January 06 (Covering letter)

Dear Sir

THE WEST MIDLANDS ADVICE TO GOVERNMENT ON THE REGIONAL FUNDING ALLOCATIONS.

This Advice has been prepared by the Regional Assembly and Advantage West Midlands, supported by the Government Office. It draws on extensive consultations which the three organisations have had with regional stakeholders, and through Assembly Partnerships.

We are confident that you will find our Advice on Regional Funding Allocations coherent, well argued and capable of being implemented with immediate effect. It demonstrates that the West Midlands has a clear and agreed set of strategic priorities, strong partnership arrangements, can take difficult decisions and is ‘a region ambitious, open to new ideas/technologies, working co-operatively’.

However, it remains clear to regional agencies and stakeholders that the resource package offered in Regional Funding Allocations whilst very welcome, is insufficient on its own to achieve our goals. We therefore ask that Government consider that other funding streams such as those for skills and rail, be incorporated and integrated into the approach we set out in RFA to allow the West Midlands to effectively deliver our regional and national priorities.

The programme we have assembled is ready for implementation and we ask that approval be given to the various outstanding projects as soon as possible.

Finally we would like to invite Ministers to meet with us to discuss our plans at the earliest opportunity.

Yours faithfully

Councillor David S Smith
Chairman - West Midlands Regional Assembly

Nick Paul
Chairman – Advantage West Midlands

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RFA ADVICE – EXECUTIVE SUMMARY

1. The West Midlands partners welcome the opportunity to present to Government our advice on Regional Funding Allocations (RFA). It is presented against a set of agreed strategic priorities, has been developed through strong partnership working and has a strong evidence base,

2. The West Midlands has a strong tradition of working together – evidenced by extensive consultation and co-operation in the preparation of the Regional Spatial Strategy (RSS), including the Regional Transport Strategy (RTS), the Regional Economic Strategy (RES) and the Regional Housing Strategy (RHS). This Advice has been prepared in full consultation with the Regional Assembly and its formal Partnerships, the Board of Advantage West Midlands and the Regional Housing Board, as well as stakeholders from the private and voluntary sectors.

3. The West Midlands is not a homogeneous Region. It is diverse physically and culturally and its settlement pattern varies from intensely developed in the Major Urban Areas to some of the most remote and sparsely populated parts of England. At its heart, Birmingham aspires to be a World Class city, its core having been transformed in the past 25 years.

4. The last 50 years has seen an increasing outflow of population from the conurbations to the Shire Counties. The cities have been hollowed out, while services and house prices have been put under great pressure in rural area. A fundamental policy shift has been made in the RSS to reverse this outflow – stimulating an Urban Renaissance through improved housing, access, employment and services. As a counterpoint, meeting local needs will be the focus of a Rural Renaissance through the provision of affordable housing and better access to services and jobs.

5. The key policy aims and objectives from all of the main regional strategies have been distilled into five Strategic Priorities for the West Midlands:

   (1) Urban Renaissance
   (2) Rural Renaissance
   (3) Modernising and diversifying the economy and creating a dynamic business base
   (4) Upskilling the Region's workforce
   (5) Promoting the Region's competitiveness and assets in a national and global setting.

   The strategies and funding programmes for economic development, housing and transport have been measured against these Strategic Priorities to ensure their alignment.

6. We have demonstrated, with current examples our approach to sequencing funding and thinking out of the funding 'silos'. For example in South West Birmingham the three funding streams are being utilised and sequenced to tackle congestion on the A38 by providing the proposed Selly Oak New Road, support the economic activity and development e.g. Queen Elizabeth Hospital, Birmingham

University and Pebble Mill (the Birmingham-Worcester HTC); and improve accessibility to employment, education and training opportunities within the HTC and to Birmingham City Centre.

7. **Economic Development:**

The three Key Delivery Mechanisms (KDMs) are:

- Regeneration Zones – 5 urban and 1 rural, with an allocation of £251m
  Business Clusters – 10 across the region with an allocation of £50m
- High Technology Corridors – 3, radiating out from Birmingham, with an allocation of *£xm*

In the longer term there will be a particular focus on High Technology Corridors as future funding priorities move towards an economic development agenda focussed on enterprise, skills and the knowledge economy.

To illustrate our commitment to sequencing and integration of public and private funding streams we cite the two Housing Market Area Pathfinders in North Staffordshire and Birmingham/Sandwell/

The RDA will work with partners in the public and private sectors to lever further investments into its priority areas.

8. **Housing**

The RHS was prepared under the umbrella of the RSS and RES, and has a key objectives to secure an Urban and Rural Renaissance in the West Midlands, and to support the economic regeneration of the Region.

Four Housing Market Areas were identified in 2005 as the platform for a spatial distribution of housing funds on the basis of market assessments and local housing needs. For each we highlight the key challenges eg providing decent and affordable homes and the funding available to meet the challenges.

The needs of thematic groups, such as Black and minority ethnic groups and the homeless, also have to be addressed across the Region.

In the short term the RHS identifies affordable housing, particularly in rural areas and improvements to meet the Decent Homes standards as key priorities. In the longer term the priority shifts to Urban and Rural Renaissance.

9. **Transport**

The RFA for transport includes capital funding for major schemes in Local Transport Plans and major Highways Agency schemes. It does not include other major expenditure, for example on rail, which is critical in the successful integration of the economic development, housing and transport strategies.

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The Transport Strategy requires the prioritisation of schemes. A technical prioritisation framework was devised by consultants, against which each transport scheme (59 in total) was tested and prioritised in terms of Contribution to Policy Objectives, Efficiency and Delivery.

The short-term investment programme to 2008 is targeted on Committed and Provisionally Approved schemes. The profile shows an overspend of £5.85m; 2006-08. The longer term programme 2008-16 is indicative at this stage, including three schemes that might receive Transport Innovation Fund support.

The transport priorities will be reviewed annually, allowing further integration with economic development and inevitably be reviewed as their significance alters in relation to new economic development and housing initiatives.

10 Conclusion

We intend this document to give Government the confidence that the West Midlands can and is delivering on a complex agenda. This Region has a history of being ground breaking, innovative and visionary, it has a can-do approach and this will be taken forward in our approach to the Comprehensive Spending Review 2007.

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CHAPTER 1: INTRODUCTION

1 Introduction

(i) The West Midlands partners welcome the opportunity to present to Government our advice on Regional Funding Allocations (RFA). Our advice is:-

- presented against a set of agreed ***strategic priorities***, which are drawn from our regional strategies, principally the RES and RSS, and reflect the Government's priorities to secure ***sustainable communities*** and improve ***productivity*** and competitiveness,
- developed in a strong spirit of ***partnership*** by the three key agencies working with partners principally through the Assembly's Partnerships,
- ***evidenced*** by sound analysis of data and research together with an objective methodology to secure a set of transport priorities.

(ii) We believe that our advice fully expresses our ***ambitions*** for the West Midlands, but remains rooted in the reality of funding constraints. Our shared strategic priorities, set out on page x, do not reflect 'silo thinking', but they do reflect the conditions put on the funding streams coming into the West Midlands.

(iii) Our advice demonstrates to Government that we are serious about breaking out of existing 'silo' funding arrangements and thinking. Our strategic priorities and our commitment to strong partnership arrangements underline and are critical to securing a more sophisticated approach to planning and ***sequencing*** of public and private investment in the West Midlands.

(iv) This approach is clearly evidenced in the Black Country Study and is being taken forward by the two Housing Pathfinder projects in North Staffordshire and Birmingham/Sandwell and the emerging City Region developments by the seven Met authorities and Stoke-On-Trent. It has also been demonstrated by the development of a framework to establish transport priorities. The framework which was developed for us by consultants, assessed all potential transport schemes against the full range of regional strategic priorities. The process of agreeing regional transport priorities was challenging! But it was ***transparent and robust***. It has demonstrated that the West Midlands can secure cross political party support, cross sector support and has the ability to work out of the silo.

(v) In summary the West Midlands approach has been and will continue to be evidenced by strong partnership arrangements to deliver against an agreed set of strategic priorities. Our approach is characterised by a commitment to forward planning and sequencing investment to secure maximum effect and impact for the West Midlands and UKPlc.

(vi) Over the year ahead we will develop this approach further. We believe that we can secure real impact and benefit for the West Midlands and UK PLC. We ask that Government be prepared to receive up dates on this approach as we refine and develop it.

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(vii) The Regional Funding Allocations for the West Midlands for the included elements of transport (Local transport major schemes and Highways Agency of regional significance over £5m), housing (regional housing pot and Pathfinder funding) and economic development (RDA's single budget) for 2005-6 to 2007-8 are set out in Figure 1. Figures for Planning Assumptions 2008–09 to 2015–16 are also given in the Government's Guidance. These increase by 2% year on year for each of the three sectors. For illustration the figures are also shown for 2015–16, the end of the period.

Figure 1: REGIONAL FUNDING ALLOCATIONS BY YEAR (£ MILLION)		
Funding Allocations 2005-6 to 2007 -08		
2005-06	Transport	88
	Housing	182
	Economic Development	272
	Total	**542**
2006-07	Transport	90
	Housing	186
	Economic Development	284
	Total	**560**
2007-08	Transport	92
	Housing	193
	Economic Development	291
	Total	**576**
2009-2015 (increase of 2% per annum)		
2015-16	Transport	106
	Housing	226
	Economic Development	341
	Total	**673**

2. THE WEST MIDLANDS – AN OVERVIEW

(i) **Location**

The West Midlands is at the heart of the country. This means that it influences, and is influenced by, its five regional neighbours: the South West, Wales, the North West, the East Midlands and the South East. No other region has this range of linkages. Key issues include the impact of the South East housing market on South Warwickshire; the inter-relationship with the Milton Keynes-South Midlands growth area; and the provision in Shropshire and Herefordshire of the higher order service needs of Mid-Wales. The Midlands Way initiative, working alongside the East Midlands, offers scope for an integrated approach to the development and promotion of the wider network of Midlands urban areas.

