



West Midlands Combined Authority

The Risk & Investment Appraisal has been completed to support better and more informed spending and investment decisions at the WMCA

RISK & INVESTMENT APPRAISAL BOARD REPORT

16 OCTOBER 2023

**CWG LEGACY – TRADE, BUSINESS,
TOURISM AND INVESTMENT (GLOBAL
WEST MIDLANDS) FBC**

The purpose of this report is to:

- Provide a high-level summary of the outcome of the independent Assurance and Appraisal activity including any notable risks (project and strategic), commercial viability and Value for Money (VfM) of the investment and the opportunities it brings forward,
 - Put forward approval conditions assigned at both Programme and Project level which will form the basis of agreements post the approval decision. These have been summarised in Appendix I which is available upon request,
 - and act as an informative tool for decision-makers that accompanies the business case through to an approval decision.
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TRADE BUSINESS, TOURISM AND INVESTMENT (GLOBAL WEST MIDLANDS)

FBC

CWG LEGACY

Appraisal Recommendation

This project is recommended to be APPROVED with the following conditions:

1. WMCG continues to work with WMCA key stakeholders and the appointed senior officer to review and monitor progress against the deliverables, milestones, outputs and financials on a monthly basis. This should include any reporting to funding bodies.
2. A clause is included in the funding agreement relating to the remaining amount of commercial income still to be secured and evidenced.
3. This project and its delivery leads will form part of the WMCA Assurance-led Health Check to be conducted across the CWGLEF programme.

Key Risks

- **Financial/Operational Risk:** WMGC has been operating as a going concern for 2023/24. Future operations are reliant on the funding allocations. WMCA Board agreed on 17 March 2023 that the preferred operating model should be 'consolidation' and maintaining funds at £12m per annum. The total allocation from CWGLF does not yield this budget although the total funds for the two years are just under the £12m. While the majority of the funding is secured, some commercial income is still to be secured. This could affect the delivery of the proposed programmes and outputs could be at risk if the WMGC has to scale back its operations. The project has stated that this income is based on high volume but low value transactions, therefore failure to realise these funds would require a significant number of commercial partners to withdraw from the programme which is considered highly unlikely.
- **Political/Economic Risk:** Political and economic uncertainties may impact on the delivery of this programme.
- **Political/Reputational Risk:** In order to maintain support from all Local Authorities, WMGC needs to continue to demonstrate that its future plans will result in growth for the West Midlands as a region.
- **Delivery Risk:** There will be a need for the Global WM programme to respond flexibly to changing external factors which could impact on delivery. To mitigate this, the project has demonstrated through the FBC an approach to change management and the inclusion of a draft change management plan.
- **Delivery Risk:** The baseline data used in setting the objectives is stated as highly optimistic due to the use of recent data and the positive impacts from the Commonwealth Games and the Business and Tourism Programme (BASP). This could impact on the projected deliverables and the project achieving its full objectives as set out in the business case. Optimism bias has been applied to the NPSV and BCR figures.

Key Opportunities

- Investment will allow WMCG to continue to build on the work undertaken to date and the current on-going evaluation of the Business and Tourism Programme (BASP) will provide independent insight to help refine the programme moving forward.
- Opportunity to invest in a programme which will promote the region's business and domestic tourism opportunities to key markets and events.

- There is opportunity to exploit the economic legacy and benefits of an enhanced profile and reputation of the region following the Commonwealth Games. Interest from investors and tourists will be high.
- Increased employment opportunities for West Midlands residents
- Opportunity to attract further international events.
- Increased inward investment into the region.
- Enable the formation of a second national pilot Destination Development Partnership

Inclusive Growth Alignment

This Project will contribute towards Inclusive Growth within the West Midlands by:

- Creating and sustaining good jobs for local people through the project objective of attracting 117 inward investment projects by 31st March 2025.
- Promoting inclusive growth across the West Midlands through attracting various events, boosting tourism and increasing employment through inward investment

#WM2041 Net Zero Contribution

This business case will contribute towards #WM2041 by:

- Encouraging investors to consider taking space in retrofitted buildings.
- Increasing the take up of low carbon real estate.
- Focus on attracting investment in low carbon new builds and retrofit projects.
- Improving supply of low carbon new build and retrofit space.
- Encouraging investors to look to develop new hotel accommodation and tourist attractions with strong net zero credentials.
- Working with Destination Management Organisations to benchmark sustainability performance against other destinations.

WMCA Appraisal RAG rating

Strategic Case	Blue/Resolved
Economic Case	Blue/Resolved
Commercial Case	Blue/Resolved
Financial Case	Blue/Resolved
Management Case	Blue/Resolved

Resolved	Resolved Risk : Project have responded to and/or mitigated the risks raised by updating the business case or the project response within this report has answered the query raised
High Risk	Project must resolve / update the business case ahead of delivery. Any unresolved, red-rated risks will be highlighted to the decision maker when the business case is submitted for approval. If ignored, successful delivery will not be possible.
Medium Risk	Project should resolve business case ahead of next submission or delivery. If ignored, they may impact chances of successful delivery.
Low Risk	Project could resolve the business case ahead of next submission or delivery. If responded to, they will improve chances of successful delivery.

WMCA Assurance - **note this score was derived from a review of the draft business case.*

WMCA Assurance rated the overall maturity of this business case as 77%* which is defined as:

Green - Amber 60 – 79%: Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.

All high rated observations have been responded to and addressed by the project.

Risk & Investment Appraisal

Single Assurance Framework