

# BIRMINGHAM CITY COUNCIL

## PUBLIC REPORT

<b>Report to:</b>	<b>CABINET</b>	
<b>Report of:</b>	<b>Strategic Director for Change and Corporate Services and the Acting Strategic Director of Place</b>	
<b>Date of Decision:</b>	<b>14<sup>th</sup> February 2017</b>	
<b>SUBJECT:</b>	<b>URBAN INNOVATIVE ACTIONS - APPROVAL TO ACCEPT GRANT AND FULL BUSINESS CASE</b>	
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 002918/2017</b>	
<b>If not in the Forward Plan: (please "X" box)</b>	<b>Chief Executive approved</b>	<input type="checkbox"/>
	<b>O&amp;S Chairman approved</b>	<input type="checkbox"/>
<b>Relevant Cabinet Member(s):</b>	<b>Councillor Ian Ward, Deputy Leader of the Council</b>	
<b>Relevant O&amp;S Chairman:</b>	<b>Councillor Zafar Iqbal, Economy, Skills and Transport</b>	
<b>Wards affected:</b>	<b>Ladywood and Soho</b>	

<b>1. Purpose of report:</b>
1.1 This report seeks to inform the Cabinet of a new innovative project targeting a deprived area of the city which aims to lift people out of poverty by linking them and their talents to macro-assets in their neighbourhood. The total cost of the project is £3.13m (€3.65m).
1.2 To accept £2.51m (€2.91m) grant allocation from the EU's Urban Innovative Actions (UIA) programme for the Unlocking Social and Economic Innovation Together! (USE-IT!) Project.
1.3 Approve the use of £127,953 (€148,426) of BCC contribution to the total 20% match funding resources for this project making a total project budget of £3.13m (€3.65m).
NB Grants received from the EU will be paid to the council in Euros. This report uses the exchange rate of 1.16 to show the figures in sterling. The actual rate applied will be that prevailing at the time of receipt.

<b>2. Decision(s) recommended:</b>
That the Cabinet:
2.1 Approves the Full Business Case for the Unlocking the Social and Economic Innovation Together! Project at a total cost of £3.13m (€3.65m).
2.2 Accepts the grant award of £2.51m (€2.91m) from the Urban Innovative Actions Programme for the USE-IT! Project
2.3 Approves the use of £127,953 (€148,425) of BCC match funding resources for this project which is 20% of £639,764 (€742,126) total BCC project budget. Match funding is made up of existing salaries within the Place Directorate and Change and Support Services Directorate.
2.4 Approves BCC to be the Accountable Body for the project
2.5 Authorises the City Solicitor to review and complete the legal documentation for the USE –IT! Project on behalf of the City Council as the Lead Authority.

<b>Lead Contact Officer(s):</b>	Lloyd Broad, Head of European & International Affairs
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<b>E-mail address:</b>	Lloyd.broad@birmingham.gov.uk

<b>3. Consultation</b>	
3.1	<p><u><b>Internal consultations pre-May 2016:</b></u></p> <p>Consultation has been undertaken with the Place Directorate (Homes and Neighbourhoods, Ladywood District) Employment Team, Digital Birmingham, Planning and Regeneration, Commissioning Centre for Excellence (Supporting People Knowledge), Equalities and Social Cohesion (officer responsible for policy support to the Child Poverty Commission). Councillor John Cotton attended the initial partner consultation on 5 February 2016. An update on the emerging proposal was sent via email to the Cabinet Members for Neighbourhood Management and Homes, Inclusion and Community Safety, Health and Social Care, Learning and Culture on 17 February. Ward Councillors for the area were also consulted and supported the project.</p> <p><u><b>Internal consultations post-May 2016:</b></u></p> <p>Consultations continued with the relevant Cabinet Members in December 2016. Councillors consulted included the Cabinet Members for Health and Social Care, Jobs and Skills, Transparency, Openness and Equality, Housing and Homes, Clean Streets, Recycling and Environment who all expressed their support for the project. Extensive consultations were also conducted with all local councillors. Three of them, Cllr Carl Rice, Cllr Albert Bore and Cllr Kath Hartley, attended the first project stakeholder meeting on the 16<sup>th</sup> of December 2016 and expressed their support for the project (<a href="http://www.uia-initiative.eu/en/uia-cities/birmingham">http://www.uia-initiative.eu/en/uia-cities/birmingham</a> ).</p> <p>Officers from: City Finance and Legal Services, Procurement and Property Services have been consulted in the preparation of this report.</p>
3.2	<p><u><b>External</b></u></p> <p>The Project was developed in consultation with partners including Sandwell and West Birmingham Hospitals NHS Trust, Right Care Right Here partnership, University of Birmingham, Birmingham City University, iSE (Institute for Social Entrepreneurs) - providing development opportunities for social enterprises, KPMG, BVSC, Brushstrokes, Karis Neighbour Scheme, Localise West Midlands, Health Exchange CIC. Sandwell MBC are supportive of the bid and will be part of the broader consultative partnership.</p> <p>The project fits in the Greater Icknield Masterplan and has been thoroughly consulted with Birmingham and Sandwell Development, Planning and Employment Teams.</p>

