



BLACK COUNTRY EXECUTIVE JOINT COMMITTEE

Wednesday 17 February 2021 10.30am

To be held via a Teams Virtual Meeting

DRAFT MINUTES (PUBLIC)

IN ATTENDANCE:

VOTING MEMBERS

Councillor Patrick Harley, Dudley MBC
Councillor Danny Millard, Sandwell MBC (sub)
Councillor Mike Bird, Walsall MBC (Chair)
Councillor Ian Brookfield, City of Wolverhampton

NON VOTING MEMBERS

Tom Westley, Black Country LEP

INVITED GUESTS

Kevin O'Keefe, Dudley MBC
David Stevens, Sandwell MBC
Dr Helen Paterson, Walsall MBC
Tim Johnson, City of Wolverhampton
Sarah Middleton, The Black Country Consortium Ltd
Lara Smith, The Black Country Consortium Ltd
Tammy Stokes, Sandwell MBC
Simon Neilson, Walsall MBC
Helen Martin, Dudley MBC
Ruth Taylor, City of Wolverhampton
Stuart Everton, Black Country Director for Transport

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**
Councillor Maria Crompton, Sandwell
Richard Lawrence, City of Wolverhampton

2. **Notes of Meeting held on 9 December 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

21/0001 **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. **Local Government (Access to Information) Act, 1985 (as amended):**

21/0002 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 items 12 and 13.

Not for publication by virtue of paragraph 3 of Schedule 12(A) of the Local Government Act 1972 (as amended)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 – ACCESSING GROWTH SPRINGFIELD INTERCHANGE (SEPPL44) – Change Request - Amendment to the Existing Grant Agreement**

Lara Smith referred to the report previously circulated and explained that the aim of this project was to substantially enhance and create a sustainable access from the Wolverhampton interchange to the new campus. This will enable students from the wider area to access the new learning opportunity. The project will considerably revitalize this part of the City centre. The project was completed in 2017. Following on from the most recent audit and project closure visit by the Accountable Body, it has been highlighted that Land Remediation as a direct output was incorrectly captured at the time of project bidding. At that point in time in the Growth Deal Programme, the Initial proposal form did not capture any Transport related Outputs. The Change Request is to amend the measure of land remediated (1 Hectare) to length of new cycle way (0.5 km). This change is required due to a clerical error in declaring the 1 hectare of land associated with the Springfield Campus Development as a direct output when it should have been identified as an indirect output. In addition, the development has resulted in further outputs being achieved that were not originally identified, these being 0.2 km of road resurfaced and 0.412km of footway resurfaced.

Councillor Bird commented that he felt this is an excellent scheme.

- 21/0003 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) for the Growth Deal to **proceed to amending the Grant Agreement with Wolverhampton City**

Council, to deliver the Local Growth Fund (LGF) funded elements of the Accessing Growth Springfield Interchange project with delivery to commence in the 2020/21 financial year.

2.2 Notes that this change request relates to a change in outputs for the Springfield Interchange scheme.

7. **Black Country Local Growth Deal – FAB KIT - PTP Ltd (SEPP11) Change Request – Amendment to the Existing Grant Agreement**

Lara Smith referred to the report previously circulated and explained that the project has been successful to date with the applicant having overachieved on all of their outputs, with the exception of business assists. The proposed change is requesting an extension to enable the project to fully deliver the contracted target.

PTP wish to reduce their match funding commitment as the organisation were the subject of a virus attack on their IT system and the Sage financial system was lost. There are no records from that period now that could verify the balance of the match funding to be claimed. To date £156,728.84 has been verified leaving a deficit of £43, 273.16.

The project has always been found to be good value for money and as the project has consistently over-achieved on all other aspects of the scheme, it is recommended to remove the outstanding balance of match funding. An updated Benefits Cost Ratio (BCR) has been provided to ensure that the proposed changes are not detrimental to the Value for Money element of the scheme.

21/0004 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) for the Local Growth Deal to proceed **to amending the Grant Agreement with Performance Through People (PTP) Ltd**, to deliver the Local Growth Fund (LGF) funded elements of the Fab Kit – PTP Ltd project with delivery to continue up to the 2023/24 financial year.

2.2 This change relates to reprofiling the business assists over a longer time period and the reduction of the match funding for the project.

8. 21/0005 **Growing Places Fund – DUDLEY CANAL TRUST (TRIPS) LTD (SEPPL125) – Change Request – Amendment to the existing Grant Agreement**

This report was presented in private session and a decision was made following consideration of the confidential information.

