

## Client briefing

# The West Midlands Combined Authority Successes, priorities and challenges

June 2019



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## Successes, priorities and challenges

### Introduction

Combined authorities play a key role in the devolution of funding, powers and responsibility for public policy in key areas such as transport, economic development, housing, skills, health and social care to sub-national partners and local authorities. Since 2015 there has been a ‘bottom up’ drive by authorities in the West Midlands to work more closely together to support common strategic aims across the functional economic geographies of the region. The election of Andy Street as the first Mayor of the West Midlands in May 2017 was an important milestone reflecting the aspiration for further devolved funding and powers to be granted, whilst committing to increased accountability provided by the Mayor.

Building on the extensive preparatory work ahead of the West Midland’s first mayoral election, including work on plans and strategies with a strong economic focus, the Mayor has made significant progress in the last two years in implementing new programmes and raising the profile of the region, both nationally and internationally. However, to successfully deliver on identified priorities, or indeed wider ambitions for the area, without straying beyond statutory powers and functions, may require new partnerships, additional sources of funding and further devolution discussions.

### Timeline of WMCA



***“We have a diverse, resilient economy, one of the youngest and fastest growing populations in Europe, great quality of life, unrivalled connectivity, brilliant centres of learning, and world-class businesses, large and small.”***

**Andy Street**

Mayor of the West Midlands 03 / 2019

## Membership

## Observer organisations / membership candidates

Herefordshire Council  
The Marches LEP  
West Midlands Fire & Rescue Authority  
West Midlands Police & Crime Commissioner

## Constituent authorities

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



## Non-constituent members

Cannock Chase Council  
North Warwickshire Borough Council  
Nuneaton & Bedworth Borough Council  
Redditch Borough Council  
Rugby Borough Council  
Shropshire Borough Council  
Stratford on Avon District Council  
Tamworth Borough Council  
Telford and Wrekin Council  
Warwickshire County Council  
Black Country LEP  
Coventry and Warwickshire LEP  
Greater Birmingham and Solihull LEP

## Challenges and opportunities for the West Midlands

The lack of balance within the UK economy, partially caused by the dominance of London and the south east, is one of the main challenges that the region faces. The West Midlands economy also faces a number of structural issues, including a skills deficit and low productivity compared to the UK average, a legacy of unemployment and increasing pressures on public services. However, the region has significant potential, with its central location in the UK and 1.3 million people under 25, the youngest region outside London. It is home to a number of world class further education and cultural institutions, to major international companies in the automotive and manufacturing sectors, with a proven track record of innovation, and has some of the fastest growing SMEs in Britain.

## Key functions and powers

Unlike some other combined authorities, the WMCA doesn't have strategic planning powers. However, it can play a key role in helping to shape how land is used

through compulsory purchase powers, and setting up a Mayoral Development Corporation to develop land to deliver regeneration and economic development. On transport, the WMCA has taken on responsibility for the local transport plan and powers in relation to implementing integrated smart ticketing, bus franchising and managing the key route network. In further education, the WMCA is responsible for reviewing 16+ skills provision and funding adult skills, whilst on the economy it is responsible for devolved business support budgets and joint working with UK trade and investment on export advice.

The WMCA is overseeing an anticipated £8bn capital investment programme towards local priorities, with funding from a variety of sources, including the devolution deal, partner funding and investment funds. The £36.5m annual devolution grant from government, which provides funding for £1.1bn of the programme, and powers to raise supplementary business rates are key components of this. The 30 year investment programme covers a range of workstreams including delivering growth around the two HS2 station sites, extension of the metro, devolved transport schemes, industrial and commercial investment funds, land reclamation and others.

