



West Midlands  
Combined Authority

## Investment Board

<b>Date</b>	13 December 2021
<b>Report title</b>	Investment Programme Update
<b>Portfolio Lead</b>	Finance - Councillor Bob Sleigh
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a>
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<b>Report has been considered by</b>	N/A

### The Investment Board is recommended to:

- (1) Note approval under delegated authority by WMCA Officers of the two business case submissions disclosed at **Section 3**.
- (2) Note the WMCA Investment Programme funding status and current affordable limit, as outlined at **Section 4**.
- (3) Note the status of the City Region Sustainable Transport Settlement (“CRSTS”), as outlined at **Section 4**.
- (4) Note the Regional Investment Programme delivery update detailed within this report and appendices (including the project-level summary within the WMCA Investment Programme dashboard at **Appendix 4**).

## 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 Regional Investment Programme expenditure, (funded by both grants administered by WMCA from the “WMCA Investment Programme”, and match funding sources), is provided at **Appendix 1**.
- 3.2 Approved grant funding awarded and administered by the WMCA to programmes within the Regional Investment Programme totals £858.5 million as at 31st November 2021 (£858.5 million as at 31st October 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 WMCA Investment Programme funding actually drawn / incurred by projects against these funding commitments as at 31st October 2021 totals £373.6 million.
- 3.5 Since the last report, the following business cases have been approved by directors of WMCA under delegated authority:

- HS2 Jobs & Skills (Change Request) – A time extension of 5 months was granted to change the SOC stage project completion date from October 2022 to March 2023. There is no change to the quantum of WMCA Investment Programme grant funding awarded for the project.
- Smart Resilient Assets (Outline Business Case) – Progression to Full Business Case approved. There is no financial ask requested of the WMCA, funding for the next stage will come from the August 2018 approved Local Strategic Network SOC.

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 19<sup>th</sup> March 2021.

3.7 **Appendix 3** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of September 2021. The WMCA Investment Programme dashboard at **Appendix 4** discloses the sums committed against individual projects.

#### **4 Investment Programme and Supplementary Funding**

4.1 At the WMCA Board meeting on 19th March 2021, WMCA Board approved an increase to the current WMCA 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 Programmes which contain projects presently outside the current affordable limit include:

- Coventry UK Central Plus;
- Employment, Education and Skills;
- Innovation Programme;
- Land Reclamation and Remediation;
- Sprint Programme;
- Rail Programme;
- UK Central HS2 Interchange; and
- UK Central Infrastructure Package.

4.4 Previous reports to this Board have detailed that in July 2021, the Department for Transport issued guidance in respect of £5.7 billion (nationally) of new money to be made available for transport schemes through the new City Region Sustainable Transport Settlement (“CRSTS”).

4.5 The initial proposed CRSTS programme for the West Midlands was submitted to Government following approval of the prospectus by WMCA Board on 17th September 2021.

4.6 It has been confirmed in the Autumn 2021 Budget by Central Government that the West Midlands allocation is £1.05 billion over five years from 2022 to 2026. Discussion and agreement will be required to confirm the most suitable programme for the region, within the sum available. It is expected that WMCA Board in January 2022 will be required to approve the final programme.

4.7 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 WMCA Investment Programme shortfall through use of this new fund.

## **5 Investment Programme Delivery and Expenditure**

5.1 The Regional Investment Programme expenditure and underpinning funding summaries are provided at **Appendices 1 and 2** respectively.

5.2 The amounts shown are the gross delivery totals, inclusive of expenditure funded by grants from the WMCA Investment Programme and match funding sources.

5.3 In respect of the 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 Regional 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.

5.4 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.

5.5 Commentary concerning specific programme level variances is provided at **Appendix 1**.

5.6 The WMCA Investment Programme dashboard at **Appendix 4** provides a detailed summary by project of projection completion dates and business case stage.