9. Land and Property Investment Fund – **SANDWELL HOUSING GAP FUNDING – PHASE 1 (SEPPL87)** – Amendment to the existing Grant Agreement

Lara Smith referred to the report previously circulated and explained that this funding is for two Council owned sites – Stanhope Road, Smethwick and King Street, Wednesbury. There has been some delay in finalising the Grant Agreement, however the project has continued to progress at risk and good progress has been made. A change request has been brought forward, as the financial forecast for the grant award has changed, and differs to what is scheduled in the contract with the Accountable Body.

21/0006 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 for the Accountable Body (Walsall Council) for the Land and Property Investment Fund to proceed to **amending the Grant Agreement with Sandwell Council** to deliver the Land and Property Investment Fund (LPIF) funded elements of the Sandwell Housing Gap Funding - Phase 1 project with delivery to commence in the 2020/21 financial year.

2.2 Notes that this change request relates to the financial forecast for the grant award being changed and differs to what is scheduled in the contract with the Accountable Body.

10. Growth Hub – **Growth Hub EU Transitional Business Readiness – Grant Agreement**

Lara Smith referred to the report previously circulated and explained that 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 EU Transition Business Readiness for the Black Country region. is additional revenue funding to the 2020-2021 core grant funding awarded to Accountable Bodies for Local Enterprise Partnerships (LEPs) for their Growth Hubs. The Grant can only be spent on certain agreed Growth Hub activities for issues connected with the ending of the transitional period for the UK leaving the EU on 31st December 2020.

21/0007 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

approves for the Accountable Body (Walsall Council) to **enter into a Grant Agreement with the Black Country Consortium Ltd for the additional award of EU Transition Business Readiness Growth Hub Grant Funding up to £136,050** with delivery to commence in the 2020/21 financial year.

11. **CONSTITUTION AND TIMETABLE OF MEETINGS 2021 – Review of the BCJC Governance**

Simon Neilson referred to the report previously circulated and explained that following a request from the Association of Black Country Authorities Chiefs Executives and Leaders, the Single Accountable Body (SAB) at Walsall and the Programme Management Office (PMO) at the Black Country Consortium Ltd have been looking at ways to streamline and simplify the approvals process but ensuring appropriate Governance is maintained at all times. The suggested process to remove the Advisory Board and add 3 additional Joint Committee meetings is detailed fully in the report. The Black Country LEP Board, Heads of Regeneration Working Group and the Advisory Board have been fully appraised of the recommendations and endorse them for approval.

Councillor Brookfield welcomed the change.

21/0008 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 removal of the Advisory Board, with Black Country Heads of Regeneration taking responsibility for wider consultation, including briefing Cabinet Portfolio Holders

2.2. the addition of 3 extra Black Country Executive Joint Committee meetings in 2021 as shown in **Appendix 2** to approve key projects. Noting that if there are no items on the Forward Plan, the associated Black Country Executive Joint Committee meetings will be cancelled.

PRIVATE SESSION (Public Summary)

(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 9 December 2020 – 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

- 21/0009 **Resolved (unanimously)**
That the Private Session notes of the meeting held on 9 December 2020 be confirmed as a true record.

13. 21/0010 Growing Places Fund – **DUDLEY CANAL TRUST (TRIPS) LTD (SEPPL125)** – Amendment to the existing Grant Agreement

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)

Following consideration of the confidential information in the Private Session report, it was resolved unanimously that the Joint Committee :

- 2.1 approves Sandwell Council to proceed to **amending the funding repayment schedule with the Dudley Canal Trust (Trips) Limited**, funded from within the Growing Places Fund (GPF), with delivery to continue in the 2020/21 financial year.
- 2.2 Note that this change request relates to a repayment holiday and change to the current loan repayment arrangements due to the impact that COVID-19 has had on the organisation.

REPORT OF THE HEADS OF REGENERATION WORKING GROUP

TO

BLACK COUNTRY EXECUTIVE JOINT COMMITTEE

ON

31 MARCH 2021

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

Key Decision: Yes
Forward Plan: Yes

1. PURPOSE OF REPORT

- 1.1 To request that the Black Country Executive Joint Committee approve Hub to Home Transport Innovation Centre and Test Track Project: Very Light Rail and Autonomous Technologies – National Innovation Centre Project from within the Growth Deal Programme.
- 1.2 This project was endorsed by the LEP Funding Sub Group on 6 January, approved by the LEP Board on 18 January 2021, and recommended by the Working Group on 21 January 2021. Following the changes to the Joint Committee Governance arrangements, the Working Group approved the recommendations within this report on 11 March 2021.

2. RECOMMENDATIONS

That the Joint Committee approves 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.

