

Birmingham City Council

Report to Cabinet

28 June 2022



Subject: Levelling Up Fund – Tranche 2 Bids
Report of: Strategic Director - Place, Prosperity & Sustainability
Relevant Cabinet Members: Councillor Ian Ward – Leader of the Council

Relevant O & S Chairs: Councillor Saima Suleman – Economy & Skills
Councillor Mohammed Idrees – Housing and Neighbourhoods
Councillor Akhlaq Ahmed – Resources
Councillor Chaman Lal – Sustainability and Transport

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" 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: 010201/2022		
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
If relevant, provide exempt information paragraph number or reason if confidential: Appendix C is exempt due to being concerned with Compulsory Purchase of land.		

1 Executive Summary

- 1.1 On the 3rd March 2021, the Government announced a £4.8 billion Levelling Up Fund (LUF) as part of the Spring Budget. The fund will provide investment into infrastructure that improves everyday life across the UK, including regenerating town centres and high streets, upgrading local transport infrastructure, and investing in cultural and heritage assets.

- 1.2 The fund allows Members of Parliament, as democratically elected representatives of the area, to back one bid that they see as a priority, although their support is not compulsory for bids to be successful. The number of bids that a local authority can make will relate to the number of MPs in their area. Bids can be up to £20 million for a scheme or package of schemes. Larger transport or culture schemes can be up to £50 million, although a Combined Authority can only submit one such bid. Birmingham could submit a maximum of 10 bids over the four-year period, up to 2024-25 (one for each parliamentary constituency).
- 1.3 The fund has been split into tranches, with the first round supporting £1.7 billion of projects in over 100 local areas across the UK. This included three projects within Birmingham: A457 Dudley Road Improvements, Moseley Road Baths & Balsall Health Library and the remediation of the former Birmingham Wheels Site (Bordesley Park).
- 1.4 Birmingham City Council proposes to submit five capital bids to the second tranche of the LUF totalling £82.264million. Further details of the schemes to be submitted, as listed below, are available in paragraphs 3.20 to 3.37.
- Erdington High Street
 - Northfield
 - Druids Heath
 - National Centre for Decarbonisation of Heat
 - Edgbaston Community Facilities

2 Recommendations

- 2.1 Approves, the submission of five draft Levelling Up Fund capital bids totalling £82.264million to deliver the schemes listed in paragraphs 3.20 to 3.37, which are due for submission to the Government by 6 July 2022.
- 2.2 Delegates to the Strategic Director Place, Prosperity and Sustainability finalisation of the LUF bids in order to submit by the 6 July 2022 deadline, so long as financial values are within 10% of those within this report and the outputs of each scheme are not substantively different to those listed.
- 2.3 In the event of successful bids, delegates authority to the Director of Council Management to accept the LUF grant to deliver the relevant scheme(s) listed in paragraphs 3.20 to 3.37 of this report and enter into the relevant funding agreement, subject to the final terms and conditions being acceptable.
- 2.4 In the event of successful bids, delegates approval of Outline Business Cases (OBC's) and Full Business Cases (FBC's), including revised financial appraisals, for the LUF Tranche 2 projects detailed in paragraphs 3.20 to 3.37, to the Strategic Director of Place, Prosperity & Sustainability, and the Director of Council Management with the relevant portfolio holder(s).
- 2.5 In the event of successful bids, approves additional prudential borrowing (PB) of up to £6.542 million detailed in section 7.3 as the City Council's match funding for

the LUF bids however, delegates to the Director of Council Management the ability to optimise sources of match-funding dependent on availability, subject to approval of OBCs and/or FBCs for the individual schemes as part of the City Council's governance process.

- 2.6 Subject to approval and acceptance of the LUF funding, approve the Council acting as the accountable body for the National Centre for Decarbonisation of Heat and Edgbaston Stadium and Community Masterplan, which is being delivered by the University of Birmingham and Warwickshire County Cricket Club (WCCC) respectively.
- 2.7 Subject to approval and acceptance of the LUF funding, approve the Council entering into Conditions of Grant Aid (CoGA) agreements with the following organisations to deliver elements of the Erdington High Street scheme:
- St Barnabas' Church, Erdington
 - Witton Lodge Community Association
- 2.8 Authorises the Acting City Solicitor to take all necessary steps to carry out preparatory work for three potential Compulsory Purchase Orders (CPO) in respect of the land identified in exempt Appendix C including the appointment of land referencers, prior to authority being sought for the making and progressing of CPOs.
- 2.9 Authorises the Assistant Director of Property to negotiate the acquisition of all interests in land outlined on the plans in exempt Appendix C (which shows the maximum anticipated extent) in advance of, and alongside, the making of potential CPO's and where appropriate, to pay statutory home loss, basic loss and negotiate disturbance compensation to all qualifying owners and tenants.
- 2.10 Authorises the Acting City Solicitor to negotiate, execute, seal and complete all necessary documentation to give effect to the above recommendations.

