



West Midlands
Combined Authority

WMCA Investment Board

Date	22 nd March 2021
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.
- 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 £795.3 million as at 28th February 2021 (£795.3 million as at 31st January 2021).
- 3.3 Investment Programme funding actually drawn / incurred by projects against these funding commitments as at 31st January 2021 totals £265.3 million.
- 3.4 Since the last report, no new business cases have been approved.
- 3.5 Appendix 3 details the commitments made against the Investment Programme to the end of February 2021.

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 SQW were commissioned by MHCLG to review a selection of projects within the Investment Programme and produce an evaluation report.
- 4.3 SQW have concluded their interviews with stakeholders and report. At the 9th November Investment Board, the SQW report was presented and the complementary report prepared by WMCA was approved.
- 4.4 Following the submission of the reports, WMCA officers were invited to a Gateway Review meeting held on 20th January 2021, chaired by HMG. At this meeting, WMCA officers were given the opportunity to respond to queries, discuss achievements/progress within the gateway period and consider future opportunities.
- 4.5 A ministerial decision is expected before April 2021. WMCA Officers will continue to keep Investment Board informed.

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 WMCA finance directors and MET leaders are presently reviewing the current affordable limit. This review takes into account the latest trends in respect of interest rates and project spend profiles. An update will be provided to Investment Board at a future meeting.

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 January 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 Prior period spend and current year forecasts for the UK Central Infrastructure programme have been revised based upon updates provided by Highways England in respect of the M42 Junction 6 Improvements project. This project is being delivered and funded as part of the National Highways England Programme.
- 6.5 The forecast spend for 2020/21 takes into account the re-profiling of expenditure in response to COVID-19, which is 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 is attached separately (Appendix 4).
- 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 74 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 Nine 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 –Expired July 2019 and a draft Change Request has now been received by Strategic Hub to pass through the Assurance Process. Requesting a new expiry of December 2025 with no increase to financial commitment. Continuing drawdowns in the interim.
 - UKC Interchange Strategy: Utilities, Land Value, Car Parking – Expired March 2020. A change request has been received by Strategic Hub to pass through the Assurance Process. Requesting a new expiry of July 2021 with no increase to financial commitment.
 - 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 submitted 30th November. Change Request expected in early 2021 to deal with any necessary variations.
 - Metro Wolverhampton Interchange – The scheme is comprised of two projects: Wolverhampton Interchange and Metro Wolverhampton City Centre Extension. Project Sponsor indicating a target completion date of 9th September 2021. Extension of time request to be submitted to Strategic Hub.
 - UKC Infrastructure – there are five schemes which expired between November 2020 and December 2020. The project sponsor has indicated the schemes are facing delays due to COVID-19 and will submit individual extension of time requests in March 2021. No increase to financial commitment anticipated.
 - Birmingham Business Park Southern Access
 - UKC Hub Access and Transport Modelling Programme
 - Solihull Town Centre - Development & Investment
 - Accelerated Housing Delivery - Utilising Solihull Assets
 - Low Carbon Future Mobility

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 January 2021)

Appendix 2: WMCA Investment Programme Financial Summary (as at 31st January 2021)

Appendix 3: WMCA Investment Programme Spend Profile (as at 31st January 2021)

Appendix 4: Investment Programme Commitments (as at 28th February 2021)

Appendix 5: Investment Programme Dashboard Report (as at 31st January 2021 – separate attachment)

APPENDIX 1: WMCA Investment Programme Funding Summary (as at 31st January 2021)

Portfolio £000		WMCA Investment Programme	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	287,950	-	149,648	-	71,117	-	-	40,548	-	-	-	13,188	148,839	711,291	
	Sprint Programme	217,406	-	35,000	-	23,037	-	41,494	6,696	-	-	-	322	10,300	334,254	
	Rail Programme	160,119	-	79,480	-	-	-	-	-	-	-	-	6,920	13,500	260,019	
	Metro Programme	222,830	195,600	397,040	203,724	3,858	-	540,802	31,600	-	-	-	56,483	11,898	1,663,835	
	UK Central Infrastructure Package	288,000	-	-	-	764,676	-	-	-	-	-	-	13,379	318,480	1,384,534	
	UK Central HS2 Interchange	398,000	-	-	-	97	-	130,650	460	-	-	-	180	636	530,023	
	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		1,574,304	195,600	661,168	757,572	862,785	-	712,946	86,360	350,000	-	-	90,472	522,150	5,813,357	
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,955	-	-	-	-	-	-	-	-	-	-	179,823	-	329,778	
	Innovation Programme	50,000	-	-	-	119,658	-	-	2,500	-	-	-	-	22,842	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	
	Tourism, Trade & Investment Programme	2,600	-	-	-	-	-	-	-	-	-	-	-	21,348	23,948	
	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		2,021,857	195,600	661,168	777,572	982,443	429,000	712,946	108,860	350,000	870,000	1,000,000	280,296	583,874	8,973,616	

