years.
  - Solihull – 133 dpa or 2,653 over 20 years.
- 11.54 In the Black Country sub-market there is a total shortfall of 108dpa. The largest share of this shortfall is accounted for by Sandwell with a deficit of 257 homes a year, and Walsall, with a deficit of 173 dpa. Overall, this sub-market is short of 2,167 new homes over the 20-year period.
- 11.55 All of the local authorities which fall under Coventry and Warwickshire report an inadequate level of housing supply according to the Coventry and Warwickshire Strategic Housing Market Assessment. Coventry has the largest deficit amongst those local authorities, with an annual deficit of 511 dwellings and in total each year the area is falling short by 821 dwellings per annum. Over a twenty-year period this equates to a shortfall of 17,323 dwellings.
- 11.56 The only LPAs to have a residential surplus within their Local Plans are Bromsgrove, with an annual surplus of 19 dwellings per year, and Telford & Wrekin with an annual surplus of 280 dwellings per year<sup>116</sup>.
- 11.57 The NPPF requires a 5-year supply of deliverable housing sites and, as this analysis shows, parts of the West Midlands will fall somewhere short of achieving this.
- 11.58 These figures all exclude the numbers of new homes required to house the increased population implied by the WMCA SEP.
- 11.59 The Commission has also considered the level of house price inflation in each of the West Midlands local authority areas. Figure 23 shows mean house prices for the 10-year period to 2016. In many places, house prices were relatively flat from 2006 to 2012, reflecting in part the consequence of the 2008 financial crash. In the last three to four-year period, most places have seen house price growth, but there has been a considerable change in house prices, with Bromsgrove, Lichfield, Stratford-on-Avon and Tamworth experiencing significantly greater price rises than the other local authority areas.

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<sup>116</sup> Peter Brett Associates (2015) ‘Strategic Housing Needs Study’- Pg. 12

**Figure 23. Mean house prices by Local Authority (2006-2016)**

Source: ONS (2016) 'House Price Statistics for Small Areas (HPSSAs)'

- 11.60 The house price rises illustrated in Figure 23 can be traced back to the shortage of land and price of land for residential development. The availability of land for residential development is mediated, in part, by the planning process but it is also important to note that, as a finite resource, land is generally appreciating in value, although volatility is introduced in part by the market cycle. At its height, the price for residential land in the West Midlands was £2.6m per hectare in January 2008<sup>117</sup>.
- 11.61 Following the financial crisis, prices began to fall. By the middle of 2010 the price of a hectare with planning permission was £1.6m<sup>118</sup>, wiping about £1m per hectare off the value of land.
- 11.62 The evidence suggests that housing need is outstripping housing supply quite significantly, even before the SEP targets are taken into account. Both house prices and land values are increasing. This makes homes less affordable for residents without increasing the incentive for private developers to build (if costs are also rising as fast or faster than revenues). Where planning conditions are excessive or remediation costs are high, this worsens the viability of developments.
- 11.63 The Commission has heard through the evidence received that developers and housebuilders tend to be guided principally by hurdle rates and the ability to extract profit. Where not enough planning consents are granted, higher house prices correspond to higher land values alongside the need for a constant profit margin. Given that developers and housebuilders continue to build at a rate dictated by how fast their properties are sold or rented, sales rates will be limited in markets unable to absorb higher new build prices.
- 11.64 The Commission has heard evidence that broadening the range of “outlets” of new housing will speed up the rate at which properties are sold and rented, whilst also providing a wide

<sup>117</sup> Valuation Office Agency (2010) 'Table 563 Housing market: Average valuations of residential building land with outline planning permission', 1994 – 2010

<sup>118</sup> Valuation Office Agency (2010) 'Table 563 Housing market: Average valuations of residential building land with outline planning permission', 1994 – 2010. Date accessed 18.01.17



offering to buyers and renters in the region. This should include, inter alia, affordable housing, private rented housing, accessible housing, assisted-living housing, houses for multiple occupation, and a full range of tenures and sizes.

- 11.65 It is the Commission's view that there is a need for more land to be released in order to increase the number of outlets and level of market choice, to provide better quality sites that are easier to develop, and so in both cases to increase the rate of development of homes.

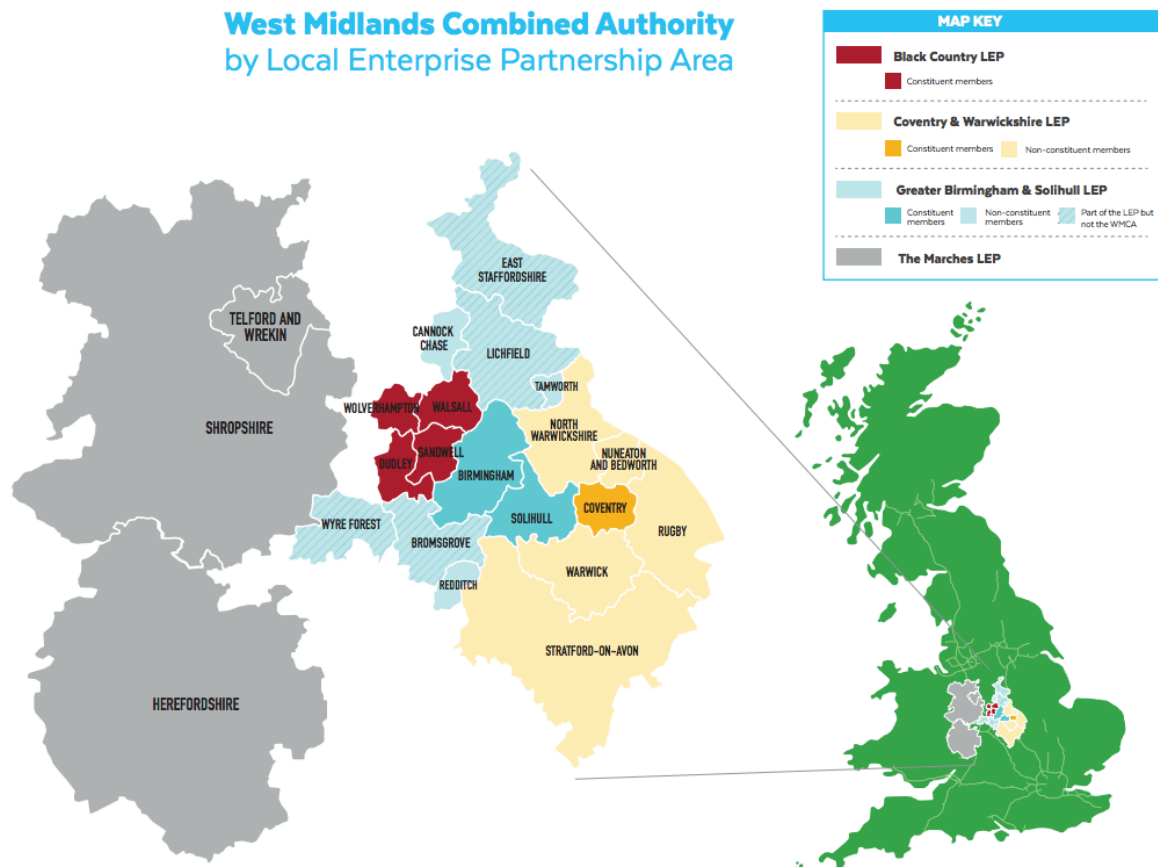
### Summary: Land Supply and Demand

- 11.66 From the evidence reviewed it seems clear that demand for industrial land and housing land outstrips allocated supply. This is partly because some allocations are on sites that are currently unviable without significant remediation or other investment (e.g. transport infrastructure). The evidence for undersupply of land for office developments is less clear. However, all of the evidence reviewed does not take into account the requirements and targets of the SEP, which will create more demand for land in each of these categories.
- 11.67 Therefore, it is vital that the governance and planning regime of the WMCA is able to allocate more land for these types of development on a strategic basis that supports the SEP targets. The next two sections look at governance and planning in turn.

## The Governance System in the WMCA area

11.68 For the purposes of this document, and unless otherwise indicated, the term “West Midlands” has been adopted to describe the geographical area covered by the 3 Local Enterprise Partnerships: the Black Country LEP, the Coventry & Warwickshire LEP, and the Greater Birmingham & Solihull LEP. This is depicted in Figure 24.

Figure 24. WMCA geography



Source: WMCA (2016)

11.69 This is an administratively complex area, comprising 12 authorities with another 6 awaiting membership. Of those 12 local authorities, 7 are constituent members, and the remaining 5 are non-constituent members. The full list of members and their status is given below:

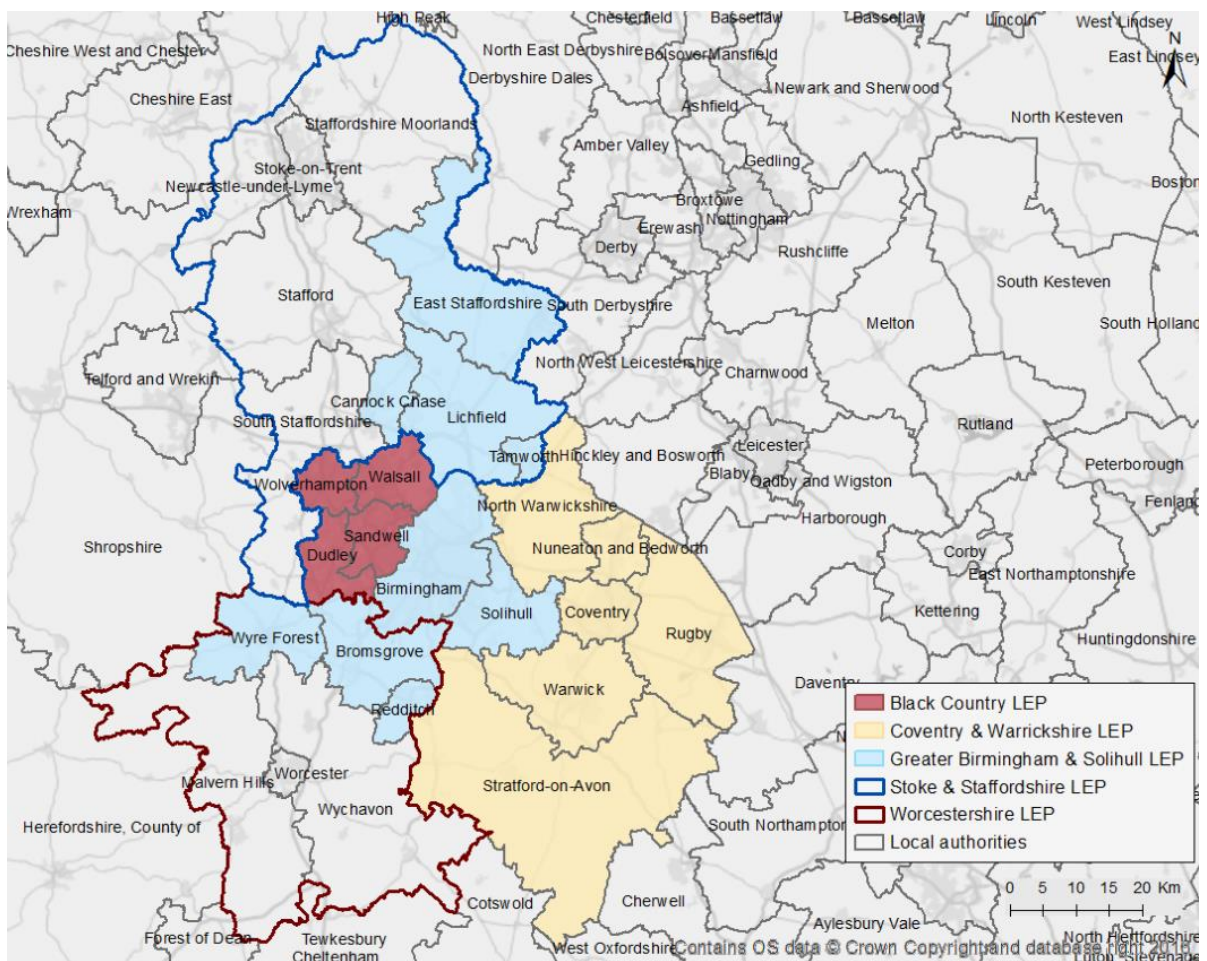
Figure 25. WMCA membership

	Constituent members	Non-constituent members	Observer organisations
LEPs		Black Country LEP	The Marches LEP
		Coventry and Warwickshire LEP	
		Greater Birmingham and Solihull LEP	
Local authorities	Birmingham City Council	Cannock Chase District Council	North Warwickshire Borough Council
	City of Wolverhampton Council	Nuneaton and Bedworth Borough Council	Rugby Borough Council
	Coventry City Council	Redditch Borough Council	Stratford-on-Avon District Council
	Dudley Metropolitan Borough Council	Tamworth Borough Council	Shropshire Council
	Sandwell Metropolitan Borough Council	Telford Wrekin Council	Warwickshire County Council
	Solihull Metropolitan Borough Council		Herefordshire Council
	Walsall Council		

Source: WMCA (2016). Available from <https://westmidlandscombinedauthority.org.uk/about/whos-included/>  
Date accessed 12.12.16

- 11.70 It is notable that Bromsgrove, Wyre Forest, Lichfield and East Staffordshire are all members of the Greater Birmingham and Solihull LEP and Warwick is a member of the Coventry & Warwickshire LEP, but none of these authorities is either a member or an observer organisation of the WMCA.
- 11.71 Some local authorities are members of more than one LEP. Figure 26 illustrates this position. East Staffordshire, Cannock Chase, Lichfield and Tamworth are all members of the GBS LEP and also the Stoke & Staffordshire LEP. Bromsgrove, Redditch, and Wyre Forest are all members of the GBS LEP and the Worcestershire LEP.

Figure 26. Overlapping LEP areas



Source: Metro Dynamics (2016)

- 11.72 The distinction between constituent and non-constituent membership is important in the context of the recommendations that follow. The constituent members are the seven metropolitan councils which initially formed the Combined Authority and were named within the West Midlands Combined Authority Scheme. At present, only the constituent members have full voting rights, although the Commission understands that that may change and that the voting rights of non-constituent members may be expanded in the future. Figure 27, below, shows the current Combined Authority geography. The costs of running the West Midlands Combined Authority (WMCA) are largely shared across the seven constituent members. Each non-constituent member currently pays £25,000 per annum towards the cost of membership<sup>119</sup>.
- 11.73 Finally, in common with some other Combined Authorities, mayoral elections will be held in May 2017 to select a mayor, who will chair the Board of the WMCA. Whilst the mayor will not have direct planning powers, he/she will exercise functions alongside the Homes &

<sup>119</sup> Shropshire Council (2016) 'Membership of West Midlands Combined Authority' – Pg. 1

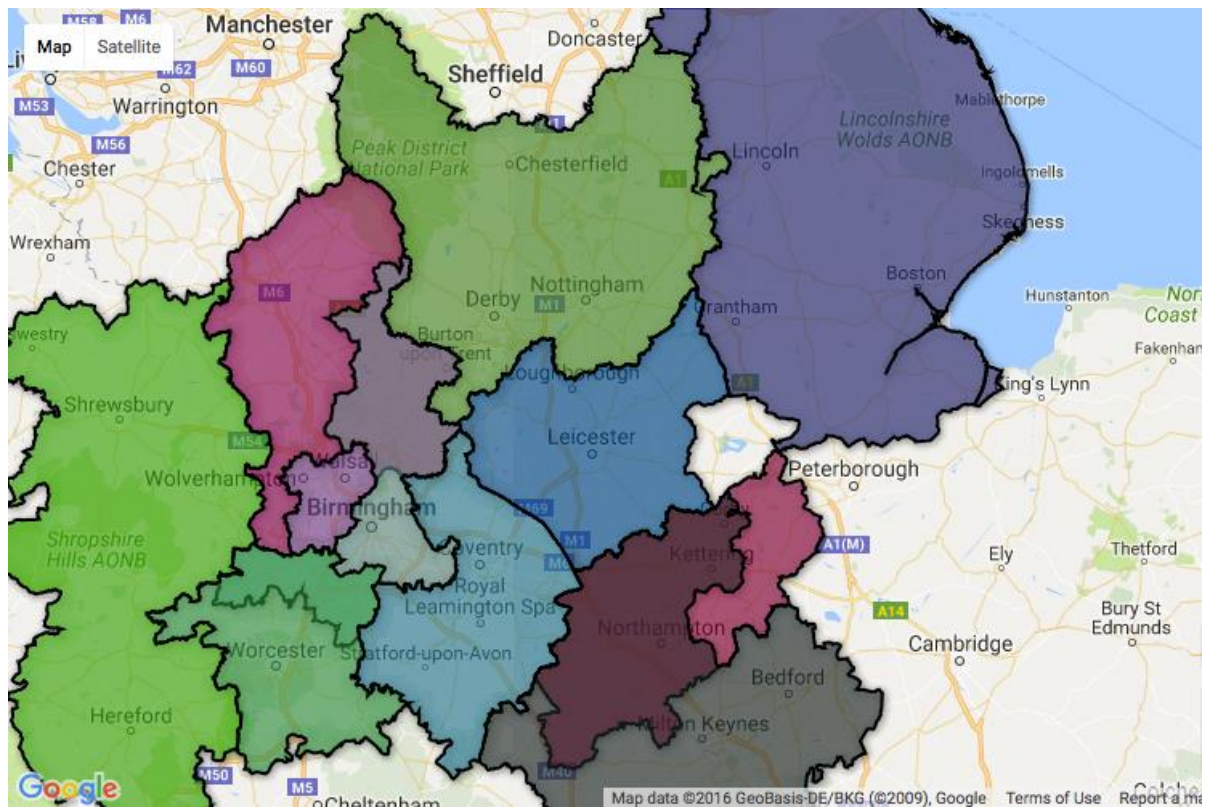
Communities Agency to deliver more homes. The powers will include making Compulsory Purchase Orders.

- 11.74 The WMCA area as delineated above shares boundaries with 29 different local authorities, including 8 counties, 20 districts and 1 unitary authority.
- 11.75 The three LEPs, which form part of the WMCA, are also part of the Midlands Engine. The Midlands Engine “looks to make the East and West Midlands an engine for growth for the UK economy. It is being backed by business, local authorities and 11 LEPs”<sup>120</sup>. The Midlands Engine area is depicted in Figure 27. The Midlands Engine Prospectus sets out how 300,000 jobs and £34m worth of growth could be achieved in the next 15 years and the Commission understands a new Midlands Engine Strategy is due to be announced shortly.

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<sup>120</sup> D2N2 (2016) Available from <http://www.d2n2lep.org/growth/midlands-engine>. Date accessed 12.12.16

**Figure 27. LEP membership of the Midlands Engine**



Source: D2N2 (2016). Available from <http://www.d2n2lep.org/growth/midlands-engine>. Date accessed 12.12.16

- 11.76 The above analysis demonstrates that the governance of the WMCA area is complex and multifaceted. This is relevant in regard to the areas of focus for the Commission insofar as it impacts on the planning regime, infrastructure investment decisions, and the ability of authorities in the WMCA area to act strategically to support appropriate development.

## The Planning System in the WMCA area

- 11.77 The complexity of governance in the WMCA area is mirrored in the Local Planning system. The WMCA area is covered by Local Plans of varying levels of completion and adoption as shown in Figure 28, up to date at the time of writing.

**Figure 28. Local Plan status**

No/Pre-NPPF Local Plan	Draft published	Submitted for examination	Adopted
	North Warwickshire		Birmingham
Wyre Forest	Nuneaton & Bedworth		East Staffordshire
	Rugby	Coventry	Lichfield
Walsall		Warwick	Tamworth
Wolverhampton	Solihull		Stratford-upon-Avon
Dudley			Cannock Chase
Sandwell			Bromsgrove
			Redditch

Source: CEG (2016) 'West Midlands Land Commission: Call for Evidence'- Pg. 1 updated by Metro Dynamics research.

### Moves towards improved co-ordination

- 11.78 The Commission understands that all parts of the WMCA area have made moves towards more improved co-ordination of planning. The four local authorities in the Black Country (Dudley, Sandwell, Walsall and Wolverhampton) are all party to a Black Country Core Strategy. The Core Strategy is a spatial planning document, which seeks to guide the transformation and regeneration of the Black Country by promoting economic growth in a series of regeneration corridors and strategic centres up to 2026. Adopted in 2011, it forms the basis of the four local authorities' Local Development Frameworks, and as such it is a "statutory spatial plan" which covers the period to 2026. The Core Strategy is in the process of being reviewed and extended to cover the period to 2031<sup>121</sup>.
- 11.79 There is no spatial strategy in place for either the GBSLEP or the CWLEP, although the Commission understands that it is the current intention of both LEPs to produce spatial plans in due course. The Commission understands that whilst the GBSLEP Spatial Plan for Growth is being prepared, it has been on hold to allow further work to be undertaken on the housing element. The Joint Committee of local authorities in Coventry and Warwickshire

<sup>121</sup> Greater Birmingham and Solihull LEP, Black Country Local Authorities (2015) 'Strategic Housing Needs Study. Stage 3 Report'- Pg. 23

recently considered the possibility of a Single Spatial Strategy for Coventry & Warwickshire, which could be initiated once the current round of Local Plans have been adopted in 2017.

- 11.80 Whilst these developments are positive, it is important to note that they are not fully in place yet, that they are based on sub-geographies of the WMCA area and not the whole area, and that they do not – as yet – reflect the requirements of the WMCA SEP.
- 11.81 The obligation that local planning authorities have to consider wider strategic employment and housing need is called the Duty to Co-operate, and is set out in the National Planning Policy Framework (NPPF). The Commission is also aware of engagement between local authorities under the Duty to Cooperate, for example in the Greater Birmingham Housing Market Area to agree how the housing shortfall will be met. But the Duty to Cooperate, in the view of some respondents, is operating weakly in some areas and alone will not be sufficient to address the scale of ambition of the SEP.
- 11.82 There is evidence that a lack of strategic co-ordination at the WMCA level has led to a dearth of ‘strategic’ sites – that is, large, ‘oven-ready’ sites that are able to accommodate significant occupiers relatively quickly<sup>122</sup>.
- 11.83 In light of the above analysis, it seems reasonable to conclude that in planning terms the WMCA would benefit from a strategic framework to co-ordinate planning issues to ensure consistency of policy across the area to maximise the chances of the SEP targets being met. The Greater Manchester Spatial Framework is based on similarly aspirational figures for economic growth, growth in the number of jobs and houses and will seek to ensure the provision of the right land in the right places to deliver the homes and jobs needed up to 2035, ensuring provision of opportunities for development across the whole region<sup>123</sup>. The Commission is of the view that a similar approach in the WMCA area would be extremely beneficial. The WMCA area has a complex governance system as mentioned above in earlier sections of the report. In order for the WMCA to act strategically, like Greater Manchester, there is a need to simplify the governance structures.

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<sup>122</sup> CBRE (2015) ‘Employment Land Use Study’. - Pg. 34

<sup>123</sup> GMSF (2017) ‘Greater Manchester Spatial Framework’



## Appendix F: Case Studies

### Greater Manchester's Spatial Framework

Greater Manchester has a longer track record of cooperation than other areas and, as a result, is the furthest along of any Combined Authority. It is therefore a useful point of comparison to understand the extent and operation of a such a framework.

The Greater Manchester Combined Authority is setting up a Spatial Framework ('GMSF') to ensure the provision of the right land in the right places to deliver the homes and jobs needed up to 2035, ensuring provision of opportunities for development across the whole region. The framework will set out the level of housing and commercial growth that the City Region needs and indicate broadly where this will go to accommodate land for 199,700 jobs, and 227,200 net new homes.

The framework will identify new infrastructure (such as roads, rail, Metrolink and utility networks) required to achieve this as well as addressing the environmental capacity of Greater Manchester, setting out how to enhance and protect the quality of the natural environment, conserve wildlife and tackle low carbon and flood risk issues, to accommodate growth sustainably<sup>3</sup>. It will do this by aligning with complementary documents such as the Local Transport Plan.

The key point about Greater Manchester in the context of the West Midlands, however, is not the GMSF itself: it is the outcome of over twenty years of joint working. This was a process that started with informal cooperation and development of a joint economic strategy which was then taken forward through joint investment planning. The GMSF was neither the starting point for that journey nor an inevitable outcome of it. As in Greater Manchester, the West Midland's local authorities need to decide how and at what pace to build their process of cooperation.

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GMCA (2017) 'Greater Manchester Spatial Framework'. Date assessed 18.01.17. Available at <https://www.greatermanchester-ca.gov.uk/GMSF>

<sup>2</sup> GMCA (2016) 'Draft Greater Manchester Spatial Framework'. Date assessed 18.01.17 - Pg. 6

<sup>3</sup> GMCA (2017) 'Greater Manchester Spatial Framework'. Date Assessed 18.01.17. Available at <https://www.greatermanchester-ca.gov.uk/GMSF>

## Icknield Port Loop

Icknield Port Loop is a 43-ha brownfield site on a section of 18<sup>th</sup> Century Canal in Birmingham<sup>124</sup>. The site is now part of the Greater Icknield and Smethwick Housing Growth Prospectus, released in October 2016, which has been created by collaboration between Birmingham City Council and Sandwell Metropolitan Borough Council to accelerate building of more than 5,000 homes on five brownfield sites, which includes Icknield Port Loop. This collaboration has enabled the Councils to access greater funds and make use of shared skills capacity.

Places for People and Urban Splash, together with Birmingham City Council and the charity Canal & River Trust, have formed Icknield Port Loop LLP<sup>125</sup>. Together they intend to facilitate the redevelopment of the brownfield site.

Outline planning permission was secured in October 2012 for a mixed-use development on the site with 1150 residential units<sup>126</sup>. This constitutes a strategic housing allocation within the Birmingham Development Plan. The mixed-use development will include housing, retail, service, employment, leisure and non-residential institutions uses. The Greater Icknield and Smethwick Housing Growth Prospectus outlines the potential to site a further 650 homes in the area<sup>127</sup>.

The Prospectus indicates that a phased approach to the delivery of infrastructure will bring forward development in the right market conditions. The brownfield development will benefit from a portion of a £12 million tranche of funding for eight projects under the Growing Places Fund through the GBSLEP<sup>128</sup> and this is targeted towards supporting infrastructure<sup>129</sup>. Community Infrastructure Levy and Site-Specific planning arrangements will also contribute towards the infrastructure requirement.

The history of collaboration between Birmingham City Council and Sandwell Metropolitan Borough Council dates back to the 1990s. In terms of the Housing Growth Prospectus, the Councils worked together to capitalise on the opportunity, using the different skills available in their two planning departments to lead on different aspects of the project.

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<sup>124</sup> WMCA (2016) 'Greater Icknield and Smethwick Housing Growth Prospectus' – Pg. 9

<sup>125</sup> Urban Splash (2016) 'Icknield Port Loop LLP is formed'. Available: <http://www.urbansplash.co.uk/news/press-releases/icknield-port-loop-llp-is-formed>. Date accessed 23.11.16

<sup>126</sup> WMCA (2016) 'Greater Icknield and Smethwick Housing Growth Prospectus' – Pg. 9

<sup>127</sup> WMCA (2016) 'Greater Icknield and Smethwick Housing Growth Prospectus' – Pg. 17

<sup>128</sup> GBSLEP (2012) 'GBSLEP announced £12 million Growing Places funding for first projects', Available: <http://centreofenterprise.com/2012/04/03/gbslep-announces-12-million-growing-places-funding-for-first-projects/> Accessed 24.11.16

<sup>129</sup> Felton, F (2013) 'Mooring up to Port – 'Icknield Port Loop Development''. Available: <http://birminghamcentral.blogspot.co.uk/2013/01/mooring-up-to-port-icknield-port-loop.html>

## Providence Place, West Bromwich

Providence Place in West Bromwich evidences the point that whilst certain sites may be theoretically available, by virtue of their site location or condition, they are not sufficiently attractive to the market for development to proceed. Such sites illustrate undeliverable ambitions in terms of the type of site use.

Sandwell Metropolitan Borough Council identified a 2.7 ha site adjacent to the A41 and close to West Bromwich town centre. Advantage West Midlands funding was secured to clear existing development and remediate the site.

Outline planning permission was secured for part of the site and was developed for employment purposes. However, between 2012 and 2016, there has been no serious interest in the take up of the cleared remediated development site with outline planning permission despite active marketing to potential occupiers.

The poor rate of take up is in part due to the lack of local demand by indigenous companies within the Black Country and the unwillingness of companies to relocate out of the Central Office Market of Birmingham City Centre to the nearby centre of West Bromwich, a 12-minute metro ride away.

With no tenant interest, developers are unwilling to develop the site speculatively. Developers are also faced with cost of the construction of an office which is broadly similar in West Bromwich as it is in Birmingham, yet the passing rent in central Birmingham is now in excess of £35/sq. ft. and the passing rent in West Bromwich is £ 12/sq. ft. This combination does not generate a viable development when taking into account land acquisition and cost of construction<sup>130</sup>.

This generates a tension as to whether the Council chooses to adhere to the adopted Development Plan and holds the vacant, non-revenue generating site until development comes forward, or takes a long-term strategic view, acknowledging the increasing trend towards new jobs being located in Birmingham City Centre.

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<sup>130</sup> Providence place case study material submitted by Sandwell Council

## Birmingham Municipal Housing Trust

The Birmingham Municipal Housing Trust ('BMHT') model has been developed to work with the private sector in developing new homes for sale. In the current market, developers are risk averse, and redistribution of financial risk between the Council and developer is necessary to help bring forward sites and deliver housing. This is particularly so where risks are more easily borne by the Council than by the developer (such as risks in relation to planning and site conditions). By packaging attractive and less attractive sites into one contract, the Council also avoids the risk of abortive costs resulting from some sites not being attractive to developers.

The Council takes on risk in a number of ways: in terms of design, by designing homes to the adopted Residential Design Guidelines; planning risk, by submitting planning applications and brokering discussions with other stakeholders and statutory undertakers; risk in relation to site conditions, by carrying out the necessary surveys and taking remedial action where required; deferred receipt of payment through a legal agreement with the developer; guarantee of work for developers.

The essence of the model is that the BMHT enters into a contract with a developer to build both the BMHT properties for rent and properties for market sale. The developer's offer is based on how much the construction costs of the rented homes are and an agreed minimum plot value for the deferred sales. The developer's offer for the sale site also includes what element of profit share the developer is prepared to offer, and the date by which the developer agrees to build all the housing for sale. In this way the scheme is funded by the Council's future share in the proceeds of sale.

This approach has proved to be successful in bringing forward development and regenerating challenging areas: since January 2012 over 699 homes have been sold on BMHT sites, which constitutes a significant contribution to meeting housing targets in the city and a marked increase relative to previous housing provision by the Council. The 2000 home milestone was reached in March 2016. A further benefit is that the Council's share of surpluses from the sales may be used to fund new community spaces and facilities. Existing construction related jobs are also safeguarded and the Council's ten-year housing programme will ensure that these remain sustainable in the long term.

The scheme won an award as 'Social Housing Provider of the Year' at the Insider residential property awards 2016, in addition to various awards for specific sites such as the Public Sector Award from the Urban Design Awards 2015 which went to the regeneration project in Newtown. The scheme is set to grow in the coming years, with Councillor John Clancy announcing in late 2015 that the city would 'move from building hundreds of new homes a year to thousands' under the programme. The Birmingham Municipal Housing Trust Delivery Plan for 2015-2020 will deliver an estimated 2,056 homes, of which 1,456 will be new rented council homes. Through the BMHT, the City Council has become the leading

developer of new homes within the city, building more new homes than any other provider<sup>131</sup>.

The Commission envisages that similar models of public sector housing development could be used in other parts of the regions by pooling specialist skills so that other authorities can access these skills sets and experience. Therefore, the Commission recommends that the WMCA should consider how new models of public sector housing development could be replicated across the West Midlands.

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<sup>131</sup> Birmingham City Council (2016) 'Birmingham City Council Response to West Midlands Combined Authority's Land Commission Call for Evidence'

## Attwood Green

The Urban Land Institutes' report on density evidences Attwood Green in Birmingham as an example of an area that underwent an extensive estate renewal programme to transform a poorly designed area into 'good' high density development.

Attwood Green was an area of 5 estates which used to consist exclusively of council- owned and social housing. The estates suffered multiple deprivation and there were serious problems including drug use, crime, suicide and anti-social behaviour. Attwood Green was included in an estate renewal programme in the 1990s by Birmingham City Council which secured £75 million from the public and private sectors to improve the area. The process of regeneration was initiated by the transfer of the housing stock from all five of Attwood's estates into the hands of Optima Community Association, a non-profit social landlord. Optima then partnered with a number of private developers to regenerate the whole area<sup>132</sup>. This partnership structure was key to the project's success<sup>133</sup>.

Park Central is one of the housing estates in Attwood Green that has been rebuilt over the past 12 years<sup>134</sup>. Whilst the area used to have strict zoning, it now hosts a range of uses and mixed tenure dwellings. More than 20,000 sq. m of commercial space and new park land were added to the estate, and all displaced residents were guaranteed a home in the area. Once completed in 2018, 30 percent of the housing will be affordable. In total, 1,400 flats and maisonettes were demolished and 2,000 houses and flats built for rent, shared ownership and sale, increasing the average density from 50 to 70 dwellings per hectare.

ULI argues that the Attwood Green experience illustrates the value of a bold City strategy which gave confidence to public and private investors. Long-term financial planning and management allowed the project to focus on the ingredients that will sustain a mix of tenures and avoid the problems of single income communities<sup>135</sup>.

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<sup>132</sup> ULI (2015) 'The Density Dividend: solutions for growing and shrinking cities', Case Study: Birmingham - Pg. 18

<sup>133</sup> European Urban Knowledge Network (2010), 'Attwood Green Regeneration Initiative - Phase 1 Park Central'. Available: <http://www.eukn.eu/e-library/project/bericht/eventDetail/attwood-green-regeneration-initiative-phase-1-park-central/> Accessed 25.01.17

<sup>134</sup> ULI (2015) 'The Density Dividend: solutions for growing and shrinking cities', Case Study: Birmingham - Pg. 18

<sup>135</sup> ULI (2015) 'The Density Dividend: solutions for growing and shrinking cities', Case Study: Birmingham - Pg. 18

## Croydon Dashboard

The Croydon Dashboard is a tailor-made web based resource which provides a way for people to track the progression of developments in Croydon and to better understand the cumulative effects of these developments on Croydon. It was set up to compliment the 5-year regeneration programme for the area running from 2015-2020 and the programme includes 169 sites<sup>136</sup>.

The dashboard allows people to monitor developments on an interactive map that allows users to add layers such as political boundaries and masterplan areas. It also allows users to hone in on individual developments and track progress of development from planning to delivery. For example, the dashboard offers data about traffic movements for each scheme up to five years in advance to enable mitigations to be planned and designed. This has identified infrastructure requiring investment and helped secure funding commitments.

The dashboard seeks to offer users a “single point of truth” on the regeneration programme though making information regarding the programme more transparent. By doing so it facilitates communication, and understanding between the programme and the residents of Croydon.

The Commission believes that the dashboard offers a prototype which could be used to provide intelligence on the progress of prioritised development achieved in Action Zones. Such a resource could improve transparency and work with the private sector.

The dashboard has allowed stakeholders to gain confidence in the process and bring forward new projects and grasp new opportunities. The dashboard has also reassured stakeholders that Croydon understands the challenges ahead and can deliver. In the future, it may become the way for London Borough of Croydon (LBC) to communicate, obtain collective buy-in, demonstrate progress and lobby at a political level.

By identifying key gaps in the programme outcomes (for example Grade A office space coming to market), the dashboard has ensured LBC was able to support priority projects through the investment fund. For example, the first commercial development phase of the Stanhope-Schroders scheme at Ruskin Square was subject to specific support and intervention from LBC. This will act as a significant catalyst for the East Croydon commercial area.

Most significantly, the programme Delivery Dashboard has been used as a key communication tool to negotiate cooperation and funding commitments from Transport for London and the Greater London Authority. Without these commitments, significant infrastructure upgrades were at risk of stalling, or lacking the funding to proceed.

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<sup>136</sup> Smart London Innovation Networks (2016) ‘Programme delivery dashboard for Croydon Council.’ <http://smarterlondon.co.uk/case-studies/programme-delivery-dashboard/>

## i54 site

i54 is a 98 hectare UK technology-based business park strategically located at junction 2 on the M54 Motorway in the West Midlands. It is a £40 million joint venture partnership between Staffordshire County Council, Wolverhampton City Council and South Staffordshire Council<sup>137</sup>. It exemplifies the benefits that can be achieved by Councils working together with private companies to bring private investment and development into the West Midlands, securing significant supply chain benefits.

The site is part of the Black Country Enterprise Zone and has benefitted from investment in infrastructure up front including £6.25m made available by central government specifically for investment to improve infrastructure within the Enterprise Zone<sup>138</sup>. Part of the site's reason for success is its positioning to the M54 motorway and dedicated access to junction 2 making it one of the most connected and central hubs for advanced manufacturing<sup>139</sup>.

The regeneration project is a joint venture between Wolverhampton City Council, Staffordshire County Council and South Staffordshire Council, joint working that was later awarded the MJ Community Investor Award. The original impetus came from Staffordshire, driven by a desire to bring more well-paying jobs into the area. Jaguar Land Rover also came forward and invested in the site from an early stage alongside central government funding. Councillor Roger Lawrence, Leader of Wolverhampton City Council described the partnership between the three councils as 'visionary and highly ambitious'. He added that: 'Through careful planning and close working across our councils and with Government and business, we have delivered a prime location for business which is highly accessible'. A new junction providing direct access to the motorway was later added.

The project is considered a success because it has been delivered on time, on budget and with several major businesses already operating on the site.

i54 was successful in attracting inward investment mainly due to early co-ordination across the region and promotion by Advantage West Midlands (AWM). The size and purpose of this site was pre-determined, a transport package was developed, including a new motorway junction and a range of sustainable transport improvements including a bus link. This approach aided the development of the site, giving both investors and developers a level of certainty<sup>140</sup>.

Good connectivity gives companies access to a workforce of over half a million people within a 30-minute drive time. The local workforce is highly educated (24% have degree

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<sup>137</sup> GOV UK (2014) 'Millions of pounds to be invested in local infrastructure thanks to enterprise'. Available from <https://www.gov.uk/government/news/millions-of-pounds-to-be-invested-in-local-infrastructure-thanks-to-enterprise-zones> Accessed 18.01.17

<sup>138</sup> BBC (2014) 'i54 business park gets £6m investment'. Available from <http://www.bbc.co.uk/news/uk-england-25944862>. Accessed 18.01.17

<sup>139</sup> Mucklow (2016) 'Mucklow Park i54'

<sup>140</sup> Hydrock (2016) 'West Midlands Land Commission – Transportation and infrastructure call for evidence' - Pg. 8



level qualifications) and companies would also benefit from competitive labour, property and operational costs since Enterprise Zone status includes 100% business rate relief and superfast broadband<sup>141</sup>. The site is located in a desirable area to attract workers – this includes countryside nearby, good housing options, sports/leisure and other city amenities from Wolverhampton centre.

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<sup>141</sup> I54 South Staffordshire (2015) 'All of the facts'. Available from <http://www.i54online.com/info-centre>. Date accessed 18.01.17

## Telford and public sector site delivery

Telford recently conducted a unique deal with HCA and the DCLG, where they have agreed to sell off all land owned by the HCA over a 10-year period. The forecasted £44m of land receipts will be re-invested into site preparation and key infrastructure<sup>142</sup>. This deal is thought to be the first deal of its kind in the UK and could set the precedent for further local authorities following suit.

Telford Council's responsibility as part of the deal is to identify and prepare the relevant HCA-owned sites for delivery. The Council is therefore responsible for identifying the best sites to sell off immediately, before making these sites 'shovel ready'. This involves addressing a number of issues, including strategic infrastructure, ecological issues, putting planning in place and creating site specific access<sup>143</sup>.

A key barrier to the immediate development of many of the sites is infrastructure constraints. Consequently, the land is complemented by a 3-year Infrastructure Delivery Plan. This plan indicates site by site what is required to open up each site, and deliver it to the market. It is anticipated that the work done to accelerate the bringing forward of land to the market, as well as the expected associated increase in land values, will support an uplift in value that will help fund the preparation of other sites<sup>144</sup>. The reasoning behind this strategy is to de-risk sites where viability could be a barrier to development and therefore delivery.

In April 2015, Telford Council established a company called Nuplace to deliver and manage its property portfolio and deliver the aforementioned HCA sites. This company, funded by the council's borrowing from the Public Works Loan Board, carries out the key functions of site identification, funding, development delivery, project management and support services<sup>145</sup>.

Nuplace manages housing delivery in-house, in partnership with design & build contractor Lovell Partnerships Ltd. Marketing and branding are also done in house, proving successful in securing the pre-let of all units on the first site to be delivered. Nuplace's first development of 31 units came on stream in July 2016, with all units having reservations placed upon<sup>146</sup>.

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<sup>142</sup> Telford & Wrekin Council (2016) 'Land deal set to deliver thousands of jobs'. Available from <http://www.telford.gov.uk/news/article/3247/land-deal-set-to-deliver-thousands-of-jobs>. Date accessed 18.01.17

<sup>143</sup> Telford & Wrekin Council (2016) 'Cabinet – 21 July 2016'. Date accessed 18.01.17

<sup>144</sup> Telford and Wrekin Council (2016) 'Local Plan – Infrastructure Delivery Plan'. Date accessed 18.01.17

<sup>145</sup> Telford & Wrekin Council (2016) 'Housing Investment Programme – Telford and Wrekin Business Case'. Date accessed 18.01.17

<sup>146</sup> Telford & Wrekin Council (2016) 'First Nuplace' site fully completed'. Available from <http://www.telford.gov.uk/news/article/4503/first-nuplace-site-fully-completed>. Date accessed 18.01.17

The deal allows the Council to have influence over the selloff of the majority of public land in the borough. Meanwhile, the Council's knowledge of the local market makes it a valuable local partner. It can add value through the growth fund and leaseback, design/build/manage options, and in ensuring that local opposition is dealt with early on.

Consequently, the borough can therefore use its knowledge of businesses looking for investment to the advantage of both its own area, and the HCA. Meanwhile, the 8,500 new jobs and 3,000 new homes provided on the site are calculated to earn the Council a further £6million from business rates and council tax, due to the increase in housing and employment land<sup>147</sup>. Part of the receipt from the selloff will go to the Marches LEP<sup>148</sup>, who will re-invest it into stalled development sites in the region, filling their funding gap and allowing them to be taken to market to deliver further housing and employment space.

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<sup>147</sup> Telford & Wrekin Council (2016) 'Land deal set to deliver thousands of jobs'. Date accessed 18.01.17. Available from

<http://www.telford.gov.uk/news/article/3247/land-deal-set-to-deliver-thousands-of-jobs>

<sup>148</sup> Telford & Wrekin Council (2016) 'Land deal set to deliver thousands of jobs'. Date accessed 18.01.17. Available from

<http://www.telford.gov.uk/news/article/3247/land-deal-set-to-deliver-thousands-of-jobs>

## Broxbourne, Hertfordshire Green Belt Review

Broxbourne Borough Council released their draft Local Plan which highlights the council's need for new housing which stands at 7,123 over the plan period<sup>149</sup>. The plan presents an evidence based argument that urban and brownfield sites cannot meet all of the development and infrastructure needs and provide for sufficient opportunities for the future development of the Borough<sup>150</sup>. The Council outlines its intentions to review the Green Belt within the Council's boundaries to allow for a carefully selected Green Belt sites to be released for development to help create a more balanced, sustainable, desirable and prosperous community for all<sup>151</sup>.

The Council highlights the changes in government's 2015 household projections as a reason for releasing part of the Green Belt<sup>152</sup>. As a result, the Council has concluded that there is a need for 7,123 new homes, an average of 419 per annum, that it should plan for in excess of 7,500 new jobs, around 40,000 square metres of new retail space (including around 33,500 at Brookfield) and 10,000 square metres of new leisure space.

Therefore, it has prioritised appropriate land within the existing urban area and has identified scope to provide for an additional 2,250 new homes on urban sites. On this basis, the potential to reuse employment land for housing is limited given the Council's aspirations and objectives to promote economic growth and development.

Rejected options by the Council include 'No Green Belt release' which would amount to severe undersupply of housing and long-term stagnation of the borough. Options to not develop any of the strategic sites identified have been rejected on the grounds of missed opportunities to create a mixed-use hub, critical mass of employment, sustainable place-making<sup>153</sup>.

The Council has consequently identified scope to provide for at least 3,733 new homes and in excess of 6,500 new jobs within the Green Belt. They have also considered new strategic locations within the Green Belt<sup>154</sup>.

Broxbourne Council released a report 'Exceptional Circumstances and Sustainable Places', where they argue that the NPPF's guidelines around a Green Belt review have been satisfied<sup>155</sup>. This relates to paragraph 83 of the NPPF where it states "Once established, Green Belt boundaries should only be altered in exceptional circumstances, through the preparation or review of the Local Plan". Broxbourne states that each local planning

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<sup>149</sup> Borough of Broxbourne (2015) 'The Broxbourne Local Plan' - Pg. 6

<sup>150</sup> Borough of Broxbourne (2015) 'The Broxbourne Local Plan' - Pg. 6

<sup>151</sup> Borough of Broxbourne (2015) 'The Broxbourne Local Plan' - Pg. 6

<sup>152</sup> Borough of Broxbourne (2015) 'The Broxbourne Local Plan' - Pg. 6

<sup>153</sup> Broxbourne.gov.uk (2016) 'Rejected Options'. Available from

<http://consult.broxbourne.gov.uk/portal/planning/dlp/dlpc?pointId=s1466169543476>. Date accessed 18.01.17

<sup>154</sup> Borough of Broxbourne (2015) 'The Broxbourne Local Plan' - Pg. 9

<sup>155</sup> Borough of Broxbourne (2016) 'Exceptional Circumstances and Sustainable Places'

authority must decide for itself whether these circumstances exist in relation to designated Green Belt within their administrative area.

Within the draft Local Plan, the Council sets out a number of proposed Green Belt release for which it believes that a good case for 'exceptional circumstances' can be made and is preparing a site-by-site justification for any Green Belt release.

Consultation on Broxbourne Borough Council's draft Local Plan took place between Monday 18 July and Friday 16 September 2016<sup>156</sup>. Many comments on the consultation stated a preference amongst respondents for development to take place on brownfield sites or for the Green Belt not to be used for development<sup>157</sup>.

A revised draft Plan will be published, following consideration of the issues raised through the consultation process and further technical work.

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<sup>156</sup> Borough of Broxbourne (2016) 'Broxbourne Local Plan Update'. Date Accessed 18.01.17.

<sup>157</sup> Broxbourne.gov.uk (2016) 'Draft Local Plan Consultation'. Available from <http://consult.broxbourne.gov.uk/portal/planning/dlp/dlpc?pointId=s1458636962172>. Date Accessed 18.01.17

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## Appendix H: Glossary

Abbreviation	Definition
ATLAS	Advisory Team for Large Applications
AWM	Advantage West Midlands
BCCS	Black Country Core Strategy
BMHT	Birmingham Municipal Housing Trust
BRIC	Brownfield Research and Innovation Centre
CA	Combined Authority
CIF	Collective Investment Fund
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute for Public Finance and Accountancy
Cllr	Councillor
CPO	Compulsory Purchase Order
C&WLEP	Coventry and Warwickshire Local Enterprise Partnership
DEIM	Dynamic Economic Impact Model
DCLG	Department for Communities and Local Government
DPA	Dwellings per Annum
DPD	Development Plan Document
EiP	Examination in Public
ePIMS	Electronic Property Information Mapping System
EZ	Enterprise Zone
GBSLEP	Greater Birmingham and Solihull Local Enterprise Partnership
GDP	Gross Domestic Product
GIS	Geographic information system
GMSF	Greater Manchester Spatial Framework
GPU	General Public Utilities
GVA	Gross Value Added
HCA	Homes and Communities Agency
HMA	Housing Market area

Abbreviation	Definition
HPSSA	House Price Statistics for Small Area
HS2	High Speed 2
JLL	Jones Lang LaSalle
JLR	Jaguar Land Rover
KIBS	Knowledge Intensive Business Services
LA	Local Authority
LBC	London Borough of Croydon
LDO	Local Development Order
LEP	Local Enterprise Partnership
LPA	Local Planning Authority
LRF	Land Remediation Fund
LSE	London School of Enterprise
MJ	Municipal Journal
MoD	Ministry of Defence
NDPB	Non-Departmental Public Body
NHS	National Health Service
NLP	Nathaniel Lichfield & Partners
NLUD	National Land Use Database
NPPF	National Planning Policy framework
OPE	One Public Estate
PBA	Peter Brett Associates
PPG	Planning Policy Guidance
PR	Public Relations
RCBD	Redditch Cross Boundary Development
R&D	Research & Development
RICS	Royal Institute Chartered Surveyors
RSL	Registered Social Landlord
RSS	Regional Spatial Strategy
RTPI	Royal Town Planning Institute
S106	Section 106 of the Town and Country Planning Act 1990
SCC	Staffordshire County
SEP	Strategic Economic Plan
SHMA	Strategic Market Housing Assessment

Abbreviation	Definition
SME	Small Medium Enterprise
SRN	Strategic Road Network
SUE	Sustainable Urban Extension
WMCA	West Midlands Combined Authority
WMLC	West Midlands Land Commission

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# WEST MIDLANDS COMBINED AUTHORITY

## Overview and Scrutiny Committee

**Date 16 December 2016**

### Minutes

#### Members

Councillor Peter Hughes  
Councillor David Sparks  
Councillor Stuart Davis  
Councillor John Mutton  
Councillor Ian Shires  
Councillor Tersaim Singh  
Councillor Clare Spencer  
Paul Brown

Sandwell Metropolitan Borough Council (Chair)  
Dudley Metropolitan Borough Council (Vice Chair)  
Solihull Metropolitan Borough Council  
Coventry City Council  
Walsall Metropolitan Borough Council  
City of Wolverhampton Council  
Birmingham City Council  
Black Country Local Enterprise Partnership

#### In Attendance

Jess Bayley  
Jan Britton  
André Bromfield  
Emma Williamson  
Carl Craney

Bromsgrove District and Redditch Borough Councils  
Sandwell Metropolitan Borough Council  
West Midlands Combined Authority  
Birmingham City Council  
West Midlands Combined Authority

#### By Invitation

John Cade  
David Lane

Institute of Local Government Studies (INLOGOV)  
Chair – WMCA Audit, Risk and Assurance  
Committee

#### 11/16 Apologies for Absence

Apologies for absence had been received from Councillor Nathan England (Telford and Wrekin Council), Councillor Jenny Wheeler (Redditch Borough Council) and Sarah Windrum (Coventry and Warwickshire LEP).

#### 12/16 Declarations of Interest

No declarations of interest were made in relation to matters under consideration at the meeting.

#### 13/16 Minutes

Resolved:

That the minutes of the meeting held on 15 July 2016 be confirmed as a correct record and be signed by the Chair subject to the addition of apologies for absence being

received from Councillor John Mutton (Coventry City Council) and Councillor Ian Shires (Walsall Metropolitan Borough Council)

### **14/16 Matters Arising**

The Chair referred members of the Committee to the Call-In Procedure which needed to be followed if any of the decisions of the Combined Authority Board, its Sub Committees or Boards were to be called in for consideration.

Councillor Ian Shires commented that the information received in respect of matters considered at meetings of the Combined Authority Board was sparse and not made readily available to members of this Committee. The Chair responded that arrangements would be made for members of the Committee to receive the Board papers.

The Chair welcomed David Lane, Chair of the Audit, Standards and Assurance Committee to the meeting.

#### **Resolved:**

That arrangements be made for the Agenda and supporting papers for meetings of the WMCA Board to be circulated to members of this Committee

### **15/16 Issues to be considered and taken forward from the Workshop held on 25 November 2016**

The Chair commented that the Workshop had been well attended and that the comments of the Chief Executive, Martin Reeves, in relation to his commitment to the work of the Overview and Scrutiny Committee had been heartening.

John Cade presented a paper on issues from the Workshop which was considered by the Committee. In considering the formulation of its Work Programme the Committee was minded to concentrate on the outcomes from the three Commissions established by the Combined Authority namely:

- Mental Health Commission – Chaired by Norman Lamb MP with lead from Sarah Norman, Chief Executive, Dudley MBC;
- Productivity and Skill Commission – Chaired by Dr Andy Palmer with lead from Nick Page, Chief Executive, Solihull MBC; and
- Land Commission – Chaired by Paul Marcuse with lead from Jan Britton, Chief Executive, Sandwell MBC.

Jan Britton advised that the initial report from the Land Commission would be presented to the WMCA Board at its meeting in January 2017, after which it could be scrutinised by this Committee.

Councillor Clare Spencer suggested that the papers in relation to the Land Commission should be made available to this Committee at the same time as they were circulated to the WMCA Board. She commented that every effort should be made to learn from the lessons of the

Greater Manchester Combined Authority in relation to the work on the Spatial Strategy. Jan Britton suggested that the Chair liaise with the Chair of the WMCA Board regarding the timing for consideration of the Land Commission report. Councillor John Mutton supported the suggested approach and commented that the Committee should seek to ease the burden on the Leaders by assisting in considering such matters in detail.

Councillor David Sparks suggested that a key role for the Committee would be to scrutinise the work of the Mayor following the election in May 2017 and that such scrutiny would be of interest to the public and the media.

The Chair suggested that the example of how the London Mayor was scrutinised could be used as an example. He also advised the Committee of an opportunity to visit the London Assembly on 20 February 2017 to observe such a session and to speak to the Officers involved. Emma Williamson, Head of Scrutiny Services, Birmingham City Council would be in contact with all Members of the Committee to ascertain their interest in attending the session.

With regards to officer support to the Committee, John Cade reported that it had been decided Sarah Sprung from Sandwell Metropolitan Borough Council would be seconded to the WMCA on an interim part time basis.

The Chair informed the Committee of the important inter-relationship between this Committee and the Audit, Risk and Assurance Committee (ARAC) and the need to ensure that the respective Work Programmes were complementary. At a recent meeting of the ARAC, Members of that Committee had requested an overview of the work of the Combined Authority. Arrangements had been made subsequently for the Chair of the WMCA Board to address that Committee on this matter at 15:00 hours on 27 January 2017. Prior to this a finance training session had been arranged for 14:00, with lunch provided from 13:00. The Chair of ARAC had extended an invitation to Members of this Committee to attend all three events.

Councillor John Mutton raised the issue of the role of this Committee and its relationships with the Local Enterprise Partnerships. In this respect, he expressed some concern regarding possible conflicts of interest in the event that LEP members had been involved in the development of Business Cases which subsequently received financial assistance from the Combined Authority.

The Chair expressed the view that the LEP Members brought the benefit of their knowledge of job creation and economic development to the table and, in any event, were subject to the same rules on declarations of interest as Councillors. Jan Britton drew the distinction between Executive and Scrutiny Members and reminded the Committee that the LEP representatives on this Committee did not sit on the WMCA Board. Councillor David Sparks commented that there were different relationships between the LEP's and the various Councils and emphasised the positive working relationship between the Black Country LEP and the four Black Country authorities.

John Cade advised the Committee that there was a need to ensure that the Constituent and Non-Constituent Councils were kept abreast of the work of this Committee and vice versa. He

reported that Emma Williamson had attempted to establish a link between all authorities to facilitate this but not all authorities had responded to date.

