

Programme Business Case Guidance

Single Assurance Framework



Coventry
University



West Midlands
Combined Authority

PROGRAMME BUSINESS CASE

[Housing, Property and Regeneration Investment]

Version	1	Date	October 2023
Prepared By	Rachel Atterbury	Job Title	Senior Strategy Officer

Lead WMCA Directorate	Housing, Property and Regeneration
Lead WMCA Executive Director	John Godfrey

Has a BCAT been submitted to the Assurance & Appraisal Team?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Has this PBC been approved by Lead WMCA Executive Director?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Approved By	
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Signature	
Date	

DETAILS			
Programme Name:	Housing, Property and Regeneration Investment	WMCA Finance Code: GVA2000	
Lead Organisation:	WMCA		
Lead Contact:	Rob Lamond	Job Title:	Head of Strategy and Analysis
Phone Number:		Email:	Rob.Lamond@WMCA.org.uk
Address:			
Local Authority Area (lead organisation)	All	Ward:	All
Other Organisations/ key stakeholders involved in programme:			

FACTUAL SUMMARY	
	PBC (£M)
Total Programme Costs	£253,381,582
WMCA Funding	£253,381,582
Funds Secured	£253,381,582
Funds Not Secured	-

To support better spending, investment decisions and better procurement, this Programme Business Case should be written using guidance from the Finance & Business Hub. If you require

any further information or support, please email saf@wmca.org.uk In addition, it is a requirement that all business cases submitted to WMCA are guided and based around HM Treasury's Green Book together with its Business Case guidance for programmes which can be found [here](#).

1 EXECUTIVE SUMMARY

Please provide a one-page summary of the proposed programme to include:

- a brief description of the programme
- how it aligns to WMCA strategic objectives and policies
- the programme objectives
- known/estimated costs
- funding source(s)
- expected outputs
- a summary of proposed projects to be included within the programme
- any known interdependencies with other Projects/Programmes.

Overview

West Midlands Combined Authority (WMCA) has a series of investment funds available for projects which increase the supply of readily-developable land to deliver high quality development schemes with new homes, commercial, retail and other employment space that would not otherwise come forwards without public sector intervention.

Fund	Unit Target	Total Funding Pot (£)	Date awarded	End Date
Land Fund	8,016	100,000,000	Jul-19	Mar-31
Brownfield Housing Fund	9,028	129,144,120	Dec-20 Mar-22	Mar-25 (Start on Site)
National Competitive Fund	1,714	24,186,047	Dec-20	Mar-25 (Start on Site)
Total	18,758	253,330,167		

Grant funding is offered to tackle site remediation challenges, infrastructure deficits, repurposing of derelict/underutilised properties, WMCA land acquisitions and other enabling requirements and is to address genuine scheme viability issues (excluding those which are a result of unrealistic land value expectations).

New applications for HPR funding are channelled through WMCA's Single Commissioning Framework (SCF) - the bespoke process through which WMCA invests its devolved housing and land funds into housing and regeneration projects through equity and grant. Central to this process is an assessment of the project's additionality, in terms of its performance against HPR and WMCA's strategic objectives and policies, such as increased affordable housing delivery, higher quality placemaking, construction innovation, social value, inclusive growth and net-zero carbon.

WMCA Strategy, Programme Objectives and Delivery

This Investment Programme, coupled with a suite of HPR policy and strategy programmes, underpins HPR's approach to delivering the Aims & Objectives in the WMCA Corporate Strategy. This Programme sits under **Aim 3 – 'Connect our communities by delivering transport and unlocking housing and regeneration schemes'**, though there are clear links to be made between the

additional benefits HPR investment may secure and the Corporate Strategy's wider Aims and Objectives.

The approach to achieving this aim is defined by High Level Deliverables under Aim 3.3 - '**Delivery of prescribed requirements, measures and output targets of the 2018 Housing Deal & subsequent funding deals and agreements with HMG**'. These requirements and targets are detailed in Table 1 at the end of this section, but are primarily focused on unlocking additional housing and affordable housing supply through brownfield land remediation.

The HPR Investment Programme ensures delivery of WMCA's Strategic Objectives through the Single Commissioning Framework (SCF). The SCF is a bespoke process developed by Housing, Property and Regeneration and endorsed by central Government. It includes a number of essential and desirable requirements for any schemes supported by these funds, with direct and explicit links back to key WMCA strategies and policies. These include, but are not limited to; the Regional Design Charter, the Zero Carbon Homes Charter and Route Map, the Advanced Manufacture in Construction Route Map the Public Land Charter, the Plan for Growth, the Inclusive Growth Framework, WM2041 and the Local Transport Plan. HPR maintains a list of measures which can be used to assess strategic fit of individual projects against existing WMCA strategies, policies and objectives, and which also form the basis of its strategic partnership agreements. These are included in Annex 1. As a minimum, projects must demonstrate delivery against the following essential and desirable output/outcome-based criteria:

Essential Criteria

- Schemes must deliver one or more of the following outputs:
 - i. Brownfield land remediated;
 - ii. New homes delivered; or
 - iii. New commercial, retail or employment space delivered
- Investment will be made in schemes that can clearly demonstrate **all** of the following:
 - i. A commitment to enhanced standards of design and quality as a contribution to wider placemaking, in line with WMCA's Regional Design Charter;
 - ii. A commitment to the use of local labour and local suppliers;
 - iii. A minimum of 20% affordable must be delivered as an integral part of residential schemes;
 - iv. At public transport nodes, along public transport corridors and in town and city centres

Desirable Criteria

- WMCA will work with the applicant to identify opportunities to refine the investment proposition in order to achieve the maximum alignment with WMCA's 'Inclusive Growth objectives' including:
 - Supporting the uptake of 'Advanced Methods of Construction' and associated supply chains
 - Improving connectivity and community accessibility by securing appropriate densities of development at public transport nodes and corridors and in town and city centres
 - Increasing the number of apprenticeships offered, young people employed in construction, and the percentage of people receiving on-going training in the workplace
- See Annex 1 for further examples.

