



## **BLACK COUNTRY EXECUTIVE JOINT COMMITTEE**

**Wednesday 31 March 2021 10.30am**

**To be held via a Teams Virtual Meeting**

### **MINUTES (PUBLIC)**

#### **IN ATTENDANCE**

##### **VOTING MEMBERS**

Councillor Patrick Harley, Dudley MBC  
Councillor Mike Bird, Walsall MBC (**Chair**)  
Councillor Ian Brookfield, City of Wolverhampton

##### **NON VOTING MEMBERS**

Tom Westley, Black Country LEP

#### **IN VITED GUESTS**

David Stevens, Sandwell MBC  
Dr Helen Paterson, Walsall MBC  
Sarah Middleton, The Black Country Consortium Ltd  
Lara Smith, The Black Country Consortium Ltd  
Simon Neilson, Walsall MBC  
Helen Martin, Dudley MBC  
Richard Lawrence, City of Wolverhampton

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Councillor Bird welcomed everyone to the virtual meeting which was being held in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Councillor Bird advised that the requirement for meetings to be quorate still applied and should the meeting become inquorate (less than 3) due to technological issues, then the meeting would be adjourned for a defined period to allow for reconnection.

Councillor Bird then asked each participant to confirm that they could see and hear proceedings. Cllr Bird confirmed that the meeting was quorate and welcomed any members of the public viewing the meeting online.

1.

#### **Apologies**

Kevin O'Keefe, Dudley MBC  
Tammy Stokes, Sandwell MBC  
Councillor Maria Crompton, Sandwell MBC  
Stuart Everton, Black Country Director for Transport  
Tim Johnson, City of Wolverhampton Council

2. 21/0011

#### **Notes of Meeting held on 17 February 2021**

Councillor Bird moved approval of the minutes of the meeting on 9 December 2020 which was put to the vote by way of a roll-call of BCJC members. The motion was subsequently declared carried and it was

**Resolved (unanimously)**

That the minutes of the meeting held on 9 December 2020 be confirmed as a true record.

3. **Matters Arising from the notes of the previous meeting**  
**None.**

4. **Declarations of Interest**  
**None.**

5. 21/0012 **Local Government (Access to Information) Act, 1985 (as amended):**  
To agree that the public be excluded from the private session.

**It was resolved:**

The public be excluded from the private session during consideration of item 12.

***Not for publication by virtue of paragraph 3 of Schedule 12(A) of the Local Government Act 1972 (as amended)***

6. **Black Country Local Growth Deal – HUB TO HOME TRANSPORT INNOVATION CENTRE AND TEST TRACK PROJECT: VERY LIGHT RAIL AND AUTONOMOUS TECHNOLOGIES – NATIONAL INNOVATION CENTRE PROJECT (SEPB8) - Grant Agreement Capital Funding**

Lara Smith referred to the report previously circulated and explained that the full funding amount required for the Innovation centre is £13m, of which £12,350,000 is being funded from the Getting Building Fund (GBF). Due to the ambitious timescales for the GBF programme and the need to spend / draw down on grant funding quickly, the priority has always been to prioritise project claims, against the GBF programme. The Programme Management Office (PMO) are now recommending that the final funding gap on the VLR scheme of £650,000, be allocated and approved against the Growth Deal over-programming (Growing Places Fund).

21/0013 Councillor Bird moved the recommendations that were put to the vote by way of a roll-call of BCJC members. The motion was subsequently declared carried and it was

**Resolved** (unanimously) that the Joint Committee

approve the Accountable Body for the Growth Deal (Walsall Council) to proceed to **enter into a Grant Agreement with Dudley Council to the value of £650,000** to deliver the Local Growth Deal Fund (LGF) funded elements of the Hub to Home Transport Innovation Centre and Test Track Project: Very Light Rail and

Autonomous Technologies – National Innovation Centre project with delivery to commence in the 2020/21 financial year.

7. Growing Places Fund – WOLVERHAMPTON CANALSIDE (SEPPL145) - Change Request – Amendment to the existing Grant Agreement

Lara Smith referred to the report previously circulated and explained that following agreement to the grant for this project to aid with business relocation costs, Outputs detailed at 3.7 of the report have been captured in the neww reshaped Canalside North and Canalside South projects. The PMO still deem the project as good value for money however the Outputs need to be removed to ensure that they are not double counted.

