



Investment Board

Monday 18 March 2024 at 10.00 am

Minutes

Present

Councillor Bob Sleight (Chair)
Councillor Steve Clark
Councillor Matthew Dormer
Councillor Peter Hughes
Councillor Karen Grinsell
Sue Summers
Councillor Christopher Burden

Portfolio Lead for Finance
Dudley Metropolitan Borough Council
Non-Constituent Authorities
Sandwell Metropolitan Borough Council
Solihull Metropolitan Borough Council
West Midlands Development Capital
City of Wolverhampton Council

In Attendance via Ms Teams

Paul Brown

Business Representative

Item Title No.

129. Apologies for Absence

Apologies for absence were received from Councillor Bird (Walsall), Councillor O'Boyle (Coventry), Councillor Simkins (City of Wolverhampton Council), Councillor Thompson (Birmingham City Council) and Gary Taylor (Greater Birmingham & Solihull Local Enterprise Partnership).

130. Notification of Substitutes

Councillor Simkins (City of Wolverhampton Council) had nominated Councillor Christopher Burden as his substitute.

131. Minutes - 12 February 2024

The minutes of the meeting held on 12 February were agreed as a correct record.

132. Investment Programme Update and Dashboard

The board considered a report of the Director of Commercial and Investment on the status of the Investment Programme to help set the context for decisions being made at the meeting.

It was noted that approved grant funding and administered by the WMCA to programmes within the Regional Investment Programme totals £854.2m as at 29 February 2024.

The Director of Commercial and Investment, Ian Martin, informed the board of one business case submission approved under delegated powers in

respect of grant funding since the last meeting. This was a Strategic Outline Case (SOC) submission for the West Coast Mainline M42 bridge project. Funding of £0.5m was awarded from the Investment Programme for the development of an Outline Business Case (OBC).

In relation to the Investment Programme dashboard attached to the report at Appendix 2, Councillor Grinsell (Solihull) reported that in respect of schemes for Solihull, she had been in contact with Solihull Officers to provide more realistic dates (and narrative) for programme delivery. These items had been updated in the dashboard and Councillor Grinsell reassured the board all programmes were progressing.

The Chair thanked Councillor Grinsell for her useful update.

Resolved that:

1. Approval under delegated authority by WMCA Officers of the business case submission 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 and
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 2 of the report) be noted.

133. WMCA Commercial Investment Fund (CIF) - Dashboard

The board considered a report detailing the Commercial Investment Fund dashboard as at 1 March 2024.

Resolved: That the report be noted.

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

The board considered a report detailing the Brownfield Land and Property Development Fund dashboard as at 1 March 2024.

Resolved: That the report be noted.

135. WMCA Residential Investment Fund (RIF) - Dashboard

The board considered a report detailing the Residential Investment Fund dashboard as at 1 March 2024.

Resolved; That the report be noted.

136. Local Net Zero Accelerator Programme

The board considered a report of the Director of Energy Capital and the Executive Director of Strategy, Economy and Net Zero, that sought approval to receive a minimum of £6.2m funding from the Department of Energy, Security and Net Zero to deliver the Local Net Zero Accelerator Programme subject to business case approval.

The Smart Hub Lead, George Simms, outlined the background to the Local Net Zero Accelerator Programme that seeks to develop a scalable, replicable and financeable model for accelerating progress to a Net Zero transition by building a Net Zero Fund from grant funding. The programme would maximise the value and impact of the WMCA's existing Net Zero Neighbourhoods programme.

It was noted that this was a 2-year programme, commencing April 2024, with a proposed end date of March 2026.

Resolved that:

1. That subject to business case approval by the Department of Energy, Security and Net Zero (DESNZ) agreement to receive a minimum of £6.2m revenue grant funding from DESNZ to deliver the Local Net Zero Accelerator Programme be approved and
2. The WMCA be authorised to enter into contracts and onward award funding to deliver the Local Net Zero Accelerator Programme be agreed and
3. Authority be given to delegate responsibility for receiving and allocating additional funding for the Local Net Zero Accelerator Programme up to £20m to the Executive Director of Strategy, Economy and Net Zero in consultation with the S.151 Officer be agreed.

137. 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).

138. Stratford Gateway Acquisition

The board considered a report of the interim Executive Director of Housing, Property and Regeneration that sought approval for WMCA investment for the acquisition and subsequent costs of holding 8 titles at the 'location', whilst planning is obtained, and a development partner is secured with the objective of delivering a mixed-use scheme which would provide 118 new homes on The Gateway site in Stratford-Upon-Avon.

