

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to: CABINET
Report of: CORPORATE DIRECTOR, PLACE
Date of Decision: 26 June 2018
SUBJECT: NATURAL RIVERS AND GREEN CORRIDORS ERDF PROJECT – ACCEPTANCE OF FUNDING
Relevant Forward Plan Ref: 004988/2018
Key Decision: Yes
If not in the Forward Plan: Chief Executive approved
(please "X" box) O&S Chair approved
Relevant Cabinet Member(s) Councillor Thompson, Cabinet Member for Homes and Neighbourhoods; Councillor Zaffar, Cabinet Member for Transport and Environment
Relevant O&S Chair: Councillor Holbrook, Chair, Housing and Neighbourhoods O&S; Councillor Clements, Chair, Sustainability and Transport O&S
Wards affected: Allens Cross, Bartley Green, Bournbrook & Selly Park, Bournville & Cotteridge, Brandwood & Kings Heath, Edgbaston, Frankley Great Park, Handsworth Wood, Harborne, Kings Norton North, Longbridge & West Heath, Moseley, Northfield, Quinton, Rubery & Rednal, Stirchley, Weoley & Selly Oak

1. Purpose of report:

- 1.1 To seek approval to accept an offer of European Regional Development Fund (ERDF) grant of £801,238 from the Ministry of Housing, Communities and Local Government (MHCLG) to deliver the Natural Rivers and Green Corridors Project and for Birmingham City Council to act as the "Accountable Body" for the project, subject to a Funding Agreement.
- 1.2 To seek approval to the Full Business case for the Natural Rivers and Green Corridors project at a total cost of £1,602,482.
- 1.3 This investment will increase accessibility, improve biodiversity and increase recreational opportunities across the upper River Rea catchment in south-west Birmingham, and the River Tame corridor at Hilltop / Manwoods in Handsworth Wood.

2. Decision(s) recommended:

That the Cabinet:-

- 2.1. Accepts ERDF grant funding of £801,238 from MHCLG to support the Natural Rivers and Green Corridors project.
- 2.2. Subject to the receipt of a formal offer letter, approves the Council acting as the Accountable Body for the Natural Rivers and Green Corridors project and to enter in the MHCLG Funding Agreement.
- 2.3. Subject to the receipt of a formal offer letter, approves the Full Business Case (attached as Appendix 3) for the Natural Rivers and Green Corridors project at a total cost of £1,602,482.

- 2.4 Authorises the City Solicitor to negotiate, execute, seal and complete all necessary arrangements and documentation to give effect to the above recommendations.

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3. Consultation

3.1 Internal

- 3.1.1 Following submission of the original ERDF Full Application for the Natural Rivers project in September 2016, the project was discussed with the Cabinet Member for Value for Money and Efficiency, the Corporate Director of Economy and the Interim Head of Resilience and Local Engineering. All were supportive of the project. Subsequently, the project has been revised to reflect a change in the source of the Environment Agency's match funding, which has brought a further area (River Tame corridor at Hilltop / Manwoods) into the project scope. Consultation on these project activities has taken place as part of the formal consultation process undertaken in connection with planning and delivery of Phase 2 of the Perry Barr and Witton Flood Risk Management Scheme (**FRMS**), for which planning permission was granted in September 2017 (planning application reference 2017/04289/PA).
- 3.1.2 All habitat works identified for the River Rea catchment project activities have been taken from Local Site Management Plans; the Ward Councillors were consulted on these as part of the stakeholder consultation at site level. More recently, Councillors in all Wards included in the project area have been advised of the project; no comments have been received to date. There will also be further engagement with Ward Councillors over the project period as works are scheduled at specific sites.
- 3.1.3 Officers from European and International Affairs have been fully involved in the development of the project. Officers from City Finance, Legal Services and Procurement have been involved in the preparation of this report.

3.2 External

Following on from their involvement in the original bid preparation, close working with the Environment Agency (**EA**) and the Wildlife Trust for Birmingham and the Black Country (**WTBBC**) has continued since September 2016 as the revised project has been progressed,

4. Compliance Issues:

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

- 4.1.1 The project will deliver local environmental improvements and support quality of life enhancements for Birmingham citizens, contributing to delivery of the Council's key priorities of Health and Jobs and Skills, as set out in the Council Plan and Budget 2018+ and the Council's Vision and Forward Plan 2017. The project's activities will contribute to the Council's vision to create a healthier environment for Birmingham, with the city being renowned as an enterprising, innovative and green city. The project will also help deliver cross-cutting measures relating to improved cleanliness and reductions in health inequality.

