



Investment Board

Date	20 September 2021
Report title	Investment Programme Update
Portfolio Lead	Finance - Councillor Bob Sleight
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
Accountable Employee	Ian Martin, Director of Investments & Commercial Activities email: ian.martin@wmca.org.uk
Report has been considered by	N/A

Recommendation(s) for action or decision:

The Investment Board is recommended to:

- (1) Note approval under delegated authority by WMCA Officers of the Low Carbon Future Mobility Strategic Outline Case in accordance with the Single Assurance Framework.
- (2) Note the details regarding the City Region Sustainable Transport Settlements (“CRSTS”) as outlined in Section 4.
- (3) Note the status of the Investment Programme delivery as detailed within this report.
- (4) 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 £853.7 million as at 31st August 2021 (£853.6 million as at 31st 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 July 2021 totals £339.7 million.

3.5 Since the last report, the following business cases have been approved by directors of WMCA under delegated authority.

- UK Central Infrastructure Package – Low Carbon Future Mobility (Strategic Outline Business Case) – Investment Programme funding of £0.15 million approved as an extension to the current funding of £0.35m required to take the project from SOC (Strategic Outline Business Case) stage to OBC (Outline Business Case) stage.

3.6 The funding approved for this project is consistent with the expected Investment Programme allocations for the UK Central Infrastructure Package presented to WMCA Investment Board on 29th June 2021.

3.7 Appendix 3 details the commitments made against the Investment Programme to the end of August 2021.

4 Investment Programme and Supplementary Funding

4.1 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.

4.2 This is presently the limit whilst arrangements to secure additional funding into WMCA are developed and delivered.

4.3 Previous reports to this Board have detailed that in July 2021, the Department for Transport issued guidance in respect of £4.2 billion (nationally) of new money to be made available for transport schemes through the new City Region Sustainable Transport Settlements (“CRSTS”).

4.4 The initial submission of the CRSTS programme for the West Midlands will be submitted to Government following approval to the prospectus by WMCA Board on 17 September 2021. Following this, it is expected there will be a dialogue about the strength of the bid leading to a financial settlement for the five-year period. DfT have advised the WMCA allocation will be within a specific range (between £780m and £1.28bn over five years) with the precise value expected to be confirmed in October 2021.

4.5 Thereafter, discussions and agreement will be required to confirm the most suitable programme for the region within the sums made available by DfT. It is expected that WMCA Board will also be required to approve the final programme.

4.6 It is not intended that CRSTS forms an extension to the Investment Programme, and it will operate separately. The information regarding CRSTS is provided for information only and is relevant to the paper given the potential scope to address some of the Investment Programme shortfall through use of this new fund.

4.7 A list of programmes outside the current affordable limit is provided at Appendix 4.

5 Investment Programme Delivery and Expenditure

5.1 Commentary concerning specific programme level variances is provided below:

Metro Programme (£11.5m):

- The variance observed primarily relates to the Wednesbury to Brierley Hill and, Birmingham Eastside extension projects.
- For Wednesbury to Brierley Hill, construction work has been re-phased pending approval of contract terms.
- In respect of Birmingham Eastside Extension, HS2 utilities works and land acquisition has been re-phased.

Coventry UKC Plus (£12.0m):

- The year-to-date variance observed for the Coventry UKC Plus programme has resulted from the A46 Link Road Phase 1 (£5.4m), UK City of Culture 2021 Regeneration (£1.8m), Coventry Very Light Rail (£1.8m) and Coventry Station Masterplan (£3.0m) projects.
- The Coventry Very Light Rail variance has been partially caused by issues with wiring looms, shipping and COVID-19 restrictions preventing travel for engineering staff within Q1 21-22.
- For Coventry Station Masterplan, some of the year-to-date variance is in respect of the Footbridge and Canopies work stream, affected by weather conditions and equipment availability.
- The variance of £1.8m for the UK City of Culture Regeneration project is split across 21 individual public realm and infrastructure improvement schemes throughout Coventry City Centre in preparation for UK City of Culture 2021. Work on the Screens and Digital Scheme has been postponed slightly so that the Precincts works were prioritised for the City of Culture Start date.
- In each instance, the overall outputs are not expected to be affected by the variances observed.

6 Investment Programme Dashboard

- 6.1 The Investment Programme Dashboard is attached separately (Appendix 5).
- 6.2 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.
- 6.3 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.
- 6.4 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 have received a first draft of a Change Request to extend the completion date to December 2025. Continuing drawdowns in the interim.
 - Coventry City Centre South – Update received at September Board. The expiry was originally set as September 2024 and a change request expected in due course. A planning application for the redesigned scheme was submitted 30th November and it is now approved. The Developer is marketing to attract a Funder or Development

Partner. A Change Request is expected in 2021 as the route to delivery and costs based upon the new masterplan, becomes clear and this will deal with any necessary variations.

