

Briefing Note:

Co-Ordinating Overview and Scrutiny Committee, 12 July 2019

Update on the work of the Combined Authority

Purpose

To provide a summary of the recent work of the Combined Authority, changes in governance and current policy issues.

Delivery in 2018/19 – Review of Last Year's Annual Plan

Progress has been made in the last year on the Annual Plan and shared agenda. Some key achievements in the last year (more details in the [Annual Review](#)):

- **Economy.** Developed and published the Local Industrial Strategy – the first in the country
- **Housing and Land.** Agreed the £350m Housing Deal. Invested £20m to unlock land for regeneration
- **Skills and productivity.** Produced a Regional Skills Plan and agreed a Skills Deal with government, including £40m of flexibilities on the Apprenticeship Levy; put 400 people through the Connecting Communities employment support programme (including in Birmingham)
- **Public services.** Supported the Homelessness Taskforce and started the Housing First Pilot – in which Birmingham is playing a leading role; Continued to develop the Thrive mental health programme, including Thrive Into Work and Thrive At Work; Established the Inclusive Growth Unit and produced the IG Toolkit
- **Environment.** Established an Environment Board and approved an Energy Strategy and started work on a low emissions strategy and action plan with local authorities
- **Transport.** Extended half price Swift Travel to all young people 16-18; Agreed and published a common approach to walking and cycling across the WMs; Brought the Midland Metro back in house to enable flexibility on funding of future investment; Published a Congestion Management Plan.

The Combined Authority has also set up the Office of Data Analytics and published the first [State of the Region report](#). It has also published its [Annual Plan for 2019/20](#).

Governance and portfolios

The portfolios for the CA Cabinet members (council Leaders) have been reviewed and Birmingham now has the Transport portfolio, which makes up a big proportion of CA activity. We also secured a second portfolio with Cllr Jones taking on Inclusive Communities, overseeing work on inclusive growth and leadership and the Young CA. The portfolios are now:

Deputy Mayor	Councillor Bob Sleigh (Solihull)
Culture & Digital	Councillor Patrick Harley (Dudley)
Economy & Innovation	Councillor Ian Brookfield (Wolverhampton)
Environment, Energy & HS2	Councillor Ian Courts (Solihull)
Finance	Councillor Bob Sleigh (Solihull)

Housing & Land	Councillor Mike Bird (Walsall)
Inclusive Communities	Councillor Brigid Jones (Birmingham)
Public Service Reform & Social Economy	Councillor Yvonne Davies (Sandwell)
Skills & Productivity	Councillor George Duggins (Coventry)
Transport	Councillor Ian Ward (Birmingham)
Wellbeing	Councillor Izzi Seccombe (Warwickshire)

Appointments have also been made to all the Boards and Committees as detailed in a [report to the Board AGM](#).

Recently the constituent authorities decided not to implement the merger of the **West Midlands Fire and Rescue Service and the West Midlands Police Commissioner** with the Mayor and CA as previously planned ahead of the Mayoral election in May 2020. These functions will therefore remain separate.

Some significant current policy issues

- The Board recently approved the [next steps on the developing Vision for Bus](#) and the commissioning of a programme of work to explore the benefits and risks of going down a franchising route (as the CA was enabled to do in the first devolution deal).
- The AGM received a report on [future plans for the Environment portfolio](#) and this was amended to signal our collective declaration of a Climate Emergency. Further work is being done to establish a region wide carbon reduction target and this will include issues to do with a just transition.
- The CA will be making a submission to the new PM and Chancellor ahead of the planned **Spending Review and Budget**. This will include proposals for a more sustainable approach to local authority funding. Its main themes will be “implementing the Local Industrial Strategy”, “a shared vision for public services” and “a Funding Framework that supports delivery”.
- One of the issues that the submission will need to address is the continued funding shortfall in the CA’s investment programme, as well as capacity issues in the region for delivery. In some cases the Government has not delivered on agreements – such as the introduction of a Mayoral Business Rate Supplement. Other pressures arise from local decisions (the decision not to raise a Mayoral precept) but these nonetheless arise from the existing pressure on local resources and the Council Tax.

Co-Ordinating Overview & Scrutiny Committee, 12 July 2019

Update on Greater Birmingham and Solihull Local Enterprise Partnership and the Enterprise Zone

Purpose

To provide a summary of the Local Enterprise Partnership's (LEP) plans for the year ahead and the progress and future investment plan for the Enterprise Zone.

LEP Annual Delivery Plan 2019/20

Key points from the plan, which can be found [here](#):

Business environment:

- Extend business support through an enhanced partnership model and scaling up the Growth Hub
- Continue to develop access to finance activity
- Strengthen partnerships with the Department for International Trade
- Extend business support to businesses outside of existing networks

Ideas

- Develop and deliver a pilot innovation programme to support research and development
- Develop key demonstrators to link university research to businesses
- Provide capital funding to support market-led innovation
- Extend the pilot Innovation Enabler

People

- Increase sector skills academies and embed skills brokers in the Growth Hub
- Promote skills take up in growth sectors
- Promote programmes to increase diversity within businesses
- Encourage early adoption of new technologies for training
- Develop a new plan to increase the cohort of learners at NVQ3+

Places and Infrastructure

- Complete the survey of strategic employment sites across the West Midlands and identify actions to bring forward sites for development
- Work with local authorities to develop individual town centre plans
- Deliver the key recommendations from the LEP housing framework
- Develop and deliver cultural action toolkit, cultural development cluster fund and cultural action zones.

Enterprise Zone

Enterprise Zones enable the retention of the future uplift from business rate growth as a result of development. This means that the income stream from those additional business rates can be borrowed against to help finance development.

The Enterprise Zone was formed in 2011 to accelerate growth in the city centre and deliver the Big City Plan through 26 sites and £128m of investment. In 2014 it was updated and extended to 39 sites with £275m of investment. In 2016 the Curzon Masterplan added £587m to the funding from the EZ plus £137m of WMCA funding as part of the HS2 Growth Strategy.

Decisions on the EZ are taken by the LEP Board. The City Council is the accountable body and delivers the borrowing and most capital projects.

Since the launch 208,000sqm of additional floor space has been created, along with 4,264 jobs (however this is below the curve of target performance of 71,796 jobs by 2046). The EZ has been instrumental in unlocking strategic sites such as Paradise and Smithfield and will be crucial to ensuring the full benefit from the investment in HS2.

The Enterprise Zone (EZ) Investment Plan 2019 consolidates the plans for the 2014 City Centre and 2016 Curzon EZs and sets out a further programme of £1bn of investment in three phases:

- Accelerating existing programmes – including Paradise, the Westside metro extension, Centenary Square, Snow Hill, Smithfield and the One Station project
- Maximising early opportunities from HS2 – various public realm projects around the new Curzon station site
- Longer term strategic priorities – East Birmingham and Solihull Metro extension, wider developments in the Curzon Masterplan and the HS2 Interchange.

GREATER BIRMINGHAM AND SOLIHULL LEP BOARD

6th June 2019

ENTERPRISE ZONE INVESTMENT PLAN 2019

1. Purpose

- 1.1 This paper sets out the content of the Enterprise Zone Investment Plan (2019), including the phased programme, financial principles, governance and reporting.

2. Recommendations

That the Board:

- 2.1 Approve the Enterprise Zone Investment Plan (2019) attached as Appendix A.

3. Background

- 3.1 The Enterprise Zone (EZ) was formed in 2011 with the purpose to accelerate development in the City Centre, delivering the strategy of the Big City Plan (2010) and GBSLEP priorities including:
- Improving economic performance and creating jobs;
 - Delivering the spatial strategy for growing the City Centre Core by over 25% through five Areas of Transformation, as set out in the Big City Plan;
 - Delivering enhanced infrastructure including improvements to public transport and public realm, all focused on attracting inward investment, occupiers, visitors, residents and workers.
- 3.2 The first EZ Investment Plan was launched in 2012 with a £128m programme of investment. In 2014 the Investment Plan was updated to reflect a longer term investment period up to 2022/23 and a revised £275m infrastructure programme. In 2015 the EZ area was extended from its original 26 sites to 39 sites, covering 113ha. In 2016 the Curzon Investment Plan was launched setting out a £724m programme, consisting of £587m of further EZ funding and £137m of West Midlands Combined Authority (WMCA) resources to maximise the potential of HS2. A further commitment from the EZ of £183m was made to support delivery of the Midland Metro from Digbeth, through East Birmingham, to UK Central. The EZ investment plans are funded through the projected growth in business rates generated within the EZ sites, managed through a financial model.
- 3.3 Decisions relating to the EZ are taken by the GBSLEP. Birmingham City Council (BCC) is the Accountable Body for the GBSLEP and the EZ. Capital projects are predominantly carried out by BCC (or it could potentially be other organisations), and are funded by BCC borrowing, which is supported by an annual revenue grant from

the EZ. The capital expenditure and the borrowing are therefore BCC's, with accountability to the EZ through the revenue grant.