He also advised the Committee of the work to the West Midlands Regional Scrutiny Network and he reported that it was intended to use this Network to secure a good two-way flow of information about the work of this Committee. He informed the Committee that the next meeting of the Network was due to be held on Friday 13 January 2017 at the Council House, Oldbury with Jacqui McKinlay, Executive Director, Centre for Public Scrutiny in attendance and contributing to the discussion. He extended an invitation to Members of the Committee to attend the meeting.

Councillor Clare Spencer commented that the relationship with the individual authorities was important and suggested that the respective Work Programmes of the Scrutiny Panels could present an opportunity for joint working or for the individual authorities to carry out work on behalf of this Committee. The Chair reported on his intention to meet with the Chairs of Scrutiny Boards at the respective authorities to discuss their Work Programmes for both 2016/17 and 2017/18. He advised that it was also possible for the West Midlands Regional Scrutiny Network to undertake work on behalf of this Committee. In response to a comment from Councillor Dr. Simon Peale, the Chair requested that officers compile a list of the various scrutiny panels of the Constituent Authorities together with details of their remits.

Councillor Stuart Davis commented that individual authorities were likely to examine issues more from a local perspective than from the wider regional view point. Councillor David Sparks advised that the Black Country authorities did not take such a parochial view and considered matters from the wider Black Country perspective.

The Chair commented that he was also of the view that there was a need for the Committee to engage with the public and special interest groups when undertaking its work. Councillor David Sparks supported the need to engage with the public and special interest groups and emphasised the need to be accountable to the public.

The Chair also drew to the attention of the Committee a recent Briefing Paper from the House of Commons which suggested that the Overview and Scrutiny Committee of a Combined Authority should not contain Executive Members from the Constituent Councils. John Cade advised that this was being verified as no such requirement was specified in the recently published Regulations.

**Resolved:**

- (1) That all Members of the Committee be added to the distribution list in order to receive the Agenda and supporting papers for meetings of the WMCA Board;
- (2) That a formal invitation be extended to Members of the Committee to attend the lunch, finance training session and meeting of the Audit Risk and Assurance Committee, when the Chair of the WMCA Board, Councillor Bob Sleight, would make a presentation on the insight and ambitions of the Combined Authority;

- (3) That Members of the Committee assist in the establishment of a formal link between the Constituent and Non-Constituent Scrutiny Panels with regard to Work Programmes;
- (4) That a formal invitation be extended to Members of the Committee to the meeting of the West Midlands Regional Scrutiny Network on Friday 13 January 2017 at the Council House, Oldbury;
- (5) That the contents of the Briefing Paper from the House of Commons on the membership of Overview and Scrutiny Committees of Combined Authorities be verified and in the event that Executive Members of Constituent Authorities are precluded from membership the Chair, on behalf of the Committee, be authorised to write to all local Members of Parliament to lobby for this requirement to be deleted from the Regulations;
- (6) That a copy of the Briefing Paper and the Combined Authorities (Overview and Scrutiny Committees, access to information and Audit Committees) Order 2016 be circulated to the Committee;
- (7) That arrangements be made to visit the London Assembly on 20 February 2017 to observe the scrutiny session of the London Mayor and the opportunity to meet with the relevant Officers.

### **16/16 Future Work Programme**

The Chair suggested that at the next meeting of the Committee the report from the Mental Health Commission be considered and that Sarah Norman, Chief Executive, Dudley MBC be invited to attend. Jan Britton offered to liaise with Sarah Norman on the timeliness of this proposal. He also offered to liaise with Nick Page to establish when the report of the Productivity and Skills Commission was due to be presented to the WMCA Board. He acknowledged that the Committee had agreed previously to consider the Land Commission report at this meeting, but suggested that the timing of this be delayed pending further consideration by the WMCA Board and on this matter he would liaise with the Chair.

John Cade suggested that the Committee might wish to consider establishing 'Task and Finish Groups' to undertake some of its work, but after further discussion it was agreed that a Select Committee approach be adopted to consider the reports of the various Commissions with specialist assistance being procured as required.

Jan Britton also suggested that the Committee could consider the composition of the Combined Authority budget either before it was set formally or during the first quarter of 2017/18. David Lane reported that the Audit, Risk and Assurance Committee would monitor progress against profile and also virements and suggested that this Committee could consider the composition albeit that the finance training session to be held on 27 January 2017 would consider this aspect.

### **Resolved:**

- (1) That this Committee act as the Management Board and that 'Select Committees' be established to consider the reports of the three Commissions;

- (2) That Members inform the Chair of their preference as to which Select Committees they prefer to be involved with and provide him with the reason for their preference and an explanation on their particular areas of expertise;
- (3) That the Chair and Vice Chair determine the composition of the 'Select Committees';
- (4) That scrutiny of the Mayor be undertaken by the Management Board referred to in (1) above;
- (5) That a diagrammatic representation of the scrutiny model detailed above be presented to the next meeting;
- (6) That 'Community Voice' be included on the Agenda for the next meeting.

### **17/16 Training Needs**

The Chair requested that any training needs identified be notified to Carl Craney, Governance Services Officer, West Midlands Combined Authority.

### **18/16 Future Meeting Dates**

#### **Resolved:**

- (1) That the following arrangements be made for future meetings / events:
  - 13 January 2017 – West Midlands Regional Scrutiny Network
  - 27 January 2017 commencing at 10:30 hours – review of Mental Health Commission recommendations (subject to the availability of Sarah Norman, Chief Executive, Dudley MBC);
  - 27 January 2017 commencing at 13:00 hours – lunch / finance training / Audit Risk and Assurance Committee (presentation from Chair of the WMCA Board);
  - 20 February 2017 – Visit to London Assembly;
  - 10 March 2017 – review of Land Commission's recommendations
- (2) That additional meetings of the Management Board and/or Select Committees be held as required;
- (3) That the contact details, including email addresses and telephone numbers of Members of the Committee be circulated;
- (4) That an email be sent to all Members of the Committee who did not attend reminding them of the importance of attending such meetings and on the facility to nominate a substitute;
- (5) That the draft minutes of this meeting be circulated to facilitate the transmission of information on the work of the Committee to Constituent and Non-Constituent Councils.



**WEST MIDLANDS**  
COMBINED AUTHORITY

**Meeting:** Transport Delivery Committee

**Subject:** Minutes

**Date:** Monday 9 January 2017 at 1.00pm

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**Present:**

Councillor Richard Worrall (Chair)	(Walsall Metropolitan Borough Council)
Councillor Philip Davis (Vice-Chair)	(Birmingham City Council)
Councillor Pervez Akhtar	(Coventry City Council)
Councillor Roberts Alden	(Birmingham City Council)
Councillor Adrian Andrew	(Walsall Metropolitan Borough Council)
Councillor Paul Brothwood	(Dudley Metropolitan Borough Council)
Councillor Susan Eaves	(Sandwell Metropolitan Borough Council)
Councillor Mohammed Fazal	(Birmingham City Council)
Councillor Kath Hartley	(Birmingham City Council)
Councillor Diana Holl-Allen	(Solihull Metropolitan Borough Council)
Councillor Roger Horton	(Sandwell Metropolitan Borough Council)
Councillor Timothy Huxtable	(Birmingham City Council)
Councillor Chaman Lal	(Birmingham City Council)
Councillor Keith Linnecor	(Birmingham City Council)
Councillor Ted Richards	(Solihull Metropolitan Borough Council)
Councillor Judith Rowley	(Wolverhampton City Council)
Councillor David Stanley	(Dudley Metropolitan Borough Council)
Councillor Daniel Warren	(Wolverhampton City Council)
Councillor David Welsh	(Coventry City Council)

**In attendance:**

James Aspinall (Corporate Services Director)  
Mark Babington (Safety and Security Manager)  
Pete Bond (Director of Transport Services)  
Andre Broomfield (Corporate Solicitor)  
Martin Hancock (National Express)  
Steve Hayes (Network Development and Delivery Manager).  
Phil Hewitt (Metro Programme Director).  
Linda Horne (Head of Finance)  
Sarah Jones (Head of Customer Services)  
Richard Mayes (Area Manager- Transport Operations)  
Laura Shoaf (Managing Director)

**57/16 Chair's Remarks**

The Chair wished everyone a Happy New Year.

**58/16 Minutes**

The minutes of the meeting held on 5 December 2016 were agreed, and signed by the Chair, as a correct record.

**59/16 Matters Arising**

(a) **Metro Operations Business Report** (*minute no.49/16*)

In relation to Councillor Hartley's request for an explanation of how the £1 City Hop contributed to an increase in patronage, the Director of Transport Services, undertook to contact Ben Ackroyd, National Express on the matter. [A briefing note detailing this information was emailed to TDC members on 11 January 2017].

(b) **Revised Public Transport Services over the Christmas and New Year Holiday Period 2016/17** (*minute no. 52/16*)

In relation to the public transport network operating in Coventry over Christmas and the New Year Period, Councillor Welsh reported that Coventry received a different service to the rest of the West Midlands and he hoped that this would not happen again in 2017.

The Director of Transport Services reported that he was gathering information regarding public transport service provision over the Christmas and New Year period to understand the position and a report on the matter be submitted to a meeting of this committee in March.

**60/16 Correspondence and Petitions**

Councillor Andrew submitted a petition from residents seeking a review of buses in Pheasey Park Farm and improved connectivity to Aldridge. The Director of Transport Services advised that the petition would be dealt with in accordance with the Petitions Protocol.

**61/16 Presentation: Wolverhampton Interchange Project**

The committee received a presentation from the Metro Programme Director on the Wolverhampton Interchange Project following a request from members.

The Metro Programme Director outlined the background to the project and explained the key areas of the project which included the redevelopment of the rail station building, the expansion of the rail car park and the extension of Metro.



It was noted that the new entrance to the rail station had opened on 8 January as part of Phase1 of the project; the whole scheme was on target for opening by the end of 2019/beginning of 2020.

In relation to an enquiry from Councillor Warren regarding rail station improvements for platforms 2 and 3, notably the need for new shelters and a footbridge and whether Transport for the West Midlands would be working with Network Rail in the future to deliver these, the Metro Programme Director reported that the improvements were outside of the scope of the project and would need to be picked up with Network Rail as part of rail infrastructure improvements for the future recognising the current financial constraints.

In relation to an enquiry from Councillor Horton regarding the membership of the Interchange Project Steering Group, the Metro Programme Director advised that the steering group was chaired by Wolverhampton City Council and was comprised only of officers at this stage. Councillor Horton added that consideration might need to be given to political representation on the steering group when work on the Metro extensions commences as councillors would receive enquiries/feedback from the public.

With regards to an enquiry from Councillor Stanley as to whether the rail station would remain with Virgin and whether the rail station car was a fee paying car park, the Metro Programme Director reported that rail station would be branded West Midlands Rail (WMR) when the new franchises are let and that charges would be made for using the car park.

In relation to comments from members regarding the design of the rail station, the Metro Programme Director reported that the station design had been approved by Wolverhampton City Council and the contract awarded for the building of the station.

**Resolved** that the presentation be noted.

**62/16**

#### **Lead Member Reference Group**

The committee considered a report of the Director of Transport Services that reported on the work of the Transport Delivery Committee's five Lead Member Reference Groups (Finance and Delivery, Putting Passengers First, Rail and Metro, Safe and Sustainable Transport and Sprint) and sought approval for the report to be submitted to the Combined Authority's Programme Board prior to being considered by WMCA Board.

The Chair outlined the report and advised the committee of amendments with regards to the membership to two of the Lead Member Reference Groups. In relation to the Lead Member Reference Group for Rail and Metro, it was noted that Councillors Andrew and Lal were also members and in relation to the Lead Member Reference Group for Sprint, it was noted that the membership also included Councillors Lal and Welsh but Councillor Rowley was not a member.

The Lead Members outlined their report for their respective work areas.

In relation to Finance and Performance Monitoring, the Vice-Chair and Lead Member, Councillor Davis, outlined his report and invited the committee to put forward any key areas not identified in the report that they would want the Lead Member Reference Group to focus on.

In relation to Putting Passengers First, the Lead Member, Councillor Hartley outlined her report and informed the committee that she was arranging visits that all TDC members were welcome to attend. Visits included a trip to National Express, Bordesley Garage, to look at its AVL control centre for monitoring its services and other visits were planned to Scala House bus lane enforcement base and Solihull and Gateway. Councillor Hartley asked members to contact her if they had any ideas for future visits.

In relation to Rail and Metro, the Lead Member, Councillor Horton informed the committee that he was seeking to increase the number of leisure trips taken on Metro and this was now being achieved with regards to Birmingham City Centre following the extension of Metro to Grand Central.

With regards to Grand Central/New Street Station, Councillor Stanley reported of the need for improved signage at the station so that customers know where to exit the station for the Metro.

The Director of Transport Services advised that he was meeting with Network Rail next month to discuss the signage for Metro and buses in the city centre.

In relation to Safe and Sustainable Transport, Councillor Rowley thanked her Lead Member Reference Group colleagues along with Alison Pickett and Mark Babington and their teams for their support and highlighted key issues in the report. Councillor Rowley reported of the need for better signage on the main concourse at New Street to inform passengers of the Changing Places facility.

The Director of Transport Services undertook to take forward this signage issue at his forthcoming meeting with Network Rail.

In relation to Sprint, the Chair outlined the report and advised the committee that the next meeting of the Sprint Lead Member Reference Group would be held on 6 February.

Councillor Brothwood reported that he was a supporter of Sprint but was disappointed that Dudley does not benefit from Sprint or HS2 Connectivity.

The Director of Transport Services reported that enhancements to the Hagley Road Scheme included Sandwell and Dudley and that they would be an instrumental part of the route.

In relation to Councillor Stanley's comment that he recalled plans to bring Sprint to North and South Dudley, the Director of Transport Services reported

that Phase 1 would go to Dudley and further phases would link to Halesowen and South Dudley.

Councillor Huxtable reported that he was looking forward to seeing the Metro proposals for the Brierley Hill to Stourbridge route.

The Managing Director, TfWM undertook to provide bespoke information to Councillor Huxtable on this topic.

**Resolved** that:

- (1) the report and the work programmes going forward be noted;
- (2) the report be forwarded to the Combined Authority's Programme Board meeting on 6 January with the request that it be reports to be considered by the Authority as its meeting on 20 January be approved;
- (3) the Cabinet Member and the Combined Authority be asked to make any comments upon and make recommendations concerning any aspect of the report and the work of the TDC's Lead Member Reference Group be approved and
- (4) WMCA Board's view be sought as to whether they would wish to receive and consider a further Reference Group update report on a six monthly basis.

**63/16 Financial Monitoring Report**

The committee considered a report of the Corporate Services Director that set out the financial position as at 30 November 2016 with regards to the Combined Authority's Transport Delivery Revenue and Capital Budgets.

The Head of Finance was in attendance to present the report and outlined the key issues with regards to the capital and revenue position.

With regards to an enquiry from Councillor Alden regarding the expenditure for the Hagley Road Sprint scheme and what the costs relate to, the Head of Finance undertook to provide a breakdown of costs for Councillor Alden.

The Director of Corporate Services also advised members with regards to the levy for 2017/18 and reported that he was working to the 3 Year Plan and that Leaders had agreed a further reduction of £1.5m from that agreed in the medium term plan for 2017/18 and that a report would be submitted to the WMCA Board for approval on 20 January 2017.

**Resolved** that:

- (1) the favourable year to date variance against the revenue budget of £0.217m and the forecast is in line with the budget for the full year position be noted and

- (2) the favourable year to date variance against the capital budget of £6.427m and the favourable full year position of £3.775m be noted.

**64/16 Publication of the 2017/18 English National Concessionary Travel Scheme and the accompanying reimbursement arrangements**

The committee considered a report of the Corporate Services Director that informed them of the publication of the 2017/18 English National Concessionary Travel Scheme and reimbursement arrangements to be effective from 1 April 2017.

The Corporate Services Director advised the committee that there were no substantive changes to the scheme or reimbursement arrangements for 2017/18 and that the publication of the new scheme was a legal requirement.

**Resolved that**

- (1) the amendments from the previous Concessionary Fare Schemes as specified in the report be noted and
- (2) the publication of the 1985 Act Older and Disabled Persons Travel (Bus) Concession Scheme and the Transport Act 2000 Travel Concession Reimbursement Arrangements be noted.

**65/16 Customer Services Performance Report**

The committee considered a report of the Director of Transport Services on matters relating to the performance of the Ticketing and Customer Service Centre Teams. The Head of Customer Services was in attendance to present the report.

The Lead Member, Councillor Hartley introduced the report and considered that the TDC members might want to visit the Customer Services Centre to see the work undertaken by the team.

The Head of Customer Services reported that there was an error in the report with regards to the Customer Relations enquiries, this should read customer demand for written support has increased by 14% not 48% as stated in the report.

In relation to the DfT requirement that that the Older Persons English National Concessionary Travel Pass should be replaced every five years, Councillor Rowley considered this should be looked at nationally given the cost and resource implications.

Martin Hancock, National Express, advised that the five year timescale could be attributed to the fact that the technology life of the smartcard is around 3-5 years as any longer could result in the card failing.

The Head of Customer Services concurred with Martin Hancock and confirmed the renewal process did require significant resource which was why consideration was being given to other alternative methods to renew passes such as emailing customers.

Councillor Rowley noted that the report referred to using a more digital approach to inform customers and considered that other options would still need to be available for social inclusion reasons.

The Head of Customer Relations reported that she would be working with the Equalities Manager to ensure social inclusion issues are addressed.

**Resolved** that:

- (1) the contents of the report be noted;
- (2) and the revised Customer Service Centre arrangements to allow for team training and briefings on Wednesday mornings before 1000 hours as set out in paragraph 2.13 of the report be noted.

## **66/16 Accessible Transport Report**

Midlands,  
with  
The committee considered a report of the Director of Transport Services that reported on matters with regards to accessible transport in the West Midlands, the renaming of West Midlands Special Needs Transport to the Accessible Transport Group, the performance of Ring and Ride Service and progress with regards to the Service 89.

The Area Manager for Transport Operations was in attendance to present the report.

In relation to the introduction of Service 89 that replaced Taxibus, Councillor Richards considered there were still areas not covered by the service. Whilst Councillor Rowley enquired as to the impact of the 89 Service on other areas noting the possible withdrawal of the feeder bus that could be replaced with a community car scheme.

with  
The Areas Manager for Transport Operations reported that discussions were underway with providers regarding the replacement for the feeder bus and although he was unable to provide an update at this stage he was optimistic with regards to the proposals.

report  
With regards to patronage growth for the Service 89, the Area Manager for Transport Operations advised that he would look at the two locations and back on the matter.

next

The Chair reported that a visit on Service 89 would be arranged for TDC Members to travel from Coventry to Solihull and that further details would be sent to members in due course. He added with in respect of Ring and Ride, members would receive an update as part of the pre-TDC briefing session month.

**Resolved** that the report be noted.

## **67/16 Bus Report**

The committee considered a report of the Director of Transport Services that provided an update with regards to the performance, operation and delivery of bus services in the West Midlands.

The Network Development and Delivery Manager informed the committee that the report focused on three key areas; congestion, still a big concern; air quality, the clean air zone in Birmingham was likely to be extended beyond Birmingham and a Statutory Quality Partnership Scheme for Solihull.

Councillor Lal noted patronage was still declining in the West Midlands despite the best efforts of TfWM, National Express and partners and also enquired how congestion is being addressed.

The Network Development and Delivery Manager reported that a special meeting of the Bus Alliance Board had been scheduled to focus on congestion and advised that the recently appointed Key Route Network Manager would work with Bus Partnership Managers to ensure the key network operates reliably for all modes.

Martin Hancock, National Express, advised that congestion impacted on the bus network in Birmingham, the Black Country and Solihull but was less of an issue in Coventry than the rest of the West Midlands; Coventry has seen a growth in patronage around the two universities.

Councillor Welsh reported that he welcomed the increase in bus use in Coventry.

Councillor Huxtable noted that the decline in bus patronage could also be attributed to the increase in rail and Metro use.

Martin Hancock advised that lengthening journey times were not attractive to customers where the bus timetable was too long, whereas the journey times for rail and Metro could be guaranteed.

In relation to a comment from Councillor Stanley regarding how bus punctuality varied from one garage to another and whether it was possible to stop buses bunching, Martin Hancock advised that National Express try to manage gaps but this was not always possible and referred to the control centre in Bordesley which monitors the company's bus services.

Councillor Richards reported that journey times into Solihull from Lode Lane, had been reduced by 8 minutes as result of partnership working.

With regards to the Statutory Quality Partnership Scheme for Solihull that would be implemented this summer, it was noted that a report on the scheme would be submitted to the committee in March.

Councillor Akhtar reported that the zebra crossing located in Union Street, Coventry was causing problems and the issue of bus stops and shelters needed to be discussed.

Martin Hancock, National Express, agreed with Councillor Akhtar and reported that his team were working with the city council to look to resolve the problem.

In relation to the requirement for shelters to be installed at Union Street, the Network Development and Delivery Manager informed Councillor Akhtar of the shelter request process.

**Resolved** that all buses on all new Transport for the West Midlands subsidised contracts from April 2017 be required to meet Euro V emissions standards or better, subject to prices received from operators being within available budget.

#### **68/16 Network Emergency Planning**

The committee considered a report of the Director of Transport Services that set out the work undertaken to develop a framework for emergency planning arrangements for the public transport network through the development of a Network Emergency Plan.

The Safer Travel Manager was in attendance to present the report and advised the committee that work on network emergency planning has been undertaken following a successful collaboration with partners in relation to pre-planned events.

It was noted that the work has built on existing processes in respect of emergency and business continuity events to provide a defined framework in the event of a major incident impacting on the public transport network.

The report outlined the findings, objectives, progress and outputs of the National Emergency Planning Working Group and the next steps/further areas for action.

The Chair thanked the Safer Travel Manager for the excellent Safer Travel briefing given by his team earlier in the day.

**Resolved** that:

- (1) the emergency planning proposals referred to in the report be noted and
- (2) the proposals for Transport for the West Midlands representation at regional emergency planning forums be noted.

#### **69/16 2017/18 Bus Station Departure Charges**

The committee considered a report of the Director of Transport Services that informed them of the increases in Bus Station Departure Charge rates which would be applied for 2017/18, effective from 1 May 2017.

It was noted that Transport for the West Midlands Board had approved a 2.4% increase at its meeting on 19 December 2016 that would result in overall cost recover rate of 60.32% and an estimated increase of £0.052m in the amount recovered from Bus Station Departure Charges compared to the previous year.

In relation to an enquiry from Councillor Welsh regarding why different level of charges were charged at bus stations and why the collection rate of bus station departure charges was low, the Director of Transport Services explained that the departure charges levied was in accordance with the facilities available at each bus station and gave an example of Bearwood as small bus station with limited facilities compared to Stourbridge that has a lot more.

The Director of Transport Services advised that the collection rate of departure charges was based on an overall 'basket' of charges and referred to Cradley Heath Bus Station that was re-opened following re-building which would have impacted on the rate of departure charges collected.

In relation to a comment from Councillor Stanley regarding coach departures at



Dudley Bus Station which impact on the flow of buses at the nearby Stand S, the Director of Transport Services reported that coaches are allowed longer times for pick-up and drop-off than buses and that bus station staff would be monitoring the situation on the bus station.

**Resolved** that the level of bus station charge rates for 2017/18 that was approved by the Transport for the West Midlands (TfWM) Board on 19 December 2016 be noted.

## **70/16 Movement for Growth and Transport Monitoring**

The committee considered a report of the Head of Policy and Strategy that informed them of the process for monitoring the West Midlands Combined Authority's Movement for Growth strategic transport plan and the ongoing monitoring that would be undertaken to support the themes within the Movement for Growth strategic transport plan.

The report outlined the performance management framework, the impact on the delivery of the strategic plan how satisfaction, demand and modal choice would be monitored, the wider implication for monitoring and the next steps.

The Managing Director, TfWM reported that the WMCA currently has an agreed performance framework and that the performance management framework outlined in the report would complement this. It was noted that a formal monitoring report would be provided annually in July.

In relation to the 10 key centres within the West Midlands Metropolitan area, Councillor Huxtable reported that he had raised previously whether Stourbridge should be one of the 10 centres and was awaiting the outcome of the review of the 10 centres.

The Managing Director undertook to report back to Councillor Huxtable on the outcome of the review of the 10 key centres as soon as possible.

In relation to appendix 2, attached to the report regarding rail travel to Birmingham City Centre from stations within the wider to journey work area and enquiries from members as to whether the map could include journey times from Wolverhampton to Stourbridge and Wolverhampton to Walsall, the Managing Director advised that this information could be added to the maps.

**Resolved** that the committee approve for consideration by the West Midlands Board the approval of the Movement for Growth strategic transport plan monitoring process, which is compatible with the West Midlands Combined Authority's performance management framework and approval of the ongoing monitoring to support the themes within the Movement for Growth strategic transport plan.

## **71/16 Forthcoming Events**

### **(a) Conference - Out of Sight, Out of Mind – 23 January 2017**

It was agreed that two TDC members would attend the conference on 23 January, one Labour Member and one Conservative Member (Councillors Rowley and Holl-Allen).

### **(b) Bus Summit – 9 February 2017**

It was agreed that three TDC members would attend the Bus Summit on 9 February, two Labour Members and one Conservative Member (Councillors Hartley, Eaves and Stanley).

## **72/16 Forward Plan**

The committee considered a report of agenda items to be submitted to future Meetings.

**Resolved** that the report be noted

## **73/16 Any Other Business**

### **(a) Class 230 Train Report**

The committee considered a report of the Director of Transport Services that informed them of the fire incident that occurred during testing of the Class 230 train on 30 December 2016 and the implications for the trial on the Coventry Nuneaton line.

The Director of Transport Services reported that following the fire incident on 30 December, a meeting had been held with the Class 230 Partnership Board on 3 January where it was proposed that the trial on the Coventry and Nuneaton be withdrawn as the timescales for could not be met.

The Director of Transport Services added that TfWM along with partners would continue to discuss future opportunities with suppliers of diesel train including Vivarail, for this line and other routes in the region where the shortage of available rolling stock is impacting on the capacity and service operation.

Councillor Horton, the Lead Member for Rail and Metro and Councillor Welsh considered that it is was important all options were kept open given the shortage of rolling stock.

In relation to an enquiry from Councillor Akhtar regarding why there was a shortage of rolling stock, the Managing Director advised that the shortage could be attributed to the delays in the electrification programme and the rolling stock shortage was a national problem.

**Resolved that:**

- (1) the update following the recently reported fire incident which occurred during the Class 230 mainline testing on 30 December be noted ;
- (2) Vivarail have suspended the trial so that the cause of the fire can be investigated and therefore Class 230 vehicle would not be available to meet the planned dates for the start of the trial be noted;
- (3) the TfWM decision to withdraw from continued involvement in the trial be noted and endorsed;
- (4) all partners to the Class 230 trial have been consulted and are supportive of the decision be noted and
- (5) Vivarail are fully committed to further testing and development of the Class 230 which lends itself to an opportunity in the future, to develop a new trial to address the shortage of diesel rolling stock be noted.

**CHAIRMAN**

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**Meeting:** Audit, Risk & Assurance Committee

**Subject:** Minutes

**Date:** Friday 27 January 2017

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**Present:**

David Lane (Independent Chair)

Councillor Sucha Bains

Councillor Kerrie Carmichael

Councillor Keith Chambers

Councillor Tristan Chatfield

Councillor Craig Collingswood (Vice-Chair)

Sean Farnell

Councillor Rachel Harris

Councillor John Haynes

Councillor Angela Sandison

Coventry City Council

Sandwell Metropolitan Borough Council

Walsall Metropolitan Borough Council

Birmingham City Council

City of Wolverhampton Council

Coventry and Warwickshire LEP

Dudley Metropolitan Borough Council

Nuneaton & Bedworth Borough Council

Solihull Metropolitan Borough Council

**In Attendance:**

James Aspinall

André Bromfield

John Cade

Nicola Coombe

Linda Downes

Peter Farrow

Linda Horne

Councillor Peter Hughes

Grant Patterson

Lorraine Quibell

Joti Sharma

Debbie Simpson

Councillor Tersaim Singh

Councillor Stephen Simkins

Councillor Jackie Taylor

Councillor Jenny Wheeler

Emma Williamson

Sarah Windrum

West Midlands Combined Authority

West Midlands Combined Authority

Institute of Local Government Studies

Grant Thornton

Nuneaton & Bedworth Borough Council

Head of Audit (Shared), City of Wolverhampton Council  
& Sandwell Metropolitan Borough Council

West Midlands Combined Authority

Sandwell Metropolitan Borough Council

Grant Thornton

West Midlands Combined Authority

West Midlands Combined Authority

West Midlands Combined Authority

City of Wolverhampton Council

City of Wolverhampton Council

Sandwell Metropolitan Borough Council

Redditch Borough Council

Birmingham City Council

Coventry and Warwickshire LEP

Apologies for absence were received from Councillor John Fisher, Councillor Maureen Freeman, Councillor Rob Sloan and Tom Westley.

## **25/16 Chair's Remarks**

The Chair reported that at its meeting on 9 December 2016, the West Midlands Combined Authority Board approved the name change of the committee from Audit & Standards Committee to Audit, Risk & Assurance Committee. He explained the purpose of the committee and welcomed internal and external contributions as to how its role could be further developed.

## **26/16 Minutes of the Audit & Standards Committee held on 21 October 2016**

The minutes of the meeting held on 21 October were agreed, and signed by the Vice-Chair (as he chaired the meeting), as a correct record.

## **27/16 Matters Arising**

### **(a) Finance and Budget Update (minute no. 21/16 refers)**

Members of the committee attended a financial training session on 27 January 2017, and received a presentation on the West Midlands Combined Authority revenue account and investment programme. In addition, members also received a presentation from Grant Patterson and Nicola Coombe, Grant Thornton, on the role of external audit, its expectations of the audit committee and information on the accounting treatment: merger accounting.

**Resolved** that the committee receive financial information at its future meetings based on key variances against plans and budgets and not replicate the information being scrutinised by other committees.

## **28/16 External Audit Plan**

The committee considered a report of the External Auditor that provided details on the external audit plan for the financial year ending 31 March 2017. The report outlined the planned audit strategy and the work to be undertaken to provide the West Midlands Combined Authority with an opinion on the financial statements. Members also received information on how the value for money conclusion would be derived.

In respect of the Combined Authority's pension fund asset, employees of the Combined Authority were members of the West Midlands Metropolitan Authorities Pension Fund. Grant Thornton explained that the valuation of the pension fund net liability had been identified as a significant risk on the basis that the figure that was reflected in the balance sheet represents a significant estimate, requiring complex judgments, in the financial statements. In addressing this risk Grant Thornton would, as part of its audit work:

- Identify the controls put in place by management to ensure that the pension fund liability was not materially misstated. It would also assess whether these controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement.

- Review the competence, expertise and objectivity of the actuary who carried out the pension fund valuation and gain an understanding of the basis on which the valuation was carried out.
- Undertake procedures to confirm the reasonableness of the actuarial assumptions made.
- Review the consistency of the pension fund asset and liability for WMCA and disclose in notes to the financial statements with the actuarial report.

Audit, Risk & Assurance Committee would therefore get assurance that the Combined Authority's share of the fund's assets and liabilities recognised in the balance sheet will be materially correct.

Councillor Tristan Chatfield added that 'contracting' risks was not included as a risk within the report and considered that it should be highlighted as a risk going forward. Grant Thornton added that this was considered when it looked at value for money.

Councillor Jackie Taylor enquired about the audit fees of £46,500 and asked whether the report could be more explicit as to what the audit fee covered. Grant Thornton noted that the fee was for external audit for the year and explained the process in which the fees were agreed.

Grant Thornton agreed to amend the report to explain what the audit fee of £46,500 covered and would also include an explicit acknowledgment that the West Midlands Combined Authority was evolving in respect of key developments and the identification and management of the risks of this would be taken into account in their Opinion.

**Resolved** that the contents of the report be noted.

## **29/16 Consideration of Accounting Treatment for Transfer of WMPTE and WMITA to the Combined Authority**

The committee considered a report of the External Auditor on the accounting treatment options for the statutory accounting transfer in relation to the transition of WMPTE and WMITA to the West Midlands Combined Authority.

The Head of Finance and Business Planning explained that the report had already been considered by the West Midlands Combined Authority Board on 22 July 2016 and the Authority's Audit and Standards Committee on 8 July 2016, but as this was the first meeting of the Audit, Risk & Assurance Committee with the newly appointed external auditors in attendance, it was considered appropriate to update members of the external auditors opinion in this matter. Grant Thornton highlighted that it had already opined on this subject when acting as the external auditors for the transport bodies that had since become part of the West Midlands Combined Authority.

**Resolved** that the agreed management decision to adopt merger account approach to the transition of the Integrated Transport Authority and Executive to the Combined Authority in June 2016, endorsed by the Authority's appointed auditors, be noted.

### **30/16 WMCA Chief Audit Executive Discussion Report**

The committee considered a report of the Director of Corporate Services seeking views on whether the Chief Audit Executive arrangements for the West Midlands Combined Authority remained satisfactory.

The West Midlands Combined Authority Chief Audit Executive was currently the Head of Governance who was also the deputy Monitoring Officer that had direct access to the Monitoring Officer (Keith Ireland) who was also a member of the West Midlands Combined Authority Board.

The Chair noted that there was the potential for a perceived conflict of interest as the procurement team also reported to the Head of Governance. Following generally supportive views expressed by members of leaving the current reporting line as it is, and as the activity of the West Midlands Combined Authority would be expanding over the coming years, the Chair proposed that the current arrangements be endorsed for a period of 12 months, and the arrangements for the Authority's Chief Audit Executive be reviewed again in 12 months, which was agreed by the committee.

The Director of Corporate Services considered there to be minimum risk of conflict of interest with the Head of Governance continuing as the Authority's Chief Audit Executive, with the Head of Internal Audit reporting to them. To provide further reassurance to the committee, an independent internal audit review would be commissioned to mitigate against the risk and recommend any further controls that were needed.

**Resolved** that the existing arrangements for the role of the West Midlands Combined Authority's Chief Audit Executive (to be reviewed in January 2018) be endorsed.

### **31/16 Strategic Risk Register**

The committee considered a report of the Director of Corporate Services on the Strategic Risk Register.

The Corporate Risk & Business Assurance Specialist reported that there were currently 15 key risks included within the strategic risk register and noted that a new risk had been escalated to the register as a high risk which referred to the potential contractual implications arising from track conditions of the Metro infrastructure.

Councillor Tristan Chatfield considered whether 'contracting' should be highlighted as a risk, as the Authority would be evolving and entering into future contracts. He also questioned whether Treasury Management should be identified as a corporate risk. The Director of Corporate Services considered Treasury Management to be a high level strategic risk and agreed to review this suggestion further.



Councillor Jackie Taylor expressed concern at there being no explicit reference within the register in respect of the Authority's obligation on equality and diversity. The Corporate Assurance Manager highlighted that the West Midlands Combined Authority considered equality, diversity and skills to be very important and referred to the number of accreditations received. The Director of Corporate Services agreed to liaise directly with Councillor Jackie Taylor further on this matter.

The West Midlands Combined Authority had undertaken a review of the risk and assurance process and was working with internal and external auditors on a revised model. The Interim Head of Governance agreed to present the revised risk and assurance process to the next meeting, with a focus on the assurance method and clarity on the meaning of strategic in terms of the risks being considered. The presentation would include some recent examples of how the assurance process was working in practice.

**Resolved that**

- (1) the formal approval of the Corporate Risk Management Strategy by the West Midlands Combined Authority Board be noted;
- (2) the comments received on the contents of the Strategic Risk Register be noted;
- (3) the comments received on the contents of the draft Assurance Map be noted; and
- (4) the revised Risk and Assurance Process to be presented to the next meeting of the committee.

**32/16 Whistleblowing Policy**

The committee considered a report of the Director of Corporate Services on the process by which whistleblowing could be reported and concerns investigated.

The Monitoring Officer was currently the first point of contact for whistleblowing, but as the Monitoring Officer was not a permanent member of the West Midlands Combined Authority staff, it was proposed that the primary point of contact should be the Head of Governance, as this was a senior post within the Authority.

The Interim Head of Governance assured the committee that the Authority would take appropriate action to protect an officer if a concern was raised, and agreed to include the details of the Responsible Officer (Head of Governance) within the document should a person wish to raise a concern.

The Chair proposed that the change of Responsible Officer be noted subject to a review in the next 12 months in the same way as the reporting line for the Chief Audit Executive would be. To provide the committee with the appropriate assurance, he requested that a

future audit be undertaken as to how the Authority's policies, including the revised Whistleblowing policy, was disseminated to and understood by its employees.

**Resolved** that:

- (1) the change of Responsible Officer from Monitoring Officer to the Head of Governance (to be reviewed in January 2018), be noted; and
- (2) a future audit to be undertaken as to how the Authority's policies were disseminated to its employees be noted.

### **33/16 Internal Audit Reports: Recruitment and Retention Procedures, Key Financial Systems Reviews**

The committee considered a report of the Head of Audit on the recent work that had been completed by the Authority's internal audit.

An audit of the West Midlands Combined Authority's recruitment and retention procedures and key financial systems had been undertaken as part of the approved internal audit plan for 2016/17.

The Internal Auditor explained that as part of its work on the Authority's recruitment and retention procedures a number of key issues had been identified and a number of recommendations had been made. The Director of Corporate Services assured the committee that he was comfortable with the revised procedures and processes that the HR team was currently putting place.

The Internal Auditor confirmed that as the West Midlands Combined Authority developed, there would be an opportunity for audit reports, by exception, to be shared to a wider audience when complete.

Recognising that the Authority had now been formally established and needed to be more transparent in the area of recruitment, the Vice-Chair requested a detailed action plan in respect of the Authority's recruitment and retention procedures to include the grading process and existing grading, to be presented to the next meeting.

**Resolved** that:

- (1) the contents of the report be noted;
- (2) a detailed action plan in respect of the Authority's recruitment and retention procedures to be presented to the next meeting by the Head of Organisation Development, be noted; and
- (3) the draft West Midlands Combined Authority Internal Audit Plan 2017/18 to be presented to the next meeting.

### **34/16 West Midlands Combined Authority - Assurance Overview January 2017**

The committee considered a report of the Director of Corporate Services on the views of the Authority's Corporate Assurance Manager's opinion on the Authority's systems of Project and Programme Assurance and Business Assurance for November 2016 - January 2017.

In respect of the Authority's Integrated Assurance & Approval Flow, the Corporate Assurance Manager agreed to submit examples of the projects from the Investment Programme to illustrate the assurance reviews that had been undertaken prior to business case approvals.

**Resolved that:**

- (1) the assurance reviews and activities that had been undertaken in the last quarter be noted;
- (2) the views on the WMCA Integrated Assurance & Approvals Flow be noted, and examples of the projects from the Investment programme approved to date to be demonstrated to the committee to illustrate the assurance reviews that had been undertaken prior to business case approvals.
- (3) the views on the Chief Audit Executive be noted.
- (4) the views on the Assurance Review forward plan be noted; and
- (5) the enhanced WMCA Assurance Process with examples of it in use to be presented to the next meeting.

### **35/16 Development Session – Local Government Audit Committee Forum: Managing Fraud Risk**

The committee considered a report that provided details of the forthcoming Managing Fraud Risk event, which was a free development session for members of the Authority's Audit Committee that would be held on 16 February in Birmingham or on 17 February in Castle Donington.

**Resolved** that three members of the Audit, Risk and Assurance Committee be authorised to attend the Local Government Audit Forum: managing fraud risk on 16 or 17 February 2017.

### **36/16 Any Other Business**

**(a) WMCA Audit, Risk and Assurance Committee: summary of member's points raised during chair's meeting.**

The committee considered a report from the Chair of the West Midlands Combined Authority's Audit, Risk & Assurance Committee outlining the points

made by members of Audit, Risk & Assurance Committee in discussions with the new Chair following his appointment.

The Chair welcomed John Cade, Institute of Local Government Studies to the meeting and explained that he had been invited to assist the committee in discussing its role, performance and how it could evolve as the activities of the West Midlands Combined Authority developed.

In terms of the ways of working, members of the committee shared their thoughts on the West Midlands Combined Authority's Audit, Risk & Assurance Committee compared to local authority audit committees, frequency of meetings and member commitment, the size of the Authority's Audit, Risk & Assurance Committee and the new legislative requirement to have a 2/3rds attendance for a quorum, relationship with Overview and Scrutiny Committee and the benefit to respond quickly and have greater discussion in a smaller sub-group of the committee.

In respect of the new Statutory Instrument that would be introduced on 8 May, which would require the West Midlands Combined Authority Audit Committee to change the quorum level to be 2/3rds of its membership, the Chair agreed to have a further discussion at the next meeting of the committee.

It was agreed that substitute members could attend meetings of the committee if they wished to do so and that John Cade would be invited to attend future meetings of the committee.

**Resolved that:**

- (1) the change in the name of the committee to Audit, Risk & Assurance Committee, approved by the Combined Authority be noted;
- (2) it be noted that the Standards obligation for Audit, Risk & Assurance Committee had been covered off within the Constitution's description of the Audit, Risk & Assurance Committee functions;
- (3) meetings of the committee be moved from quarterly to bi-monthly meetings after its meeting on 28 April 2017; and
- (4) the points made by members of the committee in discussions with the new Chair following his appointment, and the comments received by the committee be noted.

**37/16 Date of Next Meeting**

The next meeting of the Authority's Audit, Risk & Assurance Committee will be held on Friday 28 April 2017 at 10:00am

**38/16 Motion to Exclude the Public and Press**

**Resolved** that, under section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that the item involved the likely disclosure of exempt information as defined in Schedule 12A of the Act, in particular those paragraphs of Part 1 of the Schedule, as indicated below:

Minute No.	Description Item	Relevant Paragraphs of Part 1 of Schedule 12A
39/16	Briefing Note - Cyber Security	7

**39/16 Briefing Note - Cyber Security**

The committee considered a briefing note on Cyber Security of the Cyber Security Specialist on the progress made on the recommendations made by the Authority's Internal Auditor.

**Resolved** that a report on Cyber Security be presented to the next meeting of the committee, to include a more detailed understanding of progress made on the recommendations made by the Authority's Internal Auditor.

[The meeting ended at 4:55pm]

**CHAIR**

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**WEST MIDLANDS**  
COMBINED AUTHORITY

## Board Meeting

<b>Date</b>	17 February 2017
<b>Report title</b>	Trade Union Congress (TUC) Engagement with the Combined Authority
<b>Cabinet Member Portfolio Lead</b>	Councillor Bob Sleight – Chair of the WMCA
<b>Accountable Chief Executive</b>	Keith Ireland, Monitoring Officer to the Combined Authority Email keith.ireland@wolverhampton.gov.uk Tel 01902 55 4500
<b>Accountable Employee</b>	Keith Ireland, Monitoring Officer to the Combined Authority Email: keith.ireland@wolverhampton.gov.uk Tel: 01902 55 4500
<b>Report to be/has been considered by</b>	Requested by Metropolitan Leaders 16 December 2016

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

#### The Combined Authority Board is recommended to:

1. Approve that the Trade Union Congress (TUC) be co-opted (1 seat) onto the WMCA Board will effect from 1 March 2017 (first meeting 3 March 2017).
2. Agree in principle that the TUC have a seat on relevant working groups within the WMCA structure, subject to the approval of the WMCA Board on 7 April 2017.
3. Agree to add a new section to the Constitution of the WMCA regarding co-optees.
4. Agree that the Constitution changes will include the ability for the WMCA Board to both select co-optees and de-select co-optees by approval of the WMCA Board voting members.

## **1.0 Purpose**

- 1.1 The purpose of this report is to seek Board approval for the Trade Union Congress to be co-opted onto the WMCA Board.

## **2.0 Background**

- 2.1 At their meeting on 16 December 2016, the Metropolitan Leaders of the WMCA asked the Monitoring Officer to the WMCA to re-visit the involvement of the TUC with the Combined Authority.

- 2.2 The approaches of current Combined Authorities with regards to Trade Unions, are highlighted in paragraph 3.0 below.

## **3.0 Current Combined Authority approaches**

- 3.1 Trade Unions do not have membership status within the other Combined Authorities, though they are engaged in a variety of partnership arrangements.

### **3.1.1 Greater Manchester Combined Authority**

Engagement with Trade Unions has been incorporated in Greater Manchester by TUC attendance at the Greater Manchester Strategic Workforce Board, whose overall role is to co-ordinate actions on workforce matters across GM Health and Social Care Partnership organisations. Greater Manchester has also established a 'Skills and Employment Partnership', providing strategic leadership and oversight, supporting the skills and employment landscape to contribute to the achievement of the Greater Manchester strategy. The GM 'Skills and Employment partnership' terms of reference are therefore detailed in appendix A below.

### **3.1.2 The North East Combined Authority**

The North East Combined Authority established an 'Economic Development and Regeneration Advisory Board', on which the TUC are represented. The Board advises the NECA Leadership Board on economic strategy, project pipelines and funding, future priorities, and monitors and oversees collaborative initiatives to promote inward investment. The membership of this board is made up of one member from: each constituent and non-constituent member, the North East Chamber of Commerce, the Confederation of British Industry, the Federation of Small Business and the TUC. The terms of reference for this Board is detailed in appendix B below.

### **3.1.3 Other Combined Authorities**

Based on discussions with the other Combined Authorities not mentioned above (including Liverpool City Region, Tees Valley, West Yorkshire and Sheffield), engagement with Trade Unions is very limited and there are no immediate plans to change this.

## **4.0 A co-opted TUC representative on the WMCA Board**

- 4.1 Combined Authority meetings are held in public, therefore the option of attending Board meetings is available to the TUC as a member of the public. Similar to Council meetings, the public in attendance do not participate in Combined Authority Board meetings. In the



event of any private items, exempt from publication under the Local Government Act 1972 (as amended), public attendees are asked to leave for those items.

- 4.2 However, in order for the TUC to engage at the WMCA Board, it is recommended that the Trade Union Congress (TUC) be co-opted (one seat) onto the WMCA Board with effect from 1 March 2017 (first meeting 3 March 2017).

## **5.0 Operation of a TUC co-optee on the WMCA Board**

- 5.1 As a co-optee, the TUC may attend Board meetings and engage in discussions and contribute where appropriate at the discretion of the Chair, but cannot vote and are not required to pay a membership fee.
- 5.2 It is also recommended that the Board agree in principle that the TUC have a seat on relevant working groups within the WMCA structure, subject to the approval of the WMCA Board on 7 April 2017.
- 5.3 The Board is recommended to agree to add a new section to the Constitution of the WMCA regarding co-optees and agree that the Constitution changes will include the ability for the WMCA Board to both select co-optees and de-select co-optees, by approval of the WMCA Board voting members.
- 5.4 It is important to note that the governance structure of the West Midlands Combined Authority is as flexible as required to ensure that the work of the Combined Authority is being delivered effectively – therefore the above does not preclude amendment of governance arrangements in the future.

## **6.0 Financial implications**

- 6.1 There are no direct financial implications arising from this report.

## **7.0 Legal implications**

- 7.1 There are no Legal Implications flowing from the contents of this report.

## **8.0 Appendices**

- 8.1 Appendix A – Greater Manchester ‘Skills and Employment partnership’ terms of reference  
Appendix B – North East Combined Authority ‘Economic Development and Regeneration Advisory Board’ terms of reference

# **Appendix A**

## **Greater Manchester ‘Skills and Employment Partnership’ Terms of Reference**

### **GREATER MANCHESTER SKILLS AND EMPLOYMENT PARTNERSHIP**

#### **1. MEMBERSHIP**

1.1 The membership of the SEP is:

- The GM Portfolio Holder for Skills, Employment and Worklessness (Chair).
- Four GM elected members, nominated annually by the GMCA
- Two representatives from the GM Local Enterprise Partnership.
- A representative from GM Chamber of Commerce, GM Learning Providers Network, Job Centre Plus, Trade Unions, Greater Manchester Centre for Voluntary Organisations, Skills Funding Agency, GM Housing Providers, GM Universities, Local Authority Children’s Services and GM Colleges.

1.2 The GM Portfolio Holder for Skills, Employment and Worklessness is the Chair of the SEP. A vice chair is also appointed by the group from within this membership.

1.3 Advice and support to the SEP is provided by the lead Chief Executive for Skills, Employment and Worklessness, as well as the Chief Executives of New Economy and the GM Growth Company.

1.4 Democratic support is provided through the GM Integrated Support Team.

#### **2. PURPOSE**

2.1 The Greater Manchester Skills and Employment Partnership (SEP) will provide strategic leadership and oversight, support the skills and employment landscape to contribute to the achievement of the GM Strategy.

2.2 The Partnership through the signing of the GM devolution agreement in November 2014 will take on new responsibilities across the employment and skills landscape. A core objective of these reforms will be to deliver greater alignment between different elements of employment and skills provision.

2.3 The Partnership will focus on the contribution that skills and employment policy and delivery can and will make to competitiveness and the performance of the Greater Manchester economy. At its heart will sit an intelligence-driven approach to economic strategy designed to stimulate and maximise growth and to connect GM residents to the opportunities that growth provides.

- 2.4 The Partnership will evaluate performance against this strategy, providing real-time intelligence, insight and analysis that best enables a competitive provider market to meet the opportunities and needs of the GM economy. Experience suggests that the market functions well in many areas with employer demand being well met by providers. The Partnership will identify where demand is not being met and use analysis to predict future labour market needs, allowing providers to understand and address market demand (and market failure where it occurs).
- 2.5 The Partnership will support the efficient and effective working of a demand-led education, training and employment market across Greater Manchester. The Partnership will seek to ensure the best use of public funds that will be vital if we, as a city region, are to secure our shared ambitions for growth and prosperity as set out in the Greater Manchester Strategy.
- 2.6 The development of the Partnership recognises and responds to the continued development of GM responsibilities across the employment and skills landscape. The Partnership will provide specific oversight for the delivery of reforms contained in the GM devolution agreement.

### **3. ROLE**

- 3.1 The Partnership will:
  - (i) Enable the Greater Manchester Combined Authority (GMCA) to discharge its statutory duties. Under the Education Act 1996, this is stated as a duty to secure sufficient suitable education and training opportunities to meet the reasonable needs of all young people in the area. Young people are those who are over compulsory school age but under 19, or are aged 19 to 25 and subject to a learning difficulty assessment. The GMCA also has a duty to secure sufficient suitable education and training for young people subject to youth detention. The GMCA will ensure that provision is adequate.
  - (ii) Support the Greater Manchester Local Enterprise Partnership (GM LEP) to deliver economic growth and prosperity recognising the key contribution made by a highly skilled workforce. Working closely with Colleges and Training providers, the SEP will ensure that investment in skills is effectively linked to the economic opportunities across Greater Manchester, supporting key employers and growth sectors (e.g. advanced engineering, digital/media, low carbon) as well as high employment, high churn but not necessarily high GVA growth sectors, thus ensuring better life chances for individuals. The SEP will bring providers and learners together to improve the functionality of the market and maximize the level and impact of public and private sector investment in skills.
  - (iii) Support the development of an integrated employment and skills framework across GM, which supports increasing numbers of out of work residents to address their barriers to employment through

integrated, appropriately sequenced and intensive packages of support. The Partnership will support the GMCA and partners to deliver a skills landscape that is able to respond to the needs of out of work residents, enabling them to develop the skills required by employers and supporting them to find sustainable employment.

- 3.2 The Partnership will achieve its ambition by working with providers in understanding and responding to present and future growth, employment and skill needs. The SEP will work in partnership with providers rather than through a commissioner /provider divide.
- 3.3 While the needs assessment, informed by an intelligence-based economic strategy, will be led by the Partnership, it is for providers – based on demand from learners and employers - to determine how these needs should be met. It will also provide opportunities for new ways of working in responding to known needs e.g. increase in specialization leading greater efficiency and quality of delivery.
- 3.4 Providers will be supported to participate more effectively in the Partnership. In turn, providers are increasingly looking to networks and federations to enable them to work more effectively together, including in support of the Partnership.
- 3.5 The responsibilities, priorities and ways of working set out in this paper is based on the belief that this is the best way of enabling Greater Manchester to fulfil its economic potential. It will enable businesses and learners to maximize their own individual contribution to growth, prosperity and well-being.
- 3.6 While the Partnership will produce an agreed needs assessment it is for individual Colleges and Training Providers to determine their own plans and delivery based on demand intelligence.
- 3.7 The Partnership will not be a centralist mechanism exercising control over providers. It will be a focus for ensuring that the functioning of key Greater Manchester labour markets is taken into account by providers. This will offer a key offering a spatial focus to a national model of delivery, reflecting Government's desire to see spatial frameworks developed that support growth.

#### **4. ACCOUNTABILITIES**

- 4.1 The Partnership will have clear accountabilities primarily to the GMCA and GM LEP, building on the existing arrangements. Some changes in remit and membership will need to be made recognising the broader agenda and the need to invite partners to provide nominations:
  - (i) The SEP will have an Executive Board, Chaired by a member of the GMCA, reporting to the Combined Authority and GM LEP Board and to the Greater Manchester Colleges and Training Providers recognising the contribution of each of these as providing leadership, funding and budgets which will be influenced by its work.

- (ii) Executive membership. The Executive Board will be appointed subject to discussion with all parties. It will be chaired by a CA representative and will have representation from health, housing, Education Funding Agency, Job Centre Plus & Skills Funding Agency along with representation from New Economy, the GM Public Service Reform Team, and the AGMA lead Chief Executive. It will be for the Partnership to decide on further representation from other partners as required.
- (iii) A performance impact panel, to be chaired by a member, will lead scrutiny of the implementation of reforms.
- (iv) Working groups to be determined and agreed by the Board as required.

## **Appendix B – North East Combined Authority ‘Economic Development and Regeneration Advisory Board’ Terms of Reference**

### **Part 3.5 Economic Development and Regeneration Advisory Board**

Membership*:	7 (one Member from each of the Constituent Authorities)
Quorum:	5 (not including the co-opted or LEP members)
Also:	1 non-voting member from the LEP

***[\*a Trade Union Congress representative was agreed to be added to the membership at the NECA Board on 17 November 2015]***

Any non-voting co-opted members approved by the Leadership Board representing key sectors in the region including the North East Chamber of Commerce and the CBI and the FSB.

The aim of the Economic Development and Regeneration Advisory Board (EDRAB) is to support the Leadership Board in the development of the Economic Development and Regeneration Theme by:

- Making recommendations to the Leadership Board based on insight and intelligence that is not otherwise available to Board so that the decisions taken reflect the needs and ambitions of the key stakeholders in the region.
- Providing strategic advice and intelligence relating to key drivers of growth and barriers to investment and growth and other issues relevant to NECA’s aim to pursue sustainable economic growth in the region.
- Advising and supporting the NECA in the development of the Economic Development and Regeneration strategic priorities and implementation plans.
- Supporting the Economic Development and Regeneration Thematic Lead in the delivery of the Economic Development and Regeneration Implementation Plan.