3 Background

Levelling Up Fund

- 3.1 The LUF was announced by Government as part of the Spring Budget on the 3rd March 2021 and represents a marked change to the way that Government supports local economic growth.
- 3.2 This change involves further decentralisation of Government powers, by working more directly with local partners and communities across England and the devolved administrations. This recognises that local administrations are best placed to understand the needs of their areas, and more closely aligned to the local economic geographies to deliver quickly on the ground.
- 3.3 To support these objectives, the Government launched three new investment programmes to support local communities. These new investment programmes are:

- The UK Community Renewal Fund (CRF)
- The Levelling Up Fund (LUF)
- The Community Ownership Fund (COF)

- 3.4 The £4.8 billion LUF will support investment in infrastructure that improves everyday life across the UK, stimulating economic recovery across the UK as the nation recovers from the COVID-19 pandemic. Specifically, the focus of the LUF is to support regeneration of town centres and high streets, support individuals into employment, improve local transport links and invest in local cultural and heritage facilities. Projects should be aligned to and support net zero goals, including those set out in the UK government's net zero strategy and sector-specific plans such as the Heat and Buildings Strategy where relevant.
- 3.5 The first tranche of the LUF made £1.7 billion available to Local Authorities in 2021/22. Every Local Authority in the country can submit bids, up to one per parliamentary constituency, during the four financial years where funding will be available. On 8th June 2021, Cabinet approved the submission of four capital bids totalling £64.018 million to the first tranche of the LUF. A total of £52.625 million was awarded from the Government.
- 3.6 This report is concerned with seeking approval to submit five capital bids totalling £82.264 million to the second tranche of the LUF in advance of the Government's deadline of 6 July 2022.
- 3.7 Local Authorities have been banded into three tiers (based on an "economic resilience index") which will influence the priority given to bids during assessment. Birmingham has been placed within tier one, which represents the highest level of priority.
- 3.8 Bids to the fund can be up to £20 million each (larger transport schemes can be up to £50 million (90% of value must be transport), although a Combined Authority can only submit one such bid, and for Tranche 2 the Government is prepared to fund up to two large bids for up to £50 million under the LUF's culture investment theme, again 90% of value must be culture. Smaller projects can be packaged together and projects that cross constituency or district boundaries can also be submitted.
- 3.9 Schemes submitted for the second tranche of LUF must begin delivery on the ground (demonstrating spend from LUF) in the 2022/23 financial year. There will be further opportunities to bid in subsequent rounds in future years. All funding provided from the LUF is to be spent by 31 March 2025, and, exceptionally, into 2025-26.

The fund can be spent on the following three themes:

- **Transport investment** – public transport (including bus priority), active travel, repairs and major maintenance, accessibility improvements, smaller

projects that can reduce carbon, improving air quality, cutting congestion, enhancing growth and improving the transport experience for users.

- **Regeneration and town centre investment** – building on the Towns Fund framework, acquire and regenerate brownfield sites, upgrading buildings and spaces, crime reduction and community infrastructure, and bring public services and safe, accessible community spaces into town and city centres.
- **Cultural investment** – Maintaining, regenerating or creatively repurposing museums, galleries, visitor attractions and heritage assets or creating new assets that serve those purposes, including providing new community owned spaces for culture and the arts.

3.10 Scheme proposals will be assessed against the following criteria:

- Characteristics of the place (as expressed in the three-tier classification);
- Strategic fit with local and fund priorities (to be expressed in the strategic case of submissions)
- Economic case
- Deliverability

Key Considerations

3.11 The fund has been designed to have the potential to disperse funds very widely across a range of purposes, and to engage many stakeholders. It is vitally important that our approach is as strategically coherent as possible, to ensure maximum value can be achieved and bids are delivered on time. An internal officer group has been established to ensure that Birmingham is:

- **Strategically focused** - there is a strategic approach to how we focus on the use of the fund, including the wider context of current funds and activities, as well as being in line with existing Council priorities.
- **Transparent and objective** - with clear and objective criteria to prioritise proposals.
- **Supported by stakeholders** - there is effective engagement with stakeholders in the development of bids, including all local MPs.
- **Realistic** - projects proposed are deliverable in terms of their readiness and the currently available delivery capacity in the City Council and relevant partner agencies.

3.12 It is important to bear in mind the following factors regarding schemes that will be put forward for Tranche 2:

- The City Council is currently under significant delivery pressure, given the extensive preparations for this year's Commonwealth Games, the existing intensity of development in the city, and the number of projects associated with managing and recovering from the COVID-19 crisis.
- The Government's key concern is to see visible and rapid improvements in local places, through the restoration or creation of infrastructure for transport, community activities, town and city centres and culture and open space.

- Not all projects brought forward will be “deliverable” or “shovel ready” in the early rounds of the fund. As indicated in the prospectus, there may be benefits in holding back some proposed projects for later rounds, to ensure that they are ready to go. Readiness or deliverability needs to be defined rigorously in terms of factors such as planning permission, other funding being in place, existence of a full business case and the need for land remediation.
- Whilst the City Council is invited to submit up to ten bids (one for each parliamentary constituency) over the life of the fund, there is the option to hold some of these back for delivery in later years, as part of later phases.

Proposed Strategic Focus

- 3.13 The fund is one of several funding streams currently in operation or about to be launched. The Shared Prosperity Fund (SPF) is operating between April 2022 and March 2025, with investment plans to be submitted by 1 August 2022. This will replace EU structural funds and will focus on employment, skills and business support, as well as additional place-based investment. There are also emerging funding opportunities for regional transport infrastructure (Intra-Cities Fund).
- 3.14 The biggest challenge facing Birmingham during 2022 is to support businesses, the city centre and local centres to recover from the impact of the COVID-19 pandemic. The absence of a Towns Fund allocation or Town Deals within the city means that resources are limited for this work.
- 3.15 It is proposed that the unifying theme for Tranche 2 should be the recovery of high streets and local centres. This would prioritise proposals across the three themes of the fund, including packages of support to specific local centres or the city centre. This focus should also reflect the City Council’s priority to tackle inequalities and the zero-carbon agenda.
- 3.16 This approach can be reviewed for future rounds, once the SPF is up and running and greater clarity is available of funding availability.

