

A meeting of the

Joint meeting - West of England Combined Authority Committee and West of England Joint Committee

will be held on

Date: Friday, 29 January 2021

Time: 10.30 am

Place: Zoom virtual meeting, to be broadcast on the WECA YouTube channel

Please note: the 29 January Joint Meeting of the WECA Committee and the West of England Joint Committee will be broadcast at this link:

<https://youtu.be/rQj7D24ToMg>

Notice of this meeting is given to members of the West of England Combined Authority Committee as follows:

Mayor Tim Bowles, West of England Combined Authority

Cllr Toby Savage, Leader, South Gloucestershire Council

Mayor Marvin Rees, Bristol City Council

Cllr Dine Romero, Leader, Bath and North East Somerset Council

Professor Steve West, Chair of the West of England Local Enterprise Partnership (non-voting member)

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Cllr Donald Davies, Leader, North Somerset Council

Professor Steve West, Chair of the West of England Local Enterprise Partnership (non-voting member)

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Members of the public may:

- Observe all WECA Committee and Sub-Committee meetings unless the business to be dealt with would disclose 'confidential' or 'exempt' information.
- Inspect agendas and public reports five clear working days before the date of the meeting.
- Inspect agendas, reports and minutes of WECA Committees and Sub-Committees for up to six years following a meeting.
- Inspect background papers used to prepare public reports for a period of up to four years from the date of the meeting.
- Have access to a list setting out the decision making powers the WECA has delegated to their officers and the title of those officers.
- For further information about this agenda or how the authority works, please contact Democratic Services, telephone 07436 600313 or e-mail: democratic.services@westofengland-ca.gov.uk

AGENDA

1. WELCOME AND INTRODUCTIONS

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

Members who consider that they have an interest to declare are asked to: a) State the item number in which they have an interest, b) The nature of the interest, c) Whether the interest is a disclosable pecuniary interest, non-disclosable pecuniary interest or nonpecuniary interest. Any Member who is unsure about the above should seek advice from the Monitoring Officer prior to the meeting in order to expedite matters at the meeting itself.

4. MINUTES OF PREVIOUS JOINT MEETING

7 - 20

To confirm the minutes of the previous joint meeting held on 4 December 2020 as a correct record.

5. CHAIR'S ANNOUNCEMENTS

6. ITEMS FROM THE PUBLIC (QUESTIONS; STATEMENTS; PETITIONS)

Note: WECA virtual public committee meetings are currently being arranged as 'Zoom' video conferencing meetings, broadcast on the WECA YouTube channel. Please note: the 29 January Joint Meeting of the WECA Committee and the West of England Joint Committee will be broadcast at this link:

<https://youtu.be/rQj7D24ToMg>

WRITTEN PUBLIC QUESTIONS

1. Any member of the public can submit a maximum of two written questions to this meeting.
2. The deadline for the submission of questions is 5.00 pm, at least 3 clear working days ahead of a meeting. For this meeting, the deadline for questions is 5.00 pm on Monday 25 January.
3. Questions should be addressed to the Chair of the meeting and e-mailed to democratic.services@westofengland-ca.gov.uk
4. Under the direction of the Chair, wherever possible, written replies to questions will be sent to questioners by the end of the working day prior to the meeting.
5. Please note - under WECA committee procedures, there is no opportunity for oral supplementary questions to be asked at committee meetings.
6. Questions and replies will be circulated to committee members in advance of the meeting and published on the WECA website.

PUBLIC STATEMENTS

1. Any member of the public may submit a written statement (or petition) to this meeting.
2. Please note that one statement per individual is permitted.
3. Statements must be submitted in writing and received by the deadline of 12 noon on the working day before the meeting. For this meeting, the deadline for statements is 12 noon on Thursday 28 January. Statements should be emailed to democratic.services@westofengland-ca.gov.uk
4. Statements will be listed for the meeting in the order of receipt. All statements will be sent to committee members in advance of the meeting and published on the WECA website.
5. Please note – if any member of the public wishes to 'attend' the virtual meeting to orally present their statement, they are asked please to notify the WECA Democratic Services team of this by 12 noon on the working day before the meeting at latest.
6. In presenting a statement at the meeting, members of the public are generally permitted to speak for up to 3 minutes each if they so wish. The total time available for the public session at this meeting is 60 minutes. Within the time available, every effort

will be made to enable individuals to verbally present their statements; at the discretion of the Chair, speaking time may sometimes be reduced depending on how many public items are received.

- 7. PETITIONS TO BE PRESENTED BY ANY MEMBER OF THE WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE OR WEST OF ENGLAND JOINT COMMITTEE**
- 8. COMMENTS FROM THE CHAIR OF THE LOCAL ENTERPRISE PARTNERSHIP**
To receive any comments from the Chair of the Local Enterprise Partnership.
- 9. COMMENTS FROM THE CHAIR OF THE COMBINED AUTHORITY'S OVERVIEW & SCRUTINY COMMITTEE**
To receive any comments from the Chair of the Combined Authority's Overview and Scrutiny Committee.
- 10. COMMENTS FROM THE COMBINED AUTHORITY'S BOARDS** 21 - 24
To receive comments from the Combined Authority's boards.
- 11. WECA ANNUAL BUSINESS PLAN 2021-22** 25 - 56
Report for consideration by the Combined Authority Committee and the Joint Committee.
- 12. WEST OF ENGLAND HOUSING DELIVERY STRATEGY** 57 - 90
Report for consideration by the Joint Committee.
- 13. LOCAL ENTERPRISE PARTNERSHIP REVENUE BUDGET SETTING REPORT 2021-22** 91 - 100
Report for consideration by the Joint Committee.
- 14. LOCAL ENTERPRISE PARTNERSHIP ONE FRONT DOOR FUNDING PROGRAMME** 101 - 114
Report for consideration by the Joint Committee.
- 15. MAYORAL BUDGET SETTING REPORT 2021-22** 115 - 124
Report for consideration by the Combined Authority Committee.
- 16. COMBINED AUTHORITY BUDGET 2021-22 AND MEDIUM TERM FINANCIAL FORECAST** 125 - 150
Report for consideration by the Combined Authority Committee.
- 17. CAPITAL STRATEGY INCLUDING TREASURY MANAGEMENT AND INVESTMENT STRATEGIES** 151 - 198
Report for consideration by the Combined Authority Committee.
- 18. INVESTMENT FUND** 199 - 236
Report for consideration by the Combined Authority Committee.
- 19. BUS NETWORK RECOVERY** 237 - 246
Report for consideration by the Combined Authority Committee.
- 20. TRANSPORT DECARBONISATION STUDY** 247 - 256
Report for consideration by the Combined Authority Committee.

21. INFORMATION ITEM - DECISIONS TAKEN AT THIS MEETING

Details of the decisions taken at this meeting and the draft minutes of this meeting will be published on the West of England Combined Authority website as soon as possible after the meeting.

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Minutes of the Joint meeting - West of England Combined Authority Committee and West of England Joint Committee

Friday, 4 December 2020

West of England Combined Authority Committee - members present:

Mayor Tim Bowles, West of England Combined Authority
Cllr Toby Savage, Leader, South Gloucestershire Council
Mayor Marvin Rees, Bristol City Council
Cllr Dine Romero, Leader, Bath & North East Somerset Council
Professor Steve West, Chair, West of England Local Enterprise Partnership (non-voting member)

West of England Joint Committee - members present:

Mayor Tim Bowles, West of England Combined Authority
Cllr Toby Savage, Leader, South Gloucestershire Council
Mayor Marvin Rees, Bristol City Council
Cllr Dine Romero, Leader, Bath & North East Somerset Council
Cllr Donald Davies, Leader, North Somerset Council
Professor Steve West, Chair, West of England Local Enterprise Partnership (non-voting member)

1	<p>WELCOME AND INTRODUCTIONS</p> <p>The Chair welcomed attendees to the meeting and introduced the members of the committees:</p> <ul style="list-style-type: none"> - Cllr Toby Savage, Leader of South Gloucestershire Council - Mayor Marvin Rees, Bristol City Council - Cllr Dine Romero, Leader of Bath & North East Somerset Council - Cllr Don Davies, Leader of North Somerset Council - Professor Steve West, Chair, West of England Local Enterprise Partnership (non-voting member) <p>At this point, the committee observed a minute's silence in memory and respect of the four people who had sadly died in an incident the previous day at the Wessex Water site in Avonmouth.</p>
2	<p>APOLOGIES FOR ABSENCE</p> <p>None.</p>
3	<p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest.</p>
4	<p>MINUTES OF PREVIOUS JOINT MEETING</p> <p>RESOLVED:</p> <p>That the minutes of the joint meeting of the West of England Combined Authority Committee and the West of England Joint Committee held on 9 October 2020 be confirmed as a correct record and signed by the Chair.</p>
5	<p>CHAIR'S ANNOUNCEMENTS</p> <p>The Chair shared the following information:</p> <ul style="list-style-type: none"> * The region had experienced a month of national lockdown, and a move this week to ongoing restrictions that would present significant challenges to the region's residents and businesses. Now though, there was encouraging news around the planning for the roll-out of the Covid vaccination programme. * The Combined Authority, working with the region's councils, continued to support individuals and businesses. This included: <ul style="list-style-type: none"> - working together to make sure the Additional Restrictions Grant of £23m was delivered consistently within the region; over 2,000 businesses had applied by the end of the previous week. - putting into place some of the ambitious plans to build back as set out in the Regional Recovery Plan, using the £9.4m Regional Recovery Fund to support some of the hardest hit sectors. - securing additional Adult Education Budget funding to help those who were unemployed back into jobs. - supporting the Climate Emergency Action Plan through extending the Low Carbon Challenge Fund with an additional £1.8m investment. * Funding was also being used to support regional initiatives including MetroWest rail, business support and innovation, and the Workforce for the Future and Future Bright programmes. * Last week, the Chancellor had reconfirmed the government's commitment to a multi-year transport funding settlement for Combined Authority regions from 2022-23, giving the

Combined Authority the resources to deliver ambitious sustainable transport plans for the region. This was an approach he had been pushing for along with the M9 group of metro-mayors.

* Specific investment in the region's transport was highlighted in the National Infrastructure Strategy with feasibility funding to support the reopening of St. Anne's Park station in Bristol. There was other good news in that £2.96 million had been secured from the Department for Transport to encourage more cycling and walking.

* The e-scooter trial had been launched in Bath and Bristol last month. This was proving very popular and he looked forward to making further announcements on extending the trial areas very soon.

* He had expressed elsewhere his disappointment that North Somerset would not be joining the Combined Authority in advance of next year's Mayoral election; but close work continued through the Joint Committee, including through the One Front Door programme which supported projects across the whole of the West of England.

* He had already announced his intention to retire as West of England Mayor but would continue to work right through until the end of his term. He was committed to the work to recover and grow the regional economy in a sustainable way.

6 ITEMS FROM THE PUBLIC (QUESTIONS; PETITIONS; STATEMENTS)

15 questions had been submitted in advance of this meeting on the following subjects:

1. David Redgewell - WECA / North Somerset situation
2. Tony Jones - Bristol airport expansion
3. Alison Allan - Bristol airport expansion
4. Jacqueline Walkden - Bristol airport expansion
5. Kate Gadsden - Bristol airport expansion
6. Kim Hicks - Spatial Development Strategy engagement
7. Mark Usher - Bristol airport expansion
8. James Collett - Bristol airport expansion
9. Steven Smith - Bristol airport expansion
10. George Oakenfold - Bristol airport expansion
11. Phil Heath - Bristol airport expansion
12. Caroline New - Bristol airport expansion
13. Mary Collett - Bristol airport expansion
14. Richard Baxter - Bristol airport expansion
15. Question from: Tony Lloyd - Rail projects

The Chair advised that written replies had been sent to all questioners in advance of the meeting. The questions and replies had been circulated to committee members in advance of the meeting and were available to view on the Combined Authority web site.

The Chair then advised that 75 statements had been received in advance of the meeting. The statements had been circulated to committee members in advance of the meeting and were available to view on the Combined Authority web site. The statements received were on the following subjects (statements were presented by those in attendance):

1. David Redgewell - Regional governance; transport issues
2. Lucy Travis - Regional governance; transport issues
3. Kim Hicks - Spatial Development Strategy engagement
4. Clive Weston - Bristol airport expansion
5. Jill Coleman - Bristol airport expansion
6. Gavin Smith / Martin Garrett - Integrated Transport Authority
7. Dr Sarah Keown - Bristol airport expansion
8. Janet Grimes - Bristol airport expansion
9. Glenys Smith - Bristol airport expansion
10. Dr Tessa Cook - Bristol airport expansion

11. Richard Matthews - Bristol airport expansion
12. Mary Collett - Bristol airport expansion
13. Tarisha Finnegan-Clarke - Bristol airport expansion
14. Dr John Leach - Bristol airport expansion
15. Greg Dring – Bristol airport expansion
16. Breda Kingston – Bristol airport expansion
17. Jackie Head – Bristol airport expansion
18. Oliver Lax – Bristol airport expansion
19. Simon Omiotec – Bristol airport expansion
20. Joanne Pemberton – Bristol airport expansion
21. Jill Tarlton - Bristol airport expansion
22. Rachel Lunnon - Bristol airport expansion
23. Polly Bramley - Bristol airport expansion
24. Nikki Jones - Bristol airport expansion
25. Kingsley Belton - Bristol airport expansion
26. Phil Sturgeon - Bristol airport expansion
27. Nicky Sweetland - Bristol airport expansion
28. Piers Sadler - Bristol airport expansion
29. Rory Peliza - Bristol airport expansion
30. Rachel Wilson - Bristol airport expansion
31. Annie Beardsley - Bristol airport expansion
32. Robert Helson - Bristol airport expansion
33. Helen Phillips - Bristol airport expansion
34. Robin Simpson - Bristol airport expansion
35. Alexandra Limberg - Bristol airport expansion
36. Brian Piper - Bristol airport expansion
37. Arne Ringner - Bristol airport expansion
38. Deasy Bamford - Bristol airport expansion
39. Amy Fletcher - Bristol airport expansion
40. Bridget Page - Bristol airport expansion
41. Cllr Huw James - WECA & North Somerset
42. Cllr Brian Allinson - Strategic rail investment report - Parkway railway bridge
43. Peter Andreson - Bristol airport expansion
44. Laura Norton - Bristol airport expansion
45. Grant Mercer - Bristol airport expansion
46. Helen Struthers - Bristol airport expansion
47. Bob Langton - Bristol airport expansion
48. Constance Piper - Bristol airport expansion
49. Sue Poole - Bristol airport expansion
50. James Collett - Bristol airport expansion
51. Rob Bryher - Bristol airport expansion
52. Margaret Boushel - Bristol airport expansion
53. John Waters - Bristol airport expansion
54. Olga Taylor - Pilning railway station
55. Duncan Porter - Bristol airport expansion
56. Andy Parsons - Bristol airport expansion
57. John Tarlton - Bristol airport expansion
58. Katherine Piper - Bristol airport expansion
59. David Clegg - Bristol airport expansion
60. Diana Warner - Bristol airport expansion
61. Bill Roberts - Bristol airport expansion
62. Dawn McGhee - Bristol airport expansion
63. Fenella Butler - Bristol airport expansion
64. Renee Slater - Bristol airport expansion
65. Dr Christine Hine - Bristol airport expansion

- 66. Garvan Donnelly - Bristol airport expansion
- 67. Jon Turney - Bristol airport expansion
- 68. Caroline New - Bristol airport expansion
- 69. Sally Lawson - Bristol airport expansion
- 70. Maggie Singham - Bristol airport expansion
- 71. Tony Lloyd - WECA; rail issues
- 72. Gaie Delap - Bristol airport expansion
- 73. Andy O'Brien - Bristol airport expansion
- 74. Richard Baxter - Bristol airport expansion
- 75. Charlie Low - Bristol airport expansion

The meeting was then adjourned at 2.38 pm and reconvened at 3.00 pm

7 PETITIONS TO BE PRESENTED BY ANY MEMBER OF THE WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE OR WEST OF ENGLAND JOINT COMMITTEE

None for this meeting.

8 COMMENTS FROM THE CHAIR OF THE LOCAL ENTERPRISE PARTNERSHIP

Professor Steve West, Chair of the Local Enterprise Partnership (LEP) commented as follows:

* Since the Regional Recovery Plan was signed off in October, the subsequent national lockdown and current Covid tiers had impacted significantly on businesses. In light of this, the LEP, through the Regional Recovery Taskforce had been focusing on getting an understanding of the different consequences of Covid-19 on different parts of the business community and industries. Clearly, they were not all impacted in the same way.

* The LEP Board had been taking soundings and working hard to understand these impacts and to bring intelligence into the discussions with unitary authorities and the Combined Authority to make sure that support could be mobilised quickly. He paid tribute to unitary authority colleagues and the Combined Authority for being able to react and adjust quickly, within short timescales, to support businesses and also to the authorities' role in seeking to influence government over the ways that support could be delivered. The Covid tiering system meant there would be at least another few months of review, resetting and rebasing; the LEP would continue working to raise the business perspective. A key lesson from the pandemic was that a regional recovery approach was really essential.

* The LEP particularly welcomed the report on strategic rail investment, including the partnership approach with Network Rail and the clear alignment to the wider Western Gateway rail plan, and looked forward to seeing how that investment would really start to impact on the region.

* The LEP was also very pleased to see the supplementary report submitted by WECA as part of the government's 5 year gateway review of the investment programme. This was about showing the value from the impact of the Combined Authority, working in partnership with the unitary authorities and also with businesses to bring the investment that was very clearly needed across the city region. It was about how the region invests in skills, protects and creates new jobs, and as per the Local Industrial Strategy, drives clean, inclusive growth. Partnership working and collaboration was key to all this.

* The business representatives of the LEP Board had been very supportive of North Somerset joining WECA and were very disappointed that achieving the consensus to do this within the timeframes that were set for the elections in May 2021 had not been successful; collaborative work would of course continue through the LEP with the 4 unitary authorities and he hoped that in time it would be possible to resolve the issue.

COMMENTS FROM THE CHAIR OF THE COMBINED AUTHORITY'S OVERVIEW & SCRUTINY COMMITTEE

The Chair advised that the Chair of the Overview and Scrutiny Committee had submitted comments for consideration at this meeting, following on from their meeting held on 2 December. The comments had been circulated in advance of the meeting and were available to view on the Combined Authority web site.

Cllr Stephen Clarke, the Chair of the Overview and Scrutiny Committee then presented the written comments, which had highlighted the following points:

1. WECA and North Somerset

He highlighted that he had written on 20 November to the Mayors and Leaders of the West of England authorities on behalf of the scrutiny members (the full text of the letter was set out at Appendix 1 of the written scrutiny comments). Scrutiny members were aware of the motion passed at the Bristol City Council meeting on 25 November and had asked for clarity from WECA officers about the options that may still be available and the processes and timeline that would need to be followed to enable North Somerset Council to join WECA.

He stressed that in scrutiny members' view, Mayors and Leaders needed to urgently discuss the issue and try and ensure that the region, including North Somerset, had the ability to speak with one voice when decisions were being made by central government that impacted on all the region's residents.

2. Strategic Rail Investment (agenda item 11)

The committee was very supportive of the 10 year rail plan and strongly supported all measures that could be delivered as part of this plan in terms of electrification of rail and ensuring fully accessible stations. Scrutiny members noted that the Strategic Outline Business Case for mass transit would be completed in 2021, and that, depending on the outcome, this might ultimately result in some future adjustments being required to the rail plan.

3. Investment Fund (agenda item 15)

The committee was supportive of the proposals being brought forward through this report, including the creation of the Development Infrastructure Fund and the Housing and Regeneration Enabling Fund.

4. Adult Education Budget – approach for the 2021/22 academic year (agenda item 16)

The scrutiny committee was supportive of these proposals and had received an update from the Scrutiny Skills member sub-group which had looked at this issue in depth and had particularly welcomed:

- * The commissioning of adult education providers that will work towards the region's Local Industrial Strategy, Employment and Skills Plan and economic recovery from Covid-19.

- * WECA's joined up approach to the Adult Education Budget, encouraging the sharing of provider delivery plans to avoid duplication within FE Colleges.

Members also wished to encourage:

- * More working with overview and scrutiny in this area, in particular to review performance data for the Adult Education budget.

- * That Further Education and Higher Education providers work closer together to work towards Climate Emergency targets, seeing the green industrial strategy as a possible future impetus for greater joint working to achieve the region's low carbon aims.

Committee members had also noted and welcomed WECA's investment in the We Work for Everyone project to improve employment outcomes for people with learning disabilities across the region.

10	<p>COMMENTS FROM THE COMBINED AUTHORITY'S BOARDS</p> <p>Specific comments from the 4 Combined Authority Boards about items included on this meeting agenda were noted as per the report included in the committee agenda pack.</p>
11	<p>STRATEGIC RAIL INVESTMENT</p> <p>The Combined Authority Committee and the Joint Committee considered a report seeking approval to adopt the 10 Year Rail Delivery Programme and endorsement of the schemes included as the basis for future rail investment in the region (agenda item 11).</p> <p>The Chair highlighted the following aspects of the report and commented as follows:</p> <ul style="list-style-type: none"> * The 10 year Rail Delivery plan encompassed all existing rail projects, including MetroWest and the key strategic enhancements to be delivered over the next 10 years and aligned with Network Rail's current and long-term plans. * MetroWest was a project of real national significance, and that significance was recognised in the National Infrastructure Strategy published last week by the Government. <p>The recommendations for both the Combined Authority Committee and the Joint Committee as set out in the published report were then moved by the Chair and seconded by Cllr Romero.</p> <p>Cllr Romero commented that she welcomed this investment, which was essential if the region was to move to more sustainable modes of transport; having a 10 year rail delivery plan in place was key to the region's ambitions in relation to climate change and sustainability. Whilst welcoming the plan, she expressed slight disappointment that Salford station remained a scheme in the category that 'could' come forward in the next 10 years.</p> <p>Cllr Savage welcomed the regional and pan-regional approach being taken to the future of rail. Delivering these complementary strategies would also serve to dramatically enhance the already powerful connectivity offer of the Western Gateway extending to South Wales and demonstrated why the West of England was such a central focus for that geography and was really on the radar of government and others for this sort of investment.</p> <p>From a South Gloucestershire perspective, he added that these rail enhancements were vital to supporting the sustainable development of Yate and Charfield. The programme also included an important enhancement and redevelopment at Bristol Parkway which was a focal arrival and transition point for South Gloucestershire and in a part of the region that was economically successful. He echoed the points raised by one of the public speakers earlier at the meeting, Cllr Brian Allinson, who, along with his ward colleagues, had campaigned relentlessly to see improvements being made to the very noticeable 'pinch point' underneath the Parkway railway bridge. He also welcomed the positive impacts the plan would bring for Yate as South Gloucestershire's largest town and through the masterplanning work that committee members had already agreed to resource - that work was re-imagining Yate town centre, alongside increased frequency of rail services, the exciting prospect of a transformed Yate train station, and the development of the park and ride just a couple of hundred metres away, demonstrating an integrated transport offer and investment in sustainable travel that was being delivered through the Combined Authority. Overall, he was very happy to support the report's recommendations.</p> <p>Cllr Davies also welcomed the regional approach to transport delivery and the update on the funding. He expressed a slight concern in that a less bureaucratic approach from government could enable quicker progress to be made in bringing forward and delivering 'shovel ready' rail projects for the benefit of residents and to help meet some of the climate emergency goals. In terms of climate emergency considerations, he was disappointed that in appendix 1,</p>

there was no reference to electrification to Bristol Port as his understanding was that it was government policy that there should be electric rail to all ports, and certainly to a major port like Bristol. He welcomed the extra funding for station enhancements, including those at Nailsea and Backwell station, but clearly there was a lot more to do in terms of making that station truly accessible for people with disabilities. Overall though, he was very supportive of the report.

Mayor Rees welcomed the report, which represented good news for further investment in the region's public transport offer, emphasising the importance of the West of England as a central hub within the Western Gateway, bringing added connectivity to the region. Very specifically, the Metrowest phase 1a Severn Beach to Westbury line increased frequency was very welcome. He also raised the issue of accessibility; it was essential to press on with work to make sure stations were accessible; a number of stations in Bristol were not, and this involved unacceptable inconvenience for disabled people. For a truly accessible, equal and fair public transport system, it was essential to drive forward progress on this.

Professor West welcomed the report but stressed that there needed to be ongoing investment to connect up infrastructure in the region and get public transport working effectively and efficiently and in a way that met the accessibility needs of communities. This programme was a really good start. It would be essential to deliver these projects efficiently and effectively with pace but also with control. Nationally, lots of these big projects had seen costs overrun and it was essential not to get caught in that trap. It would be important to keep the pressure on government to help ensure that projects are delivered at pace, so that the investment started to 'pay back' but also gave a platform to then build on in terms of future bids for public transport improvements.

The Chair then moved to the voting on the recommendations. Voting took place as per constitutional requirements.

1. The West of England Joint Committee RESOLVED:

To adopt the 10 Year Rail Delivery Programme and to endorse its programme of schemes as the basis for future rail investment in the West of England area.

2. The West of England Joint Committee RESOLVED:

To delegate authority to the WECA Chief Executive Officer in conjunction with the West of England Unitary Authority Chief Executive Officers to approve the project scope and value for money assessment and release of funding for the next phase of MetroWest Phase 1a (Severn Beach & Westbury Lines) works up to a value of £1m from within the Investment Fund from within the agreed £116.4m of MetroWest Phase 1 budget to facilitate the start of enhanced services.

3. The West of England Combined Authority Committee RESOLVED:

To delegate responsibility for approval of the Full Business Case for up to £552k from the Investment Fund for the Access for All (AfA) station enhancements to the WECA Chief Executive Officer in conjunction with the West of England Unitary Authority Chief Executive Officers.

4. The West of England Joint Committee RESOLVED:

To delegate authority to the WECA Chief Executive Officer in conjunction with the West of England Unitary Authority Chief Executive Officers to approve the signing of an Enhanced Service and Funding Support Agreement with First Great Western Limited to support initial start-up costs to enable operation of MetroWest Services.

<p>12</p>	<p>LOCAL ENTERPRISE PARTNERSHIP & INVEST BRISTOL AND BATH BUDGET OUTTURN, APRIL - SEPTEMBER 2020</p> <p>The Joint Committee considered a report setting out the latest forecast revenue outturn budget for the West of England Joint Committee (agenda item 12). The report covered the Local Enterprise Partnership (LEP) and Invest Bristol and Bath (IBB) revenue budgets.</p> <p>The Chair highlighted that the report was based on data for the period from April to September 2020.</p> <p>The West of England Joint Committee RESOLVED:</p> <ol style="list-style-type: none"> 1. To note the LEP revenue outturn as set out in Appendix 1. 2. To note the IBB revenue outturn as set out in Appendix 2.
<p>13</p>	<p>LOCAL ENTERPRISE PARTNERSHIP ONE FRONT DOOR FUNDING PROGRAMME</p> <p>The Joint Committee considered a report setting out the latest Local Enterprise Partnership One Front Door funding programme report (agenda item 13).</p> <p>The Chair highlighted that:</p> <ul style="list-style-type: none"> * As reported in October, a further £13.7m had been secured for the region through the Getting Building Fund aimed at funding capital projects to help accelerate national recovery. £12m of this was being utilised to meet the Local Growth Fund over-programming, enabling full funding and completion. One new project, Weston General Stores was being added to the programme, for which a business case was being developed. * The report also presented the latest proposed scheme changes in relation to projects funded through the Local Growth Fund, Economic Development Fund and the Revolving Infrastructure Fund. <p>The recommendations as set out in the published report were then moved by the Chair and seconded by Cllr Savage.</p> <p>Cllr Davies welcomed the particular work around Weston General Stores and the regional approach to the overall programme in getting the economy moving. He also commented that every effort should be made to use local suppliers in as many of these projects as possible.</p> <p>Cllr Romero noted the change requests which related, from a Bath & North East Somerset perspective to schemes predominantly around Bath Quays – she drew attention to the new bridge across the River Avon, which was the first new bridge across the river in Bath in 100 years.</p> <p>Professor West commented that the £13.7m Getting Building Fund allocation was welcome but there was a big challenge around the end of the Local Growth Fund and the lack of a clear view on what comes next. The region needed to continue lobbying government for replacement funding as this investment was about kickstarting the economy, which was even more important given the impact of Covid-19.</p> <p>The Chair then moved to the voting on the recommendations. Voting took place as per constitutional requirements.</p> <p>The West of England Joint Committee RESOLVED:</p> <ol style="list-style-type: none"> 1. To approve the change requests for schemes within the Local Growth Fund programme as

	<p>set out in Appendix 1.</p> <p>2. To approve the change requests for schemes within the Economic Development Fund and Revolving Infrastructure Fund programme set out in Appendix 2.</p>
14	<p>WECA & MAYORAL BUDGET OUTTURN, APRIL - SEPTEMBER 2020</p> <p>The Combined Authority Committee considered a report setting out the revenue budget financial outturn information for the Combined Authority and the Mayoral budget for the financial year 2020/21 (agenda item 14).</p> <p>The Chair highlighted that the report was based on data for the period April to September 2020.</p> <p>Mayor Rees welcomed the continuation of concessionary fare payments to bus operators and the arrangements made to maintain continuity of service, along with contract payments for supported bus services and payments to community transport providers.</p> <p>The West of England Combined Authority Committee RESOLVED:</p> <ol style="list-style-type: none"> 1. To note the Mayoral Fund revenue outturn as detailed in Appendix 1. 2. To note the WECA revenue outturn as detailed in Appendix 2.
15	<p>INVESTMENT FUND</p> <p>The Combined Authority Committee considered a report setting out the latest proposed approvals in relation to the Investment Fund (agenda item 15).</p> <p>The Chair highlighted the following aspects of the report and commented as follows:</p> <ul style="list-style-type: none"> * A number of significant projects were being funded through this report. It was important to note that a clear value for money framework was in place which brought together the management and reporting of all major regional funding streams within a 'single pot' approach. * The Investment Fund was subject to 5 yearly government gateway reviews to assess the impact and outcomes from investments made, strength in regional partnerships and effectiveness of resource planning and prioritisation. SQW were the firm appointed by the government to undertake gateway reviews for all Combined Authorities across the country. They had recently completed their first assessment of WECA and had reported back to government accordingly. This report was extremely positive regarding the progress that WECA had made in its first four years of operation. He thanked all involved for their support, engagement and commitment. * The specific proposals in the report included: <ul style="list-style-type: none"> - Approval of the Outline Business Case for Hengrove Park which was the first project to access the Development Infrastructure Fund (DIF). Ultimately this development would enable 1,450 new homes with WECA's initial funding, unlocking the enabling works through an allocation of £12m in the current programme and earmarking of a further £7.8m post 2022/23 to be confirmed at Full Business Case stage. - An allocation of £2m to the Housing and Regeneration Enabling Fund and a further £2m to strategic masterplanning. This would provide the unitary authorities with much needed capacity to bring forward, at pace, several more strategic sites for housing and business development across the region, unlocking further significant public and private sector

investment.

- Approval of the Strategic Outline Business Case for Charfield Station, which was hugely important for that part of the region.

- Approval of the Full Business Case for the Chew Valley Lake recreational trail.

The recommendations as set out in the published report were then moved by the Chair and seconded by Cllr Savage.

Cllr Savage welcomed the investment in masterplanning, notably for the east fringe, Severnside and the important growth area around Parkway station which were key locations in terms of the sustainability of the West of England economy. He reminded the committee that through WECA funding, it had already been possible to develop comprehensive masterplan approaches in both Kingswood and Yate over the last year; that work supported the identification of sites for commercial investment, through which the authorities could instigate the delivery of regeneration rather than merely making policy. Similarly, with the resources for DIF funding, unitary authorities were able to access the resource to promote development in key strategic sites where the market was facing new pressures that threatened delivery. The masterplanning funding for Parkway would enable the commissioning of the first phase of the works to explore the boring of a new subway under the main line at Parkway station, which would represent significant improvements in both connectivity and safety. He very much welcomed the fact that Charfield station had reached the Strategic Outline Business Case stage and hoped that work with Network Rail would rapidly move this project on to the next stage. Charfield was an important development location in delivering new homes in South Gloucestershire and would provide an attractive and sustainable travel option to Gloucester, Yate and Bristol.

Cllr Savage also welcomed the new funding for Hengrove Park. This was a really important regional project; it was clearly in the regional interest to help to maximise the delivery of housing within Bristol, thus helping the city to meet its own housing need and thereby reducing the unmet need that the surrounding unitary authorities had to address through their own local plans.

Mayor Rees commented that Hengrove Park had long been identified as an area for housing and had never been brought through as a project. With the current commitment and working together, the project was now coming through for development, which was hugely significant. This would see over 1,400 homes, but additionally 12,000 sqm of new employment, commercial, retail and education use, plus community space and a public park as well. This would help build communities within the city, help build the local economy and support local supply chains and get the multiplier effect of that going within the economic region. The new Chair of Homes England had made the point that housing was one of the most significant interventions that could be made to improve life chances, but he would add to that that the kind of homes built and where they were built would also be among the biggest determinants of impact in terms of climate and ecology as well. The Hengrove development would be a flagship development in line with Sustainable Development Goals, and the city's climate and ecological strategies.

Cllr Romero commented that a key aspect of WECA was about securing development and investment in the region; when looking at schemes, it was always important to assess their impact on the region. With that in mind, she welcomed the Hengrove project and was happy to support it. She added that this development should alleviate some of the pressure around what had been perceived as unsustainable development proposals that up to now had been experienced in surrounding areas such as Whitchurch village. She also referred to high streets investment; high streets including those in the region's cities, were changing - they had been changing before the pandemic but as a result of Covid-19, they were changing

much more rapidly. Investment in high streets in places such as Milsom Quarter in Bath city centre would be very welcome and necessary. She also strongly welcomed the funding for the Chew Valley recreational trail.

Professor West commented that the investment brought through this report was really good news. In terms of the Hengrove development, he felt it was important to look at the development through the lens of the real opportunity to do something different, taking on board the learning from previous big developments, and getting the sense of 'place' right to create a place that was great to live, work and bring up families in. Covid-19 had taught communities how important external space was; in developing places, it was important to be ambitious, innovative and creative in terms of how we build, what we build, where we build and how we connect it. It was also important to take the opportunity to think about bringing in new opportunities for sustainable developments and building schemes that deliver buildings in a different way - modern approaches to new design could open up all sorts of thinking around new jobs and new ways of sustaining the environment.

The Chair then moved to the voting on the recommendations. Voting took place as per constitutional requirements.

The West of England Combined Authority Committee RESOLVED:

1. To approve use of the Investment Fund headroom as set out in paragraph 7 and 8, and the Development Infrastructure Fund criteria set out in Appendix 2.
2. To allocate £2m to the Housing and Regeneration Enabling Fund and to delegate the approval of the criteria and Feasibility and Development Funding Applications for specific proposals to the WECA Chief Executive in consultation with the Chief Executives of the constituent councils.
3. To allocate a further £2m to strategic masterplanning and to delegate the approval of Feasibility and Development Funding Applications for specific proposals to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.
4. To approve the Outline Business Case for Hengrove Park Enabling Works and allocate funding of £12m in the current programme, and earmark a further £7.8m post 2022/23 to be confirmed at Full Business Case.
5. To approve the Strategic Outline Business Case for Charfield Station and to delegate the approval of the Outline Business Case to the WECA Chief Executive in consultation with the Chief Executives of the constituent councils subject to this remaining within the agreed budget.
6. To approve the revision to the Local Growth Assurance Framework set out in paragraph 15 and the approval of the £3.655m Future Transport Zones match funding.
7. To allocate £500k to match fund the Housing Enabling Fund bid through One Public Estate 8 and, should the bid be successful, to delegate the approval of the Feasibility and Development Funding application to the WECA Chief Executive in consultation with the Chief Executives of the constituent councils.
8. To approve the award of an additional £2.5m for the development of the Spatial Development Strategy/Local Transport Plan Evidence Base.
9. To approve the Full Business Case for the Chew Valley Lake Recreational Trail subject to resolution of land issues and planning conditions, the supply of a detailed programme and the

confirmation of the final costs.

10. To approve the award of £179k to the 5G Logistics project subject to securing Department for Digital, Culture, Media & Sport funding.

11. To delegate the detailed use of the Adult Education Budget Covid-19 Skills Recovery Package to the WECA Chief Executive in consultation with the Chief Executives of the constituent councils.

12. Approve the change requests for schemes within the current programme as set out in Appendix 3.

13. To amend the approved capital programme for individual project approvals agreed at the October Committee and within this report.

16

ADULT EDUCATION BUDGET - APPROACH FOR THE 2021/22 ACADEMIC YEAR

The Combined Authority Committee considered a report seeking approval of the proposed approach for the management and administration of the devolved Adult Education Budget for the 2021/22 academic year (agenda item 16).

The Chair highlighted that the overall aim of this report was to orientate the local Adult Education system so that it was focused on and responsive to the specific needs of the region's residents, communities, employers and the local economy as a whole.

The recommendations as set out in the published report were then moved by the Chair and seconded by Cllr Romero.

Cllr Romero welcomed the report and commented that a real advantage of the Combined Authority was the opportunity to increase investment in skills, together with the ability to react quickly in such changing and challenging times, to the region's advantage.

Cllr Savage also welcomed the report, stressing that all members were aware of how challenging the current situation was for the regional economy and the impact for those people who had been losing their jobs. This was a really important area of work for the Combined Authority in helping people back into work, helping them to reskill, particularly in those industries of the future, and those linked to the region's transition to net zero carbon.

Mayor Rees commented that it had been an incredibly difficult time economically, therefore making opportunities for reskilling available to people was going to be significant, not just for the functioning of the economy but also for the health and mental health of those people who will continue to need something constructive in their lives and some structure to sustain their lives. He also particularly welcomed the support for the Bristol Learning Centre service. In the challenging time ahead, it was important to maximise the effectiveness of the provider base in helping to consolidate and provide stability in the region's skills offer.

Professor West commented the report was very welcome; in his view, the only way that we stood a chance of being able to help people is if we have a really strong 'eco-system' around skills with schools, colleges, universities working together to create the opportunities with business. He felt there was a piece of key work that had to be done, which was a needs analysis, to help give clarity about where there are job opportunities, what jobs we are trying to attract into the region and what is the best way of reskilling people as they potentially lose jobs. Partnership and collaboration in the provider base were also absolutely key.

Cllr Davies commented that he was extremely supportive of Weston College, who did a

	<p>wonderful job but of course were denied any access to this funding because North Somerset was not part of WECA.</p> <p>The Chair then moved to the voting on the recommendations. Voting took place as per constitutional requirements.</p> <p>The West of England Combined Authority Committee RESOLVED to approve:</p> <ol style="list-style-type: none"> 1. The proposed approach for the management and administration of devolved AEB for the 2021/22 academic year. 2. The following delegations to the WECA Chief Executive in consultation with the Chief Executives of the constituent councils: <ol style="list-style-type: none"> a. To make decisions on the final approach for the 2021/22 academic year once the consultation results have been considered. b. To make decisions on final provider allocations once agreed provider curriculum delivery plans are in place. c. To make in-year exceptions funding decisions. d. To make in-year growth funding decisions. e. To make decisions on provider re-allocations at all operational points including: in-year, mid-year and end-of-year. f. To make decisions relating to distribution of funding for continuing learners. g. To make decisions on the purpose and allocation of funds not distributed through the CDP process or funds used for the management and administration of devolved AEB. h. To make decisions on recommended amendments to the devolved approach for AEB in subsequent academic years.
<p>17</p>	<p>APPOINTMENT OF RETURNING OFFICER FOR THE 2021 COMBINED AUTHORITY ELECTION</p> <p>The Combined Authority Committee considered a report seeking formal approval in relation to the appointment of the Returning Officer for the 2021 Combined Authority mayoral election.</p> <p>The recommendations as set out in the published report were then moved by the Chair and seconded by Cllr Savage.</p> <p>The Chair then moved to the voting on the recommendations. Voting took place as per constitutional requirements.</p> <p>The West of England Combined Authority Committee RESOLVED:</p> <p>To appoint Shahzia Daya as the Returning Officer for the 2021 Combined Authority election and that North Somerset Council's election team assist the Combined Authority election Returning Officer in the delivery of this election as necessary.</p>
<p>18</p>	<p>INFORMATION ITEM - DECISIONS TAKEN AT THIS MEETING</p> <p>In closing the meeting, the Chair advised that details of the decisions taken at this meeting and the draft minutes of the meeting would be published as soon as possible on the Combined Authority website. The meeting finished at 3.55 p.m.</p>
	<p>Signed:</p> <p>Date:</p>

AGENDA ITEM 10

JOINT MEETING - WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE & WEST OF ENGLAND JOINT COMMITTEE

29 JANUARY 2021

COMMENTS FROM COMBINED AUTHORITY BOARDS

Meetings of the Combined Authority Boards have recently been held as follows:

- * Transport Board - 6 January 2021
- * Planning & Housing Board - 11 January 2021

A summary of comments from the Boards specifically about items included on the 29 January joint meeting committee agenda is set out below:

WEST OF ENGLAND HOUSING DELIVERY STRATEGY (agenda item 12)

Comments from the Planning & Housing Board:

* The Planning & Housing Board considered the proposed West of England Housing Delivery Strategy, 'A Strategy for Homes 2020-30'.

The Board noted that:

- * The strategy set out the ambition to increase and accelerate housing delivery, particularly affordable housing, by supporting priority locations where there is market failure.
- * The strategy explained how interventions at the strategic level will maximise the impact of collaborative working to make a greater impact and add value by taking a strategic approach, ensuring better value for the public purse and delivering better outcomes for communities.
- * The key aims of the Housing Delivery Strategy were to:
 - Intervene to deliver pace, quality and affordable homes across all tenures.
 - Achieve better outcomes than are usually delivered through the market.
 - Focus on the added value from taking a strategic approach.
 - Set out a compelling case to government that the West of England is a priority place for investment.
- * The strategy also includes emerging work on housing innovation in delivery.

The Board welcomed and generally supported the strategy. In discussing the strategy, the following specific comments were raised/noted:

* In relation to the reference to the potential availability of specialised funding pots referred to at page 8 of the strategy, a reference should be included to funding linked to

the armed forces covenant (this has been included in the strategy document presented for Joint Committee approval).

* The Board noted the section of the strategy relating to One Public Estate (OPE), a partnership between the Office of Government Property, the Local Government Association and MHCLG to support collaboration across the public sector to deliver local growth (jobs and homes), integrated customer-focused services and efficiencies (capital receipts and running costs). It was noted that although North Somerset Council is not a constituent council of the Combined Authority, it is a part of the OPE Partnership (though cannot access the WECA Investment Fund).

* With the delivery strategy in place, it will be important to now move forward in the context of the Spatial Development Strategy process.

BUS NETWORK RECOVERY (agenda item 19)

The Transport Board considered this report, noting that it:

- provided an update on network recovery from the coronavirus emergency.
- explained possible funding models under consideration by the government.
- sought delegated authority to enable urgent decisions to be made between committee meetings as necessary.

The Board supported the report, noting that at this point further information was awaited to confirm the government's intentions in this area. In discussing the report, the following specific comments were raised/noted:

* Careful consideration would need to be given to the detail of any government proposals, and to both the opportunities and risks of any proposal from the government on devolved emergency funding to support local bus services and associated powers. If a suitable offer from the government was accepted, it would be important to ensure clear and effective communications about changes.

* The Board noted that in the event that the government invited the Combined Authority to take over the direct funding of bus services with an appropriate offer of funding and powers, a rapid decision was likely to be required and that therefore the report sought delegated authority for the Combined Authority Chief Executive to take such a decision in consultation with the Chief Executives of the constituent councils.

TRANSPORT DECARBONISATION STUDY (agenda item 20)

Comments from the Transport Board:

The Board considered this report, noting that it proposed undertaking a study to develop the evidence base for producing a transport decarbonisation Issues and Options paper.

The Board supported the report. In discussing the report, the following specific comments were raised/noted:

- * It was noted that the proposed study is intended to provide a strong steer for producing a transport decarbonisation Issues and Options paper and will assist in setting out a route map and in clarifying the required strategic interventions.

- * It will be essential to continue close liaison with other key organisations such as Western Power Distribution and Network Rail in terms of their decarbonisation plans and actions.

- * It was suggested that in producing the Issues and Options paper, it will be important to be clear about the limits on the actions that can be taken by local authorities to achieve transport decarbonisation (i.e. other organisations need to participate fully in delivering actions) and about the resources available. It was noted that the study will help to inform the development of Joint Local Transport Plan 5.

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**WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE
& WEST OF ENGLAND JOINT COMMITTEE**

ITEM 11

29 January 2021

REPORT SUMMARY SHEET

WECA ANNUAL BUSINESS PLAN

Purpose

To present the West of England Combined Authority (WECA) Business Plan for 2021-22.

Summary

* The WECA business plan covers activity during the financial year to deliver the objectives of WECA and the Local Enterprise Partnership (LEP).

* The business plan for 2021-22 is enclosed as Appendix One. The business plan presents our planned strategic activities over the coming year and sets out how we will work with our partners to achieve these. It brings together our overarching objectives of inclusive growth and addressing the climate emergency and aligns with our published recovery plan and [Local Industrial Strategy](#).

* The business plan is intended to provide a strategic framework for delivery that will enable us to flex our programmes and projects to respond to the ongoing challenges presented by the Covid-19 pandemic.

* For 2021-22, the section on strategic outcomes has been strengthened to reflect the totality of the planned investments through both the WECA Investment Fund and the Local Growth Fund.

* Quarterly progress reports on delivery of the business plan will be prepared for the committees and an annual report on activity during the 2020-21 financial year will be presented at the mid-year committee meetings.

Recommendation

The Combined Authority Committee and the Joint Committee are each asked:

- To approve the West of England Combined Authority Business Plan for 2021-22.

Contact officer: Lynda Bird

Position: Head of Performance, Planning & Projects

Email: lynda.bird@westofengland-ca.gov.uk

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
COMMITTEE AND JOINT COMMITTEE**

DATE: 29 JANUARY 2021

REPORT TITLE: WECA ANNUAL BUSINESS PLAN

**AUTHOR: LYNDA BIRD, HEAD OF PERFORMANCE,
PLANNING & PROJECTS**

Purpose of Report

- 1 To present the West of England Combined Authority Business Plan for 2021-22.

Recommendation (for both committees)

- To approve the West of England Combined Authority Business Plan for 2021-22.

Background / Issues for Consideration

- 2 The West of England Combined Authority (WECA) business plan covers activity during the financial year to deliver the objectives of WECA and the Local Enterprise Partnership (LEP).
 - 2.1 The business plan covering activity during 2020/21 was agreed by WECA and the Joint Committee on 31st January 2020. Activity in the plan was reviewed in April 2020 to help ensure a focus on critical activities to support businesses and residents during the pandemic. As a result a number of programmes were expanded and refocused, and additional support provided. Full details of this support is available on our website [here](#).
 - 2.2 The [regional recovery plan](#), published in October 2020, sets out a number of priorities for the region as we move into 2021. Alongside this the [climate emergency action plan](#) was adopted in October 2020 and sets out how we will work with partners across the region and nationally to help achieve our ambition of becoming carbon neutral by 2030.
 - 2.3 The business plan for 2021-22 is attached as Appendix One to this report.
 - 2.4 The business plan presents our planned strategic activities over the coming year and sets out how we will work with our partners to achieve these. It brings together our overarching objectives of inclusive growth and addressing the climate emergency, and aligns with our published recovery plan and [Local Industrial Strategy](#).

- 2.5 The business plan is intended to provide a strategic framework for delivery that will enable us to flex our programmes and projects to respond to the ongoing challenges presented by the Covid-19 pandemic.
- 2.6 For 2021/22 we have strengthened the section on strategic outcomes to reflect the totality of the planned investments through both the WECA Investment Fund and the Local Growth Fund.
- 2.7 Regular reporting on progress in delivering against the business plan is a key element of WECA's [monitoring & evaluation framework](#). This sets out the overall approach to performance management and provides links to the monitoring & evaluation plans for each activity. The monitoring and evaluation framework is reviewed annually with Government and an updated version will be brought to WECA Audit Committee early in 2021.
- 2.8 As set out in our monitoring & evaluation framework, we will bring quarterly progress reports on delivery of the business plan to Committees and prepare an annual report on activity during the 2020-21 financial year for the mid-year Committee meetings.

Consultation

- 3 The business plan has been discussed with West of England Chief Executives.

Other Options Considered

- 4 None.

Risk Management/Assessment (if appropriate to this item)

- 5 WECA's [risk management framework](#) is reviewed annually. An updated version will be brought to WECA Audit Committee in early 2021 for approval.
- 5.1 The corporate risk register identifies the key risks to delivery of the business plan. This is reviewed monthly by WECA's Management Team, and quarterly by WECA's Senior Management Team. A summary of the key risks, and their mitigations, is included as Appendix Two to this report.

Public Sector Equality Duties (if appropriate to this item)

- 6 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 6.1 The Act explains that having due regard for advancing equality involves:
- Removing or minimising disadvantages suffered by people due to their protected characteristics.

- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 6.2 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.
- 6.3 The West of England Combined Authority is committed to the promotion of equality and diversity and ensuring that its strategies, policies and practices work to deliver positive outcomes for everyone within the region. We recognise that residents in the region do not have equal access to its success and the opportunities on offer and we are committed to work towards addressing this wherever possible
- 6.4 WECA's [Equality Framework](#) for 2020 identified a number of internal and external priorities for 2020-21 and a report on progress will be included in the Annual Progress Report.

