

Time	5.00 pm	Public Meeting?	YES	Type of meeting	Executive
Venue	Committee Room 3, Third Floor - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH				

Membership

Chair	Cllr Ian Brookfield (Lab)
Vice-Chair	Cllr Peter Bilson (Lab)

Labour

Cllr Harman Banger
Cllr Steve Evans
Cllr Dr Michael Hardacre
Cllr Jasbir Jaspal
Cllr Linda Leach
Cllr Louise Miles
Cllr John Reynolds
Cllr Sandra Samuels OBE

Quorum for this meeting is five Councillors.

Information for the Public

If you have any queries about this meeting, please contact the Democratic Services team:

Contact	Philippa Salmon
Tel/Email	Tel: 01902 555061 or philippa.salmon@wolverhampton.gov.uk
Address	Democratic Services, Civic Centre, 1st floor, St Peter's Square, Wolverhampton WV1 1RL

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Some items are discussed in private because of their confidential or commercial nature. These reports are not available to the public.

Agenda

Part 1 – items open to the press and public

Item No. *Title*

MEETING BUSINESS ITEMS

- 1 **Apologies for absence**

- 2 **Declaration of interests**

- 3 **Minutes of the previous meeting** (Pages 5 - 10)
 [For approval]

- 4 **Matters arising**
 [To consider any matters arising from the minutes of the previous meeting]

DECISION ITEMS (RED - FOR DECISION BY THE COUNCIL)

- 5 **i54 / Western Extension - Phases 4 and 5 Budget Approval** (Pages 11 - 22)
 [To approve budgets and legal agreements to commence Phase 4 and 5 works on the i54 / Western Extension.]

- 6 **Exclusion of press and public**
 [To pass the following resolution:

 That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information on the grounds shown below.]

PART 2 - EXEMPT ITEMS, CLOSED TO PRESS AND PUBLIC

DECISION ITEMS (RED - FOR DECISION BY THE COUNCIL)

- 7 **i54 / Western Extension - Phases 4 and 5 Budget Approval** (Pages 23 - 38)
 [To approve budgets and legal agreements to commence Phase 4 and 5 works on the i54 / Western Extension.] Information relating to the financial or business affairs of any particular person (including the authority holding that information) (3)

DECISION ITEMS (AMBER - DELEGATED TO THE CABINET)

- | | | | |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 8 | <p>Wolverhampton City Centre Business Improvement District (BID) (Pages 39 - 60)
[To approve City of Wolverhampton Council's vote for the next round of the BID Ballot in respect of the hereditaments in the Council's ownership.]</p> | <p>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> | (3) |
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CITY OF WOLVERHAMPTON COUNCIL	Meeting of the Cabinet Minutes - 31 July 2019
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Attendance

Members of the Cabinet

Cllr Ian Brookfield (Chair)
Cllr Harman Banger
Cllr Dr Michael Hardacre
Cllr Jasbir Jaspal
Cllr Linda Leach
Cllr Louise Miles
Cllr Sandra Samuels OBE

Employees

Tim Johnson	Managing Director
Mark Taylor	Deputy Managing Director
Emma Bennett	Director of Children's Services
John Denley	Director of Public Health
Richard Lawrence	Director of Regeneration
Claire Nye	Director of Finance
Meredith Teasdale	Director of Education
David Watts	Director of Adult Services
Tom Senior	Lead Lawyer
Jaswinder Kaur	Democratic Services Manager
Shelley Humphries	Democratic Services Officer

Part 1 – items open to the press and public

- | <i>Item No.</i> | <i>Title</i> |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Apologies for absence
Apologies for absence were received from Councillor Peter Bilson, Councillor Steve Evans and Councillor John Reynolds, |
| 2 | Declaration of interests
Mark Taylor, Deputy Managing Director declared a non-pecuniary interest in agenda item 6 as Chair of the Board of Governors of City of Wolverhampton College. |

3 **Minutes of the previous meeting**

Resolved:

That the minutes of the meeting held on 10 July 2019 be approved as a correct record and signed by the Chair.

4 **Matters arising**

There were no matters arising from the minutes of the previous meeting.

