

## GREATER BIRMINGHAM & SOLIHULL SUPERVISORY BOARD

Monday 14<sup>th</sup> January 2019 at 14:00  
Conference Room, Baskerville House  
Birmingham B1 2ND

### AGENDA

	<b><u>PART I – OPEN ITEMS</u></b>	
	<b>(Open to the Press and Public)</b>	
1.	<b>Welcome and Apologies for Absence</b> By the current Supervisory Board Chair	
2.	<b>Declarations of conflicts of interest</b>	
3.	<b>Notes of the last meeting on 6<sup>th</sup> December 2018 and matters arising</b>	<b>Attached</b>
4.	<b>Ratification of decisions taken by written procedure</b>	<b>Attached</b>
5.	<b>Paradise – public</b>	<b>Attached</b>
	<b>Day and Time of Meetings</b> <ul style="list-style-type: none"><li>• To be agreed</li></ul>	
	<b>PART II – EXEMPT ITEMS</b>	
6.	<b>Paradise - private</b>	

# Greater Birmingham & Solihull Supervisory Board

6<sup>th</sup> December 2018 at 14:00 hrs

Committee Room 6, Council House, Birmingham

## PRESENT

Cllr Matthew Dormer – Redditch BC  
Cllr Geoff Denaro – Bromsgrove DC  
Cllr Richard Grosvenor - East Staffordshire DC  
Cllr Brigid Jones – Birmingham CC  
Cllr Robert Hulland – Solihull MBC  
Cllr Marcus Hart – Wyre Forest DC  
Cllr Steve Claymore – Tamworth BC  
Cllr George Adamson – Cannock Chase DC

## APOLOGIES

Cllr Mike Wilcox – Lichfield DC  
Clive Heaphy – Birmingham CC  
Cllr Ian Ward – Birmingham CC

## IN ATTENDANCE

Nick Page – Solihull MBC  
Ian Miller – Wyre Forest DC  
Andrew Barratt – Tamworth BC  
Andy O’Brien – East Staffordshire DC  
Dean Piper – Cannock Chase DC  
Katie Trout – GBSLEP  
Peter Jenion – GBSLEP (notes)

<b>1.</b>	<b>Welcome and apologies for absence</b>
	Cllr Matthew Dormer, welcomed the Supervisory Board and noted apologies for Clive Heaphy  Cllr Brigid Jones attended in place of Cllr Ian Ward
<b>2.</b>	<b>Notes of the last meeting on 27<sup>th</sup> September 2018 and matters arising</b>
	The notes of the last meeting were agreed as a true and accurate record.
<b>100</b>	<b>RESOLVED:</b>
<b>i</b>	The minutes of the meeting on 27 <sup>th</sup> September 2018 were approved as an accurate

	record.
<b>3.</b>	<b>Growth Programme</b>
	The Purpose of the item was to note an update on the Growth Programme.
<b>101</b>	<p><b>RESOLVED:</b></p> <p>The Supervisory Board noted the:</p> <ul style="list-style-type: none"> <li><b>i</b> current Local Growth Fund (LGF) programme status for forecast grant claims and outputs;</li> <li><b>ii</b> current status with project LGF development and delivery, including change controls;</li> <li><b>iii</b> additions to the Growth Programme strategic pipeline;</li> <li><b>iv</b> Burton Town Centre Regeneration and Flood Defence project (East Staffordshire Borough Council) received Programme-Level Entry and conditional approval for £3,000,000 LGF capital grant;</li> <li><b>v</b> A38 Bromsgrove Major Scheme – Package 1 project (Worcestershire County Council) received Programme-Level Entry and conditional approval for £2,261,993 of LGF capital grant towards;</li> <li><b>vi</b> The Symphony Hall Extension project (Performances Birmingham Ltd) received approval for an increase in the LGF conditional allocation of £1,500,000 by the Programme Delivery Board, following the independent appraisal of a change request. This approval increased the LGF conditional allocation to £6,000,000, subject to the availability of funding and satisfactory FBC. The increase in funding is to support contingency costs only;</li> <li><b>vii</b> LGF programme has nearly allocated all available funding, but overprogramming of conditional funding allocations will continue in order to mitigate against project slippage;</li> <li><b>viii</b> review of the Revolving Investment Fund, including the agreed return of funds to the Local Growth Fund and the continued offer of loan funding to suitable projects;</li> <li><b>ix</b> current Enterprise Zone (EZ) programme status for finances and outputs;</li> <li><b>x</b> forward plan of EZ project investment decisions;</li> <li><b>xi</b> risk to reduced contingency due to forecast annual deficits and the actions being pursued to mitigate this; and</li> <li><b>xii</b> progress with the EZ project health check commission.</li> </ul>
<b>4.</b>	<b>GBSLEP Governance</b>