Cllr Brookfield commented that this project has been very successful and opened up various pieces of surrounding land and is now drawing in more funding for various other projects.

21/0014 Councillor Bird moved the recommendations that were put to the vote by way of a roll-call of BCJC members. The motion was subsequently declared carried and it was

**Resolved** (unanimously) that the Joint Committee

approve Sandwell Council to proceed to **amending the Grant Agreement with Wolverhampton City Council**, to deliver the Growing Places Fund (GPF) funded elements of the Wolverhampton Canalside project with delivery to conclude in the 2020/21 financial year.

Note: this request relates to the **removal of outputs**, as the scope of the original project has changed significantly.

8. Land and Property Investment Fund – PROGRAMME EXTENSION AND REPROFILE

Lara Smith referred to the report previously circulated and explained that this report is to request an extension to the LPIF programme for both spend and outputs as some projects have been impacted by the unforeseen effects of Lockdown brought about by the Covid-19 pandemic.

Revenue funding is also required to ensure that the programme is monitored by the Team through to completion. West Midlands Combined Authority are very supportive and approved extension of the timeframe at their board in January 2021.

21/0015 Councillor Bird moved the recommendations that were put to the vote by way of a roll-call of BCJC members. The motion was subsequently declared carried and it was

**Resolved** (unanimously) that the Joint Committee

- 2.1 approves the Black Country Land and Property Investment Fund Programme be re-profiled to allow expenditure and outputs to be claimed up to March 2025.
- 2.2 approves the programme management costs are extended for a further year to March 2026, to ensure that the expenditure and outputs are audited in line with the Black Country Assurance Framework.

9. **Getting Building Fund - PROGRAMME APPROVAL FOR CAPITAL AND REVENUE FUNDING**

Lara Smith referred to the report previously circulated and explained that this request is for approval of the programme management costs that have been allocated to the Black Country (funds previously known as Get Britain Building Fund GBBF). Walsall Council will administer the funds and the Programme Management Office (PMO) at the Black Country Consortium Limited and Walsall Council as the Accountable Body will share the revenue funding on a 60:40 basis. Walsall Council as the Accountable Body in addition, will also claim the “contingency fund” to cover the external appraisal costs as well as any legal costs incurred.

The original agreed funding profile has been changed for all projects in the West Midlands and the new funding profile was issued by the WMCA to all 3 LEP’s in the region – this is detailed in Table 2 of the report for each of the 3 Black Country projects.

Councillor Brookfield asked for clarification of 2.1 second bullet point in the report and Lara confirmed that Walsall Council will initially cover the legal costs and these will need to be claimed back by Walsall Council and paid from the “contingency funding” allocation.

21/0016 Councillor Bird moved the recommendations that were put to the vote by way of a roll-call of BCJC members. The motion was subsequently declared carried and it was

**Resolved** (unanimously) that the Joint Committee

- 2.1 Approves the Accountable Body (Walsall Council) to use the revenue funding and capital contingency funding for:
  - Walsall Council to carry out its role as Accountable Body to the Getting Building Fund (GBF) programme.

- Walsall Council to cover (reclaim) the costs of the external legal and technical fees in support of managing the programme.
- 2.2 Approves the Accountable Body (Walsall Council) to enter into a Grant Agreement with the Black Country Consortium Limited for the Management and Administration functions of the Getting Building Fund (GBF).
- 2.3 Approves the Accountable Body (Walsall Council) to proceed to re-profile the Getting Building Fund (GBF) projects Hub to Home Transport Innovation Centre and Test Track Project: Very Light Rail and Autonomous Technologies – Innovation Centre (Dudley Council), and the National Brownfield Institute Phase 2 - Construction and Delivery (University of Wolverhampton).

### **PRIVATE SESSION**

***(Not for publication by virtue of paragraph 3 of Schedule 12(A) of the Local Government Act 1972 (as amended))***

#### **12. Notes of Previous Meeting held on 17 February 2021 – Private Session**

Councillor Bird moved the recommendation which was put to the vote by way of a roll-call of BCJC members. The motion was subsequently declared carried and it was

- 21/0017 **Resolved (unanimously)**  
That the Private Session notes of the meeting held on 17 February 2021 be confirmed as a true record.