Finance Implications, including Economic Impact Assessment (if appropriate to this item)

- 7 Activities within the 2021-22 business plan are aligned with the budget proposals being discussed by the Committees on 29th January 2021. There are no additional financial implications arising from this report.

Advice given by: Malcolm Coe, Director of Investment and Corporate Services

Legal Implications – if appropriate

- 8 The business plan provides a strategic framework for WECA to implement devolved decision making. Consultation and consideration of relevant statutory duties will be undertaken as appropriate throughout the decision-making process.

Advice given by: Shahzia Daya, Director of Legal Services

Climate change implications

- 9 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

- 9.1 *Taking the above specifically into account, please comment on any climate change implications arising as a result of this report, and include details of any mitigation*
- 9.2 In order to meet the climate emergency declaration of carbon neutrality by 2030, we will need to change the way that we act and make decisions.
- 9.3 Achieving carbon neutrality will require change across the system from national government, the UAs, residents and businesses. WECA will also play a role in providing regional leadership and in the decisions we make in terms of procurement, capital spends, and policy setting (including spatial, transport and skills). WECA can play a key convening and influencing role but we do not have the power or resources to deliver this ambition on our own.
- 9.4 Our [Climate Emergency Action Plan](#) was approved by Committee in October 2020. It highlights five grand challenge areas to help meet our ambition of carbon neutrality by 2030.:
- Low carbon transport system
 - Low carbon business
 - Renewable energy
 - Low carbon buildings
 - The green environment

Addressing the climate emergency is one of the overarching objectives of our 2021-22 business plan. Specific activities will be subject to more detailed environmental assessments as part of our project management arrangements.

Land/property implications

- 10 None arising from this report, but the impact of individual schemes will be assessed through existing planning processes

Advice given by: David Carter, Director of Infrastructure

Human Resources Implications

- 11 Activities within the 2021-22 business plan will be supported through existing resources as included in 2021-22 budget. Where individual projects may have workforce implications these will be identified and discussed with relevant Directors to ensure any management of change is undertaken according to policy and best practice.

Advice given by: Alex Holly, Head of People and Assets

Appendices

- Appendix 1 – West of England Combined Authority Business Plan 2021-22
Appendix 2 – Summary of Corporate Risks

Background papers – supporting frameworks

[WECA Risk Management Framework](#)

[WECA Monitoring & Evaluation Framework](#)

[Equality Framework](#)

Background papers – aligned plans and strategies

[Regional Recovery Plan](#)

[Climate Emergency Action Plan](#)

[Local Industrial Strategy](#).

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email: democratic.services@westofengland-ca.gov.uk

BUSINESS PLAN 2021-22



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INTRODUCTION

The West of England Combined Authority (WECA) was established in 2017 and is made up of three of the councils in the region – Bath & North East Somerset, Bristol and South Gloucestershire. WECA also supports the Local Enterprise Partnership (LEP), which is business-led, and covers the four West of England councils, including North Somerset Council.

This document sets out our business plan for 2021-22. It builds on our Local Industrial Strategy, our Climate Emergency Action Plan and our Regional Recovery Plan, which sets out our response to the Covid-19 pandemic.

Home to the world-famous cities of Bristol and Bath, the West of England is a great place to live. With a population of over 1.1 million, it is a place where highly-skilled people work, ideas flourish and businesses grow.

The West of England is an economic leader and will be key to the UK's recovery from the impact of Covid-19.

This business plan has been developed against the backdrop of considerable uncertainty. The Covid-19 pandemic continues to impact significantly on the businesses and residents of the region and the true implications continue to emerge. We will monitor impacts as the pandemic runs its course and will respond to new and emerging challenges as they arise.

Supporting the recovery of the region from the Covid-19 pandemic is WECA's top priority. We're taking action to help people and businesses immediately affected. We're working with regional partners, and with government, to ensure people and businesses across the region are getting the support they need.

We continue to champion the region internationally, bringing in investment and creating opportunities for our businesses. We want our town and city centres to be great places where people want to live. We want them to be less reliant on cars, and to be more pleasurable, with better air quality. We want more people to walk, cycle and use public transport because these are the best options.

We're working to ensure that all the elements of a successful region are connected – creating communities that are linked to jobs and training, opening up more opportunities for more people.

Our business plan sets out how we will achieve our ambitions by investing in three priority areas: infrastructure, skills and business.



OVERARCHING OBJECTIVES



INCLUSIVE GROWTH

The West of England is a prosperous region with a highly skilled workforce, diverse business base, economy, and communities. However, it is also a region that faces challenges, with some parts experiencing real deprivation.

Our businesses have skills shortages in some areas and there are pockets of deprivation, where finding a job and affordable housing is difficult and poor transport links can act as a barrier to jobs and opportunities.

Skills and training are at the core of our economic recovery and growth. Whether that's helping residents keep their jobs, find new opportunities or join the workforce for the first time. We're identifying opportunities for our key and important business sectors to emerge strongly from the pandemic and working to ensure that all our residents have access to the skills they need to prosper and secure jobs that are being created here.

This is core to our region's ambitious Local Industrial Strategy, which is led by the West of England Combined Authority and Local Enterprise Partnership.



CLIMATE EMERGENCY

The West of England declared a Climate Change Emergency in July 2019, committing the region to becoming carbon neutral by 2030. Our Local Industrial Strategy identifies a series of actions to take forward to support clean growth. This is supported and further enhanced by our Climate Emergency Action Plan, which was adopted in October 2020.

Achieving carbon neutrality will require change across the system, from national Government, councils, residents and businesses. WECA can play a key role in providing regional leadership, as well as in the decisions we make in procurement, capital spend, and setting policy.

Our Climate Emergency Action Plan highlights five grand challenge areas to help meet this ambition:

- Low carbon transport system
- Low carbon business
- Renewable energy
- Low carbon buildings
- The green environment

Activity is already underway, and we are investing to tackle congestion and improve public transport, support businesses to adopt energy efficient measures through the West of England Low Carbon Challenge Fund, and investing in research and innovation projects.



RECOVERY FROM COVID-19

Covid-19 is having a huge impact on our region, our business and our residents.

The West of England Recovery Taskforce was set up following the outbreak of the pandemic to help understand the impact in our region, to identify where support was most needed and to help shape our response.

We have worked with our LEP and the wider business community across all sectors, as well as voluntary and community groups, to develop an ambitious West of England Recovery Plan that aims to:

- Rebuild business
- Get residents back to work
- Strengthen inclusion
- Support a green recovery
- Renew places

The strength and diversity of our economy, coupled with our regional strengths of progressing new ideas and doing things differently, mean we are in a strong place to build back better.

We recognise that our plan will need to evolve and will require us to be innovative, creative and responsive as we learn to adapt, recover and reset our world and to seize the opportunity to accelerate our plans to deliver clean and inclusive growth.



LOCAL INDUSTRIAL STRATEGY

Developed by leaders and businesses from across the region, working closely with government, our Local Industrial Strategy (LIS) draws on the unique strengths of the people and places across the West of England. It sets out the region's ambition to be a driving force for clean and inclusive growth.

The LIS represents a strong partnership between local and national partners and a recognition of the shared ambition and opportunity for the region.

Our LIS continues to form a key part of the operating framework which underpins our business planning process.

As we start to implement our recovery plans, we are also looking forward to the future and to the strategic questions that we will need to understand as we move out of the pandemic: to look at the future of the workplace, the future of city centres and the future of digital and to explore the impact that this will have on our communities.

OPERATING FRAMEWORK

Our operating framework sets out our priorities for clean and inclusive economic growth in the West of England. It incorporates the four themes from the West of England Local Industrial Strategy and forms the basis of WECA's annual business planning cycle, focused on priority areas for delivery:

- Infrastructure fit for the future
- World class skills
- Businesses that succeed

Our Climate Emergency Action Plan sets out five strategic principles:

- Low carbon transport system: working to decarbonise the transport system, increase cycling, walking and the use of public transport
- Low carbon business: helping business & local people benefit from growth in the green economy; maximising government investment in the region & supporting our businesses to build back better
- Renewable energy: working to decarbonise our energy system & increase local renewable energy
- Low carbon buildings and places: increasing the energy performance of buildings & develop low carbon standards in new developments
- The green environment: protecting & enhancing the environment through a proactive approach to green infrastructure

Together with our operating framework these principles set out our long-term vision and shape the shorter-term actions required to achieve this that are included in our Business Plan.



PARTNERSHIP WORKING

Devolution and the creation of WECA builds on a strong track record of partnership working in the region. This includes joint working on existing major infrastructure projects such as the Metrobus network, and the delivery of a range of projects through the Local Enterprise Partnership, with investments from our £202m Local Growth Fund, £500m Economic Development Fund and £57m Revolving Infrastructure Fund programmes.

Our devolved Investment Fund has enabled us to develop and extend our reach both in addressing immediate challenges and in helping bring forward a number of longer-term strategic interventions including Mass Transit, the redevelopment of Temple Meads Station, Temple Quarter Enterprise Campus and the Somer Valley Enterprise Zone.

Our ability to progress these challenging initiatives builds on the strong foundations of effective partnership working with delivery partners such as Network Rail, Highways England and the Environment Agency.

Our Local Enterprise Partnership is essential in bringing the voice of business to help shape our activities. This has been critical in supporting the development of our regional recovery plan which has been shaped through discussions with our LEP and the wider business community. We have worked with over 180 businesses across all sectors as well as voluntary and community groups and have canvassed more widely the views from thousands of individuals and businesses across the region to ensure that our recovery is inclusive and representative.

Our region is highly collaborative, with research & development, academia, industry and the public sector working together across multiple sectors. We understand the benefits of a strategic approach within sectors to support innovation and development. We bring together key private, public, and civil society organisations to tackle grand challenges through mission-led innovation.

In delivering the West of England Local Industrial Strategy we are driving investment in high tech R&D capacity, notably across the South Gloucestershire Tec Arc, led by the Bristol & Bath Science Park and National Composites Centre and supporting primes such as Rolls Royce and Airbus, innovation in the green economy and innovative partnership working with the higher education sector to develop new capabilities such as the Institute of Advanced Automotive Propulsion Systems (IAAPS).

Through our different roles of convener, adviser and leader, we support our key sectors in their innovation journeys, including their supply chains, SMEs and people. We are establishing fora for co-creation and to test ideas in the real world and develop new products and services for market. Our work also attracts businesses, investment, funding and talent to the region, further fuelling our innovation ecosystem. We're also working with partners to ensure that all our residents have the opportunity to get the skills and training they need to succeed, and to secure the jobs that are being created here.

WECA hosts the South West Energy Hub, which is a partnership of seven LEPs across the wider south west region, set up to increase the number, scale and quality of local energy projects. To date it has supported 25 projects with an investment value of £109m, which could save nearly 35,000 tonnes CO2. The SW Energy Hub has provided 20 community groups with grants totalling £618,988 from the Rural Community Energy Fund. The Energy Hub is also delivering £53m of housing energy efficiency improvements across the wider south west region next year, as part of the Government's Green Homes Grant programme.

WECA, the constituent Unitary Authorities and North Somerset Council are all within the wider Western Gateway area and are working with Department for International Trade to develop a strong pan regional inward investment proposition.

Our 2021/22 business plan builds on our strong partnerships to enable us to achieve our ambitions by working with our partners and communities to deliver our priorities for infrastructure, skills and business as we start to look to the opportunities for our region post-pandemic.

STRATEGIC OUTCOMES

The projects and programmes described in this business plan are expected to deliver significant benefits to the region when they are completed.

We have made an estimate of the impact of these projects. This includes projects across all of WECA's funding streams, for delivery up to 2023. These measures identify the key strategic themes of delivery, but do not capture the full value of these projects, which will provide a range of other specific benefits.

By 2023, WECA will deliver the following against our strategic themes:

Economic growth

- £1.7bn of economic output (gross value added)
- Over 14,000 new jobs

People and Skills

- Over 45,000 learners gaining new qualifications or skills
- 1,870 people supported to gain increased earnings, and many more moving into work
- 470 small businesses benefiting from skills and training support

Business

- Approximately 7,000 business receiving enterprise support
- 195 businesses supported to bring inward investment to the region, and hundreds of new businesses started

Innovation

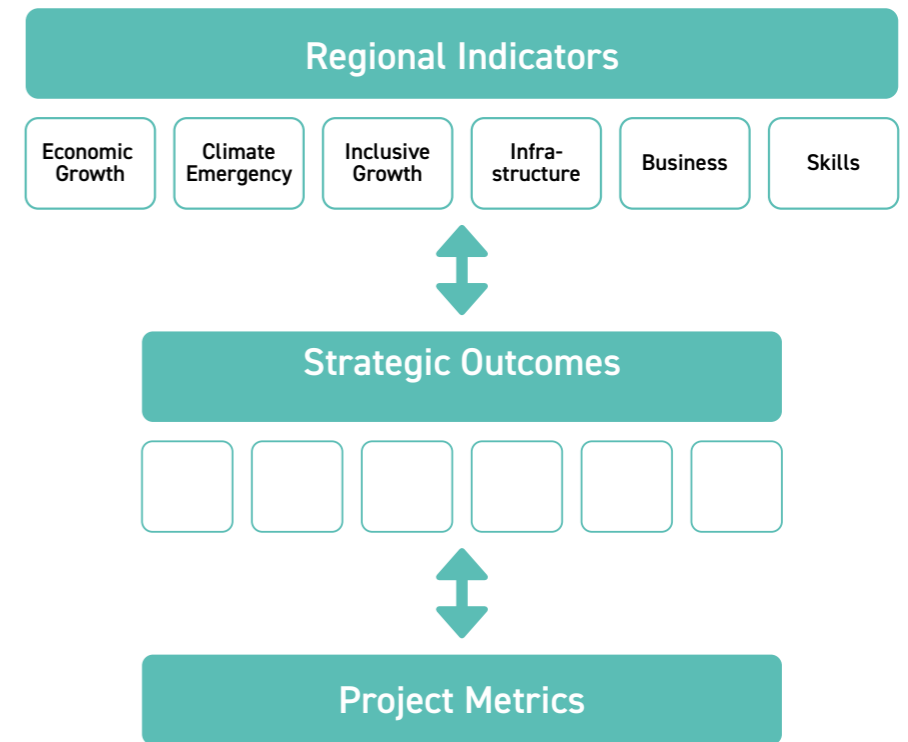
- 90 new products or services brought to market through WECA support
- 110 new research and development projects carried out
- Engage 1,000 small businesses in innovation and provide intensive support to 470, including registering intellectual property rights

Infrastructure

- 73,700m² of commercial floorspace enabled
- 500,000 new bus journeys per year, and significant improvements locally
- 1,380,000 new rail journeys per year
- Six new railway stations opened
- Delivery of 13km of improved cycle and walking paths
- Delivery of flood defences to protect and enable 19,400 jobs and £3.8bn of GVA

In addition to the direct benefit of jobs and economic output, WECA's programme will contribute to our objectives of clean and inclusive growth, and addressing the climate emergency through:

- enabling residents to take public transport
- increasing rates of walking and cycling
- supporting the development of affordable housing and employment space
- helping people across the region to gain skills and access jobs
- improving the innovation and productivity of businesses across the region
- supporting digital transformation



Our strategic outcomes provide a framework for understanding the collective impact of all of our projects and the benefits they deliver. **Our regional indicators** help us to track the overall issues WECA wants to see progress against.

MANAGING DELIVERY

Resourcing Strategy

WECA has published a £350m Investment Programme covering the period to March 2023. The programme aligns investment proposals with the operating framework, the Local Industrial Strategy and other key regional strategies and core objectives. We will continue to review all projects within the WECA Investment Programme on a regular basis to ensure: (a) their deliverability within the proposed time scale and set budget and (b) their relative priority status with regard to the impact of the Covid pandemic.

In line with the Investment Strategy, we will continue to integrate the various funding streams available to the West of England, incorporating the Investment Fund, Transforming Cities Fund, Economic Development Fund, Local Growth Fund, Getting Building Fund, Business Rates Retention and other available grant funding in order to build a longer-term strategic approach to financial planning. We will maintain strong links into government, collaborate with our Combined Authority and Unitary Authority colleagues, and strive to maximise further investment and grant funding into the region.

WECA is built around the principle of operating as efficiently as possible, maximising opportunities for collaboration with partners, and securing external project funding wherever possible.

Through these principles, we will ensure we have the skills and resources we need to deliver now, and into the future.

Business Plan

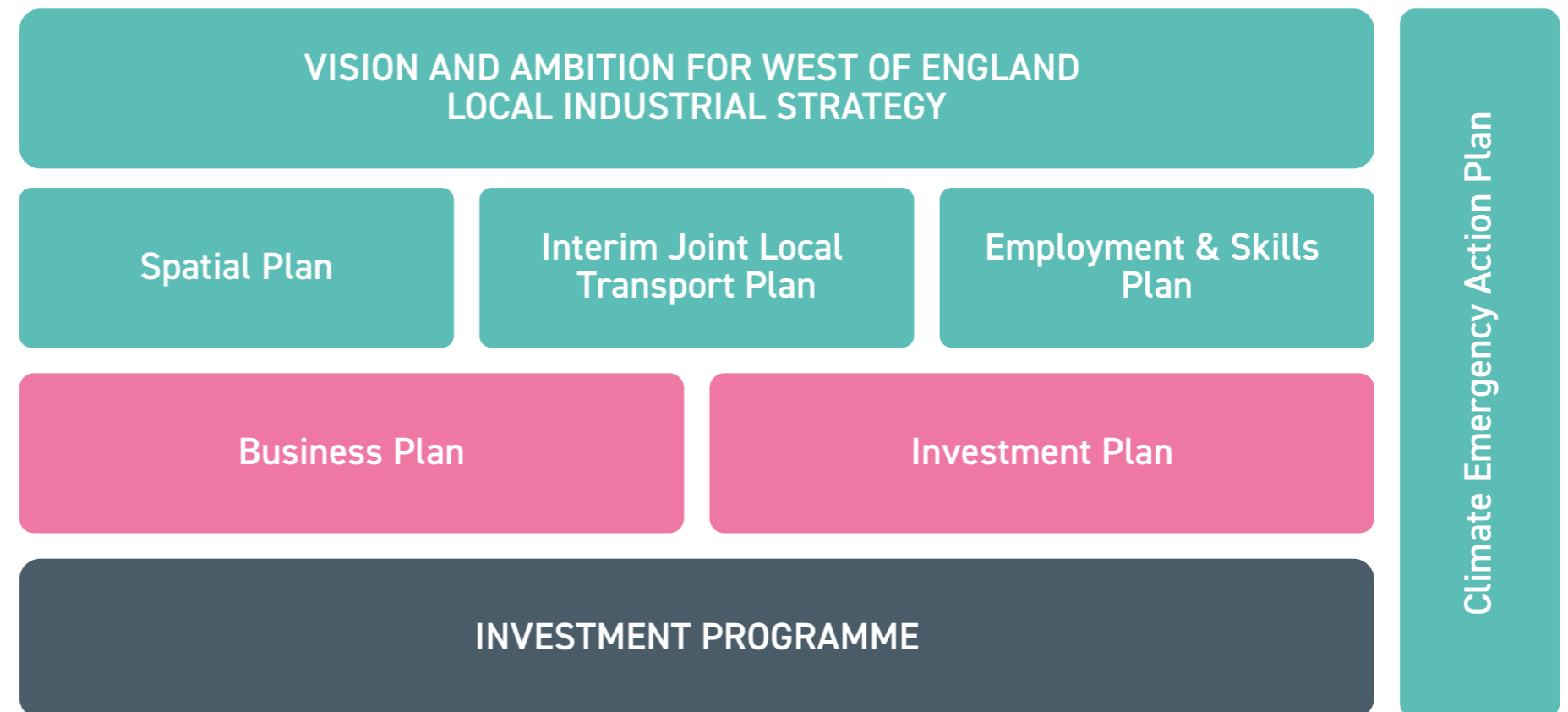
The business plan on the following pages sets out the key activities that WECA will deliver during the financial year from April 2021 to March 2022. It demonstrates how we will work to deliver the priorities identified in our LIS, Climate Emergency Action Plan and Regional Recovery plan to secure investment into transport, homes, business and skills. Delivery is guided by our strategic programmes focused on Spatial Development Strategy, Joint Local Transport Plan and Employment and Skills Plan.

The plan supports the delivery of a number of the United Nations Sustainable Development Goals

[UN SDGs], including: climate action; affordable and clean energy; good health and wellbeing; decent work and economic growth; industry, innovation and infrastructure; sustainable cities and communities; responsible consumption and production; life on land; and partnership for the goals.

This will ensure the West of England is at the forefront of growth and innovation, a region where economic, cultural and environmental diversity is celebrated and forms the foundations of prosperity for all.

The business plan is aligned with our 2021-22 budget, but also contains reference to activity that will continue in the coming years.



INFRASTRUCTURE

Our ambition is to enable residents to move seamlessly around the West of England region between work, home and leisure activities, and to provide high quality, affordable homes.

We are working towards that ambition in a way that addresses our commitment to achieving zero net carbon by 2030. The right

infrastructure is central to that commitment, both physical and digital. Infrastructure is also key to maximising productivity across the region, connecting rural and urban communities, and driving clean and inclusive growth.

Our activities are aligned with five objectives:



Better links to connect people and encourage use of sustainable transport



Improved national and international connections



Regional housing growth that promotes a mix of sustainable and affordable homes



Employment spaces that meet the needs of businesses and communities



World-leading digital connections to support innovation and collaboration

Working towards our Net Zero Carbon Emissions ambition – 2030

Strategic activities



Develop a 25 Year Strategic Outline Business Case, with Department for Transport, Network Rail and Great Western Railway, to significantly increase rail usage, as part of a comprehensive approach to public transport investment, including delivery of key schemes such as MetroWest.



Work with the Unitary Authorities to establish infrastructure led strategic masterplans for areas associated with our Key Route Network. Northern Fringe and South West Bristol being the first two programmes. This sits alongside the masterplanning work underway for Yate, Keynsham and Brislington/Hicks Gate.



Developing a Strategic Outline Business Case as the first stage of our regional Mass Transit programme.



Continue to work on the delivery of our Bus Strategy, including our infrastructure plan focused on key routes, and linkages with Park & Ride facilities.



Development of a Strategic Outline Business Case for the Bristol to Bath Strategic Corridor.



Promote active travel, utilising the Local Walking and Cycling Infrastructure Plan as an evidence base and establishing an investment strategy and implementation plan.



As the Transport Authority, WECA will work closely with its constituent councils to deliver core public transport functions and continue to build our regional team to lead policy development.



Continue work with Bath & North East Somerset Council and Bristol City Council on emerging Clean Air Zones.



Strategic activities



Work with partners in the South West as part of a shadow Sub National Transport Body, to build a strong regional evidence base to support future bids into Government.



Prepare a new evidence base to inform and support the preparation of the WECA Spatial Development Strategy (SDS), and Local Plans.



Prepare a statutory Spatial Development Strategy, a long term 20 year strategic plan, that will set out where homes, jobs and infrastructure (including green infrastructure), are needed to support clean, inclusive growth and recovery.

To support the SDS, prepare Infrastructure and Investment Delivery Plan (IIDP) and engage with partners including the Ministry of Housing, Communities & Local Government, Homes England, Department for Transport, Network Rail, Highways England, Natural England and the Environment Agency.



Continue to work with the Local Nature Partnership and other partners to implement our Joint Green Infrastructure Plan and Action Plan.



Apply our Placemaking Charter, setting out the quality standards expected in the region, which developers, architects and house builders will be encouraged to sign up to.



Continue to work with strategic partner organisations via the West of England Joint Assets Board and The West of England Housing Delivery Board to increase the identification of surplus land and accelerate delivery of new homes, including affordable homes.



Develop and implement our Housing Delivery Strategy as part of a joint working programme with Homes England, other government agencies and departments, the National Housing Federation and registered providers.



Strategic activities



Lead work related to One Public Estate and Modern Methods of Construction at regional level to develop innovative approaches to further increase and accelerate delivery of housing and mixed-use regeneration.



Through the preparation of the shared evidence base for the SDS, engage with development industry, businesses and communities as appropriate to help inform how we may identify and plan for new opportunities for employment sites. To include consideration of a range of needs including scale-up businesses.



Deliver our Future Transport Zones work, including options for a local Mobility as a Service pilot to design and test replicable transport innovations that can improve connectivity, enhancing regional productivity, widening access to employment and creating globally significant use cases to drive investment.



BUSINESS GROWTH

Our focus is on rebuilding a strong regional economy, to enable long-term recovery for the West of England, following the impact of Covid-19. We will help businesses build their financial resilience, innovate and adopt best practice, and boost their productivity.

In line with our Regional Recovery Plan, we will help our businesses to achieve their potential through recovery as well as attracting more businesses to start, grow and thrive in the region.

Our activities are aligned with four objectives:



Help businesses to start-up, grow and flourish, nurturing inclusivity and entrepreneurial spirit



Support businesses to invest in the region and realise export opportunities



Drive an innovative and collaborative economy



Protect and promote our region's culture

Working towards our Net Zero Carbon Emissions ambition – 2030

Strategic activities



Develop the Growth Hub core business support offer to enhance and improve accessibility and navigation of support resources on offer, including bespoke support packages focused on financial resilience and technology adoption.



Deliver a universal business support service which will allow a broad range of complementary products to be delivered at a local authority level, meeting a diverse range of business needs, branded and coordinated as Growth Hub.



Introduce an improving resource efficiency package designed to provide direct advice to SMEs to help them adapt processes to compensate for climate change and adopt good practice in carbon reduction.



Deliver a transformative productivity through people programme for SME leaders to support senior leaders through an intensive 12-month programme to transform working practices and productivity.



Deploy an expert Intellectual Property Office resource to provide information, advice and guidance to companies.



Work with Department for International Trade to develop an export support project closely aligned with the existing International Trade Advisor network to explore opportunities for bi-lateral activities across investment and trade.



Through a Mentoring for Growth project, mentors from leading firms will be matched with SME owners to improve performance by increased leadership practices.



Work with Be the Business to pilot a regional 'trail-blazer' approach to creating real firm level change using national assets and connectivity aligned to local priorities.



Build on the region's many successful sector networks, to create a suite of collaborative network peer to peer activities and content to share experience, good practice and stories of growth.



Strategic activities



Using our Workforce for the Future programme, help SMEs to meet their current and future skills needs more efficiently and effectively and help them play a much more active role in realising their workforce for the future.



Deliver a business to business talent retention platform to underpin a WECA led multi-agency approach to supporting businesses through economic shocks.



Set up and deliver an SME Business Resilience grant fund to support businesses transition, pivot and grow.



Provide direct information, advice and guidance to businesses as we transition from the European Union to a new regime for international trade and investment.



SME Business Advisory Board programme; partnering with Be the Business to provide SMEs with a non-executive Board to help with strategic planning and management, and building diversity and inclusivity.



Work with major public and third sector bodies across the West of England to widen opportunity for Food and Drink SMEs to engage in public procurement through a West of England Food Network.



Establish and roll out a quality assured regional good employer standard that will be adoptable at board level and used to recognise and promote good employment practice, including living wage within specific sectors, employee engagement, recruiting and nurturing diverse talent and considering climate adaptation and carbon impact.



Evaluate the need, opportunity and approach for a scale-up programme to increase access to relevant capital for growing firms that balances solving market failure with return on investment over the long term.



Identify, attract and support investments by companies in high value regional clusters which realise the triple dividend of commercial value for investors and economic and community value for the region and the UK.



Strategic activities



Deliver an inward investment business development framework that focusses on targeted lead generation that corresponds to the region's key innovation opportunities.



Work with DIT and multipliers to secure inward investment projects providing direct value-added services to investing businesses.



Engage in a programme of strategic account management providing aftercare to foreign direct investors and servicing indigenous foreign owned companies; and maintaining relationships with key strategic businesses.



Deliver an enhanced West of England Business Innovation Fund awarding grant funding to enable SMEs to undertake R&D activities, with wrap around support.



Establish a flexible and agile innovation focussed 'Influence Fund' to be allocated to strategic and mission-focused R&D projects which include WECA as a grant partner, enabling the region to lever significant additional grant funding and 'crowd in' the private sector addressing missions and challenges that require public leadership.



Offer 60 SMEs a package of support to identify, protect and better exploit their IP commercially.



Target a research and option analysis to understand and alleviate causes of low and sporadic angel investment in the region.



Aligned to Government's 'Made Smarter' initiative, accelerate the adoption of digital technologies through focused support for manufacturing SMEs through a package of intensive support measures, including digital transformation workshops, small grants to purchase equipment, leadership and management training, student placements and bespoke digital transformation advice to 80 SMEs.



Design the concept of the region as a Professional Services Innovation Zone, including establishment of a model for incubation and scale; a digital sandbox for professional services to test and trial products and services early on relevant data sets; and to confirm the region's potential for applied R&D leadership in LawTech quality assurance.



Strategic activities



Deliver a comprehensive regional analysis of feasible options and recommendations for additional life sciences lab space, identified as a key barrier to growth, in preparation for future funding opportunities.



In tandem with existing strategic work on Modern Methods of Construction technology and housing innovation, develop and deliver a proof of concept physical structure for a “Smart Home” in response to changing working practices accelerated by COVID-19 in collaboration with appropriate manufacturers.



Devise a process for creating ‘missions’ for challenge-led innovation and test on a real-life West of England challenge to prove that the concept of mission-orientation is a powerful tool for community and stakeholder engagement in the design and delivery of interventions that address complex systemic challenges in the region.



Enhance the region’s data analytical capability and intelligence to enable our businesses, residents and the public sector to design, target and evaluate impact of innovation measures.



Scope the design for the creation of one or two demonstrator digital hyperhubs aimed at residents enabling work, rest and play in the community, in super-connected multi-purpose spaces.



Harness the region’s powerful innovation assets to develop a Smart Alliance of local partners to support our ambitions for world class digital infrastructure, underpinning our vision for a smart region.



Build on lessons learned and relationships established through the High Streets Recovery Fund and the Love our High Streets project, work with communities to transform key high streets and support wider regeneration through pilot projects.



We will protect and promote our region’s culture, and explore wider opportunities to work with communities enabling regeneration through working with Arts Council England to deliver a regional cultural compact to take forwards the regional strategy work.



SKILLS

By 2036, the West of England will be internationally recognised for its sustainable, inclusive and diverse economy, providing a high quality of life, prosperity and opportunities for all its residents. Our people will be skilled, healthy and able to achieve their potential. Our businesses will play an active role in shaping employment and skills provision across the region and they will be

able to find the skills and talent they need to innovate, add greater value and thrive.

Our Employment and Skills Plan sets out how we will support residents to achieve their potential, and businesses to find the skills and talent they need to innovate, add greater value and thrive.

Our activities are aligned with five objectives:

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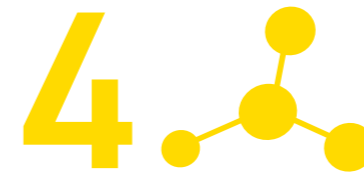
Integrate our employment, skills and education system to align with employers' needs



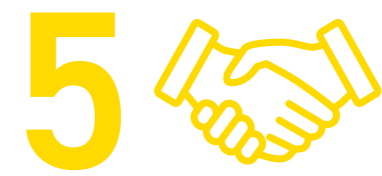
Enable all young people to achieve their potential



Address barriers to employment and progression



Empower people to progress in employment and access higher paid opportunities



Ensure employers can recruit and retain the skills and talent they need to thrive

Working towards our Net Zero Carbon Emissions ambition – 2030

Strategic activities



Build intelligence and evidence-based forecasting to enable commissioning, and co-ordination of provision working with a range of regional and national partners through the Skills Advisory Panel.



Establish a map of all the provision available in the region, leading to development of an 'all age skills portal' ensuring that information is available and easily navigated. Information to include provision of training, employment, upskilling or reskilling and for all age groups and personal circumstances.



Working with all our key stakeholders, align plans to ensure employment and skills opportunities are understood and that our infrastructure links people to opportunities.



Through the West of England Careers Hub, schools and colleges will be supported to improve the quality of careers education, information advice and guidance available to their students.



Build strong links between employers and schools through the Enterprise Adviser Network, Workforce for the Future and wider engagement with employer brokerage services.



Ensure schools and colleges have relevant labour market information to ensure careers programmes are aligned to meet the needs of employers and the region.



Work collaboratively and strategically with external partners to achieve a joined up regional approach to support all young people achieve their potential.



Deploy investment to establish a community grant scheme for projects targeting local need or specific hard to reach groups.



In light of the impact of Covid-19 on communities already hardest to reach and furthest from engaging with training or employment, we will review the community grant scheme allocation and ensure that this programme of support is deployed to benefit local residents by April 2021.



Use AEB funded community learning to engage residents and help them to understand wider learning and training opportunities.



Strategic activities



Align adult education provision (via AEB) to ensure that our providers deliver the skills and training needed for our residents to access work, move on in work, or to benefit from new or growing employer demands.



Complete review of post-16 education and skills delivery infrastructure to ensure it meets changing expectations and teaching/learning provision. This work is commissioned and will be reported in the quarterly business plan updates.



Continue delivering Future Bright to support residents to progress in work, find new, better paid work and to build their confidence.



Build and evaluate best practice from this programme, in order continue provision with Future Bright Plus.



Support key growth sectors and innovation 'ecosystem' i.e. through Global Centre of Innovation Excellence, Institute of Technology, Digital Skills.



Establish the Workforce for the Future programme to support our SMEs with their workforce planning. Providing advice, training, upskilling and support with apprenticeships to help our businesses thrive across the region, and adapt to the challenges created by Covid-19. Aligning this support to existing business focused activity via the Growth Hub.



Ensuring residents and businesses are well prepared for a changing labour market, including by ensuring join up of existing and new digital upskilling and training, particularly in the light of Covid-19, where all residents will need basic digital skills and access, and many will need higher level and specific skills to access employment opportunities in growth areas.



Further promote and support apprenticeships as a key employment tool by deploying funding to support the better utilisation of the apprenticeship levy in the region. This will be achieved by deploying support on the apprenticeship levy via the Workforce for the Future Programme.



Focusing on brokerage (people and businesses) to maximise uptake and linked to the Growth Hub.



CORPORATE SERVICES

Corporate Services concentrates on one objective:



Support the organisation to deliver the business plan

Working towards our Net Zero Carbon Emissions ambition – 2030

Strategic activities

Regularly challenge the WECA Investment Programme to ensure that limited funding is targeted at projects that are deliverable and best meet the priority needs of the region – particularly in relation to recognising the impact of the Covid pandemic.

Maximise external investment into the region through accessing government grant and third-party match funding. Continue to lobby for a sustainable medium to long term revenue funding settlement for WECA in collaboration with the M9 (Combined Authority) Group.

Administer the West of England Combined Authority and Joint Committee meetings, LEP Board, Audit Committee, Scrutiny Committee and Advisory Boards both in a physical and virtual environment.

Continue to enable an effective and efficient remote working culture and environment whilst promoting and supporting the well-being of staff.

Manage the workforce plan to ensure that WECA has the right resources and skills to deliver now and into the future, working in close partnership with our constituent authorities and other relevant partners.

Continue to develop and enhance ICT functionality to better meet the current and future needs of the organisation.

Manage the corporate risk framework to ensure that key risks are identified, mitigations agreed, and activity monitored. Continue to embed a risk management culture and ownership within the organisation.

Ensure proactive communications, marketing and engagement activity to support business plan objectives and celebrate success and progress across the region.

Building on the success of recent procurement collaborations, drive further efficiencies through joined up commissioning across the region to include exploring how social value procurement can maximise local employment and supply chain benefits.

Ensure measurement and reporting is in place to satisfy local and national requirements. Continue to develop, and improve, linkages between delivering outcomes to the region with financial allocations and specific project delivery.

LINKS TO RELATED DOCUMENTS



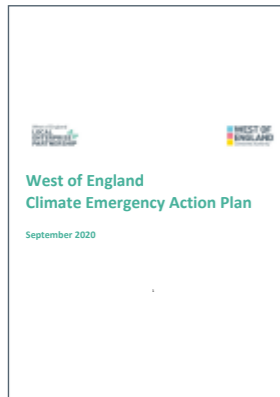
Recovery plan



LEP delivery plan

List of all projects in delivery

Regional indicators



Climate emergency action plan



Local industrial strategy

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Appendix 2: Corporate Risks Summary

ID	Category	Date entered	Risk Description	Risk Impact	Inherent Risk Score			Mitigation	Timeframe	Residual Risk Score			Risk Owner	Status	Date of last update
					L	I	Score			L	I	Score			
WECA-R015	Financial	19/07/2018	There is a risk that the way that Government funds Combined Authorities could impact on the future sustainability of WECA.	WECA capacity is currently resourced through short term funding streams - Mayoral Capacity Fund and Business Rates Retention pilot. Without confirmed funding WECA would not be able to retain high calibre staff, balance its budget or deliver against its priorities	4	5	20	Discussions ongoing with HMRC and Treasury both directly and with other Combined Authorities who are also impacted. A medium term financial plan is in place.	Ongoing	3	5	15	Director of Investment and Corporate Services	Open	17/11/20
WECA-R003	Financial	19/07/2018	There is a risk that Committee members may be unable to reach agreement on key proposals.	WECA would be unable to realise the opportunities and benefits of the activities set out in the business plan and this would impact onto the integrity of the assurance framework	4	5	20	Our Assurance Framework is agreed annually and sets out how funding decisions are made. Our Investment Programme is agreed. Strong partnership working arrangements are in place to ensure that proposals are developed to support and complement the priorities and objectives	Ongoing	2	4	8	Chief Executive	Open	17/11/2020
WECA-0010	Health & Safety	17/11/2020	There are ongoing risks to maintaining a safe working environment during the pandemic, both for staff coming into the office and those working from home for extended periods of time.	This could result in increased sickness absence, with associated delayed timescales and cost overruns	4	5	20	Ensure managed use of the office is available, where legal and safe to do so, for those staff who really need it and that government and public health guidelines are followed. Wellbeing strategy developed and promoted. Support available through Employee Assistance Programme. Mental Health First Aiders available.	Ongoing	3	5	15	SMT	Open	
WECA-R008	Delivery	15/08/2019	There is a risk that some of the mitigating activities required to address the Climate Change Emergency are outside of WECA's responsibilities and control.	We may not have all the levers to ensure a regional economy and infrastructure that is fit for a low carbon future and resilient to climate change.	4	4	16	Climate Emergency Action Plan Published October 2020 and approved by WECA committee. We already have allocated £250K to develop business cases to respond to the Climate Emergency and green recovery is a key principle of our recovery plan. There is a need to balance potential conflicts between climate emergency considerations and actions to support economic recovery and deliver extant projects.	Ongoing	3	4	12	Senior Management Team	Open	09/11/2020
WECA-R006	Delivery	19/11/2018	There is a risk that the unpredictable impact of Brexit on Business across the region could lead to uncertainty and lack of confidence.	Businesses may be reluctant to make decisions regarding investment in the region.	4	4	16	WECA has convened a working group and has engaged with LEP Board and Business West to identify early issues and discuss approaches. Advice and signposting is available via Growth Hub website.	Ongoing	3	3	9	Head of Strategy & Policy	Open	04/11/2019
WECA-R011	Reputational	17/11/2020	There is a risk that due to continued uncertainty over future restrictions, published regional recovery plans will need to change to reflect emerging and unexpected circumstances	Activities may need to be reviewed and refocused at short notice, leading to frustration from businesses and residents	4	4	16	Accept risk and monitor through Taskforce and LEP Board. Recovery campaign to help promote support available with clear messaging and signposting	Ongoing	3	3	9	SMT	Open	
WECA-R012	Delivery	17/11/2020	There is a risk that delivery of key infrastructure projects will be delayed by the covid-19 pandemic, due to delays to construction	This would result in delayed timescales and cost overruns	3	4	12	Initial work prioritisation carried out in April/May 20 to ensure resources available to support delivery of corporate priorities	Ongoing	3	4	12	Director of Infrastructure	Open	
WECA-R007	Legal & Governance	29/03/2019	There is a risk of fraud, bribery or corruption.	Financial loss, reputational damage.	3	4	12	Controls & prevention measures incorporated in key operational processes. Annual review of arrangements.	Ongoing	2	4	8	Director of Investment & Corporate Services	Open	04/03/2019
WECA-R013	Legal & Governance	17/11/2020	There are risks that delivery of the 2021 election for regional mayor will be disrupted due to the pandemic	Election could be delayed or disrupted	3	4	12	Work with the electoral commission to agree mitigations	Jan-May 2021	2	4	8	Director of Legal	Open	
WECA-R014	Legal & Governance	17/11/2020	There is a risk that some aspects of current WECA contracts may need to be reviewed in light of Brexit arrangements, which are not yet finalised.	They may be impacts to existing and future contracts that could lead to delays and cost overruns whilst these are resolved	3	4	12	Discussions with procurement and legal specialists are ongoing	By March 2021	3	4	12	Director of Investment & Corporate Services and Director of Legal	Open	
WECA-R009	Financial	15/08/2019	There is a risk that WECA may not have enough evidence to meet the requirements of the 5-year Government Gateway Review because schemes are at an early stage of delivery.	We would be unable to maximise investment into the region to deliver our priorities as set out in our Local Industrial Strategy	2	4	8	We have developed tangible metrics which are included in our Business Plan which set out anticipated progress to be made by 2023. We have an approved £350m programme allocated against strategic priorities up to 2023. Reports submitted in advance of final review in January 2021	Ongoing	3	4	12	Director of Investment & Corporate Services and Head of Performance, Planning & Projects	Open	17/11/2020

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29 January 2021

REPORT SUMMARY SHEET

WEST OF ENGLAND HOUSING DELIVERY STRATEGY

Purpose

This report is to seek approval of the draft West of England Housing Delivery Strategy – ‘A Strategy for Homes 2020-30’.

Summary

This report includes the following key information:

- Together, WECA and the West of England UAs are developing a long-term Housing Delivery Strategy which sets out our ambition, the role and remit of WECA in housing delivery and how we intend to deliver on this.
- Our ambition is to increase and accelerate delivery of new homes of all tenures, particularly Affordable Housing, to support priority locations where market failure either prevents housing coming forward quickly enough, or at all.
- By intervening at a strategic, regional level we intend to maximise the impact of aligning focus and resource, and by taking a strategic approach as a joined-up public sector we will deliver better outcomes for communities and better value for the public purse.
- The strategy sets out a route map for sites from land acquisition and/or assembly through to delivery and explains how the process will be streamlined and de-risked by taking a partnership approach to the process and by pulling in and coalescing the available funding.
- It is built around an initial funding package to 2023 of circa £40M from the WECA Investment Fund and a bid for £500K One Public Estate 8 funding (award in February 2021) and includes a suite of other interventions to be developed over time.

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- Increasing and accelerating provision of new homes will contribute positively to economic recovery by creating both direct and indirect jobs. Every £1 invested in construction of housing generates £2.84 in total economic activity.

- The proposals in the draft Delivery Strategy support the principles of clean and inclusive growth.
- Additional Affordable Homes delivered under the Strategy will provide high quality, affordable homes for people in housing need and will help towards alleviating homelessness.

Recommendations

The Joint Committee is asked to approve the draft West of England Housing Delivery Strategy.

Contact officer: Karen Ross

Position: Housing and Planning Team Manager, West of England Combined Authority

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REPORT TO: WEST OF ENGLAND JOINT COMMITTEE

DATE: 29 January 2021

REPORT TITLE: WEST OF ENGLAND HOUSING DELIVERY STRATEGY

DIRECTOR: DAVID CARTER, DIRECTOR OF INFRASTRUCTURE

AUTHOR: KAREN ROSS, PLANNING AND HOUSING TEAM LEADER

Purpose of Report

- 1 This report is to seek approval of the draft West of England Housing Delivery Strategy – ‘*A Strategy for Homes*’.
- 2 The draft strategy sets out our ambition to increase and accelerate housing delivery of all tenures and the interventions that can be made at strategic, regional level to maximise the impact of collaborative effort. It explains that by taking a strategic approach we will deliver better value for the public purse and better outcomes for communities.

Recommendation

- It is recommended that Joint Committee approves the draft West of England Housing Delivery Strategy.

Impact of Covid-19 pandemic

3. The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- Increasing and accelerating provision of new homes will contribute positively to economic recovery by creating both direct and indirect jobs. Every £1 invested in construction of housing generates £2.84 in total economic activity.
- The proposals in the draft Delivery Strategy support the principles of clean and inclusive growth.
- Additional Affordable Homes delivered under the Strategy will provide high quality, affordable homes for people in housing need and will help towards alleviating homelessness.

What is the Housing Delivery Strategy?

4. Together, WECA and the West of England UAs are developing a long-term strategy to support priority locations where market failure either prevents housing coming forward quickly enough, or at all.
5. The Housing Delivery Strategy sets out our ambition to increase and accelerate delivery of new homes of all tenures, particularly Affordable Housing, and that by intervening at a strategic, regional level we intend to maximise the impact of aligning focus and resource.
6. It explains that by taking a strategic approach as a joined-up public sector we will deliver better outcomes for communities and better value for the public purse.
7. The strategy sets out a route map for sites from land acquisition and/or assembly through to delivery and explains how the process will be streamlined and de-risked by taking a partnership approach to the process and by pulling in and coalescing the available funding.
8. It is built around a funding package to 2023 of circa £40M from the WECA Investment Fund and a bid for £500K One Public Estate 8 funding (award in February 2021) and includes a suite of other interventions to be developed over time.

What does the Delivery Strategy do?

9. The strategy sets out our ambition, the role and remit of WECA in housing delivery and how we intend to deliver on this.
10. It is not intended to pull together what each UA is doing individually, set out a delivery plan for each UA or to impose inappropriate governance. Sovereignty and decision-making remain with the individual partners involved in each project. *See governance framework in section 6 of the draft strategy.*
11. The ambition is to create a process to take forward sites that have been identified and/or assembled by the West of England Joint Assets Board (JAB) to the West of England Housing Delivery Board (HDB), which will establish if strategic intervention is required to unblock progress and the most appropriate source of capital funding and delivery mechanism for each site. The focus is on public sector land, however private sites that deliver priority objectives may also be considered (details to be agreed).
12. Key to success is a strong focus on a partnership approach and working collaboratively to ensure that resources and focus are aligned on agreed, shared priorities.
13. The JAB is a partnership of public sector landowners with a remit to take a strategic and collaborative approach to use of public land, including releasing land to meet local and regional objectives.

14. The HDB was set up to align intel and resources to deliver agreed shared objectives while maximising the value for the public purse. Its members include Homes England and Registered Provider partners with strategic partnerships funding to acquire land, as well as WECA and the four UAs.
15. The partners are well-placed to focus on agreed sub-regional priorities for funding and delivery to unlock sites and maximise the value for the public purse in terms of placemaking and other added value outcomes that are likely to be absent on private-sector led development.

Funding package to 2023

16. The funding package from the WECA Investment Fund in place to support delivery to 2023 is set out in the table below. These numbers exclude any changes arising from recommendations being considered as part of the Investment Fund report on this agenda.

Funding stream	£ approved	purpose
Land Acquisition Fund (LAF)	£24.2M	To acquire sites for housing delivery where there is market failure (fully repayable)
Development Infrastructure Fund (DIF)	£21M	To unlock stalled development sites by removing the uncertainty and risk of the cost of facilitating infrastructure where by doing so, there is more certainty that the regional benefits of housing and employment will accrue (expectation that this fund is part repayable)
Housing and Regeneration Enabling Fund	£2M minimum, with additional OPE8 funding sought in excess of £500K (subject to award). If OPE8 bid successful, WECA will match fund up to £500K to provide a fund of £3m+.	To help unlock priority places by facilitating and accelerating the feasibility and pre-planning process. It is likely that a proportion of OPE8 funding will be repayable direct to OPE (tbc).
Strategic masterplanning	£2M	Strategic masterplanning of priority locations

17. The Housing and Regeneration Enabling Fund is the catalyser for the model. It is available to facilitate sites through feasibility stage and to enable projects that will deliver significant benefits over time. WECA and the UAs (and potentially other partners such as RPs – to be agreed) will be able to draw on the funding for enabling work such as site referencing (legal issues such as rights of way, wayleaves etc), survey work and other activities to take the site to planning approval. It can be used to understand viability and infrastructure requirements and to identify the capital shortfall on a project, but not for capital costs per se.

18. The funding package gives the region autonomy and enables WECA and the UAs to decide locally where to focus resources, working together with stakeholders and delivery partners.
19. The use of public sector funding and finance is timely given that private sector appetite for investment risk has reduced due to the economic impact of covid-19 on the wider economy and there is uncertainty in the real estate market about long term values and uses.
20. North Somerset are part of the OPE Partnership but are not eligible for the Investment Fund. The only funding that North Somerset can access from the initial funding package is a share of any OPE8 grant award.

What are the outcomes we want to achieve from the strategy?

21. The Housing Delivery Strategy is focused on increasing and accelerating delivery – delivering quality, affordable homes across all tenures at pace.
22. The strategy does not have formal, fixed targets but has been constructed to support the draft Spatial Development Strategy and Local Plans and sets the expectation that the funding delivers acceleration and additionality. It is recognised that the DIF and the Enabling Fund are available for employment sites as well as housing, and this is reflected in the indicative numerical targets.
23. It is also recognised that the funding has potential to deliver additional benefits such as carbon reduction or additional Affordable Homes, and that there is a balance to strike at this stage between setting higher quality targets and retaining the flexibility to be responsive to opportunities. The intention is that as the strategy develops, the quality requirements will be firmed up and the bar will be raised.
24. Housing and regeneration priorities are expressed as themes in the strategy with the intention that specific locations will be assessed against the themes as an initial checklist, and that over time, specific sites will come forward into an agreed pipeline.
25. The strategy includes hooks for a toolkit of interventions that can be developed over time as and when the UA partners wish to explore their potential further, particularly if specific projects emerge where an approach can be trialled. It also pulls together related strands such as Innovation and Modern Methods of Construction) MMC).

