

BIRMINGHAM CITY COUNCIL

PUBLIC

CABINET

Report of:	Corporate Director - Economy
Date of Decision:	14th November 2017
SUBJECT:	DELIVERY TEAM FOR THE ENTERPRISE ZONE, HIGH SPEED 2 CURZON AND EAST BIRMINGHAM INVESTMENT PROGRAMMES
Key Decision:	Yes
If not in the Forward Plan:	Relevant Forward Plan Ref: 004162/2017
(please "X" box)	Chief Executive approved <input type="checkbox"/>
Relevant Cabinet Member(s) or	O&S Chair approved <input type="checkbox"/>
Relevant Executive Member:	Councillor Ian Ward – Leader
Relevant O&S Chair:	Councillor Zafar Iqbal (Economy, Skills & Transport)
Wards affected:	Ladywood, Nechells, Hodge Hill, Washwood Heath, Bordesley Green, South Yardley, Sheldon, Stechford and Yardley North.

1. Purpose of report:

- 1.1 To seek authority to enter into funding agreements/Service Level Agreements with the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and High Speed 2 Ltd to form a dedicated team and additional officer capacity within the Economy Directorate to support delivery of the Enterprise Zone (EZ), Curzon and HS2 East Birmingham investment programmes. The team and additional officer capacity will form part of the Economy Directorate and will oversee, co-ordinate and deliver a range of projects to ensure resources are maximised and the objectives and benefits of the programmes are achieved..
- 1.2 To accept £6,453,518 of Enterprise Zone Investment Plan funding from the GBSLEP.
- 1.3 To seek authority for the Corporate Director of Economy to appoint to the posts detailed in appendix 3.

2. Decision(s) recommended:

That the Cabinet:-

- 2.1. Approve the resource plan at a total cost of £8,839,446 over the period 2017/18 to 2021/11, as set out in Appendix 1, to support implementation of the Enterprise Zone, Curzon and HS2 East Birmingham Programmes.
- 2.2. In its capacity as the Council and as Accountable Body for the Enterprise Zone approves the allocation of £6,453,518 Enterprise Zone revenue funding over the period 2017/18 to 2021/22 to fund the Enterprise Zone Delivery Team.
- 2.3 Authorises the Corporate Director of Economy to enter into a funding agreement and accept funding of £6,453,518 of Enterprise Zone Investment Plan grant funding from the Greater Birmingham and Solihull Local Enterprise Partnership.
- 2.4 Authorises the Corporate Director of Economy to negotiate and enter into a Service Level Agreement with HS2 Ltd to fund posts up to the value of £2,153,800 required to

support the Curzon and HS2 Programmes.

- 2.5 Delegates authority to the Corporate Director of Economy to release posts to support the Council's statutory Planning and Highway functions in relation to the HS2 Programme, subject to funding being available through the HS2 Service Level Agreement between Birmingham City Council and HS2 Ltd.
- 2.6 Delegates authority to the Corporate Director of Economy to release posts to support delivery of the Enterprise Zone and Curzon programmes, funded through the Enterprise Zone.
- 2.7 Authorise the City Solicitor to negotiate, execute and complete all necessary documents to give effect to the above recommendations.

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3. Consultation

Consultation should include those that have an interest in the decisions recommended

3.1 Internal

The Leader, Cabinet Member for Jobs and Skills and the Cabinet Member for Value for Money and Efficiency have been consulted on this report and they support this proposal proceeding to executive decision. Councillors for all the wards affected by this report have been informed and no feedback has been reported. Officers from the Economy Directorate have produced this report and officers from Corporate Finance, HR and Legal Services have been involved in the report's preparation.