#### **4. Compliance Issues:**

4.1	<p><u><b>Are the recommended decisions consistent with the Council's policies, plans and strategies?</b></u></p> <p>The project fully aligns to the Council's Transforming Neighbourhood Strategy and will also build on the Ladywood District Jobs and Skills Plan.</p> <p>The project will be a catalyst to developing greater Community resilience and to developing stronger connections between the community and key infrastructure projects and macro assets such as the Midland Metropolitan Hospital and Icknield Port Loop development.</p> <p>The proposal contributes towards <i>Council Business Plan and Budget 2016+</i>. It contributes specifically to the following key strategic outcomes: 1. Strong economy, 4. Thriving local communities and 5. A healthy, happy population.</p>
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	<p>It responds to the following objective identified in the Council's Budget 2016-2017:</p> <ul style="list-style-type: none"> <li>- Economic growth and jobs – the project will stimulate economic developments and provide support for job creation, skills training and sustainable business growth which will impact greatly on the prosperity and wellbeing of the relevant communities (Greater Icknield - Ladywood and Soho Districts).</li> </ul> <p>It fits strategically and timely with the Greater Icknield Masterplan.</p> <p>Furthermore it shows the Council tangibly acting in an 'enabling' capacity with other local authority partners, the third sector and Higher Education (HE). The project consortium is built of 15 local partner organisations which are listed in the Full Business Case (Annex 1).</p>																				
4.2	<p><u>Financial Implications (decisions will be carried out within existing finance and resources)</u></p> <p>The total cost of the project is £3.13m (€3.64m). This is funded as follows:</p> <table> <thead> <tr> <th></th> <th></th> <th>€m</th> <th>£m approx.</th> <th>*Monthly average exchange rate from January'17 (1.16)</th> </tr> </thead> <tbody> <tr> <td>Grant</td> <td>80%</td> <td>€2.91</td> <td>£2.51</td> <td></td> </tr> <tr> <td>Matched Funding from project partners including BCC's match</td> <td>20%</td> <td>€0.73</td> <td>£0.62</td> <td></td> </tr> <tr> <td><b>Total Bid</b></td> <td><b>100%</b></td> <td><b>€3.64</b></td> <td><b>£3.13</b></td> <td></td> </tr> </tbody> </table> <p>Grant conditions will be detailed in the Grant Agreement between the European Commission and the City Council, based on the activities described in the project application.</p> <p>Birmingham City Council as Accountable Body will manage the project and ensure that funds are spent to deliver the outputs as specified in the grant agreement. The European Commission may seek to clawback funding if expenditure is deemed ineligible according to European Commission regulations, or if funding is claimed for activities/outputs that did not take place. Partnership Agreements will be put in place between the Council and each delivery partner, to ensure that the terms and conditions of the Grant Agreement are complied with and reduce the risk to the Council of clawback. The Partnership Agreements will allow performance and financial risks to be formally managed and mitigated by the Council as the Lead Authority</p> <p>Costs associated with the funding agreement and undertaking the 'Lead Authority' role will be recovered from programme management resources included within the Project. First advance payment will be sent to BCC 90 days after the Subsidiary Contract signature. BCC will then defray partners on the basis of their quarterly claims submitted to the Contract Manager.</p>			€m	£m approx.	*Monthly average exchange rate from January'17 (1.16)	Grant	80%	€2.91	£2.51		Matched Funding from project partners including BCC's match	20%	€0.73	£0.62		<b>Total Bid</b>	<b>100%</b>	<b>€3.64</b>	<b>£3.13</b>	
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	<p><b>Birmingham City Councils' total budget</b> will be allocated as follows:</p> <p>Total budget = £639,764 (€742,126)</p> <ol style="list-style-type: none"> <li>1. BCC staff = £362,165</li> <li>2. Office and Administration (15% flat rate of staff budget heading) = £54,325</li> <li>3. Formative evaluation (commissioned externally) = £115,566</li> <li>4. Services (room hire, transport, dissemination event) = £65,843</li> <li>5. Improvement fund for the Ladywood Health and Community Centre (preparing space for social enterprises) = £30,000</li> <li>6. Project related travel (including foreign travel) = £7,123</li> <li>7. Equipment for BCC staff = £4,741</li> </ol> <p><b>The BCC match funding</b> amounting to £127,953 (€148,425) will be comprised of:</p> <ul style="list-style-type: none"> <li>• Place Directorate £30,000 contribution from within existing approved budgets;</li> <li>• Staff time costs of existing City Council staff = £97,953.</li> </ul> <p>All 15 partners in the partnership were required to identify a total of 20% match funding; most of which is over 3 years from 1 March 2017 – 31 October 2019 (eligible project start date is November 2016 and retrospective is allowed by the European Commission to account for the project preparation and Initiation Phase that was planned from 1 November 2016 – 28 February 2017). There is a subsequent 4<sup>th</sup> year for project closedown and dissemination activities. No match funding is required for the final year. These match funding commitments have been confirmed in writing by the project partners.</p> <p>There will not be any on-going revenue consequences to the City Council when this project is completed.</p>
4.3	<p><u>Legal Implications</u></p> <p>Under the general power of competence in Section 1 Localism Act 2011, the Council has the power to enter into the arrangements set out in this report and they are within the boundaries and limits of the general power of competence in Sections 2 and 4 Localism Act 2011. Legal and compliance issues associated with the EU grant and project will be resolved within the conditions of grant aid.</p>
4.4	<p><u>Public Sector Equality Duty</u></p> <p>Initial Equality Analysis (EA001241) has been performed in March 2016 and was submitted with the Cabinet Report on the 22 March 2016 seeking the approval to bid. The Cabinet endorsed the Analysis on the 22 March 2016.</p>

