

Investment Board

Date	15 January 2024
Report title	Investment Programme Update
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Report has been considered by	N/A

The WMCA Investment Board is recommended to:

1. Note approval under delegated authority by WMCA Officers of the business case submission disclosed at **Section 3**.
2. Note the WMCA Investment Programme funding status and current affordable limit, as outlined at **Section 4**.
3. Note 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**).

1 Purpose

- 1.1 The Investment Board agreed on 26th March 2018 to receive a monthly report on the status of the Investment Programme to help set the context for any investment decisions being made by the Board. This report fulfils that requirement.

2 Background

- 2.1 The Investment Board was established by the WMCA Board as a key element of the approvals process across the Investment Programme.
- 2.2 The Investment Board considered and endorsed an enhanced Terms of Reference at its meeting on 20th April 2020 (approved by WMCA Board 24th July 2020). This set out an enhanced role supporting decision-making, greater post approval controls, performance management and effective delivery of monitoring & evaluation requirements.
- 2.3 The enhanced Terms of Reference included the following:

- To oversee and monitor all investments made through the Investment Programme.
- To add conditions to any funding decision that falls within its delegated authority. Minimum conditions should specify the availability period, conditions to drawdown of funds, conditions for withdrawal of support and terms of clawback, start date and completion date for the project or programme.
- Where oversight of monitoring and evaluation applies to the Investment Board, to consider whether a formal review of project or programme is required, and to consider this review itself or instruct the Investment Panel to do so on its behalf.

2.4 On the 10th of June 2022, WMCA Board approved extending the role and remit of WMCA Investment Board to cover all WMCA projects (including the CRSTS programme), allowing investment decisions to be made for values between £5 million and £20 million in line with the Single Assurance Framework.

3 Investment Programme Assurance Summary

- 3.1 An analysis of the overall Regional Investment Programme expenditure, (funded by both grants administered by WMCA from the “WMCA Investment Programme” and match funding sources), is provided at **Appendix 1**.
- 3.2 Approved grant funding awarded and administered by the WMCA to programmes within the Regional Investment Programme totals £854.2 million as of 31st December 2023 (previously £853.7 million as at 30th November 2023 – refer to **paragraph 3.5**).
- 3.3 These commitment values above exclude the provisional ‘ear-marked’ allocations agreed by WMCA Board in March 2021 that are yet to obtain formal approval. Commitments for some of these ear-marked items will be confirmed via the approval of further reports to WMCA Board.
- 3.4 WMCA Investment Programme funding actually drawn / incurred by projects against these funding commitments as at 30th September 2023 totals £549.7 million. An analysis of funding drawn is provided at **Appendix 1**.
- 3.5 Since the previous full sitting of WMCA Investment Board on 11th December 2023 there has been one business case submission approved under delegated powers in respect of grant funding. This was a SOC submission for the UKC Hub Access - A452 Balsall Common Transport Package. Funding from the Investment Programme of £550,000 was awarded to the project. Funding had already been earmarked pending business case approval and does not increase commitments over the affordable limit.
- 3.6 **Appendix 1** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of September 2023. The WMCA Investment Programme dashboard at **Appendix 2** discloses the sums committed against individual projects.

4 Investment Programme Affordable Limit & Gateway Status

- 4.1 At the WMCA Board meeting on 19th March 2021, WMCA Board approved an increase to the current WMCA Investment Programme affordable limit of £70 million, from £801 million to £871 million.
- 4.2 This is presently the limit whilst arrangements to secure additional funding sources into WMCA are developed and delivered.

4.3 Programmes which contain projects presently outside the current affordable limit include:

- Coventry UK Central Plus;
- Employment, Education and Skills;
- Innovation Programme;
- Land Reclamation and Remediation;
- Sprint Programme;
- Rail Programme;
- UK Central HS2 Interchange; and
- UK Central Infrastructure Package.

4.4 Investment Board is advised to note that WMCA are in contact with the Department for Levelling Up, Housing and Communities ('DLUHC') in respect of an Interim Gateway Review which is expected to complete in February 2024.

- WMCA have worked with DLUHC-appointed consultants SQW, to establish a list of projects within scope for evaluation.
- A Local Evaluation Framework was drafted in May 2023 and is with DLUHC for approval.
- Work on a Mid-Term Gateway Review commenced in September 2023 and to be submitted to DLUHC in February 2024.
- The 10-year Gateway Review is expected to complete in November 2025.

5 Investment Programme Delivery and Expenditure

5.1 The Regional Investment Programme expenditure and underpinning funding summaries are provided at **Appendix 1**.

5.2 The amounts shown are the gross delivery totals, inclusive of expenditure funded by grants from the WMCA Investment Programme and match funding sources.