Consultation details

26. The four UAs and the Housing Delivery Board partners including Homes England have been consulted extensively on the draft strategy and the criteria for the funding streams and their comments fully considered.

Risk Management/Assessment

27. The key risk is that funding will be allocated under the various funding streams does not result in increased or accelerated delivery. A robust process is being developed to mitigate against this risk.

Public Sector Equality Duties

28. The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:

Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.

Advance equality of opportunity between people who share a protected characteristic and those who do not.

Foster good relations between people who share a protected characteristic and those who do not.

29. The Act explains that having due regard for advancing equality involves:

Removing or minimizing disadvantages suffered by people due to their protected characteristics.

Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.

Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

30. The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

Climate change implications

31 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process. Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

32 The Housing Delivery Strategy will contribute towards the ambition to achieve zero-carbon status by 2030.

Finance Implications

33 The funding package from the WECA Investment Fund set out in the table above has been approved by WECA Committee on the basis that £500K match funding for the One Public Estate (round 8) is subject to the bid being successful.

(Finance advice given by: Malcolm Coe, Director of Investment and Corporate Services)

Legal Implications

34 Part 6 of the West of England Combined Authority Order 2017 provides WECA with the power to exercise functions relating to Housing and Regeneration.

(Legal advice given by Shahzia Daya, Director of Legal)

Human Resources Implications

35 There are no HR implications on the basis that the administration of the fund can be managed within existing resources.

(HR advice given by Alex Holly, Head of People and Assets)

Appendices:

Appendix 1 – draft Housing Delivery Strategy

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email: democratic.services@westofengland-ca.gov.uk

APPENDIX 1 - 'A Strategy for Homes' – the West of England Housing Delivery Strategy

2020-30

1. Foreword

We need more homes of all tenures in the West of England - good quality homes that people can afford, whether they are renting or buying - and we need them delivered at a much faster rate.

We are one of the UK's most prosperous regions with a strong economy worth over £38B per year. In common with other successful areas that attract people to live and work, there are significant housing affordability challenges.

The house price to income ratio across the West of England is 9:1 making home ownership out of reach of many, and the need for rented Affordable Housing is acute.

In 2018, the Government introduced a standard methodology for calculating the housing need in an area and published an updated version in December 2020. Using this methodology, the need for new homes in the West of England area is 6621 per year. This compares with 4,899 delivered in 2019/20. Whatever the housing requirement eventually becomes (this will follow due process through the SDS and local plans), clearly a different approach is needed to increase delivery overall.

A Local Housing Needs Assessment based on current and future demographic trends is underway to set out the size, type and tenure of the homes we need (due to be published in spring 2021).

According to the 2018 needs assessment,¹ over 30,000 Affordable Homes are required to meet need across the West of England to 2036, mostly Social Rent. Affordability has worsened since then and the expectation is that need will be higher now. Aspirational home ownership, which is included in the NPPF 2019 definition of Affordable Housing, will increase the overall Affordable need significantly and will impact on the delivery of social and affordable rented homes for people who can't afford to rent in the private market and for whom house prices are totally out of reach.

It is clear that the targets to meet across all tenures will be demanding, exacerbated by the economic impact of the pandemic. If on top of the need to ramp up delivery, we are to respond successfully to new and different challenges such as high street renewal, the trend to move away from the traditional use of city centres and carbon reduction targets, we will need to re-think our overall approach to delivery and placemaking.

Our Housing Delivery Strategy sets out our ambition to deliver pace, quality and more affordable homes across all tenures and that by taking a strategic approach to longer-term interventions as a joined-up public sector, we will deliver better outcomes for communities and better value for the public purse.

¹Strategic Housing Market Assessments for Wider Bristol and B&NES 2018

The strategy is the start of a process to achieve that tangible step-change.

2. **Ambition**

The West of England needs to grow to meet the needs of our existing and new communities and to ensure that the region remains a thriving, successful and innovative place where people aspire to live. Housing delivery is a key part of the effective and resilient infrastructure that is needed to support sustainable economic growth.

People need homes that meet their needs, that they can afford, and that are in places with the supporting facilities, environmental infrastructure and connectivity to opportunities including employment, that make them great sustainable places to live for the long-term. In common with many economically vibrant regions, we need to provide more affordable homes of all tenures more quickly to meet the growing demand, particularly social rented homes.

The West of England Combined Authority and its constituent authorities², working alongside North Somerset Council, have a shared priority and expectation that in driving housing delivery, we create sustainable, well-designed, attractive and healthy places that deliver economic benefits and community resilience, support clean, inclusive recovery and growth and respond to the climate and biodiversity emergencies.

Together the authorities are developing a long-term delivery strategy, including a package of funding initially to 2023 to support priority sites where market failure either prevents the housing coming forward quickly enough, or at all. We have established a system of governance that pulls together the relevant public sector partners to enable an efficient, streamlined and coherent route map to increase the pace of delivery of quality homes that are affordable across all tenures.

This Housing Delivery Strategy sets out our housing and regeneration priorities across the region, and how we will intervene at a strategic level to unlock land for development, tackle market failure, increase and accelerate delivery, and take a partnership approach to pull in and coalesce the available funding.

We will complement and build on the specific levers used and investment put in by each local authority individually and other partners such as Homes England, to maximise the impact of working collaboratively, to add value and make a much greater impact.

The key aims of the Strategy are to intervene to deliver pace, quality and affordable homes across all tenures, and to achieve better outcomes than are usually delivered in the market. It does not seek to coordinate what each authority is doing individually or set out a delivery plan for each UA – instead it focuses on the added value from taking a strategic approach.

It sets out:

- how we work collaboratively with funding and delivery partners to focus and align resources and effort

² Bath and North East Somerset, Bristol City, South Gloucestershire

- our regional priorities for investment
- the tools and funding mechanisms available across the stages of development
- how we intend to embrace innovation in construction and delivery and become a Centre of Excellence in Housing Innovation
- a coherent and compelling case to Government and its agencies that the West of England is a priority place with a high level of ambition that attracts investment, backed up with a plan that will deliver

Our Housing Delivery Strategy shows how taking a strategic approach to longer-term interventions as a joined-up public sector will deliver better value for the public purse and better outcomes for communities.

3. WECA's role and remit on housing delivery

Under the Devolution Agreement 2016, WECA has planning powers to prepare a Spatial Development Strategy (SDS) which will set the strategic planning framework for the planned growth in the WECA area over the next 20 years, and which is being developed alongside the North Somerset draft Local Plan.

WECA has a specific role and remit to drive growth by co-investing in new homes, accelerating the unlocking of barriers, planning and prioritising investment in infrastructure and establishing a strong partnership to support key large housing sites.

To deliver on this, WECA is able to:

- assemble land, including by Compulsory Purchase Order
 - *we have established a **West of England Joint Assets Board (JAB)** that pulls together public sector landowners including the NHS, blue light authorities and the Cabinet Office as well as all four UA partners. The primary output from the JAB is a pipeline of public sector land that can be released for development and carries the potential to meet other objectives for public benefit such as increased % of Affordable Housing or higher placemaking standards. The JAB will have oversight of a Regeneration and Housing Enabling Fund to take land forward through feasibility and pre-planning stages.*
- form Joint Ventures with landowners, developers and Registered Providers
 - *we have set up a **West of England Housing Delivery Board (HDB)** with Homes England and strategic Registered Provider (RP) partners as well as WECA and the four UAs. The HDB will align intel and resources to deliver agreed shared objectives while maximising the value for the public purse. The partners are well-placed to focus on agreed sub-regional priorities for funding and delivery to unlock sites and maximise value in terms of placemaking and other added value outcomes that are less likely to be achieved on private-sector led development.*

- create Mayoral Development Corporations (with agreement of the relevant UA(s))
 - *this is a potential future option*
- allocate resource from the WECA Investment Fund targeted at sites that need help, i.e. there is either a viability gap or the market cannot deliver at a satisfactory pace
 - *a comprehensive funding package is in place totalling around £40M to be used alongside other public subsidy to support regional priorities up to 2023– see details below.*

WECA and the UAs have created a partnership and a process that enables us to take forward public sector sites identified and/or assembled by the West of England Joint Assets Board (JAB) to the West of England Housing Delivery Board (HDB), which will establish the most appropriate source of capital funding and delivery mechanism for each site. The process is built around public sector land and private sector sites may also be eligible if there is a compelling business case.

The approach provides local autonomy – we decide locally where to focus resources, working together with stakeholders and delivery partners to deliver on a strategic regional strategy.

In high-level terms this is summarised as:

	Joint Assets Board	Housing and Regeneration Enabling Fund	Housing Delivery Board
main aim	assemble public land for development to meet local and regional objectives	to help unlock priority places for growth and regeneration by facilitating and accelerating the feasibility and pre-planning process	accelerate delivery and achieve best outcomes for the public purse by focusing and aligning funding and resources
what is it?	partnership of public sector organisations that own land, and the Cabinet Office	Funding opportunity to provide specific outputs	partnership of WECA, UAs, Homes England and delivery organisations
what does it do?	takes a strategic and collaborative approach to use of public land and seeks to draw in One Public Estate Funding (OPE)	Facilitates sites at feasibility stage and enables projects that will deliver significant benefits over time	agrees funding route(s) and delivery partner(s) and investment in strategic infrastructure where intervention required to unblock

4. The investment package to 2023 for WECA constituent authorities

To support the housing delivery process, WECA and the authorities have put together a suite of financial options that UAs can draw on to acquire land, carry out enabling and facilitating activities to take sites through to start on site stage, and/or plug a viability gap to achieve or accelerate delivery.

The funding is designed to be pulled in where other forms of public subsidy are either not appropriate, exhausted or already part of a comprehensive funding package.

The initial package of funding in place for take up by 2023 is predominantly from the WECA Investment Fund and therefore only the WECA constituent authorities are eligible, with North Somerset able to make use of any funding granted under One Public Estate 8 (see details below).

The UAs can call on the funding at three key stages (land acquisition, enabling and scheme development stage and to enable a physical start on site) subject to meeting gateway and detailed criteria based on:

- the likelihood of delivery with the intervention
- value for money and capacity for grant repayment
- strategic fit and added value.

Detailed proposals for capital funding are subject to a proportionate Full Business Case, and revenue funding to a Feasibility and Development Funding Application.

A prerequisite of the capital funding pots is the presumption that a significant proportion will be repaid to enable each Fund to revolve and be re-used on future schemes.

There is a separate £2M Fund for masterplanning which is primarily for strategic locations for growth and regeneration.

Land Acquisition Fund (LAF)

This fund was established to enable WECA and the constituent authorities to purchase sites directly to unlock and accelerate the delivery of infrastructure and housing. The funding is available where there is clear market failure and not for speculative land buying.

The principle of the fund is that it should recycle as a revolving acquisition fund to enable the funding to be reinvested over time to unlock more land on priority sites, as well as increase and accelerate delivery.

£24.2M has been allocated to the Fund from the WECA Investment Fund. The first use of the LAF provided £8.3M funding to acquire land at Bath Riverside and enable the delivery of more than 280 new homes, leaving **£15.9M available**.

criteria for the LAF attached at Appendix 1

Housing and Regeneration Enabling Fund

The catalyser for the delivery model is the opportunity to establish a Regeneration and Housing Enabling Fund that will provide revenue funding to take sites through the feasibility and pre-planning stage through to start on site. WECA, the UAs and potentially other partners such as RPs will be able to draw on the funding for enabling work such as site referencing (e.g. rights of way, wayleaves etc), survey work and other activities to take the site to planning approval. It can be used to understand viability and infrastructure requirements and to identify the capital shortfall on a project, but not for capital costs per se, and will be payable based on outputs. It can be used to establish Joint Delivery Teams where a suitable case can be made, and where specified outputs can be achieved. The first of these is the Temple Quarter Delivery Team

The Fund can also be used to progress other projects such as Housing Innovation in Delivery which is exploring how to facilitate a 'regional ecosystem' that can support the development of MMC/OSM, whilst looking strategically at how land supply can be aggregated to support and enable that ecosystem.

WECA has bid for One Public Estate 8 (OPE8) funding of circa £500K to establish the Fund based on match funding from the WECA Investment Fund alongside a further £2M providing a total initial pot of up to £3M. The OPE8 funding award is expected to be made in Feb 2021. The OPE8 funding would be used to bring the first sites through the feasibility stage (including in North Somerset) and would be targeted at public sector land, however private sites that deliver priority objectives may also be considered.

criteria for the Enabling Fund attached at appendix 2

Development Infrastructure Fund (DIF)

£21M capital funding has been approved to create the Development Investment Fund to fund proposals that can be invested in by March 2023.

The purpose of the DIF is to help unlock tricky development sites by removing the uncertainty and risk of the cost of facilitating infrastructure by providing cashflow upfront with projects expecting to repay, (at least a proportion of costs), to the Investment Fund over time.

The broad outputs of the DIF are to accelerate delivery of regional housing and employment sites that the market will not deliver, or will not deliver at a satisfactory pace, and where by doing so we inject more certainty that the regional benefits of housing and employment will be realised, particularly where there is connectivity.

The basic principle is that up to £15K of grant is available per unit as gap funding and additional funding is available on top or separately on a repayable basis, with the total DIF contribution normally capped at £10M.

Full planning policy compliance will normally be expected, including Affordable Housing, and the proposal must be capable of delivering additionality that would not otherwise be delivered by the market against other strategic objectives, e.g. carbon reduction, improved sustainability, innovation in design and construction. Initially flexibility will be applied, however it is an expectation that the requirements for additionality via delivery of wider qualitative and quantitative benefits will be firmed up as the strategy evolves.

criteria for the DIF attached at Appendix 3

5. Forging effective partnerships - collaborative working to align input, outputs and outcomes

Key to success is collaborating and combining with the right organisations to focus our energy and resources on agreed, shared priorities to make the new homes happen. Partners, including RPs and the private sector, will be established on a project-specific basis under the over-arching principle that working collaboratively is efficient, effective and gets a better outcome and will be subject to review ongoing.

Homes England

Homes England is the Government's 'housing accelerator', and in its Strategic Plan 2018-23, commits that where places have ambition, potential for growth and a clear plan, Homes England will combine its tools to partner with them and support delivery:

'we want to understand places' ambitions and explore how collaboration and innovative delivery could unlock these'.

[Homes England Strategic Plan.](#)

The Homes England Plan specifically identifies that collaborating with local areas to identify and overcome barriers to growth, such as infrastructure and planning, is a key priority, and working and aligning the delivery of housing with major transport infrastructure projects. As referenced above, we are already working together on a joint delivery approach for Temple Quarter in Bristol.

The Homes England 'place' priorities are to:

- be led by intelligence
- support local ambitions and priorities
- encourage more local-government-led delivery of affordable housing
- understand and address gaps in delivery
- support communities and local economic recovery
- deliver the right homes in the right places.

Strategic Partnership

A key aim of the West of England Housing Delivery Strategy is to work with Homes England to cement our already close and strong relationship into a formal strategic partnership with a strategic support package focused on agreed priority locations and driving delivery.

Our objectives are an excellent fit and we are agreed on the benefit of identifying regional priorities to concentrate our resources on, with proactive agreement on delivery partners.

This is intended to result in agreeing a shared pipeline of development opportunities, collaborating on approaches to accelerated production (e.g. MMC) and aligning funding, capacity and skills.

As part of forging a stronger and closer working partnership, we anticipate a joined-up approach with Homes England to maximise delivery of Affordable Housing by targeting Affordable Housing grant funding towards those sites that are not able to meet planning policy requirements due to viability, as well as identifying sites for 100% Affordable Housing, and that this will be facilitated under the Spatial Development Strategy and local plan policy framework.

Funding

Homes England has various funding programmes available for housing delivery including land assembly, housing infrastructure, loans for SME developers and Affordable Housing programmes, and strategic partnership arrangements are in place with key RPs.

Significant funding is available for Affordable Housing under both the remainder of the current programme which has been extended to 2022 for existing allocations and a new programme of £7.39 billion to deliver up to 130,000 affordable homes outside London by March 2026.

As well as supporting general needs housing this funding can support community-led housing, Move On accommodation, supported housing, rural housing, traveller pitches and the Armed Forces covenant and these make a valuable contribution in increasing the diversity of homes provided to meet specific housing needs.

There are specialised funding pots available to meet specific needs such as community-led housing, ex-rough sleepers, supported housing, rural housing and traveller pitches and these make a valuable contribution in increasing the range of homes provided.

Homes England expects a significant number of homes delivered under these programmes to be via MMC technologies that promote improvements in productivity and quality. This includes a 25% MMC requirement for all Strategic Partners and a 10% MMC requirement for the rest of the programme funded through Continuous Market Engagement (CME).

One Public Estate (OPE) is a partnership between the Office of Government Property, the Local Government Association and MHCLG to support collaboration across the public sector to deliver local growth (jobs and homes), integrated customer-focused services and efficiencies (capital receipts and running costs).

The West of England has successfully secured funding from various OPE bids rounds including funding used to establish the Joint Assets Board (JAB). The JAB continues to lead on coordinating OPE submissions including the bid for the current round of funding (OPE8). The JAB's co-ordination role covers the reporting of OPE expenditure against sums awarded, working collaboratively with UA and other public sector partner grant recipients.

Under OPE8, £10 million of revenue funding is available nationally (£2M on a recyclable basis) to fund early-stage project development, such as business case development, feasibility and masterplanning, site assessment studies and project management.

OPE8 is an ideal opportunity to take a strategic, regional approach and to make a more explicit link between OPE8 and housing delivery that aligns with Homes England, and which can be developed further under this Housing Delivery Strategy. WECA on behalf of the West of England Partnership has included £500K to establish the Regeneration and Housing Enabling Fund in a wider bid to OPE8 (total bid £1.71M) to be used to bring sites forward for delivery over the next 5-10 years, based on match funding from the WECA Investment Fund.

North Somerset are part of the OPE Partnership, but clearly not part of the Investment Fund. We will need to work through appropriate access to the fund for North Somerset.

Registered Providers

We have longstanding close and fruitful partnership arrangements in place with RPs in the West of England. The **HomesWest** partnership of 18 major developing RPs has been in place in various incarnations for around 15 years. Partners work at the West of England level to support increased delivery, engage in regional debate, support housing and planning policy development and develop best practice. Partners will also work at a unitary authority level, to meet local affordable housing priorities.

Affordable Housing programmes are increasingly being devolved to RP partners under **Homes England Strategic Partnership** arrangements. These are intended to enable RPs to embark on or expand land-led programmes to increase and accelerate delivery generally. There are five Strategic Partnerships that cover the West of England, offering the opportunity for these RPs to be part of the focused and aligned approach being developed under the Housing Delivery Board, and offering the UAs and WECA access to the RPs' intel and specialist commercial expertise alongside these significant funding allocations.

In the West of England, **LiveWest, Sovereign, Curo and Bromford** have strategic partnerships in place and between them have committed in principle to invest circa £315M in the WofE and to establish a long-term relationship as investment partners.

The basis of this is to use the Homes England funding to deliver 2,100 Affordable Homes by 2024, and to position themselves to take advantage of longer-term opportunities including ability to capture land value for reinvestment for wider public benefit.

The Unitary Authorities – in-house development and local housing companies

Bristol City Council has set up a multidisciplinary team to facilitate increased delivery of homes by RPs and developers, and also delivery of homes on Council owned Land.

The proposal brings together all the different disciplines currently working on housing, plus other specialists, to create a single, multi-disciplinary delivery team ('Housing Delivery Team'). They work across the Council and with partners to deliver the housing delivery programme. The team leads the way in making the council's approach more dynamic and pro-active; bringing together existing and new functions.

Goram Homes was set up by Bristol City Council in 2018 to build quality, affordable homes where they are needed the most. Goram Homes works in partnership with the private sector and Bristol City Council to build homes that create communities and that are economically, environmentally and socially sustainable.

Partners are chosen who prioritise making a positive impact on our city. Goram's partners share their values and ambition to improve the areas we work in and help our communities thrive.

South Gloucestershire Council has reviewed its land and assets for opportunities to deliver outcomes and benefits that align with the West of England Housing Delivery Strategy, the Council Plan and those identified by the communities the land is situated in.

These sites will form a pipeline to be delivered through a Joint Venture with a third party or third parties that have values that align with the Council's, and in partnership with local ward and parish councils and their communities.

South Gloucestershire Council will work with WECA to unlock land, resolve viability issues should they arise and accelerate delivery in order to deliver outputs and benefits such as:

- Improvements to the whole area,
- Protection and control of its land for the benefit of the wider area,
- Improvements to green infrastructure and biodiversity net gain,
- Carbon neutral place shaping that will achieve targets and objectives in line with the council's climate emergency action plan,
- Any local housing and employment needs, including additional affordable housing, and
- Post Covid-19 living and working environment requirements

B&NES has established a local housing company – Aequus Developments Ltd (ADL).

ADL develops on land or property largely within the Council's ownership which consists either of new-build schemes or redevelopment opportunities. This approach has already delivered over 100 homes, including a multi-award winning development in Keynsham. ADL develops to a Council Brief which has enabled the Council to shape development and deliver

significant additional housing, which better meets local need and is constructed to a high standard of energy efficiency. ADL also brings the option to partner with other Local Authorities on a Joint Venture basis.

Bristol Housing Festival – establishing a Regional Centre of Excellence in Housing Innovation

WECA and the Bristol Housing Festival (BHF) are leading a regional discussion with public and private sector partners together with industry leaders to explore a regional centre of excellence in housing innovation. The ambition is to enable the South West to become the UK's leading region in the technology and deployment of zero carbon, quality and affordable homes delivered at pace. There is a compelling case to make, building on local needs, economics, opportunities and existing momentum.

The challenge is to facilitate a 'regional ecosystem' to support the development of MMC/OSM, whilst looking strategically at how land supply can be aggregated to enable it, and how to anticipate and meet the infrastructure needs. Attracting inward investment, jobs, local manufacturing/development of the MMC supply chain and providing more affordable homes is the ultimate goal, while seeking innovative solutions for land tenure and supporting the climate and clean air agendas.

As a result of an initial meeting we have set up two specific streams:

1. **Policy, Commissioning, Land Aggregation and Tenure** - to develop thinking about digital optioneering, commissioning and policy to create a regional context focussed on delivering zero carbon, quality and affordable homes at pace.
2. **Supply Chain, Collaboration, Skills and Industrial Strategy - Developing the Ecosystems for Regional Centre of Excellence** – to develop the ask and offer to the public sector about how the region can support the maturing and collaboration of the supply chain and co-design a regional industrial strategy to support skills, drive efficiency through collaboration in the MMC sector and creating a learning platform for other regions to step off.

Alignment with North Somerset

North Somerset is outside the Combined Authority, however plays a key role in the regional jigsaw. It is integral to the WofE housing market with key transport routes and hubs including the airport and is part of the Local Enterprise Partnership (LEP).

North Somerset works closely with WECA and the constituent authorities in addressing wider regional objectives and is represented on the JAB and HDB. There is a long history of close and successful partnership working, and North Somerset has benefitted from WofE funding streams such as Revolving Infrastructure Fund, Local Growth Fund.

Wherever we can work together collaboratively we aim to do so. This includes close alignment between the WECA SDS and the draft North Somerset Local Plan, currently being developed alongside each other, and sharing much of the evidence base.

Many aspects of this Housing Delivery Strategy cover North Somerset, and although North Somerset is not eligible for the initial LAF or DIF funding package, the strategy process can be applied against future funding streams that do include all four UAs as appropriate.

North Somerset will be able to access the OPE8-funded element of the Housing and Regeneration Enabling Fund.

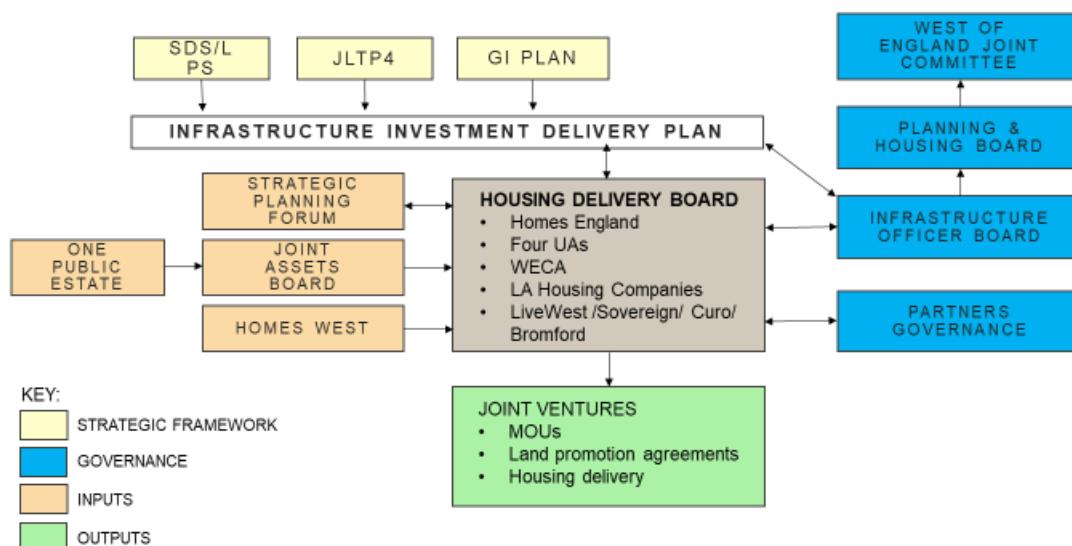
6. Governance of the programme and partner commitments - when and where are key decisions made?

The process is one of intel, alignment and endorsement, and preserves each organisation’s specific governance. It works on the basis of info-sharing, trust and cooperation in the pursuit of the shared goal of maximising delivery and optimising the outcomes for the public purse.

The approach requires all parties to bring opportunities and intel to the table so that joint agreement can be reached on what can be achieved, the package of funding required and the best-placed delivery partners. This takes place at the JAB (for land assembly and use of the Housing and Regeneration Enabling Fund) and the HDB (for capital funding and delivery partners).

Proposals are then taken back to the individual organisations’ Boards or Members for approval under the appropriate governance routes.

The governance map and strategic framework is shown in high-level terms in the table below:



7. What do we want to achieve?

The Housing Delivery Strategy is focused on delivering outcomes – increased pace, quality homes and affordable homes across all tenures, and includes some metrics of ambition.

WECA is preparing a Spatial Development Strategy (SDS) for Examination in 2022. The SDS will include a deliverable housing requirement for the WECA area following review of opportunities and constraints – a target for the number of homes to be delivered over a 20-year period. This will include a sub-target for Affordable Homes.

This Housing Delivery Strategy has been constructed to accelerate delivery to support the SDS housing requirement and sets the expectation that the funding delivers acceleration and additionality.

Over the period of the Strategy the outputs we are seeking are:

- Pace - achieving a rate of acceleration across the programme that on average enables schemes to start on site 2 years faster than projected
- Affordability:
 - achieving Affordable Housing policy compliance as a minimum across the programme
 - exploring if there is an opportunity to increase the AH % to up to 50% on all suitable sites
 - ensuring that the homes developed are in a range of types and sizes so that market housing is more affordable and within more people's reach
- Quality
 - Initially proposals for WECA Investment funding must demonstrate that they deliver at least one additional key benefit, for example carbon reduction or additional Affordable Housing, or is a flagship for new technologies (e.g. MMC/OSM). This is to allow flexibility while the process is established and to reflect that the economy needs to recover once we are out of the pandemic.
 - Over time the intention is to raise the quality bar to maximise and optimise investment opportunities and embed more quality outcomes, including:
 - Zero carbon
 - Additional affordable housing
 - Additional adaptable or accessible housing
 - Improved Private Rented Sector housing
 - Improved sustainability/enhanced quality
 - Flagship site for new technologies (MMC or other)
 - site is suitable for community-led housing and/or low cost/high quality self-build development.
 - Outstanding design
 - Brings vacant property into use
 - Economic/job impact
 - Innovation or pilot - incl MMC
 - Enhanced green infrastructure

- social value i.e. access to opportunity
 - Other benefits such health, education, inequality, addressing deprivation
- Using the funding currently available, and on the working assumption that a proportion of the funding is taken up on employment sites, the indicative housing targets are:
 - Housing and Regen Enabling Fund (assuming a pot of £2M):
 - To progress 16 sites
 - At least one longer-term project
 - DIF (£21M):
 - Accelerating delivery of 1,200 homes

8. Geographical areas of focus

An aim of this strategy is to establish a list of locations that are agreed priorities for investment so that we can demonstrate that there is a deliverable pipeline sitting behind funding asks.

As a first step, we have identified priority themes that will be used as a checklist against which to assess sites as proposals come forward.

The two overriding themes are growth & placemaking and regeneration, and proposals need to fit within one of these two key categories.

When considering priorities, we will take into account the following:

- Deliverability - sites that can progress quickly with fast intervention
- Strategic longer-term priorities emerging in the SDS and Local Plans including locations prioritised for masterplanning under the separate masterplanning Fund available to assist in identifying potential opportunity and capacity as another route to housing delivery.
- Regeneration priorities – link with post-covid recovery, high streets
- Specific UA priorities
- primary, secondary, specific opportunities eg secondary shopping centres
- public land ownership

9. Expanding the toolkit

Over time, we will build on the foundations set out in this strategy to establish a comprehensive suite of interventions to drive and accelerate delivery and add value.

Under the Devolution Order 2016 the WECA Mayor already has CPO powers and can create Mayoral Development Corporations (both with consent from constituent authority).

The following is a list of potential options that can be explored:

- a. Cashflowing of land receipts to UAs

- b. Shared risk and reward approach – profit sharing pro rata to equity shareholding
- c. Potential model under which public land is sold at red book value subject to planning on a shared uplift basis
- d. Optioned sites – step-in model
- e. Underwriting risk e.g. to support delivery of MMC/OSM
- f. Underwriting of unit sales to incentivise build out
- g. investment in strategic infrastructure where intervention is required to unblock development
- h. Improving viability and delivering policy compliance
- i. Additional AH above policy requirement
- j. Funding of higher standards and/or improved affordability

10. implementation and delivery

The Housing Delivery Strategy is a blueprint for increasing and accelerating provision of new homes over the next ten years.

A programme of priority locations and sites will be worked up to be taken forward under the Strategy and will sit beneath it as part of the Implementation Plan.

The immediate focus will be on agreeing priority themes and locations and identifying and prioritising sites and other proposals for investment using the £40M funding package from the WECA Investment Fund (and OPE8 if approved).

Proposals will be taken to the Joint Assets Board (if they involve public sector land and/or strategic land acquisition) and the Housing Delivery Board for agreement on the delivery mechanism and delivery partners.

Approval will be via the appropriate governance route for each participating organisation.

The Implementation Plan will be developed in 2021 in collaboration with our partners including Homes England.

11. Appendices

1. Land Acquisition Fund criteria

2. Housing and Regeneration Enabling Fund criteria (draft)

3. Development Infrastructure Fund criteria

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APPENDIX 1 - Land Acquisition Fund (LAF) Assessment Criteria

General

The Land Acquisition Fund was established in 2018 to enable WECA and the constituent authorities to purchase sites directly to unlock and accelerate the delivery of infrastructure and housing. The funding is available where there is clear market failure and not for speculative land buying.

The principle of the fund is that it should recycle as a revolving acquisition fund to enable the funding to be reinvested over time to unlock more land on priority sites, as well as increase and accelerate delivery.

£24.2M has been allocated to the Fund from the WECA Investment Fund. The first use of the LAF provided £8.3M funding to acquire land at Bath Riverside and enable the delivery of more than 280 new homes, leaving £15.9M available.

Proposals will be assessed on the basis of:

- The likelihood of delivery with the intervention
- Value for money and capacity for grant repayment
- Strategic fit and added value.

Initial gateway stage

Each scheme must pass 100% of the gateway criteria before it can be considered for funding via a more detailed assessment.

A proportionate full business case (FBC) will be required as part of the detailed assessment stage.

first stage entry criteria - must score Y in all categories to pass initial gateway	explanation
improved likelihood of delivery with public sector intervention	The UA must provide a narrative setting out the case for the funding intervention, i.e. explaining what the market failure is and why the site cannot proceed without the LAF funding. Other forms of public subsidy must be exhausted.
State Aid	There must be specific sign-off that the proposal is state-aid compliant by the Head of Legal of the applicant UA and WECA
Scheme cost cap <£10M total development cost	WECA contribution would normally be capped to £10M. Any higher bids must be genuinely exceptional and must address strategic, regional priorities.
current use valuation and valuer's assessment of potential future value with planning consent for housing	A 2-stage process with outline valuation acceptable at OBC stage subject to confirmation at FBC stage
opportunity to replenish the LAF	The UA to set out the proposed mechanism for replenishment and any proposal for sharing of risk and reward. The funding is fully repayable.
Strategic Fit: SDS, LIS, Investment Strategy, OPE or other strategic programmes, economic recovery	Self-explanatory. UA to provide written submission for WECA sign-off. Aligned with a priority location in the WECA Housing Delivery Strategy (HDS)
Min threshold 50 units	With option to accept a lower number in exceptional circumstances

Detailed assessment stage

Once through the gateway stage, the proposal is subject to detailed scoring and weighting.

detailed scoring	Qualitative score 0-3	weighting	Assessment
opportunity for Land Value Capture	subjective score - 1-3	1	LA narrative to include an initial assessment of existing use value, EUV+ required in order to acquire, future use value
Delivery timescales	3 - 0-2 years. 2 - 3-5- years. 1 - 6 years +	2	Start on site (from date of award)
	3 - 1-3 years. 2 - 4-6 years. 1 - 7 years +	2	Completion (from date of award)
Homes delivered - additional /accelerated	Y - 3 N - 0	2	Additional - new housing not currently identified
	Y - 3 N - 0	1	Accelerated - beyond current trajectory
Value for money	3 - <£25K 2 - £25K - £35K 1 - £35K<	1	VFM calc £ per home for additional or accelerated
opportunity for replenishment	subjective score - 1-3	2	mechanism identified and any dependencies
Delivery of Affordable housing	3 - 50%> 2 40%-49% 1 - 35%-39%	2	should be policy compliant as minimum
certainty of housing delivery	subjective score - 1-3	2	UA to provide narrative
Wider quantitative and qualitative benefits: Density Brownfield site Economic/job impact Innovation or pilot (e.g. MMC) Opportunity cost/risk Zero carbon Other benefits e.g. health, education, inequality, addressing deprivation	subjective score - 1-3	1	UA to provide narrative for assessment of whether a compelling case is made 2,000 word limit

APPENDIX 2 - Housing and Regeneration Enabling Fund

Assessment Criteria

General

The Housing and Regeneration Enabling Fund is available as part of a suite of funding options to enable housing and employment sites across the West of England to come forward faster and add value, particularly aimed at complex locations and regeneration proposals that unlock additionality.

The aim of the fund is to help to unlock priority places for growth and regeneration by facilitating and accelerating the feasibility and pre-planning process where there is some kind of barrier preventing it from proceeding.

The funding can be used for traditional enabling activities such as scheme feasibility, site referencing and establishing delivery partnerships, and for specific projects that would deliver significant benefits over time, e.g. building capacity for MMC/OSM delivery.

The basic principle is that revenue funding is available of up to £200K per project to take forward proposals which WECA and the UAs are not able to fund individually. Match-funded proposals will be considered favourably.

The Enabling Fund is to be funded from a mix of OPE8 funding (£500K subject to OPE award) and headroom in the WECA Investment Fund (£2M plus a further £500K match funding if the OPE8 bid is successful). Schemes in North Somerset are eligible for OPE8 funding only. Funding awards may include a contribution from OPE8 funding, where appropriate.

Proposals will be assessed on the basis of:

- must deliver a specific output that demonstrates additionality
- must be used for an agreed priority proposal or activity relating to growth or regeneration
- the proposal can show progress towards delivery on site within a reasonable timeframe
- strategic fit and added value.

Gateway stage

Each scheme must pass 100% of the gateway criteria before it can be considered for funding under a more detailed assessment i.e. via a Feasibility and Development Funding Application.

first stage entry criteria - must score Y in all categories to pass initial gateway	explanation
funding request must deliver a specific output that demonstrates additionality	The Fund is not intended for general economic development activity or business as usual costings, and must be used for a specific output, e.g. feasibility report, business case etc. The assumption is that a site/location earmarked for growth would either have a masterplan in place or emerging (<i>separate funding route for masterplanning</i>).
explanation why this fund is required and which other funding options have been considered and discounted	The applicant must provide a narrative setting out the case for the funding intervention, i.e. explaining why proposals cannot proceed without the revenue funding and whether there is match funding available.

must be to be used for an agreed priority proposal or activity relating to growth or regeneration	Self-explanatory. Applicant to provide narrative.
Funding sought must be <£200K	WECA contribution would normally be capped to £200K (including any OPE8 funding). Any higher bids must be genuinely exceptional and must address strategic, regional priorities.
Strategic Fit: SDS, LIS, Investment Strategy, Housing Delivery Strategy or other strategic programmes, economic recovery	Self-explanatory. Applicant to provide written submission. Aligned with a priority location for growth or regeneration in the WECA Housing Delivery Strategy (HDS) or agreed employment land priority
the proposal can show progress within a reasonable timeframe (start on site within 3 years?)	Self-explanatory. Applicant to provide written submission.
basic assumption that full LP policy compliance is part of the proposal (if applicable)	This is an absolute requirement on housing schemes aligned to UA planning policy.
basic assumption that any scheme enabled by the Fund has potential to deliver at least one additional key benefit	capable of delivering additionality that would not otherwise be delivered by the market against at least one of the following criteria: <ul style="list-style-type: none"> • Carbon reduction • Additional affordable housing • Additional adaptable or accessible housing • Improved Private Rented Sector housing • Improved pace of delivery • Improved sustainability • Flagship site for new technologies (MMC or other) • site is suitable for community-led housing and/or low cost/high quality self-build development. • Outstanding design • Brings vacant property into use

Detailed assessment stage

Once through the gateway stage, the proposal is subject to more detailed scoring and weighting focused on a narrative submission, on the basis that the fund is to cover early-stage proposals that may not be well-worked up.

The aim is to allow a range of options to be assessed against each other – i.e. site-specific proposals and medium-term wider projects.

Feedback is welcome on whether the scoring and weighting are correctly balanced and works in practice.

detailed scoring	Qualitative score 0-3	weighting	Explanation
Degree to which the intervention results in a more investable and deliverable proposition	3) very strong case for investment and good confidence outputs will be produced 2) strong case and reasonable confidence 1) moderate case and plans to be further developed	2	must demonstrate that without investment, project will not proceed or not at an acceptable pace
Leverage	3) 50% plus of cost of project from other sources 2) 25-50% 3) below 25%	1	What is the mix of public sector sources in place to deliver the project?
scale of the opportunity	3) very strong case for investment and good confidence significant outputs will be produced 2) strong case and reasonable confidence 1) moderate case and plans to be further developed	2	What can be delivered via the proposal? To what degree does this investment move the proposal forward and the remaining risk? Is the proposal for a large/complex site or regeneration proposal?
Delivery timescales/ project milestone – starts	3 - immediate. 2 - 3 months. 1 - 6 months	2	this relates to the specific output that we are funding
Delivery timescales/ project milestone – completes	3 - 9 months 2 - 12 months 1 - 18 months	2	this relates to the specific output that we are funding
delivery timescales - are we closer to delivering a physical scheme?		1	likely timescale to deliver homes or employment space as a result of delivering the enabling project. May need to be case-specific?
Is the proposal an agreed priority location or theme e.g. part of an agreed 5 year pipeline?	3) top 3 locations/priority 2) locations 4-8/ med priority 1) locations 9-15/ low priority	2	how does the site fit with the priorities for growth and/or regen in the Housing Delivery Strategy or agreed employment priorities?
Wider quantitative and qualitative benefits	UA to provide narrative for assessment of whether a compelling case. 1,000 word limit. Subjective score 1-3	1	As per gateway criteria and in addition: Density zero carbon Brownfield site Economic/job impact Quality Innovation or pilot - incl MMC

			opportunity cost/risk green infrastructure social value i.e. access to opportunity Other benefits such health, education, inequality, addressing deprivation
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APPENDIX 3 - Development Infrastructure Fund (DIF) Assessment Criteria

General

This sets out the assessment criteria for accessing grant under the DIF as ‘gap-funding’ to deliver housing and/or employment sites.

The basic principle is that up to £15K of ‘sunk’ grant is available per unit as gap funding and additional funding is available on top or separately as repayable grant.

The DIF is to be funded from headroom in the WECA Investment Fund and therefore only WECA-constituent authorities are eligible. Views are sought from North Somerset officers as part of this process.

Proposals will be assessed on the basis of:

- The likelihood of delivery with the intervention
- Value for money and capacity for grant repayment
- Strategic fit and added value.

Gateway stage

Each scheme must pass 100% of the gateway criteria before it can be considered for funding via a more detailed assessment.

A proportionate full business case (FBC) will be required as part of the detailed assessment stage. An outline business case (OBC) may be required if appropriate.

first stage entry criteria - must score Y in all categories to pass initial gateway	explanation
clear viability gap and improved likelihood of delivery with public sector intervention	The UA must provide a narrative setting out the case for the funding intervention, i.e. explaining why the site is unviable and how it can be delivered with the grant funding bid. The intention is that opportunities to use other forms of public subsidy are exhausted and/or packaged together with DIF funding. Funding is for both viability gaps and acceleration i.e. where the market will not deliver or will not deliver at a satisfactory pace.
State Aid compliant	There must be specific sign-off that the proposal is state-aid compliant by the Head of Legal of the applicant UA and WECA
Total funding sought must be <£10M (i.e. both sunk grant and repayable elements)	WECA contribution would normally be capped to £10M. Any higher bids must be genuinely exceptional and must address strategic, regional priorities. The DIF can be combined with other public funding in a comprehensive package.
Green book-compliant viability assessment provided	NB - we want to encourage bids at an early stage when a full viability assessment may not be available. Potential options: 1) sites where it is likely there will be a viability gap - outline assessment to understand the likely gap - in house basic demand and need study proportionate to scale of development 2) High-level assessment acceptable at OBC stage 3) detailed assessment required at FBC stage.
Commitment to repay the DIF in whole or part	This is key to the assessment process. Current thinking is to cap any ‘sunk’ grant element to £15K per unit and make repayable

	<p>grant available on top or separately, i.e. both types of grant are available, however there must be commitment to repay an element of the grant.</p> <p>The UA is to set out the proposed mechanism for repayment and/or sharing of risk and reward.</p> <p>Specific conditions to be agreed in the Grant Agreement.</p> <p>There is no fixed target for the revolving element, but it is envisaged this is a high proportion of the funding. There is no maximum payback period, but this is a scored criteria and earlier repayment provides for earlier reuse. We would hope, ideally, to have a balanced portfolio in terms of scale, delivery/return timescales and risk</p> <p>Match funding taken into account in detailed scoring.</p>
Strategic Fit: SDS, LIS, Investment Strategy, OPE or other strategic programmes, economic recovery	<p>Self-explanatory.</p> <p>UA to provide written submission for WECA sign-off.</p> <p>Aligned with a priority location in the WECA Housing Delivery Strategy (HDS)</p>
1) housing schemes - minimum threshold 50 units 2) employment - minimum 500m2 floorspace	<p>Housing site threshold - the Fund is aimed at larger opportunities in line with the LAF and HDS, and there is an option to accept a lower number</p> <p>Employment – need to allow for smaller schemes e.g. town centre restructuring</p>
full Local Plan policy compliance including Affordable Housing	<p>This is an absolute requirement on housing schemes aligned to UA planning policy, unless planning consent already in place for a lower % after viability assessment. Funding can be used to meet viability gap where full AH not achievable by increasing to full policy compliance.</p>
additional criterion for housing projects: Requirement that the Fund delivers at least one additional key benefit	<p>capable of delivering additionality that would not otherwise be delivered by the market against at least one of the following criteria:</p> <ul style="list-style-type: none"> • Additional affordable housing • Additional adaptable or accessible housing • Improved Private Rented Sector housing • Improved sustainability • Flagship site for new technologies (MMC or other) • site is suitable for community-led housing and/or low cost/high quality self-build development. • Outstanding design • Carbon reduction

Detailed assessment stage

Once through the gateway stage, the proposal is subject to detailed scoring and weighting.

Some of the metrics apply to housing sites only and others to employment sites only (self-explanatory) – the aim is to allow these types of sites to be assessed against each other although it is to be agreed whether this works or not in practice.

detailed scoring	score 0-3	weighting	Explanation
Leverage	1) DIF requirement is 50% plus of total public funding from all sources 2) 25-50% 3) below 25%	1	What is the mix of public sector sources in place to deliver the project? The objective is to line up additional partner funding and use it most effectively - e.g. may be able to use DIF where other funding such as the Homes England SHIF cannot be used. UA land contributed at nil or discounted value is part of the overall public funding.
Delivery timescales - housing	Start on site (from date of award): 3 - 0-2 years. 2 - 3-5-years. 1 - 6 years +	2	
Delivery timescales - housing	Completion (from date of award): 3 - 1-3 years. 2 - 4-6 years. 1 - 7 years +	2	
delivery timescales - employment	Start on site (from date of award): 3 - 0-2 years. 2 - 3-5-years. 1 - 6 years +	2	
delivery timescales - employment	Completion (from date of award): 3 - 1-3 years. 2 - 4-6 years. 1 - 7 years +	2	
Homes delivered	3 - 299+ 2 - 150 - 299 1 - 50 149	2	
employment space	3 – 10,000m ² + 2 – 5,000m ² – 9,999m ² 1 – 500m ² – 4,999m ²	2	Can be multiple units
VFM - housing delivery (based on sunk grant only)	3 - <£9.99K per unit 2 - £10K - £14.99K 1 - £15K	2	This relates to any grant requirement which is unlikely to be repayable, i.e. 'sunk' grant. Repayable grant is available on top and is assessed separately.
VFM - employment space	3 - <£9.99K per 2000m ² 2 - £10K - £14.99K per 2000m ² 1 - £15K per 2000m ²	2	A maximum of £15k will be awarded for every 2,000 sqm of floor space delivered.
Proportion of total funding (sunk and repayable) to be repaid	3) 75% plus 2) 75% - 50% 1) up to 49%	1	What % of the total funding is due to be repaid? Unlike the LAF it does not feel reward sharing is a likely outcome and to avoid further complicating the criteria perhaps this is better dealt with on a individual basis perhaps like the North Keynsham LAF

			example (where B&NES and WECA are joint applicants)
Timing of completion of repayment	3) within 3 years of start on site 2) 3 - 7 years 1) over 7 years	1	How long after funding award will repayment be made?
Is the site an agreed priority location?	3) top 3 sites 2) sites 4-8 1) sites 9-15	2	how does the site fit with the pipeline of sites to be put in place with priorities agreed by WECA, UAs, Homes England and delivery partners?
Wider quantitative and qualitative benefits	subjective score - 1-3	3	<p>UA to provide narrative for assessment of whether a compelling case (2,000 word limit). Issues to cover:</p> <ul style="list-style-type: none"> • Density • Brownfield site • Economic/job impact • Quality • Innovation or pilot - incl MMC • opportunity cost/risk • carbon reduction • green infrastructure • diversity and inclusion • social value i.e. access to opportunity • Other benefits such health, education, inequality, addressing deprivation

29 January 2021

REPORT SUMMARY SHEET

LOCAL ENTERPRISE PARTNERSHIP (LEP) REVENUE BUDGET SETTING REPORT 2021-22

Purpose

This report asks the committee to consider and approve the budget in respect of the Local Enterprise Partnership (LEP) for 2021/22.

Summary

This report includes the following key information:

* **Appendix 1** sets out the detail of the proposed Local Enterprise Partnership budget for 2021/22.

* The core running costs of operating the LEP in terms of furnishing the Joint Committee, operating the LEP Board and applying for, receiving, and managing various grant streams has been circa £1.1m for several years now. Savings have been enacted where possible; however, such opportunities are limited due to the need to retain a two-committee structure within the region. With increments and staff pay awards, the core costs for 2021/22 amount to £1.039m which are funded by:

- a. a core (LEP capacity) grant of £500k which is approved on a year by year basis and;
- b. match funding contributions from the four West of England unitary councils.

* Activities covered by the LEP have significantly expanded over the last 18 months due to successfully attracting numerous grants into the region. Despite this, we have retained the core staffing levels, and costs at a relatively steady state.

* WECA and the LEP continue to be successful in expanding our activities through attracting a number of new specific funding streams to the region. From a relatively low base in 2019/20 of £1.8m, specific grant funding of £5.7m was generated in 2020/21, and £4.9m for 2021/22 as detailed in Figure 2.

* Overall LEP grant funding that has been attracted is now £16m over the medium term financial period. We will continue to focus our attention on attracting further grant funding into the LEP, maintaining confidence that the income figures currently stated for 2022/23 and beyond, will significantly increase over the coming months.

* **Appendix 2** sets out the LEP (including Invest Bristol & Bath) forecast revenue out-turn for the 2020/21 financial year based on actual information as at the end of December 2020 which shows spend of £7m against an original budget of £6.6m. The difference of £0.4m is mainly due to the receipt and phasing of spend for government grants. Overall, there is a forecast net underspend of £104k which is due to a surplus in treasury management.