## **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 78 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 Ten 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 met with the incumbent Developer on the 19th November to receive an update on progress appointing a joint Development Partner. Three parties are shortlisted and a further presentation will be arranged with greater detail regarding their proposed delivery model.
- 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 variances 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 direct financial implications as a result of the recommendations within this report.

## **8. Legal Implications**

8.1 There are no legal implications as a result of the recommendations within this report.

## **9. Equalities Implications**

9.1 There are no equalities implications as a result of the recommendations within this report.

## **10. Inclusive Growth Implications**

10.1 There are no inclusive growth implications as a result of the recommendations within this report.

## **11. Geographical Area of Report's Implications**

11.1 There are no geographical implications as a result of the recommendations within this report. The Regional Investment Programme comprises an array of programmes throughout each of the seven West Midlands constituent member areas. These programmes also have implications for some non-constituent areas and the wider local area beyond the constituent member regions.

## **12. Other Implications**

12.1 Not applicable.

## **13. Schedule of Background Papers**

None

APPENDIX 1: Total Regional Investment Programme Expenditure (as at 31st October 2021)

PROGRAMME	2021 / 2022 YEAR TO DATE		
	BUDGET	ACTUAL	VARIANCE
	£000	£000	£000
COVENTRY UKC PLUS	53,017	36,496	16,521
SPRINT PROGRAMME	41,105	19,935	21,170
RAIL PROGRAMME	19,549	10,738	8,811
METRO PROGRAMME	78,912	55,528	23,384
UK CENTRAL INFRASTRUCTURE PACKAGE	6,683	3,628	3,055
UK CENTRAL HS2 INTERCHANGE	6,554	2,217	4,336
<b>HS2 GROWTH STRATEGY TOTAL</b>	<b>205,819</b>	<b>128,541</b>	<b>77,277</b>

PROGRAMME	2021 / 2022 FULL YEAR		
	BUDGET	FORECAST OUTTURN	VARIANCE
	£000	£000	£000
COVENTRY UKC PLUS	73,859	68,954	4,905
SPRINT PROGRAMME	66,844	59,110	7,733
RAIL PROGRAMME	41,158	34,965	6,193
METRO PROGRAMME	178,088	158,137	19,951
UK CENTRAL INFRASTRUCTURE PACKAGE	61,747	53,680	8,067
UK CENTRAL HS2 INTERCHANGE	19,391	13,096	6,294
<b>HS2 GROWTH STRATEGY TOTAL</b>	<b>441,086</b>	<b>387,943</b>	<b>53,142</b>

PROGRAMME	COST TO COMPLETION					
	PRIOR PERIOD SPEND	2021 / 2022 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN	TOTAL EXPECTED BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000
COVENTRY UKC PLUS	129,607	68,954	516,843	715,404	711,862	(3,542)
SPRINT PROGRAMME	30,376	59,110	244,823	334,310	329,067	(5,243)
RAIL PROGRAMME	23,058	34,965	157,215	215,239	215,244	5
METRO PROGRAMME	359,111	158,137	1,153,753	1,671,000	1,664,977	(6,023)
UK CENTRAL INFRASTRUCTURE PACKAGE	80,741	53,680	1,258,796	1,393,216	1,386,153	(7,063)
UK CENTRAL HS2 INTERCHANGE	27,484	13,096	492,147	532,728	530,023	(2,705)
<b>HS2 GROWTH STRATEGY TOTAL</b>	<b>650,377</b>	<b>387,943</b>	<b>3,823,577</b>	<b>4,861,897</b>	<b>4,837,326</b>	<b>- 24,571</b>

COVENTRY CITY CENTRE SOUTH REGENERATION	7,663	5,833	1,830
INNOVATION PROGRAMME	6,642	6,860	(218)
LAND RECLAMATION AND REMEDIATION	10,350	6,500	3,850
COMMONWEALTH GAMES 2022	17,067	22,199	(5,132)
EMPLOYMENT, EDUCATION & SKILLS	203	225	(22)
BUSINESS AND TOURISM PROJECT - BATP	6,320	4,497	1,822
COVENTRY ELECTRIC BUS CITY	92	115	(23)
REGIONAL RECOVERY & RISKS	1,730	1,441	290
COLLECTIVE INVESTMENT FUND	22,208	14,339	7,869
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>	<b>72,274</b>	<b>62,008</b>	<b>10,266</b>

