



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

25 NOVEMBER 2015

CITY DEAL REVISED PROPOSITION REQUEST

Key Decision: No

Forward Plan: No

1. PURPOSE OF REPORT

- 1.1 To update the Joint Committee on the recent review of the City Deal programme and its achievements and challenges as set out within the City Deal Reporting Dashboard, as **Attachment 1**, and to update the committee on findings as set out in section 3.3 to 3.6 as captured in the City Deal Audit of Outcomes – Action Plan as **Attachment 2**.
- 1.2 To note and agree the proposal for officers to develop a revised proposition which captures achievements and successes as well as the areas for change and to start the process of negotiations with the Department for Business Innovation & Skills (BIS) against the original Red Book Agreement, as set out in **Attachment 3**; reporting back to the Joint Committee on progress.

2. RECOMMENDATIONS

That the Joint Committee:

- 2.1 Notes the contents of the report updating members on the proposed revisions to the Black Country City Deal with regard to the Public Works Loan Board (PWLB) programme, High Value Manufacturing (HVM) Apprenticeships, Working Together and Growth Hub as set out within section 3 of this report.
- 2.2 Supports the proposal to open discussions with the appropriate Government Department and officials to re-negotiate the City Deal, reporting back on progress.

3. REPORT DETAIL

- 3.1 Following the stock-take with Cities Policy Unit (CPU) in March 2015, it was agreed that Walsall Council as Managing Authority of the City Deal would undertake an audit of outcomes and commitments for the Deal. This review was intended to:

- Reconcile the changes previously agreed by Lancaster University/CPU and ensure current targets reflected these updated outcomes/outputs;
- Ensure all partners had clarity on how the original commitments (as contained within the City Deal Red Book – Attachment 3) and outputs align with new or revised targets;
- Feed into the development of a revised proposition which, once agreed by the LEP Board and Joint Committee, is presented to BIS/CPU as the Black Country's revised City Deal offer.

3.2 The Working Group and Advisory Board to the Joint Committee have received reports on the findings from this work. This report sets out as a result of this work a number of areas where the existing City Deal commitment is in need of clarification, update or revision.

These findings are summarised at 3.3 to 3.6 below.

3.3 **The PWLB programme** has recently been re-launched (along with the Housing Infrastructure Fund, part of Growth Deal funding) and a further assessment of the deliverability of City Deal outcomes will be completed when the response to the re-launch is known. It is not possible for SMBC to include targets around jobs and level of investment in the contracts with developers, as this loan agreement is too far removed from the end user. We need to clarify with BIS/CPU whether these outputs can be treated as aspirational, as although they will be monitored on an ongoing basis, Sandwell MBC has limited control over their deliverability. As outlined in the Action Plan (Attachment 2), work by the Place Group to identify both current levels of Local Authority commitments to improving brownfield land and the appropriate routes to being forward identified sites continues.

3.4 **For High Value Manufacturing (HVM) Apprenticeships**, the original target of 1500 apprenticeships was based on delivery of Advanced Manufacturing apprenticeships in the Black Country by 2019. Work conducted by the Black Country Skills Factory has since identified a subset of Advanced Manufacturing frameworks that are increasingly more valued by employers. These are referred to as 'Green' HVM apprenticeships. Data Cube information from SFA reveal that there were a total of 380 Green HVM apprenticeships in the Black Country in 2012/13. Based on current data trends it is suggested that the original target of 1500 apprenticeships be revised to an aspirational commitment to deliver 450 Green HVM Apprenticeships between 2014/15 –2018/19.

Due to limitations posed by the reduction in Skills Factory funding, some of the work to measure demand and impact is also likely to be a challenge and project leads and the Programme Office will work together to inform BIS/CPU of the difficulties in our ability to track against outcomes relating to private sector investment in and ongoing employment of apprentices.

- 3.5 **For Working Together**, although targets remain deliverable, changes to the definitions for each output do pose some challenges. Restriction to working with social housing tenants only, excluding others such as unemployed beneficiaries in privately rented accommodation, may pose some risk to outputs. We need to present two options for re-defining these outputs to BIS:
- Inclusion of social housing tenants only, but broadening the areas the programme covers (i.e. extending the ward areas included in the pilot) – there would need to be 100% engagement by social housing tenants in the 4 existing wards to achieve projected outputs – this is possibly the most viable option as the wards are not defined in the City Deal Red Book;
 - Inclusion of both social housing and those in privately rented accommodation as beneficiaries, and make clear the justification for why we should support those in privately rented accommodation.
- 3.6 **For Growth Hub**, there needs to be clarity with BIS that although the expenditure within the Lancaster contract has concluded, the contractual relationship with Lancaster has not ended and outputs continue to be tracked to 2019. WCC will demonstrate to BIS that there is a clear definition between which outputs are attributed to the Lancaster contract and which are new outputs to be reported as part of the Interim Funding contract. Although there are no outputs associated with the Interim Funding, BIS do wish for metrics to be reported in full. Objectives associated with the Interim Funding will be reported to BIS through the funding agreement/Walsall Accountable Body.
- 3.7 If the Joint Committee supports the development of a revised ask as outlined in 3.3 to 3.6 above, officers will develop this into a revised proposition which captures achievements and successes as well as the areas for change and start the process of negotiations with BIS, reporting back to the LEP Board and Joint Committee on progress.

4. FINANCIAL IMPLICATIONS

The City Deal programme has limited financial implications, however, any support for a revised ask must take into account the fact that we are still in negotiation with BIS about how and when the second tranche of funding for the Working Together pilot (£1.05m) will be drawn down. Indications from BIS are that they are waiting to assess impact from the first £1.7m before allowing drawdown of the remaining funds.

5. LEGAL IMPLICATIONS

The Programme Office and the Managing Authority for the City Deal (Walsall Council) will assess the impact on the original Grant Conditions of any revised ask, alongside the Accountable Body for each project within the City Deal.

6. RISK MANAGEMENT

A full risk management plan for the City Deal is in place, and reporting to the LEP Board continually reviews this plan.

7. EQUALITY IMPLICATIONS

None at present.

8. CONSULTATION

8.1 All project leads, the Programme Management Office, and the Managing Authority (Walsall Council) have been consulted in the development of this report.

8.2 Elected Members will be consulted as part of the process of reporting to the Joint Committee, and LEP Board approval will be sought as outlined above.

Back Ground papers

Black Country City Deal Agreement – Published June 2014

City Deal – Report to Advisory Board 5th June 2014

PWLB Housing Fund Accountable Body Request – Report to Advisory Board 4th September 2014

PWLB Loan Fund Accountable Body Request - Report to Advisory Board 19th November 2014

Growth Hub Accountable Body Request – Report to Advisory Board 19th November 2014

HVM Managing Agent Request – Report to Advisory Board 19th November 2014

City Deal Managing Authority Request - Report to Advisory Board 19th November 2014

City Deal Update Report – 2nd February 2015

City Deal Update Report – 7th April 2015

City Deal Update Report – 1st June 2015

Attachments

Attachment 1 – City Deal Reporting Dashboard

Attachment 2 - City Deal Audit of Outcomes – Action Plan

Attachment 3 – Copy of Previously and Signed City Deal ‘Red Book’ Agreement

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