

**Greater Birmingham and Solihull Local Enterprise  
Partnership Limited**

**Supervisory Board**

The Supervisory Board for the 10<sup>th</sup> October 2019 was cancelled and instead Board members were asked to endorse decisions (which are specified as being within the coverage of the Supervisory Board Terms of Reference set out in the GBSLEP Local Assurance Framework) by either the LEP Board, the Programme Delivery Board or the LEP Director utilising a written procedure, with an appropriate deadline for responses. The papers sent for noting and endorsement are attached.

This written procedure allows Supervisory Board members to either endorse or to refuse to endorse the decisions, with a nil response treated as an endorsement.

If the Supervisory Board are unable to endorse the decisions, the escalation process indicated set out in the GBSLEP Local Assurance Framework will be followed.

**Supervisory Board members noted and endorsed all of the decision papers attached.**

In addition, these endorsements will be formally ratified at the next full meeting of the Supervisory Board.

Edward Scutt

Head of Governance, GBSLEP

# **Report to the Greater Birmingham and Solihull Supervisory Board**

**By written procedure – circulated on 3<sup>rd</sup> October 2019**

## **Commonwealth Games Investment Decision**

### **1. Purpose of the Report**

1.1. For the Supervisory Board to note the investment decision of the LEP Board on 19th September 2019 to approve £20,000,000 Local Growth Funding to support the delivery of the Commonwealth Games Stadium.

### **2. Recommendations**

For the Supervisory Board to note:

2.1. The conditional allocation of £20,000,000 (twenty million pounds) capital funding to Birmingham City Council (BCC) to support the delivery of the Commonwealth Games (CWG) Stadium

2.2. That the above approval was granted with the following conditions:

- Confirmation of West Midlands Combined Authority (WMCA) funding in November 2019.
- Written assurance that the model used to calculate the Benefit Cost Ratio for phases 1 & 2 is robust and that the assumptions are transparent for audit purposes.
- Representation of the LEP on the relevant CWG governance to support successful delivery of the project and to help ensure post games involvement in monitoring and evaluating the LEP contribution.
- That the grant agreement would include measures to help to ensure delivery of Phase 2 of the project which is where most of the economic benefits will be realised

### **3. Background**

3.1. Birmingham was announced as the Games host in December 2017. The principle of GBSLEP contributing £20m from its Local Growth Fund (LGF) allocation to the Games was agreed on the basis of a 'B' strategic fit rating.

3.2. The project was first considered at the August 2017 GBSLEP Board meeting where the following conditions to the approval were set:

- evidence that the Games created sufficient economic impact across the wider GBSLEP area; and
- that £20m of headroom could be found within the programme – principally from Birmingham projects.

3.3. At the Programme Delivery Board (PDB) in February 2018 it was confirmed that Birmingham projects to a value of £18.5m could be de-prioritised to enable headroom in the LGF programme for CWG projects. Those projects that were de-prioritised to make way for the Games, if still relevant, are on the LGF Project Pipeline that is currently being reviewed as it is imperative that the LGF programme remains fully committed to March 2021. Additional capacity from the programme has been found to make up the £20m.

3.4. The total capital package for the project is:

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
Capital GBSLEP		£20,000,000		<b>£20,000,000</b>
Capital CWG	£2,187,000	£15,255,000	£ 92,000	<b>£17,534,000</b>
Capital WMCA			£25,000,000	<b>£25,000,000</b>
BCC Prudential Borrowing			£10,000,000	<b>£10,000,000</b>
<b>Total</b>	<b>£2,187,000</b>	<b>£35,255,000</b>	<b>£35,092,000</b>	<b>£72,534,000</b>

Table 1

3.5. Given the overall cost of the stadium is £72.4m the LEP contribution is significant at 27.6%. In addition, it is significant to the LGF as the £20m contribution represents 16.08% of the total LGF allocation.

