



West Midlands Combined Authority

The Risk & Investment Appraisal has been completed to support better and more informed spending and investment decisions at the WMCA

RISK & INVESTMENT APPRAISAL BOARD REPORT

WEST MIDLANDS INVESTMENT ZONES PROGRAMME

The purpose of this report is to:

- Provide a high-level summary of the outcome of the independent Assurance and Appraisal activity including any notable risks (project and strategic), commercial viability and Value for Money (VfM) of the investment and the opportunities it brings forward,
 - Put forward approval conditions assigned at both Programme and Project level which will form the basis of agreements post the approval decision. These have been summarised in Appendix I which is available upon request,
 - and act as an informative tool for decision-makers that accompanies the business case through to an approval decision.
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PROGRAMME BUSINESS CASE

The West Midlands Investment Zone (WMIZ) requests £5.15 million for administrative and planning costs. The total funding requested is £65 million over the first five years, split 60:40 between revenue and capital. Key projects include Coventry & Warwick Giga Park, Birmingham Knowledge Quarter, and Wolverhampton Green Innovation.

Appraisal Recommendation

Based on an independent assessment of risks and opportunities presented, the Appraisal recommendation is to approve the West Midlands Investment Zone (WMIZ) programme with the following conditions.

Conditions for Approval:

1. Employ a robust project Monitoring and Evaluation (M&E) plan (using agreed KPI's) to track outputs and outcomes through to fruition. This should be shared with WMCA Appraisal when complete.
2. Ensure comprehensive alignment with WMCA's strategic goals, including the Plan for Growth, Net Zero ambitions, and Inclusive Growth Framework.
3. Contribute towards net zero objectives by actively encouraging low carbon and sustainable methods wherever possible.
4. Develop a clear financial strategy and long-term sustainability plan, regularly updating financial models to reflect market changes.
5. Conduct detailed economic analysis such as NPSV and NPSC calculations at project level once subsequent business cases are submitted, all calculations should be validated by economic experts.

*It should be noted, these conditions are not to be included within the funding agreement, rather they are for decision-makers to consider and accept as part of their decision. Points 1, 4 and 5 will be checked by WMCA Appraisal by January 2025.

Key Risks

- Economic Risk: The business case lacks NPSV and NPSC calculations of for the shortlisted options, which are crucial for demonstrating economic viability and return on investment.
- Delivery Risk: Part success of the programme is heavily dependent on engagement with relevant professionals i.e., Universities, DLUHC etc– risk that if the “interaction” is not as expected.
- Management Risk: There is a mention of a dependency on national/regional policy, risk being that if the where to be amended or changes involved, what level of impact would that have on the programme. Project notes The PBC has rightly recognised that a change of government could create a risk from new ministers developing new policy. However, given the alignment of economic priorities and the fact that many of the aspects supporting the WMIZ are set in statute (BRR; tax incentives) the likelihood of impact is considered to be low. This has been considered and will form the part of any engagement between the Mayor and any incoming government.

Key Opportunities

- Supporting 360 new learners to complete L4/L5 qualifications in Advanced Manufacturing related subjects.
- Funding would help create 620 new high-level jobs in Advanced Manufacturing businesses by 2029.
- Providing 207 SME's and 18 large firms with Research Development and Innovation grants to support product commercialisation/supply chains.
- Supporting £1.8bn growth in regional Advanced Manufacturing Sector by 2030.
- Extending the Made Smarter Adoption Programme, providing 225 businesses with expert advice and 112 businesses with grants to enable technology adoption.
- Strengthening West Midlands position as a national leader in Advanced Transport, Construction and Health Technologies.
- Improving regional innovative eco systems.

Inclusive Growth Alignment

- Creating 620 high level jobs in the Advanced Manufacturing sector by 2029. The jobs will be available to a diverse workforce, including those from underrepresented and disadvantaged.
- The WMIZ will support 360 new learners to complete level 4 and level 5 qualification in Advanced Manufacturing and related subjects enhancing their employability and career prospects.
- The business grant will help small and medium enterprises; will provide 207 SME's and 18 large firms with research comment and innovation grants to support commercialisation by 2029.
- Made Smarter Adoption Programme; the initiative will extend support to 225 businesses with experts' advice 112 businesses to enable technology adoption fostering growth and competitiveness among local enterprises.
- Investing in priority sectors such as Advanced Manufacturing (Electric Vehicles, battery technology, digital green industries, and health-tech). The Programme leverages existing regional strengths and promotes sustainable economic growth.
- Foreign Direct Investment (FDI); with the programme aiming to attract 1.2 billion in private investments during the funding period. Assisting in boosting the regional economic development and creating more job opportunities in the area.
- Retaining business rate uplift for 25 years at key sites will allow reinvestment into further sectors growth and local development projects.
- Improving transport connectivity and active travel route so that all communities can access the benefits of the Investment Zone reducing barriers to employment and services.

#WM2041 Net Zero Contribution

This business case will contribute towards #WM2041 by:

- Incorporating wider strategic regional initiatives such as air quality programmes and natural environment schemes to improve environments for local communities, businesses and students (e.g. the LINC programme), will support the Inclusive Growth Fundamental ambition to build climate resilience, and the WMCA's aspirations for a 'greener' region.
- In addition, one of the key sectoral focuses of the WMIZ is around battery technology and development: this will be crucial to decarbonising our homes and businesses and support the region's trajectory to net zero.

Investing in projects such as improved energy grid connections and cycling/walking path will support healthy environment sustainable living.

WMCA Appraisal RAG rating

Strategic Case	
Economic Case	
Commercial Case	
Financial Case	
Management Case	

Resolved	Resolved Risk : Project have responded to and/or mitigated the risks raised by updating the business case or the project response within this report has answered the query raised
High Risk	Project must resolve / update the business case ahead of delivery. Any unresolved, red-rated risks will be highlighted to the decision maker when the business case is submitted for approval. If ignored, successful delivery will not be possible.
Medium Risk	Project should resolve business case ahead of next submission or delivery. If ignored, they may impact chances of successful delivery.
Low Risk	Project could resolve the business case ahead of next submission or delivery. If responded to, they will improve chances of successful delivery.

WMCA Assurance - **note this score was derived from a review of the draft business case*

WMCA Assurance rated the overall maturity of this business case as 63% which is defined as:

Amber 50 – 69%> Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, any cost / schedule overrun could be resolved.