

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

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| Report to: | CABINET |
| Report of: Date of Decision: | Corporate Director, Economy 13th September 2017 |
| SUBJECT: | HS2 CURZON STATION PUBLIC REALM PROGRAMME AND CURZON STATION METRO STOP |
| Key Decision: Yes | Relevant Forward Plan Ref: 003668/2017 |
| If not in the Forward Plan: (please "X" box) | Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/> |
| Relevant Cabinet Member(s) or Relevant Executive Member: | Councillor John Clancy (Leader) |
| Relevant O&S Chairman: | Councillor Zafar Iqbal (Economy, Skills & Transport) |
| Wards affected: | Ladywood, Nechells |

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| 1. Purpose of report: |
| <p>1.1 The purpose of the report is to inform Cabinet of the current position with delivering the 'Big Moves' of the adopted Curzon HS2 Masterplan, including the Curzon Station Metro stop and Curzon Station Public Realm Programme, which will create a fully integrated and connected world class arrival point in the City. It seeks authority to utilise Enterprise Zone funding to finance the provision of these public realm works surrounding the station to create new squares and spaces that will enhance both the setting of the station and maximise connectivity to Digbeth, Eastside and the City Centre.</p> |

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| 2. Decision(s) recommended: |
| <p>That the Cabinet:-</p> <p>2.1 Notes the current position with delivering the Curzon HS2 Masterplan.</p> <p>2.2 Authorises the Corporate Director, Economy to award a grant of up to £0.564m to HS2 Ltd to be applied towards the design costs of the HS2 Curzon Station public realm programme to the point at which detailed designs and planning permission can be obtained. This is to be funded via City Council prudential borrowing in accordance with the Enterprise Zone Investment Plan and set out in the Funding Offer letter (as attached at Appendix 1).</p> <p>2.3 Authorises the Corporate Director, Economy to award a grant of up to £9m to the West Midlands Combined Authority (WMCA) to be applied towards the delivery of the Curzon Station Metro Stop. This is to be funded via City Council prudential borrowing in accordance with the Enterprise Zone Investment Plan and set out in the Funding Offer letter (as attached at Appendix 2), subject to a full business case and detailed design being developed jointly with HS2 Ltd and West Midlands Combined Authority (WMCA) and approved by the Corporate Director of Economy in consultation with the Leader and relevant portfolio holders.</p> <p>.../...</p> |

- 2.4 Authorises the Corporate Director, Economy to enter into an Interface Agreement with HS2 and WMCA to co-ordinate the joint delivery of the Curzon Station Metro Stop within the HS2 Curzon Station.
- 2.5 Authorises the City Solicitor to negotiate, execute, seal and conclude all necessary agreements and documentation to give effect to the above recommendations.

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3. Consultation

Consultation should include those that have an interest in the decisions recommended

3.1 Internal

The Cabinet Member for Transport and Roads and the Cabinet Member for Value for Money and Efficiency have been consulted on this report and are supportive of the recommendations. Officers from the Economy Directorate have been involved in producing this report and officers from Corporate Finance and Legal Services have been involved in the preparation of this report to ensure the propositions are deliverable and affordable.

3.2 External

The Chairs of the Enterprise Zone Executive Board and Curzon Delivery Board have been consulted and support the recommendations of this report. The objectives and priorities for the public realm projects at the HS2 Curzon Station were set out as the 'Big Moves' in the Curzon Masterplan, which was developed based upon consultation meetings and was approved by Cabinet 27th July 2015. Additional consultation with HS2 Ltd and the WMCA has also been undertaken throughout the development of this report and its recommendations.

4. Compliance Issues:

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

The delivery of the HS2 Curzon Station Public Realm Programme is set out as a priority in the Curzon Masterplan and forms a key part of the Curzon Investment Plan, which was approved by Cabinet on 20 September 2016. The Curzon Station Public Realm Programme will enable the delivery of the 'Big Moves' set out in the Curzon Masterplan. This supports the Council's Business Plan and Budget 2017+. In particular, the HS2 Curzon Station Public Realm Programme will contribute towards the City Council's commitment to deliver jobs and skills through a strong economy by supporting future development activity, job creation and delivering transport and other improvements. The Curzon Masterplan is key to delivery of the City Council's Birmingham Development Plan, Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), Strategic Economic Plan (SEP), and the Midlands HS2 Growth Strategy which is a priority for the GBSLEP and WMCA to maximise the economic impact of HS2. The extension to the Metro line, including connectivity at the Curzon HS2 Station is identified as a key priority within Birmingham Connected and the West Midland Combined Authority's Transport Plan.

