



Investment Board

Monday 13 November 2023 at 10.00 am

Minutes

Present

Councillor Bob Sleigh (Chair)	Portfolio Lead for Finance
Councillor Mike Bird	Walsall Metropolitan Borough Council
Councillor Christopher Burden	City of Wolverhampton Council
Councillor Matthew Dormer	Non-Constituent Authorities
Councillor Jayne Francis	Birmingham City Council
Councillor Karen Grinsell	Solihull Metropolitan Borough Council
Councillor Peter Hughes	Sandwell Metropolitan Borough Council
Councillor Jim O'Boyle	Coventry City Council
Gary Taylor	Greater Birmingham & Solihull Local Enterprise Partnership

In Attendance via MS Teams

Councillor Steve Clark	Dudley Metropolitan Borough Council
Paul Brown	Business Representative
Sue Summers	West Midlands Development Capital

Item Title

No.

60. Apologies for Absence

Apologies for absence were received from Councillor Simkins (Wolverhampton) and Councillor Thompson (Birmingham).

61. Notification of Substitutes

Councillor Simkins had nominated Councillor Burden to attend on his behalf.

Councillor Thompson had nominated Councillor Francis to attend on her behalf.

62. Minutes - 16 October 2023

The minutes of the meeting held on 16 October 2023 were agreed as a true record.

63. 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 any 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.

The Director of Commercial and Investment, Ian Martin, reported that approved grant funding awarded and administered by the WMCA to programmes within the Regional Investment Programme totals £853.7m as of 31 October 2023 (no overall change since the last report to Investment Board as at 30 September 2023).

Resolved that:

1. There have been no new approvals of business case submissions under delegated authority by WMCA Officers since previous meeting of the Investment Board 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 the report and appendices (including the project-level summary within the WMCA Investment Programme dashboard at Appendix 2) of the report be noted.

64. WMCA Commercial Investment Fund (CIF) - Dashboard

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

Resolved: That the report be noted.

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

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

Resolved that: The report be noted.

66. WMCA Residential Investment Fund (RIF) - Dashboard

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

Resolved that: The report be noted.

67. Presentation: WM5G Update

The board received a presentation from Robert Franks, WM5G, that provided an update on how the organisation is delivering 5G across the region and the transformational benefits it is providing for key sectors in health and social care, manufacturing, transport and for SMEs and start-ups.

The Chair noted that many people were reluctant to support 5G despite the many benefits it would bring and enquired how this issue was being addressed.

Robert Franks reported that the organisation does explain the benefits of 5G especially the health and social care benefits and was also keen to obtain public feedback with regards to poor mobile and broadband coverage.

Councillor Bird concurred with the Chair regarding the need to demonstrate the benefits of 5G to people, especially with regards to health and social care and to companies that provide services that support the elderly including local authorities. He also considered the need for WM5G to communicate widely what it does using all communication channels not just social media.

Robert Franks agreed with Councillor Bird and reported that WM5G was working with the NHS, the WMCA and local authorities to support citizens.

Councillor Grinsell reported that she welcomed the benefits of 5G but had received feedback from residents that whilst operators are consulting with them on the planning of 5G infrastructure, they are not listening to them and are siting boxes and masts too close together and asked whether operators could share masts.

Robert Franks reported that he was working with operators to 'bake in' early consultation with communities. In relation to the sharing of masts, he advised that there were some joint ventures, however, this was challenging due to the commercial competitiveness between operators and more masts were needed. He agreed that sharing infrastructure should be the way forward.

In relation to an enquiry from Councillor Dormer as to whether WM5G worked with non-constituent authorities as he was trying to follow-up opportunities in Redditch that were highlighted three years ago, Robert Franks reported that funding was provided for the constituent area of the WMCA but WM5G was working closely with non-constituent authorities on projects and undertook to contact Councillor Dormer with regards to following-up opportunities in Redditch.

In relation to an enquiry from Councillor Hughes regarding how WM5G is tackling youth unemployment and is 'selling' the technology to young people, Robert Franks advised that awareness is being raised among communities through the Ambassadors Programme, through social media, collaboration with the industry to provide work experience and mapping career paths. He added that work on skills is at its early stage but WM5G is collaborating with private skills providers and further education colleges.

The Chair thanked Robert Franks for his presentation and asked that the next presentation to Investment Board provide updates on communications, infrastructure and public resistance and, skills.

Resolved that:

1. The presentation be noted and

2. The next presentation to this board include updates regarding communications, infrastructure and public resistance and, skills be agreed.

68. Housing & Land Investment Programme Business Case

The board considered a report of the Interim Executive Director, Housing, Property and Regeneration that attached the retrospective Programme Business Case for the Housing and Land Funds which sets out the overarching principles and approach for administering secured Housing and Land funds.