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on, or are addressed through, this report are as follows:

There is a potential impact on 2021/22 revenue budgets as activity is re-prioritised and focused on supporting economic recovery. Activity, and corresponding budgets, will be kept under regular review.

Recommendations

The Joint Committee is asked to:

- a. approve the LEP Budget for 2021/22 as set out in Appendix 1.
- b. approve a 2021/22 contribution of £110k per each West of England Unitary Authority (to be reviewed for 2022/23 onwards) as match funding to attract the government's LEP capacity funding.
- c. approve a £160k drawdown from the LEP general reserve to fund the shortfall in 2021/22 LEP operating costs;
- d. note the forecasted LEP revenue outturn for 2020/21 as set out in Appendix 2.

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REPORT TO: West of England Joint Committee

DATE: 29 January 2021

REPORT TITLE: LEP REVENUE BUDGET SETTING REPORT – 2021/22

DIRECTOR: MALCOLM COE – DIRECTOR OF INVESTMENT & CORPORATE SERVICES

AUTHOR: MALCOLM COE

Purpose of Report

- 1 To consider and approve the Budget in respect of the Local Enterprise Partnership (LEP) for 2021/22.

Impact of Covid-19 pandemic

- 2 The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on, or are addressed through, this report are as follows:
 - (a) There is a potential impact on 2021/22 revenue budgets as activity is re-prioritised and focused on supporting economic recovery. Activity, and corresponding budgets, will be kept under regular review.

RECOMMENDATIONS:

The Joint Committee are requested to:

- a) approve the LEP Budget for 2021/22 as set out in Appendix 1;
- b) approve a 2021/22 contribution of £110k per each West of England Unitary Authority, (to be reviewed for 2022/23 onwards), as match funding to attract the government's LEP Capacity Funding;
- c) approve a £160k drawdown from the LEP General Reserve to fund the shortfall in 2021/22 LEP operating costs;
- d) Notes the forecasted LEP revenue outturn for 2020/21 as set out in Appendix 2.

Background / Issues for Consideration

- 3 The West of England Combined Authority (WECA) acts as the Accountable Body for the range of funding streams on behalf of the West of England Councils and LEP. This report sets out details of the proposed budgets for the LEP for the 2021/22 financial year.

LEP Delivery and Running Costs and Medium-Term Forecast

- 4 The core running costs of operating the LEP in terms of furnishing the Joint Committee, operating the LEP Board and applying for, receiving, and managing various grant streams has been circa £1.1m for several years now. Savings have been enacted where possible, however such opportunities are limited due to the need to retain a two-committee structure within the region. With increments and staff pay awards, the core costs for 2021/22 amount to £1.039m which are funded by:
- (a) A core (LEP Capacity) grant of £500k which is approved on a year by year basis and;
 - (b) Match funding contributions from the four West of England Unitary Councils.
- 5 For the last four financial years the required contribution from each local authority has been reduced from £150k to £110k with the funding gap being met through higher than budgeted returns on cash investments (Treasury Management). However, with the Local Growth Fund drawing to a conclusion in March 2021, LEP cash balances are low and can no longer generate sufficient revenue returns to support the committed operating costs. For 2021/22 it is recommended that this shortfall is met through drawing down £160k from the LEP General Reserve. However, with annual increases in staffing costs and diminishing returns on investments, local authority contributions will need to be reviewed from 2022/23 onwards.
- 6 Activities covered by the LEP have significantly expanded over the last 18 months due to successfully attracting numerous grants into the region. Despite this, we have retained the core staffing levels, and costs, at a relatively steady state. As the majority of spend is staff related, pay award increases will continue to impact on budget requirements over the coming years. A 1% pay uplift has been modelled for 2021/22 and 2% per annum thereafter. The resulting anticipated spend compared to the resources available is detailed in Figure 1.

Figure 1: LEP core running costs net of Specific Grant allocations

	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s
Core Operating costs and overheads	1,157	1,262	1,071	1,098	1,120
Funded by :					
Unitary Authority Contributions	440	440	600	600	600
LEP Capacity Grant	500	500	500	500	500
Interest on cash balances	200	50	0	0	0
LEP General Reserve	0	160	0	0	0
RIF Admin grant	0	112	0	0	0
Total Funds	1,140	1,262	1,100	1,100	1,100
Increase / (Shortfall) in funding	(17)	0	29	2	(20)

Specific Grants and Activities from the LEP Budget

- 7 WECA and the LEP continue to be successful in expanding its activities through attracting a number of new specific funding streams to the region. From a relatively low base in 2019/20 of £1.8m, specific grant funding of £5.7m was generated in 2020/21, and £4.7m for 2021/22 as detailed in Figure 2.

Figure 2: LEP Specific Grant Income – Medium Term Forecast

LEP Grant Income	2020/21 £'000s	2021/22 £'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	Total £'000s
IBB - Revolving Infrastructure Fund	1,000	1,000	1,000	1,000	1,000	5,000
Growth Hub	985	328	0	0	0	1,313
Asylum Migration Integration Fund	0	140	0	0	0	140
Low Carbon Challenge	244	1,076	738	0	0	2,058
Creative Scale Up	676	473	0	0	0	1,149
Women in Digital Education & Training	43	0	0	0	0	43
Skills Advisory Panel	119	0	0	0	0	119
Careers Hub	431	178	0	0	0	609
South West Energy Hub	1,521	902	1,253	0	0	3,676
Green homes	177	148	0	0	0	325
LEP Capacity Fund Additional Capacity	210	84	66	0	0	360
EDF Business Case Review	61	61	62	63	0	247
One Public Estate	169	209	0	0	0	378
Housing Advisers Programme	41	7	0	0	0	48
Infrastructure & Investment Plan	21	109	123	123	0	376
	5,698	4,715	3,242	1,186	1,000	15,841

- (a) Invest Bristol & Bath: IBB is funded through the Revolving Infrastructure Fund, (RIF), as part of a five-year deal, (to be reviewed after year three), as approved by the Joint Committee in October 2019.
- (b) Growth Hub: Funding to support local providers and business looking to grow, establishing a stronger local economic region. Additional funding has been secured throughout 2020/21
- (c) Asylum Migration Integration Fund (AMIF): This is digital entrepreneurship and business support for refugee and migrants project starting in 2021, aiming to support the launch, stabilisation and growth of refugee and migrant business through personalised business support.
- (d) Low Carbon Challenge Fund: ERDF grant programme to help decarbonise the regional economy through: improving energy efficiency in SMEs, the implementation of small-scale generation projects using renewable sources, and improving the efficiency of public housing/other buildings.
- (e) Creative Scale Ups: Government grant to help creative industries grow by improving access to expert knowledge and training as well as supporting business through training and advice on securing investments;

ITEM 13

- (f) South West Local Energy Hub: Business, Energy and Industrial Strategy (BEIS) grant to increase the number, quality and scale of local energy projects, to raise local awareness of opportunities and attract private and public finance for energy projects.
 - (g) Enterprise Advisor Network: aligned to Careers Hub, activity to match business volunteers with schools and colleges to support with their strategic employer engagement.
 - (h) One Public Estate: Grant funding to support and deliver land initiatives with government and other public sector partners with the aim of rationalising the overall ownership of public sector assets.
 - (i) Infrastructure and Investment Delivery Plan: To provide a strategic planning policy framework to sustainably boost the overall housing supply, deliver affordable housing and accelerate sustainable housing
- 8 Overall LEP Grant Funding that has been attracted is now circa £16m over the Medium Term Financial, (MTF), period. We will continue to focus our attention on attracting further grant funding into the LEP, maintaining confidence that the income figures currently stated for 2022/23, and beyond, will significantly increase over the coming months.
- 9 Many of the grants attracted by the LEP are relatively short term in nature. Any staff recruited to support specific grant funded activities are engaged on a fixed term basis linked to the duration and security of the relevant funding stream.
- 10 The majority of spend relates directly to staff administering the specific initiatives and third-party grant payments being made to local businesses and organisations to help build the local economy and skills of the local workforce.

Revenue Outturn Position

- 11 **Appendix 2** details the LEP, (including IBB), forecast revenue out-turn for the 2020/21 financial year based on actual information as at the end of December 2020 which shows spend of £7m against an original budget of £6.6m. The difference of £0.4m is mainly due to the receipt and phasing of spend for government grants. Overall, there is a forecast net underspend of £104k which is due to a surplus in treasury management.

Consultation

- 12 Consultation has been carried out with the Chief Executives, S151 Officers and the WECA Monitoring Officer. Relevant officers within BANES, Bristol, North Somerset and South Gloucestershire have been consulted with regard to the overall economic recovery activities planned within the region.

Other Options Considered

- 13 LEP budgets mainly relate to the specific grant income that has been attracted. Consideration was given to increasing the Unitary Authority match funding contributions back to their original levels. However, with a small amount of income still being generated through Treasury Management, and the ability to drawdown funding against the LEP reserve, the contributions have again been retained at £110k per authority for 2021/22.

Risk Management/Assessment

- 14 The West of England Office agreement underpins the LEP. This agreement deals with the risk sharing mechanisms between the relevant councils.
- 15 Uncertainty still remains in relation to the annual notification, and approval, of the £500k LEP Capacity Grant which creates volatility in terms of medium-term budget setting. The LEP hold a reasonably modest unearmarked reserve to manage financial risk. It is estimated that this reserve will be circa £765k at the start of the 2021/22 financial year, against which £160k is recommended to be drawdown to support next year's revenue budget.

Public Sector Equality Duties

- 16 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 17 The Act explains that having due regard for advancing equality involves:
- Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 18 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

Climate Change Implications

- 19 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision-making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- The emission of climate changing gases?
- The region's resilience to the effects of climate change?
- Consumption of non-renewable resources?
- Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements.

- 20 Several of the specific LEP workstreams have a strong focus on improving climate change especially the South West Local Energy Hub, Low Carbon Challenge Fund and One Public Estate. Where funds are allocated as grants to local businesses and organisations, the criteria used to prioritise funding allocations will incorporate climate improvement.

Finance Implications:

- 21 All financial implications are contained within the body of the report.

Advice given by: Malcolm Coe, Director of Investment & Corporate Services

Legal Implications:

- 22 This report sets out the proposed Budgets for LEP for 2021/22. The budgets have been prepared in accordance with relevant Local Government Financial Regulations, Accounting Standards and relevant Grant Offer Letters. The West of England Combined Authority acts as the accountable body for the transactions of the LEP.

Advice given by: Shahzia Daya, Director of Legal

Human Resources Implications:

- 23 The proposed Budgets include all appropriate staff costs for continuing activities for the LEP.

Advice given by: Alex Holly, Head of Human Resources

Appendices:

Appendix 1 - Local Enterprise Partnership Budget 2021/22

Appendix 2 - Local Enterprise Partnership Revenue Outturn forecast 2020/21

Background papers:

(LEP) 2020/21 Revenue Budget Setting Report – Joint Committee 31 January 2020

(LEP) Budget Monitoring Reports to Joint Committee throughout 2020

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email: democratic.services@westofengland-ca.gov.uk

Local Enterprise Partnership Budget 2021/22 (including Invest in Bristol & Bath)

	2020/21 Budget £'000s	2021/22 Budget £'000s	Increase(+)/ Decrease (-) £'000s
Core Staff and related overheads	1,157	1,262	105
<u>Grant Funded Spend</u>			
Staff	1,495	1,791	296
Services and Third Party Payments	3,549	2,482	-1,067
Overheads	390	442	52
Total Expenditure	6,591	5,977	-614
<u>Funded by</u>			
UA Contribution	440	440	0
Other Government Grants	5,454	4,715	-739
RIF Admin Grant	0	112	112
DLCG Core and Capacity Grant	500	500	0
Other Contribution	33	0	-33
Interest	200	50	-150
Reserves	-36	160	196
Total Income	6,591	5,977	-614
Surplus	0	0	0

Local Enterprise Partnership Forecasted Revenue Outturn 2020/21

	2020/21 Budget £'000s	2020/21 Forecast £'000s	Variance £'000s
Core staff and related overheads	1,157	1,130	-27
<u>Project Spend</u>			
Staff	1,495	1,880	385
Services and third-party payments	3,549	3,521	-28
Overheads	390	424	34
Total Expenditure	6,591	6,955	364
Funded by :			
UA Contribution	440	440	0
Government Grants	5,454	5,595	141
DCLG Core & Capacity Grant	500	500	0
Interest on Balances	200	300	100
Other Contribution	33	55	22
Use of Reserves	-36	169	205
Total Income	6,591	7,059	468
Surplus:	0	104	104

29 January 2021

REPORT SUMMARY SHEET

LOCAL ENTERPRISE PARTNERSHIP ONE FRONT DOOR FUNDING PROGRAMME

Purpose

To consider changes to schemes within the current programme.

Summary

This report includes the following key information:

Appendix 1 sets out requested scheme changes in respect of the Local Growth Fund (LGF).

Appendix 2 sets out requested scheme changes in respect of the Economic Development Fund (EDF) and Revolving Infrastructure Fund (RIF).

Appendix 3 sets out the Business Case Assessment summary table for the Weston General Stores project. Weston General Stores was allocated £1.7m of Getting Building Fund through the application process to Government in Summer 2020. An Outline Business Case for this project has now been submitted by North Somerset Council seeking this funding towards the £1.765m project cost. This will see the refurbishment and repurposing of units within the Sovereign Centre, which is owned by North Somerset Council, to support the regeneration of the town centre through diversification of use and creating an attractive space for work, collaboration and creativity.

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

The Local Growth, Economic Development and Revolving Infrastructure Funds are focused on supporting economic growth and the delivery of the schemes within these programmes will positively contribute to the economic recovery.

Recommendations

The Joint Committee is asked to:

1. Approve the Outline Business Case for the Weston General Stores and, should there be urgency, delegate the approval of the Full Business Case to the WECA Chief Executive in consultation with the West of England Chief Executives.
2. To delegate the approval of an Outline Business Case for works in the vicinity of the M49 Junction to the WECA Chief Executive in consultation with the West of England Chief Executives

3. Approve the change requests for schemes within the LGF programme as set out in Appendix 1.
4. In advance of the next meeting of the Joint Committee, to delegate the following to the WECA Chief Executive in consultation with the West of England Chief Executives:
 - a) Approval of changes to funding profile and programme for schemes within the current LGF, GBF, EDF and RIF programmes
 - b) Approval of the reallocation of funding for schemes in the approved LGF/GBF programme including swops with the EDF, and exceptionally the Investment Fund.
5. Approve the change requests for schemes within the EDF and RIF programme set out in Appendix 2

Contact officer: Malcolm Coe

Position: Director of Investment & Corporate Services

Email: Malcolm.Coe@westofengland-ca.gov.uk

MEETING: WEST OF ENGLAND JOINT COMMITTEE

DATE: 29 JANUARY 2021

REPORT TITLE: LOCAL ENTERPRISE PARTNERSHIP ONE FRONT DOOR FUNDING PROGRAMME

AUTHOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND CORPORATE SERVICES

Purpose of Report

1.1 To consider changes to schemes within the current programme.

Impact of Covid-19 pandemic

2.1 The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- The Local Growth, Economic Development and Revolving Infrastructure Funds are focused on supporting economic growth and the delivery of the schemes within these programmes will positively contribute to the economic recovery.

Recommendations:

The Committee is asked to:

1. **Approve the Outline Business Case for the Weston General Stores and, should there be urgency, delegate the approval of the Full Business Case to the WECA Chief Executive in consultation with the West of England Chief Executives.**
2. **To delegate the approval of an Outline Business Case for works in the vicinity of the M49 Junction to the WECA Chief Executive in consultation with the West of England Chief Executives**
3. **Approve the change requests for schemes within the LGF programme as set out in Appendix 1.**
4. **In advance of the next meeting of the Joint Committee, to delegate the following to the WECA Chief Executive in consultation with the West of England Chief Executives:**
 - a) **Approval of changes to funding profile and programme for schemes within the current LGF, GBF, EDF and RIF programmes**
 - b) **Approval of the reallocation of funding for schemes in the approved LGF/GBF programme including swops with the EDF, and exceptionally the Investment Fund.**

5. Approve the change requests for schemes within the EDF and RIF programme set out in Appendix 2

Background

- 3.1 A consistent approach has been developed for the identification, development, approval and change management for schemes seeking funding through the LEP Local Growth, Economic Development & Revolving Infrastructure Funds. This involves recommendations being made by the Chief Executives of the Local Enterprise Partnership and the four local authorities, oversight by the LEP Board and formal decision making by the West of England Joint Committee. For schemes within the Economic Development Fund (EDF) advice is provided by the four Council S151 officers as part of the business case approval decision.
- 3.2 It is recognised that transparency, accountability and ensuring value for money must be central to these arrangements, and Government have set out their expectations in this regard in the 'National Local Growth Assurance Framework' guidance. The way that these requirements are met is set out in the West of England Local Growth Assurance Framework.

Local Growth Fund (LGF) and Getting Building Fund (GBF)

- 4.1 The total West of England Local Growth Fund allocation is £202.1m and the current profile of spend across the schemes within the programme is shown in *Figure 1*. As reported to the Committee in October, a further £13.7m has been secured through the Getting Building Fund (GBF) aimed at funding capital projects which could help to accelerate national recovery. Of this total £12m is being utilised to meet the LGF overprogramming, enabling full funding and completion of the programme. One new project, the Weston General Stores has been added to the programme.
- 4.2 There is a requirement that all LGF grant funds are spent by March 2021, and also a condition that the GBF is spent within the financial year it was awarded, that being £6.85m 20/21 and £6.85m 21/22. As things stand, should schemes deliver and spend as currently forecast, we are on track to meet these spend requirements.
- 4.3 However, in reality it is expected that further swaps of funding for schemes in the LGF/GBF programme will be required in particular transfers between LGF and EDF. This approach has previously been used to de-risk LGF spend, most recently for Bath Quays projects and MetroWest Phase 1. It should be noted that the GBF does not have the same flexibility as the LGF, and the addition of any new projects to this programme would need Government sign off. This will be progressed at need.
- 4.4 Owing to the need to manage this process alongside the final project funding claims for 20/21, a delegation to the Chief Executives is proposed for the reallocation of funding between pots for schemes within the agreed programmes.

Spend £000s	15/16	16/17	17/18	18/19	19/20	20/21	Total	21/22	Total		
	Grant Claim					Profile					
Transport Schemes											
MetroWest Phase 2 Development Costs	140	351	1,099	1,313	297	-	3,200				
MetroWest Phase 1 Development Costs	3,304	3,291	2,252	1,750	4,294	6,134	21,025				
Sustainable Transport Package 17/18	-	-	971	1,529	2,355	81	4,936				
West Wick Rbt and North South Link	-	1,783	-	5,116	4,282	130	11,311				
Portway Station	-	-	-	-	-	-	-	1,553	1,553		
A4018 Corridor Improvements	-	-	-	-	-	110	110	77	187		
Weston-super-Mare Town Centre Enhancement	-	-	-	332	471	2,197	3,000				
Keynsham Town Centre Improvements	-	-	-	-	170	482	652	848	1,500		
South Glos Sustainable Transport Package	-	-	-	-	875	1,920	2,795				
Cribbs Patchway MetroBus Extension	-	-	1,746	2,878	-	2,741	7,365				
FE Skills Capital Schemes											
South Bristol Construction Centre	-	-	-	-	1,267	4,733	6,000				
Bath College Catering & Hospitality Training Hub	-	-	-	-	1,024	1,479	2,503				
SGS Brunel Building (STEAM Centre)	-	-	-	-	1,151	5,291	6,442				
Infrastructure Schemes											
Superfast Broadband SGC	-	714	556	-	-	41	1,330				
Superfast Broadband CDS	-	-	-	-	-	-	-				
Town Square, Weston-super-Mare	-	1,227	1,615	-	17	90	2,949				
Bath Quays Bridge	-	355	-	-	-	2,614	2,969				
Bristol Beacon Phase 2 Transformation Project	-	-	1,000	1,000	-	9,321	11,321				
Bath Quays South Phase 1a Enabling Infrastructure	-	-	731	3,617	3,684	2,075	10,107	584	10,691		
Bath Quays North Phase 1b Relocation of Coach Park	-	-	93	1,269	48	79	1,489				
Bath Quays North Initial Development Works	-	-	-	-	-	5,554	5,554				
Purchase of Land at Bristol and Bath Science Park	-	-	-	4,909	-	20	4,929				
Innovation Schemes											
FoodWorks ^{SW} Innovation Centre	-	-	-	2,641	8,446	757	11,844				
Emersons Green Local Transport Enhancements	-	-	735	80	87	2,830	3,732	1,318	5,050		
OPCR - Sensor Factory, CAV & KWMC	-	-	-	-	2,376	964	3,340				
Umbrella	-	-	-	-	771	2,711	3,482				
IAAPS	-	-	-	6,000	2,000	2,000	10,000				
Bristol VR Lab	-	-	160	60	18	57	295				
Grow-On2 Temporary Building	-	-	-	-	423	581	1,004				
	16,600	37,759	19,954	44,751	35,499	54,992	209,555	4,380	213,935		
								Weston General Stores (GBF)	1,700	215,635	
Subject to approval of change request								Total Funds Available LGF	202,096	0	202,096
Change request approved through delegation								Total Funds Available GBF	6,850	6,850	13,700
								Overprogramming	609	- 770	- 161

Note: schemes which claimed all grant funding prior to 2020/21 are not shown but are included in the totals

Figure 1 - Current LGF/GBF Spend Profile

Weston General Stores

5.1 The Weston General Stores was allocated £1.7m of GBF through the application process to Government in Summer 2020. An Outline Business Case for this project has now been submitted by North Somerset Council seeking this funding towards the £1.765m project cost. This would see the refurbishment and repurposing of units within the Sovereign Centre, which is owned by the Council, to support the regeneration of the town centre through diversification of use and creating an attractive space for work, collaboration and creativity. These uses include bookable workspace; events space; trading space for collective retail models, makers and micro manufacturers; a Weston Cycle Hub offering cycle rental, storage, servicing; and a café and community space.

The Assessment Summary Table is shown in Appendix 3 and the Outline Business Case is published on the WECA [website](#).

- 5.2 The project is progressing the further design to enable a Full Business Case to be submitted which is planned for April 2021. A delegation to the WECA Chief Executive in consultation with the West of England Chief Executives is sought to approve the Full Business Case and enable the scheme to progress.

Recommendation to approve the Outline Business Case for the Weston General Stores and should there be urgency delegate the approval of the Full Business Case to the WECA Chief Executive in consultation with the West of England Chief Executives.

Economic Development Fund

MetroWest Phase 1

- 6.1 The approval of the Outline Business Case for MetroWest Phase 1 was agreed in June 2019 on the basis that £15m of additional funding would be provided by North Somerset Council through substitution from another scheme in the Economic Development Fund programme or other sources. A change request has now been submitted to action a substitution of the £15m of funding from the Avoncrest and Hutton Moor Regeneration Phase 1 project to MetroWest Phase 1 as detailed in Appendix 2.

M49 Junction Works

- 6.2 South Gloucestershire Council propose the allocation of £1m through the EDF to support works in the vicinity of the M49 Junction.

Recommendation to delegate the approval of an Outline Business Case for works in the vicinity of the M49 Junction to the WECA Chief Executive in consultation with the West of England Chief Executives.

Changes to Schemes within the Programme

- 7.1 The Joint Committee in October 2019 agreed to delegate approval of changes within stated tolerances for schemes within the approved programme to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils. The changes to the LGF, EDF and RIF programmes which fall outside of these tolerances and require a Committee decision are set out in Appendix 1 and 2 respectively.

Consultation

- 8.1 Consultation has been undertaken with the Chief Executive Officers and four Section 151 Officers across the West of England alongside the WECA Statutory Finance Officer and Monitoring Officer.

Other Options Considered

- 9.1 Each project is required to undertake an options assessment, and to set out the rationale for the preferred option within the Outline and Full Business Case. Similarly requests for change include a description of other potential options and why the chosen option is proposed.

Risk Management/Assessment

- 10.1 Each project in the programme is required to set out their approach to risk management and provide a risk register which is reviewed as part of the business case approval process. Key risks for each scheme are reported as part of the quarterly highlight report. Programme level risks are considered at meetings of the Chief Executives.

Public Sector Equality Duties

- 11.1 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 11.2 The Act explains that having due regard for advancing equality involves:
- Removing or minimizing disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 11.3 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.
- 11.4 For projects seeking funding via the LGF, EDF or RIF scheme promoters are required to include as part of their FBC, an equality and diversity assessment and plan. These assessments are [published](#) on the LEP website.

Finance Implications, including economic impact assessments where appropriate

- 12.1 The specific financial implications are set out in the Body of this report.
- 12.2 Supporting economic growth is central to the One Front Door funding streams, and promoters are required to include an economic case within the FBCs for each scheme which sets out how the project will create jobs and GVA growth as well as delivering wider benefits. In line with agreed processes these FBCs are [published](#) on the LEP website at the point of decision making

Advice given by: Malcolm Coe, Director of Investment and Corporate Services, WECA

Legal Implications:

- 13.1 There are no additional legal implications arising from this report.

Advice given by: Shahzia Daya, Monitoring Officer, WECA

Climate Change Implications

- 14.1 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

- 14.2 Each business case coming forward for decision on inclusion in the One Front Door funding programme includes consideration of environmental sustainability which sets out how sustainability is being considered in the development of the project as well as during its operational stage.

Land/Property Implications:

- 15.1 All land and property implications are set out within the specific business cases and dealt with by the scheme promoters.

Advice given by: Malcolm Coe, Director of Investment and Corporate Services, WECA

Human Resources Implications:

- 16.1 There are no direct human resource implications arising from this report.

Appendices

- Appendix 1: Local Growth Fund – Requested Scheme Changes
- Appendix 2: Economic Development Fund and Revolving Infrastructure Fund – Requested Scheme Changes
- Appendix 3: Weston General Stores Assessment Summary Table

Report Author: Malcolm Coe, Director of Investment and Corporate Services

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email:

democratic.services@westofengland-ca.gov.uk

Appendix 1

Change Requests Recommended for Approval

Local Growth Fund

- **UMBRELLA (Urban Multi Wireless Broadband & IoT Testing for Local Authority and Industrial Applications)**
Spend: Swop of £203k of LGF for EDF with the Cribbs Patchway Metro Bus Extension receiving the LGF. [Revised LGF total £3.482m, EDF £203K profiled in 21/22]
Milestones: 3-month delay to complete Fibre Build milestone due to COVID restrictions (to May 21).
- **A4018 Corridor Improvements**
Milestones: 8-15-month delay to 6 milestones including Construction start date (to Jun 21) and construction completion and operational (to Sept 22).
Cost: Note the reallocation of £2.916m of LGF funding to the Bristol Beacon approved through the granted delegation. Scheme to be delivered through other funding sources [Revised GBF funding £187k, profiled £110k 20/21 and £77k 21/22]
- **Bristol Beacon** – Note the increase of £2.916m in LGF funding reallocated from the A4018 Corridor Improvements project for spend in 20/21 approved through the granted delegation [Total LGF £11.321m]
- **Weston-Super-Mare Town Centre Transport Enhancement Scheme**
Milestone: 4-11-month delay to a number of milestones including construction start date (to Jan 21), construction completion and operational (to Oct 21).
Cost: Increase of £200k of LGF funding through reallocation from the Superfast Broadband CDS project. Increase in LTP match funding of £410K.
Spend: Reprofile £241k from 19/20 to 20/21 [revised LGF profile £472K in 19/20 and £2.196m in 20/21, total £3m]
- **CDS (Phase 2) Superfast Broadband Extension**
Cost: Reallocation of £200K of LGF funding to Weston-Super-Mare Town Centre Transport Enhancement Scheme and North Somerset Council to fund the project internally. Project no longer part of the LGF programme.
- **Cribbs Patchway MetroBus Extension** – swop of £203k of funding from EDF to LGF with UMBRELLA receiving the EDF and swop of £30k of funding from EDF to LGF with Town Square Weston-super-Mare receiving the EDF. [Revised LGF profile £2.741m in 20/21, total LGF £7.365m, with revised EDF total £27.635m with £9.991m in 20/21]
- **Virtual Reality Lab**
Scope: VR equipment to be relocated into UWE’s Arnolfini building to continue to support the external VR community and be the base for the international Post Graduate programme. The remaining budget will be allocated to refitting the new space at Arnolfini.
Spend: Reprofile £57K into 20/21 [Revised LGF profile £18K in 19/20 and £57K in 20/21, total LGF £295K]

- **Town Square Weston-super-Mare**

Milestone: construction start delayed with works on Spider Lane and adjacent area to now start in March and complete in April 2021.

Spend: Swop of £30k of LGF for EDF with the Cribbs Patchway Metro Bus Extension receiving the LGF. [Revised LGF total £2.94m with £90k profiled in 20/21, EDF £30k profiled in 21/22]

Appendix 2

Economic Development Fund

- **Avoncrest and Hutton Moor Generation Phase 1** – substitution of £15m of EDF funding to MetroWest Phase 1.
- **MetroWest Phase 1** – Project overall EDF funding to increase by £15m due to reallocation of funds from the Avoncrest and Hutton Moor Regeneration Phase 1 project [revised EDF total £47.375m, £6.963m in 21/22, £14.809m in 22/23, £14.473m in 23/24 and £11.13m in 24/25]

Revolving Infrastructure Fund

- **J21 Northbound Merge** – 8-9 months delay to two milestones, Construction start date (to Oct 21) and Construction complete (to Mar 22).

Appendix 3 - Business Case Assessment Summary Table


Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	Weston General Stores	Strategic Case	<p>Research with local commercial agents suggests that current retail vacancy in the wider Weston town centre area is approximately 18 percent or some 30 retail units.</p> <p>The project seeks to support the regeneration of the town centre through diversification of use and creating an attractive multi-use space. It will involve the repurposing of space in the Sovereign centre to provide space for people to 'work, meet, create, collaborate, study, learn, play and consume'.</p> <p>The project will support the objectives of the North Somerset Corporate Plan 2020-24 and Economic Plan 2017-2036, and the Weston Placemaking Strategy recognises the future role of Weston General Stores through repurposing vacant space.</p> <p>A hybrid operational model is proposed with an experienced operator to inform the detailed functional requirements for the workspace hub, support the workspace operations, and jointly secure the complementary offer with independent vendors.</p>	Funding Source(s)	Getting Building Fund
Scheme Promoter	North Somerset Council	State Aid	Confirmation has been provided by North Somerset Council that this funding does not represent State Aid. This is accepted by WECA recognising that the State Aid risk lies with the Council.	Approval Requested	Outline Business Case

Date of Submission	23/11/20	Economic Case and Value for Money	A model has been used to provide the direct and indirect economic impacts of the project and it is stated this presents a return of 3:4:1 on the direct benefits and 5:1 if indirect benefits are included.	Grant Award	To be confirmed at Full Business Case
Funding Requested	£1.7m (profiled in 21/22)		A full economic appraisal setting out the details of the assumptions and calculations should be provided as part of the Full Business Case so that the basis of these figures can be understood.		
Total Scheme Cost	£1.765m (design/project management £240k; construction and fit out £987k, external works £400k; contingency £139k)	Risk	A contingency budget of £139k (8%) has been included. A risk register has been provided which identifies the key risks. The project is currently at RIBA stage 2 and work is progressing on stage 3 to support a Full Business Case submission planned for May	Grant Recipient	NSC
Match Funding %	4%	Delivery	The Council already holds the headlease for the Sovereign Centre, and no further land assembly is required. Advertising planning consent will be required for the external works to the building. Match funding of £65,000 through the Department for Transport's Access Fund has been secured as a contribution to the Weston Bike Hub. It is intended to then engage a contractor in June with completion of the works in February 2022 and operation in March 2022.	Payment Basis	N/A

Scheme Description	Recommendation to Joint Committee	Approval of the Outline Business Case
<p>The vacant space in the Sovereign Centre will be repurposed to the following uses:</p> <ul style="list-style-type: none"> • 600 sqm of bookable workspace for Weston-based employers and people working away from the office. • Meeting rooms and collaborative spaces for workshops and community groups. • A flexible events space for teaching, learning, rehearsal and performance. • New trading spaces for collective retail models, makers and micro manufacturers. • Modern spaces for an improved quality food and drink offer. • Shared, open-source back office functions and local fulfilment or collection for online purchases. • Weston Cycle Hub which will offer cycle rental, storage, servicing, a cafe and community space. 	<p>Conditions of Approval</p>	<p>None</p>

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Record of Approval

WECA S73 Officer		Joint Committee	
Name	Malcolm Coe	Date of Meeting	29 January 2020
Date	15 January 2021	Decision	
Signature			



WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE

ITEM 15

29 January 2021

REPORT SUMMARY SHEET

MAYORAL BUDGET SETTING REPORT 2021/22

Purpose

To consider and approve a budget for the West of England Combined Authority Mayoral functions for 2021/22.

Summary

This report includes the following key information:

- The proposed Mayoral budget for 2021/22 is set out at **Appendix 1**.
- The Mayoral Budget relates to those functions that fall under the specific responsibility of the Mayor in accordance with the West of England Combined Authority (WECA) Order 2017. For 2021/22, these functions primarily relate to the payment of Highways and Transport capital grants to the constituent councils.
- As required by the Combined Authorities (Finance) Order 2017, the Mayor must keep a fund, (to be known as the Mayor's General Fund), in relation to receipts arising, and liabilities incurred, in the exercise of the Mayor's general functions.
- Monitoring against the Mayoral budget is reported to each meeting of the WECA committee. The current forecasted outturn position for the 2020/21 financial year is detailed in **Appendix 2**.

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. There are no specific impacts relevant within this report.

Recommendations

The Combined Authority Committee is asked to:

- a) Approve the Mayoral Budget for 2021/22 together with the funding contribution from the WECA Budget of £0.645m as set out in Appendix 1.
- b) Agree the specific Highways and Transport Capital Grant allocations totalling £17.572m to the constituent councils for 2021/22 as set out in Appendix 1.
- c) Note the Mayoral Fund 2020/21 forecasted revenue outturn as detailed in Appendix 2.

Contact officer: Malcolm Coe

Position: Director of Investment & Corporate Services

Email: Malcolm.Coe@westofengland-ca.gov.uk

REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE

DATE: 29 January 2021

REPORT TITLE: MAYORAL BUDGET SETTING REPORT 2021/22

DIRECTOR: MALCOLM COE – DIRECTOR OF INVESTMENT & CORPORATE SERVICES

AUTHOR: MALCOLM COE

Purpose of Report

- 1 To consider and approve a budget for the West of England Combined Authority Mayoral functions for 2021/22.

Impact of Covid-19 pandemic

- 2 The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. There are no specific impacts relevant within this report.

Recommendations

The WECA Committee:

- a) **Approve the Mayoral Budget for 2021/22 together with the funding contribution from the WECA Budget of £0.645M as set out in Appendix 1.**
- b) **Agree the specific Highways and Transport Capital Grant allocations totalling £17.572M to the constituent councils for 2021/22 as set out in Appendix 1.**
- c) **Notes the Mayoral Fund 2020/21 forecasted revenue outturn as detailed in Appendix 2.**

Background / Issues for Consideration

- 2.1 The Mayoral Budget relates to those functions that fall under the specific responsibility of the Mayor in accordance with the West of England Combined Authority (WECA) Order 2017. For 2021/22, these functions primarily relate to the payment of Highways and Transport Capital grants to the Unitary Authorities.
- 2.2 As required by the Combined Authorities (Finance) Order 2017, the Mayor must keep a fund, (to be known as the Mayor's General Fund), in relation to receipts arising, and liabilities incurred, in the exercise of the Mayor's general functions.
- 2.3 The proposed budget includes the costs of the Mayor, related office expenses and support costs. There is also an annual allocation in respect of the four-yearly WECA election costs. Funding will be drawn down against the WECA Election reserve in the 2021/22 financial year to fund the associated costs of the May 2021 WECA election.
- 2.4 The funding for the Mayoral budget comes from the West of England 100% Business Rates Retention Pilot, (Highways and Transport capital grants), and a contribution from the West of England Combined Authority (Investment Fund).
- 2.5 The proposed Mayoral budget for 2021/22 is set out at **Appendix 1**.
- 2.6 Monitoring against the Mayoral budget is reported to each meeting of the WECA committee. The current forecasted outturn position for the 2020/21 financial year is detailed in **Appendix 2**.

Mayoral Costs

- 3.1 Revenue budget provision has been made for the WECA Mayor and Deputy Mayor's approved allowances alongside the related costs of the political advisor, Personal Assistant and a modest allocation for running costs and expenses. All areas of this budget are consistent with approvals already made through the WECA committee.
- 3.2 Mayoral elections are held every 4 years with the costs associated with administering the election reflected in an appropriate charge to the Mayoral Fund. An annual provision is included in order to spread the costs over the election term period.
- 3.3 The proposed 2021/22 Mayoral running costs are detailed in *Figure 1* below, along with future year forecasts which reflect inflationary and anticipated pay increases.

Figure 1 – Mayoral Running Costs (Medium Term Forecast)

	2020/21	2021/22	2022/23	2023/24	2024/25
<u>Budget Heading</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Staffing	206	211	217	225	233
Premises	13	13	13	13	13
Supplies and Services	15	15	15	15	15
Support Services	10	10	11	12	13
	244	249	256	265	274
Mayoral Election Costs	396	396	396	396	396

Investment Fund Contribution:	640	645	652	661	670
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* 1% pay award assumed for 2021/22 and 2% thereafter.

Transport and Highways Capital Grants

- 4.1 The West of England Combined Authority is the designated Transport Authority and assumes a number of functions and responsibilities as part of this role. The Mayor is responsible for the payment of transport related annual capital grant funding that was previously distributed directly by the Department for Transport (DfT), incorporating:
- Highways maintenance grants
 - Highways incentive grants
 - Integrated transport grants
- 4.2 Funding is transferred as a Revenue Contribution to Capital Outlay (RCCO) to the WECA Capital programme before distribution to the constituent councils as capital grants.
- 4.3 For 2021/22 it is again proposed that no changes are made to the distribution of the funding level to the constituent councils as set out in the Roads Funding announcement by DfT in January 2017. As a devolution area, the constituent councils will automatically receive the highest level of Highways Incentive Grants, worth £2.1m in 2021/22 to the region
- 4.4 The specific grant distributions to the constituent councils is detailed in *Figure 2*. Details of the highways and transport priorities and schemes supported by the funding is set out within individual Unitary Authority budget papers.

Figure 2 – Highways and Transport Capital Grant allocation for 2021/22

	B&NES £000's	BCC £000's	SGC £000's	TOTAL £000's
Highways Maintenance	3,034	3,132	4,088	10,254
Highways Incentive	632	652	851	2,135
Integrated Transport	1,163	2,743	1,277	5,183
TOTAL	4,829	6,527	6,216	17,572

Mayoral Budget Funding

- 5.1 The Business Rates Retention Pilot (as approved in 2017/18) will continue in 2021/22 with a proportion of Business Rates, (5%), collected by the constituent councils allocated to the WECA. The majority of this funding (£17.572m) is payable directly to the Mayoral Budget to replace the highways and transport grant funding which would have been received from the DfT.
- 5.2 2021/22 is intended to be the final year of the Pilot with 75% Business Rates Retention Scheme due to be implemented nationally from April 2022. From 2022/23 onwards it is assumed that government will provide highways and transport capital grants direct to the three Unitary Authorities at the same funding level.
- 5.3 A Contribution from WECA of £645k is proposed for the Mayoral Budget in 2021/22 to meet the operating costs of the mayoral office and election cost provision. As per previous years, this will be allocated from the WECA Investment Fund.
- 5.4 For 2021/22, the total funding for the Mayoral Revenue Budget is £18.217m as detailed in **Appendix 1**.

Mayoral Fund Outturn Revenue Position

- 6.1 **Appendix 2** details the Mayoral Fund's forecast outturn revenue position for the 2020/21 financial year based on actual information to the end of December 2020, which, overall, is **£17k** lower than the original budget.
- 6.2 A contribution of £396k will be made to an earmarked reserve, in line with budget, to meet the estimated costs of the next WECA Mayoral Election in 2021.

Consultation

- 7 The contents of this report have been shared, and discussed with, the finance leads and Section 151 Officers of BANES, South Gloucestershire and Bristol City Councils.

Other Options Considered

- 8 The proposed Mayoral budget is based on current forecast costs, previously agreed proposals for Transport grants and approvals made through the WECA Committee. No other options are proposed at this stage.

Risk Management/Assessment

- 9 The key risk in this report relates to the medium to long term sustainability of funding. Highways and Transport grants will need to be funded by Government subsequent to the current Business Rate retention pilot coming to an end in April 2022.

Public Sector Equality Duties

- 10 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 10.1 The Act explains that having due regard for advancing equality involves:
- Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 10.2 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

Finance Implications, including economic impact assessment where appropriate:

- 11 Financial implications are contained within the proposed budget as detailed in Appendix 1 to this report.

Advice given by: Malcolm Coe, Director of Investment & Corporate Services

Legal Implications:

- 12 The Budget proposals have been developed in accordance with appropriate Local Government Regulations, including the specific funding and related governance requirements set out in the The West of England Combined Authority Order 2017 and The Combined Authorities (Finance) Order 2017.

Advice given by: Shahzia Daya, Director of Legal

Climate Change Implications

- 13 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

- 13.1 The Mayoral budget relates purely to the running costs of the Mayor's office along with costs of administering the election process and, as such, has no direct impact on climate change issues.

Human Resources Implications:

- 14 The funding for all appropriate staffing costs for the Mayoral office is included within the Budget proposal.

Advice given by: Alex Holly, Head of Human Resources

Appendices:

Appendix 1 – Mayoral Revenue Budget 2021/22

Appendix 2 - Mayoral Fund Forecasted Revenue Outturn 2020/21

Background papers:

Mayoral Budget Setting Report 2020/21 – approved by the WECA Committee in January 2020.

Mayoral and WECA Budget Monitoring reports as presented to each meeting of the WECA Committee

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email: democratic.services@westofengland-ca.gov.uk

Appendix 1

WECA Mayoral Budget 2020/21

The Mayoral Budget – 2021/22

	2020/21 Budget £'000s	2021/22 Budget £'000s	Increase (+) / Decrease (-) £'000s
Staff	206	211	5
Premises Services	13	13	0
Support Services	15	15	0
Supplies & Services	10	10	0
Project Spend	0	0	0
	244	249	5
Mayoral Election – Transfer to Reserve	396	396	0
Mayoral Revenue Expenditure:	640	645	5
<u>Contribution to Highway Grants</u>			
Integrated Highway	5,183	5,183	0
Highway Maintenance Grants	10,254	10,254	0
Highway Incentive Grants	2,135	2,135	0
	17,572	17,572	0
Total Expenditure	18,212	18,217	5
<u>Income</u>			
Business Rates Retention Pilot	17,572	17,572	0
Contribution from WECA Investment Fund	640	645	5
Total Income	18,212	18,217	5

Highways & Transport Grant allocation 2021/22

	B&NES £000's	BCC £000's	SGC £000's	TOTAL £000's
Highways Maintenance	3,034	3,132	4,088	10,254
Highways Incentive	632	652	851	2,135
Integrated Transport	1,163	2,743	1,277	5,183
TOTAL	4,829	6,527	6,216	17,572

Appendix 2

Mayoral Fund 2020/21 Forecasted Outturn as @ December 2020

	2020/21 Budget £'000s	2020/21 Outturn £'000s	Variance £'000s
Staff	206	204	-2
Premises Services	13	12	-1
Support Services	15	1	-14
Supplies & Services	10	10	0
Project Spend	0	0	0
	244	227	-17
Mayoral Election - Transfer to Reserve	396	396	0
<u>Contribution to Highway Grants</u>			
Integrated Highway	5,183	5,183	0
Highway Maintenance Grants	10,254	10,254	0
Highway Incentive Grants	2,135	2,135	0
	17,572	17,572	0
Total Expenditure	18,212	18,195	-17
<u>Income</u>			
Business Rates Retention Pilot	17,572	17,572	0
Funding Contribution from WECA	640	623	-17
Total Income	18,212	18,195	-17



WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE

ITEM 16

29 January 2021

REPORT SUMMARY SHEET

COMBINED AUTHORITY BUDGET 2021/22 AND MEDIUM TERM FINANCIAL FORECAST

Purpose

To consider and approve a revenue budget for the West of England Combined Authority for 2021/22.

Summary

This report includes the following key information:

- The proposed WECA budget for 2021/22 is set out at **Appendix 1**.
- Monitoring against the WECA budget is reported to each meeting of the WECA committee. The current forecasted outturn position for the 2020/21 financial year is detailed in **Appendix 2**.
- Treasury management returns continue to perform well with a projected surplus of £800k in 2020/21 but future returns will be challenging due to the historically low interest rates.
- WECA's revenue budget is made up of four main components, core revenue funding, specific grants, a transport levy for defined services and approved investment fund schemes. This report provides an updated Medium-Term profile, and financial outlook, across all of these areas.
- Certain element of WECA funding such as Mayoral Capacity fund, Housing Capacity Fund and 100% Business Rates retention (pilot) remain volatile and are only secure for 2021/22;
- A 2% uplift on the transport levy is recommended for 2021/22 bringing the total levy to £19.5m and a £2m recharge from North Somerset Council;
- A standard overhead rate of 36.4% per FTE will be applied in 2021/22 consistent with the rate approved by committee in January 2020;
- The WECA General Reserve is currently £1.2m which is 2.1% of the proposed WECA revenue budget of £56.7m for 2021/22

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relevant to this report are

- (a) There will be an impact on 2021/22 revenue budgets as core activity, and investment funding, is re-prioritised and re-focused on supporting ongoing economic recovery;

- (b) There is particular concern regarding the achievability of business rates growth targets which will directly impact on a proportion of WECA's core operating revenue through the 100% business rates retention pilot;
- (c) Concessionary fare payments to bus operators have been made in line with budgeted profile throughout 2020/21 to maintain continuity of service, along with contract payments for supported bus services and payments to community transport providers.
- (d) Payments to Adult Education providers have also been made in line with budgeted profile to maintain stability of the provider base.

Recommendations

The Combined Authority Committee is asked to:

1. Approve a Transport Levy to the constituent councils of **£19.5m** for 2021/22, with a recharge of £2m applied to North Somerset Council, as detailed in Figure 6.
2. Approve the allocation of £200k from the 2020/21 surplus Treasury Management income to the delivery of the ICT Programme of works.
3. Approve the surplus above 2021/22 base budget on Treasury Management income to be transferred to a treasury management reserve to cover the risk of capital losses, volatility of future income returns and lower interest rates payable in future years.
4. Approve the detailed WECA budget for 2021/22 as detailed in Appendix 1.
5. Note the WECA revenue outturn Position for 2020/21 as detailed in Appendix 2.

Contact officer: Malcolm Coe

Position: Director of Investment & Corporate Services

Email: Malcolm.Coe@westofengland-ca.gov.uk

REPORT TO: WECA COMMITTEE

DATE: 29 January 2021

**REPORT TITLE: COMBINED AUTHORITY BUDGET 2021/22 AND
MEDIUM-TERM FINANCIAL FORECAST**

**DIRECTOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND
CORPORATE SERVICES**

AUTHOR: MALCOLM COE

Purpose of Report

- 1 To consider and approve a Budget in respect of the WECA for 2021/22.

Impact of Covid-19 pandemic

- 2 The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on, or are addressed through, this report are as follows:
 - (a) There will be an impact on 2021/22 revenue budgets as core activity, and investment funding, is re-prioritised and re-focused on supporting ongoing economic recovery;
 - (b) There is particular concern regarding the achievability of business rates growth targets which will directly impact on a proportion of WECA's core operating revenue through the 100% business rates retention pilot;
 - (c) Concessionary fare payments to bus operators have been made in line with budgeted profile throughout 2020/21 to maintain continuity of service, along with contract payments for supported bus services and payments to community transport providers.
 - (d) Payments to Adult Education providers have also been made in line with budgeted profile to maintain stability of the provider base.

Activity, and corresponding budgets, will be kept under regular review over the coming months with government advice and guidance taken into consideration.

Recommendations

It is recommended that the committee:

1. Approve a Transport Levy to the constituent councils of **£19.5m** for 2021/22, with a recharge of £2m applied to North Somerset Council, as detailed in Figure 6.
2. Approve the allocation of £200k from the 2020/21 surplus Treasury Management income to the delivery of the ICT Programme of works.
3. Approve the surplus above 2021/22 base budget on Treasury Management income to be transferred to a treasury management reserve to cover the risk of capital losses, volatility of future income returns and lower interest rates payable in future years.
4. Approve the detailed WECA budget for 2021/22 as detailed in Appendix 1.
5. Note the WECA revenue outturn Position for 2020/21 as detailed in Appendix 2.

Background and Issues for Consideration

WECA Revenue Resources and Medium-Term Financial Outlook

- 2 The West of England Combined Authority (WECA) Budget relates to all functions with the exception of those relating specifically to the Mayor which are set out separately on the agenda for this meeting. The WECA Budget includes any specifically agreed contributions from the WECA to meet Mayoral costs.

- 2.1 The funding for WECA comes from five main sources:

- Investment funding provided by the Government as part of the Devolution Deal;
- A levy on the constituent councils for the costs of transport functions that transferred to WECA;
- A 5% share of business rates under the 100% Business Rates Retention Pilot;
- Government funding for various functions, capacity and projects including:
 - Adult Education Budget;
 - Housing Capacity Fund;
 - Mayoral Capacity Fund
 - Future Bright
- Treasury Management - Interest on balances

This budget proposal covers the financial year 2021/22 and provides a medium-term revenue outlook. It builds on the previous years of operation for WECA and reflects all previous committee decisions and funding allocations made which have ongoing impacts.

