



**21<sup>st</sup> March 2018 at 10.30am**  
**The Hawthorns, West Bromwich Albion Football Club,**  
**West Bromwich, B71 4LF**

**Present:**

Stewart Towe	Chair;
Paul Brown	Ernst & Young;
Cllr. Sean Coughlan	Walsall MBC;
Andy Cox	Cox & Plant;
Simon Eastwood	Carillion Developments Ltd;
Cllr. Bill Gavan	Sandwell MBC;
Chris Handy	Accord Group;
Ninder Johal	Nachural Communications;
Cllr. Ian Kettle	Dudley MBC;
Prof Geoff Layer	University of Wolverhampton;
Cllr. John Reynolds	City of Wolverhampton.

**Adviser:**

Jackie Dunne	Chair of Employment and Skills Advsiory Board
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**In Attendance:**

Sarah Middleton	Black Country Consortium Ltd;
Robbie Chahal	Black Country Consortium Ltd;
Paul Mellon	Black Country Consortium Ltd;
Peter Smith	BEIS; and
Hywel Ruddick	Black Country Consortium Ltd.

**Apologies:** Councillors Eling, Harley, Jeavons and Lawrence and Moore and Paul Brown, Tom Westley and Lowell Williams.

47/18 **Declarations of Interest**

None.

48/18 **Minutes**

The minutes of the meeting held on 19<sup>th</sup> February 2018 were circulated.

**Agreed** that the minutes of the meeting held on 19<sup>th</sup> February 2018, be received and confirmed as a correct record.

49/18 **Update on Land and Property Investment Fund (LPIF) Pipeline Schemes**

The Board were advised of the pipeline included a range of schemes to the value of £130m which had the potential to leverage in a further £560m into the Black Country.

**Agreed** that the update be noted.

50/18 **LPIF – Goscote Lane Residential Development Scheme – St Francis Group - £3,600,000**

Simon Eastwood advised the Board of the application and the recommendation to approve made by the Funding Sub-Group.

**Agreed** that the LEP Board: -

- 1) Approve the potential tripartite agreement between Homes England, St Francis Group (Goscote) Ltd and the BC LEP, as delivering sufficient confidence that any LPIF Grant awarded be robustly tied in to the Delivery of Direct Outputs of 131 Homes; and
- 2) Approve the proposed LPIF Grant Award of £3,590,340 to St Francis Group (Goscote) Ltd to commence Remediation of the Goscote site, which will allow a Developer to build out Housing Units, as detailed in the report, with the conditionality detailed below to be included in the Grant Award Contract: -
  - a) subject to the standard form of LPIF grant funding agreement;
  - b) prior to entering into any Funding Agreement, the applicant to confirm that funding is fully available to complete the scheme.
  - c) written confirmation that the proposed State Aid mechanism of Remediation Aid is appropriate for the level of LPIF grant funding proposed being satisfactory in a legal view procured by the Applicant (and requiring a land valuation at completion of the remediation phase);
  - d) a formal guarantee from DSM Demolition Ltd (a company within the group) to be executed as proposed guarantor of the

Applicant (to CWC the Accountable Body) for its performance in completing the remediation phase of this project.

- e) a Performance Bond to be executed between CWC as the Accountable Body and the Applicant as security to proposed LPIF funding until the remediation works are certified as Practically Complete by an appropriately qualified consultant with a duty of care to CWC as Accountable Body.
- f) The standard form of LPIF funding agreement to be entered into subject to such alteration as CWC as Accountable Body consider appropriate.
- g) The maximum level of grant funding to be in the sum of £3,590,340.
- h) Grant to be drawn down against qualifying expenditure for addressing 'environmental harm' in the site remediation works phase, estimated as £6,835,822 such that an intervention rate of 52.5% is derived for these specific works covered by the proposed Aid mechanism (noting that LPIF support is some 8% of public/private project costs in completing project delivery);
- i) Grant to be drawn down based upon the provision of quarterly certificates of expenditure produced by an appropriately qualified Cost Consultant with a duty of care to CWC as Accountable Body for the LPIF programme.

51/18 **LPIF – Dudley Council Brownfield Land Improvement Programme Phase 2 - £2,718,447**

Simon Eastwood advised the Board of the application and the recommendation to approve made by the Funding Sub-Group.

