



Investment Board

Monday 17 April 2023 at 11.00 am

Minutes

Present

Councillor Bob Sleigh (Chair)	Portfolio Lead for Finance & Investments
Councillor Steve Clark	Dudley Metropolitan Borough Council
Councillor Karen Grinsell	Solihull Metropolitan Borough Council
Councillor Tony Jefferson	Non-Constituent Authorities
Councillor Bob Piper	Sandwell Metropolitan Borough Council
Paul Brown	Black Country Local Enterprise Partnership
Gary Taylor	Greater Birmingham & Solihull Local Enterprise Partnership

In Attendance

Item No.	Title
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140.	Apologies for Absence
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Apologies for absence were received from Councillor Bird (Walsall), Councillor Jones (Birmingham), Councillor O' Boyle (Coventry) and Councillor Simkins (Wolverhampton).

It was noted that following the closure of the Coventry & Warwickshire Enterprise Partnership last month, there was no longer a representative from the organisation on the board. The Chair conveyed his thanks and appreciation to Nick Abell for serving on Investment Board from the inaugural meeting in November 2016.

141.	Minutes - 29 March 2023
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The minutes of the meeting held on 29 March 2023 were agreed subject to an amendment to the declaration of interest for Councillor Grinsell in respect of minute no.128, SMBC UK Central Investment Programme Rebasing Change Request, to read, '*Councillor Karen Grinsell declared an interest in this item as a councillor of Solihull Metropolitan Borough Council*'

142.	Investment Programme Update and Dashboard
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The board considered a report from the Director of Commercial and Investment on the status of the Investment Programme to help set the context for the investment decisions being made.

The report provided an analysis of the overall regional Investment

Programme expenditure, funded by both grants administered by the WMCA and match funding sources. Approved grant funding awarded and administered by the WMCA to programmes within the regional Investment Programmes within the regional Investment Programme totalled £853.7m as at 31 March 2023. The report also set out one submission approved since the last meeting.

Resolved:

1. Approval under delegated authority by WMCA Officers of the business case submissions disclosed at Section 3 of the report be noted;
2. The WMCA Investment Programme funding status and current affordable limit, as outlined at Section 4 of the report be noted;
3. The Regional Investment Programme delivery update detailed within the report and appendices (including the project-level summary within the WMCA Investment Programme dashboard at Appendix 4) be noted.

143. Delegation of Investment Board Authority for the period 18 April until 19 June 2023

The board considered a report of the Director of Law and Governance that sought agreement to delegate its decision-making authority in relation to critical non-political decisions from 18 April to 19 June 2023 which is anticipated to be the first meeting of the Investment Board following the local elections in May.

The Director of Investment and Commercial outlined the process for delegated decision-making and advised the board that this follows the same approach that was undertaken last year.

Resolved:

The proposed delegation of decision-making authority as outlined in section 3 of the report to the Section 151 Officer, in consultation with the Chair of the Investment Board and on the advice of the Director of Investment and Commercial, as appropriate, be approved.

144. WMCA Collective Investment Fund (CIF) - Dashboard

The board considered a report detailing the Collective Investment Fund Dashboard (public iteration) as 1 April 2023.

Resolved: That the report be noted.

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

The board considered a report detailing the Brownfield Land and Property Development Fund dashboard (public iteration) as at 1 April 2023.

Resolved: That the report be noted

146. WMCA Revolving Investment Fund (RIF) - Dashboard

The board considered a report of the Revolving Investment Fund dashboard

(public iteration) as at 1 April 2023.

Resolved: That the report be noted.

147. 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 consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any person (including the authority holding that information).

148. Leasemethod Management Ltd - Harborne West, 326 High Street

The board considered a report of West Midlands Development Capital (WMDC) that sought approval for loan funding for the sum stated in the report from the Revolving Investment Fund (RIF) to the 'Company,' to fund the refurbishment of 32 existing flats and create an additional 13 flats, whilst improving the overall green credentials of the building.