Progress

- 3.4 Since the launch of the EZ in 2011 considerable progress has been made in delivering investment, development and jobs in the City Centre. In total 4,264 jobs and 208,000sqm of new floorspace has been created. To date the EZ has committed over £121m for infrastructure investment which has leveraged £598m of private sector investment. This represents a ratio of 1:5 for public to private sector spend. Table 1 below provides an overview of the outputs achieved to date set against the lifetime targets set out in the EZIP 2019. The targets are based on the forecast economic impact of the EZ by 2045/46 combined with forecasted development activity on EZ sites. The actuals to date have been collated from activity within individual EZ sites. The economic impact of the programme will be reviewed on a regular basis and as part of future EZIP updates. At this stage the number of jobs created has been flagged as 'Red', as this only reflects those jobs reported by local businesses in receipt of EZ business rates relief. Future Economic Impact Assessments will define a more accurate achievement.
- 3.5 The EZ investment has been instrumental in unlocking and accelerating key strategic sites. One of the largest EZ sites is the Paradise development which has seen considerable progress following an initial investment of £87.790m in 2013. All the key highway works and infrastructure preparation work are complete for Phase 1 and its set to deliver 335,000sqft of prime office space with Price Waterhouse Coopers taking occupation of the first building, One Chamberlain Square (150,000sqft,) in mid-2019. In January 2019 the GBSLEP approved a further investment of £51.277m to deliver Phase 2 and work is already underway to deliver the first building, One Centenary Way, which will be speculatively built to deliver another 275,000 sqft of office space. In total the Paradise scheme will deliver 10,000 jobs and 1.5m sqft of new floorspace.
- 3.6 Birmingham Smithfield, which is a £1bn redevelopment and the largest single EZ site, will see expansion of the city core creating opportunities for over 300,000sqm of new leisure, retail, cultural and commercial floorspace and 2,000 new homes. As part of developing the earlier EZIP 2014 and to reflect the site's importance and the benefits it will deliver, funding was allocated to accelerate development, including resources to relocate Wholesale Markets. Birmingham City Council, as the major landowner, has recently procured Lendlease as its development partner and there will now be a period of design and development work over the next 6 months to define the infrastructure requirements and level of EZ investment required. Once complete the EZIP 2019 will be updated and presented to the GBSLEP Board.
- 3.7 A further £3.3m has contributed towards the delivery of business space supporting the creative and digital sectors, such as the Garrison Data Centre and Innovation Birmingham.

- 3.8 The EZ also has a crucial role to play in maximising the impact of HS2 within the region and an initial £1.4m has been approved for design work of the public realm surrounding the HS2 station which will be essential for connectivity and opening up EZ sites. £9m has also been committed to support delivery of the Metro stop within the HS2 Station, as part of the Eastside extension of the Midland Metro. Funding has also been approved for feasibility work to develop schemes for key infrastructure projects, such as the remodelling of Moor Street Queensway and Digbeth High Street, to improve connections and unlock sites.
- 3.9 In addition to the significant progress in delivering development sites, the EZ has invested £27m to bring forward the Westside extension of the Midland Metro and the redevelopment of Centenary Square; whilst £4m of funding has supported the delivery of improvements to the ring road and the progress of key public realm schemes connecting EZ sites at Snowhill and Birmingham Smithfield.

Table 1 – EZ output achievement since 2011

EZ Output	Achieved to 31 March 2019	Lifetime Target to 2046	Percentage of Lifetime target achieved to 31 March 2019	RAG Status
Number of jobs created	4,264	71,796*	6%	Red
Number of businesses locating in the EZ	65	240	27%	Green
Land Developed - (Sqm) ('000)	208	1,100	19%	Amber
Land reclaimed and made ready (ha)	16	60	27%	Green
Total Investment (£m)	724	4,096	18%	Amber
Investment - Public (£m)	126	191	66%	Green
Investment - Private (£m)	598	3,905	15%	Amber
Uplift in Business Rates (£m) secured	634	2,172	29%	Green
EZ Investment Programme Total Expenditure (£m);	127	1,070	12%	Amber
EZ Investment Programme Capital Expenditure (£m)	121	984	12%	Amber
EZ Investment Programme Revenue Expenditure (£m)	6	86	7%	Amber

*Derived EZ Economic Impact Assessment

4. The Enterprise Zone Investment Plan (2019)

- 4.1 Today the EZ consists of 39 sites covering 113ha of the city centre. With the EZ programme set out across 2 Investment Plans, the EZIP (2014) and the Curzon IP (2016) and a consolidated approach is needed in order to manage the programme and investments. Linked to this has been the comprehensive review of the

programme including governance, financial principles and model, development phasing, business rates projections and project delivery. The creation of the EZIP 2019 will ensure that there is a clearly defined programme with a robust governance framework in place to deliver the transformational EZ programme now and into the future.

- 4.2 The EZIP 2019 focuses on a 10-year period over which to manage investment against forecasted income and deliver upon clear priorities. This approach responds to the need to continue the acceleration of major development schemes and infrastructure works that will unlock growth and maximise the potential of HS2. This approach is fully aligned to the Big City Plan, Curzon HS2 Masterplan and HS2 Growth Strategy as well as continuing the delivery of GBSLEP priorities. The EZIP 2019 sets out the 10 year phased investment programme, which has been structured as follows:

- Accelerate delivery of current commitments (Phase 1-2).
- Maximising early opportunities from HS2 (Phase 3-5).
- Longer term strategic priorities (Phase 6-9).

- 4.3 The EZIP 2019 is attached as Appendix 1 and sets out the overall strategy for the EZ including the detail of each phase and associated projects.

Affordability of the EZIP 2019

- 4.4 The EZ is forecast to generate in excess £2.1bn from the uplift in business rates over the programme's lifetime up to 2046. Programme delivery and decision making is based on secured business rates income and as more business rates income is secured, projects within each phase of the EZIP 2019 can be accelerated and business cases developed which would be assessed against the overall affordability of the programme.
- 4.5 The financial model for the EZ has evolved since its inception to a more sophisticated position. In developing the EZIP 2019, the business rates which are expected to be generated from each EZ site have been reviewed to ensure income projections are robust and in line with the profile of future development, particularly with a number of schemes on-site/completing and creating business rates i.e. Paradise, Snow Hill 3, Arena Central and Beorma. Based on this review there is sufficient funding, including the contingency, to deliver phases 1-3 of the investment programme and full business cases can be developed for each project. Further phases will be brought forward as the level of development on the EZ sites increases and the growth in business rates income is secured.

5. Financial Management

- 5.1 In 2012 the GBSLEP and Birmingham City Council established a number of financial principles to manage the delivery of the EZ and associated Investment Plans. Over

the last 12 months a comprehensive review of the EZ programme has been undertaken as set out at 5.4. In particular, a more robust approach to the consideration of business rate income has been taken to manage the financial risks associated with the EZ model. The business rate income from each of the EZ sites has been categorised according to its risk status. This is intended to identify the “secured income” which may reasonably be relied on to support borrowing costs and in EZ financial planning. The categories are as follows:

- a) Secured – business rates paid or legally due.
- b) Committed – where construction is on site or business rates are guaranteed via legal agreement i.e. business rates are deemed to be reasonably secure.
- c) Other Committed - specifically relates to Commitments on the Paradise redevelopment. A separate category was deemed necessary due to the size and impact of Paradise on the wider EZ Programme £ 158m (Phase 1 only).
- d) Uncommitted – developments not yet started so business rate income is not secure.

- 5.2 For reasons of prudence the 2019 EZIP has been modelled on the basis of ‘secured’ business rate income only and ignores the additional business rate income from future planned investments. Additionally the financial model has been developed to include some prudent contingencies around business rate income. As each year progresses it would not be unreasonable to expect the EZ resource base to grow above that currently anticipated. As with all EZ projects the GBSLEP will receive Business Cases and will consider them for approval based on the latest information available around the authority’s prudential borrowing limits and cash affordability.

Developments in business rate forecasting

- 5.3 Over time business rate income forecasting methodology has developed with the benefit of experience. Improvements include:
- More rigorous forecasting of individual sites with BCC Planning and Business Rates officers.
 - For prudence, building in longer lead-in times for the actual receipt of business rate income on completed developments , typically 6 months
 - Only taking into account secured and committed business rate income figures into the Financial Model for affordability assessments (see above and below).
 - Basing the contingency allowance on the Secured and Committed income only.
 - Building in 5% deductions into the projected business rate income forecasts every year from 2022/23.

- In addition to the provisions created for both bad debts and reliefs, a new provision has now been built into the financial model to cover the potential impact of future appeals on business rates income forecasts.

5.4 Following the review of the EZ programme and the more focussed methodology for identifying “secured income” it is now reasonable to review the Financial Principles, which will now be applied as identified below.

- **Financial Management/Approval**

In deciding on the use of EZ resources the following tests will be considered:

- 15% of the business rates income every year is ring fenced for uncertainties and the release of contingency kept under review on an annual basis;
- Of the remaining 85% of business rates income, financial commitments through borrowing will be monitored to ensure they are no greater than 65% of the total business rates income;
- All borrowing is repaid within the life of the Enterprise Zone;
- Interest charges for local authority assets are rolled up to smooth out cost and income cash flows;
- All EZ expenditure must comply with Birmingham City Council accounting and debt repayment policies;
- Risk Allowances will be made to account for circumstances such as bad debts, appeals, rate relief and future rate rises;
- The availability of contingency funding.

- **Project Approval**

- All project expenditure is supported by individual business cases;
- EZ funding approvals for site developments are supported by appropriate legal agreements linked to the business rates uplift;
- Birmingham City Council, as the Accountable Body, will ultimately endorse all EZ funding decisions to ensure affordability based on the availability of future business rates income;
- Expenditure outside Birmingham will be the responsibility of the relevant local authority.

- **Reporting**

- Quarterly updates on key indicators and progress will be presented to the GBSLEP Board;
- An Annual Report on performance against the EZIP 2019 and a review of the EZIP Programme will be presented to the GBSLEP Board.

Governance Improvements

5.5 In order to learn lessons and avoid repeating the mistakes with projects such as Paradise, a number of improvements have been made to the EZ's governance.