4.2 Financial Implications

(How will decisions be carried out within existing finance and Resources?)

- 4.2.1 Within the Enterprise Zone (EZ) all business rates are collected by the City Council with any net uplift in the business rates collected within the Zone allocated to the GBSLEP for a period to 31 March 2046. It is the GBSLEP Executive who reviews how and where these funds are deployed and make recommendations on investment decisions over the resource in line with the investment plans for the EZ, subject to the City Council in its Accountable Body role for the EZ ensuring compliance with its own governance principles.
- 4.2.2 In its Accountable Body role, the City Council has and will undertake prudential borrowing to support delivery of the HS2 Curzon Station Public Realm and the Curzon Metro Stop. The costs of Prudential borrowing will be fully financed by the revenue resources generated through the uplift in business rates within the EZ. 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. These risks have and will continue to be managed primarily through detailed financial modelling and phased contractual developer obligations and by receiving, for independent examination / approval, detailed individual Business Cases for project spend. No ongoing revenue maintenance costs are anticipated through the recommendations outlined in this report.
- 4.2.3 In 2012 Birmingham City Council and the LEP established a set of financial principles for the EZ. Accordingly, the City Council applies a safety margin whereby 15% of business rate income is held in reserve and not committed against investment proposals until there is greater certainty of future uplift in business rate income. Borrowing costs will also be kept within 65% of forecast income. The current financial modelling shows that the cost of the HS2 Curzon Station public realm works and Curzon Metro Stop is considered affordable based on the expected and additional income levels that the EZ will generate. However, providing a commitment to these costs in advance to HS2 Ltd, including the Metro Stop, will require slipping some currently unallocated EZ Investment Plan budgets into later years. This can be accommodated within the existing EZ Investment Plan and a future update of the Investment Plan to the EZ Board and Cabinet will address the funding of the remaining infrastructure works, before the Council commits to the substantive costs of the public realm projects.
- 4.2.4 The Full Business Cases that will be developed for these schemes will clarify the revenue consequences and their funding sources. In relation to the Metro Stop there will not be any revenue consequences for the City Council as this project will be within the boundaries of the HS2 station.

4.3 Legal Implications

- 4.3.1 The Local Government Finance Act 2012 supports the development of Enterprise Zones by enabling Local Authorities to borrow for capital schemes against projected growth in business rates income. The Act allows the City Council, on behalf of the LEP, to retain 100% of business rates income from within the Enterprise Zone.

4.4 Public Sector Equality Duty (see separate guidance note)

- 4.4.1 In overall terms the HS2 Curzon Station Public Realm Programme has been assessed as leading to a positive effect on the equality considerations through the promotion of economic activity, job creation and improving skills that will benefit local people. It has been assessed that the Programme will advance equality of opportunity as a result of its promotion of development and regeneration activity (Appendix 3).

5. Relevant background/chronology of key events:

5.1 Curzon Masterplan

- 5.1.1 In February 2014 the City Council launched the Curzon Masterplan as part of the wider Midlands HS2 Growth Strategy to maximise the economic impact of HS2. The Masterplan was approved in July 2015 as the City Council's vision and framework for the future development of the HS2 city centre terminus and the wider regeneration.
- 5.1.2 The Masterplan sets out how the arrival of HS2 and the growth and regeneration opportunities around the terminus station could be unlocked. Covering 141 hectares of the City Centre, with the area centred on the HS2 Curzon Station, the strategy of the Masterplan is to deliver a fully integrated and connected world class station, which will support growth and regeneration for the City Centre and wider area. This will be achieved through the delivery of five 'Big Moves':
- Station design to create a landmark building and arrival experience
 - Paternoster Place
 - Curzon Promenade and Curzon Square
 - Station Square and Moor Street Queensway
 - Curzon Station Metro stop
- 5.1.3 On 20 September 2016 Cabinet approved the Curzon Investment Plan, which included the allocation of additional EZ funding of £556.8m towards a £724m local infrastructure investment package to maximise the impact of HS2 arriving in the region in 2026. The package will be delivered in two phases:
- Phase One - upfront investment in the infrastructure required to unlock growth immediately around the station, including the Big Move projects and Metro Extension to Digbeth.
 - Phase Two - further investment over a wider area including area wide public realm and local transport/highway improvements and social infrastructure to support new residential neighbourhoods.
- 5.1.4 The economic impact across the Curzon area is estimated as 36,000 jobs, 600,000 sqm of commercial floorspace, over 4,000 new homes and £1.7bn private sector investment.