**REPORT OF THE HEADS OF REGENERATION WORKING GROUP  
TO  
BLACK COUNTRY EXECUTIVE JOINT COMMITTEE  
ON**

**28 APRIL 2021**

**Growth Hub  
GRANT FUNDING AGREEMENT APPROVAL 2021/22**

**Grant Agreement**

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<b>Key Decision:</b>	<b>Yes</b>
<b>Forward Plan:</b>	<b>Yes</b>

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**1. PURPOSE OF REPORT**

- 1.1 The Department of Business, Energy and Industrial Strategy is making a grant available to the Black Country LEP Growth Hub from 1 April 2021 to 31 March 2022.
- 1.2 To request that the Black Country Executive Joint Committee approves Walsall Council to enter into a Grant Agreement with the Black Country Consortium Ltd to spend and claim the grant on behalf of the Black Country Growth Hub.
- 1.3 This funding request was recommended for approval by LEP Board on the 22 of March 2021 and endorsed by the Working Group on 08 April 2021.

**2. RECOMMENDATIONS**

That the Black Country Executive Joint Committee approves for the Accountable Body for the Black Country Growth Hub (Walsall Council) to **proceed to a Grant Agreement, with the Black Country Consortium Ltd to the value of £462,000**, to deliver the Black Country Growth Hub Funding for 2021/22.

**3. REPORT DETAIL**

- 3.1 The Growth Hubs were established in April 2015 by the Department of Business, Energy and Industrial Strategy (BEIS) in each Local Enterprise Partnership area, following a successful pilot in 2014. Growth Hubs are local public/private sector partnerships which join up national and local business support, so it is easy for businesses to find the help they need.

- 3.2 The Growth Hubs were funded from the Regional Growth Fund, and then received a direct allocation from BEIS to fund the project from April 2016 to March 2018. This funding was received by Walsall Council and was managed on its behalf by the City of Wolverhampton Council.
- 3.3 Following a publication of the Industrial Strategy White Paper, further funding allocations were confirmed by BEIS in a letter to all LEP chairs in March 2021. Walsall Council, as Accountable Body, will receive Grant Funding of £462,000 to operate the Black Country Growth Hub until March 2022, with the prospect of further funding beyond that date to be agreed through the Black Country LEP. A grant offer letter from BEIS will be sent to Walsall Council shortly.
- 3.4 2021/2022 funding of £462,000 increased from £328,000 in 2020/2021.
- 3.5 The Black Country Growth Hub is a partnership made up of Dudley Council, Sandwell Council, Walsall Council, City of Wolverhampton Council, the Black Country Chamber of Commerce, the Black Country Consortium (BCC Ltd) and the University of Wolverhampton. Previously the City of Wolverhampton Council managed the 2016/2017 and 2017/2018 budgets on behalf of Walsall Council through the Black Country Growth Hub Strategic Board, administered by the Head of the Black Country Growth Hub, employed by the City of Wolverhampton Council.
- 3.6 BCC Ltd now manages the Grant on behalf of Walsall Council through the Black Country Growth Hub Strategic Board, which reports into the Competitiveness Theme Advisory Board. Day-to-day activity is administered by the Head of the Black Country Growth Hub, employed by the Black Country Consortium. It is expected that in May 2021, Walsall Council will receive the official grant offer letter from BEIS confirming the Funding for 2021/2022 financial year.

#### **4. BENEFITS COST RATIO (VALUE FOR MONEY)**

- 4.1 Benefit-Cost Ratios (BCRs) are utilised in capital budgeting to analyse the overall value for money of undertaking a new project. It is an indicator showing the relationship between the relative costs and benefits of a proposed project, expressed in monetary or qualitative terms. For the purposes of BC LEP funding, the Economic Intelligence Unit has developed the formula, deployed by the Programme Management Office, to identify the BCR for a project requiring public sector funding. The threshold for any project that has been assessed is 1.5 and would be considered 'good value for money' should this threshold be exceeded. The BCR calculation however does not take into consideration the Strategic fit and proposition of a project.
- 4.2 The BCR calculation is not relevant for Growth Hub Funding as this relates to revenue funding and not capital.

