



Investment Board

Monday 29 July 2019 at 10.00 am

Minutes

Present

Councillor Bob Sleight (Chair)
Councillor Harman Banger
Councillor Mike Bird
Councillor Steve Clark
Paula Deas

Councillor Karen Grinsell
Councillor Matt Jennings
Sue Summers
Gary Taylor

Andy Williams

Portfolio Lead for Finance & Investments
City of Wolverhampton Council
Walsall Metropolitan Borough Council
Dudley Metropolitan Borough Council
Coventry and Warwickshire Local
Enterprise Partnership
Solihull Metropolitan Borough Council
Stratford on Avon District Council
West Midlands Development Capital
Greater Birmingham & Solihull Local
Enterprise Partnership
Coventry City Council

In Attendance

Sarah Middleton

Steve Weir
John Harvey
Gareth Bradford
Carl Craney
Sukhy Dhanoa
Linda Horne
Ian Martin
Danny Wood
Gerald Gannaway
Kieren Turner-Owen
Gavin Smith

Black Country Local Enterprise
Partnership
Coventry City Council
SLC Rail
West Midlands Combined Authority
West Midlands Development Capital
West Midlands Development Capital
West Midlands Rail Executive

**Item Title
No.**

1. Chair's Opening Remarks

The Chair welcomed those present to the meeting. At his invitation introductions were duly made.

2. Apologies for Absence (if any)

Apologies for absence had been received from Nick Abell (Coventry and Warwickshire Local Enterprise Partnership), Paul Brown (Black Country Local Enterprise Partnership), Councillor Tristan Chatfield (Birmingham City Council), Councillor Tony Jefferson (Non-Constituent Authorities) and Councillor Jim O'Boyle (Coventry City Council).

3. Notification of Substitutes (if any)

Paula Deas had been nominated as a substitute for Nick Abell (Coventry and Warwickshire Local Enterprise Partnership), Councillor Matt Jennings had been nominated as a substitute for Councillor Tony Jefferson (Non-Constituent Authorities) and Andy Williams had been nominated as a substitute for Councillor Jim O'Boyle (Coventry City Council).

4. Declarations of Interests (if any)

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

5. Minutes of last meeting

Resolved:

That the minutes of the meeting held on 24 June 2019 be confirmed as a correct record and signed by the Chair.

6. Concentration Risk Proposal

Ian Martin presented a report which detailed a proposed approach to be taken and policy with regard to applicants for loans (or multiple loans) under the Collective Investment Fund (CIF) and / or Resolving Investment Fund (RIF). The Chair commented that the purpose of the report was to seek to identify, inter alia, the point at which approval of loans or multiple loans would need to be referred to the WMCA Board.

Sue Summers sought clarification as at what point dialogue would be commenced with prospective developers seeking multiple loans. Ian Martin advised that this would be left to the discretion of West Midlands Development Capital. Councillor Mike Bird queried the position if the recipient of existing loans was seeking additional funding mid-way through the construction of a development. Ian Martin advised that, in these circumstances, the matter would be referred back to this Board for consideration.

Gerald Gannaway sought clarification as to the limits of delegation for decisions of the Investment Board before matters required ratification by the WMCA Board. Ian Martin commented that as per the existing arrangements with regards to limits, then decisions on loans up to £20 million were delegated to this Board but where concentration risk applied then in the first instance, they would need to be approved at the discretion of the Director of Finance and himself. The Investment Board could accelerate the matter to the WMCA Board for determination, if it so wished in accordance with the current arrangements.

Resolved:

1. That the concentration risk proposal be applied to the WMCA Collective Investment Fund (CIF) and Resolving Investment Fund (RIF) as detailed within Section 3 of the report;
2. That individual or multiple loans to the same group, where the total value exceeds £10 million but less than £20 million be granted subject to this Board receiving a report on the risks involved in approving the investment;
3. That a maximum cap of £20 million be set on individual or multiple loans to the same group at any one point in time;
4. That whilst the above applied a maximum cap on WMCA loans to third parties, the provision of grants to third parties was unaffected.

7. Investment Programme and Dashboard

Linda Horne and Sukhy Dhanoa presented a report on the status of the Investment Programme to assist the Board in determining investment decisions.

Councillor Mike Bird commented on the difficulty in reading the various Spreadsheets which formed part of the report due to the small font size. He drew to the attention of the Board the apparent inequality of allocation of funding to the Black Country local authorities compared to Birmingham City Council and Coventry City Council with substantial funding being provided for matters associated with the Commonwealth Games and City of Culture respectively with little or no legacy value. He commented on the allocation of funding of £97 million to the Black Country due for draw down in 2022 / 2023 and reminded the Board that this had formed part of the original agreement when the WMCA had been established and that under no circumstances should this money be used for other purposes. The Chair advised that various reports regarding allocations to both Birmingham and Coventry City Council were listed in the Forward Plan for consideration at the next meeting.