The Head of Strategy and Analysis, Rob Lamond reported that the Housing and Land Funds Programme Business Case, documents a process that is already in operation in respect of the three housing and funds that have been devolved since 2018 (Land Fund, Brownfield Housing Fund and National Competitive Fund). The systems and process are managed in compliance with the Single Assurance Framework and the funding conditions set by Government.

The Interim Executive Director, Housing, Property and Regeneration, John Godfrey, reported that the Programme Business Case would be updated shortly to reflect a revised programme following a review of the existing pipeline and projects; a report providing an update on the matter would be considered later in the meeting.

Resolved that:

1. The retrospective Programme Business Case for Housing & Land Funds, which sets out the overarching principles and approach for administering secured Housing & Land Funds be agreed and
2. The Programme Business Case 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 be noted.

69. Royal Sutton Coldfield Town Hall

The board considered a report of the interim Executive Director of Housing, Property and Regeneration that sought approval for grant funding of up to £1m from the Brownfield Land and Property Development Fund to support emergency and enabling works to be carried out at Royal Sutton Coldfield Town Hall.

The interim Executive Director of Housing, Property and Regeneration, John Godfrey outlined the report and advised the board that this was an unusual project, in that, it was a heritage building that needed its roof replacing along with other emergency works. He reported that support in principle was given to the project in July 2023. The project did not provide any housing outputs but would safeguard 16 jobs and create a further 9 jobs. A partnership would be undertaken with the Royal Sutton Coldfield Town Hall Community Trust to mitigate risks and any payments of funds would be made in arrears.

Councillor Burden reported that he was not opposed to the report but considered its approval would set a precedent for similar projects to come forward and felt the project did not provide real brownfield remediation. He enquired whether all other funds have been exhausted as this project did not seem to fit the core aims of the Brownfield Land and Property Development Fund.

The interim Executive Director of Housing, Property and Regeneration advised that all other funding options have been explored and that was why funding was being sought from the Brownfield Land and Property Development Fund.

Councillors Hughes, Bird and Grinsell concurred with the comments made by Councillor Burden and noted the lack of housing outputs. Councillor Bird also enquired whether funding had been sought from Commonwealth Games Legacy Enhancement Fund and the Heritage and Community Pillar.

The Executive Director of Finance and Business Hub, Linda Horne reported that she had asked why funding could not be allocated from the Commonwealth Games Legacy Enhancement Fund and had been told that funding was already allocated, and the project did not meet the criteria for funding.

In relation to an enquiry from Councillor Bird as to what schemes would miss out on funding if the project was taken forward, the Director of Commercial and Investment, Ian Martin, reported that the Brownfield Land and Property Development Fund was an opportunity/market driven fund that was until the last meeting oversubscribed; the decision taken to no longer extend ring-fenced funding for Shard End released £4.36m for available projects. He gave an example of what sort of project would receive funding and advised that if funding was allocated to Royal Sutton Coldfield Town Hall, the remaining £3.38m funding could be used for a large brownfield site project of c.15 acres requiring remediation, this project was expected to be considered at the next meeting.

Councillor Bird asked that the WMCA continue to work with the Royal Sutton Coldfield Trust to see whether any funding could be found from other sources so that it could be returned to the fund.

Resolved that:

1. The investment of a maximum of £1m for the carrying out of enabling works to the Royal Sutton Coldfield Town Hall taking into account the assessment of doing so, and not doing so, as set out in the report be approved and
2. Authority be delegated to the Interim Executive Director of Housing, Property & Regeneration in consultation with the Director of Law and Governance to agree the terms of the investment to be made to with the Royal Sutton Coldfield Trust (RSCTHCT) in accordance with the terms of this report as approved by the Investment Board;

3. That funding is required for the emergency and enabling works to proceed be noted and
4. That the WMCA continue to work with the Royal Sutton Coldfield Trust with regards to obtaining other sources of grant funding with a view to some grant funding being returned to the Brownfield Land and Property Development Fund be agreed.

70. 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).

71. Horgan Commercial Development Loan

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 facilitate the development of 16 industrial units for SMEs, at the location identified in the report.

It was noted that the development would supply energy efficient starter units for which occupier demand is strong as significant interest had already been expressed by buyers for 9 of the 16 units.

The Director of Commercial and Investment, Ian Martin advised that the loan to the 'Company' was straightforward and confirmed there was a good market for small commercial industrial units for SMEs.

Resolved that:

1. The powers and ability of the WMCA to make the proposed loan be noted;
2. The comments made by Investment Panel when the proposal was submitted be noted;
3. The loan investment from the Commercial Investment Fund for the sum specified in the report to the 'Company' for a term of up to 2.5 years as per the terms and conditions set out in the report be approved and
4. The negotiation and approval of the final terms of the loan be delegated to the Director of Commercial and Investment in consultation with the Section 151 Officer and Monitoring Officer be agreed.

