

# Birmingham City Council

## Report to Cabinet

27<sup>th</sup> June 2023



**Subject:** Integration of Greater Birmingham and Solihull Local Enterprise Partnership Services to Birmingham City Council

**Report of:** Strategic Director of Place, Prosperity and Sustainability

**Relevant Cabinet Member:** Councillor John Cotton – Leader  
Councillor Sharon Thompson - Deputy Leader  
Councillor Brigid Jones – Cabinet Member for Finance and Resources'

**Relevant O&S Chair(s):** Councillor Akhlaq Ahmed, Economy and Skills  
Councillor Jack Deakin, Finance and Resources

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Bordesley & Highgate, Ladywood, Soho & Jewellery Quarter and Nechells.		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 010654/2023		
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, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential :		

## **1 Executive Summary**

- 1.1 On 31<sup>st</sup> March 2022, the Department for Levelling Up, Housing and Communities (DLUHC) and the Department for Business, Energy and Industrial Strategy (BEIS) issued a joint letter and accompanying guidance to the Chairs of the LEPs in England and to the Mayors of Combined Authorities setting out their proposals for the roles and functions of LEPs to be integrated into local democratic institutions, whether individual local authorities or combined authorities. The proposals also set out that the decision as to which function transferred to which successor body was a matter for local discretion.
- 1.2 Over the last decade, the LEP have developed a portfolio of assets and liabilities. The July Economic Growth Board confirmed that West Midlands Combined Authority (WMCA) will not seek to take on any legacy funds
  - 1.2.1 The Birmingham City Centre Enterprise Zone (EZ) is one of many GBSLEP major programmes for driving growth and regeneration in the region. Birmingham City Council (BCC) is the Accountable Body for the GBSLEP and is responsible for the receipt and investment of business rate growth. The EZ and Legacy programmes will remain with and be managed by the Council in its Accountable Body role, to ensure the effective monitoring and assurance of legacy programmes.
- 1.3 Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) will continue with other functions and will close in March 2024 as a solvent liquidation. The responsibility for winding up the company sits with the LEP supported by the Council in its Accountable Body role.

## **2 Recommendations**

- 2.1 Approve the Council taking on responsibility for the management and delivery of the Enterprise Zone (EZ) and Legacy programmes (Appendix 4) from 1<sup>st</sup> July 2023, including any archiving requirements.
- 2.2 Approve the Enterprise Zone EZ Assurance Framework (Appendix 1), which sets out the detailed governance arrangements for the EZ.
- 2.3 Delegate authority to the Strategic Director of Place, Prosperity, and Sustainability to negotiate, agree and accept an appropriate level of funding from the EZ and other Legacy programmes to reflect the Council's costs of management and administration. An estimate of these costs are included in 7.3.2, and will need to be refined ahead of a formal request for EZ funds.
- 2.4 Approve the Council's continuing role as Accountable Body in respect of Capital and Revenue funds provided by Government for the EZ and Legacy programmes, to include the provision of Section 151 Officer Role and to do so until such funding and associated programme delivery is concluded.

- 2.5 Authorises the City Solicitor and Monitoring Officer (or their delegate) to negotiate, execute and seal and complete all necessary agreements and documentation to give effect to the above recommendations.

### **3 Background**

- 3.1 On 21 March 2017 BCC Cabinet approved BCC continuing to act as the Accountably Body on behalf of the GBSLEP for funding received as part of the Growth Deal process and for additional Section 31 Grants received from HM Treasury to support specific projects.
- 3.2 In February 2022 Government published their Levelling Up White Paper. The paper sets out how Government will spread opportunity more equally across the United Kingdom. The White Paper states that for the last decade the Local Economic Partnerships (LEPs) have provided the important organisational means of bringing together businesses and local leaders to drive economic growth across England. The LEPs have also been responsible for the delivery of a number of major funding streams. It outlines the importance of retaining the key strengths of these local, business-oriented institutions in supporting private sector partnerships and economic clusters, while at the same time better integrating their services and business voice into the UK government's new devolution plans.
- 3.3 On 31<sup>st</sup> March 2023, the Department for Levelling Up, Housing and Communities (DLUHC) and the Department for Business, Energy and Industrial Strategy (BEIS) issued a joint letter to the Chairs of the LEPs in England and to the Mayors of Combined Authorities setting out their proposals for the roles and function of LEPs to be integrated into local democratic institutions.
- 3.4 To support the transition of services from the GBSLEP, Council officers have identified the requirement for a number of roles as identified in section 7.5 in the Place, Prosperity, and Sustainability Department to support the administration of legacy funds and EZ.
- 3.5 The assurance framework (Appendix 1) has been structured to ensure the governance of the EZ remains separate from the Council's wider delivery role and that there are clearly defined roles and responsibilities for officers and Board members. The framework, which replicates the good practice of the GBSLEP has been created primarily for the purpose of delivering the Enterprise Zone programme, however, it is also recognised that a number of legacy funding programmes are transferring from the GBSLEP and whilst most projects are complete its important to have a consistent and proportionate structure to allow for ongoing monitoring and administration.
- 3.6 The GBSLEP and the Council are working together to ensure that the transfer of data, essential to managing the programmes are transferred across in line with legal requirements including GDPR.

## **4 Options considered and Recommended Proposal**

### **4.1 All GBSLEP functions moving to the WMCA.**

4.1.1 The July Economic Growth Board confirmed that West Midlands Combined Authority (WMCA) will not seek to take on any legacy funds, and therefore this is not an option.

### **4.2 All GBSLEP functions moving to BCC.**

4.2.1 Government's Levelling up the United Kingdom White Paper detailed that Local leaders should determine how services would be administered. The WMCA have advised they will commission services for the Growth Hubs for UK Shared Prosperity fund in the future, and therefore this is not an option.

### **4.3 Split GBSLEP functions between WMCA and BCC.**

4.3.1 The WMCA, the GBSLEP and the Council have worked closely together to determine that legacy funds including the EZ will be a matter for the local authority to manage. This option is the preferred and recommended proposal.

## **5 Consultation**

5.1 Consultation with the Leader, Chief Executive and Strategic Director of Council Management on the recommendation and contents of this report has taken place, and who are supportive of the programmes transferring to BCC.

5.2 The proposals in this report have been developed in consultation with the WMCA and its constituent bodies.

## **6 Risk Management**

6.1 The primary risk of programme management is not having effective management tools in place. The Council is working closely with the GBSLEP to transfer necessary data and systems to support the effective management of the programme and to carry out its continued role as Accountable Body.

6.2 There are financial risks associated with the Accountable Body role, the main one being failure of the EZ to deliver sufficient business rates uplift to cover the level of borrowing and up-front revenue expenditure incurred by the City Council.

6.3 Financial risk has and will continue to be managed primarily through detailed financial modelling, with regular reporting to BCC and the Enterprise Zone.

6.4 All projects will be required to produce robust risk strategies as part of their full business case. These will be maintained throughout the life cycle of the project in line with BCC performance management requirements.

## **7 Compliance Issues:**

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

7.1.1 The Council's Social Value Policy, Living Wage Policy and Birmingham Business Charter for Social Responsibility will be applied in accordance with the Council's governance as a result of being the Accountable Body as detailed in 2.4. Details would be included in any subsequent project reports.

7.1.2 The proposals set out in this report will support the City Council's key priorities as set out in the City Council Corporate Plan 2022 – 2026:

7.1.2.1. A Bold Prosperous, Inclusive, Safe, Healthy and Green Birmingham.

- Support inclusive economic growth.
- Tackle unemployment.
- Attract inward investment in infrastructure.
- Maximise the benefits of the Commonwealth Games.
- Tackle poverty and inequality.
- Promote and champion diversity, civic pride and culture.
- Support and enable all children and young people to thrive.
- Make the city safer.
- Tackle healthy inequalities.
- Encourage and enable physical activity and healthy living.
- Improve outcomes for adults with disabilities and older People.
- Improve street cleanliness.
- Improve air quality.
- Continue on the route to Net Zero.
- Be a city of nature.

7.1.3 An environment and sustainability assessment (Appendix 3) has been completed and the overall conclusion is that the delivery of Net Zero across the city centre EZ, have set out its aims and objectives across opportunity areas. The EZ will focus on bringing forward its strengths and funding assets in order to deliver holistic Net Zero potential across a number of specific sectors within its investment remit, and where required these interventions will be borne through the mechanism of a Net Zero Gateway.

## 7.2 Legal Implications

7.2.1 Functions and roles of the nature currently exercised by LEP's, when exercised by the Council following the transfer of these functions to the Council, would constitute Executive Functions for the purposes of the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.

7.2.2 Facilitation of the GBSLEP's integration into the West Midlands Combined Authority in accordance with Central Government direction, is made pursuant to the general power of competence contained in section 1 Localism Act 2011.

7.2.3 The TUPE of employees that are part of the Enterprise Zone will be determined in line with the TUPE Regulations. There is a requirement to

consult with all affected employees and upon transfer those employees will transfer on the same terms and conditions they were on with GBSLEP.

- 7.2.4 The data transfer will need to be done in accordance with UK GDPR, specifically there will need to be an identified lawful basis, and sufficient information made available to inform the affected data subjects (whether service users, employees or other). Provision should also be made for compliance with Freedom of Information Act obligations, and Individual Rights under the Data Protection Act 2018 which may arise during and following the transfer, which will as a minimum include identifying key personnel to deal with requests that are received.

### 7.3 Financial Implications

- 7.3.1 In its role as Accountable Body it is proposed that the Council will continue to be responsible for the management and delivery of the Capital and Revenue Funds from Government and the EZ but will also, from 31<sup>st</sup> July 2023, take on additional responsibility for the EZ area along with the management and delivery of the GBSLEP Legacy programmes. A summary of these Legacy programmes is included at Appendix 4.
- 7.3.2 The transfer of the Enterprise Zone and other Legacy Fund programmes to BCC will require the continued funding of existing GBSLEP staff being transferred plus additional ongoing resources from the EZ and other Legacy Funds to reflect the Council's costs of management and administration. Additional funding will be secured via a change request, in line with the Assurance Framework (Appendix 1). This will ensure sufficient funding is set aside for the Management of EZ and Legacy programmes until 2028. The following table sets out the current estimate of costs and available funding sources including those relating, separately, to the EZ and other legacy programmes. These estimates will need to be refined ahead of a formal change request with EZ costs being funded through an equal and opposite EZ Grant allocation, taken from a call upon ring fenced Business Rates income in line with the current process.

<b>BCC Current and Proposed Programme Management Costs (Levy)</b>		
	<b>£m</b>	<b>£m</b>
<b>Enterprise Zone Costs:</b>		
Current Approved Budget to April 2024	6.454	
Additional EZ funding required to 2024	TBC	
Further Proposed EZ funding required to 2028	TBC	
<b>Total Proposed EZ Costs to April 2028</b>		<b>6.454</b>
<b>GBSLEP Legacy Costs:</b>		
Existing LEP PMO Levy - 2023-24 Estimate	0.614	
BCC Accountable Body Costs - 2023-24 Estimate	0.09	
Additional Costs to April 2028 – Estimate	2.816	
<b>Total Proposed Legacy Costs</b>		<b>3.520</b>

<b>Total Costs</b>		<b>9.974</b>
<b>Funding Sources</b>		
<b>Enterprise Zone Grant:</b>		
Current Funding	6.454	
Additional Required to 2024 and beyond to 2028	TBC	
<b>Total EZ Funds Required</b>		<b>6.454</b>
<b>GBSLEP Legacy Funds:</b>		
Growing Places Fund (GPF)	3.584	
Local Growth Fund Recycled Funds (LGF Recycled)	2.084	
Other Funds	0.177	
<b>Total Legacy Funds Available</b>		<b>5.845</b>
<b>Total Funding All</b>		<b>12.299</b>

7.3.3 In its Accountable Body role, the City Council will continue to undertake prudential borrowing for the EZ Programme, subject to financial and treasury limitations, to support approved capital projects. Again, this is in line with the existing programme.

#### 7.4 Procurement Implications

7.4.1 There are no procurement implications from the recommendations in this report. Any projects with procurement implications arising from the Council taking on responsibility for the management and delivery of the Enterprise Zone (EZ) and Legacy programmes will be covered in separate reports and follow the Council's Procurement and Contract Governance Rules and the Public Contract Regulations where applicable.