Resolved:

That the report be received and noted.

8. WMCA Collective Investment Fund (CIF) - Dashboard

The Board considered the WMCA Collective Investment Fund (CIF) Dashboard (public iteration) as at 15 July 2019.

Resolved:

That the Dashboard be received and noted.

9. WMCA Brownfield Land and Property Fund (BLPDF) - Dashboard

The Board considered the WMCA Brownfield Land and Property Development Fund (BDLPF) Dashboard (public iteration) as at 15 July 2019.

Resolved:

That the Dashboard be received and noted.

10. Land and Property Investment Fund (LPIF) - Dashboard

The Board considered the Land and Property Investment Fund (LPIF) Dashboard as at 1 July 2019.

Resolved:

That the Dashboard be received and noted.

11. 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).

12. Chase Midlands Ltd. - Commercial Property Development

Gerald Gannaway presented a report which sought a variation to the conditions and terms of loan arrangements agreed previously by the Board.

Councillor Mike Bird commented on the current fragility of the retail sector and expressed his concerns with regard to potential empty units.

Resolved:

That the conditions and terms of the loan arrangements be varied as detailed in the report with a full updated valuation report and a review of the overall position being conducted in March 2020.

13. Coyne Group / Kent Tavern Developments Ltd. ("SPV")

Gerald Gannaway presented a report which sought the provision of a three year loan to the SPV on terms detailed in the report. He responded to various questions posed by the Board.

Resolved:

That consideration of this matter be deferred pending the receipt of additional information.

14. Outline Business Case (OBC) West Midlands Rail: Packages 1 and 2

Gavin Smith and John Harvey presented a report which sought approval in line with the Outline Business Case (OBC) of WMCA funding for the further development of the West Midlands Rail Network New Stations (Packages 1 & 2) schemes. The funding would enable procurement and undertaking of the detailed design (GRIP 5), project and programme management, land purchase, advanced works, equipment orders and early utility diversions as appropriate. Gavin Smith advised that Package 1 comprised Willenhall and Darlaston Stations with Package 2 comprising Moseley, Kings Heath and Hazelwell Stations. He explained how the financial request had been calculated including the cancellation of Package 3 (Brierley Hill Stations).

Ian Martin advised that in the event of a scheme not proceeding, any unspent funding allocated should be returned to the Investment Programme for allocation by this Board. Linda Horne confirmed this to be the case and suggested that the actual financing of the request could be determined outside the meeting. Gary Taylor reminded the Board that a further request for funding for the delivery of Packages 1 & 2 would be submitted in due course. Linda Horne advised that with reference to the earlier report on the Investment Programme, all funding after Quarter 4 in 2019/20 was at risk. John Harvey acknowledged this point but advised that approval of this request would enable 'shovel ready' schemes to be available in the event of further funding being identified.

Resolved:

That, in line with the Outline Business Case (OBC) the necessary funding for the further development of the West Midlands Rail Network New Stations (Packages 1 & 2) schemes be approved.

15. Full Business Case (FBC) Coventry UK Battery Industrialisation Centre (UKBIC)

Steve Weir presented a report which outlined the key benefits and implications of the UK Battery Industrialisation Centre (UKBIC) project to support the request for approval of funding. The report also provided an update on progress to date.

The Chair acknowledged the importance of the project but commented that it was not currently within the Investment Programme. If approval were to be given to the request it would be at the detriment of other schemes. Linda Horne confirmed this to be the case but reported that the WMCA and Coventry City Council were working to mitigate this position and were investigating options which would allow the scheme to be funded without prejudice to other schemes and at no cost to the WMCA in terms of interest payments. The Board supported the principle of the funding request and the search for an innovative solution.

Resolved:

1. That the request for funding from the WMCA as part of an overall £126 million project in progress to create an innovative open access technology organisation to support national and regional Industrial Strategy focus on UK design, development and manufacture of battery technologies be approved in principle subject to the Directors of Finance and Investments working with Coventry City Council to identify an innovative solution to providing funding at nil cost to the WMCA;
2. That the UKBIC project progress to the WMCA Board on 13 September 2019.

16. West Midlands Rail Programme Stations Package 3

Gavin Smith presented a report which detailed the cancellation of West Midlands Rail Programme Stations Package 3 (Brierley Hill Stations). He responded to questions from Councillor Steve Clark on this matter.

Resolved:

That the report be received and noted.

17. WMCA Collective Investment Fund (CIF) - Dashboard

The Board considered the WMCA Collective Investment Fund (CIF) Dashboard (private iteration) as at 15 July 2019.

Resolved:

That the Dashboard be received and noted.

18. WMCA Brownfield Land and Property Fund (BLPDF) - Dashboard

The Board considered the WMCA Brownfield Land and Property Development Fund (BDLPF) Dashboard (private iteration) as at 15 July 2019.

Resolved:

That the Dashboard be received and noted.

The meeting ended at 11.33 am.