



## Investment Board

**Date:** Tuesday 13 February 2018  
**Time:** 1.00 pm **Public meeting** Yes  
**Venue:** 1st Floor, 1, Friargate, Coventry, CV1 2GN

### Membership

Councillor Izzi Seccombe (Chair)  
Councillor Jim O'Boyle  
Councillor Sean Coughlan

Councillor Robert Hulland  
Councillor Majid Mahmood  
Councillor Peter Richards  
Nick Abell

Paul Brown  
Gary Taylor

Sue Summers

Warwickshire County Council  
Coventry City Council  
City of Wolverhampton Council, Dudley MBC,  
Sandwell MBC and Walsall MBC  
Solihull Metropolitan Borough Council  
Birmingham City Council  
Non-Constuent Authorities  
Coventry & Warwickshire Local Enterprise  
Partnership  
Black Country Local Enterprise Partnership  
Greater Birmingham & Solihull Local Enterprise  
Partnership  
Finance Birmingham

Quorum for this meeting shall be three members.

If you have any queries about this meeting, please contact:

**Contact** Carl Craney Governance Services Officer West Midlands Combined Authority  
**Telephone** 0121 214 7965  
**Email** Carl.Craney@wmca.org.uk

# AGENDA

No.	Item	Presenting	Pages
<b>Meeting Business Items</b>			
1.	Apologies for Absence (if any)	Chair	None
2.	Notification of Substitutes (if any)	Carl Craney	None
3.	Declarations of Interests (if any) Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None
4.	Minutes of last meeting	Chair	1 - 8
5.	Matters Arising	Chair	None
6.	Exclusion of the Public and Press [To pass the following resolution: That in accordance with Section 100(A) of the Local Government Act, 1972 the press and public be excluded from the meeting for the following items of business as it involves the likely disclosure of exempt information relating to the business or financial affairs of any particular person (including the authority holding that information)]	Chair	None
<b>Business Items for Consideration</b>			
7.	Commonwealth Games - Brownfield Land Application (To follow)	Sean Pearce / Nick Oakley	None
8.	UK Central - Design Costs and Team Costs (To follow)	Sean Pearce	None
<b>Business Items for Noting</b>			



## WEST MIDLANDS COMBINED AUTHORITY

### Investment Board

Monday 29 January 2018 at 10.00 am

### Minutes

#### Present

Councillor Izzi Seccombe (Chair)  
Councillor Majid Mahmood  
Councillor Jim O'Boyle  
Gary Taylor

Warwickshire County Council  
Birmingham City Council  
Coventry City Council  
Greater Birmingham & Solihull Local  
Enterprise Partnership  
Non-Constituent Authorities

Councillor Tony Jefferson

#### In Attendance

Sarah Middleton

Black Country Local Enterprise  
Partnership

Aimee Proctor  
David Cockroft  
Rhian Palmer  
Ed Bradburn  
Nick Oakley  
Jane Holmes  
Pam Waddell  
Mike Haigh  
Paul Clarke  
Sean Pearce  
Carl Craney

Coventry City Council  
Coventry City Council  
Coventry City Council  
Finance Birmingham  
Finance Birmingham  
Innovation Alliance  
Innovation Alliance  
SLC Rail  
West Midlands Combined Authority  
West Midlands Combined Authority  
West Midlands Combined Authority

#### Item Title No.

#### 56. Apologies for Absence (if any)

Apologies for absence had been received from Councillor Sean Coughlan (Black Country Authorities), Councillor Robert Hulland (Solihull MBC), councillor Peter Richards (Stratford on Avon District Council), Nick Abell (Coventry and Warwickshire Local Enterprise Partnership), Sean Farnell (Coventry and Warwickshire Local Enterprise Partnership), Paul Brown (Black Country Local Enterprise Partnership) and Sue Summers (Finance Birmingham).

#### 57. Notification of Substitutes (if any)

Councillor Peter Richards had nominated Councillor Tony Jefferson as his substitute.

#### 58. Declarations of Interests (if any)

No declarations of interest were made relative to items under consideration

at the meeting.