It was noted that Investment Board had approved the Stratford Gateway Collaboration Agreement at its meeting on 12 February 2024.

Councillor George Cowcher, David Buckland and Tony Perks from Stratford-on-Avon District Council were in attendance to support the proposals set out in the report.

The Development Manager, Acquisitions and Disposals, Anna Jones, reported that further to the report considered at the last meeting, she had been advised of the outcome of the building survey for the grade 2 listed buildings which, had indicated there were no major concerns; only remedial works were required. Anna confirmed the intervention rate was higher than the scheme value which proved market failure and that the WMCA would get back the land acquisition costs from the sale of the site.

Councillor Grinsell (Solihull) reported that she expected more information to be included in the report for the board to take a decision. She stated the results from the Structural Engineer's report for the grade 2 listed buildings had not been provided and the scheme had not been granted planning permission noting there was no guarantee planning permission would be obtained and enquired why planning permission had not already been granted.

Martin Yardley, Housing, Property & Regeneration Consultant, reported that the Supplementary Planning Document (SPD) produced by Stratford-on-Avon District Council outlines their vision for the area and indicates it is suitable for development.

The Development Manager, Acquisitions and Disposals, Anna Jones, reported that the WMCA is under a time pressure from the landowner to acquire the site (8 titles) which are at risk of being broken-up and sold separately.

The Chair reported that he is was unhappy planning permission had not been obtained and the board has not seen the survey results on the condition of the grade 2 listed buildings which he considered was high risk.

Councillor Cowcher (Stratford-on-Avon District Council) reported that the Supplementary Planning Document had been through Cabinet and full council; the site was significant for the regeneration of the town and wider benefits for the region. He reported that the council was not in full control of the site as they did not own it.

Councillor Dormer (Non-Constituent Authorities) considered that a pre-planning application could have been obtained and questioned the valuation of the site.

Councillor Burden (City of Wolverhampton Council) considered that planning approval was likely to be granted but understood the concerns of members. He questioned the time pressure for acquiring the site and the high value intervention rate for the homes.

The Development Manager, Acquisitions and Disposals, Anna Jones, reported that the net invention rate reduces significantly when the site is sold and the WMCA recoups a huge portion of its funds.

Martin Yardley advised that the report outlined a worst-case scenario of the WMCA holding the site for 5 years and that if the site was sold much quicker

the values would reduce.

The interim Executive Director of Housing, Property and Regeneration, John Godfrey, confirmed the net intervention per unit (set out in the report) when the site was sold, was acceptable for the Brownfield Infrastructure and Land Fund (BILF).

Councillor Hughes (Sandwell) considered the report submitted should detail all the risks associated with the scheme, noting decisions have been taken in the past without all the risks being presented which have subsequently been questioned.

The Development Manager, Acquisitions and Disposals, Anna Jones, reported that a risk and investment appraisal had been undertaken on the scheme by the WMCA's Programme Assurance and Appraisal Team which was appended to the report. She added that it was always a risk that planning consent would not be given but in a worse-case scenario the WMCA could sell the site on the open market.

Councillor Grinsell (Solihull) reported that she was still not comfortable in approving the report and that she would like to see timescales included in the report in order to be aware of any critical dates. She noted the absence of several board members and proposed that a decision on the report be deferred.

The Chair sought member approval to the deferment of the report which was agreed.

The Chair noted the uncertainty on the planning approval, the need to have knowledge of the building survey and/or the associated cost implications for the WMCA and for the board to be provided with a higher level of assurance with regards to residual value and intervention rate.

The Chair asked that the report be re-submitted once planning approval had been obtained from Stratford-on-Avon District Council and that if the scheme is time critical it be discussed with officers.

Resolved: The report be deferred to a future meeting.

139. OBC Change Request – Electric Vehicle Charging Area Transit Stations (EV CATS)

The board considered a report of the Director of Commercial and Investment that put forward a Change Request for the Outline Business Case for Electric Vehicle Charging Area Transit Stations (EV CATS).

The Director of Commercial and Investment, Ian Martin, reported that following OBC approval by the WMCA Board in March 2022, a number of modifications are required to enable the project to develop to Full Business Case (FBC) stage. He advised the board that he was not seeking new money but was looking to reprofile expenditure due to the site acquisition costs that were increasing and the changing market conditions for land.

