

Birmingham City Council

Report to Cabinet



8th June 2021

Subject: Levelling Up Fund – Tranche 1 Bids
Report of: Acting Director, Inclusive Growth
Relevant Cabinet Members: Councillor Ian Ward – Leader of the Council

Relevant O & S Chairs: Councillor Liz Clements – Sustainability and Transport
Councillor Mohammed Aikhlaq – Resources
Councillor Penny Holbrook – Housing and Neighbourhoods
Councillor Shabrana Hussain – Economy & Skills

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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: 008762/2021		
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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential: Not applicable		

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. 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 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 is to be split into tranches, with up to £650 million of the £4.8 billion available within the first tranche which will see projects commence in the financial year 2021/22.
- 1.4 Birmingham City Council propose to submit four capital bids to the first tranche of the LUF totalling £64.018 million. Further details of the schemes to be submitted, as listed below, are available in paragraphs 3.23 to 3.38.
 - Erdington High Street
 - A457 Dudley Road Improvements
 - Moseley Road Baths & Balsall Health Library
 - Remediation of Former Birmingham Wheels Site (Bordesley Park).

2 Recommendations

- 2.1 Approves, the submission of four capital bids totalling £64.018 million to the LUF to deliver the schemes listed in paragraph 3.21.
- 2.2 Notes that the LUF bids are subject to final revisions ahead of the 18th June 2021 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 (Interim) to accept the LUF grant to deliver the schemes listed in paragraph 3.21 of this report and enter into the relevant funding agreement, subject to the final terms and conditions being acceptable.
- 2.4 Delegates authority to the Director of Council Management (Interim) to accept the £0.125 million LUF capacity fund offered by the government for the development of bids.
- 2.5 Subject to a successful funding bid, delegates authority to the Director of City Operations in conjunction with the Director of Council Management (Interim) to accept the £1.000 million National Heritage Horizons Lottery Grant for the development phase of Moseley Road Baths
- 2.6 In the event of successful bids, delegates approval of Outline Business Cases and Full Business Cases, including revised financial appraisals, for the LUF Tranche 1 projects detailed in paragraph 3.21, to the Acting Director, Inclusive Growth, Managing Director – City Operations, and the Director of Council Management (Interim) with the relevant portfolio holder(s).

- 2.7 Approves additional prudential borrowing (PB) of £11.932 million detailed in section 7.3 as the City Council's element of the match funding for the LUF bids, (noting that £3.000 million for the Moseley Road Baths scheme was previously approved) and subject to approval of the OBCs and/or FBCs for the individual schemes as part of the City Council's governance process.
- 2.8 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
- Godwin Developments Ltd
 - Witton Lodge Community Association
- 2.9 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. Alongside the fund's prospectus (which was published as part of the Spring Budget), a technical note providing further details of the funds guidelines was released on 29th March, as well as 'frequently asked questions' on the 30th April 2021, providing local authorities with full details of the fund.
- 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.

- 3.5 The first tranche of the LUF makes £650 million 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.
- 3.6 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.
- 3.7 Bids to the fund can be up to £20 million each (larger transport schemes can be up to £50 million, although a Combined Authority can only submit one such bid). Smaller projects can be packaged together and projects that cross constituency or district boundaries can also be submitted.
- 3.8 It should be noted that £0.125 million of revenue capacity funding has been made available for bidding and to support delivery.
- 3.9 Schemes submitted for the first tranche of funding must begin delivery on the ground in the 2021/22 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 2024, and, exceptionally, into 2024-25 for larger schemes.
- 3.10 The fund can be spent on the following three themes:
- **Transport investment** – Active travel, repairs and major maintenance, 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, upgrading buildings and spaces, crime reduction and community infrastructure.
 - **Cultural investment** – Maintaining, regenerating or creatively repurposing museums, galleries, visitor attractions and heritage assets, including providing new community owned spaces for culture and the arts.
- 3.11 Scheme proposals will be assessed against the following criteria:
- Characteristics of the place (as expressed in the three-tier classification);
 - Deliverability;
 - Strategic fit with local and fund priorities (to be expressed in the strategic case of submissions);
 - Value for money.

Key Considerations

- 3.12 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.

3.13 In order to ensure that schemes submitted for Tranche 1 of LUF are suitable, a prioritisation process has been undertaken. This prioritisation has been led by an external consultancy who have assessed all schemes put forward for consideration for Tranche 1. This process is detailed further in paragraphs 3.19 to 3.20.

