



West Midlands
Combined Authority

WMCA Investment Board

Date	19th October 2020
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. 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 20th April 2020. This set out an enhanced role supporting decision-making, greater post approval controls, performance management and effective delivery of monitoring & evaluation requirements.
- 2.3 The 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 programme 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 24th July 2020.

3 Investment Programme Assurance Summary

- 3.1 An analysis of the overall West Midlands Investment Programme is shown at Appendix 1.
- 3.2 Approved funding from the WMCA Investment Programme for programmes totals £776.7 million as at 30th September 2020 (£768.7 million was at 31st August 2020).
- 3.3 Investment Programme funding actually drawn / incurred by projects against these funding commitments as at 31st August 2020 totals £212.9 million.
- 3.4 Since the last report, the following business cases have been approved:
- UK Central HS2 Interchange - Arden Cross Multi-Storey Car Park (OBC): £5.42 million;
 - Commonwealth Games 2022 – Tourism, Trade and Investment Programme: £2.6 million; and
 - Change request regarding the allocation of indirect costs of UK Central Infrastructure Programme Phase 1 & 2. It should be noted that no further monies have been requested, but changes to project costs and completion dates are expected.
- 3.5 Appendix 3 details the commitments made against the Investment Programme to the end of September 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 within 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 The SQW report is due imminently, with a verbal update to be received at the October Board.

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.

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 August results are shown at Appendix 2.
- 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 £148.0 million compared with the 2020/21 programme baseline primarily comprises:
- Coventry UKC Plus variance of £27.1 million, including Coventry Station Masterplan (£12.3 million) and Coventry Very Light Rail (£5.1 million);
 - Metro programme variance of £19.1 million, including Birmingham Eastside Extension (£8.7 million) and Wednesbury to Brierley Hill Extension (£8.4 million); and
 - UK Central Infrastructure Package variance of £46.3 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 4). 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 with the original business case or funding documentation where this supersedes the business case.
- 7.3 There are 61 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 four 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 July 2019 and Change request expected. Continuing drawdowns in the interim.

Coventry City Centre South – Update received at September Board. Expiry in September 2024 and change request expected in due course. Planning application for the redesigned scheme planned for October 2020, with build out of scheme planned to commence during the summer of 2023

A46 Link Road Phase 1 – Future expiry October 2020. A forecast completion date has been provided by the delivery lead (currently it is 30th November 2021).

UKC Interchange Strategy: Utilities, Land Value, Car Parking – Expiry at March 2020 and a change request expected,

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 August 2020)

Appendix 2: WMCA Investment Programme Financial Summary (as at 31st August 2020)

Appendix 3: Investment Programme Commitments (as at 30th September 2020)

Appendix 4: Investment Programme Dashboard Report (as at 30th September 2020) – separate attachment)

APPENDIX 1 : WMCA Investment Programme Funding Summary (as at 31st August 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	-	154,648	-	71,017	-	-	40,548	-	-	-	10,920	148,545	713,729
	Sprint Programme	217,406	-	35,000	-	23,254	-	41,494	6,696	-	-	-	322	10,300	334,472
	Rail Programme	160,074	-	25,000	-	-	-	-	-	-	-	-	11,643	13,698	210,415
	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	-	-	-	769,056	-	-	-	-	-	-	20,125	321,602	1,398,783
	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		1,574,026	195,558	613,189	757,572	867,129	-	712,946	85,900	350,000	-	-	99,779	525,176	5,781,274
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,955	-	-	-	-	-	-	-	-	-	-	194,417	-	344,372
	Innovation Programme	50,000	-	-	-	121,955	-	-	500	-	-	-	-	22,545	195,000
	Land Reclamation and Remediation	200,000	-	-	-	-	-	-	-	-	-	-	-	-	200,000
	Commonwealth Games 2022	27,600	-	-	-	-	-	-	20,000	-	-	-	10,000	38,834	96,434
	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		2,021,581	195,558	613,189	777,572	989,084	429,000	712,946	106,400	350,000	870,000	1,000,000	304,195	586,555	8,956,080

APPENDIX 2: WMCA Investment Programme Financial Summary (as at 31st August 2020)