3. REPORT DETAIL

- 3.1 The Very Light Rail National Innovation Centre (VLRNIC) will be a unique Centre of Excellence for the development of Very Light Rail technologies. Its aim is to catalyse technology, supply chain and market development focused on stimulating a market for VLR vehicles and associated infrastructure which will lead to the growth of a new industrial manufacturing sector in the UK with significant export prospects. Very Light Rail (VLR) is a disruptive technology and there are gaps (in technology maturity as well as testing and certification) that need to be addressed. The VLRNIC will focus on closing these gaps whilst developing VLR supply chain activities and market development.
- 3.2 The VLRNIC will be located at Castle Hill in Dudley with project commencing in 2020 and an official opening planned late Spring 2022. The VLRNIC will also include test track facilities for performance testing and vehicle certification, the first track to be open for business and operated by the BCIMO. A second track will be commissioned to test the Coventry Very Light Rail and funding is currently being sought for this element of the project.
- 3.3 VLR is a class of rail guided vehicles and associated track infrastructure that is significantly lighter weight than traditional 'heavy rail' or 'light rail'. Lighter vehicles require less energy to be propelled, cause less damage to the supporting track and can be supported by less substantial bridges and sub-structures. Much of the technology developed in the automotive sector can be carried across to the vehicles including body structures, propulsion, batteries, control systems and autonomous control. The technology has applications on rural branch lines as well as urban tramways. VLR technologies offer pathways to low-cost rail.
- 3.4 The retaining wall, which serves the Metro extension as well as the overall VLR project, is now complete and the construction of Test Track 1 is progressing well. It is unknown at this stage when the construction of Test Track 2 will commence, as this element of the scheme is currently unfunded. However, it is felt that the second test track 15m radius loop, is a useful capability that can be exploited in the future. The 15m radius loop will be a unique facility in the UK, enabling the cornering behaviour of new rail vehicles to be tested on the tightest bend that might be needed in urban rail schemes. By its design, it will allow both right-hand and left-hand cornering behaviour to be fully examined.
- 3.5 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). This reduction in funding was to accommodate all of the schemes being put forward and not exceeding the £66m West Midlands allocation. It was agreed that Dudley Council would work with the BC LEP to identify this £650,000 gap in funding. 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).

3.6 A breakdown of VLR project phases is detailed in the table below:

<u>Phase</u>	<u>Cost</u>	<u>Funding Programme</u>
1. Metro Retaining Wall	£4.33m	Coventry WMCA Devo Deal
2. Test Track 1	£4.9m	BC LEP LGF
3.		
a) Development Phase	£1.14m	BC LEP LGF
b) VLRNIC – part construction	£12.350m £0.65m	GBF BC LEP LGF
c) VLRNIC – part construction and revenue	£5.55m	EDRF

3.7 Thomas Lister, the LEP’s independent assessors, carried out an updated assessment of the Very Light Rail scheme in January 2020, as well as a review of the Test track procurement and costs. Thomas Lister will be carrying out a similar cost exercise for the Innovation centre. Any contract with the Accountable Body may be subject to any conditions that Thomas Lister recommend.

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 There is no change to the BCR calculation as the baseline BCR calculation has been done on the original full funding ask of £13m. This paper is requesting the approval of the balance of the £13m funding required to deliver the full scope of the project.

5. FINANCIAL IMPLICATIONS

5.1 All the costs associated with this proposal form part of the LGF Programme and will be covered by allocations from the government with this programme.

5.2 Funding breakdown is detailed in section 3.6. There is no match funding contribution from the Local Authority for this scheme.

6. LEGAL IMPLICATIONS

The appropriate Grant Agreement will be utilised by the Accountable Body (Walsall Council), and 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.

7. RISK MANAGEMENT

Risk will be managed through the on-going monitoring of individual projects and their ability to deliver the required spending profiles and outcomes for the programme as required or agreed with West Midlands Combined Authority and put into place by the LEP Board and Black Country Joint Committee.

8. EQUALITY IMPLICATIONS

None at the time of drafting.

9. CONSULTATION

Legal and Financial Services at Dudley Council were consulted as part of the development of this report.

Background papers

- Updated VLR FBC January 2020;
- January 21 FSG GD Report v1.0.

Attachments

None.

