



West Midlands
Combined Authority

WMCA Investment Board

Date	14th November 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 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 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**).
4. Note an update of the City Region Sustainable Transport Settlement ('CRSTS') programme to Investment Board is scheduled for the December 2022 Board meeting, and subsequent quarterly reporting is proposed.

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 10 June 2022, WMCA Board approved extending the role and remit of WMCA Investment Board to cover all WMCA 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 £858.7 million as at 31st October 2022 (£858.7 million as at 30th September 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 30th September 2022 totals £483.3 million.

3.5 Since the previous WMCA Investment Board meeting on 17th October 2022, the following submission have been approved:

- WM2041 Five Year Plan: 2021-2026 (Net Zero Neighbourhood) – A business justification case was approved by Statutory officers to award £1.65m of Investment Programme funding for the retrofit of 50 homes to a constituent local authority member. This does not represent an additional commitment to the WMCA Investment Programme, but was awarded from within the overarching £5.1m grant already approved and awarded to the project at WMCA Board on 19 March 2021.

3.6 **Appendix 3** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of October 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 The CRSTS programme is now entering the delivery stage with business cases for CRSTS funding beginning to come through the Single Assurance Framework (including Investment Board), for approval.

4.5 The appropriate baselines and reporting mechanisms are now in place, and an overarching update for the CRSTS programme is expected to be provided at the next meeting of Investment Board scheduled for 12th December 2022. Thereafter, it is currently proposed that quarterly CRSTS update reports are provided to Investment Board to discuss performance and set the context for any investment decisions being made by the Board.

4.6 In addition, the status of the CRSTS programme and relevant monitoring information will be reported on a quarterly basis to the Strategic Transport Board, and annually to WMCA Board in the form of a bespoke report. This annual report will consider progress across the West Midlands CRSTS programme and change control matters. This is in accordance with the CRSTS reporting arrangements approved by WMCA Board in March 2022.

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 2022/23 programme baseline. It should be noted that the impact of COVID-19 and other macro-economic events 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-two 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.
 - UKC HS2 Interchange Programme - There is one scheme within the UKC HS2 Interchange Programme listed as RED status, being HS2 Parallel Designs – Forecast completion beyond approved date. Change Request due to be submitted to WMCA Assurance to extend completion date.

- UKC Infrastructure – There are eleven schemes which are listed as RED status because the original completion date has expired without the project concluding. The project sponsor has indicated the schemes are facing variances due to COVID-19 which will alter timescales for delivery. The Project sponsor is preparing change request submissions with a target date of having these submitted to the WMCA before the end of the calendar year. The ten schemes currently RED status are:
 - Birmingham Business Park Southern Access
 - Solihull Town Centre Public Realm Improvement scheme
 - Kingshurst Village Centre
 - Chelmsley Wood Town Centre
 - Accelerating Housing Delivery – Simon Digby
 - Walking, Cycling & Green Infrastructure Investment Programme
 - UKC Hub Access and Transport Modelling Programme
 - Solihull Station Integrated Transport Hub
 - Local Strategic Network Resilience: Connectivity and Enhancements Programme
 - Smarter Resilient Assets
- Coventry South Interchange.
- Metro Wolverhampton Interchange Programme – Project completion date revised to Spring 2023 due to supply chain constraints.

