



Investment Board

Date: Monday 17 September 2018

Time: 9.30 am **Public meeting** Yes

Venue: Room 116, 16, Summer Lane, Birmingham, B19 3SD

Membership

Councillor Bob Sleigh (Chair) Nick Abell	Portfolio Lead for Finance & Investments Coventry & Warwickshire Local Enterprise Partnership
Councillor Mike Bird Paul Brown	Walsall Metropolitan Borough Council Black Country Local Enterprise Partnership
Councillor Steve Eling	Sandwell Metropolitan Borough Council
Councillor Patrick Harley	Dudley Metropolitan Borough Council
Councillor Robert Hulland	Solihull Metropolitan Borough Council
Councillor Tony Jefferson	Stratford-on-Avon District Council
Councillor Jim O'Boyle	Coventry City Council
Councillor Brett O'Reilly	Birmingham City Council
Councillor Roger Lawrence	City of Wolverhampton Council
Sue Summers	West Midlands Development Capital
Gary Taylor	Greater Birmingham & Solihull Local Enterprise Partnership

Quorum for this meeting shall be four 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
Meeting Business Items			
1.	Apologies for Absence (if any)	Chair	None
2.	Nomination 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 [For approval]	Chair	1 - 6
5.	Matters Arising	Chair	None
Business Items for Consideration			
6.	Investment Programme - Update	Linda Horne / Sukhy Dhanoa	7 - 12
7.	Arcadis Review - Update	Sukhy Dhanoa	13 - 22
Business Items for Noting			
8.	WMCA Collective Investment Fund (CIF) - Dashboard	Nick Oakley	23 - 24
9.	WMCA - Brownfield Land and Property Fund (BLPDF) - Dashboard	Nick Oakley	25 - 26
10.	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
Business Item for Consideration			

11.	Change Request Strategic outline Business Case (SOC) - UKC Infrastructure Phase 1 - Chelmsley Wood Town Centre	Liz Grove / David Harris	27 - 50
Business Items for Noting			
12.	WMCA Collective Investment Fund (CIF) - Dashboard	Nick Oakley	51 - 54
13.	WMCA Brownfield Land and Property Development Fund (BLPDF) - Dashboard	Nick Oakley	55 - 58

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**West Midlands
Combined Authority**

Investment Board

Monday 20 August 2018 at 9.30 am

Minutes

Present

Councillor Bob Sleight (Chair)
Nick Abell

Councillor Mike Bird
Paul Brown

Councillor Robert Hulland
Councillor Tony Jefferson
Sue Summers

Portfolio Lead for Finance & Investments
Coventry & Warwickshire Local
Enterprise Partnership
Walsall Metropolitan Borough Council
Black Country Local Enterprise
Partnership
Solihull Metropolitan Borough Council
Stratford-on-Avon District Council
West Midlands Development Capital

In Attendance

Sarah Middleton

Liz Grove
David Harris
Lucy Lee
Mark O'Connell
Alan Smith
Nicola Van der Hoven
Nick Oakley
Sukhy Dhanoa
Claire Jones
Sean Pearce
Carl Craney

Black Country Local Enterprise
Partnership
Solihull Metropolitan Borough Council
Warwickshire County Council
West Midlands Development Capital
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority

Item Title No.

14. Apologies for Absence (if any)

Apologies for absence had been received from Councillor Jim O'Boyle (Coventry City Council), Councillor Brett O'Reilly (Birmingham City Council), Councillor Roger Lawrence (City of Wolverhampton Council) and Gary Taylor (Greater Birmingham and Solihull Local Enterprise Partnership).

An apology for absence had also been received from David Cockroft (Coventry City Council).

15. Nomination of Substitutes (if any)

No substitutes had been nominated.

16. Declarations of Interests (if any)

Nick Abell declared a Non Disclosable Pecuniary Interest in Agenda Item No. 8. - Full Business Case (FBC) – Coventry South and A46 Link Road Phase 1 insofar as his company represented various companies who would benefit from the construction of the road improvement scheme.

The Chair (Councillor Bob Sleight) and Councillor Robert Hulland declared Non Disclosable Pecuniary interests in Agenda Item 9. – Full Business Case (FBC) – A45 to Solihull Town Centre and UKC Strategy Cycle Link and Agenda Item No. 10. – Strategic outline Business Case (SOC) – UKC Infrastructure Package Phase 2 insofar as they were elected members of Solihull Metropolitan Borough Council.

17. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 26 July 2018 be confirmed as a correct record and signed by the Chair.

18. Matters Arising

With reference to Minute No. 7. (Investment Programme Update) and in particular to the spending pressures on the East Birmingham and Solihull Metro extension and the Wednesbury – Brierley Hill Metro extension schemes, Councillor Mike Bird sought clarification as to the ceiling within which the Officers were working on in excess of the approved budgets. Sean Pearce assured the Board that the Officers were working within the approved budgets and that the Forward Plan for this Board included a review of the two schemes on 10 December 2018 in the case of the East Birmingham Solihull scheme and 21 January 2019 in the case of the Wednesbury – Brierley Hill scheme when the Outline Business Case and the Full Business Case would be considered respectively. Councillor Robert Hulland commented that it should not be assumed that additional funding would be made available for these schemes.

19. Investment Programme - Update

Sean Pearce presented a report on the status of the Investment Programme to help set out the context for any decisions made by the Board.

Resolved:

That the status of the Investment Programme delivery as detailed in the report be noted.

20. 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).

- 21. Full Business Case (FBC) - Coventry South and A46 Link Road Phase 1**
Nicola Van der Hoven presented a report which outlined a request for the award of £6.6 million of Devolution Deal funding for the A46 Stoneleigh Junction (A46 Link Road Phase1), subject to the successful confirmation from the Department for Transport of Local Growth Fund grant. She explained that the application was promoted by Coventry City Council working in collaboration with Warwickshire County Council and fell within Coventry City Council's 'Coventry South Package'.

She responded to various questions posed by members of the Board.

Resolved:

That the WMCA Board be recommended to approve the award of £6.6 million Devolution Deal funding for the A46 Stoneleigh Junction (A46 Link Road Phase 1), subject to a successful confirmation from the Department for Transport of Local Growth Fund grant.

- 22. Full Business Case (FBC) - A45 to Solihull Town Centre and UKC Strategy Cycle Link**

Sean Pearce introduced a report and advised that following the approval of funding for the UK Central Infrastructure Package (SOC Phase 1), two cycle links had been brought forward to Full Business Case stage. He drew to the attention of the Board issues which had been raised at the Investment Advisory Group and the WMCA Leadership Team including funding and sharing of best practice with other local authorities with regard to delivering cycle link schemes.

Liz Grove, Lucy Lee and Mark O'Connell presented the report and responded to questions raised by members of the Board including means of promoting use of the cycle links, monitoring and evaluation of usage, provision of CCTV, encouraging behavioural change and links to neighbouring local authority schemes.

Resolved:

1. That the Full Business Case (FBC) for the UKC Hub Strategic Cycle Links and A45 to Town Centre (Damson Parkway) Cycle Link be approved;
2. That the funding position be noted with any underspend being considered as part of the work being undertaken across the Investment Programme;
3. That the experiences gained by Solihull MBC in encouraging behavioural change to increase cycling be shared with other local authorities in the West Midlands.

23. Strategic Outline Business Case (SOC) - UKC Infrastructure Package Phase 2

Alan Smith presented a report on Solihull MBC's Strategic Outline Business Case (SOC) for Phase 2 of the UKC-IP. He explained that this consisted of 12 projects that complemented the existing Phase 1 projects that were already underway, as well as the wider investment programmes which were being brought forward within the WMCA to deliver the HS2 Growth strategy and Strategic Economic Plan. The report requested funding of £10.295 million through the SOC to bring Phase 2 of the UKC-IP forward. He drew to the attention of the Board that this request for funding was from the total investment to be made in UKC-IP forming part of the WMCA Devolution Deal of £288 million.

David Harris responded to various questions from members of the Board including the need for WMCA funding rather than local funding and the inter-relationship with the Greater Birmingham and Solihull Local Enterprise Partnership Strategic Economic Plan.

Resolved:

That The Strategic Outline Business Case (SOC) for Phase 2 of UKC-IP for £10.295 million, to bring forward 12 projects with a total estimated value of £753.589 million, of which the total WMCA contribution was expected to be £123.493 million be approved.

24. MACC Homes Ltd.

Nick Oakley presented a report which sought approval to provide £2.350 million of senior and mezzanine debt via the Collective Investment Fund (CIF) to assist with the acquisition and subsequent development of a 10x open market houses and a care home in Sutton Coldfield. He advised that a further application would be submitted in due course to assist with the construction costs of the care home and on the current position with planning permission. The Board noted the risk associated with the planning position but was satisfied that the interests of the Fund would be protected sufficiently.

