



**Investment Board**

**Monday 19 November 2018 at 9.30 am**

**Minutes**

**Present**

Councillor Bob Sleigh (Chair)	Portfolio Lead for Finance & Investments
Councillor Kurshid Ahmed	Dudley Metropolitan Borough Council
Councillor Mike Bird	Walsall Metropolitan Borough Council
Councillor Maurice Howse	Stratford on Avon District Council
Councillor Robert Hulland	Solihull Metropolitan Borough Council
Councillor Jim O'Boyle	Coventry City Council
Councillor Brett O'Reilly	Birmingham City Council
Sue Summers	West Midlands Development Capital
Gary Taylor	Greater Birmingham & Solihull Local Enterprise Partnership

**In Attendance**

Sarah Middleton	Black Country Local Enterprise Partnership
David Cockroft	Coventry City Council
Ed Bradburn	West Midlands Development Capital
Nick Oakley	West Midlands Development Capital
Gareth Bradford	West Midlands Combined Authority
Sukhy Dhanoa	West Midlands Combined Authority
Linda Horne	West Midlands Combined Authority
Claire Jones	West Midlands Combined Authority
Dr Henry Kippin	West Midlands Combined Authority
James Magee	West Midlands Combined Authority
Tim Martin	West Midlands Combined Authority
Sean Pearce	West Midlands Combined Authority
Carl Craney	West Midlands Combined Authority
Matthew Hammond	West Midlands Growth Company
Roger Mendonca	West Midlands Growth Company
Neil Rami	West Midlands Growth Company

**Item Title  
No.**

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

Apologies for absence had been received from Nick Abell (Coventry and Warwickshire Local Enterprise Partnership), Paul Brown (Black Country Local Enterprise Partnership), Councillor Judy Foster (Dudley Metropolitan Borough Council), Councillor Tony Jefferson (Stratford on Avon District Council) and Councillor Roger Lawrence (City of Wolverhampton Council).

Councillor Kurshid Ahmed had been appointed as a substitute for Councillor Judy Foster and Councillor Maurice Howse had been appointed as a substitute for Councillor Tony Jefferson.

**57. Declarations of Interests (if any)**

The Chair, Councillor Bob Sleight and Councillor Mike Bird declared personal interests in Agenda Item No. 8 (Funding Request for Inward Investment and Tourism Activity) inasmuch as they were Board Members of the West Midlands Growth Company.

Councillor Mike Bird declared a personal interest in Agenda Item No. 9 (Urban Splash Walsall Waterfront BLPDF) inasmuch as he was the Chair of the Planning Committee at Walsall MBC and withdrew from the meeting during the consideration of the item.

**58. Minutes of last meeting**

Resolved:

That the minutes of the meeting held on 1 November 2018 be confirmed as a correct record and signed by the Chair

**59. Investment Programme - Update**

Sean Pearce presented a report on the status of the Investment Programme in order to help set out the context for any investment decisions being made by me the Board. He drew attention to the Investment Programme Assurance Summary including the work underway with Investment Programme Prioritisation Strategies to address the current gap of £200 million and advised that a report on this matter would be presented to the January 2019 meeting of the Board. He also reminded the Board of the announcement by the WMCA Mayor that there would be no Mayoral precept until at least 2020.

Further to discussions at the last meeting with regard to the Wednesbury – Brierley Hill Metro Extension scheme he reported that the Full Business Case (FBC) would enter the Assurance Process in January 2019. He also explained the 2018/19 full year forecast underspend of £64.3 million for the HS2 Growth Strategy and the reasons behind this. A further variance to forecast was an overspend regarding Land Reclamation (£47.3 million) relating to the timing of grant payments given the pipeline approved in 2017/18 which were currently awaiting developments to progress and contracts to be prepared.

He also reported that a high level implementation plan for the Assurance Framework enhancements would be submitted to the next meeting of the Board. This had been delayed to ensure that final work could be delivered to confirm the outcomes and timelines with key partners.

Resolved:

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

**60. WMCA Collective Investment Fund (CIF) - Dashboard**

Nick Oakley presented the Collective Investment Fund (CIF) Dashboard

(public iteration) as at 15 November 2018.

Resolved:

That the Dashboard be received and noted.

