

# BRIEFING NOTE

Agenda Item no. 7

TO: REGENERATION SCRUTINY AND PERFORMANCE PANEL  
DATE: 18 JULY 2013

RE: BLACK COUNTRY ENTERPRISE ZONE - DARLASTON

## Purpose

The purpose of the report is to provide an update on Black Country Enterprise Zone, particularly in relation to the Darlaston EZ sites.

## Black Country Enterprise Zone

### Background Information

In 2011 DCLG formally approved the Black Country Enterprise Zone (BC EZ) with the purpose to create sustainable private-sector led economic growth and job creation. The BC EZ comprises a portfolio of sites totalling over 120 hectares split across two locations; Darlaston and Wolverhampton North (see site plans appended). The zone encourages a wide range of sectors including advanced manufacturing, transport technologies, construction, environmental and business services, and offers a variety of support to businesses including business rate discount, Enhanced Capital Allowances (on 3 selected sites within Darlaston) and simplified planning regulations (i.e. Darlaston Local Development Order).

The Darlaston part of the Zone comprises of a cluster of 14 sites either side of the M6 at Junction 10, providing some 40ha of developable land. The sites consist currently of low grade employment land that are either cleared/derelict vacant sites or part occupied; the majority of which are privately owned by different landowners aside from the Phoenix 10 site that is currently in public ownership. The sites are known to have infrastructure needs and ground condition problems that make development projects in the current market unviable.

The Wolverhampton North part of the Zone area is comprised of the regionally significant i54 site and four other development opportunities in the immediate surrounding area of Junction 2 of the M54. The sites are largely cleared and available for immediate development, with the majority also benefiting from outline planning permissions. The i54 site has seen significant investment and job creation through the provision of new facilities by Moog Aircraft Group (£15m investment) and Eurofins (£5m investment), and the on-going construction of the Jaguar Land Rover engine plant (£0.5b investment).

A number of work streams to support the delivery of the BCEZ are being jointly progressed by Walsall MBC, Wolverhampton CC and the BC LEP through the existing governance arrangements, which also include key partners such as DCLG and the HCA. To support the Local Authority partners with delivery, a management consultancy service was procured and the successful consultant, DTZ, appointed in late 2012 to advise on financial models and delivery mechanisms for the EZ along with providing industrial commercial market advice to shape the zone's offer.

### **BCEZ Investment Strategy**

As part of DTZ's appointment, detailed financial modelling work is being progressed to further understand the level of investment potential provided by the business rate uplift additionality/retention across the zone. This is being completed through the use of the 'DTZ Model' and is currently informing the investment discussions and decisions in relation to the i54 and Phoenix 10 sites.

A project team, led by DTZ and formed of specialist transport, utilities and reclamation consultants, architects and quantity surveyors, are also progressing works to better understand the infrastructure costs associated with creating viable development platforms on the remaining EZ sites. These costs will form part of the financial model to further project the potential business rate additionality and subsequently inform the site investment priorities for the remainder of the BCEZ sites.

Following the completion of this work, a prioritised investment strategy is expected to be considered by the BC LEP Board in October 2013.

### **Darlaston EZ area**

#### **Sites**

##### *Tempus 10 (Site 2A/B)*

Development advice and discussions have been on-going between the landowner, the Council and consultants DTZ to understand potential funding and partnering opportunities. These discussions have reduced recently due to the enforcement action authorised against the landowner in relation to waste materials on the Opal site (site 2A).

##### *Phoenix 10 (Site 2C/G)*

Following the closure of negotiations with a prospective third party purchaser and completion of the DTZ Options Feasibility report, the Council has agreed to lead the Phoenix 10 project – to acquire the HCA land holding and procure and manage a contract of works for delivery of the site reclamation through a major ground excavation and reinstatement method.

The Council's Cabinet and the BC LEP Board have agreed in principle the reinvestment of future business rate uplift to fund/payback the Council's prudential borrowing to let the reclamation contract. The Council have also agreed a £500k capital budget to fund works towards letting the reclamation contract, including procurement, planning, legal and business case costs. The HCA Board have also HCA the same approvals to progress the project.

Project works currently being progressed by the Council and HCA are:

- Appointment of an external legal team, DWF to act on behalf of the Council in relation to the land transfer and to provide joint legal advice to the Council and HCA to take the project forward.
- DTZ and Amion Consulting Ltd have been jointly commissioned to prepare a full Business Case (based on the five case Green Book appraisal as required by the HCA). This will be reported to the HCA Board in August 2013 to inform agreement to the land transfer and a level of HCA investment into the project. The full Business Case will be reported to Council Cabinet once the reclamation costs have been finalised through the contractor procurement exercise.

- Appointment of external ecologists to undertake survey work during optimum periods and reduce risk to later planning work.
- Procurement of a 'critical friend' has commenced required to review and input into the tender documentation for the procurement of a led technical advisor who will then deliver the reclamation specification, planning process and contractor procurement.

#### *George Dyke (Site 2I)*

During the course of 2012/13 George Dyke Ltd, secured successful orders from, amongst others, the United States Navy through a local supply chain opportunity and invested circa £240,000 in new plant and machinery allowing the company to make full use of the Enhanced Capital Allowances available at this site.

#### *Garringtons (Site 2J)*

The construction of a new business confirmed under the LDO is now completed on part of the Garringtons site, Willenhall Road. The development covers 1.4 acres and includes a workshop building with ancillary offices and storage yard.

#### *Central Point (Site 2K)*

The site is currently being marketed for sale by Savills and CBRE on behalf of the bank following administration of the former site owner.

#### Darlaston EZ Site Investigation Grant Programme

In April 2013 the Council finalised a funding agreement with Sandwell MBC (Accountable Body) for £200k of Growing Places Fund towards a first phase programme of site investigations eligible to Darlaston EZ landowners. To access this funding, three grant applications were received from separate EZ land owners by the grant submission deadline at the end of May 2013. These grant applications were in respect of National Grid (site 2H), Holman Properties (site 2H) and Aspect 2000 (site 2F). The grant applications are currently being assessed by internal officers (i.e. finance checks and technical appraisal of quotations and methodology proposals) and awaiting outstanding/missing information from some land owners prior to finalising individual grant agreements.

#### **Recommendations**

That the Panel note the content of the Black Country Enterprise Zone briefing note.

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