



WMCA Investment Board

Date	21 st October 2019
Report title	Investment Programme Update
Portfolio Lead	Councillor Bob Sleigh - Finance & Investments
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Report has been considered by	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 Endorse the position agreed between the WMCA Mayor and Metropolitan Leaders to hold Investment Programme funding approvals within the current affordable limit, 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 WMCA Investment Programme. A detailed analysis of the baseline programme is shown under Appendix 1.
- 3.2 Investment Programme funding approvals total £746.1 million as at 30th September 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 Investment Programme funding actually drawn / incurred by projects against these funding commitments as at 31 August 2019 totals £101.6 million.
- 3.4 Since the last report, the following business cases have been approved:
 - Roundabout Over-Trace FBC - £19.945 million (WMCA Board 13 September 2019); and
 - City of Culture 2021 FBC - £4.0 million (WMCA Board 13 September 2019).
- 3.5 Approval was also previously agreed for the Metro Birmingham Eastside Extension (HS2 utilities diversion) up to a maximum of £18.5 million at Investment Board on 30 October 2017. The contractual commitment to spend this is subject to the Transport and Works Act Order expected later this year.

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 August results are shown at Appendix 3.
- 4.2 The Metro programme is rated as a 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 rated due to the funding gap of circa £131 million against the Birmingham International Station redevelopment project. The UK Central HS2 Interchange programme has been reforecast based on the latest business case submitted for the Comprehensive Spending Review.
- 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 £185.7 million. This reflects the Package 1, Package 2, Snow Hill Lines and Sutton Coldfield Interchange and City Link schemes only.

- 4.5 The 2019/20 full year forecast underspend of £32.5 million compared with the 2019/20 programme baseline for the HS2 Growth Strategy relates primarily to the following variances:
- Sprint programme underspend of £13.8 million, including A34 Walsall to Birmingham (£5.8 million) and A45 Airport & Solihull (£7.4 million); and
 - Metro programme underspend of £22.9 million, including Birmingham Eastside Extension (£8.8 million) and Wednesbury to Brierley Hill Extension (£12.0 million).
- 4.6 The 2019/20 full year forecast underspends against the Sprint and Metro programmes are offset by a forecast £3.2 million overspend in respect of the Coventry UKC Plus programme and a forecast £4.0 million overspend in respect of the UK Central HS2 Interchange programme.
- 4.7 The other major full year variances to forecast are:
- An underspend of £11.9 million in respect of Land Reclamation and Remediation; and
 - An underspend of £22.5 million in respect of the Collective Investment Vehicle.
- 4.8 The above 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 £746.1 million to the end of September 2019.

5. Investment Programme Funding Challenge

- 5.1 The WMCA Mayor and Metropolitan Leaders discussed the current funding available within the WMCA Investment Programme on 13 September 2019.
- 5.2 The funding available to underpin the full Investment Programme debt requirement is lower than originally anticipated due to a shortfall in locally sourced income.
- 5.3 The WMCA Mayor and Metropolitan Leaders agreed to hold Investment Programme funding approvals within the current affordable limit based on income secured to date. Based upon what is available to date, the affordable limit was agreed by the WMCA Finance Directors to be £801 million. This contains the £746.1 million of Investment Programme approvals already made as at 30 September 2019.
- 5.4 The implication of the decision to hold approvals to the current affordable limit of £801 million is that projects and programmes included within the Investment Programme with approvals required in excess of the affordable limit may need to be placed on hold, or progressed by TfWM/the sponsoring authorities using alternative resources, until such time that the Mayor, Metropolitan Leaders and WMCA Finance Directors are able to implement solutions to the Investment Programme funding challenge.
- 5.5 At the meeting of the 13 September 2019, it was agreed to progress £55 million of additional forecast requests within the financial year. The additional forecast requests include items within the UK Central HS2 Interchange, Sprint and Rail programmes.

