



## WMCA Investment Board

<b>Date</b>	29 <sup>th</sup> July 2019
<b>Report title</b>	Investment Programme Update
<b>Portfolio Lead</b>	Councillor Bob Sleigh - Finance & Investments
<b>Accountable Chief Executive</b>	Deborah Cadman Email <a href="mailto:Deborah.Cadman@wmca.org.uk">Deborah.Cadman@wmca.org.uk</a> Tel 0121 214 7200
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<b>Report has been considered by</b>	N/A

**Recommendation(s) for action or decision:**

**The WMCA Investment Board is recommended to:**

- 1 Note the status of the Investment Programme delivery as detailed within this report.
- 2 Note the latest position on the Investment Programme funding challenge work as detailed within section 5.

## **1. Purpose**

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**

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 £2.022 billion intended to be generated by the West Midlands Combined Authority. A detailed analysis is available within the funding summary (Appendix 1).
- 3.2 Investment Programme funding approvals total £674.1 million as at 30th June 2019. It should be noted that the commitment of £25.0m for the Commonwealth Games programme is approved subject to successful progression through the assurance framework.
- 3.3 Costs incurred by projects against these funding commitments as at 31st May 2019 are £81.7 million.
- 3.4 An analysis of the commitment profile for the full £2.022 billion is included within Appendix 4 with a forward plan of commitments expected to be made under the Assurance Process shown within Appendix 2. The profile of this is currently being reviewed.
- 3.5 In addition to the programmes listed at Appendix 4, applications for Investment Programme funding for the UK Battery Industrialisation Centre and Geely Group Innovation Centre are progressing through the assurance framework.
- 3.6 Since the last report, the following business cases have been approved
  - Rail Package 3 £565,000 (De-scope Change Request – further development terminated due to the project not being viable)
  - WM5G £3.8m (OBC – approved at SLT)
  - West Midlands Innovation Programme £2.96m (FBC approved at Investment Board)
  - Coventry City Centre First – City of Culture £31.6m (FBC approved at WMCA Board)

## **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 May results are shown in Appendix 3.
- 4.2 The Metro programme is red status because of the current funding gap against the East Birmingham to Solihull project.
- 4.3 The cost to completion against UK Central Interchange remains red status due to the funding gap of circa £205m against the Birmingham International Station redevelopment project.

- 4.4 In respect of full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2019/20 programme baseline. The Rail programme budget is correctly shown at £185.7m. This reflects the Package 1, Package 2, Snow Hill Lines and Sutton Coldfield Interchange and City Link schemes only.
- 4.5 In Quarter 1 of 2019/2020, the UKC HS2 Interchange programme was revised in respect of the HS2 Parallel Design process. A change request is progressing through the WMCA assurance framework. The budget has been adjusted to reflect the revised UKC HS2 Interchange programme.
- 4.6 The 2019/20 full year forecast underspend of £7.0m compared with the 2019/20 programme baseline for the HS2 Growth Strategy relates primarily to the following variances:
- Rail programme underspend of £3.2m, including Sutton Coldfield Interchange and City Link (£2.9m); and
  - Metro programme underspend of £3.6m, including Birmingham Eastside Extension (£2.8m).
- 4.7 The other major full year variances to forecast are:
- An underspend of £2.1m in respect of Innovation, including an underspend of £2.3m in respect of WM5G Limited offset by a £0.2m accelerated spend in respect of other innovation projects; and
  - An underspend of £2.0m in respect of Employment, Education & Skills, primarily due to a re-profiling of expenditure.
- 4.8 The variances are not considered to have an impact on the overall delivery of the projects.
- 4.9 Appendix 4 details the commitments made against the Investment Programme which totalled £674.1m to the end of June 2019.

## **5. Investment Programme Funding Challenge**

- 5.1 As reported to this Committee on 24 June 2019, during March 2019, Investment Board received an update regarding a set six of strategies agreed by the Mayor and WMCA Leaders to help address the funding challenge facing the Investment Programme. Which is fully co-ordinated through the WMCA Finance Director group.
- 5.5 The main strands of work pertaining to the development of a comprehensive submission into the Comprehensive Spending Review for 2019 and work to identify robust commercial proposals is continuing during July and August. A further update will be provided to WMCA Finance Directors in August 2019 and the Mayor, WMCA Leaders and the Investment Board in September 2019.

## **6. Investment Programme Dashboard**

- 6.1 Please see appendix 5 for the Investment Programme Dashboard.