5 **Draft Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024**

Councillor Louise Miles presented the Draft Budget and Medium Term Financial Strategy 2020 – 2021 report for approval. The report provided Councillors with an update on progress towards identifying additional budget reduction proposals in order to address the projected budget deficit of £27.3 million in 2020 – 2021, rising to £40 – 50 million over the medium term to 2023 – 2024.

Resolved:

1. That the draft budget strategy linked to the Five Year Financial Strategy, including the budget reduction and income generation targets, be approved for inclusion in the Draft Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024, to be reported to Cabinet in October 2019.
2. That it be approved that work continue between August and October 2019 to further develop the budget reduction and income generation proposals identified in this report, in order to ensure that a balanced budget can be set for 2020-2021.
3. That it be approved that progress on the development of budget reduction and income generation proposals be reported to Cabinet in October 2019 for approval to proceed to the formal consultation stage of the budget process.
4. That it be approved that further options are explored between August and October 2019 to address the updated projected budget deficit of £4.9 million for 2020-2021 based on the Council's Five Year Financial Strategy.
5. That it be noted that, a number of assumptions have been made with regards to the level of resources that will be available to the Council as detailed in section 5 of this report. It is important to note that there continues to be a considerable amount of uncertainty with regards to future income streams for local authorities over the forthcoming Comprehensive Spending Review period. At the point that further information is known it will be incorporated into future reports to Councillors. Any reduction in the Government's allocation of funding to the Council would have a significant detrimental impact and further increase the budget deficit forecast over the medium term.
6. That it be noted that, due to external factors, budget assumptions remain subject to significant change, which could, therefore, result in alterations to the financial position facing the Council.
7. That it be noted that an element of the high-level strategy for 2020-2021 relate to one-off opportunities that can be achieved in 2020-2021.
8. That it be noted that the updated projected deficit assumes the achievement of budget reduction and income generation proposals amounting to £9.6 million over period 2019-2020 to 2023- 2024.
9. That it be noted that the 2020-2021 budget timetable will, as in previous years, include an updated report presented to Cabinet in October 2019 detailing budget reduction and income generation proposals that will be subject to formal budget consultation during October to December 2019. Further to this, an update on all budget assumptions and the Provisional Local Government Settlement will be

presented to Cabinet by January 2020, with the final budget report due to be approved by Full Council in March 2020.

10. That it be noted that the overall level of risk associated with the 2019-2020 Budget and Medium Term Financial Strategy 2019-2020 to 2023-2024 is assessed as Red.

6 **City Learning Quarter**

Mark Taylor, Deputy Managing Director left the room at this point and took no part in the consideration of this item.

Councillor Harman Banger presented the City Learning Quarter report for approval. It was noted that on 20 September 2017, Council approved the capital budget of £50 million for the City Learning Quarter and approved that authority be delegated to Cabinet to approve final business case and funding strategy. The report provided an update on the City Learning Quarter (CLQ) programme and Cabinet were recommended to approve the final business case and funding strategy.

It was noted that the funding strategy was subject to receiving grants through the Black Country Local Enterprise Partnership (BCLEP) and Cabinet were asked to consider approving the ongoing use of Council resources to fund the project until such time as external funding was secured.

It was highlighted that the scheme would generate 248 new job opportunities and safeguard 497 existing jobs within the City. It was noted that a reduction of 613 tonnes of CO² released into the atmosphere was anticipated, which was a great positive in light of the recent Climate Emergency declaration, as well as the reduction of NOX emissions by over 300 kg per year.

It was also anticipated that the scheme would accommodate a college population of almost 4,000 students. It was agreed that this would provide a revitalisation of the City centre and the importance of the provision of further education within Wolverhampton was strongly underlined.

The scheme and the team of officers involved in the delivery of the scheme were commended.

Resolved:

1. That the delivery of the City Learning Quarter project, in line with the business case and funding strategy, be approved.
2. That funds of up to £4 million be approved to progress the design and fund the continued development of the project, to be repaid once additional grants have been secured.
3. That it be approved for City of Wolverhampton Council to lead on both the City Learning Quarter and Wellington Road BCLEP bids (on behalf of City of Wolverhampton College) to deliver a comprehensive programme.
4. That it be approved that supplementary budgets are established for the Wellington Road project, subject to funding.

