



West Midlands
Combined Authority

WMCA Investment Board

Date	18th July 2022
Report title	Investment Programme Update
Portfolio Lead	Councillor Bob Sleight - Finance & Investments
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Report has been considered by	N/A

The WMCA Investment Board is recommended to:

1. Note approval under delegated authority by WMCA Officers of the business case submission 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.
- 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 30th June 2022 (£858.5 million as at 31st May 2022).
- 3.3 These commitment values above exclude the provisional ‘ear-marked’ allocations agreed by WMCA Board in March 2021 that are yet to obtain formal approval. 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 May 2022 totals £463.3 million.

- 3.5 Since the previous WMCA Investment Board meeting on 27th June 2022, WMCA Statutory Officers have been provided with a Change Request submission under delegated approval for the NEC Longabout project to amend the project completion date to 31 December 2022, and award a further £1.2m of grant funding from the WMCA Investment Programme moved from a related project.
- 3.6 The existing WMCA Investment Programme grant funding awarded for the Roundabout Over-Trace project would be correspondingly reduced by £1.2m as a result of the same change request submission.
- 3.7 **Appendix 3** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of May 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 West Midlands programme with DfT and have received the terms and conditions underpinning the grant over the five-year settlement period commencing from FY 22/23. 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 required to manage the schemes within the funding available to them.
- 5.4 **Appendix 1** provides commentary concerning specific programme-level variances.
- 5.5 The WMCA Investment Programme dashboard at **Appendix 4** provides a detailed summary by project of project completion dates and business case stage.

6 Investment Programme Dashboard

- 6.1 The Investment Programme Dashboard is attached separately at **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 eighty-one 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 Twelve 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 and a movement of funds committed against the Roundabout Over-Trace to this project to meet additional costs.
 - 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. The route to delivery, value and costs are revised. These are based upon a new masterplan which significantly increases the residential component. As the detailed design becomes clearer it will be possible to analyse the grant requirements and enable reporting. 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. An update will be provided to this Investment Board before formal application for change is presented to the Board in Autumn.

- 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
 - Local Strategic Network Resilience: Connectivity and Enhancements Programme
 - Smarter Resilient Assets

7 Financial Implications

7.1 There are no direct financial implications arising from 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 May 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 31st May 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 30th June 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 30th June 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 May 2022)

PROGRAMME	COST TO COMPLETION			
	PRIOR PERIOD SPEND	2022 / 2023 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN
	£000	£000	£000	£000
COVENTRY UKC PLUS	194,177	94,108	427,655	715,940
SPRINT PROGRAMME	76,447	20,996	231,617	329,060
RAIL PROGRAMME	47,690	45,084	122,470	215,243
METRO PROGRAMME	481,551	237,453	958,212	1,677,216
UK CENTRAL INFRASTRUCTURE PACKAGE	88,655	15,955	1,289,389	1,393,999
UK CENTRAL HS2 INTERCHANGE	35,297	11,715	485,716	532,728
HS2 GROWTH STRATEGY TOTAL	923,816	425,312	3,515,058	4,864,186
COVENTRY CITY CENTRE SOUTH REGENERATION	55,370	37,134	239,749	332,252
INNOVATION PROGRAMME	38,641	55,222	101,136	194,999
LAND RECLAMATION AND REMEDIATION	55,918	26,624	117,458	200,000
COMMONWEALTH GAMES 2022	73,028	5,320	-	78,348
EMPLOYMENT, EDUCATION & SKILLS	1,018	294	18,687	20,000
BUSINESS AND TOURISM PROJECT - BATP	10,687	12,872	389	23,948
COVENTRY ELECTRIC BUS CITY	11,407	16,221	111,873	139,500
REGIONAL RECOVERY & RISKS	12,286	12,103	25,161	49,550
COLLECTIVE INVESTMENT FUND	87,111	17,251	895,638	1,000,000
OTHER INVESTMENT PROGRAMME SCHEMES	345,465	183,041	1,510,091	2,038,597
GRAND TOTAL	1,269,281	608,353	5,025,150	6,902,784

Appendix 2

APPENDIX 2: Total Regional Investment Programme Funding Summary (as at 31st May 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	288,048	-	149,650	-	71,017	40,548	35,130	65,000	-	-	16,467	50,078	-	715,940
	Sprint Programme	217,406	-	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	226,785	206,498	398,540	204,014	4,747	31,600	-	-	-	-	62,358	1,873	540,802	1,677,216
	UK Central Infrastructure Package	288,000	-	-	-	755,646	-	-	-	-	-	23,550	326,803	-	1,393,999
	UK Central HS2 Interchange	398,000	-	50,000	-	53,383	460	-	-	-	-	180	30,705	-	532,728
SUB TOTAL HS2 GROWTH STRATEGY		1,532,146	206,498	692,191	204,014	903,027	78,908	52,430	65,000	13,535	-	117,409	416,660	582,369	4,864,186
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,947	-	-	-	-	-	-	-	-	-	182,305	-	-	332,252
	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		489,596	12,500	50,000	-	78,400	25,557	-	-	-	1,000,000	198,405	184,139	-	2,038,597
Grand Total		2,021,742	218,998	742,191	204,014	981,427	104,465	52,430	65,000	13,535	1,000,000	315,814	600,799	582,369	6,902,784

Appendix 1

APPENDIX 3: WMCA Investment Programme Commitments (as at 30th June 2022)

£m	Total Expected Approvals	Approved Commitments	Actual Spend (May-22)
Coventry UK Central Plus	288.1	94.8	86.1
Sprint Programme	217.4	47.0	34.5
Rail Programme	119.6	63.0	27.8
Metro Programme	222.8	222.8	115.1
UK Central Infrastructure Package	288.0	34.4	23.0
UK Central HS2 Interchange	398.0	63.0	35.6
SUB TOTAL HS2 GROWTH STRATEGY	1,533.9	525.1	322.1
Coventry City Centre South Regeneration	150.0	150.0	41.0
Innovation Programme	50.0	16.1	13.6
Land Reclamation and Remediation	200.0	103.0	56.1
Commonwealth Games 2022	25.0	25.0	25.0
Employment, Education & Skills	20.0	1.3	1.1
Business and Tourism Project - BATP	2.6	2.6	0.7
Coventry Electric Bus City	5.0	5.0	0.3
Regional Recovery & Risks	35.5	30.4	3.5
OTHER INVESTMENT PROGRAMME	488.1	333.4	141.3
TOTAL	2,022.0	858.5	463.3