3.6. Phases of development are as follows;

- Phase 1 the subject of this Full Business Case (FBC), includes the demolition of the west wing of the existing stadium and the construction of a world class sporting facility and associated landscape works related to athletics venue.
- Phase 2, post Games provides a leisure legacy, including internal refurbishments, construction of a new leisure complex and space to cater for a new Birmingham City University sports science facility.

3.7. The FBC was considered by PDB on the 27th June 2019 but was not recommended to proceed for investment decision by the LEP Board until issues on the Independent Technical Evaluation (ITE) were clarified or expanded upon, particularly on the economic and financial cases. Particularly relevant to the LEP was the demonstration of economic benefit which is the primary justification for LGF investment.

3.8. The main issues raised by AECOM, undertaking the ITE, were:

- The lack of evidence of economic impact as a result of the investment in the Alexandria Stadium.
- Clearer articulation of a lasting legacy from Phase 2 for the residents of West Midlands.
- Certainty of match funding including BCC £10m, WMCA £25m and Commonwealth Games Budget £17.54m making a total budget allocation of £72.4m. Because of the interdependences of the funding package this project requires all approvals to be in place to progress.

3.9. The PDB, on 4th September 2019, considered a revised FBC and ITE (attached at Appendix 1) and accepted that these issues, and the others that had been identified, had been addressed but asked for further clarification of the assumptions used to arrive at the output Benefits Cost Ratio.

3.10. The LGF investment is made on the basis of achieving economic benefit for the region and on that basis, because the LGF benefits mainly accrue in the Phase 2 legacy period, the GBSLEP will continue with its monitoring and evaluation role to ensure outputs, outcomes and value for money is achieved over the long term. AECOM's assessment of the BCR for Phase 1 is low at 1.27 with Phase 2 at 3.99 considered high and it is this element for which assurances were sought.

3.11. Table 2 evidences the identified outputs relevant to Phases 1 & 2:

	<b>Phase 1</b>	<b>Phase 2</b>
New jobs in the economy	51	135
Indirect new jobs in the GBSLEP area		10
Leisure hub: Gross Internal Floor Area	11,31m <sup>2</sup>	
Cement relationship of Birmingham as a place for top athletic and sporting events	New Stadium	
Increased student numbers		350

Table 2

3.12. As table 2 illustrates the majority of the LEP outputs are dependent on the achievement of Phase 2 hence the importance of the LEP's ongoing monitoring and evaluation beyond the life of the Games.

3.13. The approval given by the LEP Board is dependant on written assurances being received that the economic model used is robust and the assumptions are transparent. Verbal assurances have been given.

3.14. Confirmation of the full funding package remains to be achieved with the West Midlands Combined Authority contribution being considered in November 2019. Funding is confirmed from CWG and BCC. It should be noted that all funding packages are required for the project to go ahead.

3.15. In terms of governance, GBSLEP has requested membership of appropriate governance boards. The principle of its ongoing involvement has been established but the details are to be confirmed.

3.16. Given its size and the timescale for delivery, there will inevitably be issues that will arise as the project progresses and the PDB and LEP Board will be advised of any financial, economic or reputational risks as they arise.

3.17. The Full Business Case is available on request.

#### **4. Financial Implications**

4.1. There is sufficient funding allocated currently in the LGF programme to support this project.

#### **5. Legal Implications**

5.1. As detailed at section 2 the conditions of award must be satisfied for this project to proceed. It is expected that the conditions will be satisfied in a timely manner to proceed to contracting.

#### **6. Conclusions**

6.1. Given the importance of the CWG to the wider economic wellbeing of the region and its residents and the significance of the Stadium as the centre piece of the games, the Supervisory Board is asked to note the conditional allocation of £20,000,000 (twenty million pounds) capital funding to BCC to support the delivery CWG Stadium. Approval will be given in line with the GBSLEP Assurance Framework.

