



Black Country Executive Joint Committee
Dudley, Sandwell, Walsall and Wolverhampton

**REPORT OF THE CHAIR OF THE CITY DEAL AND GROWTH DEAL WORKING GROUP
TO
BLACK COUNTRY EXECUTIVE JOINT COMMITTEE
ON
9 MARCH 2016**

DELEGATED AUTHORITY DECISION FOR NOTING

Black Country Local Growth Deal – VERY LIGHT RAIL DEVELOPMENT FUNDING – PHASE 1
Grant Agreement Approval

Key Decision:	Yes
Forward Plan:	No

1. PURPOSE OF REPORT

- 1.1 The Executive Director for Economy and Environment (Walsall Council) has been awarded Delegated Authority under the Local Growth Deal Programme in order to approve, contract and subsequently award grant agreements by the Accountable Body (Walsall Council) for a series of smaller schemes where the total LGF investment (per scheme) does not exceed £240k, and whereby delivery is to commence in the 2015/16 financial year. This will enable an agile response to exploiting Investment in Regeneration opportunities for a series of smaller, low risk schemes that have been identified and recommended to proceed by the Programme Office.
- 1.2 The delegation is subject to consultation with the Chief Executive of the Black Country Consortium, the Accountable Body's Section 151 Officer, the Chair of the Joint Committee and the appropriate Working Group Member. This report sets a scheme which has been approved by the Executive Director to under his delegated authority.

2. RECOMMENDATIONS

- 2.1 That the Joint Committee notes that the Executive Director for Economy and Environment within Walsall Council in his role of Chair of the City Deal and Growth Deal Working Group has used his Delegated Authority to approve for the Accountable Body (Walsall Council) to proceed to a Grant Agreement to the value of £150,000 with Dudley Metropolitan Borough Council deliver the Local Growth Fund (LGF) elements of the 'Very Light Rail (VLR)

Development Funding' project - with delivery to commence in the 2015/16 financial year. A further £150,000 will be requested in the 2016/17 financial year via the standard approval route. Approval of this approach was achieved at the January 2016 LEP Board meeting.

- 2.2 The need to use delegated authority was identified as the project was time critical and waiting for approval by the Black Country Joint Committee in March would have impacted on deliverability and was not suitable for approval using existing Special Urgency or General Exemption mechanisms.

3. REPORT DETAIL

- 3.1 The Joint Committee approved on the 17th June 2015 the delegation of authority to the Executive Director for Economy and Environment within Walsall Council in his role as Chair of the City Deal and Growth Deal Working Group. It was agreed that the delegation would be in consultation with the Chief Executive of the Black Country Consortium, the Section 151 officer from the Accountable Body, the Head of Regeneration for the appropriate geographical area/s and the Chair of the Joint Committee. The delegations approved were:

3.1.1 to deploy a Change Control process and

3.1.2 bring forward new smaller projects up to 10% total value of in year grant (i.e. £2.4m).

- 3.2 Provided below is a summary of the 'VLR Feasibility Funding' project following approval under delegated authority:

VLR Development Study, Dudley Council, £300,000 (£150,000 in 2015/16, £150,000 in 2016/17)

The creation of an Innovation Centre and Test Track in Dudley, will support the development of the very light rail sector and potential growth of a new UK industry supplying domestic and international rail schemes. Its facilities will also provide companies with a significant opportunity to develop new very light rail solutions. The Very Light Rail Innovation Centre and Test Track project could support a wider programme of transport improvements in the Black Country including helping to tackle some of the congestion problems facing both businesses and visitors to the area; providing access to key employment sites; and developing a supply chain to this new sector.

The construction of a National Innovation Centre and Test Track facility on the Castle Hill site in Dudley is a project costed at £28.7m, and will:

- I. Develop new technologies based around very lightweight railway carriages which support the commercialisation of self-propelling bogie technology. The overall objective being to reduce costs, save energy and lighten corresponding rail infrastructure; and
- II. Act as a hub for the industry providing world class research, development and education focused on very light rail vehicles, as well as skilled personnel and incubation space for the next generation of public transport solutions. It will respond to inadequacies in the supply chain which is currently immature, fragmented and lacks critical mass and will

provide a great opportunity for UK companies to develop new products serving a number of emerging markets both in the UK and abroad.

The full VLR scheme that could follow is forecasting delivery of the following SEP focused Outputs between 2018 – 2021:

- I. 33 Business created
- II. 84 Business assisted
- III. 335 Job created
- IV. 331 Apprenticeships
- V. 166 Learner Assists
- VI. 4041 sq m. of new Floor space

Development funding of £300,000 is requested to support the further development costs of this project, including design, development studies and planning. These costs are planned over 2 financial years:

- I. Phase 1: January – March 2016 £150,000
- II. Phase 2: April – June 2016 £150,000

The Development funding bid of £300,000 is being underwritten by Dudley Council, during the interim period up to the full VLR scheme commencing. This satisfies the S151 Officer requirement for underwriting.

4. FINANCIAL IMPLICATIONS

- 4.1 The costs associated with this development work and the delivery of projects that form part of the LGF will be covered by allocations from government associated with this programme. This includes the use of any interest accrued by the Accountable Body to cover costs associated with the delivery of Accountable Body functions, as approved by its (Walsall Council) Cabinet on the 29th October 2014.
- 4.2 The use of Delegated Authority by the Chair of the Working Group is designed to reduce potential underspend of 2015/16 LGF grant and provide an agile response to under-utilisation of grant.

5. LEGAL IMPLICATIONS

- 5.1 The appropriate Grant Agreements are being prepared by the Accountable Body (Walsall Council) following the exercising of Delegated Authority and will include all conditions passed onto the LEP by Government, together with all terms, conditions, performance measures and sanctions as required by the approvals/conditions received from Government or approved by the LEP Board or the Joint Committee.

6. RISK MANAGEMENT

- 6.1 Risk is being managed through the on-going assessment of individual projects and their ability to deliver the required spending profiles and outcomes for the programme as required or agreed with Government and set into place by the LEP Board or the Joint Committee.

7. EQUALITY IMPLICATIONS

- 7.1 None at the time of drafting

8. CONSULTATION

- 8.1 The LEP Board have approved this project for LGF allocation.
- 8.2 The Chair of the BCJC, Chief Executive at the Consortium, the appropriate Working Group member and the Section 151 Officer at the Accountable Body have all been consulted in line with the agreed process for use of delegated authority.

Background Papers

Delegation of Authority to the Chair of the City Deal and Growth Deal Working Group – *Joint Committee Paper 17th June 2015*

The Black Country Strategic Economic Plan (SEP)

Attachments

VLR Development Funding – Initial Proposal

Request for Use of Delegated Authority – VLR Development Funding

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