



**Name of meeting:** WMCA Investment Board

**Meeting date:** 22 July 2024

**Report title:** Investment Programme Update

**Responsible Director:** Ian Martin, Executive Director of Commercial and Investment

**Report author:** Ian Martin, Executive Director of Commercial and Investment  
Email: [Ian.Martin@wmca.org.uk](mailto:Ian.Martin@wmca.org.uk)

**Key Decision?** No

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Is the ability for the Combined Authority to make a decision internally reliant on Constituent or Non-Constituent Councils making a formal decision first?

Yes       No

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**Public/private report:** Public

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## 1. Decision/s Recommended

- 1.1 Note approval under delegated authority by WMCA Officers of the business case submission disclosed at **Section 3**.
- 1.2 Note the WMCA Investment Programme funding status and current affordable limit, as outlined at **Section 4**.
- 1.3 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**).

## 2. Voting Requirements

- 2.1 Not applicable.

### 3. Executive Summary

- 3.1 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.

### 4. Matters for Consideration

#### Background

- 4.1 The Investment Board was established by the WMCA Board as a key element of the approvals process across the Investment Programme.
- 4.2 The Investment Board considered and endorsed an enhanced Terms of Reference at its meeting on 20th April 2020 (approved by WMCA Board 24<sup>th</sup> July 2020). This set out an enhanced role supporting decision-making, greater post approval controls, performance management and effective delivery of monitoring & evaluation requirements.
- 4.3 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.
- 4.4 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.

#### Investment Programme Assurance Summary

- 4.5 Approved grant funding awarded and administered by the WMCA to programmes within the Regional Investment Programme totals £848.4 million as at 30th June 2024 (previously £848.4 million as at 31st May 2024) – refer to **paragraph 4.8**.
- 4.6 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.
- 4.7 WMCA Investment Programme funding used to date to fund eligible expenditure of projects against these funding commitments totals £610.7 million. An analysis of Investment Programme funding applied to date is provided at **Appendix 1**.

- 4.8 Since the previous full sitting of WMCA Investment Board on 18th March 2024 there have been no new business case submissions approved under delegated powers in respect of grant funding.
- 4.9 **Appendix 1** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of June 2024. The WMCA Investment Programme dashboard at **Appendix 2** discloses the sums committed against individual projects.

#### **Investment Programme Affordable Limit & Gateway Status**

- 4.10 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.
- 4.11 This remains the current limit of grant funding<sup>1</sup> 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.
- 4.12 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.
  - On 1st March 2024, a letter from the Secretary of State for Levelling up, Housing & Communities to the WMCA Mayor stated that '*On gainshare review, as set out at Autumn Statement, the five-yearly review will be removed for mature institutions, like WMCA, subject to meeting the criteria. This includes ensuring that the Local Evaluation Framework is as robust as possible.*'
  - The WMCA are seeking to establish what DLUHC seek to replace the Gateway reviews with before accepting any replacement. Once clarity has been received an update will be provided to members of the Investment Board.

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<sup>1</sup> Excluding part of the anticipated recoverable/recyclable commitment to the West Midlands Co-Invest Equity fund approved by WMCA Board on 23rd July 2021.

4.13 An internal Audit has been conducted on the Investment Programme monitoring under the instruction of ARAC and as part of routine reports on all aspects of the WMCA functionality. A Satisfactory rating was issued, and the full report can be made available to members on request. Five Amber Risk recommendations were made as follows:

- Implement tracking of milestones and benefits during projects based upon completing Project Delivery Plans for all projects. To do this the WMCA needs the cooperation of Local Authorities.
- Formally monitor internal WMCA projects. Whilst monitoring does occur, it is suggested we introduce formal reporting as per external bodies.
- Take action on Red issues reported on the Investment Board dashboard. Where Sponsors of projects are not issuing Change Requests to address issues and inform the WMCA/Investment Board then the Board should instruct action.
- Explicitly flag and recommend action to Investment Board for projects which have withdrawn all available Investment Programme funding but have not yet reported Benefits as delivered i.e., not completed.
- Ensure that the WMCA and Project Sponsors complete all funding documentation which has remained outstanding in some cases.

#### **Investment Programme Delivery and Expenditure**

4.14 An update in respect of expenditure funded from the WMCA Investment Programme incurred during Q1 of FY24-25 is expected to be received from project sponsors in July and reported at the next available sitting of WMCA Investment Board.

4.15 Significant expenditure funded by the WMCA Investment Programme during Q4 of FY23-24 comprises:

- Construction works for the interim Birmingham Eastside Extension project (endorsed at WMCA Board on 17th November 2023) of £5.5 million;
- Land reclamation and remediation works within the Land & Property Investment Fund; and
- Capital expenditure incurred on the Coventry City Centre South programme, Brownfield Land Property Development, and the City of Wolverhampton Technical Centre.

4.16 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.

## Investment Programme Dashboard

- 4.17 The Investment Programme (IP) Dashboard is attached separately at **Appendix 2**.
- 4.18 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.
- 4.19 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).
- 4.20 Twenty-three 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 Infrastructure – There are now fourteen 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 have worked with Programme Assurance and Appraisal and the Project Sponsor to bring forward a consolidated Change Request, reflecting a number of time extension requests across the UKC Infrastructure Programme. This is currently being appraised. 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;
    - Middlewood House (subject to a separate CR submission);
    - Inclusive Growth – Securing Social Value;
    - Sustainable Energy – Enabling Clean Growth and Mobility;
    - Sustainable Energy – UKC Hub Low Carbon Heat Network;
    - Low Carbon Future Mobility;
    - Sustainable Energy – Solihull Town Centre Low Carbon Energy Network.
  - Coventry South Interchange Package
    - A46 Stoneleigh Junction (A46 Link Road Phase 1). RED status due to its approved completion date having expired. The Assurance & Appraisal team has received a Change Request to extend the completion date (the revised suggested date has subsequently passed without the project completing). At a meeting on 22 May 2024 the project SRO confirmed that the Change Request has been drafted but cited an ongoing supply issue which is causing delays to the scheme. The Investment Programme team has requested regular updates on progress and timescales associated with the re-submission of the Change Request once this is known.

