



## WEST MIDLANDS COMBINED AUTHORITY

### Investment Board

**Date 27 February 2017**

### Minutes

#### Voting Members

Councillor Izzi Seccombe (Vice Chair – In the Chair)	Warwickshire County Council
Councillor Robert Hulland	Solihull Metropolitan Borough Council
Councillor Peter Richards	Stratford on Avon District Council
Nick Abell	Coventry and Warwickshire Local Enterprise Partnership
Gary Taylor	Greater Birmingham and Solihull local Enterprise Partnership

#### Non Voting Member

Sue Summers	Finance Birmingham
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#### In Attendance

James Aspinall	West Midlands Combined Authority
David Cockroft	Coventry City Council
Carl Craney	West Midlands Combined Authority
Phil Hewitt	Transport for West Midlands
Sarah Middleton	Black Country Local Enterprise Partnership
Nick Oakley	Finance Birmingham

#### 11/16 Apologies for absence

Apologies for absence had been received from Councillor Jim O'Boyle (Coventry City Council), Councillor Sean Coughlan (Walsall MBC), Councillor Peter Richards (Stratford on Avon District Council) and Mark Taylor (City of Wolverhampton Council) and Katie Trout (Greater Birmingham and Solihull Local Enterprise Partnership).

#### 12/16 Declarations of Interest

Gary Taylor declared an interest in any matters relating to Paradise Circus as a member of the Greater Birmingham and Solihull Local Enterprise Partnership.

## 13/16 Minutes

### Resolved:

That the minutes of the meeting held on 21 November 2016 be confirmed as a correct record and signed by the Chair.

## 14/16 Matters arising

Nick Abell referred to Minute No. 08/16(3) (Business Case for Coventry City Centre South proposal) and queried the position with the financial framework which underpinned the investment process. James Aspinall explained that the 50% uplift in Business Rates would apply to all schemes funded through the Investment Board but that the legal agreement was still in the course of preparation.

## 15/16 Membership and Voting Rights of the WMCA Investment Board

James Aspinall presented a report which informed the Board on the outcome of the sub group meeting to consider the membership and voting rights of the WMCA Investment Board.

### Resolved:

That the WMCA Board be recommended to:

(1) adopt weighted voting as follows for the Investment Board in order to provide equality between the Council and LEP members:

<b>Committee Structure</b>	<b>Number of Members</b>	<b>Votes per member</b>	<b>Weighted Votes</b>
Independent Chair	1	2	2
Finance and Investment Portfolio Holder	1	1	1
Councillors	7	1	7
LEP representatives	3	2	6
Total			16

(2) that the inclusion of the Finance and Investments Portfolio holder as a member in their own right, which will always be a Councillor be approved;

(3) the adoption of weighted voting ensures that there is equality between the Council and non-Council members i.e. a total of 8 votes each be noted;

(4) that the Chair having a casting vote in the event of a split decision be noted;

(5) that the Constitution be amended as necessary.

## **16/16 Appointment of Independent Chair – Progress Report**

James Aspinall presented a report which informed the Board on the progress with the appointment of an Independent Chair of the Board.

### **Resolved:**

- (1) That the proposals outlined in paragraphs 2.3 – 2.8 of the report as the means of recruiting an independent member to chair the Board be noted;
- (2) That Paul Brown, Black Country Local Enterprise Partnership representative be appointed to serve on the appointment panel;
- (3) That the revised Terms of Reference of the Board be circulated to the Board following the approval of the recommendations contained in Minute No. 15/16 above have been determined by the WMCA Board.

## **17/16 Land Fund: Black Country Land Strategic Brownfield Land Programme Bid**

Sarah Middleton presented a report which summarised the Black Country land Development programme proposed by the Black Country LEP (BCLEP) and which sought to deliver a wide ranging Brownfield Land site preparation and remediation programme to bring forward a portfolio of strategic sites for Commercial and Residential development.