<b>5. Relevant background/chronology of key events:</b>	
5.1	<p><b><u>Key dates:</u></b></p> <p>The Urban Innovative Actions Programme is a new EU funded programme, launched in December 2015. The Programme funds innovative, bold and creative ideas to tackle urban challenges. The Programme is a rare opportunity for the city and its partners to experiment and test how new and unproven solutions work in practice and how they respond to the complexity of real life.</p> <p>The first UIA call for proposal was launched in February 2016. Following approval by Cabinet on 22 March 2016, Birmingham City Council led a partnership bid into the EU's new Urban Innovative Actions Programme under the Urban Poverty theme.</p> <p>The official results were announced on 12 October 2016. Birmingham was one of only 18 EU cities (and the only UK City) selected out of 378 applications submitted under the first call for proposals. This approval followed a rigorous 3-stage assessment process by the Urban Innovative Actions secretariat.</p> <p>Offer letter was sent to Birmingham City Council from the UIA Secretariat on 2 November 2016 (attached as appendix 2).</p>
5.2	<p><b><u>Project Implementation</u></b></p> <p>Subject to Cabinet Approval, project Delivery Phase will be from 1 March 2016 – 31 October 2019 (+ 1 year for project closedown and dissemination).</p> <p>Project Initiation Phase has started on 1 November 2016 (the project can claim expenditures retrospectively and the eligible project start date has been confirmed as 1 November 2016). The proposed project has until the end of February 2017 to successfully complete the Project Initiation Phase and sign Partnership Agreements with all 14 local delivery partners. Contract negotiations are ongoing with the UIA Secretariat and the grant will be confirmed after this phase is completed. All requirements have been fulfilled and tasks completed on time. Partners' match funding has been confirmed (see Full Business Case attached).</p>
5.3	<p><b><u>Background:</u></b></p> <p>The project titled USE- IT! (Unlocking Social and Economic Innovation Together) totals £3.13m (€3.64m) 80% of which will be grant £2.51m (€2.91m), 20% match funding from partners, £0.62m (€0.73m). The USE-IT! Project will be managed by Birmingham City Council on behalf of a consortium of public, HE, private and the third sector partners (15 local partner organisations). £2.51m (€2.91m) grant is available over 3 years (+1 year for project closedown and dissemination).</p> <p>The project will test new place-based approaches to urban poverty in Ladywood and Soho, focussing on the interconnectedness of a number of causal factors that contribute towards cyclical poverty. The project will Unlock Social and Economic Innovation Together (USE-IT!) in deprived neighbourhoods; linking citizens (micro-assets) found within the community with macro-assets. The project outcomes and impact has been outlined in the Full Business Case.</p>

The geographical test-bed is the area of Birmingham from Ladywood, Soho, to the site of the new Midland Metropolitan Hospital in Sandwell. The University of Birmingham identified this as a functional economic area with significant macro assets (e.g.: the new Hospital, four major housing redevelopments) and persistently high levels of multiple deprivation.