Tranche 2 Schemes – Prioritisation

- 3.17 The schemes set out in this report have been identified in alignment with the Council’s Levelling Up Strategy and the key LUF criteria set out by the Government and have been put forward following engagement with relevant Members of Parliament.

Tranche 2 Schemes – Selected Schemes

- 3.18 Five schemes have been selected to bid for Tranche 2 funding;
- Erdington High Street (Erdington Constituency)
 - Northfield Town Centre (Northfield Constituency)
 - Druids Heath (Selly Oak Constituency)

- National Centre for Decarbonisation of Heat, Tyseley (Yardley Constituency)
- Edgbaston Community Facilities (Edgbaston Constituency)

An overview of each scheme is presented in paragraphs 3.20 to 3.37.

3.19 Within each funding application, the following four priorities of the LUF have been referenced throughout. Aligning to these four priorities will maximise the chances of the bids being successful:

- **Characteristics of the place** – setting out a clear narrative for why investment is needed within Birmingham and how the associated characteristics align to the broader Levelling Up objectives.
- **Deliverability** – setting out the financial, management and commercial cases for investment, with capital expenditure in 2021/22 that will quickly unlock the benefits aligned to the Levelling Up objectives.
- **Strategic fit with local and Fund priorities** – clearly identifying how the scheme contributes to local, regional and national priorities.
- **Value for money** – an economic case, explaining the benefits of the scheme and how it represents value for money.

Erdington High Street Scheme Overview

- 3.20 Erdington is within the most 10% most deprived areas in the country and this High Street has suffered a major loss of footfall due to nearby shopping parks. This LUF scheme (with £10.750m being requested from LUF to deliver the scheme by March 2025 within the LUF period) aims to transform Erdington High Street into a destination of choice for the local community, which is inclusive, safe, green, and active. The bid is a reworked and refined version of the unsuccessful bid submitted for Erdington under tranche 1 of the LUF programme and responds to the feedback received in response to that bid.
- 3.21 The LUF will be used to facilitate transformation of Erdington High Street into a thriving centre, providing new start up business incubation space, housing, cultural, leisure and social activities for all ages as well as improved urban realm and physical and social connectivity within the area. As part of the new proposals a new community space will be created with the acquisition of 152-156 High Street (currently occupied by Poundland).
- 3.22 Significant alignment between the proposed interventions and LUF criteria for regeneration and town centre investment is demonstrated as follows:
- **Remediation and/or development of abandoned or dilapidated sites** - Redevelopment of a former swimming baths into a Community and Enterprise Hub by Witton Lodge Community Association (for which a planning application has been submitted and should be determined shortly).
 - **Delivery of New Public Spaces** – Creation of a new community space linking Central Square and St Barnabas' Churchyard and the High St, pedestrianisation of the High Street and the upgrading of the footpath

through St Barnabas' Church Yard, together with improved pedestrian links between the High Street and Erdington rail station, will all contribute to an enhanced townscape that is accessible to residents, business, and visitors alike.

Northfield Town Centre Overview

3.23 The Northfield LUF project (with £11.400m being requested from LUF) will stimulate sustainable economic growth in Northfield by enabling mixed use development, providing the services and amenities local people require, and developing the transport network to allow them to access these by sustainable transport modes.

3.24 The package of measures includes the following:

- Site assembly and the acquisition of outstanding interests at Prices Square and its demolition to facilitate a mixed use scheme providing an attractive public realm and diverse range of facilities.
- Improve public realm, pedestrian and cycle infrastructure and gateway features at Victoria Common and to realise the potential of this significant open space asset at the heart of the town centre for visitors, local residents and businesses;
- Improve public realm within Northfield Town Centre, to stimulate economic growth and increased footfall.
- Implement School Streets Measures to improve public realm and encourage the uptake of sustainable modes for education trips.
- Prepare a co-ordinated wayfinding strategy on key routes to improve connectivity by sustainable modes.
- Implement junction safety improvements for pedestrians and cyclists at key junctions on the A38 through Northfield.
- Provide bus priority measures on key routes through the town centre to reduce delay.
- Improve east-west public transport connections, linking into local facilities and Northfield Railway Station.
- Implement measures on Bristol Street South to reduce through traffic and prioritise access by sustainable modes.
- Provide improved cycle infrastructure on key routes to facilitate the uptake of cycling for local journeys, tying into existing and committed routes.
- Implement People for Places within adjacent residential areas to support sustainable trip making.
- Implement mobility hubs within the town centre and at Northfield Railway Station.