The proposal sought to reduce the number of transit stations from 10 to 9 whilst maintaining the same overall budget.

In relation to a comment from Councillor Clark (Dudley) who noted the lack of proposed sites for Dudley borough, the Director of Commercial and Investment reported that 2 sites had been identified for Dudley but would be happy to discuss sites with Councillor Clark. He added that the project aim was for each EVCAT station to be at a distance no greater than 7 miles from the next station.

Resolved that:

1. The reduction in the number of Transit Stations from ten to nine, whilst maintaining the same overall budget, allowing for an increase in site allocation budget to acquire land for the reasons stated in the Change Request be approved;
2. An increase in the site acquisition budget by £1,382,352 to account for site acquisition costs being higher than expected (no change to overall FBC project budget) be approved;
3. An increase in the number of sites that may be committed to under the OBC, allowing an additional one site to be acquired in case of need prior to the FBC (then totalling six of nine instead of five) with the resultant increase in budget of £1,727,392 (no change to overall FBC project) be approved;
4. To pull forward additional funds intended to be spent at FBC stage to obtain planning permission and design two of the stations in the total sum of up to £725,000 (£362,500 x2) (no change to overall FBC project budget) be endorsed;
5. The changes in project milestones, noting the reasons for the delays in acquiring land be approved.
6. The impact of the above, revisions to the final model and confirmation from the Project Delivery Team that the project remains viable and able to achieve its objective, particularly leveraging private sector investment be noted;
7. Progress made in establishing the Delivery Company (Delco) and remaining work to be undertaken be noted;
8. The above detailed increase of £3,834,744: £3,534,744 to be taken from CRSTS and £300,000 from BLPDF; both sums are within the overall budget set for this project, as reported to the WMCA Board and do not increase the commitment already made to the project (the BLPDF increase is proportionate, being £300,000 per site and reflecting the addition of 1 site to be acquired under the OBC) be approved and
9. That as a result of the above, in total the £8m will increase to £11,834,744 (an increase of £3,834,744) and there will be no increase in the funds allocated to the project and all will remain managed within the forecast WMCA project cost of £23.62m as presented to the WMCA Board be noted.

140. Midland Metropolitan Hospital Learning Campus

The board considered a report of the interim Executive Director of Housing, Property and Regeneration that sought approval of grant funding from the Brownfield Infrastructure and Land Fund to support the construction of the Midland Metropolitan Hospital Learning Campus.

The interim Executive Director of Housing, Property and Regeneration, John Godfrey, reported that the scheme is already in receipt of public funding from Sandwell's Town Fund and the NHS Trust, and WMCA funding was needed to enable the scheme to proceed.

He advised that whilst the scheme does not provide any direct housing outputs, the Learning Campus would unlock housing as part of the Grove Lane Masterplan and informed the board of the good prospective intervention rate of £14k per unit.

Resolved that:

1. A WMCA grant of up to £5,170,880 to support the construction of the Midland Metropolitan Hospital Learning Campus be approved;
2. The project has been 'paused' by the Applicant until the status of the WMCA grant has been determined be noted;
3. Whilst the Learning Campus does not provide direct housing outputs there are strong indirect benefits to housing delivery in the Grove Lane Masterplan area, as well as to the provision of NHS key worker housing including potentially on the WMCA's Abberley Street site, as well as synergistic benefits to the housing and training funded by the WMCA with Sandwell and St Basils be noted and
4. The proposed WMCA funding pot is the Brownfield Infrastructure and Land Fund (BILF), and this project is eligible under BILF be noted.

141. Gee Business Centre

The board considered a report of the Director of Commercial and Investment that sought approval of loan funding from the Commercial Investment Fund (CIF) for the sum specified in the report to the 'Company' for a term of 3 years to facilitate the refurbishment of c15,000 sqft of offices at the Gee Business Centre, Birmingham.

Ed Bradburn, West Midlands Development Capital, outlined the key aspects of the investment proposal detailed in the report.

Resolved that:

1. The powers and the ability of the WMCA to make the proposed loan be noted;
2. The loan investment for the sum specified in the report from the Commercial Investment Fund to the 'Company' for a term of 3 years, as per the terms and conditions set out in the report be approved and
3. The negotiation and approval of the final terms of the loan be delegated to the Director of Commercial and Investment in consultation with the S.151 Officer and Monitoring Officer be agreed.

