



West Midlands
Combined Authority

WMCA Board

Date	15 January 2021
Report title	Black Country Land & Property Investment Fund - Programme Update and Reprofile Approval
Portfolio Lead	Finance - Councillor Bob Sleigh
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Report has been considered by	Investment Panel - 23 November 2020 Programme Board - December 2020

Recommendation(s) for action or decision:

The WMCA Board is recommended to note:

- (1) The programme progress delivered to date, of the Black Country Land and Property Investment Fund (LPIF) programme, managed by the Black Country LEP and its Single Accountable Body (Walsall Council).
- (2) The previous derogations which have been approved and provided for the Phoenix 10 and i54 Western extension projects.
- (3) The Black Country LEP utilises its LEP Assurance Framework, which is compliant with the Government's National Assurance Framework, to manage the LPIF programme and will continue to do so until programme closure.
- (4) The programme management costs were agreed at the start of the programme in 2017 (as part of the £53.04m allocation) and are not due to exceed their overall budget.

The WMCA Board is recommended to approve:

- (1) That the Black Country Land and Property Investment Fund programme, be re-profiled to allow expenditure and outputs to be claimed up to March 2025.
- (2) That programme management costs, within this fund be reprofiled for an additional year to March 2026, to ensure that the expenditure and outputs are audited in line with the Black Country Assurance Framework.

1.0 Purpose

1.1 The purpose of this report is to secure a reprofile of the Black Country Land and Property Investment Fund programme, to align with current project forecasts of spend and outputs.

2.0 Background

2.1 In 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 (BC LEP) to deliver a set of specific agreed outputs as follows:

- 1,800 new jobs
- 1,150 new homes
- 126,000 sq. m. commercial floorspace
- 46 hectares of land remediated

2.2 Delegated authority was awarded to the BC LEP to manage the £53.04 million fund using an established governance process, in accordance with the Black Country LEP's Assurance Framework, which is derived from and is compliant with the Government's National Assurance Framework.

2.3 The original WMCA approval of funding required that the fund be spend and outputs achieved by March 2021. The current forecast grant spend and outputs profiles would be outside the parameters of the initial WMCA approval funding in March 2017.

2.4 Although the WMCA have already approved specific project derogations for Phoenix 10 and i54 Western Extension beyond March 2021, a wider programme reprofiling and programme end date would provide the BCLEP with the necessary flexibility to secure the forecast outputs by March 2025. This would permit reallocation of funds to shovel ready projects without seeking WMCA approval on a project by project basis, which in the past has added significant delay to project timeframes.

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

3.0 LPIF Programme progress to date

3.1 The Black Country LPIF programme currently consists of 9 projects, of which 3 are fully complete. There is a mixture of commercial, residential and skills projects which make up the agreed output targets, to be delivered against the £53.04m investment.

3.2 This £53.04m was to allocated to schemes that would deliver up until March 2021, with the expectation that this would unlock further investment from the WMCA, i.e. the balance of the £150m land funds allocation, earmarked for the Black Country. Any short-term projects that were developed for land remediation funds, have been progressed with alternative funding sources, or allocated to the Black Country Pipeline until such time that funding can be made available.

- 3.3 Residential schemes have progressed well to date. Dudley Brownfield Land Phase 2, delivered by Dudley Council in partnership with local builders, has fully completed. Thus, providing good quality, sustainable housing stock for the local area. This has built on the success of Phase 1 of the Dudley Housing programme, which was funded by the Black Country Local Growth Deal. The Goscote Lane site in Walsall has been remediated and handed over to Homes England, who have now appointed their developer to start construction early 2021.
- 3.4 Phoenix 10, a flagship development in the Black Country Enterprise Zone area of Darlaston, has now completed contracts with its developer, Henry Boot. The scheme will start onsite next year and complement all the current investment in the area, including improved transport links such as the anticipated new Darlaston train station, as well as benefitting from major improvements to M6 Junction 10.
- 3.5 There are a number of project case studies available, expanding on the wider benefits, to be realised from the LPIF investment. These can be made available and provided on request.

LPIF Dudley Brownfield Land case study.

LPIF Goscote Lane case study

LPIF i54 Western Extension case

LPIF Phoenix 10 case

4.0 Requirement for re-profile of the programme

- 4.1 A few projects have incurred some delays due to the complexity of their schemes, notwithstanding the impact that the Covid-19 pandemic has had on the ability for projects to deliver. Supply chains and project resource have been significantly impacted.
- 4.2 As delivery is now in recovery and progress is being made, there is a requirement to request an extension for both spend and outputs for the remainder of the LPIF programme, which will continue to deliver beyond March 2021. Projects will need access to draw down on the approved and contracted grant funding, in order to complete construction and contracted outputs.
- 4.3 Outputs are verified by the BC LEP's Single Accountable Body – Walsall Council. This verification is carried out by means of regular monitoring and compliance audit visits by the Accountable Body, joined with the BC LEP's Programme Management Office (PMO). Any issues that may arise as result of these visits are discussed and documented, and if required, reported back to the BC LEP board.
- 4.4 Resource is required to ensure that the programme continues to be monitored and is in compliance with the BC LEP Assurance Framework, through to programme completion and formal evaluation. The current revenue funding will need to be extended to March 2026 in order to support this ongoing work. Current forecasts and projections have been detailed in section 5 of this report.

