

## West Midlands Comprehensive Spending Review Representation

### **We will rebuild our region to recover from the pandemic and level up.**

The West Midlands is a region that has bounced back from adversity many times before. We will seize the opportunities that come from recovery – seeking investment in new markets, upskilling our workforce, protecting our environment, strengthening our communities, supporting young people and repositioning the region as a leader in the national economy.

### **Delivering this Government’s ‘levelling up’ agenda**

Prior to the pandemic the West Midlands was the fastest growing region outside of London, breaking through the £100bn economic output mark in 2019-20. Our success is powered by a young and diverse workforce and key regional assets like HS2, our internationally competitive universities, and being the heart of the UK’s automotive and manufacturing industries.

Yet Covid-19 has hit the region hard. Our young diverse population and sectoral mix made us vulnerable to the impact of the virus and lockdown. But they are also our greatest assets for growth. There is a lot to look forward to – next year the region will host the City of Culture in Coventry; and will then be the site of the Commonwealth Games.

Our ‘Recharge the West Midlands’ economic recovery plan set out a £3.2bn package to create or safeguard 135,800 jobs for our residents, support 154,400 young people and workers, and build 35,000 new homes. This representation takes forward our Recharge proposals over the full CSR period and combines them with a series of interventions to support community recovery through public services – tackling inequalities and supporting vulnerable communities.

### **We need to rebuild on a foundation of sustainable and empowered local institutions.**

Local government has been at the core of our regional coronavirus response and will also be central to driving recovery. In order to deliver on our ambitions, we need to secure a long-term, sustainable settlement on local government finances.

This representation builds on our submission to the *Local Recovery and English Devolution White Paper*, in which we set out the enhanced powers and flexibilities that would enable us to deliver the Government’s agenda. We are focussed on activity taking place at the right spatial level, ensuring power remains as close as possible to our communities and that the whole system works together as one to improve their lives.

### **A shared vision to recharge the West Midlands economy.**

We welcome this Government’s early support for our Recharge economic recovery plan, including £14m for Very Light Rail schemes in Dudley and Coventry and £15m for the National Brownfield Land Institute in Wolverhampton. Proposals in this representation take forward these ambitions, including:

- A fully coordinated £1.9bn business growth programme across the West Midlands to improve productivity, business survival, leadership and innovation – including a regional Gigafactory and Project GREAT to enhance our automotive sector.
- A £732m package joining up all training, skills and employment interventions to help people back into work and equip young people with the skills for future jobs.

- A £369m plan to boost the West Midlands’ cultural offer, so inward investors and skilled talent is retained by a great quality of life. This will use the unique shop-window of Coventry City of Culture and support cultural offerings across the region including the Wolverhampton Grand Theatre and Sandwell’s Festival Site & Country Park.

### **A better-connected regional economy needs 21<sup>st</sup> century infrastructure.**

The region has a strong record of delivering key infrastructure projects enabling us to double the number of homes built annually since 2010 and rapidly expand our bus, metro, cycling, and rail networks.

We have set out proposals to go further and faster, with a £2.5bn rolling, five-year single infrastructure package covering £1.5bn of transport investment, £700m of housing, energy, and digital interventions, and approximately £300m to bring forward the ambitious development plans around the HS2 Interchange station in Solihull by 4-5 years, creating 16,000 jobs. This ‘single pot’ enables delivery of core elements of our Recharge plan, including bringing back stations at Willenhall, Darlaston, Moseley, Kings Heath and Hazelwell, accelerating the development and use of Advanced Manufacturing in Construction techniques, and tackling acute housing affordability challenges through a £400m Affordable Housing Fund and a bold “Homes for Covid Heroes” key worker programme.

### **Protecting the most vulnerable means rethinking and supporting public services.**

Covid-19 has exacerbated many of the inequalities across our region. Recovery from the pandemic will require us to rethink how we live, work and deliver public services for the good of all communities. The impact of high death rates from Covid-19 among Black and Asian populations is a particularly urgent and core challenge to address. We have proposed projects to address social challenges, ensuring all interventions take place at the right spatial level:

- Tackling homelessness, building on the success of ‘Everyone In’
- Reducing regional health inequalities by investing in prevention and innovation
- Building public service resilience, focussing on the role of civil society and the most at-risk children and adults
- Supporting children in court-ordered care and custody, through a regional Safe Centre
- Improving public sector data analytic capacity to make better decisions

### **Our proposals focus on the opportunities of a green recovery.**

The West Midlands was at the core of the industrial revolution, and we will be at the core of the green industrial revolution. We are committed to reaching our net zero target of 2041, whilst also recognising that an environmental focus presents enormous opportunities today:

- Within our infrastructure and skills proposals, we have set out plans to retrofit homes and support the energy transition, creating new jobs and tackling fuel poverty.
- Decarbonising our industrial base is at the centre of our vision for economic recovery, including support for a Gigafactory.
- Our vision for natural capital, including a West Midlands National Park, will boost wellbeing, increase the number of people cycling and walking, and attract and retain a skilled and healthy workforce.

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# 1. Infrastructure

## 1.1 The Single Pot Approach

Building on recommendations of the National Infrastructure Commission, the WMCA wish to collaboratively develop a rolling five-year infrastructure programme supported with the necessary coherent and consistent funding. This single approach has a specific focus on critical enabling infrastructure such as transport, housing, energy, natural capital and digital connectivity to drive the jobs and growth of the future and coherent response to the Covid19 pandemic. WMCA are partnering with Greater Manchester CA and Liverpool City Region CA to become the national champions of this new approach, which builds on the clear direction of travel Government has set in recent years.

### *How would it work*

This approach would be a partnership deal and would include central government bodies such as Network Rail, Highways England and Homes England on any programmes in our area, where outcomes and outputs were collectively specified. Locally, the WMCA would be charged with overseeing the implementation of the five-year programme, working closely with other CA local authorities, and with true accountability to its local community. This would reduce time-limited competitive funding bidding, which are run by separate departmental and include different evaluation and monitoring systems, and instead move to an efficient approval process system, based on the adopted Single Assurance Framework we already have in place to help accelerate delivery.

