

Birmingham City Council

Report to Cabinet

27th July 2021



Subject: East Birmingham Inclusive Growth Programme – Programme Business Case

Report of: Ian MacLeod, Acting Director - Inclusive Growth

Relevant Cabinet Member: Councillor Ian Ward, Leader of the Council

Relevant O & S Chair(s): Councillor Shabrana Hussain, Economy and Skills
Councillor Liz Clements, Transport and Environment

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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): Alum Rock, Bordesley Green, Bordesley & Highgate, Bromford & Hodge Hill, Castle Vale, Garretts Green, Gravelly Hill, Glebe Farm & Tile Cross, Heartlands, Nechells, Pype Hayes, Shard End, Sheldon, Small Heath, South Yardley, Sparkbrook & Balsall Heath East, Tyseley & Hay Mills, Ward End, Yardley East, Yardley West & Stechford.		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 008289/2021		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

1 Executive Summary

- 1.1 This report seeks approval for the East Birmingham Inclusive Growth Programme Business Case, attached as Appendix 1.

- 1.2 The East Birmingham Inclusive Growth Programme (the Programme) will implement the vision set out in the East Birmingham Inclusive Growth Strategy which was approved by Cabinet in February 2021.
- 1.3 The Programme will cover the period 2021-2041. This Business Case concerns the first phase of the programme which will cover the period 2021-25.
- 1.4 This initial phase of activity will establish a programme team with budgets to bring forward a comprehensive package of projects for the delivery of the Strategy, to secure external resources and funding for the delivery of the Programme, and to identify and address opportunities to scale up the Programme and make it sustainable in the longer term.

2 Recommendations

- 2.1 Approves the East Birmingham Inclusive Growth Programme Business Case, attached as Appendix 1 at a total cost of £3.627m funded from the Delivery Plan Capacity Build Transformation Budget.
- 2.2 Agrees the mobilisation of the East Birmingham Inclusive Growth Programme including the recruitment of additional staff and allocation of budgets as per the Programme Business Case.
- 2.3 Notes that yearly reports will be provided to Cabinet on the delivery of the Programme.
- 2.4 Authorises the City Solicitor to prepare, negotiate, execute, and complete all relevant legal documentation to give effect to the above.

3 Background

- 3.1 East Birmingham is home to more than 240,000 people and forms a crucial part of the city and regional economy. However, along with neighbouring North Solihull, it is an area of entrenched deprivation and inequality where residents have historically fared poorly in terms of health, employment and educational attainment. In addition, the area suffers from some of the worst traffic, congestion and air quality issues in the city. Many aspects of this deprivation have been significantly exacerbated by the COVID-19 pandemic.
- 3.2 The coming of HS2 and associated major development activity has created a once in a lifetime opportunity for the City Council to deliver lasting transformational change in East Birmingham by maximising growth and ensuring that its benefits are shared fairly with local communities. However, the Council and its partners have recognised that development and infrastructure will be insufficient in isolation, and a new joined-up approach is required including interventions which will enable local people to benefit from the jobs and opportunities which are created.

3.3 In response to this challenge, the City Council has published the city's first growth strategy built around Inclusive Growth principles: The East Birmingham Inclusive Growth Strategy (the Strategy). The Strategy was prepared in partnership with a wide range of stakeholders and subject to intensive public engagement activities during February–October 2020. The Strategy was amended in light of the responses received and the additional challenges created by the COVID-19 pandemic and was approved by Cabinet in February 2021.

3.4 The Strategy sets out a vision for the regeneration of East Birmingham over the next 20 years:

“The Council and its partners will make use of the unique opportunities and potential of East Birmingham to create a clean, safe, prosperous and well-connected place where citizens from all backgrounds have access to excellent housing, education, healthcare, green spaces and employment opportunities. Local communities will work together as part of the team to achieve their aspirations and will share a strong sense of ownership and pride in their area. The main role of East Birmingham within the wider city region will be as a desirable yet affordable residential area with excellent amenities which is particularly suitable for families with children, and as a centre for low carbon and sustainable industries.”

3.5 Initial work to deliver the Strategy has been progressed within existing Inclusive Growth Directorate resources. To date this has included:

- Generating bids and supporting partnership bids for external funding which have so far secured more than £1m for projects in the area.
- Community engagement and capacity building including support for community funding applications with a value in excess of £0.5m
- The establishment of the governance including:
 - The East Birmingham Board which was established in late 2020 to take forward the delivery of the Strategy. The Board is chaired by the Member of Parliament for Birmingham Hodge Hill and the membership includes: the Leader of the Council, Cabinet Members and ward members; Senior Officers from the City Council including the Chief Executive and relevant Directors; Representatives of Solihull Metropolitan Borough Council; Representatives of key partners including the West Midlands Combined Authority, Greater Birmingham and Solihull Local Enterprise Partnership, HS2, Birmingham Children's Trust, Transport for West Midlands and the Birmingham and Solihull Sustainability and Transformation Partnership; Representatives of local businesses, Trades Union, educational institutions and the voluntary, community and social enterprise sector.

