



West Midlands
Combined Authority

WMCA Investment Board

Date	17th April 2023
Report title	Investment Programme Update
Portfolio Lead	Councillor Bob Sleigh - Finance & Investments
Accountable Chief Executive	Laura Shoaf Email: Laura.Shoaf@wmca.org.uk Tel 0121 214 7444
Accountable Employee	Ian Martin Email: Ian.Martin@wmca.org.uk Tel 0121 214 7926
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**).

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 31st March 2023 (£853.7 million as at 28th February 2023 – 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 29th March 2023, the following submissions have been approved:

- UK Central HS2 Interchange Programme – Roundabout Over-Trace – The Investment & Commercial activities director approved a change request to extend the project completion date to December 2025, allowing for construction and a period of defects prior to adoption by the local highway authority.

3.6 **Appendix 3** details the commitments made against the WMCA Investment Programme, summarised by programme, to the end of March 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 from a retail-led development 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. Two change requests have been received and approved by officers of WMCA within FY22-23 to increase the funding awarded to the project and alter the expected completion date of the project to December 2024.
 - UK Central Infrastructure Package - This programme is currently made up of 26 sub-schemes that have received awards of WMCA Investment Programme funding. An overarching programme rebasing change request was approved by WMCA Investment Board on 29th March 2023 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 Twelve 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 - Birmingham International Station - Integrated Transport Hub. A Change Request is awaited from Sponsor to extend the end date.
 - UKC Infrastructure – There are two schemes which are listed as RED status because the original completion date has expired without the project concluding. The schemes currently RED status are:
 - Accelerated Housing Delivery - Utilising Solihull Assets; and
 - Playing Pitch Implementation Strategy.
 - SPRINT - A Change Request is awaited from the Project 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 31st March 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 31st March 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
HS2 GROWTH STRATEGY TOTAL	930,296	283,584	3,636,968	4,850,848
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
OTHER INVESTMENT PROGRAMME SCHEMES	344,173	124,293	1,572,877	2,041,343
GRAND TOTAL	1,274,468	407,877	5,209,846	6,892,191

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
SUB TOTAL HS2 GROWTH STRATEGY		1,505,120	128,255	737,826	204,434	888,171	81,349	52,430	-	15,668	-	122,902	352,171	762,522	4,850,848
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	
OTHER INVESTMENT PROGRAMME SCHEMES		489,603	12,500	50,000	-	78,490	24,816	-	-	-	1,000,000	202,426	70,199	113,310	2,041,343
Grand Total		1,994,723	140,755	787,826	204,434	966,660	106,165	52,430	-	15,668	1,000,000	325,327	422,370	875,832	6,892,191

APPENDIX 3: WMCA Investment Programme Commitments (as at 31st March 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	227.0	227.0	106.0
UK Central Infrastructure Package	288.0	35.1	25.6
UK Central HS2 Interchange	398.0	57.5	40.9
SUB TOTAL HS2 GROWTH STRATEGY	1,532.4	524.6	330.1
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	37.1	26.2	12.4
OTHER INVESTMENT PROGRAMME	489.6	329.2	172.7
TOTAL	2,022.0	853.7	502.8