- Aspirations for All – Change request has been submitted to WMCA Assurance to extend the completion date by 12 months to September 2022. There is no increase in project's financial commitment
- UKC Infrastructure – there are ten 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
 - UK Central Infrastructure - Local Strategic Network Resilience: Connectivity and Enhancements Programme

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. Financial commentary is provided throughout.

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

12.1 Not applicable

13 Schedule of Background Papers

Appendix 1: WMCA Investment Programme Funding Summary (as at 31st July 2021)

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

Appendix 3: Investment Programme Commitments (as at 31st August 2021)

Appendix 4: List of Programmes outside the current Investment Programme Affordable Limit

Appendix 5: Investment Programme Dashboard Report (as at 31st August 2021)

APPENDIX 1: WMCA Investment Programme Funding Summary (as at 31st July 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	288,331	-	149,649	-	71,017	500	40,548	35,130	65,000	-	-	13,223	48,710	712,109
	Sprint Programme	217,406	-	35,000	-	23,037	41,494	6,696	3,100	-	-	-	322	7,200	334,254
	Rail Programme	113,907	-	59,000	-	-	-	1,600	14,200	-	13,535	-	13,001	-	215,243
	Metro Programme	222,525	206,498	397,040	203,746	3,836	540,802	31,600	-	-	-	-	56,331	1,000	1,663,378
	UK Central Infrastructure Package	288,000	-	-	-	750,554	-	-	-	-	-	-	26,657	323,093	1,388,303
	UK Central HS2 Interchange	398,000	-	50,000	-	50,678	2,500	460	-	-	-	-	180	30,705	532,523
SUB TOTAL HS2 GROWTH STRATEGY		1,528,169	206,498	690,690	203,746	899,121	585,297	80,904	52,430	65,000	13,535	-	109,714	410,707	4,845,811
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,873	-	-	-	-	-	-	-	-	-	-	184,496	-	334,368
	Innovation Programme	49,996	-	-	-	119,690	-	3,299	-	-	-	-	-	22,012	194,996
	Land Reclamation and Remediation	200,000	-	-	-	-	-	-	-	-	-	-	-	-	200,000
	Commonwealth Games 2022	25,000	-	-	-	-	-	20,000	-	-	-	-	10,003	24,257	79,260
	Employment, Education & Skills	20,000	-	-	-	-	-	-	-	-	-	-	-	-	20,000
	Tourism, Trade and Investment Programme	2,600	-	-	-	-	-	-	-	-	-	-	-	21,348	23,948
	Coventry Electric Bus City	5,054	-	49,946	-	78,400	-	-	-	-	-	-	6,100	-	139,500
	Regional Recovery & Risks	41,250	12,500	-	-	-	-	-	-	-	-	-	-	-	53,750
Collective Investment Fund	-	-	-	-	-	-	-	-	-	-	1,000,000	-	-	1,000,000	
Grand Total		2,021,942	218,998	740,635	203,746	1,097,211	585,297	104,203	52,430	65,000	13,535	1,000,000	310,312	478,324	6,891,633

APPENDIX 2: WMCA Investment Programme Financial Summary (as at 31st July 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	FORECAST	FORECAST	FORECAST	EXPECTED	£000
							£000	£000	£000	OUTTURN	BUDGET	£000
COVENTRY UKC PLUS	31,361	19,380	11,981	73,859	70,192	3,666	129,607	70,192	512,310	712,109	711,862	(247)
SPRINT PROGRAMME	17,314	10,591	6,723	66,844	66,366	477	30,376	66,366	237,512	334,254	329,067	(5,188)
RAIL PROGRAMME	10,216	5,904	4,312	41,158	36,876	4,281	23,058	36,876	155,309	215,243	215,244	1
METRO PROGRAMME	38,723	27,190	11,533	178,088	150,552	27,536	359,111	150,552	1,153,716	1,663,378	1,664,977	1,599
UK CENTRAL INFRASTRUCTURE PACKAGE	3,819	1,880	1,939	61,747	54,959	6,788	80,741	54,959	1,252,603	1,388,303	1,386,153	(2,150)
UK CENTRAL HS2 INTERCHANGE	3,226	1,338	1,888	19,391	14,448	4,943	27,484	14,448	490,592	532,523	530,023	(2,500)
HS2 GROWTH STRATEGY TOTAL	104,657	66,283	38,375	441,086	393,393	47,692	650,377	393,393	3,802,041	4,845,811	4,837,326	(8,485)
COVENTRY CITY CENTRE SOUTH REGENERATION	3,766	1,913	1,852	26,000	29,953	(3,954)	37,675	29,953	266,740	334,368	329,851	(4,517)
INNOVATION PROGRAMME	3,788	3,112	677	12,657	13,418	(761)	23,554	13,418	158,023	194,996	194,999	3
LAND RECLAMATION AND REMEDIATION	5,290	5,514	(224)	20,874	18,168	2,707	46,018	18,168	135,815	200,000	200,000	(0)
COMMONWEALTH GAMES 2022	7,638	11,856	(4,218)	33,092	42,563	(9,471)	31,690	42,563	5,007	79,260	72,534	(6,726)
EMPLOYMENT, EDUCATION & SKILLS	121	154	(33)	308	433	(124)	647	433	18,920	20,000	20,001	1
TOURISM, TRADE AND INVESTMENT PROGRAMME	3,611	3,611	-	10,834	10,834	-	1,573	10,834	11,541	23,948	23,948	-
COVENTRY ELECTRIC BUS CITY	52	54	(2)	4,917	4,936	(19)	10	4,936	134,554	139,500	139,500	-
REGIONAL RECOVERY & RISKS	1,356	1,326	30	17,028	17,028	0	-	17,028	36,723	53,750	53,750	0
COLLECTIVE INVESTMENT FUND	10,904	8,338	2,566	40,479	41,356	(877)	60,628	41,356	898,016	1,000,000	1,000,000	-
OTHER INVESTMENT PROGRAMME SCHEMES	36,527	35,878	649	166,189	178,689	(12,500)	201,794	178,689	1,665,340	2,045,822	2,034,583	(11,239)
GRAND TOTAL	141,184	102,160	39,024	607,275	572,082	35,193	852,170	572,082	5,467,381	6,891,633	6,871,910	(19,724)