The SCF is reviewed and updated on a regular basis to ensure its effectiveness in delivering WMCA's aims and objectives through HPR investments, and that it reflects agreed HPR policy which would change the essential criteria.

Requirement for Funding

Additionally, projects must meet the Pre-Qualification Criteria for Investment outlined in the SCF, and drawn from WMCA's funding agreements with HMG. These are as follows:

- i. The private sector is unable to bring an eligible scheme forward for delivery without public intervention; or
- ii. Public intervention will significantly expedite the delivery of an eligible stalled or stalling project; or
- iii. Without public intervention, there is a significant risk that the private sector would deliver a form of development on an individual site or sites which would prejudice the delivery and benefits realisation of a wider, comprehensive scheme; and
- iv. Where applicants can demonstrate that any WMCA investment would meet Subsidy Control requirements

Subsequently, funding will only be deployed under the HPR Investment Programme once all other public and private avenues have been explored and WMCA is the 'Funder of Last Resort' i.e. where the applicant can evidence they have exhausted all other borrowing or grant funding avenues. The presence of this funding directly enables **additional** land supply and residential, commercial and regeneration schemes to come forward and therefore achievement of the ambitions of WMCA's Corporate Strategy, the Levelling Up Agenda and the Housing Deal.

Location and Beneficiaries

Funding can be used to support projects in the WMCA area (all constituent and non-constituent local authorities). Funding is not restricted to specific groups and applications for HPR investment open to all public, private, charitable and third sector organisations, as well as individuals.

Funding Sources

The HPR Investment Programme* is funded through devolved Housing and Land funds secured by WMCA from central Government. At present, these funds total £253,330,167 across 3 funding pots, of which £84,136,621 has been committed.

Brownfield Housing Fund £7,450,230 committed

Tranche	Unit Target	Funding Allocated in Tranche (£)	Date awarded	End Date (Start on Site)
BHF Tranche 1	2,389	33,445,755	Dec-21	Mar-25
BHF Tranche 2	2,400	33,600,000	Dec-21	Mar-25
BHF Tranche 3	1,200	16,800,000	Dec-21	Mar-25
BHF Tranche 4	1,800	27,948,585	Mar-22	Mar-25
Additional 17.5m	1,239	17,349,780	Mar-22	Mar-22
Total	9,028	129,144,120		Mar-25

National Competitive Fund £6,516,512 committed

Tranche	Unit Target	Funding Allocated in Tranche (£)	Date awarded	End Date (Start on Site)
NCF Tranche 1	446	6,300,000	Dec-22	Mar-25
NCF Tranche 2	1,006	14,200,000	Dec-22	Mar-25
NCF Tranche 3	261	3,686,047	Dec-22	Mar-25
Total	1,714	24,186,047	Dec-22	Mar-25

Land Fund £70,805,967 committed

Tranche	Unit Target	Funding Allocated in Tranche (£)	Date awarded	End Date
Tranche 1		37,897,437	Jul-19	
Tranche 2		13,160,000	Jul-19	
Tranche 3		30,682,563	Dec-20	
Tranche 4		18,260,000	Apr-21	
Total	8,016	100,000,000	Jul-19	Mar-31

Each fund listed has its own conditions applied by Government, which are detailed in Table 1 below.

Table 1: Housing & Land Funds – Conditions applied by HM Government

Fund	HMG Conditions
Brownfield Housing Fund/ National Competitive Fund	<ul style="list-style-type: none"> • Projects are Green Book compliant with a BCR floor of 1, seeking the best possible Value for Money opportunities • Projects must have an evidenced market failure with WMCA being the funder of last resort. • Grant funding is available to, and the local plans requirements applies to, the whole WMCA area (constituent and non-constituent) • Projects must demonstrate they could not happen without the financial support of the funding, seeking to prioritise projects with the highest additionality • Homes brought forward will start on site before 31 March 2025 • Councils must either have an up to date Local Plan in place, or an agreed plan with MHCLG for getting a Local Plan in place, to receive funding • Adequate progress against key local plan milestones • Adequate progress against the spend profile and key delivery milestones • Projects are assessed through the WMCA Single Commissioning Framework (a requirement of the first Land Fund) and Single Assurance Framework (part of the required assurance to HM Government) • Funding is paid in tranches against acceptable performance <p>Additionally, WMCA is asked by HMG to:</p>

	<ul style="list-style-type: none"> • Consider projects that have an accelerated spending profile and apply this as a key criterion in decisions • Utilise this funding to support regional economic recovery/growth, for example, using local small and medium sized enterprises or local supply chains where practicable • Support provision of affordable housing, modular construction and zero carbon standards
<p>Housing Deal Land Fund</p>	<ul style="list-style-type: none"> • Funding not to be used for other forms of floorspace unless incidental to a residential scheme • Grant funding is available to and the local plans requirements applies to the whole WMCA area (constituent and non-constituent) • Adequate progress against key local plan milestones • Adequate progress against the spend profile and key delivery milestones • Funding is paid in tranches against acceptable performance • Projects are Green Book compliant with a BCR floor of 1.5 per project, seeking the best possible Value for Money opportunities • Projects must have an evidenced market failure with WMCA being the funder of last resort. • Projects must demonstrate they could not happen without the financial support of the Land Fund • Funding should be deployed via a new bespoke Single Commissioning Framework which WMCA will produce and will be agreed with Government <u>before any funding is deployed</u> (part of the required assurance to HM Government) • To be used for Brownfield Land and/or vacant buildings with change of use to residential only (must be net new homes) • Homes brought forward will start on site before 31 March 2025 <p>Additionally, conditions in the Housing Deal include delivery via the SCF to include:</p> <ul style="list-style-type: none"> • increasing delivery of affordable housing across a range of tenures • enhancing connectivity, by increasing housing supply along public transport corridors and where employment is concentrated • supporting modern methods of construction, housing innovation and enhanced quality standards <p>To note: BCR is assessed at project level i.e. every project in the programme must meet this requirement</p>