**59. Minutes of last meeting**

Resolved:

That the minutes of the meeting held on 18 December 2017 be confirmed as a correct record and signed by the Chair.

**60. Matters Arising**

There were no matters arising from the minutes of the meeting held on 18 December 2017.

**61. Coventry Station Master Plan**

Rhian Palmer and Mike Haigh presented a report which sought the approval of £39.4 million for Coventry rail Station Masterplan (CRSM) requested via a Full Business Case (FBC). Rhian Palmer reminded the Board that approval had been granted in summer 2017 of the Strategic Outline Business Case (SOBC) for 'Coventry Centre First' which was a package of transport interventions aimed at improving connectivity to UK Central and HS2 and boosting jobs and growth in the city centre, of which Coventry Station Masterplan was the largest component. The WMCA had approved the Coventry Station Masterplan project proceeding directly to FBC, recognising the advanced stage of the project.

She explained that the CSM was an £82 million programme of works to increase the capacity at Coventry Rail Station. £42.6 million had already been secured with funding having been awarded by a number of organisations including Coventry and Warwickshire Local Enterprise Partnership (CWLEP), Department for Transport (DfT) and prudential borrowing via Coventry City Council. The requested sum was the remaining element to be secured to enable a fully funded programme including a contingency sum of £12 million.

Mike Haigh explained the role of SLC Rail in the project and outlined the various scenarios with Benefit Cost Ratios including the prudent assumptions taken to ensure that the Business Case was robust, one of which was the potential loss of one fast train journey per hour from Coventry to London from HS2 opening in 2026. Rhian Palmer advised that this position was not yet confirmed and was the subject of on-going discussions with both the DfT and Network Rail. Councillor Jim O'Boyle advised the Board that this issue was the subject of lobbying by both Coventry City Council and the WMCA given the likely implications for other stations in the West Midlands and informed the Board that Coventry Rail Station was the fastest growing station outside of London in terms of passenger numbers.

Councillor Majid Mahmood reported that he was supportive of the scheme but questioned whether delivery of the scheme could be accelerated and also why ownership of the new car park would revert to Network Rail. Rhian Palmer reported if delivery of the scheme could be accelerated this would lead to cost savings and phasing of the works was being investigated. Similarly, alternative land for the provision of temporary car parking provision was being explored. Mike Haigh reported that there was a complicated commercial structure involved with building the new integral car park on land

in the ownership of Network Rail. This would include Network Rail surrendering car park revenue which would be used to service the prudential borrowing. Discussions were underway with regard to the terms and length of the lease.

Gary Taylor requested confirmation that Coventry City Council would hold responsibility for any cost overruns on the project. Rhian Palmer confirmed this to be the case and advised that should the estimated cost of the project exceed the sums available a de-scoping exercise would be undertaken albeit reluctantly. Additional funding would also be sought from the DfT and Network Rail.

Sarah Middleton advised that she was supportive of the scheme but suggested that a summary of outputs be compiled before the report was submitted to the Strategic Economic Plan Group.

Resolved:

That the West Midlands Combined Authority be recommended to approve the award of £39.4 million of Devolution deal funding to the Coventry Rail Station Masterplan, promoted by Coventry City Council, this allocation falling within Coventry's UL Central Plus (UKC+) Programme.

## **62. Coventry Friargate Business District Phase 1**

David Cockroft presented a report which summarised the Friargate Business District proposal and which highlighted the process undertaken already to challenge and clarify the proposed scheme. The report sought the approval of £51 million for Coventry Friargate Business District requested via a Full Business Case (FBC).

The Chair requested details of the timescale for the delivery of the scheme. David Cockroft advised that subject to approval of the funding package it was anticipated that the scheme would commence on site in the third or fourth quarter of 2018/19 with a build period of two years. It was hoped that the development would be completed prior to the commencement of the Coventry staging the City of Culture in 2021. Councillor Jim O'Boyle reminded the Board that Business Rates generated from the development would be shared with the WMCA through the pooling arrangements and that the scheme had been included as part of the bid in relation to the relocation of Channel 4.