3.14 It is important to bear in mind the following factors regarding schemes that will be put forward for Tranche 1:

- The City Council is currently under significant delivery pressure, given the extensive preparations for next 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 first or 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

3.15 The fund is one of several funding streams currently in operation or about to be launched. The much smaller Community Renewal Fund will also operate during 2021/22 and will make way for the Shared Prosperity Fund in 2022/23. 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).

- 3.16 The biggest challenge facing Birmingham during 2021 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.
- 3.17 It is proposed that the unifying theme for Tranche 1 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.
- 3.18 This approach can be reviewed for future rounds, once the SPF is up and running and greater clarity is available of funding availability.

Tranche 1 Schemes – Prioritisation

- 3.19 From a long list of schemes, prioritisation was undertaken to assess each against the LUF criteria, and to identify those schemes that could maximise funding for the city. The protocol set out in Appendix A was followed by an independent consultant.
- 3.20 The appraisal criteria were developed to support an incremental process, where failure to demonstrate deliverability from 2021/22, or have MP support, would remove the scheme from the process (Stage 1). During Stage 2, scoring against each LUF sub-criteria was completed, in conjunction with the guidance documents that supported the LUF Application Form (Levelling Up Fund Technical Note - UK Wide, UK Government). Once scored, a weighting was then given to each theme, as below:

Theme	Weighting
Strategic Fit	25%
Value for Money	25%
Deliverability	25%
Place Characteristics	25%
Total	100%

Tranche 1 Schemes – Selected Schemes

3.21 As a result of the prioritisation process, four schemes have been selected to bid for Tranche 1 funding;

- Erdington High Street
- A457 Dudley Road Improvements
- Moseley Road Baths & Balsall Health Library
- Remediation of Former Birmingham Wheels Site (Bordesley Park).

An overview of each scheme is presented below.

3.22 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

3.23 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. The fund will support five transformative schemes which will contribute to the longer term and wider vision for the High Street. The shortlisted schemes are:

- redevelopment of a former swimming baths into a Community and Enterprise Hub which will house spaces for community activities and events, incubation office space and specialist advisors to support business start-ups;
- mixed-use redevelopment of Central Square Shopping Centre with residential (private rental), ground floor food and beverage provision and a new public square/space linked directly to the High Street;
- creation of a community space linking the new Central Square development to St. Barnabas churchyard and the High Street;
- improved connectivity within the High Street, including pedestrianisation and enhanced footways in the middle section of the High Street and public

- space/village green to the north along with measures to slow vehicular traffic and improve public realm;
 - upgrading the public footpath through St Barnabas Churchyard, adding disabled access and lighting to make it accessible and safe at night.
- 3.24 The schemes are designed to address the market failures on the High Street and align with the objectives of the LUF to renew and reshape town centres and high streets, whilst enhancing a sense of belonging to local communities. The package of schemes will collectively support a change of use from retail and vacant properties into housing, business start-up space and community events and activities space, as well as offering new food and beverage units on the High Street and improving the quality of the high street environment. This will support economic growth and help to ensure future sustainability on the High Street.
- 3.25 During the prioritisation process for Tranche 1, it was agreed that the scheme is locally supported, can be started in 2021/22, and has an existing strong evidence base to ensure a robust case for investment for the 18th June 2021 bid submission.

A457 Dudley Road Improvements Overview

- 3.26 Improvements will be made along the A457 Dudley Road, near to Birmingham City Hospital, to reduce traffic congestion through junctions and make improvements for active travel modes.
- 3.27 The A457 Dudley Road forms part of the corridor between Birmingham city centre and Smethwick in Sandwell. Many of the services at the existing City Hospital are expected to move to the new Midland Metro Hospital in Smethwick. As well as the addition of a new hospital along the corridor, several housing developments are also planned, with around 2,650 new homes expected.
- 3.28 The following measures are planned as part of the A457 Dudley Road improvements scheme;
- segregated cycling and pedestrian facilities will be provided on the north side of Spring Hill and Dudley Road. Shared use cycling and pedestrian facilities will be provided on the south side of Spring Hill and Dudley Road;
 - widening of the carriageway in some sections to allow for improvements to the carriageway layout and the introduction of bus lanes;
 - improvements to the signalised junctions of Dudley Road/Winson Green Road/Western Road and the junction of Winson Green Road/Heath Street;
 - new signalised junctions to be created at Dudley Road/Heath Street and Steward Street/Dudley Road;
 - all improvements include upgraded pedestrian crossing facilities. Toucan crossings for pedestrians and cyclists will be added at Dudley Road/Winson