	The purpose of this item is to update on the requirements on GBSLEP arising from the Annual Conversation and Deep dive, and the recommendations to address those requirements and the additional requirements arising from the LEP Review.
<b>102</b>	<b>RESOLVED:</b>
	<ul style="list-style-type: none"> <li><b>i</b> The Supervisory Board agreed to a series of amendments and additions to the Assurance Framework (set out in paragraphs 14 to 20), in relation to the Enterprise Zone, Accountable Body arrangements, identification of decision-making bodies, the Supervisory Board, Joint Scrutiny Committee and Growth Programme processes; and</li> <li><b>ii</b> Note the agreement by the LEP Board to recommence the Governance Review that began in March 2018.</li> <li><b>iii</b> the Supervisory Board agreed the conflict resolution process set out at 115 in Appendix A</li> <li><b>iv</b> the Supervisory Board approved the amendment to its Terms of Reference, specifically quorum arrangements at 6.1 of Appendix B</li> </ul>
<b>5.</b>	<b>Any other business</b>
	None raised.
	<b>The meeting concluded at 14:20</b>

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CHAIRMAN

## Report to the Greater Birmingham & Solihull Supervisory Board

14<sup>th</sup> January 2019

### **RATIFICATION OF THE DECISIONS TAKEN BY WRITTEN PROCEDURE**

#### **Purpose of the report**

To note and endorse the decisions taken by the Supervisory Board by written procedure.

#### **Recommendations**

The Supervisory Board is recommended to:

1. Note and endorse the decision of the 21<sup>st</sup> December 2018, which was to note the approval the capital grant of £2,407,000 (two million, four hundred and seven thousand pounds) of Local Growth Fund (LGF) to Worcestershire County Council for the delivery of the Kidderminster Railway Station Building and Forecourt Redevelopment project;
2. Note and endorse the decision of the 21<sup>st</sup> December 2018, which was to note the conditionally approved the capital grant of £1,840,000 (one million and eight hundred and forty thousand pounds) of Local Growth Fund and capital loan of £2,500,000 (two million and five hundred thousand pounds) of Revolving Investment Fund to Redditch Borough Council for the delivery of the Redditch Gateway project, subject to a satisfactory Full Business Case and the availability of funding.

#### **Background**

3. Since the last meeting of the Supervisory Board on 6<sup>th</sup> December 2018, two key decisions have been made by written procedure in order to enable GBSLEP to proceed with priority interventions. The detail of those decisions is set out below.

#### **Kidderminster Railway Station Building and Forecourt Redevelopment**

4. On 9<sup>th</sup> December, under the scheme of delegation approved by the LEP Board and Supervisory Board, GBSLEP approved the capital grant of £2,407,000 (two million, four hundred and seven thousand pounds) of Local Growth Fund (LGF) to Worcestershire County Council for the delivery of the Kidderminster Railway Station Building and Forecourt Redevelopment project. This funding was approved by the GBSLEP Director in accordance with the GBSLEP Assurance Framework following the submission of the Full Business Case and its independent technical evaluation.
5. The recommendation to note the decision taken by the LEP was put to the Supervisory Board on 17<sup>th</sup> December, and confirmed as agreed on 7<sup>th</sup> January 2019.

6. Further information is included as Appendix A.

### **Redditch Gateway**

7. On 14th December, under the scheme of delegation approved by the LEP Board and Supervisory Board, GBSLEP conditionally approved the capital grant of £1,840,000 (one million and eight hundred and forty thousand pounds) of Local Growth Fund and capital loan of £2,500,000 (two million and five hundred thousand pounds) of Revolving Investment Fund to Redditch Borough Council for the delivery of the Redditch Gateway project, subject to a satisfactory Full Business Case and the availability of funding. This funding was approved by the GBSLEP Programme Delivery Board in accordance with the GBSLEP Assurance Framework following the submission of the Outline Business Case and its independent technical evaluation
8. The recommendation to note the decision taken by the LEP was put to the Supervisory Board on 17<sup>th</sup> December, and confirmed as agreed on 7<sup>th</sup> January 2019.
9. Further detail is set out in Appendix B.

