

**APPENDIX 1 - Investment Programme Funding - Risk Summary**

**Comparison of funding sources originally planned and included in February 2016 PwC report compared to latest position (December 2017)**

Funding category	Investment Programme Funding source originally planned and included in PwC report	PwC report (Feb-16) £m	Latest view (Dec-17) £m	Reason for RAG Status	Options to consider/actions in progress
Borrowing (Funded From Devolution Deal)	Devolution Deal Grant (Years 1-5)	126	126	Funding secured for years 1 - 5	N/A
	Devolution Deal Grant (Years 6-30)	622	622	Funding stream dependant on 5 yearly gateway review requirement which is detailed in the report.	* Engage Government with the objective of securing more certainly or a longer term commitment around continued payment of grant beyond year 5. * Investment in schemes optimising economic growth with confirmed funding. * Potential ranking and scheduling
	Business Rates Growth	476	476	Sharing principles now established with constituent authorities. Amber score reflects potential volatility, cumulative growth forecast and the need to formalise arrangements with DCLG / Local Authorities. Confirmed revenues to date as follows: 2016/17 = £6.9m (DCLG) / 2017/18 = £3.0m (LAs) / 2018/19 = TBC	* Continue to work closely with constituent authorities to ensure the formula will yield the expected revenues over the 30 year period. * Agreed actions written down and presented to WMCA and the constituent Authorities. * Prioritise Investment on strategically important schemes in case of a shortfall.
	Supplementary Business Rates	651	651	* The Local Government Finance Bill 2016-17 fell due to the 2017 general election * Delayed start now expected * New powers currently being acquired by WMCA. External confirmation of powers required by Constituent LAs. * Longer lead time due to a vote by businesses in the region affected by the charge. * Businesses may reject the supplement in any ballot to increase Business Rates.	* Work with DCLG in early 2018 to approval new powers. * Establish a team to take forward the Business Rates Supplement work stream to include
	Mayoral Precept	151	151	Subject to approval in budget report in February 2018 to WMCA Board.	Prioritise the investments to deliver those which are considered to be strategically important first. Amend WMCA powers to allow Mayor control over Investment Programme.
<b>Net Capital Investment Funded by Investment Programme</b>		<b>2,026</b>	<b>2,026</b>		
Enterprise Zone (EZ)	Metro Centenary Square EZ Funding Curzon masterplan/Solihull Metro extension	762	16 739	Funded by borrowing based on business rates growth being achieved by the Curzon Enterprise Zone	Birmingham City Council are managing the financial position regarding the Curzon EZ funding and will provide an update in 2018/19.
Transport Capital Grant	ITB/Highways Maintenance Grant		430		
	LGF/LSTF & Low Emissions Funding/Cycling & Walking Funding	1,299	870	The Devo Deal suggested Government would be forthcoming with additional Local Growth Fund, Local Sustainable Transport Fund, Office for Low Emission Vehicle funding and Cycling & Walking awards. A request has been made to seek clarity from DfT to confirm these funding assumptions are solid given the current funding climate and changed since 2015.	Consider including in future Devo Deal negotiations with Government. Ensure future "repackaged" Central Government funding is used locally in the West Midlands for core IP/transport objectives.
Existing DfT/HS2 Funding	UK Central Interchange	216	216	SMBC yet to confirm grant is secured	
	Expressway junction enhancements and connectivity to UKC Coventry UKC	88	95	Automatic People Mover (APM) - subject to business case from Solihull MBC. DfT funding now established for A46 Link Road (£85m) and M6 J3 (£69m)	
	Birmingham Eastside Metro Extension	41	132	Original proposal extended to include Curzon to Adderley Street, Digbeth extension.	It is expected that a number of these funding sources may turn green following the submission of suitable Business Cases to DfT but further work is being undertaken by WMCA to understand the risk and impact on the programme of these funding streams not being realised. This information will form the basis of subsequent update reports.
	Metro extension from Centenary Square to Edgbaston	60	60	DfT Grant awarded in September 2017	
	A45 Sprint Scheme	35	35	DfT Grant subject to business cases (initial development contributions received)	
