



**Investment Board**

**Monday 17 October 2022 at 11.00 am**

**Minutes**

**Present**

Councillor Bob Sleigh (Chair)	Portfolio Lead for Finance & Investments
Councillor Steve Clark	Dudley Metropolitan Borough Council
Councillor Karen Grinsell	Solihull Metropolitan Borough Council
Councillor Jim O'Boyle	Coventry City Council
Councillor Stephen Simkins	City of Wolverhampton Council
Sue Summers	West Midlands Development Capital
Gary Taylor	Greater Birmingham & Solihull Local Enterprise Partnership
Councillor Matt Jennings	Non-Constituent Authorities
Sarah Windrum	Coventry & Warwickshire Local Enterprise Partnership

**Item Title  
No.**

**54. Apologies for Absence**

Apologies for absence were received from Councillor Bird, Councillor Jefferson, Councillor Jones, Councillor Piper and Nick Abell.

**55. Notification of Substitutes**

Councillor Jennings was nominated as a substitute for Councillor Jefferson and Sarah Windrum was nominated as a substitute for Nick Abell.

**56. Minutes - 15 August 2022**

The minutes of the meeting held on 15 August 2022 were agreed as a true record.

**57. Matters Arising**

*Minute no. 41, WMCA Position regarding Funding & Investment in relation to Overseas or Offshore Companies*

Councillor Simkins reported that he felt the briefing note that sets out the WMCA's guidance for dealing with offshore and/or overseas companies should be submitted to the WMCA Board.

The Chair reminded Councillor Simkins that the report was submitted to Investment Board for information only and was not a policy change to be considered by the WMCA Board.

Councillor Simkins indicated that he would raise the matter at the WMCA Board as a point of principle.

**58. Investment Programme Update and Dashboard**

The board considered a report of the Director of Investment and Commercial Activities on the status of the Investment Programme to help set the context of any investment decision being made by the board.

Ian Martin, Director of Investment and Commercial Activities provided an update on the Investment Programme and Investment Programme Dashboard.

He reported that the approved grant funded awarded and administered by the WMCA within the Regional Investment Programme totals £858.7 million as at 30 September 2022.

Ian Martin provided an update on the Investment Programme and dashboard including changes to projects/schemes that were approved by Statutory Officers since the previous meeting on 15 August 2022.

Resolved:

1. Approval under delegated authority by WMCA Officers of the business case submissions disclosed at Section 3 of the report be noted;
2. The WMCA Investment Programme funding status and current affordable limit as outlined in Section 4 of the report be noted and
3. The Regional Investment Programme delivery update detailed within the report and appendices (including the project-level summary within the WMCA Investment Programme dashboard at Appendix 4) be noted.

**59. WMCA Collective Investment Fund (CIF) - Dashboard**

The board considered a report of the Collective Fund dashboard (public iteration) as at 1 October 2022.

Resolved: That the report be noted.

**60. WMCA Brownfield Land and Property Development Fund (BLPDF) - Dashboard**

The board considered a report of the Brownfield Land and Property Development Fund dashboard (public iteration) as at 1 October 2022.

Resolved: That the report be noted.

**61. WMCA Revolving Investment Fund (RIF) - Dashboard**

The board considered a report of the Revolving Investment Fund dashboard (public iteration) as at 1 October 2022.

Resolved: That the report be noted.

## **62. Exclusion of the Public and Press**

Resolved:

That in accordance with Section 100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any particular person (including the authority holding that information).

## **63. Morris & Company- Stadium Point**

The board considered a report from West Midlands Development Capital (WMDC) that sought approval for loan funding from the Collective Investment Fund (CIF) for the sum specified in the report for the 'Company' to support the development of 11 new build mixed use industrial, office and food units divided into smaller units at a key employment location close to the A5 in Shrewsbury.

It was noted that the development is the first of 3 phases the Company would be undertaking over the next c4-6 years and the loan would fund Phase 1 of the development.

