



Investment Board

Date	17 September 2018
Report title	Investment Programme Update
Portfolio Lead	Councillor Bob Sleight - Finance & Investments
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Report to be/has been considered by	Investment Board

Recommendation(s) for action or decision:

The West Midlands Combined Authority Investment Board is recommended to:

- 1 Note the status of the Investment Programme delivery as detailed within this report.
- 1 Purpose**
 - 1.1 The Investment Board agreed on 26 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 as part of the approvals process across the Investment Programme. The Investment Board was not originally set up to consider the progress being made across the Investment Programme as a whole. However, what has become clear is the need for the Investment Board and the West Midlands Combined Authority Board to consider appropriate information across funding, expenditure and approvals to support it in relation to its decision making process.
- 3 Investment Programme Assurance Summary**
 - 3.1 Previous reports to Investment Board have summarised the programmes which make up the £8 billion Investment Programme showing an analysis of the £2.026 billion intended to be generated by the West Midlands Combined Authority. A detailed analysis is available within the funding summary (Appendix 1).

- 3.2 Funding approvals to the value of £488.8 million have been through the assurance process by 31st August 2018. Costs incurred by projects against these funding commitment as at 31st July 2018 are £35.7m.
- 3.3 An analysis of the commitment profile for the full £2.026 billion is included within Appendix 4 with a forward plan of commitments expected to be made under the Assurance Process shown within Appendix 2.
- 3.4 Appendix 4 documents the value of approvals WMCA is able to make based on known and secure income streams. This shows that the current pipeline of approvals totals £954 million to 31st March 2020. The PMO team are working with the Finance team to consider how the forward plan of approvals align to secured income streams has now commenced and will be considered by Leaders in September.

4 Investment Programme Expenditure

- 4.1 The financial results for the Investment Programme run one month behind the normal reporting month due to the requirement to consolidate outputs across the metropolitan area. The July results are shown in Appendix 3.
- 4.2 The financial summary continues to highlight increased spend against the Wednesbury to Brierley Hill and Birmingham to Solihull Interchange Metro extensions. An exercise is ongoing via the Metro Delivery Board to review and verify the costs to completion for the Metro Programme and the results will be reported in due course. This will be reported back to the Investment Board through the delivery of the Business Case.
- 4.5 The cost to completion against UK Central Interchange remain red status due to the funding gap of circa £205m relating to the Birmingham International Station redevelopment project. Funding sources continue to be progressed by Solihull MBC/Urban Growth Company.
- 4.6 Appendix 4 details the commitments made against the Investment Programme which totalled £488.8m to the end of August 2018.

5 Investment Programme Assurance Framework

- 5.1 A comprehensive review of the existing governance and assurance framework for the Investment Programme is currently being concluded and is being considered by the Executive Team.

Update by the Head of Strategic Programme Delivery at Investment Board 17 September 2018

APPENDIX 1 : WMCA Investment Programme Funding Summary (as at 31st August 2018)

