



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

**REPORT OF THE CITY DEAL AND GROWTH DEAL ADVISORY BOARD
TO
BLACK COUNTRY EXECUTIVE JOINT COMMITTEE
ON
9 MARCH 2016**

**Black Country Local Growth Deal - APPROVAL OF RESOURCES FOR PROGRAMME
MANAGEMENT, DEVELOPMENT & SUPPORT**

Key Decision: Yes
Forward Plan: Yes

1. PURPOSE OF REPORT

- 1.1 To request that the Joint Committee allocate LGF (Local Growth Fund) programme resources to develop a Team Black Country capacity through funded staff and activities dedicated to the future development of the LGF pipeline, together with its support and effective contract and programme management.
- 1.2 This request will approve an initial allocation up to a maximum of £5.267m of LGF Programme Capital funding to be made available to support activities within the 2015/16, 2016/17 and 2017/18 financial years as set out in table 3.7.1.

2. RECOMMENDATIONS

That the Joint Committee:

- 2.1 Approve the initial allocation of up to £5.267m of LGF Capital funding to be granted to the Black Country Consortium and the four Black Country Local Authorities (as indicated in the report) to develop capacity within Team Black Country to support the effective programme development, delivery and programme/contract management through 2015/16, 2016/17 and 2017/18 financial years as set out within table 3.7.1.
- 2.2 Approve the use of the Change Control Process authority delegated to the Executive Director for Economy & Environment within Walsall Council on 17 June 2015 to vary/move individual allocations within this fund as long as they stay within approved overall financial year limits for each financial year and with prior agreement of all affected parties including the LEP Board.
- 2.3 Request each Local Authority to identify, for the 2015/16, 2016/17 and 2017/18 financial years, any revenue funding that could become available as a result of this capital allocation

to form a Black Country Proposition Funding Pot that can be used to underwrite speculative capital expenditure.

- 2.4 Approve in advance a Pipeline of projects that will be supported by this funding, to comply with the LEP Assurance Framework.

3. REPORT DETAIL

- 3.1 At its meeting on the 19th October 2015 the Local Enterprise Partnership (LEP) Board agreed that further work should be supported to assess the scope for capitalising Programme Office costs. At its meeting on the 25th January the LEP Board agreed to widening the capitalisation of costs to include pipeline development and all programme support (at the Black Country Consortium and the Accountable Body, Walsall Council) as set out in the following sections. This allows the Local Growth Fund (LGF) programme resources to be allocated to support the Programme Office, the LGF Accountable Body, the Transport Director / Office and the four Local Authorities as set out in sections 3.2 to 3.6, by utilising the funding allocations proposed, set out in section 3.7.
- 3.2 The Programme Office was established in March 2015 within the Black Country Consortium, with funding allocated from a range of sources including: LEP Core funding (£250,000 2015/16) and Strategic (Heseltine) funding (£250,000 2015/16), with LEP Core funding of £250,000 for 2016/17 confirmed by DCLG. Meeting the Programme Office costs from LEP funding has reduced the flexibility of the LEP to directly drive forward other revenue based initiatives. By capitalising Programme Office costs for 2015/16 and beyond by effectively 'Top Slicing' the LGF programme, it will free up LEP resource to focus on other priorities, together with strengthening the LGF project pipeline development work and programme management.
- 3.3 The appointed LGF Accountable Body (Walsall Council) currently receives the LGF grant at the beginning of each year, the interest earned then helps to offset their programme management costs. Capitalising the Accountable Body costs within the LGF programme will free up the balance remaining of interest earned once all costs have been covered for use on other priorities associated with the LGF Programme.
- 3.4 The appointment of the Black Country Transport Director by Wolverhampton Council provides; management, co-ordination and direction for the transport agenda. This is currently funded from equal contributions from the four BC Councils. 'Top Slicing' the LGF programme and capitalising these costs will free up the councils contributions for other use. A pipeline of projects will be approved in advance that will be supported by this funding, to ensure compliance with the LEP Assurance Framework.
- 3.5 The initial round of LGF projects included many developed, submitted and supported through the assessment and approval process by staff within the 4 Black Country Local Authorities, internally funded from a mix of revenue and capital funding allocations. With the implementation of the government's austerity measures these funding streams are now either lost or under severe pressure moving forward. It's more important now than ever that the four Councils retain and improve their capacity to support project development both within their own organisations and in support of the private sector, if collectively they are to

maximise the number and quality of LGF projects coming forward for consideration and delivery.