The Challenge

From a national perspective the West Midlands is at the communications hub of the country. It is the focal point of a motorway and rail network that distributes traffic to and from the north, south, east and west. Inevitably this creates serious ***congestion*** at a number of focal points, such as Birmingham New Street Station and parts of the West Coast Main Line, and on the M6, M5 and M42. This congestion affects not only national through traffic, but also sub-regional and local distributions.

(ii) **Settlement Pattern**

The West Midlands is a polycentric and complex region, varying from intensely urban to deeply rural. At its heart is Birmingham, which over the past 25 years has been transformed into a renowned, world-class city. Beyond Birmingham the conurbation extends to include Coventry, Solihull and the Black Country, and the Potteries to the north (the Major Urban Areas). Sub-regional centres such as Worcester and Shrewsbury serve a more rural hinterland, together with an extensive network of market towns. In the Marches of Herefordshire and West Shropshire, and the Peak District to the north-east, are some of the most sparsely populated parts of England. The South Shropshire district for example has only 40 people per square kilometre. Despite these differences there is increasing awareness of the interdependence of the sub-regions and a growing sense that- whatever your place – it is part of the West Midlands region.

The Challenge

We want to secure sustainable communities across the whole region. We must therefore take a 'whole region' approach to investment planning, recognising that investment, wherever it takes place has a direct and indirect impact and can be negative as well as positive. We will accentuate the positive and mitigate the negative impacts.

(iii) Demography

The 2001 population of the West Midlands was 5.27 million, of which nearly 3 million live in the conurbations. Over 2 million live in the Region's rural counties. The West Midlands has more residents under 16 years old than the national average and also a greater proportion of those of pensionable age.

There is a richer ethnic mix in the Region than nationally, particularly in the Major Urban Areas. <u>Ethnic minority communities are also over-represented in areas affected by high levels of deprivation.</u>

Deprivation is reflected in the higher proportion of households in receipt of Income Support or Working Families Tax Credit than is the case nationally, and the Region's infant mortality rate is also higher than the UK average. Educational attainment in the workforce is generally lower than the national average, with an over-representation of people qualified to sub-NVQ3 level. The Region continues to have the largest proportion of any English Region to have no qualifications at all (12.5%: England 9.5%). The percentage of the West Midlands population qualified to NVQ 2 or above has consistently been lower than any other English Region (in 2004 69%: England 72%).

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For the past 50 years there has been a steady drift from the major urban areas. Planning policies originally encouraged this, alongside the push factors of urban decline and changing job structures. Those leaving have tended to have higher skills. This hollowing out of the cities has been matched by rapid growth in the Shire areas, with resulting increased pressure on house prices, infrastructure and services – this is unsustainable. The Region's response has been to change fundamentally the previous planning approach. The RSS now has Urban Renaissance and Rural Renaissance as two of its strategic priorities:

The Challenge

- Urban Renaissance – to halt out-migration from the Major Urban Areas by increasing housing and employment opportunities in the cities and improving the quality of services and the environment.
- Rural Renaissance – to reduce the influx of in-migration and concentrate on meeting local needs and services. The provision of affordable housing is a vital component.

(iv) Economic Structure

GVA per capita in the West Midlands is *£15,325,* which is 91% of the national average. The Region's economic activity rate (78%) is slightly lower than nationally, while the rate of unemployment from the Labour Force Survey/International Labour Office (4.9%) is slightly below the national average (5.2%). Gross weekly earnings, gross weekly household incomes and average house prices are all below the national average – although for each of these measures there are variations and local 'hotspots'.

Over the past two decades the West Midlands economy has undergone significant restructuring, and since 1995 the Region has lost over 140,000 manufacturing jobs. It still remains a very important sector of the economy, accounting for 18% of all regional employment and 19.5% of regional GDP. Over the same period the service sector has expanded, increasing by over 300,000 jobs, and now represents 76% of the Region's employment.

There has been an increase of employment in high-knowledge intensive sectors over the last 15 years from a fifth to a quarter of all employment.

The Regional Economic Strategy has modernisation and diversification as two key drivers – increasing the value added in our existing manufacturing base and diversifying into higher value added sectors.

Overall levels of entrepreneurial activity place the region in mid-table, but with a major opportunity through the high levels of entrepreneurship amongst the growing ethnic minority population.

The Challenge

To address productivity and lower the gap between the West Midlands and the Greater South East and up the contribution of the West Midlands to UK Plc.

(v) Infrastructure

Enhancing the **economic structure** of the West Midlands depends to an extent on improvements in infrastructure in services such as telecommunications, transport , energy and other utilities. It also requires land and buildings to allow the development of IT and knowledge based industries, as well as modern manufacturing plant. Two high quality Major Investment Sites of about 50 hectares are being sought, supported by a range of smaller, Regional Investment Sites (20 – 25 hectares) and Regional Logistics Sites to support the distribution industry. In the near future, the region will become the first English region to provide all its residents and businesses with access to Broadband.

Motorways in the Metropolitan County area have the highest flows of any motorways in the country, with the major roads in this area being the busiest outside of London. Whilst not replicated across the entire Region flow rates for the entire West Midlands are sill high. Minor urban roads in the West Midlands are the busiest in the country (including London), whilst minor rural roads were 4th equal most busy;

The English House Condition Survey (2001) notes that one third of all homes in the Region fail to meet the decent housing standard (38% social housing; 32% private housing). Examples include the provision of affordable housing in the shire areas, the expansion of housing choice in the major urban areas and the need to renew the poor quality housing stock in parts of North Staffordshire and Stoke-on-Trent.

The Challenge

There are critical weaknesses in the **housing market**. Key challenges for the West Midlands include the need to address housing conditions and rural affordability in the short term and longer term focus on the major urban areas to assembly land for housing market restructuring.

The West Midlands **transport network** is under strain, not least because it serves international and national needs, as well as regional requirements. Significant additional resources will be required to deal with rail and motorway congestion, coupled with policies to reduce the need to travel. Plans for a major expansion of Birmingham International Airport are also under consideration and will need to be matched with surface access improvements.

CHAPTER 2

1 THE KEY WEST MIDLANDS STRATEGIES

(i) The Regional Spatial Strategy (RSS) and the Regional Economic Strategy (RES) provide the context for all our regional strategies and policies in the West Midlands. Both incorporate and enhance national policies. The Regional Housing Strategy and Regional Transport Strategy have been developed to support the core ambitions of each. Underpinning them is the West Midlands Sustainable Development Framework.

(ii) The polycentric nature of the West Midlands ensures that we develop appropriate sub-regional strategies – the objective being that each part of the region makes its own particular contribution to the West Midlands economy and UK Plc.

(iii) The RSS and RES provide the framework for our sub-regional strategies and partnership working. For example as part of the partial review of the Regional Spatial Strategy, work has been progressing on the Black Country Study, a comprehensive sub-regional study on future options for economic regeneration. The Black Country Study is providing a major element of the City Region Development Plan being prepared by the seven metropolitan districts which is currently at the drafting stage. Sub-regional working is very much a feature of the approach taken in the West Midlands, as evidenced by the work in North Staffordshire and the approach taken to the Regional Housing Strategy with its four sub-regional housing markets.

(iv) The deliver of our strategies requires the continued commitment of partners in the public, private and voluntary sectors.

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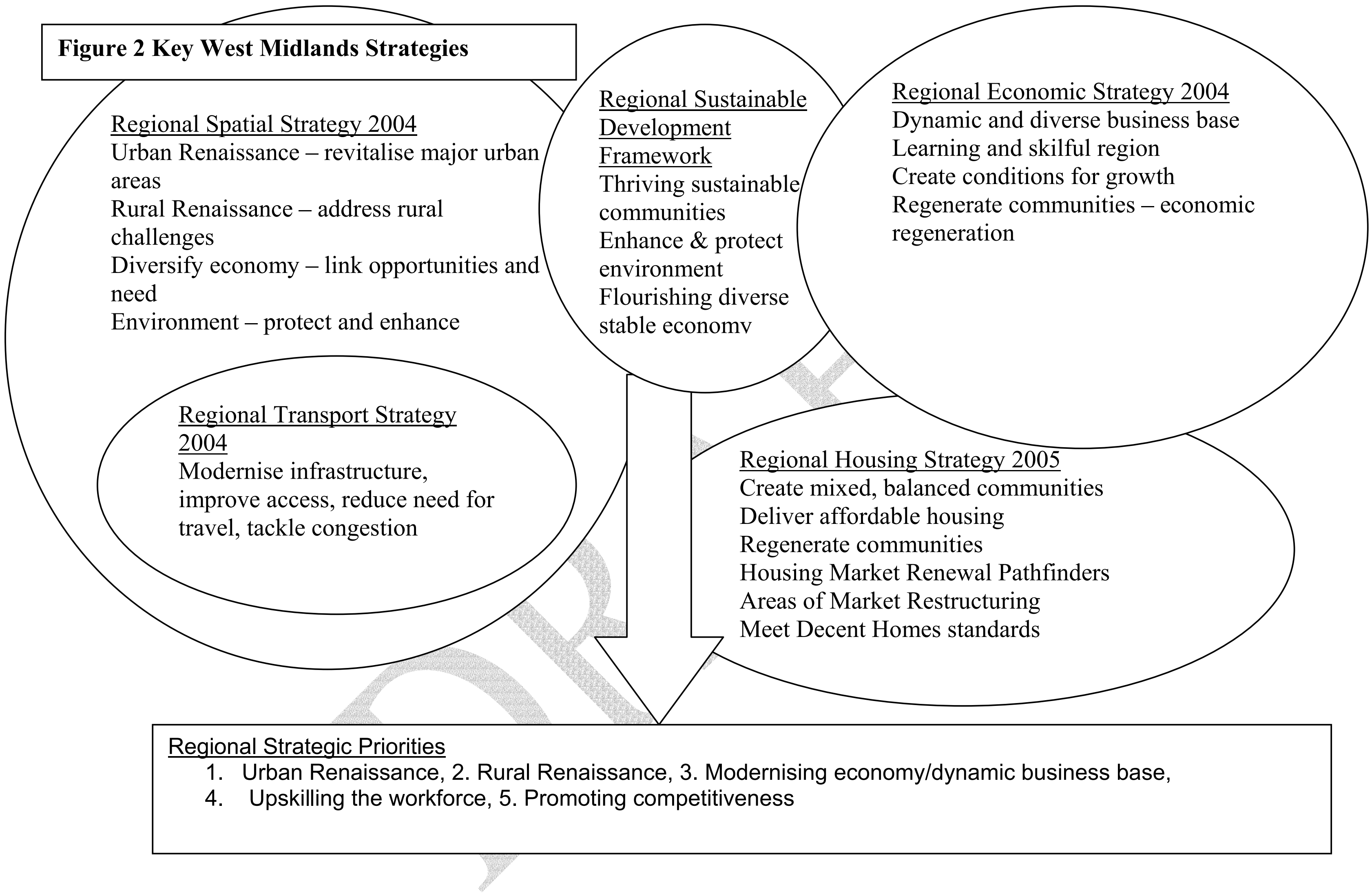
Figure 2 Key West Midlands Strategies