COVENTRY CITY CENTRE SOUTH REGENERATION	26,000	30,032	(4,032)
INNOVATION PROGRAMME	12,657	14,591	(1,934)
LAND RECLAMATION AND REMEDIATION	20,874	11,303	9,571
COMMONWEALTH GAMES 2022	33,092	45,160	(12,068)
EMPLOYMENT, EDUCATION & SKILLS	308	390	(82)
BUSINESS AND TOURISM PROJECT - BATP	10,834	10,834	(0)
COVENTRY ELECTRIC BUS CITY	4,917	4,937	(20)
REGIONAL RECOVERY & RISKS	17,028	12,373	4,654
COLLECTIVE INVESTMENT FUND	40,479	34,674	5,806
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>	<b>166,189</b>	<b>164,294</b>	<b>1,895</b>

COVENTRY CITY CENTRE SOUTH REGENERATION	37,675	30,032	266,710	334,417	329,851	(4,566)
INNOVATION PROGRAMME	23,554	14,591	156,854	194,999	194,999	(0)
LAND RECLAMATION AND REMEDIATION	46,018	11,303	142,680	200,000	200,000	(0)
COMMONWEALTH GAMES 2022	31,690	45,160	5,270	82,120	72,534	(9,586)
EMPLOYMENT, EDUCATION & SKILLS	647	390	18,962	20,000	20,001	1
BUSINESS AND TOURISM PROJECT - BATP	1,573	10,834	11,541	23,948	23,948	(0)
COVENTRY ELECTRIC BUS CITY	10	4,937	134,553	139,500	139,500	-
REGIONAL RECOVERY & RISKS	-	12,373	37,177	49,550	53,750	4,200
COLLECTIVE INVESTMENT FUND	60,628	34,674	904,699	1,000,000	1,000,000	-
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>	<b>201,794</b>	<b>164,294</b>	<b>1,678,446</b>	<b>2,044,534</b>	<b>2,034,583</b>	<b>- 9,951</b>

<b>GRAND TOTAL</b>	<b>278,093</b>	<b>190,550</b>	<b>87,543</b>
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<b>GRAND TOTAL</b>	<b>607,275</b>	<b>552,238</b>	<b>55,037</b>
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<b>GRAND TOTAL</b>	<b>852,170</b>	<b>552,238</b>	<b>5,502,023</b>	<b>6,906,431</b>	<b>6,871,910</b>	<b>- 34,522</b>
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Appendix 2

# West Midlands Region Investment Programme Financial Commentary

Period Ending 31st October 2021

Commentary concerning specific programme-level variances is provided below:

## **Metro Programme (£23.4m)**

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 (£16.5m)**

The year-to-date variance observed for the Coventry UKC Plus programme has resulted from the A46 Link Road Phase 1 (£7.7m), UK City of Culture 2021 Regeneration (£1.5m), Coventry Very Light Rail (£2.1m) and Coventry Station Masterplan (£5.2m) projects.

For the A46 Link Road Phase 1, earthworks are progressing well. The year-to-date variance observed of £6.7m is due to poor weather conditions within Q1 21-22, and materials supply issues.

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. The demonstrator vehicle is on track to be delivered to Dudley for site acceptance in Q4 21-22.

For Coventry Station Masterplan, on site works have continued at pace, and construction is nearing completion. Then statutory Entry into Service Process is due to commence imminently. Some of the year-to-date variance is in respect of the Footbridge and Canopies work stream, affected by weather conditions and equipment availability. It is expected that all elements of the project will be opened together.

