



**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

**23 NOVEMBER 2016**

### **Black Country Local Growth Deal – WOODS LANE**

#### **Approval to Amend the existing Grant Agreement – Change Request**

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**Key Decision:** Yes

**Forward Plan:** Yes

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#### **1. PURPOSE OF REPORT**

- 1.1 To request that the Joint Committee approve proceeding to amend the existing Grant Agreement for the Woods Lane project from within the Local Growth Fund (LGF) Programme - transfer of grant funding and Business Assist output from 2016/17 to 2020/21.
- 1.2 This project was approved by the LEP Board at the 19<sup>th</sup> September 2016 Board meeting (ref 116/16/7 LEP Board Minutes), at the Working Group Meeting 7<sup>th</sup> October 2016 and by Advisory Board via email on the 11<sup>th</sup> November 2016.

#### **2. RECOMMENDATIONS**

- 2.1 That the Joint Committee approves for the Accountable Body for the Growth Deal (Walsall Council) to proceed to amending the existing Grant Agreement **with Sandwell MBC** to deliver the Local Growth Fund (LGF) funded elements of the Woods Lane project. The changes for which approval is requested are to **transfer a proportion of grant funding allocated in 2016/17 of £1,456,978 into subsequent years, to be spent by March 2021**, and to extend the milestone for delivery of 14 Business Assist Outputs from March 2017 to March 2021.
- 2.2 That the Joint Committee approval should be subject to the following conditions:
- 1) That the proposed change request be approved, subject to:-
    - a. receipt of the formal statement of reassurance as now set out (provided by SMBC and approved by the LEP Board);
    - b. commitment to complete the spend of the remainder £5,140,000 (LGF Grant awarded) by 2020/21;

- c. Sandwell MBC agreeing to underwrite any shortfall in business assists (number of enterprises receiving grant support) costs resulting from alternate use of the £900,000 of funding);

- 2) That the Council be recommended to employ additional consultancy expertise

### 3. REPORT DETAIL

- 3.1 A summary of the request for endorsement, contracting and subsequent amendment of the existing Grant Agreement by the Accountable Body for the Growth Deal (Walsall Council) is below.

**Woods Lane, £1,456,978 transfer from 2016/17 across financial years 2017/18 (£1,114,708), 2018/19 (£172,059), 2019/20 (£114,706) and 2020/21 (£55,505).**

- 3.2 Sandwell MBC accelerated the delivery of this scheme into 2015/16. The scheme commenced as a speculative scheme of site assembly, incorporating Demolitions, Site clearance, package of financial relocation support, purchase of one site, and creating the site Roads & infrastructure suitable for subsequent Residential development to commence with a developer. The interested developer has been advising on suitability of various elements of the scheme since the LGF grant was awarded and an Exclusivity Agreement is in place between the majority land owner and the prospective developer.
- 3.3 The original 100% LGF Grant funding was split between:
- Demolition & Remediation £1.8m
  - Road Infrastructure £1.5m
  - Relocation assistance to 14 Businesses, plus one acquisition (Smout & Sons) £1.5m
  - Fees and Contingencies £340k
- 3.4 A change request was lodged on 13<sup>th</sup> May 2016 seeking a transfer of existing LGF funding from previously Approved scheme activities to mop up an estimated overspend as a result of increased demolition costs.
- 3.5 In addition, Sandwell MBC will no longer be able to deliver the 14 Business Assist outputs by March 2017. Funding was to be provided to assist the relocation of the 14 businesses from the wider Woods Lane site. The funding could however only be awarded once their land had been acquired by a third party/developer and they had relocated. Since the developer has outlined they will not be in a position to commence negotiations to acquire/assemble the remainder of the site until mid-2017, Sandwell MBC are requesting to extend the milestone for delivery of 14 Business Assist Outputs from March 2017 to March 2021.
- 3.6 On the basis of the change request approval, and as a result of the full £5,140,000 grant, the project will deliver the following outputs:
- 351 new homes to be delivered by 2021;
  - 10 new construction jobs to be created by 2021;
  - Assist 14 businesses by 2021;
  - Remediate 9.26ha of brownfield land by 2021;
  - Project spend of £3,683,022 by March 2017 (demolition and road construction);
  - Project spend of £1,456,978 between April 2017 and March 2021 (business assists + 1 acquisition).

3.7 The LEP Board agreed that the approval should be subject to the following conditions:

- 3) That the proposed change request be approved, subject to:-
  - a. receipt of the formal statement of reassurance as now set out (provided by SMBC and approved by the LEP Board);
  - b. commitment to complete the spend of the remainder £5,140,000 (LGF Grant awarded) by 2020/21;
  - c. Sandwell MBC agreeing to underwrite any shortfall in business assists (number of enterprises receiving grant support) costs resulting from alternate use of the £900,000 of funding);
- 4) That the Council be recommended to employ additional consultancy expertise

Sandwell MBC has confirmed acceptance of these conditions.

#### **4. FINANCIAL IMPLICATIONS**

4.1 All the costs associated with this proposal form part of the LGF programme and will be covered by allocations from government associated with this programme. This includes the use of any interest accrued by the Accountable Body to cover costs associated with the delivery of the Accountable Body functions, as approved by its (Walsall Council) Cabinet on the 29<sup>th</sup> October 2014.

#### **5. LEGAL IMPLICATIONS**

5.1 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. RISK MANAGEMENT**

6.1 Risk is being 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. EQUALITY IMPLICATIONS**

7.1 None at the time of drafting.

#### **8. CONSULTATION**

8.1 Sandwell MBC Strategic Finance has been consulted on the financial implications of the Change Request.

8.2 Sandwell MBC Legal has been consulted on the legal implications of the Change Request.

8.3 Sandwell MBC Director of Regeneration & Economy has been consulted with regard to the Change Request and the implications on the project as a whole.

**Back Ground papers**

- Woods Lane Change Request

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