- 2.2 The WECA Budget has been prepared on the basis that the separate budget proposals put forward in the Mayoral Budget, (elsewhere on this agenda), are approved as presented.
- 2.3 The proposed WECA Budget is detailed in Appendix 1 and includes provision for the governance, management & administration of WECA's functions and responsibilities.
- 2.4 WECA staff capacity for the first couple of years of operation was funded entirely through Business Rates Retention and short-term government capacity funding such as the Mayoral Capacity Fund. Being cash limited in nature, this funding has not accounted for any uplift in staffing costs through either national pay awards and/or increments with such costs having to be funded through using investment interest earned on cash balances.
- 2.5 All staff appointments have been made in compliance with committee approved allocations with an appropriate balance maintained of permanent vs fixed term appointments based on the specific duration of funding streams. Contracted staff are engaged, where relevant, primarily to support specific skill sets required to deliver approved Investment Fund projects.
- 2.6 WECA revenue funding has increased over time with the approval of various projects, and associated funding, as part of the £350m four-year investment programme (up to March 2023). Such approvals are incorporated within the 2021/22 WECA budget and Medium-Term Financial Forecast (MTFF).
- 2.7 Figures in this report do not reflect any forecast slippage of projects and workstreams from 2020/21, with any out-turn variations being added to the 2021/22 budget in the first monitoring report to the WECA Committee in 2021/22.
- 2.8 The 2020/21 WECA Revenue budget, as approved by Committee in January 2020, is detailed in *Figure 1*.

Figure 1: WECA 2020/21 approved revenue budget

	2020/21
	£000s
Core Annual Revenue	
Business Rate Retention	1,200
Mayoral Capacity Fund	1,000
Treasury Management income	1,020
Investment Fund for Mayoral Costs	640
Specific Grant Funding	
Adult Education Budget	14,739
Housing Capacity Fund	1,075
Cultural strategy	33
Combined Authority (M9) Grant	128
Brexit Grant	80
Investment Fund (WECA Management)	
Transport Integration transition	204
Mass Transit	300
Integrated Smart Ticketing	100
Strategic Park & Ride OBC	165
Bus Strategy Outline Business Case	86

Local Cycle and Walking feasibility	40
Strategic Master-Planning development	175
Regional Operations Capability	75
Strategic Shared Planning	250
Strategic Masterplanning North Fringe	500
Strategic Masterplanning South West Fringe	500
Future Bright extension of project	1,573
Workforce for the Future (WFTF)	1,540
WFTF European Match funding	1,540
Apprenticeship Levy Maximisation	100
Energy Strategy Action Planning	125
Investment Fund (Allocated to UAs)	
South Glos by-pass feasibility	213
Yate Park and Ride Outline Business Case	300
Yate Urban Living Master-Planning	350
Visitor Economy	100
Investment Fund to third parties	
South West Institute of Future Technologies	207
WE Work for Everyone	1,300
WE Work for Everyone European Match	2,230
Research & Innovation Challenge Fund	242
Modern Methods of Construction Pilot	150
Building Employment & Enterprise Skills	20
Local CEIAG Action Research	20
UA Transport Levy	20,716
	*53,036

*£53.036m was the approved budget ahead of the year. During the year this increased to £61.882m: £1.191m additional Specific Grant Funding and £7.655m movement in IF. See Appendix 3 for the full breakdown. Revised 2020/21 values will be used in the following MTFF Figures.

Key Changes in Resources with effect from 2021/22

Core Revenue

- 2.9 The 'core' element of our revenue resources remains largely unchanged in 2021/22. The West of England 100% Business Rates Retention Pilot has been rolled forward for a further financial year at its existing value of circa £1.2m for WECA, (5% of the total increase in business rates retained in the region). However, delivery of growth within the region, due to the impact of Covid, has slowed significantly which has been reflected in the need to draw down £403k from the WECA Business Rates Reserve in 2020/21 in order to underpin the budget. A further drawdown from reserves might be required again in 2021/22. The planned introduction of a new national 75% retention scheme from April 2022 places future year resources at risk.
- 2.10 Similarly, government has confirmed a further £1m Mayoral Capacity Fund Grant for 2021/22 to meet with the core operating costs of the organisation with no certainty beyond this period.
- 2.11 Income received from our investments has significantly exceeded budgeted levels in the last two financial years due to high cash balances held and longer-term interest

rates attained through investing in approved property and mixed asset funds. High returns are again forecasted for 2021/22 although this will begin to taper down as significant construction costs are drawn down in relation to the approved £350m WECA Investment Programme. The historically low national interest rates will also place strain on this income source over the coming months. From 2022/23 onwards, investment returns are predicted to reduce to circa £670k per annum.

- 2.12 There is a forecasted underspend of £349k Mayoral Capacity grant in the 2020/21 financial year which has been carried forward and will be fully utilised within 2021/22.
- 2.13 The revenue funding for running the mayoral function, alongside the annual funding put aside to fund four yearly election costs, is met through an approved drawdown from the WECA Investment Fund.
- 2.14 The Medium-Term Financial Forecast, (MTFF), of our **core** revenue streams amounts to £18.7m over the four-year period as shown in *Figure 2*

Figure 2: MTFF (Forecast) for Core Revenue Streams

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Core Revenue Budgets	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Business Rate Retention	1,200	1,200	*1,200	*1,200	*1,200	6,000
Mayoral Capacity Fund	1,000	1,000	*1,000	*1,000	*1,000	5,000
Mayoral Capacity Fund - 18/19	0	349	0	0	0	349
Treasury Management income	1,020	1,030	700	670	670	4,090
Investment Fund for Mayoral Costs	640	644	652	661	670	3,267
Sub Total:	3,860	4,222	3,552	3,531	3,540	18,706

* *Business Rates Retention and Mayoral Capacity funding are high risk from 2022/23.*

- 2.15 WECA will continue to put forward a case to government to establish sustainable core funding for Combined Authorities beyond year on year allocations. In addition, to mitigate risk, WECA will continue to review its holding of financial reserves and aim to increase the current level of reserves through transferring any end of financial year surpluses.

Specific Revenue Grant Funding

- 2.16 The largest specific grant that WECA receives is in relation to the Adult Education Budget, (AEB), that was formally devolved to the Combined Authority with effect from the 2019/20 academic year. WECA received a modest increase to the core grant for the 2020/21 academic year and also received some additional funding in 2020, specifically targeted at learning outcomes to help individuals through the Covid pandemic.
- 2.17 Currently, 2021/22 will be the last year of three financial years where WECA will receive £1m through the Housing Capacity Fund which provides additional capacity both within WECA and the constituent councils for stimulating housing growth plans across the region.
- 2.18 The Mayoral Combined Authority, (M9), Group annually contribute funding to WECA for co-ordinating various activities and responses to government representing the

views of the entire group. For 2021/22 onwards, this is estimated to be £142k per annum.

- 2.19 At this stage, there is a commitment for WECA to be the accountable body for the 'Western Gateway Sub-National Transport' Board. Relevant funding has been allocated for 2021/22 financial year which will be kept under review.
- 2.20 Emergency Active Travel grants of circa £3.8m for the region were approved from the Department for Transport in late 2020. The majority of this spend is capital and therefore detailed within the WECA Capital Report, with the revenue element of £959k detailed within this revenue budget report.
- 2.21 *Figure 3* details the medium-term resource forecast across the various specific grant income streams which amounts to £81.7m over the five-year period:

Figure 3: MTF for Specific Revenue Grants

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Specific Grant Funding	£000s	£000s	£000s	£000s	£000s	£000s
Adult Education Budget	14,739	15,215	14,739	14,739	14,739	74,171
Business Innovation - ERDF	0	375	675	400	0	1,450
Housing Capacity Fund	1,075	1,043	1,056	226	0	3,400
Cultural Strategy	33	0	0	0	0	33
Combined Authority (M9) Grant	128	142	142	142	142	696
Brexit Grant	80	49	0	0	0	129
Western Gateway Sub-National Transport	600	180	20	20	20	840
Emergency Active Travel	591	368	0	0	0	959
Sub Total:	17,246	17,372	16,632	15,528	14,902	81,678

Investment Fund Revenue (WECA managed)

- 2.22 The WECA committee have approved a number of revenue allocations throughout the last couple of years for progressing strategic business cases, feasibility and development work. These vary from big strategic projects that span over several years, such as research into mass-transit options, to smaller, time limited, work such as developing an action plan to support the region's emerging energy strategy.
- 2.23 In some cases, approvals provided through WECA Committees have resulted in further budget being allocated, and spend being incurred, within the 2020/21 financial year over and above the original budget as detailed in *Figure 1*. In other cases, the approvals given by committee cover a period up to the full duration of the investment programme, (March 2023), which is reflected in an updated medium-term resource forecast as detailed in **Appendix 3**.
- 2.24 *Figure 4* details all of the approved Investment Fund revenue allocations that will be managed by WECA which have been indicatively allocated over a five-year period.

Figure 4: Investment Fund Revenue allocations managed by WECA

	2020/21	2021/22	2022/23	2023/24	Total
Investment Fund managed by WECA	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Transport Integration – strategic capacity	204	273	273	0	750
Integrated Smart Ticketing	90	180	0	0	270
Strategic Park & Ride OBC	300	150	0	0	450
Bus Strategy	1,425	200	0	0	1,625
Regional Operations Capability	50	0	0	0	50
Strategic Rail Investment	150	100	0	0	250
Metrobus consolidation package	300	0	0	0	300
Mass Transit Options *	320	0	0	0	320
Local Walking and Cycling	75	0	0	0	75
Emergency Active Travel Fund	0	0	0	0	0
Step Free Stations	0	100	0	0	100
Future Transport Zone	85	396	1,720	1,454	3,655
SDS - Transport (TAF, WERTM)	961	576	63	0	1,600
Housing Infrastructure / Enabling	1,429	320	0	0	1,749
SDS - Housing	657	1,414	766	313	3,150
Strategic Master-Planning development	75	75	75	0	225
Strategic Master-planning North Fringe	400	90	0	0	490
Strategic Master-planning SW Fringe	250	225	0	0	475
Strategic Green Infrastructure	130	170	0	0	300
Future Bright extension of project	1,200	1,200	0	0	2,400
Workforce for the Future (WFTF)	1,167	1,300	1,000	400	3,867
WFTF European Match funding	1,167	1,300	1,000	400	3,867
Apprenticeship Levy Maximisation	80	0	0	0	80
Talent Institutes	8	0	0	0	8
LIS Productivity Challenge	1,334	721	669	0	2,724
Cultural Strategy	14	0	0	0	14
Research & Innovation Challenge Fund	86	107	34	16	243
Visitor Economy	8	0	0	0	8
Regional Tourism	70	0	0	0	70
Energy Strategy Action Planning	120	130	0	0	250
Sub Total:	12,154	9,028	5,600	2,582	29,365

*£1.5m total award with spend in earlier years. Potential reprofile of £241k to 21/22 subject to a change request

2.25 The items in Figure 4 represent revenue approval to commit spend, and progress with the respective projects to their next Gateway stage. Full capital allocations are only approved subsequent to a viable, assessed, full business case.

Investment Fund Revenue (UA managed and third parties)

2.26 Similar to Investment Fund Revenue approvals that will be managed by WECA, there have been a number of Committee approvals for feasibility and development funding that will be managed directly by the constituent Unitary Councils and third parties. Whereas responsibility for development has been delegated for such spend, WECA will retain overall control in terms of ensuring that spend is delivering the required

progress and outcomes.

2.27 Most of these approvals will be spent by the end of the 2021/22 financial year with the main exceptions being:

- (a) High Street Regeneration. Whereas the original approval of £10m formed part of the 2019/20 revenue budget, the timing of actual spend, beyond initial research and business case development is likely to be phased up to 2023/24. Spend will mainly be managed by UAs, subject to approved financial drawdowns linked to business cases.
- (b) WE Work for Everyone. Where there is a £1.3m Investment Fund Revenue approval which attracted 50% of European match funding for this programme which is scheduled to run up to 2022/23.
- (c) Reboot West. This programme specifically supports young people leaving care to access and sustain education, training and paid employment, supported by Coaches offering long term support of at least two years.
- (d) Digital Engineering Tech & Innovation (DETI). Phase 1 is a two-year programme delivering a series of research and innovation work packages, alongside skills and workforce training, to develop and accelerate digital engineering across multiple sectors for future generations of engineers and engineering products. It will be managed by the National Composites Centre (NCC).

2.28 A summary of all Unitary Authority and Third-Party revenue approvals which amounts to £22.8m, as at January 2021, is detailed in *Figure 5*.

Figure 5: Investment Fund Revenue Approvals delegated to UAs and Third Parties

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Investment Fund to UAs	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
High Street Regeneration	0	0	4,035	4,035	0	8,070
South Glos by-pass feasibility	181	0	0	0	0	181
Yate Urban Living Master-Planning	400	60	0	0	0	460
Bristol High Streets - Bedminster	230	0	0	0	0	230
B&NES High Streets - Pilot	122	0	0	0	0	122
SGC High Streets - Kingswood	148	0	0	0	0	148
Freezing Hill Lane: A420 to Bath	96	0	0	0	0	96
Temple Meads Masterplan	1,416	0	0	0	0	1,416
STEAM Centre SGS WISE	175	0	0	0	0	175
Realising Talent [NEET]	126	197	118	0	0	441
South Bristol Enterprise Support	132	171	180	0	0	483
Working Well Institute	300	0	0	0	0	300
Manvers Street Regeneration	250	0	0	0	0	250
North Keynsham Master-planning	100	150	0	0	0	250
Charfield Station	986	72	0	0	0	1,058
Improving Access to Bath from the East	200	0	0	0	0	200
Bath Riverline	150	0	0	0	0	150
WE Work for Everyone	391	491	381	17	0	1,280
WE Work for Everyone European Match	391	491	381	17	0	1,280
Building Employment & Enterprise Skills	10	0	0	0	0	10

Local CEIAG Action Research	10	0	0	0	0	10
Reboot West	0	121	330	233	36	720
Investment Fund managed through third parties						
SW Institute of Future Technologies	262	162	0	0	0	424
Digital Engineering Tech & Innovation	1,830	2,720	450	0	0	5,000
Sub Total:	7,906	4,635	5,875	4,302	36	22,754

Revenue Transport Levy (Transport Integration)

- 2.29 A revenue transport levy has been in place for each year between the constituent Unitary Councils and WECA to reflect the cost of the core transport services of:
- Concessionary Travel
 - Real Time Information for bus services and
 - Community Transport
- 2.30 From 2020/21 WECA took on responsibility for managing and delivering these operational transport functions pooling the budget accumulated from the Unitary Authority levies, (and recharge from North Somerset Council). A smoothing reserve of £200k was created to help manage the peaks and troughs of regional service costs which was reduced to £123k following a net over-spend on transport activities at the end of the 2019/20 financial year.
- 2.31 The core objectives behind regional transport integration remain, meaning that we can plan and manage public transport across council boundaries, supporting our Joint Local Transport Plan and Bus Strategy alongside having a stronger negotiating position with public transport providers and more opportunities to work together to advance sustainability and climate change agendas.
- 2.32 In addition to Concessionary Travel, Real Time Information and Community Transport, the main additional functions delivered directly by WECA are:
- Bus Service Information
 - Supported Bus Services (whilst remaining a joint function)
 - TravelWest and
 - Metrobus operations
- 2.33 Relevant Section 151 Officers agreed the transfer of revenue funding, with effect from the 2020/21 financial year, on a 'no worse off basis'. The intention was for WECA to receive, through the levy, the budget to meet the direct costs of service provision but not to receive any overhead allocation to meet additional indirect staffing costs such as accommodation, ICT and relevant support services.
- 2.34 As the 2020/21 financial year has progressed, various oversights in the calculation of the base levy figure have been identified. In particular, the Bristol Park & Ride budget was not previously incorporated into the Supported Services element of the levy as was intended and the B&NES Supported Services levy amount did not cover a full year's contract expenditure. These figures have now been corrected and are shown in **Figure 6** which re-sets the base levy for 2020/21, upon which the 2021/22 and subsequent years' levy figures are calculated.

- 2.35 WECA will continue to engage with the constituent Unitary Councils to explore options for minimising the operating costs of the integrated transport service. However, the effects of the Covid pandemic has severely reduced the demand for bus travel across the region and this has led to increased pressure on contract prices brought by the knowledge that passenger numbers will not quickly recover to pre-Covid levels. As part of the overall Government-led funding package for the bus industry, WECA has needed to continue to reimburse operators at 2019/20 levels for concessionary travel and bus service contracts even while passenger numbers have been suppressed and services have not been fully operating. These costs will continue to be incurred into 2021/22 unless, or until, a new funding arrangement is introduced.
- 2.36 Experience from around the country suggests that retendering for new service contracts could generate significantly higher tender prices. Whilst WECA is proposing to extend many existing bus service contracts through to September 2021 in order to reduce the financial impact to some extent, it is likely that additional contract costs will be incurred during the coming year and WECA will need to consider how best to use the funding available to maintain essential services. Given the uncertainty that will continue into the 2021/22 financial year, and the anticipated increases in costs, it is appropriate to apply the previously agreed 2% uplift in the Transport Levy to WECA.
- 2.37 The 2021/22 levy, (along with the relevant recharge that will be applied to North Somerset Council), for integrated transport services is detailed in **Figure 6**. It is possible that actual costs and demands could rise beyond the budgeted 2% uplift with the region's Section 151 Officers keeping the situation under regular review.

Figure 6 – Adjusted Revenue Transport Levy (inc North Somerset) 2021/22

	2021/22 Levy Charges					
	B&NES	BCC	SGC	Total LEVY	NSC	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Integrated Transport Team	159	303	107	569	0	569
Concessionary Travel	3,699	7,203	2,173	13,075	1,852	14,927
Bus Service Information (RTI)	149	306	148	603	37	640
Community Transport	367	842	445	1,654	0	1,654
Supported Bus Services	780	1,334	971	3,085	35	3,120
Metrobus	0	134	83	217	14	231
Travelwest	10	26	15	51	12	63
Bus Strategy / Integ Ticketing	30	113	72	215	36	251
Sub Total:	5,194	10,261	4,014	19,469	1,986	21,455

- 2.38 The breakdown of the 2021/22 WECA budget into its component parts includes each element of the Levy by authority and function. This will influence how the funding is spent on the transferred functions, with any changes to this needing to be approved by the WECA Committee on the advice of the Transport Board. For example, should WECA need to consider supporting a bus service that is not able to be operated commercially, then the funding for this will need to be found from existing allocations or an increase in the Transport levy for the relevant authority.
- 2.39 The intention, over the coming months, is to manage the transport levy as one overall budget provision with any potential balances remaining at the end of the financial year

transferring into the transport 'smoothing reserve'.

- 2.40 The four-year MTFF figures for the revenue transport levy, (and North Somerset recharge), assuming direct service costs only, with no further changes in demand, are reflected in *Figure 7*

Figure 7 – Adjusted Revenue Transport Levy (inc North Somerset) – MTFF

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Unitary Authority Transport Levy	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
B&NES	5,048	5,194	5,298	5,404	5,512	26,456
BCC	10,060	10,261	10,466	10,676	10,889	52,352
SGC	3,935	4,014	4,094	4,176	4,260	20,479
NSC	1,947	1,986	2,026	2,066	2,107	10,132
Sub Total:	20,990	21,455	21,884	22,322	22,768	109,419

Total WECA Revenue Funding Forecast

- 2.41 Combining all of the approved funding streams, as detailed in this section, the overall proposed WECA revenue budget for the 2021/22 financial year is **£56.7m** with a total resource allocation of **£261.9m** up to March 2025 (including 2020/21)

Figure 8: Summary of all approved WECA Revenue (as at January 2021)

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Core Revenue Funding	3,860	4,222	3,552	3,531	3,540	18,705
Specific Grant Funding	17,246	17,372	16,632	15,528	14,902	81,680
Investment Fund (managed by WECA)	12,154	9,028	5,600	2,582	0	29,364
Transport Levy (and NSC Recharge)	20,990	21,455	21,884	22,322	22,768	109,419
WECA Managed Revenue Budgets	54,250	52,077	47,668	43,963	41,210	239,168
Investment Fund (UA and third parties)	7,906	4,635	5,875	4,302	36	22,754
Total WECA Revenue Budget	62,156	56,712	53,543	48,265	41,246	261,922

Spend Analysis and Overheads

- 3.1 WECA's costs, to date, have mainly majored on the staffing required to operate the business. However, with a growing momentum on developing long term strategic master planning and transport solutions, coupled with more services being transferred to the authority such as the Adult Education Budget and integrated transport services, spend will be spread across a wider range of areas such as payments to third parties, supplies and services and engagement of specialist contractors.

3.2 A subjective analysis of revenue spend for 2021/22 is detailed in *Figure 9*

Figure 9: WECA Revenue Spend Analysis 2021/22

	Staffing £000s	Supplies & Services £000s	Third Party Payments £000s	Overheads £000s	Recharge Income £000s	To reserves £000s	Total £000s
WECA Managed	8,098	6,830	39,189	-464	-1,727	151	52,077
Unitary Auth & 3 rd Party led	0	0	4,635	0	0	0	4,635
TOTAL:	8,098	6,830	43,824	-464	-1,727	151	56,712

3.3 In terms of staffing, overall numbers have increased which reflects the increased number of grants and service areas that WECA is now operating.

3.4 The initial core WECA revenue budgets of Business Rate Retention (£1.2m) and Mayoral Capacity Fund (£1m) did not account for any uplift in staffing costs through national pay awards and staffing increments. These have been funded to date through a Treasury Management Income budget of £670k which reflects the base annual returns that WECA receives through investing cash balances.

3.5 Salary budgets have been funded at 96% of the full cost of the staff salaries and related on-costs. This reflects the anticipated turnover rate throughout the year with inevitable time lags between individuals leaving and new starters commencing.

3.6 The main elements of the £43.8m third party payments are:

- £14.7m payments to adult education providers;
- £20.6m payments for transport services (£14.9m of Concessionary Fares);
- £4.6m of Investment Fund payments to Unitary Authorities for schemes that they are leading on;
- £2.25m in relation to the Workforce for the future (conditional on European match funding) and
- £0.9m payments made from the continuing 'Future Bright' initiative.

3.7 Recharge income reflects the proportion of time spent by WECA funded staff on Local Enterprise Partnership, (LEP), and Mayoral activities. Prior to 2020/21, each individual staff member had their salary coded to various cost centres to reflect the time that they spend on WECA, LEP and Mayoral functions. From 2020/21 onwards, to improve transparency of reporting, all costs are collated against WECA cost centres and recharged out on an annual basis.

3.8 In terms of overheads, WECA, has split its core costs between those that are required to govern and operate the business, 'corporate and democratic core', and those support costs that flex with the actual demands and services delivered by the organisation, (overheads). There are a proportion of overheads that are applicable to supporting LEP activities, the charge for which being reported in the Joint Committee budget report. The Corporate and Democratic Core costs are detailed in *Figure 10*

Figure 10: WECA – Corporate and Democratic Core Costs

WECA Corporate & Democratic Core	2020/21	2021/22	2022/23
	£000s	£000s	£000s
Statutory Officer Costs	319,403	324,612	337,730
Legal and Democratic Services	215,045	231,193	249,284
Policy and Strategy	373,724	350,971	355,706
Marketing and Communications	138,953	132,583	135,235
Central Overheads (inc contracts)	76,350	94,418	96,306
Total Core Costs:	1,123,475	1,133,777	1,174,261

- 3.9 The Statutory Officer Costs reflects the salary and related on-costs for the required Chief Executive Officer, (Head of Paid Service), and Director of Investment and Corporate Services (Statutory Finance Officer). Legal and Democratic Services includes the cost of the Statutory Monitoring Officer role alongside the relevant costs for administering and governing the WECA Committee. Policy and Strategy and Marketing and Communications both have a 'core' element of costs alongside a variable element with certain activity linked to the services directly delivered by WECA.
- 3.10 Support Service costs, which need to be spread across the WECA services and projects delivered, is detailed in *Figure 11*

Figure 11: WECA Support Services (overhead) Costs

WECA Support Services (Overheads)	2020/21	2021/22	2022/23
	£000s	£000s	£000s
Financial Services	346,749	347,151	394,395
ICT Services	297,397	581,419	593,047
Accommodation and Property	511,236	506,236	506,234
Human Resources	234,314	245,817	254,966
Business Support	171,519	106,860	113,041
Grant Assurance Function	209,878	155,601	158,713
Policy and Strategy	314,217	315,394	332,413
Marketing & Communications	171,401	202,120	206,162
Central Overheads (inc contracts)	76,350	94,418	96,306
Total Support Services	2,333,061	2,555,016	2,655,277

- 3.11 The Key Changes in Overheads with effect from 2021/22:

- (a) ICT Services. WECA's staffing base has increased significantly during the current financial year as a result of approved investment fund activity and regional economic recovery. The rate of growth WECA has experienced is a longer-term trend as the organisation continues to grow, deliver more programmes of work and attract further funding. Investment and development in IT Infrastructure will continue to be required in order to meet the growing demand.

The budget for 2021/22 include costs relating to an essential ICT future programme of work, aiming at equipping WECA with common digital tools to better meet our stakeholder needs and work more efficiently. Some key one-off projects within the programme include the consolidation of our corporate websites and customer relationship management systems (CRM), the development of a data warehouse and geospatial infrastructure to leverage our corporate data more effectively.

IT Infrastructure costs tend to be substantial initial outlays however the spend on equipment, such as laptops and mobile phones, have a useful life than span across more than one financial year. For budgeting purposes we will spread the cost of relevant equipment over the period in which it is used by charging depreciation over three years.

It is recommended that £200k from the 2020/21 Treasury Management income surplus is allocated to create an ICT 'smoothing reserve' to support the delivery of the ICT Programme of works.

- (b) Business Support. The budget for a specific ICT post was previously allocated to the Business Support budget and has been re-allocated to the ICT Services area from 2021/22 onwards.
- (c) Grant Assurance. While the 2021/22 recharge to the Adult Education Budget is in line with the previous year, additional recharges have been introduced in the 2021/22 budget which reflects the growing diversification of the Grant Assurance Team. These include £22k for Workforce for the Future and £29k to the Economic Development Fund Management.
- (d) Marketing and Communications. With growing campaigns for business recovery, skills and regional innovation as well as ongoing promotion of key initiatives and website redevelopment, additional resource is required to meet the growing organisational needs in the area of marketing campaign planning and execution.
- (e) Central Overheads. There has been an increase in the Insurance ratings and premiums as a result of the current hard insurance market. Rising reinsurance costs, low interest rates, COVID-19 impacts, Property Rates Reviews, capacity and reduced competition in the Insurance market are all contributing factors resulting in the increase in costs.
- 3.12 The increase in support services spend is proportionate with the increase in overall WECA activity over the previous 12 months through applying the standard **36.4%** overhead, (per FTE), rate as approved by the WECA Committee in January 2020. As the organisation expands, (or contracts), this will continue to be the standard overhead percentage that will be applied to all services delivered and capital projects led, and managed, by WECA.
- 3.13 £2.555m overheads represents 4.5% of the £56.7m 2021/22 WECA revenue budget for WECA which is a similar rate compared with other Combined Authorities.

Treasury Management

- 3.14 For the last three years of operation WECA has exceeded the set income budget for returns on investments in terms of cash balances held. This has primarily been due to the relatively low cost of feasibility and development funding activities in the early years versus the high construction costs as projects move into capital delivery.
- 3.15 The base Treasury Management income budget for achieving returns in a standard year is now set as £670k per annum. However, financial returns in the short term remain well in excess of this budget due to a number of 'forward deals', (prior to interest rate reductions) and high returns through long term, strategic investments.
- 3.16 The 2020/21 Treasury Management income budget was set at £1,020k, with a similar income level expected for the 2021/22 financial year. However, as the approved £350m WECA Investment Programme, (covering the period up to March 2023), gathers momentum, spend will increase and cash balances correspondingly reduce. This, coupled with the existing, historically low, interest rates will cause challenges for investment returns over the short to medium term.
- 3.17 With this in mind, long term spend can only be planned against the current £670k base income budget. For 2021/22, WECA is anticipating actual income returns of £360k above this base figure. With so much uncertainty over future income returns from WECA investment, it is proposed that this 2021/22 budget surplus is transferred to an earmarked, Treasury Management smoothing reserve.

It is recommended that surplus income achieved above 2021/22 budget levels is transferred to a treasury management reserve to cover the risk of capital losses, volatility of future income returns and lower interest rates payable in future years.

Accountable Body Functions

- 4.1 The WECA acts as the Accountable Body for the West of England Local Enterprise Partnership (LEP) and Invest in Bristol & Bath (IBB). The LEP and associated accountable body functions are funded from existing grants and contributions with no costs falling on the WECA. The LEP and IBB Budgets are approved and monitored by the West of England Joint Committee.
- 4.2 Invest in Bristol & Bath was, up to 2019/20, funded through the Economic Development Fund (EDF) at £1m per annum with the funding source transferring to the Revolving Infrastructure Fund (RIF) from 2020/21 onwards as part of an approved five-year deal.
- 4.3 The staffing structures of the LEP and WECA teams have been organised to provide the most efficient and effective delivery and support structure to meet the respective functions and responsibilities.

Mayoral Costs

- 5.1 The WECA will make a proposed contribution of £645k in 2021/22 to the Mayoral Budget to meet the Mayoral Election provision and annual Mayoral Office Costs. Further details are set out in the Mayoral Budget report which is on the agenda for this meeting.

Risk Management/Assessment

- 6 WECA has started to build a General Fund reserve to manage future financial risk however, this remains at a relatively low level being circa 2.1% of the 2021/22 revenue budget. The specific financial risks that we currently face include:
- Drop in government funding – the Mayoral and Housing Capacity Funding of £1m each pa will soon come to an end, and funding to replace these grants will need to be found;
 - Business Rate Retention funding – The sustainability of this funding will need to be reviewed as the government moves to a national 75% business rates retention system from April 2022;
 - Direct service delivery risk regarding the transferred transport services – particularly with regard to the financial pressures faced by bus operators due to falling patronage, and income, throughout the Covid pandemic.

Reserves

- 7.1 WECA was established without any general or earmarked reserves or balances transferring from the constituent councils. Over time it is intended to establish an appropriate risk assessed level of reserves based on the specific activity and financial risks to the WECA.
- 7.2 At the close of 2017/18 a general reserve was established of £308k. Over the last couple of financial years, this reserve has been added to and now stands at circa £1.2m.
- 7.3 There is no 'hard and fast' rule as to the level of reserves that needs to be retained by an operational authority. Industry practice suggests that somewhere in the region of 5% of total turnover would be appropriate which, for WECA, with a revenue budget of £56.7m in 2021/22, would amount to circa £2.8m.
- 7.4 With continued uncertainty surrounding the region's Business Rates Retention Pilot, (worth £1.2m per annum for WECA), and Mayoral Capacity Fund, (£1m short term annual grant funding), WECA will strive to maintain an appropriate level of financial reserves. Any residue surplus at the end of the 2020/21 financial year will be prioritised to be allocated into the WECA general reserve.

WECA Revenue Outturn Position

- 8 **Appendix 2** details WECA's estimated outturn revenue position for the 2020/21 financial year based on actual information to the end of December 2020, which overall, is projecting an end of year surplus of **£1,053k**.

The main two items contributing to the positive forecast variance are interest received through investing cash balances (£800k) and ITA Levy staffing underspend (£207k).

- 8.1 An income budget of £1.02m was set in relation to the interest that WECA earns from investing cash balances held. Whereas interest rates have dropped to record low levels over recent months, through a number of 'forward deal' investments and longer-term placements in property and equity funds, WECA continue to significantly outperform this income target. The current out-turn position for 2020/21 is a forecasted treasury surplus of £800k.
- 8.2 The forecasted underspend in ITA is due to budgeted staffing vacancies not fully filled. The budget assumed 18 Full Time Equivalent, (FTE), staff in post, while there were 16 FTE until September 2020 and 17 FTE thereafter. In compliance with the committee approval made in June 2020, B&NES will be refunded up to 100% of the surplus of £227k that they returned in 2019/20. Any residue surplus beyond this amount would be paid back into the WECA transport smoothing reserve to address future variations in demand and/or costs. The current balance of the smoothing reserve is £123k.

Consultation

- 9 The contents of this report have been shared, and discussed with, the Chief Executive Officers, finance leads and Section 151 Officers of BANES, South Gloucester and Bristol City Councils.

Other Options Considered

- 10 WECA and the constituent Unitary Authorities have considered various options in terms of appropriate levels for the transportation levy and UA contributions towards the LEP operating costs.

Public Sector Equality Duties

- 11 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 11.1 The Act explains that having due regard for advancing equality involves:
- Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.

- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

11.2 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

Finance Implications:

12 The financial implications are contained in the specific Budget proposals as set out throughout this report.

Advice given by: Malcolm Coe, Director of Investment & Corporate Services

Legal Implications:

13 The Budget proposals have been developed in accordance with appropriate Local Government Regulations, including the specific funding and related governance requirements set out in the West of England Combined Authority Order 2017 and The Combined Authorities (Finance) Order 2017.

Advice given by: Shahzia Daya, Director of Legal

Climate Change Implications

14 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision-making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/ consideration as necessary as part of their detailed project-specific management arrangements

14.1 Much of the WECA approved investment on building the infrastructure within the region will have a positive impact on climate change. Specifically, stepped change and improvements to rail and bus services along with an investment in cycling and walking facilities will help to reduce our carbon footprint.

14.2 Consideration of climate issues are incorporated within the assessed criteria that is used by WECA to determine priority financial allocations from investment funding and

transforming cities funding.

Land/property Implications

- 15 The WECA do not currently own any land or material assets. The current WECA office at Rivergate is currently occupied under a short term lease up to December 2022 (which is accounted for within this budget)
- 15.1 Where WECA investment allocations concern any acquisition or disposal of land and/or property, full consideration is given to relevant state issues, market valuation and the requirement to deliver best value.

Advice given by: Malcolm Coe, Director of Investment & Corporate Services

Human Resources Implications:

- 16 The funding for the staff establishment for WECA functions is provided for within the proposed budget in line with the resourcing requirements.

Advice given by: Alex Holly, Head of Human Resources

Appendices:

Appendix 1: WECA Revenue Budget 2021/22

Appendix 2: WECA Forecasted Revenue Outturn 2020/21

Appendix 3: WECA Revenue budget 2020/21 – revised schemes

Background papers:

Combined Authority (Revenue) Budget 2020/21 – WECA Committee 31 January 2020;

Capital Strategy (including Treasury Management and Investment Strategies) – WECA Committee 31 January 2020;

Investment Fund update reports – WECA Committee 19 June 2020, 9 October 2020, 4 December 2020, 29 January 2021

Mayoral Budget Setting Report 2020/21 – WECA Committee 31 January 2020

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email:

democratic.services@westofengland-ca.gov.uk

WECA Revenue Budget 2021/22

	Budget 20/21 £000s	Budget 21/22 £000s	Variance £000s
<u>Expenditure</u>			
Staff	7,088	8,098	1,010
Supplies and Services	3,921	6,830	2,909
Third Party Payments	40,100	43,824	3,724
Projects	3,814	0	-3,814
Overhead	-451	-464	-13
Recharge Income	-1,640	-1,727	-87
Reserve	204	151	-53
Total Expenditure	53,036	56,712	3,676
<u>Income</u>			
Levy transport Function	20,716	21,455	739
Business Rate Retention	1,200	1,200	0
Government Grants	17,055	18,720	1,665
Investment fund	13,045	14,307	1,262
Interest on balances	1,020	1,030	10
	53,036	56,712	3,676

Appendix 2

WECA Revenue Outturn 2020/21

<u>Expenditure</u>	Budget £000s	Forecast £000s	Variance £000s
Core staff	4,896	4,852	-44
ITA Team	892	650	-242
Project Staff	1,300	1,411	111
Total Staff	7,088	6,913	-175
Premises Services	464	351	-114
Support Services	44	30	-14
Supplies & Services	760	985	225
Total Supplies & Services	1,268	1,366	97
Total Project spend	25,808	31,746	5,938
ICT Implementation	297	656	359
Community Transport	1,621	1,621	0
Concessionary Fares	14,325	14,494	170
Real Time Information	453	404	-49
Supported Bus Services	2,743	6,771	4,028
Metrobus	226	85	-141
Bus Information	149	336	187
Travelwest	61	11	-50
Integrated Ticketing	247	247	0
Total Transport Functions	19,824	23,969	4,145
Contribution to Mayoral Fund	640	629	-11
Overhead (Central Support Recharges)	-451	-738	-287
Departmental recharges	-1,644	-1,562	82
Payment to Reserves	204	204	0
Total Expenditure	53,036	63,183	10,148
Income			
Levy transport Function	20,716	20,692	-24
ITA additional funding	0	4,135	4,135
Business Rate Retention	1,200	797	-403
Government Grants	17,055	19,242	2,187
Investment fund	13,044	16,738	3,694
Interest on balances	1,020	1,820	800
Payment from Reserves	0	813	813
	53,036	64,236	11,201
NET TOTAL	0	1,053	1,053

WECA Revenue budget 2020/21 – revised schemes

	ORIGINAL 2020/21	REVISED 2020/21	DIFF 2020/21
Specific Grant Funding	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Adult Education Budget	14,739	14,739	0
Business Innovation - ERDF		0	0
Housing Capacity Fund	1075	1,075	0
Cultural Strategy	33	33	0
Combined Authority (M9) Grant	128	128	0
Brexit Grant	80	80	0
Western Gateway Sub-National Transport Body		600	600
Emergency Active Travel		591	591
Sub Total:	16,055	17,246	1,191

	ORIGINAL BUDGET 2020/21	REVISED 2020/21	DIFF 2020/21
Investment Fund managed by WECA	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Transport Integration – strategic capacity	204	204	0
Integrated Smart Ticketing	100	90	-10
Strategic Park & Ride Outline Business Case	165	300	135
Bus Strategy	86	1,425	1,339
Regional Operations Capability	75	50	-25
Strategic Rail Investment		150	150
Metrobus consolidation package		300	300
Mass Transit Options	300	320	20
Local Walking and Cycling	40	75	35
Future Transport Zone		85	85
SDS - Transport (TAF, WERTM)		961	961
Housing Infrastructure additional allocation		1,429	1,429
SDS - Housing		657	657
Strategic Master-Planning development	175	75	-100
Strategic Shared Planning	250	0	-250
Strategic Master-planning North Fringe	500	400	-100
Strategic Master-planning South West Fringe	500	250	-250
Strategic Green Infrastructure		130	130
Future Bright extension of project	1,573	1,200	-373
Workforce for the Future (WFTF)	1,540	1,167	-373
WFTF European Match funding	1,540	1,167	-373
Apprenticeship Levy Maximisation	100	80	-20
Talent Institutes		8	8
LIS Productivity Challenge		1,334	1,334
Cultural Strategy		14	14
Research & Innovation Challenge Fund	242	86	-156

Visitor Economy	100	8	-92
Regional Tourism		70	70
Energy Strategy Action Planning	125	120	-5
Sub Total:	7,615	12,154	4,539
Investment Fund to UAs	£000s	£000s	£000s
South Glos by-pass feasibility	213	181	-32
Yate Park and Ride Outline Business Case	300	0	-300
Yate Urban Living Master-Planning	350	400	50
Bristol High Streets - Bedminster		230	230
B&NES High Streets - Pilot		122	122
SGC High Streets - Kingswood		148	148
Freezing Hill Lane: A420 to Bath		96	96
Temple Meads Masterplan		1,416	1,416
STEAM Centre SGS WISE		175	175
Realising Talent [NEET]		126	126
South Bristol Enterprise Support		132	132
Working Well Institute		300	300
Manvers Street Regeneration		250	250
North Keynsham Master-planning		100	100
Charfield Station		986	986
Improving Access to Bath from the East		200	200
Bath Riverline		150	150
WE Work for Everyone	1,300	391	-909
WE Work for Everyone European Match	2,230	391	-1,839
Building Employment & Enterprise Skills	20	10	-10
Local CEIAG Action Research	20	10	-10
Investment Fund managed through third parties			
South West Institute of Future Technologies	207	262	55
Modern Methods of Construction Pilot	150	0	-150
Centre for Digital Engineering Tech & Innovation		1,830	1,830
Sub Total:	4,790	7,906	3,116
TOTAL IF	12,405	20,060	7,655

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WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE

ITEM 17

29 January 2021

REPORT SUMMARY SHEET

CAPITAL STRATEGY INCLUDING TREASURY MANAGEMENT AND INVESTMENT STRATEGIES

Purpose

This report presents the Capital Strategy for the West of England Combined Authority including:

- The detailed capital budget for 2021/22, and indicative budget up to 2024/25.
- The Treasury Management Strategy for 2021/22.
- WECA Investment Strategy 2019 to 2023.

Summary

The capital strategy is a report which is instigated through the 2017 edition of the Prudential Code. The Code states that: *“the capital strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.”*

The areas covered by the capital strategy are as follows;

- Medium term capital expenditure and financing (Appendix 1).
- Investment strategy for non-treasury investments (Appendix 2).
- Treasury management including prudential indicators (Appendix 3).
- Liabilities, revenue implications of the capital programme, and knowledge and skills employed in delivering the strategy.

Impact of Covid-19 pandemic

The Combined Authority continues to actively review its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Further capital funding will be made available through central government over the next twelve months and the West of England will need to be proactive to ensure that a proportionate share is attracted to the region. Income returns from Treasury Management investment will remain challenging over the short to medium term due to the unprecedentedly low interest rates and market uncertainty throughout the Covid period.

Recommendations

The Combined Authority Committee is asked to:

- a) approve the Capital Budget as shown in Appendix 1.
- b) approve the Treasury Management Strategy for 2021/22 detailed in Appendix 3.
- c) note the WECA Investment Strategy as shown in Appendix 2.

Contact officer: Malcolm Coe

Position: Director of Investment & Corporate Services

Email: Malcolm.Coe@westofengland-ca.gov.uk

REPORT TO: WECA COMMITTEE

DATE: 29 JANUARY 2021

**REPORT TITLE: CAPITAL STRATEGY INCLUDING TREASURY
MANAGEMENT & INVESTMENT STRATEGIES**

**DIRECTOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND
CORPORATE SERVICES**

AUTHOR: MALCOLM COE

Purpose of Report

1. This report presents the Capital Strategy for the West of England Combined Authority including;
 - The detailed capital budget for 2021/22, and indicative budget up to 2024/25
 - The Treasury Management Strategy for 2021/22
 - WECA Investment Strategy 2019 to 2023

Impact of Covid-19 pandemic

2. The Combined Authority continues to actively review its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Further capital funding will be made available through central government over the next twelve months and the West of England will need to be proactive to ensure that a proportionate share is attracted to the region.
3. Income returns from Treasury Management investment will remain challenging over the short to medium term due to the unprecedentedly low interest rates and market uncertainty throughout the Covid period.

Recommendations:

The WECA Committee is requested to:

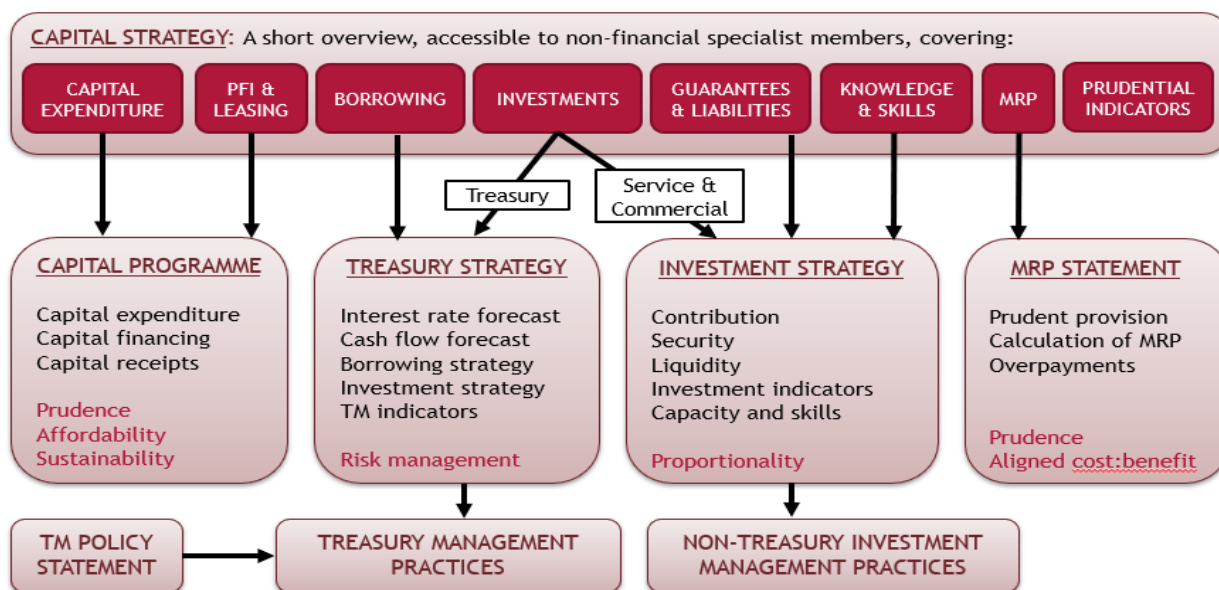
- a) **approve the Capital Budget as shown in Appendix 1;**
- b) **approve the Treasury Management Strategy for 2021/22 detailed in Appendix 3**
- c) **note the WECA Investment Strategy as shown in Appendix 2**

Background / Issues for Consideration

4. The capital strategy is a report which is instigated through the 2017 edition of the Prudential Code. The Code states that: “*the capital strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.*”
5. The areas covered by the capital strategy are as follows;
 - Medium term capital expenditure and financing (Appendix 1);
 - Investment strategy for non-treasury investments (Appendix 2);
 - Treasury management including prudential indicators (Appendix 3);
 - Liabilities, revenue implications of the capital programme, and knowledge and skills employed in delivering the strategy.
6. There is a clear link between this strategy and the financial impact upon various elements of the Authority’s revenue budget, for example, the investment and treasury strategies are key components upon how much interest the Authority could achieve on its investments compared to budgeted levels.
7. MHCLG published updated *Guidance on Local Government Investments* in February 2018. The previous edition covered treasury investments only, but the current edition focuses on non-treasury investments including:
 - loans made for service purposes
 - shares in companies bought for service purposes
 - loans to and shares in subsidiaries, irrespective of the purpose of the company
 - non-financial assets, (e.g. property), held primarily or partially to generate a profit
8. The Code recommends that these components are included under an overarching capital strategy covering all interlinked capital programme, financing, treasury and investment policies and decisions, both in the short and medium term as detailed in *Figure 1*;

Figure 1: Prudential Code (2017) recommended reporting structure

Strategy Reports: England



Capital Expenditure and Financing

9. Capital expenditure is where the Combined Authority spends money on assets, such as property, infrastructure or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. WECA has some limited discretion on what counts as capital expenditure, for example assets costing below £5,000 are not capitalised and are charged to revenue in year.
10. Costs incurred on developing outline business cases and feasibility work, as a rule, are not able to be capitalised. However, costs incurred on generating full business cases can be capitalised including specific staff costs, such as project managers or engineers, who are engaged in the development. Support service costs incurred on business case development are required to be treated as revenue.
11. The funding for the WECA Capital Programme comes from two main sources:
 - Investment funding provided by Government as part of the Devolution Deal (£15m revenue and £15m capital funding per year for 30 years, totalling £900m);
 - The Transforming Cities Fund (£103m over 5 years)

WECA Capital Investment Programme 2020/21 to 2023/24

12. The proposed WECA Capital programme as set out at **Appendix 1** shows both approved and indicative schemes:
 - **Approved** – fully approved schemes will be progressed and taken forwards in line with financial regulations, standing orders and the Local Growth Assurance Framework.

- **Indicative** – which are projects and schemes working towards Full Business Case, (FBC), such as MetroWest Phases 1 and 2, Hengrove Park and the iStart innovation project. Initial allocations are approved on indicative schemes to enable feasibility and development work to progress in forming FBCs. However, these projects will need to be brought back to the WECA Committee for further approval at a later stage.

13. The proposed WECA capital programme, as detailed in *Figure 2*, assumes the approval at today's Committee of proposed spend as detailed in the Investment Fund report elsewhere on the agenda. In 2021/22, WECA is planning capital expenditure of **£59.222m** as summarised below:

Figure 2: Medium Term Estimates of Capital Expenditure:

	2020/21 revised budget	2021/22 budget £000	2022/23 budget £000	2023/24 budget £000	2024/25 indicative £000
WECA Capital	22,710	41,650	32,552	7,535	0
Mayoral Capital *	26,091	17,572	17,572	17,572	17,572
TOTAL	48,801	59,222	50,124	25,107	17,572

* Assuming transport capital grants are maintained by government beyond the current West of England Business Rates Retention pilot.

