

WEST MIDLANDS REGIONAL ASSEMBLY

**Regional Funding Advice (RFA)
Progress and Sign-off Arrangements**

Report of Rose Poulter – Strategic Director -SNR Transition

1. Purpose

- 1.1 To set out progress and the work in hand to submit the RFA to the Regional Minister Ian Austin MP, on 27 February 2009.

2. Recommendation

- 2.1 That the Board notes and endorses progress on developing an RFA submission and the sign off arrangements.

3. Background

- 3.1 This paper provides an update on the drafting process thus far, the key messages to be incorporated in the final submission and the sign off arrangements in place to ensure that the RFA is with the Regional Minister Ian Austin MP by 27 February 2009.

4. Progress

- 4.1 Officers, from the Assembly, AWM, Local Government, Homes and Communities Agency, Learning and Skills Council and Highways Agency have been working together to develop RFA. The Board will recall that the RFA is being developed from a set of strategic priorities which align to the Regional Economic Strategy, the Regional Spatial Strategy, and the Regional Transport Priorities:- Closing the £10bn Output Gap by –

- Sustaining and strengthening the West Midlands' economy
- Delivering urban and rural renaissance – including housing growth and provision of affordable homes
- Expanding skills and employment

- 4.2 Within the Strategic Priorities the shadow Joint Strategy and Investment Board (JS&IB) agreed that the region's RFA should reflect, in the current economic situation, the need to affirm where catalytic 'infrastructure' resources are needed. This ensures that the RFA demonstrates interlinkage of the four themes [economic development, transport, housing and regeneration, and skills] behind the Strategic Priorities. This is a key theme for the RFA and the region as a whole and manifest as Impact Investment Locations where there is a particular concentration of public investment.
- 4.3 A very upfront theme to the RFA submission is delivery. Partners have concentrated on identifying the actions required to accelerate delivery, removing barriers if and where they exist and promoting a more flexible use of public funds. Thus a key focus of recent activity has been 'deliverability testing' of projects in Impact Investment Locations (see section 3 below). In turn this has informed the development of the key messages from the region to Government regarding the action the region will take to accelerate delivery of schemes and projects and the measures we would like Government to take. These are summarised in section 5 below.

5. **Deliverability Testing**

- 5.1 Consultants Davis Langdon have been engaged to help with testing the deliverability of projects within Impact Investment Locations. The Impact Investments Locations adhere to the strategic priorities identified in the RSS/RES and, in headline terms, projects within them are the proposed interventions that will have a real impact on the region's economic growth and regeneration ambitions, through dint of their size and location. They will demonstrate the approach that is the cornerstone of the submission; where funding from a variety of sources is used to secure significant impact in regeneration and/or growth terms.
- 5.2 Davis Langdon's assessment of the Impact Investment Locations considers, as a snap shot in time, the deliverability of key projects during the initial three/ four year focus of the RFA submission and then beyond. All information has subsequently been cross-checked with project promoters, local authority Chief Executives, AWM's Partnerships Directors, the Development Team and with regional transport planners.
- 5.3 In addition the Regional Transport Partnership has provided advice and information on transport proposals which support Impact Investment Locations and the strategic priorities of the Regional Spatial Strategy (RSS) and Regional Economic Strategy (RES). These proposals are consistent too with the Regional Transport Action Plan and have also been subject to a different but nevertheless stringent test of deliverability. This has the following headings (cross-referenced against Impact Investments Locations);

- Commitments
- Major Maintenance Schemes on the Principal Road Network which cost > £5m
- Regional Rail Match Funding Block
- Major Scheme >£5m completed by 2014
- Potential Major Schemes for preparation and commencement before 2014
- Areas where investigative work is needed for projects that are likely to be implemented after 2014
- Projects with a Transport impact funded from other programme

5.4 As a result of the co-ordinated reviews, we have identified a number of common barriers to implementation of the priority projects, and have developed a number of proposed solutions which are incorporated in section 4 below.

6. Key Messages to Government

6.1 The over arching message submitted will be that the plans and frameworks put in place through the Regional Economic Strategy, Regional Spatial Strategy and Regional Housing Strategy hold good as the broad basis both for short term investments needed to support the economy through tougher times, and identify the medium to longer term investments necessary to meet the sustainable economic needs of the region.

