



West Midlands
Combined Authority

WMCA Investment Board

Date	21 st September 2020
Report title	Investment Programme Update
Portfolio Lead	Councillor Bob Sleigh - Finance & Investments
Accountable Chief Executive	Deborah Cadman Email: Deborah.Cadman@wmca.org.uk Tel 0121 214 7200
Accountable Employee	Ian Martin Email: Ian.Martin@wmca.org.uk Tel 0121 214 7926
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. Note the progress of the Devolution Deal five-year gateway review.
3. Note the Investment Programme funding status.

1 Purpose

- 1.1 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

- 2.1 The Investment Board was established by the WMCA Board as a key element 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 although it has been performing that role.
- 2.2 The Investment Board considered and endorsed an enhanced Terms of Reference at its meeting on the 20 April 2020. This set out an enhanced role supporting decision-making, giving greater post approval controls, performance management and support effective delivery of monitoring & evaluation requirements.
- 2.3 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 program is required and to consider this review itself or instruct the Investment Panel to do so on its behalf.
- 2.4 The WMCA Board considered and approved the enhancements to the role and terms of reference of the Investment Board on the 24 July 2020.

3 Investment Programme Assurance Summary

- 3.1 An analysis of the baseline WMCA Investment Programme is shown at Appendix 1.
- 3.2 Approved funding from the WMCA Investment Programme for programmes totals £768.7 million as at 31st August 2020 (£770.4 million was at 31st July 2020). The movement observed includes the reimbursement of metro programme cash flow funding. This is consistent with expectations as at 8 November 2019, when WMCA Board agreed to hold approvals at the current affordable limit of £801 million.
- 3.3 Investment Programme funding actually drawn / incurred by projects against these funding commitments as at 31st July 2020 totals £206.7 million.
- 3.4 Since the last report, the following business cases have been approved:
 - UK Central HS2 Interchange – Automated People Mover (APM) Route Realignment (FBC): £5.75 million; and
 - UK Central HS2 Interchange – Hub Movement and Connectivity: £2.28 million.
- 3.5 Appendix 4 details the commitments made against the Investment Programme to the end of August 2020.

4 Devolution Deal Gateway Review

- 4.1 Five-yearly gateway review periods formed part of the Devolution Deal agreement in 2016. The 2020/21 financial year is the fifth and final year of the first gateway review period.
- 4.2 An update was provided at the July Board. SQW are commissioned by MHCLG to review a selection of projects in the Investment programme and will issue a recommendation in November 2020.
- 4.3 Currently SQW are interviewing stakeholders to inform part of their report and are liaising with the WMCA Strategic Hub.
- 4.4 A draft report will be available from SQW in early October but they have been unable to give an exact date. It is proposed to update the Board at the 19th October meeting. If it is not possible to obtain the report and circulate a written review in time for Board papers being distributed, then the update will be given verbally on the day of the Board meeting.

5 Investment Programme Funding

- 5.1 At the WMCA Board meeting on 8th November 2019, the WMCA Board agreed to hold Investment Programme approvals at the current affordable limit, whilst arrangements to secure additional funding into WMCA are developed and delivered.
- 5.2 Based upon what is available to date, the affordable limit was agreed by WMCA Board to be £801 million.
- 5.3 Consequently, programmes that are funded from the Investment Programme beyond the current affordable limit of £801 million are amber status.
- 5.4 These programmes include:
 - Coventry UKC Plus;
 - Employment, Education and Skills;
 - Innovation Programme;
 - Land Reclamation and Remediation;
 - Sprint Programme;
 - Rail Programme;
 - UK Central HS2 Interchange; and
 - UK Central Infrastructure Package.
- 5.5 The funding which underpins the Investment Programme is expected to support borrowing taken out for the delivery of the programmes.
- 5.6 It was agreed at the 5th June 2020 Mayor and Met Leaders meeting for WMCA to design a future methodology for progressing the remaining schemes when funding becomes available. This work has been concluded and will be presented at the Mayor and met Leaders meeting on the 18th September 2020.

6 Investment Programme Delivery and Expenditure

- 6.1 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 July results are shown at Appendix 3.
- 6.2 In respect of full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2020/21 programme baseline. It should be noted that the impact of Covid-19 on projects within the WMCA Investment Programme is continuously being assessed by the accountable bodies with each respective delivery organisation being required to manage the schemes within the funding available to them.
- 6.3 The cost to completion against UK Central Interchange remains red status due to the funding gap of circa £131 million against the Birmingham International Station redevelopment project.
- 6.4 The 2020/21 YTD variance of £115.4 million compared with the 2020/21 programme baseline primarily comprises:
 - Coventry UKC Plus variance of £22.8 million, including Coventry Station Masterplan (£10.6 million) and Coventry Very Light Rail (£4.9 million);
 - Metro programme variance of £14.5 million, including Birmingham Eastside Extension (£6.8 million) and Wednesbury to Brierley Hill Extension (£6.5 million); and
 - UK Central Infrastructure Package variance of £37.0 million, across a wide array of projects within the programme.
- 6.5 The above variances are not considered to have an impact on the overall delivery of the projects.