- The East Birmingham Ward Members' Forum which includes the 26 Councillors from 20 Wards whose Wards are directly affected by the Programme.
- The East Birmingham Rapid Policy Unit (RPU) which is an informal team including City Council Officers and external partners who collaborate to support the Programme. The Rapid Policy Unit facilitates cross-directorate and multi-agency partnership working and is intended to expand to include additional partners as the Programme proceeds.
- The mobilisation of an initial tranche of projects. These include:
 - USE-IT Transfer Network
 - Ward End/Cole Valley Skills Hub
 - Meadway Local Centre
 - Tyseley Clean Energy Masterplan for Growth
 - Community Engagement Pilot
 - East Birmingham/North Solihull corridor transport study
 - Bordesley Green Spatial Pilot
 - Community Economic Development Planning Policy Lab

Further information regarding each of these projects is provided in part G of the Enhanced Business Case attached as Appendix 1.

- 3.6 The work to date has been progressed with very limited resources and additional investment is now required to scale up and accelerate these activities in order to fully address the vision and objectives of the East Birmingham Inclusive Growth Strategy. The Enhanced Business Case attached to this report as Appendix 1 proposes the mobilisation of the East Birmingham Inclusive Growth Programme to address this need
- 3.7 The Programme will form part of the Inclusive Growth Portfolio (the Portfolio) which will contribute to the delivery of the Council's strategic plans for its future organisation and ways of working as set out in the 'Investing in our Future' report to Cabinet of 19 January 2021. The Portfolio includes a package of projects and programmes which will together deliver the City's growth requirements in an inclusive and sustainable manner, with decarbonisation placed at the centre of the economy. The Portfolio will also address the organisational and structural issues required to invest in the future in alignment with the Prevention and Early Intervention agenda.
- 3.8 The purpose of the East Birmingham Programme is to deliver the vision of the Strategy. The Programme Objectives for the period 2021-41 are as follows:

- Improve performance across a range of key socio-economic indicators including the seven objectives set out in the East Birmingham Inclusive Growth Strategy to at least the national average.
- Deliver 5,000 homes within the area, of which a minimum of 35% will be at least affordable.
- Create at least 10,000 jobs within the area which will pay the Real Living Wage
- Support the Council's aspiration to be net carbon neutral by 2030, or as soon after as a just transition permits.

3.9 The focus for East Birmingham will be on holistic regeneration: the delivery of physical development and infrastructure, systems change/organisational transformation, and inclusive economic growth that will benefit the target population. The key principles will be:

- Taking a comprehensive multi-agency approach that links the macro (major projects and large institutions) and the micro (local people and organisations).
- Maximising the value of development, infrastructure, and real estate as catalysts for inclusive growth through the delivery of social value, community wealth building and the just transition to zero carbon.
- Maximising opportunities to improve service effectiveness and efficiency across the Council's remit and in close collaboration with public sector partners.
- Establishing and maintaining strong and productive relationships with local communities and organisations. Supporting the Localism agenda and empowering the community to play a key role in the programme.
- Supporting the development of community assets, community enterprises, community leadership and economic resilience.
- Investing in the future through prevention and early intervention.

3.10 The Enhanced Business Case is for an initial phase of work covering the period 2021/22 - 2024/25. At the end of this funding period there will be a review of the programme and a further business case will be prepared for the next phase.

3.11 Annual Reports on the progress of the Programme will be provided to Cabinet. Oversight and monitoring of the programme will also be provided by the East Birmingham Board and the Inclusive Growth Portfolio Board.

4 Options Considered and Recommended Proposal

Option 1 – Do Nothing

4.1 This option assumes that the East Birmingham Programme is not progressed and that existing staff contracts are not renewed.

Option 2 – Do Minimum

- 4.2 This option would involve the continuation of the existing small team within the Inclusive Growth Directorate which would seek to address the investment objectives by influencing and providing support to existing business-as-usual activities. No budgets are in place to support the existing team, and funding for existing staffing is in place only until the end of Quarter 1 2022/23.

