



Name of meeting: WMCA Investment Board

Meeting date: 10 March 2025

Report title: Investment Programme Update

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

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Key Decision? No

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

Public/private report: Public

1. Decision/s Recommended

- 1.1 Note approval under delegated authority by WMCA Officers of the business case submission disclosed at **Section 4**.
- 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 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.

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 £848.3 million as 31st January 2025.

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 Since the previous full sitting of the WMCA Investment Board on 13th January 2025 and circulation of February 2025 Board papers, there has been two business case submission approved under delegated powers in respect of grant funding. On 17th February 2025, the Investment Programme SRO approved a Change Request for the HS2 Parallel Designs – Roundabout Over-Trace project, extending the completion date by 12 months; and on 24th February 2025, the Investment Programme SRO approved a Change Request for the NEC Longabout project, extending the completion date by 36 months.
- 4.8 It should be noted that any submissions disclosed within this section of the report will generally exclude items which the Responsible Director deems not relevant for the attention of Investment Board (by virtue of low value) or by virtue of commercial confidentiality (in line with the regulations within the Local Government Act 1972).
- 4.9 WMCA Investment Programme funding used up to 31st January 2025 to fund Eligible Expenditure of projects against these funding commitments totals £693.1 million. An analysis of Investment Programme funding applied to date is provided at **Appendix 1**.
- 4.10 **Appendix 1** also details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of February 2025. The WMCA Investment Programme dashboard at **Appendix 2** discloses the sums committed against individual projects.
- 4.11 WMCA Investment Board are advised to note that the WMCA Investment Programme funding approved for Rail Package 1 has been increased by £10.0m from £16.0m to £26.0m, whilst correspondingly WMCA Investment Programme funding approved for Rail Package 2 has been reduced by £10.0m from £36.35m to £26.35m.
- 4.12 It should be noted that this change has not been made due to a change of gross costs, outputs or any other material change to the projects. The total quantum of IP funding approved for the two projects combined remains unchanged. It has been made due to corresponding changes in respect of the award of match funding from the Department of Transport (DfT) between the two projects, that have been fully agreed with DfT.
- 4.13 Due to the changes not being material, having a neutral impact on the Investment Programme affordable limit and wider plans for WMCA capital investment, these have been agreed by officers of WMCA, but are brought to the attention of WMCA Investment Board for noting. Please refer to the notes at **Appendix 2**.

Investment Programme Affordable Limit & Gateway Status

- 4.14 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. This remains the current limit of grant funding¹ that can be provided by WMCA from the Investment Programme.

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

4.15 Investment Board is advised to note that WMCA are working closely with the Ministry of Housing, Communities & Local Government ('MHCLG') in respect of a Local Evaluation Framework/Gateway Review. The following provides an overview:

- WMCA have worked with MHCLG appointed consultants SQW, to establish a list of projects within scope for evaluation.
- In May 2023, a Local Evaluation Framework (LEF) was drafted and submitted to MHCLG for approval. WMCA continues to work closely with SQW and MHCLG towards approval of this framework.
- Work on the Mid-Term Gateway Review commenced in September 2023. Initially, a deadline of February 2024 was set for submitting documentation to MHCLG. However, following discussions with SQW and MHCLG it was agreed to pause the Mid-Term Review while work on the LEF continued.
- 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.*' On 18th December 2024, an email from the Internal Funds Policy Officer (MHCLG) confirmed that, following the publication of The English Devolution White Paper ([English Devolution White Paper - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/124444/English-Devolution-White-Paper-2024.pdf)) on 16th December 2024, confirmation has been received that Gateway Reviews will be removed in due course for 'established mayoral strategic authorities' that have passed Gateway Review One (or equivalent). This includes the WMCA.
- It was explained that the new approach would introduce a more simplified, lighter-touch regime aimed at delivering proportionate and targeted assurance for Investment Funds. It was also noted that the department is currently finalising these proposals.
- The email further confirmed that the LEF is, and will remain, a key document for outlining an area's planned interventions, serving as a benchmark for measuring ongoing performance. In terms of progress, the WMCA LEF has been agreed and finalised with SQW and is currently undergoing internal approval processes before being submitted to Government.

Investment Programme Delivery and Expenditure

4.16 Significant expenditure funded by the WMCA Investment Programme during Q3 of FY24-25 comprises:

- Wednesbury to Brierley Hill Extension Phase 1 (£12.9m) Construction works – Construction costs reduced following detailed review of cost and schedule for this project. New project completion date of 30th November 2025.
- Land Remediation Fund: Black Country LPIF (£0.60m) and BLPDF (£0.56m) - Contaminated water was found under the Stanhope Road Site. The site has been deemed no longer viable. Black Country are looking to reallocate the unspent funding.

4.17 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

- 4.18 The Investment Programme (IP) Dashboard is attached separately at **Appendix 2**.
- 4.19 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.
- 4.20 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).