- 5.6 The GBSLEP Board has overall strategic ownership of the EZ and for setting and approving EZ Investment Plans. To continue to deliver upon this transformational programme of investment and ensure the successful outcomes of the EZ, robust governance and programme management will be put in place. This includes financial management and a gateway process that supports effective and affordable investment decisions. The terms of references for each organisation and decision making board are summarised below and in the GBSLEP Assurance Framework.
- 5.7 Previously, it was agreed that responsibility for programme management and delivery was delegated by the GBSLEP Board to an EZ Executive Sub Board, whilst BCC would undertake the role of Accountable Body and have responsibility for performance management and, in most cases, project delivery. However, it has become clear that that this has resulted in insufficient oversight and transparency, which has meant the GBSLEP Board were not informed on key issues affecting delivery, for example progress with delivering Paradise. In learning the lessons from this the GBSLEP will now be represented on the main Paradise project board to ensure there are clear lines of communication and any issue affecting delivery can be addressed at the earliest stage. These arrangements are now being replicated for the Smithfield project, which is at a much earlier stage in its life cycle and will enable better oversight from the outset. Going forward, all aspects of EZ governance will be aligned with the GBSLEP's existing assurance arrangements for its other funding programmes, such as the Local Growth Fund.
- 5.8 The GBSLEP Programme Delivery Board (GBSLEP PDB) will be responsible for programme management, which is charged with ensuring the delivery of the EZ to achieve the objectives of the Strategic Economic Plan. It's empowered to grant full approval to projects seeking funding of up to £10m and the release of development funding or change requests within this level of delegation. Investment Decisions above this will be the responsibility of the full GBSLEP Board.
- 5.9 Developing and managing the programme will be led by the GBSLEP through the Executive Team, which will provide secretariat support to the Boards and associated governance requirements. It will co-ordinate all aspects of appraising funding applications and day to day monitoring and performance management of projects and will report to both the GBSLEP PDB and main Board. BCC will continue to provide support for the management of the financial model that provides assurance with business rate forecasting and project affordability to support investment decisions.
- 5.10 The EZ requires a single statutory body to take on the role of Accountable Body. This Body must be a legal entity, nominated to act on behalf of the GBSLEP for the receipt and investment of business rate growth and uplift within the EZ designation. BCC acts as the Accountable Body on behalf of the GBSLEP Partnership to manage and redistribute the business rate growth and where capital expenditure is to be financed, BCC will facilitate the borrowing. If funding becomes available to support

projects outside the EZ then the relevant local authority will take on responsibility for providing the Accountable Body function for that project.

- 5.11 Delivery will be led by the organisation responsible for each project, however, it's recognised that in most cases this will be BCC through its multidisciplinary technical expertise across a range of disciplines, including planning, property, project management and transport/ highways infrastructure.
- 5.12 The GBSLEP Board will receive quarterly updates which will report on delivery, performance and expenditure. An annual update will also be provided to the board which summarises performance against the EZIP 2019 along with a review of the investment programme.

Prepared for: GBSLEP Board

Prepared by: James Betjemann
Head of Enterprise Zone and Curzon Development
james.betjemann@birmingham.gov.uk

Appendices	
A	EZIP Investment Plan 2019



Enterprise Zone Investment plan

May 2019



Contact

Inclusive Growth Directorate
Birmingham City Council

Click:

E-mail:

richard.cowell@birmingham.gov.uk

Call:

Telephone:

(0121) 303 2262

Visit:

Office:

1 Lancaster Circus
Birmingham
B4 7DJ

Post:

PO Box 28
Birmingham
B1 1TU

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Contents

Foreword	3
Introduction	4
Investment strategy	8
Programme	10
Economic impact	18
Governance and programme delivery	20
Appendices	24



The Enterprise Zone (EZ) has been a huge success enabling the accelerated transformation of the City Centre; one of the region's most important economic assets. Since its establishment in 2011 the EZ has attracted £598m of private investment, accelerated 208,000sqm of floorspace, delivered 4,264 jobs and secured a range of occupiers such as HSBC, HS2 Ltd and HMRC.

Based on the strategy of the City's Big City Plan (2010), the EZ demonstrates the commitment of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and Birmingham City Council (BCC) to delivering economic growth through innovation and bold decision making. This commitment has been borne out in successive investment plans that have now collectively invested £121m into infrastructure and development schemes across the EZ.

The launch of the Enterprise Zone Investment Plan (EZIP) 2019 is the next bold step in our drive to create the conditions for economic success. Focussing on the period of 2019-2028, it sets out a phased programme of investment for major schemes and infrastructure. This Investment Plan will continue to accelerate development across the EZ including maximising the benefits of HS2 arriving in 2026 and a contribution to delivering the expansion of the Midland Metro Tram Network from the City Centre through East Birmingham to North Solihull and UK Central.

This investment plan now represents a strategy for nearly £1bn of investment by the GBSLEP and BCC, which will unlock and accelerate the delivery for the region of 1.1m sqm of new commercial floorspace, create over 71,000 new jobs, contributing £2.3bn to the economy in GVA per annum and generating in excess of £2.1bn in additional business rates.

The next 10 years will be an historic period for the GBSLEP area and the EZ will be at the forefront of driving economic growth and ensuring the residents and businesses share in the benefits that will be generated.

Tim Pile

Chair,
Greater Birmingham & Solihull LEP

Councillor Ian Ward

Leader,
Birmingham City Council

4 Introduction

Established in 2011 the City Centre Enterprise Zone (EZ) now covers 113ha across 39 sites representing the most significant growth opportunities in the city.

The EZ is focussed on early intervention in infrastructure to accelerate growth and unlocking development to deliver the vision of the Big City Plan (BCP) and the GBSLEP priorities for growing the economy and creating jobs.

The next 10 years are a key period for Birmingham and GBSLEP area. The City Centre, as the primary economic asset for the region, is undergoing a dramatic period of transformation as the strategy of growth set out in the BCP is implemented.

The focus of the BCP is the growth of the city centre core through five areas of transformation enabling more commercial floorspace, a diversified leisure and cultural offer, expansion of the learning and knowledge economy and growth of residential.

The arrival of HS2 in 2026 will further accelerate this creating a once in a century opportunity for the region to improve its connectivity and further grow its potential.

The new high speed rail service will provide radically improved connectivity from Birmingham to London and the key regional centres of Manchester, Leeds, Sheffield and Nottingham.



Plan 2 Big City Plan Areas of Transformation

Key



Areas of Transformation



NORTH

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Alongside HS2, the expansion of the Midland Metro Tram Network from the City Centre through East Birmingham, North Solihull to UK Central, will further enhance the opportunities for new development and job creation.

The EZ is providing a mechanism to accelerate development potential and maximise growth. By utilising the uplift in business rates generated by development and investing it in priority schemes the EZ is a unique tool to drive economic success.

The EZIP 2019 consolidates the two existing investment plans: City Centre EZIP (2014) and the Curzon Investment Plan (2016) with a strategy that focusses on delivering a phased programme of £460m of projects in the period 2019-2028.

The programme will unlock the major growth opportunities by removing barriers to development, creating a supportive environment for investment, job creation and growing the city and regional economy. It will be supported by a set of financial principles by which investment decisions to allocate EZ resources are made and robust governance arrangements to oversee the programme. The key areas for investment will be:

- Strategic site investment.
- Infrastructure.
- Business support.



Plan 1 EZ sites

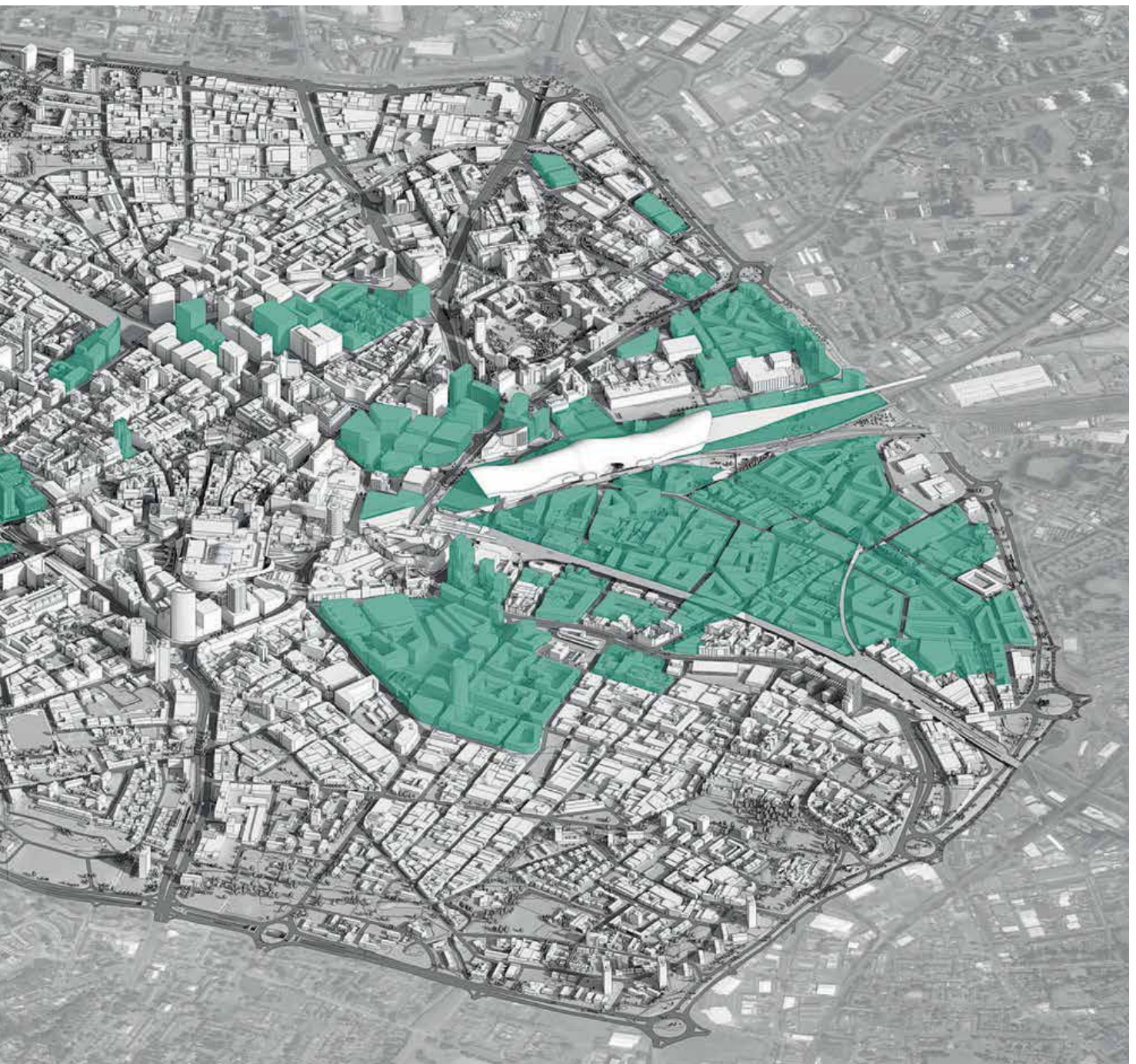
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EZ sites



