



WMCA Investment Board

Date	16 th October 2023
Report title	Investment Programme Update
Portfolio Lead	Councillor Bob Sleight - Finance & Investments
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Report has been considered by	N/A

The WMCA Investment Board is recommended to:

1. Note the two Commercial Investment Fund loans approved by the Chief Executive of the WMCA due to the previous Investment Board not being quorate and the urgent commercial imperative to make such a decision., as detailed 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 September 2023 (no overall change from the last reporting to WMCA Investment Board of £853.7 million as at 30th June 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 to date totals £520.2 million. An analysis of funding drawn is provided at **Appendix 1**.

- 3.5 Since the previous full sitting of WMCA Investment Board on 24th July 2023, there have been no business case submissions approved under delegated powers in respect of grant funding.
- 3.6 Two applications for loans from the Commercial Investment Fund were approved since the last quorate meeting of WMCA Investment Board on 24th July 2023, due to the need for commercial expediency:
- Westbeech Developments – Westminster Industrial Estate; and
 - Chancerygate – GKN Site, Erdington, Birmingham.
- 3.7 In the case of Westbeech, a pre-let was in process and failure to agree the loan would have jeopardised the resulting letting, together with the jobs and economic benefit.
- 3.8 In the case of the GKN site, part of the loan funding was enabling site acquisition and completion of the acquisition was scheduled to occur before this Board. A delay risked the transaction and would have set back the delivery of the economic benefits.
- 3.9 **Appendix 1** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of August 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.
 - Work on a Mid-Term Gateway Review commenced in September 2023 and to be submitted to DLUHC in February 2024.
 - 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. Note that the impact of inflation, as well as local factors including but not limited to programme adjustments to accommodate 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 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 Eight schemes have a RED status for completion dates, with the Assurance and Appraisal team working with Sponsors to bring forward requests to extend dates to the relevant approval body.
 - UKC Infrastructure – There are three 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;
 - Playing Pitch Implementation Strategy; and
 - Middlewood House.
 - Coventry South Interchange - A46 Stoneleigh Junction (A46 Link Road Phase 1). RED due to approved completion date expired. A Change Request has been received to extend the completion date and is under appraisal.
 - Metro Programme. There are two 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 both Birmingham Eastside Extension and Wednesbury to Brierley Hill Extension projects, and is under appraisal.
 - Rail. A Change Request is awaited from Project Team as the following two projects are being rebased to reflect a number of known project challenges:
 - Walsall to Wolverhampton Local Enhancements (Package 1).
 - Camp Hill Line Local Enhancements (Package 2).

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 30th September 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 September 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

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 September 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				Funding Summary														
	Programme	Prior Period	23/24 Outturn	Future Year Forecast	Total Forecast Outturn	WMCA IP	WMCA (Debt)	DfT	Enterprise Zone	Private Sector	LGF	DLUHC	Highways England	Network Rail	CIF	LA	Other	To Be Confirmed	Funding Total
Coventry UKC Plus	274,802	8,453	430,721	713,976	287,951	-	156,650	-	70,975	40,548	35,130	65,000	-	-	13,370	44,351	-	-	713,976
Sprint Programme	96,982	4,403	191,145	292,530	216,947	-	35,000	-	18,235	4,700	3,100	-	-	-	1,652	12,896	-	-	292,530
Rail Programme	73,367	59,494	101,502	234,364	113,907	-	59,413	-	-	1,600	14,200	-	15,668	-	11,789	35	-	17,753	234,364
Metro Programme	603,798	161,554	1,134,441	1,899,792	227,030	116,184	512,091	219,434	3,671	47,640	60,000	-	-	-	124,510	11,898	-	577,334	1,899,792
UK Central Infrastructure Package	220,076	15,417	1,072,521	1,308,015	288,000	-	-	-	755,690	-	-	-	-	-	27,751	236,574	-	-	1,308,015
UK Central HS2 Interchange	43,346	3,063	581,333	627,742	398,000	-	-	-	97,817	460	-	-	-	-	180	636	-	130,650	627,742
Subtotal - HS2 Growth Strategy	1,312,371	252,384	3,511,664	5,076,419	1,531,834	116,184	763,154	219,434	946,388	94,949	112,430	65,000	15,668	-	179,252	306,390	-	725,737	5,076,420
Coventry City Centre South Regeneration	87,587	48,778	231,208	367,572	149,945	-	-	-	-	-	-	-	-	-	217,627	-	-	-	367,572
Innovation Programme	43,265	1,467	149,679	194,412	49,982	-	-	-	-	4,849	-	-	-	-	1,693	24,578	-	113,310	194,412
Land Reclamation and Remediation	67,381	27,023	105,596	200,000	200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000
Commonwealth Games 2022	78,348	-	-	78,348	25,000	-	-	-	-	20,000	-	-	-	-	10,000	23,348	-	-	78,348
Employment, Education & Skills	1,312	-	18,687	20,000	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Business and Tourism Project - BATP	22,533	1,415	-	23,948	2,600	-	-	-	-	-	-	-	-	-	-	21,348	-	-	23,948
Coventry Electric Bus City	21,273	6,013	112,214	139,500	5,000	-	50,000	-	78,400	-	-	-	-	-	6,100	-	-	-	139,500
Regional Recovery & Risks	13,391	9,724	26,791	49,906	37,050	-	-	-	34	-	-	-	-	-	-	12,822	-	-	49,906
Collective Investment Fund	123,482	33,755	842,763	1,000,000	-	-	-	-	-	-	-	-	-	1,000,000	-	-	-	-	1,000,000
Subtotal - Other IP Schemes	458,572	128,175	1,486,939	2,073,686	489,576	-	50,000	-	78,434	24,849	-	-	-	1,000,000	235,420	82,097	-	113,310	2,073,686
Grand Total	1,770,943	380,559	4,998,603	7,150,106	2,021,410	116,184	813,154	219,434	1,024,822	119,798	112,430	65,000	15,668	1,000,000	414,672	388,486	-	839,047	7,150,106

TABLE 2 (£'000)	WMCA IP Commitments		
WMCA Investment Programme Commitment	Total Expected Approvals	Approved Commitments	Actual Spend To Date
Coventry UK Central Plus	288,050	94,805	94,336
Sprint Programme	217,400	47,034	41,762
Rail Programme	113,915	63,026	21,755
Metro Programme	227,030	227,030	101,754
UK Central Infrastructure Package	288,000	35,128	27,940
UK Central HS2 Interchange	398,000	57,539	42,328
Subtotal - HS2 Growth Strategy	1,532,395	524,562	329,876
Coventry City Centre South Regeneration	149,954	149,954	64,119
Innovation Programme	50,000	16,131	14,703
Land Reclamation and Remediation	200,000	103,040	69,245
Commonwealth Games 2022	25,000	25,000	25,000
Employment, Education & Skills	20,000	1,312	1,312
Business and Tourism Project - BATP	2,600	2,600	1,792
Coventry Electric Bus City	5,000	5,000	579
Regional Recovery & Risks	37,050	26,150	13,535
Subtotal - Other IP Schemes	489,604	329,187	190,286
Grand Total	2,022,000	853,749	520,162