7 **Joint Dementia Strategy for Wolverhampton**

Councillor Linda Leach presented the Joint Dementia Strategy for Wolverhampton for approval. The report outlined the aims and scope of the updated Joint Dementia Strategy 2019 – 2024 for Wolverhampton, produced by a multi-agency workgroup including representation from the voluntary and community sector as well as carers of people who were living with dementia. It was highlighted that the strategy also included those who were deaf or hard of hearing and BAME communities.

The strategy placed an emphasis on increasing early diagnosis to ensure early access to treatment and services and that work needed to be continued to identify gaps in the service and meet the needs of those living with dementia.

It was noted that Wolverhampton had achieved the status of Dementia Friendly Community of the Year in 2018 and that the strategy supported the aspiration to continue to be a dementia friendly City. It was highlighted that a series of dementia friendly café sessions were also available.

Resolved:

1. That the updated Joint Dementia Strategy 2019 – 2024 for Wolverhampton be approved.
2. That the topic specific Joint Strategic Needs Assessment for Dementia in Wolverhampton be approved.
3. That it be noted that an action plan has been developed to accompany the Strategy document which will be monitored by the Better Care Fund Dementia workstream group.

8 **Wolverhampton Multi-Agency Safeguarding Arrangements**

In the absence of Councillor John Reynolds, Councillor Linda Leach presented the Wolverhampton Multi-Agency Safeguarding Arrangements report for approval. The report set out the new Multi-Agency Safeguarding Arrangements for Wolverhampton, which would be known as Wolverhampton Safeguarding Together, to ensure compliance with the Social Work Act 2017 and subsequent Working Together 2018 guidance.

The report also highlighted the consultation work undertaken by Wolverhampton Safeguarding Board in developing the proposals as well as the main significant changes between the existing arrangements and the new ones which would be implemented from 30 September 2019. It was noted that the single Independent Chair would be replaced by partner representatives on rotation.

It was noted that the key strength of the current arrangements was the integration of the Adults' and Children's Safeguarding Boards

Resolved:

1. That the Multi-Agency Safeguarding Arrangements for children, as approved by the Wolverhampton Safeguarding Children's Board, be endorsed to ensure compliance with the Social Work Act 2017 and subsequent guidance set out in Working Together 2018.
2. That the application of the outlined proposals for the Wolverhampton Safeguarding Children's Board to be applied to the Wolverhampton Safeguarding Adult's Board

be endorsed, to ensure the continued integration of the arrangements going forward.

3. That it be agreed that City of Wolverhampton Council, as a statutory safeguarding partner in both arrangements, participate within the Wolverhampton Safeguarding Together arrangements, as set out in Appendix 1 to this report.
4. That it be noted that the new arrangements for children were published on 28 June 2019 in line with statutory requirements and will take effect from 30 September 2019.

9 **Exclusion of press and public**

Resolved:

That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).

10 **Grand Theatre Expansion Plans**

Councillor Harman Banger presented Grand Theatre Expansion Plans that was exempt as it contained information relating to the financial or business affairs of any particular person (including the authority holding that information).

Resolved:

1. That the City of Wolverhampton Council (Grand Theatre Expansion) Compulsory Purchase Order ("the Order") under Section 226 (1) (a) of the Town and Country Planning Act 1990 and Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 be made for the acquisition of land and new rights within the area shown coloured edged red on the plan detailed in the report for the purposes of securing an expansion of the adjacent Grand Theatre.
2. That authority be delegated to the Cabinet Member for City Economy, in consultation with the Director of Regeneration, to:
 - a. Take all necessary steps as soon as is reasonably practical to secure the making, confirmation and implementation of the Order including the publication and service of all notices and the presentation of the Council's case at any Public Inquiry;
 - b. Acquire interests in land and new rights within the Order either by agreement or compulsorily including prior to the making of the Order;
 - c. Approve agreements with land owners setting out the terms for the withdrawal of objections to the Order, including where appropriate seeking exclusion of land or new rights from the Order and/or making arrangements for rehousing or relocation of any occupiers.
3. That the Chief Legal Officer be authorised to execute all necessary legal agreements relating to the Order and the acquisition of land.