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Investment strategy

The EZ was established to accelerate economic growth by unlocking development sites and attracting private sector investment. Through investment in infrastructure the EZ is and will continue to address constraints to delivery. This strategy for investment in the EZ is structured into three areas:

Strategic site investment

Stimulating new development and supporting the viability of sites to make them deliverable and commercially attractive will be important to ensuring the EZ can deliver jobs and growth for the future. This ranges from Grade A office space in prime locations, focused on the corporate sector, to affordable flexible space for newly established creative/digital companies. In turn this will drive the creation of business rates enabling the GBSLEP to invest in infrastructure in the EZ and beyond. The EZ will support the provision of appropriate space for new and existing commercial businesses alongside new residential and community facilities.

Benefits

Supporting new development brings important social and economic benefits to Birmingham and the wider GBSLEP region:

- Additional commercial floorspace to meet future occupier demand.
- Increased job opportunities.
- Space for new and existing businesses to grow and remain competitive.
- Uplift in business rates to enable the delivery of current and future EZ investments.

Interventions

Across the EZ there are key strategic sites to accommodate new growth. The EZ will support a range of investments and actions including:

- Enabling works to address constraints such as contamination, demolition, security and land assembly.
- Provide on-site public infrastructure to support connectivity and accessibility.
- BCC will also commit to ensuring an efficient planning service including simplified planning and the use of tools such as Compulsory Purchase Orders where appropriate to enable delivery.



Snow Hill

Infrastructure

Infrastructure is vital to unlocking sites and connecting businesses to wider markets and enabling access for people. The EZ can unlock growth and attract investment in the city centre through investing in infrastructure. Good connectivity for the efficient movement of people and goods, combined with the quality and safety of the pedestrian environment, supports labour market retention and investor confidence. Social infrastructure is also important to support new neighbourhoods and grow residential populations, attracting and retaining workers.

Benefits

Providing high quality infrastructure brings benefits including:

- Improving access and movement.

- Unlocking sites for development.
- Supporting the retention and growth of businesses.
- Increased levels of open space and new social and community facilities.
- Health and environmental benefits including improved air quality.
- Less congestion and increased levels of walking and cycling.
- Enhancing the quality of the environment.

Interventions

Investment will be focussed on:

- New transport schemes such as Metro, Sprint, rail and cycling.
- New education, community and health facilities.
- New and faster digital technologies to improve communications.
- Improving the public realm to provide safe and attractive routes for walking and cycling and enhanced public spaces.

Business support

The EZ will be the focus for significant business investment and activity over the coming decades. Central to the success will be the ability to retain and attract businesses, encourage investment and to position the EZ as a premier business location. The EZ will provide a complementary package of support to businesses looking to invest and grow.

Benefits

Supporting businesses is essential for maximising the benefits of the EZ and for building on the investment made to deliver sites and infrastructure, especially:

- Improving the competitiveness of businesses.
- Attracting new business with growth in priority sectors.
- Targeting overseas markets.
- Creating new jobs and commercial floorspace and an uplift in business rates.
- Encouraging new business start-ups, scale-ups and social enterprises.
- Improved workforce skills and increased productivity.

Interventions

Investment will be targeted to underpin the Big City Plan and GBSLEP economic strategy including:

- Support package to attract and grow businesses in target sectors.
- Financial assistance for local start-up and scale-up businesses and social enterprises.
- Support for the relocation of businesses to maximise development opportunities in the Curzon area.
- Workforce training and upskilling.
- Programme of global events to target investment and markets and innovative promotional activities.



City Centre office space

Programme

The EZIP 2019 sets out a £1bn programme of investment. It consolidates the two existing investment plans: City Centre EZIP (2014) and the Curzon Investment Plan (2016) with a strategy that focusses on delivering a defined programme of projects for the period 2019-2028.

The programme will unlock the major growth opportunities by removing barriers to development, creating a supportive environment for investment, job creation and growing the city and regional economy.

Table 1 sets out the phased programme. The programme has been structured as follows:

- Accelerating current activity (Phase 1-2).

- Maximising early opportunities for HS2 (Phase 3-5).

- Longer term strategic priorities (Phase 6-9).

On site investment business cases will be considered outside this programme, subject to there being increased or accelerated business rate income and delivery of other key outputs.

Programme phase	Timescale	Project list	Capital spend	Total borrowing cost	Cumulative capital spend	Cumulative borrowing cost
1	2013-2024	Current commitments	£350,402,158	£515,315,051	£350,402,158	£515,315,051
2	2021-2022	Westside Metro and Phase 1	£4,474,000	£6,407,386	£354,876,158	£521,722,437
3	2019-2026	HS2 Station Environment and Phases 1-2	£59,409,580	£88,036,610	£414,285,738	£609,759,047
4	2019-2023	Digbeth Public Realm Phase 1 High Street and Phases 1-3	£15,500,000	£21,867,308	£429,785,738	£631,626,355
5	2022-2046	Digbeth Public Realm Phase 2 and Phases 1-4	£70,900,000	£106,674,212	£500,685,738	£738,300,567
6	2024-2028	GBSLEP Investment Fund and Phases 1-5	£20,000,000	£27,009,208	£520,685,738	£765,309,775
7	2022-2026	East Birmingham Metro and Phases 1-6	£183,300,000	£254,249,028	£703,985,738	£1,019,558,803
8	2028-2046	Curzon Programme and Phases 1-7	£259,638,953	£259,638,953	£963,624,691	£1,279,197,756
9	2028-2046	HS2 Interchange and Phases 1-8	£20,000,000	£20,000,000	£983,624,691	£1,299,197,756
Total			£983,624,691	£1,299,197,756	£983,624,691	£1,299,197,756

NB. Cumulative columns outline increasing values as each new phase amount is added.

Table 1 Phased investment programme

Phase 1-2: Accelerating Current Activity

Phase 1

Paradise

Once complete, the £500m Paradise development will constitute a landmark development within the region supporting the transformation of the City Centre with the delivery of high quality office, retail and leisure space alongside a world class urban realm. The surrounding area is undergoing significant change including the completed state-of the art Library of Birmingham, the redevelopment of Centenary Square, arrival of Metro and the Arena Central scheme.

Funding of £87m from the EZ has already supported the preparation of the site for comprehensive development and delivered key infrastructure improvements around the scheme and seen PWC agree to lease the whole of One Chamberlain Square.

Further funding of £51.3m, has been approved to accelerate development and deliver Phase 2 of the scheme. This investment will focus primarily on site-wide infrastructure and public realm including works at Centenary Way and the new public square, plus the construction of the hotel and two further office buildings in Phase 2. Investment for Phase 3 will be subject to a further business case to deliver the construction of the final four buildings, public realm and the basement car park.

Ultimately this project will deliver space for 11,000 employees and over 1.5m sqft of new commercial floorspace plus a 250 bed hotel. It will generate over £400m in business rate income, which not only funds the investments to unlock the scheme but other EZ projects.

Value
£139m

Timescales
Phase 1 will complete in 2019, Phase 2 in 2024 and Phase 3 by 2029.

Metro Extension (New Street to Centenary Square)

To support the integration of the Westside area with the wider City Centre Core, the Metro will be extended from Birmingham New Street to Centenary Square linking directly with the major developments at Arena Central and Paradise.

Value
£15.9m

Timescales
Operational in 2019.

Centenary Square

The redevelopment of Centenary Square will provide high-quality public realm and world class setting to those landmark buildings and developments around it, such as the new Library of Birmingham, ICC, Arena Central and Paradise. The Square will not only continue to provide an attractive environment for existing business and visitors but its iconic design will attract new visitors to the area and support business investment in the wider area.

Value
£10.5m

Timescales
Completes in 2019.



Paradise development

Birmingham Smithfield

The vision, as set out in the Smithfield Masterplan, is to create a landmark, sustainable, mixed-use development including a family leisure hub, supported by retailers, restaurants, hotels, SME office space, new retail markets and a public spaces as well as a residential neighbourhood and integrated transport facilities.