The loan would be secured via a first charge over the whole c28 acres as the Company's wish for Phase 3 funding (counter intuitively the development is built sequentially as Phase 1, Phase 3, then Phase 2) to also be provided via CIF. This is to be presented separately in around 18-24 months and there is no commitment to provide this funding at this stage. Appropriate collateral warranties from sub-contractors and consultants with any significant design or structural responsibilities would also be in place.

It was noted that the Company was well-established and had a track record with the WMCA, having recently repaid a CIF loan for a completed development that achieved greater rental income and sales figure compared to the original appraisal values.

The Director of Investment and Commercial Activities, Ian Martin reported that the Company was well-known in the Shrewsbury area and he was comfortable lending to an established company.

In relation to an enquiry from Councillor O' Boyle as to whether Shrewsbury would part of an Investment Zone area as this would impact on land values, Nick Oakley (WMDC) reported that Shrewsbury was not applying for Investment Zone status and advised that there was a lot of old commercial stock in the area that was not fit for purpose. He added that there was also significant value hidden in the land values which covered risks.

Resolved:

That a loan from the Collective Investment Fund (CIF) to the Company for the sum specified in the report, to fund the development outline in the report be approved.

**64. Business Justification Case Approval for initial spend under CRSTS - Line 1 Renewal**

The board considered a report of the Executive Director of Transport for the West Midlands that sought approval for the release of £2.1m from the City Region Sustainable Transport Sustainable (CRSTS) Fund that is part of a £30m settlement and forms part of the full business case that would be submitted to the WMCA Board for approval in January 2023 for Metro Line 1 renewals.

The West Midlands Metro Projects Director, Michael Anderson, reported that the Metro infrastructure was 20 years old and advance funding was needed this financial year to undertake urgent maintenance works for Overhead Line Equipment and track updates.

Councillor O' Boyle indicated he supported the report but noted the high costs for Metro compared to Very Light Rail (VLR) and stressed the need for the WMCA to continue to support VLR.

Resolved:

1. The intention to submit a Full Business Case for approval at the WMCA Board in January for Line 1 Renewals for £30m be noted;
2. The need to release emergency grant funding in advance of this full approval to enable West Midlands Metro to deliver some of the more urgent packages within the full £30m funding stream be noted and
3. The release of £2.1m in anticipation of approval of the CRSTS £30m Full Business Case be approved.

**65. Coventry City Centre South**

The board considered a report of the Property Services and Development Director, Coventry City Council that sought approval of a Change Request for the Coventry City South Scheme.

Adam Hunt, Coventry City Council, outlined the background to the Coventry City Centre South scheme and presented details of the revised scheme that reduces the amount of retail space and provides significantly more housing including 20% affordable. Adam also presented details of the project outcome, key benefits, how the grant would be re-structured and next steps.

Ian Martin reported that WMCA colleagues had worked with Coventry City Council on the scheme and was pleased this would be a more deliverable scheme. He advised that no additional funding is required from the WMCA and the commercial details would be worked through with Coventry City Council to insert conditions into the grant.

Councillor Grinsell enquired as to the profit targets for the scheme as these were not itemised and also asked whether the health centre plans were well developed.

Adam Hunt reported that he was working through the commercial details with the developer and with regards to the in health centre there were no detailed plans at this stage but outline planning consent had been awarded.

Councillor Grinsell reported of the need to involve the NHS at the early stages of the scheme development to ensure the health centre gets built.

Councillor Simkins reported that he was very supportive of the scheme as it supported city centre regeneration but wanted to understand the intervention rate for housing as he wanted to see a level playing field across the WMCA.

Ian Martin advised that the intervention rate was high for the scheme due to the high demolition costs involved. He advised that an intervention was not applied for the revised scheme but if an intervention rate was applied, the WMCA would not have provided financial assistance.

Sarah Windrum advised that the Coventry and Warwickshire LEP was fully supportive of the scheme.

Resolved:

1. The introduction of a council funding contribution completes the funding package for the scheme and is subject to Cabinet and Full Council approval as well as Subsidy Control review be noted;
2. The Change Request for the Coventry City Centre South Scheme subject to Coventry City Council Cabinet and Full Council approval of the Local Authority Contribution and resolution of any associated Subsidy Control review matters be approved;
3. The commercial terms and grant structure be delegated to the S151 Officer, in consultation with the Investment and Commercial Activities Director, to undertake the necessary due diligence to approve the funding and enter into any associated legal agreements that are necessary to give effect to the recommendations contained in the report be approved;
4. The principle that overall affordability of the Investment Programme (as evidenced by the financial model) should be no worse off as a result of any accelerated drawings which might be required as a result of the Change Request be approved.