Resolved:

That approval be granted to £2.350 million of senior and mezzanine debt for the acquisition of the property by the Company subject to the conditions detailed in the report.

25. WMCA Collective Investment Fund (CIF) - Dashboard

Nick Oakley presented the Collective Investment Fund (CIF) Dashboard as at 15 August 2018.

The Chair suggested that the Officers investigate the use of information contained within the Dashboard to promote the work of the WMCA in investing in economic activity in the area. Sue Summers reported that an annual review of both the Collective Investment Fund and Brownfield Land and Property Development Fund had been compiled and would be available shortly. She undertook to ensure that this document was circulated to members of the Board.

Resolved:

1. That the Dashboard be received and noted;
2. That the Officers investigate using the information from the Collective Investment Fund (CIF) and Brownfield Land and Property Development Fund (BLPDF) Dashboards to promote the work of the WMCA in investing in economic development activity in the area;
3. That the annual review of both the Collective Investment Fund and Brownfield Land and Property Development Fund be circulated to this Board.

26. WMCA Brownfield Land and Property Development Fund (BLPDF) - Dashboard

Nick Oakley presented the Brownfield Land and Property Dashboard as at 15 August 2018.

Resolved:

That the Dashboard be received and noted.

The meeting ended at 10.26 am.

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Investment Board

Date	17 September 2018
Report title	Investment Programme Update
Portfolio Lead	Councillor Bob Sleight - Finance & Investments
Accountable Chief Executive	Deborah Cadman Email Deborah.Cadman@wmca.org.uk Tel 0121 214 7200
Accountable Employee	Sean Pearce Email Sean.Pearce@wmca.org.uk Tel 0121 214 7936
Report to be/has been considered by	Investment Board

Recommendation(s) for action or decision:

The West Midlands Combined Authority Investment Board is recommended to:

- 1 Note the status of the Investment Programme delivery as detailed within this report.
- 1 Purpose**
 - 1.1 The Investment Board agreed on 26 March 2018 to receive a monthly report on the status of the Investment Programme to help set the context for any investment decisions being made by the Board. This report fulfils that requirement.
- 2 Background**
 - 2.1 The Investment Board was established as part of the approvals process across the Investment Programme. The Investment Board was not originally set up to consider the progress being made across the Investment Programme as a whole. However, what has become clear is the need for the Investment Board and the West Midlands Combined Authority Board to consider appropriate information across funding, expenditure and approvals to support it in relation to its decision making process.
- 3 Investment Programme Assurance Summary**
 - 3.1 Previous reports to Investment Board have summarised the programmes which make up the £8 billion Investment Programme showing an analysis of the £2.026 billion intended to be generated by the West Midlands Combined Authority. A detailed analysis is available within the funding summary (Appendix 1).

- 3.2 Funding approvals to the value of £488.8 million have been through the assurance process by 31st August 2018. Costs incurred by projects against these funding commitment as at 31st July 2018 are £35.7m.
- 3.3 An analysis of the commitment profile for the full £2.026 billion is included within Appendix 4 with a forward plan of commitments expected to be made under the Assurance Process shown within Appendix 2.
- 3.4 Appendix 4 documents the value of approvals WMCA is able to make based on known and secure income streams. This shows that the current pipeline of approvals totals £954 million to 31st March 2020. The PMO team are working with the Finance team to consider how the forward plan of approvals align to secured income streams has now commenced and will be considered by Leaders in September.

4 Investment Programme Expenditure

- 4.1 The financial results for the Investment Programme run one month behind the normal reporting month due to the requirement to consolidate outputs across the metropolitan area. The July results are shown in Appendix 3.
- 4.2 The financial summary continues to highlight increased spend against the Wednesbury to Brierley Hill and Birmingham to Solihull Interchange Metro extensions. An exercise is ongoing via the Metro Delivery Board to review and verify the costs to completion for the Metro Programme and the results will be reported in due course. This will be reported back to the Investment Board through the delivery of the Business Case.
- 4.5 The cost to completion against UK Central Interchange remain red status due to the funding gap of circa £205m relating to the Birmingham International Station redevelopment project. Funding sources continue to be progressed by Solihull MBC/Urban Growth Company.
- 4.6 Appendix 4 details the commitments made against the Investment Programme which totalled £488.8m to the end of August 2018.

5 Investment Programme Assurance Framework

- 5.1 A comprehensive review of the existing governance and assurance framework for the Investment Programme is currently being concluded and is being considered by the Executive Team.

Update by the Head of Strategic Programme Delivery at Investment Board 17 September 2018

APPENDIX 1 : WMCA Investment Programme Funding Summary (as at 31st August 2018)

£000		WMCA	DfT	EZ	Private Sector	DfT Block Grants	TBC	Highways England	Network Rail	LGF	Private Leverage	LSTF / LGF / OLEV Additional Funding (Not Secure)	CIF	EU	HIF	Local Authority	Other	Grand Total
HS2 Growth Strategy	Coventry Centre First Package	51,000	5,000							25,148						10,922	1,545	93,615
	Coventry Very Light Rail	55,000								2,460								57,460
	Metro Centenary Square Extension	11,982		18,212	4,700					10,700							1,000	46,594
	Metro Edgbaston Extension	46,918	58,300							1,500								106,718
	Wolverhampton Metro Extension	27,400								13,500						40,900		81,800
	Bilston Road Track Replacement	15,986																15,986
	Sprint Programme	212,685	35,050		22,268					8,378						950		279,331
	Rail Programme	186,100							198,500							40,500		425,100
	UK Central Interchange	398,095					205,649							636		132	111	604,623
	UK Central Infrastructure	287,934			673,465			300,000								3,320	11,873	1,276,592
	Curzon			556,300														556,300
	Metro Birmingham Eastside Extension		129,260								7,940							137,200
	Midland Metro East Birmingham to Solihull Extension		492,000	183,300			59,700											735,000
HS2 Governance Team	3,032																	3,032
National College for High Speed Rail										7,012							18,497	25,509
Brierley Hill Metro Extension	103,000	207,000				33,200				400								343,600
High Speed Suply Chain and Business Support											350,000							350,000
SUB TOTAL HS2 GROWTH STRATEGY		1,399,131	926,610	757,812	700,433	-	298,549	300,000	198,500	77,038	350,000	-	-	636	-	96,724	33,026	5,138,459
Other Investment Programme Schemes	Coventry City Centre South	156,450	80,850		16,300			65,000		500					35,130		7,000	361,230
	Coventry North Package	21,600	68,800		52,500													142,900
	Coventry City Centre Regeneration	153,941			207,831													361,772
	Land Remediation Funds	200,000																200,000
	Business Innovation	50,000																50,000
	Employment, Education & Skills	20,000																20,000
	Commonwealth Games	25,000																25,000
	Collective Investment Vehicle												1,000,000					1,000,000
Devolved Transport Investment					429,000						870,000							1,299,000
EZ Expansion Excluding Curzon			20,000															20,000
Grand Total		2,026,121	1,076,260	777,812	977,065	429,000	298,549	365,000	198,500	77,538	350,000	870,000	1,000,000	636	35,130	96,724	40,026	8,618,361

APPENDIX 2: WMCA Investment Programme – Investment Board Forward Plan

Investment Board - Forward Plan		
2018		
July	20th August	17th September
	FBC - Cov UKC+ A46 Link Road p1 FBC A45 to Town Centre & UKC Hub Strategy Cycle Link	
22nd October	19th November	10th December
	Change Request - UKC Int. OBC HS2 Hybrid Act Change FBC - Cov UKC+ Coventry City Centre First	
2019		
21st January	18th February	18th March
OBC - Sprint A34 Walsall to Birmingham OBC - Sprint Birmingham to Airport OBC - Cov UKC+ Coventry South Interchange	OBC - Cov UKC+ Tile Hill Station Improvements OBC - Sprint Sutton to Birmingham FBC - Innovation CDIS FBC - UKC Int. HS2 Hybrid Act Change - Main Works Contract Outcomes FBC - UKC Inf. P2 Inclusive Growth Securing Social Value FBC - Metro BEE	OBC - Cov UKC+ Keresley Link Road FBC - Metro Wednesbury to Brierley Hill OBC - Metro EBS
15th April	May	3rd June
OBC - Cov UKC+ A46 Link Road p2	OBC - Cov UKC+ Coventry North	OBC - Sustainable Energy – Solihull Town Centre Low Carbon Heat Network FBC - UKC Int. OBC HS2 Hybrid Act Change
July	August	September
FBC - Rail Camp Hill Lines (p2) FBC - Rail Willenhall to Darlaston (p1)	FBC - Rail Sutton Coldfield Gateway FBC - UKC HS2 Int. Birmingham International OBC - UKC Inf. P1 Kingshurst Village Centre OBC - UKC Inf. P1 Accelerating Housing Delivery - Simon Digby OBC - Cov UKC+ A46 Link Road p3	
October	November	December
FBC - Brownfield Longbridge West		FBC - Sprint Birmingham to Airport OBC - Sprint Hall Green to Interchange OBC - Sprint Hagley Road P2 and Halesowen FBC - Sprint A34 Walsall to Birmingham FBC - Sprint Sutton to Birmingham