	Cambridgeshire & Peterborough	Greater Manchester	North of Tyne	Liverpool City Region	Tees Valley	Sheffield City Region	West Midlands	West of England*
	<b>30 - year investment fund</b>							
	£600m	£900m	£600m	£900m	£450m	£900m	£1.1bn	£900m
	<b>Local industrial strategy</b>							
	Leading	One of three 'trailblazer areas'	Leading developing a 'rural productivity plan'	Leading	Leading	Leading	One of three 'trailblazer areas'	Leading
	<b>Education and skills</b>							
	Apprenticeship grant for employers. Adult skills budget. Post-16 further education system. Oversight of skills advisory panels.	Apprenticeship grant for employers. Adult skills budget. Post-16 further education system. Oversight of skills advisory panels.	Adult skills budget. Agree 'Employment Support Agreement' with DWP. Funding for helping people into work. Inclusive growth board.	Apprenticeship grant for employers. Adult skills budget. Post-16 further education system. Oversight of skills advisory panels.	Adult skills budget. Oversight of skills advisory panels.	Apprenticeship grant for employers. Adult skills budget. Post-16 further education system.	Adult skills budget. Post-16 further education system. Oversight of skills advisory panels.	Apprenticeship grant for employers. Adult skills budget. Post-16 further education system. Oversight of skills advisory panels.
	<b>Housing and planning</b>							
	£170m affordable housing grant. Strategic planning. Mayoral development corporations.	£30m a year housing investment fund. Strategic planning. Land commission, compulsory purchase powers. Mayoral development corporations.	Housing and land board powers. Compulsory purchase powers. Mayoral development corporations.	Strategic planning. Compulsory purchase powers. Mayoral development corporations.	Mayoral development corporations. £6m housing delivery team.	Strategic planning. Compulsory purchase powers. Mayoral development corporations.	Compulsory purchase powers. £6m housing delivery team. £5m construction skills.	Strategic planning. Compulsory purchase powers. Mayoral development corporations.
	<b>Transport</b>							
	Consolidated transport budget. Local roads network. Bus franchising £74m transforming cities fund.	Consolidated transport budget. Local roads network. Bus franchising £243m transforming cities fund.		Consolidated transport budget. Local roads network. Bus franchising £134m transforming cities fund.	Consolidated transport budget. £59m transforming cities fund. Bus franchising.	Consolidated transport budget. local roads network. Bus franchising.	Consolidated transport budget. Local roads network. Bus franchising £250m transforming cities fund.	Consolidated transport budget. Local roads network. Bus franchising £80m transforming cities fund.
	<b>Health and social care</b>							
	Planning for health and social care intergration.	Control of £6 billion integrated health and social care budget.		Planning for health and social care intergration.				

Source: Centre for Cities

\* The powers for Sheffield City Region are subject to public consultation and Secretary of State order in accordance with the Cities and Local Government Devolution Act. This is with the exception of bus franchising where powers are passed to all combined authorities with a metro mayor directly in accordance with the Bus Services Act

## Strategies

The WMCA's Strategic Economic Plan (SEP) (2016) sets out the actions and priorities to 2030 on wider issues of sufficient scale to complement the work delivered by the three LEPs with their individual SEPs. The WMCA SEP focuses on developing a new manufacturing economy through exploiting the biggest concentrations of high value manufacturing businesses, developing the region's creative and digital sector, securing transformational environmental improvements, growing the medical and life sciences sector, enabling growth associated with HS2, promoting employment for all and accelerating housing delivery.

These include a number of ambitious targets for 2030:

- 2.4m jobs – an increase from 1.9m jobs
- Wide choice of housing with more than 1.9m homes

- An extra 1,600ha of brownfield land for first class employment land of national significance
- Home to 150,000 businesses – almost 20,000 more than today
- Productivity (GVA per head) will be 5% higher than the national average
- 38 minutes rail travel to London
- Current 3.9bn deficit between taxes raised and public expenditure in the area eliminated
- Healthy life expectancy will raise to 62.3 for men and 63.9 for women
- At least 153,000 fewer people with no formal qualifications and 156,000 more people with level 4 qualifications or above

The West Midlands Local Industrial Strategy that was published in May 2019 provides further details as to how these aspirations can be achieved.

## Performance

The WMCA has already played a key role in delivering a number of notable successes across the region (highlighted in green). However, key programmes and priorities have been identified (highlighted in orange) where good progress is being made but they have reached a critical juncture where they might benefit from further WMCA support. Indeed, failure to deliver on these could be detrimental to the credibility of the WMCA's involvement in these areas.