WMCA Investment Programme Financial Summary

Period Ending 31st August 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	18,313	45,380	27,067	113,191	101,037	12,155	61,277	101,037	551,415	713,729	704,851	(8,878)
SPRINT PROGRAMME	7,441	16,687	9,246	54,302	50,341	3,962	12,287	50,341	271,845	334,472	334,515	42
RAIL PROGRAMME	2,472	5,420	2,949	13,238	8,621	4,618	8,050	8,621	193,744	210,415	213,015	2,600
METRO PROGRAMME	30,409	49,497	19,087	123,634	107,158	16,476	275,784	107,158	1,281,969	1,664,911	1,664,639	(272)
UK CENTRAL INFRASTRUCTURE PACKAGE	2,764	49,077	46,312	117,784	27,101	90,683	18,299	27,101	1,353,383	1,398,783	1,386,688	(12,095)
UK CENTRAL HS2 INTERCHANGE	4,671	13,342	8,670	74,870	76,270	(1,400)	17,395	76,270	435,898	529,563	529,563	-
CURZON STREET STATION MASTERPLAN	2,154	2,154	-	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	68,224	181,556	113,332	502,188	375,696	126,493	436,975	375,696	4,968,603	5,781,274	5,762,671	(18,603)
COVENTRY CITY CENTRE SOUTH REGENERATION	3,351	3,711	360	19,864	20,439	(575)	27,854	20,439	296,079	344,372	342,938	(1,434)
INNOVATION PROGRAMME	3,146	6,130	2,983	14,601	11,343	3,258	11,703	11,343	171,954	195,000	195,000	-
LAND RECLAMATION AND REMEDIATION	1,881	15,585	13,704	49,727	16,629	33,098	36,708	16,629	146,663	200,000	200,000	-
COMMONWEALTH GAMES 2022	2,187	15,601	13,414	37,442	38,399	(957)	-	38,399	58,035	96,434	72,534	(23,900)
EMPLOYMENT, EDUCATION & SKILLS	93	185	92	444	445	(1)	283	445	19,273	20,000	20,000	-
COLLECTIVE INVESTMENT FUND	8,338	12,438	4,100	54,307	43,104	11,203	43,949	43,104	912,947	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	18,996	53,650	34,653	176,384	130,359	46,026	120,496	130,359	2,923,951	3,174,806	3,149,472	(25,334)
GRAND TOTAL	87,220	235,206	147,986	678,573	506,054	172,518	557,471	506,054	7,892,554	8,956,080	8,912,143	(43,937)

WMCA Investment Programme Financial Commentary

Period Ending 31st August 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 £148.0 million compared with the 2020/21 programme baseline primarily comprises:

*Coventry UKC Plus variance of £27.1 million, including Coventry Station Masterplan (£12.3 million) and Coventry Very Light Rail (£5.1 million);

*Metro programme variance of £19.1 million, including Birmingham Eastside Extension (£8.7 million) and Wednesbury to Brierley Hill (£8.4 million);

*UK Central Infrastructure Package variance of £46.3 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 3: Investment Programme Commitments (as at 30th September 2020)

£m	Total Expected Approvals	Approved Commitments	Actual Spend
UK Central HS2 Interchange	398.0	65.4	21.2
UK Central Infrastructure Package	288.0	34.2	12.8
Sprint Programme	217.4	47.0	9.7
Rail Programme	160.1	18.0	10.4
Metro Programme	119.8	119.8	83.5
Coventry Station Masterplan (CSMP)	39.4	39.4	-
Coventry City of Culture Trust (2021)	4.0	4.0	1.9
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	6.4
Coventry North Package	21.6	0.2	0.2
Coventry South Package	136.5	7.4	0.3
Wednesbury to Brierley Hill Metro Extension	103.0	103.0	0.0
Coventry UKC Plus - UK City of Culture 2021 Regeneration	31.6	31.6	7.4
SUB TOTAL HS2 GROWTH STRATEGY	1,574.4	482.3	153.9
Coventry City Centre South Regeneration	150.0	150.0	15.0
Innovation Programme	50.0	12.5	5.1
Land Reclamation and Remediation	200.0	103.0	38.6
Commonwealth Games 2022	27.6	27.6	-
Employment, Education & Skills	20.0	1.3	0.4
OTHER INVESTMENT PROGRAMME	447.6	294.4	59.0
TOTAL	2,022.0	776.7	212.9