The variance of £1.5m 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 (£21.2m)**

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 2: Total Regional Investment Programme Funding Summary (as at 31st October 2021)

Portfolio £000		WMCA Investment Programme	WMCA (Prudential Borrowing)	Department for Transport	Enterprise Zone	Private Sector	Local Growth Fund	MHCLG	Highways England	Network Rail	Collective Investment Fund	Local Authority	Other	To Be Confirmed	Grand Total
HS2 Growth Strategy	Coventry UKC Plus	288,049	-	149,650	-	71,017	40,548	35,130	65,000	-	-	16,466	49,544	-	715,404
	Sprint Programme	217,406	-	35,000	-	22,889	4,867	3,100	-	-	-	2,354	7,200	41,494	334,310
	Rail Programme	113,903	-	59,000	-	-	1,600	14,200	-	13,535	-	13,001	-	-	215,239
	Metro Programme	226,785	206,498	400,207	204,496	3,241	31,600	-	-	-	-	56,371	1,000	540,802	1,671,000
	UK Central Infrastructure Package	288,000	-	-	-	753,346	-	-	-	-	-	23,359	328,512	-	1,393,216
	UK Central HS2 Interchange	398,000	-	50,000	-	50,678	460	-	-	-	-	180	30,705	2,705	532,728
<b>SUB TOTAL HS2 GROWTH STRATEGY</b>		<b>1,532,143</b>	<b>206,498</b>	<b>693,858</b>	<b>204,496</b>	<b>901,172</b>	<b>79,075</b>	<b>52,430</b>	<b>65,000</b>	<b>13,535</b>	<b>-</b>	<b>111,730</b>	<b>416,960</b>	<b>585,001</b>	<b>4,861,897</b>
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,874	-	-	-	-	-	-	-	-	-	184,543	-	-	334,417
	Innovation Programme	49,999	-	-	-	-	3,978	-	-	-	-	-	141,023	-	194,999
	Land Reclamation and Remediation	200,000	-	-	-	-	-	-	-	-	-	-	-	-	200,000
	Commonwealth Games 2022	25,000	-	-	-	-	20,000	-	-	-	-	10,000	27,120	-	82,120
	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	37,050	12,500	-	-	-	-	-	-	-	-	-	-	-	49,550
Collective Investment Fund	-	-	-	-	-	-	-	-	-	1,000,000	-	-	-	1,000,000	
<b>Grand Total</b>		<b>2,021,666</b>	<b>218,998</b>	<b>743,858</b>	<b>204,496</b>	<b>979,572</b>	<b>103,053</b>	<b>52,430</b>	<b>65,000</b>	<b>13,535</b>	<b>1,000,000</b>	<b>312,373</b>	<b>606,451</b>	<b>585,001</b>	<b>6,906,431</b>

Appendix 1

APPENDIX 3: WMCA Investment Programme Commitments (as at 30th November 2021)

£m	Total Expected Approvals	Approved Commitments	Actual Spend (Oct-21)
Coventry UK Central Plus	288.1	94.8	75.8
Sprint Programme	217.4	47.0	20.3
Rail Programme	119.6	63.0	16.4
Metro Programme	222.8	222.8	99.4
UK Central Infrastructure Package	288.0	34.4	20.5
UK Central HS2 Interchange	398.0	63.0	28.3
<b>SUB TOTAL HS2 GROWTH STRATEGY</b>	<b>1,533.9</b>	<b>525.1</b>	<b>260.8</b>
Coventry City Centre South Regeneration	150.0	150.0	27.0
Innovation Programme	50.0	16.1	10.1
Land Reclamation and Remediation	200.0	103.0	52.5
Commonwealth Games 2022	25.0	25.0	20.8
Employment, Education & Skills	20.0	1.3	0.9
Business and Tourism Project - BATP	2.6	2.6	0.0
Coventry Electric Bus City	5.0	5.0	0.1
Regional Recovery & Risks	35.5	30.4	1.4
<b>OTHER INVESTMENT PROGRAMME</b>	<b>488.1</b>	<b>333.4</b>	<b>112.8</b>
<b>TOTAL</b>	<b>2,022.0</b>	<b>858.5</b>	<b>373.6</b>