- 4.1.2 The project aligns with strategic objectives in the Birmingham Development Plan (BDP) 2031 relating to improving health and well-being, conserving the natural environment and securing infrastructure to support future growth and prosperity. In particular, the project will contribute to the implementation of BDP policies GA9 (Growth Area – Selly Oak and South Edgbaston), TP2, TP6, TP7 and TP8 (Thematic Policies – Environment and Sustainability). The project is consistent with Birmingham’s approach to supporting ecosystem services and improving natural capital set out in the Council’s Green Living Spaces Plan. (**Ecosystem Services** cover four broad categories: provisioning, such as the production of food and water; regulating, such as the control of climate and disease; supporting, such as nutrient cycles and crop pollination; and cultural, such as spiritual and recreational benefits. **Natural Capital** is the financial value we place on ecosystem services.)
- 4.1.3 Birmingham Business Charter for Social Responsibility (BBC4SR)
The individual values of the goods, services and works to be undertaken are below the threshold for the BBC4SR. However, contractors and service providers will be encouraged to sign up to the Charter on a voluntary basis, and, as a minimum, will be required to pay the Birmingham Living Wage.
- 4.2 Financial Implications (How will decisions be carried out within existing finances and Resources?)
- 4.2.1 The overall cost of the project is £1,602,482, with £1,070,185 being capital expenditure and £532,297 revenue expenditure. 50% of the project costs (£801,238) will be funded by ERDF. Match funding is required for the remaining 50%, the majority of which will be provided by the EA (c. £726,500). Additional match funding will be provided through officers’ input from Parks and Nature Conservation (Place Directorate) and City Design and Conservation (Economy Directorate) (c. £64,600) and WTBBC (c. £10,100). The posts are existing, fully funded positions. The various match funding commitments will be confirmed as part of the delivery partners’ Conditions of Grant Aid (COGAs), as described in 5.10 of this report, with the Council, Interim letters confirming partners’ match funding commitments have been received.
- 4.2.2 The Council will administer the project and act as Accountable Body to the funds, which need to be defrayed by 31st March 2021 and will ensure that funds are spent to deliver the outputs set out in the Funding Agreement. The Funding Agreement follows a standard MHCLG template and as such is in line with contracts previously signed by the Council to accept ERDF funding. The Council will be required to ensure compliance with the Funding Agreement conditions and will deliver this assurance through COGAs with the two project delivery partners in line with Council and European funding guidelines. The COGAs will outline delivery partners’ responsibilities to the project and implications for lack of delivery and non-compliance with Council and European regulations.
- 4.2.3 As Accountable Body for the project, the Council will receive all ERDF funding, which will be disbursed to the two project partners against claims for eligible expenditure. Additional capacity to support project delivery will be provided through input from a European Structural and Investment Funds (**ESIF**) monitoring officer (0.4 Full Time Equivalent [FTE]); this officer input will be 100% funded by ERDF.
- 4.2.4 Contracts will be let by BCC and EA to procure works, supplies and services to deliver elements of the project. Woodland management works will be delivered through BCC’s tree works framework contractor (contract value not anticipated to exceed £36,300). The anticipated value of additional, individual contracts to be let by BCC for goods and

services associated with project delivery (for example purchase tools / equipment, saplings, seeds and plants required for habitat enhancement works) is between £2,500 and £31,000 (based on quotations / costs associated with delivery of previous, similar projects). These contracts will be tendered through Find it in Birmingham; bidders will be provided with relevant documentation to enable them to demonstrate their proposals are compliant with BCC's procurement governance arrangements and ERDF grant conditions imposed by MHCLG.

- 4.2.5 Each public open space included in the project currently has an allocated grounds maintenance budget, which is utilised for all site management works with the exception of tree management. Pressures are placed on this budget as a result of having to deal with incidences of stream bank erosion, debris clearance and clearance of undergrowth where this is impeding access etc. The budget allocated to tree works is generally restricted to emergency or essential management only. Many of the mature willow trees along the river and stream channels are over mature and remedial works such as crown lifting and pollarding / re-pollarding are required. As this is desirable (rather than essential) work and there are insufficient funds within the tree maintenance budget to undertake such works, these types of tree works are not carried out until trees have failed or pose a risk to site users.
- 4.2.6 The habitat enhancement works funded as part of the Natural Rivers and Green Corridors project will improve habitat management and bring under-managed areas into a better level of management, reducing pressures on existing budgets in the future. Improvements to watercourse channels will seek to limit erosion in areas where this would impact site infrastructure, thereby the need for reactive, remedial works to be funded from existing grounds maintenance budgets. Similarly, the tree management works to be undertaken through the project will reduce the likelihood of in-channel blockages occurring (through tree failure) and will bring existing trees into a management rotation which will reduce the expenditure required for reactive, remedial tree management works to be carried out in the future.
- 4.2.7 Further details are provided in the Full Business Case at Appendix 3.