It was noted that the property, a former office building located in Harborne West, was constructed in early 1970s was converted to a mix of residential and commercial accommodation around 2000-2003 that is now in need of refurbishment. The proposed development would create new residential accommodation on the first and second floors, leaving one floor of accommodation at street level for commercial space. The development would provide a total of 45 apartments including 13 new. The apartments are currently let to a range of tenants which include paramedics, ambulance workers and NHS key workers who currently pay a discount on market rent.

In relation to an enquiry from the Chair as to whether the discounted market rent would be retained for key NHS workers, Ed Bradburn (WMDC) reported that this could not be enforced. However, the developer has indicated the refurbishments apartments would continue to be let at a discounted rent for NHS workers and these apartments would be retained as commercial investment. He advised that the developer would be breach of the loan funding, if this condition was not met.

The Chair noted the reputational risk to the organisation if the accommodation for key NHS workers was not retained on the same basis on which it is currently offered and reported of the need for continued dialogue to ensure this happens.

In relation to the loan, Ed Bradburn reported that the loan to value ratio on completion was 66% and a loan to cost covenant has been agreed at 80% of the loan. He also advised that the developer has applied for a grant to remove cladding from the building and if the grant application was successful, the loan would reduce accordingly.

Gary Taylor expressed concern regarding the values for the property which he felt were low, with little margin for the developer and enquired as to whether there were any comparable for review.

Ed Bradburn advised that the figures for some existing schemes and

schemes from agents have been provided but the range was quite broad and there were not many comparable properties in Harborne. He added that 100% of net sales proceeds could be absorbed from the first unit and the loan could reduce.

The Director of Commercial and Investment, Ian Martin, concurred with Ed Bradburn regarding the lack of comparable development properties in Harborne and reported that the WMCA/ WMDC would be reliant on a good 'Red Book' valuation for the development.

Resolved:

That a RIF loan for the sum specified in the report be approved to the 'Company' to refurbish 32 existing flats and create an additional 13 new apartments, whilst improving the overall green credentials of the building at the 'Development'.

149. Former Aliaxis/ Durapipe Site Extension

The board considered a report of West Midlands Development Capital (WMDC) that sought approval for an extension and increase of the Phase 1 Collective Investment Fund (CIF) loan to the 'Company' to £3.1m, to capitalise the current rolled interest and to fund the creation of additional yard space. Additionally, approval is sought for the provision of a £2.7m CIF loan to fund the development of a further 33k square foot of industrial space on Phase 2 of the 'Development'.

Ed Bradburn (WMDC) reported that the existing CIF loan, approved in June 2019, for the former Allaxis/Durapipe site is now all but fully drawn and all work is completed except for the office refurbishment which is due to start imminently. The 'Company' was seeking to extend the loan that is due to expire in May 2023 and capitalise the rolled interest, with additional funding and also, require a further loan to fund a yard area which is pre-let for storage for a local occupier that was not envisaged in the original approval.

It was noted that Phase 2 of the development is expected to be undertaken early 2024 after completion of Phase 1; all security remains in place for the loan, with first legal charge over the Property including Phase 2 land.

The Director of Commercial and Investment, Ian Martin, reported that the income cover looked good, with the maximum loan to value covenant for Phase 1 at 65 % and the loan to value combined for Phase 1 and Phase 2 at 70%.

Resolved:

1. The extension and increase of the Phase 1 CIF loan to £3.1m to capitalise the current rolled interest and fund the creation of additional yard space be approved to the 'Company' and
2. An additional CIF loan for £2.7m to the 'Company' to fund the

development of a further 33k square foot of industrial space for Phase 2 of 'the development' be approved.

150. Investment Prospectus 2023

The board considered a report of the Executive Director of Housing, Property and Regeneration that provided an overview of the latest contents of the West Midlands Investment Prospectus and its delivery programme that sought comments and endorsement on the draft document.

The Head of Business Development & Partnerships Colin Clinton and the Programme Support Officer, Lauren Rigby-Hopkins outlined the report and presented an advanced draft of the Investment Prospectus. Colin Clinton reported that the Prospectus was a 'refreshed' version of the 2022 Prospectus that had been co-developed across the WMCA's directorates and with regional partners.

