



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 – 17 September 2014

BLACK COUNTRY GROWTH DEAL/PLAN – OUTLINE BUSINESS CASE REVIEW

Key Decision: YES

Forward Plan: YES

1. PURPOSE OF REPORT

- 1.1 To present to the Joint Committee the recommendations from the Advisory Board following a review of the Growth Plan / Deals 13 Outline Business Case (OBCs) by external consultants, commissioned by the Heads of Regeneration (Working Group of the Joint Committee).
- 1.2 To seek the Joint Committees members input and agreement to the proposed recommendations, that aim to enable the on-going progression, contracting and delivery of the Growth Plan.

2. RECOMMENDATIONS

That the Joint Committee:

- 2.1 Considers the contents of the attached review for the 13 Priority Projects as completed by the consultants under the direction of the Heads of Regeneration (Working Group) and the Advisory Board.
- 2.2 Considers and approves the proposed OBC implementation process as set out within section 3.5, to enable the timely progression of the Growth Plan / Deal towards contracting and delivery.

3. REPORT DETAIL

- 3.1 The Government has approved significant levels of financial resources for the Black Country, with the LEP securing £138.7m from the Government, with £25.8m of new funding confirmed for 2015/16 and £77.6m for 2016/17 and beyond. This funding is available for use by the LEP area, in the delivery of its priorities as approved through the Growth Plan / Strategic Economic Plan (SEP) application. Included within Attachment 1, accessible through the 2015_16 Spend Tab, you will find a table setting out the latest anticipated spend profile through to 2020/21.

- 3.2 To prepare for the delivery of this significant programme a range of work including the engagement of external expertise through consultants is underway. The consultants have completed an independent assessment of each project's Outline Business Case (OBC) as summarised within this report, and have started to assess our capacity to delivery through a Team Black Country approach. Together with providing this independent challenge, they are advising us on the systems and procedures required to develop and sustain an active Black Country project pipeline, which enables us to take full advantage of future funding opportunities against agreed priorities.
- 3.3 The funding approved through the SEP application will support the delivery of the LEP's priority projects, subject to the ability to deliver by the applicants within the agreed timeframes. To support this process, the consultants' independent assessment of all 13 successful projects Outline Businesses Cases (OBCs) have been bought together into a project status review. Included within Attachment 1 and accessible through the RAG Tab, this provides a summary on a page of all of the RAG ratings achieved through a Risk based assessment process.
- 3.4 The summaries and summary risk status identify the leading 13 projects. In addition, £351,000 of capital was awarded to the Black Country to support three skills related schemes under the heading, 'Fab Kit'. These comprise:-

Fab Kit:	£351,000:
Fab Lab (Sandwell College)	£36,000
Elite College (Feasibility – Skills Factory)	£175,000
PTP	£75,000
Incomm	£65,000

In the cases of Sandwell College, Incomm and PTP these relate to the purchase of one-off pieces of equipment relating to high value manufacturing. The Skills Factory (BCC Ltd.) award is for investment to deliver the feasibility study for the National (Elite) Skills College proposals, Due to the nature and scale of these proposals it is recommended that we proceed direct to grant agreement/contracting for these projects.

- 3.5 The assessments for the other projects, based on individual status reviews for each project are included within Attachment 2, with assessments against their: Project Management Capacity, Economic Outputs, Funding Plan, Key Issues and Risks, resulting in a proposed RAG rating for each. The Advisory Board have asked the Heads of Regeneration through the Working Group of the Joint Committee to set in place appropriate scrutiny and risk assessment arrangements to ensure that timely and accurate RAG assessments are produced, complemented by setting into place robust programme management.
- 3.6 You will note from Attachment 1 (within Tab entitled RAG) that for the 13 projects there are: 5 rated as Green, 7 rated as Amber and 1 rated as red. It's vital that we are in a position to move to delivery stages in line with our commitments to Government. To achieve this, the Accountable Body must be in a position to contract when appropriate.

