



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

20 JANUARY 2016

BLACK COUNTRY LOCAL GROWTH DEAL - GROWING PRIORITY SECTORS **Amending the existing Growing Priority Sectors Grant Agreement, Allowing Flexibility** **to manage the fund and move to contracting on individual projects**

| | |
|----------------------|------------|
| Key Decision: | Yes |
| Forward Plan: | Yes |

1. PURPOSE OF REPORT

- 1.1 To request that the Joint Committee grants the approval for a number of requests and subsequent amendment to the existing Grant Agreement for the 'Growing Priority Sectors' programme of works from within the Local Growth Fund (LGF) Programme.
- 1.2 The requests detailed in this report have all been endorsed by the Programme Management Office, the Advisory Board, the Working Group and received LEP Board approval on 23rd November 2015.

2. RECOMMENDATIONS

- 2.1 That the Joint Committee approves the Accountable Body for the Growth Deal (Walsall Council) to amend the existing Growing Priority Sectors (GPS) Grant Agreement with Sandwell MBC to enable the flexibility to manage the total funding awarded (£6.5m including expansion profile funding) to the Growing Priority Sectors programme of works, including the ability to commit to funding in future years and reallocate funding between years, subject to GPS programme committing to delivering a minimum £2.0m spend in each of 2015/16 and 2016/17.
- 2.2 That the Joint Committee approves the Accountable Body for the Growth Deal (Walsall Council) to proceed to amend the existing Grant Agreement with Sandwell MBC to the value of £500k (as recognised by BIS in the LGF expansion profile) to deliver the Local Growth Fund (LGF) elements of the Growing Priority Sectors programme of works with delivery to commence in the 2016/17 financial year.
- 2.3 That the Joint Committee approves Sandwell MBC to move to contracting with 15 companies to be awarded grant funding from the Growing Priority Sectors programme of works £6.5m 15/16 allocation for delivery to commence in the 2015/16 financial year. Details of each individual project are detailed in this report.

3. REPORT DETAIL

- 3.1 On the 7th July 2014 the Black Country Local Enterprise Partnership (LEP) secured £138m from the Government's Local Growth Fund to support economic growth in the area. £24.35m of funding was confirmed for 2015/16 with approval for 14 projects submitted within the LEP's Strategic Economic Plan. Growing Priority Sectors was one of the 14 projects approved to commence delivery in 2015/16 with an annual funding profile awarded of £2.0 for 3 consecutive years commencing April 2015 – March 2018.
- 3.2 In January 2015 the Black Country Local Enterprise Partnership (LEP) agreed an expansion to its Growth Deal with the Government to enable an additional £23.9m of grant funding to be invested in the Black Country between 2016 and 2021. Growing Priority Sectors was one of the projects recognised in the expansion profile with £500k of top-up funding allocated to the existing programme - with delivery commence in the 2016/17 financial year.

3.3 Current GPS Project Position

Currently applications are in progress as detailed in the table:

| Stage | # applicants | Total Grant | 2015/16 | 2016/17 | 2017/18 |
|---------------------------|--------------|-------------------|-------------------|-------------------|-----------------|
| EOI approved | 2 | £440,000 | £320,000 | £120,000 | £0 |
| LEP Approved & DD Stage | 9 | £3,017,549 | £1,135,427 | £1,628,159 | £253,963 |
| LEP Approved & Contracted | 6 | £1,319,200 | £924,950 | £235,250 | £159,000 |
| Total Pipeline | 17 | £4,776,749 | £2,380,377 | £1,983,409 | £412,963 |

Current Cashflow Forecast from GPS programme indicates £2.06m will be spent in 15/16, of which £0.7m will be spent in March 2016. Currently circa £500k has been claimed.