Green Road, opposite the hospital and across the north side of the Dudley Road/Western Road junction;

- 3.29 As part of the Tranche 1 prioritisation, it was agreed that a robust case for investment had already been prepared for this scheme, which also has local support and can begin immediately, subject to the funding. The existing case for investment is being tailored to the requirements of LUF, with a clear focus on how the transport improvements will provide improved access to and creation of economic activity within an area of the city that requires capital investment to ensure reduced economic exclusion.

Moseley Road Baths & Balsall Health Library Overview

- 3.30 The Moseley Road Baths element of the project will allow for the next phase of the restoration of the Grade II listed Edwardian swimming pool and library to take place. The following works are included within the project;

- managers flat and boardroom
- flat roofs and roof lights
- Gala Pool balconies
- MRB basement structural works
- restoration works to Pool 2 windows
- external fabric of the Baths and Library
- internal redevelopment of the Library

- 3.31 During the Tranche 1 prioritisation, it was agreed that this scheme reflects the requirements of the fund and will be aligned to the heritage theme. The scheme is deliverable within the required timescales and has local support. The strategic case for investment is strong, with further evidence being prepared prior to the 18th June 2021 bid submission deadline for the associated commercial and management cases.

- 3.32 Moseley Road Baths regeneration is being delivered by a coalition of partners including BCC, the National Trust, Historic England, World Monuments Fund and a Charitable Incorporated Organisation. An expression of interest was submitted by the coalition, in the name of the National Trust, to the National Lottery Heritage Fund in October 2019. The expression of Interest was successful, and the National Trust were invited to submit a further stage 1 application in February 2021 for the development phase of the scheme. Unfortunately, due to the impact of the Covid-19 pandemic the National Trust were not in a position to progress the stage 1 application. As a coalition partner and freehold owner of the asset, the Council stepped in to submit the application or risk not progressing and failing to secure the funding required to progress the development, losing significant momentum and impact achieved by Council and coalition investment to date.

3.33 If successful the capital grant of up to £1.000 million received will enable the scheme to progress through the development stage to delivery stage and will lead to a potential further £5.430 million of grant funding. The Council will be informed of a decision on 29th June 2021. There are no conditions associated with this application that negatively impact the LUF bid or vice versa. If either of the bids is unsuccessful then the scheme delivered would be reduced accordingly.

Remediation of Former Birmingham Wheels Site (Bordesley Park) Overview

3.34 Remediation of the former Birmingham Wheels site to allow the land to be utilised for future employment opportunities. Works will include:

- full site investigations and ecological surveys
- remediation and ground excavations
- treatment of Japanese knot weed
- ecological mitigation
- demolition of structures on site and clearance of materials (namely tyres)
- utility services diversions and installation
- highway access improvements
- land acquisition.

3.35 On 14th January 2020, the City Council adopted the Bordesley Park Area Acton Plan (BPAAP) which seeks to drive forward the regeneration of the area delivering economic and housing growth opportunities to local residents and businesses, enhancing public transport and connectivity and supporting the sustainable growth of the city up to 2031. The BPAAP identifies the Wheels Park site and environs as a key area of change (key opportunity 1) which has the potential to become an attractive location for high quality employment use which delivers inclusive and sustainable growth, improved transportation and employment and training opportunities

3.36 At the heart of the Wheels Park area is the Wheels Site owned by the City Council, a former landfill site which has a number of challenges including contamination, access constraints, a poor environment and significant differences in ground levels.

3.37 The Wheels Park scheme as outlined in the BPAAP, aims to provide up to 1 million square feet of new and improved employment-led development, creating up to 3,000 jobs and training opportunities targeted at the local community and associated infrastructure including new access routes, an internal road network and improved access to public transport, in particular a new Metro route proposed to the south of the site which will connect the new HS2 Curzon Station in the city centre to the Airport and NEC.

