



West Midlands
Combined Authority

WMCA Investment Board

Date	18th October 2021
Report title	Investment Programme Update
Portfolio Lead	Councillor Bob Sleigh - Finance & Investments
Accountable Chief Executive	Laura Shoaf Email: Laura.Shoaf@wmca.org.uk Tel 0121 214 7444
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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 approval under delegated authority by WMCA Officers of the Sutton Coldfield Gateway Change Request 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 £854.3 million as at 30th September 2021 (£853.7 million as at 31st August 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 August 2021 totals £349.5 million.
- 3.5 Since the last report, the following business cases have been approved by directors of WMCA under delegated authority.
 - Sutton Coldfield Gateway (Change Request) – Investment Programme funding of £0.500 million approved as an extension to the current funding of £0.367 million 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 expectations in respect of the current overarching WMCA Investment Programme affordable limit endorsed at WMCA Board on 19th March 2021.
- 3.7 Appendix 3 details the commitments made against the Investment Programme to the end of September 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 was submitted to Government following approval to the prospectus by WMCA Board on 17th September 2021. WMCA is awaiting confirmation from Government regarding the value of the five year allocation, which is expected to be between £780m and £1.28bn over five years.
- 4.5 Following confirmation by Government as to the precise allocation, discussions and agreement will be required to confirm the most suitable programme for the region within the sums made available. 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.

5 Investment Programme Delivery and Expenditure

- 5.1 Commentary concerning specific programme level variances is provided below:

Metro Programme (£14.5m):

- 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 delivery and approval of Target Cost 2. Utilities works are due to commence after completion of enabling works.
- In respect of Birmingham Eastside Extension, HS2 utilities works and land acquisition have been re-phased.

Coventry UKC Plus (£13.4m):

- The year-to-date variance observed for the Coventry UKC Plus programme has resulted from the A46 Link Road Phase 1 (£6.3m), UK City of Culture 2021 Regeneration (£2.6m), Coventry Very Light Rail (£2.0m) and Coventry Station Masterplan (£2.5m) 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 £2.6m 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.

Sprint Programme (£12.5m):

- The year-to-date variance for the Sprint programme is primarily in respect of the A34 Walsall to Birmingham and A45 Birmingham to Airport and Solihull schemes. On-site construction is in progress, and it is not anticipated that the variances observed will result in a change to the planned completion dates, as construction will accelerate during the remainder of the year.
- The A34 Walsall to Birmingham scheme comprises four construction contracts across the Walsall Council, Sandwell Council and Birmingham Council regions. Construction in the Walsall and Sandwell areas is expected to commence shortly, which is the predominant cause of the year-to-date variance. It should be noted that no significant annual variances are expected.

6 Investment Programme Dashboard

- 6.1 The Investment Programme Dashboard is attached separately (Appendix 4).
- 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 Eleven schemes have a RED status for completion dates, with the Assurance and Appraisal team 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. WMCA and CCC meet with the Developer on the 9th November to liaise regarding the preferred Development Partner.

- Aspirations for All – A change request has been submitted to WMCA Assurance to extend the completion date by 12 months to September 2022, appraisal is underway. There is no increase in project's financial commitment

- UKC Infrastructure – there are eight schemes which are listed as RED status. The Project Sponsor has submitted a change request to WMCA, requesting an extension of time. Change requests approved for 'Solihull Town Centre – Development and Investment' and 'Accelerated Housing Delivery – Utilising Solihull Assets', which now includes a Strategic Outline Case for 'Playing Pitches Strategy' as a deliverable. 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
 - 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 August 2021)

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

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

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

APPENDIX 1: WMCA Investment Programme Funding Summary (as at 31st August 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	288,050	-	149,650	-	71,017	500	40,548	35,130	65,000	-	-	13,266	48,952	712,114
	Sprint Programme	217,405	-	35,000	-	23,492	41,494	4,867	3,100	-	-	-	1,753	7,200	334,311
	Rail Programme	113,907	-	59,000	-	-	-	1,600	14,200	-	13,535	-	13,001	-	215,244
	Metro Programme	222,525	206,498	397,040	204,496	3,241	540,802	31,600	-	-	-	-	56,370	1,000	1,663,573
	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		1,527,888	206,498	690,690	204,496	898,982	585,296	79,075	52,430	65,000	13,535	-	111,227	410,949	4,846,067
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,875	-	-	-	-	-	-	-	-	-	-	184,410	-	334,284
	Innovation Programme	49,999	-	-	-	118,353	-	3,977	-	-	-	-	-	22,670	194,999
	Land Reclamation and Remediation	200,000	-	-	-	-	-	-	-	-	-	-	-	-	200,000
	Commonwealth Games 2022	25,000	-	-	-	-	-	20,000	-	-	-	-	10,000	24,488	79,488
	Employment, Education & Skills	20,000	-	-	-	-	-	-	-	-	-	-	-	-	20,000
	Business and Tourism Project - BATP	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	
Grand Total		2,021,612	218,998	740,690	204,496	1,095,735	585,296	103,052	52,430	65,000	13,535	1,000,000	311,737	479,455	6,892,036