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 CITY OF WOLVERHAMPTON COUNCIL	<h1>Cabinet</h1> <h2>11 September 2019</h2>
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Report title	i54 Western Extension – Phases 4 and 5 Budget Approval	
Decision designation	RED	
Cabinet member with lead responsibility	Councillor Harman Banger City Economy	
Key decision	Yes	
In forward plan	Yes	
Wards affected	Oxley, Bushbury North	
Accountable director	Richard Lawrence, Director of Regeneration	
Originating service	City Development	
Accountable employee	Peter Taylor	Head of City Development
	Tel	01902 555851
	Email	peter.taylor@wolverhampton.gov.uk
Report to be considered by	Strategic Executive Board 2 September 2019	

Recommendations for decision:

The Cabinet is recommended to recommend that Council:

1. Approve the capital budget for the remaining phases of the i54 Western Extension programme of £22.75 million and the associated funding strategy outlined in the report.
2. Delegate authority to the Cabinet Members for City Economy and Resources, in consultation with the Director of Regeneration and Director of Finance, to approve any variations to the i54 Western Extension supplementary budgets in the event of any changes to external funding sources.

Recommendations for noting:

The Cabinet is recommended to note:

1. In January 2019 Cabinet approved the delivery of Phases 1 – 3 of the i54 Western Extension.
2. This report is a follow up report from the January 2019 Cabinet report from which approval was obtained to progress with the first phases of the i54 Western Extension project with the recommendation that a further report would be presented to Cabinet seeking approval to progress phases 4, 5a, 5b and 5c.
3. The progress made in delivering the i54 project to date.
4. The progress made on the i54 Western Extension project including the Access Road contract, progression of design and preparations for the next phases of work and, key outputs and delivery programme.
5. The status of the funding strategy, key delivery agreements and governance arrangements including, the Joint Venture Agreement and Business Rate Retention Agreement with Staffordshire County Council and South Staffordshire Council.
6. Delegated authority, which was approved in the previous January 19 Cabinet Report to the Cabinet Members for City Economy and Resources, in consultation with the Director of Regeneration and Director of Finance, to approve a series of key agreements required to progress the works in accordance with the agreed funding and delivery strategy.
7. That a key constituent of the funding strategy is that any borrowing costs, including interest are paid back from rates generated by the Western Extension site.

1.0 Purpose

- 1.1 In January 2019, Cabinet approved a funding strategy and budget for the following Phases of work to bring forward i54 Western Extension:
Phase 1 Site Clearance and Ecological Habitat Work, Phase 2 Access Road and Services Corridor, Phase 3 Bridleway Diversion
- 1.2 With all key Funding and Delivery Agreements in place the Access Road Contract encompassing the above Phases commenced in June and good progress is being made and on track for completion next Spring.
- 1.3 This Cabinet report is seeking approval to progress the next phases of work comprising:
Phase 4 Services Reservations, Phase 5a Green Infrastructure Zone 1, Phase 5b Platform Preparations, Phase 5c Green Infrastructure Zone 2.
- 1.4 The next contract is programmed to commence June 2020 which will see development plots prepared and serviced for disposal from late 2021 onwards.

2.0 Background

i54 Western Extension

- 2.1 i54 Western Extension is land to the West of the existing i54 estate comprising 100 acres (40 ha). Its ownership is split as follows:
i54 Western Extension South - City of Wolverhampton Council (CWC) 60acres / 24 ha
i54 Western Extension North - Midlands Land Portfolio Ltd (MLPL) 40acres / 16 ha
Midlands Land Portfolio Limited (MLPL) is a property vehicle of Severn Trent Plc.
- 2.2 Studies demonstrated a serious undersupply in the region of sites suitable for large scale manufacturers. The land to the west of i54 has both the scale and accessibility to respond to the demand for such sites.
- 2.3 The objective is to deliver the proposal in the South Staffordshire Local Plan Site to extend the adjoining i54 Strategic Employment Area to ensure there are adequate opportunities to continue the successful attraction of high quality, high technology advanced manufacturing uses and to build on the success of i54 and meet the strategic objectives of the partnering authorities, their respective LEP's and the West Midlands Combined Authority.
- 2.4 Significant progress has been made by the partnering authorities through the feasibility and design work and successfully securing an outline planning consent in March 2019 for an access road, from the existing i54 site and for up to 100,000m² of B1 and B2 employment use on the Council's land.
- 2.5 Works commenced on site end of June with the Access Road Contract incorporating site clearance, ecological habitat work, bridleway diversion and the main access road which is programmed to be substantively complete by March 2020.