**5. FINANCIAL IMPLICATIONS**

Arrangements for managing the Growth Hub are already in place at BCC Ltd. The BCC Ltd took on the responsibility of managing the project and funds as principal grant recipient from the Wolverhampton University in 2018/2019. There are no further financial implications as BCC Ltd will continue to hold the responsibility for the management of the funds.

**6. LEGAL IMPLICATIONS**

- 6.1 There are no further legal implications to the continuation of the project in 2021/2022 following its successful implementation in 2016/17, 2017/18, 2018/19, 2019/20, 2020/21.
- 6.2 The appropriate grant agreement will be put in place, which will include all necessary conditions passed onto the LEP by Government, together with all terms, conditions, performance measures and sanctions as required by the offer letter received from Government.

**7. RISK MANAGEMENT**

- 7.1 The principal risk is in relation to clawback as a result of non-compliance with funding terms and conditions. Once the grant offer letter from BEIS is received, the appropriate grant agreement will be put in place by Walsall Council (Accountable Body), which will include all necessary terms, conditions, performance measures and sanctions as required by the Government.
- 7.2 The risk of non-compliance with funding conditions is considered to be low as the Black Country Consortium (BCC) took on the responsibility of managing the BC Growth Hub as principal grant recipient in 2018/2019 and have experience in managing similar grants. Grant claims and compliance will also be monitored by Walsall Council.
- 7.3 The Black Country Growth Hub has historically met the requirements and terms and conditions as set out by BEIS.

**8. EQUALITY IMPLICATIONS**

- 8.1 The Black Country Growth Hub's mission is to provide guidance and support to all individuals seeking to start a new business; micro and SMEs looking for growth support as well as employees of any existing business, free of charge.
- 8.2 Business-facing officers operating across Black Country Growth Hub partners are from a variety of ethnic backgrounds.



8.3 The separate partners of the Black Country Growth Hub each have their own equality policies in place, covering officers' conduct and approach to inclusive engagement.

## **9. CONSULTATION**

Legal and Finance Officers at Walsall Council have been consulted as part of the development of this report.

### **Background papers**

- Black Country Growth Hub Annual Allocation Funding Letter 2021.

**Attachments** - None.

### **Report Author**

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**REPORT OF THE HEADS OF REGENERATION WORKING GROUP  
TO  
BLACK COUNTRY EXECUTIVE JOINT COMMITTEE  
ON**

**28 APRIL 2021**

**Growth Hub  
PEER NETWORKS PROGRAMME APPROVAL 2021/22**

**Grant Agreement**

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<b>Key Decision:</b>	<b>Yes</b>
<b>Forward Plan:</b>	<b>Yes</b>

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**1. PURPOSE OF REPORT**

- 1.1 The Department for Business, Energy and Industry Strategy (BEIS) is making a grant available to the Black Country LEP Growth Hub for the purpose of delivering Peer Network programme.
- 1.2 To request that the Black Country Executive Joint Committee approves for Walsall Council to enter into an agreement with the Black Country Consortium Ltd who will be spending and claiming the Growth Hub Peer Network programme funding on its behalf.
- 1.3 This request was recommended for approval by the LEP Board on the 22 March 2021 and endorsed by the Working Group on 08 April 2021.

**2. RECOMMENDATIONS**

That the Black Country Executive Joint Committee approves for the Accountable Body (Walsall Council) to **enter into a Grant Agreement with the Black Country Consortium Ltd up to the value of £210,000** to deliver the Growth Hub Peer Networks programme in 2021/22.

**3. REPORT DETAIL**

- 3.1. A total of £20m was made available in 2020/21 following the Productivity Review carried out by the Department for Business, Energy and Industry Strategy (BEIS) for the Peer Network programme. The Black Country LEP received £60,000 to deliver four cohorts which ended in March 2021.
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- 3.2. Feedback from the 47 participants that took part in the cohorts was overwhelmingly positive: 100% were either very satisfied or satisfied with the group sessions. Overall, there were 36 sessions over the five months the programme operated. Participants also received one-to-one coaching sessions from the facilitators or advisors from the Growth Hub.
- 3.3. Based on the success of these four cohorts in 2020/21, BEIS has offered the Black Country LEP sufficient funding to support 14 new cohorts in 2021/22.
- 3.4. In order to continue the strong link between the peer networks and the interventions contained in the West Midlands Local Industrial Strategy (LIS), it is proposed to create 14 cohorts in three groups:
  - 5 general cohorts aimed at the Business Environment sections of the LIS;
  - 5 cohorts aimed at the “People” section with a focus on equality, diversity and inclusion;
  - 4 cohorts aimed at the “Ideas” section and a focus on the four Major Market Opportunities.

