



Investment Board

Monday 16 October 2023 at 10.00 am

Minutes

Present

Councillor Adrian Andrew
Councillor Steve Clark
Councillor Matthew Dormer
Councillor Peter Hughes
Councillor Karen Grinsell
Gary Taylor

Walsall Metropolitan Borough Council
Dudley Metropolitan Borough Council
Non-Constituent Authorities
Sandwell Metropolitan Borough Council
Solihull Metropolitan Borough Council
Greater Birmingham & Solihull Local
Enterprise Partnership

In Attendance via MS Teams

Paul Brown
Councillor Ian Courts

Business Representative
Solihull Metropolitan Borough Council

**Item
No.**

44. Apologies for Absence

Apologies for absence were received from Councillors Sleigh, Bird, O' Boyle and Simkins and Sue Summers.

Councillor Grinsell in the Chair

45. Notification of Substitutes

Councillor Bird had nominated Councillor Andrew to attend the meeting on his behalf.

Councillor Sleigh had nominated Councillor Courts to attend the meeting on his behalf.

46. Minutes - 24 July 2023

The minutes of the meeting held on 24 July 2023 were agreed as a true record.

47. Investment Programme Update and Dashboard

The board considered a report of the Director of Commercial and Investment on the status of the Investment Programme to help set the context for the Investment decisions being made.

The report provided an analysis of the overall regional Investment Programme expenditure, funded grants administered by the WMCA and Match funding sources. Approved grant funding awarded and administered by the WMCA to programmes within the regional Investment Programme totals £835.7m as of 30 September 2023.

It was noted that two applications from the Commercial Investment Fund were approved since the last quorate meeting of the Investment Board on 24 July due to the need for commercial expediency. These were: Westbeech Developments (Westminster Industrial Estate) and Chancerygate (GKN Site, Erdington).

Resolved that:

1. 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 in Section 3 of the report be noted;
2. The WMCA Investment Programme funding status and current affordable limit as outlined in Section 4 of the report be noted and
3. 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 of the report) be noted.

48. WMCA Commercial Investment Fund (CIF) - Dashboard

The board considered a report detailing the Commercial Investment Fund dashboard (public iteration) as at 1 October 2023.

Resolved: That the report be noted.

49. WMCA Brownfield Land and Property Development Fund (BLPDF) - Dashboard

The board considered a report detailing the Brownfield Land and Property Development Fund (public iteration) as at 1 October 2023.

Resolved: That the report be noted.

50. WMCA Residential Investment Fund (RIF) - Dashboard

The board considered a report detailing the Residential Investment Fund dashboard (public iteration) as at 1 October 2023.

Resolved: That the report be noted.

51. Global West Midlands - Full Business Case

The board considered a report of the Executive Director of Strategy, Integration and Net Zero, that sought approval of funding for the full business case for Global West Midlands.

The full business case outlined how West Midlands Growth Company would work in partnership with the WMCA, local authorities and other partners to build on the pipeline of leads from the Birmingham Commonwealth Games Business and Tourism Programme, run a full programme of international promotion in key markets identified in the West Midlands International Strategy and deliver the Global West Midlands Programme.

The Chief Executive of West Midlands Growth Company, Neil Rami, highlighted key aspects from the report.

In relation to the monitoring and reporting of the Global West Midlands programme to Investment Board, the Chair asked that a six- monthly update be provided.

Resolved that:

1. The release of £12.2m of West Midlands Combined Authority funding to West Midlands Growth Company (WMGC) over the next two years to 31 March 2025 be approved. This is comprised of:
 - a. £9.9m from the Commonwealth Games Legacy Enhancement Fund allocation, from the total £14.1m agreed by the WMCA Board in March 2023, of which £2.5m was agreed by the Investment Board at the Strategic Outline Case stage:
 - i. £1.8m which has been utilised by WMGC in order to develop the Full Business Case and to begin delivery against the local and regional priorities in the Programme in Quarters 1 and 2 of 2023/24 and
 - ii. £0.7m which has been granted to local authorities from the WMCA to support an increase in capacity to deliver against priorities in the programme.
 - b. £1.6m of UK Shared Prosperity Funding for 2024/25 with the same amount previously released for 2023/24 by the WMCA Board on 16 December 2022.
 - c. £0.7m of WMCA core funding for 2024/25, with the same amount previously released for 2023/24 by the WMCA Board on 16 December 2022.
2. The appended Full Business Case and the total budget of £22.5m which includes all funding requesting in this report and approved at previous boards be noted and allocated as follows:

£21.8m for the West Midlands Growth Company with the WMCA providing £18m and the remaining £3.8m from commercial and other funding leveraged by the WMGC;