CHAPTER 3

STRATEGIC PRIORITIES AND PARTNERSHIP WORKING

(i) Strategic Alignment

In Chapter 1 we briefly summarise the characteristics of the West Midlands in terms of its location, settlement pattern, demography, economic structure and infrastructure - for each we highlight the challenge presented. In Chapter 2 we set out the strategies in place to address the challenges.

Taking both together it is clear that there is a strong correlation between the challenges identified in the key strategies and their core aims/objectives (Figure 2). To assist with the RFA process they have been distilled into five Strategic Priorities within which the Advice has been set:

- Urban Renaissance
- Rural Renaissance
- Modernising and diversifying the economy and creating a dynamic business base
- Upskilling the Region's workforce
- Promoting the Region's competitiveness and assets in a global setting.

The Regional Sustainable Development Framework provides a key resource for the region as we revise and update strategies and polices. Sustainability appraisals are integral elements of the revision of the Regional Spatial Strategy and the review Regional Economic Strategy.

(ii) Partnership Working

The integration of the strategies and their distillation into the five Strategic Priorities has been done within the context of the West Midlands Regional Concordat – a framework for partnership between regional organisations which has ensured joint working and created a pathway for agreements and compromises to be made. Each of the three RFA themes has been developed with their respective lead body working with partners.

Of the three themes transport proved the greatest challenge and is provided here as an example. The process involved consultation with a wide group of stakeholders, including representatives from the regional agencies, business groups, the voluntary sector and local government. The Regional Assembly's Transport Partnership has led the work and reported regularly to the full Regional Assembly on policy setting and scheme prioritisation. The 2005/6 – 2015/16 programme has received widespread endorsement and support, although to reach consensus compromises have had to be made on the inclusion and timing of some schemes.

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(iii) – Inter-regional links

Work on the strategic priorities has been informed by an understanding of the links with other parts of the UK. Therefore, the transport priorities incorporate an understanding of the importance of transport investment in the West Midlands to other regions; the housing priorities have taken account of the potential impact of the Milton Keynes/ South Midlands Growth Area; the economic development priorities incorporate shared working with the East Midlands on inward investment and clusters. Our work with the East Midlands and South East to develop 'Smart Growth – Midlands Way' is a key opportunity to address mutual challenges in respect to the economy and accessibility.

(iii) **Evidence**

The integrated approach has been informed by increasing moves towards an integrated evidence base, led by the work of the West Midlands Regional Observatory, which is run through a Partnership Board, involving local authorities, AWM, GO-WM, business and other key partners.

(iv) **Funding Priorities, 2005-08**

During the period 2005-08 we will honour existing commitments and will introduce the step changes necessary to ensure alignment between the strategic priorities for the West Midlands and the Regional Funding Allocations. The funding priorities for these years reflect the following:-

- Economic Development – the DTI has approved the AWM Corporate Plan for 2005-2008. AWM is working with partners in the public and private sectors to deliver against agreed priorities.
- Housing – The Regional Housing Board has submitted its proposed Regional Housing Allocations to Ministers for approval. The funding is specifically targeted at providing decent homes and affordable housing. Local authorities and the Housing Corporation with Registered Social Landlords are developing schemes in line with priorities agreed in the Regional Housing Strategy.
- Transport – This is the first time the Government has provided RFA for transport and requested advice on regional transport investment. To address this challenge and identify the Region's key transport priorities the WMRA's Transport Partnership, in close collaboration with key stakeholders, has developed and endorsed a Regional Prioritisation Framework. The transport priorities will be reviewed annually and further integrated with reviews of economic development and housing priorities.
- The on-going review and better integration of regional economic development, housing and transport priorities will be used to inform the Government in advance of the Comprehensive Spending Review, 2007.

We will also seek to maximise EU funding for key regional priorities.

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(iv) Funding Priorities 2009 – 2016:

The funding allocations for 2009-2016 are provisional. During 2006 work will be undertaken to develop the investment programme in more detail on the basis of alignment against regional strategic priorities and PSA targets, and across the three funding streams. The sequencing of investment and the option to move funding between the three streams will be a key element of this work. To illustrate the approach we will take to sequencing funding during this period, we offer the following examples of current practise:-

i) In South West Birmingham

- Tackle congestion on the A38 by providing the proposed Selly Oak New Road;
- Support the economic activity and development e.g. Queen Elizabeth Hospital, Birmingham University and Pebble Mill (the Birmingham-Worcester HTC); and
- Improve accessibility to employment, education and training opportunities within the HTC and to Birmingham City Centre.

ii) Between Wolverhampton and Telford

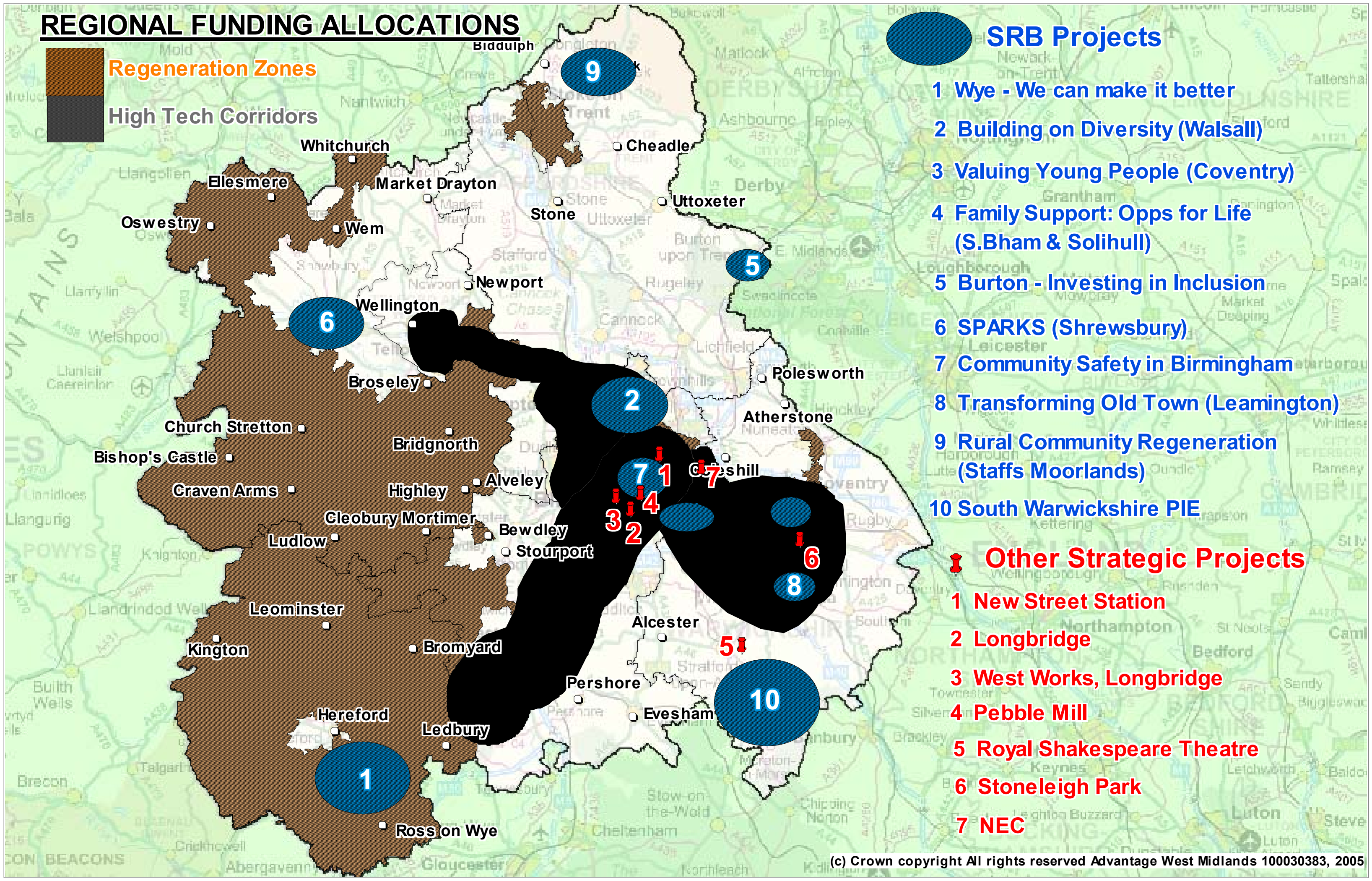
- Improved accessibility to new high technology opportunities in the HTC e.g. the I54 development and the associated access improvements; and
- Improved incomes to support the diversification of the Black Country and help drive change in the local housing markets.

iii) In Herefordshire there are opportunities to concentrate change in the Rural Regeneration Zone and improve 'linkages' with Wales:

- Improve access to jobs in a low income economy;
- Help to redress the pressures in the housing markets - one of the drivers of sub regional homelessness; and
- Deliver the necessary infrastructure e.g. the proposed Rotherwas Access Road.

