



West Midlands
Combined Authority

WMCA Investment Board

Date	14th February 2022
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

The WMCA Investment Board is recommended to:

1. Note approval by WMCA Board and under delegated authority by WMCA Officers of the 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 January 2022 (£858.5 million as at 31st December 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 December 2021 totals £397.9 million.

- 3.5 Since the last report, the Full Business Case for the West Midlands Co-Investment Fund was approved at WMCA Board on 14th January 2022. There is no change to the quantum of WMCA Investment Programme funding awarded for the project previously at WMCA Board on 23rd July 2021.
- 3.6 In addition, the following business cases have been approved by Directors of WMCA under delegated authority:
- UK Central Infrastructure Package - Playing Pitch Implementation Strategy (SOC) – A grant funding award of £340,169 from the WMCA Investment Programme was made for initial design and development of the project.
 - UK Central Infrastructure Package – Accelerating Housing Delivery (including Simon Digby) (OBC). There is no change to the quantum of WMCA Investment Programme grant funding awarded for the project.
- 3.7 The funding approved for these projects is consistent with expectations in respect of the current overarching WMCA Investment Programme affordable limit endorsed at WMCA Board on 19th March 2021.
- 3.8 **Appendix 3** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of January 2022. 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.

- 4.7 The region's CRSTS programme-level business case within the allocation of £1.05m was approved at WMCA Board on 14th January 2022. The final programme, reflecting any adjustments made in liaison with the Department for Transport and HM Treasury, will be subject to further approval at WMCA Board.
- 4.8 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.
- 4.9 Additionally, following the recent Levelling Up White Paper published by Government, WMCA intend to review any such options within the proposals which may allow for those schemes beyond the affordable limit to be taken forward.

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 79 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.
- There are two schemes within the UKC HS2 Interchange programme which are listed as RED status:
 - 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.
 - Strategy: Utilities, Land Value, Car Parking.
 - 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 and it is now approved. The Developer is marketing to attract a Funder or Development Partner. A Change Request is expected imminently 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 have been in regular dialogue with the Developer since the first formal meeting to discuss the project on 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

Appendix 1: Total Regional Investment Programme Expenditure (as at 31st December 2021)

This appendix discloses the total expenditure for programmes included within the Regional Investment Programme, including expenditure funded by grants from the WMCA Investment Programme and match funding sources.

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

This appendix summarises the expected funding underpinning the total expenditure forecast outturn shown at Appendix 1.

Appendix 3: WMCA Investment Programme Commitments (as at 31st January 2022)

This appendix summarises the total grant funding approved to date to be provided by WMCA from the WMCA Investment Programme, summarised by programme.

Appendix 4: WMCA Investment Programme Dashboard Report (as at 31st January 2022)

See separate attachment. This appendix summarises the WMCA grant funding commitments by project, as well as business case stage and expected project completion dates.

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

PROGRAMME	2021 / 2022 YEAR TO DATE		
	BUDGET	ACTUAL	VARIANCE
	£000	£000	£000
COVENTRY UKC PLUS	60,277	47,012	13,265
SPRINT PROGRAMME	54,251	30,967	23,284
RAIL PROGRAMME	24,867	16,555	8,312
METRO PROGRAMME	114,998	84,985	30,013
UK CENTRAL INFRASTRUCTURE PACKAGE	8,592	4,672	3,920
UK CENTRAL HS2 INTERCHANGE	10,199	4,086	6,113
HS2 GROWTH STRATEGY TOTAL	273,185	188,277	84,907

2021 / 2022 FULL YEAR		
BUDGET	FORECAST OUTTURN	VARIANCE
£000	£000	£000
73,859	66,296	7,562
66,844	60,091	6,753
41,158	33,471	7,687
178,088	158,033	20,055
61,747	51,325	10,422
19,391	9,421	9,969
441,086	378,638	62,448

COST TO COMPLETION					
PRIOR PERIOD SPEND	2021 / 2022 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN £000	TOTAL EXPECTED BUDGET £000	VARIANCE £000
£000	£000	£000	£000	£000	£000
129,607	66,296	519,504	715,407	711,862	(3,544)
30,376	60,091	238,593	329,060	329,067	6
23,058	33,471	158,714	215,243	215,244	1
359,111	158,033	1,162,308	1,679,452	1,664,977	(14,475)
80,741	51,325	1,261,151	1,393,216	1,386,153	(7,063)
27,484	9,421	495,823	532,728	530,023	(2,705)
650,377	378,638	3,836,092	4,865,107	4,837,326	- 27,780

COVENTRY CITY CENTRE SOUTH REGENERATION	11,457	9,154	2,303
INNOVATION PROGRAMME	8,491	9,869	(1,378)
LAND RECLAMATION AND REMEDIATION	13,303	7,489	5,814
COMMONWEALTH GAMES 2022	23,477	32,069	(8,592)
EMPLOYMENT, EDUCATION & SKILLS	247	286	(39)
BUSINESS AND TOURISM PROJECT - BATP	8,125	6,912	1,213
COVENTRY ELECTRIC BUS CITY	1,772	142	1,630
REGIONAL RECOVERY & RISKS	1,979	1,618	361
COLLECTIVE INVESTMENT FUND	28,177	19,296	8,881
OTHER INVESTMENT PROGRAMME SCHEMES	97,027	86,835	10,192