Druids Heath Overview

- 3.25 Druids Heath is a purpose-built municipal housing estate that is located approximately six miles south of the city centre. It is predominantly a residential area, primarily developed in the 1960s and provides a mixture of low rise and high-rise accommodation. The majority of homes and roads are a Radburn style layout, largely cul de sacs with pedestrian routes made up of secluded alley ways. The Lower Level Super Output Areas (LSOAs) puts the area in the worst 0.14% on the country and the most deprived area in Birmingham. Consequently, Druids Heath is included in the adopted Birmingham Development Plan 2031, as a priority for housing regeneration under Policy TP32.
- 3.26 On 9th October 2018, Cabinet authorised the cessation of lettings, the rehousing of tenants and the demolition of five high rise tower blocks as a catalyst for the regeneration of the Druids Heath Estate (one had previously been demolished due to structural problems). The report also approved some site assembly, which has subsequently taken place, to progress the retained public open space to detailed design stage to support the redevelopment of Druids Heath and to develop the highway proposals required to deliver the Druids Heath regeneration scheme. The clearance and demolition of these blocks is well under way with one demolished, three awaiting demolition, and one in the process of tenants being rehomed, the residents of the fifth block are due to begin rehousing in the spring of 2023.
- 3.27 Subsequently, on 14th December 2021 Cabinet:
- Approved the Project Initiation Document and Development Brief for a regeneration programme of the Druids Heath Estate;
 - Authorised the Director Planning, Transport and Sustainability and Director, Council Management to apply for and accept any external funding associated with the Druids Heath Scheme to help support the delivery and unblock barriers to delivery to maximise the opportunity for levelling up (which is one of the objects of this report).
- 3.28 This LUF project (with £20.000m being requested from LUF for delivery within the LUF period by March 2025) will be the catalyst for transformational change and will work alongside the proposed new mixed tenure housing, which will be funded from multiple funding sources such as the HRA and private investment. The regeneration aims for a holistic approach including housing, community, social and sustainable opportunities for the residents. The scheme will see the grounding and diversion of overhead pylons to unlock residential development and regeneration opportunities, the creation of a canal bridge link and associated landscape works not only improve connectivity to the wider area, but allow access to the canal towpath providing walking and cycling routes to the city centre and other areas, the improvement to the connected public realm with open it up to natural surveillance, reducing the opportunities for anti social behaviour. If this whole bid is successful the canal bridge will also provide access to the new village centre and its services to the wider community without the need for the use of

vehicles. The regeneration of existing and the creation of new community assets will include a newly built community hall and new library, youth centre, sports pitch, commercial and startup units and the regeneration of the Village Green and Dell by providing landscape betterment. The overarching ambition will be that Druids Heath benefits from the Levelling Up agenda; the scheme is designed to align with the objectives of the LUF to renew and reshape local centres, whilst enhancing a sense of belonging to local communities.

3.29 Significant alignment with LUF criteria for regeneration and town centre investment is demonstrated as follows:

- **Regeneration and town centre investment** - Pylon Diversion and Grounding of Existing Route to unlock residential development and regeneration opportunities
- **Regeneration and town centre investment** – Canal Bridge Link and Associated Landscape Works providing accessible community spaces
- **Cultural Investment – Regenerating existing and creating new community assets:** New Build Community Hall , New Library, Youth Centre, Commercial and Startup Units
- **Cultural Investment** – Regenerating the Village Green and Dell by providing landscape betterment.

3.30 One of the elements proposed is to provide a foot and cycle bridge over the canal from an area of open space called The Dell, currently overgrown and a focal point for anti-social behaviour. This would improve walking and cycling connectivity to Kings Heath centre and Birmingham city centre. The tow path is on the opposite bank. There are two possible locations for the bridge, one of which will need to land on 3rd party ownership adjacent to Jasmine Fields. Cost of land acquisition is included in the bid along with improvements to the land for amenity space/extension of Jasmine Fields nature corridor, as a risk mitigation measure. Recommendation 2.8 of this report seeks approval for a CPO of this land should negotiations with the landowner not proceed to the Council's satisfaction. The estimated Compulsory Purchase Value and the red line boundary of the land is included in Exempt Appendix C.

National Centre for Decarbonisation of Heat (NCHD) led by University of Birmingham

3.31 This LUF scheme (with £20.000m being requested from LUF for delivery within the LUF period by March 2025) addresses the biggest challenge of delivering national and regional net zero plans – decarbonisation of heating for homes and buildings. The NCDH will focus on the delivery of low-carbon and low-energy heating solutions in Birmingham and the West Midlands.

3.32 The facility to be constructed at the Tyseley Energy Park in East Birmingham is designed to offer training in heat pump and district heating installations and management, showcase retrofit designs, and test out deployment solutions. It will contain a hangar with training stations and mock houses; community engagement areas; and learning, meeting and office spaces.

3.33 The key benefits are:

- Driving down energy utilisation, moving towards cheaper fuels and reducing fuel poverty by installing low-carbon heating appliances together with improvements to the thermal insulation of homes;
- Supporting the delivery of retrofits to 166,000 homes as part of the 3 Cities Programme within the City Council Levelling Up Strategy;
- Unlocking a major growth sector by aggregating activity to a scale which would attract manufacturing jobs and finance into the region.

3.34 NCDH addresses one of the key challenges in LUF's **Regeneration and Town Centre** investment themes. Its focus of housing retrofit in deprived areas of Birmingham and the wider Midlands covers the subsection of **Residential Regeneration** and contributes to several LUF missions including boosting R&D, innovation employment and productivity; increasing high-level skills provision; and improving health outcomes, while also tackling perhaps the biggest challenge of our times, that of transition to net-zero.

Edgbaston Community Facilities (led by WCCC)

3.35 Some of the city's most economically and socially deprived communities are within a mile of Edgbaston Stadium, with a lack of community facilities available to provide education, training, physical and mental wellbeing projects.

3.36 The Edgbaston Communities Facilities will deliver demonstrable positive societal and environmental benefits by providing a new sense of place and community engagement. Combining new community/cultural facilities to address health and wellbeing challenges, new learning and training hubs to boost employment and skills and enhanced public realm and accessibility via new walking and cycling routes to address inactivity and connectivity to existing green space will capitalise upon the rich heritage and largely untapped amenity value of Edgbaston Stadium. New community facilities, greater access to training and employment, new and easily accessible public realm and sustainable placemaking alongside the iconic Stadium redevelopment (which will be separately funded) will galvanise the wider community and act a conduit for engendering civic pride and a sense of belonging for citizens that might not otherwise ordinarily benefit from this heritage. This is part of wider Masterplan aspirations and developments for the stadium.

