



**Investment Board**

**Monday 21 October 2019 at 10.00 am**

**Minutes**

**Present**

Councillor Bob Sleigh (Chair)  
Councillor Mike Bird  
Councillor Tristan Chatfield  
Paula Deas

Councillor Steve Clark  
Councillor Karen Grinsell  
Councillor Tony Jefferson  
Richard Lawrence  
Sue Summers  
Gary Taylor

Portfolio Lead for Finance & Investments  
Walsall Metropolitan Borough Council  
Birmingham City Council  
Coventry and Warwickshire Local  
Enterprise Partnership  
Dudley Metropolitan Borough Council  
Solihull Metropolitan Borough Council  
Non-Constituent Authorities  
City of Wolverhampton Council  
West Midlands Development Capital  
Greater Birmingham & Solihull Local  
Enterprise Partnership

**In Attendance**

Sarah Middleton

Paul Beesley  
Sally Agass

Derek Lawlor  
Steve Twist  
Lisa Chaney  
Gareth Bradford  
Carl Craney  
Ian Martin  
Chris Davies  
Serena Dhanoa  
Carl Pearson  
David Warburton  
Ed Bradburn  
Fran Gibbons  
Gerald Gannaway  
Nick Oakley  
Kieren Turner-Owen

Black Country Local Enterprise  
Partnership  
Coventry City Council  
Greater Birmingham and Solihull Local  
Enterprise Partnership  
Solihull Metropolitan Borough Council  
Transport for West Midlands  
Urban Growth Company  
West Midlands Combined Authority  
West Midlands Development Capital  
Urban Growth Company  
West Midlands Development Capital  
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**Item Title**

**No.**

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

Apologies for absence had been received from Nick Abell (Coventry and

Warwickshire Local Enterprise Partnership), Councillor Harman Banger (City of Wolverhampton Council) and Councillor Jim O'Boyle (Coventry City Council).

Apologies for absence had been received also from Richard Moon and Andy Williams (Coventry City Council) and Linda Horne and Sukhy Dhanoa (West Midlands Combined Authority).

**35. Notification of Substitutes (if any)**

Paula Deas had been nominated as a substitute for Nick Abell (Coventry and Warwickshire Local Enterprise Partnership) and Richard Lawrence had been appointed as a substitute for Councillor Harman Banger (City of Wolverhampton Council).

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

David Warburton declared a personal interest in Agenda Item No. 14 (Grand Union Studios Ltd. – Collective Investment Fund (CIF) Loan) inasmuch as he was an employee of Homes England, the owner of a 250 year lease of the property under consideration.

**37. Minutes of last meeting**

Resolved:

That the minutes of the meeting held on 19 August 2019 be confirmed as a correct record and signed by the Chair.

**38. Investment Programme and Dashboard**

Carl Pearson, Chris Davies and Ian Martin presented a report on the status of the Investment Programme to assist the Board in determining investment decisions.

Carl Pearson referred to the discussions held by the WMCA Mayor and the Metropolitan Leaders on 13 September 2019 on the funding available within the Investment Programme given that the available funding required to underpin the full Investment Programme debt requirement was lower than anticipated originally due to a shortfall in locally sourced income. At that meeting the WMCA Mayor and Metropolitan Leaders had agreed to hold the Investment Programme within the current affordable limit based on income secured to date. Based on what was available to date, the affordable limit had been agreed by the WMCA Finance Directors to be £801 million. This comprised £746.1 million of Investment Programme of Investment Programme approvals made already as at 30 September 2019.

Chris Davies referred to the two iterations of Appendix 5 to the report (Investment Programme Dashboard Report) with the first Appendix being a simplified version of the second. Ian Martin commented that the Board had requested a simplified version of the Dashboard on a number of occasions.

Councillor Tony Jefferson sought clarification as to whether his understanding of the financial position was correct in that available resources would expire in Quarter 4 of the 2019/20 financial year. The Chair confirmed this to be correct albeit that work was on-going with H M Government to seek additional resources.