- 2.6 The various phases with respective budgets were illustrated in the Cabinet report of 23 January 2019. The report also provided a brief status on budget approval. Phases; General, 1, 2, & 3 were approved via a delegated authority Individual Executive Decision Notice (IEDN) dated 15 May 2019.

This Cabinet report is seeking budget approval for Phases 4 and 5.

Marketing Strategy

- 2.7 Property Agents JLL and Bulleys have been appointed to market and promote the land. Flexibility was built into the masterplan to allow for both a single unit or a multiple unit scheme and the site will be marketed with the same flexibility on a dual approach which has been the agent's recommendation. This will support the initiative of the partnering authorities for i54 Western Extension to provide fully serviced and prepared employment land capable of accommodating major investor / occupiers.
- 2.8 The proposed extension has already attracted market interest including an enquiry from a significant international manufacturer. Given their operational start requirements however and the need for a 'shovel ready' site they sought alternative locations. Further inward investment enquiries have been received and as such the Partners are committed to bringing forward the land to be in a position to accommodate high value manufacturing occupiers. It is essential that further enquiries are not lost and that the site is prepared for development at the earliest opportunity.

Delivery and Funding Strategy

- 2.9 As previously set out in the January 2019 Cabinet Report the overriding funding strategy principles for the i54 Western Extension project are similar to those which applied to the existing i54 South Staffordshire Enterprise Zone site:
- a. Equity is the driving principle.
 - b. Sharing risk equally means that the funding partners will equally share reward.
 - c. The project will be treated in a similar way to an Enterprise Zone over a 25 year time period - if the project payback has been cleared before the 25 year period, any subsequent financial benefit will be shared for the remaining time period.
 - d. Any capital receipts from plot sales will be used as a first call in paying back prudential borrowing.
 - e. There is an expectation that the Stoke-on-Trent and Staffordshire LEP (SSLEP) and Black Country LEP (BCLEP) will contribute equally to the project (through grant funding, business rates receipts or a combination of both).
 - f. Because of the uncertainty related to Government Business Rates policy, a request will be made to the SSLEP and BCLEP to underwrite public sector borrowing related to the project.
 - g. A number of key investment decision gateways will be built into the project plan to confirm intention to invest in significant capital expenditure at appropriate break points in the project to mitigate against risk related to wider macro-economic conditions and policy change (such as the wider economic market and Business Rates policy).

h. The financial modelling for the project is built around the 60 acres of land in the ownership of City of Wolverhampton Council, rather than the full 100 acres of the Western Extension site.

3.0 Funding Strategy – Update on Agreements

3.1 The following section sets out the estimated development costs, risks and contingency allowance along with the various funding streams which comprise the overall funding and delivery strategy.

Development Costs Update

3.2 The table below sets out the breakdown on the development costs for the Access Road Works and Platform Preparation Works.

Table 1 - Western Extension Development Costs

Work Element	Cost Estimate £m
Access Road	
Construction Works, Project / Design Fees, Other project Costs	4.5
Risk Allowance, Inflation Risk Allowance	0.8
Total	5.3
Site Preparation & On Site Roads	
Construction Works, Project / Design Fees, Other Project Costs	22.8
S106 Contributions	1.4
Risk Allowance, Inflation Risk Allowance	3.2
Total	27.4
Estimate Total	32.7
Client Contingency	5.8
Client Budget Total	38.5

Current Potential Savings

3.3 The project team have been undertaking regular cost estimate reviews as the detail of the project progresses and key elements negotiated with consultees and the contract sum for the Access Road is agreed.

3.4 Various potential project savings as tabled below have been identified and once verified will be modelled by the finance teams to understand what positive impact the savings have on the funding strategy, the anticipated payback period and overall project risk profile.

Table 2 - Potential Western Extension Project Savings

Item	Comments	Estimate £m
Access Road Package	Saving from design and contractor involvement	2.5
Power Supply	Revised loadings £5.33 million 14MVA to £3.0m 8MVA WPD	2.3
S106 Agreement	Various cost provisions negotiated out	1.7
Inflation Allowances	Inflation allowances for Access Road now omitted Applied to platform Access Road Works only	0.4
Potential Saving Total		6.9

3.5 The team continue to identify further potential savings and the following have been highlighted for detailed review:

- a. Platform Preparation and ground remodelling cost efficiencies and potential reduced subcontractor rates.
- b. Further savings on power distribution costs.
- c. Risk provision reduction now the Access Road contract has been let.
- d. Potentially reduce Client contingency levels as the work packages get designed, procured and works commence on site.