### **Conclusions**

10. This paper seeks the ratification of the decisions made by written procedure since the last meeting of the Supervisory Board on 6<sup>th</sup> December 2018. The Supervisory Board is recommended to note and endorse those decisions.

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Executive Manager

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Date: 7<sup>th</sup> January 2019

## Appendix

### Project Approval Report

#### Kidderminster Railway Station Building and Forecourt Redevelopment

9 December 2018

#### Recommendation

The Supervisory Board is recommended to note the:

- Approval of the capital grant of £2,407,000 (two million and four hundred and seven thousand pounds) of Local Growth Fund to Worcestershire County Council for the delivery of the Kidderminster Railway Station Building and Forecourt Redevelopment project. This funding was approved by the GBSLEP Director in accordance with the GBSLEP Assurance Framework following the submission of the Full Business Case and its independent technical evaluation.

#### 1. Background

1. Worcestershire County Council (WCC) submitted an Expression of Interest (EoI) for the Kidderminster Railway Station Interchange project in September 2014 as part of the Growth Deal 1&2 process. At that stage, the total project cost was estimated to be £4.3m, with a £1.8m request to the GBSLEP and the remaining £2.5m being sought from Worcestershire Local Enterprise Partnership (WLEP). SLC Rail were commissioned to manage the development of the scheme and WLEP led on the project's assurance process on behalf of both LEPs.
2. The project completed its GRIP 3 designs in March 2017, following which WLEP's independent review conditionally approved it for funding by the Local Growth Fund (LGF). GRIP 4 designs were completed in March 2018, and GRIP 5 together with appointing the contractor – in May 2018. The Full Business Case (FBC) was submitted to WLEP in May 2018, and following independent technical appraisal, the project has been approved by WLEP in June 2018. The independent technical appraisal is included as appendix A.
3. Following the contractor appointment, the total cost for the project was confirmed at £5,295,808. The project approached the two LEPs as well as WCC and Wyre Forest District Council (WFDC) with a request to cover the 0.995m gap. The following additional contributions were confirmed: WFDC (£0.075m), WCC (£0.313m) and GBSLEP (£0.607m, having reallocated unutilised funding from Growth Deal 1&2 projects). This increase in conditional funding allocation was approved by GBSLEP's Programme Delivery Board (PDB) on 17 May 2018.
4. The project is due to start on site in January 2019 and the scheme is to be completed in October 2019.

#### 2. Case for change

5. The Kidderminster railway station is located one kilometre to the east of Kidderminster town. It is an important transport hub for Kidderminster and Wyre Forest, providing the area with access to destinations served by the rail network, including Birmingham, Birmingham International Airport, HS2, Worcester and London. The station also shares its forecourt with the Severn Valley Railway which serves an important generator of income for the Wyre Forest economy. The scheme aims to replace Kidderminster's inadequate railway interchange with a new fit-for-purpose facility that will improve the quality of the station infrastructure and enhance integration between rail and its main feeder modes.
6. The redevelopment and revised layout of Kidderminster Railway Station is made up of the following five work packages:
  - Replace the station building with a new, bigger higher quality building containing improved facilities for passengers and operators;
  - A new station forecourt layout with formalisation of drop-off points and taxi rank and a new road layout, with no loss of parking;
  - Upgrade of two bus stops on Comberton Hill to provide an improved bus-rail interchange;
  - Installation of a signalised crossing at the junction of the A448 Comberton Hill and Lea Street; and
  - Provision of improved pedestrian access and complete the enhanced accessibility to the station.
7. By replacing Kidderminster's inadequate railway interchange, the project aims to improve accessibility to the Wyre Forest. By encouraging greater use of rail the project will deliver benefits in terms of commercial viability of local services, reductions in traffic congestion and carbon emissions.
8. The project has a benefit to cost ratio (BCR) of 1 : 6.49, which is within Department for Transport's 'very high' value for money category.