Reductions in public sector finance, failure of previous public policies and the increasing complexity and fragmentation of initiatives, means that people in many neighbourhoods live with persistent levels of deep-seated poverty.

USE-IT! is innovative in that it aims to buck this trend. It will take the learning of previous policy initiatives as a starting point, but will pioneer a new approach. USE – IT! will connect ‘top down’ growth strategies while growing ‘bottom up’ capacity, resilience and solutions to re-shape the offer of public services, and the offer of business, the community and citizens.

USE-IT! will empower citizens and stakeholders to identify their economic and social challenges and to produce solutions built upon the assets rooted in the community, creating new economic opportunities and social capital. Detailed measures and deliverables are included in the FBC.

There will be Work Packages on the following: Project Management, Communications, Community research, Strengthening civil capacity and finance, Matching jobs skills in the community with demand, Supporting social entrepreneurship. See the attached project summary for further information (Annex 1).

The governance for USE-IT! (Appendix A) will be led by an inclusive partnership steering group to drive forward the project implementation and delivery. A particularly innovative feature will be a proposed challenge panel made up of local citizens and we will also invite innovation agencies and specialists e.g. NESTA (<http://www.nesta.org.uk/>), RSA (<https://www.thersa.org/>). (Stakeholder analysis has been attached to the Full Business Case Appendix C).

## 5.4

### Context:

#### EU Urban Agenda

It should also be noted that the UIA Programme is one of the key funding instruments connected to the EU Urban Agenda, which aims to coordinate European policy and funding aimed at cities in order to get the best outcome. Birmingham City Council is the Co-Chair of the EUROCITIES EU Urban Agenda Working Group and has also been invited to one of the thematic partnerships working on urban poverty at the EU level. Birmingham joins Ile de France (Paris), Lille (France), Brussels Capital Region (Belgium) to progress and better coordinate policy and funding instruments leading to tangible and sustainable positive outcomes for cities in relation to urban poverty. This EU level engagement has positioned the city positively and allowed us to draw down funding for this project.

Birmingham is represented on the EU Urban Poverty Platform by the Head of European & International Affairs working with the Acting Strategic Director of Place.

<b>6. Evaluation of alternative option(s):</b>
6.1 Do not accept funding offer of £2.51m (€2.91m) UIA/ERDF funding. This option would limit an ability to test new approaches with partners and communities in their neighbourhood and potentially damage the reputation of the City Council.

<b>7. Reasons for Decision(s):</b>
7.1 To accept the Urban Innovative Actions Programme funding for the USE-IT! Project, up to a maximum grant of £2.51m (€2.91m) to deliver a new and innovative approach to Urban Poverty in one of Birmingham's deprived neighbourhoods.
7.2 To facilitate new partnership arrangements allowing the Council to provide an enabling and brokering role with stakeholders whilst maintaining local leadership and accountability.

<b>Signatures</b>	<b>Date</b>
Councillor Ian Ward Deputy Leader of the Council	.....
Jacqui Kennedy Acting Strategic Director for Place	.....
Angela Probert Strategic Director for Change and Corporate Services	.....

<b>List of Background Documents used to compile this Report:</b>
1 Council Business Plan and Budget 2016+
2 Neighbourhood Plan
3 Report to the Cabinet seeking approval to bid endorsed by the Cabinet on 22 March 2016.

<b>List of Appendices accompanying this Report (if any):</b>
1 Full Business Case with attachments
2 Offer letter sent to Birmingham City Council by the UIA Secretariat on 2 November 2016

<b>Report Version</b>	<b>FINAL</b>	<b>Dated</b>	<b>2.02.17</b>
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## **PROTOCOL PUBLIC SECTOR EQUALITY DUTY**

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

## Equality Act 2010

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

The public sector equality duty is as follows:

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