

REPORT OF THE CITY DEAL AND GROWTH DEAL ADVISORY BOARD**TO****BLACK COUNTRY EXECUTIVE JOINT COMMITTEE****ON****18th FEBRUARY 2015****BLACK COUNTRY CITY DEAL – PROGRESS REPORT**

Key Decision:	No
Forward Plan:	No

1. PURPOSE OF REPORT

To update the Joint Committee on the progress achieved together with any key priorities/issues with the Black Country City Deal programme.

2. RECOMMENDATIONS

2.1 That the Joint Committee notes the contents of the City Deal update report.

3. REPORT DETAIL

3.1 The Government has now entered into a **City Deal** with the Black Country, as reported to the Advisory Board in June 2014. Over its lifetime the Black Country Local Enterprise Partnership (LEP) predicted the City Deal would deliver:

- 80 hectares of brownfield land brought into manufacturing use within 4 years, with a further thirty sites for future development over ten years;
- The creation of 5,800 new manufacturing jobs within the first four years of the City Deal;
- An estimated £120m of private sector investment in high value manufacturing sites in the Black Country;
- At least 1,500 additional high value manufacturing apprenticeships and an investment of £18m from HVM employers in apprenticeships;
- The realisation of up to £13m of private sector investment in business support in the Black Country, creating or safeguarding up to 700 jobs;
- Intensive working with 2,800 long term unemployed social housing tenants, aiming to move at least 900 into employment, reducing welfare benefit costs by £1.1m and increasing wages by £19m.

- 3.2 At the heart of the **Black Country City Deal** is an ambitious proposal to maximise the growth of high value manufacturing by opening up key supply chain manufacturing sites across the Black Country, through the following:
- 3.2.1 The creation of the **Black Country Investment Fund** to stimulate the local commercial land market through the provision of finance to developers of key industrial sites. This fund will be created through the agreement of a **£20m Public Works Loan Board (PWLB)** project rate loan facility, with agreed flexibilities, and an investment of £10m from the four Black Country Local Authorities.
 - 3.2.2 The delivery of at least 1,500 additional **high value manufacturing apprenticeships** over five years. Local partners will work to increase the number of young people taking up apprenticeships in key engineering skills and support businesses to employ apprentices.
 - 3.2.3 The creation of a **Black Country Business Support programme (Growth Hub)** that will: improve co-ordination of business support services across the Black Country; increase access and take up of national business support programmes; provide bespoke support to local businesses and act as a focal point for inward investment (attracting £3m from the **Regional Growth Fund**).
 - 3.2.4 The delivery of a **Housing, Jobs and Prosperity ('Working Together')** pilot project to reduce welfare dependency and increase employment in two areas of high unemployment. This project learns from successful programmes in the USA and aligns with the Troubled Families and Help to Work programmes. It contains three core areas of work: providing intensive employment support services and repayable financial incentives to overcome costs associated with starting work (attracting £2.8m of **City Deal funding** – Walsall Council approved as the Accountable Body for the pilot in September 2014).
- 3.3 The Joint Committee have been asked to approve a number of reports regarding City Deal at this meeting. These reports asked the Joint Committee to approve the following:
- 3.3.1 That **Sandwell MBC** be approved to act as Accountable Body for the PWLB **Black Country investment Fund**.
 - 3.3.2 That **Wolverhampton City Council** be approved to act as Accountable Body for the **Growth Hub**.
 - 3.3.3 That **Black Country Consortium** be approved as the Managing Agent for the **HVM Apprenticeship** project

3.3.4 That **Walsall Council** act as **Managing Authority** for the City Deal.

3.4 In addition to these requests, we provide the following update on progress:

3.4.1 **Black Country (PWL B Loan) Investment Fund**, Opus Blueprint (St Francis Group) are contracted drawing down £2,143,908 of the loan amount. Prime 10 have recently re-engaged with the programme with a view to entering into an agreement. So far there have been 552 jobs created and 9.16ha of land brought into use by the scheme.

3.4.2 **The 'Working Together'** has its project governance mechanisms in place and effectively supporting project development. Definitions of the outcomes have been agreed with Cities Policy Unit, mapping and gapping has commenced and a 'Soft Launch' has taken place. The Grant agreement with the Accountable Body (Walsall Council) has been signed for the initial allocation of funding. Planning for communications, engagement, launch and evaluation is well underway. Local delivery partners are now being sought by the lead partner and contracted body (Accord Housing) within all of the target areas covered by the programme, so that delivery can commence through the funding available.