APPENDIX 3: WMCA Investment Programme Financial Summary

WMCA Investment Programme Financial Summary

Period Ending 31st July 2018

	2018 / 2019 YEAR TO DATE			2018 / 2019 FULL YEAR			COST TO COMPLETION					
	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR PERIOD SPEND	2018/19 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN	TOTAL BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
UK CENTRAL : HS2 INTERCHANGE	3,167	3,831	664	12,718	10,208	2,510	3,947	10,208	590,467	604,623	604,612	(11)
UK CENTRAL : HS2 INFRASTRUCTURE	879	4,219	3,340	13,425	14,024	(599)	2,155	14,024	1,260,414	1,276,592	1,277,603	1,011
CURZON STREET STATION MASTERPLAN	0	200	200	4,406	4,406	0	0	4,406	551,894	556,300	556,300	0
METRO BIRMINGHAM EASTSIDE	1,705	3,072	1,367	22,859	22,859	0	6,217	22,859	108,124	137,200	137,200	0
METRO BIRMINGHAM TO SOLIHULL INTERCHANGE	2,895	5,193	2,298	13,273	13,273	(0)	4,102	13,273	717,625	735,000	675,000	(60,000)
HS2 WIDER CONNECTIVITY PACKAGE	20,427	36,936	16,509	112,197	103,507	8,690	106,997	103,507	895,799	1,106,303	1,106,303	(0)
BRIERLEY HILL METRO EXTENSION	3,984	5,968	1,983	34,510	34,510	0	7,368	34,510	301,722	343,600	310,000	(33,600)
NATIONAL COLLEGE FOR HIGH SPEED RAIL	78	78	0	78	78	0	25,431	78	0	25,509	25,509	0
HS2 GROWTH STRATEGY PROGRAMME MANAGEMENT	81	80	(2)	239	243	(5)	615	243	2,174	3,032	3,032	(0)
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT	0	0	0	0	0	-	11,270	0	338,730	350,000	350,000	0
HS2 GROWTH STRATEGY TOTAL	33,216	59,577	26,361	213,706	203,109	10,597	168,102	203,109	4,766,949	5,138,160	5,045,559	(92,601)
COVENTRY UK CENTRAL PLUS CONNECTIVITY	763	1,481	718	8,922	7,782	1,140	2,341	7,782	494,007	504,130	504,130	0
COVENTRY CITY CENTRE REGENERATION	746	846	100	25,394	25,190	204	5,821	25,190	330,759	361,770	357,770	(4,000)
COLLECTIVE INVESTMENT VEHICLE	939	939	0	20,000	20,000	0	20,785	20,000	959,215	1,000,000	1,000,000	0
LAND RECLAMATION	0	0	0	20,000	27,394	(7,394)	0	27,394	172,606	200,000	200,000	1
COMMONWEALTH GAMES	0	0	0	0	0	0	0	0	25,000	25,000	25,000	0
DEVOLVED TRANSPORT INVESTMENT	0	0	0	0	0	0	0	0	1,299,000	1,299,000	1,299,000	0
EZ EXPANSION EXCLUDING CURZON	0	0	0	0	0	0	0	0	20,000	20,000	20,000	0
EMPLOYMENT EDUCATION & SKILLS	0	0	0	2,000	2,000	0	0	2,000	18,000	20,000	20,000	0
BUSINESS INNOVATION	0	0	0	5,000	5,000	0	25	5,000	44,975	50,000	50,000	0
OTHER INVESTMENT PROGRAMME SCHEMES	2,448	3,266	818	81,316	87,366	(6,050)	28,972	87,366	3,363,562	3,479,899	3,475,900	(4,000)
GRAND TOTAL	35,664	62,843	27,179	295,022	290,474	4,547	197,073	290,474	8,130,511	8,618,059	8,521,459	(96,600)

The financial results for July are shown above.

The financial summary continues to highlight increased spend against the Wednesbury to Brierley Hill and Birmingham to Solihull Interchange Metro extensions. An exercise is ongoing via the Metro Delivery Board to review and verify the costs to completion for the Metro Programme and the results will be reported in due course.

The cost to completion against UK Central Interchange remains red due to the funding gap of c.£205m relating to the Birmingham International Station redevelopment project. Funding sources are being progressed by UGC.

For 2018/19, the YTD spend to July is £27.2m behind budget. This is comprised of £16.5m relating to the HS2 Connectivity Programme with the key projects making up this variance being as follows: Metro Extensions for Edgbaston (£3.7m), Wolverhampton (£2.8m) and Centenary Square (£1.8m); Coventry Station Masterplan (£4.7m) and VLR (£2.7m); and SPRINT Hagley Road (£0.9m).

The remaining YTD underspend is primarily comprised of Metro projects as follows: Birmingham Eastside (£1.4m); East Birmingham to Solihull (£2.3m); and Wednesbury to Brierley Hill (£2.0m), and an under spend against HS2 infrastructure of £3.3m.

The 2018/19 full year forecast underspend of £10.6m for the HS2 Growth Strategy relates primarily to the Coventry VLR, Coventry City Centre First and HS2 Interchange.

The other major full year variance to forecast is an over spend regarding Land Reclamation (£7.4m) relating to the timing of grant payments given the pipeline approved in 2017/18 currently awaiting developments progressing and contracts to be prepared.

Appendix 4 : Investment Programme Commitment Profile (as at 31st August 2018)

£m	Committed	2018 / 2019			2019 / 20				2020/21	2021/22	2022/23	2023/24	2024/25	Post 2025	TOTAL
		Q2	Q3	Q4	Q1	Q2	Q3	Q4							
UKC Interchange	29.8			0.2				175.3	141.2		10.0	41.0		0.6	398.0
UKC Infrastructure	12.1		14.3	3.5	0.0	0.2	0.8	4.8	217.0					35.4	288.0
HS2 Connectivity (Sprint)	4.1		23.5				44.4	14.5	34.8	60.6	30.7				212.7
HS2 Connectivity (Metro)	102.3														102.3
HS2 Connectivity (Rail)	4.0		0.2	2.7		0.5	2.3	25.2	46.4					104.8	186.1
HS2 Connectivity (City Centre First incl. CSMP)	39.4	0.6		11.0											51.0
HS2 Connectivity (Coventry VLR)	12.2							9.0	33.8						55.0
HS2 Programme Governance	0.7			2.3											3.0
Wednesbury Brierley Hill Metro				103.0											103.0
SUB TOTAL INVESTMENT PROGRAMME	204.5	0.6	38.0	122.7	0.0	0.7	47.5	228.7	473.2	60.6	40.7	41.0		140.8	1399.1
Coventry North	0.2							0.4		21.0					21.6
Coventry South	0.8	6.6	0.6			0.5	0.7	6.5	44.2			46.7		50.0	156.5
Coventry Regeneration	154.0														154.0
Land Remediation	103.0										97.0				200.0
Business Innovation	0.5			0.5		3.8			11.4	12.9	11.4			9.6	50.0
Employment Education & Skills	0.8							7.0	8.0	4.2					20.0
Commonwealth Games	25.0														25.0
OTHER INVESTMENT PROGRAMME	284.3	6.6	0.6	0.5		4.3	0.7	13.9	63.6	38.1	108.3	46.7		59.6	627.0

Approval commitment profile based on July 2018 returns from Fiancne Directors

CUMULATIVE APPROVALS	488.8	496.0	534.6	657.8	657.8	662.7	710.9	953.5	1490.4	1589.0	1738.1	1825.8	1825.8	2026.1
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Commitments can be made up to £766m from Devolution Deal Grant which is assumed to be secure for 30 years.

Commitments can be made up to £916m subject to WMCA securing the Precept from April 2019. Currently forecast to exceed £916m during February 2019

Any commitments in excess of £916m cannot be made until the Business Rates Supplement / Business Rates Growth is secure, expected to be around April 2020. As such approximately £140m of Commitments made need to be rescheduled from Q4 2019/20 to Q1 2020.