£000		WMCA	DfT	EZ	Private Sector	DfT Block Grants	TBC	Highways England	Network Rail	LGF	Private Leverage	LSTF / LGF / OLEV Additional Funding (Not Secure)	CIF	EU	HIF	Local Authority	Other	Grand Total
HS2 Growth Strategy	Coventry Centre First Package	51,000	5,000							25,148						10,922	1,545	93,615
	Coventry Very Light Rail	55,000								2,460								57,460
	Metro Centenary Square Extension	11,982		18,212	4,700					10,700							1,000	46,594
	Metro Edgbaston Extension	46,918	58,300							1,500								106,718
	Wolverhampton Metro Extension	27,400								13,500						40,900		81,800
	Bilston Road Track Replacement	15,986																15,986
	Sprint Programme	212,685	35,050		22,268					8,378						950		279,331
	Rail Programme	186,100							198,500							40,500		425,100
	UK Central Interchange	398,095					205,649							636		132	111	604,623
	UK Central Infrastructure	287,934			673,465			300,000								3,320	11,873	1,276,592
	Curzon			556,300														556,300
	Metro Birmingham Eastside Extension		129,260								7,940							137,200
	Midland Metro East Birmingham to Solihull Extension		492,000	183,300			59,700											735,000
	HS2 Governance Team	3,032																3,032
National College for High Speed Rail										7,012							18,497	25,509
Brierley Hill Metro Extension	103,000	207,000				33,200				400								343,600
High Speed Suply Chain and Business Support											350,000							350,000
SUB TOTAL HS2 GROWTH STRATEGY		1,399,131	926,610	757,812	700,433	-	298,549	300,000	198,500	77,038	350,000	-	-	636	-	96,724	33,026	5,138,459
Other Investment Programme Schemes	Coventry City Centre South	156,450	80,850		16,300			65,000		500					35,130		7,000	361,230
	Coventry North Package	21,600	68,800		52,500													142,900
	Coventry City Centre Regeneration	153,941			207,831													361,772
	Land Remediation Funds	200,000																200,000
	Business Innovation	50,000																50,000
	Employment, Education & Skills	20,000																20,000
	Commonwealth Games	25,000																25,000
	Collective Investment Vehicle												1,000,000					1,000,000
Devolved Transport Investment					429,000						870,000							1,299,000
EZ Expansion Excluding Curzon			20,000															20,000
Grand Total		2,026,121	1,076,260	777,812	977,065	429,000	298,549	365,000	198,500	77,538	350,000	870,000	1,000,000	636	35,130	96,724	40,026	8,618,361

APPENDIX 2: WMCA Investment Programme – Investment Board Forward Plan

Investment Board - Forward Plan		
2018		
July	20th August	17th September
	FBC - Cov UKC+ A46 Link Road p1 FBC A45 to Town Centre & UKC Hub Strategy Cycle Link	
22nd October	19th November	10th December
	Change Request - UKC Int. OBC HS2 Hybrid Act Change FBC - Cov UKC+ Coventry City Centre First	
2019		
21st January	18th February	18th March
OBC - Sprint A34 Walsall to Birmingham OBC - Sprint Birmingham to Airport OBC - Cov UKC+ Coventry South Interchange	OBC - Cov UKC+ Tile Hill Station Improvements OBC - Sprint Sutton to Birmingham OBC - Rail Camp Hill Lines (p2) OBC - Rail Sutton Coldfield Gateway OBC - Rail Willenhall to Darlaston (p1) FBC - Metro BEE	FBC - Innovation CDIS FBC - UKC Int. HS2 Hybrid Act Change - Main Works Contract Outcomes FBC - UKC Inf. P2 Inclusive Growth Securing Social Value OBC - Metro EBS
		OBC - Cov UKC+ Keresley Link Road FBC - Metro Wednesbury to Brierley Hill
15th April	May	3rd June
OBC - Cov UKC+ A46 Link Road p2	OBC - Cov UKC+ Coventry North	OBC - Sustainable Energy – Solihull Town Centre Low Carbon Heat Network FBC - UKC Int. OBC HS2 Hybrid Act Change
July	August	September
FBC - Rail Camp Hill Lines (p2) FBC - Rail Willenhall to Darlaston (p1)	FBC - Rail Sutton Coldfield Gateway FBC - UKC HS2 Int. Birmingham International OBC - UKC Inf. P1 Kingshurst Village Centre OBC - UKC Inf. P1 Accelerating Housing Delivery - Simon Digby OBC - Cov UKC+ A46 Link Road p3	
October	November	December
FBC - Brownfield Longbridge West		FBC - Sprint Birmingham to Airport OBC - Sprint Hall Green to Interchange OBC - Sprint Hagley Road P2 and Halesowen FBC - Sprint A34 Walsall to Birmingham FBC - Sprint Sutton to Birmingham