5.3 In respect of the full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2023-24 programme baseline. Note that the impact of inflation, as well as local factors including but not limited to programme adjustments to accommodate HS2 delivery, are continuously being assessed by the accountable bodies, with each respective delivery organisation required to manage the schemes within the funding available to them.

5.4 In March 2023, an update was provided to WMCA Board to provide an early warning of capital cost pressures emerging on projects within the rail and metro programmes, which are part-funded from the WMCA Investment Programme.

5.5 This was followed by a further update in June 2023 that provided additional information and indicative estimates of potential revised costs for completion for affected projects. Mitigation measures were considered, including the opportunity provided by DfT to agree a revised programme baseline for the CRSTS programme ('the CRSTS rebase').

5.6 Therefore, changes to the gross outturn presented in Table 1, **Appendix 1** are considered likely whilst further work is ongoing to review cost estimates and approve revised project budgets where necessary.

5.7 The WMCA Investment Programme dashboard at **Appendix 2** provides a detailed summary by project of project completion dates and business case stage.

6 Investment Programme Dashboard

6.1 The Investment Programme Dashboard is attached separately at **Appendix 2**.

- 6.2 The dashboard identifies whether project starts, and completions are as forecast when compared with the original business case, or funding documentation where this supersedes the business case.
- 6.3 There are eighty-three projects that have passed the Assurance Process and have received a financial commitment (noting that several projects have identified distinct sub-projects within the approval). One new project has been added to the Investment Programme Dashboard – UKC Hub Access Balsall Common Multimodal Transport Package. This was approved via delegated authority on 19 December 2023 utilising residual funds from within the UKC Infrastructure Programme.
- 6.4 Nine schemes have a RED status for completion dates, with the Assurance and Appraisal team working with Sponsors to bring forward requests to extend dates to the relevant approval body. **Those projects with a RED status are brought to the attention of Investment Board.**
- UKC Interchange –UGC Business Plan – UGC Operating Costs has moved to a RED status due to a Change Request being received in Assurance and Appraisal to extend the completion date.
 - UKC Infrastructure – There are three schemes which are listed as RED status because the original completion date has expired without the project concluding. The schemes currently RED status are:
 - Accelerated Housing Delivery - Utilising Solihull Assets;
 - Playing Pitch Implementation Strategy; and
 - Middlewood House.
 - Coventry South Interchange - A46 Stoneleigh Junction (A46 Link Road Phase 1). RED status due to approved completion date expired. A Change Request has been received in Assurance & Appraisal to extend the completion date; queries raised with project sponsor are currently outstanding.
 - Metro Programme. There are currently two schemes which are listed as RED status, with their forecast end date due to exceed their approved end date.
 - Wednesbury to Brierley Hill Extension – A Change Request is expected from the project team to extend the completion date.
 - Birmingham Eastside Extension – The original Project Change Request has been withdrawn due to a planned refresh of the Full Business Case.
 - Rail. A Change Request is awaited from Project Team as the following two projects are being rebased, reflecting a number of known project challenges:
 - Walsall to Wolverhampton Local Enhancements (Package 1).
 - Camp Hill Line Local Enhancements (Package 2).

7 Financial Implications

- 7.1 There are no direct financial implications arising from the recommendations within this report.

8 Legal Implications

- 8.1 There are no legal implications as a result of the recommendations within this report.

9 Equalities Implications

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

10 Inclusive Growth Implications

10.1 There are no inclusive growth implications as a result of the recommendations within this report.

11 Geographical Area of Report's Implications

11.1 There are no geographical implications as a result of the recommendations within this report. The Regional Investment Programme comprises an array of programmes throughout each of the seven West Midlands constituent member areas. These programmes also have implications for some non-constituent areas and the wider local area beyond the constituent member regions.

12 Other Implications

12.1 Not applicable.

13 Schedule of Background Appendices

Appendix 1: Tables and Graphs

Table 1: Total Regional Investment Programme Expenditure and Funding Summary (as at 30th September 2023) *This table discloses the total expenditure for programmes included within the Regional Investment Programme, including expenditure funded by grants from the WMCA Investment Programme and match funding sources. The table also summarises the expected funding underpinning the total expenditure forecast outturn shown.*

Table 2: WMCA Investment Programme Commitments (as at 31st December 2023) *This table summarises the total grant funding approved to date to be provided by WMCA from the WMCA Investment Programme, summarised by programme.*

Graph 1: WMCA Investment Programme Funding Drawn *This graph shows how Investment Programme Funding has been drawn to date and the current expectations for future drawings from within the current affordable limit.*

Appendix 2: WMCA Investment Programme Dashboard Report (as at 31st December 2023) *See separate attachment. This appendix summarises the WMCA grant funding commitments by project, as well as business case stage and expected project completion dates.*