6.2 However, by focussing on the alignment of economic development, housing and enabling infrastructure in the region's Impact Investment locations and the priority projects within them, we have put the spotlight on specific funding priorities and their deliverability. This in turn has identified key messages, on three levels which will be highlighted in the submission. Firstly actions and solutions regional partners can take to accelerate delivery, secondly flexibilities we require from Government to bring forward key projects and thirdly interventions Government is encouraged to consider in the current economic climate. These can collectively be summarised as follows: -

Regional Actions

1. We will emphasise that the RFA submission represents a considerable stride forward in terms regional partnership working. Local Government, AWM, Homes and Communities Agency, Highways Agency and Learning and Skills Council have taken a genuine partnership approach to secure the maximum impact from the public funding streams within RFA.
2. This RFA reflects the response, by Regional partners, to the recession and the need for continued integration of activities to focus their

efforts - AWM has re-prioritised its activities to respond to the changing economic circumstances; Regional Transport Priorities have been agreed, recently, and an Action Plan established; the Homes and Communities Agency has produced its regional Business Plan; and AWM and LSC have led on the production of the regional Skills Action Plan. In addition Local authorities across the Region are working with partners to deliver the wide range of economic development outcomes which have been prioritized for their area through Local Area Agreements.

3. The independent and open approach to test deliverability of projects within the Impact Investment Locations enables the region to have confidence that the schemes put forward for in the next 3 years can deliver on the ground in whole or in part.
4. Through the review of deliverability, it is proposed that regional partners commit to establishing a range of solutions to enable and/ or bring forward the implementation of priority activities, including;
 - **Infrastructure Funding** – Advantage West Midlands has committed £13 million in its Corporate Plan to the implementation of critical early and enabling infrastructure to unlock wider employment land and housing developments.
 - **Gap Funding** – Advantage West Midlands will work to ensure the new £48 million gap funding programme established to support private sector led developments during the economic downturn prioritises schemes within the Impact Investment Locations
 - **Commitment to fast track funding applications** – Regional public sector funding partners (HCA, LSC, NHS, AWM, Local Authorities etc) will commit to the soonest possible consideration of applications for funding from the priority projects within the Impact Investment Locations
 - **Improved Regional Management of Transport Projects** – Enhanced regional co-ordination and communication of progress on transport projects, including provision of resources to support the detailed development of critical transport schemes.
5. The RFA process will support the work of the region's Economic Inclusion Panel by encouraging local and 'in-region' procurement, including the active encouragement, by major public bodies, of local labour and targeted training, and local sourcing clauses in construction and procurement contracts.
6. Work is in hand to build on the work undertaken as part of the RFA to develop a robust mechanism for regional project and investment management. This will support regional partners in developing a joint

approach to investment planning and monitoring and management in advance of the Single Integrated Regional Strategy.

Flexibilities from Government

Where problems/challenges exist that may prevent delivery, the submission will present a series of solutions to overcome them – some of which require support and agreement from Government.

These include: -

7. A proposal to establish a Regional Infrastructure Fund (RIF) with resources vired from the Transport Block, to enhance the existing Advantage West Midlands Infrastructure Fund identified above. Such a fund would be used to ensure the timely delivery of critical early infrastructure projects where anticipated private funding [i.e. developer contributions] is not available, but funds can be recovered through future phases of the development (as it becomes economically viable). The fund's management would be overseen by the region's Joint Strategy and Investment Board.
8. Piloting of the Light Touch Approval Process for Transport Schemes - the Department for Transport (DfT) are currently reviewing their approaches with a view to possibly having a light touch process to deal with schemes costing less than £20m; flexibilities in the regional management of the transport programme are also requested.
9. Support to take forward an Accelerated Development Zone for the City Region - the proposal is for funding support for an integrated package of transport infrastructure projects, totalling £1.03bn. A conscious decision, in line with the principle of balanced growth, has been to design an ADZ that will generate private investment, economic growth, new housing and jobs throughout the City-region.
10. There needs to be far greater efforts at the alignment of investments by Government departments and agencies if the Regional Economic and Spatial Strategies are to have their fullest effects. The partners request discussions with government over this issue generally, and given our focus on deliverability, particularly in the Impact Investment Locations, in order that investments by, for example LSC, Highways Agency and Strategic Health Authority contribute to the focussed intent to strengthen the West Midlands' economy and deliver its urban and rural renaissance

Government Intervention

The submission will recognise that the economic down turn has created very challenging conditions for regional partners and the

private sector, but will also suggest opportunities for Government intervention which could assist with economic regeneration.

11. A significant challenge to the successful implementation of projects in the Impact Investment Locations is the inability of the private sector to raise money. Therefore the submission will encourage Government to explore additional measures to overcome liquidity problems experienced by developers.

7. Sign Off Arrangements

- 7.1 Shadow JS&IB agreed that the joint chairmen – Nick Paul and Councillor Roger Phillips have delegated responsibility for signing off the final RFA submission.
- 7.2 The draft RFA submission and supporting tables/maps have been put on the AWM, WMRA and WMLGA websites to enable stakeholder to view and comment on the document. Comments have been requested by 24 February. These will be shared with the chairmen, and agreed amendments made to the final document.

8. Conclusion

- 8.1 The real worth of the exercise now begun is that it will improve the delivery of major projects throughout the West Midlands and form the basis of a continuing regional strategic performance management process. By this means, public resources will be used to best effect, and the optimum conditions for private investment will be secured, particularly looking to the economic upturn.

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