A number of other funding pots operate within the scope of the Single Commissioning Framework and under the Housing, Property and Regeneration remit – the Commercial Investment Fund, the Residential Investment Fund and the Brownfield Land and Property Development Fund. As these funds are administered by Frontier Development Capital, they have been omitted from this Programme. WMCA will continue to seek further funding from HM Government in the future to be administered through the Single Commissioning Framework. In the instance that further devolved Housing and Land Funds are secured, this document will be revised.

2 STRATEGIC CASE

2A - Programme Objectives – Outline the **SMART** (Specific, Measurable, Achievable, Relevant and Time-bound) objectives of the programme and how they will be measured within the table below. .

ID	Programme Objective inclusive of quantitative measurement	WMCA Strategic Alignment
01	Investment in development schemes across the WMCA geography will increase the supply of new homes in the region, enabling 18,758 additional homes to start on site by 2031.	<p>Aim 3 (Connect our communities by delivering transport and unlocking housing and regeneration schemes)</p> <p>Objective 3.3 (We will invest in and support housing and regeneration schemes, working closely with the private sector and local authorities to unlock and accelerate sustainable delivery)</p>
02	By 2031, increase and diversify affordable housing supply and access in the West Midlands by applying investment criteria requiring all residential schemes to bring forward a minimum 20% of units as affordable housing, as per WMCA's affordable definition. At the time the criteria was introduced, the average affordable provision on development sites across the region was around 12.5%. <i>(Minimum 3,752, but may increase if total units increase)</i>	<p>Aim 3 (Connect our communities by delivering transport and unlocking housing and regeneration schemes)</p> <p>Objective 3.3 (We will invest in and support housing and regeneration schemes, working closely with the private sector and local authorities to unlock and accelerate sustainable delivery)</p> <p>Aim 2: To ensure everyone has the opportunity to benefit as the region recovers from COVID-19, improves resilience and tackles long-standing challenges</p>
03	HPR investment will secure additionality by increasing the supply of readily developable land secure additionality by targeting investment towards schemes which bring brownfield sites in market failure back into use. <i>A minimum of 80% of new units and commercial space across the programme will be delivered on brownfield land.</i>	<p>Objective 3.3 (We will invest in and support housing and regeneration schemes, working closely with the private sector and local authorities to unlock and accelerate sustainable delivery)</p> <p>HLD 61 (Deliver our nationally leading brownfield regeneration and delivery programmes)</p> <p>Objective 4.2 We will be national pioneers in advanced methods of construction, zero carbon housing and brownfield regeneration and delivery, informed by research at the National Brownfield Institute</p>

2B – Strategic Objectives – Outline how the proposed programme will contribute to WMCA's Strategic Objective(s). Please ensure that specific proposed projects within the programme are referenced where applicable

Policy Aim	Alignment with Proposed Programme (and associated projects)
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<p>A healthier West Midlands, increasing healthy life expectancy and tackling health inequalities</p>	<p><i>Regional Design Charter, Inclusive Growth Framework, Zero Carbon Homes Routemap/Future Homes Strategy</i></p> <ul style="list-style-type: none"> • <i>Delivery of well-connected housing developments which reduce reliance on car use and encourage active travel.</i> • <i>Reducing fuel poverty and related health implications by delivering homes which meet the targets set out in WMCA's Zero Carbon Homes Routemap/emerging Future Homes Strategy.</i>
<p>A happier West Midlands, improving mental health and driving inclusion for all our communities</p>	<p><i>Inclusive Growth Framework, Regional Design Charter</i></p> <ul style="list-style-type: none"> • <i>Interventions which support and drive placemaking and connection e.g. delivery of mixed use schemes which incorporate housing and employment/commercial space in close proximity</i>
<p>A better-connected West Midlands, where transport connects all communities to opportunities</p>	<p><i>Movement for Growth, Regional Design Charter</i></p> <ul style="list-style-type: none"> • <i>Focusing housing developments and new employment space around transport nodes, along transport corridors and in town centres.</i> • <i>Support for essential infrastructure.</i>
<p>A more prosperous West Midlands, where everyone can contribute to and benefit from a globally competitive regional economy</p>	<p><i>Social Value Policy, Inclusive Growth Framework, Plan for Growth, Advanced Manufacture in Construction & Zero Carbon Homes Routemaps/Future Homes Strategy</i></p> <ul style="list-style-type: none"> • <i>Creation of new jobs and commercial floorspace and safeguarding existing jobs.</i> • <i>Support for growth clusters focused on advanced manufacture in construction and future homes – creating new skills and job pathways and building on regions existing strengths</i>
<p>A greener West Midlands, where we reduce carbon emissions to address the climate crisis</p>	<p><i>WM2041, Advanced Manufacture in Construction & Zero Carbon Homes Routemaps/Future Homes Strategy, Regional Design Charter, Plan for Growth, Circular Economy Routemap</i></p> <ul style="list-style-type: none"> • <i>Driving the transition towards whole life net zero carbon homes by applying operational and embodied carbon minimum requirements for schemes seeking investment.</i> • <i>Supporting uptake of green/zero carbon infrastructure on investments e.g. additional EV charging provision, energy networks</i> • <i>Supporting modal shift and encouraging walking, cycling and public transport use</i> • <i>Encouraging enhancement/creation of green infrastructure and biodiversity net gain on new development</i> • <i>Driving uptake of Advanced Manufacturing construction techniques through stringent AMC requirements, which limit emissions associated with site movements and construction waste</i>

