



Investment Board

Monday 11 March 2019 at 9.30am

Minutes

Present

Councillor Bob Sleigh (Chair)
Councillor Robert Hulland
Councillor John Reynolds
Councillor Pete Lowe

Portfolio Lead for Finance & Investments
Solihull Metropolitan Borough Council
City of Wolverhampton Council
Dudley Metropolitan Borough Council

By Invitation

Councillor Peter Hughes
Councillor Kath Hartley

Overview and Scrutiny Committee Chair
Transport Delivery Committee Chair

In Attendance

Sarah Middleton

Black Country Local Enterprise
Partnership

Nafees Arif

Midland Metro Alliance

Phil Hewitt

Transport for West Midlands

Andrew Browning

West Midlands Combined Authority

Serena Dhanoa

West Midlands Combined Authority

Sukhy Dhanoa

West Midlands Combined Authority

Linda Horne

West Midlands Combined Authority

Carl Craney

West Midlands Combined Authority

**Item Title
No.**

124. Apologies for Absence (if any)

Apologies for absence had been received from Nick Abell (Coventry and Warwickshire Local Enterprise Partnership), Councillor Tony Jefferson (Stratford on Avon District Council), Councillor Roger Lawrence (City of Wolverhampton Council), Councillor Jim O'Boyle (Coventry City Council) and Gary Taylor (Greater Birmingham and Solihull Local Enterprise Partnership).

Apologies for absence had been received also from Richard Moon (Coventry City Council) and Nick Oakley (West Midlands Development Capital).

125. Notification of Substitutes (if any)

Councillor John Reynolds had been nominated as a substitute for Councillor Roger Lawrence (City of Wolverhampton Council).

126. Declarations of Interests (if any)

No declarations of interests were made relative to items under consideration at the meeting.

127. Jaguar Land Rover Development Partnership - Update

The Chair, Councillor Bob Sleigh, reported that following the announcement of 4,500 redundancies at Jaguar Land Rover (JLR) within the United Kingdom a meeting had been held with representatives of the company, including Ralph Speth, Chief Executive, regional Members of Parliament, Leaders of West Midlands local authorities and the Local Enterprise Partnerships. At that meeting the Jaguar Land Rover Development Partnership had been established with a view to offering help and support to the company, affected employees and the wider supply chain. He also referred to the sad loss of Professor Lord Kumar Bhattacharyya, Chairman of Warwick Manufacturing Group.

Andrew Browning introduced himself to the Board and explained that he was the Chief of Staff to the WMCA Mayor. He outlined the role and aims of the Development Partnership, the work undertaken to date and the intended outputs. The inaugural meeting had been held on 14 January 2019 under the joint chairmanship of Andy Street, the WMCA Mayor and the Rt. Hon. Greg Clark, Secretary of State for Business, Energy and Industrial Strategy. He advised that the proposed redundancies were due to a slowdown in sales especially in China, the negative publicity surrounding diesel vehicles and the current uncertainties around Brexit. The company wished to grow revenues whilst reducing costs and was concentrating on electric and autonomous vehicles. He outlined progress to date and the next steps proposed particularly regarding the publication of the WMCA Industrial Strategy, work on the local infrastructure including power supply and on Government financial support for Research and Development through grant assistance.

Sarah Middleton commented that the proposals would have an impact on the whole automotive supply chain and that addressing power supply issues was essential. Accessing available grants was also important and she suggested that these points should be reflected in the WMCA Industrial Strategy. Andrew Browning advised that it was anticipated that the WMCA Industrial strategy would be published by the end of the month, that announcements from HM Government in relation to Research and Development grant aid were expected in a similar timescale and that work was on-going with regard to infrastructure and power supply issues. The Chair advised that work was underway with the Urban Growth Company on power supply issues.

Resolved:

That the report be received and noted.

