

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
COMMITTEE**

DATE: 30th November 2018

REPORT TITLE: INVESTMENT FUND

**AUTHOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND
CORPORATE SERVICES**

Purpose of Report

1. To seek approval for Investment Fund Feasibility and Development Funding proposals and change requests for schemes within the current approved programme.

Background

2. The West of England Devolution Deal secured £900m for the creation of an Investment Fund forming part of a wider investment programme for the region. Aligned to regional strategies, the objective for this investment programme is to boost and strengthen economic growth in the West of England Combined Authority area through delivering:
 - Effective, resilient infrastructure;
 - World class skills for employment; and
 - Businesses that succeed
3. The Committee have previously approved for a number of feasibility studies and business cases for strategically important infrastructure, business and skills related projects, together with an allocation to support a funding bid for the MetroWest rail programme. Further details of the Investment Fund programme are set out in this report.

Investment Fund Programme Overview

4. The Investment Fund allocations that have previously been approved by the Committee are set out below:
 - An upgrade to the Real Time Passenger Information system at £559k;
 - A number of feasibility studies and business case development work for strategically important infrastructure, business and skills related projects. The current programme of schemes is shown in **Appendix 1** which highlights that £9.8m has been awarded for the development phase of these projects. If all 10 of the transport, housing enabling and skills capital projects were supported through Full Business Case, this would equate to a further call of circa £38m;

- In December 2017 WECA Committee agreed a conditional allocation of £6m for MetroWest Phase 1;
 - An allocation of up to £4.5m for a Skills Innovation Fund was approved by the WECA Committee in September alongside feasibility work on 'Talent Institutes' to potentially inform a further decision on funding.
5. The overall funding awards, commitments and allocations to date are shown in **Appendix 2**. Two further proposed funding allocations are to be considered as set out elsewhere on this agenda:
- Land Acquisition Fund** – an allocation of up to £50m to a revolving fund in support of a West of England programme for the delivery of housing and infrastructure through land acquisition.
- High Street Regeneration** – an allocation of up to £10m to support projects focused on town centre and high street improvement.
6. It is planned that an update report is provided to the WECA Committee in February 2019 which will give further detail on all of these allocations, (and their profile), detailing a proposed medium term Investment Fund programme. This will develop the specific and thematic allocations already approved and outline a proposed approach for the prioritisation of further funding allocations within overall resources available moving forward.

Alignment of Funding Streams

7. In addition to the Investment Fund, as previously reported, there are different conditions, and time constraints, in relation to spending against specific funding streams. Particular consideration needs to be given to the profiling of projects, and spend, against the Local Growth Fund, (LGF). Approved expenditure against this fund has to be fully incurred prior to March 2021 and, whereas there are plans for full usage of the fund, current profiles and project deliverability will need to be regularly reviewed, constructively challenged and reported back to committee.
8. Moving forward, we will continue to seek greater alignment between all of the available funding streams across WECA and the West of England including the Investment Fund, LGF, Economic Development Funding, (EDF), Transforming Cities Fund, Housing Investment Fund and other government grants and inward investments.
9. A holistic, more joined up, approach will enable flexibility to switch funding between the various streams, ensuring that we fully utilise all resources available whilst delivering the required outcomes and conditions attached to each specific income source.

Investment Fund Outline Business Cases

10. Following the award of development funding through the Investment Fund by the WECA Committee in October 2017, Outline Business Cases (OBCs) have been produced for the following projects:

Cribbs/Patchway Cycle Links

- 10.1. A package of investment into cycling infrastructure including new routes, upgrades to existing routes and improvements to crossing points and junctions that would enhance cycle links to and through Cribbs Patchway New Neighbourhood (CPNN). The package forms part of a comprehensive sustainable transport package for the Filton Enterprise Area and CPNN and seeks to connect new housing and employment developments, and to provide improved access to the rail network. At this time 8 schemes have been

identified which are being subject to further development to finalise the composition of the £2m package for delivery by 2021.

Recommendation to approve the Outline Business Case for the Cribbs/Patchway Cycle Links.

Lockleaze Sustainable Transport Improvements

10.2. The project includes transport infrastructure to facilitate housing development in Lockleaze. Specific sustainable transport improvements are to be made on Muller Road and within the Stoke Park Estate, namely:

- Muller Road – provision of new bus lanes, new/upgraded bus stops and shelters, junction improvements, new/upgraded pedestrian crossing points and widened shared use paths.
- Stoke Park – provision of an all-weather accessible path for active travel users, into and through Stoke Park Estate from Romney Avenue to the M32 underpass, to form a link with Frenchay/Stapleton.

The project seeks £4.3m from the Investment Fund with the scheme forecast to complete in 2021.

Recommendation to approve the Outline Business Case for the Lockleaze Sustainable Transport Improvements subject to supply of a detailed programme and risk register by December 2018

Great Stoke Roundabout Capacity Improvements

10.3. This roundabout is a major intersection on the local highway network, sitting at the intersection of north-south and east-west routes. The junction currently experiences delays to traffic in peak periods and this is set to worsen as development in the area is implemented. The planned scheme will involve the widening of the existing roundabout to increase capacity together with the addition of three Toucan crossings to safely cater for pedestrian and cycle movements and encourage use of these modes. The scheme also aims to ensure the reliability of the M1 MetroBus service which runs through the junction.