APPENDIX 3: WMCA Investment Programme Financial Summary

WMCA Investment Programme Financial Summary

Period Ending 31st July 2018

	2018 / 2019 YEAR TO DATE			2018 / 2019 FULL YEAR			COST TO COMPLETION					
	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR PERIOD SPEND	2018/19 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN	TOTAL BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
UK CENTRAL : HS2 INTERCHANGE	3,167	3,831	664	12,718	10,208	2,510	3,947	10,208	590,467	604,623	604,612	(11)
UK CENTRAL : HS2 INFRASTRUCTURE	879	4,219	3,340	13,425	14,024	(599)	2,155	14,024	1,260,414	1,276,592	1,277,603	1,011
CURZON STREET STATION MASTERPLAN	0	200	200	4,406	4,406	0	0	4,406	551,894	556,300	556,300	0
METRO BIRMINGHAM EASTSIDE	1,705	3,072	1,367	22,859	22,859	0	6,217	22,859	108,124	137,200	137,200	0
METRO BIRMINGHAM TO SOLIHULL INTERCHANGE	2,895	5,193	2,298	13,273	13,273	(0)	4,102	13,273	717,625	735,000	675,000	(60,000)
HS2 WIDER CONNECTIVITY PACKAGE	20,427	36,936	16,509	112,197	103,507	8,690	106,997	103,507	895,799	1,106,303	1,106,303	(0)
BRIERLEY HILL METRO EXTENSION	3,984	5,968	1,983	34,510	34,510	0	7,368	34,510	301,722	343,600	310,000	(33,600)
NATIONAL COLLEGE FOR HIGH SPEED RAIL	78	78	0	78	78	0	25,431	78	0	25,509	25,509	0
HS2 GROWTH STRATEGY PROGRAMME MANAGEMENT	81	80	(2)	239	243	(5)	615	243	2,174	3,032	3,032	(0)
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT	0	0	0	0	0	-	11,270	0	338,730	350,000	350,000	0
HS2 GROWTH STRATEGY TOTAL	33,216	59,577	26,361	213,706	203,109	10,597	168,102	203,109	4,766,949	5,138,160	5,045,559	(92,601)
COVENTRY UK CENTRAL PLUS CONNECTIVITY	763	1,481	718	8,922	7,782	1,140	2,341	7,782	494,007	504,130	504,130	0
COVENTRY CITY CENTRE REGENERATION	746	846	100	25,394	25,190	204	5,821	25,190	330,759	361,770	357,770	(4,000)
COLLECTIVE INVESTMENT VEHICLE	939	939	0	20,000	20,000	0	20,785	20,000	959,215	1,000,000	1,000,000	0
LAND RECLAMATION	0	0	0	20,000	27,394	(7,394)	0	27,394	172,606	200,000	200,000	1
COMMONWEALTH GAMES	0	0	0	0	0	0	0	0	25,000	25,000	25,000	0
DEVOLVED TRANSPORT INVESTMENT	0	0	0	0	0	0	0	0	1,299,000	1,299,000	1,299,000	0
EZ EXPANSION EXCLUDING CURZON	0	0	0	0	0	0	0	0	20,000	20,000	20,000	0
EMPLOYMENT EDUCATION & SKILLS	0	0	0	2,000	2,000	0	0	2,000	18,000	20,000	20,000	0
BUSINESS INNOVATION	0	0	0	5,000	5,000	0	25	5,000	44,975	50,000	50,000	0
OTHER INVESTMENT PROGRAMME SCHEMES	2,448	3,266	818	81,316	87,366	(6,050)	28,972	87,366	3,363,562	3,479,899	3,475,900	(4,000)
GRAND TOTAL	35,664	62,843	27,179	295,022	290,474	4,547	197,073	290,474	8,130,511	8,618,059	8,521,459	(96,600)

The financial results for July are shown above.

The financial summary continues to highlight increased spend against the Wednesbury to Brierley Hill and Birmingham to Solihull Interchange Metro extensions. An exercise is ongoing via the Metro Delivery Board to review and verify the costs to completion for the Metro Programme and the results will be reported in due course.