Resolved:

1. That the status of the Investment Programme as detailed within

the report be noted;

2. That the position agreed between the WMC Mayor and Metropolitan Leaders to hold the Investment Programme funding approvals within the current affordable limit, as detailed in the report be endorsed;
3. That the simplified Dashboard of the Investment Programme Dashboard Report be used in future reports to this Board.

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

The Board considered the WMCA Collective Investment Fund (CIF) Dashboard (public iteration) as at 30 September 2019.

Councillor Tristan Chatfield asked as to the position with likely defaults with re-payment of CIF loans. Nick Oakley advised that it was not anticipated that there would be any defaults on loans made and referred to the number which had been re-paid in advance of the agreed date. He assured the Board that this matter was the subject of on-going discussions with the WMCA.

Resolved:

That the Dashboard be received and noted.

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

The Board considered the WMCA Brownfield Land and Property Development Fund (BDLPF) Dashboard (public iteration) as at 15 July 2019.

Resolved:

That the Dashboard be received and noted.

**41. Land and Property Investment Fund (LPIF) - Dashboard**

The Board considered the Land and Property Investment Fund (LPIF) Dashboard as at 1 October 2019.

Councillor Mike Bird enquired as to when the outstanding £97 million would be made available for drawdown given his understanding that this money had been ringfenced for the Land and Property Investment Fund with a sum of £53 million allocated to date. Ian Martin advised that, at the present time, the £97 million was not included within the 'affordable limit' but the position would be reviewed as additional funds became available. Councillor Mike Bird reminded the Board that at the time of the establishment of the WMCA it had been generally understood that each of the Constituent Authorities would receive equitable treatment but that this no longer seemed to be the case with disproportionate funding being allocated to Birmingham City Council and Coventry City for matters associated with the Commonwealth Games and City of Culture which offered no discernible benefits to the Black Country area. The Chair suggested that this matter be considered further in the private session of the meeting.

Resolved:

1. That the Dashboard be received and noted;
2. That the discussion on the remaining £97 million of LPIF funding be deferred for consideration later in the meeting.

**42. 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).

**43. Lioncourt Homes, Mill Lane - Land Fund**

Ed Bradburn presented a report which sought a grant of £1, 445, 000 from the WMCA Land Fund to assist with funding the viability gap with this development. The Chair asked for an explanation on the meaning of the term 'Land Fund'. David Warburton explained that the Land Fund was part of the funding provided to the WMCA by H M Government as part of the Housing Deal agreed in 2018.

Ed Bradburn reported that the Benefit Cost Ratio (BCR) of 1:1.5. Councillor Tristan Chatfield enquired as to the level of BCR which was acceptable. David Warburton advised that under the terms of the Housing Deal any case with a BCR of 1:1.5 was considered acceptable with those cases offering a BCR of 1:2 considered to offer value for money.

The Chair enquired whether the issues of 'State Aid' had been considered. Ed Bradburn reported that this matter would be addressed in the conditions of the grant. Councillor Mike Bird asked whether this land had previously been in the ownership of Sandwell MBC. Nick Oakley informed the Board of the details of the previous owner and, as far as he was aware, Sandwell MBC had not been a previous owner.

Resolved:

That an allocation of £1,445,000 of grant funding from the Land Fund be approved to assist with the delivery of 84 residential units at Mill Lane, Langley subject to the conditions detailed in the report.

**44. Galliford Try, Raleigh Street - Land Fund**

Gerald Gannaway presented a report which sought the approval of an allocation of £1,535,000 from the Land Fund and Brownfield Land and Property Investment Fund to assist with funding predominantly abnormal remediation costs at the development.

Councillor Mike Bird advised that the development formed part of a comprehensive development in that area but that there had been issues regarding the Section 106 Agreement between Walsall MBC and a previous Developer with regard to a historic planning request. Gary Taylor sought an assurance that, if the application was granted that work would commence in the short term. Gerald Gannaway reported that he understood this to be the intention.

Resolved:

That an allocation of £1,535,000 of grant funding from the Land Fund and Brownfield Land and Property Development Fund to assist with the delivery of 88 residential units (66 for private rental and 22 affordable) at Raleigh Street, Walsall be approved subject to the conditions detailed in the report and the clawback terms required by the Investment Advisory Group at the meeting held on 7 October 2019.