128. Wednesbury - Brierley Hill Metro Extension

Phil Hewitt and Nafees Arif presented a report which provided an update on progress in delivering the Wednesbury to Brierley Hill Extension (WBHE) to West Midlands Metro subsequent to the WMCA's approval in December 2017 of the Outline Business Case (OBC) and the application for a Transport and Works Act Order to renew the CPO powers. The report also referred to additional outturn costs for the WBHE and the result of the Final Business Case assessment, sought approval of i) the Final Business Case and funding to cover the increased outturn costs in order to achieve the opening of WBHE by the end of 2023; ii) funding to cover the wider network enhancements; and iii) approval of a scheme of delegation.

Nafees Arif reminded the Board of the benefits which had accrued from working with the Midland Metro Alliance on a number of metro extension schemes and the benefits from the MMA undertaking survey work on a number of structures along the proposed route to reflect more accurately the likely works required.

The Chair referred to paragraphs 4.4 and 4.5 of the report insofar as they referred 'the generation of economic, social and environmental regeneration of the area' and queried whether such benefits were deliverable. Phil Hewitt confirmed that they were deliverable in the context of other work which was being carried out in the region and that the metro extension was a key enabler of a wide range of such benefits.

Councillor Peter Lowe reminded the Board that this scheme had been under consideration for some time and had been a key issue at the time of the creation of the West Midlands Combined Authority. He referred to the benefit realisations which would only be delivered once the scheme was approved and drew to the attention of the Board the significance of the scheme to Dudley MBC and other local authorities. He commended the work of the various Officers in advancing the scheme to the current stage. Phil Hewitt referred the Board to paragraph 4.8 of the report which identified a number of initiatives which were already underway in terms of inclusive growth.

Councillor Robert Hulland asked if the scheme to be approved if an assurance could be given that the cost estimates were realistic or whether there would be subsequent requests for additional funding. Nafees Arif advised that he was prepared to give such an assurance especially as the alliance methodology had been used in establishing the estimated costs. He advised that a prudent approach had been adopted in calculating such costs. Phil Hewitt reported that a 'Value Engineering' exercise was also underway to reduce costs further by redefining rather than de-scoping works. A final cost estimate would be available in May 2019. He added that there was always 'unknown unknowns' which could be encountered but the prudent approach adopted gave confidence in the estimated cost.

The Chair invited Councillor Peter Hughes, Chair of the WMCA overview and Scrutiny Committee to comment on the report and proposals. Councillor Peter Hughes advised that the Overview and Scrutiny Committee had been keen to take an interest in a major project and that the WBHE had been selected. A Working Group had been established and would continue to monitor the scheme as it progressed. The Group had met on 6 March 2019 to consider the report and had raised the following issues some of which had been responded to at that time:

- i) Concern had been expressed at the gap between the original estimated cost and the current cost but the reasons for this had been explained;
- ii) Going forward it was considered that project papers seeking funding approval should contain a summary outlining key risks, environmental implications and social value benefits – these should also be added to all procurement contracts;
- iii) The underlying assumptions used in the calculation of the Net Present Value and Benefit to Cost Ratio had been queried and Nafees Arif had agreed to provide the necessary information;
- iv) The Park and Ride facilities proposed and the consequent implications for local residents from unofficial solutions needed to be discussed with local councillors and engagement to take place with local residents. Mitigating such impacts needed to be considered;
- v) The carriage of cycles on trams to be given further consideration if integrated transport solutions were to be sought. It was accepted that this issue could be addressed through the Local Cycling and Walking workstream;
- vi) The issue of capacity and skills in the labour market was an area of concern and assurances were sought from both the MMA and TfWM;
- vii) Training for careers in Light Rail Construction should be open to Ex-Forces members as well as Ex-Offenders;
- viii) The need for a partnership approach to be adopted to media announcements together with awareness raising of the work that the WMCA was responsible for in terms of job creation, provision of additional housing units etc. Local councillors were often best placed to assist with awareness raising;
- ix) The Overview and Scrutiny Committee wished to be involved as an integral part of the development process.