The Leadership Board shall seek the advice and recommendations of the EDRAB on such economic development and regeneration matters as the Leadership Board considers appropriate, which shall include (but are not limited to):

1. The development of a Regional Investment Plan that will support economic growth and build on the opportunities presented by the region’s growth assets.
2. The implementation of activity that is consistent with the strategic intent outlined in the Strategic Economic Plan and associated Economic Development and Regeneration Implementation Plan.
3. Recommendations on the allocation of resources and approval of funding proposals and the prioritisation of planned regional investment in infrastructure and assets.
4. Monitoring and overseeing collaborative initiatives to promote inward investment.
5. Commissioning provision that is consistent with the agreed objectives.

6. Ensuring that measures associated with the delivery of the Economic Development and Regeneration work programme are linked effectively with other related service areas.
7. Advising and approving evaluation measures for the Economic Development and Regeneration related activities.
8. Monitoring performance of the delivery of the Economic Development and Regeneration work programme.
9. Considering Economic Development and Regeneration related matters specifically referred to the Advisory Board by the Leadership Board.
10. Informing the evolution of Economic Development and Regeneration related activities, taking account of government policy, global trends and capability and capacity in the region.
11. Establishing and engaging in working groups formed to progress specific priorities with the Economic Development and Regeneration work programme.
12. Approve an Annual Report summarising the work of the Board over the previous year for submission to Annual Meeting of the Leadership Board.

Information:

1. The Advisory Board will be chaired by the Economic Development and Regeneration Thematic Lead.
2. One substitute member is permitted for each Constituent Authority.

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**WEST MIDLANDS**  
COMBINED AUTHORITY

## Board Meeting

<b>Date</b>	17 February 2017
<b>Report title</b>	Network Resilience – Preliminary Report
<b>Cabinet Member Portfolio Lead</b>	Councillor Roger Lawrence – Transport
<b>Accountable Chief Executive</b>	Keith Ireland, Managing Director - Wolverhampton Email: <a href="mailto:keith.ireland@wolverhampton.gov.uk">keith.ireland@wolverhampton.gov.uk</a> Tel: 01902 554500
<b>Accountable Employee</b>	Laura Shoaf, Managing Director - TfWM Email: <a href="mailto:laurashoaf@wmca.org.uk">laurashoaf@wmca.org.uk</a> Tel: 0121 214 7444
<b>Report has been considered by</b>	STOG and WMCA Programme Board

### The Combined Authority Board is recommended to approve:

1. The progression of a number of immediate priorities for managing network resilience during the next 5-10 years of major transport works across the WMCA area:
  - i. Form a formal and fully empowered multi-agency partnership with robust governance to work together to tackle the issues;
  - ii. Define and agree clear objectives for the partnership, to be based around ensuring the economic activity is able to continue to operate and grow, whilst existing transport system capacity issues are addressed and new growth sites are unlocked;
  - iii. Undertake a more detailed evidence analysis and develop firm mitigation strategies and schemes, including detailed feasibility and costs for these; and
  - iv. Secure funding for and undertake enabling and preparatory actions to consider the principles and benefits to partners in sharing data, and managing the network in an integrated and co-ordinated way. This includes exploring options around a West Midlands Regional Integrated Command Centre to bring together all stakeholders with all the relevant information to direct both the strategic and operational activity, for delivery by all partners.

2. The immediate implementation of a multi-agency Network Resilience Partnership and Governance Structure led by TfWM, the principles of which are set out in Section 6. This is to be refined and developed in collaboration with partners concurrently with establishing and mobilisation it.
3. The formation of a coordinated joint communications and public relations plan encompassing all WMCA partners, HS2 Limited, Highways England and Network Rail, to be agreed by the Heads of Communication of the WMCA and the Constituent Authorities.

**The Combined Authority Board is recommended to note:**

1. The discussion between Sandwell MBC and Highways England regarding the M5 Oldbury Viaduct major maintenance works and the concerns regarding the need for both physical mitigation works on the local highway network and a robust public communications plan. Sandwell MBC is seeking to agree proposals with Highways England, along with a commitment to implement a contingency relief plan in the event of excessive disruption.

## 1.0 Purpose

1.1 This report sets out the work undertaken to understand the scale of the challenge of managing and securing a resilient and robust transport network during a period of major infrastructure work across the West Midlands. The report also highlights a number of actions which are recommended in order to mitigate potential adverse impacts of any resulting poor network resilience (the ability of the system to cope with planned change and incidents).

## 2.0 Background

2.1 There has been growing awareness of the scale and timing of a series of major infrastructure works which particularly impact the Strategic Road Network (SRN) and Key Route Network (KRN) across the West Midlands. This includes:

- HS2 Phase 1: with significant rail, local road and motorway interfaces and diversion works;
- The delivery of the Government's Road Investment Strategy periods 1 & 2 (RIS1/2, running to 2021 and 2026 respectively) being delivered by Highways England;
- Network Rail's investment in a number of capacity upgrades on the network around Birmingham;
- WMCA's own investment in HS2 Connectivity, Metro and local transport;
- Investment in major maintenance and utilities works; and
- Major development in Birmingham city centre and other locations such as Cannock.

2.2 The infrastructure investment will bring many significant direct benefits and unlock further regeneration and growth opportunities. However, during the delivery period there is a risk that un-coordinated delivery undertaken by different agencies working in siloes could generate significant short-term adverse construction disruption impacts, as well as negatively impacting upon air quality. If poorly handled, as well as impacting the ability for labour market to move freely around the area, it has the potential to impact on manufacturing and logistics operations that underpin the regional economy (many of which use 'Just in Time' operating models).

2.3 This potential was recognised by TfWM and the HS2 Growth Strategy Board, who asked TfWM to undertake some scoping work. This work was commissioned and has been undertaken with the full cooperation and engagement of HS2 Ltd, Highways England, Network Rail and many of the Local Authorities.

2.4 Additionally the issue has been raised as part of the Devolution Deal 2 discussions with DfT and HMT and with the National Infrastructure Commission. This has been with a view to securing Central Government support for the strategic response, recognising that the scale and importance of the issue has impacts which are beyond the West Midlands. This is a function of a West Midlands network carrying a diverse and significant mixture of local, national and international people and goods movements.

## 3.0 Impact on the Delivery of the Strategic Transport Plan

3.1 Poor network resilience will adversely impact all tiers of the transport network identified in the Movement for Growth strategy, and in a worst case prevent many of the outcomes that are targeted being achieved. However, with the right investment in strategic mitigation measures during the construction period it is anticipated that longer term positive behavioural change can be achieved through increased use of sustainable and active travel

modes. This 'stickiness to change' has been observed at a smaller scale in Birmingham following the extensive programme of activity around the city centre A38 tunnel works, where Birmingham City Council have reported travellers retaining some level of changed travel behaviour such as rail use or car sharing that they initially adopted during the works.

#### **4.0 Wider WMCA Implications**

4.1 The implications of managing network resilience are significantly broader than just the TfWM area which is at the centre of the main area of disruptive works. In liaison with Highways England two broad zones of impact have been identified, with a core zone containing the wider double motorway box (M5, M6, M42, M40, A46) and wider zone extending up the M42 to A5; over to the M1 and along the A46 down to the M5. The strategic routes (road and rail) in the wider zone will be impacted both directly and by diversionary movements. Development coming forward in these areas which is dependent on the strategic network will need to be cognisant of network resilience management strategies.

#### **5.0 Progress, options, discussion, etc.**

5.1 The full consultant's report has been produced using information provided under a Non-Disclosure Agreement and therefore is not provided in full. However, Appendix 1 highlights the main locations of the strategic works currently proposed in and around the main M6/M5/M40/M42 motorway box. Work by the consultant highlights that the peak period of challenge will be between mid-2018 and 2020, but with the likelihood of 10 or more years of significant works.

5.2 For expediency the consultant's work was focused on the main motorway box. However, it is recognised that the issues extend beyond this, with construction impacts and an area of search for management solutions needing to extend to the A46, M69 corridor, along the A38 and along the M42 into Staffordshire; as well as and impacting the A5 corridor. Re-routing strategies for long distance traffic during the construction will also be likely to require consideration of the M1 corridor. Further work will be required to capture a truly comprehensive picture of the scope of the challenge and field of operation.

5.3 The headline preliminary findings identify the probable loss of 1 or 2 lanes (approximately 12.5 to 25%) capacity from the SRN at multiple locations during the same period, with potential for 20 mins plus delays for each vehicle for extended periods across significant elements of the network. The loss of SRN capacity is likely to occur at the same time as the local KRN is subject to disruption due to Metro, Sprint and HS2 connectivity package works. There will be some (limited) scope for transfer of trips to rail, but limitations in Park & Ride capacity and existing rail capacity limitations will ultimately constrain what can be achieved with conventional rail.

5.4 The issues of the impact of planned works are illustrated by the imminent work on the M5 Oldbury Viaduct, which now needs extensive major maintenance works to address structural issues. These works will result in significant disruption to both long distance through traffic and the local traffic which currently uses the M5 (but which will inevitably seek alternative routes). The impact on the local network will be exacerbated by some re-routing of traffic away from the motorway to avoid congestion. Sandwell MBC have been working with Highways England to identify and seek agreement on a programme of mitigation works on the local highway supported by a robust communications plan for local residents and businesses, including local junction upgrades. It is proposed to monitor the

impact of the works in order to assess the effectiveness of the mitigation and in order to inform planning for other major schemes around the area.

- 5.5 In addition to managing the impact of planned works there will be an increased need to improve incident recovery. This was highlighted by the Police and Crime Commissioners inquest. During the construction period the network can generally be expected to be under greater stress and less able to cope with delays from accidents and other incidents. Greater streamlining and coordination between Highways Authorities, transport operators and emergency services will provide benefits if linked by a common set of intelligence and response protocols. Work on this has started and will continue to be progressed.
- 5.6 Sustainable travel options and conventional bus based Park & Ride all have useful roles to play, but experience from the London 2012 Olympics suggests that long term sustained change in travel mode choice is more difficult. Based on TfL's experience there is some suggestion that a 5% shift to sustainable travel might be realistic, although challenging.
- 5.7 Based on the consultants findings and a workshop with stakeholders from across the area (including HS2, Highways England, M6 Toll, Network Rail and DfT), the most impactful mitigation options are likely to focus on (but should not be limited to):
- **Making use of empty seat capacity in cars:** There is a high proportion of single occupancy car trip making over the local and strategic highway network, with significant level of short distance motorway travel (often referred to as junction hopping);
  - **Shifting the time of travel and mode choice:** Through a mixture of technology enabled incentives (easy payment systems and public transport pricing; traveller information; and Mobility as a Service solutions) and intelligent management of parking supply and pricing. These would be most effectively implemented through targeted engagement with main traffic generating areas and organisations, and at pinch point hot spots;
  - **Traffic management - physical and enforcement measures:** Introduction of temporary measures such as High Occupancy Vehicle Lanes; Clearways (or Red Routes) and making best use of underutilised highway capacity such as the M6 Toll; and rigorous traffic enforcement (including moving traffic offences); and
  - **Communications, data, technology and intelligence:** The use of optimised Urban Traffic Control systems and systems performance monitoring within an environment of open data shared between agencies and published openly. This would be used to optimise construction planning and scheduling; as well as to drive joined up public information through multiple communications channels.
- 5.8 A number of immediate priorities for further action have been identified and are proposed to be put in place as soon as possible. Highways England have highlighted that the peak impact of construction impacts will not occur until into 2018, however, there will be tangible impacts from circa April 2017, starting with works on the M5.

The immediate priorities identified are:

- Form a formal and fully empowered multi-agency partnership with robust governance to work together to tackle the issues;

- Define and agree clear objectives for the partnership, to be based around ensuring the economic activity is able to continue to operate and grow whilst existing transport system capacity issues are addressed and new growth sites are unlocked;
- Form a robust and universally adopted communications strategy which can provide a single voice and emphasise the overall benefits of the investment. This would include messaging around meeting the daily travel demands of businesses and residents;
- Undertake a more detailed evidence analysis and develop firm mitigation strategies and schemes, including detailed feasibility and costs for these, covering a wider geography than just the main motorway box;
- Secure funding for and undertake enabling and preparatory actions. This would include the setting up of a West Midlands Regional Integrated Command Centre to bring together all stakeholders with all the relevant information to direct both the strategic and operational activity for delivery by all partners;
- Ensuring that all traffic signal junctions, variable message signs and traffic cameras across the West Midlands constituent authority area are operational and connected via a Urban Traffic Control Centre to the existing West Midlands common database system.

5.9 In parallel to the initial scoping work and on-going discussions with stakeholders TfWM have been negotiating with DfT and HMT over support required for network resilience measures.

These discussions are on-going but include:

- Additional powers to provide flexibility over the rapid introduction and removal of temporary bus services, park and ride provision and moving traffic offences;
- Formal Government support and engagement in a Transport Resilience Partnership;
- Feasibility and business case development funding of £250,000; and
- Protocols and mechanisms for better West Midlands engagement in the operation of the M6 Toll.

## **6.0 Governance**

6.1 A robust governance structure will be essential in order to address the issues highlighted above. The principles of this were discussed at a wider stakeholder meeting in late September 2016, at which HS2 Ltd, Highways England, Network Rail and many of the Local Authorities across the WMCA area were represented. It was agreed that the governance should be implemented and refined over time as required.

6.2 Subsequently a governance structure has been developed with the support of HS2 Ltd and Highways England as outlined in Figure 1. At the head of this proposed structure is a Leadership Board with Ministerial, Leader, Mayoral and Police & Crime Commissioner level membership, supported by Chief Executive level representation from Highways England and HS2 Ltd. Preliminary discussion with Andrew Jones MP and with Highways England's Chief Executive have suggested support for this approach.

6.3 The work of the partners through the Governance structure will need to be supported by agreed clear and consistent messaging and communications to the public, employers and investors. This is highly likely to require specialist support and will need to be resourced accordingly. Proposals for this are being scoped.

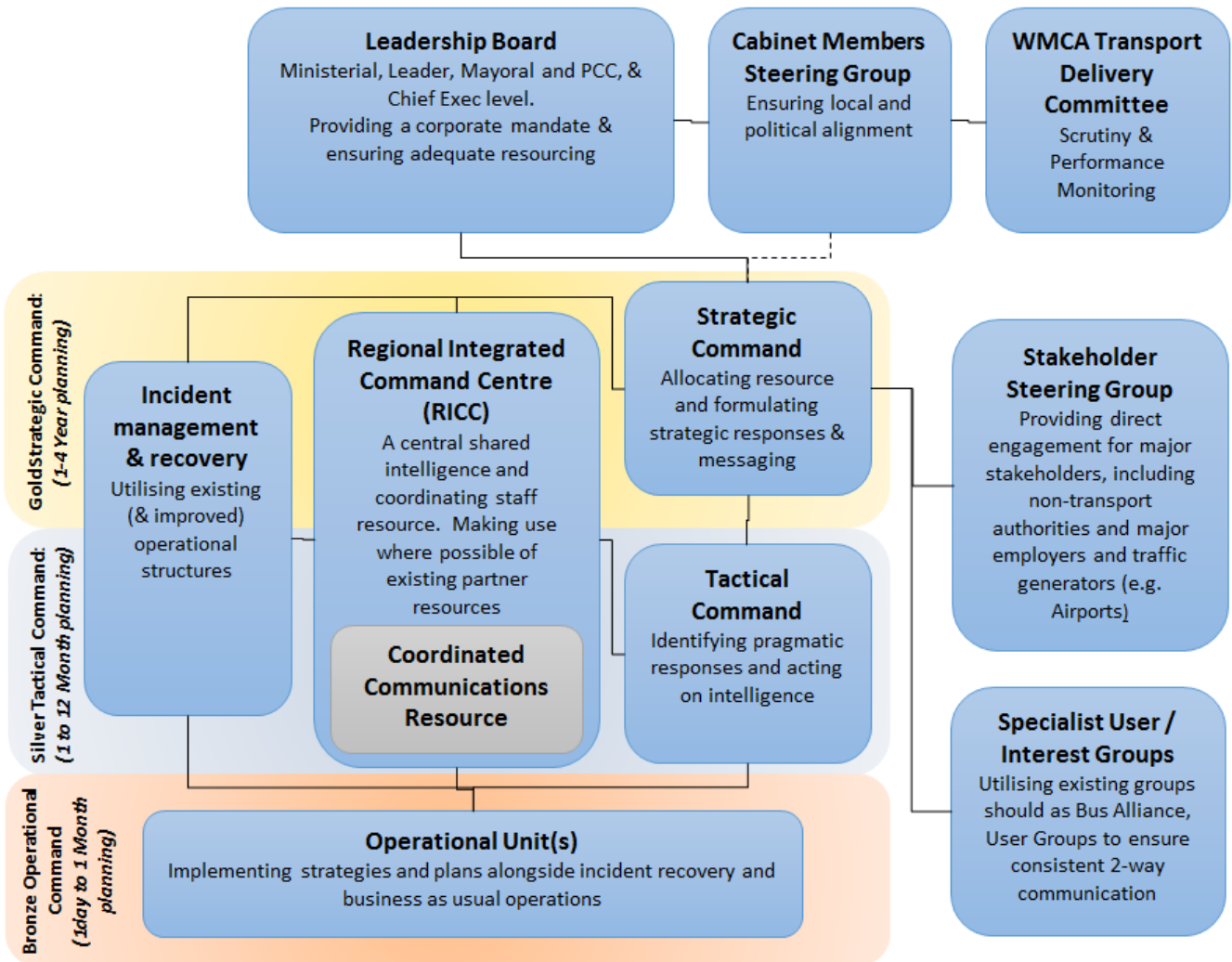
6.4 The geographic scope of the governance is proposed as set out in Figure 2. This has a core area of focus within which direct mitigation measures and coordination of works will be

targeted, but with full consideration of the impacts and opportunities across a wider area of interest.

- 6.5 All aspects of the above governance will need supporting by clear Terms of Reference, which are being developed in partnership with Highways England and others.

**Figure 1: Proposed Governance**

**WEST MIDLANDS TRANSPORT RESILIENCE & RESPONSE PARTNERSHIP (WM TRaR): GOVERNANCE**





**Figure 2: Area of focus for West Midlands Transport Resilience & Response Partnership**



## 7.0 Conclusions & Summary

- 7.1 The overall impact of all the works and merit of all the individual schemes is significantly positive. The works are required in order to unlock the strategic growth objectives adopted in the West Midlands Strategic Economic Plan. However, the potential magnitude of cost in the short term, if the network resilience issues are not well managed, has potential to be significant.
- 7.2 The bulk of the impacts are arising from major strategic works that are being undertaken as part of national programmes such as HS2 and motorway upgrades, albeit these will ultimately provide significant local benefits.
- 7.3 Short of not undertaking the major elements of the capacity improvement and maintenance works some level of adverse impact cannot be avoided. Not undertaking these works is not considered a viable approach as it would result in long overdue strategic investment in the

transport capacity of the West Midlands (which is necessary for growth) being deferred further, or being put at risk of not happening at all.

- 7.4 The worst of the short term adverse impact can be limited and managed through the introduction of a comprehensive range of solutions, which must be delivered in a fully coordinated partnership operating under a robust mandate which is embraced by all partners. Highways England, Network Rail and HS2 Ltd are understood to support TfWM providing leadership.
- 7.5 The impacts will start to be felt soon and will rapidly increase in magnitude, requiring an immediate concerted and well-funded effort by all partners.
- 7.6 There is significant further work to be done to understand the full implications and options for the detail of the mitigation activity required, but it is clear that there is no single 'silver bullet'. A broad based suite of measures will be needed, including physical temporary measures and a significant amount of revenue intensive stakeholder and business engagement; alongside community/traveller information and behaviour change support.
- 7.7 In addition to the more detailed investigation there are number of areas of activity in which work can now start, such as the feasibility of the establishment of a Regional Integrated Command Centre. This could be central to enabling other measures to work most effectively. The RICC would reflect the information contained in operational centres (local UTC desks, major construction compounds, CCTV centres etc) into a single centre of command containing the right staff from all agencies (Highways England, Local Highway Authorities, blue light services, TfWM, transport operators, HS2 Ltd and major contractors). Together these resources would allow a single coordinated view of immediate and medium term strategy to be formed and communicated, with a rich source of open operational data generated and published for all to access. There are various potential models for the RICC, which need to be explored through further feasibility and business case work. Funding of £250,000 to do this is being sought from Government. It is not intended that the RICC would replace local operational UTC centres, which would remain responsible for the implementation of intelligence based strategies formed in the RICC.
- 7.8 Public communications will be highly sensitive and critical for all partners to handle them clearly and consistently. A very robust and a well-resourced communications strategy needs to be developed and put in place as soon as possible, central to which will need to be a message of the West Midlands remaining 'open for business' and at the centre of planned for game changing and growth enabling investment.

## **8.0 Financial implications**

- 8.1 There are no immediate financial implications arising from the implementation of the recommendations of this report and the immediate priority actions will be put in place within existing budgets. However, in order to bring forward proposals £250,000 of feasibility and business case funding is sought from Government and no other funding source has been identified. Failure to secure this funding would result in a direct delay to the development of critical elements of the proposed mitigation strategy, and a consequent restricted ability to address network resilience issues.
- 8.2 In order to develop a coherent and robust overall response to transport resilience further significant funding will need to be identified, and no existing budgets for this have been identified.

## **9.0 Legal implications**

9.1 There are no direct legal implications arising from this report, although in the future it is anticipated that it will be necessary to enter into a number of partnership and legal agreements.

## **10.0 Equalities implications**

10.1 The impact of individual schemes are likely to have a positive equality impact on a number of protected characteristics. However, the interim disruptions are likely to have a negative impact on people with disabilities especially and older age groups. Individual schemes will need to be equality impact assessed and a plan needs to be put in place to ensure minimum disruption to customers during the construction period and effective and diverse communication to the public including disabled and older age groups.

## **11.0 Other implications**

11.1 Environmental impacts of poor network resilience could be significant, especially air quality and health as further work is undertaken these potential impacts will be assessed and identified.

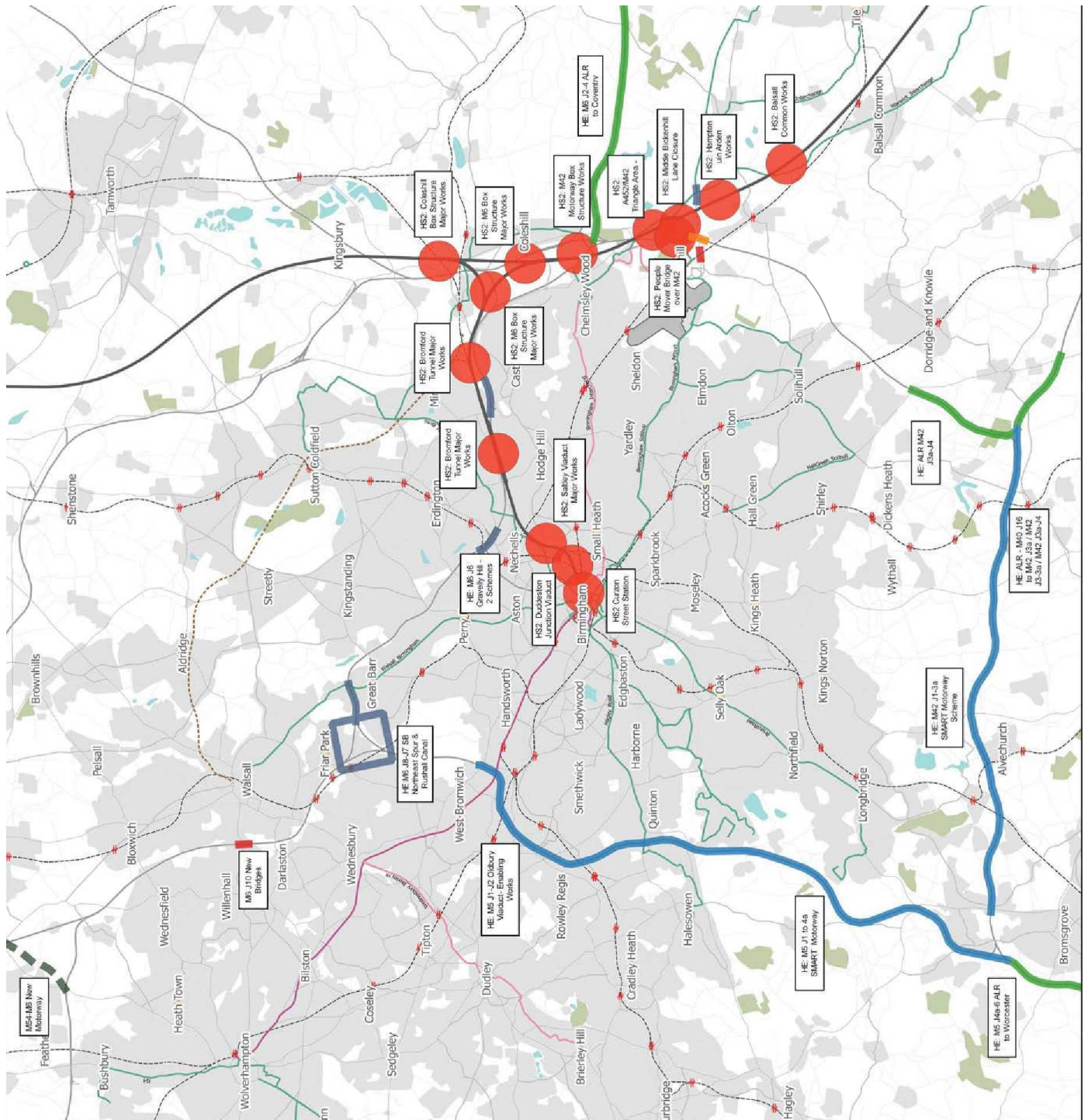
## **12.0 Schedule of background papers**

12.1 No papers.

## **13.0 Appendices**

13.1 APPENDIX 1: Plan of main works identified around the Birmingham motorway box (N.B. Print and view at A3 colour)

# APPENDIX 1: All Identified Major Works Birmingham Box 2016-2030





**WEST MIDLANDS**  
COMBINED AUTHORITY

## Board Meeting

<b>Date</b>	17 February 2017
<b>Report title</b>	HS2 Connectivity Package
<b>Cabinet Member</b>	Councillor Roger Lawrence – Transport
<b>Portfolio Lead</b>	Councillor Bob Sleigh – WMCA Chair
<b>Accountable Chief Executive</b>	Keith Ireland, Managing Director – Wolverhampton Email: <a href="mailto:keith.ireland@wolverhampton.gov.uk">keith.ireland@wolverhampton.gov.uk</a> Tel: 01902 554500
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<b>Report has been considered by</b>	STOG, HS2 Growth Delivery Board & WMCA Programme Board

### The Combined Authority Board is recommended to:

1. Note the principles for reallocating HS2 Connectivity Package funding as set out in Section 5.
2. Note the criteria that has been used to assess the HS2 Connectivity Package in Section 6.
3. Agree the revised HS2 Connectivity Package as set out in Section 7.
4. Agree that Government is lobbied to ensure that dependent national programmes are delivered by Network Rail.

## 1.0 Purpose

1.1 This report sets out a revised HS2 Connectivity Package following a review of scheme viability. The report has previously been considered by STOG on 5 December 2016.

## 2.0 Background

2.1 Following the submission of the HS2 Growth Strategy to government in April 2015, an agreement was reached within the West Midlands Combined Authority (WMCA) Devolution Deal to fund the key proposals contained within the strategy.

2.2 Strategic partners across the region have worked together to identify a robust set of schemes aimed at delivering excellent local and sub-regional connectivity to HS2 stations. This has been achieved by following the methodology highlighted below.

2.3 The evidence based methodology was used to identify the HS2 Connectivity Package in order to maximise the benefits flowing from HS2 to the wider region by focusing on:

- improving access to the Station Masterplan sites for appropriately qualified labour markets;
- improving access to HS2 for key business sectors; and
- improving access to a wider range of opportunities for disadvantaged areas.

2.4 The HS2 Connectivity Package currently comprises of 20 major transport infrastructure schemes to seamlessly connect Curzon Street and Interchange stations to the wider area. These schemes are set out below.

Infrastructure Type	Scheme	Benefitting Station	
Metro	East Birmingham / North Solihull	Curzon Street	
	Brierley Hill Line 1 Metro Extension		
Heavy Rail	Bordesley Chords and local enhancement		
	Water Orton and local enhancements		
	Snow Hill line improvements		
	Aldridge Station and Electrification		
	Walsall to Rugeley rail line speed improvements		
	Shrewsbury to Wolverhampton rail electrification		
Sprint	Longbridge to Birmingham		Interchange
	Sutton Coldfield (potential CityLink);		
	Walsall to Birmingham		
	Bartley Green		
	Extension to Halesowen		
	i54 (including extension to Penn and Merry Hill		
	A45 UK Central to Coventry		
	Solihull to Interchange		
	Interchange to Coleshill Parkway		
	Sutton Coldfield to Interchange		
Warwick to Interchange			
Hall Green to Solihull			

- 2.5 As part of the Devolution Deal discussions, an Implementation Plan for the HS2 Growth Strategy was submitted to government in May 2016, which included the HS2 Connectivity Package element. The Implementation Plan is fundamental to ensuring central government is confident that the final package is underpinned by a robust evidence base, will assist in optimising the economic potential of the region and is affordable and deliverable within the broader HS2 delivery timeframes.
- 2.6 The Implementation Plan set out key milestones for the development of the HS2 Connectivity Package schemes. These milestones were established based on the initial work that was done to develop the schemes for inclusion into the original HS2 Connectivity Package.
- 2.7 It was made clear within the Implementation Plan that assessments of scheme deliverability and associated milestones would be subject to change as further feasibility and development work was undertaken. It was necessary to caveat the HS2 Connectivity Package within the Implementation Plan in this way as the original work was based on initial scheme identification and desk top feasibility information generated during 2014. Alongside this, it is recognised that other changes have happened since the original work. This includes new opportunities to enhance connectivity, assumptions regarding schemes likely to be in place and delivery of schemes through other funding sources.
- 2.8 At the HS2 Growth Delivery Board meeting in August, it was agreed that work would be undertaken to review the HS2 Connectivity Package.
- 2.9 It was recognised that the outcome of further feasibility work will indicate that some schemes are not viable and therefore existing earmarked funding to be reallocated. It was agreed at the September 5 STOG meeting that a Working Group would develop the formulation of key principles for reallocation of funding and to work up the detail of an assessment and prioritisation process. This would allow for an evidence led consideration of potential changes to the HS2 Connectivity Package including additional schemes.
- 2.10 The Working Group consists of the following officers:
- Stuart Everton – Black Country Authorities
  - Phillip Edwards – Birmingham City Council
  - Paul Boulton – Coventry City Council
  - Perry Wardle – Solihull Metropolitan Borough Council
  - Sandeep Shingadia – Transport for West Midlands

### **3.0 Impact on the Delivery of the Strategic Transport Plan**

- 3.1 The impact of the contents of this report on delivery of the 15 STP Policies and/or the development/operation of:
- The National & Regional Tier
  - The Metropolitan Tier: Rail and Rapid Transit Network, Key Route Network, Strategic Cycle Network
  - The Local Tier
  - Smart Mobility Tier
- 3.2 The policies that are supported include:

- Policy 1 - Accommodate increased travel demand by existing transport capacity and new sustainable transport capacity;
- Policy 2 - Use existing transport capacity more effectively to provide greater reliability and average speed for the movement of people and goods;
- Policy 3 - Maintain existing transport capacity more effectively to provide greater resilience and greater reliability for the movement of people and goods;
- Policy 4 - Improve connections to new economic development locations to help them flourish, primarily through sustainable transport connections;
- Policy 5 – To help make economic centres attractive places where people wish to be.
- Policy 6 – To improve connections to areas of deprivation;
- Policy 8 – To improve connections to new housing development locations to help them flourish, primarily through sustainable transport connections.

#### **4.0 Wider WMCA Implications**

4.1 The report deals with the HS2 Connectivity Package which is largely located within the Metropolitan Area, but will serve to improve connectivity across the wider WMCA through improved links on key corridors to HS2 Stations at Curzon and Interchange.

#### **5.0 Principles for Re-allocation of Funding**

5.1 The Working Group has established a number of principles which need to be considered for the re-allocation of funding:

- The WMCA Board would agree any re-allocation of funding in relation to the connectivity package and associated schemes.
- The HS2 Connectivity Package objectives and key corridors remain an overarching priority. Any schemes being considered for funding through the connectivity package need to enhance access to HS2 Stations at Curzon or Interchange. This will ensure that the overall benefits of the HS2 Connectivity Package remain or are further enhanced.
- Supporting existing schemes that have a funding gap for implementation. The HS2 Connectivity Package was developed on the assumption that a number of transport investments would be in place. Funding should be earmarked where existing schemes need support and demonstrate benefits for HS2 connectivity.
- If a scheme is not viable, then alternatives should be considered within the corridor that can provide connectivity benefits e.g. if a Sprint corridor is not viable as a scheme then alternatives such as highway junction improvements could be considered. Through this an improvement can still be delivered in terms of journey time and journey time reliability.
- In a scenario where a scheme in Local Authority A is not viable, it does not mean that an alternative has to be earmarked for that same Local Authority.
- To work within the existing WMCA funded envelope for the HS2 Connectivity Package.



## 6.0 Assessment Process and Prioritisation

- 6.1 Alongside the headline principles set out above, work has been undertaken on assessing potential new schemes within the HS2 Connectivity Package. This has been done to ensure that there is an evidence base to support a revised HS2 Connectivity Package and that the overall benefits can be maximised.
- 6.2 The approach for assessing and prioritising the HS2 Connectivity builds on the original scheme prioritisation protocol which was developed for the original package. By utilising this approach, there is a degree of consistency.
- 6.3 The assessment of the existing HS2 Connectivity Package and additional schemes has utilised the following criteria:

### *Fit with strategic transport objectives and policies*

- Access to International Gateways and HS2
- Freight and Business Efficiency
- Access to Growth
- Access to Labour and Skills
- Local Transport Plans
- HS2 Growth Strategy
- LEP & WMCA Strategic Economic Plan
- Local Plans and Core Strategies
- Other relevant adopted plans/strategies

### *Market Demand*

- Evidence/analysis to demonstrate that there is user demand for the scheme
- Evidence/analysis of the market demand for the development or growth area that the scheme supports (in addition to the growth associated with the two station sites)

### *Economic Exclusion*

- Measured by the benefits to areas with high Indices of Multiple Deprivation (IMD)

### *Wider Economic Impact*

- Additional benefits to the economy from the scheme

- 6.4 The assessment against the identified criteria has been undertaken utilising existing scheme information e.g. strategic cases for the existing schemes as well as a number of additional schemes. The assessment has allowed a prioritisation exercise to be conducted which sets out the relative priority of the schemes based on the criteria set out above.

## 7.0 Revised HS2 Connectivity Package

- 7.1 In line with the principles and prioritisation process identified, it is proposed that the HS2 Connectivity Package is revised to reflect the following types of scheme:
- Base Schemes – existing/committed schemes within identified HS2 Connectivity corridors that need support to get them implemented
  - Core Schemes – original HS2 Connectivity Package schemes

- New Schemes – additional schemes which provide a new opportunity to support HS2 Connectivity Package objectives
- Reserve Schemes – original HS2 Connectivity Package schemes which are currently not viable

7.2 The revised HS2 Connectivity Package is set out below:

Scheme			Strategy	Economy
Status	Mode	Name	Rank	Rank
Base	Metro	Centenary Square/Edgbaston extension	15	15
Base	Metro	Wolverhampton Interchange	15	2
Base	Rail	Coventry station Masterplan	8	9
Base	Sprint	Sprint – Hagley Road	8	7
Core	Rail	Bordesley Chords	8	1
Core	Rail	Camp Hill Line Local Enhancements		
Core	Rail	Water Orton	1	3
Core	Rail	Water Orton Local Enhancements		
Core	Rail	Snow Hill Lines	3	16
Core	Metro	Wednesbury to Brierley Hill Extension	8	17
Core	Metro	East Birmingham to Solihull	3	5
Core	Sprint	Longbridge to Birmingham	15	9
Core	Sprint	A34 Walsall to Birmingham	21	23
Core	Sprint	Hall Green to Interchange via Solihull	21	21
Core	Sprint	Hagley Road Extension	8	20
Core	Sprint	Sutton Coldfield to Birmingham via Langley	15	17
Core	All	Sutton Coldfield Interchange and City Link		
Core	Sprint	A45 Airport	2	13
New	Rail	Walsall to Wolverhampton Local Enhancements	3	22
New	Rail	Stourbridge to Round Oak Line Canal St Station	8	11
New	Rail	Coventry Very Light Rail	15	14
New	Rail	Tile Hill Park and Ride Expansion	15	8
New	Sprint	Hagley Road Phase 2	8	4
New	Sprint	Dudley to Birmingham	3	12
New	All	Interchange Hub	3	5
Reserve	Rail	Aldridge station and electrification	24	24
Reserve	Rail	Shrewsbury to Wolverhampton electrification	28	26
Reserve	Sprint	Bartley Green	21	28
Reserve	Sprint	i54	26	27
Reserve	Sprint	A45 UK Central to Coventry	27	19
Reserve	Sprint	Interchange to Coleshill Parkway	24	25
Reserve	Sprint	Sutton Coldfield to Interchange	28	30
Reserve	Sprint	Warwick to Interchange	28	29

- 7.3 A detailed schedule is attached as Appendix 1. This sets out total cost and funding sources. Further work will be undertaken to develop the funding profiles for the schemes.
- 7.4 The assessment and prioritisation matrix for the schemes is attached at Appendix 2.
- 7.5 Commentary on the 'Reserve' schemes that have been categorised as currently not viable is attached at Appendix 3. It is recognised that these schemes could be reconsidered under the HS2 Connectivity Package should the opportunity arise, however no development funding will be made available through the HS2 Connectivity Package funding.
- 7.6 Further work will be undertaken on updating the HS2 Implementation Plan once the revised HS2 Connectivity Package is agreed.
- 7.7 It is noted that WMCA Assurance Framework will need to be satisfied for schemes within the HS2 Connectivity Package to secure funding. Schemes will need to develop Strategic Outline Business Cases (SOC), Outline Business Case (OBC) and Full Business Case (FBC) as required. Alongside this regular programme monitoring will be undertaken and any further changes to the HS2 Connectivity Package schemes will be addressed through a change control process.

## 8.0 Financial implications

- 8.1 The initial HS2 Connectivity Package as included within the Devolution Deal totalled £0.938bn with a WMCA debt funding requirement of £0.570bn with the remainder being funded from a combination of DfT (Edgbaston Metro and A45 Airport Sprint), Network Rail and commercial arrangements in respect of the Sprint routes.
- 8.2 The revised HS2 Connectivity Package reflecting the latest assessment of viability is attached as Appendix 1 showing a total programme value of £1.257bn with a marginally reduced WMCA funding requirement of £0.553bn. The financial requirements of the initial and current programmes are summarised below:

	HS2 Connectivity Package	
	Devolution Deal £m	Revised Programme £m
Programme Cost	938	1,257
Funded By:		
WMCA Debt	570	553
Other Funding	368	704
Total Funding	938	1,257

- 8.3 The 'Other Funding' listed above can include contributions from (and is not limited to) DfT, Network Rail, Enterprise Zones, Local Growth Fund, private sector and Local Authority

contributions. Further work will need to be undertaken on the detail of these contributions as part of the development of individual schemes.

- 8.4 It should be noted that the favourable differential in WMCA debt financing as a result of the revised HS2 Connectivity Package will be used to support the associated dependent Metro work along the Bilston Road.
- 8.5 All schemes which feature within the revised HS2 Connectivity Package will be expected to adhere to the WMCA Assurance Framework prior to being awarded WMCA devolution deal financing. It is currently expected that the first schemes to progress through the framework will do so in 2017/18.

## **9.0 Legal implications**

- 9.1 There are no immediate legal implications flowing from the contents of this report.

## **10.0 Equalities implications**

- 10.1 No equality implications arising from this report. Individual schemes will need to be impact assessed for any equality implications.

## Appendix 1 – Revised HS2 Connectivity Package

	Project	Total (£m)	HS2 Growth Strategy*	Other Funding**	Network Rail
<b>Base Schemes</b>	METRO - CSQ/EDGE Metro Extension	148.2	58.9	89.3	
	METRO - Wolverhampton Interchange	51.8	12.4	39.4	
	RAIL - Coventry Station Masterplan	89.0	15.0	74.0	
	SPRINT - Hagley Road	15.3	3.0	12.3	
<b>Core Schemes</b>	RAIL - Bordesley Chords	200.0	50.0		150.0
	RAIL - Camp Hill Line Local Enhancements	40.0	28.0	12.0	
	RAIL - Water Orton	50.0	15.0		35.0
	RAIL - Water Orton Local Enhancements	55.0	40.0	15.0	
	RAIL - Snow Hill Lines	20.5	7.0		13.5
	SPRINT - Longbridge to Birmingham	42.6	38.4	4.2	
	SPRINT - A34 Walsall to Birmingham	33.1	29.8	3.3	
	SPRINT - Hall Green to Interchange via Solihull	32.1	28.9	3.2	
	SPRINT - Hagley Road Extension	10.4	9.4	1.0	
	SPRINT - Sutton Coldfield to Birmingham via Langley	27.1	24.4	2.7	
	ALL - Sutton Coldfield Interchange and City Link	21.6	19.5	2.1	
	SPRINT - A45 Airport	50.0	15.0	35.0	
	<b>New Schemes</b>	RAIL - Walsall to Wolverhampton Local Enhancements	18.0	12.6	5.4
RAIL - Stourbridge to Round Oak Line Canal St Station		20.0	14.0	6.0	
RAIL - Coventry Very Light Rail		55.0	15.0	40.0	
RAIL - Tile Hill P&R Expansion		8.0	7.2	0.8	
SPRINT - Hagley Road Phase 2		50.0	45.0	5.0	
SPRINT - Dudley to Birmingham		19.3	14.8	4.5	
ALL - Interchange Hub		200.0	50.0	150.0	
<b>TOTAL HS2 CONNECTIVITY PACKAGE</b>			<b>1,257.0</b>	<b>553.3</b>	<b>505.2</b>
* Funded through the WMCA Investment Programme					
** Includes DfT, LGF, EZ, Private Sector and Local Authority contributions					
<b>NOTE : HS2 CONNECTIVITY RELATED SCHEMES INCLUDED IN WIDER INVESTMENT PROGRAMME</b>					
	METRO - Wednesbury to Brierley Hill Extension	310.0		310.0	
	METRO - East Birmingham to Solihull	735.0		735.0	

Appendix 2 – Assessment Matrix

Scheme			Cost and funding (£m)				Strategy					Economy												
Status	Mode	Name	Total	HS2 Growth Strategy	Network Rail	Other funding	Corridor Alignment	Rank	Strategic policy	Rank	Local policy	Rank	Sum	BCR	Rank	PVB (£m)	Rank	Market demand	Rank	Exclusion	Rank	Wider impacts	Rank	Sum
Base	Metro	Centenary Square/Edgbaston extension	148.2	58.9		89.3	1,2 - 2	15	3	1	3	1	17	1.6	18	44.8	22	3	1	2	11	3	1	53
Base	Metro	Wolverhampton Interchange	51.8	12.4		39.4	4,8 - 2	15	3	1	3	1	17	2.9	9	140.6	7	3	1	3	1	3	1	19
Base	Rail	Coventry station Masterplan	89.0	15.0		74.0	12,17,18 - 3	8	3	1	3	1	10	2.5	10	52.5	18	3	1	2	11	3	1	41
Base	Sprint	Sprint – Hagley Road	15.3	3.0		12.3	1,2,6 - 3	8	3	1	3	1	10	4.0	6	62.0	15	3	1	2	11	3	1	34
Core	Rail	Bordesley Chords	200.0	50.0	150.0																			
Core	Rail	Camp Hill Line Local Enhancements	40.0	28.0		12.0	1,2,6 - 3	8	3	1	3	1	10	4.7	3	1,000.0	1	3	1	3	1	3	1	7
Core	Rail	Water Orton	50.0	15.0	35.0		3,9,11,13,15,16,18 - 7	1	3	1	3	1	3	2.0	13	206.0	5	3	1	3	1	3	1	21
Core	Rail	Water Orton Local Enhancements	55.0	40.0		15.0																		
Core	Rail	Snow Hill Lines	20.5	7.0	13.5		5,6,7,16 - 4	3	3	1	3	1	5	1.7	16	34.9	26	3	1	2	11	3	1	55
Core	Metro	Wednesbury to Brierley Hill Extension	310*				5,6,16 - 3	8	3	1	3	1	10	1.0	24	310.0	4	2	15	3	1	2	13	57
Core	Metro	East Birmingham to Solihull	735*				5,6,11,16 - 4	3	3	1	3	1	5	1.0	24	434.1	3	3	1	3	1	3	1	30
Core	Sprint	Longbridge to Birmingham	42.6	38.4		4.2	1,2 - 2	15	3	1	3	1	17	3.0	8	130.0	8	3	1	2	11	2	13	41
Core	Sprint	A34 Walsall to Birmingham	33.1	29.8		3.3	3 - 1	23	3	1	3	1	25	1.9	15	61.3	16	2	15	2	11	1	25	82
Core	Sprint	Hall Green to Interchange via Solihull	32.1	28.9		3.2	10 - 1	23	3	1	3	1	25	2.4	11	64.3	14	2	15	2	11	1	25	76
Core	Sprint	Hagley Road Extension	10.4	9.4		1.0	1,2,6 - 3	8	3	1	3	1	10	7.2	1	50.6	20	1	26	2	11	2	13	71
Core	Sprint	Sutton Coldfield to Birmingham via Langley	27.1	24.4		2.7																		
Core	All	Sutton Coldfield Interchange and City Link	21.6	19.5		2.1	3,11 - 2	15	3	1	3	1	17	2.0	13	52.0	19	3	1	2	11	2	13	57
Core	Sprint	A45 Airport	50.0	15.0		35.0	1,2,6,11,16 - 5	2	3	1	3	1	4	1.5	19	76.5	12	2	15	3	1	3	1	48
New	Rail	Walsall to Wolverhampton Local Enhancements	18.0	12.6		5.4	3,4,8,14 - 4	3	3	1	3	1	5	1.4	21	21.7	29	2	15	3	1	2	13	79
New	Rail	Stourbridge to Round Oak Line Canal St Station	20.0	14.0		6.0	5,6,16 - 3	8	3	1	3	1	10	5.1	2	79.7	11	2	15	3	1	2	13	42
New	Rail	Coventry Very Light Rail	55.0	15.0		40.0	12,17 - 2	15	3	1	3	1	17	1.7	16	93.5	9	3	1	2	11	2	13	50
New	Rail	Tile Hill Park and Ride Expansion	8.0	7.2		0.8	12,17 - 2	15	3	1	3	1	17	4.7	3	36.1	24	3	1	2	11	3	1	40
New	Sprint	Hagley Road Phase 2	50.0	45.0		5.0	1,2,6 - 3	8	3	1	3	1	10	4.0	6	200.0	6	3	1	2	11	3	1	25
New	Sprint	Dudley to Birmingham	19.3	14.8		4.5	1,2,5,6 - 4	3	3	1	3	1	5	4.2	5	81.0	10	2	15	3	1	2	13	44
New	All	Interchange Hub	200.0	50.0	150.0		11,12,17,18 - 4	3	3	1	3	1	5	2.4	11	480.0	2	2	15	3	1	3	1	30
<i>Total for revised package</i>			1,257.0	553.3	198.5	505.2																		
Not viable	Rail	Aldridge station and electrification	38.7				15 - 1	23	3	1	2	24	48	1.2	22	46.4	21	1	26	2	11	2	13	93
Not viable	Rail	Shrewsbury to Wolverhampton electrification	100.0				8 - 1	23	2	26	2	24	73	0.6	30	60.0	17	1	26	2	11	2	13	97
Not viable	Sprint	Bartley Green	41.6				2 - 1	23	3	1	3	1	25	1.5	20	36.0	25	2	15	1	28	1	25	113
Not viable	Sprint	i54	18.0				2,8 - 2	15	2	26	2	24	65	1.0	24	18.0	30	2	15	2	11	1	25	105
Not viable	Sprint	A45 UK Central to Coventry	47.6				12,17 - 2	15	2	26	1	30	71	1.2	22	64.8	13	3	1	2	11	2	13	60
Not viable	Sprint	Interchange to Coleshill Parkway	15.0				18 - 1	23	3	1	2	24	48	0.9	28	26.0	27	2	15	2	11	2	13	94
Not viable	Sprint	Sutton Coldfield to Interchange	27.7				11 - 1	23	2	26	2	24	73	0.9	28	26.0	27	1	26	1	28	0	30	139
Not viable	Sprint	Warwick to Interchange	43.6				12 - 1	23	2	26	2	24	73	1.0	24	43.6	23	1	26	0	30	0	30	133

NOTES

\*The cost of these schemes is not included in the totals of the HS2 Connectivity Package, but are included in the WMCA wider Investment Programme  
Strategy and economy scores are seven-point; 3, 2, and 1 are large, moderate, and slight beneficial respectively, negative numbers are the same grades of adverse impact - zero scores are neutral  
Rounded figures are estimates  
Corridor numbers are explained in the key below

Corridor	Curzon Street	Interchange
1	South Birmingham – Longbridge, Northfield, Kings Norton, Edgbaston	10
2	Bartley Green, Harborne, Edgbaston	11
3	Sutton Coldfield, Walmley	12
4	West Wolverhampton, Wolverhampton	13
5	Brierley Hill, Dudley	14
6	Worcester, Kidderminster, Stourbridge	15
7	Stratford-upon-Avon	16
8	Shrewsbury, Telford, Wolverhampton	17
9	East Midlands centres – Derby, Nottingham and Leicester	18

## **Appendix 3 – Reserve Schemes Not Currently Included in HS2 Connectivity Package**

### **RAIL – Aldridge Station and Electrification**

Within the original strategy there were assumptions made in order to provide a new station at Aldridge that will deliver direct access to the rail network via Walsall and Birmingham New St. Electrification would be required along three miles of double track as part of the scheme alongside the construction of a new station with bay platform at Aldridge. The anticipated costs for electrification works are likely to have increased to at least £15m based upon similar works being undertaken along the Walsall to Rugeley line, which cost more than double the originally forecast amount.

### **RAIL – Walsall to Rugeley Rail Line Speed Improvements (In Delivery)**

Electrification works expected to be completed by December 2017, with line speed improvements estimated to be operational by May 2018. These works are currently being implemented by Network Rail.

### **RAIL – Shrewsbury to Wolverhampton Rail Electrification**

This scheme was originally envisaged as a follow-on from the proposed electrification of key rail routes through the West Midlands (notably: Derby – Birmingham New St – Bristol; Birmingham Moor St to London Marylebone; Nuneaton – Coventry – Leamington – Oxford – Reading – Southampton; and the Snow Hill Lines between Stratford/Leamington – Birmingham Moor St – Stourbridge – Worcester). However, proposals for these priority electrification schemes have now been indefinitely deferred following the problems with the national Great Western and Midland Main Line electrification schemes.

The £60m estimated cost of the electrification and line speed improvements from Wolverhampton to Shrewsbury is also no longer valid based on more recent outturn costs from other schemes. Line speed improvement costs were anticipated by Network Rail to be circa £28m in 2013 and these remain relatively robust. However, the cost of electrification of the circa 30 miles of double track plus Shrewsbury Station area is now expected to be up to £150m.

Furthermore, many of stated objectives of the scheme are now set to be achieved without the expense of electrification. Virgin Trains now runs direct London to Shrewsbury services using diesel-powered trains, whilst the frequency of local services between Shrewsbury, Telford and Wolverhampton and Birmingham is set to double under the new West Midlands franchise.

Little or no further development work has been undertaken to scope this intervention. Opportunities for future line speed improvements and electrification will continue to be kept under review, however, the case for electrification will now need to be based on the increased cost estimates and considered in the context of other regionally significant electrification priorities.

### **SPRINT – Bartley Green**

It is apparent that the case for serving Bartley Green via the Bristol Road is stronger than the alternative route via the Hagley Road, and the strategic case for serving the QE Hospital also makes this route a more attractive option. However, the BCR is marginal for this scheme and there are some key risks that could reduce the journey time savings if they transpire.

### **SPRINT – I54**

The i54 to Wolverhampton Sprint route is felt to not currently be feasible due to significant congestion and constraints along the A449 corridor. A 20% improvement on conventional bus journey times will not be achieved without significant bus priority infrastructure being implemented

(such as highway widening), which is currently unachievable due to budgetary and highway boundary constraints.

TfWM and Wolverhampton City Council will continue to liaise about the corridor, and the possibility of funding bus priority measures. Although it is recommended that no further work be undertaken on developing Sprint services on the corridor at this time, such proposals should be incorporated within the corridor improvement scheme to support the introduction of Sprint at a later date.

### **SPRINT – A45 UK Central to Coventry**

Whilst Tile Hill, Eastern Green and Warwick University all generate a reasonable level of patronage for service, there are not enough other areas on the route with a consistent level of demand to sustain Sprint. Based upon the high level appraisal undertaken, which includes optimistic growth projections for trips into and out of UK Central, a Sprint service operating between Coventry and HS2 Interchange would represent low value for money.

The journey time savings achieved on the route are only 15%, which is less than the minimum Sprint standard. Furthermore, this journey time saving would be difficult to achieve without good support from Coventry City Council.

### **SPRINT – Interchange to Coleshill Parkway & Sutton Coldfield to Interchange**

The Sutton Coldfield to Interchange (including Coleshill to Interchange) corridor will create a key link to the predicted growth at HS2 Interchange. Whilst there is expected to be an increase in demand by 2031, the BCR for a Sprint scheme on this route remains weak. The semi-rural nature of the route means the low level of patronage does not cover the investment required to meet the Sprint Standards. However, the demand for an improved public transport link between these strategic centres is evident and Warwickshire are supportive of a scheme that provides a link from Coleshill Parkway to HS2 Interchange, although it is unlikely to warrant a Sprint route until further growth materialises after 2030.

### **SPRINT – Warwick to Interchange**

An initial review of the corridor shows this route to have its population concentrated in a small number of centres, with large rural sections between. Congestion is focussed on a few specific locations, mainly in the urban areas, with the sections between being generally free-flowing. The Warwick to Interchange Sprint route is not currently considered deliverable due to the pattern of population along the corridor which gives rise to low levels of demand. The route may be able to support a different, high-quality bus service.





**WEST MIDLANDS**  
COMBINED AUTHORITY

## Board Meeting

<b>Date</b>	17 February 2017
<b>Report title</b>	Swift Programme 2017
<b>Cabinet Member Portfolio Lead</b>	Councillor Roger Lawrence – Transport
<b>Accountable Chief Executive</b>	Keith Ireland, Managing Director – Wolverhampton Email: <a href="mailto:keith.ireland@wolverhampton.gov.uk">keith.ireland@wolverhampton.gov.uk</a> Tel: 01902 554500
<b>Accountable Employee</b>	Matt Lewis, Head of Swift, Transport for West Midlands Email: <a href="mailto:matthewlewis@centro.org.uk">matthewlewis@centro.org.uk</a> Tel: 0121 214 7025
<b>Report to be/has been considered by</b>	Smart Programme Board – 30 January 2017 Strategic Transport Operators Group – 30 January 2017 WMCA Programme Board – 3 Feb 2017

**The Combined Authority Board is recommended to:**

1. Review the Swift programme as set out on page 3 below.
2. Agree to the acceleration of the rail based projects as detailed in section 8 below.