The project is seeking £1.94m from the Investment Fund with completion planned in 2022.

Recommendation to approve the Outline Business Case for the Great Stoke Roundabout improvements subject to supply of a detailed programme and risk register by December 2018.

A4174/Wraxall Road Roundabout Signal Scheme

10.4. A further Outline Business Case has been submitted for the A4174/Wraxall Road Roundabout Signal Scheme. As the scheme cost exceeds £5m, further work is being undertaken to address the additional requirements for a scheme of this size, with resubmission planned for an approval decision at the WECA Committee in February 2019 alongside a request for additional funding to support the development of the Full Business Case. It is intended to continue work to develop the scheme.

MetroWest Phase 1 Funding

11. On 28th September, the WECA Committee agreed an extension for the provision of up to £6M of match funding from the Investment Fund to support North Somerset Council in addressing the significant funding gap for the MetroWest Phase 1b (Portishead Line).

12. As detailed in a separate report to this committee, North Somerset are continuing with the Development Consent Order process for the Portishead line which is likely to be completed and submitted in late March 2019. At this stage, whilst funding solutions are still being explored, the £6m WECA funding remains notionally allocated within the Investment Fund.

Investment Fund – Scheme Changes

13. A set of delegations were agreed at the WECA Committee in June 2018 to enable lower level scheme changes to be approved by the WECA Chief Executive in consultation with the Directors Board, being the Directors of WECA and the constituent authorities. This process has now been enacted and the changes which have either been approved/or are recommended for approval are shown in Appendix 3 for information. Two scheme changes, which are summarised below, are outside the tolerances for delegation and require WECA Committee approval.

- **Freezing Hill/A420 Junction** – an 8 month delay to final milestone of submission of Full Business Case in order to allow partner authorities and WECA more time to discuss and agree the broader strategic context and give assurance that the best scheme is promoted.
- **Hengrove – Housing Enabling Infrastructure** – changes to 3 milestones owing to the complex nature of the planning application, including delay to planning consent of 2 months (to December 18) and for the detailed design (3 months to January 19). The final milestone of submission of the Full Business Case is also delayed by 3 months (to February 19).

Consultation:

14. Engagement has taken place with officers in the West of England Combined Authority Constituent Unitary Authorities.

Risk Management/Assessment:

15. Specific risk assessments will be carried out as part of any feasibility studies for projects in development. All projects underway will maintain a specific risk register as part of the project management and monitoring arrangements.

Public Sector Equality Duties:

16. For projects seeking funding through the Investment Fund scheme promoters are required to include as part of their Full Business Case, an equality and diversity assessment and plan. These assessments are published as part of the Business Case on the WECA website.

Economic Impact Assessment:

17. No additional economic impacts arise from these proposals. The economic impacts of schemes within the programme will be developed as part of business case preparation.

Finance Implications:

18. The financial implications for each proposal are set out in the body of the report with recommended Investment Fund allocations accommodated within the available resource funding.
19. It is proposed that the WECA S151 Officer be delegated Authority to make all necessary amendments to the WECA and Mayoral Budgets as necessary to give effect to the recommendations as contained in this report.

Legal Implications:

20. The WECA Order 2017 included appropriate legal powers for WECA to undertake and deliver the functions set out in the Devolution Agreement.

Advice provided by Shahzia Daya, Director of Legal

Recommendations:

That the WECA Committee approves:

- 1 The Outline Business Case for the Cribbs/Patchway Cycle Links.
- 2 The Outline Business Case for the Lockleaze Sustainable Transport Improvements subject to supply of a detailed programme and risk register by December 2018.
- 3 Outline Business Case for the Great Stoke Roundabout improvements subject to supply of a detailed programme and risk register by December 2018.
- 4 Creating a Land Acquisition Fund of, up to £50m, subject to the approval of the detailed report considered as a separate item on this committee agenda.
- 5 Creating a High Street Regeneration Fund of, up to £10m, subject to the approval of the detailed report considered as a separate item on this committee agenda
- 6 The WECA S151 Officer be delegated Authority to make all necessary amendments to the WECA and Mayoral Budgets as necessary to give effect to the recommendations above.