14. The Mayor is responsible for the payment of £17.572m of annual transport related capital grant funding that was previously distributed by the Department for Transport incorporating highways maintenance grants, highways incentive grants and integrated transport grants. This funding will continue to be passported to the three West of England councils, in line with the 2017 Department for Transport indicative allocations, as per the previous four financial years.
15. The Highways and Transport grants are currently funded through the West of England 100% Business Rate Retention pilot scheme. With the new national 75% Business Rate Retention system due for implementation in 2022/23, it is assumed that the £17.572m will revert back to capital grant funding.
16. All new projects requiring approval, (whether delivered externally via grant or delivered internally by WECA), will go through an integrated 'One Front Door' approach as per the approved West of England (Local Growth) Assurance Framework.
17. **Capital Funding** – All capital costs will be met from Government grants, devolution investment funding or revenue contributions to capital outlay (RCCO). The capital funding period up to 2021/22 includes the current five-year approved government funding with further investment funding beyond this being subject to successfully meeting the requirements of the first 5-year Government Gateway review for which an announcement will be made in March 2021.
18. **Investment Fund Revenue** – This report includes capital projects only. Revenue running costs and one-off projects which are revenue in nature, will be funded from the revenue element of the Investment Fund, which are detailed in the WECA Revenue Budget report on this agenda.
19. There is no intention at this stage for WECA to finance any of its capital spend from long term borrowing. The only borrowing currently being considered is short term borrowing to cover cash flow issues, as detailed within the Treasury Management Strategy (Appendix 3 of this report).

Accountable Body Functions

20. WECA act as Accountable Body for the Local Enterprise Partnership, (LEP), activities, which includes significant capital investment in the region. This capital investment is the responsibility of the Joint Committee but is being presented within this report to provide context and magnitude for the regional capital investment programme, being delivered, or influenced, by WECA.
21. The capital funding streams administered by the Accountable Body include:
- Local Growth Funding (LGF) provided by the Government as West of England Growth Deal capital funding (£202m funding to be spent by March 2021)
 - £13.7m secured through the Getting Building Fund, (GBF), to be spent by March 2022;
 - The Revolving Infrastructure Fund (£57m);
 - The Economic Development Fund (£500m)
22. The LGF, and RIF Capital Programme is detailed in *Figure 3*:

Figure 3: LGF, GBF and RIF Medium Term Capital Programme

Forecast Spend	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
LGF					
Transport	17,072	0	0	0	0
FE Skills	11,829	0	0	0	0
Infrastructure	17,414	0	0	0	0
Innovation	14,227	0	0	0	0
GBF	6,850	6,850			
RIF					
GP & RGF2	3,133	1,000	1,000	1,000	1,000
Total	70,525	7,850	1,000	1,000	1,000

23. All of the projects within the LGF and RIF (apart from IBB) programmes are delivered by the constituent authorities or other bodies – but not directly delivered by WECA. WECA acts as agent in administering the grants.
24. The current West of England Growth Deal capital funding allocation is £202.1m. There is a requirement that all grant funds are spent by March 2021. To help ensure that spend is fully optimised we have, for some time, maintained an element of structured over programming which, as at December 2020, stood at £12m. This over-programming will now be funded through the, recently announced, £13.7m of Getting Building Fund with the residual £1.7m allocated to a new North Somerset scheme within Weston-super-Mare.
25. There is currently a requirement that the GBF is spent within the financial year that it was awarded, that being £6.85m in 2020/21 and £6.85m 2021/22 although flexibility with this is being explored. It should be noted that should this flexibility not be granted it is likely that further swaps between the LGF/GBF and EDF would be required. At the moment, there is no certainty of funding beyond 2021/22 although it is anticipated that the successor to LGF, likely to be the Shared Prosperity Fund, will attract further capital financing to the wider region.
26. WECA is the Accountable Body for the £500m Economic Development Fund, although the associated finances are administered by South Gloucestershire Council. The four constituent authorities will deliver approved projects and can claim the costs of borrowing from the fund once

practical completion of the project is achieved. Similar to LGF, WECA does not include this capital spend within its capital programme.

The table below shows the estimated practical EDF completions within the time frame of this report:

Figure 4: EDF estimated spend within MTFP period

Forecast Completions	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
EDF	77,311	54,774	69,062	51,834	18,683

WECA Investment Strategy

27. WECA has an approved Investment Strategy which details the prioritisation, governance and allocation, of Investment Funding and Transforming Cities Funding. The current WECA investment programme, up to March 2023, has an overall funding allocation of £350m which is primarily grant focused. The WECA Investment Strategy, shown as *Appendix 2*, details the need to maintain a regional approach to our investment programming with a requirement for greater sustainability in terms of returning an element of financial contribution back to the overall funding pot, where feasible, for future projects that are approved.

Treasury Management

28. Treasury management is concerned with keeping sufficient, but not excessive, cash available to meet the Authority's spending needs, whilst managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as grant income is often received before it is spent, but these cash surpluses reduce as capital expenditure is incurred.
29. The Authority's Treasury Management Strategy, as detailed in **Appendix 3**, sets out the proposals and guidance that the Authority will use to manage its daily cash-flow activities during the 2021/22 financial year. The Authority must give due regard to the management of these sums, to ensure that it is sufficiently able to balance the daily cash requirements for all operational services whilst still achieving the strategic outcomes required within the medium-term financial plan.
30. The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss.
31. Money that will be held for longer terms can be invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy. With the current historically low interest rates, WECA will continue to explore more diversity within its overall investment portfolio to ensure that budgeted financial returns are achieved.
32. In the early years of the Combined Authority's operations, holding high cash balances are common practice as early spend on feasibility studies and development work is relatively low compared to the annual allocation of Investment Funding. However, balances will diminish over time as significant construction costs are incurred.
33. Decisions on treasury management investment and borrowing are made daily and are delegated to the Director of Investment and Corporate Services and designated staff, who must act in line with the Treasury Management Strategy. Reports on treasury management activity are presented

to the WECA committee on a regular basis with the Audit Committee being responsible for scrutinising treasury management decisions. The 2021/22 WECA Treasury Management Strategy was presented to, and considered by, the Audit Committee in December 2020.

Knowledge and skills employed in delivering the strategy

34. The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.
35. Use is made of external advisers and consultants, that are specialists in their field, only to plug the identified gaps that can't be covered through in-house capacity. The main examples are the engagement of ArlingClose as Treasury Management advisers and PSTax as VAT advisors. This approach is more cost effective than employing such staff directly, and also ensures that the Combined Authority has access to knowledge and skills commensurate with identified risks.

Consultation

36. Consultation has been carried out with Chief Executives, Section 151 Officers and WECA's Monitoring Officer. Consultation has taken place throughout the 2020/21 financial year in determining the reprioritisation of the WECA £350m Investment Programme, that was approved by the WECA Committee in July 2019, giving regard to the impact of the Covid pandemic.
37. The audit committee has been fully engaged, and consulted, with regard to informing the 2021/22 WECA Treasury Management Strategy.

Other Options Considered

38. Options for, and prioritisation of, capital investment are regularly considered through the WECA and Joint Committees.

Risk Management/Assessment

39. This report forms a core part of the WECA's governance and risk management process. Members will be aware that there is a direct link between the levels of risk and the levels of return achieved on investment, although there are many other factors which also affect the capital financing budgets. The priority of the Treasury Management Strategy will be the minimisation of risk to safeguard public resources.

Public Sector Equality Duties

40. The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
41. The Act explains that having due regard for advancing equality involves:
 - Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

42. The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

Finance Implications, including economic impact assessment where appropriate:

43. Financial implications are contained throughout the report and impact on both the capital programme, annual revenue budget, as well as the balance sheet.

Advice given by: Malcolm Coe, Director of Investment & Corporate Services

Legal Implications:

44. The Budget proposals have been developed in accordance with appropriate Local Government Regulations, including the specific funding and related governance requirements set out in the The West of England Combined Authority Order 2017 and The Combined Authorities (Finance) Order 2017.

Advice given by: Shahzia Daya, Director of Legal Services

Climate Change Implications

45. On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision-making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- The emission of climate changing gases?
- The region's resilience to the effects of climate change?
- Consumption of non-renewable resources?
- Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

46. Much of the WECA approved investment on building the infrastructure within the region will have a positive impact on climate change. Specifically, stepped change and improvements to rail and bus services along with an investment in cycling and walking facilities will help to reduce our carbon footprint.
47. Consideration of climate issues are incorporated within the assessed criteria that is used by WECA to determine priority financial allocations from Investment Funding and Transforming Cities funding. WECA Sub funds such as the Land Acquisition Fund, Development Infrastructure Fund and Housing and Regeneration Enabling fund also incorporate climate considerations within required assessment criteria.

Land/property Implications

48. Where WECA investment allocations concern any acquisition or disposal of land and/or property, full consideration is given to relevant state aid issues, market valuation and the requirement to

deliver best value.

Advice given by: Malcolm Coe, Director of Investment & Corporate Services

Human Resources Implications:

49. The funding for the staff establishment for WECA functions is provided for within the proposed Budget in line with the resourcing requirements. There are no direct human resource implications arising from the report itself.

Advice given by: Alex Holly, Head of Human Resources

Appendices:

Appendix 1: Capital Budget 2021/22

Appendix 2: Investment Strategy 2019 to 2023

Appendix 3: Treasury Management Strategy 2021/22

Background papers:

WECA Committees – Investment Fund Update Reports to WECA Committee throughout 2020

WECA Committee January 2020 - Capital Strategy including Treasury Management and Investment Strategies

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email:

democratic.services@westofengland-ca.gov.uk

WECA & Mayoral Capital Budget	20/21	21/22	22/23	23/24	TOTAL
	Profile	Profile	Profile	Profile	Profile
	£'000	£'000	£'000	£'000	£'000
WECA Capital - IF					
Business Case Development *	3,555	503			4,058
Cribbs Patchway Metrobus Extension	7,213				7,213
CPNN Cycle Links (post FBC/ Delivery)	2,321	460			2,781
On Bus Contactless Payment	97				97
Great Stoke Roundabout Improvements	1,956	58	30		2,044
Wraxall Road	1,131	4,038	30		5,199
Quantum Technologies Innovation Centre+***		25,774	8,200	1,000	34,974
Centre for Digital Engineering Technology & Innovation		350			350
Whitfield Tabernacle Kingswood (Love Our High Streets)	345	337			682
Keynsham Town Centre		425			425
<i>South Bristol Industrial Light Workspace **</i>	<i>131</i>	<i>266</i>	<i>1,667</i>	<i>636</i>	<i>2,700</i>
<i>Metrowest phase 1 **</i>			<i>5,860</i>		<i>5,860</i>
<i>Metrowest phase 2 (construction & operation) **</i>	<i>305</i>		<i>7,544</i>		<i>7,849</i>
<i>Unlocking Lockleaze Development Delivery **</i>	<i>3,006</i>				<i>3,006</i>
	20,060	32,211	23,331	1,636	77,238
WECA Capital – other					
FTZ DfT funding to the capital programme	905	8,340	9,221	5,899	24,366
DfT Active Travel Fund to the capital programme	1,745	1,099			2,844
	2,650	9,439	9,221	5,899	27,210
Mayoral Capital					
Highways and Transport Grants	17,572	17,572	17,572	17,572	70,288
Pothole Action Fund Grant	8,519				8,519
	26,091	17,572	17,572	17,572	78,807
Grand Total	48,801	59,222	50,124	25,107	183,255
* Business Case Development (see breakdown below)					
Great Stoke Roundabout Capacity Improvements	12				12
Hicks Gate Roundabout	83	73			156
Wraxall Roundabout Signal Scheme FBC	1,063				1,063
Somer Valley EZ Final Draft (Non-Highways)	722				722
Bath River Line	75				75
Bristol Temple Meads Station Eastern Entrance	1,600	430			2,030
	3,555	503	0	0	4,058

** Indicative

***Change request to be submitted

West of England Combined Authority Investment Strategy



2019 - 2023

November 2019



Investment Strategy (four year)

2019 to 2023

1. Organisational Context

This is the first published Investment Strategy for the West of England Combined Authority (WECA).

Since its inception in 2017, WECA has evolved and grown rapidly in response to delivering its statutory responsibilities as part of the approved devolution deal with government. This includes prioritisation, programming and governance of additional government funding into the region, in excess of £1bn.

The strength of the region has previously been recognised by government as being the biggest net contributor to the national purse outside of London. £500m of Economic Development Funding and £200m of Local Growth Funding has been successfully programmed out across the partnership of Bristol City, South Gloucestershire, Bath and North East Somerset and North Somerset Councils.

“The West of England is one of the UK’s most prosperous regions with an economy worth over £33.2 billion a year. A net contributor to the national purse, with a population of over 1 million and over 43,000 businesses”

WECA, through an established formal committee, is now responsible for delivering clean and sustainable growth through £900m of Investment Funding, (£30m per annum for 30 years), and £103m of Transforming Cities Funding.

This Investment Strategy covers the parameters, priorities, uses and constraints of this, £1bn, of WECA funding for the initial period up to March 2023.

2. Strategic Context

The WECA Committee has adopted a framework which details the outcomes that we are aiming to deliver in the region through a structured, prioritised, medium to long term investment programme.

Figure 1: West of England Combined Authority Operating Framework:

FRAMEWORK

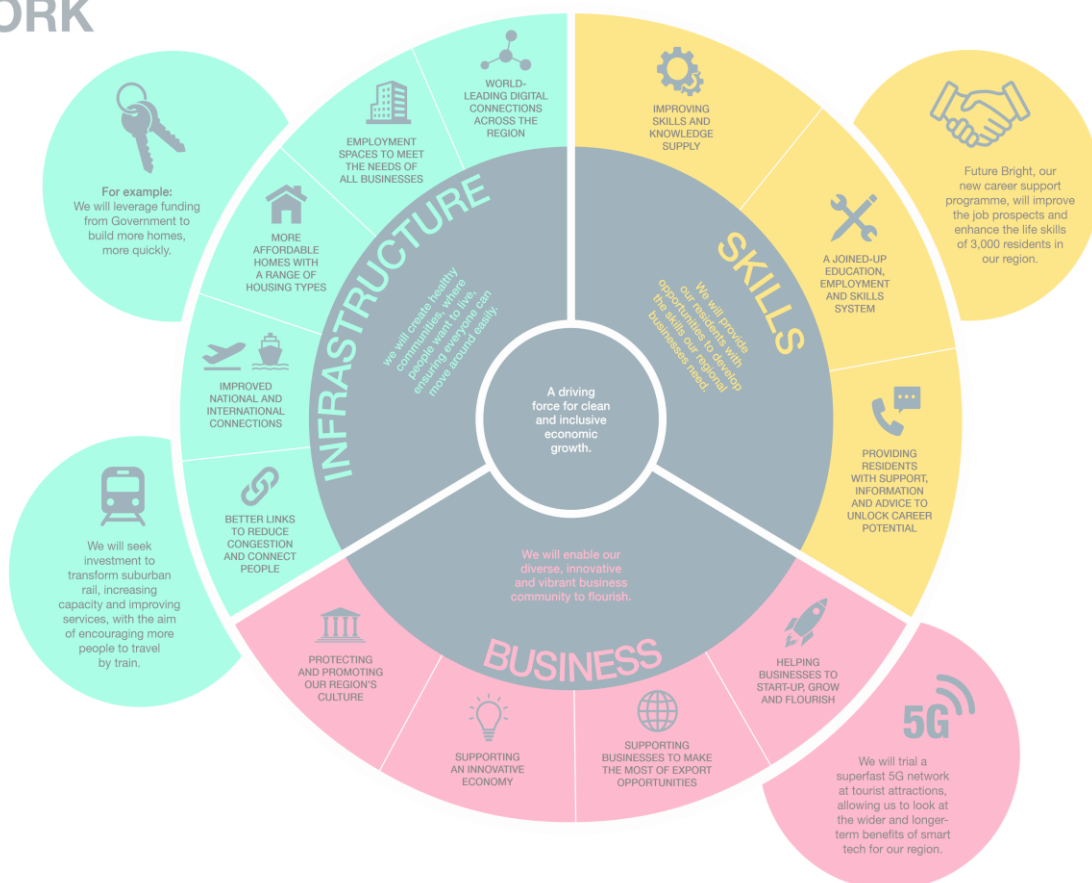
This document sets out our priorities for clean and inclusive economic growth in the West of England for 2018/19. It will form the basis of the West of England Combined Authority's business plan and inform our regional response to the Government's Industrial Strategy.

OUR AMBITIONS

The West of England is a place of growth and innovation, where economic, cultural and environmental diversity is celebrated and forms the foundation of prosperity for all.

We are investing in people and places – including jobs, skills, transport, homes, and digital connections – to ensure we are creating healthy communities where people want to live, work and visit.

We will achieve our ambitions by investing in three priority areas: infrastructure, skills and business.



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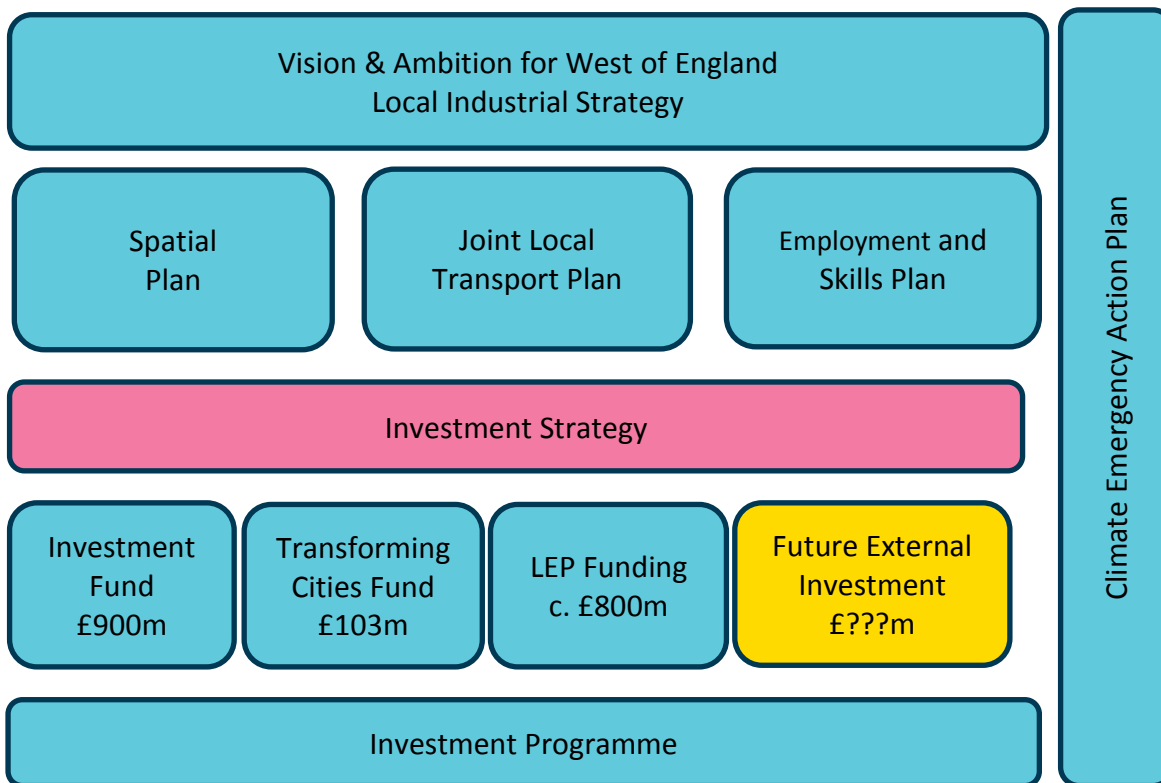
Source: Operating Framework (May 2018) – WECA Business Plan 2018/19 and 2019/20

This framework overarches and sets out the long-term direction and aspiration for the region which is well articulated in the core strategic documents including:

- Joint Local Transport Plan, (JLTP);
- Local Industrial Strategy, (LIS);
- Employment and Skills Plan;
- Energy Strategy and Climate Change Action Plan

With strategic direction and Operating Model established and medium to long term resources identified, the next stage for WECA development is to articulate a longer-term Investment Strategy as demonstrated in *Figure 2*.

Figure 2: Linkage Between WECA Strategic Direction and Funding Decisions



The West of England Local Industrial Strategy sets out our vision and ambition for the future of our region. We have a suite of plans setting out the actions we will take to deliver this vision across infrastructure, skills provision and business support. These plans also set out our approach to addressing a number of wider priorities and will drive our investment decisions. All of these strategies and plans should be seen in the context of the climate change emergency action plan which will touch on all the actions the Combined Authority takes.

3. WECA Funding Context and Allocations

Investment Fund - £900m

The WECA Order has determined this fund as being 50% Revenue and 50% capital at £30m per year over 30 years (£900M). This allows the Combined Authority to have a reasonable amount of flexibility in using revenue to develop relevant feasibility studies required to effectively prioritise capital investment.

Government will allocate investment funding based on WECA successfully completing 5 yearly 'Gateway' Reviews which requires tangible evidence of progress against the strategic direction set and delivery and outcomes achieved on the ground. The first of these Gateways will be undertaken during 2019/2020 with the Government forming a final view and subsequently reporting back in late 2020.

The ability to set long term strategic direction compared with delivering short to medium term capital projects is a tension faced by all Combined Authorities. The £30m per annum Investment Fund is year on year cash limited and not uplifted in any way to reflect increases in costs / prices through the Retail Price Index, Construction Inflation or any other pertinent index. The net present value of the £30m fund, in ten year blocks, is demonstrated in *Figure 3*

Figure 3: Net Present Value of the Investment Fund over 30-year period:

Year	Grant	Equivalent Purchasing Power
0	£30m	£30m
10	£30m	£22.3m
20	£30m	£16.6m
30	£30m	£12.7m

Transforming Cities Fund - £103m

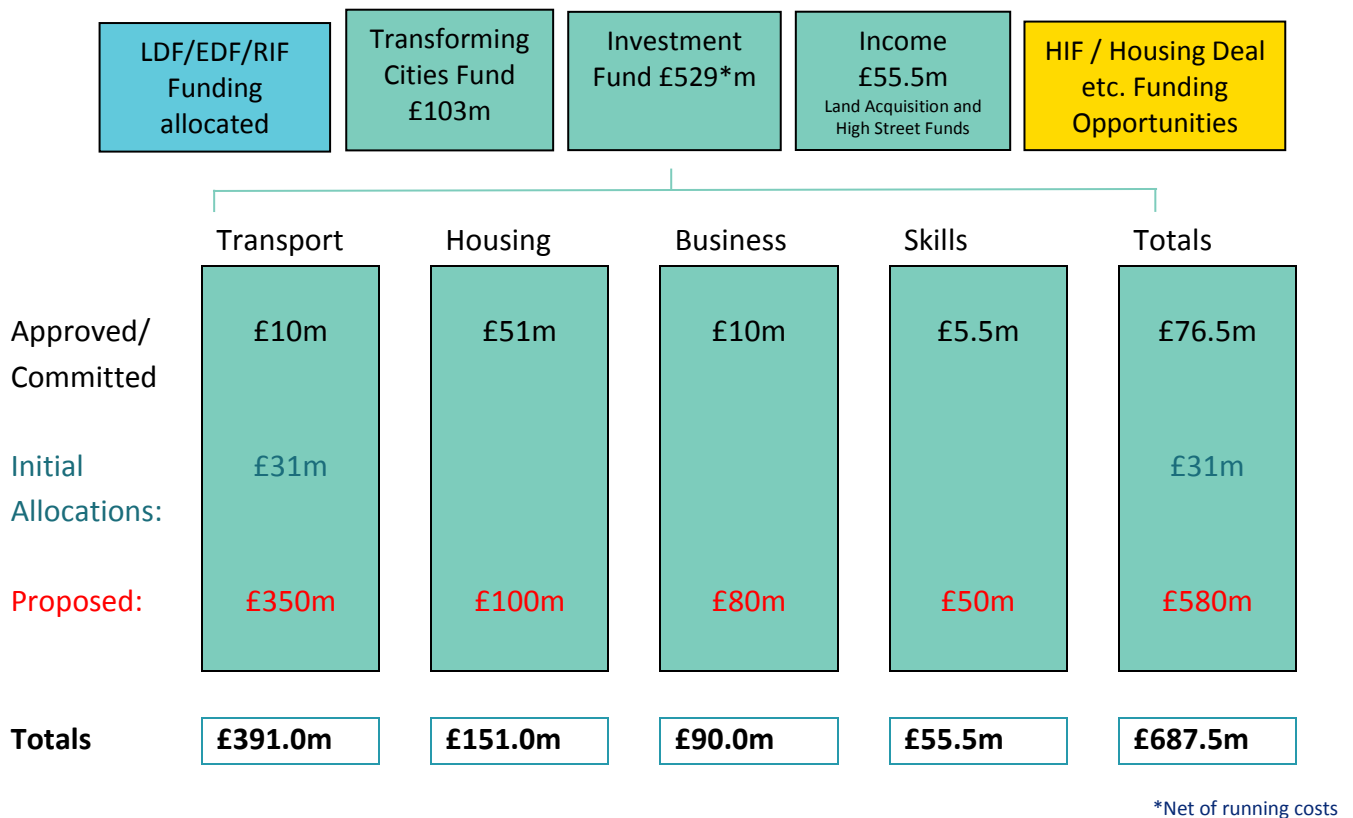
In terms of the Transforming Cities Fund, the allocation is time limited, having to be fully spent by March 2023, on major projects that will improve productivity and spread prosperity in public and sustainable transport in English city regions.

Investment Programme

To balance strategic direction with tangible delivery, WECA has gone through a series of stages to ‘chunk’ up the overall funding available into manageable blocks and time periods.

In February 2019, the WECA Committee approved a notional 20-year financial allocation, (Investment Fund and Transforming Cities Fund), to ensure that adequate resources are deployed to each strategic priority area of the approved Operating Model. This 20-year allocation, as detailed in *Figure 4*, is coterminous with the time period covered through emerging spatial planning and the Joint Local Transport Plan for the region.

Figure 4: Indicative 20 Year Funding allocation (February 2019 WECA Committee)



Alongside the constituent Unitary Councils, WECA has been prioritising a short to medium term capital investment programme of £350m for the period up to March 2023, as approved by the WECA Committee on 19 July 2019. This programme demonstrates a reasonable geographical and functional split across priority areas and will be a vital ‘building block’ in support of the first government gateway review of investment progress.

A summary of the approved awards and feasibility funding as at October 2019 is detailed in Figure 5

Figure 5: £350m approved WECA Investment Programme (up to March 2023)

	Funding Awards and Allocations £000s
Transport Infrastructure	
Approved Awards and Allocations	57,221
Associated 'tail' required to deliver all projects up to March 2023	87,623
Total Investment in Transport Infrastructure	144,844
Housing Infrastructure	
Approved Awards and Allocations	56,720
Associated 'tail' required to deliver all projects up to March 2023	28,100
Total Investment in Housing Infrastructure	84,820
Business and Skills	
Approved Awards and Allocations	74,078
Associated 'tail' required to deliver all projects up to March 2023	18,440
Total Investment in Business and Skills Infrastructure	92,518
Opportunities and Challenges / Other	
Funding put aside to respond to opportunities and challenges	20,000
Approved WECA set up, operating costs and elections up to 2023	7,818
Total Investment Programme up to March 2023	350,000

The Investment Programme will deliver significant regional outcomes including improving local rail availability, enhancing bus services, reducing congestion pressure points, developing viable walking and cycling options, unlocking and accelerating housing delivery and supporting and developing businesses in compliance with the, recently published, West of England Local Industrial Strategy.

However, the vast majority of this initial Investment Programme is in the form of grant related spend with very little requirement for repayment to the fund over time. Moving forward beyond 2023, it will be essential to further develop our investment criteria – which will include incorporating the need for a balanced share of the investment portfolio being repayable into a sustainable, long term investment resource programme.

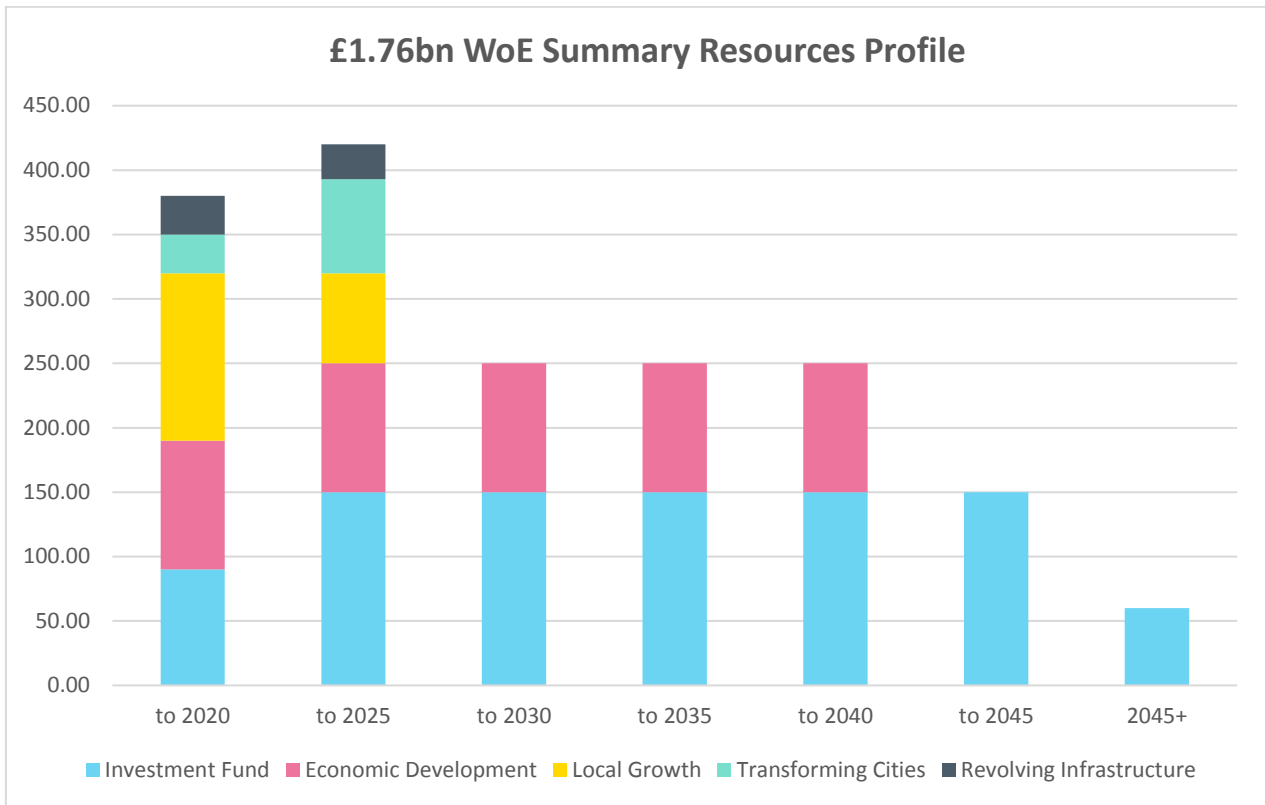
4. WECA Investment Strategy – Core Principles and Constraints

There are a number of capital investment funding streams available to the region. Where feasible and relevant we ‘mix and match’ spend from individual projects across different funds in order to maximise and retain maximum investment into the area. However, each element of funding does carry certain constraints and reporting requirements alongside specific time periods for spend to incur.

A headline summary of the core capital investment funding streams and their intended purpose and constraints are detailed in *Figure 6*

Figure 6: Capital Investment Funding Sources

Fund	Amount	Time Period	Narrative overview
Economic Development Fund	£500m	25 years 2015 to 2040	LEP funding reliant on delivering and retaining business rates growth within defined Enterprise Zones/Areas
Local Growth Fund	£200m	Up to March 2021	LEP time limited Grant Funding with set criteria to deliver local growth.
Revolving Infrastructure Fund	£57m	Revolving	Growth Deal LEP funding targeted at schemes that will repay into the fund
Shared Prosperity Fund	tbc	Post March 2021	LEP Funding successor to the Local Growth Fund (yet to be determined)
Housing Infrastructure Fund	Bid	various	Grant Funding to enable significant housing growth. Competitive bidding into a national funding pot.
Department for Transport Grants	Bid	various	Bid into Government for areas such as exceptional structural maintenance / delivery of local major capital schemes
Various Business and Skills Funding	Bid	various	Various funding pots open to competitive bidding to support local business and skills development
WECA Investment Fund	£900m	30 years to 2047	£30m p.a. to deliver sustainable long term growth. Must demonstrate ‘additionality’ and outcomes. Drawdown subject to passing 5-year gateway reviews.
WECA Transforming Cities Fund	£103m	Up to March 2023	Major public and sustainable transport projects. Schemes need to be fully delivered by March 2023.



* WECA funding incorporates Bristol, Bath and North East Somerset and South Glos Councils

* LEP Funding sources cover the three WECA Councils and, in addition, North Somerset Council

It is important to understand how these different funding streams inter-relate with a sustained focus on utilising the funding at our disposal to lever in additional public or private sector investment into the region. There are various examples of where we have utilised West of England funding as ‘match’ to attract inward investment such as:

- £50m of Investment Funding in support of a £258m bid for Housing Infrastructure funding (covering Bristol and Bath);
- £10m High Streets fund, created from the Investment Fund, to support Unitary Authorities to bid for government match funding;
- £6m from the Investment Fund, alongside EDF and LGF contributions, attracting £32m of Department of Transport Funding for MetroWest Rail;
- £4m from the Investment Fund for ‘Workforce for the Future’ attracting £4m of European match funding;
- £400k from the Investment Fund to support Unitary Authorities in developing bids for local majors and structural maintenance funding from government.

Investment Fund Criteria – Project inception and management

To warrant consideration for programme entry, all proposals **must** :

- Deliver ‘additionality’/outcomes over and above current service and/or infrastructure levels;
- Demonstrate how it contributes to the strategic direction for the region and how it fits within a programme of like projects delivering wider benefit; and
- Demonstrate delivery of the required Value for Money level in compliance with the approved criteria relevant to the project in question

In addition, to ensure that the Investment Fund continues to deliver against its required purpose of sustainable long term growth, whilst maintaining future value and flexibility in the fund, the core criteria as detailed in *Figure 7* will be applied to all emerging projects / investments moving forward.

Figure 7: Investment Fund Core Criteria for any proposed drawdown

	Required Criteria for Accessing the Investment Fund	Yes/No
1	Each proposal must demonstrate how the requested funding could lever in further public or private sector contributions / match funding in it’s implementation or operation	✓
2	Each capital investment must demonstrate how it could repay, (either part or full), into the Investment Fund at a future point in time	✓
3	Investments involving land transactions must consider, within the business case, associated income from either capital receipt, uplift in value and/or developer contributions on the site and the surrounding area	✓
4	Proposals must be fully compliant with the approved WECA Assurance Framework in order to drawdown funding for feasibility / outline business case / full business / construction	✓
5	Up to 10% of the total estimated capital scheme cost will be allocated for feasibility / development with the option to extend to 20% by exception upon providing relevant evidence of estimated costs and outcomes.	✓
6	The Investment Fund can’t be used to solely address viability issues on specific development sites	✗
7	Investment Fund can’t be used to solely deliver repair or maintenance to existing assets (but modest revenue can be deployed to develop funding bids)	✗
8	Investment Fund can’t be used to fund on-going revenue costs (the future source of such costs must be detailed within business case development)	✗
9	The Investment Fund can be used to ‘pump prime’ revenue costs for a defined period of time until a scheme becomes operationally viable. This is limited to no more than 3 years and must be supported by a robust business case	✓
10	Any proposed investment must consider how it contributes towards the region’s vision for becoming carbon neutral / addressing climate change	✓

All proposed projects need to evidence a detailed build-up of costs, (internal and external), to trigger initial draw down against development funding. Capital Cost estimates should be evidenced by an appropriate submission which provides estimates using industry accepted methodology.

WECA, as overall accountable body for the fund, will require formal sign-off of the strategic fit, estimated outcomes, costs and draw down of funding in compliance with the respective stages of the approved Assurance Framework. Development Funding, Outline Business Case, (OBC), and Final Business Case, (FBC) will need approval of the WECA Statutory (Section 73) Finance Officer in conjunction with the Director of Infrastructure, Head of Business and Skills and Head of Capital Projects Delivery as relevant.

For more straightforward and lower value schemes formal committee approval may not be required at OBC stage providing the costs and scope have not changed significantly since the Development Funding Application stage.

To ensure value for money, and pace in scheme progression, any new commissions for professional services required for development work must be procured through the West of England Professional Services Framework. Any exception to using this Framework needs to be agreed with the WECA Head of Capital Delivery. This will allow WECA and UA lead officers to set appropriate and consistent scopes and briefs for development work, and get best value from public sector investment through maximising the benefits of the framework.

Investment Fund Criteria – Programme-wide management






In addition to criteria that must be applied for every proposed scheme, there are a few criteria that must be applied to the WECA Investment Fund programme as a whole in order to:

- maintain a balanced portfolio of projects;
- ensure sustainability of future resource levels of the fund;
- promote consistency in the allocation and drawdown of funding;

These are detailed in *Figure 8*.

Figure 8: Investment Fund Overall Programme Criteria / Principles

	Required Criteria / Principles for Delivering the Investment Fund	Yes/No
1	Funding allocations across the strategic themes of Transport Infrastructure, Housing, Business and Skills need to be within the overall 20-year control totals as approved by WECA Committee in February 2019	✓
2	The programme must be regional in nature and supported by evidence in compliance with Government Gateway review criteria	✓
3	The overall Investment Programme, and projects within it, should give due consideration as to how climate issues are being addressed in compliance with the regional commitment to be carbon neutral by 2030	✓

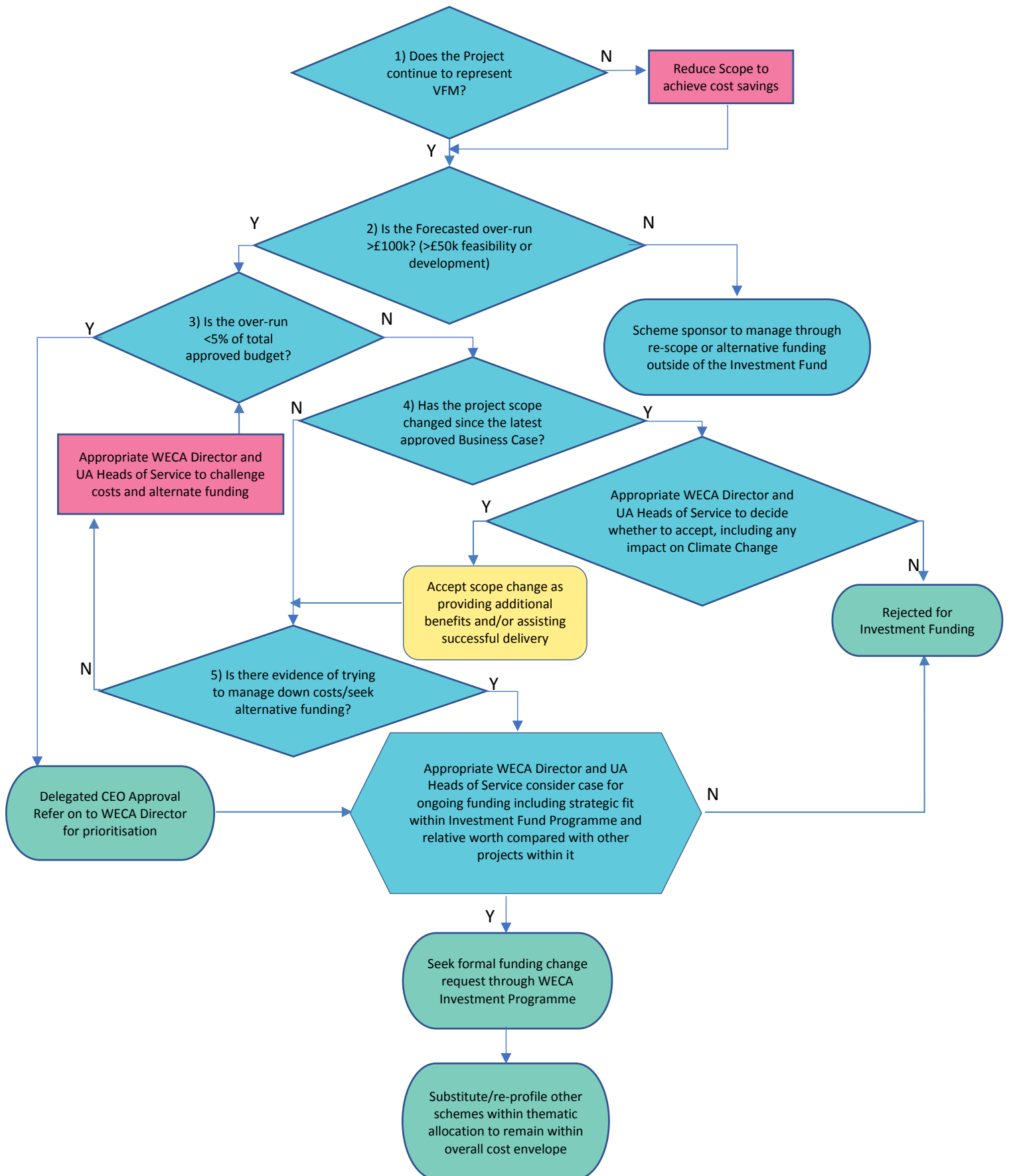
4	There should not be a defined financial allocation to each individual Authority However, consideration must be given to a reasonable geographical spread.	
5	WECA will retain management and reporting responsibility across the whole Investment Programme. Projects managed by individual authorities will need to report on progress and outcomes using approved processes and templates	
6	Where approval has been given for feasibility funding /outline business case, an appropriate capital delivery 'tail' may be accounted for in the Investment Programme, but not disclosed in the public domain until costs have been verified.	
7	If any project / scheme should not progress for any reason, or actual costs be significantly less than programmed – funding must be returned to the overall regional investment programme. Individual authorities are not able to substitute in an alternative project of their choice.	
8	The aspiration is to maximise the number of approved schemes that provide some form of repayment back in to the Investment Programme in order for the fund to become more sustainable in the long term.	

Funding allocations to projects will be subject to successful compliance with the approved assurance stage gate process. All costs must be clearly evidenced, and verified by the WECA Section 73, (Statutory Finance Officer), prior to receiving formal allocation.

On occasions, costs will fluctuate on major projects as schemes are developed and move through in to delivery. The formal Boards within the established WECA governance structure will monitor progress on scheme delivery in terms of timescale and cost variations. In the event of estimated cost over-run, the process as detailed in *Figure 9*, must be applied.

Figure 9: Process for responding to forecasted cost over-runs

This process applies to both development and implementation costs.
 For changes to implementation costs, schemes must have at least reached Outline Business Case



Guidance on the Application of the Cost Change Process

1	<p>Does the Project continue to represent VFM?</p> <p>The change request should include a description of the impact on the value for money having regard to both the costs and benefits arising from the change. The VFM statement should be revised and represented. Where a cost increase results in the VFM score dropping below the required threshold, for example a BCR of 2 for a transport scheme, the project will need to be rescoped to reduce costs. Where the VFM metric shows a reduction of over 10% then this should be considered by the WECA Director and relevant UA Heads of Service.</p> <p>For Feasibility and Development applications VFM will be more qualitative.</p> <p>The confirmation of the change request should be signed off by the s151/CFO</p>
2	<p>Is the Forecasted over-run >£100k (>£50k for feasibility and development)?</p> <p>This should be the increase in funding sought net of any additional match funding identified. Amounts under £100k (or £50k) should be managed within the overall project budget by the sponsoring authority.</p>
3	<p>Is the over-run <5% of total approved budget?</p> <p>To calculate the cost change this should be compared to the current approved funding award from WECA.</p>
4	<p>Has the project scope changed since the latest approved Business Case?</p> <p>The business case or Change Request should clearly set out, in detail, the reason(s) for and impact of the change. A revised cost plan or breakdown must be provided. Any changes in scope must be described, or confirmation provided that the scope is unchanged.</p> <p>Consideration should be given as to whether the scope change has modified the project's impact on addressing climate change.</p> <p>The information will be considered by the appropriate Review Panel which, depending on the circumstances, may include independent local authority officers. A report will then be provided to the appropriate WECA Director and UA Heads of Service.</p>
5	<p>Is there evidence of trying to manage down costs/seek alternative funding?</p> <p>The business case or Change Request should set out the overall funding make-up of the scheme, other potential funding sources and why these have been discounted.</p> <p>The information will be considered by the Review Panel and this will form part of the report to the appropriate WECA Director and UA Heads of Service.</p>

Where schemes progress to a position where a formal change request/new business case is to be submitted, including the cost increase, this must be agreed by the appropriate WECA Director and UA Heads of Service having regard to the strategic fit with the Investment Fund programme and the relative worth compared with other projects contained within it.

The need for any necessary substitution/reprofiling should be from within the relevant investment programme thematic allocation. This to be proposed by the relevant WECA Director and UA Heads of Service and to be approved by the CEOs/WECA Committee as appropriate. Where schemes are joint funded through either Economic Development Fund or Local Growth Fund, it is envisaged that these funds should be revised and reprofiled as a first point of call for any cost over-run.

Commercial Investments

In compliance with approved evaluation criteria, the Investment Fund can be used for commercial investment as long as there is a clear strategic fit with the organisation's Operating Model and priorities.

An example of this is the 'Land Acquisition Fund' which enables the commercial acquiring of land and property where there is an identified need for public sector intervention for accelerating housing delivery (or implementing planning policy objectives).

Similarly, the Investment Fund could be used for acquiring business premises and other assets of value as long as there is a clear purpose for the use of such assets in delivering regional outcomes that are congruent with the WECA Order.

The Investment Fund should not be used for:

- speculative purchases for pure uplift in value;
- land-banking without clear purpose for development;
- acquiring assets purely for revenue return on investment.

5. Review arrangements

This Capital Investment Strategy runs over a period from October 2019 to March 2023. It is a fundamental strategy within the overall suite of WECA governance, assurance and budget setting documents.

Annual reviews of the strategy will be incorporated within the usual budget setting process with any required amendments or modifications presented to WECA committee for approval each February.

Any exemptions required from the Investment Fund Criteria, as detailed in Figure 7, needs to be formally approved by the WECA Committee.

November 2019

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West of England Combined Authority

Treasury Management Strategy Statement 2021/22

1. Introduction

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has substantial sums of money invested and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 1.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

2. External Context

- 2.1 **Economic background:** The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the bloc, will remain a major influence on the Authority's treasury management strategy for 2021/22.
- 2.2 The Bank of England (BoE) maintained Bank Rate at 0.10% in November 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast

of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.

- 2.3 UK Consumer Price Inflation (CPI) for September 2020 registered 0.5% year on year, up from 0.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 1.3% from 0.9%. The most recent labour market data for the three months to August 2020 showed the unemployment rate rose to 4.5% while the employment rate fell to 75.6%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021.
- 2.4 GDP growth fell by -19.8% in the second quarter of 2020, a much sharper contraction from -2.0% in the previous three months, with the annual rate falling -21.5% from -1.6%. All sectors fell quarter-on-quarter, with dramatic declines in construction (-35.7%), services (-19.2%) and production (-16.3%), and a more modest fall in agriculture (-5.9%). Monthly GDP estimates have shown the economy is recovering but remains well below its pre-pandemic peak. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.
- 2.5 **Credit outlook:** After spiking in late March as coronavirus became a global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 is likely to be significantly lower than in previous years.
- 2.6 **Challenger** The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic. Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, as does the UK not achieving a Brexit deal, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.
- 2.7 **Interest rate forecast:** The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the end of 2023. The risks to this forecast are judged to be to the downside as

the BoE and UK government continue to react to the coronavirus pandemic and the Brexit transition period ends. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

- 2.8 Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.5% and 0.75% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 2.9 For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.8% for WECA balances, and 0.4% for LGF and RIF balances. These rates can only be achieved through retaining a proportion of our portfolio as long terms investments such as property, equities and mixed asset funds.

3. Local Context

- 3.1 On 31st October 2020, the Authority held £250m of investments and no borrowing. This is set out in further detail at **Appendix A**.
- 3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.
- 3.3 The Authority is currently debt free and its capital expenditure plans do not currently imply any need to borrow over the forecast period. Investments are forecast to fall to £210m by the end of 2021/22 as capital grants are used to finance capital expenditure and earmarked reserves are spent on their intended purpose.

4. Investment Strategy

- 4.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Since 1 April 2020, the Authority's investment balance has ranged between £178m and £285m, and similarly for 2021/22 the balances are expected to range between £125m and £210m (slightly lower due to capital grants and reserves being used to finance spend).

- 4.2 As well as holding investments in its own right, the Authority also acts as Accountable Body for the West of England Revolving Investment Fund (RIF) and Local Growth Fund (LGF), holding Government Grants until they are ready to be distributed to Local Authorities and other organisations for approved project spend over the coming years.
- 4.3 The funds are invested primarily to protect the capital and, to achieve a high level of capital security, investments are made predominantly with Central Government, Local Authorities and Banks with high credit ratings. See **Appendix B** for Treasury Monitoring.
- 4.4 Interest earned on RIF investments is re-invested into the Fund. LGF investment returns are earmarked to fund the corporate support and governance costs that come with performing the Accountable Body function for the Local Enterprise Partnership (LEP). Government requires LGF to be fully spent by the end of March 2021 however, we have recently received confirmation of the Getting Building Fund, (GBF), which will add £13.7m of cash balance, and corresponding spend, in 2021/22.
- 4.5 **Objectives:** The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. Given the current level of CPI at 0.9% this will be difficult to achieve with fixed term deposits alone. However, we will continue to consider further longer-term investments within our overall investment portfolio, such as pooled funds, which will achieve a higher rate of return. Any temporary liquidity issues that may arise throughout the year will be dealt with by short term borrowing.
- 4.6 **Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 4.7 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2021/22. A reduced

proportion of the Authority’s surplus cash remains invested in short-term unsecured bank deposits and money market funds. This diversification will represent a continuation of the strategy adopted in 2020/21 with outer limits set for treasury management operations.

4.8 **Business models:** Under the IFRS 9 standard, the accounting for certain investments depends on the Authority’s “business model” for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

4.9 **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types as detailed in *Figure 1*, subject to the cash limits (per counterparty), and the time limits shown.

