



## **WEST MIDLANDS** COMBINED AUTHORITY

# **Board Meeting**

<b>Date</b>	17 March 2017
<b>Report title</b>	Land Fund: Black Country Strategic Brownfield Land Programme Bid
<b>Cabinet Member Portfolio Lead</b>	Councillor Izzi Seccombe – Finance & Investments Councillor Sean Coughlan – Land Commission
<b>Accountable Chief Executive</b>	Jan Britton – Sandwell MBC
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<b>Report has been considered by</b>	WMCA Investment Board – 27 February 2017 WMCA Programme Board – 3 March 2017

### **Recommendation(s) for action or decision:**

#### **The Combined Authority Board is recommended by the investment Board to:**

1. Approve a £53m facility to be made available to the Black Country LEP from 2017/18 to deliver a remediation programme designed to deliver 1600 houses, 1800 jobs and 126,000 sqm of commercial floorspace.
2. Note that a future proposal will be brought to the Combined Authority supporting the Black Country wide strategic Land programme for a minimum of £150m, subject to the success of this initial phase.
3. Note agreement has been reached via Management Board, for an officer from the WMCA to sit on the Funding Sub-Board of the Black Country LEP.
4. Note that recognition will be afforded to the WMCA, through use of their branding and logo on sites being remediated.

## **1.0 Purpose**

- 1.1 This report summarises the Black Country Land Development programme, proposed by the Black Country LEP (BCLEP), which seeks to deliver a wide-ranging Brownfield Land site preparation and remediation programme to bring forward a portfolio of strategic sites for Commercial and Residential development.

## **2.0 Background**

### **2.1 Black Country wide pipeline of deliverable of Land Remediation schemes**

The Black Country Strategic Brownfield Land Programme has identified a robust and deliverable pipeline of £342m of schemes, leveraging total Investment of over £1.4bn within three Priority Propositions of Delivering Black Country Garden City, Establishing High Value Manufacturing (HVM) Capital City, and Strategic Population Centres.

- 2.2 Development of the Black Country wide pipeline has identified the current supply of sites, their physical size, their Ownership and Benchmarked Potential Outputs each site could deliver.
- 2.3 BC LEP have funded a number of feasibility studies to support Scheme Business Case development to inform Scheme cost structures and development plans, and addressed viability issues to enable major strategic scheme development to proceed.
- 2.4 The LEP Board has also supported development of capacity within Team Black Country for the continuation of effective programme development work across the entire Black Country pipeline of priority projects.

## **3.0 Matters for Consideration**

### **3.1 Programme Approach to delivery of Land Fund schemes**

All of the schemes included in the Pipeline have a minimum of an Initial Proposal Scheme bid supporting them. Each Initial Proposal has 9 core questions addressed by the Bidder to clarify:

- Fit to Core Strategy
- Outputs being purchased
- Finance – Scheme cost, Investment leveraged, Grant support requested
- Compliance with State Aid provisions – to allow Public Sector intervention

Schemes seeking to commence in 17/18 are already completing Full Business Case submissions compliant with HM Treasury 5 Case Model standards. These are subject to Professional Property Expert evaluations and full due diligence evaluations before being submitted to a specialist Funding

Sub Group (FSG) for consideration. The FSG applies Independent Commercial considerations to the bid, backed by detailed Industry knowledge and knowledge of current local market conditions.

Only those scheme bids that successfully navigate this evaluation life cycle will be promoted for Grant support. Indicative schemes are completing Full Business Case submissions prior to full evaluation. Should any of these Scheme bids fail to secure support they will be replaced by alternate Schemes that can deliver the required Outputs, within the 4-year initial timescale.

Of the schemes programmed to start on site remediation works in 2017/18, over 50% have confirmed remediation developers on board and over 30% have end users / construction developers identified.

### 3.2 Phase 1 Programme delivering £53m of Land Fund schemes

The initial drawdown requested of £53m, over the first four years, is profiled below against the Priority Propositions. The Outputs of Jobs, Housing, Commercial Floorspace and Land Remediated are delivered from the Total Investment leveraged, of £371m, and are shown below on the right side of the table.

In Phase 1, as in Phase 2, there will be an uplift in the business rateable value of the land.

Priority Propositions	Total Project Investment £m	Total Funding £m	% Total Leverage	Total Outputs 17/18 20/21 +			
				Housing	Jobs Created	Commercial Floorspace (sqm)	Land Remediated (ha)
Establishing High Value Manufacturing City	£68.99	£15.94	76.89%	0	1,403	77,703	22.27
Delivering Black Country Garden City	£97.17	£9.70	90.02%	718	0	0	6.80
Strategic Population Centres	£205.55	£27.40	86.67%	940	459	48,703	17.08
<b>Total</b>	<b>£371.71</b>	<b>£53.04</b>	<b>85.73%</b>	<b>1,658</b>	<b>1,862</b>	<b>126,406</b>	<b>46.15</b>

### 3.3 Phase 2 Programme delivering £97m of Land Fund Schemes

Black Country LEP will be seeking a second Phase of a further £97m funding support in pursuit of its broader Strategic Ambitions following successful early delivery of Priority Schemes supported in the initial £53m facility.

Black Country partners have a clear ambition to embrace transformational change of our locality, our business base and our communities. We have a strategy to:

- create a future GVA uplift of £19bn,
- provide land for an additional 40,000 homes,
- create/transform 875ha of employment land to high quality, and
- create the conditions for businesses to employ 100,000 new jobs,
- supported by an ambition to raise our skills out turn with an additional 90,000 people qualified to NVQ Level 4 and an additional 58,000 upskilled.

The lack of sites available for immediate development is a fundamental barrier to economic growth in the Black Country, adversely impacting our ability to retain businesses seeking new development or make available sites for inward investors.

