



**West Midlands
Combined Authority**

Rebuilding the West Midlands

**The WMCA Representation
to the Comprehensive
Spending Review 2020**

Summary

The West Midlands is a region that has bounced back from adversity many times before. We have been particularly badly impacted by the coronavirus pandemic, but we will seize the opportunities that come from our recovery. We will invest in new markets, upskill our workforce, protect our environment, tackle inequalities in our communities, support young people and reposition the region as a leader in the national economy.

In order to deliver for our region and the young, diverse population we serve, we are asking the Government to invest in the region's transport and housing; skills and economy; public services; and regional and local government.

The region has experienced decades of underinvestment by central government. Now is an opportunity to redress the balance and help level up the West Midlands.

Our 'Recharge the West Midlands' economic recovery plan from July 2020 set out a £3.2 billion package to create or safeguard 135,800 jobs for our residents, support 154,400 young people and workers, and build 35,000 new homes. We welcome this Government's early support for this plan, but our latest proposals build on them further including:

- A fully coordinated £1.5 billion business growth programme across the West Midlands to improve productivity, business survival, leadership and innovation.
- A £732 million 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 £369 million plan to boost the West Midlands' cultural offer to attract inward investors and retain skilled talent.

Our proposals include a single pot funding approach for infrastructure investment. The WMCA has a strong record of delivering transport, business and domestic infrastructure – doubling the number of homes built annually since 2010 and rapidly expanding our bus, metro, cycling and rail network.



We have set out proposals to go further and faster, with a £2.4 billion rolling, five-year single infrastructure package. This covers £1.5 billion of transport investment; £600 million of housing, energy, and digital interventions; approximately £300 million to bring forward the ambitious development plans around the HS2 interchange station by 4-5 years, creating 16,000 jobs; and a £400m Affordable Housing Fund including a bold, new ‘Homes for Covid Heroes’ key worker programme.

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 and the environment. Our proposals include:

- Tackling homelessness, building on the success of ‘Everyone In’.
- Reducing regional health inequalities by investing in prevention and innovation.
- Supporting children in court-ordered care and custody, through a regional Safe Centre.
- Decarbonising our industrial base is at the centre of our vision for economic recovery, including support for a Gigafactory.

This is the Government’s opportunity to support an underinvested region to rebuild and recover stronger and better than ever.

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1. Infrastructure

1.1 The Single Pot Approach

Building on recommendations of the National Infrastructure Commission, the WMCA wishes 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 deliver a 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.

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.

A single infrastructure package provides circa £2.4bn 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 (includes £95m recharge proposal and future ambitions)	334.9
Transport (includes recharge projects, future local spending and future ambitions)	1,500
Housing and Land (includes recharge submission and future ambitions)	600
Total	2434.9

1.2 Transport Infrastructure

£1.5bn capital
£87.3m revenue

Summary

We want to deliver a greener transport system fit for a growing population which better connects our communities and aims to protect and enhance our environment.

The West Midlands is the UK's first Future Transport Zone and the first 5G connected urban area. At the heart of the UK, we are 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.



Outcomes

Delivery of an integrated transport system providing new connectivity from HS2 to the world class stations at Curzon & Interchange. This will enhance accessibility and increase the proportion of residents able to access key town and city centres. Plans include:

- A revitalised gateway station at Perry Barr (Benefit Cost Ratio: 2.3)
- Five new stations at Darlaston, Willenhall, Moseley, Kings Heath and Hazelwell
- 125km new Sprint bus routes - A34 Birmingham to Walsall and A45 Birmingham to Solihull/ Airport – (Benefit Cost Ratio: 3.0)

Working towards a zero-carbon transport system by investing in active travel options, public transport, alternative fuels and digital technologies. Plans include:

- New cycle ways (full LCWIP delivery)
- Around 2,250 new EV charge points
- 60 high power charge points for buses



1.3 UK Central Hub

£334.9m capital

Summary

The UK Central 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 existing 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.

