



Investment Board

Monday 12 December 2022 at 11.00 am

Minutes

Present

Councillor Bob Sleigh (Chair)
Nick Abell

Councillor Mike Bird
Councillor Steve Clark
Councillor Jim O'Boyle
Councillor Bob Piper
Sue Summers
Gary Taylor

Portfolio Lead for Finance & Investments
Coventry & Warwickshire Local
Enterprise Partnership
Walsall Metropolitan Borough Council
Dudley Metropolitan Borough Council
Coventry City Council
Sandwell Metropolitan Borough Council
West Midlands Development Capital
Greater Birmingham & Solihull Local
Enterprise Partnership

Item Title
No.

89. Apologies for Absence

Apologies for absence were received from Paul Brown (Black Country LEP), Councillor Karen Grinsell (Solihull), Councillor Tony Jefferson (non-constituent authorities), Councillor Brigid Jones (Birmingham) and Councillor Stephen Simkins (Wolverhampton).

90. Minutes - 14 November 2022

The minutes of the meeting held on 14 November 2022 were agreed as a correct record.

91. Investment Programme Update

The board considered a report from the Director of Commercial & Investment on the status of the Investment Programme to help set the context for the investment decisions being made.

The report provided an analysis of the overall regional Investment Programme expenditure, funded by both grants administered by the WMCA and match funding sources. Approved grant funding awarded and administered by the WMCA to programmes within the regional Investment Programme now totalled £853.8m as at 30 November 2022. The report also set out the submissions approved since the last meeting of the board.

Resolved:

- (1) The approval of the business case submissions by officers under delegated authority be noted.
- (2) The Investment Programme funding status and current affordable limit be noted.
- (3) The regional Investment Programme delivery update, including the project-level summary within the Investment Programme dashboard, be noted.
- (4) It be noted that, as with previous years, there would not be new data available for an Investment Programme Update report for the meeting of the board on 9 January 2023 due to the Christmas break.

[NB. Councillor Bob Sleight declared a personal interest in this item due to him being a board member of the Solihull Urban Growth Company.]

92. Update Report: City Region Sustainable Transport Settlement - Quarter 2 Financial Year 2022/23

The board considered a report from the Head of Strategy & Intelligence, Transport for West Midlands setting out the requirements for the monitoring, evaluation and reporting of the City Region Sustainable Transport Settlement programme. The report also provided an update on programme progress to date, setting the context for the investment decisions being made by the board.

The West Midlands had submitted a programme-level business case consisting of 50 projects and programmes totalling an investment of over £1bn in transport improvements. This investment included a Government grant of £1.05bn, along with £120.1m as a local contribution from West Midlands local authorities. In addition to it being good practice to regularly monitor programme performance, as part of the funding conditions associated with the City Region Sustainable Transport Settlement allocation, the WMCA, acting as the accountable body, was required to undertake monitoring and evaluation of the programme. The Department for Transport also required a quarterly update on programme progress.

Councillor Jim O'Boyle noted that a number of schemes within the City Region Sustainable Transport Settlement programme would require funding towards the end of their delivery timescale and stressed the importance of ensuring that sufficient funding was kept within the programme to account for this. Gary Taylor enquired about the impact of the non-delivery of schemes. The Head of Strategy & Intelligence confirmed that all combined authorities were discussing this with the Department for Transport, and Transport for West Midlands had change processes, over-programming and reserve schemes available to ensure that if some schemes were unable to be delivered, funding could be re-targeted towards other schemes.

Resolved:

- (1) The monitoring, evaluation and reporting requirements associated with the City Region Sustainable Transport Settlement be noted.
- (2) The programme monitoring plans be noted.
- (3) The quarter 2 financial year 2022/23 progress be noted.

93. Collective Investment Fund Dashboard

The board considered a report detailing the Collective Investment Fund dashboard as at 1 December 2022.

Resolved:

The report be noted.

94. Brownfield Land & Property Development Fund Dashboard

The board considered a report detailing the Brownfield Land & Property Development Fund dashboard as at 1 December 2022.

Resolved:

The report be noted.

95. Revolving Investment Fund Dashboard

The board considered a report detailing the Revolving Investment Fund dashboard as at 1 December 2022.

Resolved:

The report be noted.

96. Exclusion of the Public and Press

Resolved:

In accordance with s100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business as it was likely to involve the disclosure of exempt information as specified in paragraph 3 of the Act.