3.37 The LUF project would help fund non-revenue generating elements, those being:

- A new **flexible use cultural/community hub** (which also could be used as an **NHS walk in centre**);
- New **learning and training facilities** for local young people;
- Creating **new cycling and walking routes** which open up the Balsall Heath side of the stadium through to the new piazza and Cannon Hill Park; and
- Innovative **sustainability and digital connectivity improvements** to the new and existing stadium campus to support the WCCC and the Council's net zero ambitions.

3.38 This Community Facilities Package also includes a community hub at the former Quinton Police Station building. This community hub will provide support for local engagement. It will be a facility to aid training and reskilling of the community while also providing a sporting hub to improve health and well-being.

Beyond Tranche 2

3.39 The proposed bids set out in this report are concerned with Tranche 2 of LUF. The Council's understanding is that the Government is intending for a Tranche 3 of LUF to become available in due course and work will continue to develop a suitable pipeline of schemes for Tranche 3 should this come forward.

4 Options Considered and Recommended Proposal

4.1 **Option 1 – Do Nothing:** This alternative option to implementing the recommendations set out in this report would hamper the city's opportunity to secure funding to invest in infrastructure that improves everyday life across Birmingham, including regenerating local centres and high streets, upgrading local transport, and investing in cultural and heritage assets. The projects selected have been significantly developed and progressed to an advanced stage and not applying to the fund would result in a loss of opportunity to deliver these projects.

4.2 **Option 2 - Submit bids to the Levelling Up Fund:** Source a significant amount of external funding and enable delivery of projects which have already been developed and have support but lack funding to progress further to the delivery stage. The delivery of these projects would help the city's ambition to be 'a city of growth, where every child, citizen and place matters' as set out in the Council's Plan 2021-25. For this reason, it is recommended to proceed with this option.

5 Consultation

Erdington High Street

5.1 Initial stakeholder engagement with the local community was carried by the local councillors in March 2019 to identify key challenges on the High Street. The consultation identified agreement among residents that the High Street needs transformation. Further engagement with the local community was carried out for the shortlisted option between 5th April 2020 – 12th April 2020. In total, 269 respondents participated in the consultation (93% live in Erdington). Grocery

shopping is either the primary or secondary purpose of visiting the High Street by 75% of the respondents, followed by other types of shopping. Leisure time (including meeting friends or family), work, eating and drinking, beauty treatments, and other reasons are listed as less common motives for using the High Street.

- 5.2 The consultation respondents highlighted numerous issues considered as barriers to people using the High Street more often, these included the lack of parking spaces, poor road system and poor maintenance across the High Street. These reasons are reflected when respondents are asked to list changes they believe would improve the High Street. The most popular changes include measures to reduce anti-social behaviour and more policing, investment to ensure that local businesses can thrive, and more shops and supermarkets. Additional changes people wish to see are more free parking, pedestrianisation of the High Street, and investment to ensure the High Street is clean. The vast majority claim they would visit the High Street more often (83%) and stay longer (70%) if such changes were made.
- 5.3 A working group was established to progress and prepare the previous LUF bid and included representatives of Witton Lodge Community Association, St Barnabas' Church, Erdington Business Improvement District, the MP, local councillors and City Council officers. The group has been re-convened for the new bid and there has been particular engagement with Witton Lodge Community Association on the Community and Enterprise Hub and St Barnabas' Church regarding the proposals for the Churchyard. Paulette Hamilton MP has expressed her support for the bid.

Northfield

- 5.4 The LUF bid for Northfield is consistent with proposals within both the Northfield Regeneration Framework 2014 which was subject to public consultation. It is also one of the 10 key centres identified within the Urban Centres Framework which was adopted in 2020 following public consultation. The proposals for Northfield include the promotion of a wider mix of uses, the creation of a high quality environment and enhanced connectivity and wayfinding. Prices Square is identified as a key opportunity.
- 5.5 A working group was established in 2021 to consider and prepare the LUF bid for Northfield Town Centre. The group includes the MP, local councillors, representatives of Northfield Business Improvement District (BID), representatives of the West Midlands Combined Authority and the Greater Birmingham & Solihull LEP, West Midlands Police and City Council officers. Gary Sambrook MP has expressed his support for the bid.
- 5.6 The Northfield BID was recently renewed for a third term following a successful referendum of those businesses eligible to vote in November 2021. The published BID business plan for 2022-2026 includes the following objective "Working with local government, partners and national government to influence, focus and steer

potential funding proposals and development opportunities for Northfield Town Centre (in line with the Northfield Regeneration Framework & Urban Centres Framework). Such as, Tranche Two 'Levelling Up' Fund".

Druids Heath

- 5.7 Late in 2021, the Council appointed The Pioneer Group to assist with engaging with the community in Druids Heath to ensure the regeneration is community led. Prior to this, a number of project boards and working groups took place to ensure we were/are working in partnership with the community. The Pioneer Group started with the Big Conversation in early January 2022 before continuing with Planning for Real events in June 2022. This provides both a breadth and depth of engagement with residents and local stakeholders giving everyone an opportunity to engage who live and are active in Druids Heath. Over 900 resident engagement conversations about the estate have taken place since January 2022. The proposals have been briefed to the local Councillor, Julien Pritchard (Druids Heath and Monyhull) and to the Selly Oak MP, Steve McCabe. The MP is supportive of the proposals and keen that the unwavering strong community spirit in the area is supported by infrastructure and levelling up funding to help tackle deprivation and regenerate Druids Heath.
- 5.8 As well as postal surveys and web based surveys, the project team have been door knocking, held fun days and other community events, as well as attending social events, such as coffee mornings, and working with the local schools and the youth club. Engagement is continuing as a masterplan is being developed for the area. There is clear support for more sustainable housing, with support to ground the electricity pylons allowing for more homes, increasing accessibility to and opening up of the Dell Open Space and the bridge over the canal has been welcomed by respondees. The young people that use the youth club have been busy designing a new club and also working on the improved public realm. There is overriding support for a new village centre including new community centre.