3.2 External

The Chair of the Enterprise Zone Executive Board has been consulted and supports the recommendations of this report.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

- 4.1.1 The Enterprise Zone, Curzon Infrastructure Programme and HS2 East Birmingham Programme support the Council's Vision and Forward Plan. In particular, the programmes will contribute towards the City Council's priorities for jobs and skills and housing by creating a strong economy and supporting future development activity, including housing delivery, job creation and delivering transport and other improvements. The priorities for the Enterprise Zone and Curzon programmes are set out in their respective Investment Plans approved by Cabinet in 2014 and 2016 respectively. The programmes are key to delivering the City Council's Birmingham Development Plan, Big City Plan and Curzon Masterplan. The programmes also support delivery of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and West Midlands Combined Authority Strategic (WMCA) Economic Plans and the Midlands HS2 Growth Strategy, which is a priority for the GBSLEP and WMCA to maximise the economic impact of HS2 and the proposed East Birmingham to Solihull Metro Extension.

4.2 Financial Implications (How will decisions be carried out within existing finances and Resources?)

- 4.2.1 Within the Enterprise Zone (EZ) all business rates are collected by the City Council with any net uplift in the business rates collected within the Zone allocated to the GBSLEP for the period to 31 March 2046. It is the GBSLEP Executive who reviews how and where these funds are deployed and make recommendations on investment decisions over the resource in line with the investment plans for the EZ, subject to the City Council in its Accountable Body role for the EZ ensuring compliance with its own governance principles.
- 4.2.2 In its Accountable Body role, the City Council employs the EZ Delivery Team. The costs of all EZ projects including the Prudential borrowing charges arising from capital schemes will be fully financed by the revenue resources generated through the uplift in business rates within the EZ. There are financial risks associated with the Accountable Body role, the main one being failure of the EZ to deliver sufficient business rates uplift to cover the level of borrowing or up-front revenue expenditure incurred by the City Council. As a result the EZ Programme is subject to detailed financial monitoring both of its cost and resource base to ensure that the Programme is affordable.
- 4.2.3 In 2012 Birmingham City Council and the GBSLEP established a set of financial principles for the EZ. Accordingly, the City Council applies a safety margin whereby 15% of business rate income is held in reserve and not committed against investment proposals until there is greater certainty of future uplift in business rate income. Borrowing costs will also be kept within 65% of forecast income. The current financial modelling shows that the cost of the EZ and Curzon posts is affordable based on the expected and additional income levels that the EZ will generate. This can be accommodated within the existing EZ Investment Plan and a future update of the Investment Plan to the EZ Board and Cabinet will address the funding of Delivery Team within the context of the wider implementation programme over the next 5 years.
- 4.2.4 In addition to the posts identified to support the EZ programme, it has also been identified that additional capacity is required to enable the City Council to fulfil its statutory responsibilities associated with the HS2 programme for Planning and Highways. HS2 Ltd has agreed to meet the costs associated with fulfilling these obligations and the terms for which payment can be made is set out in the Service Level Agreement (SLA) between BCC and HS2 Ltd. The SLA states that where it is identified, and agreed between BCC and HS2 Ltd, that additional resources need to be put in place in order to fulfil the Council's obligations, funding will be provided upfront and in a timely manner by means of a separate funding agreement with HS2 Ltd. The relevant posts identified in this report will only be released at the point an appropriate funding agreement is signed with HS2 Ltd.
- 4.2.5 The overall cost for the delivery team is set out in Appendix 3. The EZ funding for the Delivery Team will utilise existing allocations within the approved EZ Investment Plans. This is affordable within the context of the whole programme. The Accountable Body function would involve chargeable time against the budget to support those activities relevant and necessary to the management of the Enterprise Zone. This budget would be managed by the Assistant Director of Development. All other costs would be aligned against resources agreed through the HS2 SLA and an allocation to be ring fenced from the Planning income resource which is generated through the programmes identified within this report and there will be no cost to the City Council.