#### 7.5 Human Resources Implications

7.5.1 Employment legislation (Transfer of Undertakings (Protection of Employment) Regulations (TUPE)) potentially applies to up to four GBSLEP employees currently working on the Enterprise Zone and Legacy fund programmes who may therefore transfer to the Council [on terms and conditions no worse than as set out in their existing contracts of employment], in line with the legislation, subject to completion of due diligence and consultation with the affected GBSLEP staff. Current job titles are; 1 x Project Champion, 2 x Project Delivery Officers, 1 x Procurement and Contracts Assistant, and it is proposed that these posts will all fall within the Enterprise Zone Programme Management Office.

7.5.2 The GBSLEP currently has three experienced consultants working on EZ and Legacy fund programmes who hold corporate knowledge, and stakeholder relations. The Council are engaging with the consultants via their agencies to retain their services to support the success of these programmes and provide continuity of service. This will be critical to a smooth transfer and reduces risk. The three roles will total 1.3 FTE.

- 7.5.3 It is the responsibility of the out-going organisation to organise meaningful staff consultation with employees affected by the GBSLEP TUPE transfer to the Council. The People Services team have committed to work in partnership with the GBSLEP to ensure a smooth staff transfer.
- 7.5.4 The GBSLEP employees noted at 7.5.1 contract/s expires on 31 March 2026 which is linked to funding. It is anticipated that longer term funding will be received for these posts to be extended.
- 7.5.5 It is recommended that a monetary value for the purpose of 'redundancy' costs are written into the informal agreement between the GBSLEP and the Council to mitigate the Council from this risk for a period of up to 2 years.
- 7.5.6 There are no other known risks associates with the TUPE transfer, however, should these materialise then they will be escalated through the Board discussions.

## 7.6 Public Sector Equality Duty

- 7.6.1 In overall terms the EZ and legacy funds have been assessed EQUA1125 (Appendix 2). The finding of the equality analysis is that the transfer of these programmes to the Council will not disproportionately disadvantage any protected group and will in fact contribute to equality of opportunity for all by providing investment in development sites, which will lead to greater employment opportunities. Each project funded will also be subject to its own individual equality analysis.

## 8 Appendices

### 8.1 Include:

- Appendix 1 – Assurance Framework and appended papers
- Appendix 2 – Equality Impact Assessment EQUA1125
- Appendix 3 – Environment and Sustainability Assessment
- Appendix 4 – List of EZ and Legacy Programmes transferring.

## 9 Background Documents

### 9.1 Are:

- Enterprise Zone Investment Plan 2019
- Enterprise Zone Investment Plan update 2022



# BIRMINGHAM CITY COUNCIL ENTERPRISE ZONE ASSURANCE FRAMEWORK

<b>Sections</b>	<b>Page</b>
<b>Section 1 Enterprise Zone Programme</b>	
1.1 Purpose	2
1.2 Geography	2
1.3 Birmingham City Council Programme Teams	3
<b>Section 2 Enterprise Zone Governance</b>	
2.1 Enterprise Zone Partnership Board	8
2.2 Enterprise Zone Programme Board	9
2.3 Pipeline Assessment Panel	10
2.4 Programme Governance	11
<b>Section 3 Transparent Decision Making</b>	
3.1 Governance Overview	13
3.2 Registration and Declaration of Interests	13
<b>Section 4 Accountable Decision Making</b>	
4.1 Status and Role of Accountable Body	14
4.2 Audit and Scrutiny	14
4.3 Enterprise Zone Oversight Board	14
4.4 Strategic Objective and Purpose	15
4.5 Complaints and Whistleblowing	15
<b>Section 5 Ensuring Value for Money</b>	
5.1 Approval Process	16
5.2 The Five Case Model	17
5.3 Project Register	17
5.4 Project Prioritisation	17
5.5 Strategic Fit with SEP Objectives	18
5.6 Value for Money	18
5.7 BCC Client Role	18
5.8 Delivery Timing and Risk	18
5.9 Complaints Procedure	20
<b>Section 6 Financial Risk Management</b>	
6.1 Financial Strategy	21
6.2 Financial Principles	21
<b>Appendix 1 – EZ Partnership Board Terms of Reference</b>	
<b>Appendix 2 – EZ Programme Board Terms of Reference</b>	
<b>Appendix 3 – EZ Oversight Board Terms of Reference</b>	
<b>Appendix 4 – EZ Project Assessment Panel</b>	
<b>Appendix 5 – EZ Financial Principles</b>	
<b>Appendix 6 – EZ Change Policy</b>	

## **SECTION 1**

### **Enterprise Zone Programme and Teams**

#### **1.1 Purpose**

The Enterprise Zone (EZ) was created in line with legislation approved by Government in 2011. Between 2011 and 2022 the EZ was managed jointly by the Greater Birmingham and Solihull LEP (GBSLEP) and Birmingham City Council (BCC), which also acted as Accountable Body for the programme. Following the publication of the Levelling Up White Paper in January 2022 which confirmed that the GBSLEP will close, and all services would transition to either the West Midlands Combined Authority or relevant local authority, Birmingham City Council is now responsible for delivery of the EZ, and this Assurance Framework builds on the good practice established within the GBSLEP to ensure the programme is managed effectively.

This framework has been structured to ensure the governance of the EZ remains separate from the Council's wider delivery role and there are clearly defined roles and responsibilities for officers and Board members.

This Assurance Framework has been created primarily for the purpose of delivering the Enterprise Zone programme, however, it's also recognised that a number of legacy funding programmes are transferring from the GBSLEP, and whilst most projects are complete it's important to have a structure for ongoing monitoring and administration. The structures and process within the Assurance Framework will also apply to these legacy programmes as required.

#### **1.2 Geography**

The EZ includes 39 sites within Birmingham City Centre covering 113 hectares of new and existing development space, as shown below.



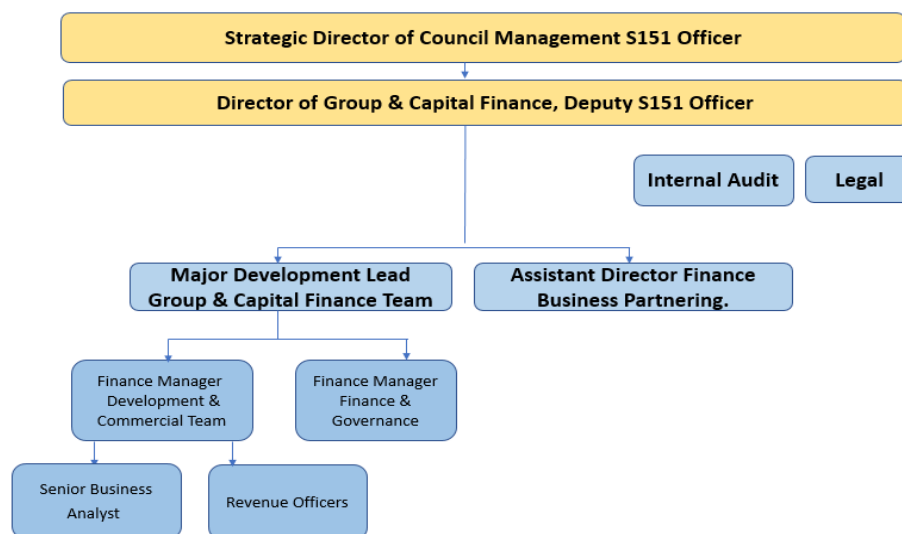
## 1.3 Birmingham City Council Programme Teams

### 1.3.1 BCC as Accountable Body

The management and redistribution of EZ business rate growth is undertaken by Birmingham City Council which will undertake the following roles and responsibilities.

- Collection, management and redistribution of the Business Rates Income (BRI) growth;
- Project delivery agreements in accordance with the terms and conditions of each funding agreement;
- Accounting for transactions and maintaining records pertaining to EZ activity;
- Providing S151 and internal audit oversight of programme governance;
- Development and maintenance of the funding model including overseeing the financial principles and risk management;
- BCC corporate governance undertaken to ensure that regular reports are received on the financial position and performance of the projects;
- Approve borrowing for EZ projects within the agreed Investment Plan (subject to affordability in accordance with the approved financial principles);
- Scrutiny of programme delivery and performance; and
- Administration and monitoring of legacy funding programmes transferred from the GBSLEP.

## Birmingham City Council Accountable Body Structure



### 1.3.2 BCC EZ Programme Management team

**Aims and Objectives:** The EZ Programme Management team oversees the development and delivery of projects alongside supporting the Council's role as Accountable Body with management of the programme's financial model including projects spends and uplift in business rates income. In delivering the programme of works in-line with the current EZ Investment Plan, the team works with project managers and sponsors to take the projects through the approval process and into delivery.

#### **Roles and Responsibilities:** -

- Monitor, review and report performance against the current EZ Investment Plan aims and objectives;
- Provide overall programme management to support delivery of the objectives in the current EZ Investment Plan and ensure alignment with the West Midlands Combined Authority (WMCA) Regional Economic Plan;
- Develop and regularly review the current EZ Investment Plan to ensure it is up-to-date and fit for purpose;
- Assess affordability of the EZ financial model in accordance with the approved financial principles;
- Oversee the delivery of EZ projects;
- Manage the EZ Project Pipeline;
- Co-ordinate all aspects of appraising funding applications, presenting project investment approvals and change requests to the EZ Programme Board (EZPB) and EZ Partnership Board (EZPSB);
- Ensure that project specific grant agreements are in place;
- Review and report EZ Risk Register to EZ Programme Board;
- Quarterly monitoring of projects;
- Six-monthly reporting of the EZ programme performance to the Cities and Local Growth Unit;
- To develop and implement the £20m Regional Investment Fund programme;

- The monitoring of projects' adherence to subsidy control rules, and reporting of any subsidies;
- Work on communication and promoting the EZ;
- Risk management; and
- Administration and monitoring of legacy funding programmes transferred from the GBSLEP.

### BCC EZ Programme Management team Structure



#### 1.3.3 BCC EZ Project Sponsor

**Aims and Objectives:** For third party projects, a relevant Sponsoring Officer (SO), or Project Champion will be allocated to the project to act as the key link between BCC Programme Management team and the delivery organisation. The SO will oversee the delivery of the project.

#### **Roles and Responsibilities:**

- Lead the delivery of BCC EZ projects and provide technical support.
- Source expertise to evaluate project claims; cost consultants, audit; and
- Escalate delivery and governance concerns and issues with the EZ Programme Management team / Boards.

#### 1.3.4 Specialist Theme Leads

##### **Themes:**

The EZ Investment Plan identifies four key sectors which are integral to delivering it's aims and objectives. These are the Business, Professional and Financial Services (BPFS), Creative Industries, Financial Technology (FinTech) and Net Zero. To help ensure the priorities of these are represented within the programme, specialist theme leads will be identified for each sector.

**Aims and Objectives:** To provide specialist advice and support to the EZ Boards. To co-ordinate activity and advise on the direction, development, and application of funding in respect of themes.

**Roles and Responsibilities:**

- To attend the EZPB meetings to provide advice and recommendations;
- At the request of the EZPB the specialist theme leads will make observations on individual applications for funding; and
- To attend strategic fit assessment meetings to provide advice and recommendations on Expression of Interest.

### **1.3.5 BCC Project Managers**

**Aims and Objectives:** The Project Manager will be directly responsible for the delivery of any allocated projects and will support the development and implementation of individual projects in line with appropriate funding agreements and in accordance with project objectives.