Edgbaston Community Facilities

- 5.9 The updated version of the Stadium and Community Masterplan has been briefed to both local Councillors, Deirdre Alden (Edgbaston) & Shehla Moledina (Balsall Heath West) during May and June 2022. This has been followed up via a formal briefing to the Edgbaston MP, Preet Gill, during week commencing 13th June and Andy Street, Mayor of the West Midlands, in late June/early July 2022.
- 5.10 The WCCC also holds regular Community Liaison Groups, with the Masterplan briefed into the latest meeting held on 6th June. This will be followed up via a formal drop-in briefing session for local residents during week commencing 27th June where we will ask the residents for their input into the uses and operation of

the proposed cultural and community hub and how we can improve the connectivity from Balsall Heath through to the piazza.

- 5.11 The Masterplan will be publicly launched in July 2022 and through late summer/autumn 2022 will be subject to a public consultation as part of the planning permission process. This will give the WCCC the opportunity to iterate the Masterplan before the plans are finalised.

National Centre for Decarbonisation of Heat

- 5.12 The development of the NCDH is embedded into a series of Birmingham City Council strategies, including the East Birmingham Inclusive Growth Strategy, Tyseley Masterplan for a Green Innovation Quarter and the Three Cities initiative to deliver heating solutions for 166,000 council-owned homes.
- 5.13 The development of the present facility has been guided by the East Birmingham Community Heat Taskforce (EBCHTF) under the East Birmingham Board, who have led a series of heat mapping and community engagement activities, including the development of a cost-benefit analysis tool for evaluating heating solutions for 10 communities in East Birmingham, development of a questionnaire on community understanding and attitudes, fora for community discussions and a website for communities to learn more. This led to the partnership with Pioneer Group who own 2,500 out of 4,500 homes in Castle Vale and the development of the Net Zero Neighbourhood (NZN) programme for transitioning the pilot 300 Castle Vale households to net zero (2022-23); these will be used as a platform to expand to the remaining homes in Castle Vale and then the adjoining Bromford, through to wider East Birmingham, where the community engagement is now underway.
- 5.14 Adjacent to Castle Vale is the Minworth wastewater treatment plant, which has 100 MW of available thermal energy, enough for more than 25,000 homes; a partnership with Severn Trent is in development. Industry is at the heart of the present application having been responsible for the design of the training and community engagement facilities. Four companies – E.ON, EQUANS, Pinnacle Power and Vital Energi – have committed to the NCDH and the associated delivery programme.
- 5.15 South and City College Birmingham is a partner in the development and delivery of the skills training underpinning the retrofit programme, in partnership with the industrial partners and the University of Birmingham.

6 Risk Management

- 6.1 Key programme level risks are outlined in Appendix A. Such risks will be managed by senior Inclusive Growth & Neighbourhoods officers in conjunction with the relevant portfolio holders.
- 6.2 Risk management forms a key part of the management case of each LUF bid. A detailed risk assessment is included in each project's bid and includes identification of the barriers and level of risk to delivery, appropriate and effective

arrangements for managing and mitigating the risks and a clear understanding on roles and responsibilities.

- 6.3 A structure to monitor projects to be formulated in line with guidance which is to be released by the government later this year. Project boards will be formulated to oversee the delivery of each scheme and this will include the monitoring and management of risks.

7 Compliance Issues

7.1 How are the recommended decisions consistent with the City Council's priorities, plans

- 7.1.1 The proposals align with policy objectives in the Council's Plan 2021-2025, the Birmingham Development Plan, Birmingham Connected, the Health and Wellbeing Strategy, and Clean Air/Climate Change Emergency including Route to Zero, as well as the Council's emerging Economic Recovery Plan, and the Levelling Up Birmingham Strategy 2021.
- 7.1.2 In the context of inclusive economic growth, the LUF projects have a strong focus on supporting the City Council's core mission to be a "city of growth where every child, citizen and place matters". In addition, the programme seeks to make a significant contribution towards the key priorities of children, jobs and skills, housing and health by reducing congestion, enabling growth, improving accessibility, improving air quality, encouraging active and sustainable modes of travel, and tackling the climate emergency.

7.2 Legal Implications

- 7.2.1 Section 1 of the Localism Act 2011 contains the Council's general power of competence, which is circumscribed only to the extent of any applicable pre-commencement restrictions, and any specific post-commencement statutory restriction, of that power.
- 7.2.2 Section 120 of the Local Government Act 1972 contains the power for the Council to acquire by agreement any land for any of its statutory functions or for the benefit, improvement or development of their area, and Section 122 contains the power to acquire land compulsorily for such purposes, with the consent of the relevant minister. Under Section 111 of the Local Government Act 1972 the City Council may do anything, including the expenditure or borrowing of money or the acquisition or disposal of property, which is calculated to facilitate or is conducive or incidental to the discharge of its functions
- 7.2.3 Section 13 of the Planning & Compulsory Purchase Act 2004 requires the Council to keep under review the matters which may be expected to affect the development of their area including the economic, social and environmental characteristics of their area, the size, composition and distribution of the population in their area and the communications, transport systems and traffic of the area.