Figure 1: Approved investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£10m	Unlimited
Secured investments *	25 years	£15m	Unlimited
Banks (unsecured) *	13 months	£10m	Unlimited
Building societies (unsecured) *	13 months	£10m	£20m
Registered providers (unsecured) *	5 years	£5m	£50m
Money market funds *	n/a	£10m	Unlimited
Strategic pooled funds	n/a	£10m	£50m
Real estate investment trusts	n/a	£10m	£50m
Other investments *	5 years	£10m	£20m

This table must be read in conjunction with the following notes

- a) **Minimum Credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is **no lower than A-**. Where available, the credit rating relevant to the

specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered.

For entities without published credit ratings, investments may be made either:

- (i) where external advice indicates the entity to be of similar credit quality; or
- (ii) to a maximum of £10m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

- b) **Banks and building societies unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- c) **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- d) **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- e) **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £50,000 per company as part of a diversified pool in order to spread the risk widely.

- f) **Registered providers (unsecured):** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- g) **Money Market Funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- h) **Strategic Pooled funds:** Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

The Authority may consider further investment in Pooled Funds during 2021/22 with a view to providing further diversification and the potential for earning a higher investment yield on long-term investment balances. Cash that is not required to meet any short or medium-term liquidity can be invested for the longer term with a greater emphasis on achieving returns that will support spending on local WECA services.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

- i) **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price

reflects changing demand for the shares as well as changes in the value of the underlying properties.

- j) **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.
- k) **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £250,000 per bank. This is a relatively low risk as deposits tend to be only held overnight and can be moved without notice. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- l) **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, ArlingClose, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

- m) **Other information on the security of investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments

will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will either be deposited with the UK Government, (via the Debt Management Office), invested in government treasury bills or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

- n) **Environmental, Social & Governance (ESG) Investments:** With many LA's declaring a climate emergency to tackle the impacts of climate change, the Authority recognises it can further enhance its efforts through its investment decisions and activity. The Authority will continue to use the Arlingclose ESG and Responsible Investment Service, designed to guide and advise authorities on incorporating and monitoring ESG in its treasury investment decisions.
- o) **UA Short Term Loan Facility:** In order to assist the West of England Unitary Authorities who may be facing cashflow challenges as a result of Covid, the Authority has implemented a short-term loan facility and this will be operated within the parameters of the approved Treasury Management Strategy.
- p) **Investment limits:** The maximum that will be lent to any one organisation, (other than the UK Government), will be £10 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries. The Authority's revenue reserves, which could be made available to cover any investment losses, are forecast to be £1.7 million on 31st March 2021.

Figure 2: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£10m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£15m per country (AAA sovereign rating)
	£10m per country (AA+ sovereign rating)
Registered providers and registered social landlords	£50m in total
Unsecured investments with building societies	£20m in total
Loans to unrated corporates	£20m in total
Money market funds	unlimited
Real estate investment trusts	£50m in total

q) **Liquidity management:** The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

5. Borrowing Strategy

5.1 The Authority currently holds no borrowing. The balance sheet forecast shows that the Authority does not expect to need to borrow in 2021/22.

5.2 **Objectives:** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.

The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

5.3 **Strategy:** The Authority does not currently have any underlying need to borrow long-term to fund capital expenditure. WECA holds no long-term loans and no long-term borrowing is anticipated during 2021/22. Therefore, a debt-free strategy will be maintained until such time as the Authority determines that its capital strategy and prioritised programme of investment requires consideration of any borrowing decision.

5.4 As part of its approach to liquidity management, the Authority may borrow short-term loans to cover any unplanned cash flow shortages as they arise. Rather than always keeping cash on instant access for unplanned cash flows, (where security and liquidity will mean yields will be low), the Authority will retain the option of short-term borrowing at current low rates to enable it to explore increasing investments in longer-term and more diversified assets. The Authority will test access to borrowing occasionally even where this is not required to ensure liquidity is available.

5.5 **Sources of borrowing:** The approved sources of short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Avon Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

5.6 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

5.7 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits as detailed in the treasury management indicators.

6. Treasury Management Indicators

6.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.

6.2 **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.

Credit risk indicator	Target
Minimum portfolio average credit rating	A-

6.3 **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it can borrow each quarter without giving prior notice.

Liquidity risk indicator	Target
Total sum borrowed in past 3 months without prior notice	£30m

6.4 **Interest rate exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£1m

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

6.5 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2021/22	2022/23	2023/24	+3 years
Limit on principal invested beyond 364 Days as % of total cash balance	50%	30%	20%	20%

7. Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

7.1 Financial Derivatives: In the absence of any explicit legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

7.2 Markets in Financial Instruments Directive (MiFID II): As a result of the directive, Local Authorities will be treated as retail clients, but can opt up to professional client status, providing that they meet certain criteria which includes having an investment balance of at least £10m and the persons authorised to make investment decisions on behalf of WECA having at least a year's relevant professional experience. In addition, the regulated financial services firms to whom this directive applies must assess that these persons have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

8. Financial Implications

The budget for WECA investment income in 2021/22 is £1.03 million, based on an average investment portfolio of £129 million at an interest rate of 0.8% and making an allowance for impairment as required. In addition, the budget for the LEP investment income in 2021/22 is £0.05 million, based on an average investment of £13.7 million at an interest rate of 0.4%. The differing levels of interest expected to be achieved reflect the ability to invest WECA funds for longer terms and hence achieve a higher return. Longer term investment of LEP funds is limited as the remaining LGF and GBF grants will be fully spent by March 2022. Actual levels of investments, and interest rates attained, will be updated in budget monitoring reports to committee throughout the financial year.

Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, then 50% of the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or lower interest rates payable in future years.

9. Other Options Considered

- 9.1 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the West of England Mayor and Chief Executive, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller

Appendix A – Investment & Debt Portfolio Position

	31-Oct-20 Actual Portfolio £m	31-Oct-20 Average Rate %
External borrowing:	0	0
Other long-term liabilities:	0	0
Total gross external debt	0	0
Treasury investments:		
Banks & building societies (unsecured)	0	0
Covered bonds & repo (secured)	0	0
Government (incl. local authorities)	208	0.84
Corporate bonds and loans	0	0
Money Market Funds	18	0.04
Other pooled funds:		
CCLA Property Fund	10	4.11
Investec	7	3.66
Kames	7	3.33
Real estate investment trusts	0	0
Total treasury investments	250	1.05
Net debt	0	0

Appendix B – Treasury Management Monitoring

The Authority's investment position as at 31st October 2020 is detailed below. This shows a balance held of £250m which is an increase from £178m at 31st March 2019.

As shown in the charts, the investment portfolio has been diversified across UK banks, Building Societies and Local Authorities. The Authority also uses AA rated Money Market Funds to maintain short term liquidity with £17.9m invested as at 31st October 2020. The Authority also retains units in pooled funds with £10m invested with the CCLA Property Fund, £7m with Investec and £7m with Kames.

The forecast investment income to 31st March 2021 is £1.7m with an average rate of interest earned of circa 1%.

Investments are forecast to fall to £210m by the end of the 2020/21 financial year as capital grants are used to finance capital expenditure and project spend. Investments have been staggered, in terms of maturity dates, to ensure that there is a reasonable balance of available liquidity to finance required spend.

The Authority's term of investments are as follows:	Balance as at 31st Oct 2020 £000s
Instant Access Funds	17,900
Pooled	23,957
Up to 1 month	10,000
1 month to 3 months	53,185
4 months to 6 months	20,000
6 months to 12 months	85,000
More than 12 months	40,000
	250,042

Summary of Investments

31/10/2020

Type / Lendee	Credit Rating	Amount	Average Rate	Start	End
Notice					
Lloyds - 95 Day	A	185,462	0.11%		
		185,462			
Money Market Funds					
Aberdeen Liquidity	AA-	9,700,000	0.04%		
Federated	AA-	800,000			
Blackrock	AA-	6,700,000			
Insight	AA-	700,000			
		17,900,000			
Pooled Funds					
CCLA		9,956,738	3.92%		
Investec		7,000,000			
Kames		7,000,000			
		23,956,738			
Local Authorities & Banks					
Fife County Borough Council	LA	10,000,000		26/05/2020	26/11/2020
Surrey Heath Borough Council	LA	5,000,000		16/06/2020	16/12/2020
Thurrock Council	LA	8,000,000		19/12/2019	17/12/2020
Bournemouth Council	LA	10,000,000		21/09/2020	08/01/2021
Cheshire East Council	LA	5,000,000		22/06/2020	22/01/2021
West Dumbartonshire Council	LA	10,000,000		27/01/2020	25/01/2021
Dundee City Council	LA	5,000,000		28/01/2020	26/01/2021
London Borough Of Croydon	LA	5,000,000		28/01/2020	26/01/2021
North Lanarkshire Council	LA	5,000,000		29/01/2019	29/01/2021
Cambridgeshire County Council	LA	5,000,000		01/02/2019	01/02/2021
Dundee City Council	LA	5,000,000		26/05/2020	26/02/2021
Peterborough City Council	LA	5,000,000		29/04/2020	15/04/2021
Birmingham City Council	LA	5,000,000		29/10/2020	29/04/2021
Derbyshire County Council	LA	10,000,000		30/06/2020	30/04/2021
North East Lincolnshire	LA	5,000,000		05/05/2020	04/05/2021
Sedgemoor District Council	LA	5,000,000		05/05/2020	04/05/2021
Gosport Borough Council	LA	2,000,000		02/09/2020	02/06/2021
Slough Borough Council	LA	5,000,000		08/06/2020	07/06/2021
London Borough Of Islington	LA	10,000,000		09/06/2020	08/06/2021
Slough Borough Council	LA	5,000,000		15/06/2020	14/06/2021
Cambridge County Council	LA	5,000,000		01/07/2020	30/06/2021
Cheltenham Borough Council	LA	3,000,000		30/09/2020	30/06/2021
Liverpool City Council	LA	5,000,000		06/07/2020	05/07/2021
Mid Suffolk	LA	5,000,000		06/07/2020	05/07/2021
London Borough Of Croydon	LA	5,000,000		27/07/2020	27/07/2021
Rotherham MBC	LA	10,000,000		31/07/2020	30/07/2021
Uttlesford DC	LA	10,000,000		15/09/2020	09/09/2021
Walsall Met Borough Council	LA	10,000,000		27/04/2020	27/04/2022
North Lanarkshire Council	LA	5,000,000		26/05/2020	26/05/2022
Doncaster MBC	LA	10,000,000		18/06/2020	20/06/2022
Mid Suffolk District Council	LA	5,000,000		30/06/2020	30/06/2022
Swindon Council	LA	10,000,000		29/05/2020	30/05/2023
		208,000,000	0.84%		
		250,042,200	1.05%		

Chart 1 : WECA Investments by Funding Source (£250.04m) at 31st October 2020

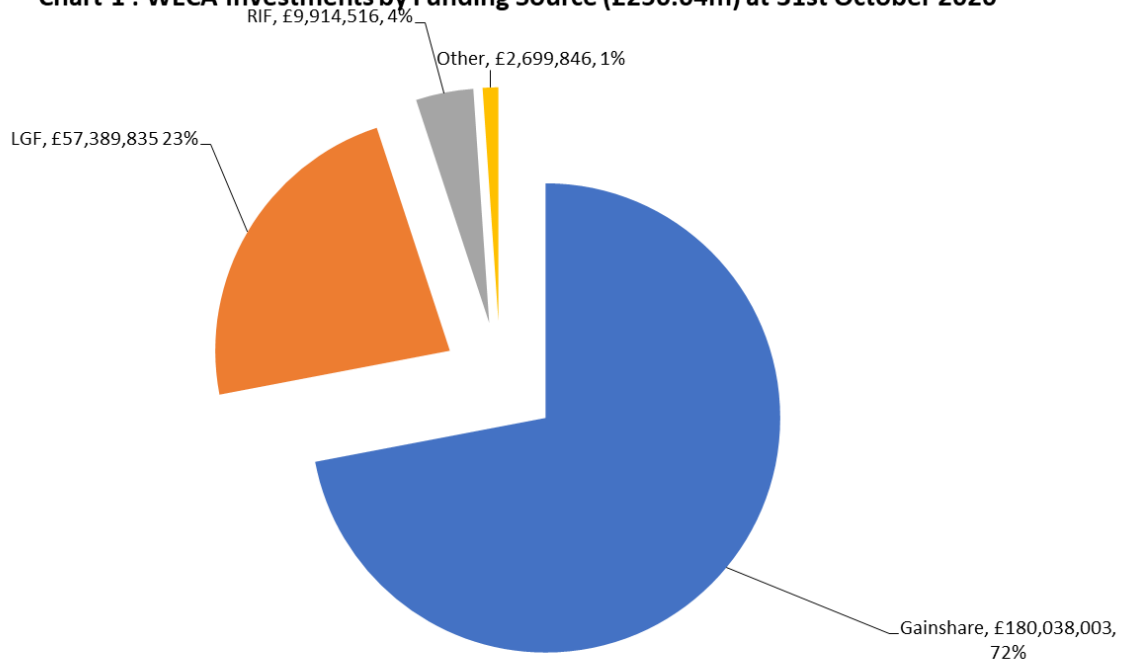


Chart 2: WECA Investments per lowest equivalent Long Term credit rating (£250.04m) at 31st October 2020

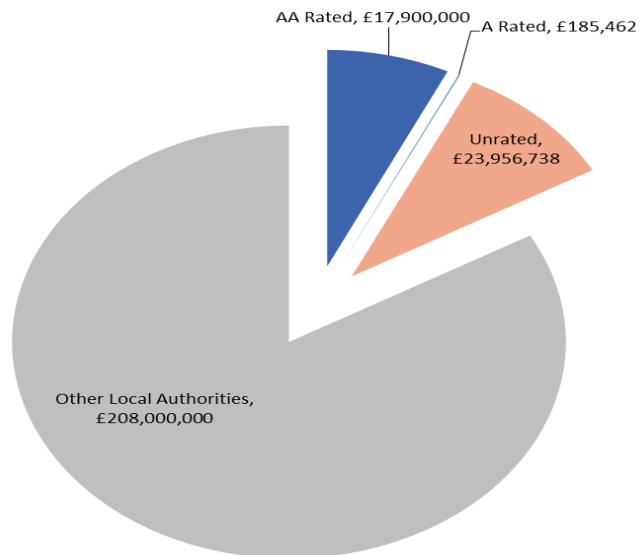
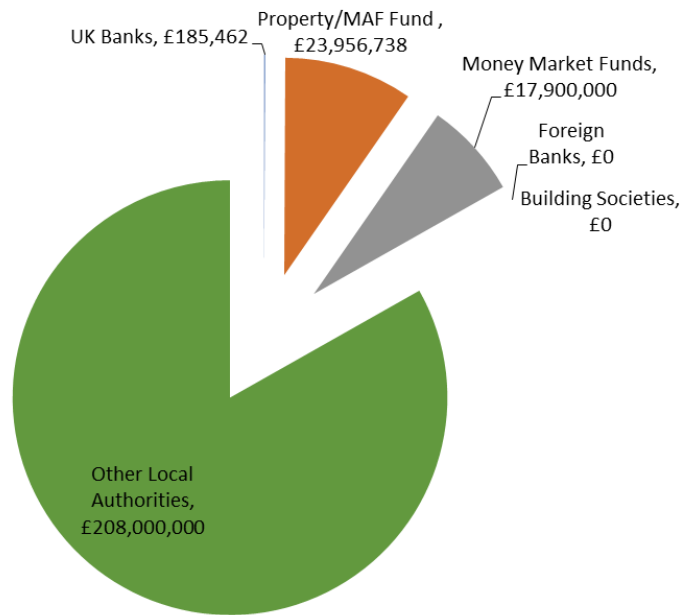


Chart 3: WECA Investments by Type (250.04m) as at 31st October 2020



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WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE

ITEM 18

29 January 2021

REPORT SUMMARY SHEET

INVESTMENT FUND

Purpose

To seek approval for feasibility, development and delivery funding, and for change requests for schemes within the current approved programme

Summary

Proposals set out in this report include:

- Development funding applications for the 10 Year Rail Delivery Plan and North Fringe Public Infrastructure projects
- The Strategic Outline Business Case for the Winterbourne & Frampton Cotterell and Coalpit Heath & Westerleigh Bypasses
- The Outline Business Case for the Bottle Yard Studios – Hawkfield Business Park
- A funding allocation to match fund the Kingswood Future High Streets bid to Government
- The Full Business Case for Innovation for Renewal and Opportunity project

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- Paragraph 22-25 of the report sets out the proposed use of the £9.395m funding allocated to drive Covid-19 economic recovery.
- More generally, supporting clean and inclusive economic growth is a key driver for the Investment Fund and all the projects within the programme will make a positive contribution to assisting the economic recovery.
- WECA will continue to review the deliverability, and priority, of its investment programme in response to Covid-19. Further updates will be provided through each committee cycle.

Recommendations

Members of the Combined Authority Committee are asked:

1. To approve the Feasibility and Development Funding Application for the 10 Year Rail Delivery Plan and award of £470k
2. To approve the Strategic Outline Business Case for the Winterbourne & Frampton Cotterell and Coalpit Heath & Westerleigh Bypasses
3. To note the submission of the DfT E-Cycles Extension Fund Bid
4. To approve the Feasibility and Development Funding Application for the North Fringe Public Infrastructure Package and award of £350k.
5. To delegate the approval of Outline Business Cases through the Development Infrastructure Fund that come forward in advance of the next meeting of the WECA Committee to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils, subject to fit with the agreed criteria and headroom being available.
6. To approve the Outline Business Case for Bottle Yard Studios – Hawkfield Business Park subject to the completion of a Monitoring and Evaluation Plan with the award of £135k to develop the Full Business Case and an allocation of a further £11.73m
7. To allocate up to £7.56m to Kingswood High Street subject to the award of funding through the Future High Streets programme with the approval of funding delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.
8. To approve the Full Business Case for the Innovation for Renewal and Opportunity project and award of £5.716m and to delegate grant giving to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.
9. To delegate the approval of the use of the £1m Innovation for Renewal and Opportunity influence fund, to support specific innovation projects which align with the project objectives and outcomes, to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.
10. To approve the change requests for schemes within the current programme as set out in Appendix 2.
11. In advance of the next meeting of the WECA Committee, to delegate the approval of changes to funding profile and programme for approved schemes to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.
12. To amend the approved capital programme for individual project approvals agreed at the December Committee and within this report.

Contact officer: Malcolm Coe

Position: Director of Investment & Corporate Services

Email: Malcolm.Coe@westofengland-ca.gov.uk

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REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY

DATE: 29 January 2021

REPORT TITLE: INVESTMENT FUND

AUTHOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND CORPORATE SERVICES

Purpose of Report

1. To seek approval for feasibility, development and delivery funding, and for change requests for schemes within the current approved programme.

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- Paragraph 22-25 of the report sets out the proposed use of the £9.395m funding allocated to drive Covid-19 economic recovery.
- More generally supporting clean and inclusive economic growth is a key driver for the Investment Fund and all the projects within the programme will make a positive contribution to assisting the economic recovery.
- WECA will continue to review the deliverability, and priority, of its investment programme in response to Covid-19. Further updates will be provided through each committee cycle.

Recommendations:

The Committee is asked:

1. **To approve the Feasibility and Development Funding Application for the 10 Year Rail Delivery Plan and award of £470k**
2. **To approve the Strategic Outline Business Case for the Winterbourne & Frampton Cotterell and Coalpit Heath & Westerleigh Bypasses**
3. **To note the submission of the DfT E-Cycles Extension Fund Bid**
4. **To approve the Feasibility and Development Funding Application for the North Fringe Public Infrastructure Package and award of £350k.**
5. **To delegate the approval of Outline Business Cases through the Development Infrastructure Fund, that come forward in advance of the next meeting of the WECA Committee, to the WECA Chief Executive in consultation with the Chief**

Executives of the constituent Councils, subject to fit with the agreed criteria and headroom being available.

- 6. To approve the Outline Business Case for Bottle Yard Studios – Hawkfield Business Park subject to the completion of a Monitoring and Evaluation Plan with the award of £135k to develop the Full Business Case and an allocation of a further £11.73m**
- 7. To allocate up to £7.56m to Kingswood High Street subject to the award of funding through the Future High Streets programme with the approval of funding delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.**
- 8. To approve the Full Business Case for the Innovation for Renewal and Opportunity project and award of £5.716m and to delegate grant giving to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.**
- 9. To delegate the approval of the use of the £1m Innovation for Renewal and Opportunity influence fund, to support specific innovation projects which align with the project objectives and outcomes, to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.**
- 10. To approve the change requests for schemes within the current programme as set out in Appendix 2.**
- 11. In advance of the next meeting of the WECA Committee, to delegate the approval of changes to funding profile and programme for approved schemes to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.**
- 12. To amend the approved capital programme for individual project approvals agreed at the December Committee and within this report.**

Background

- 2. In July 2019 the Committee considered a £350m investment programme up to March 2023 spanning the Investment Fund/Transforming Cities Fund. This sits within the frame of the Capital Strategy report, approved in February 2019, which set out the planned approach for establishing a thematic 20-year programme aligned with regional priority outcomes and objectives as detailed within the published WECA Operating Framework.**
- 3. The funding available through the Investment Fund and Transforming Cities Fund over the period to 22/23 totals £350m which includes a level of structured over programming. For each allocation and award, an allowance needs to be accounted for in terms of the subsequent costs for final delivery of the full scheme, referred to as the ‘tail’ which is based upon the current opinion of the most likely level of spend that will be incurred over this period. A number of awards and ‘tails’ run through to the period beyond 22/23 and will need to be taken into consideration when prioritising the next medium-term financial planning period. This equates to £32.8m, (including the LAF repayment for Bath Riverside), against the current funding allocation of £60m in extending the programme by a further 2 years (to 2024/25).**
- 4. A summary of all the approved and allocated funding across the Investment Fund and Transforming Cities Fund (TCF) is shown in Appendix 1 and is summarised in Figure 1. An update on the projects seeking funding is set out by theme in the following sections.**

Figure 1: Summary of Investment Programme to 2023 by Priority Theme

	Funding Awards and Allocations £000s	
	Dec 2020	Jan 2021
<i>Transport Infrastructure</i>		
Approved Awards and Allocations	67,485	71,482
Associated 'tail' required to deliver all projects up to March 2023	47,445	43,448
Total Investment in Transport Infrastructure	114,930	114,930
<i>Housing, High Streets and Green Infrastructure</i>		
Approved Awards and Allocations	87,513	92,773
Associated 'tail' required to deliver all projects up to March 2023	26,494	26,494
Total Investment in Housing Infrastructure	114,007	119,267
<i>Business and Skills</i>		
Approved Awards and Allocations	80,070	80,070
Associated 'tail' required to deliver all projects up to March 2023	18,854	18,854
Total Investment in Business and Skills Infrastructure	98,924	98,924
<i>Opportunities and Challenges / Other</i>		
Funding put aside to respond to opportunities and challenges	14,321	9,061
Approved WECA set up, operating costs and elections up to 2023	7,818	7,818
Total Investment Programme up to March 2023	350,000	350,000
Total Investment Programme post March 2023	31,189	32,841

Investment Fund Impact

- WECA has prepared an estimate of the impact of the Investment Fund programme which develops that reported to Committee in January 2020. As set out in Appendix 1, the WECA Committee has to date approved Business Cases for a number of projects within the £350m Investment Fund programme up to 2023. These projects are expected to produce significant benefits to the region, and in addition to delivering direct jobs and economic output, they will contribute to WECA's objective of clean and inclusive growth. Projects will encourage residents to take public transport rather than use private cars, and to improve rates of walking and cycling, reducing carbon emissions and improving air quality. The projects will support the development of housing (including affordable housing) and the Enterprise Zones and Areas across the region. They will help people across the region to gain skills and access jobs, particularly those on low incomes and in more deprived areas. Projects will improve the innovation and productivity of businesses across the area, encouraging investment and equipping them to compete and grow successfully.
- Beyond these schemes, either in delivery or progressing through the Business Case process, the Investment Fund has been used to support the development of a number of key projects, such as Mass Transit, expected to come forward through the Investment Fund or other funding sources. In addition to the projects in delivery, future funding has been allocated by

theme on the basis of the Local Industrial Strategy, Joint Local Transport Plan, spatial strategy and Business Plan. Through comparison with previous projects, an estimation of the potential impact of these allocations can be undertaken. It is emphasised that for this group of schemes this is based on the average performance of historical projects and does not reflect the specific deliverables of forthcoming projects, which are yet to be set. It does not include £9m which has been set aside for opportunities and challenges, nor any matched funding which may be obtained in future.

7. An estimate of the impact of the overall programme, including approved schemes and those still to be fully specified, is set out below. It should be noted that these measures do not capture the full value of the projects, which will provide a range of specific benefits, some of which are hard to estimate precisely at this stage. The impact of the Covid-19 on the delivery of these benefits is also highly uncertain at this time, but it is expected that in a number of cases the delivery of benefits may be delayed, for example public transport growth. The benefits will be kept under review and a further assessment will be undertaken when the landscape post Covid, and these impacts, will be better understood.

Economic growth

- £990m of economic output (gross value added)
- Over 5,000 new jobs

Business and Skills

- Over 12,500 learners gaining new qualifications or skills
- 2,350 people supported to gain increased earnings, and many more moving into work
- Over 8,800 business receiving enterprise support
- 100 new research and development projects, and 60 new products or services brought to market
- 450 small businesses supported with innovation activity

Infrastructure

- 39,600m² of commercial floorspace enabled
- 8,150 homes enabled on specific sites
- Over 1 million new bus journeys per year, and significant improvements locally
- Over 1.7 million new rail journeys per year
- Five new railway stations opened
- Two new park and ride sites developed
- Contribution to spatial planning and delivery, and revitalisation of a number of high streets

Thematic Update

Transport

Schemes in Development

10 Year Rail Delivery Plan Scheme Development

8. The 10 Year Rail Delivery Plan was approved at the WECA Committee in December 2020. A [Feasibility and Development Funding Application](#) has been submitted by WECA seeking £470k to progress the development of the following package of strategic rail enhancements, that have emerged through the Plan, during 2021/22:

- Station enhancements (seating, shelters, wayfinding, improved cycle parking, CCTV, lighting and accessibility improvements) building on the £1.1m Station Enhancements Project funded through Access for All and the Investment Fund.
- Proposals to extend MetroWest to the south.
- Initial proposals for future timetables with increased connections East to West and North of Bristol – Bristol to Oxford.
- Identifying the potential for new intermodal terminals and Express Hubs linked to local delivery by electric vehicles.

The funding can be accommodated within the ‘tail’ for Strategic Rail.

Recommendation to approve the Feasibility and Development Funding Application for the 10 Year Rail Delivery Plan and award of £470k

Winterbourne & Frampton Cotterell and Coalpit Heath & Westerleigh Bypasses

9. Following the award of £413k development funding in July 2019, a Strategic Outline Business Case has been submitted by South Gloucestershire Council for the Winterbourne & Frampton Cotterell and Coalpit Heath & Westerleigh Bypasses. The scheme aims to alleviate the transport constraints and create conditions for delivering growth in Yate and wider South Gloucestershire. It is proposed that options for the Winterbourne & Frampton Cotterell Bypass, a metrobus variant and a Badminton Road upgrade option are taken forward for consideration as part of the development of the Outline Business Case expected in 2022.

Recommendation to approve the Strategic Outline Business Case for the Winterbourne & Frampton Cotterell and Coalpit Heath & Westerleigh Bypasses

North Fringe Public Infrastructure Package

10. A [Feasibility and Development Funding Application](#) has been submitted by South Gloucestershire Council seeking £350k to develop an Outline Business Case for the North Fringe Public Infrastructure Package. The funding would support a design review of the highway network surrounding the Brabazon Arena to enable the most efficient use of the transport network including the Strategic Road Network. An Outline Business Case would then be produced to secure funding for the delivery of the elements within the mitigation package which have been identified as being funded locally, beyond those secured as part of the planning application via the S106 agreement. The £350k can be met from the unallocated tail for transport, and the Outline Business Case would be completed by October 2021.

Recommendation to approve the Feasibility and Development Funding Application for the North Fringe Public Infrastructure Package and award of £350k

E-Cycles Extension Fund Bid

11. In November, the Department for Transport (DfT) issued an invitation to bid for programmes which would enable the increased use of e-cycles within their areas. Combined Authorities could bid for up to £250k of revenue funding. The funding is available for the 20/21 financial year, although DfT is content for delivery to run into autumn 2021, if funding is committed by 31 March 2021.
12. In December, a bid was submitted by WECA for £248k for activities across the West of England. This included a package of interventions including purchase of e-bikes and adapted e-bikes as well as supporting activities such as training, led rides, and loan schemes; continuation of Wheels to Work; bike security measures; and marketing, communications and

evaluation. Although no match funding was required, Bath & North East Somerset and Bristol both committed to providing some match funding. In addition to these contributions, WECA's, complementary commitments to invest in walking and cycling, for example, the £10m Investment Fund allocation for cycling and walking infrastructure, were referenced.

Recommendation to note the submission of the DfT E-Cycles Extension Fund Bid

Schemes in Delivery

Yate A432 Park & Ride

13. The Outline Business Case for Yate A432 Park and Ride was approved at the WECA Committee in October 2020. The approval of the Full Business Case was delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils. A Full Business Case seeking £3.301m from the Investment Fund, beyond the £300k previously awarded to develop the project, was submitted by South Gloucestershire Council in December and this was approved through the granted delegation in January. The Assessment Summary Table is shown in Appendix 4 and the Full Business Case is published on the WECA [website](#).

Housing, High Streets and Green Infrastructure

Development Infrastructure Fund

14. As reported in December, £21m of headroom in the Investment Fund programme has been used to create a Development Infrastructure Fund (DIF). This builds upon the model for the Land Acquisition Fund and will support both housing and economic development infrastructure with the aim that funds are repaid in whole or part depending upon the specifics of the application. An Outline Business Case for Hengrove Park Enabling Infrastructure was approved at the December Committee which would use £12m of this balance, together with £7.8m in the period beyond 22/23. This leaves an allocation of £9m available to 22/23. The Committee also agreed to increase the allocation for the Land Acquisition Fund (LAF) by £8m (balance £15.9m) given this appears a valuable funding model. To ensure that projects can progress at pace in advance of the next meeting of the Committee, it is recommended that the approval of Outline Business Cases is delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.

Recommendation to delegate the approval of Outline Business Cases through the Development Infrastructure Fund that come forward in advance of the next meeting of the WECA Committee to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils, subject to fit with the agreed criteria and headroom being available.

Bottle Yard Studios - Hawkfield Business Park

15. An Outline Business Case has been submitted by Bristol City Council for the Bottle Yard Studios - Hawkfield Business Park. This includes funding for the acquisition of a property in the Hawkfield Business Park, conversion of the building to film and tv studio spaces and investment in the existing Bottle Yard Studios site to maintain and grow film production. The total cost is £12.865m, of which £11.865m is sought from WECA, drawn down to 22/23, and of which some 50% will be repaid by the Council over a five-year term. Of this total, funding of £135k is sought to develop the proposal to Full Business Case expected in June. Given this scheme fits the agreed DIF rather than the housing enabling LAF criteria, in order to accommodate this scheme, it is proposed to reallocate funding from the LAF (current balance excluding this proposal £15.9m, revised balance £10m) to the DIF (current £9m, proposed

£14.9m). The Assessment Summary Table is shown in Appendix 5 and the Outline Business Case is published on the WECA [website](#)

Recommendation to approve the Outline Business Case for Bottle Yard Studios – Hawkfield Business Park subject to the completion of a Monitoring and Evaluation Plan with the award of £135k to develop the Full Business Case and an allocation of a further £11.73m

Housing and Regeneration Enabling Fund

16. To enable schemes to be developed to a point where they could be considered for DIF funding, or other funding opportunities, it was agreed at the December Committee to establish a £2m Housing and Regeneration Enabling Fund (HREF). This could benefit a number of emerging proposals across WECA which could have good fit with the DIF. The approval of the specific applications was delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils. It is expected that programmes in the region of £750k will be presented by B&NES and South Gloucestershire for strategic planning activities including a Somer Valley Investment Plan, funding to support the delivery of Bath Enterprise Zone and Yate. Funding of some £500k is also expected to be sought by Bristol City Council for the Temple Quarter Joint Delivery Team. The specific scope and outputs of these programme awards will be agreed and overseen through the Infrastructure Directors. The proposed HREF criteria are presented for approval in item 12 on this agenda.

Strategic Masterplanning

17. In addition to these funding allocations, a further £2m of the headroom was identified to support strategic masterplanning with the approval of the specific applications delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils. Expected locations include a masterplanning development fund for Milsom Quarter, the East Fringe, Severnside, a Twerton Regeneration Delivery Plan and Parkway Station.

Kingswood High Street

18. In December 2020 it was announced that Kingswood High Street has been provisionally awarded £12.5m through the Government's Future High Streets programme. The South Gloucestershire Council submission included three core components – strategic property acquisition and the first phase of redevelopment; the restoration of the Whitfield Tabernacle, (for which funding for stabilisation works has previously been awarded through the Investment Fund), and the pedestrianisation of Regent Street and enhancement of public realm. Revised match funding for the proposal is required of £7.56m alongside a Council contribution of £5m. The project shows strong fit with WECA Love Our High Streets programme and presents a significant opportunity to lever Government funding as a catalyst for long-term private sector investment. Kingswood High Street has faced significant challenges of long-term vacant units, declining public realm and a lack of access to mixed uses such as leisure, culture and skills. These will be priority issues for the investment programme. The regeneration programme is supported by masterplanning which will be subject to further consultation.
19. It is therefore proposed funding of £7.56m is allocated to this project from the current allocations for Love Our High Streets (£2.3m) and Opportunities and Challenges (£5.26m). It is expected the Future High Streets funding could be confirmed by March, and on this basis, it is proposed that the award of WECA funding is delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.

Recommendation to allocate up to £7.56m to Kingswood High Street subject to the award of funding through the Future High Streets programme with the approval of funding delegated

to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.

Business and Skills

Innovation for Renewal and Opportunity

20. A Full Business Case has been submitted by WECA seeking £6.716m for a package of interventions aimed at driving innovation and enabling renewed growth for businesses through direct grants for innovation, increased breadth and flexibility of innovation funding, and enhanced digital capability for business. Key elements include extending and enhancing the European Regional Development Fund (ERDF) Business Innovation Fund and a package of intensive support for manufacturing SMEs and supply chain aimed at evolution of technology and increasing digitalisation. The Assessment Summary Table is shown in Appendix 6 and the Full Business Case is published on the WECA [website](#). The funding can be accommodated within the business and skills allocation.
21. One of the proposed measures is the creation of an influence fund which is a flexible pot that can be allocated to R&D projects that WECA is either leading or is a smaller grant partner, as opportunities arise. A total of £1m is proposed through the Investment Fund with an expected equivalent in match funding. It is recommended that the approval of these specific projects is delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.

Recommendation to approve the Full Business Case for the Innovation for Renewal and Opportunity project and award of £5.716m and to delegate grant giving to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.

Recommendation to delegate the approval of the use of the £1m Innovation for Renewal and Opportunity influence fund, to support specific innovation projects which align with the project objectives and outcomes, to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils.

Regional Recovery Taskforce Recovery fund

22. At the WECA Committee in October it was agreed to allocate £9.395m to support West of England businesses during the early phase of economic recovery as advised by the Covid-19 Economic Recovery Taskforce. Eight programme elements which would fall within this funding were identified. The approval of business cases for these interventions was delegated to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils. The following have been approved through this delegation since the Committee meeting in December:

Low Carbon Challenge Fund Extension

23. A Full Business Case for the Low Carbon Challenge Fund Extension was submitted by WECA in December seeking £1.943m from the Investment Fund. This will extend the scope of the current ERDF project to provide an additional 61-111 Green Business Grants for SMEs, 400-440 Carbon surveys and 4-5 local renewable energy projects over the period to March 2023. The Assessment Summary Table is shown in Appendix 7 and the Full Business Case is published on the WECA [website](#). This Business Case was approved in January through the granted delegation.

West of England Talent Retention Platform

24. As the effects of COVID -19 continue to negatively impact the economy, the West of England will undoubtedly, along with the rest of the country, see increasing levels of redundancy and unemployment. In response, it is planned to design and deliver an interactive web based, business to business platform, that will provide employers in the West of England with a facility to advertise employment opportunities to those businesses facing the prospect of making their staff redundant. Ultimately this tool is intended to be used as one of the support functions of the Response to Redundancy Group which aims to provide a cohesive multi-agency response to employers and employees facing the challenge of redundancy. A [Feasibility and Development Funding Application](#) was produced by WECA seeking £200k, with the platform expected to go live in April.

West of England Post-16 Education and Skills Estate Analysis

25. WECA is initiating a comprehensive analysis of the Post-16 Education and Skills Estate to determine aspects such as capacity, relevance and quality (ie condition). This will help WECA and its partners deliver the most effective investment of public funds, to benefit West of England residents, communities and employers. A [Feasibility and Development Funding Application](#) seeking £100k for this work was approved in December through the delegation to the Chief Executives. The analysis aims to conclude in May 2021.

Changes to Schemes within the Current Programme

26. The WECA Committee agreed to delegate approval of changes within stated tolerances for schemes within the approved Investment Fund programme to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils. The changes which fall outside of these tolerances, and require a Committee decision, are set out in Appendix 2.

Recommendation to approve the change requests for schemes within the current programme as set out in Appendix 2.

Recommendation that in advance of the next meeting of the WECA Committee, to delegate the approval of changes to funding profile and programme for approved schemes to the WECA Chief Executive in consultation with the Chief Executives of the constituent Councils

Capital Monitor

27. The budget forecast for the WECA and Mayoral capital programme is summarised in Appendix 3 which shows the budget profile and outturn expenditure incurred this year.

Recommendation to amend the approved capital programme for individual project approvals agreed at the December Committee and within this report.

Consultation

28. Engagement has taken place with officers in the West of England Combined Authority Constituent Unitary Authorities. Section 151 Officers across the region have been fully engaged as have the Chief Executive Officers in helping to inform the prioritised projects for investment.

Other Options Considered

29. All Business Case and Change Requests are required to set out in detail the full range of options considered and the reason the preferred option has been identified.

Risk Management/Assessment

30. Specific risk assessments will be carried out as part of any feasibility studies for projects in development and business cases are required to set out the way that risks will be managed and a risk register. All projects underway will maintain a specific risk register as part of the project management and monitoring arrangements.
31. Financial risks are managed through the process for considering cost increases as set out in the WECA Investment Strategy. The overall Investment Fund and Transforming Cities Fund programme will be regularly reviewed.

Public Sector Equality Duties

32. The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
33. The Act explains that having due regard for advancing equality involves:
 - Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
34. The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.
35. For projects seeking funding through the Investment Fund scheme promoters are required to include as part of their Full Business Case, an equality and diversity assessment and plan. These assessments are published as part of the Business Case on the WECA website.

Finance Implications, including economic impact assessment where appropriate

36. The financial implications for each proposal are set out in the body of the report. The Investment Fund allocations and awards are accommodated within the overall spending limit of £350m available up to March 2023.
37. The WECA statutory finance officer will determine the appropriate use and apportionment of funding between the Transforming Cities Fund and Investment Fund within the overall funding available.
38. Supporting economic growth is central to this funding stream, and promoters are required to include an economic case within the FBC for each scheme which sets out how the project

will create jobs and GVA growth as well as delivering wider benefits. In line with agreed processes these FBCs are published on the WECA website at the point of decision making.

Advice given by: Malcolm Coe, Director of Investment and Corporate Resources

Legal Implications

39. There are no additional legal implications arising from this report. Legal advice will be sought for individual projects through relevant due diligence prior to approving formal allocations.

Advice given by: Shahzia Daya, Monitoring Officer, WECA

Climate Change Implications

40. On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements.

41. Each business case coming forward for decision on inclusion in the Investment Fund programme includes consideration of environmental sustainability which sets out how sustainability is being considered in the development of the project as well as during its operational stage.

Land /Property Implications

42. All land and property implications are set out within the specific business cases and dealt with by scheme promoters.

Advice given by: Malcolm Coe, Director of Investment and Corporate Resources

Human Resources Implications

43. There are no direct human resource implications arising from this report.

Appendices

Appendix 1: Investment Fund Programme

Appendix 2: Change Requests for Schemes within the Current Programme

Appendix 3: Capital Budget Forecast for 2020/21

- Appendix 4: Yate A432 Park and Ride Assessment Summary Table
- Appendix 5: Bottle Yard Studios - Hawkfield Business Park Assessment Summary Table
- Appendix 6: Innovation for Opportunity and Renewal Assessment Summary Table
- Appendix 7: Low Carbon Challenge Fund Assessment Summary Table

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email: democratic.services@westofengland-ca.gov.uk

Appendix 1**Transport Infrastructure Projects – Awards and Allocations (£000s)**

	To 22/23		23/24+
	Dec 2020	Jan 2021	
Feasibility Studies			
A420 to Bath Highway Improvements	200	200	-
Bristol Temple Meads Masterplan	2,000	2,000	-
Winterbourne/Frampton Cotterell Bypass and Coalpit Heath/Westerleigh Bypass Study	413	413	-
Regional Operations Capability – Phase 1	75	75	-
Strategic Rail Investment	250	250	-
Improving Access to Bath from the East	200	200	-
Access for All – Step Free Access Study	100	100	-
10 Year Rail Delivery Plan Scheme Development	-	470	-
Business Case Development			
Hicks Gate Roundabout	460	460	-
MetroWest Phase 2	7,415	7,415	3,648
Charfield Station	1,200	1,200	-
Strategic Park & Ride	500	500	-
MetroWest Phase 1	5,860	5,860	-
Mass Transit	1,500	1,500	-
Integrated Smart Ticketing	300	300	-
Local Cycling & Walking Infrastructure	1,100	1,100	-
Metrobus Consolidation	300	300	-
Manvers Street Regeneration	250	250	-
Bus Strategy Infrastructure Programme	1,700	1,700	-
West of England Station Enhancements Project	552	552	-
North Fringe Public Infrastructure Package	-	350	-
Schemes in Delivery			
Real Time Information System Upgrade	559	559	-
Cribbs Patchway Cycle Links	3,306	3,306	-
Cribbs Patchway MetroBus Extension	22,151	22,151	-
Integrated Transport Authority Functions	1,000	1,000	-
On-Bus Contactless Bank Card Payment	416	416	-
Great Stoke Roundabout Improvements	2,909	2,909	-
Wraxall Road Roundabout Improvements	6,887	6,887	-
Future Transport Zone*	2,201	2,201	1,454
Yate A432 Park and Ride	300	3,601	-

Completed Projects	3,381	3,258	-
Total of all Awards and Allocations:	67,485	71,482	5,102
Associated 'Tail' for Approved Schemes in Development	47,445	43,448	10,000
Total	114,930	114,930	15,102

Note: * Excludes DfT funding of £24.366m

**Housing, High Streets and Green Infrastructure Projects – Awards and Allocations
(£000s)**

	To 22/23		23/24+
	Dec 20	Jan 21	
Feasibility Studies			
B&NES Pilot High Streets Programme	280	280	-
Bedminster High Street Improvement	275	275	-
Kingswood High Street Improvements	268	268	-
Modern Methods of Construction Pilots/Trials	150	150	-
Strategic Planning Shared Evidence Base	4,437	4,437	313
OPE8 Housing Enabling Fund	500	500	-
Business Case Development			
HIF OBC – Bristol Temple Meads to Keynsham	2,700	2,700	-
Bristol Temple Meads Eastern Entrance	2,500	2,500	-
Masterplanning: Yate Urban Living Opportunity Area	500	500	-
Masterplanning: business case development	275	275	-
Masterplanning: North Fringe of Bristol	500	500	-
Masterplanning: South West Bristol	500	500	-
Masterplanning: Brislington and North Keynsham	250	250	-
Green Infrastructure	300	300	-
Schemes in Delivery			
Lockleaze Sustainable Transport Improvements	3,915	3,915	-
Whitfield Tabernacle Stabilisation Works	682	682	-
Keynsham Town Centre Improvement	425	425	-
Chew Valley Lake Recreational Trail	1,006	1,006	-
Allocations			
Love Our High Streets	8,070	5,770	-
Land Acquisition Fund	15,883	10,000	- 8,297
Bristol to Bath A4 Strategic Corridor	10,000	10,000	11,800
Hengrove Park Enabling Works	12,000	12,000	7,800*
Development Infrastructure Fund	9,000	3,018	-
Housing and Regeneration Enabling Fund	2,000	2,000	-
Strategic Masterplanning	2,000	2,000	-
Bottle Yard Studios - Hawkfield Business Park	-	11,865	-*
Kingswood High Street	-	7,560	-
Completed Projects	9,097	9,097	-

Total of all Awards and Allocations:	87,513	92,773	11,616
Associated 'Tail' for Approved Schemes in Development	26,494	26,494	-
Total	114,007	119,267	11,616

Note: * Excludes repayment element, timing to be confirmed at Full Business Case.

Business and Skills Projects – Awards and Allocations (£000s)

	To 22/23		23/24+
	Dec 20	Jan 21	
Feasibility Studies			
Talent Institutes	100	100	-
Visitor Economy/Regional Tourism	100	100	-
Cultural Strategy	50	50	-
CEIAG Research and Improvement Project	50	50	-
Building Employment and Enterprise Skills	20	20	-
Local CEIAG Action Research Activities	20	20	-
5G Logistics	179	179	-
West of England Talent Retention Platform	-	200	-
West of England Post-16 Education and Skills Estate Analysis	-	100	-
Business Case Development			
Hospitality & Catering Education Centre	195	195	-
STEAM Centre SGS WISE	590	590	-
Somer Valley Enterprise Zone and Infrastructure	1,026	1,026	-
Bath Riverline	150	150	-
Quantum Technologies Innovation Centre+	33,974	33,974	1,000
Energy Strategy Action Planning / Climate Change Planning	250	250	-
I-START	350	350	-
Driving the Covid-19 Economic Recovery	9,395	7,152	-
Schemes in Delivery			
Realising Talent	499	499	-
South West Institute of Future Technology	500	500	-
Business Innovation Fund	226	226	16
Workforce for the Future	3,700	3,700	400
WE Work for Everyone	1,300	1,300	-
Future Bright Plus	2,700	2,500	1,100
South Bristol Enterprise Support	483	483	-
Centre for Digital Engineering Technology & Innovation	5,000	5,000	-
LIS Productivity Challenge Delivery Programme	2,737	3,057	-
Careers Hub and Enterprise Adviser Network	174	174	-
South Bristol Workspace	2,064	2,064	636
Reboot West	451	451	269
Low Carbon Challenge Fund Extension	-	1,943	-

Innovation for Renewal and Opportunity	-	5,264	1,452
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Allocations			
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Business and Skills allocation to be programmed up to 2023	13,575	8,191	-
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Completed Projects	212	212	-
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Total of all Awards and Allocations:	80,070	80,070	4,873
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Associated Tail for Schemes in Development	18,854	18,854	1,250
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Total	98,924	98,924	6,123
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Appendix 2

Change Requests for Schemes within the Current Programme

- **Future Bright Plus**
Spend: Reprofiled £200k from 20/21 [Revised profile £100k 20/21, £1.2m 21/22, £1.2m 22/23 and £1.1m 23/24, total £3.6m].
Milestones: Start date revised from Jan 21 to March 21 and completion from Dec 23 to Feb 24. Revised timing of evaluation activities with final evaluation now May 24.
- **Manvers Street**
Spend: Reprofiled £240k from 20/21 to 21/22 [Revised profile £10k 20/21 and £240k 21/22, total £250k]
Milestones: Delays of 9-11 months across all remaining milestones with completion planned Nov 22.
- **Contactless Bus Card Payment**
Spend: Reprofiled £90k from 20/21 to 21/22 [Revised profile £319.4k 19/20, £6.3k 20/21 and £90k 21/22 total £415.7k]
Milestones: Completion of ticket machine upgrades and project completion both delayed by 12 months to Dec 21 and Jan 22 respectively.
- **Integrated Smart Ticketing and Payment**
Spend: Reprofiled £180k from 20/21 to 21/22 [Revised profile £30k 19/20, £90k 20/21 and £180k 21/22, total £300k].
Milestones: Inclusion of additional milestones for new outputs and adjustment to reflect alignment with the Future Transport Zones programme, with completion now Mar 22.
- **Spatial Development Strategy/Transport Evidence Base**
Scope: Inclusion of transport decarbonisation evidence base to support the SDS programme and ensure these are in line with climate change targets.
Milestones: Inclusion of an additional milestones for the above concluding in Oct 2021. One month delay to completion of build of West of England Regional Transport Model (to Oct 21).
- **Mass Transit –** Reprofiled funding from 20/21 to 21/22 [Revised profile £24k 19/20, £1.235m 20/21 and £241k 21/22, total £1.5m].
- **LIS Productivity Challenge**
Scope: proposed extension of the Tech Adoption Pilot to enable continuation for 2 years in response to high demand.
Spend: Increase in funding of £320k drawing on the Business and Skills allocation. Reprofiled funding from 20/21 to 21/22 and 22/23 [Revised profile 20/21 £567k, 21/22 £1.361m and 22/23 £1.129m, total £3.057m]
- **I-START**
Spend: Increase in development phase budget through inclusion of £10k match funding.
Milestones: 2-4 month delay to interim milestones and 3 month delay to resubmission of Outline Business Case (to Apr 21).