The scheme will be the largest single city centre redevelopment site in the UK and will deliver 3000 jobs, 2000 new homes and 300,000sqm of new floorspace for a mix of uses.

EZ investment has helped unlock the site through the relocation of the Wholesale Markets and BCC, as the major landowner, has appointed Lendlease as its development partner. The project has evolved since the EZ originally

allocated £34m, into one covering a much wider site that will now deliver £1.1bn GDV, 300,000sqm of floorspace and 2000 homes. The scale of infrastructure has increased accordingly and the City Council, Lendlease and GBSLEP are now developing the relevant business cases to define the overall EZ investment.

Value

£150m.

An FBC is being produced to determine the total EZ investment required.

£1.3m of revenue to support project development.

Timescales

The site will be delivered in a phased approach and the timescales will be set out in the business case.

Snow Hill

In 2015 EZ funding was granted to support the development of a scheme which proposed to introduce high quality public realm improvements and highway interventions to local streets and spaces in the Colmore Business District. This is linked to emerging proposals to redevelop Snow Hill Station and the Square in front of the main entrance. With proposals developed EZ funding has been allocated for the delivery of public realm works, to enhance key areas and improve connections and arrival experience for key EZ sites.

Value

£2.9m

Timescales

The works will be completed in 2022.

One Station

The One Station project will develop proposals to provide an improved passenger transfer between New Street and Moor Street stations and the Birmingham Curzon HS2 Station. This route is the most direct for pedestrians and cyclists between the stations and is currently used by approximately 1.4m rail interchange passengers per annum; this is forecast to nearly double to 2.3m per annum with the arrival of HS2 in 2026.

EZ funding has been allocated for initial feasibility work and proposals will be taken forward in conjunction with plans to remodel Moor Street Queensway to create a high quality public space in front of the new HS2 station and a connection with New Street Station.

Value

£0.6m

Timescales

The outline business case will be developed in 2020 for the transformation of the space as part of the wider Moor Street Queensway public realm scheme with delivery phased between 2020 and 2026.



Birmingham Smithfield

Southside public realm

Recognising the important interface and connection to the EZ's largest site at Smithfield, in 2016 approvals were granted to fund a permanent Traffic Regulation order to close part of Ladywell Walk and Hurst Street to through traffic, as well as £600,000 of funding to develop proposals for the public realm works in this area. The Southside Link will provide the transformation of the route from New Street Station via Southside to Birmingham Smithfield with the creation of a safe and attractive pedestrian and cycle route. The link will extend the highway improvements to Hill Street and Navigation Street that were delivered as part of the New Street Station project. The preferred option has been agreed and EZ funding has been committed to deliver the scheme.

Value
£7m

Timescales
2021.

Enterprise Zone pinch points

The A4540 Ring Road provides vital vehicular access to development sites within the EZ, linking the City Core with the main radial routes serving the City and the Strategic Road network. The road suffers from severe traffic congestion, which is projected to increase significantly by virtue of the EZ developments. Therefore significant investment is required to improve capacity at key locations along the Ring Road.

The investment is focussed on the following areas:

- Bordesley Circus.
- Haden Circus.
- Ashted Circus.
- Holloway Circus.

Value
£4m

Timescales
All works will complete by 2020.

Former Curzon Station

Located right next to the new HS2 Curzon Station building, the Grade 1 listed former Curzon Station building is an important heritage asset that was once the world's first mainline passenger terminus. HS2 and the EZ are jointly funding the redevelopment of the building to bring it back into use as a visitor and information centre for the whole HS2 project, along with office and educational space for other occupiers. It marks the first phase of regeneration activity linked to HS2 and the Curzon Programme which will create a focal point and legacy asset for the area.

Value
£2m

Timescales
2021.

Revenue Projects

Business and skills development

The EZ is developing a Business and Skills strategy to attract investor occupiers; grow existing businesses; accelerate scale up of high growing start-ups and establish high growth start-ups. It seeks to improve economic prosperity by encouraging investment, increasing productivity and creating jobs. The strategy will cover business activity across the 39 EZ sites in the city centre and will focus on the following sectors:

- Business, Professional and Financial Services.
- Financial Technology.
- Creative and Digital Industries.



HS2 Station

Integral to this strategy will be support for skills as the development of the EZ and the consequential change in the business make-up and occupational profile of the area will result in an increased demand for particular skills at all levels, attracting highly qualified staff and supporting the retention of graduates within the City and wider area.

The EZ has already approved £1.6m for a number of projects focussed on inward investment and relocations, ranging from a dedicated sector sales team working on actively securing occupiers into the EZ, to a relocations team which provides relocation support and after-care for organisations moving to the Birmingham area. Alongside this is an Occupier Proposition programme to target companies outside the GBSLEP region that could consider a move to the EZ.

Further funding has been committed to develop the projects within the strategy.

Value
£2.5m

Timescales

Projects will be developed in line with the strategy up to 2028.

Marketing

This package focuses on profile-led activity that will communicate and promote the EZ. It will highlight opportunities relating to key propositions and will target top investment prospects, for both capital and business relocations, from strategic geo-markets, including; London, Europe, Asia, the Middle East and North America.

To effectively achieve the domestic and global reach required, the approach taken will be to adopt an event led strategy - utilising existing trade platforms and events, to position the EZ within key investment markets, simultaneously targeting multiple segments of the property industry value chain. The package will also deliver a two-way communications programme by profiling the EZ proposition and facilitating communications channels in order to manage reactive opportunities. This programme will also support the sector sales team in attracting and managing leads.

Value
£2.1m

Timescales

Activities will be developed in response to specific opportunities dependent on the needs of the EZ and identified through the EZ Marketing Strategy.

Programme delivery

Delivering the EZ and its associated Investment Plans requires a sufficiently resourced team. The EZ has approved funding for programme and financial management, project delivery and the relevant technical expertise to deliver complex infrastructure projects.

Value
£10.1m

Timescales

Programme support will be in place throughout the duration of the EZIP up to 2028.

Curzon project development

A significant level of project development work is needed to bring forward projects identified within the EZIP 2019 programme. This includes masterplanning, urban design work and other technical studies on key sites across the EZ, including Digbeth and the site of the new Birmingham Curzon HS2 Station. Development work is already underway to develop schemes at Moor Street and Digbeth. Further funding will be released as projects come forward for approval in line with the EZIP 2019 phased programme.

Value
£2.1m

Timescales
2028.



Metro in Eastside

Phase 2

Metro Extension (New Street to Centenary Square)

In order to ensure the project delivers the highest quality infrastructure that compliments the public realm at Victoria Square, Paradise and the transformation of Centenary Square, additional funding of £4.4m has been allocated to increase the specification of the works.

Value

£4.4m

Timescales

Operational in 2019

Phase 3-5: Maximising Early Opportunities from HS2

Phase 3

HS2 Curzon Station public realm

The Curzon Masterplan (2015) set out how the arrival of HS2 and the growth and regeneration opportunities around the terminus station could be unlocked. Covering 141ha of the City Centre, with the area centred on the HS2 Curzon Station, the strategy of the Masterplan is to deliver a fully integrated and connected world class station, which will support growth and regeneration for the City Centre and the wider area. EZ funding is allocated to develop and deliver the Big Moves including:

- Paternoster Place.
- Curzon Promenade and Curzon Square.
- Station Square and Moor Street Queensway.
- Curzon Station Metro Stop.

Paternoster Place will be the primary gateway to Digbeth between the HS2 Curzon station and the City Core; Paternoster Place will be a pedestrian space that will open up the regeneration potential of Digbeth. Rather than becoming just a functional link, the EZ funding will enable this scheme to become a wide and attractively

landscaped route and provide a high quality entrance to Digbeth.

Curzon Promenade and Curzon Square will be an extension to Eastside City Park; the Promenade will set the Station within a green landscape. The area will be a hive of activity that could include a mix of retail, office and leisure uses, which interacts directly with the landscaped Promenade that will extend the feel of the Park into the City Centre. Curzon Square will be a stretched event space into the City Park that will form part of the station welcoming passengers into the area.

Moor Street and Station Square will be a major new 'gateway' space to provide the sense of arrival for visitors by HS2 and from the adjacent Moor Street station. The proposal will see Station Square linked with the Moor Street Queensway to create an area where pedestrians and transport can move efficiently and safely within one high quality public space. This will be vital in connecting into the City Core and creating a seamless link into the central business district, retail core and interchange with New Street Station and Moor Street Station. The intention is to rationalise the road space and

close it for private vehicles, whilst introducing Sprint and Metro as the dominant public transport offer.

As part of this work, proposals for the 'One Station' project will be progressed. This will see work to transform the public realm in and around the tunnel link that connects Moor Street Station to New Street Station. This will provide a high quality link for pedestrians and passengers travelling between the stations.

Curzon Metro Stop will see the integration of the Metro network with the Birmingham Curzon HS2 Station which is vital for maximising the connectivity and benefits of HS2. The vision is for 2 million people across the West Midlands to be connected with HS2. The new tram stop is part of the East Birmingham extension and will have local growth benefits as direct access to the Metro and HS2 will encourage new investment, businesses, homes and jobs.

Value

Total Funding: £60m

Timescales

Design work will complete in 2019 with delivery phased within the period 2021-2026.



Eastside Locks

Phase 4-5

Digbeth public realm

In order to attract investment and maximise the potential of the Curzon area improvements to the quality of the public realm including safe and attractive walking and cycling routes, parks and other outdoor spaces is needed. Key to maximising the impact of HS2 will be ensuring these connections and environments are of the highest quality.

