

31st July 2020

Greater Birmingham and Solihull Local Enterprise
Partnership

Supervisory Board

Papers for Consideration by Written Procedure

The papers following were distributed to
members for consideration by written procedure



GREATER BIRMINGHAM AND SOLIHULL LOCAL ENTERPRISE PARTNERSHIP - SUPERVISORY BOARD

17 JULY 2020

ENTERPRISE ZONE INVESTMENT REPORT FOR CONSIDERATION BY WRITTEN PROCEDURE

DIGBETH PUBLIC REALM PHASE ONE (OBC)

Recommendation

The GBSLEP Supervisory Board is requested to note the:

1. Conditional allocation of **£16,472,000** (sixteen million four hundred and seventy-two thousand pounds) of Enterprise Zone Funding (EZF) capital grant towards the delivery of the DPRP1 project; including development funding of £792,000 (**an increase of £49,664** from previously approved). This is in accordance with the Greater Birmingham and Solihull LEP (GBSLEP) Assurance Framework following the submission of an Outline Business Case (OBC) and the Independent Technical Evaluation (ITE) received on 13th March 2020 and revised 15th April 2020.

Background

2. Digbeth Public Realm Phase One is identified in the Enterprise Zone Investment Plan as a phase four project and recognised for its importance to attract investment in the Curzon area. BCC has previously secured £742,336 towards the development of the full business case, which has also facilitated a full review of Digbeth High Street, including the public realm, Metro and transport integration. The OBC was submitted on the 23rd December 2019 as part of the progression of the project in accordance with the GBS LEP Assurance Framework.
3. The OBC generally follows the previously submitted Expression of Interest (Eoi) however, as Transport for West Midlands (TfWM) has re-programmed the Birmingham Eastside Extension (BEE) project due to a conflict with the Curzon HS2 station construction programme it is now proposed to deliver elements of the Metro route, including the Digbeth High Street Public Realm works, in 2021/2022. This will be ahead of the Commonwealth Games with the remainder of the route is to be completed in line with the HS2 construction schedule.
4. Development funding to date has been utilised to support the early feasibility study, preliminary design and production of the OBC, totalling £485,000. The remaining development funding of £307,000 (totalling £792,000) has been allocated for the production of the FBC.
5. Programme Delivery Board approved the conditional allocation on 24th June 2020 and GBSLEP board approved the conditional allocation on 16th July 2020.

Case for Change

6. Digbeth High Street, which is currently dominated by pedestrian barriers and few crossing points across six lanes of traffic, is a key investment priority for supporting local growth. In addition, many sites along and in the vicinity of Digbeth High Street are underutilised and have not fully benefited from the natural growth of the City Core, leaving pockets of activity isolated and with relatively low footfall.
7. The Digbeth High Street Public Realm project aims to create world class walking and cycling public realm. Delivered by Transport for West Midlands via the Midland Metro Alliance (prior to the 2022 Commonwealth Games) to help maximise the impact of HS2 by creating an environment that is attractive to residents, businesses and visitors.

8. The extension and integration of the Birmingham Eastside Extension (BEE) Metro also creates an important catalyst, necessitating the redevelopment of the High Street urban realm to capitalise on this investment opportunity. The rationalisation of highways, bus, Sprint and tram lanes, cycle paths and pedestrian areas will help transform the public realm of Digbeth High Street into an attractive, vibrant and pedestrian-friendly destination; and it will do this by focussing on the following:
 - Reducing car dominance to create an integrated, efficient and reliable sustainable transport corridor;
 - Creating an individual identity that supports and protects the current creative arts and heritage sites, as well as future regeneration proposals; and
 - Increasingly recognise the role of Digbeth High Street as a place to work, live and visit as well as being a key transport link, maintaining access to those road users who need it.
9. Having considered all the benefits and rationale for carrying out the public realm improvement works it should be noted that circa. £11.5 million of the project relates to the realignment of the Metro to facilitate the space required to deliver the increase in public realm area.
10. A benefits appraisal has been carried out to allow for the impact of the scheme to be measured, and it identified a total of **£40.16m** scheme life benefits. On this occasion the disbenefits of the highway assessment have been excluded (treated separately) from the Value for Money (VfM) assessment of the scheme as the reduction on public highway is to enable bus and tram priorities rather than the positive impact of the public realm works and will be considered as part of the Eastside Extension. The resulting Benefit Cost Ratio has been calculated as **3.79** based on a Present Value Cost (PVC) of **£10.59m**.

