

Greater Birmingham and Solihull Local Enterprise Partnership

Project Full Approval – Kingswood Lakeside Phase 2

25th November 2016

Recommendation:

The GBSLEP Growth Team is asked to:

- i. Approve the funding of the Kingswood Lakeside Phase 2 project for an additional Local Growth Fund grant of £1,460,000. Whilst this project would be approved by the LEP Director under delegated authority, it was deemed appropriate for the Growth Team to approve the allocation given the value of the additional LGF ask. Total project cost is £2,160,000 fully funded through the GBSLEP LGF.

Background

1. On the 1st September 2016 Staffordshire County Council received written approval for Kingswood Lakeside Phase 1 for a LGF grant of £800,000. The funding has been used for the ground treatment work to enable First Choice Catering Ltd to occupy the site and create 9,311m² commercial floorspace and an anticipated 240 jobs by 2020.
2. Following receipt of a business case for Kingswood Lakeside Phase 2, Staffordshire County Council has received written approval from the LEP Director for a Local Growth Fund grant of £700,000. This followed an Independent Technical Evaluation of the business case on the 5th December 2015 recommending approval.
3. The funding related to the remediation of 6.1 hectares of redevelopment land within Kingswood Lakeside Zone A. The site had been blighted by historical mining activities and the remediation of the site will facilitate inward investment from private sector developers to create 24,748m² of commercial floorspace and 469 jobs created or safeguarded.
4. On the 10th October 2016 the GBSLEP received an addendum to the business case for Kingswood Lakeside Phase 2 which is seeking an additional £1,460,000 LGF and will increase the total LGF ask to £2,160,000.
5. The additional request for £1,460,000 will enable Phase 2 to move from a speculative development to actual site interest. There are three plots covering Zone A and Opus Land are progressing the purchase for 'Plot 1' which covers 17.31 acres (7.005 ha) of undeveloped land.
6. Once remediated Plot 1 will accommodate:

Description	Outputs/Outcomes	Previous Phase 2 Outputs/Outcomes
Commercial floorspace	30,300m ²	24,748m ²
Job creation	508	469
Private Sector Investment	£13.75m	£7.49m

7. Without a LGF contribution the remediation of the site would not be financial viable for Opus Land who will be seeking planning approval for the first of 3 developments spring 2017. Additional planning approvals will be submitted for developments 2 and 3 between spring 2017 and spring 2019. All developments are expected to be completed between November 2018 and autumn 2020 and jobs created between March 2019 and March 2021.
8. Two further sites plots within Zone A also have development interest once the site have been remediated.
9. The Independent Technical Evaluator formally made recommendations to the GBSLEP to approve the FBC in November 2016.
10. The process is compliant with the GBSLEP Accountability Framework

Funding Profile

11. The Full Business Case requests an additional LGF grant of £1,460,000 to deliver the project. The total project cost is £2,160,000 which is fully supported through the GBSLEP LGF.
12. In order to progress this project as a cross LEP application a request for match funding was sought by Staffordshire Council to Stoke & Staffs LEP in October 2016. The recommendation of the City Deal and Growth Deal Programme Group to the Executive Group was that 'there was no headroom in their current allocation of Growth Deal funding and, that no projects could be de-allocated at this time'.
13. The following funding profile is highlighted in the addendum to the Full Business Case:

	2016/17	2017/18	2018/19	Total
	£	£	£	£
Capital (LGF) Phase 2	700,000			700,000
Additional LGF Phase 2	150,000	1,135,000	175,000	1,460,000
Total	850,000	1,135,000	175,000	2,160,000

Funding Agreement

14. A Deed of Variation is being developed in collaboration with Birmingham City Council's Legal Services and Staffordshire County Council which amends key dates, milestones and outputs. The project will be monitored quarterly by the GBSLEP.

Conclusion

15. The Growth Team is asked to agree the approval of an additional LGF fund grant of £1,460,000 and a total LGF allocation of £2,160,000.

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