3. The WMGC funding will enable the delivery of WMGC's Business Plan 2023-25 which was agreed by the Economic Growth Board in July 2023 and is comprised of the following be noted:
 - £14.1m from the Commonwealth Games Legacy Enhancement Fund, of which £0.7m has been granted to local authorities from the WMCA to support an increase in capacity to deliver against priorities in the programme, with the balance of £13.4m for WMGC
 - £3.2m from the UK Shared Prosperity Fund
 - £1.4m from the WMCA core budget
4. The balance of WMGC budget is comprised of £3.8m of commercial and other funding leveraged by the WMGC be noted;
5. The WMGC's Business Plan 2023-2025 that was approved by the Economic Growth Board on 12 July 2023 be noted and
6. Agreed that Investment Board receive a six-monthly update report on the Global West Midlands Programme.

52. Commonwealth Games Legacy Enhancement Fund -Sandwell MBC Aquatic Energy Costs - Business Justification Case

The board considered a report of the Interim Director of Employment, Skills and Communities that sought approval of the Business Justification Case for the Sandwell Aquatic Centre Energy Costs from the Commonwealth Games Legacy Enhancement Fund. It was noted that it was agreed by the WMCA Board that all business justification cases funded from the Commonwealth Games Legacy Enhancement Fund would be submitted to Investment Board for approval.

The Assistant Director Borough Economy (Sandwell), Ben Percival, outlined the report and advised the board of the need for financial support from the WMCA due to the unprecedented rise in energy costs which posed significant challenges to the planned successful operation of the centre which was of regional importance.

He added that financial support was only being requested for the actual cost pressures and any underspends would result in undrawn funds that would be directed towards the regional Plan for Growth or Community Grants programme as set out in the WMCA Board report of 17 March 2023.

Councillor Courts reported that the WMCA Board strongly supports the facility but noted that the target objectives in the business case do not refer to the centre being a regional facility.

The Head of Health & Communities, Mubasshir Ajaz, reported that the facility was for the betterment of the region and agreed for the need to publicise it across the West Midlands.

The Assistant Director Borough Economy (Sandwell), Ben Percival, reported that from the 46 schools using the facility, 11 schools were non-Sandwell and advised that regional swimming events have been booked.

Also, it was hoped the national diving competition and other major swimming events could be hosted at the venue. In relation to the business case not referencing the facility as a regional one, it was noted that this was not included as it would impact the modelling; if the funding was not available, other centres would need to close rather than the Aquatic Centre.

In relation to an enquiry from Councillor Dormer regarding the 46 schools using the facility and where these came from, Ben Percival undertook to look into the matter.

Councillor Andrew considered it was vitally important that regional events could be hosted at the Aquatic Centre and enquired whether the facility had adversely impacted other swimming facilities. The Assistant Director Borough Economy (Sandwell), reported that the detrimental impact was not being tracked but facilities had been closed at Langley and Smethwick when the Aquatic Centre opened. The modelling with Sports England indicated the facility fulfils existing demand not over demand.

The Chair asked that changes in the demand and usage of the Aquatic Centre be tracked.

Resolved that:

1. The Sandwell Aquatic Centre Energy Cost uplift Business Justification Case for a maximum grant of £1,395,754 funded by the Commonwealth Games Legacy Enhancement Fund and subject to the terms and conditions of the funding agreement in place between DCMS and the WMCA and additional clawback clauses if there is an additional expected underspend be approved;
2. The release of £604,246 on the back of the previous March 2023 WMCA Board Commonwealth Games Legacy Enhancement Fund (CWGLEF) allocation be approved (such changes are in line with the WMCA's change control process, enabled by the Single Assurance Framework and signed off by the relevant boards of the WMCA and the change control process confirms that any underspends that emerge from the CWGLEF, are directed first towards the regional Plan for Growth or Community Grants programmes) be approved;
3. Subject to the approval of this investment, the WMCA pays a grant, quarterly in arrears, to Sandwell MBC from October 2023 based on monthly monitoring reports on actual spend and any additional underspends identified by 30 April 2024 be directed in line with the WMCA's change control process first towards the regional Plan for Growth or Community Grants programme be noted and
4. Sandwell MBC funds £515,323 of the energy costs and any overspend above the forecast of £1,911,077 be noted.

53. Exclusion of the Public and Press

Resolved:

That in accordance with Section 100A4 of the Local Government Act 1972, the press and the public be excluded from the meeting during the consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any particular person (including the authority holding that information).

54. Birmingham Hippodrome - Southside Building

The board considered a report of West Midlands Development Capital (WMDC) that sought approval for loan funding from the Commercial Investment Fund for the sum specified in the report, to the 'Company', to assist with the purchase of the Southside Building enabling the refurbishment of the space at the 'Property'.