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REPORT OF THE HEADS OF REGENERATION WORKING GROUP

TO

BLACK COUNTRY EXECUTIVE JOINT COMMITTEE

ON

31 MARCH 2021

Growing Places Fund

WOLVERHAMPTON CANALSIDE (SEPPL145)

Change Request

Key Decision: Yes

Forward Plan: Yes

1. PURPOSE OF REPORT

- 1.1 To request that the Black Country Executive Joint Committee approves the Change Request for the Wolverhampton Canalside project within the Growing Places Programme.
- 1.2 This Change Request was endorsed by the Funding Sub Group on the 6 January 2021, approved by the LEP Board on 18 January 2021 and recommended by the Working Group on 21 January 2021. Following the changes to the Joint Committee Governance arrangements, the Working Group approved the recommendations within this report on 11 March 2021.

2. RECOMMENDATIONS

That the Joint Committee approves 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.

3. REPORT DETAIL

- 3.1 In 2012, a proposal was brought forward by Wolverhampton City Council to start some early works, which would enable and unlock the vision for the 'Wolverhampton Canalside' mixed use development. The project was to undertake the relocation of the Liquid Petroleum Gas (LPG) Storage Facility which was located at Carver (Wolverhampton) Ltd Builder's Merchants and was seen at the time, as a major constraint to the delivery of the comprehensive regeneration of the Canalside Quarter in Wolverhampton City Centre.
- 3.2 The Canalside Quarter is located to the north and east of the City Centre and presents the opportunity for comprehensive economic and physical regeneration to provide a wide range of sustainable land uses including residential led, leisure, office and employment development as identified in the Wolverhampton's City Centre Area Action Plan (AAP) and the adopted Black Country Core Strategy.
- 3.3 The Canalside Quarter covers an area of 40ha and contains 16 development opportunities with the capacity to deliver over 2,000 new homes with associated commercial, retail and leisure floorspace. The successful regeneration of the Canalside Quarter is fundamental to the transformation of Wolverhampton City Centre, by providing a significant proportion of the new housing target for the City Centre, a significant proportion of commercial floorspace and the presence of the soon to be completed new Wolverhampton Interchange rail station and metro extension.
- 3.4 The LPG storage onsite was identified as a hazardous installation and residential/commercial development proposals within the vicinity of such sites are subject to strict controls requiring consultation with the Health and Safety Executive (HSE) (The consultation zones directly affect the northern part of the Canalside Quarter.) In 2008 the HSE consultation zones were revised and extended. This represented a recent material change in circumstances which further hampered site delivery. The removal of the LPG tanks would facilitate the bringing forward of future development in the area.
- 3.5 These works were seen as fundamental to enabling the unlocking of the following Wolverhampton Central sites and removing barriers to future development:
- Carver (Wolverhampton) Ltd;
 - Springfield Brewery;
 - Victoria Hall Student Flats;
 - Marston's depot;
 - Council depot;
 - Peel Centre Retail Park;
 - Stafford Street/ Ring Road Frontages;
 - Dairy site.
- 3.6 The removal of hazardous substances storage was achieved by providing Carver with an alternative site for an LPG storage facility. Discussion between the interested parties, including the HSE and South Staffordshire Local Planning Authority, resulted in the

identification of a suitable site to relocate the LPG storage facility to in Crateford Lane in South Staffordshire. This is a unique site, being located adjacent to a Chemical Works and falling within existing HSE consultation zones.

3.7 Project Funding sources breakdown is outlined in the table as follows:

Project Funding Source	Amount
BC LEP – Growing Places Fund	£593,426
Wolverhampton City Council	£370,000
Canalside Quarter Consortium	£600,000
TOTAL	£1,563,426

Although this funding was solely to aid with business relocation costs, the project was contracted to the full set of outputs to be delivered by the wider Canalside development, as outlined the table:

Output	Total
New Jobs created	Circa 2,300
Jobs safeguarded	Circa 1,300
Private Sector Investment	£143m
Public Sector Investment	£2m
B1a floorspace	19,500 Sqm
Commercial Floorspace to a BREEAM Standard	23,900 Sqm
Brownfield Land Redeveloped	19.4 Ha
New commercial floorspace	23,900 Sqm
New Housing Units	750

**outputs were to be delivered by 2026*

3.8 Since the physical works of the project have been completed in 2012, circumstances in the public sector have changed quite significantly. New funding sources have become available, since the formation of the West Midlands Combined Authority (WMCA) - such as the Housing Land Fund and the Brownfield development programme of £84m. The overall Canalside site and the development have been shaped over time and is being marketed now as multiple projects / investments that supersede this original Growing Places Project. These new projects are namely, Canalside South and Canalside North, both of which have been included as part of the Council’s Town’s Fund bid.

3.9 The outputs that have been contracted in section 3.7 have been captured in the new reshaped Canalside North and Canalside South projects. To date there have been positive outcomes to this initial GPF investment, that have been captured through other funding mechanisms, with the large amount of investment and redevelopment of Springfield Brewery site.