- 3.6 To achieve this, the four Black Country local authorities will develop dedicated skilled staff teams to focus on this work, funded directly through LGF funding allocations. The work of these teams will be traceable to the Black Country 'Plan on a Page' associated with pipeline projects, with evidence of their involvement and costs provided through existing capital programme claim procedures, including the completion of timesheets and activity records.
- 3.7 Sections 3.2 to 3.6 set out in headline terms what the LGF Funding will be used for, table 3.7.1 sets out the indicative amounts that are requested for approval:

Table 3.7.1 – LGF Programme Delivery Team Black Country (Initial) Allocations

Details	Financial Years			Totals
	2015/16	2016/17	2017/18	
Black Country Consortium - Programme Office Costs	£268,000	£362,000	£362,000	£992,000
Walsall Council - Accountable Body Costs	£175,000	£175,000	£175,000	£525,000
Wolverhampton Council - Transport Director / Team Costs	£250,000	£250,000	£250,000	£750,000
Dudley Council - Programme / Pipeline Development Costs	£250,000	£250,000	£250,000	£750,000
Sandwell Council - Programme / Pipeline Development Costs	£250,000	£250,000	£250,000	£750,000
Walsall Council - Programme / Pipeline Development Costs	£250,000	£250,000	£250,000	£750,000
Wolverhampton Council - Programme / Pipeline Development Costs	£250,000	£250,000	£250,000	£750,000
Totals	£1,693,000	£1,787,000	£1,787,000	£5,267,000
			Check	£5,267,000

- 3.8 It should be noted that these figures represent the maximums that each partner can claim up to, which will be through the use of an accepted capital programme accounting method, to include time sheets / activity records allocating officer time or costs to identified projects etc. If any adjustments to the above profiles are required it is proposed that delegated authority be granted to the Executive Director for the Economy & Environment within Walsall Council to vary individual allocations as long as they stay within approved overall financial year limits for each financial year and that all affected parties, including the LEP Board, agree.
- 3.9 These capital allocations may free up existing funding within the Consortium and the Local Authorities for other uses associated with the LGF programme, a specific request is that any revenue funding freed up as a result of these LGF allocations to the four Local Authorities is calculated by each of the councils and then used to form a Black Country

Proposition Funding Pot that can be used to underwrite speculative capital expenditure or deliver agreed tasks.

- 3.10 This will support the development of future bids for Site Investigation (SI) and feasibility work from the private and public sectors, a process facilitated in 2015/16 by over-programming of the LGF programme to stimulate bids, which will continue throughout the LGF programme and utilise existing bidding arrangements to access support.
- 3.11 Subject to a review during 2017/18 further bids to the LEP Board and the Joint Committee will be made to continue with this 'top slicing' of LGF Funding for the remainder of the programme.

4. FINANCIAL IMPLICATIONS

- 4.1 All organisations benefitting from these LGF capital allocations will be required to put into place the appropriate financial accounting arrangements that record, justify and claim the LGF funding from the Accountable Body (Walsall Council). This will include appropriate staff time sheeting and/or activity evidence linked to the development and execution of projects that will, have or are planned to become part of the LGF programme or develop into projects that fulfil capital funding rules.
- 4.2 There are also corresponding financial implications for the Black Country should we not spend all of the LGF funding in this 2015/16 and all future financial years of the LGF programme if we fail to stimulate an effective, vibrant and robust project pipeline.
- 4.3 All costs will be monitored on an on-going basis by the Programme Office and the Accountable Body (Walsall Council) and regular updates provided to the Heads of Regeneration Working Group.
- 4.4 The four Black Country Councils will be requested to calculate the revenue funding to be freed up by this proposal, and to then utilise this funding to form a Black Country Proposition Funding Pot that can be used to underwrite speculative capital expenditure or deliver agreed tasks.

5. LEGAL IMPLICATIONS

- 5.1 There are clear legal implications associated with this proposal, including for the Agreements which will need to be entered into to facilitate the transfer of funds. These will need to be considered by both the Accountable Body and each Council prior to the signing of any agreements.

6. RISK MANAGEMENT

- 6.1 The principle risks relates to our collective abilities to effectively manage the LGF programme and also to stimulate an effective LGF programme pipeline capable of meeting the spend targets and achieving the contracted outcomes. This proposal will release LGF

programme resources to the Black Country Consortium and the four Black Country Local Authorities enabling them to create and fund dedicated teams capable of meeting these responsibilities.

7. EQUALITY IMPLICATIONS

7.1 None at the time of drafting.

8. CONSULTATION

8.1 Legal and financial services at each of the Black Country Local Authorities have been consulted as part of the development of this process and the associated report.

Back Ground papers

The Black Country Executive Joint Committee City Deal and Growth Deal Collaboration Agreement

Attachments

None

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