**Project Manager Roles and Responsibilities: -**

- To support the development and implementation of EZ funded projects;
- To ensure that projects are delivered in accordance with EZ objectives as set out in the current EZ Investment Plan;
- To ensure that projects are delivered in accordance with BCC Standing Orders and Financial Regulations e.g., procurement requirements;
- To ensure that the terms and conditions set out in the EZ Funding Offer Letter, Conditions of Grant Aid (COGA), and/or Service Level Agreement (SLA) are fully compliant;
- To obtain, BCC approvals for projects in accordance with Gateway process, and that this is in place prior to any expenditure being incurred on any project;
- To ensure that where projects are delivered by third parties the appropriate legal agreements, between BCC and the third party, are put in place;
  - COGA, SLA or Contracts must be negotiated and signed by the third party and the City Council before any funding is released; and
  - Where the above are used, the Project Manager must also ensure all the requirements of the conditions are complied with, e.g., inspection of accounts, procurement regulations, requirements for capital contracts, legal charges etc.
- To forward monitoring/claim forms to projects as required and ensure they are completed and returned promptly by the due dates. This includes:
  - Providing support to any third-party organisations in completing the forms as appropriate;
  - Ensure that all relevant project information and documents are retained for audit purpose for the period of time as set out in the funding agreement;
  - Ensuring appropriate and adequate systems are in place to enable correct monitoring and capturing of outputs are taking place;
  - Checking and verifying the completed monitoring/claim forms and supporting evidence;
  - Pursuing any queries/missing information with projects to ensure that returns are complete;
  - Submitting the completed monitoring/claim forms and appropriate evidence to the EZ Programme Management team by the due dates; and
  - To report concerns or issues with the EZ Programme Management team as they arise.

- To ensure that outputs and outcomes outlined in the funding offer letter/SLA are monitored on a quarterly basis as a minimum and are in line with targets;
- To ensure supporting evidence, financial and otherwise, is retained and made available as and when required for grant claim purposes and other periodic monitoring or evaluation returns;
- To provide appropriate support where projects are experiencing difficulties in delivering any aspect of the project i.e., achieving spend outputs/outcomes or project delivery, make the EZ Programme Management team aware of the situation, and agree with the EZ Programme Management team and EZ Boards if required, what further action should be taken i.e., withdraw, reduce or re-profile further funding, renegotiate the outputs/outcomes etc.;
- To support this process, the Project Manager will ensure internal systems for verifying outputs and leverage information are put in place to ensure that the project is operating/following appropriate systems;
- To ensure that relevant publicity is given to the scheme acknowledging the contribution made by the EZ;
- To take part in any performance review/evaluation activities arranged by the EZ Programme Management team; and
- To attend meetings as requested to discuss monitoring/ claim processes, project performance, etc.

## SECTION 2

### **Transparent Enterprise Zone Governance and Decision Making**

It's proposed that the governance and decision-making arrangements established by the GBSLEP will transfer to Birmingham City Council to ensure good practice continues. Initially this will comprise the Boards and Committees set out below. These will be independent from the Council's governance to maintain clear separation in the respective roles around decision making, scrutiny and reporting.

#### **2.1 The Enterprise Zone Partnership Board**

**Aims and Objectives:** To provide clear vision and strategic leadership to enable the delivery of the EZ Programme, to use the resources under its direction and engage with local stakeholders; West Midlands Combined Authority, Government, Government agencies and will to provide a vehicle through which innovative funding and development mechanisms to drive major change and investment can be secured.

##### **Roles and Responsibilities:**

- Approve EZ Investment Plan;
- Approve EZ Investments including change requests over £0.5m Revenue and £1m Capital\*;
- Oversight of the EZ Programme Board;
- Oversee the delivery of EZ Investment Plan;
- Monitoring and performance management of the EZ Programme;
- Ensure affordability of the programme;
- Ensure promotion of EZ success and achievements; and
- As required, oversee delivery of legacy funding programmes transferred from the GBSLEP, including investment decisions within its delegation\*.

\*Requests for EZ funding are subject to availability of funds and ratification through BCC Gateway process if applicable.

##### **Board Membership:**

The EZ Partnership Board will comprise of nine Members.

- Four Private Sector members (One to chair);
- Leader of the Birmingham City Council;
- Two non-Birmingham City Council Member representatives;
- Birmingham City Council S151 Officer; and
- Strategic Director of Place, Prosperity and Sustainability.

##### **Observers**

- Cities and Local Growth Unit representative

Deputies can attend on behalf of representatives where necessary but must be empowered to take decisions by the relevant Authority.

Members will advise the Chair of any change in role or responsibilities, so that may seek to take appropriate action to maintain the stakeholder representative nature and structure of the Board.

Members of the Board must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting. It is a decision-making board for which evidence is



provided through proper process including minutes, quorum as defined by the Terms of Reference, and declarations of interest to support its decision-making procedures.

All investment decisions will require ratification through BCC Gateway process.

**Frequency:** 6-weekly or by exception

**Payment:** Reasonable out of pocket expenses incurred by private sector board members will be reimbursed by the Council when supported by a receipt. Claims must be related to attending EZPSB matters.

**Terms of Reference** – Appendix 1.

## 2.2 The Enterprise Zone Programme Board

**Aims and Objectives:** To monitor and oversee the delivery of EZ projects and programme to effectively implement the delivery of the EZ Investment Plan. To receive regular reports on project/programme performance. To consider and approve change requests and project applications within its delegation\*, and to make recommend the decision over its delegation to the EZ Partnership Board.

### **Roles and Responsibilities:**

- Regularly review the current EZ Investment Plan and recommend its approval to EZPSB every two years as a minimum;
- Develop EZ Investment Plan;
- Monitoring and performance management of the EZ Programme and EZ funded projects;
- Any key risks and issues on EZ project/programme delivery are either addressed and/or escalated to BCC Capital Board and the EZ Partnership Board;
- Approve EZ investment decisions and change requests up to £0.5m Revenue and £1m Capital\*;
- The EZ Programme Board (EZPB) will request project managers and specialist consultants to attend the meeting as and when required to provide detailed updates on projects;
- As required, oversee delivery of legacy funding programmes transferred from the GBSLEP, including investment decisions and change requests within its delegation\*; and
- All decisions to be reported to the EZ Partnership Board.

\*Requests for EZ funding are subject to availability of funds and ratification through BCC Gateway process if applicable.

### **Membership:**

The EZ Programme Board will consist of six Members;

- BCC Assistant Director Transportation and Connectivity (Chair), Voting;
- Head of Curzon and Enterprise Zone Development (Vice Chair), Voting;
- Assistant Director of Development, Voting;
- Major Developments Lead of Group and Capital Finance, Voting;
- Legacy and Enterprise Zone Consultant Programme Manager, Voting;
- Head of Project Delivery, Voting;
- Finance Manager, (Adviser);
- Enterprise Zone Programme Manager, (Adviser); and
- Specialist theme leads, if required.

Members of the Board must disclose any personal or penurious interests relevant to any matter discussed at that meeting.

All investment decisions will require ratification through BCC Gateway process.

**Frequency:** 6-weekly or by exception

**Payment:** Not applicable

**Terms of Reference** – Appendix 2.

### **2.3 EZ Pipeline Assessment Panel (PAP)**

**Aims and Objectives:** To assess project summary submissions for the Birmingham City Centre Enterprise Zone (EZ) Investment Programme pipeline for alignment to strategic principles and qualifying criteria.

#### **Roles and Responsibilities:**

- To review and consider requests for EZ funding;
- To review existing delivery commitment;
- Assess the impact of potential projects for EZ (EZ) funding for inclusion on the pipeline, via analysis of:
  - Direct BRI growth i.e., projects to directly result in commercial office space that will generate business rates income within one or more of the 39 appointed EZ sites;
  - Indirect BRI growth i.e., projects that will enhance the appeal of the EZ and either attract or retain business within the EZ;
  - Potential Economic Impact (GVA);
  - Outputs, outcomes, and benefits; and
  - Alignment to EZ, BCC or WMCA Strategic Priorities.
- To maintain a schedule of pipeline projects;
- To prioritise pipeline projects based on their Economic Impact Appraisal score, with one being the highest.
  1. Project generates direct Business Rates Income Growth and is one of the 39 sites. Classification allow business rates income growth to be retained -
  2. Project generates indirect Business Rates Income Growth. It is not one of the 39 sites but will likely support or indirectly provide business rates income growth on the 39 sites.
  3. Project has the potential to have a high economic impact on the city. It is not one of the 39 sites but has the potential to be transformational, generate high GVA or create jobs.
  4. Project will likely only have low economic impact on the city. It is not one of the 39 sites and will unlikely be transformational, generate high GVA or create jobs.
- To group projects in the pipeline;
  - New - Newly identified EZ projects;
  - EZIP - EZ Investment Plan 2019 projects not yet committed/approved;
  - Committed - EZIP Committed projects and/or approved projects; and
  - Delivery/Completed - EZIP Completed projects and/or projects in delivery.
- To approve or reject project progression to Expression of Interest; and
- To report project assessments to the EZPB.

### Panel Membership:

- Head of Curzon and Enterprise Zone Development (Chair)
- Enterprise Zone Programme Manager
- Assistant Director Development (Vice Chair)
- Legacy and Enterprise Zone Consultant Programme Manager
- Enterprise Zone Consultant Programme Manager
- Other relevant officers to attend as required

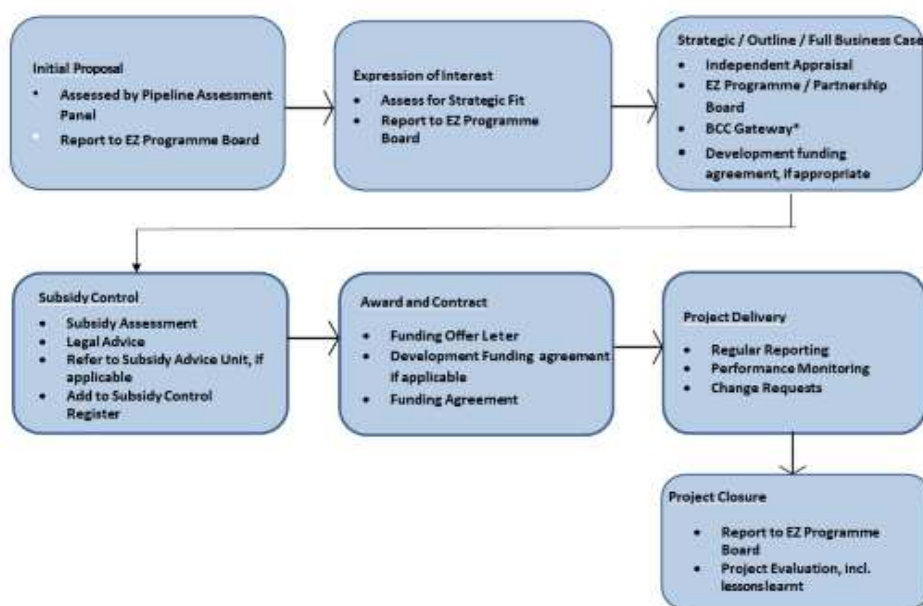
**Frequency:** 6-weekly or by exception

**Terms of Reference** – Appendix 4

## 2.4 Programme Governance

### 2.4.1 Project Development Stages

New projects within the EZ Programme are required to progress through the development stages as defined below.

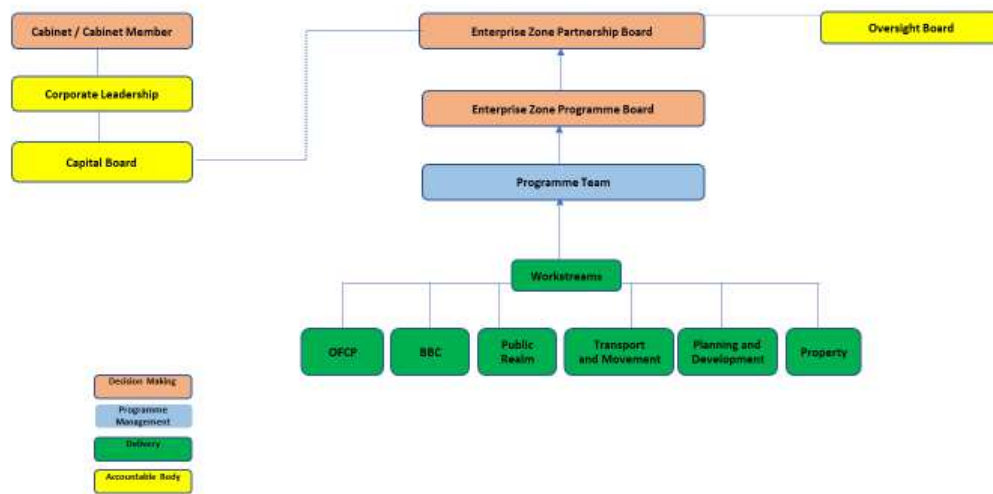


\*Requests for EZ funding is subject to availability of funds and ratification through BCC Gateway process if applicable.