## 6. Outputs and Outcomes

9. GBSLEP LGF contributes 45% of total capital grant funding and is allocated a pro-rata share of project outputs and outcomes.

### a. Outputs

Output Description	Total Output Quantity	GBSLEP-attributed Outputs
New station building	250 sqm	113sqm
New redesigned station forecourt	5 taxi drop/pick up bays, 7 drop off bays	2 taxi drop/pick up bays, 3 drop off bays
Upgraded bus stops on Comberton Hill	2 stops	1 stop
Signalised crossing at the Comberton Hill / Lea street junction	1 junction	0.45 junction
Improved pedestrian access		

### b. Outcomes

Outcome Description	Total Outcome Quantity	GBSLEP-attributed Outcomes
Indirect jobs	7	3



GVA per annum	£196,039 by 2035	£88,218 by 2035
Passenger numbers	136,000 journeys by 2035	61,200 journeys by 2035
Provision of a fit for purpose regional gateway supporting future growth in employment, housing and tourism		
Improved levels of passenger satisfaction		

## 7. Funding Profile

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£	£	£	£	£	£
Capital (GBSLEP)	-	-	-	1,323,850.00	1,083,150.00	<b>£2,407,000.00</b>
Capital (WLEP)	-	250,000.00	419,000.00	477,769.00	1,353,231.00	<b>£2,500,000.00</b>
Capital (WCC)	59,044.00	23,216.00	10,522.00	-	221,026.00	<b>£313,808.00</b>
Capital (WFDC)	-	-	-	-	75,000.00	<b>£75,000.00</b>
<b>Total</b>	<b>59,044.00</b>	<b>273,216.00</b>	<b>429,522.00</b>	<b>1,801,619.00</b>	<b>2,732,407.00</b>	<b>£5,295,808</b>

10. The project's £5.296m budget includes a £0.542m contingency (18% of the overall cost). GBSLEP Executive recommends that any unspent contingency monies are returned to GBSLEP.

## 8. State Aid

11. WCC ascertains that the grant funding is State Aid compliant, due to competitive nature of supplier selection in project delivery.

## 9. Conclusion

The Supervisory Board is asked to note the allocation of £2.407m LGF capital grant funding for the Kidderminster Railway Station Building and Forecourt Redevelopment project. This is a strategically important project in a key GBS location. The project completed its key development milestones on time and is ready to start works on site.

Reviewed by: Tom Fletcher  
Acting Head of Delivery

Prepared by: Lada Zimina  
Project Champion

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Date: 9 December 2018

# Appendix

## Project Approval Report

### Redditch Gateway

17 December 2018

#### Recommendation

The Supervisory Board is recommended to note the:

- Conditional approval of the capital grant of £1,840,000 (one million and eight hundred and forty thousand pounds) of Local Growth Fund to Redditch Borough Council for the delivery of the Redditch Gateway project, subject to a satisfactory Full Business Case and the availability of funding.
- Conditional approval of the capital loan of £2,500,000 (two million and five hundred thousand pounds) of Revolving Investment Fund to Redditch Gateway Infrastructure Ltd. for the delivery of the Redditch Gateway project, subject to a satisfactory Full Business Case and the availability of funding.
- This funding was approved by the GBSLEP Programme Delivery Board in accordance with the GBSLEP Assurance Framework following the submission of the Outline Business Case and its independent technical evaluation.

#### 1. Background

1.1 Redditch Gateway (formerly known as Redditch Eastern Gateway) is a 25.5ha commercial development site located on the Eastern side of Redditch, with a forecast of up to 1 million sqft of new commercial space; creation of around 2,060 jobs; and £90m additional GVA.

1.2 The Expression of Interest to Local growth Fund (LGF) was submitted in October 2017 and received an 'A' strategic fit rating. GBSLEP Executive subsequently worked with project sponsors to develop an Outline Business Case (OBC), which was submitted in September 2018.

1.3 The OBC contains a dual application for a grant (applicant: Redditch Borough Council) and a loan (applicant: Redditch Gateway Infrastructure (RGI) Ltd., a Stofords Ltd subsidiary). The application is to GBSLEP and Worcestershire LEP, with both grant and loan broken down according to a 67%-33% share (grant total: £2.75m, out of which £1.84m to GBSLEP; loan total: £3.7m, out of which £2.5m to GBSLEP). The project's total cost is £84m.

