



DRAFT

Minutes of a Meeting of the Black Country Local Enterprise Partnership Funding Applications Sub-Group

14th September 2016 at 10.00am at the National Metalforming Centre, 47 Birmingham Road West Bromwich

Present: Simon Eastwood Carillion plc;
Chris Handy Accord Group;
Ninder Johal Nachural Communications,

In Attendance: Rachel Goodwin Black Country Consortium Ltd.
Conrad Parke Sandwell MBC;
Nigel Easom Black Country Consortium Ltd.

Apologies: Paul Brown and Tom Westley.

36/16 **Minutes**

The minutes of the meeting held on 18th July 2016 were circulated.

Agreed that the minutes of the meeting held on 18th July 2016 be received and confirmed as a correct record.

37/16 **Attendance at Sub-Group Meetings**

The Sub-Group considered officer attendance at meetings to facilitate the decision making process for Local Growth Fund (LGF) business.

Agreed:-

- 1) that the nomination of Mark Lavender, Walsall MBC to act as the Growth Fund Accountable Body representative be noted;
- 2) that Simon Tranter, Walsall MBC, as Chair of the officer Place Group, be invited to attend future meetings.

38/16 **Growing Priority Sectors – Programme Update**

Further to Minute No. 21/16, Conrad Parke gave an overview of the status of the applications for Growing Priority Sector funding and of the overall performance of the programme. The current potential total expenditure was £4,030,368. In addition, there were a further five approved Expressions of Interest in the system which, if they led to successful full applications, would add a further £1.35m to the total grant being requested. This would leave £1.12m still to be allocated. The Sub-Group was also informed that the conditional offer to F Board (see Minute No. 30/15) had been withdrawn as the Company had not complied with the due diligence timetable.

39/16 **Growing Priority Sectors – Application for Funding – Gabitie Group Ltd (Score 24/76)**

The Sub-Board considered an application by Gabitie Group Ltd. for funding of £176,536.00 for a £588,456.00 project to fund the relocation and expansion of an Anglesey based steel fabrication business. The application aimed to create 17.5 new jobs by March 2022 at £10,087 per job and an average salary of £15,200.00 per annum.

The Sub-Board noted the very low value of the jobs to be created, the high risk of displacement, the lack of innovation and the low overall appraisal score of 24/76.

Agreed that the application be not supported on the grounds that it did not represent the best use of available Growing Priority Sector funds for the reasons set out above.

40/16 **Growing Priority Sectors – Application for Funding – A C Steels Ltd. (Score 30/76)**

The Sub-Board considered an application by A C Steels Ltd. for funding of £154,223.00 for a £771,117.00 project to fund the building of a new factory unit on an existing site for a steel fabrication business. The application aimed to create 16 new jobs by March 2022 at £9,639 per job and an average salary of £22,800.00 per annum, leveraging £616.883 of private sector funding.

The Sub-Board noted that the project was well developed in terms of the capital investment but the speculative nature of the business case,

likelihood of high levels of job displacement, the volatility of the steel sector and the unstable credit rating made the proposal too high a risk.

Agreed that the application be not supported on the grounds that it did not represent the best use of available Growing Priority Sector funds for the reasons set out above.

41/16 **Growing Priority Sectors – Application for Funding – Chemique Adhesives and Sealants Ltd. (Score 39/76)**

The Sub-Board considered an application by Chemique Adhesives and Sealants Ltd. for funding of £80,000.00 for a £602,000.00 project to fund the installation of a new production line to allow a new product to be brought to market. The application aimed to create eight new jobs by March 2022 at £10,000 per job and an average salary of £21,500.00 per annum, leveraging £522,000 of private sector funding.

The Sub-Board noted that, although there were issues that needed to be investigated in greater depth during due diligence, the application appeared to be for an eligible, low risk project that would bring a new product to market and create new jobs representing acceptable return on investment.

Agreed that the LEP Partnership Board be recommended to approve the application for funding by Chemique Adhesives and Sealants Ltd., subject to the following conditions:-

- a) a maximum grant of £80,000 to help implement a £602,000 project;
- b) leverage £522,000 of private sector funding;
- c) the creation of eight new jobs by March 2021;
- d) confirmation of match funding to successfully deliver the project;
- e) clarification of outstanding issues through due diligence.

42/16 **Growing Priority Sectors – Smart Waste**

Further to Minute No. 27/15, the Sub-Group considered a request submitted by Smart Waste to reflect a change in the technology used in the proposed waste to energy facility. The Company wished to change the proposal to a two phase project with the funding being used for Phase1 which would be to build a waste to fuel pellet facility. These fuel pellets will then be sold on to other energy providers until Phase 2 was complete and the facility fulfilled the original waste to energy brief. All

other aspects of the proposal including grant request, private sector leverage, job creation and average salary were unchanged.