<p>A fairer West Midlands, where we support marginalised and vulnerable groups</p>	<p><i>Regional Design Charter, Inclusive Growth Framework, Affordable Housing Definition & Policy</i></p> <p><i>Increased delivery of affordable housing and a wider array of affordable housing products making safe and good quality accommodation more accessible.</i></p>
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2C – Inclusive Growth – Outline how the proposed programme will align with the WMCA’s Inclusive Growth Objectives. Please ensure that specific proposed projects within the programme are referenced where applicable¹

<p>The HPR investment programme will deliver positive inclusive growth outcomes by:</p> <ul style="list-style-type: none"> - Regenerating and repurposing derelict sites that would otherwise not be brought forward – creating new homes, employment opportunities and social infrastructure for residents across the entire WMCA geography. - Creating new economic, employment and training opportunities - through both construction works and jobs created through delivery of new employment space. - Creating new opportunities for the local construction and manufacturing supply chains through investment in schemes supporting construction innovation (e.g. AMC, Zero Carbon) which will create new upskilling/reskilling opportunities in both the built environment and other sectors - Futureproofing new development – ensuring HPR investment supports homes and development which generate fewer emissions and cost less to occupy, limiting the impacts of poor air quality and fuel poverty on resident’s health - Improving accessibility to affordable housing – and the right type of housing – for residents by requiring a minimum level of affordable housing on every site; that this mix appropriately reflects the needs of local residents; that housing is genuinely affordable in line with WMCA guidance and national legislation, and trialling new types of affordable housing based on local need e.g. Help to Own - Improving access to work, schools, services and amenities for all residents by bringing forward new housing and mixed use schemes in proximity to town centres and public transport nodes, in turn encouraging active travel and its associated health outcomes. - Rejuvenating struggling town centres and high streets by repurposing empty and underutilised sites and bringing forward new cultural, leisure, employment and residential opportunities which encourage footfall, support local business and create places for people to meet and socialise <p>Through the SCF process, WMCA officers will consider the extent to which individual projects align with WMCA’s inclusive growth objectives, and whether there are opportunities to secure more/better outcomes through the project. All applications for HPR grants are referred to the Inclusive Growth Decision Making Tool. On a project-by-project basis, officers engage the Inclusive Growth team where schemes are recognised to have potential to deliver significant inclusive growth benefits following triage/EoI development, to identify and maximise inclusive growth outcomes.</p>
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¹ Refer to guidance for Inclusive Growth definition
PROGRAMME BUSINESS CASE

2D – COVID-19 Recovery – Please outline any specific measures included within the proposed programme to support COVID-19 recovery? Please ensure that specific proposed projects within the programme are referenced where applicable

- Covid19 catalysed existing challenges for the construction sector and built environment both in the West Midlands and nationally. Regionally, viability has historically prevented new development sites (especially brownfield sites) coming forward, hence the need for major public sector investment and intervention. While the level of construction output showed strong signs of recovery in 2021, the sector has continued to be impacted by material cost inflation, which in turn is impacting the value of new development in an industry where tight margins are common place. The HPR Investment Programme is ensuring new residential, employment and other development continues to be brought forward despite these challenges by providing gap funding for schemes where viability issues would otherwise preclude it.
- Similarly, town centres in our region have long been facing significant retail voids and declining rents. The HPR Investment Programme will support repurposing and diversification of town centres and high streets by investing in high quality schemes and strategic land acquisitions/disposals which support Local Authority aspirations by developing the local sense of place and creating provision for a more appropriate service offer.
- Alongside economic imperatives, the public standing and perception of key workers throughout the pandemic illustrates a changing public mood and recognition of the importance of such workers in society. Prior to the pandemic, the WMCA had established “key worker” housing as a criterion in its regional affordable housing definition, and housing specifically targeted at this cohort, such as, will continue to form a key pillar of the economic recovery in the region. In addition, delivery of a minimum of 20% affordable housing is an essential criteria in the SCF process for all of the sites acquired or through the HPR Investment Programme.

2E – Benefits and Outputs – Specify the main benefits / outputs associated with the achievements of the programme and component projects within the programme’s objectives

Benefits and Outputs	Cross-portfolio opportunities	Key partners/ stakeholders	WMCA Strategic Alignment
<p>Securing improved design quality and place-making in line with the Regional Design Charter</p>	<p>Inclusive growth – driving improved health and wellbeing outcomes, community resilience and long term place stewardship</p> <p>Transport – delivering safe, attractive walking and cycling routes, and connections to public transport</p> <p>Environment – incorporating climate adaptation measures, reducing greenhouse</p>	<p>Local Authorities</p> <p>Developers</p> <p>WMCA (TfWM, Environment, Health & Communities, Energy)</p>	<p>Aim 3 (Connect our communities by delivering transport and unlocking housing and regeneration schemes)</p> <p>Aim 4 (Reduce carbon emissions to net zero, enhance the environment and boost climate resilience)</p>

