



**Investment Board**

**Monday 14 November 2022 at 11.00 am**

**Minutes**

**Present**

Councillor Bob Sleigh (Chair)	Portfolio Lead for Finance & Investments
Councillor Mike Bird	Walsall Metropolitan Borough Council
Councillor Steve Clark	Dudley Metropolitan Borough Council
Councillor Karen Grinsell	Solihull Metropolitan Borough Council
Councillor Trevor Harvey	Non-Constituent Authorities
Councillor Brigid Jones	Birmingham City Council
Councillor Bob Piper	Sandwell Metropolitan Borough Council
Councillor Stephen Simkins	City of Wolverhampton Council
Nick Abell	Coventry & Warwickshire Local Enterprise Partnership
Sue Summers	West Midlands Development Capital
Gary Taylor	Greater Birmingham & Solihull Local Enterprise Partnership

**Item Title  
No.**

**73. Apologies for Absence**

Apologies for absence were received from Councillor O'Boyle and Councillor Jefferson.

**74. Notification of Substitutes**

Councillor Harvey was nominated as a substitute for Councillor Jefferson.

**75. Declarations of Interests**

Councillor Brigid Jones reported that she had recently been appointed as a member of the board of Birmingham Airport Holdings.

**76. Minutes - 17 October 2022**

The minutes of the meeting held on 17 October 2022 were agreed as a true record.

**77. 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 Dashboard.

He reported that the Investment Programme grants awarded and administered by the WMCA within the Regional Investment Programme, was unchanged from last month, and totals £858.7m as at 31 October 2022.

Resolved:

1. Approval under delegated authority by WMCA Officers of the business case submission 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;
3. 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) be noted;
4. An update of the City Region Sustainable Transport Settlement ('CRSTS') programme is scheduled for the December meeting of this board and subsequent quarterly reporting is proposed be noted.

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

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

Resolved: That the report be noted.

**79. 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 November 2022.

Resolved: That the report be noted.

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

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

Resolved: That the report be noted.

**81. 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).

**82. Blackswan (Bradford Works) Limited**

The board considered a report from West Midlands Development Capital

(WMDC) that sought approval for loan funding from the Revolving Investment Fund (RIF) for the sum specified in the report for up to 3 years, to the 'Company' to bring forward a new concept of 30 high-quality purpose built shared living accommodation within the Jewellery Quarter Conservation Area.

It was noted that the shared living development was a new concept for the West Midlands (but examples exist in London, and it is more common in parts of Europe) that meets an important gap in the property market for postgraduate students, young professionals, new workers in the region and freelance workers who can access lower rentals and would benefit from closer social networks.

The Director of Investment and Commercial Activities, Ian Martin, reported that the developer was experienced and has a substantial backer who would retain the units until fully rented and with regards to the RIF loan, this would represent no more than 70% total loan to cost.

Gary Taylor reported that he was hugely supportive of the concept but enquired whether the developer's numbers were right. He queried the capital values and yield figures stated in the report as he considered the values provided were higher than what he had calculated.

Gerald Gannaway (WMDC) advised that the nearest asset class for comparison purposes was student accommodation, but the accommodation proposed was superior to student accommodation. He advised that the yield figures had been provided by a professional valuer, but a more rigorous valuation would be undertaken by the likes of CBRE following the meeting and the building conversion costs would also be explored.

In relation to an enquiry from Councillor Simkins regarding whether the report would be re-submitted to the board following the due diligence work, Ian Martin advised that the report would not be re-submitted to the board. He stated that it was normal practice for the due diligence process to be undertaken with professionals. A cost report, valuation and legal work would confirm figures and the title situation approximated or assumed when the report was prepared. This ensured that there was no material difference in the risk and benefits that the Investment Board were presented with. A degree of such due diligence and consultation with professionals is undertaken before the Board, but final reports confirm what has been presented post approval being given.

The Chair added that the WMCA's Finance Director and Section 151 Officer, Linda Horne has ultimate 'sign-off' of the investment proposals.

Resolved: That a loan from the Revolving Investment Fund (RIF) to the 'Company', for the sum specified in the report, be approved to fund the development, subject to the terms and conditions outlined in the report.

### **83. Central & Country (Pool Hill) Limited**

The board considered a report from West Midlands Development Capital (WMDC) that sought approval from the Revolving Investment Fund (RIF) for loan funding for 3 years, for the sum specified in the report, to the 'Company' for 36 housing units with a minimum of 8 units/ 22% affordable on the site identified in the report at Pool Hill Road, Telford. The developer is well-established, with a good track record.

Grant funding from the Brownfield Land and Development Fund (BLPDF) was also sought for the sum specified in the report due to land remediation issues resulting in additional/abnormal costs.

The Director of Investment and Commercial Activities, Ian Martin advised the board that further to the update on the Brownfield Land and Property Development Fund at the last meeting, the BLPDF grant would be made from the Telford and Wrekin allocation and if approved, the whole BLPDF fund would be fully committed.

Nick Abell enquired whether WMCA grant element of the funding was needed because the Developer had overpaid for this site.

Gerald Gannaway (WMDC) reported that costs have increased significantly since the development proposal was agreed early in 2021 and the developer was being cautious. He advised that with regards to the grant, if costs were less or values more, the standard clawback conditions would ensure repayment of 50p for every additional £1 of profit.

In relation to an enquiry from Councillor Simkins regarding planning approval, Gerald Gannaway advised that full planning approval has been granted. However, the developer was appealing the section 106 agreement on viability grounds.

Councillor Bird reported that it was ridiculous that local authorities sought section 106 agreements where developments were only made viable as a result of WMCA funding. He considered councils should not seek section 106 agreements if financial assistance was provided by the WMCA or alternatively, the WMCA should reduce the funding (subsidy) accordingly.

The Chair commented that Councillor Bird had raised a good/valid point. Councillor Simkins considered the WMCA should look to cover the issue as part of a Devolution Deal with Government or draft a policy for this board to consider.

Resolved:

1. A secured, repayable loan from the Revolving Investment Fund (RIF) to the 'Company' for 3 years, for the sum specified in the report, be approved, subject to the key terms and conditions outlined in the report and
2. Grant funding from the Brownfield Land Property Development Fund (BLPDF) to the 'Company' for the sum specified in the approved.

[Gary Taylor declared a non-pecuniary interest in this item in knowing one of the Company's Directors]

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

The board considered a report of the Collective Investment Fund dashboard (private iteration) as at 1 November 2022.

Resolved: That the report be noted.

**85. 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 November 2022.

Resolved: That the report be noted.

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

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

Resolved: That the report be noted.

**87. Housing & Land Fund Dashboards**

The board considered the Housing and Land Fund dashboards that provided an update on the three funds (Brownfield Housing Fund, National Competitive Fund and Land Fund).

In relation to enquiry from Gary Taylor on the Land Fund and in particular the disposal options being prepared in respect of 2 projects in Sandwell, the Chair asked the Head of Strategy and Analysis (Housing, Property and Regeneration), Rob Lamond to provide an update to a future meeting.

Resolved: That the report be noted.

**88. 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 November 2022.

Resolved: That the report be noted.

The meeting ended at 11.43 am.