



West Midlands  
Combined Authority

## WMCA Investment Board

<b>Date</b>	19th July 2021
<b>Report title</b>	Investment Programme Update
<b>Portfolio Lead</b>	Councillor Bob Sleigh - Finance & Investments
<b>Accountable Chief Executive</b>	Laura Shoaf Email: <a href="mailto:Laura.Shoaf@wmca.org.uk">Laura.Shoaf@wmca.org.uk</a> Tel 0121 214 7444
<b>Accountable Employee</b>	Ian Martin Email: <a href="mailto:Ian.Martin@wmca.org.uk">Ian.Martin@wmca.org.uk</a> Tel 0121 214 7926
<b>Report has been considered by</b>	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 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 £833.3 million as at 30th June 2021 (£834.9 million as at 31st March 2021) with proposals for WM Co-invest and the CoW Tech scheme in Wolverhampton due to be presented to WMCA Board for approval on 23 July 2021.
- 3.3 These commitment values above exclude the provisional 'ear-marked' allocations agreed by WMCA Board in March 2021. Commitments for some of these ear-marked items will be confirmed via the approval of further reports to WMCA Board.
- 3.4 Investment Programme funding actually drawn / incurred by projects against these funding commitments as at 31st March 2021 provisionally totals £307.6 million.
- 3.5 Since the last report, the following submissions have been approved:
  - Formal notification to reduce WMCA Investment Programme funding approved for Birmingham International Station by £1.00 million from £9.27 million to £8.27 million; and
  - Formal notification to reduce WMCA Investment Programme funding approved for Roundabout Over-Trace by £1.37 million, from £19.95 million to £18.58 million
- 3.6 Appendix 4 details the commitments made against the Investment Programme to the end of June 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 was the fifth and final year of the first gateway review period.
- 4.2 In May 2021, WMCA received the sixth instalment of the Gainshare Grant, indicating that WMCA have successfully passed the first gateway review period.
- 4.3 The passing of the first gateway period now guarantees £36.5m payment to WMCA for the five years until the next HM Treasury Gateway review in 2026.

## **5 Investment Programme Funding**

- 5.1 At the WMCA Board meeting on 19th March 2021, the WMCA Board approved an increase to the current Investment Programme affordable limit of £70 million, from £801 million to £871 million.
- 5.2 This is presently the limit whilst arrangements to secure additional funding into WMCA are developed and delivered.
- 5.3 Consequently, programmes that are funded from the Investment Programme beyond the current affordable limit of £871 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 In respect of full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2021/22 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.
- 6.2 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.
- 6.3 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.
- 6.4 Commentary concerning specific programme level variances is provided below:

*Metro Programme (£6.2m):*

  - The variance observed relates to the Wednesbury to Brierley Hill, Birmingham Eastside Extension and Wolverhampton City Centre Extension projects.

- For Wednesbury to Brierley Hill, the timing of payments related to the Victoria Steelworks (£1.98m) makes up most of the variance for this project. An additional £1.14m of variance relates to Special Tools and Capital Spares, which are now expected to arrive by the end of June 21.
- In respect of Birmingham Eastside Extension, a YTD variance of approximately £2.1m has arisen with budget due to the rescheduling of a subway closure. Consequently, the Section 1 works for this project have not commenced as initially planned.
- Finally, the acquisition of Pipers Row Car Park for the Wolverhampton Interchange programme has been re-timed. The contracts for the acquisition are being finalised and are expected to be signed imminently.

*Coventry UKC Plus (£5.0m):*

- The YTD variance observed has primarily resulted from the A46 Link Road Phase 1 project. The overall outputs are not expected to be affected by the variance.

## **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 76 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 Thirteen 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. Strategic Hub are awaiting an updated Change Request to extend the completion date to December 20225. 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 submitted 30th November and now approved. The Developer is starting marketing to attract a Funder. Change Request expected in 2021 to deal with any necessary variations.
  - UKC Infrastructure – there are eleven schemes which are listed as RED status. The Project Sponsor has submitted a change request to WMCA Strategic Hub, requesting an extension of time. The project sponsor has indicated the schemes are facing delays due to COVID-19. No increase to financial commitment anticipated.
    - Solihull Town Centre Access Improvements
    - Birmingham Business Park Southern Access
    - Solihull Town Centre Public Realm Improvement scheme
    - Chelmsley Wood Town Centre
    - Walking, Cycling & Green Infrastructure Investment Programme
    - Solihull Station Integrated Transport Hub
    - UKC Hub Access and Transport Modelling Programme
    - Solihull Town Centre - Development & Investment
    - Accelerated Housing Delivery - Utilising Solihull Assets
    - Low Carbon Future Mobility
    - UK Central Infrastructure - Local Strategic Network Resilience: Connectivity and Enhancements Programme