3.38 The LUF bid will facilitate the regeneration of the Wheels Site which will provide the catalyst for the regeneration of the local area and contribute to the City

Council's wider aspirations for the East Birmingham growth corridor as set out in the recently approved East Birmingham Inclusive Growth Strategy.

Tranche 2 and Beyond

- 3.39 Following the conclusion of the Tranche 1 prioritisation process, the 4 schemes detailed above were identified as those that best met, at the current time, Assessment Framework criteria and were therefore most likely to result in successful bids. Several other schemes, across the city, were reviewed as part of the prioritisation process. Some of these additional schemes reflected the themes of LUF and therefore have a strong strategic case for investment but further work was required to strengthen scheme deliverability and associated evidence to demonstrate value for money. Once dates for Tranche 2 submissions have been identified, the LUF working group will agree the next steps to develop some/all of these additional schemes. The allocation of funding via Tranche 1, and broader funding opportunities, will need to be considered prior to the agreement of priority schemes for development towards a Tranche 2 submission.
- 3.40 Appendix B present the status of future funding bid ideas. Project groups have begun to be established for future bids, for example a Project Board has been created to focus on the regeneration of Northfield Local Centre which incorporates Gary Sambrook MP, local councillors and other stakeholders. One of the key objectives is to develop a suite of projects that could form the core of a future Tranche 2 LUF bid.

4 Options Considered and Recommended Proposal

- 4.1 **Option 1 – Do Nothing:** This alternative option to implementing recommendations 2.1 to 2.9 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 out 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 police, investment to ensure that local businesses can thrive and more shops and supermarkets. Additional changes people wish to see is 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.

A457 Dudley Road Improvements

- 5.3 A full public consultation including stakeholders was undertaken between 17th November 2020 and 15th December 2020. 104 responses were received via BeHeard, e-mail and consultation events, which included cycling groups and other key stakeholders. Analysis of the consultation responses showed 61.01% either fully or partially supported the proposals subject to minor amendments.
- 5.4 The project officers contacted property owners/occupiers whose land or property is directly affected by the proposals and subject of the CPO to commence negotiations for acquisition in November 2019 (associated with the original scheme approved by Cabinet in June 2018 and subsequently November 2020 for the OBC and March 2021 for the Single Scheme Cabinet Report). Heads of Terms have been agreed to allow for the acquisition of 19 plots of land.
- 5.5 As a result of the feedback received to the consultation some modifications to the scheme were made.

Moseley Road Baths & Balsall Health Library

- 5.6 Consultation with the local community and stakeholders about the future of the Baths has been ongoing since c2018. It has included surveys, filming, interviews and a social media takeover. Business planning, demographic and market research has also been undertaken.
- 5.7 Local ward councillors, Cabinet Members, the Leader of the Council and the local MP have all been consulted upon the current proposals.

Remediation of Former Birmingham Wheels Site (Bordesley Park)

- 5.8 The Bordesley Park AAP was prepared following significant consultation over a number of years and at each stage of the plan making process. This culminated in submission of the AAP to the Secretary of State and an Examination in Public (EIP) that was held in May 2019 where outstanding objections and issues were considered. Following the receipt of the Planning Inspector's report which recommended that the AAP be adopted without modification, the Bordesley Park AAP was formally adopted by full Council on the 14th January 2020.

6 Risk Management

- 6.1 Key programme level risks are outlined in Appendix C. Such risks will be managed by senior Inclusive Growth and 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.
- 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 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 Sections 2 and 4 of the Localism Act 2011.
- 7.2.2 The power to voluntarily acquire, dispose, manage assets in land and property is contained in Sections 120 and 123 of the Local Government Act 1972. Under Section 111 of the Local Government Act 1972 the City Council may incur expenditure in relation to anything which is incidental to the discharge of its functions.
- 7.2.3 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.
- 7.2.4 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.

7.3 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 four bids for LUF Tranche 1 totalling £64.018 million. Deadline for Tranche 1 bid submission is 18th June 2021, with a funding decision to be made during the government's Autumn Budget in November 2021.
- 7.3.3 Delivery of Tranche 1 schemes must commence by 31st March 2022. 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 2.6 within this report. 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 Funding	Prudential Borrowing
	£m	£m	£m	£m
Erdington High Street	56.438	12.673	43.765	0.000
A457 Dudley Road Improvements	30.135	19.941	10.194	3.242
Moseley Road Baths & Balsall Health Library (1)	31.467	14.259	17.208	10.425
Remediation of Former Birmingham Wheels Site (Bordesley Park)	19.050	17.145	1.905	1.265
Total	137.090	64.018	73.072	14.932

(1) £3.000m of the £10.425 million PB funding requirement has been approved previously and included in the MTFP. The balance will be subject to the Council's gateway approval process. At this stage it is anticipated this will be corporately funded Prudential Borrowing.