The first phase of activity will focus on Digbeth High Street, which is dominated by pedestrian barriers and few crossing points across six lanes of traffic and is a key investment priority for unlocking growth. Many sites along the road are underutilised and have not benefited from the natural growth of the City Core, leaving pockets of activity isolated and with relatively low foot-fall.

With the opportunity presented by the Birmingham Eastside Metro Extension there is a need to improve the public realm landscape, aligned with the Metro integration and other highway and public transport requirements.

Other public realm projects will focus on unlocking and accelerating important development opportunities such as Typhoo Wharf, which is the largest development opportunity in the area, with potential for £200m of investment and 1m sqft of new floorspace. Other sites include Martineau Galleries is a prime investment opportunity on the doorstep of the Birmingham Curzon HS2 Station and with direct connectivity to the Metro. It has the potential for significant new commercial and retail floorspace.

Value

4 - Digbeth High Street: £15.5m
5 - Wider interventions: £67m
Total Funding: £82.5m

Timescales

The preferred option for the High Street will be developed in 2019

and the scheme will be delivered in conjunction with the Metro works which will take place in 2020-2026. Other interventions will be brought forward in conjunction with wider schemes to develop sites.

Phases 6-9: Longer Term Strategic Priorities

Phase 6

GBSLEP recycling fund

Up to £20m of capital funding will be made available to support the implementation of the Strategic Economic Plan (SEP) and its four strategic priorities.

- Industrial Strategy.
- A world leader in innovation and creativity.
- Taking full advantage of global connections.
- Stronger conditions for growth.

This investment is part of the local resources that are aligned to support the delivery of the SEP vision and growth strategy. Funding from the EZ will be available as the business rates income becomes available from 2024/25 onwards. Therefore this will be able to support projects which require funding towards the end of the SEP period. The LEP will put appropriate arrangements in place for the governance of this fund.

Value

£20m

Timescale

2024-2028.

Phase 7

Metro extension to East Birmingham and Solihull

Beyond the City Centre the plan is to further extend the Metro line through East Birmingham and North Solihull to connect with UK Central, the HS2 Interchange, Airport and the NEC.

This will have significant economic and social benefits for East Birmingham as it will address the issue of poor connectivity for residents and businesses and in turn help tackle the problems of high unemployment, low skills, poor health and housing shortages. Importantly it will link these communities to two key economic nodes; Birmingham City Centre and UK Central where the arrival of HS2 will act as a catalyst for growth. The investments in the Metro will help spread the benefits of HS2 supporting inclusive economic growth.

The EZ Board has committed, subject to a full business case, to contribute towards the overall funding package being developed by the West Midlands Combined Authority. The business case will be ready in 2020.

Value

Total Funding: £183m

Timescales

Operational by 2026.

Phase 8

Wider Curzon programme

The Curzon Investment Plan, launched in 2016, set out a programme to unlock growth and regeneration across the area and maximise the impact of HS2 arriving in 2026. The initial focus is to deliver the infrastructure required to integrate the station with the city centre, including the Big Moves outlined in the Curzon Masterplan. Following this will be a wider programme of activity will include investment to unlock sites, connect economic opportunities, transport improvements, social infrastructure and business support.

Value

Total Funding: £257m

Timescales

Investment will be available from 2028 after HS2 becomes operational and defined in the next EZIP.

HS2 interchange

The HS2 Interchange station is a strategically important site located close to the NEC and International Airport and forms part of a wider growth area known as UK Central. Development plans for the area led by the UK Central urban regeneration Company (UGC) and in 2017 it launched the UKC Growth Hub and Infrastructure Plan which sets out the growth potential and the infrastructure requirements needed to realise the substantial opportunities. It's expected that EZ funding will be available to support this 30 year plan after 2028 subject to securing the necessary business rates income.

Value

Total Funding: £20m

Timescale

2028 onwards.



Custard Factory

Economic impact

The full implementation of the EZIP 2019 will result in a number of major economic growth impacts, which will contribute substantially to the GBSLEP programme for inclusive growth, supporting a wide range of stakeholders within the Greater Birmingham area. It will also produce significant wider social and environmental benefits with the investment programme for the EZ being funded by growth in business rates.

As well as the Council and GBSLEP priorities, the programme supports the West Midlands Combined Authority's (WMCA's) Strategic Economic Plan, with its focus on skills, innovation, transport and inward investment. The key commercial sectors within the EZ are Business, Professional and Financial Services (BPFS), Creative Industries and Financial Technology (Fintech). Growing these sectors will maximise growth in jobs, skills and the wider Birmingham economy. The investment programme will make an important contribution to the WMCA target to create an additional 500,000 jobs by 2030.

It will deliver tangible economic benefits, including:

- The creation of some 71,000 gross jobs by 2045/46 providing essential employment opportunities for the region's growing population.
- In total almost 36,000 net additional local jobs (28,200 FTE) are forecast to be created after allowing for leakage (jobs taken up by non GBSLEP residents), displacement, deadweight (what would have happened anyway) and supply linkage and income multiplier effects.
- The generation of £2.1bn of net additional Gross Value Added (GVA) per annum at the GBSLEP level, once all developments are fully complete and operational.
- Increased productivity through improvements to infrastructure, skills and agglomeration effects.
- A range of wider impacts such as image and cultural benefits.

Wider economic benefits

- Over the plan period, it is expected that the investment will result in significant increases in residential floorspace providing some 9,500 much-needed residential units for a growing population. This will result in important economic benefits, including improved labour mobility and supply, increased productivity and additional expenditure in the local economy, supporting the growth of indigenous businesses.
- Alongside the economic benefits, a large amount of employment will be created through supply chains which will benefit businesses across the GBSLEP area.
- Greater footfall for local businesses through the expansion of the City Centre and greater connectivity between areas.

Social and environmental benefits

- A Large amount of investment will be placed into public realm improvements and connecting economic opportunities, including the green and blue infrastructure, which will positively transform the City Centre environment.
- Jobs created as a result of the EZIP will be targeted at areas of high deprivation and unemployment.
- Vast improvement in digital connectivity creating the right environment for incoming digital businesses.
- Greater sense of self-esteem and ownership for local residents.

EZ measures of success

Table 2 below provides data on the performance indicators up to and including March 2019. A full breakdown of outputs and milestones are set out in Appendix 2 and 3.

Measurement	Cumulative total (March 2019)	Lifetime
Amount of land developed or redeveloped (ha)	16ha	60ha
Private sector capital investment	£598m	£3,905m
New floorspace created (gross internal area in sqm - new and refurbished)	208,000sqm	1,100,000sqm
Number of new homes	118	9,345
Number of new enterprises	65	240
Jobs created	4,264	71,796
EZ investment programme capital expenditure	£121m	£984m

Table 2 EZ measures of success



Governance and programme delivery

To continue to deliver upon this transformational programme of investment and ensure the successful outcomes of the EZ robust governance and programme management will be put in place.

This includes financial management and a detailed gateway process which supports effective and affordable decisions. The terms of references for each organisation and decision making board are summarised below and in the GBSLEP Assurance Framework.

Roles and Responsibilities

Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) Board

The GBSLEP Board has overall strategic ownership of the EZ and for setting and approving the EZ Investment Plan. It does this by setting an overarching investment strategy and ensuring that there are clear governance, management and delivery arrangements in place. Working with the assurance framework it will consider funding applications for over £10m.

Birmingham City Council as the Accountable Body

Management and redistribution of the business rate growth from the EZ requires a single statutory body from the GBSLEP Partnership to take on the role of 'Accountable Body'. This Body must be a legal entity, nominated to act on behalf of the GBSLEP for the receipt and investment of business rate growth and uplift within the EZ designation. BCC as the Accountable Body is obliged to manage any investments and their financing.

Programme Delivery Board (GBSLEP PDB)

The GBSLEP PDB is charged with ensuring the delivery of the EZ to help achieve the objectives of

the Strategic Economic Plan. It's empowered to grant full approval to projects seeking funding of up to £10m and the release of development funding or change requests within this level of delegation.

When EZ funding becomes available for other projects outside Birmingham then the same governance arrangements will apply and BCC, as the Accountable Body, should also have a role in any project boards to ensure all investments are in accordance with the EZ financial model and to discharge the accountable body functions.

Programme Management and Delivery

Delivering, developing and managing the programme will be led by both the GBSLEP and BCC. These functions will be supported with resources of £10m to 2028.

EZ Programme Management

Overall programme management will be led by the LEP Executive Team, which will provide secretariat support to the Boards and associated governance requirements. It will co-ordinate all aspects of appraising funding applications and day to day monitoring and performance management of projects and will report to both the GBSLEP PDB and main Board on a regular basis, providing updates and exception reports on each project as well as managing delivery agreements with BCC for each project.

EZ Programme Delivery

BCC will lead the delivery of the programme and provide multi-disciplinary technical expertise across a range of disciplines, including planning, property, project management and transport/highways infrastructure, to develop and deliver the projects outlined in the Investment Strategy.

Accountable body

Birmingham City Council acts as the Accountable Body on behalf of the GBSLEP Partnership to manage and redistribute the business rate growth from the EZ. Within the EZ, where capital expenditure is to be financed, Birmingham City Council will facilitate the borrowing. The Council will calculate the borrowing costs using its existing arrangements for recharging costs (i.e. interest and the statutory requirements for debt repayment). These borrowing costs will be funded from EZ revenue resources generated from the additional business rates.

Project development

Developing a major capital infrastructure programme requires significant resource for a range of activity ranging from masterplanning, urban design work, feasibility studies and other technical services. Development work is already underway on key sites across the EZ, including Smithfield, Digbeth and the site of the new Birmingham Curzon HS2 Station. Further work will be commissioned as projects come forward for approval. Where appropriate project development funding will be capitalised within project budgets, however, resources of £2.1m has been allocated for this work.

