

Council – 17 September 2018

West Midlands Combined Authority and Walsall MBC

1. Summary

- 1.1. A commitment was made to bring a report to Council twice a year on the work of the West Midlands Combined Authority and Walsall's priorities in this regard. This report is to provide an update on the progress of the current West Midlands Combined Authority (WMCA) work and to review the achievements to date alongside future plans.
- 1.2. The WMCA was formed in 2016, with all seven West Midlands Councils as constituent members, together with 10 councils joining as non-constituent members along with the three Local Enterprise Partnerships.
- 1.3. This report is to provide an update on the progress and impact of Walsall's involvement in the WMCA and to outline current plans for future activity.

2. Recommendations

- 2.1 That Council consider and note the current position and plans for the future.

3. Background Information

- 3.1 Following the agreement made between the government, constituent Local Authority Leaders and Local Enterprise Partnership (LEP) Chairs of the West Midlands Combined Authority (WMCA) in November 2015, the first devolution deal was launched in the region, seeing the devolution of a range of national programmes and funding streams to the Mayor WMCA, (elected May 2017). The initial deal saw the government commit to over £1bn allocated to the area for local priorities through the launch of a number of key programmes, including the HS2 Growth Strategy, the Land Remediation Fund, the Housing Loan Fund and the Collective Investment Fund.

A further Devolution from central Government was agreed in 2018. The second deal proposed an alternate approach of continuous negotiation, with Initiatives and agreements announced throughout the working relationship. The agreement looks to commit government and the WMCA to work towards the establishment of a local Industrial Strategy for the West Midlands, based upon the Strategic Economic Plan, which provides a programme of delivery to maximise the social and economic ambitions for industrial growth.

- 3.2 In March 2018 the WMCA as part of the ongoing negotiations secured a further deal, - it's 'Housing Deal' worth £350m for the region. The Housing Deal includes £250m for the region to deliver the aspirations set out in the Housing Infrastructure Fund (HIF) Forward Fund Bid. Specific projects to benefit from infrastructure improvements are the Commonwealth Games Athletes Village, Greater Icknield and Smethick, Kings Hill in Coventry and UK Central development in Solihull. Alongside the support for the three HIF Bids further investment priorities were identified that would benefit from a £100m 'Land Fund'.

The devolution funds combine alongside other sources of funding to support the delivery of the WMCA's Investment programme. There are a number of key roles and opportunities for Walsall, which include:

3.3 *Land and Housing Portfolio*

It was confirmed at the WMCA meeting on 25th May, that Walsall would retain the lead for the Land and Housing Portfolio, which is the Leaders Portfolio, placing the council in a strong position in relation to some of the key delivery opportunities within the region. In this role, the Leader has taken on the chair of the WMCA's Land and Housing Board and has overseen the submission of the Housing Infrastructure Fund bids and is overseeing the Land Fund negotiations with Government and the development of the WMCA's Spatial Delivery Investment Plan (SIDP).

The Portfolio also has responsibility for the WMCA's One Public Estate (OPE) Programme which is about to submit bids for the OPE Wave 7 to be launched by Government this month.

3.4 *Land Remediation Fund / Land and Property Investment Fund (LPIF)*

The WMCA Land Remediation Fund formed from the first West Midlands devolution deal, which is a capital programme aiming to bring together local, national and private sector funding to unlock key housing and employment sites, create more highly skilled jobs, and support economic growth throughout the West Midlands region. Locally in the Black Country, the LEP has been awarded an initial £53m and has established the Land and Property Investment Fund. The BC LEP is seeking to support projects that will contribute towards the Black Country's Strategic Growth Objectives:

- Site Remediation
- Commercial Floor Space
- New Jobs
- Private Sector Leverage
- New Homes
- Learner Outcomes/Apprenticeships

The first tranche of LPIF is available to the Black Country and is open to bidders for the programme duration 2017-2021, with a further £97million earmarked to the Black Country for a subsequent 6 years. To date, Walsall have a number of projects under various stages of business plan preparation and assessment for LPIF funding with four projects being specifically named in the LPIF pipeline and totaling an estimated in excess of £50m, including:

- Middlemore Lane
- Phoenix 10
- Moxley 'Iron Park'
- Goscote Lane

3.5 *WMCA Investment Prospectus*

As part of the continued work to encourage new partners and investment into the West Midlands, an investment prospectus has been produced to highlight the potential within the region. The WMCA Investment prospectus provides potential investors with information highlighting 20 of the regions transformation schemes.