It could include the recent allocations of the Brownfield Land Fund, but also appropriate proportions of the £4.2bn of intra-city transport settlements, funding for local road enhancements and maintenance, the Housing Infrastructure Fund, and consideration of other relevant funds across low carbon and digital infrastructure. As with past funding arrangements, we would welcome an open conversation about financing of this programme including any local contribution.

We believe there is a significant growth premium to be achieved through creating a more devolved, integrated, consistent and long-term approach to infrastructure funding. The ultimate aim of this work is agreement to implement the NIC recommendation on infrastructure budgets as part of the Comprehensive Spending Review and National Infrastructure Strategy.

### *Where it could work*

- *Dudley Interchange (quick win, shovel ready)*

A great example is the integrated transport and regeneration scheme, between WMCA, the Black Country LEP and Dudley Council working closely with private sector partners in the town centre of Dudley at Dudley Interchange.

Similar to the development and delivery of Wolverhampton Interchange (and building on lesson learned from its delivery), this scheme faced a number of barriers to progress: a complex landscape of national and local funding regimes (including differing approval processes) and multiple bodies required to deliver elements of the scheme. However, with the strength of local partnerships to overcome these issues, the delivery of the Interchange is now having a catalytic impact, by successfully attracting new investment into this area of the city and leading the positive transformation of the City of Wolverhampton.

The consequences of all these different separate departmental funding pots to different criteria and timescales and going through different national and local assurance frameworks, is we locally are having to pull together a mix and blend of certain and uncertain funding and submitting different business cases to future high street, town centre fund, WMCA investment

programme, OPE and brownfield land funding to name but a few, to ensure the scheme can be funded and delivered on the ground. Such an approach in public funding hinders robust programming, private sector leverage and co-investment, resulting in delays and fragmented programme management.

- *UK Central Hub (through the CSR spending period)*

A future single package approach could bring forward the ambitious development plans around the HS2 Interchange station in Solihull by 4-5 years. The area around the station, known as UK Central Hub, is currently Britain's largest and most exciting development opportunity.

With clear and consolidated Government investment to match substantial private sector and regional investment in the site, we could bring forward prime commercial development with high-tech manufacturing and innovation facilities, including a world class Health & Innovation Campus, creating 16,000 jobs, 4-5 years earlier, and delivering clear benefits to residents within the term of this Parliament. Significant investment has already been made by the WMCA and Solihull Council in enabling infrastructure.

*How we work with government – assurance and outcomes*

Having greater flexibility in place over funding programmes and the opportunity for local targeting, aligned to an agreed set of outcomes and outputs across Government, would help to make the most out of our resources but also ensure we invest in the right projects at the right time in the right place and maximise our intervention effectiveness.

This would also allow the WMCA to be more agile and responsive in delivering our bold ambition, provide improved local accountability, allow for a long-term infrastructure pipeline to be planned and brought forward at pace, provide greater certainty to private sector investors and help to build better places. The WMCA would be fully accountable for spend and delivery of outputs and outcomes.

*What resources we need*

A single infrastructure package provides circa £2.5bn of investment over the first five- year period (2021/2022 to 2025/2026). The resources can be profiled over a number of years and would need close collaboration with government to develop this further.

Projects	Total (£m's)
- UKC Hub <i>(includes £95m recharge proposal and future ambitions)</i>	<b>334.9</b>
- Transport <i>(includes recharge projects, future local spending and future ambitions)</i>	<b>1500</b>
- Housing and Land <i>(includes recharge submission and future ambitions)</i>	<b>700</b>
Total	<b>2534.9</b>

## 1.2 Transport Infrastructure

### Proposal Summary

In order to enable long term, green economic and community recovery, supported by a transport system fit for the future, we will focus on three priority areas:

- Future transport system and economy - by continuing to put the West Midlands at the forefront of digital infrastructure transformation and accelerating the transition towards a zero-emission transport system.
- Sustainable funding and financial flexibility - to deliver the transport elements of a single pot infrastructure fund, and revised options for raising the transport levy.
- New tools to level up and deliver a green recovery - including greater flexibility to integrate our transport system and the local retention of revenue generated from transport enforcement activities, delivering double devolution.

### Outcomes

Delivery of an integrated transport system providing new strategic connectivity from HS2 to the world class stations at Curzon & Interchange including the next stage development of 'Metro Crossrail' East Birmingham to Solihull (EBS) extension and Very Light Rail. This will provide enhanced accessibility and increase the percentage of residents able to access 3 or more strategic centres including Birmingham city centre, accessible by public transport within 45 mins travel time in the am peak.

- 1 revitalised gateway station – Perry Barr (BCR: 2.3)
- 5 new stations – Darlaston, Willenhall, Moseley, Kings Heath, Hazewell.
- 125km new segregated Sprint routes - A34 Birmingham to Walsall & A45 Birmingham to Solihull/Airport – (BCR: 3.0)

Delivers a zero-carbon transport system through rapid, significant investment in active travel options, public transport, alternative fuels and digital technologies.

- 193km of new cycle ways (full LCWIP delivery)
- Delivery of circa 2,250 7-11kwh chargepoints
- Delivery of 10 ultra -rapid transit stations
- Delivery of 60 Opportunity Charge high power chargepoints for bus
- Delivery of 2 large Hydrogen charging stations / Delivery of 2 large CNG/LNG fuelling stations
- Delivery of 300 Rapid 50 kwh chargepoints
- Delivery of 120 Ultra-Rapid Charger (150kW plus)

Builds the West Midland's reputation as a world leader in transport innovation

- The West Midlands is the UK's first Future Transport Zone and the UK's first 5G connected urban area. At the heart of the UK, it is leading industry and Government innovation and research into clean, electrified, connected and integrated transport and we will continue to grow the West Midlands role as a world leader in Future Mobility.