- 7.2.4 The Highways Act 1980 sets out the relevant powers for changes to existing highways and the adoption of new roads the Road Traffic Regulation Act 1984 contains the powers to make appropriate Traffic Regulation Orders and Section 247 of the Town and Country Planning Act 1990 to stop up highway.
- 7.2.5 The relevant legal powers for the making of a Planning CPO are contained in section 226(1) (a) Town and Country Planning Act 1990, and for the making of a Highways CPO are contained in Sections 239, 240 and 250 of the Highways Act 1980. Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 is relevant in respect of acquiring new rights.
- 7.2.6 In the event of successful bids and once funding amounts are known, consideration will be given to the application of the Subsidy Control Act 2022 and appropriate legal advice sought to ensure the Council is compliant with subsidy control rules.

7.3 Financial Implications

Capital

- 7.3.1 The fund is a capital only fund, a minimum of 10% match funding is encouraged (local authority and/or third-party contributions).
- 7.3.2 Approval is sought to submit five bids for LUF Tranche 2 totalling £92.806 million. Deadline for Tranche 2 bid submission is 6 July 2022, with a funding decision assumed to be made during the Government's Autumn Budget in November 2022.
- 7.3.3 Delivery of Tranche 2 schemes must commence by 31st March 2023. Due to the timescales provided by the Government, each project's OBC and/or FBC will be subject to final approval as per the delegation sought in recommendation 2.4 within this report. All LUF grant is required to be spent by 31st March 2025. An overview of the projects funding requirement from LUF, associated match funding including the prudential borrowing requirement and total project cost is shown in the table below.

Project	Total Cost	LUF Requirement	Match-External Funding	Match - Prudential Borrowing*
	£m	£m	£m	£m
Erdington High Street	14.140	10.750	2.000	1.390
Northfield Local Centre	12.666	11.514	0	1.152
Druids Heath Regeneration	22.000	20.000	0	2.000
National Centre for Decarbonisation of Heat	22.000	20.000	2.000	0

Edgbaston Community Facilities	22.000	20.000	0	2.000
Total	92.806	82.264	4.000	6.542

*or other sources of match-funding dependent on availability

Erdington High Street

- 7.3.4 The total cost of the Preferred Option is £14.14m. The Council is making a 10% match-funding contribution of £1.39m to demonstrate its support to the project which will be provided by prudential borrowing or Community Infrastructure Levy/eligible S106 funding subject to availability. It should be noted £2m for the community and enterprise hub has been awarded from the West Midlands Combined Authority (WMCA).

Erdington LUF Tranche 2 £m	2022/2023	2023/2024	2024/2025	Total
Scheme 1: Community and Enterprise Hub	0.53	3.37	1.74	5.64
Scheme 2: Train Station connectivity	0.21	1.11	0	1.32
Scheme 3: Community Space	0	0.78	3.05	3.83
Scheme 4: High Street Connectivity	0	1.07	1.13	2.2
Scheme 5: St Barnabas Connectivity	0.19	0.62	0	0.81
Monitoring and evaluation	0	0.17	0.17	0.34
TOTAL COST	0.93	7.12	6.09	14.14

Northfield

- 7.3.5 The total cost of the preferred option is £12.666m. It is intended that the 10% local contribution of up to £1.152m will be provided by the City Council through prudential borrowing or Community Infrastructure Levy/eligible S106 funding subject to availability.

	Cost profile by year (including inflation) £m			Cost (including inflation) £m
	22/23	23/24	24/25	
Cycle Storage and Route Enhancement	0.058	0.493	0.702	1.253

Mobility Hubs	0.053	0.446	0.635	1.134
Victoria Common	0.120	1.016	1.448	2.584
Prices Square	0	2.146	3.336	5.482
Bus Enhancements	0.057	0.483	0.688	1.228
Places for People	0.007	0.057	0.080	0.144
School Streets	0.039	0.331	0.471	0.841
Total	0.334	4.972	7.360	12.666

Druids Heath

- 7.3.6 The total cost of the preferred option is £22m, out of which £20m is requested from LUF. It is intended that the 10% local contribution will be provided through City Council prudential borrowing, Community Infrastructure Levy/eligible S106 funding subject to availability and will support the delivery of a broader regeneration programme that allows for the wider delivery of housing renewal and additional housing on the estate.

The proposed LUF-funded capital expenditure will consist of the following elements:

Item	£m
Construction of a new build community hall, new library, youth centre, commercial and startup units	14.500
Pylon diversion and grounding of existing route	5.500
Canal bridge link and associated landscape works	1.500
Regenerating Village Green and Dell providing landscape betterment.	0.500

The Council will act as the Accountable Body for the following two projects and will have funding agreements in place which ensure no financial implications to the Council:

National Centre for Decarbonisation of Heat

- 7.3.7 The total cost of the preferred option is £22.000m out of which £20.000m is requested from LUF. The match-funding is being provided by the University of

Birmingham. The proposed LUF-funded capital expenditure will consist of the following elements:

Item	£m
Construction of a 2000sqm facility at the Tyseley Energy Park	17.000
Equipment installation including mock (demonstration) houses and apartments; workstations; and distribution zone equipment	2.500
Equipment installation at the Bordesley Green Campus of the South and City College Birmingham	0.500

7.3.8 Expenditure in the Financial Year 2022-23 will cover the completion of RIBA stages 3-4, and the start of RIBA stage 5 (construction period), as well as procurement of equipment for the SCCB Bordesley Green site by March 2023, totalling £0.750m.