Sean Pearce reported that this was a scheme that the WMCA was keen to support and that financial assistance would be provided by way of a grant to enable a loan to be taken out by the Joint Venture Company, once established. He advised that clarity was required within the legal agreement as to how the monies would be recycled to enable future phases of the project to be developed. Furthermore, the methodology on how profit from the scheme would be re-directed back into the scheme would be an integral part of the legal agreement.

The Chair queried the length of the proposed loan. Sean Pearce explained that the WMCA was being requested to make a grant to Coventry City

Council, which in turn, would make a loan to the Joint Venture Company. David Cockroft stressed that the loan would be subject to commercial rates of interest. The Chair enquired whether the uplift in Business Rates would be returned to the WMCA. Sean Pearce advised that this scheme had formed part of the Devolution Deal One, that there was not a standard agreement in respect of the uplift in Business Rates and that this point would be the subject of consideration in due course albeit not in relation to this scheme.

Councillor Majid Mahmood enquired whether the sum of £23 million was for the first phase of the development only. Aimee Proctor advised that this sum was for the whole scheme and assumed that the total scheme would be completed. Income had been calculated on a 100% letting success but assumptions had been included for vacant units.

Gary Taylor registered his concern that the report contained insufficient detail for the Board to make a decision of such magnitude. It lacked market analysis and was unusual as it was based on 100% public sector funding. He also queried the relationship between the developer and the local authority and whether the developer retained a financial interest in the scheme. David Cockroft assured the Board that a Full Business Case prepared including a Dynamic Economic Impact Model (DEIM) assessment had been conducted. He reminded the Board that such information had been omitted from a publically available report as it contained commercially sensitive information. He advised that the developer did retain a financial interest in the scheme and would be a 50% partner in the Joint Venture Company. He also explained the history of the scheme. He reported that legal advice had been obtained with regard to 'State Aid' implications and on the options available with regard to the scheme. The land would be acquired at 'Red Book' market price and two market analyses had been carried out by reputable companies. He confirmed that the Joint Venture Company would bear all risks associated with the scheme.

In response to a further question from Gary Taylor, David Cockroft explained the financial arrangements for the scheme. Gary Taylor advised that it was apparent that this scheme required support but queried the profit share arrangements given that the development capital was being provided by the public sector with the developer contributing the land only. On that basis he was not convinced that a 50:50 profit share was correct. David Cockroft explained that the profit share applied only to the first building with the developer being required to take joint responsibility for the loan for subsequent phases. Any profits from the first phase would be used to fund the borrowing for the second phase.

The Chair welcomed the questions posed in respect of the report having regard to the amount of public money under consideration. Councillor Jim O'Boyle reminded the Board that the request now under consideration was better for the public purse than that originally proposed. He emphasised the amount of commercially sensitive information which was available should members wish to consider it. He reminded the Board that this scheme was inter-linked to the Coventry Station Masterplan which had been recommended for approval earlier in the meeting.

Sean Pearce commented that the views of both PricewaterhouseCoopers (as part of a wider discussion on regeneration mechanisms) and Deloitte (who had been appointed by Coventry City Council to support the Business Case development and had completed an options appraisal) had been sought on this scheme. David Cockroft advised that both companies preferred the approach detailed in the Full Business Case. The Chair commented that in the event that this scheme was recommended to the WMCA Board for approval a more comprehensive report would need to be prepared.

Councillor Tony Jefferson commented that there were a number of key issues not addressed in the report which presented a problem to members in reaching a decision. David Cockroft reiterated his earlier comments that a publically available report could not contain commercially sensitive information but that the information was available outside the meeting. He reminded the Board that an option to pursue a Compulsory Purchase Order for the land would lead to lengthy delays in commencement on site.

Resolved:

1. That the West Midlands Combined Authority Board be recommended to support Coventry City Council application for funding to support its Friargate Business District proposal and to grant up to £51 million for this purpose;
2. That a briefing be arranged for the Chair and Gary Taylor to address the concerns expressed at the meeting.

**63. Consortium for the Demonstration of Intelligent Systems (CDIS)**

Pam Wadell presented a report which fulfilled the Assurance Framework obligations for the Consortium for the Demonstration of Intelligent Systems (CDIS) which was at Outline Business Case stage.