1.4 The grant element of the project is to support the road access to the business park; the loan is to support the cashflow of RGI during the construction, to be repaid by 31 March 2021.

1.5 PDB recommended that a clawback mechanism is applied to the capital grant, whereby 50% of value achieved beyond the £98,446,100 net sale income calculated on final sale of the scheme is to be paid to GBSLEP by way of additional fee/clawback.

## 2. Case for change

2.1 The project is estimated to contribute an additional £100m private sector investment benefits (as GVA) to the proposed LEP funding to deliver the business space on a strategic employment site, thereby providing businesses with new purpose built accommodation to promote economic and employment growth within the area.

2.2 The project's Benefit to Cost Ratio (BCR) is 5.8:1 which represents high value for money.

## 3. Outputs and Outcomes

3.1 Direct outputs of the grant-funded element of the project include:

- 348m of new /altered road (dual carriageway), including junction
- 89m of new (adoptable) road on development sites (both sides)

3.2 Projects outcomes include:

- 921,502 sq ft (85,642 sqm) purpose built development for employment purposes
- 1790 direct jobs created or safeguarded
- 270 indirect jobs created or safeguarded
- £934m GVA

## 4. Funding Profile

4.1 The project financial profile is as follows:

	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m
Capital grant (GBSLEP)	1.04	0.68	0.13	1.85
Capital loan (GBSLEP)	0.10	1.31	1.07	2.48
<b>Total</b>	<b>1.14</b>	<b>1.99</b>	<b>1.20</b>	<b>4.32</b>

## 5. State Aid

5.1 Having sought legal advice, the applicant ascertains that the proposed funding for the project is State aid compliant, on the grounds that the public funding represents "no aid" for general public infrastructure.

## 6. Conclusion

The Supervisory Board is asked to note the allocation of £1,840,000 LGF capital grant funding and £2,500,000 of RIF capital loan funding for the Redditch Gateway project. Redditch Gateway is recognised as an economic 'game changer' within Worcestershire and referenced as a key economic growth and regeneration project in GBSLEP's Strategic Economic Plan.

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Date: 17 December 2018

## Report to the Greater Birmingham & Solihull Supervisory Board

14<sup>th</sup> January 2019

### PARADISE – PUBLIC

#### Recommendations

1. The GBSLEP Supervisory Board is requested to note:
  - a. the findings of the independent appraisal of the Paradise project Full Business Case;
  - b. the conditional approval of up to a maximum capped amount of £51,277,000 (fifty-one million, two-hundred and seventy-seven thousand pounds) of Enterprise Zone grant funding awarded to Birmingham City Council for the delivery of the Paradise project Phase 2;
  - c. that the Full Business Case is predicated upon a further EZ funding request of up to £54,347,000 for the delivery of Phase 3, subject to a further Full Business Case to be submitted once the designs and costs are appropriately developed. This would take the total funding granted for the delivery of the entirety of the project to up to a maximum of £193,414,000;
  - d. the conditions of the additional funding approval;
  - e. that the Full Business Case has been reviewed separately by the Department for Business, Energy and Industrial Strategy;
  - f. that due to the time sensitivity of the decision, the Full Business Case was circulated to the Programme Delivery Board for comment via written procedure, in parallel to consideration by the LEP Board;
  - g. the approval of the co-commissioning of an independent audit into the Paradise project with Birmingham City Council, in its role as Accountable Body to the GBSLEP.

#### Reasons for Exemption

2. In accordance with GBSLEP's scheme of publication, this paper is exempted from publication as though the LEP were subject to the provisions set out in Section 12A of the Local Government Act 1972, paragraph 3, as the paper contains

*Information relating to the financial or business affairs of any particular person (including the authority holding that information)*
3. The information relates to the business case for investment in the Paradise project, which is commercially sensitive and publication could prejudice ongoing negotiations.
4. An accompanying private paper has therefore been prepared and has been circulated to the Supervisory Board.

Prepared for: Katie Trout, LEP Director

Prepared by: Tom Fletcher, Acting Head of Delivery

Date prepared: 7<sup>th</sup> January 2019