\*BCC Gateway is the relevant decision maker, as defined by the Council's standing order and financial regulations.

### 2.4.2 Project Governance

The governance arrangements for projects progressing through the development stages as outlined in 2.4.2 are shown below.



## SECTION 3

### Transparent Decision Making

#### 3.1 Governance Overview

Pecuniary Interests – Conduct of Board business

All business of the Partnership will be conducted in accordance with the Nolan principles of public life.

**a. Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so to gain financial or other material benefits for themselves, their family or friends.

**b. Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

**c. Objectivity**

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

**d. Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**e. Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

**f. Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

**g. Leadership**

Holders of public office should promote and support these principles by leadership and example.

#### 3.2. Registration and Declaration of Interests

Members of the EZ Partnership Board, EZPB and Pipeline Assessment Panel must register their interests; elected members will have already undergone this procedure.

Programme Management officers and project managers will operate within the BCC corporate guidance on declaring interests and other issues such as receiving gifts and hospitality etc.

## SECTION 4

### **Accountable Decision Making**

#### **4.1. Status and Role of Accountable Body**

Birmingham City Council is the Accountable Body for the EZ Programme. As the Accountable Body Birmingham City Council will: -

- Hold revenues related to uplift in Business Rates relating to the 39 EZ Birmingham City Centre sites and make payments in accordance with the decisions made by the EZPSB and EZPB within set delegations;
- Account for these funds in such a way that they are separately identifiable from the accountable body's own funds;
- Ensure that the decisions and activities of the EZ conform to legal requirements regarding equalities, environmental, EU issues and other relevant legislation and guidance;
- Ensure (through the Section 151 Officer) that the funds are used appropriately; and
- Supply protocol and guidance in relation to transparency and audit for the EZ to adhere to.

#### **4.2. Audit and Scrutiny**

Where required BCC's Internal Audit service (Birmingham Audit) will undertake audit and assurance checks to verify that the EZ is operating effectively within the terms of its agreed assurance framework. Audits will report on the effectiveness of the systems of governance, financial control and risk management. Any fraudulent or inappropriate activities will be investigated as appropriate. This will ensure that the highest standards of propriety in the use of public monies are maintained and proper accountability for the use of those monies. The EZ Programme Team will be responsible for taking the necessary action to address and implement any recommendations arising from any audits undertaken on the EZ Programme.

#### **4.3 EZ Oversight Board**

**Aims and Objectives:** In recognition of the wider economic geography underpinning the EZ it's important that there's an independent scrutiny mechanism to oversee the programme. This will be the responsibility of the Oversight Board whose role will be to hold the EZ Partnership Board to account for decisions and performance.

#### **Roles and Responsibilities**

- To support effective decision making and accountability for management of the EZ Programme;
- To oversee and review the activities of the EZ Partnership Board; and
- To consider any further measures necessary to strengthen the EZ Partnership Board Governance.

### **Board Membership TBC**

The Board will comprise of seven members.

- Solihull Metropolitan Borough Council Representative;
- BCC Property Representative;
- BCC Finance Representative;
- BCC Transportation Representative;
- BCC Skills Representative;
- Cities and Local Growth Unit Representative; and
- Birmingham Chamber of Commerce Representative.

The Chair and Vice-Chair of the Meeting will be elected at the first meeting.

Deputies can attend on behalf of representatives where necessary but must be empowered to take decisions.

Members will advise the Chair of any change in role or responsibilities, so that may seek to take appropriate action to maintain the stakeholder representative nature and structure of the Board.

Members of the Board must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting as defined by the Terms of Reference.

**Frequency:** 6-monthly

**Terms of Reference** – Appendix 3

### **4.4. Strategic Objectives and Purpose**

The EZ Programme will:

- Ensure that value for money is achieved regarding the EZ fund funding.
- Identify a prioritised list of projects.
- Make recommendations on individual project approval, investment decision making and release of funding, including scrutiny of individual scheme business cases.
- Monitor progress of scheme delivery and spend.
- Actively manage the budget and programme to respond to changes in circumstances (for example scheme slippage, scheme alteration or cost increases).
- Engage government in dialogue to ensure resource is maximised and additional funding streams are coordinated.

### **4.5. Complaints and Whistleblowing**

Complaints from stakeholders, members of the public or internal whistle-blowers will be dealt with and resolved in line with Council's policies and procedures.

## **SECTION 5**

### **Ensuring Value for Money. Prioritisation, appraisal, business case development and risk management**

#### **5.1 Approval Process**

A number of standard documents support projects through the approval, delivery and closure lifecycle stages. These are defined below.

##### **5.1.1 Initial Proposal**

A short “2 page” document that outlines the proposal against the five-case model in high level terms enabling an initial evaluation and prioritisation with a weighting against strategic fit.

##### **5.1.2 Expression of Interest**

Building on the Initial Proposal the Expression of Interest (EoI), will be used to assess the strategic fit of the project and determine its priority category for support. Priority projects will then be invited to submit a Strategic Outline Business Case or Outline Business Case, in line with HM Treasury Green Book principles. Preparation of an outline business case will not be appropriate for all projects, and it may be preferable for the project to progress direct to full business case. This will be influenced by factors such as the relative size or complexity, stage of development or the risk appetite of the project sponsor to invest in the preparation of full business case. The appropriate route will be agreed by the EZPB.

##### **5.1.3 Strategic Outline Business Case**

Building on the EoI, the Strategic Outline Business Case (SOBC) may be required for projects in earlier stages of development and depending on the level of complexity.

##### **5.1.4 Outline Business Case**

Building on the EoI and/or the SOBC, the purpose of the Outline Business Case (OBC) is to identify a shortlist of options and set out the case for the preferred option which demonstrates value for money. It details the supporting procurement strategy, together with management arrangements for the successful delivery of the project provides further detail into the proposed project, scope, benefits, costs and approach.

##### **5.1.5 Full Business Case**

Building on the OBC, or the EoI by exception, the Full Business Case (FBC) enables a final decision on funding approval. The FBC takes place within the procurement phase of the project, following detailed negotiations with potential service providers/suppliers prior to the formal signing of contracts. The purpose of the FBC is to record the findings of the procurement and include detailed arrangements of the successful delivery of goods and services from the preferred supplier.

##### **5.1.6 Exception Report**

Where a project has experienced significant change, Project Manager will prepare an Exception Report which will be presented to the EZPB for noting.

##### **5.1.7 Change Request**

Once a project has been approved any change outside of agreed tolerance will be subject to a formal Change Request. The approval authority for the proposed Change Request depends on the scale and impact of the Change. The Programme Office provides guidance on the Change Control process for in-flight projects. For guidance, please refer to the Change Policy (Appendix 6).



### 5.1.8 Project Status Report

The Project Manager will provide timely and accurate status reporting to the Programme Team throughout the lifecycle of the project implementation.

### 5.1.9 Project Closure Report

Once a project has completed, the Project Manager/Sponsoring Officer will prepare the Project Closure Report and submit to the EZ Programme Management team. This acts as a mirror to the approved FBC and compares the final status against the original baseline for schedule, cost, quality, benefits and scope. Project Closure Reports are shared with the EZPB.

## 5.2 The Five Case Model

HM Treasury standard for the development of a Business Case is based on the Five Case Model. Policies, strategies, programmes and projects will only achieve their spending objectives and deliver benefits if they have been scoped robustly and planned realistically from the outset and the associated risks considered.

The business case, both as a product and a process, provides decision makers, stakeholders and the public with a management tool for evidence based and transparent decision making and a framework for the delivery, management and performance monitoring of the resultant scheme.

The business case in support of a new policy, new strategy, new programme or new project must evidence:

- That the intervention is supported by a compelling case for change that provides holistic fit with other parts of the organisation and public sector– the “**strategic case**”
- That the intervention represents best public value – the “**economic case**”
- That the proposed Deal is attractive to the marketplace, can be procured and is commercially viable – the “**commercial case**”
- That the proposed spend is affordable – the “**financial case**”
- That what is required from all parties is achievable – the “**management case**”

## 5.3 Project Register

The Programme Management team will maintain a Project Register. The register will list all proposals, in-flight projects and closed projects.

Red / Amber / Green (RAG) Key Performance Indicators (KPIs) will be tracked for all in-flight projects.

The Verto IT system will be used as the project and portfolio management solution providing this Project Register.

## 5.4 Project Prioritisation

Investment decision or opportunities for additional investment will be subject to affordability testing and strategic prioritisation, and these will be key parameters when considering how the pipeline is developed and project calls are managed and / or initiated. The Pipeline Assessment Panel (PAP) will review projects based on the following four economic impact appraisal criterions;

1. The project generates Direct Business Rates Income Growth. The project in one of the 39 EZ sites and the classification allows business rates income growth to be retained;
2. The project will likely generate Indirect Business Rates Income Growth. The project likely contributes to, or directly supports, business rates income growth in the EZ sites;
3. Whilst not in the 39 EZ sites, the project could be transformational, generate significant GVA or create jobs. The project could have a high economic impact on the city; and
4. It is not in the 39 EZ sites and will unlikely generate significant GVA, job creation or general economic impact on the city. The project will likely only have minimal, or low, impact on the city.

Following the PAP assessment, all projects assessed and scored 1, 2 will be invited to submit an EoI. Where a project scores 3, it may be invited to submit an EoI.

### **5.5 Strategic Fit with SEP Objectives**

West Midlands Combined Authority's (WMCA's) Strategic Economic Plan sets out its mission to create jobs and grow the economy of Greater Birmingham and in so doing raise the quality of life for the population.

EZ Investment Plan supports the West Midlands Combined Authority's (WMCA's) Strategic Economic Plan with its focus on skills, innovation, transport and inward investment. The key commercial sectors within the EZ are Business, Professional and Financial Services (BPFS), Creative Industries and Financial Technology (Fintech). Growing these sectors will maximise growth in jobs, skills and the wider Birmingham economy. The investment programme will make an important contribution to the WMCA target to create an additional 500,000 jobs by 2030.

### **5.6 Value for Money**

A Benefit Cost Ratio (BCR) will be calculated by the appraiser based on the Treasury Green Book. By utilising the project outputs, it calculates the BCR for employment, business creation, business assists, learner assists, and housing outputs and combines them to calculate the GVA impact and a total project BCR based on the public sector ask.

### **5.7 BCC Client Role**

To enable the Council to support projects being delivered by third party organisations, using EZ funding it may apply 3% on top of the EZ grant to cover all BCC project related costs. To ensure transparency all applications and related board papers must detail the BCC Client Role budget.

### **5.8 Delivery Timing and Risk**

Projects able to demonstrate the most certainty will be given the highest priority. To determine that certainty we will evaluate the mitigations proposed against each of the key risks.

To evaluate the risks identified, the potential likelihood of them occurring and the impact they are measured as shown below.

**Measures of likelihood:**

Description	Example Detail Description
High	Almost certain, is expected to occur in most circumstances. Greater than 80% chance.
Significant	Likely, will probably occur in most circumstances. 50% - 80% chance.
Medium	Possible, might occur at some time. 20% - 50% chance.
Low	Unlikely, but could occur at some time. Less than 20% chance.

**Measures of impact:**

Description	Example Detail Description
High	Critical impact on the achievement of objectives and overall performance. Critical opportunity to innovate/improve performance missed/wasted. Huge impact on costs and/or reputation. Very difficult to recover from and possibly requiring a long-term recovery period.
Significant	Major impact on costs and objectives. Substantial opportunity to innovate/improve performance missed/wasted. Serious impact on output and/or quality and reputation. Medium to long term effect and expensive to recover from.
Medium	Waste of time and resources. Good opportunity to innovate/improve performance missed/wasted. Moderate impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover from.
Low	Minor loss, delay, inconvenience or interruption. Opportunity to innovate/make minor improvements to performance missed/wasted. Short to medium term effect.

The first assessment should consider the inherent or gross risk. This is the potential likelihood and impact of a risks crystallising if no controls are in place.

Once the inherent/gross risk has been identified, any controls that are in place to help manage the risk should be identified and any reduction in the likelihood and impact scores identified to give the residual / current risk.

It is essential that any controls that are being relied upon to manage risks are effective. As part of the assessment process the sources of assurance that provide ongoing confirmation that controls exist and continue to remain effective should be identified.