Enhanced Assurance Framework Update

Investment Board 17 September 2018

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Sukhy Dhanoa
Head of Strategic Programme Delivery

Agenda Item 7

Delivering inclusive growth

Investment Programme Governance Audit 2017 – Key Outputs

- Clear demonstration and documentary evidence of the appraisal process undertaken for each project was not in place as part of providing overall assurance for the progression and delivery of the Investment Programme.
- Roles and responsibilities for the Technical Appraisal Panel needed to be clearly defined and a responsible officer (accountable for appraisal and its sign-off) assigned.
- Formalised mechanisms for initiation of projects into the Investment Programme and a selection and prioritisation process (proportionate to the overall approval of programmes within the Devolution Deal) for submitted individual projects had yet to be established.
- Suitable mechanisms for undertaking individual project appraisal, scoring and evaluation, due diligence activities and use of Dynamic Economic Impact Model data had not fully been established or utilised. Current processes did not reflect major project appraisal best practice.
- Mechanisms for tracking and progressing projects and associated recommendations for approval from lower levels of governance through to higher levels of governance with clarity and consistency required significant development.
- Local assurance was not always documented or confirmed by the Technical Appraisal Panel as having been obtained by the project sponsor per their own organisation's governance arrangements, prior to submission of a project to the Investment Programme and endorsement to progress.
- Although the Strategic Economic Plan Board had been incorporated into the governance arrangements, its role was yet to be clearly defined regarding its remit to review strategic alignment and reporting of outcomes to the Combined Authority, as well as involvement at different stages rather than only at Strategic Business Case stage.
- Whilst recognising projects have not yet reached delivery stage and the requirement to submit monitoring data has been mandated within funding agreements, monitoring and evaluation plans required to be submitted by the project sponsor at Full Business Case stage were not currently reviewed as part of the appraisal process to ensure fit for purpose going forward.



Arcadis

Drivers for Appointing Arcadis

- Outcome of Investment Programme Audit – Summer 2017
- Requirement to progress Benefits Management in the absence a permanent appointed Benefits Manager to PMO
- Capacity & capability within current PMO Team

Scope

Phase 1	Key Activities	Outputs
Benefits Management 2015	Identification and socialisation of Vision and Strategy Goals (VSGs)	Draft Vision and Strategic Goals
	Develop initial working draft of Benefits Register	
Investment Control & Assurance	Current Assurance Framework review	Portfolio & Programme objectives and design principles agreed
	Focus interviews with key WMCA stakeholders	
	Framework objectives and design principles development	

Phase 2	Key Activities	Outputs
Benefits Management	Socialising and refining draft Benefits Register	As is Benefits Commitment Register (defined in proposal as Benefits Register)
	Develop and refine Benefits Map	
Investment Control & Assurance	Strengthen and improve Assurance Framework	Portfolio, Programme & Project Governance Framework & Assurance
	Develop Programme and Portfolio governance and assurance	

Arcadis Recommendations

- Simplify Investment Programme engagement common principals, evaluate control and assurance options and standardise terminologies
- Propose organisational structure, PMO target operational model and role of Corporate Assurance
- Introduce clear Investment Programme engagement model that simplifies relationship between combined authority and delivery partners with clear expectations, support mechanism, roles and responsibilities
- Define control and assurance measures for business cases using the 'Five case business framework' for well documented and evidence based evaluation approach. Embed assessment and 'value management planning' within business cases for robust financial risk management and contingency planning
- Define tactical, regional and strategic programme reporting mechanism and dashboards

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Progress

- Last update to Investment Board May 2018
- Vision, Strategies & Goals (VSG's) refined and submitted by Arcadis along with an 'As is Benefits Register'. All benefits are mapped to a Strategic Objective
- Completed the comprehensive review of the existing governance and assurance framework for the Investment Programme
- Produced Framework objectives and design principles
- Enhanced approach and methodology for governance and assurance of the Investment Programme . The enhancements build and expand on the existing assurance framework and are based on HMT Green Book Guide, DfT Standards, WebTAG and Five Case Framework
- PMO produced a plan of activities to implement the changes required as part of the enhanced framework (see following slide)
- New Head of Strategic Programme Delivery appointed July 2018 – Responsible for delivering Enhanced Assurance Framework

Enhanced Assurance Framework – Key Activities

Activities	Duration (Weeks) *	Effort (Man Days)**
Governance Review	12	12
Business Case Template Development & Approval	17	26
Business Case Appraisal Development & Approval	18	11
Stakeholder Engagement, Communication & Training	20	12
Process Documentation Development/Update & Approvals	19	27.6
Management Information Development	7	10
Monitoring & Evaluation Development & Approval	5	40
Assurance Framework Update and Approval	10	10
PMO Operating Manual – Inc. PMO T.O.M	5	10

(Start dependent on completion of prioritisation exercise)

* Dependent on availability of key personnel and consideration of approval timescales (where applicable)

** Based on PMO resource only at this stage. WMCA SMEs/Resources will need to be engaged and provide specialist input

Elapsed Man Days effort

Benefits of Revised Assurance Framework

- Provides simplicity and clarity to Assurance Framework
- Strengthen compliance, appraisal and assurance arrangements
- Clear and easy to follow set of documentation setting out proposed WMCA Investment Programme Governance and Assurance
- Clarity on roles & responsibilities of delivery organisation
- Accountable and transparent decision making
- Clarity on business case development and what is required from business partners at each stage of the development lifecycle
- Investment Programme Assurance Process that can be used as the foundation for Assurance across WMCA i.e. Housing, Skills & Productivity & TfWM
- Provide WMCA with 'Portfolio' level overview provided by current PMO working at a Portfolio level
- Consistent use of P3M terminology

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Investment Board - Improvements

1. Improved quality of reporting on Investment Programme - additional information will include:
 - Overview of Investment Portfolio
 - Increased visibility on Portfolio risks
 - Milestone schedule:
 - Forecast plan for SOC/OBC/FBD
 - Delivery plan
 - Increased focus on Benefit Management:
 - Benefit Realisation Plan
 - Progress Report
2. Revised Assurance model based on the latest HMT Green Book approach:
 - Clarity on Business Case development
 - Increased scrutiny by WMCA PMO
 - Increased quality of Business Cases to be reviewed by the Investment Board
3. Robust Portfolio Change Process :
 - Structured approach for managing change to the Investment Portfolio
 - Maintain and manage a well “balanced” portfolio

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Investment Board Support

- Commitment to an Enhanced Assurance Framework for the Investment Programme
- Socialise/promote within own organisations
- Approval of Enhanced Assurance Framework for Investment Programme
- Provide feedback/share best practice

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Final Slide

wmca.org.uk

WMCA Collective Investment Fund (CIF)

Dashboard as of 15th September 2018

Private and Confidential

Contents

Page 1 - Investments committed

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WMCA CIF - Investments committed and completed funds

Ref	Industry	Jobs Created	Commercial Space - sq ft	Local Authority
OP1	Industrial Units/Logistics - Commercial space in Cannock	425	283,185	Cannock Chase DC
BD1	Industrial Unit - Commercial space in Perry Barr	75	48,000	Birmingham CC
GE1	SME Industrial Units - Commercial space in Wolverhampton	135	69,025	W'hampton CC
CD1	Mixed use scheme in Coventry on Brownfield land	200	60,000	Coventry CC
CD2	Commercial Units	180	83,500	Coventry CC
CW1	Mixed use scheme in Walsall	130	35,400	Walsall DC
BD2	Industrial unit in Coventry	275	82,000	Coventry CC
BD2	Commercial space in Wolverhampton	80	60,000	Birmingham CC
CM1	Mixed use scheme - leisure/ retail scheme in Sheldon	230	45,140	Birmingham CC

WMCA Brownfield Land and Property Development Fund (BLPDF)

Dashboard as of 15th September 2018

Private and Confidential

Contents

Page 1 - Investments committed

Page 2 - Dashboard

WMCA BLPDF - Investments committed and completed funds

Ref	Industry	Jobs Created	Houses created	Local Authority
TW1	House building programme	120	300	Telford & Wrekin Council
BCC1	Housing	43	263	Birmingham CC
AJM1	Industrial	350	0	Birmingham CC
OP1	Industrial	143	0	Sandwell
CG1	Housing	125	1,226	Birmingham CC
	Housing	88	52	Walsall C



Investment Board

Date	17 September 2018
Report title	Chelmsley Wood Town Centre – Revised timescale request for the submission of the outline business case for Chelmsley Wood Town centre (CWTC) to allow consultation alignment with Metro and the ‘in principle’ approval of a strategic acquisition budget.
Portfolio Lead	Councillor Bob Sleight – Finance and Investments
Accountable Chief Executive	Nick Page, Solihull Metropolitan Borough Council Email: npage@solihull.gov.uk Tel: 0121 704 6018
Accountable Employee	David Harris, Head of Strategic Land and Property Email: david.harris@solihull.gov.uk Tel: 0121 704 6437
Report to be/has been considered by	WMCA PMO office 15/08/19 – Leadership Board

1.0 Purpose

1.1 Approve:

- (1) The revised timescales for the submission of the Outline Business Case to allow consultation on the masterplan to be aligned with Metro;
- (2) Agreement in principle for bringing forward of £2.5m of Devolution Deal funding from the UKC Infrastructure Package requested ahead of Full Business Case to enable the early acquisition of property in Chelmsley Wood Town Centre. The in principle decision is subject to:
 - a. the red book valuation being provided prior to completion of any acquisition; and

- b. a longstop date to be agreed with the WMCA Director of Housing and Regeneration beyond which, should the purchase not be concluded, then the allocation reverting back to approval in an FBC.
- (3) That delegated authority be granted to the WMCA Director of Housing and Regeneration to conclude the commercial arrangements with Solihull Metropolitan Borough Council in relation to securing appropriate interest in the land and future venture capture for the WMCA.