For 2009-16 there are a number of schemes under discussion in the West Midlands eg infrastructure to support the Black Country Study; the City Region approach; Birmingham International Airport Master plan; and the RAF Cosford Master plan. We are confident that each of these schemes will contribute significantly to the Strategic Priorities. However the challenge is to sequence investment for each to achieve maximum impact. Impact will need to be measured on a number of different axes, including the relative contribution of each to our strategic priorities, leverage of private sector investment, ability to unlock other funding or schemes. The methodology adopted to secure an agreed set of regional transport priorities was both transparent and robust. We believe that it offers a starting point for developing a more sophisticated approach across housing and economic development together with transport.

Opportunities will continue to be explored to work with the private sector to secure private finance. It is very clear that the public purse alone will not accommodate the region's ambitions in full.



REGIONAL FUNDING ALLOCATIONS
Regeneration Zones
High Tech Corridors
SRB Projects
1 Wye - We can make it better
2 Building on Diversity (Walsall)
3 Valuing Young People (Coventry)
4 Family Support: Opps for Life (S.Bham & Solihull)
5 Burton - Investing in Inclusion
6 SPARKS (Shrewsbury)
7 Community Safety in Birmingham
8 Transforming Old Town (Leamington)
9 Rural Community Regeneration (Staffs Moorlands)
10 South Warwickshire PIE
Other Strategic Projects
1 New Street Station
2 Longbridge
3 West Works, Longbridge
4 Pebble Mill
5 Royal Shakespeare Theatre
6 Stoneleigh Park
7 NEC
Biddulph
Cheadle
Whitchurch
Ellesmere
Market Drayton
Stone
Uttoxeter
Oswestry
Wem
Newport
Wellington
Broseley
Polesworth
Atherstone
Church Stretton
Bridgnorth
Bishop's Castle
Coleshill
Craven Arms
Highley
Alveley
Cleobury Mortimer
Bewdley
Ludlow
Stourport
Leominster
Alcester
Kington
Bromyard
Pershore
Hereford
Ledbury
Evesham
Ross on Wye
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CHAPTER 4: ECONOMIC DEVELOPMENT

1. INTRODUCTION

Figure3 Map to be inserted.

(i) This chapter summarises the priority programmes and projects approved by Advantage West Midlands for the economic development of the Region. It describes how the programmes and projects align to the five strategic regional priorities: Urban Renaissance; Rural Renaissance; Modernising and diversifying the economy and creating a dynamic business base; Upskilling the Region's workforce; and Promoting the Region's competitiveness and assets in a national and global setting.

(ii) The West Midlands' Regional Funding Allocation for economic development is the RDA's Single Budget. For 2005-06 this is £272m, rising to £284m in 2006-07 and £291m in 2007-08. By 2015–16 the planning assumption figure has risen to £341m.

(iii)The priorities and programmes relate directly to those set out in the Regional Economic Strategy, approved in January 2004. They are in line with the RDA's total funding of £935m within the current Corporate Plan (2005–08) which was approved by Ministers in January 2005. They also reflect the contribution of other partners such as the Enterprise Board, the Regional Skills Partnership and the Innovation and Technology Council, and have been extensively discussed and influenced by the Regional Assembly.

(iv)The RDA's contribution to the regional priorities is delivered mainly through three Key Delivery Mechanisms (See Map 1)

- **Regeneration Zones** aim to improve the economy and quality of life in the most deprived areas of the Region by strengthening links between areas of need and areas of opportunity. There are one rural and five urban Regeneration Zones. By 2010 over 80,000 jobs should be created by targeted funding.

- **Business Clusters** aim to improve collaboration between companies in the same field, and improve access to new technologies, research and development, targeted business support and supply chains. There are ten Business Clusters, and by 2010 the programmes should create or improve the performance of over 15,000 businesses.

- **High Technology Corridors** aim to offer existing businesses the opportunity to modernise and diversify, and to attract and develop new high tech, high value-added businesses. Three High Technology Corridors are under development by sub-regional partnerships and projects already agreed should create over £20m of private sector investment by 2012.

(v) In addition to the three Key Delivery Mechanisms the RDA's Corporate Plan also continues funding to the **Single Regeneration Budget Programme**

(SRB), which is a legacy programme which the Agency inherited. In support of rural renaiaassnce, the Agency also gives priority to the **Market Towns Programme.** It has also allocated £50m to support **Major Strategic Projects.** Other "softer" activities in support of the economic development and quality of life of the West Midlands include the RDA working with partners on access to finance, social enterprise and marketing.

2. ALIGNMENT WITH STRATEGIC PRIORITIES

Below we set out how the economic development delivery mechanisms with their associated funding packages contribute to the strategic priorities.

Figure 4: ECONOMIC DEVELOPMENT PRIORITIES, 2005-2008

DELIVERY MECHANISM	AWM CORPORATE PLAN 2005-2008 ALLOCATED FUNDING		RELATED STRATEGIC PRIORITY (See * below)
Regeneration Zones	1. N Staffordshire 2. N Black Country 3. S Black Country/ W Birmingham 4. E Birmingham/ N Solihull 5. Coventry/ Nuneaton 6. Rural Zone	£39m £40m £63m £55m £24m £30m	1 + 2
Business Clusters	Region-wide	£50m	3 + 4
High Technology Corridors	1. Wolverhampton/ Telford 2. Birmingham/ Worcester 3. Coventry/ Solihull/ Warwickshire	£gm £hm £im	3 + 4 + 5
Other Strategic Projects	Region-wide	£50m	5
Market Towns	Region-wide	£6.6m	2 + 3
Single Regeneration Budget	Region-wide	£19.6m	1 + 2 + 4

* STRATEGIC PRIORITY 1 – Urban Renaissance
STRATEGIC PRIORITY 2 – Rural Renaissance
STRATEGIC PRIORITY 3 – Modernising and diversifying the economy and creating a dynamic business base
STRATEGIC PRIORITY 4 – Upskilling the Region's workforce
STRATEGIC PRIORITY 5 – Promoting the Region's competitiveness and assets in a global setting

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(i) **Urban Renaissance:** Five of the six Regeneration Zones target Major Urban Areas, which are identified in the RSS as being at the heart of urban renaissance (North Staffordshire/ Stoke –on-Trent; North Black Country; South Black Country/ West Birmingham; North Solihull/ East Birmingham; Coventry/ Nuneaton.) Of the £251m allocated to the Regeneration Zone programme, £221m is directed to these urban areas, 2005–08.

The three High Technology Corridors all serve Major Urban Areas, although they also extend beyond the MUA boundary to include other large towns which are important as sub-regional centres (Wolverhampton/ Telford; Birmingham/ Worcester; Coventry/ Solihull/ Warwickshire.) £58m is allocated to the three corridors, 2005-2008. A number of the Other Strategic Projects (eg New Street Station) will benefit urban areas.

(ii) **Rural Renaissance**: The Rural Regeneration Zone is the largest of the six zones; £30 million is allocated to the RRZ, 2005-2008. Rural areas are also supported by the Market Towns Initiative to which over £5 million is allocated, 2005-2008. Other Strategic Projects have also been identified which will benefit rural areas, eg Stoneleigh Park; the Royal Shakespeare Theatre (although some of the expenditure will be in the longer term, beyond 2008.) A number of projects within the Single Regeneration Budget also contribute to rural renaissance.

(iii) **Modernising and diversifying the economy and creating a dynamic business base**: The Corporate Plan focuses on a broad programme of modernisation and diversification. Of particular importance is the High Technology Corridors programme (£58m), to increase the levels of knowledge transfer between the Region's science and research bases and industry. Work across the Business Clusters programme (£51m) will also contribute significantly to this priority across the whole Region. Other activities include the provision of appropriate business support and finance; actions to support manufacturing; and work to improve the foundation rate of new firms in high knowledge content sectors. In total just under £300m is allocated in the Corporate Plan to deliver on this priority, including many projects within the Regeneration Zones.

(iv) **Upskilling the Region's workforce**: Alignment with this priority is the responsibility of a range of agencies, illustrating the importance of consultation and partnership working. In leading the Regional Skills Partnership, Advantage West Midlands works with key strategic partners such as the Learning and Skills Council and the Sector Skills Councils to ensure that programmes contribute effectively to the skills challenge, and that the work of the Enterprise Board and the Innovation and Technology Council meets the skills demands in the Region. The funding from the Single Pot to support this agenda is around £100m from 2005-08, including expenditure through Regeneration Zones, High Technology Corridors and Business Clusters.

(v) **Promoting the Region's competitiveness and assets in a national and global setting:** all the Key Delivery Mechanisms contribute to meeting this priority, but the development of projects which have a resonance outside the West Midlands is

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particularly important. A number of such projects are supported by the RDA with funding from the £50m allocated to major strategic projects in the Corporate Plan. For example:

- Eastside, a ten year project to redevelop the east side of Birmingham
- The Royal Shakespeare Theatre in Stratford upon Avon
- New Street Station in Birmingham, developing a solution to major capacity and facility problems
- Stoneleigh Park, Warwickshire, supporting plans for excellence and innovation in farming.

3. LONGER TERM PRIORITIES – 2008-16

(i) Although the three Key Delivery Mechanisms are expected to continue beyond 2008 implementation details will have to await completion of the review of the West Midlands Economic Strategy in 2007.

Meanwhile the future funding priorities established in the Corporate Plan will move towards an economic development agenda focused on enterprise, skills and the knowledge economy. While this will be applied across the West Midlands, there will be a particular focus on the High Tech corridors in response to the need to grow the knowledge economy.