The final stage in the process is to consider and set the target risk. This is the level of risk that you are aiming to manage the risk down to. This will help in determining what mitigating actions need to be taken. The prioritisation matrix / risk heat map, below, supports the setting of an appropriate target risk.

#### Prioritisation Matrix / Risk Heat Map

<b>LIKELIHOOD</b>	High				
	Significant				
	Medium				
	Low				
		Low	Medium	Significant	High
<b>IMPACT</b>					

#### Key:

<b>Severe</b>	Immediate control improvement to be made to enable business goals to be met and service delivery maintained / improved
<b>Material</b>	Close monitoring to be carried out and cost effective control improvements sought to ensure service delivery is maintained
<b>Tolerable</b>	Regular review, low cost control improvements sought if possible

#### 5.9 Complaints Procedure

All complaints will follow Birmingham City Council's complaints procedure;  
<https://www.birmingham.gov.uk/info/50191/complaints>

## **SECTION 6**

### **Financial Risk Management**

#### **6.1 Financial Strategy**

The financial strategy for the EZ is predicated on a programme which contains projects for major capital investment, revenue project support and the capital financing implications arising from debt repayment and projections for the uplift in BRI across the Programme's lifetime.

High level risks associated with the management of EZ resources have been identified and modelled out through sensitivity testing. The assumed level of business rates income for the EZ is highly sensitive to anticipated levels of development activity especially if developments fail to materialise in line with projects. Similarly, increased project costs or increases in interest rates on the cost of borrowing could be detrimental to affordability and impact on the overall programme.

#### **6.2 Financial Principles**

A set of financial principles are applied to EZ financial model as a tool to manage the risk associated with the management and to assess the affordability of investments. Financial principles are set out in Appendix 5.

# **Birmingham City Council**

## **Enterprise Zone Partnership Board Terms of Reference**

### **Purpose and objective of the board**

The Board will act as the primary authority for the implementation, governance, and management of the Birmingham City Centre Enterprise Zone Investment programme.

To provide clear vision and strategic leadership to enable the delivery of the Birmingham City Centre Enterprise Zone Programme, to use the resources under its direction and engage with local stakeholders; West Midlands Combined Authority, government, government agencies and will provide a vehicle through which innovative funding and development mechanisms to drive major change and investment can be secured.

### **Scope**

The remit of the Enterprise Zone Partnership Board (EZPSB) is to cover the full range of funding which may include Grants, Repayable Grants, Loans and other forms of participation.

Decisions, within the agreed EZPSB delegation\* level, as per the Assurance Framework, should be in the best interests of the EZ Investment Programme, follow the principles of HM Treasury Guidance as well as accepted best practice to ensure value for money is achieved. Decisions should also be in accordance with the EZ Assurance Framework, recognising the position of Birmingham City Council as the accountable body.

In respect of Loans and Debt, the remit of the EZPSB is to make decisions on all financial matters, subject to the Accountable Body's regulations and processes.

Project pipeline:

- Support the development of a robust pipeline of potential projects for funding made available through the Enterprise Zone Programme.
- Approve\* Change Requests, Strategic Outline Business Case, Outline Business Case and Full Business Case for projects.
- Undertake assessment and make decisions of the priority order for the additional pipeline projects and those identified in the latest approved Enterprise Zone Investment Plan.

### **Board Membership:**

The Board will comprise of nine members.

- The EZ Partnership Board will comprise of nine Members.
- Four Private Sector members (One to chair);
- Leader of the Birmingham City Council;
- Two non-Birmingham City Council Member representatives;
- Birmingham City Council S151 Officer; and
- Strategic Director of Place, Prosperity and Sustainability.

### **Observers**

- Cities and Local Growth Unit representative

Members will advise the Chair of any change in role or responsibilities, so that may seek to take appropriate action to maintain the stakeholder representative nature and structure of the Board.

Deputies can attend on behalf of representatives where necessary but must be empowered to take decisions by the relevant Authority.

## **Quorum**

In order for the meeting to be considered quorate, a minimum of five members must be present which must include the Chair, BCC S151 Officer / Deputy and at least one other private sector representative. In the absence of the Chair another private sector representative will undertake this role.

The quorum will only apply to EZPSB meetings that involve either project investment decisions, other matters which have the potential to materially affect the financial position of the Enterprise Zone or recommendation of changes to the Assurance Framework.

Decisions can be undertaken through the use of Written Procedures, provided that all of those members who respond indicate support for the decision. Members who do not respond would be treated as having approved any such decisions.

## **Decision Making**

Members of the Board must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting. It is an appropriate decision-making board for which evidence is provided through proper process including minutes, quorum and declarations of interest to support its decision-making procedures.

\*Requests for EZ funding are subject to availability of funds and ratification through BCC Gateway process if applicable.

## **Meetings**

Meeting will typically be held 6-weekly. Should activity levels require, meetings will be held more/less frequently.

The Papers provided to such Meetings will be published in the Public Domain in advance of such Meeting by at least 5 clear working days, except to the extent that such information is exempt from publication in accordance with Schedule 12A of the Local Government Act 1972.

The decisions and actions will be published in draft within 10 clear working days of the meetings taking place, and in final form once agreed at the subsequent meeting. Any declarations of interest made at the meetings will be included in the decisions & actions.

Support to the EZPSB will be provided by the Programme Team.

## **Roles and Responsibilities**

- Approve EZ Investment Plan;
- Approve EZ Investments including change requests over £0.5m Revenue and £1m Capital\*;
- Oversight of the EZ Programme Board;
- Oversee the delivery of EZ Investment Plan;
- Monitoring and performance management of the EZ Programme;
- Ensure affordability of the programme;
- Be Aware of the EZ code of conduct – Appendix 6;
- Ensure promotion of EZ success and achievements; and
- As required, oversee delivery of legacy funding programmes transferred from the GBSLEP, including investment decisions within its delegation\*.

## **Monitoring and Reporting**

Overlying Governance Principles

In all its activities the EZPSB will follow the Principles and Processes set out in the EZ Assurance Framework, adopting accepted Best Practice and following the Guidance set out by HM Treasury for the evaluation and risk assessment of Projects and Programmes.

#### Programmes in Delivery

- Receive and review updates (typically 6-weekly) on Enterprise Zone Investment, to include planned and actual milestone schedules, benefits realisation statuses, funding profiles, strategic issues and risks, change requests) in order to make key decisions, and initiate corrective action when required.
- To receive, review and agree refreshes of the Enterprise Zone Investment Plan.
- Reallocate resources from projects within the existing programmes to maximise returns.
- In respect of Loans and other Debt, the EZPSB Programme Delivery Board will initiate and manage actions that will protect the financial position of the Investment Programme which may include actions such as, but not limited to the rescheduling of debt, debt forgiveness, adjustments to interest rates, swapping a debt interest for a participation interest and vice versa, appropriate recovery actions, including the use of formal and informal insolvency procedures, together with requests as may be appropriate for the registration of financial interest on behalf of the Accountable Body.

#### **Review of Board**

Terms of Reference will be reviewed annually.

#### **Last Approved Date:**



# **Enterprise Zone Programme Board Terms of Reference**

## **Purpose and objective of the board**

The Board will monitor and oversee the delivery of the Enterprise Zone and Curzon projects to effectively implement the delivery of the EZ Investment Plan.

Regular project/programme performance, change requests and project applications will be reported to this Board to be approved within its delegation\*, with all other applications to be considered, noted and endorsed prior to formally being presented to the Enterprise Zone Partnership Board (EZPSB).

\*Requests for EZ funding are subject to availability of funds and ratification through BCC Gateway process if applicable.

## **Scope**

The remit of the Enterprise Zone Programme Board (EZPB) is to cover the full range of funding which may include Grants, Repayable Grants, Loans, Convertible Debt and other forms of participation.

Decisions, within the agreed EZPB delegation\* level (as set out in the Assurance Framework), should be in the best interests of the EZ Investment Programme, follow the principles of HM Treasury Guidance as well as accepted best practice to ensure value for money is achieved. Decisions should also be in accordance with the EZ Assurance Framework, recognising the position of any relevant Local Authority terms of economic development, reputation and financial regulations.

In respect of Loans and Debt, the remit of the EZPB would include, inter alia, adjustments to interest rates, recovery actions, together with requests as may be appropriate for the registration of financial interest on behalf of EZ by the Accountable Body, to protect the financial position of the Investment Programme specifically and public finances more generally.

A general provision will exist that the EZPB has the authority to enter into commercial negotiations that lead to the best outcomes in terms of the EZ Investment Programme and its deliverables and expected outcomes.

Project pipeline:

- Support the development of a robust pipeline of potential projects for funding made available by the Accountable Body (Assess the feasibility and deliverability of these potential projects to support the ranking and prioritisation of schemes within the pipeline).
- Approve the Strategic Outline Business Case, Outline Business Case and Full Business Case for projects within its delegation\* limits as set out in the Assurance Framework.
- Undertake assessment and make decisions of the priority order for the additional pipeline projects and those identified in the latest approved Enterprise Zone Investment Plan.

## **Board Membership**

The Board will comprise of six members;

- BCC Assistant Director Transportation and Connectivity (Chair), Voting;
- Head of Curzon and Enterprise Zone Development (Vice Chair), Voting;
- Assistant Director of Development, Voting;
- Major Developments Lead of Group and Capital Finance, Voting;

- Legacy and Enterprise Zone Consultant Programme Manager, Voting;
- Head of Project Delivery, Voting;
- Finance Manager, (Adviser);
- Enterprise Zone Programme Manager, (Adviser); and
- Specialist theme leads, if required.

Members will advise the Chair of any change in role or responsibilities, so that may seek to take appropriate action to maintain the stakeholder representative nature and structure of the Board.

### **Quorum**

For the meeting to be considered quorate, a minimum of four voting members must be present which must include the Chair and one of the Accountable Body's Senior Finance Officer (Major Developments Lead of Group and Capital Finance or Deputy). In the absence of the Chair, the Vice Chair will take the meeting.

The quorum will only apply to EZPB meetings that involve either project investment decisions, other matters which have the potential to materially affecting the financial position of the Enterprise Zone or recommendation of changes to the Assurance Framework.

Decisions can be undertaken using Written Procedures, if all those members who respond indicate support for the decision. Members who do not respond would be treated as having approved any such decisions.

### **Decision Making**

Members of the Board must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting. It is an appropriate decision-making board for which evidence is provided through proper process including minutes, quorum and declarations of interest to support its decision-making procedures.

\*Requests for EZ funding are subject to availability of funds and ratification through BCC Gateway process if applicable.

### **Meetings**

Meeting will typically be held 6-weekly. Should activity levels require, meetings may be held more/less frequently.

Support to the EZPB will be provided by the Programme Team.

### **Roles and Responsibilities**

- Regularly review the current EZ Investment Plan and recommend its approval to EZPSB every two years as a minimum;
- Develop EZ Investment Plan;
- Monitoring and performance management of the EZ Programme and EZ funded projects;
- Any key risks and issues on EZ project/programme delivery are either addressed and/or escalated to BCC Capital Board and the EZPSB;
- Approve EZ investment decisions and change requests up to £0.5m Revenue and £1m Capital\*;
- The EZPB will request project managers and specialist consultants to attend the meeting as and when required to provide detailed updates on projects;

- As required, oversee delivery of legacy funding programmes transferred from the GBSLEP, including investment decisions and change requests within its delegation\*; and
- All decisions to be reported to the EZPSB.

\*Requests for EZ funding are subject to availability of funds and ratification through BCC Gateway process if applicable.

## **Monitoring and Reporting**

### **Overlying Governance Principles**

In all its activities the EZPB will follow the Principles and Processes set out in the EZ Assurance Framework, adopting accepted Best Practice and following the Guidance set out by HM Treasury for the evaluation and risk assessment of Projects and Programmes.

In the absence of a general or specific delegation from the EZPSB the EZPB will refer the item to the EZPSB for guidance and if appropriate further delegation.