4.5 Progress to date tabled below:

		Actual to date
OUTPUTS	Land Remediated (ha)	11.72
	Housing Units Completed	190
OUTCOMES	Floorspace (sqm)	4,800.00

5.0 Full programme overview – Future years

5.1 The summary table below presents the current financial forecast for the programme

SPEND PROFILE (£m)								
	ACTUAL	FORECAST						
	2017-2020	20/21	21/22	22/23	23/24	24/25	25/26	TOTAL
Latest Projects Forecast	£13,358,392.22	£1,559,142.53	£6,817,788.00	£16,105,218.00	£13,084,125.00	£0.00	£0.00	£50,924,665.75
Match Funding / Leverage	£23,528,330.51	£22,067,366.88	£32,676,715.00	£32,644,115.00	£1,922,855.00	£4,577,145.00	£0.00	£117,416,527.39
Programme Management Costs	£764,498.82	£180,500.00	£182,750.00	£135,500.00	£135,500.00	£135,500.00	£135,500.00	£1,669,748.82
Total Uncommitted LPIF Funds								£445,585.43
Total Committed LPIF funds	£14,122,891.04	£1,739,642.53	£7,000,538.00	£16,240,718.00	£13,219,625.00	£135,500.00	£135,500.00	£52,594,414.57
TOTAL LPIF FUNDS								£53,040,000.00

5.2 The draft SQW report was presented to the Investment board on the 9th of November 2020. Some of the comments in report suggest the following about the way in which the Black Country has invested the £53.04m:

- There is evidence of the flexible and creative use of available funds
- Levels of strategic alignment are high: the issues surrounding brownfield land in the West Midlands are well evidenced and they feature strongly in all the main strategies
- There is evidence of flexible approaches being used to address local priorities

The Gross Value Added (GVA) is expected to exceed £900m for the first tranche of LPIF monies invested.

5.3 The remaining outputs and outcomes are expected to be delivered as follows –

		Forecast by Year						Total Forecast	Target
		18/19 / 19/20	2020/21	2021/22	2022/23	2023/24	2024/25		
OUTPUTS	Land Remediated (ha)	11.72	0.78	24.49	0.00	4.88	29.26	71.13	46.00
OUTCOMES	Housing Units Completed	190.00	0.00	131.00	275.00	32.00	95.00	723.00	1,150.00
	Jobs Created	0.00	7.00	10.00	4.50	747.00	3,325.00	4,093.50	1,800.00
	Construction Jobs	0.00	64.00	11.00	75.00	100.00	1,030.00	1,280.00	0.00
	Floorspace (sqm)	4,800.00	0.00	0.00	0.00	50,000.00	144,149.00	198,949.00	126,000.00
	Business Assists	0.00	0.00	0.00	0.00	0.00	15.00	15.00	0.00
	Learner Assists	0.00	100.00	400.00	800.00	1,400.00	2,030.00	4,730.00	0.00

5.4 The housing forecast of 723 is a prudent view at this point in time, there remains a small amount of unallocated / uncommitted funds that could be allocated to a residential scheme, should a good VfM priority investment on the Black Country pipeline be put forward for approval.

5.5 Individual project data can be provided on request.

6.0 Financial Implications

6.1 The recommendations in this report will have no net financial impact on the WMCA budgets, and will only affect the timings of LPIF grant claimed.

7.0 Legal Implications

7.1 There are no legal implications as a result of the recommendations within this report. The WMCA Board has authority to agree an extension to the funding programme awarded to the BC LEP.

8.0 Equalities Implications

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

9.0 Inclusive Growth Implications

9.1 There are no specific inclusive growth implications as a result of the recommendations within this report. The LPIF programme directly supports the ambitions of the WMCA as documented within the Investment Prospectus and Industrial Strategy aspirations.

10.0 Geographical Area of Report's Implications

10.1 All approved projects supported by the LPIF programme fall within the boundaries of West Midlands region, apart from the i54 Western Extension. A paper has been brought to the WMCA board and approved on the 19th of May 2019 to support the investment of the i54 Western extension as this is a joint venture with Staffordshire.

11.0 Other Implications

11.1 Not applicable.

12.0 Schedule of Background Papers

WMCA Board	17 March 2017	Land Fund: Black Country Strategic Brownfield Land Programme Bid
WMCA Board	9 th November 2018	Phoenix 10 Derogation paper
WMCA Board	18 th May 2019	I54 Western Extension Derogation paper