(ii) The economic regeneration agenda will move away from the social focus that it has had under the Single Regeneration Budget programme to a more economic focus, with particular support for infrastructure projects that will support both Urban and Rural Renaissance.

(iii) <u>This will translate as follows:-</u>

Urban renaissance and rural renaissance - £430 m – (slightly reducing proportion, as SRB commitments reduce)
Urban - Longer term priorities will reflect the work currently being taken forward within the Black Country Study together with the City Region approach being progressed by the seven metropolitan authorities and Stoke-on-Trent.
Rural – enhancing the economies and sustainability of rural areas especially market towns. Both urban and rural renaissance will include physical development projects and revenue .

Modernising and diversifying the economy and creating a dynamic business base - £330 m (assuming slight increase in proportion c.f current Corporate Plan in line with the ambition in the Plan)
This will include business support, innovation; enterprise – targeted support, following priorities set by the Innovation and Technology Council and the Enterprise Board – to meet the modernisation and diversification agenda

Upskilling the Region's workforce - £100M (assuming similar proportion to current Corp Pan)

This will include leadership and management; regeneration support – targeted contributions to the priorities set by the Regional Skills Partnership.

Promoting the Region's competitiveness and assets in a national and global setting- £50 m – (same level as currently)
This will include continued funding for existing major projects such as Birmingham New Street and Stoneleigh and new projects that may emerge from on-going strategy and policy development and the review of the West Midlands Economic Strategy.

4. IMPACT OF +/- 10% CHANGE IN FUNDING

(i) It is assumed that the funding for the current Corporate Plan to 2008 will remain fixed, as it is based on a common formula across all RDAs. It is difficult to assess the impact of the + or – change of 10% in the Regional Funding Allocation over the longer term, but the commitment to Regeneration Zones, Clusters and High Technology Corridors remains fixed in principle. Any change is likely therefore to impact on individual strategic projects but, whether the funding increases or decreases, the aim would be to retain and where possible reinforce those schemes that have the greatest impact across all or most of the strategic priorities.

5. ALIGNMENT WITH OTHER FUNDING

(i) AWM's Single Budget is only about 5% of the public sector funding available for economic development in the Region. To ensure alignment of these funds the Corporate Plan aims to ensure direct influence over £4 billion of other public sector investment. As an example, the whole Objective 2 Programme is structured to support the Regional Economic Strategy, using structural funds to match fund projects, including the overall plan for Business Clusters.

The Tasking Framework for RDAs also requires targets for levering in private sector investment. AWM's targets for the next three years are:

2005/06 - £113m- £263m
2006/07 - £116m- £271m
2007/08 - £120m- £280m

6. ALIGNMENT WITH PRIORITIES IN HOUSING AND TRANSPORT

(i) Close co-operation between regional agencies and key stakeholders has ensured that the different strategies and priorities have been prepared with a common vision in mind – To improve the quality of life and economy of the West Midlands. There are many interlinkages between the economy, housing and transport and it is difficult to disentangle them, but two examples will illustrate the degree of alignment:

- Working towards the success of the two Housing Market Renewal Area Pathfinders in Birmingham/ Sandwell and North Staffordshire/ Stoke, and the two housing Restructuring Areas in East Birmingham/ North Solihull and North Black Country/ Telford will improve housing choice and affordability in core urban areas. This echoes the Urban Renaissance priorities in the RDA Corporate Plan, and creates opportunities for workers and their families to stay in parts of the Region which are also the focus for investment in the urban Regeneration Zones. Private investment alongside public investment is critical to the success of these ventures.

- The Transport Strategy's objective of tackling congestion is designed to improve the efficiency of the transport network - including public transport – and in doing so reduce the costs of delays to businesses. The RDA includes specific projects which will support this, including new and improved access to Major Investment Sites and developing solutions to the major capacity and facility problems at New Street Station.

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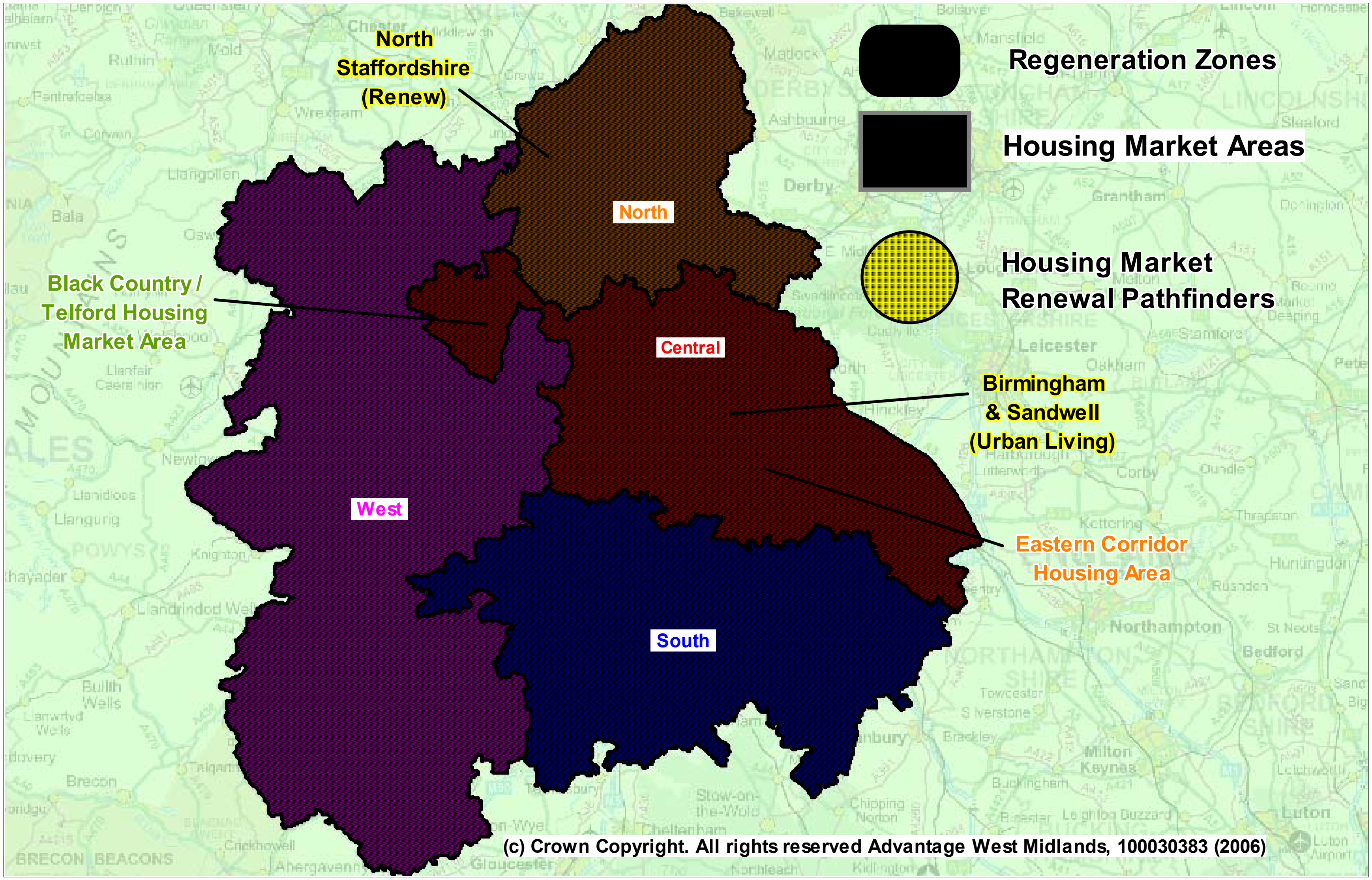

North Staffordshire (Renew)
Regeneration Zones
Housing Market Areas
North
Housing Market Renewal Pathfinders
Black Country / Telford Housing Market Area
Central
Birmingham & Sandwell (Urban Living)
West
Eastern Corridor Housing Area
South
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CHAPTER 5: HOUSING

1. INTRODUCTION

(i) The West Midlands Regional Housing Strategy (RHS) was approved in June 2005. It is rooted in the strategic policies of the Regional Spatial Strategy, in particular the objectives to secure an urban and rural renaissance in the West Midlands. It also supports the regeneration policies in the Regional Economic Strategy. The core aims of the RHS are set out in Figure 1. This Chapter describes how these aims and objectives relate to the Region's Strategic Priorities, and how they have been used as the basis of funding allocations.

(ii) Funding for housing investment provided by central Government is delivered through a number of different funding streams. For the Regional Funding Allocation the Government is looking for advice on the use of the Regional Housing Pot and Housing Market Renewal Pathfinder funding. The West Midlands RFA for housing for 2005-06 is £182m, rising to £186 million in 2006-07 and £193m in 2007-08. By 2015–16 the planning assumption figure has risen to £226m.

2. HOUSING MARKET AREAS

West Midlands Sub Regional Housing Market Areas Figure 5
Insert

Economic change, notably the decline of manufacturing industry, coupled with previous planning policy which encouraged decentralisation, led to a large scale depopulation of the urban core of the Region between 1991 and 2003. Whilst in this period the overall population of the Region increased by some 90,000 (+1.7%) the urban area lost 50,000 people to 2001 recovering slightly to 2003 to give an overall loss of over 40,000 (-1.5%).

There are serious implications for both urban and rural communities, and for regional economic, environmental and social sustainability, if this pattern continues.

To address these challenges, which are described in detail in the Regional Housing Strategy, an analysis of the Region's housing markets in 2005 identified four Housing Market Areas, which form a platform for enabling market assessments and local housing needs to be identified:

North: The manufacturing sector, based around the pottery industry, has declined rapidly with the result that demand for housing has stagnated, property and land prices are low and large areas of land have become derelict. Alongside the need for economic and physical regeneration, major housing market restructuring is needed. The Pathfinder centred on Stoke and Newcastle will provide a choice of better quality homes through a mix of refurbishment, clearance and replacement, as well as environmental works.

