

Investment Board

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| Date | 18 March 2024 |
| Report title | Investment Programme Update |
| Portfolio Lead | Councillor Bob Sleight - Finance |
| Accountable Chief Executive | Laura Shoaf Email: Laura.Shoaf@wmca.org.uk Tel 0121 214 7444 |
| Accountable Employee | Ian Martin Email: Ian.Martin@wmca.org.uk Tel 0121 214 7926 |
| 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 Approved grant funding awarded and administered by the WMCA to programmes within the Regional Investment Programme totals £854.2 million as at 29th February 2024 (previously £853.7 million as at 31st January 2024) – refer to **paragraph 3.4**.
- 3.2 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.
- 3.3 WMCA Investment Programme funding actually drawn / incurred by projects against these funding commitments as at 31st December 2023 totals £598.6 million. An analysis of funding drawn is provided at **Appendix 1**.
- 3.4 Since the previous full sitting of WMCA Investment Board on 12th February 2024 there has been one business case submission approved under delegated powers in respect of grant funding. This was a SOC submission for the West Coast Mainline M42 bridge project. Funding of £0.5m was awarded from the Investment Programme for the development of an OBC.
- 3.5 **Appendix 1** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of February 2024. 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 remains the current limit of grant funding that can be provided by WMCA from the Investment Programme. The WMCA capital programme is currently subject to a review due to the opportunities arising from the region’s Single Settlement secured with Central Government.
- 4.3 Investment Board is advised to note that WMCA are working closely with the Department for Levelling Up, Housing and Communities (‘DLUHC’) in respect of an Interim Gateway Review.
- WMCA have worked with DLUHC-appointed consultants SQW, to establish a list of projects within scope for evaluation.

- A Local Evaluation Framework (LEF) was drafted in May 2023 and is currently with DLUHC for approval.
- Work on the Mid-Term Gateway Review commenced in September 2023, originally a deadline of February 2024 was agreed for documentation to be submitted to DHLUC. Following dialogue between WMCA, SQW and DHLUC it has been agreed that the Mid-Term Review would be paused – whilst work on the LEF is ongoing.
- Despite the current pause on the Mid-Term Review, the 10-year Gateway Review is still expected to be complete by November 2025.

4.4 An internal Audit is being conducted on the Investment Programme monitoring under the instruction of ARAC and as part of routine reports on all aspects of the WMCA functionality. The Investment Board will be advised of the outcome and any recommendations arising when these are produced – expected in the next few weeks.

5 Investment Programme Delivery and Expenditure

5.1 The expenditure funded by the WMCA Investment Programme during Q3 of FY23-24 totals £48.9m. This expenditure comprises:

- Significant spending of £25.1m in respect of on-site construction works for Phase 1 of the Wednesbury to Brierley Hill Metro extension;
- Construction works for the interim Birmingham Eastside Extension project (endorsed at WMCA Board on 17th November 2023) of £8.4m;
- Land reclamation and remediation works within the Land & Property Investment Fund (£6.6m); and
- Capital expenditure incurred on Wolverhampton Interchange Programme, Rail Camp Hill Line Local Enhancements (Package 2), Coventry City Centre South programme, Brownfield Land Property Development and the City of Wolverhampton Technical Centre.

5.2 The WMCA Investment Programme dashboard at **Appendix 2** provides a detailed summary by project of project completion dates, business case stage and commentary on key project milestones.

6 Investment Programme Dashboard

6.1 The Investment Programme (IP) 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-four 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 – CRSTS – CRNaC – West Coast Mainline M42 Bridge SOC. This was approved by DSO on 26 February 2024 and is utilising £510k of residual IP funds from the Hub Movement and Connectivity project within the UKC Interchange Programme.

6.4 Sixteen 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. The Change Request was resubmitted on 10/01/24 responding to queries raised by Appraisal. A further resubmission of the Change Request was submitted on 27/02/2024, reflecting Appraisal recommendations.
- UKC Infrastructure – There are now ten schemes which are listed as RED status because the original completion date has either expired without the project concluding or the project requires a time extension. The IP team are working with programme Assurance and Appraisal and Project Sponsor to determine a consolidated approach to reflect a number of time extension requests across the UKC Infrastructure Programme. The schemes currently RED status are:
 - A45 Damson Parkway Junction Improvements;
 - Solihull Town Centre Public Realm Improvement Scheme;
 - Kingshurst Village Centre;
 - Chelmsley Wood Town Centre;
 - Walking, Cycling & Green Infrastructure Investment Programme;
 - UKC Hub Access and Transport Modelling Programme;
 - Accelerated Housing Delivery - Utilising Solihull Assets;
 - Playing Pitch Implementation Strategy; and
 - Middlewood House.
 - Sustainable Energy – Solihull Town Centre Low Carbon Energy Network.
- Coventry South Interchange -A46 Stoneleigh Junction (A46 Link Road Phase 1). RED status due to approved completion date having expired. A Change Request has been received in Assurance & Appraisal to extend the completion date (this has subsequently expired); queries raised with project sponsor are currently outstanding. Subsequently, the IP SRO has emailed the project SRO requesting an update.
- Metro Programme. Birmingham Eastside Extension – The original Project Change Request has been withdrawn due to a planned refresh of the Full Business Case. A date for this is to be confirmed.
- Rail. A Change Request is awaited from Project Team as the following three projects are being rebased, reflecting a number of known challenges:
 - Walsall to Wolverhampton Local Enhancements (Package 1).
 - Camp Hill Line Local Enhancements (Package 2).
 - Sutton Coldfield Gateway

7 Legal Implications

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

8 Equalities Implications

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

9 Inclusive Growth Implications

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

10 Geographical Area of Report's Implications

10.1 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.

