



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

22 June 2016

Black Country Local Growth Deal – ELITE CENTRE FOR MANUFACTURING SKILLS
ADDITIONAL FUNDING

Approval to Amend the existing Grant Agreement

Key Decision: Yes

Forward Plan: Yes

1. PURPOSE OF REPORT

- 1.1 To request that the Joint Committee approves additional funding to be awarded to the Elite Centre for Manufacturing Skills (ECMS) Project. Additional funding is to be awarded in the 2016/17 financial year.
- 1.2 This additional funding request was approved by the LEP Board at the April 2016 Board meeting and endorsed by the Working Group on 26 May 2016 and the Advisory Board on the 10 June 2016.

2. RECOMMENDATIONS

- 2.1 That the Joint Committee grants approval for the Accountable Body for the Growth Deal (Walsall Council) to proceed to amend the existing Grant Agreement with University of Wolverhampton **to the grant value of £440,000** to deliver the Local Growth Fund (LGF) elements of the Elite Centre for Manufacturing Skills (ECMS) Project. Additional funding is to be awarded in the 2016/17 financial year.

3. REPORT DETAIL

- 3.1 The Joint Committee received and endorsed a report on the 17th June 2015 setting out the new processes to be adopted for the evaluation and approval of new projects entering the Local Growth Fund process. The LEP secretariat is currently in the transition stage from the old processes to the new arrangements as LEP Theme boards are established and membership recruited.

- 3.2 To ensure the secretariat is still able to meet the commitments of the programme, notably achievement of the spend targets for this 2015/16 financial year, it is continuing with elements of the previous processes including drawing on the expert staff available to assess the proposed projects lifecycle the business case against the HM treasury 5 Case Model, resulting in proposals that can then move through the LEP board and onto the Joint Committee for approval.
- 3.3 The Elite Centre for Manufacturing Skills (ECMS) project has been through this process, the details of which are now set out for consideration by the Joint Committee. The funding is available within the LGF programme and is to be awarded for the 2016/17 period. The application is for £440k of additional grant support.
- 3.4 Provided below is a summary of the Additional Funding Request:

Elite Centre for Manufacturing Skills (ECMS), £440k Additional Funding in 16/17

Wolverhampton University are leading on the ECMS development following completion of the detailed Business case, previously approved by the LEP Board. The University have deployed an established effective Project structure, contracting in expert support for each element of the overall scheme.

Complications have arisen with the provision of a Foundry Training Centre “spoke” adjacent to the existing Thomas Dudley Foundry, at Dudley Port. Experts working on design and delivery of the ECMS “Spoke” at the Thomas Dudley Foundry site have advised significant problems that will inhibit delivery of the Spoke as presently planned.

These problems relate to land conditions previously undiscovered.

- Existence of an unknown major Oil Pipe running through the site to Oldbury, which imposes vibration restrictions on Piling activities,
- Two types of Asbestos, Chrysotile and Amosite, spread throughout large areas of the building to be demolished, and
- Foundry waste to a depth of 7 - 9 metres has been discovered on the selected building site that will require temporary Sheet Piling and a permanent substructure solution to overcome.

The challenges appear to have arisen as a result of the Feasibility Study not having the ability to perform invasive Site Investigations on the Thomas Dudley preferred location prior to completion of contractual negotiations being completed for the siting of the Spoke. This appears to have prevented discovery of these issues at the Project Feasibility stage. Subsequent invasive investigations on site have discovered the three issues detailed above.

The University led Project Team have performed an extensive options analysis to establish the viability of alternate sites. Foremost in the Options appraisal has been the need to sustain the USP of having the Foundry Training Centre located adjacent to a working Foundry. Findings have indicated minimal financial savings from transferring to alternate locations, with the risk of devaluing the USP clearly evident.

Having concluded that the Thomas Dudley site remains the preferred option, the Project is now seeking additional LGF support of £440k to deliver the ECMS Spoke as originally envisaged.

The University has confirmed that the additional works to stabilise the site and secure the continued stability of the Oil Pipeline can be completed without any knock on delay to opening the facility in August 2017.

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 Accountable Body functions, as approved by its (Walsall Council) Cabinet on the 29th October 2014.

5. LEGAL IMPLICATIONS

- 5.1 The appropriate Grant Agreements are in place and will be utilised by the Accountable Body (Walsall Council). They include all conditions passed onto the LEP by Central 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 Following approval for the scheme by the Black Country LEP in October 2015, a project management structure was implemented comprising a Project Team (University of Wolverhampton and Black Country Consortium) and a Project Partnership Group (including all ECMS project delivery partners and Black Country Consortium).
- 8.2 An extensive options analysis was commissioned by the ECMS Project Partnership. The options were then presented back and scrutinised.
- 8.3 Whilst each option had its own respective strengths and weaknesses, the cost comparison conducted indicated that there would be little financial savings to be made in choosing any of the alternative options. As such, ECMS partners agreed the preferred option was to remain on the current site and address the issues identified

BACK GROUND PAPERS

Report on Elite Centre for Manufacturing Skills, request for additional LGF support in 16/17.

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