



West Midlands
Combined Authority

WMCA Investment Board

Date	25th April 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 the WMCA Investment Programme funding status and current affordable limit, as outlined at **Section 4**.
2. Note the status of the City Region Sustainable Transport Settlement (“CRSTS”), as outlined at **Section 4**.
3. 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.
- 2.5 Further to this, on 18 March 2022, WMCA Board approved extending the role and remit of WMCA Investment Board to cover all WMCA Transport projects (including the CRSTS programme) allowing investment decisions to be made for values between £5m and £20m in line with the Single Assurance Framework.

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 March 2022 (£858.5 million as at 28th February 2022).
- 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 March 2022 totals £415.4 million.

- 3.5 No business case submissions have been approved since the previous WMCA Investment Board meeting on 21st March 2022.
- 3.6 **Appendix 3** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of March 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 sources 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”). WMCA are now in the latter stages of agreeing the full programme with DfT and have received the terms and conditions underpinning the grant. An analysis will then be undertaken to assess which projects within the CRSTS programme address any transport investments within the Investment Programme which are beyond the £871m affordable limit. This will be reported back to Investment Board in due course.

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 81 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 Assurance and Appraisal team working with Sponsors to bring forward requests to extend dates to the relevant approval body.

- There are three 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.
 - NEC Longabout – Change Request received in February 2022 requesting an extended completion date.
 - Strategy: Utilities, Land Value, Car Parking.
- Coventry City Centre South – Update received at September Board. The expiry was originally set as September 2024. A planning application for the redesigned scheme is now approved. A Change Request is expected imminently as the route to delivery and costs based upon the new masterplan becomes clearer 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 2021, to receive an update on progress appointing a joint Development Partner. The Developer has marketed to attract a Funder or Development Partner and has selected one.
- Very Light Rail – Change Request in progress to request a small extension to the funding completion date.
- 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.
 - 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
- Smarter Resilient Assets

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 28th February 2022)

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 28th February 2022)

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 March 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 March 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 28th February 2022)

PROGRAMME	2021 / 2022 YEAR TO DATE		
	BUDGET	ACTUAL	VARIANCE
	£000	£000	£000
COVENTRY UKC PLUS	66,619	58,090	8,530
SPRINT PROGRAMME	62,461	38,856	23,605
RAIL PROGRAMME	29,857	21,154	8,703
METRO PROGRAMME	157,426	101,964	55,462
UK CENTRAL INFRASTRUCTURE PACKAGE	10,501	5,563	4,939
UK CENTRAL HS2 INTERCHANGE	16,180	5,517	10,663
HS2 GROWTH STRATEGY TOTAL	343,045	231,143	111,902

PROGRAMME	2021 / 2022 FULL YEAR		
	BUDGET	FORECAST OUTTURN	VARIANCE
	£000	£000	£000
COVENTRY UKC PLUS	73,859	66,575	7,283
SPRINT PROGRAMME	66,844	48,082	18,761
RAIL PROGRAMME	41,158	24,224	16,934
METRO PROGRAMME	178,088	121,917	56,171
UK CENTRAL INFRASTRUCTURE PACKAGE	61,747	49,274	12,473
UK CENTRAL HS2 INTERCHANGE	19,391	7,899	11,492
HS2 GROWTH STRATEGY TOTAL	441,086	317,972	123,114

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	66,575	519,066	715,248	711,862	(3,386)
SPRINT PROGRAMME	30,376	48,082	250,524	328,983	329,067	84
RAIL PROGRAMME	23,058	24,224	167,961	215,243	215,244	1
METRO PROGRAMME	359,111	121,917	1,198,425	1,679,452	1,664,977	(14,475)
UK CENTRAL INFRASTRUCTURE PACKAGE	80,741	49,274	1,264,007	1,394,021	1,386,153	(7,868)
UK CENTRAL HS2 INTERCHANGE	27,484	7,899	497,345	532,728	530,023	(2,705)
HS2 GROWTH STRATEGY TOTAL	650,377	317,972	3,897,327	4,865,675	4,837,326	- 28,349

COVENTRY CITY CENTRE SOUTH REGENERATION	18,084	12,199	5,885
INNOVATION PROGRAMME	10,353	10,868	(515)
LAND RECLAMATION AND REMEDIATION	17,756	8,380	9,376
COMMONWEALTH GAMES 2022	29,887	35,874	(5,987)
EMPLOYMENT, EDUCATION & SKILLS	290	343	(53)
BUSINESS AND TOURISM PROJECT - BATP	9,931	8,549	1,382
COVENTRY ELECTRIC BUS CITY	3,752	9,316	(5,564)
REGIONAL RECOVERY & RISKS	2,457	1,930	527
COLLECTIVE INVESTMENT FUND	35,476	22,551	12,925
OTHER INVESTMENT PROGRAMME SCHEMES	127,986	110,010	17,976