26,000	22,963	3,037
12,657	14,590	(1,933)
20,874	11,035	9,839
33,092	43,487	(10,395)
308	396	(87)
10,834	10,834	(0)
4,917	4,937	(20)
17,028	12,373	4,654
40,479	34,674	5,806
166,189	155,289	10,901

37,675	22,963	273,827	334,465	329,851	(4,614)
23,554	14,590	156,855	194,999	194,999	(0)
46,018	11,035	142,947	200,000	200,000	(0)
31,690	43,487	5,320	80,497	72,534	(7,963)
647	396	18,957	20,000	20,001	1
1,573	10,834	11,541	23,948	23,948	(0)
10	4,937	134,553	139,500	139,500	-
-	12,373	37,177	49,550	53,750	4,200
60,628	34,674	904,699	1,000,000	1,000,000	-
201,794	155,289	1,685,876	2,042,959	2,034,583	- 8,376

GRAND TOTAL	370,212	275,112	95,100
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607,275	533,926	73,349
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852,170	533,926	5,521,969	6,908,066	6,871,910	- 36,156
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Appendix 2

West Midlands Region Investment Programme Financial Commentary

Period Ending 31st December 2021

Commentary concerning specific programme-level variances is provided below:

Metro Programme (£30.0m)

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 have been rephased and are due to commence after completion of enabling works.

Coventry UKC Plus (£13.3m)

The year-to-date variance observed for the Coventry UKC Plus programme has resulted from the A46 Link Road Phase 1 (£8.2m), Coventry Station Masterplan (£2.5m), Coventry Very Light Rail (£1.7m) and UK City of Culture 2021 Regeneration (£0.9m) projects.

For the A46 Link Road Phase 1, earthworks are progressing well. The year-to-date variance observed of £8.2m is due to poor weather conditions within Q1 21-22, materials supply issues and the impact of COVID-19.

For Coventry Station Masterplan, on site works have continued at pace, and construction is nearing completion. Defect and snagging works are currently being undertaken, and are expected to be complete within the coming weeks ahead of the final statutory Entry into Service Process. 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 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.

The variance of £0.9m for the UK City of Culture Regeneration project, being 21 individual public realm and infrastructure improvement schemes throughout Coventry City Centre in preparation for UK City of Culture 2021, is primarily in respect of closing works on the Retail Quarter, Screens and Digital and Pool Meadow/White Street work streams. Work on the overarching project is expected to be completed within Q4 2021-22, and WMCA Investment Board is expected to receive a report on the project in the near future.

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

Sprint Programme (£23.3m)

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 year-to-date variances observed will result in a material change to the planned completion dates, as construction will accelerate during the remainder of the year and into Q1 22-23 to ensure completion in July 2022 prior to the Commonwealth Games.

The A34 Walsall to Birmingham scheme comprises four construction contracts across the Walsall Council, Sandwell Council and Birmingham Council regions. Construction on three of the contracts commenced as scheduled, while the fourth contract was re-profiled, resulting in a year-to-date variance. Construction work on this fourth contract is now also in progress, and no significant annual variance is expected in respect of this project.

APPENDIX 2: Total Regional Investment Programme Funding Summary (as at 31st December 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	288,046	-	149,650	-	71,017	40,548	35,130	65,000	-	-	16,466	49,549	-	715,407
	Sprint Programme	217,405	-	35,000	-	18,235	4,700	3,100	-	-	-	1,853	7,200	41,567	329,060
	Rail Programme	113,907	-	59,000	-	-	1,600	14,200	-	13,535	-	13,001	-	-	215,243
	Metro Programme	227,030	206,498	398,540	204,066	4,747	31,600	-	-	-	-	63,899	2,270	540,802	1,679,452
	UK Central Infrastructure Package	288,000	-	-	-	755,622	-	-	-	-	-	24,674	324,920	-	1,393,216
	UK Central HS2 Interchange	398,000	-	50,000	-	53,383	460	-	-	-	-	180	30,705	-	532,728
SUB TOTAL HS2 GROWTH STRATEGY		1,532,388	206,498	692,191	204,066	903,003	78,909	52,430	65,000	13,535	-	120,074	414,644	582,369	4,865,107
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,874	-	-	-	-	-	-	-	-	-	184,591	-	-	334,465
	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	25,497	-	80,497
	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	
Grand Total		2,021,911	218,998	742,191	204,066	981,403	102,886	52,430	65,000	13,535	1,000,000	320,765	602,512	582,369	6,908,066

Appendix 1

APPENDIX 3: WMCA Investment Programme Commitments (as at 31st January 2022)

£m	Total Expected Approvals	Approved Commitments	Actual Spend (Dec-21)
Coventry UK Central Plus	288.1	94.8	80.4
Sprint Programme	217.4	47.0	25.1
Rail Programme	119.6	63.0	19.2
Metro Programme	222.8	222.8	100.6
UK Central Infrastructure Package	288.0	34.4	21.2
UK Central HS2 Interchange	398.0	63.0	30.2
SUB TOTAL HS2 GROWTH STRATEGY	1,533.9	525.1	276.6
Coventry City Centre South Regeneration	150.0	150.0	29.5
Innovation Programme	50.0	16.1	10.7
Land Reclamation and Remediation	200.0	103.0	53.5
Commonwealth Games 2022	25.0	25.0	25.0
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	1.6
OTHER INVESTMENT PROGRAMME	488.1	333.4	121.3
TOTAL	2,022.0	858.5	397.9