72. Stone Yard Development Site

The board considered a report of the interim Executive Director of Housing, Property and Regeneration that provided an update on the progress of the Stone Yard Development Project and sought endorsement of the recommended option from the five options open to the WMCA following the transfer of ownership of the Stone Yard site.

The Interim Executive Director of Housing, Property and Regeneration, John Godfrey outlined the background to the project, and the current position with regards to the grant agreement and the change of ownership.

It was noted that following the change of ownership of the site, external legal advice had been sought on the options available to the WMCA under the terms of the Grant Agreement which have been considered alongside advice from the WMCA's internal legal team.

The Interim Executive Director of Housing, Property and Regeneration explained the reasons why option five was deemed to be the preferred option under the circumstances.

The board expressed concern that the contract had been extended without the terms of the grant being negotiated, including the grant payments made and scheduled and also that the new developer would not meet the Authority's target of 20% affordable housing; the minimum 10% would be met.

The Chair noted that the intervention rate for the project remained low and the housing outputs were quite substantial.

In relation to how the decision had been made to extend the contract without negotiating the terms of the grant agreement, the Executive Director of Finance and Business Hub, Linda Horne, reported that the decision had been taken by the former Executive Director of Housing, Property and Regeneration, Gareth Bradford, under delegated authority. The Executive Director of Finance and Business Hub undertook to request an investigation into the matter and report back to a future meeting.

The board sought assurance that no other contracts would put the WMCA in a similar position.

The Interim Executive Director of Housing, Property and Regeneration, John Godfrey reported that lessons would be learnt on how contracts were drafted going forward to ensure the WMCA was better prepared if there was a change in ownership. He added that the contract in question, was a bespoke contract that was made during lockdown.

The board agreed that if the new developer requires a further extension to the project, this be reported back for consideration.

Resolved that:

1. The options open to WMCA to take the transfer of ownership of the Stone Yard Development Site, and the limitations and risks associated with each option be noted and the Officer's recommendations to adopt option 5 as set out in paragraph 3.7 of the report be endorsed and
2. The recommendation that the Interim Executive Director of Housing and Property and Regeneration affirms the grant agreement between (1) WMCA and (2) Court (the Charter) Birmingham Limited, (subject to the grantee releasing all rights to the £1m final tranche) and the rationale for affirming the grant agreement be endorsed;
3. That Officers intend to keep the prescribed terms of WMCA grant agreements under review be noted;
4. That if the 'Developer' requires a further extension to the 'start on site' date of the project, a Change Request be submitted to Investment Board be agreed and
5. That the Executive Director of Finance and Business Hub request an investigation into the decision-making process with regards to the extension agreed by the former Executive Director of Housing, Property and Regeneration with the 'Developer' and this be reported back to the Investment Board.

73. Housing & Land Funds Programme Update

The board considered a report of the interim Executive Director of Housing, Property and Regeneration that provided an update on the status of the Housing and Land Funds programme including findings and proposed actions from a review undertaken over the last quarter.

The interim Executive Director of Housing, Property and Regeneration, John Godfrey, reported that following a review of committed projects and the project pipeline for the three existing housing funding streams, it was proposed to reassign and reallocate projects across the funds to ensure the WMCA meets the Government's minimum housing outputs and Housing Start date as appropriate, in accordance with the grant conditions of the three funds.

The proposed changes to the funding programme and proposed reallocations were set out in section 4 of the report.

The Housing, Property and Regeneration Consultant, Martin Yardley, reported that WMCA officers would be speaking to local authorities colleagues regarding their schemes and proposed schemes, to ensure the schemes comply with the grant conditions.

Resolved that:

1. The current status of the devolved Housing and Land fund programme be noted;
2. The work undertaken to date to identify and reduce the level of risk associated with under-delivery of the requirements for each fund be noted and
3. The actions proposed in the light of the findings of this work be endorsed including;
 - a. Review and refinement of the existing pipeline, including re-allocation of previously committed projects within the funding programme and placing on hold projects with low or non-existent housing outputs and/or low possibility of delivery and
 - b. Review and refinement of existing internal project developmental/approval processes to accelerate deployment of grant funds to projects with enhanced likelihood of delivering outputs in line with grant conditions for value money and speed of delivery.

74. WMCA Commercial Investment Fund (CIF) - Dashboard

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

Nick Oakley, West Midlands Development Capital, provided an update on schemes that had drawn or were due to draw since the last meeting.

Resolved that: The report be noted.

75. 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 November 2023.

Nick Oakley, West Midlands Development Capital, provided an update on the fund.

Resolved that: The report be noted.

76. WMCA Residential Investment Fund (RIF) - Dashboard

The board considered a report detailing the Residential Investment Fund dashboard (private iteration).

Resolved that: The report be noted.

77. Land and Property Investment Fund (LPIF)

The board considered a report detailing the Land and Property Investment Fund as at 2 November 2023.

Resolved that: The report be noted.

The meeting ended at 11.50 am.