Outcomes

The business case for UK Central shows that this investment will unlock significant benefits including:

- 70,000 new and safeguarded jobs
- 650,000m² of new commercial development
- 5,000 new homes
- Net additional GVA of £6.2bn per annum once complete

1.4 Residential and Commercial Development

£989.4m capital
£123.7m revenue

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 on the asks in our Recharge investment case to Government – namely £400m for affordable housing, £200m brownfield funding, £250m for retrofit and combatting fuel poverty, £50m to support Advanced Manufacturing methods of Construction (AMC), a £50m energy transition proposal and a 5G barrier-busting programme.



Outcomes

- Brownfield regeneration programme to unlock a minimum of 13,000 new homes
- 15,000 additional affordable homes
- Ten town centre investment programmes to accelerate homes, jobs and growth in urban centres
- 5,000 new homes built using the most advanced eco-friendly modular construction techniques
- The application of AMC to the retrofit market, in line with the region's ambition to achieve a zero carbon homes standard by 2025
- Tackling fuel poverty through tailored energy efficiency measures on 6,000 properties. Over 1,000 jobs created, 240 jobs safeguarded; retrofit internship programme for 1,000 graduates
- Whole-house retrofit scale-up programme to convert 50,000 homes by end of 2022

1.5 Natural Capital

£80m Capital
£17.2m revenue

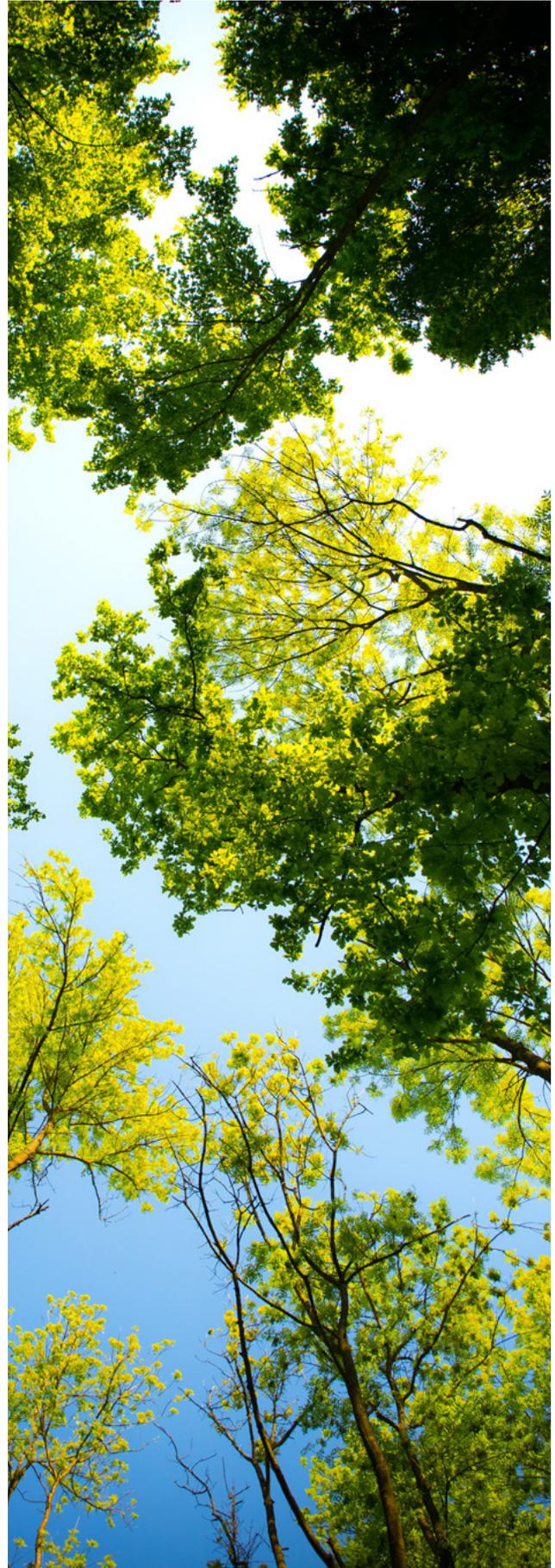
Summary

Green and blue infrastructure (often referred to as 'natural capital') encourages better physical and mental wellbeing, as well as mitigating the effects of climate change. The coronavirus pandemic has brought the importance of natural capital 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.