2.0 Background

- 2.1 As part of Solihull MBC's Strategic Outline Case, Phase 1, approved in October 2017, the development of a masterplan for CWTC was supported by the Combined Authority.
- 2.2 Crucially, in the context of future economic growth CWTC is strategically located at the heart of the North Solihull regeneration area, sitting between Birmingham City Centre and the key employment sites around the HS2 interchange site and the NEC, and also on the planned Metro route. A key objective of the masterplan will be the maximisation of wider infrastructure investment for the benefit of this important town centre.
- 2.3 The concept behind the regeneration of Chelmsley Wood town centre supports the WMCA Strategic Economic Plan in 3 areas:
- 2.3.1 Geographically Chelmsley Wood is ideally located to enhance connectivity within the area and exploiting the strengths of the UK Central growth corridor through Birmingham, Solihull and Coventry.
 - 2.3.2 Directly relates to the strategic objectives for housing helping to accelerate the housing market to support economic growth and to provide a better range and more sustainable mix of homes for sale and rent across the area, including attracting a greater proportion of higher income households with the skills to drive a knowledge-led economy to live in the area.
 - 2.3.3 This brownfield development, will also support office accommodation, retail and leisure improving the environment and quality of life for the community.
- 2.4 As part of the masterplanning, the Council has appointed consultants, BDP Architects, supported by their specialist viability consultants JLL, quantity surveyors Mace, and movement and transportation consultants Systra to deliver a masterplan.
- 2.5 The masterplan is being undertaken to allow the Council to understand the constraints, issues and opportunities that have a bearing on the future of CWTC. It is intended to be an ambitious and aspirational scheme that maximises future economic growth for the benefit of the local community.
- 2.6 The core of CWTC is bounded by three roads and a river. Within that area the majority of the land is currently owned and managed by Ellandi who operate the retail centre. Appendix 1 shows the land ownerships with that owned by Ellandi in pink. The masterplan is being developed in close partnership with Ellandi.
- 2.7 As part of Solihull MBC's Strategic Outline Case, Phase 1, approved in October 2017, the development of a masterplan for CWTC was supported by the Combined Authority.

- 2.8 Since that time, the Council has appointed consultants, BDP Architects, supported by their specialist viability consultants JLL, quantity surveyors Mace, and movement and transportation consultants Systra to deliver a masterplan.
- 2.9 The masterplan is being undertaken to allow the Council to understand the constraints, issues and opportunities that have a bearing on the future of CWTC. It is intended to be an ambitious and aspirational scheme that maximises future economic growth for the benefit of the local community.
- 2.10 The core of CWTC is bounded by three roads and a river. Within that area the majority of the land is currently owned and managed by Ellandi who operate the retail centre. Appendix 1 shows the land ownerships with that owned by Ellandi in pink. The masterplan is being developed in close partnership with Ellandi.

Masterplan – Progress and Draft Options

- 2.11 The masterplan for CWTC has been developed to the point where the Council are considering three draft options. Each option represents a different level of intervention – low, medium and high – whereby the options could be considered phases of the same development. The draft options are shown in appendix 2.
- 2.12 A key opportunity area at CWTC which is common to each of the 3 options is the north-west quadrant which currently contains the police station (green in appendix 1 plan), job centre (blue with red hatching), BT exchange / former postal sorting office (yellow) and former library site (blue). With Metro proposed to run along Chelmsley Road to the north of the site, the northern area becomes the key gateway to the town centre and this quadrant will be critical to the development of any successful scheme and the realisation of wider regeneration objectives.
- 2.13 In order to deliver any development on the north-west quadrant it will be necessary to consolidate land ownership. The key parcels are as follows:
- a. Former library site - owned by SMBC and as such is within our control. Currently vacant and used for informal parking.
 - b. Police station is owned by WM Police – but is understood to be too large for their existing need and also in need of some repairs.
 - c. Job centre – long leasehold owned by Telereal Trillium with DWP occupying the building on a 10 year lease.
 - d. BT site – following discussions with BT the telephone exchange is understood to be a constraint and will need to remain for the foreseeable future. The former postal sorting office (which occupies the northern half of the plot owned by BT) is currently vacant and there may be an opportunity to acquire it separately (although no discussions have yet taken place).

3.0 Slippage request for submission of outline business case to allow consultation alignment with Metro

- 3.1 As noted above, a key catalyst for change at Chelmsley Wood Town Centre will be the Metro link between Birmingham City Centre and the Airport / NEC / HS2 Interchange

whilst integration of a Metro stop and maximisation of the associated benefits are two objectives of the masterplan process.

- 3.2 When the masterplan was put out to tender in late 2017 it was envisaged that Metro route publication and consultation would have commenced in Spring 2018 and to align with this consultation on the Chelmsley Wood masterplan was planned for Summer 2018 – initially in May/June with detailed consultation in July.
- 3.3 There have been some delays to the Metro development programme and as a consequence the initial publication and consultation is now scheduled for September 2018. Due to this delay engagement on the Chelmsley Wood Masterplan did not take place as planned in May/June and will not take place in July due to concerns around (1) distraction from town centre proposals – which could reduce quality of consultation, and (2) blight.
- 3.4 In order to address the above it is proposed to partially pause work on the Chelmsley Wood masterplan by delaying the consultation element until after the initial Metro publication and consultation has taken place. This will delay the submission of an OBC from June 2019 to March 2020.

4 CWTC acquisitions budget

- 4.1 The regeneration of Chelmsley Wood Town Centre is a key objective in itself, with Metro forming part of the wider masterplan that incorporates residential, retail, offices, leisure and community uses, together with infrastructure, public realm and landscaping improvements.
- 4.2 Ongoing evolution of this Masterplan has identified the Jobcentre as a key potential redevelopment site, providing an opportunity to deliver a range of growth and development options, which could include, for example, mixed-use retail, leisure, or food and beverage options at ground floor level, with residential apartments above. The site is also key to delivering public realm and connectivity improvements across the east-west axis of the Town Centre. Further detail on the preferred option for the future use of the site will be contained in the final version of the Masterplan.
- 4.3 Development appraisals prepared as part of the Masterplanning process currently show a significant financial viability gap that will need to be closed in order to bring forward the strategic aspirations of the Masterplan, especially in the short to medium term.
- 4.4 The Council is exploring a range of potential funding options to enhance the viability of the scheme, which could include a combination of private sector investment, the Council leveraging of its existing assets, WMCA funding and de-risking development through early Strategic Acquisitions
- 4.5 Solihull MBC has recently been approached by agents appointed by Telereal Trillium to market the Jobcentre for sale, who have enquired whether the Council would be interested in purchasing the property. The Council's preferred option would be for such an acquisition to proceed, in order to secure the availability of the asset for future redevelopment purposes, subject to vacant possession, in accordance with the emerging Chelmsley Wood Town Centre Masterplan.