- A46 Link Road Phase 2– RED status due to scheme development work being paused pending the outcome of the South Warwickshire Local Plan Review.
  - A46 Link Road Phase 3 – RED status due to scheme development work being paused pending the outcome of the South Warwickshire Local Plan Review.
  - Coventry South Interchange. RED status due to Midlands Connect submitting an SOBC to DfT seeking further funding to develop an OBC for this scheme. Scheme currently on hold pending a decision from DfT.
- Coventry North
    - Kersley Link Road. RED status due to scheme exceeding completion date and now being delivered in phases with further funding being sought. The IP team are working with Appraisal and Coventry City Council around the submission of a Change Request to reflect the time extension and changes to the delivery structure of the scheme.
  - 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 for Rail Package 1 and Sutton Coldfield Gateway due to the projects being rebased, reflecting a number of known challenges. A Change Request for Rail Package 2 has been received and is currently being appraised:
    - Walsall to Wolverhampton Local Enhancements (Package 1);
    - Camp Hill Line Local Enhancements (Package 2); and
    - Sutton Coldfield Gateway.

**5. What options have been considered and what is the evidence telling us about them?**

5.1 This report is one of a regular series of updates. Not applicable.

**6. Reasons for recommending preferred option**

6.1 Not applicable.

**7. Implications and Considerations**

Priority:	Contribution:
Delivery of Strategic Transport Plan	N/A – This report provides an update on the status of the overarching WMCA Investment Programme, which contains an array of different capital and revenue programmes/projects selected to support the WMCA’s key priorities.

Priority:	Contribution:
Promote inclusive economic growth in every corner of the region	N/A – This report provides an update on the status of the overarching WMCA Investment Programme, which contains an array of different capital and revenue programmes/projects selected to support the WMCA's key priorities
Ensure everyone has the opportunity to benefit	N/A – This report provides an update on the status of the overarching WMCA Investment Programme, which contains an array of different capital and revenue programmes/projects selected to support the WMCA's key priorities
Connect our communities by delivering transport and unlocking housing and regeneration schemes	N/A – This report provides an update on the status of the overarching WMCA Investment Programme, which contains an array of different capital and revenue programmes/projects selected to support the WMCA's key priorities
Reduce carbon emissions to net zero and enhance the environment	N/A – This report provides an update on the status of the overarching WMCA Investment Programme, which contains an array of different capital and revenue programmes/projects selected to support the WMCA's key priorities
Secure new powers and resources from central government	N/A – This report provides an update on the status of the overarching WMCA Investment Programme, which contains an array of different capital and revenue programmes/projects selected to support the WMCA's key priorities
Develop our organisation and our role as a good regional partner	N/A – This report provides an update on the status of the overarching WMCA Investment Programme, which contains an array of different capital and revenue programmes/projects selected to support the WMCA's key priorities

## 8. Internal Consultation and Scrutiny:

- 8.1 Executive Directors and Deputy Section 151 officer have been consulted prior to the clearance of this report.

## **9. External Consultation and Scrutiny:**

9.1 Ongoing consultation with key directors and officers of constituent member authorities.

## **10. Financial implications:**

10.1 There are no direct financial implications arising from the recommendations within this report. Key financial information and updates are provided at **Section 4** and are updated on a regular basis.

## **11. Legal implications:**

11.1 Not are no direct legal implications arising from the recommendations within this report. The WMCA Investment Programme is underpinned by the Annual Devolution Deal grant received from Department for Levelling Up, Housing and Communities. Funding must be used by WMCA in accordance with the terms and conditions of this grant.

11.2 Legal support is obtained as appropriate to administer funding awarded by WMCA to local authorities and ensure compliance with all applicable legal requirements.

## **12. Single Assurance Framework implications:**

12.1 The Single Assurance Framework implication of this report are set out at **Section 4**, within the 'Investment Programme Assurance Summary' and 'Investment Programme Dashboard' subsections.

## **13. Risk implications, including Risk Appetite:**

13.1 Key risks in respect of compliance with the requirements of Central Government are set out at **Section 4**.

13.2 The delivery of projects within the Investment Programme is subject to an array of macro and local economic risks. However, funding awarded from the Investment Programme is capped, and project sponsors are required to manage and mitigate any gross cost escalations.

13.3 It is not anticipated at this time that the change in UK Government resulting from the national General Election on 4th July 2024 will have a material impact on the delivery of the Investment Programme. However, any changes to this expectation will be reported as appropriate to WMCA Investment Board.

13.4 The Board will have considered the findings of the Audit as reported above at **paragraph 4.13**.

## **14. Procurement Implications:**

14.1 There are no procurement implications arising from this report.

## **15. Equality implications:**

15.1 There are no equalities implications arising from this report.



**16. Inclusive Growth Implications:**

16.1 There are no direct implications to the West Midlands Inclusive Growth fundamentals arising from this report.

**17. Local Authority Impact:**

17.1 There are no direct implications on either constituent member local authorities or non-constituent local authority members arising from this report.

**18. List of appendices referred to:**

**Appendix 1: Tables and Graphs**

**Table 1:** WMCA Investment Programme Commitments (as at 30th June 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 30th June 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.

**19. Background papers used to compile this report:**

19.1 Not applicable.

**20. List of Other Relevant Documents**

20.1 Not applicable.