



West Midlands  
Combined Authority

### WMCA Investment Board

<b>Date</b>	20th March 2023
<b>Report title</b>	Investment Programme Update
<b>Portfolio Lead</b>	Councillor Bob Sleight - Finance & Investments
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<b>Report has been considered by</b>	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**).

## 1 Purpose

- 1.1 The Investment Board agreed on 26th 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 10th 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 £853.7 million as at 28th February 2023 (£853.8 million as at 30th November 2022 – refer to **paragraph 3.5**).
- 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 December 2022 totals £502.8 million.

3.5 Since the previous WMCA Investment Board meeting on 12th December 2022, the following submissions have been approved:

- UK Central HS2 Interchange Programme - Highway Pinchpoint Improvements (NEC Longabout) – A change request to amend the project completion date to 31st December 2024 was approved by Statutory Officers. There is no change to the funding awarded from the Investment Programme to this project as a result of this change request submission.
- UK Central Infrastructure Package - Rowood House – An Outline Business Case was approved by Statutory Officers in December 2022. The funding awarded from Investment Programme was £495,060 to cover essential consultancy advice on a range of technical work including design and cost planning. There is no increase to the overall UKC commitment.
- Coventry UKC Plus - Coventry South Package - Coventry South Interchange – A change request to amend the project completion date to 31st March 2024 was approved by Statutory Officers. There is no change to the funding awarded from the Investment Programme to this project as a result of this change request submission.
- Sprint - A45 Birmingham to Airport and Solihull – A change request for a budget realignment within Phase 1 of the Sprint Programme to increase the A45 budget by £2.562m and decrease the A34 budget by the same amount for the purposes of reporting and balancing the internal budgets was approved by Statutory Officers.
- Rail - Sutton Coldfield Gateway - A change request to amend the project completion date to 31st March 2024 was approved by Statutory Officers. There is no change to the funding awarded from the Investment Programme to this project as a result of this change request submission.
- Net Zero Neighbourhood – A Business Justification Case was approved by Statutory Officers in November 2022. The funding awarded from Investment Programme was £1.65m from within the overarching £5.1m funding awarded to WM2041 in March 2021.

3.6 **Appendix 3** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of February 2023. The WMCA Investment Programme dashboard at **Appendix 4** discloses the sums committed against individual projects.

#### **4 Investment Programme Affordable Limit & Gateway Status**

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 Investment Board is advised to note that WMCA are in contact with the Department for Levelling Up, Housing and Communities ('DLUHC') in respect of an Interim Gateway Review which is expected to complete in February 2024.

- WMCA are currently working with DLUHC appointed consultants SQW, to establish a list of projects within scope for evaluation.
- A Local Evaluation Framework will be established in May 2023.
- The 10 year Gateway Review is expected to complete in November 2025.