COVENTRY CITY CENTRE SOUTH REGENERATION	26,000	17,988	8,012
INNOVATION PROGRAMME	12,657	14,764	(2,107)
LAND RECLAMATION AND REMEDIATION	20,874	10,871	10,003
COMMONWEALTH GAMES 2022	33,092	41,338	(8,246)
EMPLOYMENT, EDUCATION & SKILLS	308	398	(90)
BUSINESS AND TOURISM PROJECT - BATP	10,834	9,141	1,693
COVENTRY ELECTRIC BUS CITY	4,917	10,170	(5,253)
REGIONAL RECOVERY & RISKS	17,028	12,384	4,644
COLLECTIVE INVESTMENT FUND	40,479	24,079	16,401
OTHER INVESTMENT PROGRAMME SCHEMES	166,189	141,133	25,056

COVENTRY CITY CENTRE SOUTH REGENERATION	37,675	17,988	278,734	334,397	329,851	(4,545)
INNOVATION PROGRAMME	24,194	14,764	156,041	194,999	194,999	(0)
LAND RECLAMATION AND REMEDIATION	46,018	10,871	143,111	200,000	200,000	0
COMMONWEALTH GAMES 2022	31,690	41,338	5,320	78,348	72,534	(5,814)
EMPLOYMENT, EDUCATION & SKILLS	647	398	18,954	20,000	20,001	1
BUSINESS AND TOURISM PROJECT - BATP	1,573	9,141	13,234	23,948	23,948	(0)
COVENTRY ELECTRIC BUS CITY	10	10,170	129,320	139,500	139,500	-
REGIONAL RECOVERY & RISKS	-	12,384	37,167	49,550	53,750	4,200
COLLECTIVE INVESTMENT FUND	60,628	24,079	915,294	1,000,000	1,000,000	-
OTHER INVESTMENT PROGRAMME SCHEMES	202,434	141,133	1,697,175	2,040,742	2,034,583	- 6,159

GRAND TOTAL	471,031	341,153	129,878
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GRAND TOTAL	607,275	459,105	148,170
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GRAND TOTAL	852,810	459,105	5,594,502	6,906,417	6,871,910	- 34,507
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Appendix 2

West Midlands Region Investment Programme Financial Commentary

Period Ending 28th February 2022

Commentary concerning specific programme-level variances is provided below:

Metro Programme (£55.5m)

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

HS2 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. Utilities works have been rephased due to coordination of enabling works and traffic management.

Sprint Programme (£23.6m)

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.

In addition, the timing of approval of a Traffic Regulation Order for Hadgely Road Phase 1 has led to re-phasing of work.

Collective Investment Fund (£12.9m)

The Collective Investment Fund contains an array of schemes which benefit the West Midlands region economy. The variance observed is due to timing differences in the drawing of funds by the schemes.

UK Central HS2 Interchange (£10.6m)

The year-to-date variance reflects the formally altered spend schedule of the Birmingham International Station and Roundabout Over-Trace schemes within this project.

APPENDIX 2: Total Regional Investment Programme Funding Summary (as at 28th February 2022)

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	49,387	-	715,248
	Sprint Programme	217,328	-	35,000	-	18,235	4,700	3,100	-	-	-	1,853	7,200	41,567	328,983
	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	-	-	-	755,646	-	-	-	-	-	24,164	326,212	-	1,394,021
	UK Central HS2 Interchange	398,000	-	50,000	-	53,383	460	-	-	-	-	180	30,705	-	532,728
SUB TOTAL HS2 GROWTH STRATEGY		1,532,314	206,498	692,191	204,066	903,027	78,909	52,430	65,000	13,535	-	119,563	415,774	582,369	4,865,675
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,954	-	-	-	-	-	-	-	-	-	184,443	-	-	334,397
	Innovation Programme	49,999	-	-	-	-	5,557	-	-	-	-	-	139,443	-	194,999
	Land Reclamation and Remediation	200,000	-	-	-	-	-	-	-	-	-	-	-	-	200,000
	Commonwealth Games 2022	25,000	-	-	-	-	20,000	-	-	-	-	10,000	23,348	-	78,348
	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
OTHER INVESTMENT PROGRAMME SCHEMES		489,603	12,500	50,000	-	78,400	25,557	-	-	-	1,000,000	200,543	184,139	-	2,040,742
Grand Total		2,021,917	218,998	742,191	204,066	981,427	104,466	52,430	65,000	13,535	1,000,000	320,106	599,913	582,369	6,906,417

Appendix 1

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

£m	Total Expected Approvals	Approved Commitments	Actual Spend (Feb-22)
Coventry UK Central Plus	288.1	94.8	83.1
Sprint Programme	217.4	47.0	28.3
Rail Programme	119.6	63.0	24.0
Metro Programme	222.8	222.8	100.5
UK Central Infrastructure Package	288.0	34.4	21.7
UK Central HS2 Interchange	398.0	63.0	31.6
SUB TOTAL HS2 GROWTH STRATEGY	1,533.9	525.1	289.2
Coventry City Centre South Regeneration	150.0	150.0	32.5
Innovation Programme	50.0	16.1	11.2
Land Reclamation and Remediation	200.0	103.0	54.4
Commonwealth Games 2022	25.0	25.0	25.0
Employment, Education & Skills	20.0	1.3	1.0
Business and Tourism Project - BATP	2.6	2.6	0.0
Coventry Electric Bus City	5.0	5.0	0.2
Regional Recovery & Risks	35.5	30.4	1.9
OTHER INVESTMENT PROGRAMME	488.1	333.4	126.2
TOTAL	2,022.0	858.5	415.4