APPENDIX 2: WMCA Investment Programme Financial Summary (as at 31st January 2021)

WMCA Investment Programme Financial Summary

Period Ending 31st January 2021

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 EXPECTED BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
COVENTRY UKC PLUS	47,370	91,360	43,990	113,191	71,396	41,795	61,277	71,396	578,618	711,291	704,851	(6,440)
SPRINT PROGRAMME	13,748	39,814	26,065	54,302	20,180	34,122	12,287	20,180	301,787	334,254	334,515	260
RAIL PROGRAMME	4,843	10,377	5,533	13,238	7,000	6,238	8,050	7,000	244,969	260,019	213,015	(47,004)
METRO PROGRAMME	65,522	98,993	33,471	123,634	86,721	36,913	275,784	86,721	1,301,330	1,663,835	1,664,639	804
UK CENTRAL INFRASTRUCTURE PACKAGE	8,191	98,153	89,963	117,784	37,097	80,687	44,299	37,097	1,303,137	1,384,534	1,386,688	2,154
UK CENTRAL HS2 INTERCHANGE	8,512	55,250	46,738	74,870	14,052	60,818	17,396	14,052	498,575	530,023	529,563	(461)
CURZON STREET STATION MASTERPLAN	4,083	4,308	225	5,169	4,899	270	7,059	4,899	541,890	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	152,269	398,254	245,986	502,188	241,345	260,843	462,975	241,345	5,109,037	5,813,357	5,762,671	(50,686)
COVENTRY CITY CENTRE SOUTH REGENERATION	7,675	15,466	7,792	19,864	12,484	7,380	27,854	12,484	289,440	329,778	342,938	13,160
INNOVATION PROGRAMME	8,392	12,180	3,788	14,601	12,336	2,264	11,703	12,336	170,960	195,000	195,000	-
LAND RECLAMATION AND REMEDIATION	3,964	37,303	33,340	49,727	6,548	43,178	36,708	6,548	156,744	200,000	200,000	-
COMMONWEALTH GAMES 2022	19,347	31,202	11,855	37,442	38,442	(1,000)	-	38,442	34,092	72,534	72,534	-
EMPLOYMENT, EDUCATION & SKILLS	275	370	95	444	346	98	283	346	19,371	20,000	20,000	-
TOURISM, TRADE AND INVESTMENT PROGRAMME	639	-	(639)	-	1,695	(1,695)	-	1,695	22,253	23,948	-	(23,948)
COLLECTIVE INVESTMENT FUND	14,216	39,572	25,356	54,307	23,118	31,189	43,949	23,118	932,933	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	54,507	136,094	81,587	176,384	94,970	81,414	120,496	94,970	2,944,793	3,160,259	3,149,472	(10,788)
GRAND TOTAL	206,776	534,349	327,573	678,573	336,315	342,257	583,472	336,315	8,053,829	8,973,616	8,912,143	(61,474)

WMCA Investment Programme Financial Commentary

Period Ending 31st January 2021

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.

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.