## **7. Financial Implications**

- 7.1 There are no financial implications as a result of the recommendations within this report to note the status of the Investment Programme and provide approval of the supplementary Investment Programme Dashboard.

## **8. Legal Implications**

- 8.1 There are no legal implications as a result of the recommendations within this report to note the status of the Investment Programme and provide approval of the supplementary Investment Programme Dashboard.

## **9. Equalities Implications**

9.1 There are no equalities implications as a result of the recommendations within this report to note the status of the Investment Programme and provide approval of the supplementary Investment Programme Dashboard.

## **10. Inclusive Growth Implications**

10.1 There are no inclusive growth implications as a result of the recommendations within this report to note the status of the Investment Programme and provide approval of the supplementary Investment Programme Dashboard.

## **11. Geographical Area of Report's Implications**

11.1 There are no geographical implications as a result of the recommendations within this report to note the status of the Investment Programme and provide approval of the supplementary Investment Programme Dashboard. The Investment Programme which is the subject of this report, focuses mostly on the Constituent Area Local Authorities but also reaches out to some non-constituent areas.

## **12. Other Implications**

Not applicable

## **13. Schedule of Background Papers**

Appendix 1: WMCA Investment Programme Funding Summary (as at 31st May 2019)

Appendix 2: WMCA Investment Programme – Investment Board Forward Plan (as at 12 June 2019)

Appendix 3: WMCA Investment Programme Financial Summary (as at 31st May 2019)

Appendix 4: Investment Programme Commitment Profile (as at 30th June 2019)

Appendix 5: Investment Programme Dashboard Report (as at 16th May 2019 – separate attachment)

## APPENDIX 1 : WMCA Investment Programme Funding Summary (as at 31st May 2019)

Portfolio £000		WMCA (Grant)	WMCA (Prudential Borrowing)	DfT	EZ	Private Sector	DfT Block Grants	TBC	Highways England	Network Rail	LGF	Private Leverage	LSTF / LGF / OLEV Additional Funding (Not Secure)	CIF	MHCLG (HIF)	Local Authority	DCMS	Other	Grand Total	
HS2 Growth Strategy	Coventry Centre First Package	75,001	-	5,000	-	-	-	32,416	-	-	25,148	-	-	-	-	10,921	-	1,544	150,030	
	Coventry Very Light Rail	54,999	-	-	-	-	-	-	-	-	2,461	-	-	-	-	-	-	-	57,460	
	Coventry City Centre South	136,450	-	80,852	-	18,418	-	-	65,000	-	500	-	-	-	35,130	-	-	14,047	350,397	
	Coventry North Package	21,600	-	68,800	-	52,500	-	-	-	-	-	-	-	-	-	-	-	-	142,900	
	Metro Centenary Square Extension	10,852	-	28,918	20,424	3,600	-	-	-	-	7,550	-	-	-	-	-	-	-	71,344	
	Metro Edgbaston Extension	48,048	-	29,382	-	-	-	-	-	-	1,500	-	-	-	-	-	-	-	78,930	
	Wolverhampton Metro Extension	27,400	-	-	-	-	-	-	-	-	13,500	-	-	-	-	-	38,736	-	79,636	
	Bilston Road Track Replacement	14,063	-	-	-	-	-	-	-	-	-	-	-	-	-	-	688	-	14,751	
	Sprint Programme	220,302	-	35,050	-	24,222	-	-	-	-	8,100	-	-	-	-	3,100	953	-	5,722	297,449
	Rail Programme	159,982	-	-	-	-	-	-	-	-	13,500	-	-	-	-	-	12,243	-	-	185,725
	UK Central Interchange	398,000	-	-	-	-	-	205,650	-	-	-	-	-	-	-	-	130	-	636	604,416
	UK Central Infrastructure	288,204	-	-	-	783,168	-	-	300,000	-	-	-	-	-	-	-	3,323	-	12,061	1,386,756
	Curzon	-	-	-	553,848	-	-	-	-	-	-	-	-	-	-	-	-	-	-	553,848
	Metro Birmingham Eastside Extension	18,500	-	128,549	710	-	-	-	-	-	7,940	-	-	-	-	-	-	-	0	155,700
	Catenary Free	-	-	-	-	-	-	-	-	-	3,150	-	-	-	-	-	-	-	1,000	4,150
	Midland Metro East Birmingham to Solihull Extension	-	-	-	183,300	-	-	-	552,280	-	-	-	-	-	-	-	-	-	-	735,580
	National College for High Speed Rail	-	-	-	-	-	-	-	-	-	7,056	-	-	-	-	-	-	-	18,497	25,553
Brierley Hill Metro Extension	103,000	139,118	207,000	-	-	-	-	-	-	400	-	-	-	-	-	-	-	-	449,518	
High Speed Suply Chain and Business Support	-	-	-	-	-	-	-	-	-	-	-	350,000	-	-	-	-	-	-	350,000	
SUB TOTAL HS2 GROWTH STRATEGY		1,576,402	139,118	583,551	758,282	881,908	-	790,346	365,000	13,500	77,305	350,000	-	-	38,230	66,994	-	53,507	5,694,144	
Other Investment Programme Schemes	Coventry City Centre Regeneration	149,955	-	-	-	-	-	-	-	-	-	-	-	-	-	223,720	-	-	373,675	
	Land Remediation Funds	200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200,000	
	Business Innovation	50,000	-	-	-	75,150	-	-	-	-	20,000	-	-	-	-	-	50,000	-	195,150	
	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		2,021,358	139,118	583,551	778,282	957,058	429,000	790,346	365,000	13,500	97,305	350,000	870,000	1,000,000	38,230	290,714	50,000	53,507	8,826,970	