**Agreed** that the LEP Board approve the award of £2,711,111 LPIF Grant to Dudley Council to support delivery of the Brownfield Land Improvement Programme Phase 2 as detailed above, with the conditionality detailed below to be included in Grant Award Contract: -

- a) The standard form of LPIF funding agreement to be entered into subject to such alteration as the City of Wolverhampton Council (CWC) as Accountable Body consider appropriate;
- b) The maximum amount of grant to be separately identified in relation to each individual site as identified within the column headed 'Maximum Grant per Site' within Table A of Due Diligence report from Thomas Lister. The total in the 'Maximum Sum' of £2,711,111;

- c) The Applicant to confirm agreement to the delivery of remediation works and subsequent delivery of 118 new homes on each site within an updated programme to be provided, with remediation works and drawdown of funding completed within the financial year 2019/20 and completion of housing units by the end of 2020/21;
- d) Funding to be drawn down based upon the provision of evidenced costs in relation to the works included within the Fusion Cost Appraisal included within Appendix III. For the avoidance of doubt, costs need not equate to the exact individual sums provided but the overall drawdown of funding in relation to any site must not exceed the maximum sum included in Table A. Claims will require to be based upon the receipt of quarterly certificates of value, relating to completed works on site, together with evidence of any other permitted items of expenditure (e.g. site survey), provided by an appropriately qualified Quantity Surveyor with a duty of care to CWC as the accountable body;
- e) In the event that any of the identified sites are sold in advance of the delivery of housing, clawback provision being included on the basis of 100% of any derived capital receipt up to the level of grant drawn down;
- f) Only social rented housing to be delivered on the sites, with the exception of 3 sites subject to mixed tenure proposals - Beechwood Road, Wrens Nest and King William Street, such Social Rented Housing to be retained by the Council (except under Right to Buy or other statutory provisions) for a minimum of 3 years from Practical Completion;
- g) In relation to the 3 sites subject to mixed tenure proposals (Beechwood Road, Wrens Nest and King William Street), upon the 5th anniversary of completion of the funding agreement, the applicant to procure a 'Red Book' market valuation (MV) of the (assumed) completed scheme based upon the final tenure mix, prepared by a chartered surveyor with a duty of care to the accountable body of the scheme. In the event that the combined (3 sites) completed site value should exceed £8,868,021 then a clawback provision to be applied based upon 50% of the uplift in value from £8,868,021 to the reported MV, subject to the maximum of the level of grant drawn down; and
- h) Such other conditions as may be required by CWC as Accountable Body.

52/18 **LPIF – Parkrose Industrial Estate, Sandwell - £983,036**

Simon Eastwood advised the Board of the application and the recommendation to approve made by the Funding Sub-Group.

**Agreed** that the FSG recommend to the LEP Board endorse the award of £757,839 LPIF Grant to Mint Property Developments Ltd to deliver the Parkrose Industrial Estate Scheme as described above, with the Conditionality detailed below, to be included in Grant Award Contract: -

- a) The standard form of LPIF Agreement to be entered into subject to such alteration as City of Wolverhampton Council, as Accountable Body, consider appropriate;
- b) The maximum level of grant funding to be in the sum of £757,839;
- c) Grant to be drawn down against qualifying expenditure relating to site remediation and construction works;
- d) Grant to be drawn down based upon the provision of quarterly certificates of value produced by an appropriately qualified Cost Consultant with a duty of care to (CWC) as Accountable Body for LPIF;
- e) Grant to be drawn down at a rate of 9.50% of qualifying expenditure of £7,973,241;
- f) A Personal Guarantee in favour of CWC as the Accountable Body be executed by the Applicant's two directors for the LPIF Grant offered;
- g) Applicant producing a letter from its solicitor confirming its position on State Aid compliance; and
- h) Applicant formally confirming that it has finance in place to complete this project.

53/18 **Minutes of the Funding Sub-Group – 15<sup>th</sup> March 2018**

The Minutes of the Funding Sub-Group held on 15<sup>th</sup> March 2018 were submitted.

Simon Eastwood advised that as well considering the three applications referenced above, the meeting received an update on the Portersfield Dudley Scheme; withdrew funding from the Repose Furniture Limited application; and were advised of a potential change to GPS conditions, for which a further report to the Group had been requested.