## **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 Investment Board is advised to note the following programme updates:
  - Coventry City Centre South – Investment Board approved the change to a residential led scheme and the re design of the project. As a result, construction costs scheduled to incur in FY22-23 have been deferred to FY23-24.
  - City of Wolverhampton Technical Centre – Actual v budget YTD variance due to legal issues now resolved.
  - UK Central HS2 Interchange Programme - Actual v budget YTD variance observed in FY22-23 is primarily due to the NEC Longabout sub-project. A change request has been submitted to re-scope the outputs of the project.
  - UK Central Infrastructure Package - This programme is made up of 24 sub-schemes which have had forecast reductions resulting in an overall actual v budget YTD variance. An overarching wide rebasing change request has been submitted to extend project completion dates for most projects within the programme. This has resulted in some current year spend being deferred because spend profiles have been amended accordingly.
  - Coventry Regeneration Friargate - Accelerated construction, plot acquisition and infrastructure costs and subsequently increased professional fees which are calculated as a percentage of the construction contract, have resulted in forecasted accelerated drawdown of Investment Programme funding.
- 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 Thirty-one 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 Interchange - HS2 Parallel Designs - Roundabout Overtrace. A Change Request is awaited from Sponsor to extend the end date until second half of current calendar year.
- UKC Infrastructure – There are twenty schemes which are listed as RED status because the original completion date has expired without the project concluding. The Project sponsor has submitted a Change Request for eighteen of those schemes. The schemes currently RED status are:
  - A45 Damson Parkway Junction Improvements
  - A34 Stratford Road Enhancement Study
  - A452 Chester Road Enhancement Study
  - Solihull Town Centre Access Improvements
  - 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
  - Accelerated Housing Delivery - Utilising Solihull Assets
  - Playing Pitch Implementation Strategy
  - Inclusive Growth - Securing Social Value
  - Sustainable Energy - Enabling Clean Growth and Mobility
  - Sustainable Energy - UKC Hub Low Carbon Heat Network
  - Low Carbon Future Mobility
  - Sustainable Energy - Solihull Town Centre Low Carbon Energy Network
  - Local Strategic Network Resilience: Connectivity and Enhancements Programme
- Coventry City Centre First - Coventry Station Master Plan. Milestone for this project being “Site Works for NUCKLE 1.2 due to be completed March 2023”, has not yet started. Project Sponsor has submitted a Change Request to remove the end date. Discussions with project Sponsor to provide a covering report for Investment Panel and Board including an estimated end date are currently taking place.
- SPRINT - A Change Request is awaited from Sponsor to confirm current delivery for the following six schemes:
  - Sprint Hagley Road - Phase 2 Dudley & Halesowen
  - Sprint - Birmingham to Sutton Coldfield
  - Sprint - A34 Walsall to Birmingham
  - Sprint - Birmingham to Longbridge
  - Sprint - Hall Green to Interchange via Solihull
  - Sprint - A45 Birmingham to Airport and Solihull
- Metro Programme. There are two schemes which are listed as RED status as their forecast end date exceeds their approved end date. A Change Request would need to be formalized to reflect current delivery.
  - Metro Birmingham Eastside Extension.
  - Metro Wednesbury to Brierley Hill Extension.

- Rail - Walsall to Wolverhampton Local Enhancements (Package 1). A Change Request is awaited from Project Team as the project is being rebased to reflect a number of known project challenges.

## **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 December 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 December 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 28th February 2023)

*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 28th February 2023)

*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 December 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	14,074	427,274	635,524
SPRINT PROGRAMME	75,519	21,914	195,226	292,660
RAIL PROGRAMME	47,690	30,935	155,739	234,364
METRO PROGRAMME	488,958	120,621	1,094,767	1,704,346
UK CENTRAL INFRASTRUCTURE PACKAGE	88,655	87,229	1,180,342	1,356,226
UK CENTRAL HS2 INTERCHANGE	35,297	8,810	583,621	627,728
<b>HS2 GROWTH STRATEGY TOTAL</b>	<b>930,296</b>	<b>283,584</b>	<b>3,636,968</b>	<b>4,850,848</b>
COVENTRY CITY CENTRE SOUTH REGENERATION	55,370	33,558	245,659	334,587
INNOVATION PROGRAMME	37,876	5,412	151,711	194,999
LAND RECLAMATION AND REMEDIATION	55,918	10,630	133,452	200,000
COMMONWEALTH GAMES 2022	73,028	5,320	-	78,348
EMPLOYMENT, EDUCATION & SKILLS	1,023	290	18,687	20,000
BUSINESS AND TOURISM PROJECT - BATP	10,687	12,427	834	23,948
COVENTRY ELECTRIC BUS CITY	11,407	9,894	118,199	139,500
REGIONAL RECOVERY & RISKS	11,754	3,175	35,034	49,962
COLLECTIVE INVESTMENT FUND	87,111	43,589	869,300	1,000,000
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>	<b>344,173</b>	<b>124,293</b>	<b>1,572,877</b>	<b>2,041,343</b>
<b>GRAND TOTAL</b>	<b>1,274,468</b>	<b>407,877</b>	<b>5,209,846</b>	<b>6,892,191</b>