#### **4. BENEFITS COST RATIO (VALUE FOR MONEY)**

- 4.1 Benefit-Cost Ratios (BCRs) are utilised in capital budgeting to analyse the overall value for money of undertaking a new project. It is an indicator showing the relationship between the relative costs and benefits of a proposed project, expressed in monetary or qualitative terms. For the purposes of BC LEP funding, the Economic Intelligence Unit has developed the formula, deployed by the Programme Management Office, to identify the BCR for a project requiring public sector funding. The threshold for any project that has been assessed is 1.5 and would be considered ‘good value for money’ should this threshold be exceeded. The BCR calculation however does not take into consideration the Strategic fit and proposition of a project.
- 4.2 BCR is not applicable for this programme.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1. BEIS is offering a maximum of £15,000 per cohort over 2021/22. Its guidance lays out the criteria for each cohort as well as guidance on commissioning providers to manage each network. The grant offered to Walsall Council is based on 14 x £15,000 = £210,000.
- 5.2. The sum must include VAT. Tenders will be sought from providers to deliver peer networking sessions for SMEs registered in the Black Country, ending in March 2022, up to a maximum value of £160,000 including VAT.

- 5.3. The project management requirements for the BEIS contract are onerous. As a result, BCC Ltd will retain remaining £50,000 to cover these requirements until March 2022.

<b>Peer Networks Programme</b>	<b>2021/22</b>
14 Sessions	£160,000
Programme Management	£50,000
<b>Total</b>	<b>£210,000</b>

## 6. LEGAL IMPLICATIONS

The appropriate grant agreement will be put in place, which will include all necessary conditions passed onto the LEP by Government, together with all terms, conditions, performance measures and sanctions as required by the conditions received from Government.

## 7. RISK MANAGEMENT

- 7.1 The principal risk is a requirement to repay the grant funding to BEIS if there is non-compliance with the requirements of its terms of funding, as set out in its letter to Walsall Council. The risk is of non-compliance with terms of funding is low as Black Country Consortium (BCC) took on the responsibility of managing the BC Growth Hub as principal grant recipient in 2018/2019 and have experience in managing similar grants. The appropriate grant agreement will be put in place by Walsall Council (Accountable Body), which will include all necessary terms, conditions, performance measures and sanctions as required by the Government.
- 7.2 Since the 2019/20 contract, BCC has taken the responsibility of the single delivery agent role, following an approval of a new Growth Hub Delivery Plan at the Growth Hub Strategic Board which took place on 18 December 2018. This new delivery plan has been in effect since 1 April 2019 and has significantly improved the effectiveness and reach of the Black Country Growth Hub, which now employs 5 advisors, all with prior business and commercial experience.

## 8. EQUALITY IMPLICATIONS

- 8.1. The Black Country Growth Hub's mission is to provide guidance and support to all individuals seeking to start a new business; micro and SMEs looking for growth support as well as employees of any existing business, free of charge.
- 8.2. Business-facing officers operating across Black Country Growth Hub partners are from a variety of ethnic backgrounds.
- 8.3. The separate partners of the Black Country Growth Hub each have their own equality policies in place, covering officers' conduct and approach to inclusive engagement.

## 9. CONSULTATION

Legal and Finance Officers at Walsall Council have been consulted as part of the development of this report.

**Background Papers** - None.

**Attachments** - None.

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**REPORT OF THE HEADS OF REGENERATION WORKING GROUP  
TO  
BLACK COUNTRY EXECUTIVE JOINT COMMITTEE  
ON**

**28 APRIL 2021**

**Enterprise Zone  
PARALLEL 9-10 (SEPPL138)**

**Grant Agreement**

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<b>Key Decision:</b>	<b>Yes</b>
<b>Forward Plan:</b>	<b>Yes</b>

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**1. PURPOSE OF REPORT**

- 1.1 To request that the Black Country Executive Joint Committee approves a grant for the Parallel 9-10 project, to be funded from within the Black Country Enterprise Zone (BC EZ) Programme.
- 1.2 This funding request was endorsed by the LEP Funding Sub Group on 4 March 2021 and approved by the LEP Board on 22 March 2021 and endorsed by the Working Group on 08 April 2021.