4.3 Legal Implications

- 4.3.1 Under the general power of competence per Section 1 of the 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 Section 2 and 4 of the Localism Act 2011. Under S111 Local Government Act 1972 a local authority has powers to acquire and expend monies which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions. Local Authorities are empowered to use land for public open space under the Open Spaces Act 1906.

4.4 Public Sector Equality Duty (see separate guidance note)

- 4.4.1 The Equality Duty statement and initial Equality Analysis are attached as Appendix 1A and 1B. No negative equality impact has been identified.

5. **Relevant background/chronology of key events:**

- 5.1 In September 2016, the Council submitted a Full Application for the Natural Rivers project, in response to a funding call issued by MHCLG for the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) area under ERDF Priority Axis 6: Preserving and Protecting the Environment and Promoting Resource Efficiency

(investment priorities 6d and 6f). Projects under this call must demonstrate how their proposed activities achieve the investment priorities' specific objectives, in this case:

“Investments in Green and Blue infrastructure and actions that support the provision of ecosystem services on which businesses and communities depend to increase local natural capital and support sustainable economic growth.”

- 5.2 The natural environment provides benefits such as improvements in drainage, air quality and air temperature as well as associated health benefits. These benefits are referred to collectively as “ecosystem services”, and the financial value that can be attributed to these services is known as “natural capital”. The importance of natural capital in contributing to economic and social growth and health and wellbeing is highlighted in the Government’s recently published 25 Year Environment Plan (*A Green Future: Our 25 Year Plan to Improve the Environment*). The availability of ERDF to support improvements in green and blue infrastructure presents an opportunity for the city to secure significant resources to invest in enhancing Birmingham’s natural assets, biodiversity and increase in natural capital.
- 5.3 The original Natural Rivers project focused on delivering a broad, landscape-scale initiative to secure biodiversity enhancements and economic and social benefits such as reduced flood risk and improved health and wellbeing across the upper reaches of the River Rea catchment in south-west Birmingham. Project activities focused on public open space corridors along the River Rea and its tributaries: Stonehouse Brook, Bourn Brook, Merritt’s Brook/Griffin’s Brook/The Bourn and Callow Brook. Alongside the Council, the EA and WTBBC were involved as delivery partners.
- 5.4 Following submission of the ERDF application in September 2016, further project development by the Council and the EA identified issues with the eligibility of the EA’s match funding (confirmed funding associated with the delivery of Selly Park South FRMS). In order to overcome these issues and take advantage of the ERDF funding available for biodiversity enhancements, discussions with the EA focused on identifying alternative sources of match funding. These discussions led to the EA identifying funding for environmental works associated with Phase 2 of the Perry Barr and Witton FRMS at Forge Mill / Sandwell Valley as a new source of match funding. The original Natural Rivers project was therefore revised to take account of these alternative arrangements for match funding, and a revised project proposal for ERDF funding was subsequently presented to MHCLG in October 2017.
- 5.5 In addition to the project area included in the original Natural Rivers project (the upper River Rea catchment in south-west Birmingham), the revised project, renamed Natural Rivers and Green Corridors, now also includes the River Tame corridor at Forge Mill / Sandwell Valley / Hilltop / Manwoods, in Handsworth Wood. As with the original project, the programme of activity will include works to improve channel morphology (ie change the width, depth and profile of the channel where the river or stream flows) and works to enhance woodlands and riparian corridors to improve habitat quality and connectivity for wildlife. Additional activities associated with the River Tame corridor include creating new wetlands, restoring hedgerows and enhancing grassland habitats. A plan for the project area and details of project activities are attached as Appendix 2.
- 5.6 By working at this “landscape-scale”, the Natural Rivers and Green Corridors project will deliver significant impact and the high level of outputs required by MHCLG, namely:
 - To enable 150 hectares of public open space to attain a better conservation status by March 2021.