3.10 The Programme Management Office (PMO) are now recommending the reduction of the contracted outputs, to the works that have been achieved onsite and the business that was assisted, as the scope of the original project has changed so significantly. By approving this change request, the Growing Places Fund Canalside project can be formally closed and the Council, along with its partners, can continue to focus on marketing the wider Canalside area. In addition to this, the removal of the original outputs would ensure that there is no double counting of outputs back to central Government.

- 3.11 The outcome of the Council's Town's Fund bid is still to be announced, however the PMO are confident that the above-mentioned outputs will be realised over the next 5 years, as outputs will be delivered via different funding streams, however this detail will still be captured in the PMO database and accessible for Board members via the PowerBi online reporting tool.

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 A BCR calculation was not a requirement for the Growing Places Fund programme at the time of programme approval. The BCR for this project could be considered very good, however the scope and nature of the project now has changed such that a comparison from a baseline BCR to the project now, would not provide an accurate comparison. The outputs included in the BCR calculation are no longer applicable.

5. FINANCIAL IMPLICATIONS

- 5.1 All the costs associated with this proposal form part of the Growing Places Fund Programme and will be covered by allocations from the government with this programme.
- 5.2 The funding breakdown, including match funding is covered in section 3.7. All funding and match funding has been claimed and verified by Sandwell Council, as the Accountable body of this Growing Places Fund project.

6. LEGAL IMPLICATIONS

The appropriate Grant Agreements are in place and will be utilised by Sandwell Council, and 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.

7. RISK MANAGEMENT

- 7.1 Risk will be managed through the on-going monitoring 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 and the Joint Committee.

- 7.2 There is a fundamental risk that if the change request is not processed, then these housing and commercial outputs could be double counted by the LEP back to central government, as these outputs are expected to be delivered by future funding streams. This will provide an incorrect report for the level of investment delivered.

8. EQUALITY IMPLICATIONS

No implications considered at this point in time.

9. CONSULTATION

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

Background papers

- Wolverhampton Canalside GPF Change Request;
- January 2021 Funding Sub Group GPF Report.

Attachments

None.

Report Author

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REPORT OF THE HEADS OF REGENERATION WORKING GROUP

TO

BLACK COUNTRY EXECUTIVE JOINT COMMITTEE

ON

31 MARCH 2021

**Land and Property Investment Fund
PROGRAMME EXTENSION AND REPROFILE**

Key Decision:	Yes
Forward Plan:	Yes

1. PURPOSE OF REPORT

- 1.1 To request that the Black Country Executive Joint Committee approve the Land and Property Investment Fund Programme's reprofile and extension.
- 1.2 This change request was endorsed by the LEP Funding Sub Group on 6 January 2021, approved by the LEP Board on 18 January 2021, and recommended by the Working Group on 21 January 2021. Following the changes to the Joint Committee Governance arrangements, the Working Group approved the recommendations within this report on 11 March 2021.

2. RECOMMENDATIONS

That the Joint Committee approves:

- 2.1 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 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.

3. REPORT DETAIL

3.1 In 2017, the WMCA Board agreed to allocate £53.04 million from the overall £200 million Land Remediation Fund to the Black Country Local Enterprise Partnership (BC LEP) to deliver a set of specific agreed outputs as follows:

- 1,800 new jobs;
- 1,150 new homes;
- 126,000 sq. m. commercial floorspace;
- 46 hectares of land remediated.

3.2 Delegated authority was awarded to the BC LEP to manage the £53.04 million fund using an established governance process, in accordance with the Black Country LEP's Assurance Framework, which is derived from and is compliant with the Government's National Growth Assurance Framework.

3.3 The original WMCA approval of funding required that the fund be spent and outputs achieved by March 2021. The current forecast grant spend and outputs profiles would be outside the parameters of the initial WMCA approval funding in March 2017.

3.4 Although the WMCA have already approved specific project derogations for Phoenix 10 and i54 Western Extension beyond March 2021, a wider programme reprofiling and programme end date would provide the BCLEP with the necessary flexibility to secure the forecast outputs by March 2025. This would permit reallocation of funds to shovel ready projects without seeking WMCA approval on a project-by-project basis, which in the past has added significant delay to project timeframes.

3.5 It should be noted that a similar situation has previously arisen: the WMCA Board granted a derogation for the Brownfield Land and Property Development Fund (BLPDF) to allow the WMCA contribution towards the Commonwealth Games (Athlete's Village) on the basis of the housing outputs being delivered after 2021.