**61. WMCA Brownfield Land and Property Fund (BLPDF) - Dashboard**

Nick Oakley presented the Brownfield Land and Property Fund (BLPPF) Dashboard (public iteration) as at 15 November 2018.

Resolved:

That the Dashboard be received and noted.

**62. 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).

**63. Funding Request for Inward Investment and Tourism Activity**

Matthew Hammond explained the purpose and role of the West Midlands Growth Company and advised that the funding model detailed in the report had been discussed with the Chief Executives and Finance Directors of the West Midlands Metropolitan Authorities and the West Midlands Combined Authority. Neil Rami presented a report which set out a request for funding of £1.8 million per year for a period of two years from the Investment programme to secure the repositioning and investment in the West Midlands Growth Company.

Matthew Hammond, Neil Rani and Roger Mendonca responded to questions from members of the Board relating to the financial position and solvency of the West Midlands Growth Company, the liability of individual Directors / Members of the Board of the Company in the event that it was trading whilst insolvent and/or became insolvent, the treatment of outstanding debt (especially to Birmingham City Council), treatment of pension liabilities, the costs associated in winding up the Company and responsibility for such costs, the position if the Company was not self sufficient by 2021, the needs of individual local authorities and the steps being taken to identify such needs and opportunities for shared services with local authorities. Sean Pearce and Tim Martin confirmed the position with the ability of the Investment Programme to provide revenue funding and the financial liabilities of individual Directors / Members of the Board of the Company respectively.

Resolved:

1. That the Investment Case developed by the West Midlands Growth Company Executive Board and Board be noted;
2. That the Investment Programme Assurance Framework be not applied to this Investment; f
3. That delegated authority be granted to the Regeneration Directors of the West Midlands Metropolitan authorities and the West

Midlands Combined Authority working with the Universities, to develop and sign off the West Midlands Growth Company Business Plan before final sign-off by the West Midlands Growth Company Board;

4. That the allocation of £1.8 million from the Investment Programme for the West Midlands Growth Company for a period of two years covering the financial years 2019/20 and 2020/21 to support the repositioning and investment in the West Midlands Growth Company be approved. (This was included in the West Midlands Growth Company investment Case as Option 2);
5. That the review of future funding based on performance during 2019/20 be approved;
6. That the Regional Chief Executives be requested, supported by their Finance Directors, to agree with the West Midlands Growth Company a plan by the start of the 2019/20 Financial Year for the West Midlands Growth Company to replace this funding in year three with other income streams to enable the West Midlands Growth Company to be self-sufficient;
7. That delegated authority be granted to the Regional Chief Executives the development and agreement of a set of Key Performance Indicators with the West Midlands Growth Company Board to demonstrate the delivery of the outputs forecast in the Investment Case;
8. That the Investment Board's Forward Plan include a twice yearly update from the West Midlands Growth Company Board on the delivery of outcomes and outputs;
9. That delegated authority be granted to the Regional Chief Executives any activities required to finalise the agreement of the Investment Case with the Board of the West Midlands Growth Company.

**64. Urban Splash Walsall Waterfront BLPDF**

Nick Oakley presented a report which sought an allocation of £787,000 from the WMCA Land Fund to assist with funding the viability gap for the innovative delivery of 20 modular residential units at Walsall Waterfront subject to conditions detailed in the report.

Gareth Bradford confirmed that the proposals were in accordance with the policies of the WMCA housing and Land Delivery Board.

Resolved:

That the allocation of £787,000 from the WMCA Land Fund be approved subject to the conditions detailed in the report.

**65. Opus Land Sandwell Seven Stars - BLDPF and CIF**

Ed Bradburn presented a report which reminded the Board of its previous decision to provide an allocation from the Brownfield Land and Property Fund to remediate a well-known West Midlands site which had been out of economic use since 2006 due to land contamination with no viable financial means of remediation. The report detailed a change in circumstances since that decision and set out a way forward. Ed Bradburn responded to various questions raised by members of the Board.