Ten schemes currently have a RED status for completion dates, with the Programme Assurance and Appraisal team working with project 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** – the Change Request for the UKC Infrastructure Programme was approved on 27th January 2025. This now leaves four schemes within the programme listed with a RED status due to either the original completion date expiring without the project concluding or the need for a time extension. The IP team is working with Programme Assurance and Appraisal and the Project Sponsor on the provision of these Change Requests.

The schemes currently RED status are:

- Accelerated Housing Delivery - Utilising Solihull Assets;
 - Playing Pitch Implementation Strategy;
 - Middlewood House (subject to a separate CR submission submitted but currently on hold – updated CR expected);
 - Rowood Drive – Change Request submitted 3 February 2025;
- **Coventry South Interchange Package**
 - A46 Stoneleigh Junction (A46 Link Road Phase 1) - This project is currently listed as RED status due to its approved completion date having expired. The Assurance & Appraisal team had previously received a Change Request to extend the completion date; however, the Change Request was not resubmitted following appraisal queries, and the revised date has since passed without the project being completed. Subsequently, various meetings and email correspondence between WMCA and Coventry City Council officers have taken place regarding project delivery and the submission of an updated Change Request. At the Chair's request, a report was presented at the 11th November 2024 Investment Board Meeting, confirming that the scheme's completion has been delayed. The following issues were cited:
 - (a) Difficulties in sourcing appropriate materials to construct the approach embankments for the new bridge, which impacts completion of the new roundabout.
 - (b) A contractual dispute between WCC and their primary contractor, Colas.

A Change Request reflecting this updated position has been submitted and appraised and is now with the project sponsor for response.

- A46 Link Road Phase 2 - The project is currently listed as RED status due to scheme development work being paused pending the outcome of the South Warwickshire Local Plan Review. Various meetings and email correspondence between WMCA and Coventry City Council officers have been held regarding the submission of an updated Change Request. At the Chair's request, a report was presented at the 11th November 2024 Investment Board Meeting by the Project Sponsor, outlining the challenges faced in delivering the project. Coventry City Council officers confirmed that Stoneleigh Junction is expected to be completed and fully opened to traffic during 2025, once the current issues with the scheme have been resolved. Additionally, for the remaining sections of the Link Road, the Business Case will be refined after the South Warwickshire Local Plan Review reaches an initial conclusion.

A Change Request reflecting this updated position has been submitted and appraised and is now with the project sponsor for response.

- A46 Link Road Phase 3 – The project is currently listed as RED status due to scheme development work being paused pending the outcome of the South Warwickshire Local Plan Review. Various meetings and email correspondence between WMCA and Coventry City Council officers have been held regarding the submission of an updated Change Request. At the Chair's request, a report was presented at the 11th November 2024 Investment Board Meeting by the project sponsor, outlining the challenges faced in delivering the project. Coventry City Council officers confirmed that Stoneleigh Junction is expected to be completed and fully opened to traffic during 2025, once the current issues with the scheme have been resolved. Additionally, for the remaining sections of the Link Road, the business case will be refined after the South Warwickshire Local Plan Review reaches an initial conclusion.

A Change Request reflecting this updated position has been submitted and appraised and is now with the project sponsor for response.

- Coventry South Interchange - This project is currently listed as RED status due to Midlands Connect submitting an SOBC to the Department for Transport (DfT), seeking additional funding to develop an Outline Business Case (OBC) for this scheme. The scheme is on hold pending a decision from DfT. Various meetings and email correspondence between WMCA and Coventry City Council officers have taken place regarding project delivery and the submission of an updated Change Request.

At the Chair's request, a report was presented at the 11th November 2024 Investment Board by the Project Sponsor, outlining the challenges faced in delivering the project. It was agreed that a formal Change Request, reflecting the updated timeframe for this project and seeking approval to reallocate the remaining budget to support further business case work on the 46 Link Road Phases Two and Three, would be submitted in due course.

A Change Request reflecting this updated position has been submitted and appraised and is now with the project sponsor for response.

- **Metro Programme**

Birmingham Eastside Extension – The original Project Change Request has been withdrawn due to a planned refresh of the Full Business Case. The Project Sponsor has notified the IP team that a refreshed business case will be submitted in May 2025 alongside a CRSTS funding reallocation paper for Phase 2. The expected opening date for phase 2 will be confirmed in the refreshed business case but is expected to be open to passenger service in 2027/2028.

- **Rail Programme.**

Sutton Coldfield Gateway – the project is currently on hold with a Change Request due to be submitted to reflect an updated delivery position. A date for this is to be confirmed.

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.
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 73 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 implications 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.

Officers of WMCA are presently reviewing the UK Government Autumn Budget statement to ascertain if there is any impact on the region's Investment Programme arising from the announcements.

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 of 31st January 2025) 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 of 31st January 2025) 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.