**Agreed** that the Board: -

- 1) Approve the minutes of the meeting of the Funding Sub-Group held on 15<sup>th</sup> March 2018, to include all the recommendations and associated conditions contained therein;
- 2) Note the Spring Statement announcement in respect of the Government's support to the WMCA of £350m, including £100m for extending the brownfield pot;
- 3) Note the BC Consortium's Economic Intelligence Unit had already mapped out the brownfield sites and a range of bids would be coming forward;
- 4) Note the Brownfield Land Research Centre (BRIC) required a refreshed, robust business case to be submitted to the Funding Sub-Group in due course; and
- 5) That the LEP Board support an independent delivery board for BRIC, to be chaired by the private sector to ensure strong LEP leadership linked into BRIC.

54/18 **Maximising Year End Support**

The Chair advised that he had agreed to this item of urgent business and a decision thereon was required before the end of the financial year and the next scheduled meeting was 16<sup>th</sup> April 2018.

The meeting was advised of the option available to the West Midlands Combined Authority to withdraw some funding from the Wolverhampton Interchange project should alternative funding be identified. This could impact on the proposal to mitigate the year end shortfall, reported to the last meeting of the LEP Board. The Accountable Body had therefore proposed the following changes detailed in the table below, in the A4101 Pensnett Strategic Access Improvement Scheme and the Goscote Lane Corridor during the years, should they be required:

<u>LOCAL GROWTH FUNDED PROJECTS</u>	<u>Allocations</u>	<u>15/16</u>	<u>16/17</u>	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>	<u>TOTAL</u>
<b><u>A4101 Pensnett Strategic Access Improvement Scheme</u></b>	<b><u>Original</u></b>	-	<b><u>2,348,432</u></b>	<b><u>551,568</u></b>	<b><u>700,000</u></b>	<b><u>200,000</u></b>	<u>3,800,000</u>
	<u>Additional</u>	-	-	<u>900,000</u>	<b><u>(700,000)</u></b>	<b><u>(200,000)</u></b>	<u>0</u>
	<u>Revised</u>	-	<u>2,348,432</u>	<u>1,451,568</u>	<u>0</u>	<u>0</u>	<u>3,800,000</u>
<b><u>Goscote Lane Corridor</u></b>	<b><u>Original</u></b>	<b><u>1,700,000</u></b>	<b><u>2,808,000</u></b>	<b><u>998,000</u></b>	<b><u>2,848,000</u></b>	<b><u>466,000</u></b>	<u>8,820,000</u>
	<u>Additional</u>	-	-	<u>3,314,000</u>	<b><u>(2,848,000)</u></b>	<b><u>(466,000)</u></b>	<u>0</u>
	<u>Revised</u>	<u>1,700,000</u>	<u>2,808,000</u>	<u>4,312,000</u>	<u>0</u>	<u>0</u>	<u>8,820,000</u>
<b><u>TOTAL</u></b>	<b><u>Original</u></b>	<b><u>1,700,000</u></b>	<b><u>5,156,432</u></b>	<b><u>1,549,568</u></b>	<b><u>3,548,000</u></b>	<b><u>666,000</u></b>	<u>12,620,000</u>
	<u>Additional</u>	-	-	<b><u>4,214,000</u></b>	<b><u>(3,548,000)</u></b>	<b><u>(666,000)</u></b>	<u>0</u>
	<u>Revised</u>	<u>1,700,000</u>	<u>5,156,432</u>	<u>5,763,568</u>	<u>0</u>	<u>0</u>	<u>12,620,000</u>

**Agreed: -**

- 1) that in addition to the measures approved previously, the LEP Board approve permission to implement the above changes as set out in the Table be agreed, if required, to bring the LGF programme in on target;
- 2) that the LEP Board note, if required these will be implemented and a reported back to the LEP Board and onto the June 2018 BC Executive Joint Committee meeting as part of the overall LGF programme change request approvals, to ensure that the payments can be made and the successful delivery of the programme subsequently reported to government as required.

55/18 **Dates of Future Meeting**

**Agreed** that the Board note the date of next LEP Board was 16<sup>th</sup> April 2018 – LEP Board, Dudley College.

56/18 **Exclusion of Press and Public**

**Agreed** that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act 1972.

Paragraph 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

57/18 **Private Minutes**

**Agreed** that the private minutes of the meeting held on 19<sup>th</sup> February 2018, be received and confirmed as a correct record.

(The meeting closed at 11.25am)