### **Programmes in Delivery**

- Receive and review updates (typically 6-weekly) on Enterprise Zone Investment, to include planned and actual milestone schedules, benefits realisation statuses, funding profiles, strategic issues and risks, change requests) in order to make key decisions, and initiate corrective action when required, matters which cannot be resolved, ensuring that expected outputs and outcomes are achieved.
- To receive, review and support refreshes to the Enterprise Zone Investment Plan, making recommendations to the EZPSB as may be appropriate, to assist the EZPSB in approving or seeking amendments to the proposed refreshes.
- Oversee delivery and implementation of the approved Enterprise Zone Investment Plan and the associated Governance Strategy, including the frequent and regular review and update of the Financial Model.
- Receive presentations on project progress and outcomes from project managers.
- Report progress on the Programme to the EZPSB.

### **Project pipeline:**

- Support the development of a robust pipeline of potential projects for EZ funding (Assess the feasibility and deliverability of these potential projects to support the ranking and prioritisation of schemes within the pipeline)
- Approve Strategic Outline Business Case, Outline Business Case and Full Business Case for projects within the EZPB's delegation\* limits as set out in the Assurance Framework.
- Report the position in respect of the Project Pipeline to the EZPSB.

\*Requests for EZ funding are subject to availability of funds and ratification through BCC Gateway process if applicable.

## **Review of Board**

Terms of Reference will be reviewed annually.

## **Approved Date:**

# **Enterprise Zone Oversight Board Terms of Reference**

## **Purpose and objective of the board**

The purpose of the Board is to support the EZ Partnership Board and provide it with a further level of accountability when investing public funds.

## **Scope**

The remit of the Enterprise Zone Oversight Board is to cover the full range of activities to deliver the current EZ Investment Plan and funding which may include Grants, Repayable Grants, Loans, Convertible Debt and other forms of participation.

## **Board Membership TBC**

The Board will comprise of seven voting members;

- Solihull Metropolitan Borough Council Representative;
- BCC Property Representative;
- BCC Finance Representative;
- BCC Transportation Representative;
- BCC Skills Representative;
- Cities and Local Growth Unit Representative; and
- Birmingham Chamber of Commerce Representative.

The Chair and Vice-Chair of the Meeting will be elected at the first meeting.

Members will advise the Chair of any change in role or responsibilities, so that may seek to take appropriate action to maintain the stakeholder representative nature and structure of the Board.

## **Quorum**

For the meeting to be considered quorate, a minimum of four members must be present which must include the Chair or Vice Chair, one non-BCC representative and two BCC Representatives. In the absence of the Chair, the Vice Chair will take the meeting.

Decisions can be undertaken using Written Procedures, if all those members who respond indicate support for the decision. Members who do not respond would be treated as having approved any such decisions.

## **Decision Making**

Members of the Board must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting.

**Meetings**

Meeting will typically be held 6-monthly.

Support to the EZ Oversight Board will be provided by the Programme Team.

**Roles and Responsibilities**

- To support effective decision making and accountability for management of the EZ Programme;
- To oversee and review the activities of the EZ Partnership Board;
- To consider any further measures necessary to strengthen the EZ Partnership Board Governance; and
- To be aware of the EZ code of conduct.

**Monitoring and Reporting**

To receive and review updates and reports from the EZ Partnership Board, making recommendations to the EZPB as may be appropriate.

**Review of Board**

Terms of Reference will be reviewed annually.

**Approved Date:**

# **Enterprise Zone Project Assessment Panel Terms of Reference**

## **Purpose and objective of the panel**

The purpose of the panel is to receive Board will monitor and oversee the delivery of the Enterprise Zone and Curzon projects to effectively implement the delivery of the EZ Investment Plan.

Support the development of a robust pipeline of potential projects for funding made available by the Accountable Body (Assess the feasibility and deliverability of these potential projects to support the ranking and prioritisation of schemes within the pipeline).

## **Scope**

To receive and assess project summary proposals for the Birmingham City Centre Enterprise Zone (EZ) Investment Programme pipeline for alignment to strategic principles and qualifying criteria.

## **Board Membership**

The Board will comprise of five members;

- Head of Curzon and Enterprise Zone Development (Chair)
- Enterprise Zone Programme Manager
- Assistant Director Development (Vice Chair)
- Legacy and Enterprise Zone Consultant Programme Manager
- Enterprise Zone Consultant Programme Manager
- Other relevant officers to attend as required

Members will advise the Chair of any change in role or responsibilities, so that may seek to take appropriate action to maintain the stakeholder representative nature and structure of the Board.

## **Quorum**

In order for the meeting to be considered quorate, a minimum of three members must be present which must include the Chair or Vice Chair.

Where meetings are not quorate, decisions can be undertaken through the use of Written Procedures, provided that all of those members who respond indicate support for the decision. Members who do not respond would be treated as having approved any such decisions.

Members of the Board must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting.

## **Decision Making**

Members of the Panel must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting. It is an appropriate decision-making board for which evidence is provided through proper process including notes, quorum and declarations of interest to support its decision-making procedures.

## **Meetings**

Meeting will typically be held 6-weekly. Should activity levels require, meetings may be held more/less frequently.

## **Roles and Responsibilities**

- To review and consider requests for EZ funding;
- To review existing delivery commitment;
- Assess the impact of potential projects for EZ funding for inclusion on the pipeline, via analysis of:
  - Direct BRI growth i.e., projects to directly result in commercial office space that will generate business rates income within one or more of the 39 appointed EZ sites;
  - Indirect BRI growth i.e., projects that will enhance the appeal of the EZ and either attract or retain business within the EZ;
  - Potential Economic Impact (GVA);
  - Outputs, outcomes, and benefits; and
  - Alignment to EZ, BCC or WMCA Strategic Priorities.
- To maintain a schedule of pipeline projects;
- To prioritise pipeline projects based on their Economic Impact Appraisal score, with one being the highest.
  1. Project generates direct Business Rates Income Growth and is one of the 39 sites. Classification allows business rates income growth to be retained.
  2. Project generates indirect Business Rates Income Growth. It is not one of the 39 sites but will likely support or indirectly provide business rates income growth on the 39 sites.
  3. Project has the potential to have a high economic impact on the city. It is not one of the 39 sites but has the potential to be transformational, generate high GVA or create jobs.
  4. Project will likely only have low economic impact on the city. It is not one of the 39 sites and will unlikely be transformational, generate high GVA or create jobs.
- To group projects in the pipeline;
  - New - Newly identified EZ projects;
  - EZIP - EZ Investment Plan 2019 projects not yet committed/approved;
  - Committed - EZIP Committed projects and/or approved projects; and
  - Delivery/Completed - EZIP Completed projects and/or projects in delivery.
- To approve or reject project progression to Expression of Interest; and
- To report project assessments to the EZPB.

## **Monitoring and Reporting**

### **Overlying Governance Principles**

In all its activities the EZ Project Assessment Panel will follow the Principles and Processes set out in the EZ Assurance Framework, adopting accepted Best Practice.

### **Project pipeline:**

- Support the development of a robust pipeline of potential projects for EZ funding (Assess the feasibility and deliverability of these potential projects to support the ranking and prioritisation of schemes within the pipeline)
- Report the position in respect of the Project Pipeline to the EZPB.

## **Review of Board**

Terms of Reference will be reviewed annually.

## **Approved Date:**



	APPROVED FINANCIAL PRINCIPLE (02.08.2022)	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	<b>INCOME/FUNDING</b>		
<b>1</b>	<p>Income/Funding – 15% of the business rates income every year is ringfenced for uncertainties and the release of contingency kept under review on an annual basis.</p> <p>Where it is deemed financially beneficial to the EZ programme, the total surplus position, including contingency and surpluses built up in previous years, can be used to repay debt or fund future Capital spend depending on relevant interest rates. E.g., If past debt interest rates are higher than current/future borrowing rates then past debt should be repaid with equivalent amounts being borrowed for ongoing/future capital expenditure at the lower interest rate. If current/future rates are higher, then Revenue to be utilised to fund Capital Expenditure rather than borrowing.</p> <p>The impact of BCC's Treasury Management early debt repayments, if any, to be calculated and funded from surplus balances as part of paying off debt. This could include for example, penalties incurred as a result of early redemption of amounts borrowed.</p> <p>The level of maintained contingency will be reviewed annually subject to programme risk and current forecasting.</p>	<b>No change</b>	NA
<b>2</b>	Income/funding – financial commitments through borrowing will be monitored to endeavour they remain within total business rates income subject to Financial Principle 1. The model will continue to assess financial commitments through borrowing to endeavour they remain within 65% of the total business rates income.	<b>No change</b>	NA

# EZ Funding Principles – 2023 Review

	APPROVED FINANCIAL PRINCIPLE (02.08.2022)	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	<b>INCOME/FUNDING</b>		
3	Income/funding – 13% of <b>gross</b> business rates income is ringfenced to account for circumstances such as bad debts (4%), appeals (5%), rate relief and future rate rises (4%).	No change	NA
4	Income/funding - 5% of <b>gross</b> business rate income is ringfenced to mitigate a potential loss of Business Rates income, during Valuation Office Rate Reviews, is incorporated into the EZ model.	No Change	NA
5	Income/funding - Quarterly forecasting of EZ site developments will take place to ensure the Business Rate profiles are accurate and robust.	No Change	NA
6	Income/funding – For completed projects, a 6-month lead-in time for receipt of business rates will be utilised, except for complex projects (3 storeys and above) where it will be a 12-month lead-in time.	No Change	NA
7	Income/funding - The availability of contingency funding to support programme delivery will be reviewed throughout the year with a formal review at least annually.	No change	NA
8	Income/funding - only secured and committed business rates income should be included. Definitions: <ul style="list-style-type: none"> <li>Secured - business rates paid or legally due</li> <li>Committed - Construction on site or guaranteed via legal agreement; business rates reasonably secure</li> <li>Uncommitted - Development not yet started; business rates not secure</li> </ul>	No change	NA
9	Income/funding - On a case-by-case basis (Development Funding for Outline Business Case and Delivery Funding for Full Business Case) the model to be tested for affordability prior to making investment decisions.	No change	NA

# EZ Funding Principles – 2023 Review

	APPROVED FINANCIAL PRINCIPLE (02.08.2022)	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	<b>INCOME/FUNDING</b>		
10	Income/funding – Gross Uncommitted business rates income is deducted from gross BRI <b>after</b> provisions and allowances when calculating annual revenue to offset against expenditure.	No change	NA
11	Income/funding - Interest earned on retained Business Rates Income (the Contingency) is to be ringfenced for EZ programme commitments (subject to Financial Principle 27).	No change	NA
12	Income/funding - any EZ project investment surplus is to be returned to the EZ programme.	No change	NA

	EXISTING FINANCIAL PRINCIPLE	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	<b>COSTS</b>		
13	Costs - Interest charges for local authority assets are rolled-up to match cost income cash flows. i.e., interest on borrowings is capitalised for each capital project during construction	No change	NA
14	Costs - All EZ expenditure must comply with Birmingham City Council accounting and debt repayment policies.	No change	NA
15	Costs - any capital project costs not yet approved (OBC) to be profiled into the final EZ programme year 2045/46	No change	NA
16	Costs - a proportion of LEP Programme Delivery Team costs are to be included in-line with those included for BCC EZ Programme Delivery Team costs.	<b>Proposal:</b> Change to Governance Arrangements noted	Costs - a proportion of Programme Delivery Team costs are to be included in-line with those included for BCC EZ Programme Delivery Team costs.
17	Costs – EZ Programme Delivery Team costs (BCC and LEP) may be capitalised rather than treating as Revenue, where they can be identified with specific capital projects.	<b>Proposal:</b> Change to Governance Arrangements noted	Costs – EZ Programme Delivery Team costs may be capitalised rather than treating as Revenue, where they can be identified with specific capital projects.