7 Investment Programme Dashboard

- 7.1 As per the Investment Programme Dashboard attached separately (Appendix 5). The latest format of the Investment Programme dashboard was agreed at December Investment Board.
- 7.2 The dashboard identifies whether project starts, and completions are as forecast when compared to the original business case or funding documentation where this supersedes the business case.
- 7.3 There are 59 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). Those projects with a RED status are brought to the attention of Investment Board.
- 7.4 As previously reported three schemes have a Red status for completion dates with the Strategic Hub working with Sponsors to bring forward requests to extend dates to the relevant approval body.

HS2 Parallel Designs – Update received at March Board. Expired 07/19 and Change request expected. Continuing drawdowns in the interim.

Coventry City Centre South – Update received February Board. Expiry in September 2024. Further update being received at this Investment Board ahead of a planning application for the redesigned scheme planned for October 2020

A46 Link Road Phase 1 – Future expiry 10/20. A forecast completion date has been provided by the delivery lead (currently it is 30th November 2021).

8 Financial Implications

- 8.1 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. Financial commentary is provided throughout.

9 Legal Implications

- 9.1 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.

10 Equalities Implications

- 10.1 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.

11 Inclusive Growth Implications

- 11.1 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.

12 Geographical Area of Report's Implications

- 12.1 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.

13 Other Implications

13.1 Not applicable

14 Schedule of Background Papers

Appendix 1: WMCA Investment Programme Funding Summary (as at 31st July 2020)

Appendix 2: WMCA Investment Programme – Investment Board Forward Plan (as 31st August 2020)

Appendix 3: WMCA Investment Programme Financial Summary (as at 31st July 2020)

Appendix 4: Investment Programme Commitments (as at 31st August 2020)

Appendix 5: Investment Programme Dashboard Report (as at 31st August 2020) – separate attachment)

APPENDIX 1 : WMCA Investment Programme Funding Summary (as at 31st July 2020)

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	288,050	-	154,649	-	71,017	-	-	40,549	-	-	-	10,921	148,545	713,730	
	Sprint Programme	217,448	-	35,000	-	23,254	-	41,494	6,696	-	-	-	322	10,300	334,515	
	Rail Programme	162,674	-	25,000	-	-	-	-	-	-	-	-	11,643	13,698	213,015	
	Metro Programme	222,496	195,558	398,540	203,724	3,705	-	540,802	31,600	-	-	-	56,588	11,898	1,664,911	
	UK Central Infrastructure Package	288,000	-	-	-	769,954	-	-	-	-	-	-	20,129	321,602	1,399,685	
	UK Central HS2 Interchange	398,000	-	-	-	97	-	130,650	-	-	-	-	180	636	529,563	
	Curzon Street Station Masterplan	-	-	-	553,848	-	-	-	-	-	-	-	-	-	553,848	
	National College for High Speed Rail	-	-	-	-	-	-	-	7,056	-	-	-	-	-	18,497	25,553
	High Speed Supply Chain & Business Support	-	-	-	-	-	-	-	-	350,000	-	-	-	-	-	350,000
SUB TOTAL HS2 GROWTH STRATEGY		1,576,668	195,558	613,189	757,572	868,027	-	712,946	85,900	350,000	-	-	99,783	525,176	5,784,820	
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,955	-	-	-	-	-	-	-	-	-	-	194,449	-	344,404	
	Innovation Programme	50,000	-	-	-	121,955	-	-	500	-	-	-	-	22,545	195,000	
	Land Reclamation and Remediation	200,000	-	-	-	-	-	-	-	-	-	-	-	-	200,000	
	Commonwealth Games 2022	25,000	-	-	-	-	-	-	20,000	-	-	-	10,000	17,534	72,534	
	Employment, Education & Skills	20,000	-	-	-	-	-	-	-	-	-	-	-	-	20,000	
	Collective Investment Fund	-	-	-	-	-	-	-	-	-	-	1,000,000	-	-	1,000,000	
	Devolved Transport Investment	-	-	-	-	-	429,000	-	-	-	870,000	-	-	-	1,299,000	
	EZ Expansion Excluding Curzon Street	-	-	-	20,000	-	-	-	-	-	-	-	-	-	20,000	
Grand Total		2,021,622	195,558	613,189	777,572	989,982	429,000	712,946	106,400	350,000	870,000	1,000,000	304,232	565,255	8,935,757	