Appendix 3

WECA and Mayoral Capital Programme - Update

	20/21	20/21	21/22	22/23	23/24	TOTAL
	Profile	Outturn	Profile	Profile	Profile	Profile
	£'000	£'000	£'000	£'000	£'000	£'000
WECA Capital - IF						
Scheme Prioritisation (Monitoring and Evaluation Framework)		0				0
Business Case Development	3,555	976	503	0	0	4,058
Real Time Information (WECA Oct 2018)		0				0
Housing Land Acquisition Fund (Bath Riverside)		0				0
Cribbs Patchway Metrobus Extension	7,213	3,367				7,213
CPNN Cycle Links (post FBC/ Delivery)	2,321	669	460			2,781
On Bus Contactless Payment	6	0	90			96
Great Stoke Roundabout Improvements	1,956	1,061	58	30		2,044
Wraxall Road	1,131	23	4,038	30		5,199
Quantum Technologies Innovation Centre+		0	25,774	8,200	1,000	34,974
Centre for Digital Engineering Technology & Innovation		0	350			350
Whitfield Tabernacle Kingswood (Love Our High Streets)	345	0	337			682
Keynsham Town Centre		0	425			425
South Bristol Industrial Light Workspace	131		266	1,667	636	2,700
Metrowest phase 1		0		5,860		5,860
Metrowest phase 2 (construction & operation)	305	51		7,544		7,849
Unlocking Lockleaze Development Delivery	3,006	0				3,006
	19,969	6,147	32,301	23,331	1,636	77,237
WECA Capital – other						
FTZ DfT funding to the capital programme	905		8,340	9,221	5,899	24,366
DfT Active Travel Fund to the capital programme	1,745		1,099			2,844
5G Smart Tourism		0				0
IT and Building Alterations		0				0
	2,650	0	9,439	9,221	5,899	27,210
Mayoral Capital						
Highways and Transport Grants	17,572	8,786	17,572	17,572	17,572	70,288
Pothole Action Fund Grant	8,519	0				8,519
	26,091	8,786	17,572	17,572	17,572	78,807
Grand Total	48,711	14,933	59,312	50,124	25,107	183,254


Appendix 4 - Business Case Assessment Summary Table

Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	Yate A432 Park & Ride	Strategic Case	<p>The Park & Ride will be located on a parcel of land north of the A432 corridor on the western edge of Yate. It is situated within walking distance of a large number of local employers on Beeches Industrial Estate, the Frome Valley Walkway and within an 8-minute walk of Yate Station.</p> <p>Yate has been identified as a key growth area for the region. This presents a range of opportunities, but also challenges in relation to growing demand for travel to, from and within the town. Plans for growth in Yate are outlined in a number of local and regional planning documents.</p> <p>The scheme aims to:</p> <ul style="list-style-type: none"> Facilitate new housing and employment development sites within and around Yate. Provide varied, convenient and attractive journey options within Yate and the A432 corridor to enable mode shift from private vehicles. Reduce traffic flows along the A432 corridor. <p>Improve public health, air quality and reduce greenhouse gas emissions through increases in active modes.</p>	Funding Source(s)	Investment Fund
Scheme Promoter	South Gloucestershire Council	State Aid	The scheme will provide open access infrastructure.	Approval Requested	Full Business Case

Date of Submission	1/12/20	Economic Case and Value for Money	A transport economic appraisal has been undertaken and the scheme presents a BCR of 2.62:1 representing high value for money. The value for money statement is shown below.	Grant Award	£3,300,643 (in addition to the £300k previously awarded)
Funding Requested	£3,300,643 beyond £300k previously awarded (£1.3m 20/21 and £2.006m 21/22)		This scheme captures public transport, active mode and decongestion benefits from the range of uses of the facility, and as such is not well suited to conventional transport appraisal. Whilst there are some uncertainties around the BCR derived from the core scenario, a number of sensitivity tests have been undertaken which give confidence that the scheme is likely to deliver benefits to achieve high value for money (ie a BCR greater than 2). A letter has been provided by the SGC S151 Officer confirming approval of the business case and the value for money statement.		
Total Scheme Cost	£3,300,643	Risk	A Quantified Risk Assessment has been undertaken which and a risk allocation of £757k at the mean level which equates to 21% of the overall scheme cost.	Grant Recipient	South Gloucestershire Council
Match Funding %	0%	Delivery	The site of the A432 Yate Park & Ride is located on land owned by the Council. Works outside of this land are located within the highway. As such, no land acquisition is required. Planning consent for the scheme was granted in November 2020. The construction of the scheme will be undertaken by the Council's StreetCare team using their term consultants, Tarmac.	Payment Basis	Quarterly in arrears on defrayed expenditure

<i>Scheme Description</i>	<i>Recommendation to Chief Executives</i>	Approval of the Full Business Case
<p>The proposed scheme involves the creation of a new Park & Ride on the A432 within Yate. As a multi-modal interchange facility, the Park & Ride will offer residents the opportunity to interchange with a range of different sustainable transport modes.</p> <p>In the short term the project will provide an initial Park & Ride service using the existing background bus network as well as overflow parking for Yate Station which is due to benefit from increased rail services as part of the MetroWest project. The facility will also provide opportunities for Park & Cycle for short trips in Yate, including opportunities to hire folding bicycles for use as part of longer trips by train. A range of complementary uses, including electric vehicle charging, Park & Share and Click & Collect aim to further add to the appeal of the scheme.</p>	<i>Conditions of Approval</i>	None

Record of Approval

<i>WECA S73 Officer</i>		<i>Chief Executives</i>	
<i>Name</i>	Malcolm Coe	<i>Date of Meeting</i>	7 January 2021
<i>Date</i>	4 January 2021	<i>Decision</i>	Approval of the Full Business Case
<i>Signature</i>			

Value for Money Statement – Yate A432 Park & Ride

Scheme Capex (including QRA) (2020 prices and values)	£3,600,643	
Present value of costs (2010 prices and values) (post treatment of scheme revenue and operational costs)	£2,247,612	
Quantified Benefits (2010 prices and values)	Park and Ride decongestion impact	£1,183,699
	Park & Rail decongestion impact	£577,585
	Park and Ride and Park and Rail vehicle operating cost reductions	-
	Park and Rail active mode impacts	£235,656
	Park & Share decongestion benefits	£458,109
	Park and Share vehicle operating cost reduction	£218,555
	Park and Stride active mode impacts	£880,710
	Click and collect decongestion benefits	£188,669
	Click and collect vehicle operating cost reduction	£392,585
	Active mode impacts for local commuters / non car park users	£1,431,136
	Bus facility impacts	£629,799
	Total PVB	£6,196,504¹
	Indirect taxes ²	- £308,913
Net PVB	£5,887,910	
VfM indicator (Benefit Cost Ratio)	2.62	
Wider Benefits (quantitative)	Wider economic benefits <ul style="list-style-type: none"> • Direct and Indirect GVA of £1,323,196 (in 2010 prices and values) • Direct construction jobs: 28.5 • Indirect construction jobs: 28.5 	

1 Where necessary, assessment of these impacts is net of indirect taxes. Additional indirect taxes associated with revenue are estimated and presented separately.

2 This relates to additional indirect taxes associated with revenue, which are estimated separately.

Appendix 5 - Business Case Assessment Summary Table

Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	Bottle Yard Studios – Hawkfield Business Park	Strategic Case	<p>This proposal seeks funding to facilitate the development of film/TV production studio space in an industrial property located on the Hawkfield Business Park in South Bristol. The scheme seeks to safeguard jobs and expenditure in the short term by supporting the ongoing operation of the highly successful Bottle Yard Studios (TBYS) whilst major residential development is coming forward on the neighbouring Hengrove Park site. In the longer term it aims to provide valuable additional production space and new employment opportunities.</p> <p>Bristol and the West of England region have built a strong reputation for its creative sector, which has seen the recent arrivals of both Channel 4 and Netflix. The Bottle Yard Studios is the largest dedicated film and TV studio facility in the West of England.</p> <p>The project aligns with regional priorities set out in the West of England Local Industrial Strategy and Bristol's One City Economic Renewal and Recovery Strategy.</p>	Funding Source(s)	Investment Fund
Scheme Promoter	Bristol City Council	State Aid	<p>It is advised by the City Council that the funding will not represent State Aid This is accepted by WECA noting that the risk sits with the City Council. This to be formally reconfirmed in light of the revised Aid landscape at Full Business Case.</p>	Approval Requested	Outline Business Case


Date of Submission	15/12/20	Economic Case and Value for Money	<p>Screen production expenditure data for Bristol and TBYS have been converted into headcount employment figures using data from the Annual Business Survey. These have been converted to Full Time Equivalents (FTEs) using data from the 2019 UK Labour Force Survey. To this direct employment, indirect and induced figures have been added to give an average of 187 FTE jobs created annually via TBYS over the past four years.</p> <p>The option that the four housing-affected stages would be temporarily unavailable from January 2022 for three years, after which point they would reopen; and that Hawkfield Business Park would have three stages converted in the existing building has been modelled.</p> <p>This indicates that direct employment attributable to the Hawkfield site is 904 jobs over a 10 year period, which has been converted to £249m of GVA. This gives GVA per £ of cost of £21.</p> <p>The economic appraisal should be refined as part of the FBC including considering persistence, deadweight, displacement and leakage.</p> <p>A letter has been provided by the BCC S151 Officer confirming approval of the business case and the value for money statement.</p>	Grant Award	£135k to develop the Full Business Case
Funding Requested	£11,865,500 (profiled £100k 20/21, £9.589m 21/22 and £2.1765m 22/23)				
Total Scheme Cost	£12,865,500 (£350k Fees and Project Management; £5.56m Acquisition; £4.26m Conversion; £1m TBYS Works; £1.7m Contingency)	Risk	<p>An allowance for contingency of £1.7m, being 17% of the conversion costs, has been included. This represents some £724k for design and construction risk and a further £979k for optimism bias.</p> <p>The project is currently developed to RIBA Stage 2. The construction cost estimate and risk provision to be reviewed at RIBA Stage 3 for the Full Business Case submission.</p> <p>A risk register has been provided which includes the key risks for the project.</p>	Grant Recipient	Bristol City Council

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Match Funding %	8%	Delivery	<p>The Freehold of the Hawkfield Business Park site was purchased by Bristol City Council in 2019.</p> <p>Planning consent for change of use was submitted by the previous occupiers. An application for variation of the condition related to the amount of B1 use was registered in mid-December and the maximum period for a decision is advised to be 13 weeks.</p> <p>Match funding of £1m from the City Council is included for works at the existing TBYS site.</p>	Payment Basis	Quarterly in arrears on defrayed expenditure
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Scheme Description	Recommendation to Chief Executives	Conditional approval of the Outline Business Case
<p>Given the potential impact of the Hengrove development on TBYS, Bristol City Council acquired a property on the Hawkfield Business Park to provide alternative accommodation whilst the development is ongoing, and additional studio space in the longer term.</p> <p>The project will see the conversion of some 7600m² of ground floor space to develop three film and tv studios, with supporting back of house and ancillary facilities. In so doing it will safeguard in the short term, the direct expenditure by the screen sector. In the longer term, by providing expansion space it will secure additional expenditure by the sector and grow employment. Proposals are being developed to extend further the activities of TBYS and partners to provide pathways to employment in the screen sector.</p>	Conditions of Approval	Completion of a Monitoring and Evaluation Plan

Record of Approval

WECA S73 Officer		WECA Committee	
Name	Malcolm Coe	Date of Meeting	29 January 2021
Date	18 January 2021	Decision	
Signature			

Appendix 6 - Business Case Assessment Summary Table


Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	Innovation for Renewal and Opportunity	Strategic Case	<p>The business case proposes a package of interventions aimed at driving innovation and enabling renewed growth for businesses through direct grants for innovation, increased breath and flexibility of innovation funding, and increased digital capability for business. The project includes elements for delivery and some feasibility studies and development work.</p> <p>This programme seeks to increase the region's ability to draw on its existing unique strengths both in the innovation space and across its key sectors, to adapt and accelerate its ambition to drive clean and inclusive growth, aligned to the Local Industrial Strategy and the Climate Emergency Action Plan.</p> <p>The project supports WECA's vision that 'the West of England is recognised globally as a region of innovation and opportunity, where all residents can thrive, businesses flourish and the environment is protected for future generations.'</p> <p>The West of England Recovery Plan envisages a package of innovation interventions leading a regional innovation response to the current crisis and future resilience building.</p>	Funding Source(s)	Investment Fund
Scheme Promoter	WECA	State Aid	It is confirmed that grant giving aspects within the business case will fall within the prevailing terms in place from 1 January 2021.	Approval Requested	Full Business Case

Date of Submission	27/11/21	Economic Case and Value for Money	<p>The economic case draws on research by Innovate UK that suggests that investment in supporting businesses to develop and commercialise ideas utilising a strong research base and through collaboration with partners yields a multiplier of 7.28 per £1 spent over 5-years.</p> <p>Applying this multiplier to the investment through this project of £8.068m yields GVA of £58.7m over 5 years, equating to £52m net of leakage and a ratio of GVA per pound of 5.2. Using this GVA figure and the Innovate UK cost per job ratio of £31.4k, translates to 228 net new jobs.</p> <p>The project also forecasts enrolling 350 SMEs in innovation programmes through a grant or intensive support; developing 50 new products, processes and services; and enabling 70 projects that otherwise will not happen.</p> <p>A letter has been provided by the WECA Director of Business and Skills confirming approval of the business case and the value for money statement.</p>	Grant Award	N/A
Funding Requested	£6,716,714 (profiled £2.33m 21/22, £2.934m 22/23 and £1.452m 23/24)				
Total Scheme Cost	£10.087m (Staff £1.15m; £8.52m business spend/business support; Consultants £0.27m and marketing and engagement £0.15m)	Risk	<p>A risk register has been provided which includes 8 high level risks. This should be developed as the project moves to implementation to capture the specific risks related to the individual project elements.</p> <p>£1m of the funding and £1m of match, relates to an influence fund which presents a flexible pot to respond to opportunities as yet unknown. The impacts of these activities are included in the economic case and it will be important to ensure these elements contribute to the overall objectives of the business case, are well defined and that outcomes are captured.</p>	Grant Recipient	N/A
Match Funding %	33%	Delivery	<p>Match funding of £3.12m is to be provided from the private sector and £250k from angel investment.</p> <p>It is planned to commence the project in April and complete in March 2024.</p>	Payment Basis	N/A

<i>Scheme Description</i>	<i>Recommendation to WECA Committee</i>	Approval of the Full Business Case
<p>The project involves the following elements (costs below exclude staff overheads):</p> <ul style="list-style-type: none"> • Business Innovation Fund – extending and enhancing the current ERDF funded programme (£1.89m). • Commercialising Intellectual Property - SMEs will benefit from an IP Audit and funding towards the implementation of some of the recommendations (£480k). • Angel Research and Investment – investigation of how grant funding can work alongside angel investment to support business innovation and R&D, and a grant pot (£360k). • Influence Fund – a flexible pot that can be allocated to R&D projects that WECA is either leading or is a smaller grant partner (£1m). • Sector Support – resource to support priority and emerging sectors and opportunities (£335k). • Supply Chain/Made Smarter - a package of intensive support for over 80 manufacturing SMEs and supply chain aimed at evolution of technology and increasing digitalisation (£1.897m). • West of England Innovation Service Toolbox – resource for an innovation champion, data analytics and the development of a mission led programme (£178k). <p>Development funding for Reboot and Consolidation of the Smart Alliance (£50k), Digital Hubs (£50k), Legal Innovation Zone (£40k), Life Sciences - Lab/Grow On space (£50k) and Innovation in Infrastructure / Modern Methods of Construction (£75k).</p>	<p><i>Conditions of Approval</i></p>	<p>None</p>

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Record of Approval

<i>WECA S73 Officer</i>		<i>WECA Committee</i>	
<i>Name</i>	Malcolm Coe	<i>Date of Meeting</i>	29 January 2021
<i>Date</i>	18 January 2021	<i>Decision</i>	
<i>Signature</i>			


Appendix 7 - Business Case Assessment Summary Table

Scheme Details		Appraisal Summary		Recommendation/ Conditions	
Project Name	Low Carbon Challenge Fund Extension	Strategic Case	<p>The West of England Recovery Plan aims to rebuild the region's economy from the effects of COVID-19, '...building back better, greener and stronger'. The Local Government Association estimates that nearly 28 million homes and 6 million business premises will be needed to be improved nationally to meet the 2050 net zero target.</p> <p>The UK's Climate Change Committee, in advice to the Government, noted that action on climate change could not only help rebuild a stronger economy but increase resilience and address existing inequality.</p> <p>This business case is aimed at extending and enhancing the existing LCCF, focusing on the Green Business Grants and Local Energy Scheme grant streams and the free Carbon Surveys offer. LCCF is managed by WECA and currently funded by ERDF grant and applicant match.</p> <p>LCCF has a strong strategic fit with the West of England Recovery Plan and Climate Emergency Action Plan, and also supports delivery of the Local Industrial Strategy.</p>	Funding Source(s)	Investment Fund
Scheme Promoter	WECA	State Aid	<p>The current Green Business Grants strand of LCCF is delivered under the General Block Exemption Regulations (GBER) Article 38 'Investment aid for energy efficiency measures'</p> <p>The additional Recovery Fund £300k, to be used for Green Business Grants, will be delivered under de minimis (or under the UK's equivalent subsidy control measure to be introduced following Brexit).</p>	Approval Requested	Full Business Case

Date of Submission	1/12/20	Economic Case and Value for Money	Research by the UK Energy Research Centre indicates that 15 gross jobs/£m investment can be assumed for renewable energy and energy efficiency works. Converting these to net figures provides 28 jobs and £1.31m of GVA.	Grant Award	£1,943,111
Funding Requested	£1,943,111 (profiled £160k 20/21, £508k 21/22 and £1.275m 22/23)		In addition, Green Business Grants will reduce the energy bills of SMEs and the Local Energy Scheme is expected to fund projects that supply cheaper than Grid electricity to businesses local to the project. These are forecast to deliver £3.28m of direct GVA at net present value over 10 years and 7 net jobs. Together with the indirect figures, these indicate that the extension will generate £4.58m of GVA and 35 jobs against the cost of £1.94m. In terms of Carbon benefits, the extension is forecast to deliver additional savings of some 13,358 tonnes of carbon dioxide equivalents (tCO ₂ e) over ten years. A letter has been provided by the Director of Business and Skills confirming approval of the business case and the value for money statement.		
Total Scheme Cost	£11.943m	Risk	A risk register has been provided which identifies the key risks for the project. There is no specific allowance made for risk or contingency in the costings. In order to work more flexibly with businesses in difficult economic times, any business applying for a Green Business Grant, that is found to be an Undertaking in Difficulty will be funded through the Investment Fund except those subject to insolvency. In North Somerset the ERDF rules will apply.	Grant Recipient	N/A
Match Funding %	84%	Delivery	The overall project is funded through the £2.1m of ERDF and will attract £8m of match funding from businesses including an additional £1.4m through the proposed extension. Given the funding is for an extension to the current programme it can rapidly mobilise and a is planned to launch the second Green Business Grants window in January 2021, with completion of the Local Energy Scheme (which requires a longer lead time to get necessary planning or other consents in place) and Green Business grants in December 2022 and the Carbon Surveys in March 2023	Payment Basis	N/A

<i>Scheme Description</i>	<i>Recommendation to Chief Executives</i>	Approval of the Full Business Case
<p>This extension to the Low Carbon Challenge Fund programme will deliver:</p> <ul style="list-style-type: none"> • 61-111 Green Business Grants of £15k for activities that improve the energy efficiency of an SME's buildings or business operations for between 40-80% of costs • 400-440 extra free standalone Carbon Surveys for businesses • 4-5 new projects receiving grants for small scale renewable energy generation through the Local Energy Scheme 	<i>Conditions of Approval</i>	None

Record of Approval

<i>WECA S73 Officer</i>		<i>Chief Executives</i>	
<i>Name</i>	Malcolm Coe	<i>Date of Meeting</i>	7 January 2020
<i>Date</i>	21 December 2020	<i>Decision</i>	Approval of the Full Business Case
<i>Signature</i>			

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WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE

ITEM 19

29 January 2021

REPORT SUMMARY SHEET

BUS NETWORK RECOVERY

Purpose

- 1 To update the Committee on recovery from the coronavirus emergency;
- 2 To explain possible funding models under consideration by Government; and
- 3 To seek delegated authority to make urgent decisions between Committee meetings.

Summary

This report includes the following key information:

- Demand for bus services is not expected to return to 100% of pre-Covid levels in the short to medium term owing to permanent changes in lifestyles.
- Government is providing emergency funding to bus operators to cover the shortfall between revenue and operating costs.
- Government is considering devolution of that emergency funding to WECA as the first step in a transition to a formal Enhanced Partnership with local bus operators.
- A number of local bus contracts expire this year and it will be necessary to carry out a procurement process to replace them.
- Delegated authority is being sought in certain areas to enable timely decisions to be made.

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- Maintenance of a comprehensive network of local bus services and modification of it in line with the adopted Bus Strategy will contribute positively to economic recovery and growth, assist residents in seeking employment and support the principles of clean and inclusive growth

Recommendations

The Combined Authority Committee is asked to approve:

1. That a procurement process be initiated for new local bus service contracts to replace those expiring in August 2021.

2. That authority be delegated to the Head of Strategic Transport Integration, in consultation with Members of the Transport Board, to award new local bus service contracts to replace those expiring in August 2021.
3. That authority be delegated to the WECA Chief Executive, in consultation with the Chief Executives of the constituent councils, to agree to take on devolved emergency funding to support local bus services and associated powers should a suitable offer be made by Government.

Contact officer: Peter Mann

Position: Head of Strategic Transport Integration

Email: Peter.Mann@westofengland-ca.gov.uk

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
COMMITTEE**

DATE: 29 JANUARY 2021

REPORT TITLE: BUS NETWORK RECOVERY

DIRECTOR: DAVID CARTER, DIRECTOR OF INFRASTRUCTURE

**AUTHOR: PETER MANN, HEAD OF STRATEGIC TRANSPORT
INTEGRATION**

Purpose of Report

- 1 To update the Committee on recovery from the coronavirus emergency;
- 2 To explain possible funding models under consideration by Government; and
- 3 To seek delegated authority to make urgent decisions between Committee meetings.

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- Maintenance of a comprehensive network of local bus services and modification of it in line with the adopted Bus Strategy will contribute positively to economic recovery and growth, assist residents in seeking employment and support the principles of clean and inclusive growth

Recommendations

- (i) That a procurement process be initiated for new local bus service contracts to replace those expiring in August 2021;
- (ii) That authority be delegated to the Head of Strategic Transport Integration, in consultation with relevant Members of the Transport Board, to award new local bus service contracts to replace those expiring in August 2021 - subject to available budget; and
- (iii) That authority be delegated to the Chief Executive, in consultation with the Chief Executives of the constituent councils, to agree to take on devolved emergency funding to support local bus services and associated powers should a suitable offer be made by Government.

Background / Issues for Consideration

Bus Strategy

- 2.1 The West of England Bus Strategy was adopted in June 2020 after extensive engagement and public consultation. It sets out how the pre-Covid level of resources (vehicles and staff) could be deployed more efficiently to provide a better level of bus service throughout the area with greater connectivity but within the prevailing envelope of funding and revenue.
- 2.2 It proposes:
- (i) Restructuring the bus route network in urban areas to create a pattern of radial and orbital services with easy interchange between them, thereby making many more point-to-point journeys feasible by bus;
 - (ii) Restructuring the bus route network in rural areas to focus on connectivity with inter-urban services at interchange hubs;
 - (iii) Further re-allocation of road space for bus priority measures – particularly on radial corridors at pinch-points and on the periphery of urban centres – to reduce the impact of traffic congestion on buses and reduce the need for recovery time in bus schedules.
- 2.3 The Bus Strategy includes an ambitious target to double bus passenger journeys by 2036 (from a 2011-12 base of 52.3 million per annum). By setting this target, we acknowledged the steady growth in bus patronage locally – in contrast to the national picture – and we aimed to build on that trend. By 2018-19, patronage had grown by 38% to 72.3 million but it dropped back to 66 million in 2019-20 (a 26% increase from the base) largely because of the onset of coronavirus.
- 2.4 The Bus Strategy also includes a commitment to a review by the end of 2021. That presents an opportunity to take stock of the impact of lifestyle changes since March 2020 on the need to travel and the decarbonisation agenda, with a view to recalibrating the growth target to align with those – for example, to one that aims for a higher mode share for bus travel rather than an increase in the volume of travel itself.

Impact of Coronavirus

- 2.5 At the onset of coronavirus in March 2020, demand for buses fell dramatically – to less than 10% of the equivalent period in 2019 – and service levels were cut back considerably for the first few months. Just prior to the second and third national lockdowns, demand had recovered to roughly 47% of the pre-Covid level but during the second lockdown it fell to 33%. On the first day of the third lockdown, demand fell again to 24% of the pre-Covid level.
- 2.6 The immediate and inevitable consequence of the fall in demand has been that commercial bus services have ceased to be viable because fares revenue no longer covers operating costs. With financial support from Government, 100% of pre-Covid vehicle mileage has been operated since September 2020 but operators are required to prioritise the deployment of buses to meet demand rather than to maintain full pre-Covid network coverage and service levels. In so doing, they must consult local transport authorities.
- 2.7 Social distancing rules have limited the capacity of buses to 50% of normal. We anticipate that that these rules will remain in place until widespread vaccination has been carried out and the infection rate has fallen significantly. At that time, we expect the Government to give eight weeks' notice of the cessation of the emergency grant.

Recovery

- 2.8 It is highly unlikely that demand for bus travel will recover to pre-Covid levels in the short to medium term. Lockdown has brought about fundamental changes in lifestyles - in particular a shift to more home working and expansion of online shopping with home deliveries. Modelling by the Urban Transport Group (UTG) in October 2020 predicted that bus demand would recover to an average of between 65 and 85% of pre-Covid levels by the end of 2021. Even a small permanent drop in pre-Covid passenger demand will mean that some hitherto commercial bus services become unviable. In the absence of ongoing funding from Government, that will lead to pressure on local authorities to provide more financial support to maintain the bus service network.
- 2.9 The Government has committed to publishing a National Bus Recovery Strategy in the first quarter of 2021. Dialogue is underway between the Department for Transport (DfT), the M9 group of Mayors, the UTG and bus industry representatives on the content of that document.
- 2.10 Our current understanding is that the Government will propose a transitional arrangement (a Bus Recovery Partnership) as a bridge from the current emergency support to a longer-term delivery model such as an Enhanced Partnership (EP). This may involve an offer to devolve Government funding to mayoral combined authorities in the short to medium term - although this would not cover all Government funding because Bus Service Operators Grant (BSOG) is unlikely to be included. Authorities that have an adopted Bus Strategy may be prioritised.
- 2.11 For this type of funding arrangement to succeed, it would need to be sufficiently well-resourced and come with appropriate powers, for example to set aside normal procurement rules to allow direct award of contracts or concessions and to streamline the processes in the Bus Services Act 2017 to set up a formal partnership. It would also rely on recovery of demand to a level that instils confidence in the bus industry that a core commercial route network may again be possible. There is a risk that an insufficiently resourced offer would simply place the burden of funding back onto the Authorities.
- 2.12 We do not anticipate that Government will increase the overall envelope of funding beyond that which it is providing at the present time to sustain the network. On the contrary, it is likely that longer-term funding will be tapered to match a predicted recovery of demand. Choices will need to be made over which bus services to support with the limited funding available. We have an evaluation framework described in paragraph 2.20 below and that will help inform our decisions.
- 2.13 Consideration is being given to how WECA can work together with North Somerset Council in bus network recovery. The Government has indicated informally that it recognises the need to consider the West of England sub-region as a single unit. Informal discussions with bus operators on the shape of a possible future partnership have included officers from North Somerset Council.
- 2.14 Officers will consider what additional resources would be needed to manage a change in the way bus services are funded and secured, including finance, legal, procurement and technical public transport expertise. It may then be necessary to build additional capacity in the Transport Operations Team using existing resources or to seek that from Government.
- 2.15 In the event that the Government invites WECA to take over the direct funding of bus services with an appropriate offer of funding and powers, a rapid decision is likely to be required and we are seeking delegated authority for the Chief Executive to take that in consultation with the Chief Executives of the constituent councils.

- 2.16 The programme of bus priority measures and infrastructure improvements identified in the Bus Strategy and proposed for delivery over the coming years remains just as important in the post-pandemic scenario. Any efficient bus route network requires predictable journey times to keep operating costs down and to maintain a high standard of punctuality and passenger confidence.

Contracted bus services

- 2.17 WECA provides financial support for 80 bus services that were not viable as commercial operations prior to the onset of coronavirus. Although these account for only 10% of total bus patronage, they are vital to the communities they serve. 44 contractual arrangements expire on 28 February 2021 and 9 on 31 August 2021. Those expiring in February will be extended to August - subject to agreement with the contractors – and we are seeking approval to carry out a procurement process for new one-year contracts (with optional one-year extensions) to start on 1 September 2021.
- 2.18 One of the key decisions needed when we consider the tender results will be whether to award a new contract on a *gross cost* basis, where we would pay a fixed price and keep all the revenue – thus bearing the risk that demand will not recover – or on a *minimum subsidy* basis which would incentivise the contractor to grow patronage.
- 2.19 Our perception of the market at the present time is that operators have become more risk-averse. Elsewhere in the country, recent tenders for new like-for-like bus contracts have been up to 30% higher because operators are taking a pessimistic view of the recovery of demand – and therefore fares revenue. The shortfall in revenue is being met currently by an emergency grant from Government (CBSSG Restart) but this may be withdrawn at eight weeks' notice. We have a good knowledge base of operating costs and pre-Covid revenue levels to help us assess tender bids.
- 2.20 As part of the Bus Strategy work, officers developed a framework to evaluate the relative costs and societal benefits of bus services. It was reviewed and refined in the light of responses to the consultation - in which we sought views on priorities for use of the limited funding available to support bus services. We now have an evidence-based tool that will help us evaluate the tenders on principles enshrined in the Bus Strategy. The views of the Transport Board on this framework will be sought at their February meeting.
- 2.21 Alongside supported bus services, WECA manages contracts for Park & Ride services in Bath and Bristol which end on 4 September 2021. Patronage levels on Park & Ride services did not recover to more than 40% of pre-Covid levels prior to the second national lockdown, so officers consider that re-tendering these contracts at the present time would not give a favourable outcome. We will extend these contracts for a further year until September 2022 – subject to agreement with the contractor – and seek approval to launch a new procurement process at the appropriate time.

Consultation

- 3 Extensive public consultation was carried out on the Bus Strategy in early 2020. This provided a good level of public engagement on the network principles and the priorities for bus services across the region. It remains a valid input to the evaluation process.

Other Options Considered

- 4.1 Consideration was given to extending contracts beyond September 2021 but that would be subject to negotiation with contractors. Current market conditions suggest that it would not be possible to maintain services within the existing budget envelope. Also, some contracts cannot legally be extended beyond September 2021.
- 4.2 Depending on the nature of an offer from the Government on the transition period after the current grant funding ceases and on the medium-term funding arrangements, other options may need to be considered but these are still unknown.

Risk Management/Assessment

- 5 The recommendations will assist in mitigating the following key risks:
- (i) That there may be an uncoordinated response to the end of emergency support funding from Government to local bus operators, resulting in a permanent loss of bus services during the critical period of economic recovery;
 - (ii) That withdrawal of many commercial bus services will place an unrealistic financial pressure on WECA and its constituent councils through the Transport Levy
 - (iii) That no provision will be made to replace certain local bus service contracts when they expire

Public Sector Equality Duties

- 6 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 6.1 The Act explains that having due regard for advancing equality involves:
- Removing or minimising disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 6.2 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.
- 6.3 A comprehensive, accessible and affordable bus network is vital to enabling people to access jobs, health, food, leisure and other services and opportunities. The measures proposed in this report aim to maintain and improve bus services across the region which will help meet WECA's obligations under the Equality Act.

Finance Implications, including economic impact assessment where appropriate:

- 7 There are no direct financial implications arising as a result of this report. The potential award of new contracts will be considered at the end of a procurement process and within the framework of the available budget. Any offer from Government to take on responsibility for devolved funding to support bus services and associated powers will be considered on its merits at that time, including whether sufficient funding is available.

Advice given by: Malcolm Coe, Director of Investment and Corporate Services

Legal Implications:

- 8 There are no legal implications arising directly as a result of this report. The proposed procurement process will be carried out according to WECA's Procurement Policy and relevant legislation. Any offer from Government to take on responsibility for devolved funding to support bus services and associated powers will be considered on its merits at the appropriate time. Any development of a formal partnership with bus operators will follow the process laid down in the Bus Service Act 2017 and associated guidance.

Advice given by: Shahzia Daya, Director of Legal Services

Climate Change Implications

- 9 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- * The emission of climate changing gases?
- * The region's resilience to the effects of climate change?
- * Consumption of non-renewable resources?
- * Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

- 9.1 Provision of a good public transport network is essential to help mitigate the impact of climate change by reducing the number of vehicles on the road to meet the demand for travel. Exhaust emission standards for buses have been raised progressively over recent years and bus operators have invested heavily in new vehicles.

Land/Property Implications

10 None

Human Resources Implications:

11 There are no HR implications arising directly as a result of this report. Officers will consider what additional resources would be needed to manage a change in the way bus services are funded and secured, including finance, legal, procurement and technical public transport expertise. It may then be necessary to build additional capacity in the Transport Operations Team using existing resources or to seek that from Government.

Advice given by: Alex Holly, Head of People and Assets

Appendices:

There are no appendices to the report:

Background papers:

1 Joint Local Transport Plan 4 -

<https://travelwest.info/projects/joint-local-transport-plan>

2 West of England Bus Strategy -

<https://travelwest.info/projects/west-of-england-bus-strategy>

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email:

democratic.services@westofengland-ca.gov.uk

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WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE

ITEM 20

29 January 2021

REPORT SUMMARY SHEET

TRANSPORT DECARBONISATION STUDY

Purpose

To seek approval to undertake a study to develop the evidence base for producing a transport decarbonisation Issues and Options paper, and to recommend the necessary delegations to support this work.

Summary

* The WECA Climate Emergency Action Plan (CEAP) sets a target to be carbon neutral by 2030. For transport, the CEAP sets out aims to reduce the number of car trips, increase the uptake of low carbon vehicles, increase active travel and the uptake of public transport. These are drawn from the Joint Local Transport Plan 4 (JLTP4) adopted in March 2020.

* There is, however, an evidence gap as to what measures are required and when, in order to achieve carbon neutrality in the region by 2030. To resolve this, it is proposed to undertake a decarbonisation study.

* The proposed study is intended to provide a strong steer for producing a transport decarbonisation Issues and Options paper. It will assist in setting out a route map and in clarifying the required strategic interventions.

* It is envisaged that the study will generate a set of options, each with a proportionate contribution towards the overall 2030 commitment, so that packages of options and their combined impacts can be considered. This will provide the evidence base for decision making on which strategic interventions to progress and take forward to design, consultation and delivery. A list of potential strategic interventions is set out in Appendix One.

Impact of Covid-19 pandemic

The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- Transport infrastructure and services play a key role in regenerating economies through job creation during construction and permanently, post scheme opening. Better transport connectivity connects communities with educational and employment opportunities.

- Investments in sustainable transport will significantly reduce carbon dioxide emissions from transport, and its contribution to air pollution, while providing access to efficient and sustainable transport for all.

Recommendations

The Combined Authority Committee is asked to:

1. Approve the proposal to undertake a transport decarbonisation study.
2. Delegate authority to the WECA Director of Infrastructure in conjunction with Unitary Authority Infrastructure Directors to agree the final scope and commissioning of the transport decarbonisation study.

Contact officer: David Carter

Position: Director of Infrastructure

Email: David.Carter@westofengland-ca.gov.uk

REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE

DATE: 29 JANUARY 2021

REPORT: TRANSPORT DECARBONISATION STUDY

DIRECTOR: DAVID CARTER – DIRECTOR OF INFRASTRUCTURE

AUTHOR: JAMES WHITE – PRINCIPAL TRANSPORT OFFICER

1. Purpose of Report

1.1 To seek approval to undertake a study to develop the evidence base for producing a transport decarbonisation Issues and Options paper.

1.2 To make recommendations for the necessary delegations to support this work.

2. Impact of Covid-19 Pandemic

2.1 The Combined Authority has actively reviewed its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:

- Transport infrastructure and services play a key role in regenerating economies through job creation during construction and permanently, post scheme opening. Better transport connectivity connects communities with educational and employment opportunities.
- Investments in sustainable transport will significantly reduce carbon dioxide emissions from transport, and its contribution to air pollution, while providing access to efficient and sustainable transport for all.

3 Recommendations

Recommendation 1: It is recommended that WECA Committee approve the proposal to undertake a transport decarbonisation study.

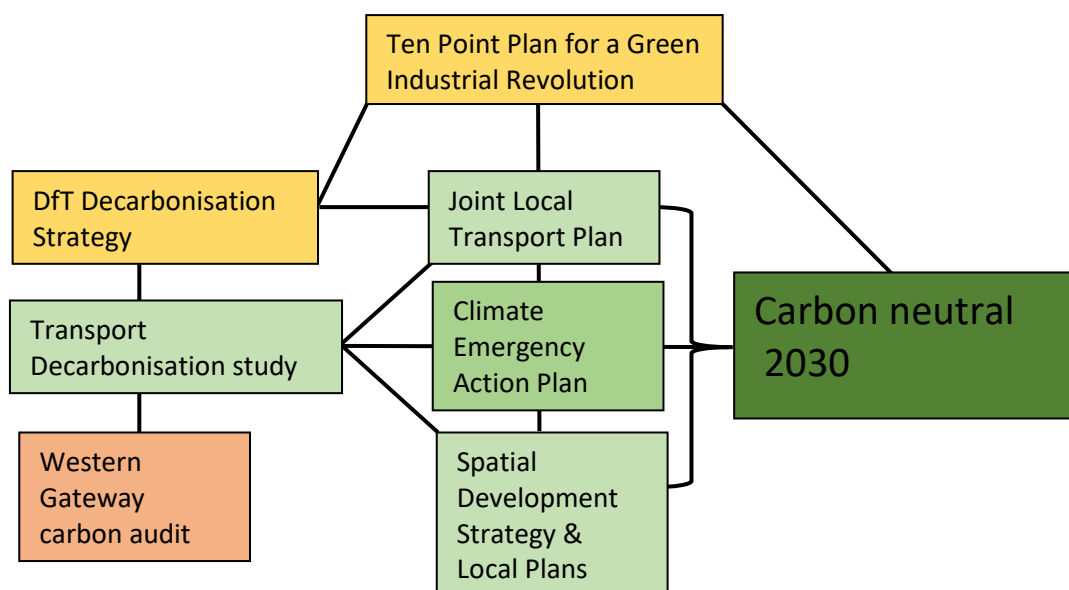
Recommendation 2: It is recommended that the WECA Committee delegate authority to the WECA Director of Infrastructure in conjunction with UA Infrastructure Directors to agree the final scope and commissioning of the transport decarbonisation study.

4 Background

4.1 The WECA Climate Emergency Action Plan (CEAP) sets a target to be carbon neutral by 2030. For transport the CEAP sets out aims to reduce the number of car trips, increase the uptake of low carbon vehicles, increase active travel and the uptake of public transport. These are drawn from the Joint Local Transport Plan 4 (JLTP4) adopted in March 2020. The JLTP4 acknowledges that its measures to decarbonise and promote and transform cleaner and greener and sustainable forms of transport – cycling, walking and public transport is unlikely to be enough to be transport carbon neutral by 2030, but it is a good starting point.

4.2 There is, however, a major evidence gap as to what measures are required and when to be carbon neutral by 2030. To resolve this, it is proposed to undertake a decarbonisation study as set out in section 5 to cover the JLTP4 area.

4.3 The study links to widely to other initiatives as the diagram below shows. Key will be the Department for Transport's new Decarbonisation Strategy, now due spring 2021, which will influence the final scope of the study. Nationally there is also the Government's recently announced (November 2020) Ten Point Action Plan for a Green Industrial Revolution. Point 4: Accelerating the shift to Zero Emission Vehicles and Point 5: Green Public Transport, Cycling and Walking are particularly relevant here. As an evidence base the study will form the first phase for producing the next Joint Local Transport Plan. As mentioned above it will be a key component of the CEAP and will be supported by the carbon audit work being conducted by the Western Gateway Sub-National Transport Body.



5 Transport decarbonisation study

5.1 The proposed study is intended to provide a strong steer for producing a transport decarbonisation Issues and Options paper. It will assist in setting out a route map and clarifying the strategic interventions necessary to progress towards the authorities', the CEAP and Joint Local Transport Plan 4 carbon neutral by 2030 target. This is now only nine years away and given the often long lead in times for transport schemes we need to start planning the interventions required. The study will build on the actions already identified in the CEAP and seek to further the understanding of the potential impact that these will have, providing an in depth evidence base. The study will support work currently

being undertaken on monitoring and understanding the impact of the CEAP through high level trajectories which are due to be reported to the Joint Committee in June 2021.

- 5.2 The study will be used to feed into the Western Gateway Transport Strategy with its strategic transport corridor partnerships and complement the carbon audit work. The latter will provide the data on current transport emissions for key corridors and hot spots in the WECA area and is expected to be completed in advance of the main WECA study work. There will be benefits from economies of scale and avoiding unnecessary duplication in working alongside the Western Gateway work.
- 5.3 It is envisaged that the study will generate a set of options, each with a proportionate contribution towards the overall 2030 commitment, so that packages of options and their combined impacts can be considered. This will provide the evidence base for decision making on which strategic interventions to produce business cases for funding and take forward to design, consultation and delivery. A list of potential strategic interventions can be found in Appendix One. As well as interventions in the gift of transport and highway authorities the role of the market and transport industry in leading change, emerging technological innovations and proposals from the Spatial Development Strategy and Local Plans and other new infrastructure projects that come forward will need to be considered. The study will take a flexible approach and be capable of updating to ensure it remains relevant and reflects changes at a local, regional and national level.
- 5.4 Some interventions will be out of scope due to long timescales for delivery whilst for others responsibility and the drivers for change may lie with national government or other organisations. Engagement with industry, investment and commercial providers will be a key part of this. The study will set out a path for where WECA and the local authorities can act and the choices that can be made alongside those that lie with others. In considering some options the current range of legal powers and responsibilities available to WECA and the local authorities will need to be reviewed and clarified.
- 5.5 The work will be reported in an Issues and Options paper to the Transport Board and the Joint Committee in autumn 2021. Ultimately it will provide the general direction and evidence base for decision making on which schemes are necessary and when and where they need to be delivered and by whom to be carbon neutral by 2030.
- 5.6 Funding for the study will be through the existing Spatial Development Strategy development budget via a change request. The programme for producing the study is set out in the table below.

Milestone	Date
WECA Committee approval to undertake the study	29 Jan 2021
Transport Board workshop	Feb 2021
Commission consultants	15 Feb 2021
Transport Board workshop	April 2021
Western Gateway Carbon audit report published	16 June 2021
Transport Board workshop	July 2021
Option Development Report produced	31 July 2021
Issues and Options report to the Transport Board and WECA Committee	Autumn 2021

6 Electric vehicle charging

6.1 Recognising 2030 is only nine years away the study will include the opportunities for delivering sooner on proposals for a West of England area electric vehicle charging network. This is an existing commitment, major scheme E14, in the JLTP4 and part of the Climate Emergency Action Plan. The Go Ultra Low West project is the starting point for this along with Revive (the BCC Energy operated sub-regional charge point network). Relevant studies (including by a WECA UA) have shown that while the private market will meet part of the infrastructure requirements, there is likely to be a significant role for the public bodies in ensuring a sufficient network coverage to create confidence, ensure viability, and increase EV uptake. This will include investing in those sites that might not be the most financially attractive at the moment (potentially with funding support) but that will play an important role in the network and have the potential to provide better financial returns in the future. As a linked piece of work the study will set out a funding and development model for delivering the region wide charging network. £30,000 of the £90,000 budget for the Transport Decarbonisation Study will be allocated for this work.

7 What's happening elsewhere

7.1 An indication on what is happening on decarbonising transport across the country is provided below. This is a snapshot and drawn from recent Urban Transport Group meetings and does not cover the full range of activities each area is undertaking.

- West Midlands –Recognition that ULEVs will not produce enough carbon reductions to hit their 2030 target. 60% drop in car miles required.
- Transport for London – net zero by 2050. All electric bus fleet by 2037 or accelerate to 2030. London accounts for 1/3 of the national bus fleet so major purchasing power and ability to lead the way. TfL research shows the UK government is responsible for delivering the over half of London's carbon emissions.
- Transport for Wales – electrifying the Core Valley Lines, national electric vehicle charging network.
- Cardiff – 76% of travel by sustainable modes target for 2030. Electrifying local bus fleet, council fleet and private hire/taxis. Drawing up a healthy travel charter.
- Liverpool – focus on 'carbon literacy' to raise awareness. Merseyrail battery and hydrogen powered trains to be introduced. Green bus corridor pilot.
- Sheffield – considering road pricing and work place parking levies. Significant modal shift required for 2030 target with car use down to 34%.

- Greater Manchester – drawing up a five year environment plan with electric vehicle and freight strategies. Modelling work indicates a 40% reduction in distances travelled required and up to a 70% reduction in vehicular traffic required by 2030.
- West Yorkshire – 2038 target. Policies and action include demand management, active travel, EV strategy and freight first and last mile. Modelling work suggests car use will need to fall by between 21% and 38% with bus use up 39% and rail up 53%.
- Nottingham – 2028 carbon neutral target. Whole council vehicle fleet to be electrified. Taxi fleet to all ULEV by 2025.
- Newcastle – 2030 carbon neutral target will need 40% of car commuters to switch to electric buses, 41% of cars to be electric and 26% of the lorry fleet to be hydrogen powered.

8 Risk Management/Assessment

8.1 A risk register will be set up for the transport decarbonisation strategy and escalated to a corporate level and reported to the WECA Committee as necessary.

9 Public Sector Equality Duties

9.1 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:

- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

9.2 The Act explains that having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- The Act explains that having due regard for advancing equality involves:
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

9.3 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

9.4 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

10 Finance Implications, including economic impact assessment where appropriate:

10.1 Funding for £90,000 is sought for 2021/22 through the Spatial Development Strategy development budget subject to an approved change. The Western Gateway will be providing £20,000 for its carbon audit work which links directly to the transport decarbonisation study.

Advice given by: Malcom Coe, WECA Director of Investment and Corporate Services

11 Legal Implications

- 12 The legislation and guidance being issued as a result of Covid-19 and climate emergency will need to be kept under review as actions are implemented in due course. This will ensure that WECA is complying with its statutory obligations

Advice given by: Shahzia Daya, Monitoring Officer, WECA

13 Climate Change Implications

- 13.1 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision-making process.

- 13.2 Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of will the proposal impact positively or negatively on:

- The emission of climate changing gases?
- The region's resilience to the effects of climate change?
- Consumption of non-renewable resources?
- Pollution to land, water or air?

- 13.3 Projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

- 13.4 Taking the above specifically into account, please comment on any climate change implications arising as a result of this report, and include details of any mitigation:

- Maximizing the opportunities to enhance services in a joint up way that enable integration of transport services, and in particular, a shift to more sustainable forms of transport.
- Maximising the opportunities to minimise the carbon footprint of any construction project, through deliver to the whole life of the infrastructure.

14 Land/property Implications

- 14.1 There are no implications arising from this report.

15 Background papers:

- 15.1 None.

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email: democratic.services@westofengland-ca.gov.uk

Appendix

Appendix One - Potential strategic interventions for the transport decarbonisation study

Appendix One

Potential strategic interventions for the transport decarbonisation study

- Electric, hybrid vehicle fleet changes including freight, e-cargo bikes, e-scooters and bikes, growth in electric charging hubs;
- Role of the market and transport industry in leading change including vehicle providers;
- Emerging technological innovations;
- Changing legislation and roles and accelerated timescales arising from the 10 Point Plan for a Green Industrial Revolution and the DfT's Decarbonisation Strategy
- Emerging proposals from the Spatial Development Strategy and Local Plans and other new infrastructure projects;
- Road pricing cordons, varying sizes, clean air zones – Chancellor of the Exchequer has recently raised the possibility of congestion charging;
- Reducing the distance travelled for all trips – Greater Manchester has a target of reducing distances to 40% of existing levels;
- Workplace parking levy, varying locations – noting this will be challenging to implement;
- Tighter parking standards;
- Road space reallocation to public transport, cycling and walking;
- Reviewing the current JLTP4 programme of major schemes for their impact on carbon emissions;
- Restrictions on through traffic routes and traffic diversion – potentially restricting through car access to city centres to a handful of managed routes (with others being for sustainable modes and local access only) combined with traffic signal changes;
- Substantial investment in cycling and walking networks, Future Transport Zones;
- Strategic reductions in public transport fares and improvements in capacity;
- Liveable neighbourhoods;
- Carbon literacy – heart and minds to help understanding and acceptance of change
- National changes to policy (e.g. fuel tax escalator, no new diesel/petrol cars from 2030);
- Impacts of new highways, or removal of certain strategic highway schemes (such as extension of smart motorways);
- Changes to road freight and shift towards rail freight with express hubs and new intermodal terminals, freight consolidation;
- Carbon off-setting options.

The list of interventions to be included will need to take into account that responsibility for some of them and the drivers for change may lie with national government or other organisations. The study will set out a path for where WECA and the local authorities can act and the choices that can be made alongside those that lie with others.