97. Very Light Rail Regional Package Strategic Outline Business Case

The board considered a report from the Senior Programme Manager, Coventry City Council seeking to deliver the Very Light Rail Regional Package, which required £36.8m funding from the City Region Sustainable Transport Settlement to support the completion of the Coventry Very Light Rail research and development programme, equip the Very Light Rail National Innovation Centre in Dudley to support the Coventry programme and future programmes, and to enable Transport for West Midlands to carry out feasibility studies to assess the viability of Coventry Very Light Rail to deliver extensions to current Midland Metro services.

The City Region Sustainable Transport Settlement contained an allocation of £71.5m for the very light rail regional programme, containing three elements:

- Coventry Very Light Rail scheme;
- Dudley Very Light Rail National Innovation Centre;
- Mass transit options appraisal study.

It was intended that these three schemes would complement each other.

Councillor Mike Bird stressed the importance of seeking to procure local firms to support this programme of works. The Senior Programme Manager reported that 67% of the programme's funds were currently expected to be spent within the UK, and it was hoped that this figure would increase. The Director of Transportation & Highways, Coventry City Council indicated that a local production manufacturer for the very light rail vehicle was being sought through the procurement process.

In response to a question from Gary Taylor, the Director of Transportation & Highways confirmed that the very light rail vehicles would be able to operate on metro tracks should the network ever be extended to Coventry.

Resolved:

- (1) The progression of the Very Light Rail Regional Package strategic outline business case to the WMCA Board on 13 January 2023 be endorsed.
- (2) The request for funding of £36.8m through the strategic outline business case submission from the City Region Transport Settlement Scheme be recommended for approval.
- (3) The financial conditions of approval agreed between officers of the WMCA, Coventry City Council, Dudley Metropolitan Borough Council and Transport for West Midlands be endorsed.

98. Metro Line 1 Renewals Full Business Case Approval for Spend Under the City Region Sustainable Transport Settlement

The board considered a report from the West Midlands Metro Project Director on the on-going investment required on the existing metro infrastructure in order to keep the network safe, reliable and operational.

The metro line one infrastructure was over 20 years old and had had little significant replacement of equipment over this time, resulting in an increasing number of failures of the existing equipment, including failures of the overhead line equipment which had caused a closure of the whole line. A programme of renewals of key infrastructure, including overhead line, track and other equipment needed over the next five years had been developed with Midland Metro Ltd. Transport for West Midlands was asked to add on to this the annual repair works that would be anticipated for the next five year period. The costs of these works were included in the City Region Sustainable Transport Settlement funding, including funding allocated to line one renewals for the most urgent of these works.

Councillor Mike Bird noted the amount of funding required to keep the metro operational and stressed the importance of ensuring that close attention was being paid to ensure that this was used efficiently and effectively.

Resolved:

- (1) The progression of the Line One Renewals full business case to the WMCA Board on 13 January 2023 be endorsed.
- (2) The request for funding of £27.85m through the full business case submission from the City Region Sustainable Transport Settlement scheme be recommended for approval.
- (3) It be noted that a business justification case for urgent line one renewals had been previously approved in the sum of £2.15m, bringing the overall total City Region Sustainable Transport Settlement funding for line one renewals to £30m.
- (4) The appraisal recommendations be endorsed.
- (5) A further report be submitted to the board in 12 months' time setting out the progress made in delivering these renewal works.

99. West Midlands Growth Company Funding

The board considered a report from the Director of Policy & Partnerships, West Midlands Growth Company providing a business justification case for funding the West Midlands Growth Company to enable it to establish itself as a going concern by 31 December 2022.

A verbal update was provided before the item was considered. This amended the recommendations set out in the report insofar as it removed the underwrite expressed in recommendation (3)c within the report and was reflected in these minutes under the noted resolution.

At its meeting on 13 May 2022, the Economic Growth Board indicated its support in principle that the West Midlands required activity from the West Midlands Growth Company similar in scope and scale to the Business & Tourism Programme going forward. The board subsequently initiated a detailed options review for the growth company to consider its priority functions, governance arrangements and longer term sustainable funding. The review was due to conclude with a report to the WMCA Board on 10 February 2023. Whilst this review was ongoing, as a company limited by guarantee it was required to establish that it was a going concern (ie. capable of meeting its financial obligations) for the next financial year in the submission of its statutory accounts, which had to be filed by 31 December 2022. The report proposed a means by which this could be established.