APPENDIX 1: TABLES AND GRAPHS

TABLE 1 (£'000)	Cost To Completion				Funding Summary														
	Programme	Prior Period	23/24 Outturn	Future Year Forecast	Total Forecast Outturn	WMCA IP	WMCA (Debt)	DfT	Enterprise Zone	Private Sector	LGF	DLUHC	Highways England	Network Rail	CIF	LA	Other	To Be Confirmed	Funding Total
Coventry UKC Plus	274,802	8,643	430,657	714,103	287,951	-	156,650	-	70,975	40,548	35,130	65,000	-	-	13,370	44,478	-	-	714,103
Sprint Programme	96,982	1,537	193,837	292,356	216,947	-	35,000	-	18,235	4,700	3,100	-	-	-	1,651	12,723	-	-	292,356
Rail Programme	73,367	56,755	104,242	234,364	113,907	-	59,413	-	-	1,600	14,200	-	15,668	-	11,789	35	17,753	-	234,364
Metro Programme	603,798	164,555	1,130,985	1,899,338	227,029	115,769	512,090	219,434	3,671	47,640	60,000	-	-	-	124,472	11,898	577,334	-	1,899,338
UK Central Infrastructure Package	220,076	19,320	1,126,238	1,365,634	288,000	-	46,595	-	757,623	-	-	-	-	-	39,474	233,943	-	-	1,365,634
UK Central HS2 Interchange	43,346	2,189	582,208	627,742	398,000	-	-	-	95,166	460	-	-	-	-	2,830	636	130,650	-	627,742
Subtotal - HS2 Growth Strategy	1,312,371	252,998	3,568,168	5,133,537	1,531,834	115,769	809,748	219,434	945,670	94,949	112,430	65,000	15,668	-	193,586	303,712	725,737	-	5,133,537
Coventry City Centre South Regeneration	87,587	19,583	263,445	370,615	149,955	-	-	-	-	-	-	-	-	-	220,660	-	-	-	370,615
Innovation Programme	43,265	2,044	151,630	196,939	49,999	-	-	-	-	4,849	-	-	-	-	1,693	27,088	113,310	-	196,939
Land Reclamation and Remediation	67,381	25,227	107,392	200,000	200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000
Commonwealth Games 2022	78,348	-	-	78,348	25,000	-	-	-	-	20,000	-	-	-	-	10,000	23,348	-	-	78,348
Employment, Education & Skills	1,312	-	18,687	20,000	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Business and Tourism Project - B ATP	22,533	1,415	-	23,948	2,600	-	-	-	-	-	-	-	-	-	-	21,348	-	-	23,948
Coventry Electric Bus City	21,273	3,480	114,747	139,500	5,000	-	50,000	-	78,400	-	-	-	-	-	6,100	-	-	-	139,500
Regional Recovery & Risks	13,393	7,847	28,667	49,906	37,050	-	-	-	34	-	-	-	-	-	-	12,822	-	-	49,906
Collective Investment Fund	123,482	36,335	840,183	1,000,000	-	-	-	-	-	-	-	-	-	1,000,000	-	-	-	-	1,000,000
Subtotal - Other IP Schemes	458,573	95,932	1,524,751	2,079,256	489,603	-	50,000	-	78,434	24,849	-	-	-	1,000,000	238,453	84,607	113,310	-	2,079,256
Grand Total	1,770,945	348,930	5,092,919	7,212,793	2,021,437	115,769	859,748	219,434	1,024,104	119,798	112,430	65,000	15,668	1,000,000	432,039	388,319	839,047	-	7,212,793

TABLE 2 (£'000)	WMCA IP Commitments		
WMCA Investment Programme Commitment	Total Expected Approvals	Approved Commitments	Actual Spend To Date
Coventry UK Central Plus	288,050	94,727	94,344
Sprint Programme	217,400	47,034	43,080
Rail Programme	113,915	63,026	25,371
Metro Programme	227,030	227,030	115,722
UK Central Infrastructure Package	288,000	35,678	28,434
UK Central HS2 Interchange	398,000	57,539	42,552
Subtotal - HS2 Growth Strategy	1,532,395	525,034	349,503
Coventry City Centre South Regeneration	149,954	149,954	67,386
Innovation Programme	50,000	16,131	14,997
Land Reclamation and Remediation	200,000	103,040	73,672
Commonwealth Games 2022	25,000	25,000	25,000
Employment, Education & Skills	20,000	1,312	1,312
Business and Tourism Project - B ATP	2,600	2,600	2,094
Coventry Electric Bus City	5,000	5,000	604
Regional Recovery & Risks	37,050	26,150	15,132
Subtotal - Other IP Schemes	489,604	329,187	200,198
Grand Total	2,022,000	854,221	549,701