**2. RECOMMENDATIONS**

That the Black Country Executive Joint Committee approve:

- 2.1 Walsall Council to enter into a grant agreement with Cayborn Limited for a grant to deliver the Parallel 9/10 project, with delivery to commence in the 2021/22 financial year.
- 2.2 Walsall Council to utilise business rates generated from the Black Country Enterprise Zone to repay the borrowing costs associated with this grant as follows:
  - (a) Business rates generated from the Parallel 9-10 site, and
  - (b) Business rate surpluses from the wider BCEZ to fund the Parallel 9-10 deficit.
- 2.3 The Parallel 9/10 project to be confirmed as the next priority project in respect of the allocation of the Black Country Enterprise Zone business rates, after Categories 1 – 6 as set out in the Black Country Executive Joint Committee Collaboration Agreement.

**3. REPORT DETAIL**

- 3.1 Parallel 9-10 is an unused, derelict site located within the Darlaston area of the Black Country Enterprise Zone (BC EZ). The area is within 2 miles of Walsall Town Centre and is easily accessible via the M6 motorway, providing access to the wider Midlands area. In addition to this, the site is directly west to the proposed new Darlaston train station, which is due to be operational within the next couple of years.
- 3.2 St Francis Group, have a strong track record of delivering high quality developments with the support of public sector funding. The site and ground investigation works, were carried out some years ago, utilising the Black Country LEP’s (BC LEP) Growing Places Fund. The site is owned freehold by Cayborn Limited (‘Cayborn’), which is a Special Purchase Vehicle set up by the applicant, specifically for the Parallel 9-10 project. Cayborn will be the recipient of the grant.
- 3.3 The project entails a proposed speculative development of a single warehouse / industrial unit, extending to 10,498 sqm, with integral two storey offices extending to circa 524.9 sqm equating to 5% of the overall floor space. The warehouse is set to comprise a Grade A distribution / warehouse facility with consent for B1, B2 & B8 use, with associated car parking and landscaping. The project was granted full planning consent subject to conditions in October 2020 and is what the Programme Management Office (PMO) would consider to be ‘shovel ready’.
- 3.4 The proposed property will also provide Business Rates income to Walsall Council, once practical completion is achieved. Business rate income assumed in the model is lower, after taking into account provisions for appeals, reliefs and bad debt.
- 3.5 Outputs expected to be delivered by Parallel 9-10 project:

<b>Output / Outcomes</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
<b>Land Remediated (Ha)</b>	2.67	0	2.67
<b>New Commercial floor space (sqm)</b>	10,498	0	10,498
<b>Jobs Created</b>	198	0	198
<b>Apprenticeship Starts</b>	3	0	3
<b>Apprenticeship Completed</b>	0	3	3
<b>Business Assists*</b>	0	1	1

*\*Business assists have not been included in the Project Due Diligence but the LEP will seek to count any businesses assisted by this project by means of an indirect output.*

- 3.6 The applicant is also seeking finance by means of a loan from the Collective Investment Fund (CIF programme) from the West Midlands Combined Authority (WMCA). The WMCA Investment Board approved this repayable loan for the scheme at its meeting on 22 March 2021.

This loan support requires the outputs of this scheme to be shared with the BC LEP.

3.7 The project is due to start onsite by June 2021. The PMO are recommending, in the absence of any other BC LEP grant funds, that the project is progressed through the BC EZ, to avoid any delay to the project. Walsall Council approved the borrowing associated with this grant at its Cabinet meeting on 17 March 2021.

**4. BENEFITS COST RATIO (VALUE FOR MONEY)**

4.1 Benefit-Cost Ratios (BCRs) are utilised in capital budgeting to analyse the overall value for money of undertaking a new project. It is an indicator showing the relationship between the relative costs and benefits of a proposed project, expressed in monetary or qualitative terms. For the purposes of BC LEP funding, the Economic Intelligence Unit has developed the formula, deployed by the PMO, to identify the BCR for a project requiring public sector funding. The threshold for any project that has been assessed is 1.5 and would be considered 'good value for money' should this threshold be exceeded. The BCR calculation however does not take into consideration the Strategic fit and proposition of a project.