Councillor Robert Hulland enquired whether the existence of mine shafts had been factored into the programme risk management strategy. Sarah Middleton advised that this had formed part of the site investigation works and whilst the existence of such shafts could not be discounted completely the investment had been de-risked as much as possible. In the first phase of the proposed programme some £53m had been de-risked. Nick Oakley commented that two of the schemes were also being considered for Collective Investment Funding and comprehensive site investigations had been carried out. Nick Abell reminded the Board that the Strategic Brownfield Land Programme was also included in the current Devolution Deal. The Chair queried whether the programme would be managed by the BCLEP. Sarah Middleton explained that it would be managed through the Black Country Joint Committee.

### **Resolved:**

- (1) That the Portfolio bid from the Black Country LEP in partnership with the Association of Black Country Authorities (reporting to the Black Country Joint Committee) to deliver a Black Country wide Strategic Brownfield Land Programme by providing a minimum investment of £150m support towards delivering the overall Programme be supported;
- (2) That a Phase 1 initial £53m facility be made available during years 1 – 4 of the Programme (with a 2017/18 year 1 start) to deliver the stated Outputs of New Jobs, New Houses and New Commercial Floorspace agreeing with the WMCA a dashboard style of reporting progress against the Programme be supported;

(3) That a separate proposal be brought to this Board to support a drawdown of Phase 2, the remaining £97m, facility as delivery of the Priority schemes within this initial tranche of £53m support is reported;

(4) That agreement having been reached via Management Board for an officer from the WMCA to sit on the Funding Sub-Board of the BCLEP be noted;

(5) That to ensure recognition is afforded to the WMCA through use of its branding and logo on sites being remediated be noted.

### **18/16 Midland Metro: Centenary Square / Edgbaston (Five Ways) Extension – Full Business Case**

Phil Hewitt presented a report which sought approval to:

- Accept Project Proposals for construction of the Centenary Square and Edgbaston (Five Ways) Metro Extensions from the Midland Metro Alliance;
- Submit a Full Business Case to the Department for Transport (DfT);
- Submit under the provisions of section 239 of the Local Government Act 1972 (which applies in this case by virtue of section 20 of the Transport and Works Act 1992) an application for The Midland Metro (Birmingham City Centre Extension, etc.) (Edgbaston Extension land Acquisition) Order to the Secretary of State for Transport under the Transport and Works Act 1992, and
- Delegations from WMCA to the TfWM Leadership Team to progress the Birmingham Edgbaston (Five Ways) and Centenary Square extension projects within the overall budget envelope as detailed in the report.

The Chair, Councillor Izzi Seccombe commented that the opening of the extension to Grand Central had exceeded expectations in terms of growth and footfall. Phil Hewitt confirmed that to be the case. Councillor Robert Hulland asked what would occur if the Department for Transport did not support the proposal. Phil Hewitt advised that the scheme would be re-visited but that it was more likely to be delayed rather than refused out right. Councillor Robert Hulland enquired whether alternative funding sources would be considered in the event of the DfT not supporting the scheme. Phil Hewitt confirmed that alternative funding and/or re-packaging of the scheme would be considered in such circumstances. He explained that the requirements to improve air quality in the city centre would drive the need for the existing Metro scheme to be extended to the Hagley Road. The Chair, Councillor Izzi Seccombe reminded the Board that the project was also included in the current Devolution Deal.