Resolved:

1. That approval for the early draw down of £250,000 to support the preparation of the Full Business Case be endorsed;
2. That the approval for the project to move forward to Full Business Case be endorsed.

**64. Exclusion of the Public and Press**

Resolved:

That in accordance with Section 100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any particular person (Including the authority holding that information).

**65. A & J Mucklow (Halesowen) Ltd. BLPDF Grant Request**

Nick Oakley presented a report which sought the approval of a Brownfield Land and Property Development Fund grant – a viability grant to facilitate the redevelopment of Phase 1, Mucklow Park, Tyseley delivering 135,000 square foot of new build industrial accommodation which would attract

inward investment and job creation / safeguarding (estimated 350 on site jobs).

In response to a question from Gary Taylor, Nick Oakley explained the position with the historic and current land values. He also explained the arrangements for clawback and Business Rates uplift.

Sean Pearce reported that going forward, Gareth Bradford, the WMCA's Director of Housing and Regeneration would be working with colleagues at Finance Birmingham to be pro-active in considering the various options to progress specific sites.

Resolved:

That a grant of £2.625 million of Brownfield Land and Property Development Fund (BLPDF) monies to facilitate the development of Phase 1, Mucklow Park, Tyseley delivering 135,000 square foot of new build industrial accommodation, subject to the conditions detailed in the report, be approved.

**66. Opus Land (Oldbury) Ltd. - BLPDF Grant Request**

Ed Bradburn presented a report which sought the approval of £2.630 million of Land Remediation Grant to remediate six acres of former industrial land at Seven Stars, Oldbury. He reported that at the Investment Advisory Group consideration had been given as to whether this grant should be made from the Brownfield Land and Property Development Fund (BLPDF) or the Land Remediation Fund managed by the Black Country Consortium. It had been recommended that, initially the grant be paid from the BLPDF but given the level of utilisation on the BLPDF Sarah Middleton had offered to have this allocated against the BCLPIF with Finance Birmingham continuing to manage and administer the transaction in accordance with the BLPDF procedures. Sarah Middleton commented that consideration in the first instance by the Black Country Consortium process could have resulted in a different level of intervention and for clarity on the 'Viability Gap'. Ed Bradburn and Nick Oakley explained that the consideration would not be different as post investment board approval the grant offer would be subject to independent legal and valuation due diligence to verify the grant amount and that the scheme would then be monitored on an on-going basis via an independent monitoring surveyor. In response to a question from Gary Taylor, Ed Bradburn confirmed that the site had been marketed openly with circa eight bids received all for commercial use and all on the conditionality of receiving grant funding. Opus was the preferred bidder due to a pre-let Agreement. Ed Bradburn also outlined the various conditionality stages in the SPA to progress through before completion on site was achieved.

Resolved:

That a grant of £2.630 million initially from the Brownfield Land and Property Development Fund (BLPDF) but subsequently from the Black Country Land Remediation Fund to remediate six acres of former industrial land at Seven Stars, Oldbury be approved on the basis that Finance Birmingham will continue to manage and administer the transaction going forward in accordance with the BLPDF .

**67. WMCA CIF / BLPDF Dashboards**

Nick Oakley presented the CIF / BLPDF Dashboard as at 15 January 2018 which detailed:

- WMCA CIF – Investments committed and completed funds;
- WMCA CIF – Dashboard of deal values and total diagrams; and
- WMCA CIF – Pipeline WIP.

Resolved:

That the Dashboard be received and noted.

**68. Investment Programme**

Sean Pearce circulated a progress update report on the WMCA Investment Programme which had been considered at the meeting of the WMCA Board held on 12 January 2018. He advised that he would be submitting a report to the next meeting of this Board linked to this report and on the need for decisions of this Board to have regard to the availability of finances. Councillor Jim O'Boyle commented that this Board could only consider those requests for funding which were presented and allocations needed to be within available resources. Sean Pearce reminded the Board that it exercised delegated powers to approve allocations of up to £5 million without reference to the WMCA Board.

The meeting ended at 11.57 am.

This page is intentionally left blank