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 31 August 2019)

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

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

Appendix 4: Investment Programme Commitments (as at 30 September 2019)

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

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

Portfolio £000		WMCA (Grant)	WMCA (Prudential Borrowing)	DfT	EZ	Private Sector	DfT Block Grants	TBC	LGF	Private Leverage	LSTF / LGF / OLEV Additional Funding (Not Secure)	CIF	Local Authority	Other	Grand Total
HS2 Growth Strategy	Coventry UKC Plus programme	288,050	-	154,650	-	70,918	-	-	40,048	-	-	-	10,922	146,380	710,967
	Sprint Programme	220,302	-	35,050	-	24,222	-	-	8,100	-	-	-	953	8,822	297,448
	Rail Programme	159,982	-	-	-	-	-	-	-	-	-	-	12,243	13,500	185,725
	Metro programme	221,863	139,118	393,759	204,434	3,600	-	540,727	34,040	-	-	-	39,424	11,986	1,588,952
	UK Central Infrastructure	288,000	-	-	-	766,399	-	-	-	-	-	-	20,119	312,110	1,386,629
	UK Central Interchange	398,000	-	-	-	97	-	130,650	-	-	-	-	180	636	529,563
	Curzon	-	-	-	553,848	-	-	-	-	-	-	-	-	-	553,848
	National College for High Speed Rail	-	-	-	-	-	-	-	7,056	-	-	-	-	-	18,497
High Speed Suply Chain and Business Support	-	-	-	-	-	-	-	-	350,000	-	-	-	-	-	350,000
SUB TOTAL HS2 GROWTH STRATEGY		1,576,197	139,118	583,458	758,282	865,236	-	671,377	89,244	350,000	-	-	83,841	511,931	5,628,685
Other Investment Programme Schemes	Coventry City Centre Regeneration	149,953	-	-	-	-	-	-	-	-	-	-	223,975	-	373,928
	Business Innovation	50,000	-	-	-	75,150	-	-	20,000	-	-	-	-	50,000	195,150
	Land Remediation Funds	200,000	-	-	-	-	-	-	-	-	-	-	-	-	200,000
	Commonwealth Games	25,000	-	-	-	-	-	-	-	-	-	-	-	-	25,000
	Employment, Education & Skills	19,998	-	-	-	-	-	-	-	-	-	-	-	-	19,998
	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		2,021,148	139,118	583,458	778,282	940,386	429,000	671,377	109,244	350,000	870,000	1,000,000	307,816	561,931	8,761,761

APPENDIX 2: WMCA Investment Programme – Investment Board Forward Plan

WMCA Assurance Approvals Forward Plan

Month	2019			2019			2019			2020					
	Date	October	Additional IP Funding Request (£)	Date	November	Additional IP Funding Request (£)	Date	December	Additional IP Funding Request (£)	Date	January	Additional IP Funding Request (£)	Date	February	Additional IP Funding Request (£)
TAP	2nd	FBC - Sprint Birmingham to Airport FBC - Sprint A34 Walsall to Birmingham OBC - University Station (Non -IP) OBC - Perry Barr Interchange (Non -IP)		6th	OBC - Rail Sutton Coldfield Gateway CRF / OBC - Rail P1 CRF / 2017 SOC - Cov UKC+VLR TCWM (Reprofile £12.2m)		4th	OBC - UKC Inf. P1 Kingshurst Village Centre OBC - Cov UKC+ Tile Hill Station Improvements FBC- Metro BEE CRF / SOC UKC+ Coventry South Programme		8th	FBC - Sprint Sutton to Birmingham FBC - University Station (Non -IP) OBC - UKC Inf. P2 Local Strategic Network Resilience Connectivity & Enhancements		5th	OBC - Cov UKC+ VLR Transforming Connectivity West Midlands	
IAG	7th	SOC - Cov UKC+VLR Transforming Connectivity West Midlands OBC - University Station (Non -IP) OBC - Perry Barr Interchange (Non -IP)		4th	FBC - Sprint Birmingham to Airport FBC - Sprint A34 Walsall to Birmingham		2nd	OBC - Rail Sutton Coldfield Gateway CRF / OBC - Rail P1 CRF / 2017 SOC - Cov UKC+VLR TCWM (Reprofile £12.2m)		6th	OBC - UKC Inf. P1 Kingshurst Village Centre OBC - Cov UKC+ Tile Hill Station Improvements FBC- Metro BEE CRF / SOC UKC+ Coventry South Programme FBC - University Station (Non -IP)		3rd	FBC - Sprint Sutton to Birmingham OBC - UKC Inf. P2 Local Strategic Network Resilience Connectivity & Enhancements	
SLT	23rd	OBC - University Station (Non -IP) OBC - Perry Barr Interchange (Non -IP)		20th	FBC - Sprint Birmingham to Airport FBC - Sprint A34 Walsall to Birmingham		18th	OBC - Rail Sutton Coldfield Gateway CRF / OBC - Rail P1 CRF / 2017 SOC - Cov UKC+VLR TCWM (Reprofile £12.2m)		22nd	OBC - UKC Inf. P1 Kingshurst Village Centre OBC - Cov UKC+ Tile Hill Station Improvements FBC- Metro BEE CRF / SOC UKC+ Coventry South Programme FBC - University Station (Non -IP)		19th	FBC - Sprint Sutton to Birmingham OBC - UKC Inf. P2 Local Strategic Network Resilience Connectivity & Enhancements	
Investment Board	21st	FBC - Commonwealth Games 2022 FBC - UKC Int. - HS2 Parallel Design Process-Longabout OBC - University Station (Non -IP) OBC - Perry Barr Interchange (Non -IP)		18th	WMIP - Update Paper on FBC approval	£0	16th	FBC - Sprint Birmingham to Airport FBC - Sprint A34 Walsall to Birmingham		20th	OBC - Rail Sutton Coldfield Gateway	£2,780,000	17th	OBC - UKC Inf. P1 Kingshurst Village Centre OBC - Cov UKC+ Tile Hill Station Improvements FBC- Metro BEE FBC - University Station (Non -IP)	£0
WMCA Board				8th	FBC - Commonwealth Games 2022 FBC - UKC Int. - HS2 Parallel Design Process-Longabout OBC - University Station (Non -IP) OBC - Perry Barr Interchange (Non -IP)	£25,000,000 £2,146,000 £0 £0						17th	FBC - Sprint A34 Walsall to Birmingham FBC - Sprint A45 Birmingham to Airport	£30,000,000 £30,000,000	
Total Ask:			£0			£27,146,000			£0			£62,780,000			£0