## 1.0 Purpose

1.1 The purpose of this report is to present the detailed Swift Programme to the West Midlands Combined Authority; and to outline an opportunity to accelerate a number of projects within the programme as determined by the Smart Programme Board.

## 2.0 Background

2.1 The Swift delivery team has been working closely with the Smart Programme Board to review and agree its programme of works for 2017. As part of the initial review, the Smart Programme Board challenged the Swift team to investigate and report back on the opportunity to accelerate each individual project. The outcome of that investigation and recommendations for acceleration are set out in detail within this report.

2.2 Work to develop a blueprint and roadmap for the rollout of contactless payment and “best value capping” is underway with a final report is expected to be delivered by the end of April 2017. Upon completion of that report and subject to gaining agreement to proceed, the 2017 Swift programme will be updated to incorporate contactless payment and “best value capping” projects.

## 3.0 Impact on the delivery of Strategic Transport Plan

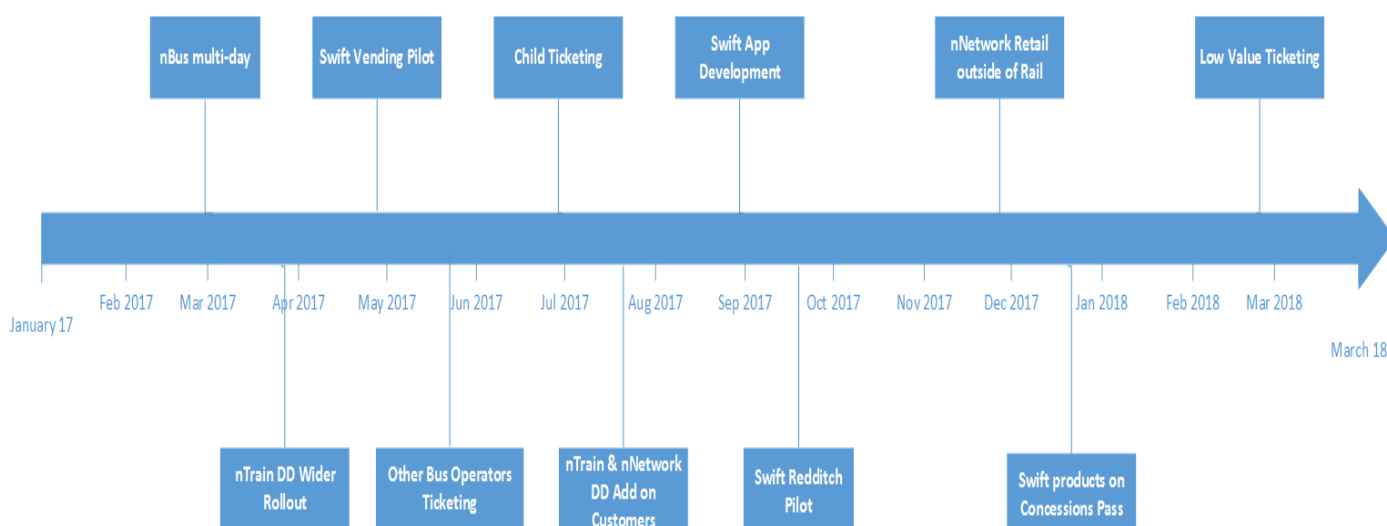
3.1 This work is associated with the Smart Mobility Tier as it will lead to the delivery of an optimum payment solution for transport which will become a fundamental part of the Personal Mobility Platform.

## 4.0 Wider WMCA Implications

4.1 There are a number of projects within the 2017 Swift Programme which deliver Swift into the wider WMCA area.

## 5.0 Initial Swift Programme (Pre Smart Programme Board Review)

5.1 The Swift programme for 2017 is made up of 12 individual but interrelated projects. The delivery timeline, pre project acceleration review is set out below:



5.2 It should be recognised that the Swift team has developed detailed plans for those projects with a closer delivery date and as such has greater certainty that they will be delivered in accordance with the dates within the timeline. For those projects closer to the end of the year, only high level plans exist and as such the delivery dates for these projects should be treated as indicative. However, these high level plans and this timeline has been developed through close working with TfWM's key suppliers and stakeholders and therefore, whilst the later project dates are indicative, they should be seen as a strong indication.

## 6.0 Project Description and dependency review

Project name	Description	Expected Launch date	Key dependencies
<b>nBus multi-day</b>	Pre-purchase day tickets in blocks of 5, 10 or 15 that can be used at any time over a 12 month period on all bus operators' services within the West Midlands. This replicates the National Express e-Daysaver which is currently available on Swift but extends its acceptance to all other bus operators.	Late Feb 2017	All dependencies have been managed and timely delivery is highly likely.
<b>nTrain Direct Debit wider rollout</b>	Providing current multi-train operator (nTrain) season ticket customers with a Swift card instead of a paper magnetic striped ticket, making it easier for customers to get through gate-lines at key stations and cheaper for TfWM to manage the customer.	Mar 2017	All dependencies have been managed and timely delivery is highly likely.
<b>Swift vending machine pilot</b>	A self-service vending machine that dispenses Swift cards (including photo ID) and allows for the purchase of Swift ticket types including season tickets and PAYG credit. The pilot site will be Wolverhampton Bus Station.	Apr 2017	The vending machine will have new and innovative bespoke functionality which will be unique to the West Midlands and as such significant testing is planned. All other dependencies have been managed and timely delivery is likely.
<b>Swift ticketing for other bus operators</b>	Bringing the sale of other bus operators' tickets to join those of National Express on the Swift web-portal and through the Payzone network.	Jun 2017	Dependencies related to the delivery of the functionality have been managed and a number of bus operators have

			expressed an interest to enable the sale of their tickets and as such timely delivery is highly likely.
<b>Child Ticketing</b>	Moving the range of tickets available to children; and those aged 16-18 in full time education, onto the Swift platform to bring all of the benefits that are currently only available to adults such as replacements of lost cards and access to a wider retail network including on-line using the App and Swift collectors	Jul 2017	TfWM is close to finalising its scope and detailed plan which currently supports a timely delivery.
<b>Swift nTrain and nNetwork Direct Debit “add-on”</b>	Issuing Swift cards to those customers on the nTrain and nNetwork direct debit database that live outside the 5 zone boundary of the West Midlands to replace their magnetic striped ticket. This will bring Swift ticketing into the wider WMCA region.	Sep 2017	This requires the agreement of the Train Operating Companies (TOCs) and initial discussions have proven positive. The technical solution mirrors that delivered already.
<b>Swift App development</b>	This will see a refresh of the Swift App bringing together the Swift retail and collection function through a single solution for the benefit of users	Sep 2017	The project scope is currently being finalised but the detailed plan is yet to be developed. Discussions with suppliers give confidence that this will be delivered within this timeframe.
<b>Swift for the wider CA with pilot in Redditch</b>	Bringing the Swift platform to Redditch through the extension of Swift PAYG, and the introduction of Diamond season tickets onto the Swift platform. The project should also see the installation of a number Swift collectors and the introduction of a small number of Payzone outlets.	Nov 2017	The primary bus operator in Redditch is keen to support the wider rollout of Swift and discussions are on-going with Worcestershire County Council.
<b>Wider retailing of nNetwork</b>	Rolling out the nNetwork (multi-operator and multimodal) season ticket range to customers beyond the direct debit scheme through the Swift web-portal.	Dec 2017	This requires the agreement of the Train Operating Companies (TOCs) and initial discussions have proven positive. The technical

	TfWM and National Express Travel Information Centres and the Payzone retail network		development mirrors that which has been delivered already.
<b>Swift &amp; Concessionary passes</b>	Enabling the purchase and load of Swift tickets onto the Senior and Disabled concessionary pass and therefore removing the requirement for those customer to obtain Swift cards or other ticket type for journeys they undertake outside of the concessionary validity.	Jan 2018	There is significant development and testing work associated with linking together two systems which are currently separate. Discussions with suppliers indicate that this date is achievable.
<b>Disposable Swift cards</b>	Delivering the functionality of the Swift card onto cheaper media such as a paper ticket that can be disposed of after use. This will allow the transition of single day tickets onto the Swift platform which will be ideal for vending for example.	Mar 2018	This requires a software update to ticket machines to enable acceptance of this type of Swift card. National Express are currently focusing on replacing their ticket machines and as such this is dependent on their rollout plans.

## 7.0 Future Swift Projects

7.1 The table below lists future Swift projects still in the scoping phase:

<b>Project</b>	<b>Description</b>	<b>Progress</b>
Contactless payment	Delivering the ability to pay for public transport using a contactless payment card and the introduction of systems with intelligence to enable the calculation of “best value” fares before end of day collection.	PA Consultants have been appointed to work with TfWM to develop a roadmap for the delivery of this project. This work commenced at the start of January and is on target to deliver its outputs by the end of April.
Swift capping	Delivering the benefits expected from the contactless payment “best value” calculation onto the Swift card to ensure all customers, including those with a low credit rating have access to the offer.	Included as part of the work above.
Contactless payment enabled ticket machines	Supporting smaller operators in their efforts to purchase and manage ticket machines capable of accepting	National Express has purchased new ticket machines to deliver this functionality – these machines will be rolled out during

	contactless payment.	the next 12 months. TfWM is currently supporting Diamond and Central Buses in their discussions with ticket machine manufacturers. TfWM has also set up a seminar for late January to bring all operators together to discuss an optimum approach.
Update rail infrastructure	Deliver more gate-lines, where appropriate, and readers across the rail network to enable the further rollout of Swift.	TfWM has worked closely with Midlands Connect to develop a proposal that has been presented to the DfT. TfWM has also worked closely with the two West Midlands rail franchise bidders to ensure that the further rollout of Swift is part of their plans going forward.
Swift on Mobile	Delivering functionality to enable a mobile phone to replicate the Swift card to remove the requirement and barrier associated with having to obtain a physical card.	A successful but limited pilot was undertaken in 2016 with NXP. Subject to further scoping and obtaining funding, TfWM is looking to support ITSO as a pilot partner for a wider scheme in 2017.
Future ticketing for tram and sprint	Define the optimum ticketing technology solution for rapid transit including a review of off-vehicle ticketing as opposed to conductor led.	TfWM has appointed AECOM to support this review. Their report will be available by the end of March and recommendations may be scoped for funding approval.
Swift and Mobility as a Service (MaaS)	Review the potential to integrate the Swift payment platform with other forms of public and private transit including car sharing, car parking, cycle hire and electric vehicle charging to enable the capture of customer data and therefore the influence of travel behaviour.	Desk based research has been undertaken and an outline project scope has been developed for review by the Smart Programme Board.

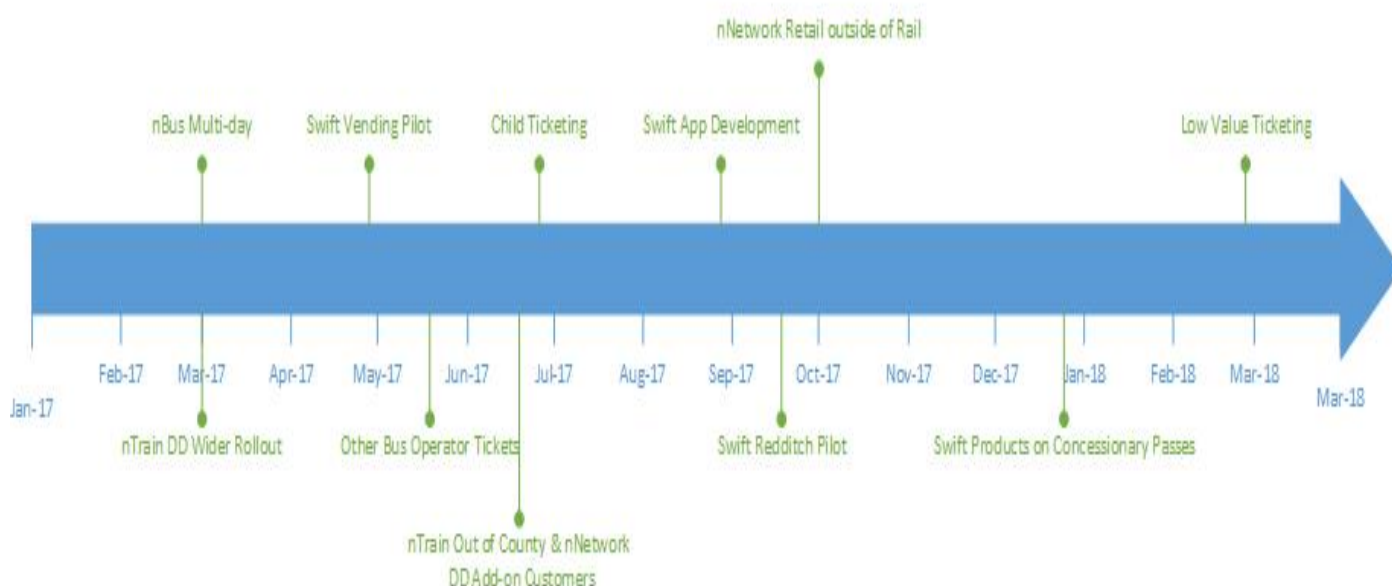
## 8.0 Swift Programme Acceleration Review

8.1 The Smart Programme Board is keen to accelerate the rail projects within the Swift programme as rail is the mode for which Swift has so far penetrated the least and demonstrating continued successful delivery on this mode is likely to encourage further investment from DfT which is keen to support the further rollout of smart ticketing across the national rail network.

8.2 To meet the Smart Programme Board's request and following a review with suppliers, the Swift team is confident that the following projects can be accelerated:

- nTrain Direct Debit wider rollout
- Swift nTrain and nNetwork Direct Debit “add-on”
- Wider retailing of nNetwork

8.3 The updated timeline is set out below:



## 9.0 Financial implications

- 9.1 The 2016/17 and 2017/18 Revenue Budgets include provision to fully fund the agreed work streams outlined in section 6. The proposed acceleration of work streams will not incur additional cost and benefits to the customer and potentially to internal work practices will be felt earlier.
- 9.2 Budget has also been allocated in 2016/17 to support the work being undertaken on developing a contactless roadmap, which will include outlining the associated costs of any proposed approach. No funding is currently available to support any of the future Swift programme proposals, including contactless and capping, and should the West Midlands Combined Authority wish to take forward any of these options, establishing the associated costs and identifying and securing additional funding will need to be a priority.

## 10.0 Legal implications

- 10.1 No legal implications at this stage but will need to be reviewed as the future programme is rolled out to ensure timely legal support is provided. In particular, in respect of agreements required to deliver the wider rail based projects with the relevant TOC's, early engagement with the legal team is recommended.

## 11.0 Equalities implications

- 11.1 There are no current equalities implications associated with this report.

## 12.0 Other implications

12.1 There are no further implications associated with this report.

**13.0 Schedule of background papers**

13.1 Related to previous Swift papers as circulated to this board.

**14.0 Appendices** - None





**WEST MIDLANDS**  
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## Board Meeting

<b>Date</b>	17 February 2017
<b>Report title</b>	West Midlands Bus Alliance Annual Report
<b>Cabinet Member Portfolio Lead</b>	Councillor Roger Lawrence – Transport
<b>Accountable Managing Director</b>	Laura Shoaf, Managing Director, TfWM Email: <a href="mailto:laurashoaf@centro.org.uk">laurashoaf@centro.org.uk</a> Tel: 0121 214 7444
<b>Accountable Employee</b>	Pete Bond, Director of Transport Services, TfWM Email: <a href="mailto:petebond@centro.org.uk">petebond@centro.org.uk</a> Tel: 0121 214 7388
<b>Report has been considered by</b>	WMCA Programme Board

### The Combined Authority Board is recommended to:

1. Note the progress made during the first 12 months of the West Midlands Bus Alliance, in particular successes in reducing emissions, developing smartcard ticketing, ongoing improvements in vehicle quality and the delivery of a number of successful schemes to improve journey times and reliability.
2. Note the challenges presented by increasing congestion, the impact this has on punctuality and journey times, and the knock-on impact on passenger satisfaction and patronage.
3. Agree the proposal for a formal Alliance partnership delivery agreement to support the delivery of further initiatives over the next three years (para 5.15).

## **1.0 Purpose**

- 1.1 This is a report from the Transport Delivery Committee and provides an update to the Combined Authority on the work and effectiveness of the five-year West Midlands Bus Alliance after its first full year.

## **2.0 Background**

- 2.1 Buses are essential in keep the West Midlands moving. On average, 10% of all trips by West Midlands residents are made by bus, which represents 84% of all public transport trips.
- 2.2 In 2014 the West Midlands Integrated Transport Authority (WMITA) decided to review its bus policy. Following an in-depth review, a series of bus policy objectives for the West Midlands metropolitan area were agreed by the WMITA at its meeting on March 18th 2015. The objectives include commitments to improve bus quality, ticketing, training, reviews of the network, working practices and highways interventions. The outcome of these objectives should be to increase bus patronage and improve peak bus journey times for buses as outlined in appendix 1.
- 2.3 Following a robust review of delivery mechanisms and comprehensive analysis of various options, the West Midlands Bus Alliance was established following a recommendation from the ITA at its meeting on 17th September 2015 as the best way of delivering these objectives. It was resolved that a regular progress report should be submitted to the WMITA (now WMCA). The Alliance strengthens the relationship between the region's key partners with strong governance and shared responsibility for the delivery of objectives.
- 2.4 The Bus Alliance Board meets every two months and is accountable for creating the environment in which the WMCA policy objectives can be delivered between 2016 and 2020. It consists of representatives from Transport Delivery Committee, Bus Operators, Strategic Transport Officers Group, District Traffic Managers, Police, Local Enterprise Partnership, Department for Transport and Confederation of Passenger Transport. It is independently chaired by national public transport watchdog Transport Focus. The DfT have an observing role, as they are interested to learn how the Alliance model can be supported by the emerging Bus Services Bill. The Board is supported by a number of sub-groups who have responsibility for delivering initiatives on a day-to-day basis that contribute towards the successful achievement of the objectives.
- 2.5 The first meeting of the Board was in November 2015 and this report covers activities up to the end of 2016.

## **3.0 Impact on the Delivery of the Strategic Transport Plan**

- 3.1 The Bus Alliance is delivering on many improvements to the transport system in accordance with the strategic transport plan's overall approach of making better use of existing transport capacity and increasing sustainable transport capacity. Bus is the most used form of public transport in the West Midlands, and although this number is in decline over 260m passenger trips are made per year with over 20% of trips into strategic centres made by bus. Positive work is progressing in accordance with paragraphs 4.41 and 4.43 of the plan:











- *Organisational changes around rail and bus will help delivery and operation of this affordable-to-use, integrated public transport system.*
- *For bus, this is through: an effective delivery agent in the Combined Authority working closely with highway authorities; and by the Combined Authority seeking to ensure the best of the private and public sectors working together to deliver world-class bus services. The new strategic bus alliance in the West Midlands provides a sound basis to make this aim a reality.*

#### **4.0 Wider WMCA Implications**

- 4.1 The West Midlands Bus Alliance only covers the West Midlands metropolitan area, however a number of bus services operate across boundaries into the wider Combined Authority area so will benefit as a result of service improvements.
- 4.2 A similar model could be used by Local Transport Authorities to develop bus services in the wider Combined Authority area if deemed appropriate.

#### **5.0 Progress**

- 5.1 Key Performance Indicators (KPIs) have been developed for each of the objectives outlined in Appendix 1. These can be tracked to measure the effectiveness of the Alliance and assess where greater attention is required.
- 5.2 A report outlining progress against the KPIs was presented to the Bus Alliance Board in November 2016 to outline progress to date. This is attached in Appendices 2 and 3. The main outcomes are summarised below.

 <p>Cleanest Euro V &amp; VI buses <b>41%</b>  <b>34%</b> Jan '17 from Nov '15</p>	<p>Ongoing investment from bus operators through the purchase of new buses and retro-fitting exhaust traps to older buses means that over 40% of vehicles now meet the Alliance target of Euro V or better, significantly reducing harmful emissions (para 5.8)</p>
<p>Simplified core routes NWM brand awareness <b>84%</b>  <b>7%</b>  15/16 from 14/15</p>	<p>Familiarity with the Network West Midlands amongst West Midlands customers continues to increase, meaning there is strong brand awareness which the Alliance can build on.</p>
<p>Non-concessionary Swift Bus Journeys:  <b>Jan '16: 3%</b> <b>Nov '16: 14%</b></p>	<p>The number of customers using Swift smartcards to make their bus journeys is increasingly huge as more and more products become available on this platform (para 5.9)</p>
<p> Customer Satisfaction: <b>87%</b> Spring 2016</p>	<p>Overall customer satisfaction scores remain high, despite a decline in satisfaction with journey times, which continue to increase due to rising congestion (para 5.4 and 5.5).</p>
<p> Patronage: <b>263m</b> boardings - Oct 16  <b>3%</b> in 12 months</p>	<p>Patronage remains in decline, due in part to falling numbers of concessionary pass holders using the bus regularly due to greater numbers of older people having driving licenses, but also due to lengthening journey times making bus travel less attractive (para 5.3)</p>
<p> Average journey speed:  <b>0.7%</b> in 12 months</p>	<p>Due to increasing congestion, journey times continue to increase, which impacts on passenger satisfaction, patronage and resource requirements to maintain service levels (para 5.5)</p>

5.3 **Patronage.** Since the Bus Alliance was established in November 2015, bus patronage in the region has fallen from 270.3m to 262.7m annual boardings in October 2016; a drop of 3%. This is a similar pattern to that across the rest of the UK during 2016, including in London which historically had been the only area experiencing increasing passenger numbers. The Bus Alliance Board have reviewed reasons for this. Significantly, the number of concessionary pass holders using the bus has declined by 4% across the period. This aligns with increasing numbers of older people having driving licences, particularly women, which is reducing the amount of bus use within this age group. Commercial patronage (paying passengers) has reduced less, by just under 2% and there are several reasons for this. Lengthening and unreliable journey times as a result of congestion have had a notable impact on customer satisfaction and continue to make bus travel a less attractive option. There has also been a general reduction in journeys overall into some of the region's smaller retail centres, aligned with continued increase in online shopping. Operators have also reported an impact on patronage, particular in the evenings as a result of Uber – indeed, the number of journeys made in taxis and private hire vehicles is at a record high. The only area of the West Midlands to see an increase in patronage over the past year has been Coventry where levels of congestion and its impact on bus services is generally lower, partly due to extensive bus priority. Despite falling patronage, in Birmingham there has been a slight increase in the modal share that bus has compared to other modes so bus

continues to be one of the most important ways for people to reach Birmingham City Centre.

- 5.4 Bus passenger satisfaction is monitored twice annually through Transport Focus's independent National Passenger Survey. Overall satisfaction in the West Midlands is 87%, so remains above the Alliance target of 85%. The Spring 2016 survey saw increased satisfaction in helpfulness of drivers, which has steadily increased over the last three years due to a concerted effort from operators to raise standards. There was also an increase in overall satisfaction with value for money, partly due to fares being reduced on a number of off-peak products but also due to the ongoing significant investment being made in new quality vehicles by National Express West Midlands (NXWM). On their 'Platinum' branded services, with wi-fi, leather seats and extra leg room, satisfaction is consistently above 95% and patronage has increased on those routes accordingly. Bus operators invested over £23m in over 100 new buses in 2016, 96 of which were Platinum.
- 5.5 Improvements in overall quality scores are offset by a continued decline in satisfaction with journey time. Average bus journey time across the network increased by 0.7% in 2016, which is the continuation of a long term trend over the last ten years. Increasing congestion is a national issue, but in the West Midlands particularly affects journeys into Birmingham City Centre and Black Country centres. Birmingham is partly a result of the extensive redevelopment work that has been ongoing, for example at Paradise Circus, but there have also been ongoing roadworks on the motorway network which have impacted on local roads and utility works across the network. Department for Transport statistics also show that traffic levels across the metropolitan area are at a record high level to above pre-recession levels, with over 5% growth recorded during the last five years. Understanding how partners can best work together to tackle congestion has therefore been a key focus of the Bus Alliance in the first year, with a number of working groups established to understand the scale of the challenge and how these problems can best be addressed to improve resilience across the network.
- 5.6 In order to mitigate this there have been a significant number of interventions where highway schemes have helped to reduce some of the impacts of congestion on bus passengers. These are listed in appendix 4. The largest scheme delivered was a new bus lane on Lode Lane, the main road into Solihull Town Centre from the north. This was identified by partners as causing significant delays to bus services at peak times and with 52% of users of this corridor travelling by bus in the peak addressing this was prioritised. Solihull Council led the scheme to develop the 1.5km bus lane, partly funded by the Local Growth Fund and Combined Authority. It opened in September 2016 and has reduced bus journey times by up to 8 minutes in the morning peak. To complement the scheme, National Express delivered brand new Platinum buses on to the corridor to maximise the impact of the investment, seeing patronage increase by 5%. This investment will be supported by a Statutory Quality Partnership Scheme (see para 5.11) and the Alliance will aim to deliver more schemes of this nature. Conversely, Coventry City Council have embarked on a programme to remove bus lanes. TfWM and bus operators are monitoring the impacts closely with the City Council to ensure that bus journey times and reliability are not adversely affected.
- 5.7 A focus of the Alliance in the second year of the Alliance will be to work with district highways authorities, Highways England and the Key Route Network Manager to identify more interventions to alleviate the impacts of congestion. The Alliance will aim to develop a work plan which enables the district councils to help progress more schemes that reduce bus journey times. Without this, bus journey times will continue to increase and patronage

will decline. To make most effective use of limited road space it is important that interventions are progressed to help mass transit modes compete with the growing impacts of private cars. This challenge would remain equally as important in a regulated environment.

- 5.8 **Air Quality.** Good progress has been made on initiatives to reduce harmful emissions from buses. In July the Low Emission Bus Delivery Plan was launched which outlines the challenges and opportunities associated with upgrading the region's bus fleet. This plan was instrumental in securing funding for a number of initiatives, National Express are equipping over 200 of their older vehicles with exhaust emission traps and refurbishing the buses and also investing in 20 new electric buses for delivery in 2018. All new vehicles have the cleanest available Euro VI engines, which virtually eliminate harmful all emissions. The Delivery Plan will enable these to be targeted on the most polluted routes. The key challenge in reducing emissions more quickly is funding and this was raised with the Transport Minister when he attended a meeting of the Board in September 2016. With the Clean Air Zone proposed for Birmingham City Centre, this issue remains high on the agenda and the DfT have offered to meet with Bus Alliance partners to discuss how we can work with them and DEFRA to work through some of the challenges to address the increased targets for air quality emissions mandated by DEFRA for the Clean Air Zone Birmingham City Centre.
- 5.9 **Ticketing.** Significant progress has been made on the development of the Swift smartcard ticketing system, as reported to this meeting in January. There is a further commitment from operators through the Bus Alliance to deliver contact credit/debit card payment on to bus services and also fare-capping, which is where customers are automatically charged the cheapest fare for their journey based on the number of trips they make. National Express West Midlands have procured ticket machines to support this and a seminar to scope out this work was held in January 2017. The strengthened interface with bus operators that the Bus Alliance has provided has helped to support this positive progress.
- 5.10 **Fares.** The Alliance commitment to minimise fare increases has been maintained, with overall increases kept below RPI +1% despite rising operational costs. National Express have frozen the price of their off-peak day tickets for two years and in January 2017 reduced the price of 'short-hops' by about 25%. The Combined Authority's subsidy to operators to provide child concessions helps to support lower fares for young people. Over 20,000 college students in the region get free travel passes through their colleges and National Express offer travel to students aged 18 and under in full-time education for less than £6 per week.
- 5.11 TfWM continues to input into the Bus Services Bill that is progressing through Parliament and will give powers to Combined Authorities with elected mayors to franchise (i.e. re-regulate) bus services, as well as enhancing some of the partnership powers available. TfWM has reviewed opportunities that these powers might provide and concluded there would be circumstances under which franchising could prove an attractive option:
- (i) the commercial bus market is generally unresponsive to local policy and is failing to invest
  - (ii) the public sector is making significant investment into bus priority measures without operators investing resource savings into improved services
  - (iii) the public sector wanted protect a scheme or service from competition

None of these is currently the case within the West Midlands and so it is currently felt that franchising would be of limited benefit, given the uncertainty over risks and costs involved. It was agreed at the ITA meeting in September 2015 to review this in 2020, but once the Bus Services Bill has become legislation and an elected mayor is in place, this may be reconsidered.

- 5.12 WMCA will continue to work with district council's and bus operators to deliver further Statutory Quality Bus Partnership Schemes in the region. This legislation is set to be retained and strengthened by the Bus Services Bill. It enables Local Authorities to specify minimum standards for bus services in return for pro-bus policies and infrastructure investment. The scheme launched in Birmingham City Centre in 2012 implemented a bus stop booking system which helps manage kerb space and also set minimum standards for bus emissions and vehicle quality. Consultation is planned later in 2017 for a similar scheme in Solihull to complement the recent investment made by the Council in the new Lode Lane Bus Lane and Solihull Gateway Scheme. Creating further schemes across the region will be an important strand of developing the Bus Alliance.
- 5.13 Despite falling patronage, increasing journey times and worsening reliability, the Alliance has proved very effective at bringing partners together to raise awareness of these issues and bring about improvements where it is feasible to do so. Much of this is largely an effect of external influences – e.g. a growing economy leading to worsening congestion and increasing car ownership amongst older people. These are difficult to address in the short term but aren't insurmountable if all partners work together. The Alliance Board has had success in doing this; by bringing together the local highways authorities and bus operators the impacts of Highways schemes on bus service punctuality are understood to a greater extent than ever before but it can take several years to develop and deliver schemes that have a major impact. Likewise, influencing the demographics of bus users is a longer-term goal, which is why the Alliance partners have recognised the need to focus on making bus services more attractive to younger people – including for leisure trips, which is still a growing market with users less likely to have access to a car.
- 5.14 In terms of the overall 'impact' objectives there is positive progress. Bus operators have made contributions towards highways schemes – notably the Lode Lane scheme in Solihull and some minor junction improvements in North Birmingham, with direct financial input into design work and investment in new vehicles on the basis that reducing journey time should increase patronage.
- 5.15 Now there is a clearer understanding of the key challenges we face, to support the ongoing success of the Alliance it is intended to achieve formal sign-off from partners for a number of commitments that will help deliver further success. This will include commitments from operators for further development of smartcard ticketing, vehicle investment and reducing emissions, supported by commitments from the region's local authorities to continue to identify and deliver schemes to reduce the impacts of congestion.

## **6.0 Financial implications**

- 6.1 This report is for information and there are no financial implications.

## **7.0 Legal implications**

- 7.1 This report is for information and there are no legal implications.

## **8.0 Equalities implications**

8.1 This report is for information and there are no equalities implications.

## **9.0 Schedule of background papers**

Report to West Midlands ITA, 18<sup>th</sup> March 2015: Item 8, West Midlands Bus Policy.

Report to West Midlands ITA, 16<sup>th</sup> July 2015: Item 11, Bus Governance.

Report to West Midlands ITA, 17<sup>th</sup> September 2015: Item 10, Bus Alliance.

## **10.0 Appendices**

Appendix 1, Objectives of the West Midlands Bus Alliance.

Appendix 2, West Midlands Bus Alliance, Key Performance Indicators.

Appendix 3, West Midlands Bus Alliance, Key Performance Indicators Infographic.

Appendix 4, Bus Alliance Highways Schemes Delivered in 2016.



**Appendix 1: Objectives of the Bus Alliance set by WMITA in November 2015.**

Output Objectives:

- Easy to recognise, more intuitively understandable, core turn-up-and-go bus routes;
- Fare rises of no more than {RPI +1%} per annum in the region;
- Buses on key corridors are to be zero or ultra-low emission with every other bus at least EURO VI (or equivalent);
- Commitment from bus operators to discounted young person's travel to work, education and training for everyone under 19 years old;
- Integrated ticketless travel in line with agreed Intelligent Mobility policy (see item 7);
- Network Development Plans which review the role of the bus in the economic objectives of the next decade to deliver a network fit for future decades;
- Increased investment in highways infrastructure to aid journey times and reliability;
- Improved 'on board environment' through improved seating, on bus next stop announcements and Wi-Fi on key routes.

Outcome Objectives:

- Customer Satisfaction levels remain over 85%;
- Improvement of peak time journey speeds to a minimum of 16 km per hour commercial speed with reliable journeys for all core bus routes;
- 95% of all buses starting their journey on time and 85% ending their journey on time (with on time defined as 1 minute early to 5 minutes late);
- An increase in bus patronage of 5% from current levels;

Impact Objectives:

- A commitment to the financial benefits of increased bus patronage directly contributing towards infrastructure investment as well as vehicles; and
- Increase the proportion of trips by public transport into the strategic centres during the am peak by 5% of the overall total in each centre;

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## Appendix 2

# West Midlands Bus Alliance Key Performance Indicators

<b>Date</b>	16 January 2016
<b>Report title</b>	Review of Key Performance Indicators for the West Midlands Bus Alliance
<b>Accountable Chief Officer</b>	Laura Shoaf, TfWM Managing Director
<b>Accountable Employee</b>	Jon Hayes, Head of Network Services

### Introduction

1. In 2016, the West Midlands Bus Alliance requested a series of Key Performance Indicators (KPIs) be established to help monitor progress on its objectives, which could ideally be measured using already available data only. Suggested KPIs were presented to the Bus Alliance Board meeting on 23 September 2016.
2. The Board asked these KPIs be refined during data collection for the initial progress report they requested for the next meeting, and this initial report on the refined KPIs, with dashboard 'infographic', was submitted to the next Board meeting on 25 November 2016.
3. The intention now is that the initial report, after feedback from the Board on content and presentation of KPIs, will be the base for future six-monthly KPI progress reports.
4. Meanwhile, Transport for West Midlands (TfWM) officers, in conjunction with operator and other Alliance colleagues have begun updating KPI data in the initial report, and this document provides the latest work in progress.

## Background to Key Performance Indicators

5. The Terms of Reference adopted at the creation of the West Midlands Bus Alliance in November 2015 set a number of key objectives for the a five year period, against which the success or otherwise of the Alliance might be judged.
6. Proposed KPIs to measure progress therefore follow Alliance objectives very closely, and share the same grouping by outputs, outcomes, and impacts, as shown below (in no particular order – numbers are solely to aid location in the document and final infographic):

### Output objective KPIs – measuring progress on Alliance deliverables

- |       |  |
|-------|--|
| One   | Buses with at least Euro V engine emission standards                   |
| Two   | Discounted bus travel for younger people                               |
| Three | Fare rises limited to Retail Price Index +1% each year                 |
| Four  | Highway investment to raise bus speeds and cut delay                   |
| Five  | Integrated smart ticketing availability and coverage                   |
| Six   | Legible, turn-up-and-go frequency, core bus routes                     |
| Seven | Network Development Plans meeting future economic objectives           |
| Eight | Vehicles with better seats, drivers, next-stop announcements and Wi-Fi |

### Outcome objective KPIs – measuring positive effects on Alliance services and passengers

- |        |   |
|--------|---|
| Nine   | Customer satisfaction levels remain over 85%<br><i>and increase satisfaction with on bus journey time<br/>and increase satisfaction with fares among younger people</i> |
| Ten    | Increase peak bus speeds to 16kph<br><i>and increase population in reach of strategic centres by bus</i>  |
| Eleven | Punctual operation on core routes, 95% start/85% end non-core<br><i>and reduce number and size of worst passenger delays</i>  |
| Twelve | Raise bus patronage by 5%   |

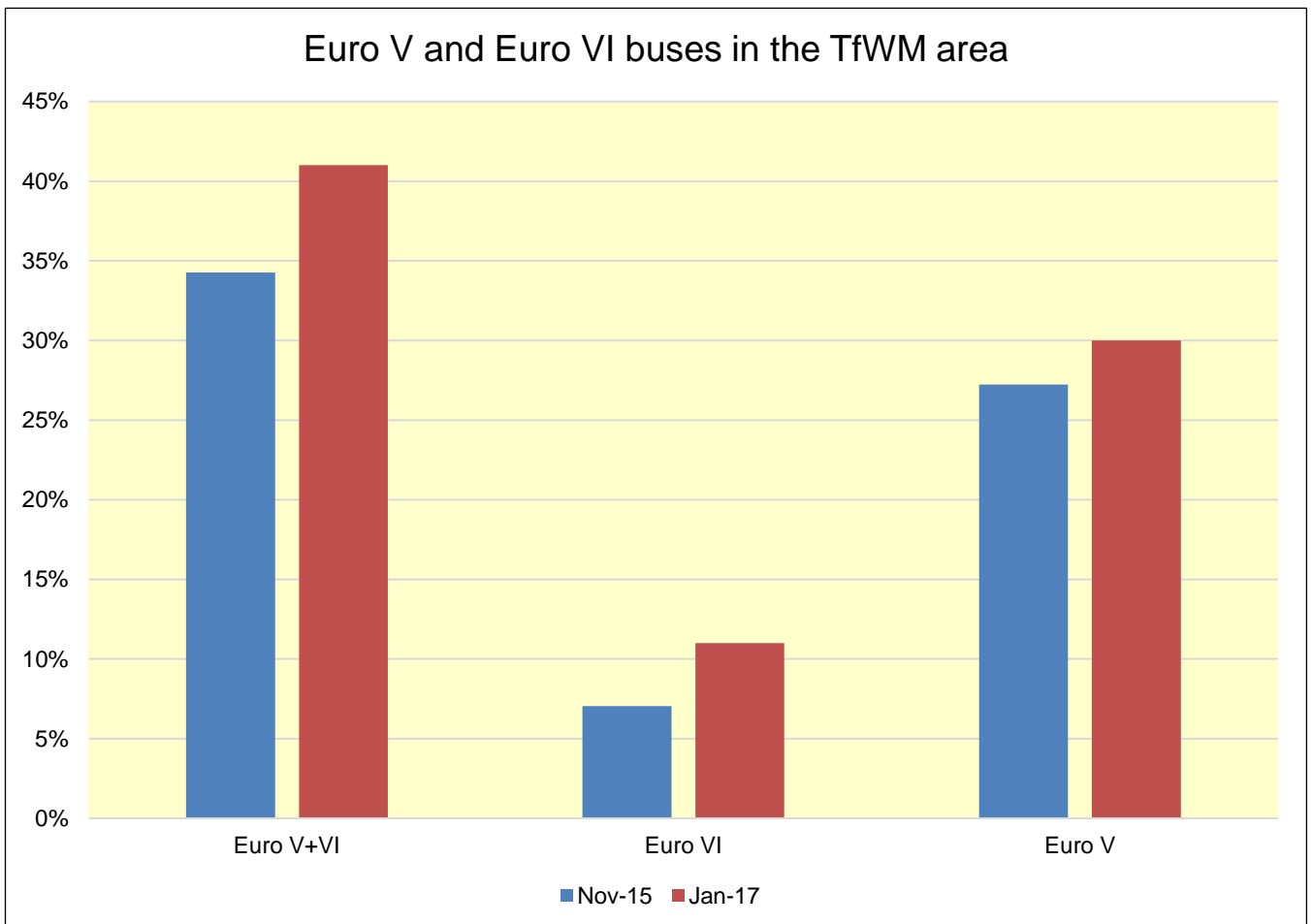
### Impact objective KPIs – evaluating overall success on Alliance aims

- |          |   |
|----------|---|
| Thirteen | Raise strategic centre public transport share five percentage points    |
| Fourteen | Revenue growth contributing to infrastructure as well as bus investment |

7. Following sections look at each of these KPIs in turn, setting out current the position and background too, so that data on progress to date (where available at this early stage) can be judged in the context of past performance (red negative, green positive in the concluding infographic).
8. Future six-monthly reports will build up more data and allow any trends to emerge – and the infographic will help identify these.

## One – Buses with at least Euro V engine emission standards

9. As part of general monitoring of initiatives such as Statutory Quality Bus Partnerships, data is collected from bus operators on bus fleets being operated and using this information it is possible to create an ongoing total percentage of the bus fleet being operated in the West Midlands area that at least meets the Euro V (or higher Euro VI) standard, for a KPI on this Alliance output objective
10. Since the Alliance launched, vehicle manufacturers have started to move towards more widely producing Euro VI emission standard buses. A number of operators such as National Express, Stagecoach and First are now only purchasing vehicles built to this improved standard. As the vehicle manufactures switch production to Euro VI vehicles a number of operators in our area such as Johnson’s Coach and Bus (who have also purchased Euro VI standard vehicles) and Central Buses have this year been able to take advantage of special deals on new Euro V vehicles. This has helped to increase the overall percentage of Euro V/VI buses in our area.
11. The following chart shows the percentage of Euro V and VI standard vehicles in local fleets at Alliance launch and one year on.



## Two – Discounted bus travel for younger people

12. Schoolchildren (up to age 18) generally travel for half-fare in the West Midlands and elsewhere in England (except London where they travel free). The following table compares available fare discounts (at time of writing) for younger people across the English metropolitan areas (including London), and with adult fares, for large operators in each area.

Adult and younger persons fares – January 2017 – English metropolitan areas					
Area	Large operators	Adult day	Discounts		
			Apprentices	University students	Others
Greater Manchester	First	£4.50	Yes >50%	5%	None
	Arriva	£4.20	No	33%	
	Stagecoach	£4.00	No	33%	
London	<i>n/a</i>	£5.00	30%	30%	50% under-18
Merseyside	Arriva	£4.30	Yes	33%	50% under-19
	Stagecoach	£4.00	Yes	33%	
North East	Arriva	£4.30	No	23%	50% under-19
	Stagecoach	£3.95	Yes	33%	
	Go-Ahead	£5.00	Yes	33%	
South Yorkshire	First	£5.00	Yes	33%	None
	Stagecoach	£3.90	No	33%	
West Midlands	<b>National Express</b>	<b>£4.60</b>	<b>No</b>	<b>33%</b>	<b>None</b>
West Yorkshire	First	£4.80	Yes	33%	50% under-19
	Arriva	£4.80	No	25%	

13. The table shows that the West Midlands does not have the most expensive fares among comparator areas, but the level of help for younger people is lower than in many others, being limited to those in full time education – the base for the KPI on this output objective.
14. Conversely, other metropolitan areas can offer their under-19s discounted travel regardless of status, and also offer reductions to apprentices (frequently as generous as student discounts), trainees, volunteer workers, and jobseekers. Some operators also offer discounted season tickets for individual routes to a particular college or training centre.
15. These areas have better kept pace with recent education legislation, which means all under-19s are now required to stay on in education or training (if not working), and more need for bus travel, especially as the younger population of the West Midlands is growing rapidly (Birmingham is now Europe's youngest city).
16. At the same time, their average incomes are falling, taking the car alternative out of reach for many. Transport problems help explain 25% apprentice dropout rates, and were stated as a problem in accessing work and training by 30% of younger people in recent National Foundation for Educational Research studies.

17. A poorer, less mobile, expanding younger population, unable to reach jobs or training will not support Strategic Economic Plan (SEP) objectives, and jeopardises the target of a half-million new jobs and apprenticeships in the area, and in turn the aim of growing bus patronage.
18. In response, TfWM and operators are starting to explore apprentice discounts, whilst for the longer-term, TfWM are drafting a Younger Peoples Policy, covering fares, safety and security, equality and sustainable travel. There is also a wider commitment to including younger people in policy making, already in evidence through the Alliance creation of a Young Persons Representative on the Board, and the ongoing HYPE project that will research into the link between employment and bus fares.

### Three – Fare rises limited to Retail Price Index +1% each year

19. Traditionally, in the West Midlands area the largest operator, National Express West Midlands increase their fares during the first week of the calendar year.
20. This is the fare rise monitored as the KPI for the fares output objective, since on the subsidised bus network (where TfWM takes the revenue risk) policy, operators can and usually do to increase their fares in line with National Express, and like National Express, other local operators are free to change fares any time for commercially-operated services, but again many do so at the start of the year as well.
21. When considering fares increases, the costs of both cash on-bus fares as well as season tickets are taken as a whole and often referred to as the 'basket of fares' available to customers.
22. At the first large fare rise since Alliance launch, in January 2016, the overall average increase for the basket of fares was 2%. This was a smaller real-terms rise than in previous years, and met the Retail Price Index (RPI) +1% commitment, since projected annual RPI growth at that time was 1% (although this turned out at 1.7% by the end of 2016).
23. On January 2<sup>nd</sup> 2017 National Express made their annual fare rise, with a 2.4% increase on the basket of fares. This was a higher rise than in 2016, but based on RPI projections of 2% and expected to rise further, so still within the RPI+1% Alliance commitment. At the same time it is not expected that major bus passenger groups, particularly younger people, will see their incomes rise with RPI – in effect a higher rise for them in 2017.

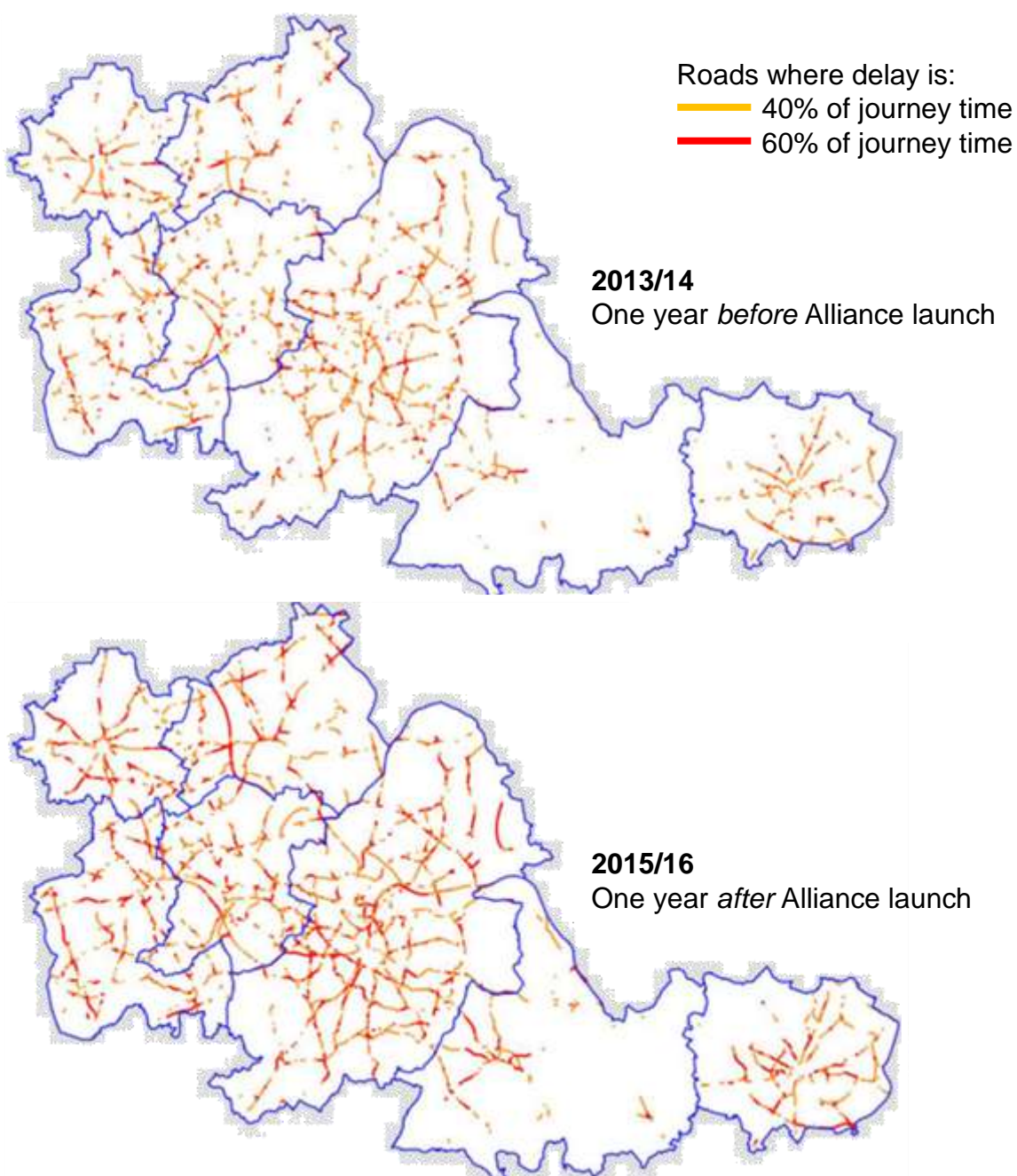


## Four – Highway investment to raise bus speeds and cut delay

25. This KPI covers an output objective about investment in highways to increase bus speed, punctuality, and road safety. The rationale is that increasing highway capacity for buses or traffic in general, and removal of particular pinch points, will allow buses to operate faster services, generating time savings for passengers, so retaining and attracting demand, and growing revenue. It will also allow the same service level to be delivered at lower cost, or an increase in service (with further passenger benefits) for no extra cost.

26. And this matters since data on key Birmingham radial bus corridors suggests speed has dropped on all of these since the Alliance was established, with central areas seeing the largest reductions. DfT data meanwhile shows falling speeds are a problem for the entire Metropolitan area, continuing past Alliance launch, and through the first year.

### Highway delay – weekday morning peaks – one year before and after Alliance launch



27. Falling speeds follow from busier roads and growing traffic congestion, themselves the result of a larger, wealthier (on average) population, which has bought more cars, seen fuel prices fall, and often drives further than in the past. Some car trips have been replaced by home-working or shopping, but these activities put more service and delivery vehicles on the road.
28. The result is that traffic is now at a record high, having surpassed pre-recession levels, and Department for Transport (DfT) statistics show more than 5% growth in the metropolitan area in the last five years. New construction and development, roadworks (including motorway works) and changes in the use of roadspace, especially in central areas, are additional pressures.
29. Working within the Alliance and with other funding partners, actions to meet the KPI include committed deliverables on the Sprint programme and associated bus priority, a Bus Scheme Development Manager, the working up of Local Enterprise Partnership (LEP) and other funding bids for improvements, and a Bus Highway Enhancement Package to complement metropolitan area Key Route Network (KRN) plans. Meanwhile, specific schemes have been already delivered, raising bus speeds and cutting passenger delay, including:
- Birmingham
    - Bagot Arms bus gate, and Sutton Coldfield hotspots (three locations)
    - circular routes improved bus stop arrangements, signs and lines
    - city centre priority measures, signage, and signal improvements
    - enhanced bus lane enforcement (five routes)
    - journey time reliability for growth (nine locations on busy bus routes)
  - Coventry
    - University Hospital, rail station, and Warwick University interchanges
  - Dudley
    - Better Bus Area signals improvements (three locations)
  - Sandwell
    - Horseley Heath red route
  - Solihull
    - Lode Lane and Gateway, and Blossomfield Road schemes
  - Walsall
    - Caldmore Road one-way, and Darlaston interchange
  - Wolverhampton
    - Bilston Road coach facility
    - enhanced bus lane enforcement (three locations)

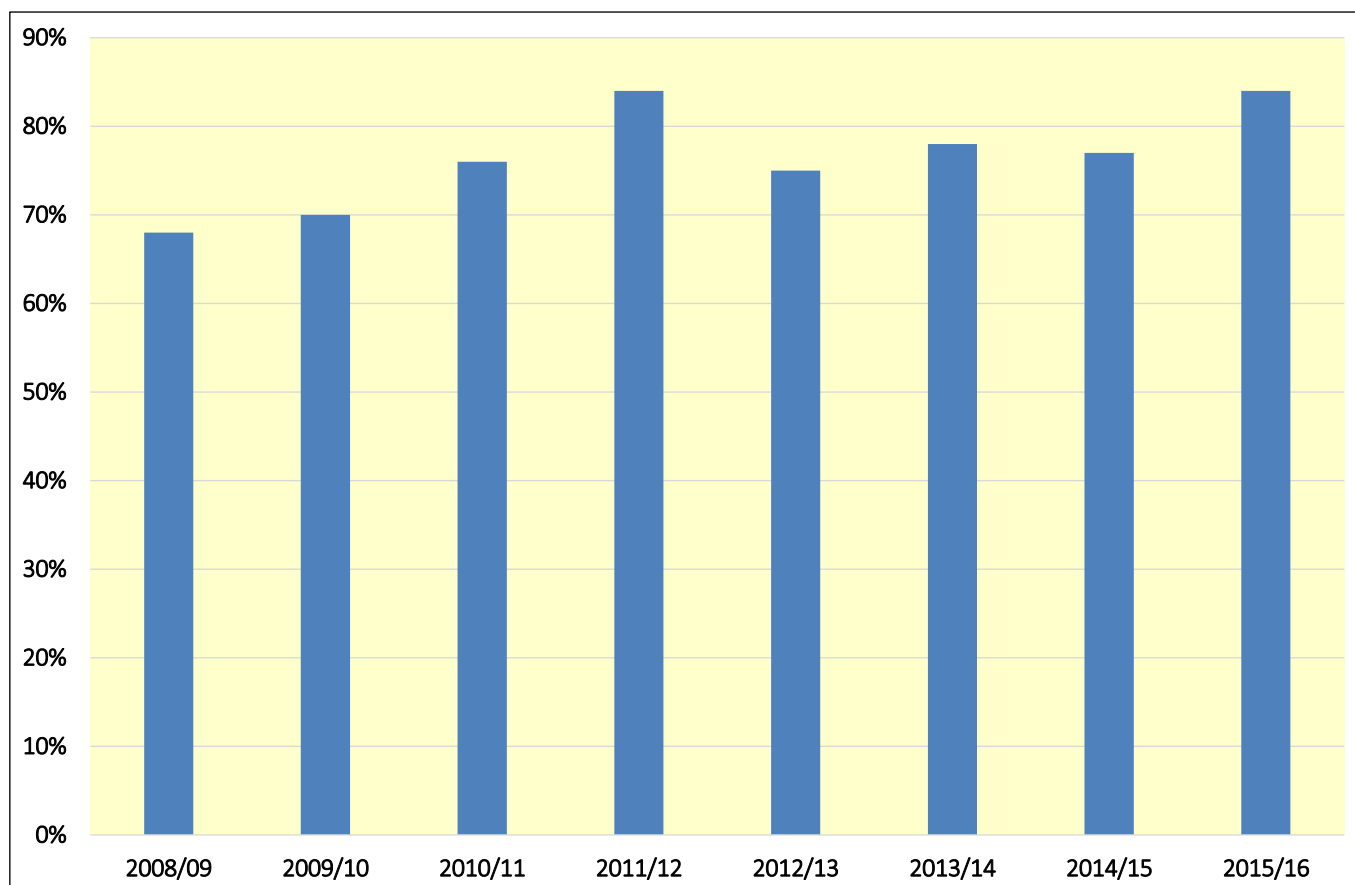
## **Five – Integrated smart ticketing availability and coverage**

30. This KPI follows the progress of new ticketing technology, in line with the Alliance output objective of making integrated cashless travel available generally.
31. Currently, National Express are in the process of replacing their current on bus ticket machines. The new system will allow National Express to introduce contactless payment. The introduction of a similar system on the Midland Metro tram system in recent months has proved very popular with customers. Almost 40% of those who would have paid cash now using contactless payment on Metro.
32. Other bus operators in the TfWM area are also looking at options to replace their ticket machines to give them the same ability to have contactless payment. Work is still progressing with introducing Real Time Information predictions for bus operators other than National Express. A small scale trial is planned for Banga Travel to prove the system can work in the coming months.