For Walsall this includes the M6 Junction 10 Cluster formed of sites in the Black Country Enterprise Zone, and Walsall Town Centre building upon current investment in our three key programmes, Walsall Gigaport, Walsall Waterfront and St Matthew's quarter, the prospectus programme includes a further 5,500 sqms of retail/floor space and residential site opportunities. This planned activity runs alongside the £65 million Junction 10 enhancement work due to begin in 2019.

With the West Midlands already topping the UK regional table for foreign investment and homegrown business start-ups, the Prospectus provides investors with a clear road map for joining the hundreds of companies relocating to the nation's new growth capital.

3.6 *Land Fund – Walsall to Wolverhampton Corridor*

As part of the 'Housing Deal, £100m has been earmarked as a Land Fund and our local focus of bids to this fund will be the Walsall to Wolverhampton Corridor. The Corridor expands from Walsall Town Centre to Wolverhampton City Centre and through areas including Darlaston, Willenhall, Wednesfield and Bilston. The Walsall opportunity sites in the Corridor reflect the regeneration and development pipeline priorities identified by the Council and its partners within existing planning policy, transport and economic plans.

The Corridor includes the Black Country Enterprise Zone Junction 10 Cluster sites, including Phoenix 10, the proposed new railway stations in Darlaston and Willenhall and a number of key infrastructure and housing sites. The key opportunity sites in Walsall are:

- Station Street
- Reedswood/Caparo
- Willenhall Garden City
- Walsall Gateway (including the former Harvestime Bakery)
- Birch Street (former Metal casements)
- A significant programme of small sites across the corridor

The Walsall to Wolverhampton Corridor has been identified as being a strategic priority for regeneration activity as part of the emerging WMCA Spatial Investment and Delivery Plan. The Land Fund will be available to acquire and de-risk opportunity sites identified in the Corridor to accelerate delivery and increase the quality and density of new homes through addressing barriers such as site ownership and land contamination.

The allocation for the Corridor was not originally part of the Housing Deal; however, following the demonstration of a robust strategic case and pressure from the Local Authorities (Walsall and Wolverhampton) it was possible to argue the need for investment in brownfield sites for housing development

The Council had, prior to the establishment of the WMCA, developed a strong pipeline of development opportunities, recognising that public sector intervention would be required to aid delivery. Walsall officers have led this work with Black Country colleagues that has been used to influence a number of bidding opportunities, and was instrumental in securing the Black Country's investment of £150m from the Land Remediation Fund to create the Land and Property Investment Fund.

The Council is also in the process of commissioning a Town Centre Masterplan to provide an inspirational and deliverable vision for a sustainable and resilient town centre; this will strengthen proposals and provide a focus for activity within the Corridor. As a Mayoral priority, the WMCA is also exploring the opportunity for a focused town centre pilot to cover a number of West Midland town centres. This pilot is expected to be confirmed later this year. Being part of this wider programme of work, this may present an additional opportunity to utilise delivery and funding opportunities available through the public sector.

The Council is committed to continuing pre-development work for development sites and infrastructure improvements within our established development pipeline to take advantage of future funding opportunities as soon as they become available in order to deliver high quality schemes. Council discussions with WMCA identified Walsall's pipeline of top priority

schemes to support the delivery of regeneration and improvement to the Town and District centres. This identified a 57% contribution ask of £206m towards the total resource required to deliver development schemes that include 1500 new jobs, 83,522sqm of new employment floor space, 25.4 ha of land remediation and 532 new homes.

