



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 **PENSNETT ESTATE EXTENSION DEVELOPMENT**

Grant Agreement Approval

Key Decision:	Yes
Forward Plan:	Yes

1. PURPOSE OF REPORT

- 1.1 To request that the Joint Committee approves the contracting and subsequent award of Grant Agreement for the Pensnett Estate Development project 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 on 18th July 2016, endorsed by the Working Group on the 12th August 2016 and approved by Advisory Board on the 22nd 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 **London and Cambridge Properties Ltd to the value of £1,605,226** to deliver the Local Growth Fund (LGF) funded elements of the Pensnett Estate Extension Development 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.

Pensnett Estate Extension Development

- 3.2 The Pensnett Estate, Kingswinford currently consists of 2,360,000 sq ft of primarily warehouse and industrial accommodation. Currently close to 96% of all accommodation is occupied and therefore LCP Properties have a shortage of available space to offer to new or existing tenants. Within the boundaries of the Pensnett Estate a further 15 acres of development land are available for speculative development of new warehouse/industrial units.
- 3.3 Phase 1 bid has now been reconfigured to comprises an area of 3.72 hectares (9.19 acres) and the scheme proposes to deliver; the infrastructure works (access road and services), reconfiguration of LCP's car park, the construction of 130,000 sq.ft of speculative industrial space and the delivery of 31,500 sq.ft pre-let industrial unit, with the proposed grant being used to facilitate the infrastructure works of the scheme.
- 3.4 Through the due diligence appraisal process, a reduced funding viability gap of £1,844,262 has been established. The State Aid intervention level of 10% relevant to "Large Enterprise" at this location restricts the level of grant funding to a sum of £1,653,246. As the applicant has already received Site Investigation funds of £42,165, the recommended figure is further reduced to £1,611,081. This has been further reduced to £1,605,226 as a result of reduced interest costs following re-profiling of spend.
- 3.5 The applicant has confirmed that an offer of grant at this level would enable Phase 1 of the scheme as amended to proceed.
- 3.6 This project will unlock a key growth area by providing the infrastructure required to further develop a high quality employment site and ensure there is a pipeline of high quality property available to the market. The proposed new infrastructure will allow access to 9.2 acres of development land which will enable a potential total of 161,500 sq ft of warehouse/industrial accommodation. Based on the Homes & Communities Agency Employment Densities Guide (2nd Edition 2010) Phase 1 could provide over 246 new jobs, with a further 225 if Phase 2 is delivered.

3. 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.

4. 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. This will include conditions to deliver the specified outcomes. In the event of these conditions not being delivered then clawback would be recoverable.

5. 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.

6. EQUALITY IMPLICATIONS

- 7.1 None at the time of drafting.

8. CONSULTATION

- 8.1 London and Cambridge Properties have undertaken their own consultation on the proposal alongside the formal statutory consultation undertaken by the LPA on the 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

Final Business Case – Pensnett Estate Extension Development

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