**45. Morris & Co, Stadco - Collective Investment Fund (CIF) Loan**

Nick Oakley presented a report which sought the approval of a £7,825,000 Collective Investment Fund (CIF) Loan to support the acquisition and refurbishment of a substantial industrial complex in Shrewsbury which was in need of upgrading and which did not fit current market demand. He, together with other Officers, responded to various questions from the Board.

Resolved:

That the provision of a £7,825,000 Collective Investment Fund (CIF) Loan secured fully against the property to fund the development subject to the terms and conditions detailed in the report.

**46. Nuneaton Town Centre - Brownfield Land and Property Development Fund (BLPDF) Grant**

Gerald Gannaway presented a report which sought approval of a grant of £1,175,000 loan from the Brownfield Land Fund towards land remediation, asbestos removal and viability grant support in respect of core town centre 2.3 ha site, which was under utilised currently run down shopping area and car park. He responded to a number of questions from the Board.

Paula Deas advised that the Coventry and Warwickshire Local Enterprise Partnership was a significant funder of the wider growth scheme in this area and confirmed that the risks associated with the scheme were recognised by all parties involved. In response to a query from Councillor Mike Bird, Paula Deas updated the Board on the position with an application for financial assistance through the Town Centres Fund.

Resolved:

That a grant of £1,175,000 from the Brownfield Land and Property Development Fund (BLPDF) be awarded subject to the conditions detailed in the report.

**47. Grand Union Studios Ltd. - Collective Investment Fund (CIF) Loan**

Kieren Turner-Owen presented a report which sought approval of a £1,000,000 Collective Investment Fund (CIF) Loan to fund the refurbishment of a Grade 2 Listed Building in Digbeth with £500,000 being a contingent obligation allocated against the WMCA Brownfield Land and Property Development Fund (BLPDF) until residual debt was £500,000 and subject to conditions detailed in the report. The Board raised various questions in relation to the proposals which were responded to by Kieren Turner-Owen, Nick Oakley and David Warburton.

Resolved:

1. That consideration of the report be deferred and referred back to the Investment Advisory Group for further consideration;

2. That any future report on this matter to this Board to include details of the estimated cost of refurbishment of the building.

**48. Commonwealth Games 2022 - Full Business Case (FBC)**

Dave Wagg presented a report which included the details of the Full Business Case (FBC) for the development of the Alexander Stadium site to deliver the requirements set out in the Host City Contract in preparation for the Commonwealth Games 2022. The development proposals would act as a catalyst for the delivery of a sustainable positive legacy for the stadium. He advised that a planning application had been submitted on 24 September 2019 to Birmingham City Council and was due to be considered by the City Council's Planning Committee on 30 January 2020.

Councillor Mike Bird commented on the amount of funding being requested which was associated with hosting the Commonwealth Games and Coventry City of Culture 2021 and queried the legacy and cultural change anticipated in Perry Barr. Dave Wagg explained the links between the proposals for the stadium and the linkages to the University as Phase 1 with further enhancements for the wider site proposed within Phase 2. The Chair reminded the Board that the principle of the development of the Alexander Stadium had been approved previously by the WMCA Board subject to the subsequent approval of a Full Business Case.

Resolved:

1. That the Full Business Case as detailed in the report be approved;
2. That the submission of formal bids for funding contributions to the overall costs of the works from the West Midlands Combined Authority (WMCA) and the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP), in line with commitments made in advance of the Council's bid for the 2022 Commonwealth Games in Autumn 2017 be approved.

**49. UKC International - HS2 Parallel Design Process - Longabout - Full Business Case (FBC)**

Lisa Chaney presented a report which included the details of the Full Business Case (FBC) for the NEC Longabout. She explained that the key purpose of the FBC was to:

- Provide a suitable evidence base and establish the requirement for additional works at the NEC Longabout and therefore funding support from the WMCA to deliver these works;
- Confirm that the recommended solution optimised Value for Money (VFM); and
- Establish that the management arrangements for successful delivery were in place.