3.6 Whilst a number of potential savings have been identified across the project and the team continue to consider areas of introducing cost efficiencies as well as reviewing and updating project risk and contingency levels, the recommendation is that the initial budget estimate of £38.5 million is retained. Works on site are still at a very early stage and programme delivery might be impacted through for example adverse weather or lack of third party action which could have a negative cost impact. This will be continually reviewed on a monthly basis.

4.0 Risks

4.1 The following provides an update on the key risks and their current status along with any proposed risk mitigation measures.

This table is PRIVATE – exempt from publication under Schedule 12A of the Local Government Act 1972 (as amended), Part 1, Paragraph 3.

4.2 A detailed risk register is continually being updated as the project progresses. Cost provision for risk impact associated with Access Road contract and the platform preparation works have been identified separately. As the scheme has progressed a number of strategic risks have now been managed out and closed.

5.0 Evaluation of alternative options

- 5.1 The previous Cabinet report in January 2019 considered and approved the various scheme options. The evaluation of alternative options below is based on two options;
Option 1 - The Cabinet/Council decide not to approve the budget and do not progress the next phases 4 and 5 or,
Option 2 - the Cabinet/Council approve the budget and progress the next phases.

Table 4 - Western Extension Alternative Options

Option	Benefits	Negatives
Option 1 – Cabinet do not approve a Capital Budget for Platform Works & Services		
<p>This option would result in the expansion land remaining undeveloped. The JV partners will not pursue the development of the City's 60 acres.</p>	<ul style="list-style-type: none"> • No Cost to the council both financial and staff resource. • No Financial risk • Local residents remain unaffected by any platform preparation works 	<ul style="list-style-type: none"> • The land at the end of the Access Road would remain unprepared for development. • Grant obtained for the Access Road would potentially need to be repaid to the BCLEP • Abortive costs incurred for already feasibility, planning and design costs associated with Platform Preparation works. • Deliver no regeneration or economic development benefits • Would provide a negative signal to the market about the confidence of the public sector partner's in future commercial growth in this significantly important area of the West Midlands. • Formal adoption from Green Belt to Employment land would be wasted. • Missed opportunity to build on the benefits realised through i54 • Failure to meet the Strategic Economic Benefits of the City, Black Country and Combined Authority • Inward investment opportunities lost to sites outside the region.
Option 2 - Cabinet approve a new Capital Budget for Platform Works & Services		
<p>This option progresses with developing 60 acres with development.</p>	<ul style="list-style-type: none"> • Demonstrates the Council's and Partners commitment to attracting business investment • Makes ready plots of size and scale to respond to the occupier market. • Contributes to the Councils strategic plan for creating good quality jobs • Supports the West Midlands Combined Authority and the 	<ul style="list-style-type: none"> • Requires the Councils to forward fund the works until Grant, Land Receipt and Business become available to payback the borrowing • Local residents would potentially be impacted through the build programme

	<p>BC LEP Strategic Economic Plan</p> <ul style="list-style-type: none">• Creates an opportunity for the Council to benefit from a share of future rates which would be collected and distributed by South Staffordshire Council.	
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6.0 Reasons for decision

- 6.1 Option 1 – Cabinet do not to approve a Capital Budget for Platform Works & Services. It is recommended this option is not pursued as the current project conditions support a positive decision to proceed with Option 2. The key funding and delivery agreements are in place to deliver the full scope of works as set out in paragraph 2.7 above.
- 6.2 Option 2 - Cabinet approve a new Capital Budget for Platform Works & Services. This recommended option would firstly reconfirm the three partnering authorities' commitment to building upon the success of i54 and secondly the continued promotion and development of the Junction 2 cluster of advanced manufacturing and high value manufacturing jobs.
- 6.3 Progressing with the following phases to prepare the plots for end user occupiers will deliver strategic economic objectives at local, regional and national level providing the following outcomes;
- a. Up to 100,000m² of Advanced Manufacturing / high value Engineering Floor Space
 - b. Circa 1,700 plus FTE High Value Jobs providing opportunities for local people
 - c. Gross Value Added (GVA) In the region of Circa £110 million
 - d. Circa 250 FTE Construction Job opportunities
 - e. £300 million plus Private Investment
 - f. Enhancing the cluster of High Value businesses around Junction 2.
- 6.4 i54 Western Extension is seen by the West Midlands Combined Authority and Black Country Local Enterprise Partnership as a strategic site and one that will play a key role in meeting the objectives of its Strategic Economic Plan (SEP) and further develop the Black Country's internationally recognised engineering base.

