

Birmingham City Council

Report to Cabinet

6th September 2022



Subject: CITY CULTURAL PROPOSAL: PROJECT AND GRANT APPLICATION SUPPORT

Report of: Rebecca Hellard
Director of Council Management

Relevant Cabinet Member: Cllr Ian Ward - Leader
Cllr Jayne Francis - Digital, Culture, Heritage and Tourism
Cllr Yvonne Mosquito - Finance and Resources

Relevant O &S Chair: Cllr Akhlaq Ahmed – Resources
Cllr Jack Deakin - Commonwealth Games, Culture and Physical Activity

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 010465/2022		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

1 Executive Summary

- 1.1 This report presents the details of a cultural proposal within the City Centre, leading an application to the Arts Council and providing accountable body services should that application be successful. The project may require commercial rate financial support as well as Council fund support where eligible application can be made.

- 1.2 The exempt appendix provides additional detail of the scheme being delivered by Birmingham Open Media (BOM). The project bid for Arts Council Funding is centred on a City Centre asset, the details of this transaction are commercially confidential.
- 1.3 The report seeks approval to the Council acting as accountable body for the scheme funding, be that Arts Council or other public sources including eligible BCC funding. Where the project full business case (FBC) demonstrates that the scheme will be able to support a commercial terms loan to cover any shortfall in the delivery of the scheme then this decision will be made in principle by Cabinet and delegated to the Director Council Management to approve once the full financial position within the project FBC is known and has passed due diligence.
- 1.4 Supporting the project delivers skills, jobs and training opportunities in the key sector of digital and technological industries.

2 Recommendations:

- 2.1 Approves the support in principle of the City Council to the cultural and digital project to be delivered by BOM and the taking up of the accountable body role of the City should grant funding application be successful.
- 2.2 Delegates the due diligence and assessment of the BOM FBC and the final approval of any consequent provision of financial support at commercial rate terms in a sum not to exceed 65% of loan to value (LTV) of the secured property to the Director of Council Management.
- 2.3 Delegates approval of any funding streams available to the Council, such as Community Infrastructure Levy (CIL) and s106 monies to the project provided it passes all eligibility criteria and sufficient resource is available to the Director of Place, Prosperity and Inclusive Growth in conjunction with the Director Council Management.
- 2.4 Delegates to the Director Council Management the approval to lead any new application for additional grant funding towards this project by the council where a grant funding body requires local authority lead for applications. This will apply provided that Cabinet support for the project under recommendation 2.1 is in place.
- 2.5 Notes the submission of a first stage funding application to the Arts Council by the Council in support of this project
- 2.6 Authorises the City Solicitor to negotiate, execute and complete all necessary documentation to give effect to the above recommendations.

3 Background

- 3.1 BOM (Birmingham Open Media) is leading a proposal to bring back to life an historically important venue within the city, creating a live music venue and Centre

for Digital Inclusion that will continue to kickstart Birmingham's economy post-Covid.

- 3.2 BOM is a not-for-profit Community Interest Company that engages communities through transformational digital experiences, exploring how creative technology can be used as a tool for change, to make society better. Their interests and expertise are in neurodiversity and technology, how creativity can unleash the potential of under-represented communities and how creative innovation can address environmental challenges.
- 3.3 The project is to be led by BOM and supported by the City will work with the organisations MAIA Creatives and CodeYourFuture to deliver an enterprising boutique music hotel and performance venue, together with a new build Centre for Digital Inclusion (CDI) on site. The CDI will deliver digital skills training to address regional needs and produce world-class immersive experiences that exploit the high growth opportunities of the City's creative digital industries.
- 3.4 The project will be set in the Southside District (a Cultural Action Zone), reaching 200,000+ audiences and 5,000+ participants each year. CDI will support excluded communities in accessing society through digital; engage disadvantaged children and young people across the region; upskill diverse and economically inactive people with digital skills; and inspire and showcase creative innovation with technology.
- 3.5 Bham has significantly lower than UK average engagement across arts (Active Lives). The West Midlands has a large digital & creative productivity gap (-£7,157 GVA /employee vs UK), the highest number of employers finding digital skills hard to find, the highest number of non & limited internet users and 56% of adult internet non-users are disabled.
- 3.6 Outcomes from the project include 37+ FTE sustainable new jobs, and per annum:
- 1,500+ Black, Asian, mixed, disabled, unemployed people gaining creative digital skills & employment
 - 3,000+ under-served young people supported into creative digital careers
 - 100+ new products/services
 - 10+ new businesses pa
- 3.7 The project is currently at RIBA Stage 2 with designs, feasibility, business case, VAT advice, consultation complete. Surveys & statutory plans are in progress.