Metro Capital Funding	East Birmingham to Solihull	795	492	The Devolution Deal contained a commitment by Government to support and Metro extensions from Curzon to Interchange. It is understood the Government have advised that the money is not currently allocated by HMT and WMCA should therefore also consider alternative sources of finance for the schemes.	* Continued lobbying of Central Government to secure this funding and inclusion in future negotiations. * WMCA need to look at other sources of finance including Land Value Capture Toolkit, ongoing fares revenue and Funding for Growth. * Prioritise the investments to deliver those which are considered to be strategically important first with Birmingham and Solihull Local Authorities.
	Brierley Hill extension		207	Confirmed in Devo II announcement - funded through Transforming Cities Fund	
Public Sector Partner Contributions	Highways England - Coventry UKC+ & Solihull UKC (J6 M42)	395	365	The "£1.8bn Midlands' Roads Plan" has the backing of DfT and is now RAG rated as green.	
	Network Rail/DfT - HS2 Connectivity Package	273	211	Network Rail planned funding is primarily in relation to Bordesley Chords and Water Orton	Work is ongoing through Midlands Rail hub (led by Midlands Connect) in conjunction with Network Rail to develop a strategic outline case for DfT.
	LGF		78	New LGF funding identified	WMCA need to continue to work with Network Rail to ensure the complementary funding assumed to be coming from Network Rail is included in their long term financial plans.
	Other Gov't grants (secured) Local Authority Funding	8	17	New funding identified	
		85	85	Other Local Authority funding identified that was not anticipated in the original plans.	
European Structural and Investment Fund (ESIF)		13	2		
Collective Investment Fund		1,000	1,000	Plans are progressing based on constituent local authorities underwriting the loan portfolio	Possible extension of the CIF to create further returns
Local Contributions/ Private Sector	Contribution to HS2 UK Central Interchange from interested parties	139	139	Revised RAG rating from Feb-16, reflects more detailed planning in progress	Actions in terms of approaching interested parties will evolve as detailed panning work progresses.
	Coventry UKC+		68	Coventry UKC+ private sector development funding now identified (primarily Coventry North road developments)	
	Coventry City Centre South regeneration (private sector funding)		208	Only Investment Programme funded element was included in original plan.	
	Other	49	33	CSQ £6m plus Sprint £27m (private sector part funding of Sprint vehicles) now identified	
Funding TBC	Solihull UKC Infrastructure / Interchange		215	Includes £207m CEF (Birmingham International Station) redevelopment funding	Funding gaps will need to be addressed either by value engineering the schemes back within the original budget estimate or, in the case of the CEF, to continue to work with Government to identify funding and / or generate additional funding locally through Land Value Capture and other available frameworks.
	Metro East Birmingham to Solihull		60		
	Metro Wednesbury to Brierley Hill		33	Project contingency currently unfunded pending confirmation of detailed planning and cost forecasts.	
Productivity Fund (for HS2 Supply Chain and Business Support)		325	86	Detailed scoping underway - minimum investment £66m ERDF (incl. match) and £20m Rail Supply Growth Fund (excl. match but will include some nationwide investment).	The majority of the £325m refers to Private Sector leverage. WMCA to work with Birmingham City Council to ensure any leverage obtained through investments is accurately captured and reported.
Revolving Housing Fund		500		The Revolving Housing Fund did not feature in the final Devolution Deal agreement and will be revisited for future devolution deals with Government.	WMCA will need to continue dialogue with Government regarding its agenda for housing and the associated mechanisms for funding.
<b>Total Investment Programme planned Capital Investment</b>		<b>8,024</b>	<b>8,072</b>		
<b>Overall Investment Programme Funding - RAG status</b>		1,013	2,013		
		6,533	3,638		
		478	2,421		
* Note: the total Investment Programme funding reported will change depending on the level of matched and other external funding identified and confirmed.					
<b>Overall RAG Investment Programme Funding RAG status %</b>		13%	25%		
		81%	45%		
		6%	30%		