11 Other Implications

12.1 Not applicable.

13 Schedule of Background Appendices

Appendix 1: Tables and Graphs

Table 1: WMCA Investment Programme Commitments (as at 29th February 2024) *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.*

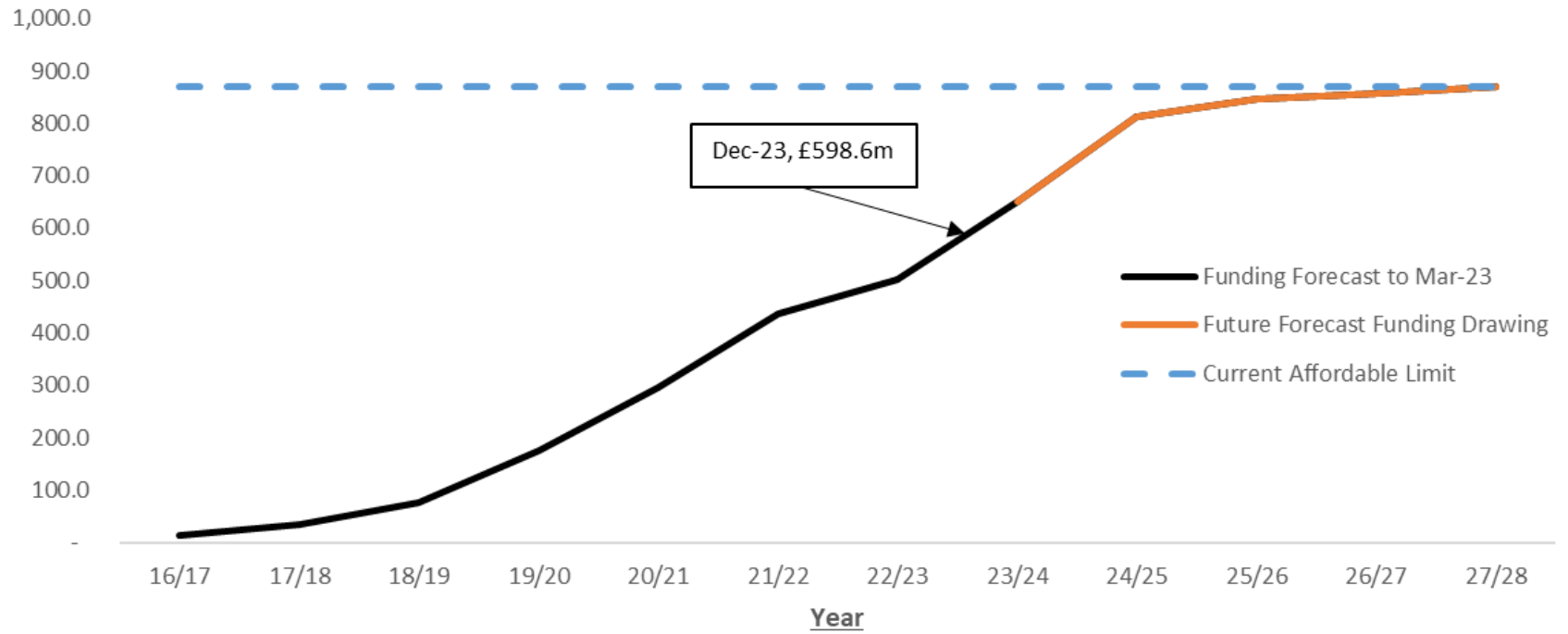
Appendix 2: WMCA Investment Programme Dashboard Report (as at 29th February 2024) *See separate attachment. This appendix summarises the WMCA grant funding commitments by project, as well as business case stage and expected project completion dates.*

APPENDIX 1: TABLES AND GRAPHS

| TABLE 1 (£'000) | WMCA IP Commitments | |
|---|-----------------------------|-----------------------------|
| WMCA Investment Programme Commitment | Approved Commitments | Actual Spend To Date |
| Coventry UK Central Plus | 94,727 | 94,356 |
| Sprint Programme | 47,034 | 42,425 |
| Rail Programme | 63,026 | 26,746 |
| Metro Programme | 227,030 | 153,035 |
| UK Central Infrastructure Package | 35,678 | 28,876 |
| UK Central HS2 Interchange | 57,539 | 43,182 |
| Subtotal - HS2 Growth Strategy | 525,034 | 388,621 |
| Coventry City Centre South Regeneration | 149,954 | 68,129 |
| Innovation Programme | 16,131 | 15,304 |
| Land Reclamation and Remediation | 103,040 | 80,272 |
| Commonwealth Games 2022 | 25,000 | 25,000 |
| Employment, Education & Skills | 1,312 | 1,312 |
| Business and Tourism Project - BATP | 2,600 | 2,538 |
| Coventry Electric Bus City | 5,000 | 623 |
| Regional Recovery & Risks | 26,150 | 16,757 |
| Subtotal - Other IP Schemes | 329,187 | 209,936 |
| Grand Total | 854,221 | 598,557 |

£m

GRAPH 1: WMCA IP Funding Drawn



Dec-23, £598.6m

- Funding Forecast to Mar-23
- Future Forecast Funding Drawing
- - - Current Affordable Limit