4 Options considered and Recommended Proposal

- 4.1 The City Council is under no obligation to support the project and can therefore not support with Accountable Body role or by providing commercial financial support. The Arts Council, as primary grant provider however, recommends projects are submitted by Local Authorities and places great store in the

governance and public support that such a body can give to a project. For this reason, the “do nothing” option is not recommended, it will not bring investment, grant or other financial support to this project.

- 4.2 Provide accountable body support to the submission. This is the recommended option enabling the project to be able to access grant support with a higher degree of success. There will be some minor cost associated with managing the relationship.
- 4.3 Provide commercial terms finance support. This is recommended in conjunction with the accountable body support provided that the due diligence review of the project across its whole FBC and taking into account other gap/grant funding demonstrates security for the council, serviceability and is under commercial terms acceptable to the Director Council Management.

5 Consultation

- 5.1 No external consultation is required in respect of this report however the project itself involves the Arts Council, West Midlands Combined Authority and supporting organisations. The Leader and Cabinet Member for Digital, Culture, Heritage and Tourism have been consulted by the delivery organisation as the project has developed and support the decisions within this report.

6 Risk Management

- 6.1 The project is being delivered externally by BOM and a risk register is in use, being added to and managed as part of the business case development. Should the project proceed to delivery then additional accountable body (AB) governance will be implemented as part of any funding agreement. This will include project board reporting and attendance in addition to any specific funding control requirements under an AB agreement.
- 6.2 Key risks at present centre around fund raising, including advancement to the next stage and subsequent success in the Arts Council process. Should fund raising be sufficient then the programme itself will move into delivery and construction, these stages will give rise to new risks and governance arrangements. Under AB obligations, appropriate BCC officers and audit resource will be allocated to the project.

7 Compliance Issues:

- 7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?
 - 7.1.1 The proposals contained within the report are consistent with the priorities, plans and strategies in the City Council's Plan 2018-2022 (2019 update) to achieve existing six outcomes for Birmingham to be:
 - An entrepreneurial city to learn, work and invest in

- An aspirational city to grow up in
- A fulfilling city to age well in
- A great city to live in
- A city whose residents gain the most from hosting the 2022 Commonwealth Games
- A city that takes a leading role in tackling climate change, as follows:

7.1.2 The proposed cultural project to create a live music venue and digital inclusion studios is designed to impact positively on local communities, including:

- harder to reach groups
- delivering opportunities to collaborate with partners and other local organisations
- providing social and economic benefits arising from the delivery of the refurbishment and construction project
- visitor spend and private investment; and
- the provision of high-quality digital education.

7.2 Legal Implications

7.2.1 Under Section 1 of the Localism Act 2011, the Council has the power to enter into the arrangements set out in this report, which are within the remit and limits of the general power of competence in Sections 2 and 4 of the Localism Act 2011 and S111 of the Local Government Act 1972, which contains the Council's subsidiary financial powers to spend borrow or lend money which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.

7.2.2 All constituent transactions forming part of this business case will be negotiated on commercial terms, such terms being consistent with the conditions and requirements for receipt of the grant funding necessary to implement the proposals, including the requirement that the constituent transactions do not breach competition law.

7.3 Financial Implications

7.3.1 These are detailed within the exempt Appendix 1. In addition there will be some costs associated with undertaking an accountable body role, these will not be known until the terms of any grants are known but are not expected to be material. Resources will be met from existing teams structures and budgets although where grant funding allows for recovery of costs these will be requested. Any conditions of grant funding will be passported to the project delivery organisation as part of a contractual funding agreement. Should a commercial terms loan be approved then

costs of facilitating and managing this will be added as arrangement and monitoring fees to the loan terms.

7.4 Procurement Implications (if required)

- 7.4.1 There are no procurement implications falling directly to the Council as a consequence of the recommendations of this report. Funding agreements between the grant awarding body, the Council as accountable body and the recipient, will contain procurement clauses in line with the awarding body regulatory framework and will require the recipient to sign up to the Birmingham Charter for Social Responsibility.

7.5 Human Resources Implications (if required)

- 7.5.1 The project is resourced by existing employees, supported by existing commissioned services.

7.6 Public Sector Equality Duty

- 7.6.1 The Equality Act 2010 screening will be undertaken by the project lead body and accountable body grant recipient in accordance with the duties within the Act and the requirements of the grant awarding body(ies), and as part of any loan agreement with the City. BOM publish their commitment to Equality, Diversity and Inclusion on their website, together with their 2022 - 2023 Equality Action Plan. The project in question will contribute to that action plan. <https://bom.org.uk/equality-diversity-inclusion/>

8 Environmental and Sustainability Implications

- 8.1 Not applicable - Financial report with no sustainability/environmental implications

9 Appendices

- 9.1 Appendix 1 - Exempt appendix

10 Background Documents

- 10.1 None