Priority Proposition	Total Project Investment £m	Total Funding Bid (£m)	Total Leverage (£m)	Total Outputs				
				Jobs Created	Housing	Learner Assists	Land Remediated (ha)	Commercial Floorspace (sqm)
Establishing High Value Manufacturing City	£536.01	£169.90	£366.11	10,473	536	0	143.77	568,436
Delivering Black Country Garden City	£630.88	£139.73	£491.15	115	12,080	0	202.84	2,760
Strategic Population Centres	£266.56	£33.01	£233.56	1,499	980	1,915	17.27	69,323
<b>Total</b>	<b>£1,433.45</b>	<b>£342.64</b>	<b>£1,090.82</b>	<b>12,087</b>	<b>13,596</b>	<b>1,915</b>	<b>363.88</b>	<b>640,519</b>

The Black Country has demonstrated strong performance over the past year across a number of measures - employment, qualifications and an above average increase in average annual resident incomes and further support is sought to extend that performance into future years.

### 3.4 Governance, Monitoring and Control of Phase 1 Programme

The Black Country Assurance Framework is developed and was fully deployed during 2015 and 2016, with full delegation from BEIS to deliver contracted outputs from Approved schemes. It reflects latest guidelines from BEIS and is fully consistent with WMCA Assurance Framework.

### 3.5 Track record of delivering LGF contracted Outputs

Black Country progress to date in extracting significant value from LGF awarded has been excellent in promoting and supporting priority schemes which deliver Outputs targeted in the Strategic Economic Plan. LGF allocations in 15/16 were fully committed to priority schemes with a range of Outputs being delivered against agreed BEIS Output targets. It is understood that based on 15/16 performance Central Government have decided BC LEP will be awarded a premium in GD3 to reflect its success.

### **3.6 WMCA Assurance during delivery of Phase 1 of Land Fund schemes**

The WMCA Management Board has nominated a representative to attend the BC LEP Funding Sub Board when Land Remediation bids are being considered, to ensure transparency and provide assurance during consideration of Land Fund related Scheme bids. The representative would receive a full copy of any supporting papers specific to Land Fund related Scheme bids received by the LEP Board members in considering their recommendation.

### **3.7 Additional papers required for Black Country Strategic Brownfield Land Programme bid**

The attached papers were requested at the Investment Advisory Board review of the Black Country Strategic Brownfield Land Programme bid.

- Individual Initial Proposals for all of the Indicative Schemes within the £53m initial bid – it is to be noted that the phasing of expenditure and delivery of outputs will be confirmed in the Full Business Case submissions.
- Mapping of these indicative schemes against proposed intervention areas / corridors, with the planned Metro development overlaid for additional context
- Summary Dashboard of the 3 Priority Propositions
- Summary Dashboard detailing the Outputs to be delivered by the indicative schemes
- Example Dashboards that show normal BC LEP Reporting of Performance to the LEP Board and Joint Committee, which we would tailor to report Land Fund progress
- Copy of BC LEP Assurance Framework extract, which includes the Project Lifecycle section that provides a process flow from Initial bid through to Approval and Grant Contract Award.

### **4.0 Financial implications**

4.1 The £53.4m funding will come from the WMCA Land Remediation fund which forms part of the overall £8bn investment program.

4.2 The potential drawdown in 2017/18 has been included within the annual Treasury Management Program.

### **5.0 Legal implications**

5.1 An Accountable body agreement will need to be drawn up between the WMCA and Black country LEP.

### **6.0 Equalities implications**

6.1 The activities of the portfolio are reflected in the draft WMCA Equalities

Scheme.

**7.0 Other implications**

7.1 N/A

**8.0 Schedule of background papers**

8.1 Appendix 1 – Priority Propositions

## **APPENDIX 1**

The three Priority Propositions are detailed as:

### **Black Country Garden City**

Our ambition is to accelerate house building and improve our housing mix by treating our supply of brownfield land as an opportunity for imaginative place-shaping and the creation of sustainable communities. We are working with our local authority partners, local communities, the house building industry and the Homes and Communities Agency to create new aspirational locations for quality housing. Together these developments will deliver a 21st century Black Country interpretation of a Garden City in an urban setting.

Over 20,000 new homes have been built since 2006. We are aiming to lever £6bn investment to enable an additional 45,000 homes to be built by 2026.

### **High Value Manufacturing (HVM) City**

This is a series of interventions to accelerate the growth of high value manufacturing businesses in the Black Country. It capitalises on our clusters of innovative businesses in the aerospace, automotive and construction sectors and the new supply chain opportunities arising from developments such as the arrival of HS2 and the accelerated house building we plan to deliver. We are seeking to develop a portfolio of sites of industrial excellence to enable us to repeat our success at i54 where we brought together location, environmental quality and business excellence.

Our ambition is to develop the local supply chain, re-shoring activity to the Black Country, generating an additional £1bn GVA, creating 25,000 jobs and raising skills and productivity.

### **Strategic Centres**

Our four strategic centres make a significant contribution to the Black Country economy. They provide around a quarter of the area's jobs, are increasingly important as a location for housing and are a key factor in the Black Country's attractiveness as a place in which to live, work, visit and invest.

Wolverhampton has seen significant investment with the City Interchange, the University's City Centre Campus, and the refurbishment of the Mander Centre. The most significant cluster of strategic centre projects in our pipeline is also in Wolverhampton, which accounts for over half of the economic growth that we envisage being generated by our strategic centres.

This priority complements the WMCA SEP priority "Exploiting the Economic Geography" with its focus on the role of the three city centres (Birmingham, Coventry and Wolverhampton) and the massive spatial and connectivity impact of HS2 and HS3.