4.2 The project is considered to have a strong strategic fit with the BC LEP's Strategic Economic Plan (SEP) as it is bringing disused and derelict land back into economic use, as well as creating new job opportunities. The BCR is considered good value for money, coming out at 4.57, which is above the recommendation of 1.5.

4.3 The BCR of 4.57 is based upon the scenario of the BC LEP claiming 100% of the following outputs:

<b>Output / Outcomes</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
<b>Jobs Created</b>	198	0	198
<b>Land Remediated (Ha)</b>	2.67	0	2.67
<b>Commercial Floor space (Sqm)</b>	10,498	0	10,498
<b>Apprenticeship Completed</b>	0	3	3
<b>Business Assist (Indirect)</b>	0	1	1

4.4 The WMCA may consider claiming 50% of the total number of jobs created and based on this scenario the BCR for the project will be 2.31. The remainder of the outputs would be claimed by the BC LEP.

<b>Output / Outcomes</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
<b>Jobs Created</b>	99	0	99
<b>Land Remediated (Ha)</b>	1,335	0	1,335
<b>Commercial Floor space</b>	5,249	0	5,249
<b>Apprenticeship Completed</b>	0	0	0
<b>Business Assist (Indirect)</b>	0	0	0

The LEP will seek to claim, indirectly, any business assists from the project, once practical completion is achieved.



## 5. FINANCIAL IMPLICATIONS

- 5.1 The BCEZ funding model and Black Country Executive Joint Committee Collaboration Agreement (the 'BCJC Collaboration Agreement') requires that the Black Country Local Authorities borrow to fund schemes within their own geographical area, with borrowing costs being recovered over the life of the BCEZ (to 31 March 2038) through the business rates that are generated.
- 5.2 If the grant to Cayborn is approved, to be funded from the BCEZ funding mechanism, Walsall Council, as the local authority in which Parallel 9-10 falls, will be required to borrow the full cost of the funding package that would be incurred by Walsall Council as the borrowing authority.
- 5.3 The EZ financial model at the date of this report forecasts that Parallel 9-10 is a "deficit" site, meaning that as a project on a stand-alone basis, there is a shortfall of funding after utilising all of the business rates to pay the borrowing needed for the investment.
- 5.4 However, BCEZ modelling shows that there is sufficient forecast consolidated BCEZ surpluses to fund the Parallel 9-10 deficit, i.e. after funding the previously approved BCEZ costs from Category 1-6 in the priority order as stated in the BCJC Collaboration Agreement (**Appendix 1**).
- 5.6 As Parallel 9/10 is a deficit EZ site, this means that it falls under Category 7 in the prioritisation table as set out in the BCJC Collaboration Agreement in relation to Enterprise Zones. If this project is to be approved to be funded from the BCEZ, then Parallel 9/10 needs to be confirmed as the next priority order to be allocated business rates, and be deemed to be Category "7a", with any future BCEZ Category 7 project allocations being prioritised behind Parallel 9/10.
- 5.7 Walsall Council will be required take the risk that borrowing may not be recovered if actual future business rates are less than modelled and obtained approval from their Cabinet on 17 March 2021 to borrow to fund this grant. Any further investment or changes would need to come back to the LEP Board for approval via the standard change request process as set out in the Assurance Framework, and be may be subject to prioritisation as a Category 7 site.
- 5.8 The BCEZ financial model has the appropriate contingencies and provisions applied (i.e., bad debt, rebates and business rate relief) to ensure that the forecasts are robust and adequately prudent. However, as with all forecasts, there is a risk that assumptions change over time and the actual future business rates and forecast surpluses are not realised as modelled.

## 6. LEGAL IMPLICATIONS

- 6.1 Walsall Council shall enter into a grant agreement with Cayborn. This grant agreement must ensure that the applicant complies with the Black Country Assurance Framework
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## ITEM 8

and captures any conditions as set out in the Technical Appraisal completed as part of the due diligence. Legal support will be obtained by the SAB if they consider that this is necessary.