**CSR Financial Ask: £1.5bn capital, £87.3m revenue**



## 1.3 UK Central Hub

### Proposal Summary

The UKC Hub site is one of the country’s most strategically important development areas and a major driver of regional and national economic growth. It is home to the proposed HS2 station that, alongside a unique set of exiting international assets including Birmingham Airport, the National Exhibition Centre, Birmingham Business Park and Jaguar Land Rover’s Solihull plant, will form a national and international gateway and economic accelerator.

The vision for UK Central is to “become a globally renowned point of connection in the country and beyond, and a major engine for economic growth at a regional and national scale”. This is a unique national opportunity for post-Covid recovery and post-Brexit growth, delivering a blend of commercial and residential development to form a new business city for the UK just 35 minutes from central London, creating a fairer, greener, healthier region, post- COVID 19.

As stated in our ‘Recharging the West Midlands’ submission an upfront investment from the Government of £95M of capital grant funding to support the HS2 Interchange Station can catalyse this project (we have described this as ‘interchange waterfall’). An additional 20 hectares of land can be made available for commercial development around the HS2 station and we can enhance the density and quality of an additional 30 hectares of development land through the development of a multi-storey car park. The HS2 base-case design includes 7,440 surface car parking spaces, laid out to the west and east of the station. The Urban Growth Company have agreed, in principle, to rationalise all HS2 related parking to the east of the track, enabling this broader development to move forward.

This proposal is a core part of our HS2 Growth Strategy focused on ensuring that our supply chains can capitalise on the unprecedented business opportunities presented by HS2 and the Midlands promotes itself on an international scale attracting significant inward investment. Work has already begun to build on the HS2 Business & Supply Chain pilots, to both identify the business support needed to help facilitate delivery of HS2 and to address potential impacts of the COVID-19 pandemic. A major priority is to support more of our businesses, especially manufacturers, to innovate and diversify both in terms of nature of products/services and markets served to take advantage of the wide range of possibilities that HS2 and associated investment projects bring.

### OUTCOMES

By maximising the existing assets and emerging opportunities, the business case for UKC evidences that investment in the infrastructure required for the preferred option to capitalise on UKC Hub’s potential will unlock significant benefits including:

- 70,000 New & Safeguarded Jobs
- 650,000m2 of new commercial development
- 5000 New Homes
- Over 900 hotel beds
- Net additional GVA of £6.2bn per annum once completed
- 21<sup>st</sup> Century Transport Hub and Connectivity Exemplar
- Delivery against #WM2041 Active Travel & Cleaner Transport
- Creating a fairer, greener, healthier region post COVID – 19

The £95m ‘interchange waterfall’ element of the proposal will secure:

- At least 6.5m ft2 of commercial development
- 3000+ new homes
- 16,000 net additional jobs
- High quality aspirational public realm at HS2 Interchange

**CSR Financial Ask: £334.9m capital**

## 1.4 Residential and Commercial Development

### Proposal Summary

This package of investments will enhance our housing, town centres and regeneration infrastructure to accelerate development and stimulate a sustainable economic recovery. These proposals build upon the asks in our “Recharge for the West Midlands” investment case to Government – namely a £400m Affordable Housing ask, £200m Brownfield Funding, £250m Retrofit and fuel poverty ask and a £50m Advanced Manufacturing in Construction ask, alongside an additional £50m energy transition proposal and a 5G barrier busting programme.

A long-term single infrastructure fund will provide the infrastructure crucial for levelling up, boost economic recovery, revitalise and repurpose urban areas, alongside helping to deliver the West Midlands Industrial Strategy, Regional Energy Strategy and #WM2041 goals. Our place-based approach will demonstrate visible impact in urban areas and leverage private sector investment through restored market confidence. The proposals will enable and unlock residential and commercial development through multiple and complementary interventions – leveraging public land, accelerating AMC supply and capacity, delivering more high-quality affordable housing, tackling fuel poverty, investing in energy and 5G infrastructure - to drive build quality, support town centre renewal and ensure housing and employment delivery happens at scale and pace.

Through our clear approach, robust governance and assurance processes, and comprehensive pipeline of future proposals the West Midlands is in prime position to seize the opportunities for the future and address the risks of stalling delivery investment. Our track record shows that the region can turn this investment quickly into delivery, with the public and private sector team approach that turns the theory of regeneration into reality.

### OUTCOMES

- Brownfield regeneration programme to unlock a minimum of c13,000 new homes
- 15,000 additional affordable homes
- 10x town centre investment programmes to accelerate homes, jobs and growth in urban centres working in partnership with local authorities and LEPs
- Maximising existing urban land opportunities, new and planned transport investment and showcasing transformational public land projects to enable green belt protection, new housing supply and repurposing of town centres, and digitally connected premises
- 5,000 new homes built using the most advanced eco-friendly modular construction techniques and accelerated development of a new generation of built environment experts and a new pipeline of construction skills and careers opportunities focused on enhanced digital and manufacturing expertise; plus the application of AMC to the retrofit market, in line with the region’s #WM2041 Plan and ambition to achieve a zero carbon homes standard by 2025
- Tackling fuel poverty through tailored energy efficiency measures on 6000 targeted properties p.a. with closer integration with local authorities and other agencies and more effective advice and procurement methods. Over 1,000 jobs created, 240 jobs safeguarded; retrofit internship programme for 1000 graduates.
- Whole-house retrofit scale-up programme to convert 50,000 homes by end of 2022 (subject to further green financing). Immediate conversion of Exemplar Advanced Manufacturing Construction factory to scale-up insulation panels and retrofit products. Integrated technology retrofit skills programme for over 10,000 learners. Digital supply chain ‘technology stack’ that links housing stock evaluation, design, procurement, manufacture, installation, operation and maintenance, with over 20,000 new jobs created and 5,000 secured.
- Full fibre rollout will lead to productivity gains for Local Authorities and selected schools in deprived areas without full fibre of 2% which equates to a benefit of up to £50m over 20 years. Similar benefits would also apply to hospitals and other public services (to be quantified).

