

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET
Report of:	STRATEGIC DIRECTOR FOR ECONOMY
Date of Decision:	20th September 2016
SUBJECT:	LOCAL GROWTH FUND ROUND 3: UPDATE AND NEXT STEPS
Key Decision: Yes	Relevant Forward Plan Ref: 002348/2016
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s) or Relevant Executive Member(s):	Councillor John Clancy – Leader of the Council
Relevant O&S Chairman:	Councillor Zafar Iqbal – Economy, Skills and Transport Councillor Mohammed Aikhlaq – Corporate Resources and Governance
Wards affected:	ALL

1. Purpose of report:	
1.1	On the 12 th April 2016 the Secretary of State for Communities and Local Government invited Local Enterprise Partnerships across the country to bid for a share of £1.8bn of Local Growth Funding (LGF3). Bidding locally has been led by the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), with a formal bid for LGF3 resources totalling £310m submitted to Government on the 28 th July 2016.
1.2	This report seeks Cabinet endorsement of a series of project proposals totalling circa £132m submitted by the Council to GBSLEP for future LGF3 funding consideration.
1.3	This report also sets out the next steps for LGF3 in terms of decision making at both a GBSLEP and Government level.

2. Decision(s) recommended:	
2.1	That Cabinet: Notes the bid for Local Growth Fund 3 resources submitted to Government by the Greater Birmingham and Solihull Local Enterprise Partnership on the 28 th July 2016, as provided as Appendix B to this report.
2.2	Endorses Council project proposals seeking circa £132m of Local Growth Fund 3 resources listed in Appendix A to this report.
2.3	Notes the next steps in terms of decision making for Local Growth Fund 3 resources set out in this report.
2.4	Endorses the Council's proposal to become the Accountable Body for any Local Growth Fund 3 resources awarded to the Greater Birmingham and Solihull Local Enterprise Partnership.

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3. Consultation	
3.1	<p><u>Internal</u></p> <p>Consultation has been undertaken with the Deputy Leader, Cabinet Member for Transport and Roads, Cabinet Member for Value for Money and Efficiency, Cabinet Member for Clean Streets, Recycling and Environment, Cabinet Member for Skills and Learning, Assistant Director Development, Assistant Director Regeneration and Assistant Director Transportation and Connectivity who support the proposals contained within this report.</p>
3.2	<p>Officers from City Finance, Procurement, and Legal and Democratic Services have been involved in the preparation of this report.</p>
3.3	<p><u>External</u></p> <p>Council project proposals have been developed in consultation with the West Midlands Combined Authority (WMCA), Transport for the West Midlands (TfWM), Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), adjoining authorities and a range of public and private sector partners.</p>

4. Compliance Issues:	
4.1	<p><u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p>
4.1.1	<p>Council project proposals fully align with the Birmingham Development Plan (BDP), Big City Plan, Birmingham Connected transport strategy and the vision and principles of the Council Business Plan and Budget 2016+, namely a strong economy, safety and opportunity for all children, a great future for young people, thriving local communities and a healthy, happy population. Proposals are also consistent with GBSLEP's Strategic Economic Plan and Strategy for Growth, the WMCA's Strategic Economic Plan and the West Midlands Strategic Transport Plan.</p>
4.2	<p><u>Financial Implications (Will decisions be carried out within existing finance and Resources?)</u></p>
4.2.1	<p>Project proposals submitted by the Council to GBSLEP in the form of 'expressions of interest' and totalling circa £132m have been developed using existing resources within the Economy Directorate. Summary details of the individual projects put forward are in Appendix 1.</p>
4.2.2	<p>Where project proposals are subsequently invited to submit full business cases to GBSLEP for formal funding approval, costs will again be contained within existing Economy Directorate resources or applications made to GBSLEP for development funding. Where the Council is delivering individual schemes approvals will be sought in the form of either programme or individual business case reports to Cabinet as appropriate. As each element progresses the actual match funding required will be fully identified, including the third party funding that the schemes will unlock.</p>
4.2.3	<p>There will be revenue implications arising from schemes delivered by the Council and these will be evaluated as part of the preparation of business cases.</p>
4.3	<p><u>Legal Implications</u></p>
4.3.1	<p>The arrangements set out in this report are in compliance with the powers of general competence as set out in Section 1 of the Localism Act 2011.</p>
4.3.2	<p><u>Public Services (Social Value) Act 2012</u></p> <p>Consideration of the economic, social and environmental benefits to be gained from the procurements that will follow will be addressed in the individual project reports and captured through the application of the Birmingham Business Charter for Social Responsibility.</p>