Option 3 – Establishment of a Multi-disciplinary Team with Budget(s) to Deliver the Programme

- 4.3 This option is based on concepts developed by the East Birmingham Board and in discussion with senior management and Cabinet. It involves the establishment of a core Programme team within the Inclusive Growth Directorate. The Programme team will significantly increase the capacity of the Rapid Policy Unit (RPU).
- 4.4 The expanded RPU will work at scale with public, private and third sector partners to bring forward a comprehensive set of projects. This will include preparing business cases, bidding into external funding and the co-ordination of project delivery. The projects generated in this way will incrementally contribute towards the achievement of the investment objectives.
- 4.5 The RPU will also work to position East Birmingham at the forefront of the City's inclusive growth agenda, providing a centre of excellence for policy, research, innovation, and collaborative working which empowers local communities to shape the delivery of the Programme.
- 4.6 The overall approach will combine the co-ordination of place-based development and infrastructure delivery, which has been successfully employed for major development sites such as Smithfield and Curzon, with a comprehensive approach to systems change taking in both the Council's services and those of partner organisations such as the NHS and WMCA. This will build on the highly successful approach pioneered in North-West Birmingham as part of the USE-IT project, and the Anchor Institutions Network. The effect would be to continually expand the capacity of the Council, its partners, and local organisations to collaborate to deliver inclusive growth and to improve service efficiency and effectiveness.

Option 3a – As Option 3 but with Addition of a Property Development Workstream

- 4.7 This option would involve the incorporation within the programme of a proactive investment and development workstream which would seek to utilise both existing City Council property assets and potentially further land acquisitions/investments as a mechanism for stimulating growth and development through Council-led redevelopment of key opportunity sites. Any revenue streams or land value appreciation arising from improvements would be captured to support the long-term

financial sustainability of the Programme. Based on the evidence assembled this is the recommended option.

- 4.8 Further details of the proposal are contained in Appendix 1 (Enhanced Business Case) and Appendix 2 (programme summary covering note).

5 Consultation

- 5.1 The Programme has been developed in consultation with:

- the East Birmingham Board, which has membership as set out in paragraph 3.8 of this report.
- the East Birmingham Ward Members' Forum which is chaired by the Leader of the Council and includes the 26 ward members for the 20 wards affected by the Programme.
- The community and stakeholders engaged with through consultation on the East Birmingham Inclusive Growth Strategy as reported to Cabinet on 9th February 2021.
- The East Birmingham Rapid Policy Unit which incorporates representatives of the West Midlands Combined Authority and the Centre for Local Economic Strategies alongside Officers from the Inclusive Growth, Neighbourhoods, Education and Skills, and Public Health directorates.

6 Risk Management

- 6.1 The principal risks to the Council are:

- The need to meet the stakeholder expectations which have been created by the publication of the East Birmingham Inclusive Growth Strategy. Failure to begin the delivery of the Strategy would create significant risk of reputational damage and loss of goodwill.
- The need to put in place arrangements for the continuity of existing working beyond the end of the current funding arrangements in order to avoid a precipitous end to the positive progress made to date.
- The necessity to take robust action to address the deprivation in East Birmingham which has been significantly exacerbated by the COVID-19 pandemic. Without investment it is likely that the socio-economic conditions will further deteriorate.

- 6.2 The management and delivery of the programme and the projects within it will include a variety of risks which will be managed on an ongoing basis in line with the City Council's risk management methodology. Further details of the Programme Risk Management arrangements are set out in the Enhanced Business Case attached as Appendix 1.

7 Compliance Issues:

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

7.1.1 The Programme will follow the principles set out in the East Birmingham Inclusive Growth Strategy which is consistent with the Council Plan 2018-2022 (2019 Update). The principles and objectives of the Strategy are aligned with the six Council Plan Outcomes: Birmingham is an entrepreneurial city to learn, work and invest in, Birmingham is an aspirational city to grow up in, Birmingham is a fulfilling city to age well in, Birmingham is a great city to live in, Birmingham residents gain the maximum benefit from hosting the Commonwealth Games, and Birmingham is a city that takes a leading role in tackling climate change. These outcomes will be supported by the East Birmingham Programme's delivery of holistic regeneration and service improvements.

7.2 Legal Implications

7.2.1 The Council has general power of Competence under Section 1 of the Localism Act 2011, which is circumscribed only to the extent of any existing pre-enactment restrictions, or specific post-enactment restrictions on that power imposed by subsequent legislation, and it is using this to establish the programme. The East Birmingham Inclusive Growth Strategy was prepared in alignment with the Birmingham Development Plan 2031 and with the benefit of public consultation which followed the principles set out in the Birmingham Statement of Community Involvement (2020). Any legal implications of projects brought forward within the programme will be addressed through individual project business cases and reported to Cabinet as required.

7.2.2 Section 111 of the Local Government Act contains the Council's subsidiary powers to do anything (whether or not involving the expenditure, borrowing, or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of the Council's functions.

7.2.3 Section 112 of the Local Government Act 1972 requires the Council to appoint such officers as they think necessary for the proper discharge of such of the functions as fall to be discharged by the Council.