WMCA Investment Programme Financial Commentary

Period Ending 31st July 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.

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:

Coventry UKC Plus (£12.0m)

The year-to-date variance observed for the Coventry UKC Plus programme has resulted from the A46 Link Road Phase 1 (£5.4m), UK City of Culture 2021 Regeneration (£1.8m), Coventry Very Light Rail (£1.8m) and Coventry Station Masterplan (£3.0m) projects.

The Coventry Very Light Rail variance has been partially caused by issues with wiring looms, shipping and COVID-19 restrictions preventing travel for engineering staff within Q1 21-22. For Coventry Station Masterplan, some of the year-to-date variance is in respect of the Footbridge and Canopies work stream, affected by weather conditions and equipment availability.

The variance of £1.8m for the UK City of Culture Regeneration project is split across 21 individual public realm and infrastructure improvement schemes throughout Coventry City Centre in preparation for UK City of Culture 2021. Work on the Screens and Digital Scheme has been postponed slightly so that the Precincts works were prioritised for the City of Culture Start date.

In each instance, the overall outputs are not expected to be affected by the variances observed.

Metro Programme (£11.5m)

The year-to-date variance primarily comprises the Birmingham Eastside and Wednesbury to Brierley Hill extensions.

Utilities works and contingencies in respect of land acquisition have been re-phased for the Birmingham Eastside extension.

For the Wednesbury to Brierley Hill extension, construction work has been re-phased pending approval of contract terms.

Appendix 3: Investment Programme Commitments (as at 31st August 2021)

£m	Total Expected Approvals	Approved Commitments	Actual Spend (Jul-21)
UK Central HS2 Interchange	398.0	63.0	27.4
UK Central Infrastructure Package	288.0	34.4	19.2
Sprint Programme	217.4	47.0	16.1
Rail Programme	119.6	62.5	15.2
Metro Programme	119.8	119.8	97.3
Coventry Electric Bus City	5.0	5.0	0.1
Coventry Station Masterplan (CSMP)	39.4	39.4	23.8
Coventry City of Culture Trust (2021)	4.0	4.0	3.6
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	10.4
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	0.1
Coventry UKC Plus - UK City of Culture 2021 Regeneration	31.6	31.6	28.2
SUB TOTAL HS2 GROWTH STRATEGY	1,538.9	529.5	242.0
Coventry City Centre South Regeneration	150.0	150.0	23.1
Innovation Programme	50.0	16.1	9.3
Land Reclamation and Remediation	200.0	103.0	51.5
Commonwealth Games 2022	25.0	25.0	11.7
Employment, Education & Skills	20.0	1.3	0.8
Tourism, Trade and Investment Programme	2.6	2.6	0.0
Regional Recovery & Risks	35.5	26.2	1.3
OTHER INVESTMENT PROGRAMME	483.1	324.2	97.8
TOTAL	2,022.0	853.7	339.7

Appendix 4: List of Programmes outside the current Investment Programme Affordable Limit

Coventry UKC Plus

Employment, Education and Skills

Innovation Programme

Land Reclamation and Remediation

Sprint Programme

Rail Programme

UK Central HS2 Interchange

UK Central Infrastructure Package