Resolved:

1. That a £5.5 million Collective Investment Fund (CIF) loan funding for the now speculative development of the site known as Seven Stars following the withdrawal of the proposed tenant be approved to sit alongside the £2.63 million remediation grant approved previously;
2. That the clawback provisions within the grant be amended to a 20% profit on cost threshold with profits received above this figure shared on a 50/50 basis in line with market levels and to reflect that this was now a speculative development.

**66. Complex Developments - Coventry Telegraph - BLPDF and CIF**

Nick Oakley presented a report which sought approval to provide a grant of £3.8 million from the Brownfield Land and Property Development Fund (BLPDF) to assist with funding the viability gap on the Development and also to a £4.7 million Collective Investment Fund (CIF) loan to re-finance the existing £2.82 million CIF loan and provide an additional £1.88 million of new monies towards the Developments costs. He responded to various questions from members of the Board.

Resolved:

1. That a £3.8 million BLPDF viability gap grant to assist with the cost of delivering the development subject to the conditions contained in the report be approved;
2. That a £4.7 CIF development loan to re-finance the existing £2.82 million CIF loan and provide an additional £1.88 million of new monies towards the Development costs subject to the conditions contained in the report be approved.

**67. Investment Programme Prioritisation Criteria**

Sean Pearce and Sukhy Dhanoa presented a report on a proposed method of prioritising schemes for the Investment programme using the prioritisation criteria agreed by WMCA Senior Management Team. The report detailed the process for developing and implementing the prioritisation model.

The Chair advised of comments from Nick Abell which had been forwarded to him in relation to the proposed scoring system. The comment questioned whether it was appropriate for the Investment Board to determine the system or whether this should fall to the WMCA Board. Sean Pearce reminded the Board that the proposed prioritisation model had been considered at the last meeting and that the minutes of this meeting, including recommendations, would be presented to the WMCA Board in due course for approval. Tim Martin confirmed this to be the case albeit that a separate report addressing this issue could be prepared and presented to the WMCA Board if that was considered to be preferable.

In response to a question from Councillor Jim O'Boyle as to the purpose of the report and the difficulties with using the existing criteria, the Chair explained that the proposals related to the 'Change Control' process where no criteria existed currently. Sean Pearce reminded the Board that the need for a 'Change Control' process to be introduced had been considered at the

last meeting of the Board when the draft proposals had been approved. Councillor Jim O'Boyle sought confirmation that the intention was that all projects were to be considered on a fair and equitable basis and whether the respective Local Enterprise Partnerships operated a similar scoring system. Sukhy Dhanoa confirmed this to be the case and that examples of similar systems operated by other Combined Authorities and Local Enterprise Partnerships had been considered. The proposed model was, however, based on that used by HM Government Treasury.

Councillor Kurshid Ahmed referred to paragraph 3.22 of the report which detailed key West Midlands initiatives including HS2, Commonwealth Games and Coventry City of Culture and expressed concern that the Black Country Authorities would be disadvantaged as they would not receive direct benefits in terms of Inclusive Growth from these particular initiatives. He requested that this be addressed in the proposed criteria. The Chair advised that in terms of HS2 this related to the Connectivity Package and associated infrastructure from which the Black Country would benefit.

Henry Kippin reported on work that his team were undertaking to understand and apply Inclusive Growth across the CA policy agenda - including an inclusive growth framework which was agreed by the WMCA board at its September 2018 meeting, and a toolkit to support its application into practice. He agreed to work with officers to ensure this is reflected within criteria 1.

Resolved:

1. That the proposed prioritisation criteria and the scoring mechanism as detailed in the report be approved and the Programme Management Office be tasked to progress the prioritisation exercise as set out in section 4 of the report;
2. That the reference to 'HS2' in paragraph 3.22 of the report be amended to 'HS2 Connectivity Package';
3. Henry Kippin would work with officers to ensure Inclusive Growth is reflected within criteria 1.

**68. Investment Programme - Strategies**

See Minute No. 59 above.

**69. WMCA Collective Investment Fund (CIF) - Dashboard**

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

Resolved:

That the Dashboard be received and noted.

**70. WMCA Brownfield Land And Property Fund (BLPDF) - Dashboard**

Nick Oakley presented the Brownfield Land and Property Fund (BLPDF) Dashboard as at 15 November 2018.

Resolved:

That the Dashboard be received and noted.

The meeting ended at 11.06 am.