3.7 Strategic Transportation

Officers are actively working with colleagues at West Midlands Combined Authority (WMCA), including at Transport for West Midlands (TfWM), to devise and implement measures to encourage modal shift to sustainable modes (public transport, walking and cycling) that are part of an overall approach to addressing traffic congestion and poor air quality in the Borough, as set out in the Walsall Transport Strategy and the West Midlands 'Movement for Growth' strategy. A number of high-profile strategic projects are being pursued in the Borough with TfWM including:

- A34 SPRINT (bus rapid transit) between Walsall town centre and Birmingham city centre, with delivery accelerated in line with the 2022 Commonwealth Games;
- West Midlands-wide 'Bike Hire' scheme, with bike docks in all of the strategic centres, including Walsall town centre;
- New rail stations at Willenhall, Darlaston and Aldridge with associated new train services (a local 'shuttle service' and services to Birmingham New Street);
- Higher-frequency train services between Walsall Station and Birmingham New Street Station post-delivery of HS2 Phase 1 in 2026;
- A new Town Centre Interchange to replace the on-street bus interchange at Bradford Place;
- Longer-term options to re-open other disused rail lines in the Borough to heavy rail, Tram-Train or Metro.

The Council is also actively pursuing proposals to improve key road corridors, including the A454 Walsall – Wolverhampton corridor (in conjunction with Wolverhampton City Council) and the A461 Walsall – Shire Oak corridor. These corridors, along with all of the other strategically important road corridors in the Borough, are being actively managed as part of the WMCA's 'Key Route Network', which is striving to bring more reliability, efficiency and resilience to our road network.

HS2 will connect London with Birmingham (Curzon Street) and Solihull (Interchange) via a new high speed rail line from 2026. Improved connectivity between Walsall and Birmingham city centre (and thereby HS2) will be achieved through: the A34 SPRINT scheme; increased rail frequencies on the

Walsall – Birmingham line post-2026; and new cross-city rail service patterns, giving direct access from Walsall Station to Birmingham International Station (for Birmingham Airport, the NEC and, in the future, UK Central and HS2 Interchange Station) from the May 2019 timetable change.

The second Devolution Deal requires that WMCA will work with government to establish a Skills Advisory Panel (SAP), with membership from WMCA, local employers, post 16 skills providers and central government. The SAP will look to bring together strategic planning for post-16 skills provision to influence future planning, including the implementation of T (Technical) levels, new work based qualifications and future capital funding. Additionally, a 3 year £5m construction training programme will be delivered across the region, alongside a career learning pilot as part of the government led National Retraining Scheme.

The WMCA will receive £250m over four years from the Transforming Cities Fund to be spent on local transport priorities, including the Wednesbury to Brierley Hill metro extension. This will include discussions with Department for Transport (DfT), Network Rail and the WMCA, to potentially transfer ownership of the non-operational section of the Round Oak to Walsall railway route to support the delivery of the extension.

Devolution Deal 2 also provides a commitment from Government to support the newly established Network Resilience partnership that includes Highways England, Network Rail, HS2 Ltd and other key agencies. Transport for West Midlands (TfWM) has received £250k funding to develop a business case for a Regional Integrated Control Centre for the West Midlands to support network resilience across the region.

Within the second Devolution Deal there is a commitment to partnership working between Government, the WMCA and local authorities to develop plans to achieve improvements in air quality. Proposals will require closer working to develop a more detailed air quality monitoring and reporting system linked to the management of the Key Route Network. A comprehensive strategy will be developed and implemented in partnership with local authorities.