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# Project Approval Report

## THE RIVER TRENT IN BURTON TOWN CENTRE REGENERATION AND FLOOD DEFENCE IMPROVEMENTS

08 September 2019

### Recommendation

The Supervisory Board is recommended to note the:

- Approval of £3,000,000.00 (three million pounds) to East Staffordshire Borough Council (ESBC) for the delivery of The River Trent in Burton; Town Centre Regeneration and Flood Defence Improvements project. The decision was made by the Programme Delivery Board (PDB) in accordance with the GBSLEP Assurance Framework.

### Background

1. The Expression of Interest to GBSLEP's Local Growth Fund (LGF) for the above project was submitted in August 2017 and was assessed as category "B – a strong Strategic Fit" against the Strategic Economic Plan (SEP) and has subsequently received a high score (27) through the May 2019 project prioritisation process.
2. An Outline Business Case (OBC) was submitted 26th April 2018 seeking £3,000,000 (three million pounds) LGF capital. This was approved for Programme Level Entry and conditional allocation in September 2018 subject to submission of a satisfactory FBC by Quarter 1 2019/2020 and availability of funding.
3. The FBC was submitted 8th July 2019 and has undergone Independent Technical Evaluation (ITE). PDB approved the project on 04 September 2019, conditional on ESBC completing a set of actions identified in the ITE.

### Case for change

4. Burton town has over 7,000 properties at risk of flooding, with 9.6km of defence walls and embankments providing protection to the town from the river. The defences vary in age and quality with many reaching the end of their design life and requiring updating to modern day standards.
5. The project will update and improve 3.7km of flood defences for Burton Town Centre and transform the currently underutilised 6km Washlands flood plain area into an environmental and cultural asset. The aim is to provide a community amenity and attract visitors to the area who will also visit the Town Centre through improved connectivity. This is in line with the GBSLEP SEP and delivery plan to support regeneration and development of towns and local centres and strengthen local cultural and environmental assets.

### Funding Profile

6. The project has the following funding structure:

	Previous Years	2019/20	2020/21	Future Years	Total
	£000	£000	£000	£000	£000
Capital Funding					
ESBC	-	-	-	916	916
Environment Agency	2,846	10,621	12,386	3,590	29,443
GBSLEP LGF Grant requested	-	1,500	1,500	-	3,000
Local Levy	-	200	200	-	400
Transforming Trent Valley	-	-	50	50	100
<b>Total Capital</b>	<b>2,846</b>	<b>12,321</b>	<b>14,136</b>	<b>4,556</b>	<b>33,859</b>
<b>Revenue Funding</b>					
Environment Agency				4,305	4,305
ESBC	-	-	-	71	71
<b>Total Revenue Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4376</b>	<b>4,305</b>
<b>Total Project Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8932</b>	<b>38,235</b>

## Outputs and Outcomes

7. The project is expected to result in the following outputs:

Description	Quantity
Indirectly create or safeguard jobs as a result of the works incurred on the project	12,798
Indirectly enable the development of housing units	2,547
Properties with a reduced flood risk	5,653
Area of land with reduced likelihood of flooding as a result of the project (m <sup>2</sup> )	3.7km

## Conclusions

8. The flood defence is vital for economic growth as it will provide longer term protection to residential and non-residential properties and avoid damages of £356m. The project will transform 6km of the Washlands flood plain area into an environmental and cultural asset and enable emerging housing development by mitigating the risk of flooding in the area and improving access to Burton town centre. It will assist in bringing forward additional land for housing and commercial development both in and around Burton.

On this basis the Supervisory Board is requested to note the approval of £3m LGF capital grant funding to East Staffordshire Borough Council for The River Trent in Burton; Town Centre Regeneration and Flood Defence Improvements project

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 Date: 08 September 2019

# Project Approval Report

## Tyseley Sustainable Energy Systems Research and Innovation Centre (TSESRIC)

07 September 2019

### Recommendation

The Supervisory Board is recommended to note the:

- Approval of the allocation of £200,000.00 (two hundred thousand pounds) Development Funding to the University of Birmingham (UoB) to progress the Tyseley Sustainable Energy Systems Research and Innovation Centre (TSESRIC) project from Outline to Full Business Case. The decision was made by the Programme Delivery Board (PDB) under the delegated authority and in accordance with the GBSLEP Assurance Framework.