**CSR Financial Ask: £989.4m capital, £123.7m revenue**



## 1.5 Natural Capital

<b>Proposal Summary</b>
<p>Green and blue infrastructure (often referred to as ‘natural capital’) plays an invaluable role by facilitating and encouraging better physical and mental wellbeing, as well as by mitigating the effects of climate change through carbon offsetting and contributing to efforts around adaptation and resilience. The advent of the Covid-19 pandemic has brought the importance of green and blue infrastructure into focus, where access to high quality green space has been cherished by those lucky enough to have it, and longed for by those that do not.</p> <p>Lack of access to green space has been felt harder in the dense, urban areas common across our region, many of which also suffer from high levels of deprivation relative to their leafy suburban neighbours. Research by the New Economics Foundation (commissioned by WMCA) shows that there is significant variation in publicly accessible park and green space provision per person in the West Midlands, with the equivalent of up to 151sqm in Solihull but only 16sqm in Wolverhampton (this will disguise local variation).</p> <p>To address this deficiency, and to help us meet our target of zero carbon emissions by 2041, we propose to create a Green Infrastructure Fund to help regreen our towns and cities.</p>
<b>OUTCOMES</b>
<p>The fund would be used to implement a range of planned projects, including:</p> <ul style="list-style-type: none"> <li>• Planting 1 million trees across the West Midlands by 2025, regreening the most deprived areas of the West Midlands and adding to our Virtual Forest project.</li> <li>• Establishing 100 community green projects across the region guided by the data indicating where there is currently inequality of access.</li> <li>• Support for the West Midlands National Park – scoping and delivering the first 5 projects across the West Midlands, working closely with our partners at Birmingham City University.</li> <li>• Expanding Wildlife Ways, a highly successful urban wildlife programme run by Solihull Borough Council (currently part ERDF-funded).</li> <li>• Regreening developments where the benefits of green infrastructure were not given enough attention at the time of construction.</li> <li>• Auditing access to greenspace to develop our evidence base and allow better targeting of green infrastructure so that we ensure maximum impact in deprived communities.</li> <li>• Developing a Local Nature Recovery Strategy/ strategies in line with the requirement in the upcoming Environment Bill.</li> <li>• Alignment with regional infrastructure opportunities, for example Coventry City of Culture 2021, the Commonwealth Games and HS2.</li> <li>• Better blue infrastructure to support regional biodiversity and better access for the people of the West Midlands</li> </ul>
<b>CSR Financial Ask: £80m Capital, £17.2m revenue</b>

## 2. Economy and Skills

### 2.1 Business Resilience and Productivity Programme

#### Proposal Summary

This Programme provides pan-West Midlands support for our businesses focused on our sectoral strengths – supporting them to become more resilient and productive, benefitting our residents, the West Midlands and wider UK economy. Interventions are in 5 areas and draws upon the evidence and insight from the region’s involvement in the MIT REAP UK programme:

- Business Transformation and Diversification, including low carbon business transformation (eg Repower the Black Country), targeted sector growth support (e.g. Made Smarter in the West Midlands), and support for major inward investment and sector transformation - such as electrification of auto and aero supply chains, including a Gigafactory and Project GREAT.
- Strategic Business Leadership Skills to boost the business change cycle, as identified in BEIS’ business productivity review
- Equity Finance, including a “Fund of Funds” and early stage industry co-investment fund
- Business-led Innovation and Research & Development, including Speed to Scale and rapidly scaling new healthcare technology proposals developed by the region’s research-intensive institutions; and the next phase of a substantially scaled West Midlands Innovation Programme providing flexible approaches to demand-led innovation.
- Place-based Enterprise Growth, providing more intensive support in business growth ‘cold spots’, including new enterprise centres and mentoring for target groups to level-up the playing field for entrepreneurship.

This programme learns from what works to boost business growth and productivity by being:

- a co-ordinated programme across the West Midlands
- focused on the highest potential growth businesses to drive productivity, good jobs and inclusive growth while also providing a base level of support for all businesses
- a commissioning-based approach to delivery with the most appropriate agency delivering the most appropriate intervention

This will be a jointly delivered programme of work at scale, drawing on the deep experience and capacity of the three Local Enterprise Partnerships and their Growth Hubs working with the WMCA and delivery partners – be they local authorities, universities, private providers or third sector agencies.

#### OUTCOMES

- Creation of an additional 80,000 new jobs in the economy directly attributable to this programme
- Increase in five-year survival rates for businesses (currently 42.1% of business births) to above the UK average (42.4%)
- Productivity growth amongst businesses participating in programme of 3.5% year-on-year across programme (to meet WM GVA targets)
- 2,200 businesses exporting for the first time
- 5,000 business bringing new products or services to their business and/or market (measure of business investment in innovation)
- 7,500 business increasing investment in new capital equipment and/or expenditure on research and development (proxy measure for productivity growth)
- Increase in individuals qualified at level 3 and above of 40,000 directly attributable to this programme (proxy measure for investment in training)

**CSR Financial Ask: £1.2bn capital, £721m revenue**

## 2.2 An Integrated Employment and Skills Ecosystem

### Proposal Summary

A programme of integrated employment and skills support that builds on our current place-based and collaborative approach to tackling unemployment and reskilling and upskilling residents to meet current and future skills needs. This approach aligns national, regional and local resources to join-up all training, skills and employment support interventions, to better target responses and maximise impact. It focusses on the most hard-to-reach communities, tackling inequalities that have been exacerbated by Covid.