Financial Principles

The EZIP 2019 has been developed in accordance with the EZ Financial Strategy approved in September 2016. Key to this is a set of financial principles established in 2012 which govern its management and ensure that the financial management of the EZ is robust, and that projected expenditure including borrowing and other revenue based programme expenditure is affordable.

The development of this programme has been linked with a comprehensive review covering all aspects of programme management including: financial principles and model, business rates development phasing, programme database, programme team resources, reporting, due diligence, governance and monitoring. This has informed the creation of this investment plan ensuring that there is a deliverable programme now and into the future.

Decision making is to now be based on secured business rates income and as more income only is secured then projects within each phase of the EZIP 2019 will be accelerated and business cases developed and assessed against the overall affordability of the programme.

The financial model for the EZ has evolved since its inception to a more sophisticated position. In developing the EZIP 2019, the business rates which are expected to be generated from each EZ site have been reviewed to ensure income projections are accurate and in line with the profile of future development, particularly with a number of schemes on-site/ completing and creating business rates i.e. Paradise, Snow Hill 3, Arena Central and 103 Colmore Row. Based on this review phases 1-3 of the investment programme are affordable and full business cases can be developed for each project. Further phases will be brought forward as the level of development on the EZ



Figure 1 EZ Governance

sites increases and the growth in business rates income is secured. Each project will be supported by a business case which clearly identifies how the projects will achieve its objectives, deliver the benefits and manage any risk. All funding approvals will be supported by an appropriate legal agreement which protects the interests of the EZ and ensures the applicant is responsible for meeting its obligations.

The Financial Strategy for the EZ is predicated on a programme which contains projections for major capital investment, revenue project support and the capital financing implications arising from debt repayment and also projections for the uplift in Business Rate income across the Programme's lifetime.

High level risks associated with the management of EZ resources have been identified, and modelled out through sensitivity testing. The assumed level of business rates income for the EZ is highly sensitive to anticipated levels of development activity especially if developments fail to materialise in line with projections. Similarly, increased project costs or increases in interest rates on the cost of borrowing would be detrimental to affordability and impact on the overall programme.

Following the review of the EZ programme and the more focussed methodology for forecasting business rates income it is now reasonable to review the Financial Principles, which will be applied as identified below.

Financial management

In deciding on the approval of spend the following tests and measures will be considered:

- 15% of the business rates income every year is ring fenced for uncertainties and the release of contingency kept under review on an annual basis.
- Of the remaining 85% of business rates income, financial commitments through borrowing will be monitored to endeavour they remain within 65% of the total business rates income.
- All borrowing is repaid within the life of the Enterprise Zone Programme.
- Interest charges for local authority assets are rolled up to smooth out cost and income cash flows.
- All EZ expenditure must comply with Birmingham City Council accounting and debt repayment policies.
- 9% of gross business rates income is ring fenced to account for circumstances such as bad debts, appeals, rate relief and future rate rises.
- 5% of gross business rate income is ring fenced to mitigate a potential loss of Business Rates income, during Valuation Office Rate Reviews, is incorporated into the EZ model.
- Bi-monthly forecasting of EZ site developments will take place to ensure the Business Rate profiles are accurate and robust.
- The introduction of 6 month lead-in times for the receipt of business rates from completed developments.
- All project officers will be required to sign an EZ code of practice that sets out their responsibilities for delivery of EZ expenditure.
- The availability of contingency funding to support programme delivery will be reviewed annually.



Masshouse Square

Project approval

- All project expenditure is supported by individual business cases. Applications for funding will be required to complete a full business case that is compliant with HM Treasury's Green Book standards.
- EZ funding approvals for site developments are supported by appropriate legal agreements linked to the business rates uplift.
- Birmingham City Council, as the Accountable Body, will ultimately endorse all EZ funding decisions to ensure affordability based on the availability of future business rates income.
- Expenditure outside Birmingham will be the responsibility of the relevant local authority.

Reporting

- Quarterly updates on performance will be presented to the GBSLEP Board.
- All minutes of the GBSLEP Board and PDB will be publically available.

Risk register

- The programme will take a robust approach to monitoring and managing risks in line with the matrix in Figure 2.
- The GBSLEP Boards will receive risk updates as part of the regular performance reports.

Being part of the EZ means many of the measures to mitigate common risk are already in place, including the financial strategy and governance arrangements which ensure sound investment decisions are made and the required outcomes are delivered. These and other risks are outlined in the attached Appendix 4.

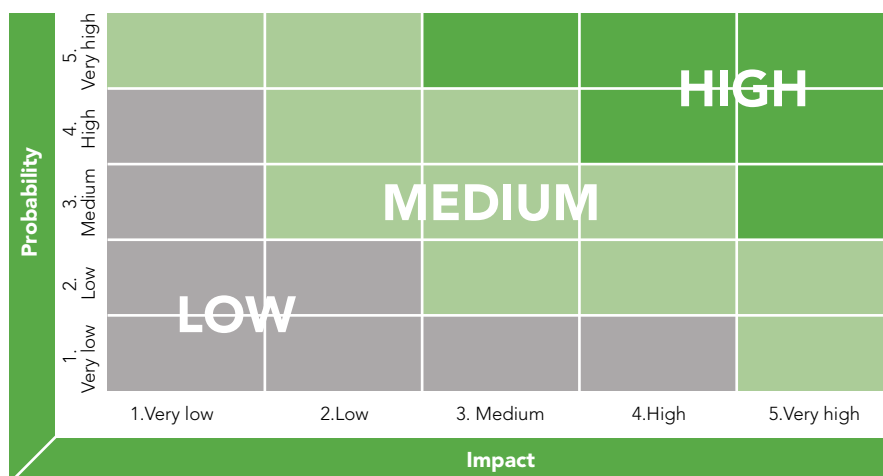


Figure 2 Risk matrix

Appendices

Appendix 1 - Funding

	Year 1-7 2012-19 £	Year 8 2019-20 £	Year 9 2020-21 £	Year 10 2021-22 £
CAPITAL				
Strategic site investment				
Paradise Circus Phase 1, 2 and 3	75,848,315	32,977,748	15,728,528	10,233,241
Birmingham Smithfield (Southern Gateway)	0	0	3,751,395	10,051,833
Birmingham Smithfield Fees	0	450,176	0	0
Former Curzon Station	0	1,500,000	500,000	0
Site Development and Access	3,355,000	2,500,000	0	0
Wider Curzon Programme	0	0	0	0
Infrastructure				
New Wholesale Markets	10,000,000	0	0	0
Metro Extension New Street to Centenary Square	15,950,000	0	0	4,474,000
Centenary Square	10,550,000	0	0	0
Pinch Points Highway Network	3,520,396	783,474	0	0
Metro Extension to East Birmingham and Solihull	0	0	0	0
One Station	373,909	244,221	0	0
Snow Hill Public Realm	275,000	0	1,693,800	926,200
Southside Public Realm	816,631	187,932	7,028,000	0
HS2 Curzon Station Public Realm	590,420	2,438,242	521,683	1,779,857
Unallocated	0	0	0	0
Digbeth Public Realm	0	1,115,000	3,885,000	6,500,000
GBSLEP Recycling Fund	0	0	0	0
HS2 Interchange Site	0	0	0	0
EZ Management Information System	0	90,000	0	0
CAPITAL PROJECT	121,279,671	42,286,793	33,108,406	33,965,131
REVENUE				
Business Support				
Business and Skills Development	0	0	50,000	150,000
Simplified Planning - Graduate	154,735	0	0	0
Digital Connectivity	464,957	0	0	0
Marketing/Strategy	210,630	50,200	60,000	175,000
Investment and Relocations	1,022,611	363,723	33,838	0
Programme Delivery Team	1,884,518	1,621,213	1,621,214	2,033,184
Birmingham Smithfield Development	915,075	0	0	0
Wider Curzon Programme	485,555	65,122	0	0
Connecting Economic Opportunities	391,554	91,994	0	0
Site Development and Access Rev	87,838	0	0	0
Curzon Project Development	18,000	150,000	200,000	250,000
REVENUE PROJECT	5,635,473	2,342,252	1,965,052	2,608,184
Inflation Allowance	0	58,556	49,126	65,205
REVENUE PROJECT INCLUDING INFLATION ALLOWANCE	5,635,473	2,400,808	2,014,178	2,673,389
TOTAL CAPITAL AND REVENUE PROJECT	126,915,144	44,687,601	35,122,584	36,638,520