- 4.2.6 In accordance with accounting practices, salary costs contained under the Project Development and Delivery function will be capitalised against future capital project costs where the cost can be deemed to have directly led to the creation of an asset. This practice for project management activity will be maximised over the period to reduce the short term revenue pressure on the EZ programme.
- 4.2.7 The salaries in Appendix 3 are based on City Council Grades, including NI & Superannuation contributions at top of the scale at 2017/18 prices for 4 year fixed term posts. This represents the potential full cost to the programme. Following approval of this report recruitment will take place and the posts will be in place by the start of 2018/19.
- 4.2.8 The Delivery resource will be reviewed every four years to assess whether there is sufficient capacity planned against the pipeline of future projects and development activity. The proposed EZ Investment Plan (2017) will contain a whole programme ring-fenced budget for the Programme Management/Accountable Body costs embedding this within the financial model for the lifetime of the zone to 2046.

4.3 Legal Implications

- 4.3.1 The Local Government Finance Act 2012 supports the development of Enterprise Zones by enabling the City Council, on behalf of the LEP, to retain 100% of business rates income from within the Enterprise Zone.
- 4.3.2 The posts are new roles and will be job evaluated and recruited to in line with Birmingham City Council policy and procedures, including access by priority movers/lateral movers.

4.4 Public Sector Equality Duty (see separate guidance note)

- 4.4.1 In overall terms the Delivery Team has been assessed as leading to a positive effect on the equality considerations through the promotion of economic activity, job creation and improving skills that will benefit local people. It has been assessed that the Delivery Team will advance equality of opportunity as a result of its promotion of development and regeneration activity (Appendix 4).

5. Relevant background/chronology of key events:

- 5.1 Birmingham and the wider region are undergoing an unprecedented level of development which is bringing long term economic benefits to the area. A key focus for this growth is in the City Centre, driven by the existence of the Enterprise Zone (EZ), which commenced in 2011. The announcement of HS2 has added further to this and generated a greater focus as a catalyst for growth in the City and wider region. Allied to this, plans for the extension of the Midland Metro from Birmingham City Centre through East Birmingham and North Solihull to connect with UK Central, including the HS2 Interchange, Airport and NEC will act as a catalyst for regeneration in this part of the City.
- 5.2 The level of activity represents one of the largest infrastructure investment programmes in Europe. To effectively manage these programmes and support additional activity over and above existing commitments, further resource is needed to meet the demands of delivery and providing effective programme and performance management. This will require significant input from the City council on planning, design, project and programme management, skills, business and transport.

The Enterprise Zone and Curzon Programme

- 5.3 The EZ and Curzon Programme investment plan identifies a circa £1bn programme of infrastructure investment that covers 113.5ha of land, over 39 designated sites with significant growth potential to deliver 76,000 jobs; 2.3m sqm of commercial floorspace; contribute nearly £4bn per year in GVA; and has the potential to generate in excess of £2bn per year in additional business rates to be reinvested across the area.
- 5.4 The EZ is currently managed and delivered utilising existing City council resources along with an EZ funded Programme Manager and Curzon Delivery Manager. The nature and scale of the EZ, which includes delivery of the Curzon Investment Plan and growth around the HS2 Station, now requires a dedicated team to both manage and deliver the vastly expanded programme of activity. Economy Directorate resources will continue to be utilised to provide senior leadership and also project level capacity but fully complemented by a new Delivery Team and associated technical capacity.

High Speed 2

- 5.5 The arrival of HS2 in 2026 represents a once in a generation opportunity to drive economic growth and prosperity for the City and region. Delivering infrastructure on this scale requires an appropriate level of resource to address a range of functions, including regulatory capacity through the Local Planning and Highway Authority functions, such as assessing and approving proposals for traffic management and the approval of temporary and permanent Works. Other requirements include urban design and project management to ensure delivering HS2 minimises disruption to residents and business and maximises the economic benefits for Birmingham.