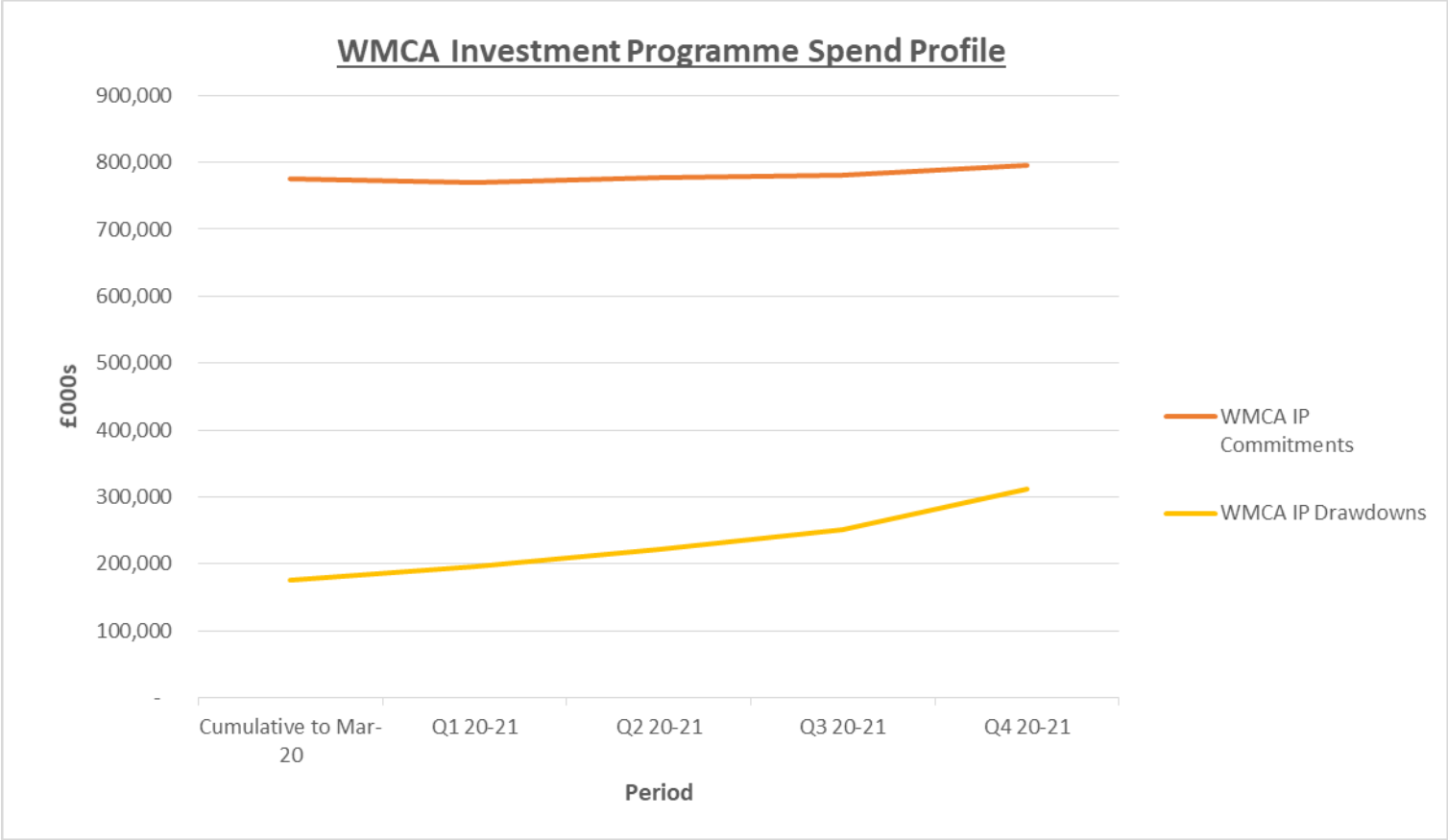
The Sprint programme is red status because of the A34 Walsall to Birmingham and A45 Birmingham to Airport & Solihull projects, for which discussions to confirm the funding package for the second delivery phase of these projects are continuing.

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.

Prior period spend and current year forecasts for the UK Central Infrastructure programme have been revised based upon updates provided by Highways England in respect of the M42 Junction 6 Improvements project. This project is being delivered and funded as part of the National Highways England Programme.

The forecast spend for 2020/21 takes into account the re-profiling of expenditure in response to COVID-19, which is not considered to have an impact on the overall delivery of the projects.

APPENDIX 3: WMCA Investment Programme Spend Profile (January 2021)



Appendix 4: Investment Programme Commitments (as at 28th February 2021)

£m	Total Expected Approvals	Approved Commitments	Actual Spend
UK Central HS2 Interchange	398.0	65.4	25.0
UK Central Infrastructure Package	288.0	34.2	15.8
Sprint Programme	217.4	47.0	11.7
Rail Programme	160.1	33.0	12.8
Metro Programme	119.8	119.8	92.3
Coventry Station Masterplan (CSMP)	39.4	39.4	10.7
Coventry City of Culture Trust (2021)	4.0	4.0	2.6
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	8.9
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	16.3
SUB TOTAL HS2 GROWTH STRATEGY	1,574.4	497.3	196.4
Coventry City Centre South Regeneration	150.0	150.0	19.2
Innovation Programme	50.0	16.1	8.0
Land Reclamation and Remediation	200.0	103.0	41.1
Commonwealth Games 2022	25.0	25.0	0.0
Employment, Education & Skills	20.0	1.3	0.6
Tourism, Trade and Investment Programme	2.6	2.6	0.0
OTHER INVESTMENT PROGRAMME	447.6	298.0	68.9
TOTAL	2,022.0	795.3	265.3