APPENDIX 3: WMCA Investment Programme Financial Summary (as at 30th September 2019)

WMCA Investment Programme Financial Summary

Period Ending 31st August 2019

	2019 / 2020 YEAR TO DATE			2019 / 2020 FULL YEAR			COST TO COMPLETION					
	ACTUAL £000	BUDGET £000	VARIANCE £000	BUDGET £000	FORECAST £000	VARIANCE £000	PRIOR PERIOD SPEND £000	2019/20 FORECAST £000	FUTURE YEARS FORECAST £000	TOTAL FORECAST OUTTURN £000	TOTAL BUDGET £000	VARIANCE £000
COVENTRY UKC PLUS	11,513	12,561	1,048	64,073	67,294	(3,221)	23,238	67,294	620,435	710,967	700,787	(10,180)
SPRINT PROGRAMME	1,232	4,169	2,937	24,627	10,854	13,773	4,385	10,854	282,209	297,448	297,449	1
RAIL PROGRAMME	1,248	2,870	1,622	9,207	6,153	3,054	4,129	6,153	175,443	185,725	185,727	2
METRO	32,970	44,531	11,560	128,275	105,383	22,892	190,447	105,383	1,293,122	1,588,952	1,589,610	658
UK CENTRAL INFRASTRUCTURE	2,301	3,203	902	14,241	14,204	36	9,330	14,204	1,363,094	1,386,629	1,386,756	128
UK CENTRAL HS2 INTERCHANGE	1,651	1,728	77	7,932	11,971	(4,039)	12,305	11,971	505,287	529,563	604,416	74,853
CURZON STREET STATION MASTERPLAN	935	935	-	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	-
HS2 GROWTH STRATEGY TOTAL	51,851	69,996	18,146	252,258	219,763	32,495	283,813	219,763	5,125,108	5,628,685	5,694,146	65,462
COVENTRY CITY CENTRE REGENERATION	878	1,110	232	6,207	5,164	1,044	23,046	5,164	345,718	373,928	373,675	(253)
INNOVATION	6,097	9,970	3,874	23,929	18,396	5,533	2,660	18,396	174,094	195,150	195,000	(151)
LAND RECLAMATION AND REMEDIATION	4,867	16,159	11,291	49,138	37,221	11,917	7,194	37,221	155,585	200,000	200,000	-
COMMONWEALTH GAMES	-	4,167	4,167	10,000	10,000	-	-	10,000	15,000	25,000	25,000	-
EMPLOYMENT EDUCATION & SKILLS	77	882	804	2,116	201	1,914	48	201	19,749	19,998	20,000	2
COLLECTIVE INVESTMENT VEHICLE	5,217	13,281	8,063	52,708	30,160	22,548	39,147	30,160	930,694	1,000,000	1,000,000	0
DEVOLVED TRANSPORT INVESTMENT	-	-	-	-	-	-	-	-	1,299,000	1,299,000	1,299,000	-
EZ EXPANSION EXCLUDING CURZON	-	-	-	-	-	-	-	-	20,000	20,000	20,000	-
OTHER INVESTMENT PROGRAMME SCHEMES	17,137	45,568	28,431	144,098	101,142	42,956	72,096	101,142	2,959,839	3,133,076	3,132,675	(402)
GRAND TOTAL	68,987	115,564	46,577	396,356	320,905	75,451	355,909	320,905	8,084,948	8,761,761	8,826,821	65,060