APPENDIX 2: Total Regional Investment Programme Funding Summary (as at 31st December 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	288,051	-	149,660	-	65,117	40,548	35,130	-	-	-	13,370	43,647	-	635,524
	Sprint Programme	190,133	-	61,500	-	18,235	4,700	3,100	-	-	-	1,652	13,341	-	292,660
	Rail Programme	113,907	-	59,518	-	-	1,600	14,200	-	15,668	-	11,551	35	17,885	234,364
	Metro Programme	227,030	128,255	417,148	204,434	3,671	34,040	-	-	-	-	63,883	11,898	613,987	1,704,346
	UK Central Infrastructure Package	288,000	-	-	-	753,346	-	-	-	-	-	32,265	282,614	-	1,356,226
	UK Central HS2 Interchange	398,000	-	50,000	-	47,802	460	-	-	-	-	180	636	130,650	627,728
<b>SUB TOTAL HS2 GROWTH STRATEGY</b>		<b>1,505,120</b>	<b>128,255</b>	<b>737,826</b>	<b>204,434</b>	<b>888,171</b>	<b>81,349</b>	<b>52,430</b>	<b>-</b>	<b>15,668</b>	<b>-</b>	<b>122,902</b>	<b>352,171</b>	<b>762,522</b>	<b>4,850,848</b>
Other Investment Programme Schemes	Coventry City Centre South Regeneration	149,954	-	-	-	-	-	-	-	-	-	184,633	-	-	334,587
	Innovation Programme	49,999	-	-	-	-	4,816	-	-	-	-	1,693	25,181	113,310	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	-	-	90	-	-	-	-	-	-	323	-	49,962
Collective Investment Fund	-	-	-	-	-	-	-	-	-	1,000,000	-	-	-	1,000,000	
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>		<b>489,603</b>	<b>12,500</b>	<b>50,000</b>	<b>-</b>	<b>78,490</b>	<b>24,816</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>202,426</b>	<b>70,199</b>	<b>113,310</b>	<b>2,041,343</b>
<b>Grand Total</b>		<b>1,994,723</b>	<b>140,755</b>	<b>787,826</b>	<b>204,434</b>	<b>966,660</b>	<b>106,165</b>	<b>52,430</b>	<b>-</b>	<b>15,668</b>	<b>1,000,000</b>	<b>325,327</b>	<b>422,370</b>	<b>875,832</b>	<b>6,892,191</b>

APPENDIX 3: WMCA Investment Programme Commitments (as at 28th February 2023)

£m	Total Expected Approvals	Approved Commitments	Actual Spend (Dec-22)
Coventry UK Central Plus	288.1	94.8	92.9
Sprint Programme	217.4	47.0	39.3
Rail Programme	113.9	63.0	25.4
Metro Programme	222.8	222.8	106.0
UK Central Infrastructure Package	288.0	35.1	25.6
UK Central HS2 Interchange	398.0	57.5	40.9
<b>SUB TOTAL HS2 GROWTH STRATEGY</b>	<b>1,528.2</b>	<b>520.4</b>	<b>330.1</b>
Coventry City Centre South Regeneration	150.0	150.0	57.5
Innovation Programme	50.0	16.1	13.8
Land Reclamation and Remediation	200.0	103.0	62.1
Commonwealth Games 2022	25.0	25.0	25.0
Employment, Education & Skills	20.0	1.3	1.3
Business and Tourism Project - BATP	2.6	2.6	0.3
Coventry Electric Bus City	5.0	5.0	0.5
Regional Recovery & Risks	41.3	30.4	12.4
<b>OTHER INVESTMENT PROGRAMME</b>	<b>493.8</b>	<b>333.4</b>	<b>172.7</b>
<b>TOTAL</b>	<b>2,022.0</b>	<b>853.7</b>	<b>502.8</b>