



West Midlands
Combined Authority

WMCA Investment Board

Date	24 th July 2023
Report title	Investment Programme Update
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Report has been considered by	N/A

The WMCA Investment Board is recommended to:

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

1 Purpose

- 1.1 The Investment Board agreed on 26th March 2018 to receive a monthly report on the status of the Investment Programme to help set the context for any investment decisions being made by the Board. This report fulfils that requirement.

2 Background

- 2.1 The Investment Board was established by the WMCA Board as a key element of the approvals process across the Investment Programme.
- 2.2 The Investment Board considered and endorsed an enhanced Terms of Reference at its meeting on 20th April 2020 (approved by WMCA Board 24th July 2020). This set out an enhanced role supporting decision-making, greater post approval controls, performance management and effective delivery of monitoring & evaluation requirements.
- 2.3 The enhanced Terms of Reference included the following:
 - To oversee and monitor all investments made through the Investment Programme.
 - To add conditions to any funding decision that falls within its delegated authority. Minimum conditions should specify the availability period, conditions to drawdown of funds, conditions for withdrawal of support and terms of clawback, start date and completion date for the project or programme.
 - Where oversight of monitoring and evaluation applies to the Investment Board, to consider whether a formal review of project or programme is required, and to consider this review itself or instruct the Investment Panel to do so on its behalf.
- 2.4 On the 10th of June 2022, WMCA Board approved extending the role and remit of WMCA Investment Board to cover all WMCA projects (including the CRSTS programme), allowing investment decisions to be made for values between £5 million and £20 million in line with the Single Assurance Framework.

3 Investment Programme Assurance Summary

- 3.1 An analysis of the overall Regional Investment Programme expenditure, (funded by both grants administered by WMCA from the “WMCA Investment Programme” and match funding sources), is provided at **Appendix 1**.
- 3.2 Approved grant funding awarded and administered by the WMCA to programmes within the Regional Investment Programme totals £853.7 million as of 30th June 2023 (£853.7 million as at 31st May 2023 – refer to **paragraph 3.5**).
- 3.3 These commitment values above exclude the provisional ‘ear-marked’ allocations agreed by WMCA Board in March 2021 that are yet to obtain formal approval. Commitments for some of these ear-marked items will be confirmed via the approval of further reports to WMCA Board.
- 3.4 WMCA Investment Programme funding actually drawn / incurred by projects against these funding commitments as at 31st March 2023 totals £507.3 million. An analysis of funding drawn is provided at **Appendix 1**.

- 3.5 Since the previous WMCA Investment Board meeting on 19th June 2023, the following submissions have been approved:
- Sprint Programme Change Requests – Change requests were approved by Executive Director and Investment Programme SRO to extend the project completion dates for the Sprint A34 and A45 Phase 2 projects to June 2025, and to extend the project completion dates for Hagley Road, Birmingham to Sutton Coldfield, Birmingham to Longbridge and Hall Green to Interchange via Solihull to December 2029.
- 3.6 **Appendix 1** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of June 2023. The WMCA Investment Programme dashboard at **Appendix 2** discloses the sums committed against individual projects.

4 Investment Programme Affordable Limit & Gateway Status

- 4.1 At the WMCA Board meeting on 19th March 2021, WMCA Board approved an increase to the current WMCA Investment Programme affordable limit of £70 million, from £801 million to £871 million.
- 4.2 This is presently the limit whilst arrangements to secure additional funding sources into WMCA are developed and delivered.
- 4.3 Programmes which contain projects presently outside the current affordable limit include:
- Coventry UK Central Plus;
 - Employment, Education and Skills;
 - Innovation Programme;
 - Land Reclamation and Remediation;
 - Sprint Programme;
 - Rail Programme;
 - UK Central HS2 Interchange; and
 - UK Central Infrastructure Package.
- 4.4 Investment Board is advised to note that WMCA are in contact with the Department for Levelling Up, Housing and Communities ('DLUHC') in respect of an Interim Gateway Review which is expected to complete in February 2024.
- WMCA have worked with DLUHC-appointed consultants SQW, to establish a list of projects within scope for evaluation.
 - A Local Evaluation Framework was drafted in May 2023 and is with DLUHC for approval.
 - The 10-year Gateway Review is expected to complete in November 2025.