It was considered that further due diligence should be carried out so that the proposal received a technical review from an independent due diligence provider as well as the standard financial review. The purpose of this technical review would be to not just test the validity of the case being presented by Smart Waste but to also investigate whether the new Phase 1 project being proposed would both be sector leading and add value to the region's re-cycling economy. Members were of the view that in view of the extent of the changes proposed to the project the application should be subject to reappraisal to ensure that it met the Fund's criteria

Agreed that the LEP Partnership Board be recommended to invite Smart Waste to submit a revised application to enable the proposal to be reappraised and incorporating the additional technical review discussed above, the £500,000.00 currently allocated to the Company to remain ring fenced for Smart waste until a final decision is made.

43/16 **Growing Priority Sectors – Petfords Ltd.**

The Sub-Group considered a request from Petfords Ltd. to revise its proposal to provide for the purchase of an alternative site at Mears Coppice, Lye. The original application had provided for the purchase of two additional units adjoining its existing site. However, the Company now considered that, because of increasing demand, these units were no longer large enough. All other elements of the project (overall cost, grant request, intervention rate, job creation, average salary) remained the same and there were no State Aid implications.

Agreed that the LEP Partnership Board be recommended to approve the proposed change.

44/16 **Local Growth Fund (LGF) – 2016/17 Allocations and Forecast Slippage**

Further to Minute No. 24/16, the Sub-Group noted that Quarter 1 project review updates had revealed a potential slippage against the baseline programme in 2016/17 of approximately £5m by 31st March 2017. The Programme Office was therefore actively encouraging Councils to submit their Strategic Projects' bids to supplement the existing 2016/17 Programme and seeking opportunities to accelerate

support to existing successful LGF supported schemes that were already delivering valuable outputs.

The Sub-Group also noted the outputs being delivered by current projects and emphasised the need to ensure that appropriate signage was placed at sites and that the results and successes were publicised

The Sub-Group noted the non-transport major bids that were being evaluated by Thomas Lister and would be submitted to future meetings.

Agreed that the Secretariat be requested to ensure that signage is placed at LGF funded sites and that opportunities to publicise progress and successful projects are maximised.

45/16 **Additional LGF Bid - Managing Short Trips – Additional Walking and Cycle Paths**

The Sub-Group considered an application from Centro and the Canal and River Trust for funding of £1,433,700.00 in 2016/17 for an additional walking and cycle paths scheme. The project was an extension of the existing Managing Short Trips programme and was supported by WMCA and local authority sustainable travel teams who would promote and launch this new infrastructure project to businesses and the community. The project would generate benefits to the Black Country economy and residents and be an important catalyst for future growth and prosperity in the region by delivering 6.31 km of canal tow path improved for use as off-road cycle paths by March 2017.

Agreed that the application by Centro and Canal and River Trust for maximum of £1,433,700.00 in 2016/17 for walking and cycle paths scheme be approved subject to the Canal and River Trust entering into a Memorandum of Understanding with the relevant authorities to prevent objections and charges being levied by the Trust in relation to Grant supported schemes on Trust owned land.

46/16 **Additional LGF Bid - Walsall College – Additional Engineering Equipment**

The Sub-Board considered an application by Walsall College for £149,000.00 in 2016/17 to purchase new equipment and provide facilities within its Engineering & Construction Department, further offering high specification facilities to service the gap between supply and demand for engineering, plastering and plumbing skills for the

benefit of young people, unemployed adults and employers in Walsall and the wider Black Country. The application would also allow the College to offer increased amounts of block release delivery models to employers which were currently in high demand. Specifically the College would be able to provide;-

- C&G Level 3 Engineering
- BTEC Level 3 Engineering (additional units)
- Plastering apprenticeship framework (2 years)
- Plumbing apprenticeship (block release).

The proposal was in alignment with the findings of the Area Review which encouraged Walsall College to continue to grow and meet the needs of engineering and construction employers, especially with a focus on apprenticeships.

Agreed that the application by Walsall College for £149,000.00 in 2016/17 for additional engineering equipment be approved.

47/16 **LGF Site Investigation Bid 2016/17 – Bull Street, West Bromwich**

The Sub-Group considered an application for Site Investigation by Sandwell MBC funding of £59,000.00 in 2016/17 to carry out investigations in respect of land at Bull Street, West Bromwich. The investigations would be wrapped inside a feasibility study to inform a wider full business case expected to be submitted for funding in 2017/18. The work would focus on land under Sandwell's control and non-invasive desktop investigations of land owned by other parties. A further fully invasive Site Investigation bid for third party owned land was likely to commence in early 17/18. The full scheme was a strategic priority scheme for Sandwell and would result in the comprehensive transformation of the eastern and southern areas of West Bromwich town centre, playing a vital role in sustaining its focus for retail, business and leisure. The current outputs quoted for the full scheme, listed in the Black Country Pipeline include 0.7 hectares of remediated land, 174 Jobs created, 36 housing units & 500sq.m of commercial floorspace.