	gas emissions and supporting biodiversity net gain		
Leveraging new private sector investment through residential, commercial and mixed use development	Economic Growth – investment in local supply chain and new commercial development	Local Authorities Developers	Aim 3 (Connect our communities by delivering transport and unlocking housing and regeneration schemes) Objective 3.3 (We will invest in and support housing and regeneration schemes, working closely with the private sector and local authorities to unlock and accelerate sustainable delivery)
Accelerating delivery of new Future Homes and supporting growth of the region’s Manufacture for Future Housing cluster - significantly reducing carbon emissions and utilise advanced manufacturing techniques.	Economic Policy and Partnerships – supporting Plan for Growth (Manufacture of Future Housing) Environment – WM2041 Energy – reducing energy demand of new housing	Local Authorities Developers Future Homes Taskforce WMCA (Environment, Energy, Strategy) Universities/Colleges	Aim 4 (Reduce carbon emissions to net zero and enhance the environment) Objective 4.2 We will be national pioneers in advanced methods of construction, zero carbon housing and brownfield regeneration and delivery, informed by research at the National Brownfield Institute Aim 3 (Connect our communities by delivering transport and unlocking housing and regeneration schemes) Objective 3.4 We will support and deliver co-ordinated investment packages with our partners across key corridors and local, town, and city centres
Creating better connected communities, by investing in schemes at public transport nodes and corridors and within town and city centres.	Transport	Local Authorities Developers TfWM	Aim 3 (Connect our communities by delivering transport and unlocking housing and regeneration schemes) Objective 3.4 We will support and deliver co-ordinated investment packages with our partners across key

			corridors and local, town, and city centres
Supporting Levelling Up by creating/enhancing value in lower value areas through higher quality development at a pace and standard the market would not otherwise bring forward. This in turn supports affordable housing delivery, local job creation and other community benefits.	Inclusive growth Economic Growth	Local Authorities Developers WMCA (Economic Growth)	Aim 1 (Promote inclusive economic growth in every corner of the region and stimulate the creation of good jobs) Objective 1.1 (We will drive growth by developing regional strategies and plans focussed on priority clusters, boosting innovation, and securing investment)
Contributing to the re-purposing of town centres and high streets in line with Local Planning Authority aspirations	Transport	Local Authorities Developers Town Centre Taskforce	Aim 3 (Connect our communities by delivering transport and unlocking housing and regeneration schemes) Objective 3.4 We will support and deliver co-ordinated investment packages with our partners across key corridors and local, town, and city centres
Securing greater social value benefits, through local job creation and promoting use of the local supply chain, SMEs and social enterprise sector	Skills – job creation, upskilling and reskilling Inclusive growth – ensuring benefits are realised by local residents and underrepresented communities	Local Authorities Developers Supply Chain Organisations WMCA (Skills and Employment, Economic Growth)	Aim 1 (Promote inclusive economic growth in every corner of the region and stimulate the creation of good jobs)

2F – Key Risks – Specify the top risks (circa 3-5) associated with the achievement of the programme’s objectives and the proposed counter measures for avoidance, mitigation and management

Financial Risks

Devolved HPR funding is clawed back or future tranches are reduced/withheld due to delayed, reduced or non-delivery of agreed outputs.

Investment decisions by WMCA will only remain valid until the expiry date specified in the approved Project Case. Failure to contract the investment unconditionally by this date will trigger a re-appraisal and will require a new decision to be sought from WMCA, ensuring funds can be reallocated if projects do not progress.

Payment on delivery is the preferred and default approach to deploying funding. Where this is not possible, adequate security is sought for all WMCA investment (other than WMCA Constituent and non-Constituent local authorities where other mechanisms to recover underutilised investment or overage will be applied on a case by case basis).

case basis). WMCA's preference is for a first charge over the respective site or property subject to the investment, or first charge over an alternative asset of sufficient value – and any lower level of security offered may impact on the amount of investment which can be offered by WMCA or special terms being imposed. A clawback provision is allocated in the instance that the delivery partner fails to produce the agreed outputs within the agreed timescale, to be applied proportionate to the level of non-delivery.

An external Project Monitoring Surveyor is appointed to provide assurance that individual projects are meeting the terms of their Funding Agreement throughout the delivery and completion stages. Monitoring reports are provided for each funding utilisation application from the applicant and make a recommendation for the release of grant funding by WMCA based on a review of the overall project cost plan and confirmation that; the defined expenditure is eligible, the project remains on budget and the necessary funding is in place to complete the project.

Reputational Risks

Risk of reputational damage if WMCA scheme objectives and associated outcomes and outputs are not fully achieved due to poor or ineffective systems and controls supporting the Single Commissioning Framework.

The SCF undergoes regular external audits to seek assurance that its systems and controls are robust, and that it effectively supports achievement of the strategic objectives for HPR investments. The most recent of these, undertaken in 2021, was “satisfied that robust systems and controls have been established for the administration of the Land Fund within the Single Commissioning Framework to ensure the fund effectively supports achievement of the strategic objectives.”

Pre-approval due diligence will assess credibility and capability of developer to deliver outcomes prior to approval and Funding Agreement. Project Monitoring process to verify project progress and spend is in line with outcomes set out in Funding Agreement, and trigger clawback/change request process as detailed above.

Risk of reputational damage if WMCA are considered to have acted unfairly or unreasonably in its decisions on individual projects

All projects follow detailed, clear documented processes set out in the SCF and SAF, which are supported by standard templates to ensure consistency and transparency in decision making processes. A pre completion checklist approach is in place for reviewing all projects prior to delegated sign off and execution of legal agreements. Fortnightly SCF Investments meetings and Weekly Pre-Application Group meetings take place in the directorate for monitoring and tracking all projects (for all funds). These meetings are minuted to record any issues and recommendations. SCF Investment Project Business Cases are subject to out of directorate assurance and appraisal prior to approval to ensure these are robust (i.e. Green Book compliant, legally compliant, drive the best value for money investment and ensure project/programme objectives and benefits are achieved.)