Early successes	
	<b>Economy</b> <ul style="list-style-type: none"><li>• 18,590 business registered in Birmingham in 2018 – highest outside London</li><li>• +84,000 jobs (March 2017 - March 2018) – highest increase outside London</li><li>• 9,424 new jobs created from 171 foreign direct investment projects in 2017/18 – highest outside London</li><li>• Fastest growing region in the UK for goods exports</li></ul>
	<b>Culture</b> <ul style="list-style-type: none"><li>• Coventry – City of Culture 2021 – WMCA provided £31m</li><li>• Commonwealth Games Village – WMCA provided £20m for redevelopment at Perry Barr</li></ul>
	<b>Housing and land</b> <ul style="list-style-type: none"><li>• £6m funding secured through second devolution deal for housing delivery taskforce</li><li>• West Midlands Housing Deal with Government (March 2018)<ul style="list-style-type: none"><li>– £250m from the Housing Infrastructure Fund to deliver infrastructure of priority sites</li><li>– £100m Land Fund to deliver 8,000 new homes</li><li>– Set up joint delivery team with Homes England</li></ul></li><li>• £10bn Investment Prospectus showcasing 24 transformational schemes</li><li>• Creation of a public land disposals database to simplify planning and acquisition</li><li>• Land Delivery Action Plan approved in September 2017</li><li>• Investment through the WMCA's Commercial and Residential Investment Funds</li><li>• Established the West Midlands Growth Company in April 2017 to attract investment</li></ul>
	<b>Productivity</b> <ul style="list-style-type: none"><li>• Regional Skills Plan (June 2018) to support economic growth across the region</li><li>• £4.7m funding secured from DWP for three year employment support</li><li>• £5m funding secured through second devolution deal to deliver a construction training programme</li><li>• West Midlands Skills Agreement (July 2018) unlocking up to £69m to boost skills, job opportunities and productivity</li><li>• Digital Skills Partnership set up in 2018 to help develop training provision</li><li>• WMCA provided £5m “Beat the Bots” fund to pay for digital training</li></ul>
	<b>Health</b> <ul style="list-style-type: none"><li>• Thrive West Midlands action plan (January 2017) to drive better mental health and wellbeing</li></ul>
	<b>Environment</b> <ul style="list-style-type: none"><li>• Reduction of 924 ktCO<sup>2</sup> (-4.1%) over the last reporting year</li><li>• Five day reduction in poor air quality days across the West Midlands (2016-2017)</li><li>• £80m UK battery research centre to be hosted in Warwick</li></ul>
	<b>Public transport</b> <ul style="list-style-type: none"><li>• Transport for West Midlands set up in June 2016 to co-ordinate investment and improve the region's transport infrastructure</li><li>• West Midlands Rail Executive, a partnership between local transport authorities, started in December 2017</li><li>• West Midlands Franchise awarded to West Midlands Trains in December 2017</li><li>• Establishment of the West Midlands Station Alliance with Network Rail</li><li>• Midland Metro Ltd set up to take over the day to day operations of the Midland Metro light rail system</li></ul>

Current programmes and initiatives at a critical stage	WMCA support required 
 <p>HS2 will transform the West Midlands by creating more than 100,000 jobs and adding £14bn to the local economy, providing thousands of supply chain opportunities to local businesses and connecting over two million people.</p>	<p>Work with investors and partners to ensure the new stations at Birmingham Curzon Street and Birmingham Interchange serve as a catalyst for surrounding regeneration projects.</p>
 <p>Secured £50m into 5G trials in Birmingham, Coventry and Wolverhampton, as part of the Urban Connected Communities scheme. Risk regarding market response and technical requirements of an untested technology at this scale.</p>	<p>Lead delivery of programmes focusing on the health, construction and automotive sectors to give comfort to investors.</p>
 <p>Secured £20m to establish the UK's first Future Mobility Zone between Birmingham, Solihull and Coventry to develop connected and autonomous vehicle (CAV) and electric vehicle (EV) technology.</p>	<p>Work closely with Transport for West Midlands to lead on delivery with partners.</p>
 <p>Consolidate the region's role as an R&amp;D and manufacturing hub for batteries and electric vehicles, as well as promoting growth in the gaming sector at Leamington Spa.</p>	<p>Facilitate greater foreign direct investment to support growth in these industries.</p>
 <p>Committed to target of providing 215,000 additional homes by 2031 through the West Midlands Housing Package. Risk of a lack of progress of local plans, affecting continuation of funding, support and confidence to achieve WMCA goals.</p>	<p>Continue to make public land available for development and invest in remediation.</p> <p>Release funds through the Single Commissioning Framework (SCF) to efficiently deliver £610m of funding to kickstart developments across the region, whilst working in partnership with Homes England.</p>
 <p>The construction works for the Commonwealth Games village are due for completion early 2022, ahead of the games in the summer 2022.</p>	<p>Work with partners to secure a lasting legacy for the games.</p>
 <p>Develop a Spatial Investment and Delivery Plan, which will set out an overarching housing and employment ambition and bringing together investment in different areas to drive inclusive growth.</p>	<p>Lead on preparation of the plan with local authorities to secure political buy in from all parties.</p>
 <p>The Town Centre Programme has been set up to unlock new funding, expertise and support from the WMCA and other partners.</p>	<p>Support councils in submitting bids to secure funding from the £675 million Future High Streets fund.</p>
 <p>Provide a new National Centre for Construction and Development Excellence and a new National Brownfield Institute at the University of Wolverhampton.</p>	<p>Lead on delivery with partners, including Homes England.</p>
 <p>Promotion of modern methods of construction to boost sustainability and productivity.</p>	<p>Promote innovation, including through the Manufacturing Technology Centre, Antsy Park, Coventry.</p>

## Snapdragon's Political Insight

Despite something of a surprise election result for the Conservative Andy Street in 2017, the early years of the WMCA have avoided any high-profile political battles.