APPENDIX 2: WMCA Investment Programme – Investment Board Forward Plan

	2019		2019		2019		2019	
Month	Date	July	Date	August	Date	September	Date	October
TAP	3rd	CRF - Cov UKC+ VLR Transforming Connectivity West Midlands FBC - UKC Int. - HS2 Parallel Design Process Roundabout Over-Trace CRF - UKC Inf. P2 Accelerating Housing Delivery Utilising Solihull Assets & Solihull SOC - Skills & Productivity - Aspirations for All	7th	FBC - Commonwea FBC - UKC Int. - HS2 Parallel OBC - Metro BEE CRF SOC - Cov UKC+ VLR Transforming Connectivity West Midlands	4th	OBC - Sprint Sutton to Birmingham OBC - Cov UKC+ A46 Link Road P2	2nd	FBC - Sprint Birmingham to Airport FBC - Sprint A34 Walsall to Birmingham OBC - UKC Inf. P1 Kingshurst Village Centre
IAG	1st	FBC - City of Culture 2021 FBC - Cov UKBIC (Return to IAG before IB) OBC - Change Request - UKC Int. HS2 Parallel Design Process FBC - UKC Int. - HS2 Parallel Design Process - Roundabout Over-Trace	5th	FBC - Cov Geely Group Innovation Centre OBC - Metro BEE CRF CRF - UKC Inf. P2 Accelerating Housing Delivery Utilising Solihull Assets & Solihull Town Centre SOC - Skills & Productivity - Aspirations for All	2nd	SOC - Cov UKC+VLR Transforming Connectivity West Midlands FBC - Commonwealth Games 2022 FBC - UKC Int. - HS2 Parallel Design Process - Longabout	7th	OBC - Sprint Sutton to Birmingham OBC - Cov UKC+ A46 Link Road P2
SLT	17th	FBC - City of Culture 2021 OBC - Change Request - UKC Int. HS2 Parallel Design Process FBC - UKC Int. - HS2 Parallel Design Process - Roundabout Over-Trace	21st	FBC - Cov Geely Group Innovation Centre OBC - Metro BEE CRF CRF - UKC Inf. P2 Accelerating Housing Delivery Utilising Solihull Assets & Solihull Town Centre SOC - Skills & Productivity - Aspirations for All	18th	SOC - Change Request - Cov UKC+VLR Transforming Connectivity West Midlands FBC - Commonwealth Games 2022 FBC - UKC Int. - HS2 Parallel Design Process - Longabout	23rd	OBC - Sprint Sutton to Birmingham OBC - Cov UKC+ A46 Link Road P2
Investment Board	29th	OBC - Rail Camp Hill Lines (p2) OBC - Rail Willenhall to Darlaston (p1) FBC Cov UKBIC	19th	FBC - City of Culture 2021 OBC - Metro BEE CRF FBC - UKC Int. - HS2 Parallel Design Process - Roundabout Over-Trace	23rd	FBC - Cov Geely Group Innovation Centre SOC - Skills & Productivity - Aspirations for All	21st	SOC - Cov UKC+VLR Transforming Connectivity West Midlands FBC - Commonwealth Games 2022 FBC - UKC Int. - HS2 Parallel Design Process - Longabout
WMCA Board					13th	FBC Cov UKBIC FBC - City of Culture 2021 FBC - UKC Int. - HS2 Parallel Design Process - Roundabout Over-Trace OBC - Metro BEE CRF		