Erdington High Street

7.3.4 The total cost of the Preferred Option is £56.438m. This cost is largely being funded from a private sector source who has committed a combined total of £43.765m (c.80% of the total cost of the Preferred Option). This level of co-funding results in a funding-gap of £12.673m which is anticipated to be closed through LUF grant funding as shown in the table below.

Preferred Option	Co-funding Secured	LUF Requirement	Total Scheme Cost
	£m	£m	£m
Scheme 1: Community and Enterprise Hub	-	4.242	4.242
Scheme 2: Central Square Shopping Centre	43.765	3.918	47.683
Scheme 3: Community Space	-	2.016	2.016
Scheme 4: High Street Connectivity	-	1.839	1.839
Scheme 5: St Barnabas Connectivity	-	0.376	0.376
Monitoring and evaluation costs	-	0.282	0.282

TOTAL	43.765	12.673	56.438
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A457 Dudley Road Improvements

7.3.5 The total estimated capital cost of the scheme is £30.135 million of which £10.194 million of funding has been identified (including prudential borrowing of £3.242 million) leaving a LUF funding requirement of £19.941 million, which largely relates to the main scheme works as shown in the table below.

	Total
	£m
CAPITAL EXPENDITURE	
Developing a Shelf Ready Scheme (Inc Land Costs)	6.494
Western Road Junction (incl Statutory Undertakers)	5.438
Main Works Costs	18.203
Total Capital Expenditure	30.135
CAPITAL FUNDING:	
DfT	0.500
GBSLEP	5.043
ITB	0.009
Prudential Borrowing	3.242
Transportation & Highways Capital Programme	0.250
Section 278 Contribution	1.150
LUF Requirement	19.941
Total Capital Funding	30.135

Moseley Road Baths & Balsall Health Library

7.3.6 The total estimated capital cost of the scheme is £31.467 million of which £17.208 million of funding has been identified (including prudential borrowing of £10.425 million) leaving a LUF funding requirement of £14.259 million as shown in the table below

Moseley Road Baths & Balsall Heath Library	Total
	£m
Capital Expenditure	31.467
CAPITAL FUNDING:	
Historic England	0.223
World Monuments Fund	0.130
Birmingham City Council	10.425
National Lottery Heritage Fund	6.430
LUF Requirement	14.259
Total Capital Funding	31.467

7.3.7 Moseley Road Baths regeneration is being delivered by a coalition of partners including BCC, the National Trust, Historic England, World Monuments Fund and a Charitable Incorporated Organisation. An expression of interest was submitted by the coalition, in the name of the National Trust, to the National Lottery Heritage Fund in October 2019. This expression of Interest was successful and the National Trust were invited to submit a further stage 1 application in February 2021 for the development phase of the scheme. Unfortunately, due to the impact of the Covid-19 pandemic the National Trust were not in a position to progress the stage 1 application. As a coalition partner and freehold owner of the asset, the Council stepped in to submit the application or risk not progressing and failing to secure the funding required to progress the development, losing significant momentum and impact achieved by Council and coalition investment to date.

7.3.8 If successful the capital grant of up to £1.000 million received will enable the scheme to progress through the development stage to delivery stage and will lead to a potential further £5.430 million of grant funding. The Council will be informed of a decision on 29th June 2021. There are no conditions associated with this application that negatively impact the LUF bid or vice versa. If either of the bids is unsuccessful then the scheme delivered would be reduced accordingly

Remediation of Former Birmingham Wheels Site (Bordesley Park)

7.3.9 Costs presented in the table below are very high level. Further work is being undertaken to determine the schemes funding profile and LUF ask and will form part of the OBC and FBC governance process. The Council's capital match-funding is being provided from corporate resources including borrowing funded from capital receipts.

