



WEST MIDLANDS COMBINED AUTHORITY

Investment Board

Monday 27 November 2017 at 10.00 am

Minutes

Present

Councillor Izzi Seccombe (Chair)	Warwickshire County Council
Councillor Jim O'Boyle	Coventry City Council
Councillor Robert Hulland	Solihull Metropolitan Borough Council
Councillor Peter Richards	Non-Constuent Authorities
Gary Taylor	Greater Birmingham & Solihull Local Enterprise Partnership

In Attendance

Sarah Middleton	Black Country Local Enterprise Partnership
Linda Horne	West Midlands Combined Authority
Phil Hewitt	Transport for West Midlands
Sean Pearce	West Midlands Combined Authority
Paul Dransfield	City of Wolverhampton Council
Bill Kirk	Dudley Metropolitan Borough Council
Rhian Palmer	Coventry City Council
Carl Craney	West Midlands Combined Authority

Item Title No.

41. Apologies for Absence (if any)

Apologies for absence had been received from Councillor Majid Mahmood (Birmingham City Council), Nick Abell (Coventry & Warwickshire Local Enterprise Partnership) and Paul Brown (Black Country Local Enterprise Partnership).

42. Notification of Substitutes (if any)

No notifications of substitutes had been received.

43. .Declarations of Interests (if any)

No declarations of interests had been received relative to items under consideration at the meeting

44. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 30 October 2017 be confirmed as a correct record and signed by the Chair.

45. Matters Arising

There were no matters arising from the minutes of the meeting held on 30 October 2017.

- 46. Very Light Rail: Transforming Connectivity West Midlands (VLR:TCWM)**
- Rhian Palmer and Bill Kirk presented a report which sought the approval of £12.2 million for the Very Light Rail: Transforming Connectivity West Midlands (VLR: TCWM) programme via a Strategic Outline Business Case. They explained that VLR: TCWM was a programme of activity to help establish the West Midlands as a world-class business investment location by supporting urban public transport connectivity, developing significant supply chain opportunities and providing a focus for driving up skill levels, focussing on the development of VLR technology. The programme was being promoted by Coventry City Council (CCC) and Dudley Metropolitan Borough Council (DMBC) with support from Transport for West Midlands. They outlined the various aspects of the scheme as follows:
- I. Dudley H2H TIC and Test Track (including (a) The Hub to Home Transport Innovation Centre and Test Track Project : Very Light Rail and Autonomous Technologies (HTHTIC) and (b) Metro Retaining Wall (Shared Wall);
 - II. Coventry VLR Phase 1 : Research and Development;
 - III. Coventry VLR Phase 2 : First Route.

Rhian Palmer and Bill Kirk responded to various questions from Members of the Board. Councillor Jim O'Boyle advised that Coventry City Council was particularly keen to promote this initiative which could have long term positive effects for the region both in terms of connectivity and employment and manufacturing opportunities. He commented on the potential for its use by Jaguar Land rover employees working at the Whitley site.

Councillor Robert Hulland commented that the proposal dovetailed well with the Government's Industrial Strategy which had been published that morning. With regard to the Metro retaining Wall he enquired whether this was to be a feature wall or, alternatively, if it was likely to attract the attention of local graffiti artists. Bill Kirk explained that the wall would be masked by the Transport Innovation Centre. Councillor Hulland also queried the accuracy of the projected costs. Bill Kirk outlined the processes applied to define the anticipated costs. Linda Horne reminded the Board that in the event that the costs were exceeded such costs would be the responsibility of the Delivery Bodies and not this Board. Rhian Palmer advised that with regard to the Coventry City Council elements of the scheme, sufficient contingency sums had been included and that contributions towards the costs were also being sought from the private sector.

Gary Taylor advised that whilst he was supportive of the proposal he questioned whether it could be delivered given the efforts made previously, without success, on the continent. Rhian Palmer advised on the recent advances in battery technology, that Warwick Manufacturing Group, partners in the proposal, operated at the cutting edge of new technology and that materials not previously available would be investigated for use. Phil Hewitt explained that the nature of public transport operations and funding regimes were fundamentally different in the United Kingdom compared to Europe inasmuch as the regulation and competition frameworks were markedly

different. He commented that this was an excellent example of public sector and private sector partnership working.