## Six – Legible, turn-up-and-go frequency, core bus routes

33. This KPI monitors the Alliance output objective for all core bus routes to be operated at turn-up-and-go frequencies (already largely met at most times of day), as part of ensuring their 'legibility', or the ease by which passengers (and potential passengers) can understand the service and be confident to use it, without the need for discouraging research into route, timetable, stopping patterns, and so on.
34. Part of making routes legible is branding, and TfWM already undertakes survey work on an annual basis to establish the awareness of the Network West Midlands brand. Two thousand respondents, representative of the general West Midlands population are asked had they heard of Network West Midlands and what they thought it represented.
35. Awareness of the Network West Midlands brand stood at 84% in 2016, a significant rise from the 77% reported in the year of the Alliance launch, after some years of little movement. This is an positive trend to for the Alliance to build on, although it should be noted that awareness remains higher amongst regular public transport users (86%), compared to irregular/potential users (75%).

### Network West Midlands brand awareness – survey results



36. To further understand satisfaction with understanding the local bus network, this is being piloted as a question in the Movement for Growth Tracking study. The baseline report is due in February 2017, and it is planned to do further research into network legibility during the 2017/18 financial year.

## **Seven – Network Development Plans meeting future economic objectives**

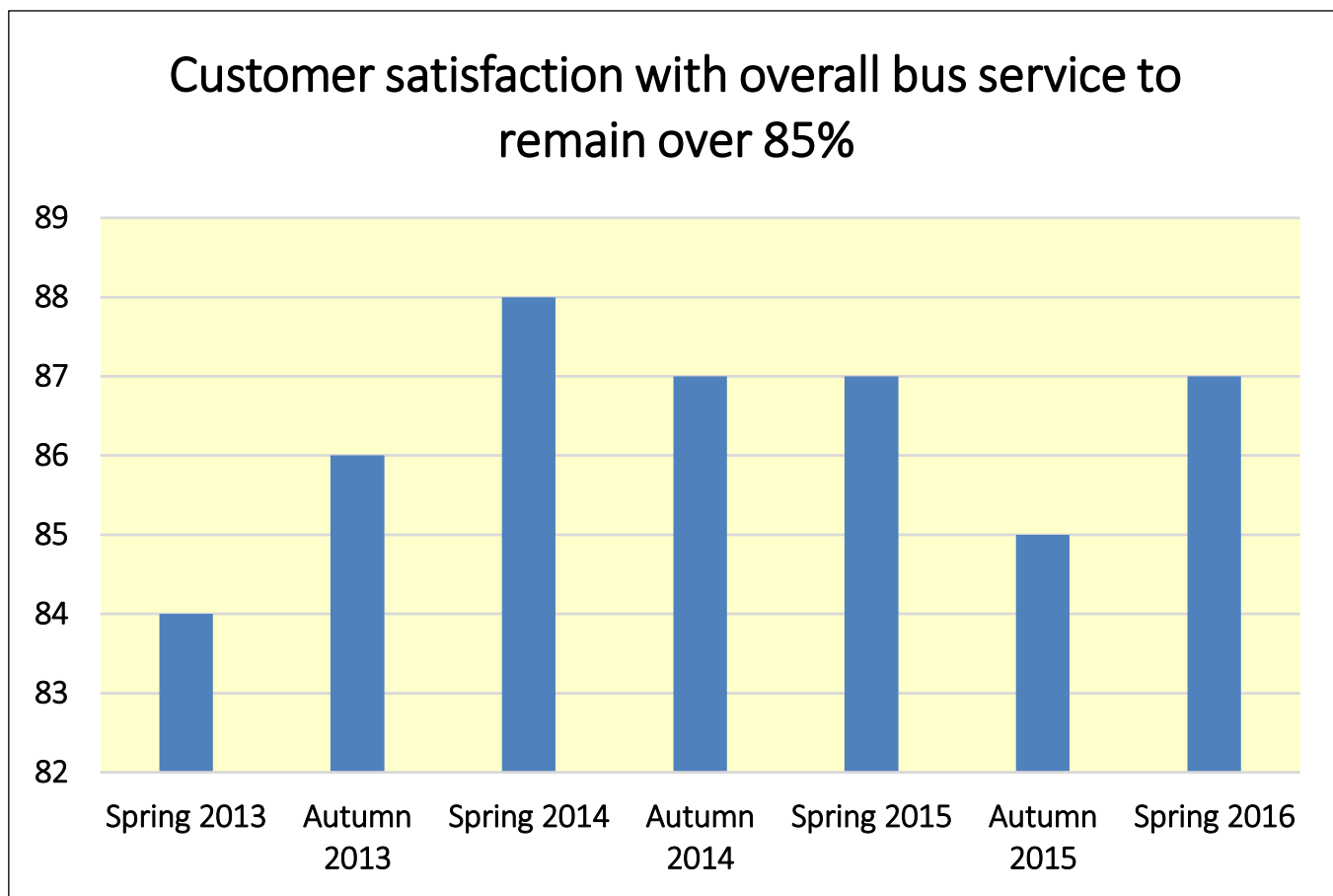
37. This KPI covers the Alliance objective for all areas to be covered by a new style of Network Development Plan that helps ensure buses support (and benefit from) changes relating to the future economic objectives of the area as outlined in the SEP.
38. A new-style Network Development Plan is being piloted in Coventry, involving close working with Coventry City Council, key stakeholders and the bus operators, and all of the data for the plan has been collated into a document that will act as the template for other development plans.
39. The Birmingham City Centre Network Development Plans is also well-advanced, and this is a critical plan for the West Midlands bus market, since around 25% of all bus journeys in the region involve the city centre, a growing area where opportunity meets the worst traffic congestion, plus pressure on roadspace from (and need for integration with) HS2 and Midland Metro extensions, and large-scale redevelopment. With funding from Birmingham City Council, National Express West Midlands, and TfWM, consultants 'ch2m' are working to ensure the needs of buses and passengers are properly recognised, and integrate with city economic objectives.
40. Work has just started on a Bus Network Development Plan for Sandwell and Dudley. With the planned maintenance work on the M6 Oldbury Viaduct between junctions 1 and 2 during 2017 and 2018 bus operators have indicated a need to make bus network changes in the area to respond to predicted added congestion, and agreement with bus operators for key planned bus service change dates is a key part of the implementation plan.

## **Eight – Vehicles with better seats, drivers, next-stop announcements and Wi-Fi**

41. This KPI reflects the Alliance output objective for a higher standard of service both in relation to driver training (local operators already employ a large number of drivers qualified above minimum standards) and vehicle facilities, including high-backed individual seats, next-stop audio-visual display screens and announcements, and free Wi-Fi.
42. A number of operators are now introduce all these improvements, which if included at the point the buses are built, need not attract an unworkable premium on vehicle cost. Examples are the Arriva 'Sapphire', Johnsons 'Bard's Bus', and the National Express West Midlands 'Platinum' routes – research suggests passengers are receptive to the improvements and use these services in preference to others where they have choice.
43. In addition, Igo, Johnsons, and Central Buses have introduced vehicles with improved passenger facilities on TfWM contracted bus services – something that TfWM is keen to encourage contractors to offer in tender submissions.
44. In total around 12% of buses operating in the TfWM area have enhanced on board passenger facilities in line with the KPI.

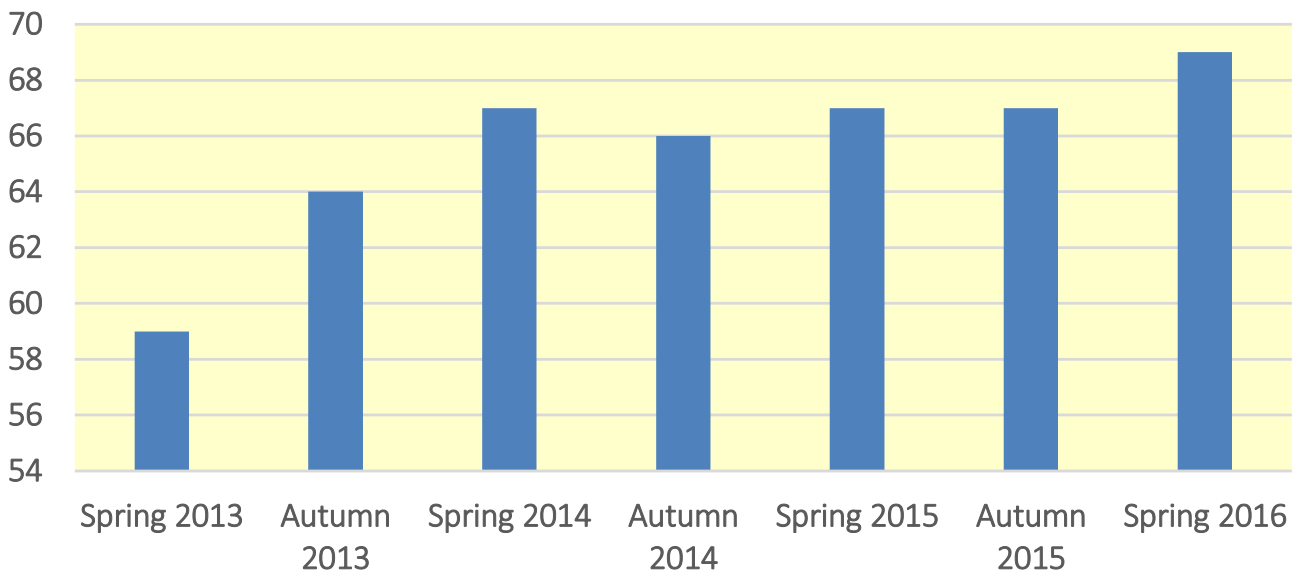
## Nine – Customer satisfaction levels remain over 85%

45. This KPI monitors the Alliance outcome objective of maintaining a high level of customer satisfaction overall, plus improving satisfaction with fares among younger people.
46. Our customer satisfaction is independently measured twice yearly by Transport Focus as part of their national survey. Surveys of bus users are done on a randomly selected number of bus routes and operators across the whole TfWM area.
47. It was identified a few years ago that customer satisfaction in the West Midlands was much poorer than in any other of the PTE/former PTE areas. To find ways of addressing this, a working group was created made up of elected members, TfWM officers, and National Express West Midlands and Transport Focus colleagues. This group has, over the intervening years, identified the key attributes that need improving, and where possible, measures have been implemented to help improve our overall satisfaction scores.
48. The chart below uses Transport Focus results from the last four years for the TfWM area, and shows overall satisfaction improving up to Alliance launch, and continuing to do so.



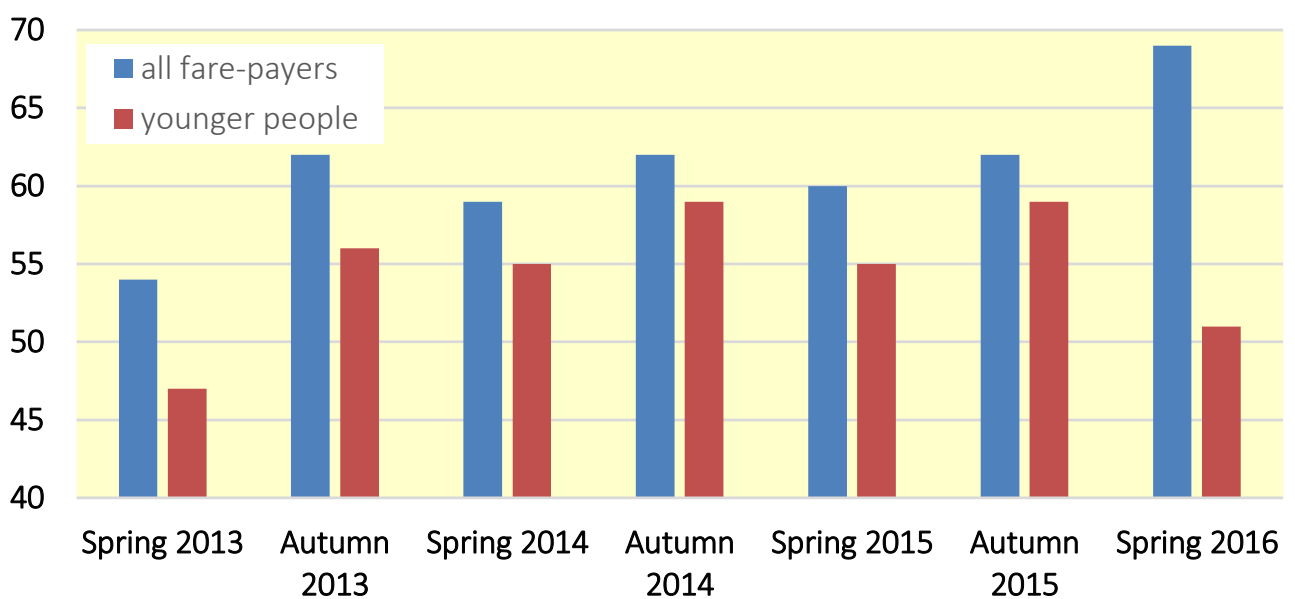
49. A key area within the National Express business that has seen significant improvement is that of driver training. Recently, this resulted in the company winning the Route one Operator Training Award. The passenger interaction with the bus driver is seen as an important factor to their overall satisfaction with their journey, and the chart overleaf demonstrates that improvements have been recognised by passengers.

## Increase % satisfaction with helpfulness and attitude of driver



50. Satisfaction with fares has also improved since Alliance launch, excepting younger people (16-34), and barely a majority are satisfied, fall from almost 60% at Alliance launch, confirming that the Alliance objective of discounting fares for younger people is right, if higher satisfaction is the desired outcome.

## Increase % satisfaction with value for money





51. There are some other attributes that make up passenger satisfaction considered important to Alliance objectives that are not currently monitored – but we are looking at ways this can be addressed:

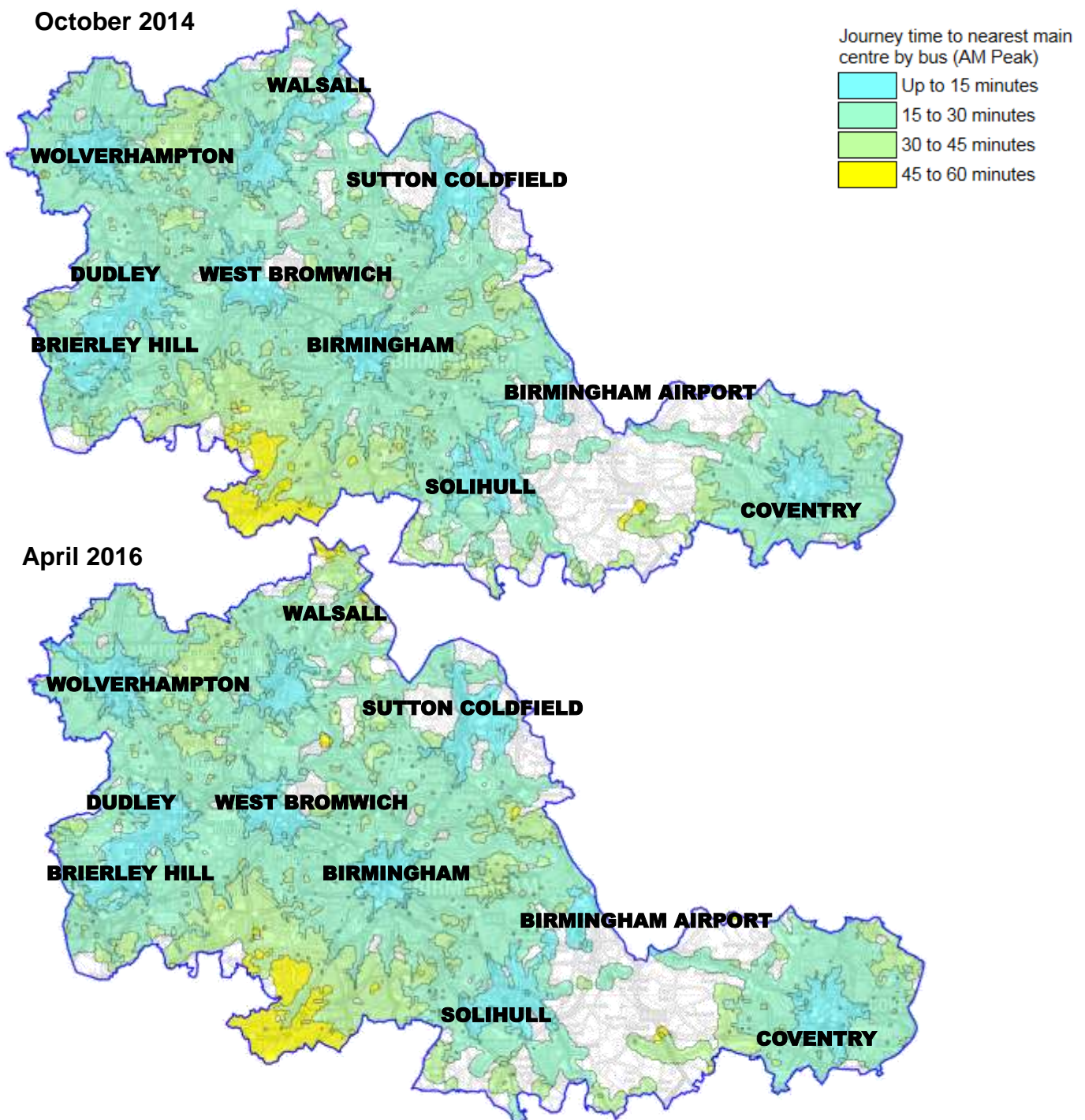
- **Increase satisfaction with image of the bus** - *This is being piloted on Movement for Growth Tracking study for which baseline data is due in February 2017*
- **Increase satisfaction with Swift** - *This is to be reported in new Annual Swift Satisfaction survey for which the first surveys are due during November 2016.*

## Ten – Increase peak bus speeds to 16kph

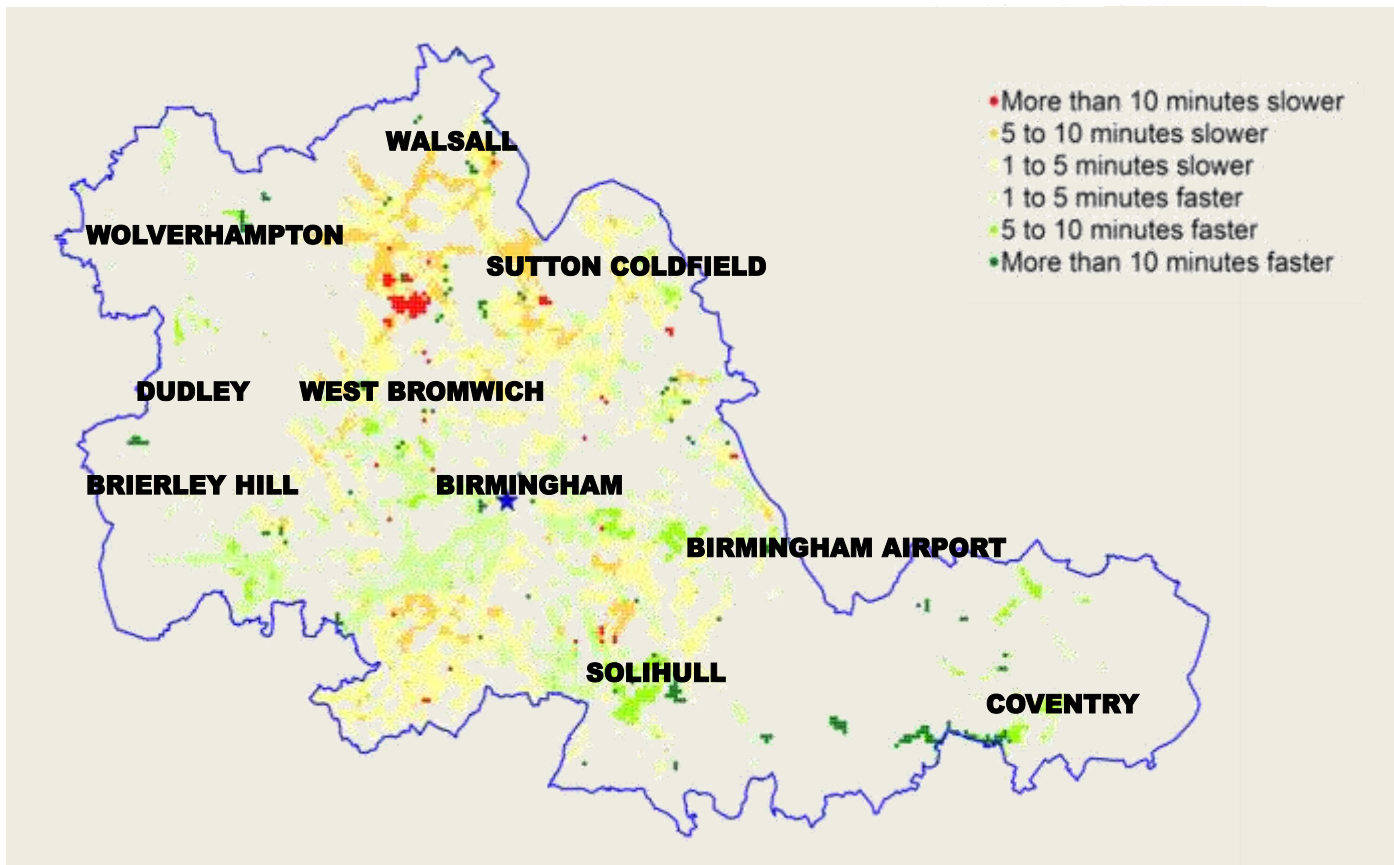
52. The KPI for the outcome objective of higher bus speeds does not directly track bus journey times – many services already exceed 16kph. Instead, more readily available, and passenger-focused, measures are used show changes in the time taken to get to metropolitan area strategic centre by bus, and crucially changes over time in the proportion of the population in reach of strategic centres by bus

53. Maps below show a slightly negative trend in the year before and after Alliance launch on all these measures, with the problems focused on central areas.

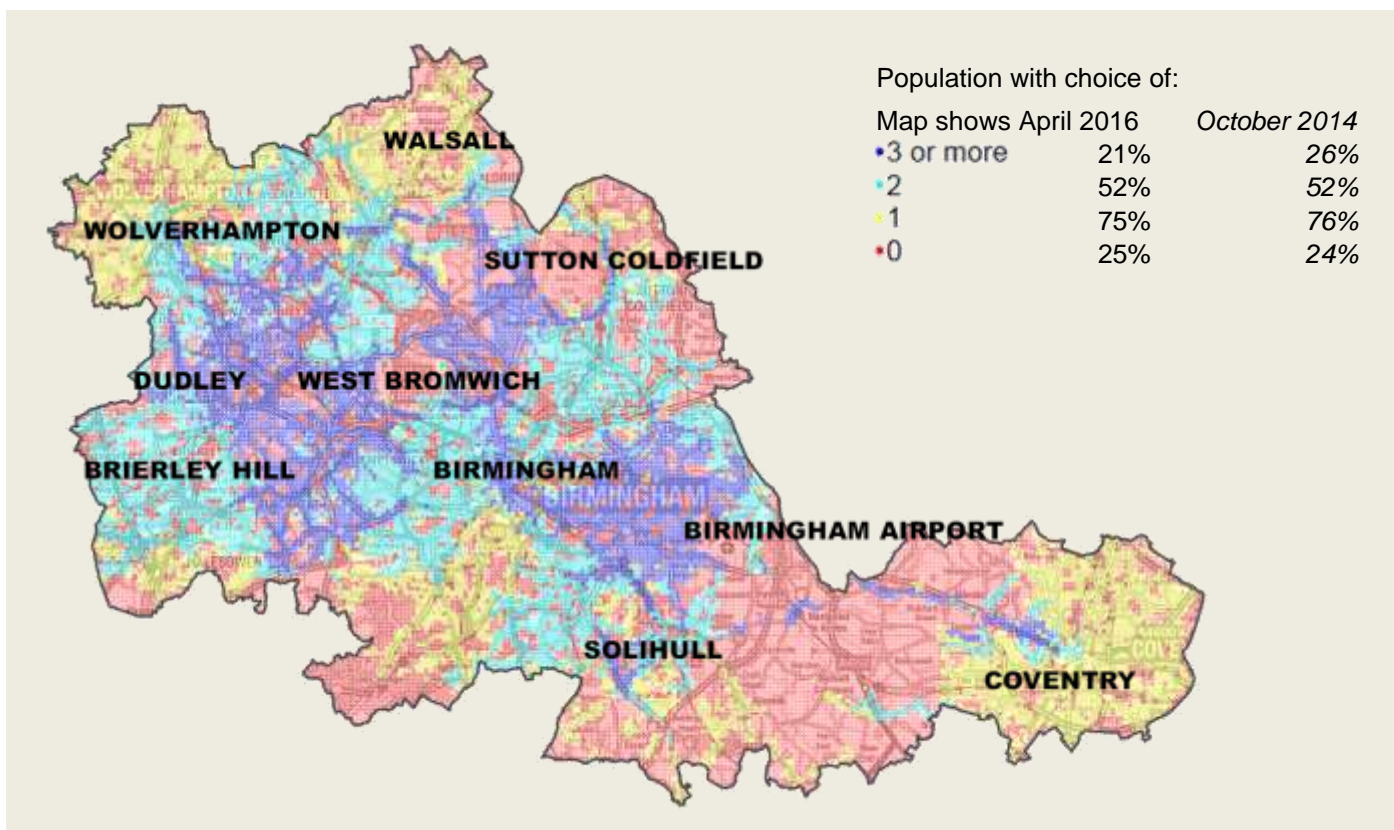
### Bus journey times to nearest main centre in October 2014 and April 2016



Change in bus journey times to nearest main centre – April 2016 from October 2014



Choice of main centres in 45 minutes journey time by bus – April 2016 from October 2014

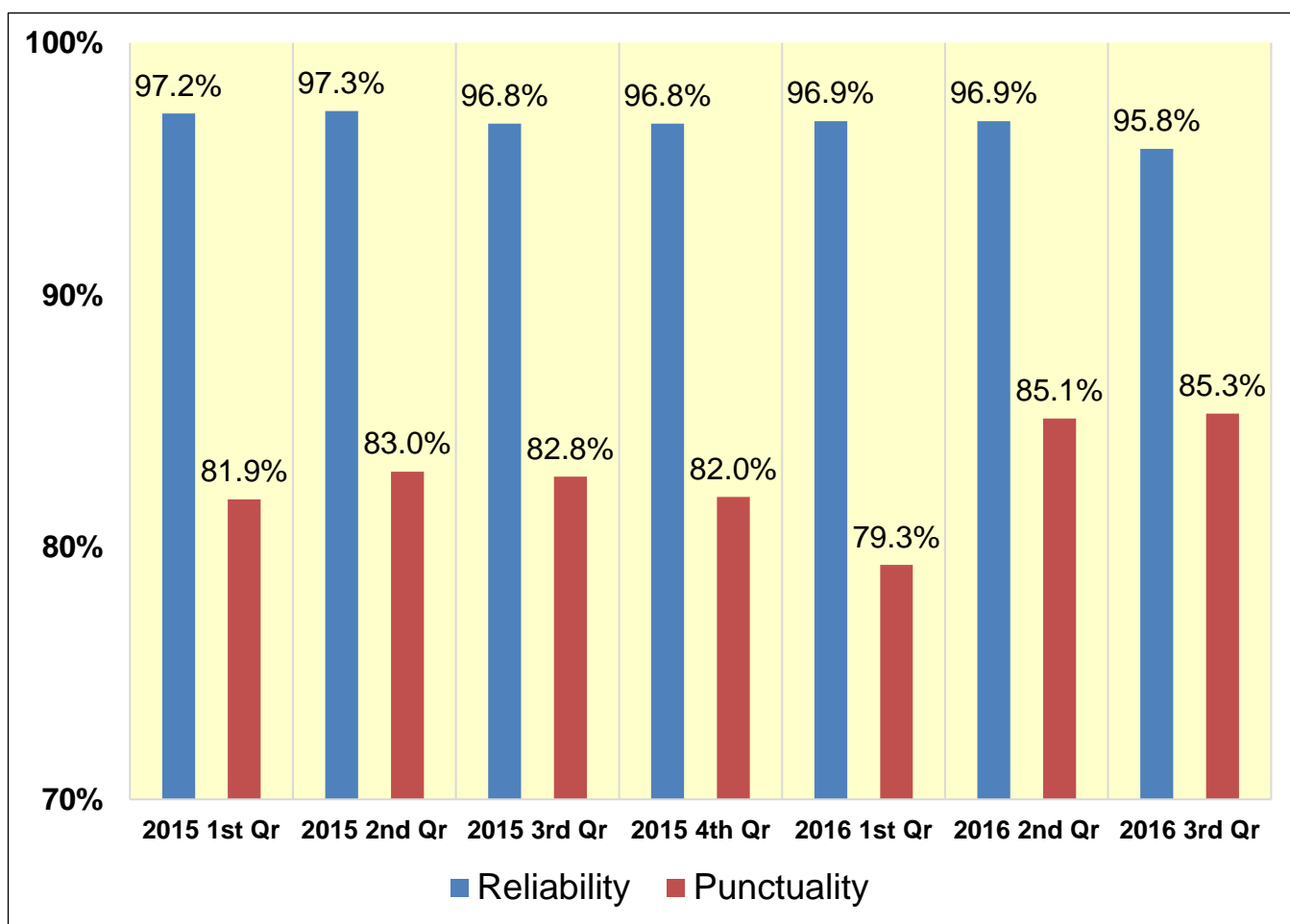


## Eleven – Punctual operation on core routes, 95% start/85% end non-core

54. This KPI relates to the Alliance outcome objective of fully-punctual operation core routes, and 95% punctuality at the start (and 85% at the end) of all other routes.

55. Using a mixture of data from bus operators and data collected by our own staff TfWM are able to show this, collating data by period on the reliability and punctuality of bus services. The following graph presents punctuality (and reliability for comparison) data from 2015, through the Alliance launch, and to the latter part of 2016 – a positive trend is clear, although reliability has fallen slightly.

### Bus punctuality and reliability by quarter



56. At the same time, measuring bus punctuality does not provide the complete picture on delay. Two routes with the same punctuality statistics could look very different in passenger delay terms – one route may have many more passengers than the other. And a route where lots of the buses only just miss the punctuality threshold, might not cause as much delay to passengers as another where a minority of buses fall very short of the target.

57. Work is therefore underway to develop metrics that will measure how well Alliance output objectives are helping reduce the number and size of the worst passenger delays.

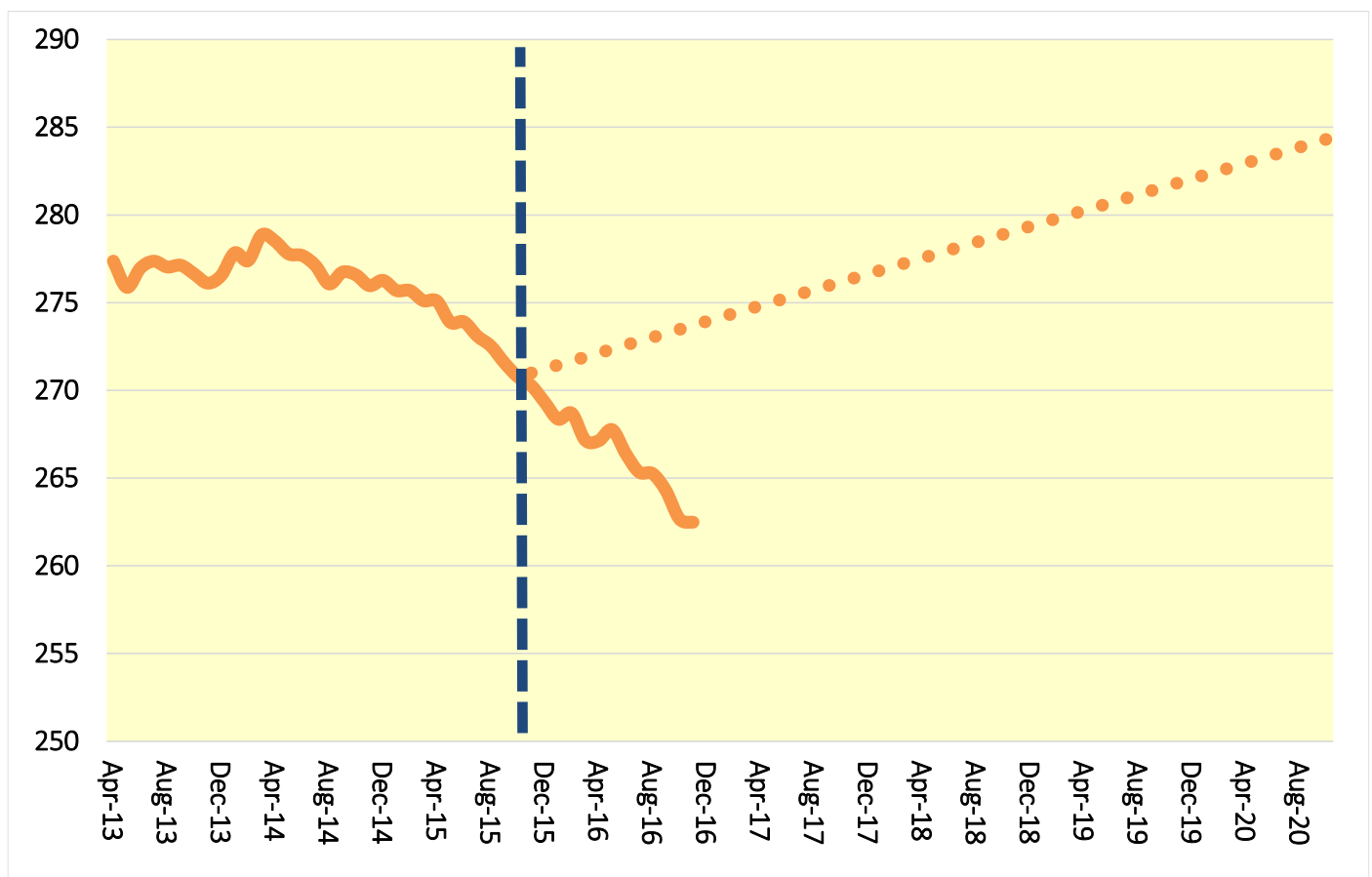
## Twelve – Raise bus patronage by 5%

58. This KPI covers the Alliance outcome objective of increasing bus patronage by 5% on November 2015 levels.

59. Data used is all bus boardings a metropolitan area level, including concessionary trips, and tendered services.

60. The chart below shows the rolling annual average million bus boarding since Alliance launch (dotted blue line) in November 2015, and the boardings trajectory (dotted orange line) required to meet the outcome objective – a gap has appeared over the first year of the Alliance, but this against a very long-term decline in bus boardings, and there is some evidence that this has slowed over time.

**Rolling annual average bus boardings (millions) versus Alliance outcome objective**



## Thirteen – Raise strategic centre public transport share five percentage points

61. For a KPI to monitor this Alliance impact objective of raising the level of public transport use into strategic centres, TfWM has a regular rolling programme of mode share surveys for all of the key centres in the metropolitan area. The following table shows the results over the most recent two years for which data is available.

Cordon counts – 0730-0930 weekdays inbound – all centres							
Mid-point date	Surveys undertaken	Total trips	Percentages				
			Car	Bus	Rail	Metro	All PT
Dec-12	Mar-12 – Nov-13	267,152	64.6%	22.2%	12.4%	0.8%	35%
Jul-13	Sep-12 – May-14	267,757	63.9%	22.2%	13.0%	0.9%	36%
Dec-13	Mar-13 – Nov-14	268,772	63.2%	22.0%	14.0%	0.8%	37%
Jul-14	Sep-13 – May-15	270,695	63.0%	22.1%	14.2%	0.8%	37%
Dec-14	Mar-14 – Nov-15	273,542	62.5%	22.1%	15.2%	0.2%	37%

62. Total trips into strategic centres are increasing so a stable bus share (work trips have been holding up better than discretionary travel) means more bus passengers, and many of the new rail trips will be by people using a bus to reach their local station. The share of all public transport would have been higher in the latest surveys had it not been for works to extend Midland Metro in Birmingham city centre – but this does mean a still higher share of public transport is expected in future surveys.

63. These are positive trends for the Alliance to build on, towards their objective of increasing by five percentage points the share of public transport trips into each individual centre – although as the survey dates in the table imply, it is not yet possible to establish the (approximate) November 2015 baseline for all centres.

## **Fourteen – Revenue growth contributing to infrastructure as well as vehicles**

64. A quantitative KPI to measure this Alliance impact objectives is currently difficult to establish, however, there is much investment in both vehicles and infrastructure underway.
65. A notable recent success has been in Solihull at Lode Lane. Nearly 35,000 people travel this route into the town centre in the morning, half of which use the bus, and it is also important for access to the large Jaguar Land Rover plant – but the road suffers from congestion.
66. To address the problem, the Lode Lane Route Enhancement Project has been delivered by a partnership including TfWM and National Express West Midlands. A key aim was to improve bus journey times into the town centre by creating bus lanes along two sections of the road (between Dovehouse Lane and Rowood Drive and Severn Star and Poplar Road) on the Solihull bound side only, which should not have any significant adverse effect on other road users.
67. £4.5m was invested in total, including £1.1m from Solihull Council and TfWM, and £1.7m from Central Government through the Greater Birmingham and Solihull LEP Growth deal, and National Express contributed £1.8m replacing all of their buses on the route with brand new Euro VI standard vehicles.

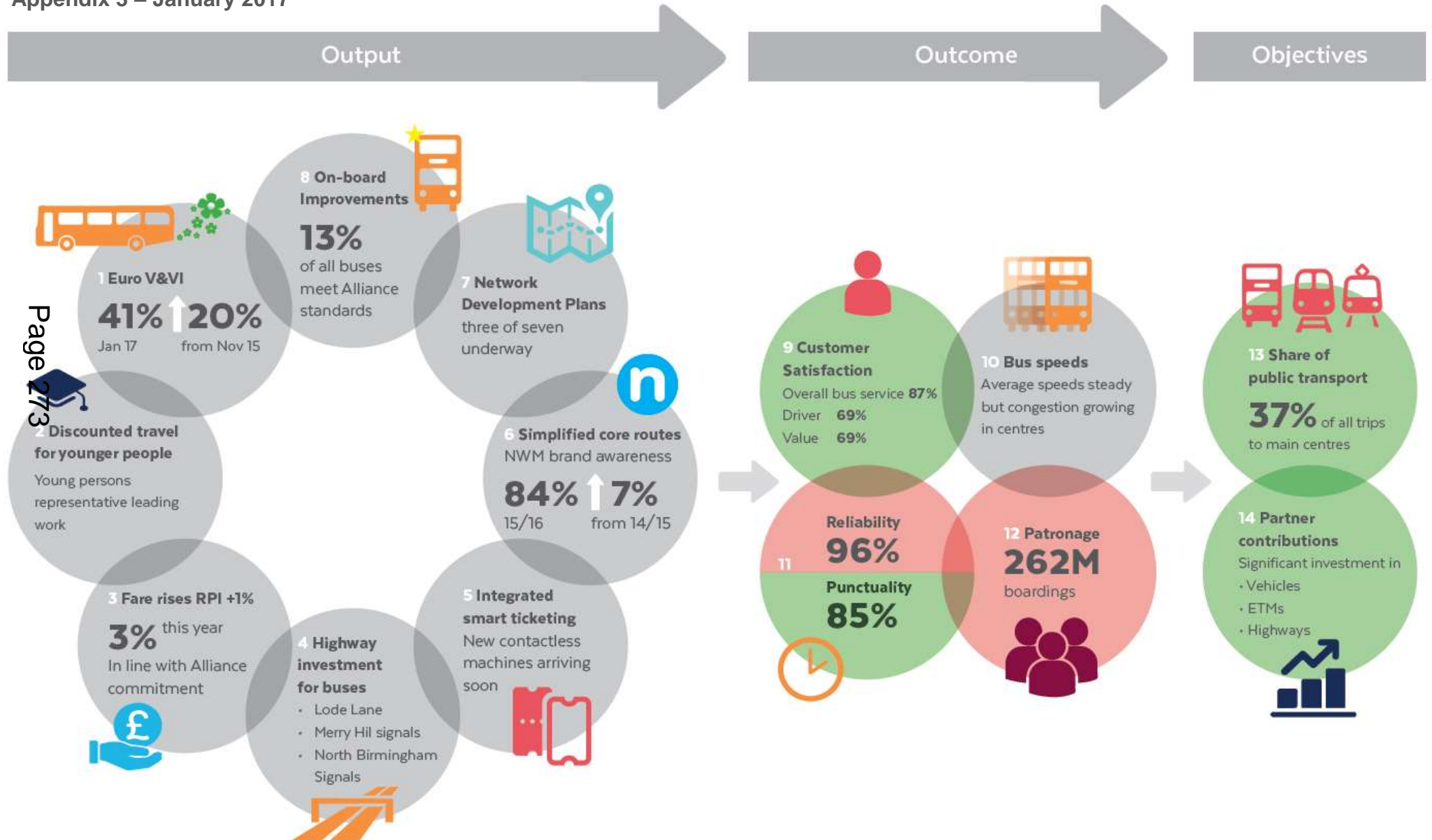
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# BUS ALLIANCE

## Review of Key Performance Indicators for the West Midlands Bus Alliance

Appendix 3 – January 2017



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### Appendix 4: Bus Alliance Highways Schemes Delivered in 2016

Location	Description	Impact
Birmingham, Broad Street	Bus lane camera enforcement	Up to 3 mins journey time saving on peak inbound services
Birmingham, Bagot Arms	New bus gate	Up to 4 mins journey time saving on peak services
Birmingham, Digbeth Gyratory	Traffic management measures including banning straight-ahead movement from Selfridges car park to reduce traffic on Moor street	Journey times cut by up to 20 minutes during busy peak periods and significant reliability improvements
Birmingham, Longbridge Lane	Traffic Signal co-ordination works	More consistent journey times due to reduced queuing
Birmingham, Wellhead Lane	Traffic Signal co-ordination works	More consistent journey times due to reduced queuing
North Birmingham, selected junctions including Jockey Road, Foxhollies Road and Rectory Road	Bus detection installed at traffic signals to reduce delays for buses	Combined benefit of up to 5 minutes journey time saving in peak times
Coventry, University Hospital Interchange	New interchange facilities built and traffic management improvement	Regular instances of severe delay due to traffic gridlock no longer occur at location
Dudley, junctions around Merry Hill shopping centre	Traffic signal upgrades including re-phasing and automatic vehicle detection	Up to 5 minutes journey time reduction at peak periods
Solihull, Lode Lane	New £4.5m bus lane into Solihull Town centre from the north	Up to 8 minutes journey time reduction at peak periods
West Bromwich Town Centre, New Street	Bus Lane Camera enforcement	Instances of severe delay around bus station virtually eliminated since introduction.

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**WEST MIDLANDS**  
COMBINED AUTHORITY

## Board Meeting

<b>Date</b>	17 February 2017
<b>Report title</b>	Movement for Growth and Transport Monitoring
<b>Cabinet Member Portfolio Lead</b>	Councillor Roger Lawrence – Transport
<b>Accountable Chief Executive</b>	Keith Ireland, Managing Director - Wolverhampton Email: <a href="mailto:keith.ireland@wolverhampton.gov.uk">keith.ireland@wolverhampton.gov.uk</a> Tel: 01902 554500
<b>Accountable Employee</b>	Mike Waters, Head of Policy and Strategy - TfWM Email: <a href="mailto:mikewaters@wmita.org.uk">mikewaters@wmita.org.uk</a> Tel: 0121 214 7150
<b>Report has been considered by</b>	<ul style="list-style-type: none"><li>• STOG 5 December 2016</li><li>• TDC on 9 January 2017</li><li>• WMCA Programme board on 3 Feb 17</li></ul>

### The Combined Authority Board is recommended to:

1. Approve the Movement for Growth strategic transport plan monitoring process, which is compatible with the West Midlands Combined Authority's performance management framework, as set out in the report.
2. Approve the ongoing monitoring to support the themes within the Movement for Growth strategic transport plan

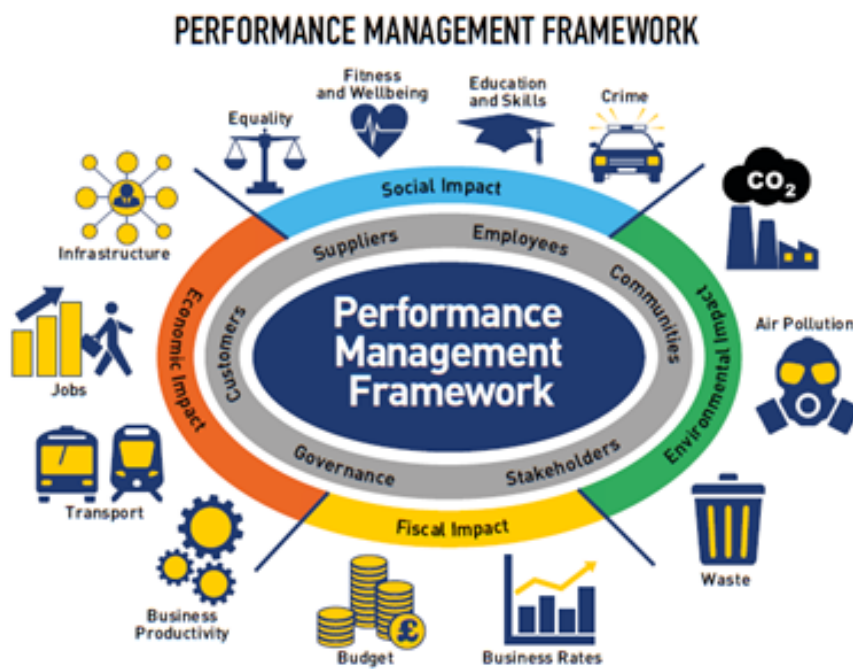
## 1.0 Purpose

1.1 Monitoring and evaluation are important in the development and delivery of the Movement for Growth strategic transport plan; the tracking of progress of the Strategic Economic Plan and the WMCA Performance Framework. Monitoring is needed to see whether the overall delivery of schemes and measures is achieving our vision and objectives and evaluation to understand what is work best. This report highlights how we will measure our success against headline and supporting measures and how, through ongoing research and evidence gathering, we will inform and shape the policies and programmes.

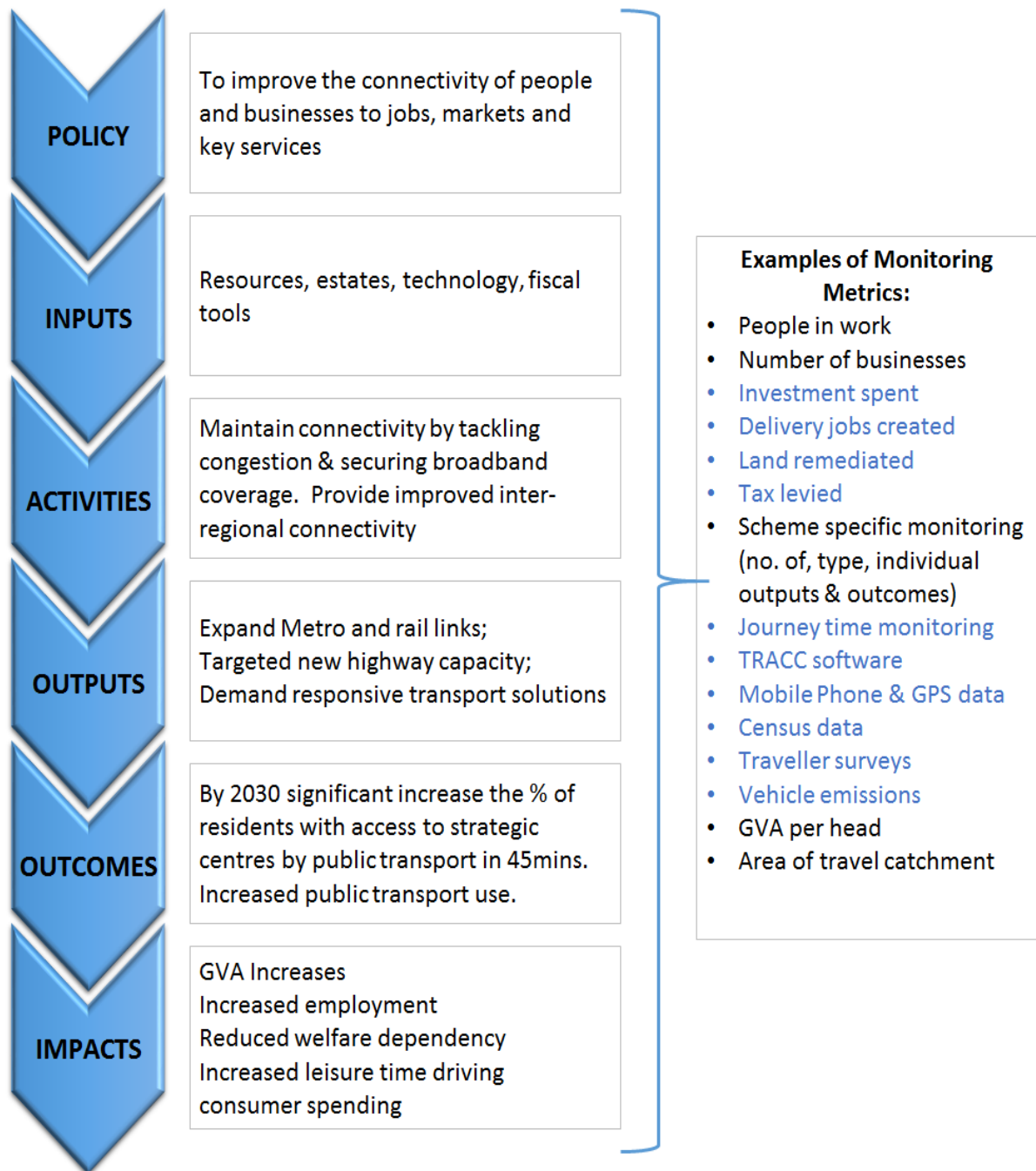
## 2.0 Background

2.1 The WMCA Performance Management Framework contains a number of strategic headline indicators which measure the impact of the various programmes of the WMCA Strategic Economic Plan and the Movement for Growth Strategic Transport Plan. These indicators cover a range of theme areas including economic, social, fiscal and environmental impacts, as illustrated in Figure 1 below. The Performance Management Framework will provide a framework against which WMCA success can be measured.

Figure 1:



2.2 A more effective transport system benefits many of the Combined Authority's growth ambitions considered in the WMCA Performance Management Framework. This is achieved by improving the connectivity of people and businesses to jobs and markets; unlocking hard to access sites to improve the quantity of high quality readily available development sites; enabling access to skills; improving air quality; reducing carbon emissions; and reducing health inequalities. Figure 2 provides an example of this using a draft logic chain/impact pathway under the accessibility theme.



**Figure 2:** Logic Chain/Impact Pathway: Accessibility (Economic Impact) - Increase in % of residents able to access strategic centres by public transport in 45 mins.

2.3 Following from this, the indicators within the Movement for Growth have been reviewed in line with the WMCA Performance Management Framework and a revised set of indicators can be seen in Appendix 1.

2.4 Movement for Growth sits alongside the WMCA Strategic Economic Plan as a complementary set of policies and plans that will guide transport improvements delivered by a number of organisations. These improvements will provide the overarching approach to

the development of a transport system which is fit for the challenges of economic & housing growth, social inclusion and environment change.

- 2.5 Progress against The Movement for Growth strategy will be tracked against the indicators through a formal annual monitoring report, enabling us to appraise and prioritise our delivery of schemes and programmes.
- 2.6 Success will also be measured through the continual monitoring and evaluation of schemes and programmes to ensure they are delivering against the overall strategic objectives. Ongoing research of trends will help us to influence and shape our future policies.
- 2.7 Responsibility for monitoring of the Movement for Growth will lie with Transport for West Midlands Policy and Strategy Team, who will assess changes to the operational performance of the transport system, the resulting changes in usage of the transport system and the outcomes these lead to, alongside supporting background indicator monitoring.
- 2.8 The work will ensure we understand changes of the performance of the transport system arising from schemes, e.g. reliability of vehicles, bus route reliability, and public transport accessibility. Changes to perceptions and usage arising from these changes will also be measured, including mode share for all journeys, volumes of journeys by mode and customer satisfaction. This will include changes to outcomes related to transport improvements (which will be measured in partnership with the other WMCA organisations) such as GVA, jobs, transport emissions, and the number and severity of road traffic accidents.

### **3.0 Impact on the Delivery of the Strategic Transport Plan**

- 3.1 The proposed monitoring and evaluation for transport will be a key tool in helping to deliver effective transport policies and building on those set out in the 'Movement for Growth' Strategy. This will affect all transport interventions across the Four Tiers of the transport system:
  - National and Regional Tier;
  - Metropolitan Tier;
  - Local Tier; and
  - Smart Mobility Tier.

### **4.0 Wider WMCA Implications**

- 4.1 The Movement for Growth Strategic Transport Plan monitoring metrics will track performance within the constituent Authority 'Transport for West Midlands' area but does not directly monitor aspirations and delivery in the wider WMCA area for which the WMCA is not a statutory transport authority. Within the TfWM area the monitoring aligns with WMCA's overarching Performance Management Framework.

### **5.0 WMCA Monitoring Headline - Performance of the System**

- 5.1 Aligned to the strategic indicators within the Performance Management Framework the Movement for Growth measures the connectivity of people to jobs and markets by improving the accessibility to strategic centres and the journey time reliability.



- 5.2 Increasing the number of jobs accessible by public transport across the West Midlands will support growth and economic development without large increases in additional car travel demand at busy times. Journey time reliability is also a high priority for the movement of freight and people. Unknown variability of journey times leads to unpredictability for businesses and people, the building in of extra time of journeys and wasted time.
- 5.3 Clear measures of success help us to track progress in achieving a more connected and efficient transport network, ensuring people can access main centres in reasonable time and travel around the conurbation with ease and with as little delay as possible.
- 5.4 The Movement for Growth strategy establishes a vision for improved metropolitan connectivity, with an aspiration for centres in the wider journey to work area to be within 45 minutes travel time of the regional centre of Birmingham by rail, and for Coventry to offer attractive rail times to centres in Warwickshire and the East Midlands.
- 5.5 Currently 49% of residents within the Combined Authority Constituent Authority (TfWM area) are within 45 minutes of 3 strategic centres. Current performance shows that Birmingham City Centre is accessible within 45 minutes travel time from 57% of rail stations in the wider journey to work area (based on timetables). Within Warwickshire and the East Midlands, 31% of rail stations are accessible within 45 minutes from Coventry. Appendices 2, 3 and 4 of this report set out WMCA stations and rail travel times to Birmingham, Wolverhampton and Coventry.
- 5.6 The monitoring framework and Movement for Growth Strategy also sets out proposals for monitoring and improve the ease of accessibility by addressing congestion and delays on the Key Route Network that is having a negative effect on travel times and the economy.
- 5.7 Reliability is a top customer priority for bus services, slow bus services hinder the ability to access jobs and services across the West Midlands in what people consider an acceptable time. Slow traffic speeds, related to congested conditions, hinders the connectivity of people and businesses and undermines the attractiveness of the West Midlands. While poor condition of main roads leads to unplanned road works leading to poor reliability and also damage to vehicles.
- 5.8 It is recognised during the life of the strategic transport plan there is significant amount of infrastructure works across the West Midlands which will have an adverse impact on the journey time reliability measure. This will be closely monitored to minimise the impact and to secure a resilient and robust transport network.