Year 11 2022-23 £	Year 12 2023-24 £	Year 13 2024-25 £	Year 14 2025-26 £	Year 15 2026-27 £	Year 16 2027-28 £	2028-46 £	Total All Years £
3,942,257	336,911	0	0	0	0	0	139,067,000
19,905,690	821,193	0	0	0	0	115,469,889	150,000,000
0	0	0	0	0	0	0	450,176
0	0	0	0	0	0	0	2,000,000
0	0	0	0	0	0	0	5,855,000
0	0	0	0	0	0	257,200,000	257,200,000
0	0	0	0	0	0	0	10,000,000
0	0	0	0	0	0	0	20,424,000
0	0	0	0	0	0	0	10,550,000
0	0	0	0	0	0	336,674	4,640,544
48,100,000	46,200,000	44,500,000	44,500,000	0	0	0	183,300,000
0	0	0	0	0	0	0	618,130
0	0	0	0	0	0	0	2,895,000
0	0	0	0	0	0	2,031,870	10,064,433
4,275,857	15,638,236	20,801,535	13,954,170	0	0	0	60,000,000
0	0	0	0	0	0	70,407	70,407
17,400,000	13,400,000	13,400,000	13,400,000	13,400,000	0	3,900,000	86,400,000
0	0	5,000,000	5,000,000	5,000,000	5,000,000	0	20,000,000
0	0	0	0	0	0	20,000,000	20,000,000
0	0	0	0	0	0	0	90,000
93,623,804	76,396,340	83,701,535	76,854,170	18,400,000	5,000,000	399,008,841	983,624,691
250,000	400,000	450,000	450,000	450,000	300,000	19,913,495	22,413,495
0	0	0	0	0	0	0	154,735
0	0	0	0	0	0	0	464,957
300,000	300,000	591,995	200,000	200,000	200,000	5,404,818	7,692,643
0	0	0	0	0	0	0	1,420,172
513,000	513,000	513,000	513,000	513,000	313,000	3,643,000	13,681,129
0	0	0	0	0	0	0	915,075
0	0	0	0	0	0	0	550,677
0	0	0	0	0	0	0	483,548
0	0	0	0	0	0	5,465	93,303
250,000	250,000	250,000	250,000	250,000	250,000	33,701,825	35,819,825
1,313,000	1,463,000	1,804,995	1,413,000	1,413,000	1,063,000	62,668,603	83,689,559
32,825	36,575	45,125	35,325	35,325	26,575	1,566,715	1,951,352
1,345,825	1,499,575	1,850,120	1,448,325	1,448,325	1,089,575	64,235,318	85,640,911
94,969,629	77,895,915	85,551,655	78,302,495	19,848,325	6,089,575	463,244,159	1,069,265,602

Appendix 2 - Forecast and actual outputs

Code	Output description	Year 1-7 2012-18	Year 8 2019-20	Year 9 2020-21	Year 10 2021-22
1	Land reclaimed and made ready (ha)	16	1	1	2
2	Investment (£m)	724	132	93	88
2a	Investment - Public (£m)	126	12	23	16
2b	Investment - Private (£m)	598	120	70	72
3	Land developed (sqm) (000)	208	70	35	151
3a	Number of homes	118	0	1,278	284
4	Number of businesses locating in the EZ	65	7	8	11
5*	Total number of gross jobs created (FTE)	9,258	3,582	4,959	4,461
5a*	Number of gross workplace jobs created	6,814	2,483	5,276	5,436
5b*	Number of gross workplace jobs created (FTE)	5,141	1,923	4,060	4,179
5c*	Number of gross construction jobs person year	5,047	2,034	1,103	346
5d*	Number of gross construction jobs person year (FTE)	4,117	1,659	899	282
6	Uplift in Business Rates (£m) per annum	13	7	18	27
7	EZ Investment Programme Total Expenditure (£m)	127	45	35	37
7a	EZ Investment Programme Capital Expenditure (£m)	121	42	33	34
7b	EZ Investment Programme Revenue Expenditure (£m)	6	2	2	3
8a*	Net Additional Gross Value Added (GVA) (£m) - Birmingham once all developments are fully complete and operational	111	47	79	171
8b*	Net Additional Gross Value Added (GVA) (£m) - GBSLEP once all developments are fully complete and operational	102	43	72	157

* EZ Impact Assessment

Year 11 2022-23	Year 12 2023-24	Year 13 2024-25	Year 14 2025-26	Year 15 2026-27	Year 16 2027-28	2028-46	Tota target of EZ Year 2020-46
0	1	1	4	5	1	28	60
150	106	120	105	133	592	1,853	4,096
10	4	0	0	0	0	0	191
140	102	120	105	133	592	1,853	3,905
40	50	13	39	41	75	378	1,100
59	160	406	273	770	252	5,744	9,345
12	16	15	14	17	4	71	240
4,597	3,173	2,478	4,333	2,943	2,833	29,179	71,796
5,398	3,070	1,814	4,765	3,572	3,248	27,991	69,867
4,161	2,356	1,378	3,732	2,722	2,481	22,039	54,172
535	1,003	1,348	737	271	431	8,754	21,608
436	818	1,100	601	221	352	7,140	17,624
34	38	40	47	53	56	1,839	2,172
95	78	86	78	20	6	463	1,069
94	76	84	77	18	5	399	984
1	1	2	1	1	1	64	86
186	188	109	64	164	123	1,094	2,335
170	172	99	59	150	113	1,001	2,137

Appendix 3 - Key project indicators 2019/2020

Theme/Project Reference	1st Quarter April - June
Strategic Site Investment	
Paradise Circus Phases 1, 2 and 3	
Curzon Site Enabling Works - Former Curzon Building	Contractual documentation completed. Works to start on site.
Birmingham Smithfield	
Infrastructure	
Metro Extension Centenary Square	
Centenary Square Improvements	Delivery of lighting columns and installation. Project completion.
Pinch Points - Ashted Circus	
Pinch Points - Holloway Circus	
Southside Public Realm	Public consultation of concept design.
Snow Hill Public Realm	Project 1.1 FBC Cabinet Member Approval and work to start on site.
Ladywell Walk (Closure)/Hurst Street TRO	
Moor Street Queensway	
Curzon Public Realm	Outline Business Case approved by GBSLEP.
Curzon Tram Stop	
Digbeth High Street	
Business Support	
Programme Delivery	Quarterly performance to GBSLEP PMO.

2nd Quarter July - September	3rd Quarter October - December	4th Quarter January - March
	Phase 1 - redevelopment of Chamberlain Square and associated public realm.	One Chamberlain Square to be completed and available for occupation by PwC. Creation of new car park.
		Main refurbishment works complete.
Approval of full delivery strategy and business case.	Development partner/investor contract agreements signed.	Project end.
Completion of track laying. Testing and commissioning.	Re-opening of Paradise Circus. Tram service operational.	Completion of public realm.
Opening launch.	Project completion report.	
		Defect correction period completion.
Complete CCTV works and associated BT/ electric supply works.		
Outline Business Case approval. Detailed design development.	Tenders returned. Construction procurement process. Contractor appointed.	Full Business Case approval.
Projects 3.1 -3.4 design works complete.	Projects 2.1 and 2.2 FBC Cabinet Member Approval and work to start on site.	Project 2.3 FBC Cabinet Member Approval.
Completion of remedial works.		
Outline Business Case submitted to GBSLEP.	BCC approval of interim scheme. Options appraisal for final scheme.	Interim scheme implementation.
DAL 5 design complete. Planning application submitted.	Planning application approved. Invitation to tender launched.	
FBC approval by GBSLEP and BCC. DAL 5 design complete. Planning application submitted.	Delivery agreement signed with HS2 and WMCA. Invitation to tender launched.	
Preliminary design completed.	Consultation on draft FBC.	Approval of FBC by GBSLEP and BCC.
Quarterly performance to GBSLEP PMO.	Quarterly performance to GBSLEP PMO.	Quarterly performance to GBSLEP PMO. Annual Enterprise Zone report.

	Risk	Probability	Impact
1	Business rates reliefs and appeals exceed the provision provided for, impacting on the total collectable rates.	Moderate.	Moderate.
2	Business rate collection falls below forecast.	Moderate.	Moderate.
3	Development fails to materialise in accordance with projections which are vulnerable to wider fluctuations in the economy.	Moderate/High.	High.
4	Modelled income levels are not sufficient to support LEP projects outside of the EZ.	Moderate.	High.
5	Key EZ project costs increase due to unforeseen rises in cost or delays.	High.	High.
6	Short term Treasury rates increase beyond those forecast by Treasury.	Moderate.	High.
7	Interest from businesses in the EZ does not materialise.	Moderate.	High.
8	Impact of rating revaluation in 2022 reduces income as there is likely to be downward pressure on rateable values given the broader economy and property market.	Moderate.	Moderate.
9	Reputational impact of the GBSLEP on delivering the programme.	Moderate.	High.

Mitigation	Probability	Impact	Lead responsibility
Managed through Financial Reporting System and contingency allowance. Financial principles reviewed with contingencies increased, resulting in a robust prudent position - January 2019.	Low.	Low.	Programme Delivery Board.
To cater for a loss/downturn in overall business rate income, the Accountable Body withholds 15% for all secured business rate income on an annual basis to ensure overall affordability of the programme is maintained.	Moderate.	Low.	Programme Delivery Board.
Investment Plan has categorised the business rates growth and a more rigorous management approach has been implemented to align investment decisions with revenue projections. Investment programme financial profile reflects security of revenue income. 15% safety margin also applied to annual EZ income.	Moderate.	High.	Programme Delivery Board.
Investment Plan has identified the likely date when resources could be available for these projects. The availability of this funding will be subject to appropriate Governance arrangements and business case requirements.	Moderate.	High.	Programme Delivery Board.
Robust assessment of business cases will ensure cost estimates are accurate. Budgets managed for wider programme to ensure projects are affordable within available resources.	Moderate.	High.	Programme Delivery Board.
The City Council applies its treasury management rates to prudential borrowing including the latest projections for future years. On the basis of market knowledge/advice from the money markets, these are adjusted as necessary to provide for the most realistic borrowing rates.	Low.	High.	BCC - Financial Services.
Implementation of marketing/promotions in line with resources identified in Investment Plan.	Low.	High.	Programme Delivery Board.
5% of gross business rate income allocated within the model to mitigate against reduction in business rates received per rates revaluation review.	Moderate.	Low.	BCC - Financial Services.
Monitored by the GBSLEP Executive and managed by the Programme Delivery Board.	Moderate/Low.	High.	Programme Delivery Board.



