



**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

**7 September 2016**

### Black Country Local Growth Deal DUDLEY BROWNFIELD LAND IMPROVEMENT PROGRAMME - PHASE 1

#### **Grant Agreement Approval**

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<b>Key Decision:</b>	<b>Yes</b>
<b>Forward Plan:</b>	<b>Yes</b>

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

- 1.1 To request that the Joint Committee approves the contracting and subsequent award of Grant Agreement for the Dudley Brownfield Land Improvement Programme - Phase 1 from within the Local Growth Fund (LGF) Programme - with delivery to commence in the 2016/17 financial year.
- 1.2 This project was approved by the LEP Board at the 18<sup>th</sup> July 2016 meeting, approved by the Working Group on the 12th August 2016 and the Advisory Board on the 22<sup>nd</sup> August 2016.

#### **2. RECOMMENDATIONS**

- 2.1 The Joint Committee grants approval for the Accountable Body for the Growth Deal (Walsall Council) to proceed to a Grant Agreement with **Dudley MBC to the value of £2,846,204** to deliver the Local Growth Fund (LGF) funded elements of the Dudley Brownfield Land Improvement Programme project – with delivery to commence in the 2016/17 financial year to include any terms and conditions approved by the Local Enterprise Partnership (LEP) and the Advisory Board to the Joint Committee.

#### **3. REPORT DETAIL**

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

### **Dudley Brownfield Land Improvement Programme - Phase 1**

- 3.2 Dudley MBC has submitted a Full Business Case (FBC), entitled Dudley Brownfield Land Improvement Programme, seeking grant funding support of £3,002,000 relating to the remediation of 6.88 hectares of land, currently comprising nine separate sites. Dudley MBC subsequently intend to deliver affordable housing, which they will retain on eight of the sites, together with part of a further site (Middlepark Road) delivering a total of 237 residential units, of which 149 will be affordable.
- 3.3 The proposed delivery of housing on the remediated serviced sites, is proposed to be phased, with final units delivered in 2020/21. It is envisaged that other public sector funding leverage will be in the order of £11.8 million, together with private sector funding leverage of £18.3 million.
- 3.4 The sites range between small scale development opportunities comprising a minimum of 4 units, up to a site (Middlepark Road), with capacity for 42 affordable units and 88 market housing units. The identified sites are all within Dudley MBC's control and ownership, the majority have detailed site investigations, some have tendered costs and others currently have only extrapolated estimated costs.
- 3.5 The requested funding would be used for site reclamation works as identified within site investigation reports, totalling £2,423,075, together with abnormal costs relating to mineshaft treatment, retention walls, demolitions, excavation of foundations, drainage works, Japanese Knotweed treatment, asbestos removal, diversions and badger works, obtaining additional surveys and reports and professional fees at a rate of 10% of all other costs.
- 3.6 It is recommended that grant funding of £2,846,204 be offered to the Applicant, based on appraised costs and subject to proposed conditions set out in the project appraisal report.
- 3.7 This sum would be used to carry out those specific identified works in relation to each of the identified sites, with funding drawdown based upon quarterly certificates of completed works throughout the remediation programme.

## **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), 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.

- 5.2 No additional agreement is needed to enable the Accountable Body to secure the conditions of the grant that have been approved by the LEP. Further conditions are being negotiated with the prospective grantee to provide a clawback arrangement linked to an overage provision (a means of sharing in the land value uplift created by the intervention made by the grant up to the maximum level of the original grant) and the necessary security for that clawback arrangement in the form of a legal charge over the property limited to 3 years following disposal or practical completion of the development.

## **6. RISK MANAGEMENT**

- 6.1 Risk is being managed through the on-going monitoring of individual projects by BCC Programme Office and their ability to deliver the required spend profiles and outputs for the programme as agreed with LEP Board and the Joint Committee.

## **7. EQUALITY IMPLICATIONS**

- 7.1 None at the time of drafting.

## **8. CONSULTATION**

- 8.1 Dudley MBC Housing Department has undertaken consultation on the proposals as part of the statutory planning application process.
- 8.2 Legal and financial services at Dudley MBC were consulted as part of the development of this report.

### **Back Ground papers**

*Full Business Case – Dudley Brownfield Land Improvement Programme*

### **Contact Officer & Author**

#### **Alan Lunt**

Strategic Director, Place  
Dudley MBC  
Council House, Priory Road, Dudley,  
DY1 1HF  
Email: [alan.lunt@dudley.gov.uk](mailto:alan.lunt@dudley.gov.uk)  
Telephone: 01384 814148

#### **Mark Lavender**

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