LPIF Programme progress to date

3.6 The Black Country LPIF programme currently consists of 9 projects, of which 3 are fully complete. There is a mixture of commercial, residential and skills projects which make up the agreed output targets, to be delivered against the £53.04m investment.

3.7 This £53.04m was allocated to schemes that would deliver up until March 2021, with the expectation that this would unlock further investment from the WMCA, i.e., the balance of the £150m land funds allocation, earmarked for the Black Country. Any short-term projects that were developed for land remediation funds, have been progressed with alternative funding sources, or allocated to the Black Country Pipeline until such time that funding can be made available.

3.8 Residential schemes have progressed well to date. Dudley Brownfield Land Phase 2, delivered by Dudley Council in partnership with local builders, has fully completed. Thus, providing good quality, sustainable housing stock for the local area. This has built on the

success of Phase 1 of the Dudley Housing programme, which was funded by the Black Country Local Growth Deal. The Goscote Lane site in Walsall has been remediated and handed over to Homes England, who have now appointed their developer to start construction early 2021.

- 3.9 Phoenix 10, a flagship development in the Black Country Enterprise Zone area of Darlaston, has now completed contracts with its developer, Henry Boot. The scheme will start onsite next year and complement all the current investment in the area, including improved transport links such as the anticipated new Darlaston train station, as well as benefitting from major improvements to M6 Junction 10.
- 3.10 There are a number of project case studies available, expanding on the wider benefits, to be realised from the LPIF investment. These can be made available and provided on request:
- LPIF Dudley Brownfield Land case study;
 - LPIF Goscote Lane case study;
 - LPIF i54 Western Extension case;
 - LPIF Phoenix 10 case.

Requirement for re-profile of the programme

- 3.11 A few projects have incurred some delays due to the complexity of their schemes, notwithstanding the impact that the Covid-19 pandemic has had on the ability for projects to deliver. Supply chains and project resource have been significantly impacted.
- 3.12 As delivery is now in recovery and progress is being made, there is a requirement to request an extension for both spend and outputs for the remainder of the LPIF programme, which will continue to deliver beyond March 2021. Projects will need access to draw down on the approved and contracted grant funding, in order to complete construction and contracted outputs.
- 3.13 Outputs are verified by the BC LEP’s Single Accountable Body (SAB) – Walsall Council. This verification is carried out by means of regular monitoring and compliance audit visits by the SAB, joined with the BC LEP’s Programme Management Office (PMO). Any issues that may arise as result of these visits are discussed and documented, and if required, reported back to the BC LEP Board.
- 3.14 Resource is required to ensure that the programme continues to be monitored and is in compliance with the BC LEP Assurance Framework, through to programme completion and formal evaluation. The current revenue funding will need to be extended to March 2026 in order to support this ongoing work. Current forecasts and projections have been detailed through sections 3.15 - 3.19 to of this report.
- 3.15 Progress to date table below:

Output / Outcome	Actual to date
Land Remediated (ha)	11.72
Housing Units Completed	190
Floorspace (sqm)	4,800.00

Full programme overview – Future years

3.16 The summary table below presents the current financial forecast for the programme:

SPEND PROFILE (£m)								
	ACTUAL	FORECAST						
	2017-2020	20/21	21/22	22/23	23/24	24/25	25/26	TOTAL
Latest Projects Forecast	£13,358,392.22	£1,559,142.53	£6,817,788.00	£16,105,218.00	£13,084,125.00	£0.00	£0.00	£50,924,665.75
Match Funding / Leverage	£23,528,330.51	£22,067,366.88	£32,676,715.00	£32,644,115.00	£1,922,855.00	£4,577,145.00	£0.00	£117,416,527.39
Programme Management Costs	£764,498.82	£180,500.00	£182,750.00	£135,500.00	£135,500.00	£135,500.00	£135,500.00	£1,669,748.82
Total Uncommitted LPIF Funds								£445,585.43
Total Committed LPIF funds	£14,122,891.04	£1,739,642.53	£7,000,538.00	£16,240,718.00	£13,219,625.00	£135,500.00	£135,500.00	£52,594,414.57
TOTAL LPIF FUNDS								£53,040,000.00

3.17 The draft SQW report was presented to the Investment board on the 9th of November 2020. Some of the comments in report suggest the following about the way in which the Black Country has invested the £53.04m:

- There is evidence of the flexible and creative use of available funds;
- Levels of strategic alignment are high: the issues surrounding brownfield land in the West Midlands are well evidenced and they feature strongly in all the main strategies;
- There is evidence of flexible approaches being used to address local priorities.

The Gross Value Added (GVA) is expected to exceed £900m for the first tranche of LPIF monies invested.