## APPENDIX 3: WMCA Investment Programme Financial Summary (as at 31st May 2019)

# WMCA Investment Programme Financial Summary

Period Ending 31st May 2019

	2019 / 2020 YEAR TO DATE			2019 / 2020 FULL YEAR			COST TO COMPLETION					
	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR PERIOD SPEND	2019/20 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN	TOTAL BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
COVENTRY UKC PLUS	2,224	2,224	-	64,073	64,073	-	23,238	64,073	613,476	700,787	700,787	-
SPRINT PROGRAMME	251	1,611	1,360	24,627	24,446	181	4,385	24,446	268,617	297,449	297,449	(0)
RAIL PROGRAMME	454	699	245	9,207	6,020	3,187	3,999	6,020	175,706	185,725	185,727	2
METRO	13,719	18,489	4,770	128,275	124,633	3,642	190,447	124,633	1,274,530	1,589,610	1,589,610	(0)
UK CENTRAL INFRASTRUCTURE	551	551	-	14,241	14,241	-	9,331	14,241	1,363,185	1,386,756	1,386,756	-
UK CENTRAL HS2 INTERCHANGE	208	208	-	7,932	7,932	-	12,202	7,932	584,282	604,416	604,416	-
CURZON STREET STATION MASTERPLAN	24	24	-	3,904	3,904	-	3,155	3,904	546,789	553,848	553,848	-
NATIONAL COLLEGE FOR HIGH SPEED RAIL	-	-	-	-	-	-	25,553	-	-	25,553	25,553	-
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT	-	-	-	-	-	-	11,270	-	338,730	350,000	350,000	-
<b>HS2 GROWTH STRATEGY TOTAL</b>	<b>17,432</b>	<b>23,807</b>	<b>6,375</b>	<b>252,258</b>	<b>245,249</b>	<b>7,009</b>	<b>283,580</b>	<b>245,249</b>	<b>5,165,315</b>	<b>5,694,144</b>	<b>5,694,146</b>	<b>2</b>
COVENTRY CITY CENTRE REGENERATION	(135)	(135)	-	6,207	6,207	-	23,046	6,207	344,422	373,675	373,675	-
INNOVATION	1,669	3,988	2,319	23,929	21,805	2,123	2,660	21,805	170,685	195,150	195,000	(151)
LAND RECLAMATION AND REMEDIATION	1,365	1,365	-	49,138	49,138	-	7,194	49,138	143,668	200,000	200,000	-
COMMONWEALTH GAMES	-	1,667	1,667	10,000	10,000	-	-	10,000	15,000	25,000	25,000	-
EMPLOYMENT EDUCATION & SKILLS	14	353	339	2,116	84	2,032	28	84	19,888	20,000	20,000	0
COLLECTIVE INVESTMENT VEHICLE	1,638	1,638	-	52,708	52,708	-	39,350	52,708	907,942	1,000,000	1,000,000	-
DEVOLVED TRANSPORT INVESTMENT	-	-	-	-	-	-	-	-	1,299,000	1,299,000	1,299,000	-
EZ EXPANSION EXCLUDING CURZON	-	-	-	-	-	-	-	-	20,000	20,000	20,000	-
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>	<b>4,552</b>	<b>8,876</b>	<b>4,324</b>	<b>144,098</b>	<b>139,943</b>	<b>4,155</b>	<b>72,278</b>	<b>139,943</b>	<b>2,920,605</b>	<b>3,132,826</b>	<b>3,132,675</b>	<b>(151)</b>
<b>GRAND TOTAL</b>	<b>21,984</b>	<b>32,683</b>	<b>10,700</b>	<b>396,356</b>	<b>385,192</b>	<b>11,164</b>	<b>355,858</b>	<b>385,192</b>	<b>8,085,919</b>	<b>8,826,970</b>	<b>8,826,821</b>	<b>(149)</b>

The financial results for May 2019 are shown above.