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 30th September 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 30th September 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 October 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 October 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 30th September 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	85,523	429,822	709,522
SPRINT PROGRAMME	76,447	20,996	231,617	329,060
RAIL PROGRAMME	47,690	49,552	119,370	216,611
METRO PROGRAMME	482,918	142,668	1,057,417	1,683,002
UK CENTRAL INFRASTRUCTURE PACKAGE	88,655	90,426	1,174,139	1,353,220
UK CENTRAL HS2 INTERCHANGE	35,297	10,336	582,094	627,727
HS2 GROWTH STRATEGY TOTAL	925,182	399,502	3,594,459	4,919,143
COVENTRY CITY CENTRE SOUTH REGENERATION	55,370	38,453	240,294	334,117
INNOVATION PROGRAMME	37,876	5,896	151,227	194,999
LAND RECLAMATION AND REMEDIATION	55,918	25,327	118,756	200,000
COMMONWEALTH GAMES 2022	73,028	5,320	-	78,348
EMPLOYMENT, EDUCATION & SKILLS	1,023	293	18,687	20,002
BUSINESS AND TOURISM PROJECT - BATP	10,687	12,772	489	23,948
COVENTRY ELECTRIC BUS CITY	11,407	16,215	111,878	139,500
REGIONAL RECOVERY & RISKS	12,319	9,666	27,916	49,900
COLLECTIVE INVESTMENT FUND	87,111	38,915	873,974	1,000,000
OTHER INVESTMENT PROGRAMME SCHEMES	344,737	152,855	1,543,222	2,040,814
GRAND TOTAL	1,269,920	552,357	5,137,680	6,959,957
				Appendix 2

APPENDIX 2: Total Regional Investment Programme Funding Summary (as at 30th September 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	-	149,660	-	71,017	40,548	35,130	65,000	-	-	16,467	43,650	-	709,522
	Sprint Programme	217,406	-	35,000	-	18,235	4,700	3,100	-	-	-	1,853	48,767	-	329,060
	Rail Programme	113,907	-	59,518	-	-	1,600	14,200	-	15,668	-	11,683	35	-	216,611
	Metro Programme	226,785	194,716	401,769	204,434	4,101	34,040	-	-	-	-	64,456	11,898	540,802	1,683,002
	UK Central Infrastructure Package	288,000	-	-	-	753,346	-	-	-	-	-	32,265	279,608	-	1,353,220
	UK Central HS2 Interchange	398,000	-	50,000	-	47,802	460	-	-	-	-	180	636	130,650	627,727
SUB TOTAL HS2 GROWTH STRATEGY		1,532,147	194,716	695,947	204,434	894,501	81,349	52,430	65,000	15,668	-	126,904	384,595	671,452	4,919,143
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,953	-	-	-	-	-	-	-	-	-	184,164	-	-	334,117
	Innovation Programme	49,954	-	-	-	-	5,211	-	-	-	-	199	139,635	-	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	20,002	-	-	-	-	-	-	-	-	-	-	-	-	20,002
	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	-	-	-	-	-	-	-	-	-	350	-	49,900
Collective Investment Fund	-	-	-	-	-	-	-	-	-	1,000,000	-	-	-	1,000,000	
OTHER INVESTMENT PROGRAMME SCHEMES		489,560	12,500	50,000	-	78,400	25,211	-	-	-	1,000,000	200,463	184,681	-	2,040,814
Grand Total		2,021,706	207,216	745,947	204,434	972,901	106,560	52,430	65,000	15,668	1,000,000	327,367	569,276	671,452	6,959,957
															Appendix 1

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

£m	Total Expected Approvals	Approved Commitments	Actual Spend (Aug-22)
Coventry UK Central Plus	288.1	94.8	90.9
Sprint Programme	217.4	47.0	42.5
Rail Programme	113.9	63.0	25.1
Metro Programme	222.8	222.8	103.7
UK Central Infrastructure Package	288.0	34.6	24.2
UK Central HS2 Interchange	398.0	63.0	38.5
SUB TOTAL HS2 GROWTH STRATEGY	1,528.2	525.3	324.9
Coventry City Centre South Regeneration	150.0	150.0	52.0
Innovation Programme	50.0	16.1	13.7
Land Reclamation and Remediation	200.0	103.0	59.9
Commonwealth Games 2022	25.0	25.0	25.0
Employment, Education & Skills	20.0	1.3	1.2
Business and Tourism Project - BATP	2.6	2.6	0.3
Coventry Electric Bus City	5.0	5.0	0.4
Regional Recovery & Risks	41.3	30.4	5.8
OTHER INVESTMENT PROGRAMME	493.8	333.4	158.4
TOTAL	2,022.0	858.7	483.3