#### **Resolved:**

That the report be approved for submission to the WMCA Board on 3 March 2017 seeking to:

- (1) approve the acceptance of TC1 Project Proposals from Midland Metro Alliance that would deliver the Centenary Square Extension at a total outturn cost of £61.8m and that the Edgbaston (Five Ways) Extension for a total outturn price of £87.4m;

- (2) approve the submission by WMCA to the Secretary of State for Transport of an application for The Midland Metro (Birmingham City Centre Extension, etc.) (Edgbaston Extension Land Acquisition) order (“the Order”) and the associated commitment of £59.0m of WMCA funding to the scheme;
- (3) Approve the submission of a Full Business Case to the Department for Transport;
- (4) Approve the expenditure at risk of up to £15.5m and drawdown of for the continuation of project development, utility diversion and early enabling works prior to the approval of the Business Case by the DfT and;
- (5) Approve the delegation of powers from the WMCA to the Metro Programme Director and the Corporate Services Director to :-
  - a. Accept the TC2 Project Proposals from Midland Metro alliance for the projects provided they deliver the Centenary Square and Edgbaston (Five Ways) extension projects within the approved TC1 Project proposal outturn costs and subject to a satisfactory report by the Alliance Auditor;
  - b. finalise the various application documents for the Order;
  - c. progress negotiations with any affected parties or objectors to the Order with the aim of avoiding or securing the withdrawal of any objections to the Order;
  - d. comply and deal with any public local inquiry processes and procedures arising or resulting from the submission of the application for the Order;
  - e. process negotiations with any landowners and leaseholders and make necessary arrangements to acquire the land within the proposed Order, conditional on the basis the Order will be made; and
  - f. place orders to appoint the Midland Metro Alliance, other consultants, legal advisors and others as necessary to undertake further design development work on the scheme and support the on-going statutory process, in line with any existing agreements and in compliance with internal governance requirements and procurement best practice and in consultation with Head of Governance where appropriate;
- (6) Approve the delegation of powers from the WMCA to the Head of Governance or his/her nominated representative to negotiate, agree, enter into, execute and serve (where appropriate) all legal agreements, notices and other documentation necessary to facilitate and underpin the Order.

## **19/16 Exclusion of Public and Press**

### **Resolved:**

That in accordance with Section 100(A) of the Local Government Act, 1972 the press and public be excluded from the meeting for the following item of business as it involves the likely disclosure of exempt information relating to the business or financial affairs of any particular person (including the authority holding that information).

## **20/16 Collective Investment Vehicle – Complex Developments Projects Ltd. – Coventry City Centre**

Nick Oakley presented a report which detailed the opportunity to fund speculatively the land acquisition and accelerate the development of two strategically important sites in Coventry City Centre. Nick Abell reported that the Coventry and Warwickshire LEP supported the proposal but he questioned whether the proposal would assist in unlocking other sites. He also expressed concern as to the high number of units which would be made available as student lets. He queried who would have first charge on the leasehold as the properties were not freehold. Nick Oakley reported on the proposed leasing arrangements between the company and Coventry City Council and the proposed phasing arrangements. David Cockroft reported that Coventry City Council would work closely with the WMCA with regard to due diligence measures. Nick Oakley advised that Coventry City Council would also be required to provide a 'letter of comfort' to the WMCA with regard to the leasing and phasing arrangements.

Gary Taylor commented on the cost of remediation of the second site. Nick Oakley confirmed that Complex Development Projects Ltd. would be required to provide warranties as part of the due diligence process.

Councillor Robert Hulland requested that the Board be provided with details of the resources available for investment purposes. The Chair, Councillor Izzi Seccombe requested that a report on pipeline projects together with details of progress or reasons for certain projects not progressing be submitted on a regular basis to this Board. Sue Summers undertook to prepare a 'Dashboard' incorporating such information for consideration by the Board. Nick Oakley suggested that the 'Dashboard' could also include details regarding the type of development and cash utilisation. Nick Abell requested that progress reports on supported projects also be submitted to the Board. James Aspinall agreed to arrange for such reports to be submitted.

**Resolved:**

- (1) That the speculative acquisition in order to accelerate the development of two strategically important sites in Coventry City Centre be supported on the terms detailed in the report and subject to a letter of surety being provided to the WMCA by Coventry City Council;
- (2) That reports be submitted to future meetings of this Board on the available resources for investment purposes, pipeline projects, progress reports on supported schemes, reasons for schemes not progressing, the type of schemes supported and cash utilisation.