#### *Getting the West Midlands Back to Work:*

- Co-commissioning employment support with DWP/JCP
- Ensuring employment support provision is inclusive and targeted
- Directing post-EU regional development funds into key gaps identified through our Employment Support Framework
- Implementation of Thrive into Work IPS model across the region aligning health and work outcomes

#### *Future Skills, Future Jobs:*

- Expand successful reskilling training programmes, linked to growth sectors including digital, construction, fintech, health and technology, low carbon and retrofitting
- Innovation – development of new provision through, particularly at Levels 3-5 through rapid prototyping, testing and mainstreaming to meet new and emerging skill needs eg green, tech etc that will drive recovery to expand the numbers of residents trained with relevant skills
- Improvement – of skills training facilities across further and higher education estates
- Using our Adult Education Budget to ensure there are clear pathways to higher levels and that those with no qualifications can be supported

### OUTCOMES

- close our regional skills gap by training c.154,000 WM residents in L3-4 technical skills and c.164,000 WM residents in L4-5 higher-level skills
- contribute towards closing our employment and productivity gaps, increasing output per worker and wider GVA
- accelerate the achievement of our Regional Skills Plan priorities, specifically to:
  - create regional networks of specialist, technical education and training
  - deliver inclusive growth by giving more people the skills to get and sustain good quality jobs and careers
  - and strengthen collaboration between partners to support achieving more collectively
- deliver employment support to c.101,000 residents, supporting c.31,000 unemployed residents into work and supporting c.5,500 employed residents with in-work progression
- a regional co-commissioned employment support plan that aligns DWP, DfE and post-EU funding to ensure coherent services and support, reducing duplication and increasing progress into good work
- high quality employment support for 8400 people with health issues or disabilities, moving 2800 people into work
- direct support for a preventative approach into NHS strategies, plans and delivery models.

**CSR Financial Ask: £168m capital, £564m revenue**

## 2.3 Culture & Placemaking Investment Programme

### Proposal Summary

This programme invests in the region's recovery and success through the lever of culture and tourism at a critical time; ensuring the success and legacy of our major events, the positive impact of our rich and diverse cultural communities and the huge growth and jobs potential that leveraging our creative, cultural and visitor economy sectors will bring to the West Midlands economy.

This programme will maximise the value of investments to date in UK City of Culture, Coventry 2021 (UKCoC), British Art Show No9, Black Country UNESCO Global Geopark and Birmingham 2022 Commonwealth Games (CWG), re-animating our high streets, creating new jobs and supporting small businesses, and maximising opportunity for our hyper-diverse communities.

Government support for the cultural and tourism sector to date has been focused on emergency funding for business survival until March 2021. This package builds on that support, catalysing the West Midlands unique and diverse cultural offer and maximising the part it will play in regional recovery and levelling up. The package includes:

- Enhancing the role of culture and tourism in towns and neighbourhoods, through investments in events, community schemes, and cultural and tourism infrastructure
- Support to restart cultural businesses, including leadership development, business model innovation, and improvements to the skills pipeline
- Development of cultural clusters, through investments in digital technology and brokerage organisations

### OUTCOMES

- Region-wide economic impact- £4bn
- GVA uplift - £1.95bn
- Employment – jobs created or safeguarded 30,000+
- Businesses created - 250+
- Business assists - 1,500+
- Skills & Talent Development NVQ3/4+ - 1,000+
- Learners and volunteers benefiting 20,000+
- New cross-sectoral partnerships- 1500+
- Visitor Economy Uplift - £2bn+
- Stimulus to new private & public sector investments - £1bn+

#### Intangible outcomes and additional benefits

- Positioning region as 'world class destination' long term, and higher world ranking for the West Midlands as a top destination for visitor & business economy
- Increased levels of talent retention
- Increase in internal migration and inward investment
- Increase in social capital, social return on investment, social cohesion & community wealth
- Increase in diversity of business ownership, make-up of workforce and diversity of students in FE and HE
- Improvement in quality of life, overall happiness, and regional pride of citizens
- Improved life-chances and educational attainment of children & young people
- Increased vibrancy of high streets and town centres

**CSR Financial Ask: Capital £295m, Revenue £74m**

## 3. Improving outcomes in public services

### 3.1 Sustaining homelessness reduction post Covid-19

<b>Proposal Summary</b>
<p>This proposal centres around three key interventions to prevent and relieve homelessness by supporting people into accommodation, helping them to retain their tenancies even when under threat of eviction, and to increase the supply of accommodation in the private rented sector.</p> <ol style="list-style-type: none"> <li>1) Housing First enables people to get off the streets and into secure tenancies. There is already a successful pilot in the region, which we would like to scale up and sustain to 2025.</li> <li>2) Recovery tenancies wrap support around people who have built up significant rent and other arrears and can be used by both social landlords and the private rented sector as an alternative to eviction, preventing homelessness.</li> <li>3) Local Housing Allowance Plus (LHA+) increases the supply of affordable private rented sector properties.</li> </ol> <p>Both the Recovery Tenancy pilot and LHA+ can be run through a restricted fund that local authorities, RSLs and other partners can bid into.</p>
<b>OUTCOMES</b>
<p>Outcomes</p> <ul style="list-style-type: none"> <li>• Enable local authorities to support more single people and homeless families (just under 1,000 households in total) to take up and sustain tenancies.</li> <li>• Test two new models of support for single people and homeless families to enable tenants to remain in their homes; landlords to meet social purpose, reduce voids and rent loss; and a reduction in homelessness presentations and associated LA costs e.g. temporary accommodation.</li> </ul> <p>Benefits</p> <ul style="list-style-type: none"> <li>• Continuation of support to 300 individuals currently in Housing First between 2021-23, honouring commitment to providing as much support for as long as required to ensure tenancies are sustained in the long term.</li> <li>• 240 additional individuals enter Housing First between 2021-23, with legacy support into 2023-25, including potential for the prevention and relief of crisis across the cohort.</li> <li>• Reduced social and financial burdens for families, landlords and LAs – 200 households supported for up to 12 months so that evictions are prevented through recovery tenancies.</li> <li>• Access to increased supply of affordable housing in the private rented sector, up to 250 households supported for 4 years preventing further homelessness moving forward.</li> <li>• Lower caseloads for local authority homelessness services.</li> <li>• Reduced pressure on acute services, including A&amp;E.</li> <li>• A referral link created between private rented sector landlords to national and regional retrofit programmes.</li> </ul>
<b>CSR Financial Ask: £13.7m revenue</b>