4.4	<u>Public Sector Equality Duty (see separate guidance note)</u>
4.4.1	An initial screening for an Equality Assessment (EA) has been undertaken and has concluded that a full EA is not required, with no adverse impacts on protected groups. The initial screening reference EA001422 is provided as Appendix C to this report.
5. Relevant background/chronology of key events:	
5.1	In 2013 Government established a process known as ‘Growth Deals’ as a means for Local Enterprise Partnerships to bid for capital funding from a national pot called the Local Growth Fund, for projects aligned to their Strategic Economic Plans (SEP). So far there have been two rounds of Growth Deals, through which GBSLEP has been successful in securing a total of £379m. From these resources the Council has accessed £158m of funding to take forward a range of transportation, regeneration and skills related projects.
5.2	On the 12 th April 2016 the Secretary of State for Communities and Local Government invited LEPs across the country to bid for a share of £1.8bn of Local Growth Fund (LGF3). Bidding locally has been led by GBSLEP, with scheme promoters including the Council asked to provide expressions of interest (EOIs) for potential projects. This approach differs from earlier rounds of Growth Deals whereby promoters were required to submit either full or strategic outline business cases for funding consideration.
5.3	No formal guidance or eligibility criteria for projects was provided by GBSLEP, however, key sections of the EOI template included strategic fit with the GBSLEP Strategy for Growth and SEP, potential growth related outputs (jobs, new houses, new floorspace and leverage) and project deliverability. A schedule of EOIs submitted by the Council to GBSLEP is provided as Appendix A to this report, which also lists EOIs prepared by other public and private sector bodies for projects within the city boundary.
5.4	The bid for LGF3 resources entitled ‘a Greater Birmingham for a Greater Britain’ was submitted by GBSLEP to Government on the 28 th July 2016, with preparation of the document and submission responsibility delegated to the GBSLEP SEP Refresh Steering Group by the GBSLEP Board. The bid submitted was structured around three broad packages comprising ‘Connecting Globally’; ‘Leading the World’ in Innovation and Creativity; and ‘Breaking down the Barriers’, with example projects from scheme promoters forming case studies within each of the packages. The bid also referenced a submission to the Department for Transport’s Large Local Major Schemes Fund for development costs associated with major improvements to Bromford Gyratory in the east of the city. A separate report to September Cabinet has been prepared to cover the relevant detail and necessary approvals required for this specific bid submission.
5.5	In total the GBSLEP bid asked Government for £310m of Local Growth Fund resources for the period up to 2021. Whilst this ask was broken down by the above packages, it did not go into specific project detail, as Government will evaluate the bid on the strength of its strategic ambition rather than individual business case documents. It is expected that a funding decision will be made in November 2016 as part of the Autumn Statement.
5.6	In parallel to Government evaluating the bid on a strategic basis, GBSLEP are currently developing an assessment process for individual projects so as to be able to prioritise the EOIs submitted. Whilst this process is yet to be finalised it is likely that strategic fit with the GBSLEP’s refreshed SEP will drive the assessment, with deliverability and value for money considered at a later stage given that the majority of LGF3 resources do not become available until 2019/20 and 2020/21. Site visits have also been conducted with GBSLEP officers to support their understanding of Council proposals. It should be noted that the GBSLEP’s refreshed SEP was consulted upon between 29 th July and 9 th September 2016, with a Council response provided by the Economy Directorate.

5.7	Further to funding announcements in the Autumn Statement it is envisaged that scheme promoters who have successfully negotiated the EOI assessment process will be formally invited by GBSLEP to submit Green Book compliant business cases so as to secure full approval to LGF3 resources. For those schemes to be delivered by the Council, programme or individual business cases will be prepared for Cabinet early in the new calendar year in this respect, with more detailed scheme information to be provided along with development funding requirements and procurement implications.
5.8	The bid submission proposes that the City Council will act as Accountable Body in relation to LGF3 resources received by the GBSLEP, as it has done so for previous stages of LGF. In this Accountable Body role the City Council will hold and account for monies on behalf of the GBSLEP, ensuring that funding is only released if it is used properly and in accordance with Assurance Framework procedures. This Assurance Framework sets out such requirements as to how scheme promoters secure full LGF funding approval from the GBSLEP and the requirement that Service Level Agreements are entered into with the relevant delivery partners. The formal approval of this Accountable Body role will be subject to a further Cabinet report when the outcome of the bidding process is known.

6. Evaluation of alternative option(s):	
6.1	Withdraw EOIs submitted to GBSLEP for LGF3 resources. This option is not recommended given that LGF3 represents the main source of capital grant funding for projects stimulating growth up until 2020/21.
6.2	Development of alternative EOIs for LGF3 resources. This option is not recommended given that the EOIs submitted align with the Council's policies, plans and strategies, including the (BDP) and Birmingham Connected and the GBSLEP's Strategic Economic Plan.

7. Reasons for Decision(s):	
7.1	To note the bid for Local Growth Fund 3 resources submitted to Government by the Greater Birmingham and Solihull Local Enterprise Partnership on the 28 th July 2016.
7.2	To endorse Council led project proposals.
7.3	To note the next steps in terms of decision making for Local Growth Fund 3 resources set out in this report and the subsequent preparation of either programme or individual business case reports for approval by Cabinet early in the new calendar year.

Signatures	<u>Date</u>
Cllr John Clancy – Leader of the Council
Waheed Nazir Strategic Director for Economy

List of Background Documents used to compile this Report:

1	Council Business Plan and Budget 2016+
2	Birmingham Connected Transport Strategy
3	Birmingham Development Plan
4	Big City Plan
5	HS2 Growth Strategy
6	GBSLEP Strategic Economic Plan
7	GBSLEP Refreshed Strategic Economic Plan – Consultation Version

List of Appendices accompanying this Report (if any):

1.	Schedule of Council EOIs for LGF3 resources – Appendix A
2.	GBSLEP LGF3 Funding Bid – Appendix B
3.	Equalities Assessment Initial Screening – Appendix C

Report Version	<u>Final</u>	Dated	<u>7/9/2016</u>
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PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty – see page 9 (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none">(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) tackle prejudice, and(b) promote understanding.
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none">(a) Age(b) Disability(c) gender reassignment(d) pregnancy and maternity(e) Race(f) religion or belief(g) Sex(h) sexual orientation