7.3.9 For the last five years the University of Birmingham has been instrumental in co-creating an Energy Innovation Park in Tyseley. In 2019-2022, it invested £1.582m to clear the land and establish the Birmingham Energy Innovation Centre (BEIC) at TEP. This unique innovation environment, existing assets and the staff that run them create an ideal location for NCDH. The University has also recently approved an investment of £0.180m to convert several local houses, in partnership with industrial partners, into showcase homes for low carbon solutions and ultimately core assets for the NCDH.

Edgbaston Community Facilities

7.3.10 An indicative breakdown of the proposed £22m capital project is as follows:

	£m
Edgbaston Cultural/Community Hub	4.000
Learning and training facilities	4.500
New cycling & walking routes	3.500
Sustainability & digital connectivity improvements	7.000
Community Hub at former Quinton Police Station	3.000

Revenue Implications

7.3.11 Existing staff within Place, Prosperity and Sustainability Directorate have been refocused to work on the LUF programme to ensure that the timescales required by the government are met and will be funded from existing Place, Prosperity and Sustainability Directorate's revenue budgets. Staff are being supported by external consultants where required which is funded through the LUF revenue capacity funding. Revenue costs and appropriate funding sources will need to be identified

as part of the OBC and FBC governance process in relation to the individual schemes.

Erdington High Street

7.3.12 The scheme was the subject of an unsuccessful Future High Street Fund bid in April 2020, following a report to Cabinet on 21st of that month. The bid and the associated Cabinet report did not quantify the revenue implications of the scheme, but did identify that revenue costs may be incurred in relation to:

- increased highway maintenance costs (mitigated by a de-cluttering exercise)
- increased parking enforcement costs (less revenue raised)
- increased parks maintenance costs
- change in business rate and council tax receipts

7.3.13 Revenue costs and appropriate funding sources will need to be identified as part of the OBC and FBC governance process in relation to the individual schemes.

7.3.14 Witton Lodge Community Association will manage and maintain the Community and Enterprise Hub in the former Baths building as part of a Community Asset Transfer.

Northfield

7.3.15 Revenue costs and appropriate funding sources will need to be identified as part of the OBC and FBC governance process in relation to the individual schemes.

Druids Heath

7.3.16 Revenue costs and appropriate funding sources will need to be identified as part of the OBC and FBC governance process in relation to the individual schemes.

National Centre for Decarbonisation of Heat

7.3.17 University of Birmingham is underwriting the operational costs of NCDH as part of the Tyseley Energy Park, including the staffing, utilities and maintenance costs. The operation of NCDH will be governed by a consortium of public sector, HE/FE and industrial partners who will agree the operational model for the facility. The scheme does not require any match funding from the City Council. Revenue costs and appropriate funding sources will need to be identified as part of the OBC and FBC governance process in relation to the individual schemes.

Edgbaston Community Facilities

7.3.18 Revenue costs and appropriate funding sources will need to be identified as part of the OBC and FBC governance process in relation to the individual schemes.

Other

- 7.3.19 There is a risk of clawback if the schemes are not delivered within the agreed delivery timescales. However, given that deliverability is a key criteria in the assessment of the bids and award of funding, this risk should be minimal as any bids deemed at significant risk of non-delivery are unlikely to be successful.
- 7.3.20 If the funding bid is successful, the grant funding for certain elements of the Erdington High Street will be passported to the delivery partners (Witton Lodge Community Association and St Barnabas' Church) via Conditions of Grant Aid (CoGA) Agreements in line with the funding application.

7.4 Procurement Implications

- 7.4.1 There are no direct procurement implications contained within this report. However, it should be noted that schemes will be delivered by the City Council and the procurement strategies will be reported in accordance with the Council's Constitution and Procurement Governance Arrangements, with demonstration of value for money and compliance with the Birmingham Business Charter for Social Responsibility clearly set out.

7.5 Human Resources Implications (if required)

- 7.5.1 Staff within Place, Prosperity & Sustainability have been refocused to work on the LUF programme to ensure that the timescales required by the government are met. Staff are supported by consultancy agreements where required. All staffing costs for the development of Tranche 2 scheme will be met from existing Place, Prosperity & Sustainability Directorate resources.

7.6 Public Sector Equality Duty

- 7.6.1 An initial screening for an Equality Analysis (EA) has been undertaken for the LUF bids and has concluded that a full EA is not required at this time, with no adverse impacts on the protected groups and characteristics under the Equality Act 2010. This position will be reviewed for each composite project and/or programme at FBC stage as necessary. The initial EA screening is provided as Appendix B to this report.

8 Appendices

List of Appendices accompanying this report:

Appendix A – Risk Register

Appendix B – EA Screening

Appendix C (exempt) – Potential Compulsory Purchase Orders

9 Background Documents

- Report to Cabinet 8th June 2021, Levelling Up Fund – Tranche 1 Bids

- Prosperity and Opportunity for All: Birmingham's Levelling Up Strategy (November 2021)
- Levelling Up Fund: Prospectus, HM Treasury (2022)
- Levelling Up Fund: Technical note, HM Treasury (2022)

Erdington High Street

- Urban Centres: A Framework for Inclusive Growth January 2020
- Report to Cabinet 21 April 2020, Erdington Future High Streets Application for Government Funding

Druids Heath

- Report to Cabinet 9th October 2018, Druids Heath Regeneration
- Report to Cabinet 14th December 2021, Druids Heath Regeneration

Northfield

- Northfield Regeneration Framework (2014)
- Urban Centres: A Framework for Inclusive Growth (January 2020)
- Northfield BID: Our plan for improving, protecting, promoting and supporting Northfield Town Centre 2022-2026 (A business plan for the second renewal of Northfield Town Centre Business Improvement District)