## **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 May 2021)

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

Appendix 3: Investment Programme Commitments (as at 30th June 2021)

Appendix 4: Investment Programme Dashboard Report (as at 30th June 2021– separate attachment)

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

Portfolio £000		WMCA (Grant)	WMCA (Prudential Borrowing)	DfT	EZ	Private Sector	TBC	LGF	MHCLG	Highways England	Network Rail	CIF	Local Authority	Other	Grand Total
HS2 Growth Strategy	Coventry UKC Plus	288,045	-	149,650	-	71,017	350	40,548	35,130	65,000	-	-	13,267	48,954	711,961
	Sprint Programme	217,406	-	35,000	-	23,037	41,494	6,696	3,100	-	-	-	322	7,200	334,254
	Rail Programme	114,231	-	59,000	-	-	-	1,600	14,200	-	13,535	-	12,521	-	215,087
	Metro Programme	222,829	195,600	397,040	203,746	3,836	540,802	31,600	-	-	-	-	56,483	11,898	1,663,835
	UK Central Infrastructure Package	288,000	-	-	-	750,579	-	-	-	-	-	-	24,642	323,668	1,386,888
	UK Central HS2 Interchange	398,000	-	-	-	97	133,150	460	-	-	-	-	180	636	532,523
<b>SUB TOTAL HS2 GROWTH STRATEGY</b>		<b>1,528,511</b>	<b>195,600</b>	<b>640,690</b>	<b>203,746</b>	<b>848,565</b>	<b>715,797</b>	<b>80,904</b>	<b>52,430</b>	<b>65,000</b>	<b>13,535</b>	<b>-</b>	<b>107,415</b>	<b>392,355</b>	<b>4,844,548</b>
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,964	-	-	-	-	-	-	-	-	-	-	183,826	-	333,790
	Innovation Programme	49,996	-	-	-	119,690	-	2,750	-	-	-	-	-	22,560	194,995
	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 and Investment Programme	2,600	-	-	-	-	-	-	-	-	-	-	-	21,348	23,948
	Coventry Electric Bus City	5,000	-	50,000	-	78,400	-	-	-	-	-	-	6,100	-	139,500
	Regional Recovery & Risks	41,250	12,500	-	-	-	-	-	-	-	-	-	-	-	53,750
Collective Investment Fund	-	-	-	-	-	-	-	-	-	-	-	1,000,000	-	1,000,000	
<b>Grand Total</b>		<b>2,022,320</b>	<b>208,100</b>	<b>690,690</b>	<b>203,746</b>	<b>1,046,655</b>	<b>715,797</b>	<b>103,654</b>	<b>52,430</b>	<b>65,000</b>	<b>13,535</b>	<b>1,000,000</b>	<b>307,341</b>	<b>453,798</b>	<b>6,883,066</b>

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

PROGRAMME	2021 / 2022 YEAR TO DATE			2021 / 2022 FULL YEAR			COST TO COMPLETION					
	BUDGET	ACTUAL	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR PERIOD	2021 / 2022	FUTURE YEARS	TOTAL	TOTAL	VARIANCE
	£000	£000	£000	£000	£000	£000	SPEND	ACTUAL	FORECAST	FORECAST	EXPECTED	£000
							£000	£000	£000	OUTTURN	BUDGET	£000
COVENTRY UKC PLUS	13,464	8,458	5,006	73,859	69,953	3,905	129,607	69,953	512,401	711,961	711,862	(98)
SPRINT PROGRAMME	5,967	3,360	2,607	66,844	63,435	3,408	30,376	63,435	240,443	334,254	334,254	(0)
RAIL PROGRAMME	3,828	2,952	876	41,158	37,348	3,810	23,188	37,348	154,552	215,087	215,087	-
METRO PROGRAMME	17,142	10,937	6,205	173,073	169,889	3,184	359,111	169,889	1,134,835	1,663,835	1,663,835	0
UK CENTRAL INFRASTRUCTURE PACKAGE	1,909	53	1,856	61,747	53,693	8,054	80,741	53,693	1,252,454	1,386,888	1,385,742	(1,146)
UK CENTRAL HS2 INTERCHANGE	1,510	669	841	19,450	19,611	(160)	27,484	19,611	485,429	532,523	530,023	(2,500)
<b>HS2 GROWTH STRATEGY TOTAL</b>	<b>43,821</b>	<b>26,430</b>	<b>17,391</b>	<b>436,131</b>	<b>413,929</b>	<b>22,201</b>	<b>650,507</b>	<b>413,929</b>	<b>3,780,112</b>	<b>4,844,548</b>	<b>4,840,804</b>	<b>(3,744)</b>
COVENTRY CITY CENTRE SOUTH REGENERATION	346	62	284	26,000	30,567	(4,567)	37,675	30,567	265,548	333,790	329,851	(3,939)
INNOVATION PROGRAMME	1,854	1,854	-	13,037	13,037	-	25,586	13,037	156,372	194,995	194,995	-
LAND RECLAMATION AND REMEDIATION	1,688	829	858	20,874	20,877	(3)	46,018	20,877	133,105	200,000	200,000	-
COMMONWEALTH GAMES 2022	3,018	3,018	-	33,092	33,092	-	37,442	33,092	2,000	72,534	72,534	-
EMPLOYMENT, EDUCATION & SKILLS	90	90	-	340	340	-	647	340	19,013	20,000	20,000	-
TOURISM, TRADE AND INVESTMENT PROGRAMME	1,806	1,806	-	10,834	10,834	-	1,573	10,834	11,541	23,948	23,948	-
COVENTRY ELECTRIC BUS CITY	26	29	(3)	4,917	4,917	-	10	4,917	134,573	139,500	139,500	-
REGIONAL RECOVERY & RISKS	414	414	-	17,028	17,028	-	-	17,028	36,723	53,750	53,750	-
COLLECTIVE INVESTMENT FUND	3,626	3,626	-	40,479	40,479	-	60,628	40,479	898,893	1,000,000	1,000,000	-
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>	<b>12,867</b>	<b>11,727</b>	<b>1,140</b>	<b>166,600</b>	<b>171,171</b>	<b>(4,571)</b>	<b>209,579</b>	<b>171,171</b>	<b>1,657,768</b>	<b>2,038,518</b>	<b>2,034,579</b>	<b>(3,939)</b>
<b>GRAND TOTAL</b>	<b>56,688</b>	<b>38,157</b>	<b>18,531</b>	<b>602,731</b>	<b>585,100</b>	<b>17,631</b>	<b>860,085</b>	<b>585,100</b>	<b>5,437,881</b>	<b>6,883,066</b>	<b>6,875,383</b>	<b>(7,683)</b>