5.2 Curzon Station Design

- 5.2.1 Following the launch of the Curzon Masterplan, the Department for Transport (DfT), as Project Sponsor for HS2, agreed a number of assurances with the City Council to address concerns that the design of the station, put forward in the HS2 Hybrid Bill, did not meet the objectives around connectivity and integration. Since then the City Council and HS2 Ltd have been working closely to develop the design by establishing a 'Design Review Panel', which provides independent advice and guidance to help ensure the station and associated public realm works meet the objectives of the Curzon Masterplan.
- 5.2.2 An essential part of the design is delivering the 'Big Moves' that will integrate the station with the City Centre and unlock growth. The current HS2 programme indicates that the station design team will be appointed in early 2018 and a planning application will be early 2019. Construction will start in 2022 and be complete by 2025.

5.3 Big Moves Funding and Delivery

- 5.3.1 The 'Big Move' projects are not included within the scheme set out in the HS2 Hybrid Bill, which received Royal Assent in February 2017. Therefore, additional funding is required to meet the extra costs incurred by HS2 Ltd over and above the cost of the Hybrid Bill scheme. The Curzon Investment Plan identified an overall funding envelope to deliver these projects, which was based on high level cost estimates commissioned as part of the baseline studies for the Curzon Masterplan. Subsequent work with HS2 and the WMCA, since the Investment Plan was approved, has indicated that a funding envelope of £52m is required to deliver the 'Big Move' projects.
- 5.3.2 The HS2 Programme identifies that the design of the HS2 Curzon Station will commence in January 2018, following a procurement exercise that commenced with an Invitation to Tender (ITT) in July 2017. Currently the 'Big Move' public realm projects are not included within the scope for the procurement brief to appoint the station design team. In addition to the 'Big Move' projects, the redevelopment of the canal side environment is another project that will be incorporated within the scope of the station design brief. Whilst this is not a Big Move, it is an important opportunity to enhance the current section of the Canal that will pass underneath the station and provide a vital connection between the areas North and South of the station, in particular the Knowledge Hub at Birmingham City University.
- 5.3.3 The Department for Transport (DfT) has stated that these projects can only be incorporated within the station design process if HS2 can provide confirmation that the funding to design them is in place. This will provide DfT with sufficient assurance that any abortive costs will be funded should the projects not be incorporated within the final station design. The EZ has agreed to provide funding of £564,000 to fund the costs for designing;
- Paternoster Place
 - Curzon Canal Side
 - Curzon Promenade and Curzon Square.

This funding will develop the projects to the point at which detailed designs and development agreements are in place to enable them to be integrated within the station design process and ultimately delivered. The Council will administer the funding in the form of a grant to HS2 Ltd supported by the Council's standard conditions on grant aid, which will confirm the details such as how payments will be made. The 'Big Move' to remodel Moor Street is being developed by the City Council as this is Council

highways land and is outside the scope of the station design, whilst Station Square will be designed by HS2 Ltd without the need for EZ funding. The City Council is working collaboratively with HS2 Ltd to ensure that the remodelling of Moor Street Queensway integrates with the design work for the other 'Big Move' projects, principally Station Square. The City Council is managing the interfaces on all the 'Big Move' projects to ensure an integrated approach is taken to design and delivery. Appendix 4 shows a plan with the location of these projects.

- 5.3.4 Once the detailed designs for all the 'Big Move' projects are determined in 2018, business cases will be presented to the EZ, WMCA and Council to confirm the full cost of delivery. These will be supported by Development Agreements, where relevant, which set out the responsibilities for each party in delivering the project during construction of the station which is due to start in 2020.