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Central: Population movements from the core to the periphery have characterised the central HMA. In the Birmingham/ North Solihull/ Lichfield/ Tamworth zone the key investment issues are to do with affordability. In Coventry/ Solihull/ North Warwickshire the emphasis is on Decent Homes in the public sector; regeneration; affordable housing; and supporting vulnerable people in the community. In the Black Country, Telford and Wrekin, Cannock Chase and South Staffordshire the issues are market renewal,(supported by the Urban Living Pathfinder and Areas of Housing Market Intervention); affordable mixed tenure housing; rural housing and special needs housing schemes.

In the short term the seven Metropolitan authorities and partners, through theCity Region approach are currently developing a proposal for a 'Growth Point'. It is envisaged that this will provide a 'first stage' as the City Region develops its growth agenda in future years.

The needs of the Black and Minority Ethnic groups also characterise the whole of the central HMA.

South: High demand from the conurbation and the South East Region has put house prices in the South HMA under great pressure. The house price: income ratio is as high as in the South East of England. Further pressures are likely, particularly from the Milton Keynes/ South Midlands growth area. The key priorities include meeting affordable housing needs, homelessness and rural housing for local people.

West: the pressures in the West HMA are similar to the South, albeit lower numbers are involved and the source of much of the in-migration is from outside the Region. The population density of much of this area – 85 persons per km^2 – is very low compared to the regional average of 406 per sq. km and this is reflected in a limited housing stock. Affordability is the key priority.

(i) Thematic Groups: As well as examining the spatial distribution of priorities by Housing Market Areas there are six thematic groups identified in the RHS whose needs must be addressed across the Region;

- Black and minority ethnic groups
- People who are homeless or at risk
- People with special needs who require support
- People with disabilities
- Asylum seekers and refugees
- Gypsies and other travellers

(iii) As new Housing Market Area Partnerships based upon the four sub regional housing market areas develop their sub regional housing strategies, the RHB will encourage the inclusion of these thematic groups. Some further assessment of funding requirements for these groups may be progressed on a region wide basis.

3. PRIORITIES

(i) The strategic goal of the Regional Housing Strategy is to redress the past failure of housing markets which have resulted in little or no choice, whether in price or type. Guided by the core aims and objectives of the RHS, the policy and investment priorities for housing in the West Midlands derive from national priorities (eg Decent Homes), evidence collected in the preparation of the Housing Strategy (eg Affordable Housing) and requirements arising from support for the Regional Spatial Strategy and the Regional Economic Strategy (Urban and Rural Renaissance.)

(ii) The Housing Strategy's short term (2006 - 08) priorities are directed at meeting affordable housing needs, particularly in rural areas, and the challenge of providing decent housing. In the longer term the investment focus switches to Urban and Rural Renaissance, eg addressing issues such as the improvement of housing choice in the Major Urban Areas to enable people to live near their work in pleasant, affordable homes, and supporting the RSS objective of stemming the outflow of people from the Major Urban Areas.

(iii) The overall scale of the changes that the RHS has, in part, to meet is set out in the Regional Spatial Strategy:

"The Spatial Strategy assumes that net out-migration (from the MUAs) can be stemmed. Achieving the levels of housing identified for the metropolitan area to accommodate these people will depend upon a commitment to large-scale housing renewal and redevelopment, a proactive approach to redevelopment with high replacement ratios for cleared housing stock and a willingness to support a significant overall increase in densities." (Paragraph 6.9)

An increase in the provision of MUA housing will be counterbalanced by a decrease in the shires and unitary areas. The MUAs: Shires/ Unitary housing ratio to 2007 of 1:1.6 will be reversed to 1:0.7 by 2011.

(iv) In terms of affordable housing the requirement for the West Midlands to 2021 is set out in Table 4.

FIGURE 6: AFFORDABLE HOUSING REQUIREMENTS 2006-21

HMA	**2006-08**	**2006-11**	**2011-21**	**2001-21**	**% share 2001-21**
Affordable (including Social rented housing)					
Central	8874	22184	15163	45584	58.5
North	812	2031	131	303	3.9
South	2246	5617	5617	16686	21.4
West	1530	3826	4698	12598	16.2
Totals	**12464**	**33659**	**25137**	**77921**	**100.0**
Of which Social Housing					
Central	6020	15048	10330	30711	66.0
North	612	1528	78	2196	4.7
South	1132	2830	2622	8434	18.1
West	634	1583	1933	5206	11.2
Totals	**8396**	**20989**	**14963**	**46547**	**100.0**

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(v) Achieving these numbers – over 6500 per annum to 2011 – presents a major funding challenge.

4. SHORT TERM HOUSING INVESTMENT PRIORITIES - 2006-08

(i) The short term investment priorities are to meet affordable housing needs, an important part being in rural areas, and decent home standards where these have not yet been reached. Table 5 sets out regional allocations, reflected in the Regional Allocations Strategy, for each of the HMAs.

(ii) The investment priorities follow the shared policy priorities of ODPM and RHB Decent Homes and affordable housing. The Decent Homes figures come from the figures local housing authorities agreed with ODPM. The longer term areas of spend are set as Urban and Rural Renaissance. Once these short term priorities are substantially addressed – though they will never go away entirely, then the pull on spend priorities can move to address the real long term change that will deliver the renaissance sought and provide the platform for the sustainable Region of the future.

(iii) The change in investment emphasis over time on the part of the RHB assumes the initial investment in affordable housing , especially rural, and towards delivering Decent Homes especially in the public sector by 2010 will have fundamentally addressed those issues. That conclusion, if achieved, should then allow a switch of emphasis over to increasing the rate of investment into the key long-term priorities in more schemes explicitly drawn up to deliver Urban and Rural Renaissance. Addressing immediate rural affordability problems is but one aspect of developing sustainable rural communities and the main centres of population in the rural areas.

Figure 7 West Midlands RFA: Housing Summary 2006 – 2016 based upon the RAS 2006/2008 projected.

Strategic Policy	**2006 - 08 £M**	**2008 – 11 £M**	**2011 - 2016 £M**
Affordable Housing			
Central (East Bham to add)	109.20	174.10	314.04
North	9.90	15.60	28.47
South & West	79.60	126.80	228.91
Total	198.40	316.50	571.00
Decent Homes and Renewal & Growth:			
Central	140.80	211.20	352.00
North	17.70	26.55	44.25
South & West	9.10	13.65	22.75
Urban Renaissance			

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Clearance & renewal	**in reserve 12**	35.1	96.00
Thematic:*			
Homelessness (Priority)	TBD	TBD	TBD
Supporting People	TBD	TBD	TBD
Asylum Seekers & Refugees	TBD	TBD	TBD
TOTAL £M	**378.00**	**603.00**	**1087.00**

Explanatory note to Table 5:

* The emphasis placed on levels of funding for thematic areas will be determined by Housing Corporation working with the HMA Partnerships.

Funding private sector stock renewal and clearance is not included here. Adequate data is not available. Data on the future contributions from Sec 106 for affordable housing have been sought but are inadequate for forecasting purposes. The advent of Planning Gain Supplement may add an additional dimension to the income stream to housing.

<u>Figure 8: Housing Market Renewal Funding for the two West Midlands Pathfinders, Renew – Stoke and North Staffordshire Pathfinder and Urban Living – Sandwell / Birmingham Pathfinder</u>

Pathfinder RENEW	**2006- 2008 £m**	**2008 - 2010 £m**	**2010 - 2021 £m**
HMRF	70	110	605
Pathfinder Urban Living			
HMRF	55	89	490

5. LONGER TERM HOUSING INVESTMENT PRIORITIES - 2008-2016

(i) Table 5 summarises the use of the Regional Single Housing Pot for 2008-16. The allocations match the Regional Funding Planning Assumptions for the period, and reflect the shift in emphasis in housing investment towards supporting Urban and Rural Renaissance.

(ii) Delivery vehicles for **Urban Renaissance** will include:

- The Stoke and North Staffordshire Pathfinder
- The Sandwell/ Birmingham Pathfinder
- The Black Country Areas of Housing Market Intervention
- The East Birmingham/ North Solihull Areas of Housing Market Intervention.

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Greater clarity will be needed on the types of housing investment needed in the Major Urban Areas to overcome the perceived advantages of the rural areas.

The emerging proposals for the City Region approach in the seven Metropolitan authorities and Stoke-on-Trent will provide an exciting opportunity to progress the urban renaissance agenda and deliver on required housing numbers. In the Met area during this period, proposals to grow the population, housing stock and economy will start to be operationalised.

Meeting the housing aspirations of the BME communities together with absorbing and integrating asylum seekers and refugees will need greater understanding of their needs, and probably additional funding as a high priority.

(iii) For **Rural Renaissance** the priorities are:

- To address the major renewal and regeneration schemes to avoid deterioration of the housing stock.
- To meet local housing demand, including affordable and social housing
- To address housing needs arising from economic change in the market towns and larger settlements.
- To work with the SW and SE Regions to reduce migration into the South and West HMAs, which currently inflates house prices.
- To consider housing needs in the South HMA linked to key worker accommodation, the housing impact of the High Technology Corridor, BME issues and gypsy and traveller pitch provision.

(iv) For the **Region** the priorities are to maintain the social, RSL and vulnerable private sector stock at a Decent Homes standard, and to address the causes of homelessness and the requirements of people with special needs.

6. IMPACT OF +/- 10% CHANGE IN FUNDING.

(i) It is assumed that the funding for the current Regional Housing Allocation Strategy to 2008 will remain fixed. It is difficult to assess the impact of the + or – change of 10% in the Regional Funding Allocation over the longer term, but the Central Government priority to achieve public sector Decent Homes standard by 2010 is assumed to remain a commitment, fixed in principle. Thus any downward change is likely to impact on the production of affordable homes. Where these are in the South and West HMAs, issues of a lack of affordability will bite deeper as the supply of affordable homes reduces. In MUAs the cut back would hinder the rate of rehousing from clearance areas and this could adversely affect the visible progress of Urban Renaissance. The consequence of that would be to perpetuate the unsustainable outflow of households from the MUAs.