- 6.2 The grant agreement should also ensure that the onus is on the applicant to deliver on the business rates payable, which is ultimately funding the scheme, although this will be managed by Walsall Council as part of their internal contracting and due diligence process, who will take the risk on non-recovery of borrowing costs for the grant.
- 6.3 As noted in paragraph 3.6, Cayborn have also submitted a loan funding application to the WMCA CIF programme.
- 6.3 The arrangement for BCEZ is that individual local authorities will enter into grant agreements with third party applicants, however the BCJC Collaboration Agreement between the four Local Authorities sets out the specific principles and governance arrangements of Enterprise Zones which must be adhered to.

### **7. RISK MANAGEMENT**

- 7.1 Walsall Council will carry the risk of the borrowing not being recovered. There is no guarantee that the Enterprise Zone model will fund any shortfalls and any further funding requests would require additional approvals from the BCLEP. Walsall Council will manage this risk via the grant agreement including appropriate provisions, and supporting security, in relation to delivery of outputs and business rates.
- 7.2 The BC LEP is aware that Parallel 9-10 project is not forecast to create any surplus business rates. The overall risk in relation to BCEZ forecasting will be managed through the on-going monitoring of EZ projects and their ability to deliver the required spending profiles and outcomes for the programme through the financial modelling across all Black Country Local Authorities.

### **8. EQUALITY IMPLICATIONS**

None at the time of drafting.

### **9. CONSULTATION**

Legal and Finance Officers at Walsall Council have been consulted as part of the development of this report.

**Background papers**

- I. Parallel 9-10 March Funding Sub Group Paper March 2021;
- II. Thomas Lister Due Diligence report;
- III. Parallel 113 WMCA report.

**Attachments**

Appendix 1 - Parallel 9-10 - Priority order of costs to be funded from BCEZ business rates (extract from BCJC Collaboration Agreement)

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**Appendix 1**

Appendix 1: Priority order of costs to be funded from BCEZ business rates (extract from BCJC Collaboration Agreement)

<b>Table 1: Priority order of costs</b>		
#1	Borrowing costs surplus sites approved by the BC LEP before 30 April 2020. (CAPITAL)	LAs are already taking the risk on these sites and without these being delivered, EZ surpluses would not be generated. This category includes i54, Phoenix 10, Boxpool. Borrowing costs will be recovered over the life of the BCEZ, as set out in section 7. Note that these sites would not receive cross subsidy if they became deficit sites unless cross subsidy is approved by the BC LEP. See point 8.9 below.
#2	Historic revenue costs up to 2019/20 where previous agreements are in place (REVENUE)	This is specifically Dudley historic revenue costs, which were included in the DY5 submission. Posts were appointed on this basis, hence basis for higher rank than other historic revenue costs. These costs are covered by DY5 business rates by 2020/21.
#3	Programme Management costs from 19/20 onwards (REVENUE)	SAB and PMO programme management costs, as there are no existing budgets to fund these costs. Also covered by recent MHCLG guidance on Assurance Framework.
#4	Black Country Transport Director costs	Transport Director costs for 4 years from 2021/22, where no alternative funding has been identified.
#5	Historic revenue costs to March 2020 (REVENUE)	Covers Wolverhampton Council and Walsall Council audited historic costs..  Historic costs are to be recovered over 10 years from 2020/21.
#6	Future revenue costs from April 20 onwards (REVENUE)	This includes the following based on the Financial Model's rolling forecast: <ul style="list-style-type: none"> <li>• Up to £250,000pa development funding per Local Authority for 5 years from 2020/21.</li> <li>• Up to £10,000pa compliance and monitoring costs per LA after the 5 year period ends.</li> </ul> This is for development of named projects in the BC Pipeline and/or development of BCEZ sites including marketing. It must also cover EZ monitoring and compliance costs. If unused, it may be permitted to roll these budgets forward but only if it is considered critical to bringing key BC schemes forward. Allocations, variations and slippage will be approved by the BC LEP.
#7	Borrowing costs on future LEP approved priority projects (CAPITAL)	Investment could be in EZ deficit sites or non-EZ sites, but must be integral named sites mapped as part of the BC pipeline. Parameters of prioritisation of #7 projects will be approved by the BCLEP and the Local Authorities prior to the first #7 project being approved.