It was noted that the Prospectus seeks to build on the successes of previous years and build on the powers on the Deeper Devolution Deal. The document would be launched by the West Midlands Mayor on 17 May at the UK's Real Estate Investment and Infrastructure Forum (UKREiiF) in front of developers, funders, investors and others.

Councillor Grinsell enquired whether the net zero theme would be changed to carbon reduction noting that significant conversations have been ongoing on this issue and reported of the need for the document to contain a good range of photographs that are representative of the region.

Lauren Rigby-Hopkins reported that she would take forward comments with regards to net zero/carbon reduction and ensure the photographs in the document showcase work across the region. Colin Clinton added that he was looking for enhanced images for the Prospectus and would welcome any photographs from across the WMCA region.

Resolved:

1. The positive progress and substantial engagement with local authorities and other partners in developing this year's refresh of the West Midlands Investment Prospectus, which as with previous years will play a significant role in attracting private sector investment into the region be noted and endorsed;
2. The comments from the board on the design and contents of an advanced draft of the Prospectus based on a similar format to that of previous years, as it nears publication and launch at UKREiiF in May 2023 be noted;
3. An advanced draft of the West Midlands Investment Prospectus presented to Investment Board on 17th April and circulated following the meeting to all Board members for further comments and views be endorsed and
4. Authority be delegated to the Executive Director of Housing, Property

& Regeneration, in consultation with the Portfolio Holder for Housing and Land, authority to agree the final version of the prospectus on the Board's behalf be agreed.

151. Update for Birmingham City Council - Shard End

The board considered a report of West Midlands Development Capital (WMDC)

that provided an update on the existing £4.386m land remediation grant allocation (alongside matching request from HCA's Birmingham City Deal Programme) in respect of a contaminated site (former sewage works) with additional exceptional remediation and infrastructure costs to ultimately deliver 298 homes at the location at Shard End.

The report outlined the reasons for the delay to the scheme (grant approved by Investment Board in October 2017) and the decision taken by Investment Board in October 2022 to continue to earmark funds despite the lapsed grant agreement. This was to allow Birmingham City Council additional time to resubmit their request and to leave the funds ringfenced in the meantime.

Nick Oakley (WMDC) advised the board of the issues that were still outstanding and reported that it was proposed to ringfence the grant funding until 5 pre-conditions are met. He reported that the timescale for this was originally envisaged to be 31 July 2023 but to allow the board the opportunity to consider an updated report, it was recommended that the date be changed to the 31 August 2023. This was agreed by the board.

Resolved:

The grant allocation of £4.386m be further extended and remains ring-fenced to Birmingham City Council until 31 August 2023 only, subject to 5 preconditions being met; these are:

1. Written Environment Agency approval to the remediation strategy and tax position;
2. BCC Cabinet approval to fund the increased costs including any tax liability as appropriate;
3. Start on site for remediation has occurred with a suitable contract place to complete such remediation, before 30th June 2023;
4. Full clarity of the contract with the main contractor and development partner and
5. Birmingham City Council to remain liable for delivery and clawback of the grant.

152. WMCA Collective Investment Fund (CIF) - Dashboard

The board considered a report detailing the Collective Investment Fund dashboard (private iteration) as at 1 April 2023.

Resolved: That the report be noted.

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

The board considered a report detailing the Brownfield Land and Property Development Fund (private iteration) as at 1 April 2023.

Nick Oakley (WMDC) reported that the Fund was fully committed and advised the board of the good news that the WMCA had been repaid £720k of grant funding from 'clawback' of BLPDF schemes.

Resolved: That the report be noted.

154. WMCA Revolving Investment Fund (RIF) - Dashboard

The board considered a report detailing the Revolving Investment Fund as at 1 April 2023 (private iteration).

Resolved: That the report be noted

155. Housing & Land Fund Dashboard

The board considered a report detailing the Housing and Land Fund dashboard as at 1 April 2023.

The Executive Director of Housing, Property and Regeneration reported an update on the disposal of acquisitions with regards to Land Fund schemes would be submitted to the next meeting.

Resolved: The report be noted.

156. Land and Property Investment Fund (LPIF)

The board considered a report detailing the Land and Property Investment Fund dashboard as at 1 April 2023.

Resolved: That the report be noted

The meeting ended at 11.56 am.