Programme

11. The Project Sponsor has provided a detailed programme for the works and is working towards appointing a Main Works Contractor by March 2021.

Funding Profile

12. The OBC contains an application for £16,472,000 Enterprise Zone funding towards the total anticipated capital cost (based on the scheme construction cost estimate produced in 2019 Q1 prices) with forecast inflation accounted for using BCIS construction inflation estimates.
13. There is no capital match funding for the project being provided by the project sponsor, however revenue funding will be allocated from S106 resources.
14. Match funding for the broader Digbeth High Street project is being provided by TfWM within the overall £227.2 million funding for the West Midlands Metro Eastside Extension, which will fund the base scheme referred to in the Background above. Subject to the current funding applications being considered via GBSLEP, WMCA and DfT the projects are fully funded. Should any funding gap arise this will have to be the subject of agreement between TfWM and Birmingham City Council as to how it is handled at the appropriate time.

15. The project funding profile is set out below:

	Previous Years	2017/18	2018/19	2019/20	2020/21	Future Years	Total
Capital funding (£000's)							
Local authority	-	-	-	-	-	-	-
Other public sector	-	-	-	-	-	-	-
Private sector	-	-	-	-	-	-	-
Third sector	-	-	-	-	-	-	-
GBSLEP EZ Grant funding requested	-	0	0	0	0	15,680	15,680
GBSLEP EZ Development funding requested (<i>eligibility applies</i>)	-	0	130	323	339	-	792
Total capital cost	-	0	130	323	339	15,680	16,472
Revenue funding (£000's)							
Local Authority contribution (S106)	-	-	-	-	-	1,000	1,000
Total revenue cost	-	-	-	-	-	1,000	1,000
Total Project Cost							17,472

Conclusions

16. In summary the Digbeth Public Realm Improvements project aims to deliver the following impact on completion:

- A rationalisation and re-designation of carriageway space to allow significant public realm improvements;
- To integrate the Metro tramway into public realm; and
- To provide green infrastructure and a range of attractive spaces for people.

17. However, it must also be noted that the scope of the scheme is the realignment of the tram works which facilitates the public realm improvements. Subsequently, 25% of the total tram works cost has been attributed to the Digbeth High Street Public realm project, as it was assumed that the Digbeth High street elements represent 25% of the total route of the wider MMA metro extension (City centre to Digbeth).

18. The project currently demonstrates a BCR of **3.79** and will be refined and recalculated as the costs develop as part of the Full Business Case. Details of the project outputs and outcomes will also be provided and evaluated as part of the Full Business Case evaluation.

19. The project is set up to be delivered in the financial years 2021-2024 (as above) and confirmation has been received from BCC that it is in the Enterprise Zone Programme.

Prepared by: Christian Cadwallader, Consultant Programme Manager

Reviewed by: Sally Agass, Programme Director (Interim)

Contact: christian.cadwallader@gbslep.co.uk, Mobile 07929 056153

Date prepared: 17 July 2020



Report to the Greater Birmingham and Solihull Supervisory Board

Project Approval Report for consideration by Written Procedure

Belmont Works

28th July 2020

Recommendation

The Supervisory Board is requested to note the:

1. Approval by the GBSLEP Board of the allocation of £2,454,000 [two million four hundred fifty four thousand] Enterprise Zone (EZ) Site Development Access Funding (SDAF) to Birmingham City Council for the delivery of the Belmont Works project, this will complete the funding package for Birmingham City University's STEAMhouse project and is in accordance with the GBSLEP Assurance Framework following the submission of the Full Business Case and its Independent Technical Evaluation.

Background

2. EZ Site Development Access Fund (SDAF) was approved by the EZ Executive Board in September 2015 for a site within the EZ as part of the Eastside Locks masterplan. At that point it was to bring forward plots for development. The approval was time limited and stated, "If the agreed start on site date, (which will be reasonable), was not met this would lead to reconsideration of the grant". The agreed start on site was not met.
3. In 2017 Birmingham City University (BCU) submitted a business case to GBSLEP for redevelopment and extension of Belmont Works, a partially listed building on a plot within Eastside Locks, to create the STEAMhouse project through a development agreement with Goodman Eastside Locks UK Ltd (Goodman)
4. The development agreement between BCU and Goodman was entered on the understanding, following advice from Birmingham City Council (BCC), that the previously approved grant funding of £2.454m EZ SDAF could be applied to this project however the previous appraisal had not included this development.
5. The development comprises redevelopment of Belmont Works and creation of a new building linked to it for STEAMhouse and BCU with ancillary retail facilities and associated landscaping.
6. The STEAMhouse project was awarded £1,000,000 (one million) Local Growth Fund and £14,000,000 (fourteen million) BEIS funds in 2018, it is in delivery and due to complete September 2021.
7. On this basis a new Full Business Case was submitted to GBSLEP by BCC April 2020 and an Independent Technical Evaluation (ITE) undertaken on the continued need for SDAF funding. The ITE has no red issues and only 2 amber, it recognises the SDAF FBC is light in relation to the Strategic and Economic cases as these have been made within the previous FBC for the STEAMhouse project.