## **6.0 Monitoring – Satisfaction, Demand and Modal Choice**

- 6.1 Aligned to the Performance Management Framework strategic indicators, the Movement for Growth monitoring will measure the take up of more active travel (walking and cycling) and the use of private vehicles. The right transport can positively influence public health issues like obesity and diabetes through promotion of active travel.
- 6.2 Key metrics are whether the mode share of public transport, cycling and walking are increasing year in year out in accord with the strategy of successfully accommodating growth in the West Midlands; and it is important to track the amount of car journeys carrying more than 1 person (linked to more efficient use of road space). A significant percentage of car trips in the West Midlands Metropolitan area are made by a single driver without

passengers, and predominantly for the purpose of commuting and business. Non-single occupancy car use accounts for only 19% of trips made in the AM peak.

- 6.3 Supporting metrics within the Movement for Growth monitoring provide a more detailed understanding of demand, modal choice and satisfaction. Poor customer satisfaction of public transport, along with walking and cycling will lead to lower use of an important means to accommodate future travel demand. Latest satisfaction results shows 85% of passengers are satisfied with bus services, 80% with metro and 89% with rail.
- 6.4 To better understand the experience of people who regularly drive, cycle or walk, TfWM are commissioning a survey to capture their perceptions around a number of attributes, including parking costs, congestion and delays and maintenance of roads. All respondents will be asked to rank their top 3 priority areas for improvement to the local highways. The TfWM customer insight will manage this and provide regular updates and insights into customer experience.

## **7.0 Monitoring – Wider Outcomes**

- 7.1 The Movement for Growth monitoring plan will be informed by the social, economic and development measures within the Performance Management Framework, ensuring we understand the economic growth of the region, employment and housing opportunities and the environmental impact of the Policies and Programmes implemented across partner organisations.
- 7.2 Whilst difficult to break down the exact contribution with the other background factors involved, a high performing transport system contributes to economic growth, increased employment, unlocks sites for housing development and helps to improve air quality. Each of these will be measured.
- 7.3 There is currently a £14,000 shortfall in GVA per head from baseline of £19,423 to the 2030 target of £33,604. Better transport is essential to improve economic growth in the West Midlands by widening labour markets, unlocking sites for development, providing attractive centres for business location and giving people access to skills, education and training, encouraging high value growth clusters and agglomeration, and reducing business costs for links from suppliers to producers to markets.
- 7.4 Road transport emissions from exposure to fine particle account for around 1,460 premature deaths in the West Midlands. Deaths attributable to nitrogen dioxide may be in the region of around half that figure. The need to reduce emissions from the transport sector in the West Midlands is therefore important. Work is in progress to produce a West Midlands wide low emissions strategy, measuring concentrations of nitrogen dioxide.

## **8.0 Next Steps**

- 8.1 Monitoring of the metrics identified will ensure a baseline is in place in which we can track progress. This will be reported in a formal monitoring report provided annually in July enabling us to appraise and prioritise our delivery of schemes and programmes.
- 8.2 The themes underlying the Movement for Growth and Performance Management Framework will also be monitored on an ongoing basis in collaboration with WMCA partners, with policy whitepapers and ‘infographics’ produced to provide a robust evidence

based approach to shape WMCA's formal policies and programmes. Customer experience will be captured to ensure we are meeting the needs of the public. Working with partners we will look to identify any gaps in knowledge and fulfil these through research and analysis.

8.3 Work is underway to allow the sharing of monitoring and evaluation data across partner organisations, through the use of data integration and visualisation tools. This will enable us to provide live updates of measures within the Movement for Growth and Performance Framework, ensuring access to current and robust evidence base.

8.4 We will continue to review the sources of data available to monitor our success and work with partners to ensure that the best methodology and data set is available to us, and where necessary make recommendations for alternative solutions. The JDT re-let will influence this, with the contract specifying three main functions around data collection, data dissemination and analysis. Wider exploitation of the data, tools, services and resources will facilitate efficiency saving, through innovation development.

## **9.0 Financial implications**

9.1 The 2016/17 costs of the monitoring arrangements as set out within this report can be met from existing budgets held by WMCA. Costs for future years monitoring will be integrated within the financial planning process accordingly and efficiency savings made as part of the JDT contract re-let. Wider exploitation of the data, tools, services and resources will generate income and facilitate efficiency savings.

## **10.0 Legal implications**

10.1 There are no legal implications arising from this report

## **11.0 Equalities implications**

11.1 No equality implications arising from this report.

## **12.0 Schedule of background papers**

12.1 Strategic Transport Plan:  
[https://westmidlandscombinedauthority.org.uk/media/1178/2016-06-01-mfg-full-document\\_wmca.pdf](https://westmidlandscombinedauthority.org.uk/media/1178/2016-06-01-mfg-full-document_wmca.pdf)

## **13.0 Appendices**

**APPENDIX 1:** Measures and Methodology

**APPENDIX 2:** Rail travel times to Birmingham City Centre from rail stations within the wider journey to work area.

**APPENDIX 3:** Rail travel times from Coventry City Centre from rail stations within Warwickshire and the East Midlands.

**APPENDIX 4:** Rail travel times to Wolverhampton City Centre from rail stations within the wider journey to work area.

## Appendix 1: Measures and Methodology

### 1.0 Performance of the System

<b>Headline measures of success within the CA Performance Framework;</b>	<b>Source</b>
% of residents in the metropolitan area able to access 3 or more strategic centres <sup>1</sup> in 45 minutes by public transport in the am peak	TRACC – transport accessibility tool
Journey time reliability	Trafficmaster

<b>Supporting measures within the Movement for Growth;</b>	<b>Source</b>
Reliability of bus services	AVL
Average speed of key bus services	AVL
Journey Speeds	Trafficmaster
AM peak total delay time compared with free flow journey time	Trafficmaster
Condition of Key Route Network & Local Road Network	Local Authorities

- 1.1 Strategic centres are made up of 10 key centres within the West Midlands Metropolitan area, namely Birmingham City Centre, Sutton Coldfield town centre, Coventry City centre, Wolverhampton City Centre, Solihull town centre, UK Central Hub, Walsall town centre, Dudley town centre, Brierley Hill and West Bromwich town centre.
- 1.2 Journey time reliability on the Key Route Network is currently measured using am peak journey time compared to free flow journey time. (Delay or “time lost” is calculated by subtracting derived ‘free flow’ travel times from observed travel times for individual road sections) Average delay on local roads is estimated to be 45 seconds per vehicle per mile when compared to free flow.
- 1.3 The Journey Time Monitoring System (JTMS) automatic number plate recognition cameras (ANPR) from the Urban Traffic Control Major Scheme (UTCMS) will help to inform this measure across the Key Route Network. The location of the JTMS units fits well with the West Midlands Key Route Network. Work is underway to fully commission and validate the units and establish an ongoing maintenance regime.
- 1.4 Bus reliability is a top priority for bus passengers, and continual monitoring utilising Automatic Vehicle Location (AVL) data and continued liaison with operators will help us to improve this measure. Latest results show that 79% of services within the West Midlands Metropolitan area are reliable, with buses turning up within 1 minute early and 5 minutes late of the publicised timetable.
- 1.5 Using AVL data we can also monitor the average speed of bus services, with latest results showing average speed of 18 kph (12 mph) in am peak, compared with private vehicle with an average speed of 40.6 kph (25.4 mph) in the am peak.
- 1.6 Condition of principal roads and non-principal classified roads is monitored by Local Authorities who report on the % of roads in need of resurfacing. The reporting system will be modified to ensure that the Key Route Network is included. Other measures which can

help to support this is the kilometres of roads resurfaced and roads exceeding anti-skidding intervention levels.

## 2.0 Satisfaction, Demand and Modal Choice

<b>Headline measures of success within the CA Performance Framework;</b>	<b>Source</b>
Mode share of all journeys by car, public transport, cycling and walking	National Travel Survey
% of car journeys non-single occupancy	West Midlands Met Area Cordon Counts

<b>Supporting measures within the Movement for Growth;</b>	<b>Source</b>
Overall satisfaction with Bus, Metro, Rail (and Sprint when operational)	Transport Focus
Travel by bike, foot and car	TfWM
Car ownership per 1,000 population	DfT
Number of journeys by public transport per annum	TfWM
Mode share of am peak journeys to the strategic centres by motorised modes	West Midlands Met Area Cordon Counts
Mode share of journeys to work including work from home	TfWM

- 2.1 From the National Travel Survey (NTS) we can better understand how people in the West Midlands Travel. The NTS is a household survey designed to monitor long term trends in personal travel. Mode share of all journeys shows public transport in the West Midlands accounts for 12% of all trips with car representing the greatest share at 62% and taxi trips at 2%. Walking accounts for 23% but is mainly predominant for very short distances. Cycling accounts for only 1% of all trips.
- 2.2 Satisfaction with public transport is regularly monitored across a number of attributes affecting service provision, including security, frequency, and facilities. An overall rating is obtained to get a feel of overall service provision.
- 2.3 To better understand the experience of people who regularly drive, cycle or walk, TfWM are commissioning a survey to capture their perceptions around a number of attributes, including parking costs, congestion and delays and maintenance of roads. For pedestrians, the survey will include ease of travelling, safety and maintenance of pavements. For cyclists, the survey will identify journey stage (multi or single modal journey), perceptions of cycle routes, and security and safety. All respondents will be asked to rank their top 3 priority areas for improvement to the local highways.
- 2.4 Trends in car ownership plays an important influence on choice of mode to travel. Historical figures shows a continual trend in annual growth in licensed cars. Latest figures for the West Midlands Metropolitan area shows 487 cars are licenced per 1,000 population, and as we have seen earlier in the report car trips account for 64% of all trips made.
- 2.5 When considering journey to work, a recent survey of employees carried out by TfWM identified that 73% travel by car to work, and 18% by public transport, with the remaining 9% choosing active travel choices.

2.6 It is important that the car journeys that are made have very little impact on the environment, with improved efficiency and lower carbon dioxide emissions. Ultra-low emission vehicles (vehicles with emissions of CO<sub>2</sub> below 75 g/km, or fully electrically powered) represented 1.1% of all new registrations, compared with 0.8% over the previous year and 0.2% over the year prior to that. Most of the increase in ULEV registrations has been accounted for by vehicles eligible for plug-in car and van grants covering up to 35% of cost price.

2.7 Approximately 325 million public transport trips were made in the West Midlands Metropolitan Area, representing 115 journeys made per 100,000 population a slight decline from 118 in 2015. In the am peak we see that 38% of all trips are made by public transport into the strategic centres, this differs by centre with Birmingham seeing 63% of trips being made by public transport in the AM peak.

### 3.0 Monitoring – Wider Outcomes

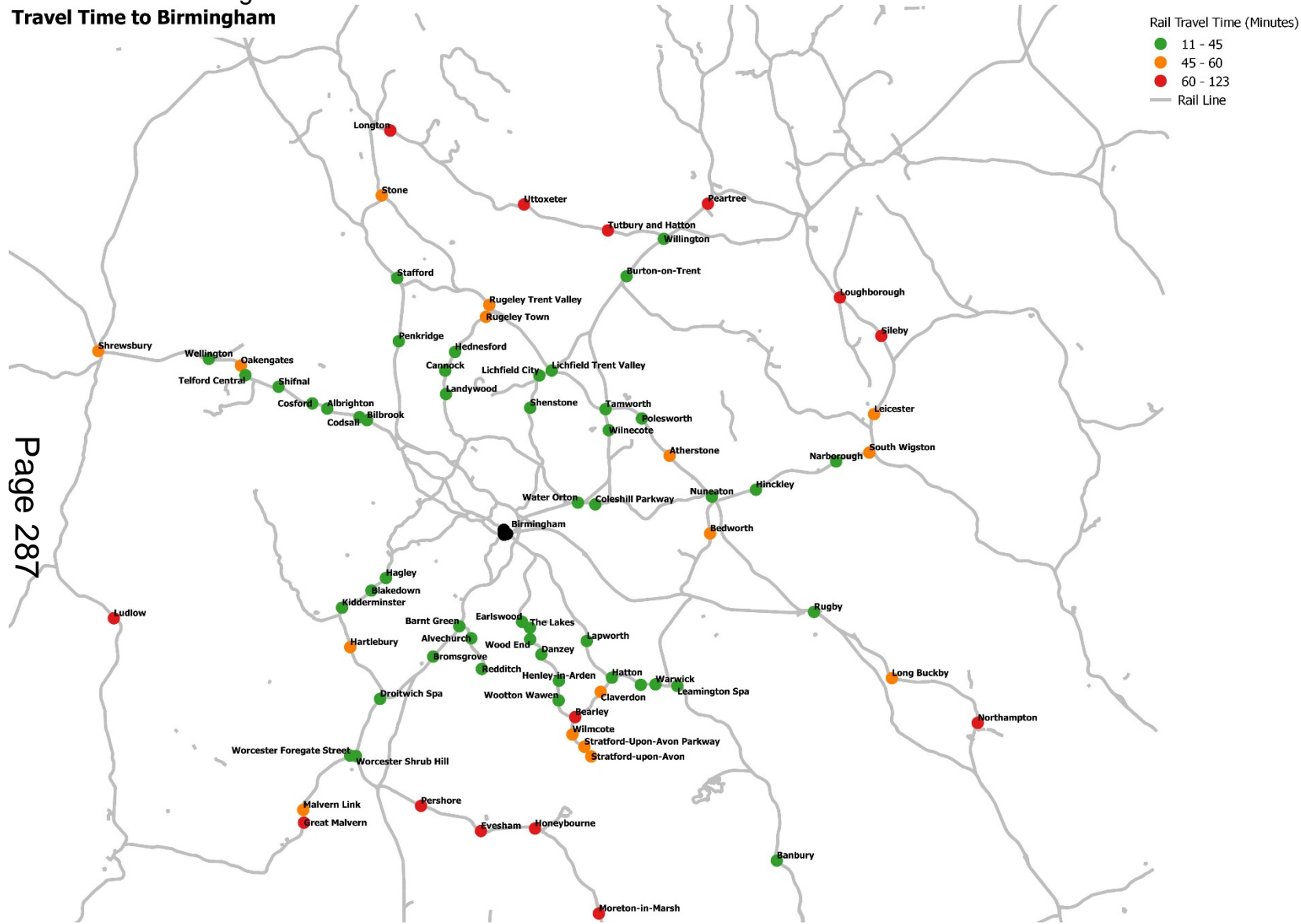
<b>Headline measures of success within the CA Performance Framework;</b>	<b>Source</b>
GVA per head	ONS
Employment Rate	ONS
Number / Ha available for housing developments	DCLG
CO <sub>2</sub> emitted within the SEP area by Transport, Businesses and Homes	DECC
Number of Poor Days Air Quality per year (rated 4 or higher on the Daily Air Quality Index)	Defra
Health Inequality by years between the best and worst areas in LEP and SEP areas.	Public Health England

<b>Supporting measures within the Movement for Growth;</b>	<b>Source</b>
Nitrogen dioxide levels in the metropolitan area	Public Health England
Number of Killed and Seriously Injured Casualties	Spectrum
Killed and Seriously Injured Casualty Rate by mode per 100,000 km travelled	Spectrum
Number of recorded crime incidents on public transport	Safer Travel Partnership

3.1 Most of these indicators can be measured through open data released by Government Offices, including Office of National statistics (ONS), Department for Communities and Local Government (DCLG), Department of Energy and Climate Change (DECC), Department for Environment Food and Rural Affairs.

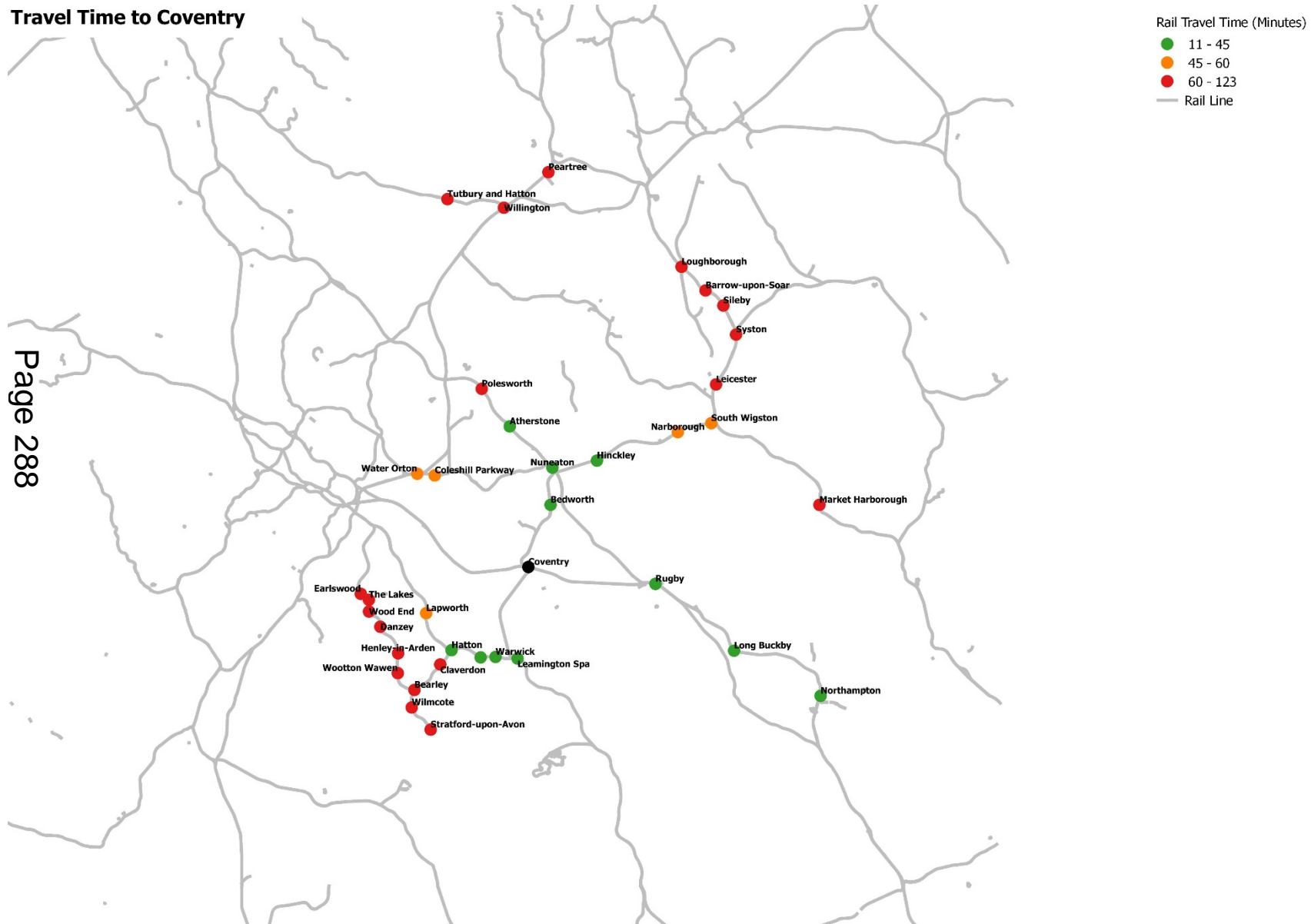
## Appendix 2: Rail travel times to Birmingham City Centre from rail stations within the wider journey to work area. The target is for 45 mins or better travel time.

### Travel Time to Birmingham



### Appendix 3: Rail travel times from Coventry City Centre from rail stations within Warwickshire and the East Midlands.

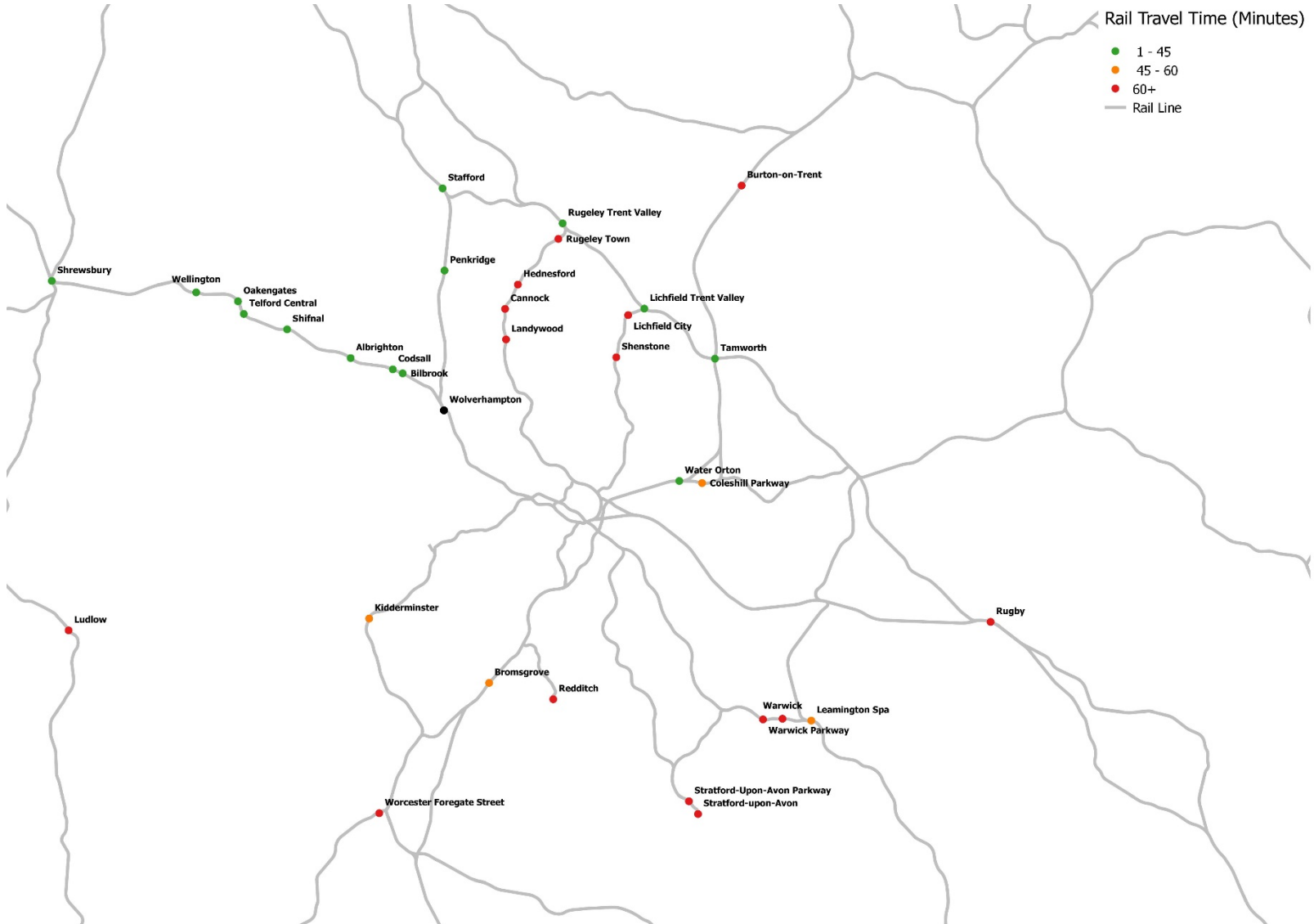
#### Travel Time to Coventry





### Appendix 4: Rail travel times to Wolverhampton City Centre from rail stations within the wider journey to work area.

#### Travel times to Wolverhampton



[PUBLIC]



## Board Meeting

<b>Date</b>	17 February 2017
<b>Report title</b>	2017/18 Combined Authority Operational Budget
<b>Cabinet Member Portfolio Lead</b>	Councillor Izzi Seccombe – Finance & Investments
<b>Accountable Chief Executive</b>	Jan Britton Email <a href="mailto:Jan_britton@sandwell.gov.uk">Jan_britton@sandwell.gov.uk</a> Tel 0121 569 3501
<b>Accountable Employee</b>	James Aspinall Email <a href="mailto:jamesaspinall@centro.org.uk">jamesaspinall@centro.org.uk</a> Tel 0121 214 7600
<b>Report to be/has been considered by</b>	3 February 2017- Programme Board

### The Combined Authority Board is recommended to:

1. Review and approve the revenue requirements for the 2017/18 Combined Authority Operational Budget.
2. Approve the 2017/18 Combined Authority Annual Membership fee, and that a discount is available for payment before 31<sup>st</sup> March 2017 after which date the full fee will be required.

## 1.0 Purpose

1.1 To approve the Combined Authority Operating Budget for the 2017/18 financial year.

## 2.0 2017/18 Combined Authority Operational Budget

2.1 The following table summarises the Combined Authority Operational budget by portfolio:

WMCA Operational Budget 2017/18	Responsible Councillor	2017/18 Base Bid	
		£	£
Constituent Member Contributions		1,750,000	
Non Constituent Member Contributions		425,000	
Discount for Early Payment		(326,250)	
Total Contributions			1,848,750
Gain Share Contribution			1,936,250
Investment Income			493,500
<b>EXPENDITURE GRAND TOTAL</b>			<b>4,278,500</b>
<b>Portfolio</b>			
Growth Company		700,000	
DEIM & EIU / SEP		240,000	
Culture & Tourism Commission		246,000	
Economic Growth	John Clancy		1,186,000
Mental Health Commission		230,000	
Health and Well Being	Peter Lowe		230,000
Public Sector Reform	Steve Eling		480,000
Skills and Productivity		544,000	
Innovation Fund		30,000	
Skills and Productivity	George Duggins		574,000
Housing and Land	Sean Coughlan		100,000
Collective Investment Fund		350,000	
Financing and Investment	Izzi Seccombe		350,000
Transport	Roger Lawrence		81,500
WMCA Leadership	Bob Sleigh		1,277,000
<b>Total Expenditure</b>			<b>4,278,500</b>
<b>Net Surplus / (Deficit)</b>			<b>(0)</b>

## 3.0 Income

3.1 Annual membership fees of £250,000 per constituent member and £25,000 per non-constituent/Associate/Observers have been included in the above. It is assumed that all districts will take advantage of the 15% discount available for payment in advance by 31<sup>st</sup> March 2017. Please note that any fees received after this date will be asked for in full, as the discount will be strictly applied.

- 3.2 Investment income represents interest earned on the gainshare cash deposits.
- 3.3 It is proposed to use £1.9 million from the 2017/18 gainshare revenue grant as a contribution to WMCA income.

### **3.0 Expenditure**

- 4.1 Budget proposals relating to each of the various workstreams detailing planned activity have been submitted by the appropriate lead. These are attached as Appendices.

Economic Growth – Portfolio Lead John Clancy - £1,186,000

- 4.2 A £700,000 expenditure contribution is assumed towards the establishment of the growth company as per current discussions.

- 4.3 Black Country Economic Intelligence Unit requires £240,000 supplying economic analysis for the region across 3 SEP themes including performance management framework, monitoring and evaluation, Income and Expenditure Model methodology, sector scoreboards, impact analysis including DEIM. Appendix 1 gives further detail.

- 4.4 Culture and Tourism requires £246,000 for research, gap analysis, media development and cross innovation pilots. Appendix 2 gives further detail.

Mental Health – Portfolio Lead Cllr Peter Lowe – £229,000

- 4.5 To deliver the mental health commission action plan across the 5 work-streams and leveraging £12.5million income generation for the region. Appendix 3 gives further detail.

Public Service Reform – Portfolio Lead Cllr Steve Eling - £480,000

- 4.6 Providing resources to take forward the PSR programme including staff, business case production and innovation funding to pump prime pilots. Appendix 4 provides further detail.

Productivity and Skills – Portfolio Lead Cllr George Duggins - £574,000

- 4.7 Resources to deliver the programme including development of the vision, plans and product testing, appendix 5 provides further detail, along with £30,000 Innovation funding.

Housing and Land – Portfolio Lead Cllr Sean Coughlan - £100,000

- 4.8 Funding of £100,000 pa required for 3 years to help coordinate and implement approaches to accelerate housing delivery in the region. Appendix 6 provides further detail.

Financing and Investments – Portfolio Lead Cllr Izzie Seccombe - £350,000

- 4.9 The costs of £350,000 relate to fund management fees for the Collective Investment fund .

Transport – Portfolio Lead Cllr Roger Lawrence - £81,000

- 4.10 Transport costs of £81,341 cover the key route network post resulting from the WMCA specific transport responsibilities. .

WMCA Leadership – Portfolio Lead Cllr Paul Singh - £1,277,000

- 4.11 Office leadership costs are estimated at £300,000 for a revised corporate structure including a Chief Executive and associated senior posts.
- 4.12 Advisor fees of £400,000 have been incorporated to provide for additional activities that may arise during the year for example professional support for Devo 2 which will be managed by the chief Executive.
- 4.13 Programme Policy and governance costs of £88,482 relate to short term Advisor support of £42,000, a Governance Services Officer, and £7,500 contribution to the Regional Strategic Planning Advisor post, that meets the WMCA's duty to co-operate responsibilities.
- 4.14 The Communications Budget of £375,000 represents staffing costs of £151,000 and £224,000 for the following activities and tools:

	£
Commission support	50,000
Market Research, Constitutions and Focus Groups	20,000
Brand Development	10,000
Mayoral Communication Activity	20,000
Stakeholder Engagement	75,000
Travel, hospitality, venue hire etc	24,000
WMCA Intranet Development	25,000
<b>TOTAL Activities</b>	<b>224,000</b>

- 4.15 Corporate support costs of £113,000 reflects two specific posts of Cyber security and a finance officer with all other general support being provided from the organisational support structure funded through the transport Levy.
- 4.16 The budget also assumes that other related District Officer support continues to be supplied at no cost.
- 4.17 Funding for the WMCA is by agreement of all constituent members. If agreement cannot be reached then the default position is to allocate funds in proportion to population.

## **5.0 Financial implications**

- 5.1 The operational budget forms one part of the overall WMCA financing requirements and a separate report pulls together all of the finance and funding requirements which demonstrates an overall balanced position.
- 5.2 Specific financial requirements are included in the body of the report.

## **6.0 Legal implications**

- 6.1 The Authority is required to approve a funded and balanced revenue budget and investment programme.

## **7.0 Equalities implications**

7.1 There are no equalities implications of this specific report.

## **8.0 Appendices**

- Appendix 1 – Economic Growth – Black Country Economic Intelligence Unit briefing note
- Appendix 2 – Economic Growth – Culture and Tourism briefing note
- Appendix 3 – Mental Health Commission briefing note
- Appendix 4 – Public Service reform briefing note
- Appendix 5 – Productivity and Skills briefing note
- Appendix 6 – Housing and land briefing note

**Appendix 1**

**WMCA Cabinet Member Briefing Note 3<sup>rd</sup> January 2017  
Black Country Economic Intelligence Unit – Intelligence Support to WMCA Budget Request 2017/2018**

See below a summary breakdown of the budget request that has been submitted to WMCA's finance team for consideration by Leaders.

Item of Expenditure	Description	Cost to WMCA	Timeframe
Economic Intelligence Unit	<p>Supporting the WMCA with a range of intelligence products including:</p> <ol style="list-style-type: none"> <li>1. The <b>WMCA Performance Management Framework</b> – annual update and report</li> <li>2. <b>Monitoring and Evaluation</b> – production of Devo Deal M&amp;E plan, support on gateway review panel.</li> <li>3. <b>Income and expenditure</b> analysis for the WMCA updated</li> <li>4. <b>Sector Dashboards</b></li> </ol>	£150,000	<ol style="list-style-type: none"> <li>1. PMF updated and report produced June 2017</li> <li>2. Devo Deal M&amp;E plan Jan 2017; Gateway Review panel January onwards; Impact assessment June – December</li> <li>3. Updated income and expenditure report February 2017</li> <li>4. Production of 10 Sector dashboards - January 2017</li> </ol>
External Support	<ol style="list-style-type: none"> <li>5. Commission of <b>Oxford Economic model update</b> and production of report that analysis implications of updated forecast</li> </ol>	£23,000	<ol style="list-style-type: none"> <li>5. Production of update report on Oxford Economic model - March 2017</li> </ol>



			6. DEIM External Support	£17,000	6. Annual external support and maintenance contract to KPMG/David Simmons for DEIM model
Dynamic Economic Impact Model			6. Capacity to run the DEIM model	£50,000	Running of DEIM model to inform SEP delivery and impact
Total				£240,000	

### WMCA – Black Country Offer-Economic Intelligence:

Black Country Consortium Ltd offers a comprehensive understanding of the socio-economic challenges and opportunities in the Black Country and the wider West Midlands area. Our Economic Intelligence Unit (EIU) provides rigorous, best in class, economic analysis across the three key SEP themes of people, businesses and place. This intelligence is used to inform different stages of the policy-making cycle, including: critical assessment of the socioeconomic challenges of the area; evidence-based strategy and policy development; project and programme design and feasibility; programme management; and monitoring and evaluation.

Currently the Economic Intelligence Unit provides a range of products to support the strategic intelligence needs of the Black Country Local Authorities, the WM SEP for the Combined Authority and the Black Country LEP. The team is responsible for the provision and application of intelligence to inform, support and influence decision-making. We provide a flexible intelligence resource which enables BC LA's / BC LEP to respond to emerging needs. The EIU has the skill set and expertise to apply all of its activities to various geographical levels and can provide a flexible intelligence response to meet bespoke requirements on a once off or ongoing basis. The EIU has been fundamental in the development of the WMCA Strategic Economic Plan and provided a range of technical appendices which support the WMCA SEP. The contents and update of these is set out in greater detail below:

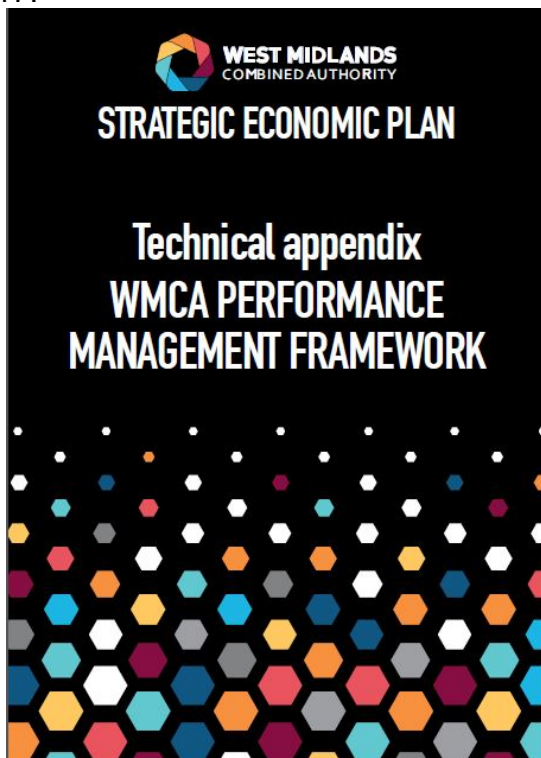
#### 1. WMCA Performance Management Framework

**The WMCA Performance Management Framework (PMF)** provides a clear framework against which success can be measured. The Vision for the area has a number of smart objectives with clear targets. The PMF is composed of a selection of strategic headline indicators, which measure the impact of the various programmes of the WMSEP. These indicators cover a

range of theme areas including productivity, employment and skills, infrastructure, competitiveness, sustainability, and public service reform - and covering economic, social, fiscal and environmental impact. We will annually monitor our progress in relation to the targets in the PMF so that we can clear on the impact of our delivery plan in achieving our ambitions. We will update each of the strategic indicators in the WMCA PMF and produce a report which analysing the results for each of the indicators.

The indicators in the PMF will be the basis upon which we appraise and prioritise our programme of interventions to deliver the WMCA SEP. These carefully targeted set of interventions will ensure delivery of the greatest economic benefits to the area and allow balance to be achieved in terms of opportunities created across the WMCA.

The framework was developed to support the WMCA SEP and will be updated annually in June 2017.



The WMCA Performance Management Framework

Outcomes	Measures of Success	Baseline	2030 Target	Scale of the Challenge - Total WMCA
ECONOMIC GROWTH - Improved GVA for the region in line with the national average	O1. GVA per Head	£19,423	£33,604	+\$14,181
	BUSINESS - Improved the productivity of our businesses focussing on our growth sectors	B1. GVA per employee	£40,925	£63,537
FISCAL - Secure better for less from our public services	B2. GVA in transformational sectors (£m)	£52,704	£112,036	+\$59,332
	B3. No. of Business Births	18,805	23,269	+4,464 Births p.a
		47 per 10k pop.	58 per 10k pop.	
	B4. Jobs in Transformational Sectors	1.1m Jobs	1.47m Jobs	+307k Jobs
	B5. Total Jobs	1.9m Jobs	2.4m Jobs	+505k Jobs
	B6. Employment Rate	68.4%	80%	+12p.p.
	F1. Income & Exp. Balance	£3.9 billion	£0	-\$3.9 billion
PEOPLE - Improved Life Chances for all	P1 - Reduce % of people in top 10% most deprived areas	19.2%	TBA	TBA
	P2 - Better employment, health and wider outcomes for people with complex needs	TBA	TBA	TBA
	P3. Average earnings: 100% employees earning above UK living wage	TBA	TBA	TBA
	P4. % WAP No 0000	365,700	211,546	-154,154
SKILLS - Improved skill levels at all ages so that people have the skills and	P5. % WAP NVO1	298,800	292,134	-6,666
	P6. % WAP NVO2	418,100	410,499	-7,601
	P7. % WAP NVO3	419,200	435,683	+16,483
	P8. % WAP NVO4+	766,700	926,771	+160,071
		43,230		+41,448 per annum

## 2. Monitoring and Evaluation

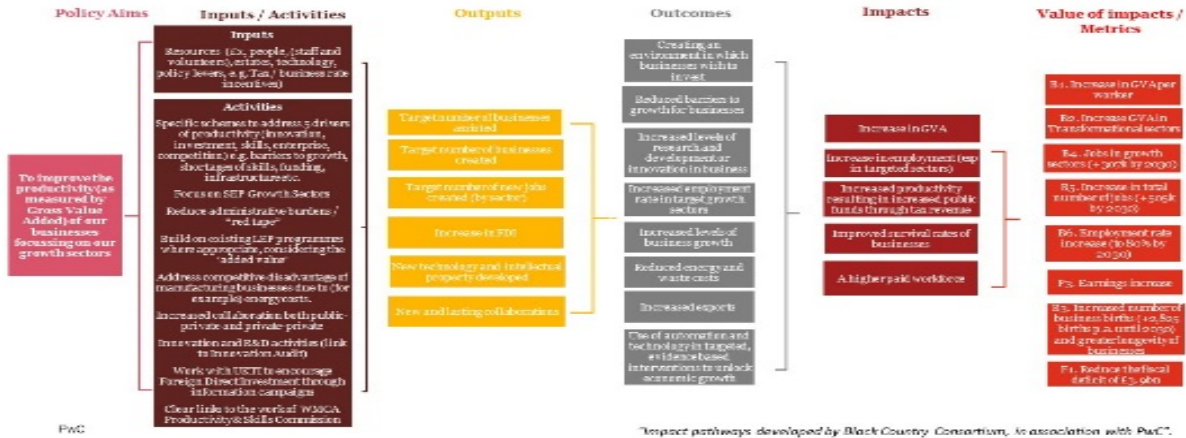
We will annually monitor our progress in relation to the targets in the PMF so that we can clear on the impact of our delivery plan in achieving our ambitions. Responsibility for monitoring at a strategic level will lie with the Economic Intelligence Unit, whereas at the project level it will lie with project sponsors.

M&E at strategic level will include impact evaluation for WM SEP including devo deal and an assesement of overall impact of WMCA SEP delivery plan on ambitions impact pathway analysis.

We will also produce the M&E plan for Devo deal which is key requirement from central government.

We will represent the WMCA on the panel to inform the Gateway Review which will be fundamental in determining the level of investment available to the area.

### 1.1 Business Competitiveness & Productivity (Economic Impact)



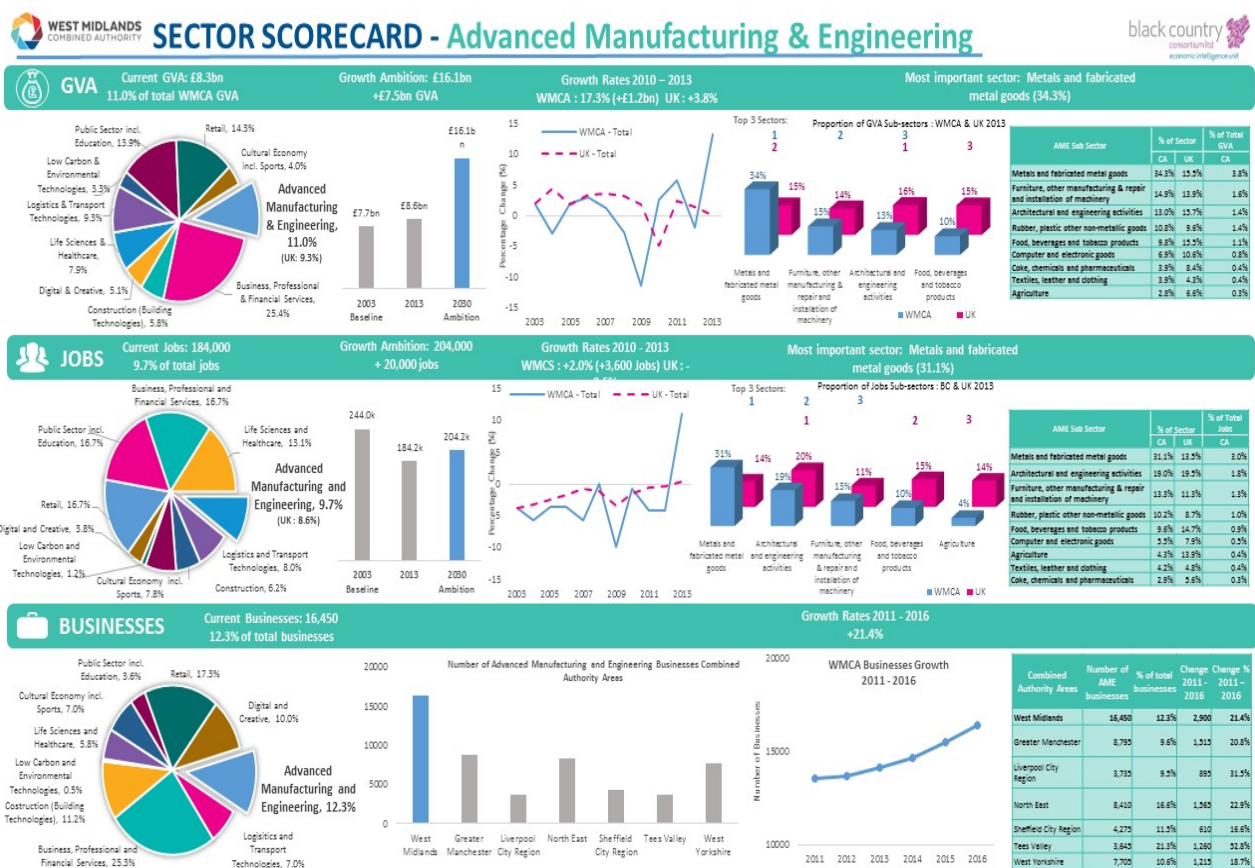
### 3. Income and Expenditure model methodology developed for the WMCA

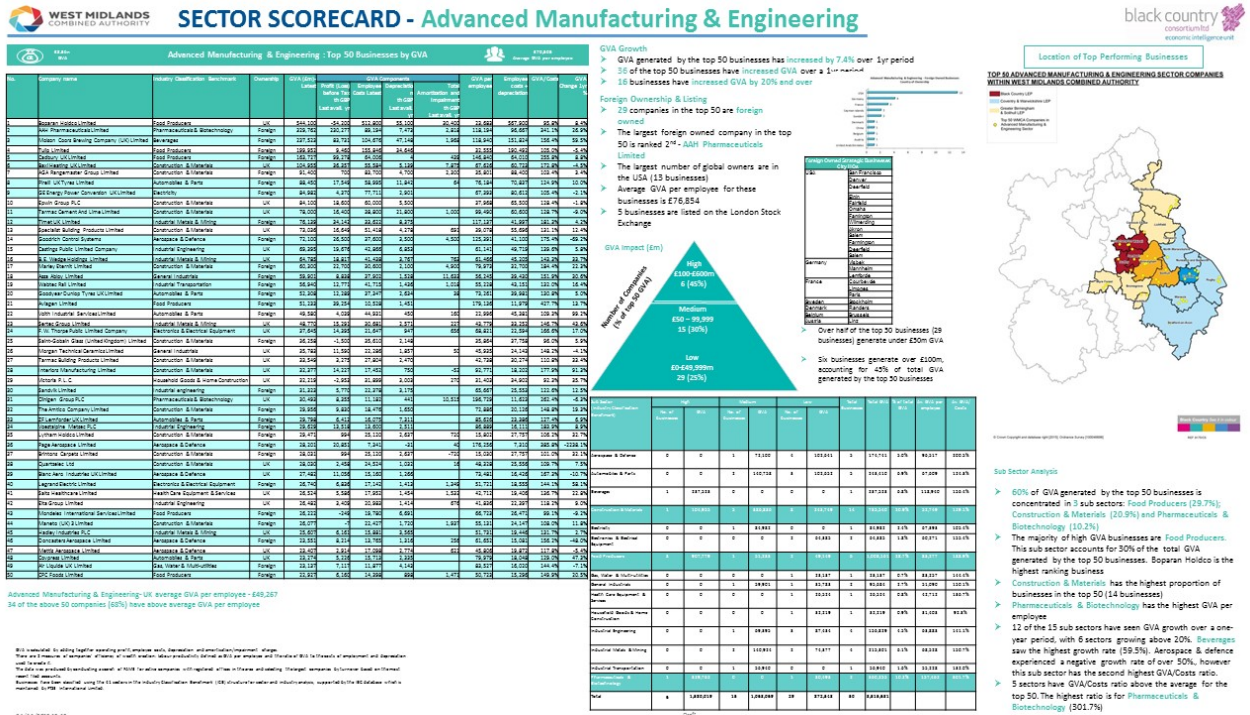
We will refresh the West Midlands based methodology of the Manchester Income and Expenditure model developed by the EIU. This involves a detailed analysis of all government expenditure on local services as well as mapping out all tax receipts sent back to the national purse together with analysis of benefit payments by type. A detailed report will be produced.



## 4. Sector Scoreboards

We will provide detailed sector and sub sector business intelligence to support development of the WMCA Productivity and Skills Commission and the production of ten 'sectors scorecard'. An example is provided in Appendix





### 5. Oxford Economic model review and refresh

We will commission an annual update of the Oxford Economic model which was the basis for the WMCA SEP and analysis the implications of the updated trend time series data to 2030 and assess the impact in terms of the WMCA vision scenario.



### 6. Dynamic Economic Impact Model

We will manage and run the Dynamic Economic Impact Model which will help to inform the prioritisation and the programme development process. We will utilise the DEIM model to understand the impact of individual investments in terms of their economic impact (as measured by GVA). A business plan for the DEIM model for 2016-2017 has been produced and approved by the WMCA SEP Board.



WMCA Dynamic Economic Impact Model  
(DEIM)

Business Plan

September 2016 – September 2017

Draft v1

### Skill-Set

Black Country Consortium Ltd offers a comprehensive understanding of the socio-economic challenges and opportunities in the Black Country and the wider West Midlands area. Our Black Country Economic Intelligence Unit is uniquely placed to provide this service to the WMCA due to the existence of a unique, experienced, well developed centre of excellence with a team of highly qualified and experienced economists and themed and spatial analysts that have been instrumental in the regions evidence base since 2002.

The team produced the evidence base and extensive series of technical appendices that underpinned the WMCA Strategic Economic Plan.

Qualifications of the team include a First-Class Honours Degrees in Economics, Mathematics and Masters in Economics and an experienced GIS Engineer. The team also have a variety of work experience across the world in both the private sector e.g. the Economist and the public sector including Universities worldwide, Local Councils, LSC, Sector Skills Council.



**WMCA Cabinet Member Briefing Note 6 January 2017  
Culture, Creative and Tourism Budget Request 2017/2018**

In response to a request to submit a budget proposal for consideration by the WMCA Cabinet, the Culture, Creative & Tourism Commission spending proposals are set out below. These build from the work undertaken last year.

The Culture, Creative & Tourism Commission has developed an initial position based on research undertaken by sector specialists through a contract managed by Birmingham City Council on behalf of the WMCA. It is proposed to build on this research which has identified initial priorities, and to look in more depth at the potential for high growth sectors and the skills, investment and cross-innovation needed to support them in order to establish a clear vision. Some pilot spill-over innovation activities are proposed to help to identify key partners, strengths and market opportunities to be developed. Research is needed to map and plan cultural and tourism infrastructure for the future, linked to plans for housing, development and transportation in order to optimise our competitiveness as a place to live, work, visit and invest.

A bid has already been made to the British Film Institute on behalf of WMCA for the first stage of cluster development to support the development of the region as a centre of excellence for convergent media, to capitalise on our strengths in gaming, film production, culture and technological innovation. Match funding is required to progress this activity.

Item of Expenditure	Description	Cost
Culture, Creative & Tourism Commission		
Research into sector reach, strengths, impact and potential of key sub-sectors.	Extension to existing contract	15,000
Infrastructure gap analysis	Extension to existing contract	5,000
Film & Convergent Media Development activity	Match funding for bid to British Film Institute	100,000
Capacity and support	Part time officer post	26,000
Cross-innovation pilot scheme	Third party commissioned activities	100,000
<b>Total Budget Request for Culture, Creative &amp; Tourism Portfolio</b>		<b>£246,000</b>

The budget request above provides for support to ensure that the Commission's complex programme of work is tightly coordinated, managed and organised. It also provides the necessary budget to commission the development of the overall Culture, Creative & Tourism Vision, Integrated Plans for priority sectors, Cross-Innovation pilots, and research to support its work. Provision has also been made to support the delivery of recommendations so that the Commission can move swiftly from making recommendations to implementing them. Match funding to draw down investment from the British Film Institute is also included. This will support the development of a proposal for a national production park for convergent media. The budget assumes that gain-share modelling in relation to culture and tourism will be completed as part of the wider work programme of the WMCA.



**WMCA Cabinet Member Briefing Note 11 January 2017  
Mental Health Commission Budget Request 2017/2018**

Please see below a detailed breakdown of the budget request that has been submitted to the WMCA Project Board on 6 January 2017.

<b>Expenditure 2017/18</b>		<u>Description</u>
Director wages -WMCA contribution	*29,195.11	Job Post
Walk out of Darkness	10,000	Expenditure
Project Lead (CJ strand consultant service user by experience)	15,000	Job Post
Project resource ongoing Primary care (SA)	30,000	Consultancy
MH Commission Members ongoing expenses	20,000	Consultancy
Citizen Jury expenses	10,000	Expenses
PMO Resource to support 5 strands	40,000	Job Post
project expenditure for delivery x 5 strands	75,000.00	Consultancy
<b>Total budget request</b>	<b>229,195.11</b>	

\* The Office of Police and Crime Commissioner, WMCA and NHS (E) are splitting the cost of the implementation director over the two year secondment. £50k has already been provided by NHS (E) for the year 2016/17 to cover their two year contribution

### **West Midlands Mental Health Commission**

The budget request is required to deliver the Mental Health Commission action plan agreed by West Midlands Mental Health Commission and Wellbeing Lead Cllr Lowe. It provides a number of resources to cover the main 5 identified work streams.

1. Supporting people into work
2. Providing safe and stable places to live
3. Mental health and criminal justice
4. Developing approaches to healthcare
5. Getting the community involved and working with other cities and regions

The budget will support the project management of the Implementation of the Action points from the plan. The project resource will assist in aligning the programmes and ensuring that the interdependencies with STPs, Merit Vanguards and wider Public Service Reform are all delivered in the appropriate areas.

Working below this, each of the streams has a number of identified projects which are seeking to implement system wide change. The consultancy costs are to identify the best practice across the national footprint and identify opportunities to implement these ideas at a local level and then expand at scale.

### Income Generation

The Mental Health Commission streams are also bringing substantial revenue opportunities to the region. The below identifies a number of existing work streams where funding has been sourced to support the ongoing implementation

<b>Income generation 2017/18 into MH Commission work</b>		
Department of Work and Health 3 yr. Individual Placement and Support programme	10,000,000	Expenditure and research evaluation
Mental Health Treatment Requirements- Court options -	120,000	Delivery

OPCC fund		
Mental Health Treatment Requirements NHS (E)	60,000	Delivery
Through the Gate - Prison resettlement programme - Klicks Charity	120,000	Delivery
Through the Gate - Prison resettlement programme - OPCC fund	80,000	Delivery
Wellbeing fiscal incentive trial for employers – Estimated bid (currently being worked up)	2,000,000	Delivery
Wellbeing premium – bid to manage the above project	65,000	Project management
<b>Total</b>	<b>12,445,000</b>	

Parameters of the budget request

All of the budget requirements have been set at the top of the estimated salary band position, Consultancy costs have been completed based on the last 12 months costs.

Sean Russell

**Director of Implementation  
Mental Health Commission**

**WMCA Cabinet Member Briefing Note 21 December 2016**  
**Public Service Reform Portfolio Budget Request 2017/2018**

The CA Board on 9<sup>th</sup> December approved the future vision, deliverables, governance and resource requirements of the PSR Programme (see Annex). This note estimates the resource requirements for discussion with the Leader.