7.0 Financial implications

Current Approved Budget

- 7.1 The current approved partnership budget to deliver to Phase 3 of the Western Extension project is £10 million, £5 million of the funding being Local Growth Fund grant paid to CWC from the BCLEP and £5 million from the City of Wolverhampton and Staffordshire County Councils (SCC)'s own resources. The current approved partnership budget is shown in more detail at Appendix 1a.

7.2 SCC are leading on the construction contract and therefore incurring most of the direct expenditure for the project. As CWC is the initial recipient of the grants, however, it is necessary for CWC to pass 50 per cent of the grant that we secure across to SCC in line with the shared equity principle. Accounting regulation stipulates that any contributions (of grant or capital receipts) from CWC to SCC, in line with the Joint Venture agreement, should be treated as capital expenditure by the Council. (This is explained in more detail in paragraph 7.4) CWC's current approved budget, which is shown in greater detail at Appendix 1b, is therefore £7.5 million.

Revised Budget Requirement

7.3 The revised partnership budget to deliver all phases of the Western Extension project, in line with the anticipated funding strategy and previously agreed gateway process subject to approval of this report, is as per the table below.

This table is PRIVATE – exempt from publication under Schedule 12A of the Local Government Act 1972 (as amended), Part 1, Paragraph 3.

7.4 The following table analyses the sources of financing by the initial recipient. For example, the capital receipts from the developed site will initially be received by the City Council as owner of the undeveloped land.

This table is PRIVATE – exempt from publication under Schedule 12A of the Local Government Act 1972 (as amended), Part 1, Paragraph 3.

As mentioned previously, SCC are leading on the project and therefore will incur most of the expenditure. CWC will therefore pass an element of the financing we receive across to SCC (retaining what we need to fund half the expenditure in line with the Joint Venture arrangement). Accounting regulation stipulates that the when the Council passes grant and capital receipts to SCC, it should be treated as capital expenditure by the Council.

7.5 CWC's share of the approved budget to deliver all phases of the Western Extension project would therefore be as per the table below.

This table is PRIVATE – exempt from publication under Schedule 12A of the Local Government Act 1972 (as amended), Part 1, Paragraph 3.

7.6 Approval is therefore sought for the revised i54 Western Extension capital programme of £30.25 million in line with the financing arrangements detailed in the table above. This will increase the capital budget for CWC for the Western Extension project by £22.75 million from the existing approved £7.5 million. The net increases in the partnership and CWC capital expenditure budgets and their financing are shown in more detail at Appendices 3a and 3b respectively.

7.7 It should be noted that any future changes in project expenditure may impact the level of grant received. As CWC is the initial recipient of the grants, this may impact on the reporting as it could indicate growth or reduction in our budgets if the grant is amended.

7.8 Since January 2019 when Cabinet approved the principle of a funding strategy based on a combination of grant funding, land receipts from serviced plots and borrowing (which will be covered from S&SLEP's share of business rates from i54 and future Western Extension rates), good progress has been made in securing the required funding, governance and management framework for the project, as shown below.

This table is PRIVATE – exempt from publication under Schedule 12A of the Local Government Act 1972 (as amended), Part 1, Paragraph 3.