The board considered a report of the Investment and Commercial Activities Director that provided an update on the status and performance of the Brownfield Land and Property Development Fund (BLPDF) and sought approval to the strategy with regards to undrawn and unallocated funding and to the provisional BLPDF fees.

Resolved:

1. The performance and status of the Brownfield Land and Property Development Fund be noted;
2. The strategy with regards to the undrawn but allocated funding as set out in section 5 of the report which would release up to £4.921m combined with the remaining £1.575m to provide £6.496m of available funding be approved and
3. The provisional fee arrangements outlined in section 6 of the report be approved.

**67. Encocam -Mira**

The board considered a report of West Midlands Development Capital (WMDC) that sought approval from the Collective Investment Fund (CIF) for the sum specified in the report for the 'Company' to enable a key motor industry passive crash testing facility at the expanded Motor Industry Research Association (MIRA) Technology and Manufacturing Park to be retained and supported for re-equipped premises the loan would be subject to the key terms set out in the report.

Grant funding, for the sum specified in the report, was also sought from the Brownfield Land and Property Development Fund towards site redevelopment, where costs would not be fully demonstrably serviceable or recoverable within 5 years to provide significant job outputs saved directly on the wider site and across the West Midlands.

It was noted that Warwickshire County Council are supporting this business with match funding (as specified in the report) which they provide on loan as they able to offer such a facility for up to 10 years, subject to further diligence.

Councillor Clark noted that JLR are the biggest client user of this facility and enquired whether the company would build anything themselves.

Gerald Gannaway (WMDC) reported that JLR had written a letter of support of for continued investment in the facility but had indicated they would not invest themselves and would have to explore alternatives within Europe to ensure NCAP 2025 compliance if the facility was not upgraded to meet the new standards.

Councillor O' Boyle commented that there always risks within the automotive sector and that if investment was not provided in the sector, automotive companies would take their business elsewhere.

Ian Martin advised the board that security for this investment was different to what is normally provided in that it is reliant on two guarantees; the Company was a tenant rather than the owner so the WMCA could not take a first charge over the property. He reported that lending to an SPV carries a high risk than what the WMCA usually deals with and the direct outputs from the investment were not very high. He added that subsidy control also needs to be looked at very carefully.

The board noted the risks as outlined and the importance of MIRA to the sector and the region.

Resolved:

1. A fully repayable loan from the Collective Investment Fund (CIF) to the 'Company' for the sum specified in the report, at the agreed interest rate be approved and
2. Grant funding from the Brownfield Land and Property Development Fund (BLPDF) to the 'Company' for the sum specified in the report be approved.

**68. WMCA Collective Investment Fund (CIF) - Dashboard**

The board considered a report setting out the dashboard for the Collective Investment Fund (private iteration) as at 1 October 2022.

Resolved: That the report be noted.

**69. WMCA Brownfield Land and Property Development Fund (BLPDF) - Dashboard**

The board considered a report setting out the dashboard for the Brownfield Land and Property Development Fund (private iteration) as at 1 October 2022.

Resolved: That the report be noted.

**70. WMCA Revolving Investment Fund (RIF) - Dashboard**

The board considered a report of the Revolving Investment Fund (private iteration) as at 1 October 2022.

Resolved: That the report be noted.

**71. Land and Property Investment Fund (LPIF)**

The board considered a report setting out the dashboard for the Black Country Land and Property Investment Fund as at 1 October 2022.

Resolved: That the report be noted.

**72. Housing & Land Fund Dashboards**

The board considered the Housing and Land Fund Dashboards that provided updated on the three funds (Brownfield Housing Fund, National Competitive Fund and Land Fund) including a summary of the funds since the last meeting.

Resolved: That the report be noted.

The meeting ended at 12.18 pm.