- 4.6 This is a time limited opportunity ending in mid September 2018 to negotiate and agree terms with the Landlord Telereal Trillium, a solus transaction with the Council as freeholder. If terms have not been agreed, the Landlords agents have been instructed to offer the opportunity to the wider investment market. The Council has provisionally agreed with the Landlord to proceed, subject to funding from the WMCA: this agreement was made to protect against interest from other buyers being progress (we understand from the agent that there are likely to be a number of interested parties)
- 4.7 The strategic acquisition of Chelmsley Wood Jobcentre Plus would therefore represent a direct intervention into the Chelmsley Wood Town Centre Masterplan area, complementing the Council's existing land ownership assets in the area and helping to support the future delivery of the emerging Masterplan. Subject to the preferred option for the future use of the site to be detailed in the final version of the Masterplan, the acquisition of the property represents an opportunity to deliver a range of growth and development options, including residential apartments, together with employment uses such as mixed-use retail, leisure, cafés and restaurants which directly support the WMCA Strategic Economic Plan (SEP). It would also help to accelerate the delivery of the Masterplan by reducing the risk of the Council needing to use compulsory purchase powers in the future and the timescales associated with such a process.
- 4.8 In addition to supporting the WMCA's SEP there are a number of compelling strategic reasons why the acquisition of the job centre should be undertaken:
- a. It is an enabling an enabling acquisition in a strategically important area of the site which is vital to each masterplan option being considered.
 - b. There is a strategic rationale for acquiring the site ahead of Metro investment to ensure that Metro, and other forms of public transport, are properly integrated into a key town centre.
 - c. It will increase the quantum of publically owned land in the centre thereby also increasing the control and influence.
- 4.9 Should the property not be acquired the impact of the Job Centre going on the open market is:
- a. The Councils wider redevelopment scheme being unable to go ahead as it removes any leverage there maybe to fulfil the One Public Estate agenda associated with co-locating the Department of Work and Pensions with Council Services in a centralised and efficient public facing solution.
 - b. Delay in bringing forward any development within the north western quarter of the CWTC site.
 - c. There is currently no scheme in place for a Compulsory Purchase Order and, in order to bring forward a regeneration scheme in this situation, a CPO would be required. This will not only delay the delivery of the emerging Masterplan (as a whole host of preparatory work and legal process will be necessary before the Council can make any sort of delivery impact on site) but also widen the viability gap – increasing the overall cost of the development and reducing its potentially transformational benefits for the Town Centre due to Ellandi's increased level of control (as majority land owner) over the final design and commercial delivery strategy for the scheme.

- 4.10 The asking price for the property is £2,141,854, plus there will be purchaser's costs of 6.8% to cover fees and stamp duty land tax of up to £150,000. Negotiations will take place with the owners to provisionally agree a purchase price that represents best value to the Council, and which will be supported by a Red Book valuation to be prepared by the Council's Strategic Land Advisors.
- 4.11 It should be noted that the asking price is based on continued rental income at the current level under the lease and which in practice cannot be maintained longer term as it is based upon the current landowner's market valuation of the asset, having regard to a continued rental income for the duration of the 10 year term and the application of an appropriate investment yield.
- 4.12 Due to ongoing changes in the DWP's corporate estate strategy, the Council considers that there is a significantly greater risk of DWP activating their break option on the fifth anniversary, which would result in the loss of the rental income. At that point, the building would be functionally obsolete and unlikely to be re-lettable in the current market to a tenant of acceptable covenant strength (or at least, not without a significant rent reduction), at which point it is likely that instead the building would be demolished and the site redeveloped in accordance with the emerging CWTC Masterplan
- 4.13 With point 4.10 in mind, the Council is negotiating a significantly lower price and have put forward an initial offer of £1.5m. Following further negotiations with the landowner's agent, the Council can confirm that an agreement for the acquisition of the property is now likely to be settled at a figure in the region of £1.8m, exclusive of costs. The Council is in the process of commissioning a formal Red Book valuation to support this figure.
- 4.14 In addition to the purchase price, the Council will be liable for costs including Stamp Duty Land Tax, agent's fees, Red Book valuation fee, and legal fees. These are estimated in the region of £150,000 in total

4.15 Options for acquiring the property

- 4.16 The use of Solihull MBC funding the acquisition through the Capital Programme, Prudential Borrowing or Reserves is unlikely as available capital funding is unlikely to be sufficient to cover the estimated land values, so it is likely to draw down PWLB prudential borrowing. This is dependent on there being sufficient revenue budget available to fund the loan repayments. For the Council to pursue this option, it would be necessary to ring-fence the DWP income stream for the full ten year term of their existing tenancy which expires in 2028.
- 4.17 This requirement is overshadowed by the risk that the DWP may not remain in the property for the full lease term, as DWP's sublease is subject to a tenant-only break clause on the 5th anniversary. Should DWP exercise their break right, the Council would be in a position where a new tenant would be required for at least a further five years assuming that the same rent could be achieved.
- 4.18 The reality is, however, that the building is considered to be functionally obsolete and unlikely to be re-lettable in the current market to a tenant of acceptable covenant strength

at a rent close to the current level without a significant void period being incurred and a substantial incentive package being offered.

- 4.19 This funding method acts as a significant disincentive to the Council bringing forward the demolition and redevelopment of the site as an early phase of the Masterplan, contrary to its emerging priorities. Additionally, this funding option would result in a potential ten year delay to the scheme, further affecting its viability and increasing the stranglehold on proposals currently enjoyed by the owners of the Shopping Centre.
- 4.20 It is the Council's view that the Business Case for this option is therefore not viable due to being contrary to both the Masterplan and One Public Estate objectives which encourage co-location into shared accommodation in the Town Centre, thus acting as a catalyst to the redevelopment and ultimate regeneration of Chelmsley Wood Town Centre.

5 Wider WMCA Implications

- 5.1 The acquisition of the property is seen as a key to support the delivery of the WMCA Strategic Economic Plan as detailed in point 2.3 .
- 5.2 Delivery of UKC-IP and this project in particular will result in improved access to employment, business and services; reduced congestion, enhanced journey time reliability, increased cycle usage and walking; an enhanced local environment, and will enhance the attractiveness of UK Central Solihull, and the WMCA area as a whole, as a place to invest.
- 5.3 This will contribute to improving regional GVA and productivity, whilst enhancing Solihull's productivity and economic growth; improving competitiveness through energy and resource efficiency; improving the connectivity of people and business to jobs and markets; a greater and broader range of homes; improved life chances, and improved health and wellbeing of communities.

6 Progress, options, discussion, etc.

- 6.1 This report reflects feedback and guidance from the WMCA PMO and the Leadership Board.

7 Financial implications

- 7.1 In the event of the Council acquiring the property using a WMCA grant a revenue budget will be necessary to maintain the Council's interests once acquired, including carrying out the landlord's estate management responsibilities under the terms of the lease. It is also anticipated that within this budget it will be necessary to establish a fund sufficient to cover all liabilities relating to the building (prior to demolition) at the point the tenant vacates. It is anticipated the Council will negotiate with the tenant to vacate well in advance of lease expiry in order to enable the wider development of the site in accordance with the emerging Masterplan.
- 7.2 In order to provide a reasonable degree of contingency, it is proposed that WMCA approve the acquisition budget of up to £2.5m of funding to Solihull Council pursuant to the existing SOC Phase 1. It should be noted that full cost recovery by the Council of the purchase

price and all additional taxes and fees associated therewith will be subject to presentation by the Council of appropriate evidence of actual expenditure incurred.

8 Legal implications

- 8.1 Provision of funding will be subject to Solihull Council providing appropriate evidence of actual expenditure incurred.
- 8.2 It will be necessary for Solihull Council to enter into a contract with the current owner of the Jobcentre for the sale and purchase of the long leasehold red book in the property on the agreed final terms. It is anticipated that the lease will be surrendered and merged in the Council's freehold reversion upon legal completion, meaning that the Council will become the direct landlord of DWP. Solihull Council's Cabinet have confirmed their approval of the acquisition in principle, subject to the final terms being signed off by the Director of Resources and Deputy Chief Executive, acting in consultation with the Cabinet Member for Managed Growth.

9 Equalities implications

- 9.1 There are no equality implications at this stage as a specific design or development scheme is still to be finalised. There are, however, clear equality benefits in providing good quality, modern, well-designed Town Centres for local people. Any specific equality issues identified during the design, development and public consultation process will be taken into account as the scheme evolves.

10 Other implications

- 10.1 None identified.