East Birmingham Programme

- 5.6 East Birmingham is an area of the city that faces longstanding and persistent issues that have had a negative impact on the area for at least 20 years. These include, but are not limited to, high unemployment, low educational attainment and skills levels, poor health, high levels of child poverty and a weak development market. The proposal to extend the Midland Metro through the heart of the area provides a new opportunity for the Council, in partnership with Solihull MBC, to develop a new approach to tackling these entrenched problems. This work is starting with an Infrastructure and Baseline Study, which will inform the development of a Strategy and Vision, supported by work on viability, implementation, and development of a Funding and Financial Model. Capacity to support the next phases of the programme is required as the scale of activity is additional to existing available resources.
- 5.7 It is proposed that the additional resource required to meet the challenge for delivering the Enterprise Zone will be established within a new Delivery Team. Further to this the additional officer capacity required to provide relevant technical expertise across programme management, planning, property, and transport/highway infrastructure for the Curzon and HS2 East Birmingham programmes will be integrated within the existing service areas of the Economy Directorate.

The Enterprise Zone and Curzon Delivery Team

- 5.8 In order to provide dedicated senior management capacity for the programme and support day to day implementation the Delivery Team will be headed by a Delivery Director. The Delivery Director will be responsible for the management and day to day

operations of the Enterprise Zone and Curzon. The post will be a senior position within the City council and have the skills, knowledge and experience to manage a substantial programme. The programme management function, headed by the Delivery Director, will contain the EZ Programme Manager, Programme Management support and Delivery Managers. The teams will focus on programme management, including governance, reporting and monitoring for the Enterprise Zone and Curzon Investment Plans. In addition the posts will develop and deliver key infrastructure projects alongside enabling and developing strategic sites.

High Speed 2 and East Birmingham Delivery

- 5.9 The additional officer capacity which is required to fulfil the regulatory functions of the Local Planning and Highway Authority and other related activity connected with HS2 and the wider regeneration objectives will be integrated within the relevant service areas of the Economy Directorate. This will ensure resources are targeted appropriately to help the Council meet the challenge of delivering such large infrastructure programmes within a relatively short period of time. It will help the City maintain its resilience by keeping residents and businesses moving whilst major works are being undertaken and it will help ensure that they bring maximum economic and social benefits once they are complete.
- 5.10 Appendix 1 outlines the functions and roles of the Delivery Team and additional officer capacity. The Delivery Team will sit within the Economy Directorate reporting to the Assistant Director Development and Corporate Director Economy. The resource plan covers a four year period 2018/19 to 2021/22 and is considered appropriate to deliver a level of infrastructure investment not seen previously in the City in recent times. The posts will focus on regulatory Planning and Highway functions for the EZ, HS2 and Midland Metro and the production of planning guidance to support development. Other activity will include the interface with HS2 for the station design and planning functions and the development of East Birmingham and North Solihull Programme.

6. Evaluation of alternative option(s):

- 6.1 Do Nothing –Insufficient resource to implement the programmes will jeopardise the potential to achieve inclusive economic growth and regeneration across the city and the associated benefits of job creation, improved skills and new housing.
- 6.2 Utilise the current staffing resource to implement the programmes. This isn't feasible as there isn't capacity to absorb the activity into existing workloads.

7. Reasons for Decision(s):

- 7.1 To allow the Council to effectively implement the Enterprise Zone, Curzon and HS2 East Birmingham regeneration programmes and fulfil the statutory Planning and Highway functions associated with the delivery of HS2.

Signatures

Date

Councillor Ian Ward
Leader

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Waheed Nazir
Corporate Director, Economy

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List of Background Documents used to compile this Report:

- 1. Enterprise Zone Investment Plan 2014
- 2. Curzon Investment Plan 2016

List of Appendices accompanying this Report (if any):

- 1. EZ, HS2 Curzon, East Birmingham Delivery Resource Plan
- 2. EZ Funding Offer Letter
- 3. Delivery Team Resource Funding Breakdown
- 4. Equality Analysis

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 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 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 (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 The Council must, in the exercise of its functions, have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 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:
 - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 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.
- 4 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:
 - (a) tackle prejudice, and
 - (b) promote understanding.
- 5 The relevant protected characteristics are:
 - (a) marriage & civil partnership
 - (b) age
 - (c) disability
 - (d) gender reassignment
 - (e) pregnancy and maternity
 - (f) race
 - (g) religion or belief
 - (h) sex
 - (i) sexual orientation