



Investment Board

Monday 15 January 2024 at 10.00 am

Minutes

Present

Councillor Bob Sleight (Chair)
Councillor Mike Bird
Councillor Steve Clark
Councillor Peter Hughes
Councillor Karen Grinsell
Councillor Jim O'Boyle
Sue Summers
Gary Taylor

Portfolio Lead for Finance
Walsall Metropolitan Borough Council
Dudley Metropolitan Borough Council
Sandwell Metropolitan Borough Council
Solihull Metropolitan Borough Council
Coventry City Council
West Midlands Development Capital
Greater Birmingham & Solihull Local
Enterprise Partnership
City of Wolverhampton Council

Councillor Christopher Burden

In Attendance via MS Teams

Paul Brown

Business Representative

**Item Title
No.**

94. Apologies for Absence

Apologies for absence were received from Councillor Simkins (City of Wolverhampton Council).

95. Notification of Substitutes

Councillor Stephen Simkins (City of Wolverhampton Council) had nominated Councillor Christopher Burden as his substitute.

96. Minutes - 11 December 2023

The minutes of the meeting held on 11 December 2023 were agreed as a correct record.

97. 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 decisions being made at the meeting.

It was noted that approved grant funding and administered by the WMCA to programmes within the Regional Investment Programme totals £854.2m as 31 December 2023.

The Director of Commercial and Investment, Ian Martin, reported that since the last meeting of Investment Board on 11 December 2023, there had been one business case submission approved under delegated powers in respect of grant funding which related to a Strategic Outline Case submission for the UKC Hub Access- A452 Balsall Common Transport Package. Funding had already been earmarked pending business case approval and would not increase commitments over the affordable limit.

Resolved that:

1. Approval under delegated authority by WMCA Officers of the business case submission disclosed 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 the report and appendices (including the project-level summary within the WMCA Investment Programme dashboard at appendix 2) be noted.

98. WMCA Commercial Investment Fund (CIF) - Dashboard

The board considered a report detailing the Commercial Investment Fund dashboard as at 1 January 2024.

Resolved: That the report be noted.

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

The board considered a report detailing the Brownfield Land and Property Development Fund dashboard as at 1 January 2024.

Resolved: That the report be noted.

100. WMCA Residential Investment Fund (RIF) - Dashboard

The board considered a report detailing the Residential Investment Fund dashboard as at 1 January 2024.

Resolved: That the report be noted.

101. 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).

102. Coventry City Centre South - Change Request

The board considered a report of the interim Executive Director of Housing, Property & Regeneration that sought approval of the project Change Request for Coventry City Council to be awarded up to an additional £12.24m from the Housing and Land Investment Programme to provide gap funding and assist the delivery of the City Centre South scheme.

It was noted that the intention was to draw new grant funding from the National Competitive Fund to deliver against the requirement for a Housing Start by March 2025 in accordance with the conditions of the fund set by Government.

The interim Executive Director of Housing, Property and Regeneration, John Godfrey, introduced the report and advised the board that the scheme was currently commercially unviable due to increased costs following a change to Government Building Regulations that were introduced following the fire at Grenfell and inflationary elements as a result of the re-design of the scheme.

Adam Hunt, Coventry City Council, reported that Coventry City Centre South was a key regeneration project that would significantly regenerate Coventry City Centre and outlined the key features and benefits of the scheme.

Councillor Bird reported of the need for the WMCA to advertise or promote its role in helping to fund the scheme, in conjunction with Coventry City Council and the developer, so that the general public is aware of what the WMCA does.

The Chair highlighted Section 4 of the report with regard to the independent risk and appraisal (paragraph 4.2) that recommended approval of the Change Request subject to four conditions being met.

The board supported the Change Request.

Resolved that:

1. The Housing Fund Investment allocates up to £12.24m towards unlocking the mixed-use regeneration project known as City Centre South, subject to the full verification of the viability gap and other standard due diligence be approved and.
2. Authority be delegated to approve the commercial terms and grant structure to the Interim Executive Director of Housing, Property and Regeneration and the Director of Commercial and Investment to ensure the necessary due diligence is undertaken to any associated legal agreements that are necessary to give effect to the recommendations contained within the report be agreed.

103. Gracechurch Centre, Sutton Coldfield

The board considered a report of the Director of Commercial and Investment that sought loan funding from the Commercial Investment Fund (CIF) for the sum specified in the report to the 'Company' to assist with the reconfiguration/refurbishment and repositioning of c250,000 square feet of retail space at the site, Gracechurch Shopping Centre, Sutton Coldfield.

Gerald Gannaway (West Midlands Development Capital) presented the report and advised the board that development proposals would revitalise Sutton Coldfield town centre, a key regional site that was overdue for redevelopment. He reported that the loan term would be for 3 years initially, with the option to extend to 5 years at the discretion of the WMCA which would be subject to the 'Company' making satisfactory progress towards the outputs and targets as set out in the report.

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 sum specified in the report to the 'Company' for a term of up to 5 years [contracting initially at 3 years] as per the terms and conditions set out in the report be approved and
3. 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.