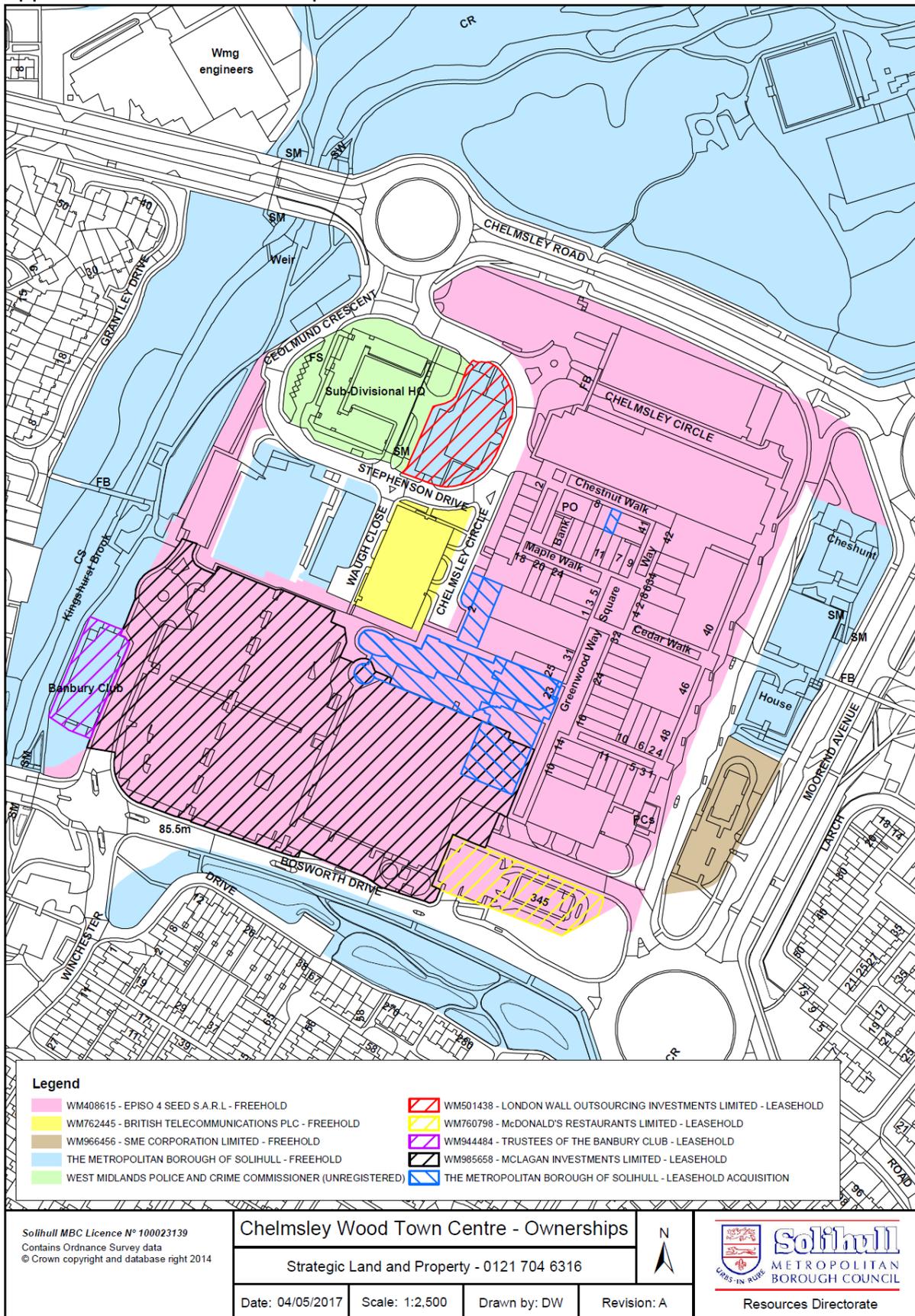
11 Schedule of background papers

- 11.1 SOC Phase 1 – Solihull MBC

12 Appendices

- Appendix 1: Land ownership
- Appendix 2: Draft options
- Appendix 3: Property Details

Appendix 1 – Land ownership



Appendix 2 – Draft options



Figure 4.1: Option 1



Figure 4.3: Option 2A



Figure 4.7: Option 3

Appendix 3 – Property details

- 1.1 Chelmsley Wood Jobcentre Plus comprises a two storey purpose-built office building of traditional facing brickwork construction under a pitched tiled roof, located at 1 Chelmsley Circle, Chelmsley Wood. The property was erected in 1991 and provides ca. 11,000 sq ft (1,030 sq m) of office accommodation together with 24 car parking spaces.
- 1.2 The land upon which the building stands has an area of ca. 0.6 acres and is in the freehold ownership of Solihull MBC, but was leased to the Secretary of State for a term of 125 years from March 1990 at a peppercorn rent, to enable the original development of the Jobcentre to proceed. There are therefore 97 years remaining unexpired on the ground lease. A location plan is attached at Appendix A.
- 1.3 As part of a central government reorganisation and outsourcing process, in December 2004 the ground lease was assigned to Telereal Trillium, the government's PFI partner for Department for Work and Pensions (DWP) assets. In November 2014 the asset was subsequently assigned to the current tenant, London Wall Outsourcing Investments Limited, a group company of Telereal Trillium.
- 1.4 Although the building is assumed to have been maintained to a satisfactory standard over the last 27 years by Telereal Trillium, the design and specification is considered to be somewhat dated for office accommodation and is unlikely to be attractive to future tenants in the long-term. Significantly, however, the property is centrally located in Chelmsley Wood Town Centre, immediately adjacent to the Police Station and opposite the Shopping Centre and the former library site (also in the ownership of the Council).
- 1.5 As a result, the Jobcentre is considered to be at the heart of the emerging Chelmsley Wood Town Centre Masterplan, the preparation of which is well underway by the Council's appointed consultants, BDP Architects, supported by their specialist viability consultants JLL, quantity surveyors Mace, and movement and transportation consultants Systra. This Masterplan is being delivered with WMCA funding approved as part of the SOC Phase 1.

The ongoing evolution of this Masterplan has identified the Jobcentre as a key potential redevelopment site, providing an opportunity to deliver a range of growth and development options, which could include, for example, mixed-use retail, leisure, or food and beverage options at ground floor level, with residential apartments above. The site is also key to delivering public realm and connectivity improvements across the east-west axis of the Town Centre. Further detail on the preferred option for the future use of the site will be contained in the final version of the Masterplan

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WMCA Investment Programme Change Request Form

Part A – To be completed by Project Manager

Programme: UK Central Infrastructure Package	Project Name: Chelmsley Wood Town Centre	Finance Code: UK Central Infrastructure Package (31105)
Change Reference Number: INVCR013	Raised By: Liz Grove	Date Raised: 5 th July 2018

Baselined Tolerance Level for the Project (captured in the Business Case)		
Cost Tolerance	Time Tolerance	Scope Tolerance
N/A	N/A	N/A

Change Description
<p>Change Title:</p> <p>Chelmsley Wood Town Centre – Revised timescales for the submission of the outline business case for Chelmsley Wood town centre (CWTC) to allow alignment with Metro consultation and approval of a Strategic Acquisition budget.</p>
<p>Change Description:</p> <p>1. <u>Slippage of outline business case milestone to allow consultation alignment with Metro.</u></p> <p>A key catalyst for change at Chelmsley Wood Town Centre will be the Metro link between Birmingham City Centre and the Airport / NEC / HS2 Interchange which is planned to run immediately adjacent to the main shopping area.</p> <p>Through SOC Phase 1, the WMCA has funded the development of a masterplan for CWTC. Key objectives of the masterplan are to ensure full integration with the metro and maximise the regenerative benefits it will bring. When the masterplan was put out to tender in late 2017 it was understood that the Metro route would have been published and consultation would have commenced in Spring 2018. The aim was to consult on draft masterplan options following the metro consultation, to ensure they were sequenced in the correct way, and therefore consultation was</p>



planned for Summer 2018 – initially in May/June with detailed consultation in July.

There have been some delays to the Metro development programme and as a consequence the initial publication and consultation on metro is now not scheduled to take place until Autumn 2018. As a result, we need to postpone the consultation on the CWTC Masterplan after the initial Metro publication and consultation has taken place.

2. Strategic acquisition budget

The acceleration of up to £2.5m of funding to Solihull Metropolitan Borough Council to support the strategic acquisition of a property in Chelmsley Wood Town Centre in accordance with the emerging Chelmsley Wood Town Centre Masterplan.

Solihull MBC has recently been approached by agents appointed by Telereal Trillium to market the Jobcentre for sale, who have enquired whether the Council would be interested in purchasing the property. This is in a critical location, close to the proposed metro route. The Council’s preferred option would be for such an acquisition to proceed, in order to secure the availability of the asset for future redevelopment purposes, subject to vacant possession.

Initial WMCA funding was secured for Chelmsley Wood Town Centre under SOC Phase 1, and the £2.5m strategic acquisition budget is a further request against SOC Phase 1. These requests are within the £288m Devolution Deal. If the Council were unable to proceed with the acquisition the Council would need to work with the existing or future owners of the asset to bring forward the development of the site in accordance with the preferred Masterplan option. Whilst this could potentially be possible, the Council would have little control over the process and there is no certainty that the owners would be prepared to negotiate. In that case, it could become necessary for the Council to consider exercising its compulsory purchase powers should it prove essential to secure the redevelopment of the site to deliver the Masterplan objectives. This would add cost and significant delays to the project

Part B – To be completed by Project Manager / Stakeholders

Impact Assessment
Impact on Project Justification/Business Case
<p><u>Slippage of CWTC Masterplan</u></p> <p>Whilst it is possible to continue with the production of the masterplan according to original timescales this would produce a compromised masterplan, as it would not fully align with the emerging metro proposals. There is no significant negative impact from postponing the work until after the metro proposals have been made public.</p> <p><u>Strategic Acquisition</u></p> <p>The strategic acquisition of Chelmsley Wood Jobcentre Plus would represent a direct intervention into the Chelmsley Wood Town Centre Masterplan area, complementing the Council’s existing</p>



land ownership in the area and helping to support the future delivery of the emerging Masterplan which in turn is critical to the regeneration of this important local centre.