[Councillor Sleigh declared a personal interest in this matter having previously worked with Robert Lissner (member of the Company's management team) but had not been in contact with Mr Lissner since 2017]

142. Wavensmere, Canalside South

The board considered a report of the Director of Commercial and Investment that sought approval of loan investment from the Commercial Investment Fund/Residential Investment Fund, for the sum specified in the report to the 'Company', for 5 years and grant funding from the Brownfield Housing Fund to facilitate the development of 10,000 sqft of retail office space and 524 residential units (c 21% affordable) at Canalside South, Wolverhampton.

Kieren Turner-Owen, West Midlands Development Capital, outlined the key features of the investment proposal and reported that the City of Wolverhampton Council supported the loan and grant that would ensure the delivery of a vital city centre regeneration project.

Councillor Burden (City of Wolverhampton Council) reported that the derelict site was highly in need of regeneration, and he fully supported the investment proposal.

Resolved that:

1. The comments made by Investment Panel when the proposal was presented be noted;
2. The loan investment for the sum specified in the report from the Commercial Investment Fund/Residential Investment Fund to the 'Company,' for a term of 5 years as per the terms and conditions set out in the report and grant funding from the Brownfield Housing Fund as stated in the report be approved;
3. The negotiation and approval of the final terms of the loan be delegated to the Director of Commercial and Investment in consultation with the s.151 Officer and Monitoring Officer be agreed.

143. Proposed Hotel, Edgbaston, Warwickshire County Cricket Club

The board considered a report of the Director of Commercial and Investment that sought approval of loan investment from the Commercial Investment Fund / Residential Investment Fund (CIF/RIF) to Warwickshire County Cricket Club for £18m for up to a maximum of 10 years to facilitate the development of a new 148-bedroom hotel and new stand at Edgbaston Cricket Ground subject to the terms and conditions of the loan set out in the report.

Nick Oakley, West Midlands Development Capital, reported that hotel was part a redevelopment of the cricket ground and forms part of a wider masterplan for the overall stadium that would enable it to compete with other international cricket grounds in the country.

It was noted that the proposed term of the loan (10 years) is outside of the CIF/RIF lending parameters and an exception would be needed to allow this (currently 5 years maximum). The loan would be subject to significant conditions and would not be drawn for 2 years. Nick Oakley reported that the WMCA would also need increase the overall commitment of CIF and RIF to accommodate this request.

The Executive Director of Finance and Business Hub, Linda Horne, reported that the WMCA Board had agreed to increase the commitment cap on the WMCA's Commercial and Residential Loan Funds by (up to) an additional £40m (to £250m) at its meeting on 15 March 2024 that would enable it to accommodate this loan.

The Director of Commercial and Investment, Ian Martin reported that all of the conditions contained in the loan agreement would need to be satisfied before the loan is drawn and the cricket club would need to undertake a lot of work, working with the fund manager for this happen.

The Chair noted the conditions of the loan were of critical importance.

Nick Oakley (WMDC) confirmed that the fund manager would work with the cricket club to ensure they satisfy the loan conditions and undertook to report back on progress at the end of the year.

Resolved that:

1. The powers and ability of the WMCA to make the proposed loan be noted;
2. The comments made by the Investment Panel when the report was presented be noted;
3. The loan investment from the Commercial Investment Fund/Residential Investment Fund of £18m for a term of 10 years to Warwickshire Country Club, as per the term and conditions set out in the paper be approved including endorsing an increase to the current maximum loan term of 5 years to 10 years to accommodate this loan and
4. The negotiation and approval of the final terms of the loan to the Director of Commercial and Investment in consultation with the S.151 Officer and Monitoring Officer be agreed.

144. WMCA Commercial Investment Fund (CIF) - Dashboard

The board considered a report detailing the Commercial Investment Fund dashboard as at 1 March 2024.

Nick Oakley (West Midlands Development Capital) provided an update on loans due to be paid and drawn.

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 as at 1 March 2024.

Resolved that: the report be noted.

146. WMCA Residential Investment Fund (RIF) - Dashboard

The board considered a report detailing the Residential Investment Fund dashboard as at 1 March 2024.

Resolved that: The report be noted.

147. Land and Property Investment Fund (LPIF)

The board considered a report detailing the Black Country Land and Property Investment Fund dashboard as at 29 February 2024.

Resolved that: The report be noted.

The meeting ended at 11.20 am.