5.4 Curzon Station Metro Stop

- 5.4.1 The Midland Metro Birmingham Eastside Extension will connect the HS2 Curzon Station with the wider city centre network and continue the line into Digbeth. This will be the first phase of the eastern extension that will see the line go out through East Birmingham and North Solihull to UK Central and the Airport and NEC. A significant amount of work has already taken place to develop the preferred option for the Curzon Metro Stop. In 2015 HS2 Ltd commissioned a 'Tram Stop Options Impact Assessment', which considered the options for incorporating the Metro stop within the Curzon station and the impact on the HS2 Hybrid Bill scheme, in line with the vision set out in the Curzon Masterplan. The options presented were sifted by HS2 Ltd, the City Council and WMCA and the preferred option was identified. On this basis HS2 Ltd has subsequently agreed with DfT a change to the Hybrid Bill scheme to include the Metro Stop. Since then all parties have worked collaboratively to establish an Interface Agreement that regulates the design, delivery and integration of the works for the Metro and HS2 schemes. The City Council will enter into this agreement to enable the inclusion of the project within the procurement to design the Station. The current programme indicates that the Metro will be operational by 2023.
- 5.4.2 The Curzon Investment Plan identified the need to fund public realm works to create a high quality environment for the Metro stop below the station. The 'Tram Stop Options Impact Assessment' identified the maximum cost estimate, over and above the cost to HS2 Ltd, to deliver the preferred Metro stop option as approximately £27.5m. The maximum BCC contribution to this, which is to be funded through the Enterprise Zone, would be £9m. The final cost will be confirmed when the detailed design is completed in 2018. The EZ has agreed to provide funding of £9m subject to a full business case and detailed design. The remaining £18.5m of funding is from the WMCA. If additional funding, above the commitment set out in this report, is required to deliver the Metro stop a further report will be brought to Cabinet for consideration.

6. Evaluation of alternative option(s):

- 6.1 Do Nothing - If the Council cannot provide sufficient assurance to HS2 Ltd that the funding is available to deliver the Curzon Metro Stop and design the public realm projects, then DfT will not agree to incorporate them within the Curzon Station design work. The risk is that they would not be delivered and the objectives of the masterplan to create a fully connected world class station would not be met. This will have a lasting impact on the potential growth of the City, in particular the wider Digbeth area.

- 6.2 An alternative option would be for the 'Big Move' projects to be delivered separately from the station design and construction. This would compromise the objective of achieving a design that integrates the station within the City Centre. In addition, delivery of these projects would have to take place once the construction of the station was complete, thus it would create further long term disruption, congestion and increase cost and associated delivery risk. In the case of Metro integration this would not be possible due to the required changes to the station structure.

7. Reasons for Decision(s):

- 7.1 To allow officers to progress delivery of the HS2 Curzon Station Public Realm Programme and Curzon Metro Stop, this will support the vision for maximising the benefits of HS2 by unlocking growth and regeneration across Digbeth and the City.

Signatures

Date

Cllr John Clancy
Leader of the Council

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Waheed Nazir
Corporate Director, Economy

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List of Background Documents used to compile this Report:

1. Curzon Masterplan 2014
2. Curzon Investment Plan 2016
3. HS2 Tram Stop Impact Assessment Report

List of Appendices accompanying this Report (if any):

1. GBSLEP EZ Funding Offer Letter for HS2 Curzon Station Public Realm Design Costs
2. GBSLEP EZ Funding Letter for HS2 Curzon Station Metro Stop
3. Equality Analysis
4. HS2 Curzon Station Public Realm Programme Plan

PROTOCOL

PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty – see page 9 (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

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| 1 | <p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none">(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. |
| 2 | <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. |
| 3 | <p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p> |
| 4 | <p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) tackle prejudice, and(b) promote understanding. |
| 5 | <p>The relevant protected characteristics are:</p> <ul style="list-style-type: none">(a) Marriage & civil partnership(b) Age(c) Disability(d) Gender reassignment(e) Pregnancy and maternity(f) Race(g) Religion or belief(h) Sex(i) Sexual orientation |