## EZ Funding Principles – 2023 Review

	EXISTING FINANCIAL PRINCIPLE	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	<b>BORROWING</b>		
18	Borrowing - All borrowing is repaid within the life of the Enterprise Zone Programme.	No change	NA

	EXISTING FINANCIAL PRINCIPLE	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	<b>GOVERNANCE</b>		
19	Governance – all financial principles and assumptions are to be approved by the GBSLEP PDB and GBSLEP Board, or successor governance, in conjunction with BCC s151 Officer (or deputy) and approved by BCC Capital Board and governance process as dictated by the materiality of the change.	<b>Proposal:</b> Change to Governance Arrangements noted	Governance – all financial principles and assumptions are to be approved by the EZ Partnership Board, in conjunction with BCC s151 Officer (or deputy) and approved by BCC Capital Board and governance process as dictated by the materiality of the change.
20	Governance – in-year income and expenditure, capital and revenue, are updated with actuals at least quarterly providing such information has been received by BCC by relevant delivery partners and agencies.	No change	NA

	EXISTING FINANCIAL PRINCIPLE	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	<b>AFFORDABILITY</b>		
21	Affordability - the affordability of new projects on the EZ financial model and Enterprise Zone Project Pipeline (10 year rolling programme) as well as changes to existing projects to be assessed for each of the years remaining in the current EZIP (i.e., up to 2027/28)	No change	NA
22	Affordability – the affordability of the EZIP (current) included in the EZ financial model to be assessed annually, for all years (i.e., up to 2045/46) using latest estimated timing for each project and for BRI commitments.	No change	NA

	EXISTING FINANCIAL PRINCIPLE	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	<b>AFFORDABILITY</b>		
<b>23</b>	<p>Affordability – where there is insufficient BRI in a year to fund programme borrowing repayment costs and revenue costs incurred, planned capital and revenue project costs will be reduced to ‘break-even’, or move to surplus, in that year. These actions will continue and will be the primary response to such an occurrence where foreseen.</p> <p>Should unforeseen reductions in BRI cause a shortfall in-year that cannot be managed by in-year spend reductions, then BCC will be requested to underwrite the costs in that year. Notice of this forecast position or risk thereof will be made to BCC Capital Board and to Cabinet (where material) as part of the capital monitoring report.</p> <p>Where the in-year or short-term position could be managed and reduced to break-even in-year, yet that would impact on performance and outcomes, then the LEP may choose to apply alternative sources of funding or to request a loan facility to the EZIP from BCC.</p> <p>In all instances of the EZ being in deficit, the first call on all income will be the repayment of BCC borrowing including interest and reimbursement of any repayable alternative sources applied.</p>	<p><b>Proposal:</b> Change to Governance Arrangements noted</p>	<p>Affordability – where there is insufficient BRI in a year to fund programme borrowing repayment costs and revenue costs incurred, planned capital and revenue project costs will be reduced to ‘break-even’, or move to surplus, in that year. These actions will continue and will be the primary response to such an occurrence where foreseen.</p> <p>Should unforeseen reductions in BRI cause a shortfall in-year that cannot be managed by in-year spend reductions, then BCC will be requested to underwrite the costs in that year. Notice of this forecast position or risk thereof will be made to BCC Capital Board and to Cabinet (where material) as part of the capital monitoring report.</p> <p>Where the in-year or short-term position could be managed and reduced to break-even in-year, yet that would impact on performance and outcomes, then BCC may choose to apply alternative sources of funding or to request a loan facility to the EZIP from BCC.</p> <p>In all instances of the EZ being in deficit, the first call on all income will be the repayment of BCC borrowing including interest and reimbursement of any repayable alternative sources applied.</p>

END

# Enterprise Zone and Legacy Programme's Change Management Policy

Date	28 April 2023
Version	2

## Purpose

1. This document details the process that the Council will follow to manage change on Enterprise Zone (EZ) and Legacy funded projects. The Change Management Policy has been developed within the EZ Assurance Framework. All future documents, procedures, codes of practice, forms or guidelines related to change management are developed in line with this policy.
2. It is not unusual for circumstances to alter in such a way that a project can no longer be delivered as originally agreed, impacting project cost, schedule and/ or outputs/outcomes. The change control process is the process through which all requests to change the approved baseline of a project, are captured, evaluated and then approved, rejected or deferred. In the event of a variation to a project's cost, schedule and/or outputs/outcomes the variation must be reported to the EZ Programme and/or the Partnership Boards. Usually, this will take the form of a formal change request which will be considered by the appropriate Board.
3. Understanding variations on individual projects within the overall programme is integral to successful programme management and ultimately the delivery of the benefits expected from the programme as a whole.
4. These variations include when grant funding will be utilised by projects, to ensure programme expenditure targets are not impacted through individual project changes.
5. Additionally, changes to individual projects may create a reputational risk to the programmes, which would need to be managed and may impact on delivery of other projects within other programmes.

## The Change Process

6. Throughout the development of a project, the Project Manager will work with the EZ Programme Management team. Any changes to the proposed project – from development funding to Full Business Case will be managed by the Programme Management team in a proportionate way. This may be through meetings or discussions to understand what changes are proposed and what their impact on delivering the proposed project will be.
7. On approval of the EZ funding, allocations are committed to a project and the formal Change Management Process comes into effect. The Programme Management team will notify the Project Manager of the Change Management Policy.
8. In accordance with the Scheme of Delegation (Appendix A) should a variation occur on a project, the Project Manager must notify the EZ Programme Management team at the earliest opportunity.
9. At this point, the EZ Programme Management team will advise the Project Manager what action needs to be taken in accordance with the Change Management Policy.
10. Effective handling of change requests is critical to the management of the programme. The thresholds make clear where responsibility lies for these decisions, providing a balance between the need for scrutiny and swift action.

11. Where a major change is requested, which has a significant impact, approval is required from the relevant EZ decision making board in accordance with the Scheme of Delegation (Appendix A).
12. In exceptional circumstances, contracted projects may, have their funding withdrawn and reallocated elsewhere within the programme, with approvals as per the Scheme of Delegation (Appendix A).
13. This is likely to be an exceptional event where, following detailed discussion between the EZ Programme Management team and the Project Manager, a project can no longer deliver the planned benefits within an agreed timeframe, or can no longer be expected to deliver the agreed outcomes because of a change in external circumstances, often beyond their control.

## **Recording Change**

14. There are several ways of reporting and recording changes to projects depending on the nature of the change. The Project Management office will advise on the most appropriate method to take. Reporting and recording change can take one or more of these forms:
  - i. Project Management Reports (PMR) – this is how Project Managers report, on a quarterly basis, on the progress and status of their project. All variations should be recorded by the project with the next submission of the PMR. This includes changes that may not require the formal change process, i.e., slippage across quarters but not financial year.
  - ii. File Notes – minor variations to the agreed project parameters as outlined in Appendix A should be clearly recorded as a change to what was agreed in the Business Case and Grant Agreement. In these instances, following notification by the Project Manager of the change, the Programme Management team will produce a File Note and send it to the Project Manager.
  - iii. Change Requests – where changes will affect the outputs/ outcomes, time and/or cost of the project, the Project Manager will need to notify the Programme Management team and submit a formal change request. This document will detail the change and enable the Programme Management team to consider the effect of the change to the project and its impact on the programme and determine a recommendation for the EZ Programme and/or Partnership Board to consider its approval.
  - iv. Exception Report – where a project has experienced more significant change, an Exception Report will be presented to the EZ Programme and/or Partnership Board for consideration.
  - v. Contract Variation – Once the project is in contract, i.e., a signed Grant Agreement or Service Level Agreement is in place, all approved change requests will also need to be supported by a variation to contract. This will be done via a Deed of Variation to the Grant Agreement or Variation to the Service Level Agreement.
15. The Programme Management team will work to support projects to manage and control change in order that they are able to meet the delivery of their projects in the most timely and cost-effective way, to deliver the agreed outputs and outcomes.

## Appendix A - Scheme of Delegation

Type of Project Variation	Scale of Variation	Action Required	Decision Maker
Cost	A decrease in the total cost of the project and reduction in the amount of the funding to be drawn down by the project of less than 10% of the EZ Funding and to a maximum of £100,000.	Report the variation via email and record in the PMR. Programme Management team officer to produce Project File Note and report change to EZ Programme Board.	N/A
	A decrease in the total cost of the project and reduction in the amount of the funding to be drawn down by the project of more than 10% of the EZ Funding or greater than £100,000, whichever is the lower.	Submit a Change Request	EZ Programme Board
	A decrease in the total cost of the project and a request to re-allocate the unused funding (up to 10% of the EZ Funding and to a maximum of £100,000, whichever is the lower) to increase the scope and benefits of the project.	Submit a Change Request	EZ Programme Board
	A decrease in the total cost of the project and a request to re-allocate the unused EZ funding (more than 10% of the funding and above £100,000) to increase the scope and benefits of the project.	Submit a revised Full Business Case for reappraisal.	EZ Programme / Partnership Board
	An increase in the total cost of the project without impact to the agreed EZ funding for the project, the outputs/ outcomes or project completion.	Record in the PMR.	N/A
	An increase in total cost of the project that cannot solely be covered by an increase in match funding, resulting in a request to increase the EZ funding allocation by less than 10% of the original grant and to a maximum of £250,000, whichever is lower*	Submit a Change Request	EZ Programme Board



	An increase in total cost of the project that cannot solely be covered by an increase in match funding, resulting in a request to increase the LEP funding allocation by more than 10% of the original grant or greater than £250,000, whichever is lower*	Submit a revised Full Business Case for reappraisal.	EZ Programme / Partnership Board
	In instances where the EZ's funding contribution does include part of the contingency allocation, the case must be made by the Project Manager to access the contingency funding up to the agreed amount.	Submit a Change Request	EZ Programme Board
Time/ Schedule	Slippage of milestones with no effect on completion date, output/outcomes delivery dates and/or the grant claim profile.	Record the variation in the PMR	N/A
	Slippage of milestones which <u>only</u> effects the outputs/outcomes delivery dates across financial years.	Submit a Change Request	EZ Programme Board
	Slippage of milestones which effects the completion date and/or the grant claim profile, across financial years of less than 10% of EZ funding.	Submit a Change Request	EZ Programme / Partnership Board
	Slippage of milestones which effects the completion date and/or the grant claim profile, across financial years of more than 10% of EZ funding.	Submit a Change Request	EZ Programme / Partnership Board
Outputs/ Outcomes	An increase in the outputs and outcomes of the project.	Record in the PMR	N/A
	A decrease of up to 5% in the original individual approved outputs and outcomes of the project.	Submit a Change Request	EZ Programme Board
	A decrease of over 5% in the original individual approved outputs and outcomes of the project.	Submit a Change Request	EZ Partnership Board

*\*Requests to increase EZ funding is subject to availability of funds and ratification through BCC Gateway process if applicable.*



# Assessments

Title of proposed EIA	Integration of Greater Birmingham and Solihull Local Enterprise Partnership Services to Birmingham City Council
Reference No	EQUA1125
EA is in support of	Amended Function
Review Frequency	No preference
Date of first review	29/05/2026
Directorate	Inclusive Growth
Division	Planning and Development
Service Area	Enterprise Zone
Responsible Officer(s)	<input type="checkbox"/> Jane Smith
Quality Control Officer(s)	<input type="checkbox"/> Richard Woodland
Accountable Officer(s)	<input type="checkbox"/> James Betjemann
Purpose of proposal	Transition the management of EZ and Legacy Programmes to BCC
Data sources	relevant reports/strategies
Please include any other sources of data	
ASSESS THE IMPACT AGAINST THE PROTECTED CHARACTERISTICS	
Protected characteristic: Age	Wider Community
Age details:	<p>The Council have been the Accountable Body for the EZ and Legacy Programmes since they commenced. The amendment to this arrangement, being that the Council will now take Management over from the GBSLEP from 1st July 2023. To ensure this is managed correctly a new Assurance Framework has been put into place which outlines how the programmes will be governed.</p> <p>The original assumption relevant to the EZ Investment Plan 2022 update (EQUA900) have not changed, which identified that the EZ Investment Plan will not disproportionately disadvantage any protected group and each project funded will be subject to its own individual Equality Impact Assessment.</p>
Protected characteristic: Disability	Wider Community
Disability details:	<p>The Council have been the Accountable Body for the EZ and Legacy Programmes since they commenced. The amendment to this arrangement, being that the Council will now take Management over from the GBSLEP from 1st July 2023. To ensure this is managed correctly a new Assurance Framework has been put into place which outlines how the programmes will be governed.</p> <p>The original assumption relevant to the EZ Investment Plan 2022 update (EQUA900) have not changed, which identified that the EZ Investment Plan will not disproportionately disadvantage any protected group and each project funded will be subject to its own individual Equality Impact Assessment.</p>
Protected characteristic: Sex	Not Applicable
Gender details:	
Protected characteristics: Gender Reassignment	Not Applicable
Gender reassignment details:	
Protected characteristics: Marriage and Civil Partnership	Not Applicable
Marriage and civil partnership details:	
Protected characteristics: Pregnancy and Maternity	Wider Community
Pregnancy and maternity details:	<p>The Council have been the Accountable Body for the EZ and Legacy Programmes since they commenced. The amendment to this arrangement, being that the Council will now take Management over from the GBSLEP from 1st July 2023. To ensure this is managed correctly a new Assurance Framework has been put into place which outlines how the</p>

programmes will be governed.