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.

Outcomes

- 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.
- Establishing 100 community green projects across the region
- Support for the West Midlands National Park – scoping and delivering the first five projects across the West Midlands, working closely with our partners at Birmingham City University.
- Developing a Local Nature Recovery Strategy



2. Economy and Skills

2.1 Business Resilience and Productivity Programme

£1.2bn capital
£721m revenue

Summary

This programme provides pan-West Midlands support for our businesses – supporting them to become more resilient and productive, benefitting our residents, the West Midlands and wider UK economy. Interventions are in five areas:

- Business Transformation and Diversification, including low carbon programmes (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 support changes in business models
- Equity Finance, including a Fund of Funds and early stage industry co-investment fund
- Business-led Innovation and Research & Development, including the ‘Speed to Scale’ programme
- Place-based Enterprise Growth, providing intensive support in business growth ‘cold spots’

Outcomes

- Creation of an additional 80,000 new jobs
- Increase in five-year survival rates for businesses (currently 42.1% of business births) to above the UK average (42.4%)
- Productivity growth of 3.5% year-on-year across businesses participating in 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 or market



2.2 An Integrated Employment and Skills Ecosystem

£168m capital
£564m revenue

Summary

A programme of integrated employment and skills support focusing on the most hard-to-reach communities, tackling inequalities that have been exacerbated by coronavirus.

Getting the West Midlands Back to Work:

- Co-commissioning employment support with the Department for Work and Pensions (DWP) and Job Centre Plus
- Directing post-EU regional development funds into key gaps identified through our Employment Support Framework
- Implementing Thrive into Work IPS (Individual Placement and Support) model across the region

Future Skills, Future Jobs:

- Expanding successful reskilling training programmes, linked to growth sectors including digital, construction, fintech, health and technology, low carbon and retrofitting
- 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 154,000 residents in Level 3-4 technical skills and 164,000 residents in Level 4-5 skills
- Deliver employment support to around 101,000 residents, supporting 31,000 unemployed residents into work and 5,500 employed residents with in-work progression
- A regional co-commissioned employment support plan that aligns DWP, Department for Education and post-EU funding to ensure coherent services and support
- High quality employment support for 8,400 people with health issues or disabilities, moving 2,800 people into work

2.3 Culture & Placemaking Investment Programme

£295m capital
£74m revenue

Summary

This programme will maximise the value of investments made in UK City of Culture, Coventry 2021, British Art Show No9, Black Country UNESCO Global Geopark and Birmingham 2022 Commonwealth Games. 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

- Positioning region as ‘world class destination’ long term, and higher world ranking for the West Midlands as a top destination for visitor and business economy
- Increased levels of talent retention
- Increase in internal migration and inward investment
- Region-wide economic impact- £4 bn
- Employment – 30,000+ jobs created or safeguarded



3. Improving outcomes in public services

3.1 Sustaining homelessness reduction post Covid-19

£13.7m revenue

Summary

This proposal to prevents and relieves homelessness by supporting people into accommodation, helping them to retain their tenancies even when under threat of eviction, and increasing the supply of accommodation in the private rented sector. It combines three interventions:

- 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
- 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
- Local Housing Allowance Plus (LHA+) increases the supply of affordable private rented sector properties

Outcomes

- Enables local authorities to support more single people and homeless families (just under 1,000 households in total) to take up and sustain tenancies
- Continuation of support to 300 individuals currently in Housing First between 2021-23 ensuring tenancies are sustained in the long term
- 240 additional individuals would enter Housing First between 2021-23 with legacy support into 2023-25
- Reduced social and financial burdens for families, landlords and local authorities – 200 households supported for up to 12 months so that evictions are prevented through recovery tenancies

3.2 Investment in Public Service Data and Evidence Innovation

£2m capital
£9.6m revenue

Summary

Through a collaborative partnership across public services and civil society we will create a programme of activity which will apply advanced data analytics to inform evidence-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 sharing of data, increasing efficiencies and reducing risk. The programme will also build data skills capacity across the public sector.