APPENDIX 2: WMCA Investment Programme Financial Summary (as at 31st August 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	£000	BUDGET	£000
COVENTRY UKC PLUS	38,892	25,468	13,424	73,859	71,259	2,600	129,607	71,259	511,248	712,114	711,862	(252)
SPRINT PROGRAMME	25,296	12,811	12,485	66,844	66,097	747	30,376	66,097	237,838	334,311	329,067	(5,244)
RAIL PROGRAMME	12,773	7,024	5,749	41,158	36,892	4,266	23,058	36,892	155,294	215,244	215,244	0
METRO PROGRAMME	52,248	37,817	14,431	178,088	150,709	27,378	359,111	150,709	1,153,753	1,663,573	1,664,977	1,405
UK CENTRAL INFRASTRUCTURE PACKAGE	4,773	2,201	2,572	61,747	54,893	6,854	80,741	54,893	1,252,670	1,388,303	1,386,153	(2,150)
UK CENTRAL HS2 INTERCHANGE	4,086	1,633	2,453	19,391	14,448	4,943	27,484	14,448	490,592	532,523	530,023	(2,500)
HS2 GROWTH STRATEGY TOTAL	138,068	86,954	51,114	441,086	394,297	46,789	650,377	394,297	3,801,393	4,846,067	4,837,326	(8,741)
COVENTRY CITY CENTRE SOUTH REGENERATION	5,811	2,076	3,734	26,000	30,109	(4,110)	37,675	30,109	266,500	334,284	329,851	(4,433)
INNOVATION PROGRAMME	4,714	3,539	1,175	12,657	14,500	(1,843)	23,554	14,500	156,945	194,999	194,999	(0)
LAND RECLAMATION AND REMEDIATION	6,294	5,468	826	20,874	16,132	4,742	46,018	16,132	137,851	200,000	200,000	(0)
COMMONWEALTH GAMES 2022	10,750	16,455	(5,705)	33,092	42,527	(9,435)	31,690	42,527	5,271	79,488	72,534	(6,954)
EMPLOYMENT, EDUCATION & SKILLS	155	181	(26)	308	417	(109)	647	417	18,935	20,000	20,001	1
BUSINESS AND TOURISM PROJECT - BATP	4,514	636	3,878	10,834	6,955	3,878	1,573	6,955	15,420	23,948	23,948	(0)
COVENTRY ELECTRIC BUS CITY	66	74	(8)	4,917	4,936	(19)	10	4,936	134,554	139,500	139,500	-
REGIONAL RECOVERY & RISKS	1,480	1,365	116	17,028	16,613	415	-	16,613	37,138	53,750	53,750	-
COLLECTIVE INVESTMENT FUND	15,388	10,610	4,779	40,479	41,573	(1,094)	60,628	41,573	897,799	1,000,000	1,000,000	-
OTHER INVESTMENT PROGRAMME SCHEMES	49,172	40,403	8,769	166,189	173,763	(7,574)	201,794	173,763	1,670,413	2,045,970	2,034,583	(11,386)
GRAND TOTAL	187,240	127,357	59,883	607,275	568,060	39,215	852,170	568,060	5,471,806	6,892,036	6,871,910	(20,127)

WMCA Investment Programme Financial Commentary

Period Ending 31st August 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:

Metro Programme (£14.4m)

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 delivery and approval of Target Cost 2. Utilities works are due to commence after completion of enabling works.

Coventry UKC Plus (£13.4m)

The year-to-date variance observed for the Coventry UKC Plus programme has resulted from the A46 Link Road Phase 1 (£6.3m), UK City of Culture 2021 Regeneration (£2.6m), Coventry Very Light Rail (£2.0m) and Coventry Station Masterplan (£2.5m) projects.

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The variance of £2.6m 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.

Sprint Programme (£12.5m)

The year-to-date variance for the Sprint programme is primarily in respect of the A34 Walsall to Birmingham and A45 Birmingham to Airport and Solihull schemes. On-site construction is in progress, and it is not anticipated that the variances observed will result in a change to the planned completion dates, as construction will accelerate during the remainder of the year.

The A34 Walsall to Birmingham scheme comprises four construction contracts across the Walsall Council, Sandwell Council and Birmingham Council regions. Construction in the Walsall and Sandwell areas is expected to commence shortly, which is the predominant cause of the year-to-date variance. It should be noted that no significant annual variances are expected.

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

£m	Total Expected Approvals	Approved Commitments	Actual Spend (Aug-21)
UK Central HS2 Interchange	398.0	63.0	27.7
UK Central Infrastructure Package	288.0	34.4	19.3
Sprint Programme	217.4	47.0	16.6
Rail Programme	119.6	63.0	15.6
Metro Programme	119.8	119.8	97.8
Coventry Electric Bus City	5.0	5.0	0.1
Coventry Station Masterplan (CSMP)	39.4	39.4	26.8
Coventry City of Culture Trust (2021)	4.0	4.0	3.8
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	10.7
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	28.7
SUB TOTAL HS2 GROWTH STRATEGY	1,538.9	530.1	247.7
Coventry City Centre South Regeneration	150.0	150.0	23.2
Innovation Programme	50.0	16.1	9.6
Land Reclamation and Remediation	200.0	103.0	51.5
Commonwealth Games 2022	25.0	25.0	15.4
Employment, Education & Skills	20.0	1.3	0.8
Business and Tourism Project - BATP	2.6	2.6	0.0
Regional Recovery & Risks	35.5	26.2	1.4
OTHER INVESTMENT PROGRAMME	483.1	324.2	101.9
TOTAL	2,022.0	854.3	349.5