The loan would enable the 'Company' to undertake refurbishment works to elements of the 'Property' which have yet to be refurbished with the main aim being to provide further space to arts and culture businesses/individuals on flexible and minimal cost rents/terms.

The key terms were highlighted in section of 3 of the report and the loan would be fully secured by way of first charge over the property.

The Director of Commercial and Investment, Ian Martin, reported that he was supportive of the loan which was not a long-term debt and was less than £100 per square foot. He noted that the report confirmed that WMDC had spoken with the Borrower, and it was understood that the loan was facilitating purchase and development readiness with no expectation of the loan continuing after this initial term.

Resolved that:

1. The powers and ability of the WMCA to make the proposed loan be noted;
2. The loan investment from the Commercial Investment Fund for the amount specified in the report, to the 'Company' for a term of 5 years on the terms and conditions set out in the report be approved;
3. Authority be delegated to the Director of Commercial and Investment in consultation with the Section 151 Officer and Monitoring Officer to negotiate any other terms and conditions of the loan that are not set out in the report be agreed and
4. Authority be delegated to the Director of Commercial and Investment to exercise the rights granted to the WMCA under the terms of the loan to authorise the 'Company' on such terms as shall be considered appropriate to either (i) transfer any part of the development site, and/or (ii) grant any lease, easement, wayleave or other instrument in each case to either (a) any utility company and/or (b) any local authority in the exercise of its planning highway functions and (c) any third party in the discharge of any planning obligation be agreed.

55. Update on Shard End

Further to the report considered by Investment Board on 17 April 2023, the board received an update report from West Midlands Development Capital (WMDC) on the current position regarding £4.386m land remediation grant allocation (alongside matching request from HCA's Birmingham City Deal Programme) in respect of a contaminated site (former sewage works) with additional exceptional remediation and infrastructure costs to ultimately deliver 298 homes at the location at Shard End.

At the meeting on 17 April 2023, Investment Board agreed for the grant to be further extended and ring-fenced to Birmingham City Council until 31 August 2023, subject to 5 pre-conditions being met.

The board noted that the grant agreement had lapsed and whilst Birmingham City Council had made progress with the developer for a planned start on site before Christmas, there was no written confirmation from the Environment Agency on the proposed further revised remediation strategy and the resultant tax liability; the scheme would be undertaken at Birmingham's risk.

Gerald Ganaway (WMDC) reported that the Brownfield Land & Property Development Fund was oversubscribed, and the funding allocated to Birmingham for this scheme could be reallocated to other commercial schemes that require grant funding and are in a position to be delivered.

The Director of Commercial and Investment, Ian Martin, advised the board that there was no other WMCA funding Birmingham CC could apply for as the project did not meet the required intervention rate for housing under existing funds.

The board considered that it was unlikely Birmingham would receive a full review of the site from the Environment Agency within the next 4 weeks and Birmingham should therefore submit a new application (if they wished) for funding, given the grant agreement (approved October 2017) had lapsed.

Resolved that:

Birmingham City Council be advised that the grant funding agreement for Yardley Brook, Shard End has expired, and BCC be invited to submit a new (full) application for funding be agreed.

56. WMCA Commercial Investment Fund (CIF) - Dashboard

The board considered a report detailing the Commercial Investment Fund dashboard (private iteration) as at 1 October 2023.

Nick Oakley, West Midlands Development Capital (WMDC) provided an update on 'live' schemes and informed the board that the Barberry, Rugby scheme had fallen away.

Resolved: That the report be noted.

57. WMCA Brownfield Land and Property Development Fund (BLPDF) - Dashboard

The board considered a report detailing the Brownfield Land and Property Development Fund (private iteration) as at 1 October 2023.

Nick Oakley, (WMDC) reported that the Mira Technology scheme would draw later this month.

Resolved: That the report be noted.

58. WMCA Residential Investment Fund (RIF) - Dashboard

The board considered a report detailing the Residential Fund dashboard (private iteration) as at 1 October 2023.

Nick Oakley, (WMDC) reported that Urban Splash – Port Loop scheme would draw later this month.

In relation to an enquiry from the Gary Taylor (Greater Birmingham & Solihull LEP) as to when the board could expect to receive a disposal strategy for housing, the Executive Director of Finance & Business Hub, Linda Horne, reported that a full update on the three housing and land funds would be submitted to the next meeting.

Resolved: That the report be noted

59. Land and Property Investment Fund (LPIF)

The board considered a report detailing the Land and Property Investment Fund as at 4 October 2023.

Resolved: That the report be noted.

The meeting ended at 11.09 am.