Resolved:

1. That the funding request of £2,150,000 for design and construction for enhanced works to the proposed NEC Longabout scheme, which was currently part of the HS2 programme, could continue

forward to the WMCA Board be approved;

2. That the works to the NEC Longabout were required outside of the HS2 requirements to ensure that the economic potential of the HS2 Interchange Station, Arden Cross and the NEC, which formed part of the wider growth plans for the UK Central (UKC) Hub area, be realised.

**50. University Station Outline Business Case (OBC)**

The Chair advised the Board that this Outline Business Case (OBC) did not require funding through the Investment Programme which would be funded with an allocation from the Transforming Cities Fund and was being considered as part of the Assurance Process.

Steve Twist presented a report which included details of the Outline Business Case (OBC) for University Station. He responded to various questions from the Board. In relation to a question from Councillor Steve Clark, Ian Martin advised that the commercial opportunities at this and other rail stations were being examined. Sally Agass reported on the financial contributions being made to this scheme by the Greater Birmingham & Solihull Local Enterprise Partnership (GB&SLEP). Gary Taylor queried the financial expenditure proposed to progress to a Full Business Case. The Chair commented that rail schemes were notoriously difficult and expensive to progress and that the site was constrained.

Resolved:

1. That the Outline Business Case for the University Rail Station Development be approved;
2. That a budget of £6,000,000 be approved to allow the project to be developed up to Final Business Case stage which would be submitted to the WMCA Board for approval;
3. That it be noted that the funding of £6,000,000 referred to above might need to be cash-flowed by the WMCA in lieu of receipt of funding;
4. That the publication of the ITT for the design and build of the University Rail Station (GRIP 5-8) programmed to be published in November 2019 be approved;
5. That the estimated cost of the scheme of £42,860,000 be noted.

**51. Perry Barr Interchange Outline Business Case (OBC)**

The Chair advised the Board that this Outline Business Case (OBC) did not require funding through the Investment Programme and was being considered as part of the Assurance Process.

Steve Twist presented a report which included details of the Outline Business Case (OBC) for Perry Barr Station and Bus Interchange. Councillor Mike Bird drew to the attention of the Board that Walsall and Sandwell MBC's were considering currently instigating Judicial Review proceedings against Birmingham City Council with regard to the proposal to demolish the

Perry Barr Flyover. Steve Twist advised that the highway scheme was independent of the rail scheme. Councillor Mike Bird commented on the number of schemes proposed for the area at the same time and the potential logistical problems associated with that. Steve Twist assured the Board that arrangements were in hand for the various schemes to be co-ordinated in order to avoid any such issues.

Resolved:

1. That the Outline Business Case for the Perry Barr Station and Bus Interchange be approved;
2. That a budget of £7,500,000 which was inclusive of initial land acquisition and enabling works which were required to maintain the programme be approved;
3. That it be noted that the funding of £7,500,000 referred to above might need to be cash-flowed by the WMCA in lieu of receipt of funding;
4. That it be noted that a Final Business Case would be submitted to the WMCA Board for approval to secure the full budget for the scheme;
5. That the direct award of a design and build contract with early contractor involvement to Galliford Try via PAGABO framework be approved;
6. That the estimated cost of the scheme of £20,800,000 be noted.

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

The Board considered the WMCA Collective Investment Fund (CIF) Dashboard (private iteration) as at 30 September 2019.

Resolved:

That the Dashboard be received and noted.

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

The Board considered the WMCA Brownfield Land and Property Development Fund (BDLPF) Dashboard (private iteration) as at 15 July 2019.

Resolved:

That the Dashboard be received and noted.

**54. Black Country Land and Property Investment Fund**

Further to Minute No. 41 above, Councillor Mike Bird advised that he and the other Black Country Council Leaders had been under the impression that the outstanding £97 million had been ringfenced for allocation to the Black Country Land and Property Investment Fund subject to certain caveats on outputs with the use of the £53 million. He now understood that this was not the case and expressed concern as to the disproportionate allocation of funding to Birmingham and Coventry City Councils to the detriment of the Black Country Authorities.

Resolved:

That the Chair arrange a meeting between the relevant Members and

Officers with a view to addressing the issue.

The meeting ended at 11.24 am.