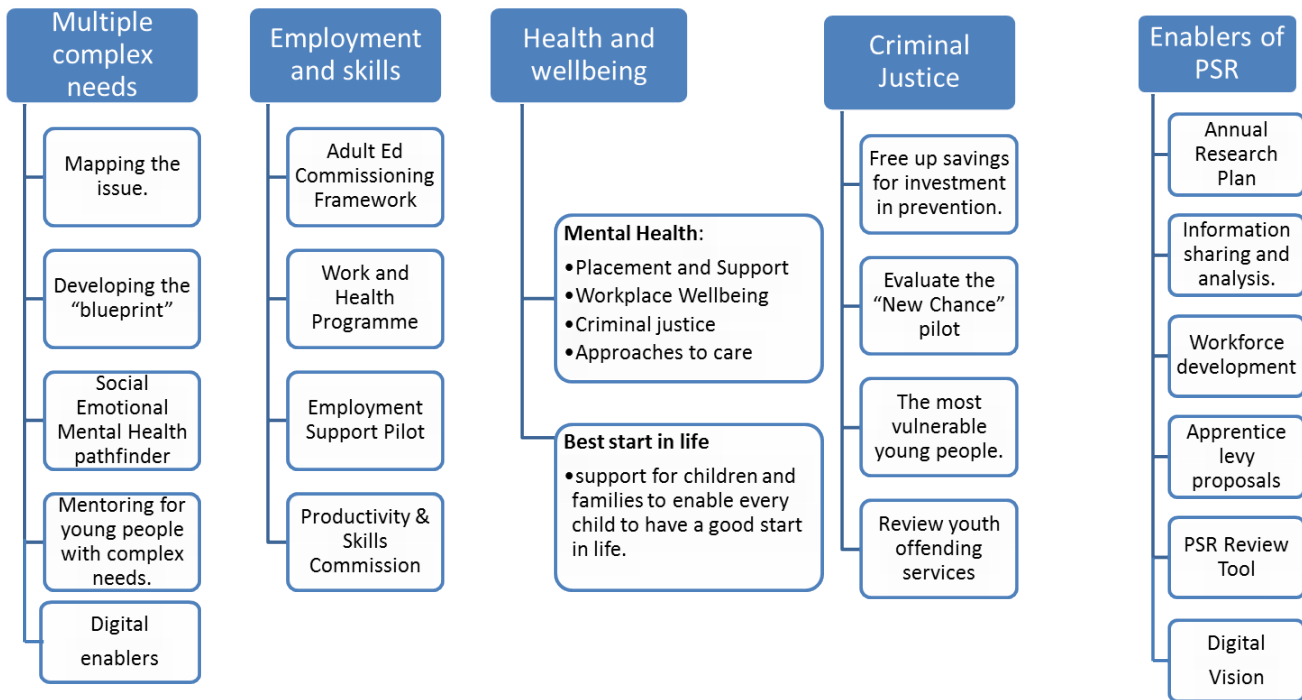
Item of Expenditure	Description	Cost
<b>Public Service Reform Programme</b>		
PSR Director (part-time)	Consultancy / Job Post	70,000
PSR Programme Manager (Project management / change specialist)	Secondment	60,000
PSR Strategy Lead	Secondment	60,000
Criminal Justice work stream lead	Secondment	70,000
Multiple Complex Needs work stream lead	Secondment	0*
PSR Programme Officer	Secondment	40,000
PSR Business Case production	Consultancy	40,000
PSR Business Case production Economies of Scale	Consultancy	50,000
Innovation fund to pump-prime pilots	Rooms, travel, IT, services, etc.	40,000
<b>Sub Total for PSR Programme</b>		<b>430,000</b>
<b>Combined Authority Research and Intelligence Capability</b>		
CA Research and Intelligence Lead	Secondment	60,000
Information Sharing	Consultancy	70,000
Evaluation design and evaluation	Consultancy	40,000
<b>Sub Total for CA research and intelligence</b>		<b>170,000</b>
<b>Total Budget Request for PSR Portfolio</b>		<b>600,000</b>
<i>Less forecast carry-forward from 16/17</i>		<i>(120,000)</i>
<b>Budget requirement for 17/18</b>		<b>480,000</b>

\* Role provided by WMFS, supporting the delivery of its objectives whilst adding value to CA objectives.

## Notes on PSR Programme Budget Requirement

The successful implementation of the PSR programme, including commitments under the Devolution Agreement, requires additional resources in 2017/18 as the planning and implementation of the Agreement and wider programme accelerates. Several key deliverables for 2017/18 have been agreed with the CA Board (Diagram 2).

Diagram 2: Public Service Reform planned deliverables in 2017-18



The requirements for the “health and wellbeing” (mental health) and “employment and skills” work streams are covered in separate budget papers to their respective Lead Members.

The requirements for the PSR Programme Budget are listed below under each of the posts budgeted for.

### PSR Director

A senior (Chief Executive) level role to direct the whole programme, reporting to the PSR Chief Executive. This is likely to be a part-time role delivered on a consultancy basis.

### PSR Programme Manager

An experienced change specialist to lead the project management of the programme, including detailed project planning, risk management, and regular reporting to the Leader and PSR Chief Executive.

### **PSR Strategy Lead**

A senior (part-time) role leading on development of PSR aspects of the Devolution Agreement, liaison with government officials, design of “gainshare” arrangements with HM Treasury, development of the enablers of PSR, the PSR Review Tool, and providing policy advice to the four work streams.

### **Criminal Justice work stream lead**

A senior Youth Offending Team manager leading development of the Criminal Justice work stream, including a fundamental review of youth offenders services and support to the most vulnerable young people, and work to reduce re-offending amongst women offenders.

### **Multiple Complex Needs work stream lead**

A senior manager leading development of the Multiple Complex Needs work stream, including detailed mapping of the needs and current service use of this group, development of a “blueprint” for future support and reducing the net public service costs of this group.

### **PSR Programme Officer**

A project officer to support the four work stream leads in delivering the agreed outputs and leading the wider stakeholder engagement for the programme as a whole.

### **CA Research and Intelligence Lead**

A senior (part-time) role leading the ongoing development of the CA’s research and intelligence capability. This includes production of the CA Annual Research Plan, reducing the need for ad hoc expensive consultancy support, and development of improved information sharing across CA partners and central government.

### Parameters of the Budget Request

The budget request outlined above is based on the resources required to deliver the PSR Programme and CA Research & Intelligence outputs for 2017/18. It does not provide capacity to deliver additional projects or programmes that may be identified through the development of implementation plans for the SEP, the Productivity & Skills Commission or the Public Service Reform agenda.

The budget includes capacity to develop the evaluation framework for the PSR programme, and for the evaluation of two small pilots (New Chances and MCN Mentoring), but future projects and pilots will need to include in their budgets the costs of their evaluation plans.

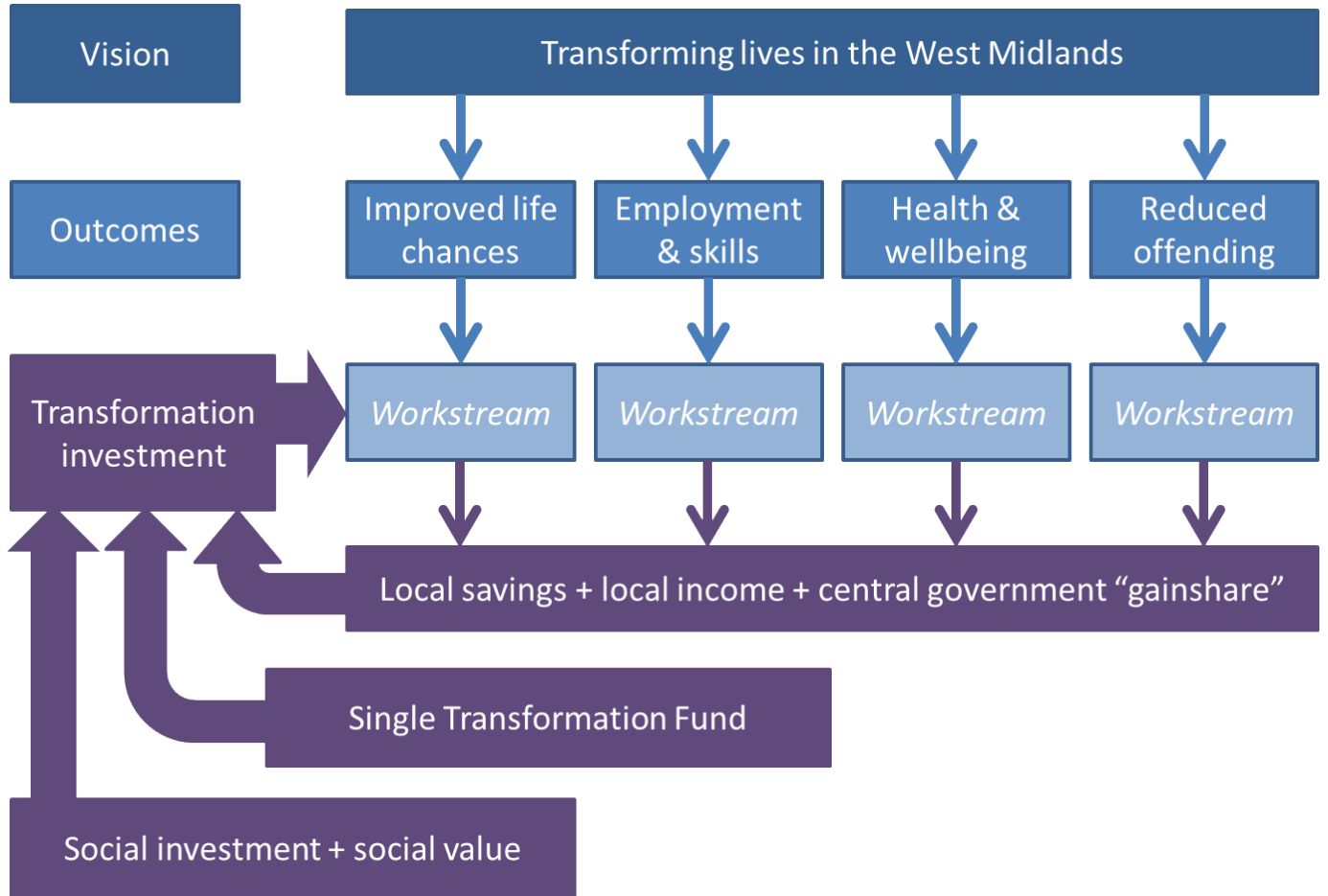
The budget includes capacity for a detailed review of information sharing and for the design and development of improved capability in this area. It does not include any significant technical costs not currently planned.

Annex: Extract of CA Board paper, 9 December 2016

## **Financial implications**

- 7.1 The WMCA budget for 2016/17 included £500k for the first year of the PSR programme. Some programme roles are provided by key partners, supporting the delivery of respective organisational objectives whilst adding value to CA objectives. The budget has been updated and is sufficient for the programme's needs in the current financial year.
- 7.2 The main resource requirements to take the programme forward are:
- Staff to lead and deliver the programme
  - Specialist support for specialist work around information sharing, cost-benefit modelling and business case development.
  - Funding for pilot projects and evaluations, IT systems and software.
- 7.3 The next stage of the programme will require a co-located, multi-disciplinary team to lead and undertake the review programme. It is likely that this will need to include the following roles and capabilities on a full-time basis:
- Programme Director
  - Programme Manager
  - Lead(s) for strategy, research and intelligence
  - Lead officer(s) for each of the PSR workstreams
- 7.4 In addition the programme will need access to these capabilities on a part-time basis as required:
- Commissioning and procurement
  - Communication and engagement
  - Digital / ICT
  - Data, analysis and research
  - Finance
  - Varied service expertise (including public health, NHS and criminal justice)
  - Workforce development
- 7.6 The detailed budget requirements to progress the PSR Programme in 2017/18 have been included in the draft Combined Authority Governance Budget.
- 7.7 In addition to partners' own resources, the PSR programme is exploring potential transformation funding from central government, social investment and social value initiatives.
- 7.8 The resource flow for public service reform is illustrated in Diagram 1. Innovative projects and approaches will deliver improved outcomes for WM residents, contributing to our vision of transforming lives in the West Midlands. Local savings, increased tax income and central government savings will be used, alongside social value and social investment initiatives, to deliver further transformation funding leading to further improved outcomes.

Diagram 1: PSR resource flow



## WMCA Cabinet Member Briefing Note 13 December 2016 Productivity & Skills Portfolio Budget Request 2017/2018

See below a detailed breakdown of the budget request that has been submitted to WMCA's finance team and will be considered by Leaders on 16<sup>th</sup> December.

Item of Expenditure	Description	Cost
Productivity & Skills Commission		
Productivity & Skills Commission Project Manager	Job Post	65,351
Productivity & Skills Vision, Sector Plans and product testing	Consultancy	100,000
Research and analysis	Commissioned work	100,000
Project Support	Job Post	26,416
Productivity Leadership Group	Room hire/catering	400
Technical Reference Group	Room hire/catering	400
Delivery of commission recommendations	Projects	100,000
Sub Total for Productivity & Skills Commission		392,567 *, **
Implementation of the Devolution Agreement		
Employment Support Project & Policy Manager	Job Post	73,173
Skills Devolution & Policy Manager	Job Post	73,173
Officer support costs	Travel, IT, telephone, etc.	5,000
Sub Total for Delivery of Devolution Agreement		151,346
<b>Total Budget Request for Productivity &amp; Skills Portfolio</b>		<b>543,913</b> ***

\* £150,000 has already been agreed for the Commission of which it is estimated £30,000 will be spent during 2016/17

\*\* Taking into account funding already agreed the request is for an additional £273,000 for the Commission - £120,000 will be rolled over from 2016/17 to 2017/18

\*\*\* In addition, Solihull MBC has committed £125,000 to cover the staffing costs of the Productivity & Skills Programme Lead officer and a small working budget

### Productivity & Skills Commission

The budget request above is required to deliver the Project Plan agreed by SEP Board and Dr Andy Palmer. It provides for full time project management and support to ensure that the Commission's complex programme of work is tightly coordinated, managed and organised. It also provides the necessary budget to commission the development of the overall Productivity & Skills



Vision, Integrated Productivity & Skills Plans for each sector and a programme of research to support its work. Provision has also been made to support the delivery of recommendations so that the Commission can move swiftly from making recommendations to implementing them.

### **Implementation of the Devolution Agreement**

The successful implementation of the employment and skills aspects of the Devolution Agreement requires additional resources in 2017/18 as the implementation of the deal gears up for delivery. There are a number of additional actions in 2017/18 that represent the minimum level of activity required to deliver on WMCA's commitments. These requirements are listed below under each of the posts budgeted for.

#### **Employment Support Project & Policy Manager**

- Active participation in the procurement process for the Work & Health Programme, including both scoring bids and involvement in the competitive dialogue stage
- Supporting the integration of the Work & Health Programme provider and its supply chain with local services prior to launch in Autumn 2017
- Active involvement in the contract management process for the Work & Health Programme from Autumn 2017
- Detailed development of an employment support pilot for the hardest to help to include extensive work with local stakeholders and the engagement of HE in designing the pilot, particularly the evaluation framework
- Manage all aspects of preparation for delivery of the pilot to include any procurement activity, recruitment, stakeholder and community engagement, etc.

#### **Skills Devolution & Policy Manager**

- Ensure that all readiness conditions for devolution in 2018 are met including arrangements for sharing financial risk and managing failure of 16+ providers
- Work with FE and Adult Education Services to develop the Commissioning Framework for the Adult Education Budget (AEB)
- Analyse current and emerging government policy and local data on the supply and demand for skills to inform the Commissioning Framework
- Develop a monitoring and evaluation framework for the deployment of AEB
- Develop the WMCA funding policy for AEB
- Ensure that the WMCA Assurance Framework takes account of the responsibilities of devolved AEB
- Liaise with DfE re. the impact of funding decisions made by both WMCA and DfE on individual institutions
- Ensure that funding agreements are in place with all FE Colleges and Local Authority Adult Education Services that are in scope

#### **Parameters of the Budget Request**

The budget request outlined above is based on the resources required to deliver the Productivity & Skills Commission and the employment and skills related aspects of the Devolution Agreement. It does not provide capacity to deliver additional projects or programmes that may be identified through the development of implementation plans for the SEP, the Productivity & Skills Commission or the Public Service Reform agenda. It does however provide for some limited capacity to engage in the *development* of additional projects or programmes and to make the necessary linkages between work strands across the CA.

All posts have been budgeted for at the top of the estimated salary band. Actual costs will be subject to job evaluation of each post and appointment within the scale.

## Housing and Land Commission

A dedicated £100,000 per annum for 3 years funding resource that can be used by the Housing Delivery Board to help coordinate and implement its approaches to accelerating housing delivery across the region. Management of the funding resource will lie with the Housing Delivery Board.

The West Midlands shares the government's urgent priority of delivering more new homes to address the housing crisis and to ensure future growth is not undermined. The demand for housing suggested by the WMCA's economic modelling and growth ambitions far outstrips the current rate of delivery. The region therefore requires a significant number of new homes to be built at a quicker rate in order to meet the needs of its growing population and support its economic growth agenda. It is vital that the region remains attractive to inward investors by not only providing the right environment and workspace but also the right number and type of homes.

To this end the WMCA has formed a dedicated Housing Delivery Board structure to identify and prioritise the strategic opportunities and interventions that will accelerate housing delivery across the region. The Board will also support the WMCA's devolution objectives by identifying the 'asks' of government that will help create the conditions to accelerate the delivery of homes.

For the Board to be effective and bring about a needed step-change in the delivery of housing across the region it needs to have access to an appropriately funded delivery resource. It is envisaged that funding would be used to pay for appropriate technical work to support the implementation of strategic opportunities and help bring forward delivery of priority growth areas, such as those articulated in the Greater Icknield and Sandwell housing prospectus.

The principal responsibility of the Board will be to provide co-ordination on housing matters and put in place a strategy to address identified housing needs and accelerate housing growth across the region. In order to deliver on this then an output of from the Board's work will be to articulate a range of spatial and thematic priorities for housing growth that can help develop a pipeline of investable propositions. The Board will then act as a governance and delivery monitoring organisation for the project pipeline.

Whilst elements of this work could possibly be supported by strategic planning teams from across local authorities and delivered collaboratively, in practice it is likely that additional resources will be needed. This may well be on a project-by-project basis to accelerate implementation of priority sites, which as an example may include *inter alia* accessing technical support to assess costs and viability, demand feasibility studies or more widely on programme development, for example support in developing a shared knowledge of land assets or securing external strategic planning support. Having ready access to a dedicated funding resource can only enhance the pace and impact of the Board's work.



**WEST MIDLANDS**  
COMBINED AUTHORITY

## Board Meeting

<b>Date</b>	17 February 2017
<b>Report title</b>	2017/18 Combined Authority Consolidated Budget
<b>Cabinet Member Portfolio Lead</b>	Councillor Izzi Seccombe – Finance & Investments
<b>Accountable Chief Executive</b>	Jan Britton Email <a href="mailto:Jan_britton@sandwell.gov.uk">Jan_britton@sandwell.gov.uk</a> Tel 0121 569 3501
<b>Accountable Employee</b>	James Aspinall Email <a href="mailto:jamesaspinall@centro.org.uk">jamesaspinall@centro.org.uk</a> Tel 0121 214 7600
<b>Report to be/has been considered by</b>	3 February 2017- Programme Board

### The Combined Authority Board is recommended to:

1. Approve the balanced summary 2017/18 consolidated revenue budget for West Midlands Combined Authority detailed in section 3.
2. Approve the budget for the May mayoral elections set out in section 4.
3. Approve the 2017/18 Investment Programme detailed in section 5 subject to individual schemes complying with the assurance framework requirements.
4. Approve the use of the gainshare government grant, noting that this is primarily a funding source for the Investment programme.
5. Approve the three year advance payment of the transport deficit pension contribution as detailed in section 6.
6. Note the Combined Authority forecast available reserves position as at 31 March 2017 of only £1.58m.

## 1.0 Purpose

- 1.1 To approve the Combined Authority Investment Programme and overall consolidated budget for the 2017/18 financial year.
- 1.2 Note the current position on the mayoral budget requirements and that a further report approving a fully funded budget will be reported in due course.

## 2.0 2017/18 Summary West Midlands Combined Authority Revenue Budget

- 2.1 The 2017/18 latest Combined Authority Revenue Budget is presented below.
- 2.2 This consists of:
- The 2017/18 Combined Authority operating budget as detailed in Section 3
  - The 2017/18 emerging Mayoral Budget requirements in Section 4
  - The 2017/18 Combined Authority Investment Programme as detailed in Section 5
  - The 2017/18 Transport Revenue Budget as detailed in Section 6
- 2.3 Available general reserves held by the Combined Authority as at 31 March 2016 were £2,524,000. The 2016/17 forecast Transport deficit of £937,000 will reduce available reserves to £1,587,000 at March 2017. This represents less than 1% of the total income and is considerably lower than the 5% minimum contingency recommended by Audit.

## 3.0 2017/18 Combined Authority Consolidated Revenue Budget

- 3.1 The following table summarises the Combined Authority Consolidated Revenue budget, excluding any emerging costs for the mayoral office which are still to be defined and will be required to be approved at a later date.

### 3.2

WMCA Summary Revenue Budget 2017/18	£000	WMCA			Mayor
		Transport	Operational Budget	Gain Share	
		£000	£000	£000	£000
<b>INCOME</b>					
General (un-ringfenced) resources:					
- Devolution Deal grant	36,500.0		1,936.3	29,563.8	5,000.0
- Membership Fees Constituent Members and Non-Constituent Members	1,848.8		1,848.8		
- Interest on Investments	883.5		493.5	390.0	
- Investment Fund earnings	402.8			402.8	
Specific resources:					
- Transport Levy	121,542.0	121,542.0			
<b>Total Income</b>	<b>161,177.0</b>	<b>121,542.0</b>	<b>4,278.5</b>	<b>30,356.5</b>	<b>5,000.0</b>
<b>EXPENDITURE</b>					
- Operational budget	4,278.5		4,278.5		
- Program control, management, Assurance and Risk	700.0			700.0	
- Mayoral Elections	5,000.0				5,000.0
- Mayoral Office	0.0				*
- Transport delivery	103,888.2	103,888.2			
Capital Financing:					
- Debt finance costs	16,153.8	16,153.8			
- Revenue finance of capital expenditure	31,156.5	1,500.0		29,656.5	
<b>Total Expenditure</b>	<b>161,177.0</b>	<b>121,542.0</b>	<b>4,278.5</b>	<b>30,356.5</b>	<b>5,000.0</b>
<b>Net</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

- 3.3 Within the above budget is the WMCA Annual Operational Budget as requested by the responsible portfolio leads and as detailed for consideration in a separate report to this committee for approval. This is summarised below:

WMCA Operational Budget 2017/18	Responsible Councillor	2017/18 Base Bid	
		£	£
Constituent Member Contributions		1,750,000	
Non Constituent Member Contributions		425,000	
Discount for Early Payment		(326,250)	
Total Contributions			1,848,750
Gain Share Contribution			1,936,250
Investment Income			493,500
<b>EXPENDITURE GRAND TOTAL</b>			<b>4,278,500</b>
<b>Portfolio</b>			
Growth Company		700,000	
DEIM & EIU / SEP		240,000	
Culture & Tourism Commission		246,000	
Economic Growth	John Clancy		1,186,000
Mental Health Commission		230,000	
Health and Well Being	Peter Lowe		230,000
Public Sector Reform	Steve Eling		480,000
Skills and Productivity		544,000	
Innovation Fund		30,000	
Skills and Productivity	George Duggins		574,000
Housing and Land	Sean Coughlan		100,000
Collective Investment Fund		350,000	
Financing and Investment	Izzi Seccombe		350,000
Transport	Roger Lawrence		81,500
WMCA Leadership	Bob Sleigh		1,277,000
<b>Total Expenditure</b>			<b>4,278,500</b>
<b>Net Surplus / (Deficit)</b>			<b>(0)</b>

- 3.4 The separate report on the operational requirements to this committee considers and requests approval to this 2017/18 budget. A brief outline of each income and expenditure area is below:
- 3.5 Annual membership fees of £250,000 per constituent member and £25,000 per non-constituent/Associate/Observers have been included in the above. It is assumed that all districts will take advantage of the 15% discount available for payment in advance by 31<sup>st</sup> March 2017. Please note that any fees received after this date will be asked for in full, as the discount will be strictly applied.
- 3.6 Investment outcome represents interest earned on the gainshare cash deposits.
- 3.7 A £700,000 contribution from this budget is assumed towards the establishment of the growth company.
- 3.8 Budget requirements relating to the various workstreams reflect the onward progression of programme and commission recommendations.

- 3.9 Transport costs of £81,341 cover the key route network post resulting from the WMCA specific transport responsibilities.
- 3.10 Office leadership costs are estimated at £300,000 for a revised corporate structure including a Chief Executive and associated senior posts.
- 3.11 Advisor fees of £400,000 have been incorporated to provide for additional activities that may arise during the year for example professional support for Devo 2 which will be managed by the chief Executive.
- 3.12 Corporate support costs of £113,000 reflects two specific posts of Cyber security and a Finance officer with all other general support being provided from the organisational support structure funded through the transport Levy.
- 3.13 The budget also assumes that other related District Officer support continues to be supplied at no cost.
- 3.14 Funding for the WMCA is by agreement of all constituent members. If agreement cannot be reached then the default position is to allocate funds in proportion to population.

### **Mayoral Budget**

- 4.1 A budget of £5 million will be set aside to fund the mayoral election. The election report approved by this Committee on 20 January indicated a figure of £4m although concerns were raised regarding the promotion and publicity requirements. In response to this an additional £1m has been included to ensure appropriate publicity and promotion of the election takes place. It is proposed to fund this one-off cost from the £36.5 million devolution grant. This can be accommodated due to re timing of the programme delivery estimates and hence revised funding requirements as shown in section 5 below.
- 4.2 A budget will also be required to fund the first 11 months of the Mayor's office, this is yet to be finalised and will be brought to this committee in March. For 2017/18 this will be funded from the gainshare contribution but for future years, under the devolution proposals, the Mayor will raise a precept on the constituent members in order to fund their office.
- 4.3 Any expenditure above the 2017/18 budget will be recovered by the Mayor through the subsequent precepts raised during their first term of office.

### **5.0 Combined Authority Investment Programme**

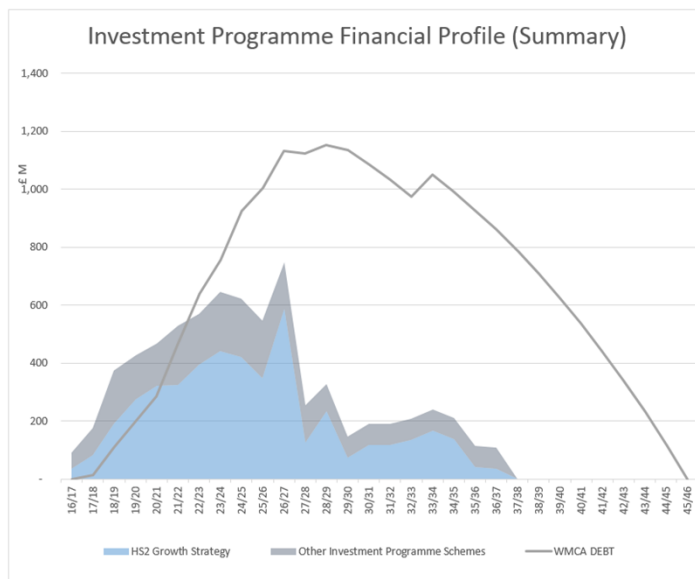
- 5.1 The WMCA Investment Programme consists of an £8bn package of measures designed to stimulate and grow the West Midlands economy. The programme is funded through a broad range of sources, including a substantial borrowing commitment from West Midlands Combined Authority. A summary of the measures and associated funding is shown below.

WORK STREAM NAME	INVESTMENT PROGRAMME EXPENDITURE £Bn	FUNDED BY (£Bn):									TOTAL £Bn	
		WMCA Debt	WMCA Grants	BCC Enterprise Zone	Local Contributions from Business	Major Partner Contributions (e.g. Network Rail/Highways England)	European Structural Investment Fund	Collective Investment Vehicle Fund	Revolving Housing Fund	Productivity Investment Fund (Loans to Business by Banks)		
1	HS2 Growth Strategy comprising											
	- Growth around the 2 station sites, Curzon Street and Interchange	2.0	0.68	0.22	0.56	0.14	0.40					2.0
	- Metro extensions in Bham City Centre, Dudley and between the 2 HS2 stations	1.1	0.10	0.84	0.18							1.1
	- HS2 Supply Chain Investment Programme	0.4			0.01			0.01			0.33	0.4
	- High Speed College	0.03			0.01							0.03
	- West Midlands Wide HS2 Connectivity/Transport Schemes	0.9	0.57	0.10			0.27					0.9
2	Coventry to HS2 Improved Connection	0.4	0.25	0.09		0.03	0.01					0.4
3	Devolved Transport Schemes	1.3		1.30								1.3
4	Collective Investment Funds – Industrial and Commercial	1.0							1.00			1.0
6	Land Reclamation Fund	0.2	0.20									0.2
7	Coventry City Centre Regeneration	0.2	0.15									0.2
8	Revolving Housing Fund	0.5								0.50		0.5
9	Other Smaller Programmes	0.1	0.05		0.02							0.1
<b>TOTAL INVESTMENT PROGRAMME EXPENDITURE</b>		<b>8.0</b>	<b>2.0</b>	<b>2.5</b>	<b>0.8</b>	<b>0.2</b>	<b>0.7</b>	<b>0.01</b>	<b>1.0</b>	<b>0.5</b>	<b>0.3</b>	<b>8.0</b>

5.2 Each of the projects above will be required to pass through the WMCA assurance process which provides a consistent path for Strategic, Outline and Full Business Cases to be adequately evaluated before capital funding is awarded. To date commitments of £98m have been made through this process for Coventry City Centre Regeneration. There are projects, however, detailed above where WMCA is currently funding the initial development works whilst the Business Cases are being assembled. These are identified in the table in 5.8.

5.3 Whilst all stakeholders are currently focused on delivery of the Investment Programme, it should be noted that there is a risk that the funding source assumptions contained within the programme shown above may not materialise at the levels expected. This is both in relation to the direct funding the WMCA is expected to provide and the assumptions made in relation to 3<sup>rd</sup> Party (i.e. DfT / Network Rail) support.

5.4 The WMCA financing requirement consists broadly of £2bn investment and £0.9bn of interest charges over the 30 year period. The maximum debt liability the WMCA will hold during this time is £1.2bn as loans are intended to be paid off throughout the duration of the programme where WMCA has the cash available to do so. The debt liability to be undertaken by WMCA together with the Investment profile is illustrated in the chart below.



5.5 The WMCA funding is predicated on its ability to raise the necessary income to service the debt required to deliver the schemes. This income is expected to come from a variety of sources as follows:

- An annual grant (fixed at £36.5m per annum for 30 years) from DCLG.
- Business Rate uplift within the West Midlands, initially projected in the base financial model to be approximately £35m per annum
- Business Rates increases, initially projected within the base financial model to be an additional £1.5m per annum increasing cumulatively year on year by this amount.
- Mayoral Precept levied on Band D and above properties within the region to fund the Mayoral Office and elements of the Investment Programme
- Income from the Collective Investment Vehicle

5.6 The WMCA will be required to carefully manage the commitments it makes against debt funded financing to ensure that these commitments are made against firm income streams which will be realised; this methodology is consistent with the manner in which the LEPs administer Enterprise Zone funding.

5.7 Should there be any shortfall in the amounts the WMCA is forecast to raise, the programme may need to be flexed accordingly.

5.8 The projected Investment Programme expenditure over the next 5 years is shown below along with the projected Combined Authority funding requirements:

Summary of Investment Programme Costs and Funding	FINANCIAL YEAR					
	16/17	17/18	18/19	19/20	20/21	21/22
	£000	£000	£000	£000	£000	£000
UKC HS2 Interchange	1,337	7,684	7,435	3,225	2,220	12,800
Curzon Street Station Masterplan	-	-	27,200	17,300	18,900	14,100
Adderley St Digbeth Metro Extension	2,699	3,521	21,000	41,000	32,000	28,000
Metro Birmingham Interchange	1,021	1,500	2,000	7,600	17,000	27,500
UK Central Infrastructure	2,369	16,158	52,000	56,500	68,500	68,300
HS2 Connectivity Programme	16,175	40,331	61,105	79,863	88,376	69,907
Brierley Hill Metro Extension	1,460	2,000	10,000	58,000	85,000	90,000
High Speed Supply Chain	7,000	4,000	-	-	-	-
HS2 College	13,152	9,482	-	-	-	-
HS2 Programme Team	248	599	433	437	442	446
<b>HS2 Growth Strategy</b>	<b>45,461</b>	<b>85,275</b>	<b>181,173</b>	<b>263,925</b>	<b>312,438</b>	<b>311,053</b>
Coventry UK Central	4,435	11,422	57,399	58,634	38,294	84,459
Coventry City Centre Regeneration	438	11,274	54,131	19,002	27,463	27,535
Collective Investment Vehicle	3,185	10,415	15,000	15,000	15,000	25,000
Land Reclamation	-	10,000	15,000	15,000	20,000	20,000
Devolved Transport Investment	35,260	35,260	35,260	35,260	35,260	35,260
<b>EXPENDITURE GRAND TOTAL</b>	<b>88,779</b>	<b>163,645</b>	<b>357,963</b>	<b>406,821</b>	<b>448,455</b>	<b>503,307</b>
FUNDED BY						
WMCA Funding	6,964	67,271	171,265	149,563	196,016	263,668
Other Project Funding	81,816	96,375	186,698	257,257	252,439	239,639
<b>FUNDING GRAND TOTAL</b>	<b>88,779</b>	<b>163,645</b>	<b>357,963</b>	<b>406,821</b>	<b>448,455</b>	<b>503,307</b>

5.9 The £6.9m WMCA funding in 2016/17 consists mostly of payments in relation to the Collective Investment Vehicle. Other Project Funding is provided into the Investment Programme by the project delivery bodies and consists mostly of commercial investments



(in the case of HS2 Supply Chain), Enterprise Zone, DfT and other Central Government grants.

- 5.10 Overall schemes and project estimates remain unchanged at this early stage however the phasings of individual programme delivery have been updated as part of the financial monitoring and reporting process introduced in September 2016.
- 5.11 The government have announced that they will allow the mayor to have borrowing powers, in addition to transport but subject to agreeing a cap with government. No details are available on how this will be applied, but for the purposes of this report it is assumed that the WMCA will be able to undertake all necessary borrowing. If this is not possible agreements will need to be put in place with the Constituent members to enable borrowing to be undertaken through their own arrangements.
- 5.12 The Investment Programme revenue budget includes £0.5m for the costs of Programme Management and Programme Assurance, along with £0.2m for identified HS2 college posts. In addition £29.656m transfer for the initial creation of a balance sheet reserve required to repay WMCA financing costs over the duration of the Investment Programme

## 6.0 2017/18 Transport Revenue Budget

- 6.1 The proposed transport budget and levy for 2017/18 was approved by the Combined Authority on 20<sup>th</sup> January 2017.
- 6.2 The levy paper included a three year forecast from 2017/18 to 2019/20 which included the annual cost relating to the deregulated pension fund deficit.
- 6.3 Throughout the revaluation process the West Midlands Pension Fund had offered the opportunity to all councils to pay the full three year deficit amount in March 2017 in order to take advantage of an advance payment discount.
- 6.4 The 2017/18 levy and corresponding three year forecast was prepared upon the assumption that the discount (approximately £100,000) would be taken and the lower figures included.
- 6.5 The WMCA Auditors have requested that this decision to take advantage of the discounted payment is formally approved by the full board.
- 6.6 Had this requirement been identified at the time that the levy was approved this request would have been included within that report. As it was not, we have included the request for approval in this report.

## 7.0 Reserves Position

- 7.1 As per the Transport Levy Report presented to WMCA Board on 20<sup>th</sup> January the usable reserves were as follows as at 31 March 2016:

31-Mar-16	£'000
General fund balance	2,522
Earmarked reserves	9,093
Capital grants unapplied reserve	247

Total	11,862
-------	--------

7.2 The anticipated use of reserves in 2016/17 will reduce the general fund balance by £924,000 to £1,598,000.

7.3 The forecast general fund balance of £1.6m represents only 1.3% of the proposed 2017/18 levy. The Audit Commission recommend that general fund reserves should be between 5% and 7.5% of expenditure.

7.4 The proposed balance is significantly below this recommended level.

## **8.0 Financial implications**

8.1 These are included in the body of the report.

## **9.0 Legal implications**

9.1 The Authority is required to approve a funded and balanced revenue budget and investment programme.

## **10.0 Equalities implications**

10.1 There are no equalities implications of this specific report.



**WEST MIDLANDS**  
COMBINED AUTHORITY

## Board Meeting

<b>Date</b>	17 February 2017
<b>Report title</b>	2017/18 WMCA Treasury Management Strategy
<b>Cabinet Member Portfolio Lead</b>	Councillor Izzi Seccombe – Finance & Investments
<b>Accountable Chief Executive</b>	Jan Britton Chief Operating Officer Email <a href="mailto:Jan_Britton@sandwell.gov.uk">Jan_Britton@sandwell.gov.uk</a> Tel 0121 569 3501
<b>Accountable Employee</b>	James Aspinall, Section 151 Officer, WMCA Email <a href="mailto:jamesaspinall@centro.org.uk">jamesaspinall@centro.org.uk</a> Tel 0121 214 7600
<b>Report to be/has been considered by</b>	Management Board - 2 February 2017 Programme Board - 3 February 2017

**The Combined Authority Board is recommended to:**

Approve:

1. The Minimum Revenue Provision (MRP) Statement set out in Section 11.
2. Delegate authority to the West Midlands Combined Authority Section 151 Officer to undertake borrowing in accordance with this Strategy.
3. The West Midlands Combined Authority Treasury Management and Investment Strategy for 2017/18 as set out in this report.

Note and Endorse:

1. The West Midlands Combined Authority Treasury Management and Investment Strategy for 2017/18.
2. The prudential and treasury management indicators and limits described in section 13 and as detailed in Appendix 3.

## **1.0 Purpose**

- 1.1 The report outlines the West Midlands Combined Authority's (WMCA) Treasury Management and Investment Strategy for 2017/18.
- 1.2 It sets out the approved prudential and treasury management indicators for the period to 31 March 2020 and sets out the expected treasury operations for this period.

## **2.0 Impact on delivery of the Strategic Transport Plan**

- 2.1 The Treasury Management Strategy details the expected activities of the treasury function in the forthcoming year 2017/18. The publication of the strategy is a statutory requirement.

## **3.0 Main Principles of Treasury Management**

- 3.1 The overall aim of the Treasury Management Policy is to manage the Authority's cash resources so that sufficient money is available to deliver its services whilst at the same time minimising the costs of debt and maximising investment returns taking into account an acceptable level of risk.
- 3.2 No treasury management activity is without risk. The successful identification, monitoring and control of risk are integral elements to treasury management activities and include credit and counterparty risk, liquidity / market or interest rate risk, refinancing risk, and legal & regulatory risk. In addition future stability and predictability are also important considerations to be assessed.

In summary the WMCA Policy objectives are:-

### **3.2.1 Borrowing:**

- To maintain adequate liquidity.
- To manage revenue costs at an appropriate level of risk.
- To undertake funding in any year at the best rates available, taking into account existing commitments and future needs..
- To manage the total debt maturity profile to ensure a fairly even spread of future repayments.
- To review actively, opportunities to redeem (i.e. repay early) and reschedule debt (i.e. replace one debt with another) as interest rates change, to reduce revenue costs

### **3.2.2 Investment:**

The fundamental principles governing the WMCA's investment criteria are the security of its investments, taking into account investment return. The WMCA will ensure:

- Maintenance of capital security..
- Maintenance of adequate liquidity.

- Maximum revenue benefit subject to appropriate risk..

3.3 As in all Local Authorities the Authority is required to abide by the Prudential Code and The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management (The CIPFA TM Code of Practice (revised 2012)). The guidance arising from these codes has been incorporated within this report

3.4 All treasury activity will comply with relevant statute, guidance and accounting standards.

#### **4.0 Treasury Management**

4.1 The guidance to the CIPFA TM Code of Practice (2012) and the Prudential Code (revised November 2011) highlighted the need to reinforce organisational reporting, clarity and segregation of responsibilities as well as counterparty credit ratings.

4.2 The key implications were as follows;

##### Minimum Reporting Requirements

The WMCA will receive a minimum of three reports throughout the year as follows;

- An annual report on the strategy and plan to be pursued in the coming year.
- A mid-year review..
- An annual report on the performance of the treasury management activities

4.3 In addition to the above, the Prudential Indicators are currently included within the regular Financial Monitoring Reports to Committee and these will continue to be included and reported during the year.

##### **Scrutiny and Approval**

4.4 The WMCA will approve any changes required to the Treasury Management Strategy due to changes resulting from regulatory, economic, market or other factors affecting its treasury management activities, following the approval by a responsible member body. This is currently the Section 151 Officer to WMCA in conjunction with the WMCA Head of Finance and other WMCA officers responsible for Treasury Management activities (referred to as Treasury Management Group).

##### **Officer and Member Training**

4.5 The Section 151 Officer to WMCA must ensure that appropriate training is available so that those responsible for treasury management can effectively discharge their duties. The needs of the Authority's treasury management staff for training in investment management are assessed regularly as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

## **5.0 Treasury Management Strategy**

- 5.1 The Authority's treasury activities are regulated by statutory requirements. The CIPFA Code of Practice for Treasury Management in Public Services (the TM Code of Practice), and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and the Prudential Indicators (PI's) on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the Department for Communities Local Government (CLG's) Investment Guidance.
- 5.2 WMCA are supported by professional advisors Arlingclose limited in order to ensure that up to date market advice and information on the most appropriate investment / borrowing options is obtained. This arrangement is jointly funded between WMCA and Coventry City Council who also use Arlingclose.

## **6.0 External Climate**

- 6.1 The major external influence on the Authority's treasury management strategy for 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. Financial markets, after incorrectly predicting the result of the referendum outcome, have since been weighed down by uncertainty over whether leaving the Union also means leaving the single market. Negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years. Uncertainty over future economic prospects will therefore remain throughout 2017/18.
- 6.2 The fall and continuing weakness in sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher. The Bank of England is forecasting that Consumer Price Inflation will breach its 2% target in 2017, the first time since late 2013, but the Bank is expected to look through inflation overshoots over the course of 2017 when setting interest rates so as to avoid adversely affecting economic growth.
- 6.3 Looking overseas, with the US economy and its labour market showing steady improvement, the Federal Reserve increased interest rates during December 2016. The Eurozone meanwhile has continued to struggle with very low inflation and lack of momentum in growth.
- 6.4 Credit outlook: Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard.
- 6.5 Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other

investment options available to the Authority; returns from cash deposits however continue to fall.

## **7.0 Internal Climate**

- 7.1 As at 31<sup>st</sup> March 2016, the WMCA had £163m of borrowing (excluding inherited debt administered by Dudley MBC) and £28.15m of investments.
- 7.2 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. The WMCA's strategy will be to maintain borrowing below the underlying levels by minimising cash investments at the level needed to provide sufficient liquidity; known as internal borrowing.
- 7.3 The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level. The Authority is likely to only borrow in advance of need if it is felt that the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.
- 7.4 The forecasted movement in the CFR is one of the Prudential Indicators (PI's). and is covered in Appendix 2 paragraph 4.5.

## **8.0 Interest Rates**

- 8.1 At the start of 2016/17 the base rate stood at 0.50%. On 4<sup>th</sup> August 2016, however and following the unexpected result of the EU referendum, the Bank of England base rate was reduced from 0.50% to 0.25%; the first change to the rate since 2009.
- 8.2 This change was against the expectation some months previous of an increase in rates towards the latter part of 2016. The Authority's treasury adviser Arlingclose's central case currently is for UK Bank Rate to remain at 0.25% during 2017/18.
- 8.3 The Bank of England has, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further falls in the Bank Rate look less likely.
- 8.4 Negative Bank Rates, although a low probability, cannot be entirely ruled out in the medium term, particularly if the UK enters recession as a result of concerns over leaving the European Union.
- 8.5 Longer term borrowing rates are currently relatively low. Rates such as those obtainable from the PWLB are set in relation to the Gilt yield which is forecast to decline when the government triggers Article 50. The Bank of England has defended quantitative easing as a monetary policy tool and further quantitative easing in support of the UK economy in 2017/18 remains a distinct possibility, to keep long-term interest rates low.

**TABLE 1 - PWLB RATES AS AT 20th JANUARY 2017**

Term (Years)	Annual Interest Rate %	
	Maturity Loan	Annuity Loan
1	1.11	-
1-2	1.17 - 1.23	1.14
2-5	1.30 - 1.72	1.17 - 1.34
5-10	1.80 - 2.47	1.38 - 1.77
10-20	2.52 - 3.05	1.82 - 2.55
20-30	3.06 - 3.10	2.58 - 2.95
30-40	2.91 - 3.06	2.96 - 3.09
40-50	2.86 - 2.90	3.07 - 3.10

8.6 Based on current estimated levels of Capital Expenditure it is likely that up to £367m of project related borrowing may be required between 2017/18 and 2019/20 to fund the Transport Delivery Programme and WMCA Investment Programme.

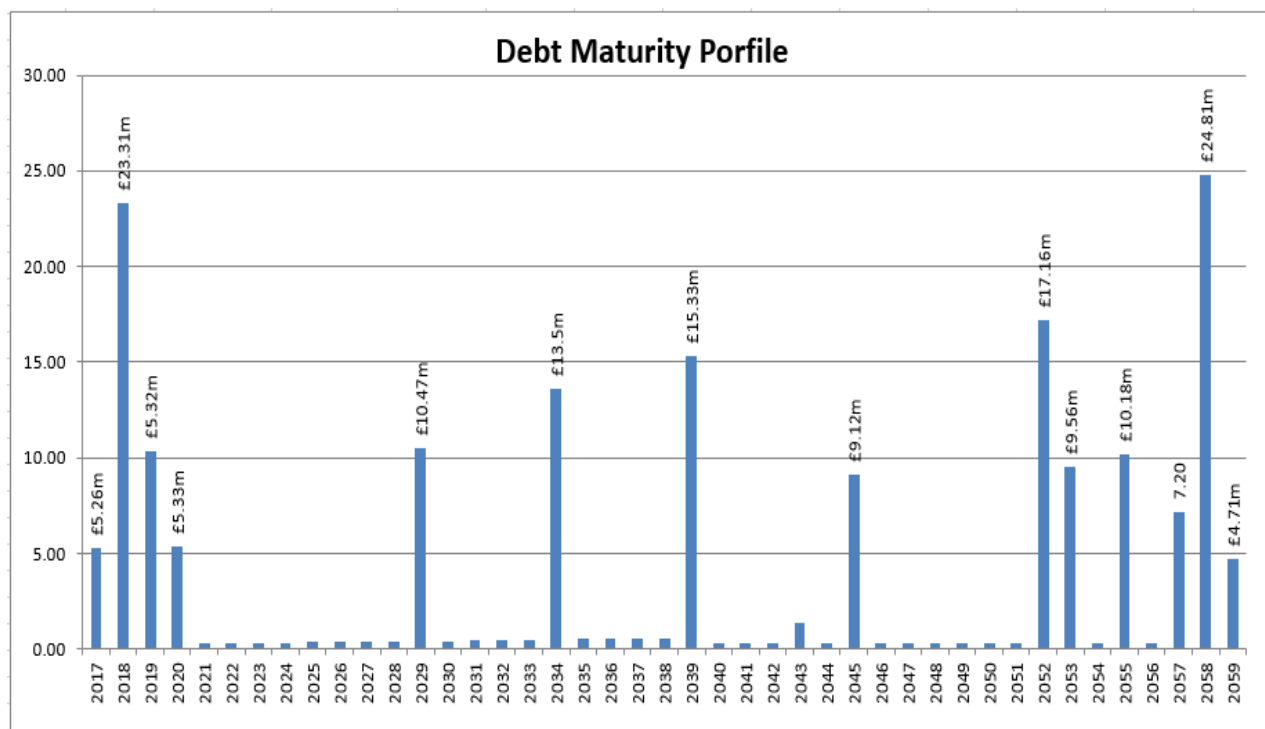
8.7 The current debt position inherited from WMITA as at 20<sup>th</sup> January 2017, (excluding debt administered by Dudley MBC) is £158m. This is made up of a number of loans, details of which are shown in Table 2, with the maturity profile highlighted in the corresponding graph.

**Table 2 - Borrowing as at 20 January 2017**

Institution	Loan Type	Loan Value (£)	Loan Start Date	Loan Maturity Date	Interest Rate (%)	Annual Interest Charge (£)
PWLB	Maturity	5,000,000	21 Dec 1995	21 Dec 2017	7.875	393,750
PWLB	Maturity	1,067,916	20 Sep 1993	30 Apr 2018	7.875	84,098
PWLB	Maturity	21,934,712	11 Jul 1996	11 Jul 2018	8.375	1,837,032
PWLB	Maturity	5,000,000	21 Dec 1995	21 Dec 2019	7.875	393,750
PWLB	Maturity	5,000,000	21 Dec 1995	21 Dec 2020	7.875	393,750
PWLB	Maturity	10,000,000	15 Jul 2029	15 Jul 2029	3.910	391,000
PWLB	Maturity	13,000,000	16 Jun 2004	21 Jun 2034	4.950	643,500
PWLB	Maturity	5,000,000	23 Dec 2009	23 Jun 2039	4.340	217,000
PWLB	Annuity	9,631,768	15 Jul 2014	15 Jul 2039	3.870	379,966
PWLB	Maturity	1,067,916	21 Sep 1993	30 Apr 2043	7.875	84,098
PWLB	Maturity	9,000,000	02 May 2006	06 Sep 2045	4.450	400,500
PWLB	Maturity	7,000,000	02 Oct 2006	06 Mar 2052	4.100	287,000
PWLB	Maturity	4,000,000	06 Nov 2006	30 Apr 2052	4.050	162,000
PWLB	Maturity	6,000,000	23 May 2007	22 Nov 2052	4.600	276,000
PWLB	Maturity	4,800,000	06 Nov 2006	30 Apr 2053	4.050	194,400
PWLB	Maturity	4,583,380	23 May 2007	22 May 2053	4.600	210,835
PWLB	Maturity	7,000,000	22 May 1997	22 May 2057	7.375	516,250
PWLB	Maturity	4,300,000	06 Mar 1998	06 Mar 2058	6.000	258,000
PWLB	Maturity	4,300,000	06 Mar 1998	06 Mar 2058	6.125	263,375
PWLB	Maturity	16,000,000	30 Apr 1998	30 Apr 2058	5.625	900,000
PWLB	Annuity	4,325,034	23 Dec 2009	23 Dec 2059	4.340	188,764
Barclays	LOBO	10,000,000	23 Jun 2005	23 Jun 2055	4.030	401,896
<b>Totals</b>		<b>158,010,726</b>			<b>5.644</b>	<b>8,876,964</b>



8.8 The average rate of interest is 5.64% reflecting the prevailing fixed interest at the time the borrowing was taken out.



8.9 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. The Authority 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. In the current climate, however, the premium for early redemption is likely to make this too expensive to undertake.

8.10 The Authority has previously raised the majority of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans, the European Investment Bank and bank loans that may be available at more favourable rates. The main borrowing sources likely to be used by the WMCA are:

- The Public Works Loans Board (PWLB) and its successor body which is in effect, the government. Although loans may be obtained at variable rates of interest they are normally at fixed rates.
- Money Market - these are loans obtained from financial institutions, such as banks. These have generally been less competitive than PWLB loans.
- Other Local Authorities – these are an important source of short term borrowing.
- European Investment Bank (EIB) – discussions with EIB are taking place regarding a major loan facility for the WMCA. This is likely to be significantly cheaper than PWLB.

- UK Municipal Bonds Agency plc, which was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable.
- In conjunction with advice from our treasury advisors, Arlingclose Ltd, the Authority will keep under review additional borrowing sources.
  - Commercial banks
  - Capital markets (stock issues, commercial paper and bills)
  - Structured finance
  - Leasing

## 9.0 Capital Expenditure Estimates

9.1 The forecast capital expenditure funding requirement to 2019/20 is summarised below showing a total requirement of £367m between 2017/18 and 2019/20. The borrowing values below are used throughout this report.

	2016-17 Forecast £000	2017-18 Forecast £000	2018-19 Forecast £000	2019-20 Forecast £000
Base Investment Programme	88,779	163,644	357,963	406,821
Base TfWM Transport Programme	16,679	7,567	4,600	4,600
<b>TOTAL BASE PROGRAMME</b>	<b>105,458</b>	<b>171,211</b>	<b>362,563</b>	<b>411,421</b>
Funded By:				
3rd Party & Private	7,415	5,000	4,580	1,307
DFT & Central Government	59,474	71,263	107,195	199,025
European Union	750	-	-	-
Highways England	-	-	19,000	19,506
LEP Funding (LGF / Growth Deal / EZ)	20,002	19,015	47,018	24,080
Local Authority	3,022	6,352	5,215	7,863
Network Rail	-	-	5,100	7,400
Other Funding	-	2,093	2,940	2,426
Revenue	549	218	250	250
<b>Total Funding Available</b>	<b>91,212</b>	<b>103,940</b>	<b>191,298</b>	<b>261,858</b>
<b>Balance to be Funded by WMCA</b>	<b>14,246</b>	<b>67,271</b>	<b>171,265</b>	<b>149,563</b>
<b>WMCA Funding</b>				
Borrowing	9,656	62,234	164,934	140,140
Use of MRP	4,590	5,036	6,332	9,423
<b>Total WMCA Funding</b>	<b>14,246</b>	<b>67,271</b>	<b>171,265</b>	<b>149,563</b>

- 9.2 Whilst the table indicates a £10m borrowing requirement during 2016/17, no actual borrowing is expected to be undertaken as the requirement is expected to be met from available cash resources. It is possible that there will be a need to borrow during 2017/18 as indicated by the requirement above, but this will depend upon the progression of schemes within the WMCA Investment Programme and the available cash resources during the year.
- 9.3 WMCA have placed processes in place to ensure that where available cash balances are used to suppress borrowing requirements, this use of cash does not introduce a detrimental impact against the revenue streams or financial models relating to the Devolution Deal / Investment Programme.
- 9.4 Borrowing in advance of need: The WMCA has some flexibility to borrow funds in year for use in future years. The Section 151 Officer to WMCA may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed rates will be economically beneficial to meet budgetary constraints. Whilst the Section 151 Officer to WMCA will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Timing and actual borrowing levels undertaken in year will depend on cash flows and working capital requirements.
- 9.5 Risks associated with any advance borrowing activity will be subject to appraisals in advance and subsequent reporting through the mid-year or annual reporting.
- 9.6 In 2017 / 2018, it is possible that the WMCA would be likely to borrow at least some of its emerging borrowing needs on a short term or variable rate basis to take advantage of current low short term rates. This strategy and its implementation will remain flexible to adapt to changing risks and circumstances. The strategy will be kept under review by the Section 151 Officer to the WMCA and reported through regular monitoring reports.

## **10.0 Investments**

- 10.1 As detailed above, the Bank of England Base rate was reduced to 0.25% in August 2016 and as such, returns on existing investments have been low.
- 10.2 Returns to March 2017 are expected to be very low with rates between April 2016 and January 2017 ranging from 0.25% to 1.00%, depending upon the individual institutions need for cash. Particularly since the base rate change, 2016/17 has seen downwards movements in rates across all investment products and this is expected to continue into 2017/18.
- 10.3 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and / or higher yielding asset classes during 2017/18 where prudently able to do so.

## 11.0 Minimum Revenue Provision

11.1 The WMCA is required to provide for the repayment of long term capital programme borrowing through a revenue charge (the Minimum Revenue Provision or MRP). Capital Finance Regulations require the approval of an MRP Statement setting out the authority's approach. The MRP statement proposed for approval which remains unchanged from 2016/17 is as follows:-

- *“For capital expenditure incurred before 1 April 2009 or which in future will be financed by supported borrowing, the WMCA will follow previous practice, with MRP broadly based as being 2% of the underlying Capital Financing Requirement.*
- *From 1 April 2009 for all capital expenditure met from unsupported or prudential borrowing, MRP will be based on the estimated life of the asset or a depreciation calculation.”*
- *For the existing Transport Delivery Programme MRP will continue to commence in the year after the scheme becomes operational.*
- *In relation to the WMCA wider Devolution Investment Programme MRP will be charged over the 30 years to 2046/47 in order to repay all the Investment Plan borrowing.*

## 12.0 Use of Reserves

12.1 The Authority has no reserves set aside for funding the capital programme and the projected 31<sup>st</sup> March 2017 reserves of only £1.5m are exceptionally low and significantly below the recommended level of 7.5% of revenue (£12.2m). Given the forecast Investment Programme, this needs to be carefully monitored.

## 13.0 Prudential Code

13.1 The Local Government Act 2003 and associated CIPFA Prudential Code for Capital Finance in Local Authorities has set the framework for the new local government capital finance system. From the 2004/05 financial year, Authorities can borrow whatever sums they see fit to support their capital programmes, subject to them being able to afford the revenue costs. This is a fundamental feature of the current system and requires that the Authority sets and monitors a number of Prudential Indicators (PIs) relating to capital, affordability, external debt and treasury management.