Whilst work continues to refine the masterplan options, the baseline and early design work undertaken to date have highlighted the north west quadrant, where the job centre is located, as being essential to the delivery of any scheme at the site. Subject to the preferred option for the future use of the site to be detailed in the final version of the Masterplan, the acquisition of the property represents a valuable opportunity to deliver a range of growth and development options, including residential apartments, together with employment uses such as mixed-use retail, leisure, cafés and restaurants. It would also help to accelerate the delivery of the Masterplan by reducing the risk of the Council needing to use compulsory purchase powers in the future and the timescales associated with such a process.

Project Cost Impact (£s)

The strategic acquisition will cost up to £2.5m.

The delay due to consultation alignment with Metro will be managed within existing budgets.

Time Impact (+/- days)

Consultation Alignment with Metro Consultation – delay in submission of OBC from June 2019 to March 2020

Strategic Acquisition - difficult to quantify at this stage, but could save up to 3 years compared to making a compulsory purchase order in respect of this property.

Scope Impact

None.

Technical Interfaces

None.

Risk Impact

The key risk identified at this stage is the failure of the Council to complete the acquisition of the property within the required timescales and budget envelope. In mitigation of this risk, it is recognised that the Council will carry out negotiations with the current owners of the property in a timely manner to provisionally agree a purchase price that Council officers consider represents best value to the Council, and which will be supported by a Red Book valuation to be prepared by the Council's Strategic Land Advisors. It is also noted that provision of funding by WMCA will be subject to the Council providing appropriate evidence of actual expenditure incurred.



<u>Issue Impact</u>
None identified.
<u>Benefit Impact</u>
As detailed above.
<u>Finance Comments</u>
<p><u>Signed:</u>  PAUL JOHNSON DEPUTY CHIEF EXECUTIVE</p> <p><u>Date:</u> 31.7.2018.</p>

Areas Consulted		
Business Area	Consultee	Date consulted
e.g. Health & Safety		
e.g. Legal		

Completed by Project Manager/PMO Manager/Project Delivery Manager

Change Authority
(state the relevant programme board or individual who has authority to approve, reject and defer this change or suspend the project, refer change management on Change Authority levels)



Part C – Decision

Action		
Approve <input type="checkbox"/>	Reject <input type="checkbox"/>	Defer <input type="checkbox"/>
Suspend Project <input type="checkbox"/>	Date(s) of Decision:	
Name(s):		
Signature(s):		
Reason for decision:		

CHELMSLEY WOOD

1 CHELMSLEY CIRCLE, B37 5TH

INVESTMENT SUMMARY

Net Internal Floor Area	11,089 sq ft
Tenure	Long Leasehold
LLH Unexpired Term	97 years
Head Rent	N/A
Passing Rent	£183,000 p.a. (£16.50 psf)
Lease Start Date	01/04/2018
AWULT (Years)	9.8 (Expiry), 4.8 (Break)
Rent Review	Year 5, linked to CPI (1% - 5%)
NIY	8.00%
Capital Value	£2,141,854
Capital Value psf	£193.15

DESCRIPTION

- Purpose 1990s built office building arranged over two storeys.
- There is ample car parking at the rear.
- EPC rating of D (86).

SITUATION

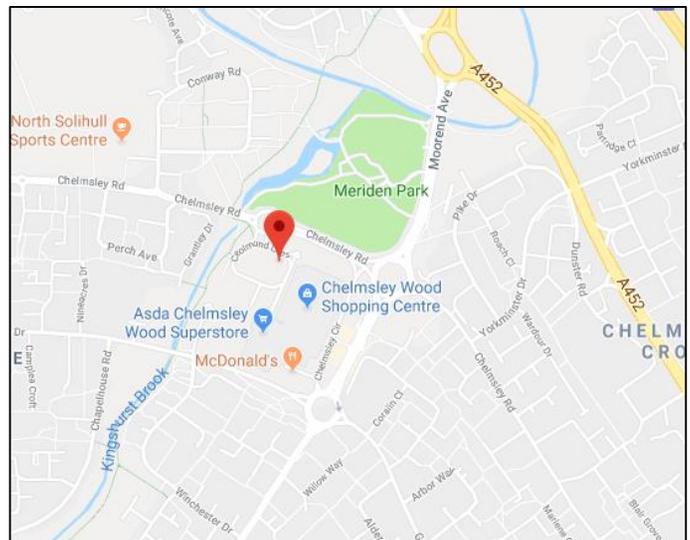
Chelmsley Wood is a large complex of housing estates in the Solihull suburbs. Immediate surrounds are secondary retail and include Chelmsley Wood Shopping Centre.

OCCUPATIONAL INFO

The DWP estate was historically 1,750 properties across the UK. DWP have conducted an exhaustive estate review which has led them to further reduce their portfolio from 900 to 700 properties.

The newly streamlined estate has resulted in DWP being better able to offer a more efficient service while delivering value for the taxpayer, saving around £1.4 billion over 10 years. These savings will be made through a smaller, more modern estate that is fit for purpose, with rents rebased to market levels.

The Government have earmarked this property as a "retain" asset within their estate, therefore we do not see there being a significant risk of the break being exercised in year 5.



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Project Ref:	UKC002 - INVC015
Project Title:	UKC Infrastructure Package - Phase 1 (CWTC Acquisitions Budget)
Project Stage:	Strategic Outline Case (SOC)
Lead Body:	Solihull Metropolitan Borough Council
Sponsor:	Perry Wardle

Total Project Value (£m):			
SOC Requested (£m):	£12,050,000	SOC Approved (£m):	£12,050,000
OBC Requested (£m):		OBC Approved (£m):	
FBC Requested (£m):		OBC Approved (£m):	
Total Change Requested (£m):	£2,500,000	Change Approved (£m):	TBC

Document Prepared by : James Magee

Approved to Date (£m): £12,050,000

Assurance Overview

SOC Phase 1 was submitted through the Assurance Framework and approved by the Investment Board on 05/10/17 - WMCA funding commitment of £3.35m.

SOC Phase 1 Change Request (INVC010) was approved at Investment Board on 13/03/18. Funding of £7.59 was requested from WMCA to progress the schemes, an increase of £4.24 million.

Change Request INVC015 - CWTC Acquisitions Budget is requesting £2.5m of Devolution Deal funding to enable the early acquisition of property in Chelmsley Wood Town Centre thereby avoiding CPO processes & revised timescales for the submission of the outline business case to allow consultation on the masterplan to be aligned with Metro. This request is to accelerate the draw down ahead of the Full Business Case.

Leadership Team approved the revised timescales for the submission of the outline business case to allow for consultation on the masterplan to be aligned with Metro. The Acquisitions Budget was supported with the caveat that discussions commence between WMCA & SMBC regarding seeking more clarity in terms of the purchase and commitments back to the WMCA.

Stage	Actions/Comments	Evidence	Complete
Assurance			
Local Assurance			<input checked="" type="checkbox"/>
Date: 12/07/18			
SMBC Cabinet - endorsed that the submission Strategic Outline Case, Phase 2 submitted to the West Midlands Combined Authority (WMCA) to secure investment from the UK Central Infrastructure Package			
Technical Appraisal Panel - Not required for Change Request INVC010			
Strategic			
Economic			
Financial			
Commercial			
Management			
Other			
Investment Advisory Group - Not required for Change Request INVC010			

Approvals

Leadership Group			<input checked="" type="checkbox"/>
Date: 15/08/18			
Query why SMBC are not funding the purchase of the Jobcentre directly themselves rather than using WMCA funding.	Gareth Bradford raised point to Perry Wardle following Leadership Group - Investment Board cover report updated to reflect - section 4.16.		<input checked="" type="checkbox"/>
Provide a condition of WMCA capturing the land value uplift given that this is in advance of the project FBC. SMBC to recognise WMCA's interest in the land and in the event the project is aborted.	Gareth Bradford raised point to Perry Wardle following Leadership Group - Agreement similar to that for Kingshurst Village Centre. Ongoing discussions regarding land value capture. Submission of FBC to clearly articulate why funding is required.		<input checked="" type="checkbox"/>
Red book evaluation to be provided so the WMCA can clearly see the case for investment and why SMBC are unable to purchase this land acquisition on their own.	Gareth Bradford raised point to Perry Wardle following Leadership Group - Investment Board cover report updated to reflect - section 4.8 & 4.16.		<input checked="" type="checkbox"/>
Investment Board			<input type="checkbox"/>
Date: 17/09/18			
			<input type="checkbox"/>
			<input type="checkbox"/>

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