- 5.7 The project will also achieve wide-ranging socio-economic benefits for local communities, including reduced flood and improved accessibility and attractiveness of the public open spaces, contributing reduced anti-social behaviour, improved opportunities for recreation and improved health and wellbeing outcomes. The above outputs, together with other project deliverables, will be monitored by the project steering group, which will comprise representatives from the Council, EA and WTBBC.
- 5.8 The project runs for three years, from April 2018 to March 2021. Alongside the Council, the EA and WTBBC will be involved as delivery partners. The EA is exploring funding opportunities to reduce flood risk and deliver environmental and community improvement. Although major flood defence schemes required to reduce flood risk attract a proportion of government funding, external funding, such as ERDF, must also be sought to secure the government funds and reach the total required. The EA therefore has a vested interest in being involved in Natural Rivers and Green Corridors, and will be contributing a significant proportion of the match funding required. In addition, the project builds on the success of an existing, strategic biodiversity enhancement project – Birmingham and Black Country Nature Improvement Area (NIA) – which is being led by WTBBC. Since the project's commencement in April 2018, a limited amount of preparatory work with project partners has taken place, however, the Council will not commit any capital expenditure until approval of the Full Business Case (attached as Appendix 3) and confirmation of the external funding.
- 5.9 Habitat enhancement works within the upper River Rea catchment will be delivered by a combination of the Council's in-house grounds maintenance team (Birmingham Parks and Nurseries), the Council's arboricultural framework contractor (in accordance with the framework protocol; framework contract awarded in 2017) and WTBBC. There will be some opportunities for local community involvement, for example, collecting wild flower seed, tree and wild flower planting and habitat and species monitoring. Watercourse morphological improvements in the upper River Rea catchment will be overseen by the EA and delivered by contractors (procured by the EA). Project activities within the River Tame corridor will be procured by the EA and delivered by contractors.
- 5.10 Where external contracts for goods, services and works are required to be procured by the Council, these requirements will be procured in line with the Council's Standing Orders and Procurement Governance Arrangements. The procurement approach is compliant with the criteria laid out in the ERDF grant conditions.
- 5.11 In terms of project management, the following arrangements will be in place:
- Officers from Place Directorate's Parks and Nature Conservation section and Economy Directorate's City Design and Conservation Team will co-ordinate project management, with additional officer input from Economy Directorate's European Affairs Team (0.4 FTE ESIF Monitoring Officer, input fully funded by ERDF). These officers will have responsibility for the effective delivery of the programme, overseeing delivery of milestones and outputs, financial monitoring, audits, claims and quality assurance and ensuring compliance with ERDF regulations and co-ordinating publicity and promotion.
 - A project steering group, comprising representatives from the Council's project team, EA and WTBBC, has been established, and will meet quarterly. The steering group will operate to an agreed set of terms of reference, and will provide oversight of the project to ensure robust management, control and attainment of deliverables.

- As mentioned in Section 4.2, each delivery partner will be subject to a COGA, which will set out their role and responsibilities, for example in relation to compliance with EU rules and regulations, match funding contribution and delivery of related outputs in line with the project profile. These COGAs will set down terms and conditions imposed within the Funding Agreement with MHCLG.
- Contracts will be let by the Council and EA to procure works, supplies and services. Excluding woodland management works to be delivered through the Council's existing framework contractor for tree works (idverde), the anticipated value on individual contracts to be let by the Council is between £2,500 and £30,800. These opportunities will be advertised on Find it in Birmingham and the contracts awarded under Chief Officer delegated authority.
- There is a low risk of claw back. Measures will be put in place to ensure that this risk is minimised, including COGAs with delivery partners, establishment of a project steering group and scrutiny of evidence of expenditure from delivery partners to ensure it is eligible and that all procurement is ERDF compliant.

5.12 This report is an update to the Project Definition Document approved by Cabinet on 20th September 2016.

6. Evaluation of alternative option(s):

- 6.1 To not accept ERDF funding for biodiversity enhancements and natural capital improvements: This would not achieve the environmental and wider socio-economic benefits outlined in this report. The combination of monies from ERDF and the EA will enable the delivery of a significant environmental enhancement scheme for Birmingham, worth over £1.6m, with only limited additional financial contribution from the Council.
- 6.2 Rely on the market to invest in green and blue infrastructure enhancements to public open spaces: There is no incentive for the private sector to undertake beneficial habitat enhancement works on public open space which would support the provision of vital services provided by the natural environment (ecosystem services). Lack of "tangible" / financial returns or statutory requirements discourages the private sector from making the required investments.

7. Reasons for Decision(s):

- 7.1 To support the Council's key priorities: acceptance of ERDF funding to deliver the Natural Rivers and Green Corridors project provides an opportunity for the Council to secure investment to enhance Birmingham's natural assets and biodiversity. Such interventions contribute to delivery against the Council's key priorities of Health and Jobs and Skills.

Signatures

Date

Councillor Sharon Thompson
Cabinet Member, Homes and
Neighbourhoods

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Councillor Waseem Zaffar
Cabinet Member, Transport and
Environment

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Jacqui Kennedy
Corporate Director, Place

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List of Background Documents used to compile this Report:

Cabinet report: 20 September 2016 – Natural Rivers ERDF Project

List of Appendices accompanying this Report (if any):

1. 1A. Public Sector Equality Duty Statement and 1B. Equality Analysis EA002694
2. Project area and activities
3. Full Business Case
 - FBC Annex 1
 - FBC Annex 2
 - FBC Annex 3

Report Version

Dated

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