8. As this project is integral to the STEAMhouse project approval of £2.454,000 would take the combined GBSLEP investment to £17,454,000 requiring GBSLEP Board decision

Case for Change

9. Eastside Locks continue to be of strategic importance to the EZ and this project is a key gateway to the site, unlocking the remainder of the plots. Goodman will also deliver infrastructure in the form of Arrival Square and Glassworks lane that access a development comprising 769 homes
10. The STEAMhouse project will bring a derelict, locally listed building back to economic use delivering new commercial space and increase higher level skills
11. The STEAMhouse project is in delivery on site and though it has been slowed down due to the impact of Covid 19 mitigation, still aims to complete for September 2021.
12. Goodman have agreed a fixed price contract with BCU and BCU have accounted for the £2.454 EZ SDAF as part of the funding package to cover this, if EZ SDAF is not approved the STEAMhouse project will need to be descoped to reduce the cost to BCU
13. It is estimated that the STEAMhouse project including the Belmont Works element will generate an overall Benefit-Cost Ratio of 3.4 demonstrating high value for money

Outputs and Outcomes

14. This project does not provide any additional outputs or outcomes, however it does protect those of the STEAMhouse project which would be reduced should the project have to descope due to EZ SDAF not being available

Funding Profile

	2019/20	2020/21	Future Years	Total
	£	£	£	£
Capital (LGF)	1,000,000	0		1,000,000
Capital (EZ)		2,454,000		2,454,000
Capital (BEIS S31)	11,633,285	3,366,715		14,000,000
Capital (BCU)	1,520,754	16,811,000	22,113,246	40,445,000
Total	13,154,039	22,631,715	22,113,246	57,899,000

Risks and Issues

15. Due to COVID-19 mitigation the STEAMhouse project delivery will be delayed approximately 2 months however completion is still forecast for the end of September 2021
16. The STEAMhouse project assumes EZ SDAF as part of the project budget, if it is not approved the project will need to be reengineered to reduce cost potentially leading to a reduction in overall outputs and outcomes

Conclusions

17. The above project has been developed and approved in line with the GBSLEP Assurance Framework and Enterprise Funding criteria by the GBSLEP Board therefore the Supervisory Board is requested to note the above allocation

Appendices	
	The ITE and FBC are available on request

Prepared by: Wendy Edwards

Contact: wendy.edwards@gslep.co.uk

Date prepared: 28 July 2020



Report to the Greater Birmingham and Solihull Supervisory Board

Project Approval Report for consideration under Written Procedure

Open House, the REP

28 July 2020

Recommendation

The Supervisory Board is recommended to note:

1. Approval of the allocation of £149,897 (one hundred and forty-nine thousand and eight hundred and ninety-seven thousand pounds) to the Birmingham Repertory Theatre (The REP) to progress the Open House 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

2. The expression of interest to LGF was submitted by the REP in August 2019 and was rated as “A – Essential to the Strategy – projects that are paramount to the achievement of the SEP ambitions” strategic fit in October 2019. An initial Outline Business Case (OBC) was submitted in June 2019 and a second OBC submitted in July 2019.
3. The OBC requested development funding of £149,987 out of a total grant for £1,500,000., against a total project cost of £2,696,829. After the independent appraisal of the OBC, the project was recommended for approval by PDB on 28 July 2020.
4. The Development Funding applied for will enable the REP to progress the detailed design and development of the Full Business Case.
5. The process followed is compliant with the GBSLEP Assurance Framework.