### Background

1. The Expression of Interest to the Local Growth Fund (LGF) for the TSESRIC project was submitted by UoB in September 2016 and received an 'A' strategic fit rating. An initial Outline Business Case (OBC) was submitted in November 2018 and a second OBC submitted in July 2019.
2. The OBC requested a development funding of £200,000.00 out of a total LGF capital grant for £7,000,000.00 against a total project cost of £16,000,000.00. After the independent appraisal of the OBC, the project was recommended for approval by the PDB on 04 September 2019.
3. The Development Funding applied for will enable UoB to complete relevant design works (progressing to RIBA Stage 3), surveys and specialist design inputs.
4. The process followed is compliant with the GBSLEP Assurance Framework.

### Case for Change

5. TSESRIC is a 1,788m<sup>2</sup> applied research and innovation facility to be based at TEP, one of West Midlands four Energy Innovation Zones (EIZ). It will incorporate research, teaching and testing / validation space, and bring together a range of energy, waste and transportation capabilities as part of one multi-disciplinary team.
6. The project is to be implemented in partnership with the Fraunhofer Institute for Environmental, Safety, and Energy Technology (UMSICHT), a research partner, and Webster & Horsfall, the owner of the TEP site to be occupied by the facility.
7. TSESRIC will form phase 4 of TEP development, whereby GBSLEP supported phase 2 (low-carbon refuelling station) by contributing £1.6m towards the construction of the access road on the site, which will also provide access to the proposed TSESRIC building. Further, GBSLEP is contributing £2.16m to the BCC-sponsored 'Clean Air Hydrogen Bus' project procuring a pioneering batch of up to 22 zero-emission hydrogen buses whereby TEP is supplying the hydrogen refuelling facility.
8. The project is directly aligned with GBSLEP's Strategic Economic Plan, West Midlands Industrial Strategy, West Midlands Energy Strategy and UK Clean Growth Strategy.

Letters of support have been provided by Energy Capital as well as some of key low-carbon energy players in the region including Engie, Cogen and ITM Power.

### Outputs and Outcomes:

9. Project outputs are as follows:

Output Description	Output Quantity
Permanent paid FTE that are newly created as a direct result of the intervention	70
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Commercial / employment floorspace refurbished (m <sup>2</sup> )	1788m <sup>2</sup>
New learners assisted (in courses leading to a full qualification)	42

10. Project outcomes are as follows:

Outcome Description	Outcome Quantity
Funding generated from collaborative research projects initiated to benefit companies in the LEP area;	£12,000,000
Growth in GVA contribution from the low carbon sector	£40,000,000

### Funding Profile

11. The funding profile is set out below.

	Previous Years	2019/20	2020/21	Future Years	Total
	£	£	£	£	£
Capital (GBSLEP)		721,000	6,279,000		7,000,000
Capital (other public sector)	2,500,000	844,000	2,810,000	2,846,000	9,000,000
<b>Total</b>	<b>2,500,000</b>	<b>1,565,000</b>	<b>9,089,000</b>	<b>2,846,000</b>	<b>16,000,000</b>

12. The UoB confirmed that State Aid restrictions are not applicable, including with reference to the General Block Exemption Regulations (GBER) articles 30-37 (support to research and innovation).

### Conclusions

13. The TSESRIC project demonstrates high BCR and forms part of a mutually reinforcing set of GBSLEP's investments at the TEP. The Development Funding sought will enable UoB develop its FBC, with the aim to help realise the region's ambitions for the Energy Capital and TEP EIZ, previously identified as a missing link in the UK energy innovation ecosystem.

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 Date: 07 September 2019