Delivery Risks

Impact of national and international matters that materially affect value, housing demand and risk appetite of contractors and developers (e.g. cost inflation)

Outside the control of WMCA. Monitoring of position will allow WMCA and partners to positively respond (if appropriate).

Supported projects are either delayed or cannot be implemented due to planning issues e.g. delays or failure to secure the necessary planning or other statutory approvals consents, constraints imposed that result in changes to the scope of the scheme

Early engagement with Planning departments on new applications is undertaken by WMCA officers in the early stages of the SCF process. Project Cases will only be brought forward for investment approval where a positive planning position and planning certainty can be established.

Capacity Risks

The required resource needed to manage projects and acquisitions/developments is not in place (or additional resource cannot be recruited quickly enough) to fulfil the needs of the programme due to high demand for these skills in the sector.

Resource requirements have been identified at the point of each funding bid and incorporated into HPR's structure. There is sufficient capacity in the approved HP&R structure to deliver the outputs required by the programme, as well as on-going and call-off external consultancy support to ensure projects continue to move forward if HPR's capacity is reduced.

Please complete the sections listed below within the PBC Appendix to support the Strategic Case:

Strategic Case Supporting Questions	
2G	Organisational Overview (Guidance – Page 6)
2H	Constraints (Guidance – Page 7)
2I	Organisation Business Needs / Services Gaps (Guidance – Page 7)
2J	Full Risk Register (Guidance – Page 7)

3 ECONOMIC CASE

3A – Key Deliverables and Critical Success Factors – Set out the intended key deliverables and critical success factors of the programme that will contribute towards delivery of the strategic objectives

Objective	Related Project(s)	CSF	Measure of success	Date required by (Start on site)	Baseline Measure	Start Date
Increase housing supply in the West Midlands	Land Fund	Active engagement with LPAs, developers and investors to identify pipeline of housing sites which would not be brought forward without public sector intervention	18,758 units starting on site by 2031	2031	0	2018
	BHF			2025		2021
	NCF			2025		2021
Increase affordable housing supply and access in the West Midlands	Land Fund	Implementation of minimum affordable criteria through SCF	% total units delivered meeting WMCA affordable criteria	2031	0	2018
	BHF	Monitoring and review of WMCA affordable housing definition and criteria, to ensure these continue to deliver additionality		2025		2021
	NCF			2025		2021
Increase provision for additional housing on brownfield sites	Land Fund	Engagement with LPAs and developers to identify sufficient supply of brownfield sites to deliver housing targets set out for each fund.	Minimum 80% new development delivered on brownfield land	2031	0	2018
	BHF			2025		2021
	NCF			2025		2021
High quality job creation	Land Fund	Investment in high value/low intervention rate residential schemes, to create	No. FTE jobs (including apprenticeships) created; On site [x]	2031	0	2018
	BHF			2025		2021

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	NCF	contingency to support new commercial projects.	Legacy [x] (Performance comparison: cost per job vs Homes England Cost per Job Best Practice)	2025		2021
Support local supply chain growth	Land Fund	Social Value outputs embedded in procurement processes for site disposals/acquisitions.	[x] sq ft additional commercial/enterprise etc delivered (Baseline = 0, commercial space is additional unless new funding secured)	2031	0	2018
	BHF			2025		2021
	NCF			2025		2021

3B – Shortlisted Options – Describe how proposals for delivering the Programme objectives (projects) have been shortlisted together with the preferred way forward which will progress through to the development of future project Business Case Stages.

The Land Fund, Brownfield Housing Fund and National Competitive Fund are “open funds”, with no investment having been ring-fenced or pre-allocated as part of their establishment. This approach has been agreed with HMG.

In addition to meeting the conditions applied by HMG to HPR’s investments, the pre-qualification criteria and eligibility requirements set out in the SCF, and additional benefits in terms of the SCF desirable criteria, HPR will consider whether projects:

- Have been identified as local priorities through engagement with the Local Authority
- Are located in geographic locations agreed by WMCA as regional priorities for investment e.g. town centres, growth corridors
- Offer programme-level investment opportunities which reflect WMCA-wide priorities and which are not location specific, such as the diversification and introduction of new residential tenures and a step-change in the provision of affordable homes across the region, or programmes of investment which support inclusive growth (subject to a ‘market scheme’ scenario first being assessed and market failure demonstrated)
- Schemes which meet **specific programme requirements** relating to the timing of the delivery of programme outputs and value for money requirements, or enable flexibility in the remaining funding programme to deliver additional outputs beyond housing.

A Benefits Management Plan is provided in Appendix 2 with further detail how projects are shortlisted against the programme objectives and identified benefits.

Please complete the sections listed below within the PBC Appendix to support the Economic Case:

Economic Case Supporting Questions	
3C	Long List of Options (Guidance – Page 8)
3D	NPSC/NPSV Findings (Guidance – Page 8)

4 COMMERCIAL CASE

At PBC stage, the Commercial Case is not expected to be matured. However, the nature of work required to sound out the market and inform the procurement process of the future project business case submissions, should be identified. With this in mind, please complete the sections listed below within the PBC Appendices to support the Commercial Case:

Commercial Case Supporting Questions	
4A	Overview of Commercial Case (Guidance – Page 9)
4B	Overview of Commercial Strategy (Guidance – Page 9)

5 FINANCIAL CASE

5A – Capital Funding – Provide an overview of the proposed funding package to deliver the programme within the table below. Please provide written confirmation of all confirmed funding with details of any conditions etc.