(ii) A 10% increase could allow Decent Homes to be concluded sooner and for affordable housing to be increased in non MUA and MUA areas. An addition to the projected funding could also allow more activity in addressing private sector stock obsolescence. Most importantly over the longer term, additional funding would help accelerate Urban Renaissance which would consolidate the strategic

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change sought by the Regional Strategies. Whether the funding increases or decreases, the aim would be to retain and where possible reinforce those schemes that have the greatest strategic impact across the priorities discussed above.

7 ALIGNMENT WITH STRATEGIC PRIORITIES

(i) **Urban Renaissance:** Over 60% of the funding for Affordable Housing, 2006-08, is allocated to the urbanised Central and North HMAs, and over 94% of the Decent Homes allocation. Between 2008 and 2016 the figures are similar. In addition, all of the Housing Market Renewal Pathfinder funding is allocated to urban areas and – as expressed in the long term priorities – there is a determination to support Urban Renaissance.

(ii) **Rural Renaissance:** The emphasis in the South and West HMAs is on affordable housing, and - despite their lower populations – nearly 40% of affordable homes funding is allocated to them throughout the period.

(iii) **Modernising and Diversifying the Economy and creating a dynamic business base/ Upskilling the Region's Workforce/ Promoting the Region's Competitiveness and assets in a national and global setting:** The RHS objectives of improving housing choice, affordability and condition contribute to a more attractive housing market for existing and potential employees. This helps to attract and retain skilled workers, and maintain housing areas in proximity to centres of employment, reducing the need for, and costs of, commuting.

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CHAPTER 6: TRANSPORT

1. INTRODUCTION

(i)This chapter summarises the priority programmes and projects approved by the Assembly's Transport Partnership. It describes how the programmes and projects align to the five strategic regional priorities: Urban Renaissance; Rural Renaissance; Modernising and diversifying the economy and creating a dynamic business base; Upskilling the Region's workforce; and Promoting the Region's competitiveness and assets in a national and global setting.

(ii)The West Midlands transport network is unique, we are the crossroads of the national road and rail network. When coupled with the diverse nature of the region – major cities, dense urban areas, significant market towns and remote rural areas, travel problems are inevitable. These problems have adverse effects on business, commuter and leisure travel, whether the journey is within the region or from one end of the country to the other.

(III)The RFA process provides the West Midlands with another opportunity to work with partners (national, regional and local) to tackle the issues. We are ideally placed to use our regional and sub-regional strategies and structures to set out a template for the West Midlands transport network and provide a world class transport system that supports our economy and quality of life.

(iv) Our partners have an excellent track record of working co-operatively, and together we will build on the success of recent regional initiatives, such as the pioneering sub-regional strategy for the Black Country and the evolving City Region agenda. We will also learn from the experience of two successful TIF bids in the conurbation and Shropshire, evidence that we are ambitious and forward looking.

2. DEVELOPMENT OF THE PROGRAMME AND POLICY ALIGNMENT

(i) The RFA guidance published in July 2005 was the first time the Government has provided regional transport allocations. Over a relatively short time period the West Midlands has developed a new process that is robust, inclusive and integrated. Building on the region's track record of partnership working we have agreed a framework and subsequent programme that will help us to deliver our key objectives of urban/rural renaissance and improve the economic performance of the West Midlands.

(ii) West Midlands' Regional Funding Allocation for transport includes capital funding for major schemes under the Local Transport Plan system and major Highways Agency schemes, other than on those roads of the greatest strategic national and international importance. It does not include other major expenditure, on rail projects for example, which is critical for the successful integration of the Region's economic development, housing and transport strategies. For 2005-06 the RFA for transport is £88m, rising to £90m in 2006-07 and £92m in 2007–08. By 2015–16 the planning assumption figure rises to £106m. This contrasts with a total investment in transport in the West Midlands of £649m in 2003/4 and £1,316 million in 2004/5.

(iii) The independent framework is a thorough and objective prioritisation process covering 59 transport schemes (weblink). The consultants were steered by the region's Strategic Transport and Implementation Group, which set up a Steering Group to develop a technical framework to provide a qualitative and quantitative assessment of transport

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schemes. The Steering Group had wide representation from GOWM, the Regional Assembly (including business and other stakeholders), Advantage West Midlands, Local Transport Authorities, the Highways Agency and Department for Transport. Independent consultants were appointed to develop the West Midlands Regional Transport Prioritisation Framework, which evolved through discussions with the Steering Group and a wider audience of other stakeholders. The framework considered each scheme in relation to:

- Contributions to Policy Objectives – economic, social, spatial planning and housing
- Efficiency **-** The efficiency of schemes has been measured on the basis of Value for Money/ Benefit Cost Ratio and this has been the major determining factor in their prioritisation.
- Deliverability **-** Issues such as lead times for design, planning permission, legal processes and land acquisition are all important in deciding on the practicability of a transport scheme. Each scheme was considered against these issues, but the conclusions did not change the overall assessment.

(iv) Contribution to Strategic Alignment:

The transport schemes have been assessed for their contribution towards the the five Strategic Priorities:-

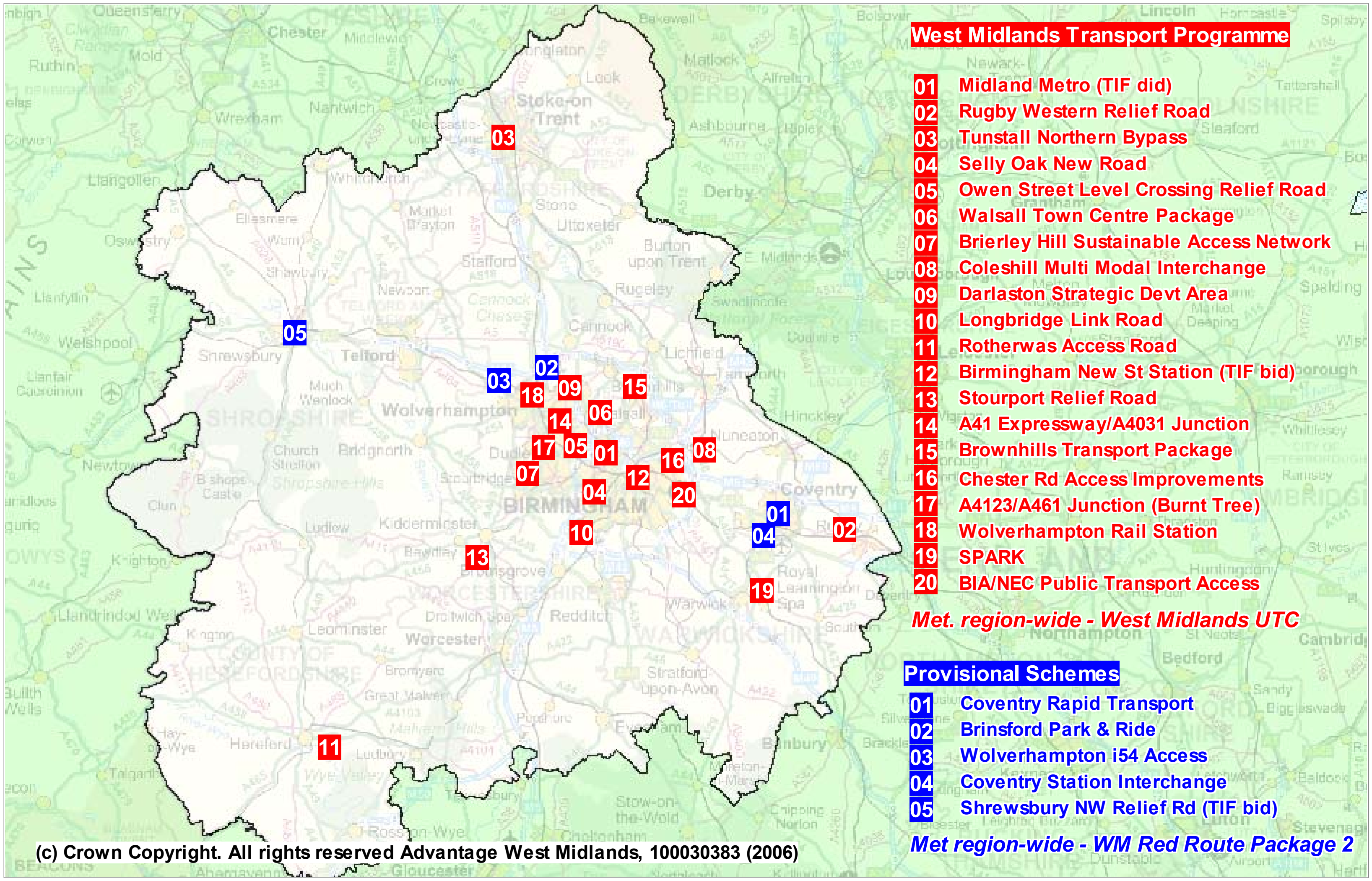
- **Urban Renaissance** – providing high quality public transport for moving people, and an efficient road network to allow for the movement of goods and services within and across the Major Urban Areas.
- **Rural Renaissance –** improving the accessibility of market towns and the connections to their hinterlands.
- **Modernising and diversifying the economy –** providing a transport network that is fit for purpose, in particular ensuring good access for people, goods and services to enhanced, expanding and new employment sites.
- **Upskilling the Region's workforce –** providing access to places of learning.
- **Promoting the Region's competitiveness and assets in a national and global setting –** delivering a transport network that sustains and enhances the West Midlands' economic competitiveness, ensuring efficient access to major new projects. Providing for the needs of national and international traffic to and through the Region.