3.18 The remaining outputs and outcomes are expected to be delivered as follows:

		Forecast by Year						Total Forecast	Target
		18/19 / 19/20	2020/21	2021/22	2022/23	2023/24	2024/25		
OUTPUTS	Land Remediated (ha)	11.72	0.78	24.49	0.00	4.88	29.26	71.13	46.00
	Housing Units Completed	190.00	0.00	131.00	275.00	32.00	95.00	723.00	1,150.00
OUTCOMES	Jobs Created	0.00	7.00	10.00	4.50	747.00	3,325.00	4,093.50	1,800.00
	Construction Jobs	0.00	64.00	11.00	75.00	100.00	1,030.00	1,280.00	0.00
	Floorspace (sqm)	4,800.00	0.00	0.00	0.00	50,000.00	144,149.00	198,949.00	126,000.00
	Business Assists	0.00	0.00	0.00	0.00	0.00	15.00	15.00	0.00
	Learner Assists	0.00	100.00	400.00	800.00	1,400.00	2,030.00	4,730.00	0.00

3.19 The housing forecast of 723 is a prudent view at this point in time, there remains a small amount of unallocated / uncommitted funds that could be allocated to a residential scheme, should a good Value for Money priority investment on the Black Country pipeline be put forward for approval. Individual project data can be provided on request.

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 There is no change to the BCR calculation for the mentioned projects in this report.

5. FINANCIAL IMPLICATIONS

5.1 All the costs associated with this proposal form part of the LPIF programme and will be covered by allocations from WMCA associated with this programme.

- 5.2 In the event that the scheme does not complete and outputs are not achieved, but grant has been paid to the applicant, the Accountable Body reserves the right to claw back grant back from the applicant. This will be covered by provisions in the Grant Agreement relating to claw back, plus additional security will need to be provided by the applicant, in the form of a legal charge, performance bond or charge over bank account.
- 5.3 The form of security and financial vetting of the applicant will form part of the due diligence process, prior to signing of the grant agreement.
- 5.4 The recommendations in this report will have no net financial impact on the WMCA budgets, and will only affect the timings of LPIF grant claimed.

6. LEGAL IMPLICATIONS

- 6.1 The appropriate Grant Agreements are in place and will be utilised by the Accountable Body (Walsall Council), and 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.
- 6.2 There are no legal implications as a result of the recommendations within this report for the WMCA. The WMCA Board has authority to agree an extension to the funding programme awarded to the BC LEP.

7. RISK MANAGEMENT

Risk will be managed through the on-going monitoring of individual projects and their ability to deliver the required spending profiles and outcomes for the programme as required or agreed with West Midlands Combined Authority and put into place by the LEP Board and Black Country Joint Committee.

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

- WMCA LPIF programme extension approval paper;
- LPIF data programme workings;
- Individual LPIF case studies.

Attachments

None.

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

REPORT OF THE HEADS OF REGENERATION WORKING GROUP

TO

BLACK COUNTRY EXECUTIVE JOINT COMMITTEE

ON

31 MARCH 2021

Getting Building Fund

PROGRAMME APPROVAL FOR CAPITAL AND REVENUE FUNDING

Key Decision:	Yes
Forward Plan:	Yes

1. PURPOSE OF REPORT

- 1.1 To request that the Black Country Executive Joint Committee approve the programme management costs that have been allocated to the Black Country to manage the Getting Building Fund (GBF) projects.
- 1.2 This project funding request was endorsed by the LEP Funding Sub Group on the 6 January 2021, approved by the LEP Board on 18 January 2021, and recommended by the Working Group on 21 January 2021. Following the changes to the Joint Committee Governance arrangements, the Working Group approved the recommendations within this report on 11 March 2021.

2. RECOMMENDATIONS

That the Joint Committee approves:

- 2.1 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 the costs of the external legal and technical fees in support of managing the programme.
- 2.2 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 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).

3. REPORT DETAIL

- 3.1 On 10 June 2020, a letter from the Secretary of State for Housing, Communities and Local Government, detailed the requirement for a submission of specific projects to be considered for grant funding, from what is now known as the 'Getting Building Fund' (referred to in previous reports as the Get Britain Building Fund (GBBF)). This fund is seen as one of many platforms to enable the Covid-19 recovery plan across the country and boost local economies.

The criteria for projects to be considered successfully, was very clear and well defined. Projects must be deemed Value for Money (VfM) with a strong Benefits Cost Ratio (BCR), 'Shovel Ready' with planning permission approved and able to deliver within an 18-month timescale. Projects must be able to draw down awarded funds quickly and be able to start onsite by the Autumn of 2020.