WMCA Investment Programme Financial Commentary

Period Ending 31st August 2019

The financial results for August 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 UK Central HS2 Interchange programme has been reforecast based on the latest business case submitted for the Comprehensive Spending Review, which has resulted in the variance reported above of £74.9m between the total forecast outturn and budget. However, within the revised forecast outturn of £529.6m, there remains a funding gap against the Birmingham International Station redevelopment project, which is now £131m. Therefore the UK Central HS2 Interchange programme remains red status.

The Rail programme budget reflects the Package 1 (Willenhall & Darlaston), Package 2 (Moseley, Kings Heath & Hazelwell), Snow Hill Lines and Sutton Coldfield Interchange and City Link schemes only.

For 2019/20, the YTD spend to July is £46.6m behind budget. Within this amount are the following significant variances:

- *Metro programme underspend of £11.6m, including Birmingham Eastside Extension (£5.2m) and Wednesbury to Brierley Hill (£3.7m);
- *Land Reclamation and Remediation underspend of £11.3m, including Brownfield Land Property and Development Fund (BLPDF) (£9.4m); and
- *Collective Investment Vehicle underspend of £8.1m.

The 2019/20 full year forecast underspend of £32.5m for the HS2 Growth Strategy relates includes the significant variances set out below:

- *Sprint programme underspend of £13.8m, including A34 Walsall to Birmingham (£5.8m) and A45 Airport & Solihull (£7.4m); and
- *Metro programme underspend of £22.9m, including Birmingham Eastside Extension (£8.8m) and Wednesbury to Brierley Hill Extension (£12.0m).

The 2019/20 full year forecast underspends against the Sprint and Metro programmes are offset by a forecast £3.2m overspend in respect of the Coventry UKC Plus programme and a forecast £4.0m overspend in respect of the UK Central HS2 Interchange programme.

The other major full year variances to forecast are:

- * An underspend of £11.9m in respect of Land Reclamation and Remediation; and
- * An underspend of £22.5m in respect of the Collective Investment Vehicle.

Appendix 4 : Investment Programme Commitment Profile (as at Sept 2019)

£m	Total Approvals	Approved Commitments	Actual Spend
UKC Interchange	398.0	49.8	13.1
UKC Infrastructure	288.0	30.8	8.5
Sprint Programme	217.4	21.0	1.7
Metro Programme	136.0	136.0	46.7
Rail Programme	146.7	18.8	5.2
City Centre First incl. CSMP	43.4	43.4	-
Coventry VLR	55.0	12.2	1.2
Coventry North	21.6	0.2	0.0
Coventry South	136.5	7.4	0.1
Wednesbury Brierley Hill Metro	103.0	103.0	-
SUB TOTAL HS2 GROWTH STRATEGY	1,545.6	422.6	76.5
Coventry Regeneration	150.0	150.0	8.0
Coventry City of Culture	31.6	31.6	0.1
Land Remediation	200.0	103.0	12.1
Business Innovation	50.0	12.5	4.8
Employment Education & Skills	20.0	1.3	0.1
Commonwealth Games	25.0	25.0	-
OTHER INVESTMENT PROGRAMME	476.6	323.4	25.1
TOTAL	2,022.1	746.1	101.6