Gary Taylor and the Chair also questioned the ownership rights with regard to Intellectual Property Rights and the possibility of the WMCA benefitting from future gain share arrangements. Sean Pearce reminded the Board that the WMCA was being asked for a capped contribution towards the project and that the Intellectual Property Rights would be vested with the Accountable Body. He suggested that the Funding for Growth Board could be asked to consider this particular issue. Rhian palmer advised that there was a tri-partite agreement between Coventry City Council, Warwick Manufacturing Group and the West Midlands Combined Authority with regard to Intellectual Property Rights.

Councillor Robert Hulland reminded the Board of the shortage of engineers and the possible consequences for the scheme. Bill Kirk reported on proposals by Dudley College to work with the Innovation Centre with a view to providing degree level apprenticeships and work experience.

Resolved:

1. That the award of £12,204,821 Devolution Deal funding to the Very Light Rail: Transforming Connectivity West Midlands programme, jointly promoted by Coventry City Council and Dudley Metropolitan Borough Council be approved – the allocation falling within Coventry's UK Central Plus Programme;
2. That no commitment be given at this time with regard to ring fencing the remaining £42.8 million of the £55 million WMCA funding package in the event that this is not required to spend on Phase 2 for delivery of the first route.

47. Wolverhampton Interchange Project

Paul Dransfield presented a report which provided an update on the Wolverhampton Interchange Project (WIP), the current funding package and the forthcoming reports to WMCA Governance. He reminded the Board of the history behind this scheme, on the production of an integrated business plan and that the Benefit Cost Ratio (BCR) had improved as a result of the integration of the various elements. He assured the Board with regard to the financial costings which included contingency sums. He advised that, subject to the approval of funding, work on the new station building would commence on site in December 2017. He explained the financial breakdown and commented on the number of regulatory issues from the involvement of a large number of partners in the scheme.

Phil Hewitt reported that the financial costings of the original Metro elements had been under estimated significantly but that the Midland Metro alliance (MMA) had now provided a formal price: these costs had been audited by the Client and by independent auditors.

The Chair expressed concern with regard to the variation and suggested that lessons needed to be learnt. She outlined a series of steps which she wanted to be undertaken to offer comfort to this Board that this situation

would not be repeated. Councillor Robert Hulland commented on the need for rigorous monitoring of this project to ensure costs were controlled. He enquired which parties would be responsible for meeting any over expenditure. He also enquired as to the affect on the Investment Board's portfolio.

Linda Horne advised that the Board's portfolio had been re-profiled but that there was no capacity for any new schemes. Gary Taylor queried whether this meant that the 'headroom' had been lost. Linda Horne reported that in respect of 'the current profile this was the case. Paul Dransfield advised that the intention was to deliver the project within budget but that any over spend would be divided between the Responsible Authorities. He advised on the steps taken by the City of Wolverhampton Council to take client control of the rail station element including employing a 'rail expert' and a Quantity Surveyor to assess costs. This employment might be continued through the delivery phase. A report to the Integrated Governance Board was planned for December 2017 outlining additional governance requirements.

Resolved:

1. That the progress with the Wolverhampton Interchange Project (WIP) be noted;
2. That the funding package for WIP as detailed in section 3 of the report and the submission of a report to the WMCA Board seeking authority to commit the funding of £49.3 million of which £21.9 million WMCA Contribution (borrowing) to be funded by the Department for Transport (DfT) deed approved previously by the former Integrated Transport Authority (ITA) be endorsed;
3. That the submission of a recommendation to the WMCA Board to approve the delegation to the Metro Programme Director and Head of Governance to enter into the necessary legal agreements be endorsed;
4. That a Learned Lessons Review to:
 - Understand the reasons for the increase and mitigations that have been and will be put into place across:
 - a. This project;
 - b. All other Investment Programme Project;
 - TfWM have commenced work in this area to deliver the review by 31 December 2017;
 - An interim Lessons Learned briefing has been supplied to the WMCA FD by TfWM to identify how the Target Cost process has been revised to immediately implement lessons as a result of this project across all TfWM related projects;
 - The Learned Lessons Review to be reported back to this Investment Board;
 - How the Assurance Framework picks these risks up; and

- Updating of the risk register.

The meeting ended at Time Not Specified.