5 Investment Programme Delivery and Expenditure

- 5.1 The Regional Investment Programme expenditure and underpinning funding summaries are provided at **Appendix 1**.
- 5.2 The amounts shown are the gross delivery totals, inclusive of expenditure funded by grants from the WMCA Investment Programme and match funding sources.
- 5.3 In respect of the full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2023-24 programme baseline. It should be noted that the impact of national construction challenge and inflation, as well as local factors including but not limited to programme adjustments to accommodate the Commonwealth Games and HS2 delivery, are continuously being assessed by the accountable bodies, with each respective delivery organisation required to manage the schemes within the funding available to them.
- 5.4 Investment Board is advised to note the following programme updates:
- Coventry City Centre South – Investment Board approved the change from a retail-led development to a residential-led scheme and the re design of the project. As a result, construction costs scheduled to incur in FY22-23 have been deferred to FY23-24.
 - UK Central HS2 Interchange Programme - Variance observed in FY22-23 is primarily due to the NEC Longabout and Roundabout Over-Trace sub-projects. Change requests have been received and approved by Officers of WMCA within FY22-23 and April 2023 in respect of these projects to alter the expected completion dates of the projects to December 2024 and December 2025, respectively.
 - UK Central Infrastructure Package - This programme is currently made up of twenty-six sub-schemes that have received awards of WMCA Investment Programme funding. A second overarching programme rebasing change request was approved by WMCA Investment Board on 29th March 2023 to extend project completion dates for most projects within the programme. This has resulted in some current year spend being deferred because spend profiles have been amended accordingly.
- 5.5 The WMCA Investment Programme dashboard at **Appendix 2** provides a detailed summary by project of project completion dates and business case stage.

6 Investment Programme Dashboard

- 6.1 The Investment Programme Dashboard is attached separately at **Appendix 2**.
- 6.2 The dashboard identifies whether project starts, and completions are as forecast when compared with the original business case, or funding documentation where this supersedes the business case.
- 6.3 There are eighty-two projects that have passed the Assurance Process and have received a financial commitment (noting that several projects have identified distinct sub-projects within the approval). **Those projects with a RED status are brought to the attention of Investment Board.**

- 6.4 Nine schemes have a RED status. Six for completion dates, with the Assurance and Appraisal team working with Sponsors to bring forward requests to extend dates to the relevant approval body. Three relate to varying issues, as set out below:
- UKC Interchange - HS2 Parallel Designs - Birmingham International Station - Integrated Transport Hub. A Change Request to extend the end date by three years has been rejected. As part of this process a recommendation was made for the project to provide a 'Report on Progress in delivering agreed Outputs and Outcomes'. This project is marked RED due to the report being outstanding.
 - UKC Infrastructure – There are two schemes which are listed as RED status because the original completion date has expired without the project concluding. The schemes currently RED status are:
 - Accelerated Housing Delivery - Utilising Solihull Assets; and
 - Playing Pitch Implementation Strategy.
 - SPRINT - The following two schemes remain RED until outcome of CRSTS review (funding to complete) in September 2023 is known:
 - Sprint - A34 Walsall to Birmingham
 - Sprint - A45 Birmingham to Airport and Solihull
 - Metro Programme. There are three schemes which are listed as RED status as their forecast end date exceeds their approved end date. A Change Request has been received in Assurance & Appraisal for Birmingham Eastside Extension and Wednesbury to Brierley Hill Extension projects, whilst Wolverhampton Interchange needs to be formalised, reflecting current delivery.
 - Rail - Walsall to Wolverhampton Local Enhancements (Package 1). A Change Request is awaited from Project Team as the project is being rebased to reflect a number of known project challenges.

7 Financial Implications

- 7.1 There are no direct financial implications arising from the recommendations within this report.

8 Legal Implications

- 8.1 There are no legal implications as a result of the recommendations within this report.

9 Equalities Implications

- 9.1 There are no equalities implications as a result of the recommendations within this report.

10 Inclusive Growth Implications

- 10.1 There are no inclusive growth implications as a result of the recommendations within this report.

11 Geographical Area of Report's Implications

- 11.1 There are no geographical implications as a result of the recommendations within this report. The Regional Investment Programme comprises an array of programmes throughout each of the seven West Midlands constituent member areas. These programmes also have implications for some non-constituent areas and the wider local area beyond the constituent member regions.

12 Other Implications

12.1 Not applicable.

13 Schedule of Background Appendices

Appendix 1: Tables and Graphs

Table 1: Total Regional Investment Programme Expenditure and Funding Summary (as at 31st March 2023)

This table discloses the total expenditure for programmes included within the Regional Investment Programme, including expenditure funded by grants from the WMCA Investment Programme and match funding sources.

The table also summarises the expected funding underpinning the total expenditure forecast outturn shown.

Table 2: WMCA Investment Programme Commitments (as at 30th June 2023)

This table summarises the total grant funding approved to date to be provided by WMCA from the WMCA Investment Programme, summarised by programme.

Graph 1: WMCA Investment Programme Funding Drawn (Up to 31st March 2023)

This graph shows how Investment Programme Funding has been drawn to date and the current expectations for future drawings from within the current affordable limit.

Appendix 2: WMCA Investment Programme Dashboard Report (as at 30th June 2023)

See separate attachment. This appendix summarises the WMCA grant funding commitments by project, as well as business case stage and expected project completion dates.