The cost to completion against UK Central Interchange remains red due to the funding gap of c.£205m relating to the Birmingham International Station redevelopment project. Funding sources are being progressed by UGC.

For 2018/19, the YTD spend to July is £27.2m behind budget. This is comprised of £16.5m relating to the HS2 Connectivity Programme with the key projects making up this variance being as follows: Metro Extensions for Edgbaston (£3.7m), Wolverhampton (£2.8m) and Centenary Square (£1.8m); Coventry Station Masterplan (£4.7m) and VLR (£2.7m); and SPRINT Hagley Road (£0.9m).

The remaining YTD underspend is primarily comprised of Metro projects as follows: Birmingham Eastside (£1.4m); East Birmingham to Solihull (£2.3m); and Wednesbury to Brierley Hill (£2.0m), and an under spend against HS2 infrastructure of £3.3m.

The 2018/19 full year forecast underspend of £10.6m for the HS2 Growth Strategy relates primarily to the Coventry VLR, Coventry City Centre First and HS2 Interchange.

The other major full year variance to forecast is an over spend regarding Land Reclamation (£7.4m) relating to the timing of grant payments given the pipeline approved in 2017/18 currently awaiting developments progressing and contracts to be prepared.

Appendix 4 : Investment Programme Commitment Profile (as at 31st August 2018)

£m	Committed	2018 / 2019			2019 / 20				2020/21	2021/22	2022/23	2023/24	2024/25	Post 2025	TOTAL
		Q2	Q3	Q4	Q1	Q2	Q3	Q4							
UKC Interchange	29.8			0.2				175.3	141.2		10.0	41.0		0.6	398.0
UKC Infrastructure	12.1		14.3	3.5	0.0	0.2	0.8	4.8	217.0					35.4	288.0
HS2 Connectivity (Sprint)	4.1		23.5				44.4	14.5	34.8	60.6	30.7				212.7
HS2 Connectivity (Metro)	102.3														102.3
HS2 Connectivity (Rail)	4.0		0.2	2.7		0.5	2.3	25.2	46.4					104.8	186.1
HS2 Connectivity (City Centre First incl. CSMP)	39.4	0.6		11.0											51.0
HS2 Connectivity (Coventry VLR)	12.2							9.0	33.8						55.0
HS2 Programme Governance	0.7			2.3											3.0
Wednesbury Brierley Hill Metro				103.0											103.0
SUB TOTAL INVESTMENT PROGRAMME	204.5	0.6	38.0	122.7	0.0	0.7	47.5	228.7	473.2	60.6	40.7	41.0		140.8	1399.1
Coventry North	0.2							0.4		21.0					21.6
Coventry South	0.8	6.6	0.6			0.5	0.7	6.5	44.2			46.7		50.0	156.5
Coventry Regeneration	154.0														154.0
Land Remediation	103.0										97.0				200.0
Business Innovation	0.5			0.5		3.8			11.4	12.9	11.4			9.6	50.0
Employment Education & Skills	0.8							7.0	8.0	4.2					20.0
Commonwealth Games	25.0														25.0
OTHER INVESTMENT PROGRAMME	284.3	6.6	0.6	0.5		4.3	0.7	13.9	63.6	38.1	108.3	46.7		59.6	627.0

Approval commitment profile based on July 2018 returns from Fiancnee Directors

CUMULATIVE APPROVALS	488.8	496.0	534.6	657.8	657.8	662.7	710.9	953.5	1490.4	1589.0	1738.1	1825.8	1825.8	2026.1
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Commitments can be made up to £766m from Devolution Deal Grant which is assumed to be secure for 30 years.

Commitments can be made up to £916m subject to WMCA securing the Precept from April 2019. Currently forecast to exceed £916m during February 2019

Any commitments in excess of £916m cannot be made until the Business Rates Supplement / Business Rates Growth is secure, expected to be around April 2020. As such approximately £140m of Commitments made need to be rescheduled from Q4 2019/20 to Q1 2020.