Case for change

6. For over a century, the internationally renowned REP has been one of the country’s leading cultural institutions at the forefront of theatre in the UK. The REP is a gem in the cultural landscape of Birmingham which enriches the lives of the communities we serve. This project will transform the public areas of The REP creating a much more welcoming and accessible entrance that will better connect us with the revamped Centenary Square and surrounding area. We aim to capitalise on the growing footfall of the square by introducing new food and beverage opportunities with outdoor seating overlooking the square. The remodelling of the public areas will also allow for more informal and diverse performances as well as private events. Ultimately, this project will allow the REP to generate additional revenue, which will protect the long-term sustainability of their business as well as attract more visitors and create new jobs.
7. Open House is also an expression of The REP’s evolving artistic vision and social purpose under its new management team, which is not fully captured in the current Strategic Plan, which pre-dates them. Open House is a statement about what their role is and who the building is for. By opening up the building, they are communicating that The REP is for everyone – an accessible and welcoming space owned by and open to the people of the city and beyond. This project is as much about people as it is about a building.

8. It will connect the cultural life of the theatre with the civic life of Centenary Square and re-position The REP as a civic, cultural and social hub in the heart of the city for:
- audiences, participants, artists and employees;
 - families and young people;
 - schoolchildren and other learners;
 - corporate delegates attending conferences and events arranged by UVB
 - people enjoying the city centre open spaces – shoppers, tourists, residents and workers
 - city dwellers – a place to meet and spend time together
 - those in need of a quiet corner away from the city
9. The REP's public funding has fallen significantly over the past 10 years, particularly from Birmingham City Council. Increasing earned income is therefore a cornerstone of The REP's financial strategy. Open House will enable The REP to generate more revenue for its commercial activities, which will be reinvested in the work of the charity - creating high quality productions for the theatre's three stages and in its work with young people and in communities. It will also enable The REP to connect with more people and therefore expand audiences for its work. The project will help The REP to take its place once again as a key city institution – a proud civic theatre relevant to the city it serves and central to its national and international reputation. It will be part of what makes Birmingham a great city. Building on the reputation forged by Sir Barry Jackson and continued down the years, OPEN HOUSE will play a part in renewing The REP's reputation as a great regional theatre.
10. There is a strategic rationale to intervene now to support the REP to improve the commercial sustainability of the organisation, particularly because in 2021 The REP celebrates its 50th anniversary in its iconic building on Centenary Square, and in 2022 the city will host the Commonwealth Games, both landmark events for the theatre and city and offering unparalleled opportunities for The REP to develop its profile through celebratory programmes of work and contribute to the growing status of the city.
11. The project aligns with the creative and cultural objectives and themes of the SEP, the Creative and Place Delivery Plans, and the Cultural Action Framework for GBSLEP.

Output and Outcomes

12. The following are the project outputs and outcomes:

Proposed outputs			
Number	Description	Quantity	Delivery date
1.	Commercial floor space refurbished	1,055sqm	March 2022
2.	Number of enterprises receiving grant support	1	March 2022
3.	Increased attendance	20,000	March 2022
4.	Increased contribution per annum from food, beverage and commercial	£350,000	March 2025
5.	Additional on-site direct employment FTE	12	March 2025
Proposed outcomes			
Number	Description	Quantity	Delivery date
1.	Additional off-site employment (as a result of additional visitors)	10	March 2025
2.	Temporary construction employment FTE for one year	20	March 2022

3.	Net additional GVA per annum	£766,000	March 2025
----	------------------------------	----------	------------

Funding Profile

13. The allocation of Development Funding will be included in the total capital grant allocated to the project, subject to the approval of the FBC. Should the FBC not be completed or delivery of the project does not commence, the project sponsor will be required to return the funds to GBSLEP. The below table profiles the capital investment for the project reflecting the Development Funding Allocation (FY2020/21) and the balance of grant if funding is made available, subject to FBC approval.

	2020/21	2021/22	2021/22	Total
	£	£	£	£
Capital (GBSLEP Development Funding)	149,897			149,897
Capital (GBSLEP Grant)	184,916	924,663	240,524	1,350,103
Capital (Private sector Fund raising)		234,829		234,829
Capital (Third Sector – trusts/foundations and ACE)		962,000		962,000
Total Capital Cost	334,813	2,121,492	240,524	2,696,829

Conclusions

14. The Open House project demonstrates a high BCR and the REP is a significant asset in the cultural landscape of Birmingham and the Open House project will transform the commercial capability of this key cultural asset, with the desired outcomes of improving the quality of life and strengthening the image of Greater Birmingham. Approval of Development Funding will enable the REP to develop its Full Business Case and thus contributing to this ambitious aim.

Prepared by: Kerry Billington, Interim Programme Consultant

Contact: Kerry.billington@birmingham.gov.uk
07711 314375

Date prepared: 28 July 2020