Councillor Mike Bird stressed the importance of the West Midlands Growth Company being able to demonstrate the value it brought to the region and how it added to work already being undertaken by the WMCA and its constituent member authorities. It was necessary for greater performance data to be made available to demonstrate how it delivered benefit to each district within the region. The Director of Policy & Partnerships welcomed the forthcoming governance review that was to be undertaken, and recognised that the growth company needed to be more transparent in its reporting, especially to the Economic Growth Board. She also considered refreshed performance indicators would help to better demonstrate the benefits of the work of the growth company. Nick Abell welcomed the undertaking of a governance review, stressing the importance of good governance underpinning the work of the West Midlands Growth Company.

Resolved:

- (1) The business justification case in light of the on-going review of the West Midlands Growth Company be noted.
- (2) It be noted that the objectives, outcomes and benefits set out in the business justification case were subject to change.
- (3) The £4m proposal for submission to the WMCA Board, for the period 1 April 2023 to 31 March 2024 to the West Midlands Growth Company, be endorsed, comprising the following three income streams:
 - (i) £700,000 from the WMCA's core budget;
 - (ii) £1.6m from the UK Shared Prosperity Fund, subject to the approval of the WMCA's investment plan proposal by the Department for Levelling Up, Housing & Communities and a confirmation of the total allocation;
 - (iii) £1.7m contribution from the Commonwealth Games residual contingency funding, subject to the confirmation of the total allocation from the Government.

[NB. In accordance with paragraph 18.12 of the constitution, Councillor Mike Bird requested that it be recorded that he voted against these resolutions.]

100. Far Gosford Development Ltd - Telegraph Hotel, Coventry

The board considered a report from West Midlands Development Capital seeking approval of a further three year extension to the existing Collective Investment Fund loan, continuing on investment facility terms but amended to reflect the current market and trading position of the hotel.

Gary Taylor sought clarification on the valuation that had been obtained for the project. The Investment Director - Property, West Midlands Development Capital indicated that the project would be re-valued, but he expected that with actual trading figures available rather than the estimates previously used, the valuation would be significantly greater than that obtained in 2020.

The Director of Commercial & Investment confirmed that he considered this to be a low risk scheme.

Resolved:

A further three-year extension to the existing Collective Investment Fund loan, continuing on the investment facility terms but amended to reflect the current market and trading position of the hotel, be approved on the terms included within the report.

[NB. Nick Abell declared a personal interest in the item due to his employment with Wright Hassall, who had acted on behalf of Complex Development Projects Ltd, owners of Far Gosford Developments Ltd.]

101. Mira Technology Park Ltd - Watling Street, Nuneaton

The board considered a report from West Midlands Development Capital seeking the re-approval of an existing Brownfield Land & Property Development Fund grant now to be in the name of Mira Technology Park Ltd rather than Encocam Newco SPV, as had been previously agreed by the Investment Board on 17 October 2022.

The Investment Director - Property, West Midlands Development Capital reported that this change was proposed in order to reflect the new owners of the site, which was considered a positive change from the WMCA's perspective. He confirmed that the funding would only be released when Mira Technology Park had demonstrated that it was making the other funding investments required.

Resolved:

The existing Brownfield Land & Property Development Fund grant, as detailed within the report and previously approved at the Investment Board on 17 October 2022, but now to be in the name of Mira Technology Park Ltd as applicant, rather than Encocam Newco SPV, be re-approved.

102. Collective Investment Fund Dashboard

The board considered a report detailing the Collective Investment Fund dashboard as at 1 December 2022.

Resolved:

The report be noted.

103. Brownfield Land & Property Development Fund Dashboard

The board considered a report detailing the Brownfield Land & Property Development Fund dashboard as at 1 December 2022.

The Head of Property Finance, West Midlands Development Capital confirmed that this £50m fund was fully committed, although the opportunities to claw back funding was constantly being reviewed.

Resolved:

The report be noted.

104. Revolving Investment Fund Dashboard

The board considered a report detailing the Revolving Investment Fund dashboard as at 1 December 2022.

Resolved:

The report be noted.

105. Black Country Land & Property Investment Fund Dashboard

The board considered a report detailing the Black Country Land & Property Investment Fund dashboard as at 1 December 2022.

Resolved:

The report be noted.

106. Housing & Land Funds Dashboards

The board considered a report detailing the Housing & Land Funds dashboards as at 1 December 2022.

Gary Taylor indicated that he had not yet received further details on the disposal strategy in respect of projects indicated as having such in the dashboard, including two in Sandwell. The Head of Strategy & Analysis (Housing, Property & Regeneration) undertook to provide this information.

Resolved:

The report be noted.

107. Date of Next Meeting

Monday 9 January 2023 at 11.00am.

The meeting ended at 12.30 pm.