3.8 *Regional Skills Plan*

WMCA is currently developing a Regional Skills Plan (RSP) to focus the delivery of skills and education training. Alongside the priorities identified within the Plan, work is currently underway to prepare for the full devolution of the Adult Education Budget in the region by academic year 19/20. This funding currently supports local colleges and adult education providers and combines all Education Skills Funding Agency (ESFA) participation and support funding (excluding European Social Fund (ESF), Advanced Learner Loans and apprenticeships). The current funding for the constituent members' area is approximately £100m. The College and providers in Walsall who currently receive this funding are likely to receive the same level for the near

future, with wider opportunities for organisations to bid for additional monies for alternative activities.

WMCA has awarded a grant of £463,215 to Rathbone Training to deliver a programme of activities in the Birchills/Leamore area of Walsall as part of the wider £4m Employment Support Programme for the West Midlands. Running from 2018-2020, the Employment Support Programme will deliver a range of targeted interventions in nine local areas to 4500 beneficiaries. The project is aimed at tackling unemployment and low pay over the next 3 years.

The Borough will also benefit from the £5m Construction Training Programme that will support individuals to receive training in new technological changes within the Construction industry for the future.

3.9 UKSPF

Discussion and planning is currently underway to identify and implement a replacement for the EU funding that currently supports national, regional and local economic development, which will no longer be available following Brexit. In the present EU, spending round (2014-20) the UK receives £9bn from the EU Structural Funds, or around £1.3bn a year. The Governments manifesto promises a United Kingdom Shared Prosperity Fund (UKSPF) of similar or equal value, designed to reduce inequalities between communities 'delivering sustainable, inclusive growth.' The WMCA is establishing an Exiting Europe Working Group to develop a regional proposal in relation to the new UK Shared Prosperity Fund.

4 Finance

As previously reported to Cabinet, there is a risk for both Devolution Deals that the funding generated falls short of the levels required to meet all of the WMCA commitments, today and in future, resulting in any shortfalls falling to the constituent members to find. This risk should be mitigated through the emerging governance arrangements, the role of the WMCA's section 151 officer, the production of WMCA financial and business plans and accounts, together with the roles that the constituent members will play through their officers (including section 151) in monitoring, scrutinising and reporting on their contents.

The WMCA has a budget setting process similar to Councils that requires the consent of its Board, in addition the Mayor has the power to set his budget for his functions subject to restrictions. The CA budget (including Mayors), where no funding has been provided for its activities and or functions, and no other funding stream is available the 7 Constituent Councils are responsible for the funding. If no local agreement is made, then it is apportioned according to population. As constituent members underwrite the CA, and we have limited access to all terms and conditions of grants, and control of projects, then the Council may have significant contingent liabilities should the CA be unable to repay current liabilities as they fall due in the event of clawback. As the Combined Authority currently has limited revenue income streams, there is a

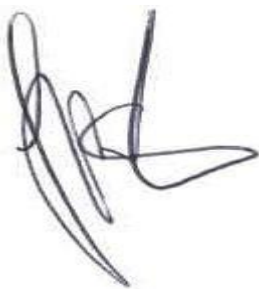
risk that it may result in an increase to constituent subscriptions, noting that existing subscriptions are c£250k per annum although this was increased to £600k in 2017/18. If capital budgets overspend it may fall onto constituents to service the debt if external funding fails or is clawed back, as the CA is underwritten by the Constituent Councils.

5 Future

WMCA have identified an Annual Plan for 2018/19 that identifies the key priorities within the overarching vision, to be delivered in the coming year. These include:

- **Economic Growth and Industrial Strategy** - with a priority to deliver a Local Industrial Strategy for the region
- **Housing and Regeneration** - with a priority to submit a housing deal implementation plan to Government for key housing infrastructure
- **Productivity and Skills** - with a priority to deliver the Employment Support Pilot through to 2020 to support 4500 residents into employment
- **Health and Wellbeing** - with a priority to develop the One Public Estate Programme, converting unused public sector offices space into co-working opportunities for local entrepreneurs and the third sector.

Further priorities are identified for the Investment Programme, Environment and Housing and Regeneration and are reflected in the work that is currently being delivered in Walsall, in partnership with WMCA.



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7 September 2018