Funder	Amount	% of Total	Status (Confirmed/ Pending Approval)	Details of Funding Status / Timing / Conditions etc.	Committed (to 1-Aug-23)	Expenditure (to 1-Aug-23)
DLUHC	£100,000,000	39.5	Confirmed	Land Fund: March 2031.	£70,555,129	£40,809,978
DLUHC	£24,186,047	9.5	Confirmed	National Competitive Fund: March 2025.	£6,516,512	£6,378,178
DLUHC	£83,845,755	33.1	Confirmed	Brownfield Housing Fund: March 2025.		
DLUHC	£17,349,780	6.8	Confirmed	Brownfield Housing Fund Additional Funding: March 2025	£7,064,980	£1,815,838
DLUHC	£28,000,000	11.1	Confirmed	Brownfield Housing Fund Levelling Up White Paper Award: March 2025		
Total	£253,330,167				£84,136,621	£ 49,003,994

5B – Revenue Funding – If applicable, outline any ongoing revenue funding required in support of the programme and the source of this funding

Grants listed in 5A are for capital expenditure only.

The Brownfield Housing Fund incorporated a £2,826,498m revenue allowance.

Additionally, allowances for costs of WMCA and enabling services are incorporated into WMCA investment approvals and capitalised against the committed project when funding is drawn down by the applicant. This allowance is typically 5% of the grant ask, but the exact level will be determined on a project-by-project basis to ensure this is proportionate to the complexity of the project and the resource requirements for progressing the application.

Please complete the sections listed below within the PBC Appendix to support the Financial Case:

Financial Case Supporting Questions

5C	Overview of Financial Model (Guidance – Page 9)
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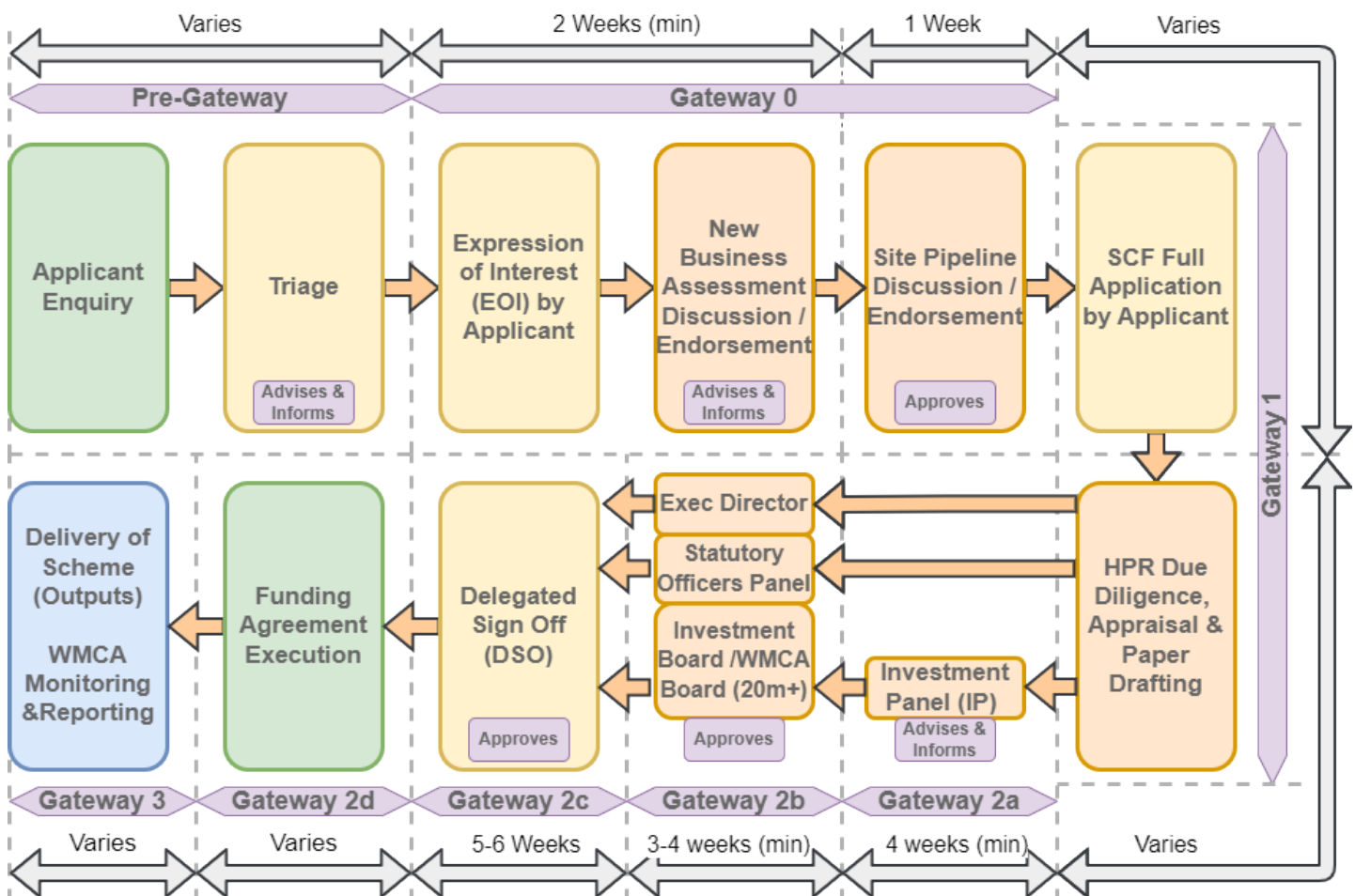
6 MANAGEMENT CASE

6A – Management and Governance – Provide an overview of the necessary management and governance arrangements that will be established/are in place for development and oversight of the Programme and proposed Business Cases, through to delivery and operation/project closure

SCF Process

In March 2019, Housing and Land Delivery Board agreed the key operational principles of the SCF document, which had been prepared collectively by officers of WMCA, local authorities, LEPs and other organisations. The SCF acts as a single portal for accessing WMCA funding and provides a streamlined and consistent approval process with explicit links to WMCA’s Housing and Land deliverables.