APPENDIX 2: WMCA Investment Programme – Investment Board Forward Plan

		2020		2020		2020		2020		2021	
Board	Date	September	Date	October	Date	November	Date	December	Date	January	
TAP	2nd	OBC - Cov UKC+ Coventry North: M6 J3	7th	OBC - Cov UKC+ A46 Link Road P2	4th	OBC - Rail Sutton Coldfield Gateway	9th	FBC - UKC Birmingham International Station			
		OBC - Cov UKC+ Coventry North: Keresley Link Road		FBC - Rail P2		OBC - Cov UKC+ Tile Hill Station Improvements					
		FBC - UKC Interchange - Undertrace Utility Crossings (UTX) - Desktop Appraisal									
		SOC - UKC Interchange - Strategy and Planning									
		FBC - Rail P1									
IAG	7th		5th	OBC - Cov UKC+ Coventry North: M6 J3	2nd	OBC - Cov UKC+ A46 Link Road P2	7th	OBC - Rail Sutton Coldfield Gateway		FBC - UKC Birmingham International Station	
				OBC - Cov UKC+ Coventry North: Keresley Link Road		FBC - Rail P2		OBC - Cov UKC+ Tile Hill Station Improvements			
				FBC - UKC Interchange - Undertrace Utility Crossings (UTX) - Desktop Appraisal							
				SOC - UKC Interchange - Strategy and Planning							
		FBC - Rail P1									
SLT	16th		21st	OBC - Cov UKC+ Coventry North: M6 J3	18th	OBC - Cov UKC+ A46 Link Road P2	16th	OBC - Rail Sutton Coldfield Gateway		FBC - UKC Birmingham International Station	
				OBC - Cov UKC+ Coventry North: Keresley Link Road		FBC - Rail P2		OBC - Cov UKC+ Tile Hill Station Improvements			
				FBC - UKC Interchange - Undertrace Utility Crossings (UTX) - Desktop Appraisal							
				SOC - UKC Interchange - Strategy and Planning							
		FBC - Rail P1									
Investment Board	21st		19th		9th	OBC - Cov UKC+ Coventry North: M6 J3	14th	West Midlands Innovation Programme - Phase 1 update (TBC)	11th	OBC - Rail Sutton Coldfield Gateway	
				OBC - Cov UKC+ Coventry North: Keresley Link Road		OBC - Cov UKC+ A46 Link Road P2					
				FBC - UKC Interchange - Undertrace Utility Crossings (UTX) - Desktop Appraisal		FBC - Rail P2					
		FBC - Rail P1									
WMCA Board				No Meeting		FBC - Perry Barr Rail Station and Bus Interchange (Non-IP)		OBC - Cov UKC+ A46 Link Road P2		FBC - UKC Interchange - Undertrace Utility Crossings (UTX)	
						FBC - Rail P1					
						OBC - Cov UKC+ Tile Hill Station				FBC - Rail P2	

APPENDIX 3: WMCA Investment Programme Financial Summary (as at 31st July 2020)