Agreed that the application for Site Investigation by Sandwell MBC in respect of Bull Street, West Bromwich for £59,000.00 in 2016/17 be approved subject to the following conditions:-

- 1) approval to enable the project to proceed to the next stage of due diligence as part of the feasibility funding process through Walsall

MBC as accountable body to the LEP's LGF fund, with a view to entering into a grant funding agreement subject to the following conditionality:-

- a) funding subject to a maximum sum of £59,000 with Sandwell MBC liable for any overspend;
 - b) quotes being obtained prior to any funding agreement being entered into with specific costs included within the agreement accordingly
 - c) only the following reports will be funded from the 2016/17 LGF allocation:-
 - i) Bat survey initial assessment
 - ii) Site topographic and drainage surveys
 - iii) Party wall survey and 3d site modelling
 - iv) Asbestos survey
- 2) it is considered possible that additional site investigation works which are not capable of being completed in 2016/17 will be identified as project works continue. Any decision to make funding available for the 2016/17 financial year will not preclude any subsequent application relating to 2017/18 allocations, any such application will require to be appraised on its own merits and to a total amalgamated overall sum of £150,000 (de-minimis level) in accord with originally defined funding criteria.

48/16

Acceleration of Existing LGF Goscote Lane Housing Scheme

The Sub-Group considered a proposal from Walsall Housing Group (WHG) to accelerate LGF Grant support of £2,382,000.00 for the Goscote Lane Housing Scheme into 2016/17. The scheme had delivered 222 housing units to the rental and market sectors with high levels of rapid take up and the success of the first two phases, supported by LGF in 2015/16, had led to the acceleration of commencement of Phase 3 Construction into 2016/1, a year earlier than originally predicted. WHG was confident that it would have incurred sufficient costs on Phase 3 to justify a claim of £2.832,000.00 in 2016/17 that would be consistent with the intervention rate detailed in its Grant Award contract. The revised delivery profile of housing units was currently being confirmed by WHG with the Phase 3 contractor.

Agreed that the application to accelerate LGF support for the existing Goscote Lane Housing Scheme to bring forward £2.382,000.00 of

funding into 2016/17, and reprofiling the remaining years of LGF support within the overall £8,800,000.00 LGF award be approved subject to confirmation of the revised delivery profile of housing units.

49/16 **Black Country Pipeline Development 2016/17 - 2020/21**

Further to Minute No. 24/16, the Sub-Group received an update on the development of the pipeline. The opportunity to share the Black Country vision for future economic growth with WMCA had been embraced and a range of priority schemes had now been brought forward by local authorities, some commercial developers, colleges and the University. The current Pipeline had a value of £0.58 billion, accelerating GVA by over £3 billion, delivering over 14,000 houses, over 20,000 jobs, over 400 hectares of remediated land, over 700,000 sq. m of commercial floorspace, and over 30,000 sq. m of learning floorspace. Work was being undertaken with local authority officers to develop a prioritisation process to ensure that in a time of scarce resource the highest priority schemes could attract the earliest funding.

Agreed that the development of the Black Country pipeline be noted and that a further report be submitted to a future meeting of the Sub-Group on the establishment of a prioritisation process for projects.

50/16 **Actions Taken Between Meetings - LGF**

Airfield Drive, Walsall

Further to Minute No. 18/16, Sub-Group members had agreed to the following changes to the approved scheme:-

- Grant funding was reclassified as gap funding linked to delivery of new single warehouse/industrial unit with a minimum of 4,877 sq. m. (52,500 sq.ft.) warehouse and integral offices.
- The grantee for the scheme was changed to Kay Properties a sister company to ASK who had been the original joint applicant with Trebor.
- Grant support funding would now be staged over 2016/ 17 (£67,000.00) and 2017/18 (£304,000.00), a total award of £371,000.00.
- Clawback provision had been agreed to provide that upon disposal of the completed scheme or three years subsequent to Practical Completion, whichever was the earlier, the disposal price obtained (if freehold) or otherwise the market value of the scheme as

assessed by an RICS Registered Valuer with a duty of care to Walsall MBC should be compared with the appraised market value (£4,710,800) and in the event that the achieved/assessed Market Value exceeds the appraised market value, then 50% of the uplift in value would be recoverable by Walsall MBC, capped at the maximum sum (£370,993).

Dudley Brownfield Land and Housing Development

Further to Minute No. 25/16, the Sub-Group members had agreed heads of terms for the grant allocation that provided:-

- that funding was profiled over each of the years of delivery of Housing Units on the nine sites in the bid;
- clawback provisions largely relating to the Middlepark Road site, which would offer a proportion of market housing units.

Pensnett Estate Extension

Further to Minute No. 26/16, Sub-Group members had agreed that the Pensnett Estate Extension Scheme bid from LC Properties should be as a Remediation / Infrastructure bid. The main effect of the change was to change the flow of grant support from an intervention rate against each of the commercial units completed to direct early grant support for provision of facilitating infrastructure to support opening up the site for future development. Grant support became claimable largely in 2016/17 with completion expected by 31st March 2017 although it could run over into 2017/18. Clawback provisions had been applied to ensure the commercial units were delivered within a reasonable period after practical completion of the grant supported Infrastructure works.

51/16 **Draft Transport Dashboard**

The Sub-Group noted the draft Transport Dashboard being developed with Black Country Director of Transport.

52/16 **Date of Next Meeting**

20th October 2016 – 10.00am

(The meeting closed at 11.30 a.m.)