104. Newater House, Newhall Street, Birmingham

The board considered a report of the Director of Commercial and Investment that sought approval of loan funding from the Commercial Investment Fund (CIF) for the sum specified in the report to the 'Company', for a maximum 4-year period, for the refurbishment of office and ground floor retail space at Newater House, Newhall Street, Birmingham.

Gerald Gannaway (West Midlands Development Capital) outlined the key aspects of the investment proposal detailed in the report.

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 sum specified in the report (initially limited to the sum stated, with the higher figure only being made available subject to certain defined conditions being met as outlined in the report, to be confirmed with the Director of Commercial and Investment and Section 151 Officer) to the 'Company' for a term of up to 4 years as per the terms and conditions set out in the report be approved and
3. 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.

105. Affordable Housing Pilot

The board considered a report of the interim Executive Director of Housing, Property and Regeneration that outlined a proposed Collaborative Partnership Agreement.

The agreement is intended to leverage combined expertise, resources and capacity of a consortium of West Midlands Housing Associations and their proposed collective delivery vehicle, Homes for the West Midlands Liability Partnership (LLP), combined with WMCA expertise and assets to bring forward increased affordable housing on complex brownfield sites whilst also contributing to key WMCA policy objectives including net zero and advanced methods of construction.

Rob Lamond, Head of Strategy & Analysis (Housing, Property and Regeneration) outlined the report and advised the board that the Affordable Housing Pilot approach intends to use the Abberley Street site (to be considered as the next agenda item) as a pathfinder project to test the strategic alignment process and value for money for the approach. It was noted the pilot would be monitored and evaluated throughout its delivery.

Resolved that:

1. The proposal to work with the proposed Homes for the West Midlands Limited Liability Partnership to develop a Collaborative Partnership Agreement which enables the development of additional affordable homes on complex brownfield sites across the region be endorsed;
2. The testing of the partnership approach and process through the use of the Abberley Street site as a pathfinder project (following approval of a separate Abberley Street Disposal report) be noted and
3. The proposed governance route of the completed Collaborative Partnership Agreement be submitted to Investment Board for approval be agreed.

106. Abberley Street Disposal

The board considered a report of the interim Executive Director of Housing, Property and Regeneration that sought approval for the disposal of the site at Abberley Street to a developer for the purpose of a 100% affordable scheme.

The Head of Property & Strategic Assets, Nigel Ford and Development Manager, Acquisitions and Disposals, Anna Jones, outlined the report and responded to questions from Investment Board members.

Several members of the board expressed concern regarding the significant reduction in the value of the site from its valuation in 2020 to its current one and enquired as to how the site was originally valued by Avison Young who should be asked to explain their valuations.

The Executive Director of Finance and Business Hub reported that separate asset valuations are obtained for the WMCA's accounts and the asset value for the site aligned to its current market value which had been written down in the accounts; the WMCA did not want to put any further funds into the scheme and the proposal was the best solution for the property to enable residential development to take place.

Members also asked for information be provided with regards to the options for the site including; the position of the hospital with regards to its future plans including any expansion and the feasibility of developing the Help to Own scheme for hospital staff; the local authority's (Sandwell) opinion on the site and how it fits with its Masterplan for the area and a market valuation on the demolition of the site.

The Head of Strategy & Analysis, Rob Lamond, reported that there had been a change in the Masterplan for the area and the proposal now supports the Masterplan for less density and more family homes to be built on the site.

Councillor O' Boyle reported that Coventry City Council insists on leasehold disposals for its land which enables the council to set obligations for developers and enquired why the site at Abberley Street could not be leasehold as this would give the WMCA more control over its land. Councillor Hughes concurred with Councillor O' Boyle and added that he did not want the land to remain vacant if sold.

The Director of Commercial and Investment, Ian Martin, alerted the board to the timescales for the project which requires a start on site by March 2025.

Councillor Bird asked that advice be sought on the proposal to look at the opportunity for a better purchaser in the market as he was not convinced the solution outlined represented the best value for money.

The Chair reported that in the light of comments from members on the report and the requests for further information, he would defer the matter to the next meeting.

Resolved: The report be deferred to the next meeting.

107. WMCA Commercial Investment Fund (CIF) - Dashboard

The board considered a report detailing the Commercial Investment Fund dashboard as at 1 January 2024.

The board also receiving a short report on the Birmingham Hippodrome - Southside Building (scheme approved 16 October 2023) that sought approval in amending the loan to vacant possession covenant from 80% to 85%. The report outlined the reasons for the amendment.

Resolved:

1. That the report be noted and
2. The amendment of the loan to vacant possession covenant from 80% to 85% in respect of the Birmingham Hippodrome- Southside Building be approved.

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

The board considered a report detailing the Brownfield Land and Property Development Fund dashboard as at 1 January 2024.

Resolved: That the report be noted.

109. WMCA Residential Investment Fund (RIF) - Dashboard

The board considered a report detailing the Residential Investment Fund dashboard as at 1 January 2024.

Resolved: That the report be noted.

110. Black Country Land and Property Investment Fund (LPIF)

The board considered a report detailing the Black Country Land and Property Investment Fund as at 31 December 2023.

Resolved: That the report be noted.

111. Housing & Land Fund Dashboard

The Housing and Land dashboard was not submitted.

The meeting ended at 12.08 pm.

DRAFT