- 3.2 Detailed in the letter from 10 June 2020 were two overarching objectives:
- driving up economic growth and jobs;
 - supporting green recovery.

This would primarily enable:

- town and city centre modernisation through targeted infrastructure investments unlocking their longer-term economic potential;
 - investment in physical connectivity to improve the functioning of the local economy;
 - investment in innovation ecosystem including through improvements to research and development facilities driving up business productivity;
 - improvements to human capital;
 - improving digital connectivity, in order to support economic performance, particularly in more isolated areas.
- 3.3 The West Midlands region was awarded a sum of £66m, to be shared strategically across the West Midlands Combined Authority area (7 metropolitans area). This

included projects from Coventry and Birmingham as well as the four Black Country Local Authorities.

Following the submission deadline on 17 June 2020 and a series of ranking exercises, a shortlist of projects was put forward for approval. A letter was submitted by the West Midlands Combined Authority, on behalf of the 7 metropolitan areas, requesting approval for the shortlisted projects which included two flagship Black Country schemes. The Very Light Rail Innovation Centre in Dudley and the National Brownfield Institute in Wolverhampton were selected and put forward for funding approval.

3.4 The forecast and project allocations were set out as follows:

Table 1: Original forecast project allocations

Utilisation of Grant Funding	2020/21	2021/22	2022/23	Total
Very Light Rail Innovation Centre	£5,500,000	£6,850,000	£0	£12,350,000
National Brownfield Institute Phase 2	£7,500,000	£7,375,000	£0	£14,875,000
TOTAL	£13,000,000	£14,225,000	£0	£27,225,000

3.5 The back-to-back agreement with the WMCA has now been agreed and signed. Each LEP and the WMCA were awarded £25,000 to assist with the Programme management costs for the GBF programme. It is proposed that the Programme Management Office (PMO) at the Black Country Consortium Limited, and the Accountable Body, Walsall Council, share the £25,000 on a 60:40 basis, of the revenue funding in Accountable Body's favour. In addition to £25,000, the unallocated capital GBF funds were divided amongst the LEP's and the WMCA. The BC LEP was allocated £12,625 as their share of this 'contingency fund'. The Programme Management Office (PMO) and the Accountable Body are recommending that this £12,625 is used to cover the external appraisal costs as well as any legal costs incurred.

3.6 Further to the approval of projects and the allocated revenue funding, the original agreed funding profile has been changed for all projects in the West Midlands GBF programme. This will differ to the original approved profile in section 3.4. This change of funding profile was issued by the WMCA to all 3 LEP's in the region. For the Black Country this has changed as follows :-

Table 2: Revised forecast project allocations

Project Name	2020/21	2021/22	2022/23	TOTAL
Very Light Rail Innovation Centre	£4,136,500	£8,213,500	£0	£12,350,000
National Brownfield Institute	£5,640,700	£9,234,300	£0	£14,875,000
	£9,777,200	£17,447,800	£0	£27,225,000

The PMO are requesting the approval of the new financial forecast, as requested in this section.

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 Not applicable for the purpose of this report. There is no suggested change to the BCR for the GBF projects referenced in this paper and BCR does not apply to programme management costs.

5. FINANCIAL IMPLICATIONS

- 5.1 All the costs associated with this proposal form part of the Getting Building Fund Programme and will be covered by allocations from the government with this programme.
- 5.2 The programme funding profile is detailed in section 3.6 of this report. The changes to this profile do not have adverse impact on the projects as Freedom and Flexibilities have been agreed with the West Midlands Combine Authority.

6. LEGAL IMPLICATIONS

- 6.1 The Accountable Body (Walsall Council) will enter into a grant variation with the Getting Building Fund projects, that reflects the appropriate and current financial spend profiles, as this will be based on the pre-allocated sum of grant funding paid across from the WMCA to the Accountable Body, for each financial year of the Getting Building Fund programme.
- 6.2 The Accountable Body (Walsall Council) will enter into a grant agreement with the PMO for their element of funding, which will include all conditions passed onto the LEP by Government and the WMCA together with any terms, conditions, performance measures and sanctions as required by the approvals/conditions approved by the LEP Board or the Joint Committee.

7. RISK MANAGEMENT

- 7.1 Risk will be managed through the on-going monitoring 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 and the Joint Committee.
- 7.2 There is risk associated with the programme management costs as the revenue funding is unlikely to cover the full extent of the programme management works required, to manage the projects through to March 2023. There is potential for further discussions with WMCA and BEIS colleagues to be held on this matter.

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

- January 2021 FSG GBF Report v1.

Attachments

None.

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