Activity	Cost
	£m
Further site investigations & ecological surveys	0.300
Remediation and ground excavations	6.250
Ecological mitigation	0.150
Demolition and clearance of material / tyres	0.750
Service / utility diversions & installation	4.000
On site access	2.000
Off-site highway improvements	1.100
Japanese knot weed	0.500
Third party land acquisition	4.000
Total Capital Expenditure	19.050
Capital Funding	
LUF Requirement	17.145
Match Funding (10%)	
- Costs Already Incurred	0.640
- Prudential Borrowing	1.265
Total Capital Funding	19.050

Revenue Implications

7.3.10 It should be noted that £0.125 million of revenue funding is available for each eligible LA to build capacity. Approval to accept this funding is sought in this report.

7.3.11 Existing staff within Inclusive Growth and Neighbourhoods Directorates 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 Inclusive Growth and Neighbourhoods Directorates' revenue budgets. Staff are being supported by external consultants where required which is funded through the revenue capacity funding.

Erdington High Street

7.3.12 The scheme was the subject of an unsuccessful Future High Street Fund bid in April 2020. 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 The scheme does not require any match funding from the City Council.

A457 Dudley Road Improvements

7.3.15 The scheme was the subject of 2 separate Cabinet reports in March 2021 covering the Western Road Junction and the Main Scheme Works elements.

7.3.16 The update report to Cabinet on the main scheme works identified the estimated net highway maintenance cost for the revised scheme of £0.042 million per annum of which, £0.010 million relates to the Western Road Phase 1 Advanced Works, as a result of increased material quantities required for the Revised Scheme and an increase in maintenance unit costs.. This cost will be funded from the provision for highways maintenance held within Corporate Policy Contingency. The costs will be confirmed as part of the OBC and FBC governance process. The detailed design will be developed by the appointed design and build contractor with a view to minimising the future maintenance liability to the City Council.

7.3.17 The Council will need to undertake Prudential Borrowing (PB) of £3.242 million to fund the match funding requirement. The annual cost of the PB is estimated at £0.197 million (full year effect) over a 20 year period and will be funded from bus lane enforcement income.

Moseley Road Baths & Balsall Health Library

7.3.18 The scheme has not been subject to any formal appraisal to date.

7.3.19 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.

7.3.20 The Council will need to undertake Prudential Borrowing (PB) of £10.425 million to fund the match funding requirement. The annual cost of the PB is estimated at £0.395 million (full year effect) over a 40 year period.

£3.000 million of this is funded from corporate resources. The remainder will be subject to the Council's gateway approval process. It is anticipated that this will also require corporate funding.

Remediation of Former Birmingham Wheels Site (Bordesley Park)

- 7.3.21 Revenue costs including highways maintenance costs and appropriate funding sources will need to be identified as part of the OBC and FBC governance process.
- 7.3.22 The Council will need to contribute £1.905 million to cover the match funding requirement. The Council has already incurred costs of £0.640 million in obtaining control of the site and the remaining match-funding of up to £1.265 million will be funded via prudential borrowing over 5 years at an annual cost of £0.017 million (full year effect) funded from existing Inclusive Growth Directorate revenue budgets. The borrowing is expected to be repaid after 5 years via a capital receipt from disposal of the site.

Other

- 7.3.23 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.
- 7.3.24 If the funding bid is successful, the grant funding for certain elements of the Erdington High Street will be passported to the delivery partners (Godwin Developments Limited and Witton Lodge Community Association) 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 Inclusive Growth 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 1 scheme will be met from existing Inclusive Growth 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 D to this report.

8 Appendices

List of Appendices accompanying this report:

Appendix A – Scheme Evaluation & Prioritisation Protocol

Appendix B – Schemes in Development by Constituency

Appendix C – Risk Register

Appendix D – EA Screening

9 Background Documents

- Levelling Up Fund: Prospectus, HM Treasury (2021)
- Levelling Up Fund: Technical note, HM Treasury (2021)
- Levelling Up Fund: Frequently asked questions, HM Treasury (2021)

Erdington High Street

- Urban Centres: A Framework for Inclusive Growth January 2020
- Report to Cabinet 20th April 2020, Erdington Future High Streets Application for Government Funding

A457 Dudley Road Improvements

- Report to Cabinet 16th March 2021, A457 Dudley Road Improvement Revised Scheme Update Report

Remediation of Former Birmingham Wheels Site (Bordesley Park).

- Bordesley Park Area Action Plan January 2020
- Report to Cabinet 17th March 2020, Wheels Site Development: Strategic Business Case