3.4.3 **The Growth Hub**, the base for the facility is established within the Wolverhampton University Science Park site, with core staff in place, supported by all 4 Local Authorities. So far 1071 businesses have been contacted / engaged by the Growth Hub, which is also running events, attending events and seminars as guest speakers receiving good press coverage in both the local media and the trade press.

3.4.4 For **HVM Apprenticeships**, a new reporting methodology has been developed which provides a coherent measurement framework for the project. Communications with 600 strategic companies has been supported by a Marketing campaign (Ladders for Black Country) kicked off by Duke of York in September 2014. The Project is succeeding in supporting the creation of new apprenticeships and has engaged 217 businesses as part of the programme.

3.4.5 A **Programme Management Group** chaired by the JC Programme Manager is now in place, which brings together all key programme representatives into one place. Meeting regularly it aims to assess progress, co-ordinate delivery and through joint working maximise the overall outcomes that can be achieved through the programme. Already some cross-collaboration opportunities and joined up working are pursued.

- 3.5 There are a number of key priorities for the **City Deal** programme over the coming months:
- 3.5.1 For the **Black Country (PWLB Loan) Investment Fund**, there are two key issues which must be resolved before further marketing of the Fund can take place – compliance with state aid regulations and the repayment of interest. Deferred interest of up to ten years is no longer available on the loan. This fundamentally alters the scheme, reducing the attractiveness to the market and obliging the applicant to make payments, or requiring the Accountable Body to effectively ‘cash flow’ the project until the loan was paid back. This places a significant financial risk on Sandwell MB Council and it is currently unclear whether the project, and the range of options developed to resolve the issues around the repayment of interest, can be made to comply with State Aid regulations.
 - 3.5.2 A range of options are currently being explored by Sandwell – including seeking additional funding from government to cover the earlier repayment of interest, and using the principal of ‘rolled-up’ interest.
 - 3.5.3 For the **Working Together** project, the team are working with government to ensure that we are ready to draw down the next round of funding and are all clear on the methodology for assessing success.
 - 3.5.4 For the **Growth Hub**, sustainability planning remains a priority and the Consortium, with Wolverhampton and Walsall Councils, are working with government to access and plan for sustainability funding. There has also been some under-spend within the programme, which is currently being communicated to minimise any effects on the wider programme of work in the Black Country.
 - 3.5.5 For **HVM Apprenticeships**, the Skills Factory, together with the Local Authorities and engineering training providers are continuing to promote engineering apprenticeships and the additional funding available through the Skills Factory, Walsall Works & the Sandwell Jobs Guarantee. LEP led apprentice breakfasts for employers will be held in February. The feasibility study for the Elite Centre for Manufacturing Skills will be commencing to identify how best to close the gaps in provision identified by employers.
 - 3.5.6 A piece of work is currently underway which will reconcile the various reports and changes and ensure that we have a set of up to date and current outputs, milestones and deliverables against which to measure our success. An updated report will be provided at the April Joint Committee meeting.

3.5.7 As well as this work to develop an integrated and accurate set of milestones, work is also underway to embed risk and issue management and reporting systems into the management of the City Deal.

4. FINANCIAL IMPLICATIONS

- 4.1 As the City Deal does not attract funds which could be used for an alternative purpose, as these are allocated to and managed by the Accountable Body and are assigned for use by City Deal only.
- 4.2 As outlined above the Programme Management Team are currently working with central government to establish the measures of success for the Working Together programme.
- 4.3 No funding has been allocated to the Accountable Body to cover its costs, so the interest from the funding held within its bank account will be utilised as a contribution towards these costs.

5. LEGAL IMPLICATIONS

- 5.1 Walsall MBC will seek the appropriate legal advice and input as part of the development and delivery of this role, including assessing fully the implications of the City Deal 'Red Book'.

6. RISK MANAGEMENT

- 6.1 The Accountable Body role of City Deal will be subject to Walsall Council's risk management process, and this will form part of a range of programme management interventions designed to suitably manage and capture progress, issues, change and impact.
- 6.2 Each Delivery partner will retain the responsibility for managing their own risks through their approved processes and procedures for the City Deal elements they have agreed to deliver.

7. EQUALITY IMPLICATIONS

- 7.1 The BC City Deal, in conjunction with the Growth Deal and EU Strategic Investment Framework proposals, will deliver an economic growth agenda which is pro-actively inclusive of disadvantaged communities. Equality Monitoring will form part of routine monitoring procedures of all City Deal projects, overseen by the Managing Authority.

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

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