- 7.9 A Joint Venture Agreement between CWC and SCC which covers governance and management arrangements, including the funding strategy and financial management arrangements, was completed and approved by way of an IEDN approved on 15 May 2019. It is based on the principles of the previous i54 Joint Venture whereby grants, contributions and business rates are used to offset and repay the borrowing that is incurred equally by CWC and SCC.
- 7.10 A Business Rates Collection and Distribution Agreement between CWC, SSC and SCC has been also completed. A key constituent of this is that future rates from i54 Western Extension will be collected by South Staffordshire Council as collecting authority which will distribute retained rates to the Joint Venture Partners to payback the borrowing costs.
- 7.11 Financial modelling has been undertaken based on the funding strategy described in this report, capital expenditure forecasts and the anticipated introduction of the various funding streams through the life of the project. Several scenarios have been modelled with the most likely outcomes being a 15 to 20 year payback of CWC borrowing from S&SLEP's share of business rates from i54 and future Western Extension rates, with all borrowing repaid by 2033 to 2038.
- 7.12 Subject to the terms of the Business Rates Collection and Distribution Agreement, the Joint Venture arrangement also includes provision for CWC to take a third share of the retained rates from Western Extension, once the borrowing has been paid off, for the remainder of the 25 year life of the Agreement. By way of simple example, in the event of the borrowing costs being paid off in 15 years, the three authorities (Wolverhampton, Staffordshire and South Staffordshire) will benefit from an equal share of business rates for the remaining 10 years.

[RT/22082019/G]

8.0 Legal implications

8.1 A number of key agreements were approved in the Cabinet report approved on 23 January 2019. The approval of the budget as set out in the recommendations will allow the scheme to progress.

[TS/22072019/Q]

9.0 Equalities implications

- 9.1 The contribution towards equality that i54 has already demonstrated and what is anticipated the Western Extension will achieve was set out in the previous Cabinet Report January 2019.

10.0 Climate change and environmental implications

- 10.1 The development proposals and consented scheme have undergone a full Environmental Impact Assessment and along with responses through the Pre-application consultation process various design solutions have been established to help mitigate environmental impacts, including;
- a. Loss of habitat and bio-diversity through potential developed have been considered in the proposals and onsite mitigation and offsite compensation measures have been provided.
 - b. Visual and Environmental impact on the adjacent Pendeford Mobile Home Park has been considered and measures introduced such as the formation of an acoustic and visual landscaped bund.
 - c. It is proposed to form the bund as early as possible in the programme to help reduce noise and dust transfer during the construction works.
 - d. Construction Management Plans will be prepared prior to works commencing including the control of Heavy Good Vehicles to protect the surrounding residential areas.
 - e. The capacity within the highway network around i54 and Junction 2 continues to be improved with further highway improvement works along the A449 Stafford Road programmed to be complete prior to occupation of the western Extension.
 - f. Sustainable Travel is also a major area of focus and the Partners through the i54 Travel Plan Steering Group have been extremely successful in working with both operators and occupiers to provide sustainable travel solutions. The group will continue to work with new occupiers and businesses to i54, western extension and the wider Junction 2 area.

11.0 Human resources implications

- 11.1 There are no human resources implications arising from this report.

12.0 Corporate landlord implications

- 12.1 The 60 acres owned by the Council are being managed by the City Development team and the Joint Venture investment will enhance the value of the Council's land holding and deliver the Council's regeneration objectives.

13.0 Health and wellbeing implications

13.1 The Section 106 Agreement accompanying the Planning Consent included a financial contribution towards various health and wellbeing activities at Pendeford Hall Nature Reserve. These were set out in the previous Cabinet Report of 23 January 2019.

14.0 Schedule of background papers

Cabinet, 23 January 2019 - [i54 Western Extension](#)

Individual Executive Decision Notice, 5 March 2019 - i54 Western Extension Section 106 Agreement

Individual Executive Decision Notice, 13 March 2019 - [Deed of Release of Restrictive Covenants and Options](#)

Individual Executive Decision Notice, 15 May 2019 - Capital Budget and Joint Venture Agreement

Individual Executive Decision Notice, 2 July 2019 - [i54 Western Extension - Business Rates Collection & Distribution Agreement](#)

15.0 Appendices

Appendix 1 - Current Approved Budgets

This appendix is PRIVATE – exempt from publication under Schedule 12A of the Local Government Act 1972 (as amended), Part 1, Paragraph 3.

Appendix 2 - Revised Budgets

This appendix is PRIVATE – exempt from publication under Schedule 12A of the Local Government Act 1972 (as amended), Part 1, Paragraph 3.

Appendix 3 - Net Increase in Budgets

This appendix is PRIVATE – exempt from publication under Schedule 12A of the Local Government Act 1972 (as amended), Part 1, Paragraph 3.

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