7.2.4 Under Section 13 of the Planning and Compulsory Purchase Act 2004 the Council must keep under review the matters which may be expected to affect the development of their area or the planning of its development. Such matters include the principal economic, social and environmental characteristics of their area, the communications, transport system and traffic of the area, the principal purposes for which land is used in the area and any other considerations which may be expected to affect those matters. The matters

also include any changes which the Council think may occur in relation to any other matter and the effect which such changes are likely to have on the development of the Council's area or on the planning of such development. The Council may also keep under review and examine such matters in relation to any neighbouring area to the extent that those matters may be expected to affect the area of the Council and in exercising this function the Council must consult with the local planning authority for the area in question.

7.3 Financial Implications

7.3.1 The estimated cost and funding sources for Phase 1 of the Programme is shown in the table below:

	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m
Revenue Expenditure	0.726	0.967	0.967	0.967	3.627
Total Expenditure	0.726	0.967	0.967	0.967	3.627
Funded by					
Existing (Enterprise Zone)	0.082	0.039	0.000	0.000	0.121
Additional (Delivery Plan Capacity Build)	0.644	0.928	0.967	0.967	3.506
Total Funding	0.726	0.967	0.967	0.967	3.627

7.3.2 The Programme is to be funded by the Inclusive Growth Delivery Plan Capacity Build (Transformation) Budget for which a £15m capital allocation was approved in the Council's 2021-2025 Medium Term Financial Plan.

7.3.3 The Financial Plan also approved the flexible use of capital receipts to support the transformation programme in 2021/22. This flexible use of capital receipts to fund transformation in future years is subject to government approval.

7.3.4 The Programme qualifies for transformational funding because its outcomes include financial savings and reductions in the need for front line services, that will result from reshaped and/or newly established prevention and early intervention opportunities.

7.3.5 Central government partners will share in programme benefits, seeing for example, increased tax receipts from the gradual increase to 10,000 new jobs that are expected in the medium to long term, and the pursuant reduction in a variety of social support payments.

7.3.6 In the more immediate term (and driving the need for funding request of this report) the programme work will pinpoint the opportunities for savings, efficiencies and income generation and specifically, how these will mesh with the outputs of other Inclusive Growth programmes to maximise the citywide

benefit. Further information is provided in section 5.3 of the Enhanced Business Case attached as Appendix 1.

7.3.7 It is expected that external funding will be secured from multiple sources to support the Programme activities and for the delivery of projects. Any external funding secured will reduce the City Council's net funding requirement.

7.3.8 Individual projects within the Programme will be subject to approval through the Council's Gateway and related Financial Approval Framework, which will include the identification of financial implications (both capital and revenue) and associated resources.

7.3.9 The attached business case is for the period 2021/22-2024/25. A further business case will be brought to Cabinet to cover future phases of the Programme.

7.4 Procurement Implications

7.4.1 The development of project business cases will require the commissioning of external services such as design, technical and feasibility reports. These will be procured via the Inclusive Growth Professional Services Framework Contract 2019 or commissioned via Acivico and/or Landscape Practice Group.

7.4.2 The procurement strategy for the delivery of individual projects/work packages will be developed on a scheme-by scheme basis and addressed through the individual project business cases.

7.5 Human Resources Implications

7.5.1 Additional personnel resources for the programme team will be recruited via standard City Council procedures and/or contracted providers. The programme funding is available for a limited period and new posts will therefore be offered on a Fixed-Term Contract basis, ending March 2025.

7.5.2 The East Birmingham Development Manager is currently funded under the Enterprise Zone programme until June 2022. The funding for this post will be extended until March 2025.

7.5.3 Additional project management support will be provided for individual projects by Project Delivery, European Affairs, and Infrastructure Projects teams on an internal recharge basis. Any additional supporting capacity will be procured through the Inclusive Growth Professional Services Framework Contract 2019.

7.6 Public Sector Equality Duty

7.6.1 The East Birmingham Inclusive Growth Strategy is being prepared in line with Section 149 of the Equality Act 2010 in ensuring that public bodies in the exercise of their functions have due regard to and consider the needs of all individuals in shaping policy. An Equality Impact Analysis has been undertaken and is attached at Appendix 3. This builds on the previous analyses carried

out in support of the development of the East Birmingham Inclusive Growth Strategy as previously reported to Cabinet.

8 Appendices

- 8.1 Appendix 1: East Birmingham Inclusive Growth Programme Enhanced Business Case
- 8.2 Appendix 2: Covering note: East Birmingham Programme Summary
- 8.3 Appendix 3: Equality Impact Analysis

9 Background Documents

- 9.1 Report to Cabinet 9th February 2021, *Adoption of East Birmingham Inclusive Growth Strategy*.
- 9.2 Equalities assessment EQUA619, appended to report to Cabinet 9th February 2021, *Adoption of East Birmingham Inclusive Growth Strategy*.