The framework also used the core aims and objectives of the Regional Transport Strategy (set out in Table 1), especially Policy T12, and five Transport Priorities, which were subsequently developed from T12:

- Promote a change of hearts and minds in the Region's population
- Make the best use of the existing regional transport networks
- Provide a comprehensive public transport system that serves the urban area
- Improve access to Birmingham International Airport and the National Exhibition Centre
- Ensure that the West Midlands is a reliable hub to serve regional, national and International connections

3 THE SCHEMES

(i) Fifty nine schemes have been prioritised (weblink). They were at different stages of development for example 8 have Provisional Approval, but for this submission all 59 have been assessed. There has been extensive consultation on the assessment


West Midlands Transport Programme
01 Midland Metro (TIF did)
02 Rugby Western Relief Road
03 Tunstall Northern Bypass
04 Selly Oak New Road
05 Owen Street Level Crossing Relief Road
06 Walsall Town Centre Package
07 Brierley Hill Sustainable Access Network
08 Coleshill Multi Modal Interchange
09 Darlaston Strategic Devt Area
10 Longbridge Link Road
11 Rotherwas Access Road
12 Birmingham New St Station (TIF bid)
13 Stourport Relief Road
14 A41 Expressway/A4031 Junction
15 Brownhills Transport Package
16 Chester Rd Access Improvements
17 A4123/A461 Junction (Burnt Tree)
18 Wolverhampton Rail Station
19 SPARK
20 BIA/NEC Public Transport Access
Met. region-wide - West Midlands UTC
Provisional Schemes
01 Coventry Rapid Transport
02 Brinsford Park & Ride
03 Wolverhampton i54 Access
04 Coventry Station Interchange
05 Shrewsbury NW Relief Rd (TIF bid)
Met region-wide - WM Red Route Package 2
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process, and widespread agreement within the Region to the priorities identified in Table 6.

(ii) **Programme 2006/07 – 2007/08:** Table 6 shows the investment programme to 2016. The short term investments to 2007/8 are targeted to Committed and Provisionally Approved schemes. The short-term profile shows an overspend of £5.85 million in 2006-07 and 200-08.

(iii) **Programme 2008/9 – 2015/16:** The programme in Table 6 for this period is indicative, and includes <u>six schemes</u> with a provisional banding of 1 – 3. It also includes three schemes that may be funded from the Transport Innovation Fund (TIF) – Birmingham New Street Station, the Shrewsbury North West Relief Road and the Midland Metro. Expansion of the Midland Metro is a top priority for the Region. However, the cost of the Phase 1 extensions would utilise virtually all the Transport RFA for a period of years and this is not realistic. This project is therefore assumed to be funded through TIF with no funding from RFA. When the TIF criteria are known, bids from the Metropolitan Authorities and Shropshire County Council will be made, and if successful will release RFA for other transport schemes in the Region.

(iv) The West Midlands regional transport priorities will be reviewed annually, beginning in 2006, and this will allow further integration with the priorities for housing and economic development. This is likely to cause a revision in some of the priorities as their significance shifts in relation to new housing and economic development initiatives. The review will also establish the priority of new schemes that arise e.g. outcomes from the Black Country Study and the Birmingham International Airport Masterplan.

(v) It is clear that the resources offered in the RFA are not sufficient to achieve our goals. Based the current evidence a further £1 billion is required over the next 10-20 years, to deliver the step change needed to ensure that the West Midlands keep pace with the rest of the country. Our region is capable of delivering, but we this depends on Ministers making quick decisions to release funding for regional partners to delivery our priorities as soon as possible.

(vi) **Further Information:** Paragraph 2 (ii) illustrates how thoroughly the prioritisation system considered each scheme against the Region's Strategic Priorities, as well as the core aims and objectives of the Regional Spatial Strategy and Regional Transport Strategy. Table 6 gives further details on the contribution of the schemes to policy objectives and priorities and their Benefit Cost Ratios.

<u>SUGGEST WE USE GOWM'S A3 TABLE EASIER TO READ ON ONE PAGE</u>
This will be figure 9 and the map figure 10.

TABLE 6: TRANSPORT SCHEMES PROGRAMME – THE WEST MIDLANDS

Scheme name	Scheme Sponsor	2006/07	2007/08	2008/11	2011/14	2014/16
Midland Metro (TIF Bid)	Centro	0	0	0	0	0
Rugby Western Relief Road	Warwickshire CC	6	7.43	0	0	0
Tunstall Northern Bypass	Stoke CC	3.05	0.08	0	0	0
Selly Oak New Road	Birmingham CC	9.15	4.75	1.8	0.65	0
Owen Street Level Crossing Relief Road	Sandwell MBC	0	4	9.27	0	0
Walsall Town Centre Package	Walsall MBC	11.61	5.83	0.06	0	0
Brierley Hill Sustainable Access Network	Dudley MBC	8.5	8.43	0.35	0	0
Coleshill Multi Modal Interchange	Warwickshire CC	4.54	0	0	0	0
Darlaston Strategic Development Area	Walsall MBC	0	4.16	10.41	0	0
Longbridge Link Road	Birmingham CC	0	0	7.39	1.34	0
Rotherwas Access Road	Herefordshire Council	4.85	1.74	0.07	0	0
Birmingham New Street Station (TIF Bid)	Birmingham CC	0	1.82	6.58	74.9	51.16
West Midlands UTC	CEPOG	3	5.12	20.74	0	0
Stourport Relief Road	Worcestershire CC	0	0	0	55.87	0
A41 Expressway/A4031 Junction	Sandwell MBC	0	0	20.1	0.29	0
Brownhills Transport Package	Walsall MBC	0	0	17.64	0	0
Chester Road Access Improvements	Birmingham CC	0	0	16.77	0	0
A4123/A461 Junction (Burnt Tree)	Dudley/Sandwell MBCs	0	0	10.2	0.1	0
Wolverhampton Rail Station	Wolverhampton CC	0	0	7.83	0	0
SPARK (Leamington	Warwickshire CC	0	0	13.26	0	0

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Scheme name	Scheme Sponsor	2006/07	2007/08	2008/11	2011/14	2014/16
Spa/Warwick Public Transport)						
BIA/NEC Public Transport Access	Solihull MBC	1.42	7.22	1.99	0	0
Provisional Schemes						
West Midlands Red Route Package 2	CEPOG	0	0	28	1.7	
Coventry Rapid Transit	Coventry CC	0	0	10.97	48.74	
Brinsford Park and Ride	Staffordshire CC	0	0	27.97		
Wolverhampton I54 Access	Wolverhampton CC	0	0	7.44		
Coventry Station Interchange	Coventry CC	0	0	6.32	5	
Shrewsbury NW Relief Road (TIF Bid)	Shropshire CC	0	0	57.6	7	
Schemes already in progress or firmly planned		43.16	41.98	59.91	0	0
TOTAL ESTIMATED SPEND		**95.29**	**92.56**	**342.67**	**195.59**	**51.16**
REGIONAL ALLOCATION/PLANNING ASSUMPTION		90	92	285	302	210
Difference		**-5.29**	**-0.56**	**-57.67**	**106.41**	**158.84**

Notes

1. The £5.29m and £0.56m over-spends in 2006-07 and 2007-08 are well within a 10% increase in funding, but the overspend would be increased to £34m with a 10% year on year reduction.
2. The £57.67m over-spend in 2008-11 is due to the inclusion of £138.3m for Provisional Schemes.
3. The 2008-11 over-spend could be also be reduced if schemes are funded by TIF.

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TABLE 7: TRANSPORT SCHEMES PROGRAMME – FURTHER INFORMATION

Scheme name	Contribution to Objectives	Benefit Cost Ratio	Risk	Related Strategic Priority *
Rugby Western Relief Road	Major	11.17	Short Term High Risk	1,3
Tunstall Northern Bypass	Major	10.65	Short Term High Risk	1
Selly Oak New Road	Major	3.8	Short Term Low Risk	1,3
Owen Street Level Crossing Relief Road	Limited	3.01	Short Term High Risk	1,3
Walsall Town Centre Package	Major	6.7	Short Term Low Risk	1,3
Brierley Hill Sustainable Access Network	Significant	5.7	Short Term High Risk	1,3
Coleshill Multi Modal Interchange	Limited	5.19	Short Term Low Risk	1
Darlaston Strategic Development Area	Major	1.4	Short Term Medium Risk	1,3
Longbridge Link Road	Major	2.1	Medium Term Medium Risk	1
Rotherwas Access Road	Major	13.2	Short Term Medium Risk	2,3
Birmingham New Street Station (TIF Bid)	Major	3.01	Medium Term Low Risk	1,3,5
West Midlands UTC	Limited	11.2	Short Term Low Risk	1
Stourport Relief Road	Significant	4.75	Medium Term Medium Risk	2,3
A41 Expressway/A4031 Junction	Significant	3.8	Short Term Low Risk	1,3
Brownhills Transport Package	Significant	3.6	Short Term Medium Risk	1
Chester Road Access Improvements	Significant	3.6	Short Term Medium Risk	1,3
A4123/A461 Junction (Burnt Tree)	Limited	3.3	Short Term Medium Risk	1
Wolverhampton Rail Station	Significant	2.94	Short Term Medium Risk	1,3
SPARK (Leamington Spa/Warwick Public Transport)	Significant	2.84	Short Term Medium Risk	3
BIA/NEC Public Transport Access	Major	1.8	Short Term Low Risk	3,5

* See Table 3 for definition

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4. IMPACT OF +/- 10% CHANGE IN FUNDING

(i) Assuming that the increases or decreases are year on year there would be a major impact on the programme. An increase of 10% would eliminate the overspends in 2006-07 and 2007-08, and there would be a significant surplus over projected spend in the period 2008-11. However a decrease of 10% would have damaging consequences. The overspend in 2006-08 would be £34m and in 2008-11 would be £165m. Even if the reductions are not on a year on year basis, the overspends would be £24m in 2006-08 and £86m in 2008-11, and many of the schemes would be

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