

**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.

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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.

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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 core (LEP capacity) grant of £500k which is approved on a year by year basis and;
- 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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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

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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.

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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.

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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.

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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.

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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.

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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.

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