13.2 These indicators will be used by the Treasury Management Group to monitor against the CIPFA requirements and can be split into the following categories:

- Affordability
- Prudence
- Capital expenditure, external debt and treasury management.

13.3 Appendix 2 details the Prudential and Treasury Management Indicators for the period.

#### **14.0 West Midlands Combined Authority – Wider Devolution Investment Programme**

14.1 The West Midlands Combined Authority is responsible for consolidating and reporting the progress of the Devolution Deal from central government in addition to undertaking the necessary borrowing to facilitate scheme delivery.

14.2 The Devolution deal enables the Combined Authority to create an investment fund of over circa £2 billion through a 30 year revenue stream and locally raised finance. Delivery of the devolution deal commenced in 2016 / 17.

14.3 From April 2016, the West Midlands Combined Authority is the recipient of the 30 year revenue grant (£36.5m per annum) upon which, the borrowing required to fund the investment is secured. Following this, in May 2017, a Mayor will have the option, on the basis of support from business, to raise a business rate supplement to help fund the full programme of works

14.4 A detailed financial model has been assembled which shows that the investment from Government, together with supplementary funding both generated by the Combined Authority and secured at a local level by project sponsors (in most cases, Local Authorities) is sufficient to fund the overall programme of works over a 30 year period, subject to the supplementary funding streams being realised an number of which are still being negotiated and finalised.

14.5 The Authority already has borrowing powers to support Transport Investment and the government have announced that they will allow the Mayor to have further borrowing powers, subject to agreeing a cap with government. No details are available on how this will be applied, but for the purposes of this report it is assumed that the WMCA will be able to undertake all necessary borrowing.

14.6 As detailed within this strategy, any borrowing undertaken by the West Midlands Combined Authority will be based on the availability of cash resources available to the Authority at the time so as to avoid un-necessary interest charges.

14.7 The 2017/18 current estimated programme spend is shown below along with the assumed funding:

INVESTMENT PROGRAMME FUNDING 2017 / 2018	Total Forecast Spend	FUNDED BY (£000)							
		WMCA Devolution Funding	Department For Transport	Private / Banking Sector	LEPs (LGF / Growth Deal)	Central Government Other	Enterprise Zone	Local Authority	Other Funding
UKC HS2 Interchange	7,683	5,604	-	-	-	78	-	-	2,000
Curzon Street Station Masterplan	-	-	-	-	-	-	-	-	-
Adderley St Digbeth Metro Extension	3,521	-	2,698	-	823	-	-	-	-
Metro Birmingham Interchange	1,500	-	1,500	-	-	-	-	-	-
UK Central Infrastructure	16,158	16,135	-	-	-	23	-	-	-
HS2 Connectivity Programme	40,331	12,299	14,145	1,000	1,950	-	4,528	6,316	93
Brierley Hill Metro Extension	2,000	-	2,000	-	-	-	-	-	-
High Speed Supply Chain	4,000	-	-	4,000	-	-	-	-	-
HS2 College	9,482	-	-	-	5,066	4,380	-	36	-
HS2 Programme Team	599	599	-	-	-	-	-	-	-
<b>HS2 Growth Strategy</b>	<b>85,273</b>	<b>34,637</b>	<b>20,343</b>	<b>5,000</b>	<b>7,839</b>	<b>4,481</b>	<b>4,528</b>	<b>6,352</b>	<b>2,093</b>
Coventry UK Central	11,422	945	4,237	-	6,240	-	-	-	-
Coventry City Centre Regeneration	11,274	11,274	-	-	-	-	-	-	-
Collective Investment Vehicle	10,415	10,415	-	-	-	-	-	-	-
Land Reclamation	10,000	10,000	-	-	-	-	-	-	-
Devolved Transport Investment	35,260	-	35,260	-	-	-	-	-	-
<b>GRAND TOTAL</b>	<b>163,644</b>	<b>67,271</b>	<b>59,840</b>	<b>5,000</b>	<b>14,079</b>	<b>4,481</b>	<b>4,528</b>	<b>6,352</b>	<b>2,093</b>

14.8 As shown above, the projected borrowing requirement for the programme in 2017/18 is £67.2m which is analysed between transport and non-transport below.

WMCA Investment Programme Financing Analysis 2017/18	Total WMCA Borrowing £000	Transport £000	Non- Transport £000
UKC HS2 Interchange	5,604	5,604	
UK Central Infrastructure	16,135	16,135	
HS2 Connectivity Programme	12,299	12,299	
HS2 Programme Team	599	599	
Coventry UK Central	945	945	
Coventry City Centre Regeneration	11,274		11,274
Collective Investment Vehicle	10,415		10,415
Land Reclamation	10,000		10,000
<b>TOTAL</b>	<b>67,271</b>	<b>35,582</b>	<b>31,689</b>

14.9 In relation to the Land Reclamation and Collective Investment Vehicle and Coventry City Centre Regeneration, until non-transport powers are granted to WMCA, it is proposed that the lead Authority for each undertakes the borrowing and WMCA underwrite the risk and interest costs until it has the appropriate powers to undertake borrowing itself.

## 15.0 Monitoring

15.1 Officers will monitor the Performance Indicators on a monthly basis, in particular the Authorised Limit, before any new borrowing is carried out. The monitoring of the Performance Indicators will be reported in the Authority's mid-year Treasury Management Monitoring Report, Financial Monitoring reports and also the out-turn report for the year.

## 16.0 Financial Implications

16.1 These are included in the body of this report

**17.0 Legal Implications**

17.1 Legal requirements are referred to in the body of this report.

**18.0 Equalities Implications**

18.1 There are no Equalities Implications

## WEST MIDLANDS COMBINED AUTHORITY INVESTMENT STRATEGY AND POLICY

### Investment Strategy

- 1.1 The Authority holds invested funds representing income received in advance of expenditure plus balances and reserves held. Due to planned capital investment against the ITA legacy Programme, a reduction in investment balances will occur but this will be off-set by additional grant received as part of the WMCA Investment Programme / Devolution Deal.
- 1.2 As detailed previously, WMCA have placed processes in place to ensure that where available cash balances are used to suppress borrowing requirements, this use of cash does not introduce a detrimental impact against the revenue streams or financial models relating to the Devolution Deal / Investment Programme.
- 1.3 **Objectives:** Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority'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 receiving unsuitably low investment income.
- 1.4 **Strategy:** Given the increasing risk and falling returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and/or higher yielding asset classes during 2017/18.
- 1.5 The proposed Investment Policy is:
- 1.6 **Approved Counterparties:** The Authority may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.



## Approved Investment Counterparties and Limits

Credit Rating of Institution or Product	Banks and Building Societies		Government	Corporates
	Unsecured	Secured		
UK Govt	N/A	N/A	£ Unlimited 50 Yrs Max	N/A
AAA	£10m (12 Months Max)	£50m (5 Yrs) Max	£10m (3 Yrs) Max	£10m (2 Yrs) Max
AA+		£20m (3 Yrs Max)		£5m (1 Yr) Max
AA				
AA-			£1m (1 Yr) Max	
A+				
A				
A-		£5m (2yrs) Max		
BBB+	£4m (100 Days)	£5m (2 Yrs Max)		
BBB OR BBB-	£1m (Call)		N/A	N/A
Pooled Funds & Money Market	£10m Per Fund			
None / Un-rated	£1m (6 mths)	N / A	10% of Total (25Yrs Max)	£0.05m (5 Yrs)

This table must be read in conjunction with the notes below:

- 1.7 **Credit Rating:** Investment limits are set by reference to the lowest published long-term credit rating from any two from, Fitch, Moody's or Standard & Poor's. 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 taken into account.
- 1.8 **Banks 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. Unsecured investment with banks rated BBB or BBB- are restricted to overnight deposits at the Authority's current account bank (HSBC) should the rating be reduced.
- 1.9 **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they 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 highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

- 1.10 **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 an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- 1.11 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.
- 1.12 **Pooled Funds:** Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 1.13 Bond, equity and property funds 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.
- 1.14 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. 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.
- 1.15 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 [on the next working day] 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.
- 1.16 **Other Information on the Security of Investments:** The Authority 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, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

1.17 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority 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. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

1.18 **Specified Investments:** The CLG Guidance defines specified investments as those:

- Denominated in pound sterling,
- Due to be repaid within 12 months of arrangement,
- Not defined as capital expenditure by legislation, and
- Invested with one of:
  - The UK Government
  - A UK local authority, parish council or community council, or
  - A body or investment scheme of "high credit quality".

1.19 The Authority defines "high credit quality" organisations and securities as those having a credit rating of BBB+ or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

1.20 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 2 below.

Table 2: Non-Specified Investment Limits

	Cash Limit
Total Long Term Investments	£8m
Total Investments without credit rating or rated below BBB+	£4m
Total non-specified investments	£12m

**Investment Limits:**

- 1.21 To ensure that the Authorities reserves are not exposed in the case of a single default, deposits will be placed in secured investments where possible. All investments will be managed within the parameters detailed below in Table 3 and Table 2 above.

Table 3: Investment Limits

	Cash Limit
Any single organisation, except the UK Central Government	£10m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£20m per broker
Unsecured investments with Banks / Building Societies	£40m in total
Money Market Funds	£40m in total

## WEST MIDLANDS COMBINED AUTHORITY PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

### 1. Prudential Code

1.1 The Local Government Act 2003 and associated CIPFA Prudential Code for Capital Finance in Local Authorities have set the framework for the new local government capital finance system. From the 2004/05 financial year, Authorities can borrow whatever sums they see fit to support their capital programmes, subject to them being able to afford the revenue costs. This is a fundamental feature of the new system and requires that the Authority sets and monitors a number of Prudential Indicators (PIs) relating to capital, affordability, external debt and treasury management.

1.2 The prudential indicators to be reported are split into the following categories:

- Affordability
- Prudence
- Capital expenditure, external debt and Treasury Management.

### 2. Affordability

2.1 The fundamental objective in the consideration of the affordability of the Authority's capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the Authority remains within sustainable limits, and in particular to consider its impact on the levy. Affordability is ultimately determined by an acceptable levy increase and the realisation of Devolution Deal financing income streams.

2.2 Indicators should be provided for the forthcoming year and the following 2 years and should take into account all of the resources currently available and estimated for the future together with the totality of the Authority's capital plans, revenue income and revenue expenditure forecasts.

2.3 The Authority is to estimate for the forthcoming financial year and the following 2 financial years the ratio of financing costs to net revenue stream.

- 2.4 The table below summarises the impact on the net financing to WMCA income ratio, which shows an increase from 8.8% to 12.0% over the four years. The changes in the percentage are driven by £38m of historic, high cost loans maturing over the period, together with an increased borrowing requirement driven mostly by the Investment Programme, which is offset in the indicator by the expected additional financial inflows into the Combined Authority which are necessary to support the Investment Programme.

	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000	Forecast 2019/20 £000
PWLB Interest Charges - Base	8,728	8,334	6,649	6,035
LOBO Interest Charges	403	403	403	403
Interest on new borrowing	Project Related	121	1,019	3,859
	Debt Rescheduling	-	31	538
Inherited Debt Interest Charges	567	530	528	484
<b>Total Interest Charges</b>	<b>9,819</b>	<b>10,318</b>	<b>11,977</b>	<b>15,326</b>
Investment Income	- 225	- 245	- 245	- 245
MRP	4,590	5,036	6,332	9,423
<b>Net Financing Costs</b>	<b>14,183</b>	<b>15,109</b>	<b>18,063</b>	<b>24,504</b>
Transport Services Levy	124,830	121,542	121,542	121,542
Devolution Grant	36,500	36,500	36,500	36,500
Business Rates	-	-	35,616	37,116
Mayrol Precept	-	-	6,000	6,120
Investment Fund earnings	-	-	1,296	2,567
Ratio of net financing costs to net revenue streams	8.8%	9.6%	9.0%	12.0%

- 2.5 The table below shows the impact of the changing finance cost as a proportion of the annual income, with values ranging from favourable 1.7% to adverse 3.3% over the period. The main contributor to the favourable movement in 2016/17 is in relation to the MRP charge adjustment which became effective in April 2016. The remaining variances are heavily influenced by the assumptions regarding borrowing requirements and associated revenue inflows relating to Investment Programme financing during the period.

	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	2019/20 Forecast £000
Transport Levy	124,830	121,542	121,542	121,542
Investment Programme Financing	36,500	36,500	79,412	82,303
Movement in financing cost	(2,738)	966	2,940	6,685
Change in financing as a Percentage of Income	1.70%	(0.61%)	(1.46%)	(3.28%)

### 3. Prudence

- 3.1 The prudential indicator in respect of external debt must be set and revised taking into account affordability. It is through this means that the objective of ensuring that external debt is kept within sustainable, prudent limits is addressed year on year.

- 3.2 **Indicator Requirement** – Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that gross debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.
- 3.3 **WMCA Plan** – Based on the planned capital programme the gross borrowing requirement for the Authority over the next 3 years is calculated as follows:

Borrowing Position		2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	2019/20 Forecast £000
Borrowing at start		163,289	167,654	229,585	394,205
Loan Repayment		(5,291)	(5,303)	(23,317)	(5,327)
Forecast New Borrowing	Project Related Borrowing	9,656	62,234	164,934	140,140
	Debt Rescheduling *	-	5,000	23,003	5,000
Gross Borrowing		167,654	229,585	394,205	534,017

\* 2016 / 2017 Debt repayment of £5m met from available cash and not refinanced.

- 3.4 As detailed above, there is a requirement in the Code to ensure that the estimate for the CFR at the end of 2019/20 is not exceeded by the gross borrowing estimate at the end of 2017/18. This requirement seeks to ensure that over the medium term, debt will only be for a capital purpose.
- 3.5 The gross borrowing at the end of 2017/18 totals £229m as shown above and is less than the CFR comparator detailed within the code of £560m shown in 4.5 below).
- 4. Capital Expenditure, External Debt and Treasury Management.**
- 4.1 The Authority is required to set and monitor against specified prudential indicators for capital expenditure, external debt and Treasury Management.
- 4.2 **Indicator Requirement** - The Authority make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following 2 years.
- 4.3 **WMCA Plan** - The Capital and Investment Programmes and funding assumptions can be summarised as follows:

	2016-17 Forecast £000	2017-18 Forecast £000	2018-19 Forecast £000	2019-20 Forecast £000
<b>Programme Total</b>	<b>105,458</b>	<b>171,211</b>	<b>362,563</b>	<b>411,421</b>
Funded By:				
3rd Party & Private	7,415	5,000	4,580	1,307
DFT & Central Government	59,474	71,263	107,195	199,025
European Union	750	-	-	-
Highways England	-	-	19,000	19,506
LEP Funding (LGF / Growth Deal / EZ)	20,002	19,015	47,018	24,080
Local Authority	3,022	6,352	5,215	7,863
Network Rail	-	-	5,100	7,400
Other Funding	-	2,093	2,940	2,426
Revenue	549	218	250	250
Available Resources	4,590	5,036	6,332	9,423
Borrowing	9,656	62,234	164,934	140,140
<b>Funding Total</b>	<b>105,458</b>	<b>171,211</b>	<b>362,563</b>	<b>411,421</b>

4.4 **Indicator Requirement** - The Authority has to make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following 2 years.

4.5 **WMCA Plan** – Based upon the WMCA Capital Programme set out throughout this report, the capital financing requirement is calculated as follows:

	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	2019/20 Forecast £000
Capital Financing Requirement B/F	184,789	194,154	256,085	420,703
Less MRP	(4,590)	(5,036)	(6,332)	(9,423)
Less Annuity Debt Principal Repayment	(291)	(303)	(316)	(320)
Less Government and Other Grants	(91,212)	(103,940)	(191,298)	(261,858)
Capital expenditure	105,458	171,211	362,563	411,421
Closing CFR	194,154	256,085	420,703	560,523

4.6 The estimate of capital financing requirement at the end of each year relates to all capital expenditure including previous years. The capital financing requirement reflects the Authority's underlying need to borrow. The code requires that the gross borrowing position as at 31<sup>st</sup> March 2018 (£256m as per the table above) should not be greater than the CFR on 31<sup>st</sup> March 2020 (£560m as shown above).

4.7 **Indicator Requirement** - The Authority is to set for the forthcoming financial year and the following two years an operational boundary for its external debt.



#### 4.8 WMCA Plan – Based on the agreed Capital Programme only this is calculated as follows:

Operational Boundary		2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	2019/20 Forecast £000
Long term debt as start of year		163,009	167,374	229,305	393,924
New borrowing requirement	Project Borrowing	9,656	62,234	164,934	140,140
	Debt Rescheduling *	-	5,000	23,003	5,000
Loan maturities		(5,291)	(5,303)	(23,317)	(5,327)
Operational boundary		167,374	229,305	393,924	533,737

\* 2016 / 2017 Debt repayment of £5m met from available cash and not refinanced.

4.9 The operational boundary should be based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario. Risk analysis and risk management strategies should be taken into account. The operational boundary should equate to the maximum level of external debt projected by this estimate. The operational boundary links directly to the Authority's plans for capital expenditure, capital financing estimate and the estimate of cash flow requirement for the year for all purposes.

4.10 **Indicator Requirement** - The Authority is to set for the forthcoming financial year and the following 2 years an authorised limit for its total external debt, gross of investment, separately identifying borrowing from other long term liabilities. The authorised limit provides headroom over and above the operational boundary sufficient for example for unusual cash movements.

4.11 **WMCA plan** – Using the proposed Capital Programme and headroom of £83m to allow for short term borrowing and possible loan rescheduling the authorised limit is proposed to be set as follows:

Authorised Limit		2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	2019/20 Forecast £000
Long term debt as start of year		163,009	167,374	229,305	393,924
New borrowing requirement	Project Borrowing	9,656	62,234	164,934	140,140
	Debt Rescheduling *	-	5,000	23,003	5,000
Loan maturities		(5,291)	(5,303)	(23,317)	5,327
Headroom		83,000	83,000	83,000	83,000
Operational boundary		250,374	312,305	476,924	627,391

\* 2016 / 2017 Debt repayment of £5m met from available cash and not refinanced.

4.12 Both the authorised limit and the operational boundary need to be consistent with the Authority's plans for capital expenditure and financing and with its Treasury Management Policy Statement and practices.

4.13 Both the operational boundary and authorised limit are based on the Authority's plans and the Authorised limit includes significant and sufficient headroom in the statutory limit to allow for the possibility that WMCA could be given full borrowing powers from Government at some point.

4.14 **Other Indicator Requirements** - The Authority has to set for the forthcoming financial year and the following two financial year's upper limits to its exposures to the effects of changes in interest rates. These prudential indicators relate to both fixed interest rates and variable interest rates.

4.15 **WMCA Plan** - The indicators are set to ensure that the Authority has clarity over interest rate exposure rather than risk.

Table 11 - Interest Rate Exposure

Maximum Exposure Permitted	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19
Fixed Rate exposure	100%	100%	100%
Variable Rate exposure	30%	30%	30%

4.16 The Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The purpose of the code to ensure the Authority satisfies eight main purposes:

- i. To assist public service organisations in the development and maintenance of firm foundations and clear objectives for their treasury management activities and thereby to add to their credibility in the public eye.
- ii. To emphasise the overriding importance of effective risk management as the foundation for treasury management in all public service bodies.
- iii. To encourage the pursuit of best value in treasury management, and to promote the reasoned use, development and appreciation of appropriate and practical measures of performance.
- iv. To enable CIPFA members to fulfil their professional and contractual responsibilities to the organisations they serve and, in accordance with the members' charter, "to maintain and develop the professional competence of both themselves and those they supervise.
- v. To help facilitate a standardisation and codification of treasury management policies and practices in the public services.
- vi. To assist those involved in the regulation and review of treasury management in the public services, particularly those charged with the audit of the same.
- vii. To foster a continuing debate on the relevance and currency of the statutory and regulatory regimes under which treasury management in the various parts of the public services operates.
- viii. To further the understanding and confidence of, and to act as a reference work for, financial and other institutions whose businesses bring them into contact with the treasury management activities of public service organisations.

4.17 The Authority has to set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowing.

Where the periods in question are:

- Under 12 months
- 12 months and within 24 months
- 24 months and within 5 years
- 5 years and within 10 years
- 10 years and above

**Table 12 - Maturity structure of Loans**

	Lower Limit %	Upper Limit %	Current Level %
Under 12 Months	0%	20%	3.89%
12 months and within 24 months	0%	30%	17.92%
24 months & within 5 years	0%	40%	7.79%
5 years & within 10 years	0%	60%	0.00%
10 years & within 20 years	0%	100%	10.13%
20 years & within 30 years	0%	100%	4.73%
30 years & within 40 years	0%	100%	27.56%
40 years & within 50 years	0%	100%	27.98%
<b>TOTAL</b>			100.00%

- 4.18 Where the Authority invests, or plans to invest, for periods longer than 364 days an upper limit for each forward financial year period for the maturing of such investments is set.
- 4.19 **WMCA plan** - With the current market conditions it is not envisaged that any investments will be placed for over 364 days. However, to give the Fund Managers flexibility a limit of £10m has been set.

## APPENDIX 3 - Summary Prudential Indicators

Measure	2016/17 Forecast £000's	2017/18 Forecast £000's	2018/19 Forecast £000's	2019/20 Forecast £000's
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**Affordability**

Ratio of financing costs to net revenue stream:				
(a) financing costs	14,183	15,109	18,063	24,504
(b) net revenue stream	161,330	158,042	200,954	203,845
Percentage	8.79%	9.56%	8.99%	12.02%
Estimates of Capital Investment on Income (%)	1.71%	(0.59%)	(1.47%)	(3.16%)

**Prudence**

Gross borrowing and the capital financing requirement:				
Gross Borrowing (excludes inherited debt)	167,654	<b>229,585</b>	394,205	534,017
Capital Financing Requirement (Gross borrowing in year 2017/18 must not exceed year CFR in 2019/20)	194,154	256,085	420,703	<b>560,523</b>

**Capital Expenditure, External Debt and Treasury Management**

Capital Expenditure	105,458	171,211	362,563	411,421
Operational boundary for external debt				
Operational boundary for borrowing	167,374	312,305	476,924	627,391
Authorised limit for external debt				
Authorised limit for borrowing	250,374	312,305	476,924	627,391
Interest rate exposures				
Upper limit on fixed rate exposures	10%	10%	10%	10%
Upper limit on variable rate exposures	30%	30%	30%	30%
Investments longer than 364 days				
Upper limit	8,000	8,000	8,000	8,000

CIPFA Treasury Management Code?	Yes
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Maturity structure of borrowing - limits	Upper Limit '%	Current Level '%	Current Level '%
Under 12 Months	20%	4%	0%
12 months and within 24 months	30%	18%	0%
24 months & within 5 years	40%	8%	0%
5 years & within 10 years	60%	0%	0%
10 years & within 20 years	100%	10%	0%
20 years & within 30 years	100%	5%	0%
30 years & within 40 years	100%	28%	0%

These Indicators will be updated for approval during the year should the onward refinement of the WMCA Wider Devolution Investment Programme spend estimates require it.

**Appendix 3: Current Lending list**

Institution	Country	Long term Rating			Limit £m	Term Limit £m
		Fitch	Moody's	S & P		
Debt Management Office	UK				unlimited	12 Months
Local Authorities (a)	UK				£10m	12 Months
Local Authorities (b)	UK				£10m	12 Months
HSBC Bank plc	UK	AA-	Aa2	AA-	£10m	13 Months
Lloyds Bank Plc	UK	A+	A1	A	£10m	13 Months
Santander UK Plc	UK	A	Aa3	A	£10m	6 Months
Barclays Bank Plc	UK	A	A2	A-	£10m	100 days
Nationwide Building Society	UK	A	A2	A	£10m	6 Months
Royal Bank of Scotland	UK	BBB+	A3	BBB+	£10m	35 days

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**WEST MIDLANDS**  
COMBINED AUTHORITY

## WMCA Board Meeting

<b>Date</b>	17 February 2017
<b>Report title</b>	Land Remediation Fund
<b>Member Portfolio Lead</b>	Councillor Izzi Seccombe – Finance and Investments
<b>Accountable Chief Executive</b>	Jan Britton, Lead Chief Executive of the WMCA Finance Workstream Tel: 0121 569 3501 Email: <a href="mailto:Jan_britton@sandwell.gov.uk">Jan_britton@sandwell.gov.uk</a>
<b>Accountable Employee</b>	Mark Taylor, Director of Finance, City of Wolverhampton Tel: 01902 55 6609 Email: <a href="mailto:mark.taylor@wolverhampton.gov.uk">mark.taylor@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Programme Board – 3 February 2017 Investment Advisory Group – 7 November 2016

### The Combined Authority Board is recommended to approve:

1. The establishment of a Land Remediation Fund (LRF), which will be a fund of investments made by the CA itself, with a total value of £200 million, with 75% of the LRF being earmarked for programmes of strategic developments and 25% being set aside to support individual strategic developments and to compliment the Collective Investment Fund (CIF).
2. That the maximum LRF grant awarded to any individual project, from the 25% set aside to support individual strategic developments, will not typically exceed 20% of that element of the LRF.
3. That consistent with the principles of balance and fairness the LRF will be focussed on securing a broader economic return across the West Midlands region.

4. That the LRF will be available to support projects within the geographical areas of those constituent and non-constituent members of the CA named in the recent Parliamentary Order. Noting that the special circumstances of the Black Country, in relation to derelict and contaminated, will be recognised and prioritised within the Dynamic Economic Investment Model, along with the principles of balance and fairness.
5. That the LRF is operated in a flexible manner, primarily providing grant and gap funding, however, equity instruments may be used where developer super profit is anticipated, noting that the investment strategy and parameters will be set by the CA and not Finance Birmingham and that Finance Birmingham will work closely with member Councils and LEPs on the pipeline of investment opportunities.
6. That a set of target outcomes will be developed, that align to the Strategic Economic Plan, in order that the success and value for money of the LRF can be closely monitored.
7. That Finance Birmingham are appointed Fund Manager for the 25% of the LRF set aside to support individual strategic developments and to compliment the CIF.
8. That the CA funds Finance Birmingham's management fee for operating the LRF, this will be based on the incremental costs over and above those required to operate the CIF, with delegation to Jan Britton as lead Chief Executive of the Finance workstream of the CA to agree the actual level of those fees.
9. That the Information Memorandum for the LRF, provided at Appendix A, is approved, with delegation to Jan Britton as lead Chief Executive of the Finance workstream of the CA to agree minor amendments if required to bring the LRF into operation.
10. That until such time as the CA has the power to borrow:
  - a. The City of Wolverhampton Council will undertake the borrowing relating to the LRF.
  - b. That the CA will pay an annual revenue grant to the City of Wolverhampton Council to cover the cost associated with the LRF borrowing.
  - c. The City of Wolverhampton will enter into a formal written agreement with the CA that sets out the detail of this arrangement, with authority being delegated to Jan Britton as lead Chief Executive of the Finance workstream of the CA to approve this agreement.
11. That when the CA has the power to borrow, the balance of any borrowing undertaken by the City of Wolverhampton Council relating to the LRF will be 'purchased' by the CA.
12. That an Investment Management Agreement (IMA) for the operation of the CIF is entered into by the CA and Finance Birmingham, with authority being delegated to Jan Britton as lead Chief Executive of the Finance workstream of the CA to approve this IMA.
13. That final approval of any further LRF related documentation be delegated to Jan Britton as lead Chief Executive of the Finance workstream of the CA .



**The Combined Authority Board is recommended to note:**

1. That arrangement and monitoring fees will be paid directly to Finance Birmingham by LRF applicants.
2. The fund management arrangements for the 75% set aside for programmes of the LRF will be considered on a case by case basis as and when bids come forward.

## **1.0 Purpose**

- 1.1 To seek final agreement from the Combined Authority Board to the establishment of the Land Remediation Fund (LRF), and the arrangements for operating the LRF, now that the devolution deal has been approved by Government.

## **2.0 Land Remediation Fund**

- 2.1 An identified priority and aspiration for the Combined Authority (CA) was the establishment of a Land Remediation (LRF) to support bringing brownfield and contaminated land sites back into productive use for employment and housing provision.
- 2.2 On 19 August 2016 the Combined Authority Board approved to establish a LRF of £200 million, subject to finalisation of the devolution deal with Government.
- 2.3 Now that the devolution deal has been approved by Government and the first annual revenue grant of £36.5 million has been received by the CA, it is recommended that the Board formally approve the establishment of the LRF.
- 2.4 The LRF will be a fund of investments made by the CA itself, with a total value of £200 million. Consistent with the principles of balance and fairness the LRF will be focussed on securing a broader economic return across the West Midlands region, rather than securing a financial return for the CA.
- 2.5 In order to secure a significant impact from the investments part funded by the LRF, 75% of will be earmarked for programmes of strategic developments, bids will therefore be encouraged from LEPs and/or Councils, rather than developers. To qualify for an allocation from this element of the LRF bids will need to include a programme, or package, of developments and projects that align strongly to the CA's priorities, for example a package of land remediation linked to the development of the Metro. The other 25% will be set aside to support individual strategic developments and to compliment the Collective Investment Fund (CIF).
- 2.6 The LRF will be one of a number of key benefits that membership of the CA brings, as the LRF will be available to support projects within the geographical areas of those constituent and non-constituent members of the CA named in the recent Parliamentary Order. It is proposed that the maximum LRF grant awarded to any individual project will not typically exceed 20% of the total fund value.
- 2.7 It is also important to note that the special circumstances of the Black Country, in relation to derelict and contaminated, will be recognised and prioritised within the Dynamic Economic Investment Model, along with the principles of balance and fairness. Therefore, whilst the fund is not being ring fenced exclusively for the Black Country, it is anticipated that the majority of the fund will be allocated to the Black Country.
- 2.8 The LRF will be operated in a flexible manner, typically funding will be provided via grant or gap funding however equity instruments may be used where developer super profit is anticipated. The fund priority being to accelerate economic redevelopment of sites and projects identified as a priority for the CA and the Strategic Economic Plan (SEP) and that are not financially viable in their own right, subject to any state aid provisions. Noting that

the investment strategy and parameters for the LRF will be set by the CA and not Finance Birmingham and that Finance Birmingham will work closely with member Councils and LEPs on the pipeline of investment opportunities.

- 2.9 A set of target outcomes will be developed for the LRF, that align to the SEP, e.g. number of houses developed etc. in order that the success and value for money of the LRF can be closely monitored. The economic impact of each funding request will be assessed at the outset and also on completion of each project. This will be undertaken by the Fund Manager, Finance Birmingham.
- 2.10 In order to be able to set up and operate a LRF it will be necessary to appoint a Fund Manager, and it has always been the intention to utilise Finance Birmingham. Finance Birmingham will therefore be appointed Fund Manager for the 25% of the LRF set aside to support individual strategic developments and to compliment the Collective Investment Fund (CIF). As the Board will be aware Finance Birmingham are already fund managing the CA's CIF, Finance Birmingham's work on the CIF to date has clearly demonstrated the synergy that exists between the CIF and the LRF. Appointing Finance Birmingham to manage both of these funds will allow a blending of those funds to deliver creative investment solutions, which should maximise the opportunities and impact of these funds for the CA and the region.
- 2.11 The fund management arrangements for the 75% of the LRF earmarked for programmes of strategic developments will be considered on a case by case basis as and when bids come forward.
- 2.12 The CA will fund Finance Birmingham's management fee for operating the LRF, this will be based on the incremental costs over and above those required to operate the CIF. Approval is being sought to delegate authority to Jan Britton, as lead Chief Executive of the Finance workstream of the CA, to agree the final level of those fees.
- 2.13 An Information Memorandum for the LRF is provided at Appendix A, approval of this IM is sought along with the approval of a delegation to Jan Britton, as lead Chief Executive of the Finance workstream of the CA, to agree minor amendments if required to bring the LRF into operation.
- 2.14 Until such time as the CA has the power to borrow:
  - a) The City of Wolverhampton Council will undertake the borrowing relating to the LRF.
  - b) The CA will pay an annual revenue grant to the City of Wolverhampton Council to cover the cost associated with the LRF borrowing, i.e. the cost of interest on prudential borrowing plus the minimum revenue provision cost associated with each investment.
  - c) The City of Wolverhampton will enter into a formal written agreement with the CA that sets out the detail of this arrangement, with authority being delegated to Jan Britton as lead Chief Executive of the Finance workstream of the CA to approve this agreement.
- 2.15 When the CA has the power to borrow, any borrowing undertaken by the City of Wolverhampton Council relating to the LRF will be 'purchased' by the CA.

- 2.16 It should be noted that the LRF funds will remain with the CA or accountable body as applicable and that funds will only be released when funding applications have been fully approved and all necessary paperwork has been completed.
- 2.17 Approval is being sought to enter into an Investment Management Agreement (IMA) for the operation of the LRF, this will be between the CA and Finance Birmingham. The IMA will confirm Finance Birmingham's management fee for operating the LRF which will be fully funded by the CA.
- 2.18 Approval is also being sought for authority to be delegated to Jan Britton, as lead Chief Executive of the Finance workstream of the CA, to approve the IMA.
- 2.19 In addition, arrangement and monitoring fees will be paid directly to Finance Birmingham by LRF applicants, this will supplement the LRF management fee in the recovery of Finance Birmingham's costs, as it will be necessary for Finance Birmingham to recruit additional highly experienced professionals to support the LRF.

### **3.0 Financial Implications**

- 3.1 These are set out in the body of the report, in summary the £200 million LRF investment will be funded from borrowing supported by the devolution deal annual revenue grant of £36.5 million from Government.

### **4.0 Legal Implications**

- 4.1 Finance Birmingham is a company wholly owned by Birmingham City Council and therefore able to enter into an agreement to deliver the LRF fund management services directly to the CA.
- 4.2 The City of Wolverhampton Council will undertake the prudential borrowing required to support the LRF the costs of which will be serviced by the WMCA under a formal agreement.
- 4.3 Where providing funding to private developers out of the LRF the CA will be required to satisfy itself that any funding arrangements are not caught by applicable 'state aid' restrictions. It is also the intention to develop a mechanism to ensure that any potential super profits realised by developers, as a consequence of LRF funding, is shared equitably with the public purse.

### **5.0 Equalities implications**

- 5.1 There are no Equalities implications arising from the recommendations in this report.

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***West Midlands Combined Authority  
Land Remediation Fund  
(Individual Strategic Developments Element)***



***November 2016***

***“Growing the UK Economy  
Through a Midlands Engine”***

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# Information Memorandum

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*This Information Memorandum has been prepared by Finance Birmingham in order to position the West Midlands Combined Authority Land Remediation Fund (Individual Strategic Developments Element) to be launched Q4 2016.*

*The information contained in these slides and to be communicated during the presentation of these slides, including the talks given by the presenters, any question and answer session and any documents or other materials distributed at or in connection with the presentation (together the 'Presentation') is strictly confidential.*

*The information contained in this document is subject to completion, alteration and verification.*

# WMCA's Land Remediation Fund

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The West Midlands Combined Authority (WMCA) intends to create the most effective CA in the country in order to propel the regional economy to further growth. In line with the early priorities identified, the establishment of a Land Remediation Fund "LRF" will enable the WMCA to bring brownfield and contaminated land back into use for housing and employment.

- The WMCA LRF will have an initial pool of £200 million to invest, 75% being allocated for strategic developments, 25% being set aside for **individual strategic developments** and to compliment the Collective Investment Fund
- Providing capital for remediation projects where mainstream funding is proving difficult to find
- Eligible projects will include; commercial, light industrial and residential regeneration opportunities

Eligibility criteria for the LRF is deliberately broad with the high level objective of creating a portfolio of brownfield sites attracting inward investment.

Pump priming strategic development opportunities will unlock sites, remediate the industrial legacy and bring forward investable propositions. The LRF will be deployed though a grant with commercial investment potentially provided through the Collective Investment Fund 'CIF'.

In this way the WMCA is able to offer:

- A blended financial instrument that recognises shared risk and reward
- Economic return through the fully warranted site
- A brownfield platform across the WMCA's geography which extends Greater Birmingham and Solihull, the Black Country and Coventry and Warwickshire

The LRF will recognise and have due regard to the principle of balance, whereby all members benefit albeit not necessarily at the same time or to the same degree.

**This document will focus on the investment strategy and management of the Land Remediation Fund set aside for individual strategic developments**

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# Investment Strategy

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- **Creating a high employment region** – WMCA LRF will invest in projects that will create the conditions for businesses to grow and to attract inward investment into the region as a whole.
- **Ensuring sustainable sites are ready for development** – supporting remediation of brownfield sites ensuring they are ready for development, allowing further growth to be created.
- **Supporting strong cities and diverse town centres** – to maintain and enhance the existing centres ensuring they remain key assets to the region, with the potential for high density sustainable development securing key service functions for the local communities they serve.
- **Building on the region's strengths in manufacturing** and promoting a stronger and more sustainable industrial base – diversifying the business base, supporting existing successful companies and helping create more businesses of the future. The fund will be aligned to the objectives of the **#MidlandsEngine** initiative.
- **Accelerating regeneration sites for sustainable residential housing** and to bring forward much needed housing development. The LRF, where appropriate, will invest in tandem with the intended housing and CIF funds.
- **Supporting new technologies, science and innovation** – by investing in this sector the Fund will support growth and encourage inward investment into the region.



# WMCA Land Remediation Fund (Individual Strategic Developments Element)

## Fund objective

To seek out high growth strategic regeneration sites and bring forward redevelopment to accelerate West Midlands' Gross Value Added. Each project will be subject to detailed consideration to determine method & structure of financial support.

*WMCA has recognised that there are a significant number of brownfield sites that require access to non-standard financial support structures to enable accelerated economic redevelopment.*

## Eligibility criteria

- Known or referenced developers with a successful and proven track record of delivering regeneration projects
- Strategic brownfield regeneration sites that are unlikely to be redeveloped in the short term via normal capital markets
- Sectors – commercial, industrial, offices, residential, retail and leisure
- Amount – maximum investment 20% of the Fund (Funding quantum will not by itself preclude investment). No Minimum
- Funding will typically be via grant or gap funding however other instruments may be used where developer super profit anticipated. Security will be taken where feasible.
- Maximum repayment term (if applicable) – 10 years

# Addressable Market

## The WMCA will consist of

- **The seven Metropolitan Authorities**
  - Birmingham City Council
  - Coventry City Council
  - Dudley Metropolitan Borough Council
  - Sandwell Metropolitan Borough Council
  - Solihull Metropolitan Borough Council
  - Walsall Metropolitan Borough Council
  - City of Wolverhampton Council
- **The three Local Enterprise Partnerships**
  - The Black Country LEP
  - Coventry and Warwickshire LEP
  - Greater Birmingham and Solihull LEP
- **The following non-constituent members**
  - Cannock Chase District Council
  - Redditch Borough Council
  - Tamworth Borough Council
  - Nuneaton and Bedworth Borough Council
  - Telford and Wrekin Borough Council



# Managing the LRF – Finance Birmingham

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Finance Birmingham (FB), as Investment Fund Manager, will be responsible for delivering the fund's Investment Strategy.

Formed in 2010 FB is a fund management business which has circa £0.6bn under management. Originally established in partnership with Birmingham City Council, FB is uniquely positioned to invest in regional businesses via a range of funds and programmes operated on a strong and clear commercial basis.

FB has a proven track record in meeting market demand by providing flexible funding solutions for transactions of between £500k and £7m involving debt, mezzanine and equity in response to regional funding gaps. A strong multi-disciplined team is in place - seasoned “on the ground” professionals with deep knowledge of chosen sectors and regional markets. This is evidenced by the success of FB's existing funds.

FB were appointed Fund Manager on the Collective Investment Fund in June 2016, have built a strong deal flow with £13.6m proceeding through due diligence and demonstrating significant economic impact.

FB is an FCA regulated business and a secure and robust platform supporting the highly experienced “on the ground” origination capability exhibiting a culture of strong rigour and discipline in sourcing, evaluation and execution of new opportunities. This, combined with rigorous third party due diligence and close and careful management of its invested portfolio, ensures that:

- only quality deals are executed
- the portfolio mix is appropriate (sectors, exposure, structure and geography)
- risk management controls are in place for early warning triggers
- robust systems and procedures for monitoring/reporting and accountability are maintained

# Background

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## FB's key achievements

- From a standing start to just under £0.6bn funds under management in five years
- Recognised as an innovative provider of alternative funding solutions
- Recruited a highly experienced and skilled team
- After three years of investing BCC's own funds in debt and equity products and running national investment programmes for BIS, FB raised circa £90m of new funds including private investor funding during 2014
- Winner of '*Funder of the Year*' and '*SME Deal of the Year*' at the 2016 Dealmaker Insider industry awards

# Engagement with WMCA

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## Set – up options

- Day 1 option - In order to secure early wins for the WMCA's LRF, Birmingham City Council (BCC) will act as the Accountable Body with Finance Birmingham as the Fund Manager. This is consistent with FB's existing operating model, fast tracking the launch for minimal set-up costs
- If required, FB set up a Limited Partnership – set-up costs estimated at circa £250K across the seven Metropolitan Authorities
- Once the WMCA is constituted, Pinsents will advise on the most appropriate structure

# Product

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- The product needs to be as flexible as possible, to allow for land remediation opportunities which deliver a mix of commercial, retail and housing projects.
- Typically the fund will provide support on a grant or gap funding basis however depending on viability equity upside instruments may be negotiated where anticipated developer profits exceed industry norms. The investment will be the minimum necessary for the development to come forward and overage will be applied. The fund may widen to include provision of guarantees.
- The terms and structure of investment, rate of return, security and other conditions of support to projects will be determined on a individual project basis, however noting the fund's primary objective of remediating sites and accelerating development on key WMCA regeneration target sites.
- The fund may invest alongside a developer on a joint venture basis where appropriate and as a co-investor with the WMCA CIF.
- LRF members will also be requested to identify and bring forward suitable sites within their respective areas for fund investment consideration.

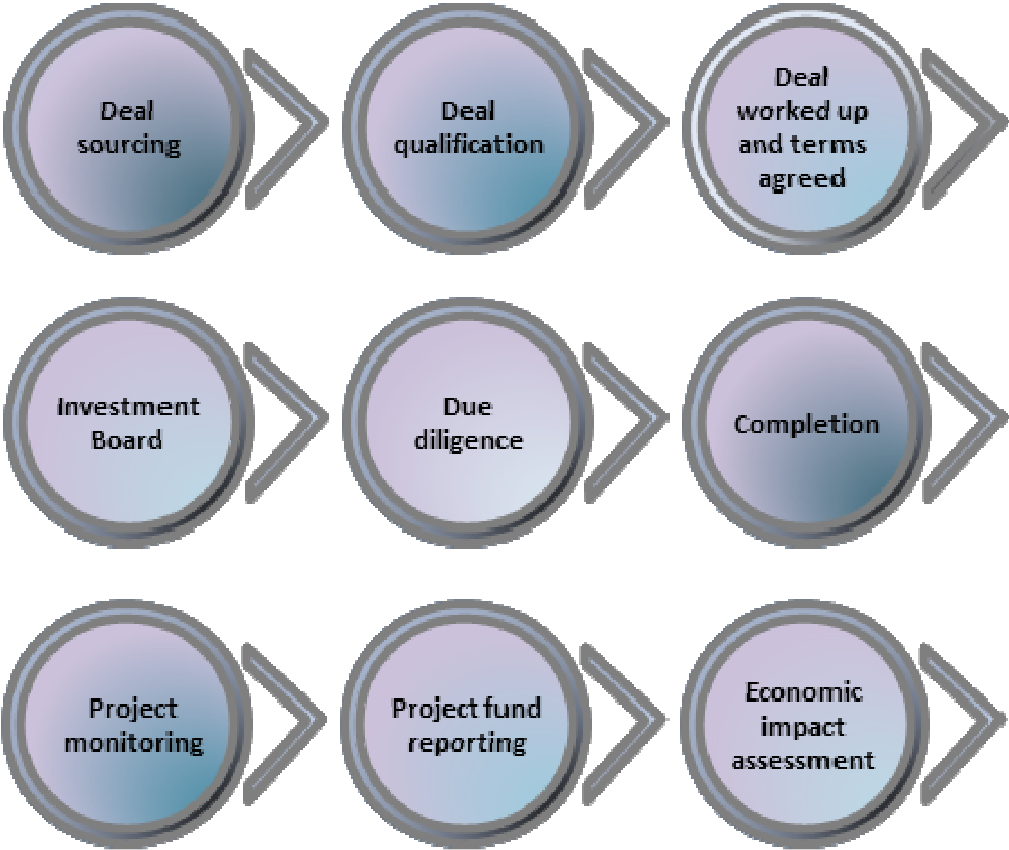
# Governance and Reporting

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- It is proposed that Finance Birmingham will manage the LRF (Individual Strategic Developments Element) within their existing permissions and consistent with their existing fund management models and all applications will be assessed by Finance Birmingham
- Pinsents are currently evaluating this is model which will accelerate the launch of the LRF leveraging the significant investment into the proven and robust infrastructure
- FB will advise on and arrange the WMCA investments and then drawdown from the respective LAs via an accountable body
- The decision to proceed with an investment will be taken by the investment board the composition of which is to be determined
- FB will be responsible for ensuring that the fund engages fully with the region's public and private sectors in order to maximise its potential to secure the objectives outlined in the investment strategy to include:
  - Quarterly reporting to the WMCA of its performance against the objectives in the Investment Strategy
  - Partner engagement through their nominees at Partner Board meetings
  - Private sector engagement through an advisory body of industry professionals and developers from the region's private sector to support and engage with the Investment Manager through the identification and appraisal of projects

# Risk Appraisal and Project Management

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# Risk Appraisal and Project Management

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## **Project evaluation**

- Developer or Business track record/ management strength/experience
- Site location and eligibility/planning use
- Economic and regional impact analysis
- Appropriate funding structure negotiated grant or gap funding & exceptional profit upside if appropriate
- Exit position assessment
- Quality of security available
- Detailed independent due diligence (professional valuation, site investigation, geotechnical reports, specialist remediation assessment and development delivery cost appraisal analysis)
- Delivery of project forecast and regional growth impact forecast
- Key risks and mitigants assessment
- Economic development impact, exit value assessment and timing
- Grant & Funding terms negotiation

## **Project monitoring**

- Bi-monthly investment director site visits
- Appointment of independent remediation project surveyor with quarterly report on cost v budget analysis

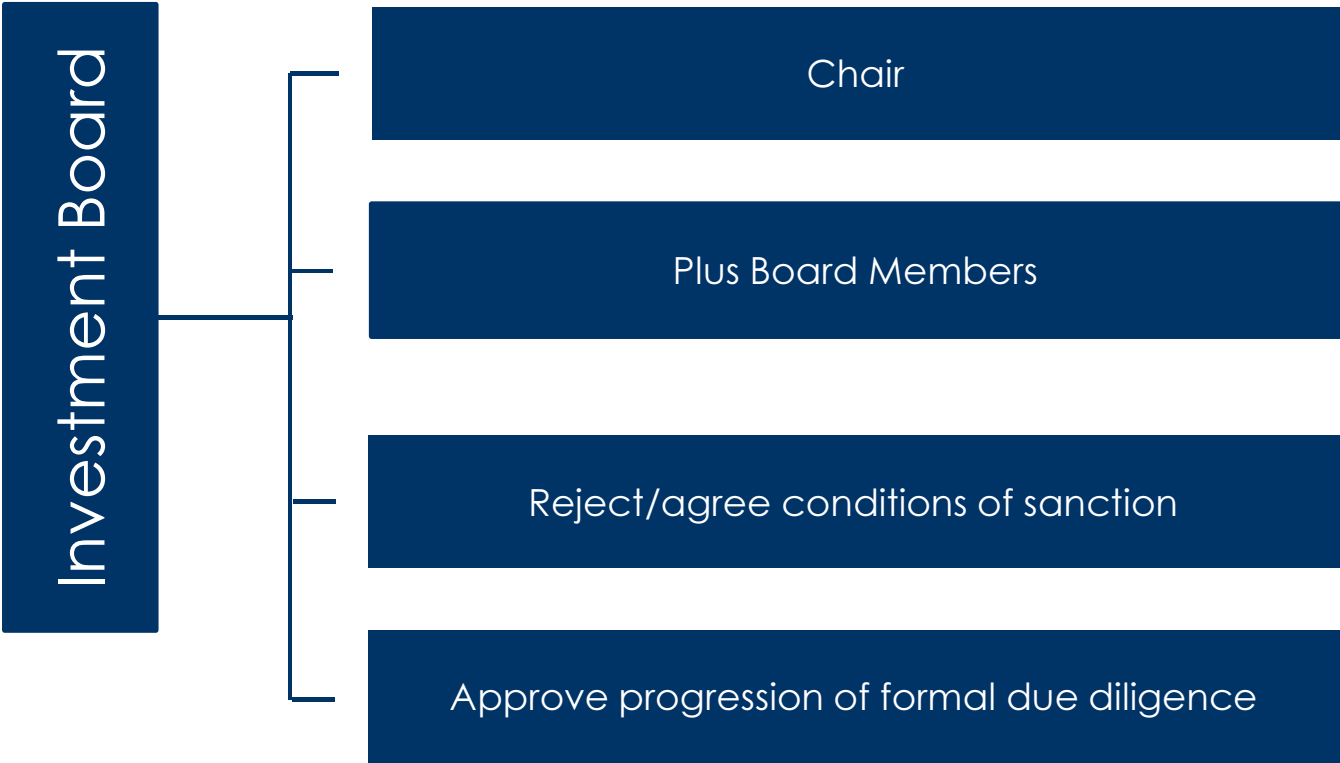
## **Development completion**

- Economic Review Impact assessment completed
- Conclusion Grant/Funding impact assessment

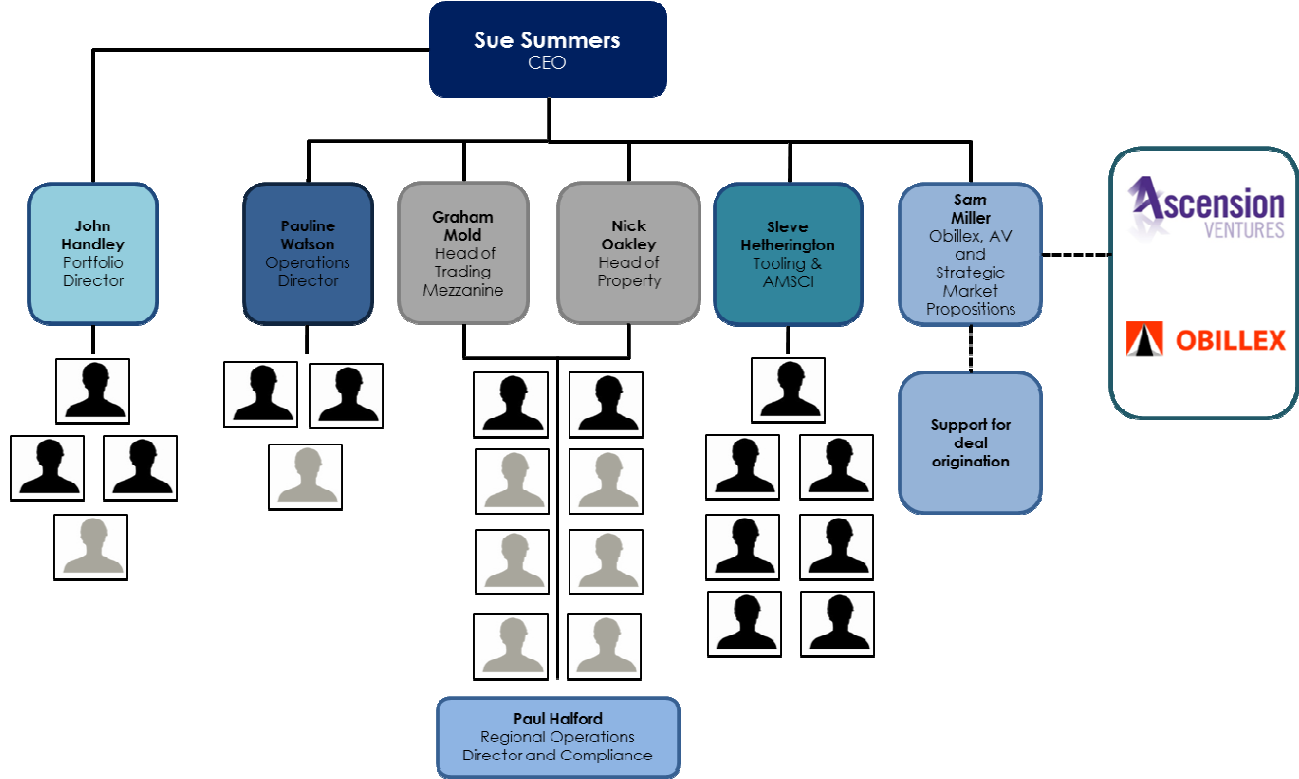
# Investment Board

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Investment Board meetings held monthly



# FB's Corporate Structure



# Commercial Considerations

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Finance Birmingham's costs will be recovered through a combination of a management fee, payable by the CA and arrangement and monitoring fees paid by the applicant direct to Finance Birmingham.

## **Management Fee**

The management fee for the LRF will look at the incremental costs over and above those required to operate the CIF

## **Arrangement and monitoring fees**

Arrangement and monitoring fees are paid direct to Finance Birmingham by the applicants, to supplement the management fee in the recovery of Finance Birmingham's costs.

Finance Birmingham will be recruiting additional highly-experienced professionals, to support the LRF.

# Management Biographies

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## Sue Summers, CEO

Over a decade's experience of running FCA regulated businesses

Strong industry experience – both start-ups and board level appointments

Ran Europe's largest IFA trading exchange and was deputy MD of a FTSE 250 business

Responsible for strategic direction and growth of FB

Investment Committee member and responsible for due diligence sign-off



## John Handley, Portfolio Director

Over 25 years' experience in private equity including Bridgepoint and LDC (the private equity division of Lloyds Bank)

Chartered accountant

Highly experienced and highly regarded with a portfolio of chairmanships

Responsible for the management of the invested portfolio

Investment Committee member and responsible for due diligence sign-off

# Management Biographies

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## Graham Mold, Head of Trading Mezzanine

FCA with 13 years experience in VC including Catapult Venture Managers and FB

Head of West Midlands Mezzanine Fund

Involved in more than 100 SME deals

Previous roles include Fund Principal, Finance Director and Portfolio Director

Responsible for trading mezzanine element of the Fund, ensuring investment objectives are met



## Nick Oakley, Head of Property Investment

Corporate banking, lending and restructuring specialist

Regional Director Real Estate Finance, Midlands. Led a team of 28 relationship managers.

Funding residential & commercial developers & property investment transactions. Managed £850m loan book.

Set-up and managed a £40m Residential Mezzanine Joint Venture Fund

Responsible for property development element of the fund, ensuring investment objectives are met

# Management Biographies

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## Sam Miller, Strategic Market Propositions

Integrated finance specialist, venture capital and treasury

Supports and develops key market propositions

Strong track record in deal origination

Responsible for raising private investment from institutions and HNWI's

Manages key strategic relationships and joint ventures with Obillex and Ascension Ventures



## Paul Halford, Regional Operations Director

Over 40 years corporate banking experience in SME sector

Headed-up numerous relationship management teams

Strong credit experience

Extensive professional network

Responsible for compliance & regional operational structure

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