



**West Midlands
Combined Authority**

Investment Board

Date	18 th March 2019
Report title	Black Country Land and Property Investment Fund – The i54 Western Extension
Portfolio Lead	Councillor Mike Bird - Housing & Land
Accountable Chief Executive	Deborah Cadman, WMCA Chief Executive
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Report has been considered by	Investment Board – 18 th March 2019 (to be considered) Programme Board – 5 th April 2019 (to be considered) WMCA Board – 18 th May 2019 (to be considered)

Recommendation(s) for action or decision:

The Investment Board is recommended to note:

1. The decision by the Black Country Joint Committee that £5 million of funding from the Black Country Land and Property Investment Fund (LPIF) is made available to Wolverhampton City Council as Accountable Body for the fund to facilitate the delivery of the i54 Western Extension project.

The Investment Board is asked to recommend to the WMCA Board:

2. That a derogation is provided in respect of the i54 Western Extension project with regard to the Commissioning Framework for the Black Country Land and Property Investment Fund (approved by WMCA Board in September 2017) in recognition of the fact that the outputs from the project will be delivered outside the agreed timeframe.

3. The consent to derogation is specific and exclusive to the i54 Western Extension project and does not set a precedent for any future decisions.
4. That approval is sought for the utilisation of WMCA funding to be allocated to a site that is outside the boundaries of the Black Country. The i54 Western extension project is located in South Staffordshire with 60 acres being in the ownership of City of Wolverhampton Council, a Constituent Area Local Authority. This site will play an important role in the delivery of the WMCA Strategic Economic Plan (SEP), Black Country SEP and the Local Industrial Strategy.

1.0 Purpose

1.1 The purpose of this report is to:

- secure agreement to derogations from the Commissioning Framework;
- and set out the conditions which would be applied to such an approval.

1.2 The proposed investment will assist in the delivery of the strategically important i54 Western Extension site through the development of one of the largest employment sites in the West Midlands.

2.0 Background

2.1 On 17 March 2017, the WMCA Board agreed to allocate £53.04 million from the overall £200 million Land Remediation Fund to the Black Country Local Enterprise Partnership (BCLEP) to deliver a set of specific agreed outputs as follows:

- 1,860 new jobs
- 1,600 new homes
- 126,000 sq. m. commercial floorspace
- 46 hectares of land remediated

2.2 Delegated authority was awarded to the LEP to manage the £53.04 million fund using an established assurance process under-pinned by a Commissioning Framework, the content of which was approved by WMCA Board in September 2017.

2.3 The funding requirements, outputs and timing of the project are such that approval of LPIF funding for the scheme would be outside the parameters of the WMCA approved Commissioning Framework (the detailed reasons are set out in Section 4).

2.4 Therefore, an approval by the WMCA Board for a derogation from the Commissioning Framework is needed to allow any award of funding to take place given the delivery of outcomes will be outside the parameters set by the WMCA Board set in September 2017.

2.5 It should be noted that a similar situation has previously arisen: the WMCA Board granted a derogation against the Commissioning Framework for the Brownfield Land and Property Development Fund to allow the WMCA contribution towards the Commonwealth Games (Athlete's Village) on the basis of the outputs being delivered after 2021.

3.0 i54 Western Extension site

- 3.1 The i54 Western Extension project is to develop circa 60 acres (24 hectares) of land owned by City of Wolverhampton Council ('CWC') for subsequent delivery of some 1,075,000 sq. ft (100,000 sq. metres) of high-quality floor space that will accommodate circa 1,300 - 1,700 net new jobs, with the intention that these are primarily in advanced manufacturing companies. Procurement and management of the proposed works will be led by Staffordshire County Council on CWC's land under the management and direction of the extended Joint Venture arrangement between both Council's, confirms WMCA approval that it is within its powers for LPIF to be defrayed on this project, which is essentially outside the administrative boundaries of the four Black Country Councils. It should be noted that this is being progressed by CWC and WMCA's legal teams.
- 3.2 LPIF support to this project is recommended as it extends the successful i54 Business Park area under the JV principles previously adopted.
- 3.3 Agreements have been reached with the Councils to adopt a joint funding strategy to deliver a cost-effective solution to economic and employment growth comprising a combination of the following:
- i) WMCA and Black Country Local Enterprise Partnership (BCLEP) Grant Funding.
 - ii) Stoke & Staffordshire Local Enterprise Partnership (S&SLEP) Grant Funding.
 - iii) Land Receipt from sale of serviced plots.
 - iv) Business rates from i54 via Stoke & Staffordshire LEP (SSLEP)
 - v) Borrowing based on Future Business Rates from Western Extension.
- 3.5 Each of the above contributions are critical to delivering the scheme. SSLEP have confirmed they will match fund the WMCA / BCLEP Grant Funding Contributions
- 3.6 Planning Consent has been granted and works will commence June this year with the Construction of the New Access Road
- 3.7 The outputs are detailed below:

Outputs	Metric	2018/19	2019/20	2020/21	2021/22	2023+	Total
Land Remediated	Ha	0	0	24	0	0	24
Apprenticeship Starts	No.	0	3	5	17	25	50
Jobs Created	No.	0	0	0	700	1,000	1,700
Employment Floorspace	Sqm	0	0	0	50,000	50,000	100,000
Construction Jobs	No.	0	50	100	100	0	250

- 3.8 The i54 Western extension project is located in South Staffordshire with 60 acres being in the ownership of City of Wolverhampton Council, a Constituent Area Local Authority. Although the site falls outside the administrative boundary of Wolverhampton, the South Staffordshire Site Allocations Document (SAD) and Black Country Core Strategy acknowledge that the proposals will contribute towards meeting the employment land needs of the Black Country, thereby playing an important role in the delivery of the WMCA Strategic Economic Plan (SEP), Black Country SEP and Local Industrial Strategy.

4.0 Requirement for a Derogation

4.1 Given that the estimated time period for delivery is around 24 months following receipt of planning permission, it is inevitable that the agreed outputs from the i54 Western Extension project will be generated and realised post March 2021, hence the need for the derogation and WMCA approval.

4.2 The need for further derogation will be considered initially by the WMCA's Chief Executive, Section 151 Officer, Director of Housing & Regeneration and Head of Governance collectively, and in consultation with the Portfolio Lead for Finance & Investments. Should the scale of variation be deemed by this group to be significant then the matter will be referred back to the WMCA Board for further consideration and decision.

5.0 Financial Implications

5.1 None

6.0 Legal implications

6.1 The WMCA Board has authority to agree a derogation against the Commissioning Framework approved in September 2017.

7.0 Equalities Implications

7.1 There are no specific equalities implications as a result of the recommendations within this report.

8.0 Inclusive Growth Implications

8.1 The development of the i54 Western extension project will see significant investment and job creation opportunities in some of the most strategically important areas of the WMCA area. i54 Western Extension directly supports the ambitions of the WMCA as documented within the Investment Prospectus and Industrial Strategy aspirations.

9.0 Geographical Area of Report's Implications

9.1 The i54 Western extension project is located in South Staffordshire with 60 acres being in the ownership of City of Wolverhampton Council, a Constituent Area Local Authority. Although the site falls outside the administrative boundary of Wolverhampton, the South Staffordshire Site Allocations Document (SAD) and Black Country Core Strategy acknowledge that the proposals will contribute towards meeting the employment land needs of the Black Country, thereby playing an important role in the delivery of the WMCA Strategic Economic Plan (SEP), Black Country SEP and Local Industrial Strategy.

10.0 Other Implications

10.1 Not applicable.

11.0 Schedule of Background Papers

11.1 None