## 3.2 Investment in Public Service Data and Evidence Innovation

<b>Proposal Summary</b>
<p>Through a collaborative partnership across public services and civil society, led by the West Midlands Office for Data Analytics (WMODA), we will create a programme of activity which will apply advanced data analytics to inform evidenced based decisions on how, where and when we deliver our public services. This will achieve better outcomes for residents, more targeted and timely delivery of public services and a greater openness and interoperability of data, increasing efficiencies and reducing risk. The programme will also build data skills capacity across the public sector.</p> <p>A central shared service will provide analytical capability, data management, ethics, data sharing and evaluation expertise and leadership available to all public service providers in the region. It will provide opportunities for work placements and graduate traineeships to attract the brightest people with advanced skills into the public sector to collaborate on shared problems; establish and support communities of practice and collaborative networking to solve public service issues; and a shared data and analytics innovation fund to drive greater collaboration.</p>
<b>OUTCOMES</b>
<ul style="list-style-type: none"> <li>• Establish new regional shared service, creating 202 jobs and boosting GVA by £33.4m</li> <li>• Provide CPD/bootcamp training in data analytics and evaluation to 1238 people, increasing GVA by £9m, with 60% from underserved groups (for example, BAME, women)</li> <li>• Provide support to 245 public sector organisations on data science, including establishing a best practice network, increasing business productivity to contribute to a £27.3m GVA uplift</li> <li>• Deliver 85 R&amp;D projects in data analytics, leading to a £53.8 million increase in GVA</li> <li>• Deliver 208 graduate student placement programmes, leading to £1.6m GVA uplift</li> <li>• Make savings and efficiencies in the delivery of public services through specific projects and key technology innovation projects and investments</li> <li>• numbers trained from local communities to access new and emerging careers (women, BAME, deprived areas)</li> <li>• Commit to becoming self-sustaining within the funding period, through income from CPD and public sector stakeholders (local, national and international) buying the services of the central team. At the same time, we would generate private sector income for similar support services, training and sponsorship.</li> <li>• Help prevent our best talent, or young people with potential leaving the region</li> <li>• Evidence based decision making increasing transparency, which in turn increases trust. The better we become at leveraging the potential from data and evidencing our decisions, the more people will trust us.</li> </ul>
<p><b>CSR Financial Ask: £2m capital, £9.6m revenue</b></p>



### 3.3 West Midlands Safe Centre

<b>Proposal Summary</b>
<p>The Safe Centre will be a new facility, purpose built for safe and secure care for children. It will be used for court-ordered care and custody, with the aim of short-term respite to grow stability and self-esteem. The Centre will be supported by a whole-system care solution, to ensure that vulnerable children – who currently experience dire outcomes - are not left behind.</p> <p>This unique project has already undertaken a feasibility study in collaboration with the region's Directors of Children's Services, WMCA, Police and Crime Commissioner and the charities Kibble and Catch 22.</p>
<b>OUTCOMES</b>
<ul style="list-style-type: none"> <li>• Each additional secure care episode avoided would avoid costs of £7,000 per child if the child would otherwise be in an average cost 'edge of secure' setting; £46,000 if otherwise in a standard residential care setting; or £124,000 if in a family environment. Costs avoided relate to the difference between costs of average secure placement (145 days at £6337 per week) and costs of other settings (£6000 pw edge of secure, £4,000 residential, £0 family).</li> <li>• Recent analysis by the Hampshire Secure Welfare co-ordination unit shows that at least 52% of referrals the unit has received since 2016 are re-referrals, suggesting significant scope to reduce costs by reducing re-referrals.</li> <li>• Each additional success in supporting a child to progress to less intensive care environments would reduce the costs of their care by from £52,000 to £208,000 per year.</li> <li>• Long-term employment for over 100 skilled staff and supporting the development of the region's care workforce and training infrastructure.</li> </ul> <p>Long term social benefits will accrue across multiple domains, including:</p> <ul style="list-style-type: none"> <li>• Education and employment - There is evidence that the marginal economic return (lifetime) on achieving 1-2 GCSEs compared to no qualifications is estimated to be £140,000</li> <li>• Reoffending - Average savings from preventing a repeat offender from reoffending at in excess of £100,000 – and far higher for prolific offenders.</li> </ul>
<b>CSR Financial Ask: Capital £36.5m, Revenue £3.1m</b>