APPENDIX 1: TABLES AND GRAPHS

TABLE 1 (£'000)	Cost To Completion			Total Forecast Outturn
	Prior Period £000	2022 / 2023 Actual	Future Years Forecast	
Coventry UKC Plus	194,167	10,636	431,408	636,210
Sprint Programme	75,519	21,462	195,547	292,528
Rail Programme	47,690	25,678	160,997	234,364
Metro Programme	488,958	113,022	1,102,311	1,704,292
UK Central Infrastructure Package	88,655	86,422	1,180,762	1,355,839
UK Central HS2 Interchange	35,297	8,049	584,397	627,743
Subtotal - HS2 Growth Strategy	930,286	265,269	3,655,422	4,850,976
Coventry City Centre South Regeneration	55,370	31,803	247,674	334,846
Innovation Programme	37,876	5,531	151,592	194,999
Land Reclamation and Remediation	55,918	11,463	132,619	200,000
Commonwealth Games 2022	73,028	5,320	-	78,348
Employment, Education & Skills	1,023	290	18,687	20,000
Business and Tourism Project - B ATP	10,745	11,788	1,415	23,948
Coventry Electric Bus City	11,407	9,866	118,162	139,434
Regional Recovery & Risks	11,754	1,637	36,516	49,907
Collective Investment Fund	87,111	36,371	876,518	1,000,000
Subtotal - Other IP Schemes	344,231	114,069	1,583,182	2,041,482
Grand Total	1,274,517	379,338	5,238,604	6,892,458

Funding Summary														Funding Total
WMCA IP	WMCA (Debt)	DfT	Enterprise Zone	Private Sector	LGF	DLUHC	Highways England	Network Rail	CIF	LA	Other	To Be Confirmed		
288,051	-	149,650	-	65,117	40,548	35,130	-	-	-	13,370	44,343	-	636,210	
216,946	-	35,000	-	18,235	4,700	3,100	-	-	-	1,652	12,896	-	292,528	
113,907	-	59,518	-	-	1,600	14,200	-	15,668	-	11,684	35	17,753	234,364	
227,030	130,217	411,309	204,434	3,671	47,640	-	-	-	-	67,698	11,898	600,394	1,704,292	
288,000	-	-	-	753,346	-	-	-	-	-	32,758	281,734	-	1,355,839	
398,000	-	50,000	-	47,817	460	-	-	-	-	180	636	130,650	627,743	
1,531,933	130,217	705,477	204,434	888,186	94,949	52,430	-	15,668	-	127,342	351,542	748,797	4,850,976	
149,955	-	-	-	-	-	-	-	-	-	184,892	-	-	334,846	
49,999	-	-	-	-	4,816	-	-	-	-	1,693	25,181	113,310	194,999	
200,000	-	-	-	-	-	-	-	-	-	-	-	-	200,000	
25,000	-	-	-	-	20,000	-	-	-	-	10,000	23,348	-	78,348	
20,000	-	-	-	-	-	-	-	-	-	-	-	-	20,000	
2,600	-	-	-	-	-	-	-	-	-	-	21,348	-	23,948	
5,000	-	49,934	-	78,400	-	-	-	-	-	6,100	-	-	139,434	
37,050	-	-	-	34	-	-	-	-	-	-	12,822	-	49,907	
-	-	-	-	-	-	-	-	-	1,000,000	-	-	-	1,000,000	
489,604	-	49,934	-	78,434	24,816	-	-	-	1,000,000	202,685	82,700	113,310	2,041,482	
2,021,537	130,217	755,411	204,434	966,620	119,765	52,430	-	15,668	1,000,000	330,027	434,242	862,107	6,892,458	

TABLE 2 (£'000)	WMCA IP Commitments		
	Total Expected Approvals	Funding Approved	Actual Spend (Mar-23)
Coventry UK Central Plus	288,050	94,805	94,408
Sprint Programme	217,400	47,034	42,325
Rail Programme	113,915	63,026	9,397
Metro Programme	227,030	227,030	106,027
UK Central Infrastructure Package	288,000	35,128	27,425
UK Central HS2 Interchange	398,000	57,539	41,904
Subtotal - HS2 Growth Strategy	1,532,395	524,562	321,484
Coventry City Centre South Regeneration	149,954	149,954	62,898
Innovation Programme	50,000	16,131	14,452
Land Reclamation and Remediation	200,000	103,040	67,381
Commonwealth Games 2022	25,000	25,000	25,000
Employment, Education & Skills	20,000	1,312	1,312
Business and Tourism Project - B ATP	2,600	2,600	1,209
Coventry Electric Bus City	5,000	5,000	521
Regional Recovery & Risks	37,050	26,150	13,035
Subtotal - Other IP Schemes	489,604	329,187	185,808
Grand Total	2,022,000	853,749	507,293