Subject to the completion of due process, Joint Committee members are requested to consider approving the following process;

- 3.6.1 For projects rated as Green – Approve the movement to contracting by the appointed Accountable Body, to support their delivery from the earliest possible date.
 - 3.6.2 For projects rated as Amber – Subject to further development and achievement of either an overall Green Rating, or a recommendation from the Advisory Board, to approve the movement to contracting by the appointed Accountable Body, to support their delivery from the earliest possible date.
 - 3.6.3 For projects rated as Red – Subject to further development and achievement of either an overall Green Rating, or a recommendation from the Advisory Board, to approve the movement to contracting by the appointed Accountable Body, to support their delivery from the earliest possible date
 - 3.6.4 For projects that slip back from green to amber or amber to red, that the Advisory Board supported by the Working Group, re-appraise the OBC and recommend / implement the appropriate actions to get the projects back on track.
 - 3.6.5 For the projects comprising the Fab Kit proposal that officers be authorised to enter into any grant agreements/contracts for the purchase of equipment/commissioning of activity as necessary.
- 3.7 It is important that these approvals are considered by the Joint Committee and the appropriate procedures set into place, so that together, the Advisory Board and the Heads of Regeneration (Working Group to the Joint Committee) can assure progression towards the planned start date for the Growth Deal, the 1st April 2015.
 - 3.8 Its essential that we are in a position to deliver the commitments made to Government including delivering these 13 projects, so we are able to fully draw down and utilise £25.8m financial allocation approved for the 2015/16 financial year. You will find within Attachment 1 (within 2015_16 Spend Tab) a spreadsheet setting out the current profile of the £109m 2015 Local Growth Fund Allocation from central government to the Black Country. This includes the information from project sponsors provided in July 2014 which sets out the quarterly spend profile for the 2015/16 £24.3m allocation.
 - 3.9 A previous report is recommending Accountable Body status for one of the Local Authorities to receive and account for these resources; officers are also working to develop the Programme Management, Contracting and Operational arrangements to facilitate delivery, which will be subsequently reported once available.
 - 3.10 In addition to this report to the Joint Committee, subsequent reports will also be submitted to the LEP board to seek their approval etc. Future reporting will also be made to both bodies setting out how the Growth Plan contents are developing towards active delivery from the 1st April 2015.

4. FINANCIAL IMPLICATIONS

- 4.1 It is essential that we are in a position to accept and manage effectively all funding approved by Government for use by the LEP board and the Joint Committee, this report aims to assist with the delivery of this ambition.
- 4.2 Accountable body recommendations will be made in a subsequent report and officers are working now on the: Programme Management, Contracting and Operational arrangements to facilitate delivery.
- 4.3 Officers will then work on the active contracting in accordance with Joint Committee and LEP Board approvals and recommendations.
- 4.4 Transparency on the contracting process, timelines for specific stages, turn round times, along with clarity on evidence required to instigate claims for project sponsors and ultimately payments, needs to be documented and communicated to the project sponsors by the Accountable Body. At this stage it is anticipated that this information will be available post October 2014. The need to manage expectations through correspondence to projects at this stage is essential.

5. LEGAL IMPLICATIONS

- 5.1 The contracting arrangements will be developed and progressed to the point of signature on behalf of both the Joint Committee and the LEP Board by the appointed Accountable Body.

6. RISK MANAGEMENT

- 6.1 The key risk being managed is the Black Countries ability to respond to the delivery requirements and timeframes, this report begins the process of managing / mitigating this risk by presenting the current position and requesting permission to progress the 13 projects through to active delivery stage and the role of the key bodies etc.
- 6.2 A complementary report will make recommendations for the appointment of the Accountable Body, followed by subsequent reports setting out recommendations for the appropriate Programme Management, Contracting and Operational arrangements to facilitate delivery.

7. EQUALITY IMPLICATIONS

- 7.1 None at the time of drafting.

Back Ground papers

BC SEP (Strategic Economic Plan)

Attachments

Attachment 1 - RAG Single Page Assessment and Overall Spend Profile (27.08.14)

Attachment 2 – The 13 Priority Project Outline Business Plan Status Reviews,

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