## 3.4 Building resilience into public services

<b>Proposal Summary</b>
<p>This proposal seeks to boost the ability of people to manage the impact of loss and trauma on their work and life, by improving the flexibility, capacity and capability of the services and assets they use. This will reduce demand on statutory services and crisis intervention. It will maximise cross-agency and place-based working to prevent, reduce and respond to the factors which can lead to people living with multiple and complex needs being unable to contribute to or benefit from the levelling up of the West Midlands region.</p> <p>The proposal is threefold; (1) <b>Improve</b>, a programme to improve understanding of trauma and, as a consequence, to support positive behaviour change in frontline workers, leaders and other intermediaries, enabling the West Midlands to become the World’s first WHO-recognised trauma informed region. (2) <b>Innovate</b>, an innovation fund divided into three areas (a) children (b) adults (c) post-pandemic resilience and (3) <b>Resiliency</b>, a VCSE support and digital inclusion fund.</p>
<b>OUTCOMES</b>
<p>Improve</p> <ul style="list-style-type: none"> <li>• Become the world’s first WHO-recognised trauma informed region, improving quality of life for people living with trauma and providing an example for other regions to follow</li> <li>• Build a workforce of frontline workers, leaders and other intermediaries who are trauma aware, attuned or specialist, who can create the conditions for people to stay well and manage the consequences of trauma. This will reduce the need for people to take sickness absence.</li> <li>• To sustain and grow those parts of the social economy in the West Midlands that are working with some of the most vulnerable people in the region</li> <li>• To have a positive generational impact on child poverty</li> </ul> <p>Innovate</p> <ul style="list-style-type: none"> <li>• To contribute to inclusive economic growth, improved social outcomes, better health and wellbeing and decreased dependence on crisis intervention</li> <li>• Improved quality and capacity of early years provision (particularly in 2 year old funded places)</li> <li>• Improved school readiness</li> <li>• Improved GCSE attainment levels</li> <li>• Improved outcomes for older people through integrated care planning</li> <li>• Improved response to contextual safeguarding</li> <li>• Increased reliability and shared ownership of data, driving system responses and reducing duplication of services and competitive tendering</li> </ul> <p>Resiliency</p> <ul style="list-style-type: none"> <li>• Reduced number of referrals for crisis interventions in homelessness, criminal justice and safeguarding.</li> <li>• Ensure a sustainable approach to interventions for people with multiple and complex needs</li> <li>• Positive engagement and options for young people to engage in local places and activities</li> <li>• Reduced digital exclusion and literacy</li> </ul>
<p><b>CSR Financial Ask: £20.5m revenue</b></p>

## 3.5 Levelling up health in the West Midlands

<b>Proposal Summary</b>
<p>This programme makes tackling the region’s significant health inequalities a critical element of regional economic recovery.</p> <ol style="list-style-type: none"> <li>1. We will develop a <b>Radical Health Prevention Fund (RHPF)</b> that provides grants and repayable grants for innovation and scale-up in place-based initiatives to tackle the root causes of ill health such as housing, obesity, mental health and employment, including the use of 5G and other digital technologies, and promoting digital inclusion. We will also create a specific <b>inclusive Physical Activity Fund</b>: operating similar initiatives co-designed with communities to reduce physical inactivity among those impacted most by Covid 19.</li> <li>2. Both the RHPF and additional funding will be linked to the <b>Regional Health Impact of Covid 19 (RHIC) Task-and-Finish Group</b> Proposals with a particular focus on BAME &amp; identified vulnerable communities and on addressing specific issues surrounding the wider determinants of poor health. This will include England’s first <b>“Social prescribing walking and cycling pilot region”</b> delivering the Dept. for Transport’s “Gear Change”<sup>11</sup> pilot commitment at scale and building on local trialling building resilience in those communities most impacted by Covid-19.</li> <li>3. Developing Digital <b>Diagnostic Screening Hubs</b> in high footfall venues to address concerns about missed screening appointments that will enable citizens to access speedy diagnostic interventions and treatment in places other than health care settings.</li> </ol>
<b>OUTCOMES</b>
<ul style="list-style-type: none"> <li>• Reduce gaps in healthy life expectancy between the West Midlands and the England average – which currently stands at approximately 3.6 years. In economic terms, analysis by Liverpool City Region indicates this could increase employment by 5.6 percentage points and generate an additional £5.2bn in GVA by closing productivity gaps.</li> </ul> <p><b>The Radical Health Prevention Fund</b> benefits include:</p> <ul style="list-style-type: none"> <li>• 25 innovation grants per year over 3 years;</li> <li>• 8 scale-up grants and loans per year over 3 years;</li> <li>• At least one quarter of all investment going to BAME organisations or projects that involve a significant level of BAME co-design;</li> <li>• At least one third of programme beneficiaries will be from BAME backgrounds.</li> </ul> <p><b>Social Prescribing and Radical Health Impact of Covid</b> -would also aim to achieve:</p> <ul style="list-style-type: none"> <li>• A 1% reduction in obese or overweight adults (equivalent to 14,500 adults in the region and estimated to save £55m in healthcare costs);</li> <li>• 7% increase in the number of people active (equivalent to 7,000 more adults in the region and a £1m boost to the economy);</li> <li>• 2240 adults from BAME and vulnerable communities socially prescribed walking and/or cycling;</li> <li>• A 3% reduction in type 2 diabetes (equivalent to 43,500 adults in the region &amp; health care estimated saving £78m) specifically aimed at BAME and vulnerable communities;</li> <li>• A 25% reduction in obese or overweight children in Year 6 (equivalent to 500 children);</li> <li>• More broadly the programme would seek to ensure the roll-out of Health in all Policies procedures in at least 40 target institutional settings.</li> <li>• WMCA geography inclusive social prescribing of walking and cycling 2 year pilot;</li> </ul> <p>The Digital <b>Diagnostic Screening Hubs</b> would:</p> <ul style="list-style-type: none"> <li>• Reduce the NHS waiting time for Cancer Screening in the West Midlands by 10%;</li> <li>• Reduce inequalities in access to screening by increasing options for attendance</li> </ul>
<b>CSR Financial Ask: £4.2m capital, £26.6m revenue</b>

## 4. Financial Sustainability

### 4.1 Long Term Sustainable Funding for the Region

#### Proposal Summary

It has become increasingly apparent that the funding framework for local authorities is not sustainable over the medium to long term. The evidence for this is the financial stress being experienced in many councils and the short-term funding decisions that government has made in recent years to address obvious longer-term demand challenges such as those in social care. Likewise, the Combined Authority also faces challenges in securing the necessary capacity to meet shared objectives and to identify funding for the whole of the investment programme. There is an urgent need to set out a clearer future funding framework for the Combined Authority in order to ensure it delivers on the promises made when it was established through the Devolution Deal in 2016.

The first and most pressing ask of this proposal is that the Government recognises and rectifies the fundamental, underlying financial shortfalls across the region. This position has developed over a prolonged period of time and must be addressed if authorities are to continue to effectively meet their statutory and regulatory responsibilities.