In respect of full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2019/20 programme baseline. The project budget for the Wednesbury to Brierley Hill Metro Extension has been revised, as approved by the WMCA Board on 22 March 2019. The Metro programme is red status because of the current funding gap against the East Birmingham to Solihull project. The cost to completion against UK Central Interchange remains red status due to the funding gap of circa £205m against the Birmingham International Station redevelopment project.

The Rail programme budget is correctly shown at £185.7m. This reflects the Package 1, Package 2, Snow Hill Lines and Sutton Coldfield Interchange and City Link schemes only.

In Quarter 1 of 2019/2020, the UKC HS2 Interchange programme was revised in respect of the HS2 Parallel Design process. A change request is progressing through the WMCA assurance framework. The budget has been adjusted to reflect the revised UKC HS2 Interchange programme.

For 2019/20, the YTD spend to May is £10.7m behind budget. Within this amount is the significant Metro programme underspend of £4.8m, including Birmingham Eastside Extension (£2.2m);

The 2019/20 full year forecast underspend of £7.0m for the HS2 Growth Strategy relates includes the significant variances set out below:

\* Rail programme underspend of £3.2m, including Sutton Coldfield Interchange and City Link (£2.9m); and

\* Metro programme underspend of £3.6m, including Birmingham Eastside Extension (£2.8m).

The other major full year variances to forecast are:

\* An underspend of £2.1m in respect of Innovation, including an underspend of £2.3m in respect of WM5G Limited offset by £0.2m accelerated spend in respect of other innovation projects; and

\* An underspend of £2.0m in respect of Employment, Education & Skills, primarily due to a re-profiling of expenditure.



## Appendix 4 : Investment Programme Commitment Profile (as at 30th June 2019)

£m	Actual Spend	Approved Commitments	Expected Approvals										TOTAL APPROVALS	
			Jul-19	Aug-19	Sep-19	Q3 19/20	Q4 19/20	Subtotal	Q4 19/20	2020/21	2021/22	2022/23		Post 2023
UKC Interchange	11.6	29.8			19.9	15.0		64.8		275.0	26.9	15.0	16.3	398.0
UKC Infrastructure	7.2	30.8				1.0	6.2	38.0		43.0	34.3	76.4	96.2	287.9
Sprint Programme	1.3	21.0				5.6	31.0	57.6	3.8	67.2	60.6		31.1	220.3
Metro Programme	36.7	101.3			18.5			119.8						119.8
Rail Programme	4.3	6.0	12.8					21.6	2.8	96.5			41.9	160.0
City Centre First incl. CSMP	-	39.4			4.0			43.4						43.4
Coventry VLR	0.8	12.2				7.8		20.0		35.0				55.0
Coventry North	0.0	0.2					0.4	0.6			21.0			21.6
Coventry South	0.1	7.4				1.5		8.9		24.2	26.8		76.7	136.5
Wednesbury Brierley Hill Metro	-	103.0						103.0						103.0
<b>SUB TOTAL INVESTMENT PROGRAMME</b>	<b>62.0</b>	<b>351.2</b>	<b>12.8</b>	<b>-</b>	<b>42.4</b>	<b>30.8</b>	<b>40.4</b>	<b>477.6</b>	<b>3.8</b>	<b>540.8</b>	<b>169.6</b>	<b>91.4</b>	<b>262.2</b>	<b>1,545.4</b>
Coventry Regeneration	7.3	149.9						149.9						149.9
Coventry City of Culture	-	31.6						31.6						31.6
Land Remediation	8.6	103.0						103.0				97.0		200.0
Business Innovation	3.9	12.5						12.5		15.0	15.0	7.5		50.0
Employment Education & Skills	0.0	0.8		0.5				1.3		17.0	1.7			20.0
Commonwealth Games	-	25.0						25.0						25.0
<b>OTHER INVESTMENT PROGRAMME</b>	<b>19.8</b>	<b>322.9</b>	<b>-</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323.4</b>	<b>-</b>	<b>32.0</b>	<b>16.7</b>	<b>104.4</b>	<b>-</b>	<b>476.5</b>
<b>TOTAL</b>	<b>81.7</b>		Approval commitment profile based on PMO forward planning exercise											
<b>CUMULATIVE APPROVALS</b>		<b>674.1</b>	<b>686.9</b>	<b>687.4</b>	<b>729.8</b>	<b>760.7</b>	<b>801.0</b>	<b>801.0</b>	<b>804.8</b>	<b>1,377.7</b>	<b>1,563.9</b>	<b>1,759.8</b>	<b>2,022.0</b>	