The original assumption relevant to the EZ Investment Plan 2022 update (EQUA900) have not changed, which identified that the EZ Investment Plan will not disproportionately disadvantage any protected group and each project funded will be subject to its own individual Equality Impact Assessment.

Protected characteristics: Race

Not Applicable

Race details:

Protected characteristics: Religion or Beliefs

Not Applicable

Religion or beliefs details:

Protected characteristics: Sexual Orientation

Not Applicable

Sexual orientation details:

Socio-economic impacts

Please indicate any actions arising from completing this screening exercise.

To continue to ensure that the appraisal of EZ funding and legacy programme project application by BCC includes an assessment of whether the outcomes will comply with the Equality Act.

Please indicate whether a full impact assessment is recommended

NO

What data has been collected to facilitate the assessment of this policy/proposal?

Consultation analysis

Adverse impact on any people with protected characteristics.

Could the policy/proposal be modified to reduce or eliminate any adverse impact?

How will the effect(s) of this policy/proposal on equality be monitored?

What data is required in the future?

Are there any adverse impacts on any particular group(s)

No

If yes, please explain your reasons for going ahead.

Initial equality impact assessment of your proposal

Consulted People or Groups

Informed People or Groups

Summary and evidence of findings from your EIA

The Enterprise Zone Programme has not changed in terms of its delivery, as outlined in the EZ Investment Plan 2022 update (EQUA900). The change is that BCC who are already the Accountable Body for the EZ and other GBSLEP legacy programmes will now also oversee their overall delivery and report to BEIS. To support the management of these programmes a newly created Assurance Framework has been created, which replicates the good practice of the GBSLEP for the purpose of delivery. The Framework will also ensure BCC has a consistent and proportionate structure to allow for ongoing monitoring and administration.

The finding of the equality analysis is that the EZ and Legacy funded programmes will not disproportionately disadvantage any protected group and will in fact contribute to equality of opportunity for all by providing investment in infrastructure and development sites, which will lead to greater employment opportunities. Each project funded through these programmes will also be subject to its own individual EA. The major benefit of an Enterprise Zone is the ability to retain business rates uplift. The EZ Investment Plan is a financial strategy that sets out how the uplift in business rates will be used to deliver investment in infrastructure to unlock development and growth in the EZ.

Submit to the Quality Control Officer for reviewing?	Yes
Quality Control Officer comments	
Decision by Quality Control Officer	Proceed for final approval
Submit draft to Accountable Officer?	Yes
Decision by Accountable Officer	Approve
Date approved / rejected by the Accountable Officer	05/05/2023
Reasons for approval or rejection	
Please print and save a PDF copy for your records	Yes

Content Type: Item  
Version: 50.0  
Created at 04/05/2023 02:47 PM by ☐ Jane Smith  
Last modified at 05/05/2023 12:33 PM by Workflow on behalf of ☐ Jane Smith

Close

## **Environment and Sustainability Assessment**

Birmingham City Council is required to assess any positive or negative impacts that any policy/strategy/decision/development proposal is likely to have on the environment. To complete the assessment, you should consider whether that policy/development/proposal will have a positive or a negative impact on each of the key themes by selecting whether the impact of the proposal is positive, negative or has no specific impact on the themes. Please only tick one of these, by deciding what the overall impact is. The assessment must be completed for all Cabinet reports. It is the responsibility of the Service Director signing off the report to ensure that the assessment is complete. The table below is for guidance only and should not be submitted as part of the report.

Theme	Example
Natural Resources - Impact on natural resources including water, soil, air.	<p>Does the decision increase water use?</p> <p>Does the decision have an impact on air quality?</p> <p>Does the decision discourage the use of the most polluting vehicles (private and public) and promote sustainable modes of transport or working from home to reduce air pollution?</p> <p>Does the decision impact on soil?</p> <p>For example, development will typically use water for carrying out various operations and, once complete, water will be needed to service the development. Providing water to development and treating affluent water requires energy and contributes to climate change. Some of the activities including construction or disposal of waste may lead to soil pollution. The decisions may lead to more journeys thereby deteriorating air quality and thus contribution to climate change and greenhouse gases.</p>
Energy use and CO <sub>2</sub> emissions.	<p>Will the decision have an impact on energy use?</p> <p>Will the decision impact on carbon emissions?</p> <p>Most day-to-day activities use energy. The main environmental impact of producing and using energy such as electricity, gas, and fuel (unless it is from a renewable source) is the emission of carbon dioxide.</p>
Impact on local green and open spaces and biodiversity	<p>The proposal may lead to localised impacts on the local green and open spaces which may have an impact on local biodiversity, trees and other vegetation in the area.</p> <p>Will the proposal lead to loss (or creation) of green and blue infrastructure?</p>

	For example, selling an open space may reduce access to open space within an area and lead to a loss of biodiversity. However, creating a new open space would have positive effects.
Use of environmentally sustainable products, equipment and packaging'	Will the decision present opportunities to incorporate the use of environmentally sustainable products (such as compostable bags, paper straws etc.), recycled materials (i.e. Forest Stewardship Council (FSC) Timber/wood), non-polluting vehicles, avoid the use of single use plastics and packaging.
Minimising waste	Will the decision minimise waste creation and the maximise recycling during the construction and operation of the development/programme/project? Will the decision provide opportunities to improve recycling? For example, if the proposal involves the demolition of a building or a structure, could some of the construction materials be reused in the new development or recycled back into the construction industry for use on another project?
Council plan priority: a city that takes a leading role in tackling climate change and deliver Route to Zero.	How does the proposal or decision contribute to tackling and showing leadership in tackling climate change and deliver Route to Zero aspirations?

<b>Project Title:</b> Integration of Greater Birmingham and Solihull Local Enterprise Partnership Services to Birmingham City Council				
<b>Department:</b> Inclusive Growth	<b>Team:</b> EZ & Curzon Delivery			<b>Person Responsible for assessment:</b> James Betjemann
<b>Date of assessment:</b> 4 <sup>th</sup> May 2023		<b>Is it a new or existing proposal?</b> Existing		
<b>Brief description of the proposal:</b>  <p>In February 2022 Government published their Levelling Up White Paper. The paper set out how Government will spread opportunity more equally across the United Kingdom.</p> <p>On the 31<sup>st</sup> March 2023, the Department for Levelling Up, Housing and Communities (DLUHC) and the Department for Business, Energy and Industrial Strategy (BEIS) issued a joint letter to the Chairs of the Local Enterprise Partnership's (LEPs) in England and to the Mayors of Combined Authorities setting out their proposals for the roles and functions of LEPs are to be integrated into local democratic institutions. Working with the West Midland Combined Authority (WMCA) and the Greater Birmingham and Solihull LEP (GBSLEP) it has been agreed that the management of the Enterprise Zone (EZ) and other legacy programmes will transition to Birmingham City Council on 1<sup>st</sup> July 2023. The Council are already the Accountable Body for these programmes but will now also adopt the overall management role of the same. To support the transition of these programmes, the GBSLEP and the Council are working closely together to ensure that all necessary data / systems are also transferred to BCC to enable the programmes to be managed effectively. In addition, an Assurance Framework has been developed, to replicate the good practice of the GBSLEP for the purpose of delivering the EZ programme. The Assurance Framework will ensure BCC has a consistent and proportionate structure to allow for ongoing monitoring and administration.</p> <p>The delivery of the Enterprise Zone Programme has not changed in terms of its activities and is still in line with the EZ Investment Plan 2022 update, which received Environment and Sustainability Assessment approval.</p> <p>Some of the benefits of delivering the Enterprise Zone Programme are highlighted below in its impacts.</p>				
<b>Potential impacts of the policy/development decision/procedure/ on:</b>	<b>Positive Impact</b>	<b>Negative Impact</b>	<b>No Specific Impact</b>	<b>What will the impact be? If the impact is negative, how can it be mitigated, what action will be taken?</b>
Natural Resources- Impact on natural resources including water, soil, air	√			The Enterprise Zone Net Zero Strategy key intervention recommendations include co-benefits such as better air quality, better health and potentially reducing frequency of congestion etc. through business support interventions for transition to low carbon delivery services.



Energy use and CO <sub>2</sub> emissions	√			<p>The Enterprise Zone Net Zero Strategy key intervention recommendations include measures to reduce operational energy demand and transition to clean energy will support the Net Zero transition, i.e...:</p> <ul style="list-style-type: none"> <li>•Grants made available to support green skills training, upskilling and jobs creation, contributing to jobs growth in the region.</li> <li>•Make funding available for embedding of energy efficiency systems in existing &amp; new developments and businesses.</li> <li>•Grants available for demonstrating significant Greenhouse Gas (GHG) emissions reduction within business operations, i.e.. travel, procurement, energy purchasing.</li> </ul>
Impact on local green and open spaces and biodiversity	√			The Net Zero Roadmap would fit in well with the broader national policy and drivers for sustainable and inclusive economic growth, such as the 'Levelling Up' Agenda and Biodiversity Net Gain.
Use of sustainable products and equipment	√			The strategy aims to support, agitate and champion businesses to operate in a Net Zero way, encouraging a shift towards low carbon products, technologies, structures and systems.
Minimising waste	√			The strategy aims to support food waste reduction schemes within organisations by collaborating on projects and providing grant funding.
Council plan priority: a city that takes a leading role in tackling climate change	√			The EZIP 2022 supports the Council's Business Plan, specifically the priority is to make Birmingham a great city to live in and Birmingham is an entrepreneurial city to learn, work and invest in. In addition, it promotes

				transformational change in the City Centre in line with the emerging Our Future City Plan, Curzon Masterplan, Birmingham Development Plan, Birmingham Transport Plan and <b>Birmingham's Route to Zero</b> .
Overall conclusion on the environmental and sustainability impacts of the proposal	Birmingham City Council (BCC) in the delivery of Net Zero across the city centre Enterprise Zone (EZ), have set out its aims and objectives across the EZ's opportunity areas. The EZ will focus on bringing forward its strengths and funding assets in order to deliver holistic Net Zero potential across a number of specific sectors within its investment remit, and where required these interventions will be borne through the mechanism of a Net Zero Gateway.			

If you require assistance in completing this assessment, then please contact: [ESAGuidance@birmingham.gov.uk](mailto:ESAGuidance@birmingham.gov.uk)

## Appendix 4

PROGRAMME NAME	Number of Projects	Latest Value (May 2023) £m	Funding Source
<b>Ongoing Programmes Transferring to BCC (includes financially complete in delivery / monitoring)</b>			
BCC Enterprise Zone including Regional Investment Fund	25	813.529	Enterprise Zone (Business Rates Income)
Local Growth Fund 3 (STEAMhouse project and Snowhill Growth Strategy)	2	0.244	GBSLEP Balances Held by BCC
Growing Places Fund Recycled (Supporting Young People and Delivering)	11	1.434	GBSLEP Balances Held by BCC
Local Growth Fund (COMPLETED)	59	0	
Growing Places Fund (Original) (COMPLETED)	34	0	
Getting Building Fund (COMPLETED)	2	0	
Growing Places Fund Recycled (Clean Growth Programme) (COMPLETED)	47	0	
<b>Legacy Programmes Transferring to BCC</b>			
Pivot and Prosper (COMPLETED)	51	0	
Birmingham and Solihull Young Persons ESF Project (COMPLETED)	1	0	
Growth Hub ERDF Small and Medium Enterprises (SME) Restart (COMPLETED)	272	0	
Community Renewal Fund (COMPLETED)	1	0	
<b>Ongoing Programmes to be Managed by GBSLEP that will become Legacy on Transfer to BCC</b>			
SEP Enabling Fund	97	0.138	GBSLEP Balances
Growth Hub ERDF Project	8	0.675	GBSLEP Balances
Skills Hub ESF	1	0.684	GBSLEP Balances
West Midlands Innovation Programme	3	0.006	GBSLEP Balances