

WMCA Investment Board

Date	13 th November 2023
Report title	Housing & Land Investment Programme Business Case
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Report has been considered by	Investment Panel (1 st November 2023)

Recommendation(s) for action or decision:

The Investment Board is recommended to:

- (1) To agree the retrospective Programme Business Case (PBC) for the Housing & Land Funds, which sets out the overarching principles and approach for administering secured Housing & Land funds.
- (2) To note the PBC is to be updated in line with the revised programme set out in the funding programme update presented to this Investment Board as a separate agenda item .

1. Purpose

- 1.1 This report and the attached Programme Business Case (PBC) detail the overarching principles and approach for administering Housing & Land funds secured to date.
- 1.2 The programme incorporates three existing funding streams, which have been devolved to WMCA since 2018; the £100m Land Fund, £129m Brownfield Housing Fund and £24m National Competitive Fund.

2. Background

- 2.1 The WMCA Housing and Land (H&L) Investment Programme has been in operation since 2019, following receipt of the first tranche of the Land Fund. To date, £84.7m of this funding has been committed out of a total pot of £253m, unlocking 5,229 homes, 61.5k sqm commercial space and over 3,360 jobs.
- 2.2 The PBC details the systems and processes agreed historically to ensure that H&L grant funds within the programme are managed in compliance with the Single Assurance Framework and the funding conditions set by central government, whilst also prioritising delivery which aligns with WMCA's wider strategic objectives and the H&L Portfolio deliverables.

3. Strategic Aims and Objectives

- 3.1 The specific requirements set out by government and criteria which must be met on every project are detailed in the PBC – there is no flexibility for WMCA to depart from these requirements and criteria, which are weighted towards securing housing outputs. Grants are designed to address genuine and proven scheme viability issues where WMCA is *the funder of last resort*.
- 3.2 In addition to the conditions set by government, WMCA has established a number of additional essential and desirable requirements for any schemes supported by these funds, with direct and explicit links to key strategies and policies approved by WMCA Board, including but not limited to: Affordable Housing, the Regional Design Charter; the Advanced Manufacturing in Construction Routemap; the Zero Carbon Homes Charter and Routemap; the Public Land Charter; the Plan for Growth; the Inclusive Growth Framework; WM2041; and the Local Transport Plan.
- 3.3 The criteria, requirements, evaluation and monitoring processes currently in place are summarised within the Single Commissioning Framework (SCF), an end-to-end staged assessment process agreed by WMCA Board in March 2019, and applied in the directorate from that time. Development of the SCF was part of the conditions agreed with government in the 2018 Housing Deal, to demonstrate robust assurance, appraisal and due diligence processes for managing devolved housing and land funds.
- 3.4 The PBC describes the activities undertaken through the internal process to shape and develop project proposals into robust business cases which can satisfy the requirements of the Single Assurance Framework (SAF), developed in response to the 'National Local Growth Assurance Framework'. SAF applies to all existing and new funding and projects that place a financial liability onto the WMCA. Project Cases under the H&L funds Programme are already following the SAF process, with two projects agreed under this PBC during its development.

4. Next Steps

- 4.1 The following workstreams are in train and subject to another item on today's agenda which will have implications for the PBC:
 - a) Review of project allocations across funds – which, subject to approval by Investment Board, will result in funding programmes being realigned to maximise delivery of

- outputs within funding timescales. This is the subject of the Housing and Land Funds Programme Update paper which is also being presented at today's meeting.
- b) The retrospective PBC will be periodically revised and updated in line with the forward-looking approach as above to ensure currency and alignment with SAF best practice.
 - c) Project cases for individual investment approval will continue to be progressed through the SAF process in alignment with the overall PBC

5. Financial Implications

All Mayoral Combined Authorities are required to develop local assurance frameworks in accordance with MHCLG National Local Growth Assurance Framework.

The WMCA assurance framework, the Single Assurance framework (SAF) is used to develop and deliver projects that are compliant with HM Treasury Green Book, which includes 5 cases, including a Financial Case, as noted below:

- Provides strategic fit and is supported by a compelling case for change (Strategic Case)
- Will make the most of public value to society (Economic Case)
- Is commercially viable and attractive to the supply side (Commercial Case)
- Is reasonable and is affordable over time (Financial Case)
- Can be delivered successfully (Management Case)

The PBC aims to provide an overarching programme of activity with inter-related projects sitting beneath it. Each project will have its own Project Case, as noted in the body of the report.

Therefore, compliance with, and approval of, the SAF PBC will ensure that the Financial Case is reviewed and approved for each project, and associated risks identified and mitigated, along with the other cases noted above.

It is understood that the Housing PBC will remain under review in due course.

6. Legal Implications

- 6.1 There will be no legal implications if the recommendations of this report are implemented. The recommendations within this report if implemented will improve the quality of decision making and reduce the risk of either WMCA being judicially reviewed and/or grants being awarded that are inconsistent with funding conditions.

7. Equalities Implications

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

8. Inclusive Growth Implications

- 8.1 There are no inclusive growth implications as a result of the recommendations within this report, however the delivery of H&L funds via project approvals deliver significant Inclusive Growth measures on a case by case basis.

9. Geographical Area of Report's Implications

9.1 The programme will be delivered across the whole WMCA geography.

10. Other Implications

N/A

11. Schedule of Background Papers

1. Housing & Land Investment Programme Business Case
2. Housing & Land Investment Programme Risk & Investment Appraisal