Phil Hewitt commented that many of the points raised had already been picked up and he confirmed that any information requested could be provided in the format required. He advised that the Park and Ride issues would be investigated as part of the on-going Transport for West Midlands strategic review of Park and Ride. The carriage of cycles on trams was the subject of a long running debate in the industry and he would be happy to take the Committee through this. He reported that he had commissioned a number of reports on this matter to date. He advised that the capacity, capability and skills position was being addressed by the MMA which was working with a number of schools and colleges. This related not to just construction but also maintenance and thus longer term opportunities were available. An apprenticeship in Light Rail construction had been developed by the MMA. He confirmed that opportunities would be made available for Ex-Forces veterans. He acknowledged the importance of the media and that it needed to be co-ordinated between the WMCA, the respective local authorities and the MMA. Councillor Peter Hughes commented that the Overview and Scrutiny Committee had appreciated the opportunity to feed into the process.

The Chair asked Councillor Peter Hughes whether the Overview and Scrutiny Committee were supportive of the proposals. Councillor Peter Hughes confirmed that to be the case.

Councillor Robert Hulland referred to paragraph 10 of the report insofar as it sought a scheme of delegation to Officers and queried the role of this Board and the WMCA Board in overseeing the project. Linda Horne advised that the delegation would also include her as the Section 151 Officer (Proper Officer for Financial Affairs) and that reports on the scheme would be submitted to the Metro Programme Board, this Board via the Investment Fund Update report and to the WMCA Board via the regular revenue and capital monitoring reports. Nafees Arif commented that the relationship with the MMA required 'open book accounting' and that his role was to challenge expenditure. Phil Hewitt commented that a quarterly report on all metro extension schemes was also submitted to the Transport Delivery Committee (TDC). Councillor Peter Hughes asked whether reports would also be submitted to the Overview and Scrutiny and Audit, Risk and assurance Committees. Linda Horne reported on a conversation with the Chair of the Audit, Risk and Assurance Committee who was keen that it oversaw the process. A report on this matter would be submitted to the next meeting.

The Chair concluded the discussion by commenting that this scheme encapsulated what the WMCA was set up to achieve in terms of economic, social and environmental regeneration benefits. Whilst the scheme might have been delivered without the WMCA being in existence, the co-ordinated approach was of greater overall benefit.

129. Exclusion of the Public and Press

Resolved:

That in accordance with Section 100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any particular person (Including the authority holding that information).

130. Wednesbury Brierley Hill Metro Extension

Nafees Arif presented a report which detailed a breakdown of the capital costs, the breakdown of the wider network enhancements and explained the proposals for Prudential Borrowing and the mechanism for its repayment. He responded to various questions from members of the Board. In response to a question from Councillor Kath Hartley, Linda Horne advised that the proposed funding method would not have been available if the operation of the Midland Metro had not been awarded to the WMCA's subsidiary company, Midland Metro Limited. Councillor Peter Lowe reminded the Board that the long term significant benefits identified in 2005 could now be brought to fruition. In response to a further question from Councillor Kath Hartley, Phil Hewitt advised that a model for the Birmingham Eastside Extension scheme was being worked on. Nafees Arif commented that similar principles could be used.

131. Re-Admission of the Public and Press

Resolved:

That the Public and Press be re-admitted to the meeting.

132. Wednesbury - Brierley Hill Metro Extension

It was proposed by Councillor Peter Lowe, seconded by Councillor Robert Hulland and

Resolved:

1. That the progress being made on delivering the Wednesbury to Brierley Hill Extension be noted;
2. That the benefits the scheme would deliver to the Black Country and surrounding areas be noted;
3. That the increase in the estimated outturn costs for the project to £449.5 million, which delivered a Benefit Cost Ratio of 2.03:1 in accordance with WebTAG be noted;
4. That Dudley and Sandwell MBC's commitment to provide land, works and support to the project which would serve to avoid costs of between £12 million and £15 million be noted;
5. That the commitment of £207 million of Transforming Cities funding made by the WMCA in December 2017 be noted;
6. That the WMCA Board be recommended to approve the funding as set out in Section 8 of the report in particular:
 - Confirming the commitment of £103 million Investment Programme funding;
 - Confirming approval of Prudential Borrowing up to £157.1 million; and

7. That the Delegation of Authority to Officers as set out in Section 10 of the report be approved subject to the addition of the Section 151 Officer (Proper Officer for Financial Affairs).

The meeting ended at 10.21 am.