



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 April 2016

Black Country Local Growth Deal – VERY LIGHT RAIL INNOVATION CENTRE,
DEVELOPMENT FUNDING PHASE 2
Grant Agreement Approval

Key Decision:	Yes
Forward Plan:	Yes

1. PURPOSE OF REPORT

- 1.1 To request that the Joint Committee approves contracting and subsequent award of Grant Agreement by the Accountable Body for the Growth Deal (Walsall Council) for the 'Very Light Rail Innovation Centre Development Funding Phase 2' project from within the Local Growth Fund (LGF) Programme.
- 1.2 The project has been endorsed by the Working Group, the Advisory Board and received LEP Board approval October 2015.

2. RECOMMENDATIONS

- 2.1 That the Joint Committee grants approval for the Accountable Body for the Growth Deal (Walsall Council) to proceed to a Grant Agreement with Dudley Metropolitan Council **to the grant value of £150k** to deliver the Local Growth Fund (LGF) elements of the Very Light Rail Development Funding (Phase 2) project - with delivery to commence in the 2016/17 financial year.
- 2.2 The full request for Development Funding was £300k. The Joint Committee are reminded that at their previous meeting on 9 March 2016 the Executive Director for Economy and Environment within Walsall Council in his role of Chair of the City Deal and Growth Deal Working Group reported that he had used his Delegated Authority to approve £150k for 2015/16.

3. REPORT DETAIL

- 3.1 The Joint Committee received and endorsed a report on the 15th 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 Very Light Rail Development Funding 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 delivery will commence during the 2016/17 period. The application is for £150k of grant support.
- 3.4 Provided below is a summary of the 'Very Light Rail Development Funding' project:

VLR Feasibility Study, Dudley Council, £300k (£150k in 15/16, £150k in 16/17)

The creation of an Innovation Centre and Test Track in Dudley, will support the development of the very light rail sector and potential growth of a new UK industry supplying domestic and international rail schemes. Its facilities will also provide companies with a significant opportunity to develop new very light rail solutions. The Very Light Rail Innovation Centre and Test Track project could support a wider programme of transport improvements in the Black Country including helping to tackle some of the congestion problems facing both businesses and visitors to the area; providing access to key employment sites; and developing a supply chain to this new sector.

The construction of a National Innovation Centre and Test Track facility on the Castle Hill site in Dudley is a project costed at £28.7m, and will:

- I. Develop new technologies based around very lightweight railway carriages which support the commercialisation of self-propelling bogie technology. The overall objective being to reduce costs, save energy and lighten corresponding rail infrastructure; and
- II. Act as a hub for the industry providing world class research, development and education focused on very light rail vehicles, as well as skilled personnel and incubation space for the next generation of public transport solutions. It will respond to inadequacies in the supply chain which is currently immature, fragmented and lacks critical mass and will provide a great opportunity for UK companies to develop new products serving a number of emerging markets both in the UK and abroad.

The full VLR scheme that could follow, is forecasting delivery of the following SEP focused Outputs between 2018 – 2021:

- I. 33 Business created
- II. 84 Business assisted
- III. 335 Job created
- IV. 331 Apprenticeships
- V. 166 Learner Assists
- VI. 4041 sq m. of new Floor space

Feasibility funding of £300,000 is requested to support the further development costs of this project, including design, feasibility studies and planning. These costs are planned over 2 financial years:

- I. Phase 1: January – March 2016 £150,000
- II. Phase 2: April – June 2016 £150,000

The Feasibility funding bid of £300,000 is being underwritten by Dudley Council, during the interim period up to the full VLR scheme commencing. This satisfies the S151 Officer requirement

4. FINANCIAL IMPLICATIONS

- 4.1 The costs associated with this development work and the delivery of projects that form part of the LGF 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 being prepared by the Accountable Body (Walsall Council) following the exercising of Delegated Authority 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 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 The LEP Board have approved this project for LGF allocation.
- 8.2 The Chair of the BCJC, Chief Executive at the Consortium, the appropriate Working Group member and the Section 151 Officer at the Accountable Body were all consulted in line with the agreed process for use of delegated authority.
- 8.3 Legal and financial services at Dudley MBC have been consulted on this proposal in line with agreed protocols.

Background Papers

The Black Country Strategic Economic Plan (SEP)

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