# WMCA Investment Programme Financial Commentary

Period Ending 31st May 2021

In respect of full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2021/22 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 19th March 2021, the WMCA Board agreed to revise the WMCA Investment Programme affordable limit from £801 million to £871m. Programmes that are funded from the Investment Programme beyond the current affordable limit are amber status.

The forecast spend for 2021/22 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.

Commentary concerning specific programme level variances is provided below:

## **Metro Programme (£6.2m)**

The variance observed relates to the Wednesbury to Brierley Hill, Birmingham Eastside Extension and Wolverhampton City Centre Extension projects.

For Wednesbury to Brierley Hill, the timing of payments related to the Victoria Steelworks (£1.98m) makes up most of the variance for this project. An additional £1.14m of variance relates to Special Tools and Capital Spares, which are now expected to arrive by the end of June 21.

In respect of Birmingham Eastside Extension, a YTD variance of approximately £2.1m has arisen with budget due to the rescheduling of a subway closure. Consequently, the Section 1 works for this project have not commenced as initially planned.

Finally, the acquisition of Pipers Row Car Park for the Wolverhampton Interchange programme has been re-timed. The contracts for the acquisition are being finalised and are expected to be signed imminently.

## **Coventry UKC Plus (£5.0m)**

The YTD variance observed has primarily resulted from the A46 Link Road Phase 1 project. The overall outputs are not expected to be affected by the variance.

Appendix 3: Investment Programme Commitments (as at 30th June 2021)

£m	Total Expected Approvals	Approved Commitments	Actual Spend (May-21)
UK Central HS2 Interchange	398.0	63.0	26.9
UK Central Infrastructure Package	288.0	34.2	18.1
Sprint Programme	217.4	47.0	13.1
Rail Programme	119.6	62.5	14.1
Metro Programme	119.8	119.8	97.3
Coventry Electric Bus City	5.0	5.0	0.0
Coventry Station Masterplan (CSMP)	39.4	39.4	22.1
Coventry City of Culture Trust (2021)	4.0	4.0	3.2
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	10.0
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	0.1
Coventry UKC Plus - UK City of Culture 2021 Regeneration	31.6	31.6	24.3
<b>SUB TOTAL HS2 GROWTH STRATEGY</b>	<b>1,538.9</b>	<b>529.4</b>	<b>229.8</b>
Coventry City Centre South Regeneration	150.0	150.0	21.3
Innovation Programme	50.0	16.1	8.9
Land Reclamation and Remediation	200.0	103.0	46.8
Commonwealth Games 2022	25.0	25.0	0.0
Employment, Education & Skills	20.0	1.3	0.7
Tourism, Trade and Investment Programme	2.6	2.6	0.0
Regional Recovery & Risks	35.5	5.9	0.0
<b>OTHER INVESTMENT PROGRAMME</b>	<b>483.1</b>	<b>303.9</b>	<b>77.8</b>
<b>TOTAL</b>	<b>2,022.0</b>	<b>833.3</b>	<b>307.6</b>