Outcomes

- Establish new regional shared service, creating 202 jobs and boosting GVA by £33.4m
- Provide bootcamp training in data analytics and evaluation to 1,238 people, increasing GVA by £9m, with 60% from underserved groups
- 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
- Deliver 85 Research & Development projects in data analytics leading to a £53.8m increase in GVA



3.3 West Midlands Safe Centre

£36.5m capital

£20.5m revenue

Summary

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.

Outcomes

- Each additional secure care episode avoided would avoid costs of £7,000 - £124,000 per child depending on the level of intervention they would have required.
- Long-term employment for over 100 skilled staff and supporting the development of the region's care workforce and training infrastructure.

3.4 Building resilience into public services

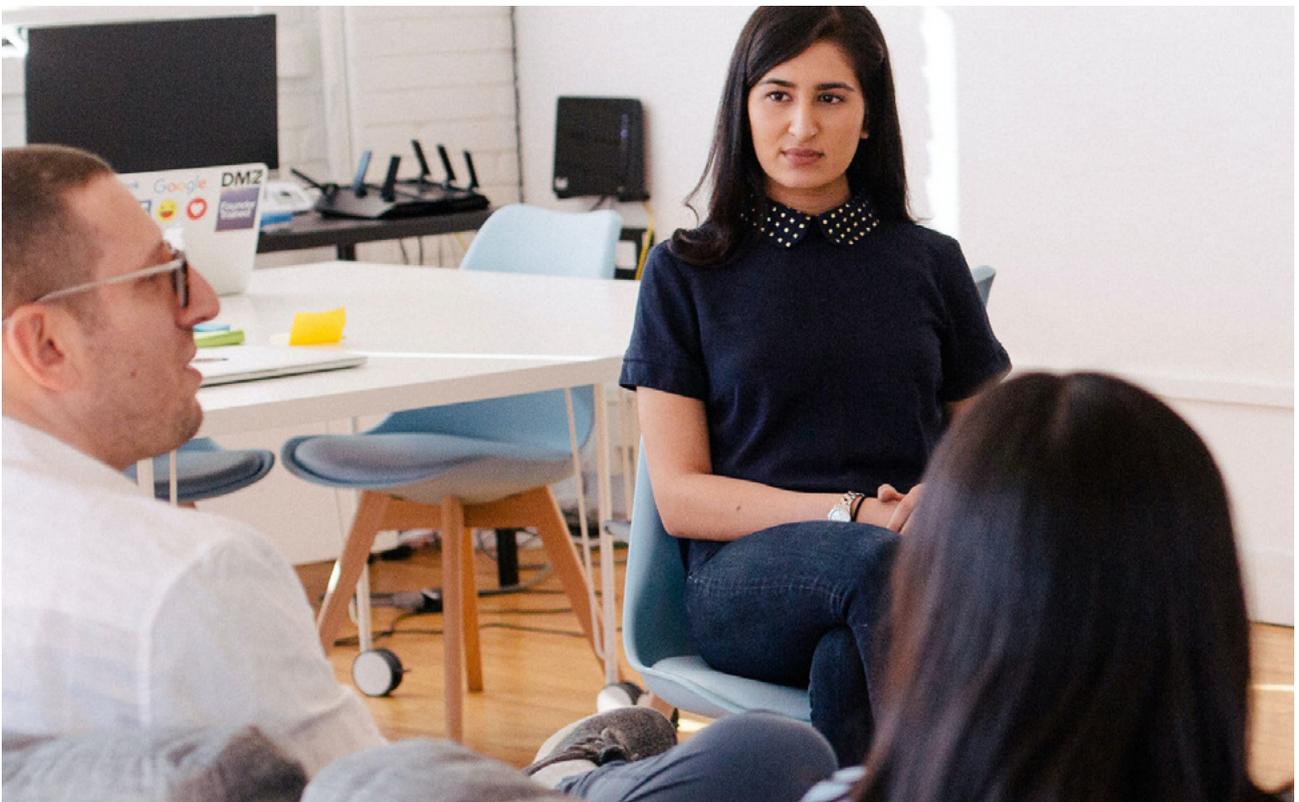
£20.5m revenue

Summary

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.