Project applications approved / awaiting LEP Board approval exceeds £2m allocation for 2015/16. In order to ensure the programme achieves the £2.0m spend target for 15/16 it is proposed that Growing Priority Sectors £6.5m budget (inc the £0.5m allocation from BIS through the expansion profile) be used more flexibly, subject to GPS programme committing to delivering a minimum £2.0m spend in each of 15/16 and 16/17. This would provide Sandwell MBC the flexibility to contract significantly more funds earlier in the programme should opportunities/demand be presented.

The request to manage the overprogramme / manage the programme more flexibly was approved by the LEP Board at the 23rd November 2015 Board Meeting.

3.4 Growing Priority Sectors top up from DCLG – earmarked additional £500k for 2016/17.

The LEP Board approved to allocate additional funding to Growing Priority Sector schemes for 2016/17 following confirmation from DCLG that the additional £0.5m earmarked funding is available. Schemes will continue to be appraised by the Growing Priority Sector assessment panel before seeking approval in principle by LEP Sub Group and subsequent full approval by the main LEP Board.

3.5 Schemes seeking Joint Committee approval for 2015/18 delivery

| Rank | Company Name | Nature of investment | Total Grant Request | 2015/16 | 2016/17 | 2017/18 |
|------|------------------------|---|---------------------|-------------------|-------------------|-----------------|
| 1 | F Board | New machinery. | £679,500 | £426,000 | £253,500 | |
| 2 | Alutrade | New machinery. | £250,000 | £0 | £250,000 | |
| 3 | MI Glass | New machinery. | £140,000 | £82,000 | £21,000 | £37,000 |
| 4 | Futura Design | New machinery. | £173,000 | £101,799 | £71,250 | |
| 5 | Shakespeare Forgings | Relocation. | £109,000 | £46,000 | £21,000 | £42,000 |
| 6 | Akaal | Building re-fit. | £111,000 | £41,774 | £69,226 | |
| 7 | J.H.Lavender & Company | Building extension and new machinery. | £211,200 | £97,950 | £113,250 | |
| 8 | Petford Tools | Building extension and new machinery. | £500,000 | £34,000 | £250,000 | £216,000 |
| 9 | Roadlink | Building purchase and re-fit. | £119,000 | £119,000 | | |
| 10 | Smart Waste | Land acquisition, new building and machinery. | £500,000 | £0 | £481,818 | £18,182 |
| 11 | Adastra Access | Additional plant. | £250,000 | £250,000 | | |
| 12 | NDC Polipak | Building extension and new machinery. | £260,000 | £65,000 | £195,000 | |
| 13 | Kilo | New building and machinery. | £154,000 | £154,000 | | |
| 14 | JC Payne | Building extension and new machinery. | £390,000 | £312,854 | £57,365 | £19,781 |
| 15 | Midland Bright Steels | New premises. | £250,000 | £250,000 | | |
| | Programme M&A | | £240,000 | £80,000 | £80,000 | £80,000 |
| | Total | | £4,336,700 | £2,060,377 | £1,863,409 | £412,963 |

4. FINANCIAL IMPLICATIONS

- 4.1 The costs associated with this development work and the delivery of the projects will be covered by allocations associated with this programme..

5. LEGAL IMPLICATIONS

- 5.1 The appropriate additional grant agreements are being prepared by the Accountable Body (Walsall Council) and will 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 A Risk Register is in use and risk is being managed through the on-going assessment 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 or the Joint Committee.

7. EQUALITY IMPLICATIONS

- 7.1 None at the time of drafting.

8. CONSULTATION

- 8.1 A report consultation sheet is attached. There is no planned future consultation.

Back Ground papers

None

Contact Officer & Author**Nick Bubalo**

Area Director, Regeneration & Economy
Sandwell Council
Freeth Street, Oldbury
B69 3DB
Email: nick_bubalo@sandwell.gov.uk
Telephone: 0121 569 4253

Mark Lavender

Joint Committee Programme Manager
Walsall Council
Civic Centre, Darwall Street, Walsall.
WS1 1TP
Email: mark.lavender@walsall.gov.uk
Telephone: 01922 654772