Appendices

- Appendix 1 Approved Investment Fund Programme
- Appendix 2 Investment Fund Committed Expenditure and Allocations
- Appendix 3 Scheme Change Requests Recommended for Approval by the Directors Board

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West of England Combined Authority Contact:

Any person seeking background information relating to this item should contact the WECA office by telephoning Malcolm Coe on 0117 426210; writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email: democratic.services@westofengland-ca.gov.uk

Appendix 1 – Investment Fund Programme

Investment Fund Programme £000s	Promoter	Funding	Project Output	17/18	18/19	19/20	Total	Project End Date
				Grant Claim	Current Profile			
Feasibility Studies								
Southern Orbital	BCC	Revenue	OBC	-	155	-	155	On hold
Mass Transit Options	BCC	Revenue	FSR	-	300	-	300	Dec-18
East of Bath Strategic Link	B&NES	Revenue	Prospectus	20	120	110	250	Apr 20
Freezing Hill/A420 Junction	B&NES	Revenue	FBC	22	78	-	100	Mar-19
Bristol Temple Meads Masterplan	BCC	Revenue	FSR	-	889	1,111	2,000	Dec-19
Wraxall Road Roundabout Improvements and Signalisation	SGC	Revenue	FSR	25	175	-	200	Sep-18
Greater Bristol Area Rail Services Feasibility Study	WECA	Revenue	FSR	-	100	-	100	Dec 18
Talent Institutes	WECA	Revenue	FBC	-	40	60	100	Jun-19
Business Case Development Schemes								
WECA JSP Mitigations Outline Business Cases	B&NES	Revenue	OBCs	708	892	-	1,600	Dec 19
A37 to A362 Improvements – Somer Valley Enterprise Zone	B&NES	Capital	FBC	12	268	-	280	Mar-19
Cribbs Patchway Cyle Links	SGC	Capital	FBC	19	181	-	200	Mar-19
Unlocking Lockleaze Development	BCC	Capital	FBC	-	505	-	505	May 19
Great Stoke Roundabout Capacity Improvements	SGC	Capital	FBC	5	297	248	550	Feb-20
Hicks Gate Roundabout	B&NES	Capital	FBC	1	229	230	460	Dec 19
Hengrove - Housing Enabling Infrastructure	BCC	Capital	FBC	-	800	-	800	Feb 19
Hospitality & Catering Education Centre	Bath Coll	Revenue	FBC	-	195	-	195	Dec 18
Digital and Creative Innovation Centre	Bath Coll	Revenue	FBC	-	140	261	401	Jun 19
STEAM Centre SGS WISE	SGS Coll	Revenue	FBC	-	590	-	590	Feb 19
HIF Outline Business Case Temple Meads to Keynsham	WECA	Revenue	OBC	-	1,000	-	1,000	Mar 19
Delivery Schemes								
Real Time Information System Upgrade	WECA	Capital	Scheme	-	504	55	559	Dec 18
Total				812	7,458	2,075	10,345	

FSR = Feasibility Study Report, OBC = Outline Business Case, FBC = Full Business Case/2nd Stage Skills Appl Subject to approval of change request

**Appendix 2 – Investment Fund Committed Expenditure and Allocations
(as at 28 September 2018)**

Investment Fund Programme £000s	Status	17/18	18/19	19/20	20/21	Total
Revenue						
Combined Authority & Mayoral Office	Committed	3,753	1,872	601	605	6,831
Feasibility Studies	Approved	775	4,919	1,546	-	7,240
<i>Skills Innovation Fund</i>	Allocation	-	-	1,000	3,500	4,500
Sub-Total		4,528	6,791	3,147	4,105	18,571
Capital						
Economic Model & Scheme Prioritisation	Committed	115	285	-	-	400
WECA IT & Building Alterations	Committed	418	-	-	-	418
Real Time Information System Upgrade	Approved	-	504	55	-	559
Priority Infrastructure Business Cases	Approved	37	2,280	478	-	2,795
<i>MetroWest Phase 1</i>	Allocation	-	-	-	6,000	6,000
Sub-Total		570	3,069	533	6,000	10,172
Total		5,098	9,860	3,680	10,105	28,743

Appendix 3

Scheme Change Requests Recommended for Approval by the Directors Board

- **WECA JSP Mitigations Outline Business Cases** – delays of 1 month (to October 18) for the Options Assessment Report and completion of Outline Business Case.
- **Cribbs/Patchway Cycle Links** – delays of 1 month (to September 18) for Outline Business Case production and 2 months (to February 19) for detailed design.
- **Great Stoke Roundabout Capacity Improvements** – delays of 2 months (to November 18) for the start of project Phase 2 and to the commencement of consultation (to December 18).
- **Real Time Information System Upgrade** – changes to the display configurations, technical issues including how systems should exchange data and system enhancements have all resulted in delays of 1-2 months to 5 milestones.
- **Hospitality and Catering Education Centre** – delays of 2 months (to September 18) for the Options Development Report and of 1 month for the Options Appraisal Report (to September 18) and Outline Business Case (to November 18).
- **Digital and Creative Innovation Centre** – a 2 month delay to December 18 for the Options Development Report.
- **STEM Centre SGS WISE** – completion of RIBA Stage 3 design and submission of planning application delayed by one month (to March 19).
- **HIF Outline Business Case Temple Meads to Keynsham** – delays of 2 months (to September 18) for the completion of the Strategic Narrative Report, 1 month (to October 18) for scoping and procurement for the Outline Business Case and 1 month for the final milestone of submitting the Outlines Business Case (to March 19).
- **Greater Bristol Area Rail Services Feasibility Study** – a delay of 1 month for completion of study Phase 1 (to September 18) and 2 months for commissioning of Phase 2 (to October 18).