In recognition of the dynamic nature of the construction and real estate sectors, it was agreed that the SCF would be subject to a process of continuous review and amendment (as necessary) would be agreed by Housing and Land Delivery Board. This would ensure the SCF process could respond to legislative, technical and financial changes which would impact future delivery whilst also enabling WMCA to continue to align its investment criteria with its policy ambitions.



Applications for HPR Investment

PROGRAMME BUSINESS CASE

Dedicated officers from HPR's team of Development Managers (majority chartered or following route to chartership) are appointed to oversee the pre-application, full business case and approvals and monitoring and closure stages.

Alongside preparation of individual Project Business Cases, the Development Manager will lead on technical due diligence, appraisals, delivery strategies and negotiation of transactions, ensuring risks are minimised and mitigated, investment is safeguarded, projects are delivered on time and to budget and that HPR maximises outcomes from its funding.

Applications will be subject to detailed scrutiny by WMCA Finance and Legal officers as well as external legal and valuation advisors as part of this process. Detailed reviews of specific projects where greater assurance is required to support decision making are undertaken with the wider HPR and consultancy teams as needed.

Projects in Delivery

Once projects are on-site, and up to Practical Completion, WMCA will appoint an independent, suitably qualified Project Monitoring Surveyor. The Project Monitoring Surveyor will report into the Development Manager on project progress and verify actual delivery against the outputs and outcomes set for the project as part of the WMCA approval to invest.

Change Management

Investment decisions by WMCA are only valid until the expiry date specified in the relevant WMCA Board approval, and failure to contract the investment **unconditionally** by this date will trigger a re-appraisal and will require a new decision to be sought from WMCA.

The WMCA Director of Housing and Regeneration will consider changes involving a reduction of individual outputs attributable to WMCA investment of up to a maximum of 10%, subject to the scheme remaining value for money; or to the slippage of individual outputs by 10% in any one year to a subsequent year

Proposed reductions or slippage in outputs above this level, and **any proposed increases in investment**, require referral to the approving authority who made the original investment decision. Change requests relating to the amount of grant/investment are considered and approved in line with the Single Assurance Framework by default.

Any reduction of WMCA investment required or forecast increases in outputs must be reported to WMCA within 28 calendar days of these becoming known to the applicant.

The WMCA Accountable Director will consider if other proposed changes to a scheme are significant in so far as they would adversely impact the value for money assessment underpinning the original WMCA approval, and refer for full reappraisal by WMCA as necessary.

Programme Closure

Following the conclusion of each individual fund's programme, WMCA are required to provide an evaluation report to HMG. These will consider:

1. What outputs the fund delivered
2. Whether the fund/brownfield remediation delivered VfM in low demand areas
3. Whether the fund was combined with other HMG funding, and whether there were any additional regeneration benefits as a result of this

4. Whether any short term macroeconomic benefits were provided by the fund
5. Lessons learned which could inform approaches to future devolved housing funding e.g. pace of delivery, value for money processes, RDEL requirements, allocation methodology, ease of combining with other funding, regeneration impacts in a place, such as increased attractiveness of place, satisfaction of residents, the strategic benefits of being able to combine funding etc.

6B – Monitoring and Evaluation – Set out a summary of how success of the proposed programme will be measured, monitored and evaluated in delivering towards WMCA strategic objectives

Capturing and Recording Outputs

Project level data relating to outputs and milestones is captured and refined at each stage of the SCF process and recorded in HPR's Master Schedule. This data is verified through the Monitoring Reports undertaken by the Project Monitoring Surveyor.

HMG Reporting

HPR officers provide a quarterly report to demonstrate progress against key milestones and adherence to fund principles, and an annual statement.

The quarterly report includes the following information for committed and future projects:

- Spend against the allocated profiles at a programme level
- Timescales for WMCA investment approvals, starts on site and practical completion
- Quantum of housing, jobs and commercial space created
- Where applicable this will include risks, by exception, and any mitigating action being or to be taken.

The annual statement includes (but is not limited to):

- Performance against the baseline milestones and outputs outlined in sections 2A and 2E.
 - Spend
 - Amount of remediated brownfield land readied for development
 - Housing starts and completions
 - Additionality
 - Benefit Cost Ratios for each project
 - Delivery risks
 - Market failures addressed
 - Timing of housing outputs and assurance to avoid double counting with other Government investment programmes
 - S.73 officer approval
 - An update on Local Plans

Performance Monitoring

HPR's Strategy and Analysis team maintain, monitor and review the performance of each fund at its programme level, focusing on:

- Programme Risk - in terms of under delivery against HMG targets or milestones for individual funds, as well as emerging themes relating to external factors which could become a risk to HPR's wider investment programme e.g. supply chain issues, skills shortages, changing legislation, cost inflation

- Programme management - in terms of appropriate allocation of projects to each funds pipeline, ensuring they are on track to deliver against the outputs agreed with HMG.
- Reporting to SCF Investments Pipeline, HLDB and IB on overall performance against outputs and benefits outlined in sections 2A and 2E and progress of committed schemes in delivery.
- Quarterly and annual reporting to DLUHC

Please complete the sections listed below within the PBC Appendix to support the Management Case:

Management Case Supporting Questions	
6C	Programme Organogram (Guidance – Page 10)
6D	Programme Delivery – Roles & Responsibilities (Guidance – Page 10)
6E	Initial Stakeholder & Communication Strategy (Guidance – Page 11)