WMCA Investment Programme Financial Summary

Period Ending 31st July 2020

PROGRAMME	2020 / 2021 YEAR TO DATE			2020 / 2021 FULL YEAR			COST TO COMPLETION					
	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR PERIOD SPEND	2020/21 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	13,896	36,654	22,758	113,191	106,618	6,573	61,277	106,618	545,835	713,730	704,851	(8,879)
SPRINT PROGRAMME	6,802	13,928	7,127	54,302	54,125	177	12,287	54,125	268,103	334,515	334,515	-
RAIL PROGRAMME	1,774	2,074	299	13,238	8,621	4,618	8,050	8,621	196,344	213,015	213,015	-
METRO PROGRAMME	25,121	39,597	14,476	123,634	107,158	16,476	275,784	107,158	1,281,969	1,664,911	1,664,639	(272)
UK CENTRAL INFRASTRUCTURE PACKAGE	2,210	39,261	37,051	117,784	27,799	89,985	18,299	27,799	1,353,586	1,399,685	1,386,688	(12,997)
UK CENTRAL HS2 INTERCHANGE	4,040	10,673	6,633	74,870	76,270	(1,400)	17,395	76,270	435,898	529,563	529,563	-
CURZON STREET STATION MASTERPLAN	1,723	1,723	-	5,169	5,169	-	7,059	5,169	541,620	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	55,567	143,911	88,344	502,188	385,760	116,428	436,975	385,760	4,962,085	5,784,820	5,762,671	(22,149)
COVENTRY CITY CENTRE SOUTH REGENERATION	3,051	2,804	(246)	19,864	20,544	(680)	27,854	20,544	296,006	344,404	342,938	(1,466)
INNOVATION PROGRAMME	2,810	4,920	2,109	14,601	11,506	3,095	11,703	11,506	171,791	195,000	195,000	-
LAND RECLAMATION AND REMEDIATION	1,421	11,681	10,261	49,727	20,111	29,616	36,708	20,111	143,182	200,000	200,000	-
COMMONWEALTH GAMES 2022	-	12,481	12,481	37,442	37,442	-	-	37,442	35,092	72,534	72,534	-
EMPLOYMENT, EDUCATION & SKILLS	57	148	91	444	444	(0)	283	444	19,273	20,000	20,000	-
COLLECTIVE INVESTMENT FUND	6,955	9,278	2,323	54,307	46,270	8,037	43,949	46,270	909,781	1,000,000	1,000,000	-
DEVOLVED TRANSPORT INVESTMENT	-	-	-	-	-	-	-	-	1,299,000	1,299,000	1,299,000	-
EZ EXPANSION EXCLUDING CURZON STREET	-	-	-	-	-	-	-	-	20,000	20,000	20,000	-
OTHER INVESTMENT PROGRAMME SCHEMES	14,294	41,312	27,018	176,384	136,317	40,068	120,496	136,317	2,894,124	3,150,937	3,149,472	(1,466)
GRAND TOTAL	69,861	185,222	115,361	678,573	522,077	156,496	557,471	522,077	7,856,209	8,935,757	8,912,143	(23,615)

WMCA Investment Programme Financial Commentary

Period Ending 31st July 2020

In respect of full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2020/21 programme baseline. The project budgets for the Sprint A34 Walsall to Birmingham, Sprint A45 Birmingham to Airport & Solihull and Metro Birmingham Eastside Extension schemes have been revised, as approved by the WMCA Board on 14 February 2020. In quarter 1 of 2019/20, the UK Central HS2 Interchange programme was revised in respect of the HS2 Parallel Design process. A change request was submitted through the WMCA assurance framework and approved in July 2019. The budget has been adjusted to reflect the revised UK Central HS2 Interchange programme.

The cost to completion against UK Central Interchange remains red status due to the reduced funding gap of circa £131 million against the Birmingham International Station redevelopment project.

The Sprint programme is red status because of the A34 Walsall to Birmingham and A45 Birmingham to Airport & Solihull projects, for which discussions to confirm the funding package for the second delivery phase of these projects are continuing.

At the WMCA Board meeting on 8th November 2019, the WMCA Board agreed to hold Investment Programme approvals at the current affordable limit of £801 million. As a consequence, programmes that are funded from the Investment Programme beyond the current affordable limit are amber status.

For 2020/21, the year to date variance of £115.4 million compared with the 2020/21 programme baseline primarily comprises:

*Coventry UKC Plus variance of £22.8 million, including Coventry Station Masterplan (£10.6 million) and Coventry Very Light Rail (£4.9 million);

*Metro programme variance of £14.5 million, including Birmingham Eastside Extension (£6.8 million) and Wednesbury to Brierley Hill (£6.5 million);

*UK Central Infrastructure Package variance of £37.1 million, across a wide array of projects within the programme.

The above variances are not considered to have an impact on the overall delivery of the projects.

Appendix 4: Investment Programme Commitments (as at 31st August 2020)

£m	Total Expected Approvals	Approved Commitments	Actual Spend
UK Central HS2 Interchange	398.0	60.0	20.5
UK Central Infrastructure Package	288.0	34.2	12.3
Sprint Programme	217.4	47.0	9.5
Rail Programme	162.7	18.0	9.7
Metro Programme	119.8	119.8	83.0
Coventry Station Masterplan (CSMP)	39.4	39.4	-
Coventry City of Culture Trust (2021)	4.0	4.0	1.8
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	6.2
Coventry North Package	21.6	0.2	0.1
Coventry South Package	136.5	7.4	0.3
Wednesbury to Brierley Hill Metro Extension	103.0	103.0	-
Coventry UKC Plus - UK City of Culture 2021 Regeneration	31.6	31.6	4.9
SUB TOTAL HS2 GROWTH STRATEGY	1,577.0	476.8	148.4
Coventry City Centre South Regeneration	150.0	150.0	14.7
Innovation Programme	50.0	12.5	5.1
Land Reclamation and Remediation	200.0	103.0	38.1
Commonwealth Games 2022	25.0	25.0	-
Employment, Education & Skills	20.0	1.3	0.3
OTHER INVESTMENT PROGRAMME	445.0	291.8	58.3
TOTAL	2,022.0	768.7	206.7