It has helped that Andy Street, whilst proudly Conservative, has projected an image of himself as an independent, business candidate – choosing the colour green for much of his 2017 election literature.

However, the WMCA is still in the early days of devolution and is learning important lessons, including from the consultation on the proposed absorption of police power, and there remains room for the institution to mature in the years ahead.

### A shift in the political balance

Politically, the WMCA is now in a very different place to 2017.

Following the election of the Mayor, there was only a single Conservative amongst the constituent authority leaders. Now, because of various local election results there are three; Solihull, Dudley and Walsall. When combined with the Mayor, the composition of voting members in the WMCA is finely balanced; four Conservative and four Labour.

This change has come about broadly unnoticed, with successive election results in Walsall and Dudley edging the Conservatives closer to power and running counter to the national picture. A testament to the work of local Conservatives in these areas.

Whilst this shift should offer the Mayor more political support within the combined authority, Andy Street has done well to minimise political debates with the constituent authorities and focus on issues where there is broad agreement – housing, jobs, the high street and economic growth. More controversial policy areas such as planning, welfare, health or policing are outside the Mayor's scope for the moment.

### Looking to the future

Having proven the concept of the WMCA, whether more powers will be devolved from Whitehall is an important future consideration. Our understanding is that there are no current plans to devolve additional powers to metro-mayors. Of course, given the tumultuous times in which we live, and with a new Prime Minister to take residence in Downing Street by the end of July, much could change.

More immediately, we are less than a year away from a mayoral election in May 2020. Andy Street was something of a surprise winner, winning huge vote shares in more Conservative Solihull and Dudley whilst Labour voters in Birmingham, Coventry and Wolverhampton failed to come out in large enough numbers.

It will be a difficult election for the incumbent candidate. Andy Street is as much the 'business candidate' as a Conservative politician so is as well placed as any to tackle this challenge.

In the Labour Party, the candidates are beginning to present themselves. Liam Byrne is the most high-profile of the group but divides rank and file members. Others, including Pete Lowe and Lynda Waltho, currently lack the public profile to challenge effectively.

Campaigning starts now but a year is a long-time in politics, so watch this space.

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## Concluding thoughts

Under the leadership of the Mayor, the WMCA is achieving a balanced performance in delivering significant short term benefits to the region, notably through securing and investing additional funds and setting up new bodies, whilst working towards longer term growth goals in close collaboration with partners through the implementation of comprehensive strategies. In the run up to the second West Midlands mayoral election on May 2020, there are a number of factors that will have an important bearing on the ability of the WMCA to continue its initial success in the coming years.



With ongoing political uncertainty around Brexit permeating through all tiers of government and the implications for the UK's future relationship with the EU still unknown, it is imperative that the Mayor continues to play a leading role in promoting the West Midlands, both internationally and nationally, as an attractive place to invest. The successful delivery of major infrastructure projects, notably HS2, and high profile projects (UK battery research centre, the Commonwealth Games, the Future Mobility Zone etc.) will be needed to secure the region's growth aspirations. The Mayor must continue to lobby and provide direct support where necessary on such projects whilst using them as a catalyst for wider growth and regeneration.

The WMCA's success to date has been built on partnership working and consensus building, not to mention clearly defined powers, which have been essential given the narrow margin of victory for the Mayor in the first election. Overcoming political differences will continue to be important in tackling ongoing challenges, including the region's productivity gap, worsening housing affordability, relatively low levels of business innovation, etc.

The extent of the WMCA's powers should be kept under review to identify any areas where further devolved powers could assist in addressing any significant cross boundary issues, such as addressing unmet housing needs in the region. In this context, whilst the WMCA is playing a key role in increasing housing delivery in the region, especially through targeted investment, it is doing so without spatial planning powers, which has implications for the ability to plan coherently and proactively. The WMCA should draw upon the experiences of other combined authorities facing similar challenges.

*“The West Midlands is perfectly placed to address the UK’s grand challenges – in addition to the bold thinking from our universities, we are also home to global businesses that are developing highly creative and ambitious ideas for how people will live, and work, in the future.”*

### Deborah Cadman

CEO of the West Midlands Combined Authority 05 / 2019



### Please contact us for further information

#### Alex Chapman

Associate Director

T 020 3664 6755

E alex.chapman@torltd.co.uk

www.torltd.co.uk  @torltd