Outcomes

- The West Midlands would 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
- 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
- To have a positive generational impact on child poverty



3.5 Levelling up health in the West Midlands

£20.5m revenue

Summary

This programme makes tackling the region's significant health inequalities a critical element of regional economic recovery:

- We will develop a **Radical Health Prevention Fund (RHPF)** that provides grants and loans for innovation and scale-up in place-based initiatives to tackle the root causes of ill health. We will also create a specific **Physical Activity Fund** to reduce physical inactivity amongst those impacted most by coronavirus
- We will become England's first **social prescribing walking and cycling pilot region** building resilience in those communities most impacted by Covid-19
- We will develop digital **Diagnostic Screening Hubs** in high footfall venues that will enable citizens to access speedy diagnostic interventions and treatment in places other than healthcare settings

Outcomes

- 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, this could increase employment by 5.6% and generate an additional £5.2bn in GVA by closing productivity gaps.
- A 1% reduction in obese or overweight adults and 7% increase in the number of active people (and a £1m boost to the economy).
- Reduction in the NHS waiting time for Cancer Screening in the region by 10%;



4. Financial Sustainability

4.1 Long Term Sustainable Funding for the Region

Summary

The funding framework for local authorities is not sustainable over the medium to long term. 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 financial shortfalls across the region.

The WMCA's financial position is reliant on contributions from its constituent authorities to fund its operational costs whilst its capital investment

programme is inherently unstable. 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. 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.

CSR Ask

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

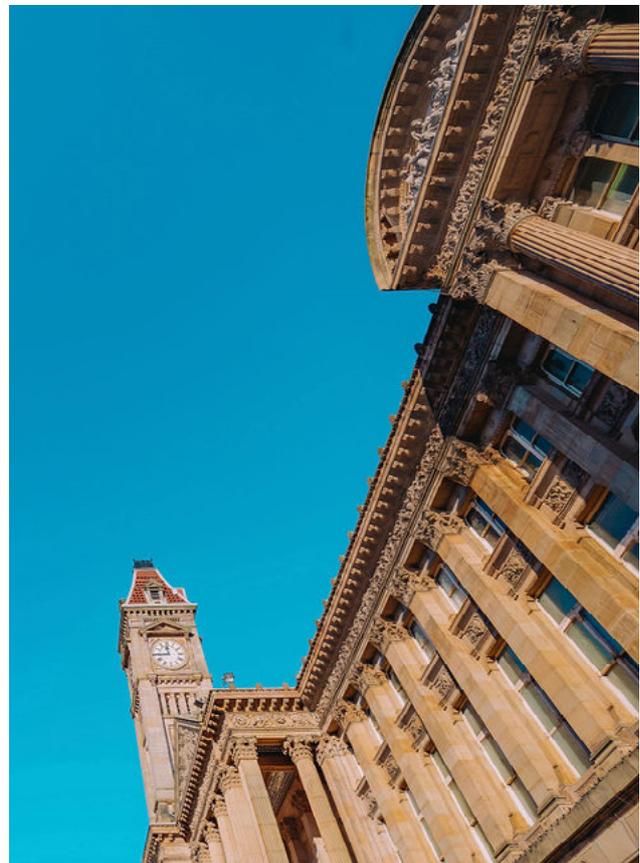
* includes West Midlands Growth Company Destination Management

4.2 Financial Flexibilities

Summary

This 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. This includes:

- A sustainable, long term and fair financial settlement for local authorities and urgent and substantial additional funding to meet the costs of the coronavirus pandemic and enable recovery in communities and services
- Sustainable core revenue funding for the Combined Authority (CA) and moving away from membership fees
- Devolved, long-term and flexible investment to replace EU structural funding
- Creation of a single pot investment fund aligned to regional economic strategies
- A sustainable and long-term settlement on local business rates retention
- Granting the power to raise a business rate supplement in the future
- Greater borrowing powers
- Mandate retention of uplift in rail franchise value as a result of capital investments
- Devolve Bus Service Operator Grant and COVID-19 Bus Services Support Grant directly to Mayoral CAs
- Local retention of revenue generated from transport enforcement
- 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)





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