The WMCA's financial position is reliant on contributions from its constituent authorities to fund its operational costs whilst its capital investment programme is also inherently unstable. There is a lack of stability in the core revenue budgets of Combined Authorities - in particular annual allocations of Mayoral Capacity Fund, income from 100% Business Rates Retention pilots and other time limited funding such as the Housing Capacity Fund. In many cases, Combined Authority revenue budgets have little certainty beyond a 12 month period whilst the authorities are responsible for multi million pound investment programmes which span over decades. More needs to be done to provide greater certainty to the core operational budgets of CAs in order to attract and retain the high quality staff required to deliver sustainable growth and long term change.

The three Local Enterprise Partnerships (LEPs) in the West Midlands have an important role to play in supporting the economic recovery of the region and its future growth. Their focus, which includes addressing barriers to growth and maximising opportunities for the area's sectors underpinned by strong business engagement, is complimentary to activity led by the WMCA and Local Authorities. The amount of core funding currently provided by Government is not sufficient for the level of activity required and the annual allocations make business planning very difficult. An agreed multi-year settlement would enable staff retention and attraction and ensure the current momentum behind delivery can be built upon.

#### CSR Ask

CSR Revenue:	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Local Authority Sustainability	-	£337.0m	£329.0m	£350.0m		<b>£1,016.0m</b>
WMCA Sustainability*	-	£24.6m	£24.9m	£28.0m		<b>£77.5m</b>
LEP Sustainability	-	£5.5m	£5.6m	£5.8m		<b>£16.9m</b>
<b>Totals</b>	-	<b>£367.1m</b>	<b>£359.5m</b>	<b>£383.8m</b>	-	<b>£1,110.4m</b>

\* includes West Midlands Growth Company Destination Management

## 4.2 Financial Flexibilities

### Proposal Summary

The proposal seeks further discussion with government to explore a range of financial flexibilities for local authorities and the WMCA, outlined in our August 2020 regional submission to the *Local Recovery and English Devolution White Paper*. These flexibilities would be designed to support the region drive further inclusive, economic growth and the benefits which that provides for local communities.

Whilst our CSR submission refers to various flexibilities throughout the document (i.e. single pot and Local Authority sustainability), the summary of financial flexibilities included in our August submission includes:

A sustainable, long term and fair financial settlement for local authorities and urgent and substantial additional funding to meet the costs of the COVID-19 crisis and enable recovery in communities and services.

- Reforms to the Council Tax: a wide-ranging modernisation within the context of “levelling up” and devolution and consistent with a fairer funding settlement
- Housing – flexibility on RTB and retention of 100% of proceeds: local schemes for RTB including exemption in areas of high housing stress
- Budget and borrowing flexibilities – multi-year funding and capital/revenue flexibilities

#### Broader financial devolution package

- Sustainable core revenue funding for the CA (moving away from membership fees)
- Devolved, long term and flexible investment to replace EU structural funding. Should be:
  - broadly defined and cover all matters with a bearing on “levelling up”
  - devolved to local areas in terms of decision making, aligned to local strategies and accountable through local democratic structures.
  - maximum flexibility to deploy funds through grants and loans, and to establish revolving funds.
  - guaranteed for the long term (at least the same cycle as EU funds).
- Creation of a single pot investment fund aligned to regional economic strategies, beginning with an expansion of the TCF (more details on this will be provided)
- A sustainable and long-term settlement on local business rates retention
- Granting the power to raise a business rate supplement in the future (original Mayoral model in the Local Government Finance Bill) – though we acknowledge that now is not the appropriate time to use such a power and that there will also be a wider review of business rates
- Greater borrowing powers (power to issue municipal bonds, greater options for tax increment financing, powers to raise commercial finance to support local clean infrastructure investment)
- Mandate retention of uplift in rail franchise value as a result of capital investments (PRIMUS model)
- Devolve Bus Service Operator Grant and COVID-19 Bus Services Support Grant directly to MCAs, as well as the flexibility to revise and reinvest statutory schemes such as ENCTS and its payment arrangements to operators
- Local retention of revenue generated from transport enforcement would support not only the ticketing function but create funding for road safety initiatives (including cycling promotion), support activity to improve traffic management, and enforcement to deny organised criminals use of the road network. Local retention and flexibility on other local enforcement powers at local authority and police service level should also be explored, with a view to investing the proceeds back into local neighbourhoods.

A review of financial freedoms and fiscal devolution covering:

- Revenue raising powers (e.g. exploring the benefits of a tourist tax and land value capture)
- Local retention of share of existing taxes (targeted at investment to enhance regional growth e.g. Energy market levies, Air Passenger Duty, Vehicle Excise Duty, Energy Company Obligation, Stamp Duty, VAT)
- Flexibilities (TIF and future of EZs – expanding the ability to raise TIF in the context of business rates retention and review and ensuring that we can continue to identify key economic areas for re-investment of retained taxes into the longer term, such as city centres and UK Central; Regulatory powers for local authorities – additional financial powers in relation to place management, fees and charges; and “Nudge” powers to incentivise public health, local sales taxes, incentives and rewards)

Implications for devolution and levelling up of other policy developments including:

- Review of business rates – setting parameters for planned review in relation to raising money for local investment and sustainability of local services. Should include a commitment to look at a land value tax as an alternative to business rates.
- Social Care and Health – specifying how the government’s plans for reform will impact on the devolution and levelling up agenda and the integration of local services.
- Whole place budgeting – white paper should refer to the intention to pilot at least a partial model of whole place budgeting within the upcoming Spending Review – showing the funding that each MCA area will receive across government and joined up investment plans.
- Green Book Reform - the white paper should indicate how government intends to move quickly to streamline the green book and other processes, for example enabling schemes to be approved based on a wider set of social and economic criteria, e.g. to recognise the importance of modal shift and wider economic benefits in transport funding and to support zero carbon and housing needs policies.